Addressing the misconception that ‘digital can’t do brand’

POWERED BY THE KITE FACTORY

THE KITE FACTORY

Quantitative, data, numbers, evidence, technology, AI, pixels, tracking, code, targeting, algorithms, systems, processes... If this is a word association exercise, what media channel would you connect these to? I'm going to safely presume digital.

Now how about if I said qualitative, descriptive, informative, storytelling, imaginative, visual, audio, connections, relationships...I'll also presume here you thought of perhaps TV.

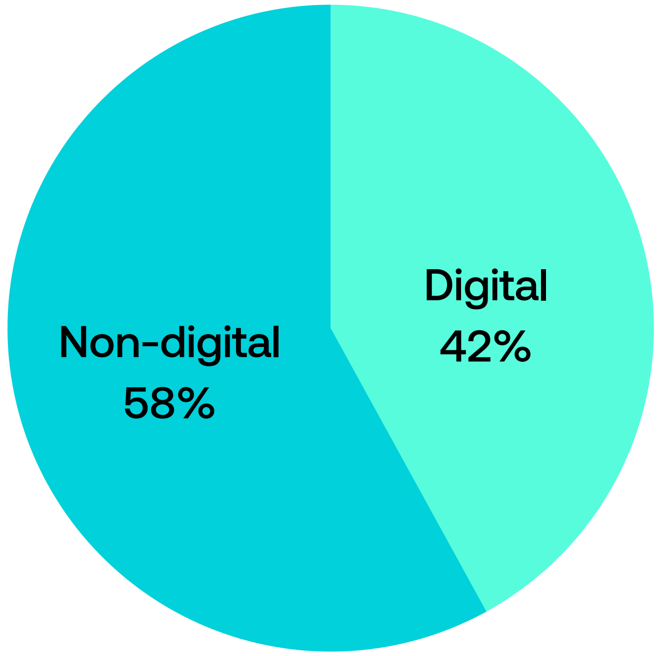
In both instances, you wouldn't be wrong, but why is it that digital overwhelmingly has the perception that it is hard-wired and overly structured vs the likes of TV, which feels more open and in touch with humans when they're both just displaying ads on a device with a screen? Traditionally offline is the adopted route for top-of-funnel campaigning. Given its efficiency at achieving mass reach (being a "one to many" medium compared to digital, which is a typical "one to one"), this article is not to take away from the many benefits that offline has and will continue to have for brand. The purpose is simply to show you that digital platforms can be just as much linked to the second batch of words as the first and should be considered a significant part of cross-channel brand planning.

HOW IS THE UK CONSUMING MEDIA?

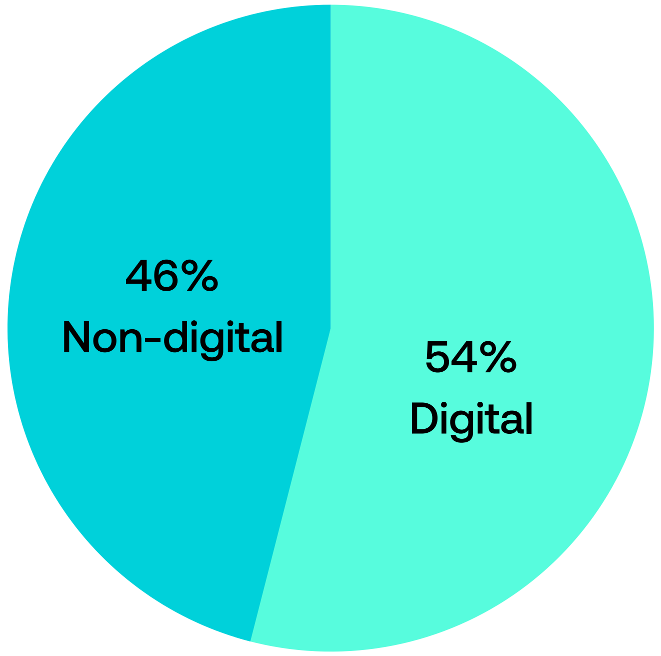
As reported in the IPA Making Sense 2022 report, the sheer growth that digital has seen is a testament to the potential the channel holds to expand the full funnel. In 2015 digital received 42% of all adult's commercial media timeshare vs offline's 58%.

