

KNOW WHEN TO ART
KNOW WHEN TO SCIENCE

Brent Smart, CMO, IAG

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**HAS ALL THIS SCIENCE MADE
MARKETING BETTER?**

And exasperation is truly the appropriate response to banner ads. It's even harder to imagine anyone celebrating a birthday for the banner ad's even less admired younger cousin, the pre-roll ad, the dreaded thing before the thing, the only format in advertising history so neurotically self-aware of its own annoyingness that it provides a countdown to when it can be skipped.

The New York Times

TECHNOLOGY

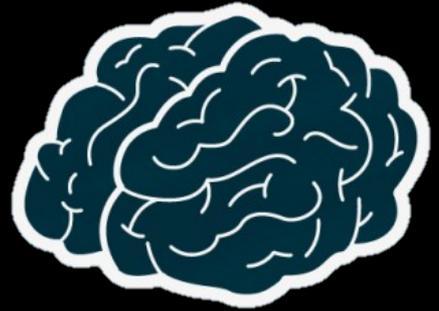
Use of Ad-Blocking Software Rises by 30% Worldwide

By MARK SCOTT JAN. 31, 2017

Facebook [has tried](#) to ban it. Google [has attempted](#) to outsmart it.

But no matter what these tech giants do, people's use of software to block digital advertising — often the lifeblood of companies' online business models — keeps gaining traction worldwide.

In total, roughly 11 percent of internet users globally relied on ad blockers to avoid some form of digital advertising last year when surfing the web.



THE HUMAN BRAIN IS THE BEST
AD BLOCKER EVER INVENTED.

infinite content

no time

**WE ARE COMPETING WITH CULTURE
FOR PEOPLE'S TIME**



348% INCREASE IN TRADING VOLUMES.

The New York Times

BUSINESS DAY

Firm Behind 'Fearless Girl' Statue Underpaid Women, U.S. Says

By MATT STEVENS OCT. 6, 2017



RELATED COVERAGE



'Fearless Girl' Statue to Stay in Financial District (for Now) MARCH 27, 2017



Wounded by 'Fearless Girl,' Creator of 'Charging Bull' Wants Her to Move APRIL 12, 2017



