

# “THE HOLY GRAIL” IN MEDIA

The corona crisis has led to less media investments this year, compared to previous years. The estimates range from 12% to as much as 20% less media investments ([Adformatie, 2020](#)), but that is based upon the current situation. However, as we already have seen in [previous analyses](#), it is actually beneficial for firms to invest in media and advertising during a crisis. There are 2 reasons for this, namely: 1) there is less clutter and 2) there is a direct relation between share of voice and share of market. Because of these findings we have received a lot of questions on how to determine the most optimal level of spending. The answer comes from 2 relatively easy approaches:

1. **ESOV based approach:** Make sure that your share of voice is at least higher than your share of wallet and the result will be that your brand will grow in terms of sales. This approach is already developed decades ago by Unilever and is according to many specialists still applicable.
2. **Optimum spend based approach:** Find a KPI that represents all contacts, link this to sales and try to find an optimum spend. For this we see that the KPI that is used for these analyses is difficult to find. It seems that total spendings are used most often.

In this article we have looked into the opportunity to create a new optimum spend based approach. In order to make this approach more relevant and reliable DVJ had to develop a new KPI for media and approach that could support this.

## THE CURRENT OR “OLD” SITUATION

In order to understand the effectiveness of media and to increase the ROI on communication spends, the large majority of researchers relate media investments to brand and sales KPIs. In order to understand the effects of media investments, graphs such as shown in Figure 1 are created. The horizontal axis represents time (generally weeks), and the vertical axis represents a relevant KPIs. The general assumption is that inspecting a graph that pits media investments against KPIs enables us to determine whether or not a campaign has been successful. In additional analyses, we look for the

presence or absence of relations between different KPIs and media investments.

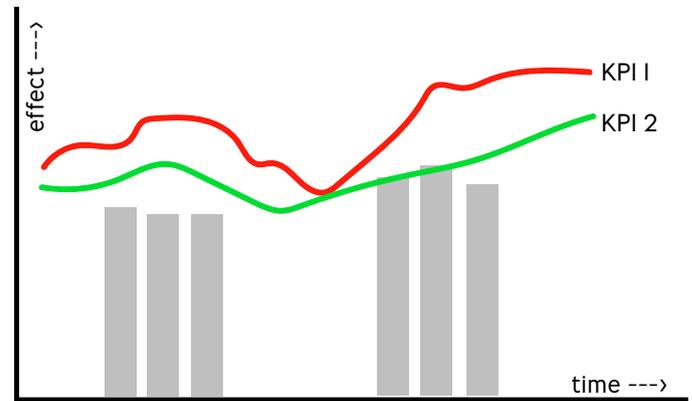


Figure 1: traditional way of representing data in tracking

The main problem of this approach and way of working is that it does not integrate learnings from academic research. In other words, it is a simplistic representation of data without any added intelligence. The most important shortcomings of the traditional approach to understanding media effects can be summarised as follows:

1. **Media differ in their impact:** The unique characteristics of each medium make it likely that media channels vary in the likelihood of reaching consumers and making them remember the campaign. For example, viewing an advertisement in the cinema is likely to have a substantially different impact than an ad on a news website.
2. **Ad formats matter:** Within each channel, the specific format of ads drives their effectiveness. For example, in online advertising, we know that the likelihood of seeing a homepage take-over is much higher than seeing a skyscraper banner.
3. **Ads may linger in memory:** Merely visually inspecting the effects of weekly investments on relevant KPIs in that same week implies that weeks without media investments should not impact consumers. However, we know that advertising effects generally show a gradual decrease of impact. The size of the decay is dependent on the history and awareness of a brand.

4. Creative execution is pivotal: The creative execution plays a massive role in the effectiveness of advertising. In addition to influencing consumers' overall feelings in response to an ad, we also know that the ad itself impacts whether consumers are attentive to an ad. Ads that are not noticed will not have an effect.

These aspects made it necessary to develop a new KPI that represents all contacts better than spendings. Based upon academic research and over 20 years of experience in media planning DVJ Insights has developed an approach where media investments are translated into 'real' contacts. This leads to a new KPI for media effectiveness; the Reality Performance Score (RPS).

