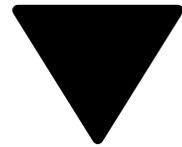
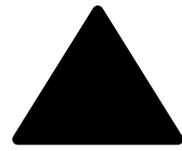




# TELEVISION

**TURNS THE CHANNEL  
ON BRAND ROI**



Over the past decade, marketers have flooded digital channels with advertising dollars in the belief that these fast-growing channels are the best places to get in front of the right audiences. But in doing so, they're starving their traditional channels that have been the beneficiaries of ad spend—particularly television, which has long been considered the best channel for brand building.

Is this the right move? New research from Accenture Strategy, commissioned by NBCUniversal, says it's not. We found that TV continues to be highly effective in brand building—and that, in concert with digital, drives short-term purchase behavior at a higher rate than expected. Furthermore, we discovered brand performance is strongly tied to sales performance, and brand advertising on TV drives both short and long-term sales. The fact is, if marketers want the best ROI on their ad spend, they need to not only rethink the role of TV in their media mix, but also rethink the way they determine how to invest in brand and measure its impact.

Building a strong brand has always been important—and for good reason. History shows that affinity for brands has been a big driver of market share, and that a strong brand helps lower transaction costs, boost loyalty, and increase customer satisfaction. But building brands has never been harder than it is today. In the face of falling cost for content generation, combined with massive fragmentation in media channels, companies are challenged to determine all over again how to do branding: What has changed? What works and what doesn't? What should our marketing mix look like? How do we measure results?

The fact is, the rise of digital has thrown a massive monkey wrench into the marketing equation. And it's causing a lot of confusion for companies when it comes to deciding how to allocate their advertising dollars.

Attracted by the allure of digital, marketers are rushing to invest in these newer channels. Studies have shown that during the past five years, the biggest growth areas in media have been video, programmatic display and, of course, social. To fund those new investments, marketers are pulling money from more traditional channels (i.e., radio, television, and print). But as new Accenture Strategy research has found, the brand ROI on Television<sup>1</sup> surpasses many other popular and growing digital media channels. In other words, marketers are trading investment that generates higher ROI for lower-ROI investments.

That simply doesn't make any sense—so why would they do it? The answer is, many if not most marketers are making the wrong decisions about where to allocate their spend because they typically lack the right data, metrics and insights. Thus, they struggle to figure out the mix that will deliver the optimal ROI in the form of short- and long-term sales and brand building.

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History shows that affinity for brands has been a big driver of market share, and that a **strong brand** helps lower transaction costs, boost loyalty, and increase customer satisfaction

<sup>1</sup> Television consists of measured viewing that advertising spend was placed against, including content viewed live and on demand via set top box (e.g., DVR and Video On Demand) as well as any multi-screen viewing captured within television ratings.

# OUR RESEARCH: UNDERSTANDING MEDIA IMPACT ON BRAND AND REVENUE

Clearly, it's a confusing time for both marketers and media companies. As digital has completely upended the media industry over the past decade, it's become increasingly difficult for marketers to get a good handle on what they should do with their advertising dollars to get the best return. It's even more critical given advertising budgets are largely flat or even shrinking and, thus, are under far more scrutiny than ever. That's why Accenture Strategy undertook a comprehensive study to help marketers better understand how specific media and advertising channels impact their brand and revenue.

In our study, we sought to evaluate the true impact of various advertising channels and whether current attribution approaches are sufficient to drive long-term brand building. We also wanted to assess whether there's a definable, quantifiable link between brand performance and sales impact. (See appendix for more details on the research.)

Our goal was to uncover important insights that will help marketers make more effective media investment decisions. To do this, we explored four key questions:

1. **What's the relative impact of various media channels on driving brand performance?**
2. **Do brand impacts differ across the marketing funnel?**
3. **Is there an incremental ROI<sup>2</sup> benefit obtained from running advertisements within the same publisher ecosystem (e.g., NBC, NBC.com) on Television and Premium Video?<sup>3</sup>**
4. **Is there a strong correlation between brand performance and sales impact?**

At a high level, we found that the channels experiencing the greatest growth in advertising spend—Social Media, Short Form Video, and programmatic Display—are not necessarily delivering the greatest return on investment when it comes to brand building. We also found that a growing chunk of the money being funneled into these lower-ROI channels is being reallocated from the highest-performing brand-building channel—Television. By shifting investment from TV to these other channels, advertisers risk compromising their brands' strength—and, by extension, sales—over the longer term.

