
Assessing Ad Impact:

How TV, Online and Magazines Contribute Throughout the Purchase Funnel

OVERVIEW

Dynamic Logic, a company specializing in advertising accountability research, recently updated their database of client-commissioned CrossMedia Research™ accountability studies. The new aggregation, which contains 39 studies, continues their work on how television, magazine and online advertising combine to impact the attitudes and intended behavior of consumers as they go through five identified stages of the buying process, i.e., the purchase funnel.

For the first time, Dynamic Logic went beyond analyzing advertising effects for these three media and looked at the cost of generating results for each medium individually as well as in combination with others, expressed as return on investment (ROI). Looking at consumers reached by each medium they found:

- **Overall, magazine advertising drove consumer attitudes and intended behavior more effectively and efficiently than viewing television advertising alone or TV in combination with online advertising.**
- Across the 39 studies, **adding magazines to TV and online had the greatest impact on consumer attitudes and intended behavior in three out of five stages:** aided brand awareness at the top of the purchase funnel, and brand favorability and purchase consideration/intent at the key conversion and action stages at the bottom of the funnel. **For ad awareness, magazines and TV virtually tied in their contribution.**
 - For the consumer packaged goods category (17 studies), magazines when added to TV and online were also the largest contributor in three out of five stages: ad awareness, brand favorability and purchase consideration/intent.
 - For the non-packaged goods category (22 studies), as with overall results, magazines when added to TV and online were the largest contributor for aided brand awareness, brand favorability, and purchase consideration/intent.
- **Magazines were the most cost effective medium throughout the purchase funnel, looking at two related measures of ROI—cost per person and people impacted per dollar spent—**from ten CrossMedia Research™ studies for which ROI was available:
 - Based on cost per person, magazines were the most efficient medium in three out of five stages of the purchase funnel. The combination of magazines and online was most efficient for the remaining two stages
 - Based on people impacted per dollar spent, magazines were the most efficient medium in four out of five stages of the purchase funnel. TV + magazines + online was most efficient for the one remaining stage.

Dynamic Logic's findings reinforce previous learning:

- The findings on effectiveness are consistent with those from their two most recent aggregations
- The findings on efficiency are consistent with those from Marketing Evolution's aggregation of 38 advertiser-commissioned cross-media accountability studies in which magazines were the most efficient medium for brand familiarity and purchase intent.

According to Dr. William Havlena of Dynamic Logic, “Findings from this latest CrossMedia Research™ analysis showed that magazine advertising performed strongly and was cost effective throughout all stages of the purchase funnel. We consistently see that exposure to magazine advertising is a powerful driver of brand familiarity and purchase consideration/intent when added to TV and online.”

OVERALL FINDINGS

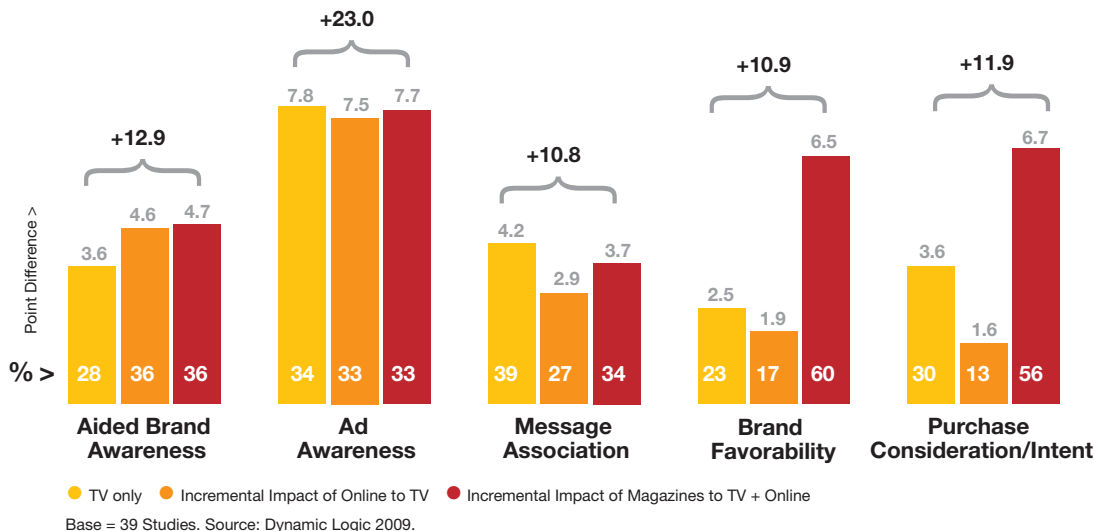
Overall, magazines drove consumer behavior more effectively and efficiently than television or online among consumers who were reached by each medium.

