

**EFFWORKS** **IPA**

**GLOBAL**

**2022**



**What does the pandemic  
teach us about**

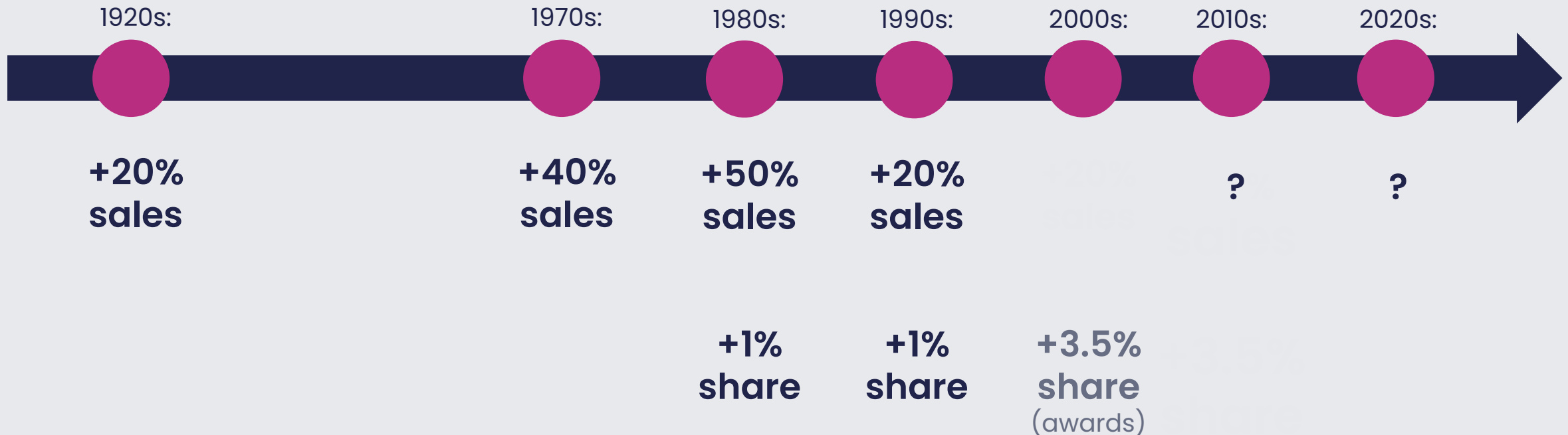
**effective advertising in  
uncertain times?**

**October 2022**

# The evidence base is conclusive but out of date

In old recessions, businesses that kept advertising outperformed those that stopped

Sales and share for those that kept  
advertising vs. those that stopped  
(academic studies)



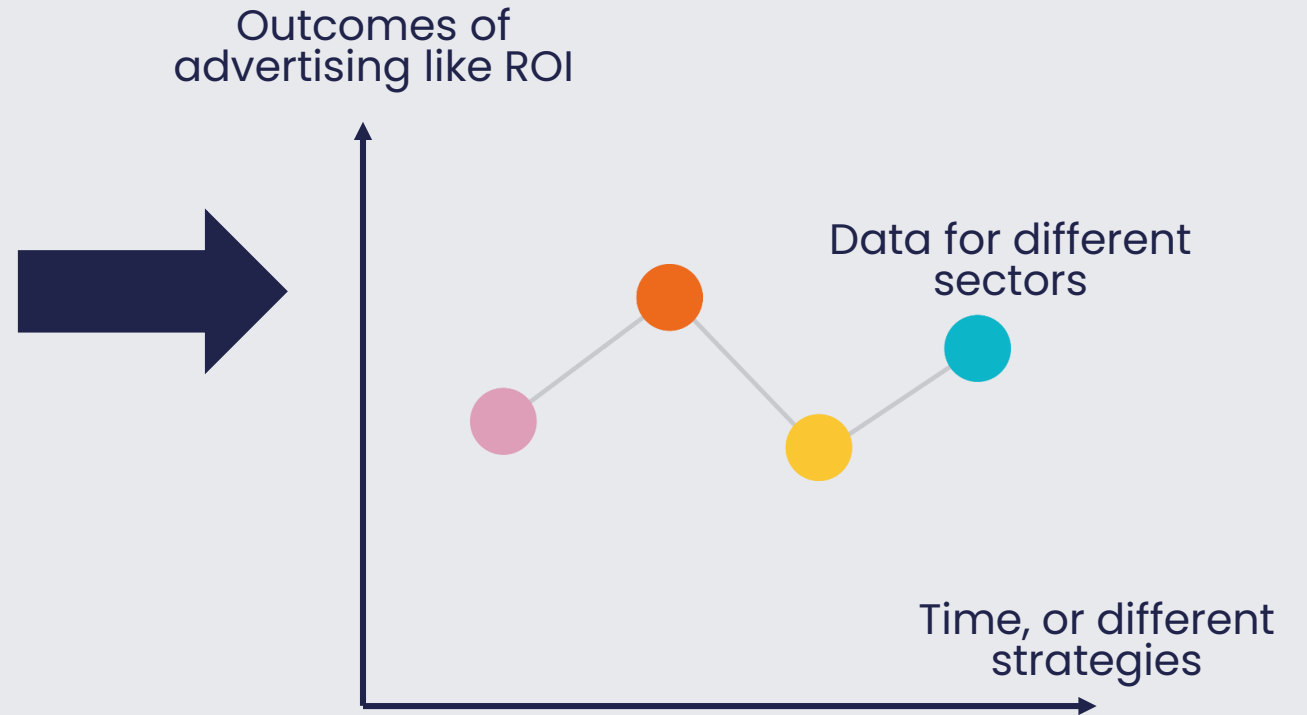
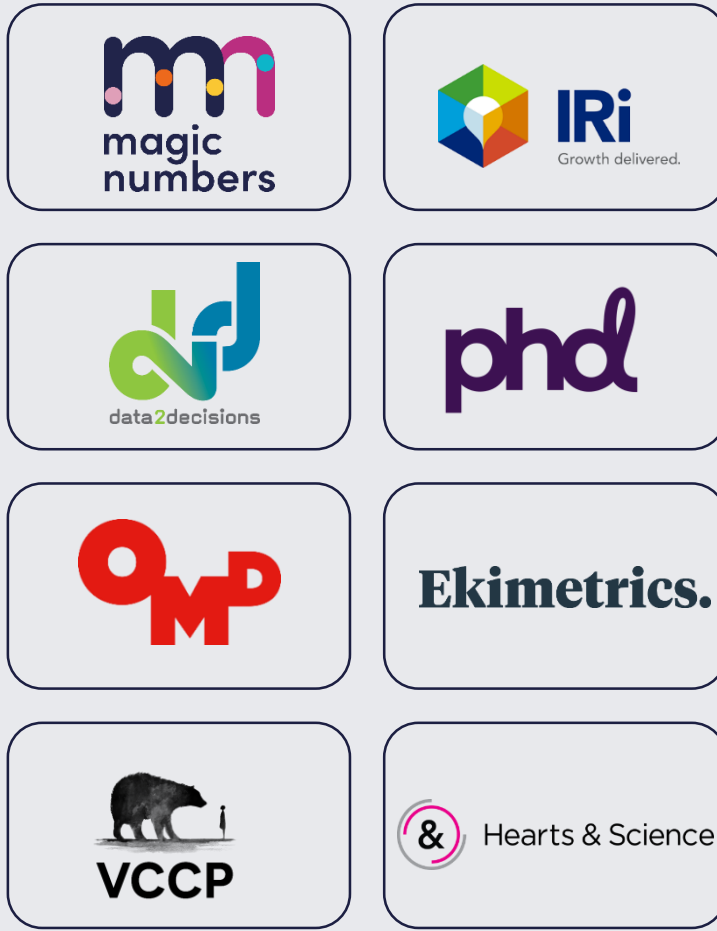
And there's a problem....

