

Rejecting Extremes: Measurement to help grow your brand and your marketing budget



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Rejecting Extremes

Measurement to help grow your
brand and your marketing budget

Paul Sinkinson, Analytic Partners
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Today

- ▶ What we're hearing in the market
- ▶ What agreement is there in the industry and academia?
- ▶ How do we make digital marketing better?



Extreme Ideologs are amongst us

"For FMCG, the TV share of media budget allocation is 78%, but the optimal share is nearer to 90%"

"TV remains the world's most effective advertising"

"The retention of TV is 66 days but only 8 days on YouTube for the same copy"

"TV is dying"

"Online advertising is dead – long live traditional advertising"

"As an ad medium, the web is a much better yellow pages and a much worse television"

"Adidas are going 100% digital"



Who am I to tell you any different?

Analytic Partners overview



Independent

Privately-held
Unbiased perspective
NOT being paid to be here

Long-term partnership view

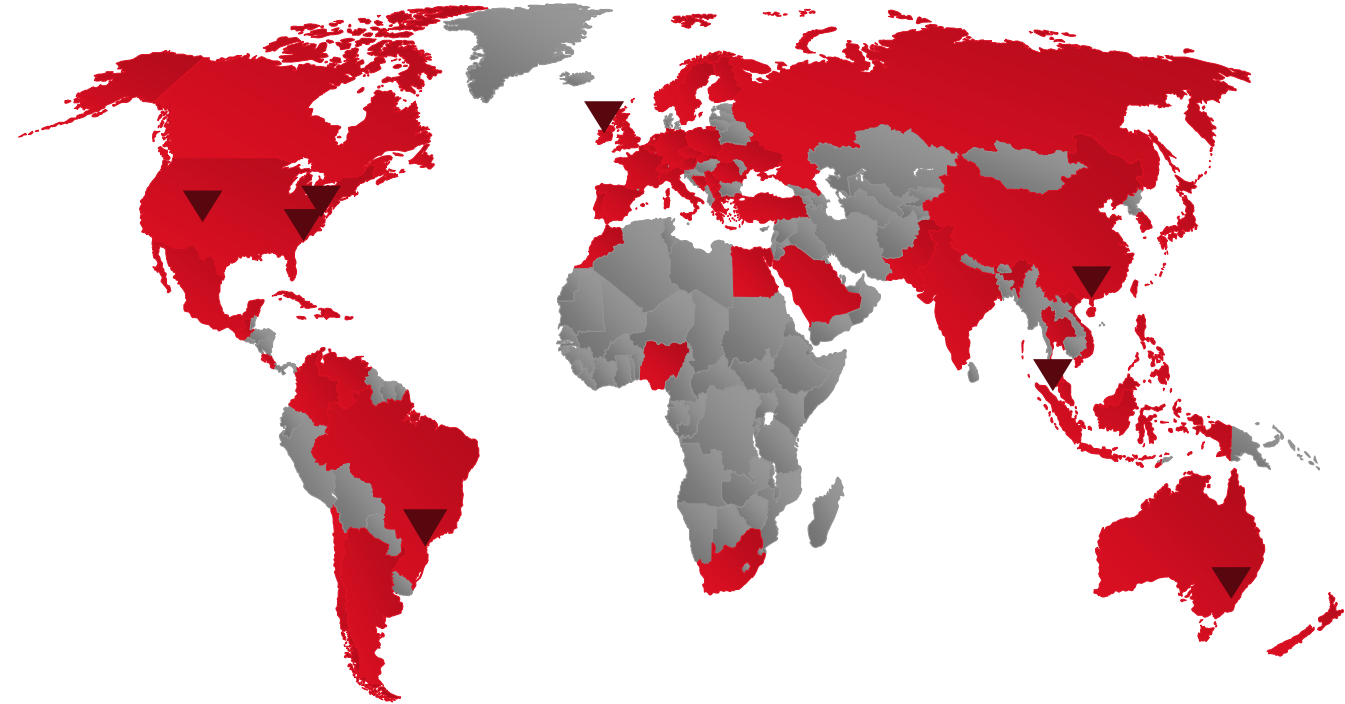
Strong balance sheet
no investors to satisfy
90% client retention

Global marketing analytics company

Strong legacy
18 years of experience in delivering outstanding returns
10 global offices

Solely focused on enabling analytic adoption to unlock potential

Average 30% improvement in ROI



▼ Analytic Partners offices ■ Analytic Partners experience

Industry Recognition & Experience



FORRESTER

- ▶ **Leader in the Forrester Wave™:** Global Marketing Measurement and Optimisation 2016 & 2018, just released only leader in Asia Pacific
- ▶ **Recognised for integrated mix & attribution;** "Insight expertise"; comprehensive marketing recommendations



Gartner

- ▶ **Recognised for Marketing Mix & Attribution** in October 2016
- ▶ **Recognised for Building Segments & Personas** for Digital Marketing



i-com

- ▶ **2017 Smart Data Agency of the Year** for leveraging value from data to help clients achieve competitive advantage
- ▶ **Winner of Intel Challenge Hackathon**

We established ROI Genome™: “Beyond Benchmarking”



*Creating marketing wisdom
from accumulated numbers
and knowledge*

Insights to inform

- ▶ Hundreds of billions in marketing spend measured
- ▶ More Than 2 million marketing metrics
- ▶ Global footprint – 45+ countries
- ▶ 15 years, 700+ brands
- ▶ Cross-section of industries & tactics
- ▶ In depth understanding of marketing
 - Halo principles
 - Synergies and cascading impacts
 - Modelling considerations

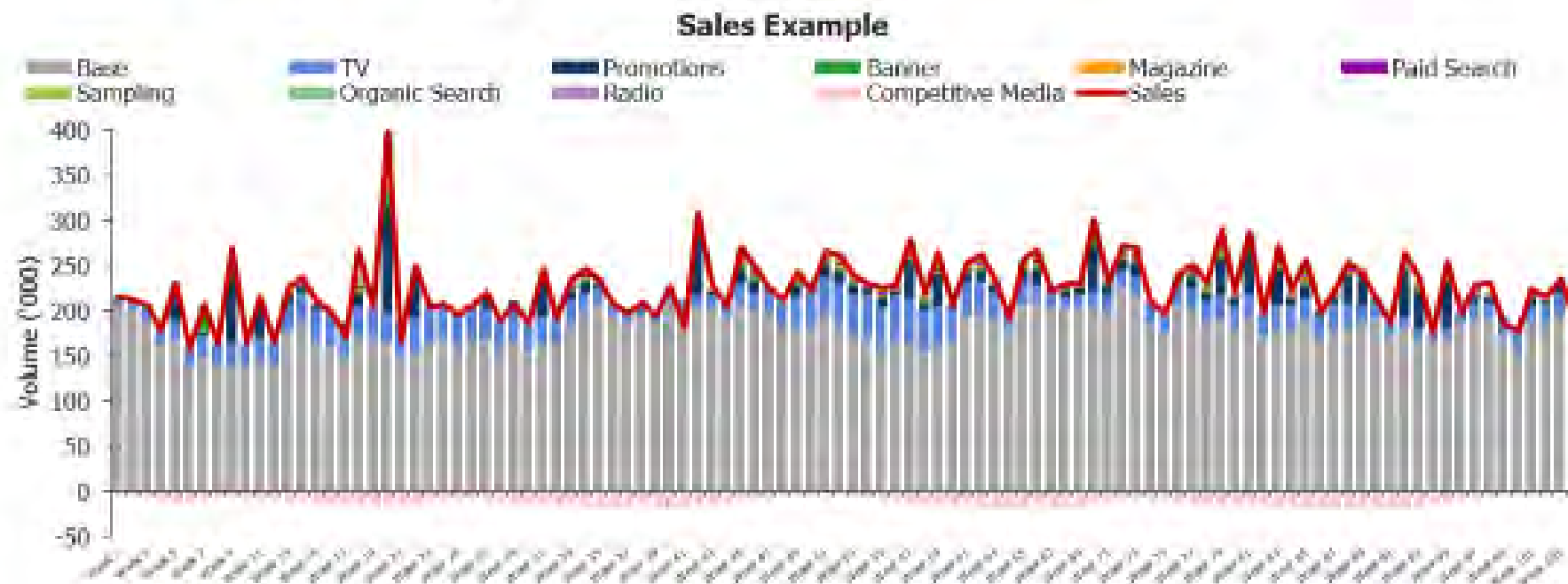


How do we do it?

