



THE GREAT DEBATE

Marketing Growth Frameworks

MARKETING SCIENCE ADVISOR
neustar





THE GREAT DEBATE

Marketing Growth Frameworks

Hosted by:
Joanna
O'Connell
FORRESTER



MARKETING SCIENCE ADVISOR
neustar



6

GROWTH
FRAMEWORKS

3

PANEL
DEBATES

24

MARKETING
EXPERTS

ALL THE MARKETING GROWTH FRAMEWORKS IN ONE PLACE.

Join the Debate: #MarketingGrowthDebate

DR. PETER FADER

Wharton School of the
University of Pennsylvania

JUNE 24



Customer Centricity:
Focus on the Right
Customers for
Strategic Advantage

DR. DOMINIQUE HANSENS

UCLA Anderson Graduate
School of Management

JULY 29



Long-Term Impact of
Marketing:
A Compendium

BYRON SHARP

University of South Australia &
The Ehrenberg-Bass Institute

SEPTEMBER 14



How Brands Grow:
What Marketers Don't
Know

JOEL RUBINSON

Former Chief Research Officer
Advertising Research Foundation

OCTOBER 14



Outcomes-Based Planning:
Targeting the Movable
Middle to Maximize
Outcomes

LESLIE WOOD, PhD

Chief Research Officer
NCSolutions

OCTOBER 29



Building Brands:
The Keys to Success

JARED SCHREIBER

Founder InfoScout,
Now Numerator

DECEMBER 1



How to Grow Brands:
Findings From 1 Billion
Shopping Trips

FOLLOWED BY 3 PANEL DEBATES

**MARKETER
DEBATE**
JANUARY



**ANALYTICS
DEBATE**
FEBRUARY



**CMO
DEBATE**
MARCH



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Brand as Performance (BaP): Research Program

What is the fundamental relationship between Brand and Performance Marketing?

Program Overview:

- The **Great Marketing Growth Debate** series sprang out of this project with the goal to help marketers to understand the leading marketing growth theories
- Key elements of these theories will be tested as part of the BAP studies:
 - Importance of **reach and mass marketing** (Byron Sharp)
 - **Customer centricity** and the need to focus on the right customers (Dr. Peter Fader)
 - Role of the **movable middle** and outcome-based marketing (Joel Rubinson)

Latest Status:

- Study has been reviewed by over 50 marketers
- The topic of brand & performance compelling to EVERYONE, including every CMO
- 2 of 3 participating marketers identified: CVS & Molson Coors
- Expected execution in early 2021 (Covid paused the start)



Interested To Be The
3rd Marketer?

Contact: Greg Stuart
greg@mmaglobal.com



FACEBOOK



verizon
media

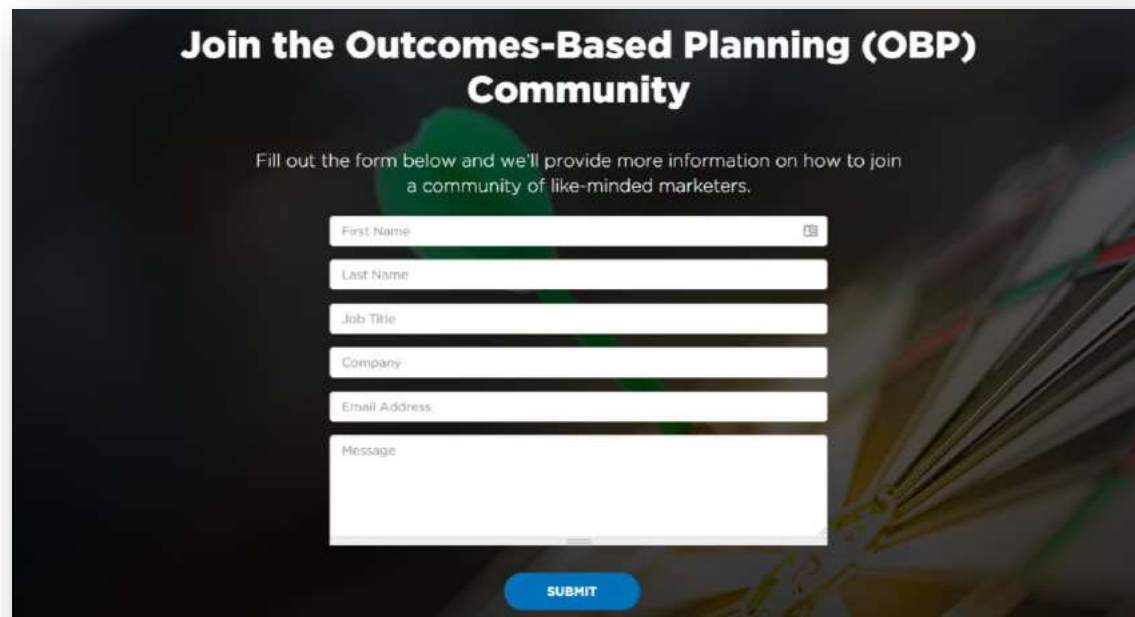
Outcomes-Based Planning (OPB): Whitepaper & Community