**it's the same  
advice for every  
business**

whatever their situation

# Advertising research community – ARC – database

Findings of gold-standard effectiveness evaluations using econometrics



These wise people contributed their thoughts and interrogated the findings

They also told us their experiences, the stories behind the data



Steve Taylor  
VCCP media



Matt Andrew  
Ekimetrics



David Wright  
IRI



Sally Dickerson  
OMG



Sarah Stallwood  
magic numbers



Stuart Heppenstall  
D2D



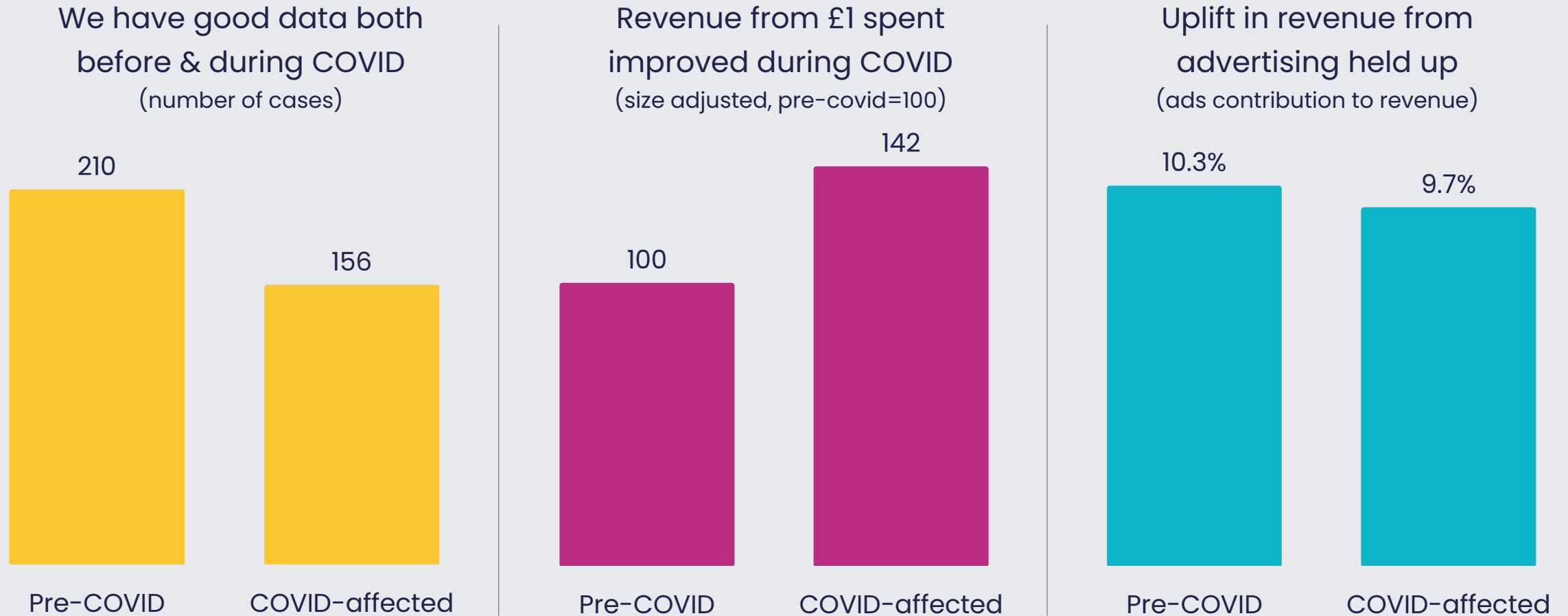
Paul Dyson  
Accelero



Charles Cleasby  
magic numbers

# ARC's sample in COVID consists of businesses that are surviving and/or thriving

They didn't pull their advertising or measurement, and their results were solid



COVID-affected: Econometrics sample included 2020 or 2021  
Pre-COVID: Econometrics covers 2015-2019

**So, what did they do to  
survive and thrive?**  
and how was it different  
**depending on the context?**

The old  
lessons  
apply

It's a time for  
evolution &  
experiments

It matters where  
your sector is  
headed

What it all  
means for you  
in 2023



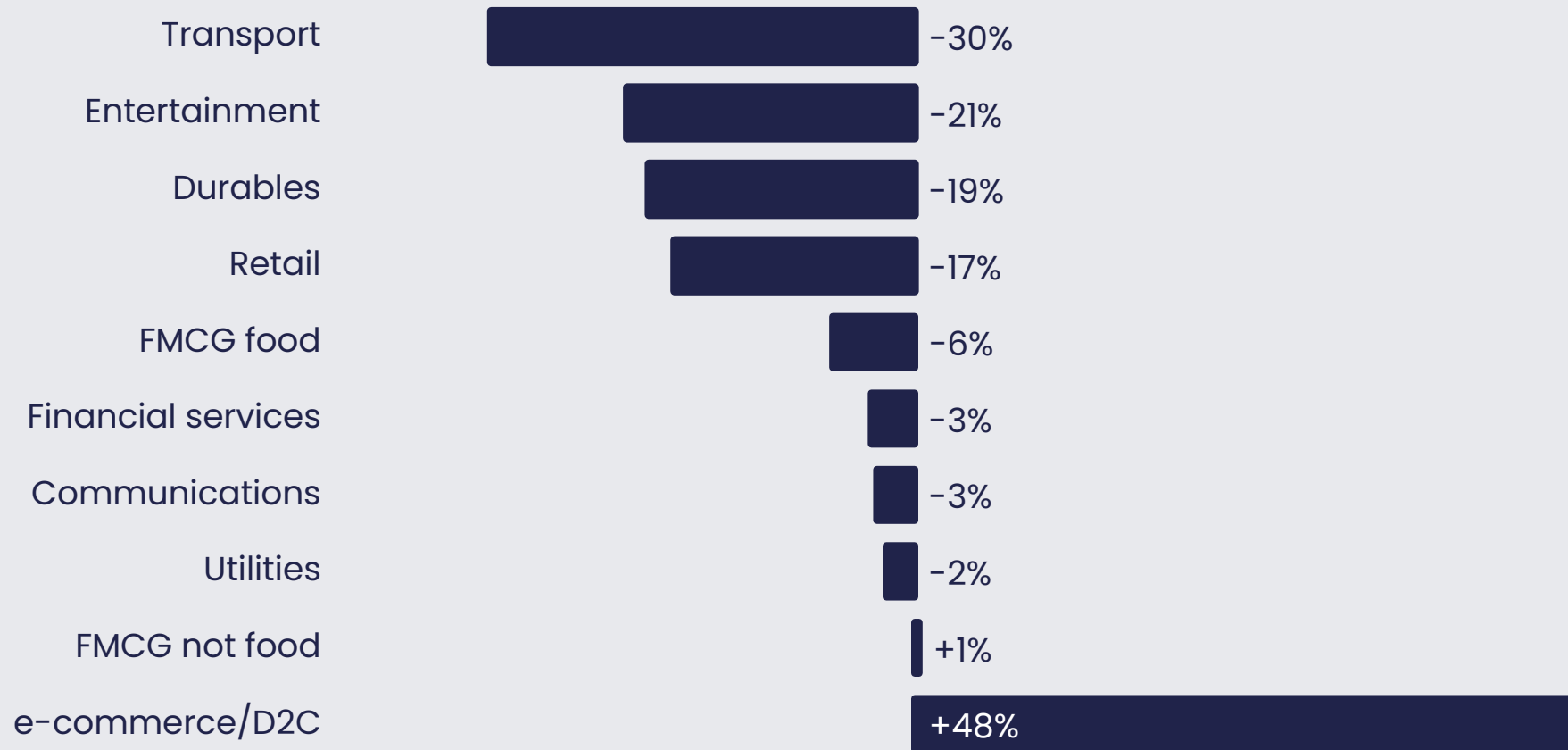
The old lessons apply



# Explainer: recessions affect some sectors more than others

During COVID some sectors struggled, some were broadly unaffected, others even benefitted

