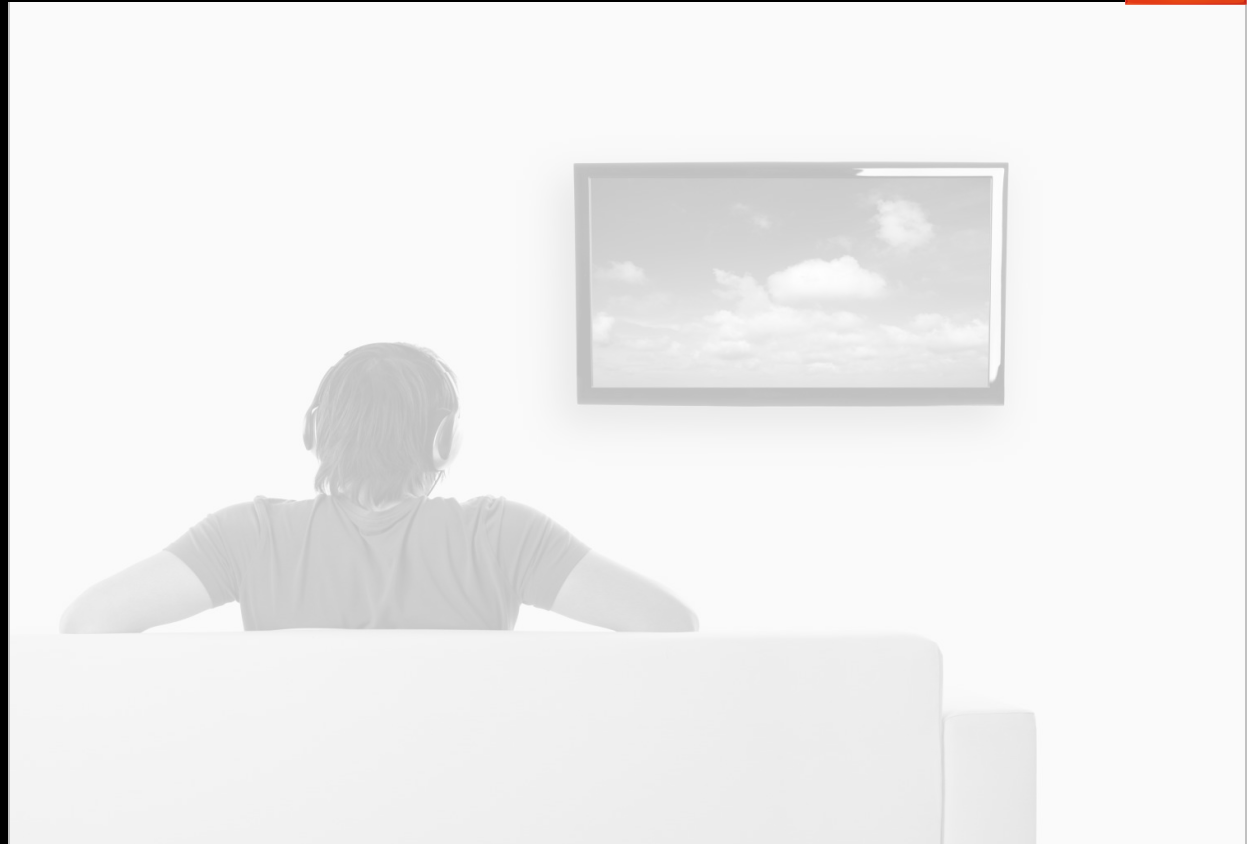> **"Half the money I spend on advertising is wasted; the trouble is I don't know which half."**
>
> **John Wanamaker (1838 – 1922)**
>
> Father of modern advertising and a pioneer in marketing

GfK

What are high level challenges our clients are facing?

Less and less time to commercialize on opportunities

Digitization of media
- Consumers are increasingly difficult to reach
- Media consumption more and more fragmented

Rise of e-commerce
- Pressure to lower prices
- Loss of control over experience of products

Shorter product life cycle
- Launch windows are getting shorter
- Time to commercialize with a margin is becoming shorter

Commoditization of product features
- Clients can't base their success on product sophistication alone
- Engineering, having great products is not good enough anymore

"

Half the money I spend on advertising is wasted; the trouble is I don't know which half.

John Wanamaker (1838 – 1922)

Father of modern advertising and a pioneer in marketing

"

Is not wasted the half that…

➡ Generates Brand Awareness on the selected target

➡ Helps to better perform on Brand KPIs or to increase intention to buy

➡ Has an impact on my **Brand Sales**

This is the reason why it is important to talk about ROI and Marketing Mix Modelling

Marketing mix - ATL & BTL

Consider both, together, is the key to take advantage from all synergic and multiplier effects

Above the line

Above the Line: what is the RoI on your last media plan?

Based on the media planning, DO YOU HAVE ANY IDEA of the impact of the different media you used?

ATL

Marketing Mix Contribution

- TV
- Press / RP
- Radio
- Digital

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Below the line

Below the Line: which promotional mechanism is the most efficient?

Several promotional mechanisms can be evaluated and we can guide you to optimize their usage!

