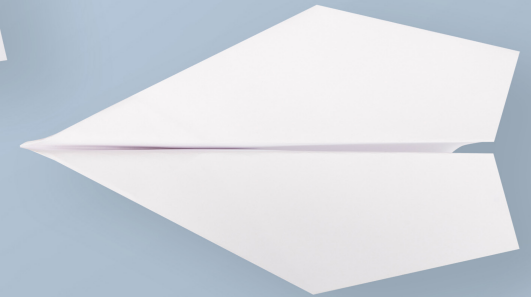
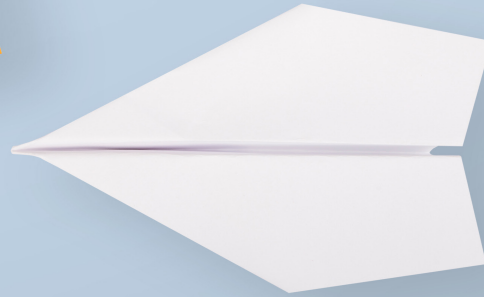
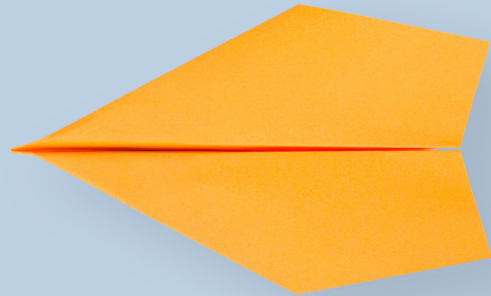




Intelligence.
Insights.
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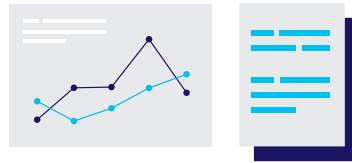
A Matter of Principle

The Disconnect Between Proven Marketing
Tenets and Marketer Behavior

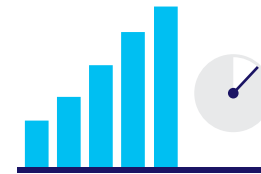
Context



Brand leaders have more touchpoints and platforms than ever before to engage consumers.



Along with these touchpoints is an ongoing stream of data and analysis.



At the same time, there is increasing financial pressure on CMOs and brand decision-makers to deliver short-term outcomes.

This combination of a nearly limitless list of media touchpoints, endless streams of reporting, and pressure on marketers to deliver immediate demand often results in short-term thinking and decision-making.

In response to these conditions, we've observed a shift away from the proven tenets of marketing – those established principles of brand growth.

It therefore is helpful to remind ourselves of how brands can best engage consumers and drive outcomes at each stage of the consumer journey, from Awareness through Purchase.

This guide serves as a refresher on those core marketing principles and offers marketers the data and information to empower them to advocate for their brands to drive both immediate and sustained brand growth.

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Awareness:

Disconnects and Marketing Principles

DISCONNECT N°1

Exclusively Using
Niche Targeting

PRINCIPLE N°1

Balance Broad-based Reach With Hyper-Targeting
to Grow Market Share, a Key Driver of Profit

DISCONNECT N°2

Virality Is All You
Need to Scale a Message

PRINCIPLE N°2

Virality Tactics Should Be *a Part*
of an Integrated Campaign

DISCONNECT N°3

Investing in Platforms Where the
Ads Are Not Guaranteed to Be Seen

PRINCIPLE N°3

Protect Your Brand by Investing in Only
Premium, Viewable Content

The Benefits of Broad Awareness

All brands and businesses need customers, and the more customers they can expose to their message, the greater their likelihood of growing sales and expanding market share. There are numerous benefits of building broad awareness, which may be more difficult to quantify but should not be discounted by marketers:

1

Helps to “future-proof” a brand by developing brand equity with those not currently in-market, including future potential customers

2

Increases the likelihood of reaching unintended purchasers, word-of-mouth influencers and others who directly or indirectly impact sales

3

Strengthens other marketing elements with its halo effect – especially digital and social media channels¹

4

Allows marketers to develop a pool of audience data in order to re-message to, and activate, these consumers as they move along the journey toward purchase

Awareness Is Generated by Reach and Fuels the Funnel

At any given minute, for any given category, the overwhelming majority of consumers sit in a “Pre-Need” stage. These potential buyers have not yet encountered their “trigger” or need for purchase.² Reach-driving marketing elements are used to enhance the collective consumers’ awareness of a brand and to provide a reminder as they sit in the ‘pre-need’ stage of their journey.

Reach and scale are important for categories with longer purchase cycles, where a significant segment of consumers may not yet be in-market. Examples of these categories include automotive, airlines, hotels, real estate, and insurance. For these brands with consumers not currently in-market, it has been shown that high levels of awareness can have an oversized impact.³ Awareness-driving marketing enables them to form relationships with consumers, predisposing them for when they encounter their trigger and move out of the “pre-need” stage to Consideration.

Scale is also important for niche and local brands. Messaging to a wide audience cultivates a relationship with the most likely consumers, as well as introduces the brand to those more on the periphery, those who will feed the funnel longer-term. An example here is Peloton, the growing home fitness equipment brand. Despite a high price point and a seemingly narrow target audience, Peloton messages to a broad audience. Within this audience will be in-market fitness enthusiasts, those who are interested in home exercise options but lack awareness of the offerings, as well as those interested, but for whom Peloton may be an aspirational purchase at this time and so are likely future consumers. In casting a wide net, Peloton is able to drive the awareness it needs to sustain business growth both in the short and long term.



Exclusively Using Niche Targeting

The principle of fueling the funnel is critical to the long-term growth of a brand as it drives and defends sales and market share. However, under pressure to drive immediate demand, marketers sometimes employ tactics that stray from this most fundamental of brand growth tenets.



Hyper-Targeting Is a Complement to Broad Awareness – It’s Not an “Either/Or” but an “And”

Marketers know more about individual and household behaviors than ever before. The ability to apply data in audience targeting is a significant advancement in our industry. However, marketers must ensure their target is large enough to expose enough potential customers to their message in order to achieve their business goals. By narrowly focusing on certain groups, the brand is not inviting all potential consumers into the brand (the top of the funnel is not being fed). As a result, it is limiting its growth potential.

For most brands and businesses, the best way to build reach among a consumer base is to employ broad awareness tactics, complemented by

targeting those who are currently the best potential customers (as defined by a specific set of demographic, psychographic or purchase-based characteristics). Marketers can either create a layered communications plan, with broad-based and niche targeted media or layer within the medium itself. For example, Digital Out-of-Home offers the ability to customize messages based on several conditions, including audience characteristics, time of day, even weather conditions. Additionally, the opportunity to leverage geolocation data for targeting, measurement, and attribution has all contributed to an ad spend increase of 35% since 2010.⁴ In a similar way, Cinema advertising offers tremendous scale, but also targetability by market and audience type.

In a similar way, television offers significant audience reach and broad awareness capabilities, and also the ability to drive incremental awareness against particular audience segments.

