Nickable Studies

The best of Thinkbox's 2024 research

thinkbox

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Foreword

From Anthony Jones
Head of Research

Research is Thinkbox's engine and fuel. With the video landscape transforming, the need to create meaningful research to shape or re-frame debates – and, crucially, help advertisers make better decisions – has never been greater.

Alongside Thinkbox's regular tactical and trends analyses, there were three major studies in the last year:

- Profit Ability 2 brought advertising's collective knowledge bang up to date in eye-watering detail, proving advertising's strength as a profit-driving business investment and challenging existing thinking.
- Context Effects quantified advertising's quality, using an innovative blend of research techniques to reveal that the right advertising context increases ad recall by up to 6.3 times.
- The Value of TV: A Behavioural Science Perspective explained the emotional, human instincts that lie behind rational effectiveness studies like Profit Ability 2, offering a behavioural science take on what makes TV such an effective medium.

These studies approach the topic of advertising and how we improve it from very different angles, hopefully bringing to life its richness and influence. A huge thank you to all our research partners during the last 12 months.

I hope you enjoy reading about these studies in the coming pages, as well as our pick of the best research we had nothing to do with over the last year. If you want more, all Thinkbox studies are available on thinkbox.tv, where you can immerse yourself in their findings to your heart's content.

Context Effects

Ad money has been flowing from publisher media like TV that invest in content into ‘non-publisher’ media like social. Driving this trend has been an obsession with the quantity of ad views, not their relative quality. TV needed to fight back and quantify its contextual value to advertisers. ‘Context Effects’ did just that, using an innovative blend of research techniques to reveal how TV is uniquely placed to deliver the best in-home advertising context. It put quality back on the agenda.

Quality media in crisis

Advertising in publisher-based media like TV that invest in content has declined, down from 1% of UK GDP in 2000 to 0.4% in 2023.

Meanwhile, advertising in ‘non-publisher’ media – like social – has rocketed, up from 0.3% to 1.2% of UK GDP.

For businesses that care about the importance of journalism, original UK content, the creative industries, and, most of all, a curated, high-quality environment for advertising, this data should cause alarm.

One of the major challenges driving this trend is that video ad inventory is increasingly traded and measured on lowest common denominator ‘impression’ metrics – a ‘view’ is being treated as a view no matter where it happens.

Audience reach remains the ‘hero’ measure for advertisers, but it is pure quantity; reach doesn’t communicate the quality of an advertising exposure. If advertisers and agencies can’t measure the quality of the exposure, then how can they justify it to financial or procurement teams?

Instinctively, smart advertisers and media planners know that a glimpse of an in-feed ad on a mobile in the bedroom isn’t the same as an ad watched in a TV drama watched on the big screen in company.

But why? Does context actually matter? What is its value? What contextual differences make a difference?

There was a gap in the industry’s knowledge. It was imperative that TV proved the value created by investing in a high-quality, curated environment for advertisers when so much video choice was available and being treated as equal.

We needed to uncover the secrets of natural in-home viewing behaviour and viewing patterns.

Unpicking 348k data points

To achieve this we used a ground-breaking mixed methodology of qualitative and quantitative elements ranging from Structural Equation Modelling to social experiments.

Our journey began with Map-the-Territory (MTT) conducting a literature review, enriched by insights from cognitive psychologist Daniel Richardson (UCL) and anthropologist Patrick Alexander (Oxford Brookes).

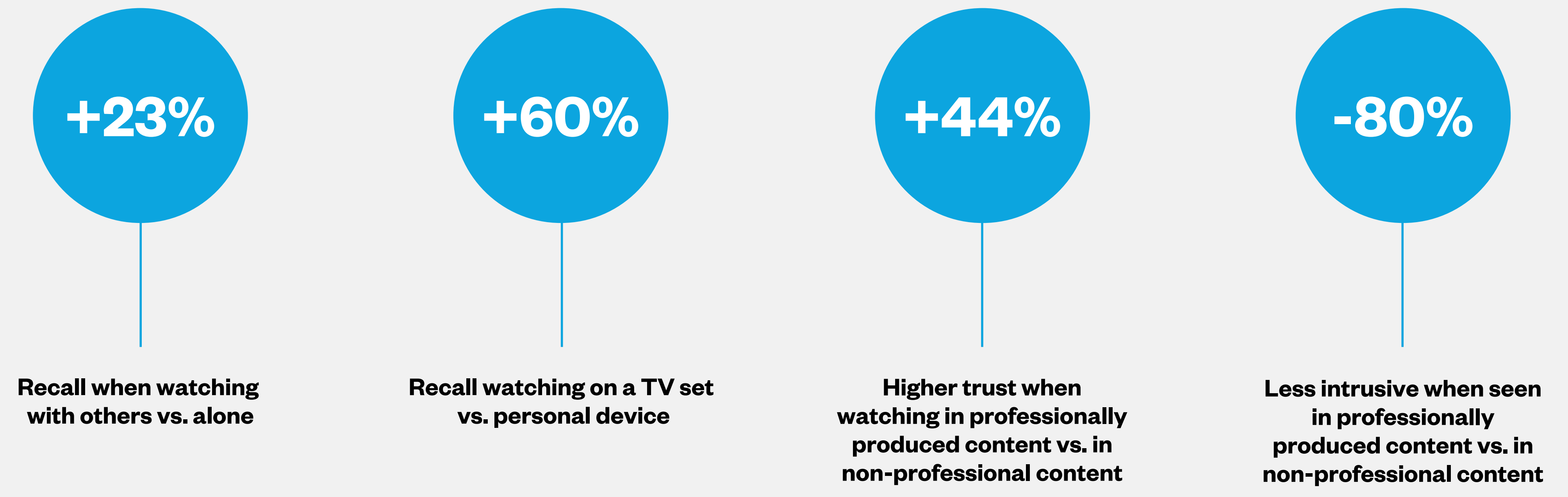
Subsequently, MTT conducted an ethnographic video study across twenty diverse UK households. Ten of these households then embarked on a week-long series of social experiments, in which respondents were asked to watch content in contexts that were outside of their usual routines: i.e. watching drama alone rather than together, watching comedy in the kitchen rather than the living room, watching TikTok on a TV rather than a mobile phone. This meant they were able to readily surface their rationale for why they watch in the way they do and the benefits of these established contexts.