However, the script completely flipped in 2021 post-lockdown, as digital's share came in at a staggering 54% and offline's reduced to 46%.

All adults commercial media time share:



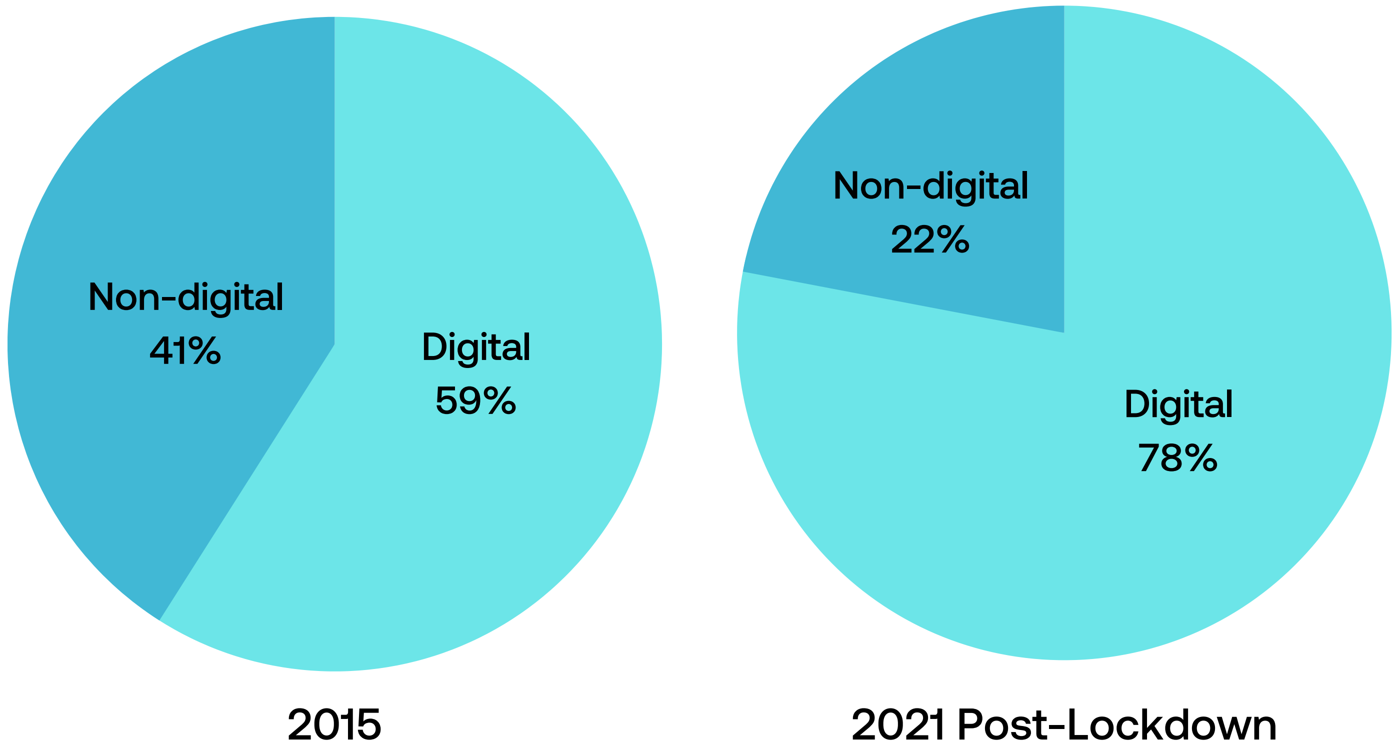
2015



2021 Post-Lockdown

The weighting was always this way around when looking at just 16–34-year-olds, but digital growth has still been significant here, increasing from 59% total media timeshare in 2015 to 78% in 2021.

