

The Brand Gap.

New research from media's frontline

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Introduction

A tension exists between the belief in long-term brand building and the practice of chasing short-term sales.

It is as if theory is wrestling with reality, and as anyone who works as a practitioner of advertising knows, the wrestling match has in recent years been a rather one-sided affair.

The theory of brand building is acknowledged, agreed with and charted up for pitches and presentations, while the reality of short-term response metrics drives the actual media investment.

Put simply, there is a gap between what practitioners think and what they do.

This report explores what we have called the 'Brand Gap', how it is manifest, why it is occurring and what might change in the future. The report is based on extensive 'frontline' research with the advertising industry:

- Interviews with 10 advertisers across a range of categories and sizes of spend.
- Interviews with 10 media agency heads; MDs, strategy, investment.
- Four focus groups with media agency planners.
- A survey of 123 media agency staff.

The research was conducted
in May/June 2018.

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Key findings

Work Research would like to thank all interviewees for their time and opinions that form the basis of this report.

- Marketing theory is well understood and widely acknowledged, specifically the work of Byron Sharp and Binet and Field.
- Despite the wish to achieve a balance between branding and activation - response channels continue to take more and more media investment.
- There are a number of explanations for this 'Brand Gap', that shed light on why practitioners are not doing what they rationally ought to be.
- There is a heuristic effect that shows how a mental shortcut exists between sales response and Online channels.
- A culture of short-termism is strong and pulls money out of brand and into response.
- Herding impacts media spend as certain channels are seen as 'on the up' and therefore more accepted as the norm.
- And there is a blindness to the facts that means the narrative of 'more Online' goes largely unquestioned.
- After the well-publicised digital issues, most media spend has returned to normal levels, although 19% said their clients' downturn in digital spend is a permanent correction.
- More change is coming; the future will be grabbed by a second wave of disruptors, those media that can adapt most effectively.

About

JUSTIN GIBBONS
FOUNDING PARTNER, WORK RESEARCH



Justin studied History at Edinburgh University and University College London before starting life as a qualitative researcher at Synovate.

He went on to be a Cool Hunter and a Media Strategist and joined PHD as Director of Strategic Services in 1999.

He founded Work Research in 2006 as a media specialist research business. He now splits his time between Planning Partner at George & Dragon and his role at Work Research.

TONY REGAN
MANAGING PARTNER, WORK RESEARCH



Tony is a consultant and communications' strategist who has played key roles in some of the most pioneering advertising and media agencies of the past 20 years.

He has been a champion of consumer insight and communications' integration, whose experience bridges the disciplines of creative, media and research – working with a wide variety of clients across diverse sectors.

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Work Research

Work Research is a specialist media consultancy focussed on the UK's media owner community and industry trade bodies.

Work Research was founded in 2006 by Justin Gibbons and quickly became the first-choice research consultancy for a wide range of media owners, industry trade bodies and a variety of agencies.

Work Research's 'Industry View' study is the benchmark tracking study for the media owner sector.

Recent clients include: Channel 4, ITV, JCDecaux, News UK and BARB.

work.
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The 'known knowns'

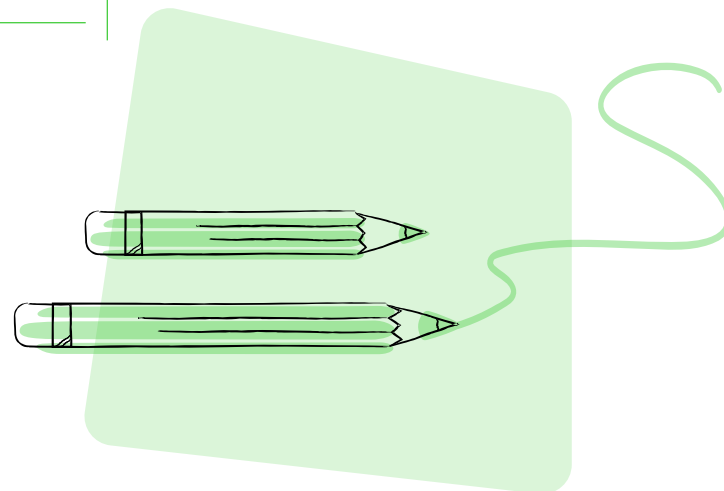
New research in agencies and amongst advertisers makes it clear that there is a well-established body of knowledge being drawn upon by practitioners.

