PURSUIT OF RELEVANCE
ALL ABOUT AD PERSONALIZATION
WHAT WE KNOW TODAY

1. PERSONALIZED ADS MAKE BETTER WEB EXPERIENCES
   +9% more enjoyable and +8% more seamless experience

2. GENERALLY, THE MORE PERSONALIZED, THE BETTER THE WEB EXPERIENCE
   Ads with the highest level of personalization lead to +6% more enjoyable experiences compared to ads with the lowest level of personalization

3. ABOVE ALL, PEOPLE EXPECT RELEVANCE BASED ON THEM AND THEIR INTERESTS
   Interest based relevance is the top reported expectation, even above useful info

SOURCE: The Consumer Take On Data + Ad Personalization, Verizon, MAGNA, IPG Media Lab
BUT THE QUESTION IS...

DO PERSONALIZED ADS DRIVE METRICS THAT MATTER FOR BRANDS?
THE SCOPE OF OUR TESTING

DEVICES

TYPES OF PERSONALIZATION

- demos
- past purchase
- location
- life event
- search term

INDUSTRY VERTICALS

- Auto
- Retailer
- Finance

AUDIENCE TYPES

- Demo Targets
- HVAs (High Value Audiences)

Demographic based on age; Past purchase targeted based on reported past purchase made; Location targeted based on current location of user; Life events targeted based on reported major life events (anniversary, new baby, etc.); Search terms targeted based on reported terms searched for recently.
DEMOGRAPHICS
Initial demographic and personalization questions used for ad personalization as part of larger battery

RANDOMIZATION
Respondents randomized to see personalized ad or standard ad within mocked up version of YouTube page. Personalization is determined based on previous survey questions

YOUTUBE EXPERIENCE
Participants visit YouTube testing page, where they select and play video content based on their interests

SURVEY
Post exposure survey to measure ad opinions, traditional branding metrics, and consumer perceptions of ad personalization

RECRUITMENT
YouTube users recruited from online panel
• Nationally representative sample for demo target
• HVAs identified through Kinesso database match
Total n=6,603 (4,105 Demo, 2,498 HVA)
PERSONALIZATION IS BENEFICIAL, BUT DOESN’T GUARANTEE BRANDING
YES, PERSONALIZED ADS ACHIEVE RELEVANCE IN THE MOMENT

AD PERCEPTIONS
Total Exposed - % Agree
- Standard Ads
- Personalized Ads

<table>
<thead>
<tr>
<th></th>
<th>Standard Ads</th>
<th>Personalized Ads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant</td>
<td>43%</td>
<td>48%↑</td>
</tr>
<tr>
<td>Something I’m open to</td>
<td>39%</td>
<td>43%↑</td>
</tr>
<tr>
<td>A good reminder</td>
<td>48%</td>
<td>52%↑</td>
</tr>
</tbody>
</table>

↑ = significant difference between standard ads and personalized ad at >=90% confidence
(Demo Targets) Standard Ads: n=1,133; Personalized n=1,151
BUT PERSONALIZED ADS AREN’T IMMUNE TO BRANDING ISSUES

Ensure personalization doesn’t take away from branding; consider including brand name in personalization text.

UNAIDED AD RECALL
Retailer Brand - % Recall
(Personalized Ads - Standard Ads)

+8%↑

WITH BRANDING IN PERSONALIZED MESSAGE

NO CHANGE
WITHOUT BRANDING IN PERSONALIZED MESSAGE

↑ = significant difference between standard ads and personalized ad at >=90% confidence
(Demo Target; Retailer Brand) With Brand in Tagline - Standards Ads n=74; Personalized Ads n=77
Without Brand in Tagline - Standards Ads n=323; Personalized Ads n=308
STRONG BRANDING + PERSONALIZATION = AMPLIFIED BRAND STORY

AD PERCEPTIONS
Those Who Recall Ad - % Agree

- Standard Ads
- Personalized Ads

↑ = significant difference between standard ads and personalized ad at >=90% confidence

