

The 3rd age of effectiveness

Measurement 3.0.

Les Binet

The digital dream

Everything can be measured, in exquisite detail, in real time

The dream

- Online social media allow us to track consumer attitudes cheaply in real time.
- Digital databases allow us to extract maximum value from our customers.
- Digital data trails allow us to target hot prospects with extreme precision.
- Digital attribution allow us to measure effectiveness in exquisite detail.

The reality

- People don't do what they say, don't say what they think, and don't think how they feel.
- Growth comes from non and light buyers, the people we have least data on.
- Data is often sketchy, with low predictive power. Reach is more important than targeting.
- Digital attribution is deeply flawed...

The attribution nightmare

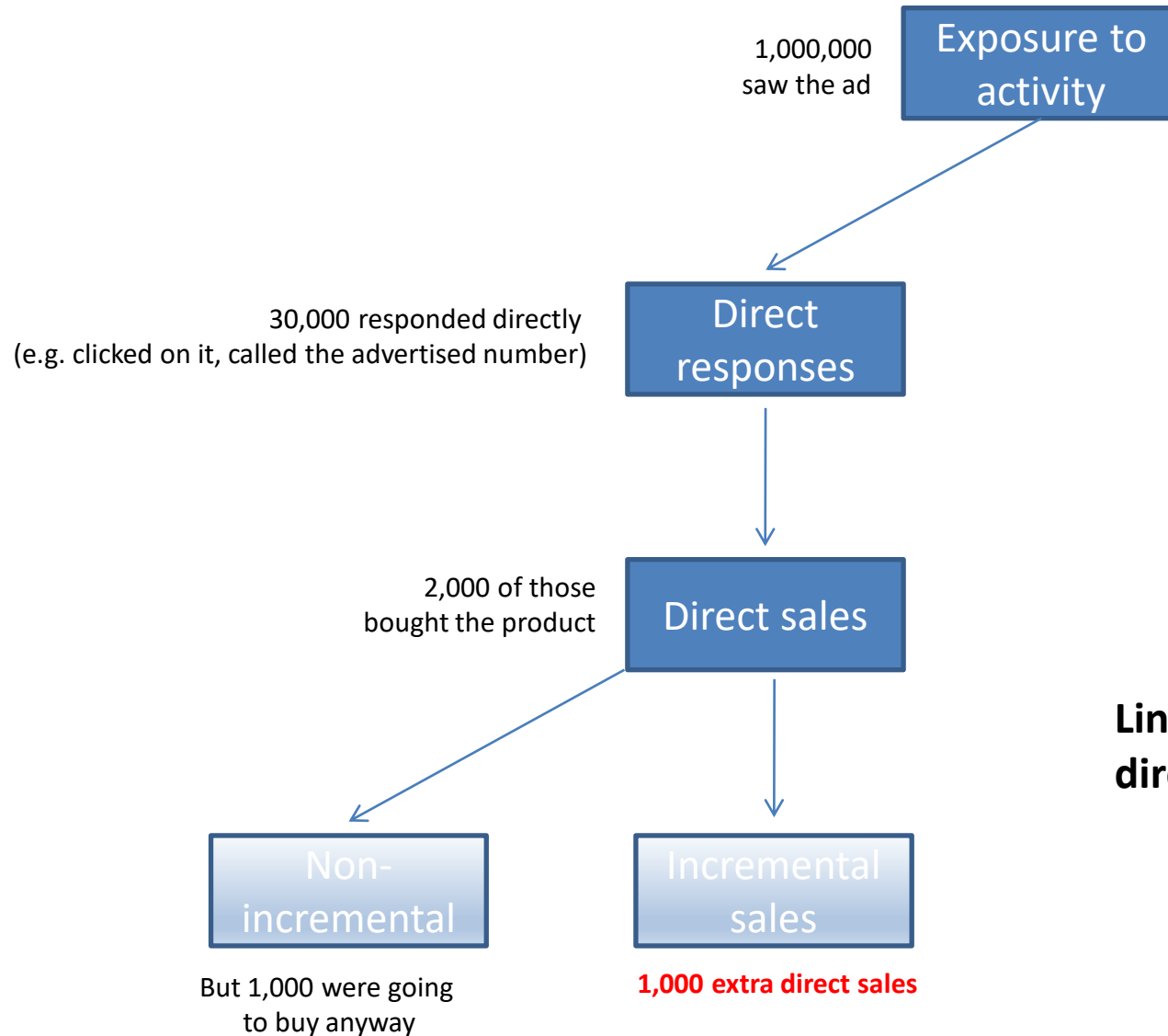
Incrementality

A lot of short-term “direct” sales are not really incremental.

