Creativity & Effectiveness

**Developing creative best practice for
Long-term growth in a multi-platform world**

System1 Group

Advertisers need to create 3 things to drive successful communications...

FAME
Availability heuristic

How **well known** and memorable your campaign is

% reach – how many people are exposed to your campaign and who they are

FEELING
Affect heuristic

How **emotionally engaging** your advertising is for long-term growth and short-term nudge to purchase

Using FaceTrace®, % of category buyers that *feel happiness* towards your comms

FLUENCY
Processing fluency

How **instantly recognizable** advertising is for your brand – clever use of 'fluent devices' to connect easily and quickly

Extent (& speed) to which your *brand is correctly attributed* to your comms

1. Give the industry a means of predicting long-term growth from advertising

2. Show how the industry is performing on driving long-term growth

3. Describe a creative means by which the industry can generate long-term growth

4. Demonstrate that it works and explain why

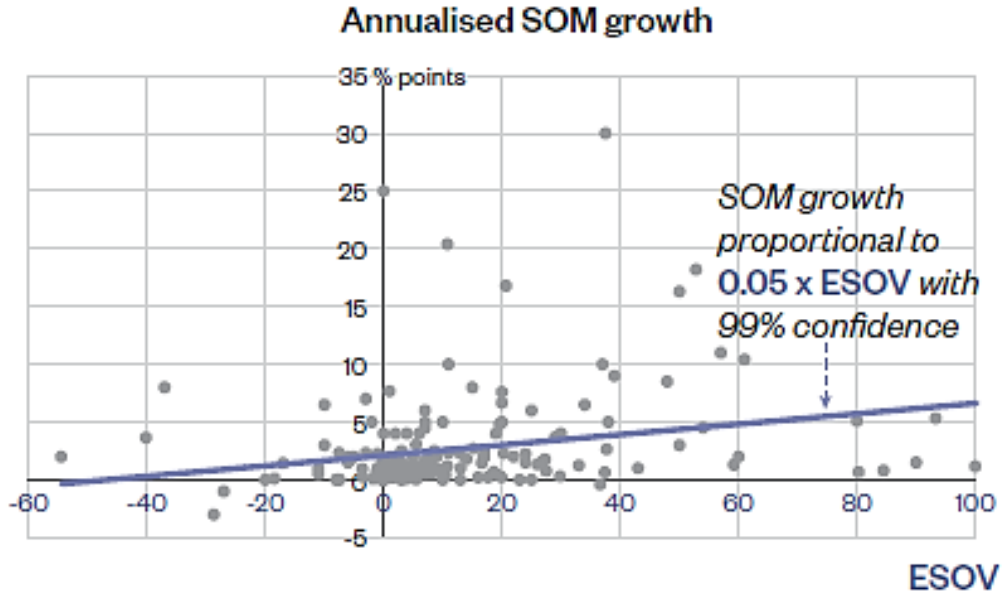5. Show how online platforms can / should be part of the long-term story

