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Author and consultant

The Brands Lecture

2022

Brands – falling in love again

British Brands Group

Peter spent 15 years as a strategic planner in advertising and has been a marketing consultant for the last 25 years. Effectiveness case study analysis underpins much of his work. He is perhaps best known for his work with Les Binet and especially for the book The Long & The Short of it in which they warned of the dangers to brands of excessive short-term thinking. He is also known for his work on advertising in recession and creative effectiveness. Peter has a global reputation as an effectiveness expert and communicator and speaks and consults on this topic regularly around the world. This evening he will be pulling together the evidence he works with to examine the threats to brands and how to overcome them, including some very new research from his collaboration with Dr Karen Nelson-Field and Orlando Wood.

The Brands Lecture
28th June 2022

Brands – falling in love again

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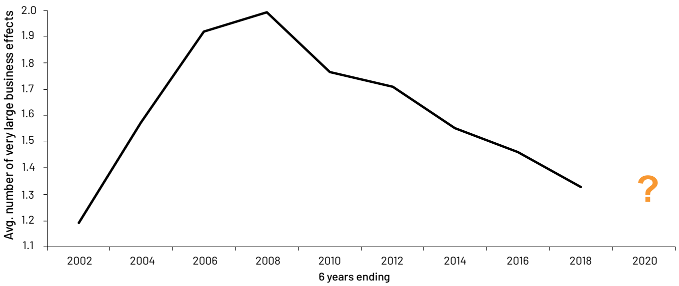
Why all this talk of love? My concern is that the relationship between businesses and brands has been a bit rocky for the last 15 years. We have been neglecting our brands. I am going to talk about why that's the case, to get to the root of the problem. There is a lot of new research which allows us to examine this in more detail than ever before. I also want to talk about how we rebuild that love and what marketers and businesses need do to cherish their brands.

I'm going to start by showing just why it was crazy to turn our back on brands. This timeline chart from the UK IPA database shows the steady decline in business effectiveness of marketing since 2008. The data represents the crème de la crème of global marketing so the picture for the wider marketing world may be even worse.

Something happened in 2006/7

Reported effectiveness level



Source: IPA Databank, 1998-2020 cases

You can see two distinct phases. In the early part of the millennium, when marketing science was teaching us to be ever smarter with our strategic, creative and media usage, we saw a very healthy growth in campaign effectiveness. It wasn't just about ads but also what went on behind them.

These campaigns were innovative and there were big media changes at the time. Then something happened in 2006 / 07, since when we have seen an astonishing decline in effectiveness. And I will return to reveal the latest data hidden by the question mark at the end of this lecture.

In my lecture I am going to draw on research from Orlando Wood and also Dr Karen Nelson-Field, an Australian researcher who has done some truly fantastic work on the media implications of digital platforms, to provide some explanation.

Let me get straight into it with this anonymous quote from a tech marketer, shared with the world by Eric Reynolds when he was CMO of Clorox:

'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.'

In these four short sentences you have everything you need to know about why we fell out of love with brands:

- 'We don't have marketing run by marketers in our company', amounting to a rejection of professional marketing in large areas of the business world, particularly at senior levels of CFOs and CEOs, because they were being told something else;
- 'We're engineers'. I have an engineering degree and spent three years of my life in a lecture theatre much like this one which helped me understand what engineers are like and I get this point. Engineers are often quite light on emotional intelligence. They are very good at analysis and logical thinking but I wouldn't put emotional intelligence at the top of their skills list. There's also a certain arrogance that goes with that;

- 'We work on growth', as if marketers never worked on growth. But what this really means is short term growth. This is about performance marketing, where you put something into the field and measure its effects immediately. If you don't see an immediate effect, it's a failure. There is no concern for the long term as this is about the now;
- And as if that wasn't enough, there is the final sneering derision of brands and brand marketing: 'emotional drizzle that you guys put on top'. That kind of thinking has grown in weight and has been put to boards of many companies around the world who have been sold on performance marketing.

This is all complete idiocy for, as we know, businesses without brands are up a certain creek without a paddle.

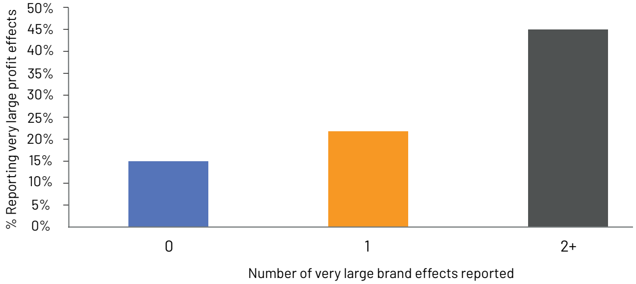
Mental availability

I am going to start by talking about mental availability which is the extent to which a brand comes to mind in purchase decisions, in other words the strength of that brand in the minds of consumers. This is not just about awareness and salience but about the extent to which that brand commands the virtues of the category, the category entry points, things that make us want to turn to one brand over another. It's quite complex, as Ehrenberg-Bass likes to remind us regularly.

