

ANA Chief: Better Measurement Key Online and Off



AN INTERVIEW WITH:

Bob Liodice President and Chief Executive Officer, Association of National Advertisers April 16, 2009

Bob Liodice has served as president and chief executive officer of the Association of National Advertisers Inc. (ANA) since 2003. He has experience as a marketer himself, working for more than 15 years in marketing and financial management at Kraft Foods. He is also a member of the boards of directors of the Advertising Council, Advertising Research Foundation, National Advertising Review Council, Partnership for a Drug-Free America and Advertising Educational Foundation.

Mr. Liodice discusses marketers' desire for more precise measurement platforms for all media, not only online forms, and why marketers want to pinpoint exactly how media work in conjunction with one another to better understand the impact on their brands.

eMarketer: The bar has been raised for marketing accountability. Marketers must prove the return on investment for every dollar spent. What are the implications for online brand advertising?

Bob Liodice: Marketers have been challenged to be more accountable by CEOs who are looking for shareholder return and shareholder value. Marketing was always a primary revenue driver and viewed as a way to build equities and build shareholder value.

That said, obviously the challenge for marketing in the last few years is "prove it to me." Prove it to me that marketing works. Prove it to me such that no matter how you slice it, the investments that we're putting in this area are paying back in both short- and long-term deliverables. This presents enormous challenges for marketers that historically had never been asked to be as measurement- and metric-conscious as they are now.

eMarketer: What is the challenge for marketers in using online advertising as a brand vehicle? Why aren't they using it more?

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heck are all of these things working together?”

Mr. Liodice: Our concern is about brand measurement in total, online or offline. The vehicle or approach to brand measurement is far less relevant than what it is we are trying to accomplish. As we bundle and integrate marketing, rather than asking whether online, television, radio, print or outdoor advertising is working, we should ask, how the heck are all of these things working together? To me, that's the most important thing that we need to focus on.

The overall question is: How does my total marketing mix interact and interconnect to produce the best return for me as the steward of my respective brand or brands? Then we can look at each form of media and marketing and how it impacts the brand. It's not effective to look at digital in isolation from the rest of the marketing mix.

eMarketer: Why has online advertising been held to a different standard of proof than offline media, like TV, print and radio?

Mr. Liodice: Well, 20 years ago, just to provide some context, there was television, radio and print, and you didn't have to work too hard to build your brand. The complexity around understanding the return on investment was not as great because you didn't have many alternatives. The landscape was far less complex, and to be honest with you, we were relatively lazy. We did not demand accountability. We did not care to go after the level of research necessary to understand the incremental impact of marketing investments.

Now we are asking those questions. Starting about five years ago, the focus in on accountability has been elevated, and marketers are asking very directed questions about each form of media and its impact.

The MPA [Magazine Publishers of America] did a very significant ROI study [about] print as it relates to online. The RAB [Radio Advertising Bureau] conducted the Radio Ad Effectiveness Lab studies, which attempted to identify radio's return on investment, both as an independent media and in terms of its role in the overall marketing mix.

Television has done a little less of that, but in fact, there has been a push to develop commercial ratings for TV. Commercial ratings, for all these years, were not understood by marketers, and we still don't have them because marketers rely on either program ratings or C3 ratings [three days of ratings, plus three days of digital video recorder playback], which don't offer the entire picture.

eMarketer: What issue is most troublesome to you in terms of media accountability? What would your member-marketers like to understand better?

“The biggest thing my members want to understand better is what, literally, contributed to the sale or which media drove that person to purchase whatever it is.”

Mr. Liodice: The biggest thing my members want to understand better is what, literally, contributed to the sale or which media drove that person to purchase whatever it is. It really starts with sales. That's the be-all and end-all. We have to understand whether sales is a function of a burst of marketing, or is it a function of growing an improved brand equity?

That is a measurement that's fundamentally critical, because let's say I am dealing with macaroni and cheese. Is it the Kraft brand that I want or is it the store brand? It can be a very frustrating thing for the CMO because you're being assessed based on improving the value of the brand when, in fact, there is no standard brand valuation technology [that] exists out there.

eMarketer: Is it your feeling that marketers want a standard method in terms of how to assess the brand impact of online advertising?

Mr. Liodice: Absolutely. Without question. Because if I'm a marketer, my charge is not only to build results, but to build the value of my brand. It has been demonstrated empirically, time and again, that stronger, higher-valued brands lead to stronger, better business results.

Marketers want to know what methods to use to evaluate brand value and measure it. Brand equity and value aren't attributed to any one particular form of media, they are a function of the totality of their marketing and the impact on consumers. And, our marketers would like standards for measuring brand health for all media. In most instances, but not all, brand equity is tied very much to consumer satisfaction and marketing.

Brand equity isn't just about the media, it cuts across everything we do—it's about promotion, in-store presence, sponsorship, social media and public relations. It's the totality of the communications effort, and then overlay that with the price/value trade-off consumers face when they make a particular purchase.

eMarketer: How do you think marketers should value social media, and what impact on brands does it have?

Mr. Liodice: That's a great question. We're too new into the media to even understand it. We're still trying to figure out how to use it.

eMarketer: What's the single biggest problem with online brand measurement?

“We don't have enough standardization. We don't have enough understanding of the marketing/media mix and its effect on brands to guide us to the best possible decision-making.”

Mr. Liodice: Last year, when we did our marketing accountability survey, only about a third of the marketers surveyed were satisfied with their marketing accountability and measurements programs. It's progressing, but we want much more. We don't have enough standardization. We don't have enough understanding of the marketing/media mix and its effect on brands to guide us to the best possible decision-making.

eMarketer: Will gross ratings points always be relevant?

Mr. Liodice: Clearly, I think in the television and to some degree the radio worlds, GRPs will always be relevant. I mean there isn't a better substitute, at least in those media, and television is still the most highly invested-in media right now. It's all going to become even more precise as we get closer and closer to real-time commercial ratings. So, unless I see some logical substitute, I think that will still be a standard barometer.

eMarketer: Will we ever be able to correlate GRPs in offline media with online media?

Mr. Liodice: That's a great question. You're asking whether we'll ever have a common way to evaluate all media. That would be the end desire, but I don't see it in the next five years .