

by Peter Field

WHY AREN'T WE DOING THIS?

How long term
brand building
drives profitability

Acknowledgements

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We would also like to thank all those New Zealand brands that have made their case studies available to us for this publication.

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Thank you to the team at Special Group, who worked tirelessly to bring this book to life.

Lastly, we want to thank those businesses that believe in the power of brands and the positive impact it has.

To find out more about the power of building brands, and how to build them, talk to a Comms Council member today. A list of members can be found at www.commscouncil.nz

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Foreword by Joan Withers MBA, CFInstD

Massive disruption is causing constant re-evaluation of every aspect of business. Yet, despite all this change, it's clear that investing in a consistent brand presence continues to deliver huge advantages.

It can be argued that a strong brand is more useful than it's ever been. Product and service categories, purchase channels, media channels and marketing messages have all fragmented. Our audiences are assaulted with an increasing number of daunting and ever-changing choices, each presented in a myriad of ways. At the most basic level, a strong and consistent brand cuts through the confusion, and makes it simpler for our audiences. It's much easier to choose something you know and like.

This isn't only about customers. Mercury's successful 2016/17 relaunch showed us how brand communications also build staff engagement and stakeholder confidence. A strong brand makes every business challenge, and every conversation, a little easier.

Businesses must consider brands as assets – as tangible as plant equipment, buildings and people. In fact brands are among the more lasting investments that can be made. Thank you to the Comms Council and Peter Field for providing such a well-researched and succinct set of brand communication principles for the modern marketer.

About the Author

Peter Field spent 15 years as a strategic planner in advertising and has been a marketing consultant for the last 20 years. Effectiveness case study analysis underpins much of his work, which includes several important marketing and advertising texts: *Marketing in the Era of Accountability*, *The Long and The Short of It*, *Brand Immortality*, *The Link Between Creativity and Effectiveness*, *Selling Creativity Short* and a chapter of the *Sage Handbook of Advertising*.

His latest work in partnership with Les Binet – *Media in Focus* – was published in June 2017. He was a contributor to the Wharton Future of Advertising Project. Peter writes and speaks regularly around the world about marketing effectiveness. He is an honorary Fellow of the UK Institute of Practitioners in Advertising.

Introduction

This is an evidence-based paper, not an opinion piece. The data we examine here comes mostly from the effectiveness database of the UK Institute of Practitioners in Advertising (IPA).

This consists of the confidential data submitted alongside entries to the IPA's biennial advertising effectiveness awards competition. The data is increasingly global as the case studies come from more places around the world, including New Zealand. The analysis shows how campaign inputs, such as strategic or media choices, influence outcomes. This can include hard business effects and shows how this varies over time from the short term to the long term.

It is the timescale observations that are so vital here, because it transpires that what works best in the short term is pretty much the opposite of what works best in the long term. It is dangerous to focus on only one timescale, especially the short term; the most successful businesses balance short-term and long-term activity and this means brand building, as this paper will show.

**“Long-term
results cannot be
achieved by piling
short-term results
on short-term
results.”**

The Danger to Brands

All over the world – and New Zealand is no exception – companies have been allowing their brands to weaken. The impact on marketing effectiveness is real, measurable and considerable. They are doing this by choosing to spend less and less on brand building. With that choice, many are unwittingly risking their future survival.

Why would rational, well-managed businesses choose to inflict such self-harm?

The answer for many is that they have been seduced by an increasingly widely heard mantra; that brands are no longer important to people and therefore brand advertising is a waste of money. This, of course, can become a self-fulfilling prophecy; if we give people no reason to be interested in our brand then they will no longer look for it. But this is not inevitable and the evidence is that it is a serious commercial mistake.

Advocates of this school of thought believe that in the future, none of us will ever make a non-rational product decision again. Consumers will instead make informed product choices based solely on product performance and value for money. All companies need to do to be successful, therefore, is to deliver information about their products in a timely and relevant manner, and brand building will have no place in this world.

Many have been powerfully influenced by this belief already. The explosive growth of search retargeted display advertising delivering these timely and relevant product messages has now made it an increasingly dominant advertising medium in New Zealand and around the world.

Data-Driven Activation is Exploding

NZ online activation – spend in \$ millions

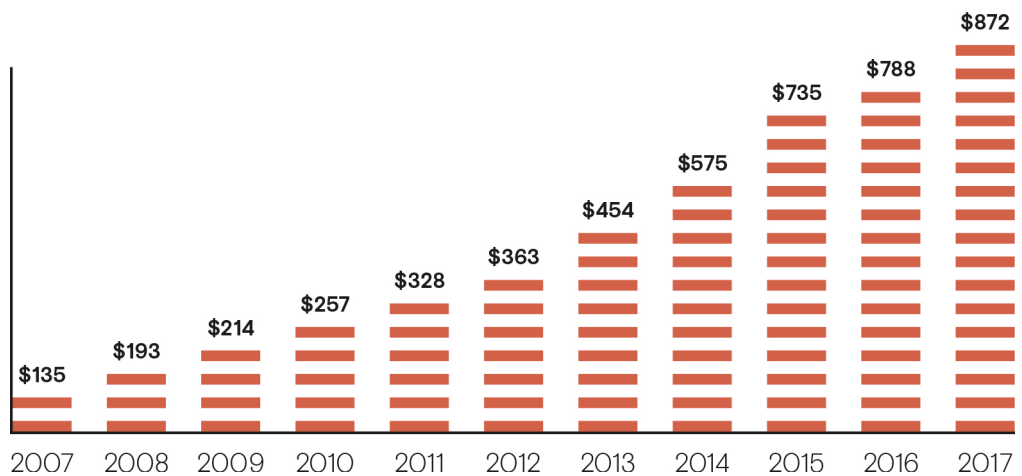


Fig 1. NZ data-driven activation has grown explosively

Source: Source: IABNZ Base: search, display & classified – excludes social media

The thinking that has driven this growth was neatly expressed in a print ad from 2013 promoting search. The very simple copy of the ad read “You know who wants a haircut? People searching for a haircut”.

But where does this approach get you?

As a way of acquiring new customers, it makes great sense if you’re a local hairdressing salon. Geo-targeted search-driven ads, probably with an incentive, can indeed deliver new customers to the doors of unbranded businesses. Brand-building advertising is probably beyond the reach of such businesses.

But this ad wasn’t targeted at hairdressers. It appeared in a business magazine and was aimed at professional marketers. Yet there is a fundamental flaw in proposing this same approach to drive growth for large-scale businesses. For them, especially those with significant online sales, paid search is a useful short-term sales tool but not effective, *on its own*, in driving profitable long-term growth; it needs to work alongside brand building.

The issue is much bigger than paid search alone. It is about the growing and erroneous belief amongst businesses that it is more effective for advertising to serve information *at the moment of purchase* that will prompt consumers to choose the brand, rather than to seduce them into wanting to choose the brand *in advance of purchase*.

For larger businesses, this information and data-driven model simply cannot deliver in the same way. For starters, the data tools are available to all competitors equally, so there is no sustainable source of competitive advantage created by this advertising. And, at this level in the market, there is sufficient competition to trip an ‘arms race’ – a bidding war for the

last-minute attention of prospects. Even worse, it will probably start a parallel arms race in the levels of incentive necessary to neutralise competitors' offers.

Such bidding wars are already happening. Look at the rising cost of search-driven advertising, with advertisers bidding against one another to serve their messages to the hottest prospects.

Meanwhile, these promotional incentives are increasingly expected by consumers. This fuels a margin-destroying cycle that undermines the very profitability on which businesses depend for their future investment. For branded businesses, this model can become a dangerous spiral.

Brand building, by contrast, brings positive benefits to profitability. The data reviewed here shows its impact on pricing power, but there are many other proven benefits of brand building too; with investors, suppliers, distributors, employees and other stakeholders, all of whom are attracted more to strong brands. But none of these benefits accrue to those who turn their back on brand building.

