Proving effectiveness

European Advertising Certificate (EAC)

This webinar is part of the EAC course and it will complement the learning path on Effectiveness

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14 years Saatchi & Saatchi

11 years Grey

Global Strategic Planner GSK Healthcare

Winner of 6 EuroEffie awards for campaign effectiveness

Post Grad Marketing

MBA

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Master Practitioner NLP

HELLO! I AM P.P.Paul (PAUL ARNOLD BSc DIP.M) AND I WANT a JOB in MARKETING or ADVERTISING NOW! 01-794 0115

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Life – it's all about numbers…

A definition of 'communications'?

If you don't understand their business then this is how they perceive you
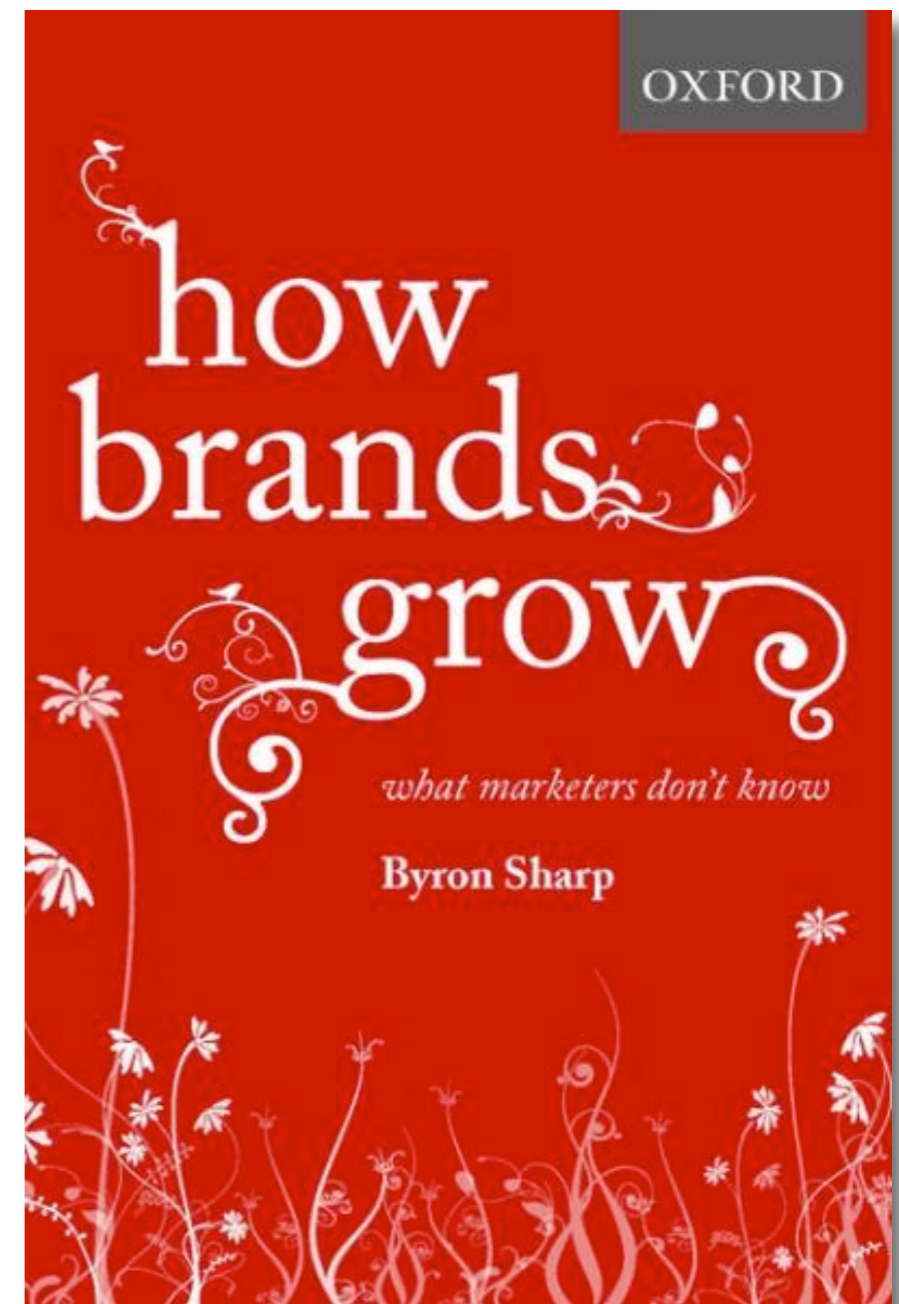
The changing role of marketing: Return on Investment is King