Long term effects

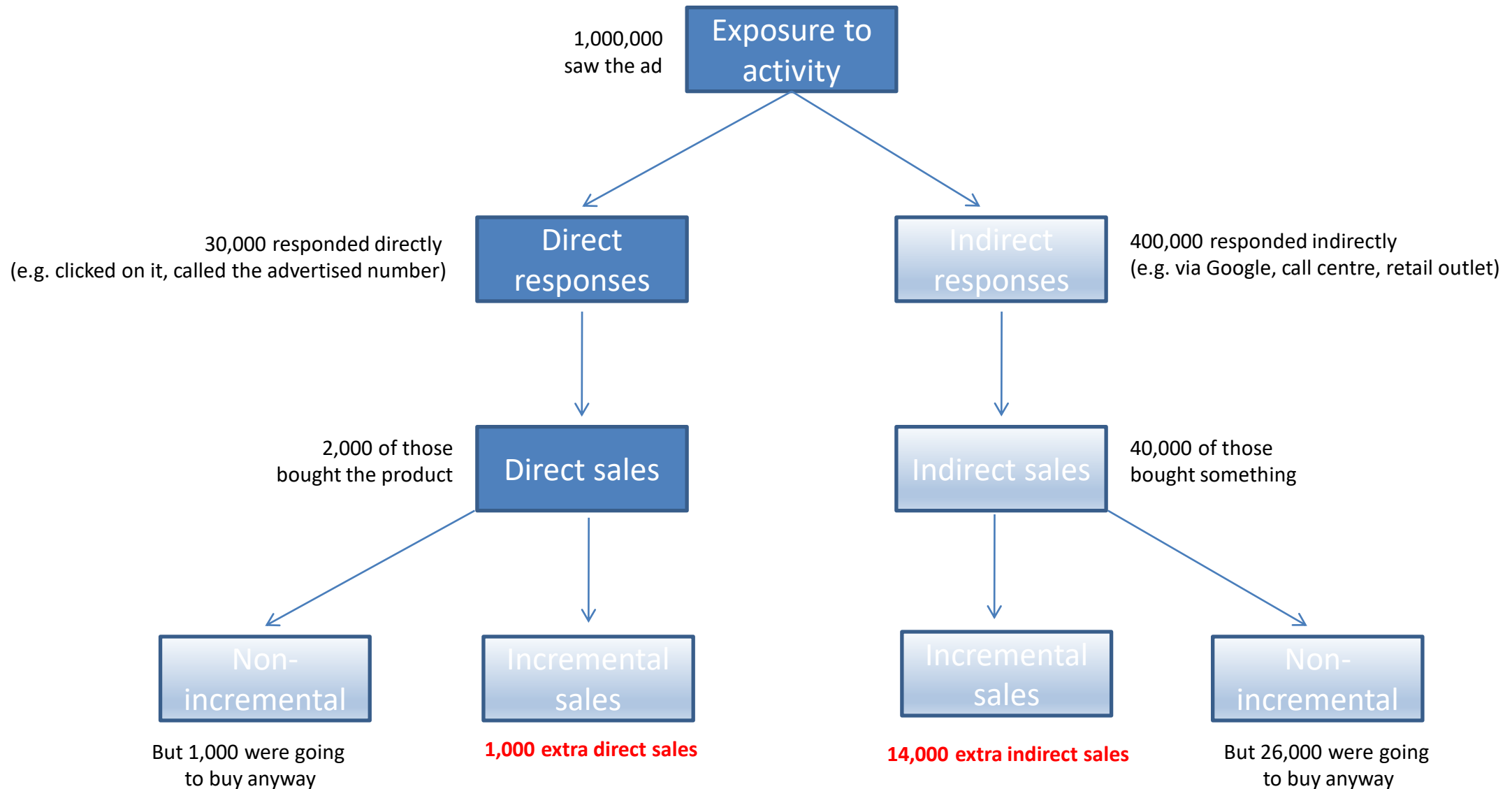
Most of the sales from ads come *indirectly*, often much later.

