

Beyond Clicks and Impressions: Examining the Relationship Between Online Advertising and Brand Building

Executive Summary

Advertisers increasingly think of online as a place to build their brands, but need greater confidence that their online investments are helping them achieve their brand goals. This paper explores both the role of online ads in brand building, as well as the best metrics for measuring the success of Internet ads against marketers' goals. Leveraging Nielsen's advertising effectiveness solutions to examine this relationship, the following conclusions will be discussed in this paper:

1. Click-through rate is not the right metric to measure brand impact – virtually no relationship exists between clicks and brand metrics or offline sales.
2. There is emerging evidence that brand metrics in response to online campaigns are correlated with offline sales impact.
3. Online ads can succeed in driving brand impact, though success is not guaranteed and advertisers must embrace new online branding metrics to separate themselves from the competition.

Advertisers are increasingly building brands online

There's an old adage that advertisers follow consumers' eyeballs, and over the course of the last 10 years, there has certainly been a remarkable rise in the number of consumers online and the amount of time they're spending there.

Since 2003, the number of Americans with Internet access has grown 34 percent from 186.7 million to 249.3 million, according to Nielsen. This growth has not come in a vacuum – online has increasingly become integrated into consumers'

lives – they access online at work (nearly 27 hours per user per month), on mobile (43 percent of US adults now own smartphones), and even concurrently with other media (20% of U.S. adults watch TV while using either a PC or mobile device on a daily basis, according to the Media Behavior Institute USA TouchPoints study.)

Additionally, more and more advertising dollars are finding their way online. In the 2011 Advertising Outlook published by The Cambridge Group (a Nielsen company), a survey of over 300 advertising decision-makers from a variety of industries indicates that digital budgets have increased more than any other type of media in 2011.

But what's interesting is this growth is not only from e-commerce advertisers looking to generate web traffic or drive sales. The Cambridge Group report also shows that in 2011 54 percent of those surveyed believe online ads are highly effective at "enhancing brand/product image," compared to just 38 percent of respondents in a 2008 version of the study. As consumers have integrated the Internet into their lives, advertisers are increasingly interested in ways to better reach consumers, deliver messages, and build ongoing relationships through this medium. In other words, these advertisers are looking to truly build their brands online.

With more and more advertisers looking to include online brand building in their media mix, they are looking for two things: confidence that their online investments are helping them achieve their brand goals, and metrics that give them the ability to demonstrate success across their campaigns.

Is CTR a good measure of brand impact?

Online's early history as a direct-response sales channel gave way to traditional metrics such as click-through rates (CTR), impressions and conversions, which e-commerce marketers used to develop strategies for optimizing online sales. However, the broadening of advertisers' objectives to include brand building has led to questions about whether these metrics can be used to accurately

measure how well online campaigns perform against brand marketers' goals.