Evidence for how brands really grow

- Driving penetration (light users)

- Increasing mental (& physical) availability

- Distinctiveness versus differentiation

Brands drive business

- 1980, almost the entire valuation of S&P 500 companies was based on tangible assets (e.g. cash, stock, plant, buildings etc.).

- In 2010 tangible assets only accounted for 40-45% of market capitalisation - the rest we're intangible assets.

- More than half of what accounted for these intangible assets was the brand itself. Critically we see a significant increase in its

	Brand Contribution 2001	Brand Contribution 2010
Accenture	19%	47%
FedEx	17%	55%
IBM	34%	44%
Samsung	12%	42%
Starbucks	26%	57%

Source: Milward Brown Optimor

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How to demonstrate the effectiveness of your campaign

- Prove your case against the objectives

- Prove it is not down to other factors

- Show an inextricable link from your activity through to sales

- Wrap it in a compelling story

- (Gather your data early)

1) Prove your case against the agreed objectives

- Business Objectives (e.g. Sales, Share, Profit)

- Marketing Objectives (e.g. Penetration, Loyalty, Pricing elasticity, Distribution gains etc.)

- Comms Objectives (e.g. Fame, Awareness, Education, Image shift, Activity (e.g. download, call, visit etc.)

GOAL SETTING
S SPECIFIC
M MEASURABLE
A ATTAINABLE
R RELEVANT
T TIME-BOUND

# 1) Prove your case against the agreed objectives

- Business Objectives (e.g. Sales, Share, Profit)

- Marketing Objectives (e.g. Penetration, Loyalty, Pricing elasticity etc.)

- Comms Objectives (e.g. Awareness, Image shift etc.)

Examples of comms objectives

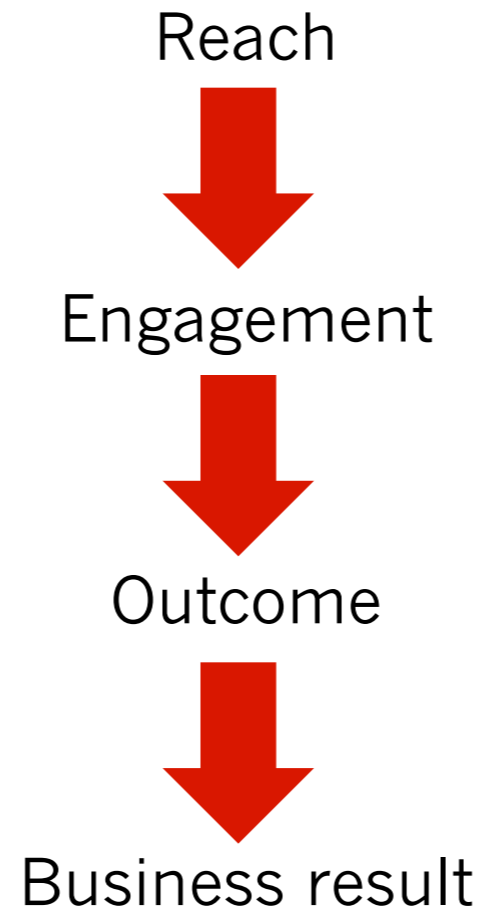| Think	Feel	Do
Increase awareness/saliency	Branded emotion (e.g. Joy, Excitement, Sexy, Secure, etc.)	Click through
Improve brand image	Engaged	Call
Shift attitudes/beliefs (reframe)	Develop a distinct personality	Download
Inform/educate		Post
Drive differentiation		Visit

2) Prove it is not down to other factors

- What would have happened to sales anyway...

- The impact of other factors (e.g. distribution, price changes, promotions, competitive activities, new product launches, events, PR, overall category rise/fall, seasonality, weather, political/economic/cultural shifts etc.)

