



**Shared stories:**  
**building brand in the digital age**

Facebook Australia

2018

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# Executive summary

## Australian businesses are not all recognising the value of brand.

It is difficult to precisely measure the value of a brand. However, there can be no doubt that brands can create significant value for a company.

Strong brands create emotional connections between a business and its customers. This can generate substantial value; the top 100 brand assets in Australia were worth a total of \$143 billion in 2017 (Brand Finance Australia, 2017).

Businesses that have strong brands are also significantly more profitable. In the year to 2017, the 100 businesses with the most valuable brands in US had net profits rates 42.9% higher than overall S&P 500 (Millward Brown, 2017).

Yet despite its importance and clear value to a business, a fresh survey commissioned for this report found that only 17% of Australian marketers see brand as their most important objective.

Failing to recognise the importance of brand comes at a cost. We found that businesses whose brands stagnated over the past year also saw their revenues fall by 13% on average over this period. For a business with annual revenue of \$1 billion, this represents a potential fall of \$130 million in revenue.

Successful brands bring broader benefits than just revenue. They can translate to better product differentiation, customer loyalty, staff attraction and premium pricing.

In this context, Facebook has engaged Deloitte to explore why brand is being overlooked, and highlight how businesses can build a brand in today's modern world.

## So why are some Australian businesses lagging behind?

With a continually evolving landscape, the basic principles of marketing are being updated. We found five trends that are shifting the paradigm and shaping what businesses need to do to successfully build a brand.

### Consumers are not where they used to be.

A single channel, mass-broadcast approach no longer has the same reach. For example, even over the last year, the average time that people spend watching broadcast TV has decreased by 8%. In some groups, the trend is even stronger; 25-34 year olds today watch 17% less TV than they did just one year ago (Oztam, 2018).

On the other hand, consumption of other media is increasing; consumers are now spending almost 3 hours a day viewing content on their phones (Oztam, 2018).

Brands have always needed to be where their audiences are most present. With the rapid change in consumer behaviour, marketers need to develop additional techniques for expanding their brand strategies to engage with an increasingly mobile and social audience.

**The fight for attention is real.**

Consumers' attention spans have shortened.

More than three-quarters (76%) of Australians watch TV and use the internet simultaneously (Oztam, 2016). Buying an advertising slot on prime time TV doesn't guarantee that consumers will hear the message.

Maintaining consumer attention is getting harder on every screen. When given a choice, 77% of viewers will skip an advertisement played before a video (Deloitte, 2017).

To cut through, brands need to rethink the way they tell stories, and consider omni-channel approaches.

**Difficulties measuring effectiveness across different touchpoints.**

Leading companies use a combination of traditional and digital techniques to better measure success against a core objective. But there is a long way to go. Less than half of the businesses surveyed (44%) use cross-channel measurement to quantify marketing success. This could create misunderstandings of what is actually driving impact, hindering future planning.

Nearly 58% of businesses see the inability to measure across channels as the highest barrier to developing more effective campaigns. Yet businesses understand its importance – accurate measurement across channels is expected to be the number one driver of change in marketing strategy in the future.

**Structures and incentives are often not aligned.**

Organisations and their agency partners must be set up in a way so that they can best understand, react and communicate to consumer needs. Product siloes are creating inconsistent and sometimes wasteful marketing messages. In our case studies, we found that ANZ had seen a dramatic improvement in their brand performance by restructuring their teams and agencies to be more consumer focused.

As well as structuring the organisation appropriately, decision-making must be shared to enable a brand to be nimble and responsive. We found that 61% of marketing strategies had to be approved by the CEO. While this is one way to deliver consistency, it creates additional time consuming layers of approval and can take consumer marketing decisions out of the hands of the individuals best qualified.

**Short-term business focus comes at the expense of the long term.**

A brand is not built in one campaign, nor is its impact seen immediately. Businesses that focus only on short-term or direct impacts miss an evolving relationship that builds with consumers over time. In fact, we find that businesses who focus on long-term metrics are 1.3 times more likely to experience an improvement in their brand performance than companies which only measure short-term sales.

Our survey showed that 68% of businesses are using campaign specific sales metrics (such as ROI) as one of their measures of overall marketing success. Focusing heavily on short-term metrics means that some businesses are potentially optimising their work towards the wrong signals.

Ultimately, businesses need to use short- and long-term metrics together. Short-term metrics should guide more tactical elements such as creative, while longer-term measures can inform strategic direction and budgeting.

**There is a desire and recognition that change must happen.**

More than three-quarters of surveyed marketing professionals (78%) identified having an effective omni-channel approach and measuring its outcomes as crucial for future success.

And for good reason. A well-executed advertising campaign across 4 or more channels, all well integrated, is 27% more effective at delivering brand impact (KMB, 2018).

**Those taking the steps are reaping the rewards.**

Digital and social media are platforms where you can build brands where consumer attention is, but also enable businesses to communicate in new ways.

More than half (51%) of Australians agree that a business's use of social networking sites has improved their perceptions of the company or brand (Deloitte 2016). Our survey revealed that businesses that spent an above-average proportion of their marketing budget on social media reported 7% more revenue growth on average.

If marketers fail to adapt to these changes or recognise the opportunities, they risk diminishing returns on their tried and tested brand strategies, which in the long term will affect their business. With 28% acknowledging a decline in their brand value in the last 12 months, this is a trend we are already seeing.

Businesses in today's highly competitive market cannot afford for their brands to stagnate.

In the paper we explore these themes in more depth and outline steps to ensure your business remains relevant.



# 1. Introduction

A well-developed brand can help a business to differentiate their products, create and maintain a reputation, and build customer loyalty. To reap these benefits, businesses need to understand how to develop their brand in a changing environment.

The value of a brand is determined by a number of factors – from product quality and customer service through to logos and trademarks. One key contributor to brand is marketing and communications. This is one of the primary ways that businesses communicate their story with both existing and potential customers.

Yet the marketing industry is changing rapidly. New technology means there are new channels which offer different ways for engaging with customers. And just over the horizon, marketers are expecting that new methods to measure their own success will drive their marketing strategy.

Marketing professionals that do not keep pace with these trends risk a stagnating brand.

In this context, Facebook Australia has engaged Deloitte to explore how a business can effectively build a brand in a digital age. This report explores this topic using a mixture of academic research and new data.

This involved a new, bespoke survey of 300 marketing professionals from Australia and New Zealand. One-on-one interviews were also held with Chief Marketing Officers at various stages of the brand development journey along with a workshop with senior marketing executives from advertising agencies and business.

The remainder of the report is structured as follows:

- **Chapter 2:** demonstrates that businesses are not paying enough attention to their brand
- **Chapter 3:** explores the reason why Australian businesses are lagging behind in brand development
- **Chapter 4:** analyses how marketers are trying to keep up with the latest developments in technology
- **Chapter 5:** provides a business case for using digital and social media channels to build brand
- **Chapter 6:** identifies tips for organisations to enable effective brand building in the digital age.

## Survey of marketing professionals

This document presents fresh insights into marketing strategies, the views of marketers and how businesses are building brands today. This is based on a bespoke survey of 300 marketing professionals from Australia and New Zealand.

### The survey questions were intended to provide insights into:

- current marketing activities
- recent performance of their marketing activities and brand
- their top marketing objectives
- the role of different channels in their marketing mix
- future trends in the marketing profession.

The survey was a Computer Aided Telephone Interview (CATI) was by IPSOS Australia between February and March 2018. Respondents were marketing managers, marketing directors, or chief marketing officers. Further details about the survey are available in Appendix A.



