MEDIA INVESTMENT:

WHY YOU SHOULD JUDGE IN TERMS OF SHOPPER RECRUITMENT, TOO

APRIL 2018

SALES UPLIFT IN THE SHORT TERM

SHOPPERS VERSUS SALES

LONG TERM IMPACT OF ADVERTISING

KANTAR WORLDPANEL

CHANGING MEDIA SUCCESS MEASURES

By the end of 2018 the global media industry is set to be worth over $550 billion.

With this number growing and consumer packaged goods (CPG) brands making up a quarter of that spend, understanding the impact of advertising is crucial.

CPG brand growth is directly linked to finding new shoppers, so you must ensure your media spend is helping you do the same.

We have conducted a series of analyses to isolate the effects multi-channel advertising has on CPG brands globally, focusing on the impact of media on shopper behaviour. In the short term it creates a direct uplift on sales, but the media effect does not finish with the campaign—advertising can make a campaign's impact last far beyond its end.

FINDING NEW SHOPPERS

A brand's shopper base is never static. On average, half the shoppers who buy you this year will not buy you the next. We have seen that, for a brand to grow, it needs to find new shoppers. Of all the CPG brands growing globally, 9 in 10* have done so through increasing penetration.

Linking brand growth directly to finding new shoppers means you must ensure your advertising is supporting this. Putting the shopper at the heart of your media analysis unlocks both short- and long-term growth.

In the following pages we will look at how this works in practice, and what it means for brands wanting to boost advertising's impact on sales.

*Source: Europanel BG20

THE ANALYSIS SUPPORTING THIS PAPER

We have analysed how multi-channel advertising (including TV, print and digital) affects branded CPG sales, collecting data across Asia, Europe and Latin America. Our studies cover in-home purchasing and look at brands within the food, drink, homecare, and beauty and personal care sectors.

All effects are controlled by the presence of promotions, as well as the underlying equity or loyalty associated with each brand analysed. We have identified sales uplifts within specific buyer groups, enabling us to look at advertising's impact on both new shoppers and existing buyers.

We've formed a global partnership with Facebook, bringing its mobile and desktop ad exposure data into our Consumer Media Measure (CMM) service.

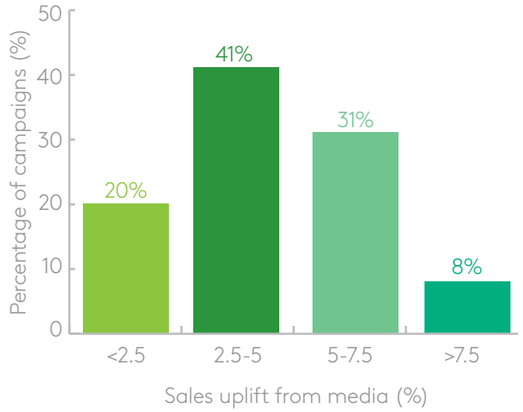
This solution gives brands and advertisers an understanding of the real impact individual advertising campaigns have on actual sales, and the contribution Facebook and other media have on return on investment—helping them optimise media planning and, ultimately, improve the efficiency of their media investment.

SALES UPLIFT IN THE SHORT TERM

HOW MUCH SHOULD BE EXPECTED?

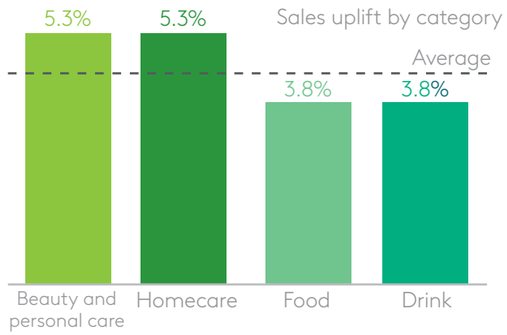
The short-term impact of any successful media campaign should be an uplift in sales. From our studies isolating the impact of media, we can see that **the average impact of media in the uplift for any CPG brand is 4.5% of the total sales during a campaign.**

We can help see how realistic your media targets are—with less than 1 in every 10 campaigns reporting sales uplift of 7.5% or above, is your target higher than this?



