



MOBILE ADVERTISING BENCHMARKS

Q2 2015 Report

CATALINA[®]
Personalized Digital Media

In partnership with

4INFO

Mobile Advertising Benchmarks

Even big risk takers avoid making a significant investment in the unknown, and many marketers put mobile advertising in that category. Everybody knows mobile matters, but few understand how to determine with certainty whether it's delivering a return on their investment. Without that confidence, many are holding back on what may be their biggest opportunity for sales growth.

Brand marketers need the assurance that comes with knowing what to expect from their campaigns. That assurance comes from being able to accurately measure results that matter – including the ability to connect offline and online sales directly to their mobile campaigns.

This report presents the industry's only benchmarks to provide guidance for brand marketers through Catalina BuyerVision®, powered by 4INFO. The benchmarks are based on sales lift measurement data from 91 mobile campaigns executed during the past two years. The studies were conducted in partnership with Nielsen Catalina Solutions (NCS), which independently compiled and validated the benchmarks shared here.

This updated report will help you:

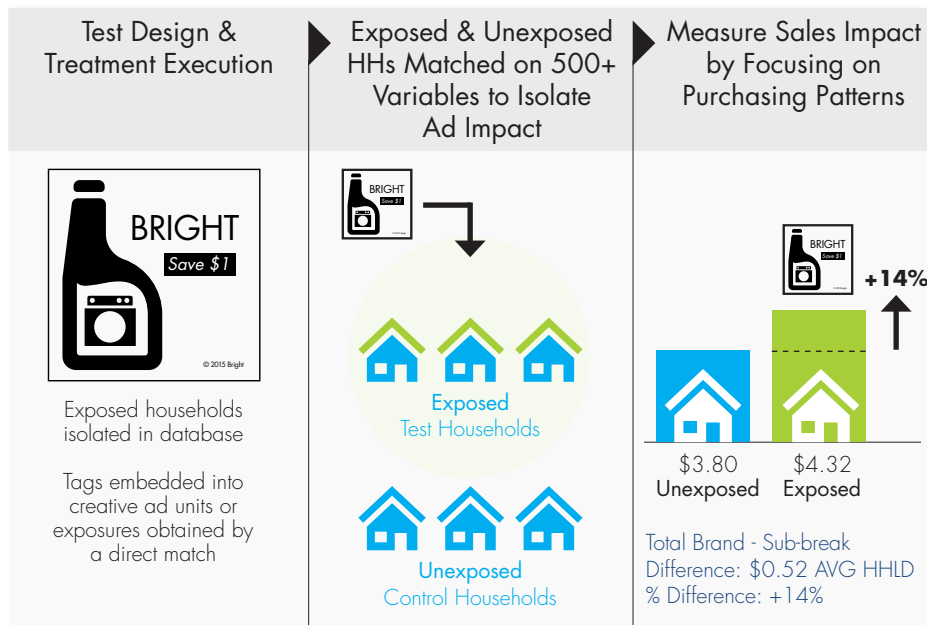
- Understand how to link mobile ad impressions with offline sales data to measure incremental revenue generated by your campaign
- Use the industry's first benchmarks to compare your sales lift and Return On Ad Spend (ROAS) to other campaigns across several categories

Benchmarks derived from 91 mobile campaigns help marketers evaluate their mobile advertising by what matters most: Return On Ad Spend

Calculating Sales Lift Benchmarks

In order to calculate ROAS based on sales lift, marketers must first be able to tie mobile ad viewers to offline transaction data and attribute specific purchases to the people exposed to the ad campaign. Then you divide the sales lift amount by your mobile ad campaign costs, multiply by 100, and that gives you your ROAS. For example, a 264% ROAS means for every dollar you spent on media, you generated \$2.64 in incremental sales lift.

In order to determine sales lift you need to be able to compare the sales resulting from those who **weren't** exposed to the mobile advertising with the sales of those who **were** exposed. That will give you the true incremental sales lift resulting from the advertising.



Source: Nielsen Catalina Solutions

Why ROAS and Not ROI?

Many marketers talk about the “ROI of their campaigns” but the ROI term implies the brand’s costs are included in the calculation. Agencies and service providers rarely have access to a brand’s product costs, sales expenses, etc., so the only way to calculate ROI would be by guessing on those numbers.

Therefore, brands prefer to receive a Return On Ad Spend calculation, which takes into consideration the two accessible numbers: incremental sales lift and cost of the media. This enables brands to do an apples-to-apples comparison of media providers and media types, based on accurate and consistent calculations.

