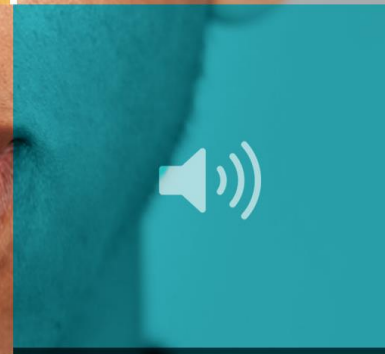
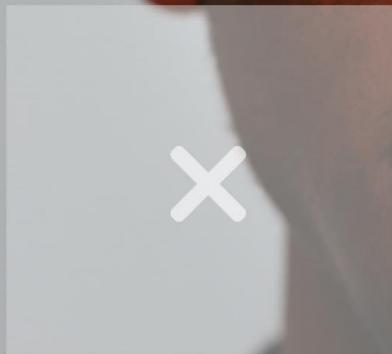
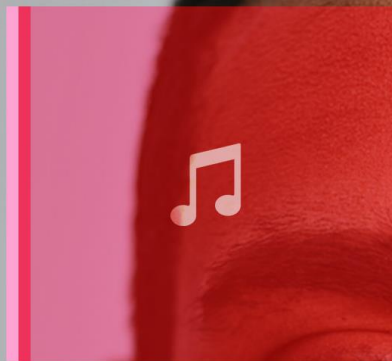


THE INS & OUTS OF AD SENTIMENT

Improving The Way People Feel
About Online Advertising



SENTIMENT TOWARDS ADVERTISING IN GENERAL IS ON THE DECLINE

48% Favorable
In 1992*

25% Favorable
In 2018*

1980

1990

2000

2010

2020

**Public favorability towards advertising has been
in long-term decline since the early 1990s***

Public Favorability Towards Overall Advertising - % Favorable



IT'S CRUCIAL FOR US AS AN INDUSTRY TO FIGURE OUT WHAT'S DRIVING THIS DECLINE

In this report, **we explore the drivers of online ad sentiment** and what we can do about it

TWO-PRONGED METHODOLOGY

DRIVERS OF AD SENTIMENT



Online Interviews

Nationally Representative Online Sample
(n=1,354)

Focus

Drivers of negative/positive ad sentiment

IMPACT OF CREATIVE CONTENT



Ad Testing

Tested 44 different ads within YouTube
testing environment on PC and mobile
(n=4,278)

Focus

Impact of various ad content on web
experience metrics and brand KPIs

THE STATE OF FEELINGS ABOUT ONLINE ADVERTISING



IN ADDITION TO NEGATIVE FEELINGS, MANY SIMPLY FEEL “MEH”

RANGE OF FEELINGS TOWARDS ONLINE ADVERTISING



OVERALL AD SENTIMENT

NEGATIVE AD SENTIMENT

- ✓ Does not trust online ads.
- ✓ Believes that online ads don't serve an important purpose.
- ✓ Unaccepting of online ads.
- ✓ Hates online ads.
- ✓ Believes that online ads are bad for society.

POSITIVE AD SENTIMENT

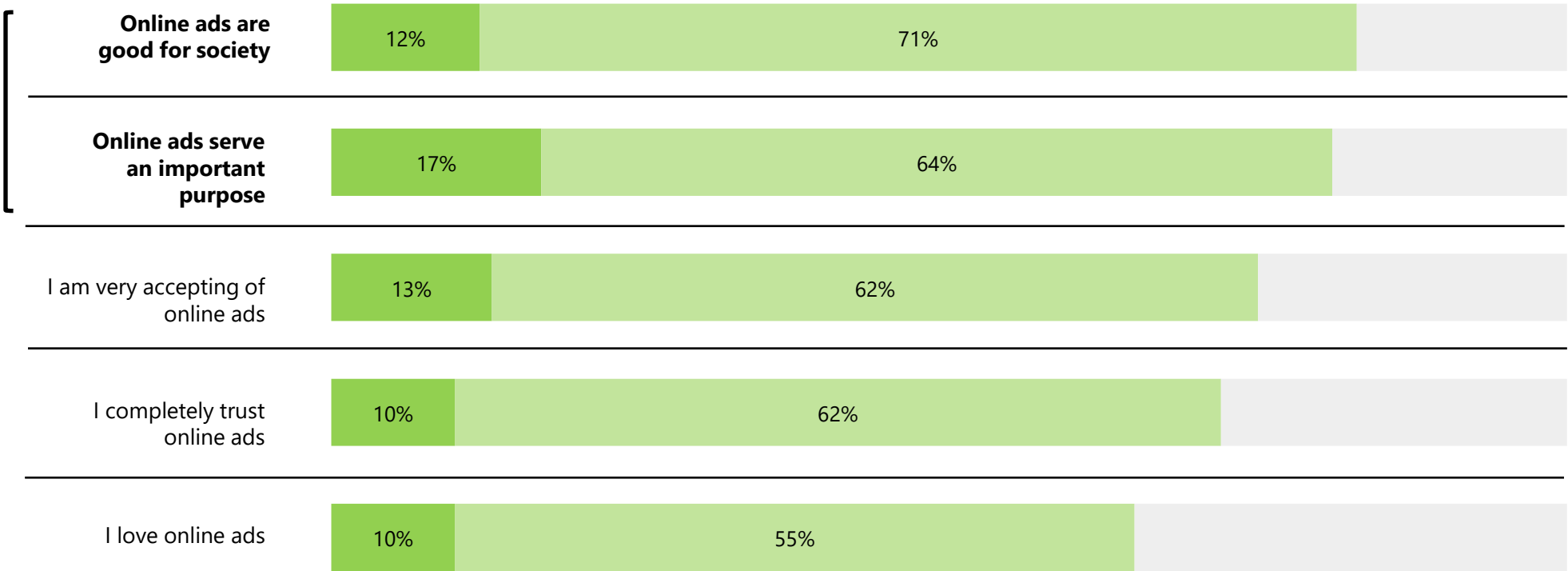
- ✓ Trusts online ads.
- ✓ Believes that online ads serve an important purpose.
- ✓ Accepting of online ads.
- ✓ Loves online ads.
- ✓ Believes that online ads are very good for society.

PEOPLE AREN'T INHERENTLY OPPOSED TO ONLINE ADVERTISING

In fact, the vast majority are open to the role online ads play

AVERAGE RATING - 1-10 SCALE

■ Neutral Opinion (4-7) ■ Positive Opinion (8-10)