## Finding new customers at Kathmandu

Kathmandu is a 30 year old travel and adventure brand, born in Christchurch, New Zealand. As Kathmandu has grown, its group of loyalists have aged too, most notably people over 45 years of age who are outdoor enthusiasts and now have families. The challenge for Kathmandu was to appeal to new audiences of younger adventurers.

Competition in the outdoor industry is fierce, with strong technical and environmental credentials across the industry. Kathmandu needed to refine its positioning and find a path to connecting with the next generation of adventure travellers. It also needed an agile way to scale beyond its home markets in Australia and New Zealand.

Digital transformation has provided compelling opportunities to reach these new audiences. Kathmandu's purpose – to provide people with the confidence to discover the World – was critical to land first. The creative challenge was to resonate with the desired emergent audience, without alienating Kathmandu's most loyal "Summit Club" members. Kathmandu worked closely with Facebook's creative team to understand how these audiences connected with brands on its mobile platforms, as a means of informing their creative process.

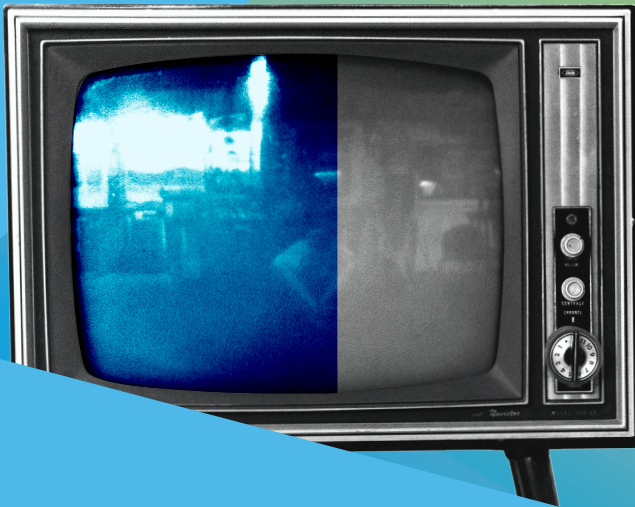
Digital tools, analytics and partners have helped Kathmandu better understand its customer segments, which proved useful in guiding its positioning and communications strategy.

From a communications planning and channel standpoint, Kathmandu needed media efficiency with mass reach to younger (new) and older (existing) audiences. With people spending more time on mobile and with a specific audience in mind, Kathmandu leveraged digital channels to connect with existing and potential customers. In retail, this all needed to be tied back to sales and specific brand and media spend effectiveness. One of the truly compelling elements of Kathmandu's mobile-led digital journey has been its ability to tie specific activities to commercial outcomes, both online and instore.

# CONSUMER DEMAND

# 58%

see the inability to **measure across channels** as a barrier to making **more effective campaigns**



## 2. Businesses are not all recognising the value of brand

Brands are a significant source of value and deliver substantial benefits for a business. Yet many marketers and businesses are underestimating the importance of brand.

Our survey found that only one in five (17%) marketers believe that building brand is the most important objective of their marketing strategy. Perhaps as a result of this lack of focus, **over one-quarter of marketers think that their brand has stagnated or declined** over the last twelve months.

### 2.1 The value of brands

A well-developed brand can be very valuable to a business. Brand Finance Australia (2017) estimates that the **top 100 brands in Australia were worth a total of \$143 billion in 2017**. This is almost half (45%) the value of the intangible assets of the 1000 largest companies in 2016 (Deloitte analysis based on IBISWorld 2017).

Even this estimate does not capture the full value of brand. Research by Deloitte has revealed businesses may be underestimating the true value of their brand. Existing accounting frameworks only value intangible assets acquired through purchasing, while omitting those developed internally. For ASX200 listed companies, this omits an average of 48% of the value of the company (Deloitte, forthcoming). Indicative research amongst non-executive directors indicates that over 70% of boards are not informed of brand value on an annual basis (Deloitte, forthcoming). Better visibility over assets such as brand would lead to more appropriate management and investment in these difficult to measure assets.

Investment in brand can have large financial implications for a business. Our survey found that those businesses whose brand performance had stagnated over the past year saw their revenues fall by 13% on average. This represents \$130 million in foregone annual revenue for a business with annual revenue of \$1 billion.

The converse is also true. In the year to 2017, the 100 businesses with the most valuable brands in US had net profits rates 42.9% higher than overall S&P500 (Millward Brown, 2017). Stronger brands can generate increased profits, enable greater product differentiation, customer loyalty, talent attraction and even justify premium pricing.

### 2.2 Business underestimating the importance of brand

Despite the value of brands, many marketers are not prioritising brand in their marketing strategy. **Only one in five (17%) say that building brand is the most important objective of their marketing strategy** (Chart 2.1), with many citing increasing sales and revenue, building customer engagement and increasing market share as equally or more important than building brand.

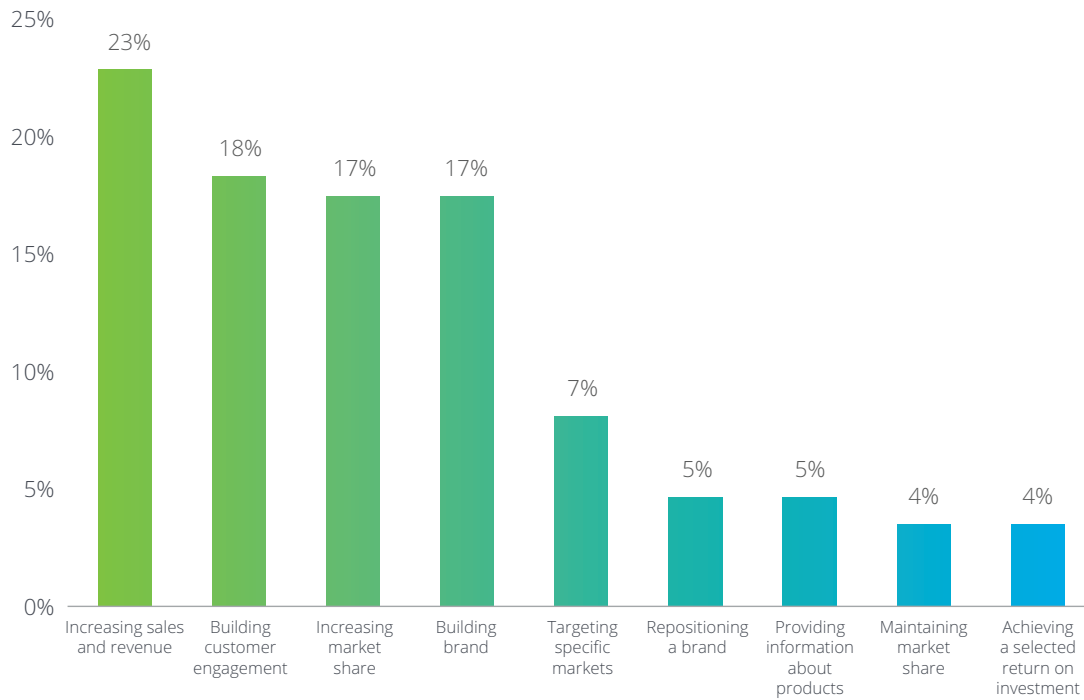
2.3 Brand performance has been mixed

Perhaps as a result of this lack of emphasis on brand, many brands today are performing poorly.