BTL

Marketing Mix Contribution

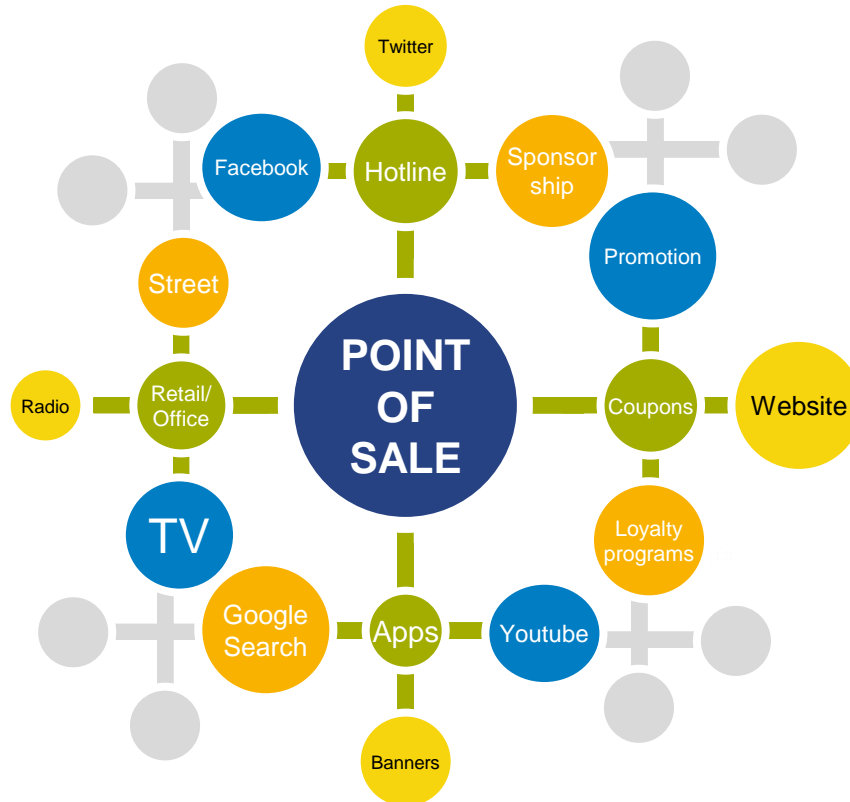- Temporary Price Cut
- Leaflet
- Cash-Back
- Animation

© GfK 2015 | Retail Analytics

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Touchpoint Multiplication

The purchasing process in a shop (offline and/or online) has become more complex: it is influenced by many Touchpoints and the Brand can lose its appeal.

How the Research can support the Sales Effectiveness?

Retail Panel Based: Marketing Mix Model
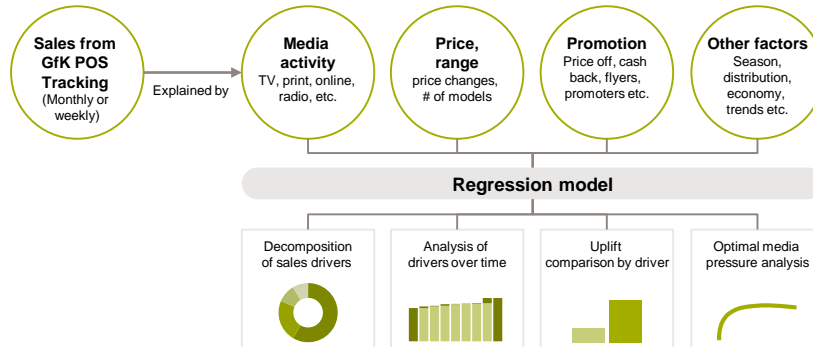
GfK MMM approach for MMM in Consumer Durables

Marketing plan

A

B ✔

C

Integration of marketing levers in our model based on GfK POS Tracking	Evaluation of below + above-the-line (BTL/ATL) sales contribution and ROI	Optimization and simulation of your future marketing plan

Sales from GfK POS Tracking (Monthly or weekly)

Explained by →

Media activity TV, print, online, radio, etc.

Price, range price changes, # of models

Promotion Price off, cash back, flyers, promoters etc.

Other factors Season, distribution, economy, trends etc.

Regression model

Decomposition of sales drivers

Analysis of drivers over time

Uplift comparison by driver
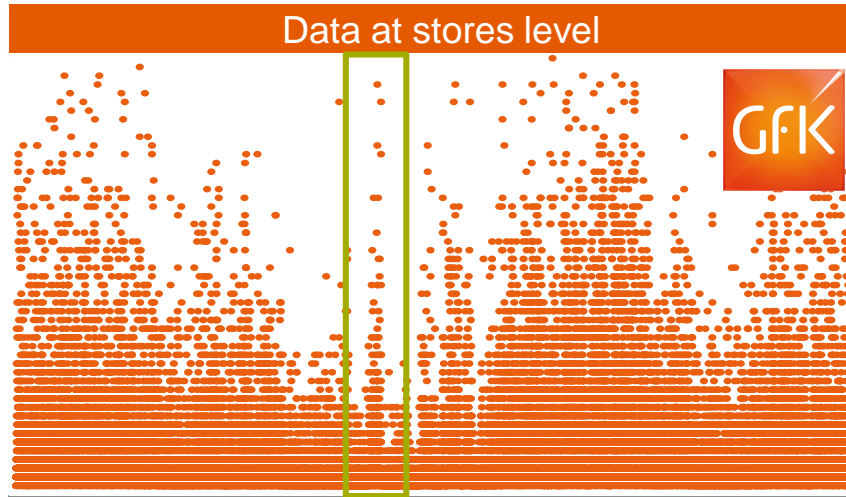
Optimal media pressure analysis

