

# Five Keys of Effective Advertising

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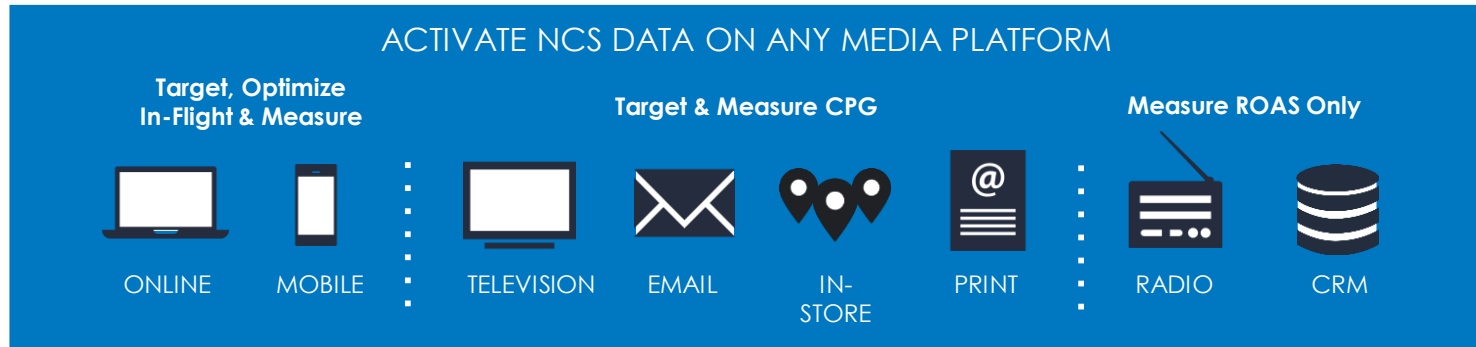


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POWERED BY TVN MEDIA

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# Who Is Nielsen Catalina Solutions?



# Big Question: Do Advertising Basics Still Matter?

When it comes to driving sales, which of the advertising principles are most important?

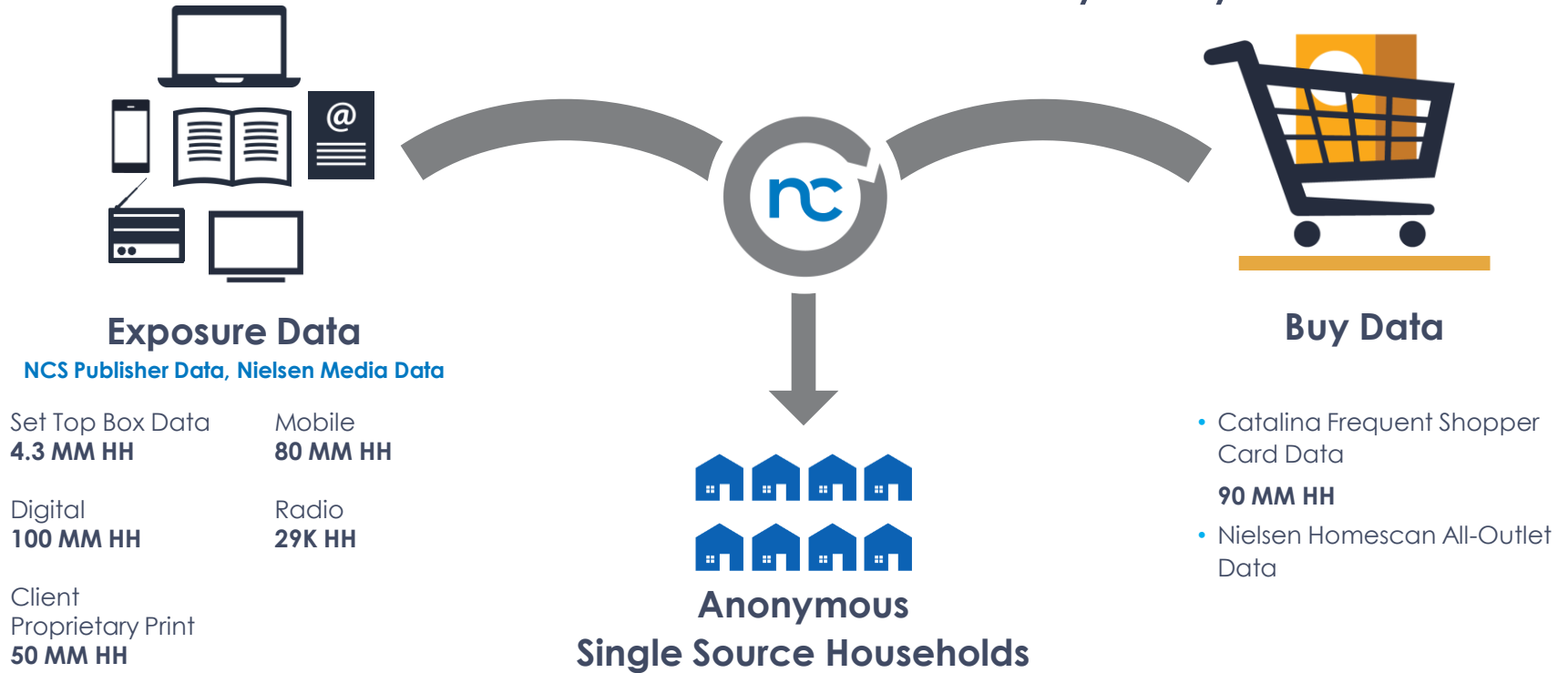


# Meet the Studies – **Meta-Study #1**

- **Objective:** Determine the relative contribution that a campaign's creative and media factors might have on sales.
- Nearly 500 CPG campaigns that ran in 2016 and Q1 of 2017 – **all REAL DATA!**
- All major media platforms: linear and addressable television, online digital and video, mobile, magazines and radio.
- Multiple Analyses on all:
  - Sales Effect
  - 13-Cell Segmentation Decompositions to isolate the effects of the media from the creative elements