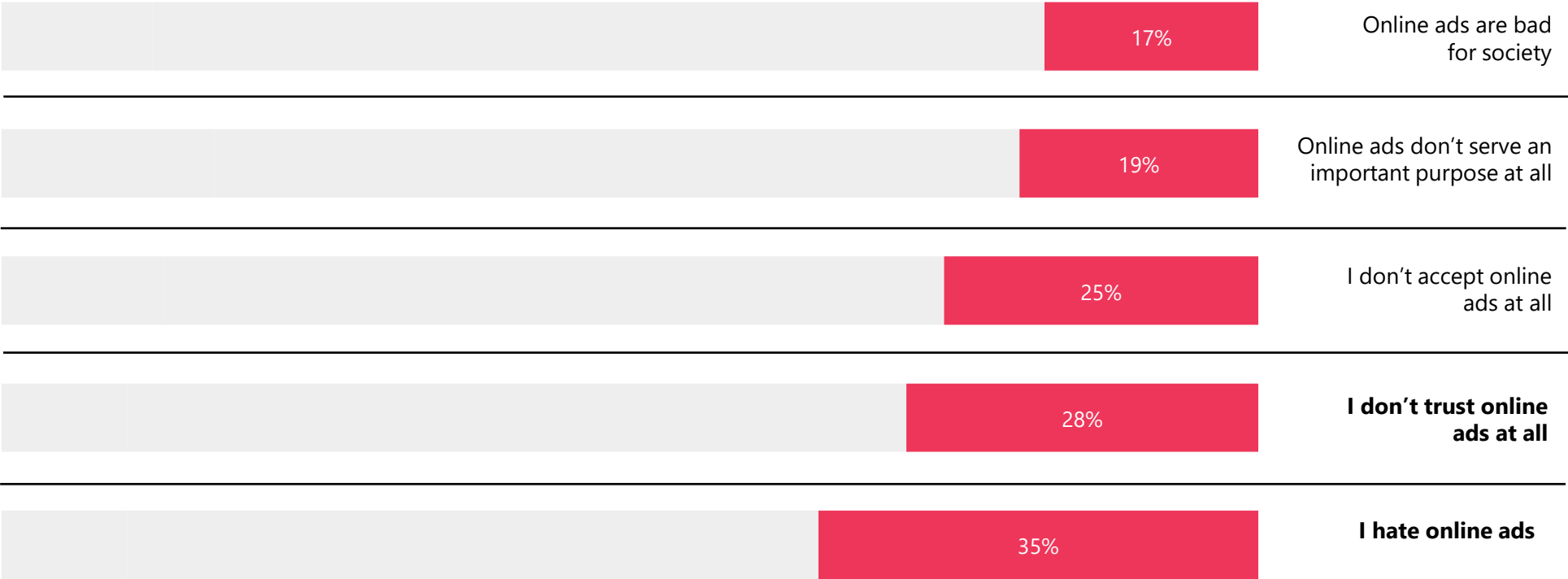


BUT THEY JUST DON'T LOVE OR TRUST THE ADS THEMSELVES

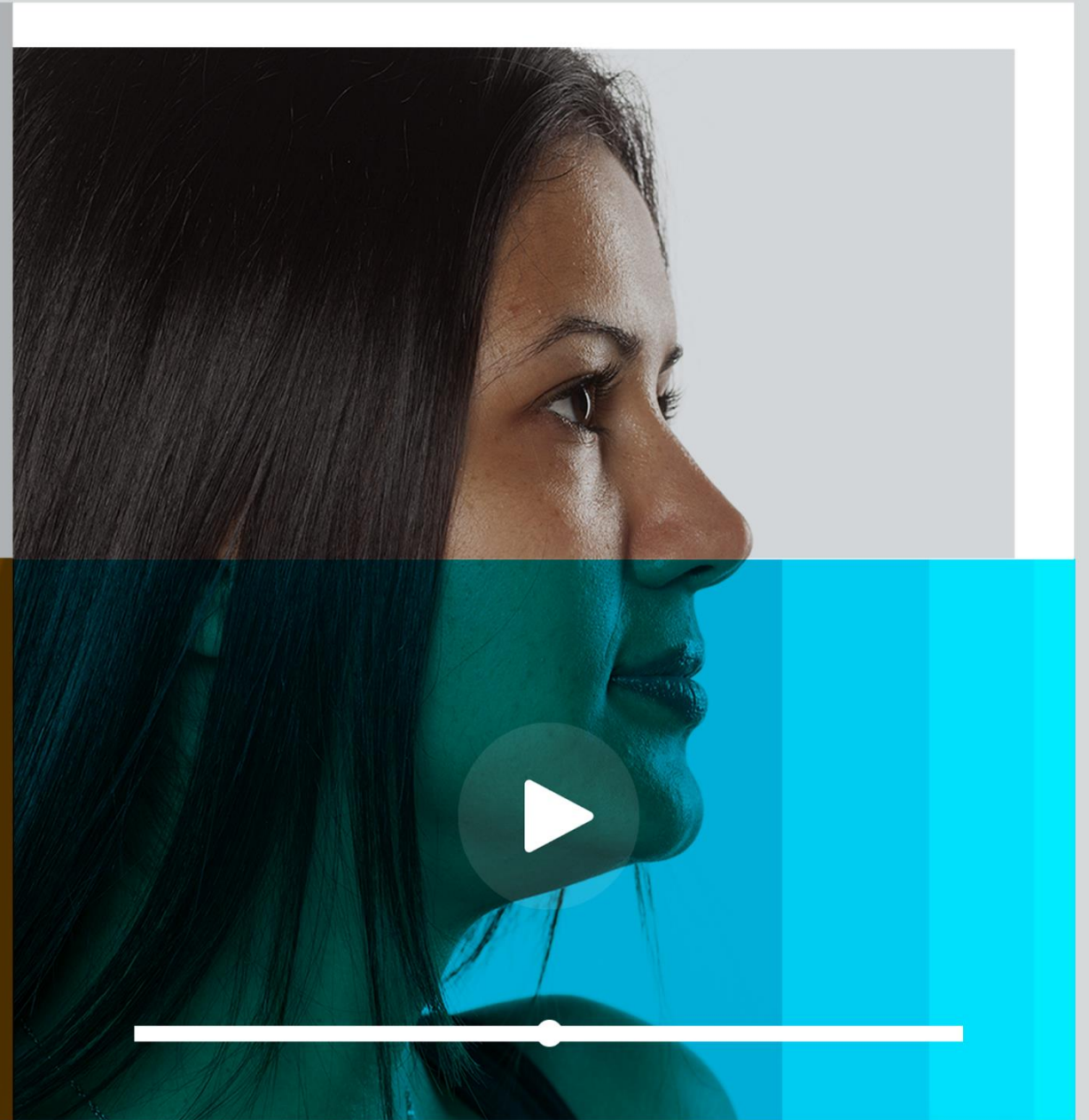
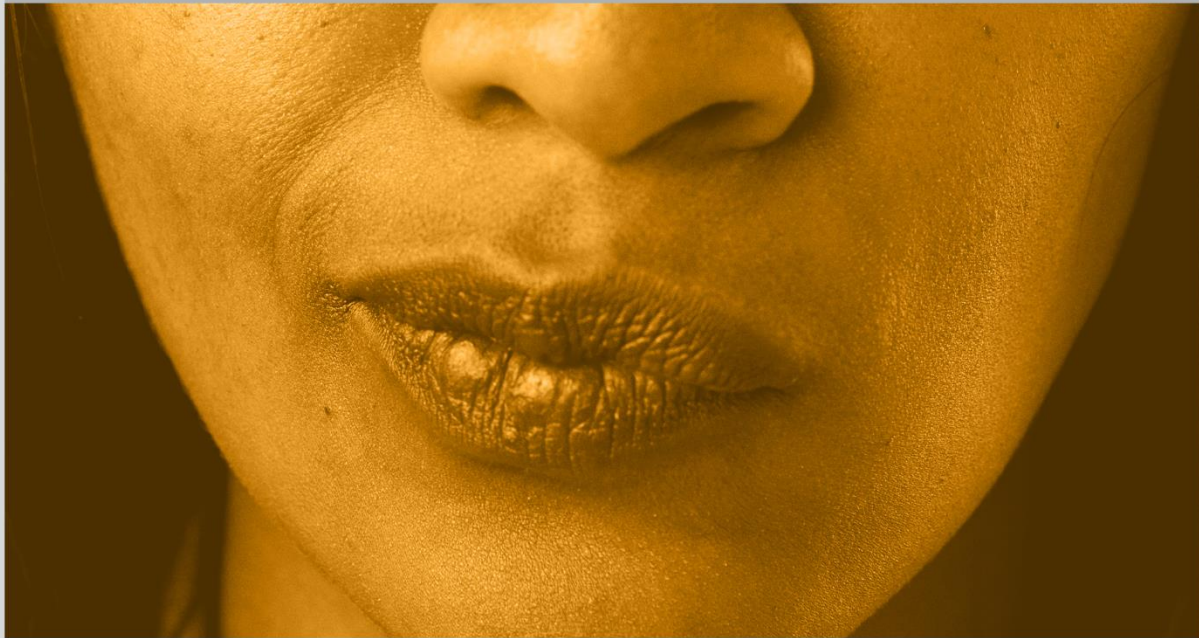
About one-third of people report “hating” them and/or not trusting them

AVERAGE RATING - 1-10 SCALE

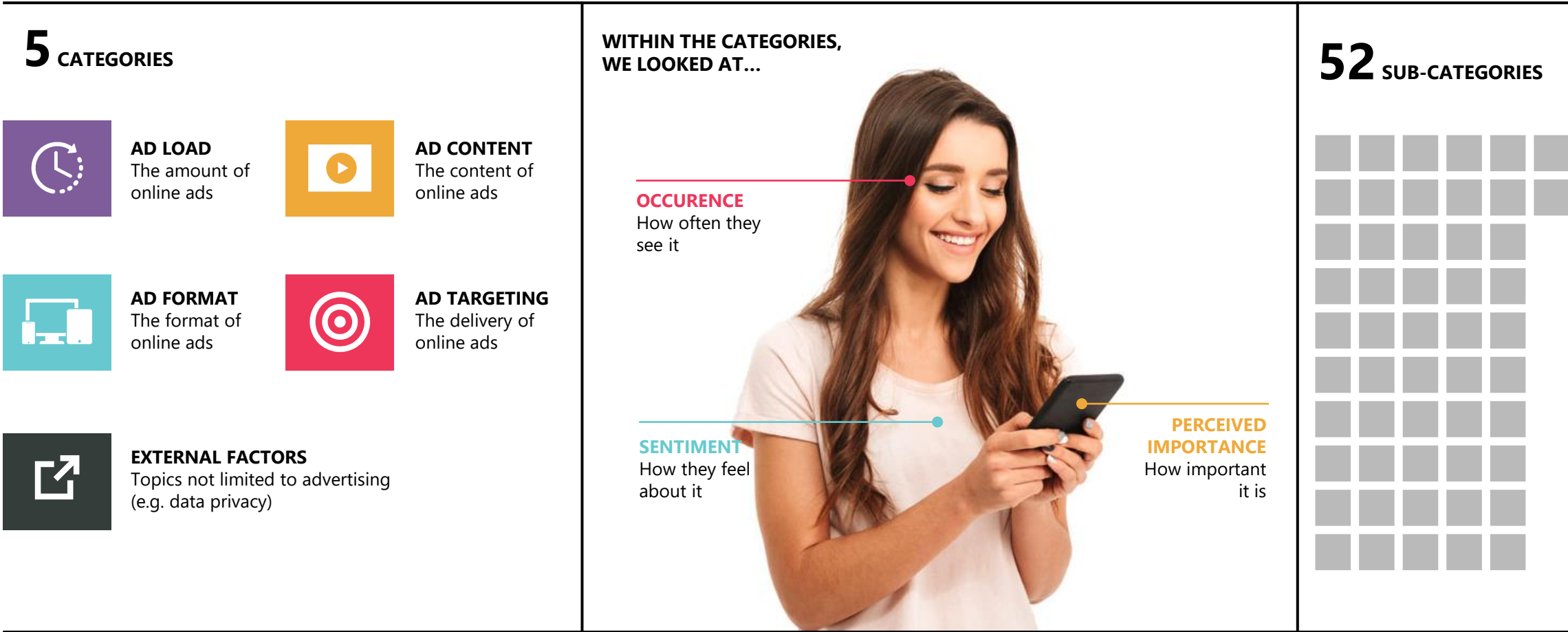
■ Negative Opinion (1-3)



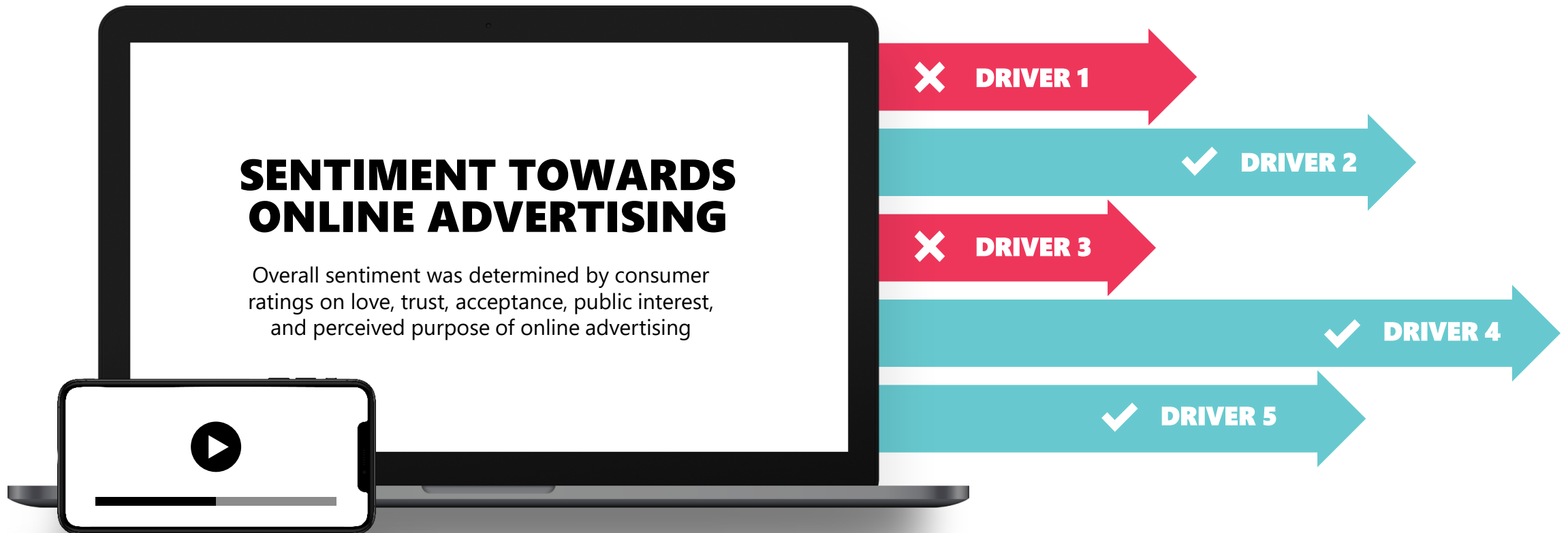
AD DISCONTENT:
**GETTING TO
THE HEART OF IT**




