

Effect

10 rules for making
advertising that works

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Effectiveness: from milestones to measurement

This is a book about effective advertising that generates sustained and significant growth. This book busts a few myths, confirms a few assumptions and provides ten important rules on how to create advertising that works.

We have written this book because we believe buying advertising is harder than ever. It is therefore more important than ever to have partners with knowledge and integrity.

Knowledge is about knowing what works, and why. Integrity is about conveying the truth – not just what's easy or new. In this book, we will try to provide knowledge that helps us consistently produce very effective communication. We will try to provide this knowledge regardless of how some people want advertising to work. We want to explain what actually works.

Defining what is effective advertising is easy. It is communication that gives a greater return on your marketing investment than your competitors achieve. Advertising is only expensive when it doesn't work.

The hard part is knowing what makes the advertising effective. The observations in this book therefore come from cases that have demonstrably created an effect. Extraordinary documentation requirements have been set for these

sources and there are enough of them to be able to tell us a lot about what is usually the most effective.

Our approach has involved first defining best practice – what are the most successful brands doing right? This knowledge is collected from WARC, IPA, Cannes Lions Creative Effectiveness and Ehrenberg-Bass Institute. We then analysed 51 Norwegian effectiveness award winners from 2008 until 2017. By comparing the winners of STELLA, ANFO Effekt and Medieprisen (the Media Award) with international best practice, we have developed ten rules for effective communication. These rules start with milestones and end with measurement, and they have been further refined in collaboration with Norwegian advertisers, academics, media and operators in the industry. In addition, we have conducted a survey among Norwegian advertisers and agencies to understand to what extent best practice and common practice are connected.

In only using sources that have created a proven effect, we have been forced to look back in time. In an industry characterised by change, looking backwards means putting your head on the block. Today many maintain that, a short while ago, we were an almost primitive industry when it came to understanding how to create effective communication:

We are often told that what was done yesterday is irrelevant today, because everything is changed.

This is incorrect. It is opportunistic, it is inaccurate and it lacks both knowledge and integrity. It is obvious that business, media landscapes and communication change. But in order to adapt to these changes and take advantage of the opportunities they bring with them, we must understand the basic principles for how people are affected by advertising. These principles are best understood by taking a closer look at what has been the most effective.

Whether we are saying something new is therefore secondary, as long as we are able to convey something useful. Because this is a practical book about how to create effective advertising.

*Espen Haugen and
Anders Hopsø Erikson*

Status report from the Norwegian advertising industry

What can we learn from the 51 best effectiveness cases in the Norwegian advertising industry from 2008-2017? We have studied and analysed each one thoroughly and made many interesting discoveries. We believe our study provides a clear picture of how Norwegian advertisers and agencies work with communication today. Since we believe that all advertising should have effectiveness as its objective, we are bold enough to claim that our study holds a certain validity for all those working with communication.

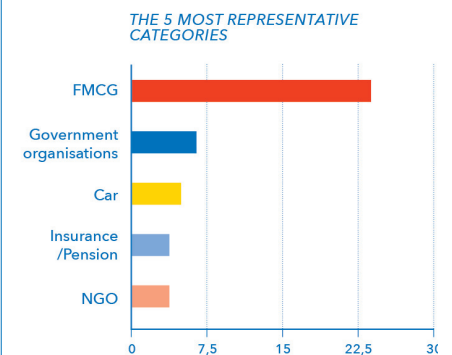
All the chapters in this book discuss what you must do to create advertising that works. This is well-documented best practice from international cases and knowledge available to everyone through specialist literature. Our book stands out because it exemplifies what best practice dictates that we should do with Norwegian cases. By analysing Norway's most effective advertising work we can form an opinion of how well we are doing compared to the rest of the world.

All the cases we have studied are award winners of the competitions ANFO Effekt, STELLA or Medieprisen (the Media Strategy Award). ANFO has been a good partner throughout this project. The last few years, they have evaluated more than 400 submitted cases, so they possess valuable insight

into what separates award-winning cases from non-award-winning cases.

The cases represent 12 industries where Fast Moving Consumer (FMCG), governmental NPO, cars and insurance are strongest represented. 23 cases represent the FMCG category. 12 cases are launch campaigns. 16 cases represent campaigns for market leaders within their segments. 16 cases are awareness campaigns – the primary objective of the campaign is a communication goal. Two of the cases are viral campaigns made by PR agencies. 33% (18 cases) of the cases are campaigns lasting less than six months. 20 campaigns operate with a soft goal, meaning that a communication goal is the primary goal of the campaign.

Fig. A



FMCG is the single most represented category amongst all effectiveness winners the last nine years. Much like the IPA database.

Are we headed in the right direction?

Our data spans the period from 2008 to today. Many of the contributions have undoubtedly helped raise the level of the Norwegian advertising industry and the field as such. More agencies tend to get the basics right than before. We have become more precise and accountable with regard to creating and distributing advertising that drives effect. There are many reasons for this positive development. Organisations such as ANFO, Kreativt Forum, Mediaforum etc. have provided great arenas for sharing and learning. This must not be underestimated.

In the studied cases, we found several good examples of brands using hard and quantifiable goals, combining traditional and newer channels, good creative craftsmanship as well as documentation and substantiation of effect. Most importantly, these cases are good examples of long-term brand building campaigns. For example, TINE Dairies' *Ingenting slår et glass iskaldt Tinemelk* (Nothing beats a glass of ice-cold Tine milk), MENY's *Spiser du bedre, lever du bedre* (eat better, live better), DNB's *Vipps* launch and Nidar's campaign *Smash til nye høyder!* (Smash reaches new heights!). These campaigns prove that working for the long term based on a strong idea is highly profitable. They also prove how crucial it is to combine

traditional channels, such as television, with digital channels.

Even though we see that many advertisers and agencies are improving, we still have to point out a discovery that is also a global trend; more and more advertisers create work with the intention of generating a short-term sales effect. This development is a threat to all those who want to make effective brand building communication. We will discuss this in depth in Chapter 9.

Are we bad at substantiating real effectiveness?

Substantiation of effect remains the most important criterion in effectiveness competitions. We can after our analysis establish that there is still considerable room for improvement.

Econometric modelling is absent in the 51 award winners of effectiveness. According to IPA, this is the most reliable method for isolating and documenting the effectiveness of communication. Unfortunately, this method is both expensive and resource-intensive. Elements such as data from at least 36 months are necessary in order to take full advantage of econometric modelling. Unfortunately, this is unrealistic for many Norwegian advertisers.

^Selling Creativity Short (2016)

The goal has to be to achieve the best and most reliable proof of effectiveness. Even though econometrics has its limitations and is a less relevant tool for many advertisers, our analysis tells us that many brands would benefit from adopting a more accountable approach to goals and effectiveness. The documentation is not only valuable in a competitive context but it also works as a management tool both for investing in and designing communication. Additionally, accountability is a great source of learning and insight into what works and why. This can only make us better, and we will discuss the subject in Chapter 10.

“I find that many confuse reporting with evaluation. The goals you set at the start of the campaign are not always harmonious with the response in the market. It is a little too easy to extract a report and lay it out on the table without seeing it in the context of the market we are navigating in. I want curious and challenging partners. Teams that delve into numbers, look at contexts and propose actions. Every time.”

- Hanne Norstrøm-Ness,
Marketing Director of Vipps

Only 2 out of 51 effectiveness award winners are also awarded in creative competitions

Today we have reliable documentation that proves that creativity has a significant commercial value. ^ That is why it

is surprising that only 2 out of the 51 studied cases have won substantially in both effectiveness and creativity competitions. The two campaigns are *Bank fra A til Å* (Banking from A to Z) by DNB (2010) and the Smash campaign *Det skal godt gjøres å spise bare én!* (It is difficult to eat just one) (2015).

It is not surprising that these two campaigns have been awarded for both effectiveness and creativity. It is well deserved. It must be added that many award-winning pieces of work in Gullblyanten (The Golden Pencil) probably have achieved great results, but have not been submitted to effectiveness competitions due to a lack of documentation. The big question is, however, whether the small overlap between winners of effectiveness competitions and creative competitions occurs because too many advertisers do not use creativity to create effect. If this is the case, they are missing out on potentially huge effectiveness improvements.

In the advertising industry, we often talk about “The Big Idea”, an idea so original and interesting that it has formidable potential for generating growth. These two campaigns are excellent examples of this. An international study of the role of creativity in advertising showed that the combination of the viability of the idea over time and its ability to work across channels is a criterion for success.

When the advertisements only goal is to create change in communication KPIs, there is a risk that it will never become a force for economic growth

"The new currency I believe is that of attention. Not 'interrupting' peoples' busy lives, but 'earning' it through the work that we do. What we today call 'non-working media', ought to be looked at as our 'brand-investment media', i.e. the things we do to 'earn' peoples shrinking attention, in a way that's memorable and drives positive associations for our brands. This requires an equal emphasis between the two drivers of sustainable growth: strong creativity, coupled with proportionate goal led budgets".

- Emanuel Gävert,
Nordic Marketing Director,
Mondelēz International

This perspective, how creativity generates commercial advantages, is discussed in Chapter 7. Still, the question we are left with after our analysis of Norwegian cases is why only two campaigns in nine years are significantly awarded for both effectiveness and creativity? The most obvious reason is probably that effectiveness and creativity are not considered two sides of the same coin. Perhaps advertising has been considered a tool for generating change in a few given communication goals instead of an investment in growth and profitability? Perhaps we have been lacking strong advocates for advertising as a source of commercial effectiveness. Consequently, there has been little understanding of creativity serving as a multiplier for effectiveness. This is probably only a

part of the explanation. Historically, the Norwegian advertising industry has not had the best culture for accurate, accountable reporting and documenting effectiveness. Our data tells us that good and meaningful metrics are used too rarely and often incorrectly. It seems natural to believe that creative award-winning campaigns in Gullblyanten (The Golden Pencil) lack the necessary documentation for being submitted in effectiveness competitions.

FMCG advertisers are more goal-oriented

Among the award-winning cases we have studied, most of them represent the FMCG category, for instance, Mills, TINE, MENY, Smash, Orkla etc. Considering the size of this category, both in terms of brands and volume, this is hardly a surprise. Still, it is worth noting that the FMCG cases are characterised by a more methodical, structured and accountable approach than cases from other categories. There is a lot to learn from this. For instance, these campaigns use correct goals, i.e. goals with the intention of generating actions that provide top-line results for the brand. Mills does this in an exemplary way. They consistently use growth in shares or volume as their primary goals. They also make considerations of whether growth comes through penetration or loyalty. If such goals and strategic choices are defined by numbers and value, these kinds of

⁸ Marketing in the Era of Accountability (2007)

reasoning can be used as formulas for best practices – as also documented in the IPA publication *Marketing in the Era of Accountability*. In other words, it is about using and considering advertising as an investment and acting accordingly.

It is also worth mentioning that many FMCG cases represent long-term brand building work where media channels with good reach, such as television, are used almost without exemption. A natural explanation is that FMCG often involve mass market products and that the consequences of not using reach channels may be fatal. The use of television as the primary brand building channel is also supported by observations in IPA documentation of recent years.

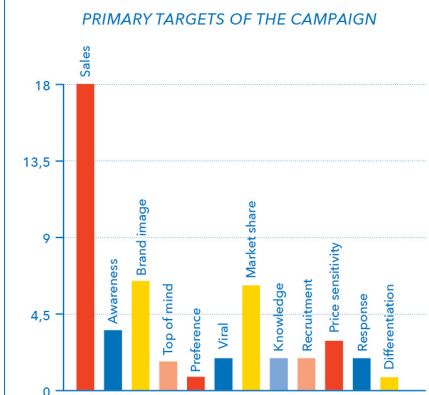
In conclusion, we note that FMCG cases are also capable of providing great creative craftsmanship. We especially want to emphasise Smash and TINE for clearly demonstrating how creativity constitutes a commercial advantage.

Too few advertisers anchor their communication in a goal hierarchy

Creating a goal hierarchy means establishing some measurable, realistic and coherent goals for the advertiser and agency to work towards. We discuss the importance and value of this in Chapter 1. It is well documented that goals like these are important tools for creating advertising that delivers results. It is surprising to see how few of the 51

award-winning cases in this survey have set “hard” goals, in other words, goals intended to create a behaviour in the target group that in turn generates profitable growth. 20 Norwegian effectiveness award-winning cases only operate with what we call “soft” goals, in other words, communication goals such as awareness, knowledge, attitude and the consumer’s perception of and associations to the brand – goals not directly connected to behavioural changes in the target group.

Fig. B



Sales are without doubt the most used goal amongst 51 effectiveness winners, but it is worth noting that about 20 cases operate with a soft goal. This is unfortunate because communication goals should almost always be anchored in hard behavioral- and business goals.

IPA has proven that campaigns aiming to change the target group’s perception of the brand or impose a new attribute to the brand such as “creative” or “innovative”, rarely document a real economic effect. ⁸

Marketing in the Era of
Accountability (2007)

These goals should not be the primary goal of the campaign, but rather a means to achieve a behavioural goal, such as attracting new customers or increasing the frequency of existing customers. “What exactly is the value of increasing the target group’s knowledge about our brand with one percentage point?” This question is far more important to answer if it is part of a larger goal structure, because the answer will indicate whether the communication goal serves the primary business goal of the campaign. When an advertising goal is to merely create change in communication KPIs, there is a risk that it will never become a force for economic growth. This undermines the value of and potential in quality, effective advertising. It makes advertising seem like an expense, rather than an investment.

“We often say that clear goals, a precise task formulation if you will, is half the strategy. The ability to communicate your goals, or even better, develop your goals in collaboration with partners is absolutely essential for succeeding with your strategy, output and effectiveness. We ask the right questions through sound goals.

Start with questions, such as: Why should we as a company use this money on marketing? From there, work your way up the goal hierarchy through behavioural, communication and advertising goals.”

–Håvard Rønnevig Bakken,
Project Director of ANFO

Too many sales campaigns

IPA reports that sales is one of the most popular campaign goals among the cases in their database.^c Sales goals have a high success rate, which means that sales campaigns to a greater extent can refer to achieved results and a positive ROI. But there is also extensive documentation suggesting that such campaigns provide incentives for wrong return on investment measurement. IPA has demonstrated that these campaigns deliver far weaker results than campaigns focusing on market share growth, profits and reduced pricing sensitivity.

Our data indicate that sales is an over-represented goal in Norwegian cases. Unfortunately, there are a number of adverse consequences of maintaining a narrow focus on this goal. Firstly, such campaigns will rarely build your brand or contribute to market share growth. Secondly, the effect of the campaign may in a larger perspective actually be negative. IPA proved that, despite having a documented effect during the campaign period, short-term sales campaigns do not contribute to building the brand and may actually worsen the brand’s position in the longer term. An important discovery by IPA supports this statement; sales activation rarely contributes to building a brand, but brand building communication builds the brand in the long term and generate sales effects in the short term. In cases

“The easiest decision to make in a management team during times of cost-cutting is to cut brand building activities for a period. I have experienced this myself. But this is not necessarily the smartest choice if you consider the means you have at your disposal to attract new customers and clarify why potential customers should come to your chain“

*- Henning Johansen,
Marketing Manager Byggmakker*

where the focus has been on short-term sales, the company may have missed out on a greater opportunity to increase market shares and value. We will discuss this further in Chapter 3.

Lack of figures for Share of voice

Among the 51 cases we have studied, only nine provide figures for share of voice. Share of voice (SOV) is the brand's share of the total amount of purchased communication in their category. According to IPA, Share of voice is one of the most important growth indicators and should be used as a reference when setting the marketing budget (discussed in Chapter 6). A brand can actually purchase growth through increased SOV. However,

growth is created far more effectively when you use good-quality advertising. Simply put, a campaign with a high level of creativity can give a return on investment that is so much higher that it would be unwise not to increase the media budget, thereby increasing the advertiser's share of voice.

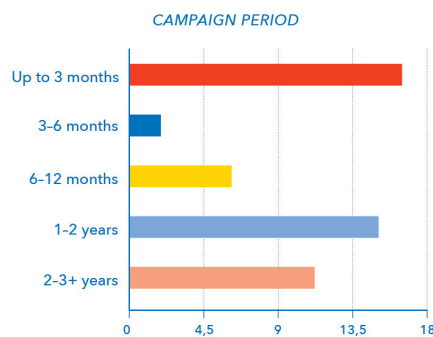
This makes it surprising that no Norwegian cases account for this investment method. Share of voice is rarely mentioned, which is unfortunate because good-quality, creative communication only becomes more effective if the Share of voice is at the right level.

Do we grow tired of the campaign concept before the target group?

In our analysis of Norwegian cases, it has become apparent that many seemingly robust advertising concepts disappear once the campaign period is over. In contrast, we see that concepts that are allowed to live longer deliver great results. A common denominator for these cases is the ability to stick to the same idea and concept for all communication in all channels over several years. Examples are campaigns such as the Oslo School of Management's *We believe in your mind* (Markedshøyskolen, 2014), MENY's *eat better, live better* (2016) and the Norwegian Armed Forces *For all we have. And all we are* (2014).

Long-term brand building is documented as the most profitable form of communication

Fig. C



This figure shows the length of all 51 campaigns analyzed in this study. A third of these cases represent campaigns that are three months or less. About half of the cases are one year or less. And the majority of the most award winning cases extend over twice as long as the average of all cases analyzed.

Internal campaign wearout is when those of us working with communication, both agencies and advertisers, tend to grow bored of the advertising – long before our target group does. A campaign based on a great idea and concept often lasts longer. A long-term perspective is also about patience. Sometimes time is necessary to achieve effectiveness. Frequently changing agencies or marketing directors is another reason some campaign concepts are replaced too early.

What is happening with Norwegian television?

Like previous publications, IPA's latest report reveals that television still is the preferred choice if the goal is to achieve quick and broad reach, build brands and generate effect. This is in contrast to the recent years' decline in Norwegian television viewing, especially among the younger public. If television as a channel is becoming less relevant in the years to come, we need to look for solutions with the same qualities as television. The ability to provide reach quickly is a quality few other mediums have.

In IPA's studies, television is documented as the best medium for brand building. But what do we do if the development continues and we reach a point where television is irrelevant? Media consumption is changing rapidly, so this remains to be seen, but let us at least not make the mistake of assuming that deeply targeted communications through digital channels is a perfect substitute for communication through television combined with boards, radio, digital and social channels. This is a mix of channels that until now has proved optimal for profitable communication.

Among Norwegian award-winning effectiveness cases we observe that the most heavily awarded campaigns – the long-term, brand building campaigns – always use television. This is especially

interesting because several of these cases are from the last couple of years, such as TINE's *Ingenting slår et glass iskald Tinemelk* (Nothing beats a glass of ice-cold Tine milk), the Smash campaign *Det skal godt gjøres å spise bare én!* (It is difficult to eat just one!), DNB's *Vipps* campaign and MENY's *Spiser du bedre, lever du bedre* (Eat better, live better). These cases all show how reach is critical for profitable brand building over time.