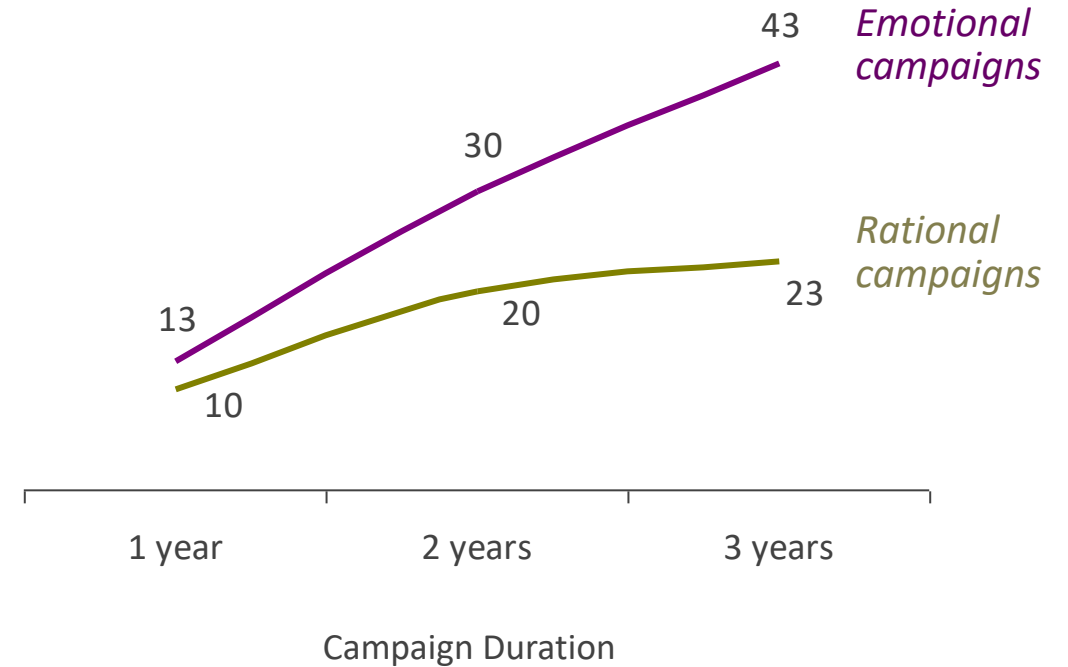System1

What we know about long-term growth

Extra share of voice drives annual share of market growth

Annualised SOM growth

SOM growth proportional to 0.05 x ESOV with 99% confidence

ESOV

The longer the time frame, the more emotions drive profit

% Reporting very large PROFIT growth

43 — *Emotional campaigns*

30

Rational campaigns

13

23

20

10

1 year   2 years   3 years

Campaign Duration

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Building on the theory

Testing advertising for emotional response

Contempt | Disgust | Anger | Fear

Sadness | Neutral | Happiness | Surprise

Intensity Score measured on a scale from 0 to +3

1.70

8	--
8	--
8	--
8	-
8	--
20	-
30	++
10	+

Share of Voice Amplifier

1	2	3	4	5
No Growth	Modest Growth	Good Growth	Strong Growth	EXCEPTIONAL Growth

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6
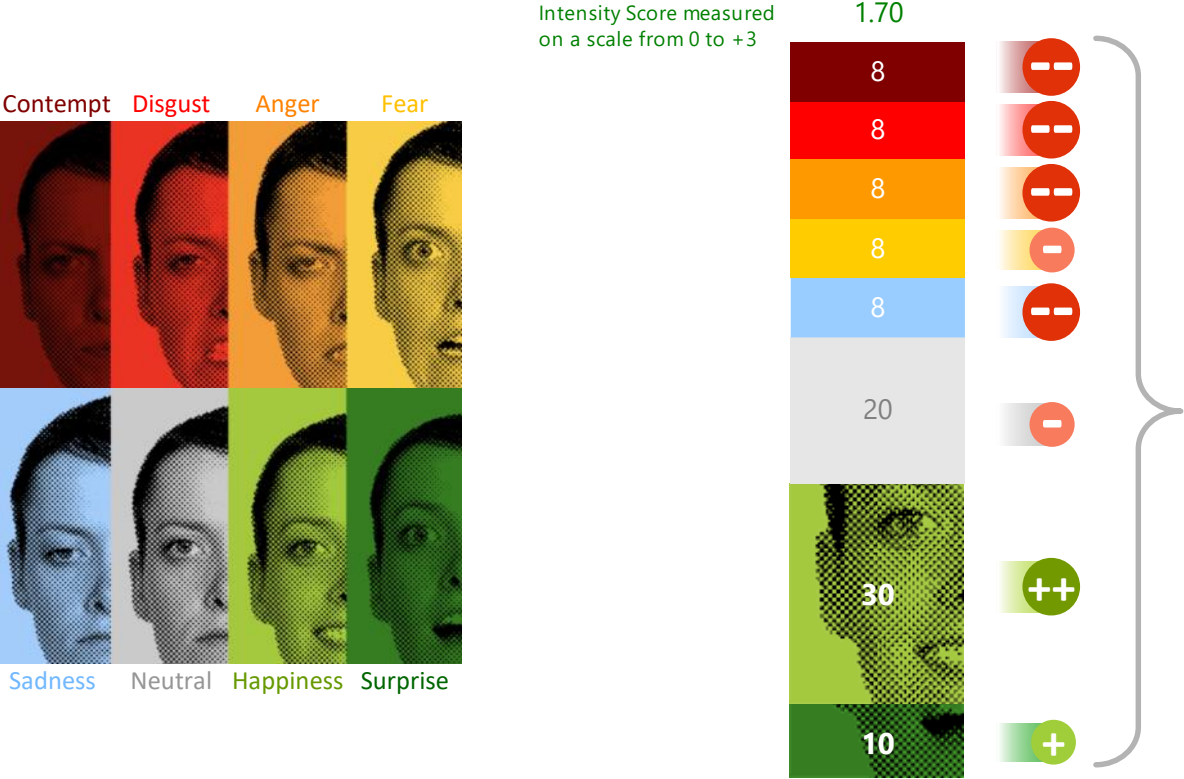
Testing every ad from a whole category for emotional response

UK Cereals category:

- £700m+ annual category value

- £24m+ annual TV spend
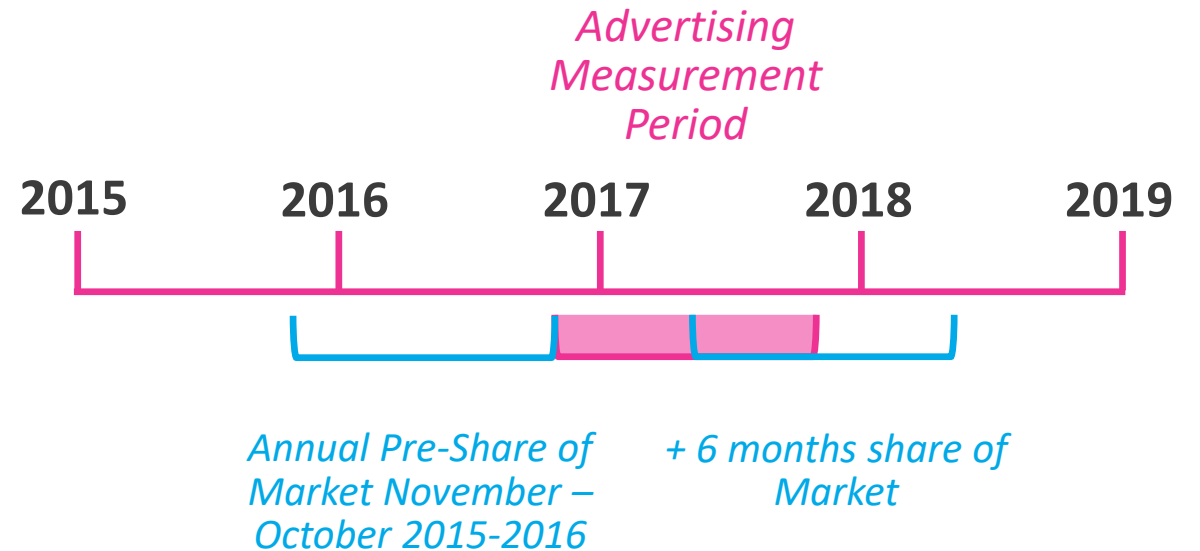
Advertising Measurement Period

2015   2016   2017   2018   2019

Annual Pre-Share of Market November – October 2015-2016

+ 6 months share of Market

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Annual Value Market Share Gain Predictions

Quantity of Advertising
(TV ESOV)

PREDICTED GROWTH
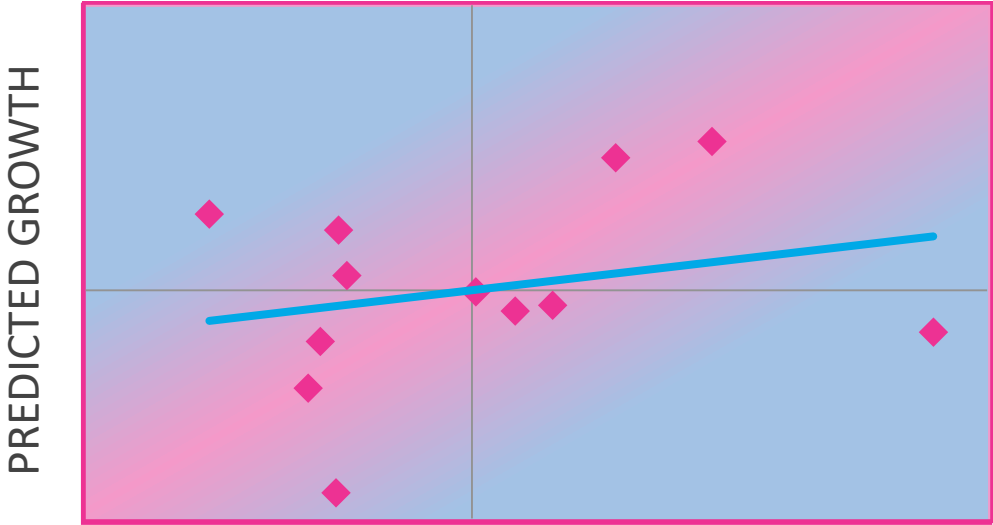
ACTUAL GROWTH

Correlation: 0.25

Quantity and Quality of Advertising
(TV ESOV x Star Rating)

PREDICTED GROWTH
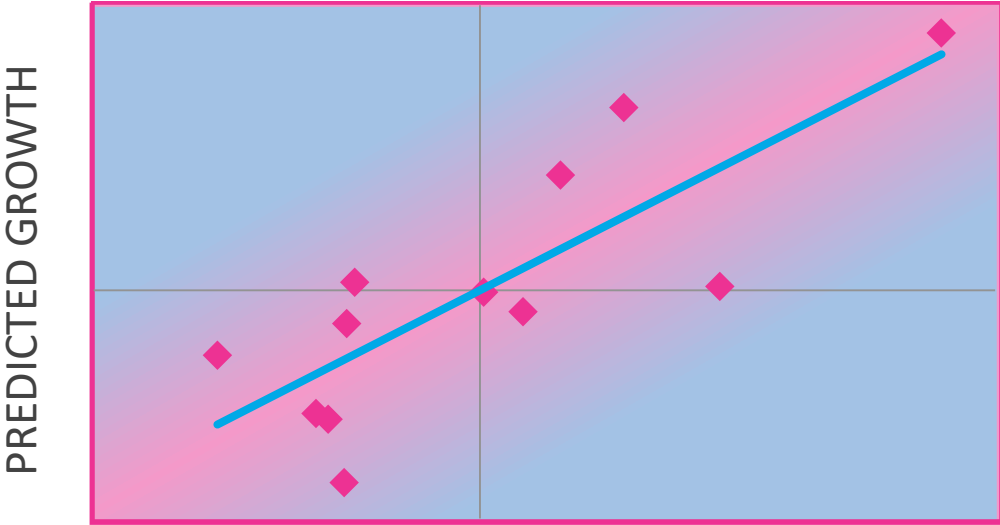
ACTUAL GROWTH

Correlation: 0.81

This is the evidence for creative effectiveness that CFOs need to demand of marketers and their agencies

