UNCOVERING SNAPCHAT'S ROI IN THE GCC

Insights from a Multi-Brand Market Mix Modeling Analysis

SNAPCHAT ● سناب‌شات

annalect

OMG Omnicom MediaGroup

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Introduction

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Introduction

In today's rapidly evolving digital landscape, it's crucial for brands to understand the true impact of their advertising investments to maximize return on investment (ROI) and refine their marketing strategies. To help achieve this, Snapchat partnered with Omnicom Media Group (OMG) and Annalect to conduct a series of in-depth Market Mix Modeling (MMM) analyses with five diverse advertisers in the Kingdom of Saudi Arabia (KSA). MMM is a sophisticated econometric method used to examine the relationship between sales and various factors, including marketing channels, campaign timing, media spend, competitive activities, seasonal effects, and external influences.

This white paper presents the results of these analyses, providing valuable insights into how Snapchat's platform, alongside other media channels, drives business outcomes. By leveraging advanced MMM techniques, this collaboration delivers a deeper understanding of the effectiveness of different advertising formats in KSA's dynamic market. These insights aim to equip advertisers with data-driven knowledge to optimize their media strategies and make a more significant impact in the region.

The study covers four industries: Telecommunications, Financial Services, Fast Food, and Over-the-Top (OTT) platforms, drawing data from both Saudi Arabia (KSA) and Kuwait. We will also explore how various campaign objectives, such as brand awareness and conversions, influence media performance across these sectors.

The findings provide critical insights into Snapchat's role in marketing success, offering actionable recommendations for optimizing media strategies across these diverse industries.
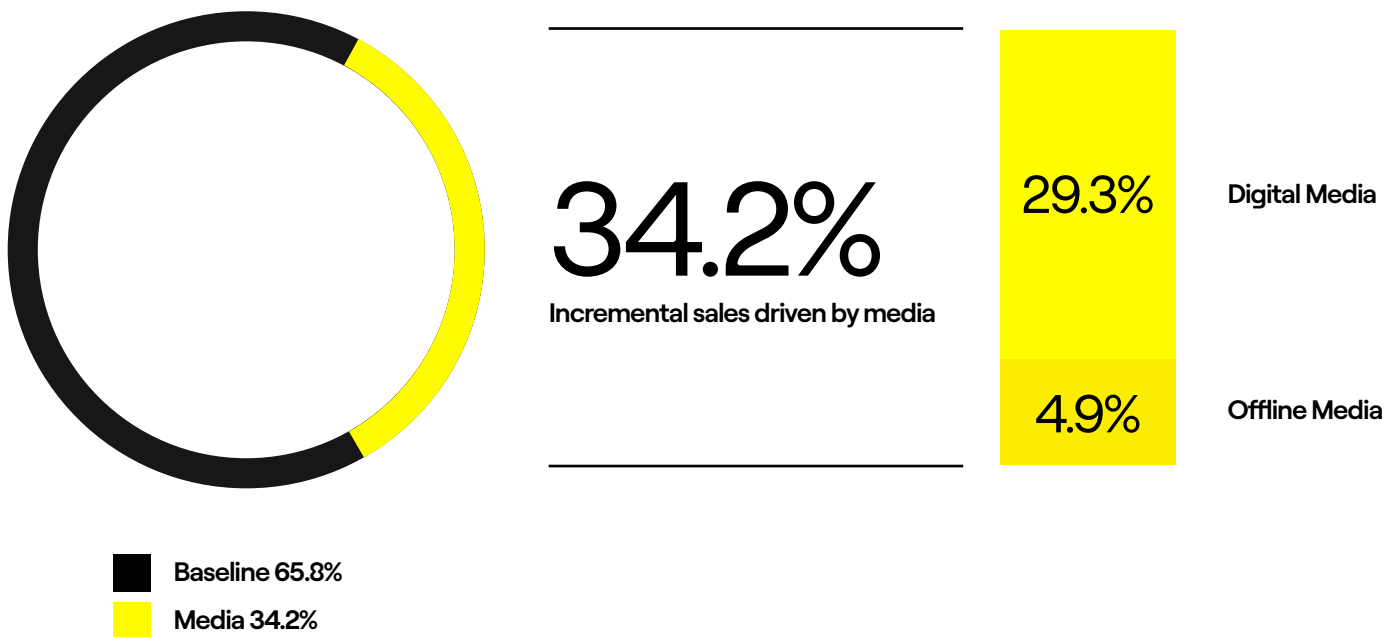
Role of Media

