# HOW VISUAL TARGETING INFLUENCES ADVERTISING PERFORMANCE

## Research Summary

The Strategic Design System™ (the foundation of Visual Targeting) is an internationally patent-protected technology for the detection and analysis of target markets' visual preferences and consequently for prognosis and enhancement of design and advertising effectiveness. The objective of this research was to verify if the level of visual match, measured by the Strategic Design System is related to and responsible for an advertisement's performance in the market, specifically its click-through rate. One hundred and ten random internet users participated in this pilot online study from July 13th through September 8th of 2008, to each of whom the StyleTest™, the Strategic Design System's core constituent, was administered.

## *Hypothesis*

Advertisement effectiveness, measured via its click-through rate (*CTR*), rises proportionally to the increase in the match coefficient (*MC*) between an advertisement and its target market.

## *Method*

The match coefficients between the target markets and various advertisements were computed ($0 \leq MC \leq 100$). Advertising appeal/effectiveness was measured by the frequency that a particular ad was clicked on by respondents amongst other visually competitive advertising for the same product/company. The click-through rate of each advertisement was obtained by dividing the number of times that a particular ad was clicked on (online), by the number of times the ad was shown ($0 \leq CTR \leq 100\%$).

Each respondent was presented with a sequential set of several dozen testing slides. Every test slide contained a defined amount of visual images. Respondents were asked to use a computer mouse to click the image they "like most" on each slide of the test. Amongst the test slides, a "critical" slide was included, that presented two visually different versions (ad A and ad B) of an advertisement for the same service & company.

## *Results*

*Group markets.* The match coefficient of ad A and the entire group of respondents (*MC* 65) was 36 percent higher than that of ad B (*MC* 48). Given this, ad A should have been chosen more often, and should have produced a higher click-through rate (*CTR)*, than ad B. Results were consistent with the hypothesis: ad A was chosen 1.7 times more frequently than ad B; the *CTR* of ad A (63%) was 70 percent higher than the *CTR* of ad B (37%). This shows that ad A was significantly more appealing to this group than ad B, so much as to choose one ad over the other, $\chi^2 = 14.25$, *df* = 1, *p* < .001. Figure 1 illustrates the relationship between the visual match coefficients of ad A and ad B and the resulting click-through rates the ads received.

*Individual markets.* Figure 1 additionally shows a clear linear relationship between an advertisement's *CTR* and the match coefficient between the ad and its targeted individual customer, *r* = .98, *p* < .001. The levels of visual match were divided into ten ranks (*MR*) and five levels (*ML*). There is clear evidence that the *CTR* rises proportionally to the match coefficient between an advertisement and its target customers. Ninety six percent of clicks are explained by the match rank. The most attractive advertising must have a match coefficient within the High or Very High levels. By raising levels from Moderate or lower to High and Very High, the ad's click-through rate can be quickly multiplied by 1.6 to 4 times.

There is a 99.9% confidence level, the highest statistically possible, for both sets of results.