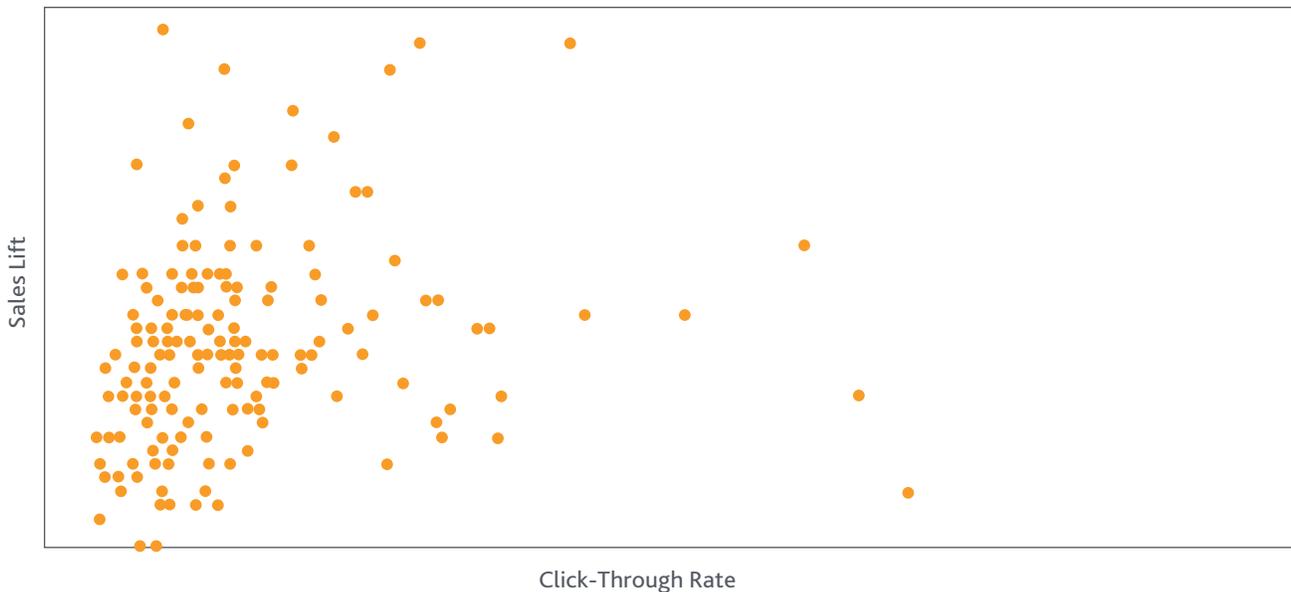
Many brand marketers run online campaigns with the objective to drive in-store rather than online conversions. Nielsen is able to measure whether online ad campaigns influence offline purchase behavior through Nielsen Sales Effect, which connects online exposure to offline sales using the Nielsen Homescan consumer purchase panel.

It's clear from those findings that online advertising can have a substantial impact on offline purchase behavior. However, as shown in **Figure 1**, CTR itself does not predict changes in in-store sales due to the ad campaign. Picking the campaigns with the best CTR would not deliver the best overall uplift in sales. Moreover, evaluating a campaign solely on the number of clicks greatly underestimates the number of potential consumers influenced by the campaign.

Standard Brand Effect questions:

- **Ad Recall:** "Do you recall seeing an ad online for *product X* in the last 7 days?"
- **Brand Awareness:** "Have you heard of *brand X*?"
- **Message Association:** "Which brand do you most associate with the *message X*?"
- **Purchase Consideration:** "Will you purchase *brand X* in the next month?"
- **Brand Favorability:** "What is your opinion of *brand X*?"

Figure 1: Correlation of Sales Lift and Click-Through Rate



The random scatter of the points indicates a lack of relationship between sales lift and click-through rate.

Source: Nielsen

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Other brand campaigns are designed to impart information upon consumers, make them more aware of a new product or service, or change feelings or intentions about a brand or product. Using the Nielsen Online Brand Effect methodology, (See Page 5) Nielsen examined how well exposure to online ad campaigns influences these brand objectives.

Interestingly, research shows that click-through rate for a given ad campaign also fails to predict the rate of success in accomplishing these attitudinal objectives. (See Figure 2.)

As expected, there is a small positive relationship between consumers clicking on an ad and their ability to remember that ad (Ad Recall). However, the connection is still weak and likely due to more

noticeable ads increasing both the likelihood of recall and the likelihood of a click. But there is no measure of branding – whether the message resonated with consumers or if it was successful in changing consumer awareness, opinions or intent – that has any relationship to CTR.

