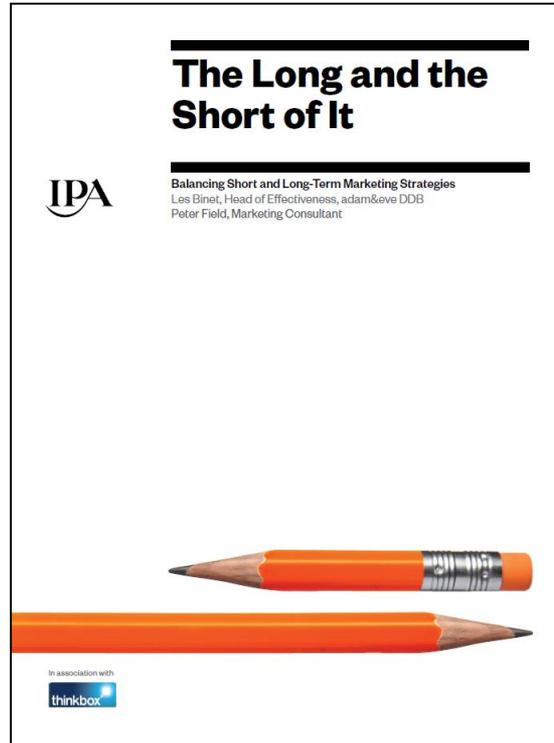


# Effectiveness in an evolving media landscape: what's going wrong?

think<sup>tv</sup>

# Previous research and this



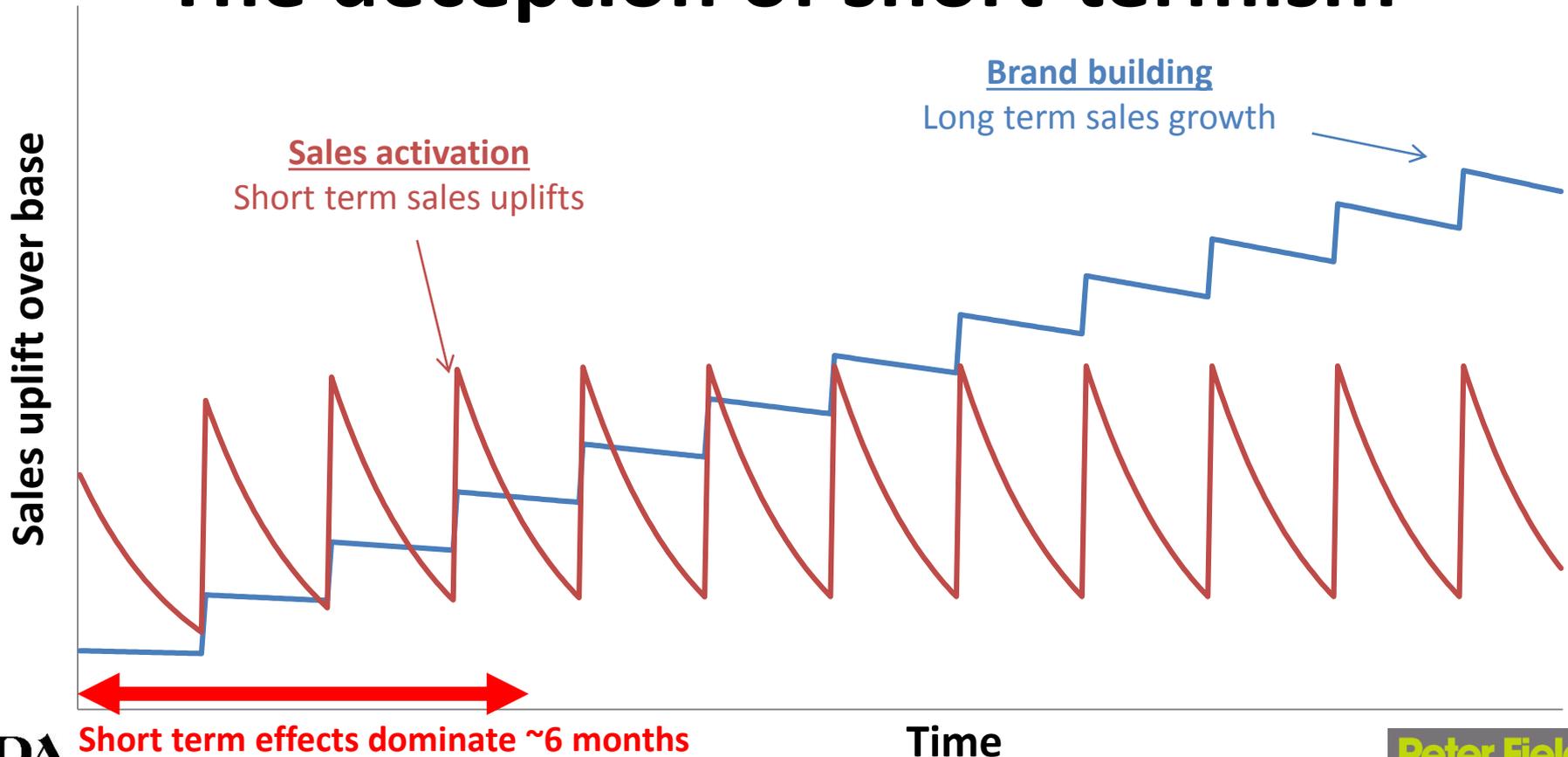
- How has the changing media landscape modified earlier media observations?
- 500 digital era cases, 120 in 2014/16

# 7 Important findings

1. Short-termism is undermining effectiveness
2. Mass marketing – broad reach – is still key to growth
3. TV is consolidating its lead in effectiveness
4. Communications budgets matter more than ever
5. Focussing on ROI is highly dangerous
6. Emotional brand building is key to growth
7. The 60:40 rule still applies: don't overweight activation

# 1. Short-termism is undermining effectiveness

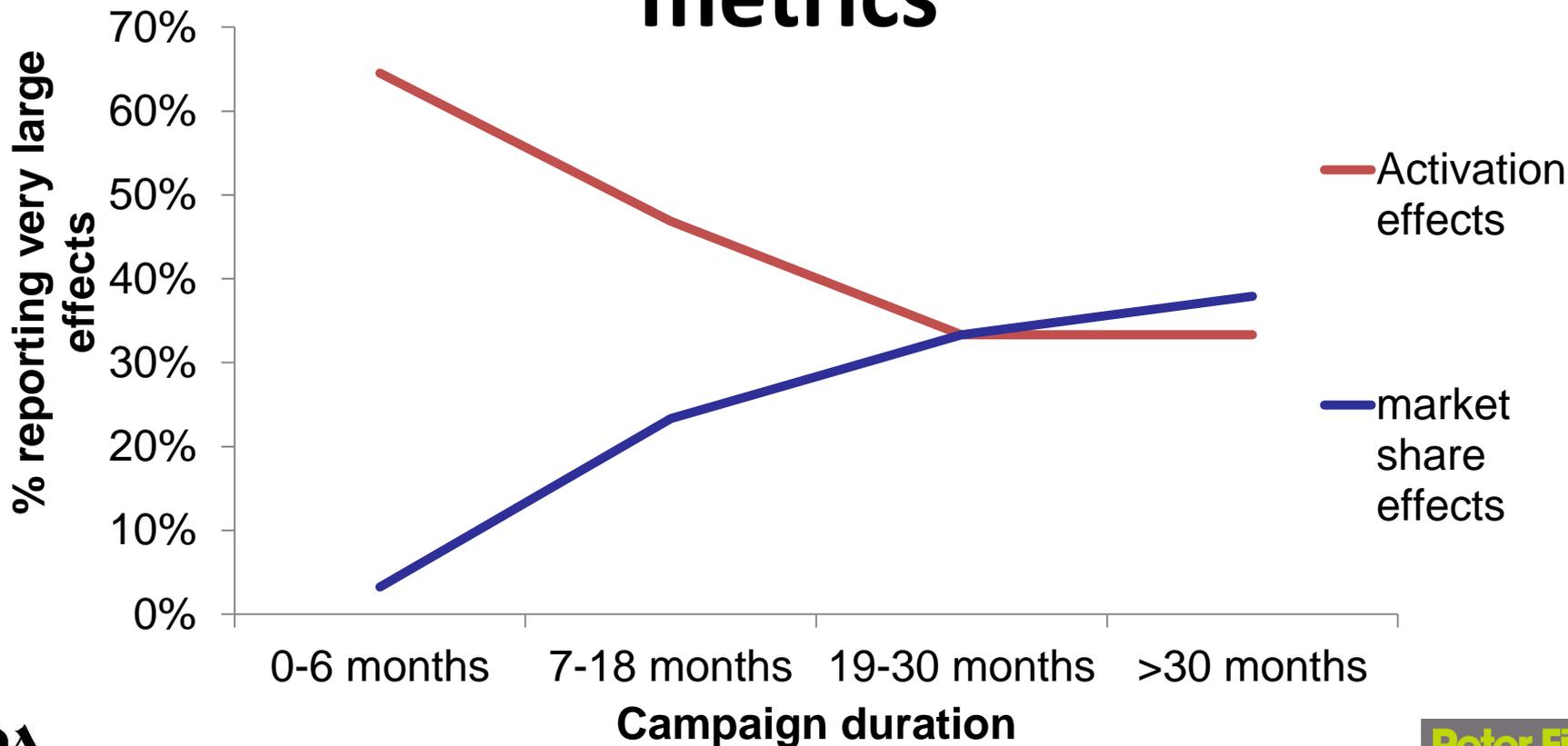
# The deception of short-termism



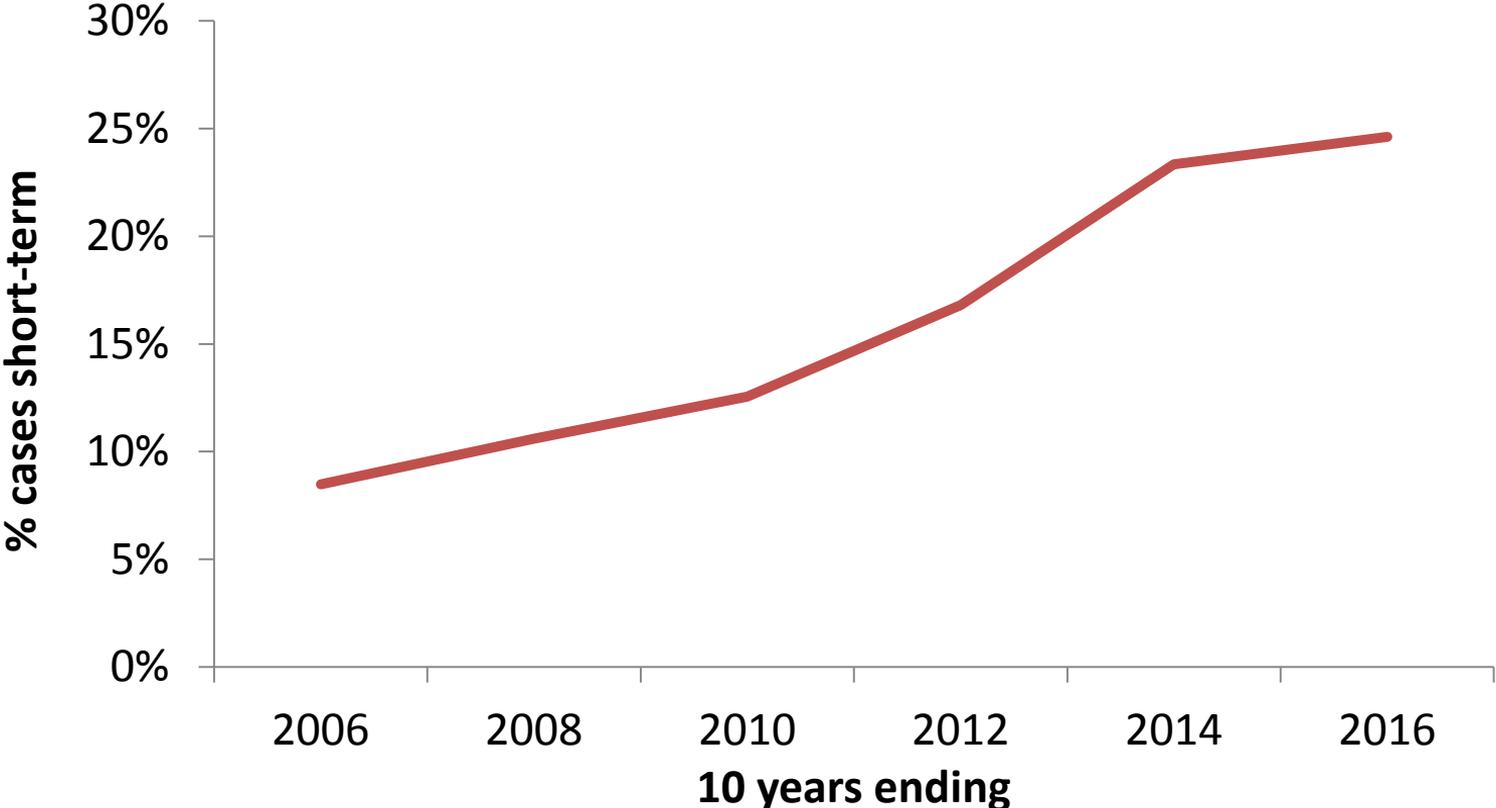
**“We don’t operate on a 90-day cycle for advertising, marketing, or investment”**

Paul Polman, CEO Unilever

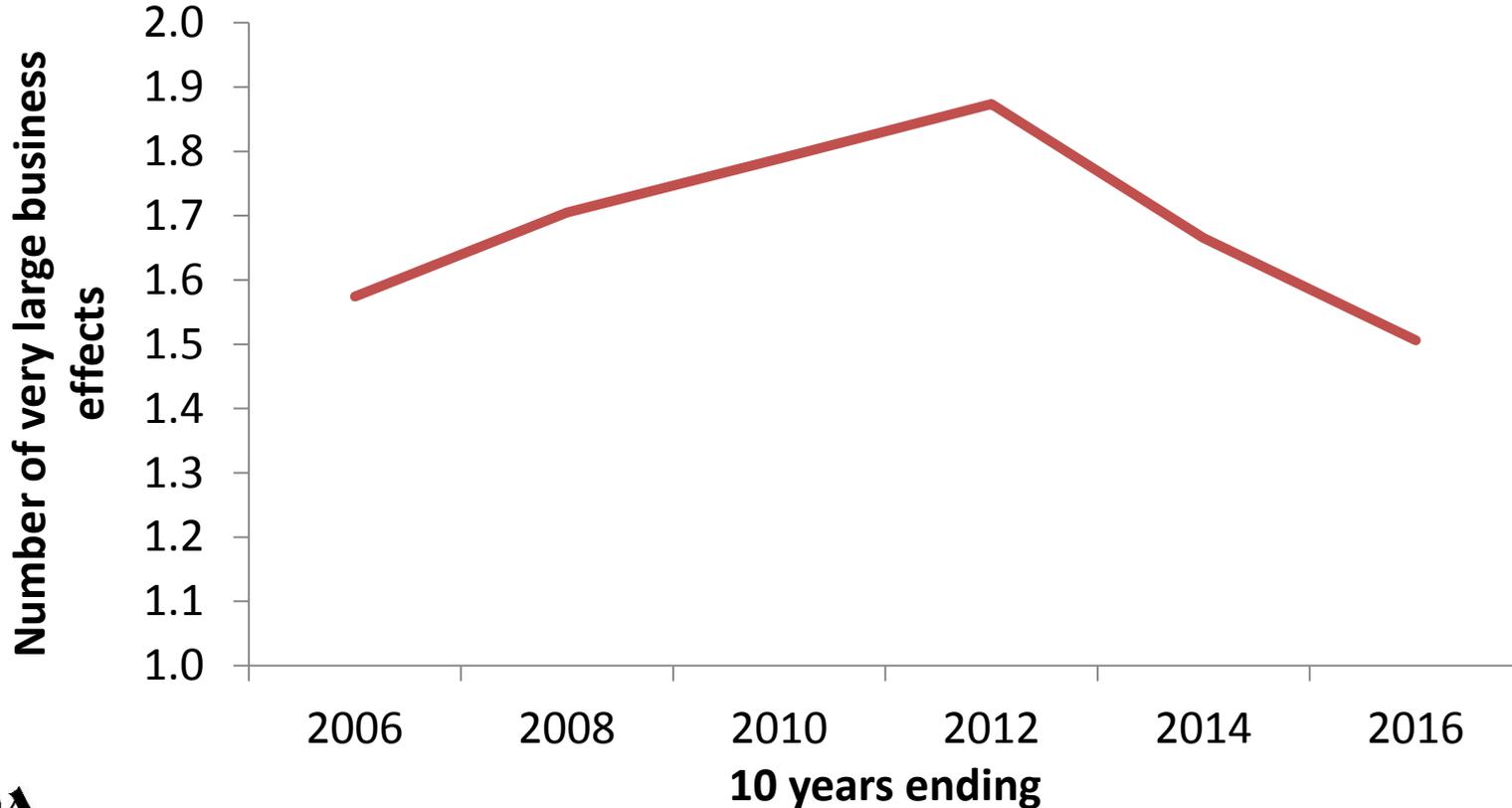
# Conflict between long & short-term metrics