<sup>2</sup> Throughout this document, we refer to both average ROI and marginal ROI. Average ROI is return on an ad spend generated by a single media channel, relative to the average of all media channels. Marginal ROI is return on incremental investment generated by a single media channel, relative to the average of all media channels (i.e., expected return on "next dollar spent").

<sup>3</sup> Premium Video consists of feature-length, TV-quality digital video

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The channels experiencing the greatest growth in advertising spend are not necessarily delivering the greatest return on investment when it comes to **brand building**

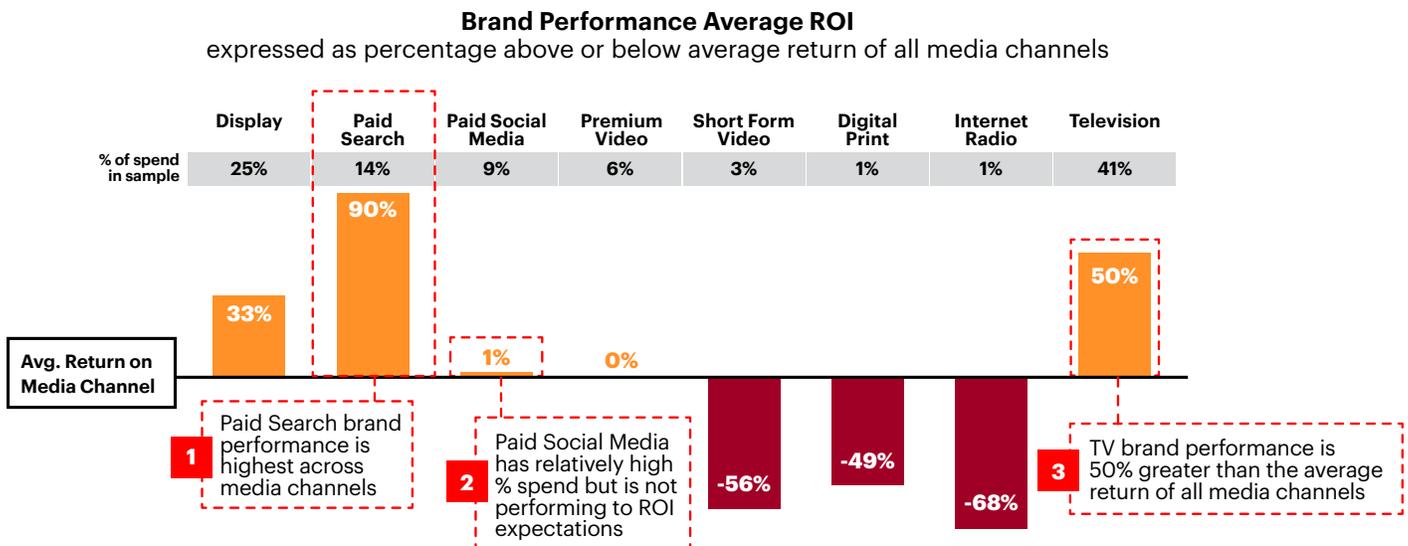
# OUR FINDINGS: TELEVISION REMAINS A POWERFUL BRAND-BUILDING AND SALES- GENERATION CHANNEL

Our study convincingly found that TV is a high-performing media channel, outpacing digital media vehicles like Short Form Video and Social Media in brand building—while delivering strong bottom-of-the-funnel impact and influencing sales long after a campaign has run.

## FINDING #1: TELEVISION GENERATES SUPERIOR BRAND-BUILDING ROI—AND NOT JUST AT THE TOP OF THE FUNNEL.

Relative to other media channels, TV drives impressive brand performance (50 percent higher than the average return of all media channels), second only to Paid Search (90 percent higher than the average return of all media channels) (Figure 1).