Two sources are well known and easily referenced. Specifically the work of Byron Sharp in his book 'How Brands Grow' which stresses the importance of broad targeting and penetration metrics, and the IPA Databank analysis conducted by Les Binet and Peter Field which looks at how the prioritisation of short-term effects is damaging long-term brand performance.

One specific yardstick emerged; the 60/40 split between brand and response investment. Created by Binet and Field in 'The Long and Short Of It', it provides an evidenced formula for balancing long and short-term spend.

"Binet and Field and 60/40 are talked about. We're happy to champion it - it fits with learnings from our own econometrics."

//Agency



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"We don't disagree with the Byron Sharp view of the world. The key thing is you have to be number one or two in the consideration set."

//Agency

"We've restructured our econometrics to ensure it looks not just at short-term but also measures of long-term brand health."

//Advertiser

"We're believers. We've met them, we've used their work, it has informed our strategy."

//Advertiser

"We've had lots of conversations with Les Binet. We were roughly in the right place already, but that evidence is helpful."

//Advertiser

"We would agree with Byron Sharp's principles - we have found microtargeting doesn't work for many clients. There are advantages to your campaign being overheard by wider audiences."

//Agency

"It's clear that brand-building's not done overnight. You have to build a brand's reputation and perceptions and that requires a long-term view - a year to a number of years."

//Agency

The Brand Gap

So far so good. However, as the research has identified, there is a gap between the theory and what is really going on.

The 'gap' exists most clearly when we look at the difference between what the theories tell us and where media money is going.

Spend analysis shows no sign of a correction. Media spend has shifted into Online and Mobile.

Spend analysis shows some startling facts.

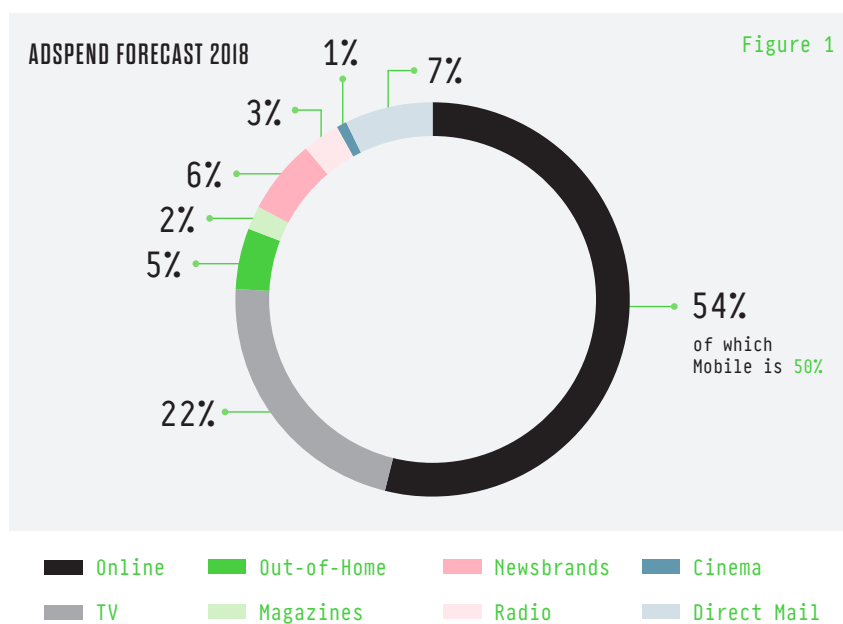
54%
of media spend in the UK is now Online



Spend on mobile now outstrips spend on TV

79%
of Online spend will be traded programmatically

84%
of ad spend growth is with two companies; Google and Facebook



Source: The Advertising Association/WARC July 2018

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Predictably irrational?

