

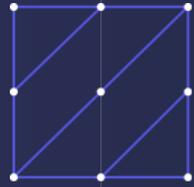
Advertising and Attracting your Customer in 2020

Retail Excellence, 2019

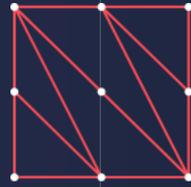
Ronan Brady

MANAGING DIRECTOR OF DATA
CORE

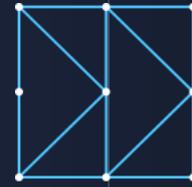
Agency	core™	Client	electric Ireland
	 National Lottery	Ulster Bank	POST Insurance
Leadership Team	 sse Airtricity	Tech Startup	mobileaware luzern



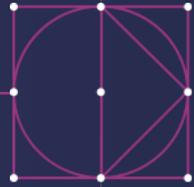
Strategy



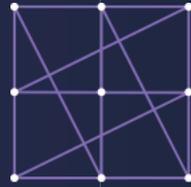
Data



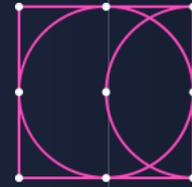
Research



Media



Creative



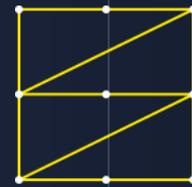
Sponsorship



Recruitment



Investment



Learning

50 years ago



Howard Luck Gossage

The Socrates of San Francisco

The real fact of the matter is that nobody watches ads.

People watch what interests them, and sometimes it's an ad.

To give you an understanding of new trends in media, but to ground it in the latest marketing **science**.

The questions we will answer today

core™

What are the key facts every marketer should know?

What are the key trends for 2019?

What are the takeaways for Retail?

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What every marketer should know Marketing 101 for 2020



The knowledge gap ...

HOW EFFECTIVE ARE MEDIA **AT DRIVING ROI?**

What the evidence says		
1	Television	10
2	Radio	9
3 =	Newspapers	8
3 =	Magazines	8
5	Online video	6
6	Direct mail	5
7	Social media (paid)	4
8	Online display	3
9	Out of home	2
10	Cinema	1

Ebiquity's data on profit ROI, scored highest to lowest

What marketers say		
1	Social media (paid)	4
2 =	Online display	3.9
2 =	Online video	3.9
3	Radio	3.5
5	Direct mail	3.4
6 =	Magazines	3.2
6 =	Out of home	3.2
6 =	Newspapers	3.2
9	Television	3.1
10	Cinema	2.7

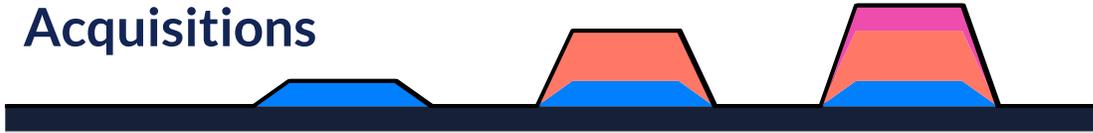
Mean score, where 5 is 'very good' and 1 is 'very poor'

Return on Marketing Investment

How it's measured ... a simplified view

Modelled Variable

Acquisitions



Striving to understand the key drivers of acquisition

Explanatory Variables

Offer



Changes in unit rate and discount can explain some of the peaks in volume, but can not explain all of the different fluctuations

Promotion



Change in offers can help explain why the second and third peaks are higher than the first volume peak

Media (TV)



TV can help explain why the third peak is higher than the other two

Ultimately the approach marries fluctuations in volume with fluctuations in the drivers of volume

The average long-term profit ROI from €1 spent on advertising ...

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€3.69

The average long-term profit ROI from €1 spent on advertising is €3.69.

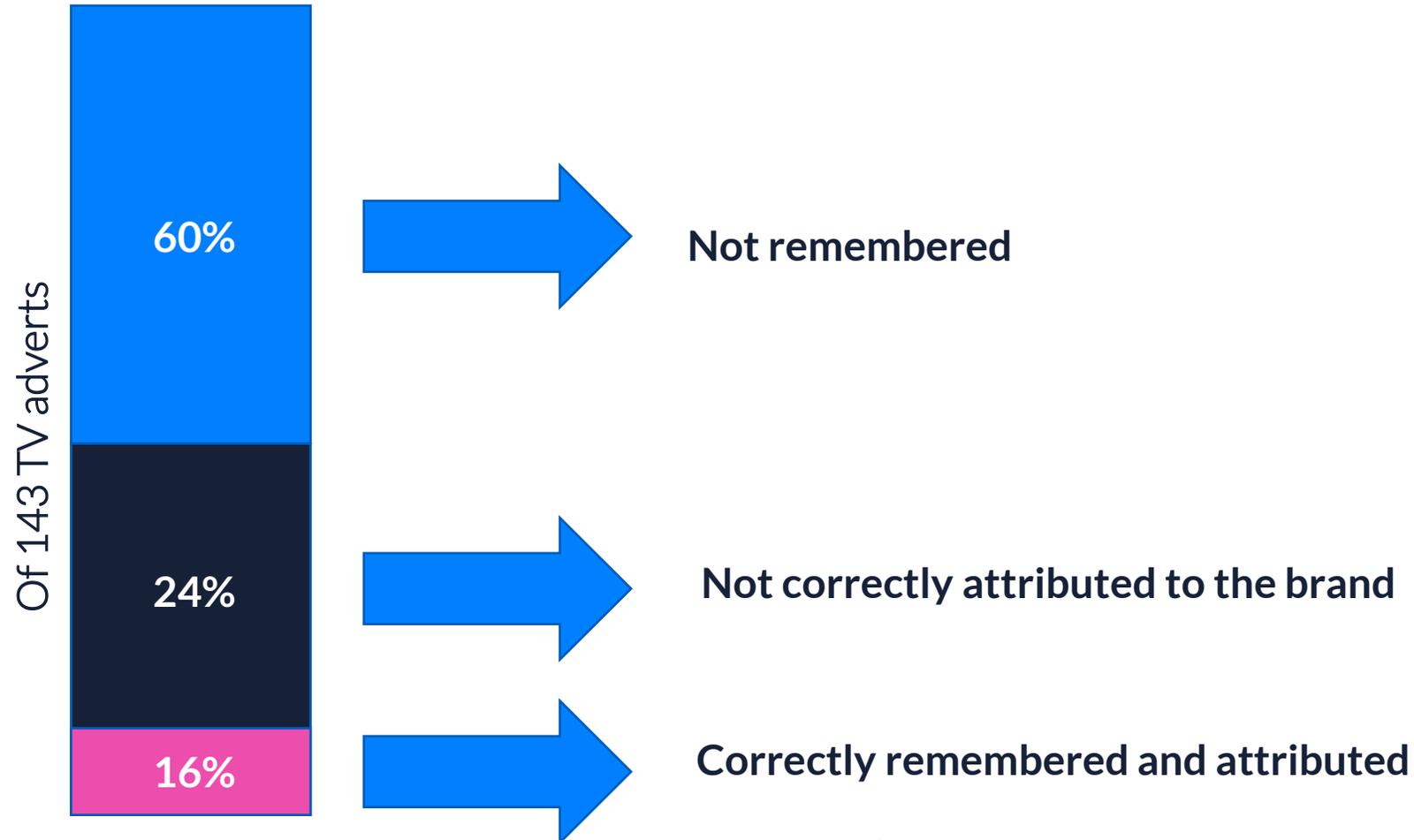
€1.51 is delivered in the short term, with an average long-term multiplier of 2.1.

TV has the highest short-term profit ROI of €1.73 on average, and the highest

FORM OF ADVERTISING	% OF TOTAL AD-GENERATED PROFIT (3 YRS)	AVERAGE AD-GENERATED TOTAL PROFIT ROI	TOTAL AD-GENERATED PROFIT LIKELIHOOD	% OF SHORT-TERM PROFIT (3-6 MTHS)	AVERAGE AD-GENERATED SHORT-TERM PROFIT ROI	SHORT-TERM AD-GENERATED PROFIT LIKELIHOOD
ALL MEDIA	100%	€3.24	72%	100%	€1.51	58%
TV	71%	€4.20	86%	62%	€1.73	70%
PRINT	18%	€2.43	78%	22%	€1.44	61%
ONLINE VIDEO	4%	€2.35	67%	5%	€1.21	52%
RADIO	3%	€2.09	75%	5%	€1.61	62%
OUT OF HOME	3%	€1.15	48%	3%	€0.57	19%
ONLINE DISPLAY	1%	€0.84	40%	2%	€0.82	37%

