



NICK MANNING — TORONTO, APRIL 25 2018

Profit Ability: The business case for Advertising



A review of recent industry research into advertising effectiveness-main sources

Thinkbox UK

ThinkTV
Australia

ThinkTV
Canada



And a bit of Byron Sharp,
Peter Field and Les Binet

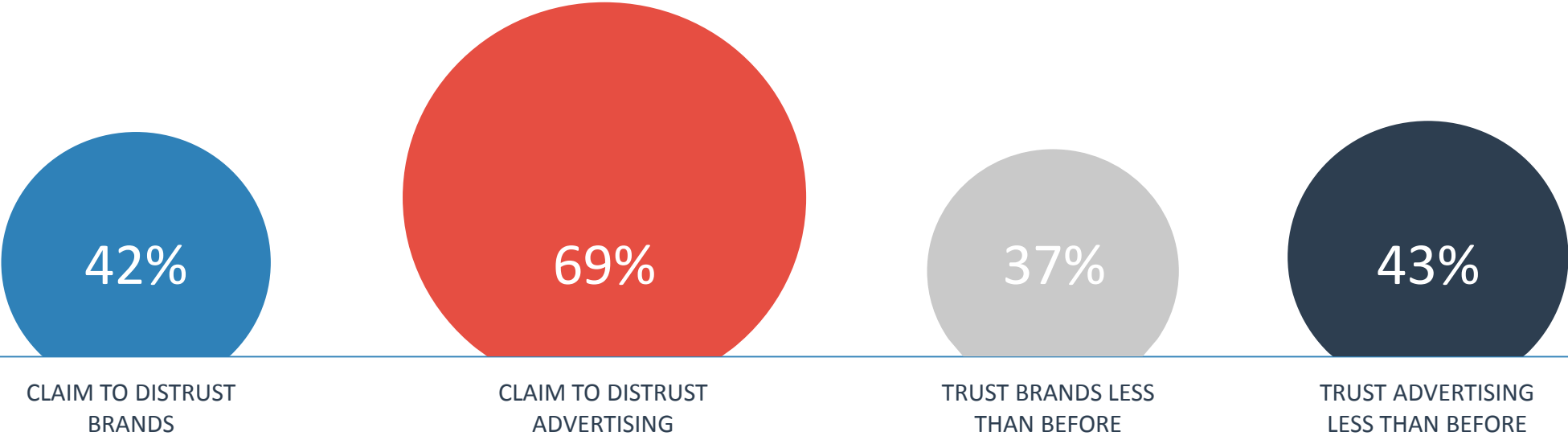
We need to talk about Advertising...

- ▶ Advertising is important for business performance
- ▶ But it is under pressure over measurement and data use, and market changes
- ▶ Our industry needs to continually reinforce the role of advertising for brand-building
- ▶ And the importance of measuring long- and short-term effect
- ▶ And reappraise the role of TV in driving effectiveness for brands

Public trust in brands, advertising and media has waned



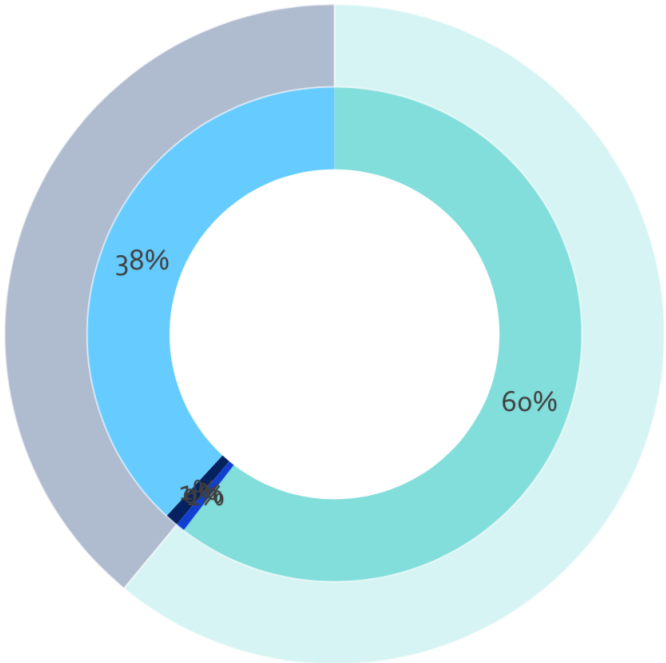
As the threat of “fake news”
to democracy grows,
public trust in the media wavers



Source: Trinity Mirror/IPSOS-Summer 2017

A greater focus on short-term measurement: focus on 'ROI' and digital metrics

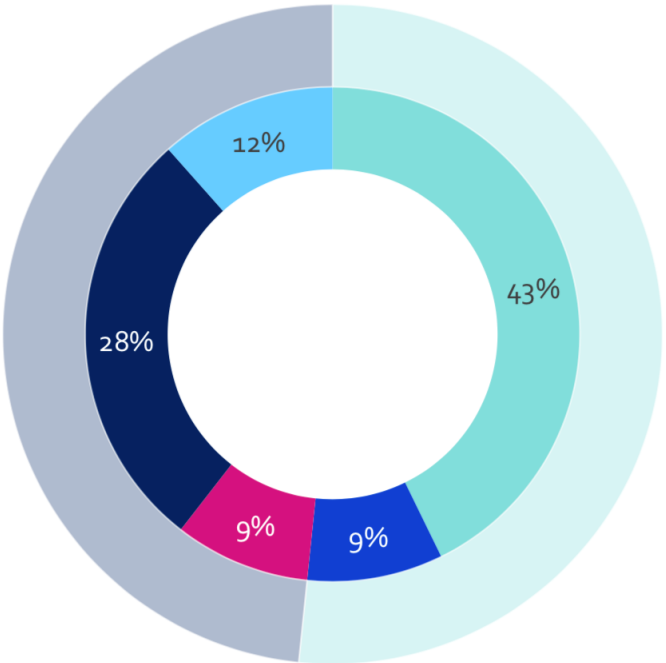
2000



Analogue brand display Digital brand display
Digital DR display Digital DR
Analogue DR

[Source: Enders Analysis estimates based on Warc/AA]

2016



Analogue brand display Digital brand display
Digital DR display Digital DR
Analogue DR

‘Profit Ability’: the business case for advertising



ebiquity

GAIN
THEORY

thinkbox 

Profit Ability: the business case for advertising

Objectives:

- Evidence for **short** and **long-term** effects
- Understand the role of TV within these effects
- Language of the board room: **profit return** and **risk**
- Advocate the **responsible use of ROI**



What's the average return delivered by advertising?