We use econometrics to solve the problem, with a bias to the simplest model possible so that it is most accessible. It can be:

- OLS
- Attraction
- Agent Based
- Bayesian
- Hierarchical
- SEM
- SUR
- Etc. we use the model that best fits the data and the client need

► **Marketing Mix Modelling** allows us to disaggregate and measure how different elements of and executions within your marketing mix drive revenue

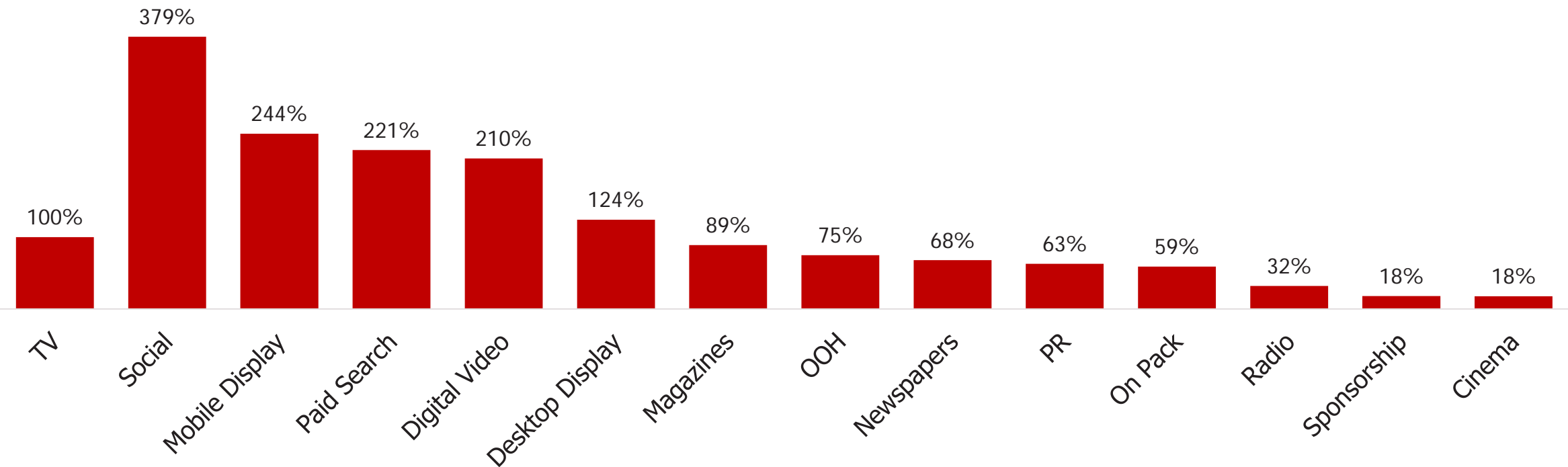


So what agreement is there?



It looks like digital rules in Australia?

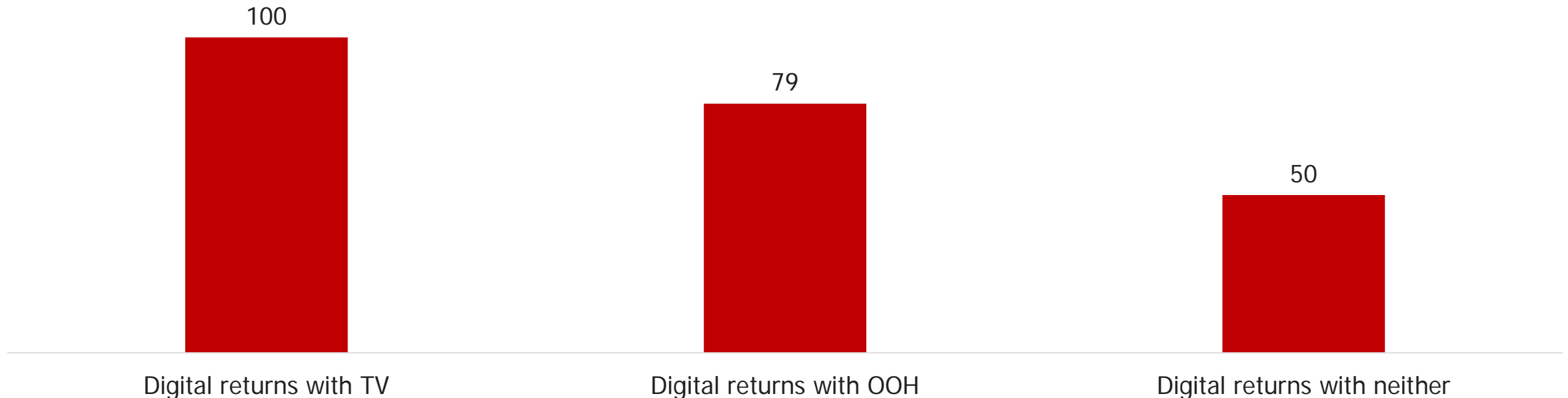
Average short-term ROI performance across channels benchmarked to TV - Australia



But there's a big impact on digital if TV or OOH is removed

When TV can't be run, OOH holds up some of the results, but without this, digital results drop significantly

ROI index of digital campaigns with or without offline support - Australia





Why could this be
different to what
you've seen or
been told?



I don't want you to think academic literature says digital is poor

- ▶ Cacioppo, John T. and Richard E. Petty (1979), "Effects of Message Repetition and Position on Cognitive Response, Recall, and Persuasion," *Journal of Personality and Social Psychology*, 37(1), 97.
- ▶ Campbell, Margaret C. and Kevin Lane Keller (2003), "Brand Familiarity and Advertising Repetition Effects," *Journal of Consumer Research*, 30(September), 292-304.
- ▶ Chang, Yuhmiin and Esther Thorson (2004), "Television and Web Advertising Synergies," *Journal of Advertising*, 33 (2), 75-84.
- ▶ Danaher, Peter J. and Tracey S. Dagger (2013), "Comparing the Relative Effectiveness of Advertising Channels: A case Study of a Multimedia Blitz Campaign," *Journal of Marketing*, 50 (August), 517-534.
- ▶ De Haan, Evert D., Thorsten Wiesel, and Koen Pauwels (2013), "Which Advertising Forms Make a Difference in Online Path to Purchase?" Working Paper Series No. 13, Marketing Science Institute.
- ▶ Dinner, Isaac. M., Harald J. Van Heerde, and Scott Neslin (2014), "Driving Online and Offline Sales: The Cross-channel Effects of Digital versus Traditional Advertising," *Journal of Marketing Research*, 51 (5), 527-545.
- ▶ Hanssens, Dominique M. (2009), *Empirical Generalizations about Marketing Impact: What We Have Learned from Academic Research*. Cambridge: Marketing Science Institute.
- ▶ Hanssens, Dominique M., Pauwels, Koen (2016), *Demonstrating the Value of Marketing*, *Journal of Marketing*: November 2016, 80 (6) 173-190.

