



# Bridging the long/short-term divide:

The Role of Magazine Brands in the Digital Era

MAGNETIC

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## Executive summary

Short-termism is a threat to marketing effectiveness and shareholder value. Magnetic's recent collaborative study with Enders mapped out the causes, consequences and potential remedies to this marketing phenomenon.

It revealed that constant pressure from shareholders to show immediate results, coupled with the rapid increase in performance based pay, means many CEOs will avoid long-term strategies if it means missing even just one quarter of earnings.

This is further compounded by the shortening tenures of CMOs, a lack of representation at board level by executives with marketing experience, and the greater involvement of procurement departments in agency dealings.

These factors have been instrumental in a shift away from a focus on long-term (and profitable) brand building activity and toward direct response advertising which provides more tangible short-term results.

Enders argues that this systemic failure to balance short-term reward with long-term and sustainable growth could cause irreversible long-term damage to both brands and corporate health.

According to Enders the only way to combat the inevitable erosion of brand and shareholder value is a return to a more balanced approach, integrating both short and long-term measurement.

IPA Effectiveness Week 2017 further underlined the importance of tackling this potentially damaging mindset. Calling for a shift away from binary arguments about long and short, new and established or digital and everything else.

The way forward is to understand how all of the elements work together to deliver improved business effects for clients. Choosing the right metrics is a key part of this and the body of work by effectiveness experts Les Binet and Peter Field is a good place to start. Their understanding of the complexities of long and short-term effects as well as the role of brand and activation marketing strategies provides a solid basis for analysis.

Whilst the Magnetic and Enders report tackled the issue of short-termism at a very broad level, it was important to understand the role of magazines in the modern marketing communications mix.

Most media deliver against long and the short-term metrics. However, they also suffer from being more closely associated with either brand building or activation.

Magazine media is closely associated with delivering long-term effects. Existing work by Magnetic evidences the ability of magazines to drive long term brand effects. This new report backs up the finding that magazines are better used as part of a long-term strategy. Business effects are amplified in cases where magazines are used in long-term campaigns.

However, a key finding of this report is that magazines also deliver significant activation effects. Using magazines in the mix results in a 30% uplift in activation effects.

This includes short-term direct response metrics such as trial, web visits, search and click throughs. We attribute the success in activation performance to the diversification of magazine media across digital channels.

If we are to tackle short-termism, a closer look at very large business effects is critical, as these are the metrics likely to have the most impact in the boardroom. Magazines deliver a 40 per cent uplift in very large business effects. Within this, it is magazine media's ability to deliver customer acquisition effects that is the stand out performance. Including magazines in your campaign results in a 161 per cent uplift with regards to customer acquisition gain.

Short-term practices have come about because with digital media it is possible to define tightly targeted audiences which are deemed more efficient and less prone to wastage. This practice runs contrary to the advice of both Byron Sharp, Les Binet and Peter Field, that reach is the key to strong financial performance. However, it's a very tempting path to pursue because digital media delivers automated metrics that also allow for continuous optimisation, making it possible to demonstrate improvements in performance metrics over time. In this context, magazine media's performance against customer acquisition gain is a significant, because it offers an alternative approach to growing your audience.

It's important to consider marketing effectiveness within the context of the digital era, although most media are in part digital, integration with exclusively online channels is particularly critical if we are looking to resolve short-termism. Digital channels deliver an abundance of short term evidence and this combined with pressure at board room level to deliver in the short term means they have become an inevitability on the modern marketing communication plan. Magazine media offers a strong compliment to digital channels significantly amplifying their effect. Campaigns that include both online video and magazine media show a 44 per cent uplift

in very large business effects. Furthermore, using magazines in combination with online display provide a 31 per cent uplift in very large business effects.

