

Measuring  
the *Unmeasured*

 #ARFAM8

# Current State Of Marketing Mix Models



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# CRE ROI Committee

**Chair: Dave Poltrack, CBS Corporation**

## **Members:**

- Michele Buslik, Targetcast
- Laura Cowan, Lin Media
- Ed Gaffney, Group M
- Jeffrey Graham, Twitter
- Doug Pulick, NCM
- Bryon Schafer, Hulu
- Ceril Shagrin, Univision
- Kate Sirkin, MediaVest
- Leslie Wood, Nielsen
- Richard Zackon, CRE
- Tom Ziangas, AMC

# 40 Interviews



## Leading Practitioners, Academics and Advertisers

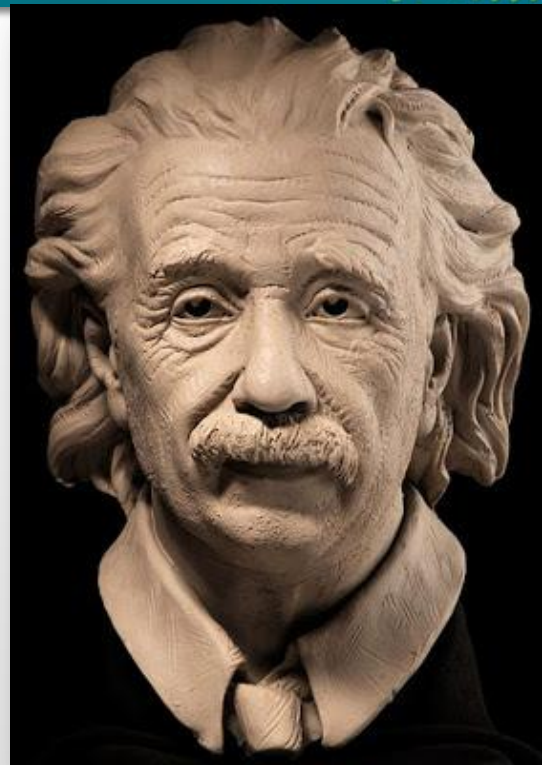
- Models In Use Today
- Quality Of Media Inputs
- Application Of Model Outputs
- Beginning Of Best Practice Discussion

# Impressive Developments



# Unprecedented Complexity

- Challenging media data acquisition
- Increasingly sophisticated models
- Highly variable processes for applying the learning
- Models have evolved
  - In response to complexity of communications and need to assess advertising's impact at different phases of the consumer journey



# Range of Sophistication

- For modelers who are constrained by time/money demands, straightforward models fit their needs
- Other modelers are pushing boundaries — wrestling with long term, complex interactions and more complete view of the contribution of advertising





# Big Split At The Advertisers



## Two Distinct Users

- Analytics/modeling people who really get it
- Less knowledgeable users
  - Not equipped to address data or technical issues
  - Learned to trust the modelers over time
  - Assume the models are right



# Models In Use Today

## Approach:

- Regressions
- Series of Equations
- Agent Based Models
- Single Source
- Cross-Channel Attribution

## Observations:

- Highly Efficient; Collinearity Issues
- Incorporate brand effects and interactions
- Reflect complexity of networks and systems
- Uniquely isolates advertising effects
- Digital only; isolated

# What's Modeled?



- Advertising components deployed against different objectives
- Short-term financial performance
  - Contribution margin and revenue-based returns are used
  - Allows modelers to align recommendations with business strategy
- Some models use consumer metrics like awareness, preference, consideration etc.



# Long Term Effects

## Just Now Beginning To Be Addressed

- ROO as well as ROI
- Upper funnel effects – awareness consideration
- Longer term Adstocks, repeat purchase patterns

# Creative Quality Not Uniformly Considered



**Despite the fact that creative quality can explain 70% of advertising's effects**

- TV copy test data as diagnostics
- Cascade of digital behaviors captured
- Quality of other media generally not considered



# Media Data Inputs



## Best Data Has These Characteristics:

- Weekly
- Campaign, or creative execution level
- Reach/frequency delivery
- By DMA, or even more granular
- Consistently for all media elements

Separately, big data solutions being applied in digital world

# Modelers Are Not Media Researchers

**With Some Exceptions**

**Generally Use What They Get ...**

**Don't Know What They Don't Know:**

- Planned vs. delivered
- Spend vs. GRPs or Impressions
- GRPs vs. TRPs vs. reach & frequency
- Broad averages vs. specific ad exposures

# Concerns About Media Data



# Digital





# Media Inputs In Use



## Traditional Media

- **TV** – GRPs by market and week are generally available; model at the daypart, length and campaign level when possible
- **Radio** – New PPM TRP data available by week, but not widely recognized or in use
- **Print** – Improvements made to provide best estimates of GRPs by market and week, recognized but not widely used

# Media Inputs In Use

## New Media

- **Mobile** – Not currently modeled for the most part; quite a bit of work required
- **Social** – Many metrics; struggling to find meaning
- **Digital** – Most difficult; abundant data, attribution concerns; situation may be improved with OCR; area of most development work



# Media Inputs In Use

## Other Media

- **Hispanic** – No unique issues
- **Other Media** – (Buzz, Events) – elusive, not yet part of mainstream



# Ugly Data Acquisition



- Media data acquisition process is unduly onerous, sloppy and not standardized
- Represents a huge amount of time and effort

# Best In Class Process

## To Drive Advertising Decisions

- Cross-functional team with consistent involvement from the marketer, modeler and agencies
- Modeling findings integrated with other sources such as tracking studies and copy tests
- Finance plays a role - applies modeling results to budgeting decisions
- CEO or CMO support ensures modeling findings and recommendations are adopted

# Agency Involvement In The Process



- Big Range
  - Some simply supply data; later informed of results
  - Others plan alternatives based on model results
  - Others routinely interact throughout the process
- Creative agencies have no real seat at the table
- Not sure there is a re-entry process once media don't perform well in the models
  - Role for “Test and Learn”



# Opportunities – Media Data

- Simplify, standardize media data
  - Establish best practices
  - Encourage their development
  - Audit their use





# Opportunities – Techniques



- Encourage open R&D toward measuring long term-effects of advertising
- Underscore importance of measuring creative efficacy

# Opportunities – Applying Results

- Begin dialogue around organizational issues in issues applying model results to advertising and media decisions
  - Update ARF best-practices
  - Engage 4As and ANA
  - Provide user education



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