02

Role of Media

Media plays a crucial role in guiding customers from awareness to decision-making, ensuring brands remain relevant throughout their journey. Effective media strategies help brands reach and influence consumers efficiently. By targeting both potential and active customers, brands drive conversions.

Tailoring strategies to consumer preferences boosts engagement and enhances the overall experience. Brand visibility and awareness are critical in a competitive market, and strategic ad placements across traditional, digital, and social media channels keep brands top-of-mind.

Personalized campaigns with engaging content leave a lasting impression and improve brand recall. Media also enables real-time engagement, particularly on social platforms, fostering brand loyalty by allowing businesses to address inquiries and gather feedback.

This real-time interaction gives brands a competitive edge, highlighting the importance of consumer perception. However, businesses must also adapt to the challenges of digital transformation while using media to drive conversions and sustained growth.

1/3rd of Brands' business relies on their Media Activities, with Digital Media leading the media landscape.

34.2%
Incremental sales driven by media

29.3% Digital Media

4.9% Offline Media

■ Baseline 65.8%
■ Media 34.2%

1 Research paper: Modeling of Observer-Based Social Media Marketing for Saudi Arabia Consumers (link)

Influence of Social Media on Consumer Behavior in the GCC.

03

Influence of Social Media on Consumer Behavior in the GCC.

The proliferation of social media has significantly transformed communication and the accessibility of information, establishing social media marketing as an essential tool for promoting a wide range of products. In the GCC, social media platforms have become integral to personal interaction, daily updates, and business activities. These platforms have revolutionized the marketing landscape by allowing brands to directly engage with consumers, address feedback in real time, and create community-driven campaigns.

A study[1] on Saudi consumers introduced a social marketing model, highlighting the considerable influence that prominent social media influencers have on purchasing decisions. This underscores the growing role of influencers in shaping consumer behavior, signaling the increasing necessity for businesses to integrate social media advertising as a core element of their marketing strategies in Saudi Arabia.
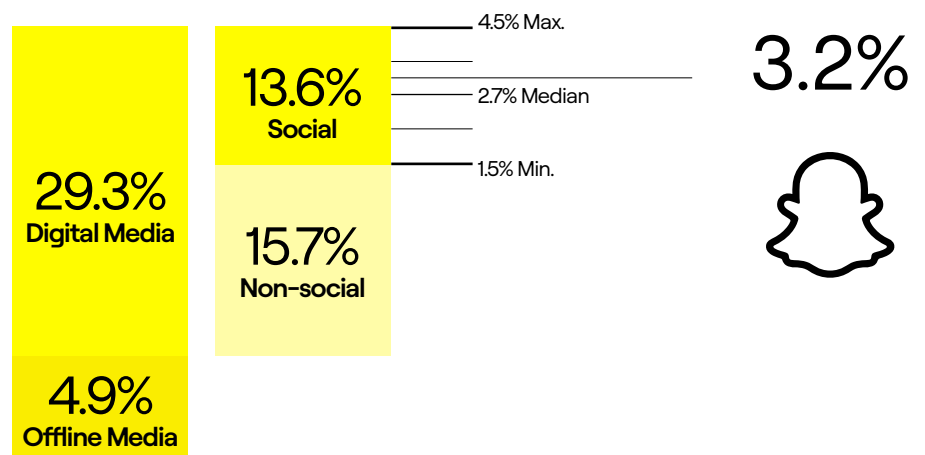
Role of
SNAPCHAT

Snapchat plays a crucial role in the social media marketing ecosystem, contributing approximately 3.2% to overall brand sales, which accounts for 25% of the total contribution from social platforms.