"Short-termism" is a modern marketing phenomenon, but one that requires a mix of established wisdom as well as a fresh perspective. It's time to re-consider the role of magazines in the mix. Like many established media, magazine media effectiveness is improving over time. The power of magazine media (in print and online) means it is capable of delivering in both the long and the short term and has a particular strength when it comes to customer acquisition.

# Summary of existing IPA Databank evidence from Les Binet and Peter Field

## The need for a balanced approach, incorporating both long and short-term

In their highly respected publication *The Long and the Short of It*, Peter Field and Les Binet argued for the need of a balanced approach to marketing. Using the extensive IPA database of case studies, they examined the impact of timescales on effect, exploring the tension between long and short-term strategies for brands.

Their key finding was that brand building and activation has a symbiotic relationship. Brands that failed to invest sufficiently in brand building, fail to build brand equity resulting in a poor response to their activation work. Those who spent too little on activation may build strong brands but will struggle to convert that into results.

Their recommendation was that the optimum performance mix of the two was a budget allocation that committed 60 per cent to brand building and 40 per cent to activation. In their most recent analysis presented at the IPA Effectiveness Week, they have provided more detailed recommendations for a selection of business categories.

It's clear that a balanced approach is necessary. In their original analysis they demonstrated that a shift either side of the 60/40 ratio led to declining performance. Effectiveness falls away sharply as it causes a detrimental effect on the number of very large business effects (which include sales gain, market share gain, reduced price sensitivity, customer retention gain, customer acquisition gain and ultimately profit gain).

## Magazine media punches above its weight

*Media in Focus*, Field and Binet's most recent report, examines the contribution that established media makes to effectiveness. It found that TV has become more effective over the last 10 years and work especially well when combined with online video. It further found that despite declines in circulation and the associated disproportionate decreases in investment, magazine media has become more effective over the same period.

Campaigns that include magazine media is more effective than those which don't and a share of voice analysis confirms that this is not a mere budget effect, these campaigns are more efficient too.

In particular it shows that consumer magazines produce surprisingly big effects, when considering their overall low share of the budget.