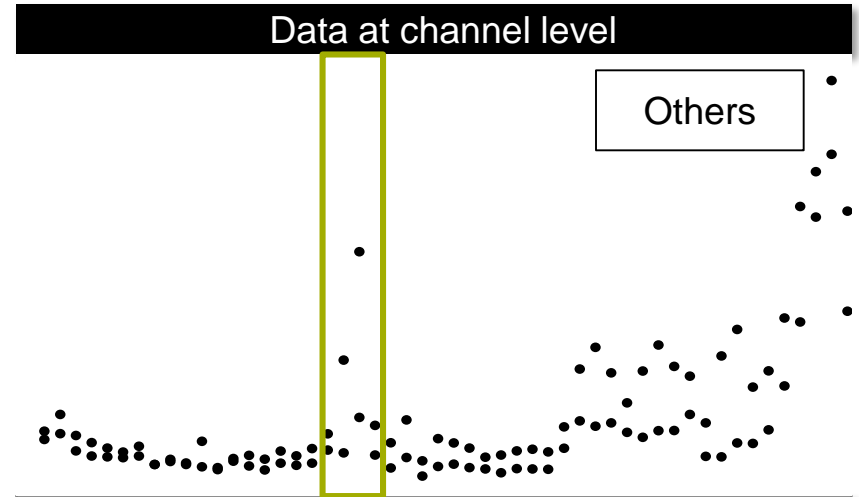Often MMM are conducted on aggregate level (e.g. total country) and not store level

This would impose restrictions on the usage of several important factors:
Assortment, Pricing, Promotions, Media and Distributions

Data at stores level

70,000 observations. Clear indication of a relevant event in the data

Data at channel level

Others

104 observations, 2 observations of an event which might be ruled out as an outlier

Is granular data usage really so important?

Reliability of split between baseline sales and additional sales is compromised using aggregated data instead of granular data

Marketing Mix Contribution (Sales Value)

A
GfK: Store Level
Input data: City Level

D
GfK: National Level
Input data: National Level

Incremental sales *(in M€)*

20%

80%

35%

65%

Same data, **same modeling** approach but **different aggregations:**
change dramatically the outputs!

Aggregated data affects the accuracy also when estimating the impact of each lever on sales