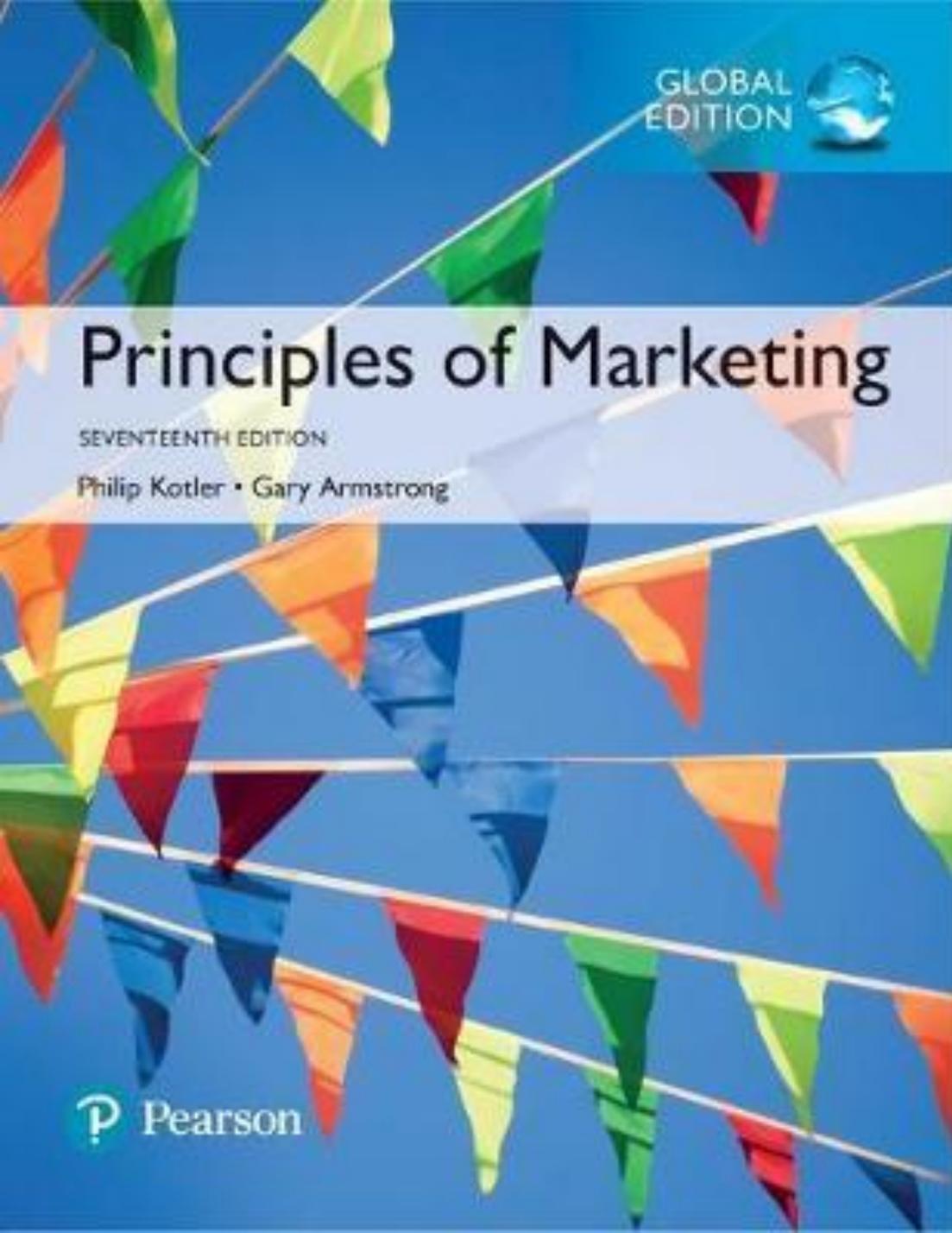
And this is despite fact that of all advertising ... **core**[™]

16% CORRECTLY REMEMBERED AND ATTRIBUTED



Source: Ehrenberg-Bass Institute study, quoted in Byron Sharp's 'How Brands Grow'.

Differentiation & Segmentation



Myth ... #1 from my marketing text book

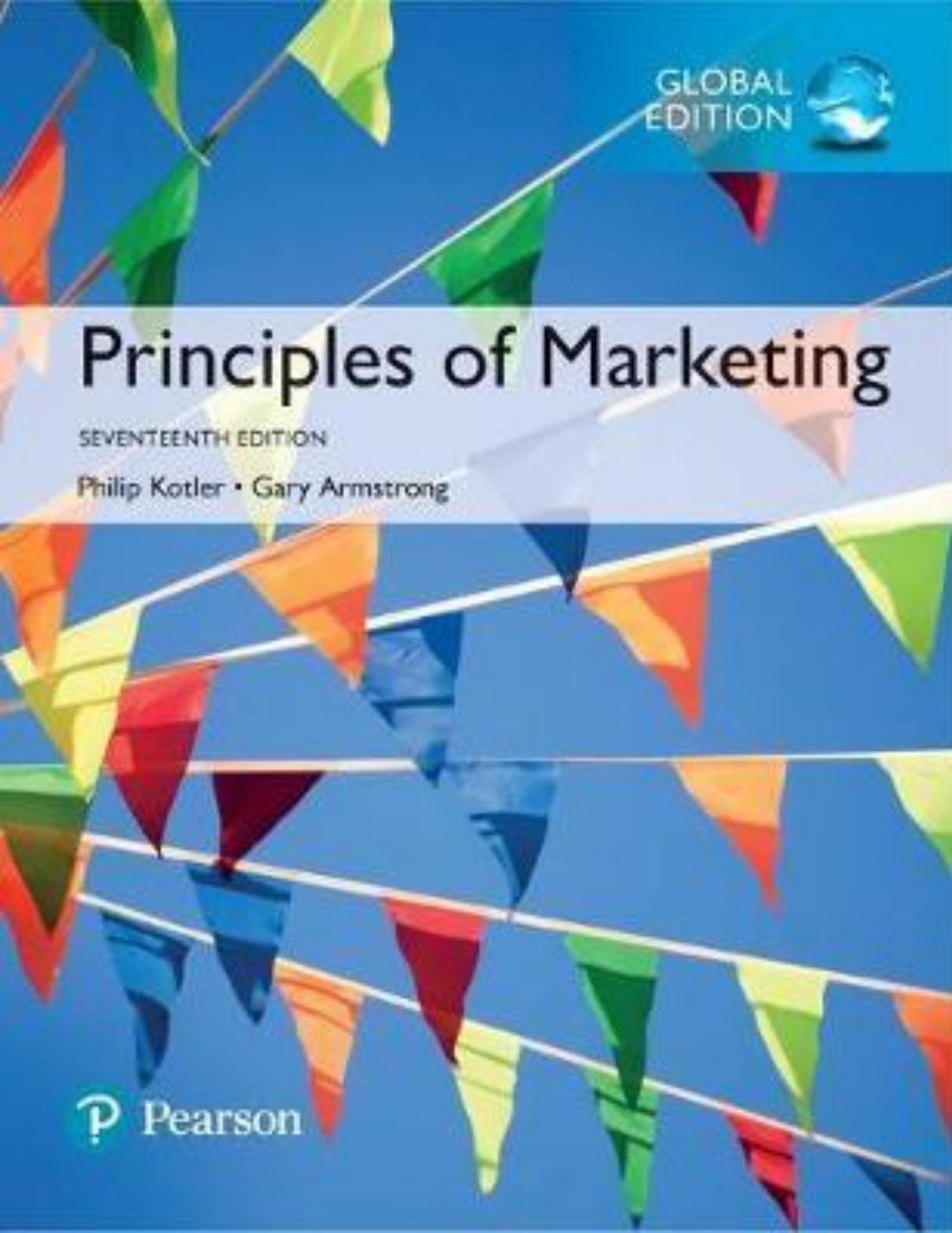
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“ **DIFFERENTIATION** IS THE CORNERSTONE OF SUCCESSFUL MARKETING

