

Advertising Rules! – Like Them Or Not

re:think! 52nd Annual ARF Convention & Expo

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By

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In 1940 Roy Morgan came to the US, at the suggestion of Sir Keith Murdoch (Rupert's father) to work with Dr George Gallup at Young and Rubicam and then in Princeton where Roy Morgan and David Ogilvy both worked with Gallup at Audience Research Incorporated. ARI conducted copy-testing and theatre-testing of films and the popularity of motion picture stars – EQ Scores Enthusiasm Quotient Scores (the forbearer of Q Scores) were measured. ARI hand-held dials (The Hopkins Televoter with 150 stations wired to a graphic reader) measured reaction to every single screen in a movie.

These were the early days of advertising and movie research in this country¹. Today Roy Morgan uses Reactor dials to measure second-by-second reactions to TV programs and TV advertisements via the Internet.

David Ogilvy said of advertising research:

“There is no trick to doing research. The problem is to get people to use it, particularly when the research reveals that you may have been making mistakes.”

David Ogilvy

“We all have a tendency to use research as a drunkard uses a lamppost – more for support than illumination.”

David Ogilvy

This is relevant because today I have promised to talk about advertising research and advertising in a paper entitled – Advertising Rules! – Like them or not.

- What we always knew – the blindingly obvious things that are still true but we sometimes forget;

¹ Gary Morgan, son of our Founder and Executive Chairman today, worked with George Gallup in 1964.

- What we have learned – some trends and fads in advertising and advertising research;
- The new challenges and what we know and have yet to know about advertising in the new world.

But, before I begin I would like to say, once again, how pleased and excited we at Roy Morgan International are, to be a part of the newly launched Information Centre at the ARF.

“Voltaire, meet David Ogilvy” is one way the vision was described. Yes that’s pure Barocci, but like much of what Bob Barocci says it has more than an element of truth

We are delighted to be instrumental in the development of this initiative for two reasons:

- First it is so easy to lose sight of what has gone before, and to run the risk of not learning from history, thereby repeating its mistakes.
- Second, the three T’s – Truth, Trust and Transparency – have never been more important than today. And our industry is not entirely innocent. Our goals are to raise research standards in terms of the three T’s and for the Information Centre to lead by example and set the standard by which advertising research should be conducted.

For the last two years we at Roy Morgan International have been researching, monitoring, commenting upon, and participating in the changing world of advertising and advertising research – and more broadly the new information era.

With operating businesses in Australia, New Zealand, UK, US and Indonesia (a very important market which has largely been ignored until recently) we are observing five trends:

1. **The new media landscape** –We are seeing Media Fragmentation, and at the same time convergence of media, technology, telecommunication, and entertainment.
2. **Increased reliance on Metrics** – “*going by the numbers*” – in a world of KPIs and performance-based bonuses, every task seems to require a number (meaningful or not, relevant to the bigger goal or not). Against this “numerical confusion” (my personal prejudice) we have to re-think how we measure some fundamentals like audiences and ROI.
3. **Frameworks for understanding and action** – There is a real need emerging to create mechanisms, methodologies, or frameworks to cope with the increasing complexity of consumer behavior yet deliver that complexity in a simple manner. This is particularly important given the fourth trend.
4. **Data Integration** – With more data, more computer power, more ‘open’ software platforms, the economics of information have changed – but our ability to make sense of the volumes of information has not kept pace.

Interestingly, sophisticated market researchers have much to contribute here and [ASTEROID](#), (our Roy Morgan data analysis and integration software developed for market research data) is now being used in many sites around the world for integrating disparate (non market research) data sets, and reporting in simple actionable but flexible ways.

5. **Global Calibration** – How do our markets measure up against what’s happened elsewhere?
And **Global Perspectives** – How do we understand the differences that make a difference around the world; and the similarities that enable us to transfer learnings?