- For effectiveness, magazines were the most consistent performer across all three media, contributing significant lift overall and at each stage of the purchase funnel despite the challenge of being the last medium for which incremental effects were calculated
- This held true for the consumer packaged goods category as well as non-packaged goods
- Magazines were the most efficient medium at driving consumer behavior, both individually as well as in combination with other media

PERFORMANCE ACROSS THE PURCHASE FUNNEL

Through all stages of the purchase funnel magazines performed most consistently with significant lift at each of the five stages. Among consumers with opportunity to see all three media:

- **Magazines were the only medium to contribute one-third or more to the total point change at every stage of the purchase funnel**
- Television contributed 33% or more to the total point change for ad awareness and message association across the 39 studies
- Online contributed 33% or more to the total point change for aided brand awareness and ad awareness.

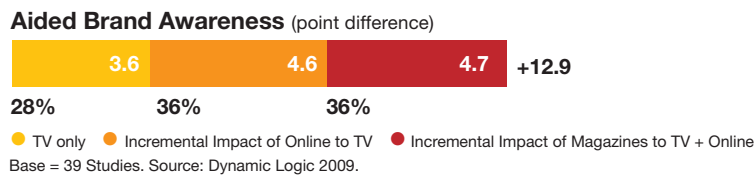


AIDED BRAND AWARENESS

Aided brand awareness measures the level of familiarity consumers have with the brand when prompted by visual or verbal clues. As a top-of-funnel measurement, brand awareness does not necessarily indicate that consumers have a favorable opinion about the brand or that the consumer intends to buy the brand. Brand awareness indicates that the advertising campaign made the brand more top-of-mind (or memorable) for consumers.

Magazines led in increasing awareness of the brand with online nearly tying.

Looking at the total increase in aided brand awareness across all three media, magazines and online advertising each contributed more than one-third of the total point change (36%), while TV contributed only 28% of the overall increase.

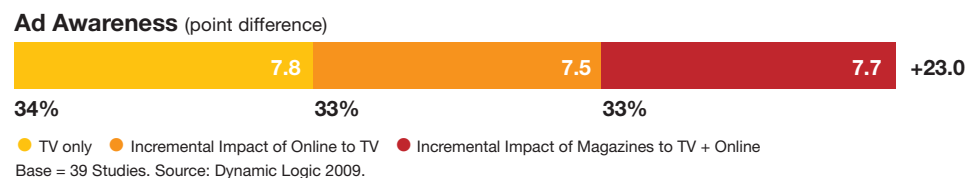


AD AWARENESS

Ad awareness measures the percentage of consumers who report “seeing or hearing an advertisement for the brand.” While ad awareness does not measure the persuasiveness or effectiveness of the advertisement, this metric is used as a measure to determine if the advertising is being noticed.

The incremental contribution of television, magazines and online to building ad awareness was almost equal.

Looking at the total increase in ad awareness across all three media, each of the three media performed similarly (about 33% each) in increasing ad awareness.

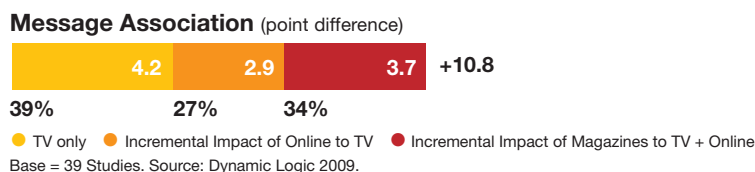


MESSAGE ASSOCIATION

Message association measures the extent to which respondents can match the message and/or concepts in the advertising creative to the brand. Consumers must associate a message with a brand if that message is to influence their attitudes and behavior toward the brand.