DIFFERENTIATION FOCUS ON BUILDING DISTINCTIVE ASSETS

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Myth ... #2 from my marketing text book

core™

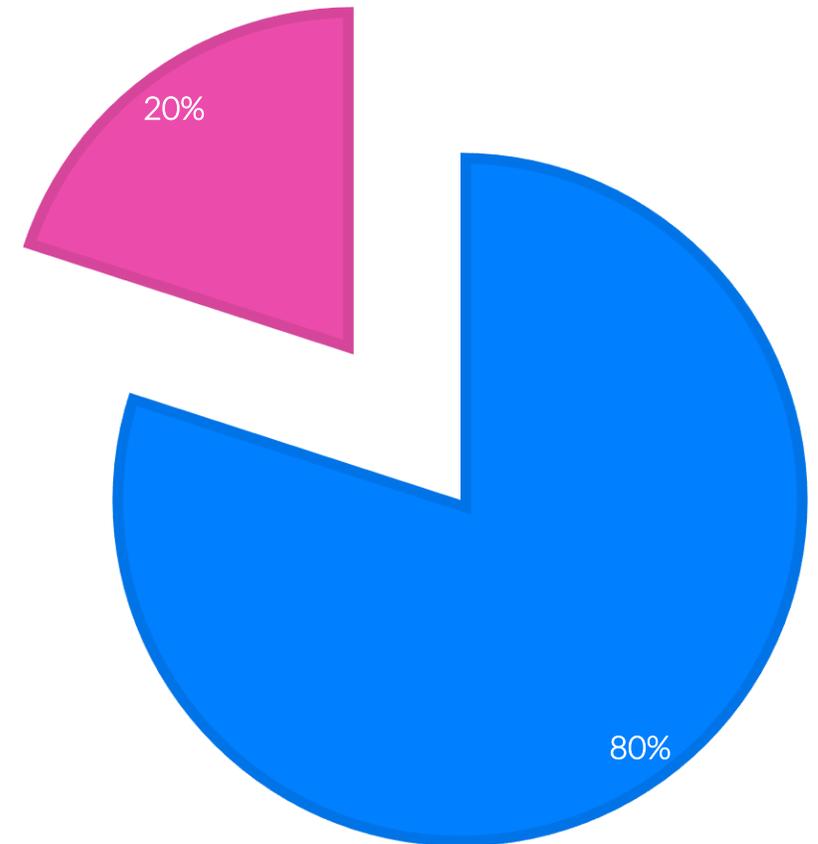
“ **SEGMENTATION:** THE KEY IS ADJUSTING THE MARKETING PROGRAMME TO RECOGNISE CUSTOMER DIFFERENCES

SEGMENTATION: CATER ONLY FOR THE DIFFERENCES THAT MATTER AND AVOID OVER TARGETTING

20%

Marketing briefs typically tell media agencies that a brand's target audience is less than a 20% of the people who actually buy the brand and category.

■ Audience who also buy category ■ Target audience



We targeted too
much, and
went too narrow
- Marc Pritchard
P&G



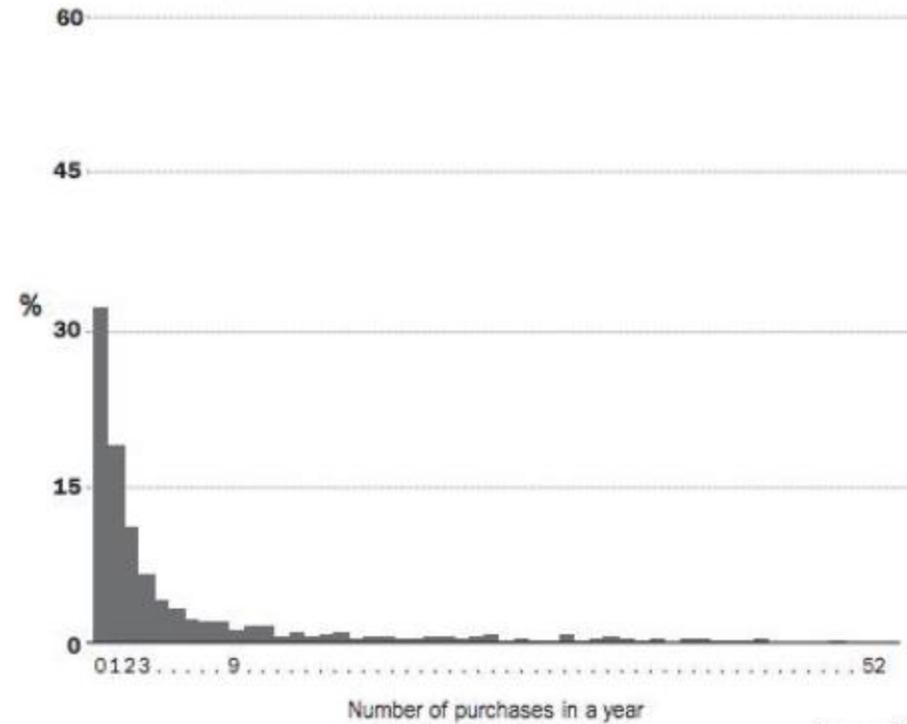
Target loyal heavy buyers and you miss out on the crucial light buyers

ZERO to 1

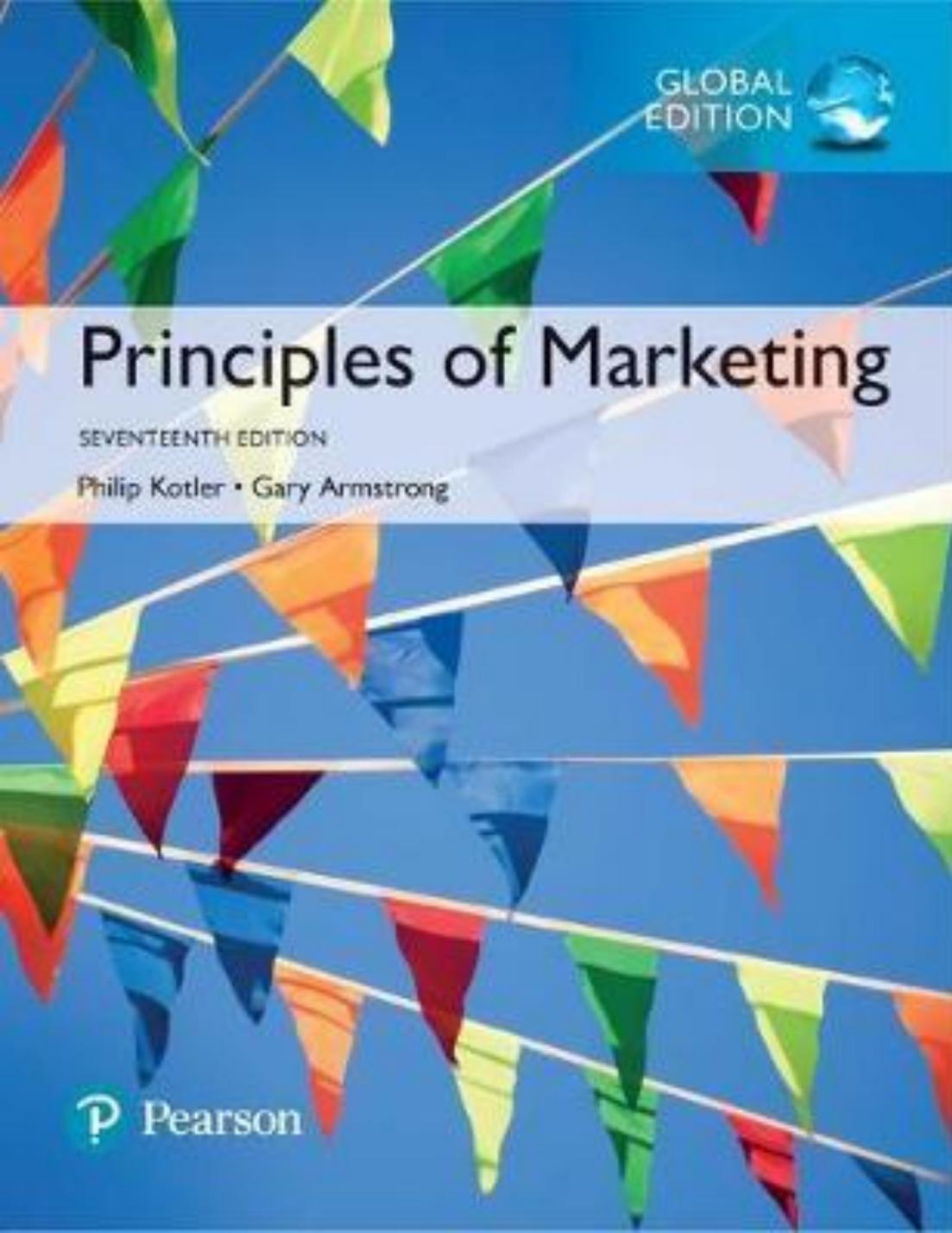
The greatest number of consumers of any brand are very light buyers, and they contribute significantly to sales volume, so for most brands the biggest opportunity for growth comes from taking people from buying it zero times to buying it once in a typical purchase cycle.

Source: Byron Sharp, 'How Brands Grow'

Figure 4.1: Percentage of UK cola buyers purchasing Coke x times, 2005



Source: TNS.



Myth ... #3 from my marketing text book

core™

“

LOYALTY PROGRAMMES HELP BUILD LONG-TERM LOYALTY WITH HIGH CUSTOMER LIFETIME VALUE CUSTOMERS, CREATING CROSS-SELLING OPPORTUNITIES IN THE PROCESS.

