

Out of the Shadows

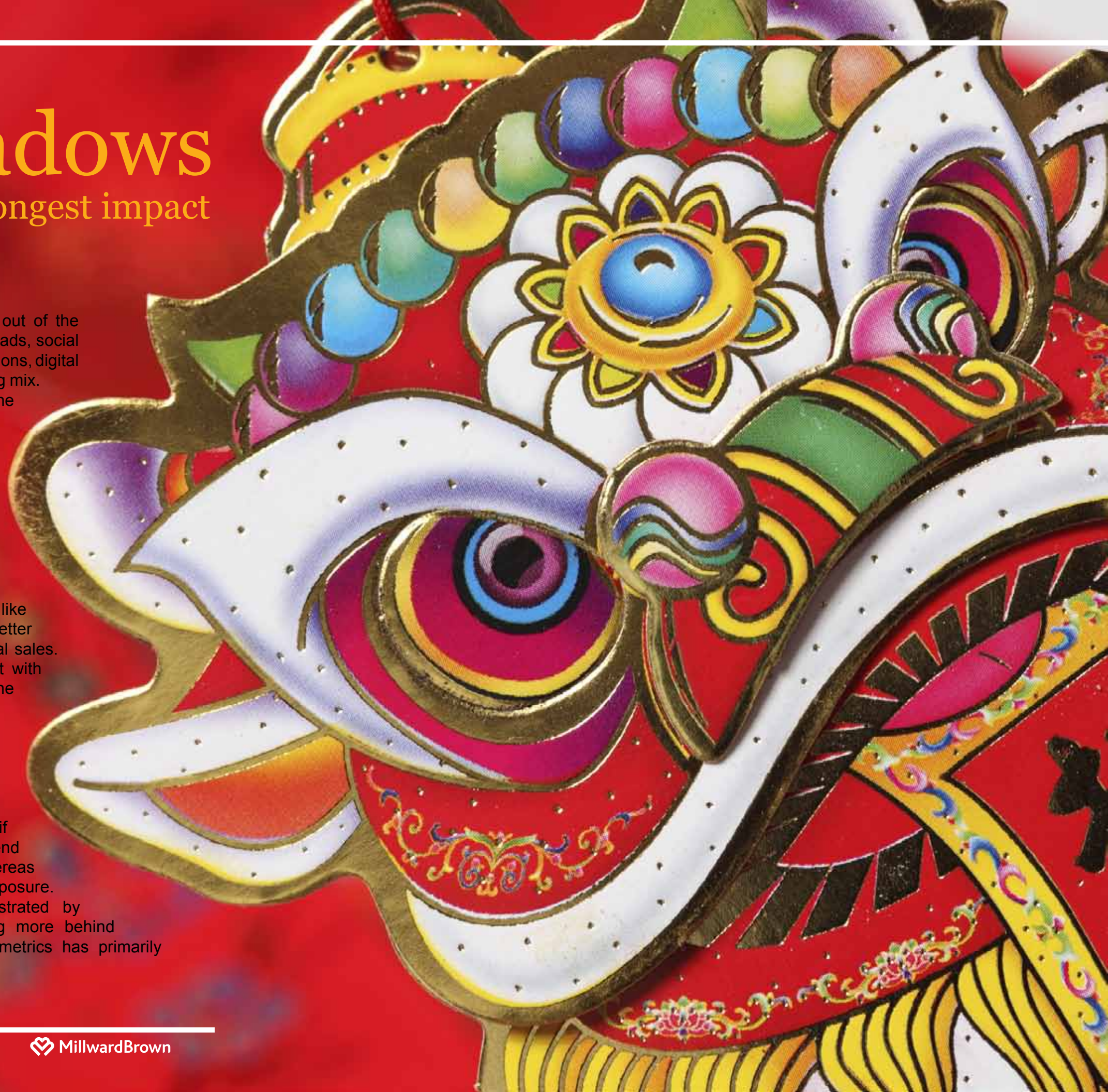
Digital advertising in Asia has strongest impact

ASIA NOW EMBRACING DIGITAL

The digital advertising industry in Asia is only now starting to grow out of the decade-long shadow of the west. As Asian companies leverage display ads, social media and mobile to build brands and influence consumer purchase decisions, digital advertising has become an indispensable element of the Asian marketing mix. Offering nationwide coverage for a fraction of the cost of other media, the adoption rate of digital advertising in Asia has been exponential over the last 10 years as companies recognize that they must go beyond the boundaries of traditional media in order to reach their target audiences.

