

DRIVING MEDIA EFFECTIVENESS THROUGH PREDICTIVE MODELING

Our insights help a leading European manufacturer improve return on investment from media and marketing.

The client

A prominent domestic appliance company in Europe.

Situation

The market for consumer electronics and household appliances is changing rapidly. Product lifecycles are shortening, ecommerce continues to rise as a sales channel and digital media is emerging as a key communication platform for brands. At the same time, brands are under growing pressure to justify media spending and prove that their marketing plans deliver higher competitiveness.

Our client needed to build a scalable solution that would provide fact-based decision support for its global marketing teams, and enable them to improve the effectiveness and efficiency of their above- and below-the-line activities. The company decided to introduce marketing mix modeling to optimize its marketing return on investment (ROI) across key product ranges and geographies.

Approach

Our marketing mix modeling solution enables marketers to accurately predict the impact of various marketing tactics on sales. In addition to offering our client industry-specific expertise, our models use our store-level point of sale data to offer more accurate insight into how different media (for example, print, online and television) drive sales.

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

We built around 40 models for key domestic appliance categories across five key markets, combining our point of sale tracking with the company's promotional, digital and traditional media planning data.

Modeling at store level allowed us to connect sales activity to marketing actions at their level of execution: in-store, account (retailer), regional or national. For example, we could link instore activities at a particular store to sales outcomes.

The client gave us access to its granular media data at a regional level. This enabled us to make precise estimates of sales uplift and sales contributions across the company's brands and key segments as a result of promotions and advertisements. Our model controlled for competitive activities using the client's data as well as POS tracking data.

Outcome

Our marketing mix models have helped the manufacturer to shift towards a more fact-based, metrics-driven approach to making marketing decisions. For example, we showed that the company's digital media investments drove sales, but that the client still needed a substantial investment in non-digital marketing mechanics.

We found that advertising carried sales but there were a lot of room for



improvement. We proved that digital media was particularly effective at generating sales in online channels. The impact of digital media on offline sales was significant but much lower. Despite high sales lift, our model also revealed that digital and traditional mechanics alike were showing lower marginal returns as a result of saturation, affecting spending efficiency.

Our client could thus simulate the outcome of its future marketing plans, focus better on potential ROI, craft better strategies and tactics, and connect campaign investment to financial performance. It also had the capability to roll out more standardized marketing campaigns that enable global comparison and peer learning.

Your contact partner is there for you:

Bjoern Kroog
T +65 6826 8606
bjoern.kroog@gfk.com