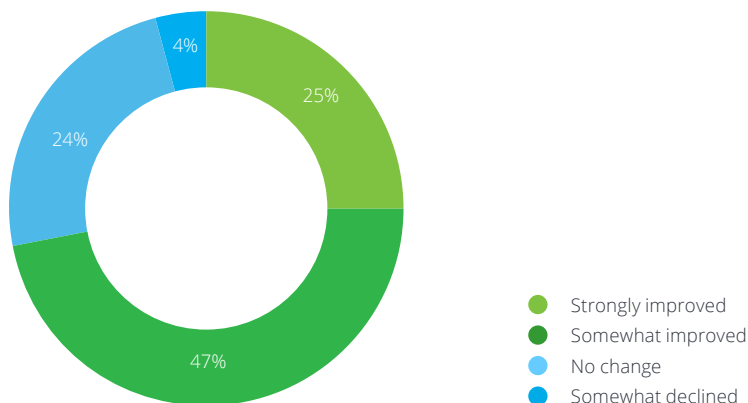
Our survey of marketing professionals shows that brand performance over the past 12 months has been somewhat lacklustre. Over one quarter of marketers (28%) think that their brand has stagnated or declined during this time, as shown in Chart 2.2. This is high considering it is a self-assessed measure.

Brands are also struggling to create an emotional connection with consumers. For example, most consumers wouldn't care if three out of four brands they use every day disappeared (Meaningful brands, 2017). Forging an emotional connection requires brands to understand and reflect the core values held by their customers (Deloitte, 2018). In the digital age, this requires not only messages that are relevant but also relevant methods of delivery.

**Chart 2.1**  
Top marketing objectives for marketing professionals.  
Source: Deloitte analysis & IPSOS (2018)



**Chart 2.2**  
Change in brand performance over the last 12 months.  
Source: Deloitte analysis & IPSOS (2018)



# BRANDS ARE DECLINING

only **1/5**



say that **building brand** is the most important objective of their strategy

# 3. Why are businesses lagging behind?

With a continually evolving landscape, the basic principles of marketing are being updated. We found five trends that are shifting the paradigm and shaping what businesses need to do to successfully build a brand.

## 3.1 Consumers are not where they used to be

A single channel mass broadcasting approach cannot reach a brand's entire audience anymore. For example, the average time spent viewing broadcast TV per month has declined 8% in the past 12 months. Yet even this masks strong declines in certain age groups such as the 25-34 year olds who watched 17% less on average than 12 months ago (Oztam, 2018).

On the other hand, today 88% of Australians own a smartphone (Deloitte, 2017), and on average, we spend 3 hours on our phones every day (Oztam, 2018). Similarly, nearly 80% of Australians now use social media (Sensis, 2017).

Artificial intelligence enabled voice assistants provide a new interface for businesses to interact with customers. While the technology is still in early stages, it is anticipated that voice activated interactions will grow exponentially. Already, 45% of adults have access to voice assistants, with 37% of them using these voice assistants daily (Forrester, 2017, Gartner, 2017).

With the rapid change in technology and consumer behaviour, marketers need to develop additional techniques for expanding their brand strategies to engage with an increasingly mobile and social audience.

Marketers are realising the importance of new technology with four in five of those we surveyed saying it will drive change in their marketing strategy over the next five years.

## 3.2 The fight for attention is real

Consumers attention spans have shortened. We are subject to more information than ever before; on average, we consume over 5,000 advertisements every day (Media Dynamics, 2014). The volume of information makes it harder to cut through, with only 12 of the 5,000 advertisements making an impression (Media Dynamics, 2014).

Even a best-in-class campaign in a medium might not be enough to capture attention, as a consumer's attention is divided amongst multiple screens. More than three-quarters (76%) of Australians watch TV and use the internet simultaneously (Oztam, 2016).

Multi-screening means that brands need to compete across channels. For example, Chart 3.1 shows that consumers may shift their attention to other mediums during commercial breaks.

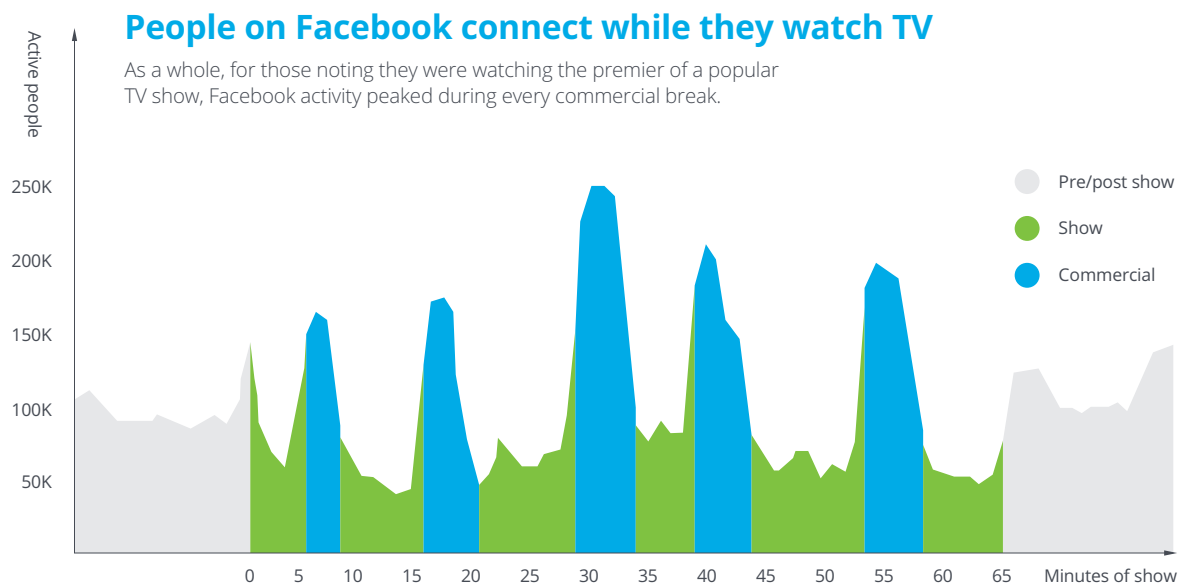
Maintaining consumer attention is getting harder on every screen. When given a choice, 77% of viewers will skip an advertisement played before a video (Deloitte, 2017). Meanwhile, nearly half of viewers pay more attention to an ad they can skip than an ad they cannot.

To cut through, brands need to rethink the way they tell stories, and consider omni-channel approaches.

**"Consumers are snacking on shorter and shorter content. Marketers need to be designing short, accessible content in the first instance, rather than designing for a 30 second slot and cutting it back."**

**Matt James**  
CEO, Publicis Media

**Chart 3.1**  
Active users  
of social media  
during a popular  
TV show.  
Source:  
Facebook data



## CASE STUDY

# Influencing the crowd at HiSmile

HiSmile has received significant success with its social media focused marketing strategy.

It was their strategic partnerships with high profile influencers such as Kylie Jenner and Conor McGregor which pushed the start-up to a critical mass of customers and built trust, early on. Justin Gaggino, operations manager at HiSmile, explains, "From the beginning, we knew influencers were going to be a core part of our marketing strategy – they're the ones our market listens to." HiSmile invests heavily in paid social advertising to reach their young customer base, but also benefits from earned social advertising. To encourage sharing, they have designed a brand advocacy program which rewards brand advocates, "We want our customers to become our advocates."