Case Study: Automotive

The Challenge:

A leading auto manufacturer wanted to increase its overall reach and engage a segment of likely in-market car shoppers

The Execution:

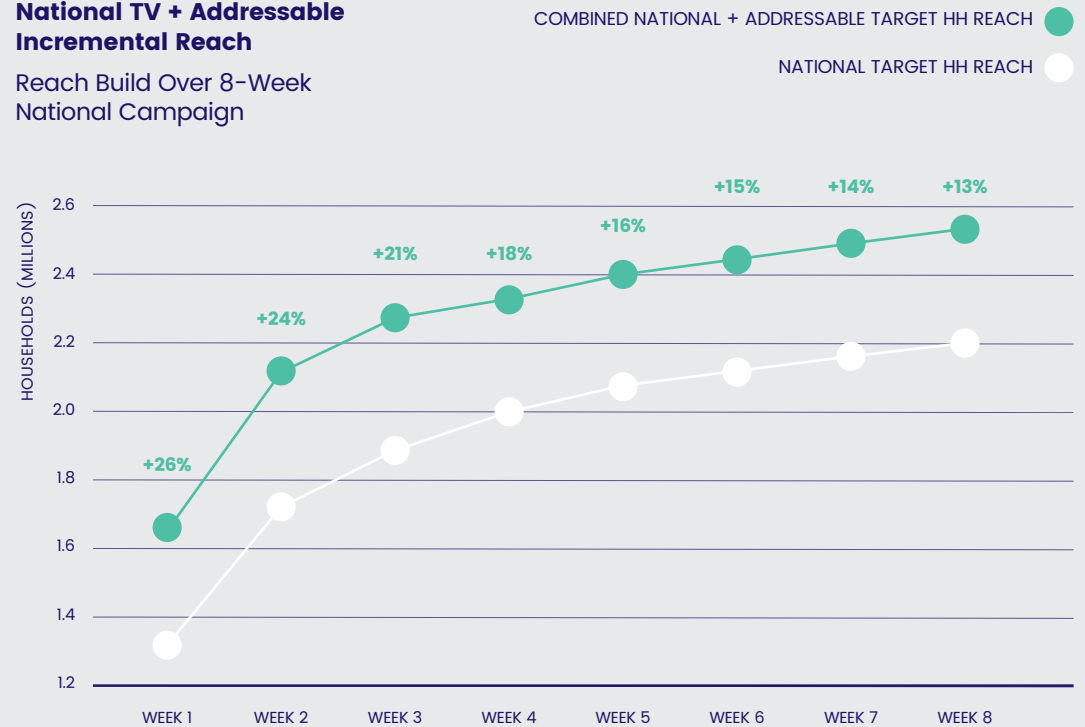
As a complement to the national linear TV buy, the advertiser used addressable data and technology to serve ads to households of in-market shoppers who had visited its website

The Results:

The combination of national linear and addressable TV resulted in double-digit incremental reach during each week of the campaign

National TV + Addressable Incremental Reach

Reach Build Over 8-Week National Campaign

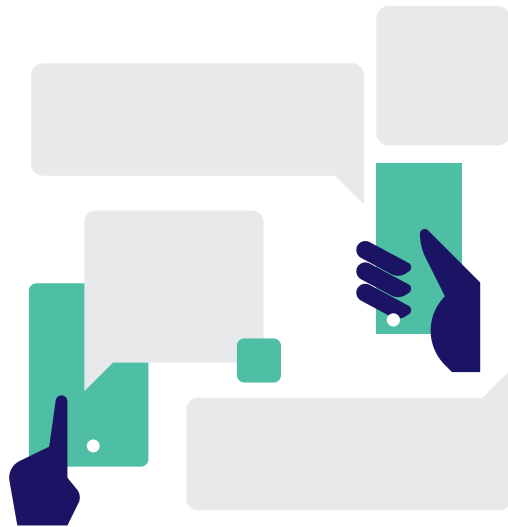


Source: VAB "Address for Success"; Xandr 2018; Viewership data based on DIRECTV Universe; National Ad Schedule: Comscore Advertising Occurrence Data © 2019 KANTAR Media / Intelligence. Addressable Target from Data Vendor IXI.

► MARKETING PRINCIPLE N°1

Balance Broad-Based Reach With Hyper-targeting to Grow Market Share, a Key Driver of Profit

Virality Is All You Need to Scale a Message



Due to the democratization of brands, the rise of social media, and the rapid dissemination of information, it seems logical for marketers to believe that consumers will find out about their brands through word of mouth or because ads or brands receive outsized exposure on social platforms.

In truth, when consumer behavior is examined, large-scale awareness is due to broad-based exposure. There are conditions when the use of social media can be sufficient for the dissemination of content. This occurs when there is already a committed, passionate community in place to foster rapid conversation and the sharing of information.⁵ However, in most cases, to drive and sustain growth, a brand has to attract consumers who may be on the periphery of this community to widen its pool of prospective buyers.

The Process of Diffusion Is Hastened by Mass Exposure, Not Virality

The process of *Diffusion* is the act of sharing one's brand knowledge, preferences, and experience with others.⁶ The sharing of content, opinion and recommendations has always been an important consideration for brands. This is true now more than ever, as one can argue the rise of social media means it's easier to disseminate opinions quickly to a wider audience.

However, research suggests that *most* sharing of information, both on and offline, occurs among relatively small groups of people. Within these groups, the vast majority of people have close ties with 5 to 10 people, and in fact, 80% of their communications are with these individuals. On social platforms such as Yahoo and Facebook, it is estimated that 96% of "cascades," instances in which one person shares with others, involves no sharing or sharing with one or two people, and 99% of cascades involve fewer than 7.⁷

Platforms like Google, which are built on the idea of the dissemination of brand recommendations and social sharing, speak to the overreliance on virality and “likes” to build the scale required for business growth: “The challenge is that in many cases, “likes” and “shares” are nothing but clicks, and the number of these interactions for many big brands is simply too low to have bigger commercial value.”⁸

If Sharing Is Limited, Then How Does Content Get Mass Exposure? Scale.

In most cases, critical mass for a message or content is the result of broad media. As we look deeper, we see it's not necessarily the one-to-one or one-to-few diffusion through social platforms that generate mass viewing. Consider the often-cited virality of the “Gangnam Style” video. Its wide popularity was in large part due to the significant broad media coverage it received, which included PSY's appearance on talk shows, coverage in news segments, performance at awards ceremonies, and on The Ellen Show. Similarly, the highly popular Ice Bucket Challenge for ALS in the summer of 2014 benefited from significant broad media coverage in the news and from celebrity participants. Another example is the wild popularity of the Baby Shark video by Pinkfong. Its views on YouTube were no doubt accelerated by the significant mass media coverage it received across late-night TV programs.

The scale offered by television inspires significant conversation, both virtual and actual. In a custom VAB analysis on what topics trend on Twitter, #TVisSocial#Ep4, it was shown that 84% of the top 10 prime-time trending Twitter topics are related to ad-supported television. Its tremendous reach makes TV a platform that can aid in the rapid diffusion of messages.⁹ This ability of broad-based media to drive exponential campaign awareness is evident when looking at relative audience sizes. For example, at any given minute, 7x more adults are watching ad-supported TV content than are on YouTube, and 13x more are watching ad-supported TV content than are on Facebook.¹⁰



Similarly, Out-of-Home advertising has been proven to drive awareness as part of an overall marketing plan. A recent study concluded that when Digital OOH was part of the mix, the mobile click-through rate for that campaign increased by 15%, and 46% of consumers were driven to search for that brand as a result of seeing its placement.¹¹ The conclusion we can make here is that as soon as a broad-based medium covers a social trend, awareness and interest immediately spike.

► **MARKETING PRINCIPLE N°2**

Virality Tactics Should Be a *Part of an Integrated Campaign*

DISCONNECT N°3

Investing in Platforms Where the Ads Are Not Guaranteed to Be Seen

Of course, brands can only drive reach if their ads are seen. There continues to be concern about the transparency of online advertising buying and ad viewability. It is estimated that global advertiser losses due to ad fraud will reach \$42 billion in 2019.¹² Yet many marketers continue to invest in non-premium platforms or those that do not guarantee ad viewability.

