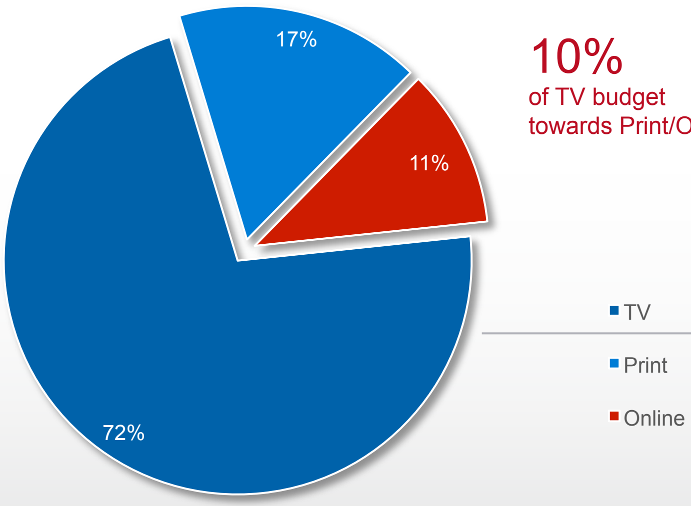
Cross Media Analysis

Increasing ROI in the media mix L’Oreal case study

Main content

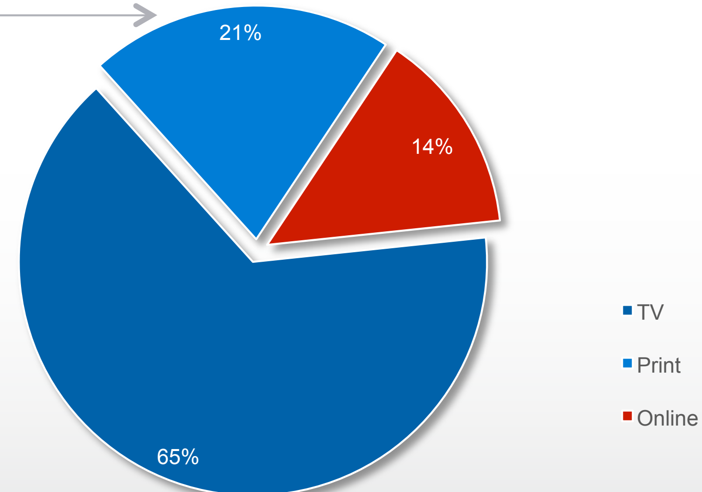
Increase ROI by 32% by shifting 10% TV budget