The changed media landscape makes it difficult to use older award-winning cases as an argument for Norwegian television's importance as a channel. It is, however, worth noting that in the most heavily awarded campaigns, television constitutes a part of the channel mix.

The importance of getting the basics right

In this study, we have identified a few gaps between Norwegian practice and best practice. A lot is done right and, as mentioned, many of the cases we have studied have contributed to raise the level in the industry. Still, many of the basic elements could and should be done better.

This study indicates that Norwegian advertisers focus too much on communication effects and too little on business effects. This could potentially undermine the value of high-quality, effective advertising. We need to learn to regard buying advertising as an

investment, not an expense. This work starts with learning the value of quantifiable and coherent goals.

Among the cases we looked at, sales is the most popular campaign goal, and this goal is often strongly connected to short-term campaigns rather than long-term brand building campaigns. If we primarily and excessively pursue sales effects in communication, we risk falling into a short-term mindset and thereby pursuing short-term rather than long-term effects. This is a lot less profitable than the alternatives. It has actually never been documented that sales activation builds brands, but later on in this book, we will show you how brand building communication is a powerful driving force for return on investment in the long term and sales in the short term.

Another important area to consider is the lack of overlap between campaigns that win effectiveness awards and creativity awards. 2 out of 51 cases distinguish themselves by creating and substantiating brand building effects while also excelling in creativity competitions. The two cases – DNB's *Bank fra A til Z* (Banking from A to Z) and the Smash campaign *Det skal godt gjøres å spise bare én* (It is difficult to eat just one) – are probably also among the most talked about cases in recent years and among a handful of cases that must be considered Norwegian best practice.

It is about doing more things a little better than the competition

Along with a handful of other cases, these two are worth studying in-depth because they represent good examples of long-term communication for brand building and growth. Several of these cases are used as examples throughout this book. What these cases have in common is the ability to think and work in the long term based on a goal hierarchy while also using the originality of the creative idea, great communication across channels as well as using channels that serve different purposes. It is worth noting that channels that provide reach, such as television, must be considered to have been essential to the results these cases have achieved.

Some of the cases we have studied stand out. Not because they have created a funny, emotional and original advertising, but because these cases do several basic elements very well. It is naïve to think that we can get everything right all the time. Time, money, and a lack of information will almost always define the rules for what is possible. However, not everything needs to be done perfectly all the time. Rather, it is about doing more things a little better than the competition. This holds a potential competitive advantage. And if there is one lesson we want you to take away from reading this book, it is just this: understanding the value of getting the basics right.

In the rest of the book we will present what we believe are ten important rules

for creating advertising that works. Each rule is presented as a separate chapter exemplified by a related case. All the rules should be seen as guidelines for how you can proceed to create more effective advertising.

Espen Haugen, Anders Hopsø Erikson and Håvard Rønnevig Bakken



Sources:

THIS STUDY IS BASED ON NORWEGIAN AND INTERNATIONAL SOURCES

PRIMARY NORWEGIAN SOURCES

ANFO Effekt

Annonsørforeningen (ANFO) has organised this competition for five years with the purpose of awarding cases that substantiate effectiveness. The competition also encourages learning and inspiration for others. Since its beginning, 400 cases have been judged in the competition based on three key areas: (1) strategic challenge, achievement of objectives, difficulty and insight (25%), (2) idea, creativity and output (25%), and (3) results (50%).

STELLA

Norway's oldest competition for effective communication held by the trade association Kreativt Forum and first organised in 1999. The purpose of the competition is to showcase and award communication that demonstrably documents and substantiates Norwegian advertisers' and brands' return on their marketing investment. STELLA is based on the acclaimed British competition "IPA Effectiveness Awards". STELLA, therefore, has strict documentation requirements

and candidates are judged by five key criteria: (1) case description, (2) difficulty, (3) solution, (4) results and (5) documentation.

Gullblyanten (The Golden Pencil)

Norway's oldest and most traditional advertising competition was first held in 1960 and is an annual event. Gullblyanten, arranged by Kreativt Forum, is an idea and concept competition that awards the very best of Norwegian creative commercial communication. Gullblyanten is a momentous competition in Norway due to its comprehensive number of submissions, its value for agency attraction in relation to new hires and as an indication of the advertising agencies' ability to create original and creative communication solutions.

SECONDARY NORWEGIAN SOURCES

Gullfisken (The Goldfish Awards)

Gullfisken is the only competition to award television advertising based on public votes. It has been held annually since 1992 by TV2. Throughout the year, a panel of industry experts vote to determine one winner per month. These are called *Sølvfisk* (Silver fish) and finally compete for the title *Gullfisk* (Goldfish).

Årets Markedsfører (Marketer of the Year)

Årets Markedsfører is held by the marketing foundation Markedsforeningen i Oslo (MFO) and has been held annually since 2000. The competitions purpose is to honour and award the advertiser that, throughout the year, has conducted the best marketing. The competition is judged by industry professionals.

Medieprisen (The Media Award)

Medieprisen is a competition to award Norwegian cases that excel in the use of media, strategy and creativity. The competition is arranged by Mediaforum.

INTERNATIONAL SOURCES

The publications from the Institute of Practitioners in Advertising (IPA) by Les Binet and Peter Field: Marketing in the Era of Accountability (2007), The Link Between Creativity and Effectiveness (2011), The Long and the Short of It (2013), Selling Creativity Short (2016) and Media in Focus (2017), in addition to IPA's case collection Advertising Works 23 (2016) as reference for case answers.

We have also used the books of Professors Byron Sharp and Jenny

Romaniuk: How Brands Grow: What Marketers Don't Know (2010) and How Brands Grow: Part 2 (2016). Furthermore, we have used WARC and Martin Weigel's publication: The Liberation of Magic (2013).

To gain insight into short-termism and long-termism, we have used FCLT Global's publication: Rising to the Challenge of Short-Termism (2016) and McKinsey's publication Measuring the Economic Impact of Short-Termism (2017), as well as McKinsey's study of creativity and profitability (2017) presented during this year's Cannes Lions and on mckinsey.com.

INTERVIEWS

In developing this book, we have interviewed a number of prominent advertisers and industry professionals. The purpose has been to shed light on discoveries from a practical perspective and understand how best practice is used in practice. Special thanks to:

Jørgen Larsen (MENY)
Tora Mellbye (SpareBank 1)
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Frode Fimreite (TINE)
Maria Heimisdottir Brennodden (Ringnes)
Elin Gundersen (Orkla)
Christian Haune (Orkla)

Mirjam Hamnen (Orkla)
Anne Jorunn Bjoner (Orkla)
Bjørn Erik Hagen (Red Bull)
Emanuel Gävert (Mondelēz)
Per Håkon Fasting (Schibsted)
Kathrine Ayling (Synoptik)
Bjørn Gunnar Rosvoll (TV2)
Alf Bendik Bendixen (Big Blue & Co.)
Dag Inge Fjeld (Høyskolen Kristiania)
Benedikte Løvdal (Kreativt Forum)
Håvard Bakken (ANFO)
Tor Erik Jørgensen (Opinion)
Henrik Habberstad (Statoil)
Kjell Martin Nerstad (E24)
Hanne Norstrøm-Ness (Vipps)

OUR SOURCES

In order to shed light on the knowledge and use of best practice we conducted a quantitative survey among advertisers and agencies. This was done in collaboration with Opinion and ANFO. The survey was answered by 199 respondents divided evenly between advertisers and agencies. The majority of the respondents report a strong to very strong influence on the development of communication strategies, the choice of creative solutions and effectiveness measures. In relevant chapters we will provide our findings from the survey to illustrate common practice versus best practice.

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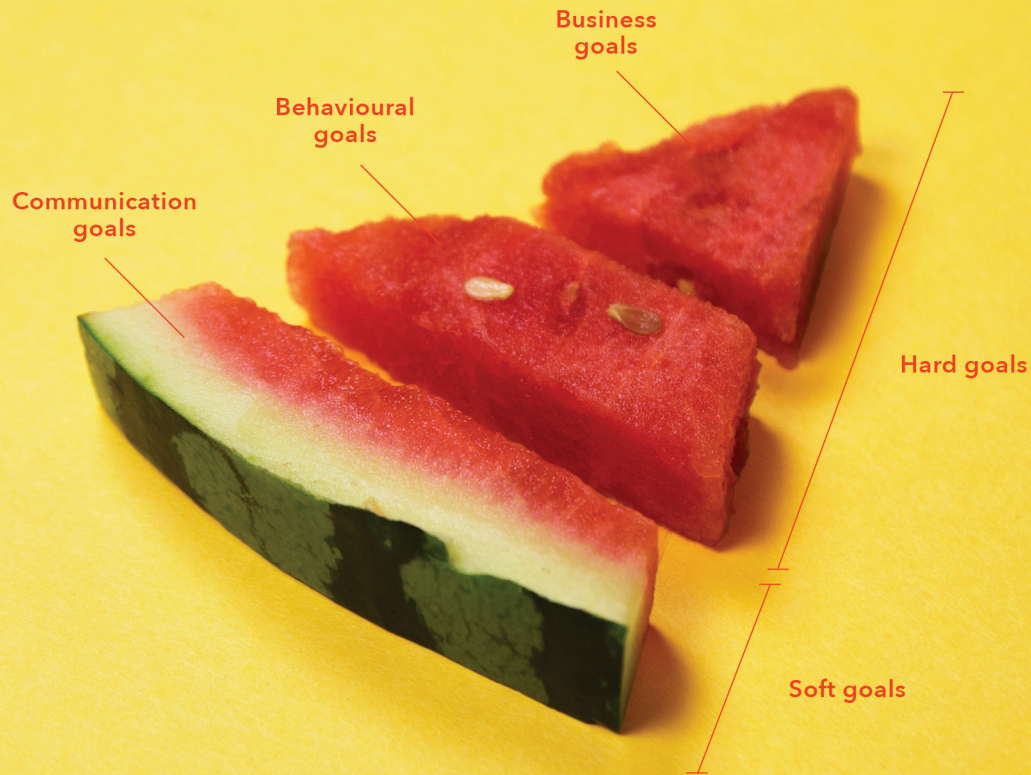


Fig. 1

The figure above shows the connection between the goals in the goal hierarchy. We distinguish between soft and hard goals, whereas the latter has a direct effect on the financial performance of the brand. The soft goals on the other hand, also called communication goals, should affect non-financial goals such as the target group's awareness, knowledge, attitude, consideration etc. Soft goals serve one purpose, and that is to make sure we achieve our behavioural goals of attracting new customers or increasing the size of existing customers' shopping trolley. Moreover, behavioural goals should make sure we achieve our primary business goal, which is best measured as profitable market share growth and/or increase willingness to pay within the target group.

The most important aspect of a goal hierarchy is that the goals are quantifiable and prioritised. This means that we need to put a value on our goals and establish a prioritised connection between them. It should in other words be possible to put a value on all goals in order to get a sense of what it will cost to increase the level of awareness of the brand for instance, and which implications it will have for behavioural goals and business goals.

Set hard and coherent goals

No marketing director or corporate leader will deny that goals are important for a business. A bold primary goal can contribute to defining a strategic direction and inspire extra effort among employees and partners. But not all goals are equal, and not all goals are as good. Goals that are connected, that are quantifiable and verifiable, are important prerequisites for creating effect.

Everyone wants their advertising investments to have an effect. Obviously. It is strange, that so few of the effectiveness cases we have studied are described with goals that can actually tell us something about the effectiveness for the business behind the campaign. Most brands want better profitability and growth in terms of their market share. These are hard, measurable business goals that to a far greater extent should be used actively by advertisers. The agencies should also demonstrate a greater understanding of the importance of seeing the consequences of an advertiser's business goals. Knowing these consequences provides far better conditions for successfully solving communication tasks.

Three goal categories

In a marketing and campaign context we recommend working with three goal categories: communication goals, behavioural goals and business goals.

Some also need to define media goals, such as how many category users they must reach and how often they must reach them. To simplify, we will place media goals under communication goals in this context.

An essential part of the strategic work is to understand how various goals should be connected and the prioritisation between them. Once you know what the different efforts should achieve, how they are connected and what their final purpose is, you will have clarity and focus. These thoughts are best summarised in a hierarchy or a goal.

For example, we want to grow by increasing our market share. In order to do this, we need to reach out to those who are not buying our brand today. And in order to reach this part of the market, we need to increase the awareness and consideration in the target group. The link between the goals can be explained as follows: Ad attention > awareness > consideration > penetration > market share growth.

This kind of reasoning tells us what we want to happen as a result of the communication, what our actions should lead to and how they are connected, what we should measure, what to prioritise and – equally important – what not to prioritise. The value of a clear goal hierarchy increases as advertisers work

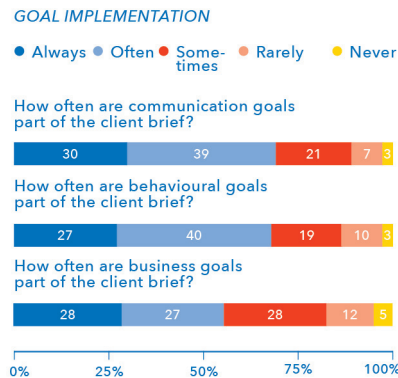
The value of a clear goal hierarchy increases as advertisers work with more partners and larger sections of their own organisation

¹The few exceptions where a communication goal should serve as a campaign's primary goal are campaigns for non-profit and governmental organisations that intend to change or reinforce an attitude.

² Marketing in the Era of Accountability (2007)

with more partners and larger sections of their own organisation, simultaneously. The more people involved, the more important and difficult it is to ensure a clear focus that contributes to everyone pulling in the same direction. A good goal hierarchy communicates what to achieve and why. In turn, all partners regardless of service area, can develop actions that respond to the same general purpose.

Fig. 2



The effectiveness survey conducted among Norwegian agencies and advertisers indicates that many briefs lack goals. They often account for communication goals and behavioural goals, but just over 30% of the respondents say that these goals are rarely included in the brief. Business goals are left out even more - 45% of the respondents say that this type of goal is rarely included in the brief.

Our goals must be operationalised into measurable sizes, such as, market share, sales and change in the public's level of awareness or knowledge, for instance, attitude, consideration, preference, etc.

"Establishing meaningful goals is one of the most important things we do in strategy development. This is a demanding and disciplining exercise that we spend too little time focusing on. But once we focus enough on establishing goals, we clarify and focus the rest of the process in a time-reducing manner, simplify consideration of efforts and hopefully achieving stronger effect."

- Frode D. Fimreite, Category Director, TINE Market Categories

Communication goals concern elements such as level of awareness, level of knowledge or the consumer's association to the brand. These are goals that in most cases should work as a means or intermediate goal on our way towards achieving our behavioural goals. ¹

Behavioural goals should contribute to fulfilling the company's business objectives. This is a measure of the communication's ability to engage the defined target group to perform desired actions, such as purchasing our brand. Penetration, or increasing the proportion of the target group who have purchased the product, would constitute such a goal.

The business goal should in most cases be the primary goal of communication because it is directly linked to the company's profitability. The business goal is often associated with strategy and company goals, and often concerns

Effect

Effect

increasing profitability and market share. Empirical data indicates that campaigns that use business goals actively in strategic work achieve far better financial results.²

Campaigns that do not establish hard and coherent goals are less effective because the focus is potentially on the wrong areas and it becomes more difficult to account for the campaign's degree of success. Lack of accountability with regard to the campaign's return on investment is an adverse consequence of not establishing hard goals.

Fig. 3



The effectiveness survey indicates that goals are not quantified often enough. Over 50% of all respondents say that communication, behavioural and business goals are rarely quantified.

Less is not always more

Easy or obvious goals are not necessarily the best goals. It is easy to see why both advertisers and agencies frequently use

goals such as the consumer's awareness and perception of the brand, and sales. These goals are the most popular in the reviewed Norwegian cases and the cases in the database of the British trade association IPA. They are easily established and clearly affected by advertising. But, on their own, these goals will not tell us anything about the effect on company economy or profitability.

Establishing this type of goal is demanding both for the client and the agency. The exercise may seem even more difficult when the goals are to be quantified. But cases that quantify goals are associated with a stronger effect because this process requires us to make priorities based on value. In order to put a number on the goal we want to achieve, we also need to consider what achieving this goal will cost and what it will be worth. This controls the priorities between the goals and the actions required to achieve them.

Establishing such goals requires knowledge of communication, consumer and business. In many cases, it is wise to involve a larger part of the organisation, for example finance, in order to quantify goals. That also contributes to building a goal hierarchy that spreads commitment upward in the organisation. In turn, this encourages goal setting based on their value rather than budget. If the goals are established solely in relation to budget,

³Marketing in the Era of Accountability (2007)

⁴The Liberation of Magic (2013)

⁵How Brands Grow. Part 2 (2016)

it seems natural to believe that communication is considered an expense item. Establishing goals based on the value of achievement shows that communication is considered an investment.

Not all goals are worth the same

The following is a description of various types of goals and their qualities. Both advertisers and agencies should be conscious of which goals they pursue.

Brand awareness

Brand awareness is both the most popular goal and the easiest goal to document effect from. Unfortunately, awareness acts as the primary goal of a campaign much too often. Awareness is a communication goal and, on its own, it says nothing about the efforts leading to a change in the target groups' behaviour. Awareness is a prerequisite for increasing penetration among low-frequency customers and consumers who currently are not buying your brand, and it is therefore an important instrument when increased market share is a business goal. But, to determine the success of the campaign, we need to compare the goal to what we want the awareness to achieve.

Brand knowledge

Brand knowledge is a somewhat misunderstood and overused communication goal. There are many reasons for this, but

the most important is the false assumption that knowledge is often a purchase barrier. That a high level of knowledge is a prerequisite for triggering behaviour within the target group is not the case.³ A lot suggests that the level of knowledge in the market can be interpreted as "a long-tailed graph", where approx. 20% of the market possesses approx. 40% of the knowledge of and associations to a brand. The remaining 60% of the brand knowledge is spread across the remaining 80% of the market.⁴ Still, all types of customers purchase the brand. Deep knowledge is, in other words, rarely a prerequisite for purchase.

There are of course situations where a knowledge boost in the target group is both practical and necessary for triggering behaviour. It will, for instance, be beneficial if the advertising is intended to communicate a launch, a genuinely new product benefit or something that is simply so innovative that there is great value in the attribute both for the brand and the target group.⁵ But it is important to emphasise that these situations are rare. We generally use too many resources in boosting consumer knowledge without it leading to growth.