Mental availability really matters to growth but it turns out it drives every business metric. If we are not strengthening the mental availability of our brand, then we will not drive any of the six important business metrics I consider when analysing this database (these are sales, share, penetration, loyalty, pricing power and profit).

Mental avaliablity matters

Building mental availability makes money



Source: IPA Databank, 2000-2020 for-profit cases

The first metric to look at, and the most important, is profit. This chart takes the 600 digital-era case studies in the database and divides them into three groups, assessed against a basket of seven metrics of brand strength from brand awareness to differentiation and esteem. Those on the left are heavily populated by performance-marketing-influenced campaigns that did little or nothing to strengthen the brand and where we see no large brand effect. The ones on the right did a lot to strengthen the brand and the ones in the middle are the ones in the middle.

> "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."

There is a very familiar pattern that runs across the data – if you want to drive profit, you have to strengthen your brand and your mental availability. You have to do it. If anything, there's an accelerating relationship. It really is a matter of winner takes all or winner takes most. That is just one metric but it's true across the basket of metrics that include profit growth, market share growth, pricing power and penetration growth. They all respond positively to the growth of mental availability and the extent we build brands.

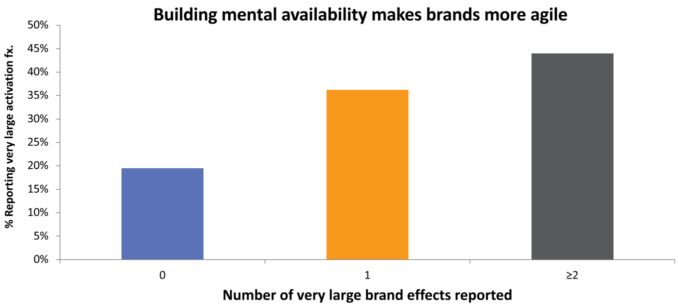
Aha, say the performance marketing boys (always resourceful when it comes to arguments!), this may have been true in the early part of the millennium but things have come on a lot since then. Data. So awesome, dude! It's all changed.

Actually, the latest 2020 data shows no difference. If there's any discernible trend (statistically speaking, there is not), it's towards a strengthening of mental availability. This is what I would expect, because the more businesses move online and become digital, the more important brands are, not less. Mental availability, rather than declining in importance, is actually becoming more and more important.

Aha, say those from the performance marketing world, you don't understand. We work in a very fast moving, agile category. We can't wait for your airy-fairy brand building to take effect, we have to be able to turn on a dime.

This is just not true and is something we have known for decades. The chart below takes the same three groups of campaigns and looks at the ability of those campaigns to drive powerful short term effects, such as taking advantage of opportunities, responding to threats, and boosting the response to performance marketing.

Mental availability boosts short-term effects



Source: IPA Databank, 2000-2020 for-profit cases

The stronger the brand, the more we are able to be agile in the marketing sense. This is not new news, but I have to show this because we have to confront what I call 'performance think'. This isn't just about the media we choose but also, as Orlando teaches us, about the very ads we run – our creativity. Such think has permeated an entire generation of marketers and their agencies and we have to restore sense.

Not all advertising builds mental availability. This has escaped the attention of a lot of digital natives coming into the world of marketing and advertising. I'm specifically talking here about short term sales activation and particularly performance marketing. It would have once perhaps been called direct marketing or sales promotion as well.

The reality is that this is bottom-of-the-funnel communication. It is about serving up those pieces of information, whether pricing, product details or whatever, that will nudge purchase now, assuming the consumer is prepared to consider us (and that of course is a big if). If we are not in their consideration set, we are going to have to work extremely hard (by which I mean throw a ton of money at them) if we want them to buy our product.

We know this kind of advertising has little or no impact on mental availability. We simply do not remember these kinds of messages. They act and work now or never, relying heavily on people in the market now for the attention they will get. If people are not in the market right now, which can be the significant majority, 98% of potential customers in some categories, we are ignoring them and tend only to get short term sales uplifts, having to re-serve the messages time and time again.

If we want to generate long term demand growth, we absolutely have to be in the world of brand building. This is a means of operating at the top of the funnel, creating those emotional priming effects and associations that create interest and desire for our brand, whether or not people are in the market right now. That is their primary strength, having a strong impact on mental availability.

This delivers a unique strength you just do not get with performance marketing, which is the potential to attract the attention and interest of all category buyers, whether or not they are in the market right now, assuming of course that our media plan provides for this. This is where Karen Nelson-Field's work is so important as we have been making some horrific media mistakes. Get it all right though and you generate long term sales and margin growth.