#### **WHAT IS RPS AND HOW IS IT VALIDATED?**

RPS 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. It differs if you are for instance watching a video online, or at the cinema. On top of that, RPS looks at the decay effect as a result of advertising memory. RPS looks back at the number of contacts from last week and adds a part of that to this week. It is an intelligent algorithm. Finally, we have integrated the possibility to use the strength of the creative as well. As a result, RPS is the first real KPI that represents the total sum of all media.

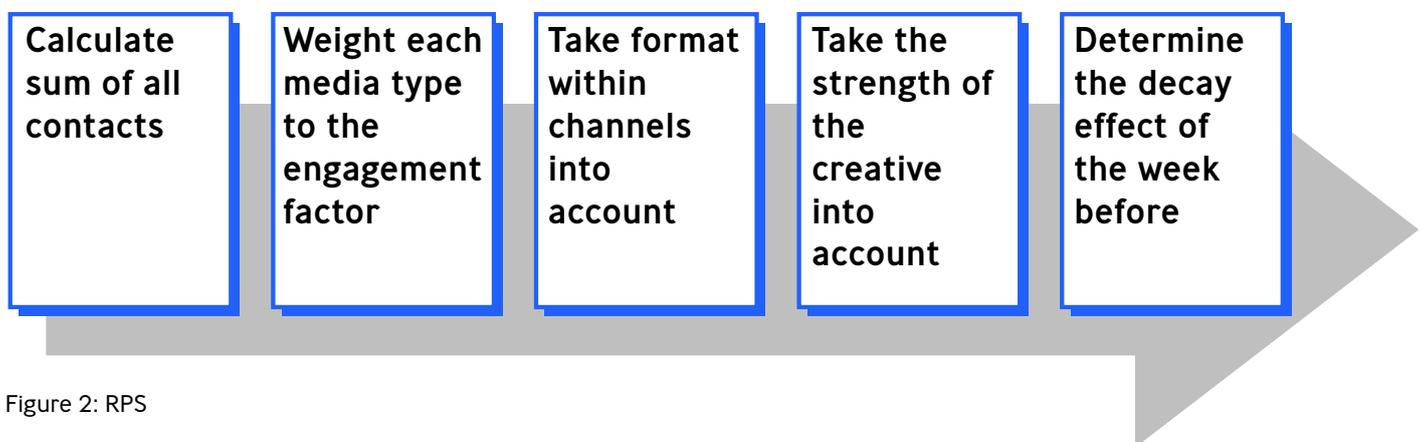


Figure 2: RPS

In the past, we validated the RPS compared to expenditures and GRP's by conducting a large meta-analysis. For 52 weeks DVJ measured over 300 ads from more than 30 brands, in 5 different categories. For each of these brands we have created time series data with marketing KPIs, expenditures, GRP's and RPS. The results were promising and eye-opening to the people involved.

1. We found that there is no significant relation between expenditures and marketing KPIs. This implies that a lot of the marketing mix modelling that is taken place should stop working with expenditures in their models!
2. The relation between GRP's and marketing KPIs is weak. If there is no other option, we recommend working with GRP's instead of expenditures.
3. However, the strongest and most significant relation was between RPS and marketing KPIs. For almost all brands we saw a significant relation with RPS and the different marketing KPIs.

This validation study proved that there is a new KPI that represents all media - the holy grail - and performs well on measuring marketing

effectiveness. It outperforms the traditional KPIs like expenditures and GRP's and offers lots of possibilities to plan campaigns more effectively.

#### **THE IMPLICATION OF USING RPS**

The main conclusion based on the validation is that RPS is a better predictor of effect than expenditures and GRPs. Never before has a measure been available that can so strongly predict the effect of communication. As a result, many new things are possible. An important addition is that the relationship with other sources can be determined. For example, the number of contacts can be linked to brand tracking (knowledge, attitude), website tracking, social mentions and, last but not least, hard sales figures. The cohesion provides a new perspective on effectiveness and can be used to compare brands, campaigns and countries.