Current budget allocation



10%
of TV budget
towards Print/Online

New budget allocation



ROI indexed on 100

ROI = 132

Set-up and objectives

Study objectives

Main Research questions

1 Online and off-line have different “languages”: **how do we integrate them towards one currency?**

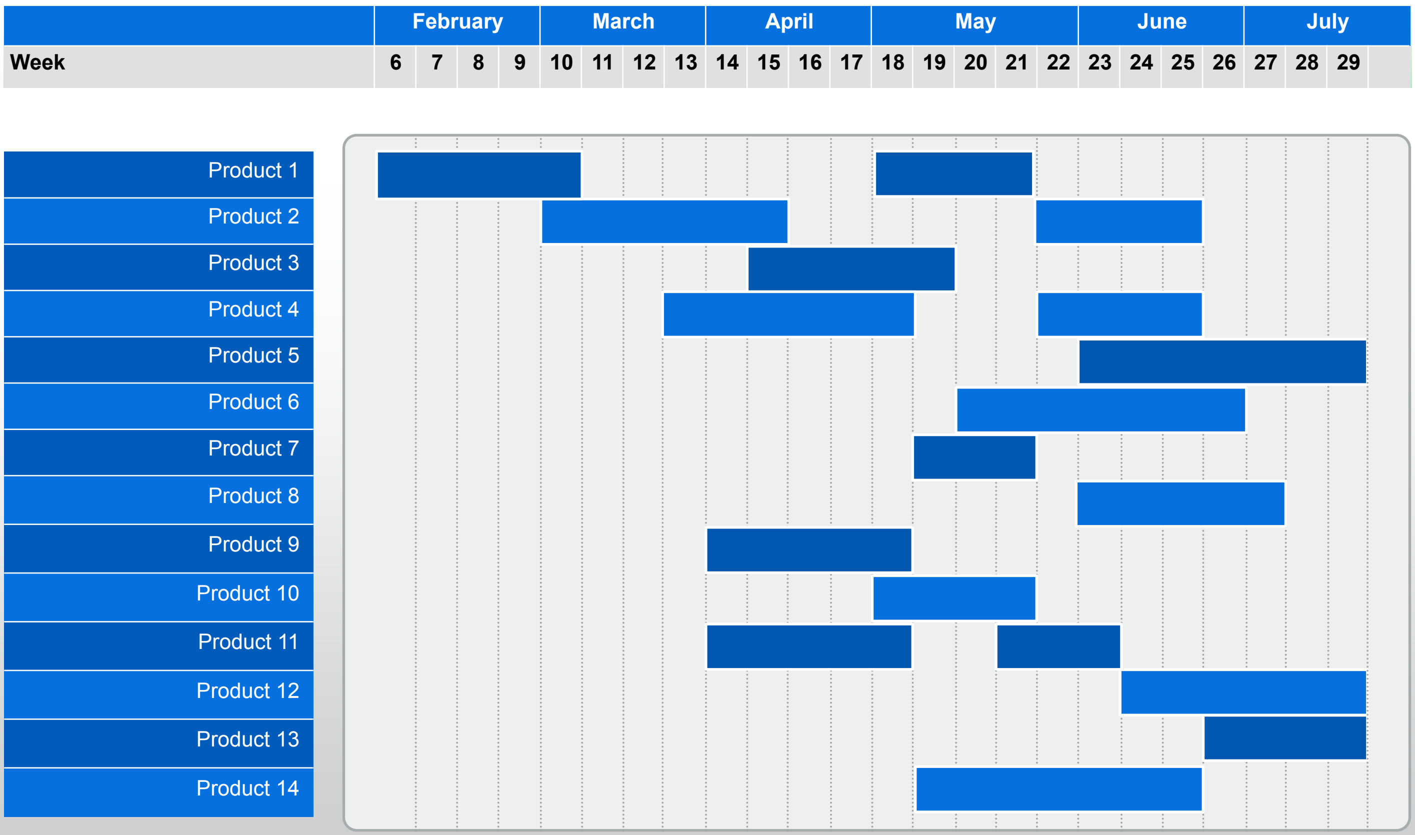
2 Online and off-line have different impact and cost: **how do we compare and optimize the media mix?**

Research questions for optimizing the media mix

- How do **cost** per GRP for TV, Print, Display, Video Ads and Rich Media compare?
    - How to optimize reach and (effective) frequency across media/formats?
- How does **targeting** of media and ad formats compare to each other?
- What is the **impact** of the different media and ad formats compared to each other?
- How do **cost/effect (ROI)** scores compare?