Tapestry Research then surveyed 2,000 UK consumers aged 18-75, each detailing up to three viewing occasions from the previous day, generating over 5,000 viewing occasions for analysis. The survey probed factors like viewing location, companions, content source, mood, mindset, and key advertising metrics such recall, enjoyment, brand attribution, and action taken post-ad.

Structural Equation Modelling (SEM) then dissected the complex web of factors influencing ad effectiveness. This statistical technique analysed 87 different inputs and the model examined the interrelationships between the variables and their effects on ad recall, producing over 348,000 data points.

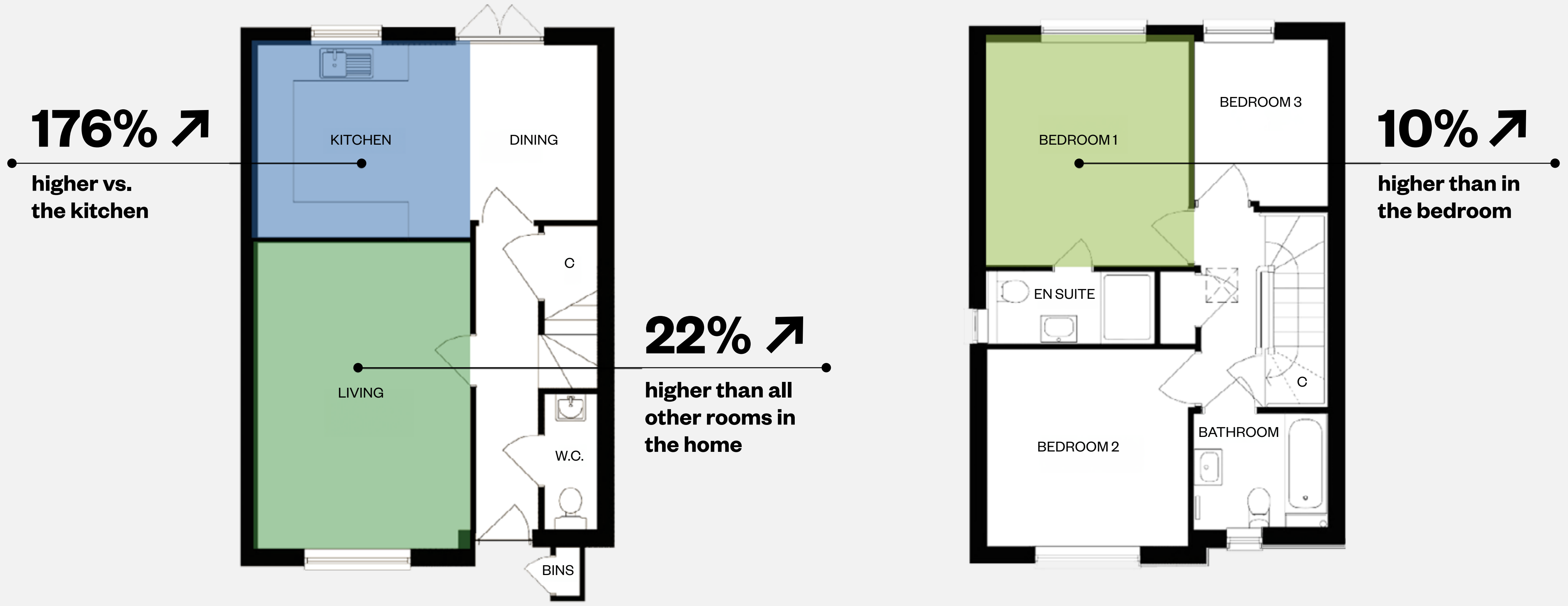
Next-day ad recall was selected as the primary variable in the SEM analysis, serving as a robust indicator of ad effectiveness. After all, the ultimate goal of advertising is to lodge the message into long-term memory, ensuring it isn't just seen but remembered and acted upon.

The right in-home advertising context can increase ad recall by up to 6.3 times



Source: Context Effects, Map The Territory & Tapestry Research, 2024

The living room has the highest ad recall



Source: Context Effects, Map The Territory & Tapestry Research, 2024

Uncovering the best advertising context

'Context Effects' identified six factors that explain some 79% of the variation people have in recalling advertising. They were:

Location: the living room emerged as the most impactful location, driving 22% higher ad recall than all of the other rooms in the house and 176% higher than the kitchen.

Device: the TV screen drives highest ad recall of all devices (34% more than ads seen on a computer and 60% more than a tablet or smartphone).

Shared viewing: watching with others boosts ad recall by 23% compared to watching alone; as well as encouraging conversations about products and brands seen.

Content: ads seen in professionally produced content drive 60% higher recall compared to ads seen in non-professional content. Ads seen in professionally produced content are also felt to be 44% more trustworthy; 39% more entertaining; and 80% less intrusive.

Mood: ad recall peaks when viewers are relaxed (+14%), happy (+41%) and connected (+49%).

Satisfaction with the occasion: the largest factor influencing ad recall, with each of the other five factors also enhancing this element.

Context Effects found that the best combination of contexts to drive ad recall are: watching professionally-produced content, in the living room, on a TV set, with others, feeling satisfied with the occasion.

For comparison, the worst combination of factors are: watching non-professionally-produced content, in the kitchen, alone.

Download all of the charts from this section here

Industry reception

"As video viewing continues to fragment into different channels, understanding the intimate worlds in which screen time takes place is all the more important. This study is a brilliant insight into these worlds, and gives our marketing team a great foundation on which to plan their activity."

Rory Allinson, Senior Media Manager, Expedia

"Context Effects was a great insight piece - adding some invaluable science to the intuitive logic of the value of living room co-viewing."

Tim Heden, Managing Director, Electric Glue

"The 'Context Effects' study by Thinkbox profoundly illuminates how in-home viewing contexts significantly enhance video advertising effectiveness. This comprehensive research, which combines qualitative and quantitative methodologies, illustrates how in-home viewing contexts can dramatically boost ad recall and effectiveness. For advertisers, these insights are invaluable, providing clear guidance on leveraging context to optimize campaign success."

Julia Zadorozhna, Media (Marcomms), Nestlé

Profit Ability 2

Described by one advertiser as "The best effectiveness research I've seen", Profit Ability 2 is the first post-Covid analysis of advertising's financial impact. It brought advertising's collective knowledge bang up to date in eye-watering detail. It proved advertising's incredible strength as a business investment, showing that all forms of advertising pay back, especially when sustained effects are measured. Months after launch it is already the new touchstone for advertising effectiveness.

