

ROI in 2017: Effectiveness in the digital age

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This article, taken from the Warc Toolkit 2017 report, discusses how to achieve marketing effectiveness in the digital age by striking the right balance between close targeting and mass reach, and between short- and long-term strategies.

- Major FMCG brands are moving away from close targeting of audiences on Facebook towards more emphasis on reach: P&G's Tide, the washing detergent, is increasing media reach by 10% to 20% in the US by shifting to more broadly appealing television shows and higher-reach digital platforms.
- Research also suggests that brands are overinvesting in short-term 'activation' media, thereby undermining the impact of creativity and harming long-term effectiveness.
- The Economist's 'Raising Eyebrows and Subscriptions' campaign shows how sophisticated digital targeting can, when applied creatively, drive sales and a revenue ROMI of over 25:1.

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The decision by Procter & Gamble to cut back on targeted advertising on Facebook exposed what one commentator has described as an 'intellectual battle' over how to market most effectively. The big-picture issue is close targeting (particularly via digital channels) versus mass reach – and a number of FMCG brands have concluded that a renewed focus on reach will drive sales growth.

Toolkit 2017

This article is part of [Toolkit 2017](#), Warc's guide to six trends for the year ahead, produced in association with Deloitte Digital.

A related issue is the right balance of short-term and long-term strategies. Fresh research has suggested that brands are overinvesting in short-term 'activation' media, undermining the impact of creativity and harming long-term effectiveness.

Media owners – both traditional and digital – are engaged in a race to prove how effective their channels are in driving business outcomes, and how best to combine channels. With budgets under ongoing pressure, more studies along these lines can be expected in 2017.

Definition

Effectiveness is the extent to which a campaign or other piece of marketing activity has met its objectives, particularly in terms of business results – for example, sales, market share or profits. Effectiveness in the digital age means identifying the right mix of drivers in the current landscape to maximise the business impact of marketing investment.

Expert guidance

Marketing consultant **Peter Field** discusses the right balance of reach and targeting, and short-term and long-term effects.

Key Insights

1. Major FMCG advertisers are pulling back from granular digital targeting

Procter & Gamble's Global Brand Building Officer, Marc Pritchard, hit the headlines when he questioned the value of close targeting of audiences on Facebook. The comments appeared to cast doubt on one of the key selling points of digital platforms – the ability to target more closely and on more criteria than in more established channels. Pritchard announced a shift from narrow targeting of Facebook ads to more emphasis on reach - when brands are used or purchased every day, mass reach, sufficient

frequency and high-quality creative keep them top of mind.

Pritchard revealed that brands such as Tide, the washing detergent, are increasing media reach by 10% to 20% in the US by shifting to more broadly appealing television shows and higher-reach digital platforms. P&G is also looking for continuity of spend so it can build awareness all-year-round rather than in bursts.

Mars' former Global CMO Bruce McColl also declared he didn't believe in targeting; again, his focus is on building reach to recruit customers. Because very few users are brand fans, he is not interested in targeting specific audiences for hyper-engagement. Mars sets out to maximise reach among indifferent light buyers with very impactful creative so his brands get noticed, remembered and bought a bit more – arguments that reflect the 'marketing science' arguments of the Ehrenberg-Bass Institute, among others.

Read more in: [Procter & Gamble rethinks reach on Facebook, P&G eyes more marketing savings](#) and [Targeting doesn't interest Mars marketing chief](#)

2. There is now an 'intellectual battle' raging between reach and targeting

Another FMCG marketer, Shawn O'Neal - formerly Unilever VP for global marketing data and analytics and now CEO of SO Analytics - has described the debate about reach-based marketing versus highly targeted digital advertising as an "intellectual battle" dividing the media world.

His argument is that mass media retains an important role, but for a typical television advertisement, a consumer packaged goods (CPG) company might estimate that in 1,000 views of the advertisement, one consumer will act or be impacted toward purchase of a product. Targeting can be used efficiently to reach people more likely to buy – particularly in crucial 'moments' when they may be more interested than usual in purchasing.

