

# Profit Ability: the business case for advertising



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# We need to make the business case for advertising

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- Evidence for **short and long-term** effects
- Speak the language of the board room! **E.g. profit return and risk**
- Advocate the **responsible use of ROI**



# What's the average return delivered by advertising?

## Short term return

10 categories

150+ advertisers

1,900 campaigns

## Long term return

29 advertisers

500 campaigns

**ebiquity**

Data-driven insights

**GAIN  
THEORY**



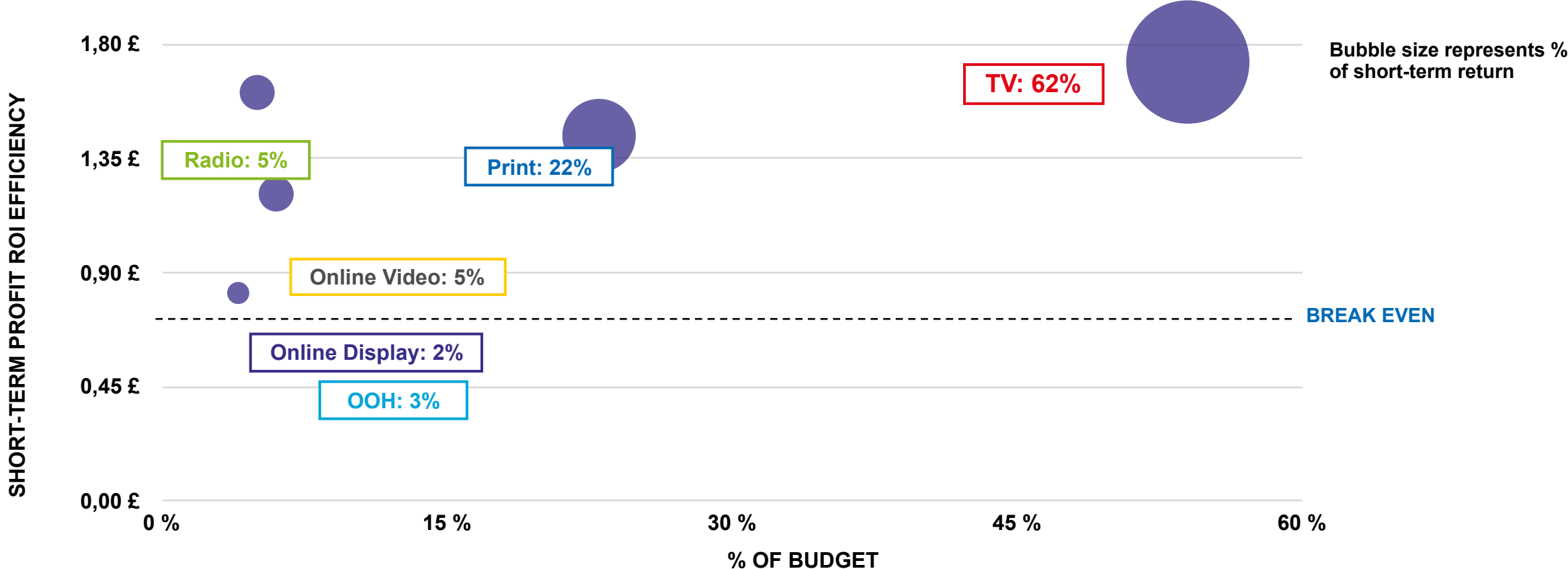
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# Does advertising drive short-term profit?