Why attribution is flawed



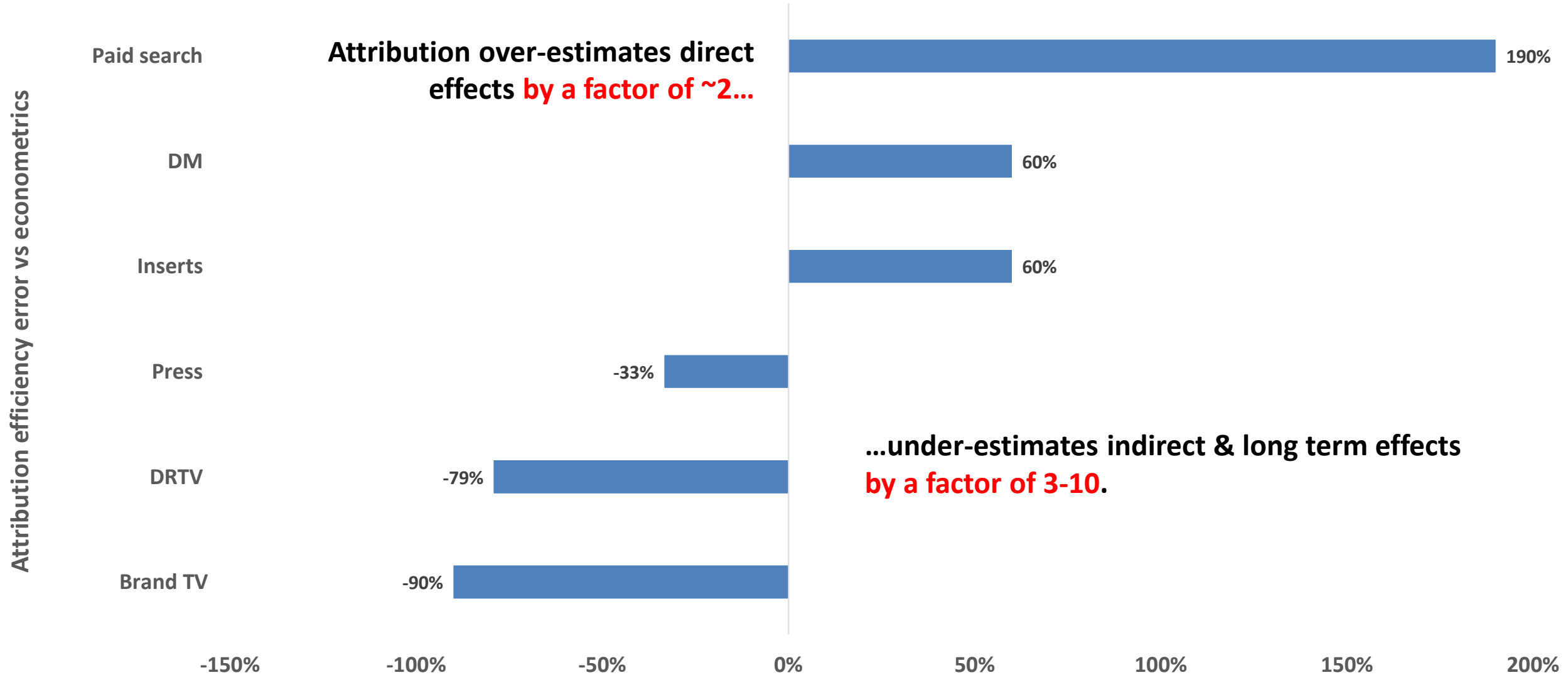
Linear attribution overestimates short-term, direct effects here by a factor of 2