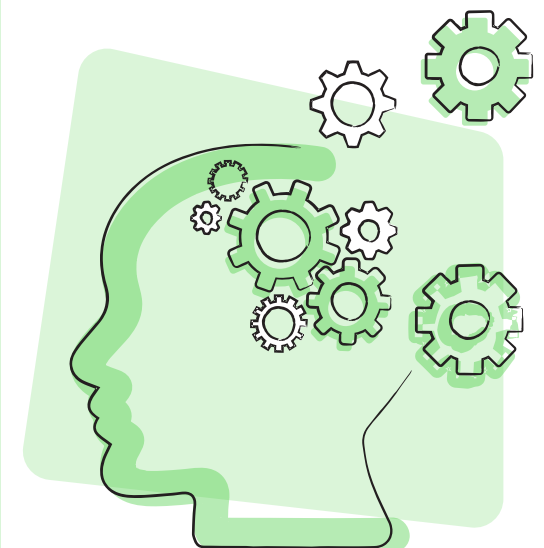
It is a well-established truth that people don't always do what they rationally ought to, or what is even in their best interest.

This is the founding principle of behavioural economics and the science that has grown up around explaining why people behave in 'predictably irrational' ways.

We can use some of those techniques and insights to explore our own industry's behaviour and its apparent irrationality.

Five behavioural insights emerge:

- Heuristics:
Brand media vs sales media
- Instant gratification
- Social proof
(not market proof)
- Confirmation bias
- Bias leading the blind



Heuristics: Brand media vs sales media

For anyone involved with the allocation of media spend, there is clearly a distinction being made between brand activity and response activity.

Advertisers are keenly aware of the need to consider both and to find ways to balance the two. For agencies the distinction is more profound; many have separate ‘performance’ departments, for all there are models and systems that analyse metrics to drive optimised investment plans.

Our research explored whether heuristics were at play. In other words, are certain media associated with brand campaigns and certain media associated with response campaigns? One explanation for the ‘gap’ is simply that mental shortcuts are shifting spend around as short-term objectives are prioritised.

In figures 2 and 3 we can see that media perceptions do indeed exist. Brand media is dominated by TV (and VOD) and OOH (and DOOH).

Response media is focussed very strongly on Online display and Social media.

“OOH definitely has brand-building value.”

//Advertiser

“TV continues to be the lead brand-building medium.”

//Agency

“For performance it has to be about tailoring messages and that means Online.”

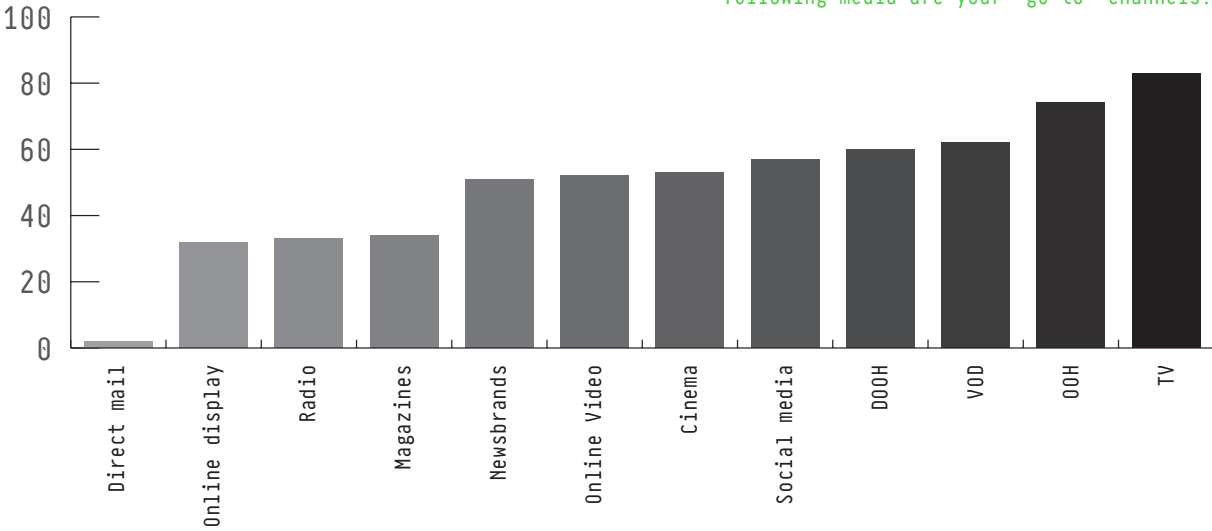
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BRAND BUILDING ‘GO TO’ MEDIA CHANNELS