TV showed the biggest percentage point change for message association with magazines a close second.

Looking at the total increase in message association across all three media, TV and magazines were most likely to produce positive message associations (39% of total point change and 34% respectively), while online contributed only 27% of the total.



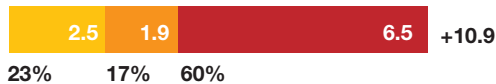
BRAND FAVORABILITY

Brand favorability measures the extent to which consumers have a favorable opinion of the brand. A positive attitude toward a brand contributes to purchase consideration and purchase intent.

Magazines held a significant lead in generating brand favorability compared to either TV or online.

Looking at the total increase in brand favorability across all three media, magazine advertising contributed 60% of the total point change, which was about three times more than ads on TV (23%) or online (17%).

Brand Favorability (point difference)



● TV only ● Incremental Impact of Online to TV ● Incremental Impact of Magazines to TV + Online
Base = 39 Studies. Source: Dynamic Logic 2009.

PURCHASE CONSIDERATION/INTENT

Purchase consideration/intent is the stage of the purchase funnel most closely associated with a consumer's likelihood to take action. The consumer is asked to indicate how likely he or she is to consider purchasing the brand (usually employed for big ticket items such as automobiles) or how likely he or she is to actually purchase the brand (for small ticket items such as consumer packaged goods). Purchase consideration/intent is the most common advertising objective for brands.

Magazines significantly outperformed other media in driving positive shifts in purchase consideration/intent.

Looking at the total increase in purchase consideration/intent across all three media, magazines contributed more than half (56%) of the total point change—almost double that of TV (30%) and more than four times that of online (13%).

Purchase Consideration/Intent (point difference)

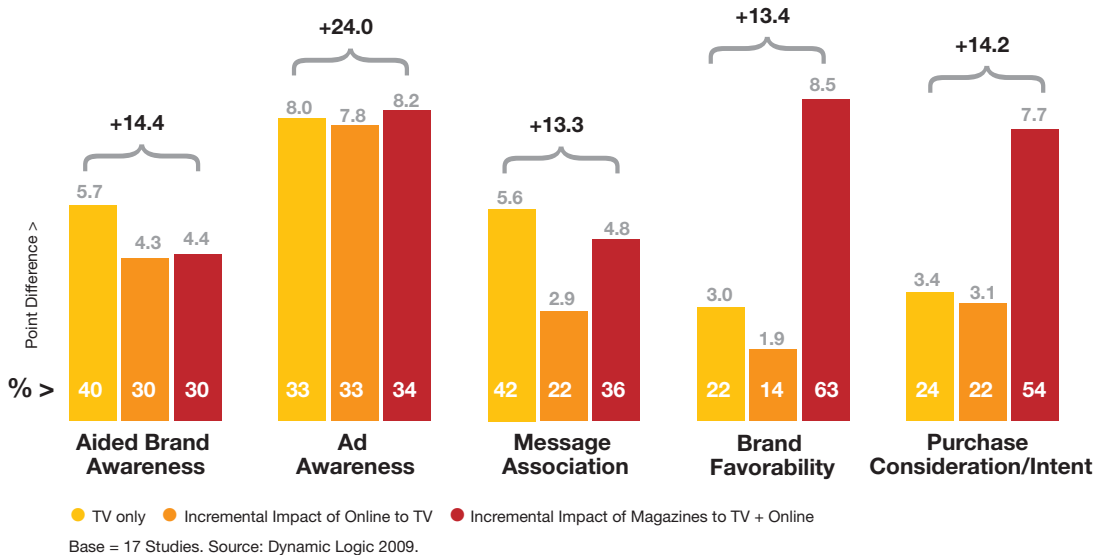


● TV only ● Incremental Impact of Online to TV ● Incremental Impact of Magazines to TV + Online
Base = 39 Studies. Source: Dynamic Logic 2009.