16-34s commercial media time share



In fact, according to Meta IAB Upfronts, ‘Growth in the age of uncertainty’ latest webinar, internet advertising is racing towards 80% of total market spend. It is also the only medium that is expected to increase year on year over the upcoming decade, with all other channels seeing steady (longer-term) declines.

And this increase was indeed the case in Q2 2022. With total advertising growth being driven primarily by online formats, which rose by 9.3% to a total of £6.4bn out of the total ad spend of £8.6bn (this is a staggering 75.3% share – almost at Meta’s 80% prediction mark!); as reported in the Advertising Association/WARC’s October 2022 Expenditure Report. Therefore, as any media planner will know, the most important element of media channel selection is to go where your audience is. If digital exceeds more than 50% of all adult’s media timeshare, then that is a staple argument for it to have a fairly weighted place in your brand campaign.

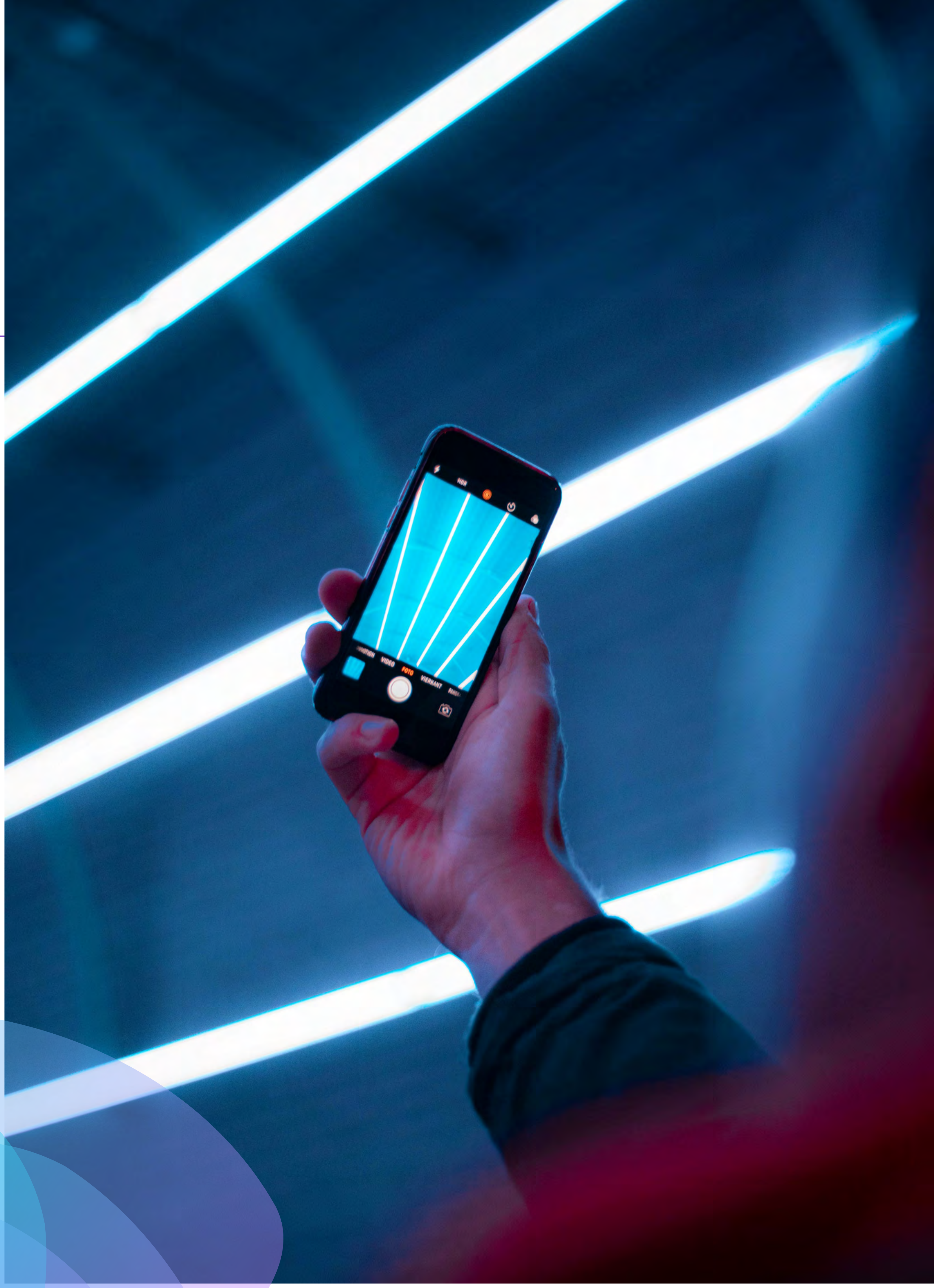
We must first acknowledge that online has not, as Meta puts it, “fully flexed its brand-building muscles”, given the sheer domination of direct response activations since 2000. And it is true that it was Search – the most efficient and commonly used bottom-funnel channel – that led the digital dominance in Q2 2022 (reporting a 10.8% change year on year vs general online display at 5.4%). Yet I think this is a good thing. For the first 22 years of this century, digital has proven its value at an accelerated rate, given it is the youngest media channel and has demonstrated it does work. Digital has laid solid foundations to prove it is only going to continue growing year on year, so why can’t this growth be with brand?