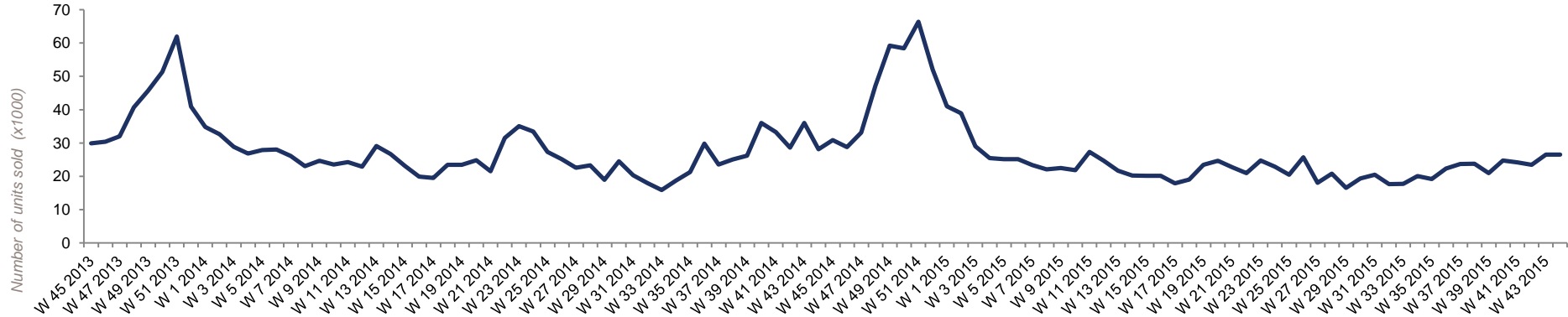Marketing Mix Contribution (Sales Value) by single lever
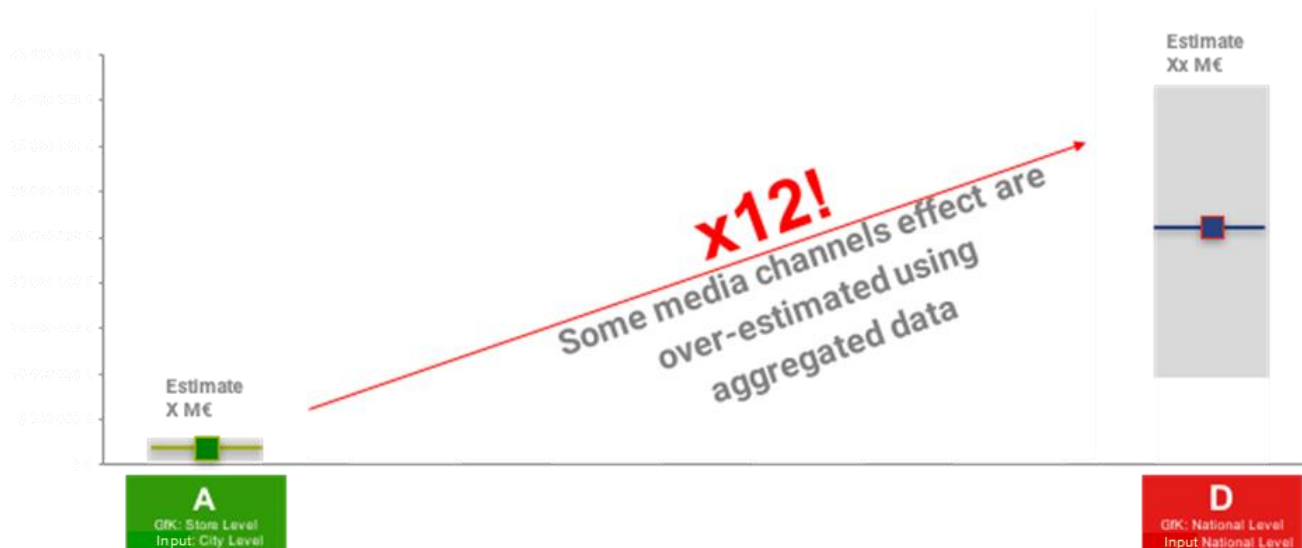
Granularity equals **Accuracy** equals
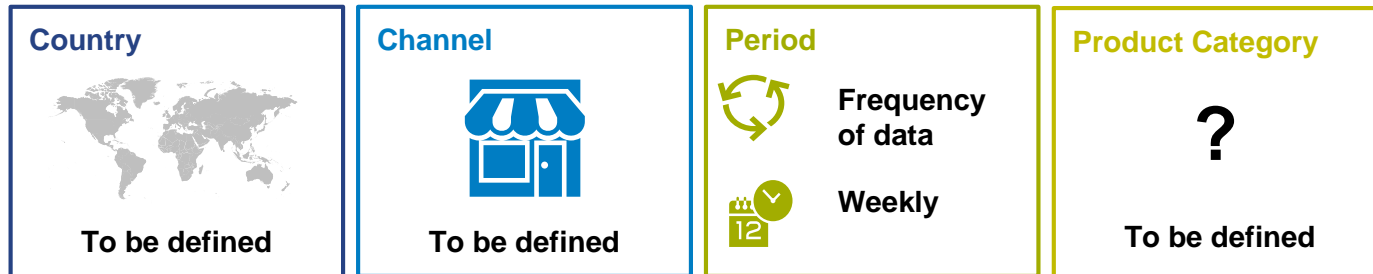**Confident Decisions** and correct **Expectations**

Typical MMM deliverables

We usually start with looking at 2 years of data and define the scope

MMM (Marketing Mix Model) uses "econometric modelling" to describe various marketing variables and media contacts impact sales of a segment, a brand or a category that have to be defined.
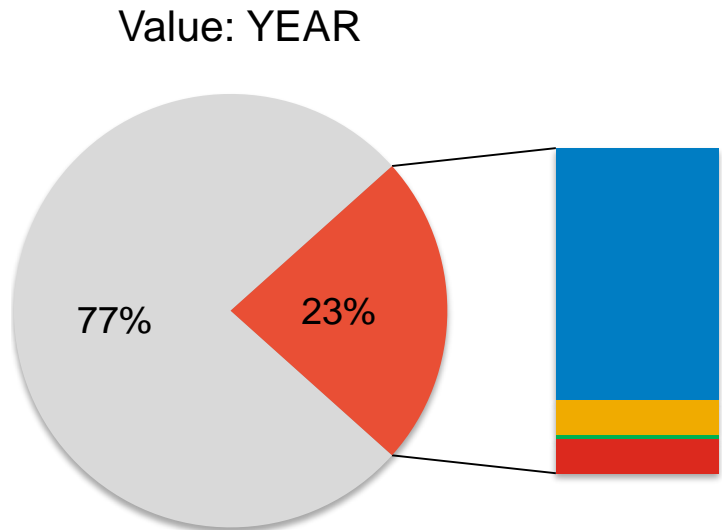
Country	**Channel**	**Period**	**Product Category**
To be defined	To be defined	Frequency of data / Weekly	? To be defined