CPG VS. NON-CPG FINDINGS

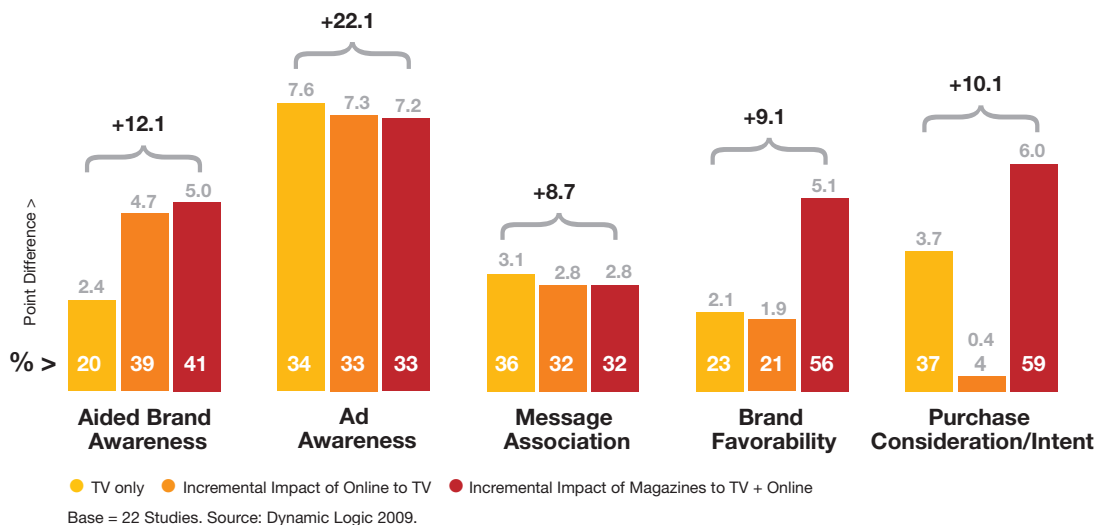
For the consumer packaged goods category (17 studies), magazines were the largest contributor in three out of five stages: ad awareness, brand favorability and purchase consideration/intent.

- **Magazines contributed one-third or more at four of the five stages: ad awareness, message association, and especially in brand favorability and purchase consideration/intent**
- Television contributed 33% or more at three of the five stages: aided brand awareness, ad awareness and message association
- Online contributed 33% or more at only one stage—ad awareness



For the non-packaged goods category (22 studies), as with overall results, magazines were the largest contributor for aided brand awareness, brand favorability, and purchase consideration/intent.

- **Magazines contributed 33% or more at four of the five stages: aided brand awareness, ad awareness, and with significant impact in brand favorability and purchase consideration/intent**
- Television contributed 33% or more at three of the five stages: ad awareness, message association and purchase consideration/intent
- Online contributed 33% or more at two of the five stages: aided brand awareness and ad awareness



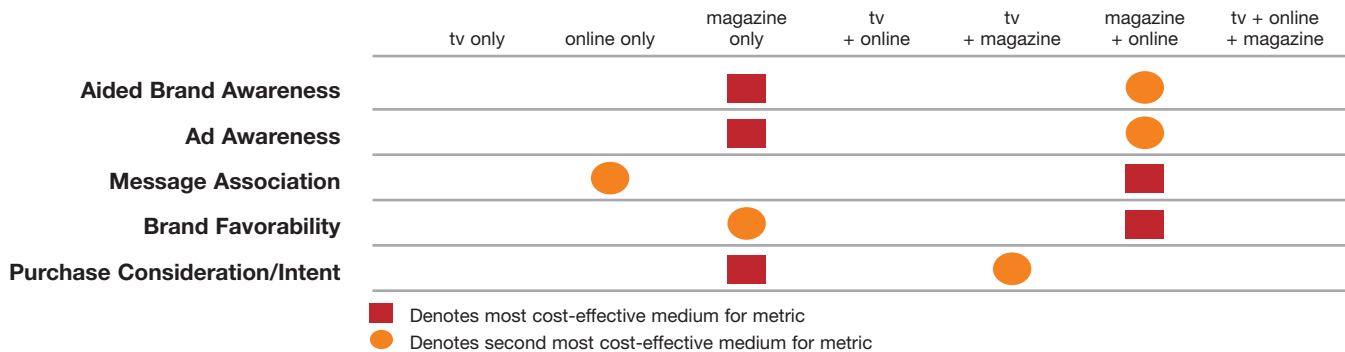
EFFICIENCY (ROI)

Efficiency (ROI) measures the relative cost of each medium in producing results, considering budget along with effects. ROI allows clients to assess whether it might be more cost effective to reallocate budgets to different media based on their ability to generate results at a low cost.