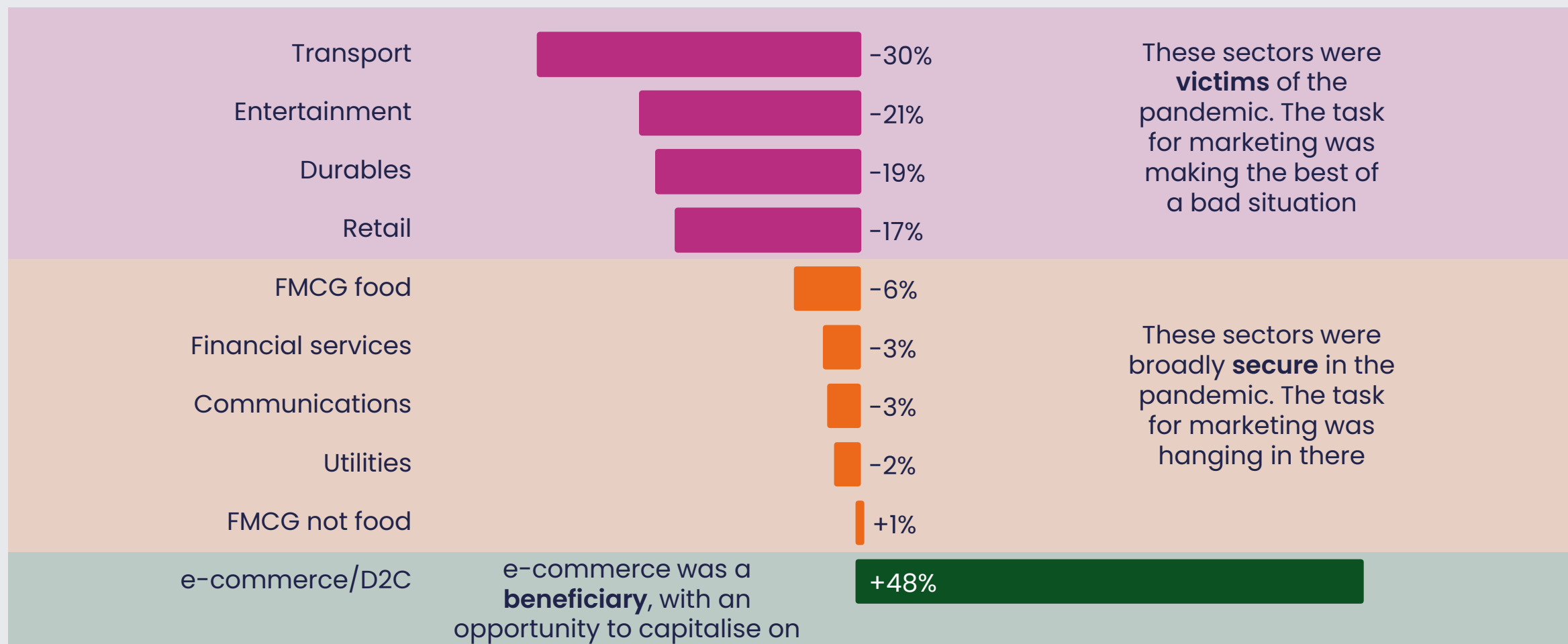
Change in whole-UK output by sector, 2020 vs 2019  
(Office for National Statistics)



# Explainer: We classified sectors into victims, secure, and beneficiaries

The task for marketing is different in each of these contexts

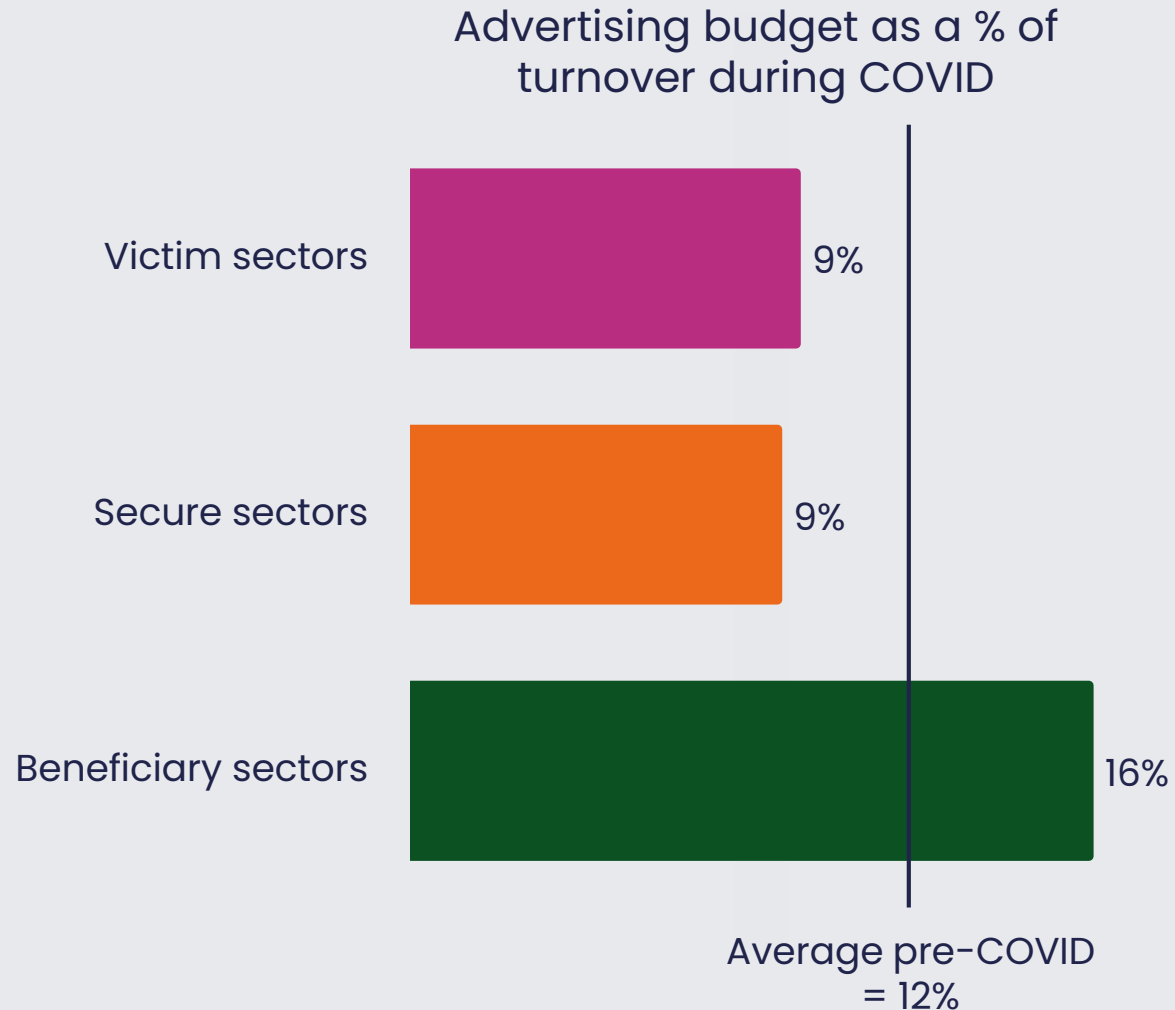
Change in whole-UK output by sector, 2020 vs 2019





