

## Opinion

November, 2009

# Advertisers that “Go Dark” during a recession will see competitors emerge even stronger in the mind of consumers

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### Key Insights:

- ❖ **Marketers now have the scientific proof of what happens to brands when they cut marketing budgets.**
  - ❖ **Economic pressures have heightened the urge to simply cut marketing budgets – potentially costing brands much more than they saved.**
  - ❖ **Brands that reduce marketing impact face compounding outcomes:**
    - **1. Weakened brand AND**
    - **2. Stronger competition from other brands**
  - ❖ **Neuro-Insight’s brand database defines important rules about category dynamics in the mind of the consumer.**
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Ad spend seems to come under increased scrutiny during tougher economic conditions. The easy option is to cut ad budgets, save money and preserve the short-term bottom-line. However, *going dark* on advertising has an in-built consequence – handing the marketing advantage to your competitors.

Conversely, some advertisers have used the downturn as a golden opportunity to innovate & gain ground on the competition. Unilever is a case in point (see Unilever aims to exploit recession. WARC July 2, 2009).

The way brands constantly rise & fall within categories is measured & tracked with Neuro Brand Salience (NBS). The break-through with a measure like NBS is its ability to provide a precise, scientific measure of emotional brand strength. NBS objectively tells us that marketing is a zero sum game – brands ebb & flow in strength in the mind of consumers.

NBS measures both ***conscious & unconscious*** brand equity - stored as a network of positive emotional memories in the mind of a consumer. These unconscious memories are also some of the most powerful drivers of consumer behaviour. They’re the same memories that make brand choice intuitive, effortless and beyond rational explanation. These stored memories are the result of cumulative brand experiences that are built over time – advertising strengthens this network.

Effective advertising activity also defends the strength of a brand against every other brand seeking to gain advantage. One of the most fascinating outcomes of tracking marketing pressure (with NBS) is understanding how brands compete in mind. Cutting back on marketing invariably paves the way for competitors to strengthen their brands – even if they change nothing!

These metrics give a marketer precise insights as to where their brand sits relative to its competitive set. Providing a very clear and direct measure of the impact advertising and sponsorship has in terms of brand growth and defence. Marketers use NBS to make decisions about the most effective types of advertising exposure for their dollars.

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## **The Evidence:**

Modelled from the world's largest Neuro database of brand sponsorships & advertising case studies, is the scientific proof that brand competition – in both mind & market – is very much influenced by advertising & the efficacy of the marketing budget. The database of learning's consists of:

- ❖ **158 Brands**
- ❖ **1720 Respondents**
- ❖ **18 individual studies over a 2 year period**

These insights add important granularity to the business case for advertising – particularly in demonstrating just how easy it is to hand equity to your competitors by, for example, cutting marketing budgets. A snapshot of how NBS works on specific brands and their competitors follows:

- ❖ **One TV study in our database looked at the home electronics category against a range of in-category brands. LG advertised during Channel Nine's cricket via integrated brand advertising. Their salience grew by 45%. Panasonic's salience decreased by 31% amongst the same respondents. The only difference – exposure to LG's advertising & no exposure to Panasonic's.**
- ❖ **In a recent radio study with the Nova Network, the Mio Moov brand (GPS unit) were the only brands advertised in their category, & their brand salience strengthened by 11%. Whilst their competitor, Tom Tom, experienced a brand salience decrease of 22%.**
- ❖ **An evaluation of a brand-funded program – Your Business Success provided intriguing outcomes. NAB's SME-targeted advertising grew their brand salience by 3%, and pushed competitors like Westpac & ANZ back by an average of 24%. In this case, advertising clearly had more defence than brand growth impact – an important consideration for strong brands looking to maintain competitive advantage.**
- ❖ **Importantly, the above examples are consistently found across a broad range of scenarios – all contained in the Neuro Brand Salience Database. When advertisers are active (& their competitors are absent) we routinely find similar evidence of the zero sum game.**

This has important implications for an organisations' competitive survival. Knowing how marketing activity influences category dynamics will:

- Lead to more strategic decisions about optimising marketing budgets in tough economic times,
- Help build a more comprehensive marketing business case between CMOs & CFOs.
- Help optimise the mix of marketing activity throughout the economic cycle
- Identify the highest impact opportunities to implement competitive activity
- Define the relative value of media exclusivity within a category.

With strong evidence that a consumer spending recovery is now well under way, the brands that haven't lost their marketing nerve (through continued effective advertising), stand to gain at the expense of those that disproportionately reduced their marketing activity & competitive strength. As advertisers re-assess future plans with a little more optimism going forward, the big question is – How dramatically has the last 12 months of the economic cycle re-shaped their competitive landscape?

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### **Neuro Brand Salience**

Neuro Brand Salience is Emotional Brand Equity – The strength of the network of positive emotional memories, including a sense of familiarity, associated with a brand.

An important dimension of Neuro Brand Salience is that it measures both conscious & unconscious (all) brand memories.

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### **About Neuro Insight Pty Ltd**

[www.neuro-insight.com.au](http://www.neuro-insight.com.au)

**Neuro Insight** is a global pioneer in the application of neuroscience to marketing communications research, with the world's largest and most established database of neuromarketing case studies, norms and benchmarks. **Neuro Insight** uses a well-researched and validated brain-imaging technology, to measure:

Attention:	The concentration and focusing of mental effort
Memory:	The encoding of experiences into memory
Emotion:	Positive and negative emotional responses
Engagement:	Sense of personal relevance and involvement
Brand Salience:	The strength of positive brand memories

**Neuro Insight** measures *pre-conscious* brain activity. It can:

- Pick up factors that are difficult for consumers to verbally explain or recall
  - Pinpoint the specific moments in a communication that trigger emotions
  - Provide accurate, scientific results, untainted by personal opinion or language.
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**FOR MORE INFORMATION CONTACT:**

**Peter Pynta – Neuro Insight Pty Ltd**  
**Email: [ppynta@neuro-insight.com.au](mailto:ppynta@neuro-insight.com.au)**  
**Direct: +61 (0)3 9815 1864.**  
**Mobile: +61 (0) 417 474 680.**  
**Skype: peter.pynta**

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