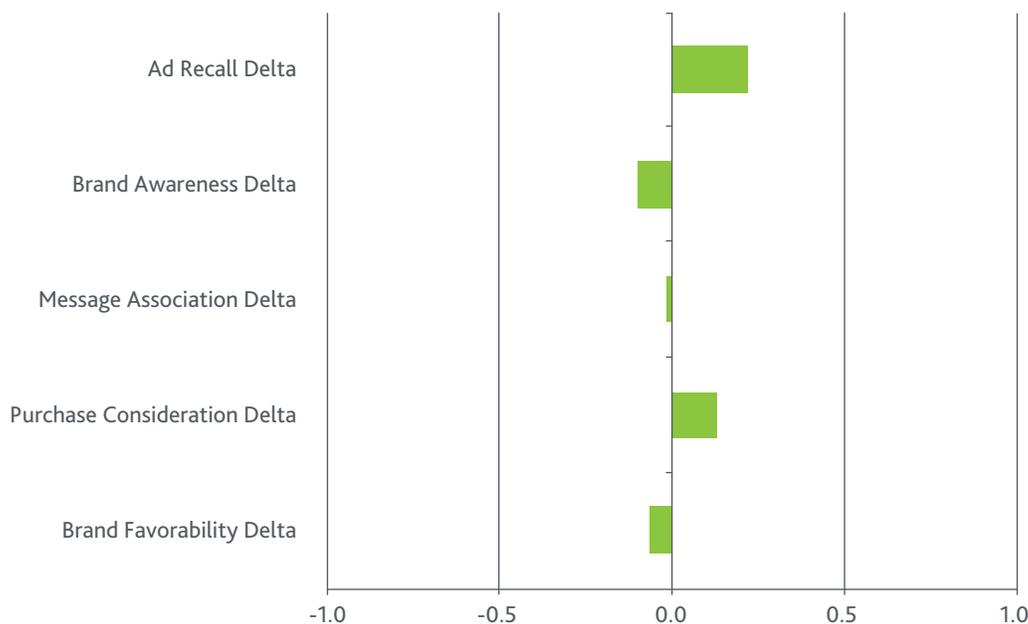
But are brand metrics correlated with sales?

Digging further into Nielsen research, there is evidence that attitudinal measures, such as Purchase Intent, are important predictors of offline sales and thus, are a powerful way for advertisers to gauge the success of their brand campaigns online.

While based on a small number of cases, looking at campaigns measured by both Nielsen Online Brand Effect and Nielsen Sales Effect, there was strong alignment between increased purchase consideration following an online campaign and a boost in offline product sales. Campaigns in which consumers reported increased purchase intent after viewing an ad also showed a boost in product sales. Cases with flat purchase intent showed no significant change in sales.

Overall, it is clear that traditional direct response metrics such as click-through rate fail to indicate whether online campaigns will impact consumer attitudes or offline sales. As a result, advertisers need better brand metrics that can serve as an indication of the sales impact of their online ads.

Figure 2: Correlations with Click-Through Rate



No strong correlations emerge between CTR and any of the Brand Effect metrics.

Source: Nielsen



How do online ads impact consumer attitudes?

One of the key questions weighing on advertisers' minds is, "Are my online brand ads working?" To answer this question, Nielsen analyzed results from over 500 online ad campaigns measured by Nielsen Online Brand Effect over the last year and a half.

In short, the answer is yes. Brand ads do on average succeed in moving the needle for most measured Brand Effect metrics, as shown in **Figure 3**.

