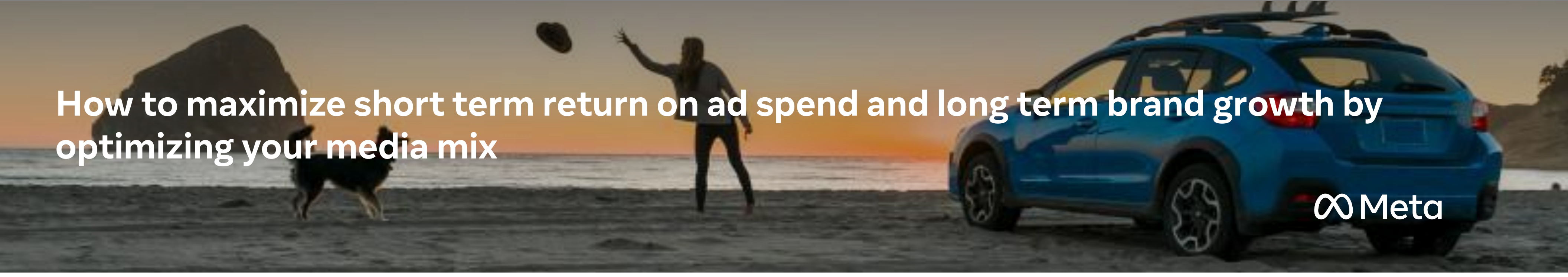

How to maximize short term return on ad spend and long term brand growth by optimizing your media mix

Meta

Business challenge

- With auto manufacturers deploying a variety of traditional, digital, local and national media strategies to drive car sales, measuring the effectiveness and efficiency of their media dollars requires a comprehensive cross-channel solution that can guide and inform marketing investments.
- This can become even more challenging in a changing ads ecosystem with increasing consumer privacy requirements and regulations. While many auto advertisers rely on marketing mix models (MMM) as a holistic tool to measure car sales and make budget decisions, most of their brand strategies are geared towards building brand and driving long term growth which may not be fully captured in a traditional sales model.

How we approached it

- Meta commissioned Nielsen to run custom marketing mix models (MMM) using syndicated media, sales, brand consideration and favorability data across five top US automakers. The period of the analysis was Q2 2019 - Q1 2021.
- This two part study quantified the impact of media in driving short term car sales and then the impact on brand metrics. The combined findings of both the Sales and Brand MMM quantify both short term and long term impact of Meta ads strategies. The study also aimed to provide strategic guidance on optimal media mix across the funnel for maximum return on ad spend.
- The study looked at the performance of Meta ads compared to other media channels, optimal investment levels and the ideal split between display ads vs video ads and across funnel stage (awareness, consideration and conversion).

The opportunity we identified

Unlock incremental value by adjusting your media mix: Reallocating TV budget to increasing investment on Meta ads by 20% can increase total media ROAS by 40%.*

*This is based on an optimization scenario aimed at maximizing short term ROAS in a custom Nielsen study commissioned by Meta

Key Takeaways from the Nielsen study

Meta ads ROAS was

32%

higher than total media ROAS in short term and 29% higher in the long term which we believe validates the ability of Meta ads to drive business outcomes most efficiently

ROAS for Meta video ads was

60%

higher than TV in the short term/ 67% higher in the short + long term and was the most efficient driver of sales compared to traditional and digital channels

Contribution of Meta ads to sales was

32%

higher than its share of media spend. Based on this result, we think that most OEMs were significantly underinvested in Meta ads

Meta video ads for awareness had a

126%

higher total ROAS when compared to TV and was the most efficient driver of long term business growth

Contribution of Meta video ads for awareness towards consideration/ favorability was

2.5x & 3.7x

higher than its share of spend respectively, making it the most cost efficient driver of both brand KPIs

Meta ad contribution to brand equity KPIs was

26%

higher than its share of media spend Indicating efficiency and potential to scale spend

Our recommendations based on Nielsen study findings

Spend allocation

Aim for ~ 70% / 30% spend split across display and video ads to maximize total Meta ROAS over the long term

Video for consideration

When comparing the media spend across OEMs in the analysis, Meta video ads optimized for consideration were underinvested by 78% relative to the point of diminishing return and have the biggest opportunity for increased investment to drive short term sales

Funnel allocation

The optimal allocation across the funnel is 6% for awareness, 32% for consideration and 62% for conversion to maximize total Meta ROAS over the long term

Video for awareness

Increase investment on Video ads for awareness for long term brand growth. The tactic drove over 2x the ROAS in the long term vs the short term

MMM best practices

Ensure you're using the official Meta MMM feed for the most accurate and standardized core metrics

Use paid impressions as a variable. Do not model clicks, likes, or engagements. Evaluating impressions is more actionable and predictable for forward looking simulations.

Split Meta ad variables in meaningful ways. Separate campaigns by format and buying objective; Model video impressions separately.

Contextualize campaigns based on media and creative best practices. Develop scorecards to quantitatively evaluate campaign levers: frequency, duration, creative, buying objectives, etc.

Source: "Custom Sales MMM Study" by Nielsen, US only (study of 5 auto advertisers covering Q2 2019 - Q1 2021 commissioned by Meta), Dec 2021; +
"Custom Brand MMM Study" by Nielsen, US only (study of 5 auto advertisers covering Q2 2019 - Q1 2021 commissioned by Meta), Jun 2022;