Read more in: [The Personal-Data Tsunami and the Future of Marketing](#)

3. Short-termism has undermined the link between creativity and effectiveness

Research by Peter Field based on data from the IPA, a UK ad agency association, and The Gunn Report, a ranking of creative advertising, found that short-termism and pressure on budgets are weakening creative effectiveness. The shift of budget into digital media, where short-term metrics are common, has exacerbated this shift.

In short, the impact of highly creative work has halved since 2011, as a result of these forces.

Field suggests that marketers should plan for long term effects, including in digital, and that cross-channel, integrated creativity can help bridge the need for short- and long-term results.

The tension between short-term versus long-term was also clear in a study Field conducted on social media effectiveness. He found a growing focus on short-termism in social marketing, concluding: "The inevitable result of short-term measurement is a drift to strategies that deliver better in the short term. These deliver poorer long-term performance and so short-termism ultimately undermines long-term effectiveness."

Read more in: [Short-termism, budget pressure and 'toxic' digital metrics: Peter Field on threats to creative effectiveness](#) and [Seriously Social 2016](#)

4. However, digital platforms are making TV more effective

A further study by Peter Field and Les Binet of adam&eveDDB suggests that digital platforms can be used to make so-called 'traditional' media more powerful than they used to be.

They do so in two ways:

- Extra reach for video content – for example, by combining TV with online video.
- Providing a wide range of activation channels that can complement the long-term brand-building efforts of other channels.

In theory, advertising effectiveness should be increasing, rather than decreasing. But it is not. Binet and Field argue that it is being

undermined by overinvestment in sales activation. The optimum ratio of brand-building to activation work is 60:40 – but in recent years advertisers have begun to spend considerably more than 40% of their budgets on activation.

Read more in: [Marketing in the Digital Age: Binet and Field on how media choices impact effectiveness](#)

5. Digital has a 'reach ceiling', and is most effective supporting TV

Research by Nielsen confirms that TV remains the biggest single driver of reach, ahead of digital platforms. Brands currently investing in TV who want to maintain reach are advised not to go digital-only (reallocate all their budget to digital); doing so may mean they hit a "reach-ceiling". However, digital does add incremental reach to a TV campaign – an average of 4.4%.

The research also suggested that mobile is now performing on a par with, or better than desktop at delivering impressions to an intended audience. For advertisers taking a reach-based approach, more research is needed into the best relationship between mobile and desktop.

Read more in: [How brands can maximise marketing reach across devices](#)

6. In the effectiveness 'arms race', mainstream channels are fighting back

Industry bodies representing several mainstream channels have released a number of in-depth studies supporting the effectiveness credentials of those channels. The focus tends to be on reach and direct sales impacts.

For example, a UK study on radio (by trade body Radiocentre) claimed that the channel delivered a 7:1 return on investment, and that one of the key benefits of radio is its ability to extend the reach of brand campaigns. Another major benefit of radio was having distinctive audio assets.

Separate studies (by trade body Newsworks) into spending on newspapers (or 'print newsbrands', as they are now styled) concluded:

- Print newsbrands boost overall campaign ROI (in terms of revenues) by three times on average.
- Print newsbrands make TV twice as effective and online display four times as effective.
- Spend on print newsbrands should return to 2013 levels to deliver optimum campaign ROI - and can be boosted further by the use of digital newsbrands.

Further studies of this sort are to be expected – in Australia, for example, a new body called Think TV has been set up to rebut (in the words of one of its founders) the "inaccurate claims" and "questionable metrics" of digital media players. A separate Australian study found that TV was the most effective medium at driving short-term revenue ROI, with a 1.74:1 return.

Read more in: [Better audio advertising: How radio can make campaigns more effective, Newsbrands and the multiplier effect, Aussie TV tackles 'noise' and TV drives short-term ROI](#)

7. Social sites are starting to focus on business outcomes

Facebook – or, at least, Facebook's VP for measurement and insights, Brad Smallwood - has criticised some of the measures marketers are using on the social site (and, by extension, other social platforms). It is focusing on research that links advertising exposure on Facebook to sales increases.

