



NEWS

MARKETING MIX MODELS HAVE PROGRESSED BUT NEED TO EVOLVE FURTHER, PER NEW STUDY

**White Paper, from Council for Research Excellence,
Presented at ARF Conference**

New York, NY, June 10, 2013 – Efforts to move marketing-mix models beyond a reflection of short-term sales effects and more toward “indirect” and long-term effects “need encouragement,” according to a newly released white paper.

“One of the greatest accomplishments of recent years,” the authors note, is an increased focus in marketing-mix modeling on “indirect and long-term effects.” These effects include return-on-objectives (ROO) to supplement return-on-investment (ROI); “upper-funnel” effects such as awareness, consideration, preference, and intention; and longer term “adstocks” – or, a prolonged or lagging effect of advertising on consumer purchase behavior, such as repeat-purchase patterns. But marketers still will need better media data, among other opportunities for improvement.

The white paper, “The Current State of Marketing Mix Models,” was developed by New York-based consultancy [Sequent Partners](#) for the Council for Research Excellence (CRE), a diverse group of senior-level research professionals from throughout the media and advertising industries dedicated to advancing the knowledge and practice of audience measurement methodology.

Among the challenges raised by the white paper:

- Most modelers, for all their quantitative expertise, are not media-research experts; they are “unaware of the technical aspects of media measurement and rely on data provided by the agencies,” according to the white paper;

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- Agency involvement in the modeling process is considered better than it was 10 years ago – but “still not where it needs to be”; there does not appear to be an established process for agencies to review model findings and reintroduce a medium that has not done well in the model;
- Marketers need “continued education” about media data quality and recent refinements -- and an ongoing dialogue about the growing complexity of models and the media ecosystems.

The findings reflect the results of some 50 in-person interviews including leading modeling firms, prominent academics, agencies, and modeling clients at major advertisers recruited with the support of the Association of National Advertisers (ANA). The CRE’s objectives include the development of an in-depth understanding of principal ROI methods used; defining best practices; and recommending priority areas for industry improvement.

David Poltrack, chief research officer of CBS Corporation and chair of the CRE’s [ROI Committee](#), presented the findings at the [Advertising Research Foundation \(ARF\) Audience Measurement 8.0 conference](#), June 10-11, 2013.

Other challenges raised in the white paper are specific to various media sectors:

- “Many people believe digital has the promise of providing incredibly granular detail,” the authors note. “But the volume of data is problematic for the entire industry”;
- “Nobody knows the right measure” for social media measurement according to one of those interviewed. “No one ever ‘un-Likes’ things; (a ‘Like’) just grows and at some point is no longer a real indication of anything”;
- “There’s a lot of work needed” in mobile measurement, per one interview. “If tablets and smartphones are going through mobile web (or through) standard Internet, we can track it. Apps are a blind spot; we want to know how consumers are coming into an ad.”

“Over the years, the role of marketing mix models in the allocation of marketing budgets, and the measurement of the ROI from the various components of the marketing mix, have established these models as key determinants of the dollars invested in advertising -- as well as the distribution of those dollars among the media,” Poltrack said.

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“Yet, as these models have become more sophisticated in their analytics, there has been very little industry scrutiny of their foundations or their ability to adapt to the dramatic changes in the advertising and media environment. This CRE paper on the state of marketing mix models today provides a clear roadmap for a collaborative industry effort to assure that these models are valid and that the modelers have all of the data inputs needed to perfect them.”

The ARF presentation of “The Current State of Marketing Mix Models” can be found under “New Research” at the [ROI Committee page of the CRE website](#).

About the **Council for Research Excellence**

The **Council for Research Excellence** (CRE) is an independent research group created (in 2005) and funded by Nielsen. The CRE is dedicated to advancing the knowledge and practice of audience measurement methodology and comprises senior-level industry researchers representing advertisers, agencies, broadcast networks, cable, syndicators, local stations, and industry associations.

CRE members represent advertising agencies and media-buying firms including GroupM, Horizon Media, Media Storm, Omnicom, Starcom MediaVest and TargetCast tcm; media companies including ABC, AMC Networks, CBS, Comcast, Cox, Discovery, Disney, Google, Hulu LLC, LIN Media, NBC Universal, News Corporation, Raycom Media, Scripps Networks Interactive, Time Warner, Univision and Viacom; industry organizations including the Media Rating Council, the National Association of Broadcasters, the Syndicated Network Television Association and the Television Bureau of Advertising; the investment bank Nomura Securities; and Nielsen.

For more information about the Council for Research Excellence, please visit:
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