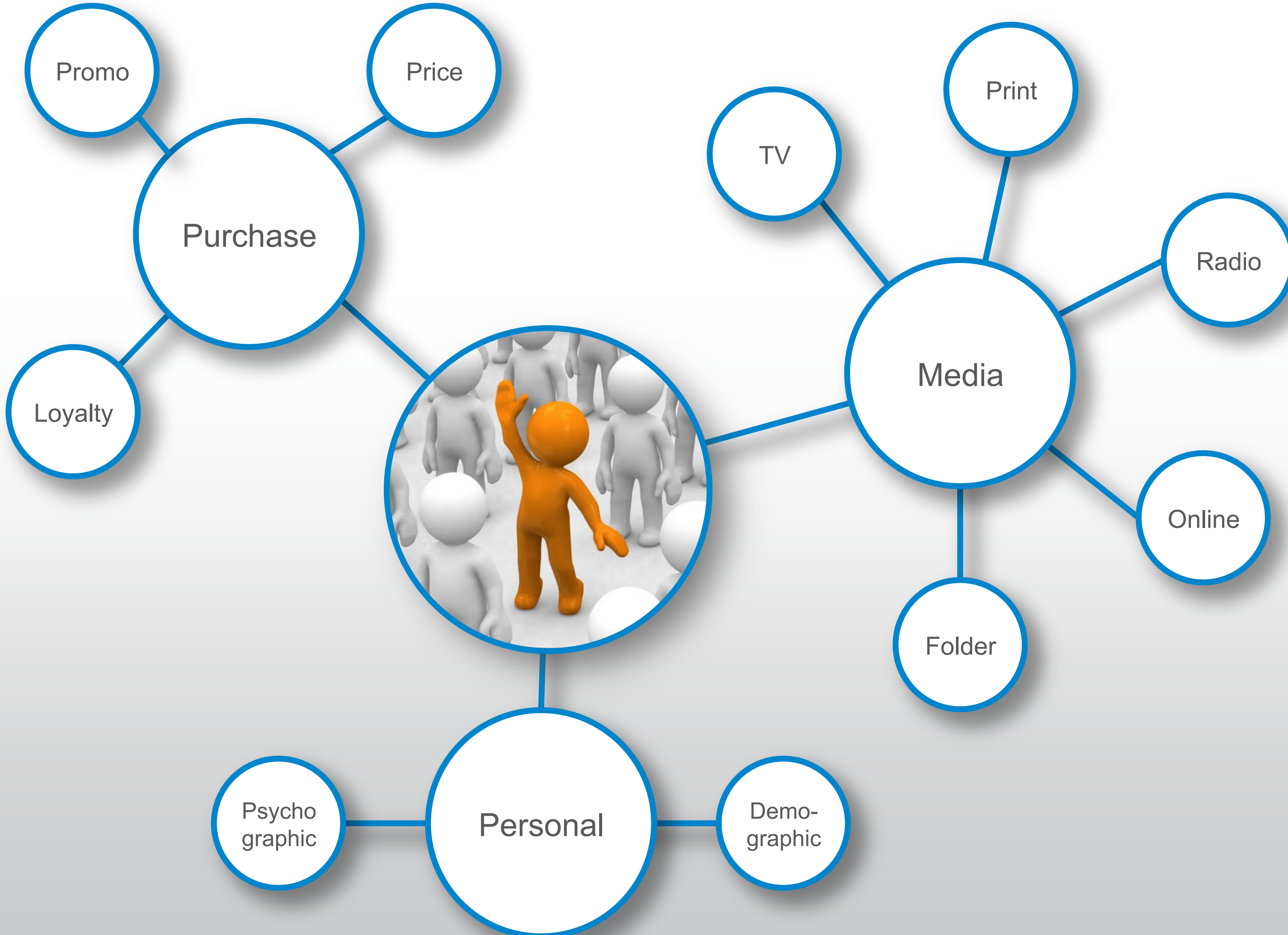
Research and campaign period (18 campaigns included)

The research and analysis were done over a 5 month period, including 18 campaigns of 14 different beauty products.



Method: Media Efficiency Panel

Purchase and media behavior measured from the same individuals (single source)



How to reallocate 10% TV budget and increase ROI by 32%?