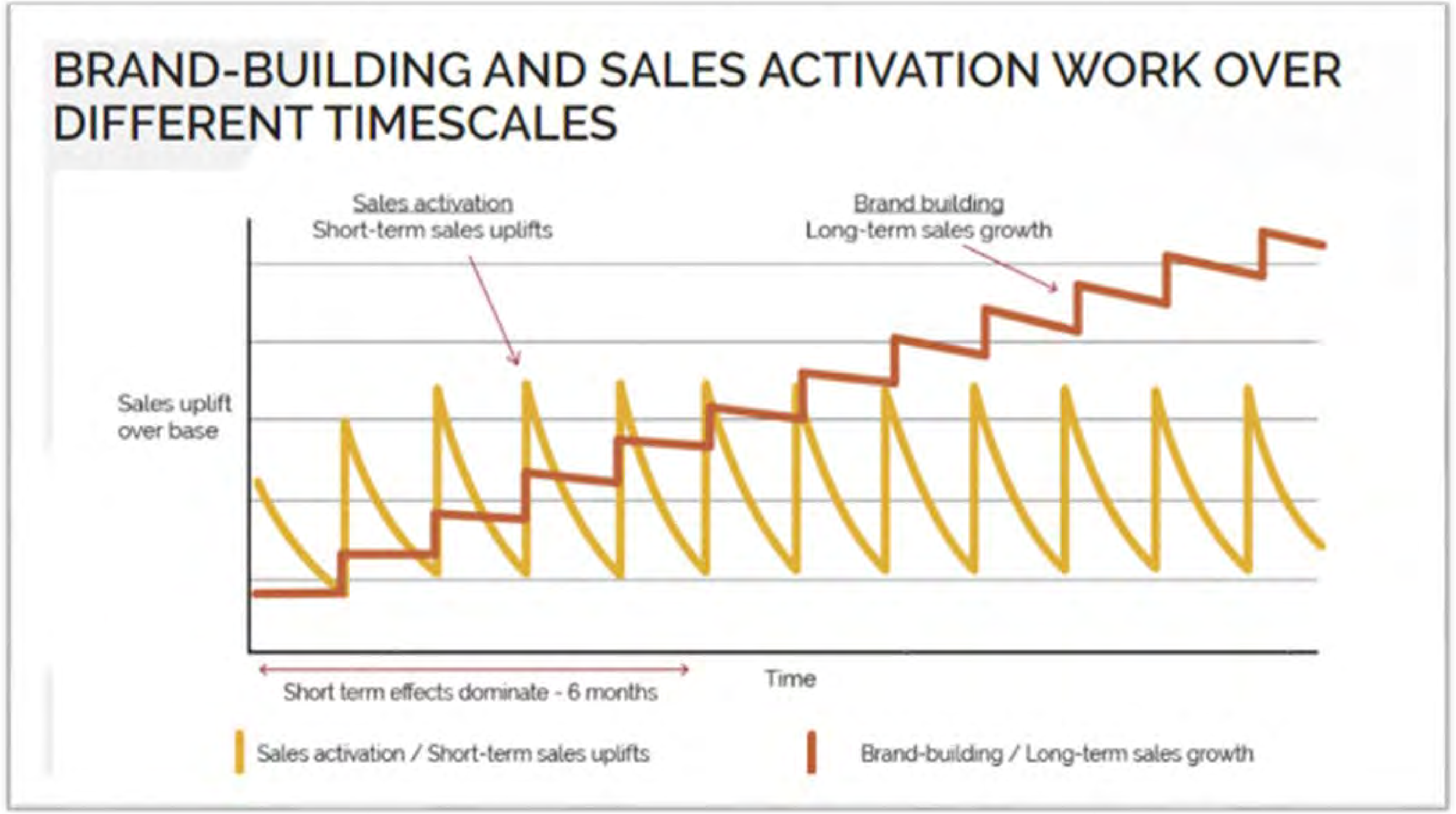
THE THEORY BEHIND BRAND MEDIA

Before getting into the specifics of digital and the benefits of using it for brand, it's important to understand the theory of why we should even be doing brand media. As outlined by Binet and Field, Media in Focus 2017, digital marketing communications should work in these two cores but very different ways (activation and brand), and the two should continuously work in synergy, enhancing each other over time.

The purpose of activation is to focus on efficiency, which is the measure of what is achieved per unit. This aspect of the budget exploits mental brand equity, generates those immediate gains, and is tightly targeted, short-term and centred around persuasive messages. Brand building, however, focuses on effectiveness, which is the measure of the scale of effect that looks at a wider view. This aspect of the budget creates the mental brand equity, influences future gains, is broadly targeted, long-term and centres around emotional priming.

So, two very different and very distinct roles that work over different timescales and should therefore be assessed accordingly. For instance, it is very easy to overdo short-term activation measures if a business over-values short-term results (which most industries are guilty of – monthly targets are a very real thing!). The brand effects are only apparent over a longer-term view, and as demonstrated in the graph below, the short-term effects are what initially dominate. Without these, there simply wouldn't be a brand to grow over the long term, but over time it is the long-term sales growth that is driven by brand building. It's simple heuristics, and really, if we want digital to convert for those everyday, fast, unconscious decisions, we need digital to also build those complex, conscious and slower decisions too.