Based on Dynamic Logic’s methodology (see page 8), magazines were the most cost effective medium throughout the purchase funnel, looking at two measures of ROI: cost per person and people impacted per dollar spent. Both metrics are based on a subset of ten studies for which ROI is available.

COST PER PERSON

- **Magazines alone were the most efficient medium in three out of five stages of the purchase funnel:** aided brand awareness, ad awareness and purchase consideration/intent
- Magazines ranked as the second most efficient for brand favorability
- Online ranked as the second most efficient for message association
- **The most efficient combination of media always included magazines:**
 - The combination of magazines and online was most efficient for two of the five stages: message association and brand favorability
 - The combination of magazines + online ranked as the second most efficient for two stages: aided brand awareness and ad awareness
 - The combination of TV + magazines ranked as the second most efficient for purchase consideration/intent.



PEOPLE IMPACTED PER DOLLAR SPENT

- **Magazines alone were the most efficient medium in four out of five stages of the purchase funnel:** aided brand awareness, ad awareness, brand favorability and purchase consideration/intent
- TV + magazines + online was most efficient for message association

Metric	tv only	online only	magazine only	tv + online	tv + magazine	magazine + online	tv + online + magazine
Aided Brand Awareness	0.8	0.5*	2.3	0.6	0.8	1.2*	0.8
Ad Awareness	0.5	0.4*	3.4	0.6	0.8	1.1*	1.0
Message Association	0.2	0.2*	0.2	0.2	0.2	1.0*	0.5
Brand Favorability	0.2	**	1.9	0.1	0.5	1.1*	0.6
Purchase Consideration/Intent	0.8	0.3*	4.8	0.3	1.2	1.3*	0.8

■ Denotes most cost-effective medium for metric
* Denotes fewer than 6 studies for this metric/media combination
** No positive impact on Brand Favorability for Online Only

BACKGROUND AND METHODOLOGY

Marketers, agencies and media commission Dynamic Logic to study advertising campaigns in order to learn how each medium in the mix plays a distinctive role at different points in the purchase process for ad effectiveness. Clients also ask Dynamic Logic to study return on investment (ROI) in some cases.

CrossMedia Research™ surveys are conducted online by asking respondents about their media habits and attitudes toward advertising for a specific campaign. Dynamic Logic then tracks how opportunity to see (OTS) advertising in each medium affects advertising's impact at various stages of the purchase process from brand awareness to purchase consideration/intent, using a proprietary methodology.

Periodically, Dynamic Logic aggregates studies across their database to provide a benchmark. This paper looks at their most recent aggregation of 39 studies that contain sufficient data from television, magazines and online for analysis. These studies span 2004 to 2009 and include ten studies for which ROI data were available.

MEDIA EXPOSURE

Dynamic Logic's CrossMedia Research™ studies identify groups based on media exposure:

- A control group which was not exposed to advertising
- Groups that had the opportunity to see the advertising because they were exposed to media in which the ads ran.

For each medium the following criteria were used to determine OTS:

- Dynamic Logic evaluated TV OTS by asking questions on overall TV consumption, daypart viewing, and program/network viewing
- Magazine OTS was assessed by asking if respondents had read issues of magazines in which advertising from the campaign being studied appeared
- Online exposure opportunities, which included banner ads and rich media but did not include search, were determined by the presence of advertising electronic tracking data via cookies, which indicated that a visit to a specific website occurred and that campaign advertising was served.

