



The Innovators

Conversations

on the *Cutting Edge*

www.innovate1st.com

January 2011

Interview with **Randall Beard** **Global Head – Advertiser Solutions** **Nielsen Corporation**



Randall is responsible for helping clients build brand equity and ROI via improved advertising and media programs. His responsibilities are global and include the CPG, Technology, Financial Services, Automotive, Telecom, Network, and other sectors. Previously, he was Global Executive Vice President and General Manager responsible for Consumer Packaged Goods.

Randall has 25-plus years of global experience across consumer packaged goods, financial services, and high-touch service brands, including Procter & Gamble, American Express, and UBS. He has a B.S. degree in Marketing from the University of Tennessee, and an MBA from the Darden School at the University of Virginia.

He is the author of Randall Beard's Blog randallbeard.wordpress.com and can be reached at randall.beard@nielsen.com

Interview conducted by Doug Berger, managing director, INNOVATE doug@innovate1st.com

Doug: What have been the critical challenges around advertising and media effectiveness?

Randall: You can simplify it to the two most basic and important objectives of most advertisers: they want to build their brand and they want to build profitability linked to their advertising. Everything else they're doing through advertising is ultimately to contribute to those two end goals.

Companies have been pretty good at measuring brand equity ... what consumers think of when they think about your brand. If you are Bounty paper towels, you want to own 'getting spills up faster.' Unfortunately, even though brand equity has been measured well, it's been a *scorecard* statistic. No connection has been made to the causes of brand equity increase or decrease, and then to business results. On both of these high level metrics, brand equity and ROI, the measurement systems historically have just not been that effective.

The issue on the front-end has been a lack of good understanding of the factors that drive brand equity....there has been no way to look at advertising and media

exposure and say, 'Okay, this advertising or these media choices drove a bigger change in brand equity than these other ones.' On the back end, it's rare that Marketers can actually link changes in brand equity scores to changes in business results.

Doug: Let's dive deeper into this ...what have been some of the new trends and developments in advertising and media effectiveness over the last 10 - 15 years?

Randall: The state of the art in measuring advertising and media effectiveness has come a long way. The more sophisticated companies are now using *market mix modeling* to understand the relative impact of different parts of their advertising and media allocation. It's being able to look at the individual variables in your marketing plan, like TV versus print, versus digital, versus radio, versus couponing, and then measuring the impact of each of those on an individual basis, on overall sales outcomes. Big advertisers have really moved the ball forward in their ability to do this, and it helps them apportion their marketing expense.

Doug: So, you have really been able to look at individual media choices within your portfolio and measure the effectiveness on brand and profitability of the different media choices.

Randall: Yes. Although, we consistently hear from clients that as good as market mix modeling is it does break down in certain areas. About a year ago we partnered with a major consulting company and interviewed C-suite executives at advertisers, media companies, agencies, and technology disruption companies. These were the issues we that heard:

First, we are still largely targeting based on demographics. Yet, we know that we need to be targeting based on either attitudinal profiles or behaviors, but it is really hard to do that, particularly in the world of TV, where demographic buys still rule.

Secondly, people know intuitively that eyeballs aren't all created the same in media. They want more than reach and frequency. They want to know, are consumers actually engaged with the programming within which ads fit, and does that actually impact the ad performance? For example, we know from our data that the more attentive a viewer is to a TV program, the more likely they are to recall an ad in that program, all things being equal. You can place the ad in a very highly engaging program like 'Lost', or a low engagement program, and you'll see that the recall is hugely different.

Another area that is very challenging is cross platform. We often hear from clients that they believe the impact of their advertising on consumers who have seen the advertising across different platforms, like TV, print, digital and so forth, are more effective than if the consumer sees them individually. However, there are not good ways to measure that.

Granularity is another issue ... understanding within digital media how each of my eight different banner ads performed across 12 different websites. Advertisers want to know not only was their digital effort effective, but where are the opportunities to optimize by creative unit, by website, and so forth.

One of the biggest trends is the move from after-campaign-measurement to measuring in real-time. In after the campaign measurement, you run a campaign for nine months, collect the data, build the model and then say, 'Okay, here's how your TV performed versus digital, versus radio, versus couponing, versus print, etc.' That's great, except it's too slow.

Advertisers increasingly want to measure the advertising performance in close to real-time so that they can make on-the-fly optimization decisions. They want predictive models so that within the first two weeks of their campaign, they can measure granulated effectiveness and make creative or media mix optimization decisions. Ten years ago, when I left Proctor & Gamble, it took three months to measure your ad's performance in-market. Today, you can measure your TV ad performance literally the next day and know how you're doing.

