



Balancing long term and short term planning

Sainsbury's have announced that they're moving from an annual marketing planning cycle to the development of a longer term 3 year plan. Lately they've been outperforming the market on a sustained basis and the confidence instilled has likely contributed to their openness to extending the planning horizon.

If you develop a long term strategy then it probably makes sense to implement long term evaluation techniques too....which can be easier said than done. Most of the time marketing is judged on quite short term KPIs and if something doesn't appear to be working the decision to change it can be made quite quickly.

Les Binet and Peter Field (the Ant and Dec of marketing effectiveness) recently published their long awaited follow up to Marketing in the Era of Accountability. The Long and the Short of it looks at how marketers can balance long term and short term strategies. A key theme is the difference between the timescales used for measuring marketing impact and how decisions based on short term evaluation may not be optimal for driving long term profitability. A campaign that drives volume in the short term is often deemed a success, but the most profitable campaigns are those that shift a brand's price elasticity – and it may take years to see these kinds of effects.

The report doesn't just leave you hanging. It offers advice for balancing short term and long term goals. This advice is based on a favourite topic of theirs – share of voice. Evidence suggests that a brand is more likely to grow if its share of voice exceeds its share of market. In *The Long and Short* of it, it is suggested that share of voice is broken down further into brand and activation activity. Brand activity is that which is directed towards long term objectives. The type of marketing that influences our subconscious, 'system 1' level thinking. It might not affect our immediate purchase decisions, but contributes to an emotional connection over time through a consistency of presence and message. Activation activity is that which is expected to lead to a more timely response – in contrast to brand activity this type of marketing works on rational 'system 2' level thinking. When conscious consideration interacts with latent preferences, the activation activity has the potential to shift the purchase outcome.

If you outspend the competition, but only in the activation space then long term profitability probably won't be on the cards (it's not impossible, but very difficult to fight against an emotional pre-disposition nurtured by a competitor). If over time you pay attention to your share of voice in both the brand and activation space, chances of overall success are likely to increase.

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