The pivot back to brand

Part of the Marketer's Toolkit 2020 series

WARC BY ASCENTIAL

The Marketer's Toolkit 2020

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This is the ninth annual Marketer's Toolkit from WARC – but for 2020 we have introduced a new methodology.

This report adopts the STEIP methodology developed by WARC's sister brands within the Ascential group of companies.

STEIP covers five drivers of change that will affect marketers next year: Society, Technology, Economy, Industry and Policy. By combining these five focus areas, the report provides a bottom-up assessment of the influences on 2020 marketing strategy.

The basis for the report is the Marketer's Toolkit survey, structured around the five STEIP drivers, of almost 800 client and agency-side practitioners around the world. The data from this survey was combined with insight from a series of CMO interviews, plus a review of WARC's global data, industry knowledge, examples and expert contributors.

S	T	E	I	P
SOCIETY	TECHNOLOGY	ECONOMY	INDUSTRY	POLICY
The drivers altering consumer behaviour and preferences	The drivers enabling new models, processes and possibilities	The drivers of marketing investment	The drivers dictating the competitive environment	The regulatory drivers affecting marketing activity

This report is part of the **Marketer's Toolkit 2020 series**, which is comprised of:

The Marketer's Toolkit 2020 – a summary of what you need to know for your marketing strategy in 2020

Data Report – all the results of our Marketer's Toolkit survey, under each of the five STEIP drivers of change

Five in-depth reports:
Society – The Greta effect
Technology – Context and connected TV
Economy – The pivot back to brand
Industry – Building brands in walled gardens
Policy – Privacy-first marketing

10 CMO interviews

Go to warc.com/Toolkit to read all the content

The Marketer's Toolkit 2020 was created in association with the following Ascential brands:

CANNES LIONS | EDGE | MEDIALINK | MONEY 20/20 | WGSN

The pivot back to brand

The fall from grace of Kraft Heinz was one of 2019's landmark stories. In February it announced a $15bn writedown, in part due to underinvestment in its brands. By the end of the year it was espousing a return to brand-building, with increased media investment behind its flagship products.

The story resonated because it's not a one-off. A growing number of brands are reviewing their approach to long-term brand-building, amid claims the industry has become too focused on the short term. WARC's Marketer's Toolkit survey found plenty of evidence that 2020 will be a year when marketers re-invest in their brands.

More on Economy in 2020

Read the Marketer's Toolkit Data Report for more on the investment trends for brands in 2020.

- In terms of platform, investment plans reflect the channel priorities of video, search and mobile. Instagram, YouTube and Google are all expected to benefit, while Amazon's rapid growth as an ad platform will continue.
- The ability to measure effectiveness, particularly in the short term, is a clear driver of further investment into a channel.

What's the evidence?

1. More marketers are talking about 'long-term' brand-building amid a crisis of short-termism

The efforts of researchers such as Les Binet and Peter Field to refocus brands on the long term are bearing fruit. Senior marketers increasingly recognise that they have over-invested in short-term marketing tactics (or 'performance' marketing) at the expense of their brands.

