

MASB Standards Project

Measuring & Improving Return
from Interactive Advertising

Digital Advertising Effects: What is Known?

E. Craig Stacey

Stern Center for Measurable Marketing

New York University

Randy Bucklin

UCLA

February 2011

Austin



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Overview

- **The Interactive Project: Reminder**
- **Summary from 2010 Meeting**
- **State of the Marketplace**
- **Highlights from Recent Research by Academics**
- **Current Industry Practices**
- **Summary/Q&A**

The Interactive Project

Objectives

To identify one or more established metric(s) that may quantify the relationship of display advertising to financial performance

- For brands that are largely purchased online
- For brands that are largely purchased offline

Interactive Project Team

Leads: Craig Stacey (NYU)
Randy Bucklin (UCLA)

Heroes: TBD

Admin: Allan Kuse (MASB/MMAP Center)
Meg Blair (MAF/MASB)

Meet: 1st Thursday every month (2 ET)

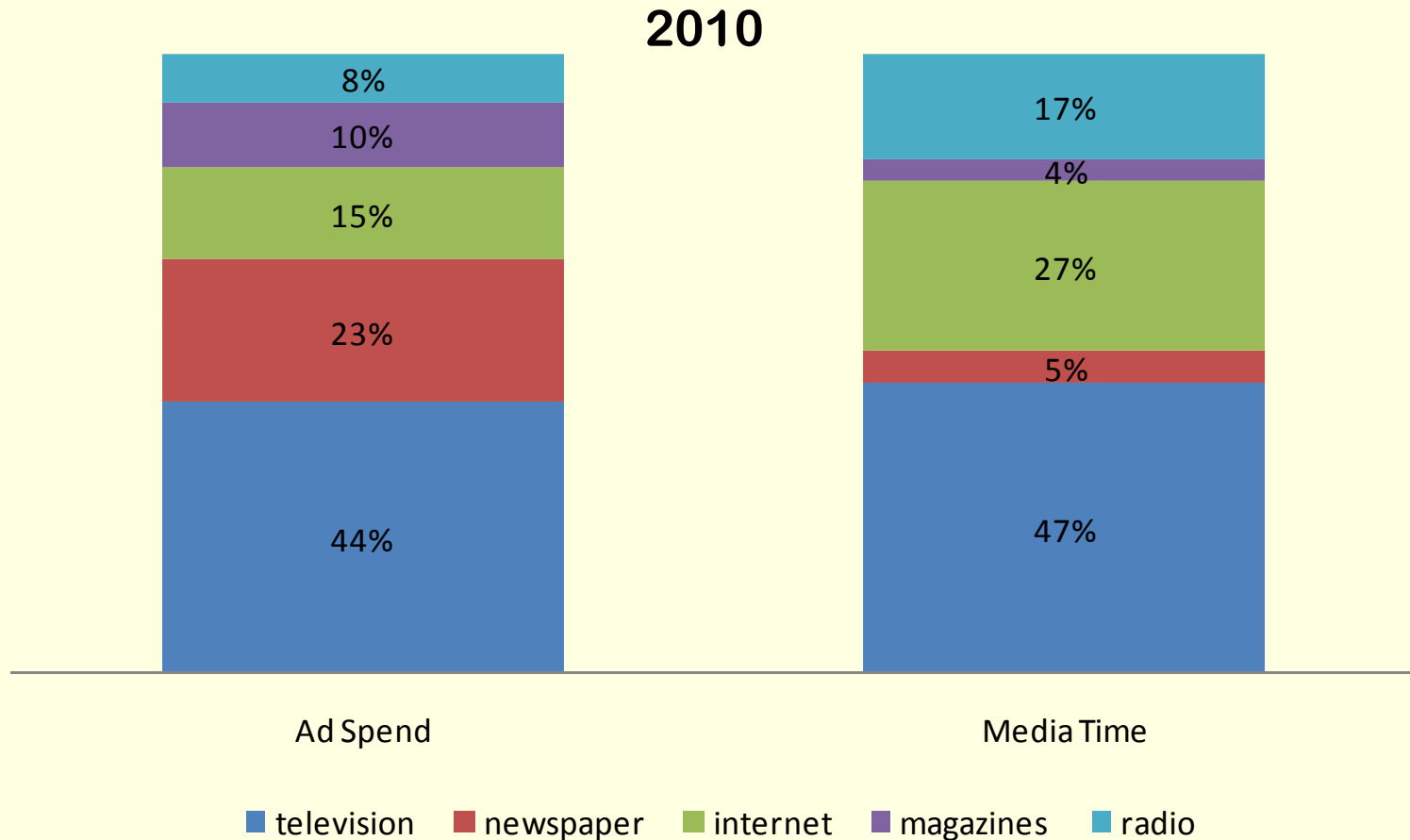
Interactive Project Next Steps (Feb 2011)