Why attribution is flawed

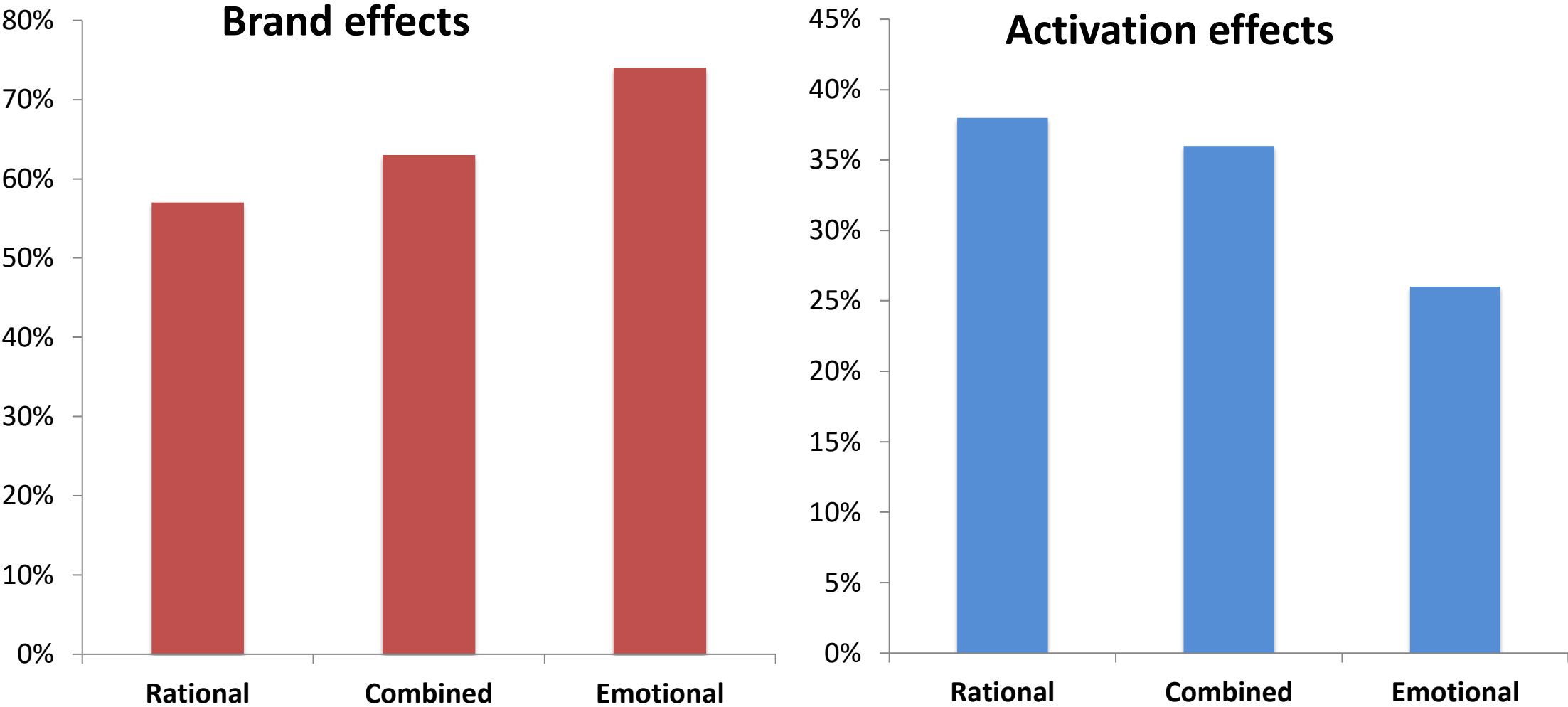


Linear attribution here under-estimates longer term effect by factor of 7

Is attribution really that inaccurate?



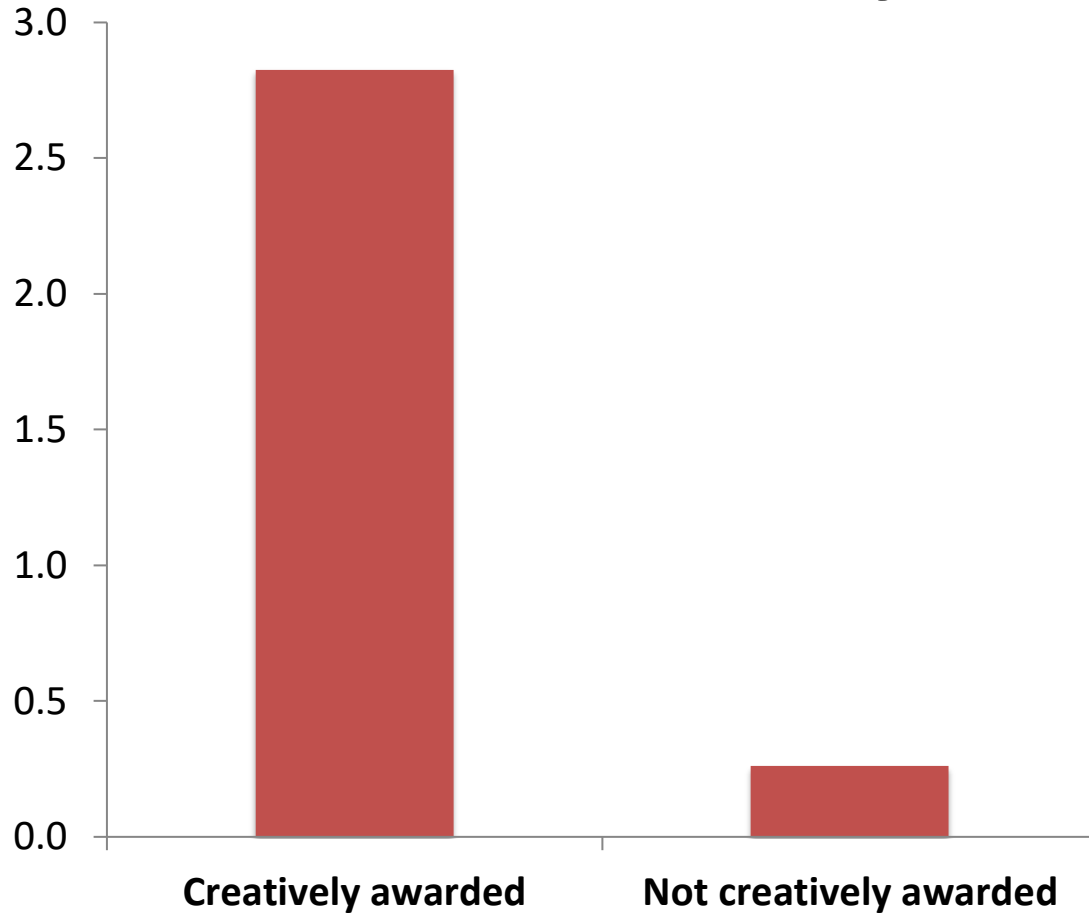
Attribution punishes emotional brand building



