MARKETING TRUTH OR MARKETING HYPE?

BECKON DIGS INTO THE LATEST BUZZWORDS AND TRENDS TO REVEAL WHAT’S WORKING AND WHAT’S NOT.
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Attend any marketing conference, and you’ll hear loads of advice on all the things (mostly buzzwords) you should be doing. Be more targeted! Content creation is the name of the game! Be agile and data-driven! You’re bringing programmatic in house, aren’t you? Speakers cite anecdotes, but few cite data.

Good, trusted data is the big idea behind our new series of Marketing Mythbusters reports. We do a quick-hitting dive into hot topics and trending areas of marketing investment, in order to corroborate or debunk them with real data.

And data is something we’ve got plenty of. Beckon aggregates marketing spend and performance data for many of the world’s biggest brands, and we run analytics to help them understand what’s working best across it all. With more than $16 billion in marketing spend across 203 brands and 120 countries in our system, and performance data across every channel imaginable, we’re uniquely positioned to offer an objective, bird’s eye view of marketing performance industry-wide.

Although the datapoints in this report are averages from across our sample (over the period Sept. 1, 2014 to Aug. 31, 2016), it’s a good opportunity to check your own data and benchmark your results. For instance, let’s say you’re unhappy because your engagements are only up 20% year over year—since our findings show an industry-wide average of 0% growth, you can cheer up!

This report presents four findings, on the topics of content creation, working and non-working media spends, programmatic ad buying and agile marketing. For each, we’ll surface key insights, tee up a brief discussion, and offer recommendations for how you can take advantage.
FINDING NO. 1:

Brands are generating more content than ever before. But total consumer engagement with that branded content has not increased.

The average number of content pieces (images and video) that brands created and posted in the past 12 months, in both free social media channels and paid media channels, jumped 3x compared to what Beckon counted in the prior 12-month period.

One consumer brand saw 29,000 pieces of original content created in one region alone—more than triple the previous year. Another retailer created 50,000 original content assets for the US market—way up over previous years.

But are consumers seeing the content and interacting with it? Beckon found total customer engagement with that content (views, clicks, likes, forwards, etc.) to be flat overall from year to year. So, the proliferation in content does not appear to be creating incrementally more brand engagement.

Further analysis reveals that engagements are concentrated among a few pieces of content. Just 5% of that branded content garners 90% of total consumer engagements. The other 95% shares the remaining 10% of engagements. In other words, 19 out of 20 content pieces get little to no engagement.

5% of content pieces garner 90% of all content engagement
DISCUSSION

Beckon didn’t analyze what, exactly, leads to a small slice of content garnering the vast majority of engagements, while other pieces go largely ignored. But the two main hypotheses are:

• Differences in the quality of the content.
• Differences in the amount of media behind the pieces, which would help them reach the widest audience.

Start with the quality issue.

Some brands have central controls, brand guidelines and creative review of all the branded content they create to ensure high quality. But not all brands do. We’ve seen cases where local teams publish content fairly autonomously, with little brand review. This may be leading to lower-quality content pieces, which could be driving the low engagement metrics for most content.

Keep in mind that lack of engagement is the best-case scenario here. The worst-case scenario is that low-quality content is actually hurting the perception of the brand and, ultimately, sales.

The second problem behind lack of engagement may be low levels of media dollars driving traffic to those content pieces. In other words, our content creation abilities may be outpacing our media budgets to support that content. This is the issue of working vs. non-working media, which we tackle in Finding No. 2.

But no matter the reasons, what’s clear is that marketers are focused on content volume at the expense of content performance.

This may spring from the fact that content publishing platforms, now widely used, have made it much easier to create and publish content at scale. Meanwhile, most of these tools lack strong measurement and analytics feature sets—the feedback loop on content performance just isn’t there. So it’s no wonder many brand teams have goals around quantity only—how many things can we shoot out?—and not the effectiveness of that content.
RECOMMENDATIONS

• Put in place brand guidelines and a review process for content creation to ensure high quality.

• Make sure brand teams and social content centers don’t have “number of pieces published” as their main KPI. Instead, KPIs should be more outcome-focused—consumer engagement, site traffic, reach and/or attributable sales revenue.

• Don’t confuse “total brand mentions”—a metric that comprises brand mentions consumers may have initiated plus mentions YOUR TEAM published—with “total consumer-initiated brand mentions.” They’re not the same. A super-prolific social or communications team will skew the results. Closely watch the ratio of brand-initiated mentions to consumer-initiated mentions, and make sure consumer-initiated mentions are on the rise as well.

• Factor content creation expenditures, agency fees and studio costs into your channel ROI models. Social may not be paid media, but there are still costs associated with it.
FINDING NO. 2:
Non-working media spend is skyrocketing.

Non-working media spend is the money used to create media—everything from in-house staff and agency fees to production costs and media measurement.

Traditionally, brands have looked negatively on non-working media dollars. They try to minimize them to free up working media dollars—spend that generates paid impressions of advertising on a media channel, also called “paid media.” Working media dollars actually reach eyeballs and have a chance to generate awareness or move consumers toward a sale.

