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MARKETERS TOP PRIORITIES REVEALED

The Top Three Challenges Marketers Face

3 Most Important Marketing Challenges

and how marketers tackle them.

Proving return on investment, digital and social media are the three top areas that are keeping CMOs awake at night. A little over a year ago, Advertising Age, along with Erdos & Morgan, asked over 600 marketing executives to identify the issues and marketing challenges that are of utmost importance to their organizations. These three trends, which were cited as most important by a majority of respondents, are shifting how marketers are communicating with consumers, and how they craft their messages to reach them. Here, a look at the latest development when it comes to marketers' biggest priorities.



No. 1 Maximize the ROI of your marketing investment

After several tough years of a sluggish economy, brands want to know that the money they are investing in advertising and marketing isn't wasted. The promise of digital media is that it seems tantalizingly close to proving which advertising works and which doesn't.

More than a decade of counting clicks is finally giving way to more robust measurement tactics that are recording real ROI gains for digital marketing. Digital media appears on the brink of some measurement breakthroughs that could have huge ramifications for data-driven marketers looking for return on investment evidence.

That data revolution, however, is proceeding on separate tracks with vastly different implications for how digital will be used.

On one of those tracks, Nielsen and ComScore are each developing online gross-ratings-point systems (GRPs) that measure digital display and video audiences using the same age-sex demographics as TV. Putting digital on a measurement playing field similar to TV — or, some might say, on one just as bad as TV, thanks to its lack of behavioral targeting or indication of sales response -- will allow digital to be evaluated using marketing-mix modeling.

On the other side, some measurement experts purport that the explosion of data is leading marketers away from using models to estimate the impact of ad investments and toward more direct measurement. New tools from Nielsen, Catalina, Dunnhumby and TRA, for example, make it possible to attribute sales to specific segments or groups of consumers.

Linking purchase data like that from loyalty cards with media consumption gets marketers closer to being able to directly measure what's happening. It's still not quite direct measurement since marketers are still dealing with a panel of consumers, but it's a lot closer than it's ever been.

Meanwhile, many have long suspected that the tools used to measure return on investment that hold sway over many marketing decisions give digital media short shrift. A new study by seven of the biggest packaged-goods companies, joined by Nielsen, Facebook and Google, appears to prove it. The Digital Media Consortium, whose CPG members include Procter & Gamble Co., Unilever, Nestlé, Kraft Foods, Mondelez, Kimberly-Clark Corp. and Kellogg Co., finds marketing-mix models underestimate ROI from Facebook ads by as much as 48% and from Google search ads by as much as 39%.

The study also challenged traditional attribution. For example, even though Google search ROI was underestimated, the study found credit for about 25% of sales attributed to paid search should be shared with TV, print or other digital media that lead people to search in the first place.

In aggregate, marketing-mix models undervalued digital ads but there was significant variation among the models used by brands in the study. Ross Link, Nielsen's president of global marketing return on investment solutions, said the problem wasn't so much the models as the type and quality of data fed into them. Besides impressions proving much more predictive than clicks, impression data worked much better when it included more detail about publisher, geographic market, device and demographics, he said.

Finally, the industry is moving to a new standard, viewable impressions, when it comes to measuring online advertising. This means that marketers will only pay for ad impressions that can actually be seen by someone on a webpage, as opposed to impressions buried deep at the bottom of the page where no one scrolls or ads that can be zipped past without having been seen. This sounds like a perfectly logical move, but is actually more of a sea change when it comes to calculating advertising ROI than it might initially seem (all change for the better, however).

Marketers will be forced to rethink the key performance indicators that they've been using for years—KPIs that are based on totals that include both non-viewable and viewable impressions. Publishers will have to rethink the value of various impressions around their sites and offer greater degrees of transparency. And the ad-serving/ad-technology ecosystem will have to build viewability measures into its buying, selling and trading systems.

The Media Rating Council plans to lift an advisory warning against using viewability as a currency in 2014.



No. 2 Improve your digital marketing efforts

This No. 2 priority is closely aligned with the No. 1 priority. Only by better understanding what is working in digital media, and which tactics are effective, can CMOs get smarter about how they are using these tools.

Executives of Procter & Gamble Co. and Mondelez International both reported in early 2014 that their companies now spend about a quarter of their U.S. media budgets on digital and plan to keep growing that share as they see improving return on investment. Mondelez President-North America Mark Clouse noted his company wants more than half its spending to be digital by 2016, because it's getting twice the return on investment from digital that it is from other media.