Independent econometric study

Short term return

10 categories

150+ advertisers

1,900 campaigns

Long term return

29 advertisers

500 campaigns

ebiquity

Data-driven insights

**GAIN
THEORY**



Short-term profit return

Campaign period + 0-3 months

ebiquity



thinkbox 

Total advertising performance-all sectors

All media

£1.51

Television

£1.73

Source: 'Profit Ability: the business case for advertising', November 2017
Ebiquity ROI campaign database (Jan'08-May'17). Campaign obs: 6000

TV performance remains consistent (short-term ROIs)

2008-11

£1.70



2011-14

£1.79

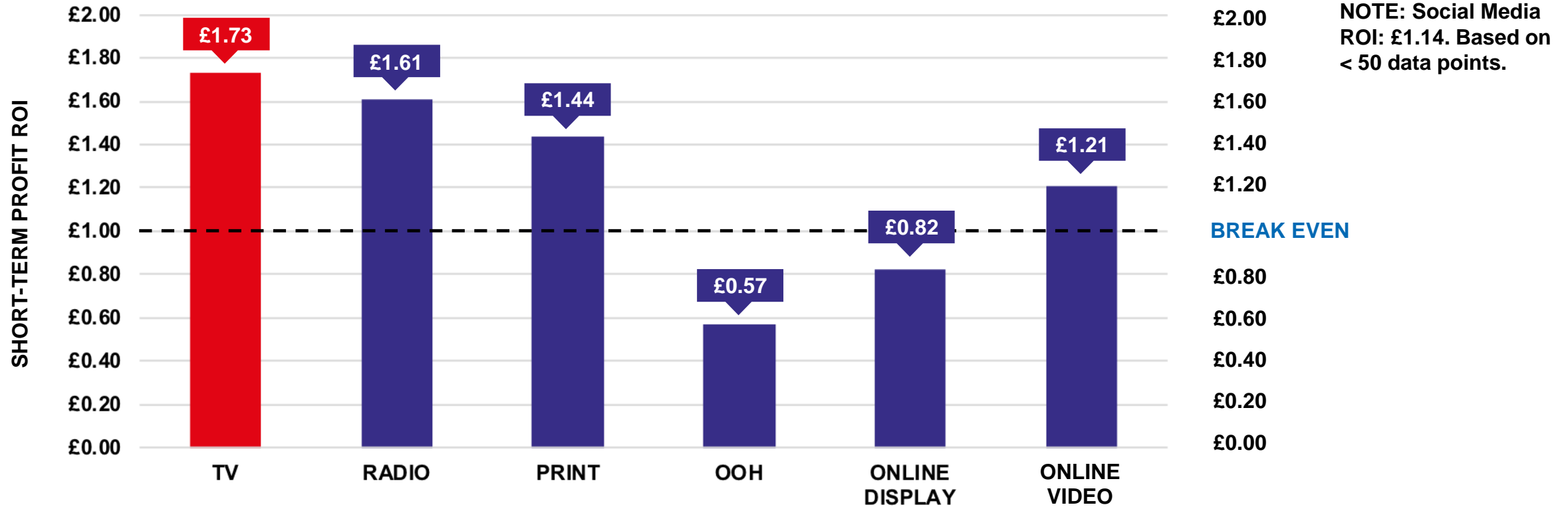


2014-17

£1.73

Source: 'Profit Ability: the business case for advertising', November 2017
Ebiquity ROI campaign database (Jan'08-May'17). Campaign obs: 6000

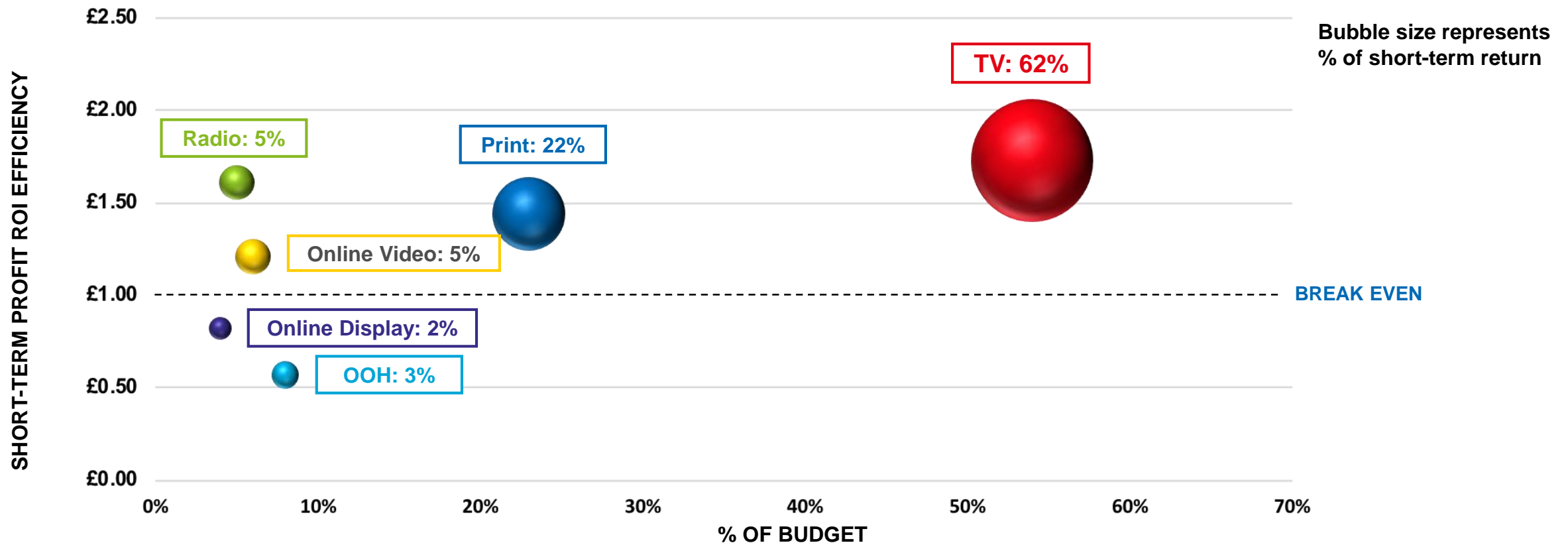
TV is the most efficient channel in the short-term