Our business is about evidence, so we undertook some research. The research was designed to be qualitative and also quantifiable – we were interested in capturing people’s views in their words but we also wanted to count the results.

A total of 493 people in the industry gave their views.

Respondents included professionals from advertisers, agencies, the media, academic institutions and external consultants: in occupations ranging from Creative Director, Chairman, and Marketing Director to Media Planner and more).

They were asked about:

- The biggest challenges facing the world of advertising today
- The biggest issues facing their business today
- Their views on which media or channels to the consumer will be more or less important as part of the general marketing mix in the next 5 years
- Their view on the overall standard of advertising; on the value of concept testing and other advertising research in creating effective advertising
- Then we tested a series of what we thought of as ‘beliefs’ - as a series of agreement scales with the invitation to comment and explain as well as rate
- And what they saw as the single most important advertising industry issue for the ARF to focus on

The exact questions are on our website www.roymorgan.com.

Respondents were from many places including: USA, Canada, Latin America, Belgium, France, Netherlands, Portugal, Sweden, UK, India, Australia, Indonesia, Japan, New Zealand, Singapore, Egypt, Hong Kong, Taiwan, Austria, Norway, Abu Dhabi, Kuwait, Morocco and Qatar.

It is from this rich source of data that we draw our views from today. I will necessarily simplify the results.

The main focus will be on figures from ARF Members with some commentary where a particular geographic group had a different perspective, or where agencies were very different from clients etc.

However all the data is available to all of you in ASTEROID to enable interested parties to do their own analysis and form their own views of what the research means to them.

For those who don't know ASTEROID is our software package for analysis of survey research and other data. ASTEROID operates at over 500 sites globally

In the UK for instance our ASTEROID clients include:

- **Microsoft** – most of their survey research data, regardless of the research company, is lodged in their server accessible library in ASTEROID.
- **The BBC** uses the ASTEROID Suite to deliver Audience Appreciation Score data to all their Program Directors and Management by 6am the morning after interviewing. We knew the UK audience's qualitative response to the Commonwealth Games (and compared to the Olympic Games) before the UK TV ratings data was available.
- **IHT** (International Herald Tribune) who have replaced all their media analysis software with ASTEROID and now Time, Newsweek, National Geographic, Wall Street Journal – Europe, Fortune, Financial Times and The Economist number among our British and European clients.

First looking at what we all know.

These “beliefs” were derived from a number of sources – Ogilvy's views on what makes advertising work, evidence, some basics of communication.

We were interested in whether the industry felt any of these fundamentals had changed. But we were even more interested in the statements as “thought starters” for professionals in advertising. We wanted to hear from them, in their own words, what they thought about advertising.

The following chart shows: the vast majority agree there is an emotional element to advertising, the medium is important, relevance and brand linkage is important and consumers are making choices.

- *Some memorable, persuasive, effective 'communication' is wordless* 95%
- *The medium is not the message but it can have a profound influence on how the message is perceived and understood* 89%
- *'Relevance' is a key to persuasiveness and brand linkage* 86%
- *Increasingly consumers are able to choose to accept or reject advertising (and increasingly they do)* 83%
- *Good ad research recognises great ideas* 79%
- *Even 'effective' ads fail without strong brand linkage* 75%

The next chart shows also strong agreement with such basics as the need to be noticed and to raise interest in the first few seconds:

- *How people feel about what is said is far more important than what is said* 75%

- *Ads can only be effective if they're noticed in the first place* 74%
- *Ads that raise interest in the first few seconds are more effective than those that don't* 69%
- *Maximising sales data helps focus and refine targeting – the secret to cost effectiveness* 64%
- *Entertainment is an effective vehicle, not an advertising objective* 60%

One respondent who actually disagreed with this provided a wonderful quote that gave us insight into the creative dilemma:

“If an ad grabs my attention at any point it can be effective. The difficulty is no-one would purposely develop an ad that is not interesting at first but then becomes better, because the audience may not stick around for the improvement.”