The world changed – but did advertising effectiveness?

2017 is not long ago, but it feels like a lifetime. Brexit, Covid, climate, wars, cost of living ... human context and behaviour has transformed.

Yet 2017 was the last time there was a comprehensive study of advertising effectiveness. 'Profit Ability' by Ebiquity and Gain Theory was groundbreaking, but that ground has since had earthquakes.

After such upheaval, we urgently needed a modern, robust view of the role for advertising investment, and whether it had changed – especially as ad spend trends showed that money was rapidly flowing away from media proven to deliver the best results, like TV. Advertising Association / WARC data shows that TV's share of total advertising investment has dropped from 22.9% in 2017 to 13.4% by 2023.

An econometrics supergroup

So we commissioned 'Profit Ability 2: The new business case for advertising' – this time again from Ebiquity and Gain Theory, but also bringing in EssenceMediacom, Mindshare, and Wavemaker UK.

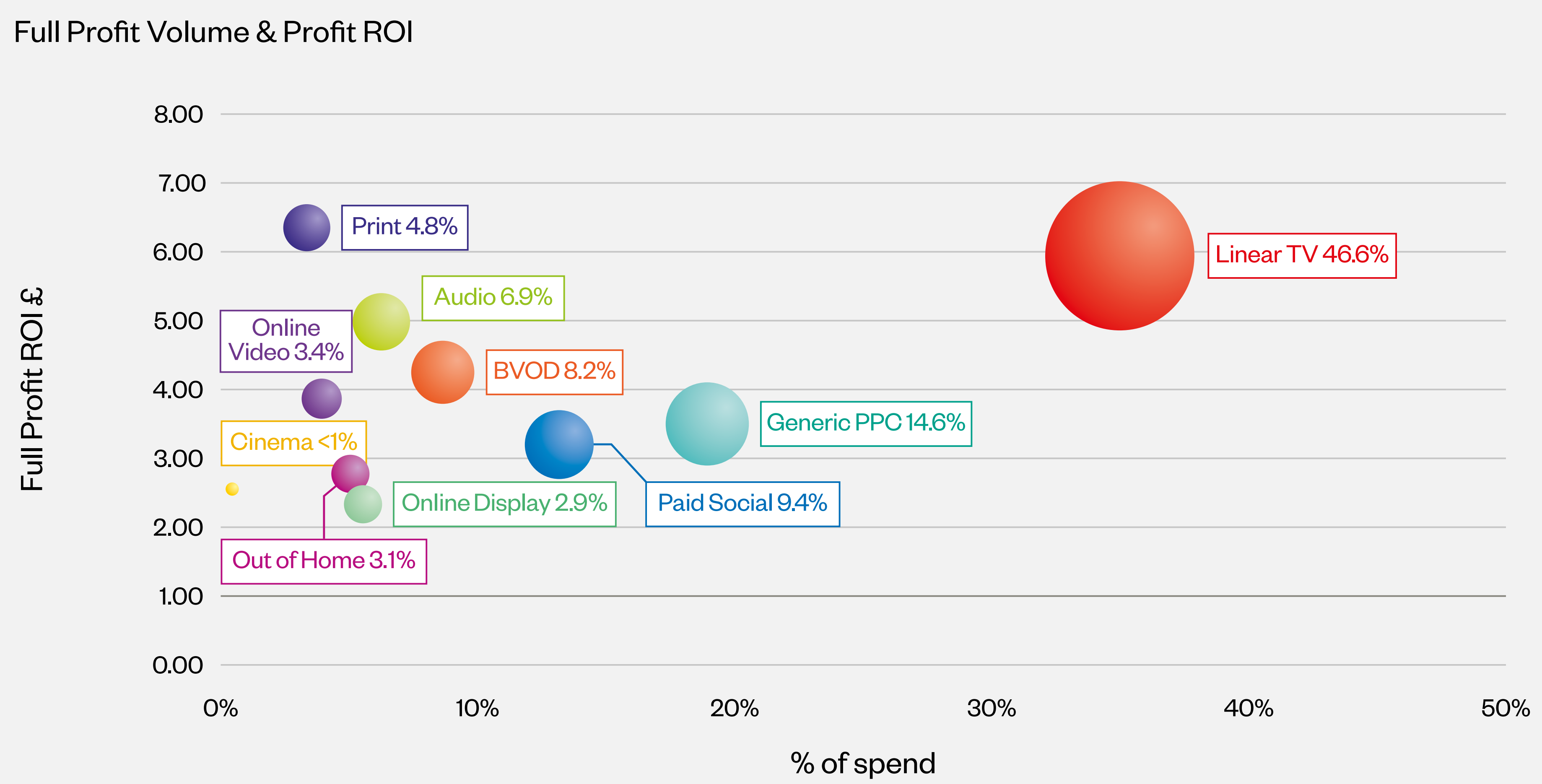
We wanted to form an econometrics supergroup, to cover more media channels than the original study, more sectors, and to create an unparalleled databank to provide the first post-Covid analysis of advertising's financial impact and bring collective knowledge bang up to date.

We created the ultimate media effectiveness databank

5 Agencies	**141** Brands
£1.8bn Media spend analysed (2021–2023)*	**14** Sectors**
10 Media channels	**53** Brands matched pre- and post-Covid

*Based on end date of analysis period. Spend by year: 21% 2021, 32% 2022, 47% 2023. All analysis based on most recent 52 weeks available.
**Total databank has 14 categories, only 7 have sufficient granularity to report individually.

All channels deliver a return: Full Profit ROI = £4.11



Source: Profit Ability 2, April 2024 – Short term benchmarks: Ebiquity, EssenceMediacom, Gain Theory, Mindshare, Wavemaker UK. Long Term Multipliers: EssenceMediacom, Gain Theory, Mindshare, Wavemaker UK

141 brands, £1.8 billion media spend

The research partners created a blockbuster databank. They collated market mix modelling (econometric) analyses from 141 brands, covering £1.8 billion of media spend across 10 media channels and 14 business sectors.

Crucially, each brand involved in the study had commissioned and paid for their own original analysis; Profit Ability 2 simply aggregated that existing data and analysed it. Whoever had commissioned this study – Meta, Google, Cinema – would have seen exactly the same results.