Looking at real figures…

Marketing Mix Contribution by Volume and by Value

Real case study figures

Value: YEAR

77%   23%

Total: XX M €

Promotion: x M €
Media: x M €
Digital x: x M €
Digital y: x M €

Volume: YEAR

77%   23%
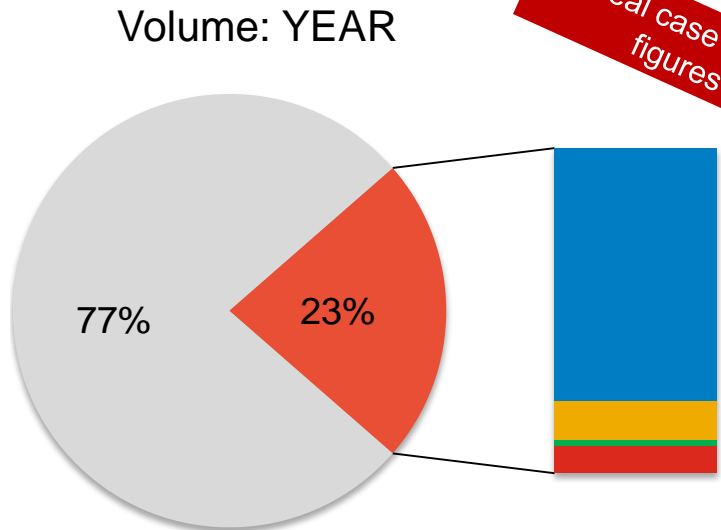
Total: x M units

Promotion: x units
Media: x units
Digital x: x units
Digital y: x units

Baseline Sales*   Promotion   Media   Digital x   Digital y

Digital Campaign: Nets R.O.I. and Incremental Sales

Real case study figures

Legend:
- Incremental Sales (units)
- Digital campaign impressions
- Half Life (2 weeks)
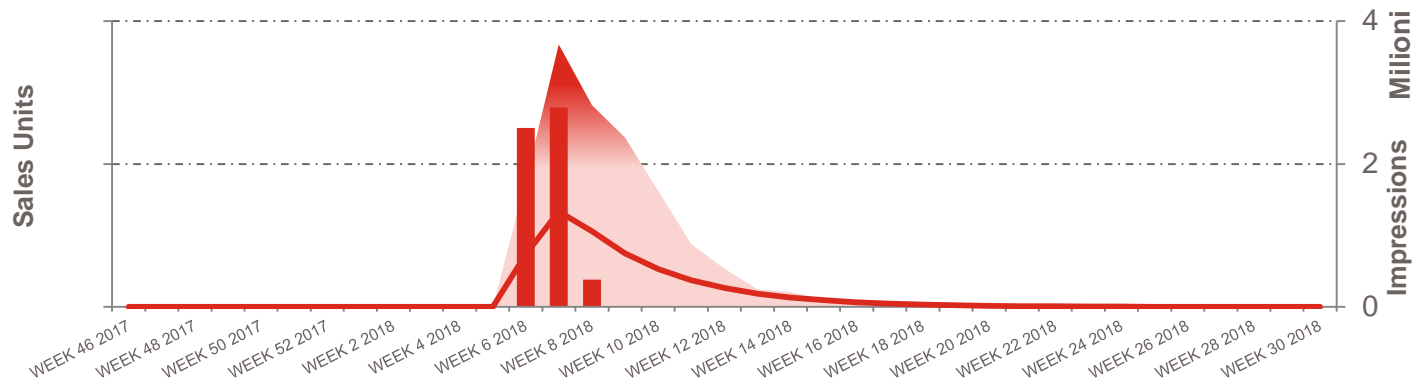
5,7 Mio Imp + **XX Units / € XY K**
Total Uplift Volume / Value

XY€/€
Return on Investment

↑ **x %** / **x %**
Total Uplift Volume % / Value %

Brand BTL effects on sales

Brand sales
PROMOTIONS

Sales Units (2017-2018)

13%

Promotions

Brand Promotions
Direct Effects

0,4% POP

3% Shop in Shop

0,4% Coupons

1% Bundle

2% Promoters

4% Leaflets (Discounts)

4% TPR (Promotions)

price promotions
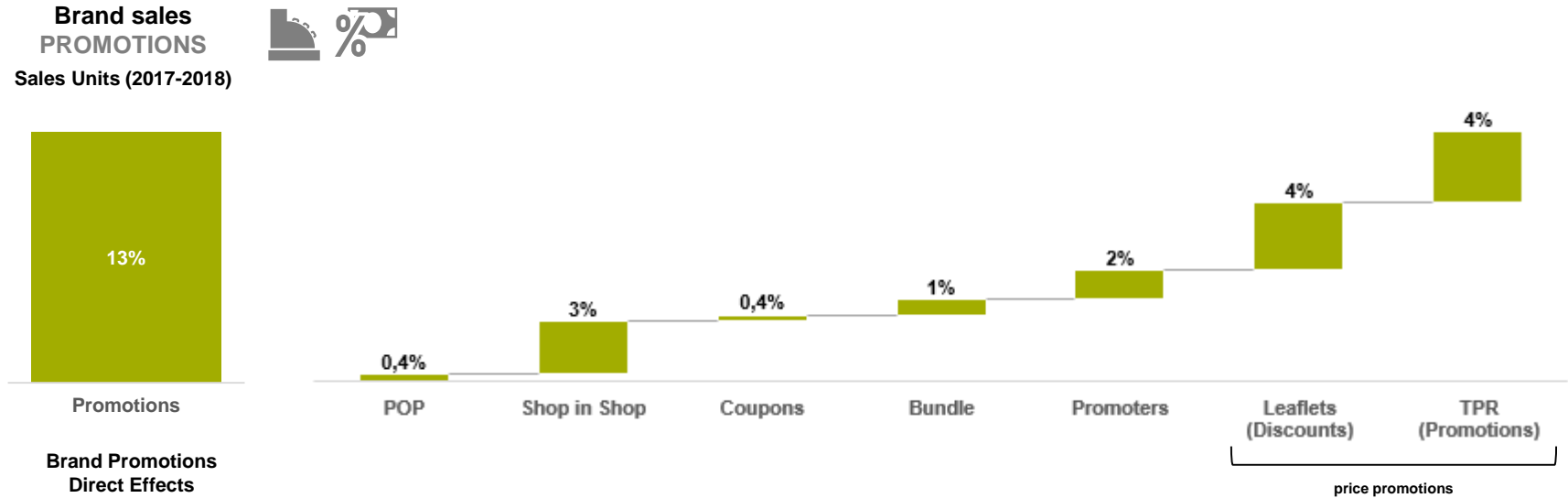
Focus on Leaflet
Promoted Stores