Source: 'Profit Ability: the business case for advertising', November 2017
Ebiquity ROI campaign database (Feb'14-May'17). Campaign obs: 1954

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

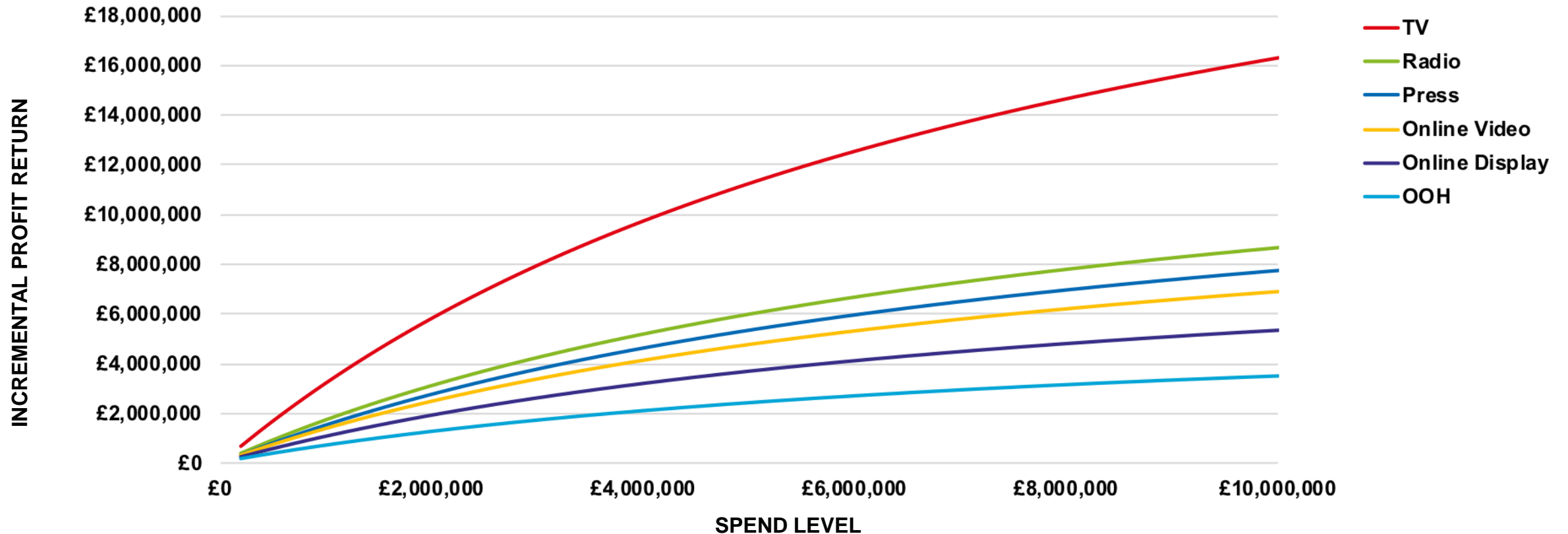
TV creates 62% of short-term profit at the highest efficiency (all categories)



Source: 'Profit Ability: the business case for advertising', November 2017
Ebiquity ROI campaign database (Feb'14-May'17). Campaign obs: 1954

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

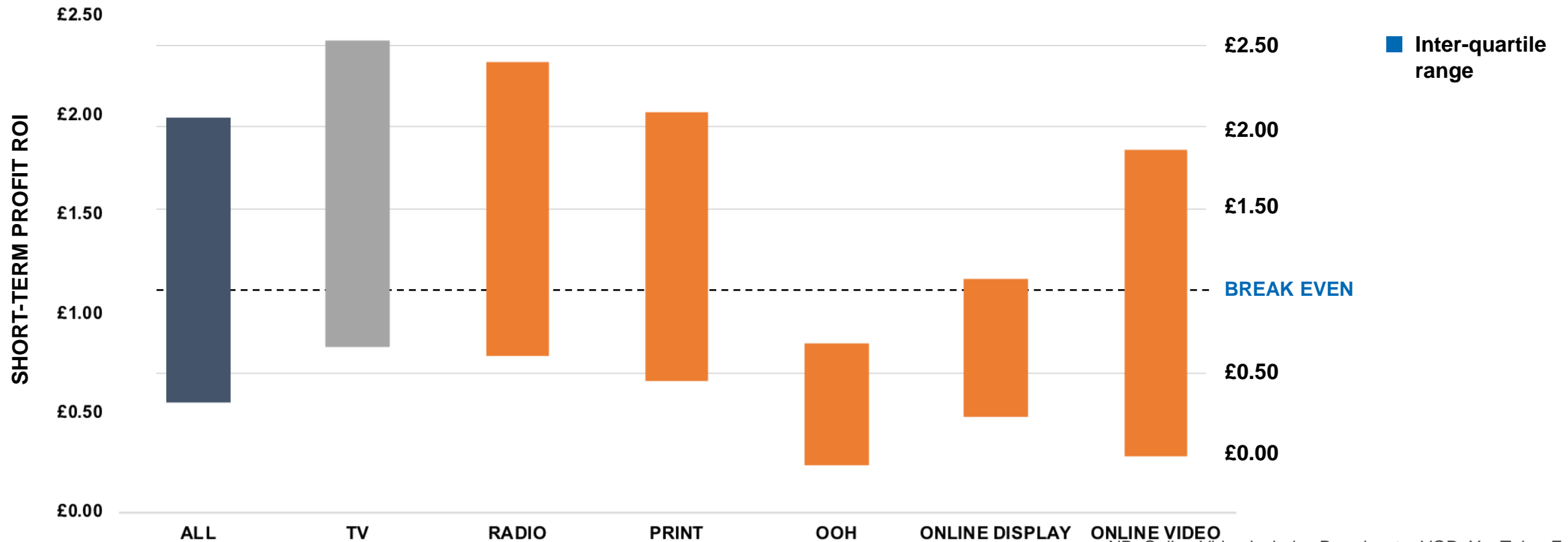
Scale is fundamental to high profitability