It is a combination of a customer-centric culture, agile mindset and the ability for the business to continually respond and execute on customer feedback that has been critical to HiSmile's success. An iterative, test and learn approach is firmly embedded into the company's culture. "We're continually making small improvements to our products and experience based on feedback and data from our platforms, and testing new content on our channels, every day."

While Gaggino acknowledges driving new sales is important, he stresses keeping their existing customers happy is the most sustainable and effective way to grow and scale the business.

Understanding what technologies are available in the market can not only drive more efficiencies, but save time and cost. At HiSmile, marketing technologies have been leveraged to automate otherwise complex marketing processes and flows. They also have a partnership with a social advertising optimisation platform, which has helped them derive greater efficiencies from their social channels.

3.3 Difficulties measuring effectiveness across different touchpoints

Marketers are often forced to measure the effectiveness of each medium on the basis of direct measures. For example, broadcast media might provide analysis of viewership, digital mediums could provide data on cost per click.

Yet customer journeys are more complex, with multiple touchpoints. Research by Nielsen (2016) has revealed that consumers will only head to a physical store once they've conducted online research, compared prices and/or searched for deals.

Most marketing measurement systems have not evolved to allow marketers to capture this complexity, and measure the impact of various channels on a holistic individual customer journey.

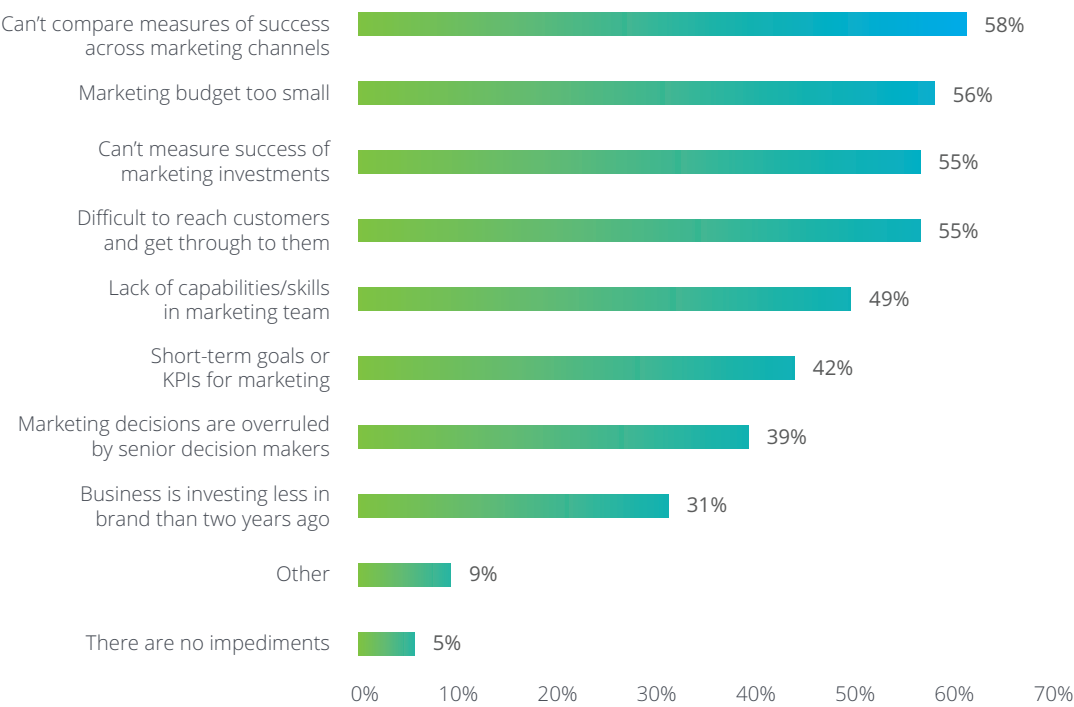
Less than half (44%) of marketers today are using cross-channel measurement to quantify marketing success. In fact, the most commonly cited barrier for improving marketing effectiveness for professionals is that they can't compare success across their marketing channels (see Chart 3.2).

This is beginning to change, with new measurement systems allowing marketers to understand multiple touchpoints. This could have a significant impact on strategy; in fact, it is the most commonly cited driver of change in marketing strategy going forward.

“An annual or even quarterly brand health survey is not enough to allow marketers to make timely and informed decisions. Businesses are increasingly seeking real time measures of their brand performance or brand equity.”

Matt James  
CEO, Publicis Media ANZ

Chart 3.2  
Barriers to improving marketing effectiveness.  
Source: Deloitte analysis & IPSOS (2018)





### 3.4 Structures and invectives are often not aligned

In an age when consumers can broadcast their own opinions of a brand and are influenced by their peers, organisations and their agency partners must be structured to understand and react to consumer needs. Product siloes are creating inconsistent and sometimes wasteful marketing messages.

Consumers today have access to more information about products and services, and are becoming increasingly sophisticated at contextualising information, so it is more important than ever to ensure that those products, services, and also customer experiences deliver clear and consistent expressions of a firm's brand. To achieve this, all parts of the business need to commit to the brand and associated messages across all mediums and throughout their businesses.

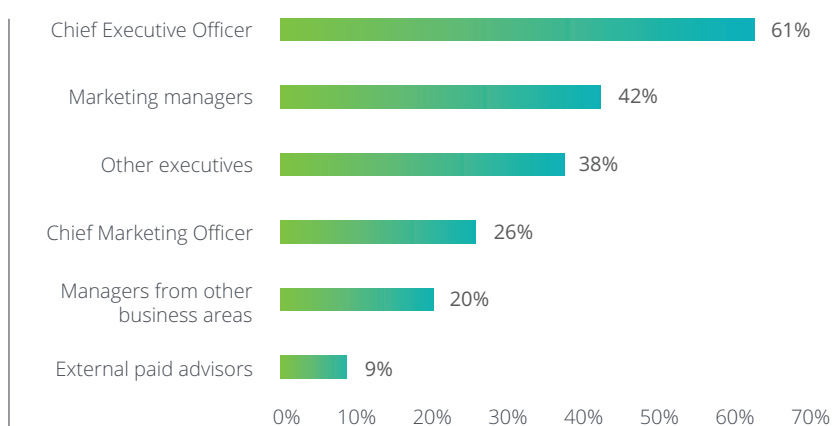
As well as structuring the organisation appropriately, decision making must be shared to enable a brand to be nimble and responsive. Already, the majority of businesses involve the broader C-suite in marketing strategy – 61% of survey respondents said that in their business the CEO is responsible for approving marketing plans and objectives (Chart 3.3).

But just because CEOs are involved, it does not mean that marketing plans are always more effective. Their involvement can lead to additional time-intensive layers of approval. In addition, our survey found that two in five marketing professionals say that they cannot improve their strategies because their decisions are overruled by senior decision makers. This suggests that C-suite involvement can take consumer marketing decisions out of the hands of the individuals who are the most qualified.

Ogilvy have simplified their leadership structure to remove the administrative approval burden for many marketing directors (Ogilvy, 2018). The benefit of a simpler leadership structure is to allow an organisation more responsive to client needs.

**Chart 3.3**

Who approves marketing plan and objectives.  
Source: Deloitte analysis & IPSOS (2018)



### 3.5 Short-term business focus comes at the expense of the long-term

A brand is not built in one campaign, nor is its impact seen immediately. It may take years of interactions between a business and consumer before the emotional connection results in a purchase or action.

Our survey found that businesses who focus on long-term metrics are more likely (1.3 times) to experience an improvement in their brand performance than companies which measure only short-term sales. There's a temptation to focus on short-term measures, like sales after a campaign. However, to build a successful and enduring brand, marketers need to consider longer-term metrics, which may be harder to measure.

