Go big or go home

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Go Big or Go Home

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Medialab
Data Driven Success

Part One:
The Cult of Efficiency

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Advertising is becoming more efficient

	Average Pre Covid	Average Post Covid	% Change
Media ROI	£3.07	£3.15	+4%

Source: IPA Databank, Median figures 2022-2024 vs 2018-2020

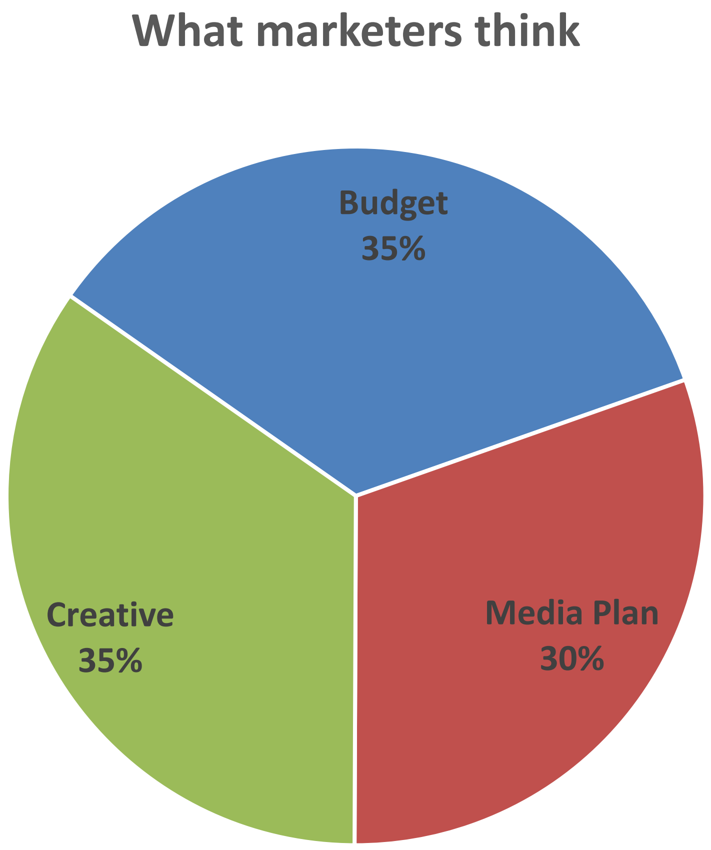
Advertising is becoming less effective

	Average Pre Covid	Average Post Covid	% Change
Media ROI	£3.07	£3.15	+4%
Incremental Profit Generated (2024 Prices)	**£33m**	**£29m**	**-11%**

Source: IPA Databank, Median figures 2022-2024 vs 2018-2020

Profit = ROI x Spend

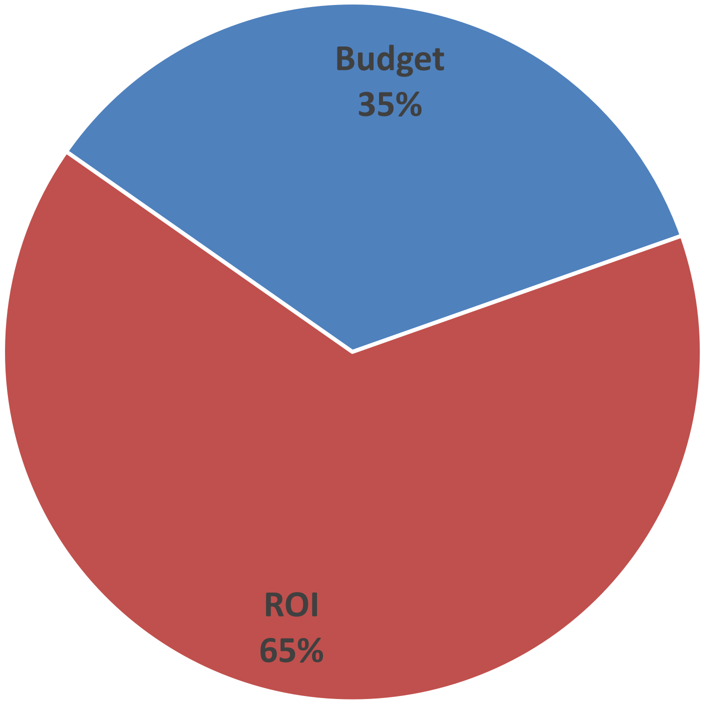
Which is more important?



Source: Contribution to Effectiveness, Medialab CMO Survey 2025.