HOW WE MEASURED DRIVERS OF AD SENTIMENT

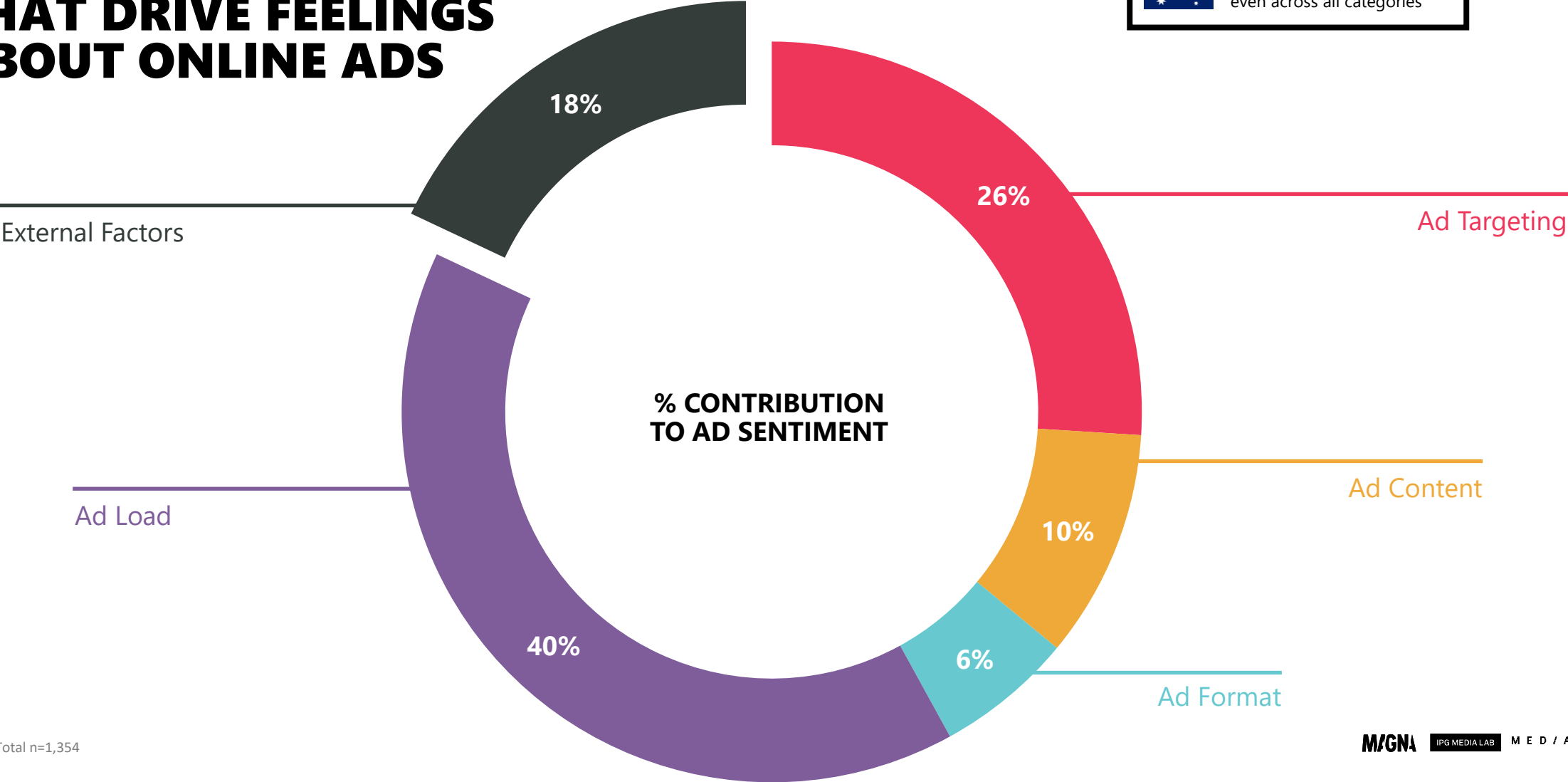


CONTRIBUTION ANALYSIS WAS USED TO DETERMINE THE EXACT DRIVERS OF AD SENTIMENT



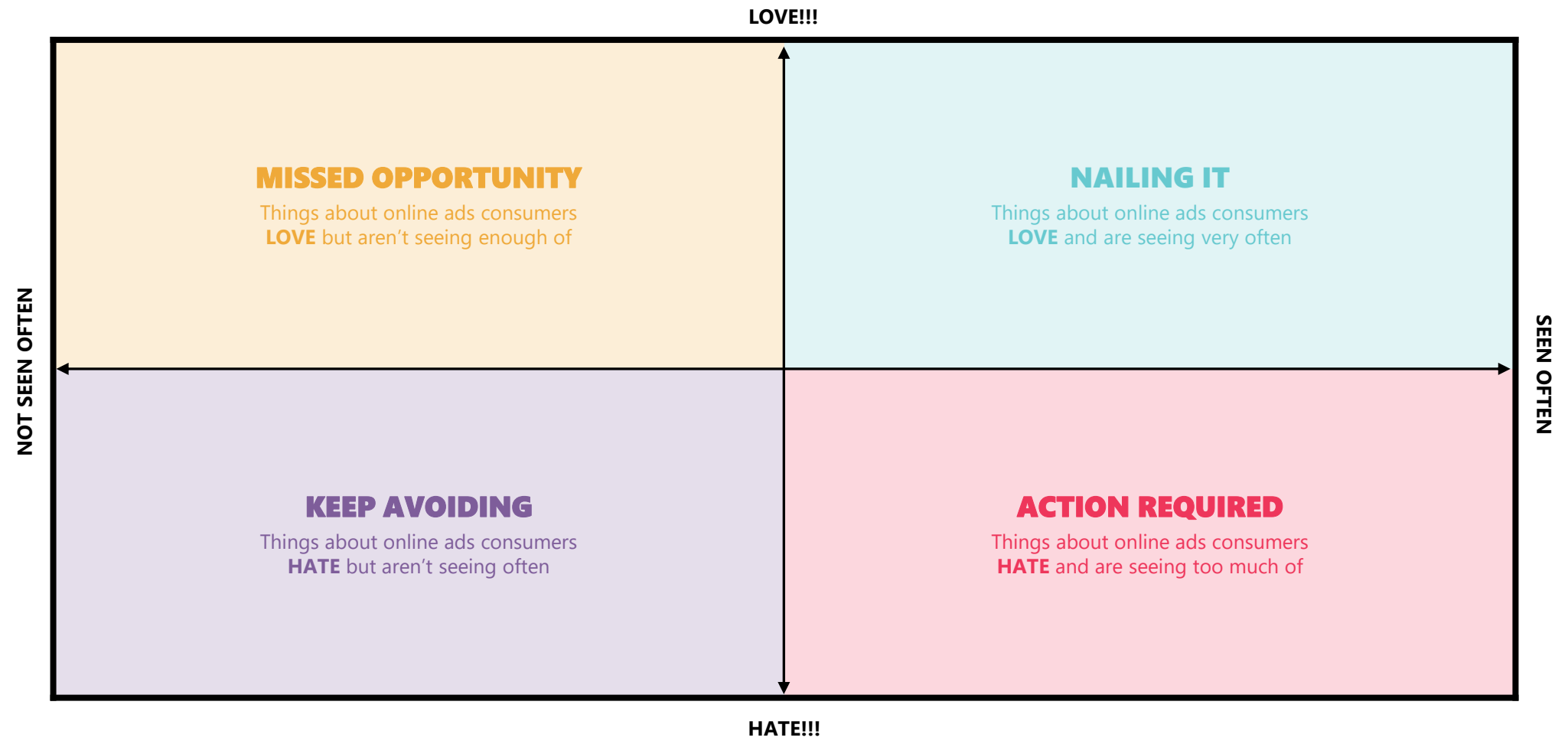
OUR INDUSTRY DIRECTLY CONTROLS THE VAST MAJORITY OF FACTORS THAT DRIVE FEELINGS ABOUT ONLINE ADS

 In Australia, contribution was even across all categories



WE DID A DEEP DIVE INTO THE DRIVERS OF AD SENTIMENT...

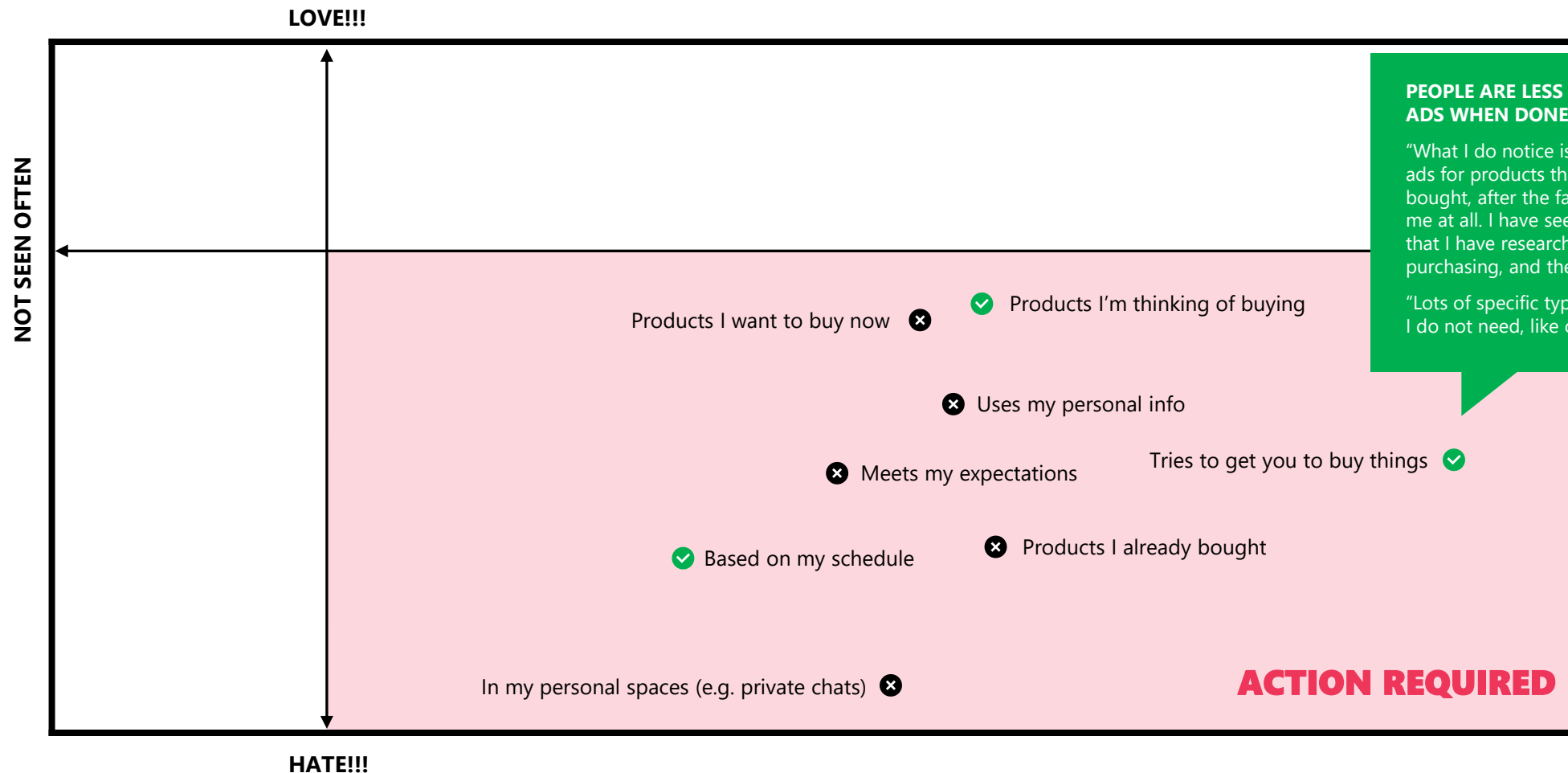
SO WHAT ARE WE DOING RIGHT AND WHAT CAN WE IMPROVE ON?