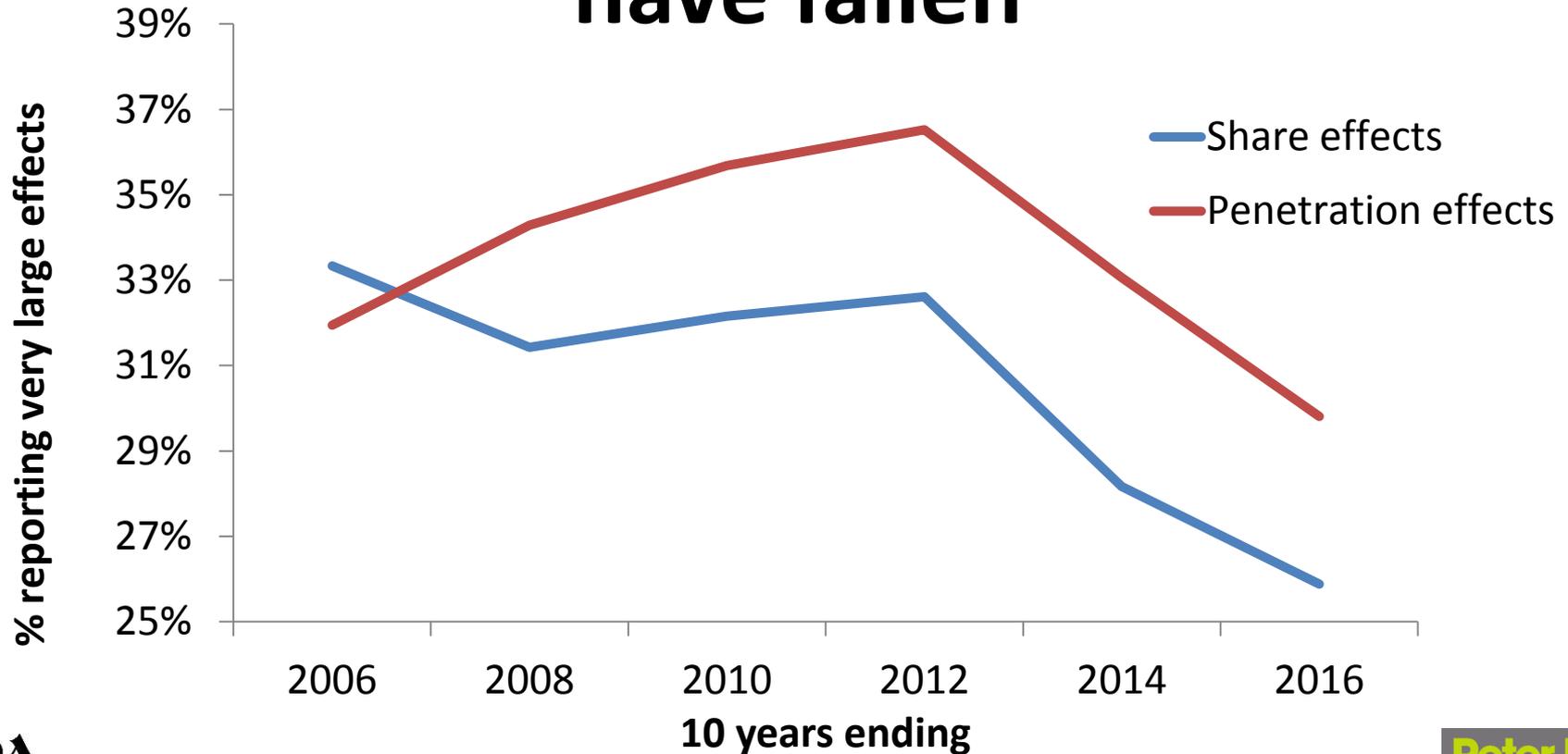
# Short-termism has been rising



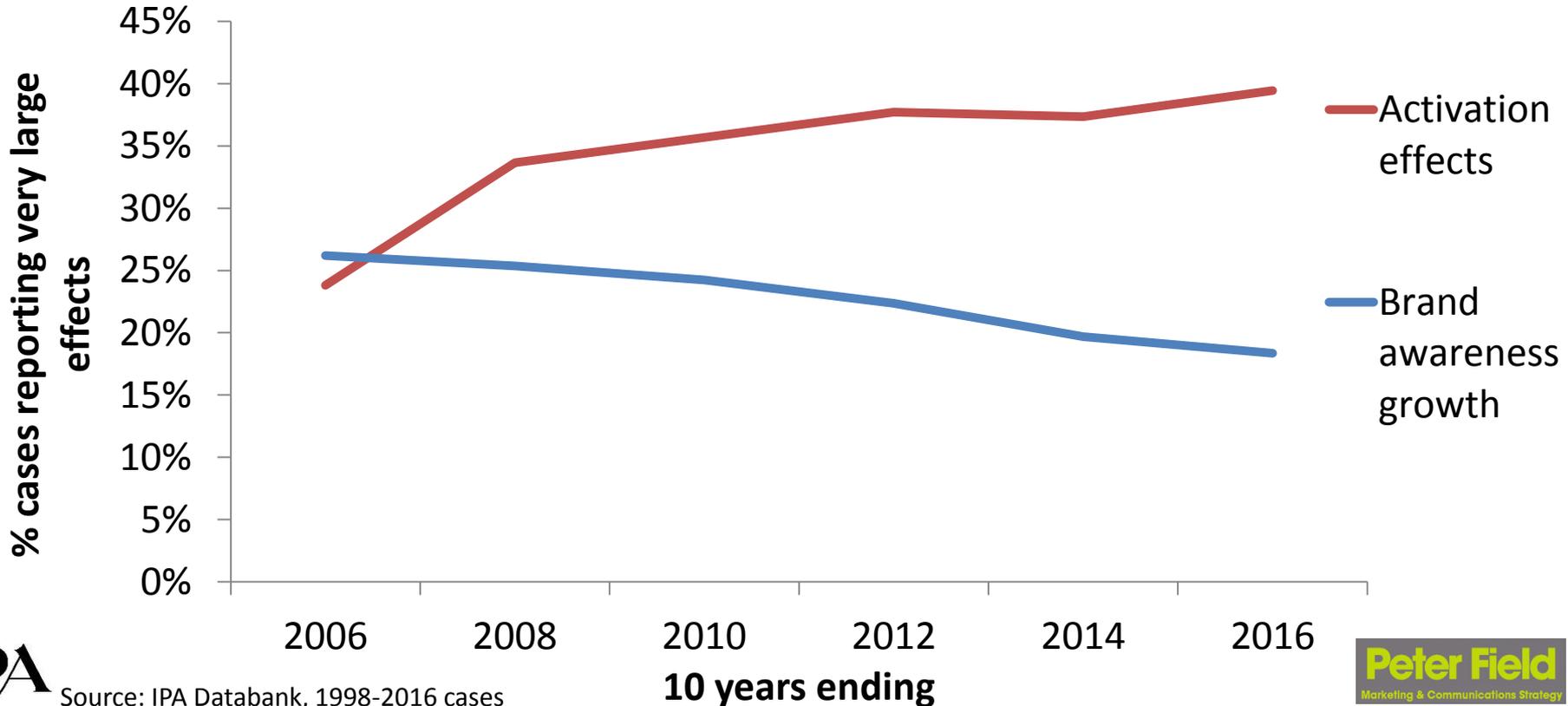
# Effectiveness has fallen



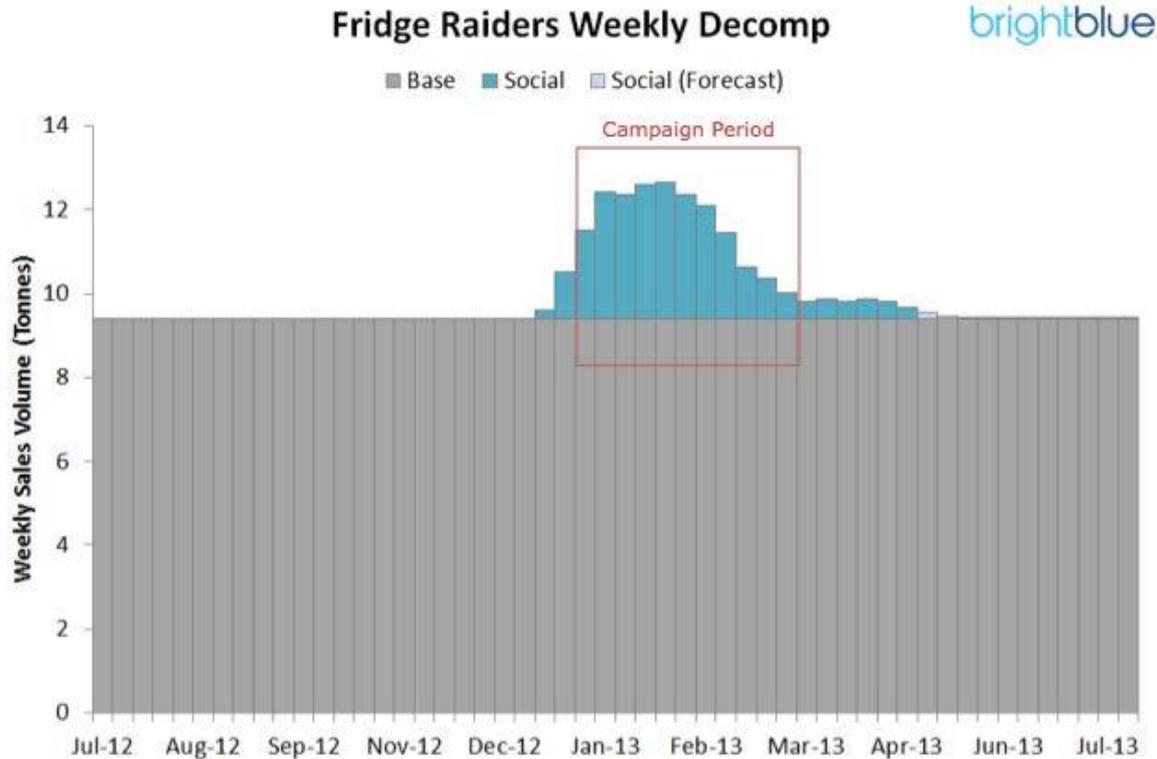
# Share and penetration growth have fallen



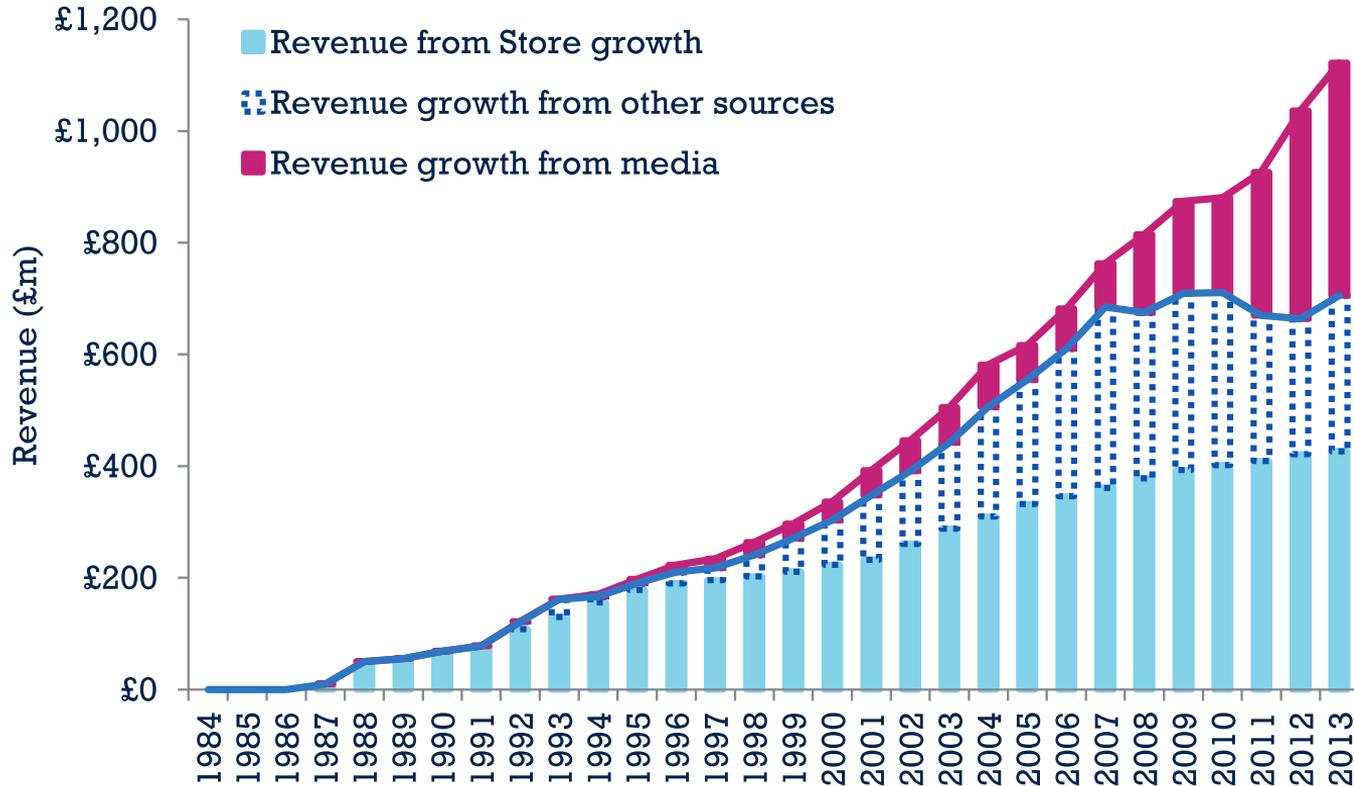
# Activation effects have been achieved at the expense of brand



# A typical short-term campaign



# Specsavers long-term growth



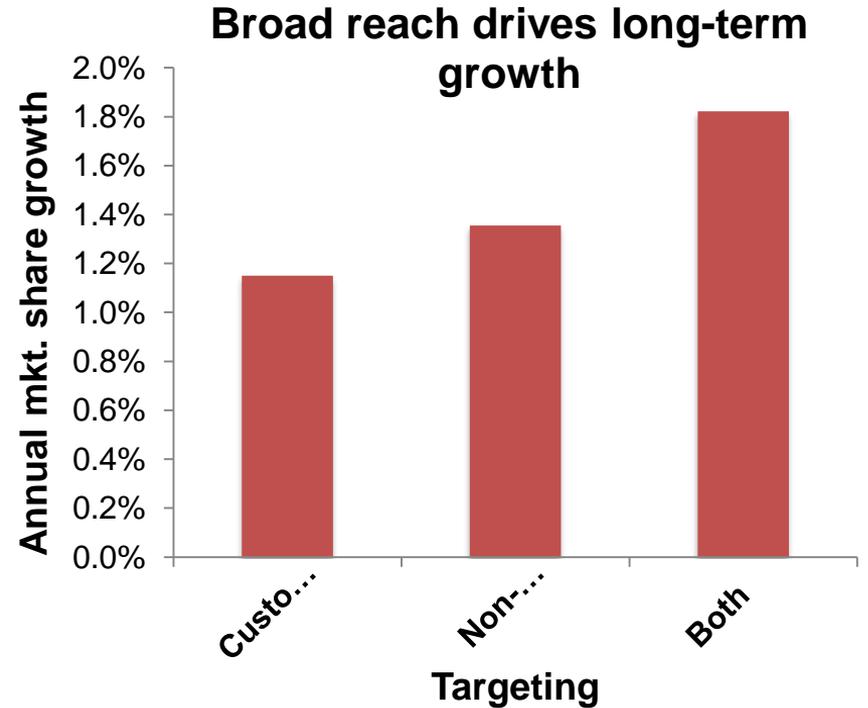
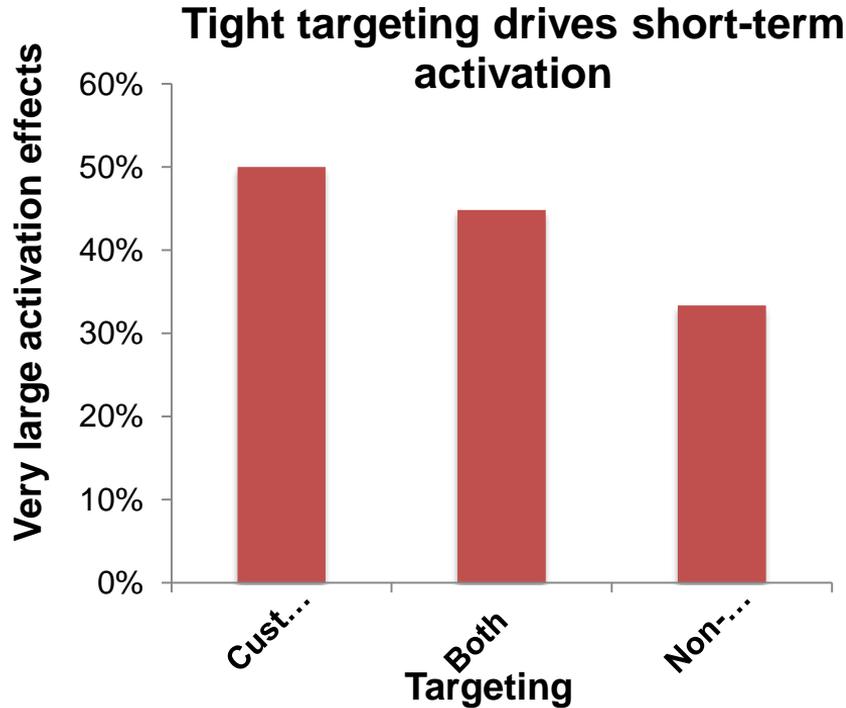
# Specsavers: a long-term campaign