# Magazine media delivers across all three dimensions of effectiveness

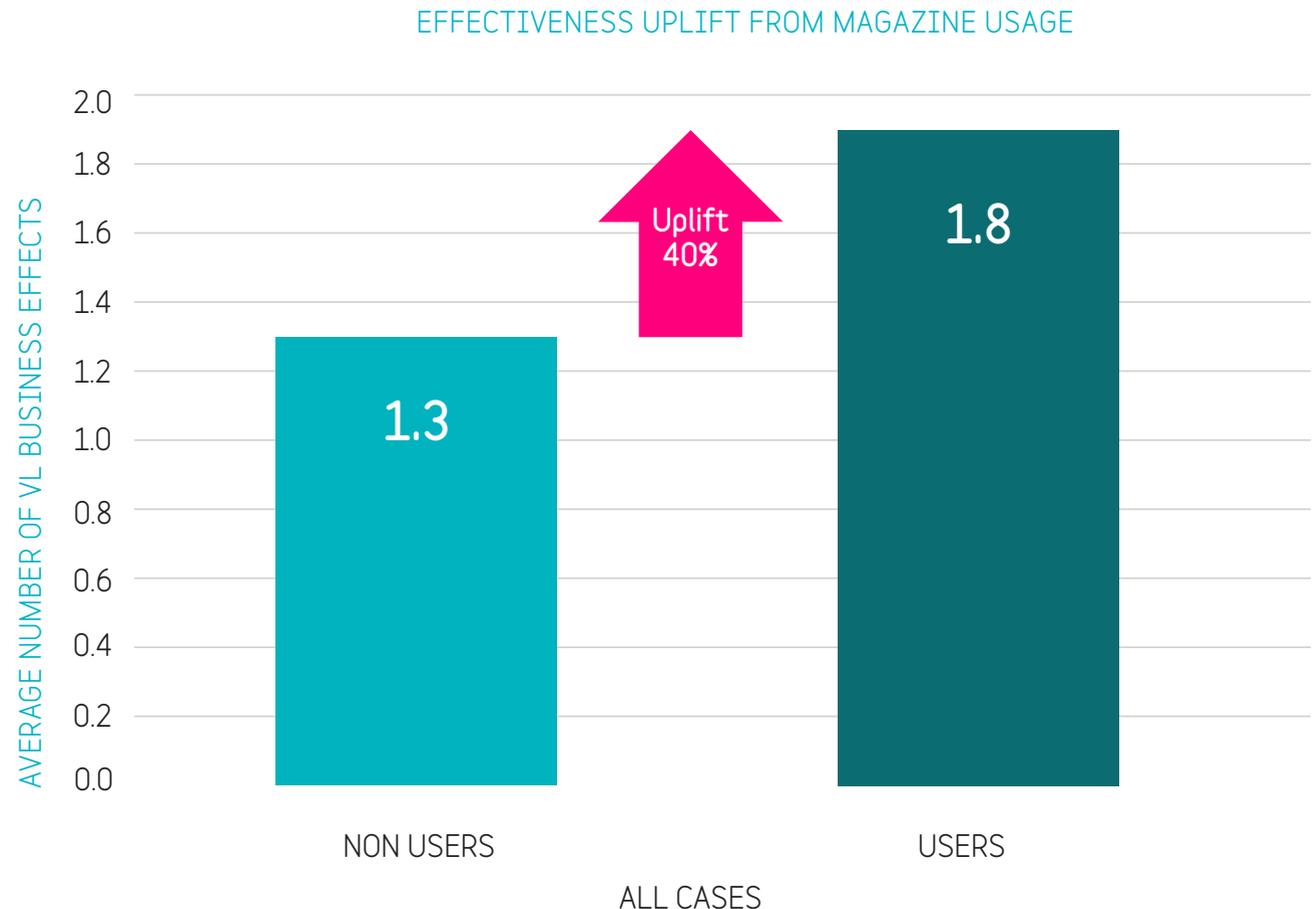
## New magazine analysis from the IPA Databank

In work done exclusively for Magnetic, Peter Field uses a sample of 114 UK campaigns from the IPA database, focusing on 46 magazine campaigns to understand their contribution to effectiveness.

The analysis shows that magazines deliver across all three dimensions of effectiveness. In particular, magazines stood out for their ability to drive very large business effects - the metric most closely associated with shareholder value.

On average, campaigns that use magazine media enjoyed a substantial uplift relative to those that don't. At a headline level, using magazines media resulted in a:

- **40% uplift** in very large business effects
- **30% uplift** in activation effects