- Review of Literature and documentation (Randy Bucklin 10/09+)
- Nielsen Online uncomfortable as data provider
- **Continue meetings**
- **Continue in What is Known phase and review at Summits**
- Review status of Project with Board (Craig/Randy 11/11)
 - Need to recruit data partner(s) to participate
 - Need to recruit 3 marketers to participate
- Determine any other resources required (Craig/Randy -
- Final Frame-up (Craig/Randy -
- Analytics timetable (Craig/Randy -
- Results documented (Craig/Randy -

Summary from 2010 Meeting

- Academic research has investigated many of the effects of display advertising
 - Clickthrough, awareness, consideration
 - Purchase, purchase intent
- Industry practice in applying basic metrics and optimizing targeting appears to be advancing rapidly
- Issues that still need further work include
 - Measuring the media (impressions, GRPs, cookies, etc.)
 - Connecting display advertising with sales outcomes
 - Academic research to date has been very limited
 - Challenges in modeling the effects of display alongside other marketing activity and media, especially for offline sales
 - Attribution to display versus search

Ad Spend vs. Media Time



Source: eMarketer, ZenithOptimedia

Advertising Influences Online Search

- Consumers increasingly use television and internet simultaneously
- Significant association found between TV advertising and branded search
- Elasticity of 0.07, comparable to empirical generalization of advertising's impact on sales
- Practitioners should account for cross-media synergies

Joo, Wilbur, and Zhu (2010), "Does Television Advertising Influence Online Search"

Advertising Influences Search and Behavior

- Advertising has both direct and indirect effects on consumer response
- Traditional mix model only detected response to television advertising
- Biggest driver of consumer response was organic search volume
- Marketing drives organic search drives sales

Pauwels, Srinivasan, and Stacey (2011), "Interdependencies Between Advertising, Search, and Consumer Response"

Advertising Influences Online/Offline Behaviors

- Are online metrics leading indicators of brand performance?
- Input data for owned, earned, and paid media
- Online metrics drive sales as much as TV and price
- This even holds for toilet tissue!

Pauwels, Rutz, and Srinivasan, (2010), "Are Online Metrics Leading Indicators of Brand Performance"

Putting It All Together



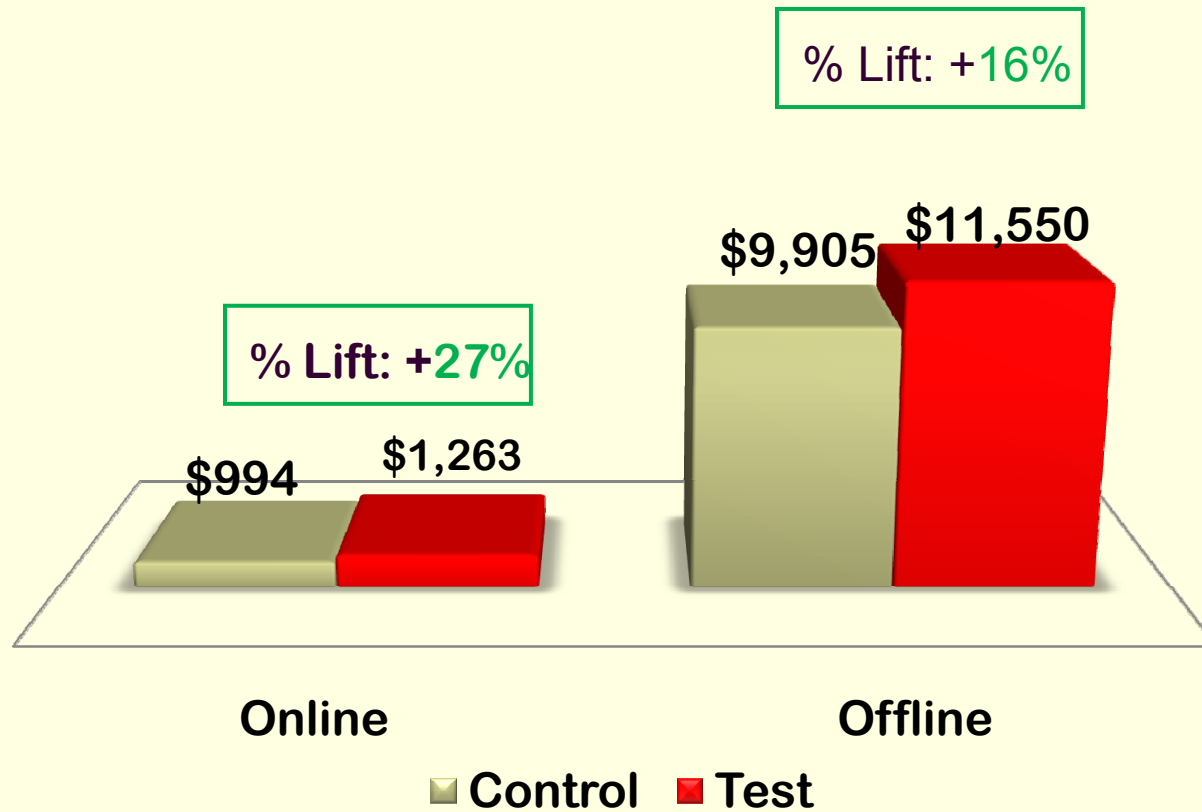
Pauwels, Rutz, and Srinivasan, (2010), "Are Online Metrics Leading Indicators of Brand Performance"