# Specsavers: a long-term campaign

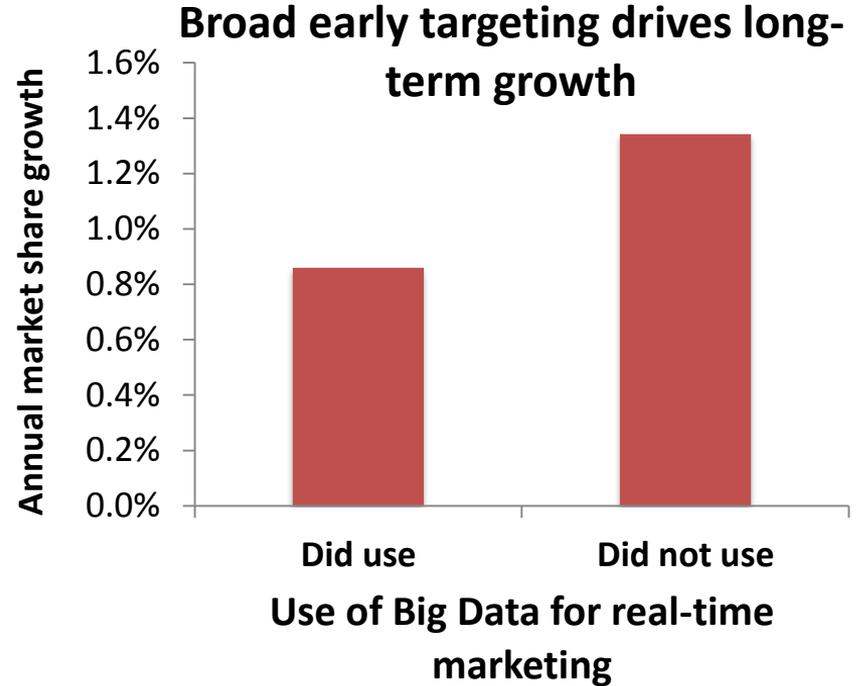
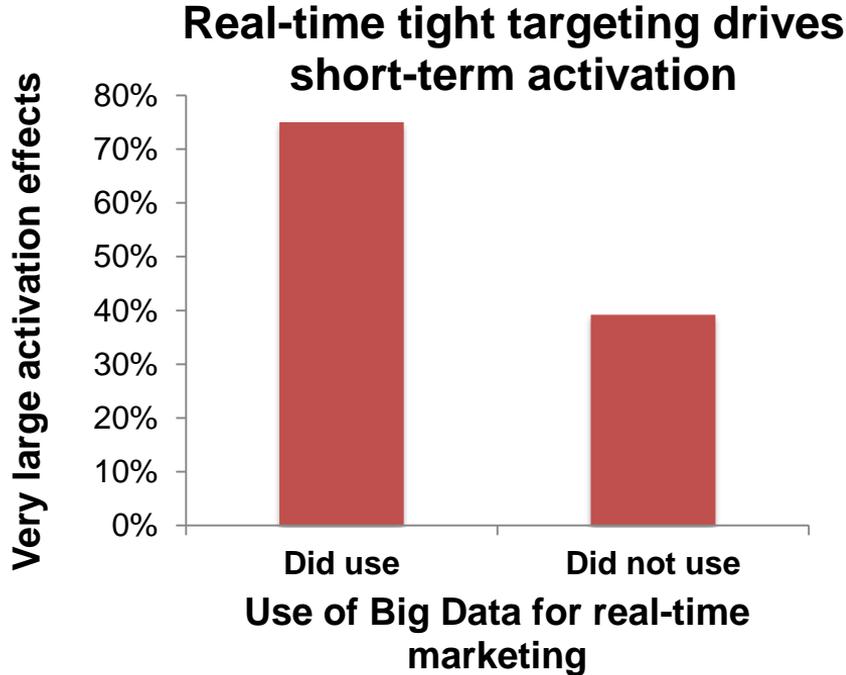


## 2. Mass marketing is key to growth

# Targeting vs. Reach



# Targeting vs. Reach



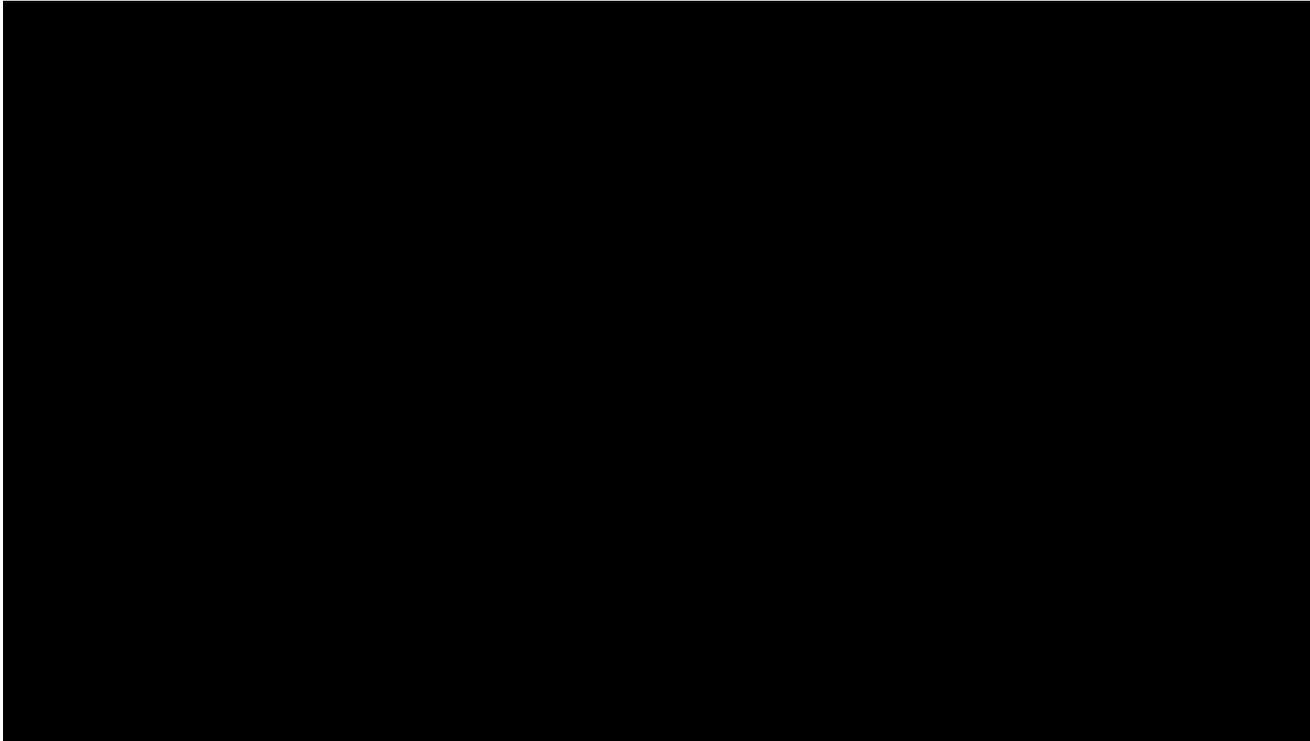
**“We targeted too much, and we went too narrow...The bigger your brand, the more you need broad reach and less targeted media.”**

Marc Pritchard, CMO P&G

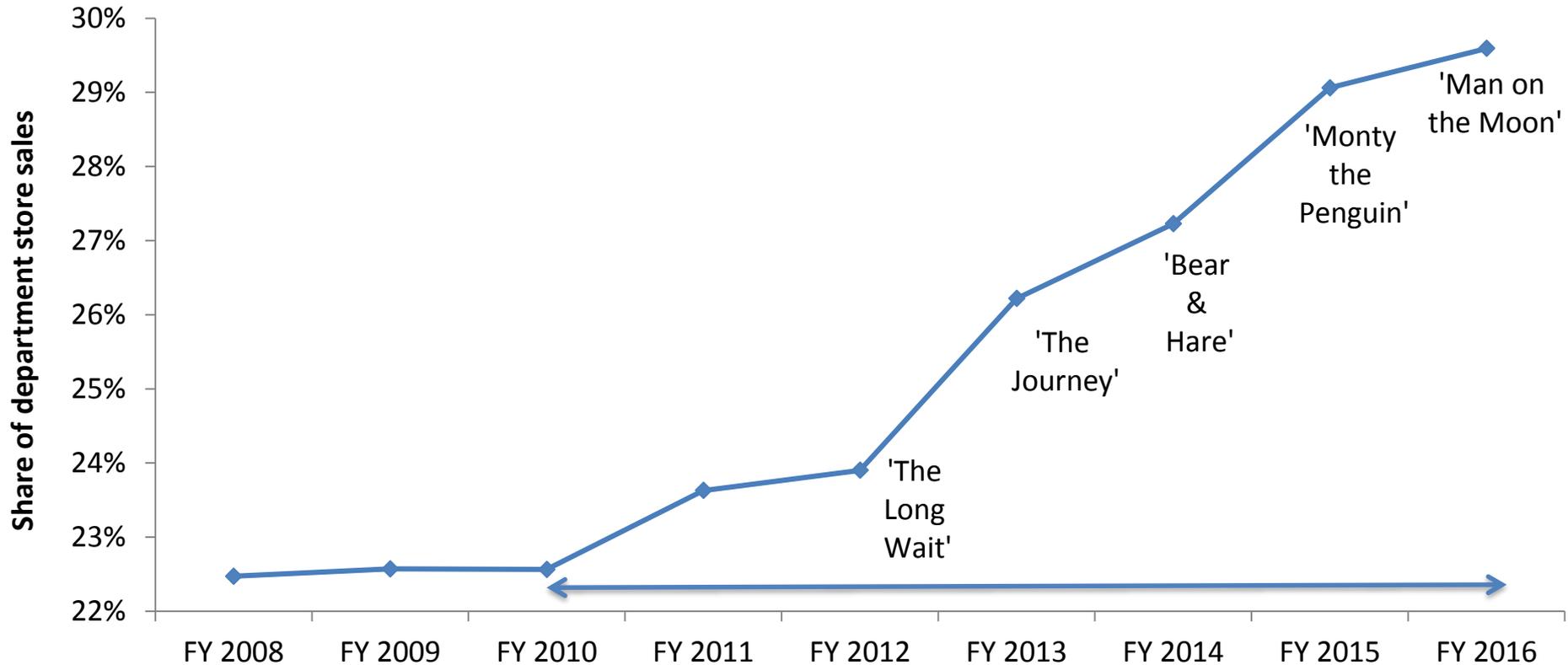
Wall Street Journal, Aug. 17, 2016

# Broad reach: John Lewis

# Broad reach: John Lewis

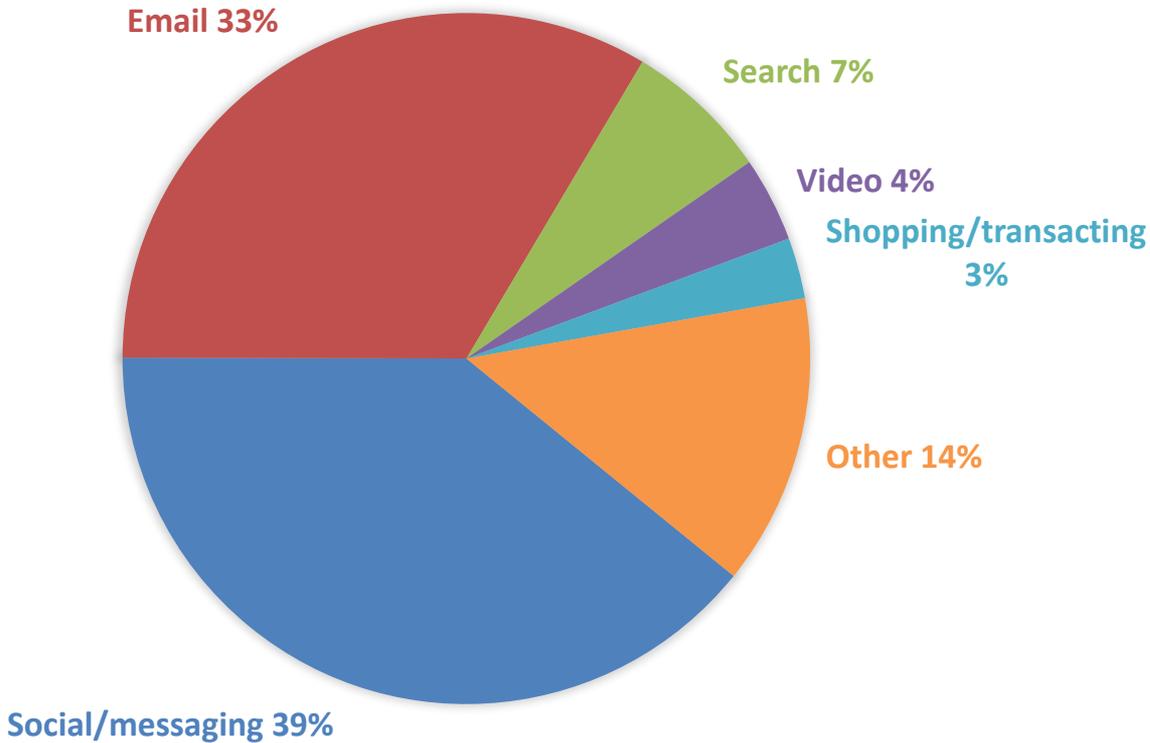


# John Lewis market share



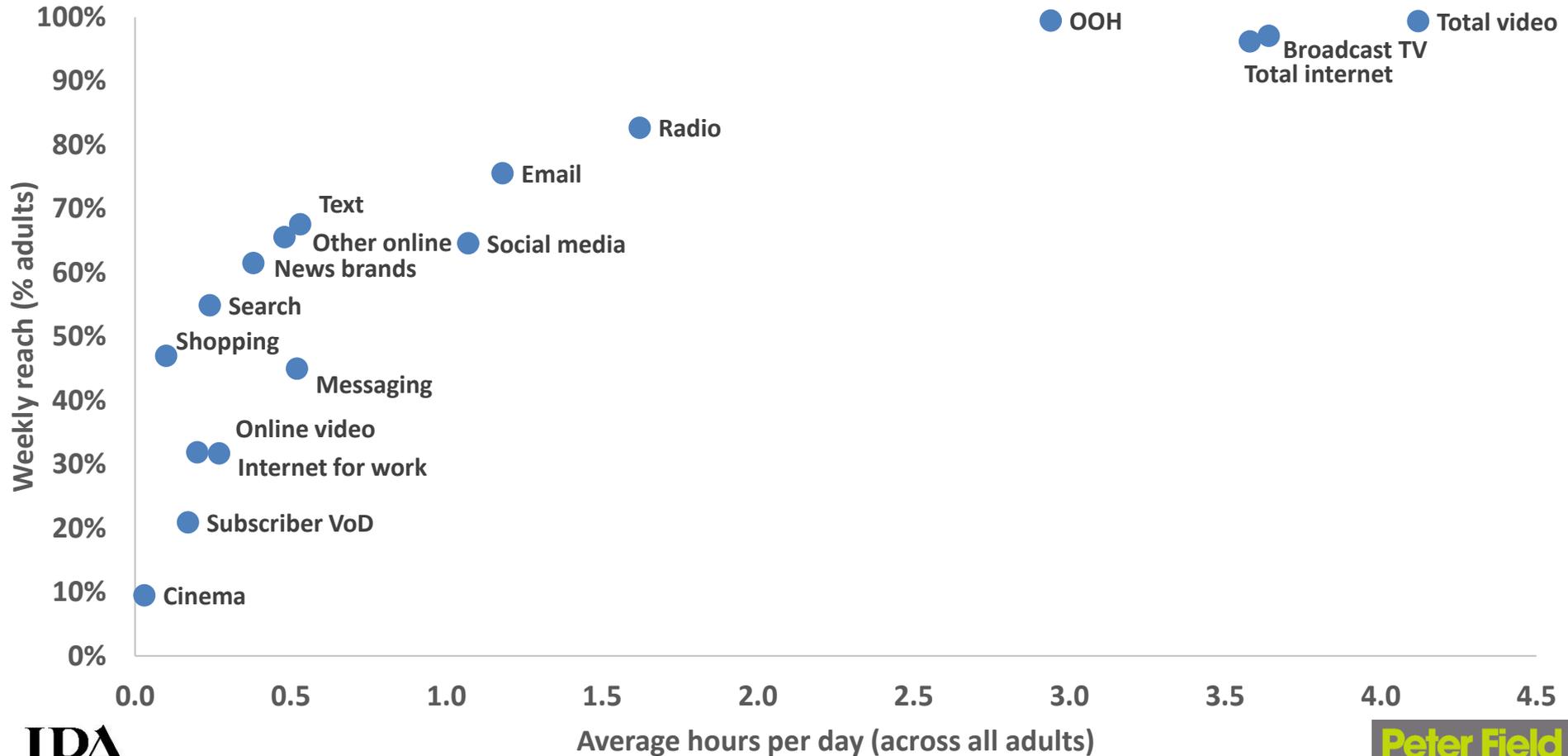
# 3. TV is consolidating its lead in effectiveness

# How people spend their time online

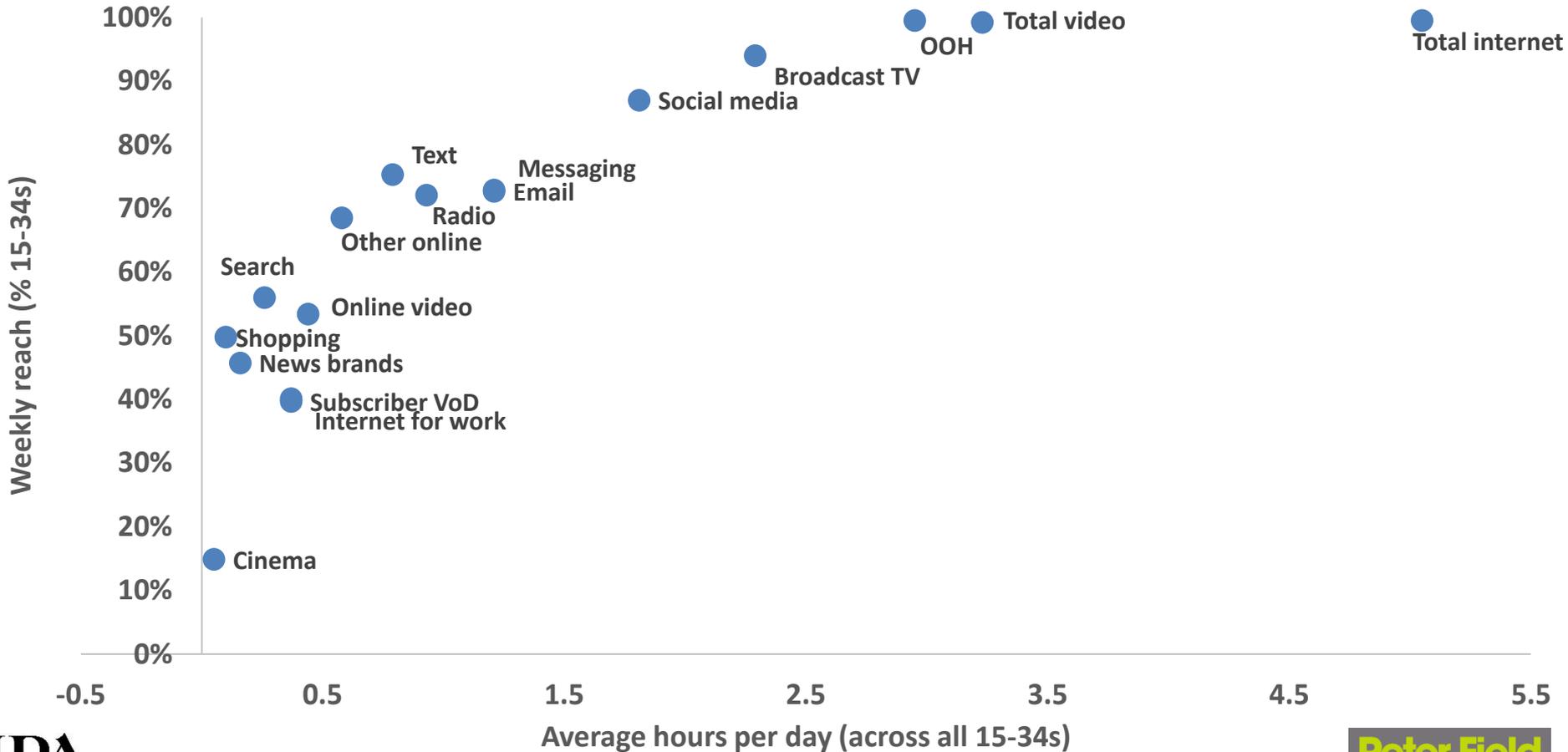


Source: IPA Touchpoints, Wave 6 (April 2016)

