IPG Media Lab + Kiip

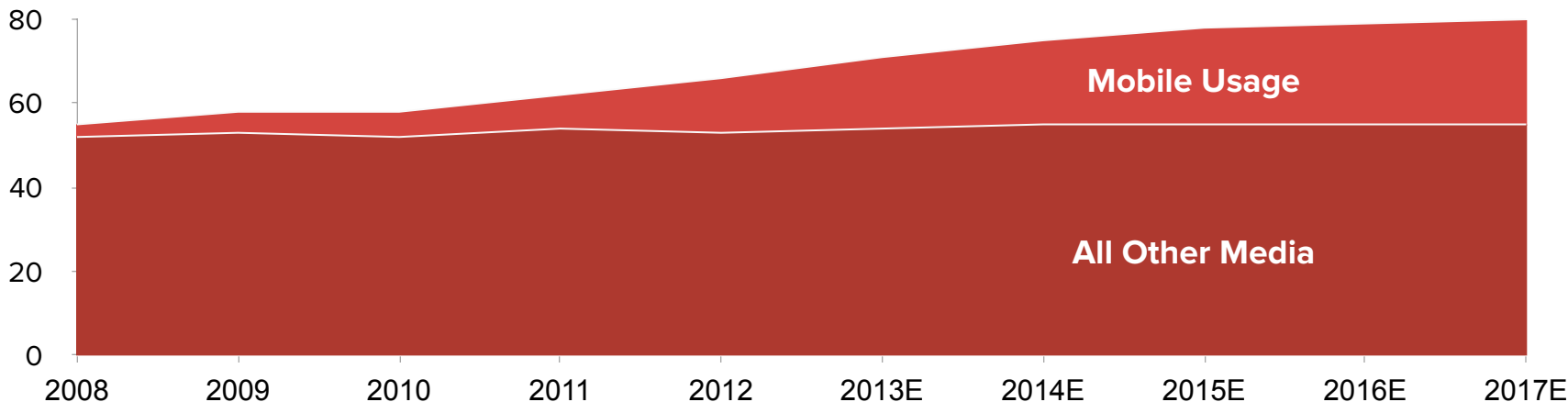## Moments That Matter

Growth in time spent with media comes from mobile...

Incremental Media Consumption
US Mobile Media, in Hours per Week

Mobile Usage

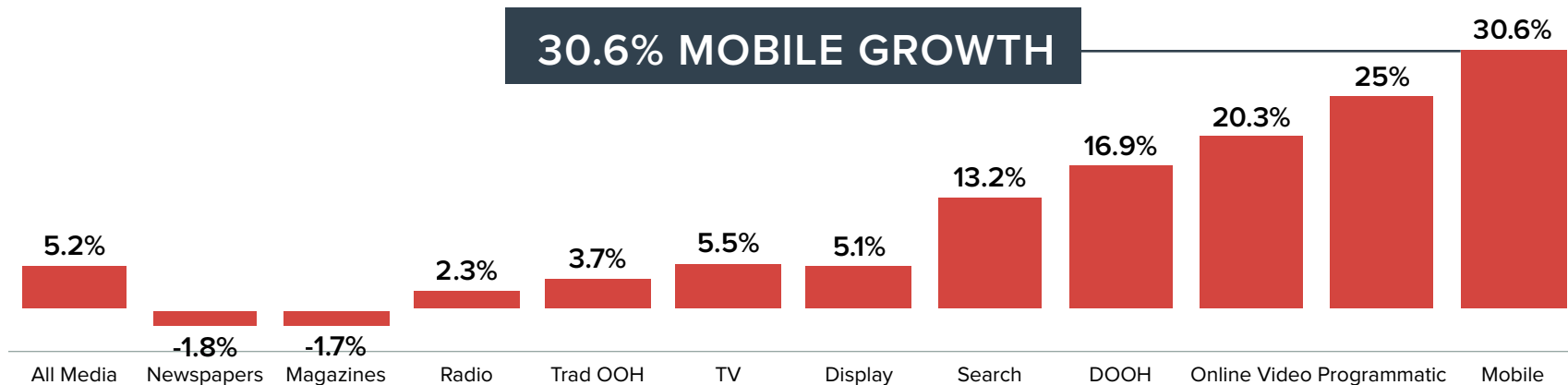All Other Media

80									
60									
40									
20									
0									
2008	2009	2010	2011	2012	2013E	2014E	2015E	2016E	2017E

Source: MAGNA GLOBAL estimates for A18+ for TV, Radio, Internet, Newspapers, Magazines and Gaming Consoles.

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2

...to keep pace, mobile spend is growing—fast.

Global Advertising Revenues
Average Growth 2012-2017 (CAGR)

30.6% MOBILE GROWTH

Category	Growth
All Media	5.2%
Newspapers	-1.8%
Magazines	-1.7%
Radio	2.3%
Trad OOH	3.7%
TV	5.5%
Display	5.1%
Search	13.2%
DOOH	16.9%
Online Video	20.3%
Programmatic	25%
Mobile	30.6%

Source: MAGNA GLOBAL

Mobile Is Ripe for
INNOVATION

**Why simply take the same old ad formats
and apply them to mobile?**

Instead of using persistent banner displays, reach audiences with rewards **when happiness and attention levels are at their peak** to make the most memorable, positive engagements.

DAILY MOMENTS OF ACHIEVEMENT

Throughout the day, users accomplish goals on their mobile phones, whether it be

- ✓ checking off a to-do list task
- ✓ completing a hard workout
- ✓ preparing a delicious meal

- Are moments of achievement really different than other moments?

- Should advertisers engage with consumers at these moments? And, if so, how?

- **Do moments matter?**

METHODOLOGY

	In-Lab (Qualitative)	Real World (Quantitative)
OBJECTIVE:	• Determine differences in reactions at moments of achievement	• Examine impact of different forms of mobile advertising on branding metrics
METHOD:	• In-lab observation: bio-metrics, facial coding, survey, and post-experience interviews (n=61)	• Participants "test" app for 3+ days, exposed to test stimuli, then take post-exposure survey (n=1,283)

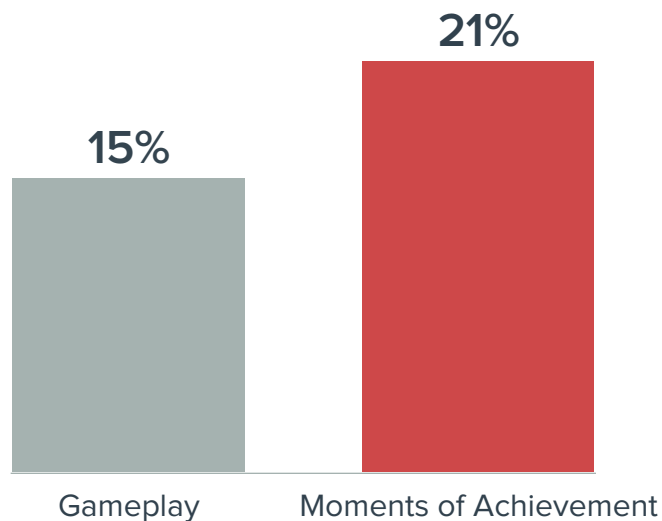# Are Moments of Achievement Really Different Than Other Moments?

