

# Marketing in the digital age



**Figure 1: Australian internet use – 2010<sup>1</sup>**

Over 17m Australians use the internet
On average, they spend 71 hours on websites monthly
Australia is ranked ninth in online internet penetration

As broadband penetration has grown, digital media has grown along with it. It is estimated digital media will soon overtake newspapers and free-to-air television. By 2014, it will become Australia's biggest advertising medium, worth an estimated \$3.8b.<sup>2</sup>

**Figure 2: Video usage amongst Australian women aged 25-49 in 2008-9<sup>3</sup> – more than:**

35% downloaded video clips
89% downloaded TV programs
67% downloaded feature films



## 1 Introduction

The arrival of the digital age has had a significant impact on marketing by businesses. The evolution of online and digital platforms is changing the way that manufacturers of fast moving products communicate with consumers. As a major global producer of household, health and personal care products, Reckitt Benckiser (RB) has led the way in moving marketing online.

**Marketing** is the means companies use to develop consumer interest in their products or services. Traditionally, mass marketing methods such as television, radio and the print media have been used widely to communicate the message. By contrast, **advertising** in the digital space is much more targeted to particular demographic groups at the time and place they are considering purchasing the product or service. RB has recognised the change in consumer behaviour as a result of the evolution of digital platforms and this has led to them driving change towards a significant marketing investment in **digital media**.

## 2 The change to digital media

Communication channels are changing. Consumers are increasingly accessing information-rich content via devices connected, by wireless or cable, to the web. The internet removes geographical boundaries and allows consumers to watch content anytime and anywhere. Open, on-demand platforms are overtaking closed network systems – interactivity is becoming part of all media channels.

Businesses must continually adapt marketing to remain effective. Digital media can reach a wide audience for a lower cost than traditional advertising methods and can have immediate results as it reaches specific demographics close to the time of purchase. The impact of specific marketing approaches can be more easily established as all elements of a campaign can more easily be measured.

## 3 Online video advertising

RB recognised the change in consumer behaviour resulting from the evolution of digital platforms and invested approximately \$US40m into digital media in the USA in 2010. As there was a lack of typical industry measurement techniques surrounding consumer impact and success, RB pursued robust measurement through Nielsen NetRatings.

At \$US40m, this was one of the biggest single buys for digital media, making RB the first large package-goods manufacturer to move its **media mix** significantly from mainstream television platforms to digital media. Since then, RB has looked to roll this out globally as they seek the optimum media mix which best reaches its target audience.

RB synchronises its digital media campaigns with mainstream television advertising campaigns. A key part of the digital media strategy is to enhance the television advertisements with a level of consumer engagement.

RB directs considerable resources to measuring the **return on investment (ROI)** of its advertising campaigns, whether mainstream or online. Results from testing a digital media campaign are compared with the results for the control or mainstream television campaign. The core objective is to identify if the uplift

of sales generated from combined television and digital media differs from the impact on sales of TV advertising campaigns alone.

“When we launch a television campaign, we see an immediate impact on the sales line. When we conduct an online campaign we see the same movement in sales as well, delivering an overall more effective ROI for our campaigns.”

*Andy, RB Global Internet Marketing Manager.*

The impact of advertising for RB's household fragrance brand, Airwick, has been carefully measured. Households exposed to Airwick advertisements were identified via the Nielsen/Net Ratings Site tagging technology. Two groups were formed. Each had similar demographics, geography, seasonality, deals and coupon activity and had made similar Airwick product purchases during the prior year. Household purchases of the group exposed to the TV and digital media advertisements were compared with the purchases of the control group which was exposed to TV advertising alone.



**Figure 3: Airwick campaign results impact on sales**

A combination of TV and online video increased sales and penetration by 6% compared with 5% for the TV only group.

Households exposed to TV and online video spent more than buyers in the TV only group

Interactive online video increased sales more than a linear online commercial

## 4 Measuring marketing success

**Key performance indicators (KPIs)** were established to ensure digital media is return on investment (ROI) focused and accountable. RB established a reporting system that ensures that the business does not pay unless the advertisement is completely downloaded. This means RB pays only when the advertisement completely loads, rather than when it is requested from the server. Use of this technology means RB has very precise data about when the **impression** is completed. This technology has the ability to measure accurately each consumers interaction with the advertisement by differentiating advertisements delivered rather than completed impressions. This ensures that RB only pays for the advertisements it has actually delivered to viewers.

RB's Global Media Team has established a global success model based on optimal levels of digital media. This provides a framework for each individual country to use when developing their optimal media mix. RB Australia has undertaken a significant investment in digital media, although its total online advertising is limited by the current broadband speed, lack of local inventory available and Australia's higher pricing structure. This pricing has led to global deals where RB buys international content. RB Australia, like other local markets, has to define and establish the appropriate balance for its media mix.

## 5 Conclusion

RB is an **early adopter** of online digital marketing. It has invested significant resources into developing the optimal approach towards online media and establishing global benchmarks for measuring the impact on sales and incremental audience reach of both TV and digital media campaigns. This has set the standard for effective measurement of digital campaigns, which RB will take into consideration in all future decision making regarding investment in online platforms. In such a new media, there is further work to do to improve the measurement of multi-media reach, frequency and distinguishing people being online who are specifically viewing online video.

RB is committed to developing long term, sustainable media partnerships. There is a need for media owners to look at multi-communication delivery platforms and business models to monetise content.

RB recognises that to talk and interact with consumers effectively, they need to be ever more creative and innovative in their media and messages and campaigns to enable focus and dialogue whenever and wherever their consumers are.

## GLOSSARY

**Advertising** Bringing a brand, product or service to the attention of potential and current customers. Advertising is typically done with signs, brochures, radio or TV commercials, direct mailings or websites, personal contact and the like.

**Digital media** Digitised content (text, graphics, audio, and video) that can be transmitted over internet or computer networks.

**Early adopter** The second group into the market after the innovator. Users who adopt a new product early in the product life cycle.

**Impression (online advertising)** A single appearance of an advertisement on a web page, that is, when the advertisement loads onto a user's screen.

**Key performance indicators (KPIs)** Specific quantitative and qualitative criteria used to measure how efficient and effective a business has been in achieving strategic goals.

**Marketing** The range of activities that relate to identifying, anticipating and satisfying customer needs (profitably) by means of standard tools such as market research and promotion.

**Media mix** Combination of different media used for marketing and promotional purposes.

**Return on investment (ROI)** ROI measures how effectively a business uses its capital to generate profit; the higher the ROI, the better. The ROI is about measuring the cost of investing in a product or service versus the profit it generates.

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