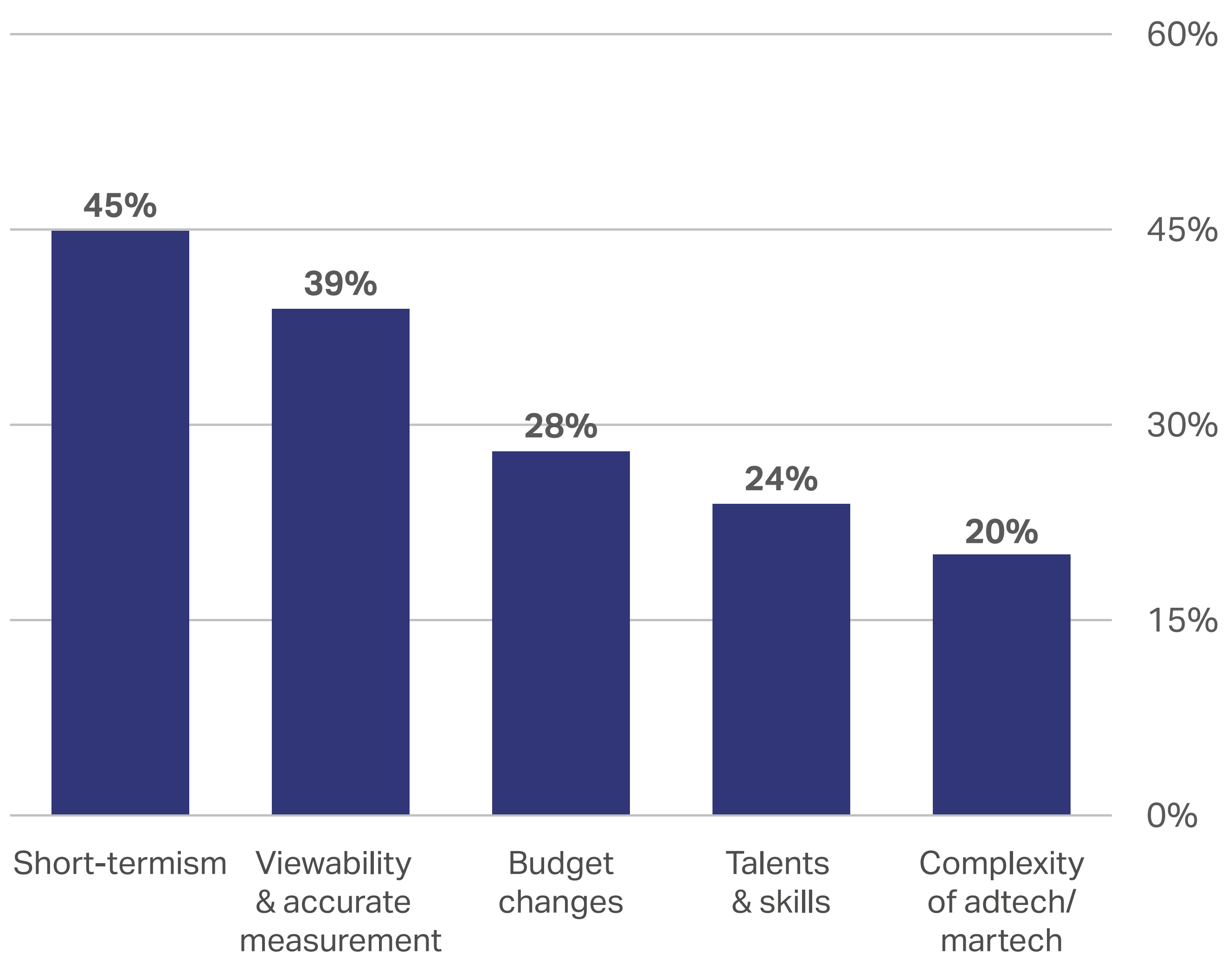
Take the meeting of the CMO Growth Council in Cannes. The Council is a collection of very senior marketers brought together by the Association of National Advertisers and Cannes Lions (WARC's sister company) to discuss and shape the future of marketing. A major talking point – as surfaced in WARC's coverage of the meetings – was the balance between performance marketing and brand-building.

Binet and Field famously argued that a 60/40 investment split between brand and sales activation was the 'rule of thumb'. Many CMOs acknowledge they are way off those numbers – as one leading CMO commented, "the role of marketing has really been marginalised" as a result of short-termism, with knock-on effects to talent and marketing skillsets.

At the same time, fresh research is underlining the crisis short-termism is creating. Field debuted new research (with the Institute of Practitioners in Advertising) in Cannes arguing that short-termism had undermined the link between creativity and effectiveness. New analysis of cases entered into the Australian Effies confirmed the need for brands to keep work in market for more than six months for the brand effects to 'kick in'. And a study by DVJ Insights found that 'winning' brands were more likely to combine brand-building and sales activation than less successful rivals.

The pivot back to brand is reflected in the Marketer's Toolkit survey – respondents see short-termism as the number one industry issue, and agree that brands have over-invested in performance marketing. And, importantly, 40% predict increased brand investments in 2020 (versus 32% who see higher performance budgets).