Return On Ad Spend

ROAS is the primary metric brands use when evaluating campaign success, because it factors in not only the sales lift but also the cost of the media. In the end, that's what a CMO and CEO want to know—did we see a positive return on our ad spend, telling us this was a wise investment?

Across all of the benchmarked campaigns, the ROAS average is 264%. In other words, for every dollar of media invested in mobile advertising, the benchmarked brands generated \$2.64 in incremental sales lift. It's important to note this is **incremental**. It's not total sales, but rather the amount above the control group who wasn't exposed to the mobile advertising.

Across all of the benchmarked campaigns, the ROAS average is 264%

Naturally, there isn't always a positive ROAS. Anything below 100% means the client spent more in media than they generated in incremental sales lift. But that doesn't necessarily mean the client considers it a waste of money.

The ability to measure ROAS gives marketers the ability to learn from every campaign, even if the results indicate something didn't work. They can then examine factors such as campaign duration, size and creative, making adjustments as needed before the next campaign. Another benefit is the ability to look across other campaigns that generated an ROAS of below 100% to see trends that might inform future campaigns.

Second Quarter Benchmarks 2015

Campaigns represented were run in the United States via Catalina's BuyerVision Mobile, powered by 4INFO. Impression data was provided by 4INFO to NCS, and matched to the NCS dataset. The Return On Ad Spend was calculated by NCS using Catalina's frequent shopper data and Nielsen's Homescan Panel data. Data included a total of 91 mobile campaigns, across a variety of consumer packaged goods (CPG) categories for 68 different brands. Campaign duration was from 4 to 38 weeks, with an average of 12 weeks.

Creative Approaches

A variety of creative tactics were used:

1. Equity – Branding
2. Interactive
3. Nutritional
4. Promotion and Coupon
5. Recipe
6. Usage

Campaigns Covered Seven CPG Categories

1. Baby
2. Beverage
3. Food
4. General Merchandise
5. Health & Beauty
6. Over-the-Counter
7. Pet

And 36 Sub-categories:



Alcohol



Baby Care/Diapers



Baby Food



Baby Formula



Carbonated



Cat Food



Coffee



Condiments/Sauces



Cosmetics



Dairy



Dog Food



Dry Meals



Eye Care



Feminine Hygiene



First Aid



Frozen Foods



Gastro Relief



Gum



Hair Care



Hispanic



Juice



Laundry Care



Liquid Tea/New Age Bev



Magazines



Ointment



Paper/Plastic



Pet Litter



Ready to Bake/Desserts



RTS Soup



Shelf Stable/RTS



Skin Care



Snacks/Crackers



Sugar/Sweeteners



Toilet Tissue



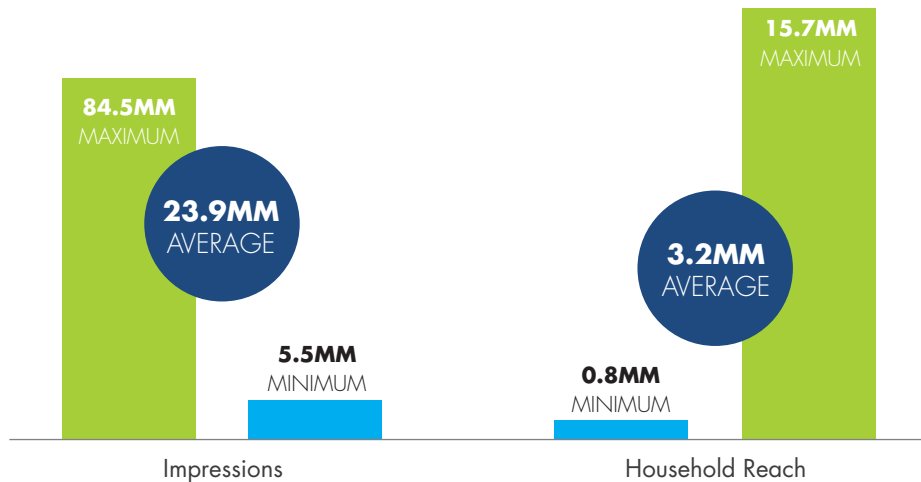
Total Category



Vitamins/Supplements

Campaign Size

Benchmark campaigns averaged 23.9 million impressions total, with the largest being almost 100 million impressions and the smallest being 5.5 million impressions. Campaigns delivered, on average, a reach of approximately three million households, with the largest reaching more than 15 million households and the smallest reaching 800,00 households.