It is not too late to escape from this no-win scenario. Already there is a growing number of global blue-chip marketers who have identified the danger and chosen to increase investment in brand building without walking away from sales activation.

“We realized we were shoving people through a purchase funnel to get them over the finish line. And guess what? It got very rational; it got very functional; and we had a lot of price-promotion offers.”

Eric Reynolds, CMO Clorox, ANA Masters of Marketing Conference, October 2017

“Sustaining an audience is hard, it demands a consistency of thought, of purpose, and of action over a long period of time.”

Bruce Springsteen, quoted in
“The three C’s of customer satisfaction”
McKinsey & Co, March 2014

Mainland

Mainland has demonstrated the power of investing in brand storytelling for decades. A commodity product in a cluttered market, the brand has been vying for the share of consumers' dairy wallets since its inception. Rather than resorting to easy product and price models adopted by its competition, Mainland chose to set itself apart by creating an emotional connection with New Zealanders through the lens of what makes their cheese more desirable.

The Good Things Take Time story was born from a product truth. The sage Mainland cheesemaker takes the time to ensure their craft and expertise is experienced in every block, and the patience to see its development through to maturity is what makes the cheese special.

Good Things Take Time became the overarching narrative guiding the Mainland brand for over 30 years. It's given the brand a badge of care, quality and provenance – and given consumers a reason to seek it out over others. This platform has not only delivered consistently strong sales performance of their core range of products, but it's also given them license to expand into the premium end of the market and embrace innovation in their products, seamlessly.

And, it's paid off. Today, 42 units of Mainland are sold in New Zealand supermarkets every minute and Mainland is comfortably housed in the top 10 most loved Kiwi brands.

Brand Building = Sustainable Competitive Advantage

Brand building delivers sustainable competitive advantage in a world where there are few other sources. By creating and reinforcing desirable associations for their brands, companies can create demand for their products even if they enjoy no tangible advantage over those of their competitors.

This advantage doesn't just drive sales more strongly; it impacts pricing power and, consequently, the ability to boost profitability.

Brand building doesn't just drive incremental volume, it also delivers incremental margin. The two together drive long-term profitability in a way that short-term data-driven offers simply cannot.

Data from the UK¹ suggests that if a business doesn't strengthen its brands, its ability to boost long-term brand profitability is severely limited. The charts show how pricing power and profitability both rise in line with the number of brand metrics² that are strengthened.

¹ Here digital era data only is examined – around 500 case studies. The case study data is increasingly global.

² Source: IPA Databank, 1998 – 16 cases. The data captures a basket of seven brand metrics, such as awareness, trust and differentiation – the charts observe how many very large improvements to these were reported.

Brand Building is Key to Lower Price Sensitivity

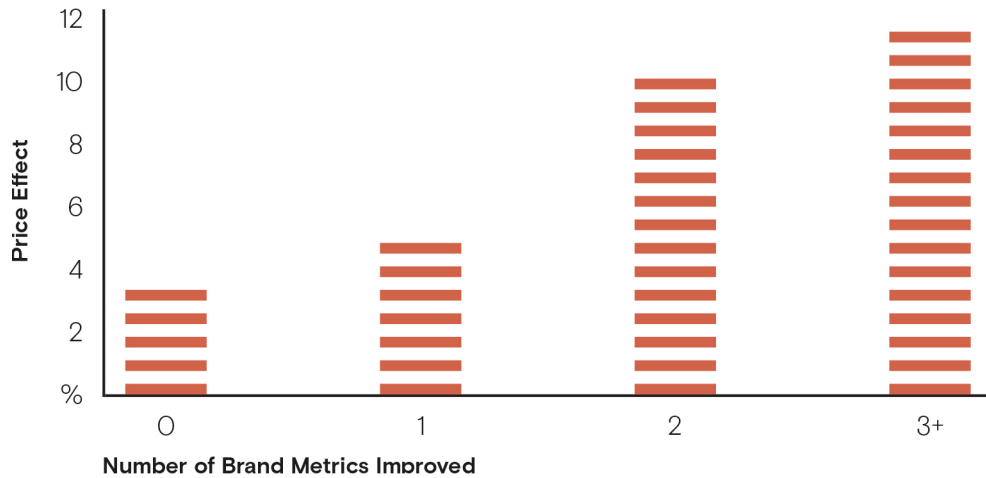


Fig 2. Number of brand metrics improved - IPA Databank, 1998-16 cases

Brand Building is Key to Long Term Profit

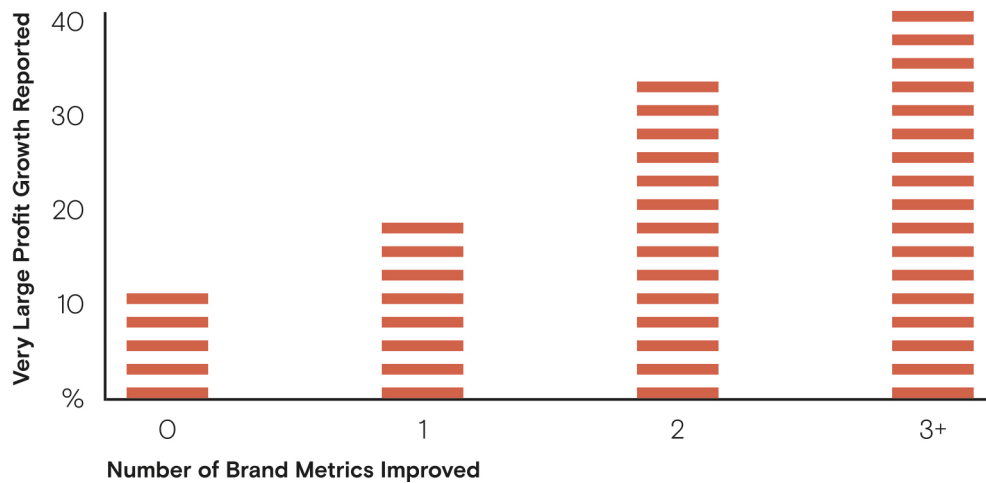


Fig 3. The importance of brand building - data from the IPA Databank, 1998-16 cases

Source: IPA Databank, 1998-16 cases

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The Rise of Sales Activation Advertising

Despite this clear evidence, global expenditure on brand-building advertising has been reduced to fund the growth of sales activation advertising; targeting consumers at the moment of need with a piece of information that might lure them to buy right now. New Zealand has been no exception; digital sales activation advertising alone already accounts for around a third of total New Zealand advertising spend.³ Add in sales activation using traditional media such as DRTV, radio and print and the total is likely well over 50%.

This dramatic shift to short-term sales activation does real damage. And it's damage that can be measured. Campaigns from all around the world submitted to the UK IPA Effectiveness Awards have shown a considerable drop in typical levels of effectiveness, reversing an earlier improving trend. The timing of this drop is no accident. It coincides with a dramatic growth of campaigns aiming to deliver results over time frames of less than six months. This shift to short-termism took off during the Global Financial Crisis, so this is the legacy of a decade of damage.

³ Sources: IABNZ, ASA NZ. In 2017 total NZ adspend was \$2.7bn of which \$870m was digital activation (mostly paid search) and a further \$51m was social media (which is mostly used to activate short-term sales).