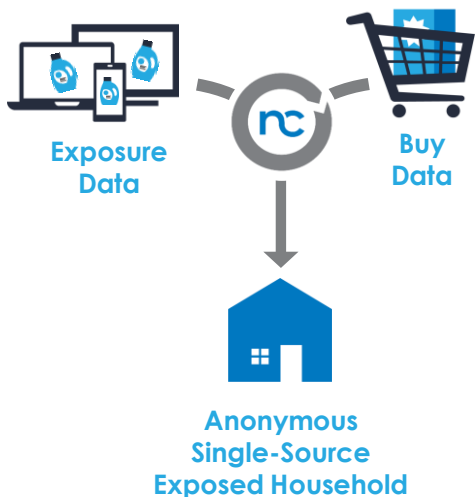


# NCS Connects the **Media** People Consume With the **Products** They Buy

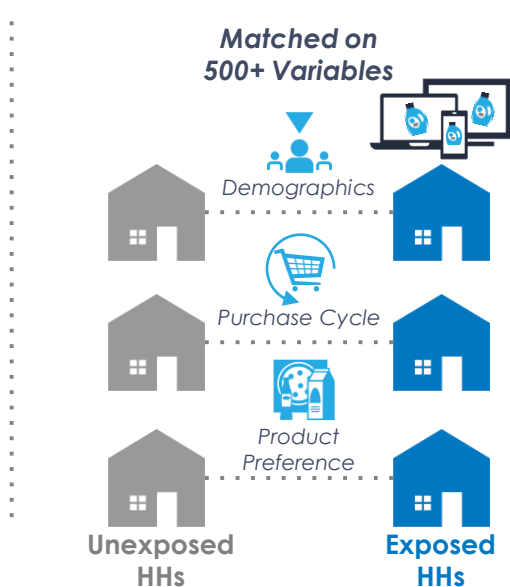


# How Do We Know if Advertising Drove Sales?

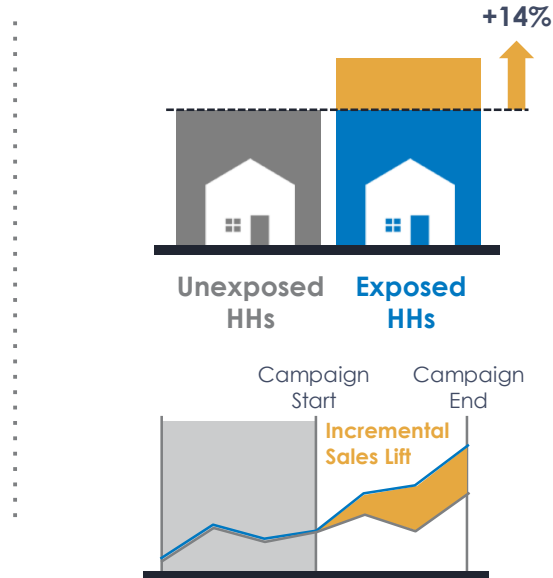
**1** NCS connects the media people consume with the products they buy



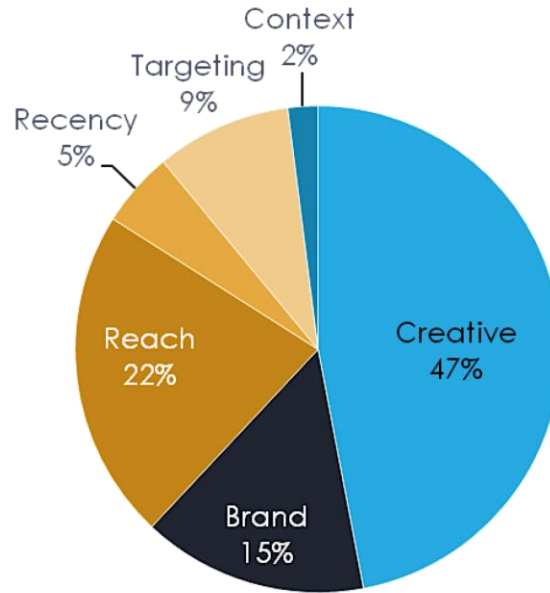
**2** Match exposed & unexposed HHs on hundreds of variables to isolate ad impact



**3** Measure exposed and unexposed sales to determine incremental sales impact



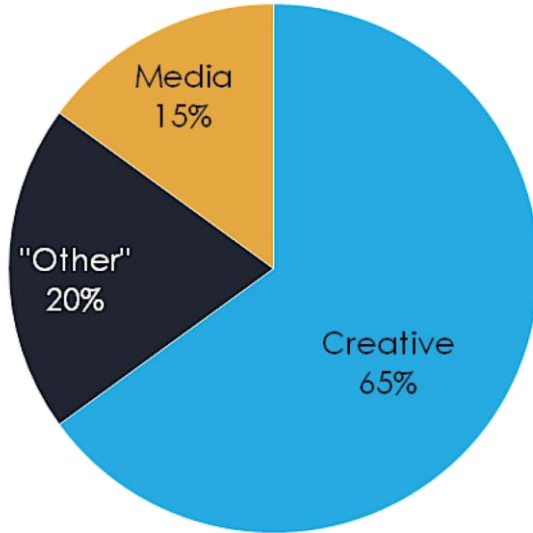
# Percent Sales Contribution by Advertising Element



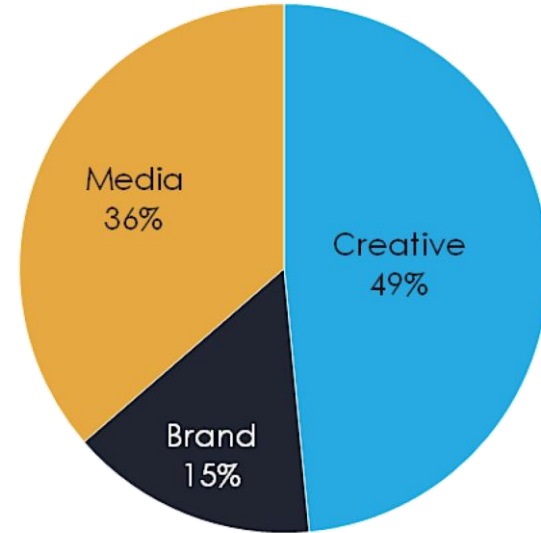
Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017  
Nearly 500 campaigns across all media platforms.

# Balance of Creative vs. Media – Then & Now

2006 Project Apollo



2016 – Q1 2017



Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017  
Nearly 500 campaigns across all media platforms.