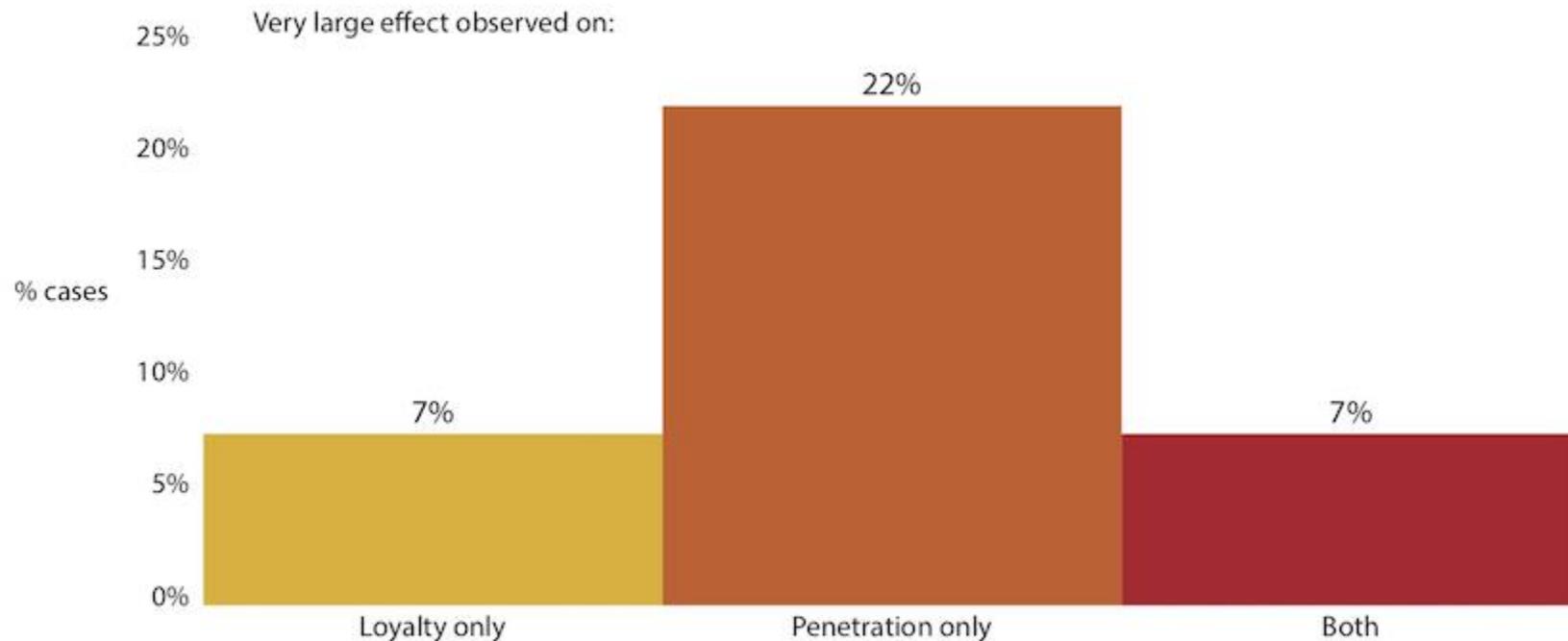
Why loyalty programmes don't work better

		Level of loyalty	
		Low	High
Category purchase rate	Light	Unlikely to join the program (but this is the largest group of consumers, so a number still do join); not particularly desirable.	Likely to join the program, but undesirable
	Heavy	Very unlikely to join the program, but very desirable	Likely to join the program, but undesirable

Types of customers who could join the loyalty programme

Penetration (gaining more customers) is always the main driver of growth

Penetration is the main driver of very large business effects



Source: Les Binet and Peter Field, Eff Week 2016, 'Marketing in the Digital Age', IPA

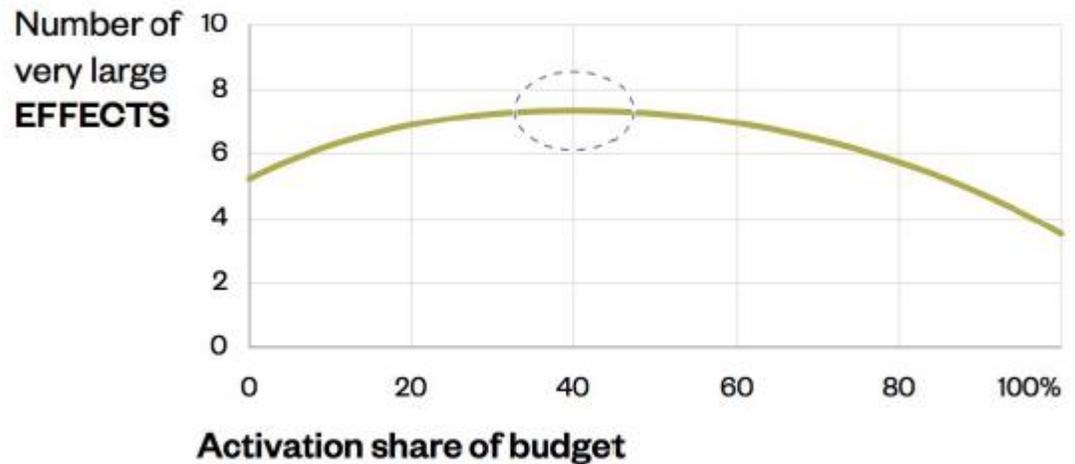
Branding, Creativity & Messaging

The importance of investing in brand ...

60/40

Brands should spend around 60% of their budget on brand-building activity and 40% on activation for maximum effectiveness. Too little brand activity and the brand equity needed to drive sales in future will not accumulate. Too little activation and the brand will not be exploiting the sales potential of brand equity as it accumulates.

Figure 38 The 60:40 split delivers maximum effectiveness

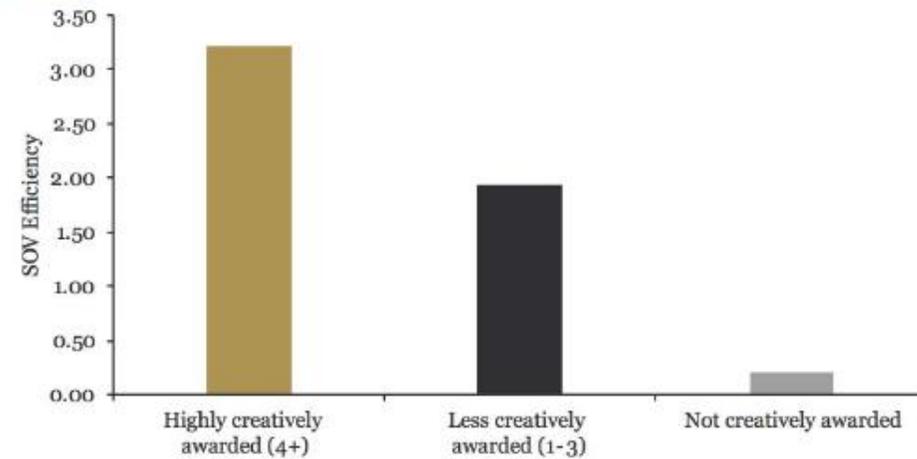


It pays to be creative ...

16 x

Highly creatively-awarded campaigns can achieve around 16 times the efficiency of non-awarded campaigns, meaning they drive market share growth 16 times more

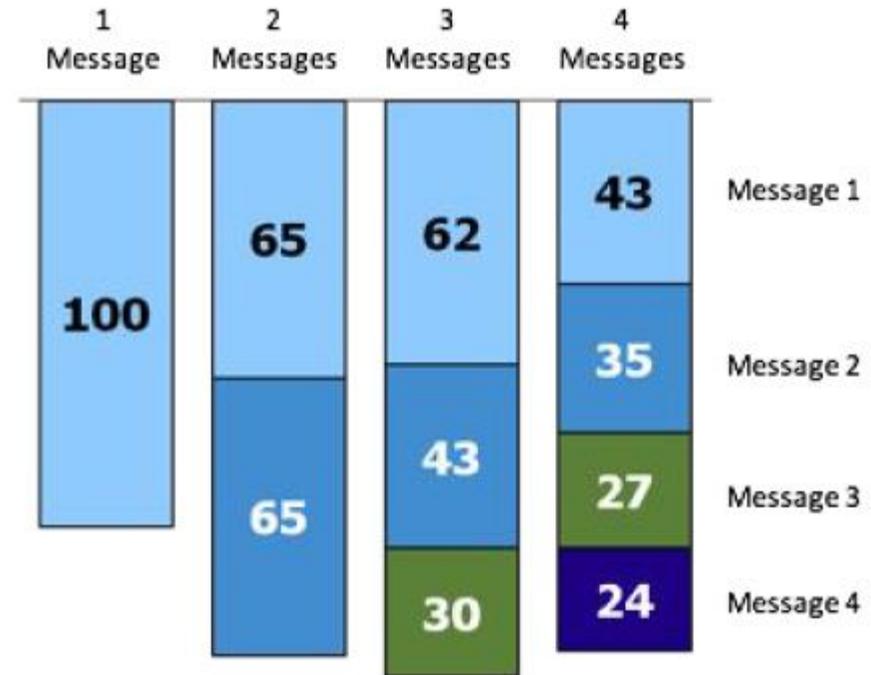
Figure 44
Very highly awarded campaigns are the most efficient of all (1996-2014)



... and have less messages ...