Source: 'Profit Ability: the business case for advertising', Nov 2017
Ebiquity ROI campaign database. Financial Services example

NB: Online Video includes Broadcaster VOD, YouTube, Facebook
video & online programmatic video

TV is the safest investment in the short term



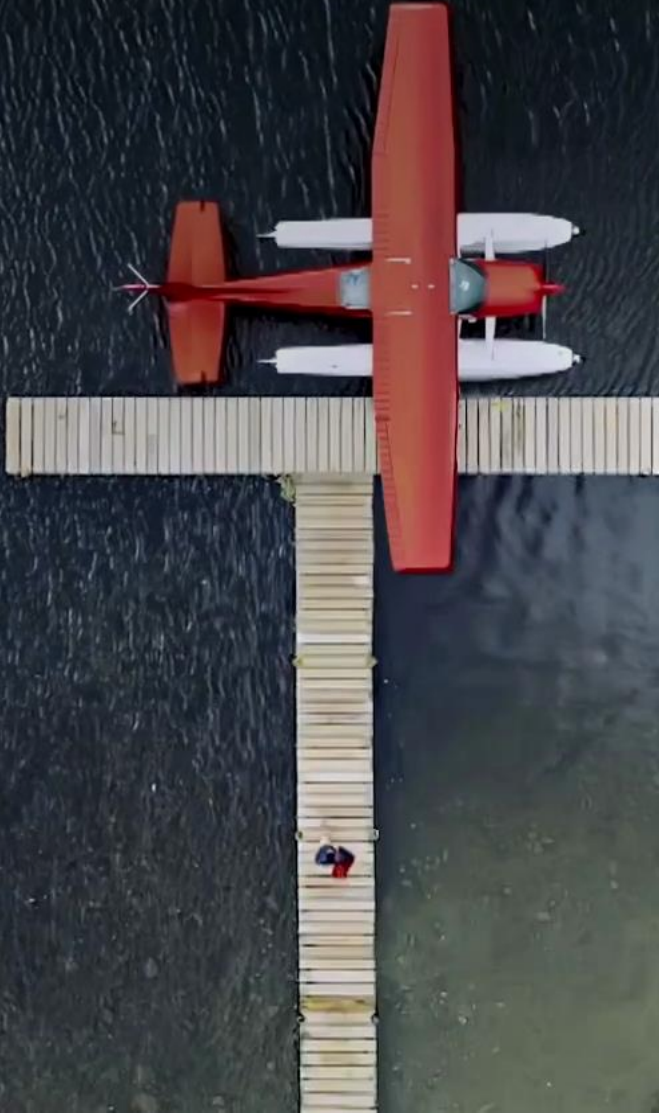
Source: : 'Profit Ability: the business case for advertising', Nov 2017
Ebiquity ROI campaign database (Feb'14-May'17) Campaign obs: 1954

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

Long-term profit return

Up to 3 years post campaign

GAIN
THEORY



thinkbox

The proportion of total profit revealed by attribution modelling and econometrics

18% Attribution modelling

42% Short-term econometrics

58% Long-term studies

The majority of advertising returns occur in the long-term

Source: 'Profit Ability: the business case for advertising', November 2017
Gain Theory long-term ROI study