# Traditional Lift Calculation



**Reach** alone doesn't discriminate for Timing  
(Seasonality, Flighting) or Targeting

# What is the Sales Productivity Metric?

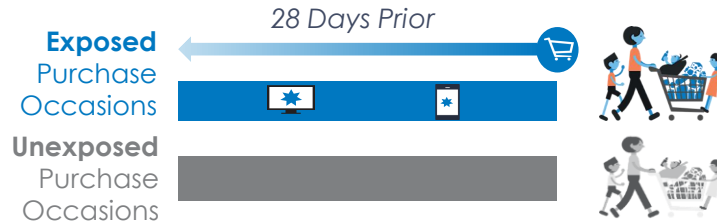
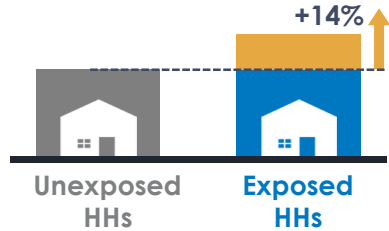
**INCREMENTAL SALES**



**EXPOSED CATEGORY TRIPS**



**PRODUCTIVITY METRIC**



*Incremental Cents per Exposed Category Purchase*



## YARDSTICK FOR INCREMENTAL SALES PER EXPOSED PURCHASE

**Weak Creative**  
Less than 2 cents

**Average Creative**  
Between 2 and 7 cents

**Strong Creative**  
7 cents or more

# Media Delivery and Creative In Context Drive Incremental Sales

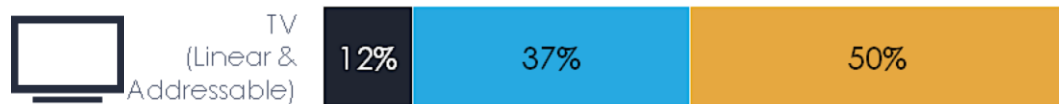
## CALCULATION USING PURCHASE OCCASIONS



# CREATIVE

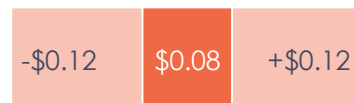
## Sales Productivity All TV vs. All Digital

### Sales Contribution



■ Brand ■ Creative ■ Media

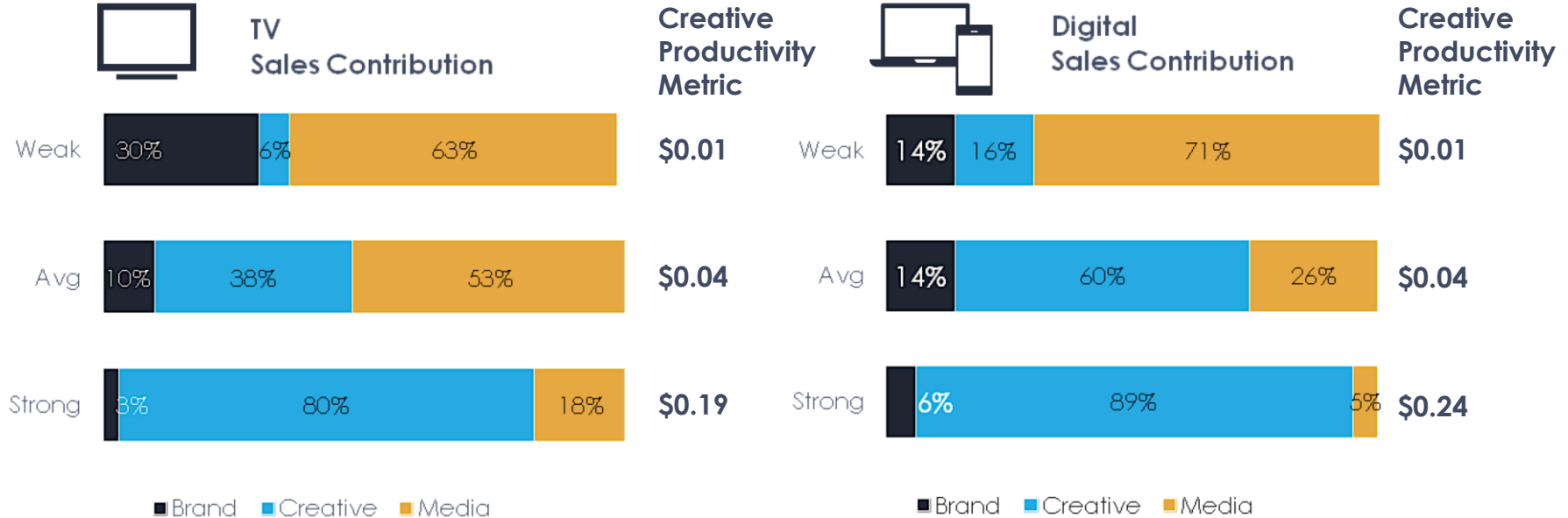
### Creative – Productivity Metric & Standard Deviation



Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017  
Nearly 500 campaigns across all media platforms.

# CREATIVE

## TV and Digital – by Creative Performance



Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017  
 Nearly 500 campaigns across all media platforms.