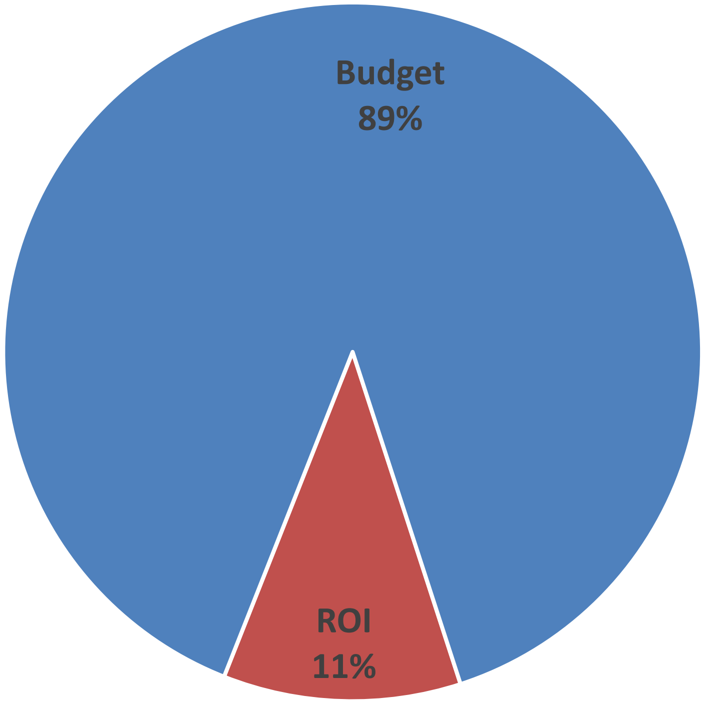
Which is more important?

What marketers think



Source: Contribution to Effectiveness,
Medialab CMO Survey 2025.

What the data tells us



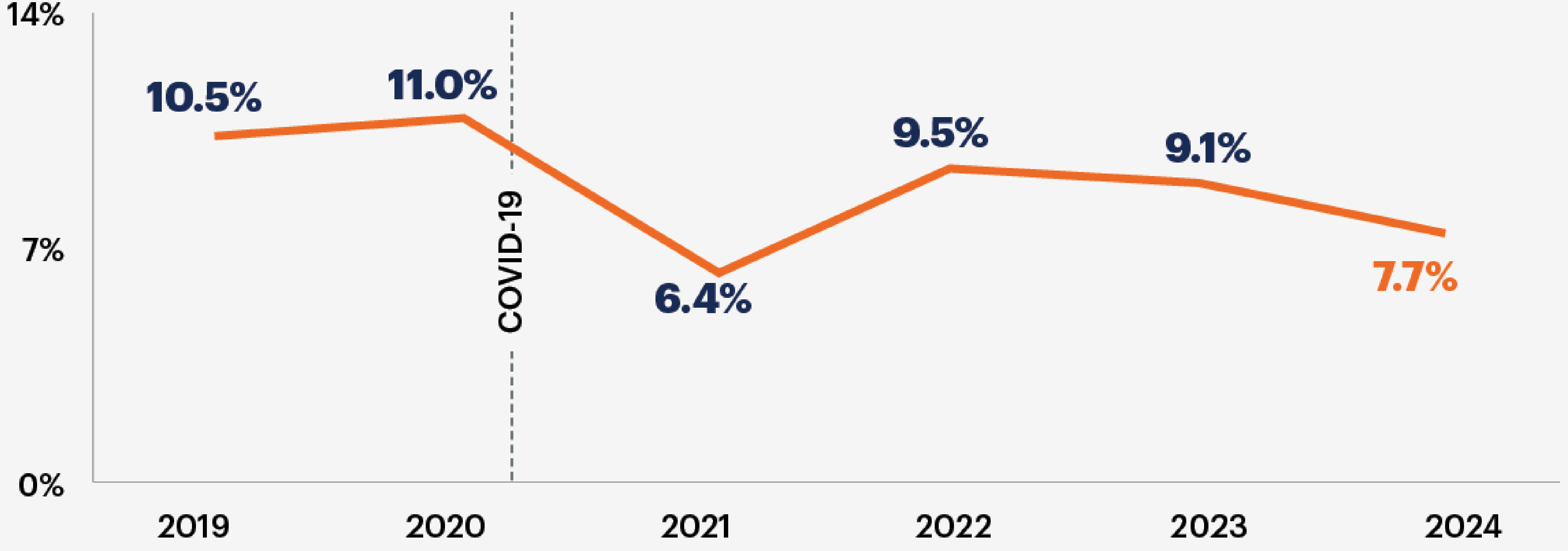
Source: IPA Databank 1998-2025
% Variations in incremental profit explained

Budget is 8 times more important than ROI

Budgets matter more because they vary more

Average Budgets Fall to Post-Pandemic Low

2024 marketing budget as a percent of total revenue



n = 395 (2024); 410 (2023); 400 (2021); 342 (2020); 342 (2019); 618 (2018); 350 (2017); 375 (2016) CMOs, excluding "Don't Know"
Q. What percentage of your revenue is being allocated to your total marketing expense budget in 2024?
Source: 2024 Gartner CMO Spend Survey

Gartner.

Why won’t firms invest in advertising?

- The most important marketing decision is how much to spend.
- But budget setting is often quite crude.
- Most marketers focus on intermediate metrics, not business outcomes.
- Financial modelling is rare (24%), as are budget tests (<30%).
- Simple budget rules (e.g. “last year plus inflation”) are more common.
- Without proper financial evidence to justify requests, budgets get cut.

