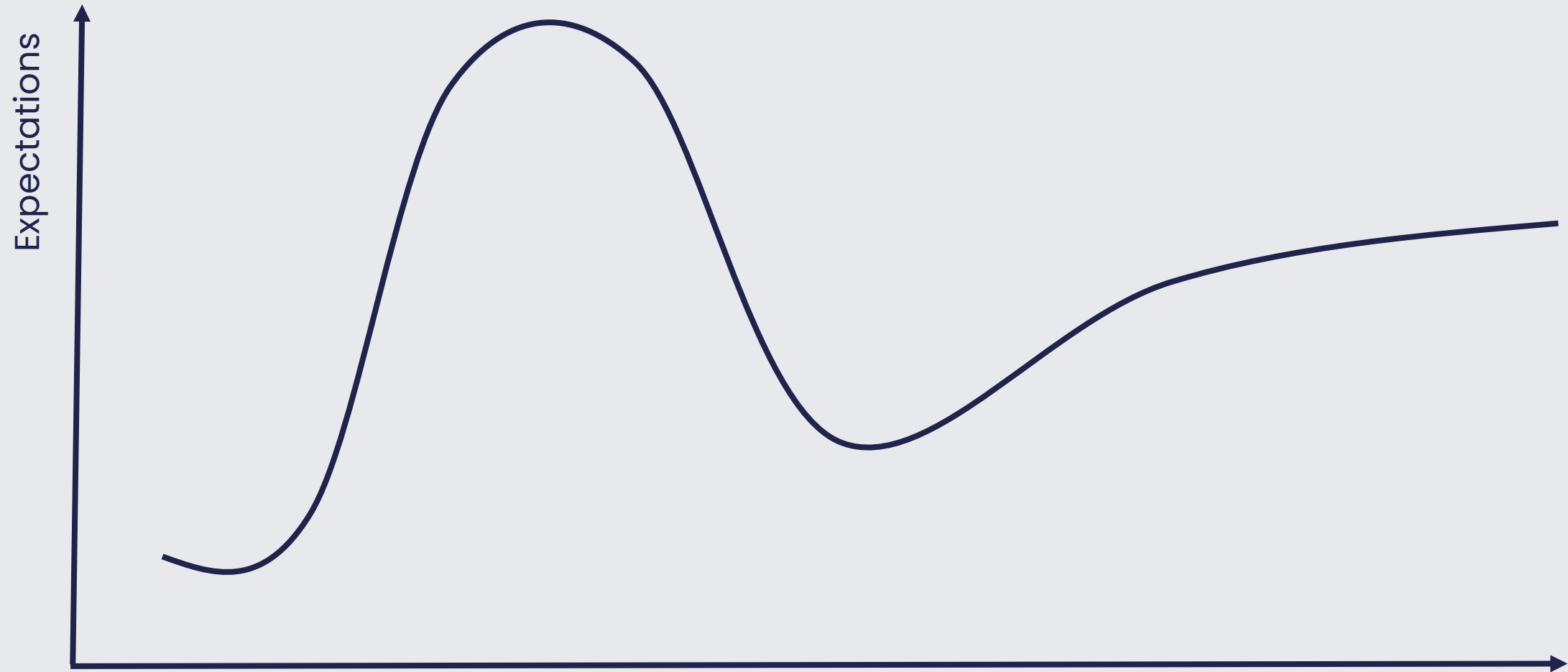# The 3rd age of effectiveness
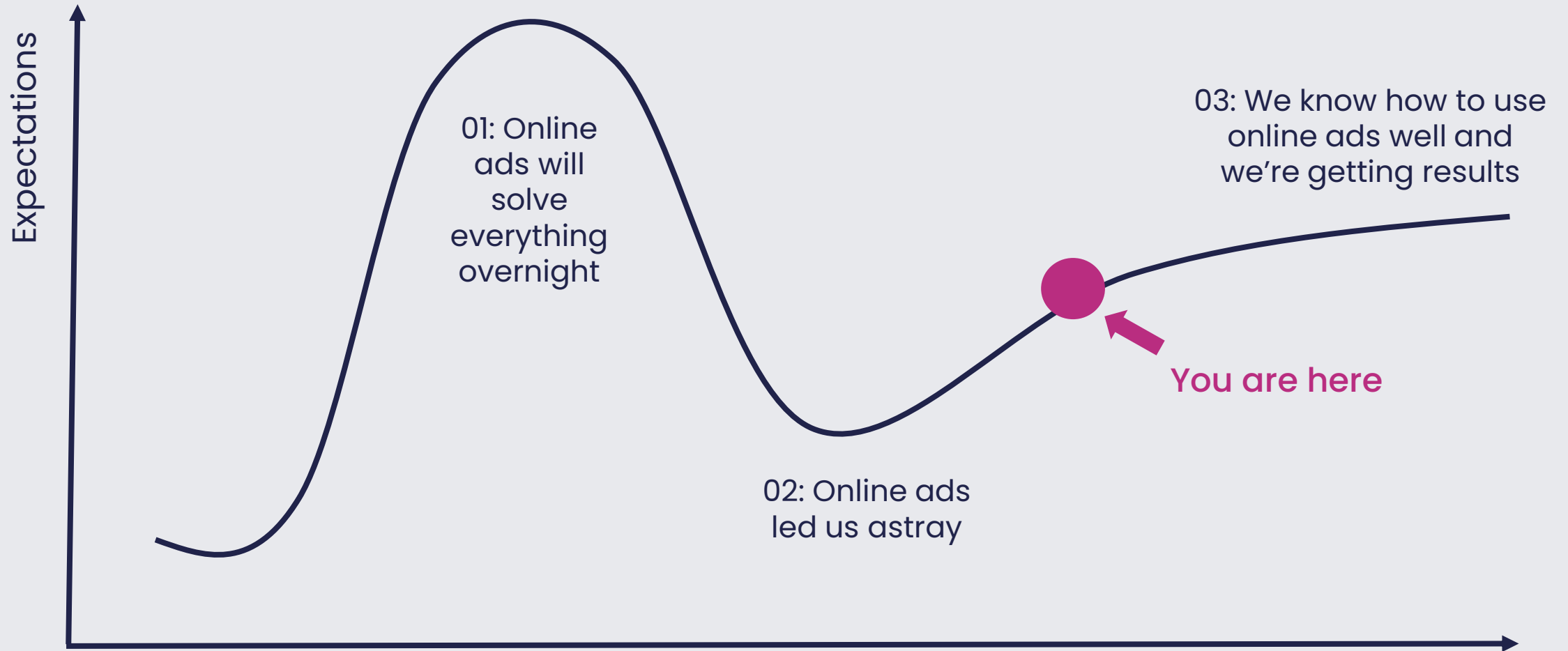
Impact 3.0

