

Building Consumer's Connections through Contextual

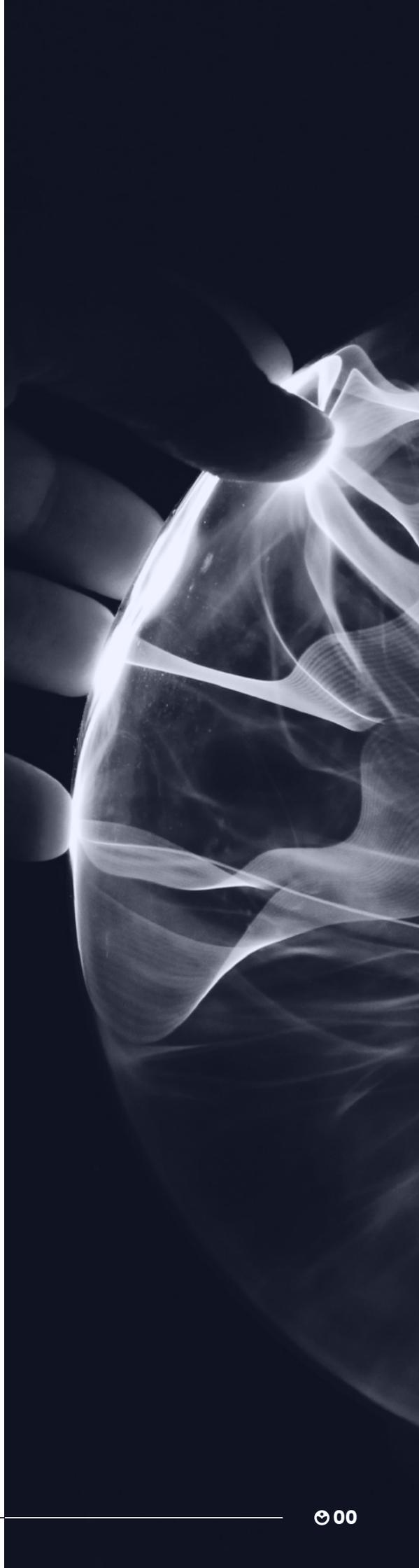
SEEDTAG

◀▶ Nielsen

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Importance of Targeting

ENGAGING WITH CONSUMERS

With the impending fundamental changes to the advertising industry fast approaching, the need for innovative, intelligent and impactful targeting is top of mind. The way in which our data as consumers is collected and utilized is under close scrutiny and will continue in the foreseeable future. This offers brands a new opportunity to learn and explore **how to effectively engage** with us with a fresh perspective and **always respect our privacy**.

Just as the "halo effect" occurs when a product finds success because of its association with a recognizable successful person, a specific new need arises to evaluate how the experience in which consumers are immersed within content can create new opportunities for **brand engagement**, positively influence perceptions and offer a **unique new ways to target** the market. With the support of Nielsen, we have decided to test this hypothesis.

We aim to analyze the "**halo effect**" within the digital advertising field and the impact of whether consumers who are immersed within relevant content of their choice a specific moment are more likely to be receptive to specific product categories or brands and feel positively about them following the exposure to contextually-targeted ads, related to that content that they are engaged with .

To connect the dots, we aim to **analyze** as well the perceptions and feelings of consumers reached using other targeting approaches, which allows us to put **Contextual** in perspective.



Research & Methodology

At Seedtag, we have had the support of understanding-audiences expert Nielsen, who developed a methodology to evaluate the effectiveness of contextual targeting amongst consumers in the UK, leveraging a controlled media environment.

Within the survey design, respondents were asked to select an article of choice based on simply seeing a headline from a list of mocked-up articles. The aim of this was to capture what people are interested in reading '**at a given moment in time**'. They were then asked to explore the article as they would in the real world, seemingly recreating a natural environment of online editorial content consumption, before completing the rest of the survey.

The audience was divided into four different groups. The groups were based on the different targeting strategies that occur within the advertising industry, as follows:

N=1800 / 450 X CATEGORY

NO TARGETING

Nothing other than selecting one of the **articles of interest**

INTEREST

Category of interest PLUS selecting general article relating to that category

DEMOGRAPHICS

Age & Gender PLUS selecting general article relating to that category

CONTEXTUAL

Must select one of the **Niche articles** of interest

As well as the above, within the articles one advertisement was featured across 3 categories: **Automotive, Food & Drink and Beauty** – within the report these will be referred to as 'category'.