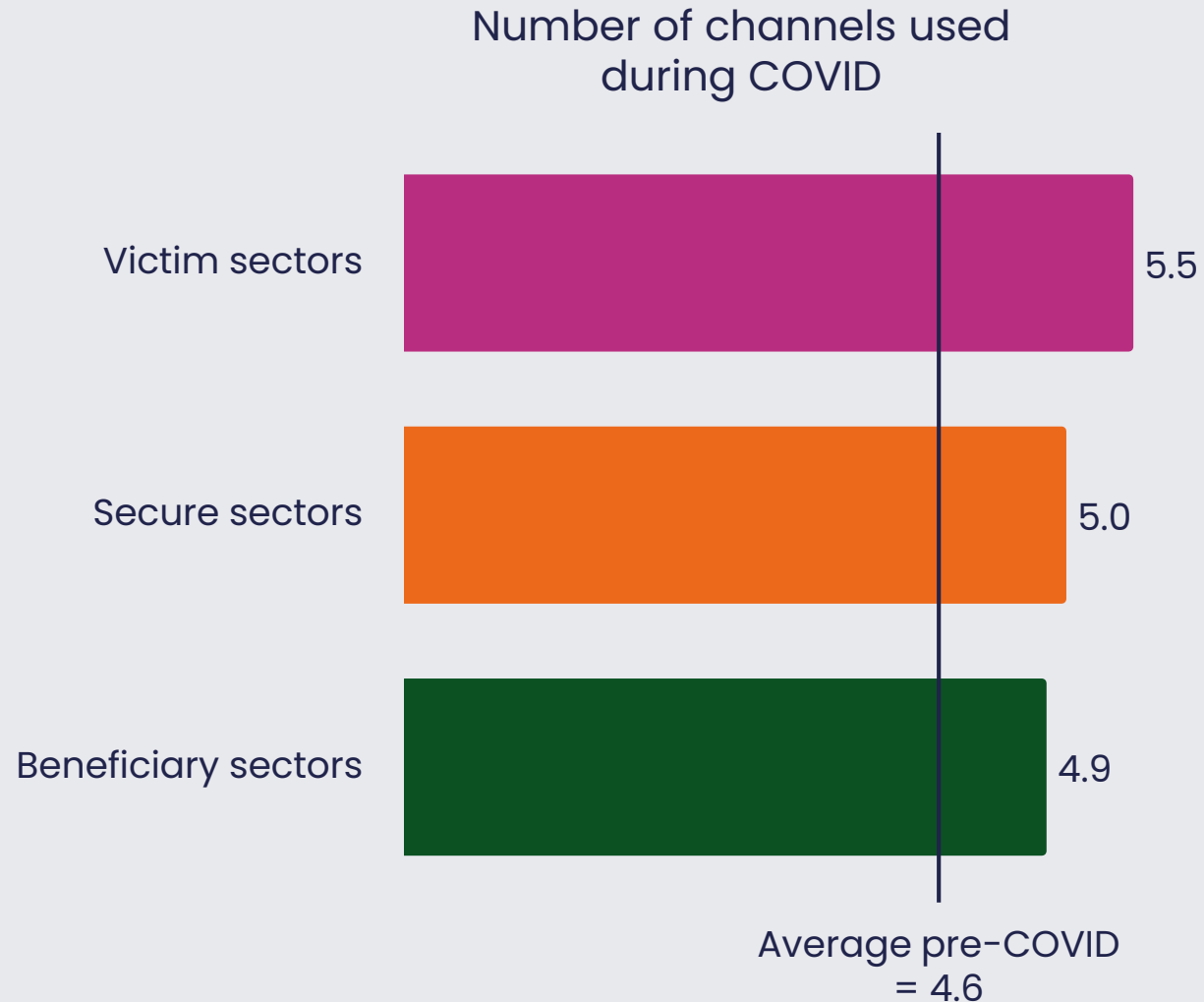
# 'Don't go dark' still applies: Our survivors & thrivers kept advertising

Advertisers in victim and secure sectors reduced budgets a little. In e-commerce, budgets increased



# 'Maintain commitment' still applies: Our survivors & thrivers used a lot of channels

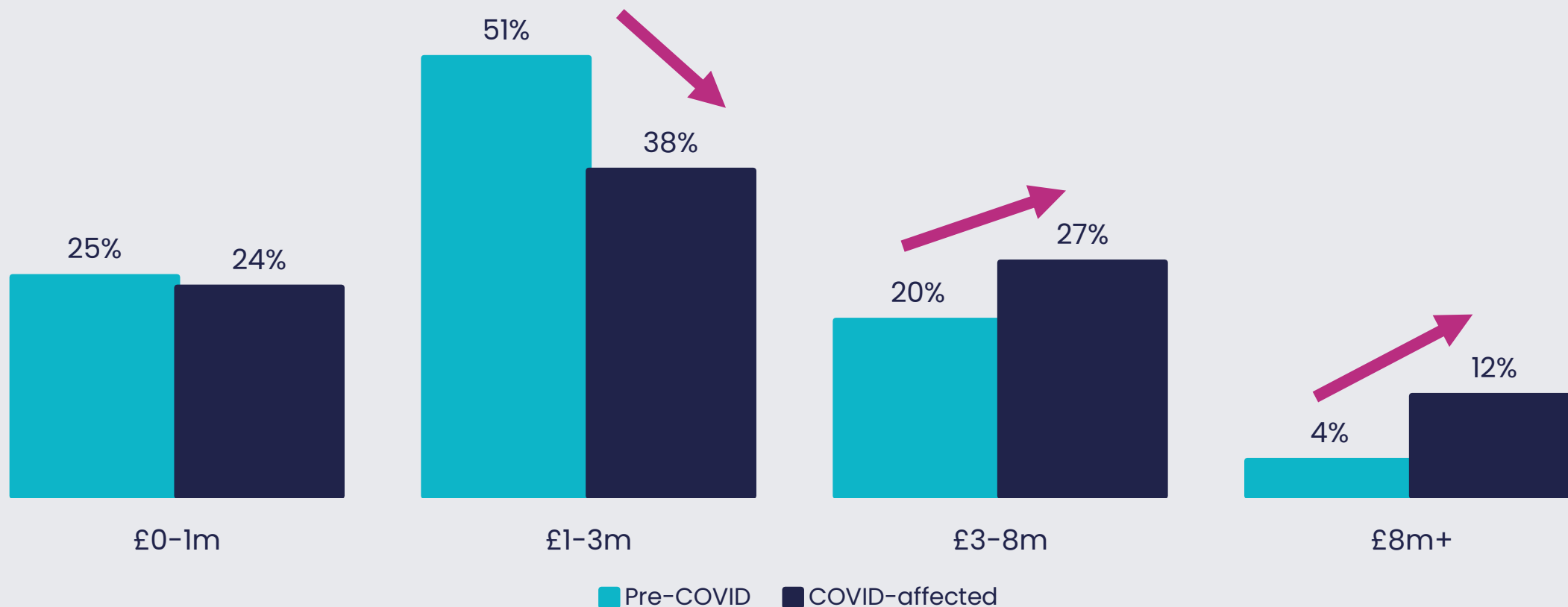
Even when no-one was walking past billboards or listening to radio in their cars



# In secure sectors, 'take advantage of cheap share of voice' still applies

In FMCG, survivors & thrivers increased budgets to make the most of cheap media buys