BIG CITY
The False Feminism of 'Fearless Girl' MARCH 16, 2017



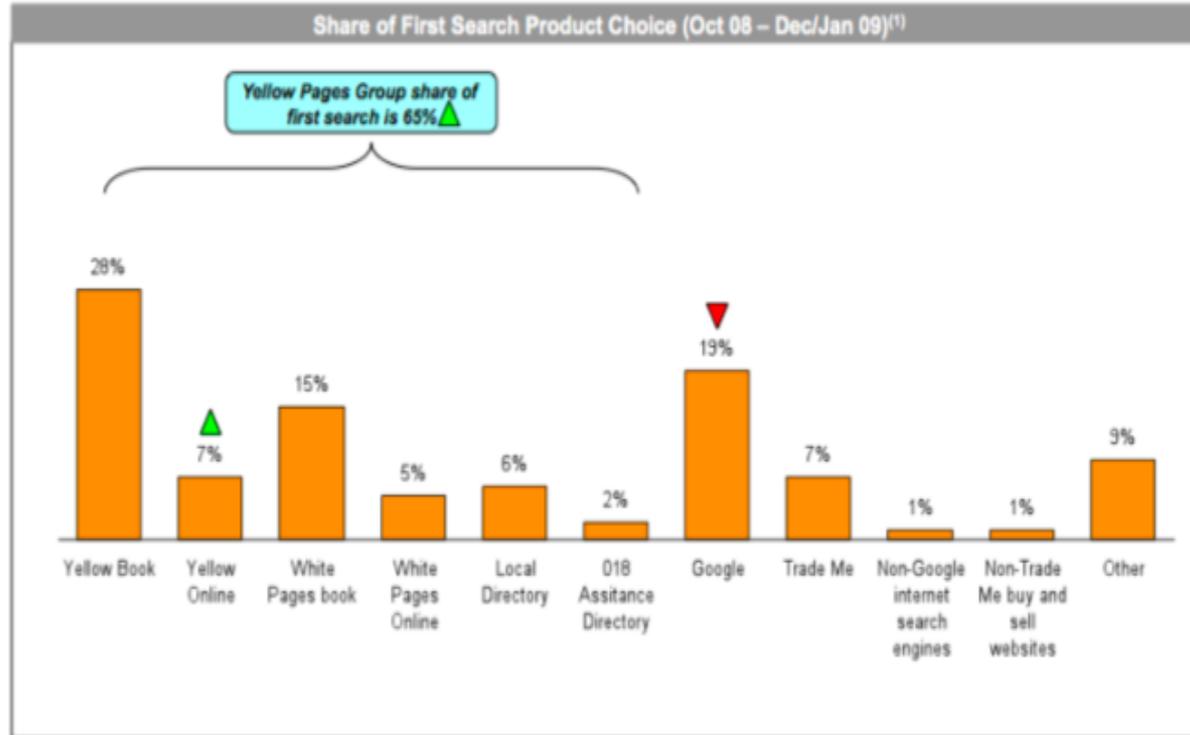
Econometrics ROI analysis

ATL communications (TV, press, outdoor, radio, cinema, online display)	Christmas 2014
ATL spend (media, production, fees)	£4.1m
Incremental revenue (inc. VAT)	£132.8m
Incremental profit (before deducting adspend)	£36.8m
Net profit (after deducting adspend)	£32.7m
Net profit per £1 spent	£7.98
Return on marketing investment (ROMI)	798%

Sources: Market Share econometrics



STOLE SHARE OF SEARCH FROM GOOGLE



Notes: (1) Sample size n = 746

INTUITION
GUTS
HEART

**YES, SCIENCE CAN DEFINITELY MAKE
MARKETING BETTER.**

IAG MARKETING ATTRIBUTION PRINCIPLES

1

CAUSALITY

Measuring marketing impact only makes sense if we compare the outcomes of running marketing with the outcomes of not running marketing (in similar conditions - or contexts).

2

UNCERTAINTY

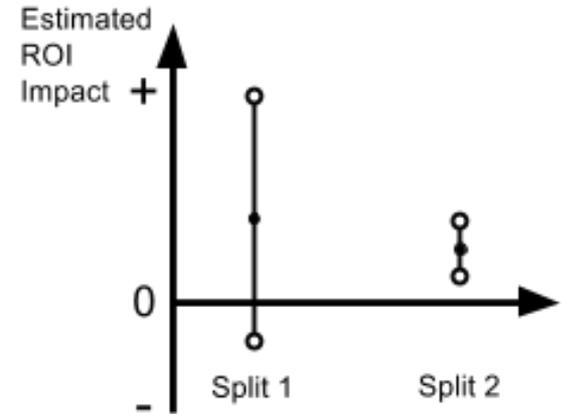
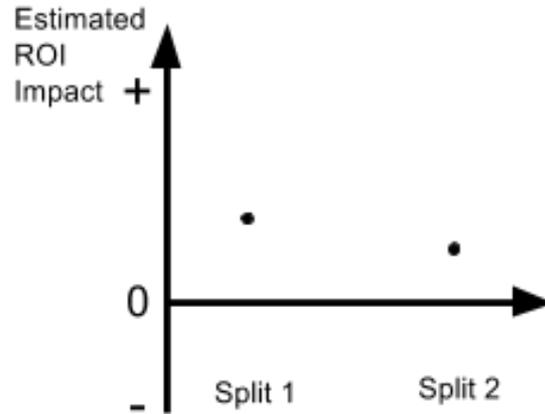
Marketing is about making optimal decisions in an uncertain environment, so optimising marketing requires understanding uncertainty.