The platform offers innovative advertising solutions like Snap Ads and Sponsored Lenses, which allow brands to engage consumers in creative and interactive ways. Furthermore, Snapchat supports real-time interaction and influencer collaborations, helping brands build community engagement and foster customer loyalty. In this regard, Snapchat stands out as a powerful channel for brands looking to enhance visibility and drive conversions in an increasingly competitive market.

About a quarter of the "Social Platforms" contribution is delivered by Snapchat.

29.3%
Digital Media

4.9%
Offline Media

13.6%
Social

15.7%
Non-social

4.5% Max.

2.7% Median

1.5% Min.

3.2%

MMM analyses for the measured brands demonstrates that **Snapchat has the highest ROI** compared to all other media categories

When comparing ROIs across various media categories—offline, digital non-social media, social media, and Snapchat—and using the average ROI of these four categories as a benchmark, Snapchat demonstrates one of the highest efficiency, surpassing the benchmark by +14%, making it one of the most effective platforms in terms of return on investment.

While on average brands allocated 8% of spends to Snapchat, the platform has contributed to 10% of media-driven sales

Efficiency ROI

+14%

+12%

+7%

Benchmark:
Media Category Avg. ROI

Digital:
Non-social

Other Social
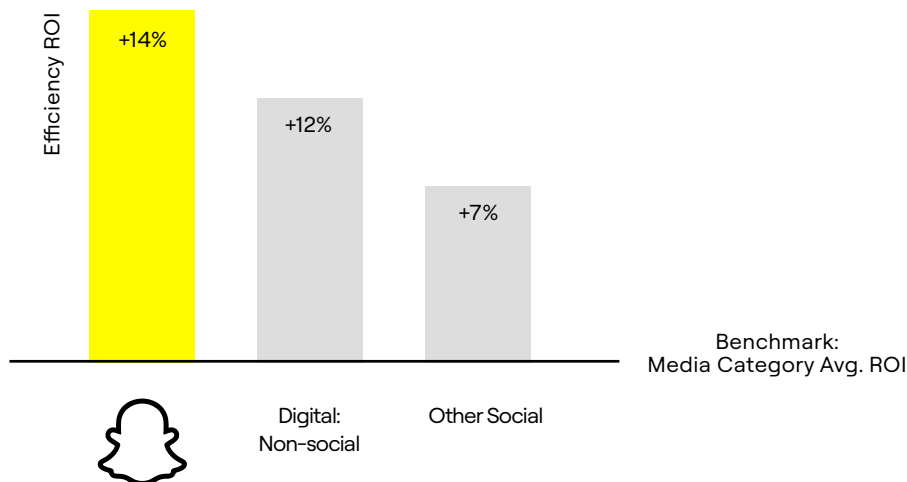
this is because ==*Snapchat is designed for Attention and Engagement,*== which are precursors to impact.

Snapchat is the leading platform in Saudi Arabia for staying connected with family and friends, offering brands a unique opportunity to foster both short-term and long-term engagement. With its exceptionally high level of user attention, Snapchat provides the ideal environment for driving significant brand impact.

According to research conducted by Amplified Intelligence[2], consumers paid 5 *times as much active attention* to ads on Snapchat compared to Social Mobile In-feed video ads. This highlights Snapchat's effectiveness in capturing consumer focus, making it an invaluable tool for brands aiming to enhance their visibility and influence.
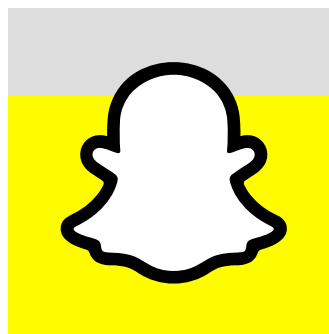
78% Active Viewing*

5X+ Vs. Benchmark

Includes Commercials, Snap Ads, And AR

*Active Viewing is defined as the % of time that a content viewer's eyes were on the screen and on the ad