**Figure 1: Paid Search and TV drive strongest brand performance relative to other media channels**

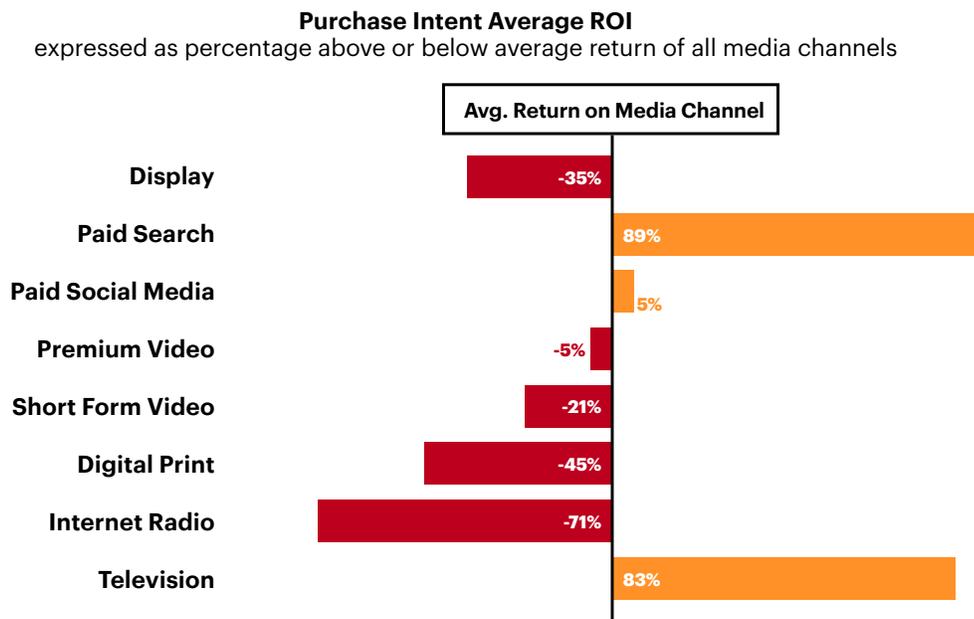


Source: Accenture Strategy Analysis, 2017

TV generates two to four times greater brand ROI than high-growth media channels such as Social Media and Short Form Video across the funnel. TV has nearly twice as much incremental lift over Social Media's brand ROI in Ad Awareness, Consideration, and Purchase Intent. This lift increases to nearly four times greater when compared with Short Form Video in those same areas.

In fact, one of the most surprising findings is TV’s strong lower-funnel brand performance—particularly in driving Purchase Intent—relative to most channels (Figure 2). It’s nearly equal to Paid Search in its average Purchase Intent ROI, delivering 83 percent greater return than the average return of all media channels. Social Media’s Purchase Intent was just 5 percent greater, while all other channels delivered negative ROI. This unexpected finding counters conventional wisdom that TV’s strength is mostly in impacting top-of-the funnel metrics such as Brand Awareness and Ad Awareness, and comparatively weaker in impact closer to actual buying behavior.