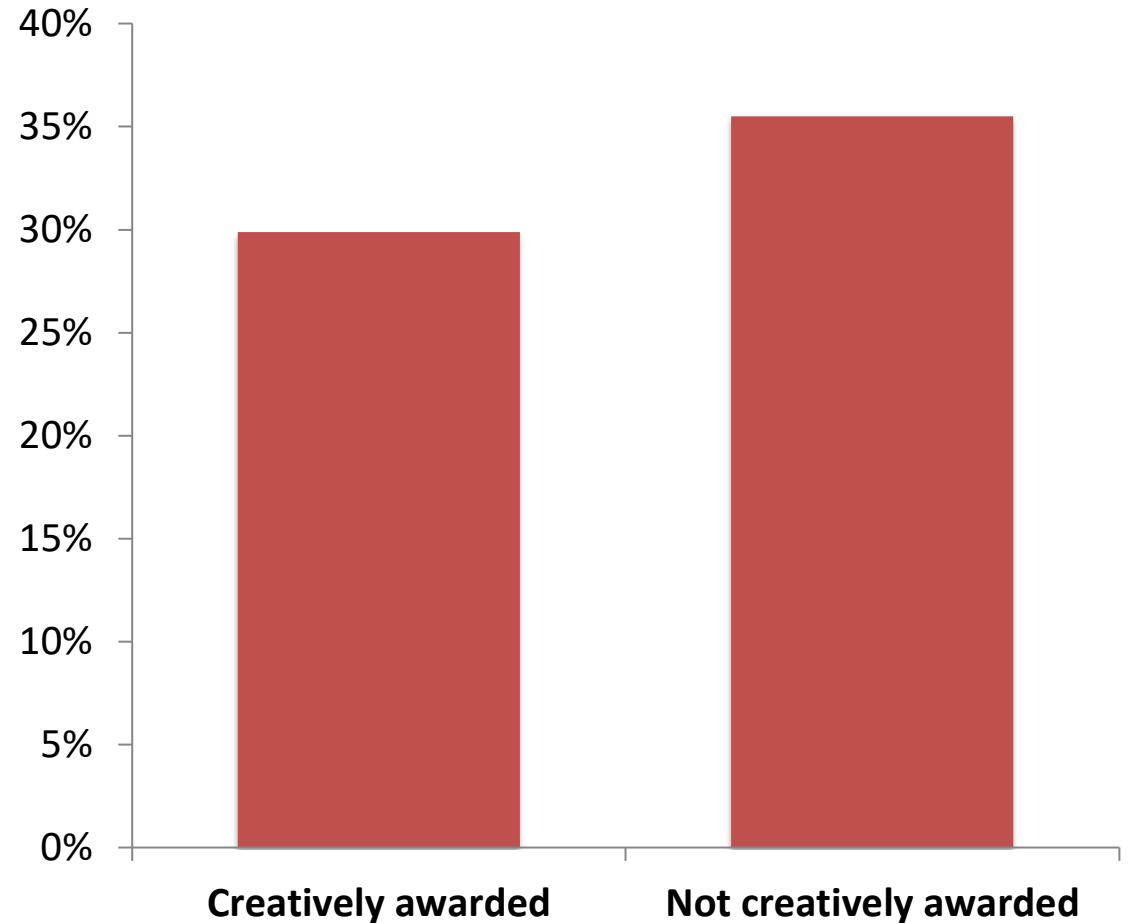
Source: IPA Databank

Attribution punishes creativity

ESOV efficiency



Activation effects



Source: IPA Databank

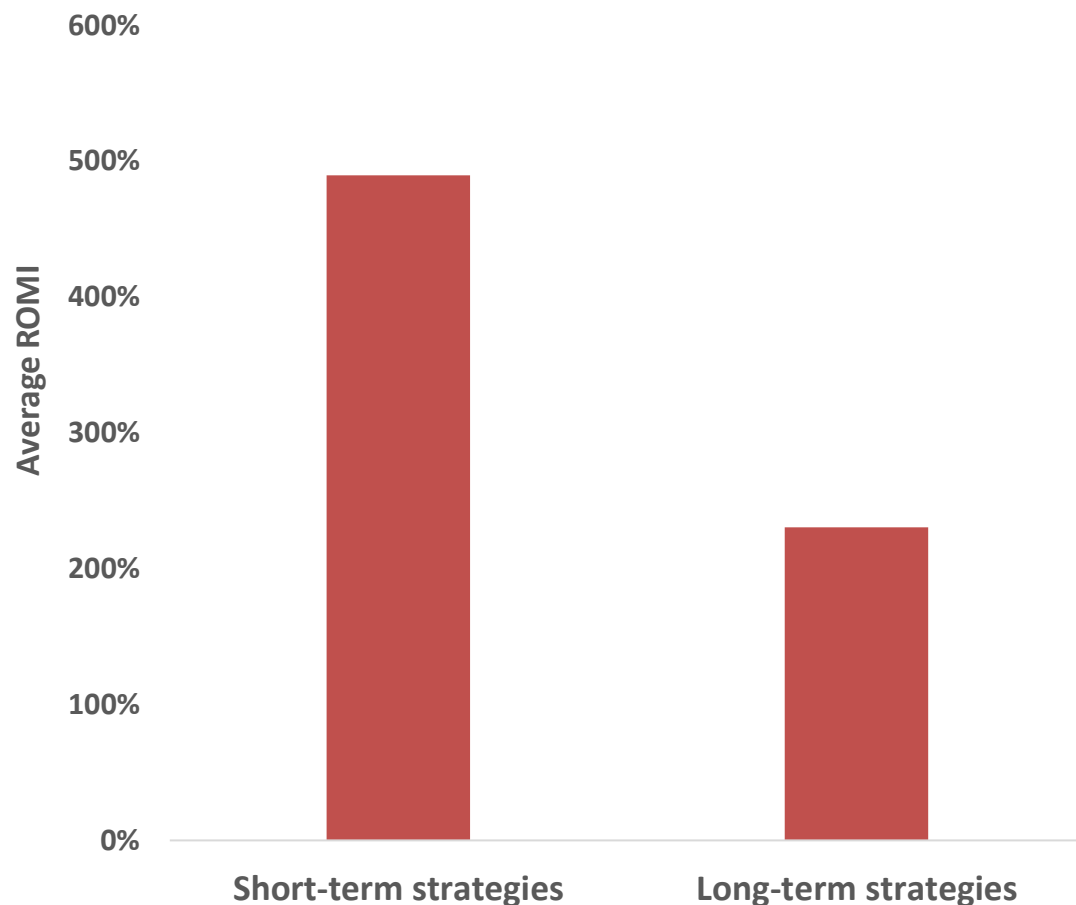
“Scientific Advertising”