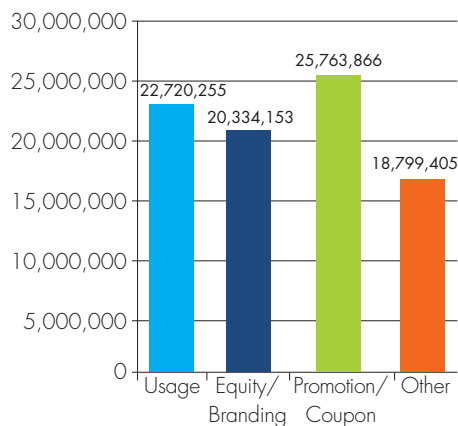
Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, September 2015

Comparing Creative Types—Campaign Size

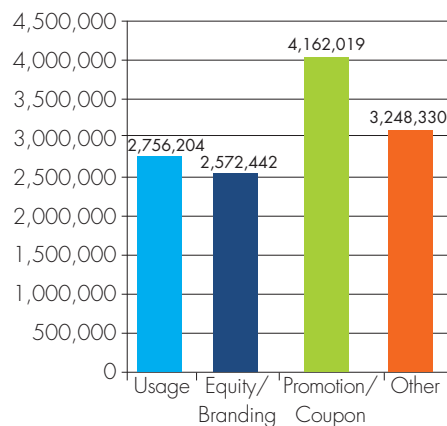
For a few categories where there were enough campaigns to break out results separately, we see that the size of the campaigns (in terms of impressions) are about the same, averaging between 19 and 26 million impressions, regardless of the creative goal.

Promotional/coupon campaigns experienced lower frequency and higher reach than other creative types, with a difference of nearly 30% between the lowest and highest.

Average Impressions



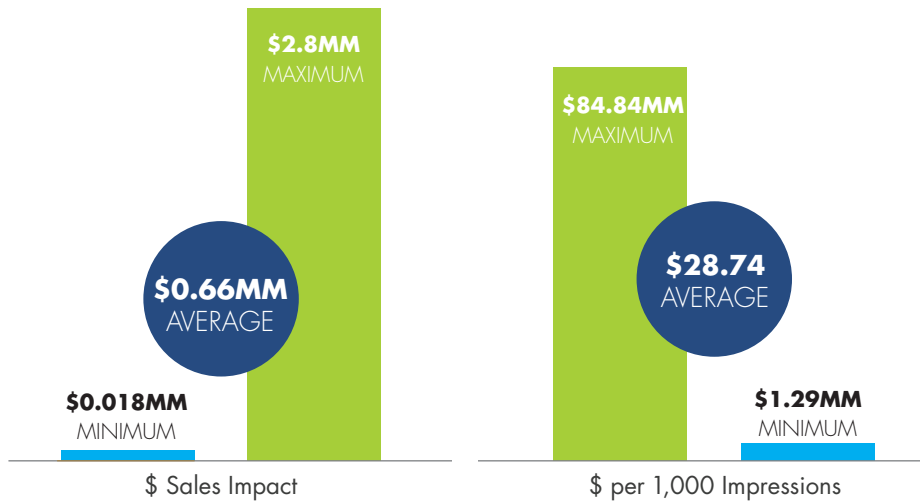
Average Reach



Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, September 2015

Sales Generated

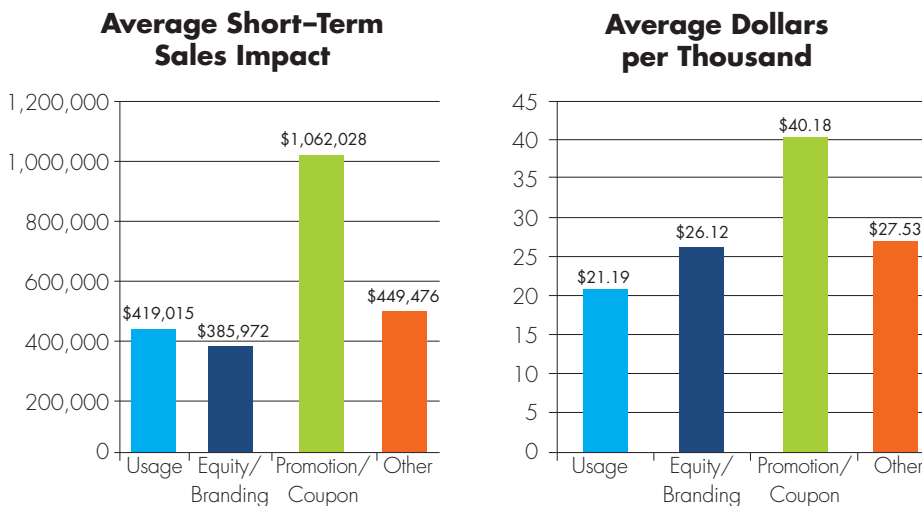
Measured mobile campaigns generated, on average, \$658,000 in total sales, with the largest campaign generating over \$3.5 million total in-store sales. When analyzed based on a “dollar-per-thousand impressions” basis, benchmark campaigns delivered almost \$30 in sales per thousand impressions, with a high of \$84.84 and a low of \$1.29.



Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, September 2015

Comparing Creative Approaches—Sales Impact

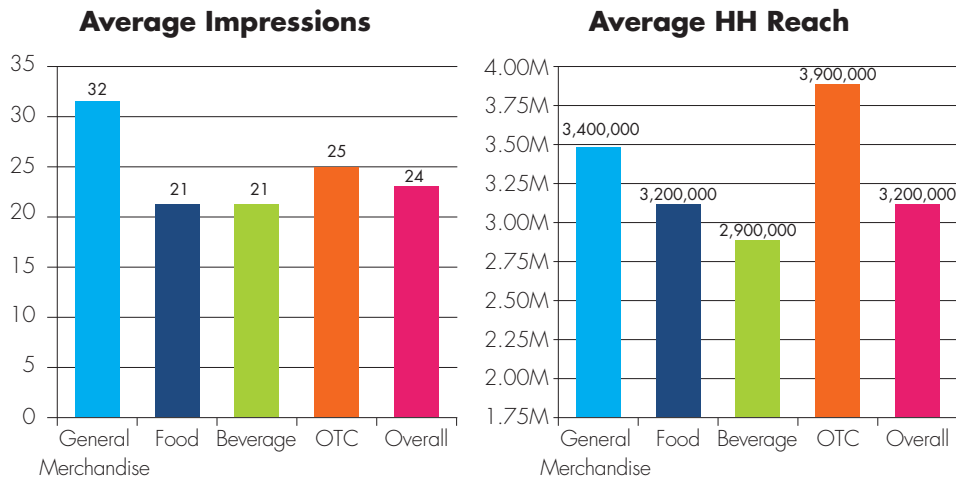
There is considerable disparity in short-term sales impact and, to some extent, dollars per thousand across creative types. Clearly, promotional/coupon ads drive short-term sales impact greater than any other creative types and (even when factoring in media cost) outperform other creative types on a dollar-per-thousand basis.



While many campaigns focused on brand equity two years ago, promotional/coupon campaigns started trending up as it became clear they were more effective at driving sales. Consequently, in the past year, the majority of campaigns included some sort of promotional element.

Comparing Campaign Size by Brand Category

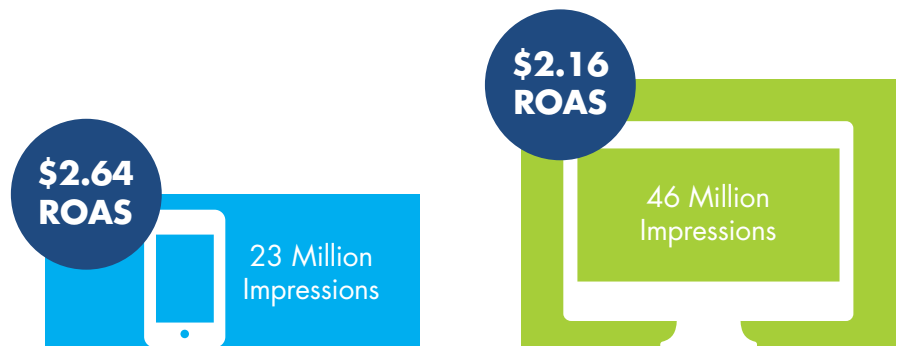
When we break down campaigns by category, we see similar averages, although brands advertising food products are clearly running smaller campaigns than brands running general merchandise campaigns.



Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, September 2015

Mobile Campaigns Require Fewer Impressions than Desktop Campaigns

Mobile campaigns require half the number of impressions as desktop campaigns to generate the same results, with mobile campaigns averaging approximately 24 million impressions and desktop display campaigns averaging approximately 46 million impressions. Yet mobile campaigns produce a 15% better Return On Ad Spend, with desktop campaigns averaging 216% in ROAS vs. the 264% we see from mobile campaigns.