Campaign period + 0-3 months



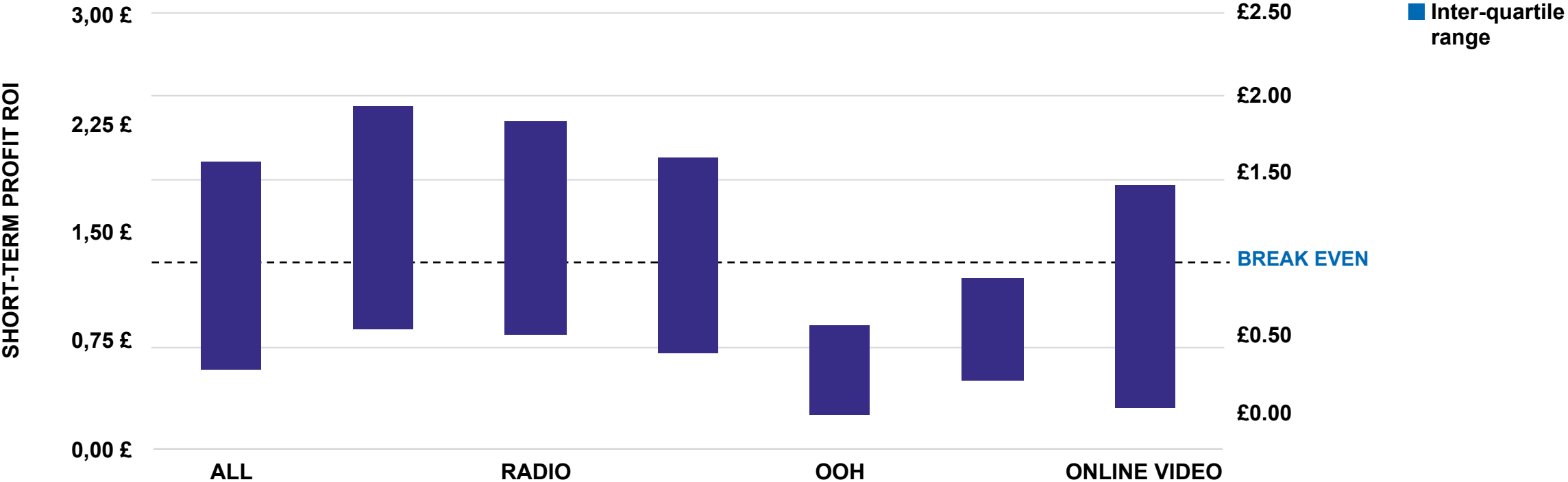
# TV drives the largest short-term profit - and it does it the most efficiently



Source: 'Profit Ability: the business case for advertising', November 2017  
Ebiquity ROI campaign database (Feb'14-May'17). Campaign obs: 1954

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

# TV is also the safest investment in the short term



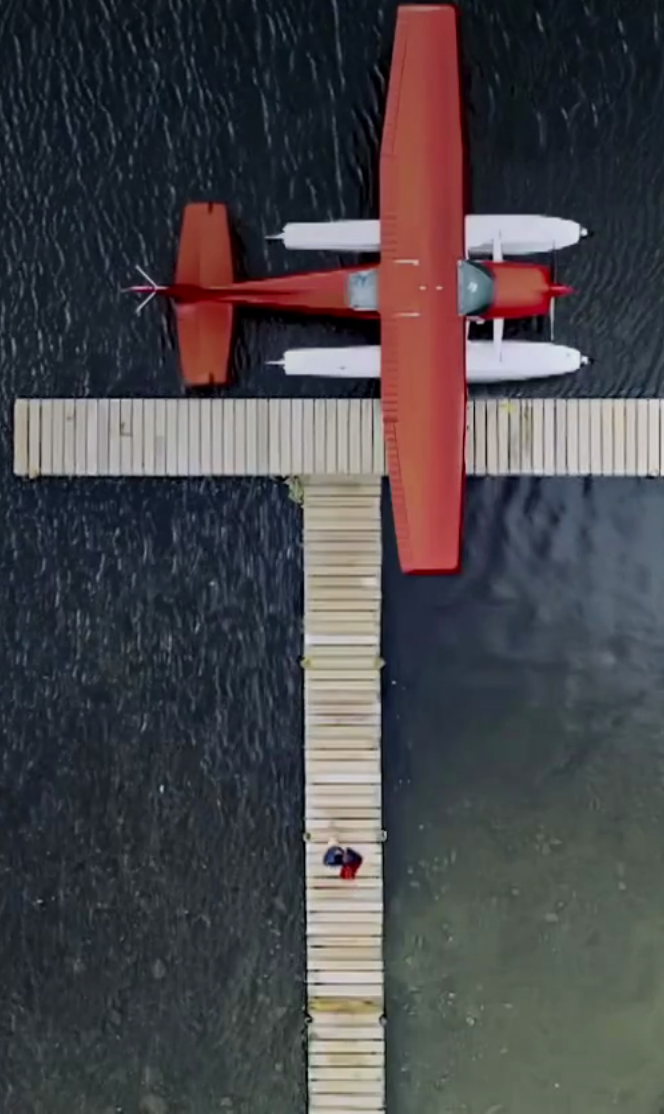
Source: 'Profit Ability: the business case for advertising', Nov 2017  
Ebiquty ROI campaign database (Feb'14-May'17) Campaign obs: 1954

