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INNOVATION IN ADVERTISING

⚠️ **CONTENT WARNING:**

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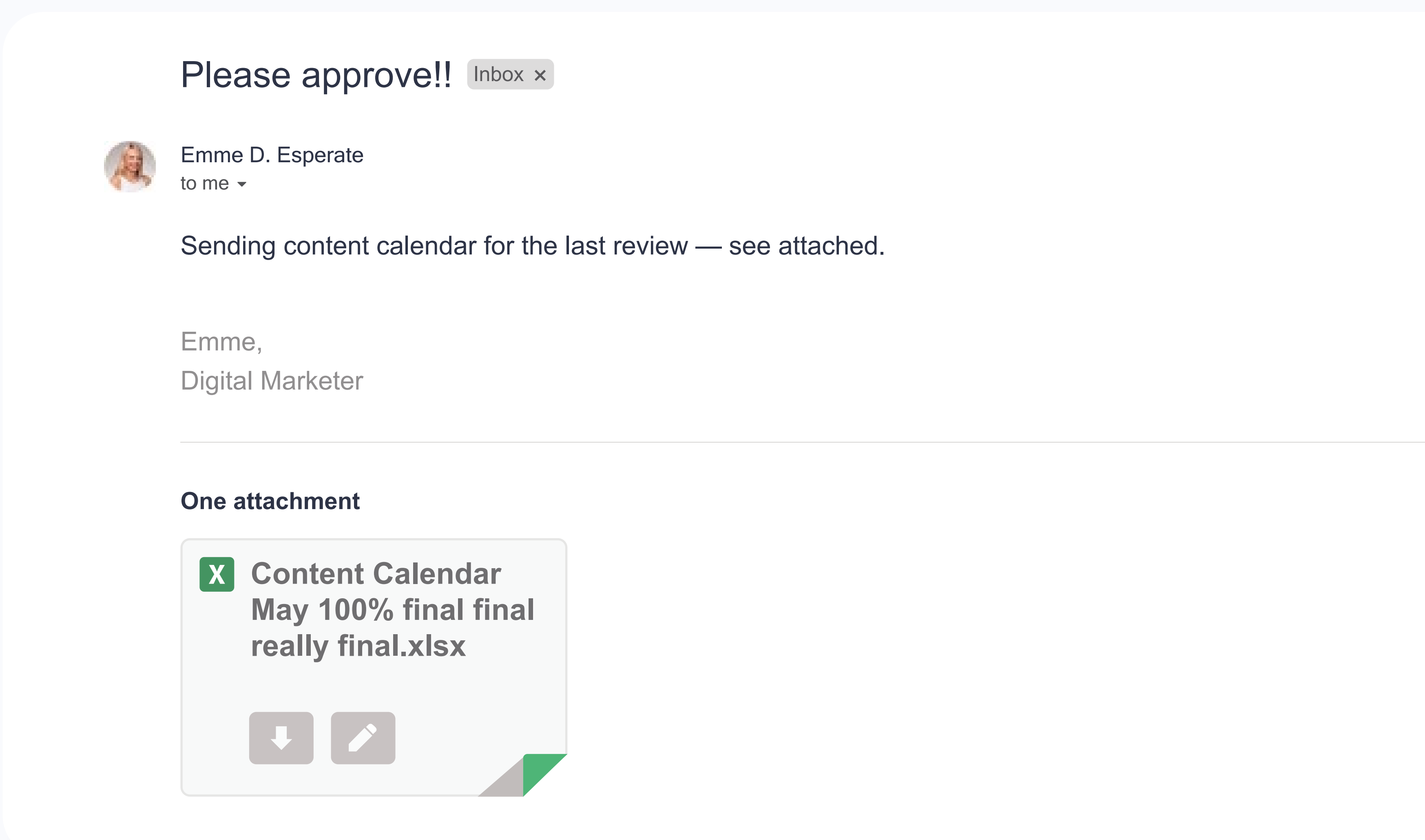

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INNOVATION IN ADVERTISING

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STRATEGY

Austerity necessities: how to advertise during a downturn

With nearly everyone in the UK feeling the pinch, advertisers would be well advised to adjust their methods and messaging to connect more meaningfully with cash-strapped consumers

Jonathan Weinberg

As the cost-of-living crisis tightens its grip in the UK, it's becoming ever more vital for brands to highlight the value for money their offerings provide and differentiate themselves from the competition. The problem for many companies is that they're having to find savings themselves – and the marketing budget is often among the first to get trimmed.

With purse strings tightening everywhere, advertising agencies and their clients must therefore innovate and find the most cost-efficient ways to deliver returns on what in many cases are diminishing investments.

This could include harnessing methods that adjust the tone of ad messaging to recession psychology or deliver greater levels of personalisation. Other techniques, such as generative AI and micro ads with deeper targeting, could be used alongside product labelling with digital IDs or QR codes that link to visual storytelling.

"During challenging economic times, innovation can be the difference between survival and downfall," stresses Sarah Salter, global head of applied innovation at media agency Wavemaker.

According to Wavemaker UK's latest research into the cost-of-living crisis, struggling consumers are looking to brands for assistance. This could include tailored information to help them make better purchasing decisions. Salter notes that emerging technologies such as conversational and generative AI are enabling such personalisation.

Innovation in this context is about solving each consumer's problems, she says. "Personalisation can make a solution feel individual and revolutionise their experience."

Salter's approach to advertising during a downturn also entails focusing investments on hero products and "selling the future".

She explains: "During past recessions and even the world wars, advertisers were working to give people hope for the future. Focusing on emerging technologies that would help to shape a new way of living, they placed themselves as key players in building a future that people wanted."

For agencies, understanding clients' appetites for risk and what they really mean when they say 'we want to innovate' has become key to delivering ROI. Some brands


scyther5 via iStock

may be keen to invest in technologies of the future – the metaverse, for instance – while others may simply want to produce a series of podcasts for the first time.

The so-called 10:20:70 rule in marketing recommends that 10% of the budget should go towards innovation and 20% should be devoted to relatively new methods that have withstood an initial test and are worth a second try. The remaining 70% should be applied to well-proven techniques.

A global survey of more than 1,700 senior B2B marketers by LinkedIn in October found that 76% had high hopes for their strategies for the next six months, despite budget cuts. Two-thirds of the respondents were planning to maintain or even increase expenditure on brand-building activities.

Matt Rhodes is chief strategy officer at House 337, an ad agency with clients including Santander, M&S and Tesco's own apparel brand, F&F. He suggests that the increasing economic uncertainty will prompt more and more consumers to look for new products to try out for the first time as they seek more value for money.

"To cut through the sea of sameness on the high street, marketers must think innovatively about how they talk about quality," Rhodes advises. "There is huge innovation within digital product IDs that hold information about a garment's manufacturing and sustainability credentials on a blockchain. This helps brands to demonstrate the value of their products through information transparency."

It's also important to focus on the customer experience, according to Anne Stagg, CEO of Merkle in the UK, who works on this aspect with clients including Hilton, Subway and Currys. She believes that building loyalty through innovation and relationship-building is especially important during a recession, noting that the most effective approach a brand can adopt in tough times is to "put your customer first".

Stagg adds that during a downturn "the usual demands from consumers become essential needs – and a business's survival becomes dependent on its ability to adapt to this trend".

Sid McGrath, chief strategy officer at Wunderman Thompson, notes that many consumers feel that they're losing control of their situation in times of austerity. Clear and simple messaging helps to reassure people in such circumstances.

"All you need to do is listen to consumers and respond to them. It's not necessary to reinvent the wheel," he argues.

McGrath suggests that making things simple could extend to measures such as expressing discounts in pounds and pence rather than percentages. This ensures that "consumers don't need an economics degree" to understand the value of a special offer, for instance.