**Figure 2: Television delivers surprisingly strong lower-funnel brand performance**

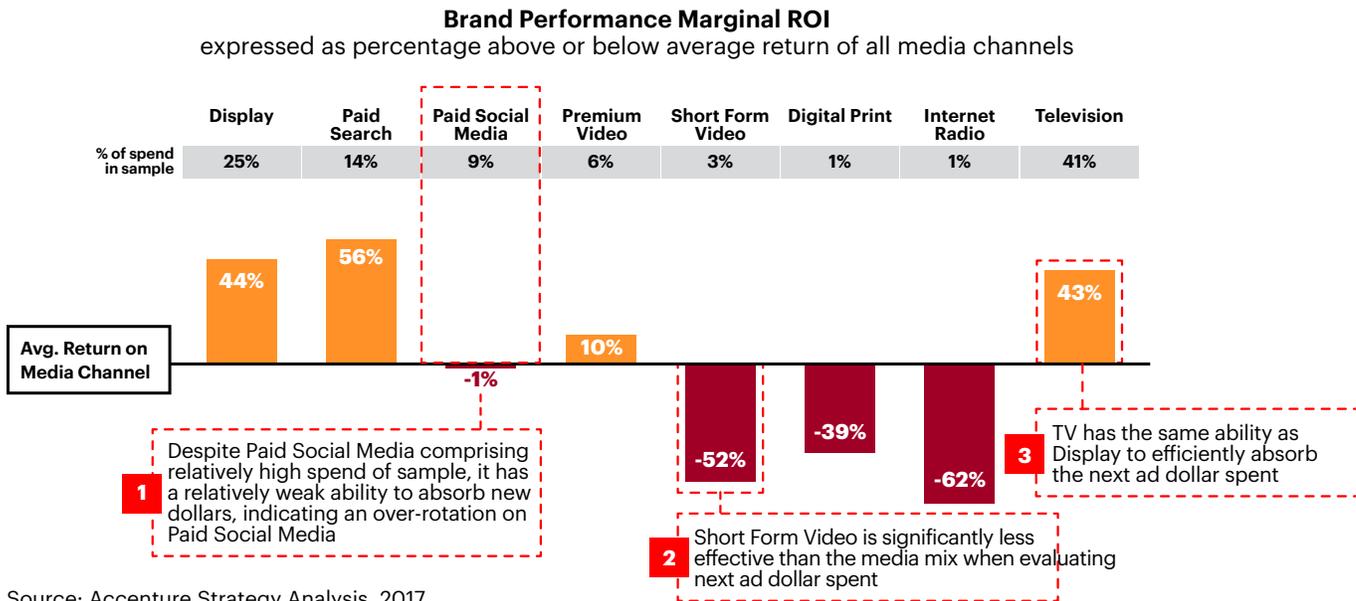


Source: Accenture Strategy Analysis, 2017

The upshot: We see limited ROI upside with Social Media and Short Form Video given current advertising strategies, yet advertisers continue to increase their spending on them (Figure 3). Despite Paid Social Media comprising a relatively high spend of advertisers in our sample, it has a relatively weak ability to absorb new dollars—indicating an over-rotation on Paid Social Media. Short Form Video is even less effective: Its Marginal Brand Performance ROI is 52 percent less than the average return of all media channels in absorbing the next ad dollar spent.

Conversely, TV shows a relatively high marginal ROI—a return that’s 43 percent higher than the average return of all media channels (which, together with Display, trails only Paid Search). In other words, TV is far more adept than most other channels in efficiently absorbing the next ad dollar spent. And that’s largely because TV specializes in premium content, which our research found outperforms lower-quality content in advertising ROI.

**Figure 3: Social Media and Short Form Video are saturated media vehicles, despite advertisers' increasing spending, while Television shows a relatively high marginal ROI**



Source: Accenture Strategy Analysis, 2017

Premium Video provides two to three times the relative brand ROI as Short Form Video does. It's especially more effective in generating relative ROI in Brand Awareness. Furthermore, its higher marginal ROI values—particularly in Brand Awareness and Quality—indicate it can absorb more ad dollars.

The same results hold true with ads. We found that Content-Driven Display ads (i.e., reserve-buy Display ads, generally bought within a premium advertising inventory and placed against higher-quality content) outperform Audience-Driven Display ads (i.e., hyper-targeted Display ads that are contextually placed via ad exchanges or programmatic bidding within a limited, lower-quality inventory) across the funnel—from Buzz and Quality to Purchase Intent. Content-Driven Display ads also demonstrate a higher marginal ROI than Audience-Driven Display ads across the funnel, indicating premium ads can efficiently absorb spend.

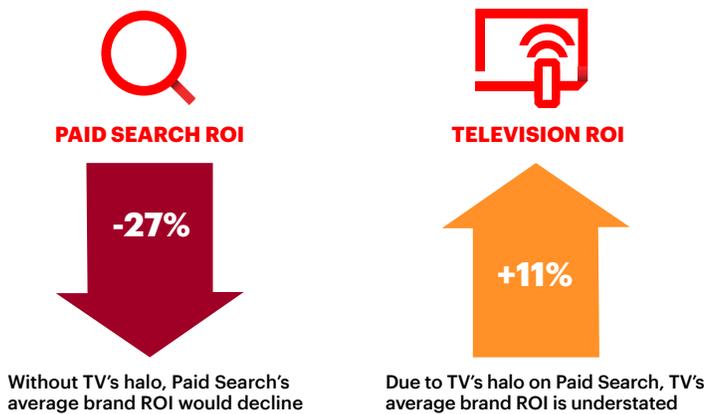
**FINDING #2: TELEVISION HAS A SIGNIFICANT ENHANCEMENT, OR “HALO” EFFECT, ON THE IMPACT OF DIGITAL CHANNELS—SUCH AS PAID SEARCH AND SOCIAL MEDIA—AS MEASURED BY BRAND ROI.**

TV's Brand Awareness halo contributes 27 percent of the ROI that's attributed to Paid Search—which means Paid Search's ROI is overstated while that of TV is understated (Figure 4). After readjusting brand impact to account for the halo effect, TV actually outpaces Paid Search in Brand Awareness ROI. This is especially important because Paid Search often requires upper-funnel brand building from other media channels, such as TV, to show an impact on Brand Awareness.

