

ARTISTS
VS
SCIENTISTS
AND THE
CRISIS OF ADVERTISING

A formula for prosperity

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CONTENTS

Foreword	5
The Crisis of Advertising	6
The Power of Science	12
The Power of Art	18
A Formula for Peace & Prosperity	26
Implications	36



FOREWORD

On the 3rd July 2015, the Saatchi Institute held its inaugural event at London Business School to address the conflict between Art and Science in Advertising.

At the seminar, Keith Weed, Chief Marketing Officer of Unilever, referred to a recent study into the human impact of technology. It revealed that our average attention span over the last 15 years has decreased from 12 to 8 seconds. The attention span of a goldfish meanwhile has remained steady at 9 seconds. We now officially have a shorter attention span than goldfish.

What to do with those precious 8 seconds?

Rely on the skill of the scientists in our industry to deliver the right message to the right person at exactly the right moment. The dream of 100% relevance.

Or trust the artists to create ideas that stop us in our tracks and touch the human spirit in ways we may never completely understand?

How should the conflict between Art and Science be resolved? This paper proposes a formula for peace and prosperity.

TIM DUFFY, CHAIRMAN SAATCHI INSTITUTE
AUGUST 2015



THE CRISIS OF
ADVERTISING

THE CRISIS OF ADVERTISING



Artists versus Scientists

Advertisers have for years been seeking to ‘master the inside of men’s minds’ – to influence, to create desire, to persuade, to change behaviour. In short, the aim of advertising is to have impact – whether financial impact by increasing market share, political impact by changing people’s voting habits, or social impact by changing their behaviour.

This is not in dispute. What is in dispute is how to do it. Artists and scientists each claim primacy.

Advertising is now a ‘two cultures’ business.

For hundreds of years artists and scientists have led separate lives, each with their own pre-occupations, networks, journals and even museums. British scientist and novelist, C.P. Snow famously argued that the intellectual life of the whole of western society is split into two cultures, each misunderstanding and undervaluing the other. Advertising today is suffering from the same disease.

The scientists attack the artists: ‘You trade in leaps of faith; you don’t know what works. With our data analysis, algorithmic automation and digital technology, we deliver precision and certainty.’ The artists return the fire: ‘No masterpiece was ever created painting by numbers. You are destroying the imagination and creativity that inspires us all.’ They quote Isaac Asimov ‘The lucky few who can be involved in creative work of any sort will be the true elite of mankind, for they alone will do more than serve a machine.’¹

1. Asimov I., ‘Visit to the World’s Fair of 2014’ in *The New York Times*.

THE CRISIS OF ADVERTISING

Advertising at War: The science of correlation versus the art of persuasion

This is much more than a squabble between competing disciplines. It is a conflict that strikes at the very heart of the advertising industry, because it raises profound questions about the foundations of advertising.

Artists believe ideas can influence how people think and behave. They believe in causation; that they can gauge how consumers think, and stimulate them with creativity to think and behave differently. Cause and effect.

The data scientists say we need no longer worry about such theory. Scientists worship correlations in data. Witness how Amazon works; there is no need for the creative 'sell' just the right prompt to the right person at the right time is enough. Moreover, they don't concern themselves with big ideas. Instead, their data engines allow for hyper-personalisation. 'The age of the interruptive commercial will finally come to an end. In its place will be a new world in which advertising is beneficial and completely relevant where no prospect is served an advertisement that doesn't 100% align with their interests, behaviours, and past purchases.'²

And so the war intensifies. As a creative director said at the 2015 Cannes Advertising Festival, 'Big tech firms are trying to join the party. They say they are here to celebrate the meeting of the algorithm and the idea. But I don't buy it. This is lip service to our industry and they are slowly dismantling it in