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UK Cereals Validation: 12 Brands (55 ads represented), £24m+ TV spend, £700m annual category value

Annual Value Market Share Gain Predictions

Quantity of Advertising
(TV ESOV)

Quantity and Quality of Advertising
(TV ESOV x Star Rating)

PREDICTED GROWTH

ACTUAL GROWTH

PREDICTED GROWTH

ACTUAL GROWTH
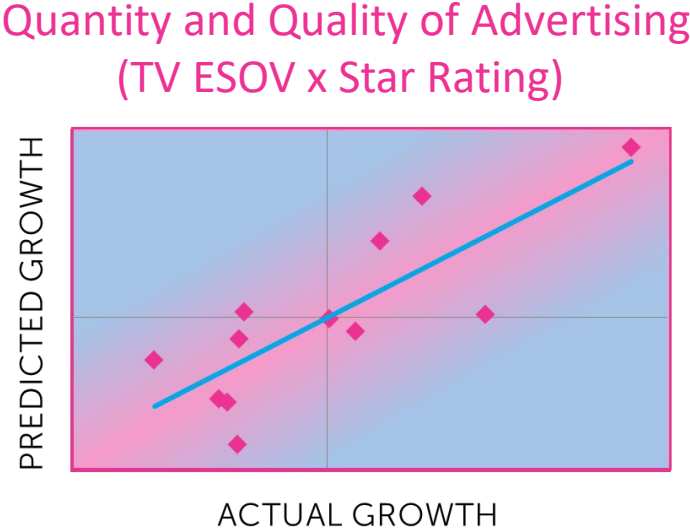
Year-on-year total brand sales change (+/-) for category:

£56.6m

£3.4m

£37.1m

Value change explained by creativity in this
category in this period:

£33.7m

UK Cereals Validation: 12 Brands (55 ads represented), £24m+ TV spend, £700m annual category value

Effectiveness Measurement at Scale

Ongoing System Ad Measurement of EVERY TV ad in UK & US
6 sectors 2017-2018 (System1 Ad Ratings)

- Automotive

- Financial

- FMCG

- Health & Beauty

- Tech

- Charity

Period: July 2017 – June 2018

Data sources: System1 Ad Ratings, Ebiquity and Competitrack

22,350 ads airing between July 2017 – June 2018

To-date we've tested close to 35,000 TV ads airing between July 2017 – May 2019

US investment in the long-term today

% Of Ad Output
Achieving Each
Star Rating

54% **30%** **12%** **3%** **1%** **Proportion of all Ads**

46% **32%** **16%** **4%** **2%** **Proportion of Media Spend**

Proportion of TV Media Spend

*All Ads, US,
July 2017-June 2018
(19,101 ads)*

Star Rating
(Emotional SOV Amplifier)

1 2 3 4 5

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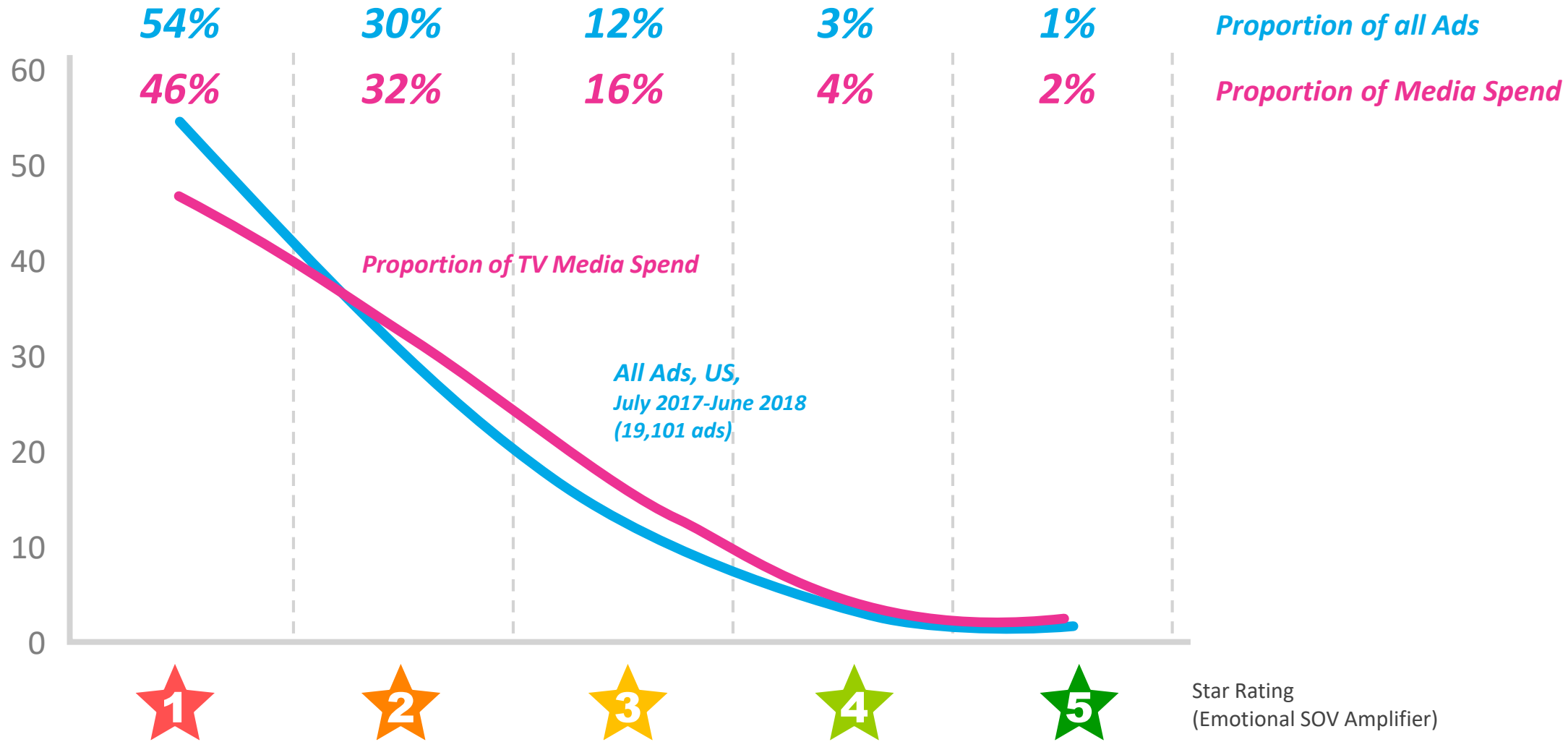
US relationship between investment and long-term growth