Note: Display, Video & Mobile yielded nearly identical results

# Meet the Studies – Meta-Study #2

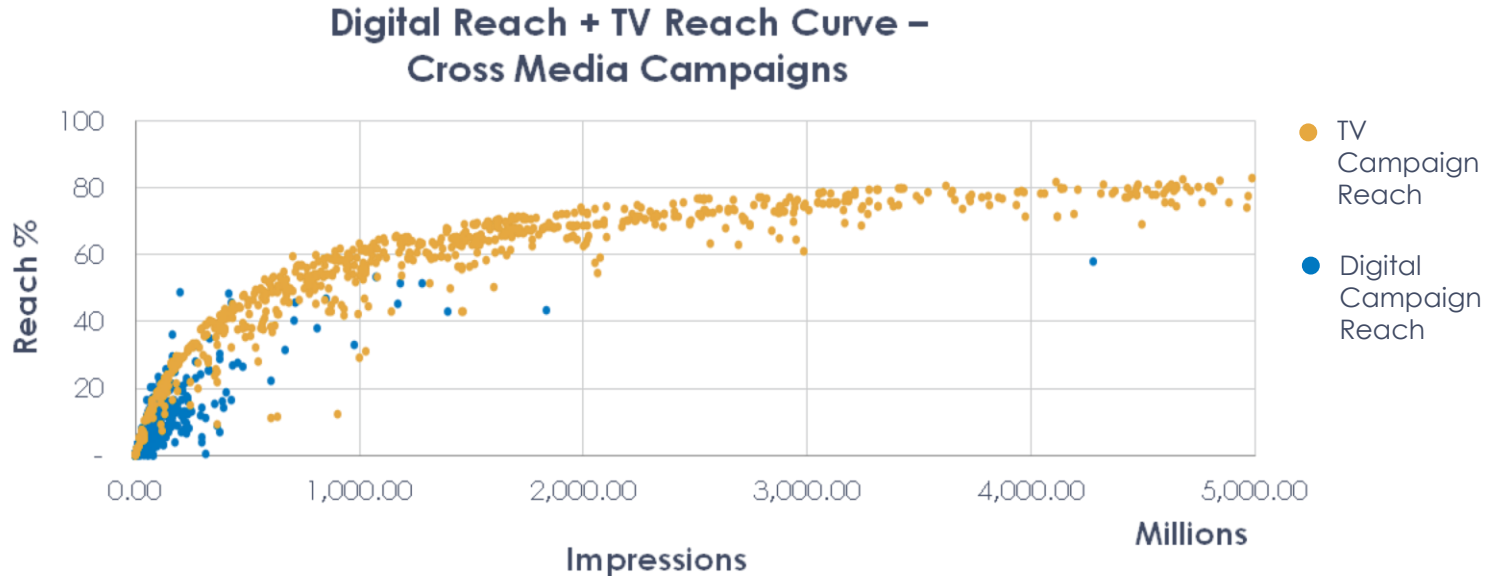
## REACH FOCUS

- **Objective:** to understand the reach of TV and digital campaigns, and measure the unduplicated reach of cross media campaigns.
- 863 campaigns that ran on both linear TV and digital platforms
- Tagged by Nielsen Total Audience Ratings (TAR) and Nielsen Digital Ad Ratings (DAR)
  - Included ALL cross media campaigns that ran in Q4, 2016 and Q1, 2017.
  - All verticals/television networks — no cherry picking



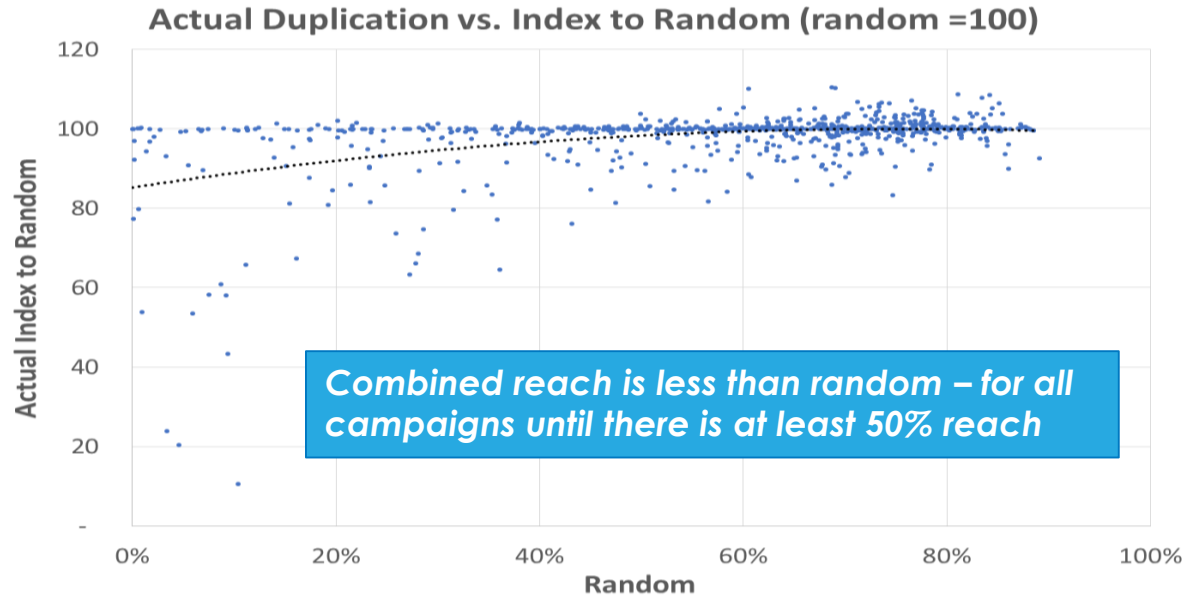
# REACH

## TV & Digital Reach Curve for Cross Media Campaigns



Nielsen: 863 TV & digital cross media campaigns from Q4 2016 – Q1 2017 on P13+; No advertiser verticals excluded.  
Analysis performed by Nielsen Catalina Solutions

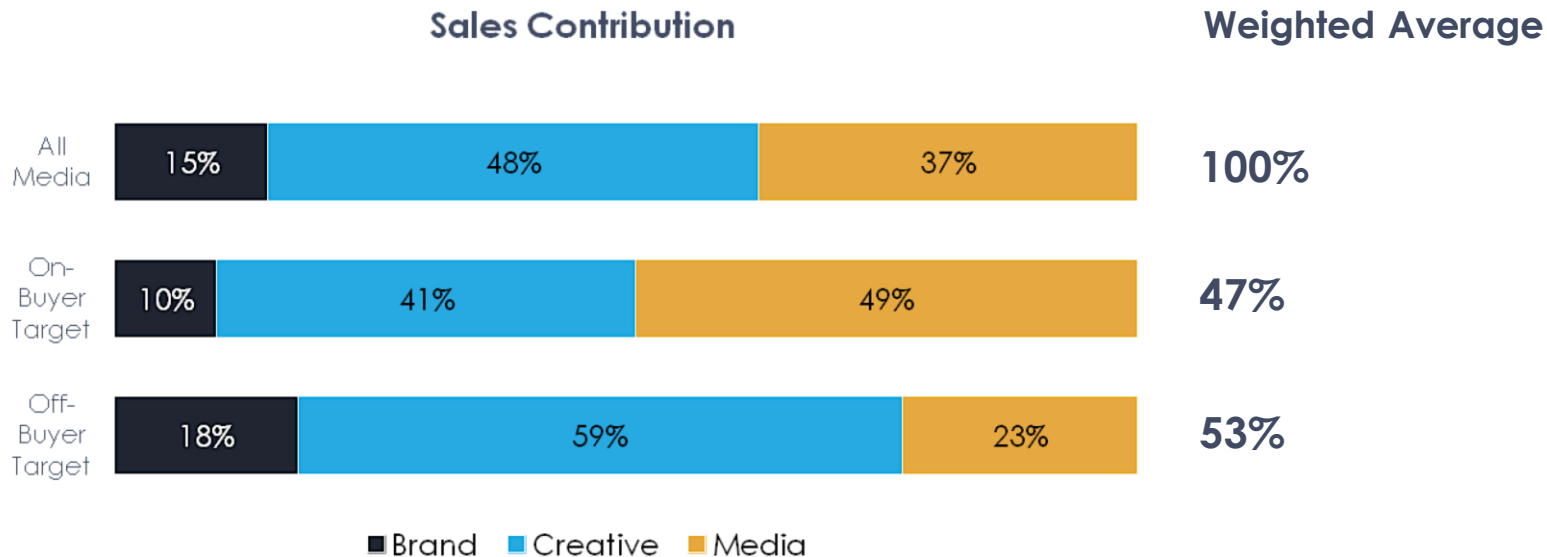
# Understanding Duplication is Critical!





