

# The Debating Group



A Parliamentary forum for Media and Marketing Debate

## Does Government advertising save the country money?

**“The right sort of advertising is a powerful and cost-effective tool that is proven to save the taxpayer considerable sums of money”. These were the words of Stephen Woodford, Chairman and CEO of DDB, proposing the motion ‘Government advertising saves the country money’ at the Debating Group debate at the House of Commons on 26<sup>th</sup> March 2012. The debate was sponsored by Thinkbox and chaired by Lord Black of Brentwood.**

Stephen Woodford commented that it was rare that the debate about government advertising focused on its benefits to the nation. The media tend to look at the costs involved not the benefits. The cuts in spend are dramatic – from around £240m pa in 2008/9 to around £40m in 2011. This is still a large sum, but in comparison with the £10 billion or so spent by industry a drop in the ocean. Compared with the costs to society of many of the behaviours they seek to influence, either positively or negatively, the adspends even in the boom years were trivial. Against these huge costs and benefits, the focus on these relatively insignificant ad spends is a classic example of ‘penny wise, pound foolish’. In fact, Mark Tee, the Opposer of the motion, when he appeared before the Public Administration Select Committee in January 2010, cited a £5 return to the NHS for every pound spent on anti-smoking advertising and nearly £3 per person for spend on tax returns. Stephen Woodford conceded that some government advertising such as the ‘Defrosting turkey safely’ campaign has been wasted and poorly conceived, but the right sort of advertising is about much more than money. It can actually improve society in many dimensions – reducing unnecessary deaths and injuries, improving health and well-being, our GDP and the Gross Happiness Index. So compelling is the case for Government advertising, the case for considerably more advertising than even in the boom years of the last Government can be justified. Stephen Woodford cited the IPA booklet ‘How public service advertising works’ published in 2008. It is based on the IPA Effectiveness Awards, the world’s most rigorous database of ad effectiveness, providing meticulous proofs of the impact of communications. Around 90 of the cases in the total database of 1,000 are for public sector advertising. The return on investment on public service cases is much higher than in the private sector. In one study, it is four times more effective. The book shows that the Government should treat advertising as an investment in the long-term success of its endeavours. It should be cut last, not first, when times get hard. It now knows from painful experience, like the most successful private sector businesses, that those who cut back the most, lose the most.

In its ‘Changing behaviour, improving outcomes – a news social marketing strategy for public health’ published in 2011, the Department of Health reported that the spending freeze had the following results:

- The number of people joining Change4Life healthier living programme fell by 80%;
- Calls to the Change4Life information line fell by 90% and web visits by two-thirds;
- Visits to the Smokefree website fell by 50%;

- The volume of people making quit attempts fell, in line with the reduction in purchased media spend.

The DOH recommended a return to advertising and the Government set aside an extra £15m for promoting its anti-smoking website and £14m for a campaign promoting healthy living.

With Government advertising, the impacts of cuts in spending are not like in the private sector. A cut in a company's spending, might lead to results like a market share loss of a brand of petfood, or a lager or an insurance company. It is important for the success of these businesses, but hardly of national importance. Cutting Government spend has had profound effects on the well-being of our country, as the Department of Health statistics and many others show. The positive stories and successes include the wearing of seat belts, the inexorable declines in smoking and drinking and driving, reductions in crime, improvements in public safety, public servant recruitment, benefits, decline in drug taking, tax returns. Successful campaigns such as these have achieved remarkable value for the taxpayer and the country as a whole.

Stephen Woodford cited three cases:

- Teacher recruitment. The ROI was calculated by looking at the savings of paying supply teachers that were generated by filling the positions with permanent staff. The campaign paid for itself between 110 and 150 times over with an estimated payback of £665.4m through recruiting of 7,766 new teachers.
- Home Office Vehicle Crime Prevention campaign 2006. This led to a 37% reduction in crime over a five-year period. It created a saving of £590m in the costs of dealing with vehicle crime. This is 28 times the advertising investment of £21.4m. It is estimated that the campaign would have influenced £1.5 billion worth of crime over a 10-year period
- Transport for London campaign that alerted women to the dangers of unlicensed minicabs from 2004. Based on Home Office cost-of-crime statistics, the £820k campaign investment paid for itself more than 13 times over.

In the private sector 1.5-2 times ROI are the norm, usually in cluttered markets where there are many competing choices. One of the reasons Government advertising does better is the lack of competition.

Large and small cases of successful government advertising using robust data over time reveal benefits which go way beyond money. There is a strong case to spend more money and therefore to save money.