Yet our survey found the most common method to measure marketing success was customer feedback on a specific marketing activity, with 78% of marketers using this method of measurement. In addition, 68% of businesses were using campaign specific sales metrics (ROI) as a guide for overall marketing success. Yet longer-term measures of success such as market share are only being used by 52% of marketing professionals.

Ultimately, businesses need to use short- and long-term metrics together. Short-term metrics should guide more tactical elements such as creative, while longer-term measures can inform strategic direction and budgeting.

#### CASE STUDY

## Changing channels at ANZ

At ANZ, the importance of a strong brand has been a huge focus. According to Carolyn Bendall, Head of Marketing (Australia) at ANZ, the business has gone through a full strategic review of the brand promise and strategy.

Bendall feels that consistency in the brand experience is key to success. "Whether they customers are engaging with ANZ in the app, over the phone, or face to face ...we want to reinforce the idea of [ANZ helping you] to stay on top of your money". A commitment to delivering to the brand promise should be demonstrated across the whole customer journey. For ANZ, this has meant a shift in focus from primarily acquisition to also and ensuring existing customers are better looked after. For example, last year, ANZ launched "First Home Coach" to enrich the home buying experience, and to guide them in a multi-year journey that provides support post acquisition from savings right through to buying and owning the home.

Bendall recognises that customer expectations are continually evolving. In light of changing expectations, the marketing mix has experienced a fundamental

shift. At ANZ, they have witnessed a rebalancing of the marketing mix, from paid advertising media to social media, with earned media an increasing focus. Social channels have been used to drive engagement, leads and servicing. For example, social media was a heavy focus for the ANZ's Australian Open campaign. Similarly, the marketing strategy for ANZ's sponsorship of Gay and Lesbian Mardi Gras was almost entirely focused on engagement across social channels. What has worked? For Bendall, "Working with partners – we have found partnerships with digital and social partners have really matured our marketers and organisation approach."



## 4. Marketers recognise the need for change

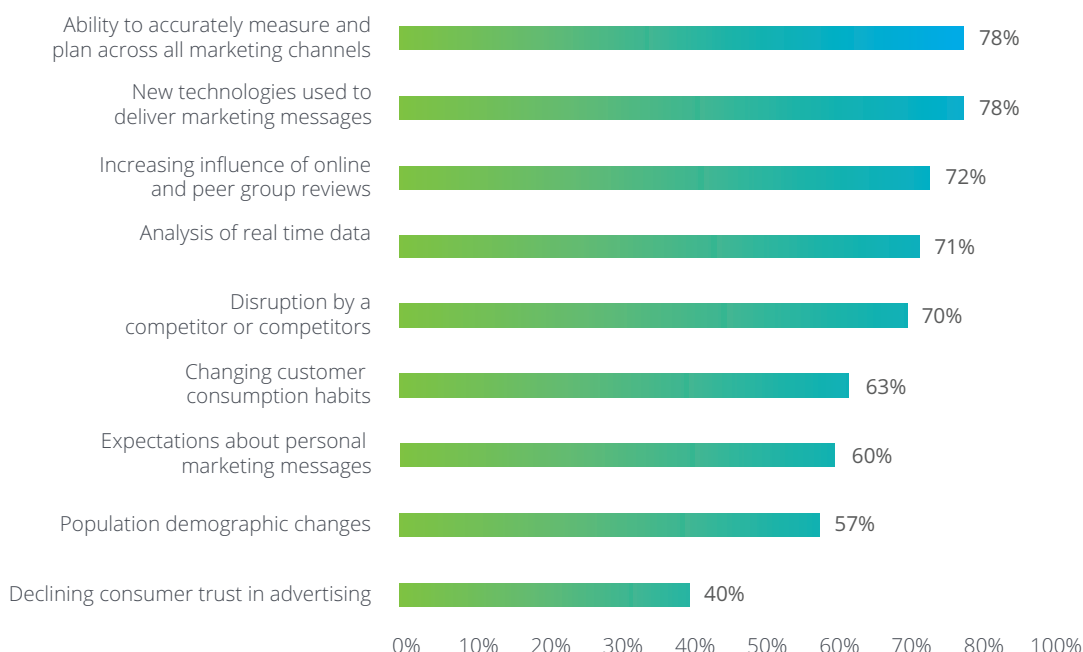
Marketers are shifting their marketing mix towards digital channels based on the media consumption of their consumers.

Online advertising reached \$7.6 billion in the 2017 financial year, accounting for about half of the total advertising spend in Australia (IAB & PwC, 2017). Of this, mobile advertising accounts for \$2.6 billion of advertising expenditure, an increase of 33% over the financial year while video online advertising accounted for \$0.9 billion, an increase of 49% over the same period (IAB & PwC, 2017).

There is every expectation that digital advertising spending will continue to grow, and even accelerate. Our survey found that **marketers expect to spend more of their marketing budget on digital and social over the next two years.**

Yet this is not to say that marketers are – or should be – compromising on other mediums. A well-executed advertising campaign across four or more channels is 27% more effective at delivering brand impact (KMB, 2018). Similarly, in our survey, marketers who invested in four channels were 1.3 times more likely to have experienced an improvement in brand performance over the past 12 months than those who had only invested in two channels.

To be most successful in these omni-channel approaches, marketers recognise that being able to measure outcomes appropriately across channels is crucial (Chart 4.1).



**Chart 4.1**

Main drivers of change in marketing strategy over the next five years. Source: Deloitte analysis & IPSOS (2018)

As measurement tools evolve, it will become easier to monitor what is working and what is not, so that marketing professionals can determine the optimal mix of channels to maximise the impact of their marketing strategy.

To give customers the best experience, overarching messages and themes should be consistent, regardless of channel. In a 2018 report for Sitecore, Deloitte Access Economics found that poor experiences or challenges in interacting with one business across multiple channels can have negative impacts on a company's brand overall.

## CASE STUDY

# Princess Cruises valuing consistency across channels

A few years ago, the marketing team at Princess Cruises was purely focused on print advertising.

Fast forward four years and the marketing mix has shifted significantly with digital spend far exceeding spend in other media to support their new goal of activating conversations with customers. This shift has been part of a long-term and short-term brand strategy for Princess Cruises. In the short-term, all channels will be connected together with consistent messaging no matter where they are in the customer journey. The end goal is for messages to be tailored to the relevant stage. For example, in the "Dream" stage, connecting prospective customers with content that is most relevant to them and their holiday preferences is key. In the "Book" stage, customers will be served content which will help them prepare for the cruise.

To achieve this, it is critical for organisations to be able to leverage customer data and draw insights to inform marketing decisions. There are plans to integrate multiple data sources, which will help them gather valuable customer intelligence and feed into the existing Customer Relationship Management (CRM) systems. The data sources will provide greater visibility into the effectiveness of marketing campaigns, and enable the marketing team to adjust marketing efforts in digital and media real-time where needed.

Chloe Jones, marketing manager at Princess Cruises, stresses the importance of evidence-based marketing and measuring outcomes. There needs to be investment and research into the changing preferences of customers. "There is a misunderstanding that we have big budgets...there needs to be efficiency...calculated risk-taking...rather than just throwing money at the problem."