Outcomes-Based Marketing Whitepaper to be released on next week. More information will be sent via email, but to learn more about research, visit:

➤ [**mmaglobal.com/OBP**](https://mmaglobal.com/OBP)

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Today's Speakers

Joel Robinson

Former Chief Research Officer
Advertising Research Foundation



Joanna O'Connell

Vice President, Principal Analyst
Forrester

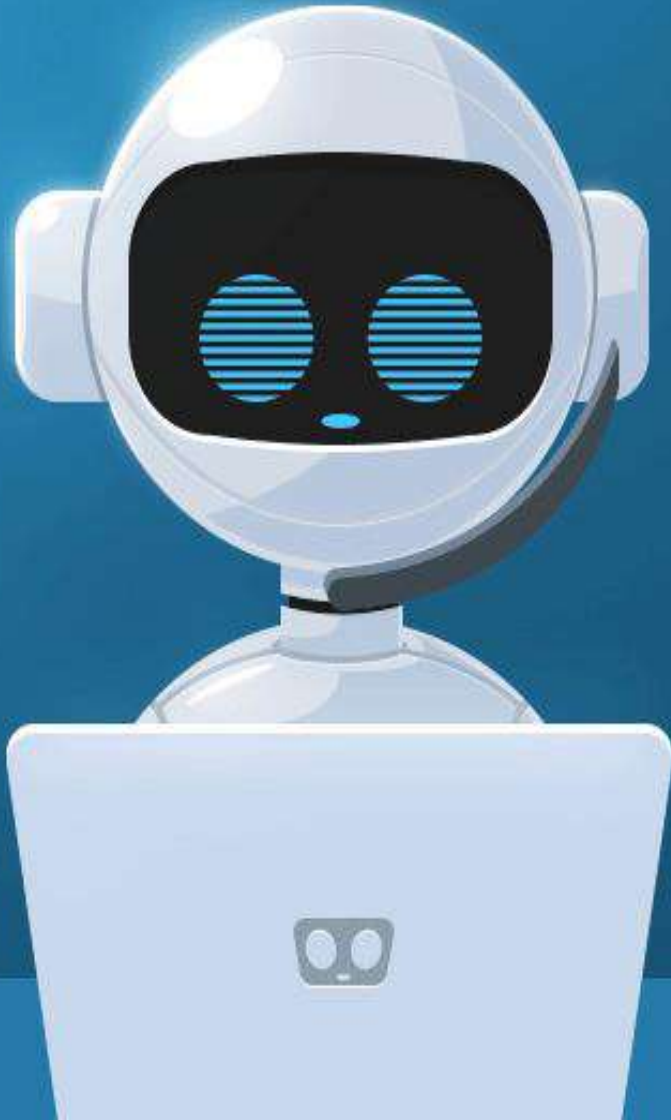


Marc Vermut

Vice President, Marketing Solutions
Neustar



Asking Questions, Sharing Insights



Q&A

Send us your questions and insights, using this Q&A box.

Submit



#MarketingGrowthDebate

Outcomes-Based Planning (OBP): Targeting the Movable Middle to Maximize Outcomes

Joel Robinson

Former Chief Research Officer
Advertising Research Foundation



Embargoed for Media Placement.

Please contact the sheryl.daija@mmaglobal.com if you would like to cover.

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Marketing Attribution
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Hanssens**
Anderson Graduate
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UCLA



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Senior Manager
Precision Marketing
Analytics & Optimization
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Numerator

Numerator
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Data Partner

Media Strategy is in Transition, as Marketers Struggle with the Balance Between Reach and Targeting

Traditional marketing media planning typically solves for maximizing reach within a broadly defined demo.



Yet modern marketing is more programmatic. But how to best define segments?

A New Alternative...Outcomes Based Planning (OBP)

Reach planning

Find the ***least expensive*** way of reaching the most eyeballs (often with frequency targets)

Outcomes Based Planning

Find the consumer segments predicted to have ***higher responsiveness*** to a brand's advertising and target with greater media weight

We tested the two approaches for the same brand and same marketing conditions, and here is what we found...

Outcomes-Based Plan Outperformed Reach-Based Plan in ROAS by >50% on \$10M 8-Week Campaign

Marketing Plan	Revenue Lift	ROAS	ROAS % Increase
Base Plan	\$ 21.8M	\$2.18	
Reach Plan	\$ 21.5M	\$2.15	(1.3%)
Outcomes Plan	\$ 32.7M	\$3.27	52.2%

ROAS = Revenue on Ad Spend = Marketing-Driven Revenue / Investment

- Outcome-based planning (OBP) delivered \$11M ADDITIONAL campaign revenue over base plan, increasing ROI by over 50%
- Used for the whole year, OBP adds \$44MM in additional revenue over the course of the year for this brand with \$318MM baseline revenue, \$40MM ad budget
- Incremental targeting costs might reduce ROAS but only slightly, \$0.25-0.50

OK, but why?