► **MARKETING PRINCIPLE N°3**

Protect Your Brand by Investing in Only Premium, Viewable Content

Consumer Journey



Consideration:

Disconnects and Marketing Principles

DISCONNECT N°4

Brand Health Does Not Have a Significant Impact on Sales or Profitability

PRINCIPLE N°4

Brand Building Leads to Increased Long-Term Profitability

DISCONNECT N°5

'Brands' Don't Matter With Today's Research-Driven, Review-Obsessed Consumers

PRINCIPLE N°5

In an Information-Heavy, Opinion-Saturated Environment, Brand Building Is Essential to Support Brand Perception and Foster the Loyalty That Protects Pricing and Profits

DISCONNECT N°6

Social Media Is the Best Medium for Building Brand Salience

PRINCIPLE N°6

Brand Building Media, Such As Premium Video, Fosters a Deep Emotional Connection

DISCONNECT N°7

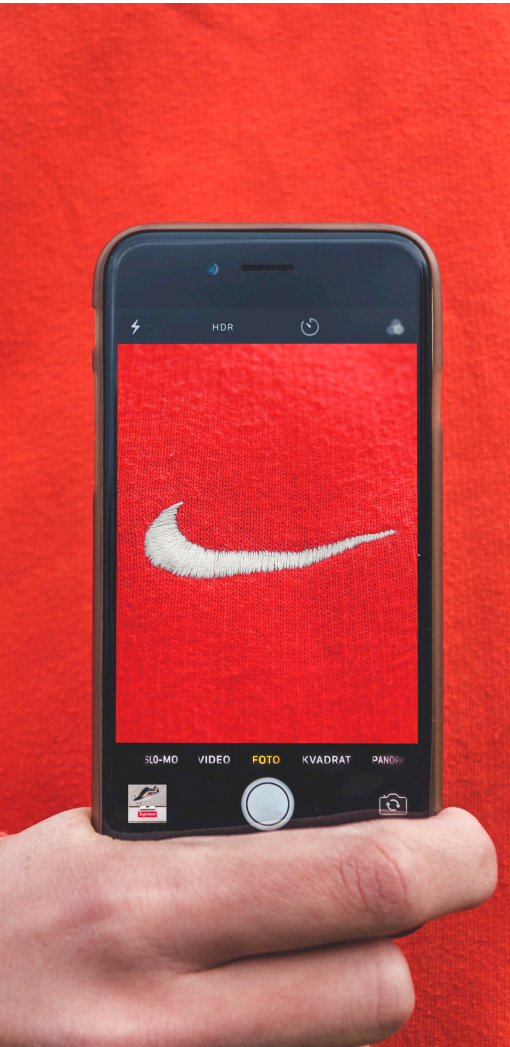
Underestimating How Much Content Environment Impacts Brand Perception

PRINCIPLE N°7

Content Environment Matters Everywhere – Even Online

Let's Hear It for the Brand:

Why Brand Building and Emotional Connection Are So Important to Consideration



What Is a Brand?

Of course reach alone does not drive consideration. It simply opens the possibility of brand consideration. But what is a brand? In its essence, a brand is a set of associations linked to the name, mark, or symbol associated with a product or service.¹³ A *product* becomes a *brand* when it's connected to feelings, experiences, memories, or a utility. Similarly, the "brand image" is the network of associations in a consumer's mind that encompasses all that is known and felt about the brand.¹⁴

'The Self' as a Motivator of Human Behaviors

In order to understand why brand-building is so critical, particularly during the consideration phase, it's helpful to understand a bit of the psychology of human decision-making. "The self" is a psychological concept defined as a knowledge structure in human memory that motivates behavior, including how consumers evaluate and think of brands. Related to the idea of the Self is a consumer's "self-concept," which is generally a collection of beliefs about oneself. For example, if someone were to ask you "tell me about yourself", the responses that would come to mind would be driven by your working self-concept, the mental picture of how you view yourself.¹⁵

'Self-Brand Connections' Increase Brand Consideration

Although the number of consumer touchpoints has increased exponentially, marketers are able to harness the tremendous power of connecting their brand to "the self." To do this best, brands must address a primary motive of a consumer's behavior. They must fulfill a core consumer need, even if the consumer is not consciously aware of that need. Core needs include seeking assurance, a desire to reflect individuality, or wanting a sense of belonging to a group.¹⁶ Consider, for example, that a restaurant patron might order an imported beer to fulfill a need to assert his social status. An avid runner might purchase a particular brand of sneakers as an outward symbol of her belonging to a group of committed runners. So, astute marketers will identify their consumers' underlying motivating factor(s) and position their brand as able to best fulfill that need.

Emotions Drive Decision-Making

On the subject of how consumers evaluate and consider brands for purchase, Nobel Laureate Daniel Kahneman identifies two “systems” of thinking in *Thinking, Fast and Slow*.¹⁷ System 1 thinking is rooted in emotion – automatic, emotional and fast. System 2 thinking is rooted in reason – cognitive, slow and effortful. Although we may believe that System 2 is responsible for decisions, the majority of decision making is done by System 1.

When presented with product options to consider, System 1 processes the self-brand associations that have been shaped over time (as a result of marketing and other influences). Interestingly, but not surprisingly, the deep emotional connection consumers have to a brand can have them believe positive rational messages about the brand. Kahneman suggests that if a brand can create a sense of “cognitive ease” as a result of a pre-developed emotional connection, then you’ll “like what you see, believe what you hear, trust your intuitions, and feel that the current situation is comfortably familiar.” By understanding the way consumers evaluate options, a marketer can influence brand preference in the long term (by nurturing and developing these positive associations over time) and the short term (by building the strong, positive emotional associations that “lead” the decision-making).



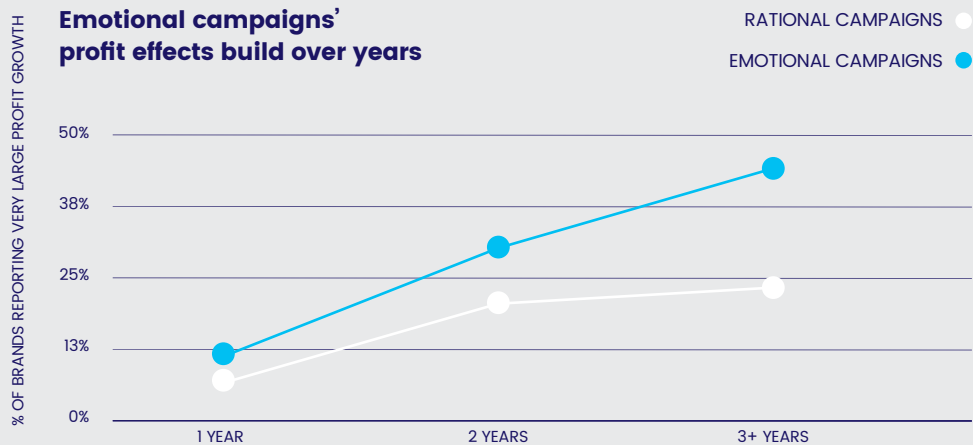
95%
of purchasing decisions
are subconscious¹⁸

85%
of purchases are based
upon emotional attachment¹⁹

Branding in the Information Age - Brands Matter More Than Ever

We've demonstrated the need for brands to build emotional connections with consumers and that consideration is increased by emotion, but what role does "brand" play as consumers enter the more rational, information-gathering stage of their journey? Particularly with the explosion of information and resources available to research products, how important is the self-brand connection?

As consumers continue to be inundated with messaging and information, brands matter more than ever as a point of differentiation. As products are often at parity in terms of attributes, consumers often turn to their perceptions and their connection to the brand when considering one option over another. As a result, these "self-brand connections" drive loyalty, and, in turn, profitability.²⁰ In cases where a brand does not play a role in the consumer's life, and no relationship exists, brands are often forced to reduce prices, which reduces profits.