Figure 2

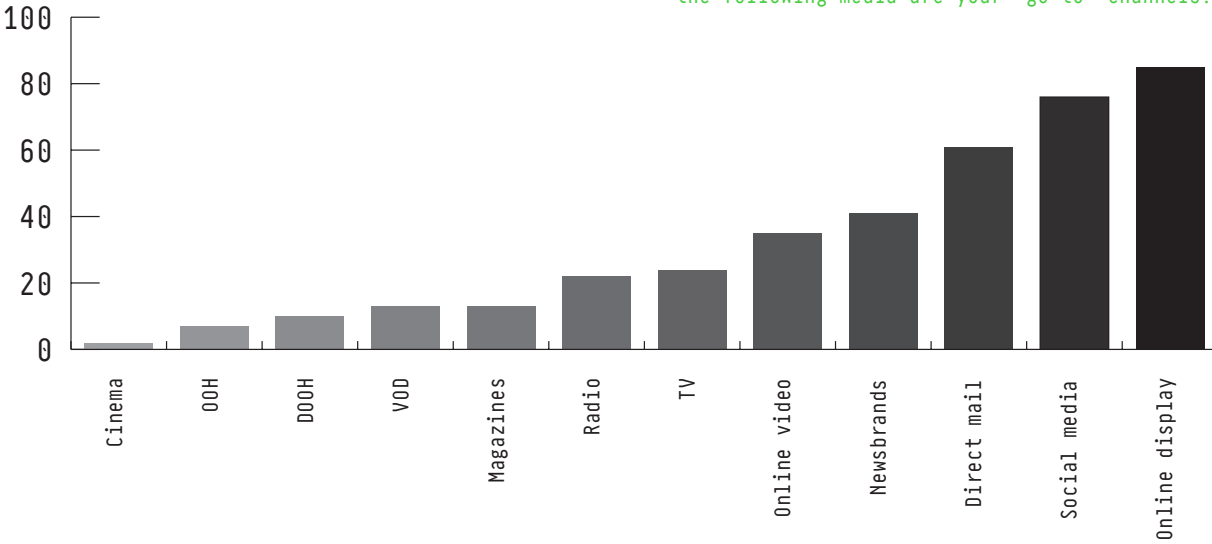
Thinking about a brand campaign, which of the following media are your ‘go-to’ channels?



SALES RESPONSE ‘GO TO’ MEDIA CHANNELS

Figure 3

Thinking about a sales response campaign, which of the following media are your ‘go-to’ channels?



Instant gratification

We know from the famous ‘marshmallow study’ that delayed gratification is a struggle; when faced with the choice between one marshmallow now or two a little later, children last on average seven minutes before eating the one marshmallow!

Short-term sales efforts are in many ways no different; near instant results in favour of the promise of better results a little later.

There is no doubt that marketing is under more pressure than ever to deliver. In a world of real-time data and feedback this emphasis on performance becomes even more focussed on the ‘now’.

McKinsey reports that 87% of executives feel most pressured to deliver short-term results and that 65% say that short-term pressures have got worse in the past five years.