Type of Leaflet		Diffusion	Volume Uplift	Value Uplift
Total		**36%**	**8.1%**	**6.4%**
Standard		16%		
Discount		23%		
Bundle		1%		
Sottocosto		9%		

Contribution of marketing actions on Baseline

Sales Units – (2 Years)

Real case study figures

Number of units sold (x1000)
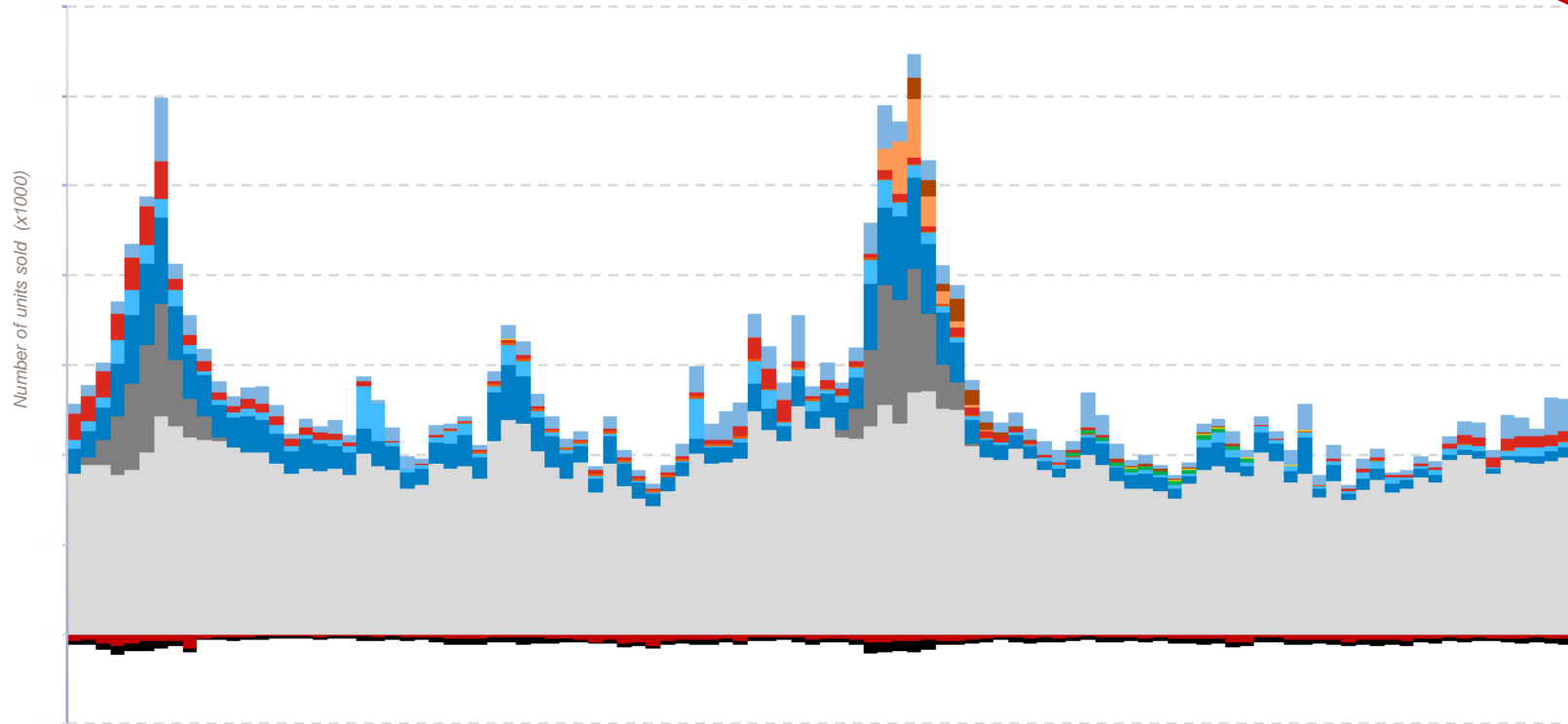
Response curves by Media Channel
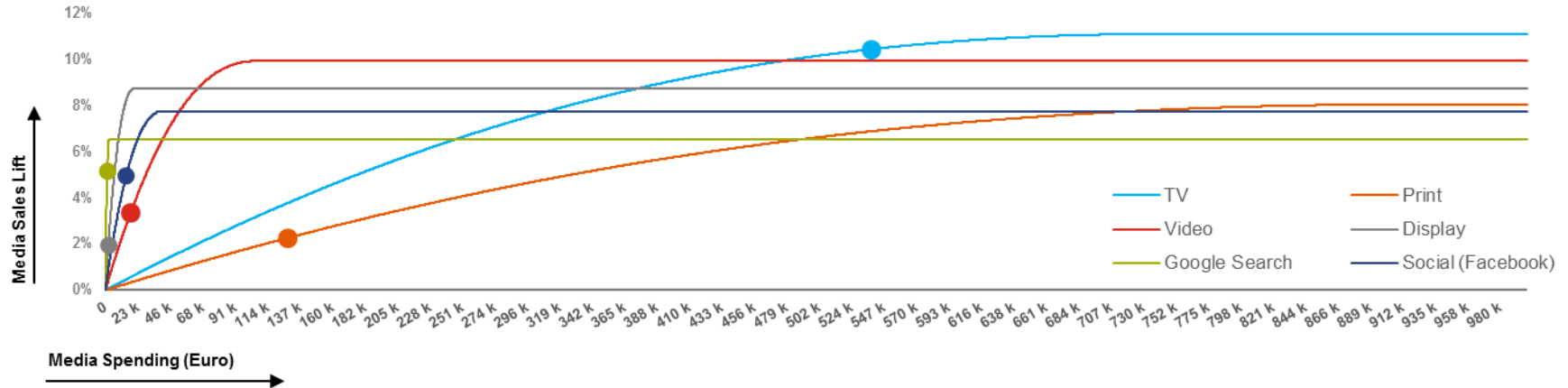
Measuring the Return On Investment to: Reassess, Optimize, Innovate