Source: IPA Databank 2012-2016 UK cases

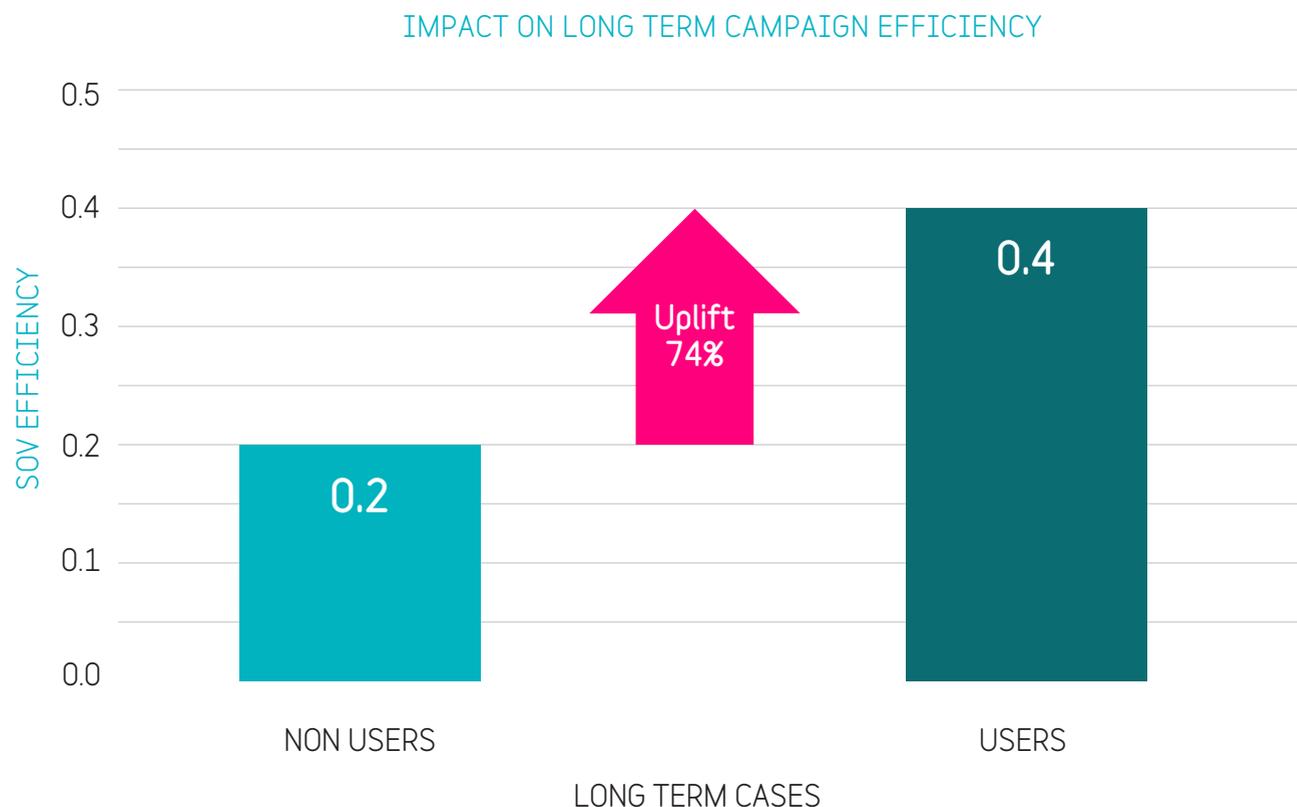
## Magazines deliver against hard business metrics

Sales and market share are key metrics loved by boards. Magazines have been more traditionally deployed as part of a brand building strategy, with less expectation that they will play a role in directly driving short term sales. More detailed analysis of what lies behind magazine media's strong performance on very large business effects reveals magazines are more than capable of delivering against these hard business metrics.

The analysis shows us that campaigns which include magazine media offer exceptional levels of market share gain, with a 74 per cent uplift in comparison to those that don't.

Of course, market share gain can only be achieved with increased levels of sales gain. Once again magazine media shows its ability to punch above its weight by providing those brands who use the medium a 23 per cent greater sales gain.

Most importantly is the fact that magazine media provides a substantial 74 per cent uplift to Extra Share of Voice Efficiency. This clearly illustrates that magazine media impact is not merely budgetary, it makes campaigns more efficient overall.



