Yes, Advertising Works.
Now, What’s My ROAS Across Media Platforms?

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Dave Poltrack - CBS Corporation
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Jim Spaeth PhD - Sequent Partners
Alice Sylvester - Sequent Partners

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How does the cost of the media affect it?

What Sales & Return should I expect from my Advertising?

Are there differences by category?

How do the media platforms compare?

Does creative type vary the results?

How do brand characteristics affect the return?

Is this changing over time?

What Sales & Return should I expect from my Advertising?
Meet the Cross-Industry Project Team

**Step 1:** Assembled a group of experts:

- Leslie Wood PhD, Chief Research officer, Nielsen Catalina Solutions project lead
- Jim Spaeth PhD, Partner, Sequent Partners
- Alice Sylvester, Partner, Sequent Partners
- Britta Cleveland, Senior Vice President, Research Solutions, Meredith Corporation
- Dave Poltrack, Chief Research Officer, CBS Corporation and President of CBS VISION, CBS
- Tony Marlow, Head of Field Marketing, Yahoo

**Step 2:** Dug into the data and looked at:

- Correlations,
- Graphs,
- Distributions
- Insights
Meet the Dataset

- Nearly 1,400 studies with complete data
- 11 years of tracking, though not all media tracked over all years
- Media: TV, Online Display & Video, Mobile, Cross-Platform, Magazines
- 450 CPG brands in the U.S.
- All reported values with less than 10 studies are removed and all values with between 10-20 studies are shown with faded color
Meet the Media

Linear TV since 2009 – TV networks & cable networks

Magazines since 2012 – Major publishing companies, large campaigns

Online Display since 2004/Video since 2008 – major publishers & portals; typically premium inventory. Little to no programmatic. Wide variety in size of campaigns and size of brands

Mobile since 2013 – In-App measurement

Cross Media since 2013 – Includes more than one media
Objectives

- Determine the ROAS (Return on Ad Spend) figures for each media that reflect the actual differences in the media.
- Determine sales productivity metrics that remove media costs from the equation.
- What factors drive sales results?
Many of the drivers of differences between media are not being controlled for.

Norms Across Media are Challenging:

- Each media has a different mix of years, of brands, categories and budgets.
- Changes in media landscape – no clear categorization.
- Recessionary period.
- Media costs and Incremental Sales vary by year, size of brand, category & media budget.
- Many of the drivers of differences between media are not being controlled for.
How Do We Measure the **Incremental Sales** Attributed to Advertising?
NCS Connects the **Media** People Consume with the Products they **Buy**

**Exposure Data**
- Nielsen Media & Partner Data
  - Set Top Box Data: 4.3 MM HH
  - Digital: 100 MM HH
  - Client Proprietary Print: 50 MM HH
  - Nielsen NPM
  - Mobile: 80 MM HH
  - Radio: 29K HH

**Buy Data**
- Catalina Frequent Shopper Card Data: 90 MM HH
  - Nielsen Homescan All-Outlet Data
  - Client Proprietary Sales Data

**Anonymous Single Source Households**
How we Measure the Sales Impact of Advertising

Test Design and Treatment Execution

Exposed & Unexposed HHs matched on hundreds of variables to isolate ad impact

Measure & Interpret Sales Impact by focusing on purchasing patterns

Exposed households isolated in database

Exposed Test Households

Unexposed Control Households

Unexposed (Control)  Exposed (Test) +14%
The Result: Incremental Sales

Exposed and Unexposed Comparison Accounts for 52 Weeks Purchase History & Demographics

Your Ad Drove Incremental Sales
Unexposed Household Purchases
Key Metrics:

ROAS

Incremental Sales Lift $ \div $ Campaign Costs

Incremental Sales per Exposed or “Reached” HH

Incremental Sales Lift $ \div $ Exposed HH

Incremental Sales per thousand Impressions

Incremental Sales Lift $ \div $ Impressions (000)s delivered

An ROAS of $3.00 means that for every $1.00 spent on advertising, $3.00 is driven in incremental sales.