Industry Practices for Measuring Digital Effects

- **Approaches include:**
 - **Lift from A/B tests (for CPG and online)**
 - **Surveys (awareness, attitudinal, purchase intent)**
 - **Model-based estimates (e.g., mix models)**

Display Ads Build Sales

Dollars per Exposed User

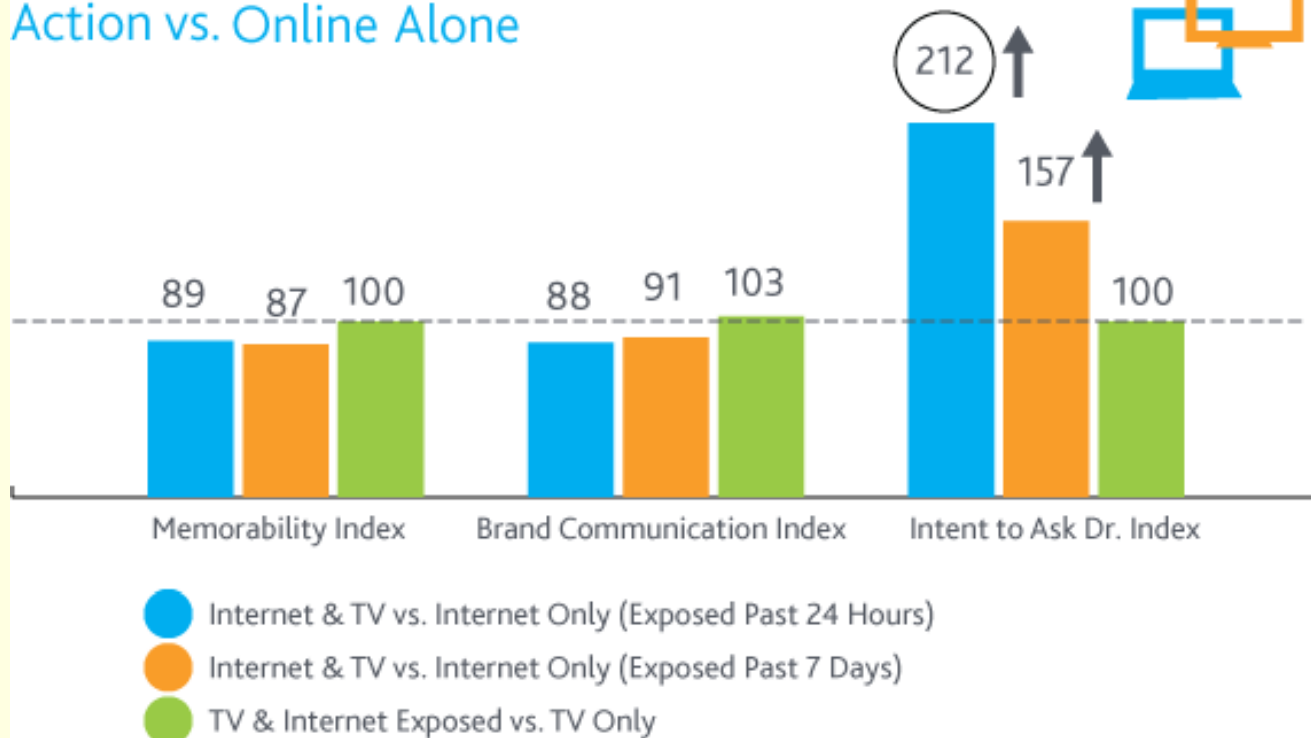


comScore, Inc.