'AD TARGETING' REQUIRES THE MOST ACTION

Many are getting too many ads that are aggressively pushing them to buy and often continue after they've already purchased

AD TARGETING DEEP DIVE ✓ Significant Drivers of Ad Sentiment ✗ No Significant Drivers of Ad Sentiment



PEOPLE ARE LESS OPEN TO TARGETED ADS WHEN DONE POORLY

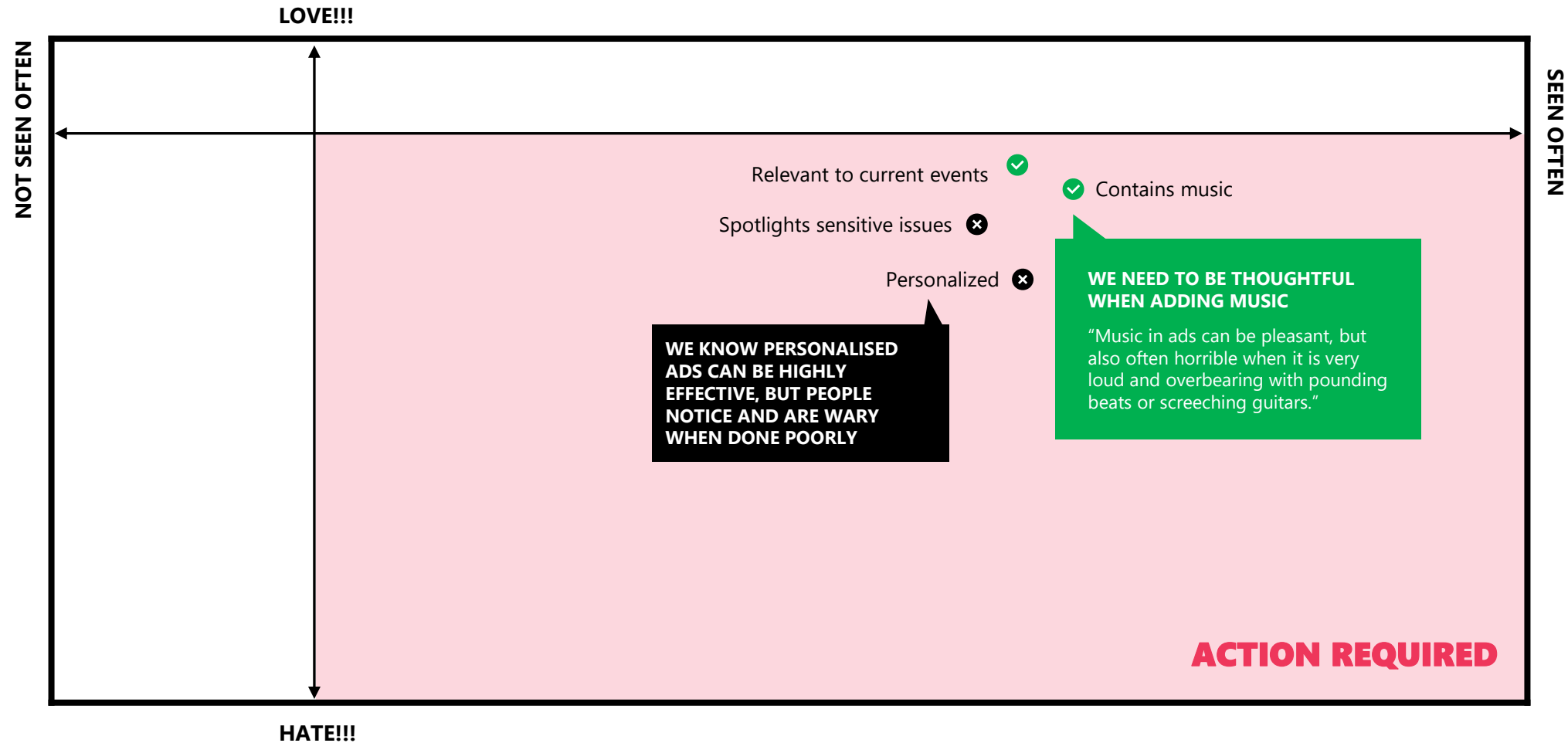
"What I do notice is the amount of online ads for products that I have already bought, after the fact. This is not serving me at all. I have seen ads for products that I have researched and considered purchasing, and these are good ads.

"Lots of specific types of ads for products I do not need, like car insurance."

ADVERTISERS NEED TO GET THE MUSIC RIGHT

Global advertisers who rely on music to avoid multiple creative iterations should be particularly thoughtful

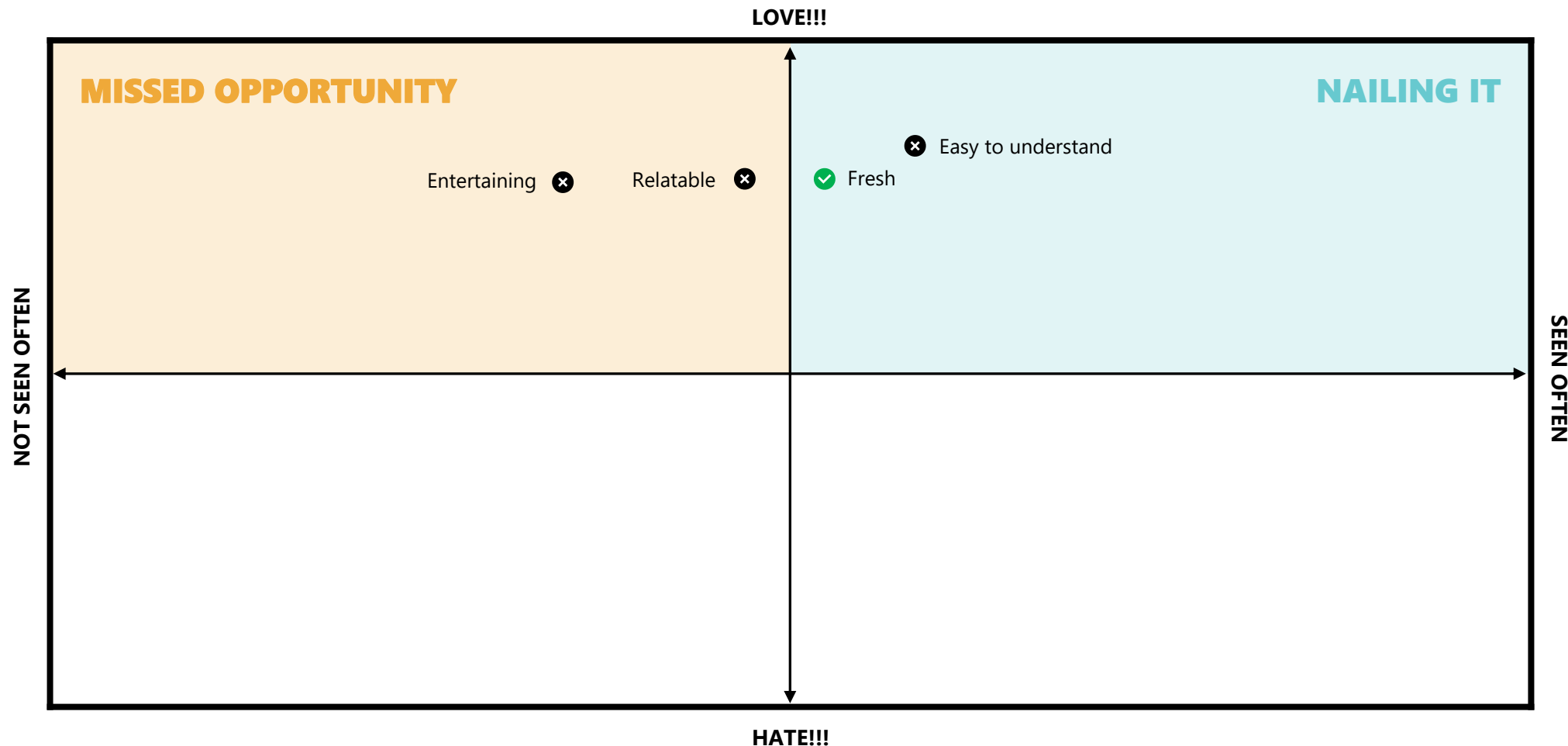
AD CONTENT DEEP DIVE ✓ Significant Drivers of Ad Sentiment ✗ No Significant Drivers of Ad Sentiment