**Social Mobile Infeed: 15% Active Viewing**

Snapchat: A Highly Engaged Audience in the GCC

04

Snapchat: A Highly Engaged Audience in the GCC

Snapchat boasts a highly engaged user base, combined with the platform's ability to capture the attention of Gen Z and GCC audiences within the first few seconds, making Snapchat an essential tool for driving both brand awareness and engagement.
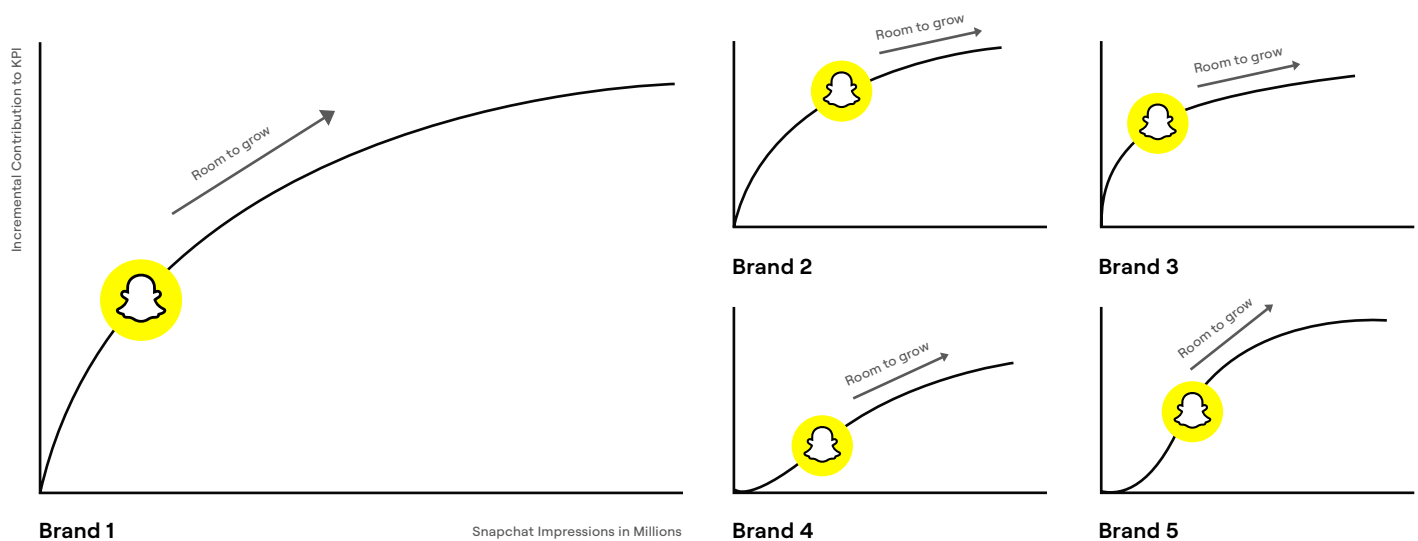