We wanted to understand brand spend patterns against these two buckets. Beckon data shows that non-working media spend is up 50% year over year. Now, a metric that’s up 50% is no big deal if the base number is small. But in this case, the base number is huge. A massive 40% of advertising budgets are spent on non-working media, according to a Percolate survey.¹ That’s 40% of the $1.8 trillion slated to be spent on advertising globally by 2017, per McKinsey.² And non-working media spend is set to rise even further—in the same Percolate survey, 52% of marketers expected non-working media to “increase significantly” again in 2016.¹
So, non-working media is up 50% year over year and is expected to keep growing. Meanwhile, Beckon shows that working media is growing only 7% year over year on average. In sum, the media dollars spent on managing, producing and measuring media is rising far faster than the dollars spent to actually get ads in front of consumers.

**DISCUSSION**

This trend is no doubt closely tied to Finding No. 1—namely, the staggering volumes of content being created. But are higher non-working media costs all that bad?

Not necessarily. In a world where different consumer platforms host very different audience profiles, and relevant messaging is everything, brands do need to create targeted content. And as the world gets more personalized, marketing gets more complex, and the cost of content planning, production and buying is going to rise. While it’s certainly cheaper to create one generic ad and run it on every channel, everywhere, it may not be the most effective.

However, if the argument for personalization and targeted content creation is that it’s more effective than generic, one-to-many ads, Finding No. 1 isn’t showing that. Remember, most content pieces see very low customer engagement, and there’s no aggregate increase overall.

So, there’s no data to support the theory that higher content costs are justified because producing many versions of targeted content will drive much better business outcomes. In fact, as we saw in Finding No. 1, customer engagement clusters around a tiny subset of content.
RECOMMENDATIONS

• Review your definitions of working and non-working media. Don’t vilify non-working media while assuming that working media is all good. A generic ad on a million channels may be “working” by classic media definitions, but it may be driving very little in terms of engagement or sales. Be careful not to fall into the trap of simplistically committing to lower non-working media spends—if content and platform targeting is needed, expect non-working media costs to rise.

• If you’re creating multiple versions of content because you think it’s more effective, then you need to be tracking content performance and making sure your ROI outweighs the increased cost.

• Reestablish a commitment to high-quality content, and only scale your commitment to versioning insofar as you can maintain quality. Done well, creating different versions of content and tailoring it to your customer can be a good thing. But if you cut corners and pursue quantity over quality, personalization and versioning can really hurt the business. Even if the potential ROI for personalization is high, if your execution and quality is terrible, you’re better off not doing it.

• Include the total costs of earned and owned media production in your ROI calculations. The costs of content production are substantial, and any honest ROI analysis will include production, planning, management and all other content-creation costs alongside the cost of paid media.
FINDING NO. 3

Programmatic ad buying is delivering 2x better ROI than media bought in conventional ways. Yet only about half of digital marketing is traded programmatically (though the share is increasing).

Programmatic buying of advertising is growing. (Programmatic buying is using automation and data to match ad inventory with individual customer profiles across multiple networks.) All media agencies now buy some portion of their media programmatically. Some brands are bringing programmatic buying capabilities in house. And we see a lot of the hybrid approach—brands building out their DMP and CRM infrastructure, then asking media agencies to programmatically buy ads using the brand’s customer data (and then give spend and performance data back to the brands).

So, it’s not surprising that Beckon data shows programmatically purchased ad spend approaching 60% in 2016, up from 30% in 2015. These numbers are very similar to Forrester’s recent estimate that 55% of the digital advertising market in the US will be traded programmatically in 2016, automating more of the planning, execution, trafficking and measurement of ad spend.³

Online display and video lead the pack, with mobile display and video close behind. Programmatic TV buying still lags most channels, as marketers wait for technology and inventory options to improve, per Forrester.³
DISCUSSION

Why the rapid rise? In a different Forrester survey, marketers cite “better targeting” as the top reason for the shift toward programmatic, followed by “real-time optimization” and “managing buys across multiple channels.” Decreased cost of media comes in fifth place.  

But as brands consider investing in the infrastructure and teams to support programmatic ad buying, the real question is this: Does programmatic—thanks, perhaps, to its better targeting and real-time optimization benefits—drive better business results?

While only a few large brands in Beckon’s database are tracking programmatic ROI, our sample shows programmatically bought media has double the ROI (in other words, half the cost per conversion) compared to non-programmatically bought media. Ad Age recently reported that Procter & Gamble, the largest CPG company on the planet, is seeing 3x to 5x ROI from digital ad buying.
Of course, automation alone doesn’t guarantee higher sales and conversions. The quality of the data, the team building out the platform and the available ad inventory all influence how well a program drives sales. But the early results point to 2x incremental ROI from programmatic buying, which is significant as programmatic spend increases.

