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Marketing in unprecedented times - how efficiency and effectiveness are key.

How often have we said we are living and working in unprecedented times over the last few years?

We have economic and political upheaval impacting every corner of our country. While some of these pressures are unique to the UK, many are the consequence of global issues.

The Financial Times recently conducted its annual poll of leading UK-based economists and forecast that the UK will face one of the worst recessions and weakest recoveries in the G7 in the coming year.

The reasons behind these predictions were varied including the long tail of the coronavirus pandemic, Russia's war in Ukraine, political uncertainty and the impact on trade and employment caused by Brexit.

A recent piece of research from Enders Analysis looked at household income and concluded that the UK's cost-of-living crisis will reduce household disposable income by 4.3% in the following financial year.

Rising inflation, interest rates and energy prices will mean consumers seek to tighten their belts - pulling back on additional spending and deferring plans for that next holiday, replacing existing products or considering home improvements.

Torsten Bell, Chief Executive of the Resolution Foundation, has forecast that although double-digit inflation is set to disappear in 2023, the cumulative impact of the last 12 months will mean that the disposable income of many households will continue to fall.

A survey, conducted by the Resolution Foundation, found that people are over four times as likely to think that their financial situation became worse rather than better during 2022. Half of families in work said they were trying to cut back during the festive period.

Indeed, average household disposable income fell by 3.3 per cent in 2022, or £800 per average household – the biggest annual fall in a century.

It doesn't make for inspiring reading for businesses or consumers.

Our industry is not isolated from any of this, of course. As Marketers we are all facing complex decisions and must seek to navigate the best course through 2023.

However (famous last words) - I do remain optimistic and some of the more recent publications in the marketing press give us some reasons to be cheerful. Ian Whittakers recent Campaigns article talked about how advertisers should be "cautiously optimistic" in 2023 which, he argues is driven by Corporate advertisers profits holding up pretty well coupled to continued consumer spending. This certainly chimes with the behavioural data we are seeing in the Bank.

Similarly, the latest IPA's Bellwether Report, made for surprisingly upbeat reading. Budgets in Q4 2022 were up for the seventh consecutive quarter and respondents were largely expecting strong growth in the coming year.

Who knows how 2023 will play out and if I could predict what was going to happen I certainly would not be stood here. What I do believe we should all stay very focused on is the things we can influence. There are four areas which I want to discuss here with you today: trust; transparency and effectiveness; supplier relationships; and regulatory certainty.

First, on trust – the AA's 'Public Trust in Advertising' research carried out by Credos in 2018 showed that advertising was the least trusted industry in the UK.

Advertisers were trusted even less than estate agents and politicians.

One of the key drivers that has undermined trust in advertising has been excess frequency, the same ads being seen again and again to a point where consumers feel bombarded. In the follow up study in 2020, 85% of respondents agreed with the statement 'advertising is everywhere I look'.

Second, on transparency and effectiveness – when seeking to tackle the problem of bombardment, a lack of transparency has hindered marketers' ability to make the right planning choices. In 2020, ISBA released its ground breaking Programmatic Supply Chain Transparency study in association with AOP and carried out by PwC. The results showed that it was not possible for advertisers to successfully track their advertising spend through to the publisher. Data could not be successfully matched, and some spend was simply unaccounted for.

Advertisers could not audit their digital programmatic spend through the supply-chain – something which, as for other media, they should be able to do.

The scale of this challenge is only increasing when, as we all know, the fragmentation of audiences for digital advertising is accelerating at an ever-increasing rate. New platforms for video advertising continue to be brought to market, while the programmatic open web for video and display is, by its very nature, fragmented.

Meanwhile, measurement remains siloed and supply-side driven, and too often proprietary and opaque.

Third – advertiser relationships with suppliers have also been under scrutiny this last year. When the interests of both parties are not aligned it leads to a lack of trust, inefficiency, and can impact on staff mental health for both parties. This was one of the reasons behind the need for the ISBA and IPA Pitch Positive Pledge, which we were pleased to launch in 2022.

We also know media price inflation has continued to rise. Reaching audiences at scale is now much more expensive, and this is forced marketers to make difficult decisions about their media mix, priorities, and budgets.

Finally, on regulatory and political certainty – the last few years have been turbulent, whichever side of the political debate you sit on.

For advertisers, there has been long running uncertainty around several issues, from HFSS advertising to the future of Channel 4, and from online safety to the regulation of gambling and alcohol advertising – to name but a few.

ISBA has actively engaged with the Government, opposition parties, and regulators – arguing for evidence-based policies and against a creeping tendency on the part of

government to step into the regulatory space. Most recently, the Online Advertising Programme consultation proposed either to undercut the ASA with a new regulator or do away with it entirely. However, we meet many of these public policy challenges, we need evolution, not revolution – and government and business to work in partnership.

