THE INS & OUTS OF AD SENTIMENT

Improving The Way People Feel About Online Advertising
Sentiment towards advertising in general is on the decline

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

Public Favorability Towards Overall Advertising - % Favorable

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

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)

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

**Online ads are good for society**
- 12% Neutral Opinion
- 71% Positive Opinion

**Online ads serve an important purpose**
- 17% Neutral Opinion
- 64% Positive Opinion

**I am very accepting of online ads**
- 13% Neutral Opinion
- 62% Positive Opinion

**I completely trust online ads**
- 10% Neutral Opinion
- 62% Positive Opinion

**I love online ads**
- 10% Neutral Opinion
- 55% Positive Opinion
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

<table>
<thead>
<tr>
<th>Negative Opinion (1-3)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Online ads are bad for society</td>
<td>17%</td>
</tr>
<tr>
<td>Online ads don’t serve an important purpose at all</td>
<td>19%</td>
</tr>
<tr>
<td>I don’t accept online ads at all</td>
<td>25%</td>
</tr>
<tr>
<td>I don’t trust online ads at all</td>
<td>28%</td>
</tr>
<tr>
<td>I hate online ads</td>
<td>35%</td>
</tr>
</tbody>
</table>
AD DISCONTENT:
GETTING TO THE HEART OF IT
HOW WE MEASURED DRIVERS OF AD SENTIMENT

5 CATEGORIES

AD LOAD
The amount of online ads

AD CONTENT
The content of online ads

AD FORMAT
The format of online ads

AD TARGETING
The delivery of online ads

EXTERNAL FACTORS
Topics not limited to advertising (e.g. data privacy)

WITHIN THE CATEGORIES, WE LOOKED AT...

OCCURRENCE
How often they see it

PERCEIVED IMPORTANT
How important it is

SENTIMENT
How they feel about it

52 SUB-CATEGORIES
CONTRIBUTION ANALYSIS WAS USED TO DETERMINE THE EXACT DRIVERS OF AD SENTIMENT

SENTIMENT TOWARDS ONLINE ADVERTISING

Overall sentiment was determined by consumer ratings on love, trust, acceptance, public interest, and perceived purpose of online advertising

Note: Univariate Generalized Linear Modeling was used with forward stepwise variable selection at 95% confidence
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?

NOT SEEN OFTEN

MISSED OPPORTUNITY
Things about online ads consumers LOVE but aren’t seeing enough of

KEEP AVOIDING
Things about online ads consumers HATE but aren’t seeing often

SEEN OFTEN

NAILING IT
Things about online ads consumers LOVE and are seeing very often

ACTION REQUIRED
Things about online ads consumers HATE and are seeing too much of

HAPE!!!

LOVE!!!
‘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

**Significant Drivers of Ad Sentiment**

- Products I want to buy now
- Products I’m thinking of buying
- Uses my personal info
- Meets my expectations
- Tries to get you to buy things
- Based on my schedule
- Products I already bought
- In my personal spaces (e.g. private chats)

**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.”

**Action Required**
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**

**WE NEED TO BE THOUGHTFUL WHEN ADDING MUSIC**

“Music in ads can be pleasant, but also often horrible when it is very loud and overbearing with pounding beats or screeching guitars.”

**WE KNOW PERSONALISED ADS CAN BE HIGHLY EFFECTIVE, BUT PEOPLE NOTICE AND ARE WARY WHEN DONE POORLY**

Total n=1,354
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

<table>
<thead>
<tr>
<th>LOVE!!!</th>
<th>HATE!!!</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAILING IT</td>
<td>MISSED OPPORTUNITY</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entertaining</th>
<th>Relatable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy to understand</td>
<td>Fresh</td>
</tr>
</tbody>
</table>

Total n=1,354
WHEN PERSONALIZATION IS DONE WRONG, IT STANDS OUT

AD CONTENT DEEP DIVE

- Significant Drivers of Ad Sentiment
- No Significant Drivers of Ad Sentiment

CONSUMERS ARE WARY WHEN PERSONALIZED ADS ARE DONE POORLY

“Sometimes I find them personally offensive lately, like dresses for older women & make up for older women. Like this is going to want me to check it out? No. They are targeting me for my age & not in a good way!”

AVOID BOMBARDING PEOPLE WITH ADS RELATED TO CURRENT EVENTS – AUTHENTICITY IS CRUCIAL

TOTAL n=1,354

ACTION REQUIRED
PEOPLE WANT SHORTER, SEAMLESS ADS

AD FORMAT DEEP DIVE

**MISSED OPPORTUNITY**
- Feels like the right length
- Doesn’t distract them from what they are doing

**NAILING IT**
- Well integrated with the content

Significant Drivers of Ad Sentiment

No Significant Drivers of Ad Sentiment

Total n=1,354
...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

Some feel tricked with ads that look and feel like regular content. “[Ads that blend in with the content on the page] can be frustrating because it seems sneaky, but it’s no different than having broadcasters name-drop products or product-placement in TV shows and movies.”

