Measuring the Effect of Advertising on Customer Lifetime Value
Project Proposal / Presentation to MASB

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NCS
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Las Vegas

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Agenda

1   Nielsen Catalina Solutions Introduction

2   Data, sample sizes, media/partners
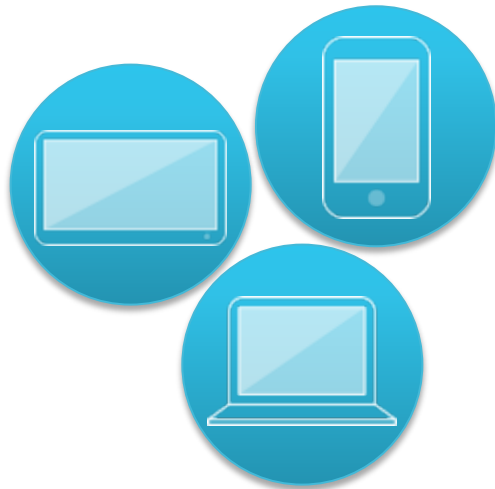
3   Methodology

4   Plan Details

NCS Introduction

NCS: Combining strengths of two leaders

**Provides the scale for rich, deep analyses, linked to "gold standard" panels**

- **Nielsen**
  - Industry's leading provider of insights and information into what consumers watch and buy
  - Provides nationally representative data for media and all-outlet consumer purchases
- **Catalina**
  - Leverage the world's largest shopper database to find those most valuable to your brand
  - Industry's leading provider of brand building loyalty solutions

NCS **matches** what consumers **watch** with what they **buy**
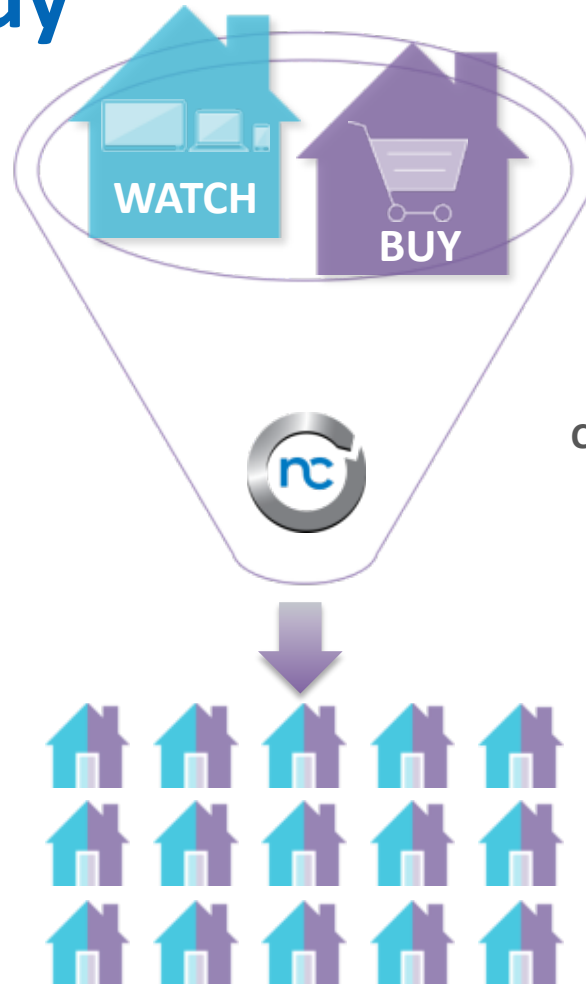
Watch Data

