

THE POWER OF CONTEXT

How advertising within relevant context helps to build brand equity.

Executive Summary

In the first Australian study of its kind, carsales.com Limited commissioned Nielsen to examine and compare the campaign performance of automotive advertisers, both on the carsales network and in non-contextually relevant environments, to better understand the effect that relevant context has on brand equity.

The study confirmed that the relevant context of carsales resulted in improved brand funnel metrics for automotive brands appearing on the carsales network, and delivered a significant increase in active recommendation.

Additionally, the research demonstrated that authentic data can be incredibly influential when used in conjunction with contextually relevant activity. Campaigns that ran both on the carsales network and off-network, using carsales 1st party data, saw a meaningful lift in consideration.

Background

As a publisher, we strongly believe that our websites frame the conversation between brands and consumers, and that context has a meaningful impact on campaign performance.

But the growth of programmatic raises some concerns over whether ad impressions are becoming increasingly commoditised. Whilst an audience-centric approach may be more efficient in some ways, it can overlook important factors that determine advertising effectiveness, such as contextual relevance and media quality.

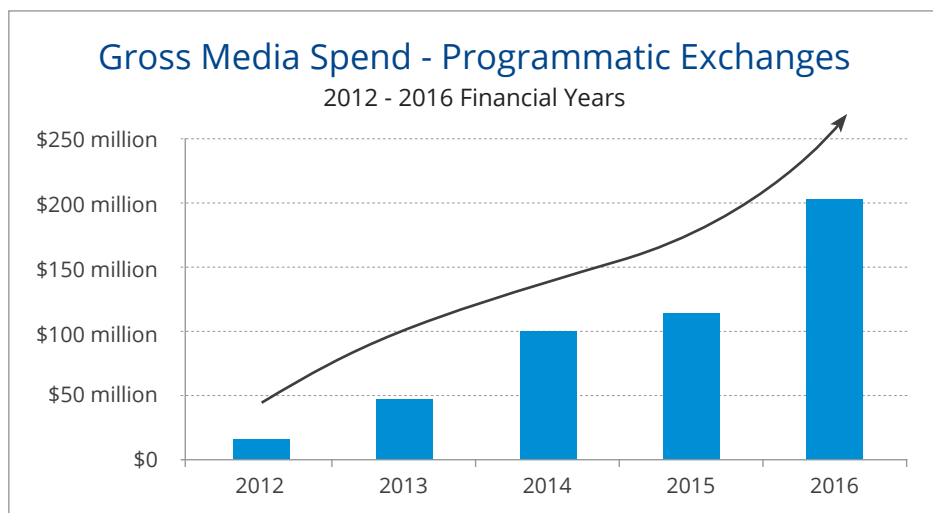
As such, we wanted to provide evidence that context truly does make a difference, and plays an important role in shifting brand metrics. We commissioned Nielsen to determine the power of context by measuring what impact the contextual relevance of carsales has on brand equity for automotive advertisers on our network.

Key Findings from the Study:

Relevant context is powerful, and impacts campaign performance. The context of carsales positively shifted brand metrics for automotive brands, and increased Active Recommendation by 50%.

Active Recommendation is a key metric in calculating both the Brand Equity Index and the Net Promoter Score. Both of these are ways in which brands measure customer loyalty, and both correlate strongly with market share performance.

Authentic audience data can be powerful. The addition of an off-network campaign component (non-contextual) using 1st party data delivered a 66% increase in brand consideration.