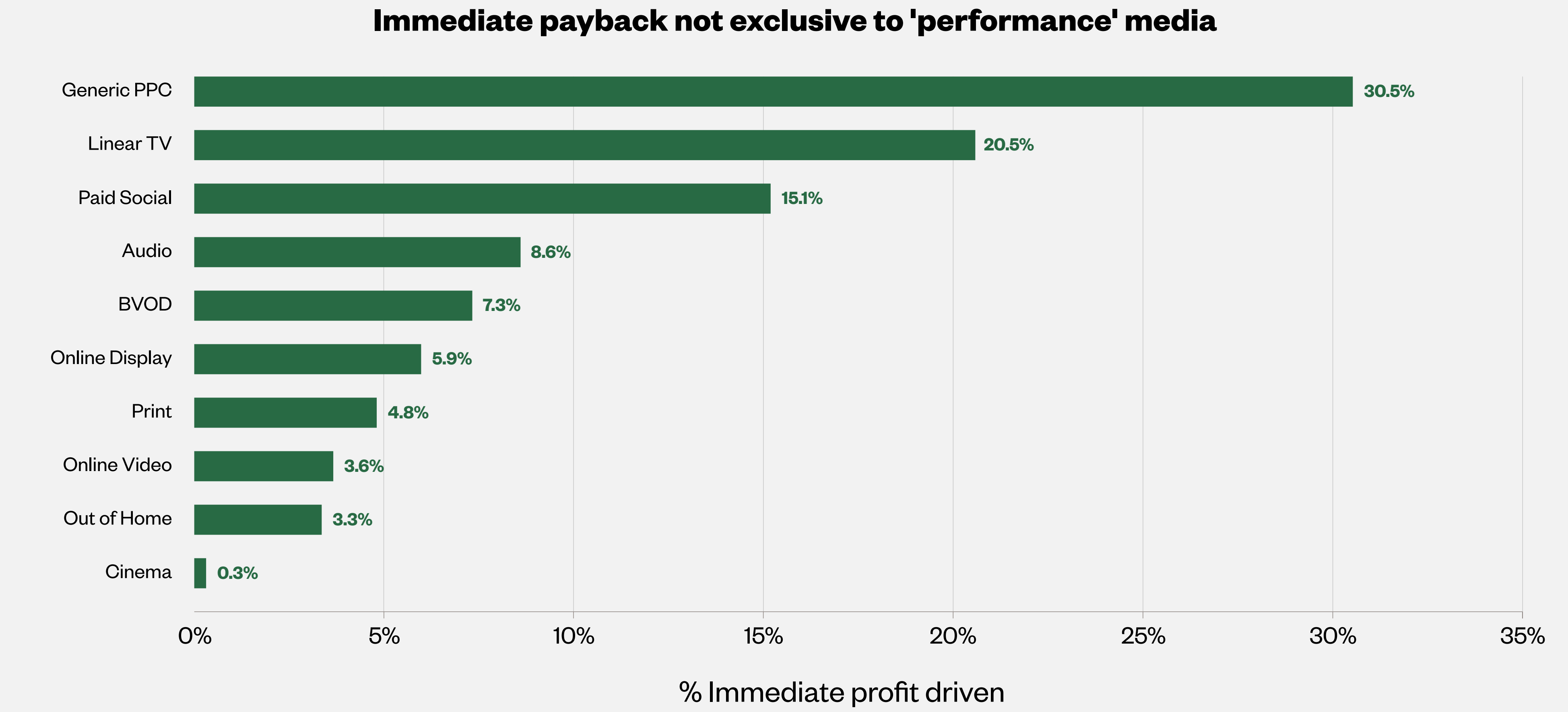
To provide a true post-Covid understanding of performance, the databank exclusively featured campaigns from 2021 – 2023 and only the most recent 52 weeks available for each brand was used.

By definition, the databank was a benchmark of advertisers with the means to econometrically analyse their advertising's performance. So, whilst not representative of the whole advertising economy (as it does not include the long-tail of advertisers who don't do market mix modelling, or use media agency partners), the dataset provided a valid read on mainstream 'big brand' performance.

The study also explored the pre- and post-Covid effects. 53 brands were matched where like-for-like market mix modelling analysis was available across both pre- and post-pandemic lockdown time periods, allowing us to investigate how (if) effectiveness and media allocation has changed since 2018-2019.

Profit Volume and Profit ROI were the two business outcomes used to measure the effectiveness of the channels, and the study analysed the profit generated by advertising at four speeds of payback:

- Immediate payback – within one week
- Short-term payback – up to 13 weeks (i.e. includes immediate payback)
- Sustained payback – week 14 through to 24 months
- Full payback – total payback 0-24 months



Source: Profit Ability 2, April 2024 – Short term benchmarks: Ebiquity, EssenceMediacom, Gain Theory, Mindshare, Wavemaker UK. Immediate contribution = the same week of advertising exposure.

Advertising works – and how!

A concrete business case for advertising

Over the short-term (up to 13 weeks), the average Profit ROI of advertising is £1.87. This means that if a brand spends £1 on advertising, it typically generates an incremental £1.87 in profit (£0.87 profit for every £1 spent). When taking into account sustained effects delivered over the 2 years post activity, the Profit ROI increases significantly to £4.11.

Profitability varies by media

All channels generate profitable returns, but to varying extents. The average Profit ROI of advertising is dragged up by stronger media (or down by weaker media). TV, for example, delivers a full Profit ROI of £5.61. This compares with £3.86 for Online Video (mostly YouTube) and £3.52 for Generic PPC.

Short-termism short changes brands

The short-term effect of advertising constitutes a minority of the total advertising payback – only c. 40% of the total payback of advertising. The remaining 60% comes from the sustained effects of advertising, which varies significantly by channel. Notably, Linear TV, Print, and Out-of-Home demonstrate a robust sustained effect. A focus on short-term payback alone leaves a vast amount of potential profit on the table.

Advertising payback differs by sector

The reasons for differences across sectors are primarily structural factors such as product revenue value and business operating margins, rather than just advertising effectiveness. Financial Services and FMCG, face challenges in achieving short-term payback, however, all sectors are profitable when sustained effects are taken into account.