# TARGETING

## All Media: On-Buyer Target vs. Off-Buyer Target



Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017  
Nearly 500 campaigns across all media platforms.

*On-Buyer Target – targeted to correlate delivery to brand and campaign buyers  
Targeting contributes much more when targeted to buyers*

# TARGETING

## TV & Digital



### All Television Campaigns

On-Buyer Target



Off-Buyer Target



### Digital Campaigns

On-Buyer Target



Off-Buyer Target



**On-Buyer Target** is defined as campaigns with higher than .2 correlation of either brand or category sales;

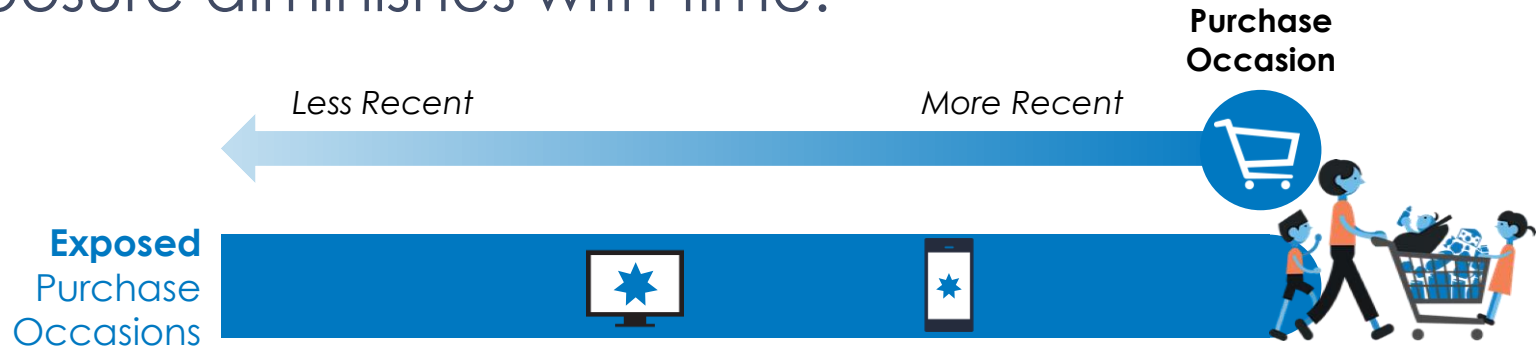
**Off-Buyer Target** is defined as anything below that—which include no skew or negatively correlated to sales.

Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017  
Nearly 500 campaigns across all media platforms.

# REGENCY

## What's Recency Theory?

**Definition:** Theory that advertisements and promotions are most effective when they air immediately prior to the time of decision, and that the influence of ad exposure diminishes with time.



## REGENCY

# Recency – Thursday/Friday Prime Drives Weekend Sales

■ Sales Index vs. Any Other Programming



*Note: Advertising lift measured on a 3-day rolling exposure window. Thursday/Friday Prime does not include: News, Sports, Children's or Spanish Language.*

*Source: Nielsen Catalina Solutions © 2017*

# Summary: The Basics Really do Matter!

## CREATIVE

Still the most important factor for driving sales, though media is playing a larger role.

## REACH

Critical to reach enough people!  
Only consumers exposed to advertising can respond.

## TARGETING

Focus on buyers -- buyers are more responsive to advertising.

## REGENCY

Exposure just prior to purchase is most effective.

## CONTEXT

More work to be done. Stay tuned!

# Best-Practice Recommendations

REACH

TARGETING

RECENCY

CREATIVE

CONTEXT

- **Be accountable to sales**—measure, measure, measure—or potentially lose the dollars.
- **Test & optimize your creative:**
  - Getting it right increases ROAS significantly – especially digital
  - TV creative is generally good – don't lower expectations and continue to test them thoroughly
- Use TV strategically to build **reach**
- **Examine your targeting approach**—there's a lot of room for improvement, and big potential payoffs.



# Successful New Brands Need Support!

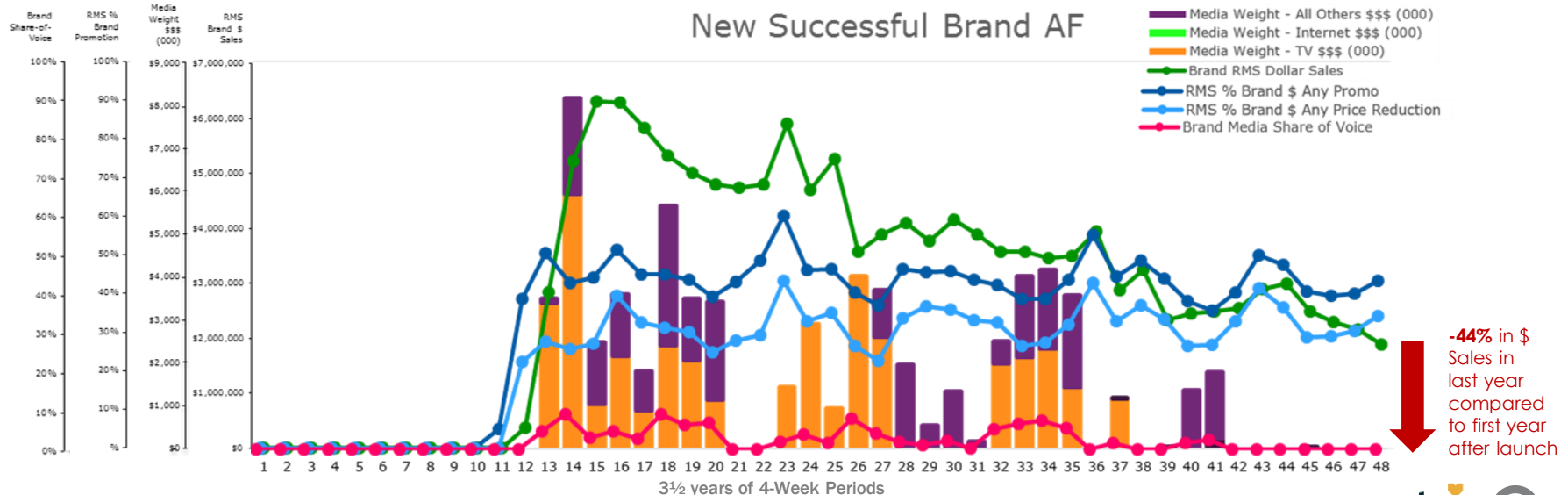
# New Brand Introductions Require Longer Advertising Support

This is a successful new brand introduction. But sales are slipping year-over-year.