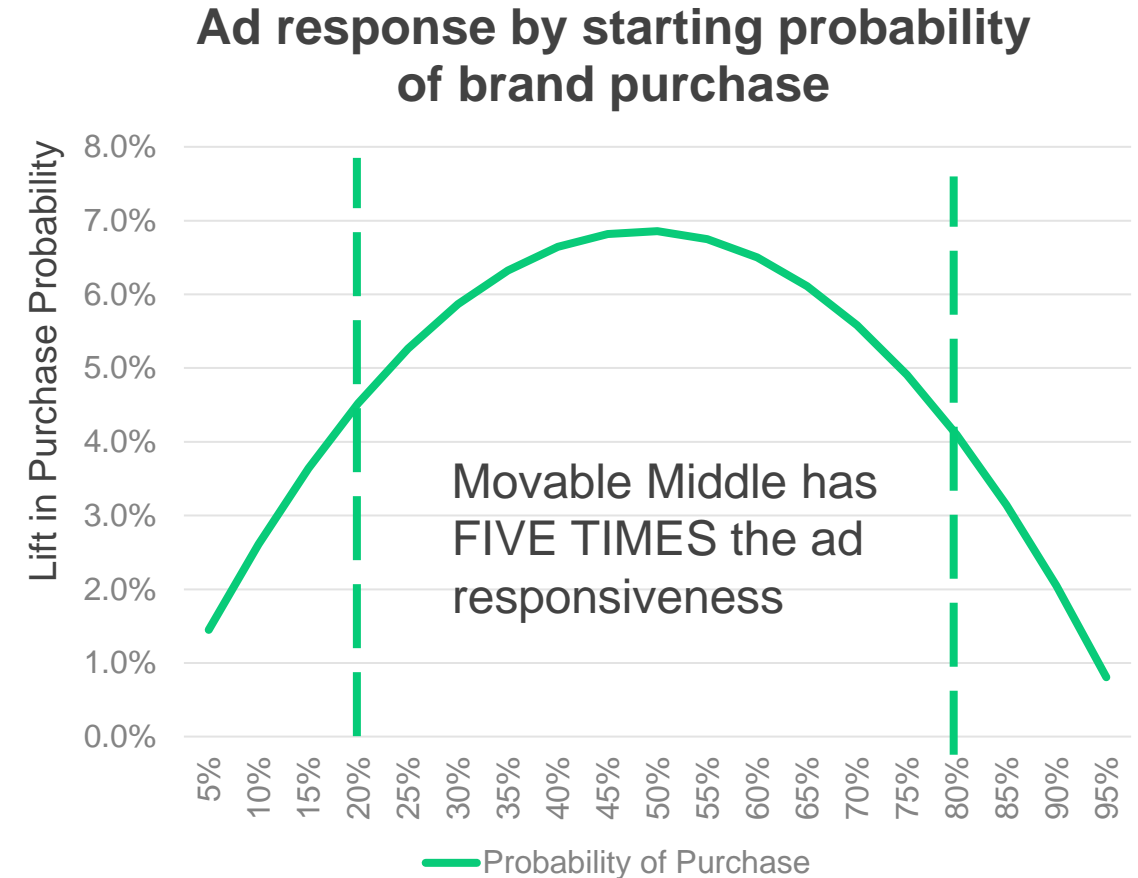
Consumers Are Not All Average! You Can Predict Which Consumers Will Have a Much Higher Responsiveness to YOUR Brand's Advertising



Science of Ad Responsiveness: The Movable Middle Responds More to Advertising

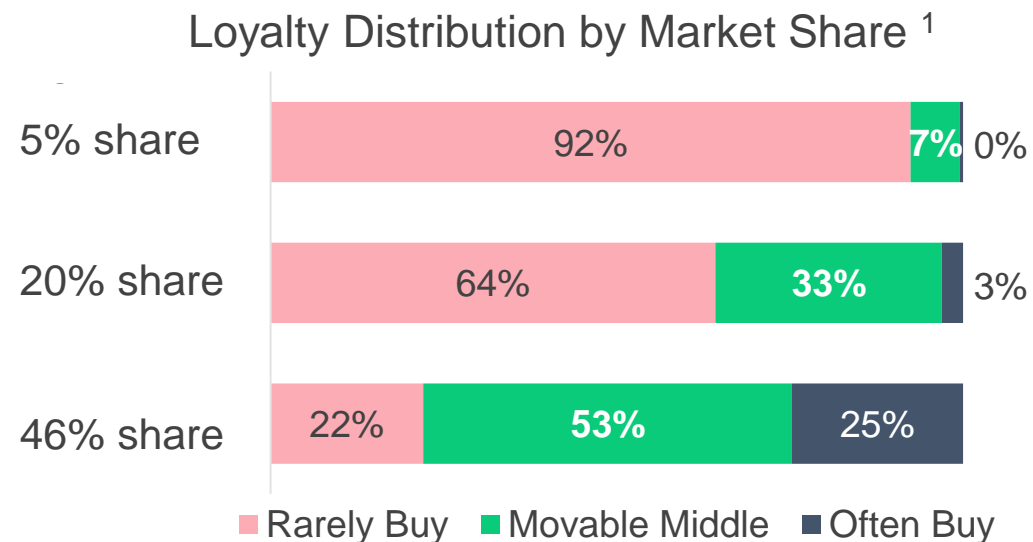
Implications of MTA logistic modeling

- Consumers' responsiveness to the same “set” of ad impressions is a predictable function of the pre-exposure probability of brand purchase
- Response is highest for the “movable middle) (20-80% probability of brand purchase.