Small Thinking

- Tight budgets and a focus on efficiency mean “doing more with less”.
- Targets get tighter and plans get smaller:
  - 56% target sub-segments rather than all potential customers
  - 62% neglect over 45s (50% of consumer spending)
  - 68% focus on the 5% who are in market
  - 53% use a narrow media mix
- Thinking small increases efficiency (a bit) but reduces effectiveness (a lot).
- Sales & profit fall, increasing budget pressure further…

We need to think big again

Part Two:
Big Media

Will Davis

Medialab
Data Driven Success

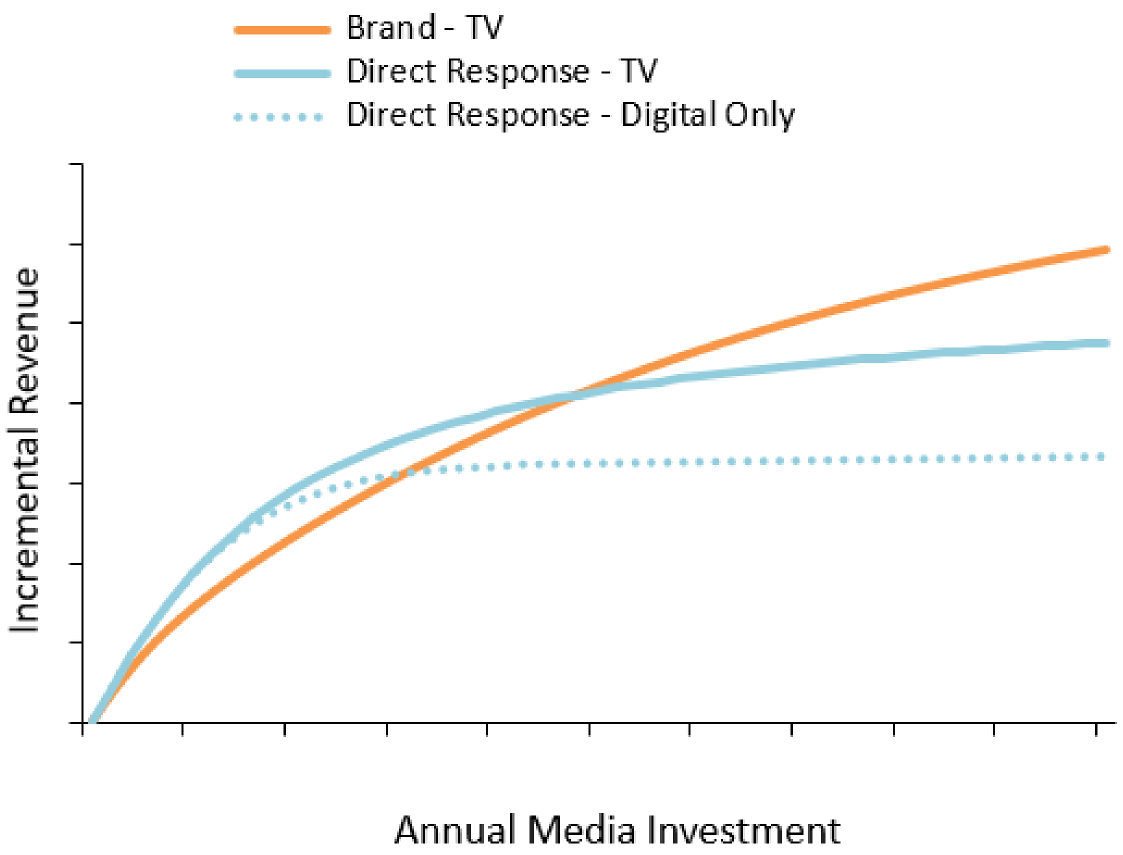
Effectiveness Accredited 2025-27 IPA

Media Best Practice

Reach first, frequency second?

- Fewer than half of CMOs actually maximise reach.
- 9 in 10 don’t cap frequency.
- Activation dominates brand 48% of the time.

