01. Building the ultimate effectiveness databank

An econometrics fuelled study

Building on previous research, by adding more breadth and context to the data

We work with a wide range of the UK's leading brands

50 brands
14 categories

6 categories reported on individually

FMCG

Finance

Retail

Online Retail

Automotive

Travel
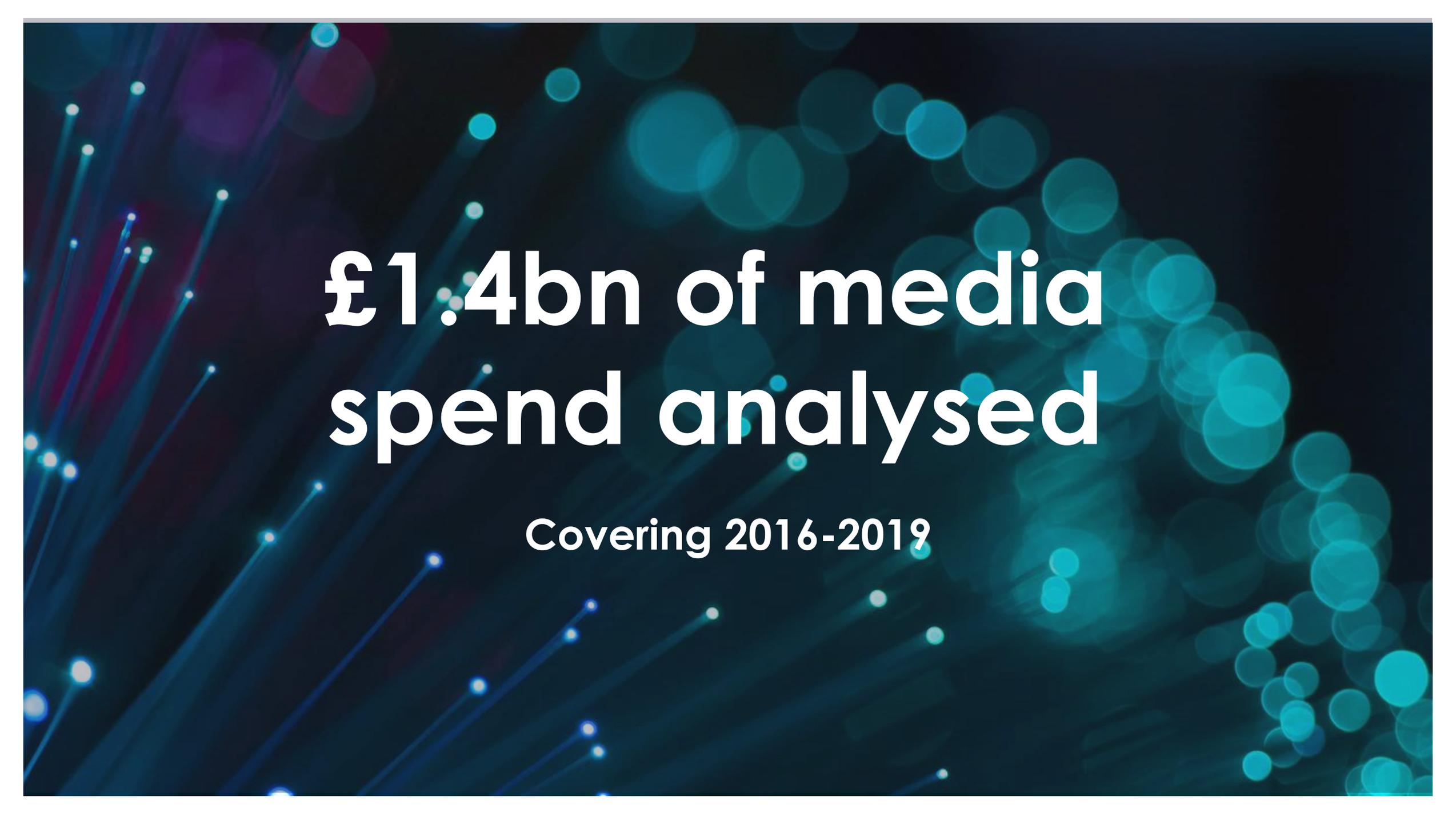
£1.4bn of media spend analysed

Covering 2016-2019

11 media channels

TV

Cinema
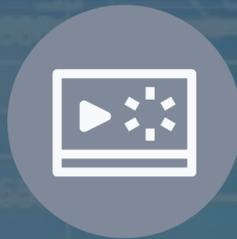
Broadcaster VOD

Online Video

Radio

Print

Digital Display

Generic Search

Social
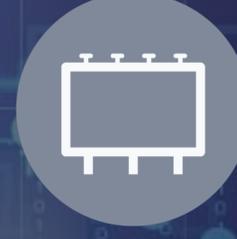
OOH

Direct Mail

Wide breadth of brands to capture nuances

Examples:
- Niche vs. mass
- High interest vs. low interest
- One-off purchase vs. subscription

02. Balance, trade-offs and decisions
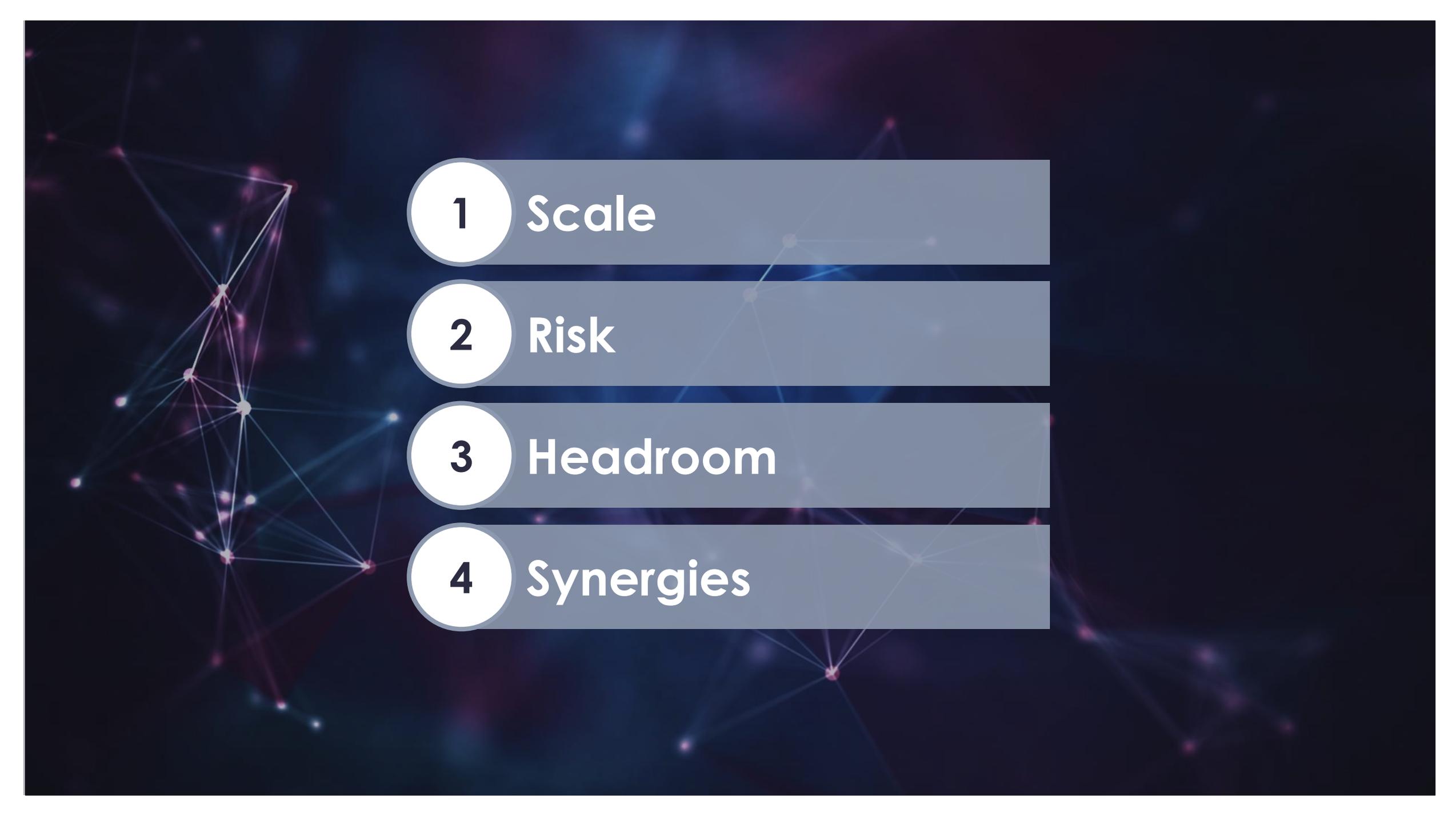
1 Scale

2 Risk

3 Headroom

4 Synergies

1. The scale of effect that channels can drive differs markedly

Share of Short-term Media Driven Sales vs. Share of Media Spend
(Average of 50 optimised brands, across 2016 - 2019)

Share of Short-term Media Driven Sales (y-axis: 0% to 45%)

Share of Media Spend (x-axis: 0% to 45%)

Data points labelled:
- TV
- Generic Search
- Social Media
- Radio
- Broadcaster VOD
- Online Display
- Cinema
- Print
- Direct Mail
- Out of Home
- Online video

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

2. The variability of returns differs significantly across channels

The Variability of Returns by Channel

Spread of Middle 50% of Results Around the Median

- 100%
- 60%
- 20%
- -20%
- -60%
- -100%

0% = Median ROI

Broadcaster VOD · TV · Online Video · Generic Search · Radio · Out of Home · Online Display · Cinema · Social Media · Print

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory
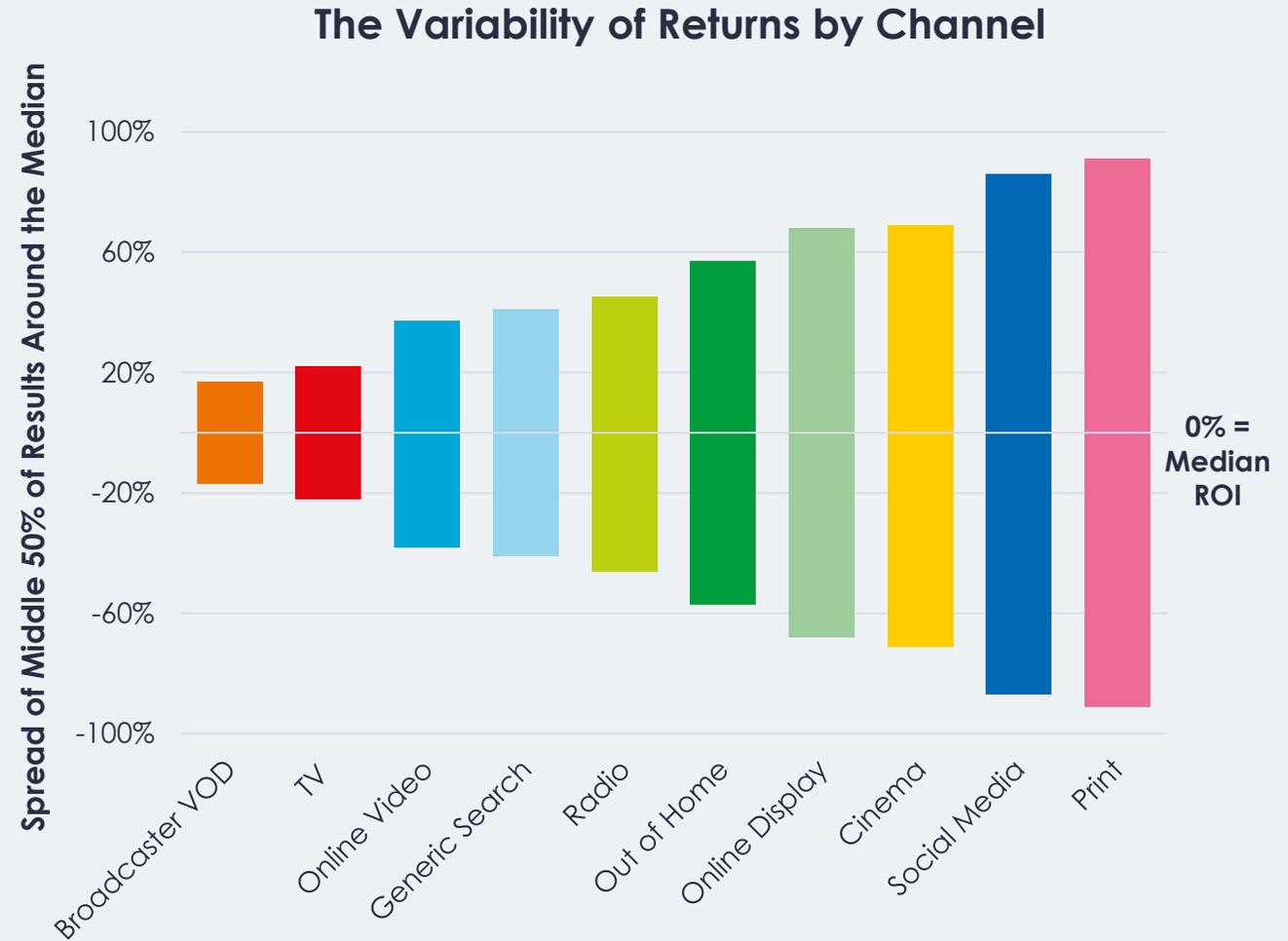
3. The profitable headroom available across channels differs significantly

Average Short-term Revenue Curves

Incremental Sales

Weekly Spend

TV — Generic Search — Broadcaster VOD — Online Video

Print — Out of Home — Radio — Social Media

Online Display — Cinema
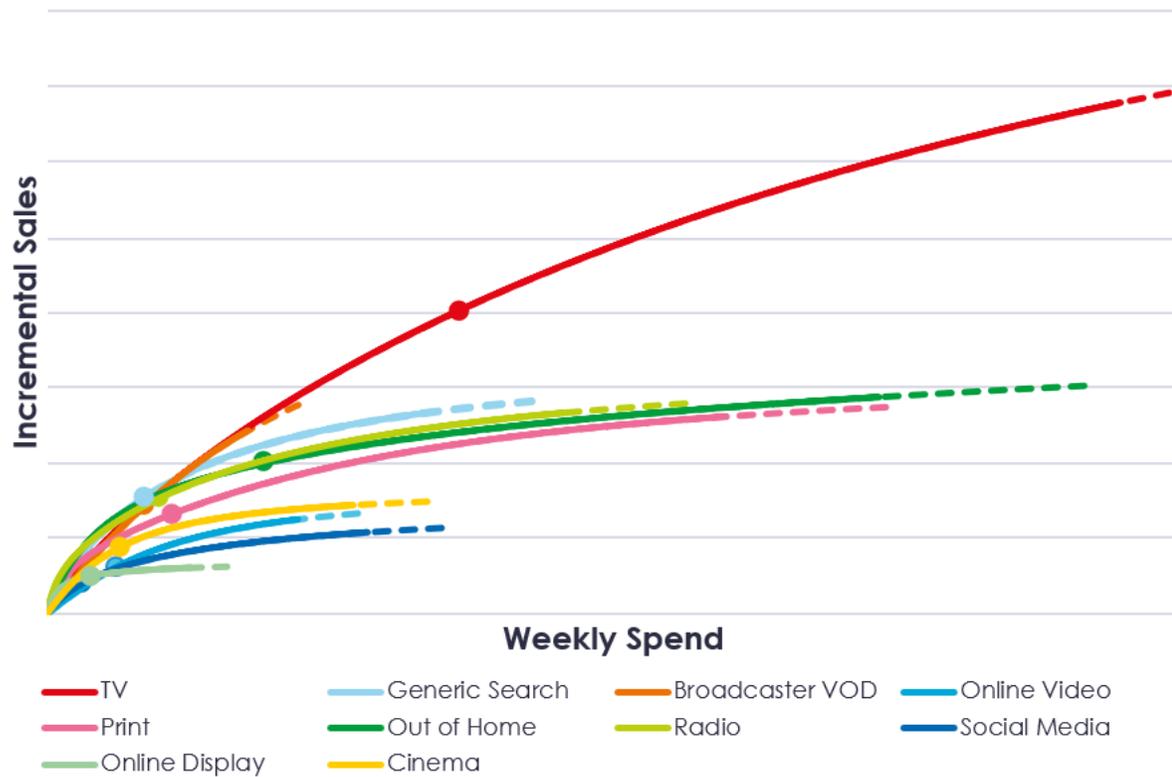
Average Weekly Headroom Index by Channel