The 'performance think' ROI trap

This ROI trap is one of many problems we face. The top drivers of profit, usually annualised profit, are all the standard business metrics we would expect – market share growth, sales gain, penetration growth, pricing power – but mixed in with them in the number four spot is brand strength, the number of brand metric improvements we make with our campaign. It is a very strong correlative metric with profit.

The 'Performance Think' ROI trap

Top drivers of profit

	Correlation with profit
No. Very Large biz effects	64%
VL Sales gain	40%
VL mkt share	23%
Number of brand effects	23%
VL penetration	21%
VL price	18%
VL loyalty	17%
VL activation effects	15%
ROI	15%

Top drivers of ROI

	Correlation with ROI
VL activation effects	23%
VL profit	15%
Number of 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

Source: IPA Databank

Bottom of the list are short term performance marketing results and ROI. ROI of course correlates with profit but it's a different kind of metric. It is a ratio of what we get back in terms of profit to what we invest in terms of media and creative costs.

There are two ways we can maximise a ratio. We can either do the difficult thing, which is to maximise profit growth, or the easy thing, which is to minimise investment.

It turns out the top drivers of ROI are very different from the top drivers of profit. If we want to maximise ROI, we dispense with all the fruit at the top of the tree and go for the low hanging fruit. We go for the easy quick wins in the market, the short-term effects. It is as simple as that.

If you look at all the important business metrics, they don't correlate significantly with ROI. The one that Ehrenberg-Bass teaches us is the most important to the health and growth of brands is penetration growth. We must constantly recruit new customers into our brand. If anything, that correlates negatively with ROI because it's tough. It means communicating with people who don't know us, don't like us, have probably never tried us. There's no quick and easy return for that. No performance marketer is ever going to bother with that because the ROIs would look dreadful if they did. That is the nature of the challenge we have here.

We have seen it. In 2019, Adidas overinvested in performance and digital marketing at the expense of brand building. Their public confession has been hugely helpful and influential. They did it because they were driven by ROI.

"In 2019, Adidas overinvested in performance and digital marketing at the expense of brand building. They did it because they were driven by ROI."

What did that mean in terms of their media plan? You may be familiar with the 60 | 40 rule, an output from my work with Les Binet. It is the sensible balance between brand building and exploiting the brand for short term sales for the average brand and situation, rather than a one-size-fits-all metric. The Adidas mix was 23 | 77. Wildly out. No wonder they saw that, while ROI was looking quite good, brand growth wasn't doing very well at all. They did some econometric modelling that taught them, rather conveniently I would say, that 65% of their sales were driven by brand advertising. This is what everyone forgets. If you've never done brand advertising, you can be forgiven for that. How could you know that brand advertising drives the majority of sales?

We have seen this more recently with the Airbnb post-lockdown experience. They didn't immediately resume performance marketing at the end of lockdown and were astonished to discover that 95% of their website traffic returned without a single dollar being spent driving it in the short term.

We cannot take any of this learning for granted any more. We have to keep reminding the younger generation of marketers and agency people of the realities of brand marketing. That is what mostly drives growth.

> "There are lots and lots of brilliant start-ups that think about branding too late. You don't want to wait until years two or three, you want it baked in from the beginning."

Start-ups

Everyone says, 'What about start-ups?'. There are loads of start-ups these days who never spend a bean on brand marketing and they build their businesses to perfectly respectable sizes. Les and my own work suggests that you can get away with zero brand spend in the first year or so of life. There is a real importance in driving trial, which performance marketing can do very well for an innovative new product, and virality is strong. Just get the product in front of people and they'll probably buy it. But all businesses find that after a while, the wheels start to fall off that particular growth engine.

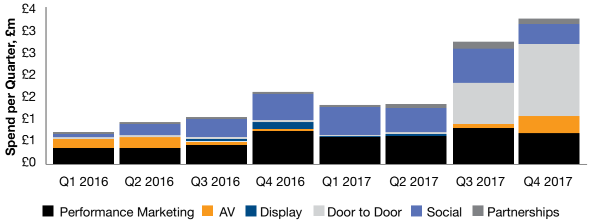
As competition comes in, you start to find that your costs for performance marketing start to look increasingly unhealthy. I work with a number of start-ups that reach this inflection point where they just can't afford to drive growth any more with performance marketing. Somebody has said to them: 'You should be doing a bit of brand building' and they say, 'Oh, what's that?'.

I had an interesting conversation with a Brazilian sports company a couple of years ago who had reached this inflection point and I asked whether he had thought about his brand. He hadn't so I asked him how the business started. He had noticed that Brazilian people have different body shapes to those in other countries so had decided to make sports clothing for them. What a great potential brand story, but you have to tell people! You do not take on Nike with only performance marketing.