# Reaching UK adults

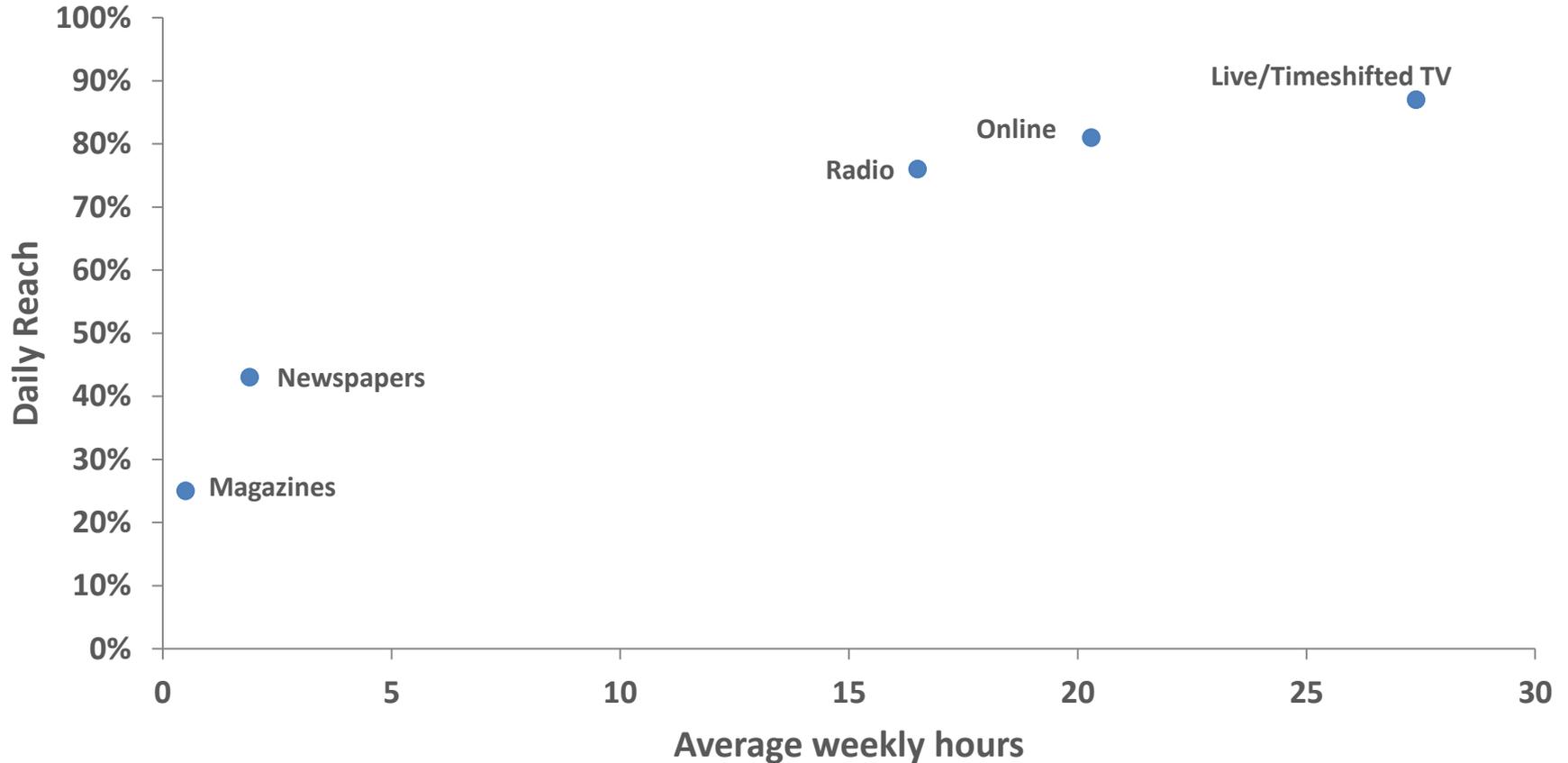


# Reaching UK millennials

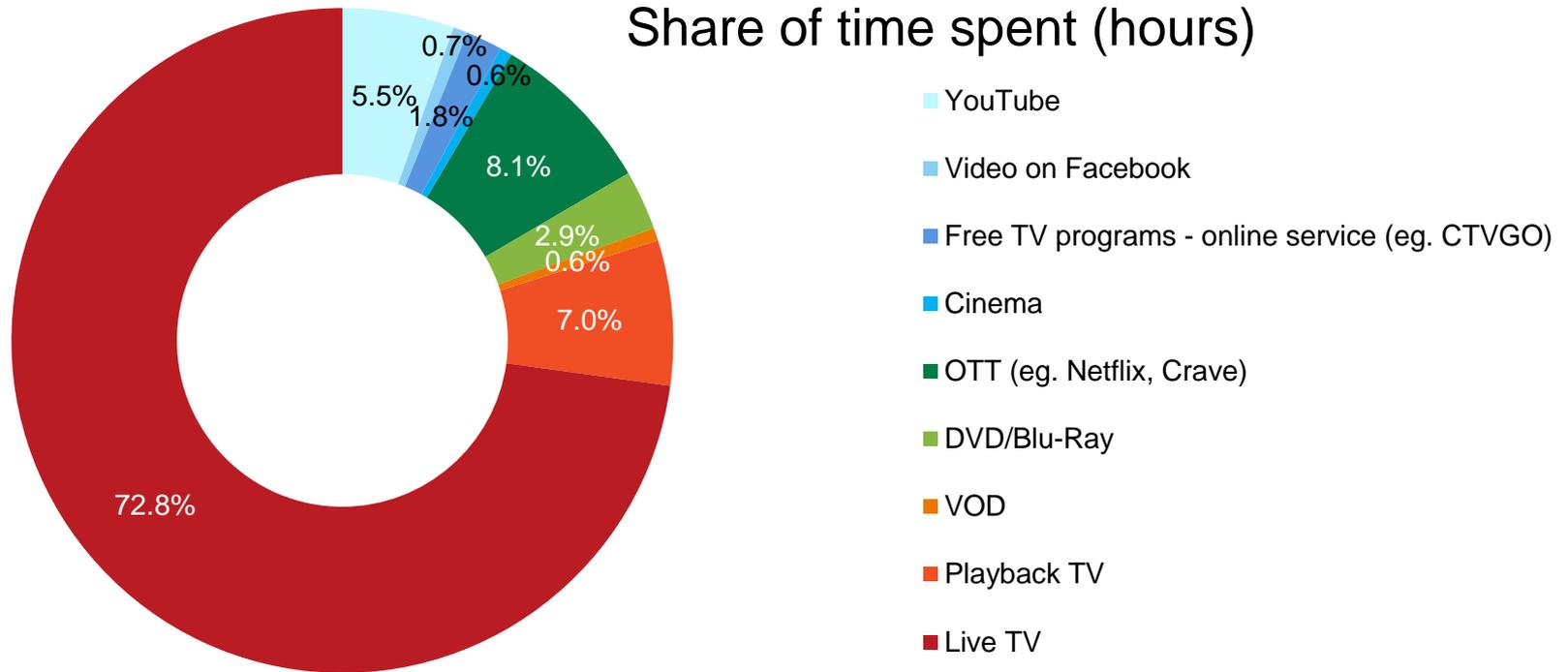


Source: IPA Touchpoints UK 2016 (15-34 year olds)