As Short-Termism Took Off, Effectiveness Fell

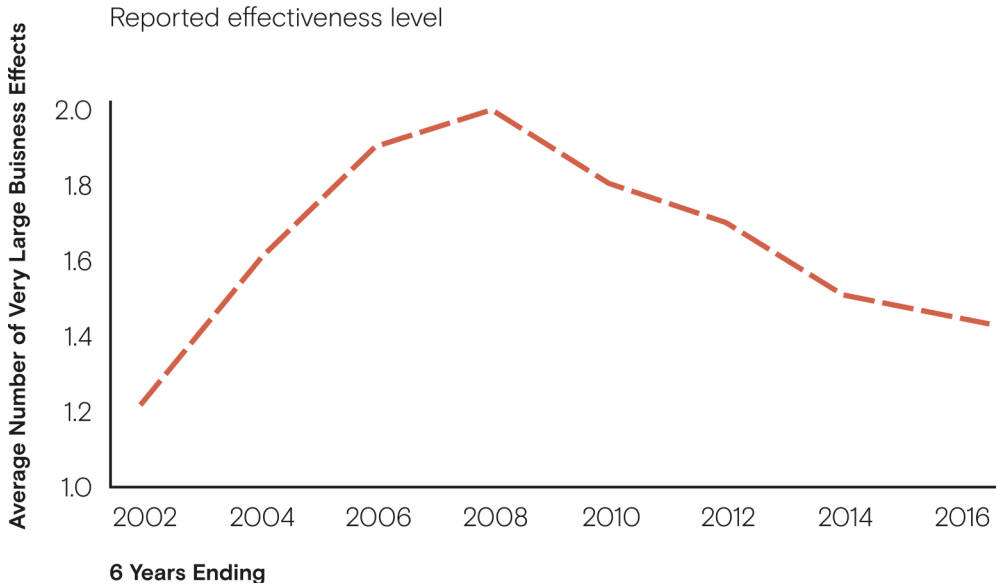


Fig 4. Effectiveness has been falling since short-termism took off

There are a number of forces at work to pressure businesses to do this. One is undoubtedly the growth in investor pressure to deliver consistent improvements to quarterly results. But there is another equally powerful motivator at work; the mistaken belief that by focusing on short-term growth you automatically achieve long-term growth.

It sounds reasonable at first. But **strategies that deliver the strongest short-term sales effects are more or less the opposite of the strategies that are best for long-term growth.** Focusing on short-term sales inevitably conflicts with long-term growth – and the conflict is serious.

Short-Term Sales Activation Versus Brand-Building Advertising

Short-term sales activation is best accomplished by behavioural prompts that nudge people to buy now. These could be deals or offers, product news or a seasonal message. These messages are not very memorable (facts are not retained in the way that feelings are) and may also be time-limited in their nature, making it important to serve them to those who might buy the brand as close to the point of decision as possible. And, because these messages are so forgettable, they are unlikely to influence future decisions unless you deliver a further ‘reminder’ message at the appropriate time. This makes them relatively inefficient over time as you have to keep re-serving the message.

If you adopt this approach, you end up with an ultimately expensive ‘always on’ advertising model. One characteristic of this is short-term advertising effects that do nothing to make next year’s sales targets any easier to achieve. This is illustrated by the red line in this diagram.

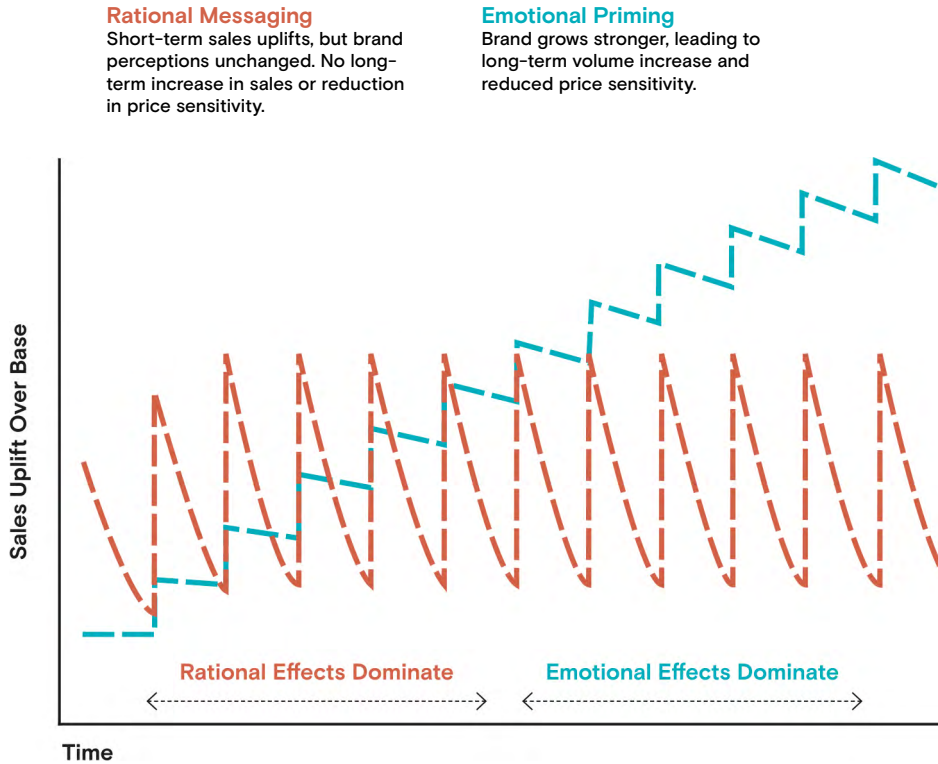


Fig 5. Emotional brand building and rational sales activation work over different timescales⁴

Long-term growth is best accomplished by brand-building advertising that creates powerful memory structures for a brand. These memory structures prime consumers to want to choose that brand. Nobel Prize winner Daniel Kahneman⁵ has shown that the most powerful priming influences on behaviour are those that trigger a 'System 1' brain response. This is our feelings-driven, effortless and automatic decision-making process. He argues that the vast majority of our decisions are made through System 1, based on what feels right.

⁴ Taken from 'The Long and The Short of It', Binet L & Field P, IPA 2013

⁵ 'Thinking, fast and slow', Kahneman D, Allen Lane 2011

Lion NZ

The beer and wine categories have become some of the most commoditised and competitive aisles in the supermarket. To maintain market share, brands have become over reliant on price promotions to win, which over time erodes margin and dilutes the value of the brands. In 2013 Lion NZ chose to break the cycle and wrestle back the initiative. By consolidating its marketing efforts behind six flagship or ‘blockbuster’ brands, Lion would first, make those brands less sensitive to price promoting and second, strengthen those brands to provide solid platforms for innovation, which when executed well allows brand owners to grow price.

‘Circling the wagons’ around these core brands allowed Lion NZ to commit to continued and sustainable levels of investment for the long term by ensuring these ‘blockbusters’ are always ‘the children that get fed first’. This approach has in turn created long term, enduring communication platforms that have built consistent emotional equity with consumers, making the brands less sensitive to competitor pricing and innovation. Steinlager is guided by an ‘Unconditional Belief in the spirit of New Zealand’. Speight’s continues to tighten the bonds of mateship through, ‘Good on ya mate’ and Mac’s invites drinkers to discover more

through 'Here's to Interesting'. Corona takes us to 'The place you'd rather be'. Wither Hills celebrates those things 'Made Beautifully'. Smirnoff seeks out 'Pure Potential'.

By committing to enduring brand platforms and executing emotionally resonant campaigns from them, Lion NZ has chosen to play and win the long game. Since 2013 Lion NZ has increased annual volume sales across those six brands by 17.6%, from 43m to 51m units. More importantly Lion NZ has increased annual revenue across those six brands by 19% from \$265m to \$291m.

A recent quote from Rory Glass, CEO Lion NZ, vindicates the approach; "The year on year delivery of communication campaigns that demand attention has been key to our market place success, as has ensuring our blockbuster brands have the investment they need - through good times and bad".

Advertising that creates positive feelings towards a brand therefore has a powerful influence on consumer choice. Put simply, if we like a brand we tend to believe that it is better than the alternatives.

It takes time to create and reinforce such feelings, so they tend to have modest short-term effects (making this route unattractive to those who only seek short-term sales), but because those System 1 memory structures are so durable they strengthen over time if you continue to invest in them.

The result?

The most powerful brand advertising can create attractive associations for brands that last for decades, making them immensely valuable assets.