It actually supports digital with lots of recent work



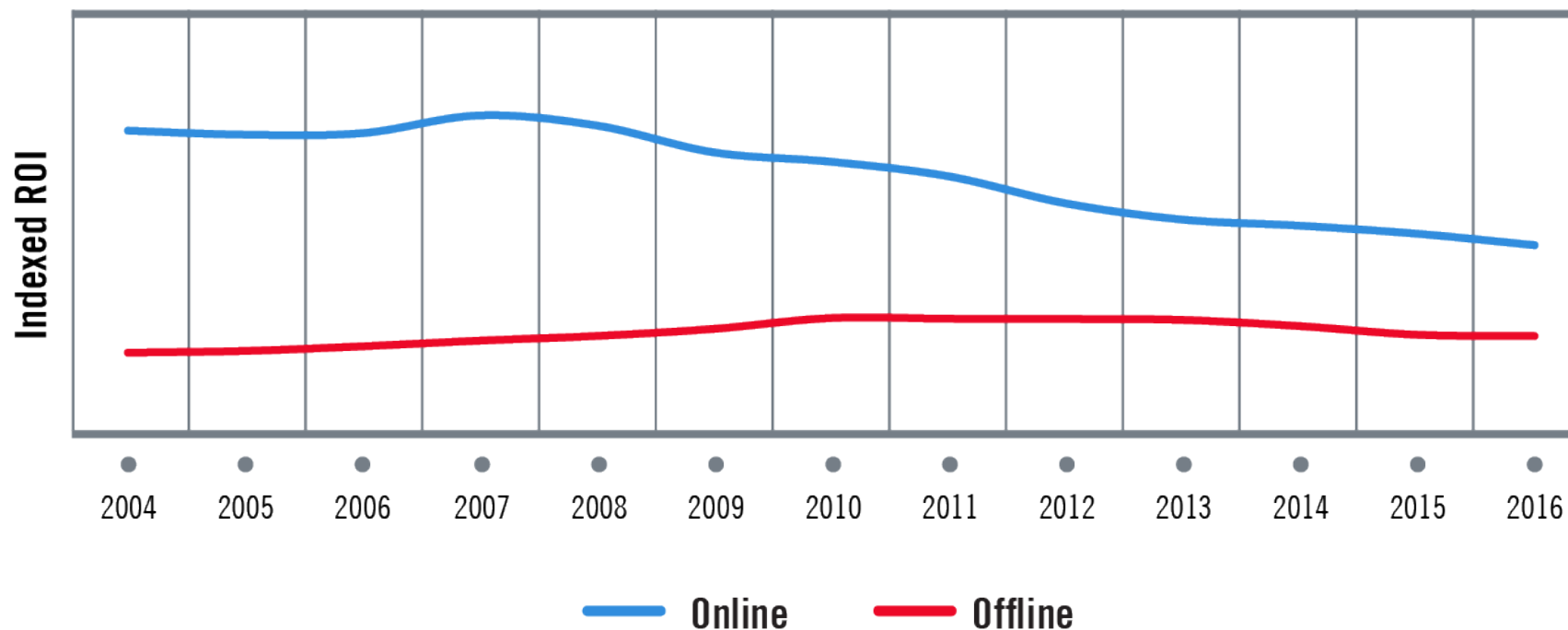
- ▶ Kireyev, Pavel, Koen Pauwels, and Sunil Gupta (2013), "Do Display Ads Influence Search? Attribution and Dynamics in Online Advertising," Working Paper No. 13-070, Harvard Business School.
- ▶ MacInnis, Deborah J. and Bernard J. Jaworski (1989), "Information Processing from Advertisements: Toward an Integrative Framework," *Journal of Marketing*, 53 (October), 1-23.
- ▶ Manchanda, Puneet, Jean-Pierre Dube, Khim Y. Goh, and Pradeep K. Chintagunta (2006), "The Effect of Banner Advertising on Internet Purchasing," *Journal of Marketing Research*, 43 (1), 98- 108.
- ▶ McGovern, Gail and John A. Quelch (2007), *Measuring Marketing Performance*. Harvard Business School Multimedia Tool.
- ▶ Naik, Prasad A. and Kay Peters (2009), "A Hierarchical Marketing Communications Model of Online and Offline Media Synergies," *Journal of Interactive Marketing*, 23 (4), 288-299.
- ▶ Pauwels, Koen, Dominique M. Hanssens, and S. Siddarth (2002), "The Long-term Effects of Price Promotions on Category Incidence, Brand Choice, and Purchase Quantity," *Journal of Marketing Research*, 39 (4), 421-439.
- ▶ Pfeiffer, Markus and Markus Zinnbauer (2010), "Can Old Media Enhance New Media? How Traditional Advertising Pays off for an Online Social Network," *Journal of Advertising Research*, 50(1), 42-49.
- ▶ Raman, Kalyan and Prasad A. Naik (2004), "Long-term Profit Impact of Integrated Marketing Communications Program," *Review of Marketing Science*, 2 (1), 21-23.

...From internationally renowned Journals & Professors

- ▶ Reimer, Kerstin, Oliver J. Rutz, and Koen Pauwels (2014), "How Online Consumer Segments Differ in Long-term Marketing Effectiveness," *Journal of Interactive Marketing*, 28(4), 271-284.
- ▶ Schultz, Don E., Martin P. Block, and Kaylan Raman (2012), "Understanding Consumer-created Media Synergy," *Journal of Marketing Communications*, 18 (3), 173-187.
- ▶ Sonnier, Garrett P., Leigh McAlister and Oliver J. Rutz (2011), "A Dynamic Model of the Effect of Online Communications on Firm Sales," *Marketing Science*, 30(4), 702-716.
- ▶ Srinivasan S., Rutz, O. Pauwels K (2016) , "Paths to and off purchase: quantifying the impact of traditional and online consumer activity", *Journal of the Academy of Marketing Science*, 44 (4), 440-453.
- ▶ Stammerjohan, Claire, Charles M. Wood, Yuhmiin Chang, and Esther Thorson (2005), "An Empirical Investigation of the Interaction between Publicity, Advertising, and Previous Brand Attitudes and Knowledge. *Journal of Advertising*, 34 (4), 55-67.
- ▶ Trusov, Michael, Randolph E. Bucklin and Koen Pauwels (2009), "Effects of Word of Mouth versus Traditional Marketing: Findings for an Internet Social Networking Site," *Journal of Marketing*, 73 (5), 90-102.
- ▶ Wiesel, Thorsten, Koen Pauwels, and Joep Arts (2011), "Marketing's Profit Impact: Quantifying Online and Off-line Funnel Progression," *Marketing Science*, 32, 229-245.
- ▶ Yang, Sha and Anindya Ghose (2010), "Analyzing the Relationship between Organic and Sponsored Search Advertising: Positive, Negative or zero interdependence?" *Marketing Science*, 29 (4), 602- 623.