What this new measure is also used for is determining the optimal number of contacts, especially during a crisis where it is essential to distribute the limited budget as optimal as possible. How much is needed and when is it too much related to the KPI you want to influence? We have developed a bandwidth analysis for this, which has

also been translated into a tool with which agencies and advertisers can plan future campaigns. For this, the weeks with comparable amounts of contacts are listed and partial correlation during these periods is examined. In this way we can calculate exactly where the two turning points are. At what number of contacts does the effect start to occur and where does the effect not increase or even decreases? That leads to us getting bandwidths as shown in Figure 3.

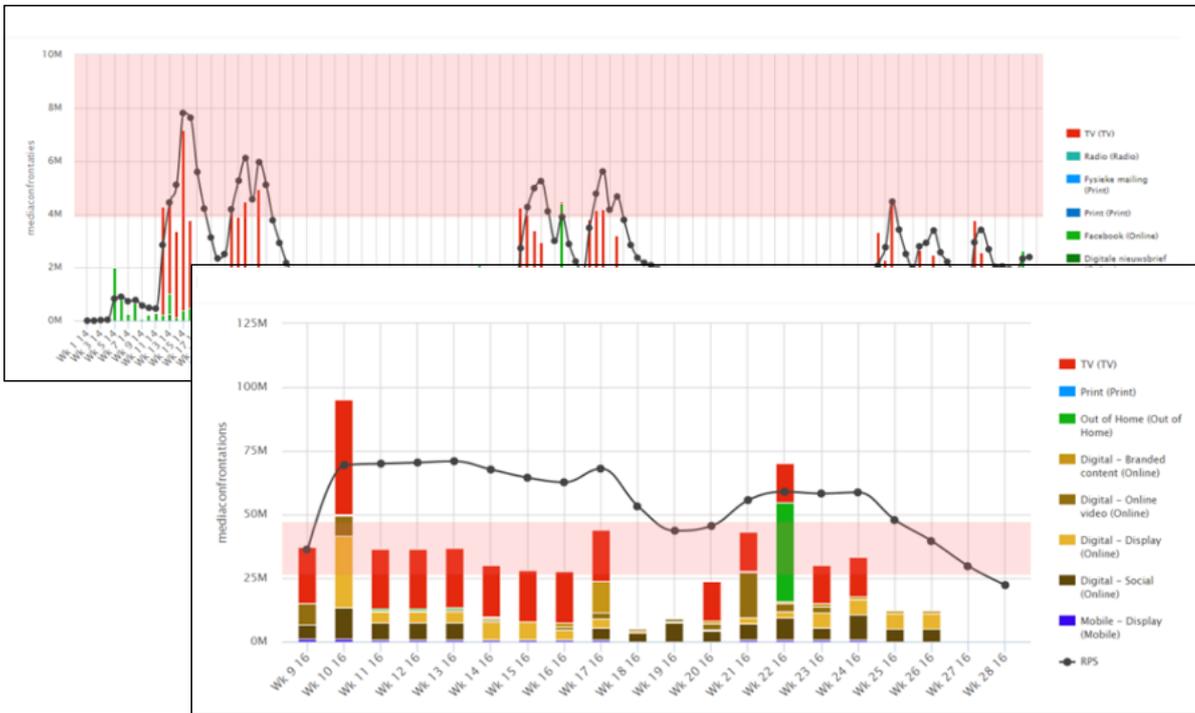
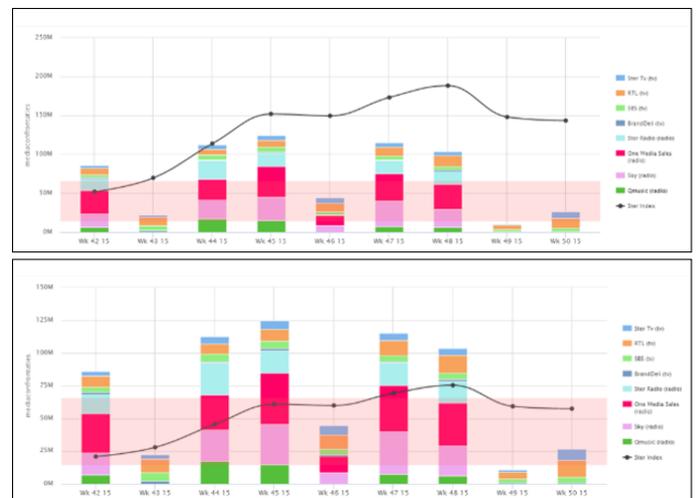


Figure 3: Bandwidths

It is important that the minimum and maximum number of media contacts can be calculated for each individual medium and KPI. This allows brands to make informed choices about which KPIs to steer with which media. Based on this insight, brands can adapt campaigns to their goals.