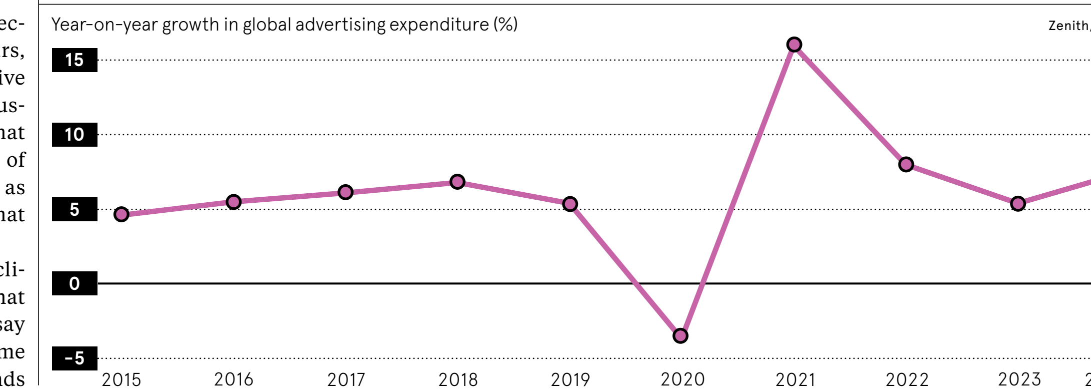
He also advocates setting out all the "rational benefits" of the product or service, while not making drastic changes to the type of messaging that consumers are accustomed to receiving from the brand.

For Salter, setting your offering well apart from the competition is the most important marketing priority in a recession. Firms that come out of downturns in a stronger position than their rivals tend to have achieved "distinctiveness by focusing on the master brand and a few hero products", she says. "It's not the time to invest in a long list of second-placed stock-keeping units that people are switching away from. Using innovation to drive distinctiveness is key."

THE ANSWER TO AN ECONOMIC DOWNTURN? KEEP CALM AND CARRY ON SPENDING

Year-on-year growth in global advertising expenditure (%)

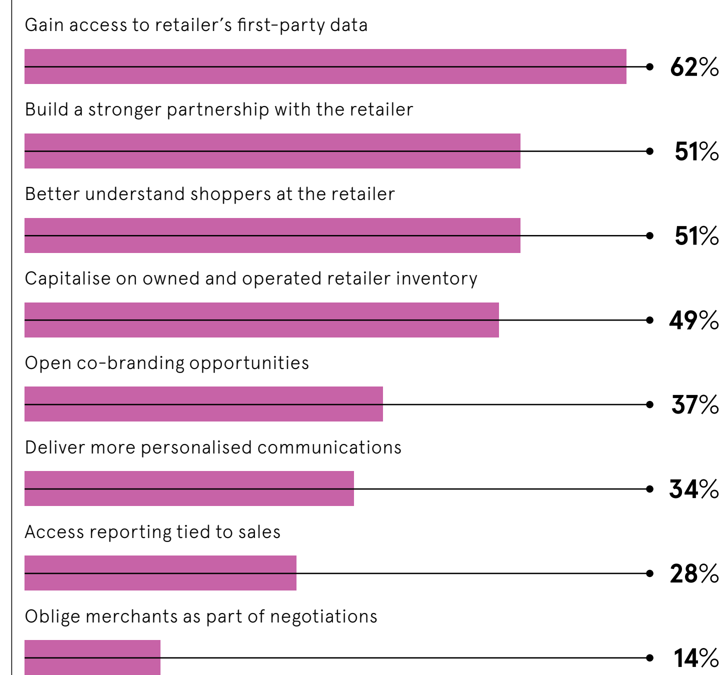
Zenith, 2022



Online shopping, Flordaliso via Getty

MARKETERS CAN'T RESIST GOOD DATA ON CUSTOMERS

Reasons cited by marketers for working with retail media networks in the US



eMarketer, 2021

ECOMMERCE

How a retail media network really works

Retail media networks are entities that retailers set up to monetise the data they hold on customers, enabling them to sell ads to brands. Could they be the future of advertising?

Emily Seares

Like many innovations in ecommerce, retail media advertising was pioneered by Amazon. It introduced many of the advertising units that other retail media networks (RMNs) now use, including sponsored display (audience targeting and retargeting) and sponsored products (search) .

Given the huge growth in online shopping during the pandemic and the costs associated with the ecommerce model, several other big retailers have been forming RMNs, seeing a lucrative future business model that offers benefits to both brand and retailer. Walmart is another big RMN player in the US, for instance, while several UK supermarket chains have set up networks.

Global retail media revenue is forecast to reach $101bn (£87bn) in 2022, up from $88bn last year, according to a report published in September by GroupM, WPP's media investment business. This amounts to 18% of global digital advertising revenue and 11% of total advertising revenue. The report predicts that retail media advertising income will increase by roughly 60% within five years.

"Retail media is the holy grail of advertising for brands," declares Andrew Lipsman, principal analyst at Insider Intelligence. "I'm not sure to what extent brands fully realise this yet. Should you be thinking about how you move your ad budget into retail media? For most brands, the answer is probably 'yes'."

Athar Naser is global director of transformation consulting at marketing consultancy CvE, which counts Boots, Nokia and Vodafone among its clients. He believes that the opportunity for advertisers lies in being close to the point of sale.

"In essence, this is about having media that is rich in data and finding audiences that are loaded with purchase intent – or at least those that we know something about," Naser explains.

Lipsman observes that retail media is following in the footsteps of search and social as digital advertising's third big wave, built on a foundation of valuable first-party purchase data and contextually relevant ad experiences.

The other crucial element is the ability to close the loop on purchase reporting. For decades, advertisers have found it hard to connect their ad spending to customer purchases. But retail media changes this by directly connecting audience impressions with omnichannel transactions, so there is an incredible depth of information and purchase behaviour to provide a rich profile for delivering ad relevance.

Sainsbury's RMN is operated by its insight and marketing services business, Nectar360, which it says gives advertisers a clear view of who their customers are, courtesy of the first-party data provided by 17.5 million holders of a Nectar loyalty card.

> **Should you be thinking about how you move your ad budget into retail media? For most brands, the answer is probably 'yes'**

"We enable brands to gain a deeper understanding of customer behaviour," says Sainsbury's director of Nectar and loyalty, Sam Burston. "They can deliver personalised ads and offers, optimise campaigns in flight and 'close the loop' via transparent performance measurement."

One key FMCG client who works with Sainsbury's RMN confirms that the ability to "quantify our own segments with real sales data has helped us to understand our audiences and achieve better returns".

Nearly 70% of advertisers see significant or somewhat better performance from RMNs than with other channels, according to a 2022 survey published by McKinsey in June.

Colin Lewis is a consultant and educator specialising in digital marketing and the author of the World Advertising Research Center's *The Rise of Retail Media* report. He says that, in a world where the demise of third-party cookies and Apple's app-tracking transparency framework have changed digital marketing radically, consumer brands can treat retail media as their obvious next step.

"If you can run your 30-second TV commercial at half time in tonight's United v City game on Amazon Prime and know if it tracks directly to a sale, why wouldn't you do it?" he asks. "Similarly, if you can run your product ads on Tesco's ecommerce site instead of on Facebook, why wouldn't you?"

The gravitational force pulling brands into retail media is the return on ad expenditure, according to Lipsman. "They are seeing this as performance advertising: I put $1 in and I'm getting $4 out. And the CFO is saying 'put more dollars into that channel if it's driving that sort of return'," he explains.

To date, most retail media ad spending has concerned the low-hanging fruit of sponsored search, which Lipsman thinks will keep growing. But a much larger opportunity will come from "the other 85% of retail sales [with regard to the US market]: the nearly $6tn market of bricks-and-mortar retail", he says.