The top five industry issues which caused concern



Source: WARC Marketer's Toolkit 2020 survey

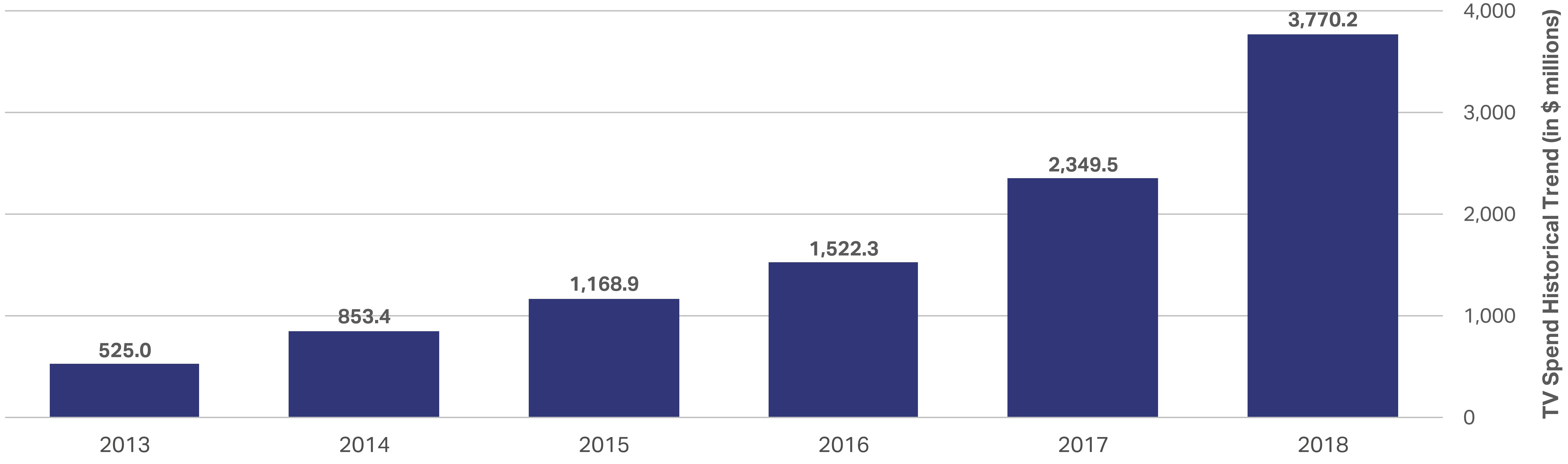
2. Digital-first brands are pivoting to brand-building to scale their businesses

Much has been said about the need for established companies to learn from the new wave of 'digital-first' or 'direct-to-consumer' businesses disrupting their categories. But digital-first brands, as they grow beyond their early adopter audience, are now discovering the same rules of sustainable long-term growth apply to them as to traditional business models. In the US, the Video Advertising Bureau noted a 60% increase in TV spend by direct-to-consumer brands. In the UK, e-commerce marketplace eBay – which had dedicated 90% of its budget to performance marketing for more than decade – upped brand investment from 10% to 35% over four years, and saw a "dramatic" improvement in brand consideration and the growth of organic traffic.

This is in line with Binet and Field's model for the optimal spending allocation over time for digital brands:

- **First year:** 65% activation; 35% brand.
- **Early growth:** (new brands, excluding first year) 43% activation; 57% brand.
- **Mature brand:** 38% activation; 62% brand.
- **Leader brand:** 28% activation; 72% brand.

TV adspend (US) by 125 'Direct-to-customer' Brands



Source: Video Advertising Bureau analysis of Nielsen Ad intel data, calendar years 2013-2018.

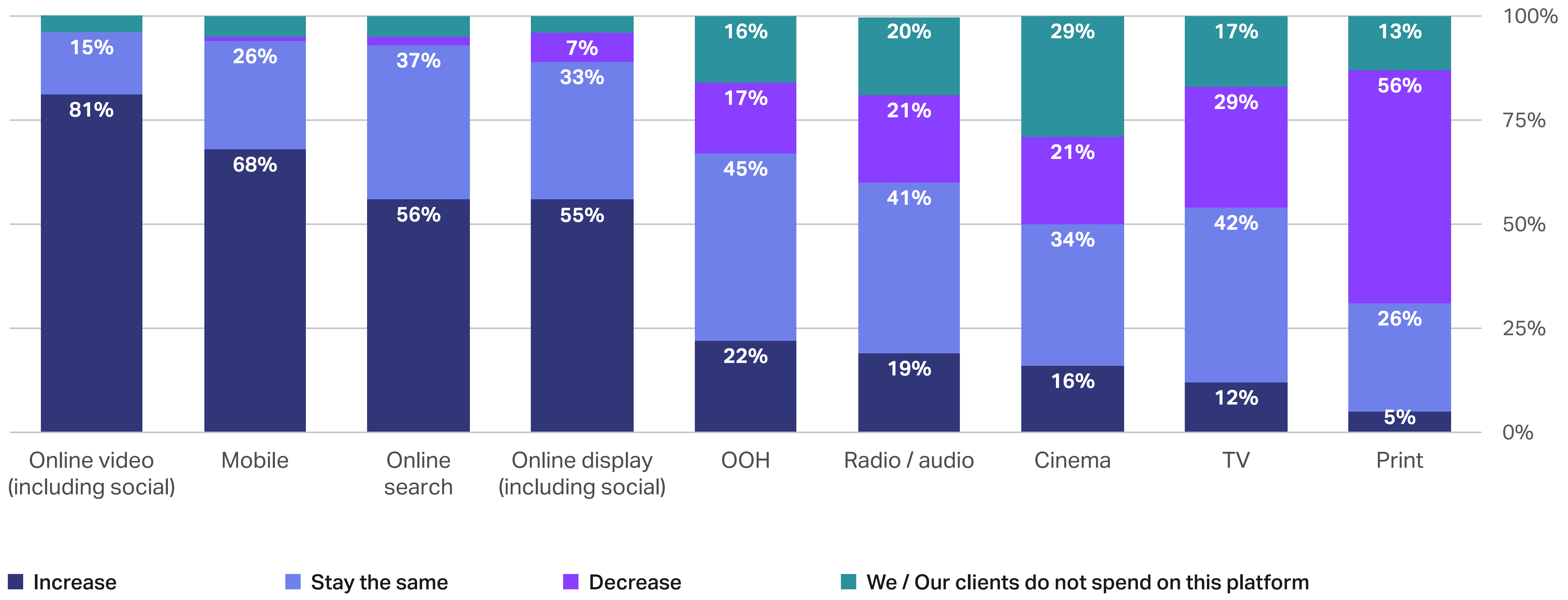
3. There is a tension between what brands are saying and where they will spend