The gap is not as large as we have seen in the past

ROI Genome™: Advertising efficiency trends across industries



TV ROIs are more stable than digital

ROI Genome™: Advertising efficiency ranges: online vs tv

ROI Ranges



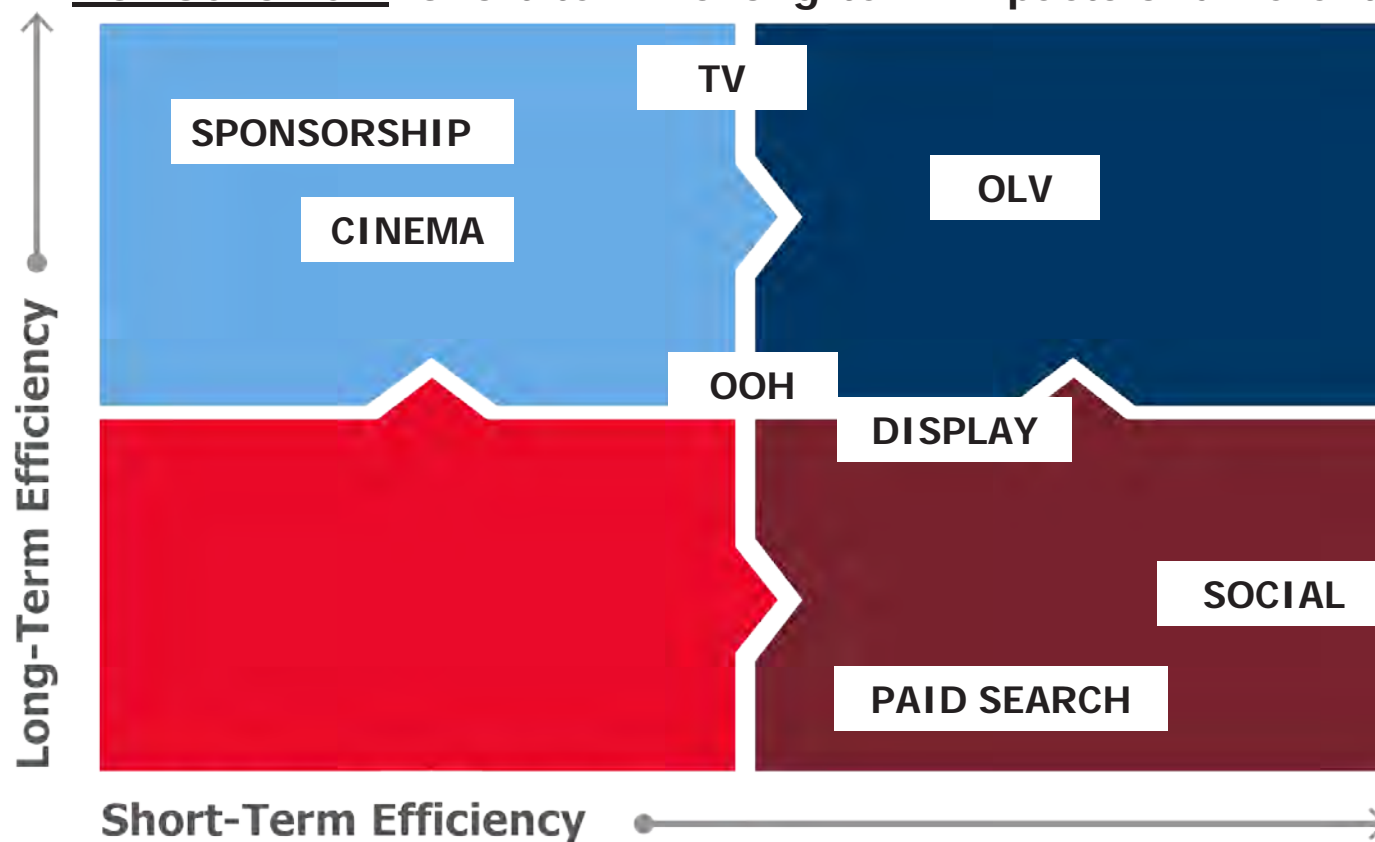
TV



Online

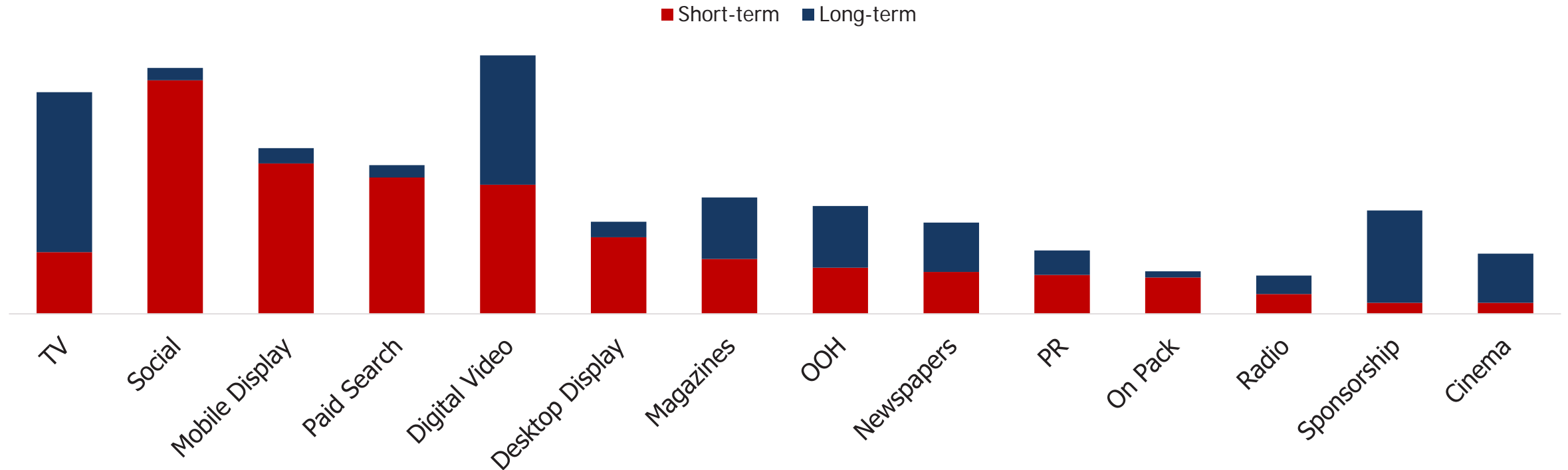
Long-term impacts are still possible with digital channels

ROI Genome™: Short-term vs long-term impacts of different media



When we look at the long term returns, we see TV does a great job - but so do all moving pictures

Average short-term ROI performance across channels benchmarked to TV - Australia



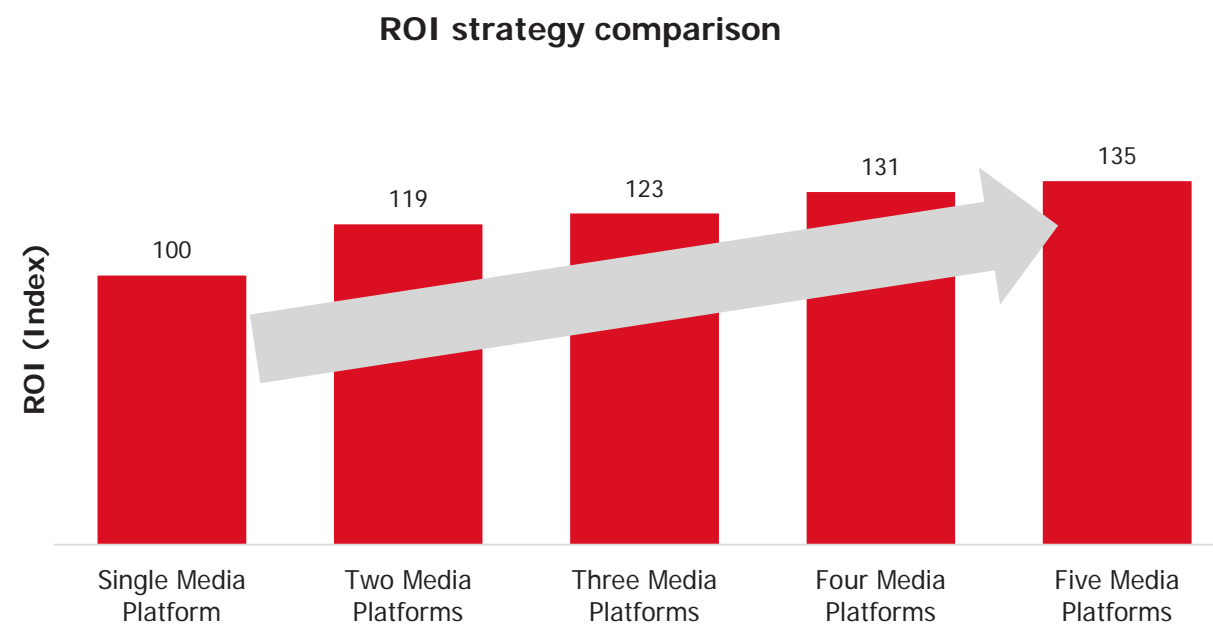
Silos - should you have water OR food?