Source: IPA Databank 2012-2016 UK cases

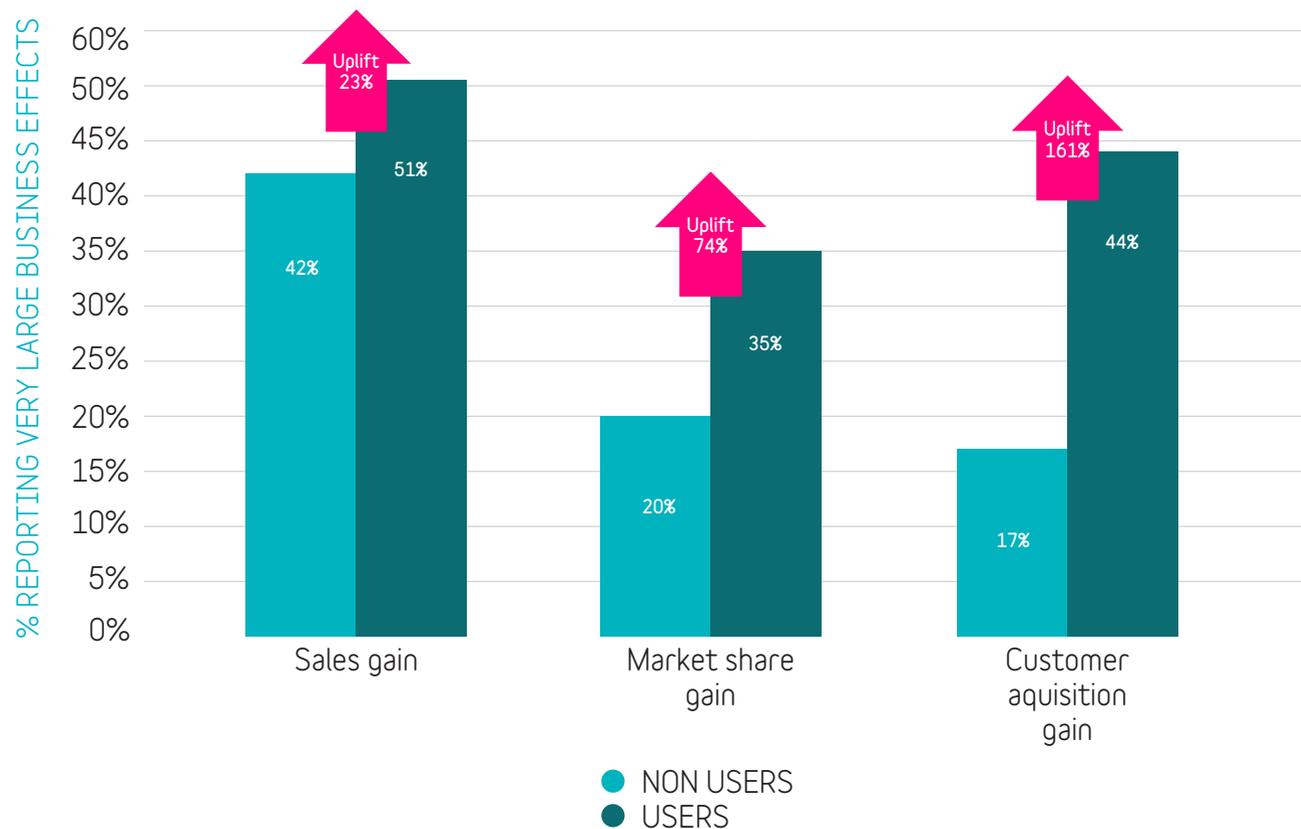
## Magazine brands offer an effective antidote to short-termism

The standout performance within very large business effects, comes however from magazine media's ability to deliver customer acquisition gain. It's here that we find compelling evidence that magazine media is a potential antidote to short-termism.

When it comes to customer acquisition, digital is often viewed as reigning supreme due to an ability to target tightly defined audiences, where frequency of exposure can be capped. There is also a wealth of data which allow campaigns to make real-time adjustments to help steer consumers towards purchase. On the surface it seems to offer superior accountability and control, the perfect combination for the financial reporting of boards. The pursuit of these levels of accountability and optimisation has played a part in contributing to the phenomenon of short-termism.

Yet this work highlights that if customer acquisition is your goal, magazine media are exceptionally potent at delivering it. Campaigns that include magazines showed an astounding 161 per cent higher level of customer acquisition gain relative to campaigns that don't include magazine media. Magazines offer advertisers an alternative way to reach targeted new audiences.