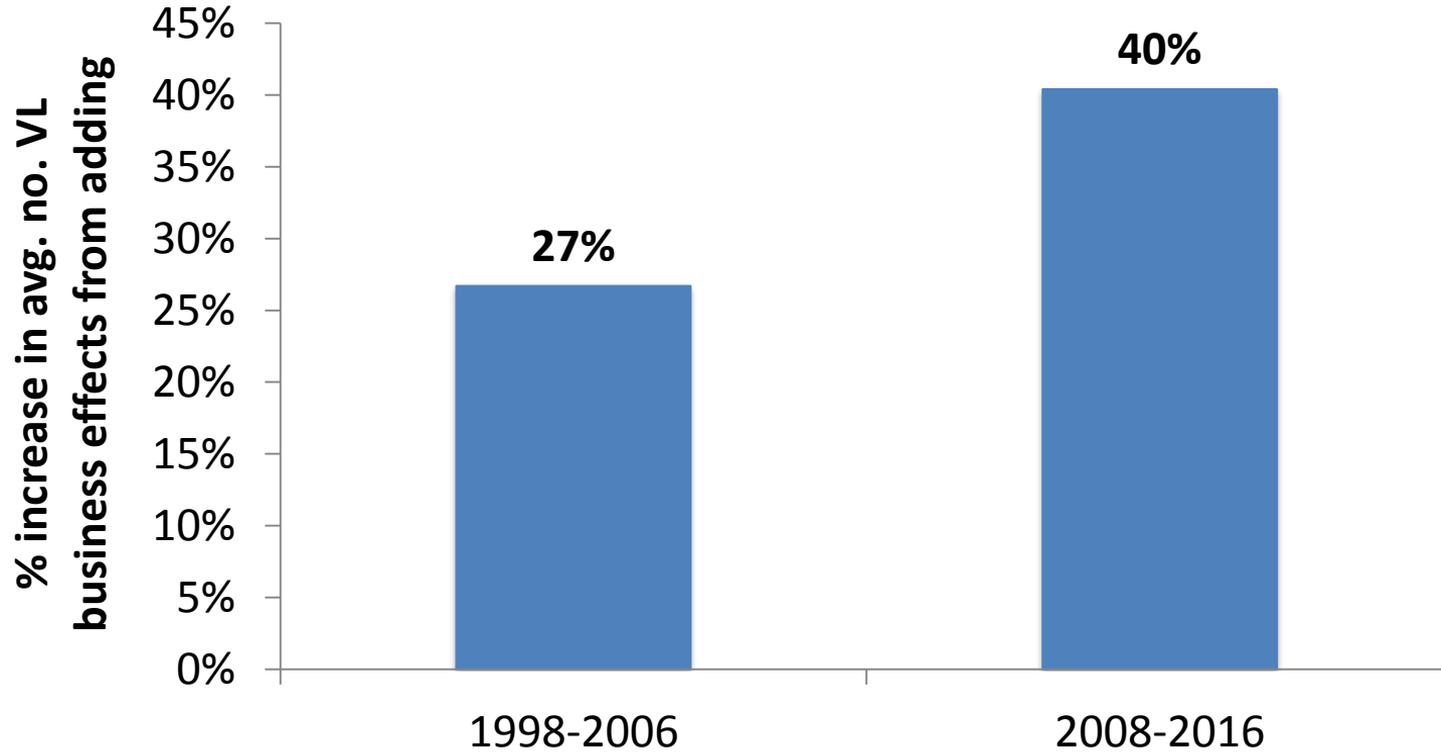
# Reach in Canada



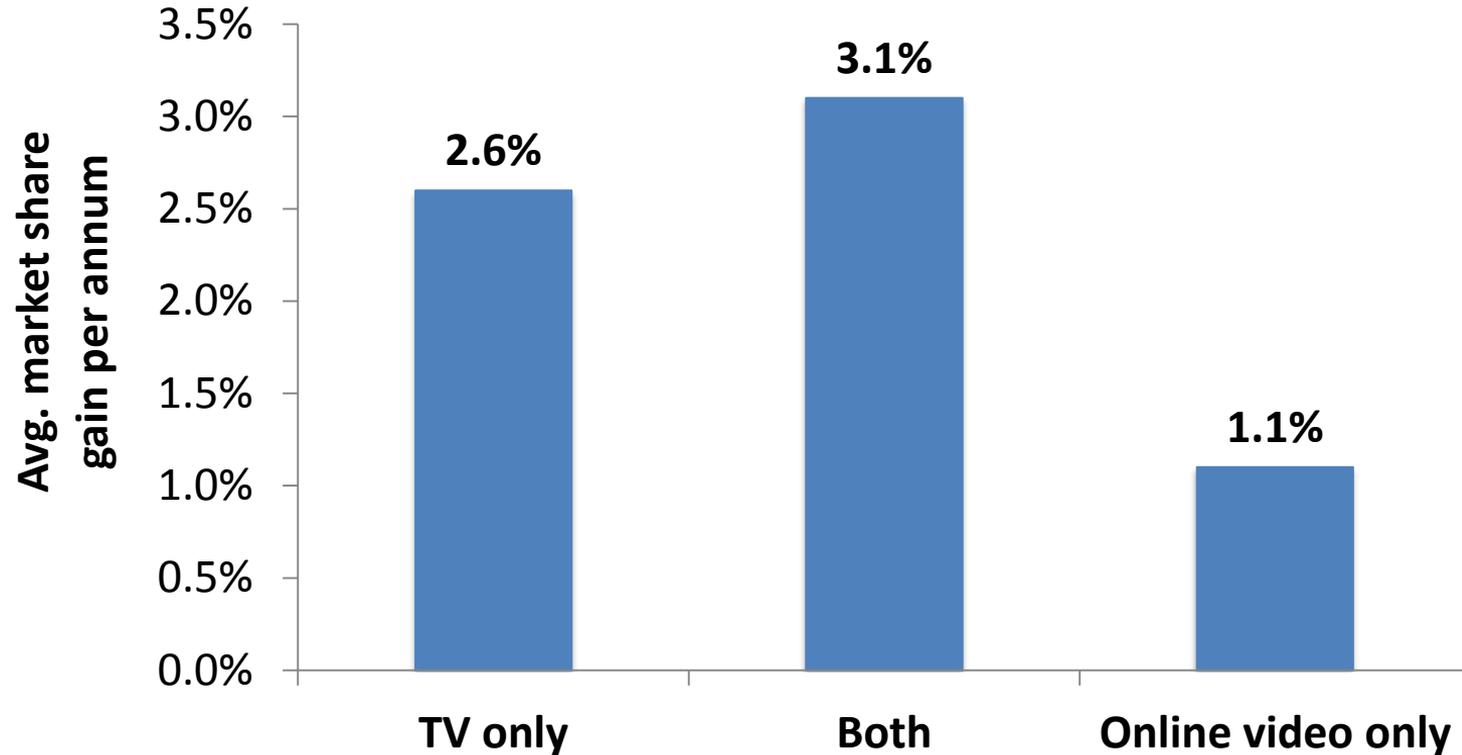
# Canada video consumption 2016



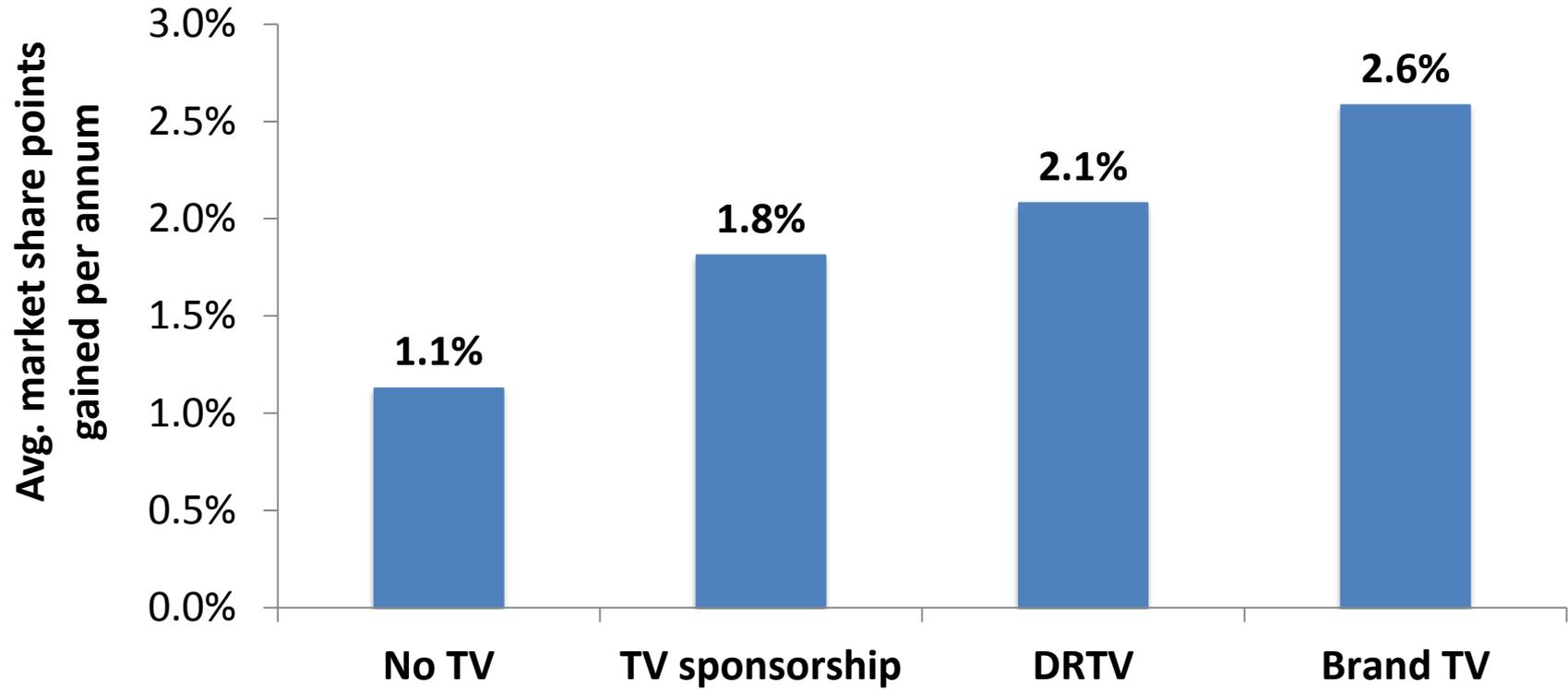
# TV has become more effective



# Online video makes TV more effective

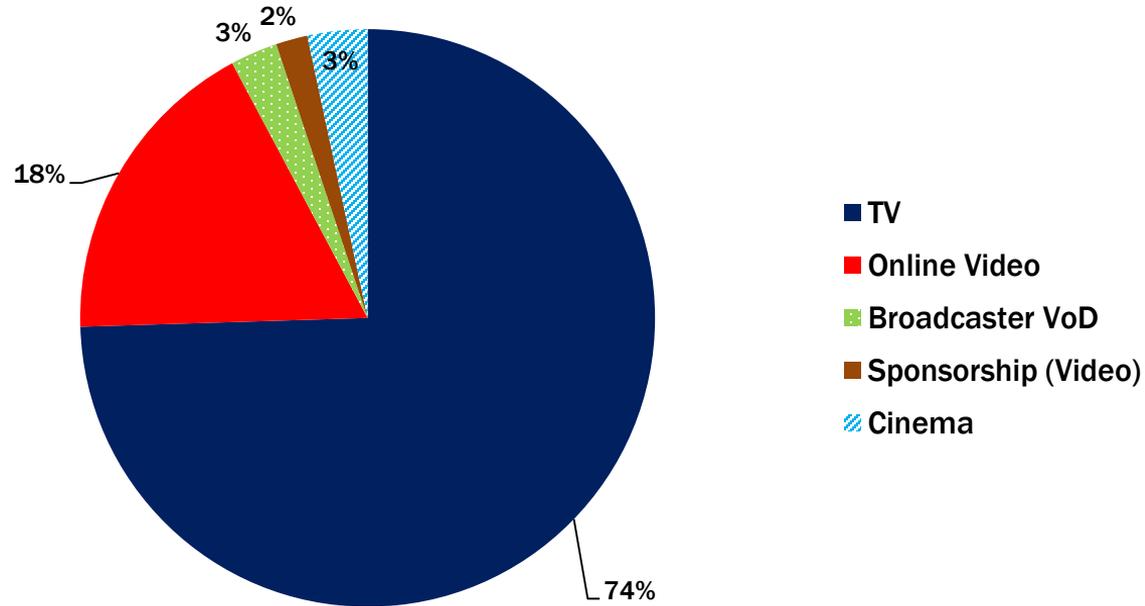


# TV is best for market share growth



# TV + Online video in synergy: Snickers

Bean Kung Fu media allocation

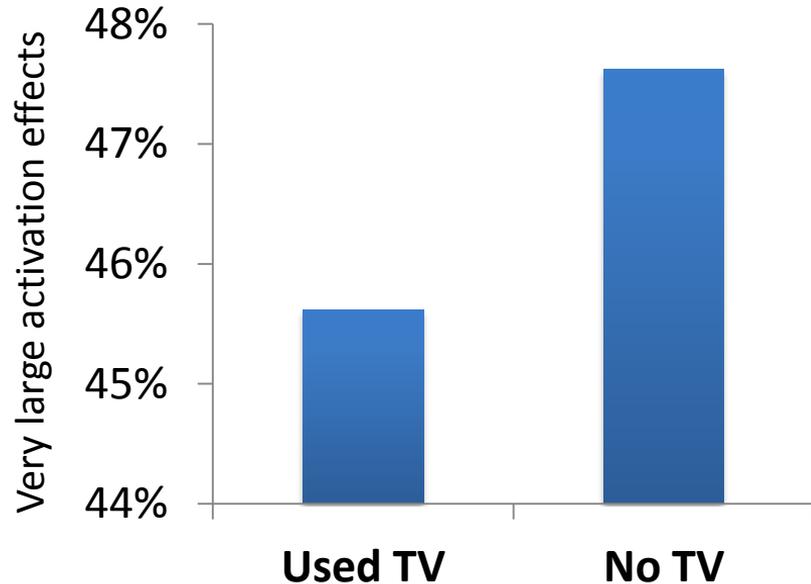


# TV + Online video in synergy: Snickers

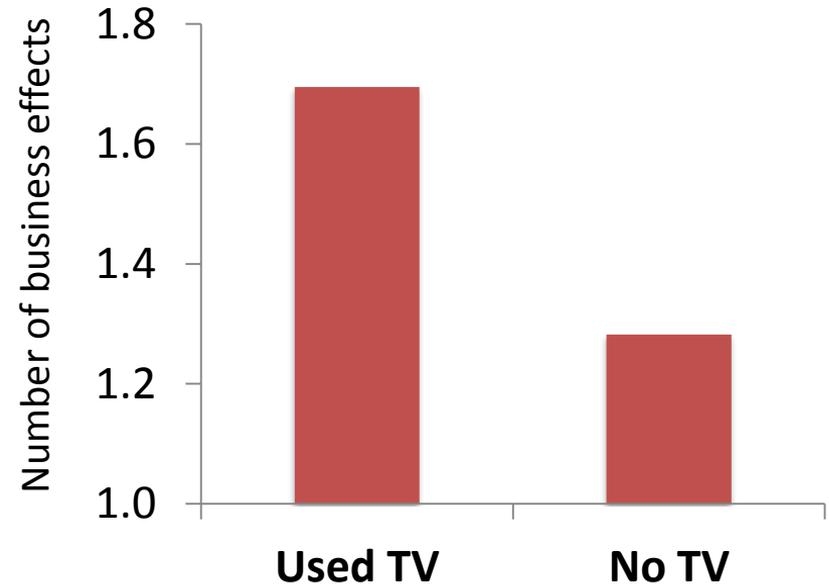


# Short-term data can be misleading

## Brand TV in the short term

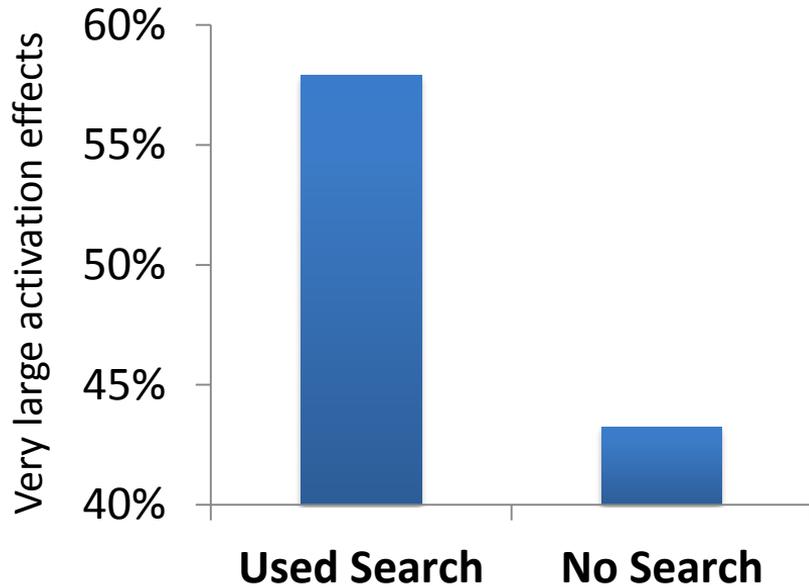


## Brand TV in the long term

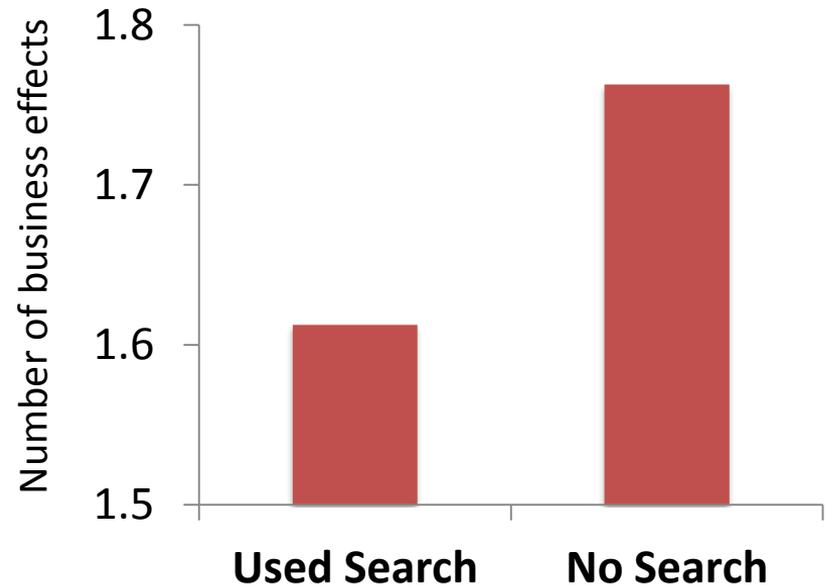


# Short-term data flatters Search

## Search in the short term

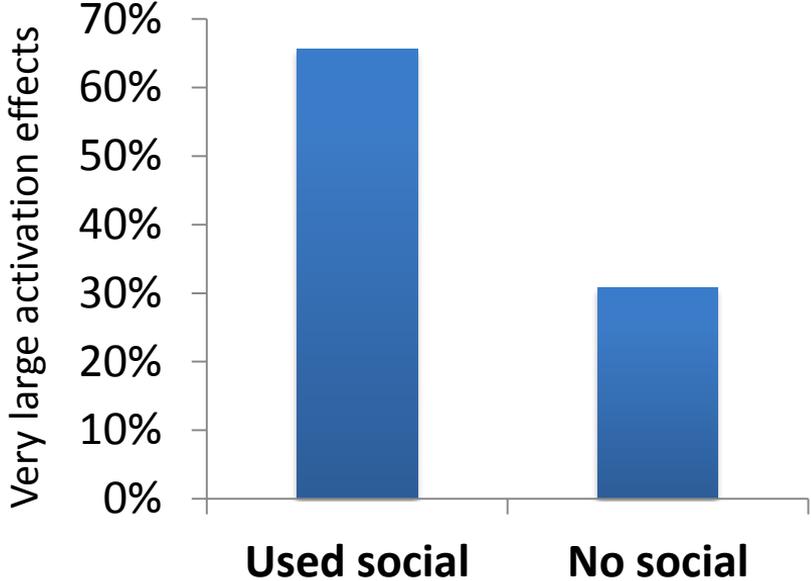


## Search in the long term

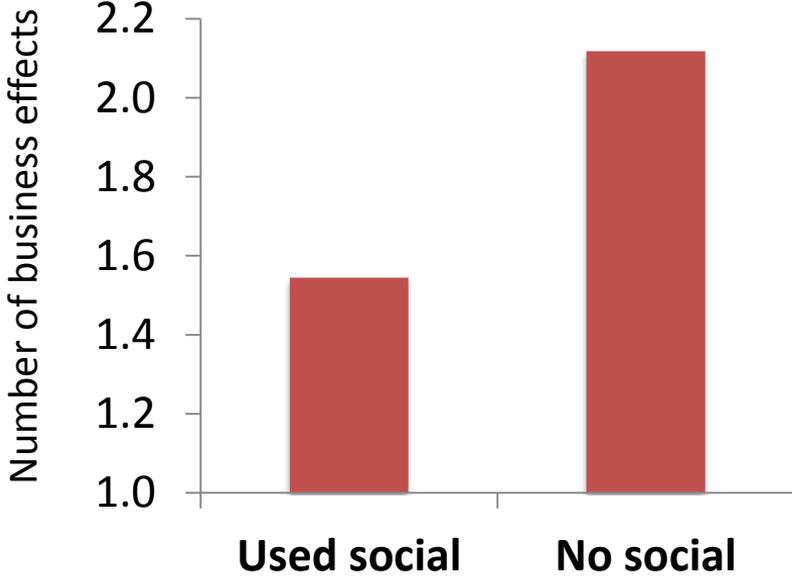


# Short-term data flatters Social

### Social in the short term

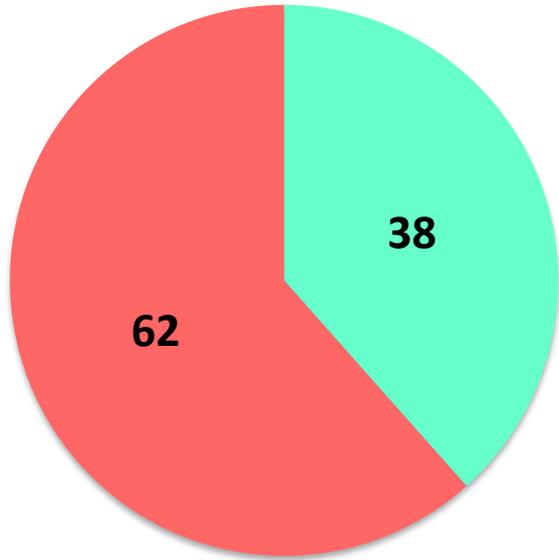


### Social in the long term



# Short-termism in action

Short-term

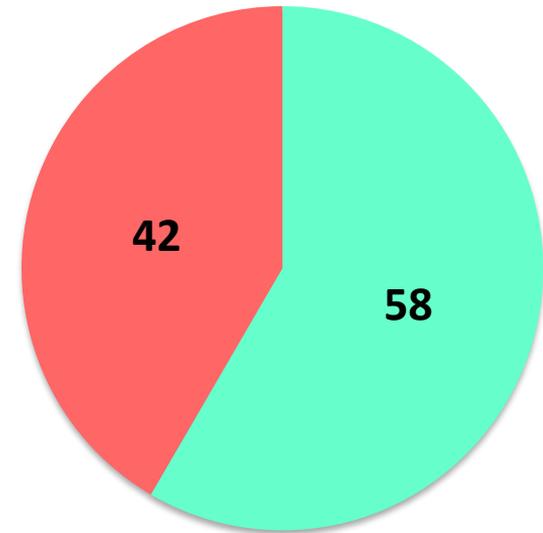


Share of budget %

■ Video-based

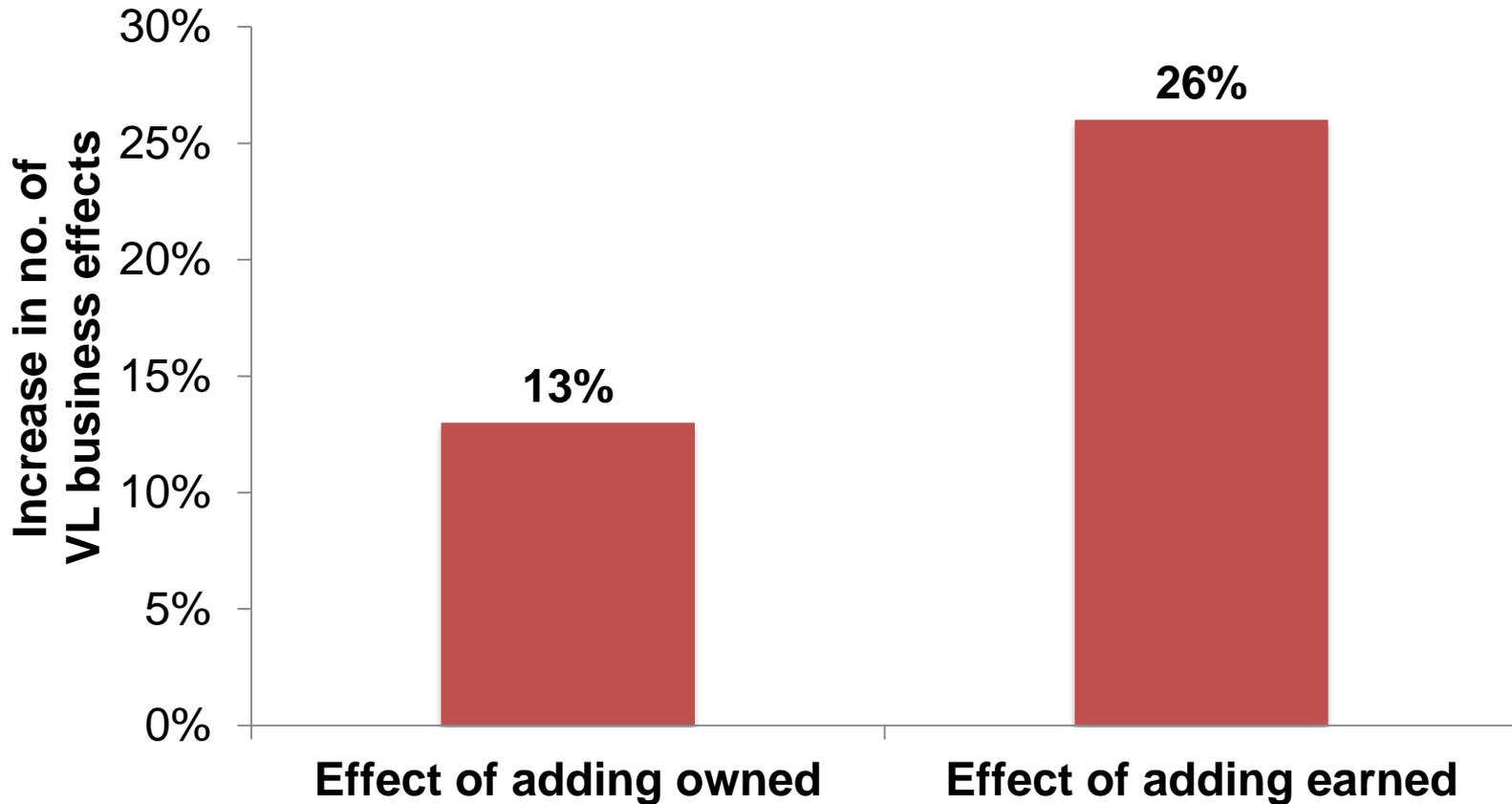
■ Non-video

Long-term

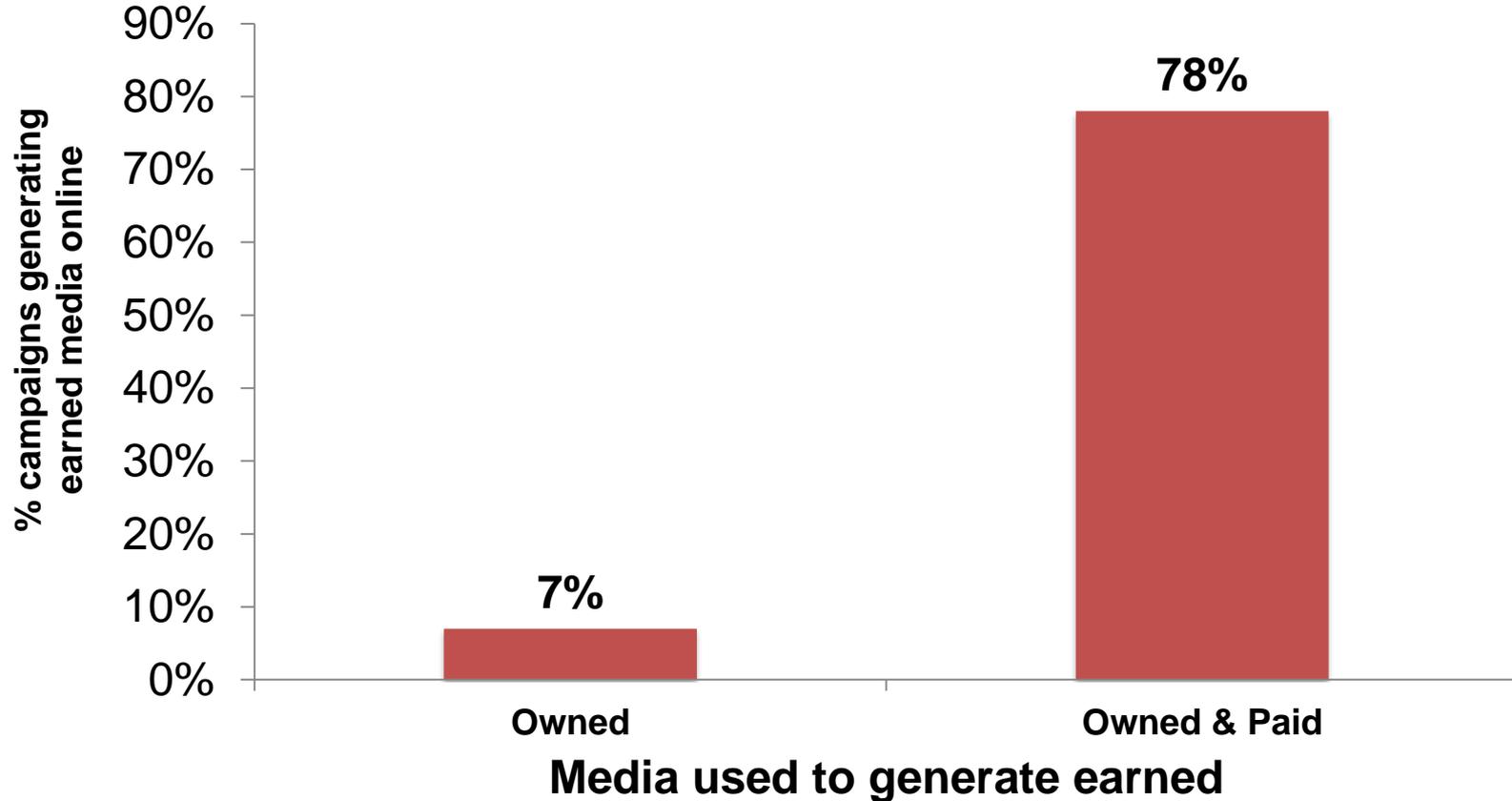