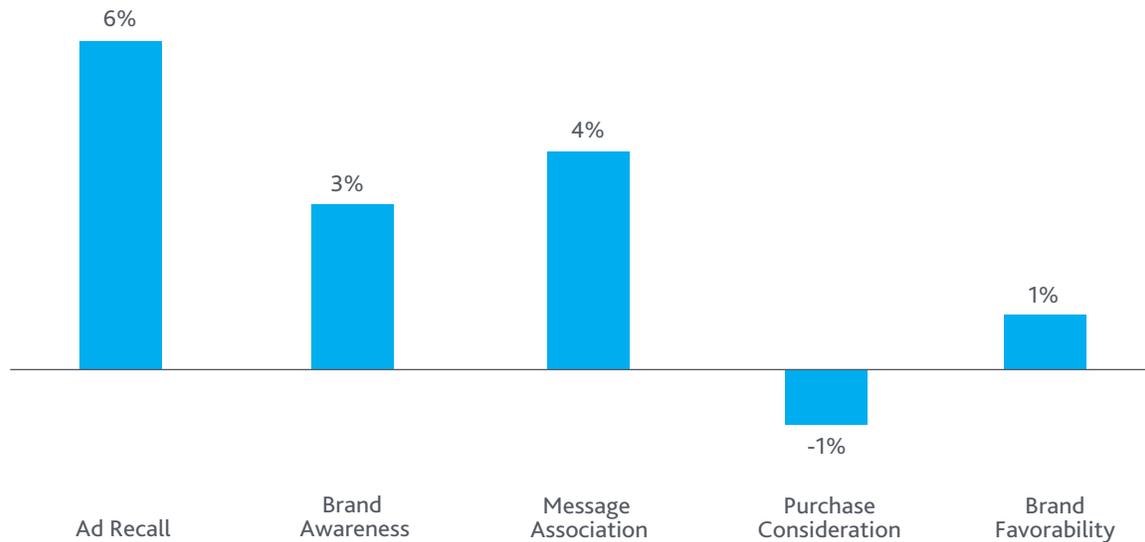
Despite some claims that "no one pays attention to online ads," Nielsen research shows that the average increase between the control and exposed groups is highest for Ad Recall, an indication that consumers do remember exposure to an online ad campaign. It should come as no surprise that the first step to influencing consumers through advertising is ensuring that they notice and remember the ad itself.

The next question brand advertisers want to answer is whether online ad campaigns can actually change the opinions and intentions of consumers. Following Ad Recall, Message Association showed the next highest average change, indicating that online ads can also succeed in conveying a brand's intended message.

Nielsen research also shows that online ads often increase overall awareness for the advertised brand. This is an especially important factor in driving new product success – clearly, consumers must become aware of a new product before they can buy it.

The "lower funnel metrics" – Brand Favorability and Purchase Intent —are far more difficult to influence than Awareness, Recall and Association, given that these metrics require a change in consumer opinion or behavior.

Figure 3: Average Online Brand Effect Results



Well-executed online advertising can drive branding metrics.

Source: Nielsen

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Varying results across campaigns

While our analysis indicates mostly positive results across the different Brand Effect metrics on average, perhaps an even more important conclusion is that there is a lot of variance in the performance of online ad campaigns we've measured, as shown in **Figure 4**. We find some campaigns are very successful across all metrics, some campaigns succeed only on certain dimensions, and others underperform across the board.