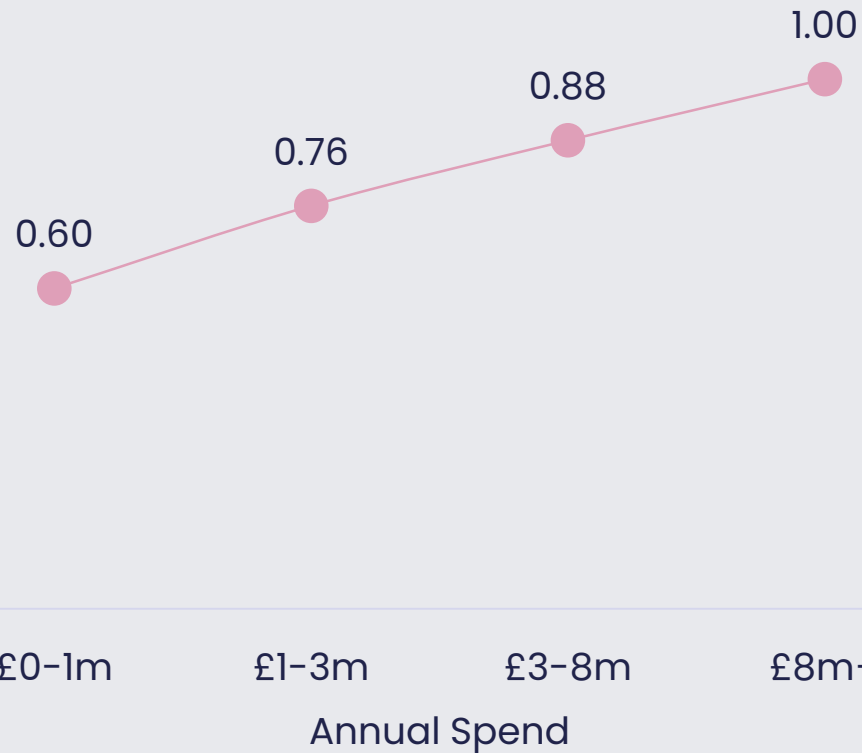
% of FMCG cases by advertising budget



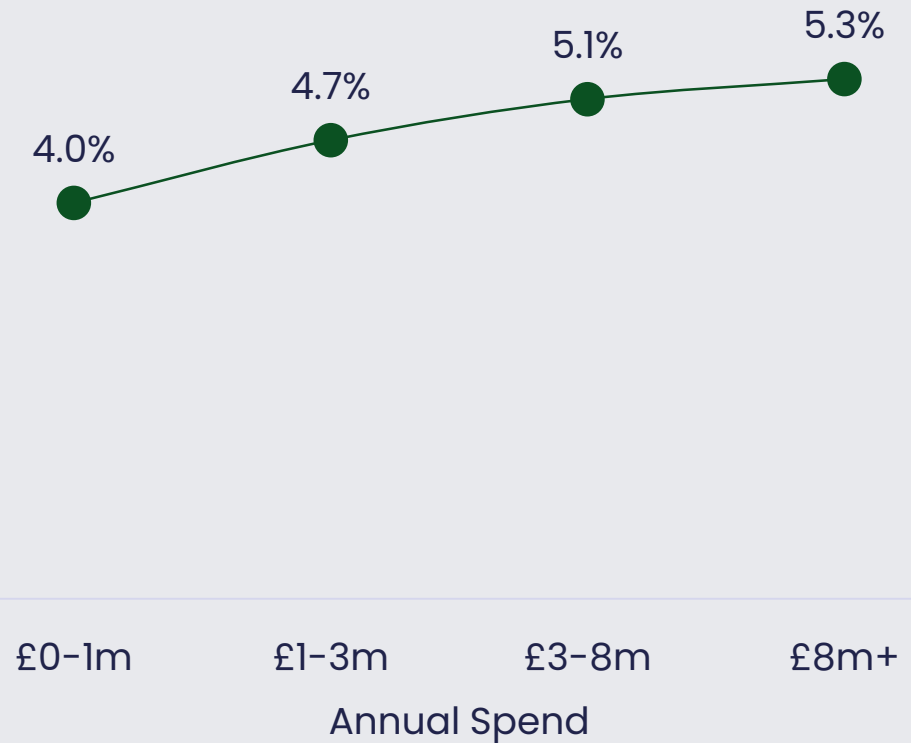
## And, in secure sectors, investing into cheap share of voice still pays off

In FMCG, bigger spenders saw better uplifts and higher ROI

FMCG: Revenue return from £1 spent on advertising by budget



FMCG: % revenue uplift from advertising by budget



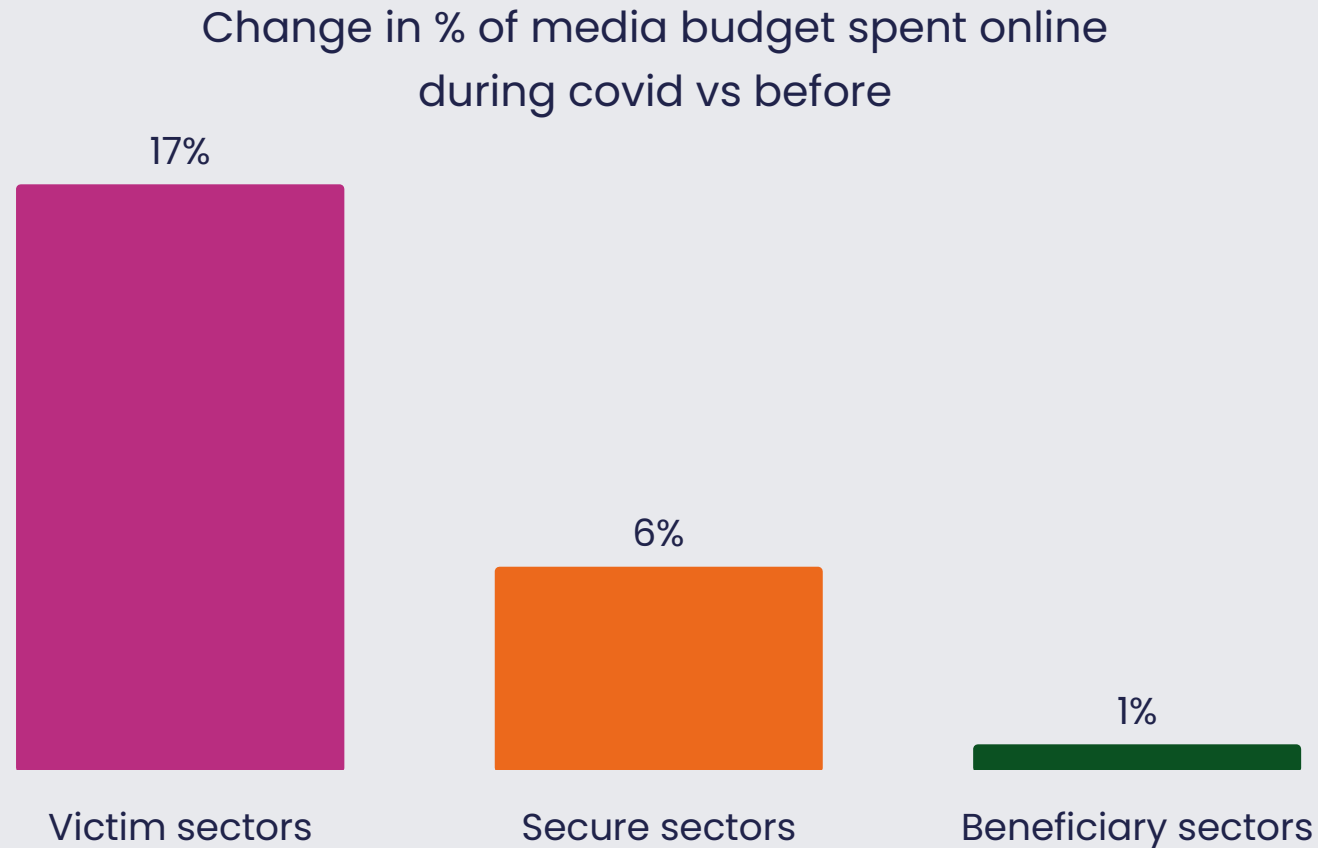
It's a time for evolution & experiments





# Recessions are always a time of change and success means responding

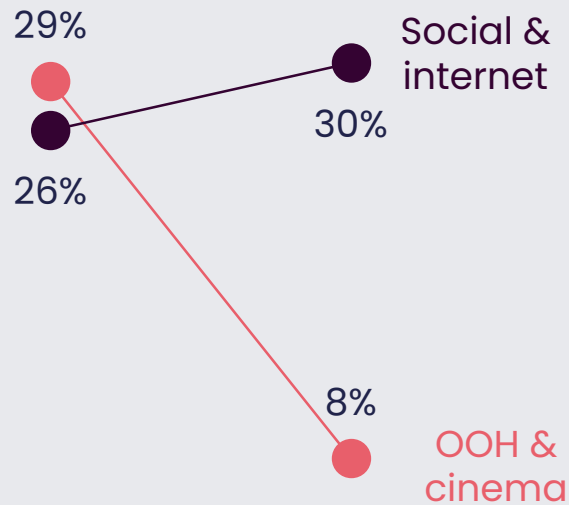
In COVID media consumption went online. Our survivors & thrivers evolved their media mix accordingly



# Paid social & display emerged as replacements for OOH & cinema

This pattern was everywhere – in all ARC sectors and throughout the UK

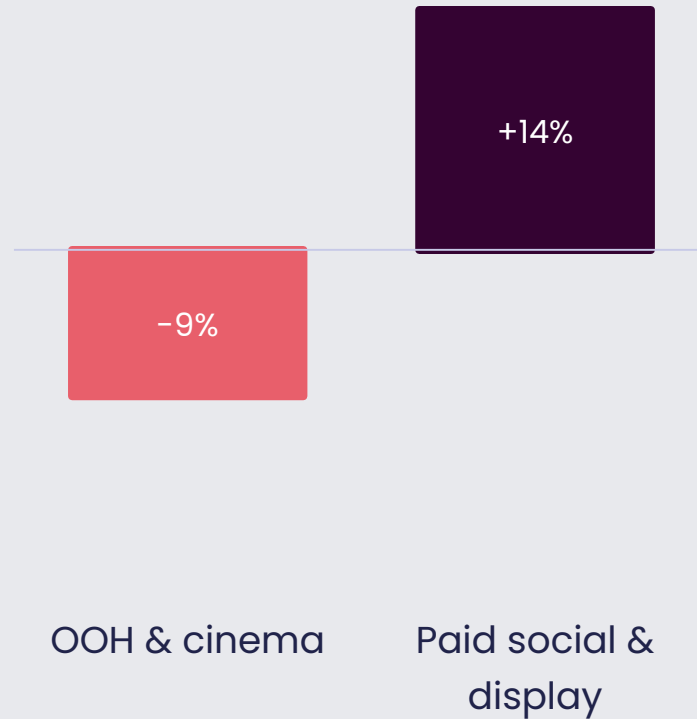
Time spent with  
OOH/cinema plummeted  
(% of media time, IPA Touchpoints)