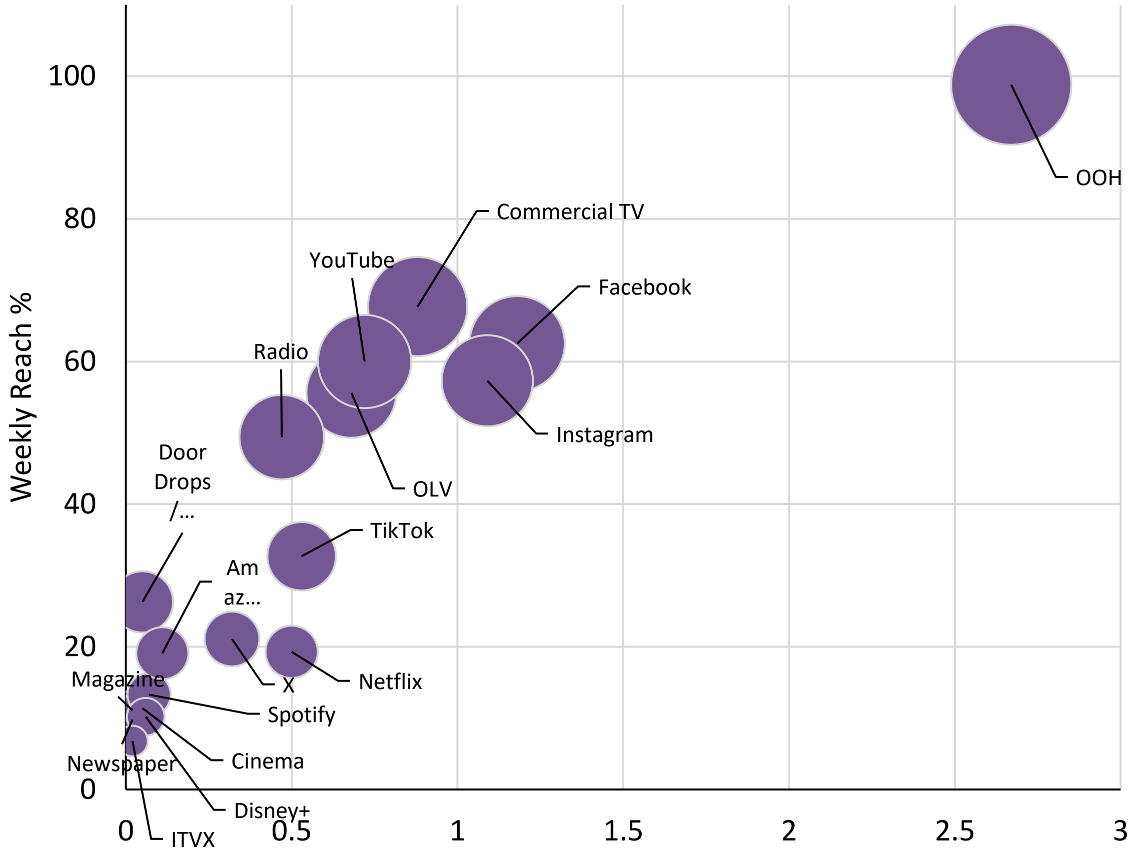
When performance peaks, go broader



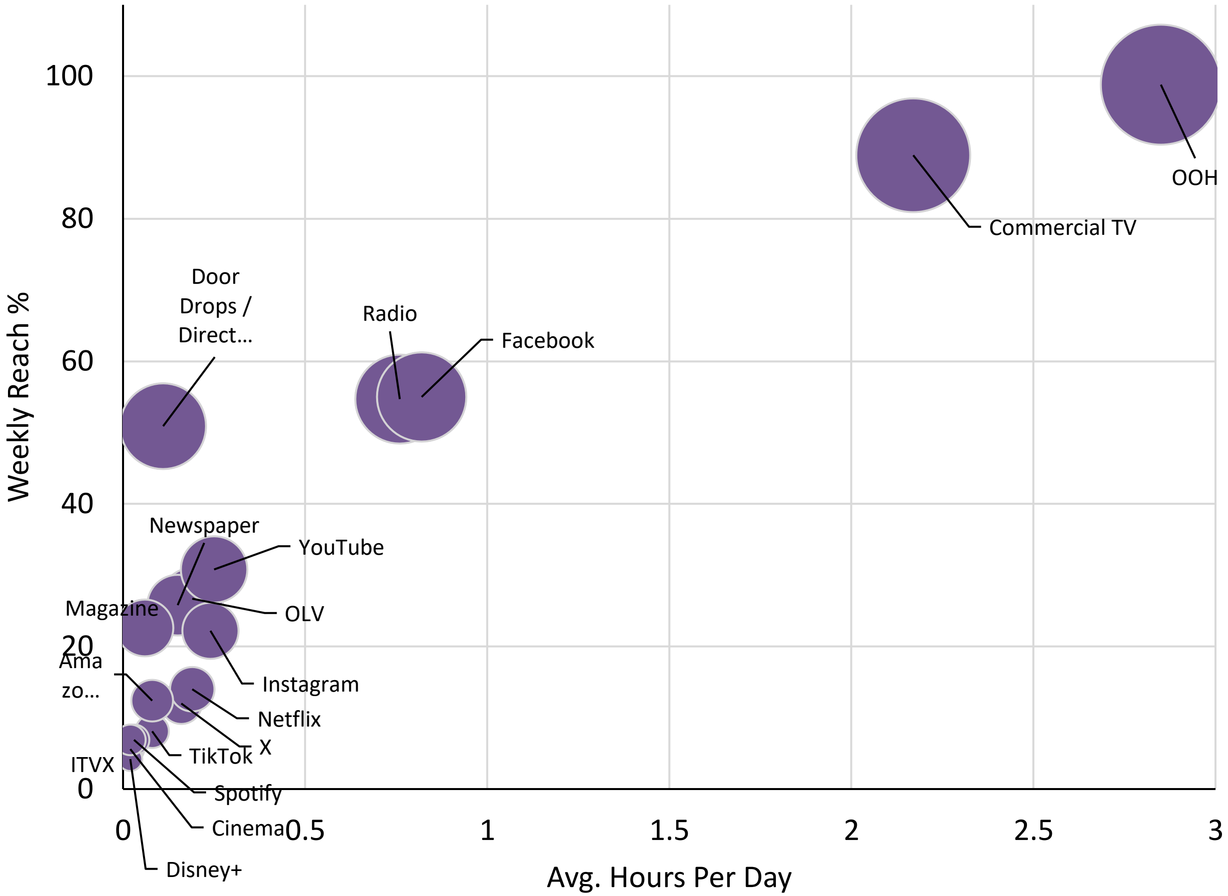
Sources: Medialab CMO Survey 2025 / Medialab Apollo

