Pick & Mix

(after evaluating all the evidence)

The recipe for successful advertising is not to expect just one recipe.

Advertising effectiveness comes from striking a balance of different types of communications, messages, and channels, and assessing and adjusting this mix over time.

The brand's category, market status and age are among factors which affect where this balance should lie for each marketer.

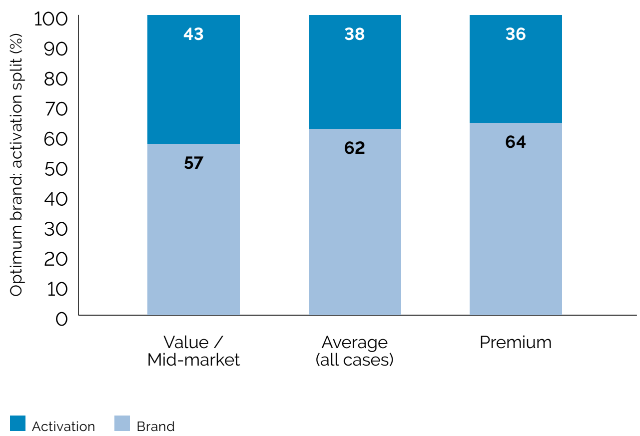
That is what analysing evidence from more than 40 years of case studies in the IPA Effectiveness Awards has taught us.

We'll be following our own advice. So while this summary highlights some general rules of thumb that the evidence supports, it also shows the benefits of adapting advertising strategy and investment to create the most effective mix for your particular business.

Flexing the 60:40 diet for business growth
IPA studies have consistently found that investing 60% of marketing spend on long term brand building advertising and 40% on more immediate activation campaigns is a good rule of thumb for business growth.[1] Cases in the IPA Effectiveness Databank that reported significant increases in sales, market share or other business growth measures were most likely to have had this rough budget mix.

Our most recent report, 'Effectiveness in Context',[2] identified a similar pattern across brands at both the value/mid-market and premium ends of categories.

Fig 1: Spending approx. 60% of marketing budgets on brand building can be optimal



Data source: IPA Effectiveness Databank, 1998-2016 for-profit cases

Source: Effectiveness in Context

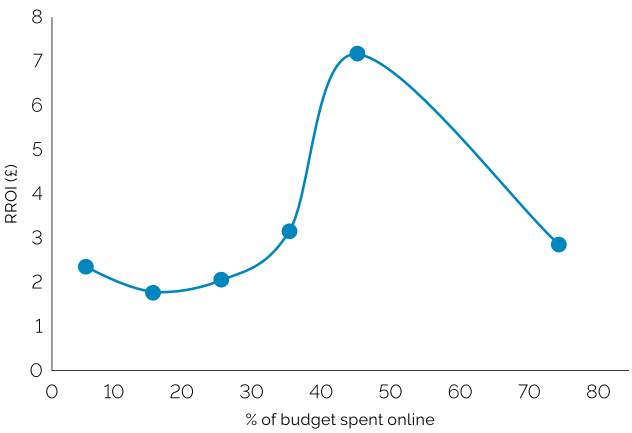
Importantly, however, the report warned "it is not safe to assume that general learning can be automatically applied in all situations – we need to flex the rules" and provided tools and encouragement for brands to fine tune budget mix.

Mixing offline and online media to maximize success
Another balancing act for marketers is allocating spend between online or offline channels. But what does the evidence suggest is the best online/offline split to drive commercial effectiveness?

An answer comes from the Advertising Research Community (ARC) project, a database of econometrics data and insights collated from non-awarded advertising campaigns, which was launched by Dr Grace Kite, Founder of the consultancy Magic Numbers, with support from the IPA.[3]

The ARC found that the highest revenue return on investment (RROI) was generated by cases that spent 40%-50% of budget on online media. This picture was consistent even when data was adjusted for the different sizes of advertisers and across different categories.

Fig 2: How much marketing spend should be online to drive the highest revenue return?



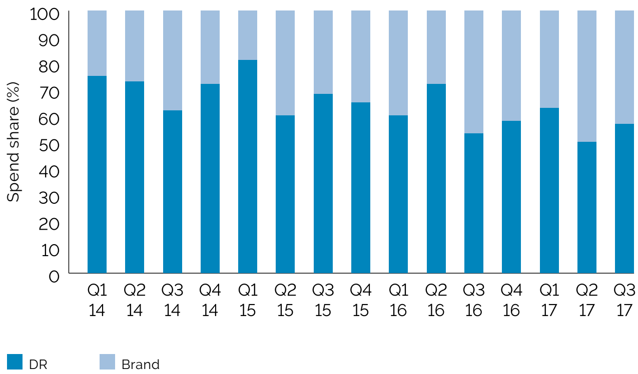
Data source: Magic Numbers report, presented EffWorks Global 2021
Source: 'New data on effectiveness outside awards entries', ARC/Magic Numbers[3]

The report estimated that at the time of its analysis, the optimum budget split for the UK as a whole was 55% offline and 45% online. This is close to the actual division of investment in the UK market in 2019, and a corrective to fears that brands were undermining the effectiveness of their advertising by putting too much online media into their media mix.

How Virgin Media turned up the dial on its brand
Despite smaller marketing budgets than its main rival, Sky, Virgin Media needed to compete better for TV and broadband customers. The role of communications was to ensure Virgin was worth a price premium in consumers' minds.

Over several years, TV brand building ads and direct marketing conveyed the benefits of fast broadband and seamless technology more emotionally, by borrowing some of the rule-breaking personality of the Virgin parent brand. Virgin Media's marketing budget was shifted towards brand building.

Fig 3: Virgin Media shifted spend towards brand building to be more distinctive



Data source: Annalect Econometrics
Source: Virgin Media IPA Effectiveness Awards case, 2018[4]

Following the advertising, brand metrics improved and Virgin grew its share of UK net new broadband connections from 27.1% to 44.4%. Econometrics calculated that advertising drove £633m of incremental net value. The case estimated that about 46% of Virgin Media's revenue increase was generated by its brand building advertising.

By the end of the period, brand advertising had grown to almost half of Virgin Media's marketing spend – a substantial increase in a category where price offers and sales are common tactics.

And while this proportion was still short of the general 60:40 ratio, it highlights that effective marketers write their own recipe for success rather than follow one written for them.

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 See 'The Long and The Short of It', IPA, 2013; 'Media in Focus', IPA, 2017 | 2 'Effectiveness in Context', p.44, IPA, 2018 | 3 'New data on effectiveness outside award entries', ARC, EffWorks Global, 2021 | 4 Virgin Media IPA Effectiveness Awards case, 2018