MASB

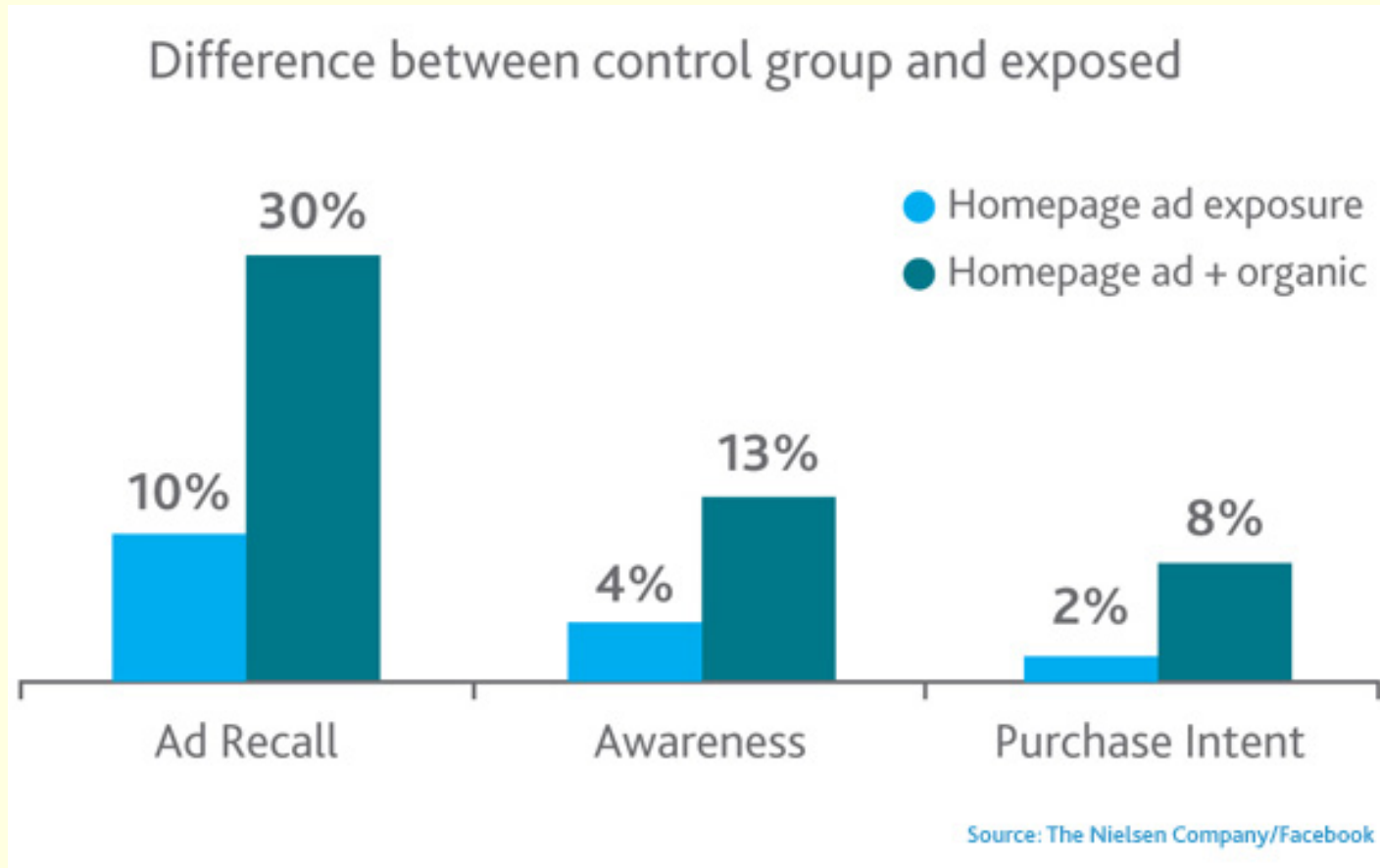
Two Screens are Better Than One

Cross Exposure to Advertising on TV and Online Provides Greater Influence in Motivating Awareness and Action vs. Online Alone