Advertisers specifically had reasons to believe that their own brands were in some way different to the norm, or ‘special cases’ which erred on the side of response.

“Short-termism will always drag money into digital channels”

//Agency

Our research identified the same story:

“60/40 is an ideal but the culture of short-termism is too strong.”

//Agency

“We know the rules but it’s just not like that day to day.”

//Advertiser

“In our category the ratios are totally different, we have no CTA to speak of, brand and response blur.”

//Advertiser

Social proof (not market proof)

A significant driver of any behaviour is the effect of the crowd. It has been well documented that people do what other people do whether that be joining queues for non-existent bars or wanting to fly with the ‘world’s favourite airline’. The media world is no different.

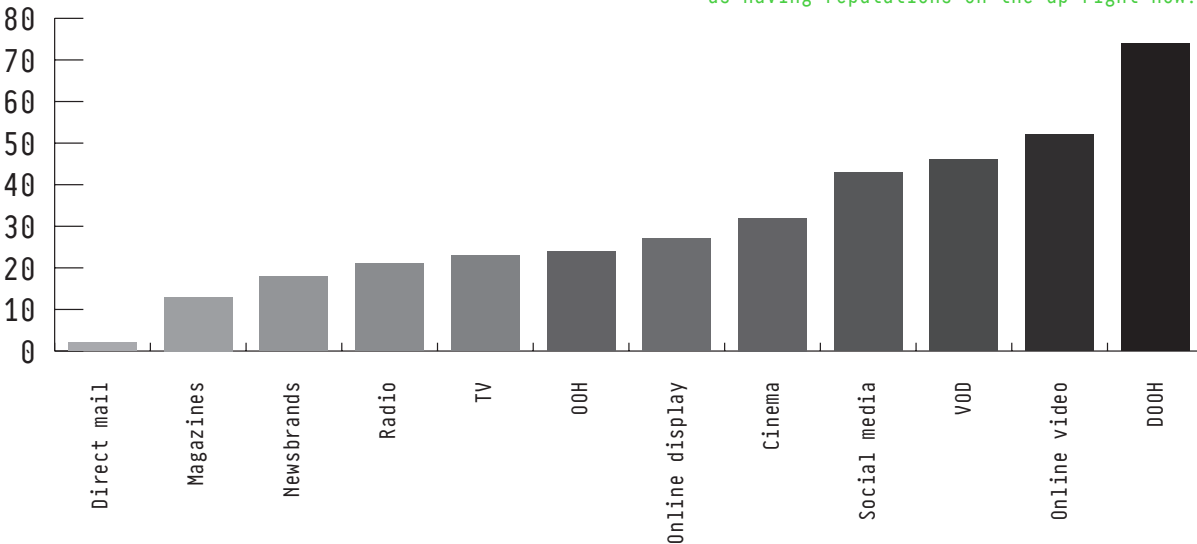
Our research explored the notion of momentum; media channels that were considered ‘on the up’. We can see from figure 4, that the low scores include most ‘legacy’ media; Newsbrands, Magazines, Radio and even TV. The high scores are made up of ‘Online’ channels (Social media and Online video) and the two most successfully ‘digitised’ channels DOOH and VOD.

“Nobody wanted to fall behind the trend, to be investing too little Online.”

//Advertiser

MEDIA ‘ON THE UP’

Figure 4
Which of the following media types would you describe as having reputations on the up right now?



Confirmation bias

Sometimes the narrative takes over from reality. People look for (or only notice) the facts that support their own view; Ocado shoppers frequently recite the savings they have made on certain products despite Ocado being more expensive than other online grocers.

The other symptom of confirmation bias is a kind of blindness to the facts that don't suit the story; Volkswagen owners' perceptions of the brand were barely affected by the emissions scandals.

The emerging issues surrounding media allocation are very clear as we can see in figure 5.

However, negative news around Online media is filtered out;

"The brand safety thing has cleansed the digital ecosystem."