Doug: How do you do that?

Randall: There are syndicated services; Nielsen has one with 5,000 to 7,000 panelists a day going to a panel website. After they log in, they are asked what TV shows they watched the previous day. Because Nielsen knows what ads were running in those programs, they can not only ask questions about the programming and how engaging it was, but they can also ask questions about the ads that were in those programs. Then they generate a report on how your ad of the previous day was performing.

Doug: In that particular case, the pre-selected panels already have the demographic and the profiling information to slice responses any which way an advertiser would want.

Randall: That's exactly right. This is setting the stage for where things are going in the future. Another big macro trend is that consumers are increasing overall media consumption. There's a commonly held belief that TV is dying. This is not true. Actually, people watch more TV today than they did a year ago, and they watch a lot more TV today than they did ten years ago. What is happening is a proliferation of channels, more TVs per household, a better viewing experience with large, hi-def TV, and you've got blockbuster content like 'Dancing with the Stars' and 'American Idol.'

The bigger issue as social media and digital expand is how you bring these things together in a very smart way, because TV is not going away. It's changing, but it is not going away.

Doug: You are looking at predictive models, as well as the variables that drive brand equity. What are some of the other key drivers that you are discovering about brand building?

Randall: We just did a study of 30,000 ads. The analysis shows that there are three big drivers. One is the creative quality itself, which is not really a surprise. The second driver, also not too surprising, is media weight ... the more media you put behind your ad the higher the general recall. What is surprising is the impact of programming. In the modeling work we've done, the impact of the content within which your ad sits is just as impactful as the creative quality itself.

There are three ways in which programming effects the performance of your ad in-market: program engagement, program genre, and program synergy. We've already discussed program engagement, or attentiveness. Beyond this, we see that certain brands or products perform better in certain genres than others. For example, alcoholic beverage ads score much better in sports vs. non-sports programming; over-the-counter drugs tend to not score well in sitcoms. A client once asked me, "Why is that?" I said, "Well, being sick is not funny." An example of program synergy would be putting an ad for 'Slim Fast' in 'The Biggest Loser.' A lot of this is intuitive and not surprising. The difference is that today all of this can be measured.

Doug: What have been some of the key insights and learnings around linking brand to profitability?

Randall: We are still in the infancy of knowing how to do that. One of the learnings is the need for different equity measurements. *Single source measurement* enables advertisers to see at the household level, with permission of course, exactly what people are watching on TV; what they're doing online; and then it allows you to look at what those same people are actually buying. You can literally create an exposed/non-exposed set of households to your advertising and see exactly how the consumption changes.

This is really powerful, and as these systems scale up they will allow for much more granularity. Instead of looking at women 18-34 years old, you'll be able to drill down to view a lapsed user, or a Coke user, or even a lapsed Coke user. You'll be able to find those people and measure how advertising impacts them versus a group that didn't see the advertising.

Doug: Let's shift gears to social and digital media. Why don't you start with some basic facts and then move into some of the wide-spread fallacies.

Randall: Globally, in 2007, there were about 210 million people using social media. Today, it's over 500 million people. The time per person spent between 2007 and 2009 has gone up about 82 percent. So more people are doing it, and they're doing it a lot more. Secondly, it is big everywhere. When you look around the world at the percentage of people using social media, globally it's 73 percent as of last year, from a low of 59 percent in Germany up to a high of 84 percent in Brazil, with the U.S. at the global average of 73 percent. It started skewing a bit younger, but as the penetration of social media has grown, it's become almost a truly representational population.

Doug: What are the trends around social media in terms of brand building?

Randall: We all know that a recommendation from a friend, or a family member, or an acquaintance is the most powerful form of marketing there is. That is the underlying phenomena of social media. Engaging people to ultimately have them speak positively on your behalf is the real opportunity of social media.

Let me just give you one example of this. Nielsen has a partnership with Facebook, where they measure ad effectiveness on Facebook. They have looked at a basic ad for Virgin Atlantic and we can see the recall for the ad. Facebook can serve up that same exact Virgin ad, except below its ad it says, "The following friends or people in your network are also fans of Virgin." These ads score much higher than just the regular ad without the social context. One of the developments that advertisers need to be focused on are ways to leverage social context that validates having people seriously think about using or buying your brand.