2019

Lockdown

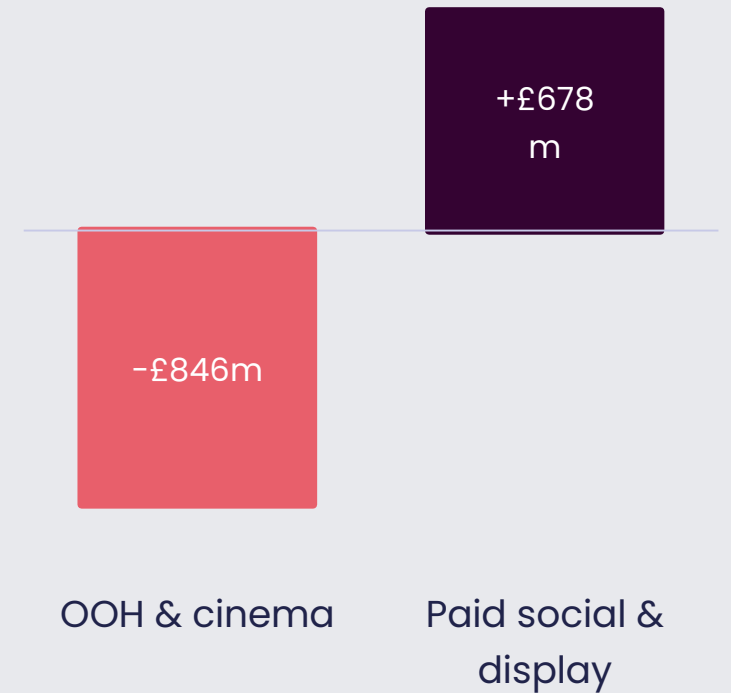
Survivors & thrivers chose  
social & display instead  
(change in % of budget, ARC)



OOH & cinema

Paid social &  
display

And so did everyone else  
in the UK  
(change in adspend, UK, AA/WARC)



OOH & cinema

Paid social &  
display

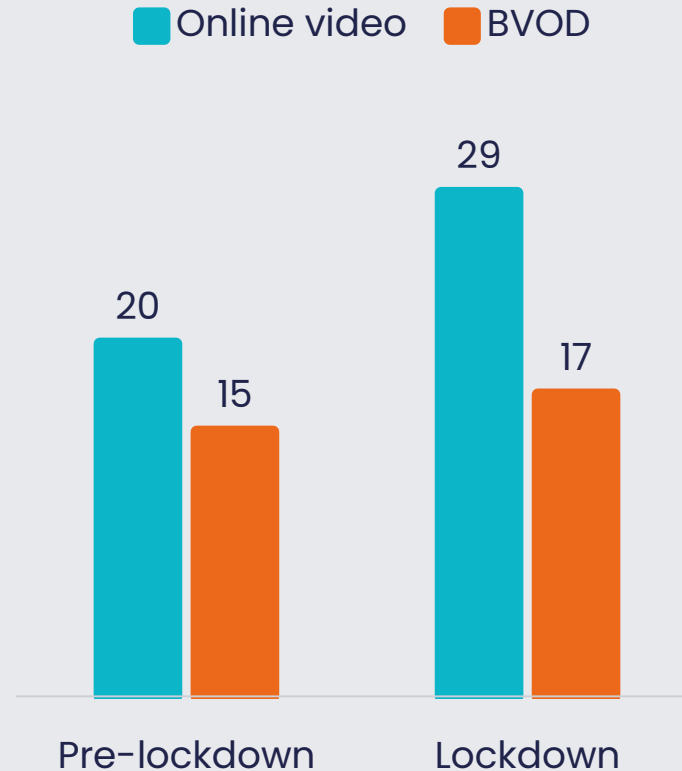
## There were also experiments with online video

Because people were spending much more time with these channels during COVID

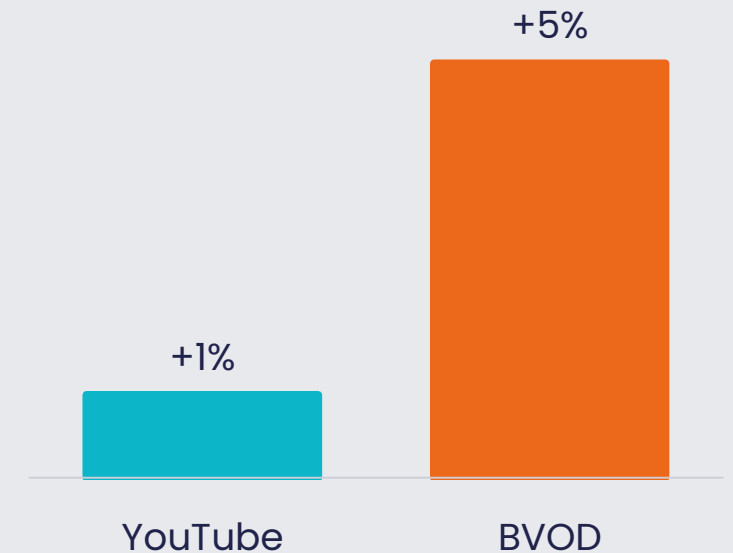
Time spent with online video increased  
(% of media time, IPA Touchpoints)



A full half hour of online video per day  
(minutes spent, IPA Touchpoints)



Survivors & thrivers used these channels more  
(change in % of budget, ARC)