These metrics remove the cost of the media to measure “sales productivity”.
ROAS: All Studies – Across Media

Incremental Sales per Reached HH:
All Studies – Across Media

Incremental Sales per Impression (000):
All Studies – Across Media

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Incremental $ per Impression (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Display</td>
<td>$16.95</td>
</tr>
<tr>
<td>Linear TV</td>
<td>$20.56</td>
</tr>
<tr>
<td>Mobile</td>
<td>$26.52</td>
</tr>
<tr>
<td>Digital Video</td>
<td>$23.48</td>
</tr>
<tr>
<td>Cross Media</td>
<td>$20.30</td>
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</tbody>
</table>

Note: Magazine Impressions not currently included in the database
All Studies – Across Media
Different Metrics Paint a Different Picture

ROAS:
Category – All Studies

ROAS:
Category – Across Media

Incremental Sales per Reached HH:
Category – Across Media

Incremental Sales per Impression (000): Category – Across Media

Note: Magazine Impressions not currently included in the database

What we do know: **Brand Characteristics Matter**

**Cluster Analysis:** clustered brands into groups based on their purchase cycle, dollars per week and penetration

<table>
<thead>
<tr>
<th>Marquee Brands</th>
<th>Mid-sized Brands</th>
<th>Infrequent Use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bigger Brands, shorter purchase cycle</strong></td>
<td><strong>Smaller brands, longer purchase cycles, fixed level of purchasing across time</strong></td>
<td></td>
</tr>
<tr>
<td>Average Penetration (1 year)</td>
<td>47%</td>
<td>15%</td>
</tr>
<tr>
<td>Average Purchase Cycle (days)</td>
<td>69</td>
<td>71</td>
</tr>
<tr>
<td>Average Brand Share</td>
<td>31%</td>
<td>16%</td>
</tr>
</tbody>
</table>
Across Clusters: Very Different Average Performance

ROAS

Marquee Brands: $3.63
Midsize Brands: $2.78
Infrequent Use: $2.18

Incremental $ per Reached HH

Marquee Brands: $0.31
Midsize Brands: $0.22
Infrequent Use: $0.14

ROAS: Clusters – Across Media

ROAS

- Marquee Brands
- Midsize Brands
- Infrequent Use

Incremental Sales per Reached HH: Clusters – Across Media

Incremental $ per Impression (000):
Clusters – Across Media

Values with 10-20 studies
Values with 10-20 studies

Incremental $ per Impression (000)

- Marquee Brands
- Midsize Brands
- Infrequent Use

<table>
<thead>
<tr>
<th>Medium</th>
<th>Values with 10-20 studies</th>
<th>Values with 10-20 studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Display</td>
<td>$22.38</td>
<td>$18.17</td>
</tr>
<tr>
<td>Linear TV</td>
<td>$25.36</td>
<td>$21.92</td>
</tr>
<tr>
<td>Mobile</td>
<td>$31.97</td>
<td>$28.13</td>
</tr>
<tr>
<td>Digital Video</td>
<td>$20.68</td>
<td>$17.83</td>
</tr>
<tr>
<td>Cross Media</td>
<td>$20.68</td>
<td>$11.58</td>
</tr>
</tbody>
</table>

Note: Magazine Impressions not currently included in the database
ROAS: All Studies – Across Years

Summary/Findings

• It was much harder than we thought to isolate the variables to create a pure “apples to apples” comparison between media

  • For example, we could not control for creative – and we know from other studies that creative is a primary driver of all lift measures: ROI, ROAS and Incremental Sales

• While we need to use with caution, advertisers can compare their results to these norms
  o By Media Platform, Category, Brand Cluster & other filters

• Brand Clusters are better indicators of incremental sales than category
Implications

• There is no “best” media – strategy & message drive the choice

• These are averages. Be accountable to sales: Know Your Numbers!

• Make sure that your creative is as strong as it can be, and is driving sales

• Leverage data and measurement to inform media decisions
**Summary:** Three Key Metrics

All Studies – Across Media

Appendix
How Does the Same Brand Perform Across Media?
Brand A: Very Different Results for the Same Medium, Same Period of Time

![Chart showing ROAS for Brand A - Same Time Period: Three Digital Portals - Nine Different Tactics](chart)

Brand B:
Consistently High Results for Different Years and Different Media

Media Type by Year NCS Began Measurement

**ROAS:**

All Studies – Creative Type