Scale, efficiency, and time are the key dimensions around which to optimise a media mix

Analysing how and when different channels pay back their return highlights that framing media as 'brand' or 'performance' is quite arbitrary. Some so-called brand media have powerful immediate 'performance' effects and vice versa. At worst, this unhelpful dichotomy leads to brands harming their short- and long-term growth by restricting their options in both directions. PA2's findings reinforce that it is the message that determines whether a campaign behaves like 'brand' or 'performance', not the medium. As a result, optimising to scale, efficiency, and time (SET) leads to a better invested budget.

Saturation points differ dramatically by channel

An advertising channel's 'saturation point' is the maximum point where an additional £1 invested in a channel generates at least £1 in profit (it is sometimes referred to as the 'point of diminishing returns'). Linear TV saturates at a level nearly 3x higher than the next largest channels – a function of TV's strength to reach large groups of people at relatively low entry costs. In contrast, channels like Paid Social and Online Display saturate relatively quickly.

Look beyond just 'digital' for rapid payback

Generic PPC is unsurprisingly the biggest driver of immediate profit effects. But it might be surprising to see that Linear TV is second, and that Audio and Broadcaster VOD are also strong in the immediate term. The pursuit of immediate returns is most optimally achieved by the inclusion of channels other than just the obvious online ones.

Channel risk is an under-considered factor

When identifying the optimal media mix, it's not just the average ROI of a channel that advertisers should be interested in, but also the likelihood that it will deliver to that level. Each channel has a different level of variation around its average ROI. Channels like Linear TV and Print have low variation and therefore represent a lower risk investment. Whilst channels such as Paid Social and Cinema are less predictable with more variation across the databank.

However, 'risk' works both ways – less predictable channels can yield higher a ROI than more predictable ones when they work well. But there is also the increased risk of well below average return if they don't work well.

No Covid effect on advertising effectiveness

There has not been a radical, unexplained change in the relative effectiveness of channels since pre-Covid: the average return on media investment has remained stable. There have been some shifts in channel effectiveness compared with before Covid, but all are explained by either investment level changes or media consumption changes. For example, spend and ROI for Linear TV has slightly fallen, but this is offset by an increase in spend and ROI for Broadcaster VOD and Online Video.

Industry reception

"The best effectiveness research I've seen."

Chris Love, Head of Marketing Performance & Econometrics, VirginMedia O2

"The most impressive media research I've ever seen. Launched at BAFTA, the who's who of marketing were scribbling notes in total silence for a full hour."

Andrew Tindall, SVP, System1

"Profit Ability 2 is recommended reading. It provides a much-needed helicopter view of advertising effectiveness, outlining how and why advertising works, and offers invaluable guidelines and benchmarks on typical roles and investment levels for different media channels."

Karen Martin, Chief Executive Officer, BBH London & Chair of the 2024 IPA Effectiveness Conference

"Profit Ability 2 is a highly valuable resource. It helps marketers demonstrate the value of advertising to their businesses. In particular, they will appreciate the holistic view it offers as they are managing cross-media campaigns and need insights into how each channel complements the others. It will help businesses make informed, strategic decisions about marketing investment."

Bobi Carley, Head of Media & Inclusion Lead, ISBA

Download all of the charts from this section here

The Value of TV: A Behavioural Science Perspective

Econometric studies demonstrate the effectiveness of TV advertising (see page 05 for the most recent one). But why does TV produce such strong results? This paper by behavioural scientist Richard Shotton focussed on five cognitive and behavioural biases that help explain why TV advertising is so uniquely powerful. Advertising is all about persuading after all, and this works much better when we connect with people's natural motivations and actions.

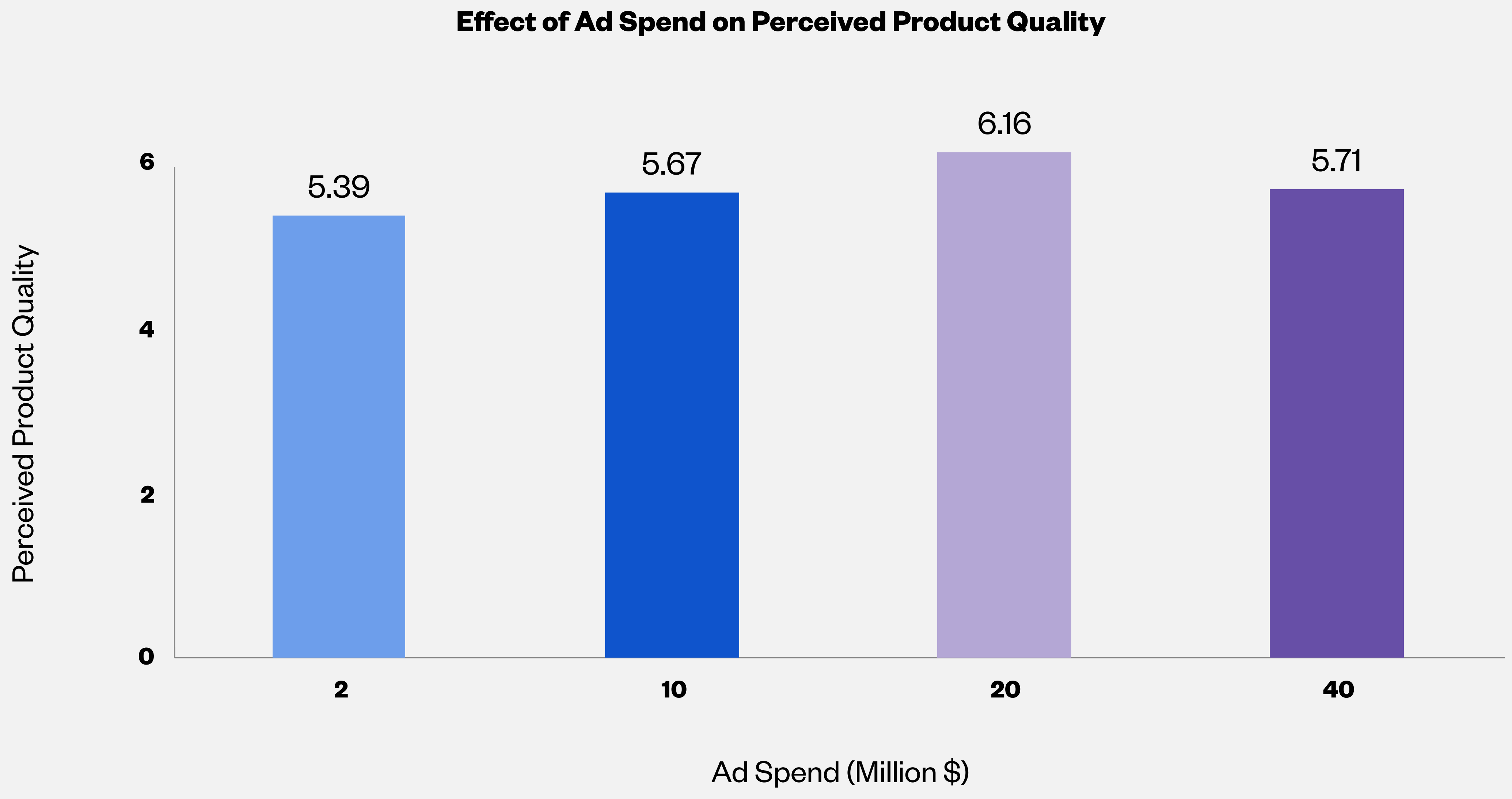
Claims made in public are more believable

