The long and the short of it:
10 key principles of success

Les Binet & Peter Field
Our new research

• What are the ingredients of effectiveness?
  – over the short term?
  – over the long term?

• Method: meta-analysis of IPA effectiveness Databank
  – 996 campaigns
  – 700 brands
  – 83 categories

• Compare effects of strategies over short & long term.
What’s the problem?

• No long term effects without short term.
• But short and long term effects are different.
• Short term effects are vital for efficiency.
• But long term effects drive growth and profit.
• You need both.
• But how do you balance them?
1) Support volume and price

% Reporting very large profit gains

Neither | sales/share only | price only | both

Very large improvements reported in...
But price effects take time

% Reporting very large pricing effects

Campaigns periods up to

3 months  6 months  1 year  2 years  3 years
2) Build sales and saleability

- Direct campaigns
- Brand campaigns

![Graph showing Annualised ESOV Efficiency for 1-2 years and 3+ years, with higher efficiency for 3+ years compared to 1-2 years.](image-url)
Price effects depend on brand-building

% Reporting very large price sensitivity reduction

0% 1% 2% 3% 4% 5% 6% 7% 8% 9% 10% 11% 12%

Number of very large brand effects recorded
The need for ‘brand response’

% reporting each type of effect (very large)

Campaign objectives

- Pure brand
- Brand Response
- Pure Response

Direct sales
Share
Profit
3) Talk to all your prospects

Long term prospects

Immediate prospects

Customer base

Narrower but earlier effects, smaller paybacks

Broad but slower effects, big paybacks

Long term

Short term

Brand building

Sales activation
Broad reach for effectiveness & efficiency

- Target existing customers:
  - Total number of very large effects: 2.2
  - Annualised ESOV efficiency: 0.2

- Target new customers:
  - Total number of very large effects: 5.6
  - Annualised ESOV efficiency: 0.3

- Target whole market:
  - Total number of very large effects: 6.7
  - Annualised ESOV efficiency: 2.6
Broad reach for price & profit

- **Price sensitivity**
  - Target existing customers: 0%
  - Target non-customers: 4%
  - Target whole market: 5%

- **Profit**
  - Target existing customers: 8%
  - Target non-customers: 27%
  - Target whole market: 30%
4) Balance head & heart

Short term behavioural responses

System 1

Long term brand preferences

System 2

Rational product & pricing messages

Emotional brand associations
Effect of a single exposure

- **Rational messaging**
  - Big direct effect, but decays quickly.

- **Emotional priming**
  - Smaller effect on sales. Decays slowly.
Effect of a multiple exposures

Rational messaging
Short term sales uplifts, but
Brand perceptions unchanged.
No long term increase in sales
or reduction in price sensitivity.

Emotional priming
Brand grows stronger,
leading to long term volume increase

Sales uplift over base

Time
Emotions drive long term price elasticity

Very large reduction in price elasticity (3+ years)

- Rational: 0%
- Combined: 5%
- Emotional: 7%
Emotional effects build over years

Very large profit effects

- Emotional campaigns
- Rational campaigns

1 year: 13% Emotional, 10% Rational
2 years: 30% Emotional, 20% Rational
3+ years: 43% Emotional, 23% Rational
Emotional priming at work: John Lewis

http://www.youtube.com/watch?v=pSLOnR1s74o
5) Aim for fame

Fame quadruples efficiency

- Fame campaigns: 1.4
- Other campaigns: 0.3
Fame accelerates success

- Very large business effects
  - Fame campaigns
  - All emotional campaigns

Graph showing the increase in very large business effects over time for fame campaigns and all emotional campaigns.
Fame has the biggest effect on price

- Fame campaigns: 8%
- Other campaigns: 3%

Very large reduction in price sensitivity
6) Creativity increases efficiency

Annualised ESOV efficiency

<table>
<thead>
<tr>
<th>Creatively awarded</th>
<th>Other campaigns</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.8</td>
<td>0.3</td>
</tr>
</tbody>
</table>
Creativity has a powerful effect on price

Very large reduction in price sensitivity

Creatively awarded: 7%
Other campaigns: 3%
7) Share of voice matters more than ever

- **SOV > SOM**: brands tend to grow
- **SOV < SOM**: brands tend to shrink
- **Equilibrium**: SOV = SOM

Graph showing the relationship between Share of voice (% of total conversations) and Share of market (% of total market size) with the lines indicating growth and decline based on the comparison of SOV and SOM.
SOV is becoming more important

Annualised ESOV efficiency

- 0.3 (1980-2002)
- 0.6 (2004-2010)
8) Integrate brand and activation

<table>
<thead>
<tr>
<th></th>
<th>Brand channels only</th>
<th>Brand + Activation</th>
<th>Activation channels only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand effects</td>
<td>1.2</td>
<td>1.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Business effects</td>
<td>1.3</td>
<td>1.5</td>
<td>0.7</td>
</tr>
<tr>
<td>ESOV efficiency</td>
<td>0.3</td>
<td>0.6</td>
<td>-</td>
</tr>
</tbody>
</table>

