Measuring Long-Term Ad Effects: A Meaningfully Different Approach

At the recent Australian Effie Awards, the judges decided not to give an award in the Long-Term Effects category. Journalist Rosie Baker, who found it worrying that there wasn't any work worthy of a long-term award, wrote an opinion piece in which she said: "The pressure to deliver instant results means that people are hobbled in their ability to look long term. It's difficult to look long term when the axe falls after two poor quarters. But by not looking longer term, the industry is doing itself a disservice, and it is a hard cycle to break."

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Baker's observations are not dissonant with our own. Among the ads we tested during the global financial crisis, we saw an increase in the number that were aiming for short-term returns. That number is now falling, but we still encounter many advertisers who are primarily interested in understanding an ad's short-term potential, even though it is widely accepted that most advertising doesn't pay for itself in the short term. One of our studies found that only 14 percent of campaigns were able to do that—and our observations are not different from those of other practitioners.

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There's nothing wrong with measuring the potential of advertising to deliver short-term sales. But we estimate that only about 5 percent of total brand volume results from short-term ad effects. Therefore, ad assessments based primarily on the prediction of short-term effects may not always result in the best decisions being made for the brand.

As advertising and research professionals, we know much more than we did two decades ago. We know more about how brands grow and become successful. We know more about the role of advertising in this process. We need to evaluate advertising with this learning in mind. The result will be more balanced assessments of what an ad may contribute to the long-term health of a brand.

IT TAKES TIME TO BUILD A BRAND

Brands are not built in a day or a week or a month—or over the course of one marketing campaign. Look around. With few exceptions, the strongest brands have been around for years, even decades. Brands are built over time.

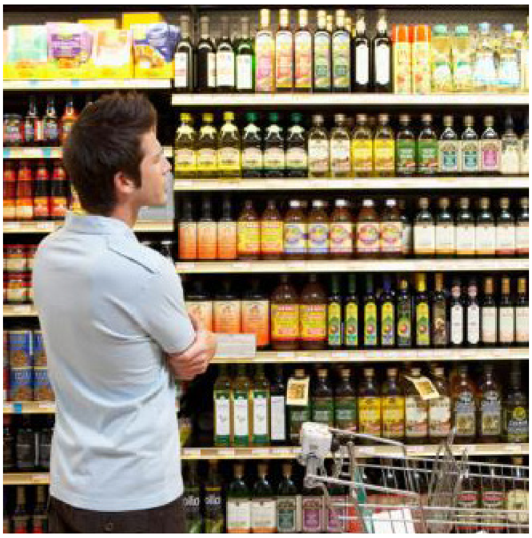
But when we "build" a brand, what are we really building? Our definition of a brand, which is shared by most in our industry, is "the set of associations—ideas, memories, and feelings—in the mind of an individual." So if advertising is going to build a brand, it needs to build associations, because it is those associations that will ultimately motivate people to buy.

We know this to be true; using tracking data and structural equation modeling, we have repeatedly demonstrated the effect of advertising on key elements of brand equity, and recent modeling work done for a large

B2B service company has documented the link between specific impressions created by an ad and subsequent brand revenue. We observed revenue growth that was 12 percent higher among those who endorsed the brand as being "easy to work with."

In this case, the payoff came in the medium term. (Our measurements were taken six months after the campaign started.) But, as Gordon Brown pointed out some 25 years ago, associations created by advertising can also have latent value when they enhance the brand in a consumer's mind long before he or she has a reason to buy it.

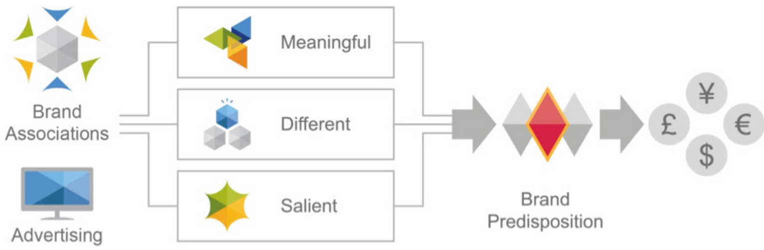
Gordon observed that many TV commercials, when viewed, would not have an immediate effect on people's intent to buy the brand. "The one time nobody wants to take decisions about brands is while watching TV," he said. But later, when a consumer might be shopping and in the mood to try something different, the impressions and associations established by an advertisement could come to the fore and influence brand choice. This potential long-term advertising effect has not gotten enough attention in ad evaluation up until now.