Moments of achievement excite consumers!

Measuring Excitement During Gameplay.

21%

15%

Gameplay   Moments of Achievement

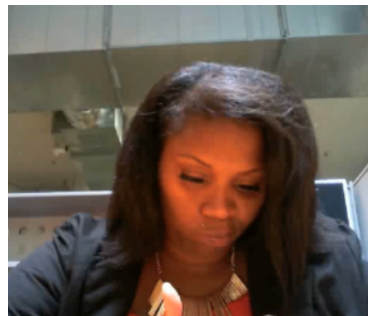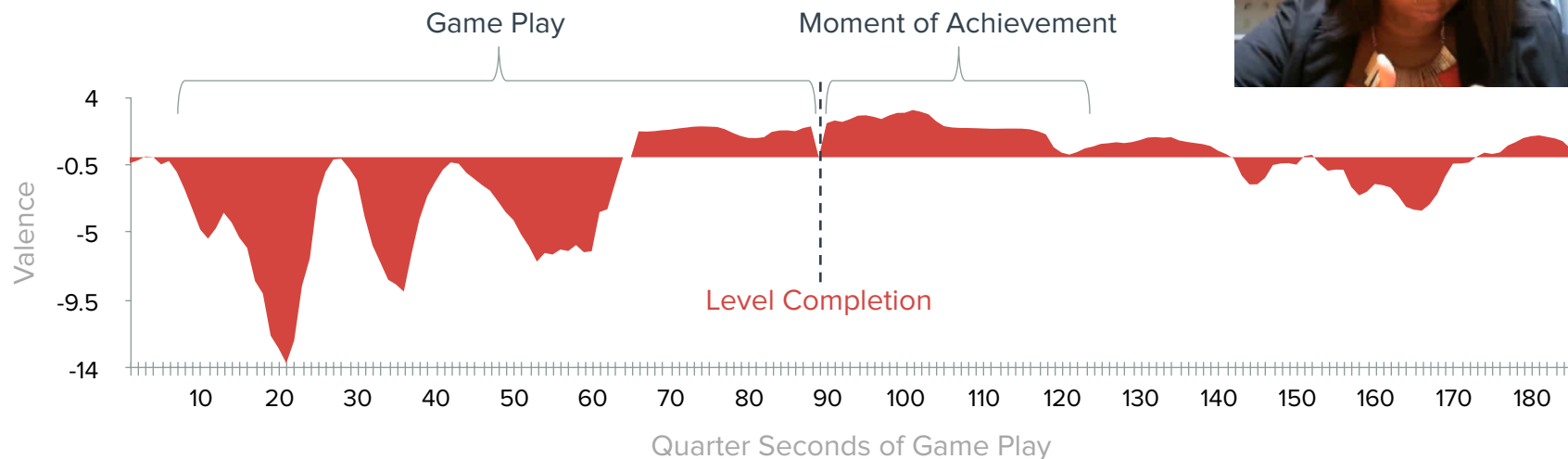+40% **MORE EXCITEMENT**
during achievement moments

*EDA Measured Average % of Time Expressing Excitement

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Achievements generate positive feelings.

Valence Measure During Gameplay

Valence is the measure of positive or negative user experience

Game Play

Moment of Achievement

Valence

4

-0.5

-5

-9.5

-14

Level Completion

10   20   30   40   50   60   70   80   90   100   110   120   130   140   150   160   170   180

Quarter Seconds of Game Play

Should advertisers engage with consumers at these moments? And, if so, how?

What differentiates rewards and ads?

REWARDS

- **Connect brands to consumers during peaks**
- **Offer direct benefits**
- **Complement app use and do not intrude**

VS

ADS

- **Typically provide little benefit to consumers**
- **Present regardless of on-screen events**
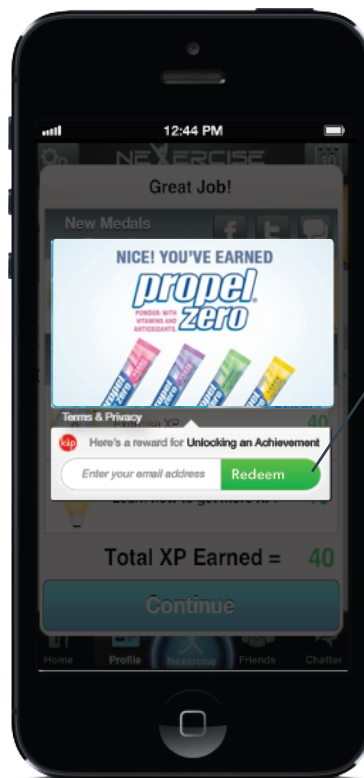- **Can feel intrusive**

VIRTUAL VS PHYSICAL REWARDS

Virtual Reward
Virtual currency high-fives (e.g. coins or hints in a game)

Physical Reward
Real tangible rewards for virtual achievements (e.g. Amazon mp3 credit)

Here's what consumers told us.

REWARDS

"I like that any.do rewards me for getting things done. It ads [sic] a **sense of accomplishment**."

"Full page ads are super annoying. **Ads are okay in my book if they give me rewards**, though!"

"Having **Kiip rewards on your app will make me want to download** it more :-) "

VS

ADS

"I don't like [ads in free games], but accept them as a **necessary evil** for the app to be free."

"The [brand] ad every time I open the app **makes me want to uninstall and never buy [brand]**."

"Keep the ads moderate. I'll consider them in that format. **Full-screen domination makes me angry.** You wouldn't like me when I'm angry."

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CONSUMER FEEDBACK

Rewards are seen as better than ads;
ads are often seen as annoying.