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

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# Does advertising drive profit in the long-term?

Up to 3 years post campaign



The majority of  
**advertising  
returns** occur in  
the **long-term**



**18%**

Attribution  
modelling

**42%**

Short-term  
econometrics

**58%**

Long-term  
studies

Shows the proportion of total profit revealed by marketing models.  
Source: 'Profit Ability: the business case for advertising', November 2017. Gain Theory long-term ROI study

# Long-term multiplier example

Short-term ROI =



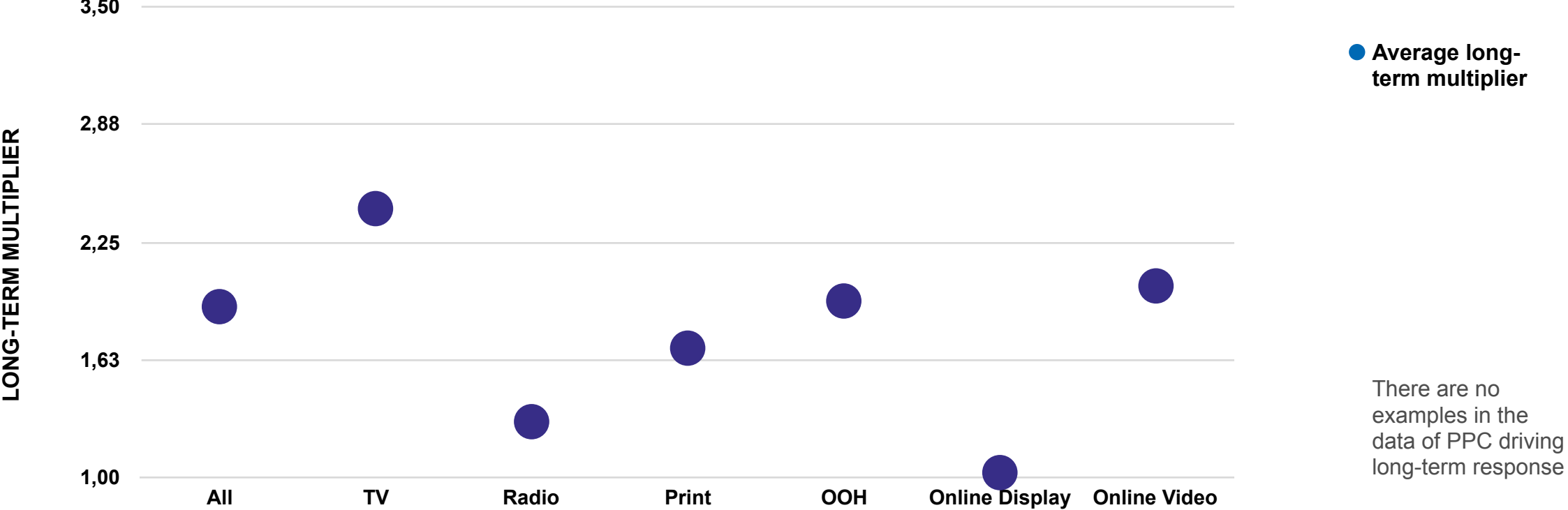
Long-term multiplier =

e.g. **x 3**

Long-term ROI =  
(Short-term ROI x long-term multiplier)