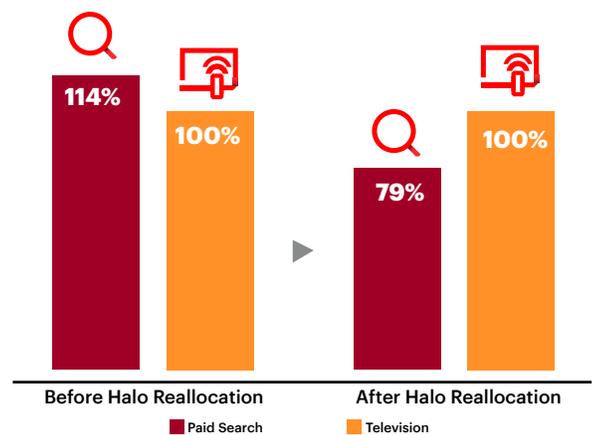
We saw a similar situation with TV and its halo effect on Social Media's return on Quality—with the latter's ROI overstated by 22 percent and the former's understated by 4 percent (Figure 4). In fact, TV's halo effect also extends to the rest of the marketing funnel, consistently accounting for about one-quarter of the ROI normally attributed to each metric. After adjusting for the halo effect, we found that TV outpaces every channel in brand ROI by at least 10 percent (Quality) and as much as 15 percent (Buzz).

**Figure 4: Television's halo effect on Paid Search and Paid Social Media**

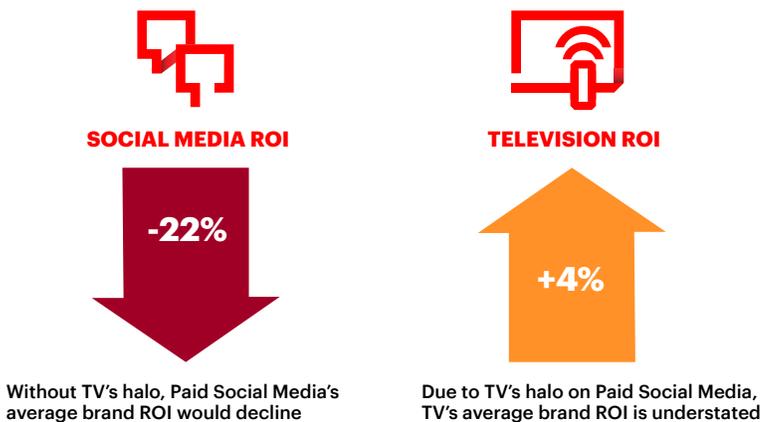
**Brand Awareness ROI of TV and Paid Search**  
expressed as a percentage shift due to halo



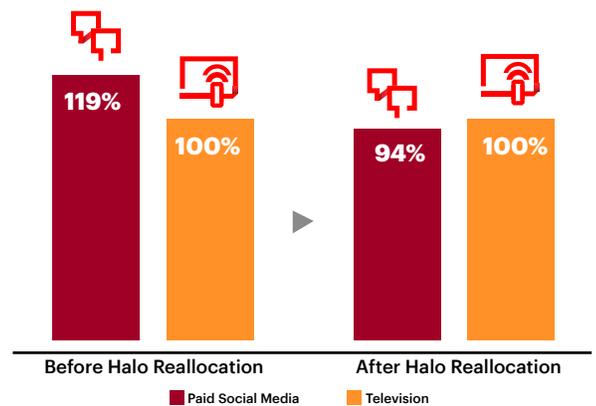
**Brand Awareness ROI of TV and Paid Search**  
expressed as a before and after on relative ROI after reallocation



**Quality ROI of TV and Social Media**  
expressed as a percentage shift due to halo



**Quality ROI of TV and Social Media**  
expressed as a before and after on relative ROI after reallocation



Source: Accenture Strategy Analysis, 2017

### **FINDING #3: TELEVISION HAS THE LONGEST MEASURED IMPACT ON BOTH BRAND AND SALES.**

We found that media in general has a strong impact on the brand metrics we evaluated, which not only builds a brand but also drives sales. Brand performance is strongly tied to sales performance, with the brand metrics we evaluated showing leading and positive correlations to sales. Paid Search, Display, and TV are especially effective, generating a strong absolute impact on brand metrics as well as on sales.

And the impact is not just seen in the short term. Previous studies have noted there is a “holdover effect” that can drive sales ROI for more than three years past a campaign (Figure 5). The same holds true with brand metrics. We found that if a brand ended advertising on TV, short-term incremental sales would decline to zero by the end of Year 1. Over the next two years, long-term incremental sales would decline to zero. Afterward, base sales would start to degrade.