Nick Baldwin, director of ecommerce practice at MediaCom, thinks that there's "huge potential for in-store digital. We're fairly close to the possibility of loyalty apps greeting shoppers as they arrive, sending them personalised offers as they move around the store and reminding them at the checkout of items they might have missed. Imagine getting a reminder call from your smart fridge to tell you to stock up on butter while it's on offer, just as you're passing the chiller."

Sainsbury's says that it sees a notable opportunity to digitise part of its in-store media portfolio. The potential to programmatically serve in-store ads based on the weather or time of day and the proximity to purchase is extremely appealing to its clients.

How should RMNs sit within the overall campaign mix? Baldwin says that savvy clients are combining performance-based campaigns with traditional marketing or brand campaigns to deliver a seamless experience of brand engagement at the point of discovery and shopability.

Despite their obvious potential, RMNs do pose some challenges for advertisers. One is the risk that you serve an ad to someone who's about to buy your product anyway. To overcome this, RMNs must ensure greater transparency with respect to performance measurement.

"Brands want this," Lipsman says. "There are concerns about networks grading their own homework."

With first-party data becoming more important, RMNs will surely play a key role in the future advertising mix. But brands need to see continued evolution by retailers to ensure that the current momentum is maintained, Baldwin warns.

"Notoriously, marketeers like shiny new spaces to play in," he says. "We need to ensure that we can utilise this focus to make the RMN a credible advertising space that's fit for the long term." ●

INSIGHT

'Amplify, invest and reap the benefits on the other side'

Despite the temptation to slash marketing budgets during a recession, **Simon Cook**, CEO of LIONS, explains the logic in doubling down

Marketers are navigating uncharted waters. Inflation is rising, consumer confidence is falling and a recession is looking likely. But, rather than reverting to familiar ways of working during a downturn, leading brand marketers are doubling down and investing in creativity. Brands must demonstrate their value to inflation-squeezed consumers – and that takes creative investment.

A straw poll of CMOs at a recent LIONS Marketers event showed that 75% would be doubling down on their social media investments in the coming months. And there are countless studies that all point to one clear piece of advice in times of economic uncertainty: don't go dark. Instead, amplify, invest and reap the benefits on the other side.

When the Covid-19 pandemic took hold, creativity proved its value by supporting business growth, as companies adapted to better serve consumers in new and innovative ways. Following the 2007-08 global financial crisis, the work that won at the Cannes Lions International Festival of Creativity reflected the mood of the industry. Budgets were cut at the same time as social media was ascending, resulting in a flood of Grand Prix-winning work that innovated by using the PR potential of social media.

Proving the effectiveness of creativity is a sure way for brands to demonstrate the value of creative investment. And the evidence that links creative work and its effectiveness keeps growing. Perhaps that is why we've seen an 80% increase in the number of entries for 2022's Creative Effectiveness Lions, which recognises creativity that demonstrates business results over the long term, including tangible business effects, cultural change and brand purpose.

The Grand Prix winner at the 2022 festival was Contract for Change by FCB Chicago for Michelob Ultra. It was chosen, according to jury president Raja Rajamannar, global chief marketing officer at Mastercard, because it was "not only strong on creativity and effectiveness. It went above and beyond. It [was] disruptive, game-changing and had an impact lasting into the future."

A new report from LIONS Intelligence, *Creativity in a Cost of Living Crisis*, outlines how helping your partners during challenging times can help to protect the long-term health of your business. During 2020, for example, beer brand Heineken worked with its on-trade partners, paying them to use their shutters for outdoor advertising space during the pandemic lockdowns. Redirecting its media budget to help 5,000 closed bars across the world helped its on-trade partners stay in business while keeping Heineken front of mind at the same time. About €7.5m (£6.6m) went directly to bars. Other beers followed Heineken's lead.

It's been 14 years since Cadbury's drumming gorilla ad first touched hearts and minds. It showed that, despite increasing challenges, a few moments of sheer joy will always be well received. It won multiple Lions, including the coveted Film Grand Prix. Now the world faces fresh challenges: we're still reeling, emotionally and economically, from the Covid crisis; war is being waged in Ukraine; and climate change is constantly in the headlines. Many people around the world are looking to brands to understand their predicaments and provide solutions or even just offer some entertainment.

Although it might feel more comfortable to hunker down and ride out the storm of financial uncertainty, it's crucial to invest in the right conditions for creativity to flourish. Find new ways to connect with consumers, so that your brand stays front of mind in times of crisis – and then thrives once we reach a greater sense of stability. ●

- *The* Creativity in a Cost of Living Crisis *report is available at lovethework.com*
- *The Creative Effectiveness Lions are open for 2023 entries. For details, visit canneslions.com*

Simon Cook
CEO of Lions, The Home of Creativity

Commercial feature

The in-house model for more control and cost-efficiency

Advanced in-house agency models are key to weathering the recession as well as maximising growth potential, says **Amina Folarin**, UK group CEO of Oliver

The UK is officially in a recession. The upside? Businesses have been here before.

During the pandemic, companies learned that they must maintain some marketing and advertising in order to increase their chances of growth once the economy recovered. Even if activity was thinly spread, being visible to customers would help re-ignite financial performance.

However, to assume this philosophy in 2023 would be a mistake. With slowing demand and high inflation, cuts are coming. This year calls for smarter strategies than ever. And that means delivering material savings while, at the same time, increasing marketing activity.

Businesses need greater control, capability and cost efficiency to survive. The question is: how?

In-house marketing meets innovation

The recessions of 1974, 1981 and 2008 dramatically changed the marketing landscape. As another recession begins to bite, marketers must deliver more while spending less. It's this tension that actually makes recessions the perfect opportunity for business rebirth, as long as there's a drive for innovation internally.

Today, brands have much more information about their markets and consumers, and new ways of working have been developed – whether that's adopting new technology or increasing e-commerce capability. They have learned to be more agile and leverage different levels of expertise when needed, helping to manage costs at a time when every pound counts.

One big innovation proven to help brands is the in-house marketing agency. The World Federation of Advertisers found that 74% of global brands are now outsourcing or building an in-house agency to save money. Some businesses are using it to transform from the inside out.

Boots recently launched House, an outsourced internal operation to help modernise its omnichannel experiences, tied to its business growth goals. Similarly, during the pandemic, Unilever increased the use of U-Studio, the company's outsourced in-house agency, by 40%. Across the globe, U-Studio became "a vital resource", supporting growth "in challenging macroeconomic conditions", according to recent press. In 2023, new market demands will no doubt cause these two in-house agencies to flex in size and capability once more.

Innovative solutions

Interestingly, an in-house agency need not be entirely on-site. For instance, in 2004, Oliver pioneered the outsourced in-house agency model. It is still the only company to exclusively design, build and run bespoke in-house agencies and marketing ecosystems, now in partnership with more than 300 businesses globally.

> **The worst thing you can do is cut your in-house agency because as soon as you need it, it won't be there and you'll return to expensive external agencies**

Amina Folarin, Oliver's UK group CEO, says: "Our partners achieve better resilience and creative work, while saving more than 30% on marketing budgets."

An outsourced in-house agency is typically designed to maximise quality, output and efficiency. The teams provide innovative solutions while delivering day-to-day campaigns, acting as a nucleus for the brand's entire marketing ecosystem. Then, using outsourced technology and offshore hubs for additional firepower, they can scale up and down in line with new marketing needs, giving businesses the flexible cost structure and expertise necessary for growth in uncertain times.

Outsourcing in-house marketing is an opportunity to transform

Cost-cutting while driving innovation sounds overwhelming. But outsourcing a business' in-house marketing can help simplify the process. The first step is identifying what capability sits with the brand, versus what requires the efficiency of an outsourced in-house team.

"A report by ISBA shows that brands are pivoting away from TV and offline experiences, with brands like Hyundai choosing to prioritise younger audiences," says Folarin. "While these are smart decisions, they won't make the difference in 2023. Choosing to in-house some or all of your digital needs would be better for brands needing their money to go further."