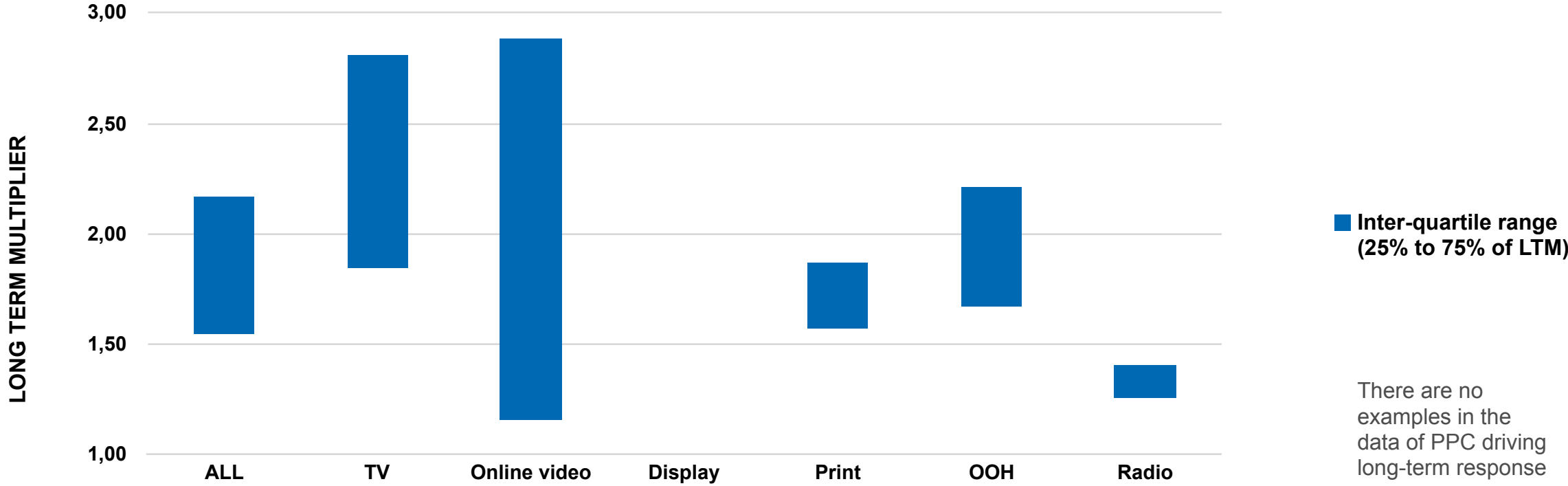
# TV has the largest long-term effect



Source: 'Profit Ability: the business case for advertising', Nov 2017  
Gain Theory Long Term ROI study. 29 Advertisers, 504 campaigns

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

# TV is the safest investment in the long-term



Source: 'Profit Ability: the business case for advertising', Nov 2017  
Gain Theory Long Term ROI study. 29 Advertisers, 504 campaigns