Claude Hopkins, 1923

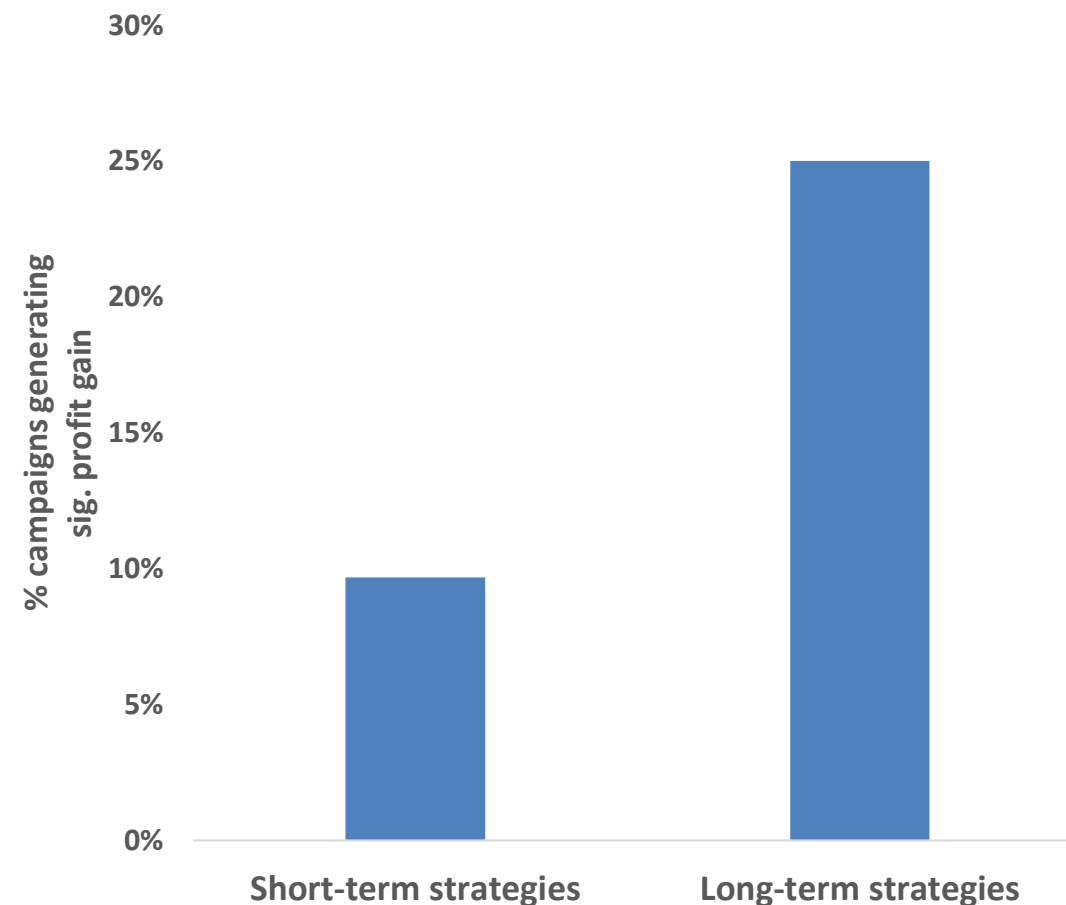
- *“The time has come when advertising has in some hands reached the status of a science... Cost per reply and cost per dollar of sale show up with utter exactness... We know what is most effective”:*
 - *“Always set in small type”*
 - *“The more you tell, the more you sell”.*
 - *“Brilliant writing has no place in advertising”*
 - *“Give actual figures, state definite facts”*
 - *“Use pictures only when they form a better selling argument than the same amount of space set in type.”*
 - *“Good art pays as well as mediocre.”*
 - *“Never seek to amuse”.*
 - *“Ads are not written to entertain.”*
 - *“Don’t try to show off.”*
 - *“[Don’t be] distinctive in style and illustration...Be normal in everything you do”.*
 - *“Include a coupon.”*
- *“You may say they are unattractive, crowded, hard to read. They certainly pay.”*

Was Claude right?

