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

- **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**

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

- **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”

**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
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

- Digital returns with TV: 100
- Digital returns with OOH: 79
- Digital returns with neither: 50
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


It actually supports digital with lots of recent work


From internationally renowned Journals & Professors

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

ROI Genome™: Advertising efficiency trends across industries

Indexed ROI


Online Offline
TV ROIs are more stable than digital

ROI Genome™: Advertising efficiency ranges: online vs tv
Long-term impacts are still possible with digital channels
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**

- Offline
- Online +30%
- Offline + Online +50%
The inclusion of online vehicles is particularly efficient for high consideration categories.

**ROI Genome™: ROI strategy comparison by industry - indexed**

<table>
<thead>
<tr>
<th>Industry</th>
<th>TV + Offline</th>
<th>TV + Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Products</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Household Goods</td>
<td>100</td>
<td>111</td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td>100</td>
<td>116</td>
</tr>
<tr>
<td>OTC</td>
<td>100</td>
<td>113</td>
</tr>
<tr>
<td>Retail</td>
<td>100</td>
<td>112</td>
</tr>
<tr>
<td>Travel &amp; Transportation</td>
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<td>156</td>
</tr>
<tr>
<td>Interactive Entertainment</td>
<td>100</td>
<td>171</td>
</tr>
<tr>
<td>Pharma</td>
<td>100</td>
<td>187</td>
</tr>
</tbody>
</table>
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**

- **TV**
  - Executional elements: 38%
  - Copy Quality/ Creative: 62%

- **Online Video**
  - Executional elements: 30%
  - Copy Quality/ Creative: 70%

- **Online Display**
  - Executional elements: 35%
  - Copy Quality/ Creative: 65%
Original content is generally more responsive than traditional advertisements.

**ROI Genome™: Digital ads vs original content response index**

- General display ads: 100
- Original content: 179
- Highly Engaging Content (Games, Apps, etc.): 250
Tweaking ads for the digital platform helps to maximise volume response

Case study: digital video response index

3.6x higher

2.2x higher
The right person
Digital video is a higher ROI communication channel to reach millennials vs. traditional TV

**ROI Genome™: Targetted efficiency index**

- Adult TV: 100
- Millennial TV: 80
- Millenial Digital Video: 161
Programmatic will continue to be a mixed bag

ROI Genome™: Digital programmatic performance indices

- CPM Index
- Response per Impression Index
- ROI Index

Brand A
Brand B
Brand C
Brand D
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**

**Low involvement Category**
- TV: 100
- Paid Search: 17
- TV + Paid Search: 71

**High involvement Category**
- TV: 100
- Paid Search: 128
- TV + Paid Search: 213
Getting the right context leads to significantly higher ROI

Pinterest ROI comparison:
Non-ingredient vs ingredient food & bev

<table>
<thead>
<tr>
<th></th>
<th>3x ROI</th>
<th></th>
<th>Home goods &amp; weather</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Ingredient</td>
<td></td>
<td>4-10x increase in ad performance</td>
<td></td>
</tr>
<tr>
<td>Ingredient Based</td>
<td>+30%</td>
<td>+30% increase in ROI</td>
<td></td>
</tr>
</tbody>
</table>
Buying for higher Viewability Rates tends to result in proportional increases in Response

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

- 30%-39%: 100
- 40%-49%: 131
- 50%-59%: 188
- 60%+: 249
The impact of media channels varies during the customer journey.

**Example: Online ads vs original content response index**

<table>
<thead>
<tr>
<th>MARKETING CHANNEL</th>
<th>INTEREST</th>
<th>INSPIRE</th>
<th>CLOSE SALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TELEVISION</td>
<td><img src="green" alt="Green" /></td>
<td><img src="green" alt="Green" /></td>
<td><img src="green" alt="Green" /></td>
</tr>
<tr>
<td>ONLINE VIDEO</td>
<td><img src="orange" alt="Orange" /></td>
<td><img src="green" alt="Green" /></td>
<td><img src="orange" alt="Orange" /></td>
</tr>
<tr>
<td>DIGITAL DISPLAY</td>
<td><img src="red" alt="Red" /></td>
<td><img src="green" alt="Green" /></td>
<td><img src="orange" alt="Orange" /></td>
</tr>
<tr>
<td>PRINT</td>
<td><img src="orange" alt="Orange" /></td>
<td><img src="green" alt="Green" /></td>
<td><img src="red" alt="Red" /></td>
</tr>
<tr>
<td>PAID SEARCH</td>
<td><img src="red" alt="Red" /></td>
<td><img src="orange" alt="Orange" /></td>
<td><img src="green" alt="Green" /></td>
</tr>
</tbody>
</table>

**Degree of Impact**
- **Green**: High
- **Orange**: Medium
- **Red**: Low
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