CAUSALITY

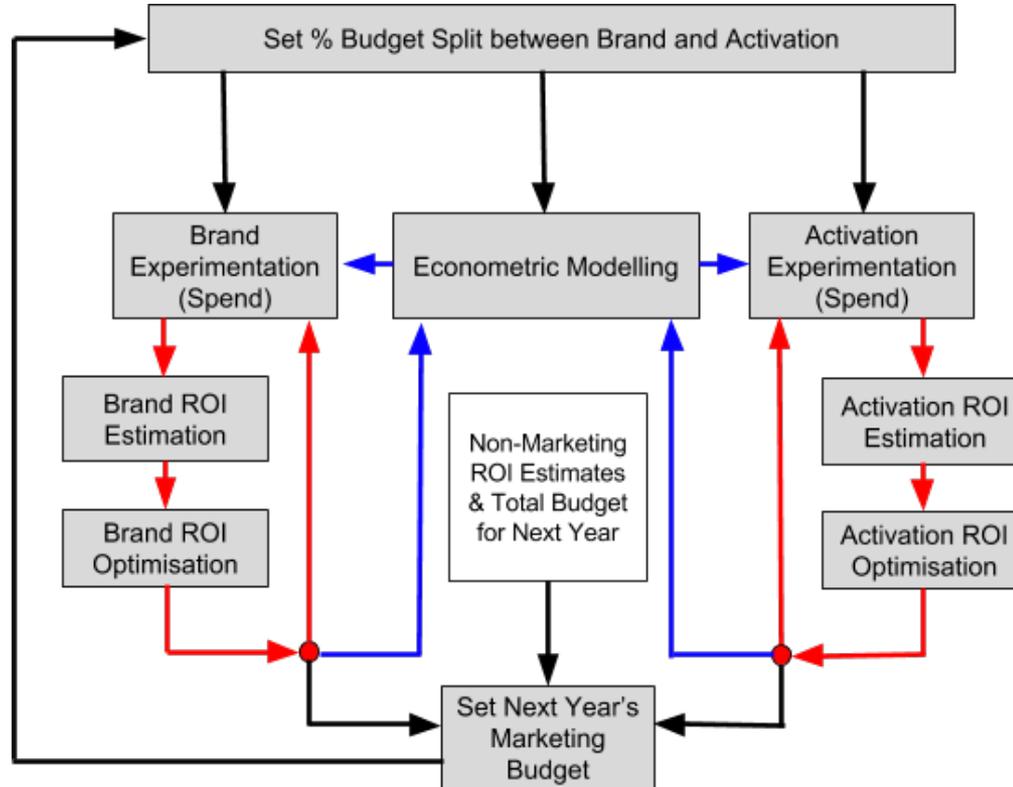
AWESOME MARKETING
WORLD: IAG #42

BORING CONTROL WORLD

UNCERTAINTY



WE SCIENCE ALWAYS!



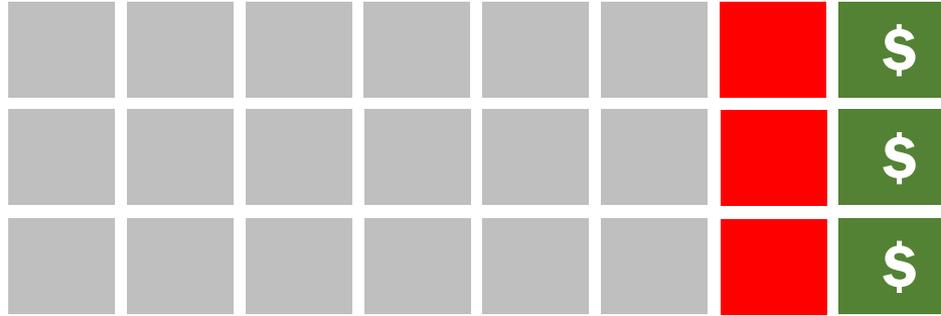
HOW BAD IS STANDARD ATTRIBUTION?

The Foundation of AdTech

MARKETING IMPACT CAN BE GOOD OR BAD

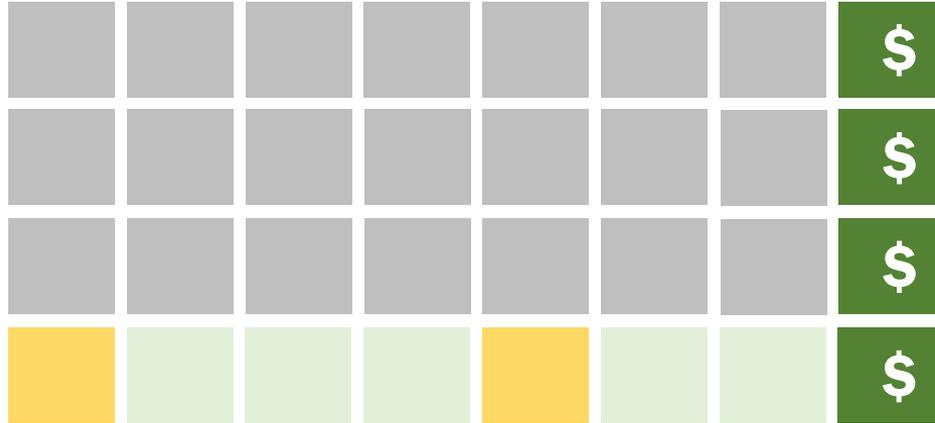
BEHAVIOUR	MARKETING	NO MARKETING	MARKETING EFFECT
COMPLIER	Buy	Don't buy	POSITIVE
NEVER TAKER	Don't buy	Don't buy	NEUTRAL
ALWAYS TAKER	Buy	Buy	NEUTRAL
DEFIER	Don't buy	Buy	NEGATIVE

HOW WILL A MACHINE OPTIMISE IF ITS GOAL IS LAST TOUCH



BUT WE WANT NEW SALES!