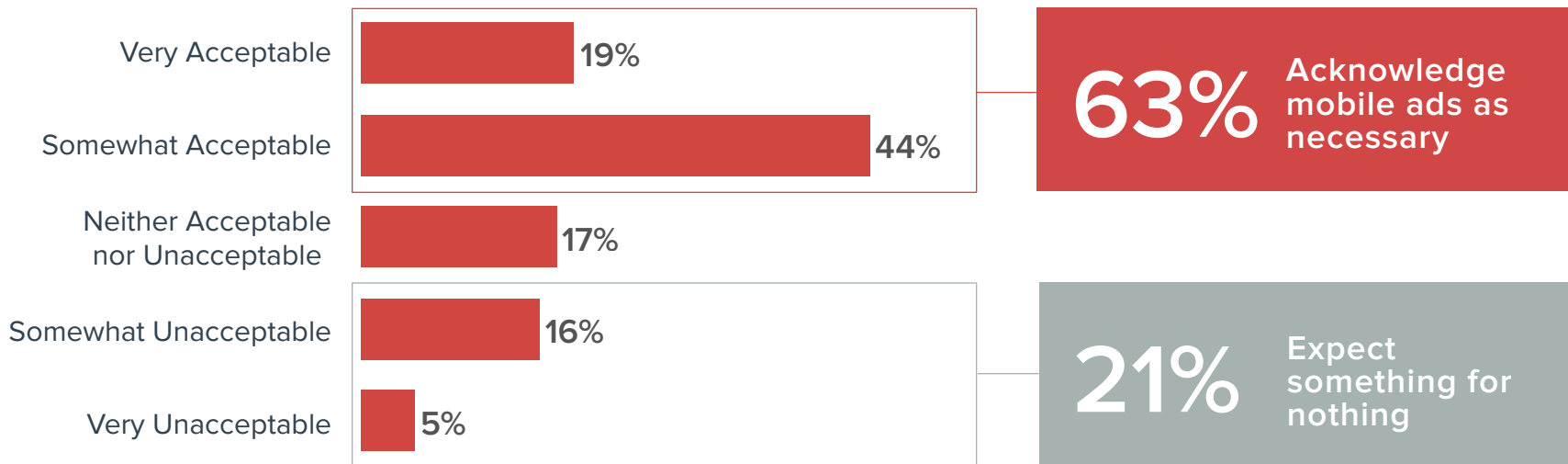| REWARDS	ADS

VS

Consumers know in-app marketing is necessary...

How acceptable is marketing in a free app on a mobile device?

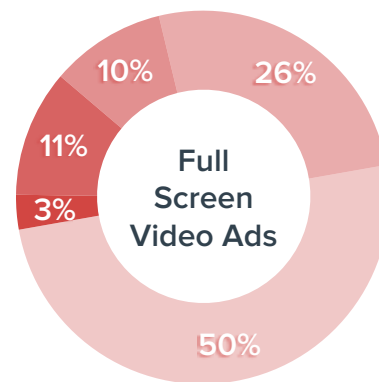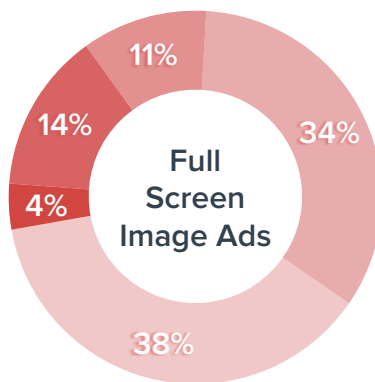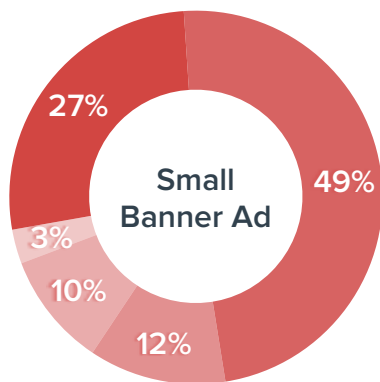| Category	Percentage
Very Acceptable	19%
Somewhat Acceptable	44%
Neither Acceptable nor Unacceptable	17%
Somewhat Unacceptable	16%
Very Unacceptable	5%

63% Acknowledge mobile ads as necessary

21% Expect something for nothing

Real World Test—Participants in Media Trial: 1,283

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Intrusive ads can actually damage brand opinion

Percent of negative opinion of brands, if brands use these methods.

More damaging than
beneficial to brand opinion.

62%

68%

13%

6%

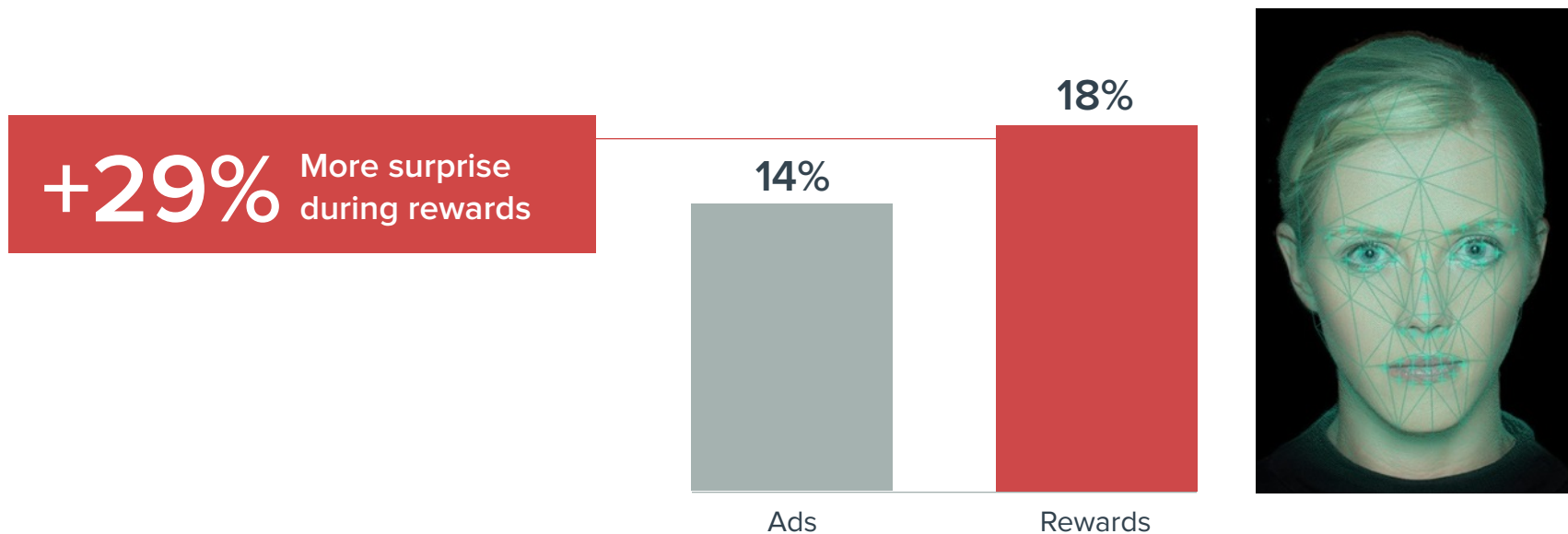| Rewards | Small Banner Image Ads | Full Screen Image Ads | Full Screen Video Ads |
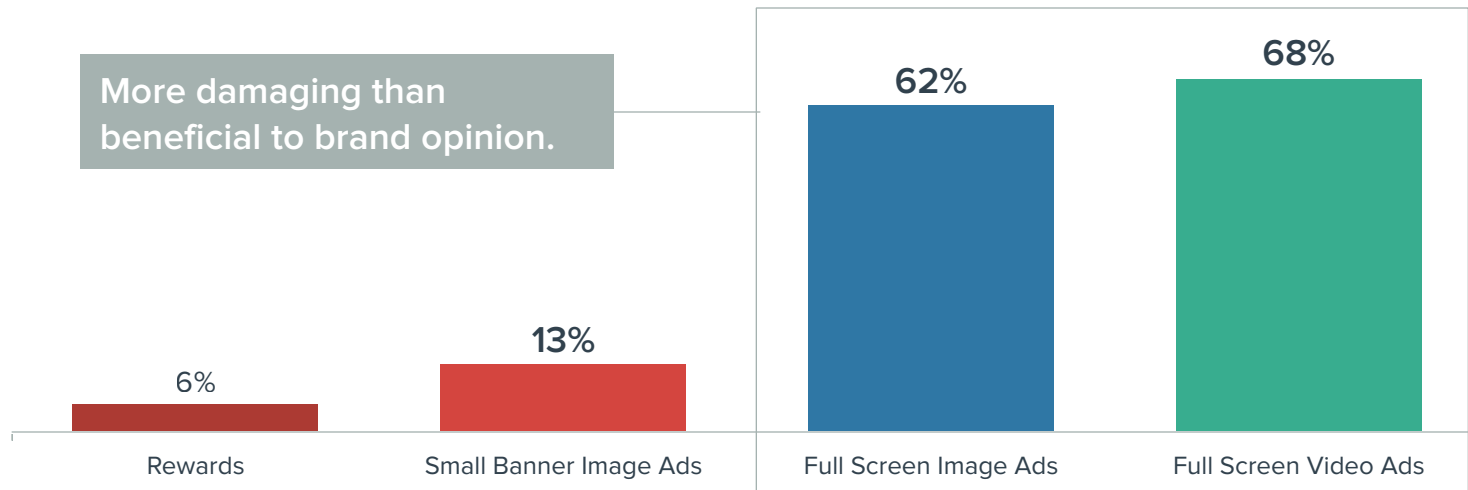
Real World Test—Participants in Media Trial: 1,283