### **FINDING #4: TELEVISION HELPS GENERATE A MULTIPLIER EFFECT WHEN IT'S PAIRED WITH OTHER CHANNELS IN THE SAME PUBLISHER ECOSYSTEM.**

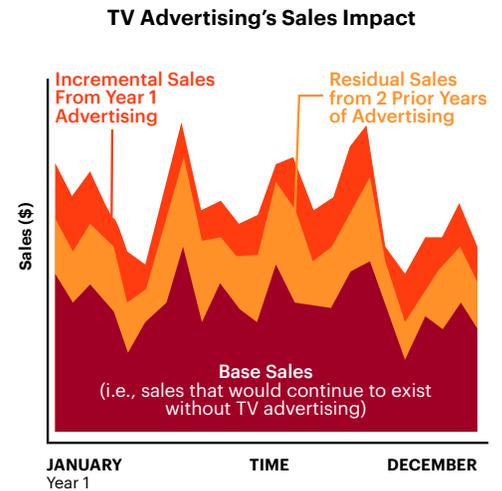
Publisher Ecosystem Buying, defined as ads bought with the same publisher on Premium Video and TV, yields higher returns than discrete single-channel campaigns.

For instance, Publisher Ecosystem Buying delivers double-digit incremental ROI lifts over TV and Premium Video discrete buys across the marketing funnel (Figure 6). The lift was most pronounced at the top of the funnel with Brand Awareness (28 percent). But the three bottom-of-the-funnel metrics—Consideration, Quality and Purchase Intent—also experienced lifts of at least 20 percent.

Furthermore, across brand metrics, Publisher Ecosystem Buying delivers an average of 60 percent lift over Premium Video and a 10 percent lift over TV in isolation (Figure 7). In other words, if a campaign were run on both NBC broadcast and NBC.com, the advertiser would experience a greater lift versus simply running an ad on an NBC broadcast or against video on NBC.com.

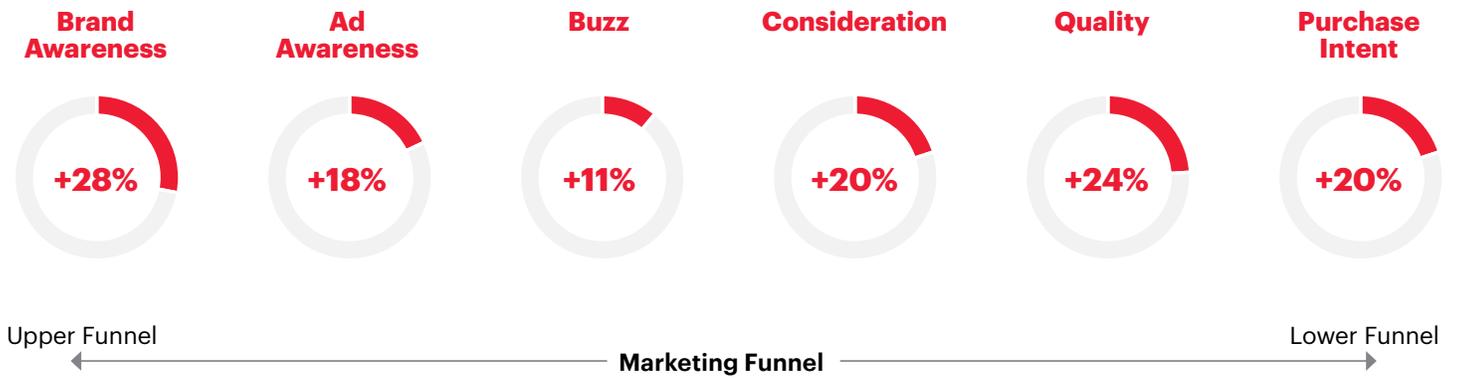
**Figure 5: TV's substantial holdover effect on sales**

ILLUSTRATIVE



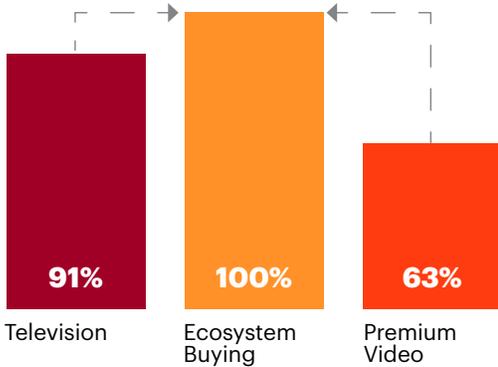
Source: Accenture Strategy Analysis, 2017

**Figure 6: Incremental ROI Lift Provided by Publisher Ecosystem Buying (expressed as a percentage lift over Premium Video and Television ROI alone)**



Source: Accenture Strategy Analysis, 2017

**Figure 7: Relative Brand Performance of Publisher Ecosystem Buying (expressed as a percentage of Publisher Ecosystem Buying, comparing Television and Premium Video)**



Source: Accenture Strategy Analysis, 2017

Overall, Publisher Ecosystem Buying of video ads performs 60 percent better than the average media channel in brand performance ROI, outperforming Display but trailing Paid Search. Breaking this down in more detail, we found Publisher Ecosystem Buying is more effective than the high-growth channels, Paid Social Media and Short Form Video, in brand ROI.