CHELTENHAM & GLOUCESTER MORTGAGE RATE +/- THE AVERAGE AND HPI CONSIDERATION FOR MORTGAGES
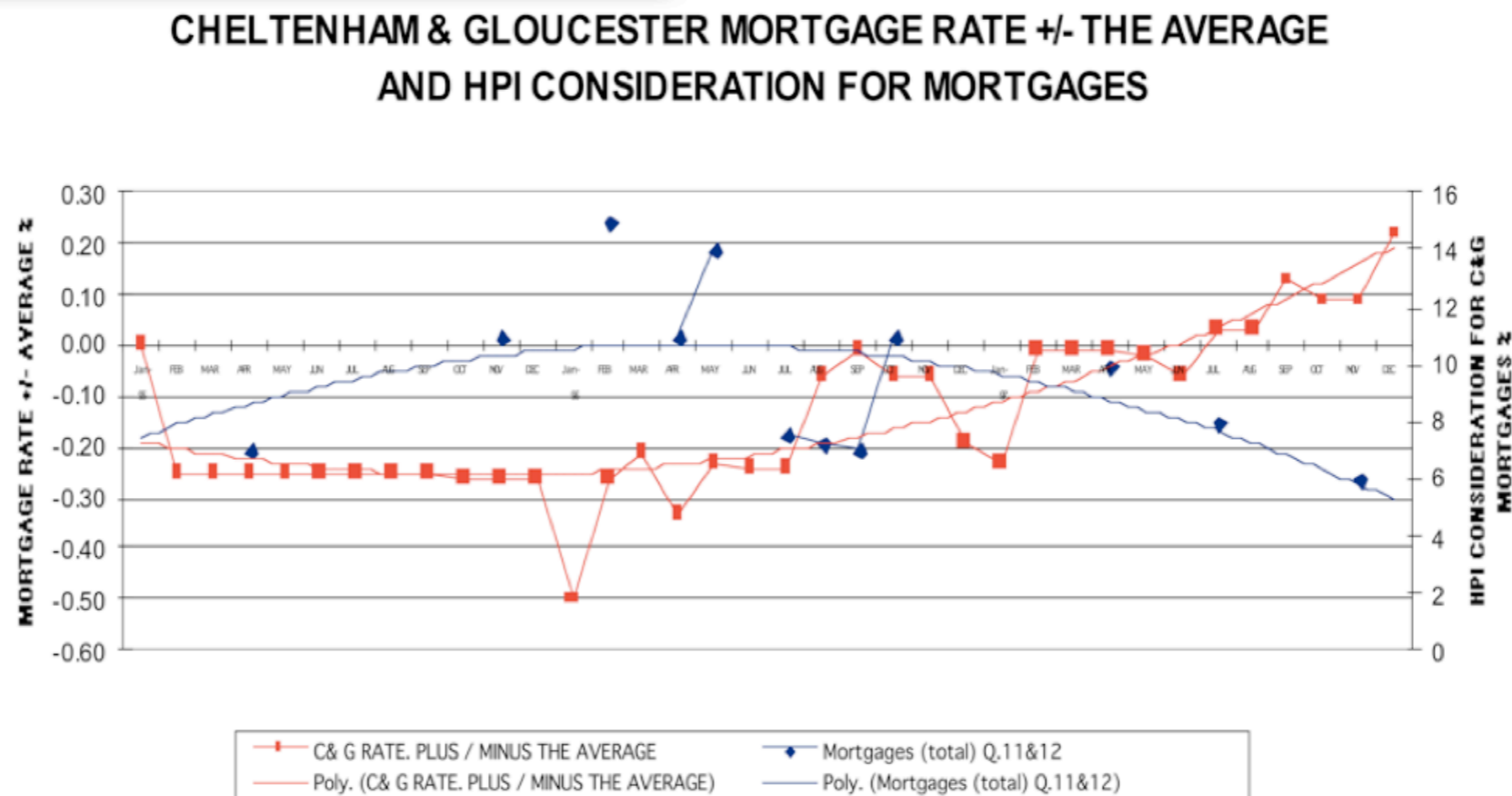
SOURCE: HPI AND MONEYFACTS