Weekly Headroom Index

TV, Cinema, Radio, Print, Generic Search, Broadcaster VOD, Online Video, Social Media, Online Display, Out of Home
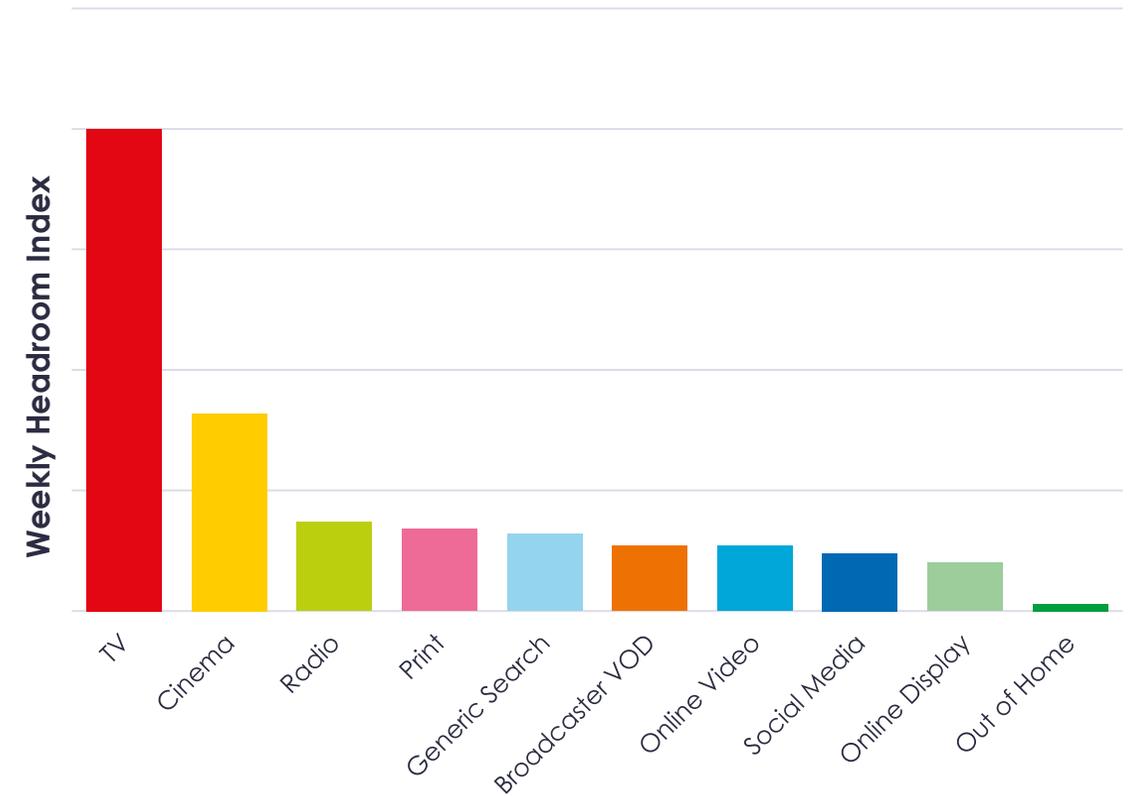
Note: Headroom is calculated as the difference between the diminishing returns point and the average spend.
The dot on each of the curves represents the average level of weekly spend for that channel in our dataset.
The curve cuts off at +20% from the maximum weekly spend level in the dataset.

4. Most channels boost the efficiency of others, but the scale and consistency of the effect differs significantly

Media Synergy Effects by Channel

Channel Benefitting from the Effect

Channel Generating the Effect	TV	Online Video + VOD	Social Media	Online Display	Out of Home	Radio	Print	Generic Search	Cinema	Direct Mail
TV										
Online Video + VOD										
Social Media										
Online Display										
Out of Home										
Radio										
Print	5%	6%	7%	5%	6%	4%		4%	13%	7%
Generic Search										

Key:

0-2%	3-4%	5-8%	9-20%	20%+

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

4. Most channels boost the efficiency of others, but the scale and consistency of the effect differs significantly

Media Synergy Effects by Channel

Channel Benefitting from the Effect

Channel Generating the Effect	TV	Online Video + VOD	Social Media	Online Display	Out of Home	Radio	Print	Generic Search	Cinema	Direct Mail
TV		20%	31%	31%	22%	31%	31%	8%	54%	20%
Online Video + VOD	3%		5%	2%	5%	3%	12%	1%	7%	2%
Social Media	2%	2%		2%	3%	2%	3%	1%	3%	1%
Online Display	3%	4%	4%		4%	3%	9%	3%	11%	4%
Out of Home	6%	8%	9%	8%		9%	11%	1%	3%	1%
Radio	4%	4%	4%	6%	4%		3%	2%	1%	1%
Print	5%	6%	7%	5%	6%	4%		4%	13%	7%
Generic Search	3%	2%	4%	2%	2%	3%	7%		*	6%

Key:

0-2%	3-4%	5-8%	9-20%	20%+

* Insufficient number of observations to accurately report a result
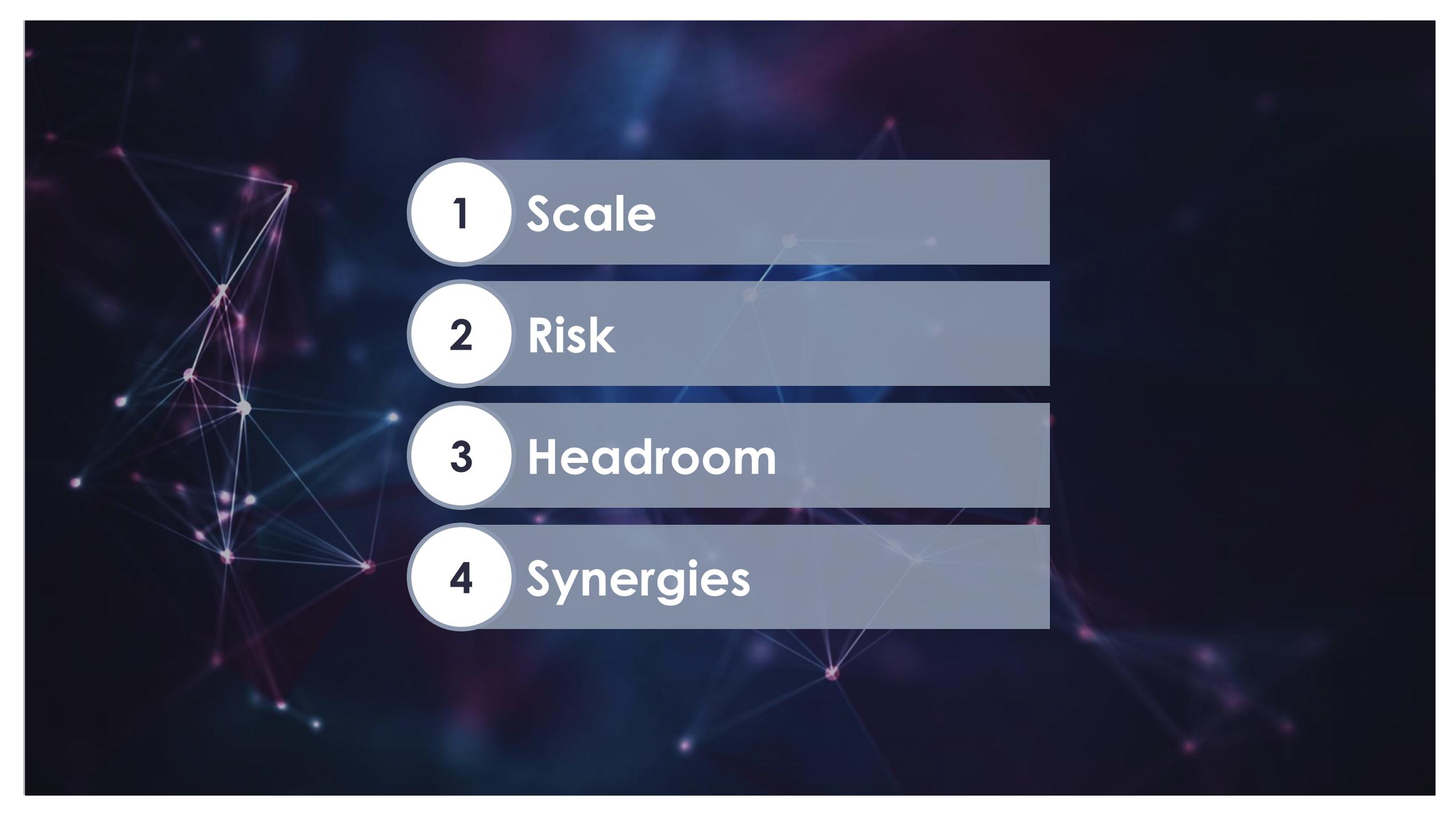
1 Scale

2 Risk

3 Headroom

4 Synergies

"What is the right way to invest my marketing budget?"
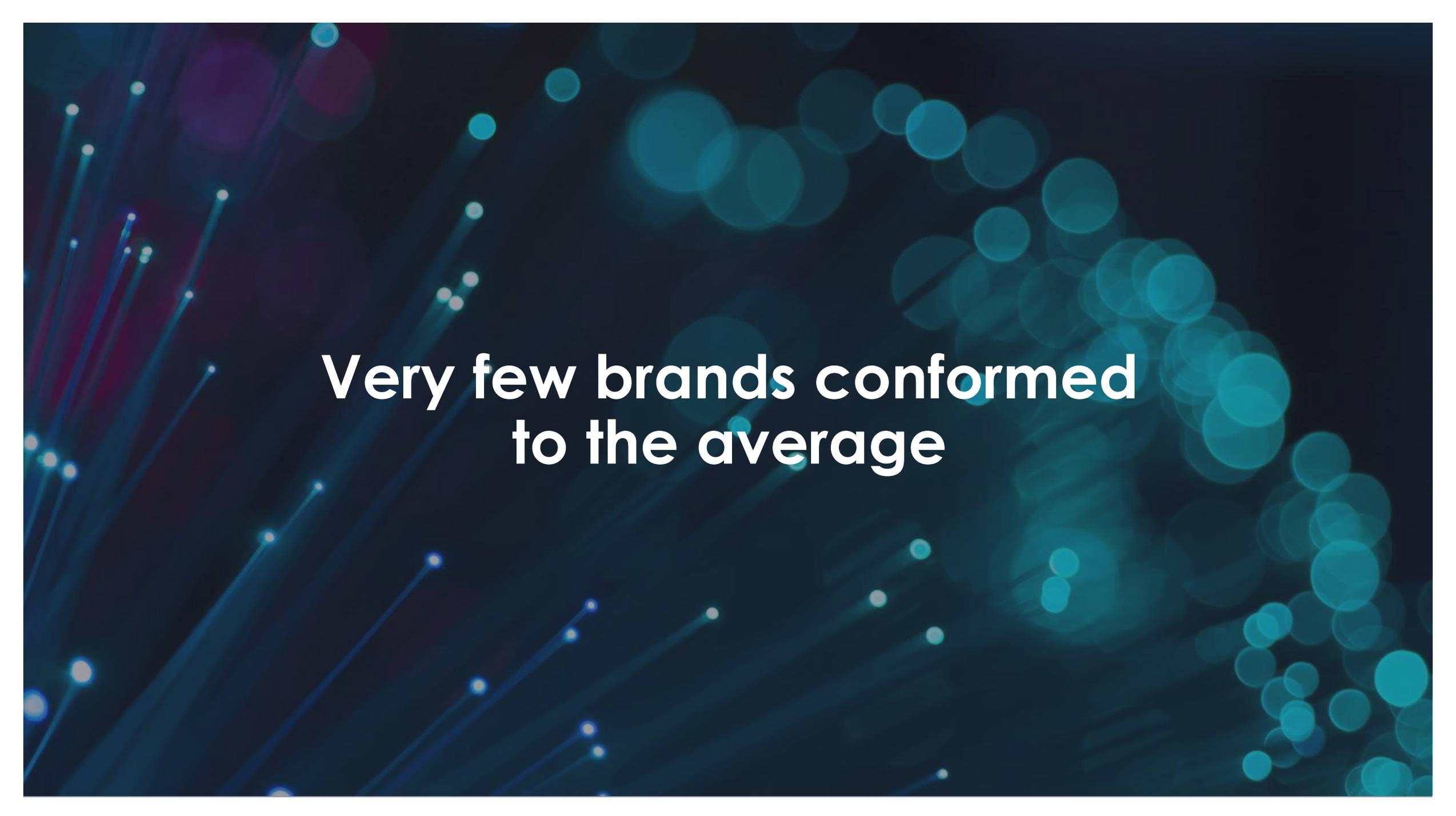
Very few brands conformed to the average

And this challenge with averages is not unique to advertising

The Sydney Morning Herald

Advertisement

NATIONAL

By the numbers - the average Australian doesn't exist ... not a single one of us is 'normal'

By **Marc Moncrief**

January 25, 2015 — 10.24pm

A   A   A

TODAY'S TOP STORIES

CLARENCE STREET ATTACK

One dead, one injured as 'lone actor with a butchers knife'

You are 37, and a woman. You have a son and a daughter, aged six and nine. You live in a three-bedroom, free-standing house. You have about $200,000 still to pay on your mortgage. You are the statistically average Australian today.

You are 5' 4" (162 centimetres) tall, in the old measure. You weigh 71.1 kilograms. This gives you a body mass index of about 27, which is technically (sorry) overweight.

"*It depends*"

KNOW THE RULES

Six decisions we need to make to determine the right media mix

1.
What is the context of my brand?

2.
What is the outcome I'm trying to achieve with marketing?

3.
How much of my budget do I need to set aside for fulfilment media?

4.
How do I avoid diminishing returns?

5.
When do I need the payback?

6.
How much risk am I prepared to take to achieve my outcome?

Six decisions we need to make to determine the right media mix

1. What is the context of my brand?	**2.** What is the outcome I'm trying to achieve with marketing?	**3.** How much of my budget do I need to set aside for fulfilment media?
4. How do I avoid diminishing returns?	**5.** When do I need the payback?	**6.** How much risk am I prepared to take to achieve my outcome?