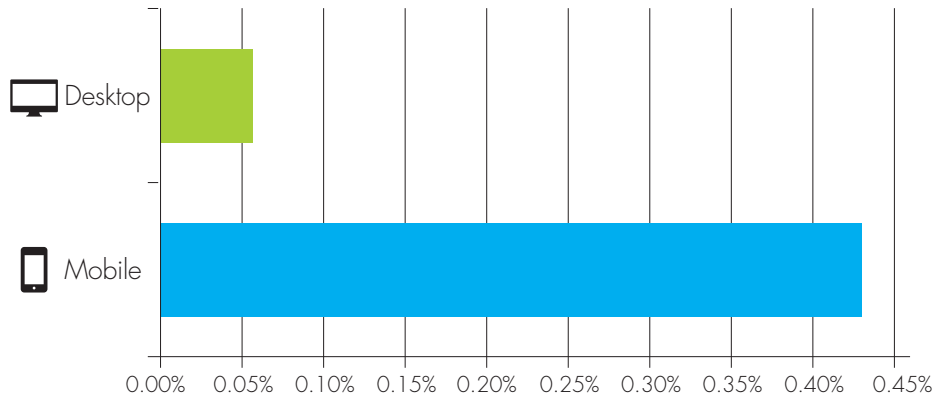
Source: Internal Research, 4INFO/Catalina, September 2015

Mobile Clickers Aren't Buyers

You've probably heard the statement that clickers aren't buyers, and now there is data to prove it.

First, it's important to note that mobile produces eight times as many clicks as desktop. However, a close examination of clicks vs. actual sales lift shows no correlation whatsoever between those who click and those who buy.

Average Click Through Rate

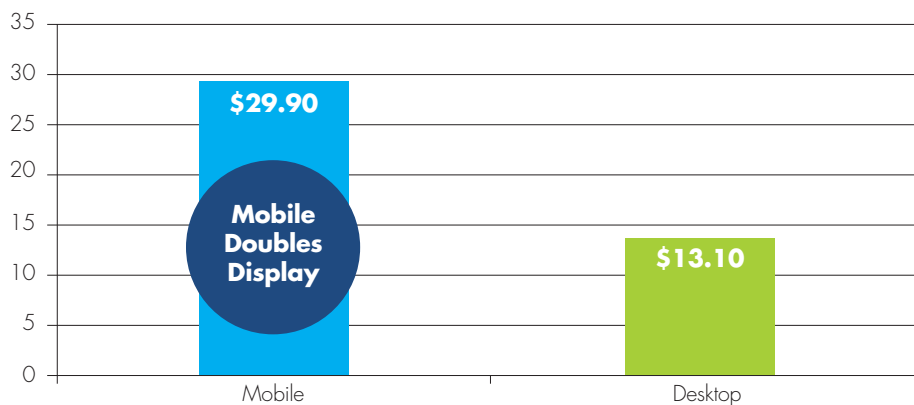


Source: Internal Research, 4INFO/Catalina, May 2015

Mobile Drives Double the Sales Lift of Desktop

When comparing mobile campaigns to desktop campaigns, it becomes evident that mobile actually drives double the sales lift of desktop. Total sales per thousand impressions is almost \$30 for mobile, compared to \$13 in sales per thousand impressions in desktop. Even though mobile advertising tends to be priced higher than desktop impressions, the Return On Ad Spend is still 15% better for mobile than desktop.

Sales in \$ per 1,000 Impressions



Source: Internal Research, 4INFO/Catalina, May 2015

As mobile advertising matures, brand marketers need to know what to expect from their campaigns. It is, in fact, possible to connect mobile ad impressions with offline sales data to measure the revenue generated by a campaign. The rest of the picture comes from comparing those results to similar mobile campaigns, using the benchmarks presented here.

By measuring what matters and using these benchmarks as your guide, you can determine with certainty your Return On Ad Spend. And that will give you the confidence you need to fully invest in the fast-growing medium of mobile advertising.

About Catalina

Catalina's personalized digital media drives lift and loyalty for the world's leading CPG retailers and brands. Catalina personalizes the consumer's path to purchase through mobile, online and in-store networks powered by the largest shopper history database in the world. Catalina is based in St. Petersburg, FL, with operations in the United States, Europe and Japan. To learn more, please visit www.catalinamarketing.com or follow us on Twitter [@catalina](https://twitter.com/catalina).

