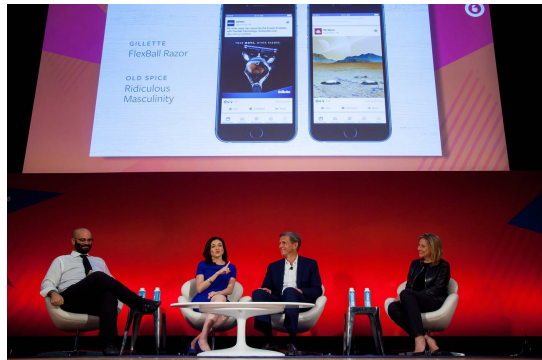


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P&G Contends Too Much Digital Ad Spending Is a Waste

World’s biggest advertiser slashed digital ad spending by \$200 million last year



Procter & Gamble’s Marc Pritchard, second from right, discusses digital advertising with Facebook Inc. Chief Operating Officer Sheryl Sandberg, second left, and others at an Advertising Week session in 2016. Procter & Gamble reduced ad spending with several big digital players last year. PHOTO: MICHAEL NAGLE/BLOOMBERG NEWS

By Suzanne Vranica
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After publicly pressuring major technology platforms to help clean up the online ad market and fork over more information about the effectiveness of digital ads, Procter & Gamble Co. slashed its spending on digital advertising by more than \$200 million last year.

The consumer products giant says that its push for more transparency over the past year revealed such spending had been largely wasteful and that eliminating it helped the company reach more consumers in more effective ways.

P&G , [PG -0.39% ▼](#) whose brands include Crest, Tide and Pampers, says it cut its digital ad budget by more than \$100 million from July through December. Those reductions were on top of the more than \$100 million in digital marketing spending the company had already cut in the June quarter, which P&G said had little impact on the business.

The ad dollars were pulled back from a long list of digital channels but also included reducing spending with “several big digital players” by 20% to 50% last year, according to Marc Pritchard, P&G’s chief brand officer. He has been leading the charge among marketers as a vocal critic of digital advertising clutter, ad fraud and brand safety issues on platforms like YouTube.

Mr. Pritchard is expected to announce the cuts P&G has made with major digital platforms during a speech Thursday at the Association of National Advertisers media conference in Orlando, Fla.

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Once armed with more measurement data, P&G discovered that the average

view time for a mobile ad appearing in a news feed, on platforms such as Facebook , was only 1.7 seconds. The Cincinnati-based company also realized some people were seeing P&G ads far too many times.

“Once we got transparency, it illuminated what reality was,” said Mr. Pritchard. P&G then took matters into its own hands and voted with its dollars, he said.

Long the biggest advertiser in the world, P&G carries significant weight among marketers and its efforts are closely tracked.

About a year ago, Mr. Pritchard publicly issued an ultimatum for tech companies to clean up the digital ad ecosystem or it would cut spending. He called on the industry to fix the rampant digital ad fraud and asked tech giants such as Alphabet Inc.’s Google and Facebook Inc. to implement safeguards to prevent ads from appearing around controversial content and to allow independent verification of their ad measurements.

Mr. Pritchard declined to name which digital companies P&G had reduced spending with, but said some got a “pretty big hair cut.” One of the biggest reductions was with Google’s YouTube. P&G suspended advertising on the popular online video service in March after ads appeared alongside objectionable videos. The company has yet to return, but Mr. Pritchard says to “stay tuned.”

YouTube and Facebook have demonstrated a significant change in attitude since then, he said.



Mr. Pritchard has been leading the charge among marketers as a vocal critic of digital advertising clutter, ad fraud and brand safety issues. PHOTO: PAUL MORIGI/GETTY IMAGES

He said YouTube has shared changes that will ensure the platform is safe for brands and pointed to how quickly YouTube helped it stop the spread of viral videos that were promoting the so-called Tide Pod challenge, where teens were eating the concentrated liquid laundry detergent pods.

YouTube quickly removed the videos and tweaked the algorithm so that when someone searched for such a video, they were shown a P&G video featuring football star Rob Gronkowski telling people that Tide Pods were for washing not eating. Facebook and Snap followed with similar measures, he said.

To appease advertisers, tech companies have made efforts to rectify other issues, as well.

Facebook recently announced major changes to its algorithm, intended to address concerns over the quality of content on its platform. Meanwhile, YouTube has made improvements to the technology it uses to screen videos, added more human reviewers and given marketers more control over where their ads appear.

“P&G is a great partner to Facebook,” Facebook said in a statement. “We’re proud of the work we’ve done together, particularly in the areas of third-party verification and brand safety.”

Google declined to comment.

Google and Facebook are currently undergoing an audit of some of their data and ad metrics by the independent measurement watchdog Media Rating Council.



Procter & Gamble Tide Pods. PHOTO: DANIEL ACKER/BLOOMBERG NEWS

Mr. Pritchard said that the big tech companies have met 90% of his demands—the company is just waiting for the council to finish auditing some of the ad metrics.

The company said it hasn't reduced its overall advertising spending and has shifted those digital dollars into other areas including TV, streaming services such as Pandora Media Inc., and e-commerce giants such as

Amazon.com Inc. and China's Alibaba.

P&G spent \$7.1 billion on advertising in the fiscal year that ended in July, down slightly from \$7.2 billion a year earlier, according to the company's annual report. Digital accounts for roughly one-third of its annual ad spend.

The push for more transparency into its digital ad outlays has taught P&G that marketers need to be more in control of how their dollars are spent online, he said.

"As we all chased the Holy Grail of digital, self-included, we were relinquishing too much control—blinded by shiny objects, overwhelmed by big data, and ceding power to algorithms," Mr. Pritchard said.

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