AHAA
Refining Hispanic ROI
ANA Multicultural & Diversity Conference
Sunday, November 9, 2014
Acknowledgments

Study performed by

Underwriting and expert collaboration provided by

AHAA Research Committee guidance

#RefiningROI #ANAMulti
AHAA’s Exploration & Education Around Effective Total Market Approaches

- **Planning**
  - Standardized TM Definition
  - Org Structure & Education
  - Planning & Strategy
- **Communications**
  - Agencies Model
  - Messaging Relevance
  - Media Planning & Buying
- **Front-End**
  - Customer Experience
  - Digital
  - Shopper Marketing
- **Validation**
  - ROI Modeling & Metrics
  - Validation of Concept – Case Studies
  - Tracking TMA Evolution

🌟 Highest Need = Priority
✅ Completed
🟢 In-Progress
AHAA Total Market 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 growth opportunities, triggers & barriers

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.
Refining Hispanic ROI

Context

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

Inaccurate reads lead to barriers to investment, insufficient resource allocations and unsustainable market growth.

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Refining Hispanic ROI

Questions

How is 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)
Media and brand metrics consulting focused linking advertising and media to financial outcomes. Sequent Partners specializes in marketing accountability and ROI, innovative media metrics development and group facilitation and consensus building.

Studies include:
Return on Word Of Mouth, Current State of Market Mix Models, Radio ROI, Magazine ROI

Alice Sylvester, Partner
Veteran Branding and Agency Media & Account Planning Expert

Jim Spaeth, Partner
Experienced Modeler & Researcher, Former President ARF
The Story Begins

• In-depth conversations about Hispanic ROI practices with marketers and modelers revealed:
  – Keen interest in this fast-growing marketplace
  – 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

• End of story? Maybe not!
Key Finding

Despite advertisers’ perception that Hispanic ROI is “generally okay,” AHAA’s Research Committee agreed with Sequent Partner’s findings that the potential to misread the impact of Hispanic marketing ROI is relatively high today.
One Thing You Need To Know About Marketing Mix Models & ROI

• This is a precision game
  – Media & sales outputs aligned in time and space to see the relationship between them

• 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

• Smooth averages dampen model sensitivity clouding the ability to see the sales contribution of a particular campaign or medium

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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
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 Marketing Approaches Are Often Washed Out In ROI Evaluation

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

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

**English**
- English ads with Hispanic contextual cues
- English/general market ads

Hispanic Advertising

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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
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

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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

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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
Executive Summary & AHAA Actions
AHAA Recommendations
Create the strongest Hispanic media and sales data feed for modeling

1. Improve Audience Inputs

Issue/Challenge

• Audience Delivery
  • National Media data blurs delivery at DMA level; local quarterly data can’t match national, no cable ratings by DMA

Recommendation

Include more granularity of Hispanic ads at DMA

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AHAA Recommendation

2. Improve Sales Inputs & Estimations

**Issue/Challenge**

- **Sales Attribution**
  - *Projected USH sales estimates from High Density stores may undercount impact and size of prize*

- **Measurement Systems**
  - *Limited sample of HH panel, not granular enough, unable to calibrate vs. shipment data, evaluating TM strategy is handicapped*

**Recommendation**

- **Link Hispanic consumers with their store purchases and project soundly to DMA/Total**

- **Further expand breadth & depth of Single Source* & Panel**
  - *some improvements to be offered soon*

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AHAA Recommendation

2. Improve Sales Inputs & Estimations

Issue/Challenge

- **Measured Universe**
  - *Independent chains, bodegas & C-stores are not well covered*

- **Estimate of Hispanic Sales**
  - *Share of a product sales is fixed to a store thus lift is also fixed*

Recommendation

- **Augment independent/non-coop stores samples**
- **Migrate to Consumer-level data**

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AHAA Recommendation

3. Improve Modeling

Issue/Challenge

• Modeling Technique
  • No modeling best practice; even greater error on TM model vs. Spanish segment model; challenge to reflect all media impact on overall Hispanic

Recommendation

Adopt 3 key model levels:
  Segment focused, Hispanic within TM & Broader Dashboard with CLV

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AHAA Recommendation

4. Improve Education

Issue/Challenge

• Continued Education

Recommendation

Create trainings for Marketers, modelers and agencies

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**Timeline**

- **HH Panel expanded; US Hispanic Sales Projection from ALL stores vs. only high concentration stores**

- **Assessed Practices & Inputs**
  - June-Aug 14

- **Clarify Gaps with IRI/Nielsen**
  - Oct 14

- **Develop Cont’d Ed Training**
  - Dec ‘14

- **Modeling Techniques; Media inputs to clients**

- **Launch Trainings by Functional Role**
  - Jan ‘15

- **Disseminate Study**
  - Nov-Dec ‘14

- **I.D. Data & Modeling Gaps**
  - Sep 14

- **Address high priority S-T Measurement Changes**
  - Nov ‘14-Jan’15

- **Iron out L-T Measurement/Modeling Changes**
  - Feb-Apr ‘15

- **Sales Attribution at consumer level; Single Source Measurement Systems**

- **Measured Universe; Sales Estimation; Coverage; Audience Delivery: DMA integration with National**

- **November 8**
  - Study brief posted at AHAA.org

- **December 10, 2p ET**
  - AHAA Webinar

- **January 28**
  - ANA Webinar

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Panel

• Diane Tielbur - Kraft Foods
  – Senior Director, Consumer Insights & Strategy

• Jeff Doud - Kellogg Company
  – Director, Marketplace Analytics

• Roberto Ruiz - Univision Communications
  – SVP, Strategy & Insights

• Jim Spaeth - Sequent Partners
  – Partner

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