Science of Targeting: How Smaller Brands Can Have the “Big Brand Advantage”

Bigger brands have a larger Movable Middle whose size can be mathematically determined by a Beta distribution.

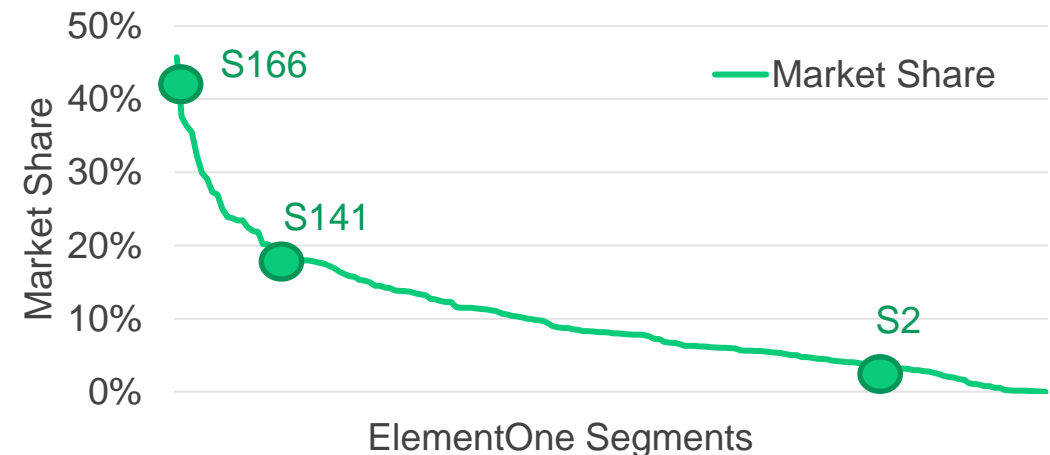


¹ Simulated using Beta distribution

The same brand is many brands!

Hypothesis: Targeting E1² segments where the brand has a bigger market share and thus a larger Movable Middle will increase ROAS.

Smaller brands are big brands somewhere!



² Neustar’s Element One (E1) framework assigns consumers to 172 segments based on combinations of demographics and life stage

The study

Our Approach in Detail

1. CREATE SANDBOX

- Developed digital representation of marketplace for frozen pizza brand, designed to perfectly replicate Numerator receipt scanning data
- Created 623K virtual consumers using Neustar's ElementOne (E1) 172 segments
- Simulated 1 year of purchasing activity

2. “RUN” MEDIA

- Ran 3 media scenarios (“Base”, “Reach”, and “Outcome”) for 8 weeks
- CPM assumptions reviewed by Marketer Advisory Board
- Creative was assumed to be of average quality

3. ANALYZE RESULTS

- Compared results for each media scenario
- Confirmed extensibility to other categories (46 brands, across 4 categories)
- Academic review of model, findings, and key assumptions



What did we learn?

E1 Segments That Have Higher Percent of Consumers in the “Movable Middle” Have a Much Higher ROAS



Results from Base Campaign

E1 quartiles defined based on estimated size of the “movable middle” for our focus brand

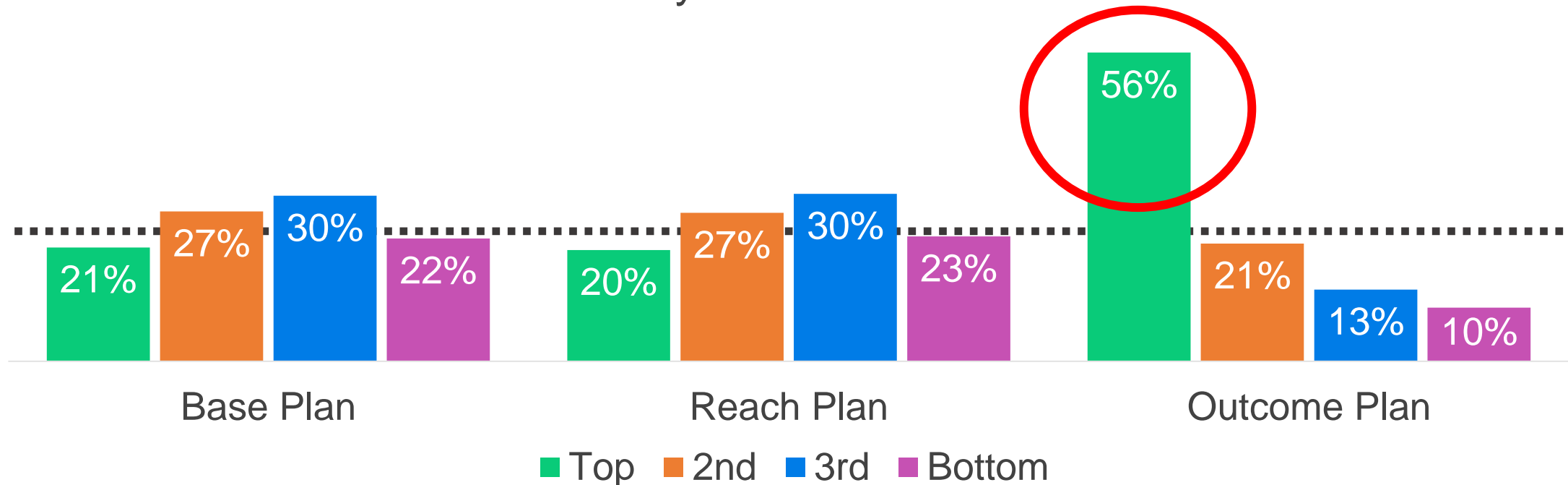
The Outcome Plan Prioritized Targeting the Top Quartile of E1 Segments vs. Reaching the Market

