

# To ESOV and Beyond

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## Executive Summary

**History tells us that the biggest recoveries follow the biggest downturns, and we have just had the biggest downturn on record. While some nations are entering the recovery more quickly than others, the corner is being turned and economic growth is forecast to be above trend.**

For many firms, growth is there for the taking.

Building mental availability is crucial for brand growth. When a situation arises where the brand is relevant, the likelihood of it coming to mind is determined by how strongly it competes with everything else that may also fit the role. Brands that have higher mental availability have higher market share. However, mental availability (as with market share) is a competitive metric - as brands rise others must fall.

Advertising plays a critical role in growing mental availability, however the intensity with which a brand competes for memory is determined by three driving forces: budget, media channels and creative strength. A middle-of-the-road ad with a big budget can strongly build mental availability, similarly a great ad with a middle-of-the-road budget can build mental availability. Budgets of any size can be made to work even harder with the right media choices. Smart advertisers will deploy all.

A simple, empirically proven approach to planning advertising budgets is share of voice (SOV) - the brand's share of total category media spend. Market share growth is more likely among brands whose SOV is higher than their market share i.e. they have "extra" share of voice (ESOV).

Previous analyses of the impact of ESOV have focused solely on its impact on market share. In the first analysis of its kind, ACA's Effectiveness Database shows that ESOV is strongly linked to mental availability gains and a raft of long-term success metrics, and is therefore an important metric for all - not only for budget setting but for the interpretation of results.

## TO ESOV AND BEYOND EXECUTIVE SUMMARY

However, there are some inherent threats to this powerful methodology that require us to move forward.

1. SOV is getting more difficult to measure
2. The media marketplace has become increasingly dysfunctional
3. Creative strength makes a huge difference
4. Share of search is valuable, but not a replacement for SOV

The founding principle of SOV remains critical in planning the investment levels required to build and maintain the mental availability of brands. However, SOV needs to evolve and more accurately correct for the impact of media channel selection and creative strength, which moderates the levels of attention even more strongly and unpredictably.

One possible approach is the use of attention metrics to adjust SOV/SOM analysis. We know that there is a significant performance inequity around the delivery of human attention to advertising. Buying against reach on one platform will deliver vastly different amounts of attention to advertising compared to the reach you buy on another platform, even if the CPM and OTS are the same. This makes it hard to quantify relative value.

You cannot change the reality of the amount of human attention paid to different platforms as it is a functional reality of each platform. However, what if you take a SOV audit, disentangle the market prices paid and media weight, then weight each platform/format against level of attention paid? Doing this provides a new estimate of media weight that can be fed back into the spend component. It provides an adjusted look at media performance through the lens of a 'real OTS', where the number of eyeballs and price paid for these eyeballs reflects a closer reality. Using attention metrics to get closer to reality will reinvigorate an historically important measure like SOV.

The growth opportunity that is now in front of us and the incredibly important role that advertising will play in capturing it makes this an important moment in time for the industry. The benefits of ESOV are greater during the recovery phase than normal times not only because of the growth potential on offer but also due to the legacies of underinvestment by competitors during the downturn. In particular, pricing effects are critical as brands seek to rebuild their profitability.

We believe that the use of attention metrics to adjust SOV is an important step forwards in helping advertisers understand what the appropriate level of advertising investment should be for their brand and, in doing so, will help to maximise the effectiveness of their advertising investment.

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