**Why? Less and less advertising support.**

Total promotions are fairly constant over time

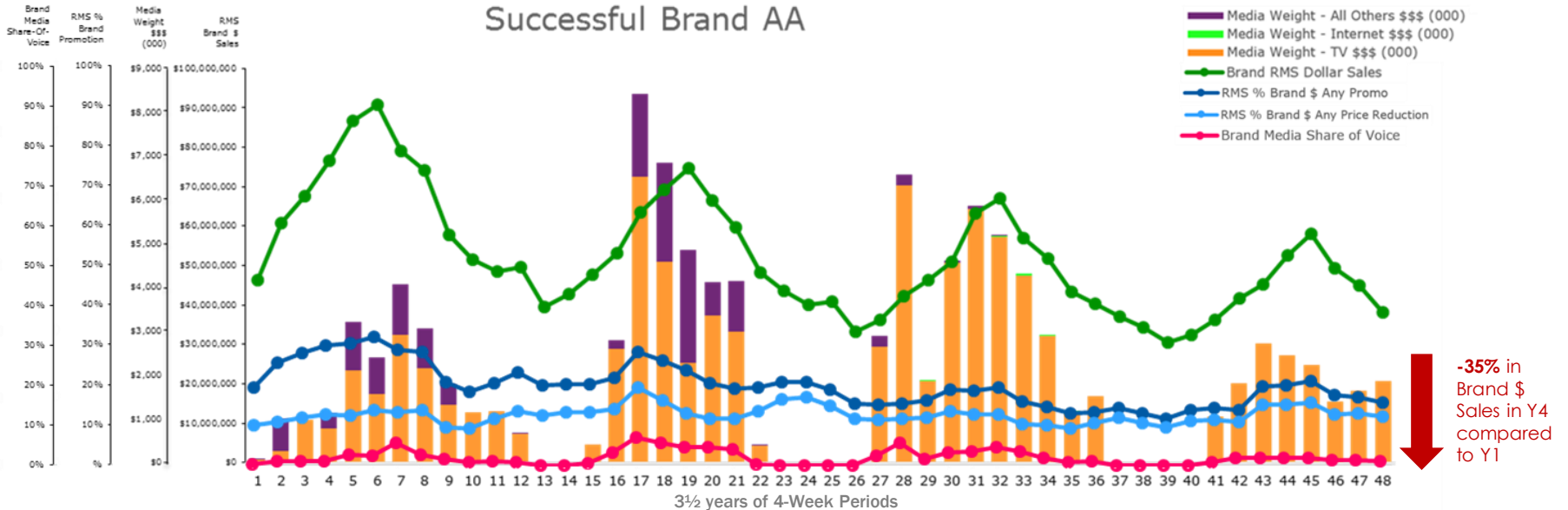
Advertising's share-of-voice was never high and declines





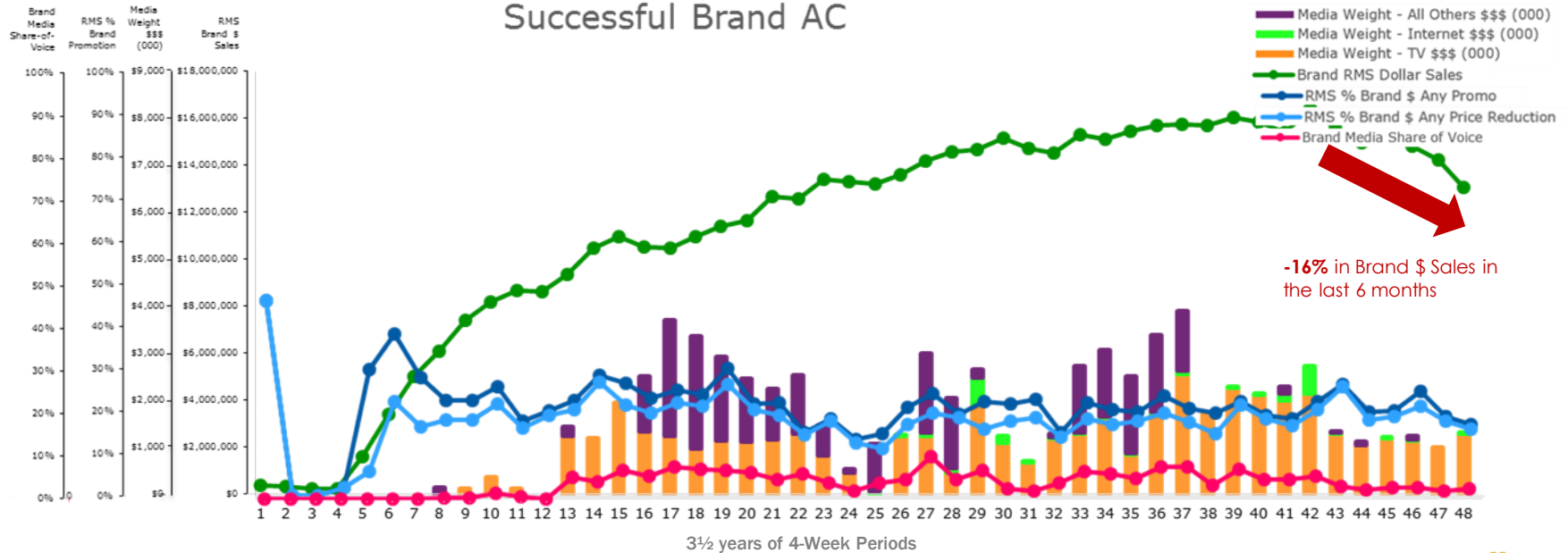
# Consistent Across All Successful Intros (with 2+ years data)

Successful New Brand AA has the same pattern: less and less advertising, consistent price promotions leading to lower sales