Cost

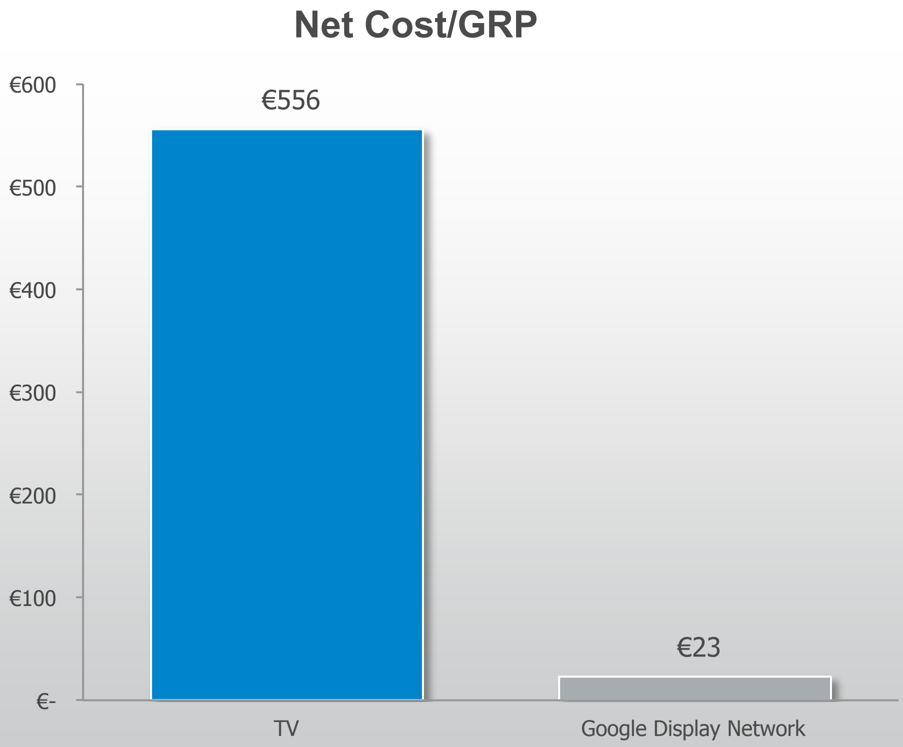
Targeting

Impact

Cost/Effect

Low cost/GRP on GDN results in opportunity to increase ROI using a small part of the 10% TV budget

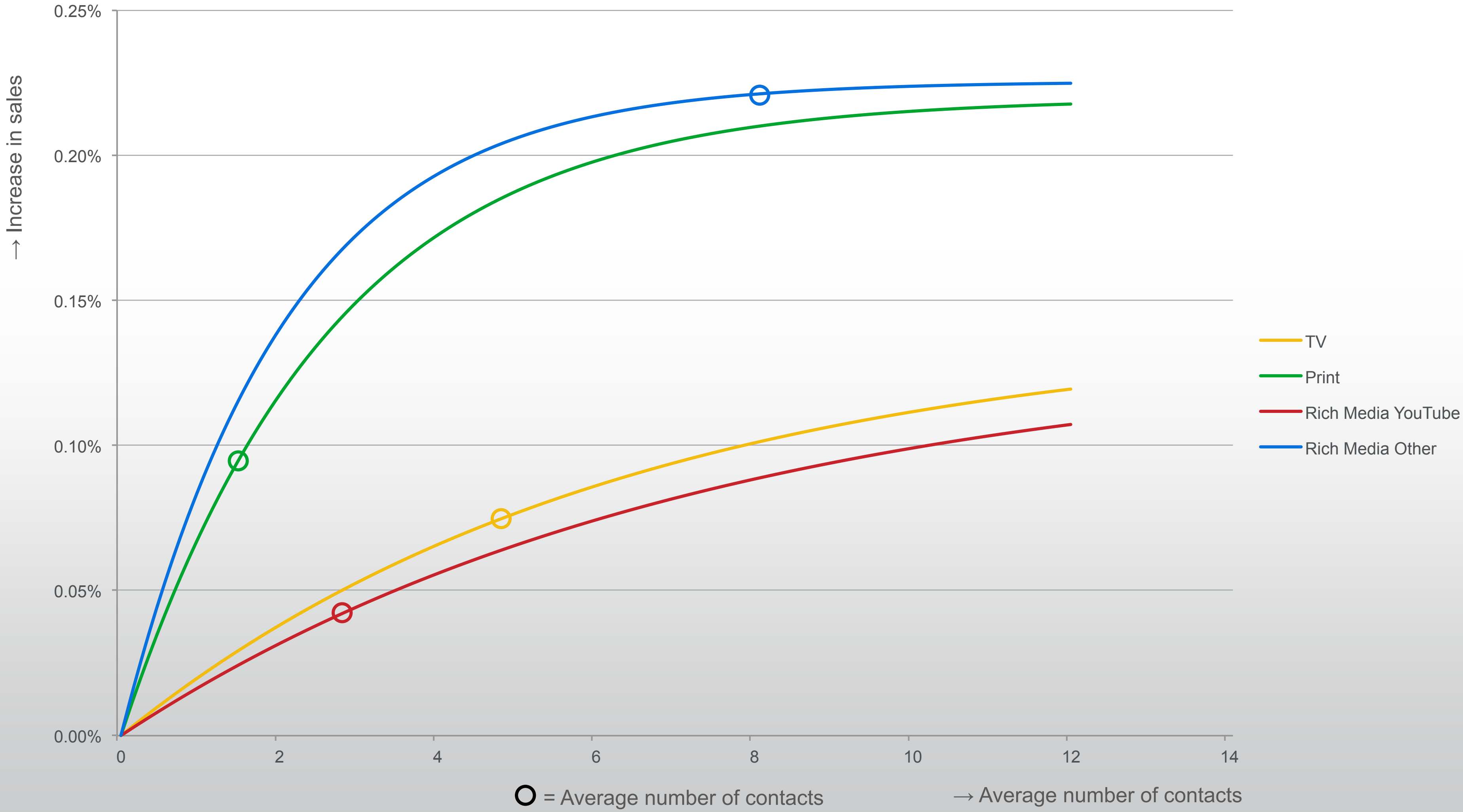
The cost/GRP (or CPM) on Google Display Network on average are ~20 times lower than TV, targeting is 9% better and impact per served impression is about a fifth of TV. This results in ~4 times higher ROI at current spend level. A small part of the 10% shift in TV budget is allocated to GDN resulting in 4 times more GDN impressions.