# Four contexts have the most significant impact on optimal channel choice

The sector

% of sales online

Business size

Niche vs. Mass

Sector creates big variances in the optimal budget mix

Optimised Media Deployment
By Category
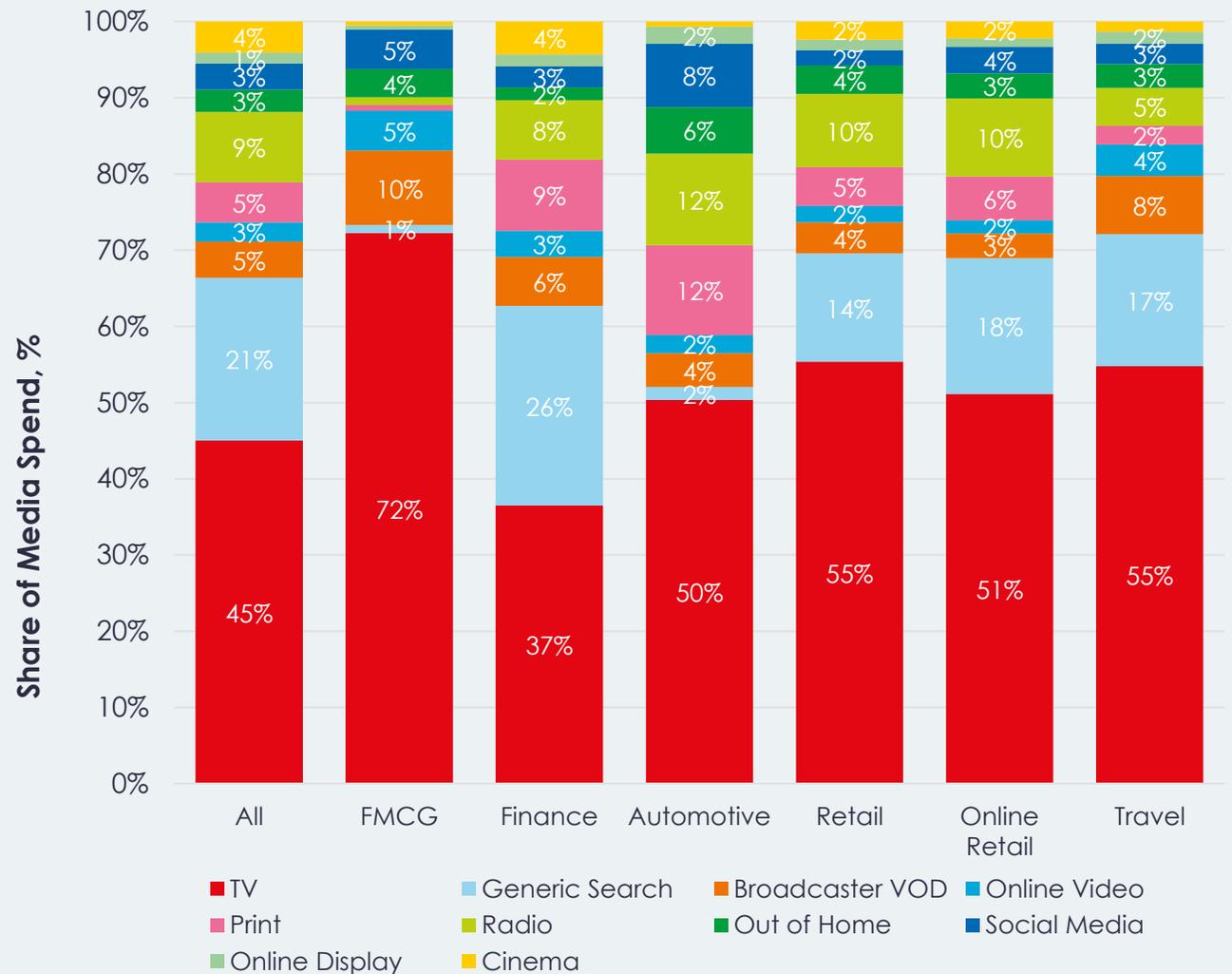
Share of Media Spend, %

	All	FMCG	Finance	Automotive	Retail	Online Retail	Travel
Cinema	4%		4%	2%	2%	2%	2%
Online Display	1%	5%					
Social Media	3%		3%	8%	2%	4%	3%
Out of Home	3%	4%	2%	6%	4%	3%	3%
Radio	9%		8%	12%	10%	10%	5%
Print	5%		9%	12%	5%	6%	2%
Online Video	3%	5%	3%	2%	2%	2%	4%
Broadcaster VOD	5%	10%	6%	4%	4%	3%	8%
Generic Search	21%	1%	26%	2%	14%	18%	17%
TV	45%	72%	37%	50%	55%	51%	55%

Legend: TV · Generic Search · Broadcaster VOD · Online Video · Print · Radio · Out of Home · Social Media · Online Display · Cinema

Channels with sufficient sector level benchmarks only. Based on £500m brand size, 20% online sales not minimising risk and media budget of £20m.

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

More online sales increases Search and VOD share

Optimised Media Deployment
By Proportion of Online Sales
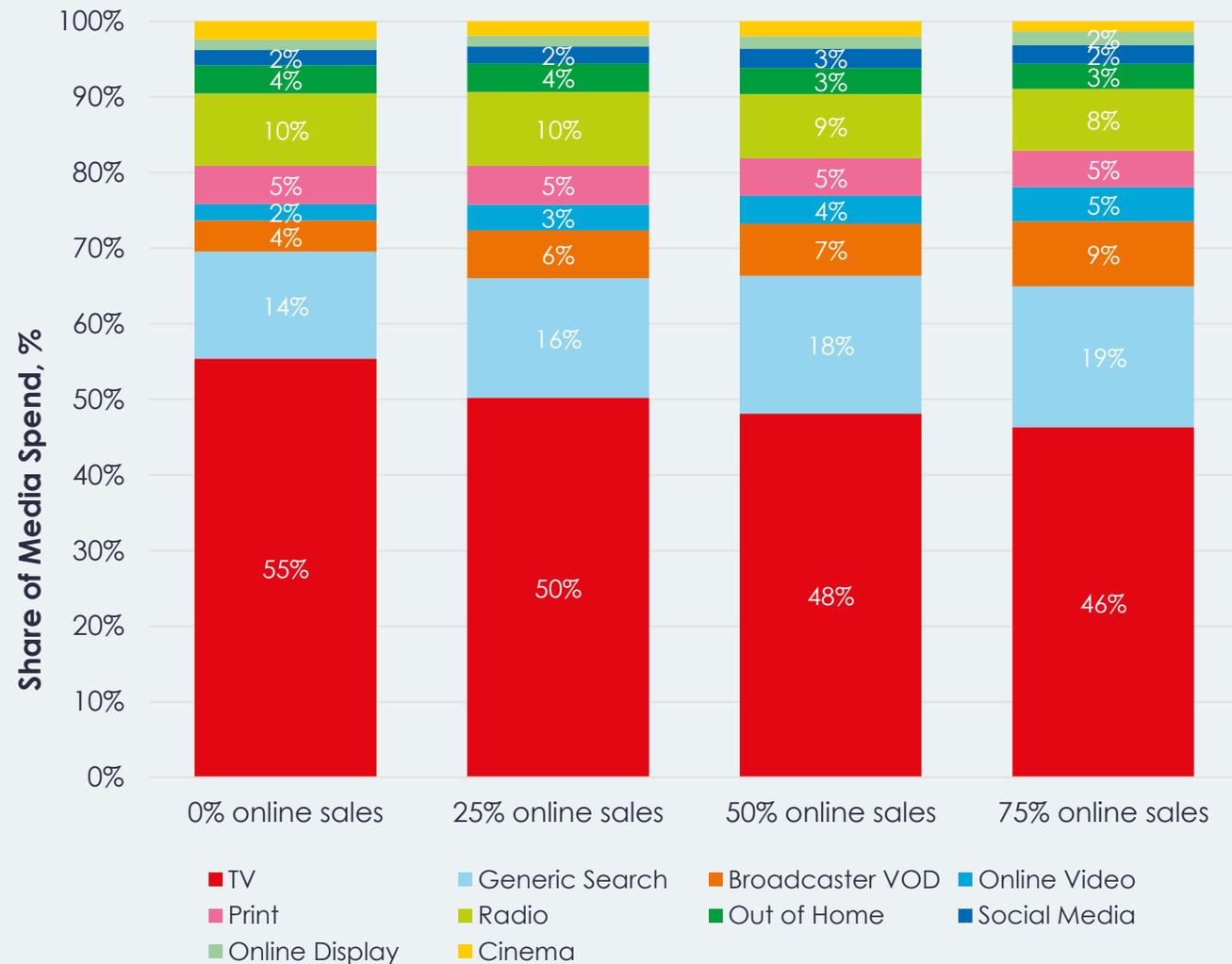
Share of Media Spend, %

	0% online sales	25% online sales	50% online sales	75% online sales
Cinema				2%
Social Media	2%	2%	3%	2%
Out of Home	4%	4%	3%	3%
Radio	10%	10%	9%	8%
Print	5%	5%	5%	5%
Online Video	2%	3%	4%	5%
Broadcaster VOD	4%	6%	7%	9%
Generic Search	14%	16%	18%	19%
TV	55%	50%	48%	46%

Legend: TV, Generic Search, Broadcaster VOD, Online Video, Print, Radio, Out of Home, Social Media, Online Display, Cinema

Larger businesses see a higher percentage of TV

Optimised Media Deployment
By Business Size

Share of Media Spend, %

	£100m	£250m	£500m	£1bn
Cinema	5%	5%	4%	3%
Online Display	2%	1%	1%	1%
Social Media	4%	4%	3%	3%
Out of Home	3%	3%	3%	3%
Radio	10%	10%	9%	9%
Print	5%	5%	5%	5%
Online Video	2%	2%	3%	3%
Broadcaster VOD	4%	5%	5%	5%
Generic Search	23%	22%	21%	21%
TV	41%	43%	45%	47%

Legend:
■ TV   ■ Generic Search   ■ Broadcaster VOD   ■ Online Video
■ Print   ■ Radio   ■ Out of Home   ■ Social Media
■ Online Display   ■ Cinema
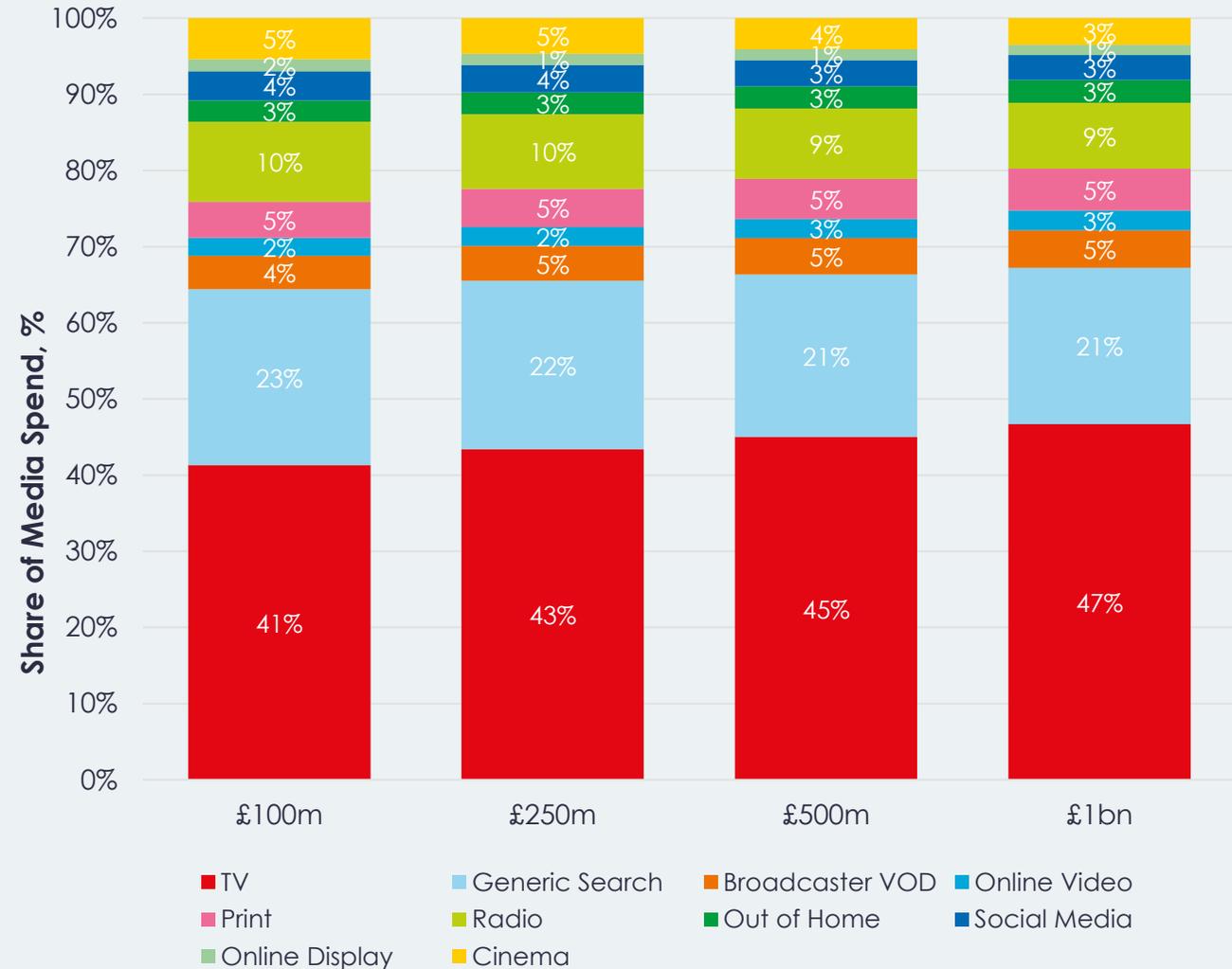
Channels with sufficient sector level benchmarks only. Based on 20% online sales not minimising risk and media budget of £20m.

Niche products see a higher percentage of digital media

Optimised Media Deployment
By Mass Market vs. Niche
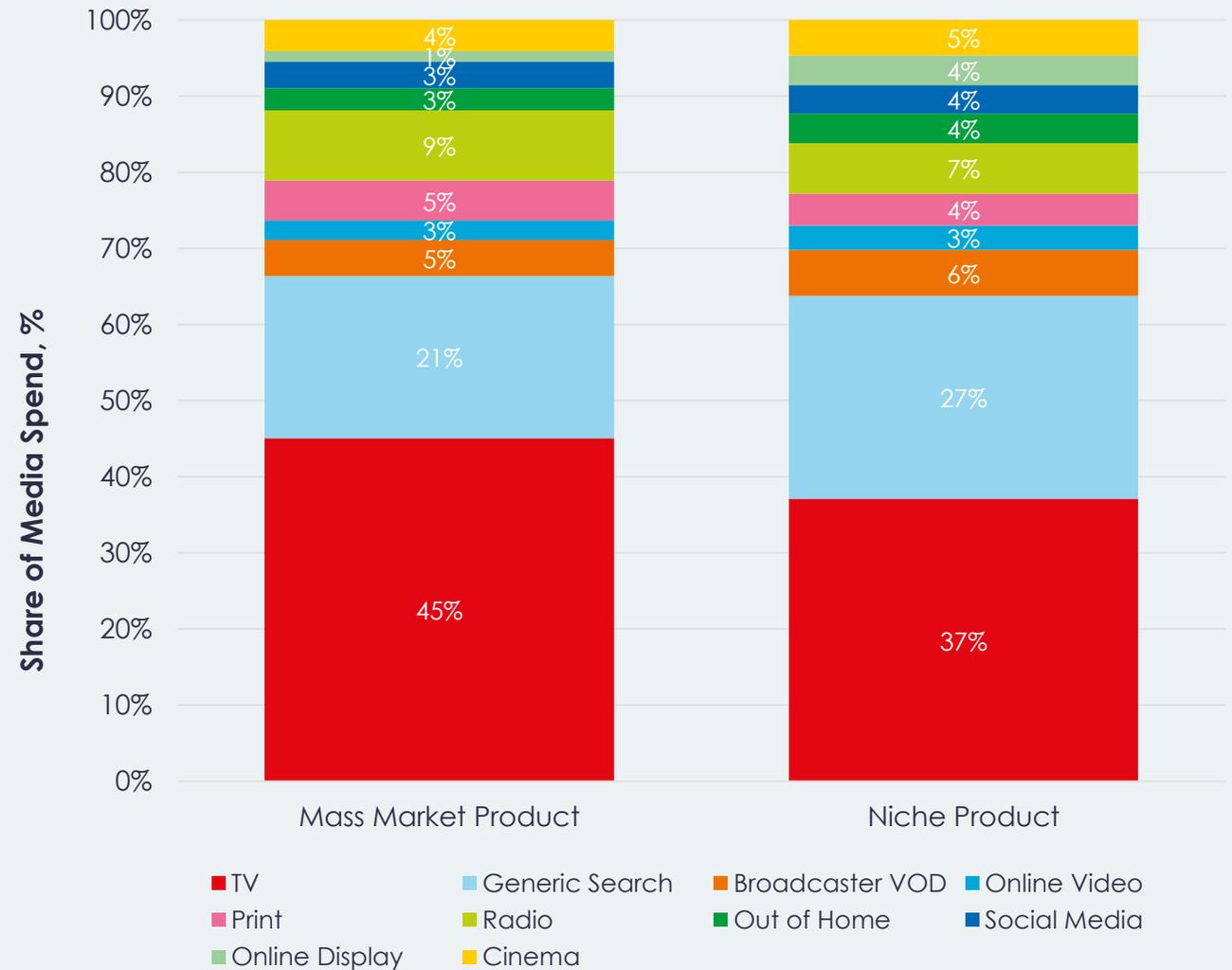
Share of Media Spend, %

Mass Market Product
- TV: 45%
- Generic Search: 21%
- Broadcaster VOD: 5%
- Online Video: 3%
- Print: 5%
- Radio: 9%
- Out of Home: 3%
- Social Media: 3%
- Online Display: 1%
- Cinema: 4%

Niche Product
- TV: 37%
- Generic Search: 27%
- Broadcaster VOD: 6%
- Online Video: 3%
- Print: 4%
- Radio: 7%
- Out of Home: 4%
- Social Media: 4%
- Online Display: 4%
- Cinema: 5%

Legend:
- TV
- Generic Search
- Broadcaster VOD
- Online Video
- Print
- Radio
- Out of Home
- Social Media
- Online Display
- Cinema

Channels with sufficient sector level benchmarks only. Based on £500m brand size, 20% online sales not minimising risk and media budget of £20m.