An example of this is from a recent YouTube campaign we ran alongside a brand lift study that reported an ad recall lift of 4.5% – based on the volume of unique users, this equated to 29.3k users reporting a recall. The consideration lift was 2.8%, which, based on the scale of the campaign, suggested an additional 59k users were lifted. These types of insights were particularly useful for modelling out bottom-line impacts over time. Based on an estimated 10% conversion rate amongst the lifted users within activation, we found this brand activity had the potential to drive an additional 1.2M in revenue (when applying this lift and rate to an ongoing 6-month period).

So, if you are looking at the longer-term view, would your digital budget priorities change? If you were truly planning for your brand's growth over, say, a five-year period, would you make a different decision now or continue to prioritise only short-term gains? And to link back to our earlier stats, now you know that digital dominates adult's media timeshare, does this influence your decision on what channels should be supporting the brand building arm?

We should also look at the 60/40 rule when assessing the theory, which states that all brands should spend 60% of their marketing budgets on brand building and 40% on activation for maximum effectiveness. The weighting of this rule in favour of brand prioritisation shows just how key it is in marketing comms, and it can also be looked at on an individual channel basis too, depending on the campaign size. (Note, this % split does vary across sectors, for instance, the rule is 56% brand and 44% activation in the Not-for-Profit sector, and it also weighs differently depending on the product being high or low consideration). As also outlined in The Anatomy of Effectiveness 2022 by WARC, brands should prioritise penetration – penetration meaning finding buyers for a brand – which is often more effective than focusing on heavy or regular buyers only. If you find yourself wondering, well, that's a huge chunk of my budget, and I don't understand what this looks like in digital? Think video/on demand, display, audio, partnerships, programmatic OOH and high-impact or interactive activations, to name a few, whilst the 40% in digital is spent on static and search activations – as you can see, the options are actually far more abundant for brand buying.