To maximise reach, combine online & offline

18-44s

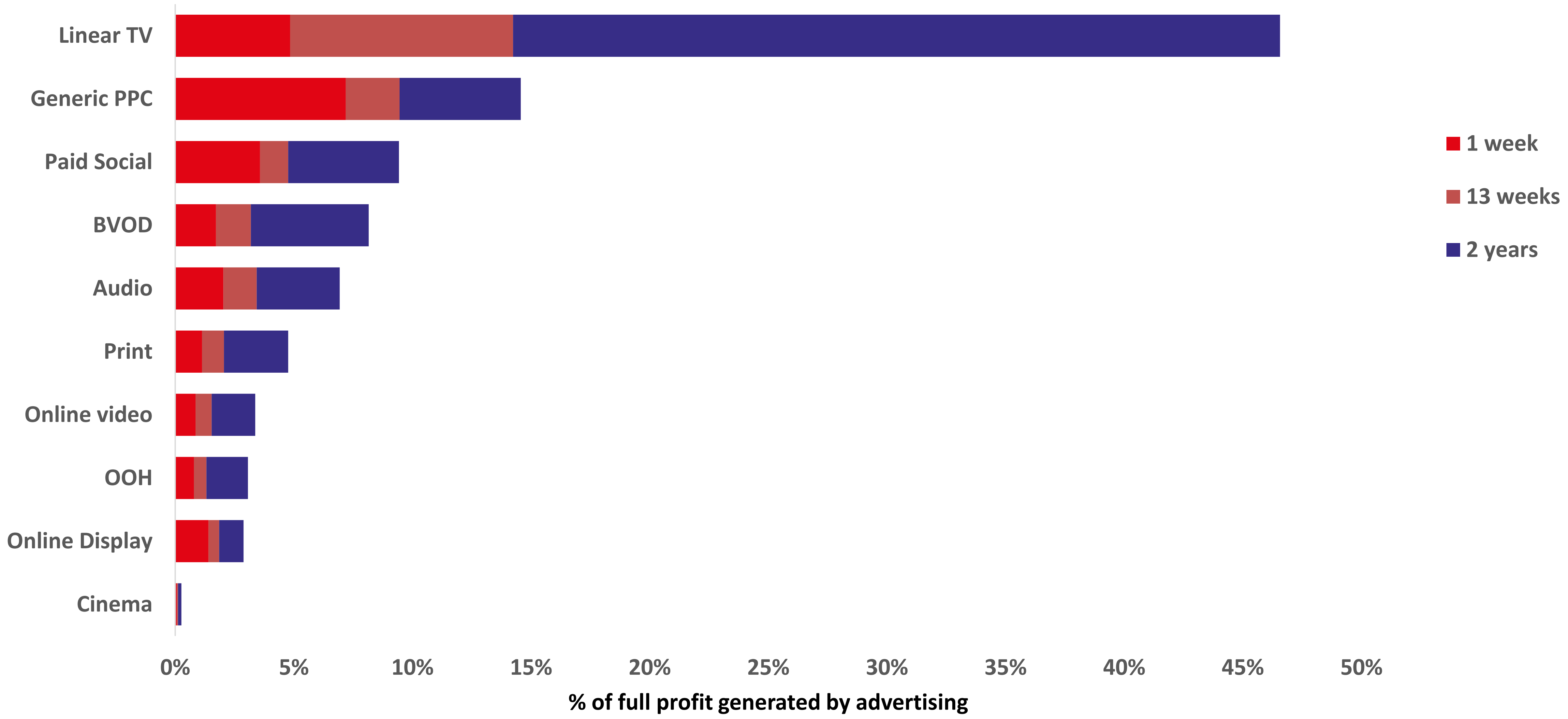


45+



Source: IPA TouchPoints 2025 (commercial media)

