A NEW KPI FOR EFFECTIVENESS

Understanding effectiveness for all media is in most cases calculated as the difference between the KPI after the campaign compared with before the campaign. The challenge with this way of understanding effectiveness is that it is less suitable for always on strategies and to understand the effectiveness for a longer period. To develop a new KPI it is important to have a KPI that represents all media and a KPI that is used for understanding effect. RPS is developed for media and represents the real number of contacts that brands have with consumers. In previous articles we have explained the way it is calculated and used by most clients. RPS helps us understand the relationship and the strength of the relationship, with all relevant marketing KPIs, as sales, revenues, website visits, Facebook visits, awareness, attitude, consideration, preference, etc.

We are also able to plan media investments better when using RPS. With RPS we can pinpoint the minimum and maximum number of contacts that is needed to be effective and impact a KPI. We can even give clients a limit on what to spend, in order not to waste money when additional contacts do not lead to additional results. We can plan the most effective amount of contacts that an advertiser needs. In that sense we can determine the optimal bandwidth of media spending. A client who followed this strategy for a period of 6 months saw an increase in sales of 14%. Importantly, this increase was established without increasing media investments.

The strength of the relation with RPS is also a new way to describe the effectiveness of media and makes it possible to compare brands, countries and campaigns in a new and objective way. We use correlation with RPS as a new KPI that has many advantages. It can help in defining the most effective advertiser in each category, the most effective campaign or the most effective medium. We can look at for a short period, but also for longer periods. This means that correlation basically represent effectivity which can be compared between KPIs.

An interesting question to ask is, on which KPI does RPS have the biggest impact? And, for which marketing KPIs do we practically always see a relation with RPS? Can we, based on these relations develop a 'new' measure that firms can benchmark themselves against? In addition to that, does RPS have a direct impact on different KPIs or is it better to incorporate any lagged effects? Meaning that the RPS in the previous week(s) has an impact on the value of your marketing KPI in this week.

EFFECT ON MARKETING KPIS

To answer these questions, we conducted a meta-analysis on recent tracking data. Requirements for the data were that the data should be recent, for a time span of at least two years and that there should be a sufficient amount of media investments during the time period. We created weekly time series with different marketing KPIs, sales and RPS. Eventually we could include 12 brands from different categories that meet our requirements of the data. We conducted several correlational analyses with the different marketing KPIs and different lags of the RPS. In this way we can determine with which marketing KPIs RPS shows the strongest relation as well as whether the RPS has a direct (no lag) or also delayed (lagged) effect on marketing KPIs.

The results show that RPS has a significant relation with almost all marketing KPIs that we measure for multiple brands, as visualised in Figure 1. The conclusion of this finding is that investing in a brand helps and significantly impacts all brand KPIs in the funnel. We do not report relations between RPS and marketing KPIs that we measure for single brands only, because we see big differences between brands.
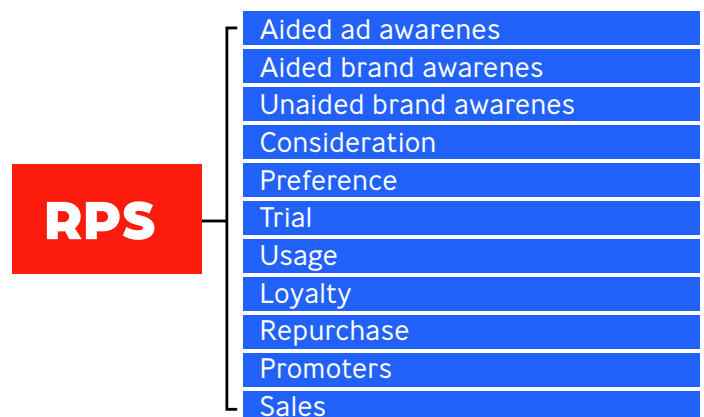

Figure 1: Relation RPS and different marketing KPIs

WHAT IS THE RPS IMPACT?