This chart demonstrates the longer-term financial value of branding. If campaign performance is judged early on (under a year), rational campaigns will often be found to be more profitable. However, over time, emotional campaigns drive significantly greater profit than rational ones. Therefore in evaluating the relative success of emotional and rational/informational campaigns, it is important to consider their performance over time in recognition of the long-term effects of branding on profitability.

Source: The Long and Short of It, Les Binet & Peter Field. 2013.

Brands Are Valuable Assets

The relationships brands build with consumers drive significant financial value. We've discussed how strong brands can combat price sensitivity by offering a reason for consumers to pay more. Similarly, brands with above-average scores for emotional response are associated with a lift in sales volume of 23%.²¹

Finally, "brand value" has been proven to contribute significant market worth of a company. An analysis of the S&P 500 companies revealed that the "intangible assets" of a company, rooted largely in brand value, represent nearly 80% of a company's capitalization. These brand value conditions include elements like the brand history, customer loyalty, consumer relevance, awareness levels, differentiation, and brand licensing potential.²² Thus, brand-building offers very real, tangible bottom-line benefits to brands.



Brand Health Does Not Have a Significant Impact on Sales or Profitability

The increasing short-term financial pressure on CMOs and brand leaders often results in looking only at short-term metrics and KPIs. As a result, there is often not enough emphasis placed upon brand-building elements within marketing plans.



Only 27%

of companies' boards are examining brand health KPIs²³



Less than half

45% of marketers do not use or are neutral to the concept of brand-building metrics such as brand health, brand strength, and brand value²⁴

► **MARKETING PRINCIPLE N°4**

Brand Building Leads to Increased Long-Term Profitability

'Brands' Don't Matter With Today's Research-Driven, Review-Obsessed Consumers

As we've shown, brands play a greater role than ever in the decision-making process. Establishing a strong brand and nurturing the self-brand connection is critical to heightening consideration, in both the short- and long term.



An Emotional Connection Helps Brands to:

Establish a direct relationship with the consumer, independent of reviews, ratings, or other commentary.

In other words, by sharing its story and what it stands for, a brand can cultivate unyielding loyalty and also maintain a level of control over its image and perception.

Protect its pricing. Consumers are often more amenable to paying more from an emotional place, rather than a rational one. Consumers will pay more for brands offering them a compelling story or fulfilling a core need. Marketer and entrepreneur Seth Godin puts it succinctly: "Marketing is no longer about the stuff that you make, but about the stories you tell." Consider that 63% of consumers prefer to purchase products from companies that reflect their own values and beliefs, and will avoid companies that don't.²⁵ For example, TOMS shoes is a brand deeply rooted in social responsibility. As such, it's offering consumers the opportunity to select the social issue that's most important to them, and a portion of the sales will go to support that initiative. By appealing to its consumer's sense of community and charity, TOMS is providing an incentive to choose TOMS over another footwear brand at a similar price point.



► MARKETING PRINCIPLE N°5

In an Information-Heavy, Opinion-Saturated Environment, Brand-Building Is Essential to Support Brand Perception and Foster the Loyalty That Protects Pricing and Profits

Social Media Is the Best Medium for Building Brand Salience

Millennials' Emotional Response to TV Programs and YouTube Original Content

% of millennials age 18-34 who said content on TV / YouTube made them...

EMOTION	 LAUGH	 WORRY	 CRY	 ANGER
TV	73%	65%	53%	48%
YOUTUBE	59%	43%	36%	33%

Source: VAB Custom Study. "Committed: Exploring Millennials' Meaningful Relationship With TV Programming." September 2018

Not only is there often shrinking regard for brand-building, there is a disconnect on which media channels are best able to deliver brand-building results.

There is a clear disconnect when it comes to media and the belief of certain channels to deliver brand salience. "Traditional media" is typically undervalued and platforms like social media are over-credited with the ability to be brand-building.

For example, over half of business leaders rank social media as one of the most effective channels for brand-building, when the evidence places it at the bottom of the list.²⁶ OOH media has shown the ability to build brand salience, particularly when in conjunction with other marketing elements. According to a recent study, including DOOH ads as part of a social campaign increased brand health metrics by an average of 23%. Similarly, cinema advertising improves brand perception, as viewers perceive brands they see advertised on-screen as 50% more sophisticated and 80% more innovative.²⁷

Video is also a strong emotional platform with compelling, character-driven premium programming that engages viewers and elicits an emotional response. The chart at left demonstrates the emotional response that viewers have to TV programming versus their favorite YouTube channels and personalities. Millennials show a stronger response to TV programming, demonstrating a wide range of emotions.

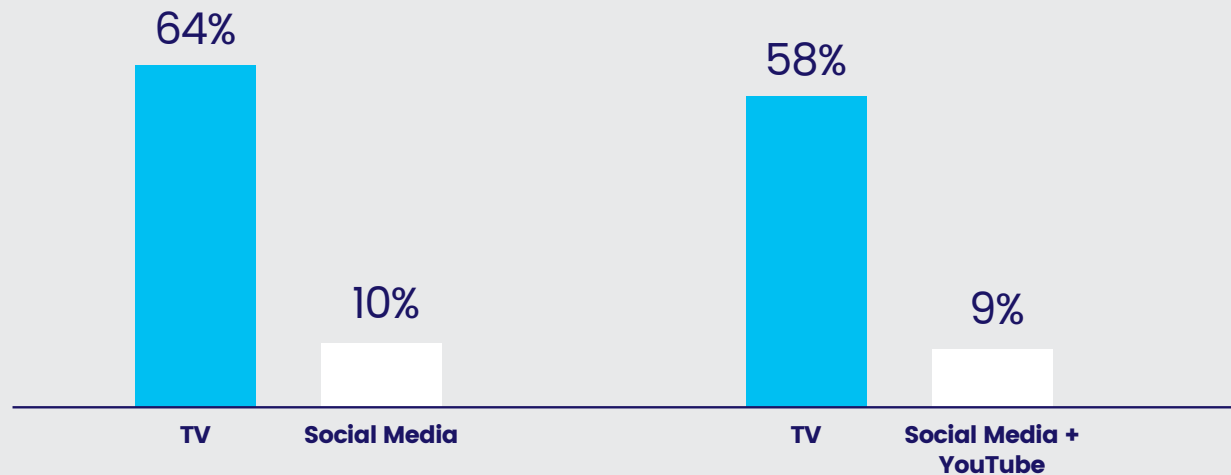
Using several formats of premium video increases the opportunities to build brand salience with viewers. For example, a recent study concluded that a campaign utilizing both linear TV and ad-supported OTT increased brand favorability by 2x versus using OTT alone.²⁸ As a result of this engagement, consumers are more likely to take action and purchase.

Ultimately, consumers believe television offers a considerably more emotional branding environment than social media.

“In which places are you most likely to find advertising that...”

...Sticks in your memory

...Makes you feel emotional



Source: TV/Ad Nation, 2016, Ipsos Connect/Thinkbox, adults 15+

Why does this engagement matter?

43% of Millennials

are inspired to purchase a product they saw on TV which is 19% more likely than they are for a product featured on YouTube²⁹

▶ MARKETING PRINCIPLE N°6

Brand-Building Media, Such As Premium Video, Fosters a Deep Emotional Connection

Brands in Crisis:

Using Brand Advertising to Rehabilitate Brand Image

Perhaps at no time is brand-building more critical than when a company is faced with a crisis or threat to its perception. In response, the company must rebuild its image and reestablish trust with consumers. They must do this quickly and at scale. Brands often turn to equity-building platforms like out-of-home and multiscreen TV to drive immediate, mass reach in a premium branding environment.

Uber

The Crisis: In June 2017, Uber founder and CEO Travis Kalanick resigned after six months of scandals including discrimination and harassment.