For businesses that have their own in-house agency already, Oliver's advice is: don't cut it, optimise it.

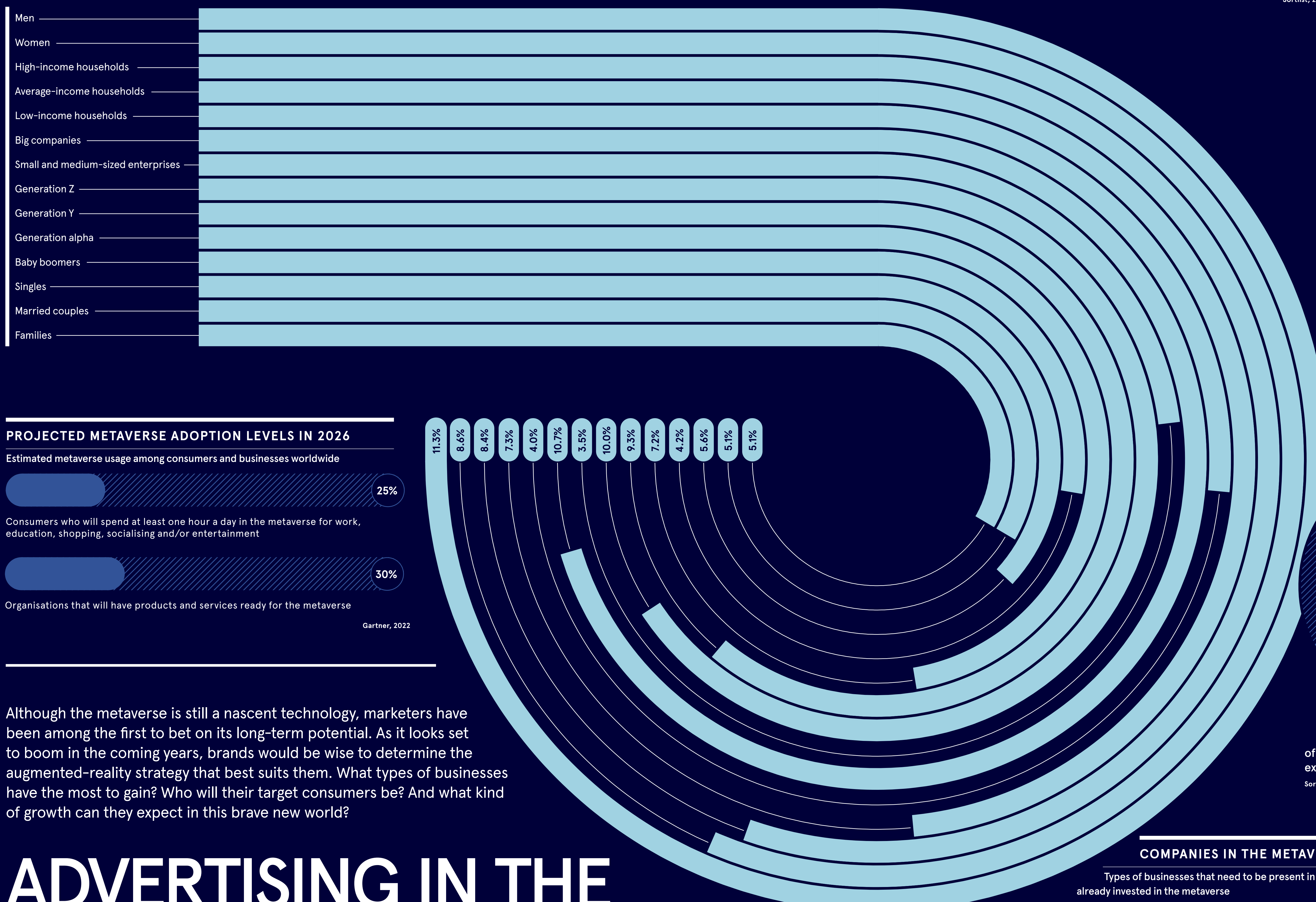
"The worst thing you can do is cut your in-house agency because as soon as you need it, it won't be there and you'll return to expensive external agencies," says Folarin. "We can help brands increase their current in-house agency's output while drastically cutting costs. Fixed overheads become a variable low cost with high-production value, while keeping the expertise at the heart of your business. This is how outsourcing your in-housing really helps."

Despite appearances, today's recession may well be an opportunity to rethink and transform your marketing operation entirely.

MEN AND BIG COMPANIES ARE THE MOST LIKELY USERS TO BE TARGETED BY METAVERSE ADS

Key target audiences in the metaverse, according to companies already invested in the metaverse

Sortlist, 2022



PROJECTED METAVERSE ADOPTION LEVELS IN 2026

Estimated metaverse usage among consumers and businesses worldwide

25%

Consumers who will spend at least one hour a day in the metaverse for work, education, shopping, socialising and/or entertainment

30%

Organisations that will have products and services ready for the metaverse

Gartner, 2022

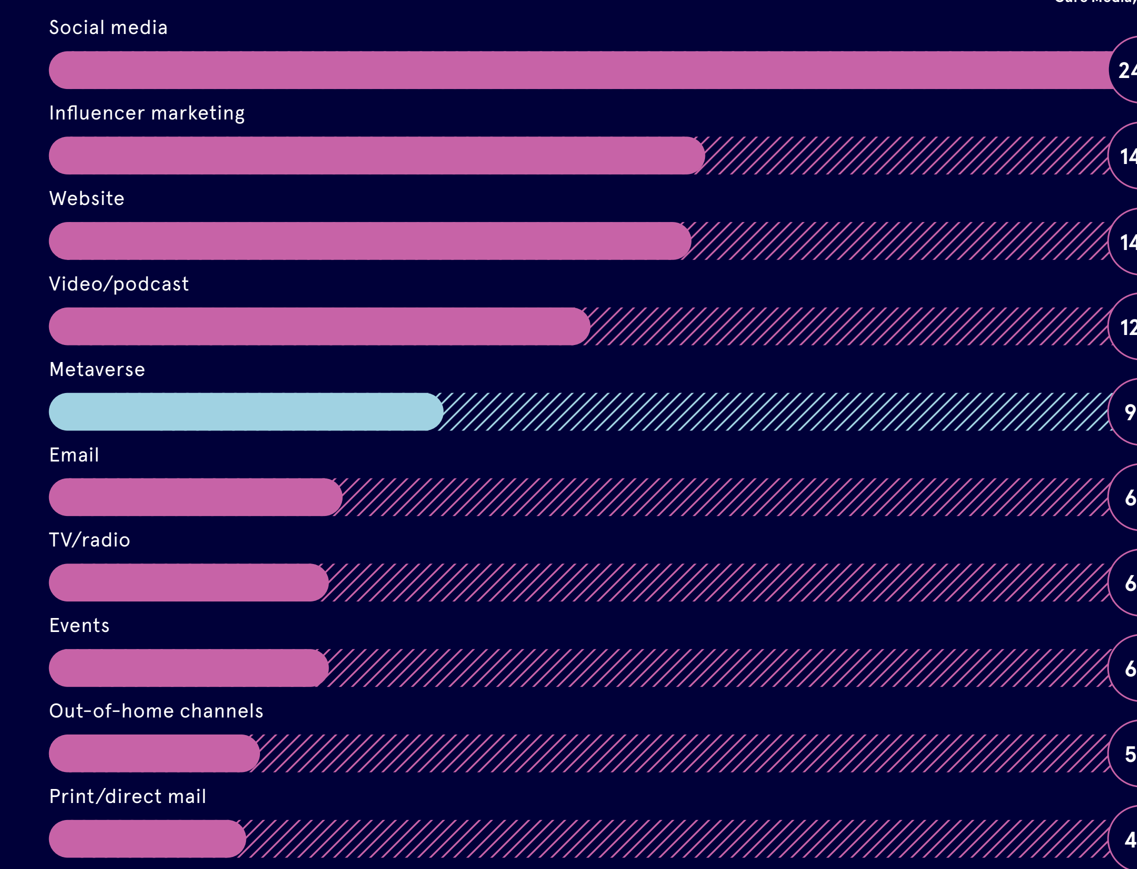
Although the metaverse is still a nascent technology, marketers have been among the first to bet on its long-term potential. As it looks set to boom in the coming years, brands would be wise to determine the augmented-reality strategy that best suits them. What types of businesses have the most to gain? Who will their target consumers be? And what kind of growth can they expect in this brave new world?