2. Leung S., '5 Ways the Internet of Things Will Make Marketing Smaller' in *Forbes*.

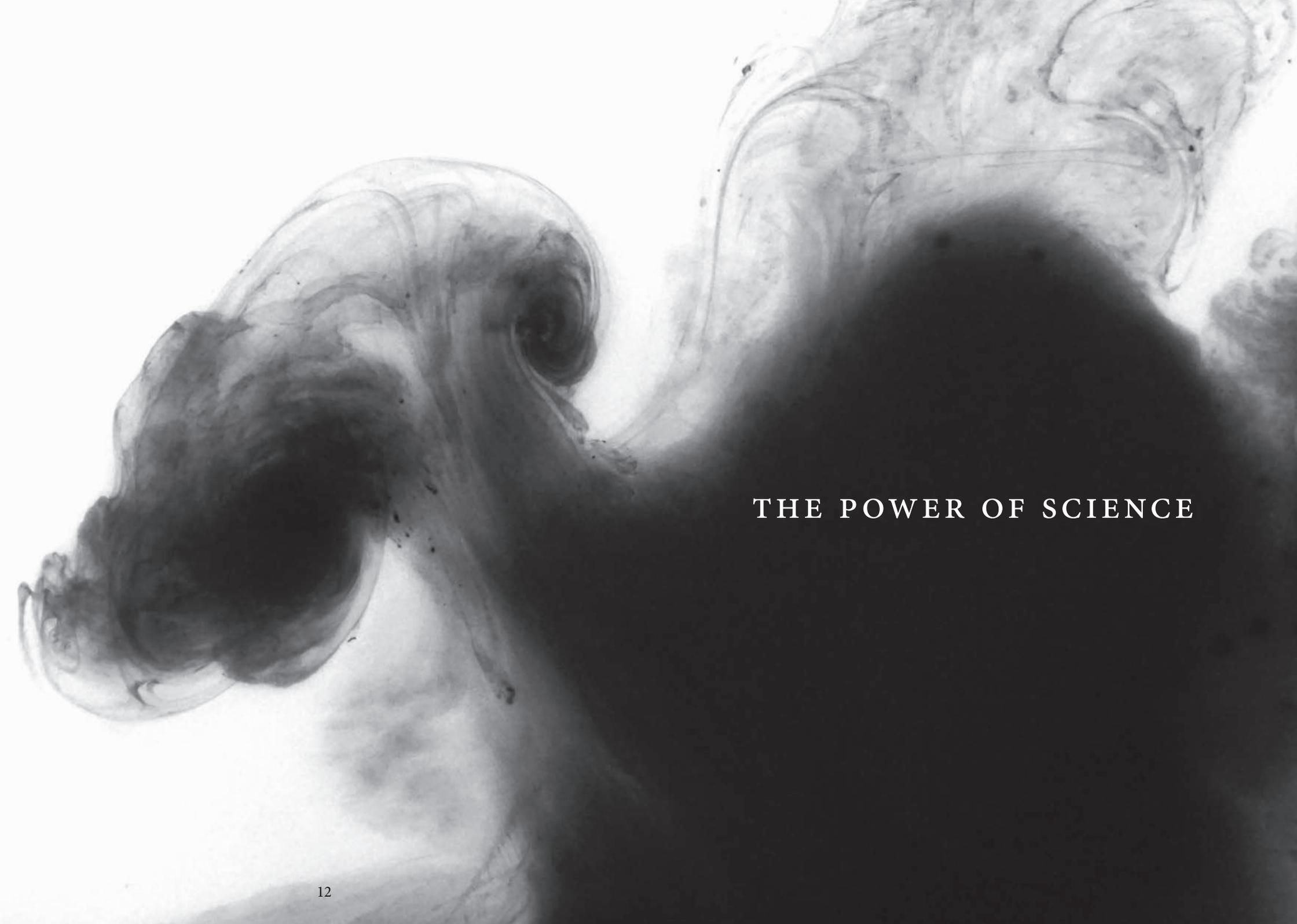
THE CRISIS OF ADVERTISING

3. Wilkins J., 'Why The Tech Firms at Cannes Will Destroy Advertising' in *Campaign*.

front of our eyes. They're tickling the tummy of the creative lion while slowly pushing it to extinction.'³

Is the future of advertising to do with the art of persuasion or the science of proximity? Are we masters of causation or correlation? Do we care about the why or the what?





THE POWER OF SCIENCE

THE POWER OF SCIENCE

There has been more change in advertising in the last five years than in the previous twenty-five. With more than half of all internet access now coming from mobile devices, companies can build 'data holograms' of individual consumers. These are enriched in real time with location technology, predictive analytics, and even weather data. And as artificial intelligence and big data systems converge with mobile technology the pace of change will accelerate still further.

Hyper-precision

The UK has become the first nation in the world where digital advertising expenditure has overtaken non-digital. The average British household now owns 7.4 internet devices. It is no surprise that digital touchpoints are increasing 20% annually. Individuals can be identified and followed. Hyper-targeting – genuine one-to-one marketing – is becoming mainstream. Profiles are created through blending customer and third party data; groups are segmented; content created; ad campaigns are built; these are traded over 'city-like' platforms in a fraction of a second; impact is measured and content adjusted in real time. This isn't a futuristic dream, this is happening now. In fact, over half of all display ads are now bought programmatically. The return on investment from these techniques is reported to be 30-50% better than anything before and the trend will improve. Data is the new oil and advertising is churning out terabytes of it.