Ads vs. Rewards

Measuring surprise during app usage.

Measured with Facial Coding Average % of Time Expressing Surprise

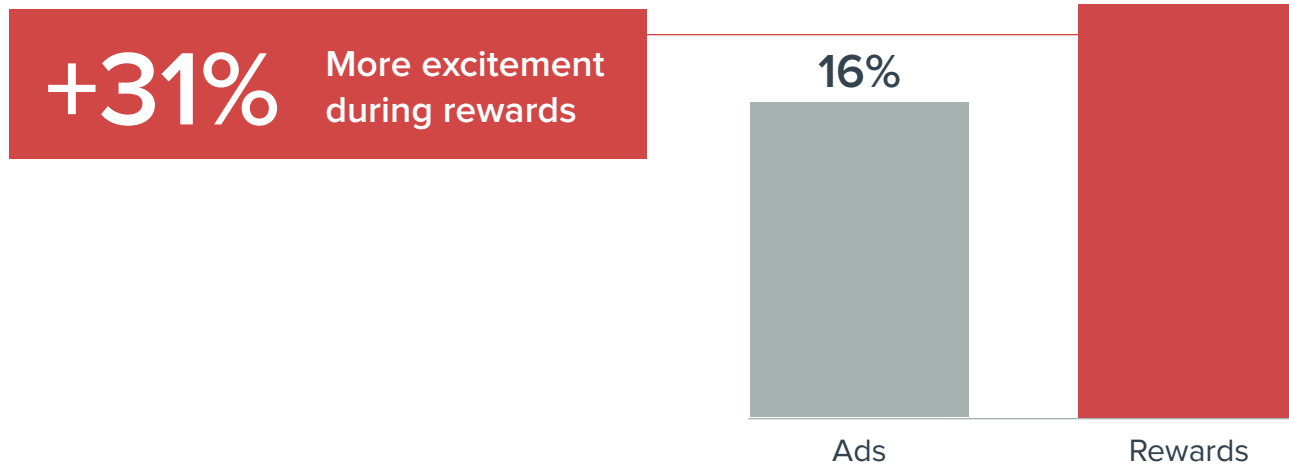**+29%** More surprise during rewards

18%

14%

Ads

Rewards

Ads vs. Rewards

Measuring excitement during app usage.

EDA Measured Average % of Time Expressing Excitement

+31% More excitement during rewards

21%

16%

Ads

Rewards

How Did Rewards Compare to Ads Across Brand Metrics with Real Advertisers?
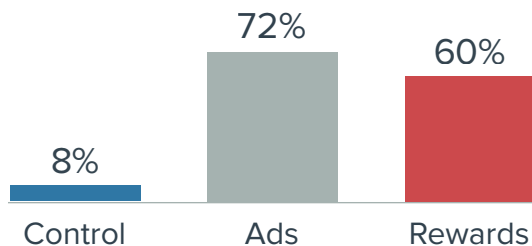
The Cost of Brand Awareness

Awareness appears a little stronger for intrusive ads, but at the cost of favorability.

Rewards show positive effect on brand favorability.

Aided Brand Awareness

- Control: 8%
- Ads: 72%
- Rewards: 60%

Brand Favorability by Reward Type
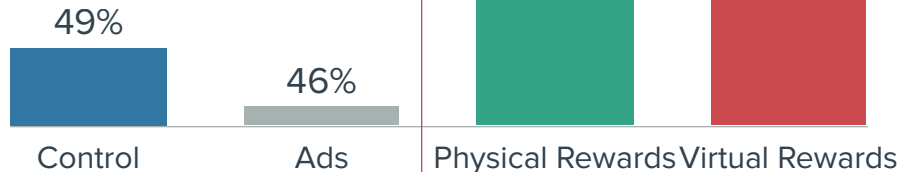
- Control: 49%
- Ads: 46%
- Physical Rewards: 54%
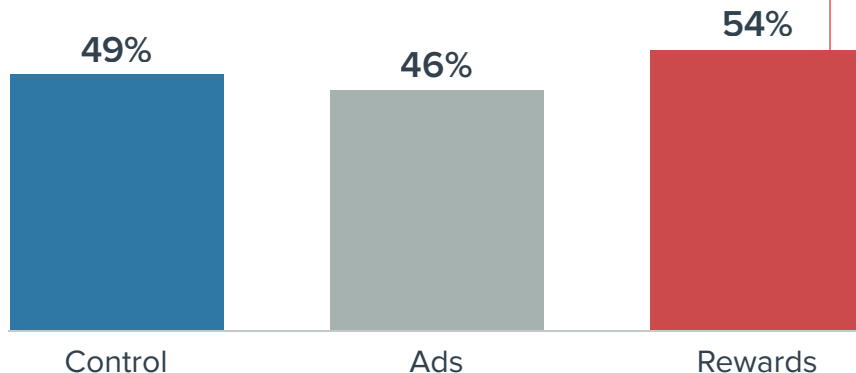- Virtual Rewards: 55%