Demographic Targets: Standard Ads n=586, Personalized Ads n=529

+7%↑
PERSONALIZED ADS FORGE MORE PERSONAL CONNECTIONS, LEAVING PEOPLE OPEN TO HEARING MORE

BRAND PERCEPTIONS
Those Who Recall Ad - % Agree

- Standard Ads
- Personalized Ads

<table>
<thead>
<tr>
<th></th>
<th>Standard Ads</th>
<th>Personalized Ads</th>
</tr>
</thead>
<tbody>
<tr>
<td>FELT CONNECTED TO BRAND (TB)</td>
<td></td>
<td>26% ↑</td>
</tr>
<tr>
<td>WANT TO HEAR MORE FROM BRAND (T2B)</td>
<td></td>
<td>47%</td>
</tr>
</tbody>
</table>

↑ significant difference between standard ads and personalized ad at >=90% confidence
(Demo Targets: Standard Ads n=586; Personalized Ads n=629)
ULTIMATELY, A PERSONALIZED MESSAGE CAN LEAD TO $+5\%$ ON PURCHASE INTENT

PURCHASE INTENT
Those Who Recall Ad - % Agree

STANDARD ADS

PERSONALIZED ADS

↑ significant difference between standard ads and personalized ad at $\geq 90\%$ confidence
(Demo Targets) Standard Ads n=586; Personalized Ads n=529
NOT ALL TYPES OF PERSONALIZATION ARE CREATED EQUALLY
HIGHER LEVELS OF PERSONALIZATION MAY BE NEEDED TO SHIFT MORE DIFFICULT TO MOVE METRICS

SUMMARY OF IMPACT
Those Who Recall Ad
- Personalized Ads Outperform Standard Ads

<table>
<thead>
<tr>
<th>BRAND METRICS</th>
<th>AGE</th>
<th>PAST PURCHASE</th>
<th>LOCATION</th>
<th>SEARCH TERMS</th>
<th>LIFE EVENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAND PERCEPTIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OVERALL FAVORABILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BRAND PREFERENCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PURCHASE INTENT</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

(Demo Targets) Standard Ads n=586; Personalized Ads n=529

More Personalization

Less Personalization

Middle Funnel

Bottom Funnel
TRACKING IS OBVIOUS WITH LOCATION MESSAGING, BUT IT DELIVERS BY BUILDING FAVORABILITY THROUGH RELEVANCE

LOCATION PERSONALIZATION
Those Who Recall Ad - % Agree
- Standard Ads
- Personalized Ads

NIGHT OUT IN AUSTIN?
SMELL FRESH TONIGHT

THE AD
- Relevant
- Feel like I’m being tracked

THE BRAND
- “Brand is Relevant” (T2B)
- Overall Favorability (T2B)

↑ = significant difference between standard ads and personalized ad at >=90% confidence
(Demo Targets, Location) Standard Ads n=105; Personalized Ads n=95
Note: Personalization example is mock-up only
MESSAGING TAILORED TO PAST PURCHASES CONVEYS INNOVATION AND HIGHLIGHTS STORYTELLING

PAST PURCHASE PERSONALIZATION
Those Who Recall Ad - % Agree
- Standard Ads
- Personalized Ads

RUNNING OUT?

KEEP SMELLING FRESH

THE AD

| Good reminder | 51% | +12%† |
| Innovate     | 48% | +12%† |
| Would share/discuss | 34% | +12%† |

THE BRAND

"Has A Unique Story To Tell"

61%†

49%

†significant difference between standard ads and personalized ad at ≥90% confidence
(Demo Targets, Past Purchase) Standard Ads (n=110); Personalized Ads (n=100)
Note: Personalization example is mock-up only
SEARCH TERM-ENABLED MESSAGING OFFERS UTILITY AND BUILDS PREFERENCE

SEARCH TERM PERSONALIZATION
Those Who Recall Ad - % Agree
- Standard Ads
- Personalized Ads

THE AD
- Good reminder
  - Standard Ads: 61% (+10%)
  - Personalized Ads: 54% (+12%)
- Provided new info

THE BRAND
- Brand Preference
  - Standard Ads: 22%
  - Personalized Ads: 30% (+12%)

Note: Personalization example is mock-up only.