Multimedia campaigns tend to have a higher ROI than single media campaigns

Two reasons multimedia campaigns tend to have strong ROI:

1. Splitting available budget avoids individual tactics reaching diminishing returns
2. Multiple platforms also drive “synergies” as holistic support leads to the message sticking with consumers longer and having deeper influence on decisions



Source: Analytic Partners, 2016; Analysis based on over 3,200 campaigns from 2010-2015; Platforms include TV, Print, Radio, Display, Paid Search, Online Video, PR, Out-of-Home and Cinema

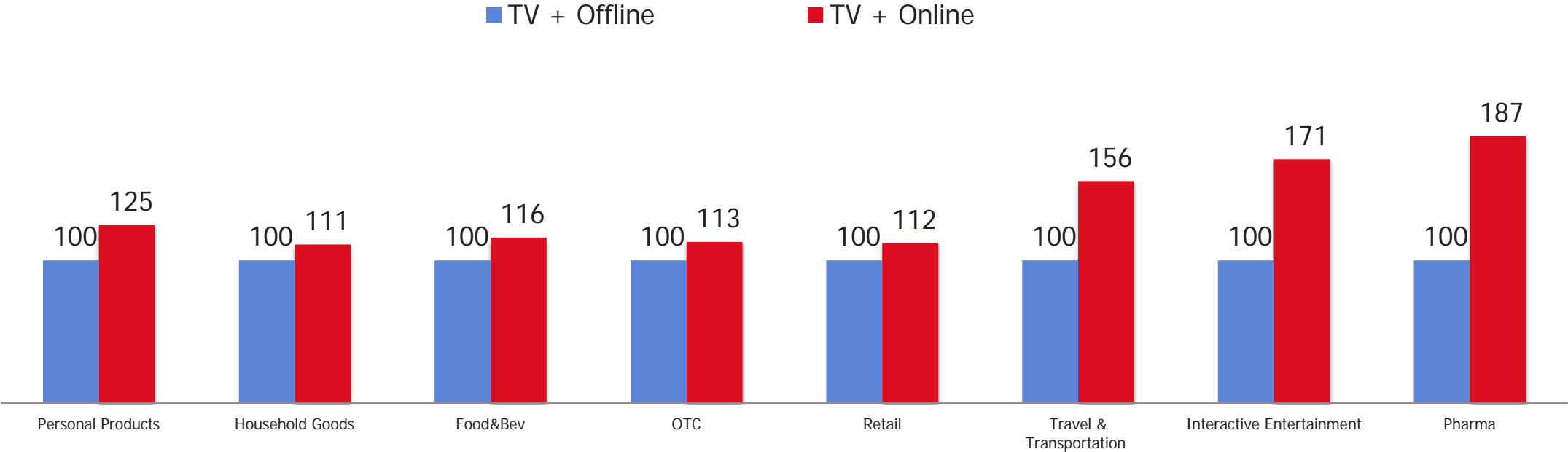
A single channel strategy leaves money on the table

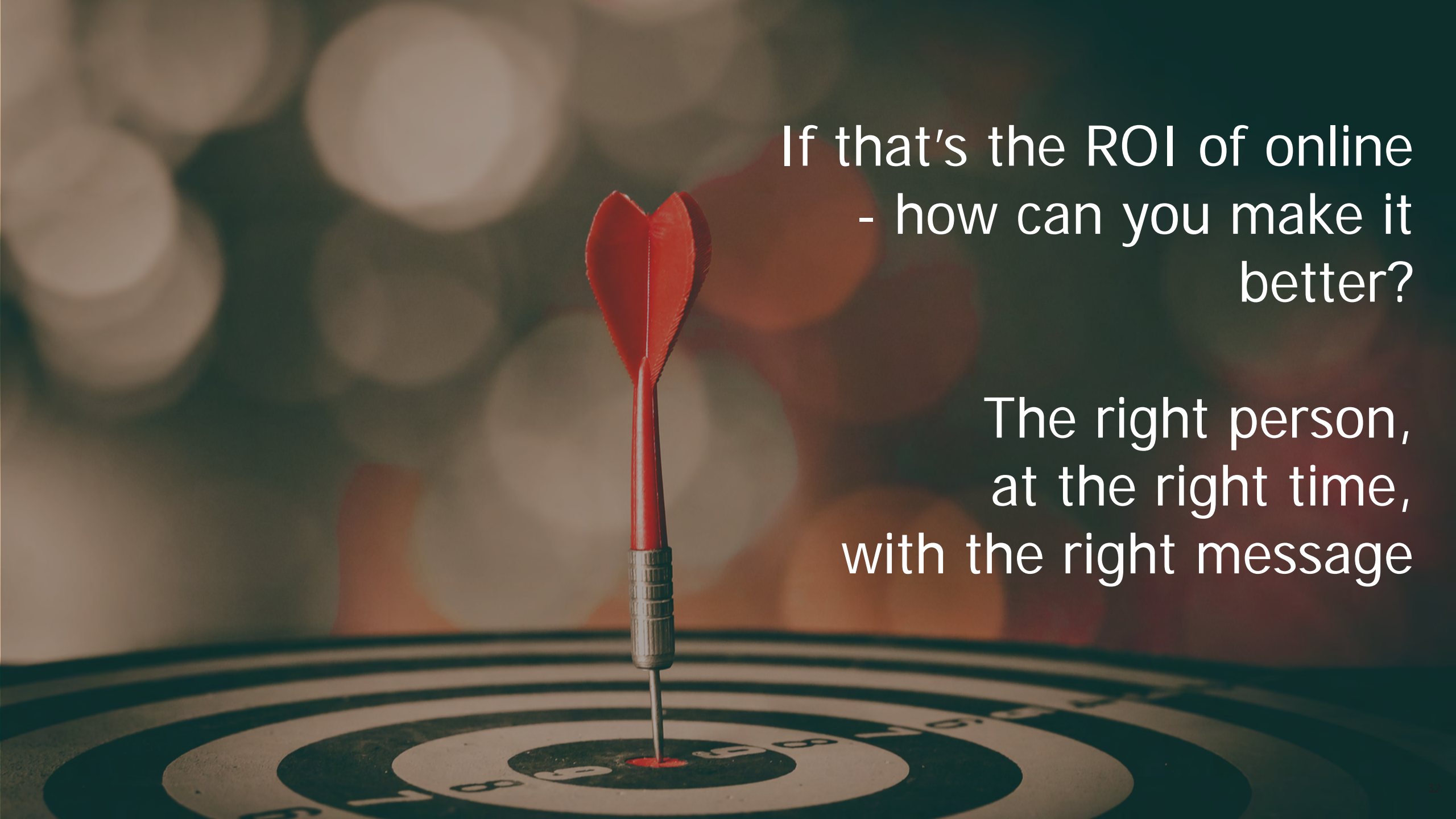
ROI Genome™: Single channel strategy vs combined



The inclusion of online vehicles is particularly efficient for high consideration categories

ROI Genome™: ROI strategy comparison by industry – indexed



A close-up photograph of a red dart with a silver barrel, hitting the center bullseye of a target. The target has concentric rings and numbers. The background is blurred with warm, bokeh light spots.

