

The web: 10-15% of campaign spend

Following waves of IAB international studies, researchers are concluding that the optimal role of online in multi channel brand campaigns is between 10 and 15% of total spend.

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Introduction

IAB UK has released a training kit of research that joins together key studies including Colgate, Dove, Kleenex and McDonalds. These groundbreaking studies are available as individual case studies as well as in combined papers.

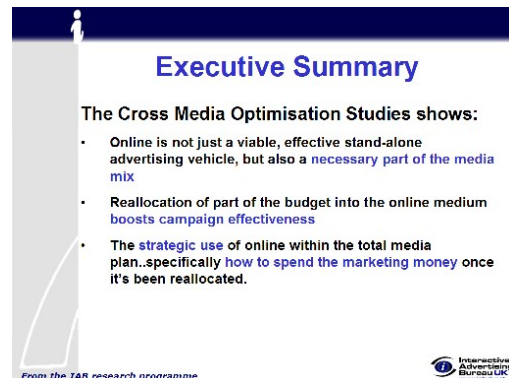
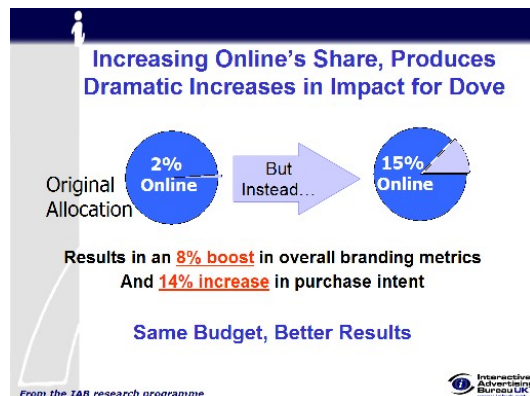
About these studies

Cross media optimisation is landmark research and a breakthrough in marketing mix measurement, using new, web-based survey techniques to provide real-world matching of media exposure to brand attitudes, and scientifically answering the question of how online fits into the marketing mix based on each medium's impact.

It's accepted now that internet advertising produces positive branding results for marketers. But most of that research has looked at the effects of online as a standalone option. This new study offers the next generation of research: it sets out to demonstrate that online is a necessary part of the media mix and that it enhances and complements the marketer's existing multimedia plan.

This pioneering research examines the strategic use of online within the total media plan and how to spend the marketing money once it's been reallocated. These studies help to define the "specific" point of diminishing returns for each media channel; not simply the fact that diminishing returns exist, but precisely when one media begins to break down and when the advertiser should consider reallocation and reinvestment.

The study's methodology and rigour are widely accepted and respected. It has been endorsed by the Advertising Research Foundation (ARF), nominated for the ESOMAR John & Mary Goodyear Award (Best International Research), reviewed and analysed by Forrester Research, and endorsed by major agency Media Research Directors.



Key findings

The Cross Media Optimisation Studies show that online is not just a viable, effective stand-alone advertising vehicle, but also a necessary part of the media mix. Reallocation of part of the budget into the online medium boosts campaign effectiveness; in short, it enables marketers to achieve better results with the same budget.

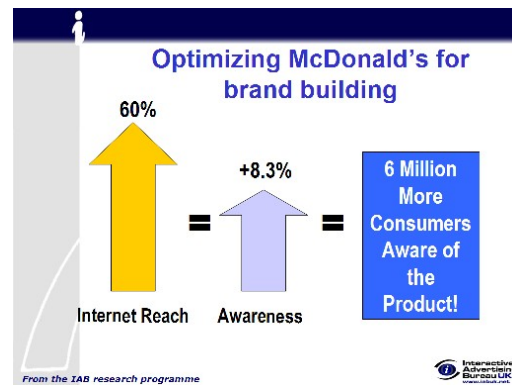
The research shows that FMCG and CPG campaigns

can optimise their impact by placing 10-15% in online media. Online advertising is cost effective in meeting brand's goals and reaches the 20-30% of total target audiences that are otherwise not delivered by TV. It can also communicate emotive or brand imagery issues, and is particularly effective in influencing youth audiences.