There are lots and lots of brilliant start-ups that think about branding too late. You don't want to wait until years two or three, you want it baked in from the beginning. You want to do some brand marketing even though you can't really afford it from day one. Then comes early growth, maturity and leadership as you progressively lean into brand marketing as that will drive growth as time goes on.

There is a case study about this for Gousto and its UK launch. The first five or six years were almost entirely driven by performance marketing and you can see what happened in 2017 when they tried to maintain growth in the face of 11 competitors in the marketplace. They were finding they had reached that inflection point, Breaking through the growth inflection point: Gousto

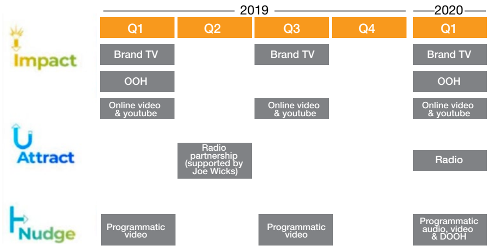
2012-18 Response driven



Source: IPA Gousto 2020 case study

2019-20 Brand + Response

Gousto 2019/20 laydown



Market share growth +9 ppts

ramping up spend on short term sales activation that simply wasn't driving growth anymore. At that point they did the smart thing and switched to a brand-plus response model, brand *and* activation not a million miles off the 60 | 40 ratio. In the space of little more than a year they put on nine share points and brought them close to level with the market leader.

Triple Jeopardy

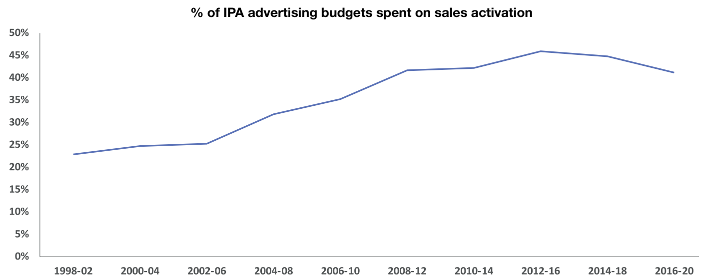
This leads me on to Triple Jeopardy. This is where Orlando, Karen and I have pooled our resources, with Karen's data on digital platforms, Orlando's research on creative styles and my usual bandwagon of IPA data. Essentially, this explores what happens when you undervalue the attention you get for your advertising and therefore your brand. This is of course the outcome from performance think, where all that matters is serving your message to people who are about to buy right now and providing the nudge to buy.

So, what is Triple Jeopardy? Firstly it is excessive spend on the kinds of performance marketing and short term advertising that simply does not build mental availability.

If we are raiding the brand budget to drive this, as usually happens, we are taking our foot off the brand accelerator in order to drive short term growth.

IPA data shows a doubling of typical advertising budgets spent on short term sales activation between 2006 and 2016, with that increasingly being digital. Note a slight tailing off in the latest couple of periods where there was some realisation, amongst blue chip companies anyway, that short term performance marketing was being overcooked. An encouraging sign.

The rise of sales activation



Source: IPA Databank, 1998-2020 cases

> We have some small chance to build a brand if we can keep someone's attention for 2.5 seconds. It is not a big ask. 85% of these ads didn't even make 2.5 seconds.

The second element of Triple Jeopardy is Karen Nelson-Field's world. She looked at a significant number of digital platforms and their sub platforms, finding that the same ad across different digital platforms resulted in dramatically different levels of attention. Some digital platforms are really bad at building mental availability because nobody pays any attention to the ads that run on them. Others are better and some are improving but there is an enormous difference. Until her research, we had no idea. We just paid on the basis of exposures. We got an eyeball, it got monetised, we paid the money. We are only now realising that it is much more complex than that. This is something radical and new in the world of media planning, that not all exposures are equal.

Karen makes the point that attention to digital ads is very fluid. We flow in and out, one minute being very attentive, next minute scrolling, next minute looking away. She researched about 130,000 ads, some social and some non-social, to identify how many achieved 2.5 seconds of attention, as her research teaches us that that is where the attention-memory threshold begins. We have some small chance to build a brand if we can keep someone's attention for 2.5 seconds. It is not a big ask. 85 % of these ads didn't even make 2.5 seconds. The remaining 15 % don't take account of fraud, bots and the like so you can probably halve that. In short, perhaps only 7-8% of digital ads are being seen long enough by humans to begin to build a brand.

Now we know this, we can begin to review the metrics. We shouldn't just pay for exposure to eyeballs, we should pay for attentive seconds. She is working on attention-weighted share of voice and soon there will be some new currency for media buying. We can't go on paying for 85% of ads that nobody usefully sees. There is a big problem to fix, though Karen is optimistic that things will happen quickly and I think they will.

Triple Jeopardy number three is where Orlando Wood comes in. Even when we try to do brand advertising and build mental availability amongst consumers, it turns out that we don't do it as well as we used to. We have forgotten the critical tools, techniques and learning of the past.