With the above in practice, brands should expect to see growth in the following areas, which are strong indicators that they're effectively connecting the short with the long term:

- Brand consideration: The consumers predisposition towards the brand.
- Brand equity: The commercial value that derives from consumer perception of the brand name, rather than the product itself.
- Brand perception/meaning: The consumers feelings, experiences and thoughts about a brand.
- Brand affinity: The likelihood that a consumer will stick with a brand and have a higher lifetime value.
- Brand penetration: Increase of the brands total market share.
- Distinctiveness/differentiation: Allowing the brand to stand out with impact so that consumers can easily identify and recall the brand.

As Binet and Field state, "excessive activation is inefficient (without brand equity, it can be wasted) and under-investment in the brand can lead to a decline" therefore, we should consider how a lack of digital brand might impact the efficiency of digital activation.

WHY DIGITAL?

Now, there are a number of arguments that demonstrate why digital is not just suitable for Brand campaigns, but is actually a perfect medium to deploy them:

1. COST-EFFICIENCY: MAXIMISING REACH AGAINST YOUR TARGET AUDIENCES

How digital can achieve this:

Digital is a very affordable channel for audience reach. With no minimum spend requirements on self-serve platforms and CPMs that often range around £1 - £3 for social and display upper-funnel campaigns.

How this compares to offline:

Whilst DRTV CPTs range around the £2.50-£3.50 mark, brand spots tend to come in a fair amount higher as prices are revenue and impact tolerant. We would also expect this higher pricing for other offline mediums.

Important considerations:

Whilst self-serve platform CPMs on digital will be low, you will expect to pay a premium for higher viewability and higher impact formats, placements, or managed service activations. So digital is more cost-efficient for the easier-to-activate, ongoing 'BAU' channels but sits on par/is comparable with TV for more premium activations.

2. SELECTION OF KPI GOALS: OPTIMISING TOWARDS VALUABLE OUTCOMES

How digital can achieve this:

Digital allows you to buy on a KPI model that makes sense for your campaign and stage of the funnel. This ensures algorithms are adjusted to seek out valuable actions at a cost-efficient rate, and optimisations are dynamically applied to achieve these results. For example, cost per engagement, cost per view, and cost per reach.

How this compares to offline:

Whilst offline is very efficient at buying against mass audiences and achieving reach goals at scale, it lacks the range of buying model varieties that online offers.

Important considerations:

Having said this, media planners must ensure that digital brand is not just activating a few cost-per-engagement campaigns here and there. As Goodhart's Law states, "when a measure becomes a target, it ceases to be a good measure" – if we simply invest in buying against an obvious brand KPI all we will do is switch the platform's algorithm to seek out users who typically display these behaviours. Brand metrics that are important must also be measured across a range of above-the-line activations and campaign comms to get a true understanding of audience perception. For instance, short-term brand lift studies are particularly useful here, and longer-term media mix modelling to assess overall media impacts or tools such as YouGov for broader awareness tracking.

3. ATTENTION IS EASIER TO MEASURE: WHAT'S THE USE IN A BRAND CAMPAIGN IF NO ONE'S LOOKING AT IT?

How digital can achieve this:

As a user scrolls or browses on their device, we can say with higher confidence that they are physically looking at the ad or it at least comes into view. Digital is also efficient at capturing users whilst browsing and, therefore, in a potentially higher receptive mindset. Contextual alignment ensures a campaign is placed in relevant spaces, and dynamic triggers ensure campaigns are delivered when suitable (for example, during less busy times of the day, such as non-working hours).

How this compares to offline:

We can't measure that a user watching TV, listening to the radio, passing by an OOH ad, or receiving a door drop is paying any attention to the ad. We are, after all, a generation of dual-screeners glued to our mobile phones!