THE POWER OF SCIENCE

'Buy now'

As a consequence, it is now the aim of every marketer is to put a buy now button throughout the decision making process, at every touchpoint, particularly in social channels, so no sales opportunity is wasted. Browsers can now be turned into buyers. Experts in algorithmic marketing, argue that marketing is no longer about seducing people, but merely being there at their moment of need.

The Internet of Things

In the battle for superiority, the 'Internet of Things' will become critical. We are entering a world where products are web-connected, intelligent, and play an active part in manufacturing, retail and end-consumer use. The Brookings Institute estimates that the Internet of Things will consist of 50 billion objects by 2020.⁴ The self-stocking fridge really is just around the corner. Consumers will outsource decision making to internet connected products which themselves know when they need to be replaced or updated. The product plays the active part, not the consumer. Decision making is pre-determined and automated. As increasing numbers of our once-unconnected devices and objects are being fitted with sensors and given constant network accessibility, the face of advertising is going to change for both the marketer and the consumer.

4. Howard P.N.,
'How Big Is The
Internet of Things
And How Big Will It
Get?' in Brookings.

Artificial intelligence

AI, or Artificial intelligence, will take this to the next level. Sir Tim Berners-Lee believes that the Virtual Personal Assistant

THE POWER OF SCIENCE

5. Berners-Lee T.,
Sir Tim Berners-Lee:
*The Marketing
Impact of Artificial
Intelligence* in
Campaign India.

(VPA) is the tech phenomenon which will organise our lives from travel and entertainment to a new wardrobe for summer.⁵ It will be Siri taken to another level. What will this mean for marketers? We will have to transition from enticing human beings into buying our stuff to learning how to influence VPAs. It is a brave new world.

Behavioural science

As new technology creates unprecedented levels of precision targeting, the discipline of behavioural science is expanding its impact. It proposes that the consumer is not a purely rational-choice agent as assumed in classic economic theory, but is instead biased in evaluating prospects, is instinctive in decision making, and heavily influenced by others. Behavioural scientists say that we don't need consumers to think through their behaviour, rather that behaviour can be influenced by 'nudges' and the consumer remains barely, if at all, conscious of the 'nudge'.





THE POWER OF ART

THE POWER OF ART

Whilst the scientists in our industry are exploiting new techniques with great success, it remains an eternal truth that art has the power to speak to our spirit, nurture our soul and move us. It is an intangible force that has a tangible effect. Dr Michael E. Smith, Head of Nielsen Neuroscience, explained at the Saatchi Institute inaugural seminar how neuroscience is unlocking the impact of advertising by examining how advertising stimulates the strongest emotional responses in the brain.

Making complicated simple

Artists intuitively understand the power of simplicity. The ability to distil a message to its most powerful essence. Witness the ability of a single image, with no copy, to tell the complex story of a prospective Labour-SNP coalition during the 2015 UK General Election.

Stopping you in your tracks

Whilst data scientists rely on the principle that the past is the best predictor of the future, artists concern themselves not with what is but what could be. Whether a drumming gorilla or Blood Swept Lands and Seas of Red, creativity can make us stop and think.



THE POWER OF ART

Brands engaging at a higher level

Artists use creativity to speak to us as human beings, touching our sense of self, our identity and need for belonging. This ability has fuelled the trend in recent years for brands to have a powerful sense of purpose and make significant contributions to our lives. Algorithms could not have invented the Dove Campaign for Real Beauty.



THE POWER OF ART

Generating an emotional response

Artists intuitively understand the power of simplicity; the ability to distil a message to its most powerful essence generates an emotional response from the viewer that is more powerful than any rational argument.

Starting conversations

The social currency of brands is an increasingly important asset, whether on or off-line. The ability of artists to surprise, entertain or amaze starts conversations. Red Bull has mastered this art. Baumgartner's jump from space had over 38 million views on YouTube.

Creating willing consumers of advertising

Amongst other clutter, we are subject to over 2000 digital ads a month. With the prospect of ad avoidance technology and consumers seeking to control their own data, it falls to the artists to make advertising so appealing that people want to watch, join in or share their data. During the analogue TV era, people would sometimes describe the advertising as better than the programmes and so were happy to keep watching. In the digital world the creativity of the artist must achieve the same effect.