† = significant difference between standard ads and personalized ad at >=90% confidence
(Demo Targets, Search Terms) Standard Ads n=136, Personalized Ads n=122
Note: Personalization example is mock-up only.
PERSONALIZING
BASED ON LIFE
EVENTS STRIKES AN
EMOTIONAL CHORD,
RESULTING IN
PERSUASION

LIFE EVENTS PERSONALIZATION
Those Who Recall Ad - % Agree
- Standard Ads
- Personalized Ads

ANNIVERSARY
COMING UP?
REMIND HER OF
YOUR FIRST DATE

THE AD

Inspiring

Told an interesting story

THE BRAND

Want to hear more from (T2B)

Respect (T2B)

Overall Favorability (TB)

Purchase Intent (TB)

Recommend (T2B)

†= significant difference between standard ads and personalized ad at >=90% confidence
(Demo Targets, Life Events) Standard Ads n=126; Personalized Ads n=121
Note: Personalization example is mock-up only.
INDUSTRY VERTICAL SHOULD INFORM PERSONALIZATION STRATEGY
HIGHEST ACCEPTABILITY TOWARDS LEAST PERSONAL PURCHASES

ACCEPTABILITY OF PERSONALIZED ADS BY VERTICAL
Highly Acceptable - % Agree (Scale: 8-10)

<table>
<thead>
<tr>
<th>Vertical</th>
<th>% Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurants</td>
<td>30%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>28%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>28%</td>
</tr>
<tr>
<td>Travel</td>
<td>27%</td>
</tr>
<tr>
<td>Retail</td>
<td>27%</td>
</tr>
<tr>
<td>Pharma</td>
<td>16%</td>
</tr>
<tr>
<td>Auto</td>
<td>16%</td>
</tr>
<tr>
<td>Finance</td>
<td>15%</td>
</tr>
</tbody>
</table>

Q: In your opinion, how acceptable is it for each type of brand to use your personal data to create personalized ads?

(Demo Targets, Control Only) n=1,440
PERFORMANCE VARIES BY INDUSTRY – THOSE WITH MORE PERSONAL PRODUCTS SHOULD BE PARTICULARLY THOUGHTFUL

**IMPACT SUMMARY**
- Personalized Ads Outperform Standard Ads
- Similar Performance

<table>
<thead>
<tr>
<th>RETAILER</th>
<th>AUTO</th>
<th>FINANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAST PURCHASE</td>
<td></td>
<td></td>
</tr>
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</tr>
<tr>
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<td></td>
</tr>
</tbody>
</table>
NUANCED APPROACH IMPORTANT FOR
SEARCH TERMS AND MAJOR LIFE EVENTS

PERCEIVED SENSITIVITY OF DATA TYPE
Indexed to Average (100)

Q: On a scale of 1 to 10, how protected do you think each of the following types of personal information should be?
(Demo Targets, Control Only) n=1,440

- Things I've Bought: 91
- Age: 93
- Current Location: 98
- Search Terms: 109
- Major Life Events: 109

Above Average: 109
Average: 98
Below Average: 93
MOBILE,
A COMPELLING CANVAS FOR PERSONALIZATION
PEOPLE ARE MOST ACCEPTING OF DATA USE FOR PERSONALIZATION ON MOBILE

Differences in Acceptance of Data Use for Personalization by Device
Delta (Mobile % Acceptable – Desktop/Laptop % Acceptable)

- Predicted Mood +13%
- Major Life Events +12%
- Social Media Habits +11%
- Personal Emails +11%
- Apps Installed +11%
- Where You Go Often +10%
- Time Zone +6%
- Emails from Brands +5%
- Entertainment Habits +4%
- Search History +3%
- Device +2%
- Things I’ve Bought 0%
- Current Location -1%
- Demos -4%

Q: What types of data do you find acceptable for advertisers to use to create personalized ads on [device]?
(Demo Targets, Control Only) n=1,440
PERSONALIZED ADS WORK HARD ON MOBILE, WHERE PEOPLE ARE MOST COMFORTABLE WITH IT

IMPACT OF PERSONALIZATION BY DEVICE
Those Who Recall Ad

(PC + MOBILE)
- Brand is relevant (T2B)
- Purchase intent (TB & T2B)

(MOBILE ONLY)
- Brand I want to hear more from (T2B)
- Brand I trust (T2B)
- Overall opinion (TB)
- Search intent (T2B)
COUPLING PERSONALIZATION WITH PRECISION TARGETING
PERSONALIZATION WORKS WHEN TARGETING BROAD DEMOS.

