

The case for investing in advertising

Actually 1482 cases

There isn't a single way to produce consistently effective advertising. But there is a consistent way to prove your advertising was singularly effective: write it up as an entry for the IPA Effectiveness Awards.

For more than 40 years, the Awards have invited organisations of any type, size and market to submit a detailed case study on how and why their advertising was effective. These cases are rigorously judged by multiple juries, published, and their essential data points collated in the IPA Effectiveness Awards database. The process has to date generated 1,482 cases.

They provide a rich base of real-world evidence for marketers to identify both the principles which make advertising more or less effective, and the key insights which drove success for specific brands in particular markets and periods.

The IPA regularly updates its IPA Effectiveness Awards database analysis to share learnings with marketers and the wider business community. Here, we highlight some core findings, and the example of a brand that turned its business round by putting these principles into practice.

The link between brand building and business effectiveness

In 2018, we analysed aggregated data from Awards cases submitted by commercial brands between 1998 and 2016.¹

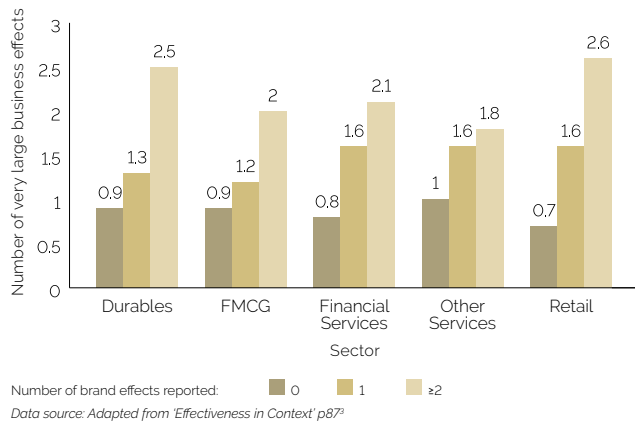
We grouped cases by sector and segmented them according to the average number of very large business effects – namely, increases in sales, profits, market share, and other metrics related to long-term commercial effectiveness – they reported.

We also examined the number of brand effects – defined as increases in awareness, differentiation, trust and other measures of brand strength – these cases reported.

In each sector, the more brand effects the cases reported, the higher the average number of very large business effects they also experienced.

We believe this is evidence of a clear relationship between brand building and growing business effectiveness which we have repeatedly found.²

Figure 1: The link between brand building and business effectiveness

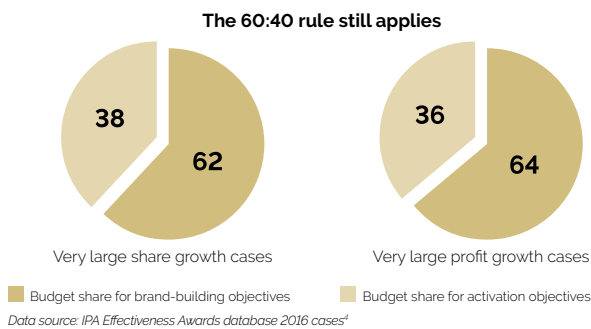


The 60:40 rule and when to adapt it

One of the IPA Effectiveness Awards database's strengths is that it contains both a sufficient number of cases to produce general insights and a range of cases to suggest how to adapt guidance for particular contexts.

The 60:40 rule of thumb is one such instance. Analysis of budget data supplied as part of Awards entries shows that the best business results are achieved when budgets are broadly split 60 per cent on brand marketing and 40 per cent on activation.

Figure 2: How to divide budgets between brand and activation marketing effectively



This budget split can be modified to suit the characteristics of the brand, such as its category, size, or age. For example, in a category where purchases tend to be made for rational reasons – such as financial services – emotional brand building is harder to achieve and requires more investment.

Getting the AA back on the road

Like many businesses during the mid 2010's, the AA insurance company had become fixated on short-term financial performance and targeted advertising. The brand's marketing was increasingly addressed at existing members with offers, via direct mail, door drop leaflets, and digital campaigns. Brand building advertising was dropped completely and total marketing spend cut. As AA profits were growing, the approach seemed to be paying off.

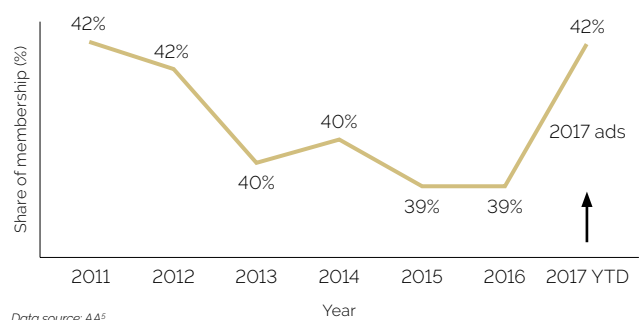
However, on closer inspection, membership numbers and market share were declining. With no brand building advertising, mass market awareness of the AA and perceptions of its quality were steadily falling away.

For every 15 new members the brand was adding, it lost 20 existing users.

The overhaul of AA marketing, described in a 2018 IPA award-winning case, exemplifies several IPA Effectiveness Awards database learnings. It was a long-term reinvestment in emotion-driven brand building. The marketing budget was re-balanced so that brand marketing accounted for 60 per cent of spend, and advertising aimed to talk to the wider motoring market using mass market TV and posters.

The AA campaigns succeeded in rebuilding the brand's relevance and image, leading to an estimated 194,000 extra sales and boosting member retention, which helped to reverse its share decline.

Figure 3: AA breakdown service market share grew after brand advertising



The revived brand enabled the AA to reduce discounts, achieving more sustainable revenue growth, and returning £2.23 of profit for every £1 invested.

It is numbers like these, contained in hundreds of similar IPA Awards cases, that underpin the case for investing in advertising.

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



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 For more on this analysis see 'Effectiveness in Context', pp79-95, IPA, 2018 | 2 For more evidence of the relationship between brand building and commercial success, see another note in this series, 'There's no proof advertising works. Well, apart from 40 years' worth' and 'The Long and the Short of It', p. 28, IPA, 2013 | 3 Effectiveness in Context, page 87, IPA, 2018 | 4 From 'Media in Focus', page 41, IPA, 2017 | 5 AA IPA Effectiveness Awards case, 2018, available for sale on [IPA website](http://ipa.co.uk)