The sales uplift provides key benchmarks—particularly at sector level, where we see the biggest differences. With an average uplift 20% higher than the global benchmark, beauty and personal care, and homecare brand campaigns are the most responsive to advertising. Food and drink brands, on the other hand, see an average uplift of 3.8%—14% lower than the global figure.

When looking at media campaigns, considering your sector benchmark is key.



SHOPPERS OR SALES?

Advertising's effectiveness should be measured not just by financials, but on how many new shoppers it has brought into the brand.

Two campaigns that generate the same level of sales might appear identical, but when we look through the shopper lens we can understand its true success. By knowing how many new shoppers a brand campaign has attracted, we can see advertising's long-term impact.

NEW VERSUS EXISTING SHOPPERS

From the shoppers who have been influenced during a campaign, more than one in three (37%) are new*. They account for $1 in every $5 spent by those who have changed their behaviour as a result of seeing the brand's media, providing solid evidence for how advertising supports growth.

New shoppers attracted to the brand because of its advertising are likely to be lighter buyers initially. They may be testing the brand against a competitor they usually buy or entering a category for the first time. Therefore, the long-term gain comes in the opportunity to keep them in the brand.

Alongside attracting the all-important new shoppers, Media also benefits a brands penetration through stopping existing ones from leaving. We see on average over a quarter of shoppers not leaving a brand due to the Media that person has seen.

This means that in total 64% of shoppers are having a positive impact on brand penetration when we combine the new with those not leaving.

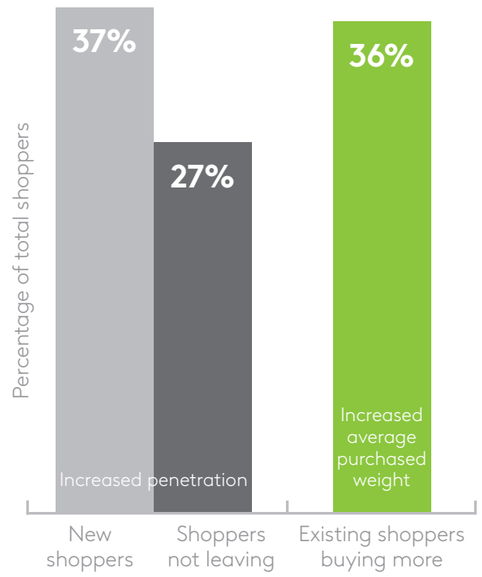
The third element we capture are existing shoppers increasing their spend, with 36% of people during a campaign behaving this way.

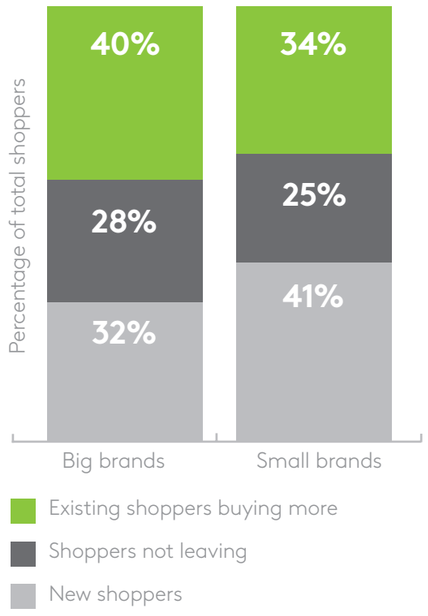
SIZE MATTERS

The mix of new versus retained shoppers is particularly important when we look at the differences between big and small brands, which have an almost identical sales uplift coming from media. Our data shows that big brands tend to get a much higher proportion of their media sales from existing shoppers buying more, whilst smaller brands benefit more from attracting new shoppers.

When benchmarking the success of a campaign, as well as considering the sector you play in, it's important to think about the size of your brand.