So, the challenges are many. But as I said I remain optimistic.

Over the years, we marketers have learnt the importance of resilience.

And when I talk to my colleagues at NatWest, and my fellow members of ISBA, I do not see negativity. I see a thirst for solutions. I see a drive to respond to this current set of challenges in a way that will ensure success for the brands we have fought long and hard to grow.

We can see that the priorities for advertisers are clear.

I am optimistic because we know what we need to do to rebuild trust in advertising.

It is vital that we reduce the sense of bombardment that undermines the consumer experience.

It is essential to tackle the lack of transparency in the supply-chain, so that media planners can make efficiencies and reduce the wastage from duplicated reach and unwanted frequency.

It is at this point I must reiterate the case for Origin – the cross-media measurement project ISBA is leading.

Although current measurement tools allow us to make some of the necessary adjustments to media plans they only go so far.

To really make advertising campaigns more effective, Marketers need the tools in their hands to power the media choices that need to be dynamically made to meet campaign goals.

Origin will provide a rich source of audited, accountable and accurate data to allow advertisers to evaluate the contribution of each part of the media schedule and to optimise their spend against their objectives.

Though metric standards will be applied, this is not about counting apples with apples for trading purposes. The system will report on multiple facets of quality – for example, screen size, completion, duration, and sound.

The goal is to make media neutral planning a reality for advertisers and their agencies and we continue to make excellent progress. This year we will formalise the funding model from advertisers and start to test the prototype service.

On transparency, I am optimistic because we have seen a step change in the ability of advertisers to audit their digital programmatic advertising. The Cross Industry Programmatic Taskforce, convened by ISBA in the wake of the results of the first study, set out their mission to transform the programmatic supply chain to allow campaigns to be evaluated and audited end-to-end.

The initial work of the Taskforce focused on access to data and the standardisation of data consistency. Through extensive industry cooperation and collaboration, it has produced a toolkit of three instruments available for adoption by the industry.

And we are making even further progress.

A week ago, the results of the second Programmatic Supply Chain Transparency Study were announced – and it is clear that the work of the Taskforce has made a difference. The results – achieved by using the industry Toolkit – showed significant improvements in data match rates and a reduction in the unattributed data, also known as the unknow delta.

This is something I would encourage all advertisers to look at and work with to ensure they are making the most of their digital programmatic investment.

The reality is, this study shows what can be achieved when advertisers, ad tech vendors and publishers work together in collaboration for the advancement of the whole industry.

There is still much of the supply chain that is not allowing itself to be scrutinised, even if it is the advertisers right to do so. Nevertheless, we will push on and make progress.

When it comes to agency and supplier relationships, I am optimistic.... focusing on cutting costs is not the answer. Goals for both parties must be aligned, and evaluation models put in place so both parties can track how they are performing. Now more than ever staff wellbeing needs to be part of decision making with both sides avoiding creating unnecessary demands on teams.

And I am cautiously optimistic, too, about the political landscape. I think that everybody is relieved to see the relative calm that seems to have returned to Westminster; and I am delighted that both the Culture Secretary, Michelle Donelan, and the Shadow Culture Secretary, Lucy Powell, are joining us at this year's conference.

With that calm has come some welcome decision-making by government. Advertisers overwhelmingly opposed the sale of Channel 4, and so we were very pleased with the announcement that the channel will remain in public ownership, with its Public Sector Broadcaster licence which brings in the audience which advertisers value so highly.

Similarly, the delay in implementing the HFSS advertising restrictions until October 2025 shows that government has listened carefully to representations from ISBA and others that business needed more time to prepare.

With an election not immediately on the horizon, this year we look forward to progress on several fronts. The next stages of the Online Advertising Programme. Discussion of the UK's post-Brexit data regime. Legislation promoting digital competition. And the next stages of the Online Safety Bill. ISBA will be responding, too, to the consultation on how the HFSS changes will be implemented, and the Scottish Government's proposals on alcohol marketing.

By speaking with One Voice on behalf of advertisers, advocating for our members' interests, ISBA will continue to demonstrate our industry's proactive commitment to creating positive outcomes for society and the economy.

Looking ahead to 2023, I know that one of the challenges during a downturn is convincing a board and senior leadership that marketing is an investment in the future, rather than a short-term cost.

But we know that those who invest in brand advertising emerge faster and stronger from difficult times.

And we know that the flexibility, creativity and passion of marketers, as well as our willingness to confront the big challenges, are the key factor in helping our businesses not just survive but thrive.

The coming year might be tough. There are no magic bullets or pat solutions.

We can meet these challenges, by being unafraid to champion what's right for our brands and our customers; by talking, listening, and collaborating.

We are all in this together – and that's what this conference is all about.