ADVERTISERS IN ASIA BECOMING SAVVIER AND RECOGNIZING CLICK THROUGH IS NOT ENOUGH

As investment in digital marketing continues to grow in markets like China, India, Korea, Philippines, and Indonesia, so does the need to better understand the ROI in terms of brand impact and potential incremental sales. Like the west, Asia's professionals involved in online media are met with increasing scrutiny surrounding the medium's true branding value. At the end of the day we are in the business of maximizing awareness and purchase; not friends, registers or likes. Although digital advertising has provided valuable performance-based behavioral advertising metrics, it has also ignited an Asian renaissance in understanding brand value. All savvy marketers across Asia have learned that looking at click-through rates is not enough. In fact, most feel they can be a misleading indicator for a campaign's success or failure if brand building is the key goal. For example, click-through rates tend to decrease the more a consumer sees an online ad, whereas brand measures can increase with higher frequency of exposure. Marketers, media agencies and publishers in Asia are still frustrated by the lack of hard evidence available to make a case for investing more behind digital. Until now, most information about how digital shifts brand metrics has primarily been available in the US and Europe.

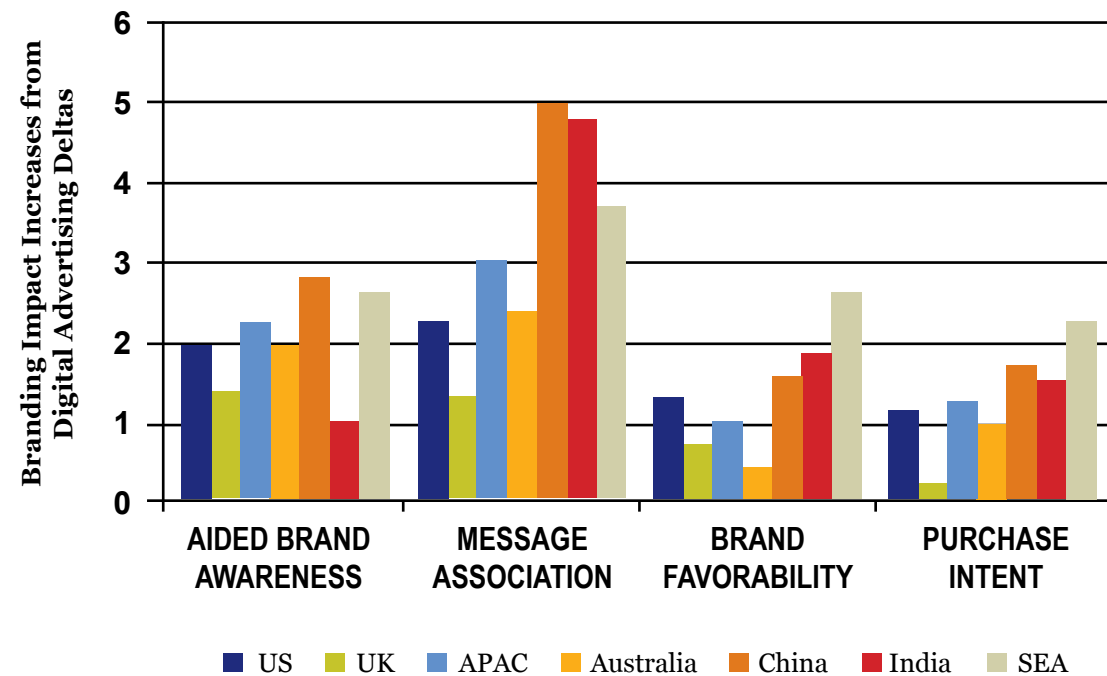


ASIA MARKETNORMS® NOW AVAILABLE

Now for the first time, via Millward Brown Dynamic Logic's analysis of digital campaigns in Asia, the marketing and media community can gain concrete insights into the function of digital in their markets. This is a major step forward for both Millward Brown and our industry. This new normative data will provide marketers with a better understanding of their ROI in Asia, and will give media companies a much needed tool to demonstrate value to their clients. Millward Brown has evaluated over 6,000 international campaigns and over 200 campaigns in Asia to gauge the brand impact of digital advertising, resulting in normative benchmarks for over 30 measures ranging from awareness to message communication and persuasion. Recent analysis of Millward Brown's MarketNorms® (Q1/2011) shows that Asian digital advertising campaigns can build brand awareness and purchase intent very well, moreover Asia's consumers are responding to online advertising more strongly. Deep-pocketed traditional brand marketers in Asia are migrating even more of their ad budgets online due to seeing consistent data on the branding power of digital. For smaller Asian markets, this is just further confirmation of the need to increase investment in digital advertising to yield higher ROI.

The Millward Brown MarketNorms® chart on the right shows an average digital advertising impact score for different geographical locations. When looking across the total normative database for four advertising