Snapchat's full-screen ad formats ensure that advertisers maximize visibility by occupying the entire mobile screen, optimizing both user experience and attention. Extensive third-party research confirms that Snapchat's diverse ad experiences result in attention scores[2] that surpass category benchmarks, establishing it as one of the most effective platforms for advertisers seeking to reach and engage their target audiences.
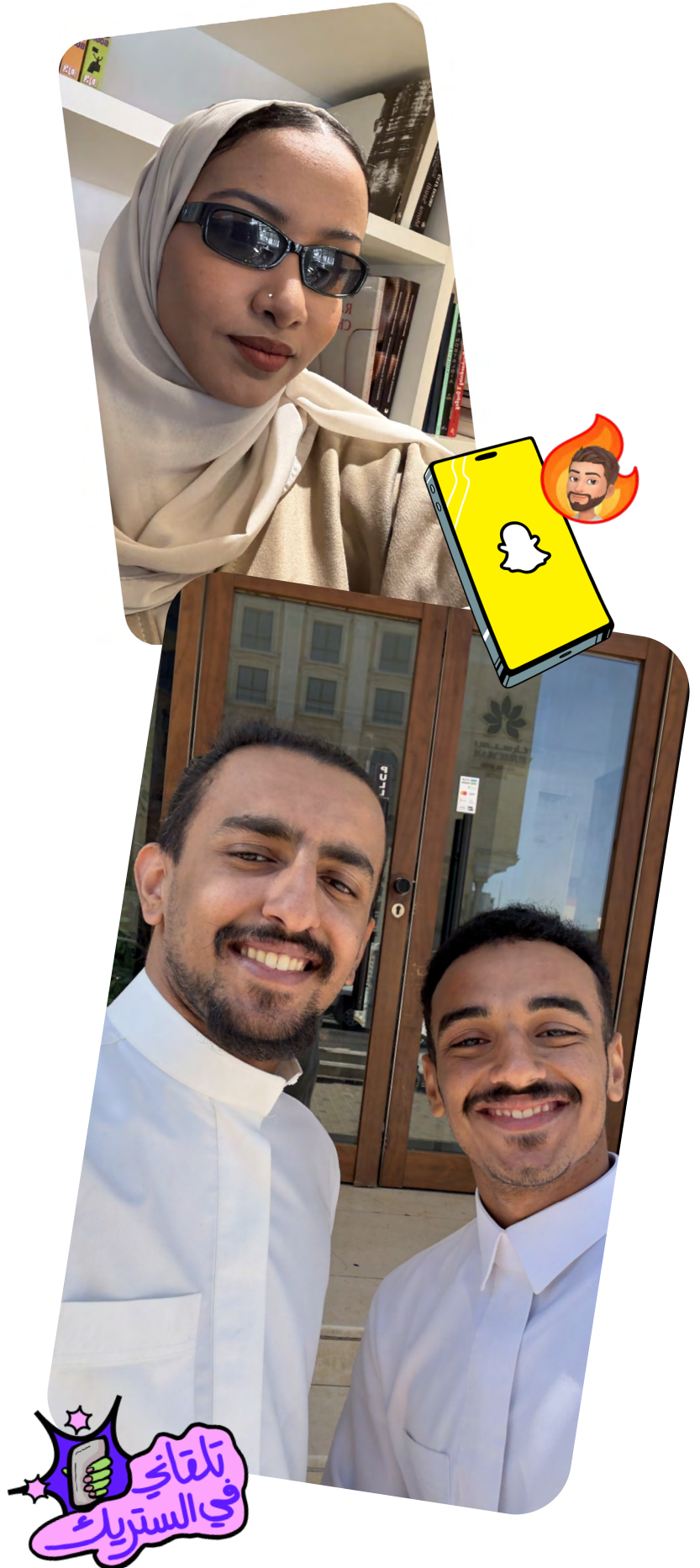
Harnessing Snapchat's Growth Potential: Insights on Budget Allocation and Returns.