It matters where your sector is headed

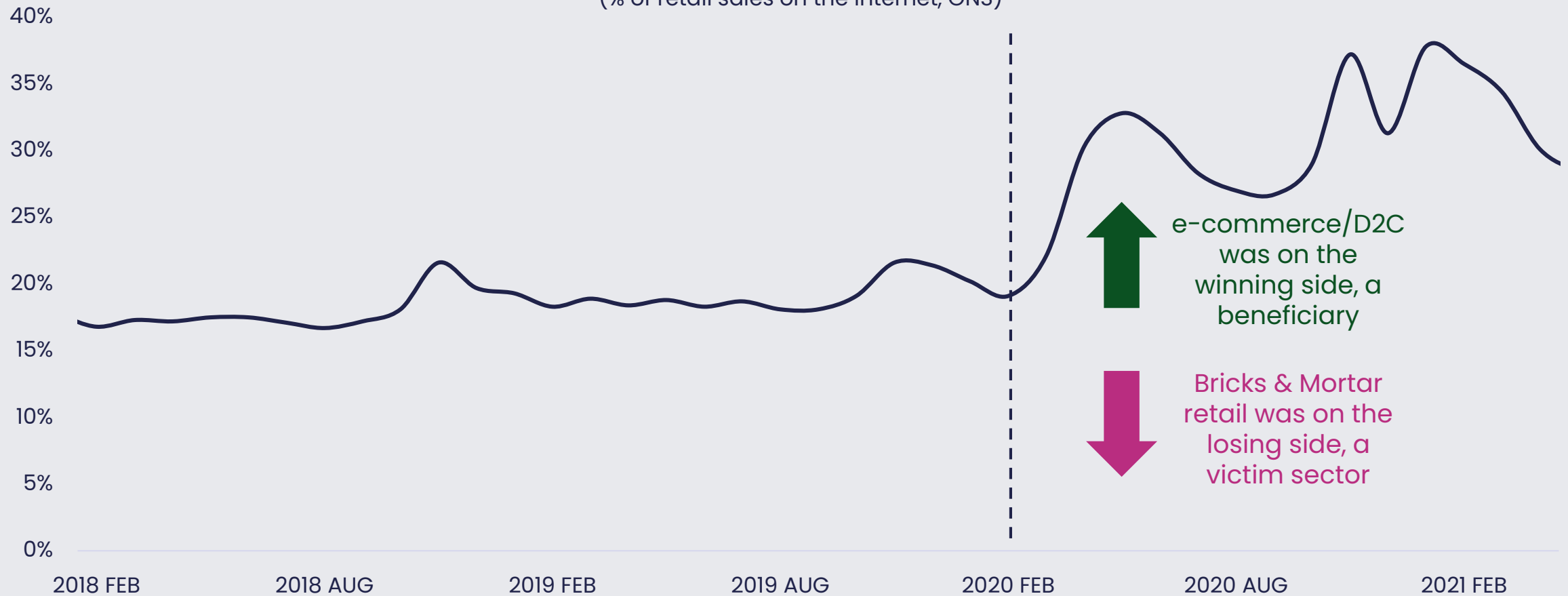




# In every recession there are victim sectors and beneficiary sectors

During COVID, enforced changes to shopping patterns decided which were which

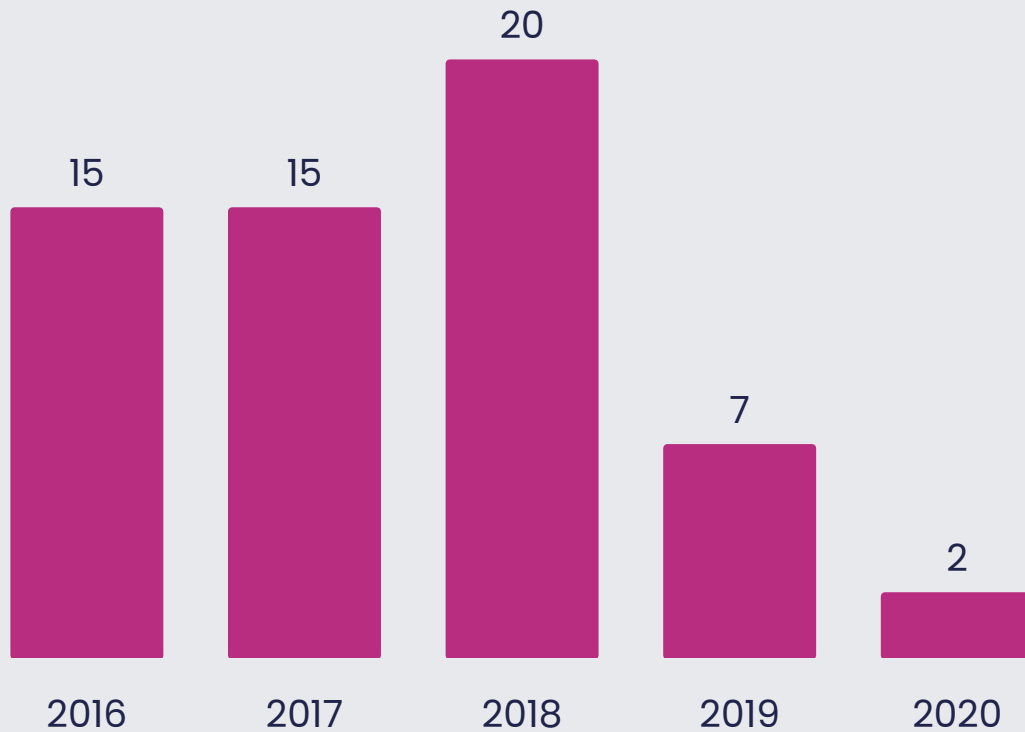
Shopping moved online rapidly almost overnight  
(% of retail sales on the internet, ONS)



# Victim sectors are an exception to the 'don't go dark' rule

In extreme cases, businesses here just won't survive to see the payback

Fewer cases of bricks & mortar retailers  
doing advertising in ARC....  
(retail cases in ARC)



...every penny was needed to keep  
businesses from closing  
(closures, 000, PWC)



# Advertisers in victim sectors have to do the maths

Payback is not guaranteed



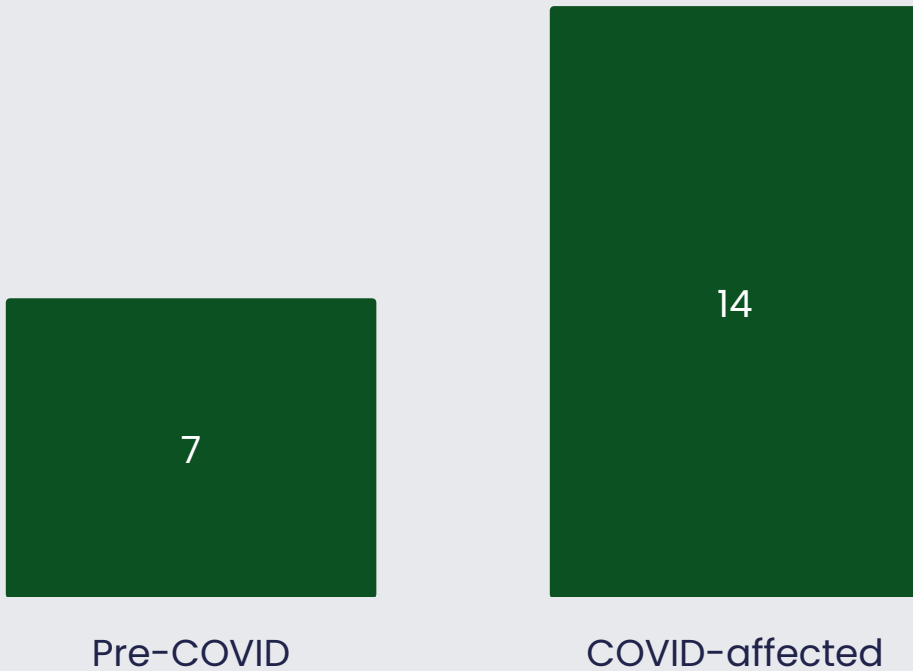
So share of voice has to be really very cheap to ensure payback, and it may not be!

In victim sectors the sector is smaller and may stay smaller, so this is a slice of a smaller pie

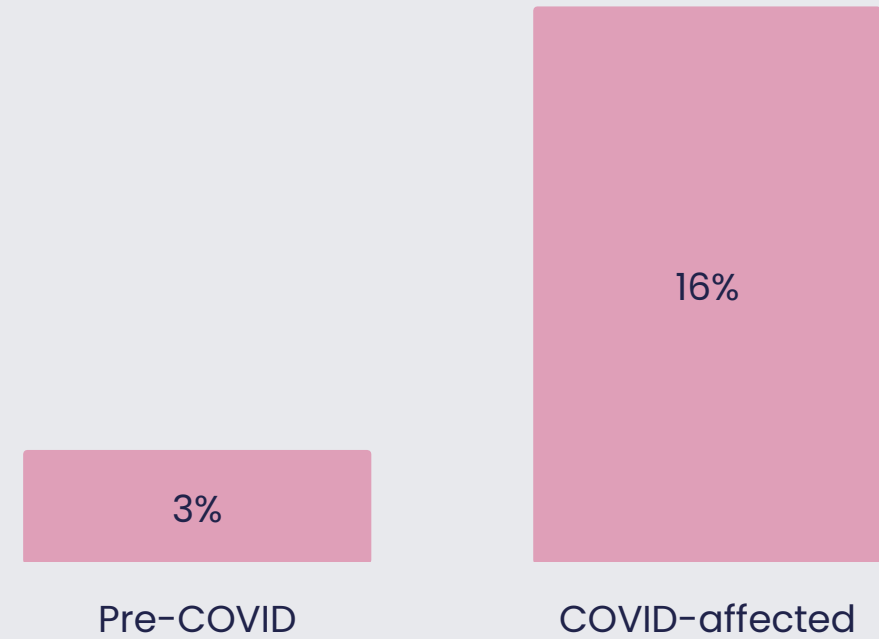
# In beneficiary sectors 'don't go dark' is too conservative

During COVID, e-commerce/D2C advertisers made big bets

They committed to offline advertising &  
proper econometric evaluation  
(cases in ARC)



And they spent big too. Budgets were  
high relative to turnover  
(budget as a % of turnover during COVID)