Dr Grace Kite
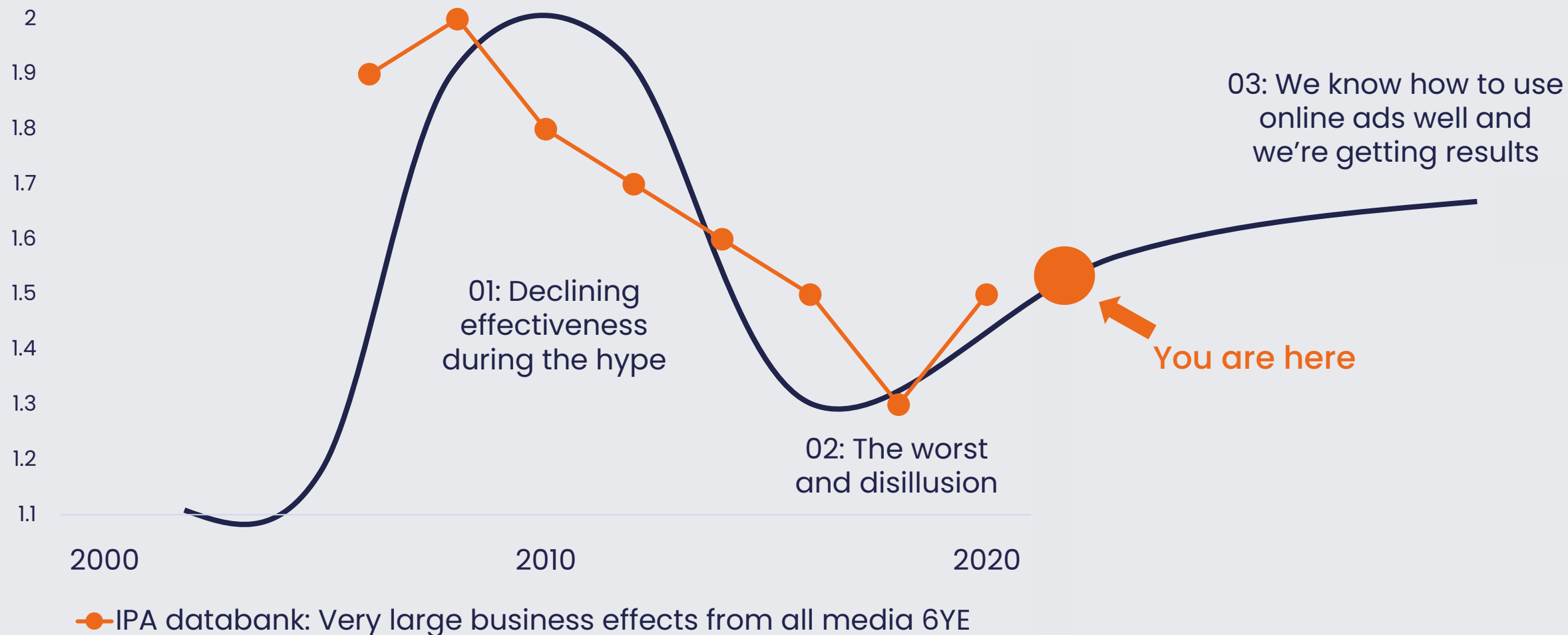
Gartner's hype cycle for new innovations

Three eras in the hype cycle for online advertising

Expectations

01: Online ads will solve everything overnight

02: Online ads led us astray

03: We know how to use online ads well and we're getting results

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magic numbers

The IPA databank has tracked effectiveness throughout

01: Declining effectiveness during the hype

02: The worst and disillusion

03: We know how to use online ads well and we're getting results

You are here

IPA databank: Very large business effects from all media 6YE

2000   2010   2020

2
1.9
1.8
1.7
1.6
1.5
1.4
1.3
1.2
1.1

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ARC: Econometric evidence on normal ads that didn't enter awards