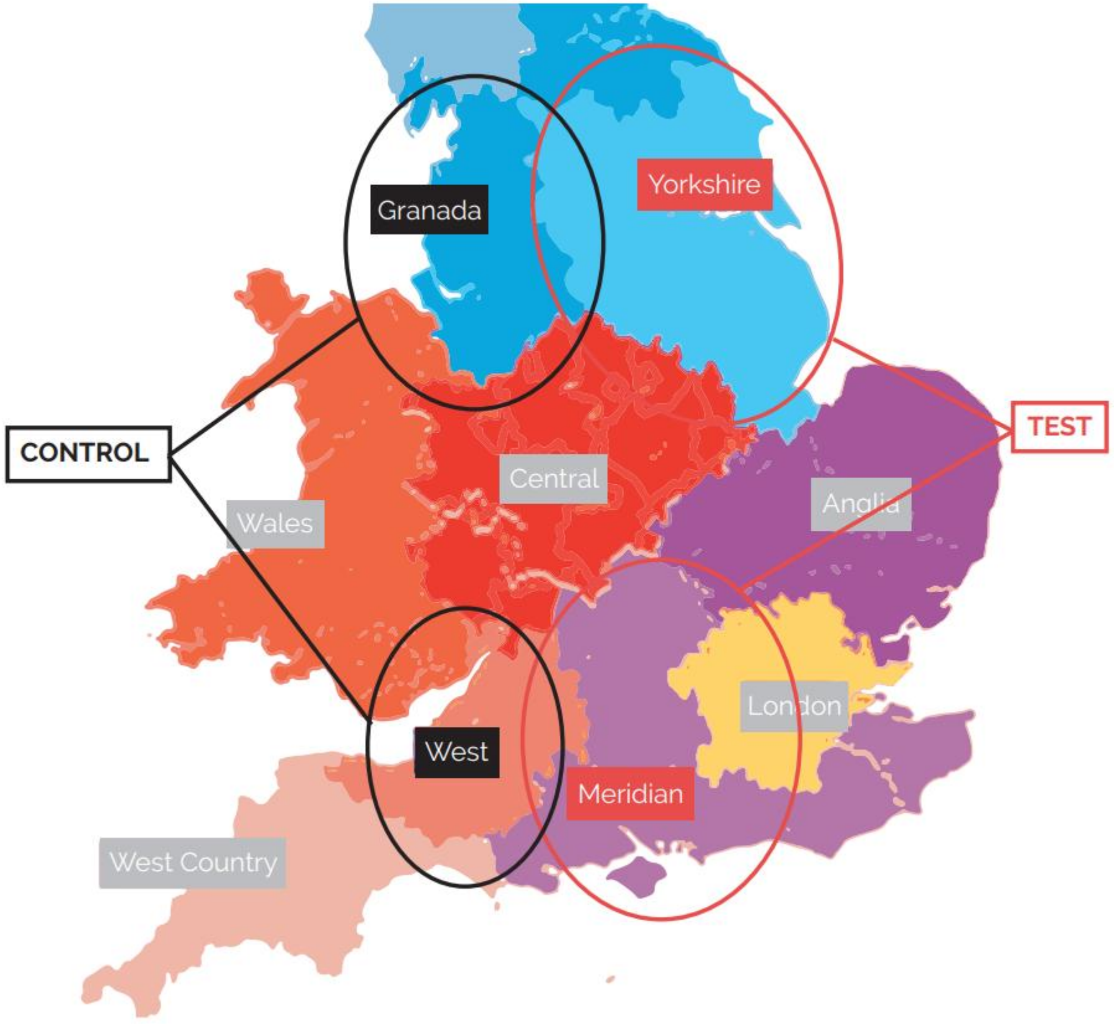
Follow the data



Source: Profit Ability 2, 2024

Going big in practice: Laithwaites

How do you go big on a budget? Experiment



- Robust design.
- Best practice.
- Funnel simulation.

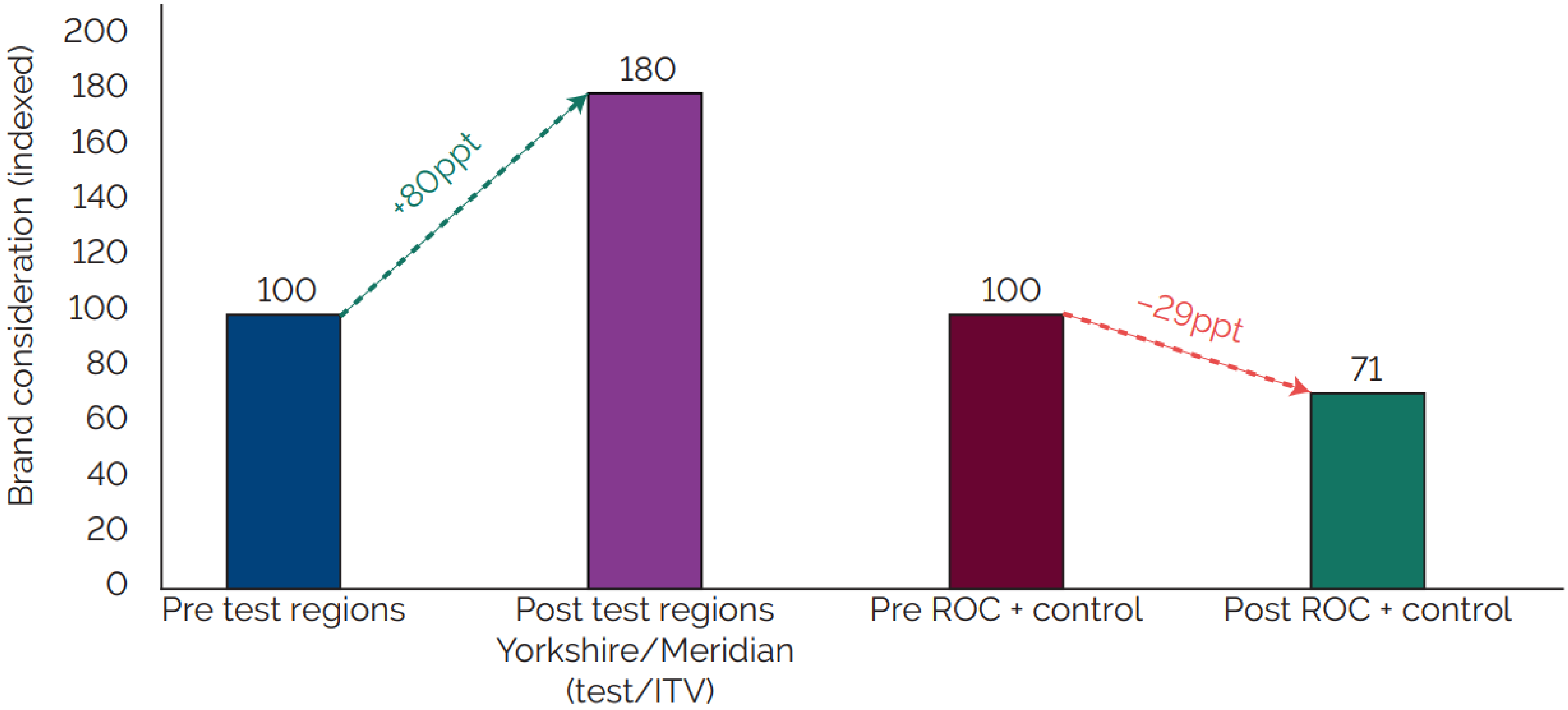
Source: IPA Advertising Works 27 (Laithwaites / Medialab / Adam&Eve)

