

Online or Traditional Advertising, What's Better for Brands?

The booming interest in digital advertising may not be enough to get consumers to purchase your brand.

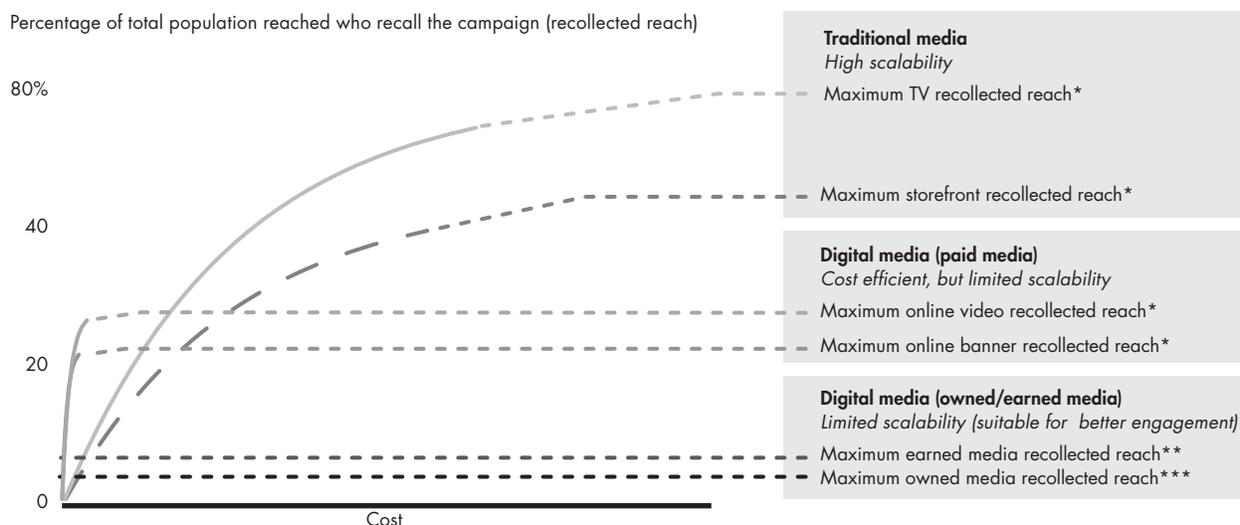
Even the most data-driven company is working blindly when it comes to understanding what it gets from spending on digital advertising.

Digital media is great for reaching a specific set of consumers with targeted messages quickly, efficiently and at a lower cost. But new Bain & Company research has determined that it is far less effective than traditional media in getting consumers to recall, that is, bring back to mind, an advertisement for a well-established fast-moving consumer goods product and may not be enough to increase their interest in purchasing the product. These findings emerged from research conducted for a major consumer goods company in a developed market,

and are important for companies struggling to calculate their returns when determining the right mix of digital and traditional advertising investments.

We compared four types of media—online banner ads, online video, TV as well as storefronts—analyzing the cost for each additional 1% increase in reach and the rate at which viewers recalled the ads (see Figure 1). As expected, digital media is less expensive for reaching a limited group of consumers. However, the “recollected reach”—the percentage of total population reached who recall a campaign—is lowest for digital media (online banners and videos), hitting a ceiling at around 30%. By comparison, television advertising is far more scalable. While it is more costly than digital media for reaching relatively few consumers, TV messages are recollected at a higher rate—as high as 60%, according to our study. By repeating the same ad, a brand using traditional media gains incremental reach and increases its recallability among those already exposed to the ad.

Figure 1: The percentage of the population who can recall a campaign varies by media



Notes: Curves are calculated from survey results; dotted lines represent maximum recollected reach, which is estimated from the various sources mentioned; a company's tweets are an example of “earned” advertising while company websites and apps are examples of “owned” advertising.

*Estimates based on what percentage of population uses the media and what percentage of people on average can recall a campaign they saw on that media

**Estimates from the most-followed corporate Facebook accounts

***Estimates from the most-viewed corporate websites

Source: Consumer surveys conducted in 2015 (n=greater than 25,000)

Recallability is one step in the process. The next question is whether it will actually trigger changes in consumer purchase behavior. To get the answer, we analyzed purchase intent apart from tracking costs and viewer recall, and our findings held consistent across traditional options (such as television, billboards and in-store promotions) and digital media formats (such as digital banners, videos, tweets and advertisements on company websites). While brands may assume that digital media is better because it gets people to engage better and the message can be broadcast to a more specific target group, our research found that purchase intent increases with multiple exposures to different types of media—not digital alone. Purchase intent reached 80% for those encountering an ad on many different media types, including digital and traditional.

The implications are different for different types of brands. Big brands with mass appeal and high awareness benefit from “reach and repeat.” Our work with consumer goods companies around the world has determined that winners do the best job of anchoring a brand in consumers’ long-term memories, broadcasting the brand’s messages widely enough to the largest possible swath of consumers. Because individuals can remember only a limited number of brand names and retain only a few messages, staying top of mind takes consistency, persistence and repetition. Given the scalability of traditional media and digital media’s limitations for consumer recall, big brands get a better return on their investment in traditional media when it comes to refreshing existing memories.

Smaller brands with mass appeal can benefit by starting out with digital media—which is more cost-efficient initially—and then adding traditional media as they gain scale.

Brands in niche categories need to focus on targeting and engaging their customers. Here, the best benefits will be achieved by emphasizing digital media, including a mix of “earned” advertising such as tweets from a company account and “owned” advertising on company websites or company-owned apps.

It won’t necessarily stay this way. The media world changes rapidly. Lower recallability in digital media may reflect the fact that the current format and content of online ads is not designed to be scalable. However, if the online media develops new formats and content that can boost recallability and reachability, then digital media’s appeal will grow. For now, at least, traditional media is still an indispensable channel for many brands. 

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