Orlando talks about left brain and right brain advertising and features. Left brain is where performance think takes you. It is about being in your face both literally and figuratively. It is about bottom-of-the-funnel, closing that sale. It is about the two to three seconds I need to make you buy this product. It is very in your face, aggressive and assertive. There's no charm or seduction or brand magic here. It's 'Buy me, buy me, buy me!' .

Right brain features are the reverse of that. They will be familiar to those of you of a certain age because we once did it brilliantly in this country; that seductive magic that makes you want to carry on watching but also makes you want to buy the brand.

Orlando looked at the Coronation Street ad break over thirty years as a sample, assessing the number of left and right brain features in the ads. He found that ads have been going more and more left brain and less and less right brain. This is really worrying because, as Orlando points out, it is right brain features that correlate with long term business success. They build the brand and drive long term growth. Left brain features might drive some short-term effects but will not contribute very meaningfully to the longer term.

We have a big challenge here. Most of the ads don't engage people and the use of digital formats makes

it difficult to gain attention. The American insurance company Geico can be seen responding to the challenge. They obviously read Karen's research and they have thought seriously about how to make brand-building digital ads work on the challenging digital platforms (see advert above left). Karen's work teaches us that on the right platform, there is a chance some people might watch a long ad through, but it's slim. On some platforms, they are never going to watch that long, so Geico came back with a shorter ad to solve that particular problem (see advert above right). They illustrate how tough it is to build brands on digital platforms. This is the level at which you must operate – creative, resourceful. It's not easy. We have a big challenge as digital is half the media world now and we must rise to it.

Those are the three components of Triple Jeopardy. You can't look to just one to understand effectiveness patterns as they all contribute. The trouble is, they add up to a particularly unwelcome reality which Karen is trying to address, that it is getting less likely and certainly less predictable that a dollar spent on advertising will build mental availability and so drive growth.

Share of Voice

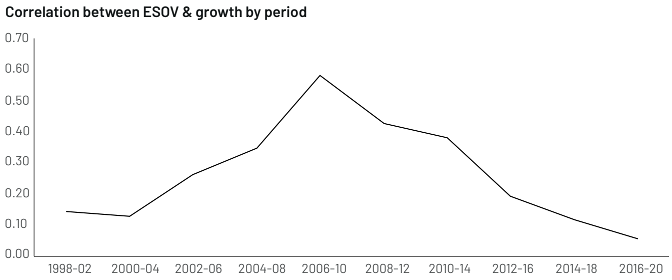
This undermines one of the fundamental laws of budgeting for advertisers, the share of voice model. Ever since John Philip Jones formalised this 30 years ago, it has been a brilliant tool in helping us set budgets. It simply says, if we want a stable market share, we need share of voice level with share of market. Any growth we get is likely to come from extra share of voice, the difference between the two.

However, if you think about it, it is a purely financial measure of advertising investment and of market share growth. For that to work, it heavily depends on both reliable and equitable values being placed on media exposures across wildly diverse media. That is to say, the value of an exposure to the brand on medium A versus the value of an exposure on medium B is fully costed into the prices we would pay for those two media. That was broadly true up to the digital revolution when the big digital platforms' 'walled data gardens' broke the feedback loop that fed this model. We now have a situation where the money is not chasing effectiveness when it comes to the digital platform. It is way out of line.

I'm going to show you the correlation between extra share of voice and market share growth, the John

"It is getting less likely and certainly less predictable that a dollar spent on advertising will build mental availability and so drive growth."

Purely financial measures of SOV are increasingly unreliable predictors of growth



Source: IPA Databank, for-profit cases

Philip Jones' relationship that's been solid for many, many years. It grows and strengthens in the first part of millennium, reaching a peak in 2006/07 when it was easily significant at the 99% level (that is to say there was less than a 1 in a 100 chance that the observed relationship between ESOV and market share growth was a fluke). It was a banker of a relationship. You could put your money on it. Since then it has lost enormous amounts of significance and that's down in large measure to money not chasing effectiveness, though it is also exacerbated by Orlando's observations about brands' advertising.

How do we show our love for brands? How do we fix these problems? It is of course by building mental availability.

I want to run through a few rules that we know not just from my own work but from that of others including Orlando's that can help us put this right.

1. Aim for fame

This is about moving our brands along a spectrum starting at simple awareness, where people have heard of the brand and passively accept it. Ehrenberg-Bass teaches us this is not good enough for big, scale brands, though it is OK for start-ups. So we need to move beyond that to salience, where the brand starts to come easily to mind and people begin to seek it. The brand is much more mentally available at that level. Then there is this wonderful level we call fame, where the brand gets talked about.