IPA Effectiveness Awards Double-Gold Winner

Impactful Creative

Source: IPA Advertising Works 27 (Laithwaites / Medialab / Adam&Eve)

Going Big: Brand Impact



Source: IPA Advertising Works 27 (Laithwaites / Medialab / Adam&Eve)

Going Big: Sales Impact

Incrementality	Short Term	Long Term
Revenue	£2.7m	£6.0m
Revenue ROI	1.6	3.7

Source: IPA Advertising Works 27 (Laithwaites / Medialab / Adam&Eve) Short Term = 12m, Long Term = 36m)

Part Three:
Big Creativity

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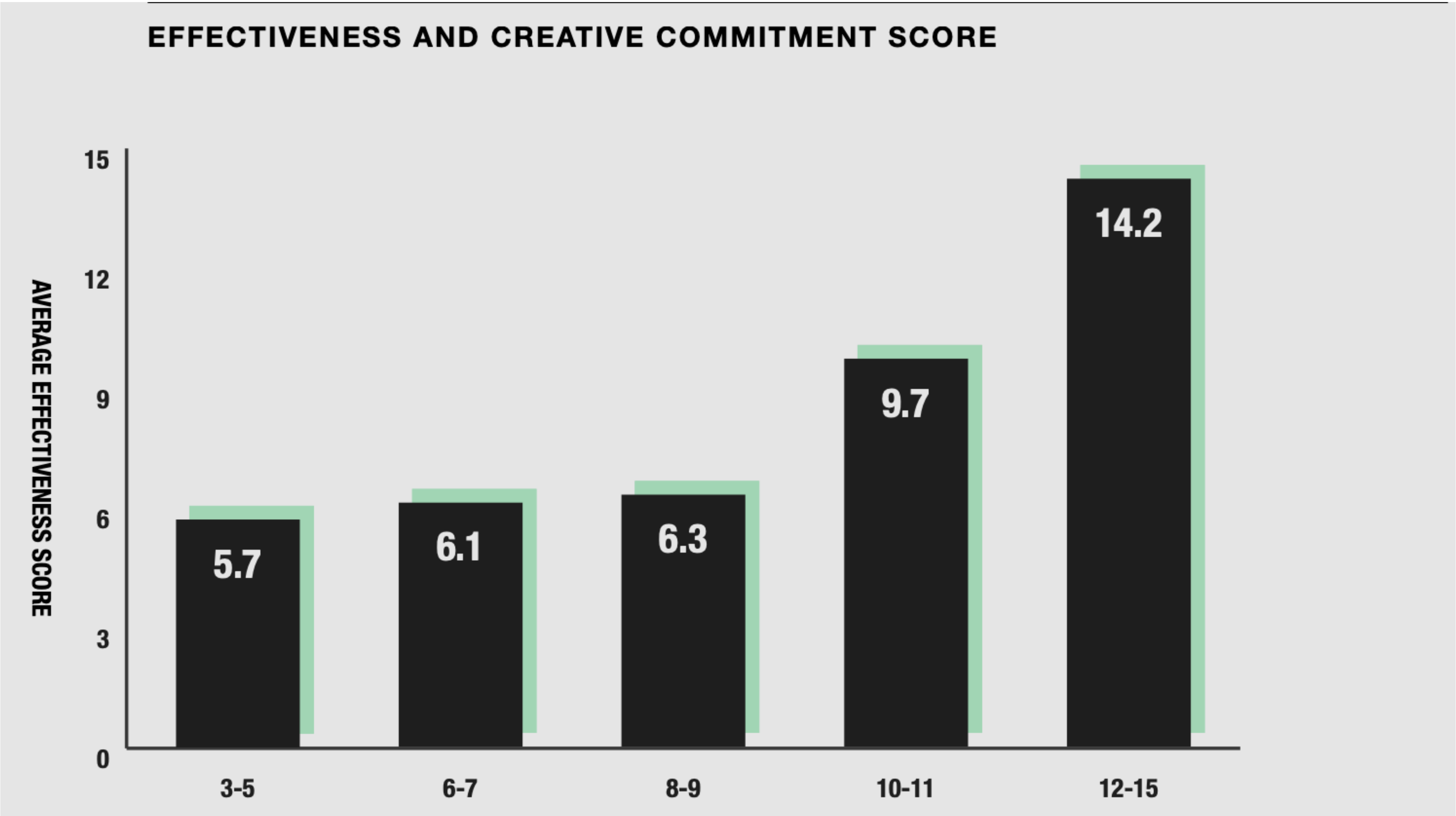
Creative Commitment: Field & Hurman 2020



Three factors:

