KNOWLEDGE POINT

OUR KNOWLEDGE POINT DATABASE CONSISTS OF **132,000** BRAND REPORTS

WHAT HAPPENS WHEN BRANDS GO DARK?

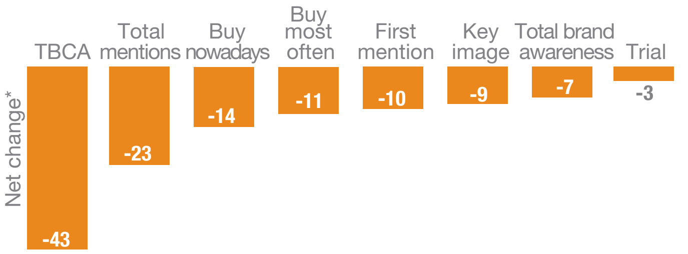
With marketing budgets always under pressure, advertisers may be tempted to eliminate TV advertising. We have observed that brands can indeed “go dark” for six months or so with little deleterious effect. However, longer periods off-air are likely to weaken brand health, and once decline sets in, it may be hard to reverse. Supporting a brand in other media may provide some protection in the absence of TV, but overall, the best way to ensure long-term brand health is to maintain levels of spend.

COMING OFF AIR: THE CONSEQUENCES

When a company’s short-term profitability is suffering, the marketing budget is usually the first to be cut. But what are the consequences?

Analysis of our tracking database shows that brand health may become vulnerable when a brand stops advertising on TV. However, when the time off-air is six months or less, the effects are minimal. In 40 percent of these cases, brand health measures are not affected. However, bigger brands are more likely to suffer a decline than smaller brands.

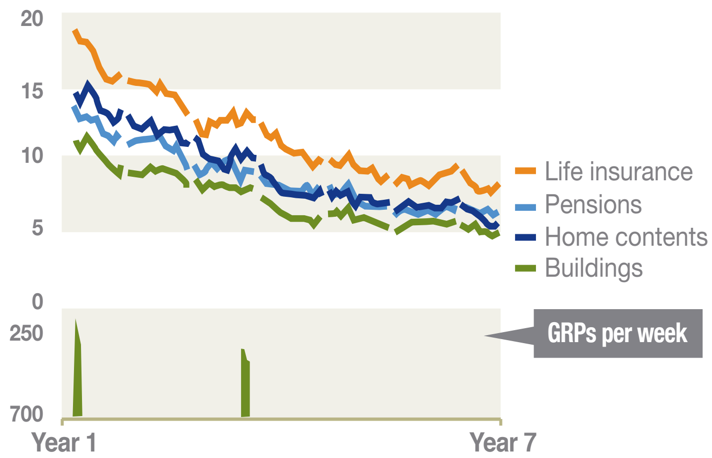
NET EFFECT ON BRAND MEASURES SIX MONTHS AFTER TV ADVERTISING STOPS



***Net Change: Percent of brands increasing – percent of brands decreasing (August 2012)**

Longer periods off-air are much more likely to be damaging. A good example comes from the UK insurance market. A regular and reasonably heavy advertiser, this insurance company came off-air, with only one subsequent burst two years later. Consideration levels plummeted over the next few years.

CONSIDERATION FOR TYPES OF INSURANCE - BRAND X



MAINTAINING EQUITY THROUGH OTHER MARKETING ACTIVITY

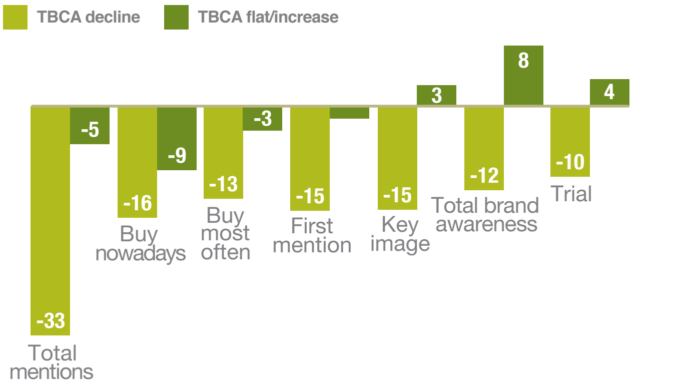
But a disastrous decline is not inevitable. We know that advertising in one medium can evoke memories of advertising for the same brand in other media (the “media multiplier effect”), so moving spend to another media channel may help to maintain brand equity. Using a less expensive medium such as radio to trigger memories of TV advertising can be a useful way to extend the life of a TV campaign. (Note: this technique will become less effective over time as memories of the TV activity fade.)

As the following chart shows, if communication awareness levels (TBCA) are maintained in the absence of TV, brand health measures hold up better.