We are far more likely to trust a promise if it's made publicly. Research by Shotton asked participants to imagine their local MP making a spending pledge – either during a one-to-one conversation or at a public meeting.

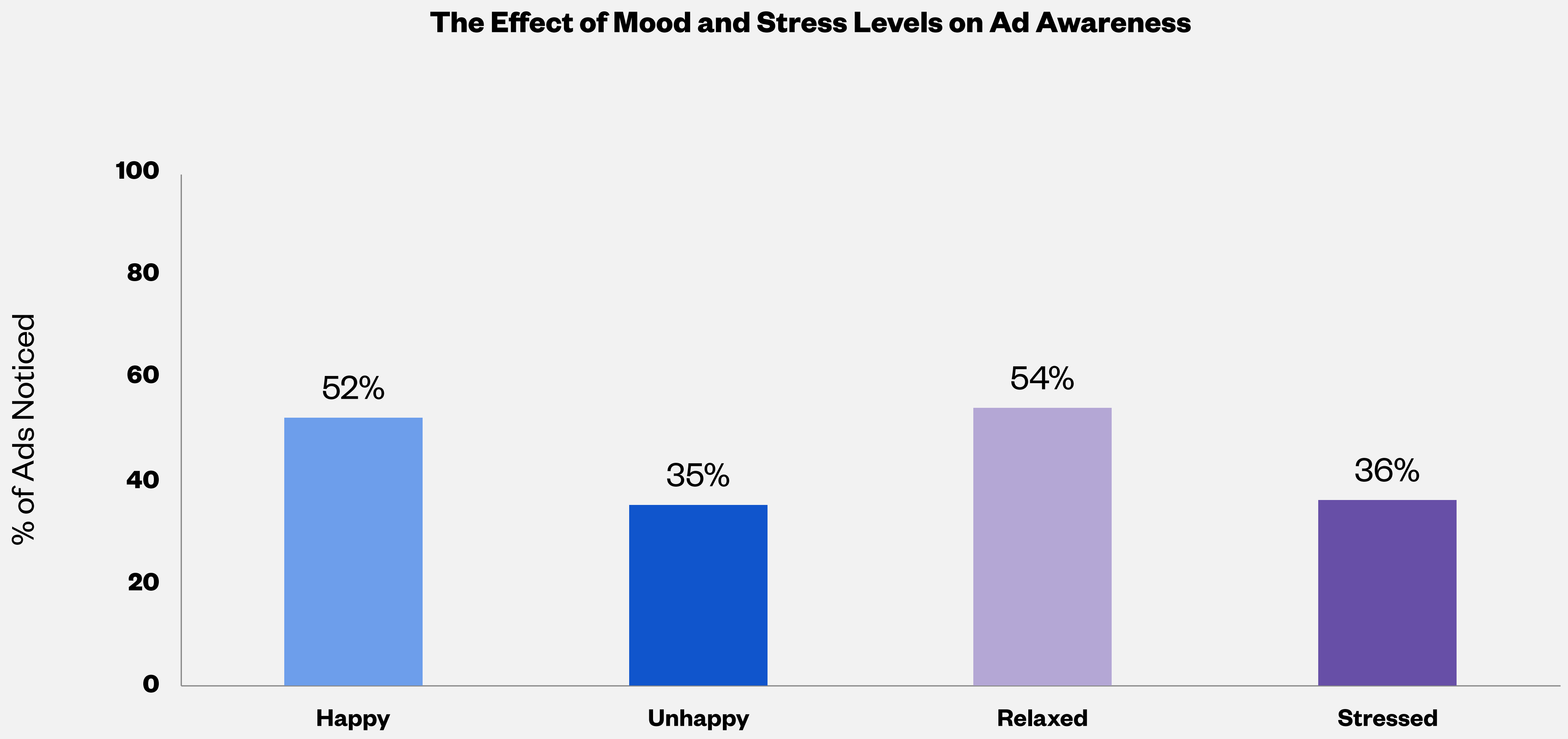
In the private setting, roughly 40% didn't trust the promise. In the public setting, that figure dropped to 20%.

This happens because we intuitively understand there will be more severe consequences if a publicly stated promise is broken, compared to a private one. The risk of reputational damage compels MPs to be a little more truthful.

Campaigns that need to bolster trust can harness this insight. The same statement will be more believable if people know others have heard it. So, for trust, use a mass medium, like TV or radio, rather than a one-to-one medium, like email or search.



Source: Adapted from Kirmani & Wright (1989)



Source: Results from Bronner (2007)

Costly signalling builds trust

Trust in a brand is connected to the perceived expense of its marketing. One study highlighting this comes from Amna Kirmani at Duke University in 1989.

She gave 214 participants a magazine article describing the launch of a new trainer. The editorial included how much the brand was spending on ads, ranging from $2m to $40m.

Participants then estimated the quality of the shoes; their scores generally increased with perceived spend. Those who read that the campaign cost $20m rated the brand 14% higher than those who saw a $2m spend.

So the credibility of a communication is in proportion to its perceived expense – only marketers who believe in the quality and long-term success of their product would invest so heavily.

This is relevant to media selection as viewers instinctively understand – or at least believe – that TV advertising has higher capital costs than media such as radio or print.

Proximity to quality boosts appeal

The image of a brand is influenced by what surrounds it — it's called the mere proximity effect. If a brand advertises alongside high-status companies, it'll be perceived as more appealing.