A lot of our clients are moving to a media model that we like to call *POEM - Paid, Owned, Earned Media*. Paid media is the traditional advertising. Owned media is your own website, or you own your own content on a website. Earned media is how consumers are talking about your brand. This POEM framework is an interesting one to think about for reaching consumers. Now advertisers can look at people who viewed an ad; the percentage who went online and searched for my brand; the percentage who went onto my Facebook page; the percentage who went to my corporate website. You can measure all of that. You can start to understand the interaction of paid and earned media in a way that hasn't been possible before.

Doug: In the world of social media, there are myths that companies are acting on, but based on your statistics don't have validity. What are turning out to be some of the places where social media is not delivering marketing effectiveness?

Randall: Social media is part of earned media messaging that's carried out voluntarily by consumers on behalf of the brand. That voluntary messaging can be positive or negative. The biggest myth is in viral marketing. There is a belief that you can do

a viral video and achieve much of what you would achieve, for example, with TV advertising at a fraction of the cost. The reality is, first of all, that there are a rare few videos that ever go viral enough and get enough voluntary messaging by consumers to come anywhere close to the reach you can achieve on TV. It really has to be earned through consumers giving you great ratings because your brand really worked; the product or service is a great one.

I remember a time when my wife and I went on vacation. We came back to the Philadelphia Airport and her Lexus wouldn't start. I called customer service and I expected that they would send a tow truck. Instead, they walked me through a five-step process to get the car started and it all worked out. That's a fantastic example of where I could then go online and talk about my great experience with Lexus. That is what advertisers need to be focused on ... how do you drive voluntary positive messaging by consumers on behalf of your brand?

People have gotten hung up on going after something really cool and creative and different and having it go viral, as opposed to focusing on the real activities that build advocacy for your brand.

Doug: What else have you found people to be really interested in?

Randall: Let me come back to cross platform measurement. You know that the cross platform exposure is driving much greater effectiveness among the people who see your ad in more places, and yet the media planning hasn't caught up. The media plans are still constructed in a way that drive more reach across each media instead of driving more overlap. This area is going to get more attention.

Doug: Let's look now at B2B. What if anything is the relevance of our conversation to our readers who are heads of marketing in B2B companies?

Randall: There is tremendous relevance. TV may not be as important to a lot of B2B players, but certainly the digital world is. If we go back to what drives advertising effectiveness, it's creative quality itself, the amount of media weight, and the programming context. If you're selling tractors to corporate farms you're probably advertising in some kind of farm-related content. But are you measuring that and really understanding the differential performance of all of the different forms of content within which your ad sits?

In a B2B context, if you are going to buy ten million impressions against corporate farm people and you execute a campaign, what percentage of those ten million impressions actually hit the target? Start demanding accountability from the content providers if you're not getting ten million against your target, and that is what was promised. That is number one. Number two is measuring different digital creative in real time, and then optimizing your mix on the fly.

Finally, you can look at actual reactions. Let's say that the objective of your digital campaign is to drive prospects to sign up for a newsletter on your website. You can measure the percentage of people who actually went to your website; the percentage who signed up for the newsletter; the percent of those people over time who actually call you or visit a dealership, etc. B2B is a different context and a different set of media and advertising choices, but a lot of the underlying principles are no different.

As much or even more than the consumer world, social media is really important. You are going to have key influencers who are even more impactful in B2B categories than they would be in the consumer world. If I'm the brand manager of Tide, there probably aren't 50 consumers out there who are so influential that they could really sway opinions about my brand. In many B2B categories, it's where you have real experts, and people rely on those expert opinions that there's a much greater opportunity.

You can find who is blogging about your category; how many readers do they have; to what degree do they talk about your brand, and is it positive or negative; you can form relationships that turn them into not only influentials in the category, but influentials who again voluntarily are speaking positively about your brand most of the time.

Doug: Randall, this has been a terrific interview. Thank you.

Randall: I think it's a really exciting time to be in this space of advertising and media effectiveness - not only TV, but digital, social media. Personally, I think that there's more transformation today than there has been probably since the advent of TV advertising and brand management. Think historically about the advertiser. They spent on advertising. Then they waited months and months to figure out, did it work? Now what does an advertiser really want? They want to show the right ad, to the right target, in the right programming, at the right time, at the right price. As these systems get much better at measuring the near real-time impact of advertising ... the creative quality, the media impact, the programming, the placement ... all of these different things, and the systems ultimately catch up, the world is going to move to a much more real-time model.

In that world you need a different marketing organization with different skills, and different processes, and different capabilities than what people have historically had. That is a big change.