The Response: Following the scandal, new Uber leadership implemented the “Moving Forward” campaign in the spring of 2018. This campaign was designed for premium video, heavily reliant on storytelling :30s and :60 units to communicate Uber’s renewed commitment to its employees and customers, as well as its vision for the future.

The campaign ran for four months, from May 2018 through September 2018 with a spend of \$48MM of National TV advertising behind it. For context, that was double the TV media spend during the same time period the previous year.³⁰



The Crisis: Beginning in late 2015 and into 2016, Chipotle was linked to a series of E. coli outbreaks.

The Response: In early 2017, Chipotle launched its first-ever national TV campaign (it opened its first location in 1993). From its April 2017 launch to date (September 2019), Chipotle invested \$111MM in National TV advertising.

Chipotle relied upon the immediacy of TV, its scale, and premium environment to reassert its core message – a commitment to quality, fresh ingredients. As a result, its 1H 2019 revenue was up 50% vs 1H 2016, the timing of the E. coli outbreak.³¹



The Crisis: In March 2018, Facebook was confronted with the Cambridge Analytica scandal exposing the harvesting of personal data from millions of consumers’ accounts. FTC and congressional inquiries followed, leaving many users highly troubled about the privacy of their personal information.

The Response: One month later in April 2018, Facebook launched its “Here Together” campaign, promising to fix the issues that have plagued the platform and rebuild consumer trust. Within two and a half months, between May and mid-July, Facebook invested \$68MM in National TV. For perspective, this was 5x more than what Facebook spent on national TV in all of 2017 and through early 2018 until the launch of this campaign.³²

To learn more, see VAB Insights Report, Brands in Crisis: Changing Brand Perceptions Through TV Advertising

Underestimating How Much Content Environment Impacts Brand Perception

Our industry has focused on brand safety as a significant area of concern, and rightly so. However, there is another issue to consider – ad environments that may be “brand safe” but simply distasteful, not in keeping with the brand’s values or not premium enough to build that valuable equity.

With the exponential growth in platforms and publishers, are marketers truly considering the kind of ad environment they offer? Particularly with the rise in programmatic buying, there is often less focus on the nature and quality of the content.

Significant Brand Health Implications To Content Environment

A recent independent study analyzed 425 videos produced by the top YouTube channels for their level of brand safety. “Unsafe” content included themes/images like weapons, drugs, violence, scandals, profanity, negativity or hate speech.

The videos that had lower brand safety scores (based upon their increased incidence of the themes above) experienced far less engagement than those which were brand-suitable (had fewer instances of inappropriate content).

The Consumer Impact Of Brand Safe/Unsafe Videos³³

Viewer Engagement with YouTube Videos

	VIDEOS WITH HIGH BRAND SAFETY SCORES	VIDEOS WITH LOW BRAND SAFETY SCORES
VIEWS PER VIDEO	+38%	-26%
ENGAGEMENTS PER VIDEO	+73%	-51%
	Engagement thrives in brand-safe environments	Viewers often turn their attention away from provocative or distasteful videos.

► MARKETING PRINCIPLE N°7

Content Environment Matters Everywhere – Even Online

Consumer Journey



Purchase:

Disconnects and Marketing Principles

DISCONNECT N°8

Short-Term Outcomes are the Primary Measure of a Campaign's Success

PRINCIPLE N°8

Success Should Be Measured and Evaluated Against Both Short- and Long-Term KPIs

DISCONNECT N°9

Lack of Understanding by Senior Leadership About Brand Building

PRINCIPLE N°9

Brand Leaders Need to Equip Themselves With the Data to Defend Decisions Based on Core Marketing Tenets

DISCONNECT N°10

Established Marketing Principles Only Apply to Established, Legacy Brands

PRINCIPLE N°10

The Balance of Brand Building and Short-Term Tactics Drives Both Immediate Demand and Long-Term Equity

It is Critical to Balance Long-Term Thinking With Short-Term Activation



► **The balance of brand-building and activation helps ensure both short-term outcomes and long-term brand growth.**

As we've seen, it's critical to get into a consumer's consideration set by reaching as many potential customers as possible and building positive associations with them over time. This is especially true for categories with long purchase cycles, such as auto, tech, and home appliance. Thus long-term brand-building fuels volume and defends market share over time.

On the other hand, the effects of short-term / activation-driven tactics are seen more immediately. They are evidenced by KPIs such as web traffic or

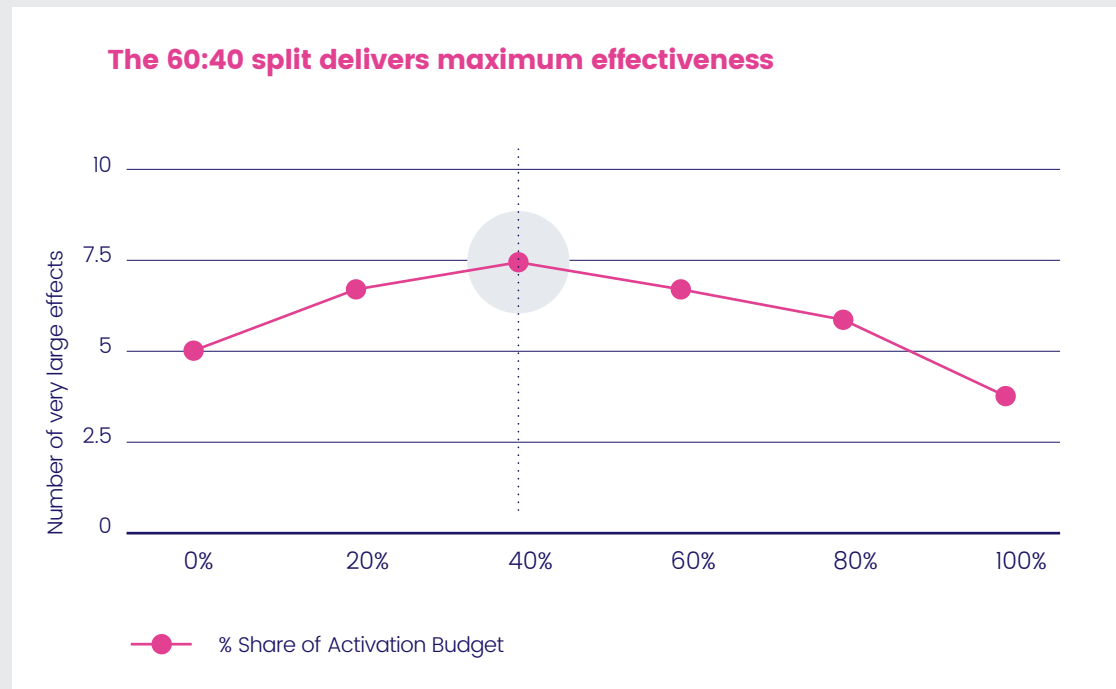
sales lift. Short-term success is essential to new brands and businesses who need to demonstrate immediate wins to investors (and to keep the physical or virtual lights on). While it's tempting to focus marketing resources on activation tactics to drive these KPIs, these tactics cannot sustain brand growth over time. Without feeding the funnel and nurturing those self-brand connections, brands cannot grow. Thus, brands have a need to balance equity and short-term demand to sustain growth.

What is the Right Balance Between Long-Term and Short-Term?

As a brand considers prioritizing its marketing investment, the natural question is how much emphasis should be put on equity-building (longer-term) vs. activation (shorter-term) tactics. In their comprehensive analysis, *The Long and Short of It*, Les Binet and Peter Fields demonstrate that, on average, effectiveness is optimized when approximately 60% of the communications budget is devoted to brand building and 40% to activation.³⁴

The chart on the right indicates that a 60%/40% budget split between brand and activation coincides with peak effectiveness and efficiency for a campaign. This is the point at which a brand peaks in experiencing very large effects – metrics like profit, sales, market share, penetration, loyalty, and price sensitivity.