Total advertising performance-all sectors

All media

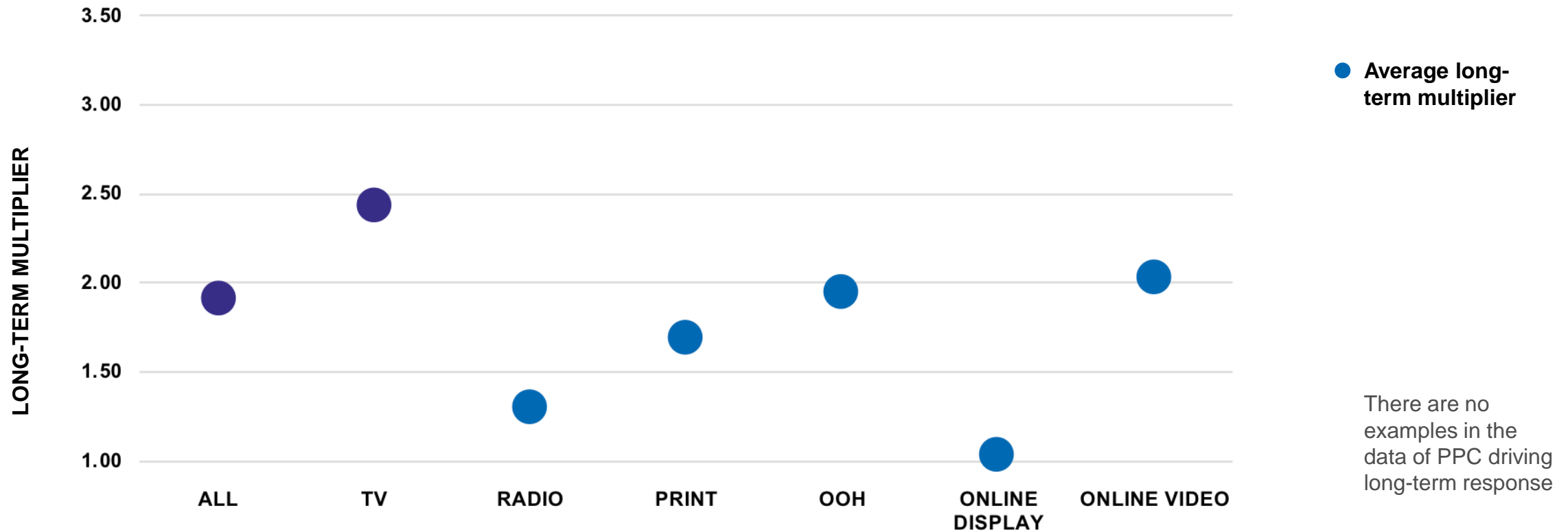
£3.24

Television

£4.20

Source: 'Profit Ability: the business case for advertising', November 2017
Ebiquity ROI campaign database (Jan'08-May'17). Campaign obs: 6000

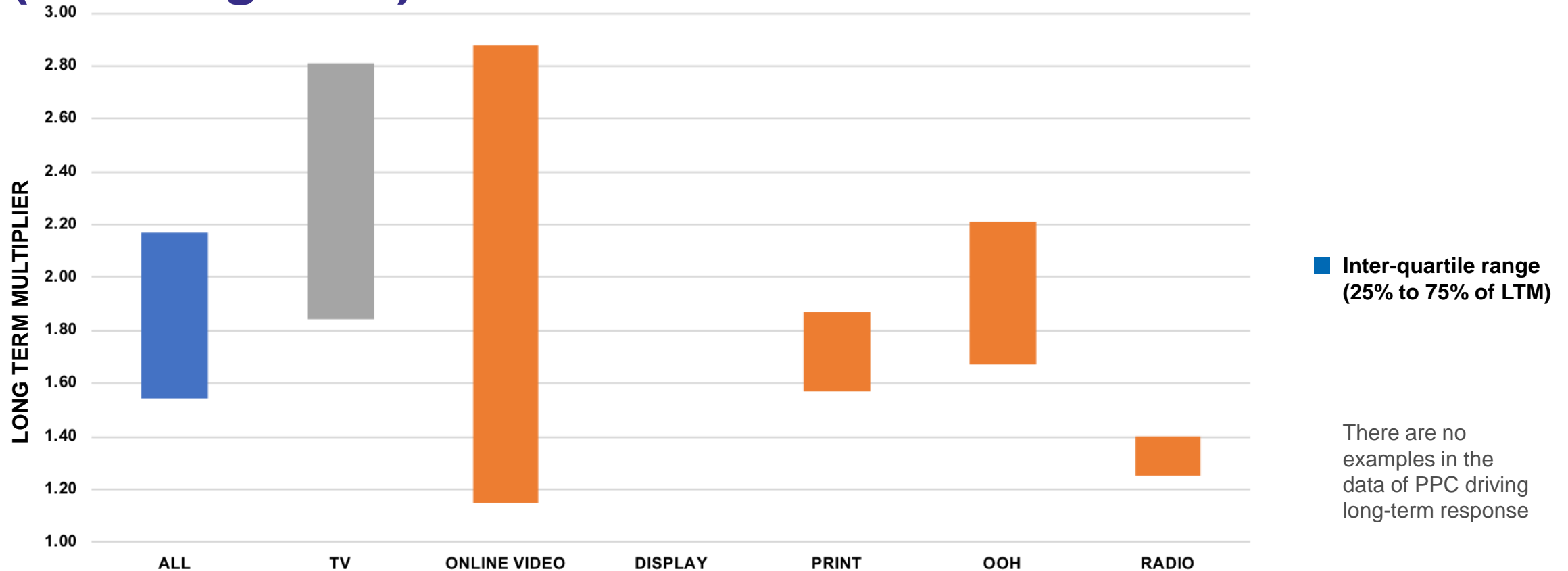
TV has the largest long-term multiplier (all categories)



Source: 'Profit Ability: the business case for advertising', Nov 2017
Gain Theory Long Term ROI study. 29 Advertisers, 504 campaigns