DETAILED BUSINESS EFFECTS UPLIFTS



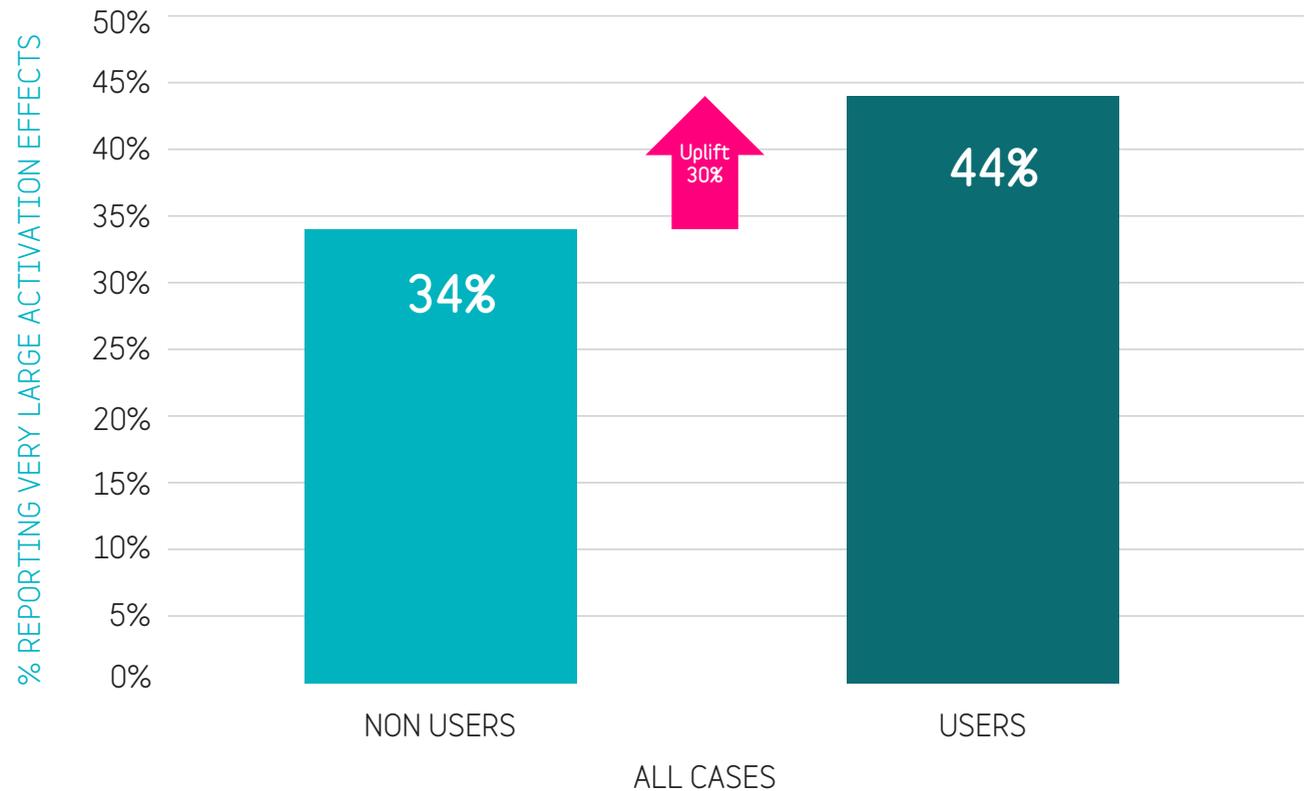
## Magazine brands deliver in the long and short-term

The ability of magazine media to deliver against activation effects is the most significant piece of new evidence in this report. Activation and short term are often used interchangeably but are not traditionally associated with magazines.

The metrics included to derive this figure include those that reflect changes in short term behaviour such as trial, website visits, search, click-throughs, other direct response mechanism and overcoming barriers to purchase. Campaigns that use magazine media enjoy a 30 per cent uplift in activation effects. We would attribute this in part to the continued growth and strength that magazine media is enjoying on digital platforms especially among millennial audiences.