$ Spend

Star Rating
(Emotional SOV Amplifier)
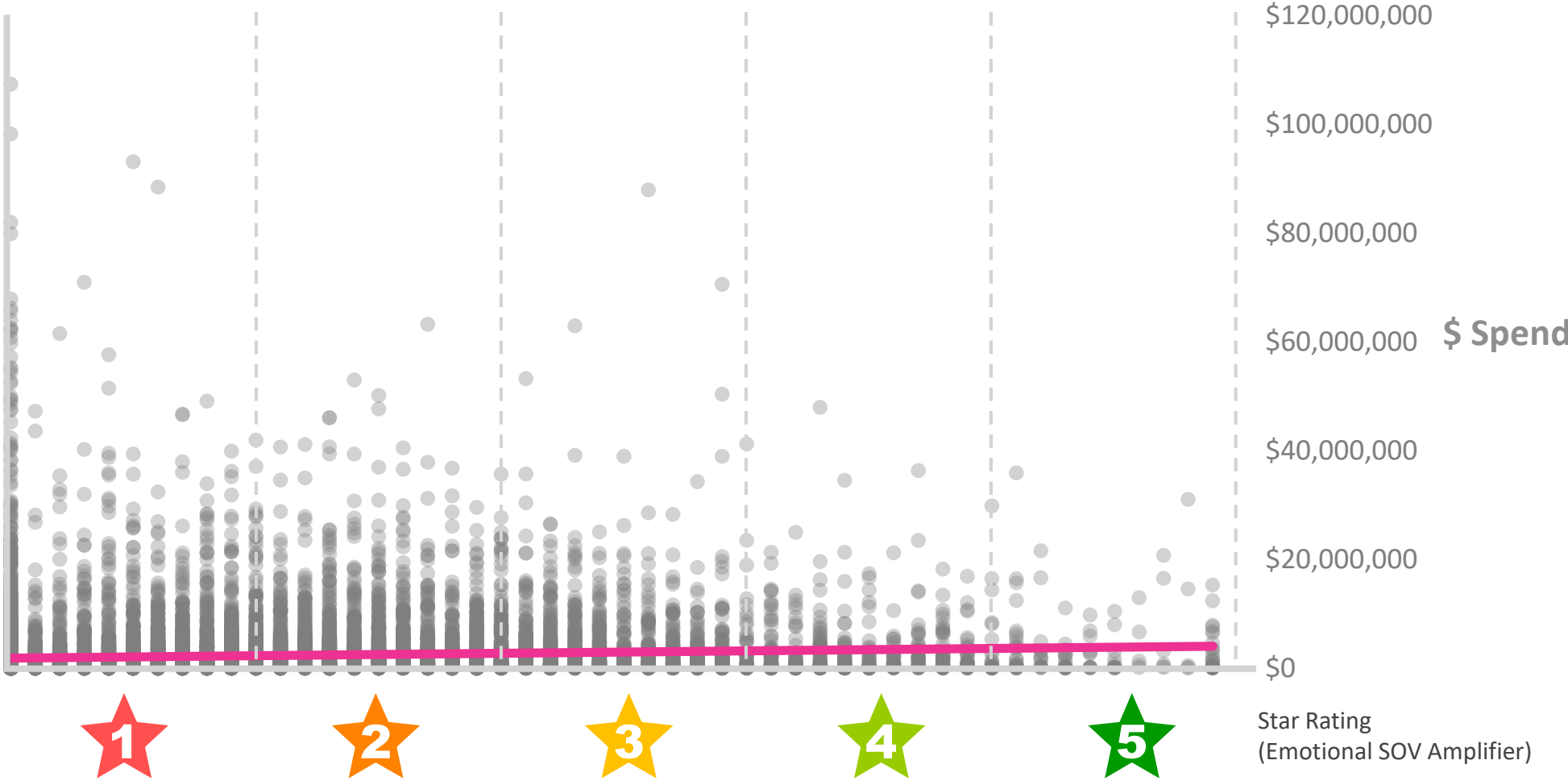
All Automotive, Financial, FMCG, Health & Beauty, Tech and Charity Advertising, July 2017 – June 2018

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13

The industry now has a means of predicting the long-term growth from advertising, countering the abundance of short-term measures.

The model helps CFOs and CMOs to invest in work that delivers over the long-term and also supports agencies in that goal.

The answer to falling effectiveness and rising short-termism is to identify the 50% of advertising that doesn't contribute to the long-term

…and to develop and invest in the kind of work that does.

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The Fluent Device
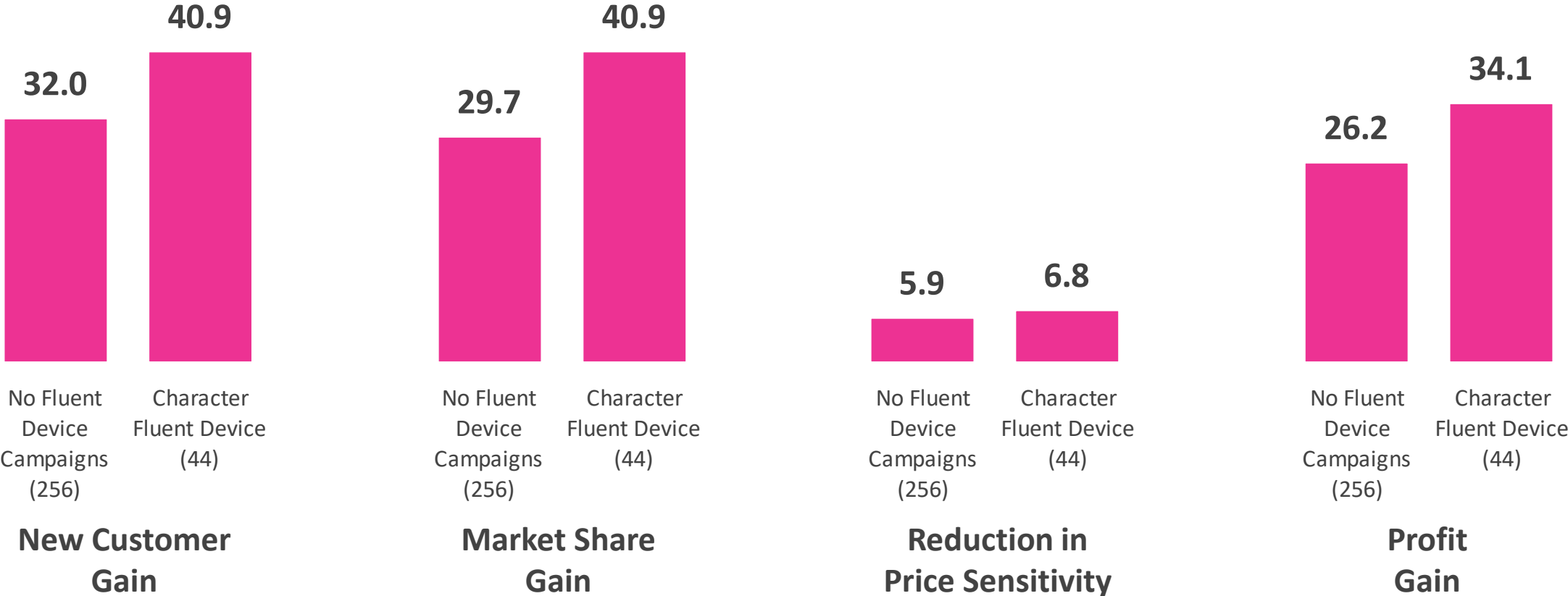
Fluent Device Definition:

A fictitious character or characters (humans or creatures) created by the brand and used as the primary vehicle for the drama in more than one ad across a campaign.