### **Political advertising**

Opposing the motion, **Matthew Sinclair, Director, Taxpayers' Alliance**, questioned whether the behaviour the Government encourages or discourages through advertising saves money or is in fact effective. People stop smoking because they do not want to die plus the cost of smoking, regardless of advertising. They file their tax returns online to give themselves more time. The reason people file their returns on time is so they should not get fined, not to save the Government money. He maintained that there was a critical flaw in the effectiveness statistics – huge environment factors affected smoking behaviour and tax returns. One had to separate out the causal factors. The most positive results of Government advertising are to inform, rather than affect behavioural change, for example a 1950 information campaign about the UN. Small behavioural changes were apparent in a campaign for changing to low-fat milk – here the cost of switching was very low and other factors did not intervene. Matthew Sinclair cited several campaigns where the cost effectiveness was in doubt.

He contended that the private sector was more rigorous in its assessment of ROI than the public sector. Types of evidence had to differentiate evaluations versus experiments. Money was not being applied where it was most needed.

A huge number of public service ads are directed at people who did not need them – most people today do not smoke. There is a huge dead-weight cost and limited evidence of behaviour change. There are huge interventions in smoking and tax return behaviours besides advertising. Matthew Sinclair believed that public service advertising was rarely effective when it reached the right audiences, but it rarely reached the right person.

Regarding public service advertising Matthew Sinclair made a plea for liberalising the rules for political advertising. People with political messages could not reach out to the right audiences. He felt the government was wasting money on advertising instead of looking at its core roles in political advertising.

### **Return on investment**

Seconding the motion, **Mark Lund, Co-founder and Managing Director of Now and Chief Executive of the COI 2009-2011**, highlighted the differences of perspective between the Taxpayer's Alliance and public sector advertising. "On the one side are 430,000 civil servants, all intent on spending money. On the other are the brave sixteen of the Taxpayers' Alliance trying to hold them to some sort of account"? This year, the public sector, both central and local, will spend £722 billion – £125 billion on health, £110 billion on welfare, and £90 billion on education. "This tsunami of money, this wall of cash is being dished out through the public sector at the rate of £2 billion a day – and the Taxpayers' Alliance have to look on like the reluctant funders of an orgy".

However, Mark Lund maintained that this debate was not about tax and spend. It is about investment and return. The motion is not about whether spending is a good or bad thing, but whether money invested in the right way in advertising creates a return for the public purse that justifies the expenditure. However much the government does or does not spend on advertising it is dwarfed by the £16 billion that the private sector spends in the UK every year. So this proportion is probably in line with the private sector. Lord Leverhulme said, "Half of my advertising is wasted but I don't know which half". Even if only 50 or 60% is working really well, the investment is a good one, which is why, according to Mark Lund, 'the clear-eyed men and women of the private sector continue to spend and invest on advertising'. Lord Leverhulme knew that the half of advertising that was working was paying for the other half 50 times over. If you do advertising well it works. It returns on average considerably more in sales and profits than you put in.

Is advertising really the best use of Government money? What about regulation, enforcement and social engineering? Of all the levers that government can pull, regulation, enforcement and social engineering, advertising remains one of the cheapest. The £25m spent on Change4life is a bargain if it is helping prevent a problem that currently costs the NHS £4 billion a year, costing £15 billion in 20 years' time. And if we can encourage more people to save in pensions earlier, the projected £30 billion hole in funding that DWP is forced to confront may not materialise after all.

Mark Lund conceded that not all public sector advertising spend was worthwhile. When he came to the COI some £500 million was being spent through it on advertising, PR, events, and direct marketing and not all of it was being spent well. The majority was being spent in proven, effective long-term campaigns. But some of it was on vanity projects, misguided or poorly thought through campaigns or short-term ventures. "After 6 months we came to the conclusion that 60% of what we were doing was well-founded and effective, 20% a sound buy capable of improvement by better methodology and 20% was daft".

The data show that advertising on social issues is effective and that it does save the country money. We are spending money now in order not to have to spend money later.

### **Saving money?**

### Seconding the opposition **Matt Tee, Former Permanent Secretary for Government**

**Communication**, questioned the motion. It is not about effectiveness or value for money, but proposes that government advertising actually *saves* the country money. This is not why the Government advertises. It was never the intention that it should save money. Moreover it is impossible to demonstrate. Even if it might you would need to be able to show that it is effective and the effect saves money.

On the first Matt Tee contended that the Government was so bad at buying and measuring it could not know. Pre-2010 there was no control on advertising. COI bought what it was asked to buy. When controls came in, it was clear that some campaigns were based on poor insight and had very soft outcome measures. They were rarely done within a brand framework and the problems were attacked on so many fronts it was difficult to isolate the advertising effect.

Matt Tee cited examples:

- Tax filling on time, online. The effect is that more people file on time online saving a multiple of what it cost. There is an assumption that otherwise people would not file on time. ‘Saving’ relies on claiming that a proportion of the money would not have come in at all.
- Smoking. Anti-smoking advertising is not a bad thing, but it is very difficult to estimate what smoking costs the NHS. If anti-smoking messages save money in the short term, more money will be required if people live longer.