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

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PRIORITISE GROWTH

Identify inefficient spend to reduce and reinvest into headroom elsewhere in the plan to maximise volume

PRIORITISE EFFICIENCY

Identify inefficient spend to reduce and remove to improve return per pound spent even if it limits overall volume

Why prioritise? Growth and efficiency goals often become incompatible

Example: Objectives - £40m profit from advertising and 2:1 profit ROI
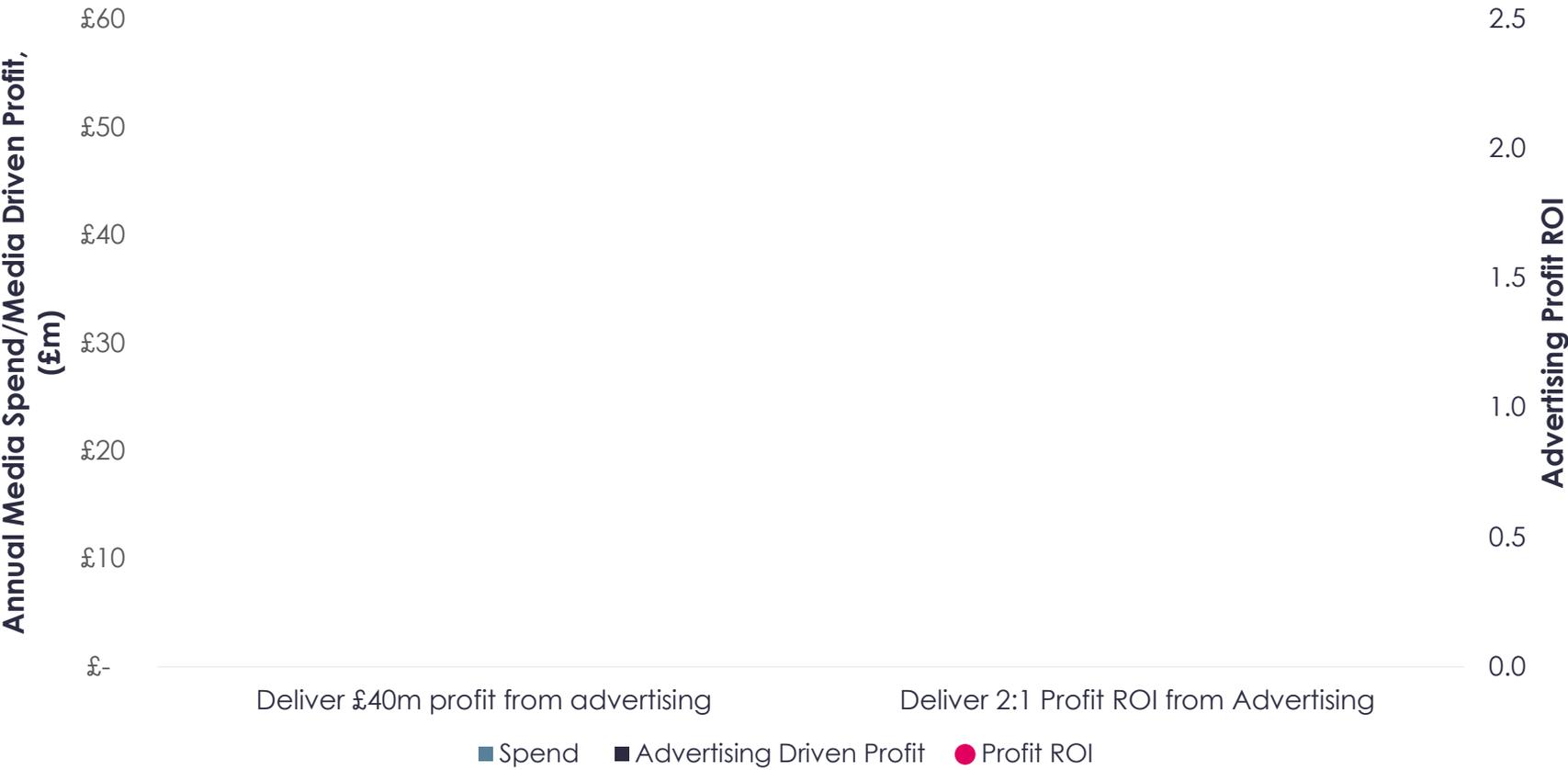
No media deployment exists which delivers £40m profit AND 2:1 ROI

Annual Media Spend/Media Driven Profit, (£m)

£60
£50
£40
£30
£20
£10
£-

Advertising Profit ROI

2.5
2.0
1.5
1.0
0.5
0.0

Deliver £40m profit from advertising

Deliver 2:1 Profit ROI from Advertising

■ Spend ■ Advertising Driven Profit ● Profit ROI

Note: Based on retail brand, £500m brand size, 20% online sales not minimising risk.

And lead to different key channel selections

Indexed Short-term Revenue Curves
Brand TV vs. Online Display
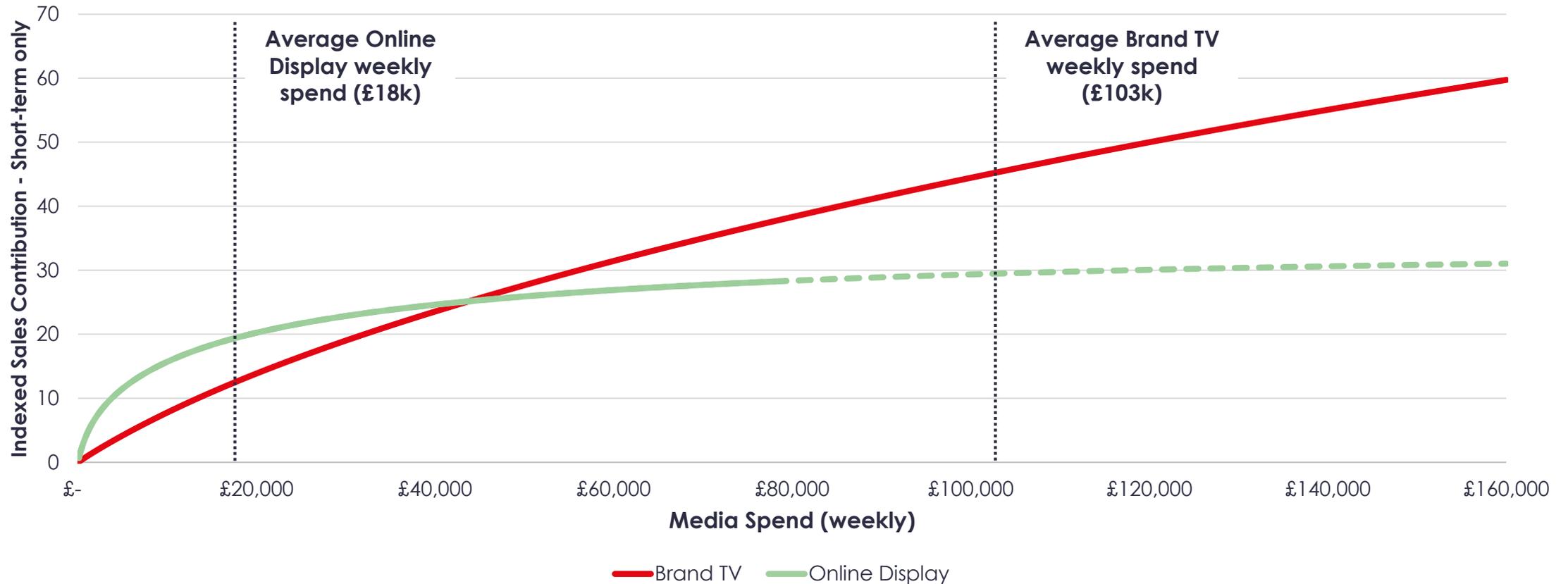
Average Online Display weekly spend (£18k)

Average Brand TV weekly spend (£103k)

Indexed Sales Contribution - Short-term only

Media Spend (weekly)

━━ Brand TV   ━━ Online Display

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Differing fulfilment costs are not a new concept

Physical Store

£££

Call Centre

££

Website

£
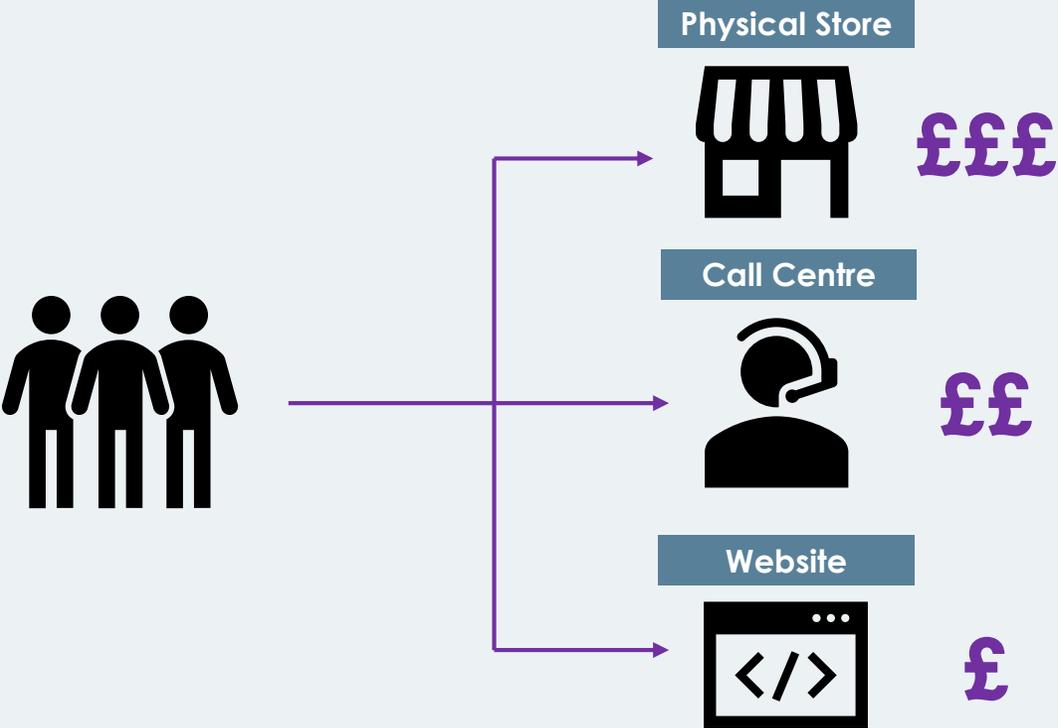
For online, there is a second layer to consider – fulfilment media

Physical Store

£££

Call Centre

££

Website

Brand PPC ££
Affiliates £££
Direct to site £

£
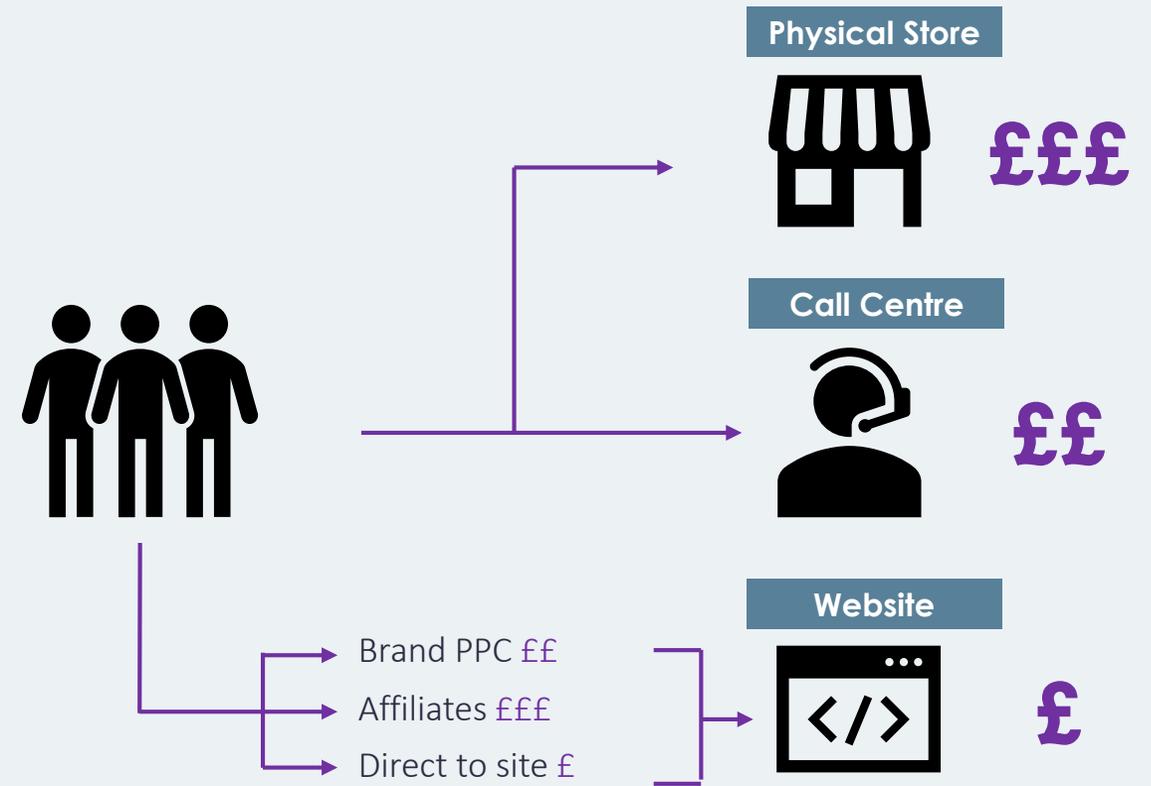
Fulfilment media can have a role to play in the purchase journey but is typically not in demand generation