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Hypothesis: Long-term campaigns with a Fluent Device more likely to generate profit gain

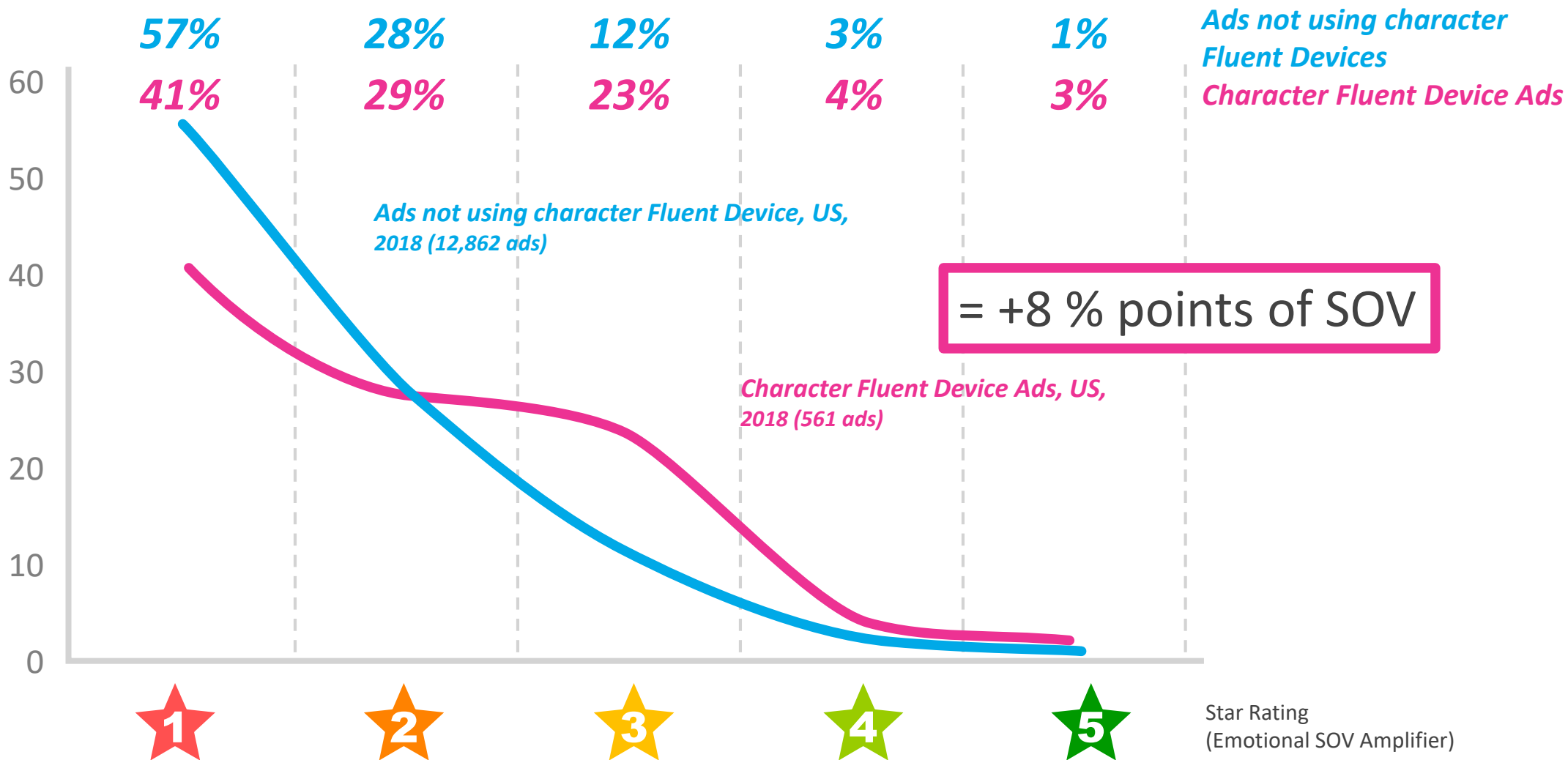# Character Fluent Devices generate larger longer and broader effects

% of Long-term Campaigns Achieving Very Large Effects on Each

New Customer Gain
- No Fluent Device Campaigns (256): 32.0
- Character Fluent Device (44): 40.9

Market Share Gain
- No Fluent Device Campaigns (256): 29.7
- Character Fluent Device (44): 40.9

Reduction in Price Sensitivity
- No Fluent Device Campaigns (256): 5.9
- Character Fluent Device (44): 6.8

Profit Gain
- No Fluent Device Campaigns (256): 26.2
- Character Fluent Device (44): 34.1

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System1 Group Analysis of all IPA long-term campaigns since 1998

Character Fluent Device performance: US

% Of Ad Output Achieving Each Star Rating

	1	2	3	4	5	
	57%	**28%**	**12%**	**3%**	**1%**	*Ads not using character Fluent Devices*
	41%	**29%**	**23%**	**4%**	**3%**	*Character Fluent Device Ads*

Ads not using character Fluent Device, US, 2018 (12,862 ads)

Character Fluent Device Ads, US, 2018 (561 ads)

= +8 % points of SOV

Star Rating (Emotional SOV Amplifier)

All Automotive, Financial, CPG, Health & Beauty, Tech and Charity Advertising, 2018
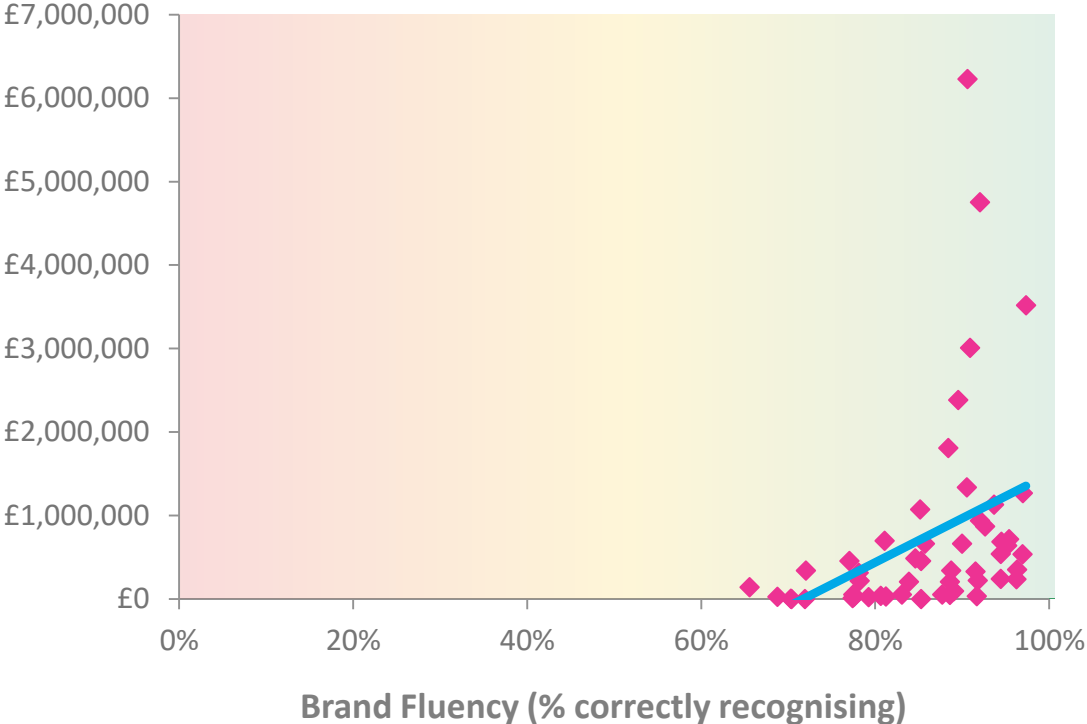An audit of all 13,423 US TV ads, with thanks to Figure8