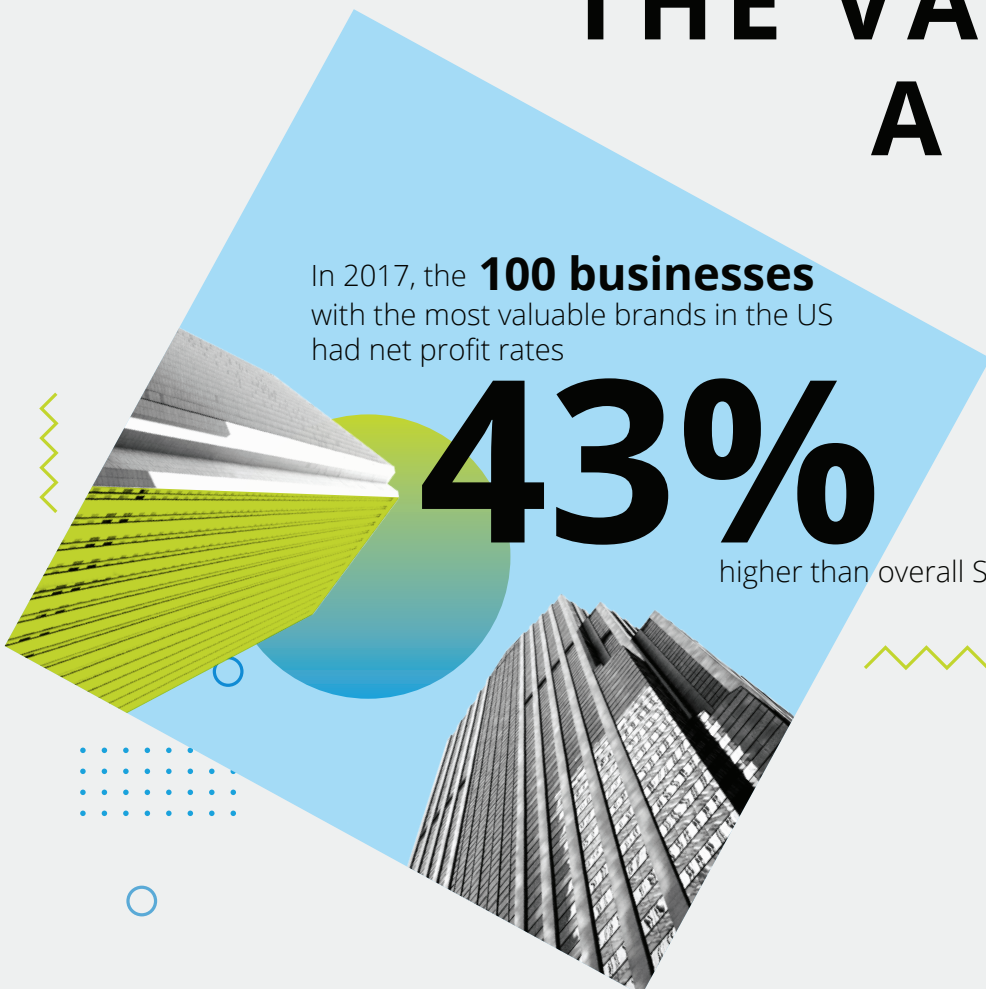
Organisations should continuously learn and optimise marketing efforts across all channels. Jones notes that the focus will shift to effectiveness and innovation for Princess Cruises. "What we should expect to see is more effective media campaigns, working with media partners, armed the right data." As for buzz about AI and personalisation? Jones believes that marketers get too caught up with the desire to implement what's trending in the market. "Not all technologies are relevant to your brand. There also needs to be the question of is it worthwhile?" For Princess Cruises, the focus will remain on delivering meaningful conversations with its customers.

# THE VALUE OF A BRAND

In 2017, the **100 businesses**  
with the most valuable brands in the US  
had net profit rates

**43%**

higher than overall S&P 500



## 5. Reaping the rewards of digital marketing

Clearly, marketers are already making significant investments in digital mediums. The potential benefits of digital marketing – particularly to sales – are well demonstrated.

But these direct, short-term benefits are only a part of the equation. Digital marketing also has the potential to support longer-term business outcomes, like better brand performance. While these outcomes may be more difficult to measure or directly attribute to digital, they can be just as important in enabling sustainable business success.

Successful digital marketing can support better business performance across a range of metrics, highlighted in Figure 5.1.

Our survey found that **businesses that spent an above average proportion of their marketing budget on social media reported revenue growth 7% higher than other businesses on average.**

This is equivalent to an additional \$1.8 million in revenue for businesses in our sample.



**Figure 5.1**  
How digital marketing can improve business outcomes.  
Source: Deloitte

5.1 A stronger brand

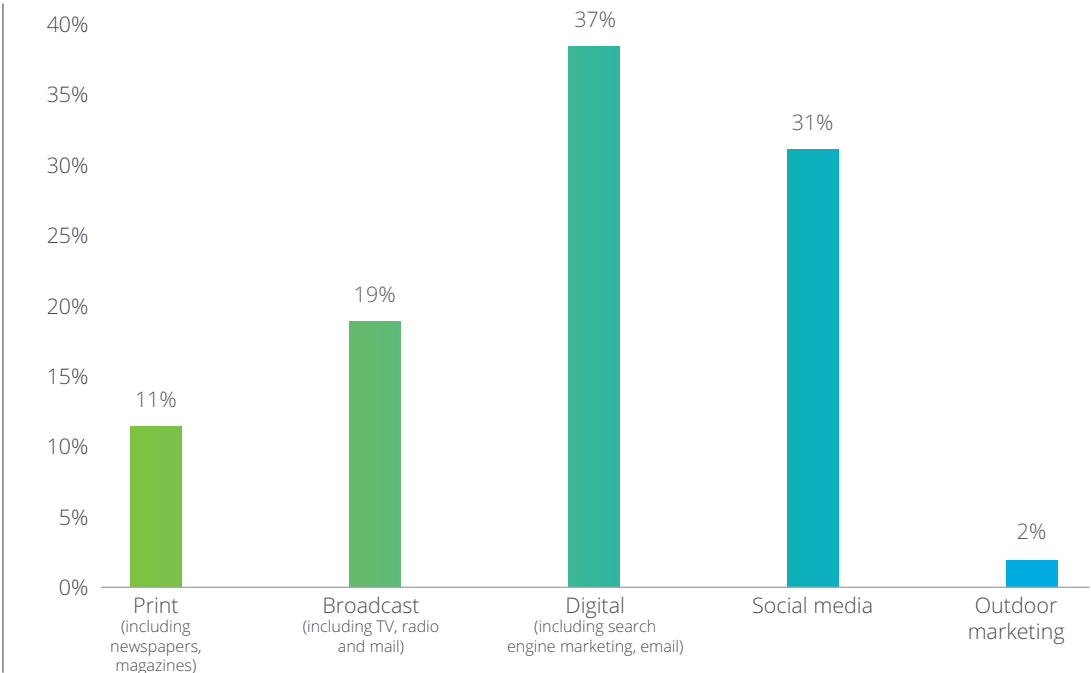
As previously discussed, a business’s brand can be one of its most valuable assets. A global study of over 300,000 people and 1,500 brands found that meaningful brands outperform others on the stock market by 206% over a ten-year period (Havas Media, 2017).

Historically, marketers used broadcast media to build brand. Today, though, more than **two-thirds of marketing managers believe that digital and social media were the best channels for building a brand** (see Chart 5.1). This figure becomes higher for marketing professionals that are using digital or social media channels.

