

Big brand: Advertising investment strategy

By Erik du Plessis and Neil Higgs

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One would expect big brands to have a stable advertising investment strategy.

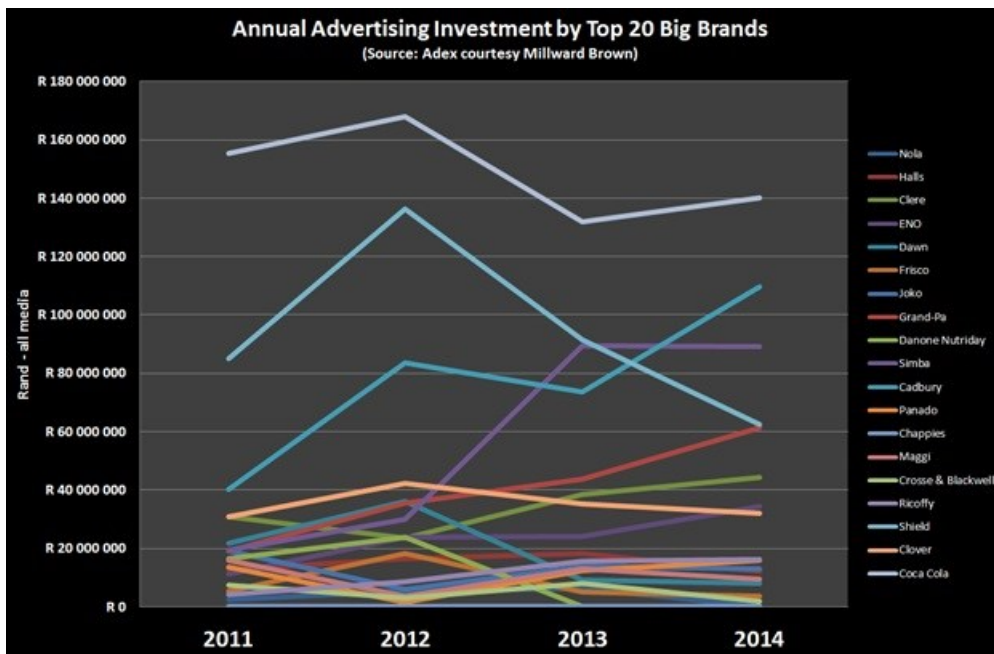
They are bought by most people. Few people stop buying them in any year. They have a proven formula for success. Their annual sales grow by inflationary price increases and population increases. Their advertising costs increase by media inflation. So why would their advertising investment change?

In [article 10](#) we identified the 20 brands that most people use most. Their combined annual investment in advertising over the past four years is (according to Adex):

YEAR	TOTAL ADSPEND
2011	R 511 871 624
2012	R 666 526 551
2013	R 630 235 750
2014	R 653 965 678

2012 was a great year for the agencies and media when the combined budgets increased by 30% on the previous year. If one ignores 2012, there has been a steady increase in the combined advertising investment by these 20 brands from R 511m to R 653m. This is an annual increase of 8.5% - just above inflation.

However, this is not what happened to the individual big brands. There have been very big variations in their advertising investment in/decrease decisions.



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One reason for this might be that the overseas principals demanded that the profits they reap from these brands (in dollars) remain constant so that the companies have to decrease their advertising investment to pay the principals.

Another reason for decreased advertising investment by some brands might be that the companies want to milk the brand to support other brands in their fold.

In the new year, we will consider whether these changes in advertising support have had any short-term effects on the number of users of these brands.

Have a good holiday - Neil and Erik.

[Click here for more information](#) on the authors' availability to do keynote talks at company strategy conferences.

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ABOUT ERIK DU PLESSIS AND NEIL HIGGS

Erik and Neil are the 'old folk' of marketing, with a mountain of experience between them. They love watching brands grow, have seen brands die and have consulted with nearly every major brand in SA at some stage. They have published papers in accredited journals, won awards and are honorary members of AMASA and SAMRA. They've also talked at major international conferences as well as local keynote talks on the state of the market.

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