Can have an important role in ensuring demand converts

Impacts all sources of business not just advertising

Funded out of marketing budgets
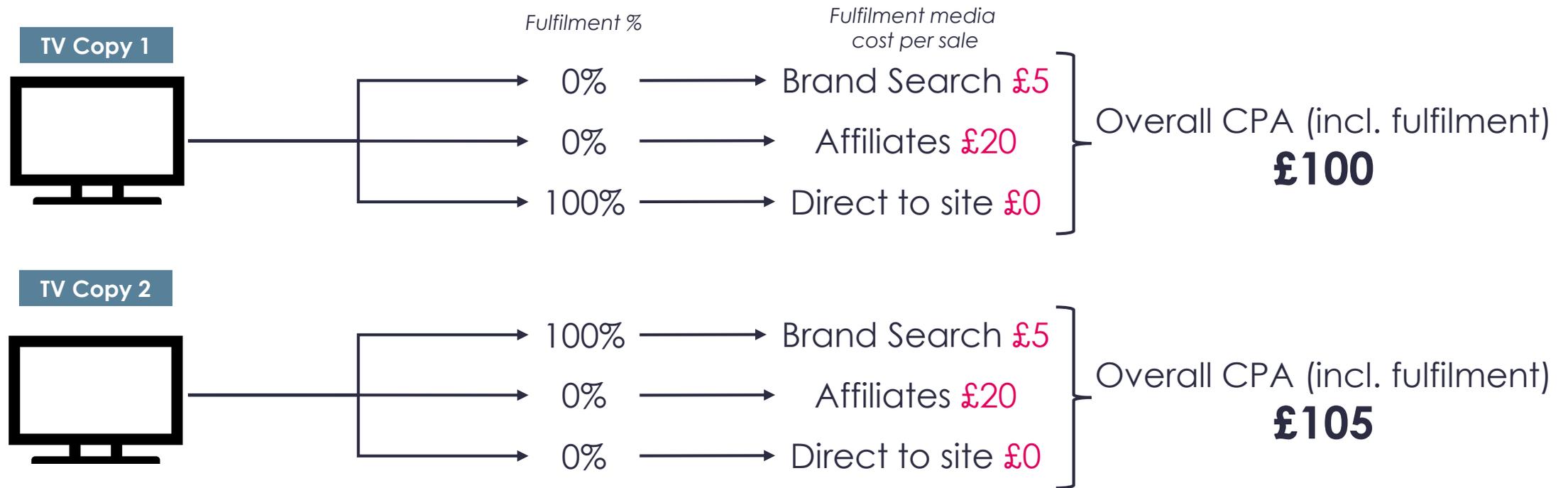
The key considerations for accounting for fulfilment media in the optimal plan

Budget for fulfilment media separate to demand generation

Avoid false choice of optimising between demand generating and fulfilment media

Understand which demand generators skew to expensive fulfilment routes

Experiment with turning them off to ensure they are incremental

Six decisions we need to make to determine the right media mix

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How do I avoid diminishing returns?

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When do I need the payback?

6.
How much risk am I prepared to take to achieve my outcome?

The right overall media investment means understanding the answer to an ever-changing question
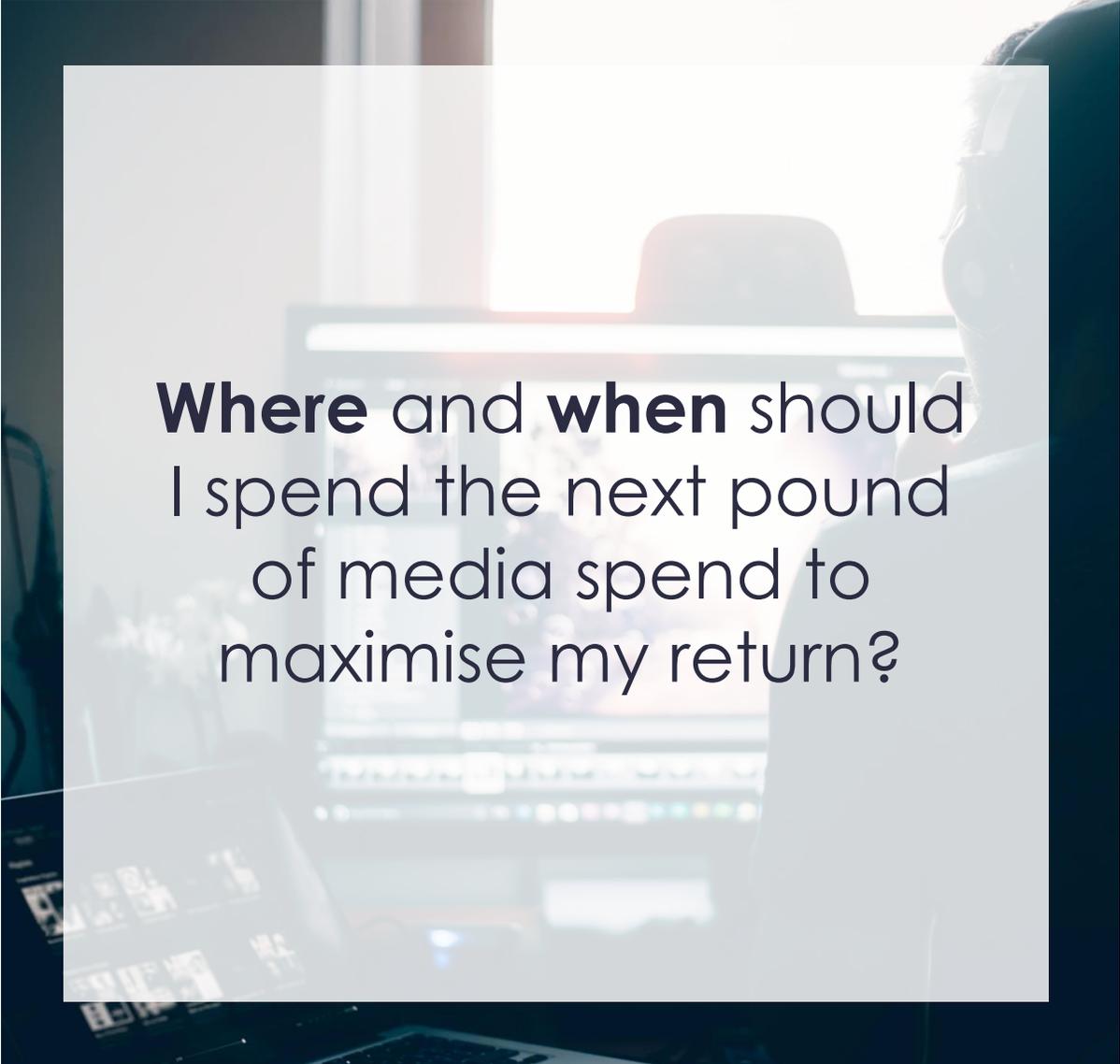
Where and **when** should I spend the next pound of media spend to maximise my return?

Maximising the returns of marketing spend means understanding diminishing returns

Average Short-term Revenue Curves

Incremental Sales (y-axis)

Weekly Spend (x-axis)

Legend: TV, Generic Search, Broadcaster VOD, Online Video, Print, Out of Home, Radio, Social Media, Online Display, Cinema
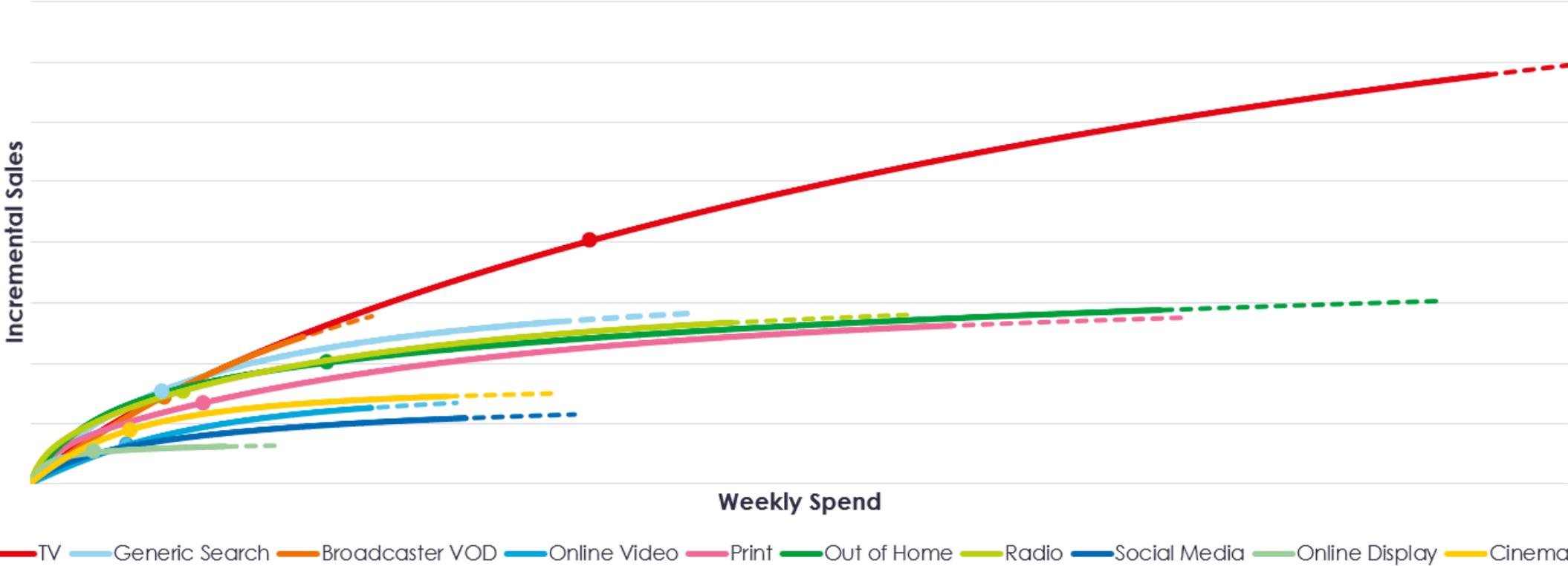
Note: The dot on each of the curves represents the average level of weekly spend for that channel in our dataset. The curve cuts off at +20% from the maximum weekly spend level in the dataset.

And what the root causes of a channel's diminishing returns curve are

Building excessive frequency rather than incremental reach

Broadening our audience targeting away from those most likely to buy

The net result is the optimal media mix varies depending on budget

Optimised Media Deployment
By Budget Size

Share of Media Spend, %

	£5m	£10m	£15m	£20m	£25m	£30m	£35m	£40m	£45m	£50m
Cinema	5%	5%	4%	4%	4%	4%	4%	4%	5%	5%
Online Display										
Social Media	5%	3%	4%	3%	4%	4%	4%	3%	3%	3%
Out of Home	4%	3%	3%	3%	3%	3%	3%	3%	3%	4%
Radio	12%	10%	10%	9%	9%	10%	10%	11%	12%	12%
Print	6%	5%	5%	5%	6%	7%	8%	9%	9%	9%
Online Video	2%	2%	2%	3%	3%	3%	3%	3%	3%	3%
Broadcaster VOD	3%	4%	4%	5%	5%	6%	6%	6%	7%	7%
Generic Search	27%	27%	24%	21%	20%	19%	17%	16%	15%	15%
TV	33%	39%	42%	45%	45%	44%	43%	42%	42%	41%

Legend: ■ TV ■ Generic Search ■ Broadcaster VOD ■ Online Video ■ Print ■ Radio ■ Out of Home ■ Social Media ■ Online Display ■ Cinema

Note: These scenarios are based on a Mass Market brand, with 20% Online Sales, £500m brand size, not minimising risk and across all categories.

Six decisions we need to make to determine the right media mix

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Generic Search and TV are the biggest drivers of immediate payback

Average Proportion of Media Driven Sales
First 2 Weeks

Media	First 2 weeks
Generic Search	29%
TV	23%
Print	10%
Online Display	8%
Radio	7%
Out of Home	7%
Social Media	6%
Online Video	5%
Broadcaster VOD	4%
Cinema	2%

0%   20%   40%   60%   80%   100%

Average Proportion of Short-term Media Driven Sales Contribution

■ First 2 weeks
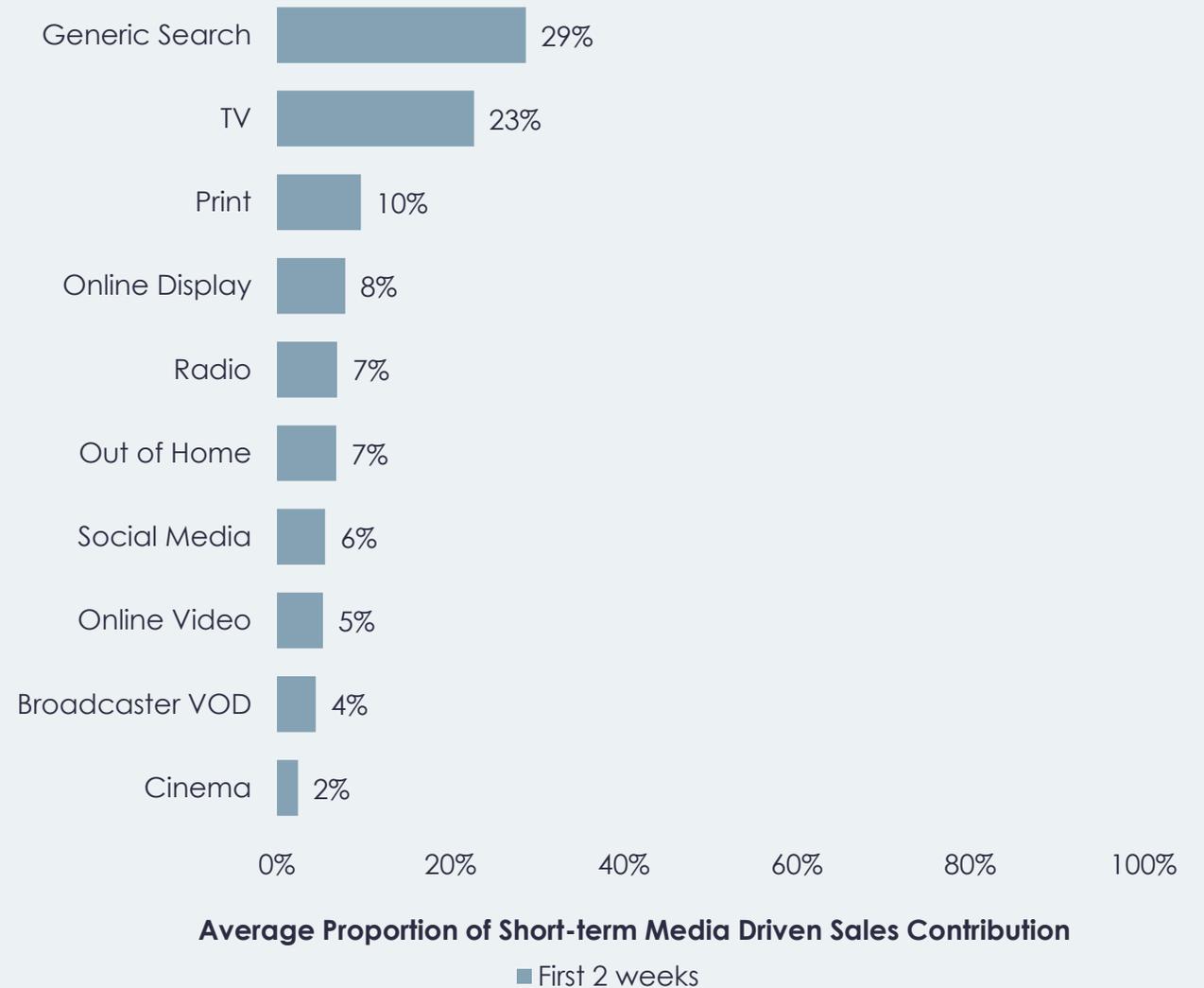
And accounting for full short-term effect & sustained effects generate the biggest overall effects