Brand image

The consumer's perception of and association to the brand is a very popular communication goal, regardless of industry or country. While the consumer's

⁶ Marketing in the Era of Accountability (2007)

⁷ Marketing in the Era of Accountability (2007)

⁸ The Long and the Short of It (2013)

perception of a product is interesting, an established perception is very difficult to change and more importantly – the relationship between the consumer’s perception of the brand and the consumer’s behaviour is almost insignificant. Consequently, brand image is a rather uninteresting measure of a campaign’s effectiveness.

Studies performed by IPA show that campaigns that document effect on brand perception or association are among the campaigns that document the least effect on business parameters.⁶

In most cases, mature and established brands already have a perception among the public. You need three things in order to change the perception established in the consumer’s memory: lots of time, lots of money and great advertising. Just consider how hard it would be for the Norwegian chocolate manufacturer Freia to change the public’s perception of their chocolate bar Kvikk Lunsj: from no longer being the number one hiking snack but rather considered a “post training chocolate” or “Friday night chocolate”. This would be an almost impossible task.

Sales

Sales is the most frequent goal among Norwegian effectiveness award winners between 2008 and 2017. It is also the most commonly used goal in IPA’s database of more than 1000 cases. This is

mainly because sales are easy to measure and therefore easy to document success around. In fact, no other goals have a higher success rate. A major problem with sales goals is that they often carry an incentive to implement price cuts to boost sales, which in turn reduces profitability. Sales are also strongly correlated to the state of the market (demand) and the competition between players in the category.⁷

If you want to use sales as a KPI it should be implemented in a goal hierarchy, and the link between sales and growth accounted for. Sales should rarely be the primary goal of the campaign. This may seem surprising, but it is very well documented that sales campaigns are far less effective than campaigns intended to boost willingness to pay or increase market share.⁸ In other words, campaigns primarily intended to boost sales generate less value.

Market share

Market share growth is a constant and precise goal with less possibility of being influenced by irrelevant factors. Campaigns with market share growth as their primary goal deliver better results on all business parameters compared to campaigns striving for a given sales goal.⁹ Wanting market share growth is clearly not the explanation for why this goal, across studies, is more closely linked to success than others.

⁹Media in Focus. Marketing Effectiveness in the Digital Era (2017)

The value – of establishing market share growth as the primary goal of communication – lies in how this goal affects other KPIs. When directing all efforts towards market share growth, we have to discuss and prioritize some important questions, such as, where this growth comes from and at whose expense, what it will cost and what it means for the communication. This exercise creates a logical hierarchy and focus.

ROI

Everyone wants a return on their investments, popularly referred to as ROI. Using ROI as goals is becoming increasingly common because more advertisers have historical figures that can be used as benchmarks. That means that the campaign's goal considers the return of previous campaigns. This undeniably sounds appealing – marketing investments should naturally provide increased return, and ROI may seem like a sensible measure of this. The challenge lies in only looking at the ROI and not accounting for other developments in the market. During a period where competitors communicate less, and the market is growing, achieving a higher ROI will naturally be easier. During a period where competitors are active and could potentially steal market share, the short-term return will naturally be lower while the value of maintaining market share will still be high. Blindly navigating

after a campaign ROI may in such cases lead to very poor strategic choices. The paradox is that ROI as a goal could lead to very destructive short-term thinking. Budget cuts and short-term measurement of campaign performance will in fact increase ROI. But this does not provide increased long-term profitability or increased market share.

PRINCIPLES OF IMPLEMENTATION:

- **Start with one or more clearly defined business goals. Market share growth is usually the most sensible goal to begin with.**
- **Establish behavioural and communication goals best suited to achieving your business goal.**
- **Be careful establishing sales goals without them being included in a larger context, for instance in relation to market share growth.**
- **Make sure that there is a connection and logical priority between the goals.**
- **Ensure that the goals are measurable and quantified.**
- **Involve central parts of the organisation, beyond the marketing department, in order to quantify the value of the goals when needed.**
- **Don't navigate solely based on ROI. This provides a potentially incorrect picture of the profitability of the communication.**

Norwegian example:



Spiser du bedre, lever du bedre

MENY won Gold in the growth category in ANFO Effekt, one star in STELLA and two Gold in the Retail Award for the case *Spiser du bedre, lever du bedre* (Eat better, live better).

MENY

In 2016, the supermarket chain MENY won gold in the growth category in the ANFO Effekt competition, one star in STELLA and two gold in Retailprisen (the Retail Award). This case exemplifies how a well-developed goal hierarchy structured activities over a three-year period. They had a clear and precise goal structure; communication goals such as advertising recollection would increase consideration, which in turn would increase penetration and loyalty. Together these two behavioural goals would contribute to comparable growth.

MENY had to take ownership of the drivers selection and quality and increase satisfaction and attractiveness with the public. The performance of these KPIs was monitored closely and put into context with what they should lead to – namely higher consideration and increased traffic. Traffic would then be managed in order to generate increased average purchases and market share growth expressed as comparable growth.

With a 70% lower average Share of voice than their main competitors, MENY managed through their marketing efforts to generate an average comparable growth of 1.5% per year between 2013 and 2016. By going against the market and investing in quality, MENY attracted more customers who visit them more often and shop more.

”Retail is complex, and success is completely dependent on everyone pulling in the same direction. This applies to partners, those of us working in the marketing department and not least the store managers. It is therefore critical to maintain a clear goal and understand how things are connected. A deciding factor for our success is that everyone knows where we are going, and everyone understands what it takes to make it happen.”

*– Jørgen Normann-Larsen,
Marketing Director, MENY*

02:

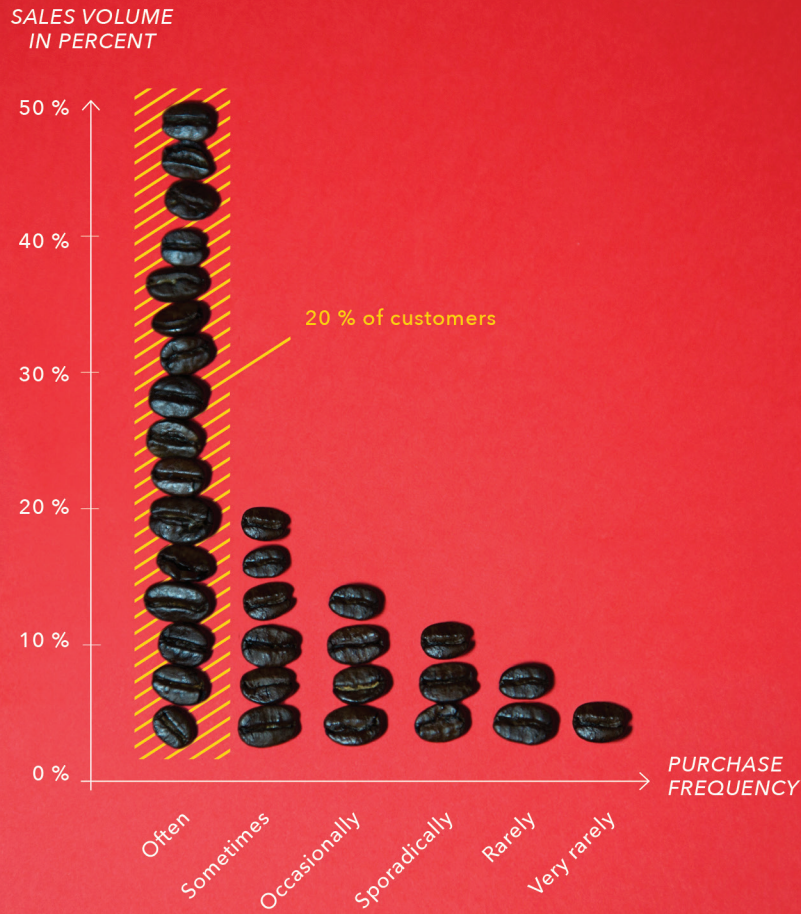


Fig. 4

This figure shows a chart that explains customer purchase frequency - some shop often and some shop occasionally. The high-frequency customers are those who purchase often. These are the most loyal customers, and studies show that they make up approximately 20 % of the entire customer base and account for approximately 50 % of the sales volume. The less frequent customers, those who shop sometimes or less, make up approximately 80 % of the customer group and account for the remaining 50 % of the sales volume. This implies that the potential for growth primarily lies with the 80 % who shop far less often, rather than with the high-frequency customers.

Source: *How Brands Grow* (2010)

Prioritise new customers

Growth does not come from loyal customers, but from new ones. Across virtually all categories, only around 20% of customers are loyal. Although they account for 50% of purchases, it is easy to understand that the potential for growth is a lot greater if you succeed in persuading the remaining 80% to purchase your product more often. They are four times as many! And besides, when you communicate with new customers, you will also reach your loyal customer.

Seeing our “worst” customers, those who rarely buy from us, as our most important target group, is a prerequisite for growth over time. You start by dividing the target group into those with a high purchase frequency and those with a low purchase frequency. This may come as a surprise, but in many cases, this will be your most important segmentation. Instead of delving into complex segmentation models that not necessarily reflect reality, the focus should be on the largest group of the most valuable buyers – those who relatively rarely purchase or use the category.

Purchase frequency can be visualised on a scale where you have your high-frequency customers on one side. These are your loyal customers. They mostly frequent your shop, but they also shop at your competitors'. On the other side are the

less frequent buyers. They buy more often from your competitors, and only occasionally buys your brand. Many think that the “best” customers, those who buy often, are much more important than the “less valuable” buyers – those who rarely buy. But this is only correct in exceptional cases. Most people buy from a selection of brands. For instance, 72% of everyone who buy Coca-Cola also buy Pepsi. If Coca-Cola is to grow any further, this is the group with the most potential.

Fig. 4

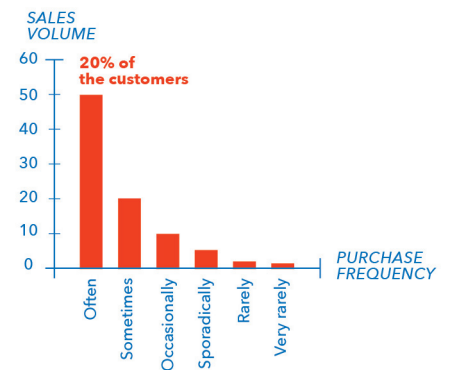


Figure 4 is a chart showing people’s purchase frequency. Notice how the columns position themselves as a long-tailed graph. The low-frequency customers make up quite a large portion of the total customer segment, while the segment with the most loyal customers is somewhat smaller. Empirical data tells us that the ratio of how much of the total sales each customer segment purchases across categories is about 20:50.¹⁰

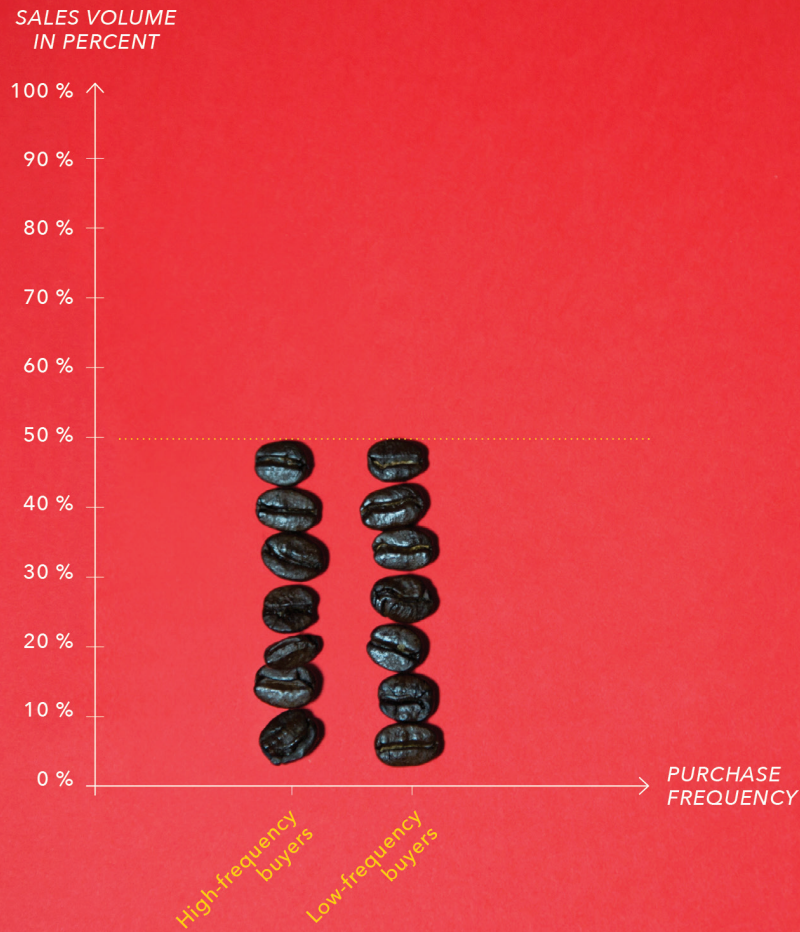


Fig. 5

This figure shows one of the most important points in the book *How Brands Grow*. 20% of the most loyal and frequent customers account for 50% of the sales volume. The less frequent customers make up about 80% of the total customer base. Because this group is so large, the low-frequency customers also account for approx. 50% of the sales volume. This implies that the potential for growth lies in influencing people who shop rarely to shop more often.

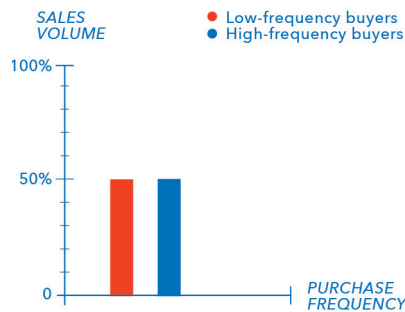
Source: *How Brands Grow* (2010)

¹⁰ How Brands Grow (2010)

¹¹Media in Focus. Marketing Effectiveness in the Digital Era (2017)

This means that roughly 20% of customers account for about 50% of the purchases. These are the high-frequency, loyal customers. The remaining 80% of the customers are the low-frequency customers who shop less frequently. But because this group is so big, they also account for half the purchases – as shown in figure 5.

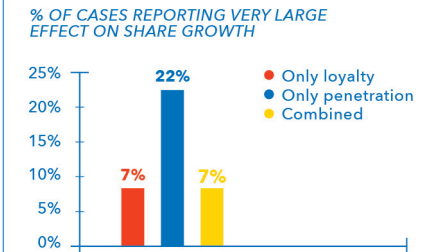
Fig. 5



This shows us something important – the potential for growth is greatest among those who never buy and those who occasionally buy. Imagine a person who buys the same soft drink twice a day, and another who buys the same soft drink once a week. It is logical to assume that we can more easily influence the person who rarely buys than the person who already purchases our product every day. So, the potential for growth lies with the less frequent customers, not with the loyal customers. Brands that grow, usually grow because they increase penetration and communicate to non-buyers and low-frequency customers as shown in figure 6. This figure is taken from the

most recent IPA study, which reports that campaigns intended to increase penetration are three times more likely to contribute to strong growth compared to loyalty campaigns.¹¹ The largest brands are, in fact, the brands with the greatest penetration in the market and not just the most loyal customers.

Fig. 6



This figure shows that advertising campaigns aiming for penetration, i.e. acquiring new customers, are almost three times as likely to be the primary driver for powerful market share growth compared to campaigns that only aim for loyal customers or a combined approach.

The Law of Double Jeopardy

In *How Brands Grow*, Byron Sharp explains a series of findings based on empirical generalisations. “The law of double jeopardy” tells us two things. Firstly, that brands with a smaller market share have fewer customers. Secondly, and more importantly, that the customers they do have are less loyal compared to brands with a greater market share. Customer defection is largely determined by the size of the brand. The market leader

% OF CASES REPORTING
VERY LARGE SHARE GROWTH



Effect

Effect

Fig. 6 This figure shows that advertising campaigns aiming for penetration, i.e. acquiring new customers, are almost three times as likely to be the primary driver for powerful market share growth compared to campaigns that only aim for loyal customers or a combined approach.

Source: Media in Focus. Marketing Effectiveness in the Digital Era (2017)

As opposed to loyalty-building efforts, market penetration is critical for growth

¹² How Brands Grow (2010)

¹³ How Brands Grow (2010)

therefore experiences less defection than smaller players in the market, a notion we will discuss further in Chapter 4. Since we have limited control over consumer loyalty towards a brand, our resources should rather be focused towards recruiting new category buyers. As opposed to loyalty-building efforts, market penetration is critical for growth. A number of other studies that analysed the connection between sustained growth in market share and penetration support this.¹²

”Sharp says, among other things, that loyalty is a function of penetration. A client I once worked with had a very small market share. The marketing manager could not find any loyal customers in the figures. The conclusion was that this brand only had random customers and no loyal ones.

I didn't believe that, so we performed another analysis. The share of loyal customers among the users was 1,5%. The market leader had about 20% loyal customers. A good example of Sharp's theory.”

- Alf Bendixen, advisor in analysis, brand strategy and communication, Big Blue & Company

Talk to all category buyers

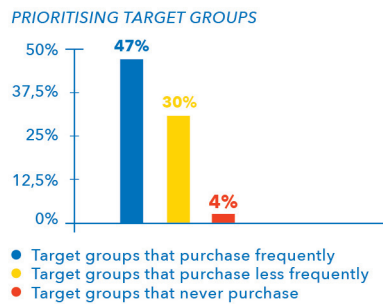
When we create and focus communication towards low-frequency non-customers, we also reach the high-frequency buyers. That does not necessarily mean that the opposite is the case. This is partly because

high-frequency customers already have awareness and knowledge of, attitudes toward and experience with your product, and are therefore more likely to notice and remember advertising for the brand – including advertising meant for the light buyers.

Targeted communication intended to make loyal customers purchase more often and larger quantities will typically be limited to narrow channels, such as, newsletters, DM, re-targeting, narrowly segmented efforts in social media, CRM and other owned media. Communication with the purpose of reaching new buyers use, to a greater extent, channels such as television, OOH and wider digital channels. These will also reach the customers who already buy frequently. In other words, advertising aimed at new buyers and light buyers has a great advantage compared to focusing on the high-frequency buyers who already know us well. The return on investment will be a lot higher, and a good piece of advice is to create and distribute communication to all types of customers for your brand.

This method will render your brand easier to buy for more people, in more situations. It becomes more mentally available to the public. This is critical for growth. Remember that the biggest brands, both in Norway and globally, are the most available brands.¹³

Fig. 7



The effectiveness survey indicates that target groups that purchase frequently are often over-prioritised.

Almost half of all respondents say that they more often prioritise target groups that purchase frequently. A mere 34 % say that they usually prioritise those who rarely or never shop. Moreover, a total of 19 % state that they prioritise other target groups or that they don't prioritise any special target group at all.