Indeed, our analysis shows that businesses using social media marketing are more likely to experience improvements in brand performance. Businesses that had allocated at least some of their marketing budget to social media or digital channels were **1.34 times more likely to report that their brand performance had improved** in the last year. For example, those investing in social media marketing 77% experienced improved brand performance over the past year compared to 57% of businesses not using social media.

Similar results have been found elsewhere. For example, in Deloitte’s 2016 Media Consumer Survey **more than half of customers said that their perception of a company’s brand improved based on their use of social networking sites.**

**Chart 5.1**  
Best channel for building brand.  
Source: Deloitte analysis & IPSOS (2018)





## 5.2 Increased sales and revenue

Digital platforms including social media mean that businesses can target customers with material that has greater relevance to the audience, on platforms where consumers can spend significant amounts of time.

As such, businesses that invest in social and digital marketing can receive significant dividends. Businesses that invested in social media were almost twice as likely to say their marketing strategy was effectively achieving their goal of increasing sales and revenue. Similarly, businesses who invested in digital marketing channels were nearly 1.4 times as likely to be effective in achieving their goals of increasing sales and revenue.

There are also benefits from scaling up investment in digital marketing. Businesses that spent an above average proportion of their marketing budget on social reported revenue growth 7% higher than other businesses on average. This is equivalent to an additional \$1.8 million in revenue for the average business in our sample.

Of course, this doesn't mean that businesses should disregard other channels, which are also evolving in the digital age. For example, in 2014, 13% of out-of-home advertising panels were digital, providing users the ability to instantly change content (Deloitte Access Economics, 2017).

While our survey shows that marketing professionals rank out-of-home advertising as less effective at building brand than other channels, this is likely because of the relative use of out-of-home advertising. Two-thirds of survey respondents do not use out-of-home advertising, and therefore may not know whether it is effective.

“There has been shift in the way we measure outcomes from social media. There was a time when marketers viewed ‘likes’ and comments as a pure KPI. But marketers soon realised this did not truly reflect engagement. Today, social is one of many contributors to a holistic, omni-channel approach to build brand equity.”

**Matt James**  
CEO, Publicis Media ANZ

### 5.3 Building customer interactions

Digital and social media marketing allow a richer customer experience; rather than just hearing a marketing message, these mediums allow customers to interact directly with businesses and brands, creating a dialogue with customers.

Nearly two in every five marketing managers think that social media is the most effective medium for building customer engagement.

There are similar results globally, where in a survey of marketing professionals, over half rated social media as the best marketing channel to build brand engagement (Chahal, 2016). Of course, other channels also remain relevant for building customer engagement – one quarter of marketing professionals in the survey believed that television was the best channel for building customer engagement (Chahal, 2016).

For example, consider mobile video: 64% of consumers make a purchase after watching branded social videos (Tubular insights, 2017). Video is becoming a high frequency interaction between businesses and consumers, with many people not only viewing video marketing content, but engaging with branded videos almost daily (Chart 5.2).

Social media has allowed brands to successfully connect to consumers even in traditionally less engaging industries such as financial services. An example is Spaceship, a millennial-targeted superannuation firm which has used social media and influencer partnerships to build their brand and customer base.

### 5.4 Reaching and targeting specific markets

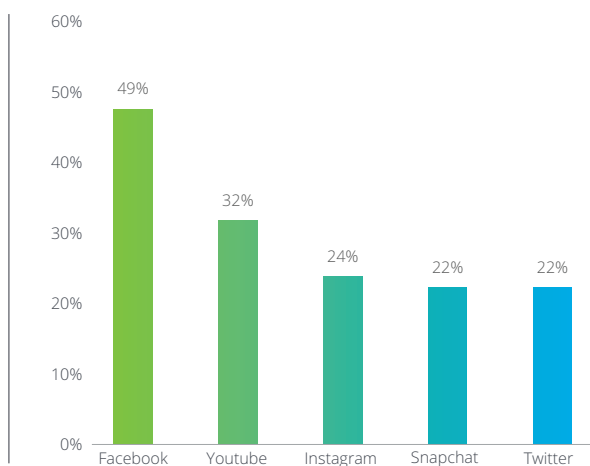
Digital and social media marketing can also be more effective in interacting with specific groups of potential customers. Our survey found that businesses were slightly more likely (1.07 times) to be effective in achieving their goal of targeting specific markets if they included social media marketing as part of their marketing mix.

Ensuring that content is relevant and resonates emotionally with audiences increases the likelihood that people will share the content or talk about it with their own network. Research suggests 94% of viewers will share material if it provides value or entertainment while 78% will share to nourish relationships with their existing network (i-scoop, 2016).

Digital marketing more generally provides opportunities to identify and engage with specific target markets. Marketers can also use analytics to more accurately identify their target audience for a product. Farahat and Bailey (2012) find that targeted advertising is more cost effective than non-targeted advertising in terms of number of brand related searches the advertisement generates.

**Chart 5.2**

Engaging daily with branded social videos by channel.  
Source: Tubular insights (2017)



### 5.5 Repositioning a brand

Many businesses need to reposition their brand as a result of changing customer tastes, emerging competitors or internal changes to the business. A survey of CMOs found that one third currently are in a process of changing their brand image and leading change across their entire organisation (Bold360, 2017). Our survey found that businesses that were repositioning their brand were 1.5 times more likely to say they were effective in achieving their objective if they were using social media.

The choice of marketing channels – including digital and social media – can reinforce the new image promoted by the company. For example, software company MYOB recently sought to rebrand itself as an innovative technology company and re-educate the market on its new cloud based products. By making a significant investment into digital mediums including a new website which allowed for design optimisation and personalisation users (CMO, 2016).

## CASE STUDY

# IAG picking the right time to start a conversation

IAG had accumulated a portfolio of brands, and as a result lacked a clear brand hierarchy. IAG realised that they needed a clear articulation of the brand strategy and offerings to stay relevant to customers.

In an environment of crowded marketplaces, eroding consumer trust and increased complexity, the importance of a strong brand is ever more important. Digital has presented new opportunities for brands to initiate and drive conversations. For Brent Smart, IAG's CMO, digital will be core to the brand building journey. "Everything is digital...it is core to the way that we tell our brand story and facilitate experiences."

Some questions which Smart suggests may help in understanding the strength of the brand. Are people searching for you in the category? Does your brand come to mind when thinking of that category? Are we seeing positive moments where customers engage with the brand, for example, social advocacy?

At IAG, a strategy that has worked well for brand building has been to invest and focus efforts on cultural spikes in conversations. For example, CGU focused on Australia Day to voice their perspective on the contribution of migrants to small business in Australia – 'as Australian as it gets' through a mix of media and digital channels. This was successful in achieving high earned media, awareness and the most meaningful conversation in social that CGU has ever had.

While digital has significantly changed the way brands communicate with customers, the fundamentals of brand advertising have not changed: organisations need to invest in building brand engagement. This is particularly important to IAG. As Smart explains, "Insurance is a unique product because you are only in the market when you get a renewal...for this reason, you need a tool that plants an impression well before that moment."

As for the balance between short-term and long-term brand marketing, Smart warns against getting too focused on short-term tactics to generate sales. "Brand building does not happen in 30 days. Brand building is a long term game."

## 6. Top tips for marketing strategies

The digital age has challenged marketing professionals to reassess how their brands are built and managed. Alongside this deeper change in brand ethos, there is plenty of supporting actions in marketing and communications strategies necessary to deliver success. Based on current trends and views from marketing professionals, we identify five key themes.