Opposing the motion does not mean that you do not support Government advertising but to question whether it is legitimate to make a demand for a net return for the country. Government advertising should not be required to meet the test of saving the country money. This was never the intention of Government.

### **Discussion from the floor**

The following contributions were made from the floor:

For the motion:

- The concept of saving was never in a brief, but advertising does make money. In the era of privatisation, the British Gas flotation made a great deal of money. Government advertising is good value for money.
- The contributor, a former Research Director of COI, stressed that campaigns were measured. It is misleading to talk about Government advertising as if it is one thing. It is important to disaggregate the expenditure and consider the campaigns brand by brand. It is possible to give examples of waste of money – too much money has been spent; not enough money has been spent; the creative was wrong; government departments think advertising was a waste of money and attempt to rectify the position too late. Well-researched, carefully evaluated campaigns work. e.g. The Teacher Training Agency, wearing of rear seat belts. Advertising does not *save* money, but there is a social return on investment.
- The reasons cited for cutting government advertising were to save money. Even if some campaigns do not work, the aggregate of campaigns do save money.
- Advertising is not just TV
- A lot of Government advertising is obvious. Advertisers should spend more money in getting a return. The contributor cited a motorcycle safety campaign in cinemas which caused considerable controversy and debate.
- The contributor made a plea for measuring advertising in terms of people. What is the cost of people who smoke or don’t wear seat belts? She wished for a way to measure the emotional impact. Advertising protects the fabric and infrastructure of our society.
- People are looking for ROI when they advertise.
- Government advertising makes the country richer. That is what it is for – to increase the wealth and health of the country. Advertising makes the country richer because the policies are there.

- The History of Advertising Trust has analysed messages. If you communicate a message that is going to save money. It is not the same as saving money for the country. Where are the savings taking place? Saving lives? In the end we have to ask if the country has benefited from this kind of communication. Sensible people have contributed money with an objective. Is the country better off? Yes.

Against the motion:

- The State has a tendency to expand. There are shades of grandeur in the claim that £1 spent on advertising for the NHS saves £5. Advertising is a borderline mystical discipline and the Lord Leverhulme's quote is not a defence of advertising. There appears to be a bonfire of taxpayers' money. Whatever happened to the Big Society?
- The wording of the motion says 'saves', not 'can save'. Health benefits are designed not to save, but to provide health benefits. You cannot say Government advertising *saves* money. It may well be a good use of money but it doesn't save the country money.
- The contributor stressed that there are other channels of communication besides TV and press: e.g. the Internet, sales promotion, direct marketing are all part of the marketing mix. There are many ways of communicating and changing people's behaviour. Most of the campaigns cited involved multi-level campaigns. Advertising on its own is rarely effective; marketing is effective.

### Summing up

Summing up for the opposition, **Matthew Sinclair** stressed there were two types of evidence: experiments and evaluations. Cost benefit scores are extremely uncertain because it is very difficult to have proper controls. The Teachers' Recruitment Study needed a control of employment in other sectors. Evaluations are worthwhile to assess which projects are likely to be better value for money. To save money you need well-targeted campaigns. But most people do not smoke; most people do not file self-assessment tax returns. Advertising can be effective in making small changes; it is less effective if you are making big 'asks' and addressing behaviour that will actually save money. Teachers' recruitment is difficult to assess. As far as the NHS is concerned all the academic evidence shows that advertising makes less impression on smokers. Matthew Sinclair suggested that a well-targeted and effective campaign could be used in addressing AIDS-related problems. You lose a lot if a campaign is not targeted and it cannot be effective if it is not. But it is very hard to obtain evidence that money can actually be saved.

Summing up for the motion **Stephen Woodford** asked what is Government for? Why are we paying taxes? The answer must be to improve the welfare and wealth of our society. Advertising is one of the most single cost-effectiveness tools that the Government can use. The differences it can make are profound. It doesn't just work to save money, but to launch new policies and present important benefits for the well-being of society. Advertising provides a multiplicity of benefits, which includes saving money. People whose lives have been saved by not smoking can carry on being productive. That many people do not smoke is not an argument for not doing the advertising. Using other channels besides TV provides a climate of non-acceptability. It is not acceptable to smoke or not to wear seat belts. Advertising creates a climate of influence around issues. People making provisions for themselves on retirement are an example of multiplicity of benefits – not just cost saving. But advertising does save the country money.

### The result

The motion was overwhelmingly carried by a show of hands.

### Next debate

The next debate will take place on **Monday 14<sup>th</sup> May** sponsored by the Marketing Agencies Association. For more details contact Doreen Blythe, Debating Group Secretary, on 020 8202 5854, e-mail: [doreen.blythe22@btinternet.com](mailto:doreen.blythe22@btinternet.com) [www.debatinggroup.org.uk](http://www.debatinggroup.org.uk)