3) Show an inextricable link from your activity through to sales

Reach

↓

Engagement

↓

Outcome

↓
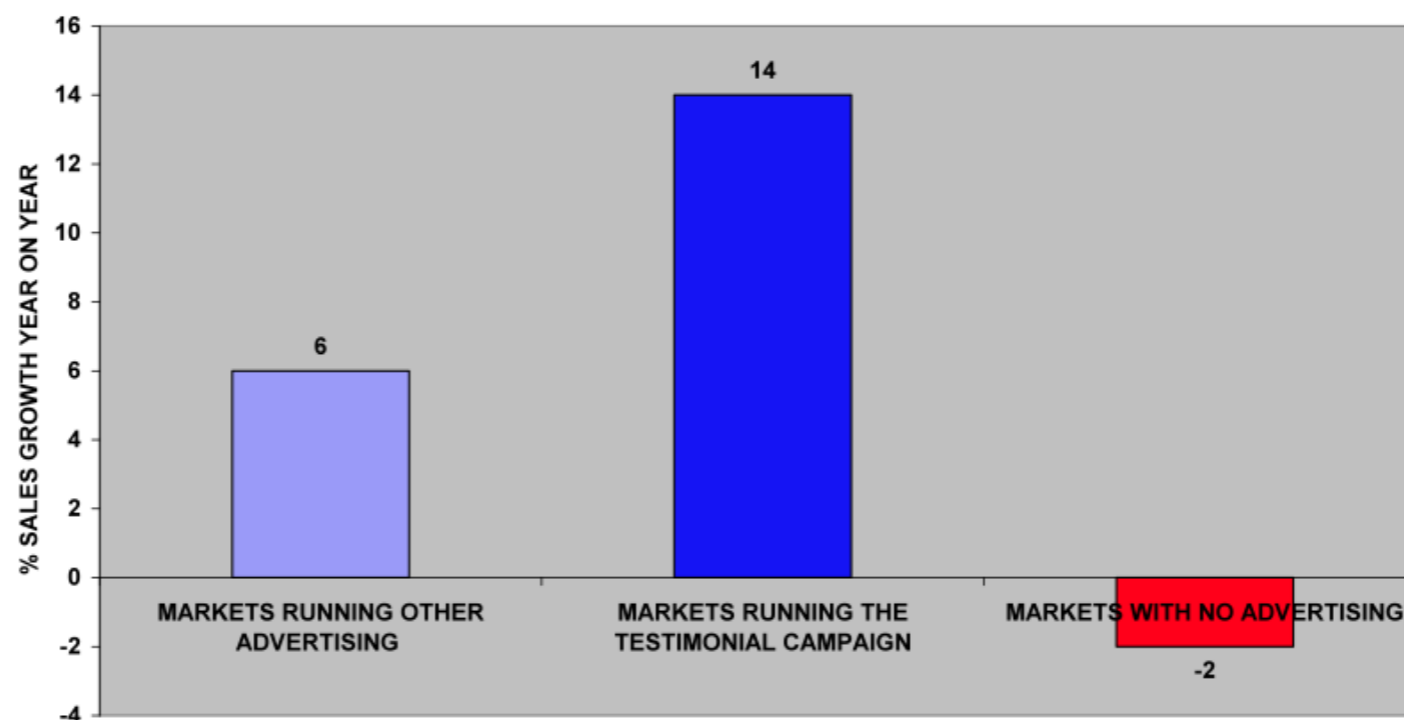
Business result

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Techniques to help

Comparisons

- Region vs region

- Advertised period vs non advertised period (before/after or year on year)

- Sales advertised product vs non advertised product

- Campaign 1 vs Campaign 2

SENSODYNE - % CHANGE IN EX-FACTORY SALES 2005 VS 2004, ACCORDING TO DIFFERENT ADVERTISING STRATEGIES ADOPTED.