1 message

If you want people to remember your key message, you're best delivering 1 message not 2+. Analysis of the Link database shows that the more messages you try and communicate, the less likelihood there is of any single message being communicated.



But ... don't make customers have to think too much!

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When customers are very emotionally involved, advertising works harder. But rational consideration actually inhibits the effects of advertising.

The more people think about the purchase the less influence advertising has over them.

Getting people to feel excited about the brand is usually a good thing.

Forcing people to think may be counter productive.

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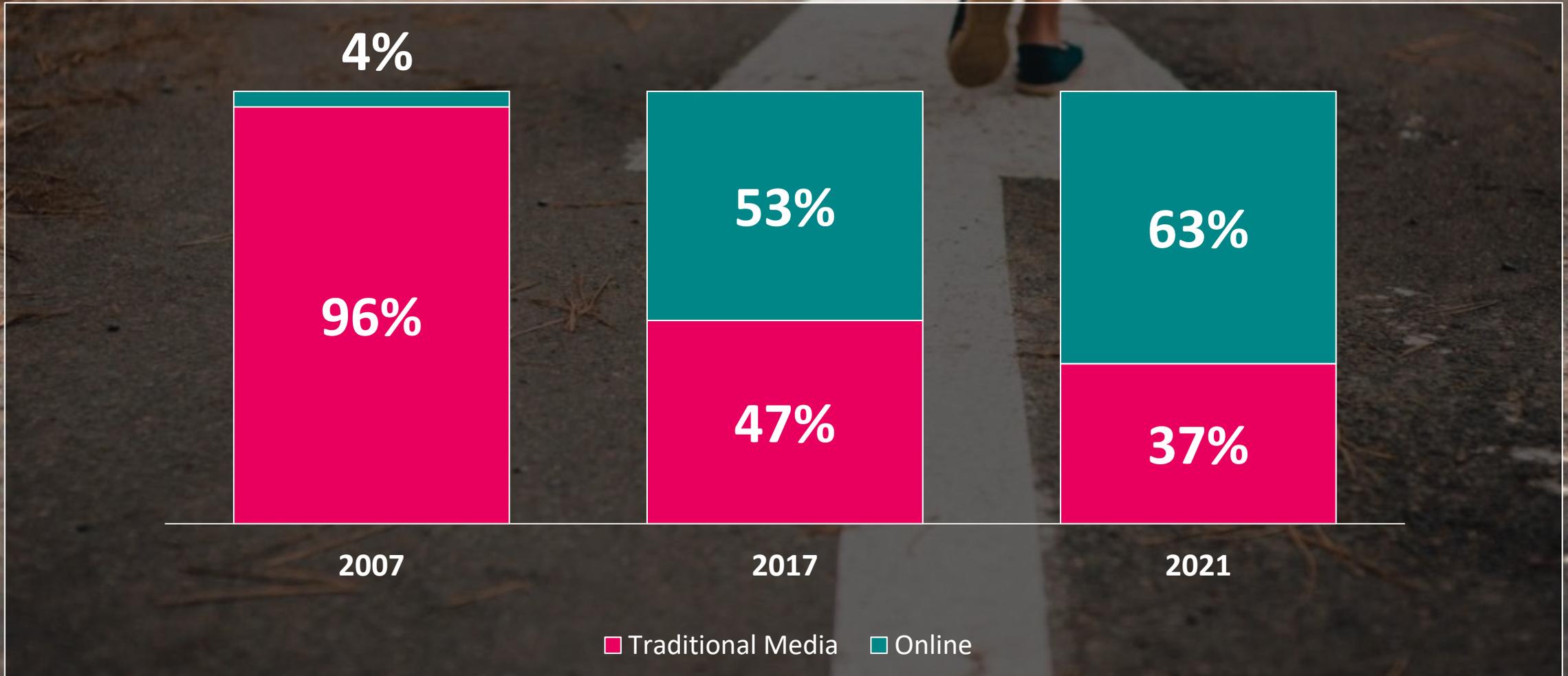
What are the key trends for 2019?