Kraft CEO Tony Vernon said the company's digital marketing group "generated about \$80 million of savings in 2013, because they were able to achieve the same, if not more, quality impressions at a lower cost."

And Jean-Paul Agon, Chairman-CEO of L'Oreal, the world's third-biggest ad spender behind P&G and Unilever, said digital is now 12% of

the beauty giant's global spending and trending upward because of its efficiency and synergy with fast-growing e-commerce in beauty. E-commerce sales grew more than 20% for L'Oreal last year, about quadruple the rate for the rest of the company.

MARKETERS WILL CONTINUE TO SPEND MORE ON DIGITAL

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Meanwhile, General Mills CEO Ken Powell said his company increased the digital share of its ad budget from 8% of spending in 2008 to 17% in fiscal 2013 and expects the shift to continue, even if 79% of its budget today is spent on TV.

P&G execs view the hikes in digital spending as helping to lower the share of sales it spends on advertising without hurting effectiveness. "The beauty of the digital, search, mobile, social media worlds is they're fundamentally more efficient," said Chairman-CEO A.G. Lafley in February, 2014. "So if you really know which consumer matters most to you, and that's our job ...then you can run a mix that gets a lot more efficient."

According to eMarketer's "The State of Digital Display 2014" report, four trends are driving changes in display advertising, and thus will guide future digital marketing plans. Native advertising -- and richer content ads -- are elbowing out standard banner ads, as marketers aim to make their ad messages more engaging and less easy to ignore. Marketers are also relying more on behavioral data to track consumers across devices to better target messages, and the industry is getting serious about tracking whether or not those messages get seen

through the implementation of the aforementioned viewable impression standard from the Media Rating Council.

Perhaps the trend most likely to change the landscape is programmatic buying, with \$3.37 billion spent on programmatic in 2013 and an expected \$4.66 billion to be spent in 2014, according to eMarketer estimates. Advertisers continue to embrace real-time bidding, which is expected to account for a significant share of all display ad spending in the U.S. this year and in the near future. The boost is attributed to the efforts of larger companies such as Facebook and Twitter.

Google has also introduced large brands to programmatic buying with its "custom brand exchanges," a reverse-engineering of the private publisher exchange, which have become commonplace. Unlike a typical private exchange which starts with specific publishers, Google starts with demand, taking large ad budgets from brands like Cadillac, Burberry and Disney and matching that to premium inventory from the likes of Time Inc., Forbes and The Wall Street Journal. Google has set up several of these "custom brand exchanges" with advertisers in recent months. Deals like these are often done without an ad agency involved, and have the potential to reshape the marketing industry's traditional client-agency relationships.

A CMO Club poll in late 2013 found that many brands are considering working outside their agency relationships when it comes to programmatic media buying. The poll, which surveyed 600 CMOs, found that nearly half of brands are planning to evaluate working directly with demand side ad buying platforms, or DSPs, and another 15.4% are already doing so. According to the poll, 46.2% of brands plan to evaluate establishing a direct relationship with a DSP. Only 30.8% said they are managing the relationship via an agency partner, without giving an indication that might change. A total of 130 CMOs in total responded to the poll, which was conducted during the week of October 26, 2013.

No. 3 Understand social media and leverage it for your brand

Understanding social media was the No. 1 priority for marketers in 2012's survey, but by the next year, it had fallen to No. 3. While social media retains its urgency for marketers, many may be feeling less panicked about how to include social in their overall plans since they've had a few years to experiment.

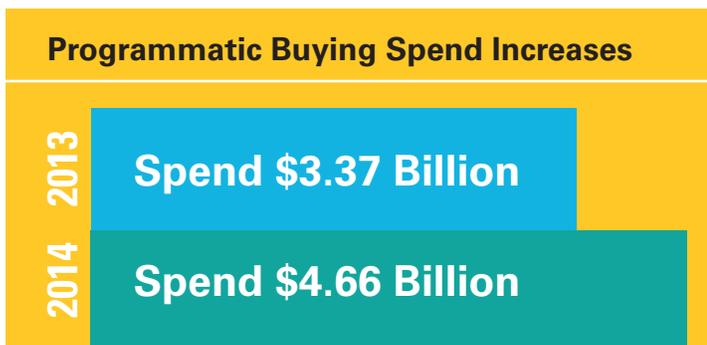
The industry has rolled out some strong examples of brands that are using social platforms in innovative and effective ways, from short form videos on Vine to Pinterest boards. But now social media networks are offering brands more opportunities than their owned media, pages and Tweets.

