Refining Hispanic ROI
A Study by AHAA: The Voice of Hispanic Marketing
ANA Webinar

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#RefiningROI
Study Acknowledgments

Study led & conducted by ahaa

Study performed by Sequent Partners

AHAA Research Committee guidance by

Underwriting and expert collaboration provided by

#RefiningROI
Why is it important to Refine Hispanic ROI

Accurate segment ROI links retail sales to media & promotional efforts resulting in factual segment investment priorities and optimization.

Inaccurate ROMI reads lead to disproportional segments’ investment, insufficient resource allocations and suboptimal total market growth.

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# Refining Hispanic ROI Study

## Context

### Questions

**How is the full impact of Hispanic marketing reflected in ROI analysis?**

- Spanish language TV, English language TV audience measures
- Sales measures to Hispanic individuals in any-stores anywhere

### Study Objective

Assess & recommend best practices that would improve marketing mix models’ ability to accurately evaluate the ROI of Hispanic efforts in any language or type of Total Market approach (integrated, segmented or both)
What Is Total Market?
AHAA-ANA-3AF Consensus Definition

**Definition**
A marketing approach which proactively integrates diverse segment considerations.

This is done from inception (with rigorous purchase drivers and insights of each segment) through the entire strategic process and execution.

**Goal**
Enhance Brand value and growth effectiveness

**Outcomes**
3 potential TM approaches
Depending on segments’ growth opportunities and triggers & barriers to optimize that growth

1. **one fully integrated “new mainstream” approach**
2. **individual Hispanic, African American, Asian, or White Non-Hispanic segment approaches**
3. **or in most cases, a combination of above**

... aligned under ONE overarching strategy.

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Question

• How often do you gauge the ROI of your Hispanic marketing efforts on your top brands?
  – More than once a year
  – Once a year
  – Every couple of years
  – Rarely
Refining Hispanic ROI
Study Findings

The *potential to misread* the impact of Hispanic marketing ROI is *relatively high* today.

- Keen interest in Hispanic
- Genuine passion for getting ROI measurement right
- Satisfaction with media input data
- Acceptance of sales data limitations
- Uncertainty about how to best model this segment
3 Ways To Improve Hispanic ROI

1. More precise Hispanic TV data
2. Addressing issues with sales data
3. Exploring best practices for modeling Hispanic marketing
One Thing We Know About Marketing Mix Models & ROI

• ROI is a precision game
  – Media & sales outputs aligned in time and space

• Models are driven by variations and discreet events at specific times - best fueled by highly granular data
  – Ideally: ratings for ad occurrences aligned to weekly/daily consumer sales

• Any smooth averages dampen model sensitivity clouding the ability to see the sales contribution of a particular campaign or medium
TV Measurement Issues

- Three measurement systems at the DMA level confound modeling effort
  - Local People Meter
  - Household Meters and Diaries
  - Diary-only
- No cable network ratings by DMA
- No best practice for translating DMA GRPs into sales territories
- Quarter-hour, not average or commercial minute measurement, smoothes audience data in modeling
Hispanic Total Market Approaches Are Often Washed Out In ROI Evaluation

**How** The Ads Were Made, Relevance Level by segment And **Who** They Were Intended To Reach Is Washed Out

**Spanish**
- Spanish language ads – Direct Translation of English Ads
- Spanish language ads - Hispanic insights

**English**
- English ads with Hispanic contextual cues or Hispanic Insights
- English/"General Market" ads

Hispanic Advertising
1. More Precise Hispanic TV Data

• Call for currency providers to:
  – Increase accuracy of DMA-level audience delivery - broadcast and cable; provide tools to translate into other geographies
  – Consistently provide more precise measure of Hispanic ads - C3 audiences, exact minute and DVR playback

• Call for marketers to:
  • Understand variations in campaigns or individual English or Spanish-language commercials
Question

Before today, how familiar were you with the difference in TV measurement at the DMA level, and its impact on Hispanic ROI?

– Very
– Somewhat
– Not at all familiar
3 Ways To Improve Hispanic ROI

1. More precise Hispanic television data

2. Addressing issues with sales data

3. Exploring best practices for modeling Hispanic marketing
Hispanic Sales Data May Undercount The Full Impact Of Hispanic Marketing

Person → Store → DMA → National

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2. More Accurate Hispanic Sales Data

• Call for sales data providers to:
  – Address undercounted sales data:
    • Hispanic sales are projected estimates - not measured
    • Significant progress has been made, but could these estimates be improved with actual consumer data in place of store data?
    • Missing sales - smaller outlets not measured - 8%-10% of ACV
3 Ways To Improve Hispanic ROI

1. More precise Hispanic television data

2. Addressing issues with sales data

3. Exploring best practices for modeling Hispanic marketing
No Best Practices For Modeling

1. Impact of Spanish Language Media On Hispanic Stores

   Spanish Language Ads & Media → Sales Lift In Stores With High Hispanic Concentration → Sales Lift In All Stores

2. Impact of Whole Hispanic Campaign On Total Sales

   Whole campaign - Spanish & English Language Ads & Media → Sales Lift In All Stores
3. More Consistent Modeling Approach

• Call for marketers/modelers to:
  – Develop consistent approach to modeling Hispanic
    - tradeoffs between:
      • Greater sensitivity of Hispanic-specific models
      • Broad read of all efforts including Hispanic in one model
  – Include long term effects of Hispanic advertising in models
    • Brand perceptions and attitudes
The Total Market Dilemma

• Most modelers are unclear about Total Market approaches and what it means to them
  – The lack of clear creative communications parameters muddles modeling efforts
  – Advertising is simply identified as Spanish or English language, not even Less Acculturated, Bicultural, Acculturated
  – But sales are identified as Hispanic or total

• Modeling the effect of Hispanic marketing on total sales reflects the Total Market of Hispanic consumers
  – But is less sensitive than modeling high-density Hispanic stores
Question

Which issue in Hispanic ROI analysis is most critical for the industry to “fix” to allow brands to clearly see the value of Hispanic marketing?

– Increasing the precision of media data
– Expanding sales tracking and store coverage
– Creating best practices in modeling approaches
Four AHAA Actions On Hispanic ROI In 2015
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<th>1</th>
<th>Improve Audience Delivery</th>
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<td>• Include more granularity of Hispanic ads at DMA</td>
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<tr>
<th>2</th>
<th>Improve Sales Inputs &amp; Estimations</th>
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<tr>
<td>• Link Hispanic consumers with their store purchases and project soundly to DMA/Total</td>
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<td>• Further expand breadth &amp; depth of Single Source* &amp; Panel</td>
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<td>• Augment independent/non-coop stores samples</td>
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<td>• Adopt 3 key model levels:</td>
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<td>• Segment focused,</td>
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<td>• Hispanic within TM</td>
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<td>• &amp; Broader Dashboard with CLV</td>
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<th>Improve Education</th>
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<td>• Create trainings for Marketers, modelers and agencies</td>
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Refining Hispanic ROI
Take-Aways

The potential to misread the impact of Hispanic marketing ROI is relatively high today

Need to Improve media input data
Continue to Improve sales data limitations
Standardize techniques for Total Market & Hispanic specific modeling

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