## *Conclusion*

Current research strongly supports the main hypothesis: the higher a design's/advertisement's match coefficient - the higher its probability of being chosen over competing ads/products (click-through rate). There is a near linear correlation between these two variables. Their regression equation can predict the rise of click-through rates. The Strategic Design System can be extremely helpful in measuring, predicting and multiplying visual advertising effectiveness independently from its content or artistry.
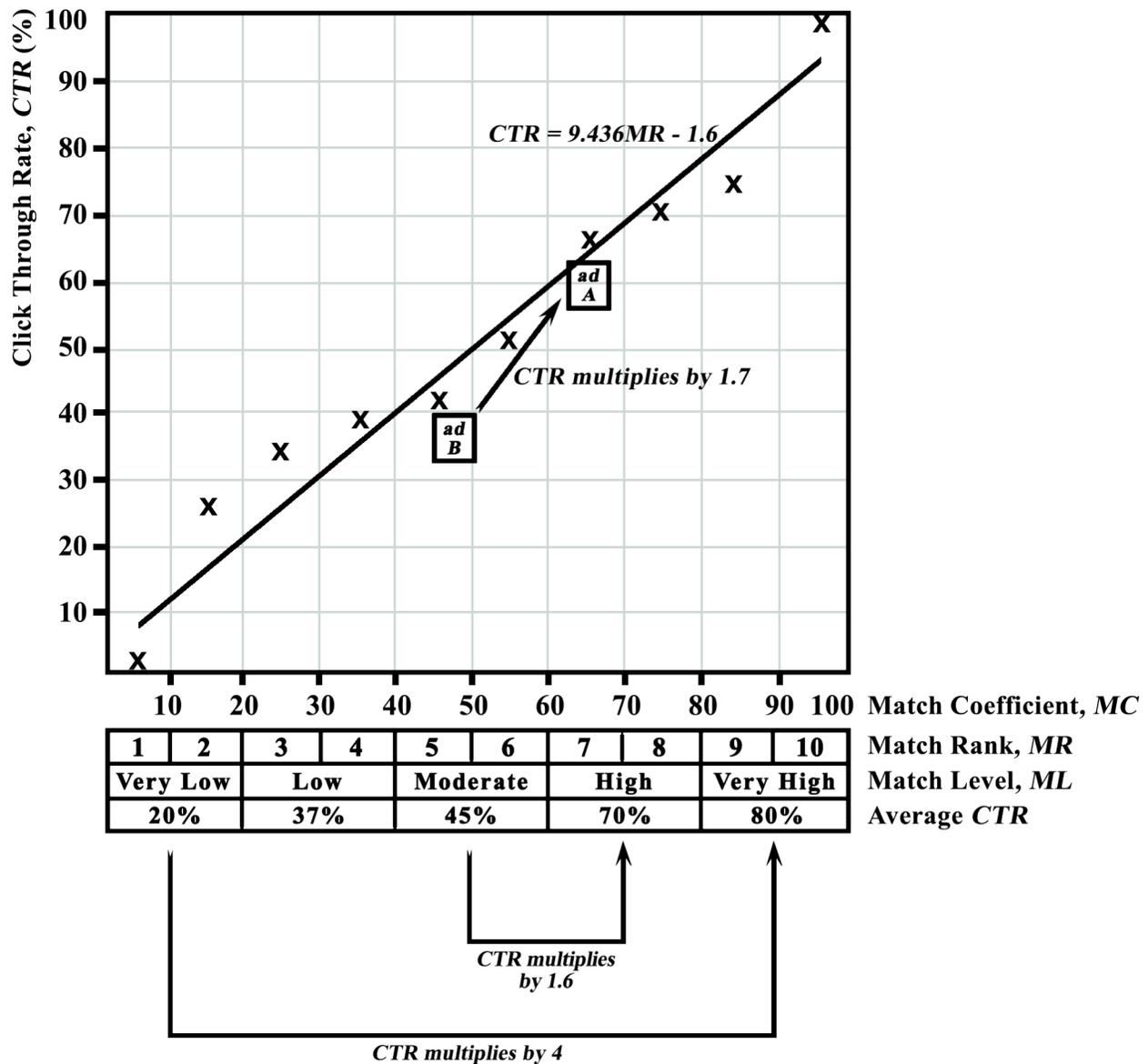
**Figure 1**. With a 99.9% confidence level, raising an ad's match coefficient increases its click-through rate.

*Group markets.* Two advertisements, A and B, have different match coefficients for the targeted group of 110 respondents: *MC* for ad A is 65 and *MC* for ad B is 48. *CTR* for ad A is 1.7 times higher than *CTR* for ad B, supporting the research hypothesis. Using the Strategic Design System, an ad's match coefficient can be raised higher, all the way to $MC = 100$.

*Individual markets.* There is a near linear relationship, valid regression equation, between an ad's *CTR* and its match rank (*MR*). The most attractive and the most successful advertising has a match coefficient within the High or Very High levels. By raising the match coefficient of an ad to the higher levels, one can quickly multiply its click-through rate and effectiveness in general, by 1.6 to 4 times.