Real World Test—Participants who started assigned app: Control n=245; Ads n=276; Rewards n=425

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The price for intrusiveness is lower favorability

Measuring brand favorability as a result of marketing.
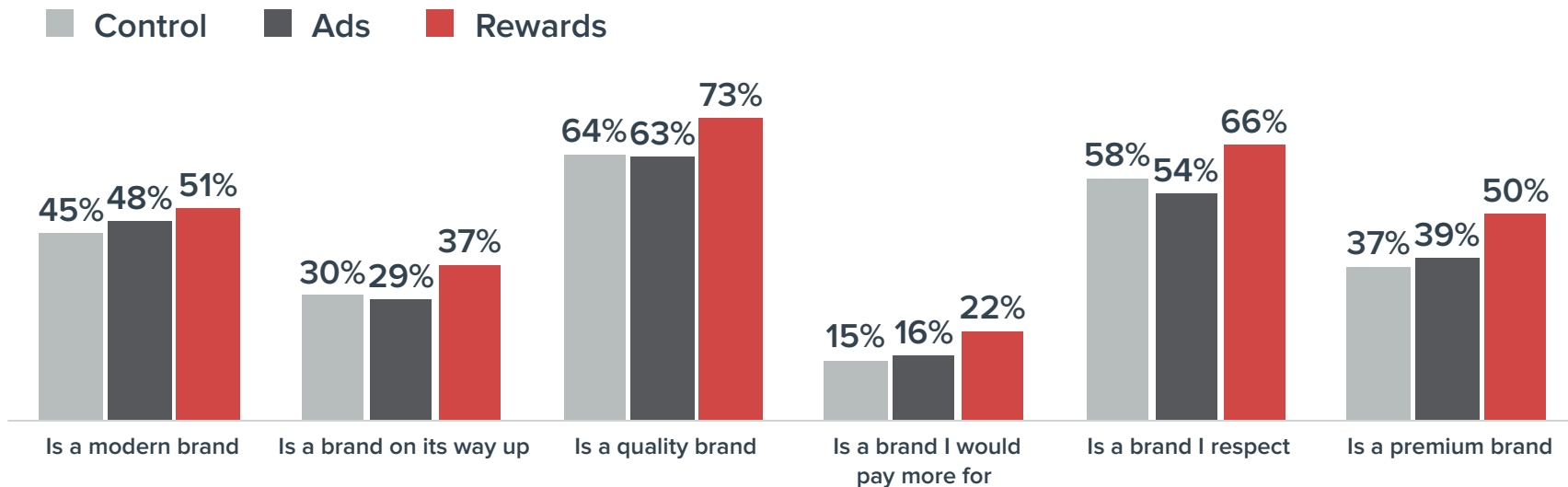

Rewards show +10% lift on brand favorability.

49%   46%   54%

Control   Ads   Rewards

Real World Test—Participants who started assigned app: Control n=245; Ads n=276; Rewards n=425

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Rewards boost all brand attributes.

Measuring brand attributes as a result of marketing.

Control   **Ads**   **Rewards**

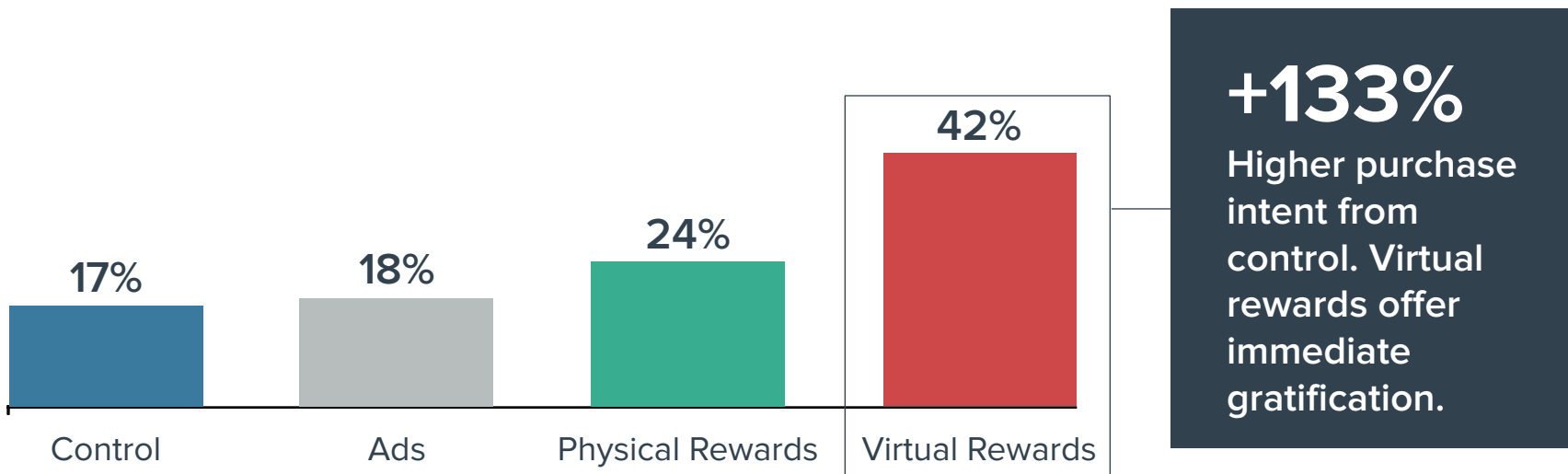|	Is a modern brand	Is a brand on its way up	Is a quality brand	Is a brand I would pay more for	Is a brand I respect	Is a premium brand
Control	45%	30%	64%	15%	58%	37%
Ads	48%	29%	63%	16%	54%	39%
Rewards	51%	37%	73%	22%	66%	50%

Participants who started app Any.do: physical reward n=171; ad n=171; control n=189

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Virtual rewards are especially effective at boosting intent.

Measuring purchase intent by reward type.

+133%

Higher purchase intent from control. Virtual rewards offer immediate gratification.