Important considerations:

Viewability doesn't necessarily equate to attention, and they cannot be measured in the same way. Whilst attention is a measurable metric and will continue to increase in importance; it is a relatively new technological advance compared to viewability. Viewability industry benchmarks are also never going to reach 100% as a standard (currently, around 33.33% of ads on average are going unseen by consumers in certain digital environments), whereas it can be argued that an offline ad guarantees 100% viewability should the consumer be looking at it. In addition, receptiveness is subjective – i.e., a user on TikTok is likely to be less so here vs reading an article on a news website that your ad contextually aligns with.

4. SOPHISTICATED AUDIENCE SEGMENTATION: THE GRANULARITY OF TARGETING AVAILABLE

How digital can achieve this:

Digital offers the sophistication of structured audience building, seamless first-party pixel and CRM integration, contextual alignment, third-party data plug-ins, demographic/location data and vast interest segments on platforms, to name a few.

How this compares to offline:

Offline steers towards broader audience segments but also offers valuable segmentations such as contextual, demographic/location and interests etc.

Important considerations:

Arguably, audience segmentation is not the route to go down for broad-scale brand campaigns. However, it is important to build frequency for long-term consideration building and for brands to achieve differentiation, which digital facilitates very well. Broad targeting is also a thing on digital and is still the recommended option for most upper-funnel campaigns!

5. CREATIVE RANGE: IT'S VAST!

How digital can achieve this:

The sheer growth of digital platforms and the variety of formats that the channel offers demonstrates the capability to suit all types of campaign comms – whether that be a static, video, expandable/interactive unit, half-screen, full-screen etc., the channel offers the creative freedom to enhance any brand campaign message.

How this compares to offline:

Offline does offer high-impact creativity on a huge scale (think cinema placements, bus/tube station wraps, 90-second TV spots, press takeovers etc.), which makes offline exciting in the creative space. However, these often come at a much higher premium cost than an online website takeover, for example.

Important considerations:

Creative needs to be tailored to digital specifically and the platform it is running on. For instance, we can't just add our TV ad to YouTube or use our Instagram in-feed ad on TikTok. The ads we deploy on each platform must be customised against the specific platform requirements to ensure optimum success.

6. BESPOKE USER JOURNEYS: PERSONALISATION IS KING!

How digital can achieve this:

Digital can build journeys based on who we are targeting, where or how, and A/B test routes to inform future tactics and take users on an ongoing journey with a brand. Enabling this personalisation ensures brands are more in touch with their audiences and understand what they are looking for. As stated in the third annual State of Personalisation Report 2022, 62% of consumers now expect this (saying that a brand may lose their loyalty without this), and 49% would become repeat buyers if personalisation is offered. Digital is also the one channel that can instantly open direct communication with audiences which enables the channel to be personable (i.e., interacting with user comments/tweets).

How this compares to offline:

Offline has some capability for personalisation, for example, different QR codes on OOH vs Press ads, but it is far harder to control and tailor here.

Important considerations:

It is debatable whether this is a necessary route for the stage of the funnel brand sits in and is instead more valuable when pushing users to convert. Whilst that may be the case, it again links to the point regarding frequency and ongoing brand building – it is not a one-time job, and brands cannot keep saying “hello, nice to meet you” to users if the users already know them!

7. INTEGRATION WITH OESP: DIGITAL CAN SEAMLESSLY TAP INTO ALL

How Digital can achieve this:

Digital easily connects with other comms from the brand and can maximise these efforts further. For example, boosting online following for brand-owned accounts, generating or enhancing user-generated content for earned or extending the reach of an offline/organic partnership for shared.

How this compares to Offline:

Offline can also integrate with OESP, but it is much harder to be reactive here.

Important considerations:

Owned, earned and shared should be assessed on a case-by-case basis to determine the right Paid route to support – it may be offline alone, digital alone or a combination of both is the most suitable.

HERE'S THAT WORD AGAIN… COOKIES!