The categories were chosen to be representative of the three most popular industries that advertise heavily. Within these categories a more specific focus was placed on **Electric Vehicles** for Automotive, **Natural food & drink** choices and **Cruelty-free & natural beauty** products. Within the report these will be referred to as 'category'.

The ad served was based on the respondent's choice from an article list (no targeting), their demographics or their expressed interest in a particular category.

PROCESS:



KEY FINDINGS

Main Conclusions based on targeting approaches

INTEREST FOR A CATEGORY IS ENHANCED FOLLOWING ENGAGEMENT WITH THE IMMERSIVE ENVIRONMENT

When combining both engaging article content with relevant advertising we observed a notable link to Interest in that category.

These contextually engaged consumers were **2.5x more interested** in the category than those respondents who had no targeting attached. Whilst the difference between interest targeting was not as significant it was still evident with an almost 20% change to contextual.

	NO TARGETING	DEMO	INTEREST	CONTEXTUAL
	18%	34%	38%	45%
%CHANGE VS CONTEXTUAL	+150%	+32%	+18%	

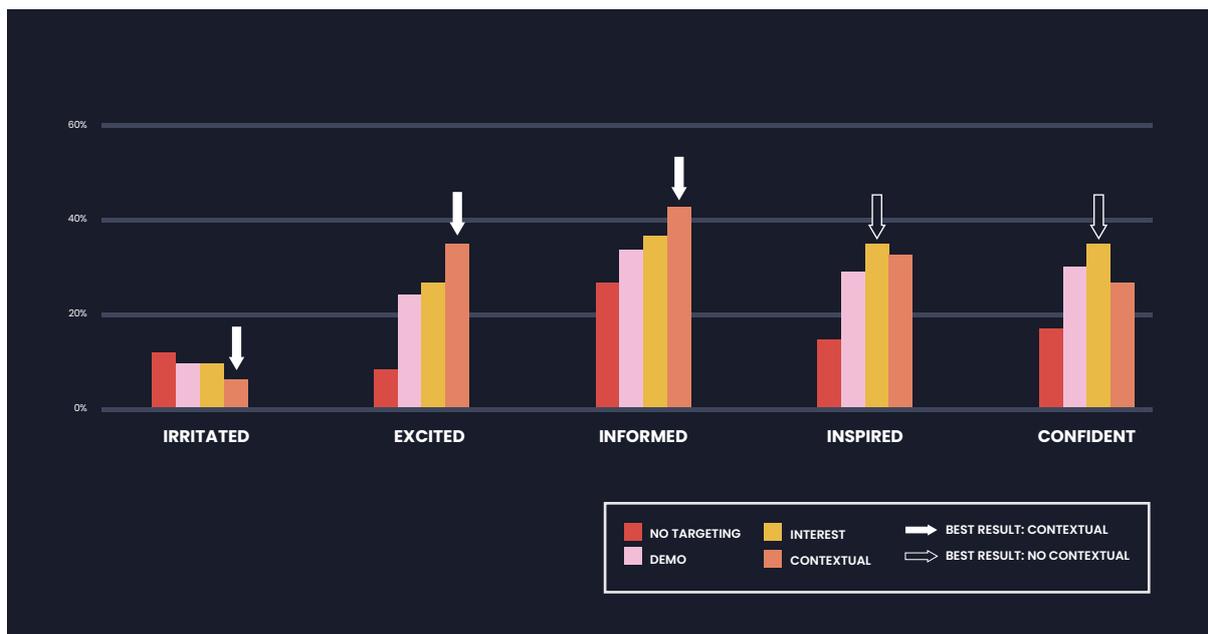
ADS WERE MORE WELL-RECEIVED WHEN PRESENTED CONTEXTUALLY

Ads are generally more liked when some element of targeting is deployed or they are used within a contextual setting. Almost **3 in 4 say they very much or somewhat like the ads** compared to over 3 in 5 for those who had the demo and category interest targeting deployed.