brand metrics (Aided Awareness, Message Association, Brand Favorability, and Purchase Intent), it's clear how much digital advertising differs by location in terms of its potential to grab attention or persuade a consumer. The chart below shows the average increases (or deltas) for respondents who were exposed to digital ads over those who were not (control group).



Source: Millward Brown MarketNorms® Q1/2011

INITIAL ASIA LEARNING

While the results show that the medium is helping to “move the needle” for all locations, APAC markets are outperforming the UK and US on most key brand metrics. This disparity is further highlighted when you consider that digital campaigns in APAC are 1/5 the cost of campaigns in the US and UK for most multi-national companies.

Message Association is a particularly vital measure of brand health in Asia. With brand knowledge and equity for many multinationals being lower in APAC, marketers want to measure the recall and recognition of their key communication message among audiences targeted with online advertising. Message Association is the ability of a consumer to link a specific brand such as Nike with a specific message, “Just Do It.” *Advertisers in Southeast Asia, China, and India have been particularly efficient at developing campaigns with strong Message Association.* Message Association in these markets is more than twice the global average. Part of this success in Asia can be attributed to a “novelty of medium” effect which has less to do with the digital advertising content itself as creative diagnostics in Asia are on par with global averages.

Many marketers were surprised by the below-average results in Brand Favorability in Australia. Historically, the Australian advertising community has fully embraced the usefulness of digital advertising in the marketing mix. However, many Australian advertisers remain focused on direct response metrics such as clicks, instead of changes in brand attitudes and opinions. Brand building requires subtle changes in the way that digital advertisers think



about their craft, focusing on branding and simple messaging within online ads. Australian marketers adapting to these requirements have been successful at influencing Favorability and Purchase Intent. In India, digital advertising is increasingly viewed as a branding and engagement process that includes associated thoughts, feelings, perceptions, images, experiences, beliefs and attitudes toward the brand. Marketers in this market consistently leverage digital to increase Brand Favorability and Purchase Intent while leaving awareness building to traditional mass media.

These two digital advertising strategies influence the “path to purchase” at different stages. The Branding view, dominating the Indian market, means allocating advertising budgets to building brand equity and establishing a brand's value proposition in the minds of their target audience. The ROI from digital branding campaigns will primarily occur in the future. Direct response digital advertising, on the other hand, is focused to close a sale or a transaction immediately with a short-term view of advertising.