In 2022, Heeyon Kim from Cornell University showed a magazine featuring an ad for a clothing brand to over 1,000 participants. Sometimes the ad was just surrounded by editorial, and sometimes it was surrounded by high-end brand ads (e.g. Chanel, Dior, Hermes) as well.

When the clothing brand was surrounded by high-end brands it saw an uplift in appeal of 17% compared with being within editorial.

Compared to, say, social media, TV requires a relatively large up-front investment. There's little risk of being surrounded by cheap products, so TV can be effective simply because of the company a brand keeps.

Good mood makes people notice

Reaching customers when they're happy means they'll notice more. A study by Fred Bronner from the University of Amsterdam asked 1,287 participants to flick through a newspaper and then answer questions about the ads they remembered.

When the data was split by the readers' mood, those who were happy recalled 52% of ads, whereas those who were unhappy noticed just 35%.

Stress levels were important too: relaxed participants noticed 54% of ads; those who were stressed remembered just 36%.

So brands that reach people as they lounge on the sofa with a cup of tea and a comedy will naturally find a receptive audience.

Happiness promotes liking

Mood affects more than recall though: a good mood also makes customers like you more.

Shotton conducted an experiment to test this, showing 2,035 people an ad, rating their personal mood at that moment, and asking how much they liked the ad.

When consumers were happy, 21% of them liked the ad. In contrast, only 13% of unhappy people liked the same ad. That's a 62% swing in the liking of the ad.

So, if viewers are feeling generally happy, as can often be the case when watching TV, they will be inclined to think positively of the brands they see.

What does this mean for planning?

Target happiness

Rather than simply using TV-viewing as a predictor of positive mood, why not specifically target channels or programming that makes us relaxed? Light entertainment on a Saturday night might work better than Monday night news.

Harness the group effect

Research by Garriy Shteynberg at the University of Tennessee, and colleagues, asked 121 participants to rate images they saw on a TV. Some were sitting on their own, some in pairs.

Viewers in a group experienced more extreme emotional reactions: happy images made them happier and sad images made them sadder. A similar effect was observed with scary ads and sad or happy videos.

So, to elicit a bigger response, think about programming that's viewed in groups, like sporting events.

Leverage laughter

University of Houston psychologists Yong Zhang and George Zinkhan recruited 216 students to watch amusing soft drink commercials – again, sometimes on their own, sometimes in groups. Those watching in groups judged the ads as 16% funnier than those who watched solo.

It seems that humour is contagious, if one person starts laughing at an ad others begin to find it a bit more amusing. So it makes sense to showcase humorous ads in particular during group events, when they'll go down especially well.

Use distraction to overcome confirmation bias

Confirmation bias is the idea that we look for information that fits our beliefs and ignore what doesn't. But when distracted, we're more likely to change our minds.

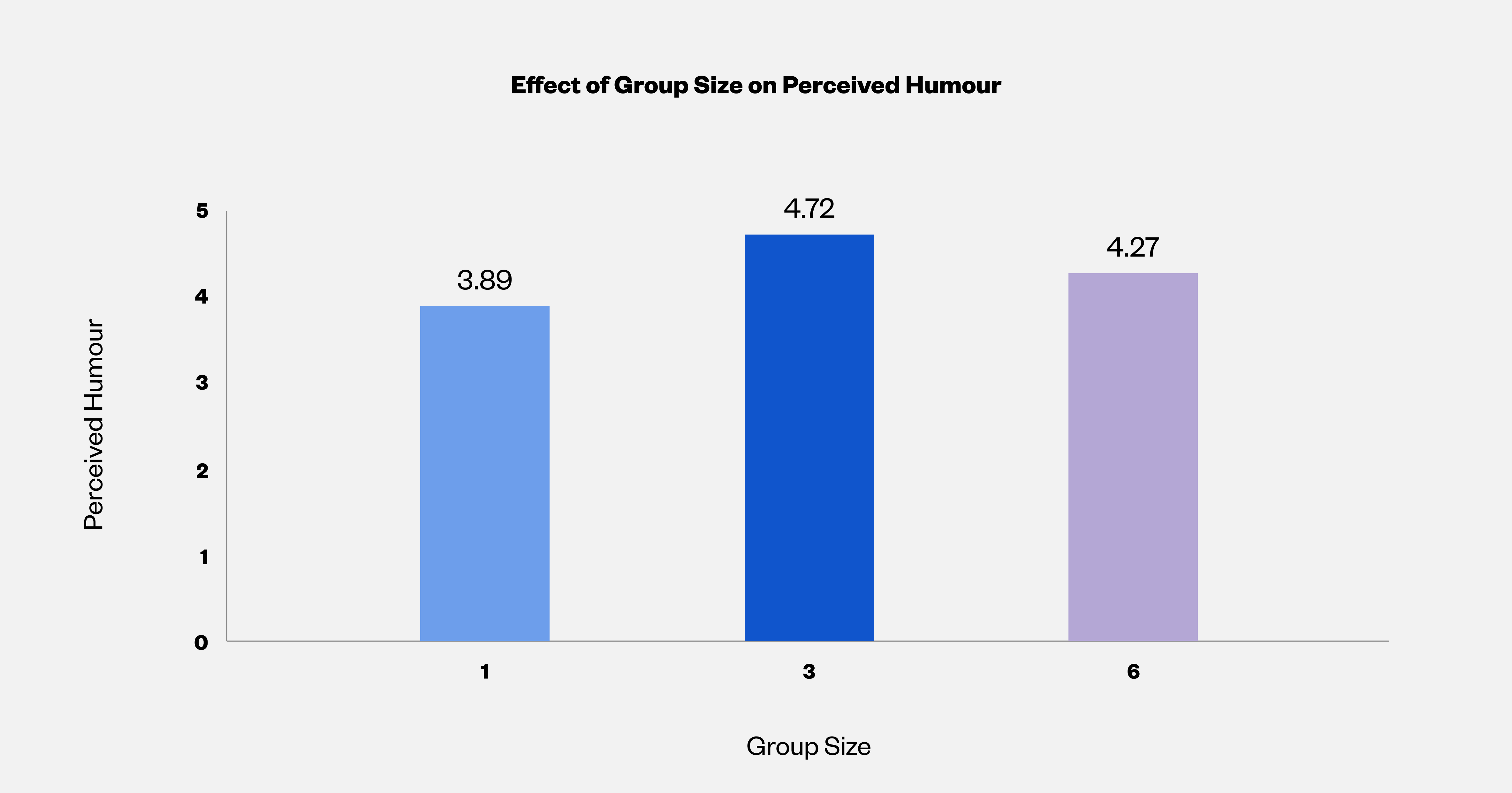
A 1964 study by Stanford psychologist Leon Festinger recruited members of college fraternities and played them an audio argument about why fraternities were morally wrong. The recording was either played on its own or accompanied by an unrelated silent film.