It's interesting that there was less agreement about “targeting” and the effectiveness of longer lasting advertising.

Only 28% agreed *“Opinions and ratings of respondents ‘not open to buy’ should never be allowed to drag ad effectiveness scores down”*.

Like it or not, opinions of those who are not in the market, and never will be, do drag down the scores of any advertising research unless you don't include them in the research.

Only 24% agreed *“Ads that are recalled for twice as long are usually twice as cost effective”*.

Disagreement with this, we thought blindingly obvious point, came from two groups –

- Those who did not want to generalise, the “depends” group - it depends on the purchase cycle the time between advertising and purchase, the campaign strategy.
- The second group were those who gave specific exceptions, the “special case” group – direct advertising where the target has called the number, pressed buy to order, before he or she has time to forget the message.

Like it or not the mathematics and the evidence are clear – ads that are recalled for twice as long are usually twice as cost effective.

As Ogilvy pointed out in response to the claim that *“Some of the most successful campaigns go against the averages”*:

“A blind pig may sometimes find truffles, but it helps if he forages in an oak forest.”

He was, of course, talking about “averages” and while there are exceptions to every rule it doesn't mean the rule doesn't provide valuable guidance or that it is safer to break the rule.

Only 20% agreed “*Effective appeals to prospects who are not ‘open to buy’ are ineffective*”.

Analysis of the comments show most of the disagreement came from differing interpretations of the “not open to buy”. However the importance of “word of mouth” was raised in relation to communications that may reach someone who passes the information/recommendation on to someone else who is “open to buy”.

So with few exceptions there appears to be relatively strong agreement about the fundamentals of advertising....

“There are two wrong ways to react to this information (about how advertising works). One is to clutch it as a magical formula for success. The other, more common, way is to reject it as an inhibition to creativity...”

David Ogilvy

So what are the issues for today and for the future?

The data shows in order of priority:

- | | |
|---|------------|
| • <i>Change in ‘Landscape’ from old to new media</i> | <i>15%</i> |
| • <i>Accountability, measurability</i> | <i>14%</i> |
| • <i>Clutter</i> | <i>11%</i> |
| • <i>Return on Investment (ROI)</i> | <i>11%</i> |
| • <i>Media fragmentation</i> | <i>11%</i> |
| • <i>Consumer avoidance, annoyance of advertising</i> | <i>8%</i> |
| • <i>Targeting of customers/consumers</i> | <i>8%</i> |
| • <i>Cut through, grabbing consumer attention</i> | <i>7%</i> |
| • <i>Media convergence</i> | <i>6%</i> |
| • <i>Budget restraints, lack of funding, rising costs</i> | <i>3%</i> |
| • <i>Consumer media sophistication</i> | <i>3%</i> |
| • <i>Relevancy</i> | <i>2%</i> |
| • <i>Lack of creativity and innovation</i> | <i>2%</i> |
| • <i>Brand awareness</i> | <i>2%</i> |
| • <i>Honesty, integrity, ethical issues,</i> | <i>0%</i> |
| • <i>Credibility, poor image</i> | <i>0%</i> |

The issues of accountability and ROI were of concern to substantially more in the US than other countries. While issues of honesty and credibility were not even mentioned in the US they were mentioned in other countries.

Clearly the key themes are:

The changing media ‘Landscape’ – media convergence, fragmentation, clutter and the move from the old to the new media.

Accountability – measurability, ROI and budgetary issues.

Consumer issues around cut-through, clutter targeting, consumer avoidance of advertising and increasing consumer sophistication and cynicism.

But the issue of clutter is not a new one. In 1758 Samuel Johnson wrote in the Idler:

“Advertisements are now so numerous that they are very negligently perused, and it is therefore become necessary to gain attention by magnificence of promise and by eloquence sometimes sublime and sometimes pathetick.”

