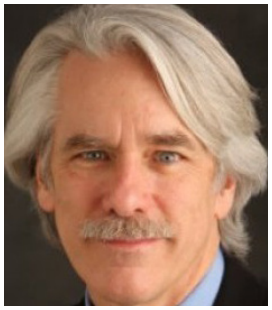
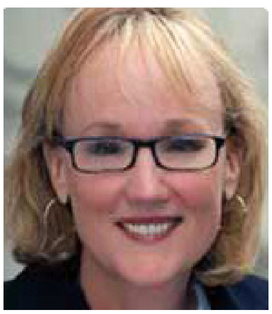
Outdoor Advertising Association of America

Learn to Speak Media ROI

March 12, 2018

Jim Spaeth and Alice Sylvester, Sequent Partners





Have you ever heard these words, "The model said OOH didn't do anything last year, we're taking you off the plan."

Such moments are pivotal times. You have a choice. You can accept the ruling, as if it were handed down from on high. Or you can engage – ask smart questions, offer informed challenges.

The OAAA ROI educational programs empower OOH professionals to engage. Have you participated? Have you been empowered to engage? Or are you left, helpless to just accept the model findings?

The OAAA ROI training offers six strategies for dealing with ROI results. These can be used to build upon positive ROI results or to defend against negative ROI results. When your ROI results are positive, you should be equipped to use them to recommend how your very successful OOH campaign can be extended, to deliver even more for the brand … with a bit more budget. When your ROI results are negative, there can be many reasons to cast doubt and get another try.

ROI Modeling

The vast majority of national advertisers use marketing mix models to estimate the ROI of each of their marketing investments. They use this learning to reallocate money from poor investments to profitable investments on an annual, or even quarterly basis.

The model provides an estimate of the incremental sales generated by each marketing element, for example: promotion, distribution, direct mail, search, television and OOH. Incremental sales revenue is multiplied by a profit margin factor to yield incremental profit. That is then divided by the cost of the marketing investment to yield ROI. For example, if the OOH campaign generated an incremental $150,000 in profit and cost $100,000, the ROI would be $1.50 – $1.50 in profit returned for every dollar invested. That would be a great investment; one worth additional spending.

Does this really work? Yes, econometric models have been enabling brands to understand the contribution of each marketing investment for over 25 years. Their acceptance has grown steadily over that time with national brands. However, model outputs are dependent upon good data inputs and the right treatment of the medium in the model.

With that quick review of the basics, let's look at the six strategies for casting doubt and get another try.

Strategy 1: Revisit Objectives

If your model results were strong, there should be appetite to double-down on a proven good investment and increase your budget. Recommend scaling-up the OOH campaign to achieve the same objectives more broadly across markets and weeks.

If your model results were weak, question model results in light of the media objectives. Was OOH's job immediate sales? Then ROI is the right KPI for evaluating the medium. Or was it something else like driving traffic, or building awareness? Then ROI may not be the right KPI.

Reconsider the campaign in terms of the objectives. How well did the OOH buy reflect those objectives? Think about target audience, formats, locations, and creative. Were you aware of the objectives when the plan was prepared? Would you recommend something different now that you know? Can you get a second chance? It is not uncommon to have a disconnect between objectives, plan and KPI's.

Strategy 2: Leverage Industry ROI Norms

OAAA can equip you with norms for OOH ROI, compared to those for other media. This gives you a credible reference point for comparing your client's ROI results. They come from Benchmarketing, a very reputable modeling division of Omnicom Media Group. They are a UK company, but the norms are based on US data.

If your model results were strong, compared to the norm, you have an exceptional campaign and should make the case to invest more because this campaign is working so well.

If your model results were weak, compared to the norm, something is wrong and can be improved. You know this, because the norm tells us that OOH usually does better! Then go onto the next step (see the next two strategies listed next) and identify the culprit and recommend a second chance for a stronger plan.

Strategy 3. Break Out Formats

Was OOH modeled as a whole or were formats broken-out separately? Some modelers operate at a very high level – total medium; some modelers break out OOH formats by major categories, or even more discretely, depending on the level of investment and importance to the plan (e.g., billboards versus transit). Modeling at the most granular level possible is unusual but is the most helpful and illuminating.

If the modeler broke out OOH formats and your results were strong – this is your opportunity to ask for more money for adding more of the OOH formats that worked, or expanding to similar formats. If your model results were weak, overall, did some formats work better than others? Can you recommend a reallocation using the most profitable formats to optimize ROI and recommend a second chance, or a test and learn, with a better plan?

If OOH formats were not modeled individually you can do this on judgment, remember – you are the OOH expert!

Strategy 4. Assess Creative

Was creative broken-out individually in the model? The only true way to understand ad performance is by evaluating creative independent of media.

Research has shown that two-thirds to three-quarters of campaign performance depends upon effective creative. If the creative is not strong and it is not evaluated separately, the medium will be blamed for the campaign's poor ROI.

If your model results were strong suggest how the creative strategy could be extended or evolved and recommend a larger budget to build on success.

If your model result were weak suggest ways the campaign could be improved. Recommend a test and learn once stronger creative is developed.

Strategy 5. Question Data Inputs

Marketing mix models require accurate, as-ran, weekly, market-level GRPs. Academic research has proven that any significant inaccuracies in the data modelers use REDUCES THE OOH ROI ESTIMATE!

If your model results were weak – the OOH data inputs could be at fault.
Ask what data was used, if it does not meet the standards you have a good reason to request that the model be rerun with the right data!

The ideal OOH data for models is individual units with format and creative execution info, posting and take down dates, latitude and longitude with Geopath audience. This highly granular data encourages the modeler to evaluate OOH as finely as possible. Or, at worst to roll it up to weeks and DMAs based on accurate data.

One modeler I recently spoke with said, "Where we've gotten decent data, OOH performs fine — on par with other channels. If it looks like it doesn't work, it's usually the fault of the data. Where it works really well, it's usually where we have better data."

Strategy 6. Bring In Corroborating or Conflicting Data About The Campaign

Do you have evidence that the campaign succeeded in other ways that may not be captured in an ROI model, or that might suggest that the model is not accurate? For example, store or Web traffic generation, or brand awareness lift. Bring it to light! Provide a counter-argument or context for the results that will win you a second thought … and maybe a second chance.

Remember …

- Revisit Objectives
- Leverage Industry ROI Norms
- Break Out Formats
- Assess Creative
- Question Data Inputs
- Bring In Corroborating, or Conflicting, Data About The Campaign

These strategies can provide a gateway to discussions of incremental budget if results are good. Or give your client something to think about if results are bad … and, hopefully, a second chance.

Register to participate in the no-free OOH ROI Webinar Series here.