Average Proportion of Media Driven Sales
Full Short-term and Sustained
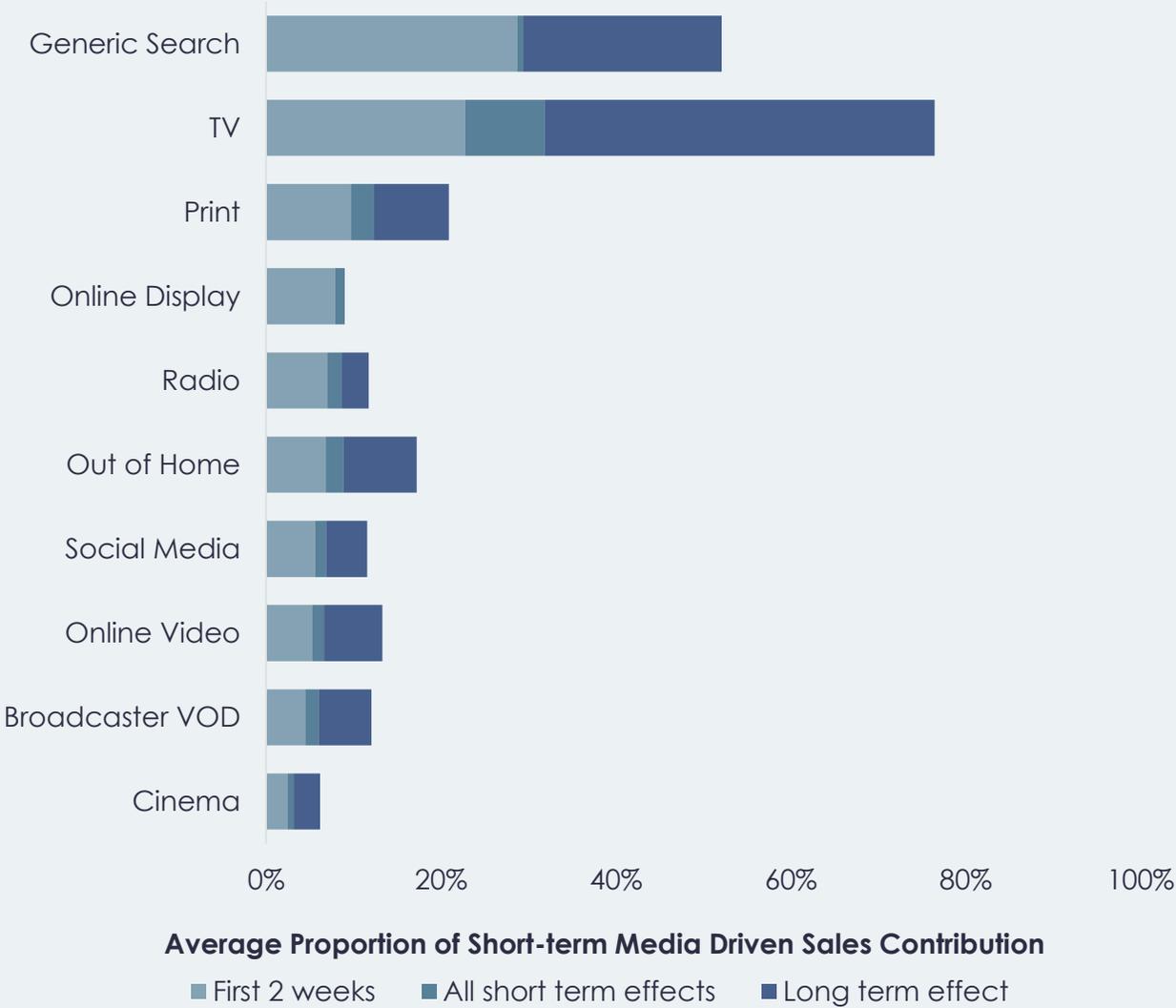
Average Proportion of Short-term Media Driven Sales Contribution

■ First 2 weeks ■ All short term effects ■ Long term effect

Pre-planning is required to maximise short-term response

Regular reforecasting helps us anticipate where we'll need a boost

Being purely reactive limits the available options

When we need a short-term boost, pure activation messaging is 43% more effective than brand messaging

Indexed TV ROI – By Message Type

ROI Index

- Activation: 133
- Brand: 93
- Mixed: 83

And optimising to the long-term is about more than just media allocations and ROI
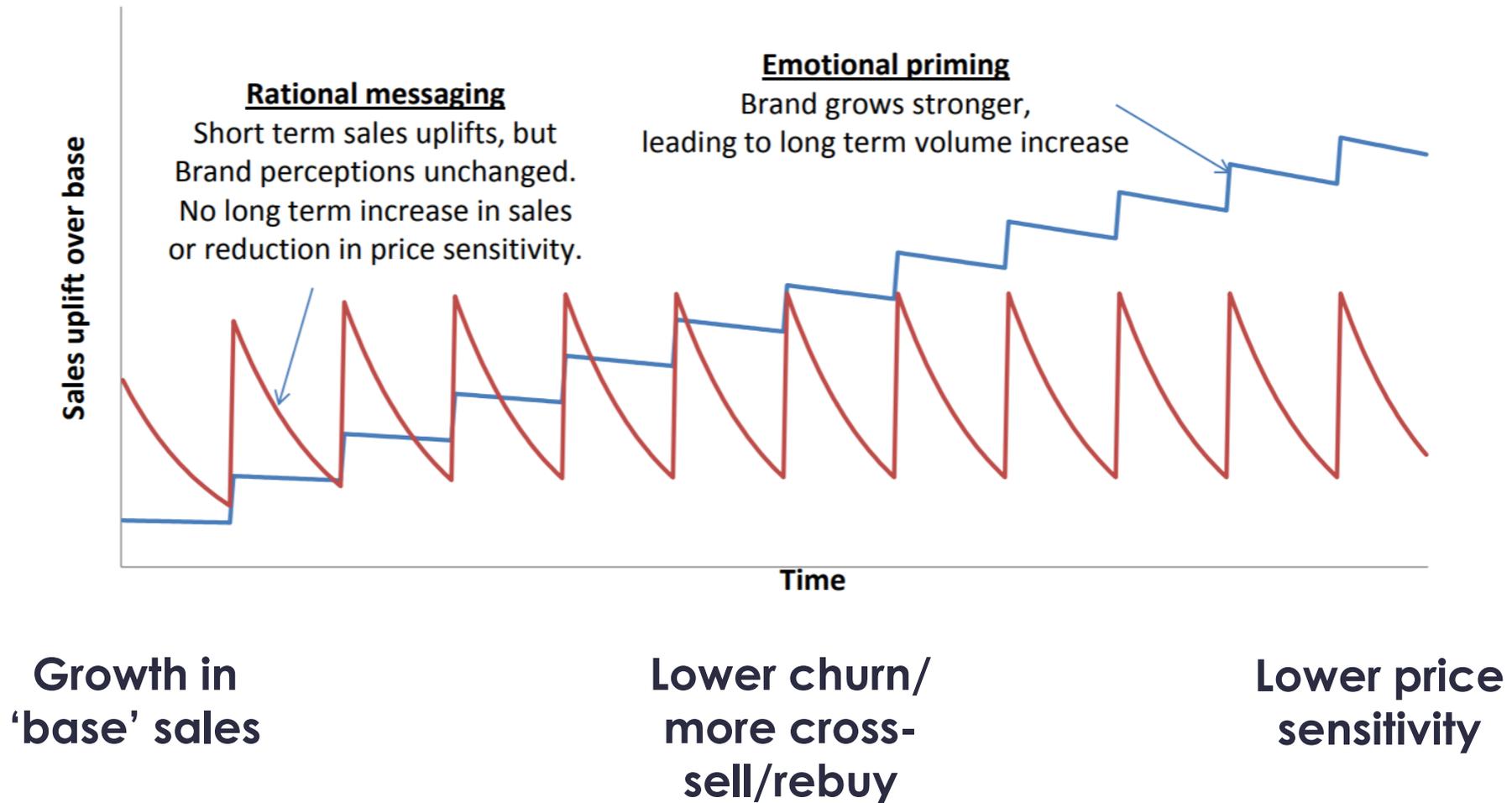
Sales uplift over base

Rational messaging
Short term sales uplifts, but Brand perceptions unchanged. No long term increase in sales or reduction in price sensitivity.

Emotional priming
Brand grows stronger, leading to long term volume increase

Time

Growth in 'base' sales

Lower churn/ more cross-sell/rebuy

Lower price sensitivity

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The variability of returns differs by channel

The Variability of Returns by Channel

Spread of Middle 50% of Results Around the Median

0% = Median ROI

Channels (left to right): Broadcaster VOD, TV, Online Video, Generic Search, Radio, Out of Home, Online Display, Cinema, Social Media, Print

Six decisions we need to make to determine the right media mix

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Nothing beats working out the right answer for your brand

Introducing:
"*Demand Generator*"

www.thinkbox.tv/demandgenerator

Demand Generator allows advertisers to interrogate their optimum media mixes, based on specific business parameters

DEMAND GENERATOR

Category ⓘ

| Online retail | ▾ |

Appeal ⓘ

| Mass Market | ▾ |

% of online sales ⓘ

| 75-100% | ▾ |

Brand size (£m) ⓘ

| 550 |

Annual media budget (£m) ⓘ

| 20 |

Output ⓘ

| Revenue | ▾ |

Minimise risk? ⓘ

| No | ▾ |

DOWNLOAD PDF ⬇

Optimal channel mix ⓘ

TV 43%
Generic search 23%
Radio 9%
Broadcaster VOD 7%
Print 5%
Social media 4%
Online video 4%
Out of home 3%
Online display 1%
Cinema 1%

Business results

Total spend	£20m
Revenue ⓘ	£163m (+/-20%)
Revenue ROI ⓘ	8.1 (+/-20%)

The data above show profit or revenue return for current year of investment and the resulting 'base' sales growth across the following two years.

Revenue by year ⓘ

Revenue

200M

150M

100M

50M

0

102m

145m

163m

26m

70m

87m

'Base' revenue growth

Current Year   Year 2   Year 3

Repeat spend in year   ☑   ☑
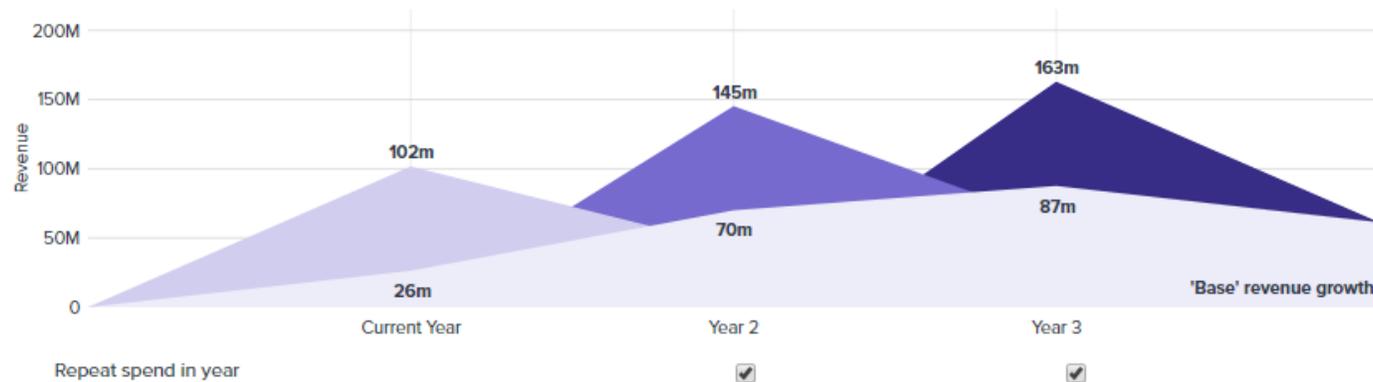
03. Putting measurement right

You may have heard that marketing effectiveness is in crisis
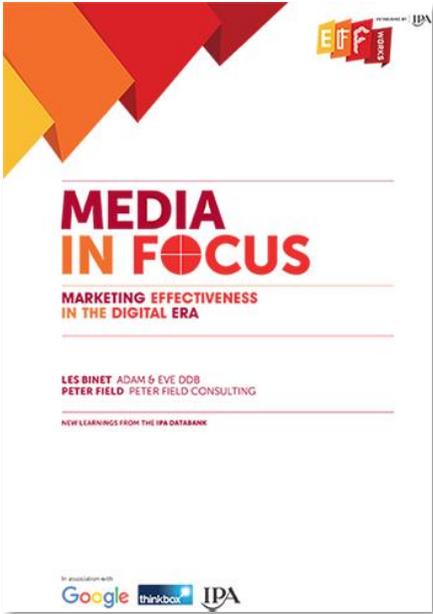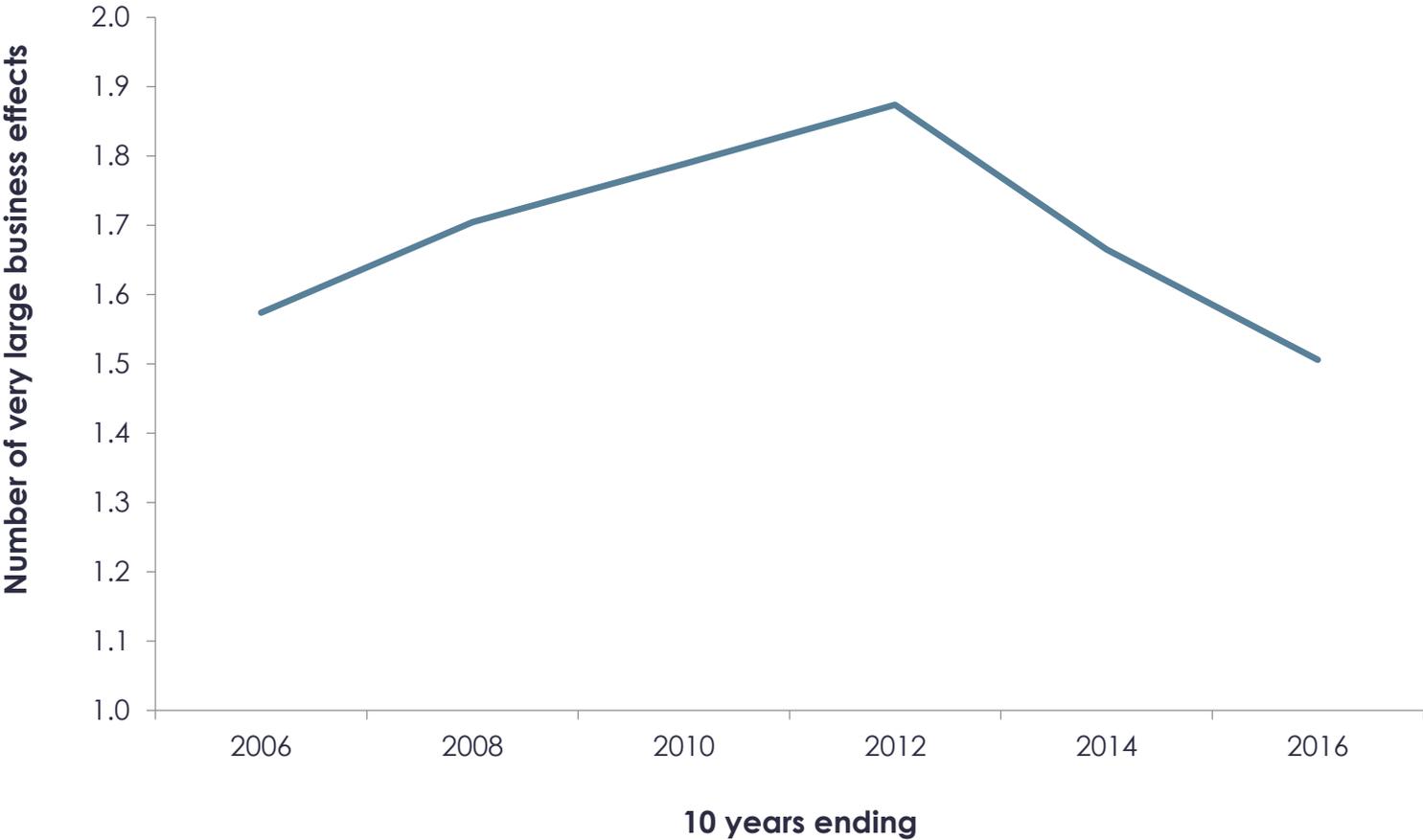
What are the reasons behind the crisis?

