

P&G marketing layoffs new sign of the times, expert says

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Consumer goods giant Proctor & Gamble's move to lay off some 1,600 employees globally, many in the marketing area, foretells a trend in which more companies will move their advertising dollars from traditional to digital media, says a marketing expert at Washington University in St. Louis.

Proctor & Gamble is banking on digital marketing to help contain media spending in the long-term.

The company's CEO, Bob McDonald, says he expects its advertising costs to moderate as it moves into the digital arena, citing the billions of free impressions generated by Internet-only ad campaigns, like P&G's Old Spice commercials in recent years.

"With the advent of digital ad tracking software and digital ad shops like Google, companies are able to track the effects of digital ads in real time in a fine-grained manner," says Seethu Seetharaman, PhD, the Patrick W. McGinnis Professor of Marketing at Olin Business School.

"Companies can quickly monitor who is clicking on an ad, with whom they are sharing the link to the ad and what that second person is then doing," he says.

Traditional media offers no such capability.

"Is it possible to track whether someone who bought Time magazine this

week actually viewed the ad on page 10?” Seetharaman says.

“Or if so, how much time did he spend viewing the ad? Did he show the ad to his spouse or other family member?” he says. “This aspect, coupled with digital content consumption from news websites and others, is fast displacing traditional content consumption, making it likely that traditional media will lose their importance moving forward.”

In the pre-digital media era, companies had no choice.

“The rationale for their large traditional [media](#) spend was, ‘This is necessary for brand building for the long term’ even if they could not measure return on investment in terms of sales impact or even eyeballs’ impact,” Seetharaman says.

“A manager complaining, ‘I know half of the money I spend on advertising is wasted. Unfortunately, I don’t know which half’ was still making an understatement,” he says. “Such compromises are no longer necessary in today’s world.”

Provided by Washington University in St. Louis

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