The Tension between Viral Communications and Traditional Advertising

Catherine Tucker, MIT Sloan and NBER
My Aim Today:

- Present two research papers
- Convince you there is a tension between the success of traditional marketing communications and their propagation on social media
The Reach and Persuasiveness of Viral Video Ads
Research Question

Is there a trade-off between ad virality and ad effectiveness?
### Motivation: Earned vs. Paid Media

#### US Online Advertising Spending, by Format, 2008-2013 (millions)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search</td>
<td>$10,691</td>
<td>$12,285</td>
<td>$13,880</td>
<td>$15,552</td>
<td>$17,686</td>
<td>$19,530</td>
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<tr>
<td>Display ads</td>
<td>$4,629</td>
<td>$4,933</td>
<td>$5,448</td>
<td>$6,182</td>
<td>$7,175</td>
<td>$7,958</td>
</tr>
<tr>
<td>Video</td>
<td>$587</td>
<td>$850</td>
<td>$1,250</td>
<td>$1,850</td>
<td>$3,000</td>
<td>$4,600</td>
</tr>
<tr>
<td>Rich media</td>
<td>$1,888</td>
<td>$2,030</td>
<td>$2,252</td>
<td>$2,560</td>
<td>$2,960</td>
<td>$3,360</td>
</tr>
<tr>
<td>Classifieds</td>
<td>$3,139</td>
<td>$2,956</td>
<td>$2,936</td>
<td>$2,944</td>
<td>$2,960</td>
<td>$2,982</td>
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<tr>
<td>Lead generation</td>
<td>$1,605</td>
<td>$1,645</td>
<td>$1,682</td>
<td>$1,792</td>
<td>$1,998</td>
<td>$2,268</td>
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<tr>
<td>Sponsorships</td>
<td>$590</td>
<td>$514</td>
<td>$542</td>
<td>$576</td>
<td>$629</td>
<td>$672</td>
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<tr>
<td>E-mail</td>
<td>$472</td>
<td>$488</td>
<td>$513</td>
<td>$544</td>
<td>$592</td>
<td>$630</td>
</tr>
</tbody>
</table>

**Total**        | **$23,600** | **$25,700** | **$28,500** | **$32,000** | **$37,000** | **$42,000**

*Source: eMarketer, November 2008*

Source: eMarketer.com
Empirical Setting

- Study relationship between ad virality (organic reach) and ad effectiveness
  - Historical data on the ‘virality’ of 400 ad campaigns
  - Crowd-sourced measurement of ad persuasiveness
    - 25,000 surveys
    - Randomized exposure
    - Traditional ad effectiveness questions
Findings

• Relative ad persuasiveness drops on average by 10% for every one million views the ad had received
  • Endogenous ad characteristics lead to trade-off
• Taking into account the advantages of increased reach, this means that there was a decline in overall advertising effectiveness at 3-4 million views
Managers want to know whether there is any good news

- Marketers are used to facing trade-offs. Ad’s can’t do everything.
- More interested in whether there is any form of ‘win-win’
- Yes. For ads that are visually appealing and funny
- Yes. If can get comments that mention product name
- No. Particularly bad for provocative ads
There are of course limitations

- Campaigns for 2010 for consumer products
- Forced exposure and representativeness of survey takers
- Do not study awareness; only established products
- Do not manipulate ad-design - given exogenously
Implications

- Viral transmission of video advertising gives attractive possibility of costless reach
- Strength of network effects is now endogenous to ad design
- This creates a tradeoff for managers: Maximizing network effects (and reach) or persuasiveness
- Suggests that the internet does not change ‘richness verses reach’ tradeoff - just alters the parameters
- Useful for understanding of Earned vs Paid debate in marketing communications
Should You Target Early Trend Propagators? Evidence from Twitter

Coauthors: Anja Lambrecht and Caroline Wiertz
Context

Twitter has been studied as laboratory of organic trend transmission. Not studied as advertising platform.
Figure: Screenshot of Twitter Trends and Promoted Tweets
Figure: Firms try and target ephemeral trends on Twitter
Figure: Firms try and target ephemeral trends on Twitter
Research Question

Twitter (remarkably and perhaps uniquely as a social media platform) allows us to identify trendsetters. Can we use marketing communications to seed a marketing communications message with trendsetters?
The NYT is doing something smart by using Twitter trends to target ads

by Mathew Ingram  FEB. 19, 2013 - 1:13 PM EDT

SUMMARY: The head of the research lab at the New York Times says the newspaper has launched an advertising product called Sparking Stories that allows advertisers to insert ads into specific content that is trending on Twitter.

tweet this

Figure: Not our idea
Paid ‘Influencers’ Undercut Ads on Pinterest

Social Network Plans to Roll Out New Ad Products, Targeting Options This Year

Pinterest sells ‘Promoted Pins,’ but some brands choose ‘Pinfluencers.’ Above, CEO Ben Silbermann. PHOTO: AGENCE FRANCE-PRESSE/GETTY IMAGES

Figure: Not our idea
Method

- Two Field Tests (Think Test - Not Experiment)
  - Charity
  - Fashion Firm
- Compare engagement across people who adopt a trend early and those who adopt it late
Figure: Engagement rate by day after trend peaked, Study 1
Figure: Engagement rate by Day After Trend Peaked, Study 2
Results

• Early trend propagators are less likely to engage with a message than individuals who propagate the same trend later on.
• Only engage if message is less commercial and product category is highly related to the trend.
Differences in Trendsetters

- How different are trendsetters?
- Could this difference provide an alternative explanation
- Answer - there are a lot of them and they don’t look that different
Limitations

- Not an experiment in usual sense
- Twitter Black Box
- Just two products
Punchline

- Early trend propagators are less likely to engage with a message than individuals who propagate the same trend later on.
- Only engage if the message is less commercial and the product category is highly related to the trend.
- Suggests that the ability to use social media to identify trendsetters to whom firms can then target advertising is not easy.
- Future of Twitter (and others) as advertising platforms.

Instant Analysis: Twitter Inc. Gives Select Users an Ad-Free Experience

Why is Twitter removing ads on VIP accounts but displaying them to “regular” users?

Leo Sun (TMFSunLion)  Jan 28, 2016 at 3:45PM
To Conclude

- General message from both papers about tension between traditional aims of advertising and virality