That is why Deloitte⁶ reported that the additional intangible value of New Zealand's top 10 brands was worth \$4.7 billion collectively in 2012. These brand assets continue to drive growth long term. Look at the blue line in the diagram, figure 5 on page 25, while brand building may get off to a slow start in sales terms, it becomes a much more efficient way of driving growth over the long term.

⁶ 'Advertising Pays - The economic, employment and business value of advertising', Deloitte Access Economics, the Commercial Communications Council 2017

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The Dangers of Short-Termism

In the past few years, we've been deluged with new advertising tools and metrics, nearly all making impressive claims about their effectiveness. But the important consideration is; over what time scales are they measuring that effectiveness? It is usually only over the very short term, so while they may work at the sales activation level, they're not validated for long-term, brand-built growth.

There is another complication in all of this. Data from the UK and Australia⁷ suggests that the cusp at which brand building starts to take over as the dominant driver of growth is six months into the life of campaigns (assuming they run that long). Quarterly reporting then takes on a dangerous extra significance; it prompts marketers to choose sales activation strategies and blinds them to the long-term benefits of brand building. This double whammy is now undermining brand building on a massive scale, all over the world.

⁷ See 'The Long and the Short of It' IPA 2013 and 'The link between creativity and effectiveness', ADMA 2013

**“Bit by bit, you
become internally
focused, think in
the shorter term,
and undertake
activities that
don’t create long-
term value.”**

The ROI Fallacy

But it gets worse. Recent years have also seen dramatic growth in the use of Return on Investment (ROI) as a primary metric for marketing decisions; governing choices about which strategy, which campaign and which media should be used. It sounds sensible, but is potentially highly dangerous, especially when the timeframes over which ROI is measured, are short.

We sometimes forget that ROI is a ratio – what you get back, divided by what you put in. There are two ways to maximise this ratio; increase the profit you generate, or minimise the amount of money you invest. Sadly, especially in the short term, the best way to boost ROI is to look for ways of cutting investment, and this means opting for sales activation over brand building.

ROI encourages marketers to think short term and to reach only for the low hanging fruit in their market. They target advertising tightly at consumers who are in the market right now. They reduce their investment in brand building because it takes time to deliver growth and they switch ever more expenditure to sales activation, such as paid search, which can deliver short-term results but does little for long-term growth.

It's an imprudent trade-off. What is achieved is mediocre long-term results, but at minimal cost; so the ROI looks great, but absolute profit growth is dire – and this is exactly the pattern that appears in the UK IPA data.

Focus on ROI Drives Short-Termism but not Profit Growth

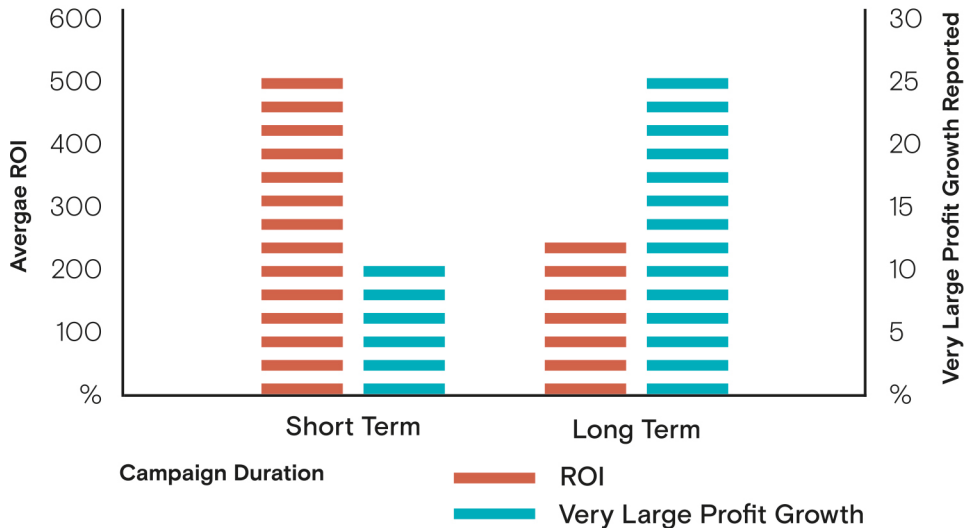


Fig 6. Short-term campaigns deliver better ROI but much lower absolute profit growth

“We realized we were getting very short-term focused. We were targeting the kinds of people who already loved us... We sold stuff. The ROI went up. We felt great about that. But guess what? We forgot the golden rule of brand building: Brands are built through penetration.”

Eric Reynolds, CMO Clorox, ANA Masters of Marketing Conference, October 2017

The average reported return on investment of short-term campaigns (those designed to work over periods of less than six months) was more than twice that of long-term campaigns, but the proportion of short-term campaigns that reported very large profit growth was much less than half. ROI maximisation does not align with profit maximisation and businesses would be much better off pursuing the latter.

“You simply cannot save your way to prosperity.”

Paul Polman, CEO Unilever, McKinsey interview, May 2014

Getting the Mix Right

No one said you have to choose between brand building or sales activation. Quite the opposite. If you combine them, in balance, you get powerful multiplier effects.

This is because brand building boosts short-term sales activation if it has had enough time to create the priming effect described above. We've known for a long time that response rates to direct marketing rise considerably after brand communications are added to the mix, and there are many case studies illustrating this. Ultimately, it is highly beneficial to the success of activation messaging if the brand is strong.

Case study analysis,⁸ widely backed up by long-term market mix modelling, suggests that the most effective campaigns over all time frames are those that combine a strand of brand-building activity with a strand of activation messaging, in balance. Typically, the ideal ratio in budget allocation is 60:40 brand:activation.

This ratio does vary slightly according to the category and circumstances of the brand. In categories where consumers are less confident, such as financial services, the ideal mix shifts to 70:30 or beyond. In categories where products or services are highly 'perishable' such as travel or quick service restaurants, the ideal mix shifts to 50:50 or beyond. But the sweet spot for effectiveness and efficiency is always a combination of brand and activation in a ratio not greatly different from 60:40.

⁸ 'Media in Focus', Binet L & Field P, IPA 2017

easyJet

In the online low-cost airline category, rebalancing budget from sales activation to brand building proved highly profitable for easyJet over the 2011-2013 period. In 2010, faced with stagnating load factors despite aggressive pricing, and profits at a near ten-year low, the company realised that its early growth model of price-driven sales activation did not pass muster in the increasingly competitive European low-cost air travel market. In 2010, paid search alone accounted for more than a third of the communications budget, with other forms of activation (e.g. email and print) taking the brand:activation split way below

60:40. Bravely, the company went right through the business to find the savings necessary to fund an aggressive brand-building push in 2011. Brand metrics responded strongly as did load factors, yields and profits (which more than doubled by 2013 on a per seat basis). The shift to a more appropriate and sustainable level of sales activation was evidenced by the paid search share of budget, which was reduced to 9% by 2013. Revealingly, the new profitability of the brand was ultimately sustained on a reduced budget from 2010 levels, but allocated more wisely across brand and activation.

Source: easyJet IPA case study 2014

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The Tech Brand Myth

If all this is true, why are there tech brands that have built conspicuously successful businesses in recent decades with little or no brand-building advertising? In fact, when it comes to brand building and technology start-ups, the pattern is now quite clear. With a unique technology and a good head start, tech businesses can achieve impressive growth and brand credentials for a significant time; based purely on user experience and probably some data-driven activation advertising.

But, ultimately, if they do not achieve a dominant position where they can effectively lock out competition, then they discover that they have to turn to brand-building advertising. This is exactly what Amazon, Uber and Airbnb have done. Even Facebook and Google have found themselves increasingly drawn into brand support advertising, especially when they enter competitive markets such as Facebook Live or Google Pixel.