Short-termism maximises ROI



Long-termism maximises profit



Source: IPA Databank

Waking up: Adidas 2018

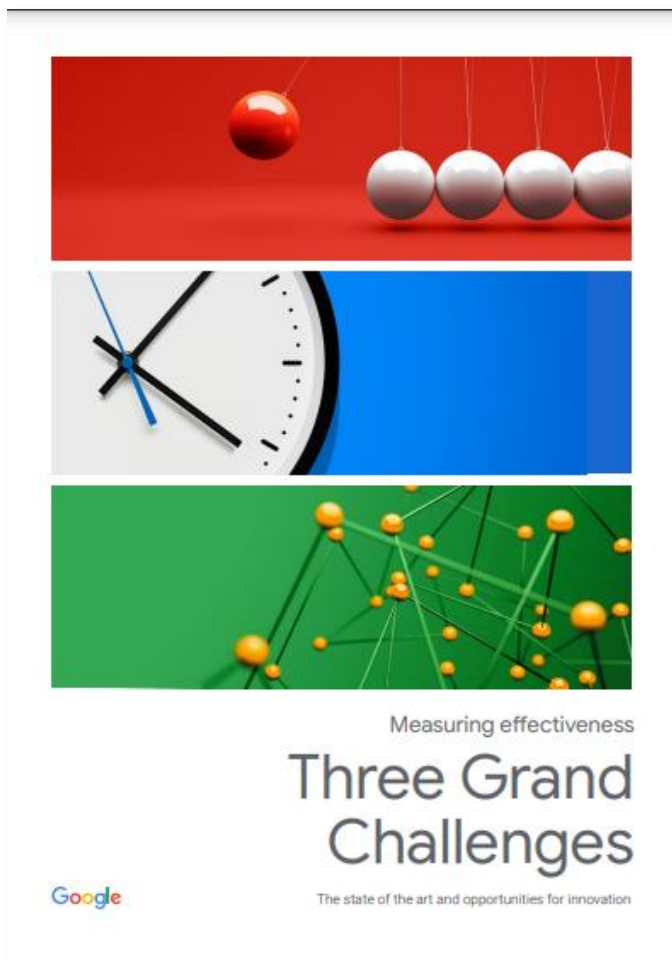
Adidas: We over-invested in digital advertising

Adidas admits that a focus on efficiency rather than effectiveness led it to over-focus on ROI and over-invest in performance and digital at the expense of brand building.



