Science-driven creative

Creative agencies are suffering financially due to a lack of valued differentiation and the consequent loss of price-setting discretion. However, with the correct use of science-driven creative, to deliver growth to their clients, innovative agencies can reverse this trend, explains **Ken Roberts** of **Forethought**

Those heady days of creative agencies making solid economic returns have passed. The diligent efforts of procurement have seen to that and now creative agencies have been relegated to price-takers. First, because the veil of wizardry surrounding creativity has somewhat faded; and second, and more importantly, because the tenuous or non-existent link between agencies' creative output and commercially effective communications has invited a sceptical and unchecked procurement office to set price accordingly.

However, agencies can reverse this trend. The agencies that repeatedly facilitate a change in their clients' relative market performance will return to those days of prosperity. This requires the discipline of using data analytics to dissect behaviour into its constituent motivators, both rational and emotional, and to frame the creative brief based on those scientifically derived drivers.

Here's a thought: there's no such thing as a price-sensitive buyer; just one who has grown indifferent to your differentiation.

The same individual who buys an expensive Porsche will also buy the cheapest toilet tissue. It's the product, not the person; it's the creative agencies, not procurement. Saying that the market for creative is increasingly price-sensitive is a fanciful diversion that avoids the reality – namely, that the creative industry has been ineffective in providing valued differentiation. With valued differentiation comes price-setting discretion. For a creative agency, valued differentiation comes from having the wherewithal consistently to produce commercially effective communications.

With the predictability of a drunken sailor's gait, every now and then a creative agency does produce commercially effective communications – that is, work that enables the client to raise margins, gain market share or grow the category. Such notable success is sometimes attributed to a high-performing individual from the agency.

Too often among the creative fraternity, such 'personality' marketing is a surrogate for meaningful differentiation. Alas, over time, that agency is seen to be no more capable of producing commercially effective creative than its competitors, and so the individual's aura is progressively lost – and with it, the agency's price-setting discretion.

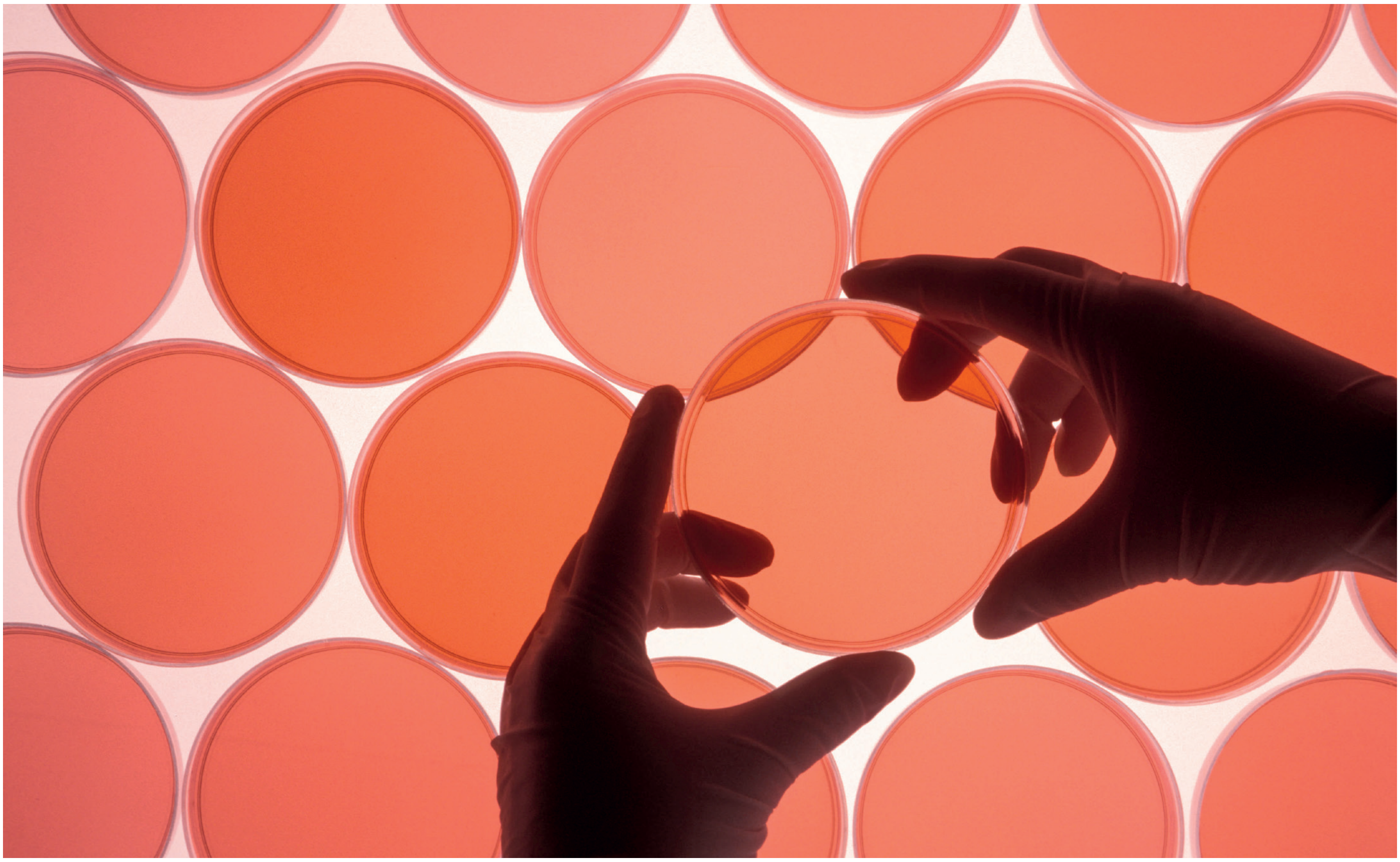
Predictive models have recently been enhanced through the implicit measurement of emotions. Creatives are able to encircle the rational reasons to believe with the discrete emotions most likely to bring about consumption behaviour. This is now communications driven by contemporary business analytics-based insight.