£10

£8

£6

£4

£2

£0

01: Declining effect per £1 spent during the hype

02: The worst and disillusion

03: We know how to use online ads well and we're getting results

You are here

2000

2010

2020

ARC: UK average revenue returned per £1 spent on ads

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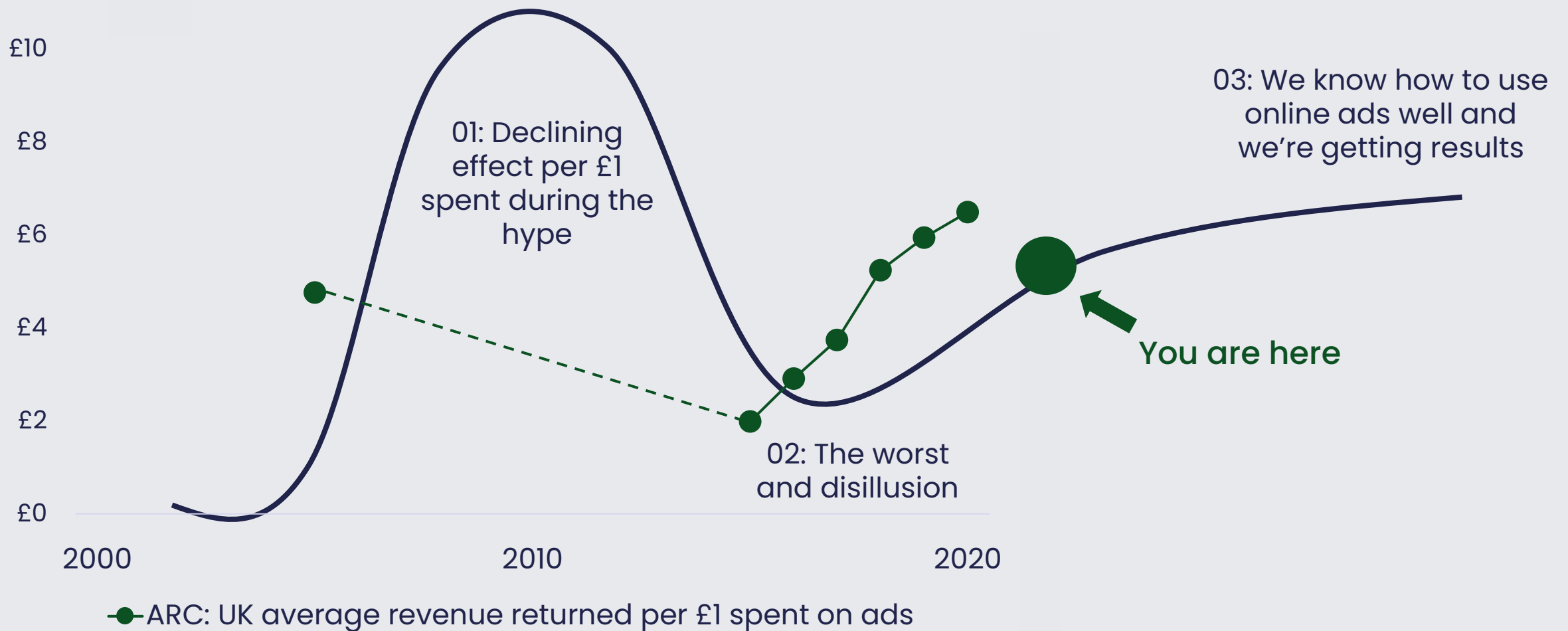
ARC: Same pattern is visible in total revenue to UK companies

01: Declining contribution turnover even though spending increased in the hype

02: The worst and disillusion

03: We know how to use online ads well and we're getting results

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ARC: UK net revenue from ads (£bn)