# 4. Communications budgets matter more than ever

# Owned & earned amplify paid effectiveness



# You need Paid media to generate Earned media



# TV as a driver of earned media: 3

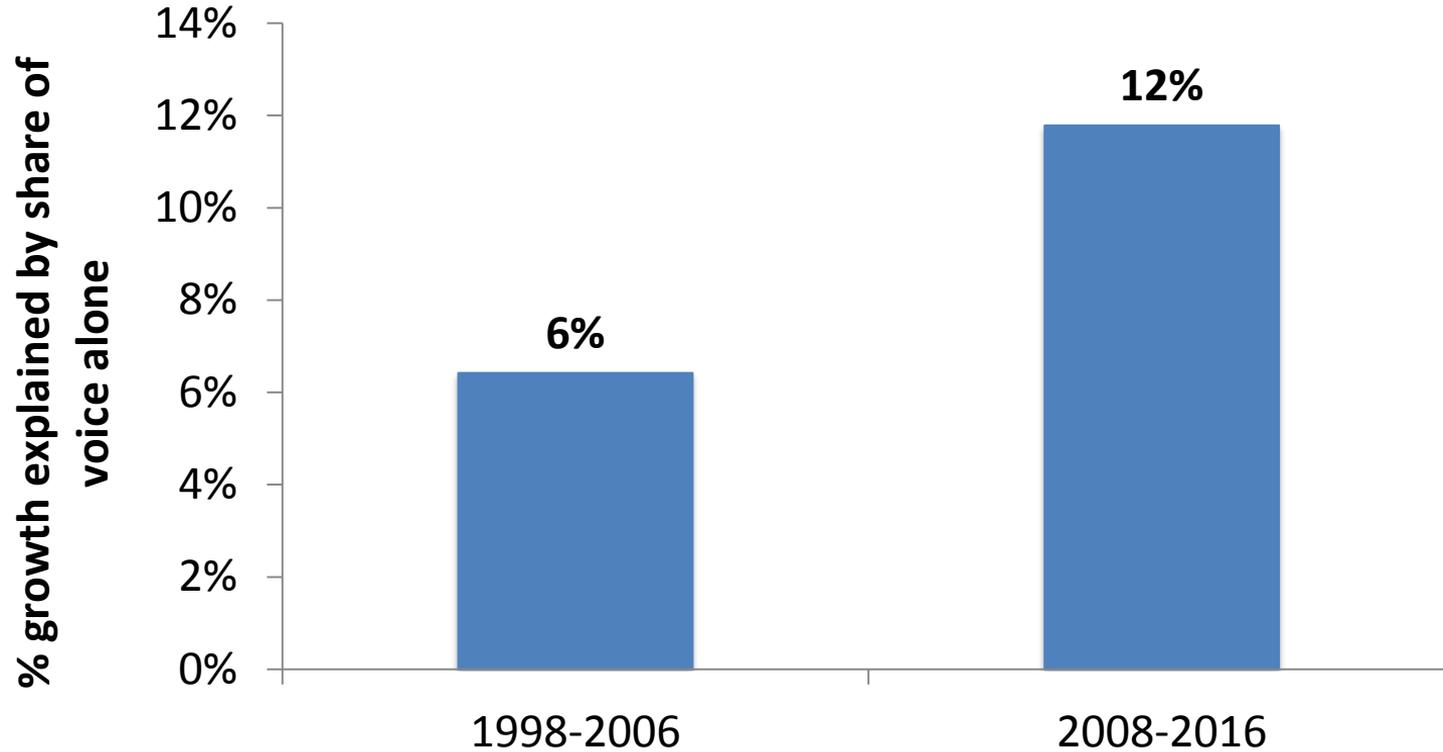
# TV as a driver of earned media: 3



# TV as a driver of earned media: 3



# SOV is getting more important



# 5. Fanatical pursuit of ROI

# The conflict between ROI & Profit

## Top drivers of profit

	Correlation with profit
No. VL biz effects	<b>64%</b>
VL Sales gain	<b>40%</b>
VL mkt share	<b>23%</b>
No. brand effects	<b>23%</b>
VL penetration	<b>21%</b>
VL price	<b>18%</b>
VL loyalty	<b>17%</b>
VL activation effects	<b>15%</b>
ROI	<b>15%</b>

## Top drivers of ROI

	Correlation with ROI
VL activation effects	<b>23%</b>
VL profit	<b>15%</b>
No. brand effects	8%
VL Sales gain	8%
No. VL biz effects	7%
VL price	4%
VL mkt share	1%
VL loyalty	-1%
VL penetration	-3%

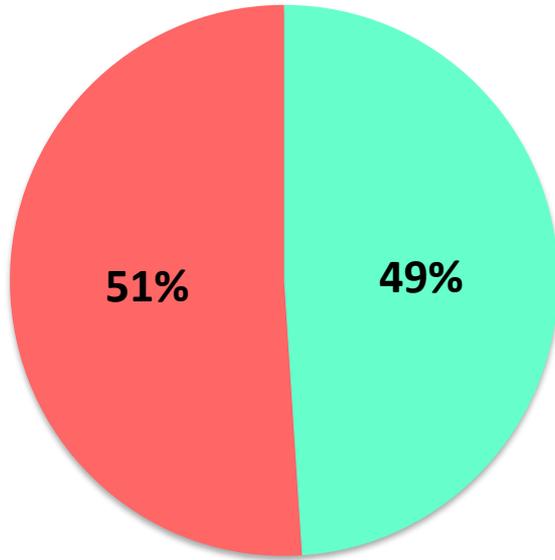
Not significant

Significant at 95% confidence

Significant at 99% confidence

# Focus on ROI promotes activation

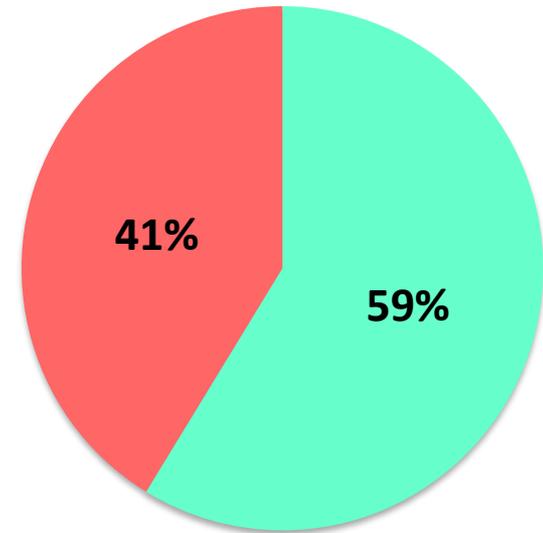
High ROI



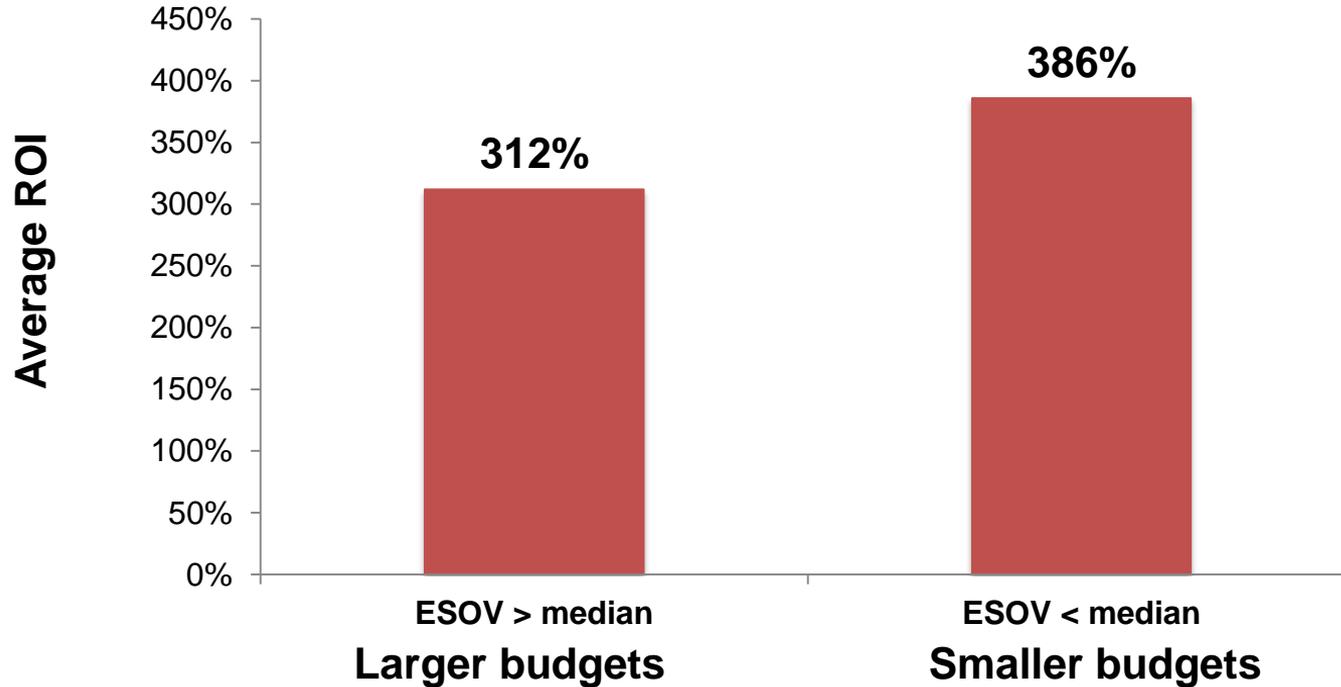
Share of budget %

- Channel share for brand-building objectives
- Channel share for activation objectives