Econometric modelling

Identifying sales drivers

Setting targets and budgets

Predicting the future

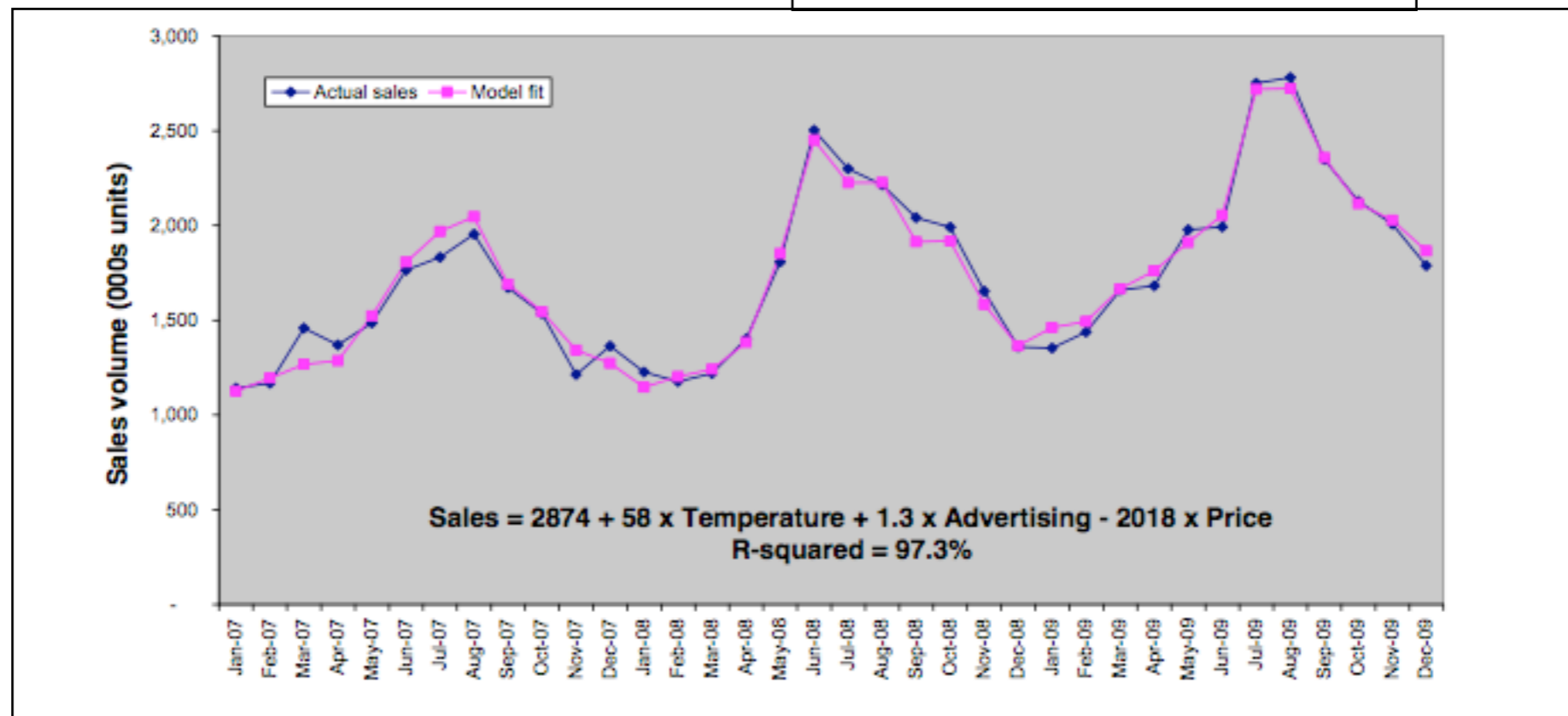Measuring efficiency and effectiveness

Explaining the past

Scenario planning

Comparing different communications activities

Optimising marketing and media plans

Measuring efficiency and effectiveness

Optimising price

Sales = 2874 + 58 x Temperature + 1.3 x Advertising - 2018 x Price
R-squared = 97.3%

Weaknesses of econometric modelling

- Needs 36+ quality data points (Rubbish in, rubbish out)

- Factors that..