SIMPLICITY WORKS, THERE IS VALUE IN FOCUSING ON MAKING FRESH AND ENTERTAINING ADS

AD CONTENT DEEP DIVE

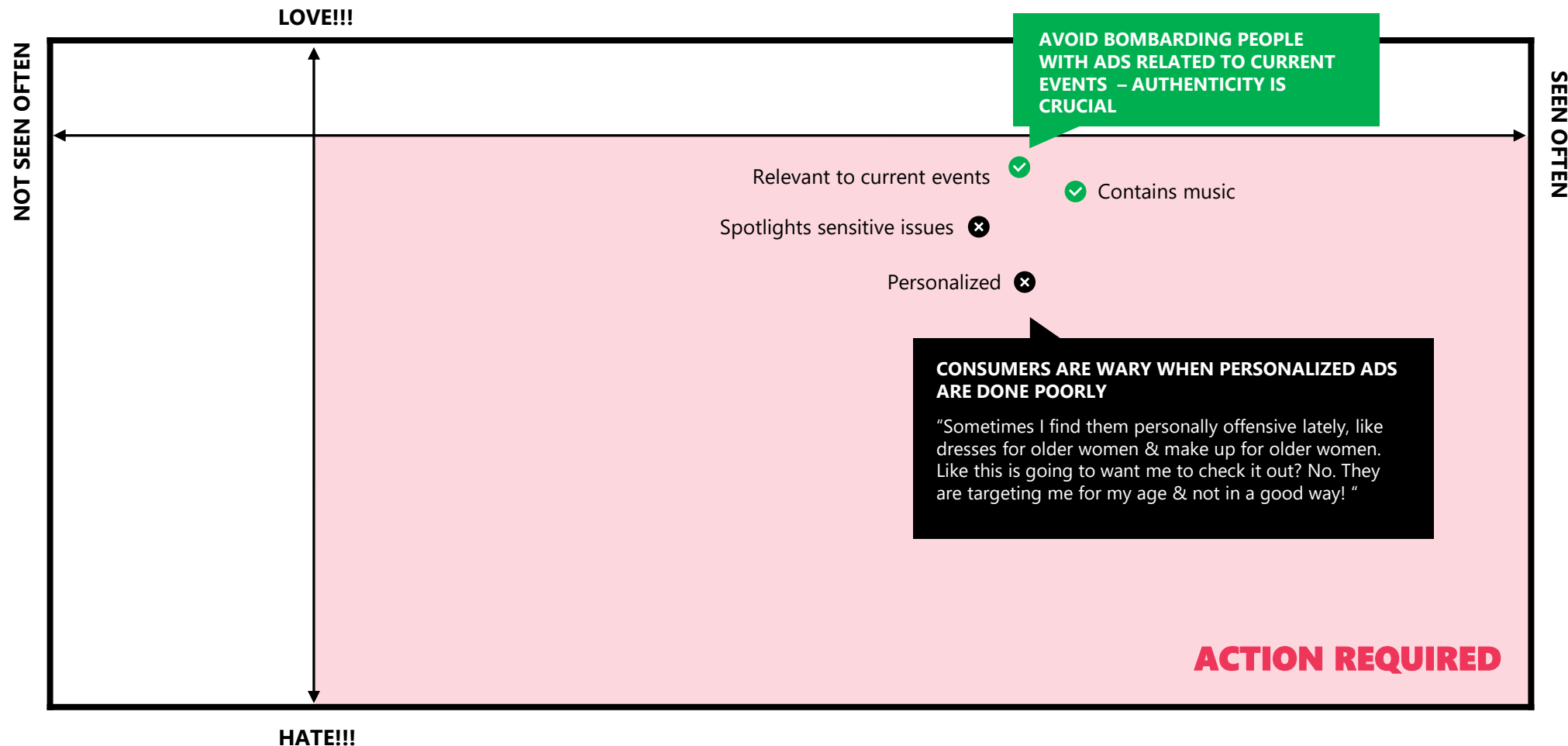
✓ Significant Drivers of Ad Sentiment ✗ No Significant Drivers of Ad Sentiment



WHEN PERSONALIZATION IS DONE WRONG, IT STANDS OUT

AD CONTENT DEEP DIVE

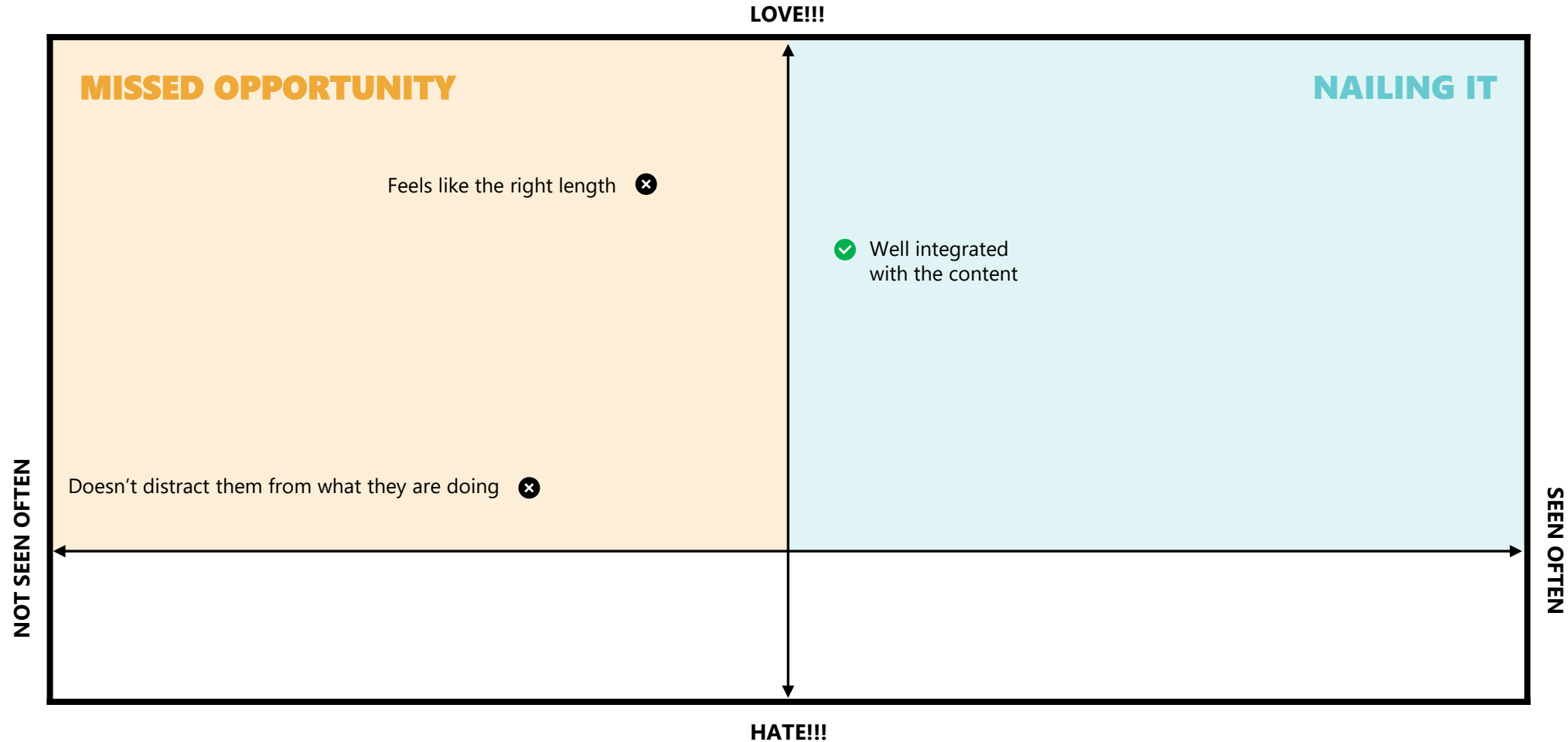
✓ Significant Drivers of Ad Sentiment ✗ No Significant Drivers of Ad Sentiment



PEOPLE WANT SHORTER, SEAMLESS ADS

AD FORMAT DEEP DIVE

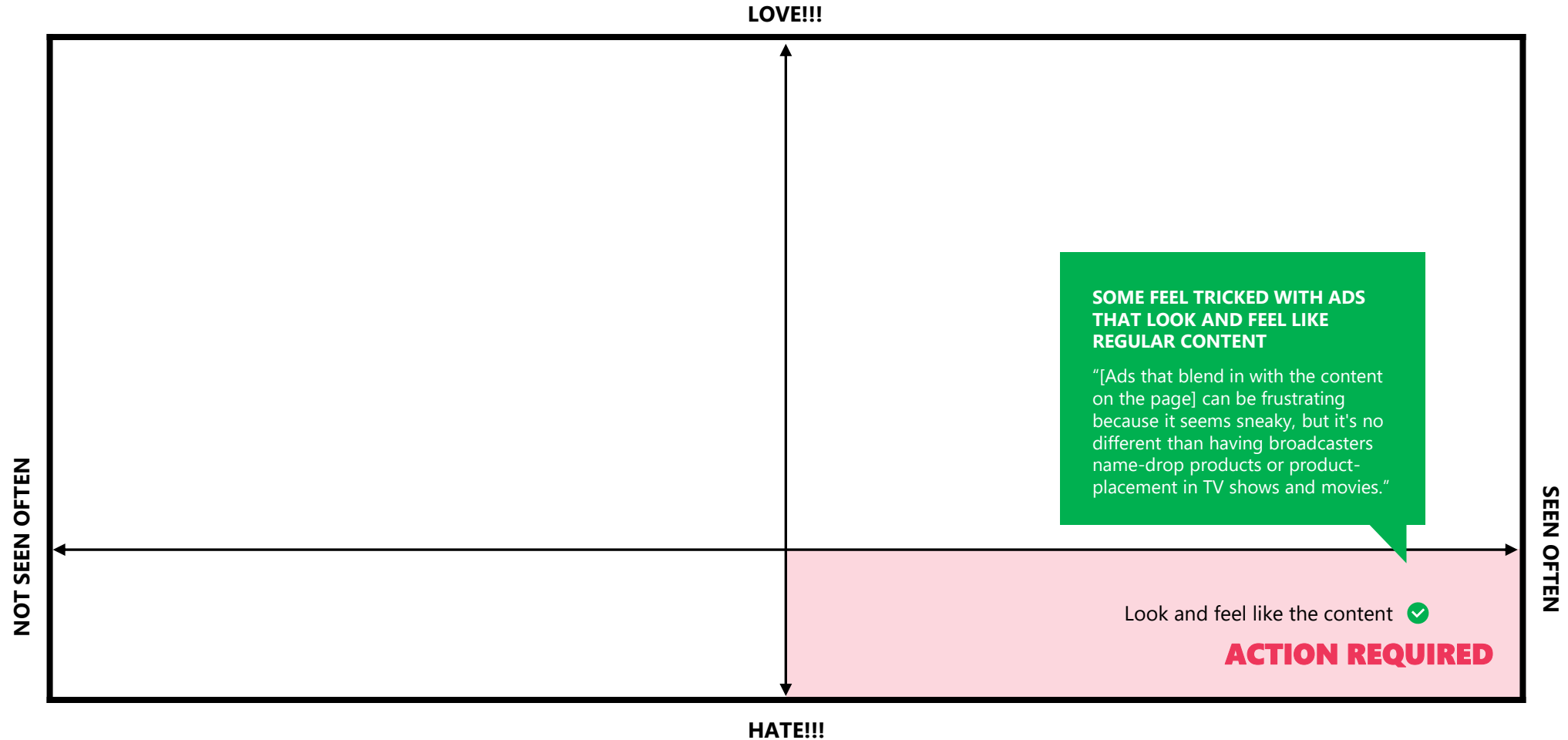
✓ Significant Drivers of Ad Sentiment ✗ No Significant Drivers of Ad Sentiment