Loyal customers are still valuable

You should, of course, continue to build customer loyalty. Loyal customers often constitute half the buyers. The point is that you critically consider how your budget is best allocated and invested. Spending more money on loyalty programs than on new customers is generally not considered best practice.

PRINCIPLES OF IMPLEMENTATION:

- Prioritise light buyers over loyal customers to generate growth.
- Don't segment away from the largest target groups.
- Map all opportunities to communicate with these target groups.
- Map all possible purchase situations where the brand is relevant to all users in the category.
- Use reach channels to communicate with non-buyers and light buyers.
- Focus on removing barriers for testing for non-buyers.

Norwegian example:



Mills won Gold in ANFO Effect for its Delikat Salad products for the case 'Delikat vekket salatkategorien' (Delikat awakens the salad category).

Mills

The Mills house of brands won gold in ANFO Effekt awards for their great work with insight and targeted marketing, which resulted in formidable growth for Delikat salad products in both 2012 and 2014.

The campaign that ran from 2009 to 2014 shows how Mills worked strategically and long-term based on the hard goals growth and profitability. In order to achieve these goals, Mills had to ensure penetration in the market, in other words, acquire new customers. Since Delikat was already a strong brand with established products and good physical availability, the key to market penetration lay elsewhere.

This case shows how new insight about customer behaviour resolved purchasing barriers. Based on this insight, Mills made three important changes to their existing product: changes to production technology, packaging and design made Delikat salad products attractive to potential customers.

During this period, Mills increased their market share in the “salad category” from 28% to 60%, doubled sales and increased profitability.

The Delikat case is a good example of the growth opportunities in breaking down consumer barriers for the consumers who rarely choose your products. We spent a lot of time understanding why we as a brand were unable to increase loyalty and the frequency of this target group.

By changing the packaging so that customers could see the delicious ingredients, we were able to create the desire to try the product, and this was the start of an incredible journey of growth. From there we have continued with insight-driven innovations and a marketing mix of efforts to increase penetration. Today the Delikat case serves as an inspirational case in terms of how we work with other brands in Mills.

*- Lars Marius Lauten,
Brand Director Mills DA*

03:

- Sales activation
- Brand building



Fig. 8

This pie chart, or the coffee cup with foam, illustrates how the marketing budget should be allocated. 60% of the funds should be placed in brand building communication, while the remaining 40% should be placed in sales-activating communication. This budget allocation is documented by IPA to be the most profitable way to allocate budgets. This method of allocation ensures that we achieve results in the long and short term.

Source: *The Long and the Short of It* (2013)

Spend the most money where it gives the best return

¹⁴ Selling Creativity Short (2016)

¹⁵ Enders Analysis (2016)

¹⁶ The Long and the Short of It (2013)

¹⁷ Selling Creativity Short (2016)

It has been incontrovertibly proved time and again, and beyond any reasonable doubt, that conducting long-term brand building is more profitable than short-term sales advertising. The difference is significant. Yet the short-term efforts are on the rise in both the Norwegian and the global market. Marketing managers experience a lack of understanding of these connections within their own organisations. In this chapter, we will give insight and good arguments for taking the long road rather than the short one.

It is the responsibility of the CMO to manage the marketing budget in such a way that it generates the best possible return on investment over time. Notice how we say, “over time”, not in a month or two. It is a great paradox that a growing number of businesses are working with very short time horizons. In fact, we know that organisations working with a long-term perspective deliver far better results in terms of return on investment and profitability. There is a clear tendency towards increased pressure for providing quick results with the lowest possible budget. International case studies of award-winning advertising campaigns quantify this development. In 2016, short sales-oriented campaigns (less than six months) constituted over 60% of all cases, compared to 10% in 2006.¹⁴

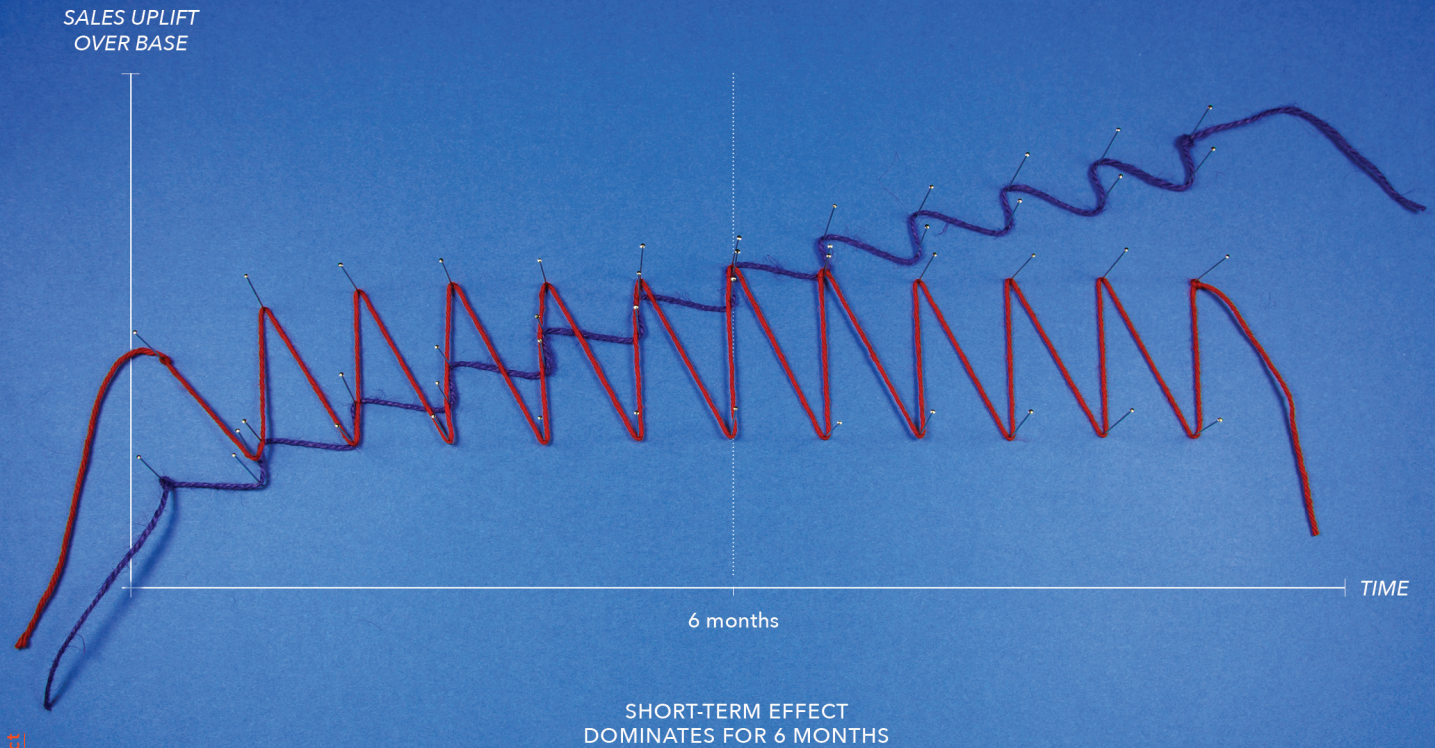
This development shows that more and more brands are making changes to their marketing investments in recent years, resulting in an increasing proportion of the funds being used for short-term sales activation.¹⁵

Long-term efforts, such as brand building activities, suffer under this trend and the development affects many brands in many different categories. It also affects the functions of both advertisers and agencies. The real drama lies in the great, untapped revenue potential that advertisers miss out on because they work and communicate short-term.

Studies of best practice show that companies that work in the long term and drive campaign-oriented efforts over a long period of time outperform their competitors on a range of parameters.¹⁶

This is what we call brand building, but it requires long-termism to be fully effective. It provides a greater return than other efforts, but only when allowed to work for longer than six months.¹⁷

- Long-term brand building > 6 months
- Short-term sales activation < 6 months



Effect

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Fig. 9

This figure shows how brand building and sales-activating communication might unfold. Sales activation is illustrated with the red jagged thread and indicates that this kind of communication drives short-term sales boosts but does not create a long-term effect. Brand building communication is illustrated with a blue thread and is long-term by nature. This means that it is only after approx. six months that brand building becomes more profitable than sales activation. Over time the effect will be further enhanced, and brand building communication will become critical in order to generate market share growth. It is also important to note that brand building creates a short-term sales effect, while sales-activating communication does not have a brand building effect.

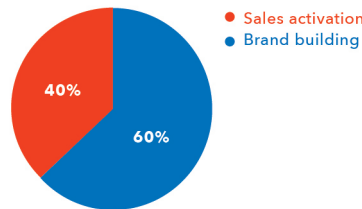
Source: *The Long and the Short of It* (2013)

¹⁸ The Long and the Short of It (2013)

¹⁹ The Long and the Short of It (2013)

²⁰ Selling Creativity Short (2016)

Fig. 8



The ideal is 60:40

Well documented empirical data indicates that brand building should generally constitute about 60% of the overall marketing budget. The remaining 40% of the budget should be placed in sales activation, with a time horizon that is shorter than six months.¹⁸ This is shown in figure 8. The distribution between brand building and sales activation should, in other words, generally be 60:40. This allows for higher returns in the long term and the possibility of achieving necessary goals in the short term. This distribution will make it easier to achieve goals such as market share growth and better profitability.

In fact, studies show that a 60:40 distribution provides a better return over time than, for instance, only brand building or only promotions.¹⁹ Even though the ideal 60:40 is the most profitable distribution, it is still only a pointer. In some cases, it would make sense to base the distribution on your competitors' budget distribution.

The distribution can also vary from industry to industry and between various communication tasks. A retail chain often has other needs and opportunities for providing influence at Point of sale than a supplier. For instance, TINE Meierier (dairy) does not have the same opportunity or need for driving consumer-focused sales activation as the supermarket chains selling TINE's products.

60:40 makes all the difference for choice of channels

A main reason for budgeting 60% brand and 40% activation is that it provides clear guidelines for the company's choice of marketing channels. Brand activities have to be carried out in channels that serve this purpose in the best possible way. Television is a great medium for brand building, and about 47% of the total marketing budget of highly creatively awarded, long-term brand building campaigns are placed in television.²⁰

Long-term brand building generates sales results in the short term. But it has never been documented that sales activation campaigns drives the same long-term effect as brand building activities

²¹ The Double Jeopardy of Sales Promotion (1990), The Long and the Short of It (2013)

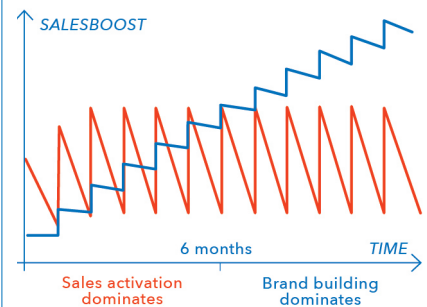
Long-termism is undoubtedly profitable

Figure 9 offers an example of how brand building and sales-activating communication might unfold. Brand building is done in the long-term and the observant reader may notice that there is a threshold of six months where brand building communication becomes more effective and profitable than sales activation. Sales activation is more effective in a period of less than six months because this type of communication creates quick sales boosts, but without generating a stronger effect over time. It is worth noting that long-term brand building generates sales results in the short term. But it has never been documented that sales activation campaigns drive the same long-term effect as brand building activities.²¹

Don't give away more than you must

Sales campaigns are often easily sold internally, but that does not mean that they generate long-term value. These campaigns often involve elements such as price reduction, more value for your money etc., and because this effort also reaches customers who would have purchased your product anyway, the increase in volume will not be proportionate to the price reduction. The result is reduced profitability. Even if such communication takes place over time, it will never generate the same results as long-term brand building. That said, it is

Fig. 9



worth noting that you can successfully use sales-activating campaigns to create trial in new customer segments or in new consumption situations. However, it is important to emphasise that the purpose is not to move large volumes, but rather to make it a little easier for more people to try your product.

"In our category, price and offers are used very actively. We have competitors who focus almost exclusively on this type of messaging. Rather than following our competitors and playing ball on their side of the court, we have invested in the long term with efforts such as new service concepts. This type of effort solves problems for people, increases willingness to pay and strengthens our brand. Great offers will always be an important part of our marketing, but they don't solve all our challenges. In order to generate growth, it is important to pursue sales, but also increase the value of your offer."

– Henning Johansen,
Marketing Manager, Byggmakker

We are moving in the wrong direction

Despite having more documentation than ever before stating that long-termism is profitable, the proportion of sales activation campaigns is increasing. Among the cases in IPA's database, campaigns lasting less than six months have increased from less than 10% in 2006 to more than 60% in 2016. Furthermore, the analysis agency, Enders Analysis, states in their study *Mounting risks to marketing effectiveness (2017)*, that the marketing budgets of the companies in their studies constitute roughly 60:40 in favour of short-term sales activation, which represents a change from approx. 50:50.

PRINCIPLES OF IMPLEMENTATION:

- 60:40 is the best guideline we have for balancing brand and activation or promotion.
- Remember that the effect of brand building activities only become apparent when allowed to run for longer than six months.
- Sales activation should work over a time of less than six months.
- Be aware that activation such as price promotions not always recruits profitable buyers. Efforts such as price cuts etc. attract customers who would have purchased your product anyway and affect the company's profitability in a bad way.
- Sales-activating communication will very rarely serve as brand building. Using this kind of communication over time will never generate the same results as brand building.
- Activation and price promotions will trigger purchases with people who won't necessarily shop with you after the campaign is over. People often go back to their usual purchasing patterns.

Norwegian example:

Do Norwegian advertisers allocate their budgets well?

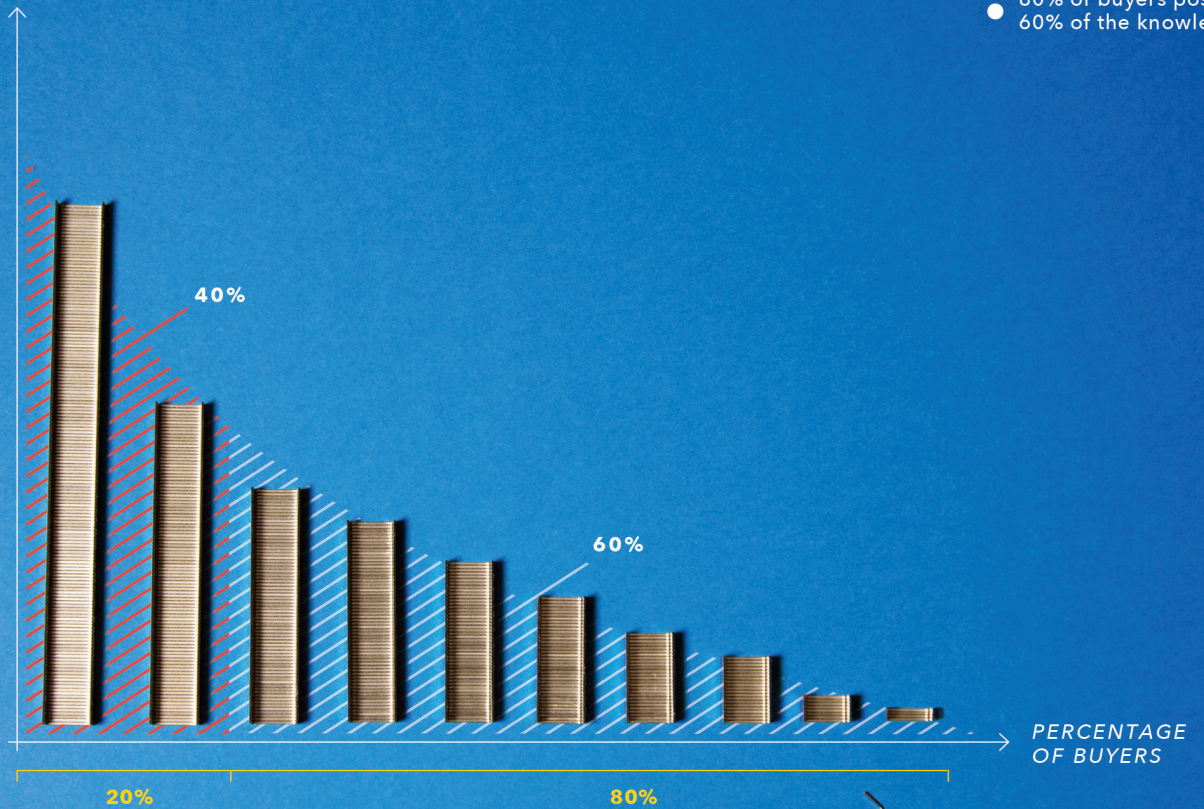
Working on this book, we have looked at over 51 Norwegian effectiveness competition cases from 2008 to today. There are very few cases that explain these areas and their importance. This is why it is somewhat difficult to assess the practices of Norwegian agencies and advertisers, and determine whether they allocate their marketing budget in the best possible way.

Almost half the cases we have looked at are sales activation campaigns, in other words, campaigns that run for less than six months. We also see that awarded Norwegian campaigns that by nature seem to be brand building –

using elements such as TVC, broad reach media etc. – document their results over a short period of time. In other words, there is a discrepancy between the type of campaign and the duration.

This should worry not only those who work with creative communication. It should especially worry those of you who are responsible for managing the organisation's marketing budget, whether you are the CMO, CFO or CEO. Short-term thinking, such as price promotions and sales, spoils the potential that lies in long-term brand building campaigns and the great opportunities for ROI they provide.

04:

BRAND
KNOWLEDGE

Effect

Effect

Fig. 10

The chart above tells us that about 20 % of a brand's customers possess approximately 40 % of the knowledge of and association to the brand. In other words, a small percentage of the buyers know a lot about the brand they are purchasing. The rest of the knowledge, 60 %, is distributed among the majority of the customers - the remaining 80 %. This suggests that having a high level of knowledge is not a prerequisite for purchase. Some consumers are very interested in the item they are purchasing, but most people simply don't care.

Source: *The Liberation of Magic* (2013)

Easier to remember equals easier to buy

We are sorry to point it out, but people do not care much for your products. Consumers are largely nonchalant, uninterested, indifferent to the brands they choose - they have more important things to worry about. In order to be chosen you first need to be available in as many purchasing situations as possible. Physical availability or distribution in as many outlets as possible is important, of course, but since this is a book about communication, we will focus on the importance of a different kind of availability: the mental availability.

The success of the marketer depends on choices, and it is highly probable that the winning product is the product that is the easiest to choose. This is true whether the choice is being made by heavy buyers or a potential new customer. Being easy to choose means making the item as accessible as possible to potential buyers. Therefore, availability consists of two parts: physical and mental availability.

The physical availability specifies how easy it is to notice and buy an item in as many purchasing situations as possible. In other words, physical availability is all about where you can buy the product and that there is space for it on the shelf, whether it is physical or digital.

The mental availability is about finding space inside the mind of the target group.

The brand has to be considered by as many people as possible in as many situations as possible. Think about mental availability as the share of associations a brand has within the mind and memory of the consumer.