Unfortunately our DSPs algorithms are tasked with touching sales, not with generating new sales.



Optimising to incremental sales would find these people

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COMPLIER	Buy	Don't buy	POSITIVE
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Optimising to standard attribution finds these people

WHAT DOES THIS MEAN?

- In this case, standard attribution is wildly inaccurate – to the point of being junk
- Algorithmic multi-touch attribution is not much better
- True read on sales show no impact

THE DIGITAL SUSPENSION OF DISBELIEF

For our category (and for most?) it requires a massive suspension of disbelief to think that viewing a display banner caused someone who would not have otherwise bought, to buy shortly after.

**SCIENCE HAS DRIVEN SHORT-TERMISM.
BRAND-BUILDING IS AN ART THAT TAKES TIME.**

Brands live in the minds of highly emotional and irrational human beings.

**GREAT BRANDS ARE BUILT
ON HUMAN INSIGHTS**

infinite data

no insights

“Lets vote Trump.”

~ America



YOU'RE NOT YOU WHEN YOU'RE HUNGRY

A diverse group of people of various ethnicities and ages are gathered outdoors on a grassy field for a barbecue. In the center, a man in a blue suit is tending to a bright yellow charcoal grill on a silver metal stand. To his left, a young girl in a light blue jacket holds a large woven basket filled with bread and oranges. To his right, a man in a white traditional Indian outfit with a pink turban stands near a red cooler. Other people in the background are holding plates of food and talking. The scene is set against a backdrop of rolling green hills under a clear blue sky. The text "YOU NEVER LAMB ALONE" is overlaid in large, white, bold, sans-serif capital letters across the middle of the image.