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

# How do you grow the base of sales?



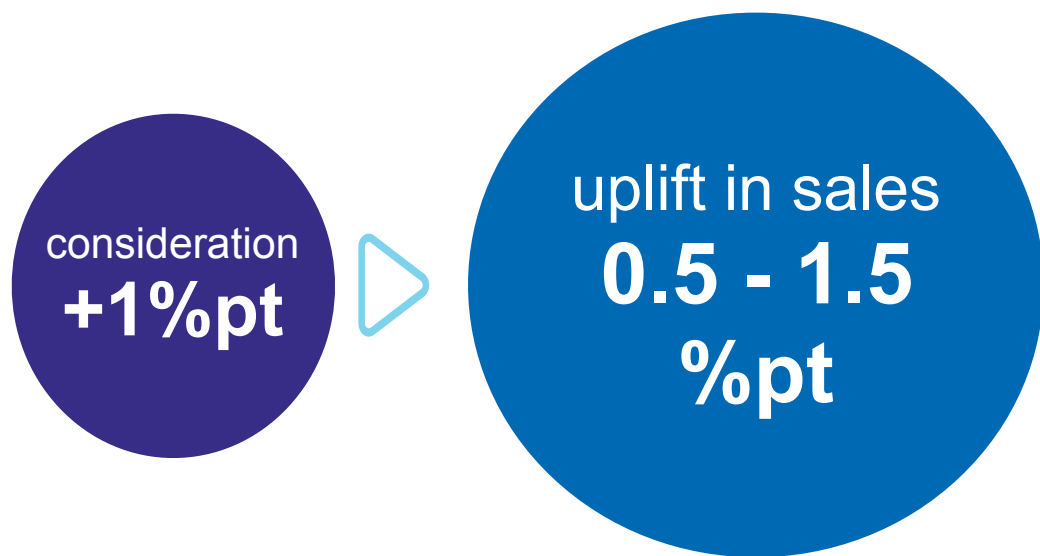
**1) Increase brand health**

**2) Reduce price sensitivity**



# Improving consideration increases sales

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# Increasing share-of-voice decreases price sensitivity

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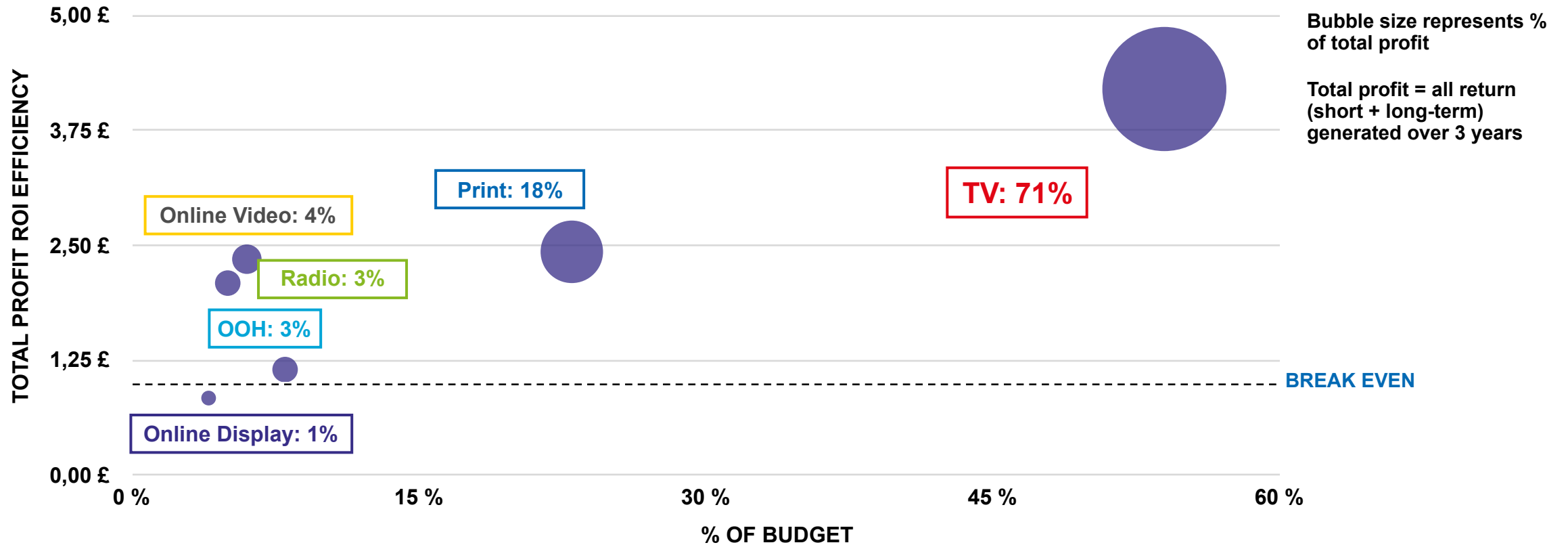
# What happens when you put it all together?