  - do not vary/micro variation

  - move together

  - that can't be quantified (e.g. social taste)

- Only work inside the boundaries of its own experience

- The past ≠ the future

The building blocks of any case

Hard Business

Hard Behavioural

Proxy Behavioural

Soft Intermediary

Inputs

Inputs

- TVR's/GRP's*

- Coverage/frequency*

- Share of Voice*

- € spent*

- PR coverage*

- Impacts/Impressions/Delivery rates*

*vs competition; vs past year

Soft intermediary metrics

- Awareness (top of mind vs prompted; brand vs advertising)*

- Image attributes*

- Consideration/Purchase *intent/NPS**

* Pre vs post

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Hard behavioural metrics

- Penetration

- Loyalty

- Rate of Sale

- Weight of Sale

- Frequency of purchase

- Average price paid (Price inelasticity)

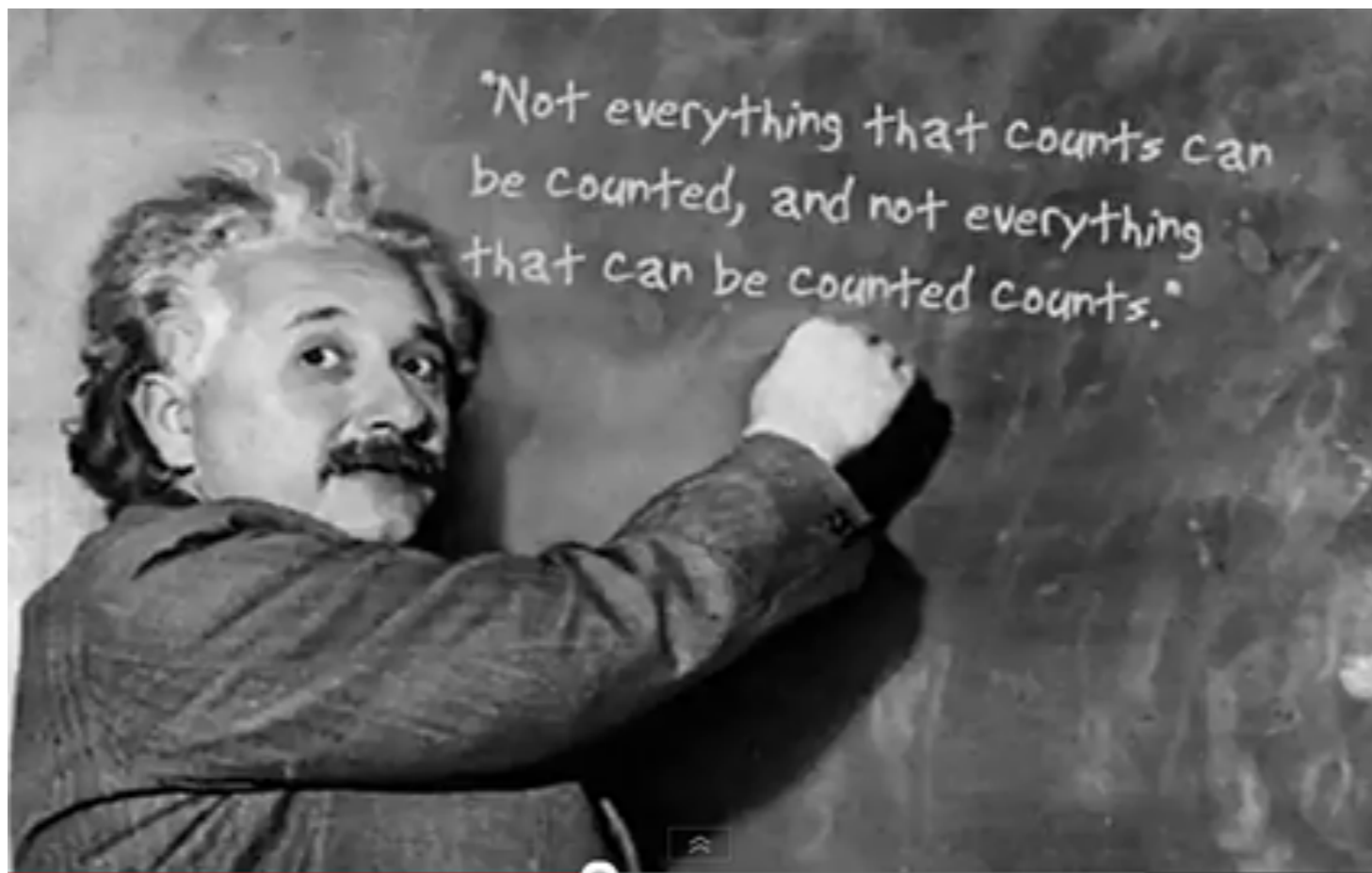- Others - e.g. % stopped smoking, Occupancy rates etc.