	NO TARGETING	DEMO	INTEREST	CONTEXTUAL
SOMEWHAT LIKE ADVERT	53%	64%	66%	72%
%CHANGE VS CONTEXTUAL	+36%	+13%	+9%	

03 · FEELINGS TOWARDS CATEGORY ARE POSITIVELY IMPACTED BY CONTEXTUAL ENVIRONMENTS

Advertisements are usually perceived as **irritating** by consumers as they interrupt the normal navigation of content that interests them. In this sense, **contextual ads complement the user's browsing experience** by being fully integrated into the content and providing value by being aligned with their interests at that particular moment.



Consumers were therefore more **'excited'** about the category than all other groups. **+167%** more so than when there was no targeting at all, **+39%** more so than when ads were demo targeted and even **+28%** more so than interest-targeted adverts.

This then meant consumers exposed to the contextual environment felt more **'informed'** about the category vs when just demographic targeting is deployed (**+21%**)

When consumers were targeted based on their interest we saw that they end up being more **'confident'** across all of the groups so **interest in the category** is still important to drive interaction within a given category.

Why are all these elements important?

INTEREST IN CATEGORY CAN LEAD TO:

1 People are more receptive to advertising within the category

When contextually-relevant advertising is presented to consumers, those exposed were +85% more open to future advertising than when no targeting

2 And consider ads to be more relevant

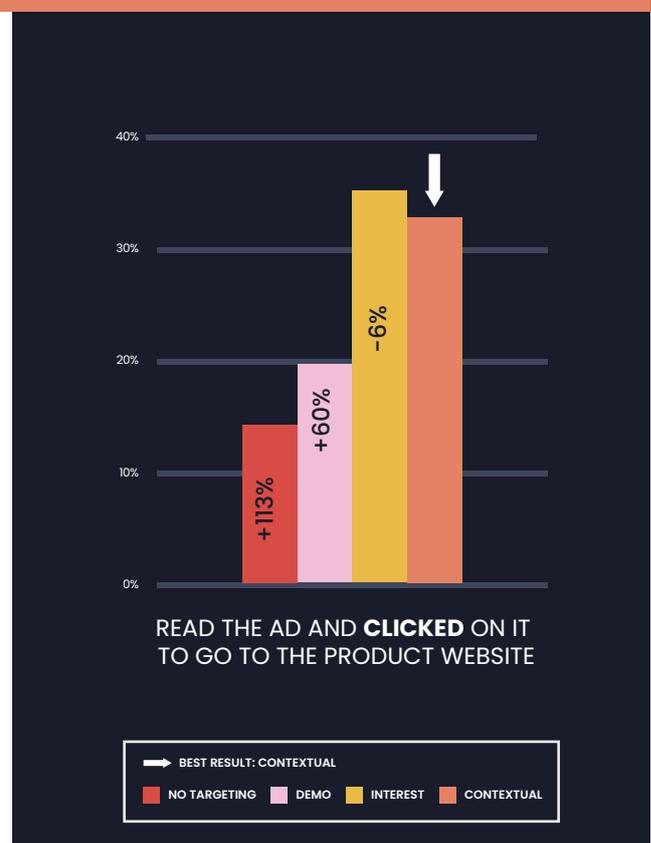
Contextually situated Ads are considered more relevant, +60% more so than when no targeting was used and +15% more so than when Ads are Demo targeted.

From the study, we learned that there is a **clear connection** between how positively consumers perceive ads when they are contextual versus other targeting strategies, positively impacting the brand's perception.

We observe this **halo effect** on consumers when they are reached by ads that are aligned with their interests.

Contextual ads ensure this **relationship with consumer's interests by serving matching ads**. In this way, the user is impacted by ads aligned with the content of the article in which they are immersed at any particular time, in line with their changing interests.

As a result, **contextually-delivered advertising** can prove to be more **immersive** to the article experience, as consumers seeing relevant, context-based ads are more likely to follow through with an interaction.



ACTIONS AFTER SEEING ADVERTISING

The goal of ads is to change users' behavior and lead them to take action, such as making a final purchase or continuing to search for information about the brand. When people see ads in a contextual environment, users are 2.5x more likely to take action as a result compared to when no targeting is used and 32% higher than demographically targeted ads.