BASE PLAN
Linear TV:35%
Digital 45%

REACH PLAN
Linear TV:45%
Digital 55%

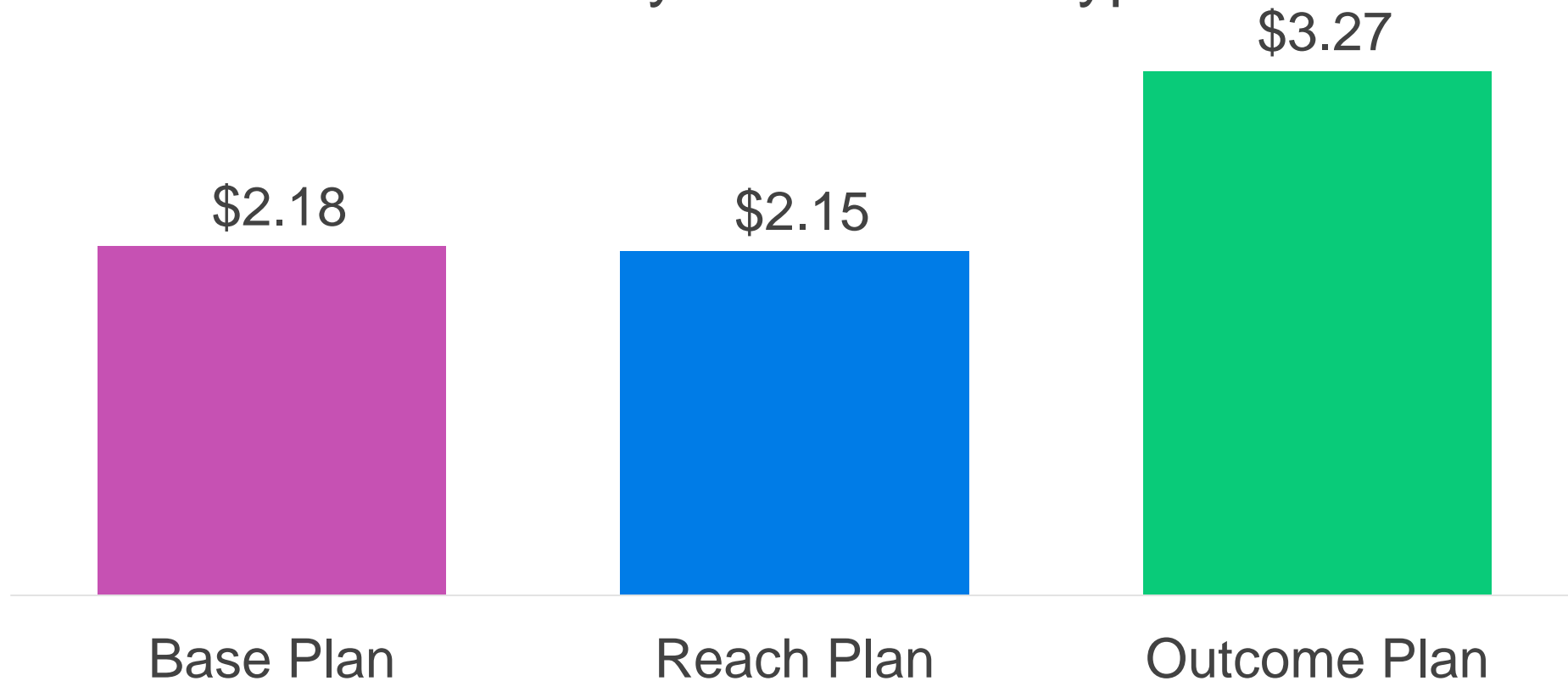
OUTCOMES PLAN
Linear TV:20%
Digital 80%

Media Allocation by Movable Middle E1 Quartile



Outcomes-Based Plan Outperformed Reach-Based Plan in ROAS by >50% on \$10M 8-Week Campaign