OUR KNOWLEDGE POINT DATABASE CONSTISTS OF **70,000** ADS

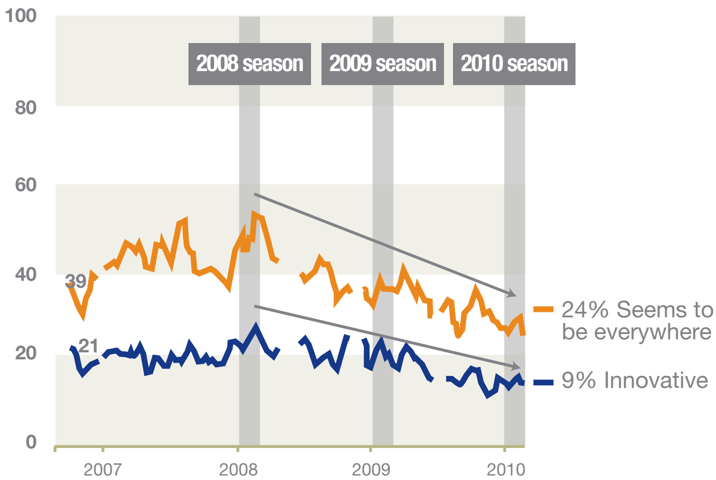
NET EFFECT ON BRAND MEASURES SPLIT BY CHANGE IN TBCA

When TBCA levels are maintained, other brand measures hold up better



***Net Change: Percent of brands increasing – percent of brands decreasing (August 2012)**

SHARE HOLDS WHILE BRAND HEALTH METRICS DECLINE

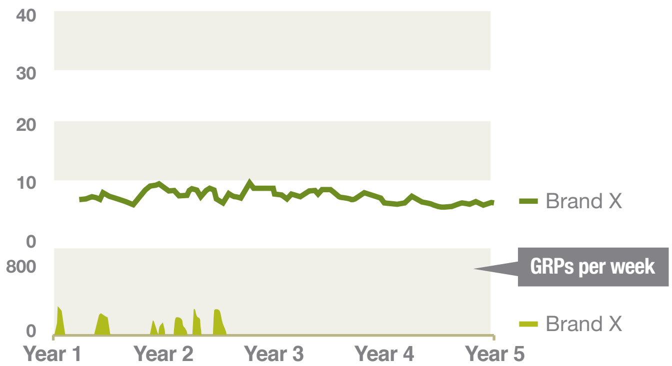


Promotions are one way to maintain share in the absence of TV activity. One major UK food retailer came off TV for two years, moving the budget into sales promotions and other below-the-line activities. Preference levels held up well.

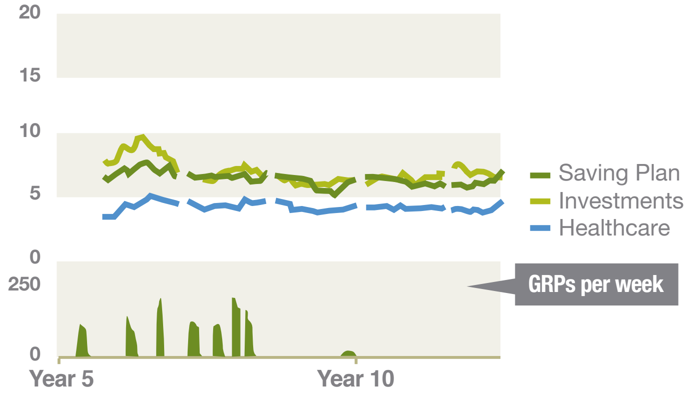
Strong historical advertising memories have helped support some brands. An insurance company that had a strong Base Level of advertising awareness was able to sustain its consideration levels over several years — but few brands will be in the position to be able to do this.

SUPERMARKET WOULD PREFER TO SHOP AT

Rolling 12 weekly data



CONSIDERATION FOR INSURANCE



Likewise, a nicotine replacement treatment stopped TV advertising for two years. The brand was able to maintain share through increased use of promotions. Volume sold on promotion rose from 31 percent in 2008 to 53 percent in 2010. However, key brand health measures declined over this time period. So even though share may be maintained in the short term, relying on promotion over an extended period of time may not be good for a brand.

In the absence of TV spend, value brands are likely to maintain consideration levels better than other brands. One leading value brand stopped TV support and heavily reduced print support for two and a half years. TV ad awareness declined, as did spontaneous awareness, but consideration remained constant.

HARNESSING THE “HALO EFFECT”

Another way in which brand health can be maintained without advertising is by taking advantage of other related brand activity.