Apple, on the other hand, has always recognised the importance of advertising to its brand. Its famous 1984 commercial laid the bedrock on which the brand was built and, later, the Think Different campaign heralded the renaissance of the company after Steve Jobs' return.

It is a myth that tech brands prove that long-term success can be achieved without brand-building advertising. Most of them have used it because, in the end, you can't gain a sustainable competitive advantage without it. In any case, how relevant are these types of brands to most sectors, really? How many brands are there, in non-tech sectors, that have genuinely unique, world-beating products that advertise themselves?

Building Brands: Some Principles of Best Practice

If you've read this far, you will have started to see the extent to which brand-building advertising is vital to long-term success and immensely beneficial to your agility in driving short-term sales.

Obviously, there isn't a set route to building a brand, but there are some principles that can guide best practice. You can't cherry-pick these; they are all inter-linked and flow in and out of each other. Get it right and they will all work together to build your brand.

01 Build Mental Availability for Your Brand

‘Mental availability’ is more complex than simple brand awareness. Byron Sharp, Director of the Ehrenberg-Bass Institute, describes it as “a complex property that defines the propensity of the brand to be noticed and/or thought of in buying situations”.⁹ It is a brand’s command of the many associations that drive choice in the category and its distinctiveness within that category. What we know, is that mental availability is a primary driver of long-term growth for brands.



Mental availability is inextricably linked to brand attributes and is strengthened by brand-building advertising. Activation messages may have some short-term impact on awareness, but achieve little beyond this. Brand-building advertising is the only route that can really deliver.

Of course, the amount of money invested in brand-building advertising also determines its ability to build mental availability – this is discussed later under the topic of reach.

Building mental availability is the key objective of brand building, and some of the following areas of best practice cover how best to increase that.

⁹ ‘How brands grow’, Sharp B, OUP 2010

Toyota

Toyota has remained one of New Zealand's most loved brands for over 20 years. As vehicles, technology and competition have changed there have been seasons of strength but also of challenge. During all this time the respect and deep emotional connection New Zealanders have for Toyota have carried the business forward. The Toyota brand strives to embody the best qualities of us as a nation and as people. It holds a place in the cultural fabric through its tone, stories, characters and sponsorships - all of which lift

Toyota from being a brand of car to buy, to a brand to be part of. As a result, Toyota tops the list in Corporate Reputation and remains consistently in the top five brands for Consumer Trust. All this means that 53% of New Zealand consider a Toyota when they come to buy a car and come back year after year, and model after model.

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02 Aim for Distinctiveness

The most important route to achieving mental availability is to develop distinctive assets. This applies both to the physical presence of the brand as well as its advertising.



Distinctiveness – or standout – does not mean simply attempting to differentiate the product from the mainstream of the category. Byron Sharp sees that as misguided. “Much advertising trips over itself, trying to present persuasive differentiating messages. Consumers...are very happy to be reminded of things they already believe, especially if it is done in an entertaining way.”¹⁰

IPA data from the UK supports the power of distinctiveness over mere differentiation.

Campaigns with objectives that are associated with distinctiveness are around seven times as effective as those associated with differentiation.

¹⁰ Ibid

This goes a long way to explaining why many global marketers are turning away from the time-honoured 'product benefit' advertising strategy; it is very difficult to create anything distinctive based solely on product benefits when your competitors' products are, mostly, as good as yours. Forty years ago, a well-funded advertiser might have been able to drive home and own a product performance message, but times and products have changed. This model no longer works as it once did.

Constant churning of differentiation messages, with little thought for any distinctive sense of brand, inevitably conflicts with the requirements of long-term growth. The school of 'new news' advertising is now a corrosive influence and is a model founded simply on the imperative of short-term sales responses. Unfortunately, a great deal of the early thinking around how to use new digital media was also side-tracked by this 'persuasion' model and billions have been spent on advertising that creates no distinctive assets for brands. Ultimately, this is a misuse of the media and has undermined their potential contribution to long-term effectiveness.

The Difference Between Short and Long-Term Advertising Responses

Two IPA ‘packaged goods’ case studies neatly illustrate the very different kinds of sales response you get from a short-term ‘persuasion’ strategy versus a long-term brand building one.

Garnier Ultralift: the limitations of rational persuasion advertising

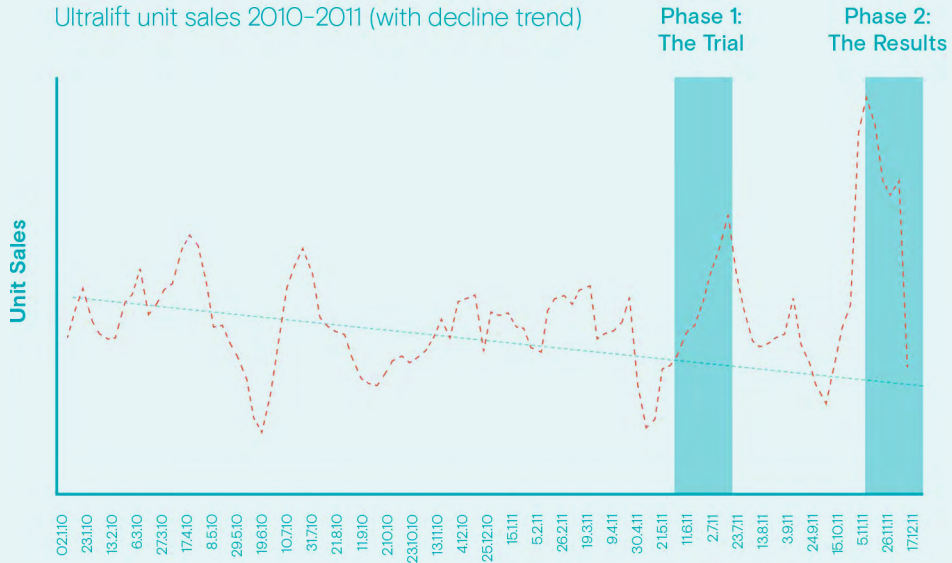
In 2011, Garnier faced sales declines for its Ultralift brand following adverse publicity about the efficacy of anti-ageing creams. Their response was to re-launch the brand with a new campaign that challenged consumers to try the product and measure its effects with the ‘wrinkle reader’. Heavy on reasoning, but largely free of emotional appeal, the campaign generated an extremely short-term sales response while on air. With little to create lasting memories, the long-term downwards sales trend re-asserted itself within weeks of the end of the campaign.

Fairy Liquid: the long-term power of emotions

In contrast, Fairy chose a powerful emotional approach in its 2009-2014 ‘Enduring Care’ assault on stagnating sales. The campaign celebrated the brand’s partnership with the Make-a-Wish Foundation – a charity working to grant wishes to children with life-threatening conditions. A series of moving commercials grew the brand by 11 share points to an all-time high over a period of five years. Most notable is the classic shape of the sales response curve with steady long periods of growth while advertised, followed by very slow decline when unadvertised. In marked contrast to Garnier’s experience, market share largely held steady during six-month periods of no advertising.

Garnier Ultralift 'Wrinkle Reader' Rational Advertising Sales Response

Ultralift unit sales 2010-2011 (with decline trend)



03 Engage Emotionally

Emotional advertising packs a punch. The UK IPA data shows that emotional campaigns are almost twice as powerful at building brands as rational ones.



This is why emotional campaigns are so important in the modern world. They not only create more enduring memory structures which enhance your ability to build mental availability, but they are also a source of distinctiveness for brands. This, therefore creates the most potent distinctive assets for brands.

In addition, **powerfully emotional campaigns deliver the Kahneman emotional priming effects; when you make consumers like a brand more, they tend to associate it more strongly with all the category virtues.**

We have all seen how attempts to associate brands with product benefits using rational product advertising can be eclipsed by a simple appeal to the hearts of consumers. If you add to this the social effects of a successful ‘fame’ campaign, then you get an even greater emotional impact.