How does communication affect the mental availability?

Communication gives us ample opportunity to increase the mental availability of the brand. This is achieved by building and reinforcing the brand's associations. The more associations, we have, the stronger the position of the brand is likely to be when the consumer is making their purchasing decisions. The mental availability therefore plays an important role when influencing the target group to change their behaviour or perform an action. Mental availability might be compared to fresh produce, meaning that communication with a certain frequency is necessary to maintain and increase the mental availability of the item. Continuity is particularly important for smaller brands. This is because large and well-known brands are already large; they possess both a physical and mental availability, while smaller brands logically are less available and therefore reduce communication at a greater cost. In order for the mental availability to become a driver for sales, it is crucial that the brand's marketing communication activities are allowed to last for a longer period of time.

It is better to be remembered for something than be forgotten for something unique

Distinct advertising is the easiest to remember

The majority of all advertising produced is quickly forgotten by the recipients. Low ad-recall and recognition remains a challenge. Part of the explanation for this is that the advertising is not distinct. A distinct expression is all about creating advertising that relates to the brand's characteristics (colours, logo, associations, font, promotional language, usage etc.), as well as strengthening existing mental associations. When communication and advertising is distinct, it will contribute to achieving top-of-mind, increased ad-recall, sender ID and consideration. Developing distinct communication is demanding and requires precise knowledge about the brand, its category and the habits and behaviour of the target group.

"For the optician Brilleland, recruiting new customers is paramount. In our category people buy relatively rarely, so while it is important to look after our existing customer base, our growth comes from new customers. Lots of new customers. In order to become relevant to enough people, we need to address large target groups, which means that the communication has to concern something that is relevant to everyone. In practice, this means that we talk about something our competitors may also talk about, but we need to convey the message in a better and more effective way. This is one of the

most important tasks for our marketing department and partners to solve."

*– Kathrine Ayling,
Marketing Director, Synoptik*

The most effective advertising reaches and influences all types of consumers – from the heavy buyers who buy the brand often to the light and non-buyers. The latter are the most difficult to reach, but this is also where there is the most potential for growth. When great advertising reaches these people, the advertising will strengthen existing mental associations and build new ones by communicating the same distinct elements over time.

Make choosing your brand easy

Because we are not particularly involved in most of our purchasing decisions, we buy the brands that are the easiest to buy. Usually this is the products with the greatest physical and mental availability. This is also explained by the principle of Double Jeopardy, as we discussed in Chapter 2: Bigger brands have greater distribution, are therefore often easier to choose and also have more loyal customers.²²

It is better to be remembered for something than be forgotten for something unique

Differentiation has been one of the most acclaimed concepts in the marketing

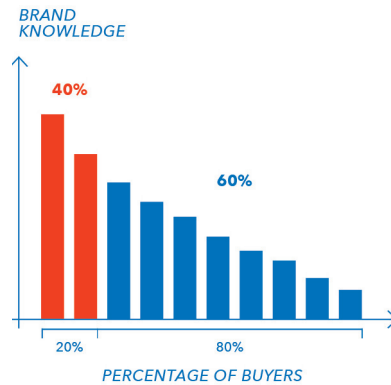
²² How Brands Grow (2010)

²³ How Brands Grow (2010)

²⁴ The Liberation of Magic (2013)

profession. Recent studies on the effect of differentiation ²³ have now provided us with completely new, and for some astounding, knowledge: Differentiation is not a criterion for success!

Fig. 10



Studies suggest that a smaller group of a brand's customers possess the majority of the knowledge and associations towards a brand. ²⁴

In figure 10, we see that approximately 20% of a brand's customers possess roughly 40% of the knowledge and associations. We can assume that because this group buys the brand more frequently, they also know more about it. At the same time, we notice that the majority of the brand's customers – the remaining 80% of the customers – possess the remaining 60% of the knowledge, which means that this group knows a lot less about the brand, yet they are buyers. This tells us that most buyers show little involvement in most of

their purchasing decisions. Meaning, we do not need deep product knowledge or understanding of the brand's differentiated benefits in order to make a purchase.

This knowledge has an important implication for marketers: There is no great advantage to persuading the target group that a product is unique or different from that of our competitors before they actually decide to purchase it. Distinct advertising, however, has an effect. Summarised in a brief tenet: It is better to be remembered for something than be forgotten for something unique.

In order to be remembered, there are a variety of means available to marketers. As previously mentioned, these include colours, logo, slogans, symbols etc. The more such distinctive assets the brand possesses, the more likely it is that the consumer identifies, remembers and recognises the brand ahead of a purchase situation.

An example of the value of being distinct rather than differentiated can be found in the rivalry between the telephone directory services *1888* and *1881*. Even though this industry hardly exists anymore, the case, which won two stars in the Norwegian effectiveness awards STELLA 2011, demonstrates the importance of knowing the most important driver for buying in the category.

1888, a small brand in what was once a large category, understood that one driver was more important than all others within the telephone directory category – namely speed. When you call a telephone directory service you do so because you need a phone number, nothing else. This service is an intermediary by nature – a mediator – and most of us want the road to the solution to be as short as possible. Speed was therefore absolutely crucial.

With this simple, undifferentiated and category-related insight, *1888* was able to take significant market share away from the giant *1881*, which at the time was communicating to its users that telephone directory services were all about added value and that they could “help you with almost anything”.

Mental availability is also about relevance and responding to the drivers in the category. By this we mean that effective communication is all about the reason for purchase: It is not necessarily differentiated, but it is always distinct.

Mental availability can also be increased by taking ownership of occasions for use. Understanding why someone shops within the category enables us to increase the brand’s relevance in new situations through innovation and communication.

This is a particularly important tool for larger brands looking to derive advantage by growth within their category, because it creates increased opportunity to influence light buyers or non-buyers and may contribute to market share growth.

PRINCIPLES OF IMPLEMENTATION:

- **Becoming easier to remember makes you easier to buy. Let this influence both your message and choice of media.**
- **Prioritise being distinct rather than differentiating. It is better to be remembered for something than be forgotten for something unique.**
- **Focus on strengthening existing mental structures and associations over time. Don’t forget to remind people of something that makes it easier for them to remember you.**
- **Accept that most people have more important things to think about than what to buy. The battle is often against indifference and is won with availability.**

Norwegian example:



TINE received 4 stars in STELLA for the case 'Ingenting slår et glass iskald Tinemelk' (Nothing beats a glass of ice-cold TINE milk).

TINE

The campaign *Ingenting slår et glass iskald Tinemelk* (Nothing beats a glass of ice-cold TINE milk) was launched at the end of 2015 and ran all through 2016. The intention of the campaign was to turn a negative trend in the Norwegian consumption of milk that had been going for years. Milk is a traditional and well-established product, but as expressed by the case author, their insight work indicated that milk had been somewhat forgotten by the Norwegian people.

This is a “dream scenario” for good-quality distinct advertising simply because advertising works best for established brands in established categories. A significant mental availability already exists with the public, as well as there being great physical availability.

TINE milk is sold in all supermarkets all over the country, so TINE has good physical availability. And logically, the greater the physical availability, the stronger effect of the advertising campaign. This is because greater physical availability makes choice easier: easier to find, easier to choose.

In terms of results, TINE turned the volume trend around and sales went from an estimated decline of NOK 160 million to an upturn of 100 million. In 2017, the campaign was awarded four stars in the effectiveness awards STELLA.

“Our STELLA case in 2017 demonstrates the value of being remembered more often, by more people. Our primary goals were to stop the decline in sales of Tinemelk. What we needed to do was create communication on key drivers for use and not differentiate or convey new knowledge. Our challenge was that people had forgotten how great milk tastes in various situations. Therefore, the solution had to get more people to remember us a little better. We weren’t really talking about something new, but rather talking about a known product in a way that made more people think about us in the right situations. By responding to the basic purchase drivers, for instance healthiness and enjoyment, through great creative craftsmanship we were able to turn a negative trend. That way, we reminded people of something they had forgotten – that nothing beats a glass of ice-cold TINE milk.”

*– Frode D. Fimreite,
Category Director, TINE Market Categories*

05:

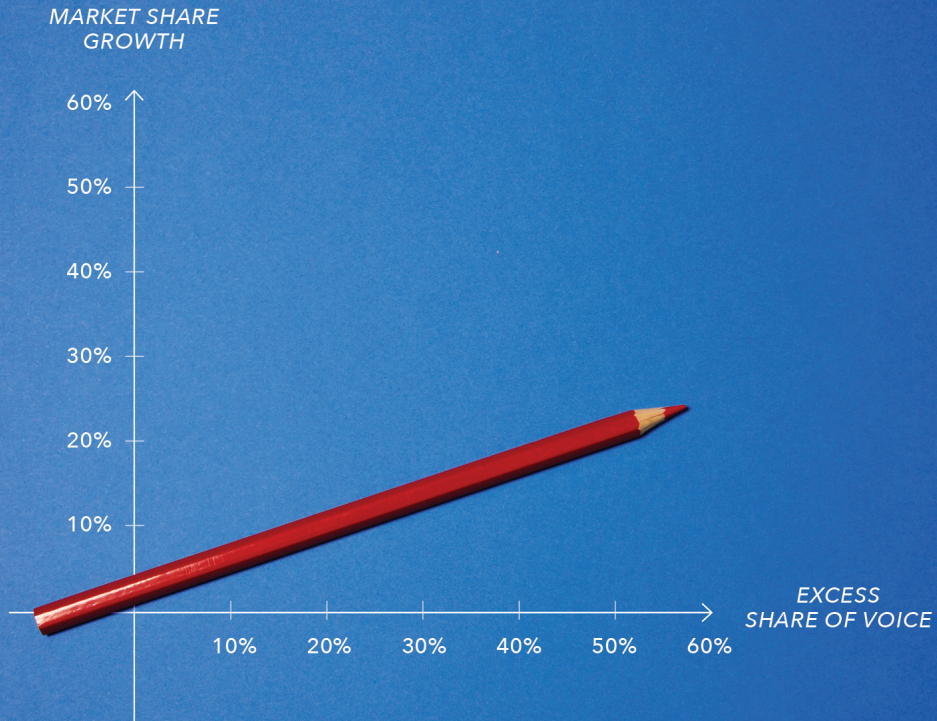


Fig. 11

The above graph illustrates the result of a study conducted by the trade association IPA. The red pencil illustrates a regression line that tells us about the connection between Share of Voice – the brand’s share of communication in the category – and its market share growth. The authors of the study explain that market share growth is a result of a Share of Voice which over time is higher than the brand’s market share. Briefly put, growth can be calculated based on the following rule: $0.05 \times \text{Share of Voice profit}$. This means that if you have a Share of Voice that is 20 % higher than your market share, you can expect a 1 % market share growth.

NB: Research conducted by Ehrenberg-Bass Institute indicates that most brands only invest just enough in Share of Voice to maintain their market share, not enough for growth.

Source: *The Long and the Short of It (2013)*

Invest enough to grow

Growth does not come for free. If you want to generate market share growth for your brand, you need to invest enough money in paid media. In this context, it is not enough to merely take last year's budget plus inflation. Neither is taking a percentage of the brand's margin. A sufficient media budget should be calculated as a function of the market share. Worst case, underinvesting can be as useless as throwing money out of the window.

²⁵ The Long and the Short of It (2013)

One of the most important prerequisite for growth is the investment in paid media.²⁵ We want our target group to notice us, remember us, consider us and most importantly, buy our brand. There are many factors that affect whether we succeed, but sufficient investment in paid media is one of the most important. We have already explained the need for mental availability and the importance of reaching light buyers. Both require media investment, and there is in fact a mathematical rule, based on more than a thousand of the world's most effective advertising campaigns, to help us calculate how much we need to invest in order to achieve the desired effect and growth.

Share of voice (SOV) is the predominant factor when calculating or considering a brand's media budget. Simply explained, SOV is the brand's share of the total communication expenditure in the cate-

gory, meaning, the share of the total investment made by all the players in the category. Share of voice should be used as a guideline for how much money an advertiser or brand must place in paid media to achieve the necessary visibility. This should be done with one purpose: to generate market share growth and increase profitability of the business. In order to facilitate this kind of gain for the business, the brand's Share of voice must be seen in context of its Share of market (SOM). In order to generate growth over time, empirical data tells us that SOV over time must be higher than the brand's SOM

A rule of thumb for growth

When the Share of voice is higher than the Share of market, we get what we call Extra share of voice (ESOV).

$$SOV - SOM = ESOV \text{ (positive or negative)}$$

Studies have provided us with the following "rule" for calculating expected growth:

$$\text{Market share growth} = ESOV \times 0.05$$

This means that a market share growth of one percentage point requires an Extra Share of Voice of 20 percentage points.

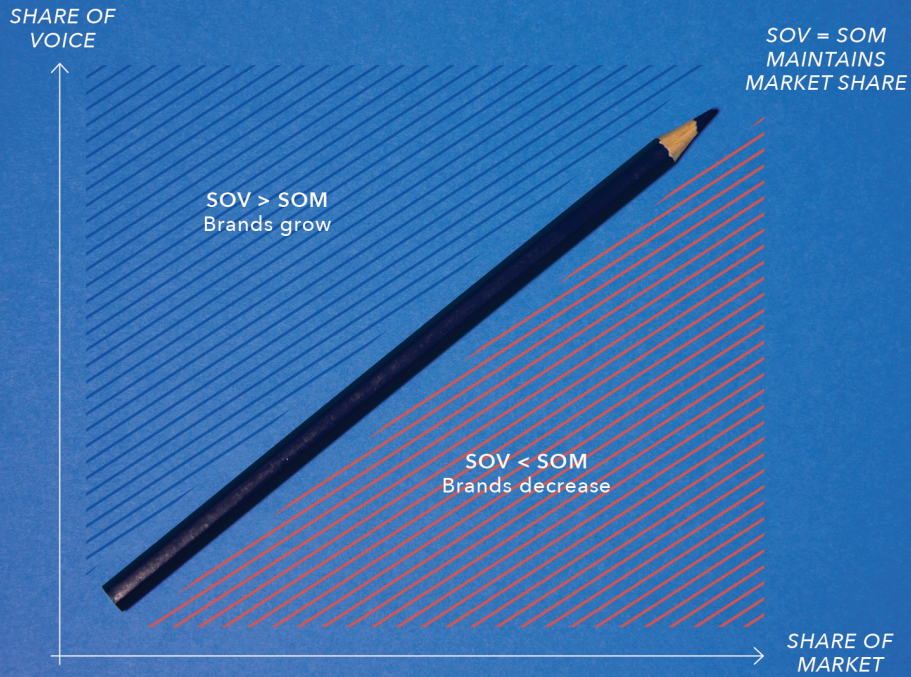


Fig. 12

Here we see the relation between Share of Voice - the brand's share of communication in the category (SOV) - and its share of market growth (SOM). The blue shaded field illustrates when the brand has an SOV that is larger than its own SOM and therefore can be expected to grow. The red shaded field illustrates that brands with an SOV that is smaller than the SOM tend to shrink. The pencil illustrates that when the brand's SOV equals its SOM, it tends to maintain its existing market share. It is therefore advisable to pursue a media investment that ensures the brand a high enough SOV for the brand to promote growth.

Source: *The Long and the Short of It* (2013)

²⁶ The Long and the Short of It (2013), Selling Creativity Short (2016)

A positive ESOV over time indicates a potential market share growth. Correspondingly, a negative ESOV, i.e. an under-investment in paid media in relation to market share, will provide a probable reduction of the brand's market share. The effect of under- or over-investment is only evident in the market share after a year or more.

Growth can be bought

Figure 11 (page 68) displays the result of empirically studies performed over the course of several years and documents the correlation between Share of voice and the ability to grow.²⁶ The studies show that brands with a larger Share of voice than share of market experience increased market share over time, while brands with a lower Share of voice experience a loss of market share. This is shown in Figure 12. We see that brands that have an equal Share of voice and market share over time tend to maintain their market share. They neither grow nor shrink. This tells us that growth can be bought. If we invest enough in our Share of voice, we can expect that our market share will grow.

There is, however, a difference between market leaders and market contenders. As previously mentioned in this book, more people purchase from market leaders. These also have a greater mental and physical availability, meaning that they can manage with a lower Share of

voice. Large brands get away with operating with a lower ESOV compared to market contenders and smaller players.

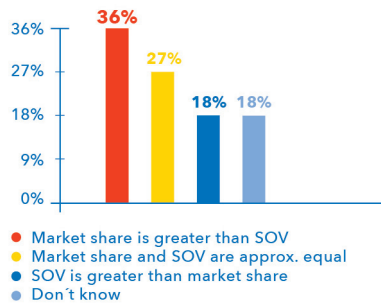
A mistake often made by brands is not investing enough to generate growth. In many cases they invest just enough to ensure that their market share is, at best, maintained. The implications of under-investing in terms of market share may over time have dramatic consequences. An investment that is too modest can in worst case be considered "money out the window". This undermines the opportunity to create a return of investment, which in turn has implications for future marketing budgets.

²⁷ This threshold can be calculated based on the growth formula presented at the beginning of this chapter.

The somewhat bitter truth is that the largest share of media purchases an advertiser makes merely contributes to maintaining the existing market share. Kickstarting growth requires a bigger investment. This means that there is a threshold for when an investment will lead to growth rather than merely maintain the existing market share.²⁷ Furthermore, an increasing number of brands say that they, due to media fragmentation, now must invest more in order to achieve the same effect. A media budget intended to generate growth can, in other words, not be automatically determined based on last year's budget.

Fig. 13

MARKET SHARE VERSUS SHARE OF VOICE



36 % of all respondents in the effectiveness survey say they estimate the market share of the brand they work for to be higher than its Share of Voice. 27 % estimate that their SOV and SOM are about the same.

A mere 18 % believe the brand they work for has ESOV and thereby good conditions for growth. 18 % are unable to respond to the question.

PRINCIPLES OF IMPLEMENTATION:

- Do everything you can to find the brand's share of voice. Even though measuring share of voice is difficult in digital channels, it is better to measure what you can, i.e. "analogue" media, than not measuring anything.
- Plan based on the hypothesis that 1 % annual market share growth requires an Extra share of voice of 20 %.
- If necessary, the investment should be placed in intervals to ensure ESOV in the most important parts of the year.
- Remember that the majority of your investment goes to maintaining the market share. Growth requires investment over time.

Effect

Norwegian example:

Effect

Do Norwegian advertisers use Share of voice to make budget estimations?

Unfortunately, in the 51 effectiveness cases this book is based on, there is little to suggest that Share of voice is widely used as a basis for investment decisions. This is puzzling, especially considering that the relationship between ESOV and growth was thoroughly documented over a decade ago.