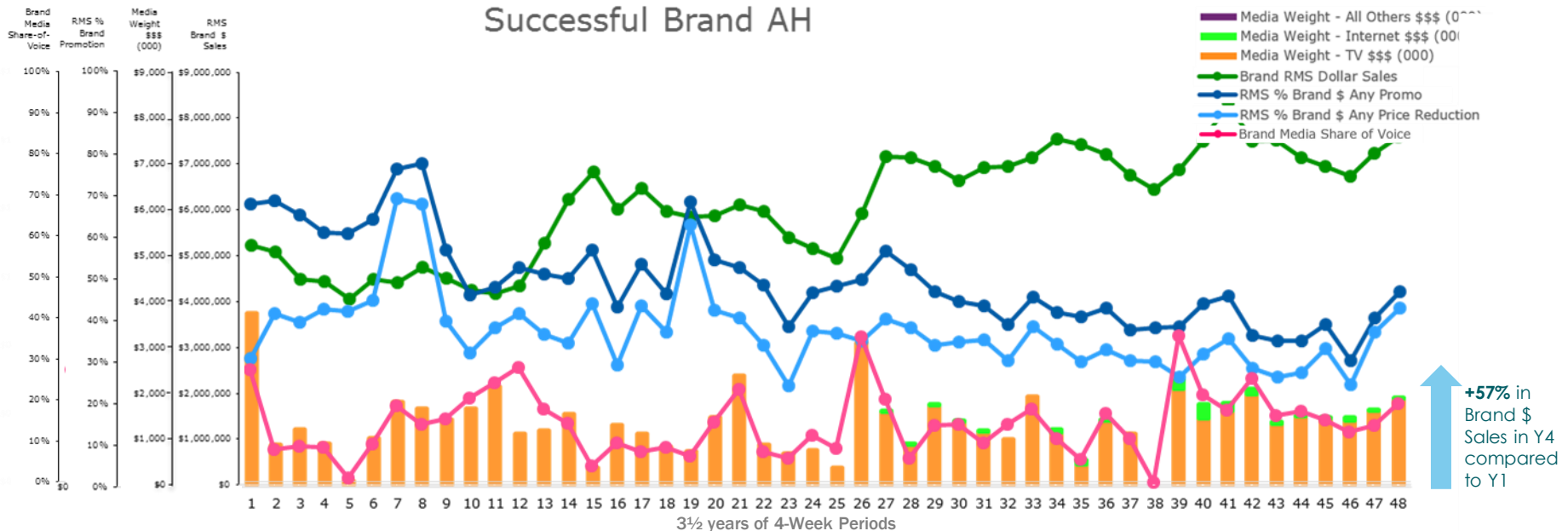
Successful New Brand AC shows steady growth with steady advertising, however, when advertising falls off in the last 6 months, the brand's sales begin to drop.

### Successful Brand AC



# The Exception that Confirms the Rule:

Successful New Brand AH has consistent sales, and consistent ad support.



# Implications

- New successful brands require consistent advertising to see brand sales continue to flourish.
  - Even when there is consistent promotion
- Once a brand is launched, it still needs advertising support to continue to grow.



NEW!