Campaign period + 3 following years

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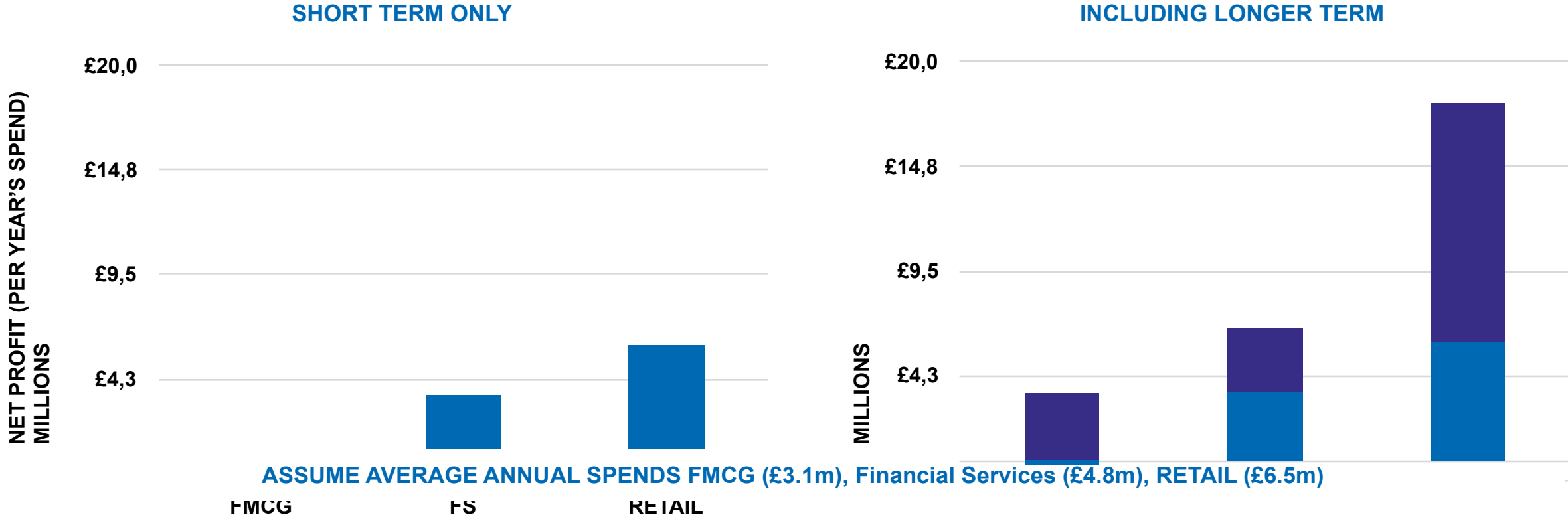
# Proportion of advertising-generated profit by medium



Source: 'Profit Ability: the business case for advertising', Nov 2017  
Ebiquty ROI campaign database (Feb'14-May'17) & Gain Theory. Campaign obs: 1,954