This may of course be due to figures being poorly available and that making them available is too expensive, or that they just do not recognise and understand the value of using Share of voice figures in their campaign work. For example, it is virtually impossible to retrieve figures for digital channels, which is incidentally something of a paradox because a big portion of communication today happens in these channels. We just have to keep our fingers crossed that agencies and the media do their part to make this information available to their clients.

06:

Choose channels that work

Never before have brands had this many channels to choose from. The media are fighting for the brands' budgets and luring them in with big discounts and new products. Still, the advertisers have to turn down many offers of advertising space. The hard part is knowing which offers to accept.

²⁸ The Long and the Short of It (2013), Selling Creativity Short (2016), Media in Focus, Marketing Effectiveness in the Digital Era (2017)

Choosing media, or channels, may seem difficult amidst the multitude of offers, but carefully focusing on what you want to achieve makes it considerably easier. If the goal is to achieve effect in the sense of increased market share and profitability, many channels should be left out because they lack two important characteristics: reach and impact.

Brand building requires reach and impact

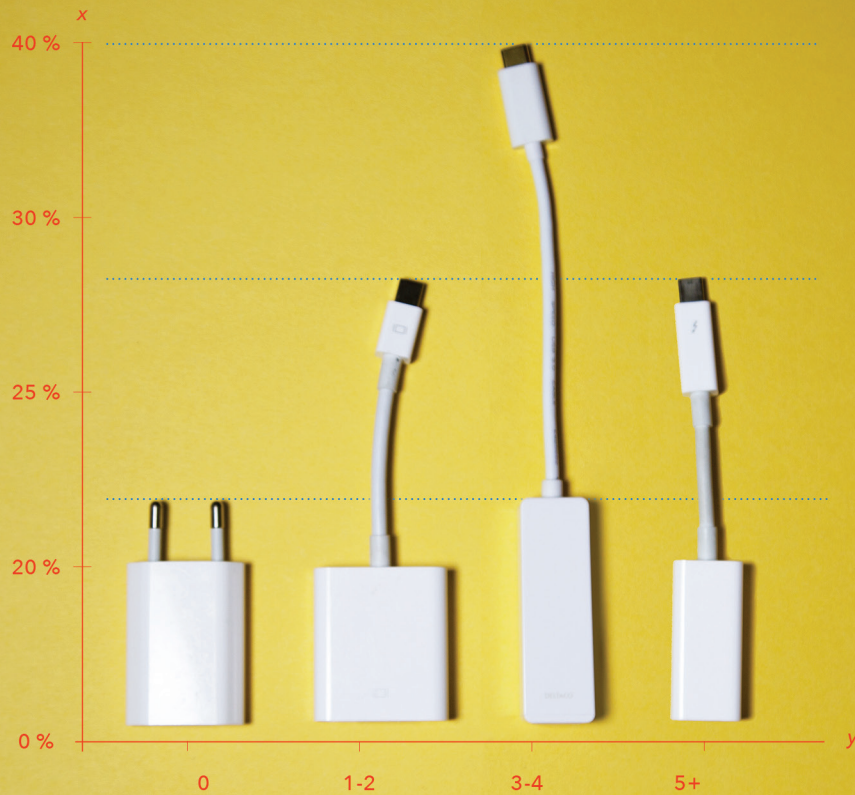
Brand building as a goal – the most effective and profitable way to conduct communication over time – provides some guidelines for choosing channels. Brand building requires reach, frequency and last, but not least impact – the possibility for the channel to convey your communication with a high persuasion.

Reach is important because it ensures that our message reaches as many people as possible. It provides the best starting point for acquiring new buyers. Broad reach enables us to reach both customers and potential customers – in other words

heavy- and light buyers.

In addition, we reach those who do not know or buy our brand. This is often the group with the greatest potential for growth. Choosing media with broad reach allows us to reach both our main target groups – buyers and non-buyers. Complex segmentation models that construct target groups can quickly become an obstacle for achieving good results. This is because they exclude the widest possible reach.

When talking about reach, there is no escaping television. In recent years, many have proclaimed that television is dead, although several studies actually suggest the opposite.²⁸ That people's media habits have changed is old news. Today, people consume content across channels and devices such as television, smartphones, tablets, laptops etc. Some use the change of habit as an argument for television being dead, while others see it as an opportunity. As long as television continues to reach the same high percentage of the population as it does today, it will continue to serve as an effective channel for many brands, including those engaging in digital distribution. The fact that it is difficult to ignore advertisers such as Finn.no, online casinos and telecom operators such as OneCall, when switching on our television, indicates that the channel continues to deliver something that we cannot completely



x : Effect on market share
y : Number of digital channels (after 2006)

Effect

Effect

Fig. 15

This figure is taken from a study conducted by IPA with cases from 2006 to 2016. The figure tells us that campaigns using three or four digital channels as part of their channel mix achieve greater efficiency in their digital communication than campaigns using more than four channels.

Today it is probably a little too easy for advertisers and agencies to get carried away by the countless digital channels we have at our disposal, so it is important to realise that this study shows that we are best served using three or four digital channels.

Source: *Selling creativity short (2016)*

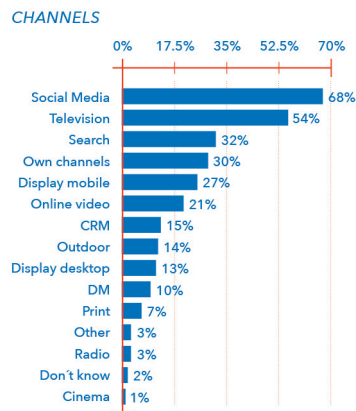
²⁹ Selling Creativity Short (2016)

³⁰ Selling Creativity Short (2016)

³¹ Media in Focus. Marketing Effectiveness in the Digital Era (2017)

³² Selling Creativity Short (2016)

Fig. 14



Social media and television are among the three most important channels for most respondents in the effectiveness survey. 68 % and 54 % respectively state that these channels are the most important in terms of their goals.

replace with the brands' own channels or digital channels. It is also worth mentioning that the channels that can be used to supplement television may include reach channels such as OOH advertising and online video.

In other words, reaching a large amount of people has its own value. However, the properties of the medium in terms of conveying the brands message in ways that impact the receiver is equally important. Once again, television is a good example. Few other channels have the same opportunity to distribute high-impact content with the same effect. Cinema is clearly effective, but lacks reach.

Online videos may provide reach but often lack the same impact because their contents are often watched on a smaller screen with no sound.

New studies indicate that 90% of campaigns that win awards for creativity use television as their primary medium and perform far better than other campaigns.²⁹

The most award-winning campaigns spend around 45% of their marketing budget on television.³⁰ At the same time, a study from 2017 shows that television increases campaign effectiveness with up to 40%.³¹

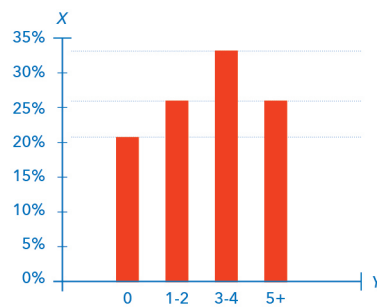
This means that television is still effective. For now, reach and the ability to persuade make communication through television profitable for many of those who want to build brands and increase their market share.

Synergies across channels

Empirical data suggests that a creative idea that is viable across channels will have a significantly greater effect than if the idea is distributed in one medium alone.³² And some channel combinations allow for greater synergies than others, providing more effective communication and better use of your budget.

- ³³ Selling Creativity Short (2016)
- ³⁴ Selling Creativity Short (2016)
- ³⁵ Media in Focus. Marketing Effectiveness in the Digital Era (2017)

Fig. 15



X: Effects on share growth
Y: Number of digital channels (after 2006)

In figure 15, we see that the most effective campaigns use three or four digital channels. Using more than four digital channels has diminishing returns, which implies that more channels do not necessarily give a greater effect. This should serve as a wake-up call when more Norwegian advertisers and brands tend to reduce the use of paid media and rather use own and digital media.

Film in digital channels also work well

Online films in wide digital channels that provide reach in combination with social media are also effective. Many campaigns that win awards for creativity (which indicates a potential for powerful effect) use this combination.³³

Owned media increase the effect of reach

Social media should be used purposefully in order to secure public engagement for the campaign, and the public should be given an opportunity to see more of the campaign in owned media. Well-managed public engagement can provide valuable involvement that increases the popularity of the brand and provides “fame”, a term increasingly used in brand building.

”It is fascinating how many opportunities the digital landscape provides, and used properly, this will strengthen the effect of your media investments. However, we must be careful not to become too spellbound and narrow-minded in our approach to the target groups we wish to reach. A real threat in today’s media landscape, with its infinite possibilities, is that we become so focused on the few that we forget about the many. The world is changing, but some basic marketing rules still apply: We need strong ideas that penetrate the noise, we need coverage and nothing comes for free – Share of voice is still important.”

– Henrik Øinæs Habberstad,
Advertising and Media Manager
at Statoil ASA

Creativity makes earned media more likely

Engagement comes as a result of creativity, and creative award-winning campaigns often achieve a more deserved media placement and/or publicity. Advertising campaigns that win creativity awards generate almost 1.5 times more earned media than non-award-winning campaigns.³⁴ The value of attention in earned media is difficult to quantify, but it is a fact that third-party mentions have high value. But empirical data suggest that earned media cannot replace paid media in terms of market share growth.³⁵

Do not forget to top up the funnel

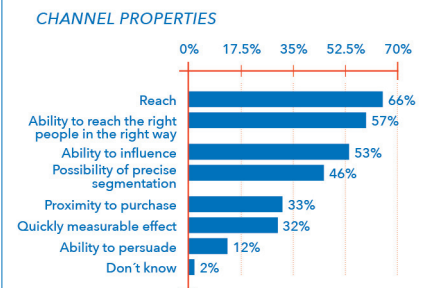
Increased competence and focus on customer journeys have increased the effectiveness of the media investments of many advertisers. More and better data now enable many to impact smaller and more motivated target groups efficiently with segmented messages. This is exclusively positive.

But it is very important to remember that effectiveness is a result of accumulated efforts. We must be very careful of giving too much praise to the final effort made before a sale or conversion. Broad channels with high reach and impact ensure that more people know and consider a brand. These are prerequisites for ensuring that optimisation further along the customer journey will increase the effect of the overall investment. So, while the

last efforts in the customer journey, the efforts that lie at the bottom of the funnel, are measurable, segmented and possible to optimise, it is important to remember that they will have a marginal effect without continuous top-up from wide channels at the top of the funnel.

In some categories, there will be no noticeable immediate effect of reducing your investment in broad reach media. The negative effect of not reaching a broad audience, and especially many light and non-users, is often apparent after some time and often visible through a declining degree of consideration.

Fig. 16



For 66 % of the respondents, reach is among the three most important channel attributes. Then follows the channel's ability to impact in the correct mode and the channel's ability to move or engage.

When the brand is not considered, a significantly higher investment is required in order to generate growth. With a lower degree of consideration, the brand is relevant for fewer buyers and more vulnerable to competitors that increase their investment in broader media.

It is also important to remember that media context still has significance to brand associations. Many small, fragmented efforts will in sum take up an equally large percentage of your budget as the few, but bigger efforts. But these will probably not possess the same characteristics in terms of persuasion. In addition, it is more important than ever to ensure that all communication is placed in media with values that harmonise or at least do not directly interfere with those of the advertiser.

PRINCIPLES OF IMPLEMENTATION:

- Choose media that provides broad reach as your primary medium. TV is still our best channel for gaining broad reach, but OOH and online video does also work.
- Supplement with social media and digital channels.
- Don't use more than three or four digital media and remember that context is important.
- Choose creative solutions that generate earned media.

Norwegian example:



Effect

Effect

Circle K received Silver in the Media Award for the ase 'Take it easy - nytt navn, samme folka!' (Take it easy- new name, same people!)

Circle-K

In 2012, Statoil ASA sold its petrol station section Statoil Fuel&Retail to Canadian Couche-Tard. One of the sales requirements was that the name had to be changed within seven years.

For Norwegians, the name Statoil represents something familiar. Brand awareness was at 98% and only 5% knew that Statoil Fuel&Retail was no longer Norwegian. The impending name change created a situation where there was a significant threat of losing mental availability and, consequently, customer traffic.

To solve this problem, a campaign was developed with the intention of creating awareness and preference based on questions about the name change submitted by the public. The campaign was distributed through a media strategy in three parts, where reach media created attention and sharpeners, and the segmented media created a relevant, local presence.

Television, web-TV and Facebook were used to build brand awareness and minimise uncertainty. Radio and mobile phones reached the target group in their cars. Activities and materials were given out in petrol stations, geographically controlled advertising was used on Facebook and press coverage connected to local re-openings ensured local presence and built preferences.

This contributes to a very high ad recognition, recall and a brand awareness of 82% after six months. Furthermore,

a 2% increase in traffic and 3% increase in sales were generated in a situation where decline was a clear threat. This case was awarded silver in the 2016 Media Award (Medieprisen).

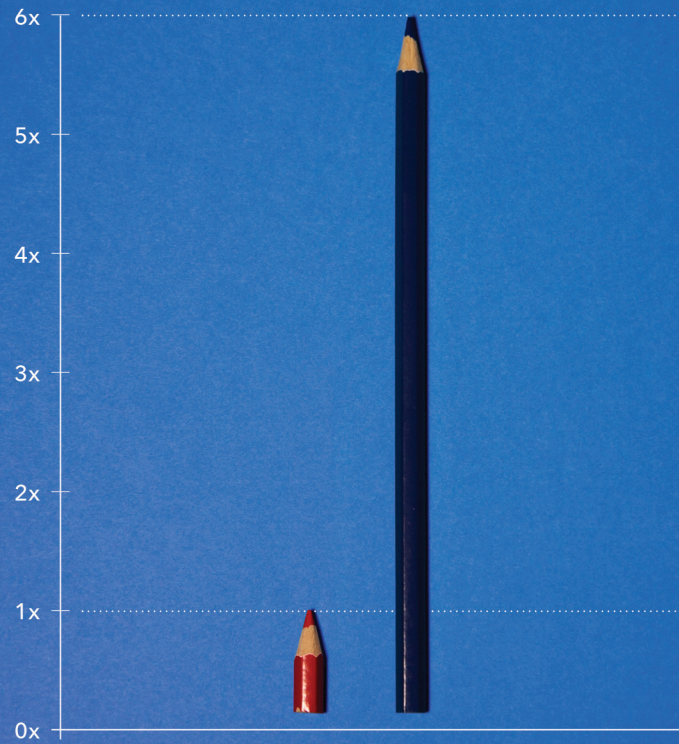
"With Statoil's history in the Norwegian market, it was important to reach the entire population regarding the re-branding, so wide channels with impact were therefore emphasised. At the same time, we arranged for dialogue with our consumers through a strong presence in digital and social channels, which enabled us to continuously answer questions.

A large part of our success must also be attributed to the fact that we managed to create a strong synergy between paid communication in broad reach media and local engagement in the petrol stations. It was amazing to witness the creativity of our employees at the petrol stations and the response we saw with the consumer! After all, the petrol station is where it matters; it's where we meet our customers every day."

*- Ingrid Amundsen, Sr. Director,
Brand & Convenience,
Circle-K Marketing Europe*

07:

CREATIVITY IS 6X
MORE EFFECTIVE



- Creatively awarded campaigns
- Non-creatively awarded campaigns

Fig. 17

This figure shows the difference between award-winning creative advertising, illustrated with the long blue pencil, and non-award-winning advertising, illustrated with the little red pencil. There is a formidable difference between the two. In fact, creative award-winning advertising campaigns are six times more effective. This means that we can expect a six times stronger market share growth for award-winning creative advertising compared to non-award-winning advertising.

Source: *Selling creativity short* (2016)

Turn creativity into a commercial advantage

Since the dawn of advertising, both the industry and the advertisers have known that creative advertising works the best. In recent years, we have also had access to thorough studies that document just how effective the creative campaigns are. Advertising campaigns that win creativity awards are often more effective than non-award-winning campaigns. Creativity is simply extremely effective.

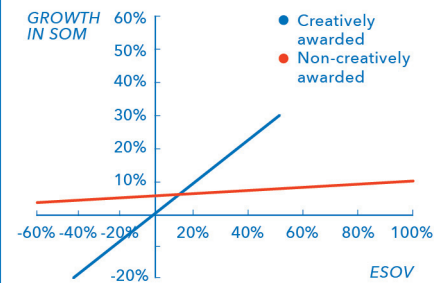
³⁵ www.mckinsey.com/business-functions/digital-mckinsey/our-insights/creativitys-bottom-line-how-winning-companies-turn-creativity-into-business-value-and-growth

For 15 years the consulting company McKinsey has studied the profitability of Cannes Lions award-winning companies – one of the most recognised and prestigious competitions for creative advertising.³⁵ The top third of award-winning companies in the study provided some very interesting financial results. The majority of them delivered above-average organic growth, return on investment and EBITDA.

IPA has in its publications *The link between creativity and effectiveness* (2010) and *Selling creativity short* (2016) also documented the effect of creativity. The trade association has established that advertising campaigns that win creativity awards are six times more efficient than non-award-winning campaigns. This is shown in figure 17, while figure 18 shows the difference between creative and less creative communication. The blue graph shows the regression line for creative award-winning campaigns, while the red graph represents less creative advertising. There is a significant difference. Creative

award-winning campaigns generate a six times stronger market share growth compared to non-award-winning advertising.

Fig. 18



The challenge with creativity is that it is both abstract and subjective, which makes it difficult to measure and quantify. What we can say with certainty is that creative campaigns more often win creative awards, such as the Norwegian creativity awards *Gullblyanten* (The Golden Pencil). If a campaign wins many awards, also internationally, we must assume that it holds a high level of creativity. Creativity awards can therefore be used as a measure of potential effect. So, rather than treating it as an invitation to conflict between the agencies and advertisers, it should in many situations be a subsidiary goal for the communication to assert itself in creative competitions, as long as it matches the brief.

