

# There's no proof brand advertising works

## Well, apart from almost 40 years of evidence

The IPA\* has built a unique body of evidence into how brand advertising creates financial value.

We did it by running the industry's most rigorous Effectiveness Awards in which entrants have to prove advertising generated measurable financial returns.

Our reports then analysed hundreds of the winners to identify what distinguishes the best.

This evidence trail led us to form guiding principles about how to invest in advertising for the long-term sustainability of businesses.

Here are a few of our key insights.

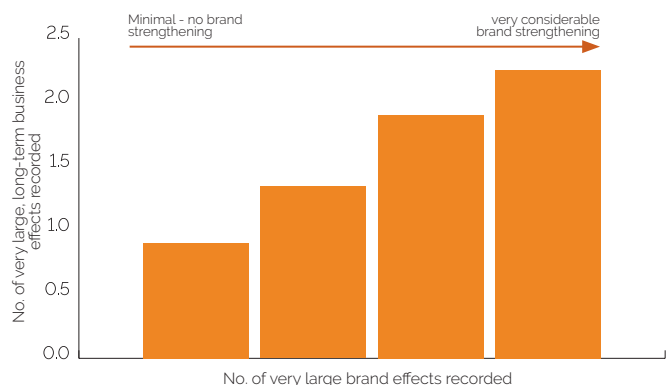
### **Brand building drives long-term business growth**

We believe there is a very clear relationship between advertising to strengthen brands and business growth.

This tenet is based on close analysis of the IPA Effectiveness Databank, which collates data from IPA Effectiveness Awards entrants over decades.

Our research examined large shifts reported in business and brand health metrics after entrants began advertising. We define advertising broadly as any form of communications activity.

*Figure 1: Link between brand building and business growth*



The business metrics in question were profits, sales, market share, customer acquisition, loyalty, and pricing power. Brand measures included awareness, differentiation, and trust.

The data shows an unmistakable pattern. Businesses that recorded big increases in brand measures also saw significant growth in business metrics. The more marketing activity strengthened brands, the more it also improved performance of the business over an extended period.

In short, the evidence tells us that building brands is a route to achieving long-term business growth.

## Balance your advertising investment

There are two main kinds of advertising, and successful businesses need both.

There is work that aims to build a brand's reputation over time. And there is work designed to generate immediate sales.

Our analysis of Databank cases, which include examples of both types of advertising, is that they work in different ways (see figure 2).

Figure 2: The difference between brand building and sales activation

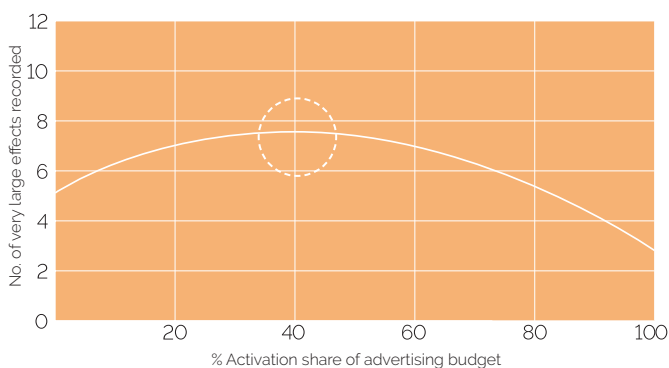
Brand Building	Sales Activation
Creates mental brand equity	Exploits mental brand equity
Influences future sales	Generates sales now
Broad reach	Tightly targeted
Long term	Short term
Emotional priming	Persuasive messages

The evidence from the IPA Effectiveness Databank is that brand advertising delivers the bigger financial payback over extended periods.

Of course, businesses also have short-term goals to hit, but we believe that maximum effectiveness comes from balancing investment in brand and activation advertising.

Our analysis calculates that splitting advertising 60:40 between brand and activation advertising respectively is a useful rule of thumb, which can be adapted to different contexts.

Figure 3: Split budget 60:40 for maximum effectiveness



## Creative effectiveness pays back

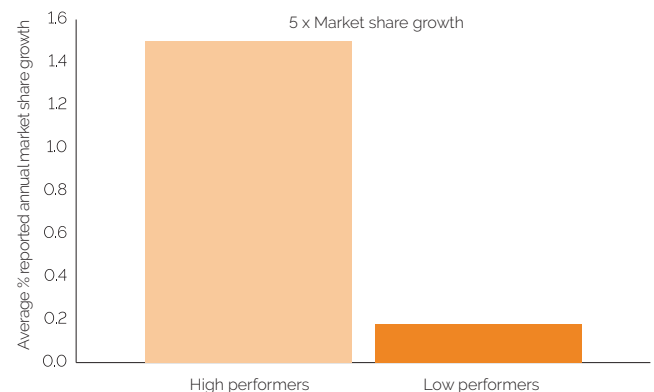
Effectiveness works - and the more creative you are, the greater the financial benefits.

As proof we can point to analysis of a decade's worth of cases that won awards in both creative and effectiveness advertising competitions.

These cases were grouped according to the impact they reported on the brand's market share growth.

The results showed that the best-performing cases reported on average five times the market share growth of those in the lowest segment.

Figure 4: The gulf between good and bad creative practices



That scale of difference in impact has underpinned our over-riding focus on studying the very best examples of creative effectiveness.

After all, who wants to learn from the good when you can learn from the great? And why guess when you can be guided by evidence?

The IPA and the FT, along with EffWorks, a cross industry marketing initiative, have partnered to support more effective advertising by businesses. For more on effectiveness materials, including links to IPA publications, visit [ipa.co.uk/effectiveness](http://ipa.co.uk/effectiveness)



Please get in touch if you would like our support to help your business improve its marketing and brand effectiveness.

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