The analysis of five brands reveals significant growth potential on Snapchat, even before reaching saturation, suggesting that many have yet to optimize their spending levels to fully maximize returns. The study highlights that by doubling their advertising expenditure on the platform, these brands can achieve an impressive average sales increase of 110%, with growth rates ranging from 26% to 219%. This substantial rise underscores Snapchat's effectiveness as a marketing channel, particularly for brands still in the early stages of budget allocation.

With careful and strategic planning, brands can navigate their advertising investments to harness Snapchat's growth potential effectively, ensuring ongoing engagement and improved sales performance in a constantly evolving digital landscape.

Brand 1

Incremental Contribution to KPI

Room to grow

Snapchat Impressions in Millions

Brand 2

Room to grow

Brand 3

Room to grow

Brand 4

Room to grow

Brand 5

Room to grow

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Avg. spends in an active period – week

How to Efficiently Plan on Snapchat

05

How to Efficiently Plan on Snapchat

According to Snapchat-run Performance Pillars Analysis[3], these are the budget allocation recommendations across its ad formats.

This study provides essential insights into effective budget allocation strategies for brands leveraging Snapchat as a marketing platform. A key focus is on optimizing budget distribution across the marketing funnel, emphasizing **the importance of investing in both upper and lower funnel activities.** Cross-category studies have demonstrated that brands that adopt a full-funnel approach on Snapchat—allocating between 40% to 70% of their budget to upper-funnel initiatives, while consistently supporting mid- to lower-funnel strategies throughout the year—**achieve an ROI 1.5 times higher than those pursuing singular objectives.** This highlights the effectiveness of a holistic approach that nurtures consumer awareness, consideration, and conversion stages simultaneously.

Snap Ads: Allocate no more than 60% of the cross-campaign budget to Snap Ads if costs exceed historical averages by 1.5x. This ensures a balanced approach while prioritizing cost-efficient reach.

Story Ads: Tiled Story Ads should account for up to 40% of the investment for advertisers focused on ROI. It's acceptable for overlap with Snap Ads in terms of effectiveness and reach.

AR Lenses: Allocate 10-20% of the budget to AR Lenses. If the cost of AR Lenses is 20% or more lower compared to the previous year, their budget allocation can rise to 25%, particularly for brands that have tested them before.

AR Filters: Consider including AR Filters within the 10-20% allocated for AR Lenses to optimize overall cost per thousand impressions (CPM).

Takeover Products: Test and include takeover products only if the primary objectives extend beyond short-term ROI from Marketing Mix Modeling (MMM). If ROI has already been proven, limit takeover products to minimal weights (<30%).

Premium Products/Inventory: Balance premium products and inventory with cost-efficient buys until ROI is proven. Ensure that premium CPMs remain within 40-50% of the CPMs for alternative formats like Snap Ads.

Case Studies

06

Case Studies

Snapchat consistently delivers strong efficiency and impact, proving its value across the covered sectors and marketing objectives. By leveraging Snapchat as a full-funnel solution, brands can maximize both short-term efficiency and sustained brand growth.

OTT

For OTT brands, Snapchat has demonstrated strong efficiency and impact across social and digital channels:

Performance Excellence: Snapchat has been proven to be very efficient in consideration campaigns and driving subscriptions. Both OTT Clients have shown a significantly higher than benchmark performance in consideration

Balanced Positioning: Snapchat's ROI is at the median, aligning with the mid-point of efficiency across all social and digital channels.

Brand #1 TOD, Market: Kuwait

Modeled KPI: Subscriptions

If we consider all digital media channels, and taking as benchmark the channel with the lowest ROI, Snapchat delivered **1.64x higher efficiency** than the Benchmark with lowest ROI.

Conversion campaigns on Snap demonstrated significantly higher performance. The brands were focused on app installs which boosted the platform's effectiveness in driving subscriptions.

Benchmark: Digital Channel with lowest ROI
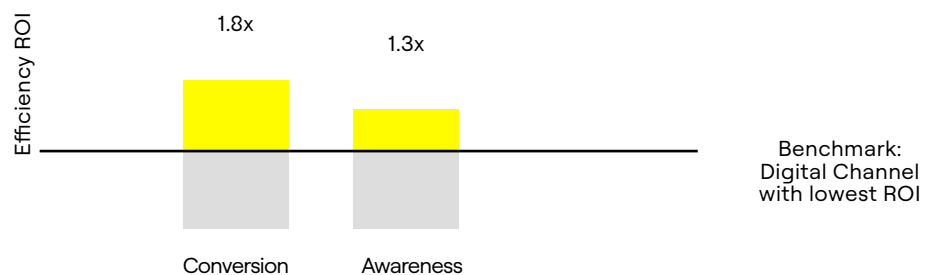
Brand #2 OSN+, Market: KSA

Modeled KPI: Subscriptions

If we consider all digital media channels, and taking as a benchmark the channel with the lowest ROI, Snapchat delivered **1.27x higher efficiency** than the Benchmark with lowest ROI .

