Welcome 2019 Comms Council

“Why aren’t we doing this?”

With Peter Field
WHY AREN’T WE DOING THIS?

Why brand building is important and how to do it.
WHY AREN'T WE DOING THIS?

How long term brand building drives profitability

By Peter Field
The evidence base

Why brand building is important and how to do it.

550 digital era for-profit cases
Two ways marketing works

Short-term sales activation

Long-term brand building
What does the new short-termism look like?
The tech sector has challenged the role of brand building

“We don’t have marketing run by marketers. We're engineers. And we work on growth. Branding is really that emotional drizzle that you guys put on top.”

Anon

Source: Eric Reynolds, CMO Clorox, ANA Masters of Marketing, October 2017
Data-driven activation is exploding

Source: IABNZ  Base: search, display & classified - excludes social media
The deception of the short-term model

Sales uplift over base

Sales activation
Short term sales uplifts only

Time

Source: Binet & Field 2013
The deception of the short-term model

Sales uplift over base

Sales activation
Short term sales uplifts only

Brand building
Long term sales growth
Growing pricing power

Short term effects dominate ~6 months

Source: Binet & Field 2013
## The ROI trap

### Top drivers of profit

<table>
<thead>
<tr>
<th>Metric</th>
<th>Correlation with profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Very Large biz effects</td>
<td>64%</td>
</tr>
<tr>
<td>VL Sales gain</td>
<td>40%</td>
</tr>
<tr>
<td>VL mkt share</td>
<td>23%</td>
</tr>
<tr>
<td>Number of brand effects</td>
<td>23%</td>
</tr>
<tr>
<td>VL penetration</td>
<td>21%</td>
</tr>
<tr>
<td>VL price</td>
<td>18%</td>
</tr>
<tr>
<td>VL loyalty</td>
<td>17%</td>
</tr>
<tr>
<td>VL activation effects</td>
<td>15%</td>
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<td>ROI</td>
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<tr>
<td>VL profit</td>
<td>15%</td>
</tr>
<tr>
<td>Number of brand effects</td>
<td>8%</td>
</tr>
<tr>
<td>VL Sales gain</td>
<td>8%</td>
</tr>
<tr>
<td>No. VL biz effects</td>
<td>7%</td>
</tr>
<tr>
<td>VL price</td>
<td>4%</td>
</tr>
<tr>
<td>VL mkt share</td>
<td>1%</td>
</tr>
<tr>
<td>VL loyalty</td>
<td>-1%</td>
</tr>
<tr>
<td>VL penetration</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Not significant

Significant at 95% confidence

Significant at 99% confidence

Source: IPA Databank
You need brand and activation

Balance of brand and activation effects

Source: IPA Databank, 1998-2016 for-profit cases, based on scale of activation effects and number of brand effects
Brand building boosts short-term effects

Source: IPA Databank, 1998-2016 for-profit cases
Brand is the key to pricing power

% Reporting very large price sensitivity reduction

Source: IPA Databank, 1998-2016 for-profit cases
The pricing power of brand in online insurance

Source: Direct Line Group IPA case study 2018
The pricing power of brand in online insurance

A stronger brand…

…trades more strongly on price comparison websites

Source: Direct Line Group IPA case study 2018
Warren Buffet on pricing

“The single most important decision in evaluating a business is pricing power.”

– Warren Buffet, investor/philanthropist
Short-termism leads to imbalance & ineffectiveness

Source: IPA Databank, 1998-2018 for-profit cases
7 rules for long-term effectiveness
1. Build Mental Availability

“Mental availability is a complex property that defines the propensity of the brand to be noticed and/or thought of in buying situations”

Byron Sharp, from ‘How Brands Grow’
Maximise mental availability

Awareness
- Heard of brand
- Passively accept brand

Salience
- Brand comes easily to mind
- Actively seek brand

Fame
- Brand gets talked about
- Cognitive ease, influence & advocacy

Increasing returns
Fame campaigns work much harder.

**SOV Efficiency**
- Fame campaigns: Approximately 1.5
- Other campaigns: Approximately 0.4

**Price effect**
- % reporting very large pricing effects:
  - Fame campaigns: 8%
  - Other campaigns: 3%
What drives fame?

<table>
<thead>
<tr>
<th>Unruly advertising response metric (top 5 correlations)</th>
<th>Correlation with fame effects</th>
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<tr>
<td>Shock</td>
<td>28%</td>
</tr>
<tr>
<td>Surprise</td>
<td>27%</td>
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<td>Amazement</td>
<td>14%</td>
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<td>10%</td>
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Source: Unruly / IPA Databank
What doesn’t drive fame?

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<td>10%</td>
</tr>
<tr>
<td><strong># 17 correlation of 18</strong></td>
<td></td>
</tr>
<tr>
<td>Knowledge</td>
<td>-13%</td>
</tr>
</tbody>
</table>

Source: Unruly / IPA Databank
Fame: Snickers Global
Snickers global sales growth

Value sales post-campaign increased in 92% of markets
Fame: Spies Travel Denmark
Spies Travel growth

Spies - Bookings for City Breaks

- 15.5% increase City Break Holidays
- 25% increase on 2013 City Break Holidays
- Do It For Denmark Campaign
- Do It For Mom Campaign

Source: Spies 2016
Fame: Paddy Power UK

Let's make things more interesting. PaddyPower.co.uk
IRELAND'S BIGGEST BOOKMAKER
2. Aim for Distinctiveness

Distinctiveness is much more effective than differentiation

Source: IPA Databank, 1998-2018 cases

* Awareness or Fame objectives
Garnier Ultralift ‘wrinkle reader’
– differentiation via product benefit
Garnier Ultralift ‘wrinkle reader’ sales response
Fairy ‘Enduring care’
– distinctiveness via purpose
Fairy ‘Enduring care’ – emotional advertising sales response
3. Engage Emotionally

Emotional campaigns work much harder

Source: IPA Databank, 1998-2018 cases
But beware short-term metrics

Rational campaigns drive stronger short-term effects

Source: IPA Databank, 1998-2018 cases
"We realized we were shoving people through a purchase funnel to get them over the finish line. And guess what? It got very rational; it got very functional; and we had a lot of price-promotion offers."