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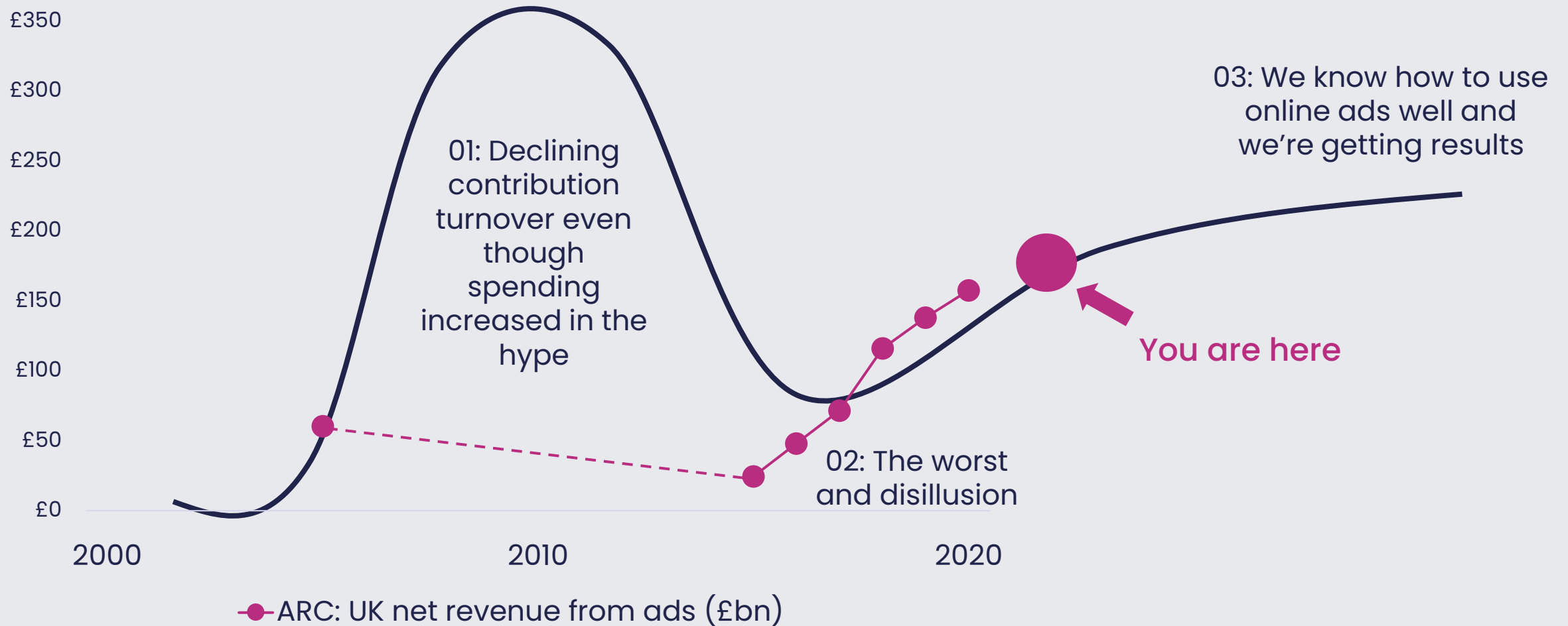
Online ads are driving the recovery

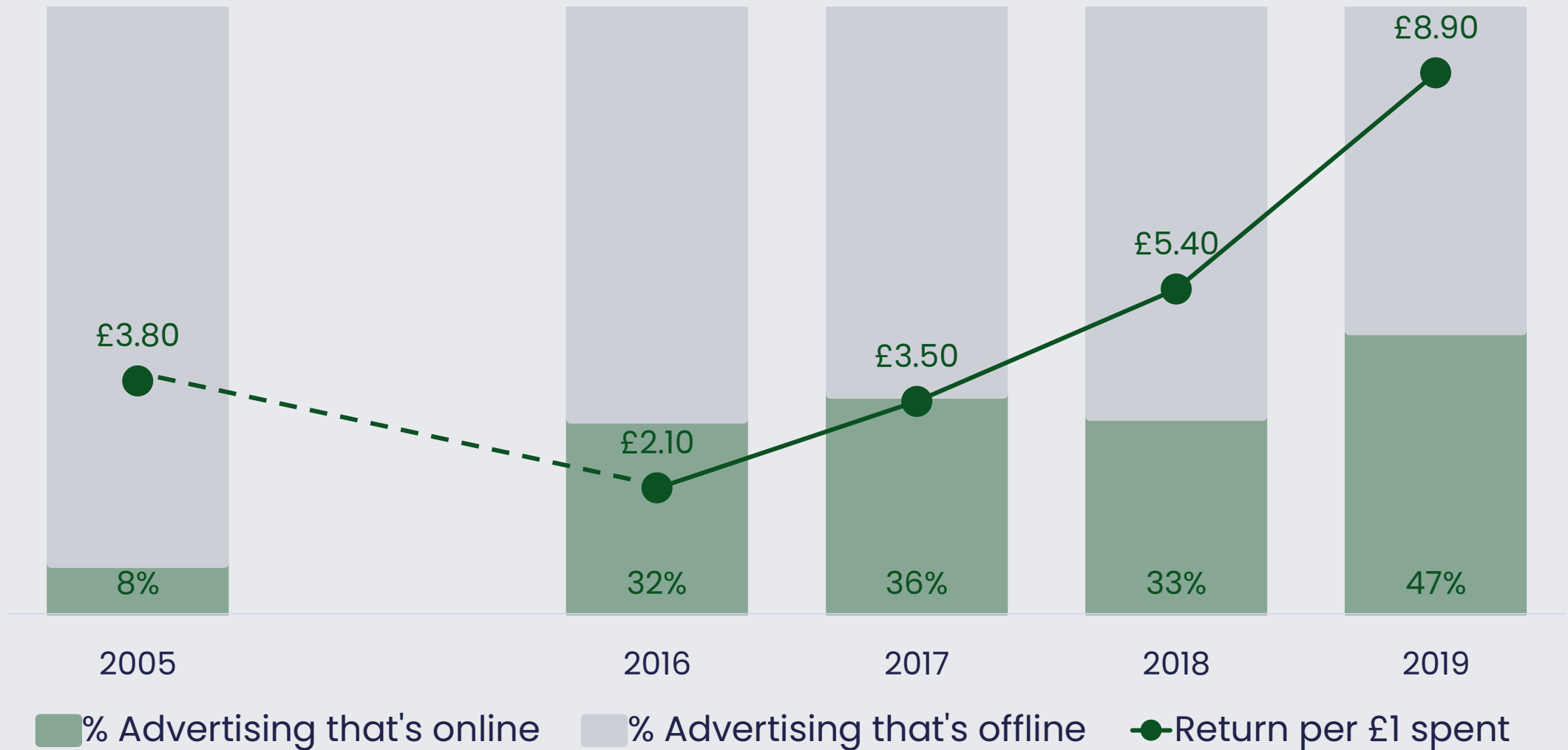Categories where you spend shopping **time offline**...