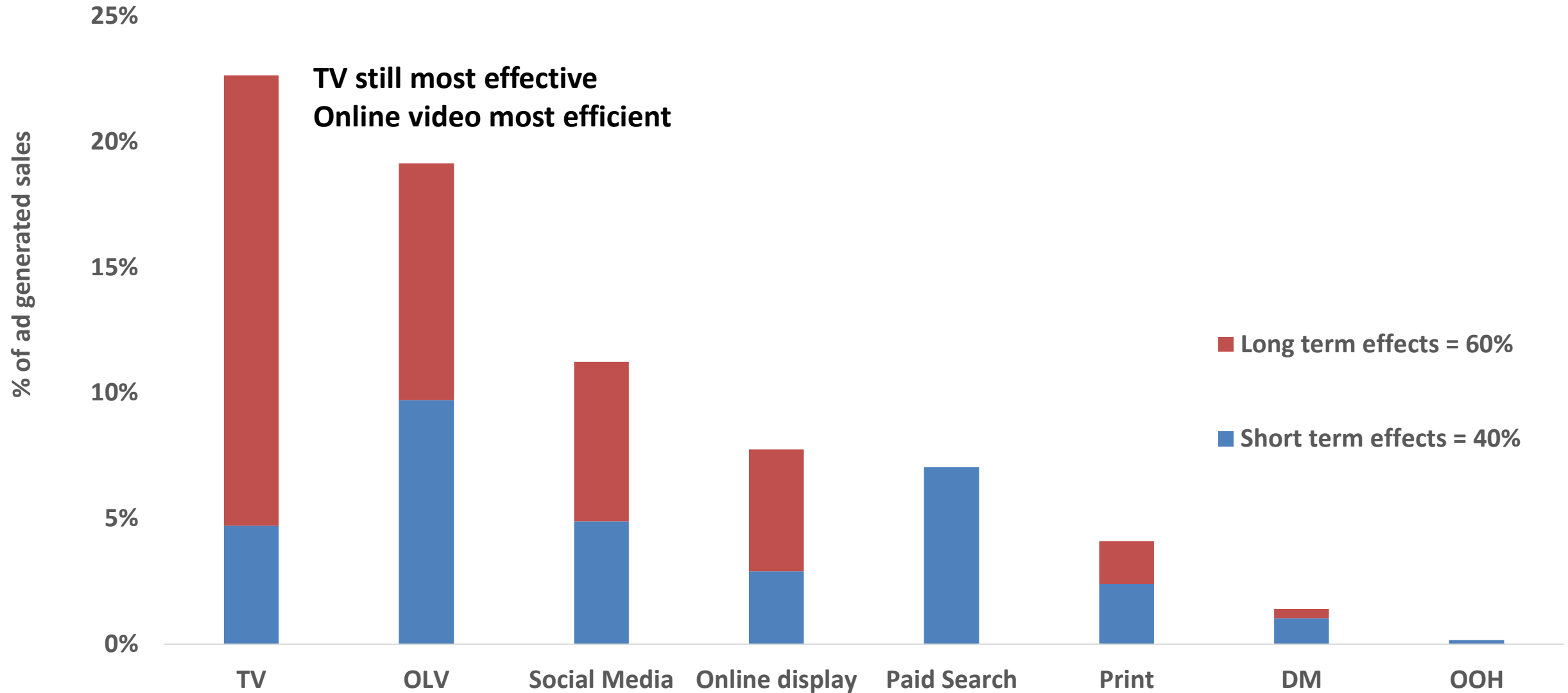
By Sarah Vizard | 17 Oct 2019

Google 2018: Three Grand Challenges



- **Incrementality**
 - How to identify true causality?
- **Long term effects**
 - How to measure long term effects today?
- **Unification**
 - How to combine different methods?

The long & the short of it: Meta 2022



Towards a unified approach

Experiments

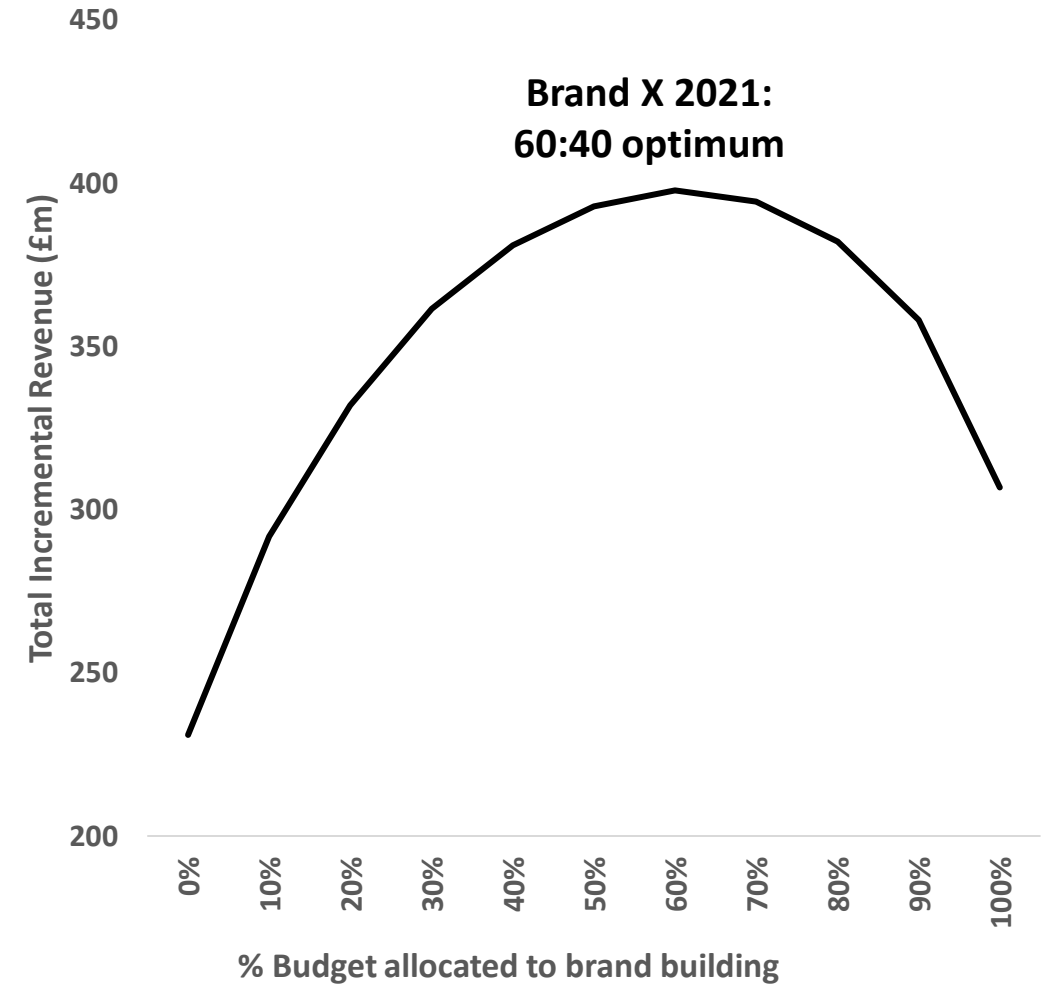
Brand Makes Demand Work Harder.

Studies	Multiplier Of Short-Term ROI
Roberts (TNS)	14
Millward Brown	6
Broadbent (2008)	4
Leone (1995)	3
Mela, Gupta & Lehmann (1997)	2.8
Lodish et al (1995)	2
Wood & Poltrack (1995)	2
Thinkbox (GroupM 2015)	2

The B2B
Institute A LinkedIn
think tank

LinkedIn 2022

Econometrics



Better measurement, better results

Airbnb CFO: We were right to shift spend from performance to brand-building



By Michaela Jefferson | 16 Feb 2022

The 3rd age of effectiveness

Impact 3.0

Dr Grace Kite