...BUT ADS THAT LOOK AND FEEL LIKE CONTENT SHOULD BE LABELED APPROPRIATELY

AD FORMAT DEEP DIVE

✓ Significant Drivers of Ad Sentiment ✗ No Significant Drivers of Ad Sentiment



AS EXPECTED, AD LOAD IS A PROBLEM

Low ad load curbs ad avoidance and improves ad effectiveness and consumer perceptions

PERCEIVED IMPORTANCE - AD LOAD VARIABLES

45%

Seeing ads
back-to-back

31%

Amount of ads in
a single sitting

29%

Feeling of seeing
ads everywhere

27%

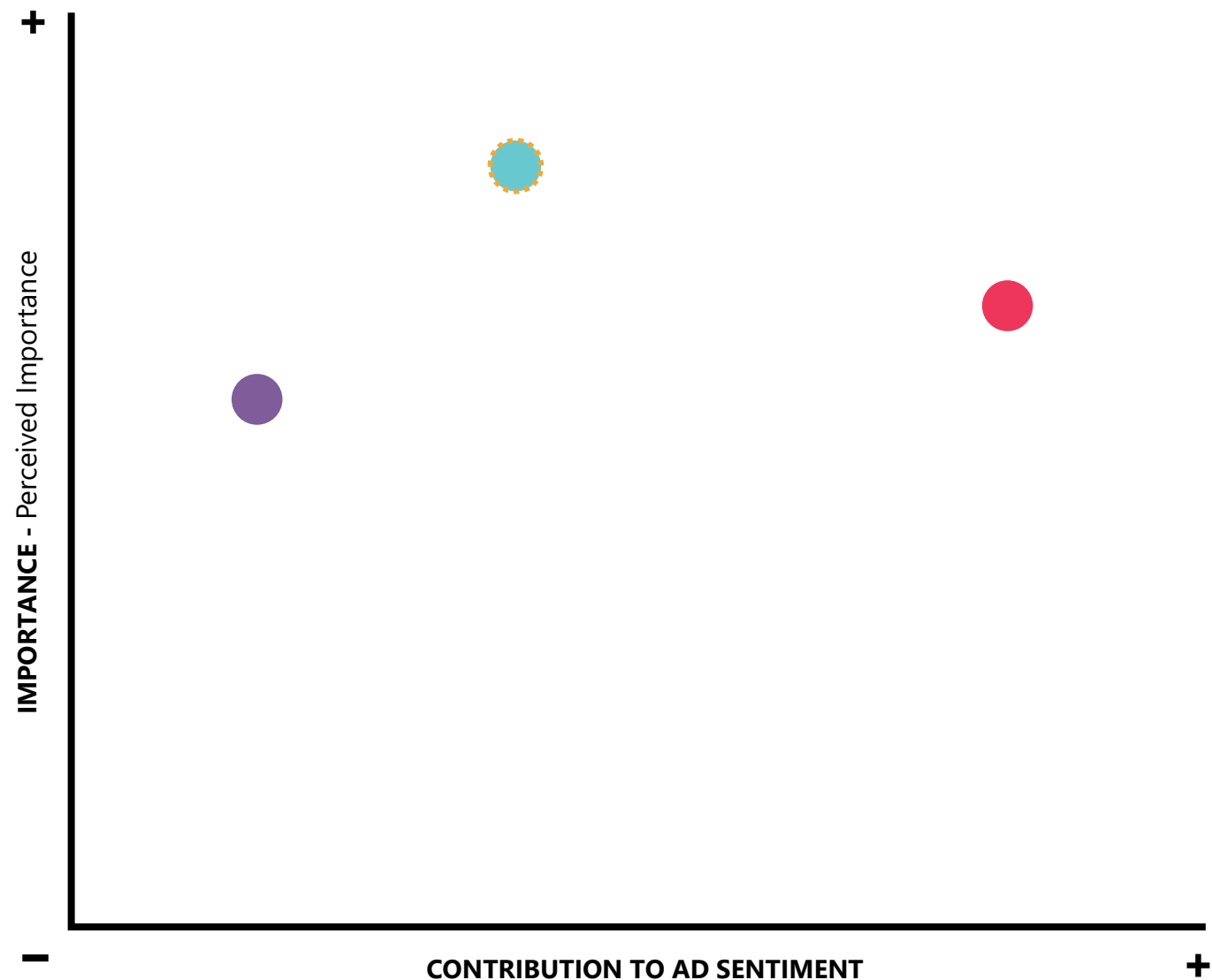
Amount of ads
seen in a single
day



OF THE EXTERNAL FACTORS, TRUST IN COMPANIES IS AN ISSUE

HOW PEOPLE FEEL ABOUT EXTERNAL FACTORS?

- Overall trust in companies is low
- Companies have full control over my personal information
- Companies use my personal information to serve themselves
- Companies only have their own corporate interests in mind



TO SUM IT ALL UP...

AD TARGETING

People are suspicious of targeting. However, it needs to be done, and done well. Lack of targeting leads to irrelevant ads. Improper use leads to creepiness.

AD CONTENT

Don't miss the mark when it comes to personalized ads and ads with music – if advertisers get it wrong, it can result in negative ad sentiment

AD LOAD

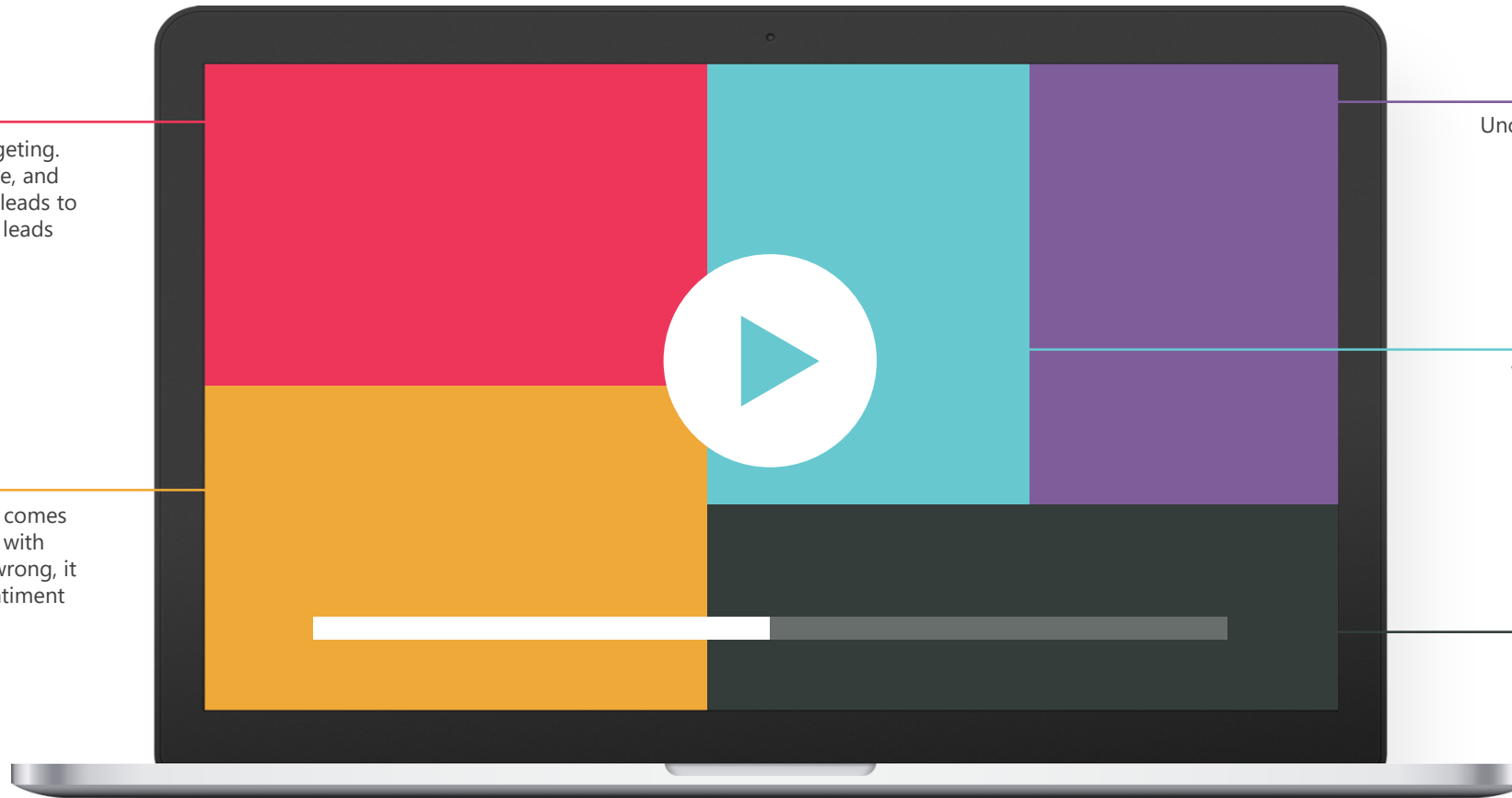
Uncluttered ad environments are worth a premium