In contrast, the past in advertising is more likely to be typified by an agency that relies on intuition augmented with vanilla findings arising from focus groups, clippings from the internet, and surveys that are unable to provide any predictive validity whatsoever of changes in market share. This is how the advertising industry was ten years ago and as it pretty much stands today. It is also the primary reason for the tenuous link between general creative output and commercially effective communications.

> "Creativity thrives best not when it is lawless and ill-informed by loose insight, but rather when it is constrained and guided by scientifically derived drivers"

In the advertising realm, the future ideally is represented by an agency that is capable of interpreting advanced marketing analytics and applying a scientifically derived model that accurately predicts changes in market share. The components of such predictive models are, indeed, the growth drivers of market share. If the intention of the communications is to effect change in market share, then these drivers are the valid candidates for the rational reasons to believe, and they ought to form the basis of the creative brief.

The dire warning is that, on the current trajectory, pricing for creative will yield no more – and perhaps less – than the cost of capital. This is precisely what a dutiful procurement is facilitating. By that time, only the lowest-cost producers will scratch out an existence. As evidence that this process is under way, agencies are already



moving production to low-cost countries, salaries are either stagnant or contracting, individual workloads are increasing, and staff turnover is rising – in some agencies to catastrophic heights.

In addition, increasingly heard are stories of agencies that are pricing pitches to yield a return below costs simply to access current-period revenue to contribute to fixed costs and to keep the doors open. This is evidence that, for some, the end is nigh. The most chilling fact of all is that there is a growing feeling of deep concern and helplessness among the senior echelons of the advertising and marketing services conglomerates.

In the 1960s, agencies had an idea. They introduced account planning as a means of increasing the probability of success by building the 'big idea' based on consumer 'insight'. The problem was that the insight was indiscernibly better than gut instinct. Indeed, good gut instinct was probably better than average insight. This is a far cry from using analytics to dissect behaviour into its constituent motivators, both rational and emotional.

In what seems like yet another roll of the die, and borrowing inspiration from books such as *Nudge*, *The Paradox of Choice* and *Predictably Irrational*, some advertising personalities have attempted to resuscitate account planning with a behavioural economics-based approach.

The behavioural economics promise is that there are a number of generalisable 'truths' that can be applied to increase the prosperity of brands. For some, these behavioural economics principles have become the missing tablets of stone of marketing. The trouble is, for applied behavioural economics based on these 'principles', the in-market results are not always as expected according to the academic literature. Indeed, we have seen examples – such as in general insurance – where the reduction from a crowded set of options, guided by behavioural economics principles, did not relieve choice paralysis or cognitive overloading to facilitate greater market share; on the contrary, it lowered market share.

Like other behavioural economics principles, the paradox of choice is not a generalisable rule of marketing, and blind application of such principles will not result in a higher probability of success for creative. (Incidentally, even Barry Schwartz, author of *The Paradox of Choice*, cautions that he does not know how much choice is too much choice.)