Source: price of GDN is based on the auction + Cost/GRP TV from Carat Media facts booklet (TV net cost based on 70% average market discount)

Shift budget to media that are in steeper part of ROI curve

Shift part of TV budget towards print and part of 'Rich media other' budget towards YouTube



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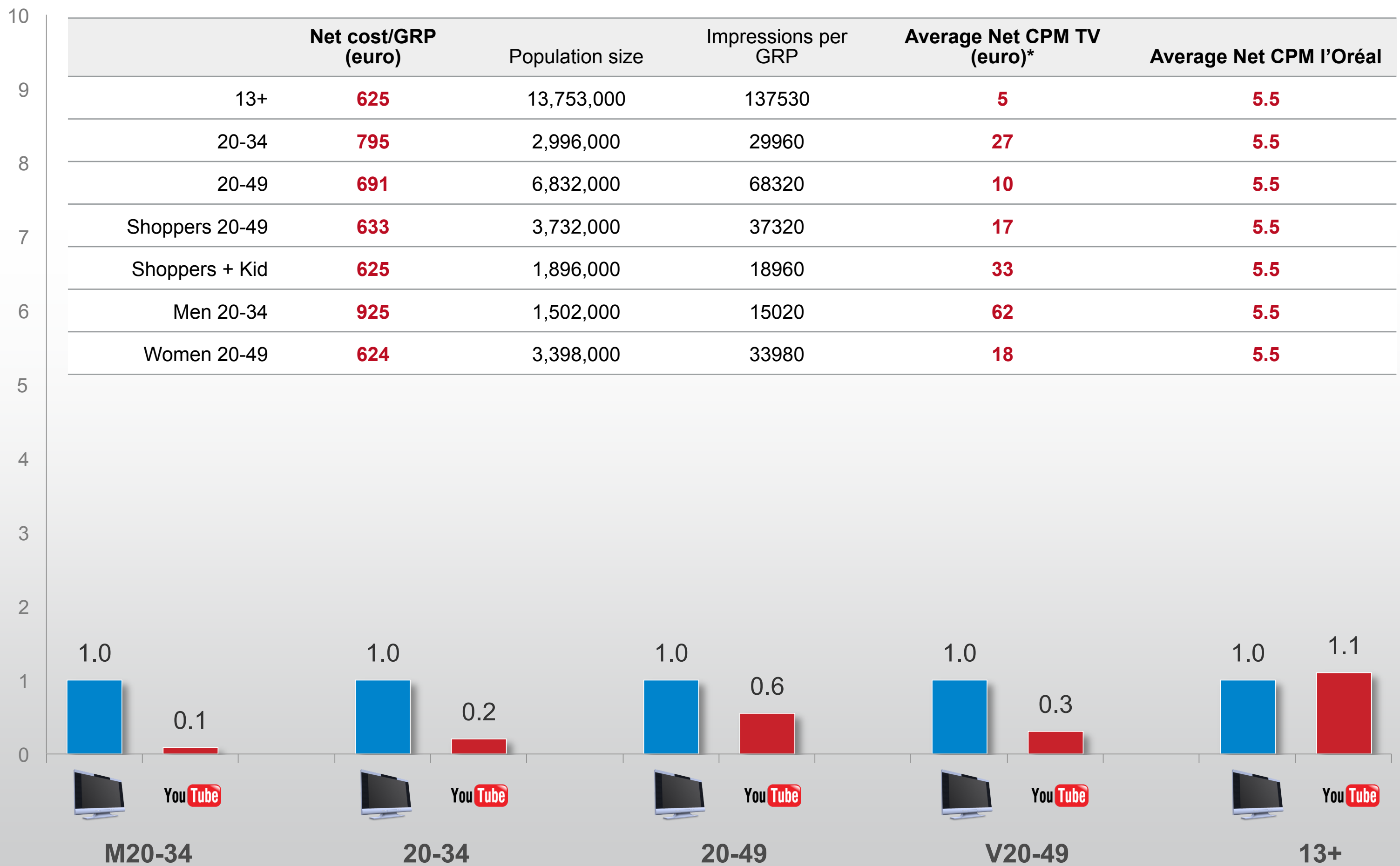
For many audiences targeted pre-roll is cheaper than TV