In the first instance, the shift in media consumption from traditional channels such as television and radio, to digital channels such as the internet and social media has reinforced **the need for having the right tools**. Digital has achieved scale and can deliver both reach and influence across all mass market segments. Generally, marketing professionals are recognising the need to move toward omni-channel approaches to marketing. Yet marketing professionals that aren't adjusting their channel mix fast enough risk being left behind.

A new era for brand and story-telling means a new toolkit and new skills for the team. Building and maintaining a brand is more complex than ever. As a result, our second tip is **investment in marketing technologies combined with an ecosystem of partners** including media agencies, PR agencies and platform providers, such as Facebook and Google. At the same time, it is important to assess the value the new technology will bring to the business, rather than jumping on the bandwagon. For example, by leveraging data and the expertise of their media partners, Princess Cruises were able to deliver more targeted marketing campaigns to the right people at the right time.

**Measurement is important.** According to marketing professionals, the two biggest barriers to improving marketing effectiveness (other than budget size) were an inability to measure success across channels (58%) or the outcomes of marketing investments (55%). In a world where marketing budgets are being continually challenged, creating greater impact with the same

investment is critical to achieving business outcomes. Marketing decisions should be evidence-based to ensure investments are done efficiently. Invest in data and analytics to track performance. Qualitative and quantitative metrics should both be used to further optimise marketing activities and thus brand. Businesses need to work with companies that can measure interaction with their target audiences over complex consumer pathways to purchasing a product, rather than focusing on single channels.

The marketing team also requires the right skills to use these new capabilities and garner insights. In a survey of nearly 500 marketing executives, 40% reported that they require skills in technology and digital engagement, compared to only 16% who were after skills in creative and graphic design (The Economist, 2015). Business will need to invest in these capabilities through talent attraction and retention.

**Makes sure it's a brand-led organisation.** If a brand is to be authentic, everyone needs to be behind it. Senior executive involvement in brand strategies is high, with 61% of marketing strategies approved by the company CEO. At Visit Victoria, getting leadership support and engaging the organisation early on helped the marketing team gain better traction in their shift to social platforms. Yet decision-making must be shared in a way which ensures a brand can be nimble and responsive. This may mean selective involvement from the C-suite in marketing to ensure teams can react as quickly as possible and avoid time intensive approval processes.

**Measuring short and long-term.** There is a growing need for value measurement that can demonstrate outcomes beyond short-term revenue and conversion, including metrics which demonstrate the link between marketing and business outcomes. Using proxy based metrics can mislead marketers and undervalue good work. Businesses focused on the long-term metrics are 1.3 times more likely to experience an improvement in their brand performance than companies which

measure short-term sales. A mix of dashboard of metrics will be important to make sure the effect of marketing activities is being monitored appropriately.

Businesses should not get caught in a cycle of only measuring short-term metrics and interim measures. Successful brands aren't built overnight; the long-term matters. A mix of metrics will be important.

## CASE STUDY

## Visit Victoria becoming a brand and data-led organisation

At Visit Victoria, a data-informed, customer-focused approach to marketing is the goal. However, the marketing team has faced a number of barriers in making this transition.

According to Nicki Kenyon, General Manager (Consumer Markets) at Visit Victoria, the difficulty for Visit Victoria is that their marketing does not own the customer relationship to the 'product', being the state of Victoria, as it is being delivered by many different parties. "How do you build brand loyalty and preference when you don't have control?"

Not owning the customer relationship makes it difficult to measure and track the effectiveness of marketing campaigns and the impact on business outcomes. Historically, the focus of marketing for Visit Victoria has been on the awareness and consideration part of the customer journey, to influence customers to choose Melbourne over another destination. Looking ahead, working with booking partners and sharing data is a key strategy to provide greater visibility over the conversion stage of the journey.

Kenyon notes that it is imperative to get the whole organisation engaged, early on. Organisations need to recognise consumer preferences and demands are changing, and data and technology can help make sense of this complexity. The first step is to recognise that the channels which customers prefer to engage with are changing constantly. Organisations need to understand where people consume content, where they are discovering content and across which channels they are having conversations.

As for the marketing mix, Kenyon believes "It is not black or white or ever one medium." Due to its reach and targeting capabilities, Social will be a much bigger part of Visit Victoria's marketing mix, moving forward. The increased focus on social channels has been a big mindset shift for the organisation, largely because it's been such a fast-moving and game-changing medium. Getting leadership support early in the journey and building engagement across the organisation has been key to the journey so far.

A major milestone for Visit Victoria will be the roll-out of a social playbook initiative that has been delivered with cross-functional collaboration. Kenyon says "I could have just gone away and written it but that was not the point. Driving change is a journey and it's important to take the business on that journey. They will also be looking at upgrading digital technologies to track social reporting so that there will be some validation that social campaigns do to deliver on business objectives. But, Kenyon warns "Digital tools are only as good as the people that use them.

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# Appendix A: Marketing professionals survey

To provide fresh insights into the development of brands in a digital age, this report is informed by a bespoke survey designed and fielded to 300 marketing professionals in Australia and New Zealand. The survey was conducted by Computer Aided Telephone Interview (CATI) and fielded by IPSOS Australia.

Employees who were marketing managers or above were asked to respond to the survey.

The survey questions were intended to provide insights into:

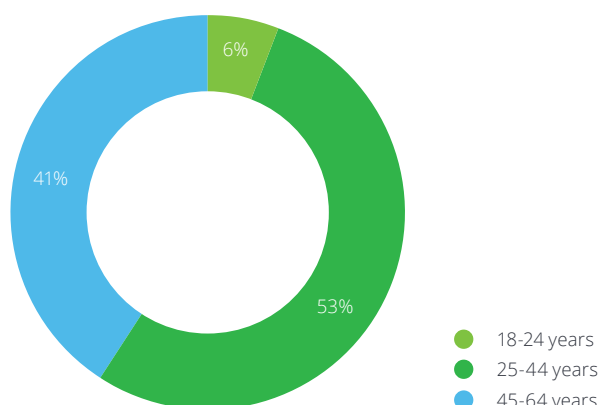
- current marketing activities
- recent performance of their marketing activities and brand
- marketing objectives
- the role of different channels in the marketing mix; and
- future trends in the marketing profession.

Many survey respondents were marketing leaders for their business, with just over 7% of survey respondents who were Chief Marketing Officers (CMO) and the rest being marketing directors or managers.

The average revenue for the business in the sample was \$24 million. Businesses with revenue of this size have, on average, 110 employees each. This estimate is based on an industry weighted average of revenue per employee from the ABS cat no. 8155.

There were a significant number of marketers who are in the middle to later stages of their careers. Over 40% of survey respondents were aged 45-64 years old (see Chart A.2). There were no respondents who identified themselves as over 65 years or older.

**Chart A.1**  
Survey respondents by age. Source: Deloitte analysis & IPSOS (2018)



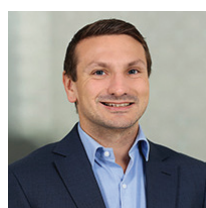




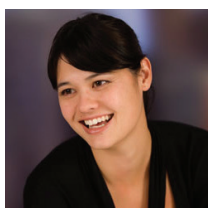
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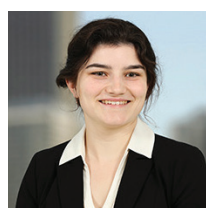
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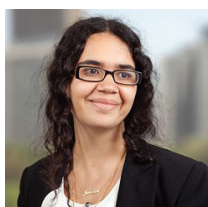
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