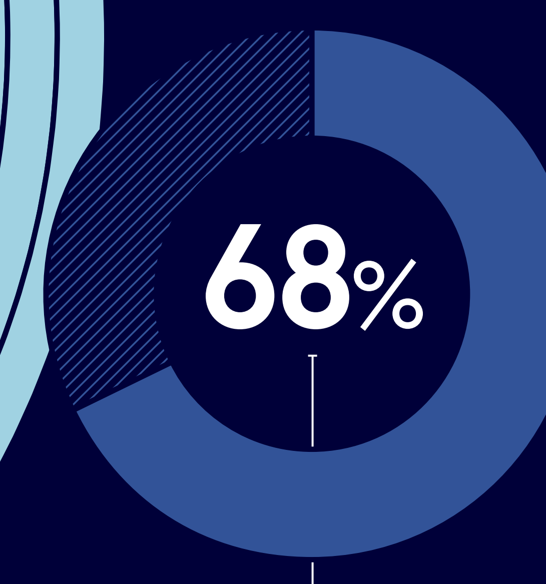
ADVERTISING IN THE METAVERSE

GROWTH POTENTIAL BY MARKETING CHANNEL

Marketing channels with the highest growth potential, according to B2C marketers in the UK

Cure Media, 2022





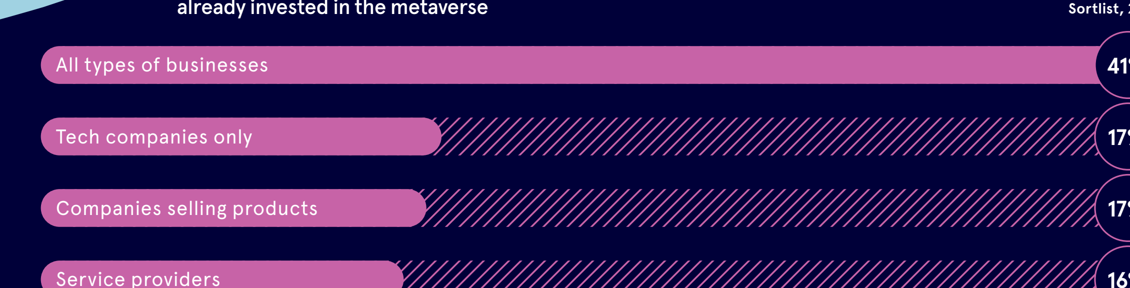
of companies already invested in the metaverse expect it to start booming in the next five years

Sortlist, 2022

COMPANIES IN THE METAVERSE

Types of businesses that need to be present in the metaverse, according to companies already invested in the metaverse

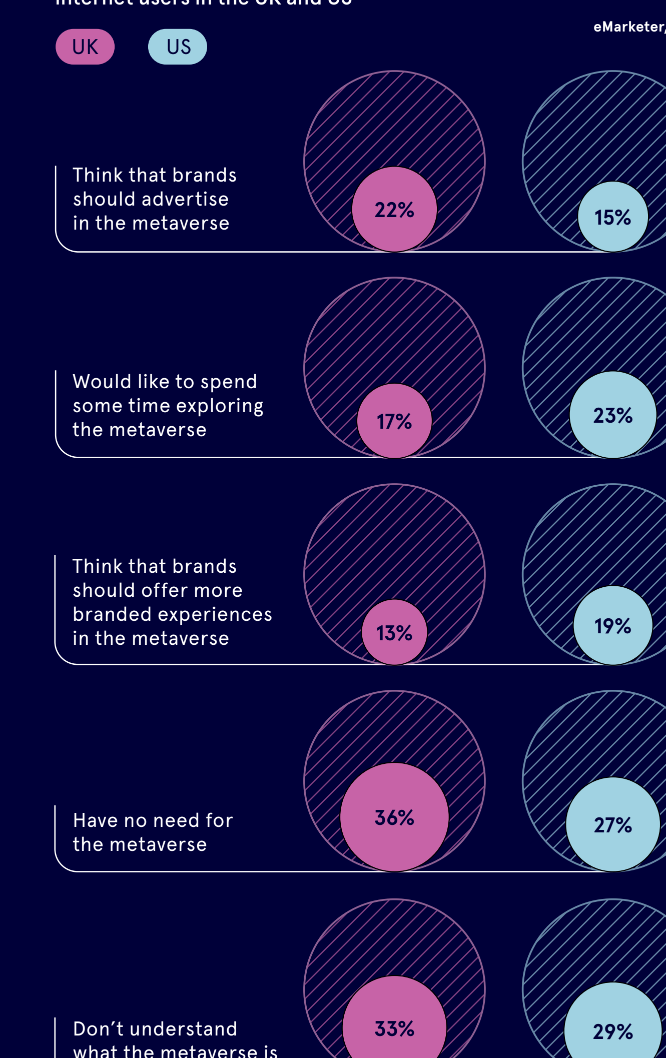
Sortlist, 2022



CONSUMER ATTITUDES

Brand-related attitudes towards the metaverse among internet users in the UK and US

eMarketer, 2021



> For the ad industry the answer is… positioning mindful consumption as a new status signal

SUSTAINABILITY

Save the Earth, one ad at a time

The industry has been handed one of its most important briefs ever: tackling the climate crisis

Nick Easen

"Saving our planet is now a communications challenge," said naturalist and broadcaster Sir David Attenborough about the climate crisis in 2020. While the science is well understood and we know what needs to be done, what's trickier is encouraging more of humanity to actually slash its greenhouse gas emissions and adopt a low-carbon economy. This is where advertising has the power to bring about real change.

Creatives from London to New York are masters at creating empathy, connecting consumers to brands and influencing people's moods, thoughts and choices. They have done it for the past 70 years, driving demand for a panoply of products – from cars to cigarettes and from phones to TVs – with little concern for the harmful emissions produced by these items. Industry insiders are calling on their profession to act.

"It's time to use the ad industry's superpower in a more enlightened way," says Anna Lungley, Dentsu International's chief sustainability officer. "We must help businesses to bring low-carbon products to market and inspire people to buy them. Changing behaviour requires more than changing attitudes. It necessitates shifts in how we live our lives. We also need to create inspiration, not shame; motivation, not criticism; and reward, not punishment."

The reason the ad industry exists at all is its ability to convince us all to consume. It's why the UN's Intergovernmental Panel on Climate Change issued a special plea this year aimed at tempering humanity's insatiable consumptive behaviour, stressing the need to boost demand for low-carbon products. The prize could be a huge reduction in global greenhouse gas emissions.

But many firms are scared to take the initiative, says Bill Alberti, managing partner at Interbrand. "They are caught between being accused of greenwashing and being blamed for not doing enough, so there is this widespread failure to lead."

Looking at advertising through a different lens could help. The gauge determining success or failure is whether more or less is sold. Yet the Earth's resources are finite. This must shift to a 'better or worse' pattern of consumption, where products are better for the planet, better for consumers and better for the companies that sell them.

"Brands need to drive demand for better choices. We all want to make the planet better, not worse," Alberti says. "They therefore need to help people feel good about the differences they can make."

Attitudes *can* be changed. Rewind 10 years and only 14% of Britons wanted to watch the Paralympics. When Tokyo hosted the event last year, a third of the UK population tuned in. Credit must go to Superhumans, Channel 4's TV ad campaign showing the Herculean achievements of Paralympians in overcoming barriers. This has helped to revolutionise perceptions of disabled people.