Magazines are more traditionally deployed as a long-term strategy, and this report demonstrates that such treatment will also deliver improved performance. Brand effects, business effects and activation effects become even more pronounced when magazines are deployed in long-term campaigns. Interesting in particular, this type of usage supercharges magazine media's ability to drive activation effects.

ACTIVATION EFFECTS UPLIFT FROM MAGAZINE USAGE



# Magazine media amplifies the impact of digital

Although context, deeper engagement and the close consumer relationship that magazine media enjoys with its readers goes some way towards explaining its stellar performance in this study, no medium can perform miracles on its own. As such it was essential to explore the synergy effects of magazine media in combination with other media.

The results confirm that magazine media continues to play a vital role in amplifying the effects of other media. Campaigns that include both magazine media and TV show a 34 per cent uplift in very large business effects relative to campaigns which use TV without magazine media.

It also illustrates the impressive amplifying effect that magazine media has on rich media on digital platforms. In particular, it shows that magazine media is an essential companion to online video. Campaigns that include both online video and magazine media show a 44 per cent uplift in very large business effects relative to campaigns that use online video without magazines.

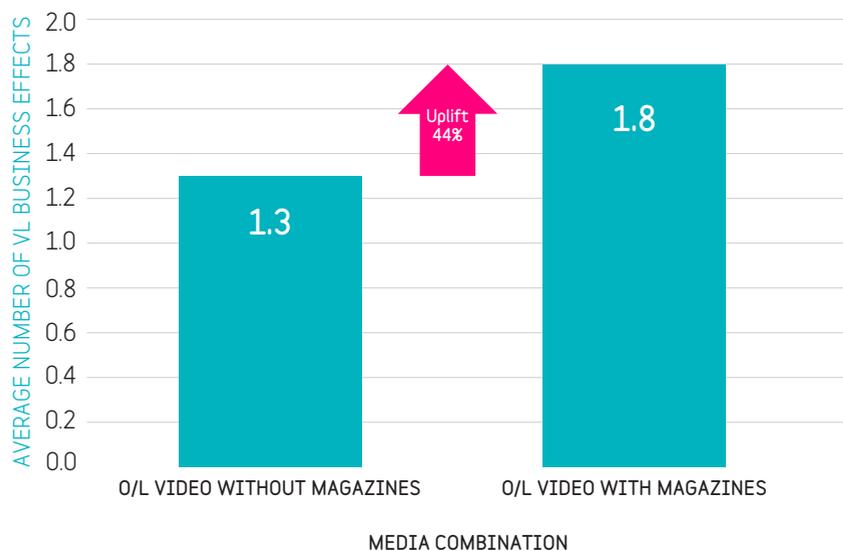
Magazine media further provide a substantial boost to the performance of online display advertising where a combination of the two solutions provides a 31 per cent uplift in very large business effects, and a combination of magazines and social media provides a 15 per cent uplift.

## Magazine brands are becoming more effective

This study has shown that magazine media is becoming more effective at delivering large business effects over time.