Publisher Ecosystem Buying is particularly effective in Brand Awareness and Consideration when compared with Paid Social Media. It's even more effective than Short Form Video, outperforming the latter by a large margin in brand ROI across the marketing funnel.

# **OUR RECOMMENDATIONS: WHAT MARKETERS SHOULD DO NOW**

The bottom line: With Television demonstrating a clear advantage over other channels in building brands, advertisers need to infuse more facts into their decision-making process and reevaluate how they determine their spend allocation.

## **THIS MEANS RETHINKING TELEVISION'S ROLE IN THE MEDIA MIX**

Advertisers are migrating their media budgets to digital channels with expectations for strong short-term performance. In fact, we continue to see a general over-rotation toward digital—almost all of which is based either on the security of tracking statistics that digital provides compared with traditional media programs or the channel-specific “non-attributed” ROI measures. But several of these newer media vehicles, like Social Media and Short Form Video, are simply not delivering enough brand or sales performance to justify significant increases in advertising investment.

The surprising effectiveness of TV in driving key bottom-of-the-funnel metrics (e.g., Purchase Intent and Consideration) challenges advertisers to rethink the role of TV altogether. Additional investments in TV balanced with associated increased investment in key digital channels creates a more optimal mix—specifically because of TV's halo effect with Paid Search, as well as its holdover effect on longer-term sales.

However, defining the integrated impact of media buys clearly requires looking at these integrated metrics to optimize the media mix. Doing so typically results in a recommendation to reallocate about 10 percent of media budgets currently invested in digital back to traditional forms of high-performance mass media.

## **IT ALSO MEANS CONSIDERING INVESTING IN PREMIUM CONTENT AND CONTENT-DRIVEN DISPLAY ADS**

Ads placed against more premium content—long the domain of TV—outperform ads placed against other forms of content, proving that the quality of underlying content plays an important role in brand building. But because advertisers are funneling more money than ever to Short Form Video, Premium Video continues to be underinvested—based on its comparatively strong impact on brand and sales metrics and the ongoing availability of high-value inventory.

Advertisers also appear to be overinvesting in Programmatic (Audience-Driven) Display ads, which our research found to be less effective than Content-Driven Display ads. Thus, advertisers should ask themselves if they really should continue to step up their investment in this channel given its comparatively weak brand impact. In most cases, the answer will be no.

## AND IT MEANS INVESTING IN PREMIUM CONTENT WITHIN THE SAME PUBLISHER ECOSYSTEM

We further see clear opportunities for advertisers to improve brand performance and manage costs by investing in Publisher Ecosystem Buying, which has higher creative engagement from Premium Video and TV and, thus, outperforms investments in those channels in isolation. Investment in Premium Video placement, when focused on integrated linear and premium digital placements within the same publisher ecosystem, significantly and positively impacts brand building and improves CPM-based efficiency.

## IT ALL ADDS UP TO ONE INESCAPABLE FACT: MARKETERS CAN AND SHOULD REBUILD THE WAY THEY DETERMINE HOW TO INVEST IN BRAND AND MEASURE ITS IMPACT

Our study clearly found that brand awareness statistics correlate very closely with sales, and even better, such statistics are easy to generate. If brand awareness is a close proxy for sales, there's no reason marketers should still invoke John Wannamaker when it comes to understanding their advertising's effectiveness. The metrics, technology, and process to know how effective the entire ad mix is—and make changes to optimize it—exist.

How can marketers get started? It begins with thinking about what they need to do in four key areas to get far better at determining how to best spend their precious resource:



### DATA

Marketers need to use the many sources of data available to evaluate the impact of investments on branding and on category, and need to adopt a formal way to gather media expenditures across all channels at the publisher level.



### TECHNOLOGY

Marketers should invest in systems to make data available to media planners and executives to help them more effectively evaluate media efficacy.



### ANALYTICS

Marketers should embrace analytics that enable them to associate their media spend with brand awareness and sales data.



### PROCESS

Media planners should develop a new process for how they think about media ROI, using data and insights generated by analytics to manage short- and long-term planning and optimize spend at the publisher level.