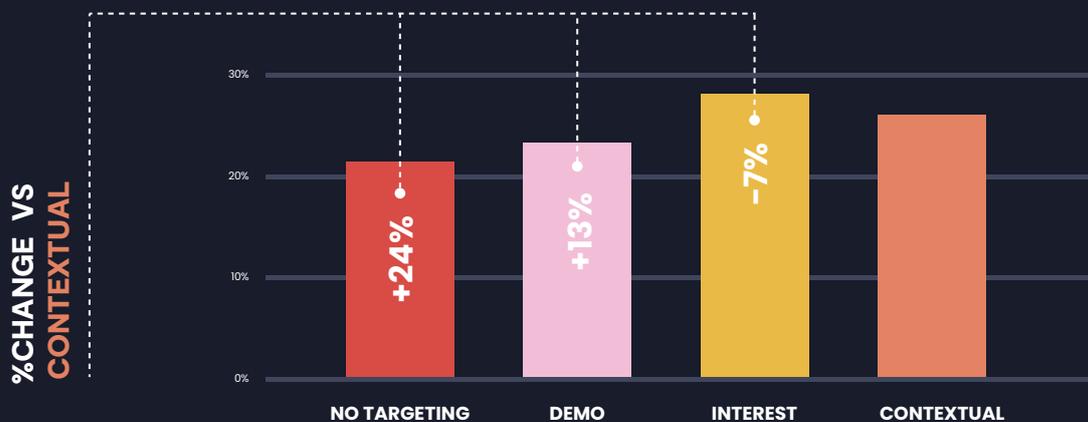


2 IN 5
EXPOSED CONTEXTUALLY
WOULD GO ON TO TALK ABOUT
PRODUCT TO FRIENDS OR FAMILY

Contextual adverts also encouraged consumers to go on to find out more about the advertised product, over +40% more so than when adverts are just targeting consumers based on their demographics and considerably more so than when no targeting is deployed.

When it comes to advertising directly influencing the future purchase of the product advertised, consumers across all targeting groups had similar levels of agreement, although those targeted based on their interest were slightly more likely to say they would purchase the advertised product. Purchase behavior is one of the harder metrics to influence via exposure to advertising and is often impacted by numerous other factors.

LIKELY TO PURCHASE THE ADVERTISED PRODUCT



DESIRE TO DISCOVER NEW PRODUCTS

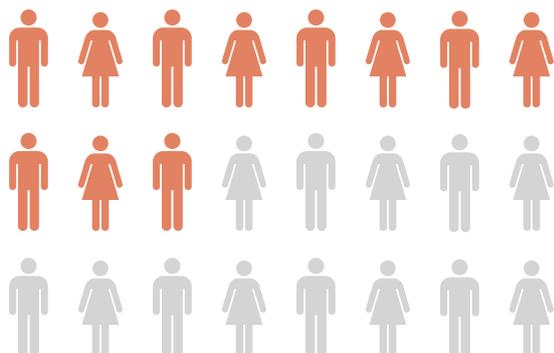
Having an interest in the broader category does **positively impact future actions**, in particular driving consumers to a store/ showroom. This is likely as they know what they like within the **category** and therefore it would be effective for them to go directly to the store. Interest in the category also **outweighs the other groups** when it comes to browsing the category online.

Saying this, **consumers** who were shown **contextually aligned ads integrate content**, whether they have a broader interest in the category or not were **+35% more likely** to want to “Discover new products to consider purchasing” more so than when **demographic targeting was deployed and +133% more likely compared to no targeting at all.**

This shows that **contextual environments outperform** for inspiring consumers to perhaps explore products they wouldn't have naturally gravitated towards. This offers a **unique opportunity for brands** to use this technique for particularly niche or new products/ services that would benefit from additional supporting editorial content to educate consumers.

35%

OF CONTEXTUALLY TARGETED CONSUMERS WERE INSPIRED TO DISCOVER NEW PRODUCTS IN FUTURE



Deep dive category insights

Across all categories, purchase intention for all products was significantly higher for those consumers exposed within the contextual situation vs when there were no contextually-aligned ads or audience targeting deployed. However, there were some category differences.