MEASURING THE BRAND-BUILDING POTENTIAL OF ADVERTISING

Today, Millward Brown understands brands and brand associations in the context of what we call the "Meaningfully Different Framework," which is summarized in Figure 1. The foundation for this framework is, of course, the idea that impressions and associations accrue to brands over time. At the heart of the framework is our observation that brands people consider to be meaningful, different, and salient are able to command a greater volume share or charge a premium price, or both.

Figure 1: Meaningfully Different Framework



Many things besides advertising contribute to the formation of brand associations. Experience with the brand is particularly important, as is word of mouth. But advertising is a critical factor, not only for forming associations for new brands, but also for strengthening and reinforcing existing associations, and for keeping established brands salient. Thus it is essential to understand this aspect of an ad's performance.

We now have questions in our Link ad evaluation system that predict the ability of an ad to build meaningful and different brand associations. The responses to these questions are summarized in a new output called the Power Contribution, which describes an ad's potential to influence brand equity.

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To create the Power Contribution, the scores on meaning and difference are combined with the brand's predicted Impact Score, which is a measure of branded memorability.

However, the Power Contribution is only a summary measure that indicates an ad's potential to build equity. It doesn't tell advertisers how that equity will be built—that is, what specific associations will work to establish a brand as meaningful and different. While a message like "removes even the toughest stains at 30˚C" will drive short-term sales among consumers who find it relevant, the specific message is not what most consumers will take away from the ad. In a research situation, respondents may pay close attention and recall communication points verbatim, but when they watch the ads in a "natural" TV-viewing setting, that is much less likely to happen. It is the gist of the ad that is likely to leave an imprint; that is, they will remember hearing something about stain-removing power, or effectiveness at low temperatures.

It is important for us to understand what this advertising imprint is likely to be. We do this by showing people an ad and then, after they've viewed it, asking them for words that describe the brand. We summarize the responses in a word cloud, as shown in Figure 2, which shows that the dominant associations for this ad were modern, stylish, sleek, expensive, and quality.

Figure 2: Advertising Imprint

THE SHORT TERM: IT'S NOT ALL ABOUT PERSUASION

Advertising needs to be evaluated in relation to what it can accomplish for a brand. Sometimes, for some brands, short-term persuasion is the objective, and a measurement of persuasion is a completely appropriate action standard. Ads that feature news—of a new brand, a new variant, a new positioning, or a promotion—are capable of driving persuasion and are likely to be effective if the news is differentiating, credible, and relevant to consumer needs.

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However, news, even if you have it, isn't news for long. Therefore, the effects of persuasion are often short-lived and do not always contribute to longer-term brand growth. And many brands, particularly larger, more established ones, rarely have real news to communicate.

But large established brands can and do succeed in generating short-term sales uplifts. They do this by creating highly engaging advertising that refreshes and renews existing brand associations. When this happens, the effect is reflected not in the persuasion score but in the Awareness Index prediction. We have found the Awareness Index to be a common factor in both short-term and long-term advertising success, thus confirming that creativity is the common driver of both.

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Persuasion is a helpful measure when ads contain real news, but because that occurs relatively rarely, we are encouraging the use of the Short-Term Sales Likelihood (STSL) as a more appropriate measure of short-term potential. Derived from the Awareness Index prediction and the persuasion score, and more discriminating than either one, the STSL represents the probability of a short-term sales uplift. It takes brand size into account, giving relatively more weight to the AI for larger and more established brands. Thus it ensures that persuasion isn't overemphasized when it is not highly relevant.

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MEASURE WHAT MATTERS

It will always be important to measure an ad's short-term potential as well as its short-term results. Ads that don't have some immediate impact are unlikely to be successful in the long term. However, it's important to be clear about what short-term success can be expected and how it can best be measured; persuasion may be a relatively unimportant metric in many situations.

While some form of short-term success is necessary, it is rarely sufficient. Short-term growth isn't a guarantee of long-term success. Therefore, it is never appropriate to look *only* at the short term. Brands are built over the long term, and so for most ads, the ability to creatively frame meaningful and different associations for the brand is the key to both short- and long-term success.

To read more about Link and ad evaluation, please visit www.mb-blog.com.

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