17% Control

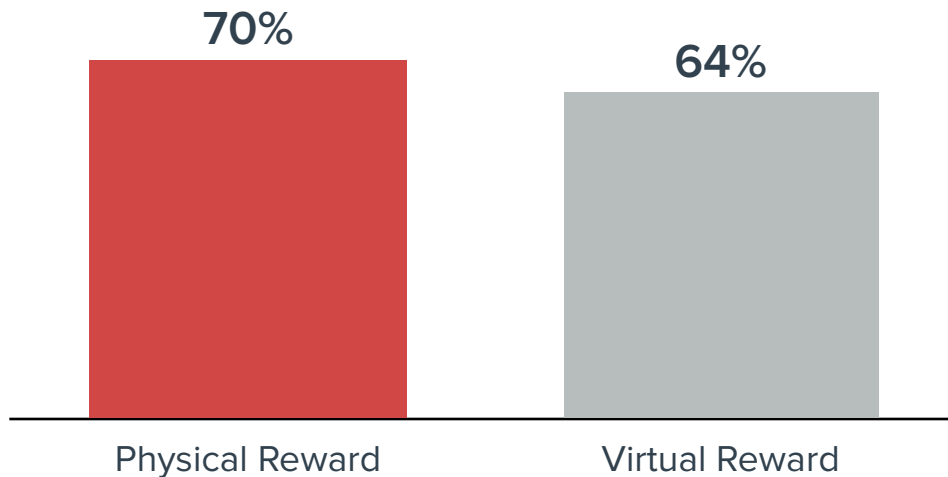18% Ads

24% Physical Rewards

42% Virtual Rewards

Participants who started assigned app: Virtual Reward n=170; Physical Reward n=255; Ads n=425; Control n=245

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Most consumers engaged with brands by redeeming.

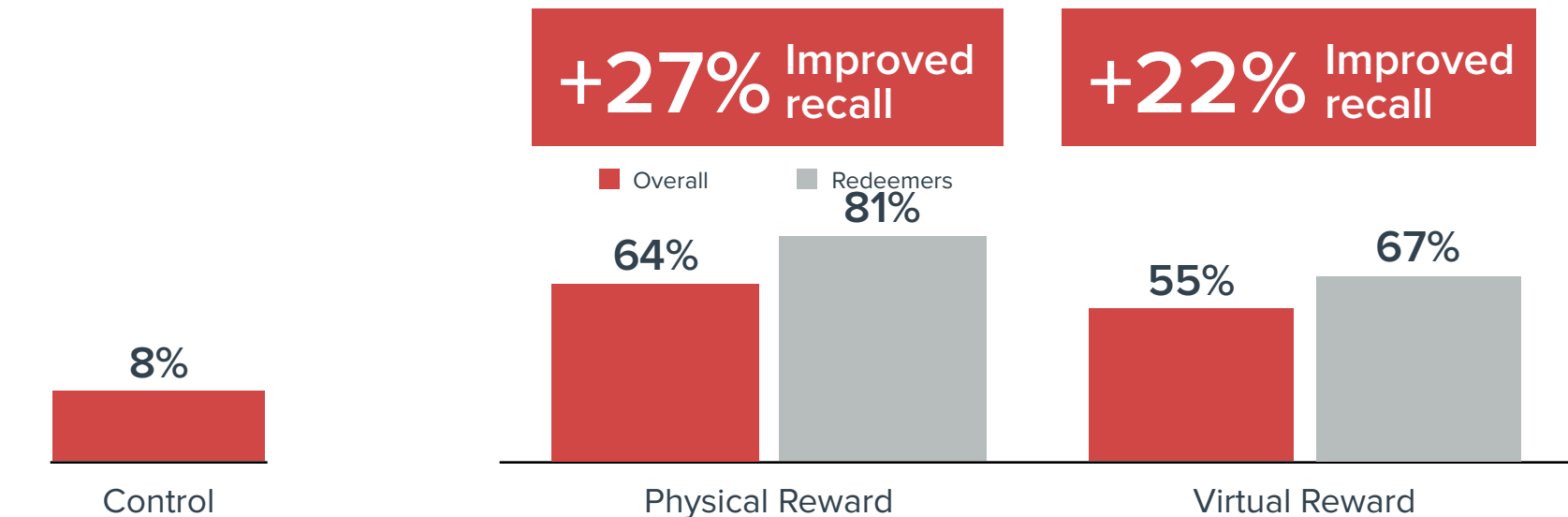## Participants who redeemed reward at least once.

70%

64%

Physical Reward   Virtual Reward

Participants who started assigned app : virtual reward n=170; physical reward n=255

Redeemers brand awareness markedly improved.

Measuring brand awareness in participants who redeemed reward.

+27% Improved recall
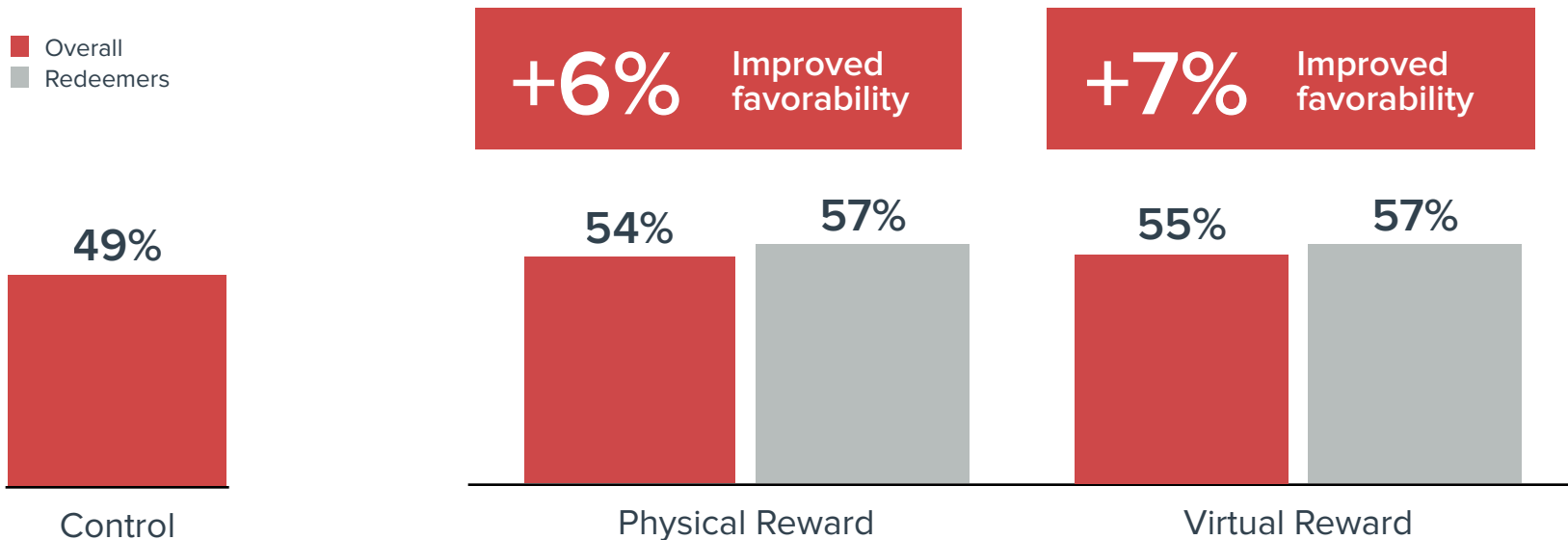
+22% Improved recall