Other issues addressed by the industry have ranged from mental ill-health and drink-driving to diversity and female empowerment.

"The sector has cracked similar briefs over the past few decades and it's proved to be a powerful tool for driving social and behavioural change," observes Mark Howley, COO of Publicis Media UK.

Apparel brand Patagonia, touted for years as an example of best practice, is famous for saying "don't buy this jacket" to consumers. Ikea's Activists Without Knowing It campaign linked activities in the home with environmental data to show that it's easy to live sustainably. Circular economy brands such as Vinted advertises a hassle-free, high-fashion lifestyle that is rewarding but doesn't cost the Earth, since the clothes on its market are found new owners, not discarded.

The challenge with climate change and humanity's wholesale consumption of the planet's resources is that most consumers are just that: consumers, not scientists. Breaking complex science down into simple, bite-sized messages with calls to action that brands can influence and consumers can act on daily is crucial.

Making sustainable behaviour aspirational has become a key objective. But sending the message that sustainable choices can sometimes save you money is likely to be more effective when the recipients are apathetic or eco-sceptic consumers, especially given the cost-of-living crisis and a looming global recession.

The issue that businesses are grappling with is how to make purpose a fundamental part of how they operate and how this translates into adverts. Brands are struggling with the same questions that consumers face: how can they empower themselves and turn guilt into positive action? How can frugality power a company's bottom line?

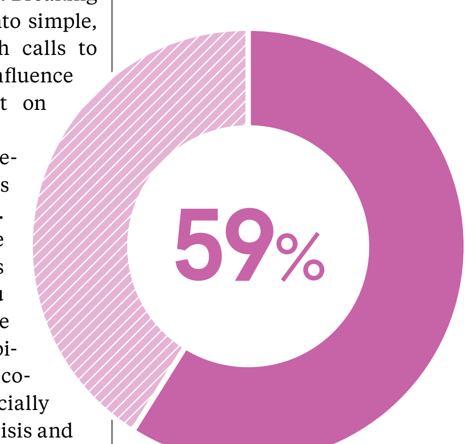
"A lot of messaging we receive from brands, Greta Thunberg or from a judgemental vegan at a dinner party, feels like a series of fingers are being wagged at us for being part of the problem. What advertisers should think about is inspiring people about their potential to be part of the solution," argues Will Sansom, head of strategy at ad agency The Brooklyn Brothers. "This requires us to break free from traditional tropes of responsibility and duty and being sensible. Who said that advertising about climate change needs to feel heavy? If we can make it relatable, fun and even light-touch, we could start seeing real change."

Making people feel positive and proud about the sustainable choices they make is likely to be a new mantra for the industry. It helps that the sector is ruthlessly results-driven. If brands see customers responding positively to the changes they are making, they will make more. This will encourage a virtuous circle, yet brands will have to do the heavy lifting for consumers.

"For the ad industry, the answer is to make people feel smart and positive about intelligent spending and mastering new upcycling skills, positioning mindful consumption as a new status signal," says Michela Graci, strategy partner at branding agency Coley Porter Bell.

The sector has a way to go. When all the ads for Black Friday promote Green Friday instead, we'll know that things really have changed.

> What advertisers should think about is inspiring people about their potential to be part of the solution



of consumers like to see what brands are doing to become more sustainable

less attention to branding when an advert contains sustainable messaging

Institute of Practitioners in Advertising, Ipsos, 2021

Commercial feature

More than a mass media: TV enters a new golden era

Television advertising is shaking off its 'old school' epithet as innovation in precision targeting allows marketers to measure success and sharpen their focus

The world's first TV advertisement, promoting watchmaker Bulova, crackled onto screens in 1941. Since then, television has been a non-negotiable in the advertising playbook for household brands. While the lion's share of marketing budgets is increasingly siphoned into digital channels, TV remains the big stage for brand storytelling.

According to research from Thinkbox, television reaches around 70% of Europe's population each day for an average of 3 hours and 39 minutes. This combination of mass appeal, scale and time spent is a potent formula for brands seeking to tap into captive audiences.

However, in the years since the first TV advert was bought by a pioneering American watchmaker, the medium and its consumers have changed substantially. Audiences are watching less traditional linear TV than ever before, instead migrating to video-on-demand services including Netflix, Amazon Prime, BBC iPlayer and other streaming giants.

A recent Ofcom survey found that audiences are drawn to different platforms for different viewing experiences. 'Event TV' content such as live sports events or prime-time season finales is best watched on linear according to consensus, allowing audiences to avoid spoilers and share in a cultural moment. However, frequent breaks, irrelevant advertising, and the lack of personalisation compared to on-demand services were cited as catalysers in the move to streaming across age groups.

With this shift in attitudes and viewing habits comes an opportunity for advertisers to adjust their perspectives. The latest CTV boom and the demonstrable success of targeted social campaigns indicate that a traditional catch-all approach is no longer in vogue. Instead, brands are developing stronger, more meaningful connections with relevant audiences by tactfully placing their message and creative on the right screen at the right time.

Driving efficiency

For Robyn Christison, senior engagement director at Finecast – a specialist in addressable TV solutions – there is a misconception among CMOs that addressable TV is solely about reaching precise audiences or that it is purely an incremental reach driver. The reality is that addressable TV can create multiple layers of efficiencies. "This can help brands minimise media wastage," Christison explains, adding that addressable TV generates greater traction for organisations that have a developed digital segmentation strategy and a firm grip on who their target audience is to tap into the unbeatable scale and impact of the platform. Frequency management is also key to building a more cost-effective reach across the entire television ecosystem.

For brands looking to drive engagement of their KPIs, cutting off a portion of potential leads in favour of a smaller, more concentrated audience may feel counterintuitive to marketers. But, ditching a spray and pray approach could be the way forward for businesses prioritising response and attention over reach. Christison continues: "For brands who have invested in their creative strategy and have multiple versions of it ready to go, addressable TV can then go a step further and serve a relevant ad to a relevant group of people to drive even more engagement across their target audience."

Addressability goes beyond traditional advertising by taking multiple influences into account, including age, gender, lifestyle, interests, and attitudes. For Finecast, this also means connecting identity factors with actual product purchase behaviour and location. It administers a full-funnel approach to target the audiences that will be most receptive to a given product or service and maximise the purchase of a single advert.

In a recent campaign with Finecast, UK telco TalkTalk delivered advertisements designed to appeal to unique groups, including households interested in bundle phone and internet deals and individuals looking for speedy broadband. Creating bespoke audiences for TalkTalk based on a range of measurable characteristics, from the likelihood of moving home within 12 months to reaching families that watched a lot of movies, Finecast used data from various sources which could be supplemented with transactional data to align with appropriate audiences.

This addressable TV campaign delivered a 14% uplift in website traffic for the brand at the cost of £0.15p per incremental session.

"We use the results from a campaign to optimise the next one – it's a matter of testing and learning and ensuring we match objectives to activation," adds Christison.

Measuring up

Deploying new methods for reaching and engaging audiences means businesses must adopt new means of measuring effectiveness.

Data produced by performance platform Allocadia highlighted that against the backdrop of rising costs and tighter budgets, 84% of CMOs are under increased pressure to prove their return on investment but an overwhelming 61% feel that their data isn't robust enough.

Beyond measuring the effectiveness of campaigns from an investment perspective, when used in conjunction with a traditional linear campaign addressable TV can also provide marketers with a steer on other key metrics, including de-duplicated reach and frequency.

According to Finecast's measurement and insights associate director, Jack Egan, addressable solutions can be used to achieve objectives that span the whole customer journey – whether it's building awareness and reach, driving consideration or growing revenue. Flexibility is built in.