On TV smaller audiences have a higher GRP price whilst each GRP delivers fewer impressions. YouTube Pre-roll has more stable rate by audience.

Net Cost/GRP

Indexed against TV for common TV audiences

	Net cost/GRP (euro)	Population size	Impressions per GRP	**Average Net CPM TV (euro)***	**Average Net CPM l'Oréal**
13+	**625**	13,753,000	137530	**5**	**5.5**
20-34	**795**	2,996,000	29960	**27**	**5.5**
20-49	**691**	6,832,000	68320	**10**	**5.5**
Shoppers 20-49	**633**	3,732,000	37320	**17**	**5.5**
Shoppers + Kid	**625**	1,896,000	18960	**33**	**5.5**
Men 20-34	**925**	1,502,000	15020	**62**	**5.5**
Women 20-49	**624**	3,398,000	33980	**18**	**5.5**



Source: CPM targeted Pre-roll on YouTube in the auction was 5,5 euro + Cost/GRP TV from Carat Media facts booklet (TV net cost based on 70% average market discount)

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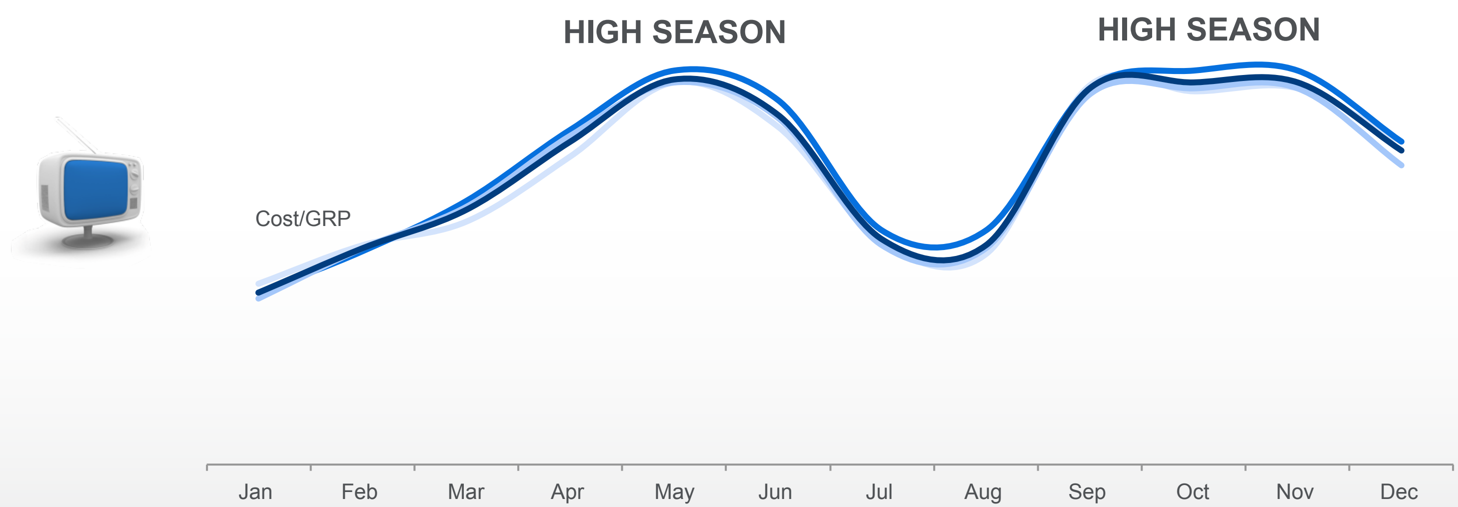
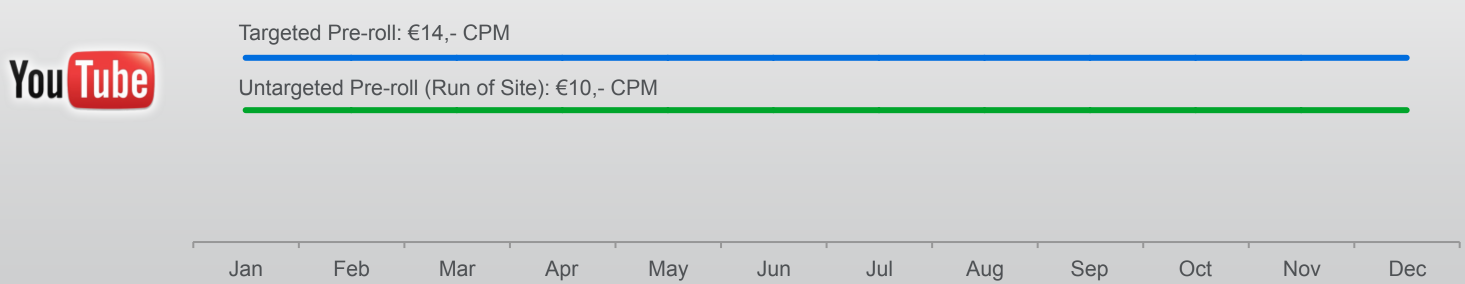
Pre-Roll is extra efficient in expensive TV months

Large Pre-roll opportunity in expensive TV months due to seasonality. Pre-roll does not have this seasonality over months. (calculation Pre-roll versus TV ROI by month in back-up)