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

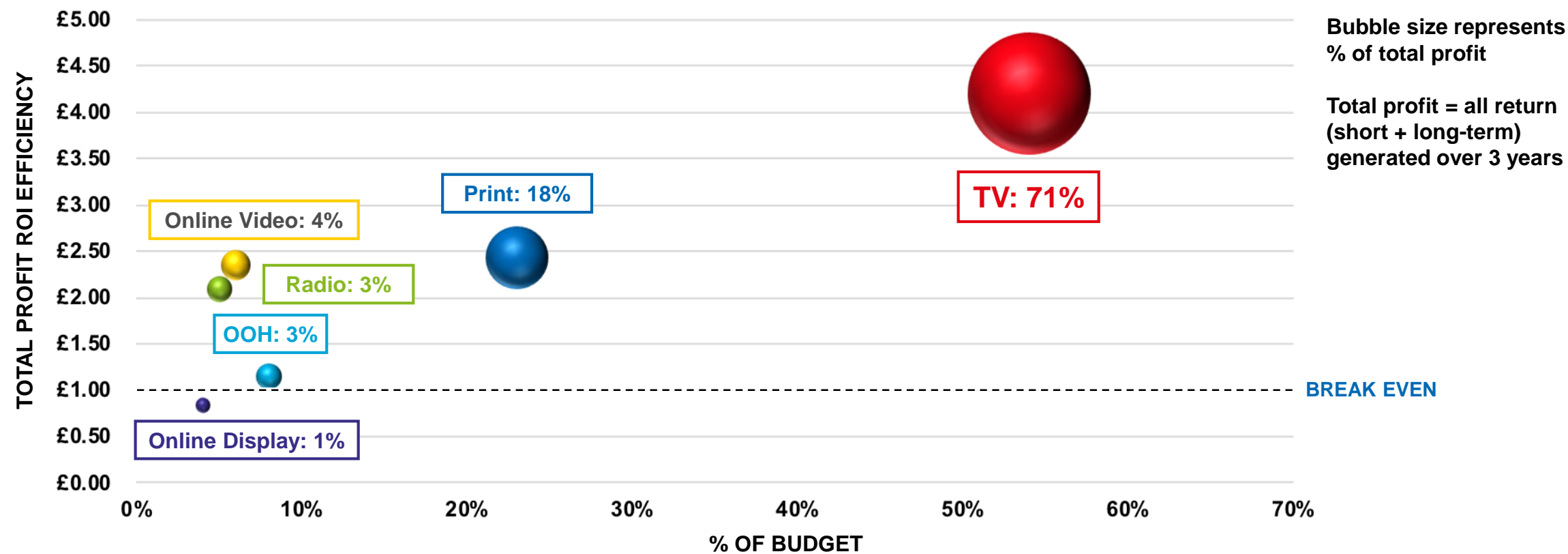
TV is the safest investment in the long-term (all categories)



Source: 'Profit Ability: the business case for advertising', Nov 2017
Gain Theory Long Term ROI study. 29 Advertisers, 504 campaigns

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

Proportion of advertising-generated profit by medium



Source: 'Profit Ability: the business case for advertising', Nov 2017
Ebiquity ROI campaign database (Feb'14-May'17) & Gain Theory. Campaign obs: 1,954

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

Summary

Advertising works - £3.24 profit per £1 spent

Responsible ROI focusses on profit

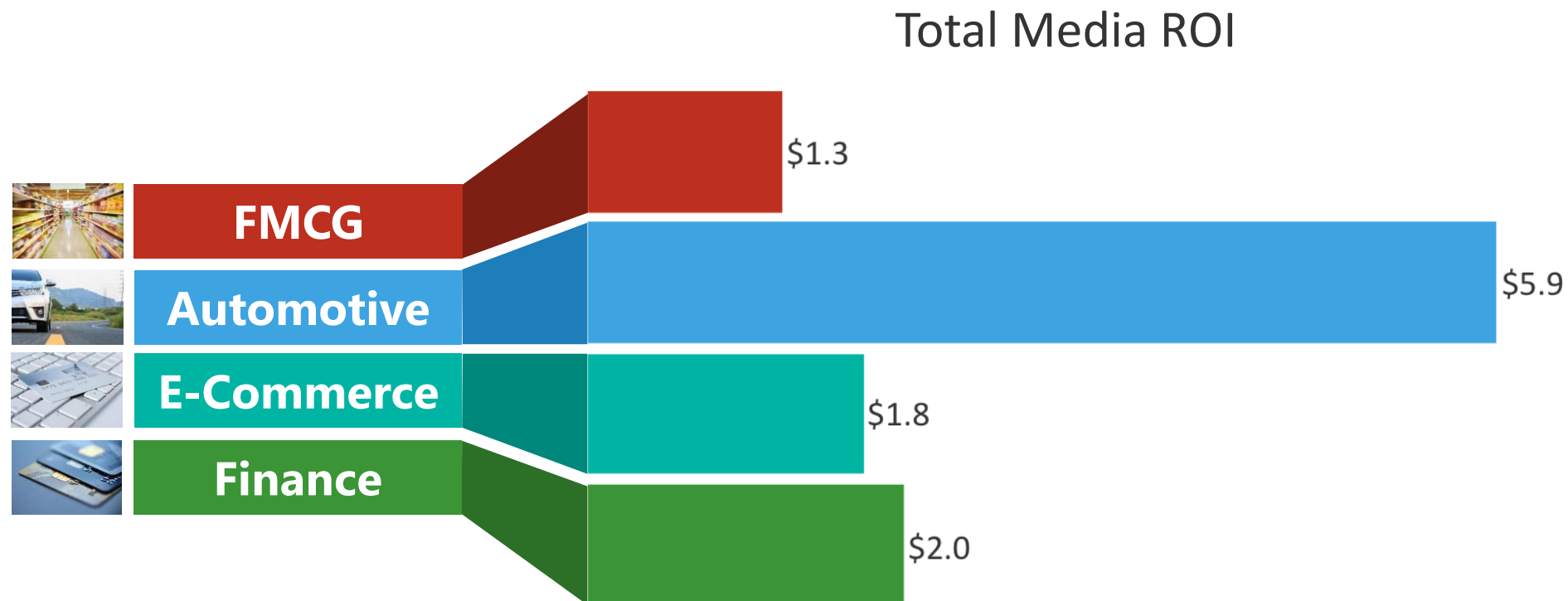
Plan & evaluate across the short **and the longer term**

TV is a fundamental driver of effectiveness

- **Most efficient** channel in the short-term
- Delivers the **highest long-term multiplier**
- The **safest investment**
- **Biggest contributor** to volume of profit