This is in no way an attempt to diminish the contribution or the rigour of well-applied, 'test-and-learn'-based behavioural economics. It's just that holding out a few intuitively appealing principles and then blindly applying them to a big idea is not the solution to the problem of long-term prosperity of the industry.

For the creative agency to change the probability of producing commercially effective creative to be better than the toss of a coin, it must have the discipline to build its creative based on scientifically validated models that use the identified drivers of growth – both gain and retain – to predict change in market share.

In the context of communications, let's assume that there are just three non-mutually exclusive enterprise endeavours: grow market share; grow margin; and grow the category. To gain customers, we need to be able to identify the rational and emotional growth drivers and quantify their relative importance in driving choice.

Creativity thrives best not when it is lawless and ill-informed by loose insight, but rather when it is constrained and guided by scientifically derived drivers. Prescribing to the creative team the emotion to elicit and the rational reasons to believe to teach focuses the challenge and produces the most commercially effective work.

Through marketing science, we now know precisely what we need to be communicating to drive choice, and therefore the acquisition of new customers. Only now are we ready to draft the creative brief. What remains is the substantial challenge of producing effective creative; however, the greatest uncertainty has been removed from the equation. Once the creative is produced, we can pre-test, with pin-point accuracy, the efficacy of the creative output in triggering the drivers of growth.

From the planners' perspective, there are several reasons to justify a reluctance to be inclusive of marketing science. Perhaps they fear conceding ground and allowing marketing scientists to encroach on the agency's advice, income and raison d'être. Perhaps they defend dearly their creative integrity and consider marketing science a threat to that integrity. Perhaps it is the scarcity of supply of marketing science-led insight and the search costs that one would need to encounter to identify high-quality marketing science. Perhaps it is the atrocities of the past when planners relied on 'analytics' to inform the big idea and it flopped.

It seems clear that there are three glaring impediments to the adoption of science-driven creative:

1 The greatest impediment of all is the insistent voices of the exponents of the 'old way'. Even in instances where the client has directed that science-based predictive models be used as the foundation for creative, we have witnessed agency folks digging their heels in as they defiantly cling to intuition and ways that have served them and their clients so poorly in the past.

2 Producing efficacious models that predict changes in market share leading to the formation of creative is, for some clients, a new idea – and for most, beyond their current skill set. Clients tend not to have the data analytics capabilities among their communications and insights teams, so there is an adherence to account planning and creative briefs being based on qualitative findings and quantitative 'analysis' – amounting to little more than means, frequencies and cross-tabs coupled with the old stock-in-trade, gut instinct.

3 For the most part, creative agencies recruit the wrong people for their account planning departments. In many creative agencies, there is a general aversion to advanced analytics and, consequently, a low comprehension of the appropriateness or power of predictive data analytics tools. The fledgling rise of the data planner is directionally correct; however, it is a long way short of applying predictive models to identify the rational and emotional drivers of choice and then briefing the creative accordingly.

Given that the scientifically validated growth drivers that are the foundation stones of commercially effective communications are known, pre-testing can be used to establish the efficacy of the creative. This is a far cry from the usual pre-testing approach, in which a bank of questions with unknown relevance to market share, margin or category growth is measured.

Continuing the science-based approach, post-implementation in-market tracking programmes provide hard evidence-based, diagnostic feedback of change in business outcomes, and the causality of those changes referencing back to the gain and retain drivers and the business initiatives. This feedback alerts and informs clients when intervention is required, and allows for ongoing collaboration between the client and agency partners.

Could it be that many account planners are still working under the problem-gamblers' erroneous belief that, following losses, a win is sure to come? Since the 19th century, the advertising industry has conceded that the probability of advertising achieving its growth objectives is just the toss of a coin. My contention is that, to date, creative agencies have not availed themselves of the contemporary tools that can change that probability.

Like the lapping waves from an ever-encroaching high tide, pretty much every other element of marketing is steadily undergoing a displacement – from managerial hunches and guesses to the rigour and objectivity of business analytics. As we farewell the intuitive marketer so too must we farewell those instinct-based approaches so common in advertising. Increasingly, business analysts will be seeking to shine a piercing, rigorous light on the strength of the causal relationship between an agency's creative output and achieving the advertiser's business objectives.

The creative brief must be based on actual scientifically derived drivers of the expected business outcome – that is, the discipline of using data to dissect behaviour into its constituent motivators, both rational and emotional. It is true that science-driven creative has been late to be embraced. However, it is certainly not too late for the agencies that welcome innovation to claw back their price-setting discretion as they deliver growth to their clients.

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