Measurement is not the problem

Wrong measurement is the problem

———

We are here to put things right

We have used a wide range of sources to form this research:

This study's benchmarks & planning sections

Planners from MediaCom, Wavemaker, and other Gain Theory clients = 29% of market spend

IPA Effectiveness Award case studies

IPA sponsored Gain Theory measurement white paper

Today we will discuss...
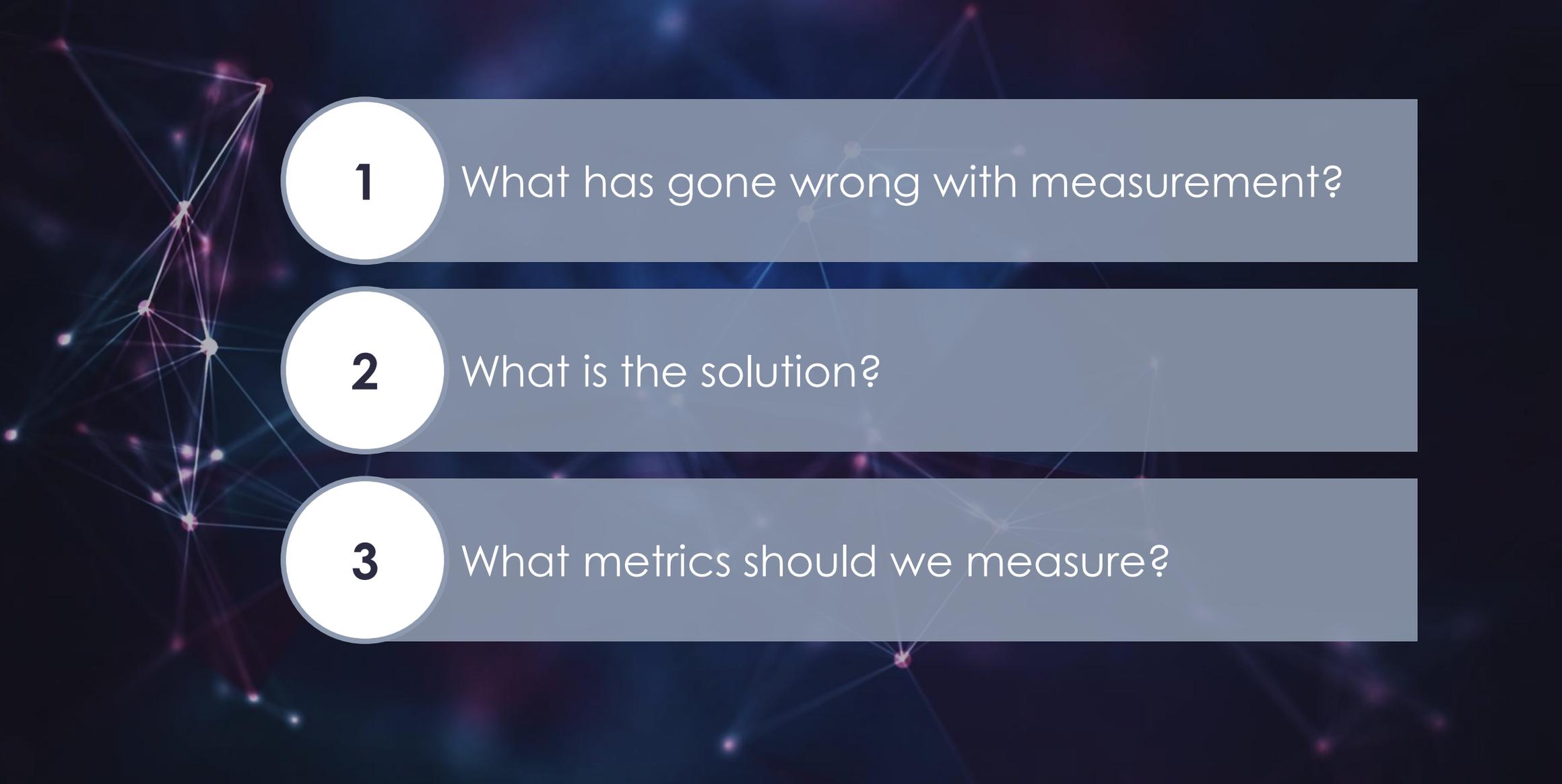
1 What has gone wrong with measurement?

2 What is the solution?

3 What metrics should we measure?

What makes for wrong measurement?

Partial reporting

Post-campaign analysis

'Fast data'

Vanity metrics

9 **Golden** Rules for Measurement

All simple. Always followed?

1. Define success in advance

Avoid the Texas Sharpshooter Fallacy:

**Painting the target once the shots have been fired**

2. Use a level playing field
*Treat every channel alike*

Inputs

Spend
(Viewable) Impressions
GRPs

Outcomes

Sales
Web Visits
Brand Metrics
Market Share

2. Use a level playing field
Treat every channel alike

Inputs

Outputs

Outcomes

Spend
(Viewable) Impressions
GRPs

Clicks
Telephone calls

Sales
Web Visits
Brand Metrics
Market Share
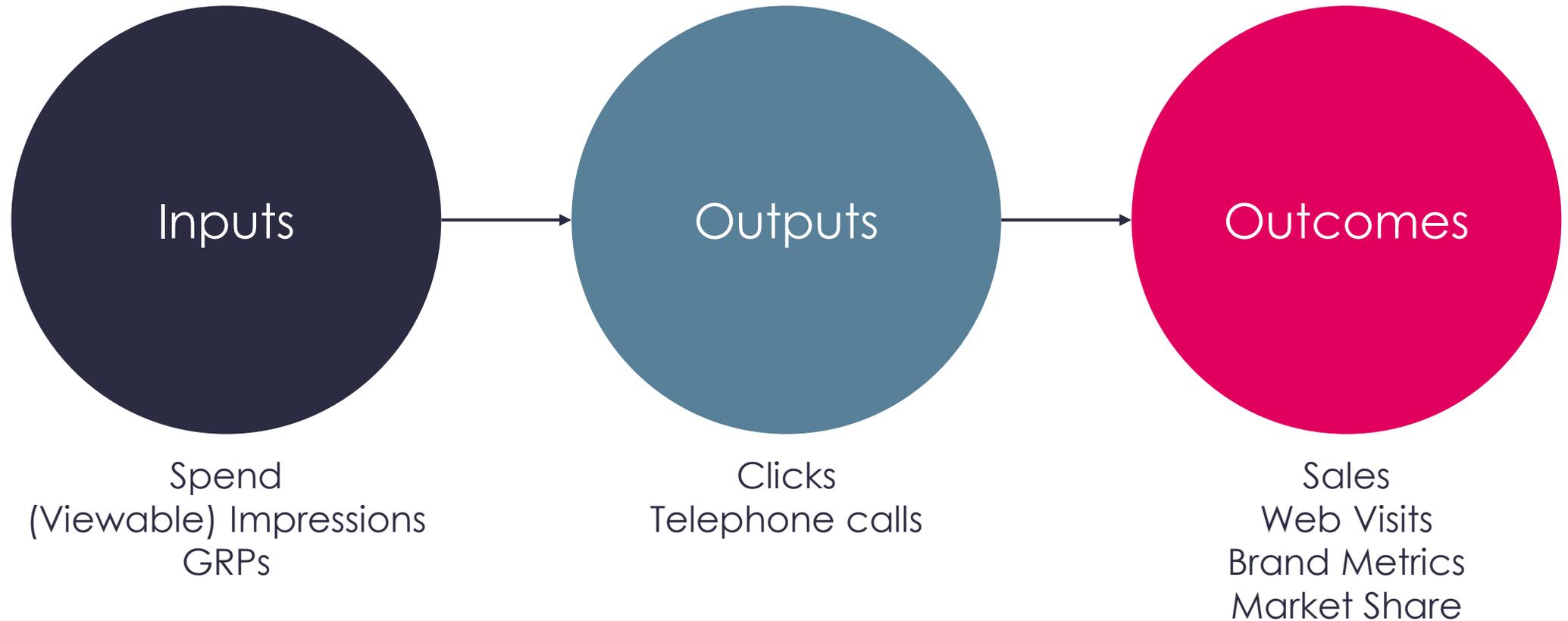
3. Know your fundamentals
Cost per thousand impressions, cost per TVR, viewability, advertising context

Cost per Thousand Impressions

- TV: £6.14
- Outdoor Roadside 6 Sheets: £1.50
- Online Video: £20.00
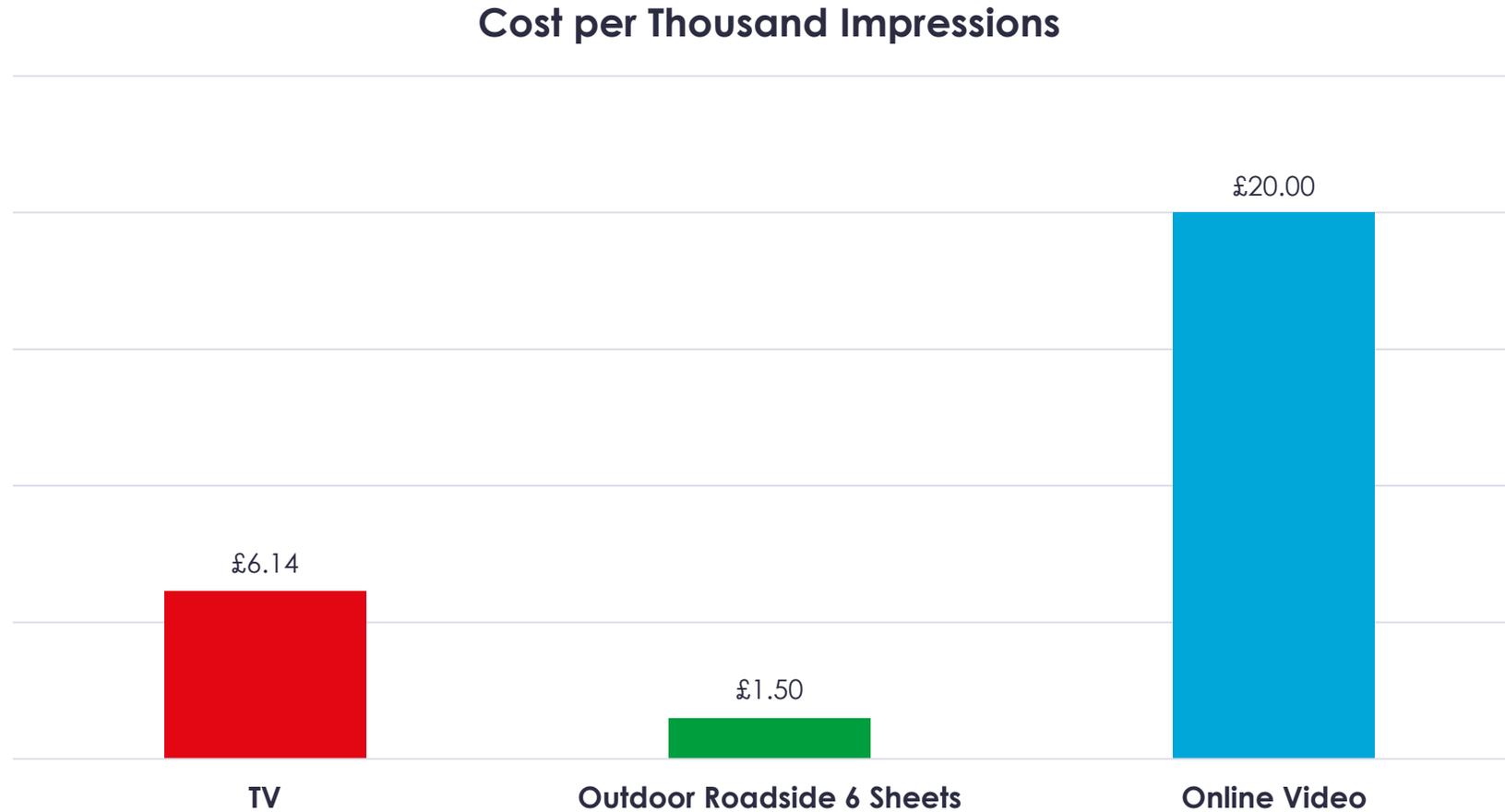
4. Pick the right methodology for the task at hand
Right tool, right job

Planning Decisions

	Offline	Online

Budget setting

Channel allocation

Targeting

In-channel allocation

Messaging

Format detail

MMM and Brand Health Modelling

TV spot-matching

Match-back reporting (e.g. DM)

Digital attribution

Last touch analysis

**High level decisions** ↕ **Granular decisions**

Low cadence ↕ **High cadence**

4. Pick the right methodology for the task at hand
## *Don't use partial methods, like digital attribution, for holistic challenges*

Possibly measured by digital attribution (27%)

Typical Advertiser Media Spend

| 6% | 12% | 4% | 5% |

Legend:
- Online Display
- Paid Search
- Social Media
- Online Video & Broadcaster VOD
- TV
- Radio
- Print
- Out of Home
- Direct Mail
- Cinema
- Others

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory
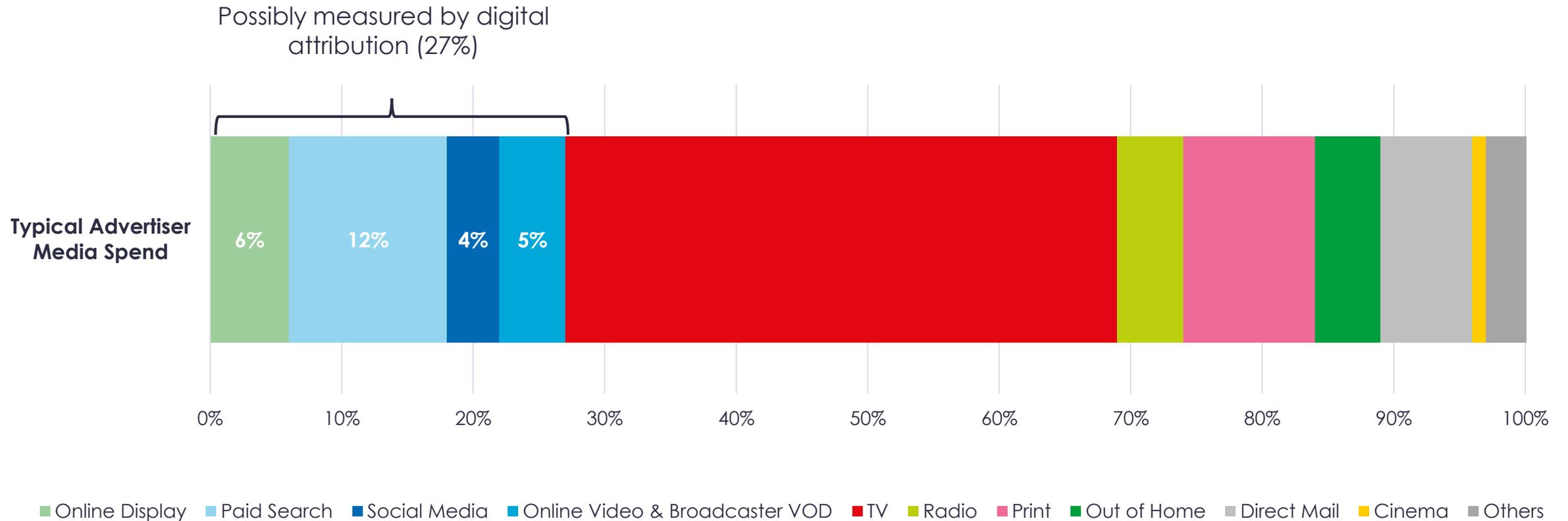
5. And, importantly, triangulate between KPIs and methodologies
Seek consensus from multiple sources