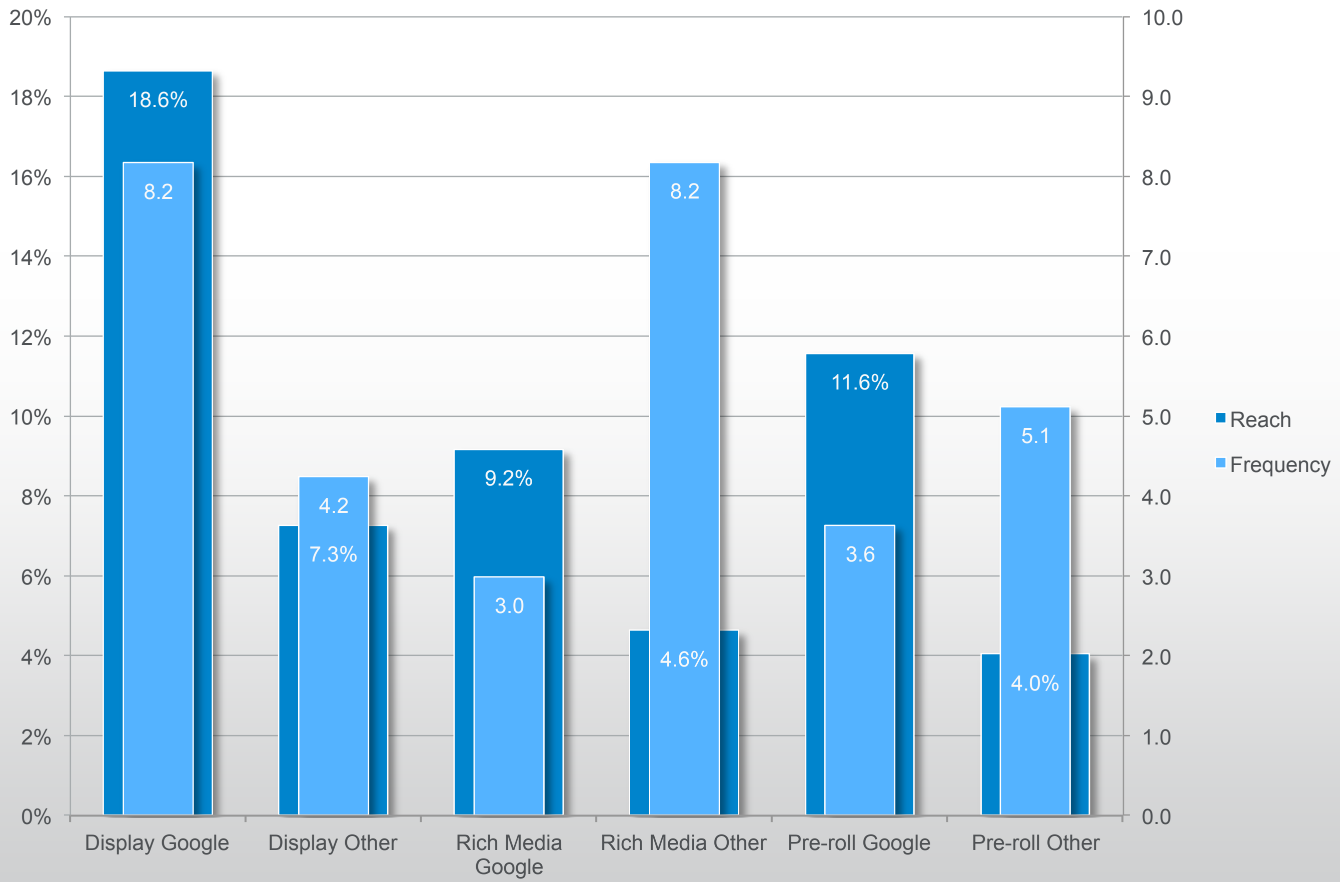




Monthly TV costs are STER, SBS, RTL and and average. YouTube Pre-roll costs are based on the YouTube 2012 rate card

Cap frequency for sites with very frequent visitors

Sites/networks with high visiting frequency create too much contacts. For those sites, frequency capping increases ROI strongly.



Recommendations

Recommendations: shift 10% TV budget

1 Shift part of the TV budget towards Google Display Network. The combination of 20 times lower cost/GRP and one fifth of the impact compared to TV results in ~4 times higher ROI at current spend level.

2 Shift budget at the end of the TV ROI curve towards media that are still functioning in a steeper part of their ROI curve (Print and Rich Media).

3 Use variation in TV pricing over months and target audiences as an opportunity to find month versus audience combinations where Pre-roll is a cheaper solution than TV. (see back up slides for ROI calculation Pre-roll versus TV by month and audience)

4 Apply frequency capping particularly on sites with very frequent visitors (e.g. social sites). Otherwise campaigns build an extreme amount of contacts with a relatively small part of the target audience.