Of course, this split can vary somewhat depending upon the category/product. If brand building is easy in a category, that spend can be decreased in favor of activation. Similarly, if activation is easier, then the ratio can shift toward brand-building to achieve closer to a 70/30 ratio.³⁵ This would apply to categories where consumers will naturally do a significant amount of online research and “brand” becomes more of a deciding factor when choosing between parity products such as consumer electronics.



Source: *The Long and Short of It*, Les Binet & Peter Field. 2013.

Short-Term Outcomes are the Primary Measure of a Campaign's Success

Only half of advertisers say they are confident that their organizations have the right balance between long-term brand building and short-term performance marketing.³⁶ Similarly, not even a third of companies' boards use brand health KPIs in their decision-making. *Why?*

This largely stems from the fact that brand marketers and agencies are increasingly evaluate by short-term performance. Performance is expected to be evaluated on a quarterly, or in many categories, a monthly, weekly or daily basis. The determination if a campaign "is working" is expected to be made quickly after launch. Fueled by the immediacy of data and a constant stream of information, the cycle of reporting, analysis, determination and action is continuous.

The result is shortened marketing cycles, wherein brand leaders are making decisions – about strategy, marketing mix, platforms, and partners – on a very short loop. Additionally, because they are held to short-term sales goals, they make these decisions based on what will drive immediate outcomes. While many marketers inherently know they need to balance both long-term brand building with short-term activation, they are beholden to short-term sales goals and judged on short-term metrics and, thus, make decisions accordingly.

What marketers are saying...

"Stakeholders have been seduced by the immediacy of the internet and expect near instantaneous analysis and feedback."

"More data is available more quickly, but we lose the long-term outlook."

"More pressure to see sales results by quarter yet most brand-building programmes are longer – so funding is shifting to sales support with shorter cycles."

Source: Financial Times, IPA and EffWorks, The Board-Brand Rift. June 2019

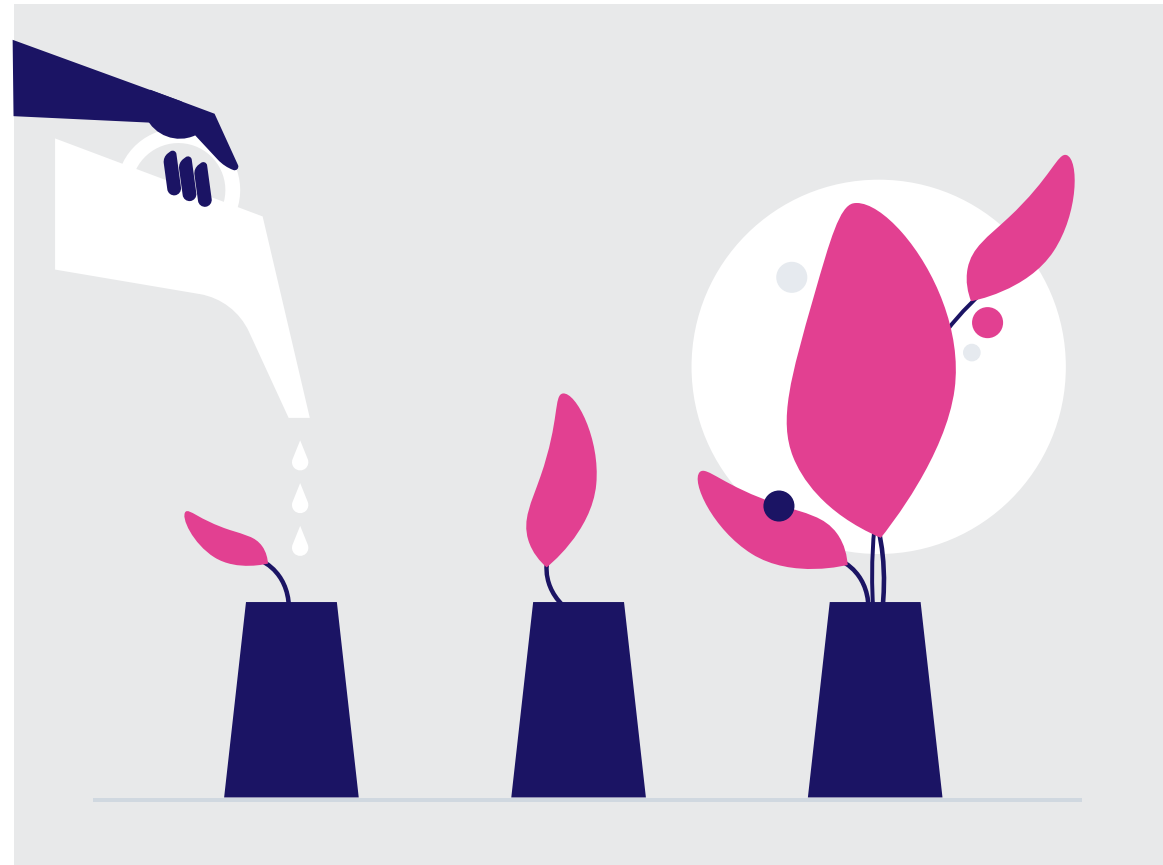
Short-Term Thinking Results in an Imbalance Between Branding and Activation

The concern with a short-term approach is that brand building takes time - developing the self-brand connection, establishing the need the brand fills for consumers and the role it plays in their lives.

Consider the following garden analogy: A seed is planted, watered, nourished, and begins to sprout, but after a short period of time, has not yielded any fruit. As a result, it is ripped from the soil and a new one is planted. That, too, is initially nurtured, but is not allowed the proper time to develop before it is deemed a failure, and it continues along this cycle. In other words, the long-term strategic vision is neglected in favor of short-term performance.

“Brand building relies on the creation of emotional memory structures, which take time to create and reinforce.”

– PETER FIELD, CO-AUTHOR OF EFFECTIVENESS IN CONTEXT



Imbalance in Action: Brands Who Reduced Brand Building Efforts in Favor of Activation

The over-reliance on short-term performance metrics has been witnessed across several brands looking to quantify immediate impact or who are beholden to quarterly (or more frequent) sales goals. Over time, these brands lean too heavily into short-term metrics and performance, while neglecting upper funnel branding and awareness tactics. These examples of brands who are working to correct the imbalance underscore the importance of balancing brand-building at scale with lower funnel performance metrics.

MONSTER

The Situation: Monster, the online job search company, took a 10-year hiatus from brand marketing, instead focusing on lower funnel “navigational” media and performance metrics.

The Impact: Monster lost salience with an entire generation of consumers.

“We took so long off of the upper funnel brand marketing that essentially we lost a generation. Millennials – if you look at our brand metrics, we are much stronger in 35-plus, which is a really dangerous place to be. It really is that decade that we took off of advertising.”

– *Monster CMO, Jonathan Beamer, May 2019*

The Result: Monster plans to shift approximately 20% of its budget back to brand-building, upper funnel metrics.³⁷



The Situation: Like other publicly traded companies beholden to quarterly expectations, Adidas' focus increasingly shifted toward activation and short-term tactics.

The Impact: Adidas realized that its marketing was imbalanced and at the detriment of long-term brand building.

The Result: The Adidas media approach is refocusing to align with the “60/40” rule of branding/activation within all its markets.³⁸

“Short-termism is always going to exist. But what we’re trying to do is to make sure that while we’re doing that, we also look after the long-term health of the brand and know that behind those short-term deliveries, the brand is the one that ultimately delivers against them.”