Egan's team worked with BMW to raise brand awareness among audiences who were considering buying a hybrid or electric car. Taking a dual approach, BMW employed Finecast's Total TV Measurement tool and a brand uplift study powered by Kantar to measure incremental reach versus linear TV and whether the campaign drove uplifts across core KPIs.

Subsequent measurement studies showed that the automaker reached an incremental 4.1% of UK adults aged 18 to 34, raising purchase intent by 29% and consideration by 31%. These metrics helped the brand's marketing team maximise their return and boosted innovation in planning and investment in television advertising.

"TV is the strongest channel for BMW to drive leads and enquiries, replicating this in a more targeted environment is the reason why Finecast has become indispensable in our video-on-demand plans," says Fiona Jones, former brand communications manager at BMW UK.

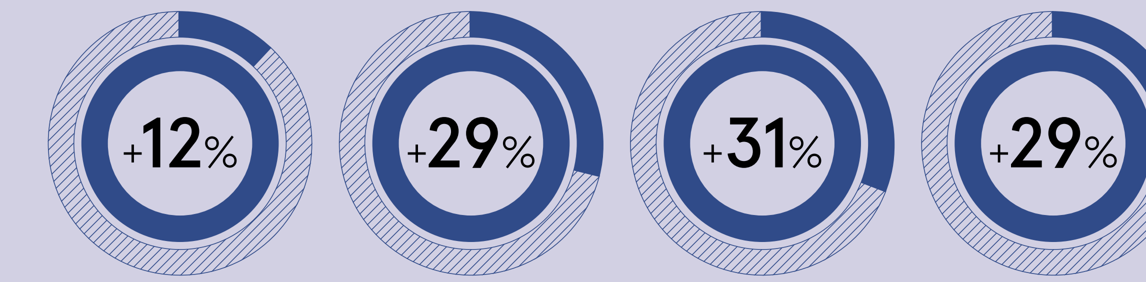
Egan believes the possibilities for other brands are endless. "Brands of all sizes deserve to take advantage of everything TV has to offer. To make the most of addressable TV, advertisers should come in with a clear objective, which allows for KPIs and a measurement framework to be built out from the start," he explains. "This lets us not only target the right people but apply the most effective measurement on the back of it."

TV is changing, and for advertisers, its golden age is only just beginning.

> Brands of all sizes deserve to take advantage of everything TV has to offer

ADDRESSABLE TV AD CAMPAIGNS

BMW UK teamed up with Finecast to build a "hybrid intenders" audience

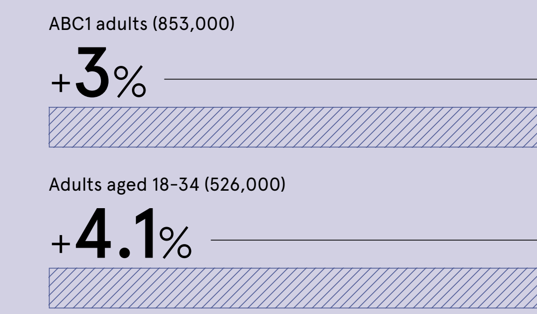


THE CAMPAIGN PROMPTED TARGETED AUDIENCES TO CONSIDER PLUG-IN HYBRID ELECTRIC VEHICLES

Audience response to BMW UK's call to action

FINECAST'S TOTAL TV MEASUREMENT SOLUTION ALLOWED BMW UK TO GENERATE AND TRACK INCREMENTAL REACH

Additional reach



ADDRESSABLE TV PLANNED AND BOUGHT VIA FINECAST WAS MORE COST-EFFECTIVE

Total savings

ABC1 adults £15,000 | Adults aged 18-34
£15,000 | £126,000

BMW UK and Finecast, 2021

For more information visit finecast.com/en/your-brand-deserves

FINECAST

TECHNOLOGY

Delivering the personal touch on a grand scale

The fast-changing expectations of consumers can make it hard for brands to keep up with relevant, timely offerings. Smart personalisation could be the answer

Jonathan Evans

Today's digital-first retail marketplace has made it tough for brands to stand out from the competition by relying on the stalwarts of price and product range, because the market's transparency has made it easy for rivals to replicate each other's offerings.

Some companies are building customer loyalty by offering personalised experiences. Google recently reported that best-in-class retailers are directing at least 30% of their revenues into curating such experiences whereas average ones are investing 0.7%. What might the reason for this difference be – and does it matter?

Recent regulatory obstacles to the collection of customer data might explain why some companies aren't embracing personalisation. Amid growing public concern about privacy in the late 2010s, governments introduced measures such as the General Data Protection Regulation to restrict the use of personal data.

Big tech soon followed suit. In 2020, Google announced its plan to phase out support for third-party cookies in Chrome within two years, for instance. Last year, Apple implemented measures to prevent apps and websites from tracking consumers online without their consent.

With these interventions disrupting the status quo of data-driven marketing, brands must build trust with their customers if they want to deliver personalisation at scale. The good news is that consumers are willing to share their data if such a relationship exists. Research by the Global Data and Marketing Alliance in partnership with Acxiom and the UK Data & Marketing Association has found that 47% of consumers are happy to exchange data with businesses if they stand to gain from this.

The onus is therefore on brands to produce a value proposition for consumers to make them want to share. This is something the industry has struggled with in the past, according to Philippa Snare, senior vice-president, EMEA, at The Trade Desk.

"Consumers are rightfully protective of their data, but they need to understand the role it plays in the value exchange that powers their free access to much of the internet," she says. "The problem is that publishers and advertisers have not done a good job at communicating the exchange whereby free content can be accessed if it is funded by personalised ads."

Improving the user experience is one way to create a compelling value proposition and deliver personalisation at scale. Many consumers are dissatisfied with the digital experiences that brands offer them. This is particularly true in the retail sector, where research by McKinsey has found that many online shoppers struggle to locate products within many firms' digital channels.

Personalisation can address this problem. With the aid of data, brands can improve the user experience and direct shoppers towards the most relevant goods and services to them.

> Consumers want hyper-personalisation. They just might not have realised it

Thomas Walters is the founder and CEO of Billion Dollar Boy, a creative influencer agency. He thinks that the link between sharing data and a more tailored user experience should be central to any messaging between a brand and its customers.

Walters argues that "consumers want hyper-personalisation. They just might not have realised it. New generations of users are at ease with sharing some of their data if this means that they have a better experience. But the trade-off works only if brands don't abuse this trust and misuse information or issue irrelevant, poor-quality ads. If they don't add value and make it worth the customer's while, they could opt out through ad blockers or even boycott the offending brands altogether."

Along with building a consumer relationship based on trust, brands must accept that data alone does not result in personalisation. Many brands are guilty of amassing material without checking if they're collecting the right data that enables personalisation. In some cases, such a large body of data can hinder the process, particularly if a brand lacks the operational capability to sort through it effectively.

Laurence Dodds, planning partner at media agency UM London, says a lack of insights is often the barrier to delivering personalisation at scale.

"Brands often focus on the metrics they can accurately measure. They don't often look for more macro-behavioural insights," he observes. "With first-party data sometimes made up of millions of data points, brands need to know how to manage and activate it. Without the means to turn data into insights, brands are severely limited in their ability to understand customers."

While it's understandable that, in this testing economic climate, firms will want to see rapid results from their personalisation campaigns, the truth is that these take time and resources to get right and their value might not be immediately apparent.

Dodds thinks that a key reason why such campaigns typically need careful fine-tuning is that brands "are more fragmented than ever and it's often hard for them to ladder up their thinking and make those more holistic decisions. Identifying customer problems best solved through personalisation can also take considerable investment to address over several years, whereas the tenure of marketing staff is often less than two. The result is that they pull easy levers and often don't focus on allocating sufficient resources."

Many brands are working in silos that make it nearly impossible for them to deliver personalisation at scale. If they're to succeed, they need agile, cross-functional project teams containing data scientists and marketing technology experts.