- Creatively awarded campaigns

- Non-creatively awarded campaigns

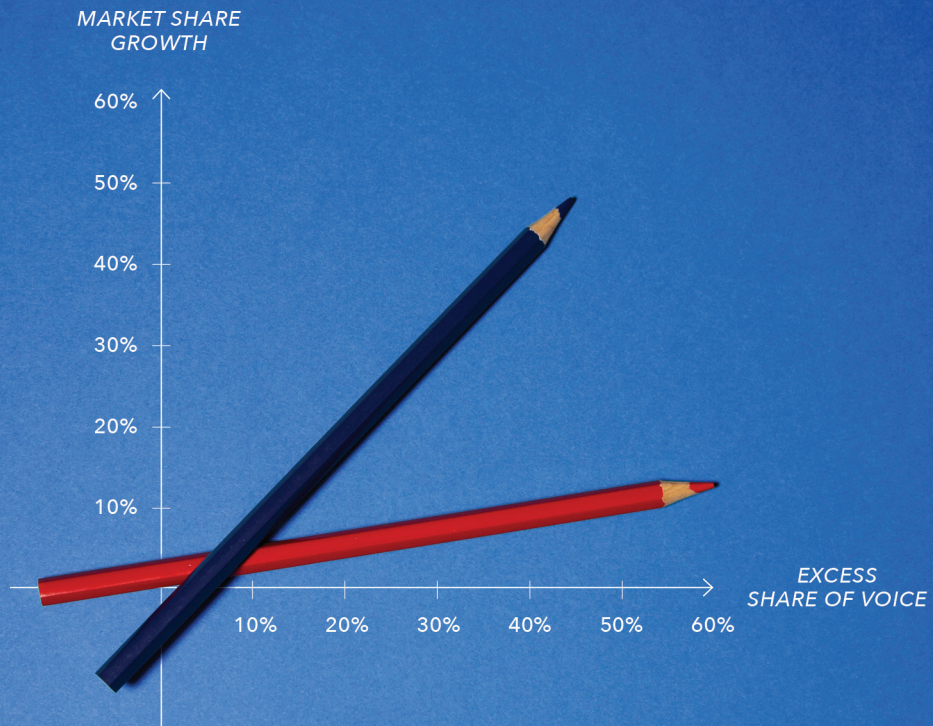


Fig. 18

A study from 2016 conducted by IPA explains the true value of great creative craftsmanship. This is shown in the above figure. The red pencil illustrates the regression line for the connection between Share of Voice and market share growth in non-award-winning advertising campaigns. The blue pencil illustrates the regression line in creative award-winning advertising campaigns. The difference is exceptional. This study actually shows that creative award-winning advertising is six times more effective than non-award-winning communication. This means that creative award-winning advertising can potentially generate a six times stronger market share growth than less creative advertising.

Source: *Selling creativity short (2016)*

³⁶ www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-new-battleground-for-marketing-led-growth

Why creativity ensures effectiveness

In order to understand the connection between creativity and effectiveness, we first need to establish what we mean by effectiveness. As discussed earlier in this book effectiveness in this context is market share growth. The potential for market share growth is greatest among the customers who rarely or never shop with you. In other words, growth requires penetration and focus on light and non-buyers. Communicating with low-frequency buyers introduces us to more challenges. The question of differentiation is an example of such challenges, but differentiation has been proved to have little value in the long term. We should rather be responding to the same basic and generic category drivers as our competitors. This means that we often have to talk about the same thing as the others but need to make sure to be remembered better.

The low degree of consumer involvement is another challenge. This is especially prominent for light buyers. Most of us buy from a selection of brands and we do not really know much about the brand we are buying from. The simple explanation to this is that we have more important things to care about. This also explains in part why mental and physical availability is so important.

Because we do not really care, we buy the products that seem easily accessible.

In practice, this means that not only are we fighting our competitors, we are also fighting against indifference. In our fight against indifference we need something extraordinary that can only come from creativity. Creativity increases the mental availability of the product or brand by both deserving and arresting our attention. This is the reason why creativity has been proven to generate a bigger return on our media investment and effectiveness in terms of market share.

Based on previous purchases, customers are disloyal in almost 90% of all categories, and almost 60% of consumers buy another brand on their next purchase.³⁶ This tells us how unpredictable the consumer's purchasing behaviour is. With great creative craftsmanship we can increase the likelihood of our brand being noticed, remembered and considered before the consumer makes their next purchase. Advertising that holds a high level of creativity captures greater attention, is remembered better and is enjoyed by a bigger audience. This is the purpose of creativity in communication. In other words, an original and creative idea that is developed in the best possible way has the potential to give very positive business results.

- Emotional
- Combined
- Rational

% of cases that report very large effects on profit



Effect

Effect

Fig. 19

It is widely known within marketing and communication that emotional advertising trumps rational information. The above figure shows that the probability of powerful growth in terms of profitability is almost twice as strong for purely emotional campaigns that run for periods of three years or more compared to rational communication.

We also note that a combined approach - campaigns that use both emotional and rational communication - are twice as likely to achieve increased profitability compared to purely rational and tactical communication.

Source: *The Long and the Short of It* (2013)

“Several studies have proved that creativity is profitable. We simply achieve a greater return on investment with creative communication than with less creative communication.

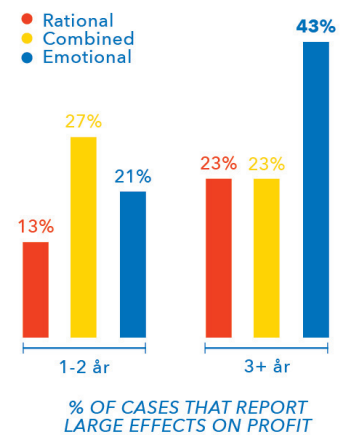
However, it is important that those responsible for a brand are good at establishing a creative framework around it. A “box” that is large enough to give room for creativity but stable enough to ensure continuity in brand communication. To succeed with this, I believe it is essential that all those working with the brand have a solid, common understanding of what the brand is, and what it isn’t. This way creativity provides value, on the brand’s terms.”

– Ole André Skarbøvik,
Commercial Director, RiksTV

Creativity generates emotions - emotions generate growth

On a general basis, emotional advertising is more than twice as effective as rational and informative advertising, which means that emotional campaigns generate the best results in growth and profitability. Briefly put, we might say that emotions sell better. This is documented in IPA's publication *The Long and the Short of It* (2013) and shown in Figure 19. Here we see that purely emotional advertising campaigns that run for more than three years are almost twice as likely to create a powerful effect in the brand’s profitability compared to other communication methods. We also see that purely emotional communication is almost twice

Fig. 19



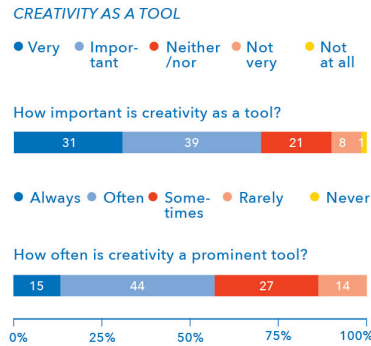
as likely to generate strong profitability compared to purely rational advertising for campaigns running for one to two years. But if the goal is to generate the best possible profitability for periods of one to two years, the brand is best served with a combined approach.

Rational advertising

Rational advertising is best suited if sales activation is your goal. As previously discussed, about 40% of the marketing budget should go towards this type of communication – a supplement to the emotional brand building campaigns. In addition, rational advertising is well suited for completely new categories or for when we want to talk about a new product benefit or innovation that will create a competitive advantage, at least in the short term.

³⁷ Selling Creativity Short (2016)

Fig. 20



70 % of all respondents in the effectiveness survey say that creativity is an important tool in their communication. A slightly lower percentage, 60%, state that creativity is often a prominent tool in their communication.

In spite of creativity being recognised by many as an important effectiveness tool, 40 % of the respondents rarely or never use it as a prominent tool.

PRINCIPLES OF IMPLEMENTATION:

Creativity is profitable, but there is unfortunately no easy recipe for developing creative campaigns. Talented creatives are important, but insight and solid strategies are also required, not to mention brands that seek and understand what creativity is and how it should be used in order to work to its full potential. Here are a few principles:

- Create briefs with hard and coherent goals.
- Consider whether the campaign has the potential for long-termism. Can it create a buzz and make the brand famous and popular?
- Creative ideas with great potential should be utilised in campaigns lasting for more than six months. (For periods shorter than six months, creative campaigns are likely to underperform compared to sales-activation campaigns).
- Creative ideas with great potential should be invested more heavily in, creating a higher Extra Share of Voice. Over time this will maximise the long-term return on investment.³⁷
- Merits in creative competitions attest to the high growth potential. This should in many contexts be used as a subsidiary goal in order to ensure a greater effect.

Effect

Effect

Norwegian example:

MOAHANA!

SEND ÉN
Smash!
TIL DIN
VERSTE
FIENDE



PÅ [SMASH.NO](https://smash.no)

Effect

Effect

Orkla received Gold in ANFO Effect, two stars in STELLA, three Gold and one Bronze in the creative awards The Golden Pencil (Gullbly-anten) and a Silverfish for the case Smash!.

Smash

The campaign for the chocolate snack Smash!, created in collaboration with Saatchi & Saatchi, is one of few campaigns that has won substantially in both creative competitions and effectiveness competitions. The campaign, which ran from autumn 2015 and to the end of 2016, won gold in ANFO Effekt in 2015 and 2016, two stars in STELLA 2017, three gold and one bronze in Gullbly-anten 2016 (The Golden Pencil) and was awarded Sølvfisken (The Silver Fish) in August 2015.

Smash! was experiencing a trend of declining sales only interrupted by short campaign effects. The task was therefore to relaunch the brand in order to increase sales in the short term and the baseline in the long term.

The creative concept *Det skal godt gjøres å spise bare én!* (It is difficult to eat just one!) was based on a consumer insight that was relevant to its category: Sometimes we take great pleasure in letting go of our self-discipline. Thus, the role of the creative concept in relation to this insight was clear: They wanted to remind people that sometimes not limiting yourself is perfectly all right. The concept was intended to break with what is expected and proper, and emphasise that this was all about pure pleasure.

A brilliant creative concept used over a long period of time and through channels that provided reach resulted in market share growth at the expense of the competition. The short-term sales were significantly increased, but more importantly, the baseline for sales increased with 27% after the campaign. After these initiatives, Smash! sales have held a consistently higher level, which illustrates the value of long-term brand building and that creativity based on insight is demonstrably the most effective tool for growth.

"Our category can be demanding in the sense that there are a lot of brands all competing for attention. It is therefore essential to create communication that stands out from the noise. Smash! had been somewhat forgotten and was in need of revitalisation. One of the most important tools we could use to remind people of this classic was creativity. With an interesting creative concept, we were able to generate greater attention and received a great return on our media investment. Great craftsmanship resulted in significant growth."

*- Per Ottar Grotle,
Marketing Manager for Sweets,
Orkla Confectionery & Snacks*

Effect

08:

Effect

Effect

Effect



Fig. 21

Fame is about making the brand known far beyond its category. It is about creating advertising that is talked about because it has an impact in and outside the target group. Fame is closely related to creativity and creating communication that people notice. In the above figure, we use two glasses of juice to explain that award-winning creative advertising is almost twice as likely to create fame for its own brand than non-award-winning creative advertising.

But why aspire to fame and awards for creative advertising? Firstly, it has been proved that award-winning creative advertising is up to six times more effective. In addition, fame is the communication goal with the strongest correlation with effectiveness in a number of parameters. But most importantly, the potential of fame to drive effect on hard goals such as growth and profitability.

Source: *Selling Creativity Short* (2016)

Become famous

"In the future, everybody will be world famous for fifteen minutes", Andy Warhol said in 1968. Reality-TV has pretty much fulfilled his prophecy. Today, fame is even used as a campaign goal for brands because fame in and around the category is strongly correlated with business results.

Creating advertising that makes people talk is probably every marketer's dream, and everyone in charge of their company's marketing budget should seek to achieve just that. Fame is namely the communication metric strongest related to strong business results.³⁸ We understand fame as how a brand becomes memorable, interesting and even defining in its category. Briefly put, fame makes people talk, feel and remember.

Challenge the established

Fame is all about creating communication that challenges the established rules within a category by creating original and surprising advertising. It is all about creating a buzz around your brand far beyond your target group. Campaigns that succeed in this are few and far between, but many Norwegians still remember that Solo (soft drink) does not help anything other than thirst and that the day is not the same without VG (tabloid newspaper). These are concepts that break with people's expectations to advertising and through great creative

craftsmanship establish the brand as the centre of its category.

If you want to create fame, you should create social engagement

Most brands that create fame use digital channels and social media as a supplement to the more traditional reach channels, IPA reports.³⁹ This is mainly because of the digital channels' and social media's ability to create and spread social engagement as a result of something that moves people. A potent question to ask in order to quality assure a campaign's potential for fame in social channels is *Would you care? Would you share?* If the answer is yes to both, it says something about the quality of the idea.

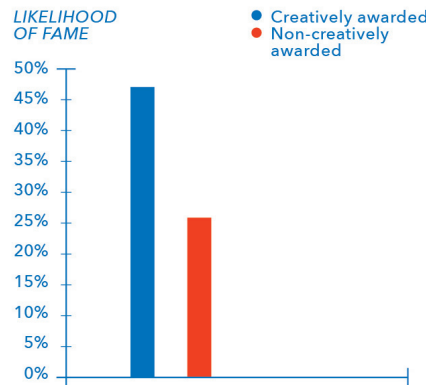
One example of a job with these features is Kitchen Leo Burnett's film for The Norwegian Directorate for Children, Youth and Family Affairs. This film touched people by conveying a story about the humanity in young school children. In just a few weeks, it was seen by more than 350 million people due to social media sharing. It contributed to highlight a difficult issue – some children cannot live at home – in a format that was easy to share. The fact that the film was seen by many people became self-reinforcing. In a fragmented media world, many look for content they know has been seen by many others. This in turn generates more views. Sometimes fame comes as a result of fame.

³⁸ Marketing in the Era of Accountability (2007), Selling Creativity Short (2016)

³⁹ Selling Creativity Short (2016)

⁴⁰ Marketing in the Era of Accountability (2007)

Fig. 21



Even though likes, shares, comments, views and press publicity are often prerequisites for fame, there are other aspects that play an important part. For example, it has been documented that fame campaigns almost always use television as the primary channel for the campaign. In Figure 21, we also see that advertising campaigns that win creative awards are almost twice as likely to create fame compared to campaigns that do not win creative awards. This means that creativity is also a prerequisite for fame, as well as social commitment and reach channels such as television.

Retailer John Lewis conquers Christmas every year

Every autumn millions of Britons wait in suspense for the high street retailer chain John Lewis to release its annual Christmas campaign. In recent years, the goal of John Lewis has been to create the most talked about Christmas campaign in Great Britain, and the chain has almost become a guarantor of great, memorable and effective advertising. The result is a series of advertising campaigns that have driven exceptional results in terms of growth and profitability. The campaigns have been awarded for both effectiveness and creativity. John Lewis demonstrates that it is possible to consistently facilitate fame.

Fame increases mental availability

Fame is a popular goal because it effectively creates mental availability by establishing new and strengthening existing mental associations and pegs, as we discussed in Chapter 4. And, as mentioned, mental availability is important in order to make people change their behaviour and shop the way we want them to. In fact, fame has proved more effective than other communication techniques such as persuasion, differentiation, brand associations and rationally and emotionally based communication.⁴⁰

”Creating advertising that people want to talk about and get involved in for banking and insurance products can be challenging, which is why we believe in solid insight and understanding of the need to ensure relevance. Based on this, we can use advertising that breaks with people’s expectations – advertising that deserves attention. It’s not easy, but when we succeed, we feel the effect of it. We can’t always predict when something like that will happen, but we do everything in our power to facilitate engagement and manage people’s attention in an effective and smart way.”

– Tora Mellbye,
Head of Marketing, SpareBank 1

PRINCIPLES OF IMPLEMENTATION:

- Establish fame as one of the communication goals of the campaign. Studies show that campaigns that establish fame/popularity as goals, and follow them, achieve significantly better results than campaigns that for instance try to achieve increased awareness or change people’s perceptions of a brand.⁴³
- The creative idea is essential for the ability to create ads that generates fame. This includes both the originality of the idea and its ability to work across channels.
- Reach is essential for achieving fame. Most international campaigns that create fame use television along with online video and social media.
- Facilitate and work towards earned media.
- Campaigns meant to drive leadership within the category must be run for periods longer than six months.

Norwegian example:

Fame is rare by nature, also among Norwegian cases

In the collection we based our survey on, it has been difficult to find holistic campaigns that consciously pursue fame. We do, however, find work that has caused fame. This work provides learning potential. Communication for Solo (soft drink) and VG (tabloid newspaper) has already been mentioned and more recently we see effects of fame from work such as *Brad is single* from Norwegian Air Shuttle, *Hele Norge, hele tiden* (All of Norway, all the

time) from Widerøe airlines and *Trailer Assist* from Volkswagen. All these works have been awarded for creativity or effectiveness. The increased effect of fame is well documented and Norwegian advertisers and agencies should consider pursuing this type of fame more systematically.

Effect

09:

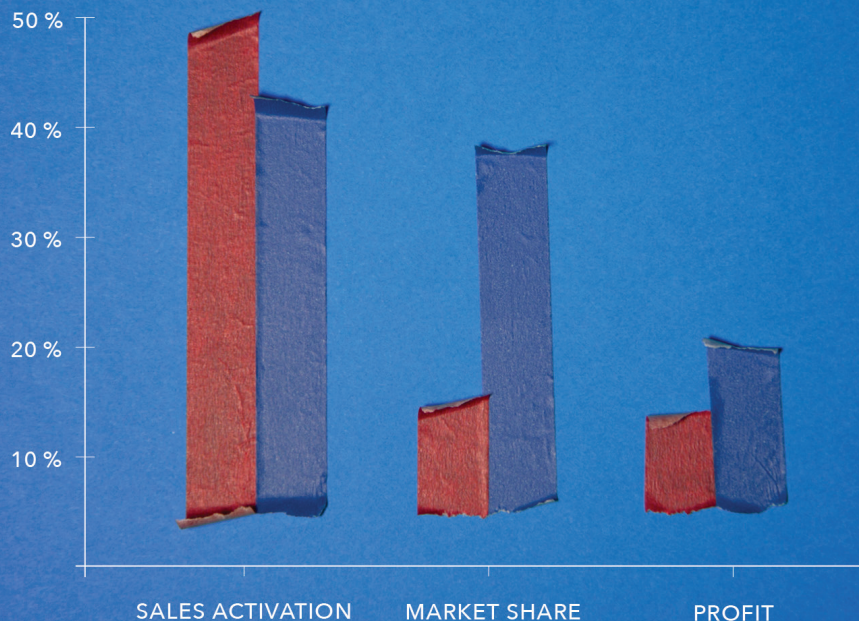
Effect

Effect

Effect

- Long-term campaign
- Short-term campaign

% OF CASES THAT REPORT VERY LARGE EFFECTS ON



Effect

Effect

Fig. 22

This chart shows the real difference between short-term and long-term advertising campaigns in terms of effectiveness. The blue bars indicate long-term brand building effect on sales, market share and profit. We see that brand building communication is almost as effective for creating a short-term sales effect as short-term sales-activating communication. In terms of market share growth, we see that long-term communication has more than three times the ability to generate growth, while brand building has almost twice the ability to create profit as short-term campaigns.

An important insight is that brand building also creates a short-term sales effect, while short-term communication almost never has a brand building effect.