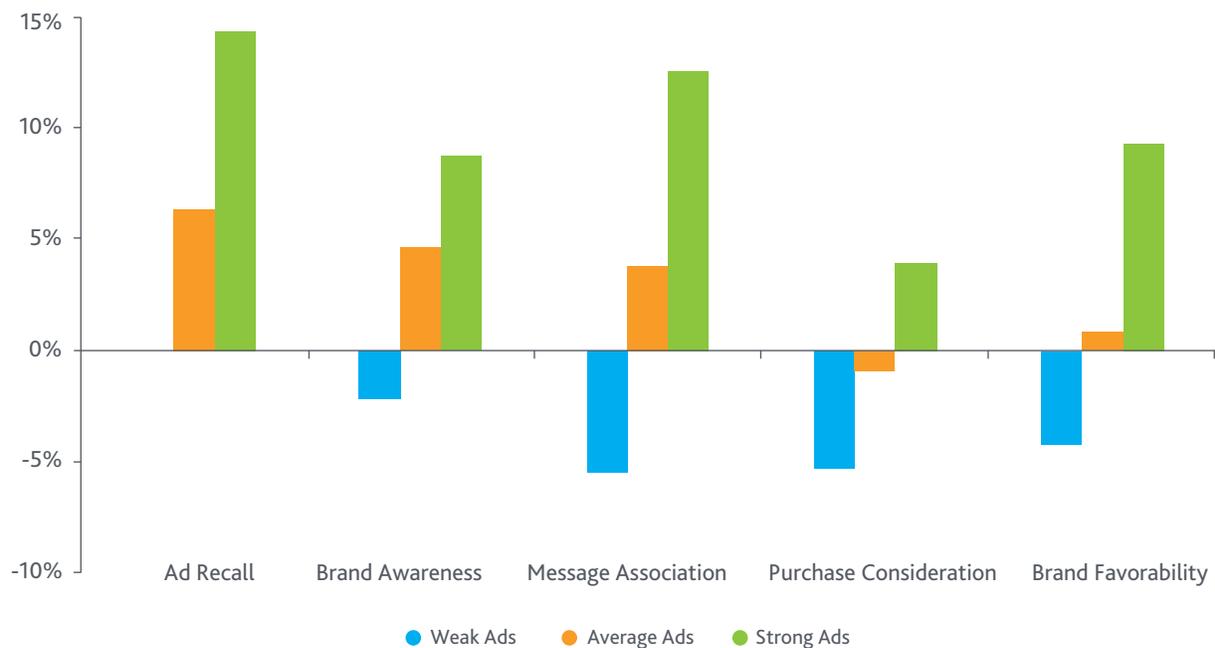
More generally, stronger performing web ads drive noticeably greater positive impact on all five branding metrics compared to average or weak ads. Just as TV ads perform better based on the quality of the creative and programming context, online ads are similarly impacted by factors such as creative, publisher content and type of ad unit. In fact, online advertising potentially offers a greater range of possibilities than TV in terms of format (display vs. video), dimension/size, or publisher. In many cases, understanding online ad impact and what makes a strong vs. weak ad is even more complex than understanding TV ad impact.

Using brand metrics to separate from the pack

Just as TV ad effectiveness research has taught advertisers which levers to pull in optimizing their TV campaigns, over time, online ad effectiveness research can be similarly leveraged to help marketers understand those factors that drive the most successful web campaigns.

Those who embrace these new metrics and collect trustworthy data on effectiveness across media platforms will be substantially better positioned than others, and likely to separate themselves from the competition.

Figure 4: Average Online Brand Effect Results



Average Nielsen Online Brand Effect results for strong, average, and weak performing ads. Results are calculated as the average percentage point difference between the exposed vs. control groups on each metric.

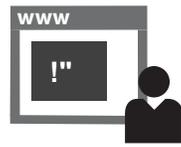
Source: Nielsen

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Nielsen Online Brand Effect Methodology



1 Ad campaign tagged



2 User exposed to ad running anywhere online



3 Exposure info encrypted by Nielsen and passed through Facebook platform



4 Control and exposed groups polled by Nielsen on Facebook

Source: Nielsen

nielsen

How Nielsen Online Brand Effect Works

Nielsen Online Brand Effect measures online advertising effectiveness using simple, strategic standardized poll questions that are an integrated part of the Facebook experience. (Note: Nielsen reports data only in aggregate to clients and receives no personally identifiable information from Facebook).

Brand Effect questions are asked both of a sample of respondents exposed to the ad being measured, as well as a control sample that is demographically matched to the exposed group but did not see the ad. The difference in exposed vs. control scores is reported for each measure.

Facebook's large and highly engaged user base enables samples to be built rapidly, meaning shorter turnaround time for results. Because polling occurs after exposure and within the normal Facebook user experience, no interruptive pop-up or click-away surveys are required. Finally, reduced sample bias through shorter, strategic polls, truer measurement of impact through 24-hour latency, and validated demos of Facebook's expansive user base ensure a more accurate read of online ad effectiveness.

Studies are compared against a normative Nielsen database to determine overall effectiveness and awareness results.

About This White Paper

The data and insights in this white paper are compiled from a range of Nielsen resources. For more information, contact your Nielsen representative.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, please visit www.nielsen.com.