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

# We need to know the long-term effects of advertising to make the business case for investment!

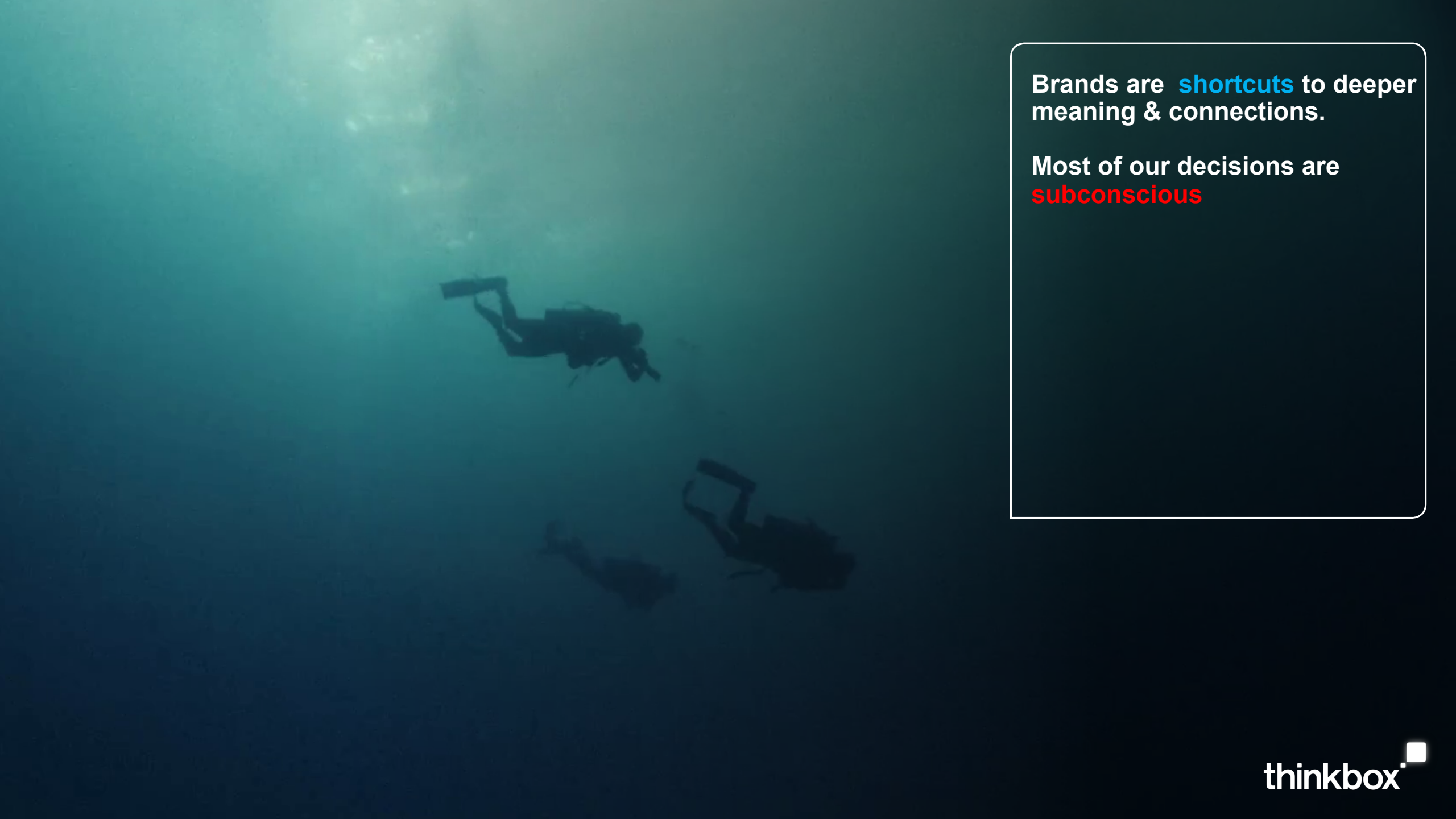


Source: 'Profit Ability: the business case for advertising', Nov 2017  
 Ebiquty ROI campaign database (Feb'14-May'17) & Gain Theory. Campaign obs: 1,602

NB: Online Video includes Broadcaster VOD, YouTube, Facebook video & online programmatic video

**But *why* is brand advertising so important?**





Brands are **shortcuts** to deeper meaning & connections.

Most of our decisions are **subconscious**

# Brands add colour to our lives

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- Branding influences our **product experience**



**Brands** Bring **Colour** To Our **Lives**


# Remove the branding, remove the colour..

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- **Apprehension**
- **Lack of trust**
- **Physical manifestation of uncertainties**



Taking the colour away...



Brands provide a sense of:

**connection**  
**stability**  
**identity**

# Brands provide connection

- **Core values**
- Connection to our **personal history**
- Drives **mental availability**



# Connections

# Brands provide stability

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- We dislike **change!**
  - **Permanence, familiarity, comfort**



**Stability**

# Brands become part of our identity

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- **Primes** how others see us
- Anchoring into our **moral values**





# Three things to remember..

- **58%** of all ad generated return occurs in the **long term!**
- The majority of brand impact is **subconscious**
- Brands matter! Ads help shape our **perceptions & experience**