BUT, WHAT ABOUT HIGH VALUE AUDIENCES (HVAs)?
WHAT ARE HVAS?

WHO THEY ARE
HVAs are specific personas that the brand has identified as having more value than consumers reached via traditional strategies (e.g. demo). HVAs are heavily customized based on demographics, category status, and psychographics.

HOW THEY’RE CREATED
HVAs are created from a big data set with audience behavior tracked at the consumer level. Modeling is used to predict conversions from behaviors. HVAs are developed ethically with a focus on people.
PAST RESEARCH SHOWS HVAs NEED MORE CUSTOMIZED MESSAGING

HVAs can be particularly critical of ads not customized to them.

Source: From Cookies to People, Magna, IPG Lab
PERSONALIZATION MAKES ADS MORE RELEVANT FOR HVA AUDIENCES

AD IS “SOMETHING I’M OPEN TO RIGHT NOW”
HVAs - % Agree
- Standard Ads
- Personalized Ads

33% ↑ PERSONALIZED ADS
28% STANDARD ADS

↑= significant difference between standard ads and personalized ad at >=90% confidence
(HVA Targets for Pharmacy Retailer & Auto) Standard Ads n=371; Personalized Ads n=256
ULTIMATELY, HVAs RESPOND ESPECIALLY WELL TO PERSONALIZED ADS

Adding precision targeting to precision messaging leads to best results

IMPACT OF PERSONALIZATION BY TARGETING TYPE
Those Who Recall Ad – Delta (Personalized Ads – Standard Ads)

- Demo Targets
- HVA Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Demo Targets</th>
<th>HVA Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search Intent (T2B)</td>
<td>+4%↑</td>
<td>+11%↑</td>
</tr>
<tr>
<td>Purchase Intent (TB)</td>
<td>+5%↑</td>
<td>+2%↑</td>
</tr>
<tr>
<td>Brand Preference</td>
<td>+8%↑</td>
<td>0%</td>
</tr>
</tbody>
</table>

↑ = significant difference between standard ads and personalized ad at >=90% confidence

(Demo Targets: Pharmacy Retailer & Auto) Standard Ads n=586; Personalized Ads n=529
(HVA Targets: Pharmacy Retailer & Auto) Standard Ads n=371; Personalized Ads n=256
BUT, WHAT ABOUT PERSONALIZING MESSAGES BASED ON PERSONAS?

STANDARD PERSONALIZATION

Messages Customized Based On:
- demos
- life event
- past purchase
- location
- search term

PERSONA-BASED PERSONALIZATION

Messages Customized Based On:
- Cooks at home
- Vegan
- Have a dog
- Yoga
- Bikes daily

Demo targeted based on age; Past purchase targeted based on reported past product purchases made; Location targeted based on current location of user; Life events targeted based on reported major life events (anniversary, new baby, etc.); Search terms targeted based on reported terms searched for recently.
Because each HVA is unique, maximum impact is achieved with persona-based personalization.

**Impact on HVAs by Message Type**

Those Who Recall Ad – Delta (Personalized Ads – Standard Ads)

- HVA Targets with **Standard** Personalization
- HVA Targets with **Persona-Based** Personalization

†= significant difference between standard ads and personalized ad at >=90% confidence

(HVA Targets for Retailer & Auto) Standard Personalized Messaging - Standard Ads n=371; Personalized Ads n=256

Curated Personalized Messaging - Standard Ads n=74; Personalized Ads n=50
IMPLICATIONS

CREATIVE BEST PRACTICES STILL APPLY
Don’t let the process of planning for personalization distract from the need to have strong branding.

THOUGHTFULNESS IS KEY
While higher levels of personalization worked harder on purchase intent, these forms of data are perceived as more sensitive. Brands with more personal purchases should be especially thoughtful when leveraging these data sources for personalization.

PERSONALIZE FOR HVAs
Targeting HVAs works, but the use of mass market messaging leaves potential impact on the table.

Use personalization to amplify effectiveness when targeting HVAs. Brands should also consider going a step further by curating the message based on each HVA’s unique profile.