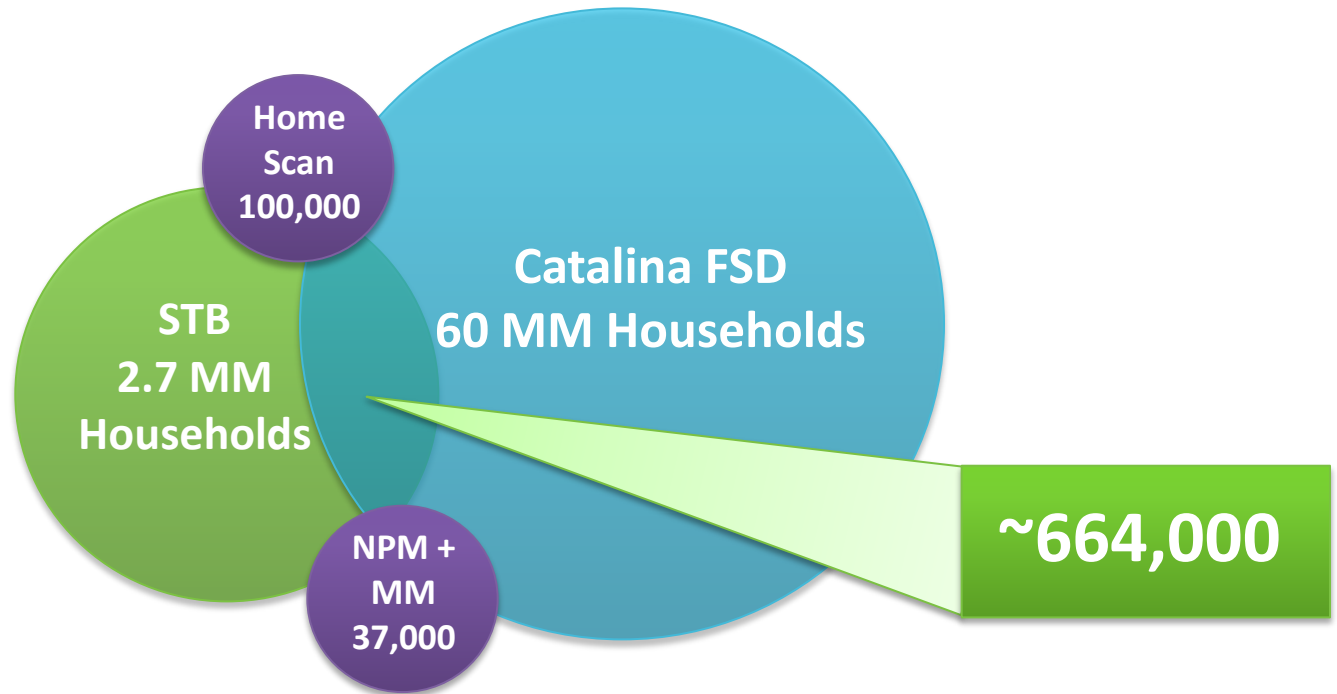**Nielsen Media Data**
Set Top Box Data
Digital, Print, Mobile, Radio Data

Buy Data

Catalina Frequent Shopper Card Data
60 MM HH
Nielsen Homescan All-Outlet Data
Client Proprietary Sales Data

ANONYMOUS SINGLE SOURCE HHs

NCS has the **largest TV single source** coverage

TV Viewing Source	Total HH	NCS TV Single Source HH
Nielsen People Meter (NPM)	22,798	8,784
Nielsen Set Meters	14,143	4,605
Cable Set Top Box (STB)	~2,700,000	~664,000
	~2.7 million	~664,000

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NCS Activation Partner Network - 2013

Portals	Publisher	Networks	Mobile	Online Video or Audio	TV & Gaming	Social
YAHOO! AOL Microsoft	everyday HEALTH Time Inc. meredith HEARST	ebay specificmedia rocketfuel CATALINA	YAHOO! 4INFO CATALINA (Apple)	BrightRoll CATALINA specificmedia	XBOX	myspace

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Activate Media with **Common Behavior-based Targets**