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1

ITS GETTING NOISIER

Significant change in delivery



Time spent consuming media is increasing

2007

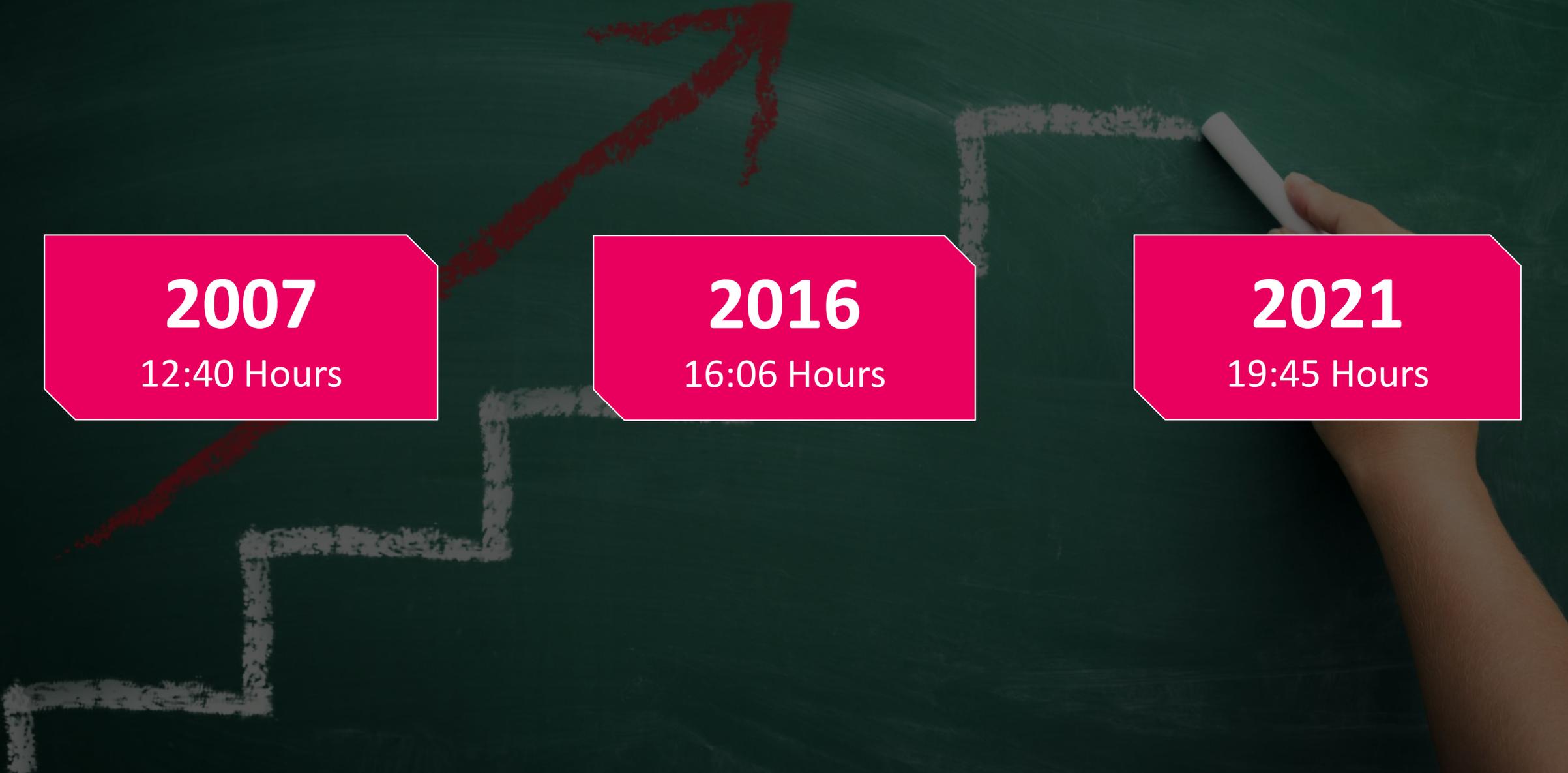
12:40 Hours

2016

16:06 Hours

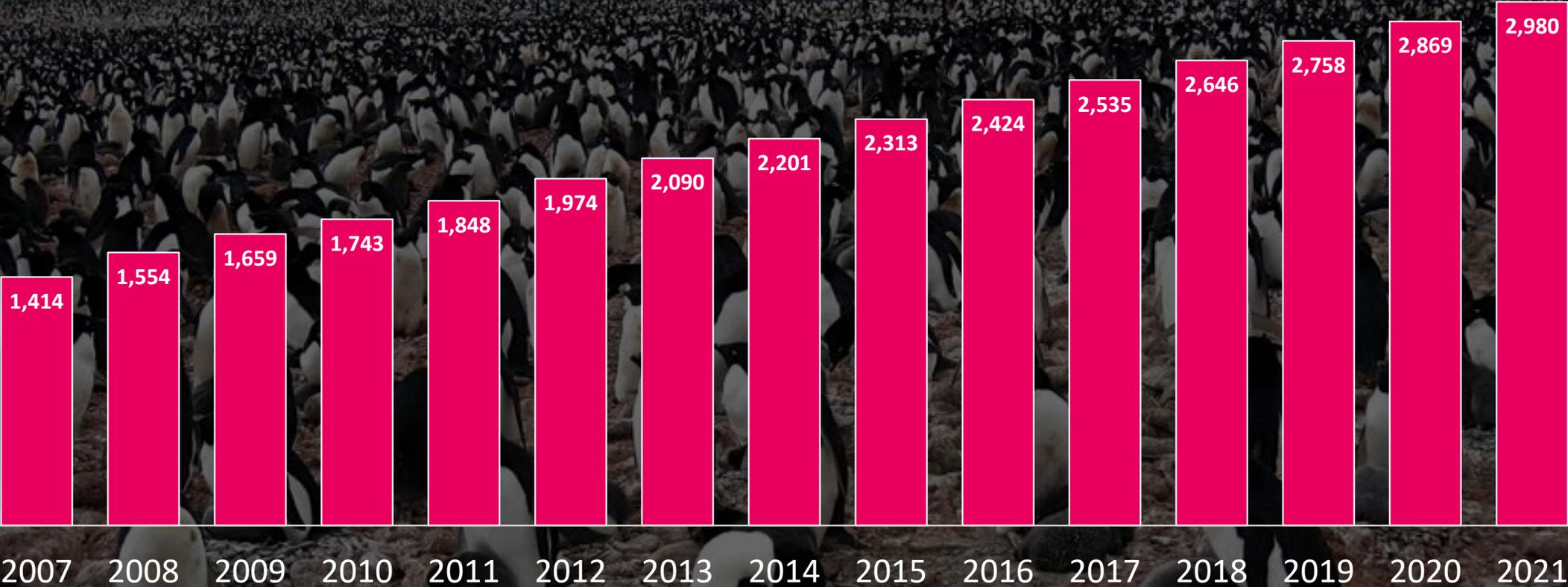
2021

19:45 Hours



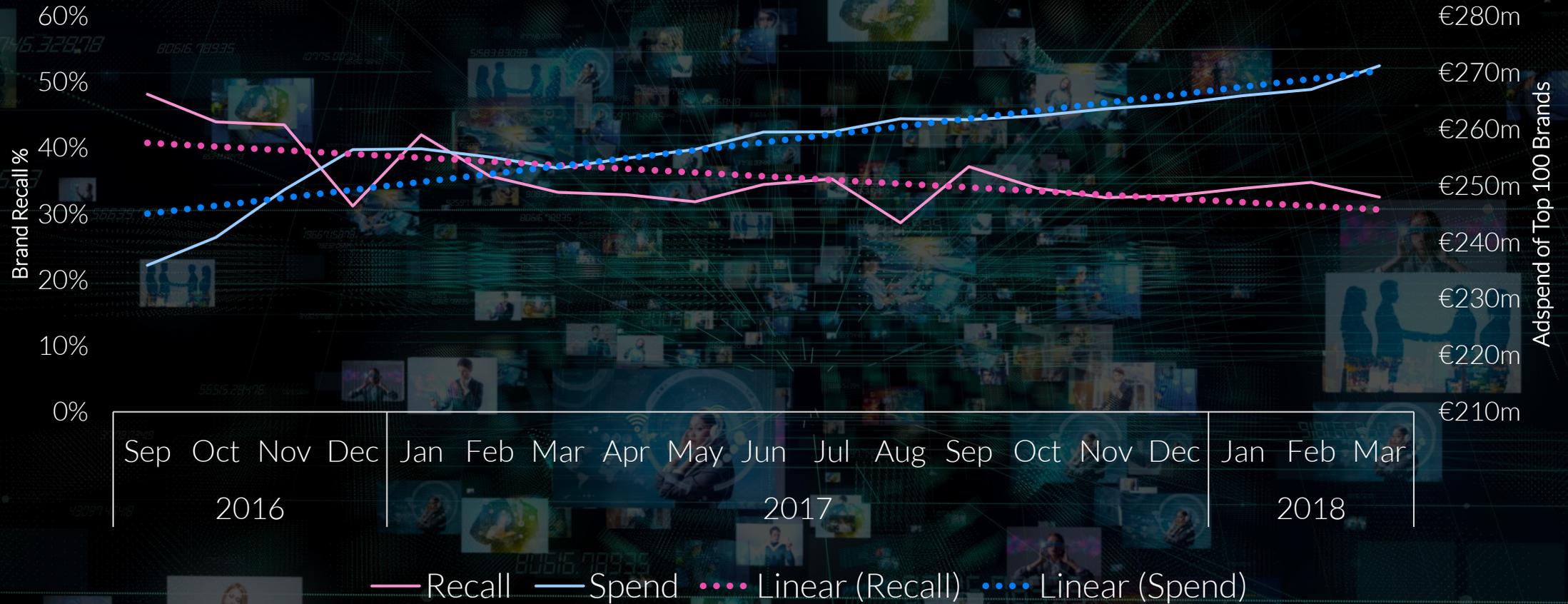
It's getting noisier

Number of Ads We See Every Week



Source: Ad Dynamix, Nielsen, Comscore, TGI, Core Data Aug 2018

“€ to memory” exchange rate falling



Source: Core analysis of Nielsen AdDynamix data (2018), Core Brand Image Monitor & Nielsen AdDynamix data (2018)

FOCUS ON BUILDING **DISTINCTIVE ASSETS**

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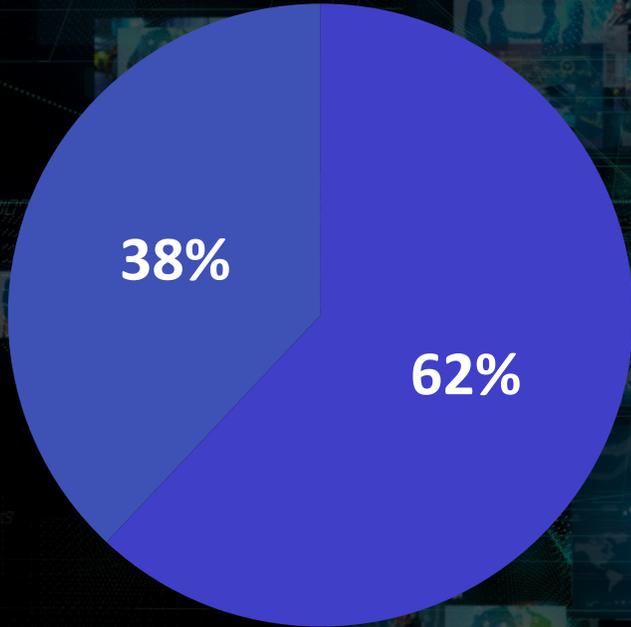