For example, the Facebook Marketing Science team is now telling marketers not to focus on, in Smallwood's words, "shiny" metrics, and has shown that click-through rates on ads have no relation to increases in sales.

Smallwood argues that marketers need to select and interpret metrics which are actionable and linked to business objectives. To achieve this, they should make sure they are data-literate, use the advice of analytics experts and break down data "silos" within the organisation.

Read more in: [Resisting the Siren Call of Popular Digital Media measures: Facebook Research Shows No Link between Trendy Online Measures and Ad Effectiveness](#)

8. Digital-native start-ups may work by different rules

Although there is a growing consensus around the importance of reach and the need for long-term thinking, other models are emerging. Some argue that the most disruptive digital-led brands play by a different marketing rulebook.

A brand in 'start-up mode', for example, might prioritise short-term volume gain over long-term margins – particularly if the goal is to win investment. That may mean a focus on short-term sales drivers. For the same reason they might focus on a particular niche audience, rather than a mass market. They might also focus on product experience – particularly if their product is disrupting category expectations – rather than emotional appeal,

Read more in: [6 rules for brand success in the digital age](#)

9. Humour and dialogue are effective creative formats

Research from the Ehrenberg-Bass Institute, unveiled at a Warc session at the Cannes Lions festival, suggested humour remains a powerful sales driver.

For the project, researchers at the Institute looked at 300 plus ads for 60 plus brands across four CPG categories and five different markets.

The researchers found a strong correlation between ads that use humour and sales effectiveness. Elsewhere, the proportion of 'good' ads rose to 49% among the set that used some form of spoken audio presentation such as voiceover, or character dialogue.

A separate study into creative approaches, conducted by beStrategy, looked at 'heuristics' (mental shortcuts that help trigger responses) featured in ads. In the most effective ads, it found three heuristics that were used more frequently than the 'average':

- 'Shared truths': if an ad makes a statement the audience will agree with, they are more likely to believe the next statement.
- 'Pro-innovation bias': stating that there is something new or novel about the brand.
- 'Framing by product quality': focusing on a product feature or superior quality of the brand.

The one heuristic that was used significantly less frequently in the most effective campaigns was framing by price. "This could suggest," the paper states, "that price point communication may not always be the most productive strategy."

Read more in: [Music, humour and dialogue: New creative guidance from Ehrenberg-Bass](#) and [What marketers can learn from the way heuristics impact ad effectiveness](#)

Examples

1. Snickers built market share around the world by applying 'tried-and-tested' principles



Chocolate brand Snickers used an internationally recognisable movie character to revive its long-running campaign globally.

- The chocolate confectionery category only just managed to maintain volumes in a world increasingly concerned about sugar intake, and Snickers' unfashionable format as a heavy duty 'bar' meant it performed even worse than the category average.
- Looking to increase penetration while staying within the communication lines of its existing 'You're Not You When You're Hungry' strategy, the brand signed up Mr Bean, an internationally recognisable character, to feature in its campaign refresh. The objective was to drive brand fame, increasing penetration and ultimately increasing sales.
- The campaign released a film in both TV and cinema, which enabled several PR events and media partnerships to perpetuate the theme of the campaign. Four short films enhanced its reach through digital and social.
- The markets airing the film saw collective share growth of 4.06%, with volume sales increasing by 5.38%.

Read more in: [Snickers: Thinking like a Hollywood blockbuster](#)

2. A campaign from The Economist shows how sophisticated digital targeting can, when applied creatively, drive sales



The Economist, an international news publication, used a targeted campaign to increase its reader base and sales.