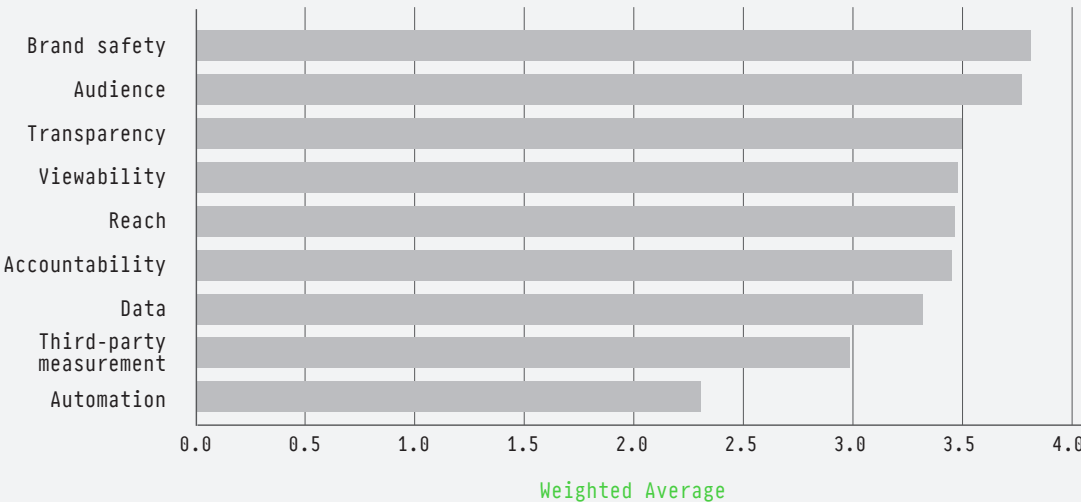
//Agency

"It's not about pulling out but holding people to higher standards. The issues are being addressed."

//Advertiser

Figure 5

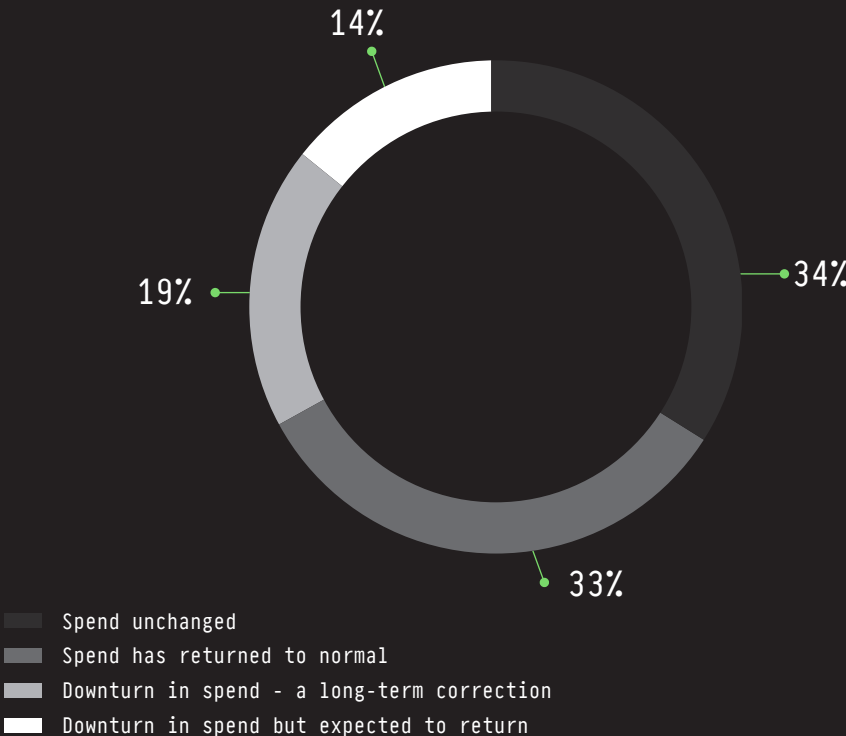
How important are the following attributes in identifying suitable media to recommend?