IGNORING THE EVIDENCE

Short-termism is
increasing

2

BEST PRACTICE



■ Long Term / Brand Building ■ Short Term / Activation

**SHORT-TERMISM
HAS INCREASED**

47% in 2018

from **43% in 2014**

3



TV STILL ON TOP,
FOR NOW

TV remains the
strongest brand-
building medium
for now



We expect that to
remain the case for the
next five years or so

Addressable TV...
too early to make
a huge difference



But the clear-cut
advantage is its ability to
target regionally

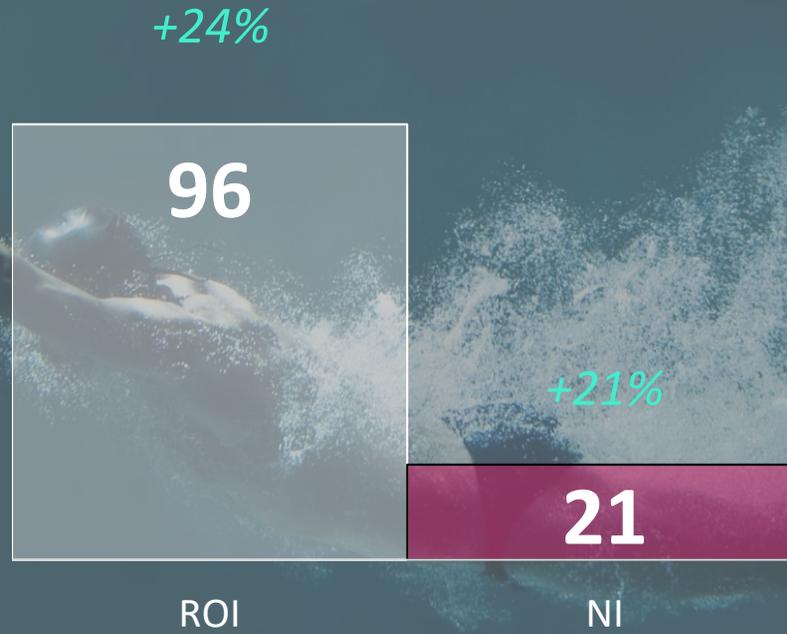
4

VOD

IN DEMAND

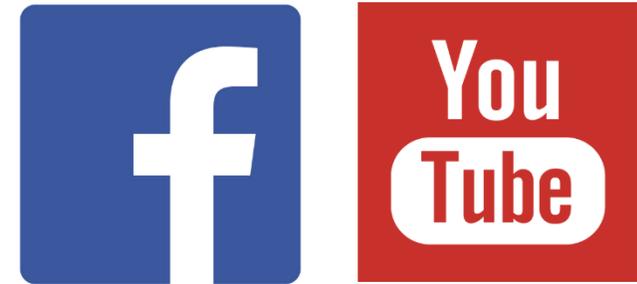
2019 FORECAST €M

V
O
D
INVESTMENT



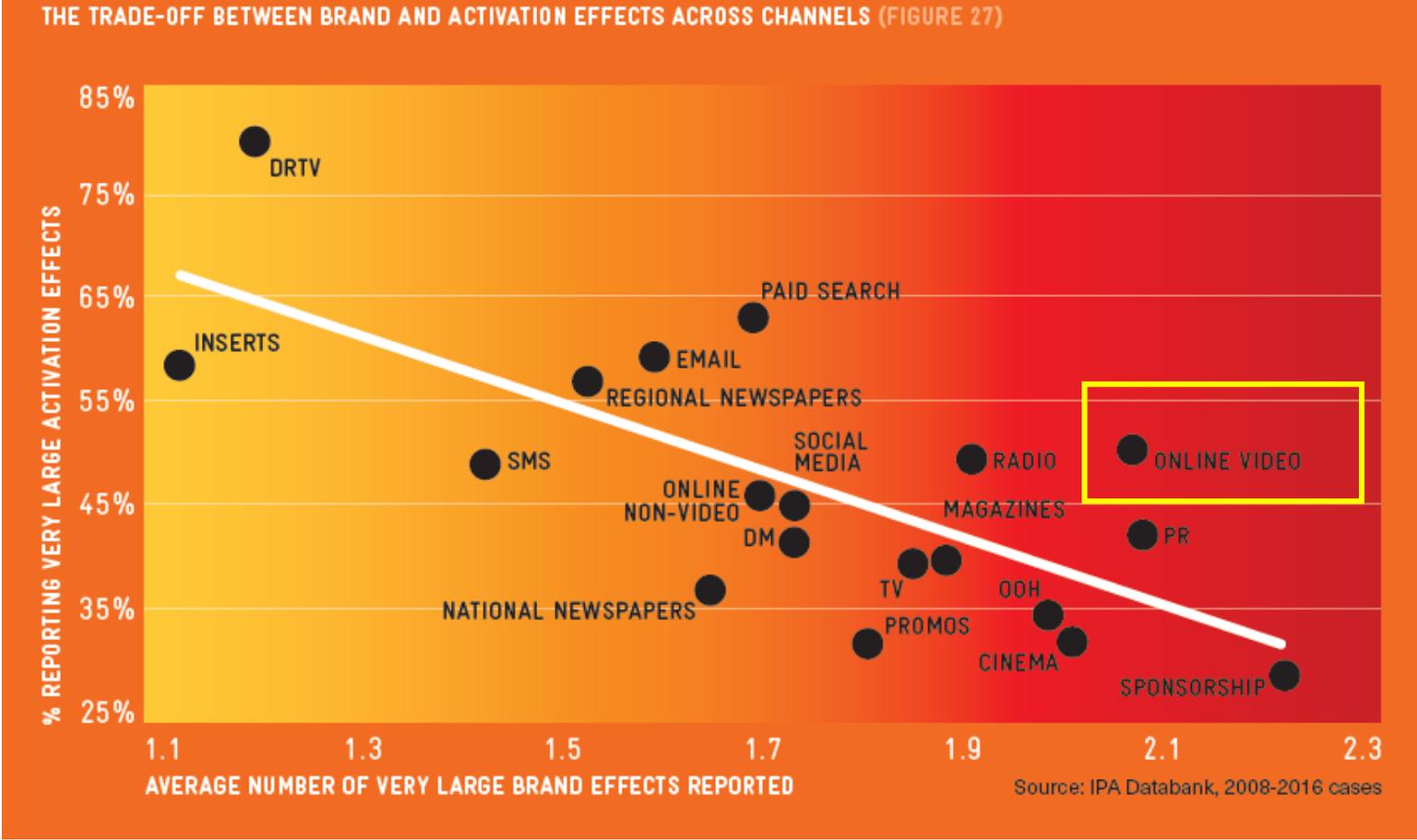
..of the additional **24%** VoD spend
forecast in 2019 of

+€18.3m



Will secure as much
as 2/3's of it

Online video is particularly good for brand building, just as TV is in the offline world.



5

BIG TECH'S
DOMINANCE



ROI 2018 Spend

€489m⁺

8.3%

NI 2018 Spend

€70m

+7.7%

73%

share of online market

SEARCH

Globally

Increased competition from Amazon has resulted

-29%

cost per click

Locally

With Amazon search not being available here

+increase

cost per click

SEARCH

Globally

Increased competition from Amazon has resulted

-29%

cost per click

Locally

With Amazon search not being available here

+increase

cost per click

Households with voice device

15%



A
TIPPING POINT
FOR OOH



6



Public health (alcohol) bill

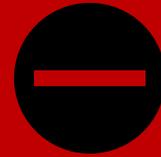
November 12th 2019



**PUBLIC
TRANSPORT**



**TRAIN AND BUS
STATIONS/SHELTERS**



**PUBLIC
PARKS**



**200M OF
SCHOOLS**



60%

of all panels disqualified

12%

of OOH spend in 2018



North Cider or South Cider?

BULMERS
VINTAGE CIDER

DOOH revenue share is expected to grow to

25% in both markets

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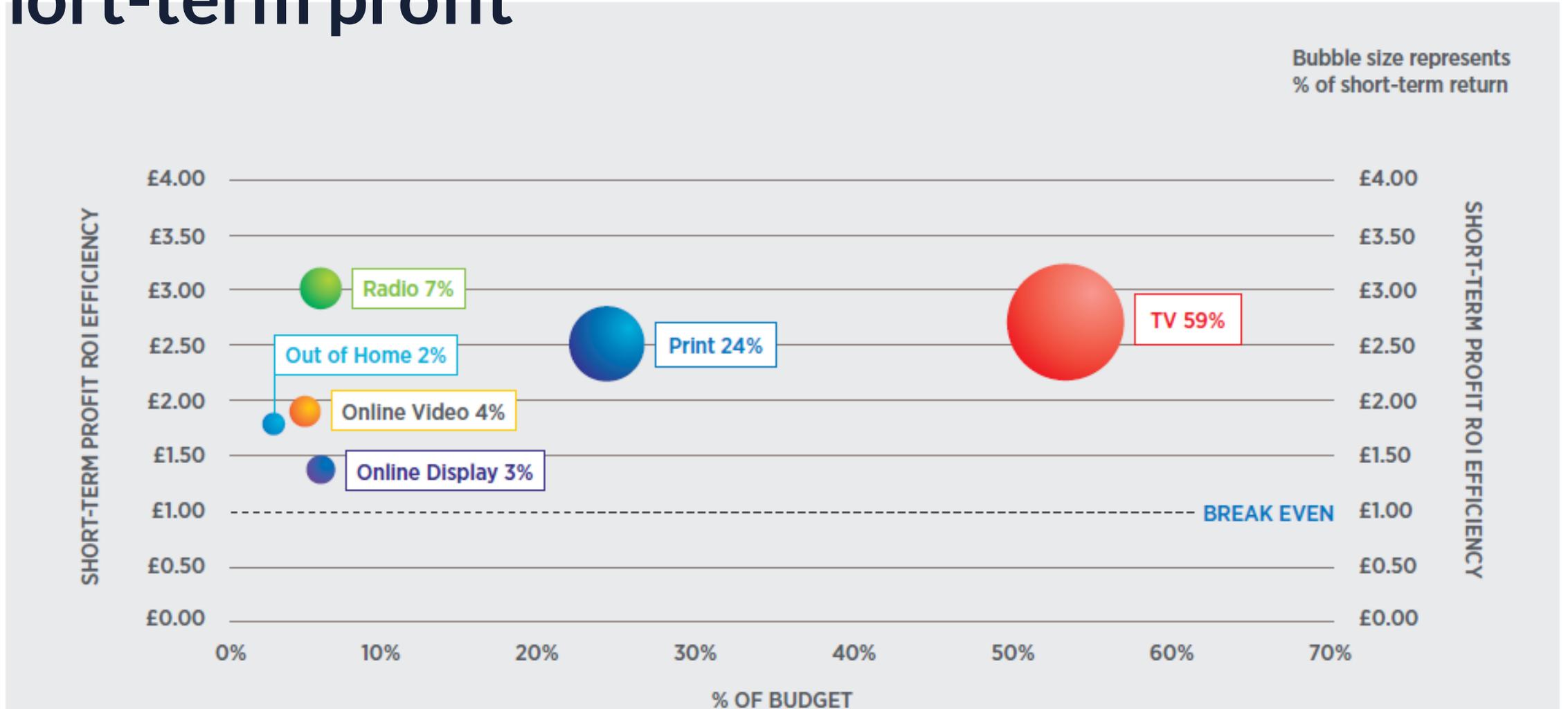
What are the takeaways for Retail?

