

***Effectiveness in the Digital Age* report indicates renewed focus on reach will drive sales**

Warc has released its trend report *Effectiveness in the Digital Age*, indicating that marketing effectiveness in the digital age requires striking the right balance between close targeting and mass reach.



David Tiltman

David Tiltman, head of content at Warc, says, “The decision by Procter & Gamble last year to cut back on targeted advertising on Facebook has led to an ‘intellectual battle’ with media owners - both traditional and digital - engaged in a race to prove how effective their channels are in driving business outcomes and how best to combine channels.

“The big-picture issue is close targeting (particularly via digital channels) versus mass reach - and a number of FMCG brands have concluded that a renewed focus on reach will drive sales growth. With budgets under ongoing pressure, more studies along these lines can be expected in 2017.”

“At a time when businesses are talking about ‘digital transformation’, marketers are ideally placed to engage with customers in new ways across emerging touchpoints in a more informed manner,” adds Jason Warnes, digital marketing partner, Deloitte Digital.

Key insights

1. Major FMCG advertisers are pulling back from granular targeting: In August, Procter & Gamble’s chief brand officer, Marc Pritchard publically questioned the value of close targeting of audiences on Facebook. In doing so, he

cast doubt on one of digital's key benefits over so-called traditional media - the ability to target more closely - and resurfaced the industry debate on close targeting versus reach.

2. Short-termism weakens links between creativity and effectiveness: Research by marketing consultant Peter Field, based on data from the IPA, a UK ad agency association, and The Gunn Report, a ranking of creative advertising, found that short-termism and pressure on budgets are weakening creative effectiveness. The shift of budget into digital media, where short-term metrics are common, has exacerbated this shift. In short, the impact of highly creative work has halved since 2011 because of these forces.

3. However, digital platforms are making TV more effective: A further study by Peter Field and Les Binet of adam&eveDDB suggests that digital platforms can be used to make so-called 'traditional' media more powerful than they used to be. They do so in two ways. They provide additional reach for video content by, for example, combining TV with online video. They also provide a wide range of activation channels that can complement the long-term brand-building efforts of other channels.

4. Digital has a 'reach ceiling' and is most effective supporting TV: Research by Nielsen confirms that TV remains the biggest single driver of reach, ahead of digital platforms. Brands currently investing in TV who want to maintain reach are advised not to go digital-only; doing so may mean they hit a 'reach-ceiling'. However, digital does add an average incremental reach to a TV campaign of 4.4%. The research also suggested that mobile is now performing on a par with or better than desktop at delivering impressions to an intended audience.

5. Mainstream channels are fighting back in the effectiveness 'arms race': Industry bodies representing several mainstream media channels have released a number of in-depth studies supporting the effectiveness credentials of those channels. For example, a UK report on radio, by trade body Radiocentre, claimed that the channel delivered a 7:1 return on investment and that one of the key benefits of radio is its ability to extend the reach of brand campaigns. Separate research by trade body Newsworks concluded that advertising in newspapers makes TV twice as effective and online display four times as effective.

6. Social sites are starting to focus on business outcomes: Facebook has openly criticised some of the measures marketers are using on the social site (and, by extension, other social platforms). It is focusing on research that links advertising exposure on Facebook to sales increases.

Effectiveness in the Digital Age is one of six key trends featured in Warc's Toolkit 2017. The annual report, produced in association with Deloitte Digital, brings together the best of Warc's content over the past year - the latest ideas, research and examples.

A Warc webinar on Effectiveness in the Digital Age will take place on Wednesday 22 February. Attendees may register [here](#) to listen. For more information, go to www.warc.com.

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