Each respondent cell is unique, for example:

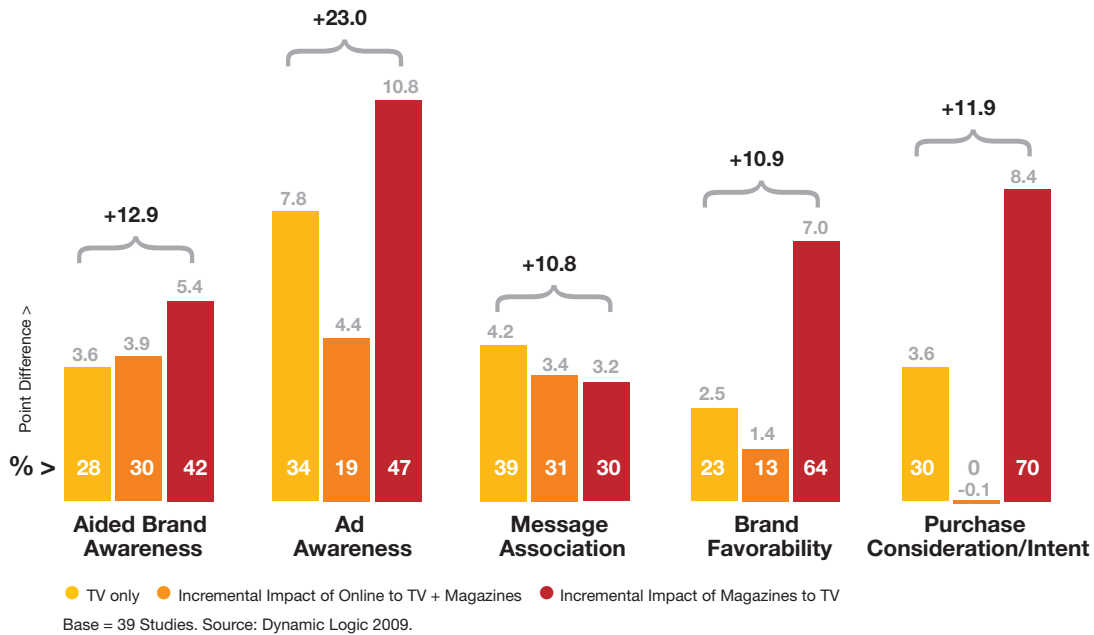
- TV-only consumers are exposed only to TV
- TV and online respondents are exposed only to television and online
- TV, magazine and online respondents are exposed to all three media.

MEASURING ADVERTISING EFFECTIVENESS

At each stage of the purchase funnel Dynamic Logic determined effectiveness by calculating the percent of consumers whose behavior or attitude shifted as a result of being exposed to the medium or combination of media in which the ads ran. In other words, this percent change by medium was incremental to either the control group or to a prior media combination, as follows:

- The initial gain in impact was assessed by starting with the contribution of television relative to the control group, since TV was the dominant element in most advertising campaigns in the database
- Then the incremental effect of online was added to TV
- Finally, Dynamic Logic calculated the incremental effect of magazines on top of the combination of TV and online.

For this analysis Dynamic Logic also looked at the incremental effect of adding magazines to television before adding the incremental effect of online to the television and magazine combination. Magazines gained slightly due to the ordering of media. In general, a medium produces a larger incremental lift when its effect is measured earlier in the process.



ROI ANALYSIS

Based on media spend, media reach, and campaign effectiveness, a return on spend was calculated for each medium and media combination included in the CrossMedia Research™ analysis. Dynamic Logic determined efficiency for each study separately and then averaged the findings for each stage of the purchase funnel. Specific results based on at least six studies are considered reliable. For stages with less than six studies, the numbers are shown with an asterisk indicating they should be used for directional purposes only.

Dynamic Logic looked at two measures of ROI using a subset of ten ad campaigns for which media spend data submitted by the client were available: cost per person and people impacted per dollar spent.

The following formulas were used in calculating the efficiency metrics:

For Cost Per Person:

Cost

Reach x Incremental Effect

For People Impacted Per Dollar Spent:

Reach x Incremental Effect

Cost

In some instances a medium had no impact on results, resulting in zero contribution. Because a number cannot be divided by zero, these effects skewed the outcome for Cost Per Person (in which effects were included in the denominator). Therefore, Dynamic Logic released only the rank order of the two most efficient media and media combinations to avoid incorrect conclusions about the data.

For additional information on advertising accountability go to www.magazine.org/accountability.

To see Dynamic Logic's report, go to www.dynamiclogic.com/na/research/whitepapers/2009CrossMediaAggregate.