Although respondents are clearly worried about the impact of short-term strategies on their brands, WARC's survey reveals the gap between intention and action. Money continues to pour into marketing channels best suited to performance marketing or short-term impact.

For example, a 2018 report from Ebiquity examined the long-term effects of advertising in six different media channels: TV had the greatest long-term multiplier with 2.4; out of home had 1.9. But less than 20% of respondents intend to increase adspend into TV or out of home, typically associated with building long-term memory structures. Meanwhile, 58% of respondents intend to increase spend in online display in 2020 – which Ebiquity says has little long-term impact.

Brands appear to view online video as key for brand-building in 2020, with more than 80% of respondents anticipating greater spend on that channel.

How do you expect investment in the following media channels to change in 2020?



Source: WARC Marketer's Toolkit 2020 survey

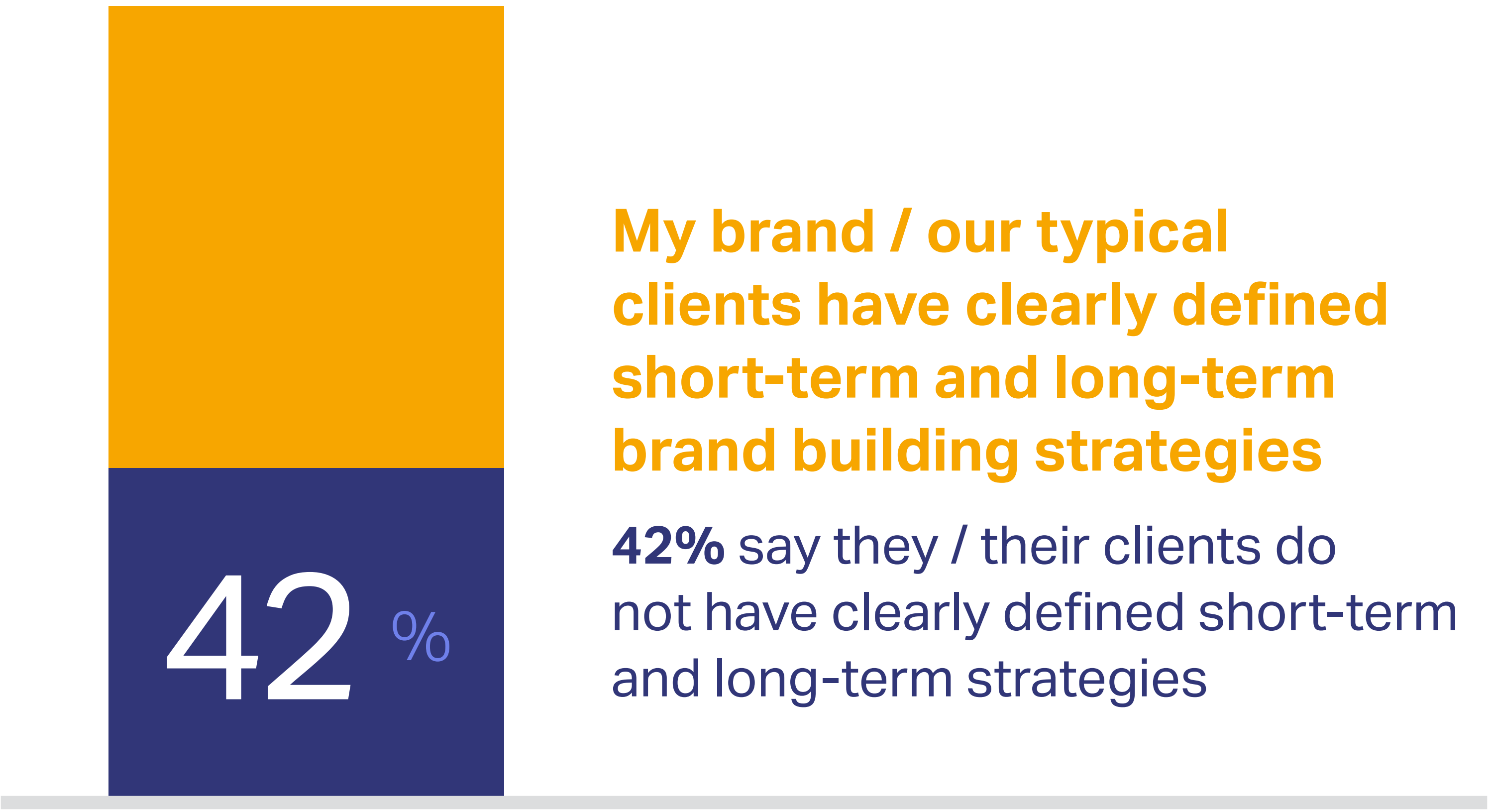
4. Culture, skills and metrics are key barriers to brand-building