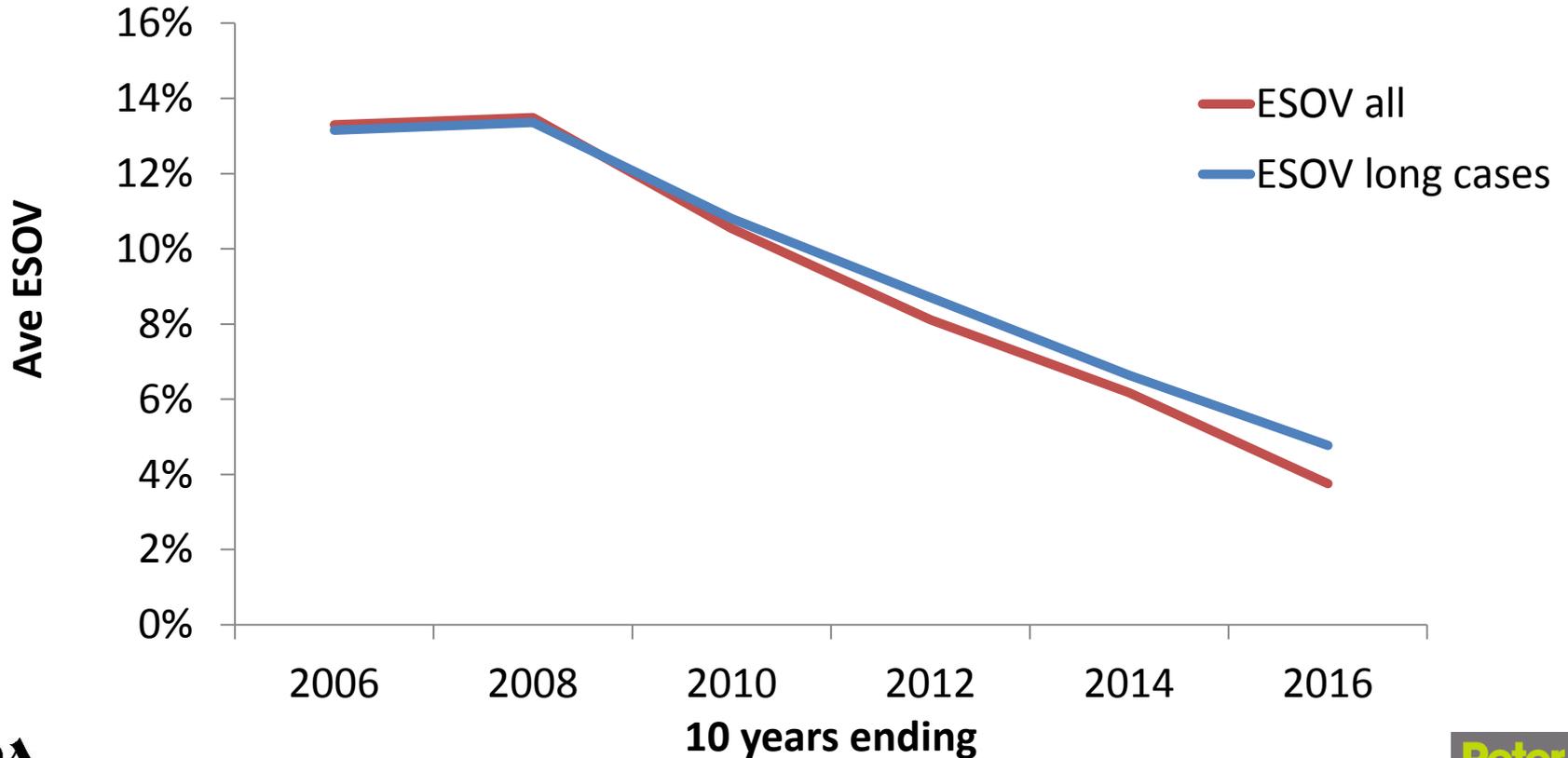
Low ROI



# Focussing on ROI leads to budget cuts



# ESOV has been falling

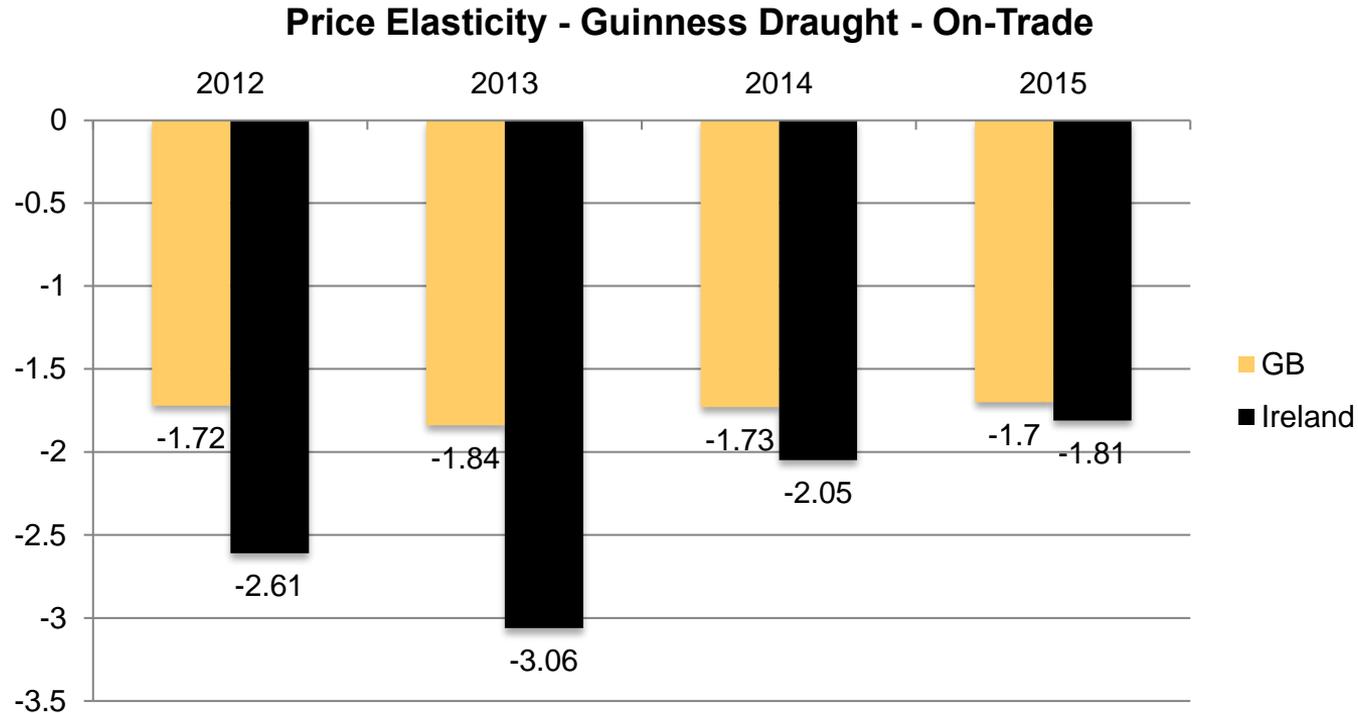


# Adding value instead of cutting cost: Guinness

# Adding value instead of cutting cost: Guinness



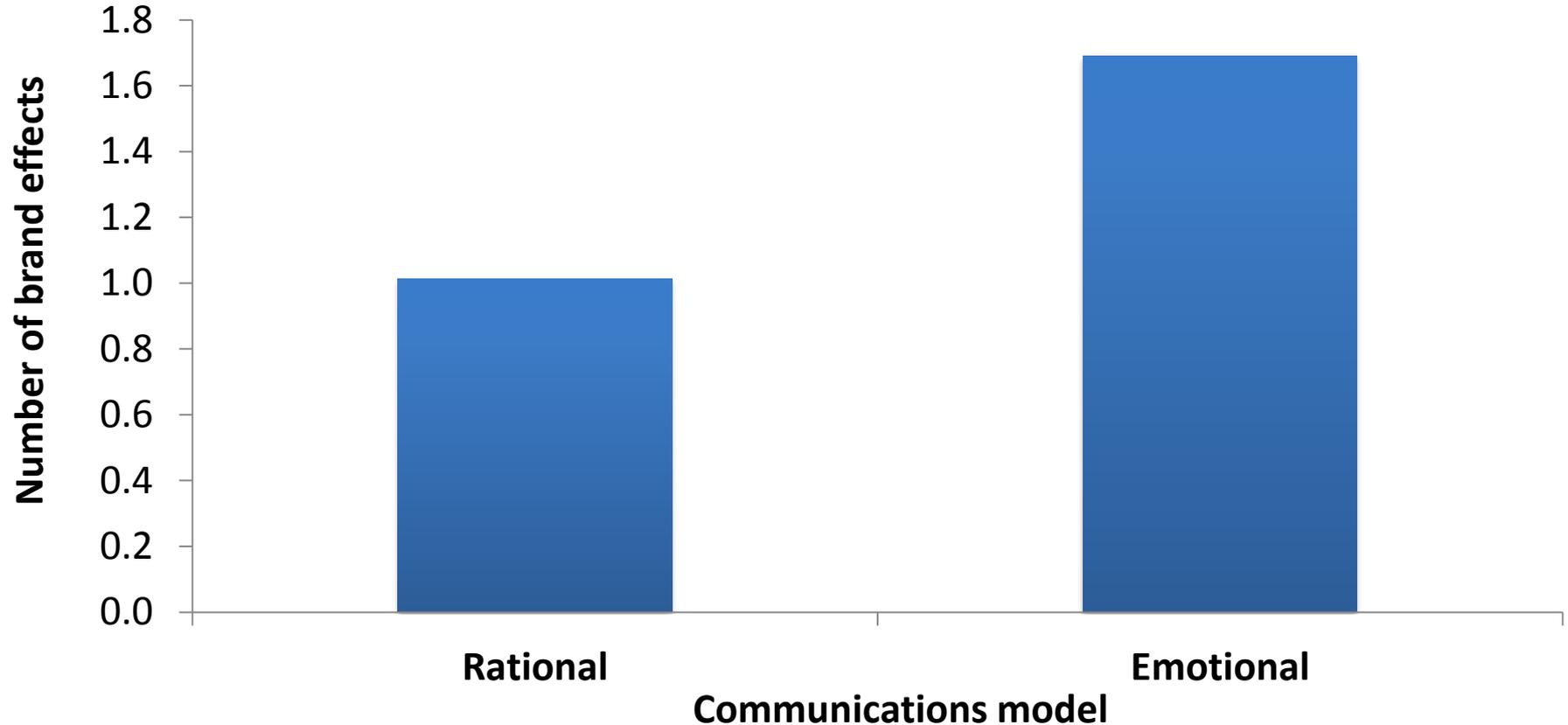
# Adding value instead of cutting cost: Guinness



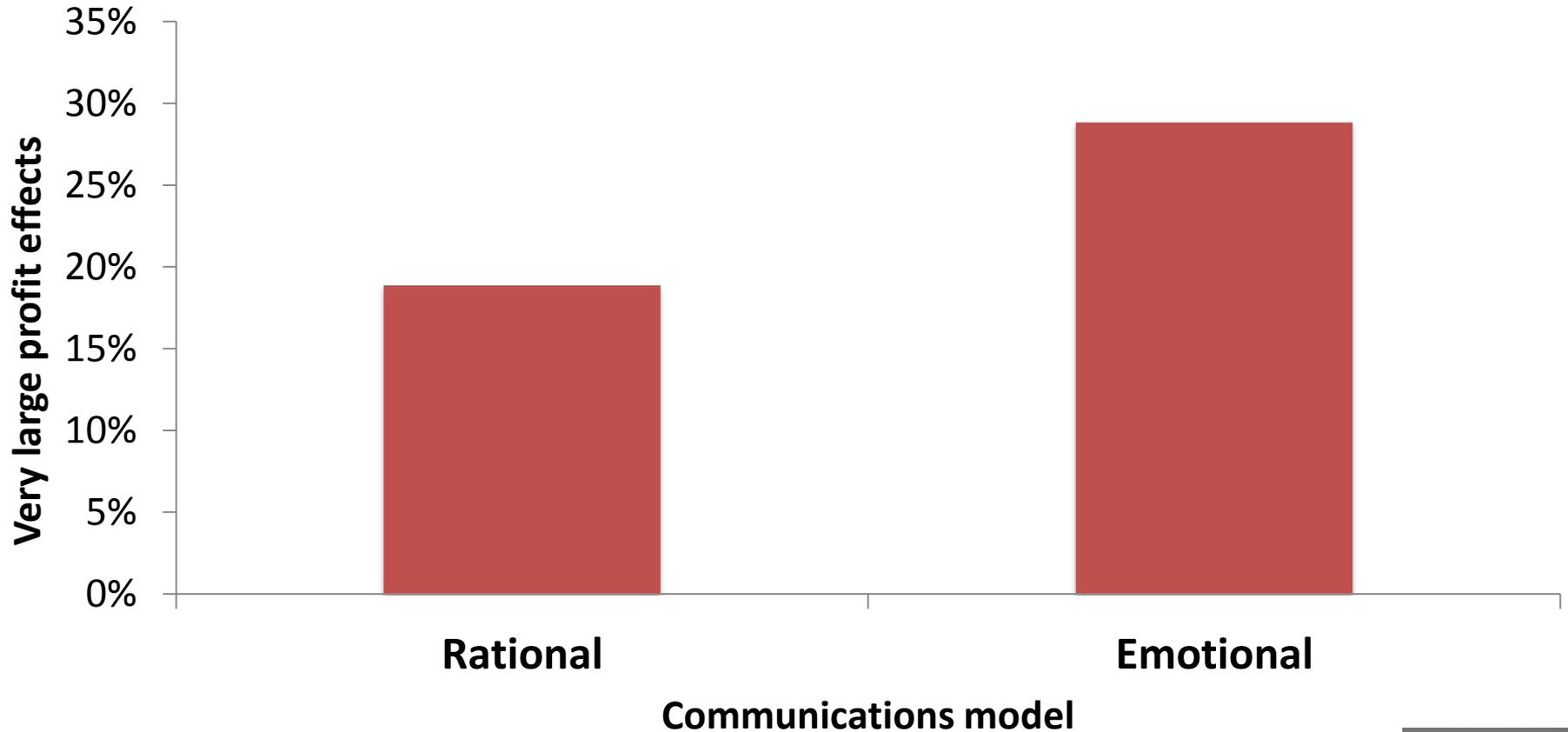
# **6. Emotional brand building is key to long-term growth**

‘Timely and relevant offers’ only  
drive short-term sales

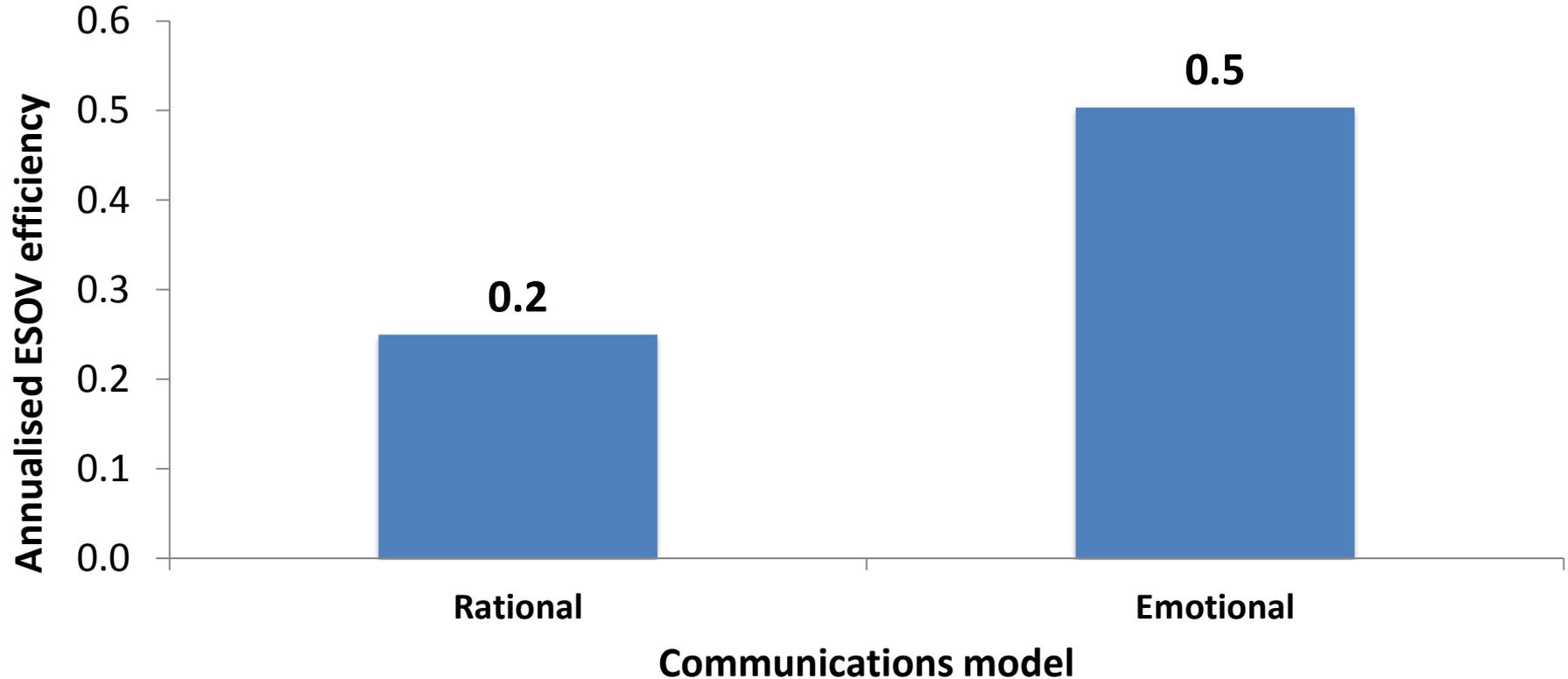
# Emotional campaigns build stronger brands



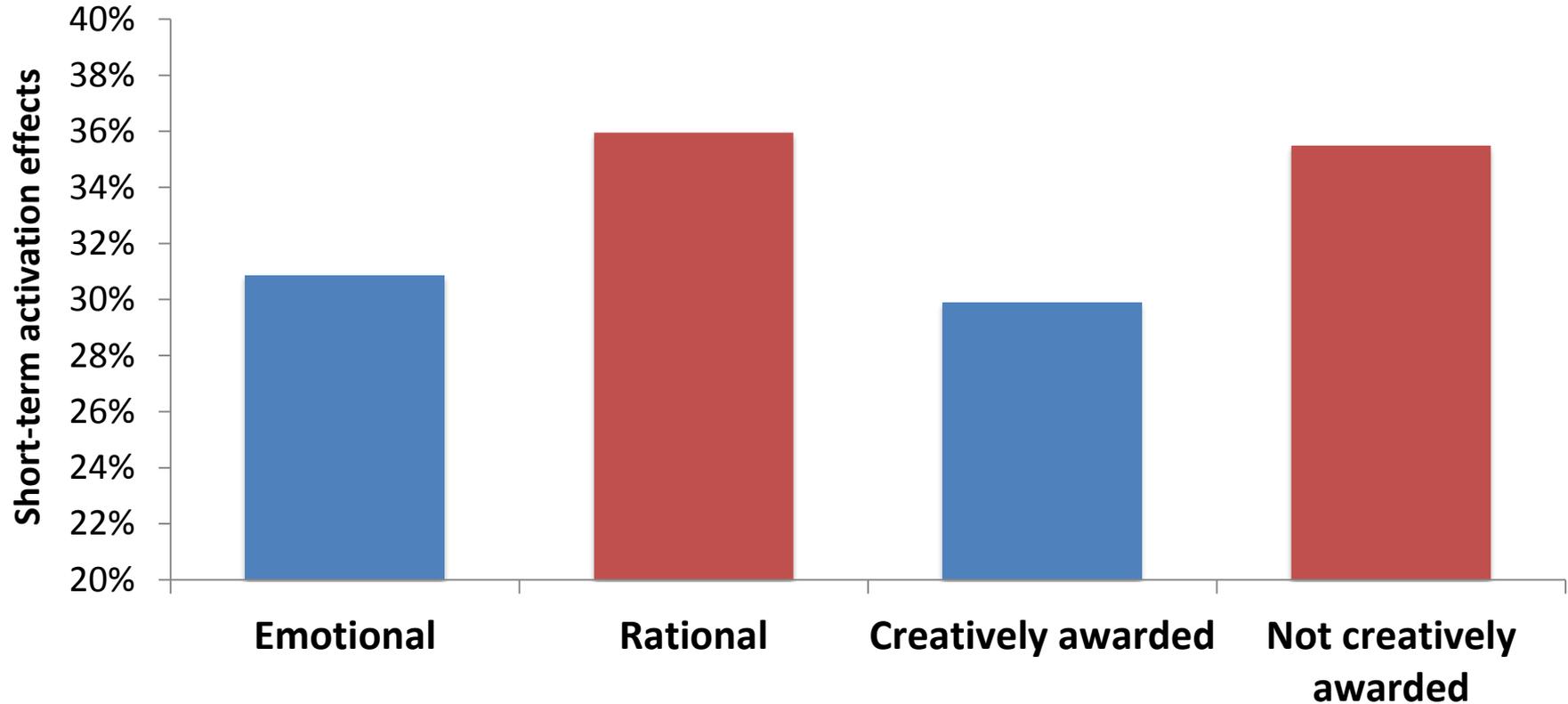
# So emotions are more profitable



# Emotions are more efficient



# Short-term data can be misleading

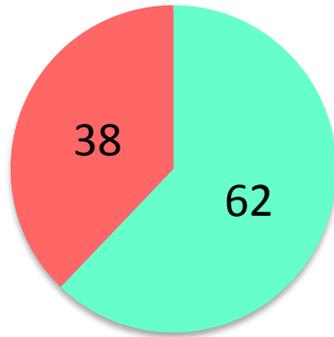


# 7. The 60:40 rule still applies

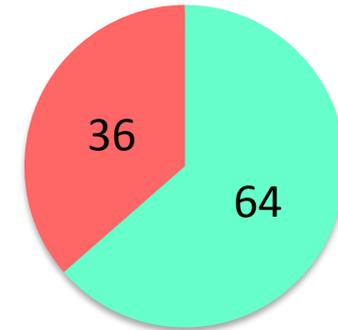
Don't overweighting activation

# Balancing brand and activation for best success

Very large share growth cases

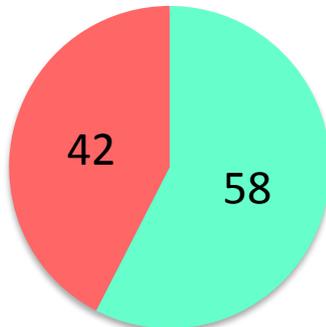


Most efficient cases

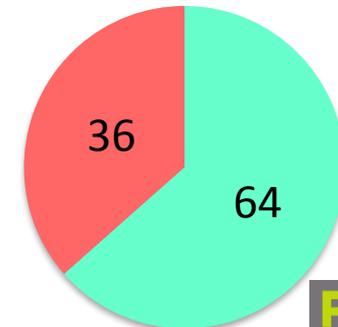


- Channel share for brand-building objectives
- Channel share for activation objectives