e.g. packaged goods, food, retail, clothing

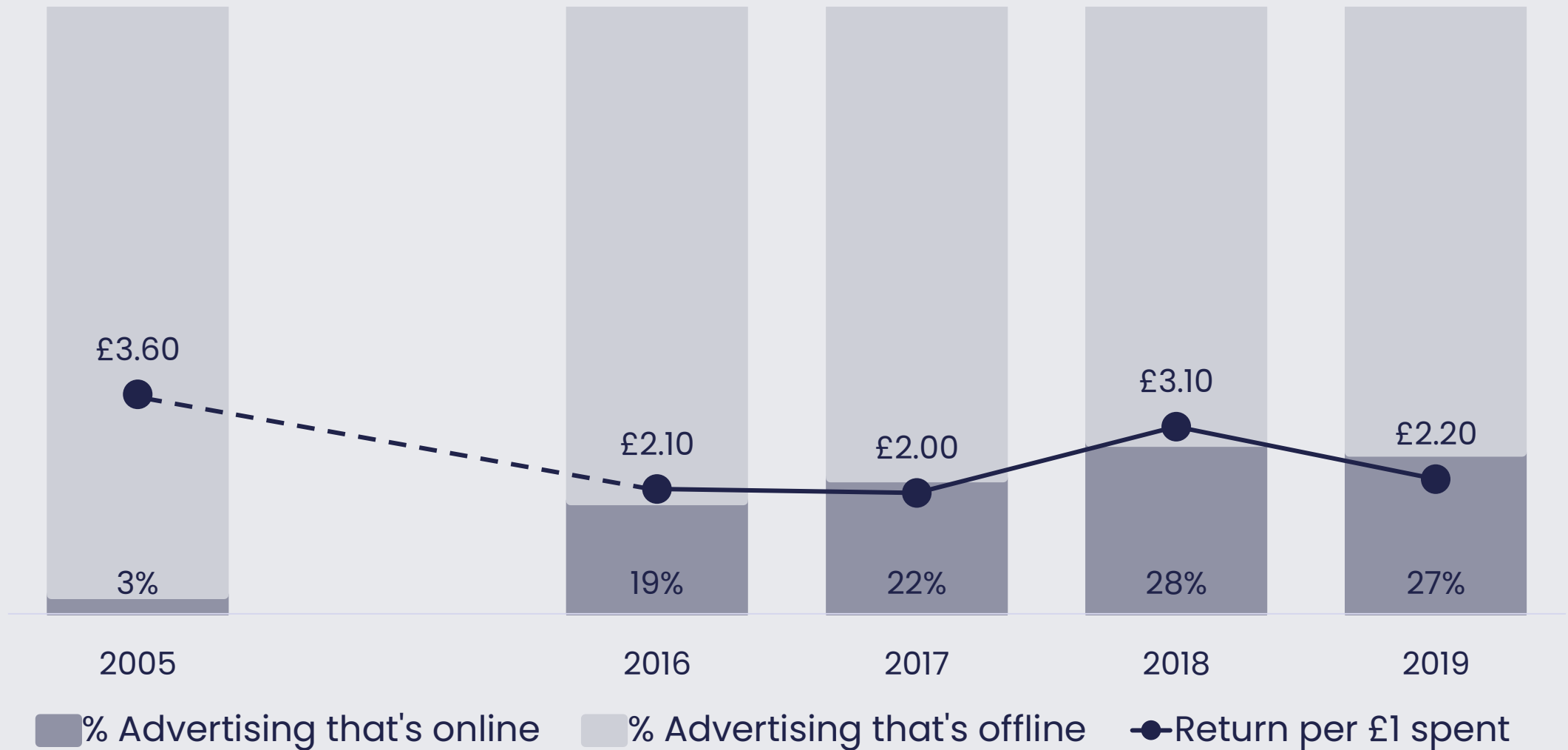Categories where you spend research **time online**...