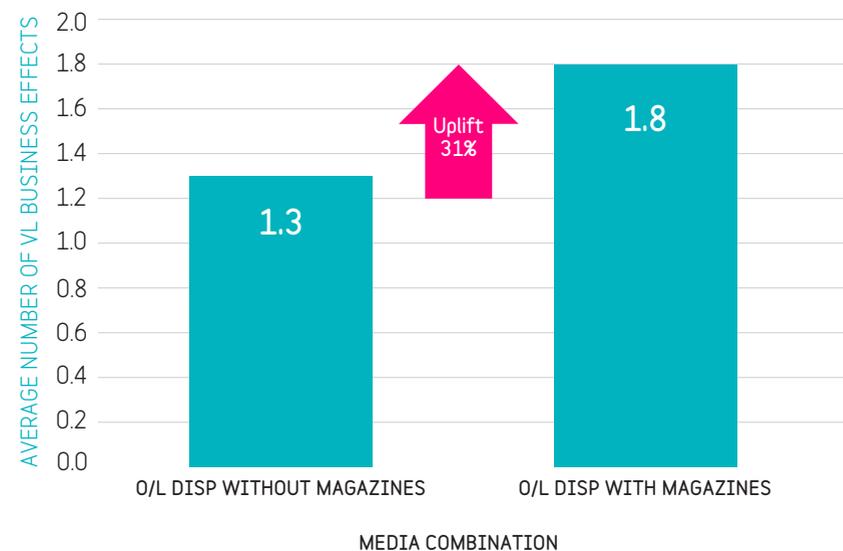
The impact of magazines on effectiveness is increasing over time: the effectiveness uplift has grown by more than 25 per cent in the four years to 2016 vs. the four years to 2014.

MAGAZINE MULTIPLIER EFFECTS WITH ONLINE VIDEO



Source: IPA Databank 2014-2016 UK cases

MAGAZINE MULTIPLIER EFFECTS WITH ONLINE DISPLAY



Source: IPA Databank 2012-2016 UK cases

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## Conclusion

Magazine brands continue to play an essential role in the modern marketing communications plan. They provide a disproportionately strong contribution to driving very large business effects relative to their budget allocation, in particular in delivering new customers, increasing market share and ultimately driving sales.

This is done without compromising brand equity or the need to involve tactics that pull sales forward through discounting - tactics which ultimately make consumers less brand loyal and more promiscuous in their shopping habits.

This is achieved alongside a strong activation performance, which is part explained by the multi-channel reality of modern magazine brands.

With the continued concern about short-termism, magazines offer a credible solution for marketers because of their ability to deliver in the long and short term, as well as their ability to compliment both established and digital media.

To ignore the power of magazine media, ultimately, is to ignore the opportunity to create brand health and shareholder value in the long and short term.



# Methodology

The IPA Databank is comprised of the confidential effectiveness data submitted alongside written entries to the IPA Effectiveness Awards competition. These prestigious awards have been running since 1980. The Databank includes extensive data on the effectiveness of campaigns, including, business results, brand tracking, and other outcomes as well as data on campaign inputs such as the scale and nature of campaigns and the strategy and media used: thus analysis can examine how inputs affect outcomes.

Les Binet and Peter Field have done extensive analysis of this databank which pulls out how media perform against a series of business metrics.

These include:

**Very large business effects:** Sales gain, market share gain, reduced price sensitivity, customer retention gain, customer acquisition gain, profit gain.

**Activation effects:** Directly influencing short-term behaviour such as trial, website visits or search, click-throughs or other direct response, or overcoming barriers to purchase.

Binet and Field also look at analysis over time to identify if effectiveness is improving or

declining as well as media multiplier effects. In addition they separate out campaigns into long and short. Short campaigns are defined as those under six months, with longer campaigns being those over six months.

For the magazine analysis they conducted for Magnetic they looked at all campaigns which spent over 3 per cent in magazines and defined them as users. Anyone who didn't spend in magazines or spent under 3 per cent were defined as non users. The analysis period is 2012-2106 and included 114 cases, of which 46 were magazine users. These magazine users may have spent in magazines in print only, in print and online, or in solely in magazine online environments.

## About Peter Field

Peter Field has spent more than 15 years as a strategic planner in advertising and as a marketing consultant for a further 18 years. Viewed as one of the foremost authorities on marketing effectiveness he is a sought after and popular speaker on the topic around the world.

He is, however, probably best known for his work with co-author Les Binet and their body of seminal marketing and advertising texts which includes: *Marketing in the Era of Accountability*, *The Long & the Short of It*, *Brand Immortality*, *The Link Between Creativity and Effectiveness*, a chapter of the *Sage Handbook of Advertising* and most recently *Media in Focus*.