Most strikingly, the research showed how little impact the issues surrounding Online advertising had had on actual investment. 67% report that spend levels were either unaffected or had returned to normal. Another 14% thought normal levels would return, and only 19% thought that any kind of correction would be on the cards.

Figure 6

To what degree has the recent bad press about digital media (brand safety, transparency, data verification) affected your clients' media spend on digital media?



Bias leading the blind

Question marks about effectiveness are starting to rear their heads, even if they haven't affected spend levels yet.

Research identified a surprising candour about the problems of over investing in response media at the expense of brand. Advertisers were most vocal in acknowledging that mistakes had been made, while agencies saw a gap that had existed for some time without remedy.

"In some ways it's easy to say how brands don't grow – and I can't think of a single brand that has grown via paid-for online display."

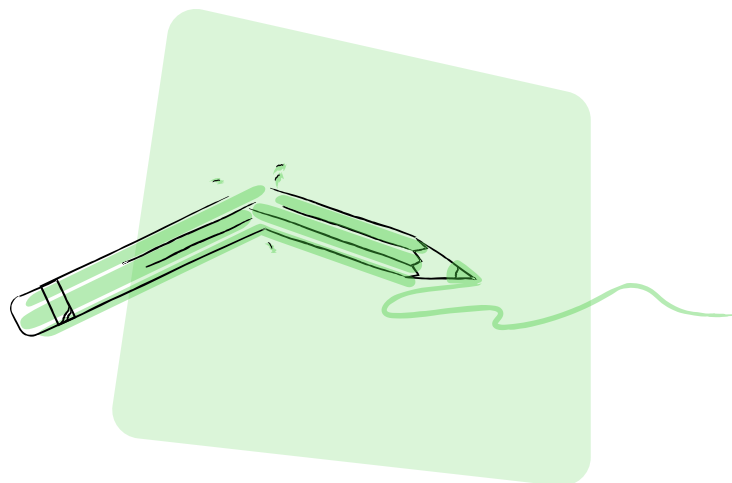
//Advertiser

"There are media clients who are worried about loss of face. They're thinking they've spent the last five years advocating more digital spend but they're now seeing evidence that digital isn't working beyond performance metrics."

//Advertiser

"It was a mistaken and naïve mandate to require x% of budgets to go into digital."

//Agency



“

*We went too far,
too fast.*

//Advertiser

”

What's next?

There is no crystal ball for media's future but the research does indicate one significant force shaping planning and investment as we move forward.

A second wave of disruption is happening; the first disruption was the arrival of digital media, the second is the digitisation of all media.

Certainly there is no sign of a big recalibration away from digital channels, instead the media channels that will do best are the ones that can adapt the most effectively.

Our research heard that OOH and TV were the two channels most developed for the digital world. The survey data looked at media channels and how well developed their digital offerings were. (Figure 7)

This second wave of disruption is already being seen in the momentum data which shows VOD and DOOH muscling in on the territory of Social and Online Video. (Figure 8)

"OOH was about maximum reach and coverage but DOOH means we can be smarter – seasonal, dayparted, topical, dynamic."

//Agency

"DOOH is smarter Outdoor – amazing flexibility, change copy, dynamic messages."

//Advertiser

"VOD is perfect; geo-locatable, mobile, millennial, a part of the customer journey."

//Advertiser

"If you look at any medium beyond digital, OOH is the one that's embraced digital the most. Compared with Print, it's in another league. The digitisation of screens has been a goal they've pursued relentlessly."

//Agency

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Figure 7

How well-developed for your needs are the digital offers of the following media? Top 2 box.