Importantly, marketers should avoid the temptation to just look at the in-period return. Brand building is not a concern for this week or next week. It's a lifelong investment a company will never stop making. But a company first needs to get control over it, and the approach just described is the foundation for doing so.

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Marketers **can**  
**and should**  
rebuild the way  
they determine  
how to invest  
in brand and  
measure its  
impact

Recent media reports that challenges in the industry—punctuated by brand-safety issues—have marketers weighing whether they should be focusing their advertising money on higher-quality content. As our study shows, that’s a smart move if marketers want to improve brand and sales performance. But they need to do more than simply make a short-term shift in spending in reaction to specific events. To more effectively allocate spend over the long haul, marketers need to take advantage of the data, tools, and practices now available to make deep changes to their decision-making capabilities and fundamentally change the way they plan and develop media plans – certainly for TV, but also for digital.

For instance, our research found data sources such as the Brand Index study provide sound contextual insight on the effectiveness of all media to create brand value. This insight aligns closely with sales, so it’s a good proxy for both long-term brand health development and short-term sales realization. Media planners—both at the advertiser and the agency—should use such information to evaluate the operational effectiveness of media planning, campaign by campaign. By using new analytics to scrutinize campaign allocations, media planners can reduce the 8 percent of media money our research found is currently misallocated (when used to optimize brand value) and boost media ROI by 5 percent to 10 percent over its current value.

For their part, networks have to do a better job articulating the ROI their medium generates. As our research found, Television is crucial to long-term brand value development; however, it also has a surprisingly strong impact on short-term sales effectiveness. Yet many large advertisers’ current media allocations don’t fully appreciate this fact. Furthermore, network ecosystems that offer both TV and digital outlets are in a great position to drive higher ROI for advertisers—and they shouldn’t be shy about saying so. Finally, media outlets can help advertisers improve media budgeting and performance by providing more transparency and advanced analytics that give advertisers a much clearer view of the ROI they can expect to receive.

For too long, advertising has often been more of a shot in the dark than a measured, fully informed bet. New analytics capabilities can change that by restoring rationality to advertising allocation—and dramatically improving the return on those investments today and tomorrow.

# APPENDIX

Accenture Strategy's research considered the relative impacts of ad channels across multiple dimensions.

## Who we looked at:

- Our sample includes Fortune 500 companies that collectively represent more than \$12 billion in anonymized marketing spend and a diverse set of brands spanning the automotive, retail, telecom, finance, and consumer packaged goods industries.
- Our study uses spend and brand impact data covering a three-year span, from 2014 to 2016. Econometric models were built using Brand Index data and data from Accenture's media analytics practice that captures digital and TV advertising activity.

## Which dimensions we looked at:

- We evaluated six key brand metrics due to their high correlation with sales and relative positions on the marketing funnel:
  - Upper funnel:
    - » Brand Awareness: Survey based score pertaining to, "Which of the following brands have you ever heard of?"
    - » Ad Awareness: Survey based score pertaining to, "Which of the following brands have you seen an advertisement for in the past two weeks?"
    - » Buzz: Survey based score pertaining to, "Over the past two weeks, which of the following have you heard something positive or negative about?"
  - Lower funnel:
    - » Consideration: Survey based score pertaining to, "When you are in the market to purchase, which would you consider purchasing?"
    - » Quality: Survey based score pertaining to, "Which of the following brands do you think represents good quality?"
    - » Purchase Intent: Survey based score pertaining to, "From which of these would you be most likely to purchase?"

- We also looked at Brand Performance, a composite measure that averages the evaluated metrics to review overall brand impact.
- And the media channels we covered included seven digital channels as well as Television:
  - Digital channels:
    - » Display: Advertising on websites, in static or rich media form, bought directly, via programmatic, or through third party exchanges
    - » Paid Social Media: Hyper-targeted advertisements displayed on Social Media sites
    - » Paid Search: Advertising that increases the visibility of brand websites in Paid Search engine result pages
    - » Premium Video: Ads placed against feature-length, TV-quality digital video
    - » Short Form Video: Ads placed against shorter-length digital video
    - » Digital Print: Native advertising and banner ads displayed on digital news sites
    - » Internet Radio: Audio advertising and banner ads placed against internet radio services
  - Television (TV):
    - » Broadcast vs. Cable: Analysis was performed to understand the impact on broadcast TV networks versus cable TV properties
    - » Primetime vs. Non-Primetime: Analysis was performed to understand the impact on primetime (as defined by network) versus non-primetime

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