TV

ONLINE

CRM PROGRAMS

TARGET AUDIENCE

MEASURE SALES IMPACT

MOBILE

RADIO

PRINT
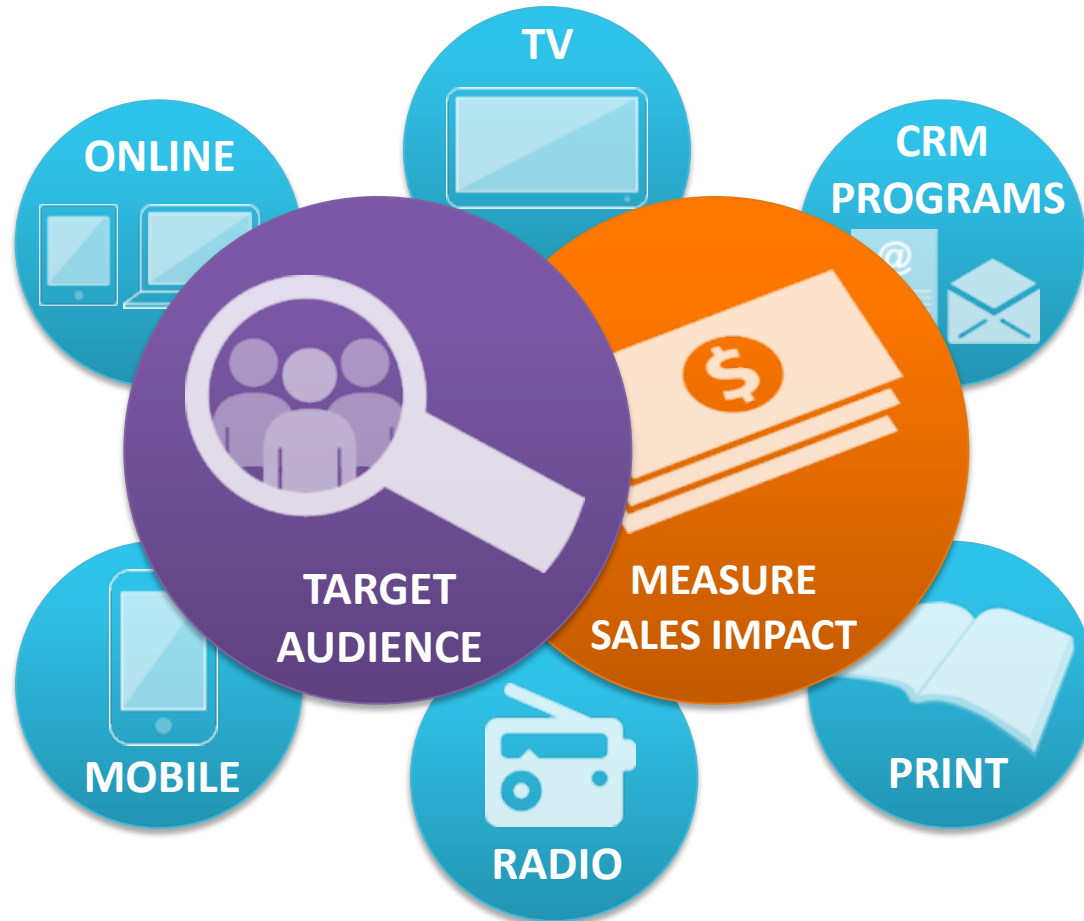
Define Once, Activate Everywhere ™

Methodology

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CLV for CPG/Advertising Pilot Project: Marketing Activity, Metrics & Financial Links

Advertising

Transactions
(Trial, Repeat and
Depth of Repeat)