ROAS by Media Plan Type



ROAS = Revenue on Ad Spend = Marketing-Driven Revenue / Investment

Outcome Based Planning Achieves Higher Penetration, Retention and Generates More Purchases per Buyer, Overall and For Non-Buyers

12-week Penetration from Campaign Start

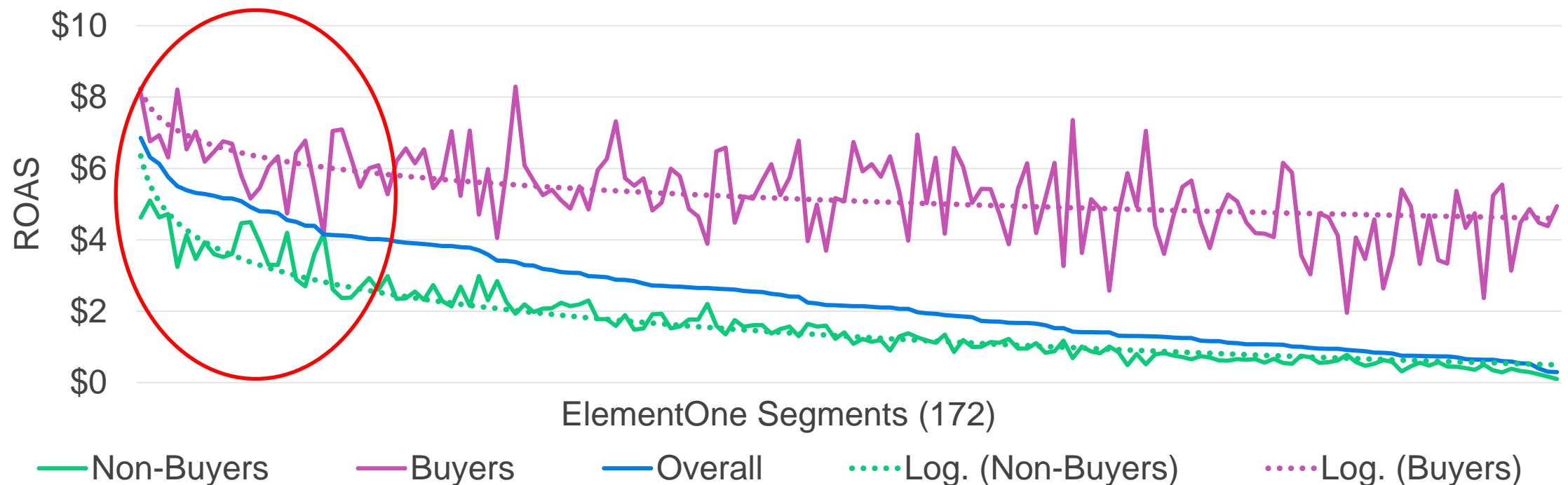
Buyer Type	No extra media	Reach Plan	Outcome Plan
Non-Buyers	3.9%	5.6%	6.3%
Light Buyers	25.1%	31.1%	33.0%
Medium Buyers	37.8%	43.6%	45.7%
Heavy Buyers	52.4%	57.2%	59.3%
Overall	10.9%	13.5%	14.4%

Avg. purchases campaign/post campaign

Reach Plan	Outcome Plan
1.22	1.29
1.36	1.42
1.48	1.52
1.60	1.64

Targeting the “Movable Middle” is a More Profitable Approach to Winning Over Non-Buyers

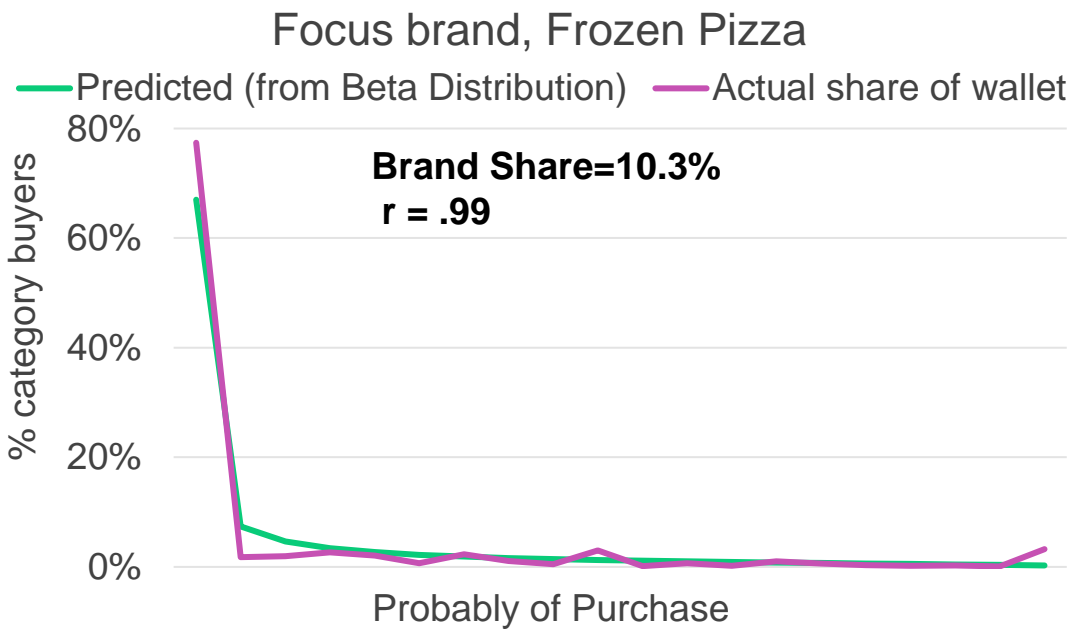
Overall ROAS by Segment and for Buyers & Non-Buyers