AD FORMAT

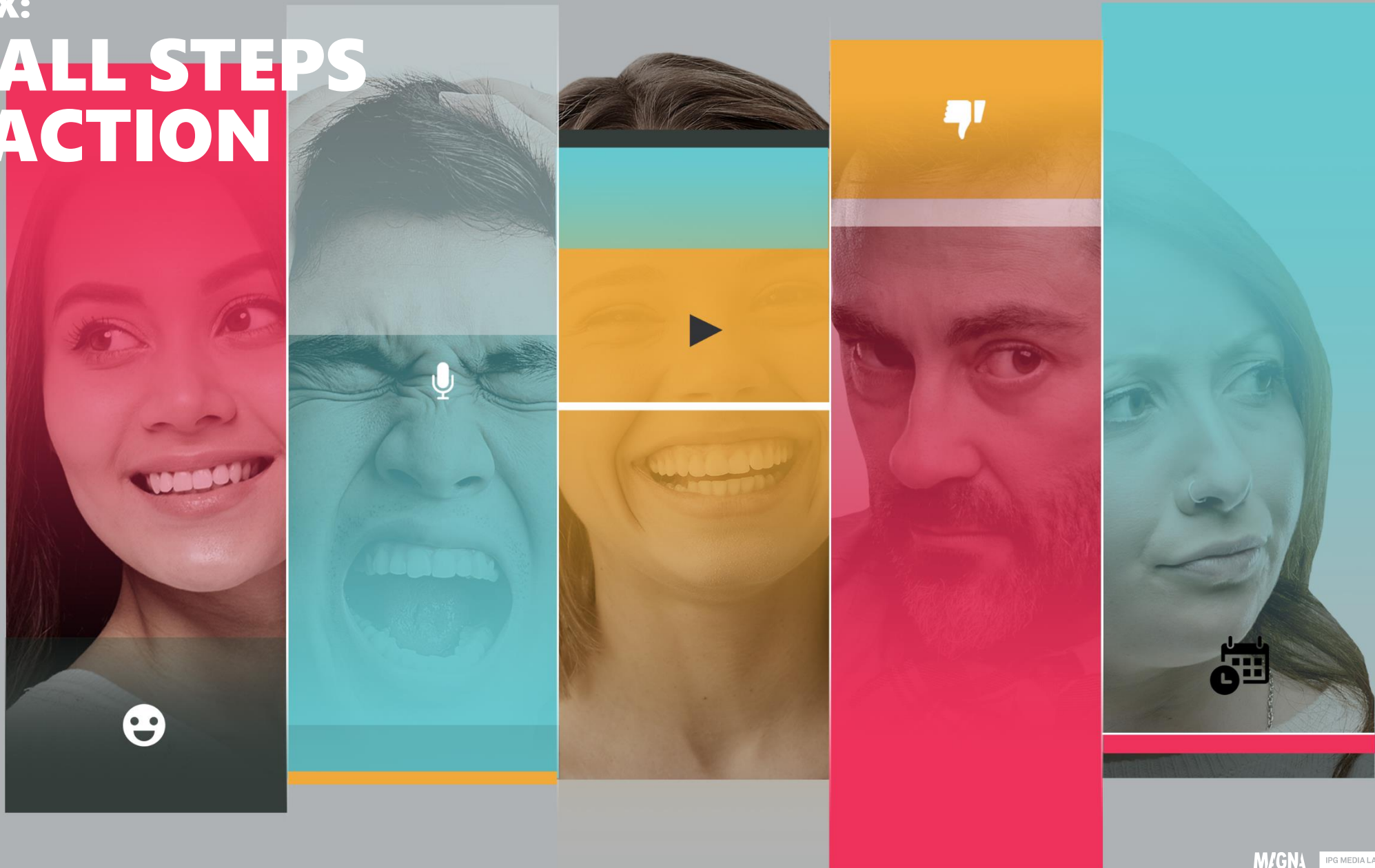
While people like ads that are short and seamless, ensure clarity when it comes to sponsored content

EXTERNAL FACTORS

While it's difficult for advertising to control overall trust in corporations, we can play a part by ensuring transparency




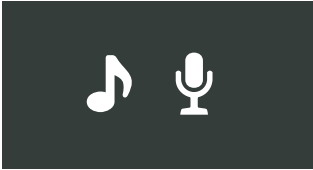

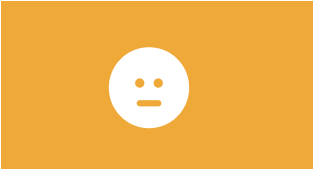
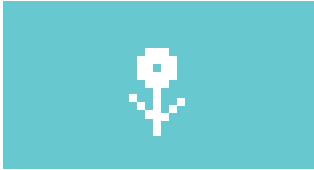

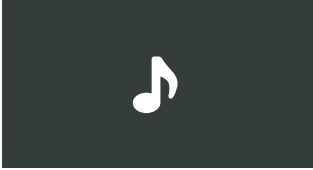

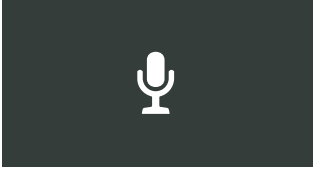


THE FIX: SMALL STEPS IN ACTION



WE TESTED IT OUT OURSELVES

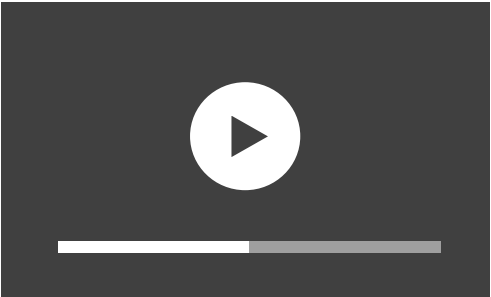
WE TESTED 44 PRE-ROLL ADS ON YOUTUBE TESTING ENVIRONMENT ON PC AND MOBILE

ENTERTAINMENT FACTOR	FRESHNESS	RELEVANCE TO CURRENT EVENTS	MUSIC	PERSONALIZATION
 Entertaining ads	 Fresh ads	 Relevant to current events	 Music and voiceover	 Personalized message
 Unentertaining ads	 Outdated ads	 Not relevant to current events	 With music, and no voiceover	 Standard message
			 No music, with voiceover	DATA TYPES FOR PERSONALIZATION: Past Purchase Search Term Life Event

MOST OF THESE CREATIVES IMPROVE AD EXPERIENCES, BUT ADVERTISERS SHOULD BE CAREFUL WITH MUSIC

IMPACT ON AD EXPERIENCES

+ Positive / Status Quo - Negative

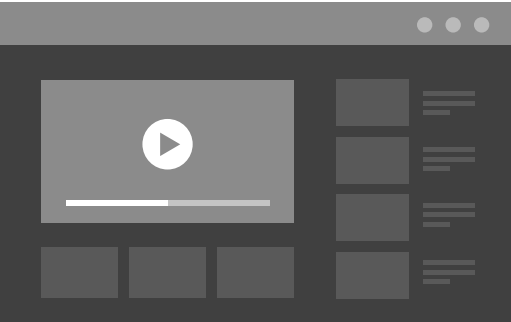
ADS THAT...	Are entertaining	Feel personal	Are fresh	Feel relevant to current events	Include music	Include voiceover
<div></div> <div>Does this improve AD EXPERIENCES?</div>	<div><div>+</div><div>More Entertaining & Relevant</div></div>	<div><div>+</div><div>More Entertaining & Relevant</div></div>	<div><div>+</div><div>More Entertaining & Relevant</div></div>	<div><div>+</div><div>More Entertaining & Relevant</div></div>	<div><div>-</div><div>Less entertaining</div></div>	<div><div>/</div></div>

Music is in the ear of the beholder
There was mixed feedback about music. Those who didn't like it found it annoying and loud

IN FACT, FUN, FRESH CREATIVES HAVE THE POWER TO IMPROVE OVERALL WEB EXPERIENCE

IMPACT ON WEB EXPERIENCES


+ Positive / Status Quo - Negative

ADS THAT...	Are entertaining	Feel personal	Are fresh	Feel relevant to current events	Include music	Include voiceover
<div><p>Does this improve WEB EXPERIENCES?</p></div>	<div><div>+</div><div>More Entertaining & Engaging</div></div>	<div><div>/</div></div>	<div><div>+</div><div>More Entertaining & Engaging</div></div>	<div><div>/</div></div>	<div><div>/</div></div>	<div><div>/</div></div>

THE SAME ADS ALSO MAKE FOR A BETTER VALUE EXCHANGE BETWEEN AD + FREE CONTENT

IMPACT ON AD/CONTENT VALUE EXCHANGE

+ Positive / Status Quo - Negative

ADS THAT...	Are entertaining	Feel personal	Are fresh	Feel relevant to current events	Include music	Include voiceover
<div><div>OPT IN (Watch ad for free content)</div><div></div><div>Does this have a better VALUE EXCHANGE**?</div></div>	<div><div>+</div><div>Entertaining ads improved perceived value exchange</div></div>	<div><div>+</div><div>Personalized ads improved perceived value exchange</div></div>	<div><div>+</div><div>Fresh ads improved perceived value exchange</div></div>	<div><div>+</div><div>Ads referencing current events improved perceived value exchange</div></div>	<div><div>/</div></div>	<div><div>/</div></div>

Total n=4,278
Note: Modeling was used to ensure creative type aligned with consumer ratings of the ad
Q: In order to provide you free content, apps and websites often get paid by showing you video ads before and sometimes during content. Based on the video you watched on YouTube today, we want to know how much value, if any, you got out of watching the ad in exchange for free content. On a scale of 1-10, was the video you watched worth the ad you were shown?

WHAT BENEFITS CONSUMERS BENEFITS ADVERTISERS

IMPACT ON BRAND METRICS

+ Positive / Status Quo - Negative

ADS THAT...	Are entertaining	Feel personal	Are fresh	Feel relevant to current events	Include music	Include voiceover
 AD RECALL	Positive	Status Quo	Positive	Status Quo	Status Quo	Status Quo
 SEARCH INTENT (TB)	Positive	Positive	Positive	Positive	Status Quo	Status Quo
 PURCHASE INTENT (TB)	Status Quo	Positive	Positive	Positive	Status Quo	Status Quo