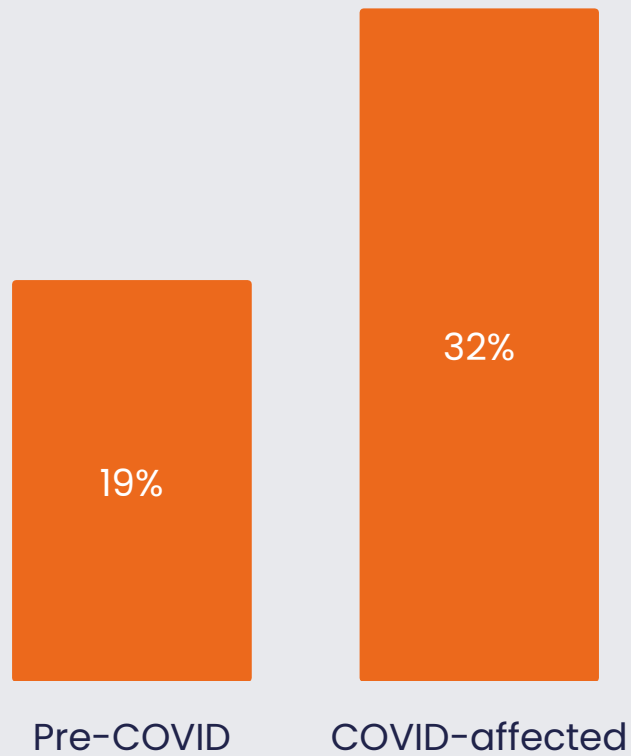




# Many made the transition to using TV

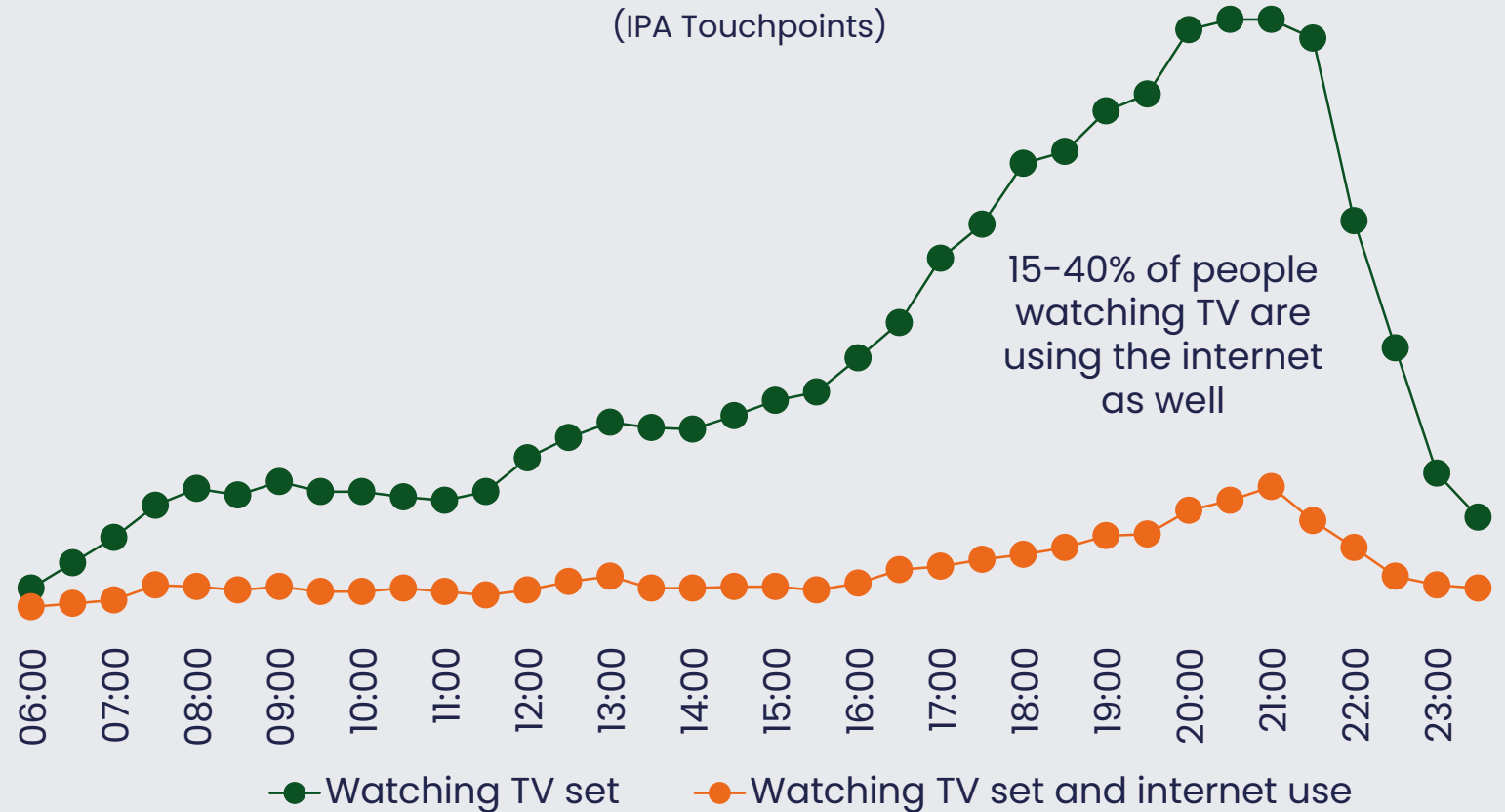
With all the commitment to creativity and deadlines that it entails

TV took a bigger share of those bigger budgets



TV is a great channel for e-commerce/D2C because people watch with phone in hand

(IPA Touchpoints)



These big bets in COVID paid off  
**30% uplift in revenue**  
and  
**£3.60 ROI per £1**  
spent on advertising

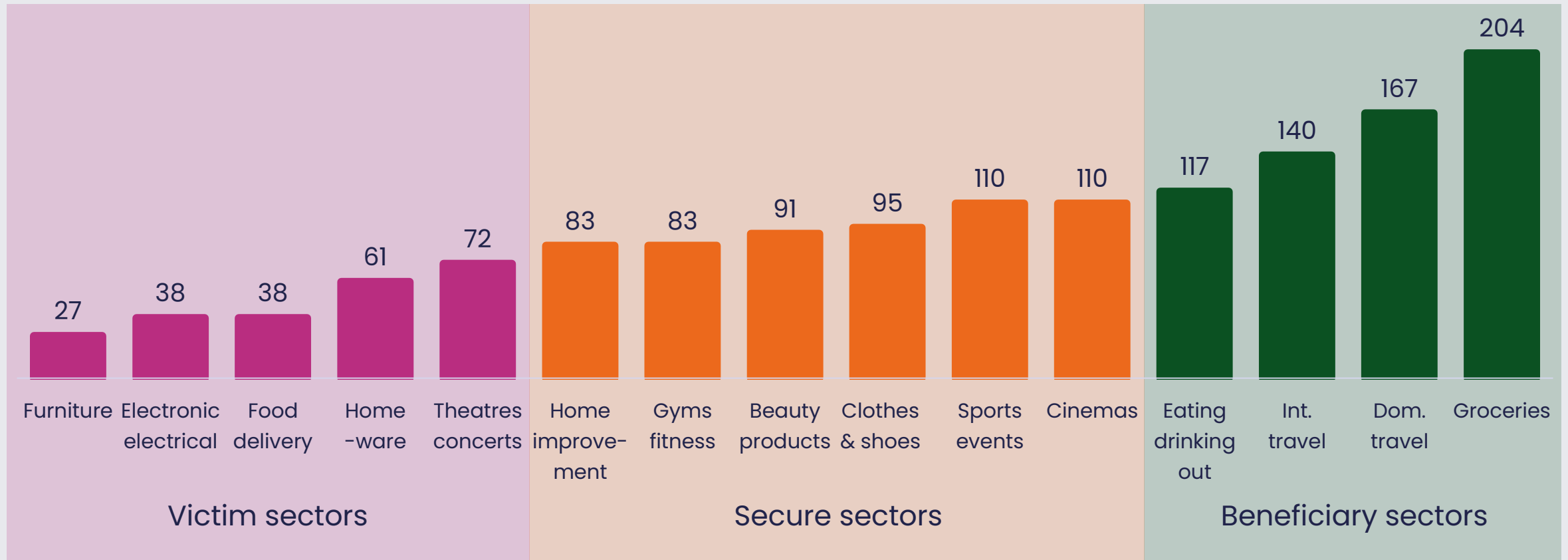
What it all means for you in 2023



# No-one has a crystal ball, but there are sector-level forecasts

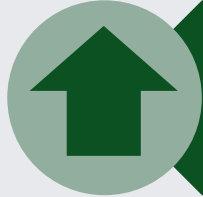
Inflation and remaining pent-up demand will decide how each sector fares

Intention to spend more on this category  
(OC&C survey, average category = 100)



## 3 different situations, 3 best next steps

The most important thing is to know which one is right for you



If your sector will benefit: Make the most of the opportunity with big bets in your advertising plan



If your sector is secure: Look for low-cost media buys to get extra share of voice for cheap and high ROI campaigns



If your sector will be a victim: Go quiet unless you've done the maths and are sure share of voice is cheap enough





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