When asked how far their views had shifted, students who'd heard the argument at the same time as the silent film were more likely to have changed their mind.

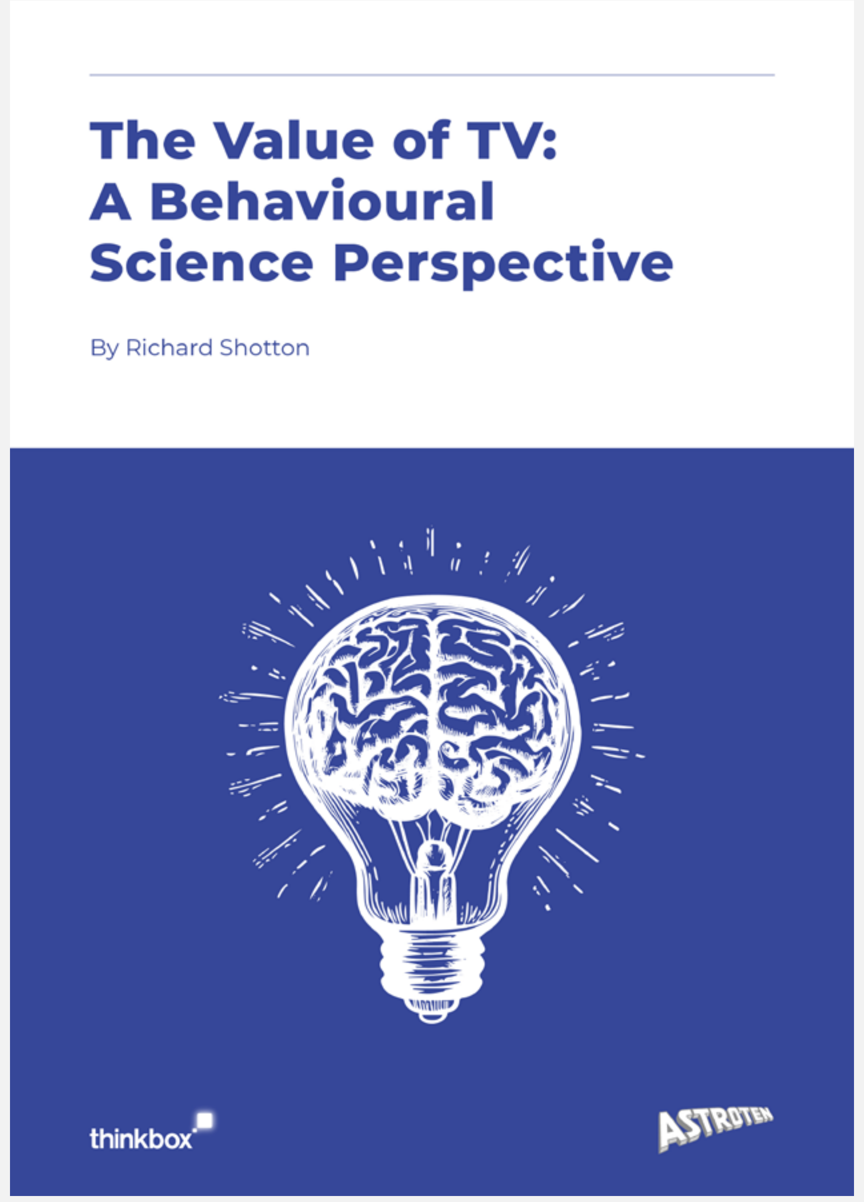
Festinger argued that the human brain is brilliant at conjuring up counterarguments to help it maintain its existing point of view. However, when people are busy doing something else, that ability is hampered meaning they're a bit more open to persuasion.

So if you're ever trying to win over rejecters of your brand, running ads when attention is divided can work well. How about daytime TV while people do housework?

Download the paper here



Source: Adapted from Zhang and Zinkhan (1991)




11 The Value of TV: A Behavioural Science Perspective By Richard Shotton

Introduction
5 biases that make TV so effective
How can media agencies get the best out of TV?
How can creatives get the best out of TV?
Summary

Make it concrete

Things are more memorable when we can picture them in our mind's eye. The classic study demonstrating this had some methodological flaws, so I reran it, along with Mike Treharne from Leo Burnett, to see if it holds true today.

We recruited 425 consumers and gave them a list of 10 phrases, some abstract and some concrete:

Concrete	Abstract
fast car, skinny jeans, cashew nut, money in your pocket and happy hens	*Innovative quality, trusted provenance, central purpose, wholesome nutrition and ethical vision*

We waited 5 minutes and asked people to recall as many as possible. The results were pronounced: participants remembered almost 10 times more concrete phrases than abstract ones (6.7% vs 0.7%). Since vision is the most powerful of our senses, we're far more likely to remember phrases that we can picture than those we can't.

To harness concreteness for TV ads, brands should consider using a 'fluent device' – defined by System1, as "characters or scenarios that repeat across ads, driving the creative each time". A prime example is the Compare the Market meerkats. Because it's much, much easier to imagine and remember a cute meerkat in a smoking jacket than it is the abstract idea of 'value for money'.

So if you're devising a campaign – especially if you're selling something intangible – do what you can to build concrete language into your creative.

Percentage of Abstract vs. Concrete Words Recalled
% of Words Recalled
0 2 4 6 8
0.7 6.7
Abstract Concrete
Phrase Type

Fig 5 Source: Astroten own research

The Best of the Rest

Here you can explore a wealth of links to other recent studies that deserve your attention. We've put together some recommendations, giving you quick access to valuable insights you should be aware of.

The Power of Words

By the7stars & Differentology

News matters: capturing the real news content consumption of 15-29 year olds

Newsworks & Colourtext

Moodstates and the Age of ADsorption

Sky Media

Present Value of Past Spend

ITV

Why we watch 2.0

Google and MTM

Sponsorship Rocks

Channel 4

Compound creativity

System1

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