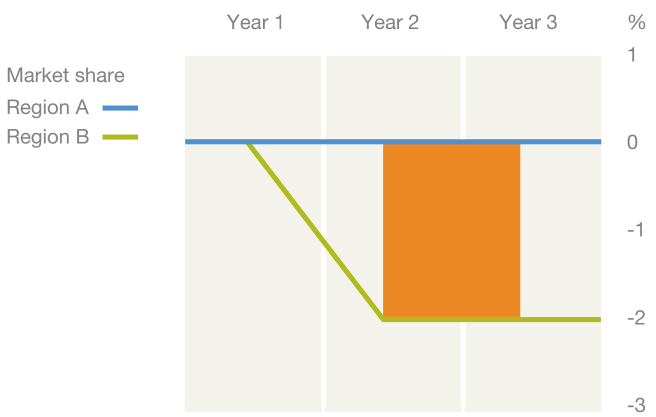
OUR KNOWLEDGE POINT DATABASE CONSTISTS OF **1,400** CASE STUDIES

For example, one brand we studied came off-air for a year, but sales actually increased. This brand was a parent brand, and it benefited from advertising for one of its variants. But this benefit is not guaranteed. A review of 131 case studies shows that only 23 percent demonstrated a positive "halo effect" on short-term sales.

RETURNING TO AIR: THE CHALLENGE OF REVERSING DECLINE

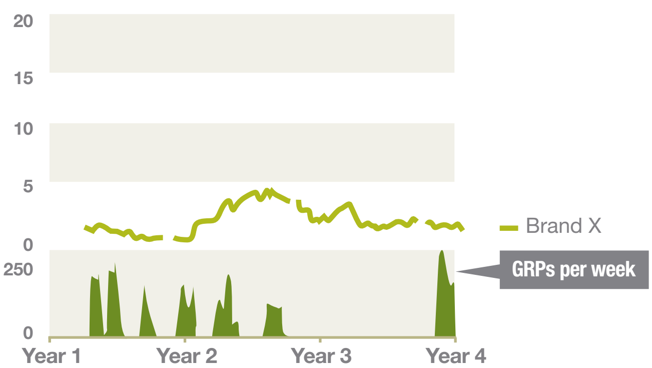
Once equity and sales have declined, it can be hard to get them back up to previous levels. One brand came off-air in one region (Region B in the chart below), but continued advertising in the rest of the country. Within a year, market share had dropped 2 percent in the region without advertising, while holding steady elsewhere. But in the following year, when the advertising was resumed, Region B's market share continued to lag behind the rest of the country.

REGION B SUFFERS IN YEAR 2 AND YEAR 3



After considerable spend over a long period of time, one UK finance company ceased advertising for over a year. As a consequence, unaided awareness and consideration declined. When the brand returned to air, while unaided awareness responded, consideration did not.

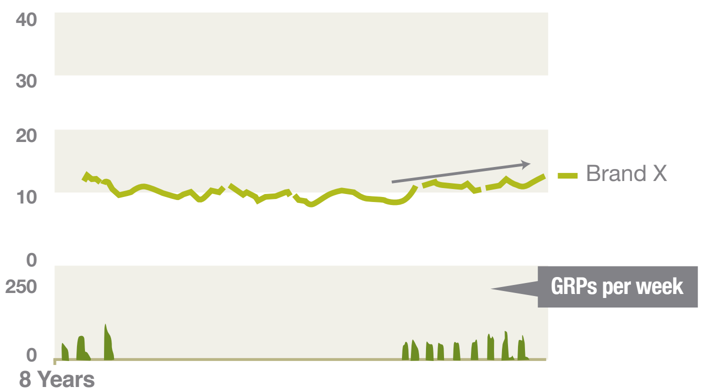
FINANCIAL SAVINGS - WOULD CONSIDER - SPONTANEOUS



However, some brands do recover fully after extended periods off-air. We've seen this happen when strong new executions, often featuring well-recognized historic brand cues, are released. But if the new advertising continues an existing strategy, it's crucial to ensure that the strategy is still relevant and ownable under the existing market conditions.

One beverage brand had a very strong advertising property but came off-air with a break of over four years. Then advertising resumed with a remake of the original property. The ad achieved high impact, brand health measures responded, and usage increased.

BUY REGULARLY/OCCASIONALLY



THE IMPORTANCE OF MAINTAINING SPEND AND SHARE OF VOICE

Overall, the lesson is clear: The best way to ensure long-term brand growth is to maintain marketing expenditure. Analysis of our tracking data has shown that a brand is most likely to gain share when its share of communication awareness is growing, and when it is higher than its market share:

SHARE OF COMMUNICATIONS AWARENESS RELATES TO PROBABILITY OF SHARE GROWTH/DECLINE

Share of communications awareness greater than share of market?	✗	✗	✓	✓
Share of communications awareness higher than previous year?	✗	✓	✗	✓
Chances of share increase	19%	36%	57%	75%