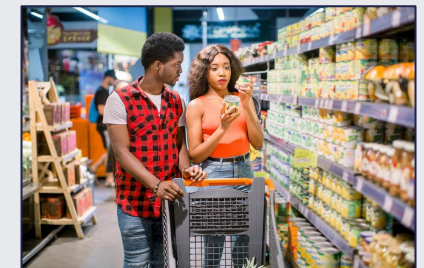e.g. financial services, durables, entertainment

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Photo source: Unsplash

magic numbers

Time-online categories buy lots of online ads & have recovered in spades

£3.80

£2.10

£3.50

£5.40

£8.90

8%

32%

36%

33%

47%

2005

2016

2017

2018

2019

■ % Advertising that's online   ■ % Advertising that's offline   ●─ Return per £1 spent

Source: Magic Numbers, OMG, Ekimetrics, IRI, D2D, VCCP Media via ARC

Time-offline categories buy mostly **offline** ads & haven't seen a recovery

£3.60

£2.10   £2.00   £3.10   £2.20

3%   19%   22%   28%   27%

2005   2016   2017   2018   2019

% Advertising that's online   % Advertising that's offline   Return per £1 spent

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Source: Magic Numbers, OMG, Ekimetrics, IRI, D2D, VCCP Media via ARC

magic numbers

Two very different trajectories

£8.90

£5.40

£3.80

£3.50

£3.60

£2.10

£2.10

£2.00

£3.10

£2.20

2005   2016   2017   2018   2019

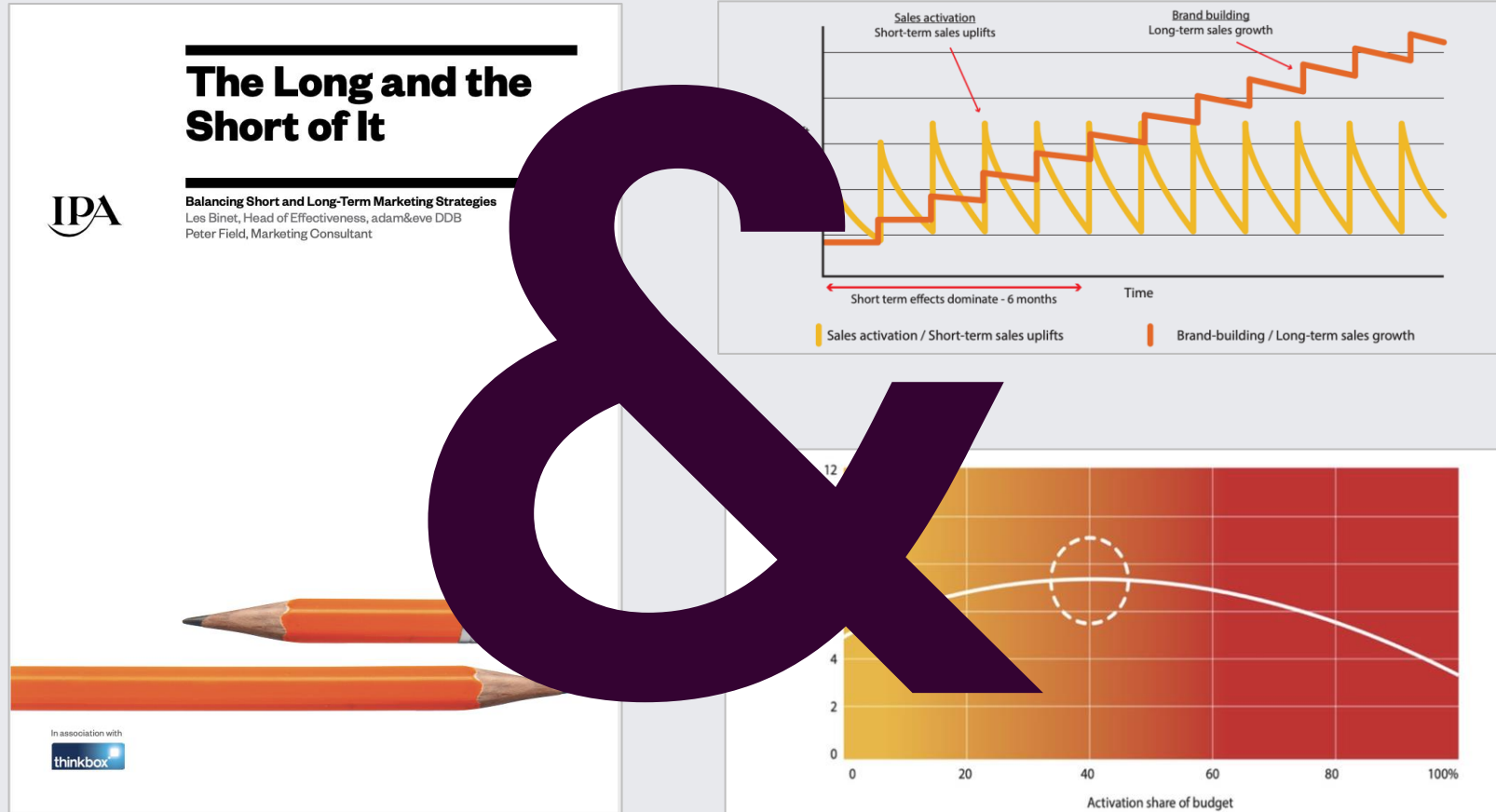●—— Return per £1 spent - Time online   ●—— Return per £1 spent - Time offline