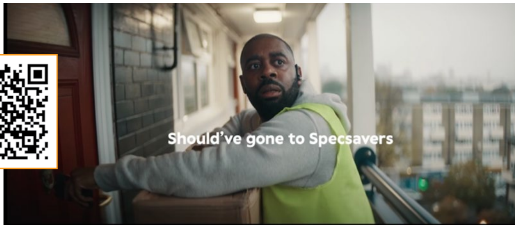
What we are doing in advertising and marketing terms is shaking up the category. We get talked about as a brand that's making waves and we get what psychologists refer to as 'cognitive ease' which is a fancy way of saying, this is a no-brainer choice, everyone's talking about this brand so it's got to be good, you don't have to even think about it. Then of course we get the whole influencing / advocacy that comes from hearing about that brand through multiple sources. We get increasing returns as we move along the spectrum.

So what drives fame? We fused Unruly's database with the IPA database, looking at around 60

Unruly advertising response metric (top 5 correlations)	Correlation with fame effects
Shock	28%
Surprise	27%
Amazement	14%
Disgust	11%
Hilarity	10%

campaigns and their response metrics, looking at the correlation with fame effects.

They are all different flavours of surprise, doing something consumers didn't expect you to do, something unusual in your category. Those are the top five metrics that correlate with fame. It's an easy lesson to draw. 17th out of 18 in my correlation analysis was knowledge, the currency of performance marketing. It negatively correlates with fame. People don't share or shout about interesting facts, they share and shout about cool content, something really surprising.



Specsavers is a business I admire hugely as it has such a great idea for its brand which they have stuck with for a long time. Some of the ads are stronger than others but they are a talking point. You can do it year in, year out if you get your thinking right. It has been hugely successful (see advert above).

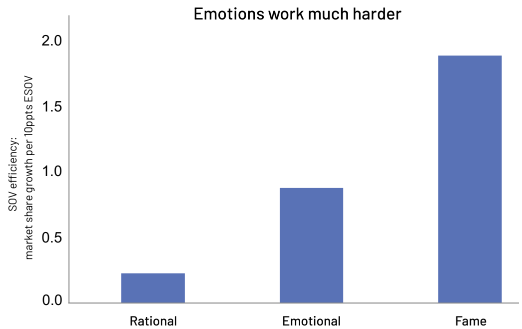
2. Aim for distinctiveness

The language of performance marketing is differentiation. It's about points of difference, those key facts that will nudge people over the line. It is not about being distinctive. In fact you probably don't want to be too distinctive in performance marketing. But distinctiveness, as we know from Ehrenberg-Bass, is the biggest driver of long-term growth. It is about seven times as effective as campaigns that try to establish a point of difference.

3. Engage emotionally

The main tool of distinctiveness, if we're not going to use facts and information, is emotion and we have known for many years that emotional campaigns are dramatically more effective than ones that seek to drive growth through pieces of information, the multiplier being around five to one. If we take it to the next level, which is fame, where we don't just make people feel good about our brand but want to share that enthusiasm, we take it to a different order of magnitude. These are fantastically effective campaigns though of course they are very difficult to pull off.

3. Engage emotionally



Source: IPA Databank, 1998-2020 cases

As we are talking about emotion, I want to make a slight aside. It is quite clear that the emotional make-up of successful brands has been changing. A lot of the Advertising Association's work on trust over the years has underscored this and most marketers are concerned with trust, not just in advertising but in their brands. We see this in the IPA data. We have seven brand metrics and we can look at their correlation with profit growth over time. For many years Les and I didn't think trust was very important, it being the least likely of the seven metrics to generate large profit effects. In recent years though that has all changed. It is now number two in terms of relationship with profit, behind only quality perceptions. It is becoming really important.

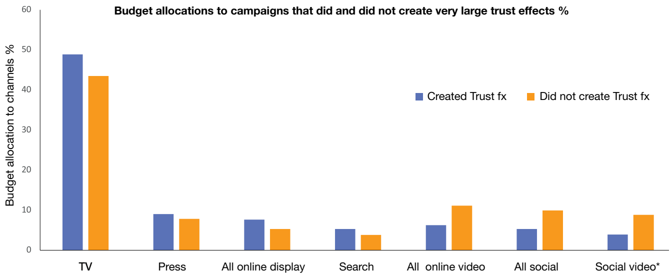
How do we build trust? There are two issues to draw to your attention. Not all media choices build trust, some do, some don't. In an analysis of 200 case studies from 2014 onwards, I divided them into two piles, those that built strong trust effects and those that did not and looked at the proportion of the budget spent on different media. For instance, take TV. Brands that created strong trust effects were more likely to spend more on TV than brands that didn't so we can conclude that probably TV supports the building of trust. It is not conclusive but it is a suggestion. Press, online display and search also generally seem to support trust.

When it comes to online video, particularly social video, there is a reverse pattern. Clearly there are issues with social platforms and the kinds of content we see there that undermine the medium as a dispenser of advertising trust. I am not suggesting this is proof positive but it would raise a question in my mind whether to put an ad on social video as opposed to on a more trusted medium. Would it give me the same trust effects? Perhaps not.