Source: *The Long and the Short of It* (2013)

Think in the long term - it will pay off

Wetting your pants to keep warm is a good comparison to the short-termism we see characterising campaign work both in Norway and internationally. We all know how that goes. Still, short-termism is a dominating trend. It is hard to resist the short-term forces, but we know that those who persevere will profit.

⁴¹ Measuring the Economic Impact of Short-termism (2017)

There have never been more companies working short term to achieve budgets and goals than there are today. There has slowly been a shift from thinking in the long term to thinking in the short term, and unfortunately the trend is accelerating. This is probably the factor that affects those of us working in marketing and communication the most today. Below we have collected what we believe to be some of the key reasons why we are often driven by a short-term pursuit of results on the wrong terms.

1. Too many companies profit on new buzz words and the idea that “everything that worked yesterday is irrelevant today”.
2. On average the marketing director is the managerial position held for the shortest periods of time, which puts added pressure on delivering return on investments in the short term.
3. Money spent on marketing has to a greater extent been considered an expense and a “nice-to-do” in good times, rather than a continuous investment in growth and profitability.

Paradoxically, there has never been more available and reliable documentation on how to work with brand building and what type of communication provides the best results (both in the short term and the long term), how to use the channel mix optimally, and how budgeting and investment are closely related to growth and profitability.

Long-termism is extremely profitable

Earlier this year the consultancy firm McKinsey published the result of a 15-year study. The most important finding indicates that companies working in the long term perform far better than companies working in the short term. More accurately, the study shows that companies working in the long term annually achieve an 81% higher profit than companies thinking in the short term.⁴¹

The message is crystal clear: Implement a long-term strategy that directs all of the functions within the organisation towards thinking and working in the long term. This also includes a number of functions that go beyond the area of the marketing director and far beyond the field of those of us working with communication and marketing. Short-termism is, in other words, a disease that spreads and affects entire businesses and industries.

⁴² Selling Creativity Short (2016)

IPA also reports that brand building communication run over time provides a greater return of investment than shorter, sales activation campaigns. This type of advertising accommodates quarterly goals and budgets to a greater extent and may therefore be the key reason why the IPA reports that the number of short-lived and sales-oriented advertising campaigns is growing significantly. From 2006 to 2016 alone, the number has gone from under 10% to over 60%.⁴²

These campaigns often seem more attractive because they deliver results relatively quickly. For example, a campaign with price cuts or quantity discounts will promote sales soon after the launch. It is not evident how ineffective these campaigns actually can be until performance is measured over a longer period of time. In the IPA report *Media in Focus – Marketing Effectiveness in the Digital Era (2017)*, the authors report that a mere 3% of short-term sales-activating campaigns document a significant market share growth, while 38% of long-term campaigns running for more than three years report a strong market share growth. Market share growth is a result more strongly correlated with brand building communication running for longer periods of time.

Fig. 22

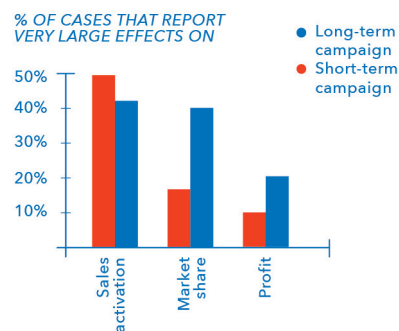


Figure 22 shows how much more profitable long-termism is. Not only do long-term campaigns create almost as much effect on short-term sales as short-term campaigns do, but it turns out that long-term campaigns are more than twice as effective with regard to growth and profitability performance.

More than 30% of Norwegian cases are short-term

Among 51 award-winning cases from 2008 to 2017, more than 30% of the cases are short term, operating with a campaign period of less than six months. Among these cases we find advertising campaigns that are purely sales-oriented, various launch campaigns, recruitment campaigns, knowledge and information campaigns, awareness campaigns, PR campaigns and campaigns intended to change the consumer’s brand perception (brand image). It is an interesting exercise to compare these 51 cases with international

Effect

Effect

documentation of best practice and basic principles of creating effective communication. There is tangible inconsistency between the duration of the campaigns and goals/tasks the campaigns are meant to solve. For example, we find award-winning effectiveness cases that are short-term (less than six months) with both goals, creative concepts and communication created for longer periods of time (longer than six months). Furthermore, we see that several short-term cases operate with goals such as brand image, knowledge, preference – goals that are best suited for campaigns running for periods longer than six months. Half of the short-term cases are also purely sales activation campaigns.

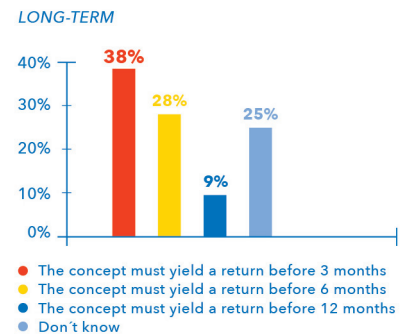
“I have evaluated and tested countless communication solutions and campaigns for a number of the strongest brands in Norway. My experience suggests that brands to an excessive degree pursue short-term gains both for activation and brand communications. We see an impatience and uncertainty in relation to expected goal achievement that halts great concepts that deserve to run longer. There is astounding value in proprietary assets that are quickly linked to an advertiser. Getting this right provides a much quicker road to the target group recognising, understanding and connecting with the brand you are communicating for.”

– Tor Erik Jørgensen,
Senior Consultant/Partner, Opinion

Long-termism requires perseverance

The biggest threat to long-termism is your own organisation. Finding space to work in the long term requires tools that are strong enough to withstand the powers of short-termism, for example the sales department’s desire for volume-driven incentives.

Fig. 23



66 % of all respondents in the effectiveness survey state that they will discard or make substantial changes to a concept that doesn't provide significant return on investment within six months. A mere 9 % of the respondents are willing to wait up to 12 months.

For many people patience in relation to return on investment seems to be relatively scarce. The fact that almost 40 % will make significant changes or discard a concept after only three months conflicts with long-term value creation.

Good measuring instruments are crucial to success. Others within the organisation must be shown credible data that prove that you are on the right path. Furthermore, you must be clear on what your goal is and why. Without this understanding, you risk falling back on the short-term tools. Market share growth takes time, and many are tempted to change their strategy before it has started working. Long-term planning is not easy. It requires high quality and robust communication concepts that can be developed and matures before they are discarded. Sometimes “internal wear-out” is a bigger problem than the public growing tired of listening to us. We often discard concepts that should be used longer because we want to see something new. When going through our cases we have seen that many seemingly robust, creative concepts are not used long enough.

PRINCIPLES OF IMPLEMENTATION:

- Remember that you cannot build long-term value exclusively with short-term initiatives.
- Document progression to create space for long-term investment.
- Measure short-term campaigns on short-term KPI's and long-term campaigns on long-term KPI's.
- Watch out for internal wear-out. We often grow tired of our own concepts before the public does.
- Aspire to create robust communication concepts that can be used for a long time.

Norwegian example:



Effect

Effect

The Armed Forces received Grand Prix and four stars in STELLA with the case *For alt vi har. Og alt vi er.* (For all we have. And all we are.).

The Norwegian armed forces

One of the most memorable campaigns in recent years is probably the attitude- and recruitment campaign of the Armed Forces: *For alt vi har. Og alt vi er.* (For all we have. And all we are.) This campaign shows how a clear and long-term strategy combined with good creative craftsmanship over time turns into highly effective communication.

The campaign also proves that it is possible to do brand building communication without excessive launch costs and big risks. We see this in the way the campaign develops through its three-year period. In the first year of the campaign only one channel was used: print. In the second year of the campaign the Armed Forces used two channels: print and their own magazine. In the third year of the campaign, they launched a TVC that was shown in cinemas and on TV2. Additionally, the Armed Forces adopted social media as a platform for creating social engagement and buzz for the campaign both in and outside the target group.

The three-year campaign left more people with a positive attitude and fewer people with a negative attitude, thus improving the brand image of the Armed Forces compared to the polls ahead of the campaign launch.

The Armed Forces also achieved historical recruitment numbers and jumped 19 places up to 30th place on Universum's list of Norway's most attractive workplaces.

The campaign won the Grand Prix and four stars in STELLA, one Sølvfisk (Silver Fish) and three creativity awards in Gullblyanten (The Golden Pencil).

"The communication task the Armed Forces needed to solve when this campaign was initiated was substantial. Everyone involved understood that it wouldn't be enough to do one thing once. You can't fill a concept such as For alt vi har. Og alt vi er. (For all we have. And all we are.) with content overnight. Success would require many actions over time. Therefore, long-term planning, making adjustments along the way but ensuring loyalty to the task was a prerequisite for progress.

Long-termism requires more than just patience. In order to create space to work long term you must document progression along the way but, more importantly, you must make sure all interested parties know and understand the long-term goal. This is especially important in an organisation such as ours."

*- Tom Ovind,
Head of the Armed Forces Media Centre*

Effect

10:

Effect

Effect

Effect

Know if it's working

You have probably heard it before, the saying that “half the advertising works, we just don’t know which half”. This is based on an image of an industry and profession that, in the absence of methods and insight, trusted their gut feeling. Today we have advanced methods and instruments to measure the effect of communication. The challenge is no longer access to data, but willingness to use them and understanding what they can and cannot tell us.

⁴³ Measuring the Economic Impact of Short-termism (2017)

Marketing is an investment, not an expense. Advertising should provide a return in the same way any other company investments do. This is an obvious truth, yet it often seems as if we lack both the willingness and ability to establish measuring devices that isolate the effect of communication from all other factors that influence the development and performance of the business.

ROMI – Return on Marketing Investment – may be the most important concept in marketing. It is also the most abused. Isolating the effect of communication is more difficult than most people are willing to admit. We can rarely say with any certainty that the advertising, and the advertising alone, has contributed to a specific result. Measuring and compensating for all factors when analysing the effect of an advertising is a demanding exercise. There are countless more or less precise tools created with a promise of

reducing the uncertainty that by nature will surround communication investments. Some provide meaningful answers to parts of a big challenge, while others reduce complexity to triviality. Oversimplification does more damage than good because in the worst case, it leads to bad investments.

Honesty is the best policy

Honesty about the fact that a great many things affect communication results and accountability in terms of what may have affected our results is a prerequisite for meaningful effectiveness measurement. Oversimplification – where inevitable uncertainty factors are excluded – may lead to a clear but often incorrect answers about the effects of the advertising. Many tend to give the last thing they did too much credit in terms of effectiveness, especially when the actual results are accumulated.

As previously discussed, long-term value is not generated by adding up short-term efforts. Long-term investments are significantly more profitable than short-term initiatives.⁴³ But creating space to manage your marketing investment in a long-term manner requires accountability in terms of return of investment. Precise establishment of goals is therefore critical. Terms such as ROMI are important, but only under the condition that they are used the way there are meant to and not as a simple explanation of what worked the last time.

Everything begins and ends with hard, coherent goals

The final goal of communication is usually relatively easy to measure, for example market share growth, profitability or sales. But the path to this goal and how the communication may have contributed can sometimes be more difficult to measure. While we must tolerate some uncertainty, we must also believe in some causalities. A coherent goal hierarchy is our best tool for analysing and measuring the direct or indirect effect of our efforts. Coherent and hard goals should explain what we think will lead to what and how things are connected.

For example: The primary goal of an advertiser is increased profitability and willingness to pay. Their communication goals are about the perception of quality, which should in turn contribute to people being willing to pay more. This enables them to put a value on increased perception of quality and calculate the worth of increased willingness to pay. Knowing what your goal is, and equally important, knowing what achieving your goal is worth, should govern your investments. This is one of the reasons why budgets that are set as a percentage of revenue are not ideal. Not only does it strengthen a potentially negative spiral, but you also risk under-investing in the really good efforts that can potentially provide a strong return on investment. This can hardly be considered sound management of a marketing investment.

"After reading and listening to the jury evaluations of 480 effectiveness cases in the last few years, one factor strikes me as the most important when it comes to accountability in marketing: Clear goals. Clearly defined goals lay the foundation for all other work performed by the company and its communication partners. This is elementary logic after all, but there are still many sinners in this respect. One explanation may be that we are easily steered towards the easiest parameters.

We measure what is easily measured. If we establish easy goals, we often end up with the right answer to the wrong question. All too often this constant craving for measurement results in the measurement of less relevant parameters, often the ones that are easy to count, the short-term parameters (for instance one-sided focus on clicks, press clippings, advertising attention, degree of involvement) and/or too many parameters. If we do this, we take a wrong step from the very beginning."

*– Håvard Rønnevig Bakken,
Project Director, ANFO*

Reporting is not the same as evaluation

As access to data has increased, so have the possibilities of reporting. The fact that we can measure more has had an unfortunate and unintentional side effect in relation to performance measurement: Many now confuse reporting with evaluation.

Data reporting, especially data generated by campaigns, is often about the achieved reach, frequency, number of views, clicks and visitors. These reports give an account of paid media, not the effect of the campaign. This may be important information, but it in no way replaces evaluating a campaign.

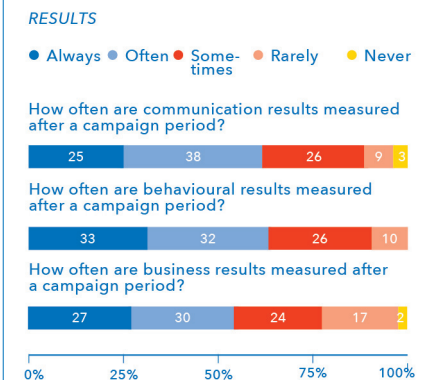
The purpose of campaign evaluation is learning. The point is to understand what has happened so that we can do more of what has worked the best and less of everything else. Evaluation should lead to the adjustment of tools, investments and sometimes even goals. This requires a perspective on causes and the effects each campaign has had on the brand's primary goals rather than a purchase list from various media.

Benchmarking can provide good indications

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Fig. 24



Just over 60 % of all the respondents in the effectiveness survey state that they always or often measure communication and behavioural performance after a campaign period. The percentage is somewhat lower for business performance. 24 % say that they sometimes measure business performance after a campaign, while almost 20 % say they rarely or never measure it.

Uncertainty is better than a false sense of security

The person responsible for the marketing budget must be able to trust that everyone who contributes to spending the budget, both agency and marketing department, also contribute to creating greater value. Preferably in a way that can be documented. We must strive to find causalities while also accepting that our world view can be divided in three: What we know, what we know that we don't know and what we don't know that we don't know. The latter group – the unknown unknowns – will always be part of marketing work. It is better to know they exist than to construct a reality where we do not consider them.

Clear goals and meaningful reporting is more important than ever. The need for this increases as advertisers require more partners across more channels. By creating a common platform where everyone manages a budget together, with predictability and accountability around the outcomes, we create a better framework for effectiveness.

PRINCIPLES OF IMPLEMENTATION:

- Create measurements that reflect the task of the communication. Don't use off-the-shelf measurements that provide generic and incomplete results.
- Accept that there will be unknown unknowns and that there will always be a lot that we don't know about what is affecting the results.
- Look for meaningful causalities and build your goal hierarchy around them. Customise your measurements to this hierarchy.
- Try to put a value on goal achievement and let this affect your budgets.
- Don't confuse reporting with evaluation, and always try to understand the contribution of each campaign to your primary goals.
- Don't accept measurements that oversimplify in an attempt to provide a false sense of security - they will only do more damage than good.

Effect

Norwegian example:

Effect



Effect

Effect

OBOS was awarded with three stars in STELLA for the case 'Italians against OBOS'.

OBOS

The OBOS campaign *Italians against OBOS*, which was awarded three stars in STELLA 2014, is a good example of accountable effectiveness measures. The primary task was to recruit 20,000 new OBOS members. Quantified communication goals were established for contributing to this task: The campaign was intended to increase intention of purchase, awareness of OBOS membership and benefits, top of mind and advertising attention. In sum, this provided a complete image of coherent and hard goals. This was used as a basis for effectiveness measures. One measure was conducted before the campaign period and three after to map progression in relation to the above goals. In the case, the author discusses which factors other than advertising may have affected sales. They acknowledge that OBOS will attract new members also without advertising. The question is therefore how significant this growth would be and how much the advertising contributes in addition. To calculate this, they need to look at historical sales figures for years during which no extraordinary marketing efforts were made in order to establish base sales. They then calculate how many sales that can be attributed to the growth in the housing market in general and especially the sale of OBOS apartments, as these factors will contribute to increased sales without the influence of advertising. In sum, this thorough discussion of what the campaign was intended to achieve – what the post

tests found and which external factors also influenced sales – provided a solid argument of the contribution and profitability of the advertising. The campaign surpassed the sales goal – more than 24,000 memberships were sold during the campaign period. Just over 8000 of them can be attributed to the advert. In addition to accurately calculating the contribution of the advertising, new member profitability is calculated, which provides an understanding of the goal achievement value.

“The primary business goal was to attract more members. To achieve this, we needed to convey that an OBOS membership makes it easier to move away from home and stand on your own two feet. We therefore wanted to make creative solutions that were clear on what is perceived as the most important reason to become a member. We then established separate KPIs for awareness of key benefits and intention of purchase – which is clearly linked to the business goal. Our hope was that the campaign would generate lots of attention and interest, but the fact that it would be awarded international media attention exceeded all our expectations. And the fact that the campaign superseded our sales goal was extra fun.”

*– Kjetil Hancke Framstad,
Marketing Director, OBOS*

The most important questions you need to ask in order to generate sustained growth

Have we set hard and coherent goals?

Communication should lead to changed consumer behaviour which in turn leads to market share growth.

Are we prioritising new customers?

Growth comes from light buyers.

Are we spending our money where the return on investment is highest?

It is most profitable to allocate the budget 60:40 brand building / sales-activating communication.

Are we becoming easier to remember so that we are easier to buy?

Being distinct is more profitable than being differentiated.

Are we investing enough to grow?

In order to grow consistently, the Share of Voice must be higher than the market share.

Have we chosen channels that work?

Reach and impact are essential for growth.

Are we turning creativity into a commercial advantage?

Creativity multiplies the effect of the media investment.

Can this contribute to fame?

Fame increases the likelihood of significant market share growth.

Are we thinking long term?

Brand building campaigns generates growth but need more than six months to work.

Do we know if it's working?

Measurements should be adapted to the task, illustrate causality and contribute to change.

Thank you

This book has been made reality with the help of some of Norway's top marketing professionals. Thanks to everyone who has spent hours together with us trying to figure out what works best.

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Kitchen

Nedre Slottsgate 13-15
0157 Oslo, Norway
(+47) 906 34 400

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Text and study

Espen Haugen
Anders Hopsø Erikson

Project manager

Karoline Bye Olerud
Marianne Lund

Graphic design/photography

Marianne Sæther
Henrik Josefsson
Tina Pittermann
Eirik Waldemar Fjeringstad

Contributor

Helle Håkonsen Lapeniene