Consideration campaigns on Snap demonstrated significantly higher performance. The brands were focused on app installs which boosted the platforms effectiveness in driving subscription
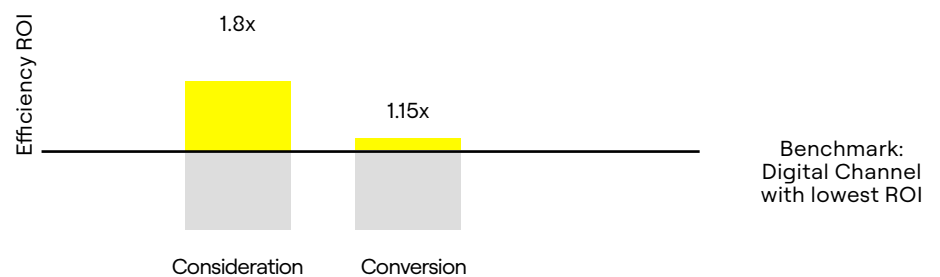

Efficiency ROI

1.8x

1.15x

Consideration   Conversion

Benchmark: Digital Channel with lowest ROI

Snapchat's Measurement Framework

07

Snapchat's Measurement Framework

Achieving success in digital advertising requires mastery of three key tiers[4] of measurement and optimizataion:

Execution (Daily): This involves the day-to-day management of campaigns, including optimization tasks such as bidding, audience targeting, attribution, and data integration. It focuses on ensuring that campaigns run smoothly and effectively on a daily basis.

Experimentation (Monthly): This tier includes the implementation of incrementality solutions, such as multi-cell lift testing, to identify and refine best practices. These insights help shape and inform ongoing optimization strategies.

Evaluation (Quarterly): This level involves the use of holistic, privacy-safe solutions to assess the performance of individual channels and overall marketing spend on a quarterly or annual basis. Techniques such as Marketing Mix Modeling (MMM) and Multi-Touch Attribution (MTA) are typically employed to gain comprehensive insights into long-term effectiveness and return on investment.

About Snap

Snap is a technology company. We believe the camera presents the greatest opportunity to improve the way people live and communicate. Snap contributes to human progress by empowering people to express themselves, live in the moment, learn about the world, and have fun together. The Company's three core products are Snapchat, a visual messaging app that enhances your relationships with friends, family, and the world; Lens Studio, an augmented reality platform that powers AR across Snapchat and other services; and its AR glasses, Spectacles.
For more information, visit snap.com

About OMG

Omnicom Media Group MENA (OMG) is the media services division of Omnicom Group Inc. (NYSE: OMC), the leading global advertising, marketing and corporate communications company, comprised of global, award-winning agencies OMD, PHD and Hearts & Science, as well as consultancies specializing in data, technology, eCommerce, research, social, search and programmatic. With more than 21,000 employees globally and over 1000 in MENA, OMG has the talent, expertise and clout to deliver unprecedented levels of innovation for its clients and elevate their relationships from transactional to transformational. COMvergence recently named OMG the new business leader among holding groups in 2023 in the GCC, along with OMD at network level, in both the GCC and Egypt. As well as being awarded for its agencies' creativity and innovation at the Dubai Lynx and their performance and effectiveness at the MENA Effies and other festivals, OMG MENA has also been celebrated for its efforts in talent management and Environmental/Social/Governance activities (ESG).

For more information about OMG MENA, visit
www.omnicommediagroup.com/markets/mena

About Annalect MENA

The creative-thinking, data and technology core of Omnicom Group. Experts across a multitude of disciplines such as data science, engineering, and Marketing combine efforts to provide best in class solutions to optimize media performance and assist in all marketing activities. Annalect infuses data & technology insights into every aspect of a marketing framework — empowering the best possible creative, media, and communications strategies and execution for brands.

Annalect provides brands with an environment and teams that democratize data insights and make it easy to apply them to media and creative executions. Annalect's data experts and proprietary products provide end-to-end solutions for Future-proofing your global marketing investment—delivering the results you need and the flexibility you never thought possible.

References:

[1] Research paper: Modeling of Observer-Based Social Media Marketing for Saudi Arabia Consumers (link)

[2] Research findings- 2023 Amplified Intelligence Video Attention study commissioned by Snap Inc, in collaboration with OMD.

[3] Snapchat's Performance Pillars for MMM as the Advertiser Objective (AO)

[4] Snapchat's Three Es Measurement Strategy.

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