Integration can **double** efficiency
TV is vital for long term profit

3+ year campaigns only

Average uplift in profit effects

Channels added

-20% 0% 20% 40% 60% 80% 100% 120% 140%

TV

Other brand

Activation
Online: horses for courses

Some online channels are better for brand building, others for activation

<table>
<thead>
<tr>
<th>Channel:</th>
<th>Websites</th>
<th>Interactive</th>
<th>Social/viral</th>
<th>Mobile/Apps</th>
<th>Search</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in number of brand effects:</td>
<td>17%</td>
<td>15%</td>
<td>-2%</td>
<td>-5%</td>
<td>-6%</td>
</tr>
</tbody>
</table>
9) Balance brand and activation SOV

- TV (inc. sponsorship): 27%
- Press - display: 17%
- Online - display: 7%
- Outdoor & Transport: 5%
- Radio (inc. branded content): 3%
- Cinema: 1%
- Online - search: 17%
- Direct marketing: 11%
- Press - classified: 7%
- Online - classified: 5%

Brand channels: 61%
Activation channels: 39%

% UK media expenditure, 2011
The 60:40 rule

Optimum: ~40%
VW: balancing brand and activation

http://www.youtube.com/watch?v=oeKuFs0KxO8
VW: balancing brand and activation

http://www.youtube.com/watch?feature=player_embedded&v=tx_Awd6_Do
10) Measure short and long-term effects

![Bar chart showing very large direct effects and very large profits with categories: Rational, Combined, Emotional.]

- Short term metrics alone can be misleading.
Big data = big danger?

<table>
<thead>
<tr>
<th>Category</th>
<th>% Reporting very large direct effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creatively awarded</td>
<td>24%</td>
</tr>
<tr>
<td>Not creatively awarded</td>
<td>34%</td>
</tr>
<tr>
<td>Fame campaigns</td>
<td>27%</td>
</tr>
<tr>
<td>Rational campaigns</td>
<td>38%</td>
</tr>
</tbody>
</table>
### Key long term metrics: SOV & price elasticity

<table>
<thead>
<tr>
<th></th>
<th>Share of voice minus market share</th>
<th>Level of trade promotion</th>
<th>Price elasticity Year 1</th>
<th>Price elasticity Year 2</th>
<th>Price elasticity Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand A</td>
<td>+9.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand B</td>
<td>+2.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand C</td>
<td>-2.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: DDB Matrix
### Key long term metrics: SOV & price elasticity

<table>
<thead>
<tr>
<th></th>
<th>Share of voice minus market share</th>
<th>Level of trade promotion</th>
<th>Price elasticity Year 1</th>
<th>Price elasticity Year 2</th>
<th>Price elasticity Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand A</td>
<td>+9.3%</td>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand B</td>
<td>+2.9%</td>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Brand C</strong></td>
<td><strong>-2.0%</strong></td>
<td><strong>High</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: DDB Matrix
### Key long term metrics: SOV & price elasticity

<table>
<thead>
<tr>
<th>Brand</th>
<th>Share of voice minus market share</th>
<th>Level of trade promotion</th>
<th>Price elasticity Year 1</th>
<th>Price elasticity Year 2</th>
<th>Price elasticity Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand A</td>
<td>+9.3%</td>
<td>Low</td>
<td>-2.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand B</td>
<td>+2.9%</td>
<td>Low</td>
<td>-1.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand C</td>
<td>-2.0%</td>
<td>High</td>
<td>-1.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: DDB Matrix
### Key long term metrics: SOV & price elasticity

<table>
<thead>
<tr>
<th></th>
<th>Share of voice minus market share</th>
<th>Level of trade promotion</th>
<th>Price elasticity Year 1</th>
<th>Price elasticity Year 2</th>
<th>Price elasticity Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand A</td>
<td>+9.3%</td>
<td>Low</td>
<td>-2.4</td>
<td>-1.7</td>
<td></td>
</tr>
<tr>
<td>Brand B</td>
<td>+2.9%</td>
<td>Low</td>
<td>-1.9</td>
<td>-1.5</td>
<td></td>
</tr>
<tr>
<td>Brand C</td>
<td>-2.0%</td>
<td>High</td>
<td>-1.3</td>
<td>-1.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: DDB Matrix
### Key long term metrics: SOV & price elasticity

<table>
<thead>
<tr>
<th>Brand</th>
<th>Share of voice minus market share</th>
<th>Level of trade promotion</th>
<th>Price elasticity Year 1</th>
<th>Price elasticity Year 2</th>
<th>Price elasticity Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand A</td>
<td>+9.3%</td>
<td>Low</td>
<td>-2.4</td>
<td>-1.7</td>
<td>-0.7</td>
</tr>
<tr>
<td>Brand B</td>
<td>+2.9%</td>
<td>Low</td>
<td>-1.9</td>
<td>-1.5</td>
<td>-1.4</td>
</tr>
<tr>
<td>Brand C</td>
<td>-2.0%</td>
<td>High</td>
<td>-1.3</td>
<td>-1.6</td>
<td>-2.0</td>
</tr>
</tbody>
</table>

Source: DDB Matrix
The balanced scorecard

Long term business performance
  Price elasticity
  Econometrics
  Brand equity
Implicit, emotional responses
Creativity & fame metrics
Short term sales
  On & offline response
Explicit communication
  Persuasion scores
10 Key principles for success

1. Support volume and price
2. Build sales and saleability
3. Talk to all your prospects
4. Balance head and heart
5. Aim for fame
6. Creativity increases efficiency
7. Share of voice matters more than ever
8. Integrate brand and activation
9. Balance brand and activation SOV
10. Measure short and long-term effects