Model Validation

Our Digital Representation Reflects Actual Behavior

Purchase Probability beta distribution offers a nearly perfect model of the full distribution of probabilities of buying a brand

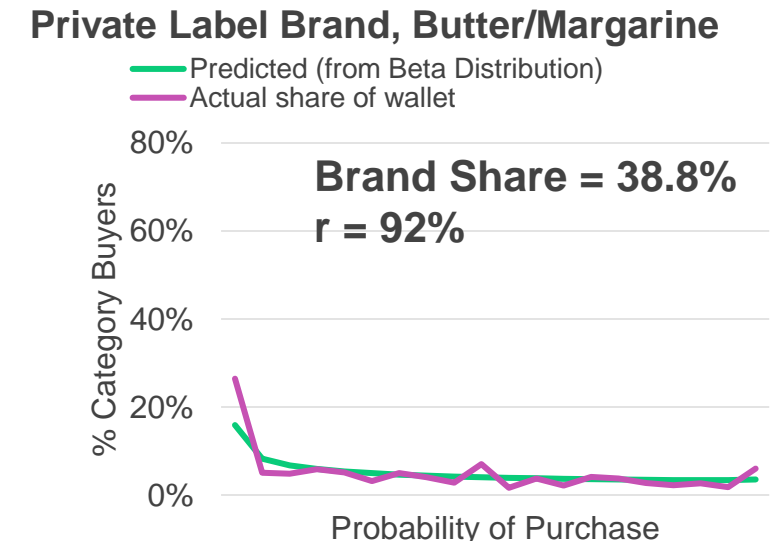
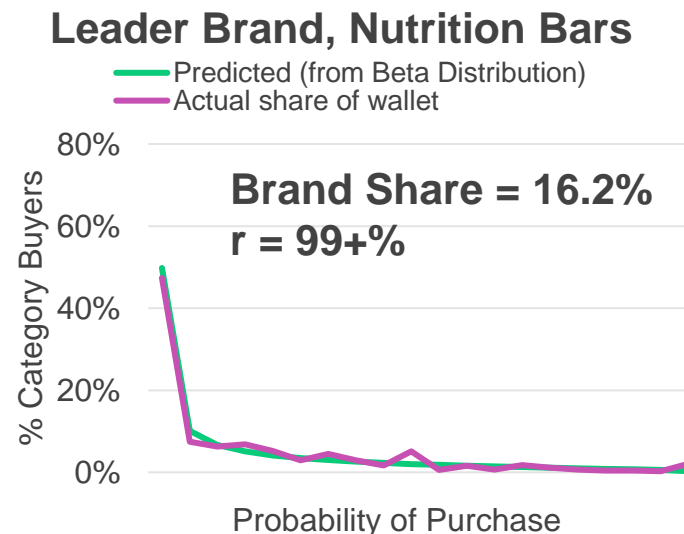
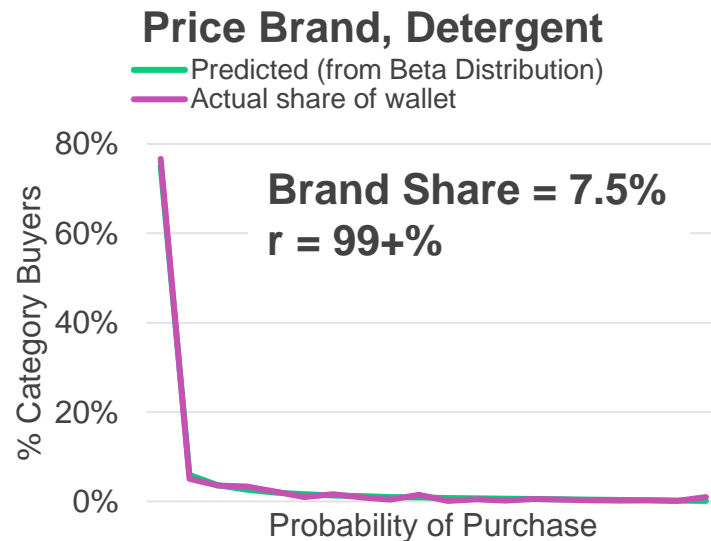