‘Fame’ campaigns are those that get talked about online and offline. They have a particularly strong impact on mental availability because they don’t just work in a one-dimensional sense (communicating mental associations from advertiser to consumer), but also generate social ‘herd’ effects. Consumers receive these brand associations from multiple sources, including their immediate social networks, and this generates powerful multiplier effects. Fame campaigns are, almost without exception, emotional in nature and associated with the strongest brand-building effects.

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Not surprisingly, emotional campaigns dramatically outperform rational campaigns in terms of how hard they work – annual growth per unit of investment. And fame campaigns outperform by an even greater margin; they typically drive over 10 times more market share growth per annum for every extra unit of share of voice, than rational campaigns.

Emotions and Fame Drive Long-Term Growth

Efficiency of long-term cases



Fig 7. Emotions and fame drive long-term growth most efficiently

Looked at in this way, it really is a no-brainer to pursue the emotional route and, if possible, fame. Emotional campaigns are also associated with other business benefits, such as greater impacts on pricing power and, as a result, margin. However, there are two issues that might deter marketers. The first is that emotional advertising does not deliver the most powerful short-term sales effects.

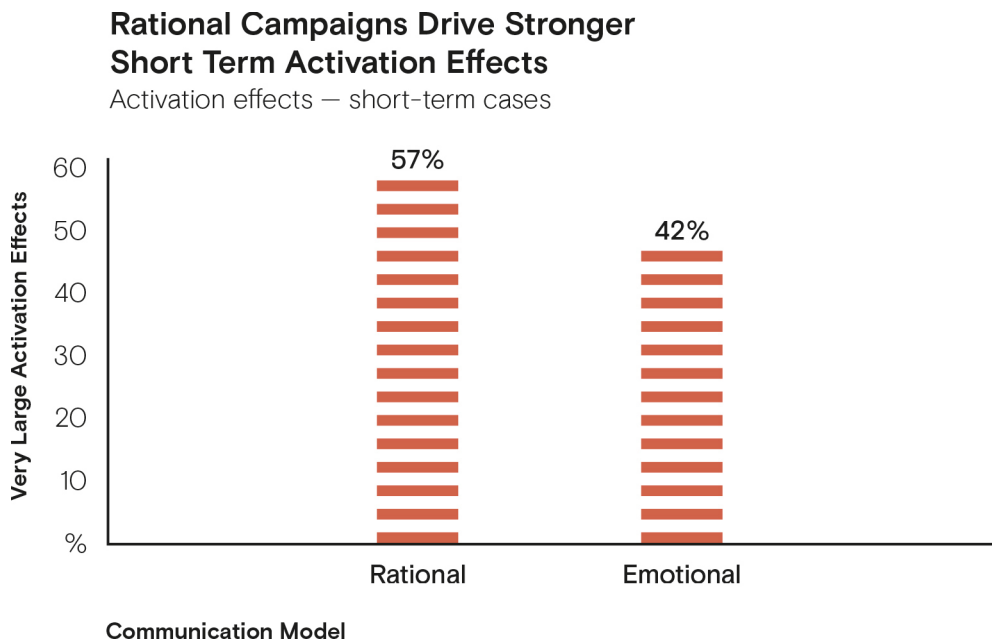


Fig 8. Rational advertising delivers stronger short-term activation effects

Source: IPA Databank 1998–2016

Measured by the likelihood of reporting very large short-term activation effects (a basket of immediate behavioural response metrics), short-term rational campaigns outperform emotional ones by a third.

It is important to manage expectations when shifting from sales activation to emotional brand building – for the first six months or so there may be little to show for it. As investment is redirected from activation to brand, it's possible that sales will dip for a time until the priming effect starts to build, but thereafter the benefits will become clear.

The second issue is that emotional advertising is more difficult to get right. Successful emotional advertising is not simply a case of showing target consumers in emotional situations. Instead, it has to provoke an emotional response in the audience; they have to be drawn in to the story and feel empathy with it. A recent study¹¹ confirms that the more intense the emotional response, the more powerful the correlation with long-term effectiveness.

Skilful and powerful story telling brings huge commercial advantage and is well worth investment. This could take many forms; there are new commercial models evolving in branded content that seek to create opportunities in story telling while avoiding the time constraints of conventional advertising, both online and offline.

“Today, if people choose not to engage with your marketing output, your money is wasted.”

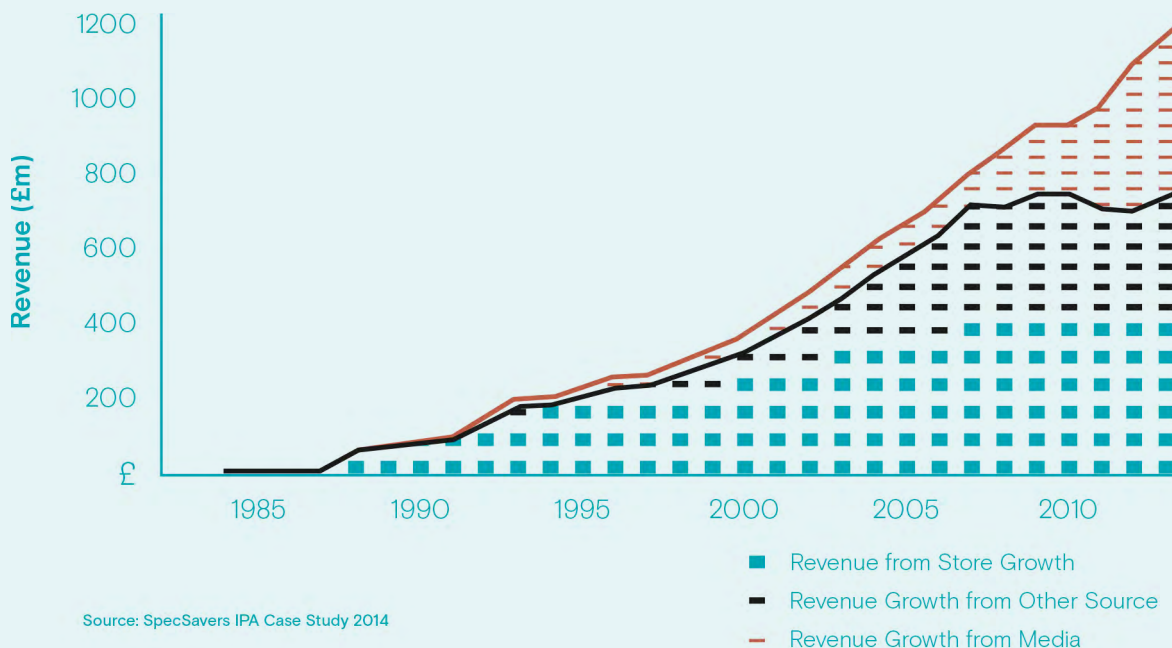
Javier Sanchez Lamelas, VP marketing, Coca Cola Europe, The Guardian, June 1 2015

¹¹Unruly used their EQ emotional testing technique to assess the emotional impact of video campaigns submitted to the IPA effectiveness awards. The findings will be published in 2018.

Specsavers — The Value of ‘Fame’

Few case studies illustrate as powerfully as Specsavers the value of a ‘Fame’ campaign. Long-term commitment to a highly engaging TV campaign illustrating the perils of poor eyesight (plus outdoor/ OOH, print and radio), backed up in recent years with social media and online video, have driven over £600m in incremental net profit over 20 years at an ROI of 129%. Importantly, the returns have grown

five-fold over time as the long-term effects of the campaign have accumulated. The econometrically modelled sales decomposition chart reveals the extent in terms of both value and time of the impact of the campaign. It is inconceivable that 20 years of short-term sales activation campaigns could achieve growth on this scale.



04 Get Creative

It's much less likely that you will achieve mental availability or emotional engagement without creativity, but it's worth examining it separately here because several robust studies published in recent years¹² provide compelling evidence that more creative advertising works harder. Creativity isn't only about winning creative awards, although this is the ultimate yardstick of creative success. It is about originality – finding fresh solutions to a strategic problem.