A FORMULA FOR
PEACE & PROSPERITY

A FORMULA FOR PEACE & PROSPERITY

Is the future of advertising to do with the art of persuasion? Or is it the science of proximity? Are we masters of causation or correlation?

How do the advertising agencies and marketing directors address this dilemma? Should their aim be to become like Amazon, a super intelligent algorithm engine? Or are they to become like Steve Jobs – unrelenting in pushing forward new ideas. As the CMO of one large company said, should I spend my time worrying about big data or the big idea?

The battle for primacy is a sterile debate. The Saatchi Institute has set out to understand the relationship between the two. And in doing so, provide a roadmap for the advertising industry. The hypothesis we have developed, and tested empirically with Nielsen and Unilever, is a formula for peace and prosperity.



OUR HYPOTHESIS

Our hypothesis has three broad and simple elements, the first two to do with separate and defined responsibilities for Artists and Scientists, and the third to do with the relationship between them.

1. The role of the Artist is to maximise the differentiation of a brand. The Artist does not rely on the past to create or predict the future. To be meaningfully different takes a leap. It is the Artist's responsibility to invent big long lasting brand ideas, and this responsibility lies in two areas: communication and innovation. The Artist sees the impossible, embraces the unreasonable and pushes the world forward with unwavering belief in the power of the idea.

2. The role of the Scientist is to minimise deviation in the brand's targeting. Deviation represents waste. As Lord Leverhulme is reported to have said, 'I know that half my advertising investment is wasted, I just don't know which half.' Science must ensure all investment is precisely targeted and harness a brand to its true north. To quote Keith Weed, the goal is to be 'always on brand in an always on world.'



OUR HYPOTHESIS

3. **There is a relationship between the Art and Science that is a predictor of impact.** For commercial companies this is share performance, but it could equally be a measure of social impact.

Our hypothesis is that Art divided by Science predicts financial impact, where Art is defined as maximising differentiation and Science as minimising deviation.

$$\frac{\textit{Art}}{\textit{Science}} = \textit{£ Impact}$$

$$\frac{\textit{Maximise differentiation}}{\textit{Minimise deviation}} = \textit{£ Impact}$$

Art defined as meaningful differentiation and science as wasteful deviation.

EVIDENCE FOR THE FORMULA

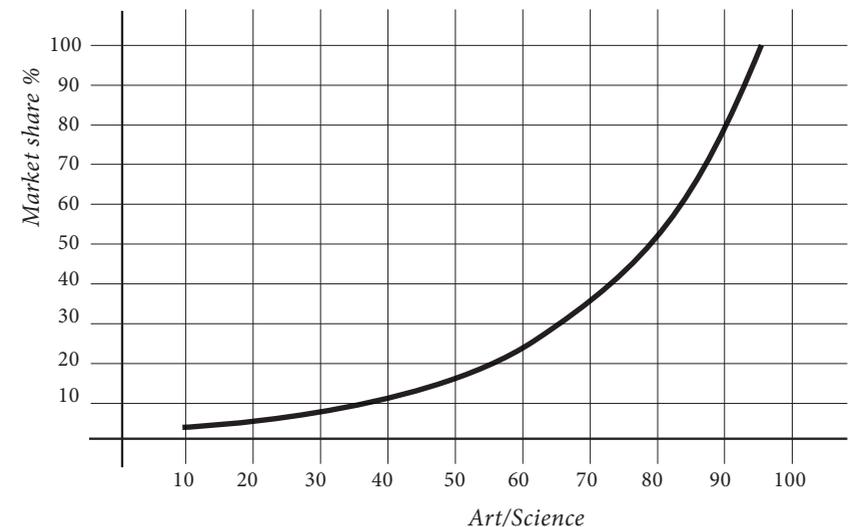
We have evaluated our Art/Science model against consumer data over approximately three years for a range of brands in two related product categories using a large and relatively homogenous geographic market.

We constructed separate Art and Science scales to measure brand performance in its category. For the categories examined with Unilever and Nielsen, we measured Art by the level of differential trust and appeal and Science by the ability of the brand to minimise the gap between desire and usage, as this represents wasted opportunities.

The graph opposite reveals the relationship between the two. A high A/S score indicates a higher market share. The relationship of Art and Science with market share is promising and worth further exploration.

Our theory is not that this particular pattern works for every category, because this graph is based on specific data in a specific category. Rather, our hypothesis is that the basic principles of the formula apply, and that, although different markets may have different specific measures for Art and Science, there is a universal relationship to be unlocked. We are working with other companies to determine how the formula can be applied in their category.

$$f(\lambda, \xi) = ae^{k \frac{\lambda}{\xi}}$$



Note: We are continuing our research in collaboration with Unilever and Nielsen by adding further controls to a multi-variate regression in order to evaluate the significance of Art/Science variable as a predictor of market share and we are expanding our evaluation of the model to other product categories.