*Not purchased in the previous six months

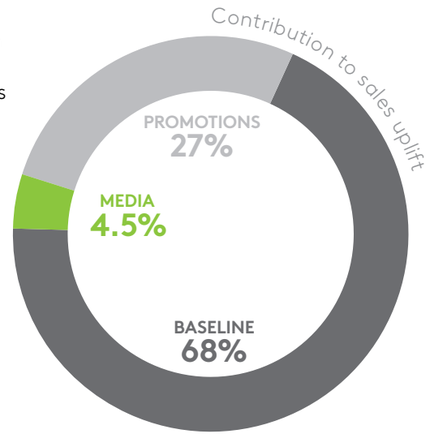




LONG TERM IMPACT OF ADVERTISING

When conducting our analysis, we measure the short-term uplift in spend during a campaign—comparing the impact media has with that of promotions and baseline sales. Although it shows media has the smallest contribution to the sales uplift, at 4.5%, this does not consider the long-term impact media has—with the potential for new shoppers to become loyal, and therefore captured in the baseline in the future.

The baseline contribution is a combination of the expected level of sales based on the size of the brand today, plus the long-term loyalty built through media and the products delivering once purchased. While promotions are effective in the short-term, they do not drive long-term loyalty. Therefore, to determine whether a campaign has truly been a success, it's vitally important to understand the shoppers behind the 4.5%.



Marco Rimini, Mindshare's Chief Development Officer, discusses the importance of analysing shoppers over sales, and why media campaign measurement must move with the times.

ON HOW BRANDS GROW

I can't remember an academic piece of research having so much traction and impacting so many global clients as successfully as Byron Sharp's How Brands Grow.

A minor caveat would be that it tends to be the CPG industry that has bought into it. But Sharp has effectively won the argument that, with low price and fast-moving goods, there's no such thing as loyalty.

There's a constant flow of people through your brand, so you've got to make yourself as available as possible to the broadest number of people in the category at any given time. I totally buy that.

ON OUR CONSUMER MEDIA MEASURE SOLUTION

The reason I like the Consumer Media Measure (CMM) is because it concentrates on shoppers rather than on sales. It reframes the problem in a way that reflects reality: it makes people focus on recruiting customers to them, keeping them, and then continuing to recruit new ones. That's a much better measure of success than sales uplift alone. It also fits with how we plan and buy campaigns today—the speed, the value and the granularity. This whole business is heading towards audiences: planning and buying audiences; tracking and measuring the success we're having with those audiences. And CMM fits very nicely with this philosophy.

ON TARGETING

There was a switch about a year ago, when clients started to get less interested in finely tuned campaigns that inspire greater loyalty, and much more interested in creating broad reach across the category.

My biggest issue with targeted advertising is the need to make sure that the cost of the targeting data and the cost of the buy don't exceed the possible return on the profit of selling the service.

WHAT THIS MEANS FOR ADVERTISERS

In the short-term we have seen that the average impact of media in the uplift for any CPG brand is 4.5% of the total sales during a campaign. But it's important to remember that, if you're looking at your media campaign only in sales terms, you're forgetting half the conversation.

For any given campaign more than a third of the people attracted to the brand after seeing its advertising will be new shoppers.

And, alongside finding new shoppers, media also helps retain existing shoppers—as well as encouraging them to spend more.

Providing your brand delivers this short-term gain, media can support long-term growth by converting new shoppers into loyal ones.

KEY BENCHMARKS FOR EVALUATION

Through our findings we recommend considering the following key points when evaluating your media spend:

WHERE YOU PLAY
Your brand sector impacts expected sales uplift.

OVERALL PENETRATION UPLIFT
Explore the mix of new versus retained shoppers.

THE SIZE OF YOUR BRAND
Bigger brands should expect fewer new shoppers than smaller brands.

True success needs to be measured not only on sales uplift, but on how many new shoppers have been attracted to the brand—along with the purchase behaviour change in existing shoppers.

FIND OUT MORE

If you'd like additional information on our Consumer Media Measure, please get in touch with your usual Kantar Worldpanel contacts or email:

Kerry Corke
Global Media Director
kerry.corke@kantarworldpanel.com

About Kantar Worldpanel

Kantar Worldpanel is the global expert in shoppers' behaviour.

Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organisations globally. With over 60 years' experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behaviour into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.