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magic numbers
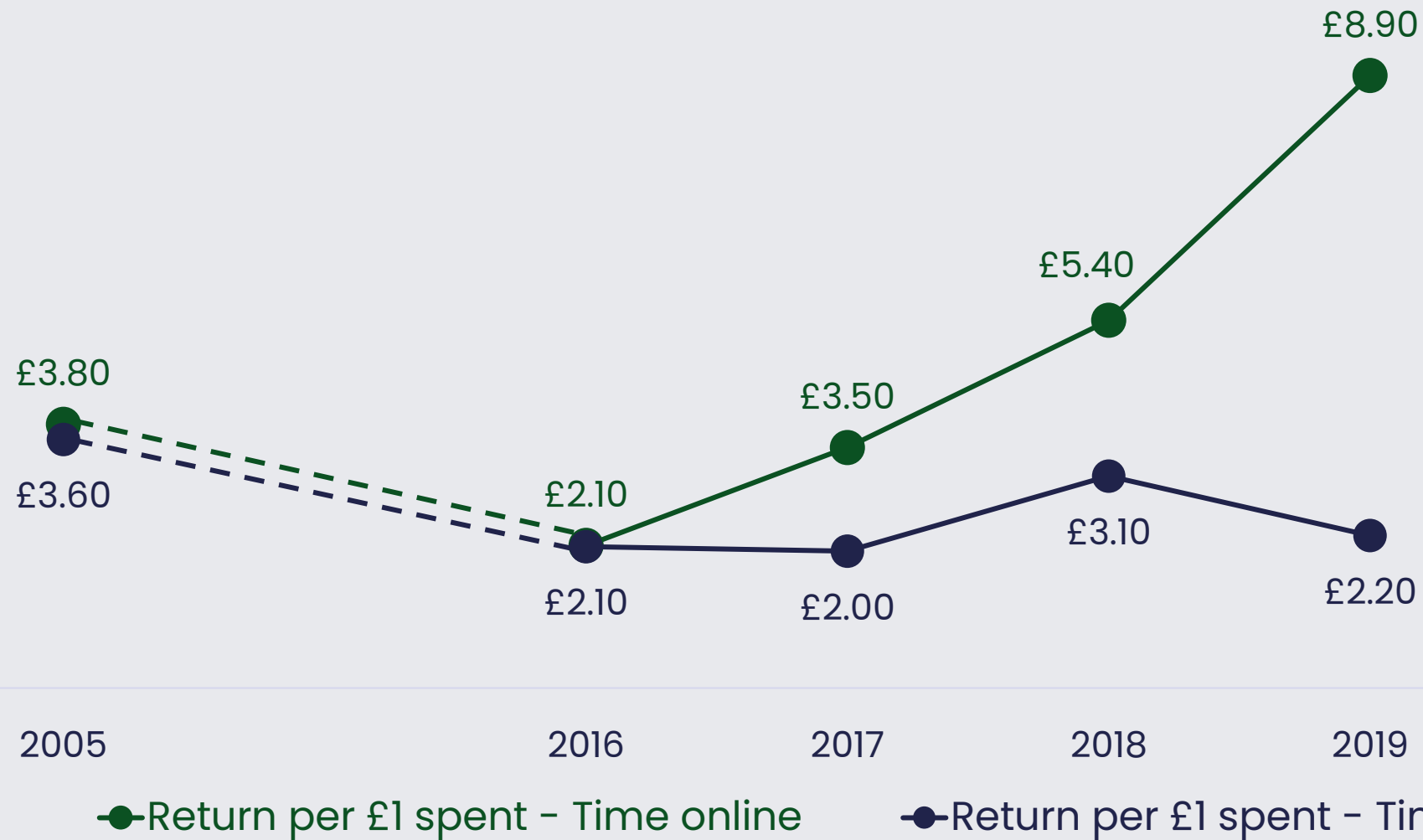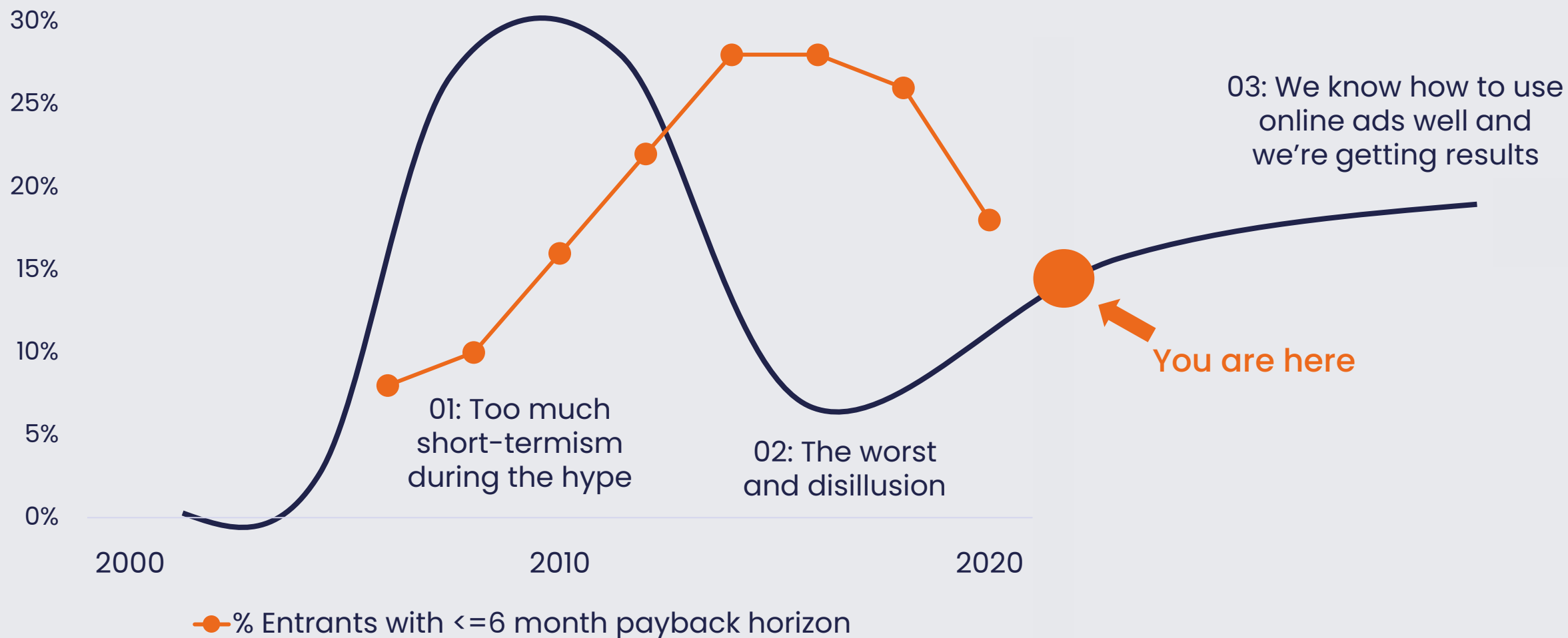
10 years on, the balance between long and short still matters