BEAUTY

Beauty **niche products** showed the greatest **benefit from contextual ad placement**.

Consumers who were immersed in sustainable beauty, where additional relevant advertising was present, were **2.5x more likely to purchase sustainable beauty products** in the future - *Very Likely* - compared to consumers reached through demo targeting strategies.

FOOD

When going deeper into the food category, we find a similar trend, as we observe that purchase consideration increases the more specific the products got. So in the case of 'processed/non-organic' and 'low sugar/calorie' products, we observed that **demo and interest targeted was the most effective**, however, with specific types of products, in this case 'organic/natural food & drink' products, the value of having specific content paired with relevant and contextually positioned advertising proves most effective.

AUTO

The automotive category differs again, this market still **benefits** from some **demographic targeting** as seen here with regards to new car purchase intention.

Whilst traditional **demo targeting** for the category is **35-50-year-olds**, we saw purchase intent was strongest amongst 18-44-year-olds amongst those **exposed to contextual advertising** and relevant content.

BEAUTY

Purchase intent for **Sustainable beauty** products is 2.5x greater when consumers were reached contextually versus when they were reached with a Demo targeted.

This is again true for '**Cruelty-free**' beauty products. Where niche subject content and advertising were aligned, an impressive impact in regards to future purchase intention.



The more niche or specific the beauty product, the more these **brands** will benefit from **contextual targeting**

Breaking the stereotypes: Traditional demo targeting may be missing potentially engaged audiences for specific categories

When looking at the **Beauty category**, traditional targeting favors females, however, we saw some interesting findings when it comes to this category. We saw Males who are interested in the category are generally just as likely to purchase the specific products than women after exposure to advertising (not placed within relevant article content).

Males Are just as likely to consider purchasing beauty products after contextual engagement.

AUTO

In the case of specialized vehicles such as **Electric vehicles**, when contextual targeting was present it reached the same level as demographic targeting. This proves that by using the contextual solution, ads will be equally effective, but brands will also protect consumers' privacy, as it does not use third-party cookies. For broader automotive products all targeting strategies outperformed no targeting at all.

Demo targeting and interest targeting are still valuable but **more is required to drive purchase in this category**, likely because they are high-value products.

We can see a different reaction amongst those who are in the market to purchase a new car in the next 6 months, where the likelihood to purchase an electric car (at a total level) was **72%** for those in the market compared to just **34%** overall.

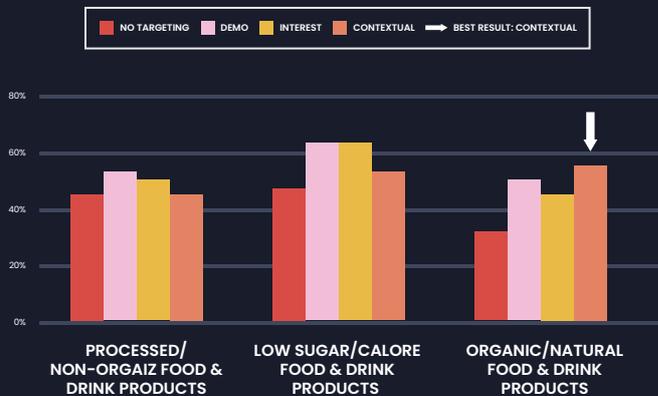
Whilst we were unable to look at 'in the market' across groups there is a good indication that 'in the market' audiences would have reacted more positively across metrics and therefore **adding the value of contextual layer on top could drive further impact.**

Advertisers need to ensure that demo targeting is not used in isolation to **avoid missing potentially key consumer groups**. This will be particularly key when it comes to niche products or accessories relating to specialist vehicle types such as **electric cars**.



FOOD

There seems to be a direct link between the "awareness" of product type and targeting strategy. In the case of brands that promote well-known products/services, segmentation by Demo and by Interests is valuable, while in niche products or those that require more **specific education** (about their properties, use, benefits...) it seems that **contextual segmentation stands out as being most valuable**. We find it is also possible to apply this statement to **new product launches** that require educating consumers or those products where the level of consideration of the product (mind-funnel) needs to be worked on.



