

# Board Excited

Effective marketing doesn't only win over the audiences that buy a brand. It also persuades the audiences that sell it.

The recent IPA Effectiveness Awards provide evidence of this in the form of case studies where boards gave marketing both a key strategic role and sufficient endorsement to foster change across the organisation.

Such examples are far from the norm. In the 2019 FT/IPA study, *'The Board Brand Rift'*,<sup>1</sup> 52 per cent of respondents rated their board's knowledge of brand building as somewhere between 'average' and 'very poor'.

Further, the report found that companies lacking brand expertise at senior levels were less likely to practise commercially proven brand building approaches.

More recent FT/IPA research suggests that business leaders' priorities have shifted in the COVID-19 pandemic.

While it is not possible to say how enduring this shift will prove, marketers will always need to speak to boards' concerns if they want their enthusiastic backing.

## Deliver to board priorities

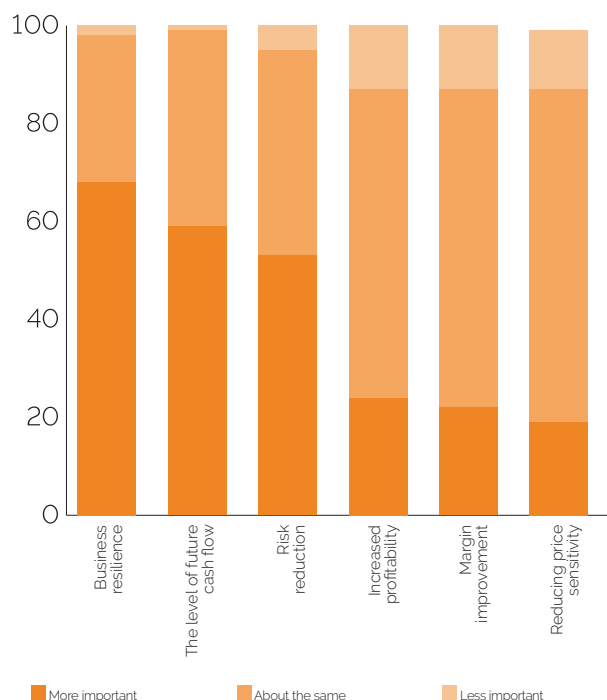
The FT/IPA research, published in October 2020<sup>2</sup>, outlined how decision-makers' business priorities had changed since the previous survey in 2019.

Business resilience, future cash flows and risk reduction saw the biggest increases in importance (See figure 1).

Areas in which marketing often takes a lead - such as developing new revenue streams and growing the

enterprise - are, understandably, being given less importance. The opportunity for agile marketers is to show how their work recognises the shift in boards' concerns.

*Figure 1: Business priorities have changed since COVID-19*



Data source: FT/IPA Research

The payback for marketers whose strategies align with their leadership's priorities can be considerable, as the following long-term cases show.

## Rebuilding Tesco's brand from the inside out

When Tesco developed a plan to turn around the supermarket business from a historic loss in 2015, marketing enjoyed both a pivotal role and a boardroom champion.

Consumers' perceptions of the brand's trustworthiness, affordability, and of its food quality had deteriorated. As a result, store footfall and average spend declined too.

Tesco's then CEO Dave Lewis, a former marketer, ushered in a renewed 'customer first' ethos that encompassed changes to everything from pricing, Tesco's Clubcard and product return policies to new food ranges.

After reforms were bedded in, it was marketing's role to communicate the brand's revamped purpose of serving "Britain's Shoppers a little Better Every Day".

Over five years to the end of 2019, like for like sales rose by 28%. By using econometrics, it was possible to isolate the contribution.

Figure 2: Marketing delivered incremental revenue for Tesco<sup>3</sup>

	Revenue driven from Brand Improvement	Revenue driven from Short-term Sales Impact
2014	£175,391,273	£349,957,753
2015	£371,945,348	£776,272,564
2016	£371,251,227	£701,844,022
2017	£741,676,313	£910,496,312
2018	£1,014,880,108	£972,348,625
2019	£1,100,194,837	£607,808,082

Data source: Tesco Econometrics/MediaCom Business Science

The revival of the brand's health consistently featured in the CEO's narrative to staff, investors, and the trade media.

Full details of the strategy can be read in the Tesco case study, which was awarded the 2020 IPA Effectiveness Grand Prix, with the Chair of Judges underlining the importance to Tesco's success of having a trained marketer in the top job.

## How Diageo changed its corporate culture

In 2016-19 Diageo committed to delivering an incremental £100m in profit from marketing via an initiative encompassing its wide brand portfolio.

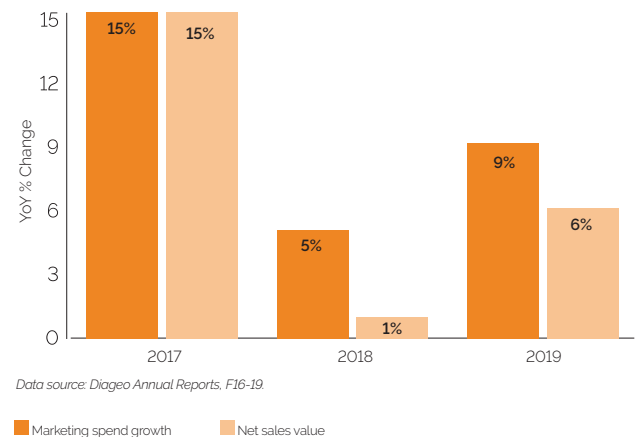
The approach was applied to its 200-plus brands such as Guinness, Baileys and Smirnoff, and markets at very different stages of development worldwide.

The approach was built around a standardisation of marketing measurement and processes and rollout of tools to improve spending effectiveness and encourage greater creativity. Additionally, training incentivised behaviour change and shared goals and language across company functions.

It is estimated that the initiative produced more than twice its £100m target and returned its investment 16 times over.

The programme was endorsed by the group's senior finance team that credited it with giving Diageo's senior management the confidence to increase marketing investment ahead of revenue growth. (Figure 3)

Figure 3: Diageo increased marketing faster than revenue<sup>4</sup>



CEO Ivan Menezes said the programme had a "profound effect on Diageo's results and its culture".

Whatever the post-COVID economy brings, marketers will do well to remember from Tesco and Diageo the value of winning over their customers inside the company as well as those outside.

The IPA and the FT, along with EffWorks, a cross industry marketing initiative, have partnered to support more effective advertising by businesses. For more on effectiveness materials, including links to IPA publications, visit [ipa.co.uk/effectiveness](https://ipa.co.uk/effectiveness)



Please get in touch if you would like our support to help your business improve its marketing and brand effectiveness.

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1: 'The Board Brand Rift', FT/IPA, 2019; 2: See full presentation at [ipa.co.uk/effworks/effworksglobal-2020/ipa-ft-board-brand-rift-revisited/](https://ipa.co.uk/effworks/effworksglobal-2020/ipa-ft-board-brand-rift-revisited/); 3: Tesco IPA Effectiveness Awards Case 2020; 4: Diageo Portfolio IPA Effectiveness Awards Case, 2020.