There are several challenges facing marketers looking to increase investment in brand-building.

Respondents to the Marketer's Toolkit identified a general business culture of short-termism, and a squeeze on budgets as particularly significant. Another issue is the loss of confidence among modern marketers as to their ability to build brands. An IPA/Financial Times study released mid-2019 found that almost one in three senior marketers rated their ability to build brands as average to poor.

Members of the CMO Growth Council also pointed to metrics – specifically, the need for better signals that brand-focused work is having an impact, presented in a business language other members of the C-suite can understand. For example, insurance company Direct Line Group found a way to show that brand-building helped deliver a price premium on price comparison websites. Companies such as eBay and the AA have used measures of traffic to their platforms (such as inbound organic search performance) as indicators of brand strength.

The alternative is an over-reliance on short-term indicators, as Adidas found to its cost (see Case Study).



My brand / our typical clients have clearly defined short-term and long-term brand building strategies

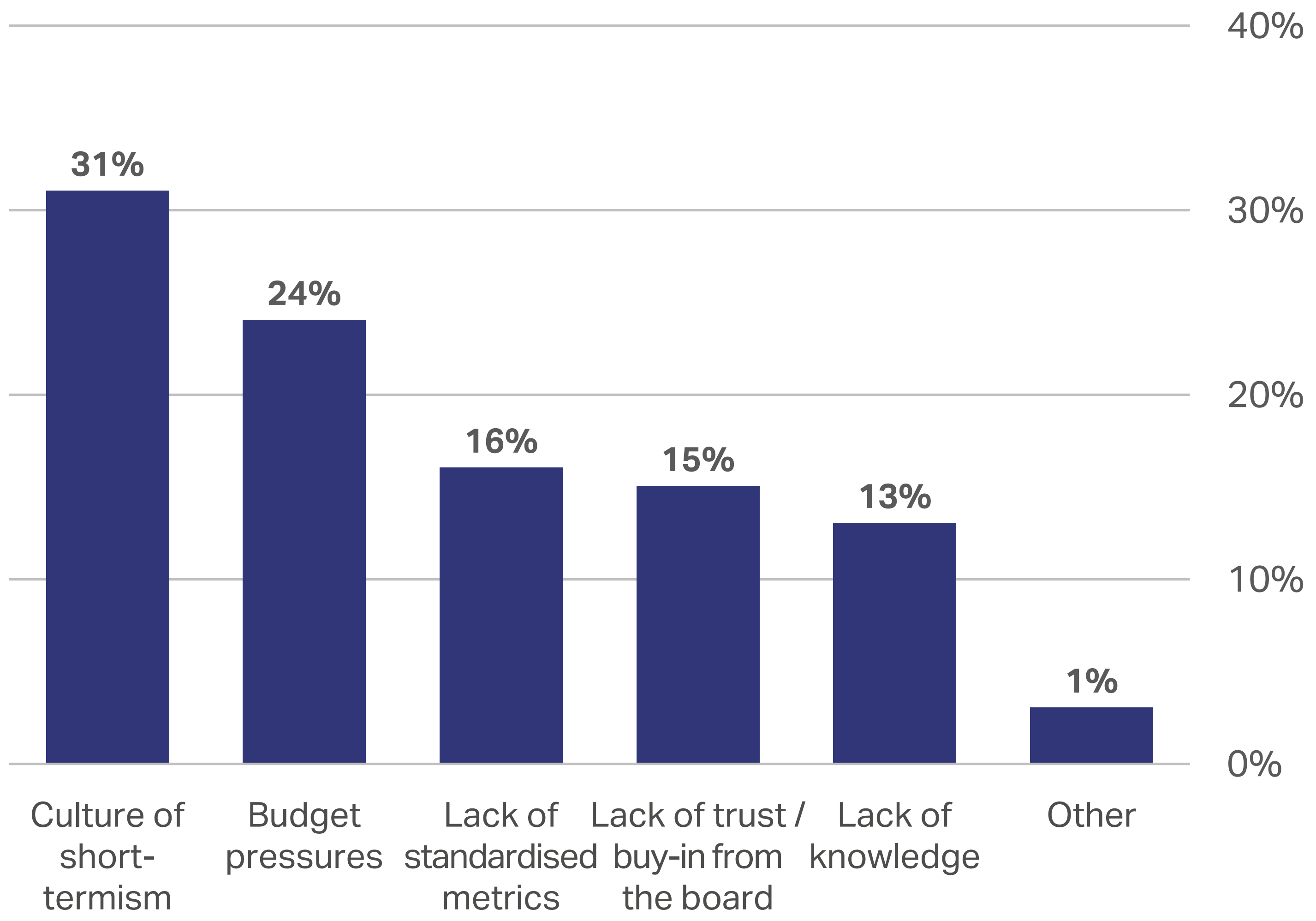
42% say they / their clients do not have clearly defined short-term and long-term strategies