■ Overall   ■ Redeemers

64%   81%

8%

55%   67%

Control

Physical Reward

Virtual Reward

Participants who started assigned app : virtual reward n=170; physical reward n=255

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Redeemers show favorability even further past control.

Measuring brand favorability with regard to reward redemption.

■ Overall
■ Redeemers

+6% Improved favorability

+7% Improved favorability

49%

54% 57%

55% 57%

Control

Physical Reward

Virtual Reward

Participants who started assigned app : virtual reward n=170; physical reward n=255

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IMPLICATIONS

Use strategies customized to consumer behaviors on mobile devices
- Don't just apply existing digital strategies assuming they will work

Reach and engage with consumers during moments that matter and offer branding that benefits them
- These techniques work harder, particularly on positively shifting brand opinion and intent

Work closely with mobile partners to offer personalization and advanced targeting techniques

Use a variety of different rewards instead of repeating the same thing
- Surprise and excitement are both aspects of successful marketing

What's Next?

FURTHER QUESTIONS

- **Do time sensitive (expiring) rewards get redeemed more?**

- **How easy should rewards be to obtain?**

- **(i.e. What's the reward sweet spot?)**

- **Does reward creative burn out/fatigue as fast as regular creative, or can it stay in market longer at higher impression levels?**

- **What are the best ways to target and personalize rewards?**

- **How do generic rewards compare to brand specific rewards?**
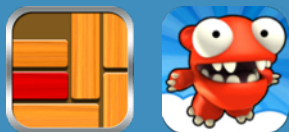
Appendix

In-Lab Test Methodology

Recruited 61 Parents

Game Play
in UnblockMe or
Mega Jump

AD:
Full screen
banner ad
displays at
start

REWARD:
Virtual or
physical
reward after
achievement
moment

Data Collection via
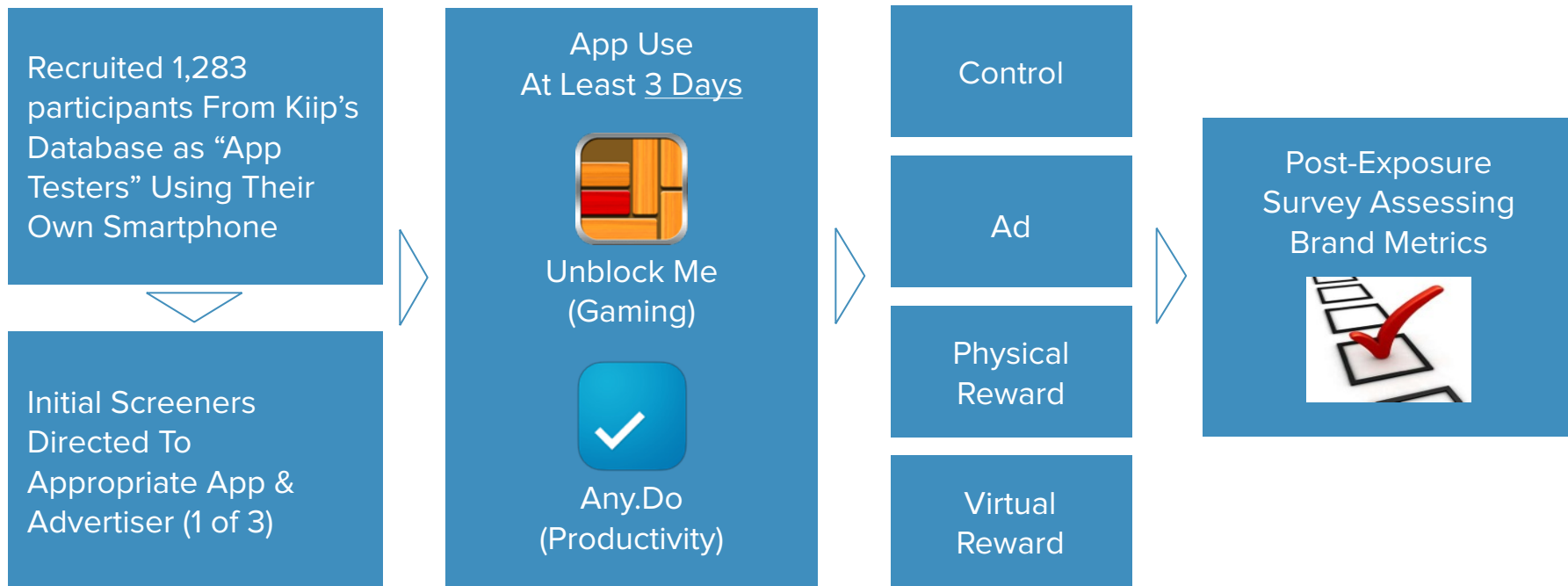Facial Coding &
Biometric Bracelet

Post-Exposure
Survey & Interview

Real-World Test Methodology

Recruited 1,283 participants From Kiip's Database as "App Testers" Using Their Own Smartphone

Initial Screeners Directed To Appropriate App & Advertiser (1 of 3)

App Use
At Least 3 Days

Unblock Me
(Gaming)

Any.Do
(Productivity)

Control

Ad

Physical Reward

Virtual Reward

Post-Exposure Survey Assessing Brand Metrics

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Real World Test: Verticals

APPS:	**Unblock Me**	**Any.do**
VERTICALS TESTED:	Entertainment	Automotive CPG
CONDITIONS:	Control Banner Ad Virtual Reward Physical Reward	Control Banner Ad Physical Reward

What Are Moment of Achievement Rewards?

Moments of achievement are special times in app use, when consumers accomplish a goal, whether it be checking off an item from a "to-do" list or leveling up in a game.

During these moments, **rewards** congratulate consumers, when happiness, attention and engagement levels are highest.

Rewards outperform ads, regardless of app/industry.

Purchase intents by app and industry.