Case studies

The pioneering Dove study revealed that increasing your online budget from 2% to 15% results in an 8% boost in overall branding metrics and 14% increase in purchase intent. MacDonalds, by increasing their online allocation from 1% to 13%, achieved an 8% boost in overall brand awareness, making an additional 6 million new consumers aware of its Grilled Chicken Flatbread Sandwich.

Waves of IAB international studies place the optimal role of online in multi channel brand campaigns as being between 10 and 15% of total spend. IAB UK has released a training kit of research that joins together key studies including Colgate, Dove, Kleenex and McDonalds. These studies are available as individual case studies as well as in combined papers.



Positive industry response

Industry has been very responsive to the research. At the recent IAB UK seminar, agencies, media owners and advertisers all joined forces in support of the data and the principles.

Greg Paine, Head of Strategy, AOL UK, praised the IAB's research and stated the need for quantifiable, objective evidence in the cross media optimisation debate. "The media industry can be very conservative", he said, "and because online advertising is still an evolving advertising channel, and a new one for many marketers, it's often viewed as time-consuming and non-profitable".

Paine sees this type of research as being key in the debate: "Research into cross media optimisation however will open the eyes of marketers and encourage them to ask questions of agencies using traditional media mixes". Increasingly, when online is on a media plan, clients are less likely to ask why; and now, if it doesn't appear at all, they're beginning to ask why not.



Ed Ling, Media Director, I-Level

Paine commented that the strength of the IAB's research is that it looks at possible synergies rather than the different media in isolation, and that it represents a move away from the 'us-versus-them' atmosphere found in traditional media. He said that we should be able to trust US research and use it more efficiently than we have in the past.

Ed Ling has been working with British Telecom for several years on their strategy of how different advertising channels can be mixed. "They are currently spending £9 million or 6% of their total budget on online. For some campaigns they could be putting 30% or more of their budget into online, some it may be much less than the suggested 10%, but what is key is that there is powerful research driving those decisions." Ling explained that BT derive their figures after developing an econometric model that tracks effect across all of the media channels.

Working with Accenture, he said, BT have developed complicated systems to analyse what sits under the awareness curve and what

contribution each media makes in order to turn this into a predictive model. They then match this up against past campaigns to come up with an optimal mix.

As a result of this process, Ling continued, online has been taking a greater and greater share of BT's budget. They are looking at who their clients of tomorrow will be and have concluded that online will play an important part in reaching this audience. But, he added, this kind of approach is not always appropriate.

"A realistic figure for online's share of the media budget is 10-15%", explains Yahoo! Europe's head of research Bob Ivins. Ivins is clear that even though the IAB's work often uses US examples, the processes and the numbers are just as true in the UK market: "The industry is more mature than before and because people are now more comfortable with the medium we should expect to see this confidence reflected in their spend. Online is starting to take on the properties of other media, such as broadband and television. This in turn will make it more attractive to agencies".

"Agencies and advertisers tend to be a sceptical bunch", Nigel Sheldon from WPP group commented, "but research is the way to convince them of online's merit. At the Henley Centre we are undertaking research that tracks e-commerce back to the high street."

Ed Ling stressed that this isn't an online only issue: clients are always looking to find an optimal mix, it's just that there are now a great number of media to balance. Everyone accepts that the solution is going to be a combination of media. He also added that it would be very useful to have a UK version of the IAB's research.



Bob Ivins, Research Director, Yahoo! Europe

Julian Saunders from the Joined-Up Company argued that attitudinal changes in marketers will come partly from research but also from cultural shifts: the media consumption trends among teenagers will be a good indicator of the future. Ed Ling added that everyone says that the last media they would give up would be the internet.

Panel members at the IAB debate included:

- Greg Paine, Head of Strategy, AOL UK
- Bob Ivins, Research Director, Yahoo! Europe
- Ed Ling, Media Director, I-Level
- Nigel Sheldon, Director, WPP/Henley Centre

Further information

For more information contact the IAB call centre team on 020 7886 8282 or email secretariat@iabuk.net and ask for:

- Case studies from McDonalds, Dove, Kleenex and Colgate
- The original 'Media Mix' seminar from the pioneering work with Dove in 2001
- The new 'Media Mix' seminar with collated results from the different studies