YOU NEVER LAMB ALONE

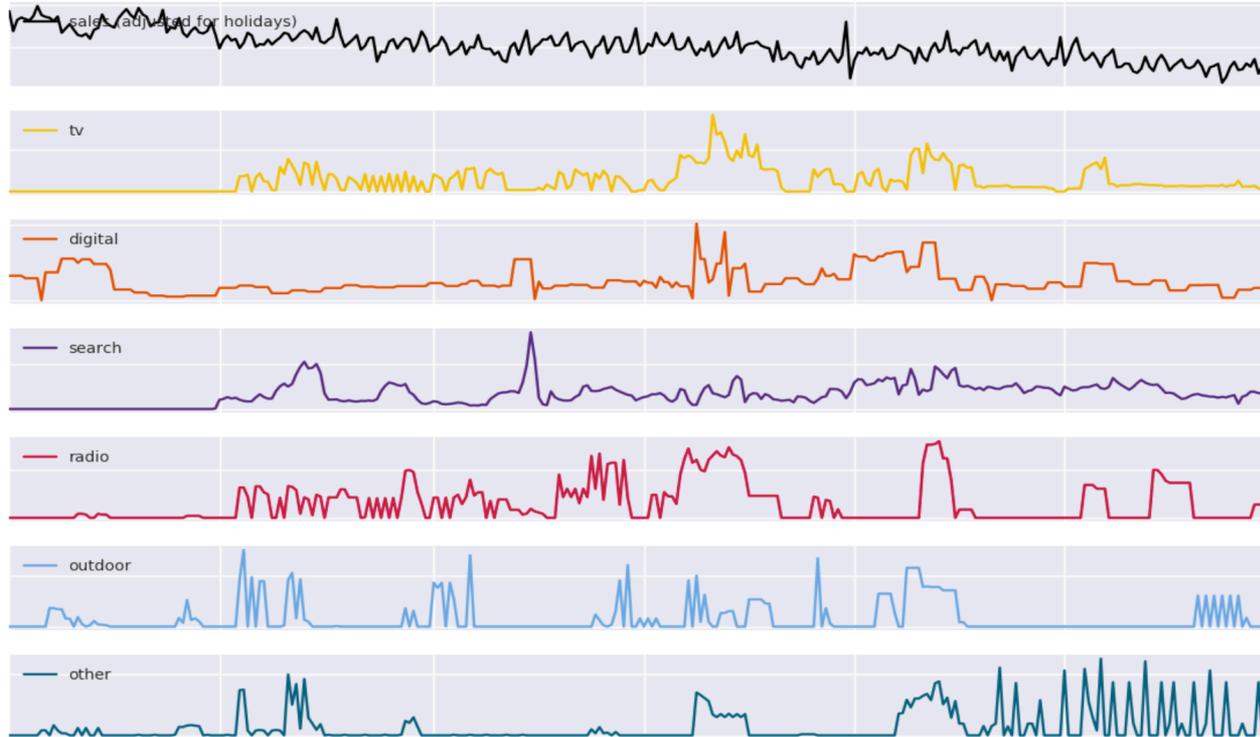


“Brand building is vital if we want to make next year's sales easier to achieve than this year's and so drive long-term growth.”

Peter Field, “Godfather of Effectiveness”

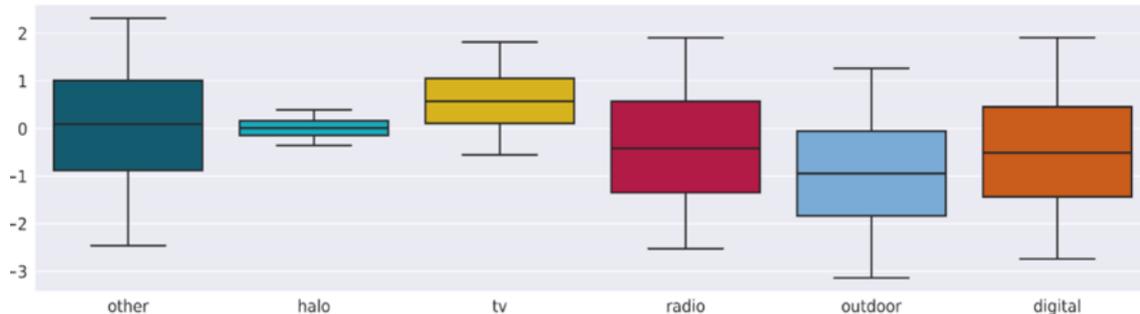
**THE SCIENCE SUPPORTS
LONG-TERM BRAND BUILDING.**

IAG ECONOMETRICS ASSESSMENT



IF ATTRIBUTION IS JUNK, WHAT ABOUT ECONOMETRICS?

- Typical econometric output – a single coefficient per channel
- IAG data scientists (ex physicists) could generate 250,000 viable models ($0.7 < R^2 < 0.8$) and 250,000 coefficients
- IAG cannot rule out zero short-term impact for any channel



DESIRED FINDINGS

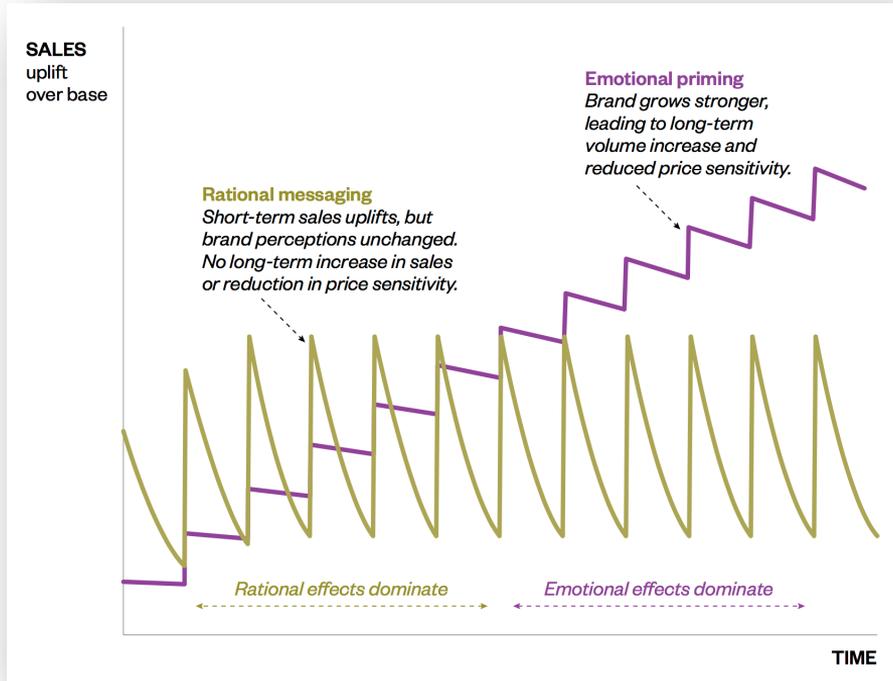
- Clear ROI calculation for each channel, brand, product.
- Ability for brands to make informed decisions to shift budget between products to deliver a known sales result.
- Ability for IAG to shift budget between brands to deliver an optimal sales result.