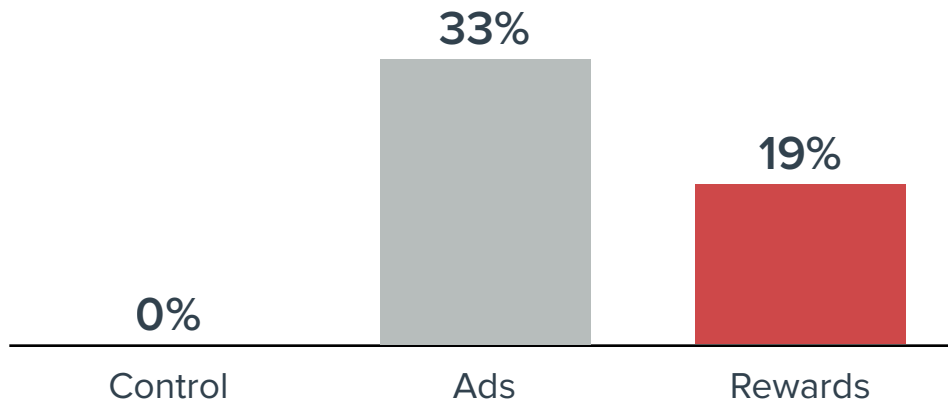|	CONTROL	ADS	REWARDS
CPG *(Any.do)*	14%	9%	*20%*
Auto *(Any.do)*	13%	7%	*14%*
Entertainment *(Unblock Me)*	29%	34%	*40%*

Participants who started assigned app: Virtual Reward n=170; Physical Reward n=255; Ads n=425; Control n=245

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Awareness Is a Little Stronger for Intrusive Ads, But at What Cost?

Measuring unaided brand attributes as a result of marketing.

0% Control
33% Ads
19% Rewards

Sample sizes for participants who started assigned app: Control n=245; Ads n=276; Rewards n=425

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Rewards boost all brand attributes.

Measuring brand attributes as a result of marketing (Delta from Control).

■ Rewards   ■ Ads

Δ6% / Δ3%	Δ7% / Δ-1%	Δ8% / Δ-1%	Δ7% / Δ1%	Δ8% / Δ-4%	Δ13% / Δ2%
Is a modern brand	Is a brand on its way up	Is a quality brand	Is a brand I would pay more for	Is a brand I respect	Is a premium brand

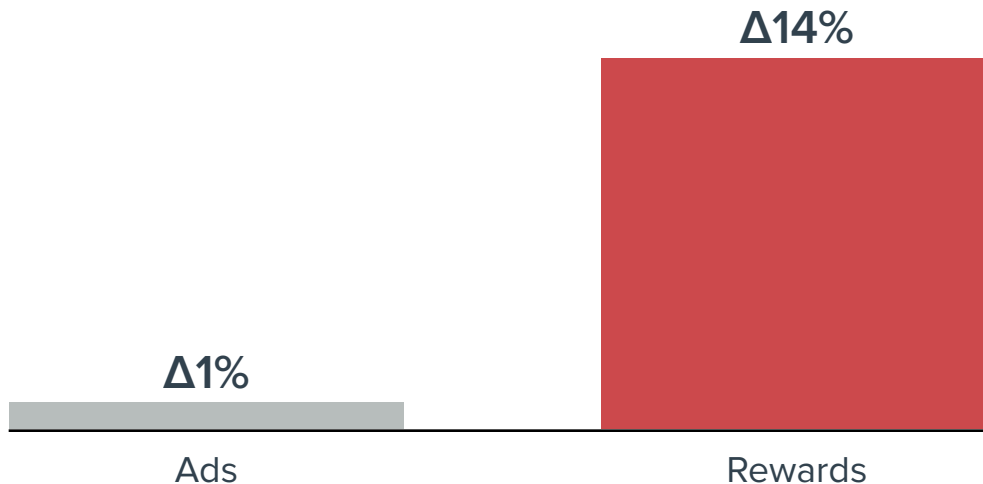*Sample sizes for participants who started assigned app Any.do: physical reward n=171; banner ad n=171; control n=189*

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Rewards also more likely to drive purchase intent.

Measuring purchase intent (Delta from Control).

Δ14%

Δ1%

Ads   Rewards
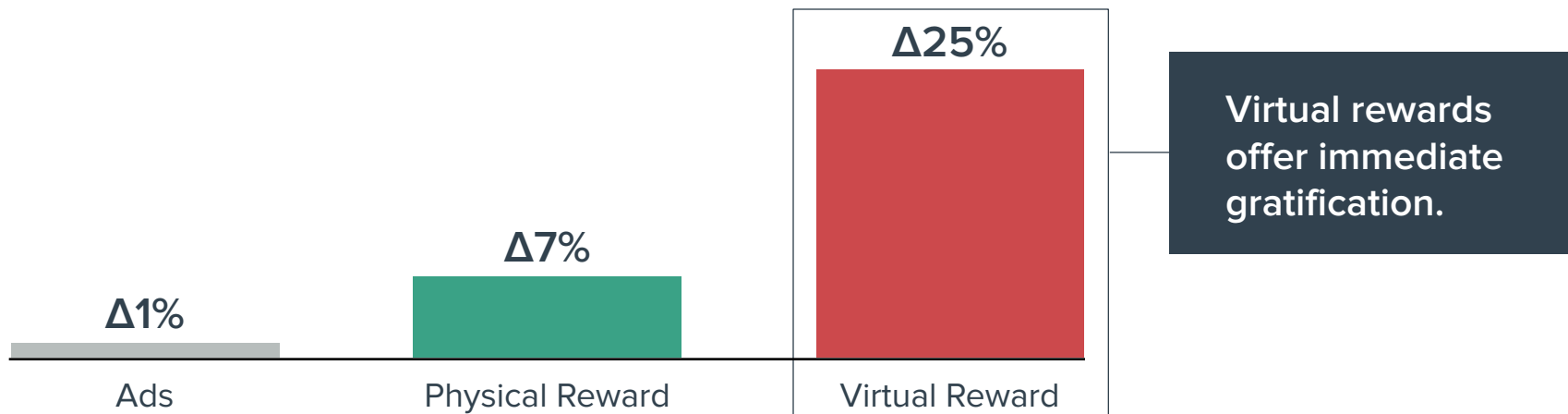
Sample sizes for participants who started assigned app: Control n=245; Ads n=276; Rewards n=425

Virtual rewards are especially effective at boosting intent.

Measuring purchase intent by reward type (Delta from Control).

Δ25%

Δ7%

Δ1%

Ads

Physical Reward

Virtual Reward

Virtual rewards offer immediate gratification.

Sample sizes for participants who started assigned app: virtual reward n=170; physical reward n=255; ads n=276; control n=245

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