Source: WARC Marketer's Toolkit 2020 survey

The rise of 'experience' as a contributor to brand may also confuse matters – the Marketer's Toolkit survey found that customer experience will remain a focus for brands in 2020 (50% said it was one of their top priorities), but a clear majority (71%) say this is harder to measure than advertising.

Lack of clarity around objectives is another barrier: 42% of respondents in this year's survey say that their brand or their clients do not have well-defined short- and long-term marketing objectives.

What are the biggest barriers to greater investment in brand building?



Source: WARC Marketer's Toolkit 2020 survey

Test-and-learn may be key for brands looking to reinvest in brand. Marketers should take note of an experiment by Australian insurance giant IAG. It will carry out an experiment to make the case for long-term brand investment, by making a commitment to spend 80% of its budget on brand-building activities in a targeted part of Australia for the next two years.

CMO comments

“

Balance is the right word... Creating experiences that they'll remember so that you have to work a little less hard with performance marketing in the future to get them to buy, or so that you can start to charge a premium and stand out from the market to take share from competition. That long-term brand-building is something that we're focusing on.

Ivan Pollard, Chief Marketing Officer, General Mills

“

You must know how to build and operate a brand. The brand is the lifeblood of a company, and is significant in the eyes of customers, the government, and the media.

Gill Zhou, VP of Marketing, Communications and Citizenship, IBM China

“

It starts with a leadership point of view. It starts with viewing the word ‘brand-building’ as about [more than] what marketing does, but rather about being a ‘brand culture’ as an organisation.

Tariq Hassan,
Chief Marketing Officer,
Petco

2020 recommendations

1

Develop a distinct strategy and budget for brand

Researchers such as Binet and Field increasingly advocate that brand-building and sales activation be organised as distinct streams within a marketing plan, each with their own timeframes and KPIs. It is hard for a single communications plan to maximise short-term impact and build the brand effectively. Testing this approach in a single region or market may help prove the concept.

2

Audit your distinctive brand assets

One way to tie together communications and other elements of brand experience is through distinctive assets – whether that is logos, shapes, colours, or elements of advertising such as brand characters. Marketers re-investing in brand need to be clear on the strength of their existing assets – measuring them for 'fame' and 'uniqueness' is one approach to this.

3

Get buy-in beyond 12 months

One risk of shifting budget back into brand-building is a short-term drop in effectiveness while the long-term effects build. There is a danger that brand investment can be judged a failure prematurely. For that reason, marketers going down this route need to manage expectations about the timelines for success.

Potential pitfalls

1

Failing to speak the language of finance

To make the case for long-term investment in brand-building, tie the impact of marketing activity into the language of finance: long-term sales streams, margins, revenue, cash flow, profit and shareholder value. Intermediate brand measures are less likely to cut through outside the marketing team.

2

Over-relying on attribution modelling

Digital attribution models tend to overstate the effectiveness of ads that consumers see just before they make a purchase. While digital attribution can measure the effectiveness of digital media channels with greater detail than econometric modelling, it doesn't always tell the full story. Sophisticated marketers tend to combine attribution work with other forms of modelling.

3

Assuming brand-building work won't drive short-term sales

Good brand-building work will still drive commercial performance in the short term. The effects should not be invisible or solely measured in brand tracking studies.

Case study
Adidas

Adidas is on a marketing effectiveness journey as it shifts its focus from simple efficiency measures and embraces econometric modelling to give it a more nuanced view of the impact of its spending.

