



Enders report shows short-termism risks long-term advertising effectiveness

Report commissioned by Magnetic advises brands to value context and environment

London, 11 May, 2017: A report commissioned by Magnetic - the marketing agency for consumer magazines - and compiled by independent digital and media industry analysts Enders Analysis, has found that a growing focus on short-term returns, paired with a digital media landscape which can deliver metrics that show short-term success, risks leading to a drop in long term ROI, brand equity and consumer satisfaction.

Enders spoke with experts in the advertising value chain including advertisers, investors, agencies and a range of media owners as well as interrogating existing research within the industry, including examination of a range of marketing case studies.

They found that corporate short-termism is evidenced in the rise in performance-based pay for CEOs from 61% of S&P 500 companies in 2011 to 81% in 2016. Furthermore, 80% of CEOs* said they would decline to make an investment to fuel innovation if it meant missing one quarter of earnings results.

Enders research revealed that the average tenure of a CMO is four years, compared to eight years for a CEO. With marketing still not represented at board level, as only 2.6% of S&P directors** have marketing experience.

What's more, in 2016 91% of advertisers formally involved procurement in their agency decisions, up from 51% in 2003. Indeed, overall 23% of media agency negotiations are undertaken entirely by procurement. As a result, media that demonstrates a short term ROI is more highly valued. This is evidenced by a shift from a 40:60 direct response/brand display split, to a 50:50 one. Indeed, Enders discovered that when a particular brand ceased their brand marketing entirely in favour of direct advertising, there was a 43% decline in the volume of searches for their brand keyword.

In conclusion to their findings, Enders have issued the following recommendations to brands:

- Brands need to recognise the limits of attribution and the structural biases that are inherent to different mediums ahead of investment. Alongside this, brands must recognise that experienced judgement is not the enemy of data and evidence.
- Context and environment is important for brand safety and the industry needs to size the benefits and risks associated with different media platforms.
- Planning and creative need to be valued again and integrated into campaigns where possible. It is an agency's job to educate procurement on the less easily quantifiable factors.

- Brands need to be working with quality response signals, it is not enough to record response rates and assume response failures are neutral. Successful brands will use a combination of short-term and long-term measurement.
- Brands need to ensure transparency in contracts and be clear where money is made and accept value chains need profits.

Douglas McCabe, CEO of Enders said, “The data available through digital has given us a false sense of confidence in how well things can be measured. In practice, in an omni-channel world, measurement is complex and should be not only be measured on a short-term monthly or quarterly basis. The successes seen through use of quality content such as magazine media can lead to long term brand equity but this is being ignored in favour of chasing success on a quarterly basis.”

Sue Todd, CEO of Magnetic, said, “I agree with Enders’ recommendations to rectify the apparent imbalance in brand and activation advertising. The industry needs to find a way to appreciate the value and risks of context and environment, and to place a real value on creative and planning. Magazine media is the perfect antidote as it offers brands the reassurance of editorial controls and a strong audience understanding that works to deliver long term brand recognition. This issue is one for the whole industry to address and I invite willing participants, whether they be brands, media owners or agencies to join a coalition to deliver on the recommendations made by Enders.”

- ENDS -

* Rana Faroohar, Makers and Takers, pp.98

**65,00 S&P directors measured over a 6-year period

About Magnetic

Magnetic is the marketing agency for consumer magazine media in the UK. They exist to help advertisers get the very best return from the rich engagement opportunities offered by multi-channel magazine brands. Their goal is to better understand and promote the changing role that their stakeholder’s brands and channels play in consumers' lives, and how this shapes delivery of effective marketing solutions for advertisers. They invest in insight, events and creative collaborations to further these goals. They believe in the continuing power and vitality of magazine brands, and are happy to engage in any conversation or share any ideas that help the media, advertising and marketing community benefit from these unique environments and opportunities

About Enders

Enders Analysis provides a subscription research service covering the media, entertainment, mobile and fixed telecommunications industries in Europe, with a special focus on new technologies and media. We cover all sides of the market, from consumers and leading companies (e.g. Vodafone, ITV, BT, Sky, Virgin Media, Apple, Google and others), to regulation.

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