Optimum balance for Retail is higher ...

64 : 36

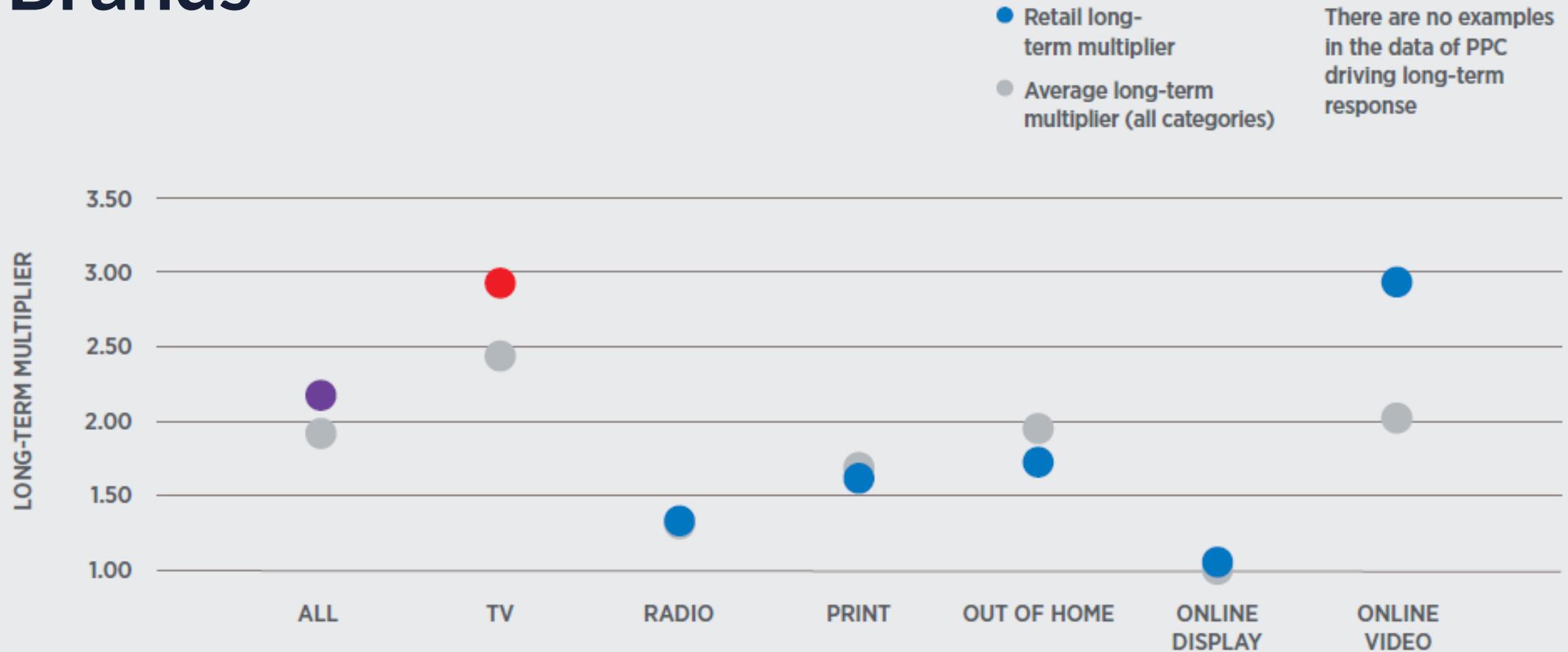
Brand v Activation

Radio, TV & Print are key to Retail Brands' short-term profit



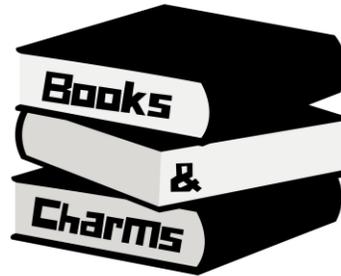
TV and Online Video deliver significantly higher long-term multipliers for Retail Brands

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Change in OOH presents opportunity for Retail

Subscription brands have 2x advantage in growing market share through advertising



As retail shifts to online, the importance of strong brands is growing.

But the crowded and competitive world of e-commerce is no place for the weak

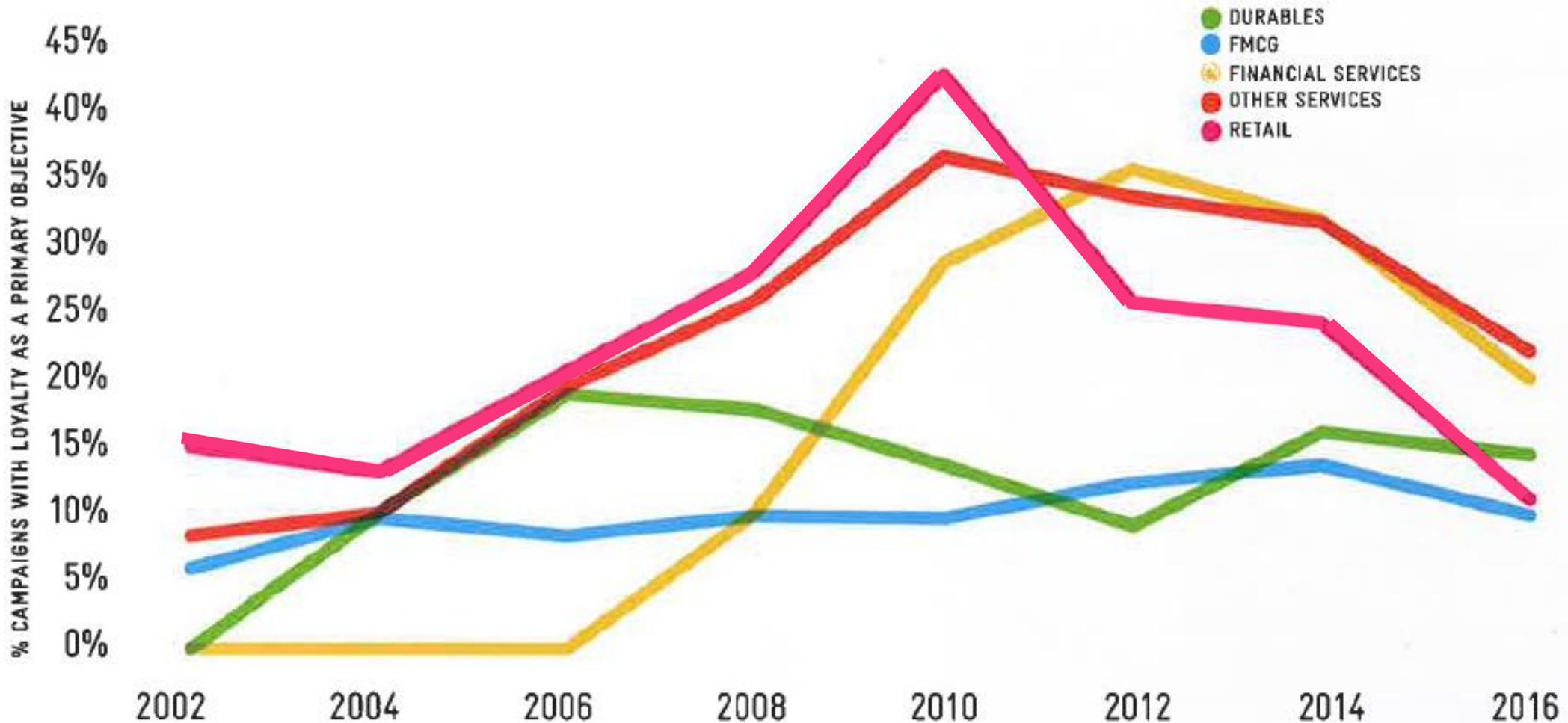
Binet and Field, Effectiveness in Context 2018

- ▶ Online Brands are even more dependent on penetration for growth and need broad targeting.
- ▶ The brand/activation split is high for online brands at **74:26**

**In retail, pure penetration strategies
drive the greatest growth ...**

... and the loyalty myth has finally begun to evaporate.

LOYALTY MARKETING HAS GROWN ACROSS ALL SECTORS EXCEPT RETAIL (FIGURE 112)



Questions



To give you an understanding of new trends in media, but to ground it in the latest marketing **science**.

The questions we have answered today...

What are the key facts every marketer should know?

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Thank you