Read the full article on WARC

In 2015, Adidas was investing just 23% of its media spend into emotion-led brand advertising and 77% into performance advertising. It relied on last click attribution and did no econometric modelling or brand tracking, with the primary focus on minimising media costs. To rebalance for long term growth, Adidas now invests in econometric modelling and has a 'test and learn' approach to testing hypotheses from attribution and econometrics to see which might grow incremental revenue.

Case study
NRMA Insurance

NRMA went back to a former positioning of 'Help' to build mental availability and increase the brand's valuation

Read the full article on WARC




NRMA needed to set the brand up for long-term growth in the face of low consumer trust, aggressive value-driven competitors and declining budgets, while still commanding a price premium. Embodying the Australian spirit of helping others, NRMA used TV, OOH and digital channels to drive mass reach and awareness. As a result, NRMA Insurance reversed eight years of declining customer numbers, delivering +35.2% in brand value with a projected incremental profit and an ROI of 287%.

Expert commentary
Five ways to make your brand advertising more effective

Orlando Wood
Chief Innovation Officer,
System1 Group

WARC's Marketing Toolkit report reveals the unease that marketers feel about 'performance' marketing: 70% agree or strongly agree that it's been over-invested in, with long-term brand building-suffering.

But while marketers know there's a problem, knowing how to fix it is another matter. We could start by looking at the work itself – after all, that's what people actually see.

This is what I've done in *Lemon*, published last month by the IPA. *Lemon* traces trends in advertising execution by looking at the work through a new lens – how the brain pays attention to the world.

The idea that the 'left' and 'right' brains do different things was popularised in the 1960s and 1970s; indeed, its popularity stigmatised serious study of brain lateralisation among neuroscientists. Some in our industry still hold today to the rigid dogma that there are no meaningful differences between the two hemispheres, but science has in the meantime moved on, and now it's the debunkers who've been debunked. Work by psychiatrist and neuropsychologist Iain McGilchrist, in his book *The Master And His Emissary,* provides substantial evidence that the two brain hemispheres do matter; it's not that they do different things as once thought, more that they do things differently. They pay attention to different things, have different takes on the world.

There are five types of attention that psychologists broadly agree on; all these are taken care of by the right hemisphere, except for 'focused attention', which is taken care of by the left hemisphere. For almost anything other than paid search, if you want effective advertising that gets noticed and remembered, you need to know what the right brain pays attention to.

Lemon samples ads over a 30-year period to trace changes in advertising style. I look for the features that are more likely to appeal to the right-brain – dialogue, a strong sense of place, melodic and harmonic music for instance, and others that play to the left-brain's attentional priorities – like words on screen, abstracted body parts and flat, placeless backgrounds. The fewer right-brained elements an ad contains, the less it moves audiences, and the less effective it is for market share growth. *Lemon* shows that right-brained features have been replaced by left-brain features in advertising over the last 15 years.

Here are five practical ways that advertisers can make their work more right-brained and more effective.

1. Entertain for commercial gain

The quickest route to building your market share requires brands to entertain their audiences. Les Binet and Peter Field used IPA data to prove it in 2008. In 2012 they showed that this impact becomes even more significant over the long term (6+ months). Measuring emotional response to ads across a whole category, combined with share of voice, markedly improves share gain prediction over share of voice alone. So make ads that people will enjoy.

2. Think dramas, not lectures

Appeal to the right brain's understanding of lived time, its love of wordplay and the relationships between people. Ditch the didactic, posturing, message- and voiceover-led tone of modern advertising and portray an unfolding story instead. Use characters in a scene to entertain; this will both attract attention to the ad and raise brand salience. A humorous scene bestows on a brand a sense of intelligence, self-awareness and proportion. Humour is perhaps the most important tool in the creative's toolkit and deserves more than a yearly outing at the Super Bowl or at Christmas.

3. Play with culture, don't mirror it

In their desire to feel contemporary, advertisers often engage with culture by reflecting its surface details – clothes, hair, tech. Appeal to the right brain by getting playful with culture – parodying or referencing different cultural works. You have decades – if not centuries – to play with, so stop focusing on trends and generations and cast your net wider, with references and characters that have proved their broad and lasting appeal. Think Amazon dropping Hannibal Lecter into its Super Bowl Alexa ad, for instance.

4. People are characters, not 'props'

The right brain responds to "betweenness" – a sense of connection between people (or creatures), built as much by glances, gestures, grimaces, intonation as by speech. To build betweenness you need characters who feel like they're alive and have agency – they aren't just bodies in the service of using a product. So drop all the abstracted close-up shots of hands, feet and mouths and focus on the whole person. You might also look to Fluent Device characters – the stars of ads used across a campaign, who build a following, and continue to elicit feeling and ensure recognition over time. Think Comparethemarket's Meerkats in the UK, or the Geico Gecko. Our work shows that a Fluent Device campaign is 30% more likely to lead to profit growth than campaigns that don't use one.