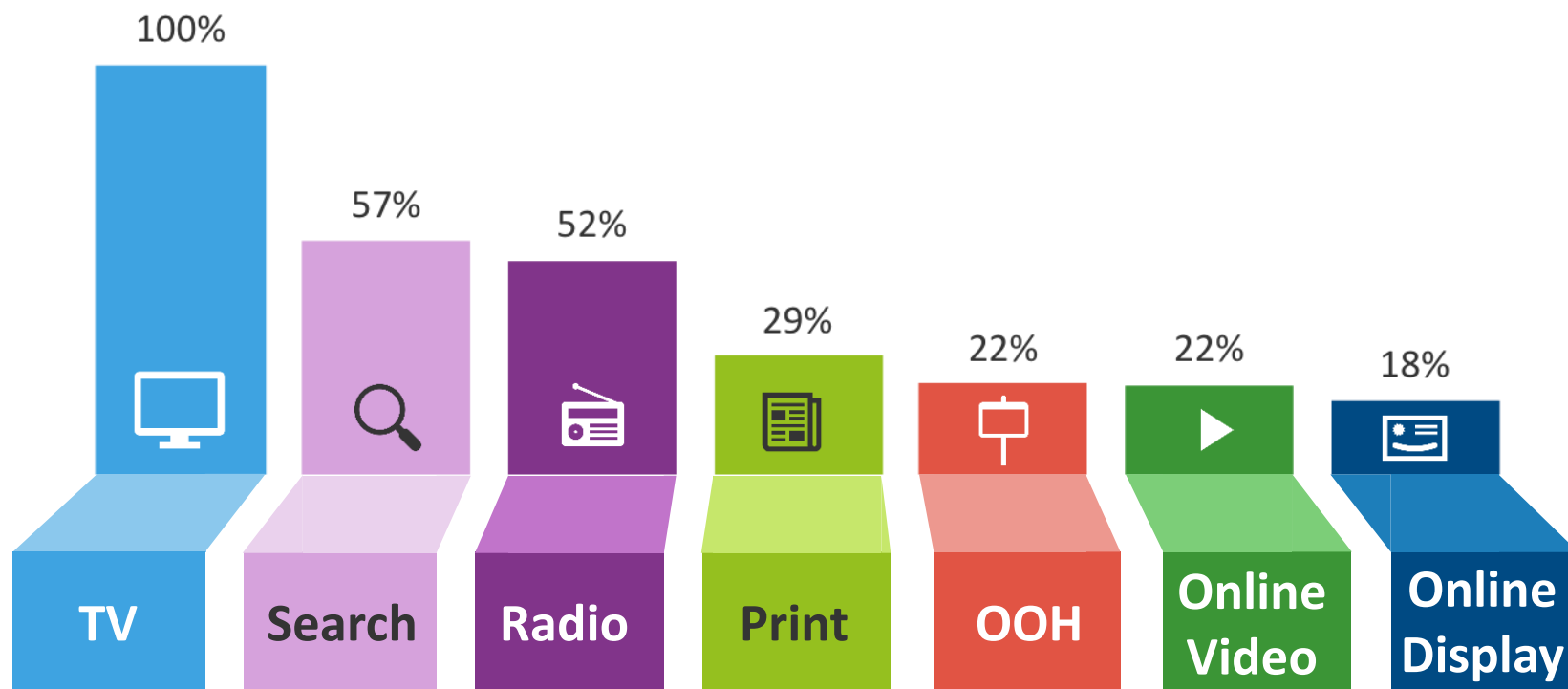
ADVERTISING DOES GROW BRANDS



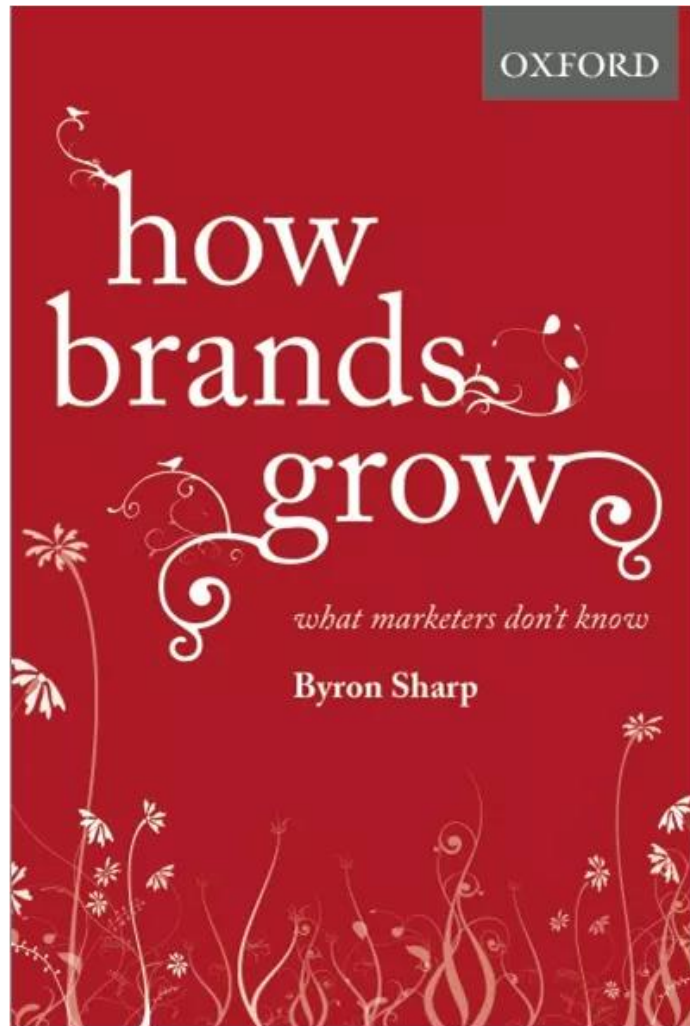
Source: Payback Australia Study, Ebiquity