IMPLICATIONS

FIVE IMPLICATIONS OF THE FORMULA

1. Marketing directors can model where to invest to grow share.

The formula aims to provide a comprehensive model for evaluating a brand's performance over time and compared to its peer group. This allows brand managers to model the impact of Art and Science on performance, to determine which lever to deploy for greatest impact.

The mathematics behind the analysis also prove what we intuitively know, that it is essential to put the Art of persuasion first. No matter how much Science, without the Art of persuasion, impact is destined to be low. However, it also shows that the highest impact scores of all can only be achieved with good Science scores.

2. A new division of labour

Until now the typical industry view was 'Division is bad. Integrate at all cost'. This has led to a knee jerk rush to assimilate all skills, thinking within the activity for any given brand. Often leading to integration of the most basic, 'matching look and line' kind.

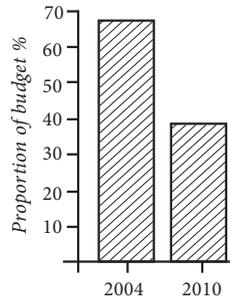
Our formula points to a different approach. It suggests 'Division is good. Invest effort in each'. Highest commercial impact is achieved by creating maximum differentiation via art, divided by minimum deviation via science. In practice, this means expertise can, and often, should be channelled into art and science activities separately, without the need for them necessarily to be tackled together.

FIVE IMPLICATIONS OF THE FORMULA

In a new variation of the principles for progress and prosperity identified by Adam Smith in the eighteenth century, practitioners can spend their time pursuing either the most persuasive proposition or the most targeted prospecting, without the need to develop a Frankenstein hybrid of both.



FIVE IMPLICATIONS OF THE FORMULA



Decline in long-running campaigns
Source: IPA

3. The return of the long running campaign.

To address the top half of the formula, our hypothesis would support the revival of the 'long running campaign'. Data we have gathered suggests a serious decline in the proportion of advertising that utilises a 'long running campaign property'.

Why the decline? Our contention is that marketers have conflated the idea of a long running campaign with an infrastructure dependence on traditional media. This is a big and dangerous mistake because great and sustainable campaigns must exist multi-channel. Witness Real Beauty for Dove. Our hypothesis suggests that it is time to re-build sustained and significant brand properties. And given the importance of brands with purpose, we will see a move away from superficiality and novelty, to substantial and sustained ideas. This, of course, is a trend being led by Unilever.

With increasing consumer awareness of the value of their own data, combined with 2017 EU regulation, we may see only the most trusted brands able to secure permission from the customers to use their data in the fiendishly clever ways identified by the Scientists.

FIVE IMPLICATIONS OF THE FORMULA

4. Applying Brutal Simplicity of Thought to Science

Turning to the denominator of the formula, we observe that diversity of channel and proliferation of touchpoints has become a manifesto for fragmentation. And some commentators, mistakenly, are celebrating this as personalisation at work, a different approach for every customer. We believe that just as the strongest brands have a single differentiating idea, they also employ a single, definable strategy for the denominator.

0^2 exemplifies our belief. A differentiating brand numerator – Be more dog – divided by an equally simple denominator – priority experiences – coherently delivered through all direct channels in a highly personalised way.





FIVE IMPLICATIONS OF THE FORMULA

5. One brand, two radically different timeframes

We foresee the death of the 'quarterly reporting' marketing director. The new marketing director will operate simultaneously on two radically different timeframes. This formula reveals that marketing directors need to plan and execute 'differentiation' over months and years, divided by 'deviation' managed in minutes and seconds. Marketing department scorecards and operating procedures will reflect this. Agencies, of course will need to evolve accordingly.



ACKNOWLEDGEMENTS

We are grateful to our partners, Unilever and Nielsen, for their support and commitment and also to Professor Nader Tavassoli at London Business School for his advice.

We are extending our investigation to other categories with Unilever and Nielsen, and invite the broader marketing community to join the Saatchi Institute in further analysis.

Thanks to our analytical team led by Tahreem Arshad, Director of the Saatchi Institute; to Richard Storey, Chief Strategy Officer at M&C Saatchi, and to our designer Jonathan Muddell.

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To discuss further details of the Saatchi Institute's research into Art and Science please contact info@saatchi-institute.com

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