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Fluent Devices create memory structures for brand recognition, making investment go further.
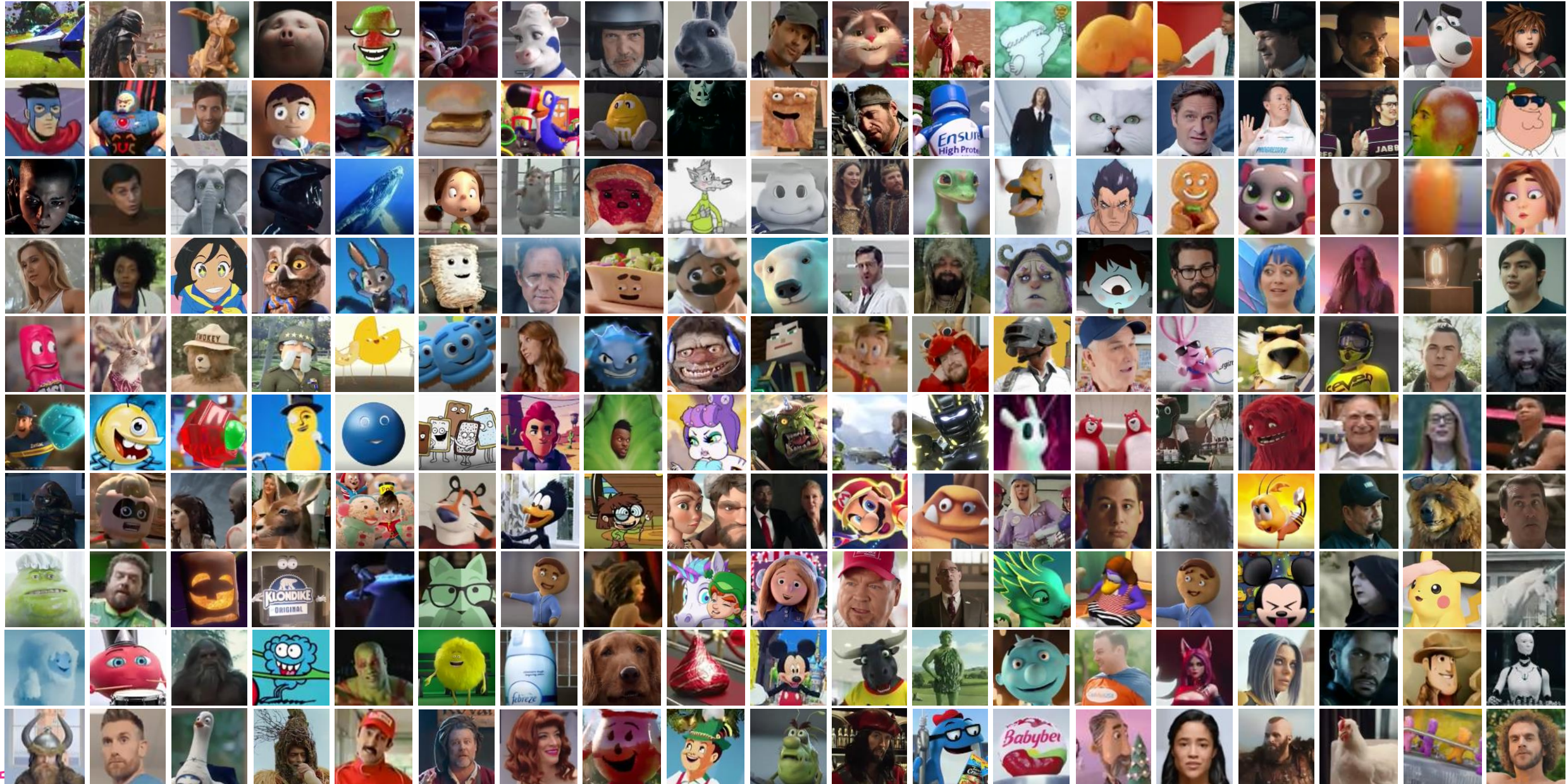

TV Spend
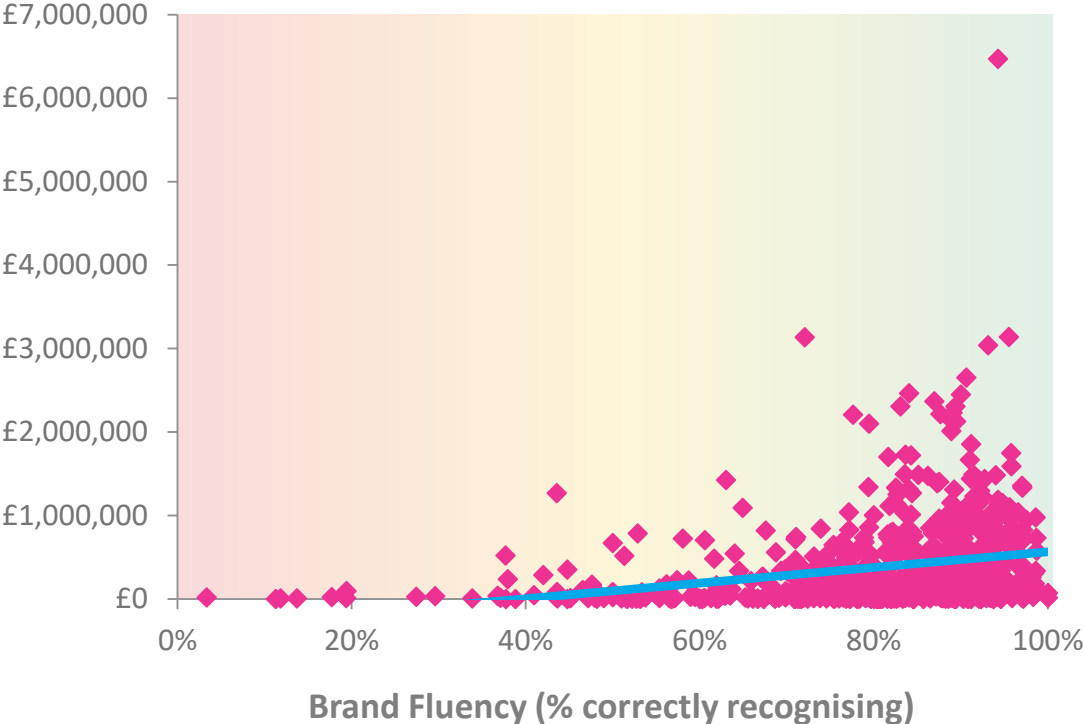
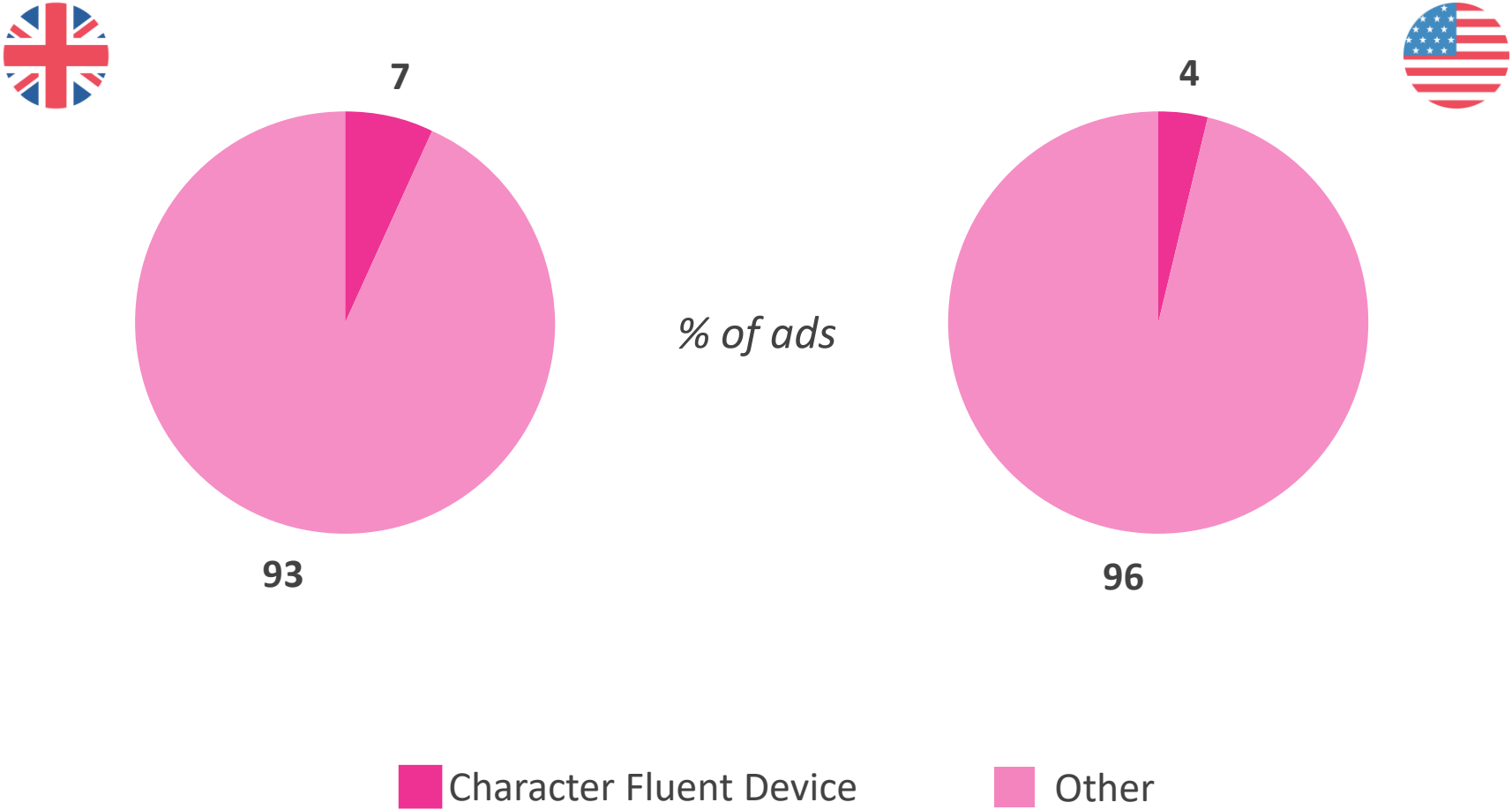**Ads with NO Character Fluent Device**
N=759