Source: Standard Media Index

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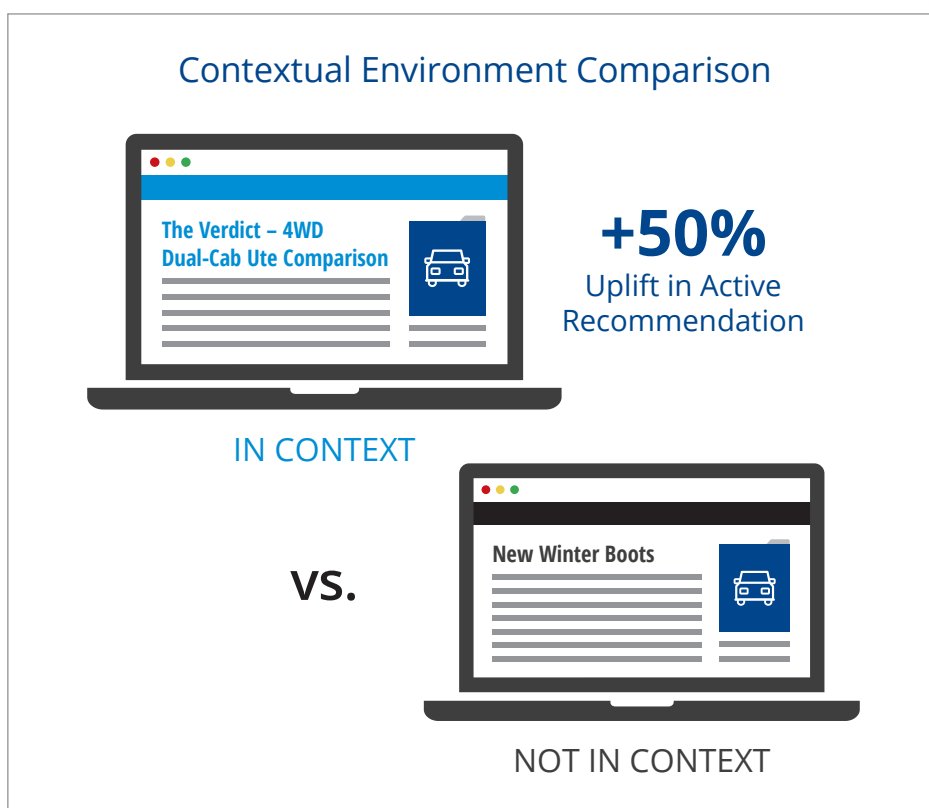
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Project Summary and Methodology

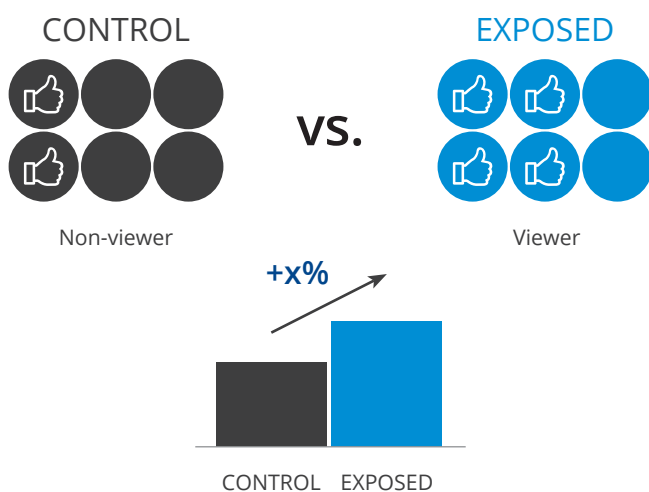
Nielsen used a control versus exposed methodology for this study. Campaign tracking tags were implemented on 16 digital campaigns from 8 of Australia's bestselling car brands, and linked to an independently verified sample of car buyers. Tags enable Nielsen to determine if respondents are exposed to campaigns, and if so, where exposure takes place; within context, or in non-contextually relevant environments.

Two distinct groups of consumers are created based on this information - control and exposed - with the control group modelled to match the demographic factors of the exposed group.

Both groups were surveyed to understand their ad receptivity



How Exposure Impacts Brand Perception



and brand attitudes, with Nielsen comparing results to determine what impact exposure had on viewer's brand perceptions.

Only consumers with intent to purchase a new car in the next 12-months were eligible. There were 1381 respondents, and significance testing was applied at 95% CI.

Research Findings

The research confirmed that context is powerful in building brand equity and shifting brand metrics, with automotive campaigns on the carsales network seeing a 50% uplift for Active Recommendation compared to total campaign exposure.

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What is Recommendation, and why is it important?

Active recommendation is a consumer's willingness to spontaneously promote a brand, demonstrating that they are loyal and enthusiastic.

Active recommendation is vital in measuring marketing effectiveness, as it is the basis for calculating two key loyalty metrics; Brand Equity Index and Net Promoter Score.