ACTUAL FINDINGS

- No evidence that we can drive efficient short term sales results – except in search.
- This makes sense, as for car and home, customers are in market ~1 week per year.
- We think marketing works, so as we're not a direct response advertiser, we are a brand advertiser – but we're not sure how we measure the impact (yet).

**IF AN ACTIVITY HAS A SHORT-TERM GOAL
WE CAN (DIS)PROVE THE IMPACT**

SHORT TERM-ISM



Focusing on the short term can mean:

- Measurable sales results at the expense of less attributable long-term customer growth
- Err on the side of short-term rational messaging over long-term emotional priming to deliver sustainable customer growth

For IAG, it is more extreme:

- From our attribution work, we have no evidence of efficient short-term sales outcomes (search excepted)
- To do long-term in earnest, means we measure at lower cadence, don't make frantic changes, and grow our brands with strong creative work, driving emotional engagement

SCIENCE EVEN SUPPORTS AWARDS

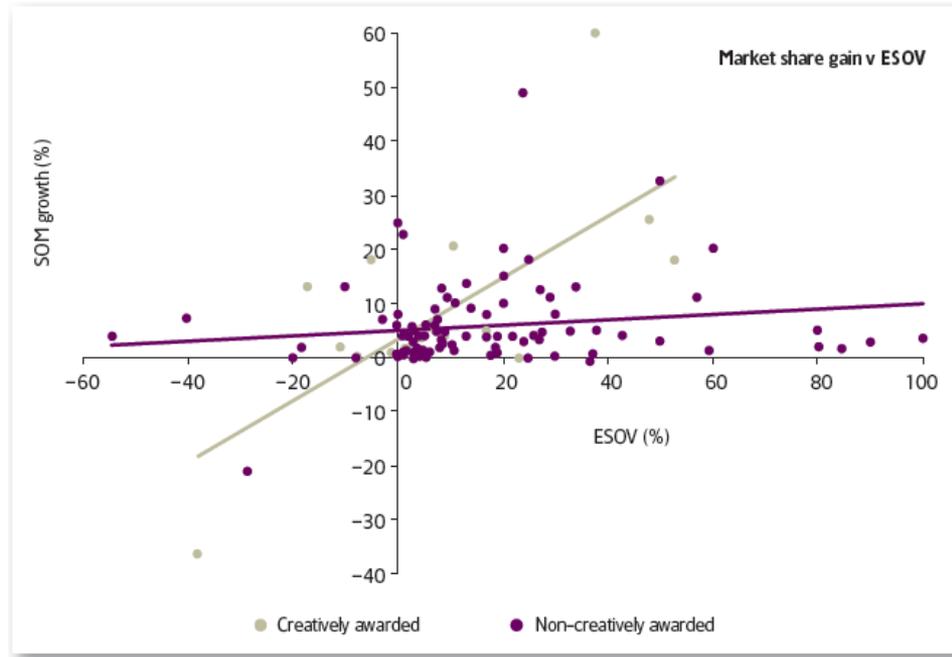


Figure 1: The relative efficiency of creatively awarded and non-creative campaigns

ASSESSING THE LONG TERM?

- We are trying to understand how our advertising is affecting the minds of the potential buyers of our category.
- This is really hard! We typically only have data for our own brand, going back a few years, very difficult to get a robust read on impact.
- We cannot check daily, more like quarterly or even annually.
- Working to an ROI for brand activity will be highly dependent on assumptions.

WHAT WE'VE LEARNED

1. Embrace uncertainty
2. Long-term brand-building versus short-termism
3. Do less with more impact
4. Leave room for intuitive leaps
5. Know when to art, know when to science



Things we
should
science



Things we should
art

WHERE WE CAN SCIENCE

Do it. Always, and with rigour.

WHERE WE CAN'T SCIENCE

Know it, don't force science.
Give the art space and back ourselves.