TV Spend

Ads WITH Fluent Device
N=51

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US Character Fluent Devices July 2017- June 2018

All Automotive, Financial, CPG, Health & Beauty, Tech and Charity Advertising, 2018
An audit of all 13,423 US TV ads, with thanks to Figure8

Less than 10% of ads feature a character Fluent Device in both markets

7

% of ads

4

93

96

■ Character Fluent Device   ■ Other

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A sharp decline in the use of Fluent Devices

% of Long-term Campaign Submissions with Character or Slogan Fluent Device

41%

12%

Year of Submission

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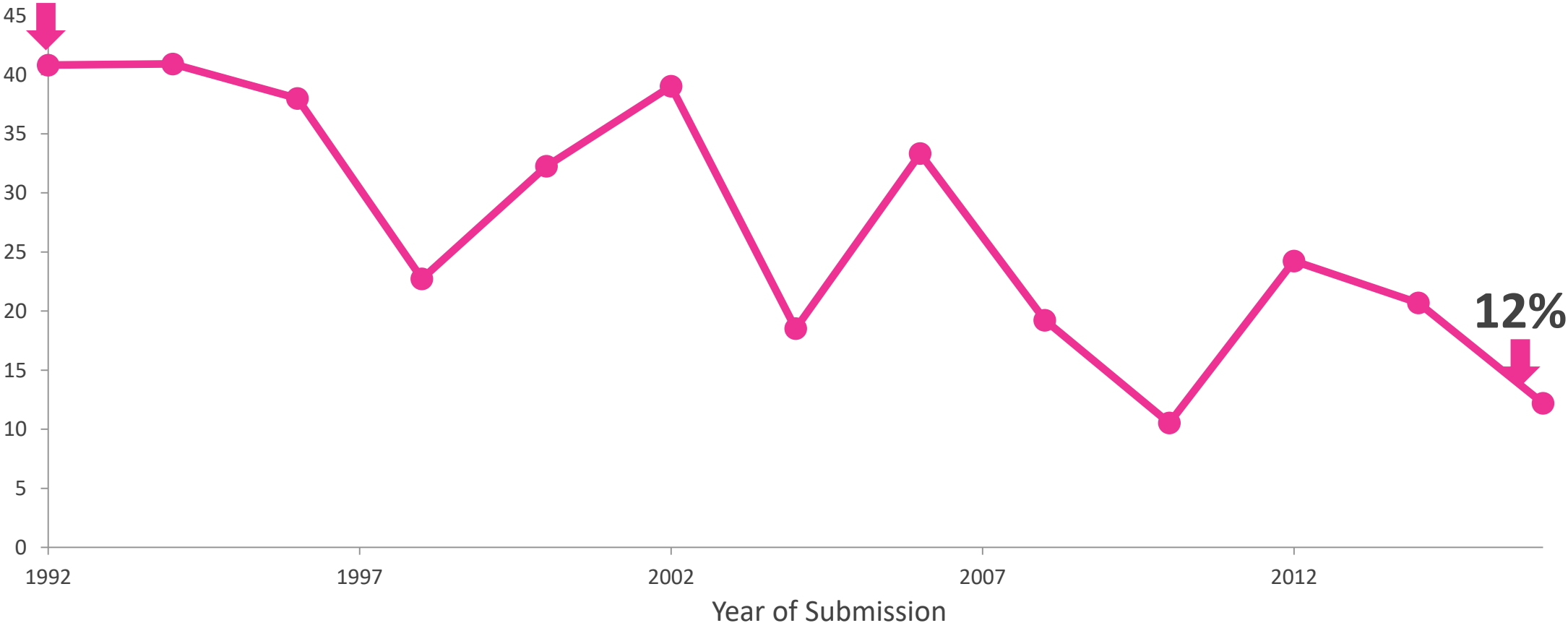
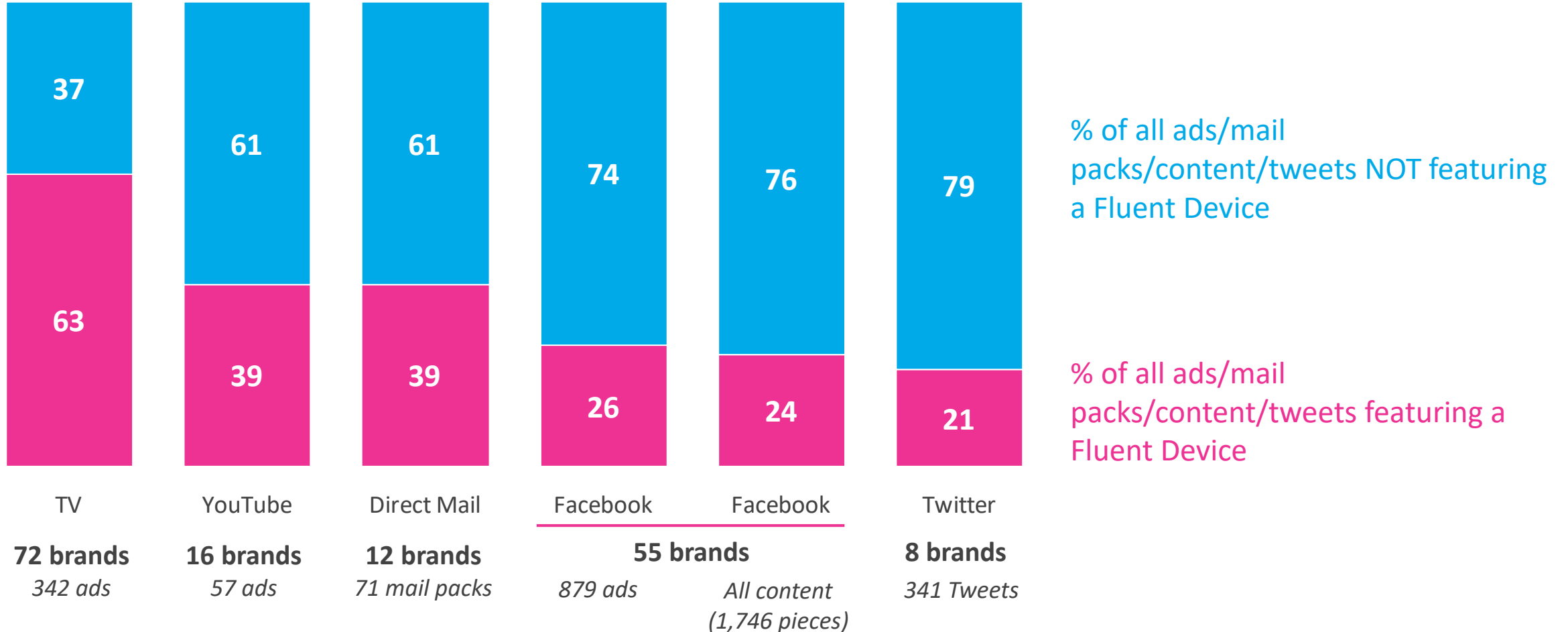# Is the quest for audience 'relevance' killing off the pure 'artifice' of the Fluent Device?