If that's the ROI of online
- how can you make it
better?

The right person,
at the right time,
with the right message



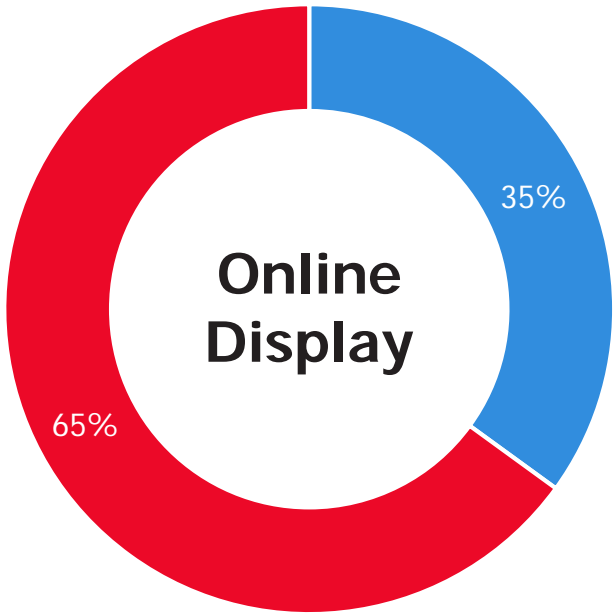
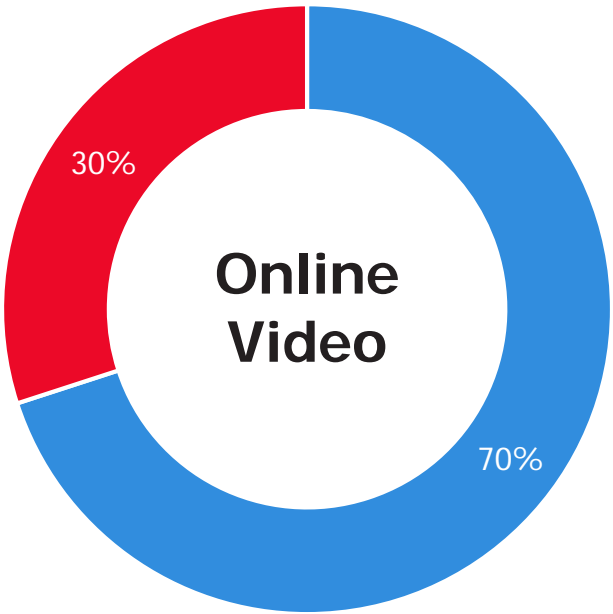
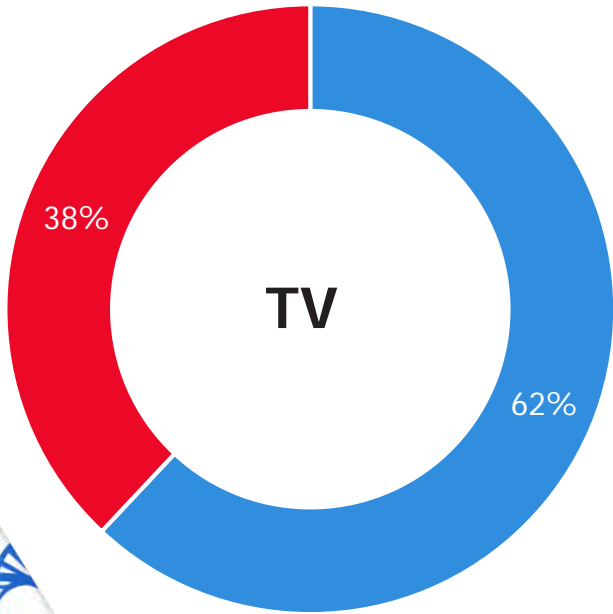
The right message

The quality of the creative is the most important

ROI Genome™: Copy quality contribution by channel

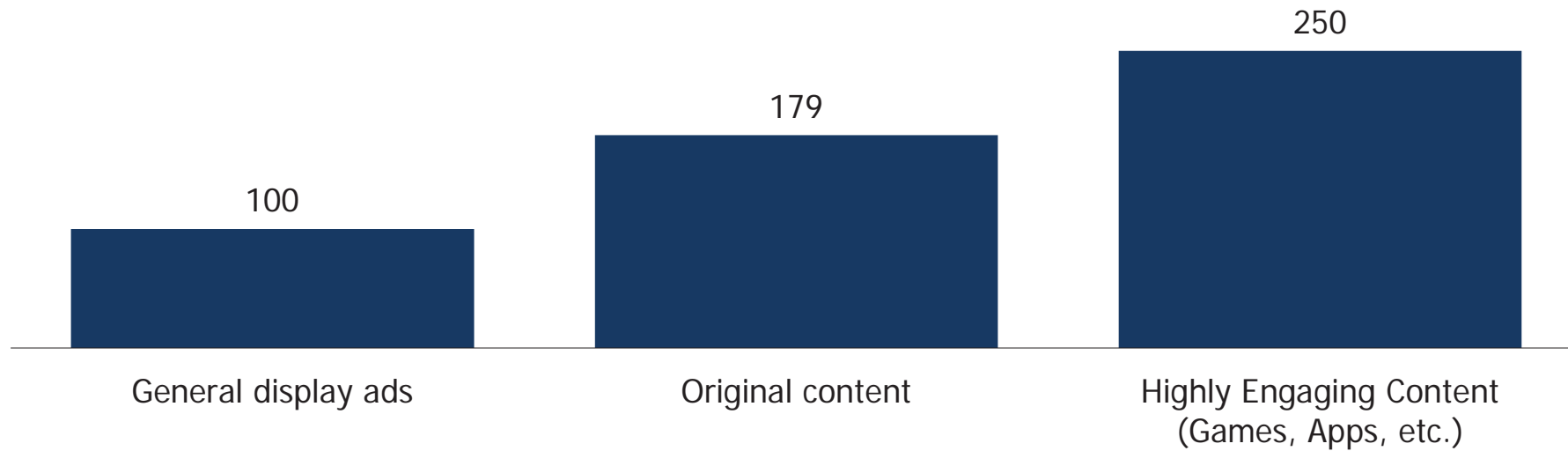
Executional elements
e.g. flighting, duration, daypart, site etc

Copy Quality/ Creative
e.g. content, communication, engagement etc



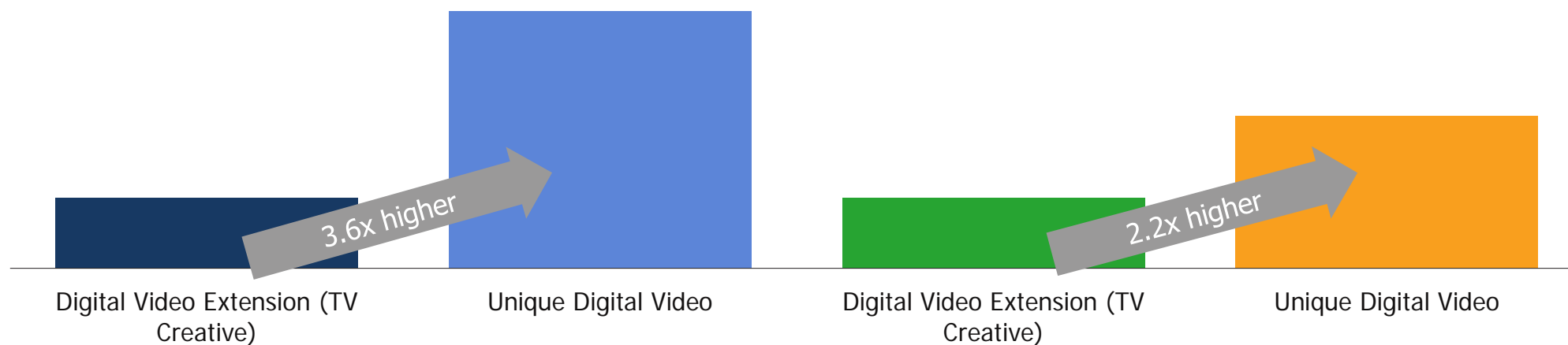
Original content is generally more responsive than traditional advertisements

