Advertising effectiveness: the long and the short of it

Les Binet
Head of Effectiveness, adam&eve DDB
• Analysis of 996 IPA cases over 30 years.
• Covers 700 brands in 83 categories.
• Identifies the ingredients for effectiveness, over the short and long term.
• “Effectiveness” measured in hard business terms.
How advertising pays back
Two kinds of effect

Sales activation
Short term sales uplifts, but no long term growth

Brand building
Long term sales growth

Source: Binet & Field 2013
Volume is not enough

Source: Binet & Field 2013
Brand building reduces price sensitivity

Source: Binet & Field 2013
For maximum profit, you need both

Brand building: 20%
Both: 25%
Sales activation: 15%
Implications for targeting
Talk to all your prospects

Long term prospects

Immediate prospects

Customer base

Long term brand building

Short term sales activation

Source: Binet & Field 2013
Broad reach means bigger profits

Source: Binet & Field 2013
Share of mind
Mental availability

Awareness
Heard of brand, know about brand

Salience
Brand comes easily to mind, familiarity

Fame
Social amplification, herd effects

Increasing returns

Short or long term, share of mind is crucial.
Fame increases efficiency x 4

![Bar chart showing comparison between Fame campaigns and Other campaigns in terms of annualised ES0V efficiency. The chart indicates a significantly higher efficiency for Fame campaigns.]
The role of emotion
Rational & emotional campaigns work differently

Activation effects:
- Rational: 40%
- Combined: 35%
- Emotional: 25%

Brand effects:
- Rational: 80%
- Combined: 70%
- Emotional: 60%

Source: Binet & Field 2013
Emotions drive long term profits

<table>
<thead>
<tr>
<th>Year</th>
<th>Emotional campaigns</th>
<th>Rational campaigns</th>
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<tbody>
<tr>
<td>1 year</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>2 years</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>3+ years</td>
<td>30%</td>
<td>15%</td>
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</tbody>
</table>

Source: Binet & Field 2013
Media implications
Key ingredients for brand building

Emotion

Reach

Fame
TV has all three ingredients

TV boosts efficiency

Efficiency of TV is increasing

Annualised ESOV

- Used TV
- Did not use TV

Annualised ESOV

- 1980-2002
- 2004-2010

TV cases
The role of creativity
Creativity boosts efficiency x 10

Annualised ESOV efficiency

- Creatively awarded
- Not creatively awarded
Budgets
Budgets still matter

SOV > SOM: brands tend to grow

SOV < SOM: brands tend to shrink

Equilibrium: SOV = SOM

Source: Binet & Field 2013
Budgets must be balanced

Optimum mix:
~60% brand, ~40% activation

No. of business effects

Activation share of budget

Source: Binet & Field 2013
Case study: John Lewis
John Lewis market share

Sources: John Lewis, Mintel

Bear & Hare

adam&eveDDB
Implications for evaluation
Short term metrics are not enough

Source: Binet & Field 2013
The balanced scorecard

Long term metrics
- Long term growth
- Price elasticity
- Brand equity
- Implicit, emotional responses
- Creativity & fame metrics
- Share of voice

Explicit communication & persuasion scores
- On & offline responses
- Short term sales

Short term metrics
The Long and the Short of It

Balancing Short and Long-Term Marketing Strategies
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Peter Field, Marketing Consultant

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