Final results: Recommended Actions

Example Fake data		2017 - 2018	
		Media Spending	**ROI Total**
Traditional	TV	3.000.000	
	Print	1.300.000	
Overall Traditional		**4.300.000**	
Digital	Facebook	1.300.000	
	Display	600.000	
	Video	1.900.000	
	Google Search	150.000	
	Amazon	80.000	
Overall Digital		**4.030.000**	
Overall Media		**8.330.000**	**1,5**

Compare Plans across time
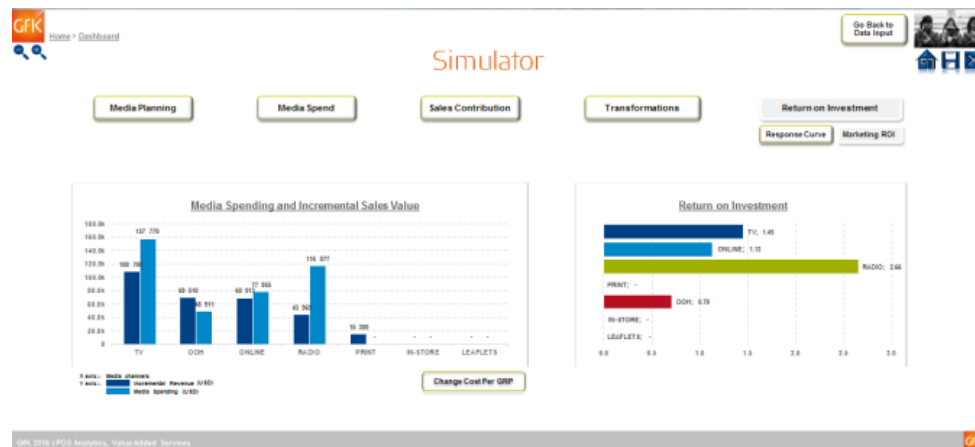
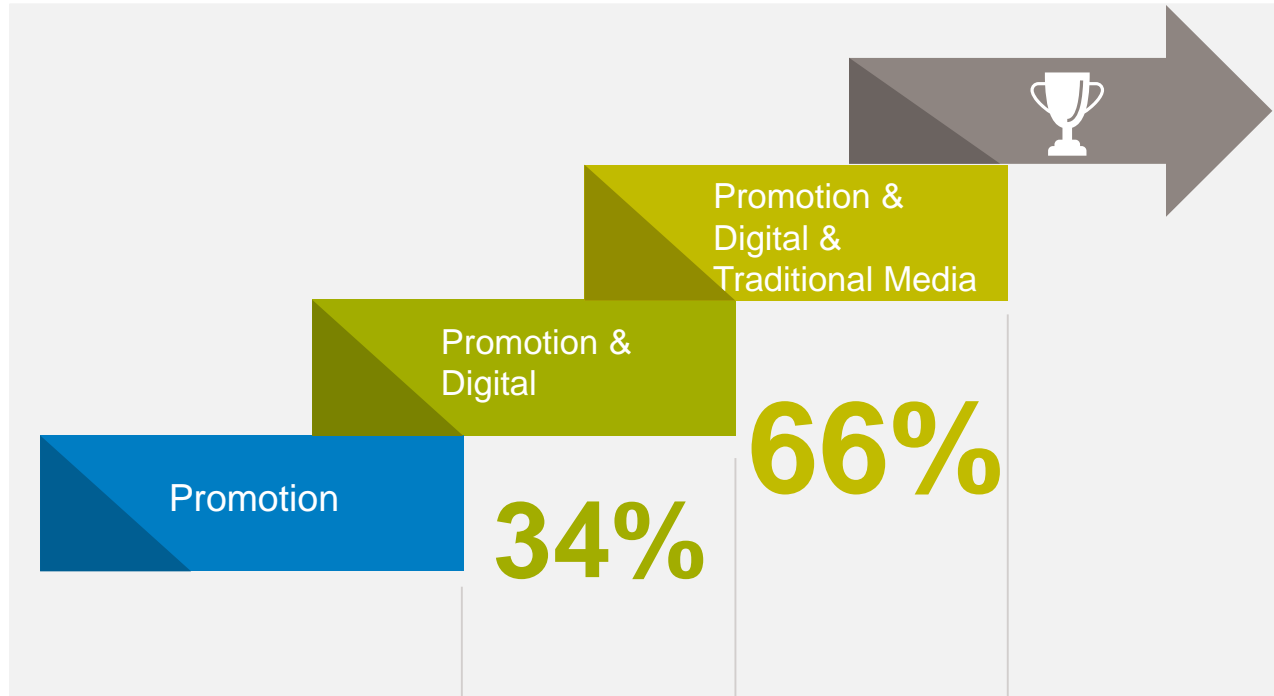# Applications for all the Actors
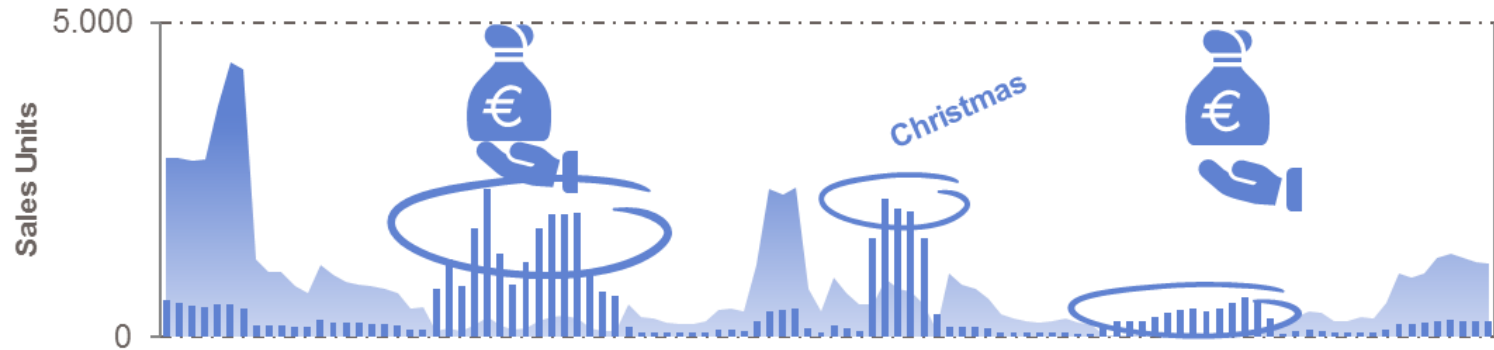
MMM to reply to specific KBQ: Sinergies

Re-think to ATL and BTL sinergies

Synergies – one or more levers

Promotion

Promotion & Digital

Promotion & Digital & Traditional Media

34%

66%

MMM to reply to specific KBQ: Best moment

Focus the best moment for each lever

Maximize the effect of the different touchpoints on creating new occasions to go in shop/ visit a website etc-

MMM to reply to «old» and «new» specific KBQ: Promo

What's the impact of the printed leaflet on sales? Could this effect be maximized throught online exposure?
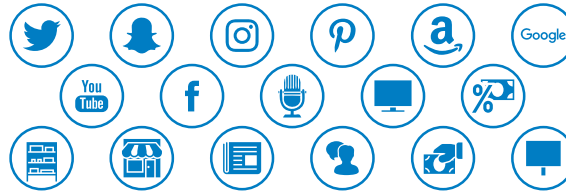

??

MMM, as methodology, to measure other kind of impacts

What's the impact of my Marketing Mix ….

Number of
appointments in each
Optician for Eye tests

Number of visits in
Car Dealer network

….etc….

Number of
mortgage's requests
in the Bank branches

What does a Marketing Mix Model do?

1 **What drives your sales (advertising, promotions?)**

2 **What is the Return on Investment?**

3 **How do your marketing and sales plans work over time?**

4 **What are price and promotion drivers?**

5 **What is an optimal level of spending in ads?**

6 **How can you exploit Halo and Synergy effects?**

What-if analysis to simulate future media plans using a scenario builder tool

Thanks for your attention!

GfK Italy
Sales Effectiveness
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