The most recent UK IPA report found that over the last 20 years, creatively awarded campaigns delivered 12 times as much market share growth per unit of investment than non-awarded campaigns. Different studies have used different measures of creativity (some more exacting than others) and have therefore measured different levels of reward, but the overall conclusion is clear: **creativity sells and the more creative you are, the more it sells.**

¹² 'The link between creativity and effectiveness', IPA 2011. 'Selling creativity short', IPA 2016. 'Creativity matters', Cannes Lions 2017. 'Creativity in Advertising: When It Works and When It Doesn't' Reinartz W and Saffert P, HBR June 2013. 'Creativity's bottom line: How winning companies turn creativity into business value and growth' McKinsey & Co 2017

**Creativity sells
and the more
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the more it sells.**

The IPA data also illustrates how the efficiency of a campaign rises in line with the level of creativity. Modestly creatively awarded campaigns were 10 times more efficient than non-awarded ones, whereas highly (4+) creatively awarded campaigns were 16 times more efficient.

Creativity works because it amplifies many of the levers of success discussed previously. Creatively awarded campaigns win those awards because, in the eyes of expert judges, they are highly original. Our System 1 brain (our feelings-driven decision making) is always on the alert for the unusual, so creative advertising is more likely to get noticed and generate a System 1 response. The IPA data also shows that creative advertising is much more likely to generate a 'fame' response; people are more enthusiastic about discussing and sharing creative advertising, so it brings the many benefits of fame into play. This all adds up to a turbo-charging effect on mental availability and, if the creative ads are also emotional in nature (which they usually are), then powerful and durable memory structures are likely to be formed.

Finally, is all creativity good creativity?

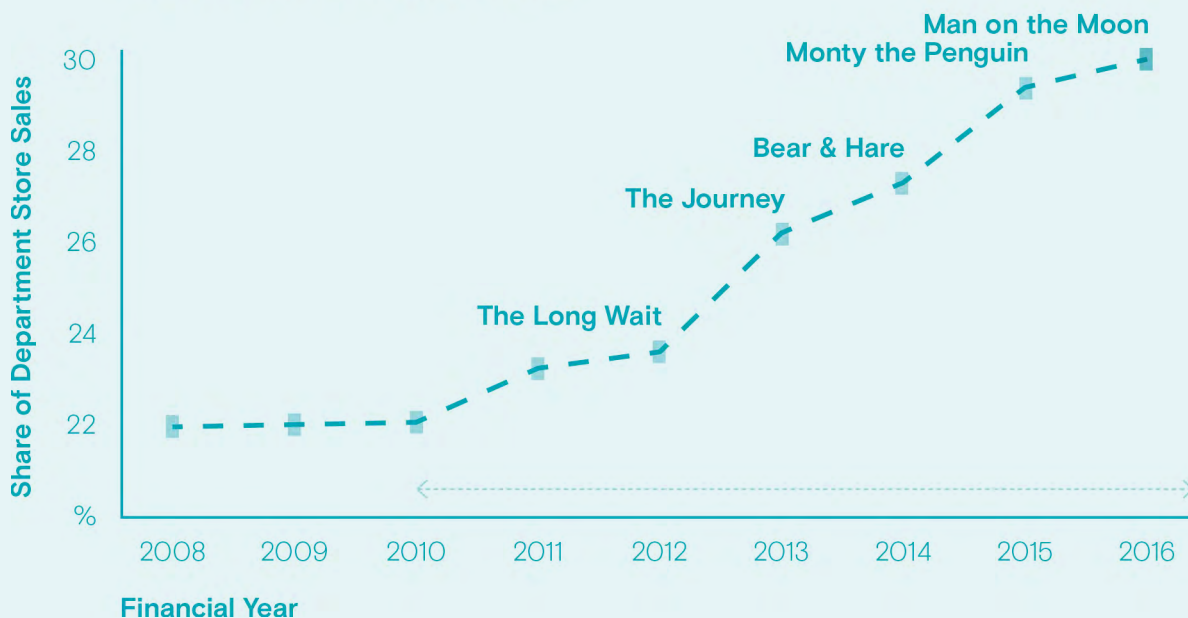
No. There has been a recent trend towards short term or 'disposable' creativity. These are often brief, one-off, online events that simply do not last long enough to embed behavioural change and tend to result in short-term effects only. This approach almost entirely eliminates the benefits of creativity, which need time to emerge and deliver those powerful long-term effects.

John Lewis — Creativity in Action

The campaign for UK department store John Lewis illustrates the power of creativity more clearly than any other. The pre-Christmas campaign has been running since 2009 and is now the most highly creatively awarded campaign of the digital era amongst the IPA case studies. Born out of the economic uncertainty of the Global Financial Crisis and with commentators writing off department stores as a dying breed in the digital world, the campaign has successfully used highly emotional

and highly creative advertising to make John Lewis the 'home of thoughtful gifting' in the run-up to successive Christmases. The campaign has become a perennial pre-Christmas talking point amongst the public and is shared widely. So powerful and memorable is the advertising, that although only in market for two months each year, it drives growth over the rest of the year too. Online sales mirror offline growth; no one in the UK is writing John Lewis off now.

John Lewis Market Share



**“The biggest
thing that drives
engagement is
the quality of the
creative.”**

05 Be Consistent

Long-running consistent campaigns have always been highly prized in marketing and rightly so – they can become the most distinctive asset a brand possesses. But without sufficient innovation around the campaign theme, they can wear out as the emotional response they once generated is replaced by familiarity and indifference.



Best practice would seem to be creating campaigns with consistent devices running through them that are flexible enough to permit significant innovation over time and across media channels – these are sometimes referred to as ‘fluent devices’. These could be characters such as the *Energizer Bunny* or *PAK’nSAVE Stickman* that are used as vehicles for the drama, or organising ideas like Coca Cola’s *Open Happiness*. They are more than just branding devices such as a logo, an end-line or a jingle; these do not constitute fluent devices because they are not usually an inherent part of the drama that builds the brand.

Recent analysis¹³ has revealed the commercial value of this kind of fluent device consistency. Campaigns that incorporated fluent devices over the long term were about 20% more likely to achieve very large market share and profit growth, despite lower relative budgets than campaigns without fluent devices, also implying that they were significantly more efficient. This is to be expected, because of their greater impact on distinctiveness and mental availability.

There is a current perception in marketing that wear-out happens faster now than it once did, although there is no authoritative evidence to support this. But it has led to a pronounced trend away from the use of fluent devices, as recorded in the IPA data. This is unlikely to be a positive trend and is consistent with the more general destructive trend towards short-termism.

Being consistent, but incorporating innovation over time, remains a key component of brand building, delivering the mental availability and distinctiveness every brand needs to prosper.

“Sustaining an audience is hard, it demands a consistency of thought, of purpose, and of action over a long period of time.”

Bruce Springsteen, quoted in “The three C’s of customer satisfaction”, McKinsey & Co, March 2014

¹³ See System1research.com research blog for a video of their presentation of findings

PAK'nSAVE

Retailer PAK'nSAVE illustrates the power of strong emotional brand-building, even for a business that's based on a no-frills, lowest-price position. When an Australian based competitor bought the competition in New Zealand, Foodstuffs Group/PAK'nSAVE knew their biggest competitor was about to get a significant boost in investment and scale. Wisely, PAK'nSAVE decided to shift from purely rational price messaging, and start building an emotional connection with New Zealanders. In 2007 the long-running and very popular Stickman campaign was born. By making people like the brand more, PAK'nSAVE also made them more prepared to believe its message of 'lowest prices'. In 2009 the

competition announced their plans to amalgamate three major brands to form one brand and invest \$1billion in the new entity over five years. With significantly more stores and marketing spend, in 2011 the new giant began directly attacking PAK'nSAVE's core position with messages of low prices and that they would "pack your bags too". Despite this assault, PAK'nSAVE grew share over the next three years, and today Stickman remains one of New Zealand's best examples of sustained brand-building advertising success.