Proxy behavioural metrics

- Search rates
- Open rates/View rates
- Click through rates
- Dwell rates
- Click through rates
- Pass on rates
- Sign up rates
- Download rates
- Footfall
- Enquiry rates
- Test drives
- Social commentary/Sentiment
- Etc.

Hard business data

- Profit

- Cost savings

- Sales

- Share

- Share price

- ROMI (efficiency)

Don't lose sight of the key measures

"Not everything that counts can be counted, and not everything that can be counted counts."

Decide the key metrics at time of the brief

Don't lose sight of the key measures

Average dwell time (ADT)

Nos of pages visited

Value Sales

Delivery rates

Brand awareness

Reach

Likes

Response rate

Key messages communicated

Volume sales

Open rates

Bounce rates

Brand perception

Cost per sale (CPS)

Average transaction value (ATV)

ROMI

Profit

% unsubscribers

Cost per Impression (CPM)

Volume share

Unique viewing number (UVN)

Cost per response (CPR)

Click through rates (CTR)

Value share

Cost per click (CPC)

Cost per acquisition (CPA)

Cost per lead (CPL)

Sentiment

Pass on rate (POR)

Don't lose sight of the key measures

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Pass on rate (POR)

Return on Marketing Investment (ROMI)

- In a finite world, what investment strategy gives the greatest return?

- ROMI = a measure of efficiency (Profit = effectiveness)

  ROMI = (net incremental profit / cost of campaign) x 100%

- Net profit includes all marginal costs (i.e. includes variable costs including the cost of the campaign but excludes fixed overheads)

- NB Use total lifetime customer value to help

An example..

A: Sales pre campaign = €8,713,888
B: Sales post campaign = €11,125,826
C: **Incremental** sales (B-A) = €2,411,938
D: Cost of goods on the incremental sales @43.7% (C*0.437) = €1,054,500
E: Marginal contribution from incremental sales (C-D) = €1,357,438
F: Cost of campaign (Inc. production) = €1,150,000
G: Net incremental profit (E-F) = €207,438

ROMI = (net incremental profit / cost of campaign) x 100%

= (€207,438/€1,150,000) x 100

= 18.04%

i.e. for every €1 invested it generated a net profit (after ALL costs including the cost of the campaign) of 18c - So it paid for itself and made more money than if put into a bank!

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Some recent quoted Profit ROMI figures

£1 : £8.79 – John Lewis (2016)

£1 : £4.07– Art fund (2016)
£1 : £4.00 – Dacia (2014)

£1 : £3.98 – Sainsbury's (2014)
£1 : £3.88 – Guinness (2016)
£1 : £3.20 – Cuprinol (2014)

£1 : £2.74 – Everest (2014)
£1 : £2.40 – MacMillan (2016)
£1 : £2.10 – Fairy (2014)
£1 : £2.03 – Mattisons Fridge Raiders (2014)
£1 : £2.02– Save the children (2016)

£1 : £1.91 – Garnier Ultralift (2014)
£1 : £1.22 – Direct Line (2016)

How to turn data into information

- Data is never 'clean'
- Big data not always mean its best
- There's always more than one way to interpret the data
- Find the story in the data - even better, find the new story. Go past 1st base/Look past the stereotypes (as no-one else does)
- Interrogate the data. Ask questions of it.
- Look for the 'outliers' in data rather than the main trend – beware averages
- Look at the shadow – i.e. what is not being said/shown
- It's not always about the big numbers
- It's not always the same numbers (e.g. loyalty)
- Look for the dissonance in the data/information. What's not stacking up
- Find the 'twist' - turn it upside down
- Look at the data 3 times
- Cross compare data
- Ask 'Why'?

Don McCullen always looked to show war through a fresh perspective

Summary

- ROMI is King

- Prove your case against the objectives

- Prove it is not down to other factors

- Show an inextricable link from your activity through to sales

- Gather your data early

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