ROI Genome™: Digital ads vs original content response index



Tweaking ads for the digital platform helps to maximise volume response

Case study: digital video response index

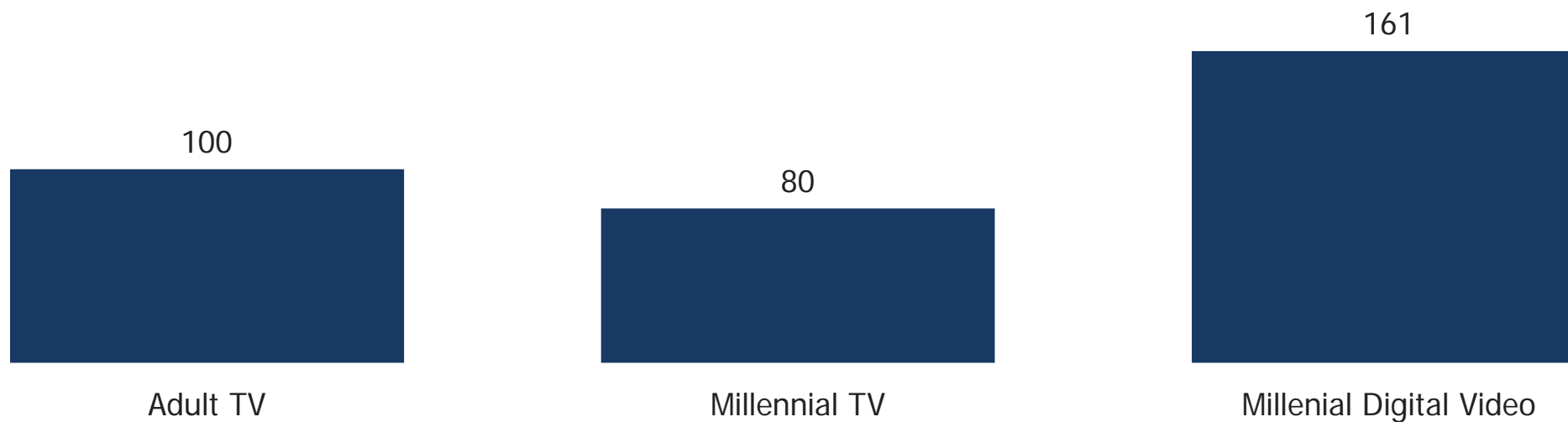


The right person



Digital video is a higher ROI communication channel to reach millennials vs. traditional TV

ROI Genome™: Targetted efficiency index



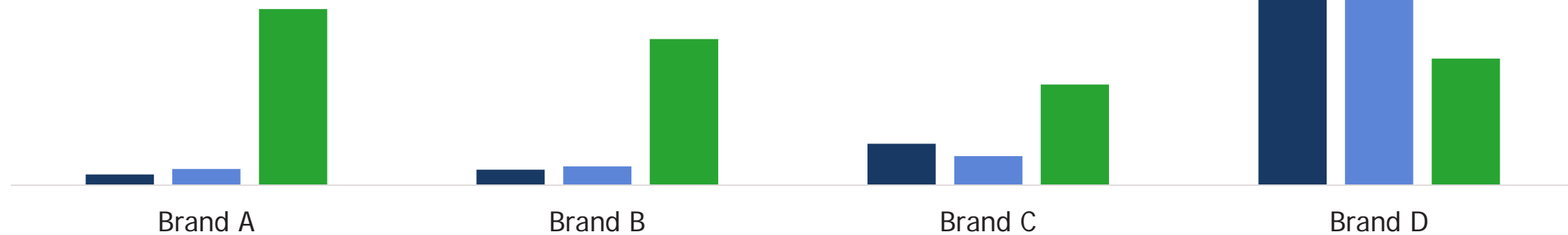
Programmatic will continue to be a mixed bag