The Brand Equity Index generates a score from recommendation, preference, and price premium willingness as inputs, and outputs a score that reflects a brand's emotive loyalty and ability to command a price premium.

A Net Promoter Score tracks how customers represent a brand to family, friends and colleagues. An uplift in active recommendation increases the number of brand promoters, which in turn drives an increase in Net Promoter Score.

Both Net Promoter Score and Brand Equity Index correlate strongly with market share performance.

Broader Findings

The research also demonstrated that authentic data can be valuable in shifting brand metrics. Automotive campaigns that appeared both on carsales and off-network, through our data partnership with Audience360, saw a 66% uplift in consideration versus the control.

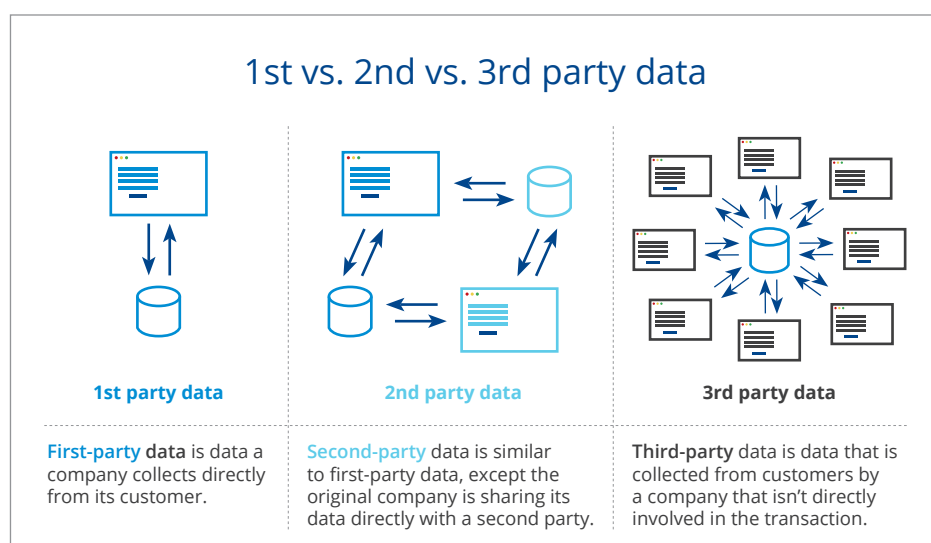
"As consumers' digital experiences become more entangled with advertising, simply reaching the desired audience doesn't mean the digital campaign will resonate and drive a reaction. Our research shows that relevance is important to help advertisers in their quest to drive active recommendations."

Dr Luke Oldridge, Associate Director, Marketing Effectiveness, Nielsen

What is authentic data?

Authentic data is metadata that originates from a known source which provides specifics about existing users and customers via information gathered from website analytics platforms or CRM systems.

Authentic data includes both 1st party data that is captured and stored directly by a publisher, such as carsales, and 2nd party data which is simply 1st party data represented by an intermediary, such as Audience360, in a transparent manner.



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What does this mean for marketers?

Over the past few years, there has been a shift away from advertising in relevant environments in favour of programmatic advertising, due to perceived ease and cost-effectiveness. This research confirms that relevant context still has a major impact on advertising effectiveness.

Content marketing relies on distribution through many channels to reach the right audience to engage, and environment and authentic audience data are more critical to success than ever.

Advertisers who are focused on increasing how the consumer feels about their brand - an important phase of the funnel in moving the needle for brands - are likely to derive a benefit from advertising within relevant context.

What does this mean for publishers?

This research provides concrete evidence that contextual relevance between content and advertiser can drive substantially higher brand equity.

Whilst this research focused on the power of context in the automotive industry, the same ideology could logically be applied to publishers across a range of categories from food and fashion to health and travel.

About carsales.com Ltd

carsales.com Ltd (ASX: CAR) listed on the ASX in 2009 and is the largest online automotive, motorcycle and marine classifieds business in Australia; attracting more Australians interested in buying or selling cars, motorcycles, trucks and boats than any other classified group of websites.

carsales.com.au is Australia's number one automotive classified website. The carsales network of websites also includes motoring.com.au, bikesales.com.au, boatsales.com.au, RedBook.com.au as well as leading caravan, truck and machinery classified websites.