06 Go for 'Reach'

The main way in which brands grow is by selling to more people.¹⁴ So the main way in which marketing communications drive growth is by increasing penetration, and the biggest gains come from customer acquisition.



Brand loyalty is less important and is, to a large extent, a side effect of penetration. Brands with high penetration tend to have better loyalty rates, as measured by metrics like share of category requirement and customer retention. The UK IPA data confirms this; communications (usually sales activation messages) that target existing customers with the aim of improving loyalty or retention tend to have less effect and any effect is short term.

The most effective campaigns, on the other hand, talk to everyone in the market. They talk to customers and non-customers on a regular basis; they increase penetration and thereby increase loyalty slightly. Most of these people have encountered the brand before at some point, so the aim is usually just to remind them about it, and to ensure that it has higher 'mental availability' than its rivals. That means marketing really is a numbers game; the most successful brands tend to be those that have the most customers, and they tend to be the brands that talk to the most people in the market, most often.

¹⁴ See 'How brands grow', Sharp B, OUP 2010

For this reason, Share of Voice (share of category advertising expenditure across all channels) remains a vital driver of growth. SOV keeps a brand mentally available. The IPA data shows that if you allow your SOV to fall below your market share, then your market share will fall because your mental availability has reduced.

These truths have not deterred a whole industry springing up to offer marketers routes to avoid the expense of customer acquisition and to instead pursue greater customer loyalty and the creation of 'unbreakable bonds' with them. The evidence suggests that what they are offering is unachievable.

Advocates of data-led tight targeting have come up with an answer to this. They argue for mass personalisation of communications, developing matrices that determine which message to target at which type of consumer and in which circumstance, all driven by the customer's data trail. You reach a wide audience, and you deliver messages that are more relevant to them personally. This is, intellectually, a very seductive idea, but there are some practical problems.

Tight targeting inevitably reduces reach – you are only talking to people who are in the market for your product. The metrics that will evaluate targeting will not reward attempts to reach out to future and infrequent buyers – yet these are the very customers who will drive long-term growth.

The relevant messages served at this late stage in the buying process (because you are chasing their 'intend to buy' data trail) tend to be activation messages, so do little for long-term sales.

Finally, it is almost impossible to maintain any consistent sense of a brand with so many varied messages. As customers migrate through the targeting matrix over time, they won't carry with them any consistent brand associations because they will have been served a dog's breakfast of different messages over the years.

This is no way to build a brand.

Broad reach remains a fundamental requirement of long-term success. It will guide the kind of advertising you develop and, particularly, it will guide the media you choose.

“The double jeopardy law tells us, over and over again, that market share increases depend on substantially growing the size of your customer base.”

Prof Byron Sharp, Ehrenberg-Bass
Institute, From 'How Brands Grow'

07 Choose Appropriate Media

You will appreciate by now that brand building is a very different task to sales activation in almost all respects. It requires different kinds of strategies, targeted at different consumers at different times – so it's not surprising that it also requires the use of different media.



This chart isn't exhaustive, but summarises the main reasons why you might select media for either brand building or sales activation.

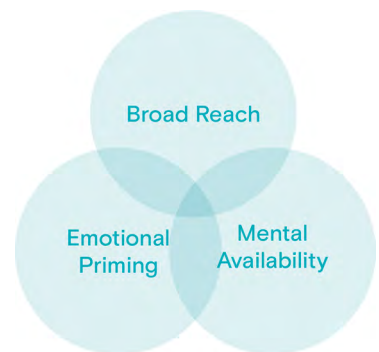
Use the Right Media for the Right Jobs

Sales Activation



Rational Information Media e.g. search retargeted or data-driven social display

Brand-Led Growth



Emotive Audio-Visual Media e.g. TV, online video

¹⁵ Ibid

Fig 9. Media selection is different for sales activation and brand-led growth¹⁵

Sales activation requires tightly targetable media that can deliver the message in a timely manner as close as possible to the moment of purchase decision, or at other critical steps in the path to purchase. There is little or no requirement for emotional engagement, so rational information media work best here. Search retargeted display and data-driven social media display have transformed traditional direct marketing in this application, though many advertisers still find traditional DM tools highly effective, such as direct mail or DRTV.

Brand building involves conditioning consumers through repeated exposure; talking to people long before they come to buy. It requires broad reach media, because the aim is to prime everyone in the market, regardless of whether they are shopping right now. Because most of the audience is not in the market at the time they are exposed, it cannot assume close attention. It therefore relies on emotional priming, as this cuts through regardless of whether people are interested in the product or not, and creates long-term memory structures. For this, you need broad reach media with the potential to pack an emotional punch – video media excel here, as they are the best at creating enduring mental availability.

TV remains the pre-eminent medium, especially if supported with online video. But be careful – many marketers assume that online video is at least as effective as TV because it enjoys a similar potential for reach these days. But this ignores the viewability dimension; in practice, people are much less likely to view your commercial full-screen or full-duration when served

online. Viewability really matters to brand building – you are unlikely to be making much impact on mental availability if consumers see only the first three seconds of your ad and half of it is off-screen. This seriously undermines the sales impact of online video compared with TV. In three separate studies,¹⁶ TV was found to be around 2.5 times as effective. For the moment, online video is not a complete substitute for TV when it comes to driving scalable growth.

“In today’s multi-channel, multi-modal world, it remains the case that the ubiquity and accessibility of television means that it delivers a level of reach and individual engagement that other channels struggle to match.”

Martin Deboo, Equity Analyst, Jefferies, “Why The Model Is Not Broken” May 2018

Video media do not have a monopoly on brand building, however. Many advertisers find other established media highly effective, such as outdoor/OOH, press and radio. Indeed, the UK IPA data suggests that, in common with TV, these established media are getting more effective than they used to be.

The general finding is that media channels tend to be good at either brand building or sales activation, but not both. The casting of media against task is very important. A balanced campaign, combining brand building and sales activation in the ratio 60:40, is likely to use several media channels, online and offline. It has been a strong finding of the UK IPA data for many years now that multi-channel campaigns are significantly more effective than those that put all their budget into one channel (whether online or offline). Indeed, best practice is to combine new and established channels.

¹⁶ ‘Media in focus’, Binet L & Field P, IPA 2017. ‘Visibility – the attribute that really matters’, Nelson-Field K, ThinkTV Australia. ‘Profit Ability’, Ebiquity & Gain Theory, Thinkbox 2018.

“We targeted too much, and we went too narrow... The bigger your brand, the more you need broad reach and less targeted media.”

The Way Forward

Campaigns like the multi-Effie award-winning PAK'nSAVE example should give us hope and direction for the future. If we stick to investing in brand strengthening for the long term, balancing this with short-term sales activation and employ the principles outlined in this guide, we can expect to succeed. We will have to push back against many of the questionable fashionable mantras that might derail us, but the benefits of doing so are real, measurable and, quite possibly, life saving.

Follow the Seven Rules for Effectiveness

01



Focus on building mental availability for your brand.

This will require investment in brand-building advertising that primes consumers to want to choose it in advance of purchase.

02



Use advertising to create distinctive assets for your brand.

This will help you build mental availability.

03



Get emotional. Emotional advertising primes behaviour more powerfully and over longer periods of time.

04



Get Creative. Original advertising is more distinctive and more likely to get talked about: both boost mental availability.

05



Be consistent. But allow for innovation around a consistent theme. Develop fluent devices that will help you achieve this.

06



Reach wide with advertising. Do not be seduced by the idea that it is wasteful to talk to people who are not about to buy. It is vital to do so.

07



Balance media. Brand building and sales activation spend should be approximately 60:40. Choose the media best suited to each role.