Now that we have determined with which marketing KPIs the RPS shows a relation, the next step is to determine for which percentage of brands we find a significant relation between RPS and a specific marketing KPI. This shows how important RPS is for a specific marketing KPI across brands. In addition, it is not only vital to know how many significant effects we find, but also whether the found effects are of the correct sign (positive relation between RPS and marketing KPIs is expected) as well as what the average size of the effect is. These results are all reported in Table I.

It can be observed that for the majority of brands that measure aided ad awareness, we find a significant relation with RPS (see column A). This sounds logical, as the first thing that you expect to be impacted by RPS would be ad awareness. For two third of brands we find significant relations between usage and RPS and sales and RPS. The KPIs that show the least significant relations with RPS are preference and loyalty. It is also interesting that for half of the brands, RPS is significantly related to brand awareness, either aided or unaided. KPIs like brand awareness, but also preference or loyalty are probably influenced by other variables than media investments, such as previous experiences with the brand, the size of the brand, promotional pressure, distribution, etc.

We checked whether the found relations are of the correct sign (see column B). We basically expect that there is a positive relation between RPS and the different marketing KPIs. In most cases, for most KPIs, we also find a positive relation, and for some marketing KPIs, we always find a positive relation. There are a few KPIs that also relatively often show a negative relation with RPS, which are consideration and usage. When we dive a bit deeper in these results it could be a result of the type of category, as we seem to find negative effects only in specific categories. An explanation might be for example, that media investments are negatively correlated with some unobserved other marketing activities or other variables that do affect consideration and usage. However, overall, we find for all marketing KPIs and RPS a positive relation on average (column C). We find the largest average effects of RPS on trial, loyalty, aided ad awareness, repurchase and unaided brand awareness.

However, to determine on which marketing KPI the RPS has the largest impact, we should correct the average effect size for the importance of the effect (i.e., percentage of significant effects) we find. This RPS impact measure is reported in column D. The RPS impact is something that brands can expect when checking the relation between different marketing KPIs and the RPS.

Table I: Number and sizes of significant effects

Marketing KPI	A. Importance - % significant effect*	B. % correct sign**	C. Average effect size***	D. RPS impact (column A x C)
Aided ad awarenes	91%	97%	.293	.243
Aided brand awarenes	50%	84%	.217	.100
Unaided brand awarenes	50%	67%	.065	.033
Consideration	50%	53%	.026	.012
Preference	33%	63%	.141	.044
Trial	44%	100%	.294	.129
Usage	67%	53%	.050	.034
Loyalty	33%	100%	.294	.097
Repurchase	56%	95%	.258	.144
Promoters (NPS)	40%	78%	.203	.081
Sales	67%	85%	.178	.119

* Percentage of brands that measure the specific KPI that show a significant correlation between this KPI and RPS.
** Percentage of the significant effects that show the correct sign (i.e., positive correlation between the KPI and RPS).
*** Average effect size across all significant effects.

Based on RPS impact, we can then ultimately form a top 5 of marketing KPIs that are most impacted by the RPS.

TOP 5 RPS IMPACT
1. Aided ad awareness
2. Repurchase
3. Trial
4. Sales
5. Unaided brand awareness

Firms that are examining the relations between RPS and different marketing KPIs are most likely to find the biggest impact for these KPIs. A specific application of this might be for example that the correlation between RPS and a marketing KPI will be used by brands to do some benchmarking. So, each brand can have its own benchmark RPS correlation; will this RPS correlation be higher during campaign periods? In other words, are your media investments higher during this time period?

LAGGED EFFECTS OF RPS?
Now that we have estimated the RPS impact, it is interesting to see whether the RPS has merely a direct relation with different marketing KPIs or that the effect will only take place after some weeks. Although the RPS already contains some decay, it can still very well be that lagged effects are present. To test this, we estimated correlations with the different marketing KPIs and RPS with zero lags up to four lags. Zero lags mean that the RPS value in this week has a relation with a marketing KPI in this week. Four lags mean that the RPS value of four weeks ago has a relation with a marketing KPI in this week. For some marketing KPIs we would expect that a direct effect is plausible, as media investments might have a direct effect. However, for some marketing KPIs it seems plausible that it takes some time before the media investments will change something in consumers' minds. Think for example about KPIs like preference or loyalty that are unlikely to change directly after some media investments.