With regards to the Food Category, amongst those exposed contextually for the food category, males had considerably higher purchase consideration for the '**organic/natural**' products vs females. Brands who are looking to target consumers on niche/specialized products need to ensure they are **targeting outside of the traditional** means to really enhance the value of return.

TARGETING GROUP	MALES	FEMALES
PROCESSED / NON-ORGANIC FOOD & DRINK PRODUCTS	25%	15%
LOW SUGAR / CALORIE FOOD & DRINK PRODUCTS	31%	16%
ORGANIC / NATURAL FOOD & DRINK PRODUCTS	41%	21%

Key Findings

ASSESSING THE BENEFITS OF CONTEXTUAL TARGETING

01 | CONTEXTUAL TARGETING BOOSTS INTEREST IN THE CATEGORY

- **2.5x more interested** in the category vs. no targeting.
- **Interest is heightened by 32%** vs. demographic targeting.
- **+85% more open to future advertising** compared to no targeting.

02 | CONTEXTUAL ADS USER-FRIENDLY NATURE INFLUENCES POSITIVE PERCEPTIONS AND RECEPTIVENESS

- **+40% more excited** about the category vs demo targeted consumers.
- Those who were exposed contextually ultimately **felt considerably less irritated** towards the category (Demo and Interest groups respondents were 60% more irritated).

03 | ADS DELIVERED CONTEXTUALLY ENCOURAGE ACTION

- Contextually-placed ads are **far more likely (+32%) to make the consumer take action** vs. those impacted based on their demographics.
- **+60% more likely to click on the ad** to visit the product website vs. demographically targeted.
- **2 in 5** exposed contextually would go on to **talk about the product** to friends or family.

04 | CONTEXTUAL WORKS PARTICULARLY WELL AT GENERATING RETURN FOR NICHE/NEW PRODUCTS AND CATEGORIES

- **+35% heightened desire to discover new products** to consider purchasing vs. Demographically targeted
- Sustainable beauty products **purchase intent is 2.5x greater** when consumers are reached contextually vs. Demographically targeted.
- The Beauty category would traditionally target females, but results demonstrated **that at least 7 out of 10 men are just as likely to consider purchasing** sustainable or organic/natural beauty products when contextually engaged.

Conclusions

This study tests the hypothesis of the "halo effect", proving **consumers who are immersed within relevant content** of their choice at a specific moment will be **more receptive to ads** related to such content and hence are more likely to **follow through with an interaction**. This suggests that the traditional advertising targeting strategies for reaching users through pre-defined audiences based on demographics are no longer sufficient to generate proper **engagement**. Throughout this research, it has been demonstrated that **reaching the right audience at the right time**, produces more positive feelings and emotions.

In each way that we have analyzed the results of the different targeting strategies, we have seen a consistent **positive relationship between the level of immersion in the content and the reception of ads**. We have seen that in a privacy-first world, **contextual advertising** overall outperforms other targeting strategies and offers new brand engagement opportunities, and can even go as far as generating **positive perceptions and influencing action**, including purchase intent and desire to discover new products.

ABOUT Nielsen

Nielsen shapes the world's media and content as a global leader in audience measurement, data and analytics. Through our understanding of people and their behaviors across all channels and platforms, we empower our clients with independent and actionable intelligence so they can connect and engage with their audiences—now and into the future.

An S&P 500 company, Nielsen (NYSE: NLSN) operates around the world in more than 55 countries. Learn more at www.nielsen.com or www.nielsen.com/investors and connect with us on social media.

ABOUT SEEDTAG

Seedtag is the leading Contextual Advertising Company that creates highly impactful and engaging solutions for relevant premium visual content, powering targeting and returns for top publishers and the finest brands. The company's contextual A.I. allows brands to engage with consumers within their universe of interest on a cookie-free basis.

Seedtag was founded in Madrid in 2014 by two ex-Googleers who wanted to get the most out of editorial images and to this day it is a global company that has more than 300 employees and an important international presence with offices in Spain, France, Italy, UK, Benelux, Germany, Mexico, Brazil, Colombia, Chile, Argentina and United Arab Emirates.