1) Budget

2) Number of media

3) Campaign duration

Sources:
The Effectiveness Code
Field & Hurman,
Cannes Lions & WARC
2020

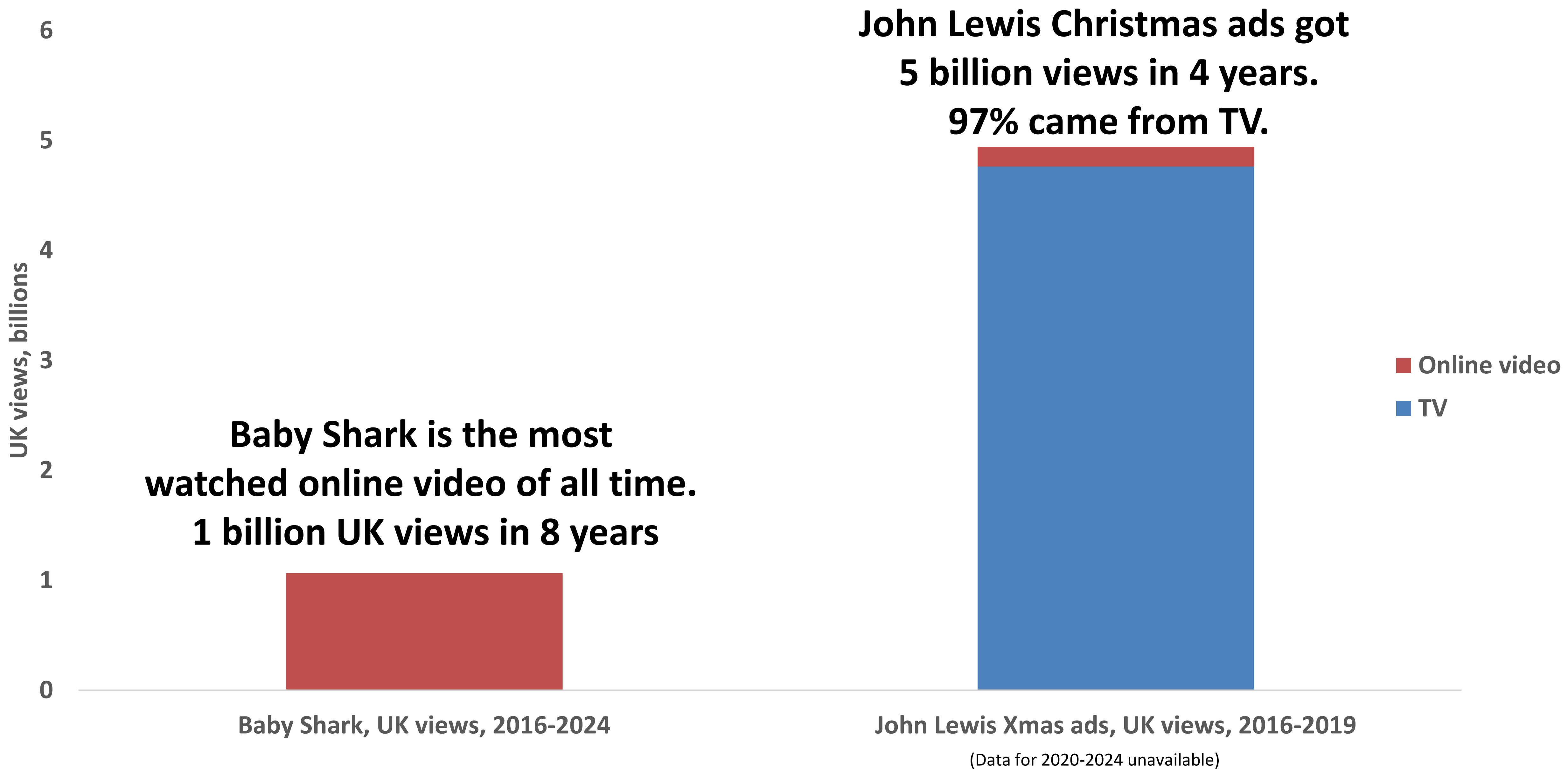
Economies of Scale

- Tension: more media mean bigger effects AND higher fixed costs
- Media now only accounts for 30%-40% of marketing budgets*
  - Sources: Gartner 2025, Medialab survey 2025 respectively
- Media ROI must now exceed ~3 to break even (above average for IPA cases)
- Suggests ~50% of advertisers are losing money once fixed costs are included.
- Solution:
  - Optimise media mix <u>before</u> commissioning creative.
  - Include fixed costs when optimising.
  - Don't make assets unless you can give them decent media spend & exposure.
  - Sweat successful ads for longer. [Wear-out is mostly a myth].

How Big is Big Enough?

- To pay for a video ad:
  - **1-3 million exposures**
- Statistically significant sales uplift:
  - **30-60 million exposures**
- Decent market share gain:
  - **200 million – 1 billion exposures**

Viral Successes Are Small



Stop thinking small, start thinking big

- Focus less on efficiency, more on effectiveness.
- Remember: effectiveness is largely about budget & scale.
- So get better at budget setting. It’s the most important bit of the planning process.
- Think big media: big budgets, high exposure, broad reach, many channels.
- Think big creative: fewer, bigger, better ads.
- Celebrate & reward big, effective campaigns.

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