The other issue concerns brand purpose. It is not a tool for all brands but for the right brand it happens to be a very good tool for building trust and indeed building business success if you know how to do it. Unilever is of course the master so we should look to their brands as examples, such as Hellmann's and the reduction of food waste, a very good brand purpose for that kind of product.

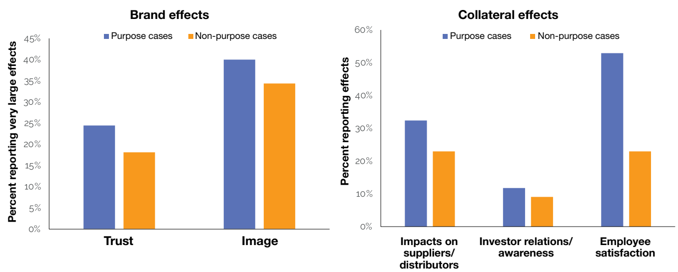
Let's just look at the impact on trust and image for brand purpose cases versus those that don't use brand purpose. The image metric means the emotional baggage that brands carry. Brand purpose can have quite powerful effects on these two important metrics, particularly trust. It also has positive effects across a range of stakeholders, particularly supply chain, investors and, most importantly, amongst employees. Employees like

Not all media choices appear to build brand trust



Data only available from 2014 (N=196). * Social video data from 2016.
Source: IPA Databank Data 2014-2020 cases (Social video data from 2016)

Brand purpose has some useful strengths



Source: IPA Databank 2008-2020 cases

working for purposeful companies which is valuable in times of labour shortages like now.

4. Get creative

Creativity was once hugely influential, though it has become a little tarnished recently because creative shows have been giving out awards to ineffective campaigns in recent years. If we look back over 20 years we still see a 10 to 1 multiplier in campaign share of voice efficiency (share growth per unit of investment). It is reassuring to note that, looking at the Cannes winners in 2022, there is a refreshing and reassuring growth beginning in recognition of the kind of creative campaigns that are likely to be effective.

5. Be consistent

Performance marketing is not interested in consistency but in constantly churning messages. However consistency is good for brand building. Fluent devices such as characters (e.g. M&Ms; Meerkats) or organising ideas (e.g. Specsavers; Snickers) drive growth. Some years ago Orlando and I did a business effectiveness study where we compared campaigns that had these kinds of consistent devices with those that didn't. The uplift is around 30%.

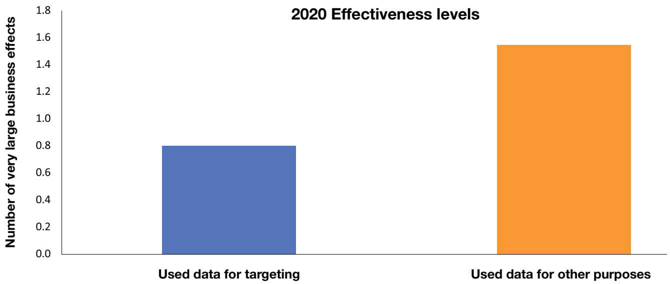
I think this Twix advertisement on the left (which picked up silver at Cannes) embodies many of the virtues I've been talking about. There are distinctive assets, consistency, certainly a fluent device, humour (that's a rarity these days). Well done Mars, 11 out of 10. But this is not performance think, this is not what Karen, Orlando and I have been railing against. This is good, time-honoured brand building.

6. Reach new customers

Ehrenberg-Bass's basic law of growth is we have to reach out to new customers all the time to drive growth. It's not an option, it is an absolute necessity. We can't take this for granted because performance marketers call this old fashioned thinking. 'What we do', they say, 'is use digital data to serve our message of advertising to anyone who's in the market'.

There are two answers to that and I should declare that I am not anti-big data. It all depends how you use it. Using 2020 IPA data, I compared two uses for data, those who used it for targeting and those who used it for other purposes such as generating insight, effectiveness, feedback and the like. The

Data-based targeting is not a growth-driver

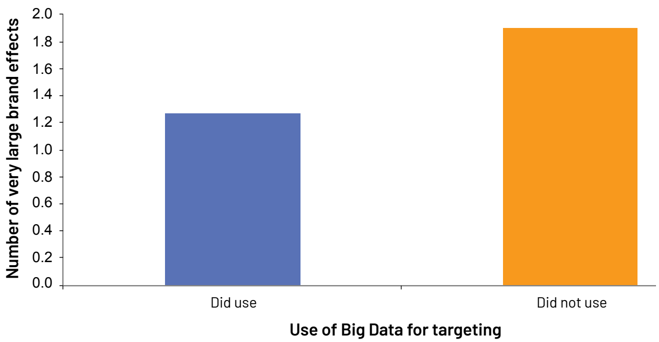


Source: IPA Databank 2020 cases

findings are interesting. The metric on the left, using data for targeting, is a really bad result in a database of success stories, while using data for other purposes is a very healthy metric, contributing to growth and success. It's about using data wisely.