In order to predict and optimise future campaigns, we have developed a unique tool to calculate the RPS that a future campaign would yield. This allows marketers to evaluate their media plan and determine whether their media plan is likely to produce the desired results. The predictive value of this tool is even higher when the creative power of the campaign is included. We have made this tool available to our clients and their agencies and have given them the opportunity to upload any media plan they have devised to see what the effect of the campaign might be.



The results of working with RPS and the “prediction tool” have led to significant improvements in the results. RPS can be used directly in tracking and campaign effect measurements. Does it provide added value for the market? Definitely. We have been invited to present our vision at several conferences. The best proof is the co-presentations. It shows that by systematically using our tools, clients are able to achieve marketing objectives.

## INNOVATIVE ASPECT AND APPLICABILITY TO THE MARKET

In all 3 phases; developing, validating, and implementing, various data sources were used to come to a new workable measure. Which is unique because of the thoroughness with which it was carried out. Ensuring great applicability to the market. Several client cases which were presented at different conferences illustrate this the best:

- In the FMCG industry our client used a continuous presence strategy. Because the brand was active in different categories, each campaign for a category was directly followed by a new campaign in another category; all for the same brand. This was accomplished by constantly campaigning in a particular cycle. Based on the relations we found with RPS, it turned out that there was too much attention for the brand itself, but not enough for the individual products. Planning each campaign from the bandwidth for the main KPI, made the campaigns more effective. The research enabled the brand to organise its campaigns more effectively and a strong increase in the impact of each campaign. Interesting for this case was the low level of GRP's that were necessary per week. This level was lower than what most media agencies considered as the minimum threshold.
- Another client in the electronics industry wants to become a more ambitious brand; a brand that had a stronger customer connection and was stronger in the mind. This brand faced a strong high-end competitor with a lot of brand love. For this purpose, a unique KPI has been developed that indicates the perception of the brand. Based upon some econometric modelling we also found that this new KPI had the strongest impact on actual sales. We initially studied which marketing efforts would have the most impact by integrating media, PR and activities in store. The right combination of PR, promotional activities and media turned out to be the answer. However, it was important to plan and phase these different activities better over time. By linking PR to RPS, we were able to develop a strategy for this which was translated into a strategy by the media agency. Using DVJ's planning tool resulted in the right continuous presence and in achieving all the brand's objectives. The research enabled the brand to always be present with the right media pressure. The result of the improved integration of media and PR resulted in a stronger brand position and more growth.
- Another client in the entertainment industry had a clear media strategy based upon holiday

planning. A few weeks before the important holidays started, a campaign was launched, and substantial investments were made. The peak in investments were followed by a peak in the number of visitors. However, the question was if this peak was caused by holiday planning or by the media. By systematically following the effects of this behaviour and comparing different sources, we learned the following:

- The moment when media were used came too late. Based on the orientation behaviour of visitors, it emerged that earlier presence was important. The peak in visitors was stronger linked to holiday planning than to media.
- In the periods just before a holiday, the brand invested too much, whilst in the period before that, more pressure was needed. The real moment of truth for our client was earlier than expected and at that moment no media was invested.

The media strategy needed to change. For that reason, an always on strategy was developed, and we used our bandwidth tool to find the minimum number of contacts that were necessary to evoke effect. As a result, the brand has exceeded expectations in the number of visitors and the continuous always on strategy was implemented successfully.

The experiences of clients show that we offer them something that is unique and leads to new insights. But usability is also emphasised in other ways. For example, we started a project with Les Binet in the UK: he would like to work with us to further enrich the experience he has. We have also started a PhD project together with the University of Groningen, which will also enrich this on a more academic level. Little is known about this within the academic world, and Groningen, as a top university, is happy to be involved. From a scientific point of view, the University of Groningen has the highest accreditation in the field of marketing and research in the Netherlands.