– *Adidas Global Media Director, Simon Peel, May 2019*

► MARKETING PRINCIPLE N°8

Success Should Be Measured and Evaluated Against Both Short- and Long-Term KPIs

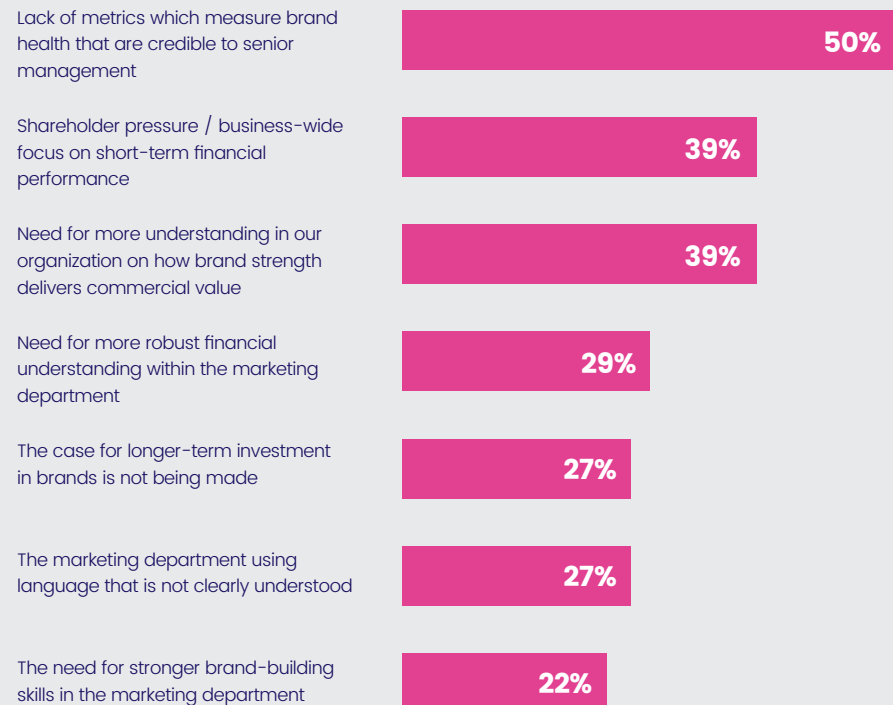
Lack of Understanding by Senior Leadership About Brand Building

As discussed, the short-term financial pressures on brand leaders often result in short-term decision-making. This, in turn, disturbs the balance between brand-building and activation elements in a marketing plan.

But another influence is also at work here. A lack of a full understanding around brand-building is also hindering marketers from advocating for a more balanced approach. Only half of business leaders say they have an “excellent or good” understanding of how a strong brand is built and maintained. Similarly, 33% of marketers rated their brand-building skills as “average or poor.”³⁹

In a recent study of marketers’ attitudes on brand-building, a lack of good brand health data was cited as the No. 1 reason for the imbalanced approach to short- and long-term marketing activity, with No. 2 being too focused on short-term financial performance.⁴⁰ It may not be a surprise that brand leaders say a lack of data is the reason they find it difficult to support long-term investment in brands. The growing availability of, and rapid reporting for, many online channels means decision-making for sales activation KPIs is often clearer. Those senior marketers are likely to be looking for similar levels of data and reassurance as is available for short-term marketing.⁴¹

Which of the following do you think impedes a balanced approach to short- and long-term marketing activity?



Source: Financial Times, IPA and EffWorks, *The Board-Brand Rift*. June 2019

The Evolution to Multi-Touch Attribution Provides Marketers With the Data They Need to Quantify Short-Term Sales Across Platforms

Activation, because of its direct impact on short-term sales, is by its nature easy to measure and attribute to marketing efforts. On the other hand, the impact of TV advertising and other offline media has been more challenging to measure.

Advanced attribution models are now allowing marketers to examine the impact of their campaigns across touchpoints and screens, giving “true credit” to the marketing channels throughout the consumer journey that influenced the final purchase. This is particularly exciting for television. For example, on average, 18% of the ROI typically attributed to search, display and short-form video is actually driven by multiscreen TV. Additionally, the ROI typically attributed to multiscreen TV should actually be increased by an average of 10%.⁴²

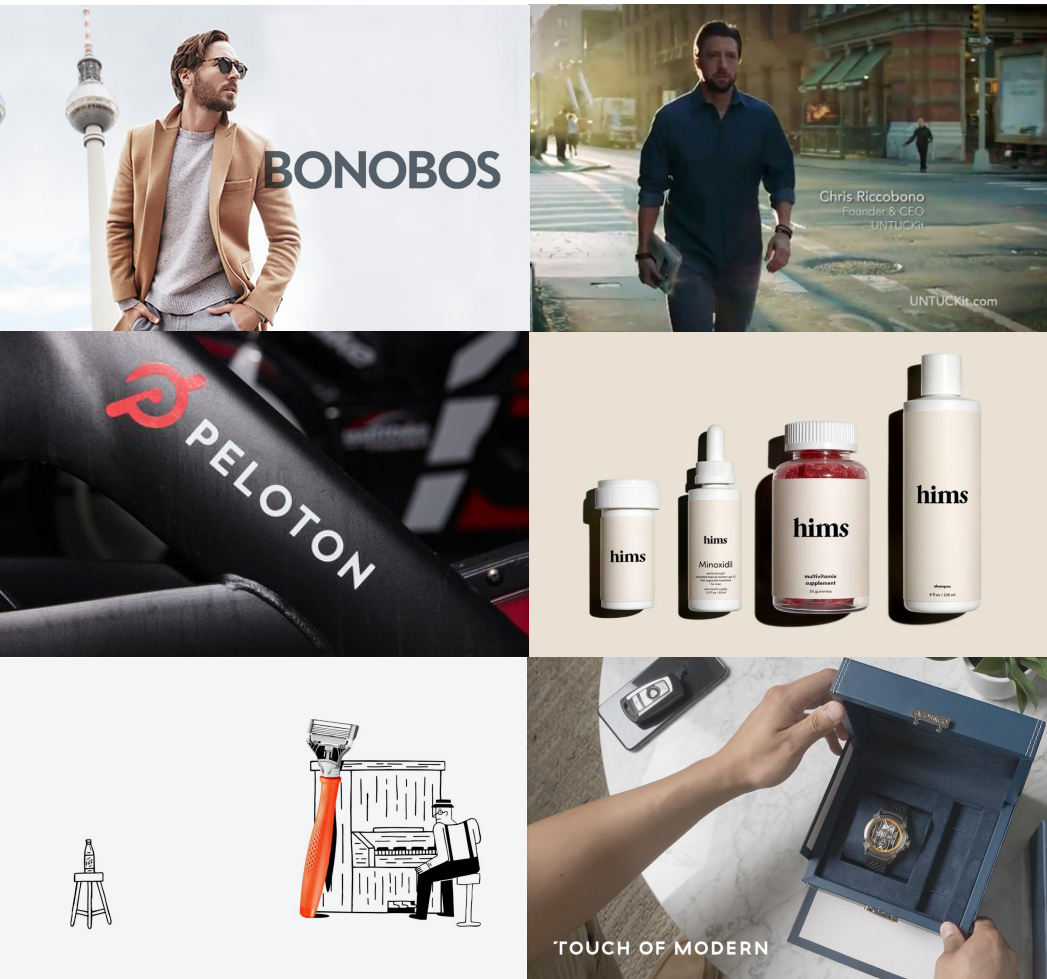
Ultimately marketers with a strong understanding of branding are more likely to link brand strength with sales objectives, such as contribution to revenue, profitability and margin improvement.⁴³



► MARKETING PRINCIPLE N°9

Brand Leaders Need to Equip Themselves With the Data to Defend Decisions Based on Core Marketing Tenets

Established Marketing Principles Only Apply to Established, Legacy Brands



The Ultimate Example of Successfully Balancing Long-Term Brand Vision With Short-Term Activation: Direct-to-Consumer Brands

The growth right now is in the category known as direct-to-consumer brands. These are entrepreneurial brands that sell directly to the consumer, most often through a digital storefront. The hallmark of these brands is that they are digitally native, data-fueled, and highly performance-driven. With cutting-edge analytics and teams of data scientists at their disposal, media channels are scrutinized continuously. These brands know exactly what media works for driving their business.

