

Put all your eggs in two baskets

Effective marketers are singular at working plurally. The evidence for this multi-faceted skill is in submissions to the IPA Effectiveness Awards, the biennial competition that recognises marketers for rigorously proving their work met its intended goals.

Over many years, IPA publications have analysed data from these Awards submissions to identify the most effective approaches to marketing strategy and investment.¹ Our publications have consistently found the best outcomes – in terms of increased likelihood that advertisers report gains in profits, market share or other positive business growth measures as a result of their marketing – come from investing in a balance of multiple marketing activities.²

Broadly, this balance is struck between investment in activation and brand building – two types of marketing used for distinct purposes. Activation marketing aims to prompt immediate responses from audiences (such as sales or product sampling) by communicating rational messages on price deals and offers, usually in concentrated bursts.

By contrast, brand building aims to create sustained future demand for a brand by making it better known, more appealing or otherwise enhanced through more emotional messaging that can influence audiences' behaviour over time.

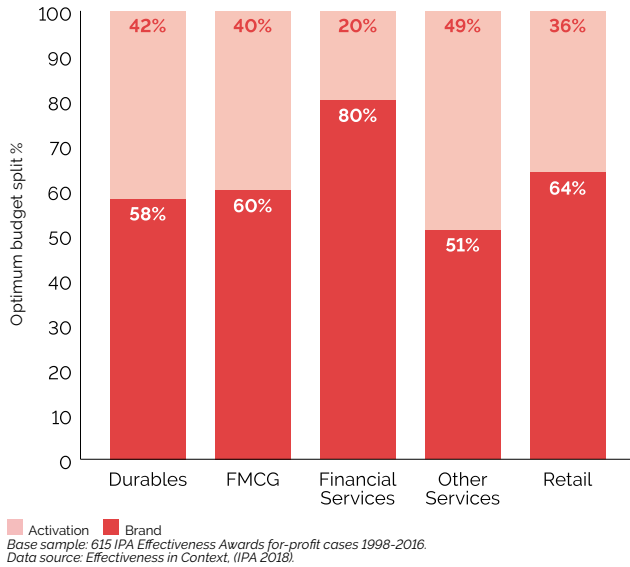
The most recent analysis concluded that across all contexts in the IPA Awards dataset the optimum marketing budget split to achieve positive business outcomes was to invest just over 60 per cent on brand building and a little under 40 per cent on activation.³ This split varied in specific contexts. The analysis therefore advised marketers to adapt any guideline ratios to their own circumstances.

Striking the right balance for your brand

According to the IPA report 'Effectiveness in Context' (2018), "all brands in all contexts need brand building" and, also, "all brands in all contexts need activation".⁴ However, factors such as category and how consumers choose a brand shape the most effective balance between brand building and activation.

For example, among financial services brands in the sample, the optimum balance found was more skewed towards brand building (see Figure 1).

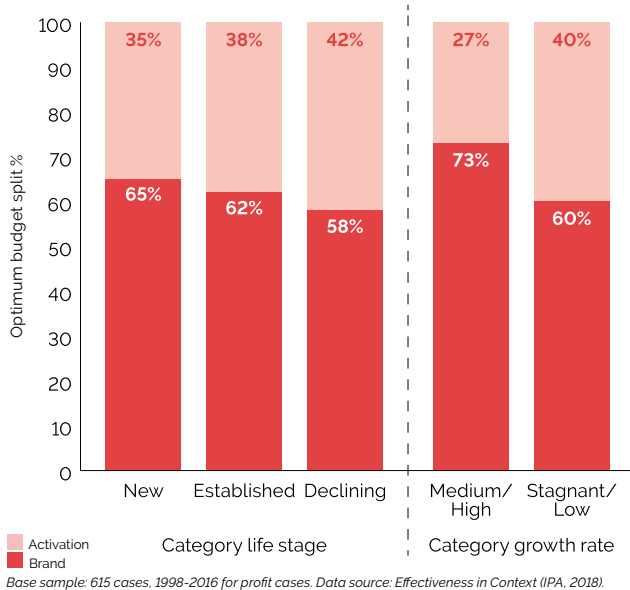
Figure 1: Among IPA cases, the optimum marketing budget split varied by category



The report argued that one explanation is that people tend to choose financial products such as mortgages after consideration of rational factors such as interest rates and fees. It is harder for financial advertisers to make brands emotionally appealing, and to be effective they may have to allocate a greater budget share to their brand building.

There were also variations in the optimum when cases were grouped according to the category's maturity or growth rates.

Figure 2: Category maturity and growth rate can also shape optimum budget splits

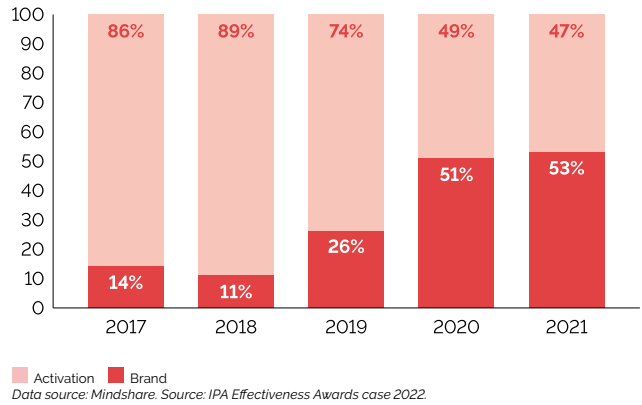


So, while the report advised that both marketing modes were needed to be effective, it provided tools for businesses to adapt specific brand-activation balances for themselves.

Rebuilding KFC with a brand-led balance

In 2017, to revive penetration and market share, the KFC fast food chain implemented a comprehensive new strategy based on the belief there was a 'right way' for KFC to do everything from staffing and restaurant design to advertising. In terms of media, KFC said the 'right way' was "by learning from all the best practice effectiveness evidence",⁵ including IPA recommendations. Gradually, it shifted from being a heavy investor in sales activations for limited time and price offers to a more brand building-led budget, and refreshed advertising creative and channel usage.

Figure 3: KFC benefited from a more brand-led budget



Econometric analysis estimates the new advertising strategy drove £730m of extra sales over four years.⁶ It is more evidence, if needed, that it can pay to lean into the right marketing balance.

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 detail on how Awards data is collected see the following [IPA PDF](#) in this series | 2 For more on the importance of marketing balance, see ['The Long and The Short of It'](#) (IPA, 2013) and ['Media in Focus'](#) (IPA, 2017) | 3 ['Effectiveness in Context'](#) (IPA, 2018) analyses Awards submissions data from 615 for-profit-cases from between 1998 and 2016. For more detail on this dataset, see page 132 of the report | 4 ['Effectiveness in Context'](#) (IPA, 2018), page 123 | 5 ['KFC: The Right Way to Rebuild a Brand'](#), IPA Effectiveness Awards case study 2022 | 6 Ibid