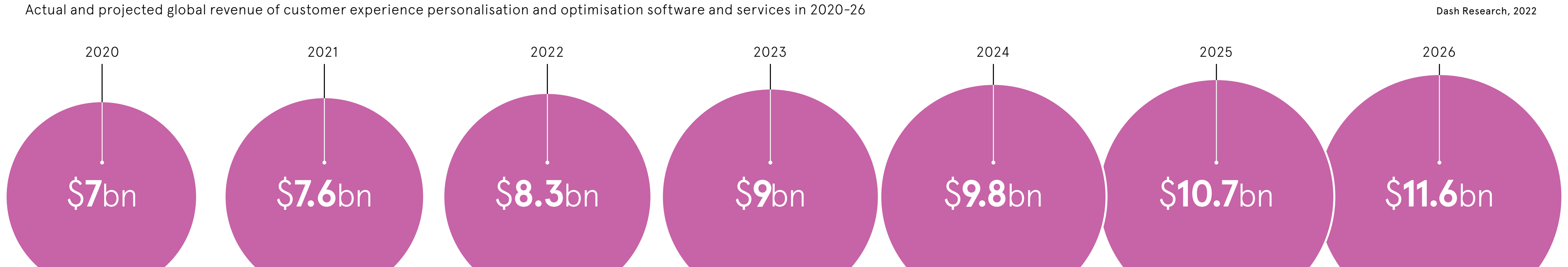
But setting up such a team doesn't give a brand licence to build a vast, multi-layered personalisation campaign at speed. Instead, it should start small, applying a test-and-learn approach to the campaign. All members of the project team can then share relevant but different knowledge at the same time to ensure that they accurately manage and adjust the campaign according to the customer feedback received.

Personalisation offers great benefits, then, but brands must be patient and understand that they'll have to put in the hours to reap them.

THE QUEST FOR PERSONALISATION

Actual and projected global revenue of customer experience personalisation and optimisation software and services in 2020-26

Dash Research, 2022



Commercial feature

Q&A

Retail media: delivering precision at scale

With revenue expected to top $100bn in 2022, retail media is an increasingly popular vehicle for brands to connect with audiences. **Nick Ashley**, Managing Director of Tesco UK at Dunnhumby, discusses the benefits for advertisers and customers

Q Beyond commercial growth, how has retail media developed in recent years?

A The industry is evolving, not just growing. We've seen the launch of a number of new retail media networks and platforms, giving advertisers greater control and visibility over their activities.

There's also market cohesiveness, moving from a collection of disjointed and disparate products to a more connected ecosystem where advertisers can consistently reach customers from sofa to store. Retail media now works across the marketing funnel, online and off. It's a fundamentally smarter and more effective proposition.

Q What have been Tesco's advances in this area?

A Over the past decade, Tesco has built a track record of innovation and successful supplier partnerships in retail media. Twelve months ago, we launched Tesco Media and Insight Platform, powered by Dunnhumby, which is the next step in the evolution of our offering.

It's a suite of products across online and in-store media, as well as customer insights, helping brands improve engagement with Tesco customers for more personalised experiences. It also offers self-serve capabilities, which we know is increasingly important to brands and agencies.

Tesco's weekly media reach rivals some of the biggest online platforms, and that's combined with data and insights from over 20 million Clubcard holders. All of this allows brands to focus on customer groups that matter most to them while still being able to communicate at scale.

> Will it make a person's shopping trip easier, faster or cheaper? If not, think again

Q How can retail media successfully reach customers?

A We offer effective mass broadcast media channels to drive awareness and consideration. Tesco Magazine is the most-read print publication in the UK, and Tesco has the largest out-of-home digital display network within the retail industry. Our recently launched partnership with ITV, allowing brands to reach Tesco customers on ITVX, is another innovative way for advertisers to deliver precision at scale.

Nuance is key, though. Retail media is at its best when viewed through a strategic lens, with different channels and tactics achieving different goals. If you want to communicate with millions of shoppers at once, you can, but you can also target an exclusive group of customers.

To deliver this precision, it's hugely important to us that we look after all the data our customers choose to share with us. We only use data that customers have opted to share, and we want customers to be confident that all data is safe, secure, and used to offer a more relevant shopping experience.

Q How does it influence decision-making from sofa to store?

A Retail media gives brands access to a diverse range of channels and activations. In store, for instance, you have traditional formats like printed point of sale, radio, magazines, and sampling, all of which can help to inspire customers when they're making their minds up about what to buy.

Online, there are almost unlimited ways to engage. It's possible to do everything from surface-relevant sponsored products in search results to providing personalised offers designed to provoke a specific response.

We have also struck several partnerships with other media brands, allowing advertisers to reach Tesco customers on other platforms such as Facebook and Google. This will enable richer formats like video to become a key component of a media plan.

In-store and digital are no longer separate strands but parts of a connected advertising environment.

Q What impact can this have on measurement and ROI?

A Retail media helps brands understand why shoppers make decisions. First-party data from loyalty programmes like Tesco Clubcard enable actionable insights into customer behaviour, which is invaluable for brands because it gives a complete picture.

But the implications for ROI go far beyond measurement. Brands can target highly specific audiences based on the likelihood of them taking a certain action, so advertisers can be more sophisticated in their spending while demonstrating the impact of their activity.

Retail media typically deliver strong returns on investment. On average, we deliver a ROAS (Return on Ad Spend) of £6.60 for every pound spent across the Tesco platform, compared to an all-advertising return of £3.80, according to published research from Magic Numbers.

The value of loyalty

A successful retail media strategy empowers suppliers with insights that help them to get to know their most loyal customers and reach them via a range of media channels. "It helps us deliver on our strategic priority through I Love my Tesco Clubcard to better engage our customers and provide them a more personalised and responsive offer. We aim to use our unrivalled digital platform and customer base to create additional value and increase loyalty, making sure that the more customers use Tesco, the more useful it is to them," explains Tash Whitmey, Membership and Loyalty Director at Tesco.

Q How can retail media advance brand visibility beyond end-of-funnel?

A Retail media is purpose-built to help brands beyond the end of the funnel, and there are two things at play here: insights and activation. Data lets brands develop a deeper understanding of shoppers' behaviours and then develop a range of ways to act on that information.

Say you have a group of customers showing the same tendencies as those who recently switched to a competitor's products, or perhaps you have shoppers who spend a lot within a particular category but don't buy your brand. Insight-driven retail media helps you spot this and plan your campaign accordingly. Naturally, this information both informs strategy and allows for it to be activated at scale.

Q Retail propositions, on-and-offline, are busy environments; how do you achieve cut-through?

A The main thing is a brand's ability to put customer needs first. Think about relevance, timeliness and how you can be most useful or helpful. Will it make a person's shopping trip easier, faster or cheaper? If not, think again.

Another thing to consider is mindsets and missions, and how best to align with them. Seasonal and cultural events are a great example because they give brands clear opportunities to tap into what matters most for different groups of shoppers during those periods and own the moment.

> In-store and digital are no longer separate strands but parts of a connected advertising environment

Q How does Tesco work with brands to achieve a successful partnership?

A Brands are hugely important to Tesco and its customers, so we work hard to ensure they get the best from our relationship; we believe our media offers a 'win-win-win' for customers, brands, and Tesco.

Firstly, in terms of measurement, we help advertisers close the marketing loop by making it very easy to track the impact of their activities. We link what people see to what they buy so that brands can understand the true incrementality of their media campaigns.

Secondly, from a reputational standpoint, Tesco is one of the most trusted brands in the UK. We offer a brand-safe environment in which to advertise via our online presence and physical store estate.

Then there is our focus on self-serve. We know that many brands and agencies want the control and flexibility that comes with being able to plan, manage and measure campaigns on their terms.

For more information, please visit dunnhumby.com/tesco-media-insight-platform/

Tesco Media and Insight Platform.
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