Facebook has rolled out new tools such as its ad exchange, FBX, that aims to give marketers more information about how to use the platform. It's also bought itself an ad server, Atlas, introduced "lookalike" targeting to let brands market to users similar to those in their existing customer bases, and begun partnering with data giants like Acxiom to enable targeting based on offline purchases.

Another Facebook acquisition was Instagram, now offers ads and has enabled short form video as an option for users and marketers. In early 2014, Instagram inked its first major ad deal rolling out a paid advertising program with a year-long commitment from Omnicom to spend up to \$100 million. The arrangement means that users will see ads in their streams from brands that work with Omnicom's media and creative agencies, like BBDO, DDB and TBWA/Chiat/Day.

One superstar example of social media's newfound marketing prowess came late last year when Beyonce decided social media could launch her much anticipated fifth album better than traditional channels. Beyoncé, who joined the microblogging service Tumblr in April 2012, has used the platform to release a personal stream of pictures, and then joined Instagram the following November to share behind the stage concert pics and candid.

A year later, in December, 2013, Beyonce and her team were so comfortable with the strength of her social media presence that she announced the iTunes-only release of her new album with an Instagram post of the album cover and a caption that read "Surprise!"



*eMarketer

In the week following its surprise release, the album sold a million copies around the world, all through iTunes.

Twitter, after its IPO last year, is also eager to partner with marketers and build its advertising capabilities. It has even contacted ad agencies looking for ideas on creative ways to market the service and build the Twitter brand.

Marketers, meanwhile, already have evidence of social media's power to amplify a campaign's reach. For the 2014 Academy Awards, Samsung not only bought five and a half minutes of TV air time during the broadcast, it also inked a Twitter deal for promoted celebrity selfies from the greenroom backstage.

When host Ellen DeGeneres whipped out a white Galaxy Note 3 in front of 43 million viewers to take a selfie of the star-studded front row at the event, Samsung struck its own Oscar gold. With more than 3 million retweets within two days, the snapshot is pretty much assured a position in social marketing history next to Oreó's blackout tweet during the 2013 Super Bowl. Social-media tracking company Kontera found that not only did the picture get attention on its own, but it also raised interest among viewers for Samsung's commercials, themed "One Samsung." Kontera dubbed Samsung the brand winner of the night, saying it got 40,000 brand mentions during the Oscars for the selfie, which caused attention to its commercials during the broadcast to spike upward.



Samsung got 40,000 brand mentions with the selfie seen around the world

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To keep on top of all the most significant trends and shifts in marketing, check in on AdAge.com every day. Here's just some of the stories that covered these top three trends over the last two years.

Why Digital Is Grabbing a Bigger Share of Consumer Product Budgets

Execs from L'Oreal, Clorox, General Mills and More Tout Medium's Efficiency to Wall Street *Published: February 24, 2014*

Digital Is Selling More Soap Than It Gets Credit For: Nielsen Study

Google, Facebook Underestimated By Marketing-Mix Models in Survey Backed by Seven Top CPG Players *Published: February 20, 2014*

Facebook Cranks up Ad Targeting

Facebook Exchange Ads Will Start Appearing in Desktop News Feeds, But Not Mobile Yet *Published: March 26, 2013*

The Truth About What Works in Digital Marketing

For Consumer Packaged-Goods Marketers, Digital Does Sell Soap *Published: June 17, 2012*

Buzzkill: Coca-Cola Finds No Sales Lift from Online Chatter

Marketer Finds Digital Display Nearly as Effective as TV *Published: March 13, 2013*

Why Marketers Are Still Struggling to Prove ROI

The Three Most Common Types of Characteristics That May Make the Task Harder *Published: October 15, 2012*

Poll: Majority of CMOs Look to Buy Programmatic Ads Directly, Bypassing Agencies

15% Are Already Working With DSPs to Buy Digital Ads *Published: November 20, 2013*

Study: Advertisers flock to programmatic buying

Published: November 26, 2013

Google Makes Push For Brand Dollars With Advertiser-Driven Private Exchanges

Aggregating Top Tier Programmatic Inventory For Big Budget Brand Advertisers *Published: February 7, 2014*

Instagram Inks Ad Deal With Omnicom Worth up to \$100 Million

Deal Gives Omnicom Media and Creative Agencies Access to Instagram Paid Ad Program *Published: March 7, 2014*

Ellen DeGeneres' Samsung Selfie Ups Social-Marketing Game

Retweet Heard 'Round the Web Sets New Bar For Advertisers *Published: March 5, 2014*

Twitter Talks to Ad Agencies About How to Market Twitter

Wants More Than a One-Off Relationship *Published: March 5, 2014*