Another perspective is to look at the brand effects of data targeting. There's been a lot of talk about one-to-one at scale and mass customisation, these being a great way forward, but the omens are not promising to put it mildly. The chart below just simply looks at the impact on brand of using data for targeting. There could be many reasons for this but the most obvious is, if you are sending different messages to different consumers, you end up with a dog's breakfast of a brand. That's not good news even if you're in the dog food market! This is no substitute for brand building. It is an interesting intellectual exercise but there is more and more data emerging that this is not the smart way forward.

Data-based targeting is not way to build brands



Source: IPA Databank 2020 cases

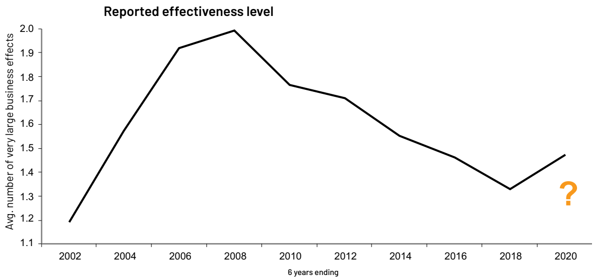
7. Keep brand and activation balanced

The 60 | 40 ratio I mentioned earlier comes from the simple observation of how the number of business effects change as you rebalance your budgets between the two extremes of all short term or all long term. There is a clear peak in the curve when you hit about 60 | 40 budget allocation between brand and activation. It is not a one size fits all model but an average. If you go down the old fashioned route of over-investing in brand, there is a loss of effectiveness but you can put that right at a moment's notice by dialling up your investment in short term marketing. The bigger mistake, which so many branded companies make, is to go all short term in which case you have much bigger loss of effectiveness and there is no quick fix. It will take you at least a year to build that brand back.

I'm going to end with some good news. Karen Nelson-Field is very optimistic that she is going to be able to fix the digital platform problem. Orlando Wood is much less optimistic about how long it will take to fix the creative problem and I'm with him on that. At least we have some optimism here.

So let's revisit the chart I started this lecture with and add in the 2020 data. The good news is that, at least amongst these blue chip marketers, there is for the first time in twelve years an improving trend. There are two interesting observations that are not reflected in the chart. Firstly, this was the first period when we saw a reversal of the trend to short term thinking. All of the short term metrics such as budget spent and timespans over which effectiveness was measured all started to return to something more sensible.

Have blue-chip brands turned the corner?



Source: IPA databank, 1998-2020 cases

Secondly, this is the first time in this run of data where the share of budget for social media fell. I am not saying social media doesn't have a good place in campaigns, it is just that we were spending far too much on it, that's the simple finding.

My second piece of good news is an advert that picked up two silver awards at Cannes (see advert below). I love it in so many ways. If Cannes is now giving silver awards to these kinds of adverts, then at least we are beginning to turn the creative corner. If we can poke fun, if we have big powerful campaigns taking the mickey out of the metaverse, I feel there is some hope for the future of advertising.

As the Icelanders would say, Takk! Thank you very much for listening.

Notes

This is the nineteenth in the Brands Lecture series. Previous lectures include:

Are brands good for Britain?
Tim Ambler, London Business School

Posh Spice and Persil
Jeremy Bullmore, WPP Group

100% marketing
Rob Malcolm, Diageo

Hybrids, the heavenly bed and purple ketchup
David Aaker, Prophet

Brands beyond business
Simon Anholt, Earthspeak

The Lovemarks effect
Kevin Roberts, Saatchi & Saatchi

They think it's all over…
Martin Glenn, Birds Eye Iglo Group Limited

In brands we trust
Lord Bilimoria CBE DL, Cobra Beer

Can brands save the world? Let's hope so.
Richard Reed, Innocent Drinks

Brand new: Innovation in a challenging world
Fiona Dawson, Mars Chocolate

Accountability is not enough…
Rory Sutherland, Ogilvy Group UK

Sports marketing – unleashing the passion
Austin Lally, Procter & Gamble

Brands, capital and crises
Rita Clifton CBE, BrandCap

Consumers, brands and trust: happy bedfellows or a new pyramid of conflict?
Peter Vicary-Smith, Which?

Brands & CEOs
Professor Patrick Barwise, London Business School

Never mind the quality, feel the personalisation. The future of retailing
Alan Giles, Saïd Business School, University of Oxford

Are brands a form of corporate bullsh*t?
Evan Davis, Economist, journalist and BBC presenter

Should brands take a stand?
Gary Coombe, Gillette

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