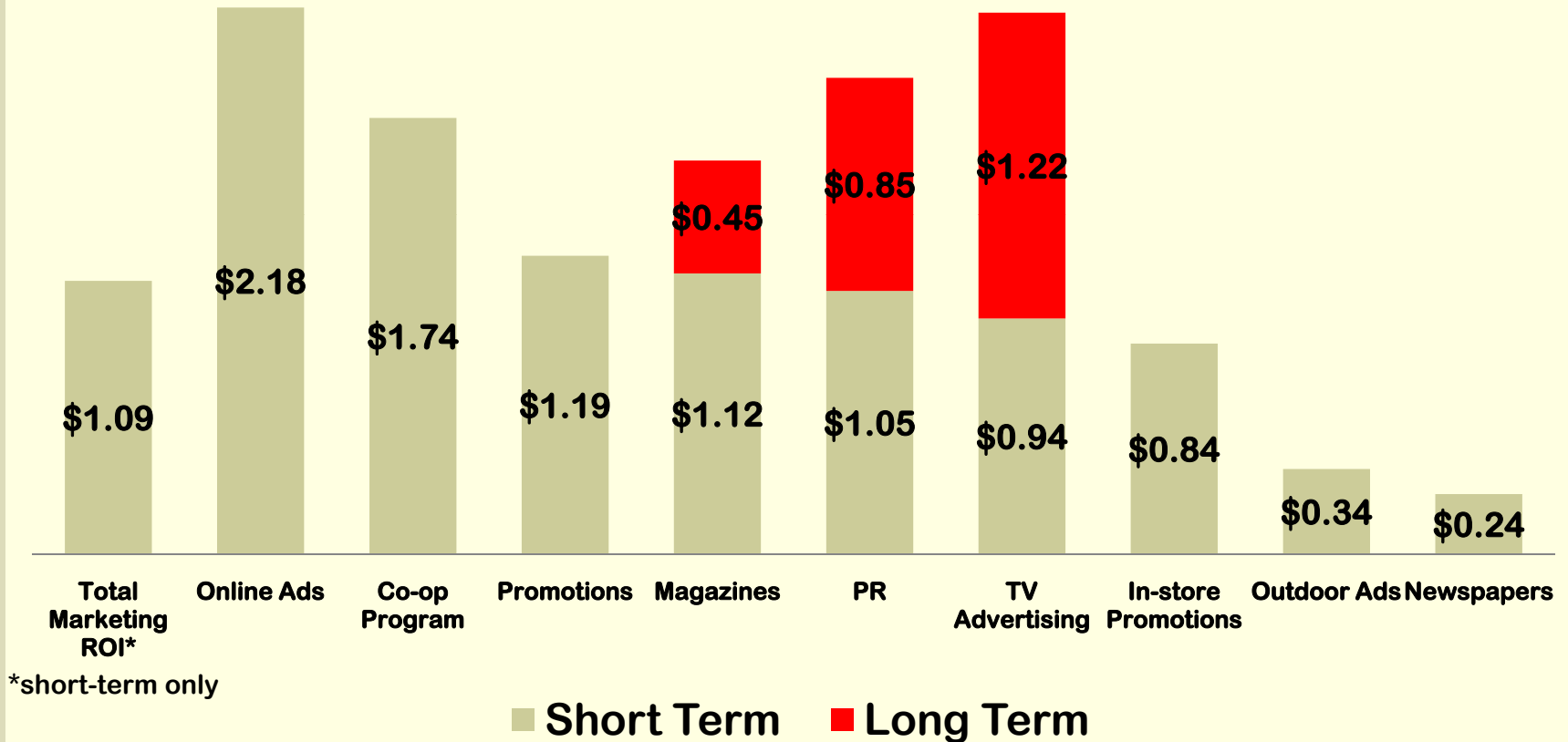
Source: The Nielsen Company

Value of Social Media Ad Impressions



Global Marketing ROI

ROI – Incremental Revenue per \$ spent



Global benchmark based on studies conducted by Nielsen

Summary

- The media landscape continues to evolve, and we must keep up with it
- Digital advertising works – at every level of the purchase funnel
- Paid, earned, and owned media all need to be considered
- Definite synergies exist between media channels
- Q&A and discussion

A Thank You to Industry Experts

- comScore
- InsightExpress
- Marketing Evolution
- Nielsen



Thank-you!



**Marketing Accountability Standards Board
of the Marketing Accountability Foundation**