Direct-to-consumer brands often launched with a mix of highly tactical digital and social marketing efforts, narrowly focusing on their core consumer base. However, as they began to see short-term success, they were keenly aware that to truly grow, it was also critical for them to build their brand equity and develop those self-brand connections.

Andrew Dudum, founder of hims, a personal care DTC company, shares how important it is to create “emotional trust” with the consumer: “It’s so easy to build a brand – get it live and throw up Instagram ads – that I think building a serious depth of trust with your consumers involves so much more than that.” Hims has raised \$97 million from investors and is valued at over \$500 million.⁴⁴

DTC Brands Rely on Media Channels to Build Brand Equity *and* Drive Short-Term Outcomes

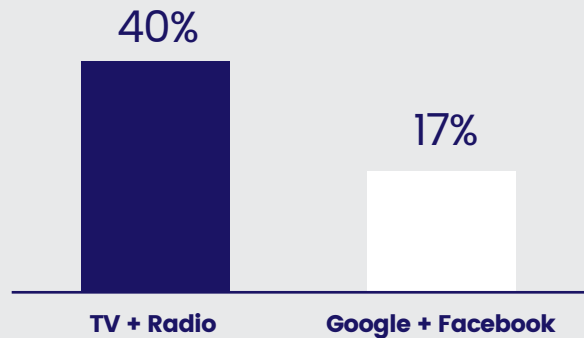
These direct-to-consumer brands quickly realized that to get the scale they needed to continue fueling their customer base for the long-term and drive immediate demand, they had to expand outside their social campaigns. Most often, this included adding mass reach channels like out-of-home, radio and television to their marketing mixes.

Investment in Out-of-Home Media to Build the Brand and Defend Share

DTC Brands like Touch of Modern, Casper, Seamless, and Brooklinen all implemented out-of-home advertising to build their brands at scale. It's not just these new, startup brands; well-established, digitally native brands are also increasing their investment in outdoor media. Though billboards make up about 7% of the average brand's ad budget, the tech space averages 3-4x that. Four of the 10 largest spenders on billboards are tech firms.⁴⁵ Netflix recently spent \$150 million on outdoor boards in Los Angeles to curtail the threat from other streaming competitors.⁴⁶ Similarly, the OAAA reports that compared with last year, Apple increased its investment in outdoor by 17%, Google by 108% and Amazon, the "disruptor" in all industries, by +285%.⁴⁷



Lift in site activity driven by TV, Radio and Social/Digital Platforms



Utilizing Radio to Drive Consumer Action

Similarly, these outcomes-obsessed companies also turned to radio advertising. In a study of over 60 direct-to-consumer brands, Cumulus Media and attribution company LeadsRx found that layering radio into the marketing mix is also highly effective. The combination of TV and terrestrial radio generated about twice the lift for these brands as ads running on Facebook and Google, causing a 40% increase in site visits.⁴⁸ Similarly, podcasting provides an opportunity to engage audiences and motivate them to purchase – 54% of listeners say they are likely to buy products they hear advertised on podcasts.⁴⁹

Television Investment Correlates to Equity and Outcomes

Many DTC founders believe the best way to showcase their brands is through video, as it provides the ability to story-tell these new brands (and sometimes, new categories), drive immediate awareness, and inspire action. John Foley, CEO and founder of Peloton, elaborates, “We created a new category of product, and we needed video, 30-second spots to tell the story of what this new thing was.”⁵⁰

A recent analysis of 125 direct-to-consumer brands reveals their growing use of equity-building video. This group of brands collectively invested \$3.8 billion in TV advertising in 2018, a +60% increase over the year before.⁵¹ Consider that FAANG also invested \$2 billion into television in 2018, more than double their investment just 3 years ago.⁵²

Why? For these performance-driven brands, there is significant correlation between TV spend and consumer action evidenced across a variety of metrics that indicate they are engaging throughout the consumer journey (not just at the final stage). This analysis demonstrates the relationship of TV spend to consumer action and sales. This is clear in metrics such as website site visits (short-term sales) and revenue (long-term sales).

Television Advertising Drives **Immediate Action** by Driving Consumers to a Brand's Virtual Storefront

Television Advertising Grows and Sustains Brand Revenue **Over Time**

Percent Increase in Website Visits		
Monthly average prior to TV launch vs. monthly average from TV launch to-date		
LUXURY RETREATS	Travel	+109%
BONOBOS	Apparel	+165%
CarGurus	Automotive	+72%
nerdwallet	Personal Finance	+134%
POSHMARK	Marketplace	+131%
lyft	Transport	+327%

Percent Increase in Revenue			
2017 vs. 2018			
	TV Spend Increase '17 vs. '18	Revenue Increase '17 vs. '18	% Revenue Increase '17 vs. '18
PELOTON	+\$52,560	+\$360,000	+106%
CARVANA	+\$33,651	+\$1,096,597	+128%
indeed	+\$70,473	+\$768,000	+65%
HomeAway	+\$11,100	+\$265,000	+29%
GRUBHUB	+\$23,814	+\$324,190	+47%

Source: VAB, Direct Outcomes, June 2019. For additional detail see notes 53 and 54.

▶ MARKETING PRINCIPLE N°10

The Balance of Brand Building and Short-Term Tactics Drives Both Immediate Demand and Long-Term Equity

Staying Principled

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">AWARENESS</p>	<p>PRINCIPLE N°1</p> <p>Balance Broad-Based Reach With Hyper-Targeting to Grow Market Share, a Key Driver of Profit</p>	<p>PRINCIPLE N°2</p> <p>Virality Tactics Should Be <i>a Part</i> of an Integrated Campaign</p>	<p>PRINCIPLE N°3</p> <p>Protect Your Brand by Investing in Only Premium, Viewable Content</p>	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">CONSIDERATION</p>	<p>PRINCIPLE N°4</p> <p>Brand Building Leads to Increased Long-Term Profitability</p>	<p>PRINCIPLE N°5</p> <p>In an Information-Heavy, Opinion-Saturated Environment, Brand Building Is Essential to Support Brand Perception and Foster the Loyalty That Protects Pricing and Profits</p>	<p>PRINCIPLE N°6</p> <p>Brand Building Media, Such As Premium Video, Fosters a Deep Emotional Connection</p>	<p>PRINCIPLE N°7</p> <p>Content Environment Matters Everywhere – Even Online</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">PURCHASE</p>	<p>PRINCIPLE N°8</p> <p>Success Should Be Measured and Evaluated Against Both Short- and Long-Term KPIs</p>	<p>PRINCIPLE N°9</p> <p>Brand Leaders Need to Equip Themselves With the Data to Defend Decisions Based on Core Marketing Tenets</p>	<p>PRINCIPLE N°10</p> <p>The Balance of Brand Building and Short-Term Tactics Drives Both Immediate Demand and Long-Term Equity</p>	

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Creators

Marianne Vita

SVP, Director of Integrated Strategy & Marketing
mariannev@thevab.com

Danielle DeLauro

EVP, VAB
danielled@thevab.com

Jason Wiese

SVP, Director of Strategic Insights
jasonw@thevab.com

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