TV MOST EFFICIENT CHANNEL

Overall Efficiency: Media Channel ROIs Indexed to TV



Source: Payback Australia Study, Ebiquity



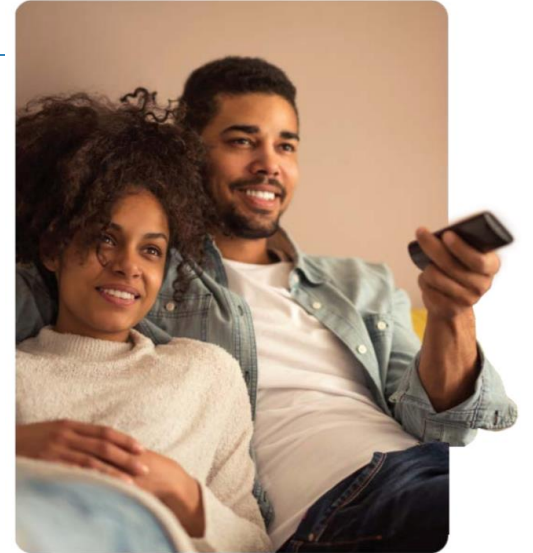
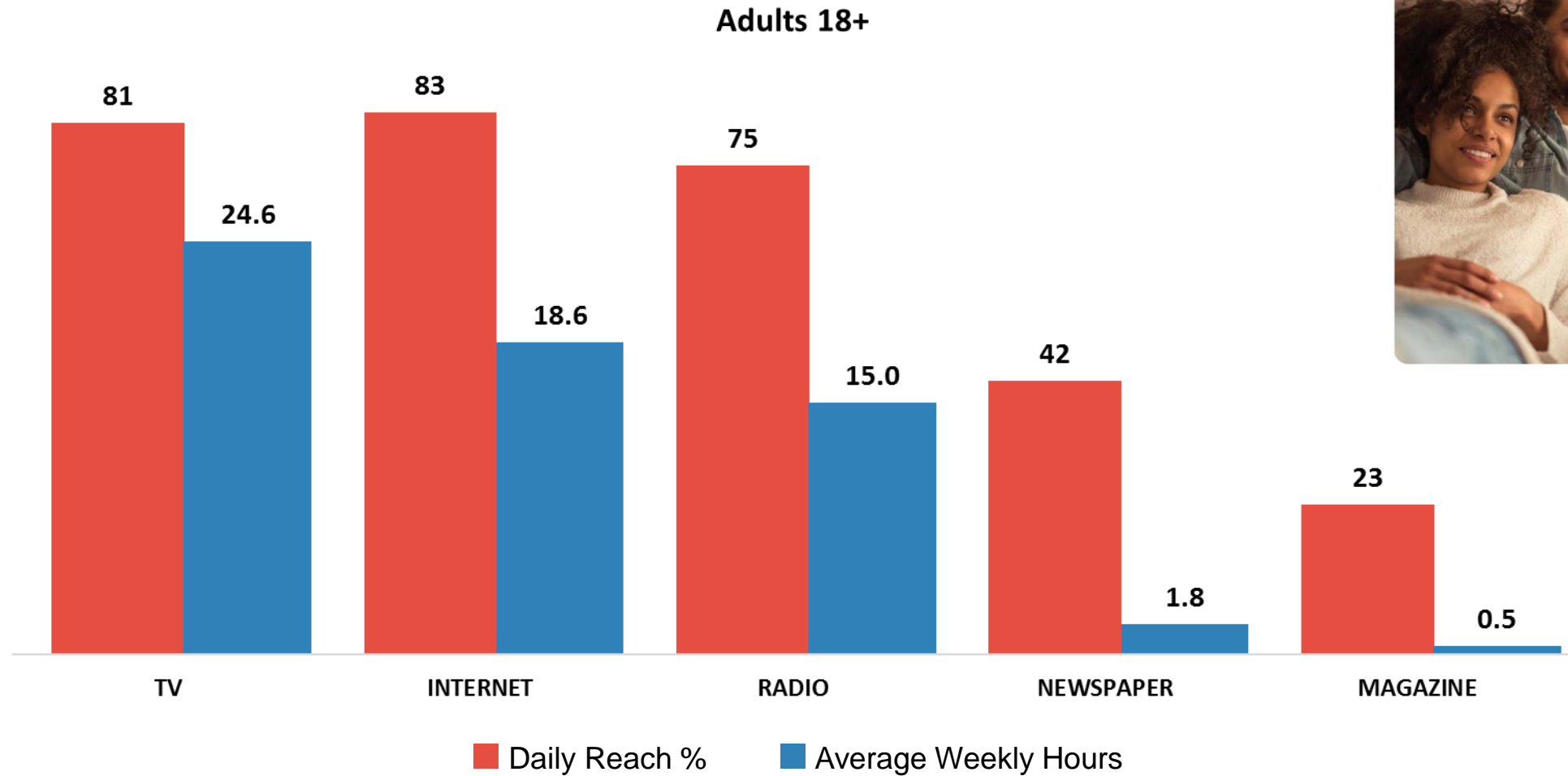
Byron Sharp's 7 Rules for Brand Growth

1. **Continuously reach all buyers of the category** (communication + distribution) – don't ever be silent
2. **Ensure the brand is easy to buy** (communicate how it fits with the user's life)
3. **Get noticed** (grab attention & focus on brand salience to prime the user's mind)
4. **Refresh & rebuild memory structures** (respect existing associations that make the brand easy to notice & easy to buy)
5. **Create & use distinctive brand assets** (sensory cues that get noticed & stay top of mind)
6. **Be consistent** (avoid unnecessary changes, whilst keeping brand fresh & interesting)
7. **Stay competitive** (keep the brand easy to buy & avoid giving excuses not to buy)

And closer to home.....



reaches **81%** of Canadians **daily** and **94% weekly**



A final word

- ▶ The effectiveness of TV advertising has never been seriously questioned, but TV is changing shape as audiences adopt a wider range of platforms
- ▶ Media planners should go beyond audience data and analyse effectiveness to achieve the right media mix
- ▶ TV still has a critical role to play at the centre of multi-channel marketing