Share, repeat rate, and penetration match Numerator receipt scanning data almost perfectly

Measure	Digital representation	Numerator data
Market Share (of trips)	10.3%	10.2%
Penetration (12-month)	25.0%	26.2%
Repeat rate	45.0%	44.0%
Advertising Responsiveness	\$2.18 ROAS (base plan)	\$1.00 - \$4.00 ROAS (Norms)

Outcome Planning Will Work Across Categories Because the Probability of Purchase Model Holds True

- We were able to replicate the same Probability of Purchase methodology across **46 brands in 4 categories**: Frozen Pizza, Laundry Detergents, Nutrition Bars, Butter/margarine
- The correlation of predicted Probabilities of Purchase to actual distributions from Numerator data was generally 99% across brands



Towards a New Science for Media Planning

- 1. Outcome planning wins.** Outcomes plans will outperform reach plans by at least 50% by taking advantage of consumer heterogeneity and targeting.
- 2. Targeting is required, basing it on brand probabilities of purchase.** Target the Movable Middle, based on the heterogeneity of consumer probability of purchasing the brand of interest.
- 3. Outcome plans most likely offer better long-term benefit** Outcomes plans also outperform at converting non-buyers, retention and raising purchase rates, serving the brand best in both the short-term (performance) and the long-term (brand building).
- 4. Repeatable success.** This new science – based on lawlike mathematical relationships – should work repeatably...on each and every campaign.

How to Implement Outcomes-Based Planning (OBP)

1. Get Targeting Right

- **Addressable:** Direct your targeting efforts to segments defined as rich in “movable middles” based on purchase probabilities
- **Media Audiences:** Profile media (shows, websites, etc.) to find content that naturally attracts a high concentration of “movable middles”
- **Markets:** Brands often have significantly different BDIs across geographies - use that to your advantage for media allocations
- **Ad Budget:** At least 50% of your ad budget should be targeted to “movable middles” to achieve 2-3X the weight vs. their incidence in the population

2. Get Tactics Right

- Use media tactics that are proven to work better for your brand with which to target

3. Use The Right Creative for the Brand Objective

- Use creative aligned to your primary goal (brand imagery, promotional performance, etc.)
- The same Outcomes-Based Plan should work equally well regardless of purpose

4. Use ROAS-Based Planning to Lead to Higher Ad Budgets and More Growth

- Set a profitable ROAS target
- Spend until saturation brings ROAS to your target

Moderated Interview

Joanna O'Connell

Vice President, Principal Analyst
Forrester



Audience Q&A

Marc Vermut

Vice President, Marketing Solutions
Neustar



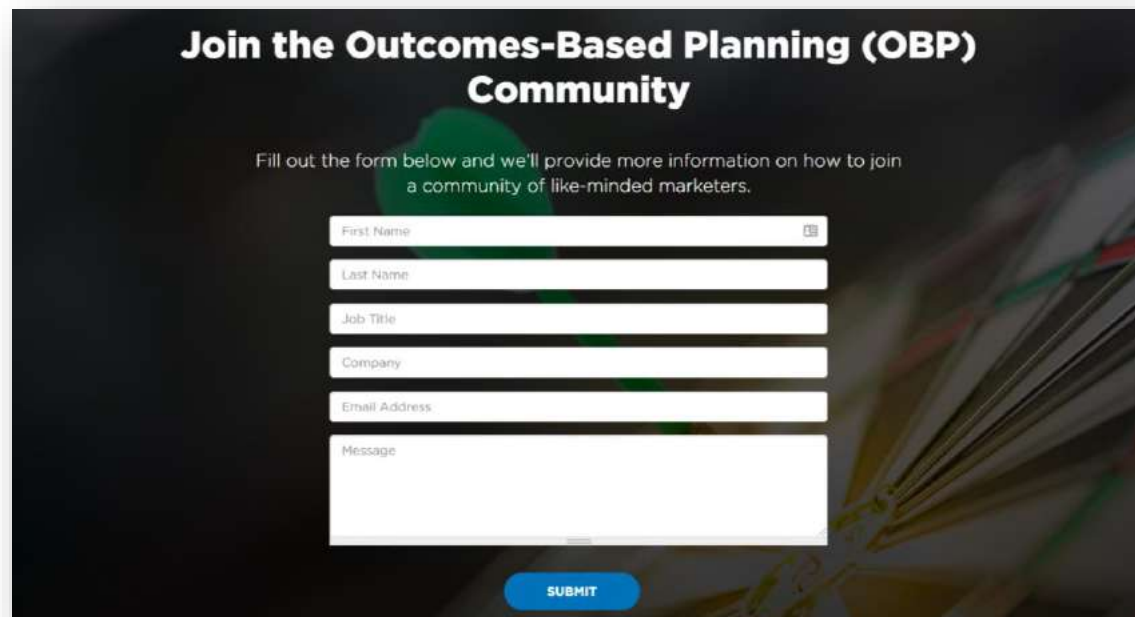
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For Questions or More Information:

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THANK YOU