Bit by bit we are learning to love the long again

30%
25%
20%
15%
10%
5%
0%

2000   2010   2020

01: Too much short-termism during the hype

02: The worst and disillusion

03: We know how to use online ads well and we're getting results

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—●— % Entrants with <=6 month payback horizon

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Source: IPA Databank, Peter Field
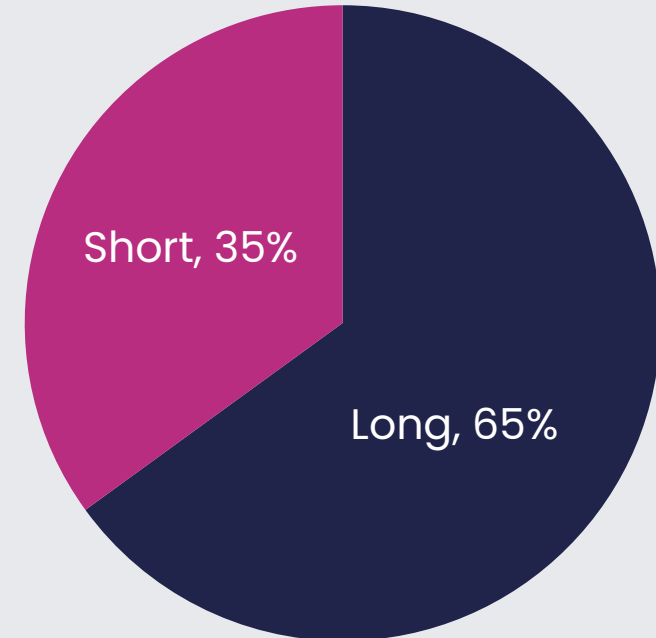
magic numbers

ARC verifies 60:40 – but adjust it for your creative strength

Optimal split if your campaign is awards-worthy
(thousands of entrants to IPA awards)

Short, 40%

Long, 60%
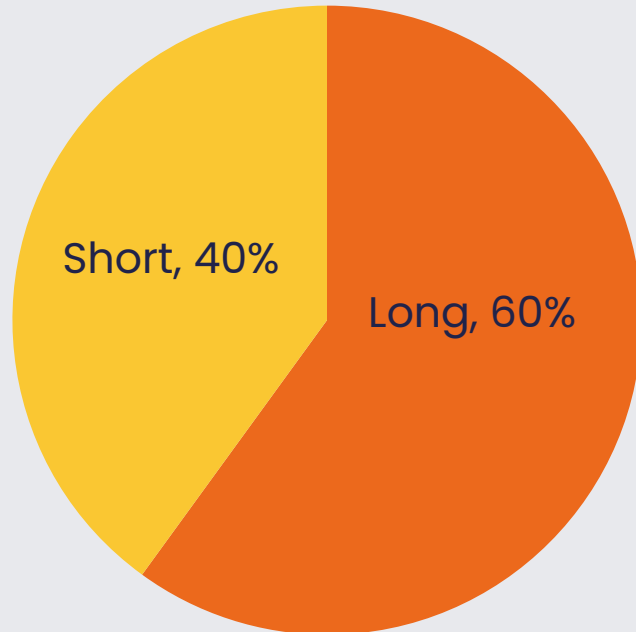
Optimal split if your campaign is normal
(UK advertisers with ROI>£10)

Short, 35%

Long, 65%

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Source: The Long and the Short of it, Binet & Field, ARC

magic numbers

The next step: here's the channels that do each job well

SHORT	LONG
Paid search	Brand TV & sponsorship on TV
Paid Facebook	YouTube & online video
Paid Instagram	Broadcaster video on demand
Direct Response TV	Press (paper and digital)
Radio	Out of home (posters)

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magic numbers