ROI Genome™: Digital programmatic performance indices

■ CPM Index

■ Response per Impression Index

■ ROI Index

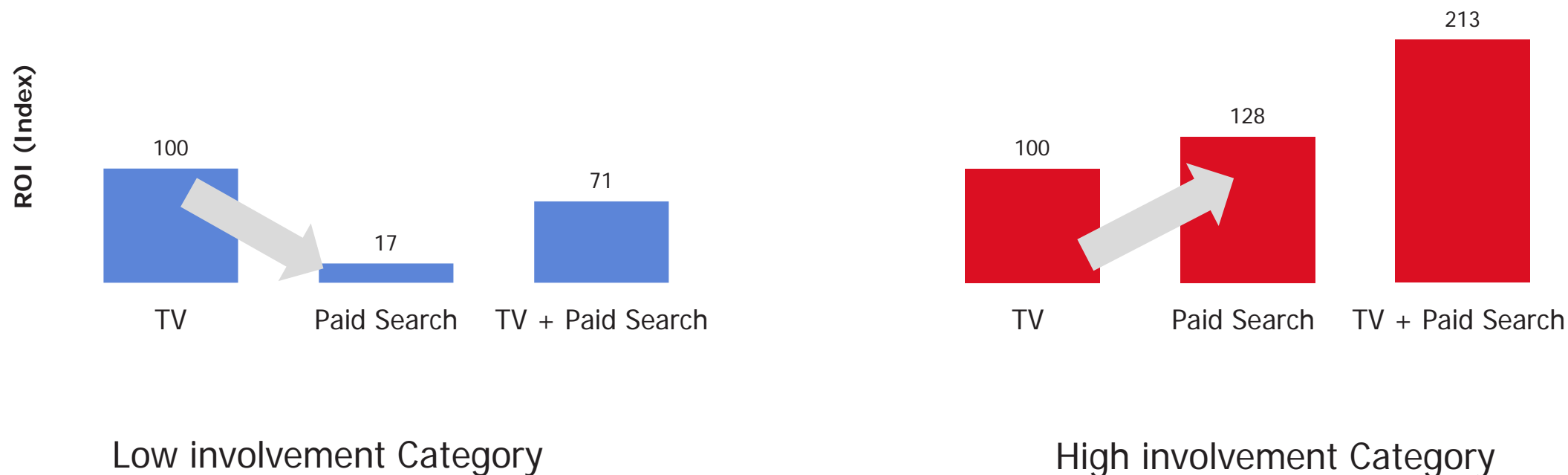




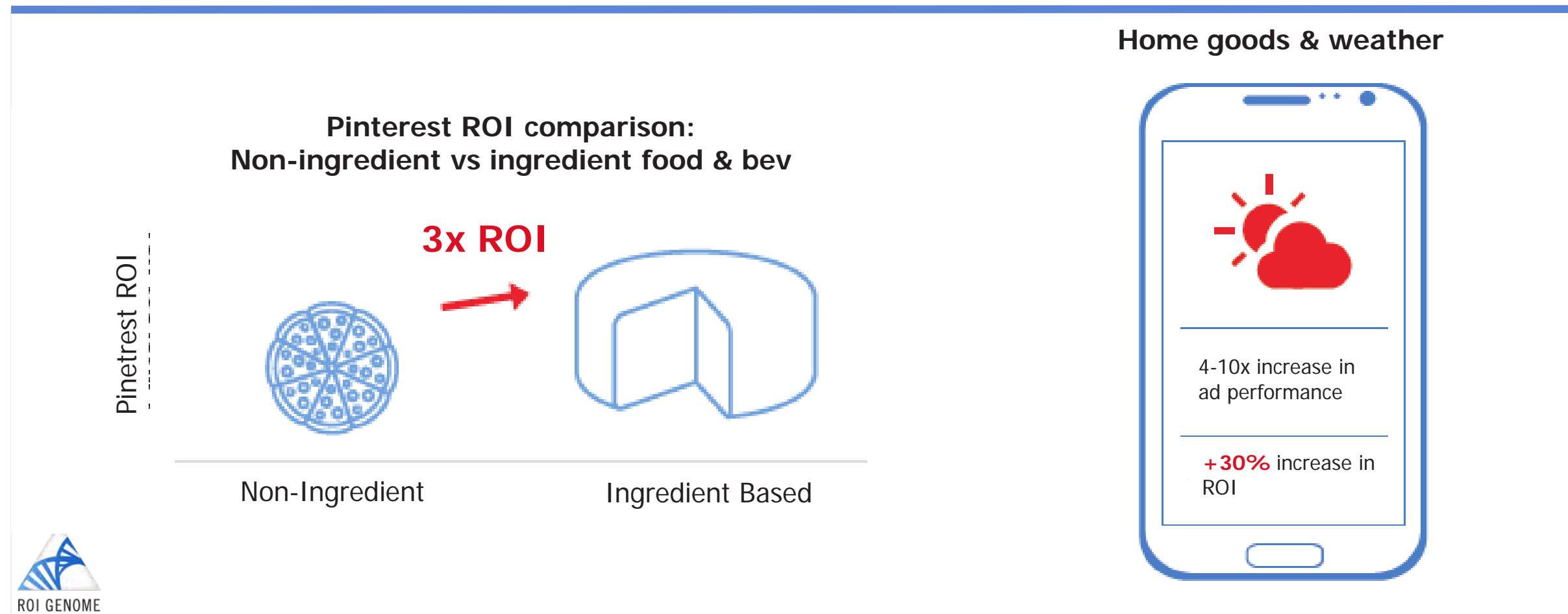
The right time/context

Paid search is less beneficial for the average FMCG business than for other industries (Pharma, Electronics, etc)

ROI Genome™: TV & paid search roi strategy comparisons

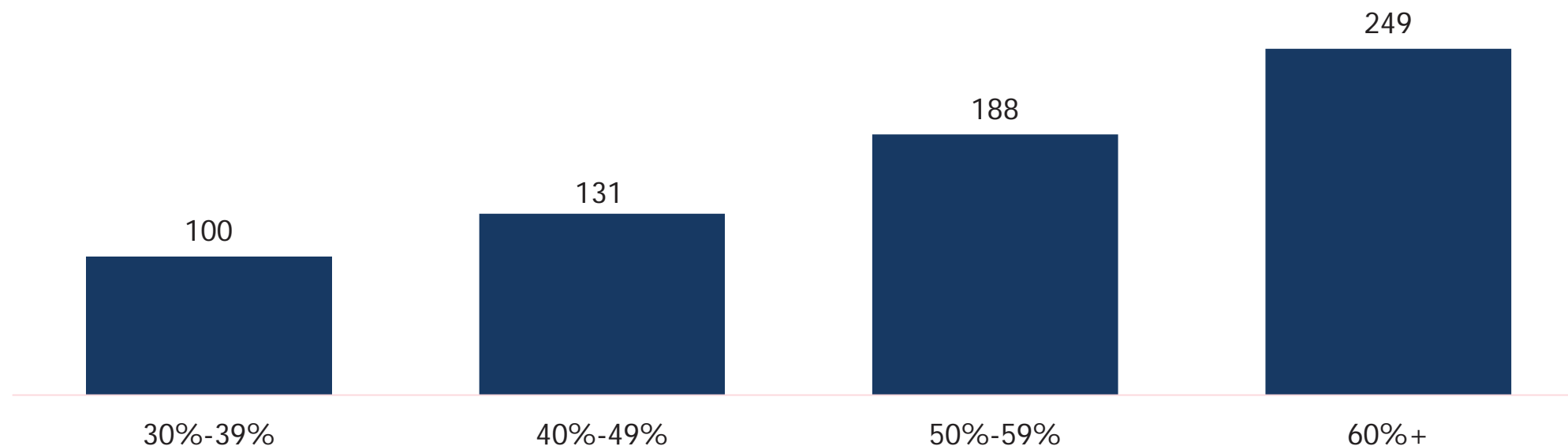


Getting the right context leads to significantly higher ROI



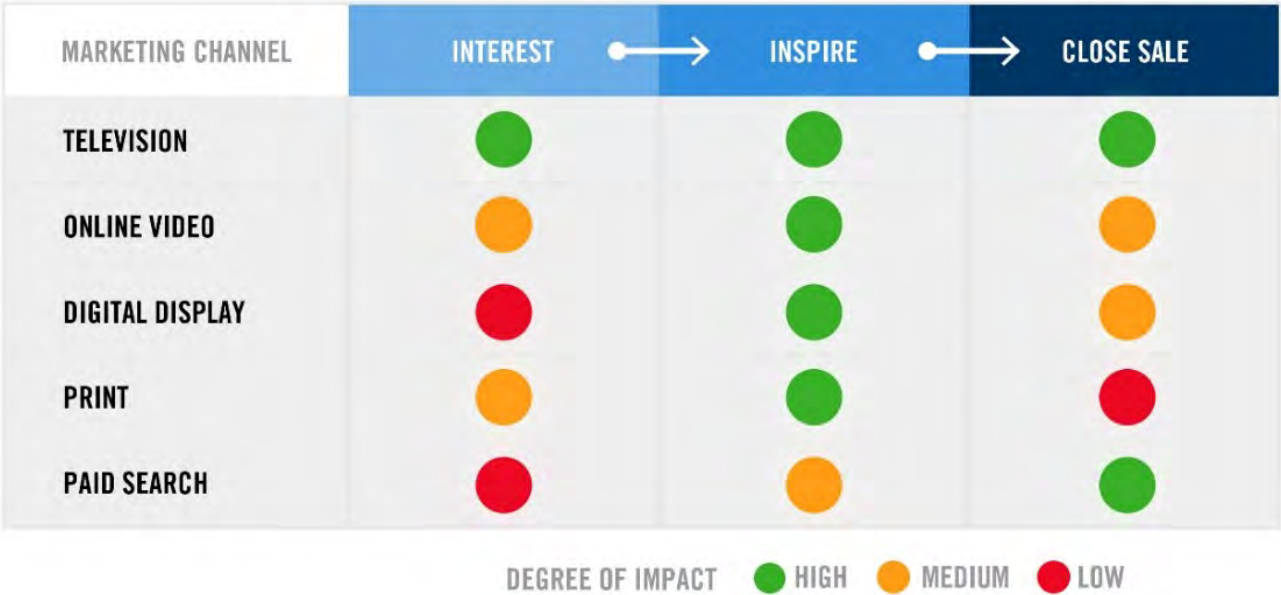
Buying for higher Viewability Rates tends to result in proportional increases in Response

ROI Genome™: Digital display effectiveness index performance by viewability rates



The impact of media channels varies during the customer journey

Example: Online ads vs original content response index



Reject the extremes

- ▶ We need to stop with this argument between channels
- ▶ As an industry we can't support the conversation of water OR food
- ▶ There's a consensus that the highest ROI comes from having a combined approach
- ▶ There is a huge body of evidence supporting the high ROIs of digital- when combined with TV or OOH
- ▶ We must move from discussions around channel strategies back to marketing strategies



Thankyou