% of Long-term Campaign Submissions with Character or Slogan Fluent Device

% of all long-term campaigns using any on-line channel

41%

12%

Year of Submission

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Even brands with a Fluent Device aren't using it much outside TV

% of all ads/mail packs/content/tweets NOT featuring a Fluent Device

% of all ads/mail packs/content/tweets featuring a Fluent Device

TV	YouTube	Direct Mail	Facebook	Facebook	Twitter
37	61	61	74	76	79
63	39	39	26	24	21

72 brands
342 ads

16 brands
57 ads

12 brands
71 mail packs

55 brands
879 ads

All content (1,746 pieces)

8 brands
341 Tweets

Fluent Device Online

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A split-test to determine performance in an on-line context

No Fluent Device

**With Fluent Device
(Wilbur the Penguin)**

Fluent Device commands greater attention

Engagement

% of people still viewing…
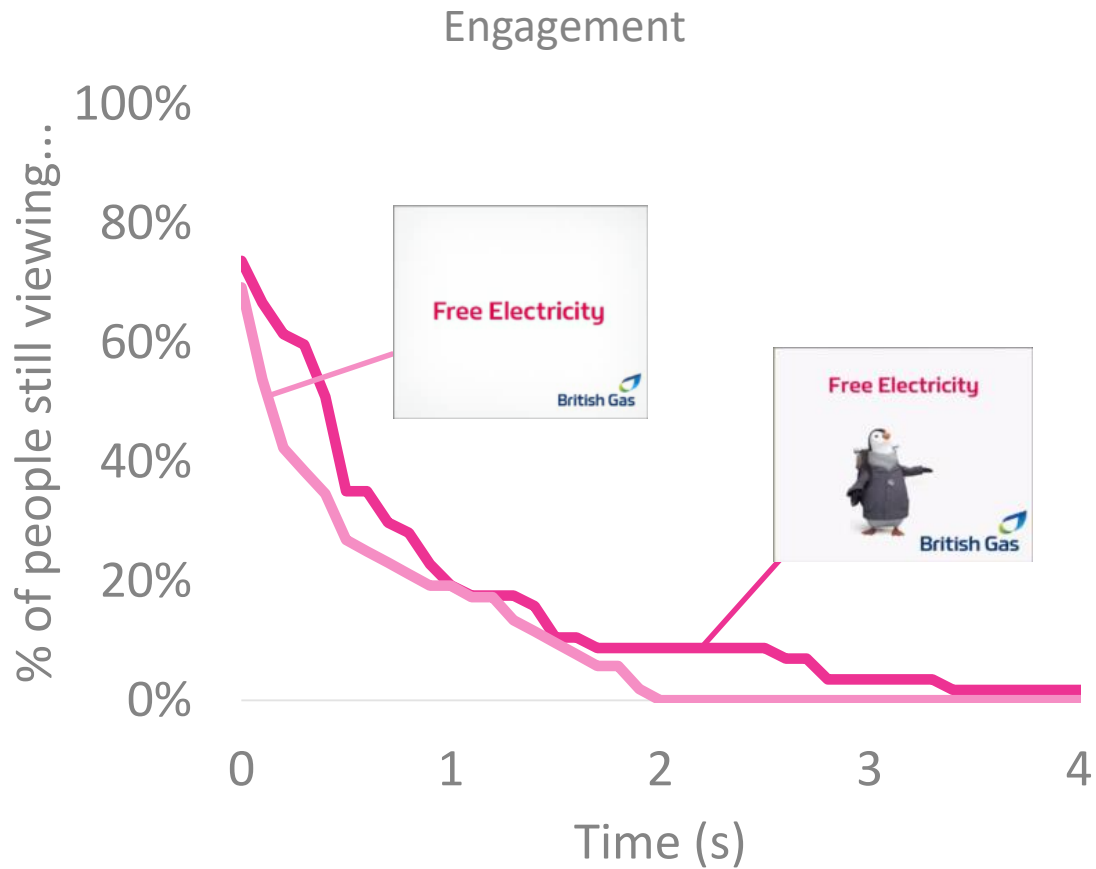
% Viewing (effective reach)	**69**	**74**
Average Dwell Time (s)	**0.6**	**0.9**
% Spontaneous Brand Recall	**28**	**35**

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We can predict the long-term contribution of advertising by measuring emotional response to it and correcting SOV accordingly.

Celebrating this relationship at C-Suite and shareholder level should help us to counter the problems of rising short-termism and falling effectiveness.

The character Fluent Device is one means of unlocking growth over the long-term. It develops greater emotional response and promotes processing fluency.

Currently overlooked, character Fluent Devices offer digital channels an opportunity to become part of the long-term growth story for brands.

For profit gain, you must entertain.

And it is in *artifice*, not relevance, that the magic resides.

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