It’s important to note that the desire for programmatically bought advertising across all channels may outpace the inventory right now. Quality video ad inventory is in short supply today. Mobile and television options are extremely limited. But as demand rises, thanks to these early ROI results, supply should follow.
RECOMMENDATIONS

• Every brand should be thinking about a programmatic strategy, given the significant ROI increases brands are seeing. As a starting point, ask your media agency how much of your spend is bought programmatically. Then ask your media partners to traffic ads using a unique programmatic code, so that it’s clear in the performance data how much sales or traffic were driven by programmatic vs. traditional buying. That will help you assess your own programmatic ROI.

• Before committing to bringing ad buying fully in house (something very few brands are doing today), consider the intermediate step of building out a DMP in house that holds customer profile data. That becomes your brand’s data asset, and it can grow richer and more robust over time. Your media partners can and should use that data for targeted ad buying.

• If you’re thinking about investing in a DMP, the projected ROI will depend on its cost, the expected productivity (how much traffic or sales each ad is estimated to drive) and the projected investment levels (how much spend you’ll commit to it). To calculate your expected productivity, run a series of tests. Do small buys and ruthlessly compare the productivity of traditional ad buying versus programmatic buying based on your DMP data. That delta—the incremental productivity—is what you should use to project the ROI of a DMP. If you already invested in a DMP, and you’ve asked your agencies to use that data for programmatic buying, make sure you know how often they’re doing so. If very little of your spend is targeted using your DMP data, but the incremental productivity of your programmatic ads is substantial, discuss with your media partners how to use the DMP data more.

• Choose a robust marketing intelligence platform that gives you complete visibility into performance across your various channels of programmatic and non-programmatic execution. Your in-house team and agency partners will want to see real-time reporting that shows which ads are performing best, for which audience segments.
FINDING NO. 4:

Brands investing in agile, rapid iteration are seeing a 12.7% lift in MROI.

A Forrester Consulting study of more than a dozen brands committed to agile optimization (all using Beckon to rapidly test, learn and reallocate spend across multiple channels), reported an average 12.7% boost to return on marketing spend. Some brands saw as much as 20% improvement. The driving force behind this big bump in business outcomes was the ability to better optimize and reallocate marketing budgets (thanks to better performance analytics), and to do so more frequently (thanks to faster analysis and decision-making).

A McKinsey and The CMO Council study published in Harvard Business Review goes even further. McKinsey rated the analytics and agility capabilities of various companies’ marketing orgs on a scale of 1 to 7, and found that being 3 points higher on the scale meant 1% higher profits for that company.
DISCUSSION

We’d expect this clear business mandate for good, data-driven marketing measurement and optimization to be driving increased commitments to analytics staff and centers of excellence in house. And that’s exactly what we’re seeing.

Historically, marketing outsourced analytics, either to agencies (paying expensive agency retainers in the bargain) or to specialized marketing performance consulting firms. And indeed, today, 27% of marketing’s analytics budget still goes to outside experts, according to Gartner.8 However, that same Gartner survey shows that in-house analytics centers of excellence are thriving—36% of marketers have one today, and a whopping 69% of marketers plan to have one in two years, indicating a clear shift toward internal analytics support. Respondents average a surprising 22 marketing analytics staffers, and two-thirds plan to hire even more.8 This is a case where the trending behavior—developing in-house agile marketing capabilities—and the performance statistics are perfectly aligned.
RECOMMENDATIONS

• If you want to rise as a marketing leader, it’s time to embrace data-driven marketing and build out a core competence for it in house.

• While IT can be a great partner on the journey to agile, data-driven marketing, marketers themselves have to lead the way. Generic tools built by IT won’t serve marketing long term. Make sure a marketing-specific data management and intelligence solution is high on the list of tools you’re considering.

• Revisit your agency analytics and reporting retainers and make sure they’re still what you need. Those fees add up, and they could be going toward your in-house capabilities instead.

• A switch could lessen potential conflicts of interest to boot. In the Forrester Consulting study cited just above, one global CPG leader said,

  "We spent $100,000 for every custom report we had the agency create. There were about 200 of these reports being requested from across the company. Not only was this expensive, but having our agency create the reports on their own performance was like letting the fox in the henhouse."  

Building capabilities in house is a more cost-effective and less biased way to gain visibility into marketing performance.
MORE TO COME...

As The Source of Truth for Marketing™ for some of the world’s biggest brands, and with over $16 billion in omnichannel marketing spend and performance data housed in our system, Beckon has unprecedented empirical insight into what’s worth the effort and what’s not in the world of marketing.

We love surfacing the “hidden gem” tactics that are performing well, yet few brands are doing. Shining a light on buzzy marketing trends that the data doesn’t actually support. Providing concrete evidence for connections that marketers have long intuited, but never had good numbers for.

We look forward to bringing you the next Marketing Mythbusters report soon.
REFERENCES


ABOUT BECKON

To grow your brand, you need integrated, unbiased data and insights you can trust. You need Beckon, The Source of Truth for Marketing™. Beckon’s rock-solid data management and real-time marketing intelligence power better, faster decisions that let you do more with every marketing dollar.

LET’S TALK

Want to learn more? Get in touch at hello@beckon.com—we’d love to connect.