Look and feel like the content

Action Required
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

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>45%</td>
<td>Seeing ads back-to-back</td>
</tr>
<tr>
<td>31%</td>
<td>Amount of ads in a single sitting</td>
</tr>
<tr>
<td>29%</td>
<td>Feeling of seeing ads everywhere</td>
</tr>
<tr>
<td>27%</td>
<td>Amount of ads seen in a single day</td>
</tr>
</tbody>
</table>

Total n=1,354
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

<table>
<thead>
<tr>
<th>ENTERTAINMENT FACTOR</th>
<th>FRESHNESS</th>
<th>RELEVANCE TO CURRENT EVENTS</th>
<th>MUSIC</th>
<th>PERSONALIZATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertaining ads</td>
<td>Fresh ads</td>
<td>Relevant to current events</td>
<td>Music and voiceover</td>
<td>Personalized message</td>
</tr>
<tr>
<td>Unentertaining ads</td>
<td>Outdated ads</td>
<td>Not relevant to current events</td>
<td>With music, and no voiceover</td>
<td>Standard message</td>
</tr>
</tbody>
</table>

**DATA TYPES FOR PERSONALIZATION:**
- Past Purchase
- Search Term
- Life Event

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WE TESTED IT OUT OURSELVES
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

Does this improve AD EXPERIENCES?

More Entertaining & Relevant  More Entertaining & Relevant  More Entertaining & Relevant  More Entertaining & Relevant  Less entertaining

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

Note: Modeling was used to ensure creative type aligned with consumer ratings of the ad
IN FACT, FUN, FRESH CREATIVES HAVE THE POWER TO IMPROVE OVERALL WEB EXPERIENCE

**IMPACT ON WEB EXPERIENCES**

+ Positive  / Status Quo  - Negative

<table>
<thead>
<tr>
<th>ADS THAT...</th>
<th>Are entertaining</th>
<th>Feel personal</th>
<th>Are fresh</th>
<th>Feel relevant to current events</th>
<th>Include music</th>
<th>Include voiceover</th>
</tr>
</thead>
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Does this improve **WEB EXPERIENCES**?

- More Entertaining & Engaging
- More Entertaining & Engaging
THE SAME ADS ALSO MAKE FOR A BETTER VALUE EXCHANGE BETWEEN AD + FREE CONTENT

IMPACT ON AD/CONTENT VALUE EXCHANGE

+ Positive  / Status Quo  - Negative

**Entertaining**
- Ads improved perceived value exchange

**Feel personal**
- Personalized ads improved perceived value exchange

**Are fresh**
- Fresh ads improved perceived value exchange

**Feel relevant to current events**
- Ads referencing current events improved perceived value exchange

**Include music**
- /

**Include voiceover**
- /

Does this have a better VALUE EXCHANGE**?

OPT IN (Watch ad for free content)

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

<table>
<thead>
<tr>
<th>+ Positive</th>
<th>Status Quo</th>
<th>- Negative</th>
</tr>
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<tbody>
<tr>
<td>! AD RECALL</td>
<td>Green</td>
<td>Orange</td>
<td>Green</td>
<td>Orange</td>
<td>Orange</td>
<td>Orange</td>
</tr>
<tr>
<td>SEARCH INTENT (TB)</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
<td>Green</td>
<td>Orange</td>
<td>Orange</td>
</tr>
<tr>
<td>PURCHASE INTENT (TB)</td>
<td>Orange</td>
<td>Orange</td>
<td>Orange</td>
<td>Orange</td>
<td>Green</td>
<td>Green</td>
</tr>
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Total n=4,278
Note: Modeling was used to ensure creative type aligned with consumer ratings of the ad
THERE IS CLEAR INCENTIVE TO MAKING IMPROVEMENTS TO ONLINE ADS
DISGRUNTLED PEOPLE GO OUT OF THEIR WAY TO INSTALL AD BLOCKERS AND STOP USING APPS

ACTIONS AND CONSIDERATIONS DUE TO NEGATIVE AD SENTIMENT

- Install ad blockers: 67%
- Stop using apps/websites that have too many ads: 53%
- Stop supporting brands with too many ads: 45%
- Use incognito browser: 44%
- Use VPN: 41%
- Delete social media or other accounts: 40%
- Spend less time online: 38%
- Paid for content to not see ads: 26%

Total n=1,354

Q: You indicated that you have negative opinions of online advertising. What changes have you considered or done because of this?
SATISFIED PEOPLE SPEND MORE TIME ONLINE AND EVEN DISABLE THEIR AD BLOCKERS

ACTIONS AND CONSIDERATIONS DUE TO POSITIVE AD SENTIMENT

orange: Completed  blue: Considered  gray: Total Action

Q: You indicated that you have positive opinions of online advertising. What changes have you considered or done because of this?

- Spend more time online: 72%
- Disable ad blockers or not use them: 71%
- Used apps/websites with ads: 71%
- Support brands that I see ads from: 69%
- Not delete social media or other accounts: 64%
- Use ad supported sites without paying for content: 64%
- Not use incognito browser: 63%
- Not use VPN: 60%

Total n=1,354
IF ADVERTISERS MADE THESE CHANGES, IT COULD IMPROVE OVERALL AD SENTIMENT

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

18% Fewer ads in a day

16% Better targeted ads – not just simply getting you to buy anything and everything

13% Better or fewer ads with music

10% Better or fewer ads that look and feel like content

5% More trust in companies

5% External Factors

10% Ad Format

13% Ad Content

Better targeting alone would improve online ad sentiment by 16%
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

TRANSAPRENCY
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