Marketing
Activities

Purchase
Price

Buy Rate
Purchase Size -
Frequency

Other Control
Variables

CLV

Volume

Discounted
Cash Flow

Profit
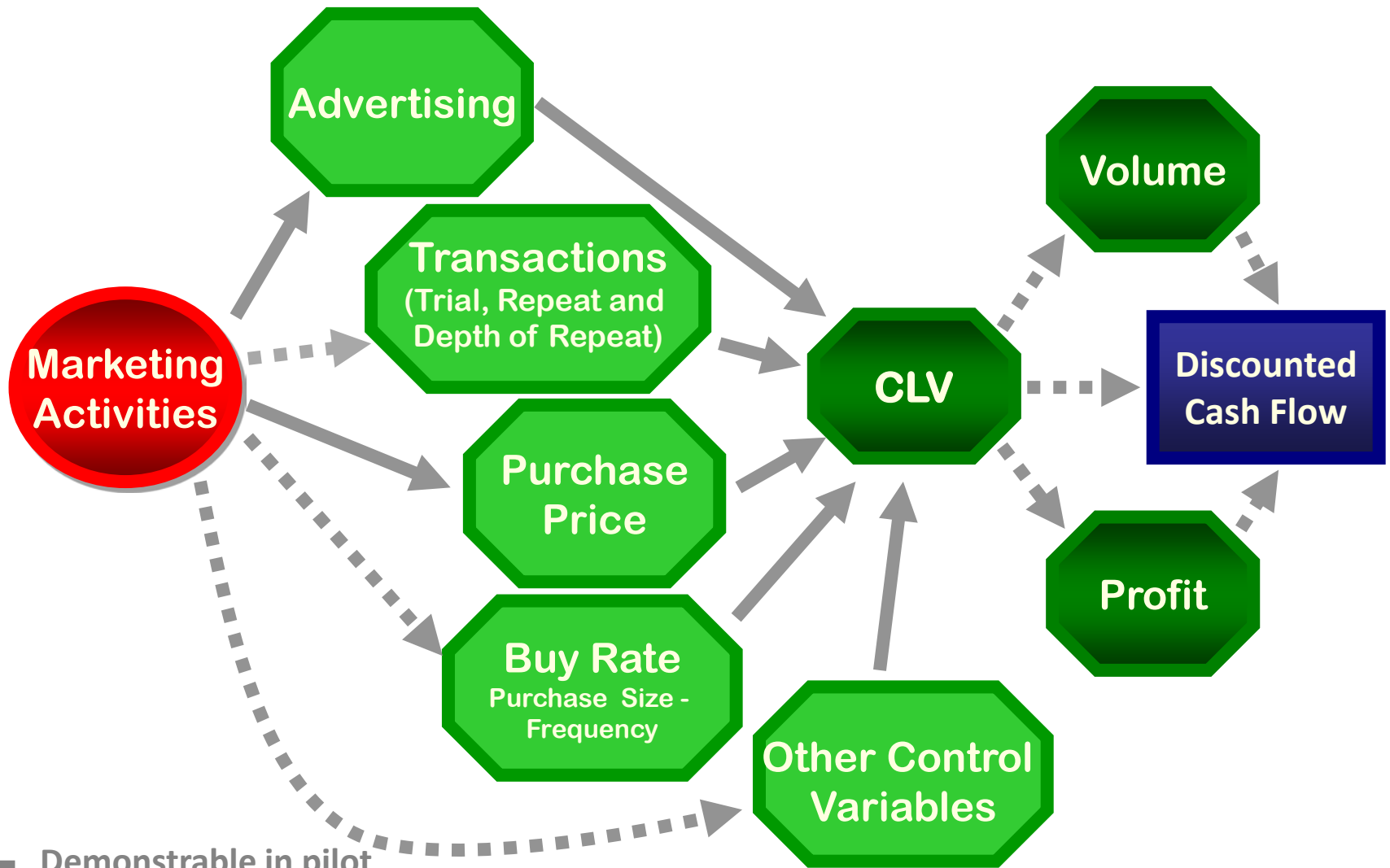
Demonstrable in pilot

Not demonstrable in pilot

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Analysis Methodology Example

HH ID	Exposure/Purchase	Date							
		1/1	1/2	1/3	1/4	1/5	1/6	1/7	1/8
45286	Creative A Exposure	Program A		Program B					
	Creative B Exposure						Program A		
45286	Category Purchase		X		X				X

Listen and Buy transaction data is leveraged to uncover advertising response

1. Multiple, variable time frames are examined

2. Multivariate methodology controls for non-advertising factors where possible

3. Tremendous level of detail at the HH level allows for extensive deep dives

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Advertising drove incremental sales lift by 55%

+55% TOTAL SALES*   **+3% BUYING RATE**   **+ 50% PENETRATION**
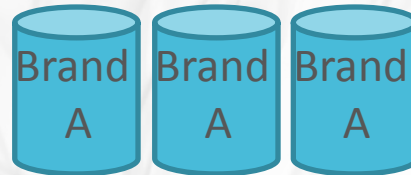
$ = Brand A Brand A Brand A X

+3% PURCHASE FREQUENCY   **Flat PURCHASE AMOUNT**

CALENDAR   X   Brand A

* Exposed vs. Unexposed

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Details

- Several advertisers/brands (2 minimum, 3-5 ideal)
  - Large campaigns
    - Strong advertising results
  - High penetration (CPG)
    - Regularly purchased brand

- Single media studied for each brand
  - Can be historic
    - TV is passively measured
    - Digital likely already measured if delivered on Yahoo!, AOL, Specific or other digital partners
      - Largest digital partner ideal
  - Need Tags
    - Mobile, Digital delivered on a non-partner network

- More recent period of study better – our sample has increased across time

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Details

- First focus will be the static applied
  - Allow for continuous measurement – assume rolling periods
  - Assume regular reporting of current status
    - Work towards near real-time
- Second focus will be CLV measurement
  - Measure Trial, Repeat and Depth of Repeat
  - Measure Buy Rate: purchase cycle/volume/frequency to predict category consumption
  - Develop a metric for CLV
- Third will be measuring the change in CLV due to advertising exposure
  - Will use known covariates to control for ad response to create a multivariate approach
  - Test available ROI metrics to assess changes in CLV due to advertising

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Details

- Timing
  - Pro bono timetable
    - Meet every 6-8 weeks to share progress
    - Use NCS resources when available
    - Completion within 1-3 years

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Thank you!

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