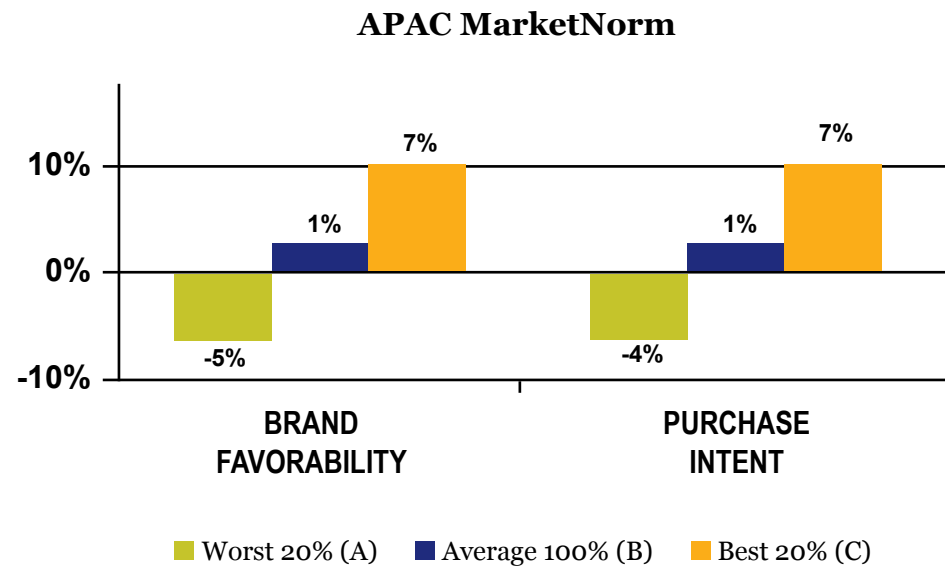
FREQUENCY OF EXPOSURE LEARNING

In digital advertising, effective frequency is the number of times a person must be exposed to an online ad before any incremental branding impact is delivered and before additional exposure is considered wasteful. Optimal frequency will vary by category and region. Frequency capping means restricting (capping) the amount of times (frequency) a specific visitor to a website is shown a particular digital advertisement. According to the MarketNorms® database, most campaigns in Asia will generally reach diminishing returns for Aided Brand Awareness (ABA) and Message Association (MA) at 5 exposures. As a result, the recommended frequency cap is 5-7 if the campaign goal is ABA and/or MA. Consistent with other regions, Brand Favorability is typically maximized at a higher frequency so 10-15 exposures is the recommended frequency cap in Asia. Purchase Intent on the other hand requires only 8-9 exposures.

WORST 20% OF DIGITAL CAMPAIGNS ARE HAVING A NEGATIVE IMPACT

A shockingly large percentage of campaigns fall short of their potential. Millward Brown found that the worst performing digital ads had the ability to negatively impact brand metrics, as seen in the chart below.

In fact, according to the database the worst 20% of digital campaigns are having a negative impact on the brand being advertised. To put this in real terms, at least 1 in 5 dollars spent on digital advertising in Asia is not only being wasted, but is damaging the brand.



Source: Millward Brown MarketNorms® Q1/2011

HOW IT WORKS

Millward Brown has conducted over 6,000 AdIndex studies among more than 8.7 million people. 5,909 studies have been aggregated into our normative database, MarketNorms®. These surveys evaluated over 207,000 creatives across a dozen plus industries and hundreds of websites. The data is used for planning and benchmarking online ad campaigns. You can now input costs to determine which are the most cost effective elements when planning your online branding campaigns.



FOR MORE INFORMATION ABOUT ADINDEX OR A DEMO OF THIS TOOL, PLEASE CONTACT: christopher.madison@millwardbrown.com

About Millward Brown

Millward Brown, a leading research company with expertise in measuring digital advertising and marketing effectiveness, is part of Kantar, the information and consultancy arm of WPP. Our solutions and custom services provide advertisers, agencies and media companies the knowledge to optimize advertising performance during each stage of the advertising cycle. Millward Brown's MarketNorms® is the only normative database evaluating the effectiveness of digital advertising campaigns in Asia.