Similarly as we will see soon the issue of the new media has occupied the minds of advertising and communications professionals for over twenty years. There was always a “new media” on the horizon.

And the genesis of advertising effectiveness research stemmed from a need after the depression of the 1930’s to understand how advertising could sell. The language was different, but the goal was the same – work out and demonstrate how we can get “the best bang for our buck” or ROI.

In the fifties Dr Claude Robinson (Co-Founder Gallup & Robinson) said of advertising...

"In no other area of corporate expenditure is so much spent with so little idea of what is being purchased."

The desire to understand how to value advertising has been with us for some time.

When we asked about business issues – the most important issues for respondents and their business today, the responses were as follows:

- | | |
|---|-----|
| • <i>Change in ‘Landscape’ from old to new media</i> | 16% |
| • <i>Accountability, measurability</i> | 14% |
| • <i>Return on Investment (ROI)</i> | 10% |
| • <i>Budget restraints, lack of funding, rising costs</i> | 10% |
| • <i>Unsophisticated closed-minded clients</i> | 6% |
| • <i>Targeting of customers/consumers</i> | 5% |
| • <i>Reaching new clients/ customer acquisition</i> | 5% |
| • <i>Retaining staff, recruiting staff</i> | 4% |
| • <i>Brand awareness</i> | 3% |
| • <i>Clutter</i> | 3% |
| • <i>Media fragmentation</i> | 2% |
| • <i>Shorter timeframes and time pressure</i> | 2% |
| • <i>Competition and market share</i> | 2% |
| • <i>Media convergence</i> | 2% |
| • <i>Lack of creativity and innovation</i> | 1% |
| • <i>Relevancy</i> | 0% |

The issues are not fundamentally different from those identified as industry issues.

What is interesting is how different professionals prioritise the issues.

For advertising agencies the biggest issues are the changing media landscape (19%) followed by unsophisticated and closed minded clients (16%).

For the media the changing media landscape is of much greater concern (35%) followed by accountability (28%) and ROI (17%).

For clients or advertisers budget restraints (14%) topped the list, ahead of accountability (12%) and ROI (10%).

In a moment we'll look at which media are seen as increasing in importance and which are decreasing. But first let's take a look at the issues the ARF should focus on and refer back to the 1983 ARF members' survey.

These are the issues, as your members see them, for the ARF today:

- *Engagement : research into and identifying qualities of engagement, what triggers decision to buy, consumer opinion* 18%
- *Alternative media (to break through the clutter)* 17%
- *Advertising effectiveness and relevance* 15%
- *ROI* 6%
- *Educating clients , researchers, advertisers to understand the psychology of the consumer* 6%
- *Effective research/Trends in research/ How research can be used by advertisers* 6%
- *Accountability* 5%
- *New technology* 4%
- *Improve quality of research, surveys* 3%
- *Researching target markets/Who are they?* 2%
- *Cross media measurement* 2%

And now from 1983:

- *Effective frequency* 51.5%
- *Measurement of advertising's productivity* 48.5%
- *New research technologies* 47.7%
- *Researching the new media* 46.1%
- *Inter-media comparisons* 43.9%
- *Research quality* 35.9%
- *Advertising persuasion measurement* 34.9%
- *Copy research validation* 34.8%
- *Advertising wear-out* 32.3%
- *Tested models of how ads work* 32.3%

A little bit of color coding and the issues are NOT that dissimilar, although their relative priorities are somewhat different.

Changes in importance of media and other channels to the consumer

When it comes to media there are few surprises. Those things that will be more important in the next five years are Internet and Cell phones. Perhaps the expected growth in importance of out of home and sponsorship are a little unexpected. But with a moment's thought it is obvious why they are there.

Of less importance according to ARF members will be newspapers, direct mail, TV, radio.

In the next 5 years do you think the following channels to the consumer will be more or less important as part of the general marketing mix?