Eric Reynolds, CMO Clorox, ANA Masters of Marketing Conference, October 2017
Emotional priming – Clorox USA

The Clorox journey
4. Get Creative

Source: IPA Databank, 1998-2018 cases
Creativity: Maltesers
Maltesers growth rate

MALTESERS VS EVERYDAY CHOCOLATE £VALUE GROWTH RATE - MAT VS YEAR AGO

Source: Nielsen Scantrack
Warning: short-termism kills creative effectiveness

Short-term creatively awarded campaigns are less effective than non-awarded ones

Source: IPA Databank, 1998-2018 cases
5. Be Consistent

- Fluent devices help drive growth

“I’m lovin’ it”
Fluent devices help drive growth

**Long-term campaigns with Fluent Devices much more likely to achieve profit gain**

% Achieving Very Large Effects on Each

<table>
<thead>
<tr>
<th></th>
<th>Market Share Gain</th>
<th>Profit Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Fluent Device</td>
<td>29.7</td>
<td>26.2</td>
</tr>
<tr>
<td>Any Fluent Device</td>
<td>32%</td>
<td>31%</td>
</tr>
<tr>
<td>Campaigns (256)</td>
<td>39.2</td>
<td>34.2</td>
</tr>
<tr>
<td>(79)</td>
<td></td>
<td></td>
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The power of fluency: Direct Line
Direct Line growth

Source: Direct Line IPA case study 2016
6. Go for Reach

Broad reach drives long-term growth

Annual mkt. share growth

<table>
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<tr>
<th>Targeting</th>
<th>Customers</th>
<th>Non-customers</th>
<th>Both</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1.0%</td>
<td>1.2%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Tight targeting drives short-term activation

Very large activation effects

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<tbody>
<tr>
<td></td>
<td>60%</td>
<td>50%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Is 1to1 at scale a substitute for brand building?

Broad early targeting drives long-term growth

Annual market share growth

Did use | Did not use
---|---
0.8% | 1.0%

Real-time tight targeting drives short-term activation

Very large activation effects

Did use | Did not use
---|---
80% | 0%

Use of Big Data for real-time marketing

Source: IPA Databank, 2014-16 cases
“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
Big Tech invest in broad reach media

Source: Nielsen
Budgeting for growth: The share of voice rule

SOV > SOM: brands tend to grow

SOV < SOM: brands tend to shrink

Growth proportional to ESOV = SOV – SOM

No evidence this is weakening
7. Balance Media

Sales activation

- Tight targeting
- Information
- Path to purchase

Brand-led growth

- Broad reach
- Emotional priming
- Mental availability

Rational information media
e.g. search retargeted or data-driven social display

Emotive audio-visual media
e.g. TV, online video
Balance: the 60:40 rule

Source: IPA Databank, 1998-2016 for-profit cases
When activation is easy, up-weight brand

Nature of purchase decision

Low consideration  
Optimum Brand/activation split

High consideration  

Source: IPA Databank, 1998-2016 for-profit cases
When brand building is easy, up-weight activation

Role of emotions in purchase decision

Optimum Brand/activation split

Low

High

Source: IPA Databank, 1998-2016 for-profit cases
Up-weight brand in Financial Services, down-weight brand in Other Services, NFP

Source: IPA Databank, 1998-2016 cases
Optimum mix changes as brands mature

Source: IPA Databank, 1998-2018 cases

* New brands excluding 1st year
Online selling makes activation easier

Source: IPA Databank, 1998-2016 for-profit cases
Brand building is becoming more important, not less

Source: IPA Databank, 1998-2016 for-profit cases
AA case study

The danger of abandoning the brand and how to rebuild it
Abandoning the brand: AA Roadside Assistance
The damage done to the AA brand

% change in AA brand tracking Sep 08 – Jul 14

SOURCE: AA brand tracking
The damage done to AA pricing

Option 300 (Roadside, Relay and Homestart)
SOURCE: AA
The damage done to AA market share

Complete collapse predicted in five years

SOURCE: AA
Reversing the damage to the AA Brand
The solution includes activation.
AA market share recovered rapidly

Share of membership (%)


Brand metrics improved
Branded searches increased
Acquisition increased
Retention increased
Despite less discounting
Policy pricing increased by 5%

SOURCE: AA
Epilogue: What about B2B brands?

- B2B appears to follow broadly similar patterns and effectiveness rules as B2C.
  - The relationship between SOV and share growth is very similar
  - Brand building also works harder than activation in B2B
  - the optimum mix may need to be more activation heavy for B2B brands: around 45:55
  - Broad targeting and mental availability drive growth in B2B
  - Emotional strategies work hardest (though the nature of emotional strategies is different in B2B)
The seven rules of long-term effectiveness

1. Build Mental Availability
2. Aim for Distinctiveness
3. Engage Emotionally
4. Get Creative
5. Be Consistent
6. Go for Reach
7. Balance Media

Thank you