Econometrics: Short-term holistic sales

Attribution: Granular results for in-flight optimisations

Brand metrics: Sustained brand value
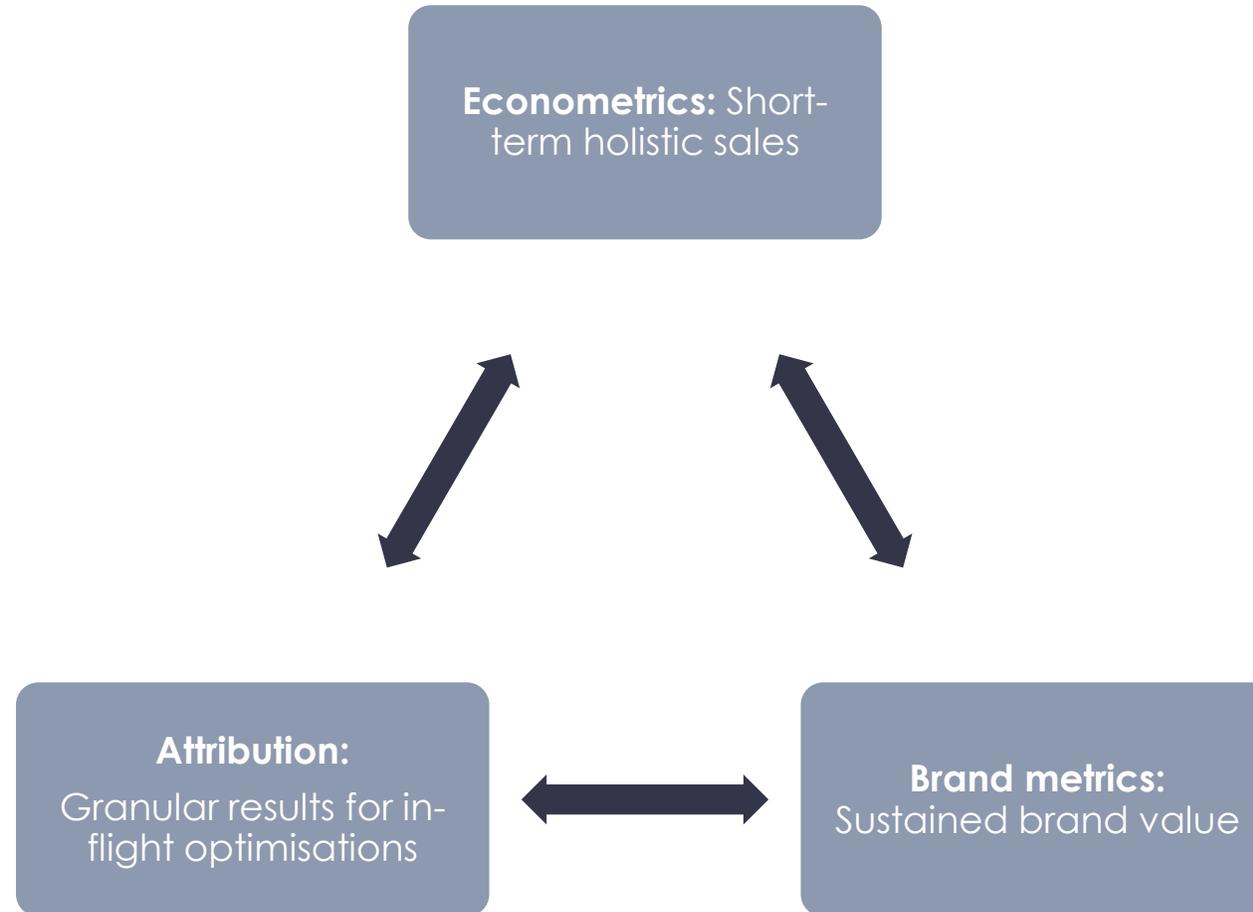
6. Regular reporting, timely results
Be honest and realistic about what can be delivered

HOLY GRAIL

Complete

Long-term modelling

Econometrics

Immediate — Takes time

Brand metrics

Digital attribution / TV spot-matching

Input metrics

Wholly unnecessary

Partial
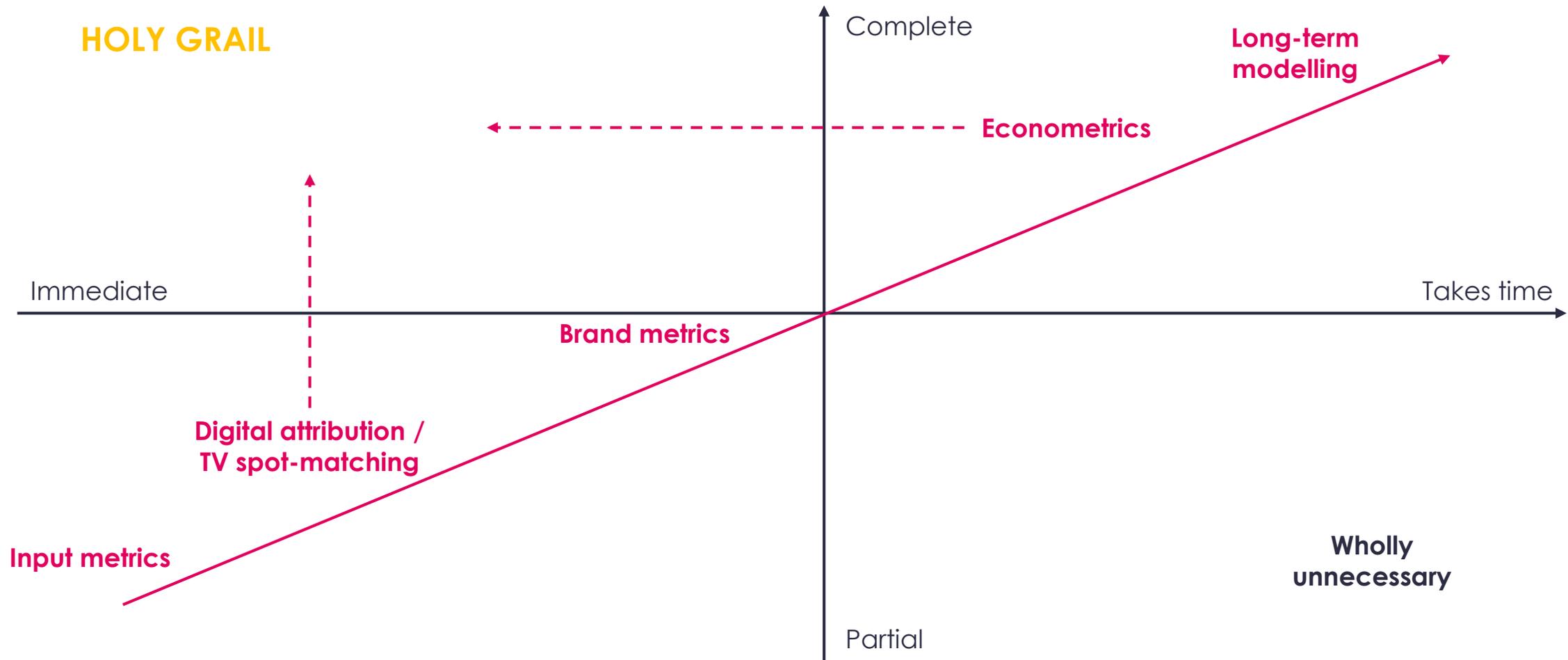
Don't succumb to death by data

8. Allocate budget towards testing

Don't optimise into a corner. Be prepared to fail and learn

70%
Consistent use of known success channels

20%
Testing new strategies within existing mix

10%
Testing new channels
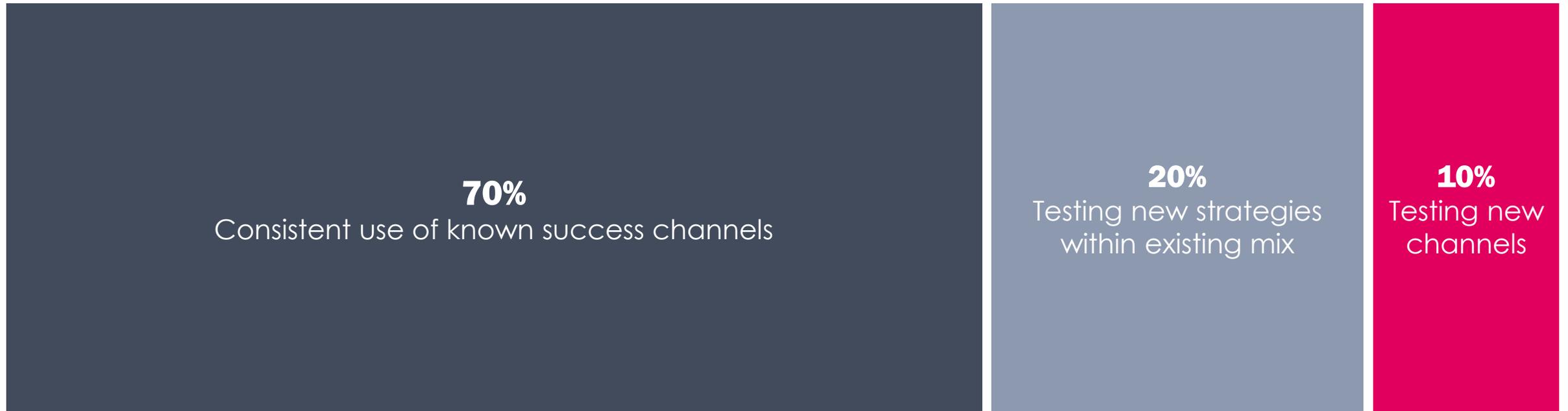
Airline black boxes are there for a reason: to ensure similar crashes do not happen again

2017 Was The Safest Year In The History Of Air Travel

Airliner accident fatalities by year from 1972 to 2017*

2,379

59

'72 1980 1990 2000 2010 '17
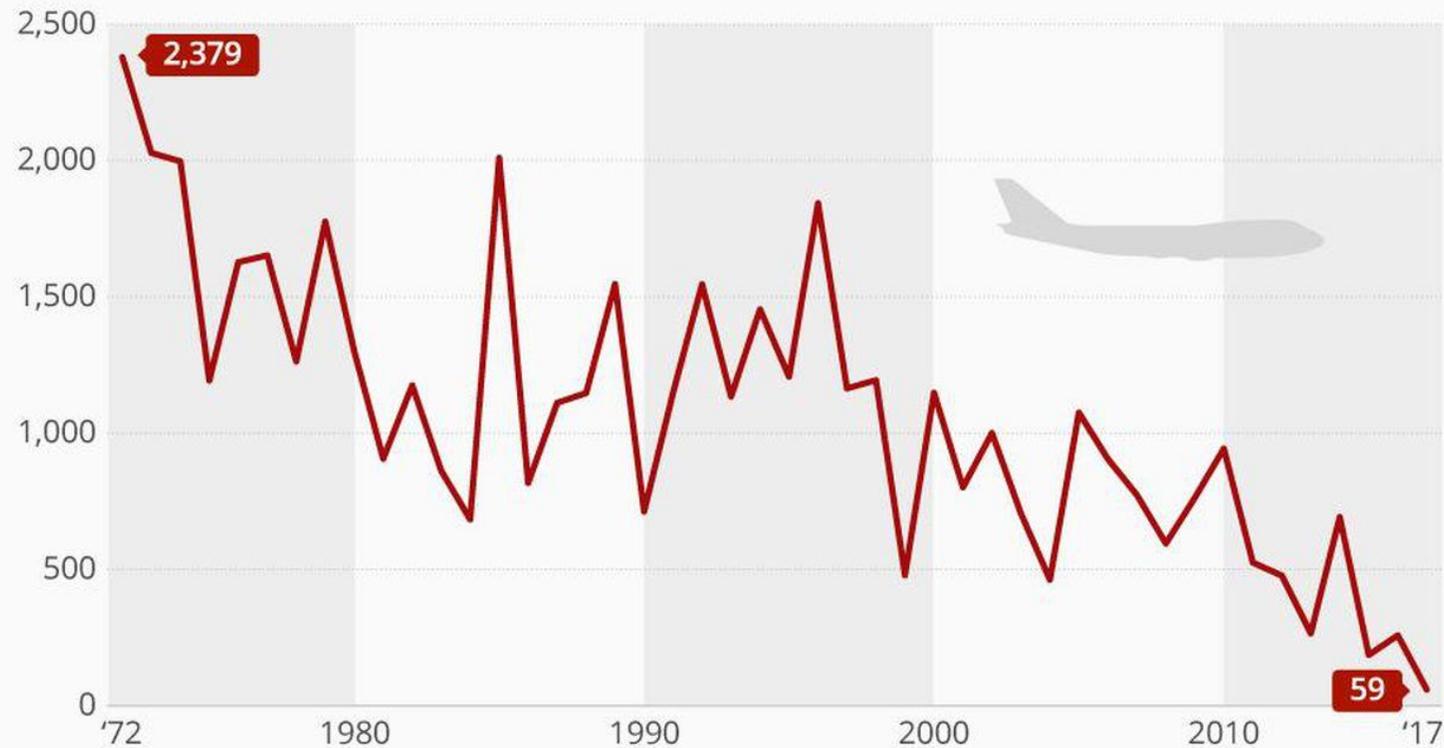
* Accidents excluding suicide, sabotage, hijackings etc.
@StatistaCharts Source: Aviation Safety Network

Forbes statista

9 golden rules for measurement

Metrics

1. Define success in advance

2. Use a level playing field

3. Know your fundamentals

Methodology

4. Right methodology, right job

5. Triangulate

6. Timely results

Caveats

7. Be choosey about metrics

8. Allocate budget towards testing

9. Context is important

Remember the iceberg: *The balance of metrics should reflect the balance of impacts*

Short-term Impacts = 42%

Possible Metrics

Immediate sales uplift

Web visits

Google searches

Pre- and post-campaign testing

Base sales increase

Brand metrics

Customer lifetime value

Price elasticity

Conversion costs

Promotional elasticity

Sustained Impacts = 58%

What does a sustained impact look like?

An example for a typical media response from a 4-week campaign

Marketing Impact

■ Short-term
42% of total impact

■ Sustained
58% of total impact

Measure immediate impacts in weeks and months, sustained impacts in quarters and years

Week

1 6 11 16 21 26 31 36 41 46 51 56 61 66 71 76 81 86 91 96 101 106 111 116 121 126 131 136 141 146 151 156

Example 2

Thank you