- Circulation had started to plateau and the audience had lost its connection to a magazine they deemed as a 'handbook for the corporate elite'.
- The Economist devised a campaign focused on the provocative nature of truth, a common interest for readers and non-readers, using humorous and accessible tagline ads.
- Knowing that future buyers resemble current readers, the company used social channels, media partnerships and subscriber profiling, while generating real-time ads triggered when a user is reading about a topic covered by The Economist.
- The campaign is already responsible for delivering £51.7m in lifetime revenue and a revenue ROMI of over 25:1 from its year one spend of £2.03m.

Read more in: [The Economist: Raising Eyebrows and Subscriptions](#)

Viewpoint: Three ways to balance reach and precision

Julie Coleman, Manager, Deloitte Digital

The rise of social media and big data has created phenomenal opportunities to target niche customer groups. However, recently, advertisers are starting to question whether precise targeting through digital channels is really far more valuable than traditional mass marketing.

Procter & Gamble is an example of this, having identified that close ad targeting is not the most effective way of spending its marketing budget. Prioritisation of reach over targeting is also high on the agenda for other large advertisers. As one industry

observer noted, Apple books the highest profile outdoor poster sites, prime time TV spots and full page newspaper ads every time they launch a new iPhone for a good reason: "They don't just want to appeal to core fans, they want their products to be famous and reinforce their premium status."

But what is a marketer to do if the company they work for does not have the marketing budget and reputation of Apple or P&G?

Reaching the masses and targeting with precision do not have to be mutually exclusive events. For smaller, niche brands, evolving technologies such as addressable TV complement the demand-driven digital marketing opportunities that are commonplace today. Whereas for larger, more generic brands, adjusting the balance in favour of mass reach needn't come at the cost of effective precision targeting. To achieve the best results utilising both mass reach and precision targeting opportunities, there are three things to consider.

First, does the brand have well defined customer journeys, with carefully sequenced messaging throughout? These journeys would take advantage of both mass-reach mediums such as linear TV, alongside demand-driven digital opportunities where appropriate. For example, the brand might use TV for premium-impact messaging at scale, then follow this up with a digital campaign, supporting awareness over a longer period of time and broadening the audience. Finally, it could use pockets of targeting to make the message bespoke to relevant high value or impact groups (for example, brand advocates or high-value baskets). Marks & Spencer is an example of a brand which does this well.

Second, with so much focus on 'audience', a brand should ensure it is not overlooking the value of 'context'. This has sometimes been the case with programmatic technologies. There may be higher value to a campaign if an ad can be shown in a premium context where the user is dwelling longer on the page.

Third, a brand should consider how it might combine mass reach and precision targeting to move beyond brand recognition into positive brand sentiment. Coca-Cola has done excellent work in the last few years tapping into the personalisation of their product with names on bottles. It also ran a campaign to put username logins for digital service 4OD onto the bottles via live video ads – a highly effective combination of a mass-reach medium with precision targeting! This super personalisation has a high impact, especially with younger generations.

So, the Holy Grail for marketers is mass, niche delivery, combining the best of both worlds.

Quotes

"Our brands have to be top of mind. They have to be top of mind because consumers use them every day, and they purchase very frequently. So when they're at that stage when they're ready to buy, our brand has to pop in their head, which is why we need mass reach, but across all these different platforms."

Marc Pritchard, Global Brand Building Officer, Procter & Gamble

"The concept of targeted marketing or customized messaging seems simply intuitive, but there is an intellectual battle raging in the media world regarding whether reach-oriented communications (e.g., television or print advertisements) or targeted communications (e.g., programmatic, digital to limited audience) make the most sense."

Shawn O'Neill

More on this topic

Warc Best Practice: [What we know about long-term and short-term effectiveness](#), [What we know about combining TV with digital media](#)

Warc Topic Pages: [Effectiveness](#), [Short & Long-Term Effects](#)

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Americas: 2233 Wisconsin Ave NW, Suite 535, Washington, DC 20007, United States - Tel: +1 202 778 0680

APAC: 20A Teck Lim Road, 088391, Singapore - Tel: +65 3157 6200

EMEA: 85 New man Street, London, United Kingdom, W1T 3EU - Tel: +44 (0)20 7467 8100

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