**THERE IS CLEAR
INCENTIVE TO MAKING
IMPROVEMENTS TO
ONLINE ADS**

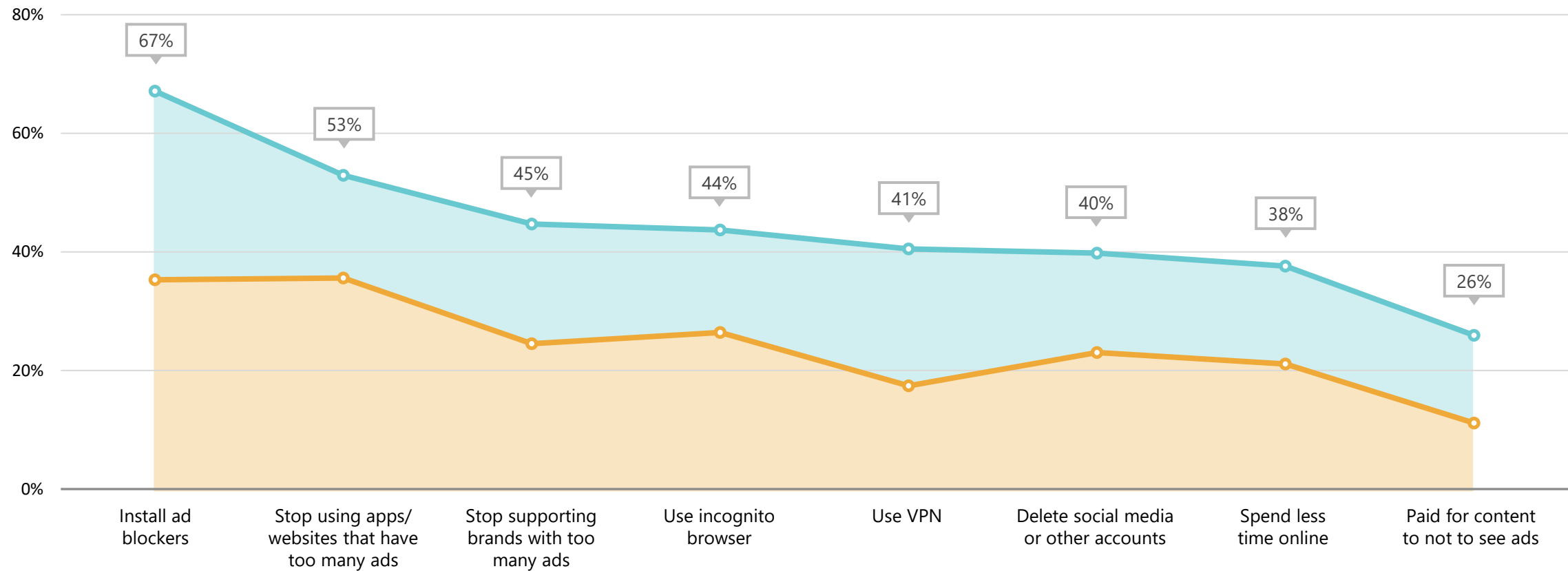


OPT IN

DISGRUNTLED PEOPLE GO OUT OF THEIR WAY TO INSTALL AD BLOCKERS AND STOP USING APPS

ACTIONS AND CONSIDERATIONS DUE TO **NEGATIVE** AD SENTIMENT

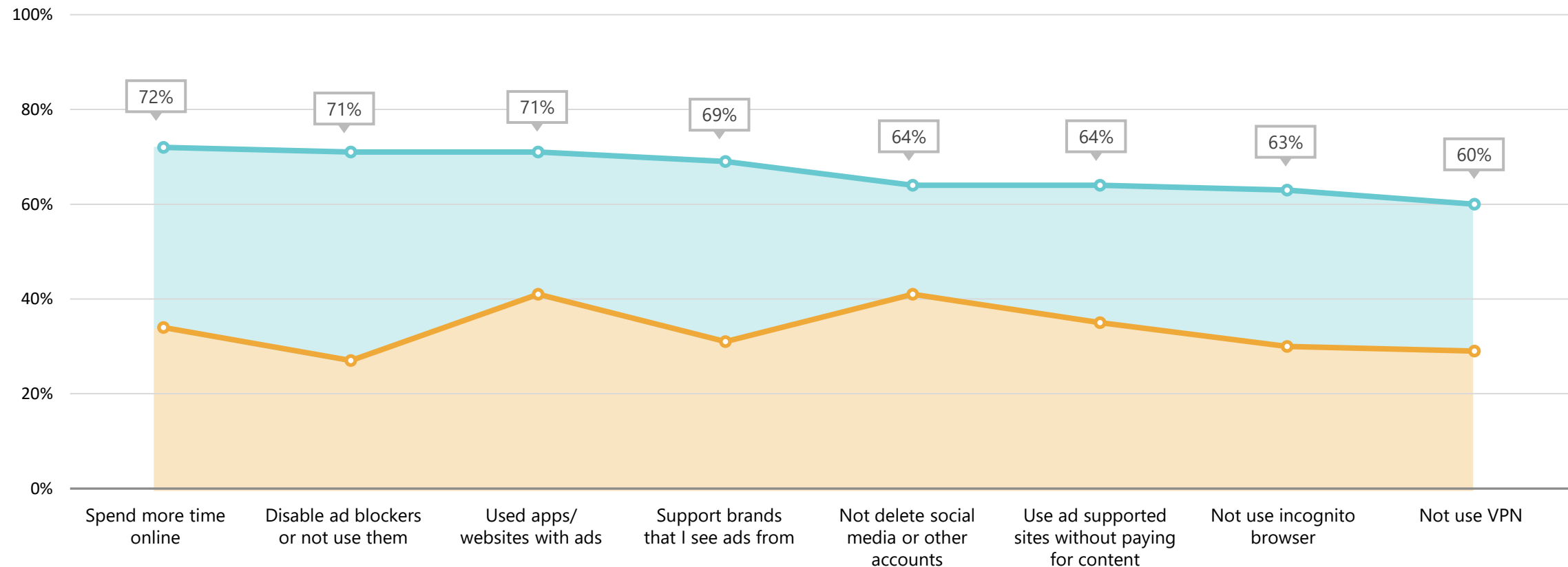
Completed Considered Total Action



SATISFIED PEOPLE SPEND MORE TIME ONLINE AND EVEN DISABLE THEIR AD BLOCKERS

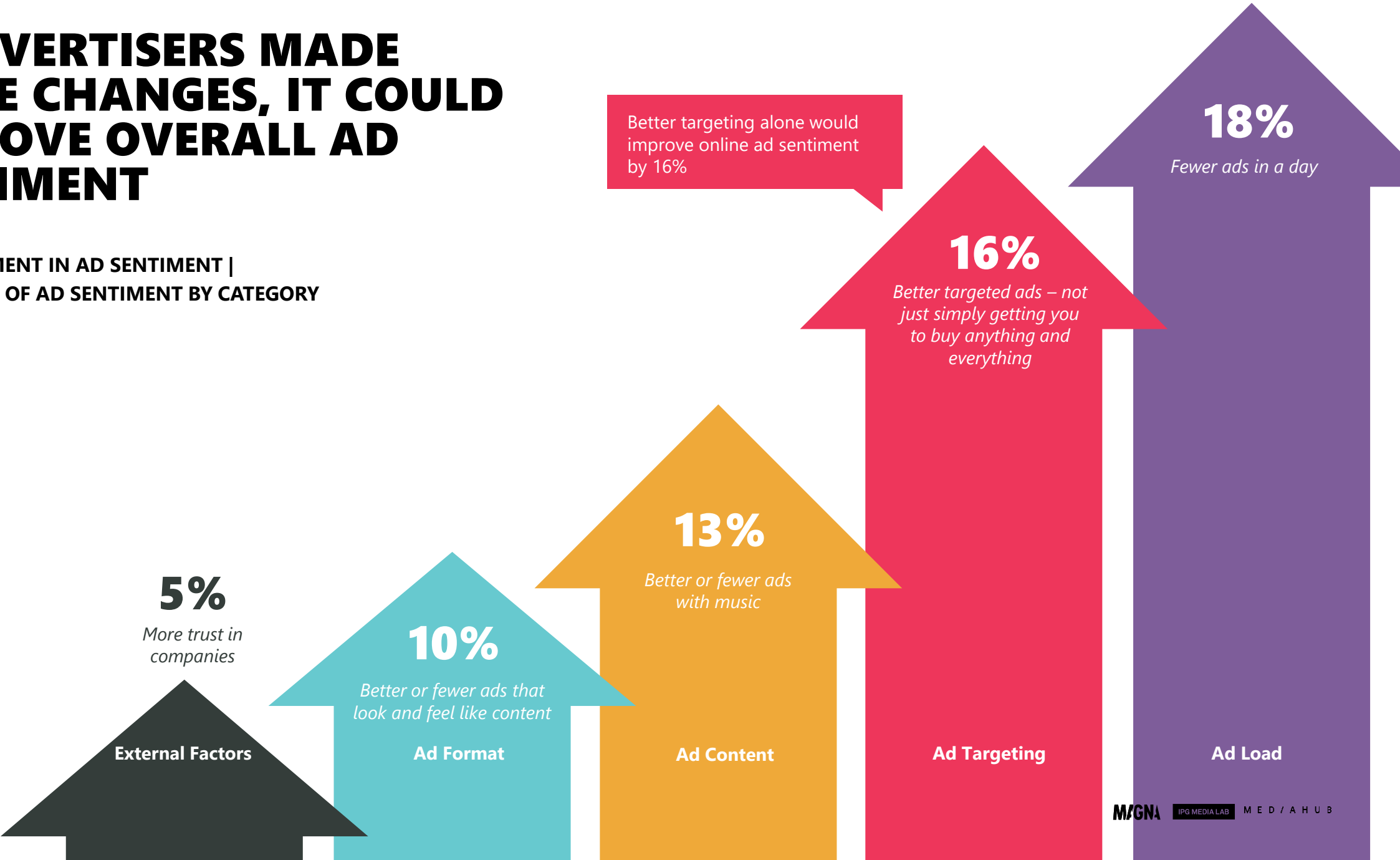
ACTIONS AND CONSIDERATIONS DUE TO **POSITIVE** AD SENTIMENT

Completed Considered Total Action

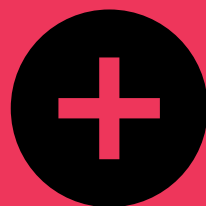


IF ADVERTISERS MADE THESE CHANGES, IT COULD IMPROVE OVERALL AD SENTIMENT

% IMPROVEMENT IN AD SENTIMENT |
TOP DRIVERS OF AD SENTIMENT BY CATEGORY



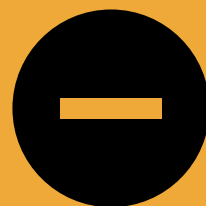
RECOMMENDATIONS



WHAT TO DO MORE OF

There's plenty that advertisers are doing right and should do more often. These preferred ad types also tend to go hand-in-hand with bigger impact on brand KPIs.

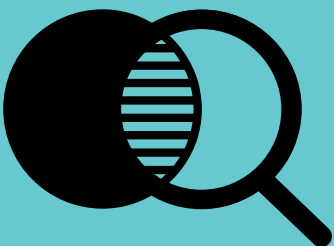
- More ads that are entertaining, fresh, personally relevant, and pertinent to current events
- More short ads
- Better integration with website



WHAT TO DO LESS OF

There's also plenty we should be doing better, even though, in some cases, a few bad apples may be the driving force.

- Getting the music in ads "right"
- Ensuring seamless personalization
- Transparency when it comes to sponsored posts



TRANSPARENCY

While there are some factors responsible for negative ad sentiment the marketing sector isn't solely responsible for, marketers should ensure authenticity in ads to help with the biggest external factor – lack of trust