	More	Less
• <i>Internet</i>	94%	6%
• <i>Mobile / Cell Telephone</i>	91%	9%
• <i>Out of Home</i>	77%	23%
• <i>Sponsorship eg Sport, Arts</i>	67%	33%
• <i>Cinema</i>	48%	52%
• <i>Magazines</i>	45%	55%
• <i>Direct Mail (addressed)</i>	37%	63% *
• <i>Radio</i>	32%	68%
• <i>Television</i>	30%	70%
• <i>Unaddressed mail, catalogues etc</i>	13%	87%
• <i>Newspapers</i>	12%	88%

It is interesting that in Australia where we have launched mail metrics – a consistent measure of addressed mail based on “read or looked into” measure, which all advertising agencies have in their [Roy Morgan Single Source](#) media imperatives data base (ASTEROID of course) a significant 50%* of advertisers say addressed mail will be more important.

Is advertising better or worse than ten years ago?

When asked whether the overall standard of advertising is higher or lower than ten years ago more said lower than higher.

• <i>Higher</i>	25 %
• <i>About the same</i>	38 %
• <i>Lower</i>	37 %

Those who said standards are lower made comments such as:

- “*More work needed now to engage the audience*”
- “*Much harder to stand out now*”
- “*A lot of advertising has no connection to the brand*”
- “*Poor humour, senseless, obnoxious*”
- “*More reliance on technical or visual effects*”

And it does depend who you ask. For instance advertisers – those who are paying - are much more likely to say advertising standards are lower (43%) than higher (22%). The media, on the other hand, believe overall advertising standards are higher rather than lower.

	<i>ARF</i>	<i>Agency</i>	<i>Media</i>	<i>Advertiser</i>
• <i>Higher</i>	25 %	28%	34%	22%
• <i>About the same</i>	38 %	41%	38%	35%
• <i>Lower</i>	37 %	31%	28%	43%

Can research help?

When we asked ARF members “Does concept testing or other advertising testing help you create more effective advertising?”

Most - 87% - said yes.

And they had some ideas about how research can become more valuable in helping them create effective advertising:

- *Provide insights into consumer behaviour and trends* 20%
- *Better measurement tools* 12%
- *Provide actionable results and insights* 10%
- *More focus, integration of the creative process* 8%
- *Identifying the target market* 7%
- *Better, more predictive processes* 4%
- *Provide consistent information across media/
cross media synergies* 3%
- *Better researchers, better quality research* 3%
- *Pre-testing* 3%
- *More on-line testing, better understanding of on-line testing* 2%
- *Better market and product knowledge* 2%
- *More cost effective research, cheaper* 2%

Given the strong focus on the new media landscape, it was somewhat surprising to us that there was not a greater call for more on-line understanding – 3% is low, and more call for cross media understanding 3% is low.

The top line “insights into consumer behaviour and trends” is what Ogilvy was looking for when he scoured the data from thousands of ad tests to look for patterns.

*“Much can and has been learned from individual copy tests...
Even greater insights can be obtained by analysing hundreds of ads (TV and print) to
determine general patterns of performance associated with specific approaches and
techniques.”*

David Ogilvy

*“My most valuable source of information is the factor analyses I commission from Mapes &
Ross. They measure changes in brand preference. People who register a change in brand
preference after seeing a commercial subsequently buy the product three times more than
people who don’t.”*

David Ogilvy

For those of you who don’t know, [Mapes and Ross](#) is now a Division of Roy Morgan International. We are now scanning and loading into ASTEROID all the data Ogilvy referred to. It is now some 34,000 ad tests.

It is this kind of resource and the many other valuable sources of insight and knowledge that the Information Centre at the ARF will strive to bring to you all.

In relation to the international survey of advertising professionals, today I have just scratched the surface. There are inter-country differences; there are qualitative comments and juicy quotes.

You are welcome to do your own analysis. Come by our stand, leave me a card and we will arrange for your own copy to go to you.

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