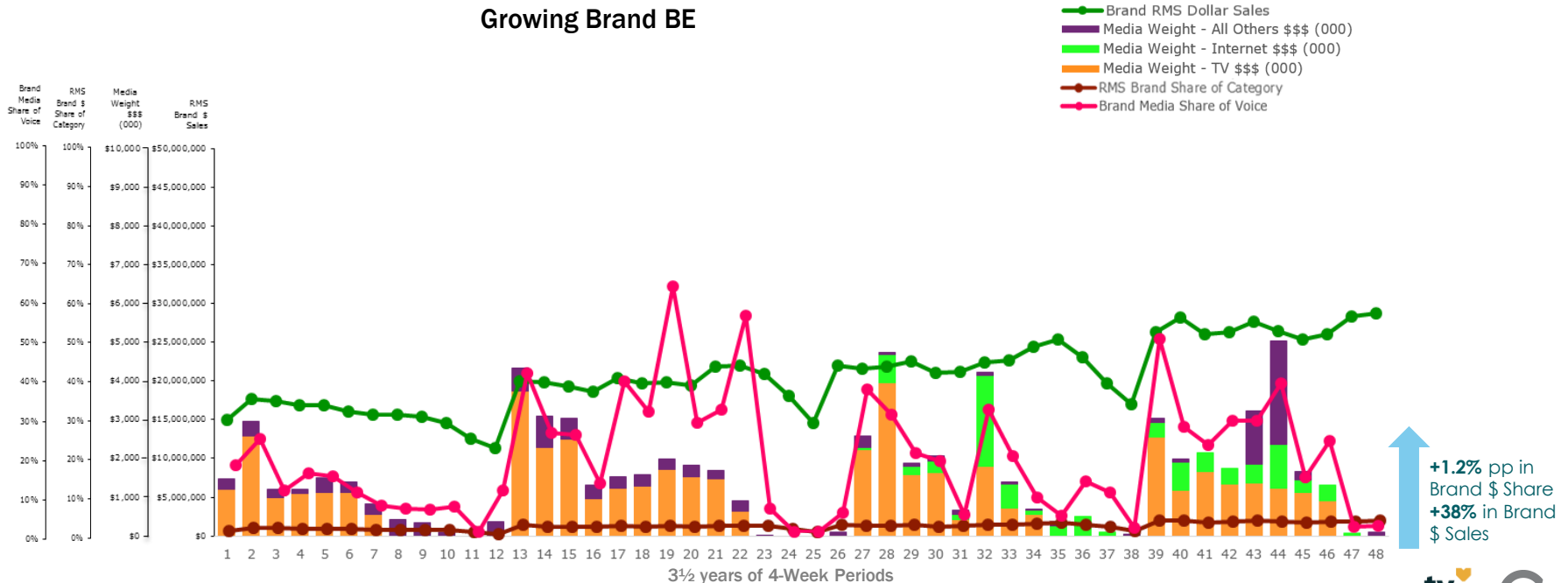


Ad Support is Essential  
for Brand Stability  
and Growth

# Big (Ad) Spending, Big (Brand) Growing

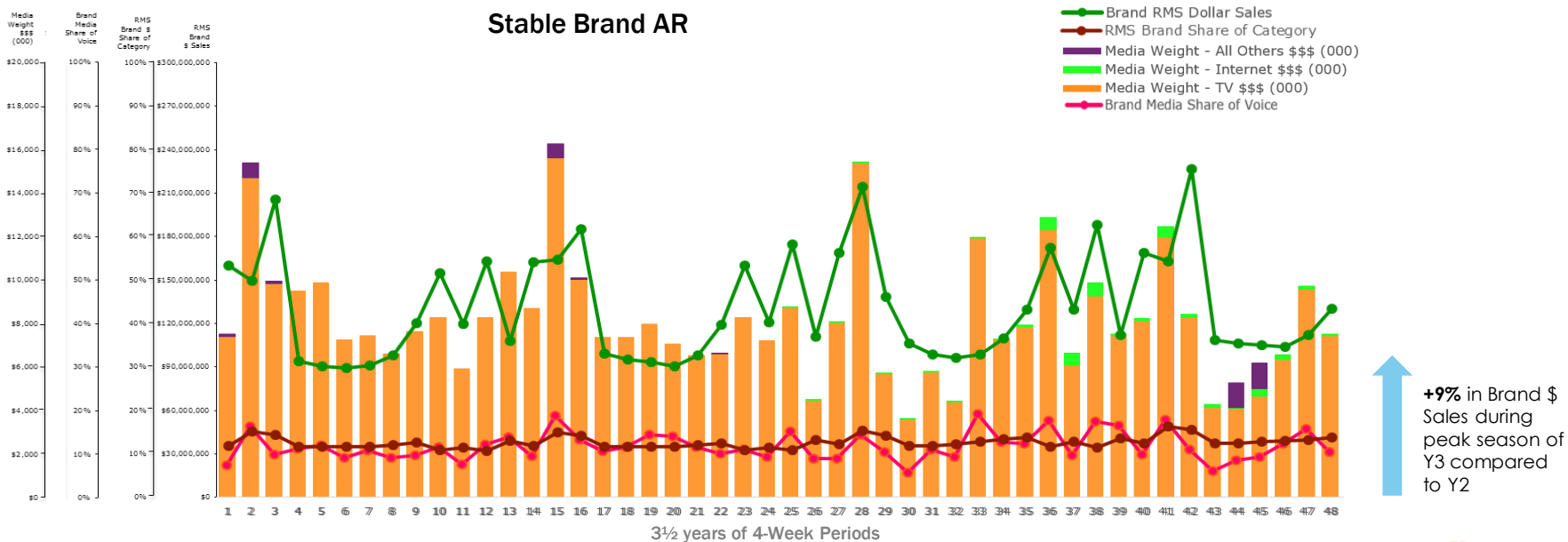
Steadily growing brand BE has year-round ad support  
 Fighting of ad is in sync with brand seasonality, with a **healthy mixture of media types**  
 Media share of voice is disproportionately **high** compared to brand \$ share

## Growing Brand BE



# Seasonal brand, YOY Growth

Stable seasonal brand with two peaks every year. **YOY growth** during peak season  
 Ad spending distributed more **evenly across time** in Y3, and on a **mixture of media types**.  
 More **variations in flying patterns** in Y3

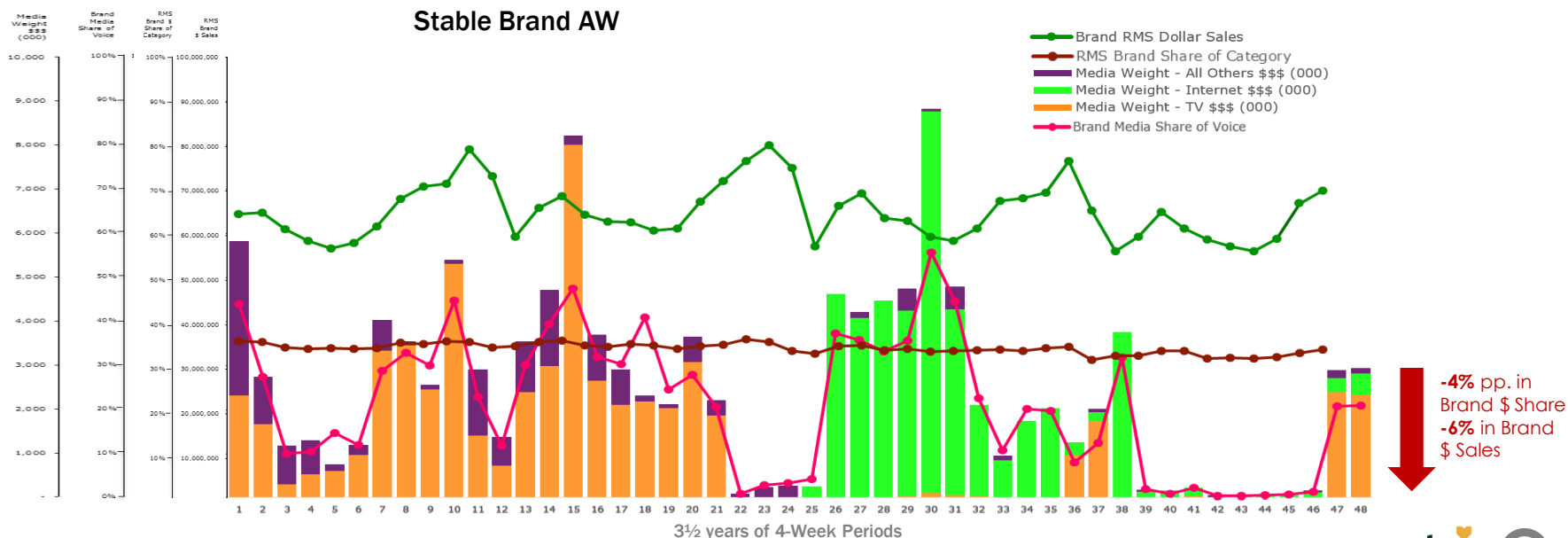


# Less (TV) advertising, slight decline in sales

**Slow and steady decline** in sales after 2<sup>nd</sup> year

Sales didn't pick back up as advertising share of voice came back up

Brand **abandoned TV** mostly for a year, and later had a **long break** in advertising. Towards more recent months, brand had moved ad spending **back to TV**





# Existing Brands Need Advertising Too

- **Most of our analyzed stable brands tend not to go dark for long periods of time**
  - Taking a long break from advertising seems to hurt stable brands
- **Growing brands usually have much higher *Brand Media Share of Voice* compared to their *Brand \$ Share of Category Sales***
- **A good mixture of media types helps drive sales**
- **Better ad support does not necessarily mean more money spent**
  - Smart planning and targeting is key!

# In Conclusion

**ADVERTISING WORKS!**

And it works better when we focus on the basics.



It is required to support brands  
(**NEW** and **ESTABLISHED**)- at all life stages.



# THANK YOU

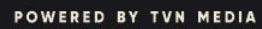
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