The results are reported in Table 2. We can infer from this table that for all marketing KPIs we do see direct, as well as lagged effects for RPS. This is an interesting finding, as for some brands and in some categories, RPS has a direct effect, whereas for other brands, the effect takes a bit longer. Also, for quite some brands we see that the effects of RPS last longer. Generally, what can be observed is that more in the beginning of the funnel (ad awareness, brand awareness) the effects of RPS take in quicker, whereas for later in the funnel or more deeply rooted beliefs (preference, loyalty), the effects of RPS are more delayed. In addition, for the latter marketing KPIs we tend to see larger effects later in the funnel. For instance, take a look at loyalty, repurchase or sales, where we see the largest effects, for the latest lag.

In short, when using the RPS it is good to also examine lagged effects. It should be determined per brand and per marketing KPI which number of lags is best to take into account.

Table 2: Lagged effects of RPS

Marketing KPI	A. Direct effects present? (no lag)	A. Lagged effects present?	B. Most sig. effects for lag number?	C. Average effect size per lag
Aided ad awarenes	Yes	Yes	Lag 1-2	Lag 1: .311 Lag 2: .320
Unaided brand awareness	Yes	Yes	No lag	.203
Aided brand awareness	Yes	Yes	Lag 2-3	Lag 2: .245 Lag 3: .110
Consideration		Yes	Lag 1	.038
Preference	Yes	Yes	Lag 1, Lag 3-4	Lag 1: .029 Lag 3: .023 Lag 4: .026
Trial	Yes	Yes	Lag 3-4	Lag 3: .306 Lag 4: .305
Usage	Yes	Yes	Lag 2-4	Lag 1: .130 Lag 3: .064 Lag 4: .080
Loyalty	Yes	Yes	Lag 2-4	Lag 1: .247 Lag 3: .309 Lag 4: .398
Repurchase	Yes	Yes	Lag 0-4	No lag: .142 Lag 1: .277 Lag 2: .292 Lag 3: .282 Lag 4: .299
Promoters (NPS)	Yes	Yes	Lag 1	Lag 1: .080
Sales	Yes	Yes	Lag 2-3	Lag 2: .194 Lag 3: .266

CONCLUSION

To address the shortcomings of traditional research on determining the effectiveness of media, we have developed RPS. RPS is a new KPI that represents the real number of contacts that brands have with consumers. RPS compares each media to another and evaluates them. It weighs each media differently based on the opportunity people have to engage with that medium and notice the ad. On top of that, RPS looks at the decay effect as a result of advertising memory. As a result, RPS is the first real KPI that represents the total sum of all media. Because this KPI outperforms other KPIs that represents all media it can be used in many ways.

With clients we use RPS to plan media better. By determine a minimum and maximum level of contact we are able to successfully implement an always on strategy. But using RPS gives more opportunities. By correlating this with brand related KPIs we have found a new KPI that represent effectiveness. It makes it possible to compare brands, markets, periods and campaigns. The intention of this article is to understand the KPIs that are most impacted by advertising. This helps advertisers in selecting the right KPI for each campaign. It also helps in understanding what the possible effect is that you can expect during a campaign. The stronger the relation with RPS, the bigger the differences between a pre and post comparison will be. It helps advertiser in setting targets better.

In this new meta-analysis, we once again determined the relation between RPS and different marketing KPIs. We basically observe significant relations among all marketing KPIs and RPS. However, we do observe differences per marketing KPI as to how important RPS is (i.e., which percentage of brands show a significant relation between this marketing KPI and the RPS).

In addition, we also observe differences in the strength of effect across marketing KPIs. Therefore, we calculate the 'RPS impact' measure that takes into account the average strength of effect as well as how important RPS is for how many brands. The RPS impact is something that brands can expect when checking the relation between different marketing KPIs and the RPS. In that sense, brands can use the RPS impact as a benchmark and examine whether during campaign periods the RPS impact is higher.

So, because of its sophisticated measurement and the fact that RPS shows significant and positive relations with many marketing KPIs, it can definitely be considered the holy grail in media and a new view on effectiveness.

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