Strongest brand-building cases

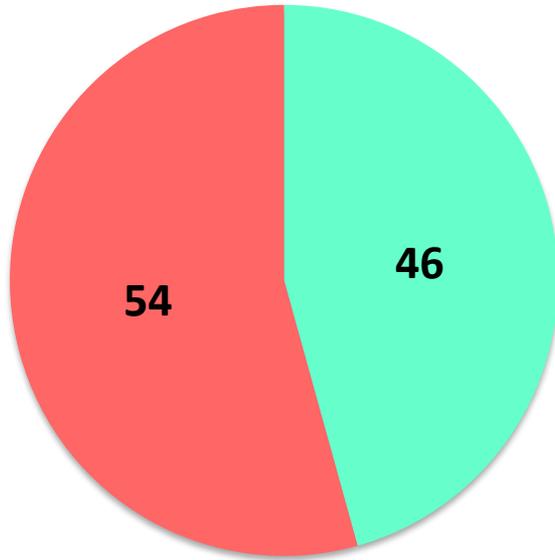


Very large profit growth cases



# Short-termism in action

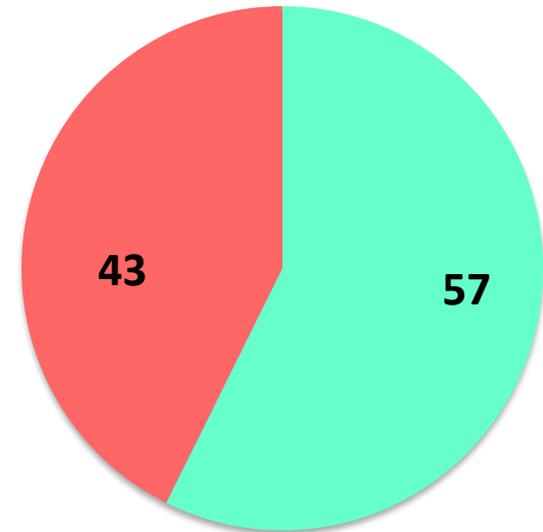
Short-term



Share of budget %

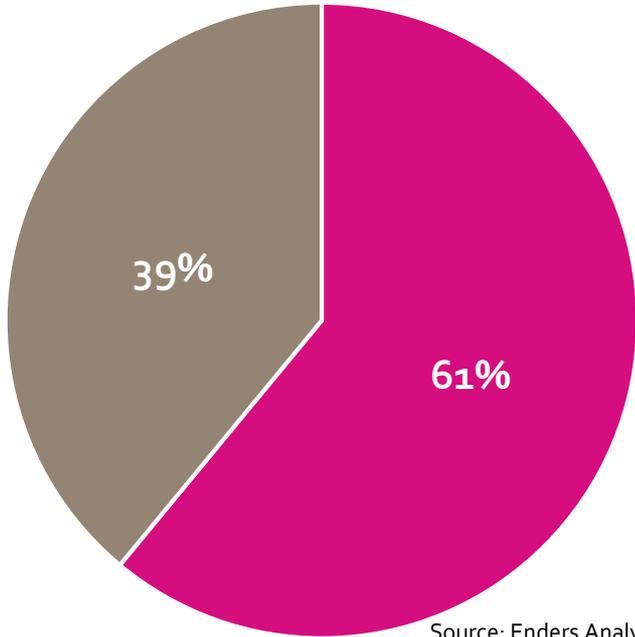
- Channel share for brand-building objectives
- Channel share for activation objectives

Long-term

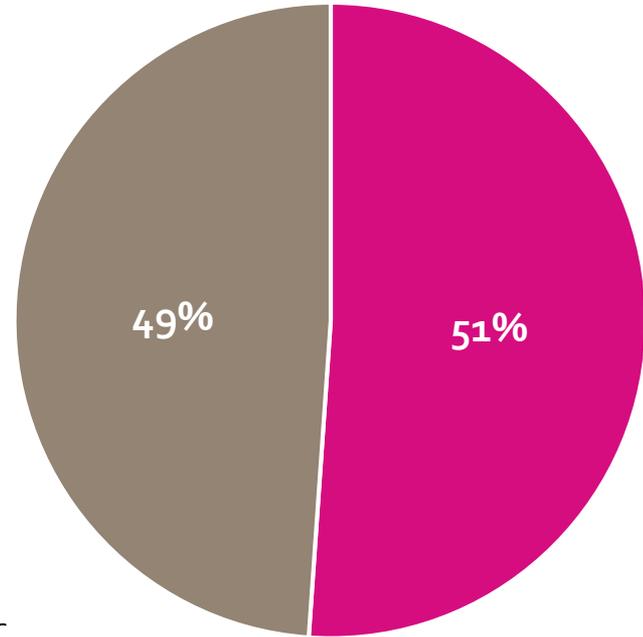


# Activation levels have exceeded optimum

Advertising spend split, 2000



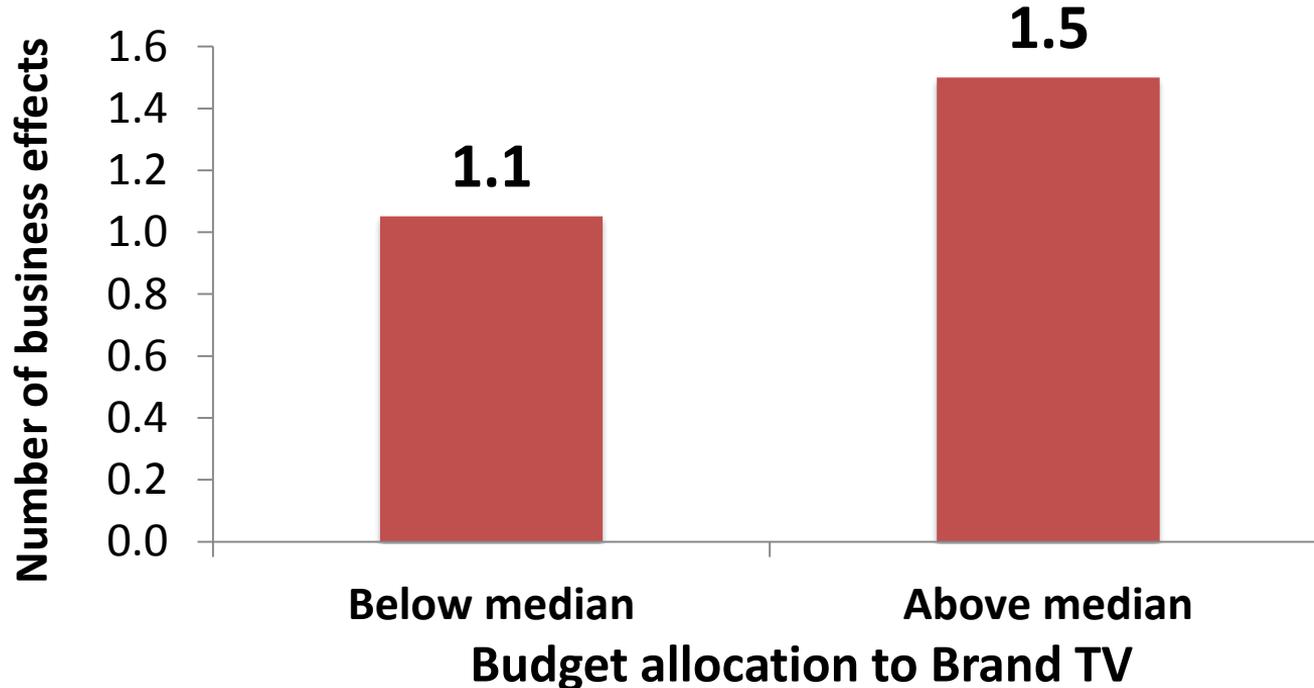
Advertising spend split, 2016



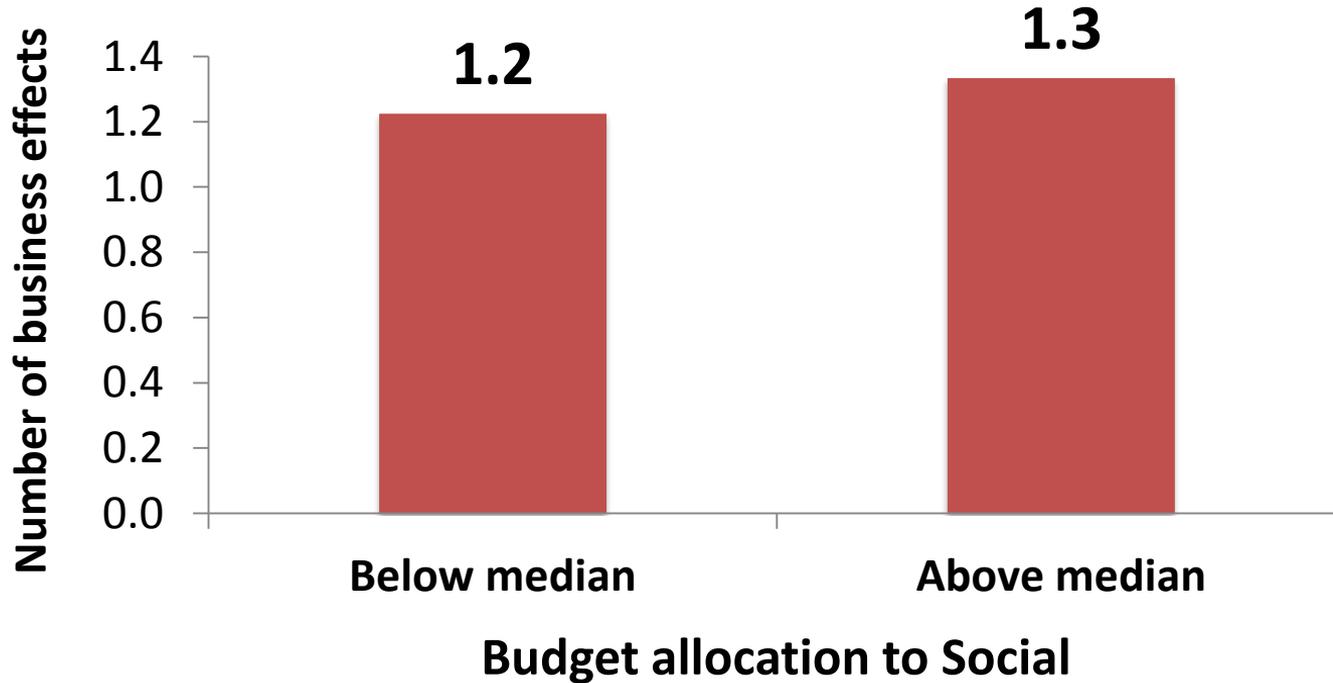
- Share of display
- Share of direct response

Source: Enders Analysis estimates based on AA/WARC

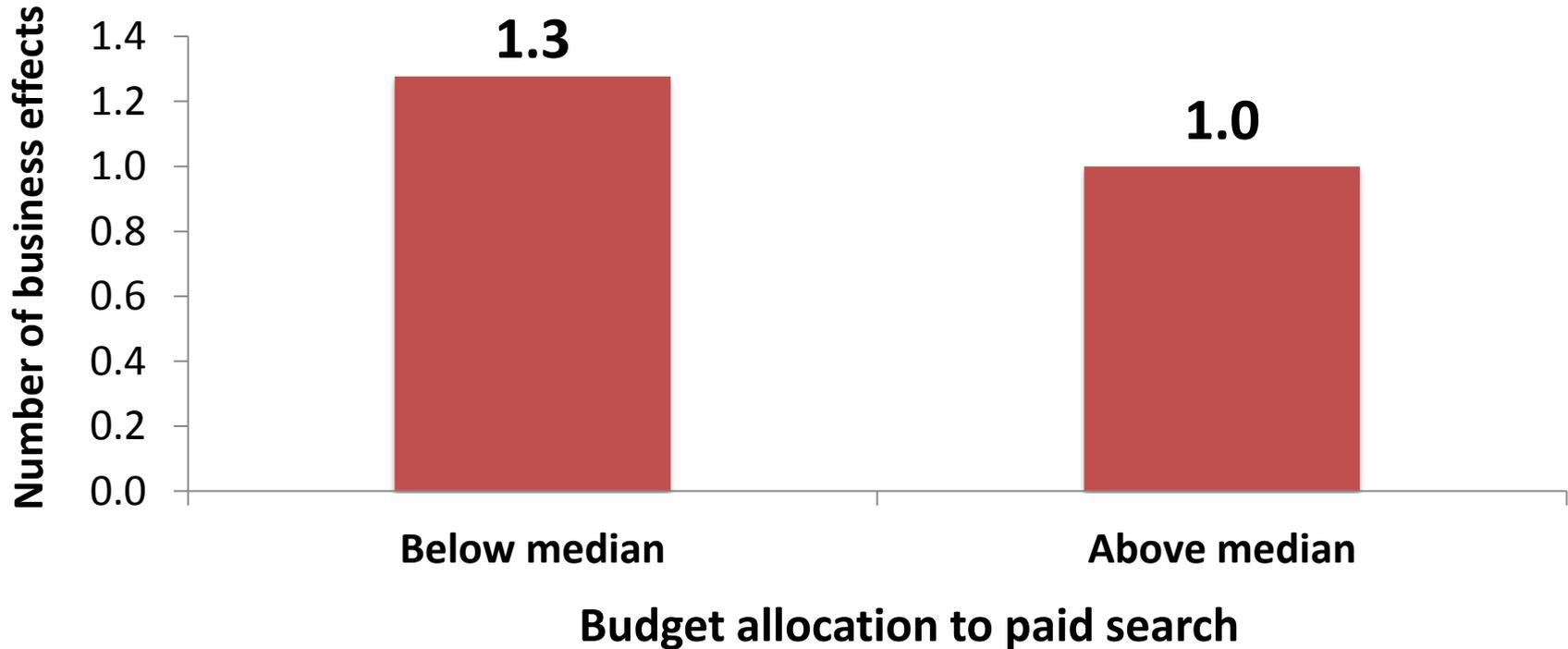
# Brand TV is under-funded



# Social is Fully-funded



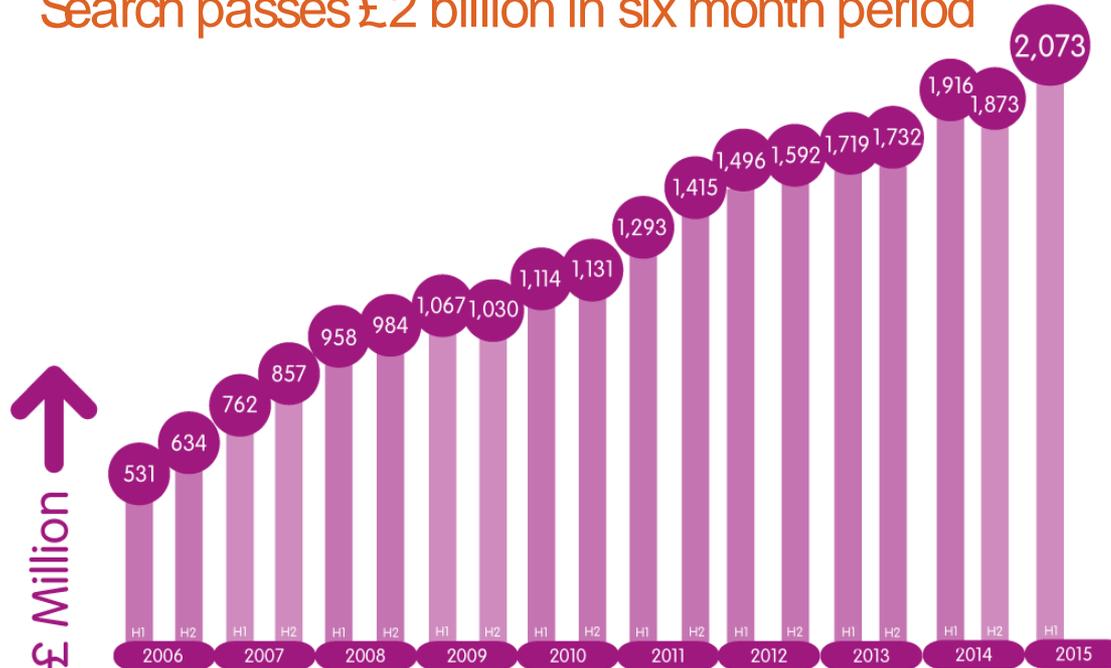
# Search is over-funded



# UK Search spend is running out of control

iab

Search passes £2 billion in six month period



SOURCE IAB / PwC Digital Adspend H1 2015

# Canadian Search spend is also running out of control

Canadian Search – Spend in \$ Millions



# Conclusions

- We need to return to a more balanced perspective on long vs. short term objectives.
- Ensure broad reach for long-term success
- The activation/brand-building pendulum has swung too far towards activation. Remember the 60:40 rule.
- Invest in SOV for growth: dial up brand-building instead of activation. Value video over non-video.
- Design campaigns and evaluation for long-term effects

**Thank you**