Further to being suitable, more brand focused activity on digital is simply becoming necessary in the changing landscape. I'm sure you've seen us at The Kite Factory speak on the topic of diminishing third-party cookies through various other articles and papers, or you may have even attended our New Era of Measurement event (you can watch back our panels here). Despite the removal of cookies by Google being as far as 2024 H2, we encourage brands not to ignore or deprioritise this very real change as we are already seeing the effects of this gradual diminish today. This is following various rollouts, such as Firefox and Safari already blocking third-party cookies (as one of our most trusted Programmatic partners Quantcast has analysed, at least 50% of consumers are already browsing in cookieless environments...gulp!). iOS14 is also seeing a huge rate of people opt out of app tracking, which directly impacts retargeting efficiencies.

The increased focus on GDPR and online privacy laws will only continue to be a dominating focus of digital policy. Therefore, we must accept that 100% trackable activation activity will not be a reality in the long term. But, of course, just because we won't see it in an attributional sense is not to say the conversions will not be happening. It simply poses the issue that reporting will become harder, meaning it will be difficult to obtain a true view of the channel's performance and assess its overall contribution to the business's revenue.

Therefore, digital needs to adapt to the industry's real challenges and establish another role alongside sole acquisition. We also know that increased branding online only amplifies bottom-funnel efficiencies (note the YouTube case study example above), which means we continue to make our overall budgets work towards a shared goal of short-term targets. More awareness means more people to site/engaging, which increases the rate of opt-ins and therefore builds our retargeting pools for conversion and makes direct response strategies like paid search work harder.

AND WE CAN'T IGNORE THE COST-OF-LIVING CRISIS IN ANY OF OUR MEDIA PLANNING

Finally, consideration will be key as we head into an unsettling 2023. As we face difficult economic times and the rising cost of living, consumers will be more wary of their spending than ever. It's simply not enough to serve a static ad asking for someone to 'click here and convert'. Users want to know why they should, what the benefits of making that conversion are, and who the brand is asking them to convert (and for charities, what that donation has done). Consumers increasingly want to see a story and building trust needs to be a focal point for all brands, which isn't possible through activation comms alone. Furthermore, brands need to position themselves to be front of mind for consumers when the economy begins to settle again – brands should set themselves up to reap the benefits and capitalise when there is higher spending propensity again.

DIGITAL BRAND SPEND AT THE KITE FACTORY

With all this being said, looking at our clients who spend on digital at The Kite Factory, I am not surprised to see that we remain weighted towards activation spends. Looking at 2021 figures, 81% of total digital spending was on activation vs 19% on brand, and in 2022 (Q1 – Q3), the split has been 73% activation vs 27% brand. Bringing in Q4 planned figures for the remainder of 2022 analysis, we expect 80% activation vs 20% brand in this quarter, which means in total, for 2022, we are looking at 75% activation vs 25% brand. This is a 6% year-on-year increase for digital brand overall at The Kite Factory, which, whilst the figures may seem small, there is a clear progression here.

Given our clients' nature and marketing objectives, I don't ever expect the split to be as drastic as the 60/40 theory on just digital alone. At The Kite Factory, we plan holistically with offline to ensure we are reaping the benefits of cross-channel executions. So we would strive towards this split at an overall level whilst ensuring digital is contributing to a fair portion of that 60% share.

TO CONCLUDE...

Ultimately, ensuring brand growth in digital requires a shift in mindset. For the last two decades, we have been programmed (no pun intended) to see the channel as a direct response solution only, that 'this is where the numbers sit', and we should leave all the fancy visual executions to big OOH and TV placements. It requires an acceptance that 'results' will not be immediate, so total buy-in and understanding of this from all levels of the business (including CEOs and finance directors) is imperative.

We can appreciate that this is a hard ask for brands when facing an economic crisis. However, in a classic case of catch-22, if brands want to futureproof their businesses and grow online conversion rates truly, the investment is required now. Now, this is not to say that all budgets should move to brand as, of course, digital will continue to play its required role in activation, but it is about understanding the synergy that needs to be built between the two arms on an ongoing basis.

If you made it to the end of my (hopefully) persuasive article on why digital is suitable for the whole funnel, I'd love to hear your thoughts. And if you are one of our clients, I challenge you to move away from your activation safety net – brief our wonderful digital team with a bigger portion of your upcoming brand budget, and see what we can do with it!

By Simi Gill, Digital Account Director