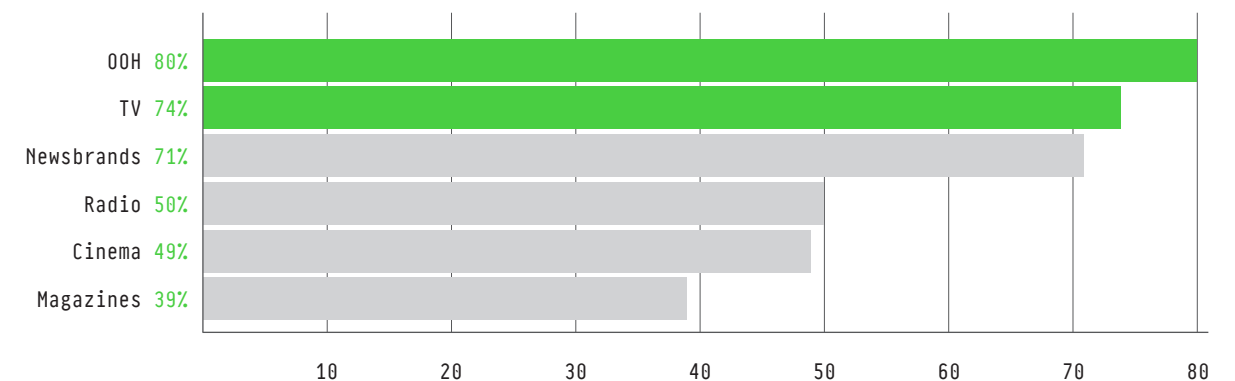
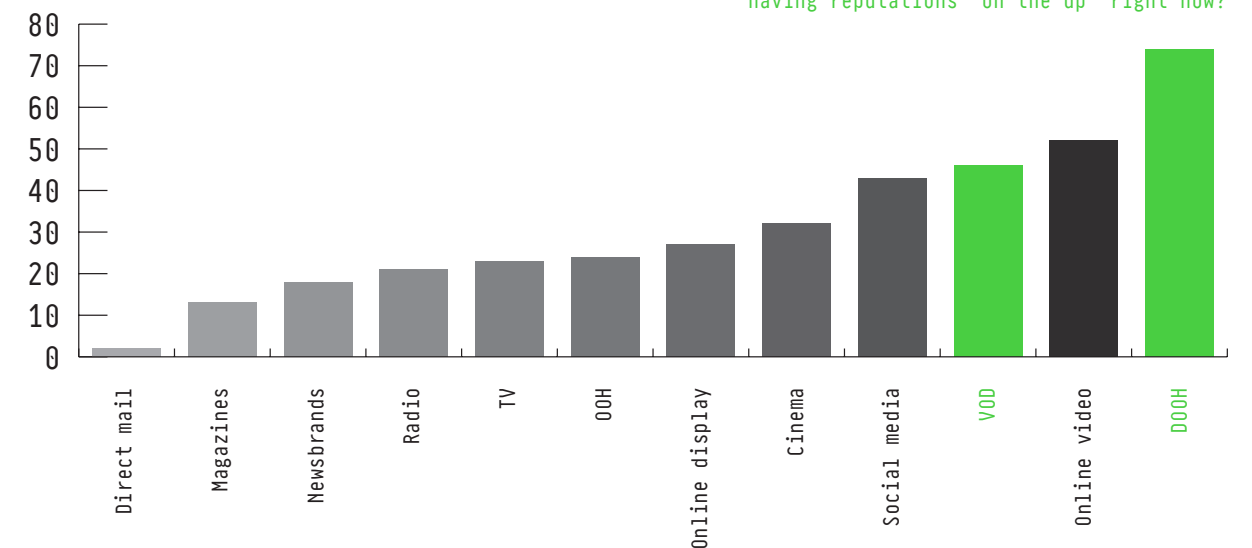


Figure 8

Which of the following media would you describe as having reputations 'on the up' right now?




“

We all know the brand gap is real. More and more everyone accepts we are thinking and spending and executing too much in the short term at the expense of the long. This is important work because it looks at this imbalance and what we all should do about fixing it.

//Professor Mark Ritson

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“We all know the brand gap is real. This is important work because it looks at this imbalance and what we all should do about fixing it.”

// Professor Mark Ritson

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