5. Local richness beats global blandness

A strong sense of place or history appeals to the right brain. The global campaign usually sacrifices this richness; a sense of place is almost always entirely lost, as it's astonishingly rare for ads to create strong emotional response across different cultures. Bread brand Hovis recently re-released its Ridley Scott directed "Boy On Bike" spot, set in a Northern English town, and a more local ad could hardly be imagined. In test, the re-release scored higher than all but 1% of modern ads.

The systemic problems outlined in the Marketer's Toolkit will only be resolved by talking about the work itself. Only by addressing the problems with the work, will we be able to tackle the structural problems – the culture, remuneration and processes – that give rise to it.

Expert commentary

Consistency and culture are key to getting 'back to brand'

Simon Cook
Managing Director,
Cannes Lions

In the lead-up to the 2020 Cannes Lions festival we have spoken to hundreds of creative and marketing leaders to ask them what's top of mind, what's challenging them and what excites them.

Based on those conversations, it would seem that we have reached "peak tech". As one marketer put it: "We often all use the same data, we all have a similar tech stack and DMP: what will differentiate us and drive non-incremental growth is brand-building creativity."

In 2020 we can expect to witness the rise of a 'back-to-brand' mentality and approach – where data and tech will take an important supporting role and act as an enhancer and an enabler, with the brand very much front and centre.

This was certainly the message from members of the global CMO Growth Council, a group of 25 global leading CMOs (chaired by Marc Pritchard, Chief Brand Officer of Procter & Gamble), who meets at the festival annually to identify some of the barriers to growth in our industry. Following the inaugural CMO Growth Council meeting in 2018, the Council made its global priorities very clear. Top of the list? Brand-building creativity.

The Council acknowledged that the wider marketing community is under immense pressure to demonstrate an immediate impact using automation, technology, and performance marketing. This largely short-term activity is often positioned as the gnarly and complicated sister to longer term brand-building. But when did we decide that building the brand was simple and taking the easier path?

The first major challenge is consistency. Being creative while retaining consistency of brand is key to unlocking the benefits of brand-building: from forging emotional attachments, to driving long-term brand equity and sales influences.

Snickers, for example, has won many Lions (including a Gold Creative Effectiveness Lion), with its You're Not You When You're Hungry work, an enduring campaign that has been revived year after year (six years and counting) with a fresh take each time. Bruce McColl, Chief Marketing Officer at Mars from 2006 to 2016, credited Mars' success to a re-think of its long-term creative brand strategy, stating that it boosted the organisation's revenue by more than $50m.

It is also important to build a culture that can deliver creativity time after time. Our work with global brands has highlighted three important steps a CMO can take to create a culture where creativity is valued:

1. **Build internal buy-in:** make the case for creativity.

2. **Create alignment:** build a collective understanding of what 'good' looks like.

3. **Long-term thinking:** a three- to five-year plan with clear measurement criteria that are appropriate to the brand in question.

In 2019, Burger King picked up the inaugural Creative Brand of the Year Award at the Cannes Lions International Festival of Creativity. By its very nature, this award celebrates a moment in time and a single year of unrivalled creative excellence, but it's the sustained performance, the long-term brand building and the very deliberate journey to the stage that we should all pay attention to.

In 2014 Fernando Machado (another founding member of the CMO Growth Council) took hold of the marketing reins at Burger King during a time when creativity and long-term brand building weren't necessarily top of the corporate agenda. In 2019 Machado, the marketing team and its agency partners won 40 Lions across 15 different pieces of work. Each piece of work was described by our juries as being individually short-term, but collectively infused with a consistent, recognisable and memory-building narrative.

Marketers face criticism about the growing preoccupation with short-term activations and seductive and often 'gimmicky' ideas. And our juries comment on the need to redress the over-investment in performance. As Snickers and Burger King show us, CMOs should focus on consistency and culture if they are to break out of this cycle.

> Being creative while retaining consistency of brand is key to unlocking the benefits of brand-building: from forging emotional attachments, to driving long-term brand equity and sales influences

More from WARC

Who we are

At WARC, our purpose is to save the world from ineffective marketing by putting evidence at the heart of every marketing decision.

We believe that effective marketing is based on facts and not opinions.

Since 1985, we've brought confidence to marketing decisions through the most trusted research, case studies, best practice, data and inspiration.

Today, we help 75,000+ marketers across 100+ countries. Our clients include the world's leading brands, advertising and media agencies, media owners, research companies and universities – including the top-five largest agency groups and top-five largest advertisers in the world.

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