

Not All Impressions Are Created Equal:

Impact Based Planning in the TMR (Telmar Matterhorn ROI) System

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Summary: Every marketer understands that some contact points are better than others for certain purposes. The same contact point might be great for a marketer focused on the immediate conversion to purchase, but lousy for repositioning their brand. This *"impressions have different values for different situations"* reality has been demonstrated through a wide range of research, yet the planning tools available for building contact plans, buying media, and stewarding the purchase have not allowed for Impact Based Planning (IBP) – until now. This paper reviews a first of its kind partnership between ROI research firm (Marketing Evolution) and media planning tool provider (Telmar). The paper examines the analysis of over 300 plans using a relatively new tool called TMR (Telmar Matterhorn ROI) to perform IBP. Based on a comparative analysis of IBP versus traditional planning, we consider the industry implications of adopting impact based planning and consider the ramifications to marketers, procurement, agencies and media owners in the IBP media planning landscape.

Marketers have a complex job. They need to sell product – and to do so, they have to understand the barriers along the path to purchase that are interfering with increased sales. In one situation, the area to address may be awareness – not enough people are aware of the product to include it in the consideration set. For another brand, the problem may be brand relevance – people know the brand, they just don't believe the product is relevant to them. For yet another brand, the problem may be conversion from purchase intent to actually buying the product. Increasing sales requires media plans that address the specific challenge the brand faces.

These different marketing objectives are critical to marketing planning – yet, the tools to plan and buy media historically haven't had a place to account for the different marketing objectives. And, for each objective, marketers need to know how each media generates impact at different exposure levels – what we call impact curves. Yet, there hasn't been rigorous data on actual impact curves made available to media buyers. They are left to guess at the different impact curves that different media deliver, depending on the different objectives.

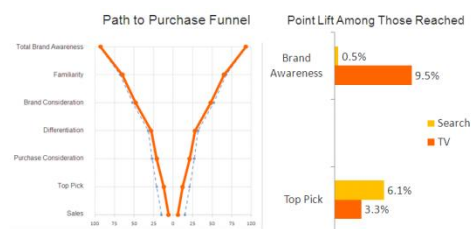
In absence of rigorous impact curve data, the way the tools have worked, is to take a target audience definition and to optimize the delivery of impression or reach/frequency (R/F) to this target audience. In the absence of having any data on how different impressions achieved different impact against

different marketing objectives, these tools treated all impressions as equal – which is a bad assumption. Some tools have allowed a media buyer to guess at an "index of impact" but this doesn't allow for the differential impact a media has at different frequency points (the impact curve) or the difference in impact based on different objectives, and for the most part, the values entered aren't based on proven ROI analysis. The only difference the tools accounted for were differential cost and reach/frequency delivery.

To repeat, the old tools treat all impressions as equal, when in fact there are differences in the impact that different contact points deliver. A new tool from Telmar and Marketing Evolution called *TMR™* solves this problem.

Not all impressions are equal. Some, like prime time TV, are better at building awareness. Others, like targeted key words in a search engine, are better at purchase conversion. That is not to say that TV can't drive some conversion, and keywords can't drive some awareness, but it does say that the impact curves for each media differs depending on the marketing objective (see chart 1).

Chart 1: Different Objectives, Different Impact by media



Moreover, the impact pattern just described for TV and search might apply for one category, such as automotive, but not for another, such as beverages.

TMR takes into account impact curves from Marketing Evolution’s normative ROI databases, and cross media reach and frequency planning data from proprietary and/or syndicated data (Telmar estimates) to help planners generate optimal media mix plans.

TMR is optimized based on five factors:

1. Category (Automotive, CPG, Entertainment, etc)
2. Marketing Objective (Awareness, purchase conversion, etc)
3. Target Audience
4. Impact curve by reach/frequency
5. Price

TMR delivers on the promise of IBP. And, now that the tool is in use, we can examine how IBP compares to traditional planning. We can discuss the real-world implications of adopting IBP. We performed extensive analysis of IBP to answer:

1. How much will IBP improve results for marketers?
2. When using IBP do a few media properties (sellable titles) consistently come up on top?
3. What is more important in driving IBP recommendations: targeting, impact lift, or price?

Before we answer these questions with empirical analysis of over 300 plans run through TMR, we will explore the emergence of TMR.

The New Tools: Buying Catching Up With Planning

Up until TMR, the de facto industry standard has been impression planning, which treats all

impressions the same, and looks to maximize the number of impressions per dollar spent. Even though most agencies build more thoughtful plans using the concept of impact planning within the strategy group, by the time these plans have been handed over to the buying group, the focus has shifted to impression targets by audience with price targets set. What has been lost in the translation is the drivers of impact, thus the media buyer selects placements based on the cost per impression rather than cost per impact.

This *unwinding of impact planning* as the process moves from strategy, to planning, to buying groups within an agency is predictable because the tools of the media buyer are limited and do not allow them to buy based on impact. Media buyers want to buy on impact, but as RPA’s Vice President/Director of Media Research, Claire Browne explains, the tools to compare cross media impact and build plans simply have lagged behind. “Every planner wants to be able to compare on impact, but they haven’t been able to. Data from a lot of sources needs to be united and conformed, and it wasn’t until we conducted our own cross media study with Marketing Evolution that we saw that it really was possible to achieve impact based planning. That was an ‘ah-ha’ moment for us,” continued Browne.

The impetus to achieve cross-media impact based planning has come from a combination of factors. On the one hand, we have a generation of marketers that understand “impact based” buying strategies thanks to their popularity on the internet. Keyword, cost per click, cost per lead, etc. have captured the affection of marketers who increasingly want to negotiate for the actual marketing impact they desire rather than mere exposure to a message.

On the other hand is critical mass of cross media research studies that have produced impact curves for a wide range of marketing activities.

The mountain of accumulated Marketing Evolution cross media ROI research now covers billions of dollars worth of campaigns, covering a wide range of business categories, millions of consumer interviews to measure the impact on awareness, brand perception, and purchase intent. And, extensive behavioral analysis has been performed to measure impact on sales.



This research was first pioneered in 2001 by Marketing Evolution's founder Rex Briggs with the ground breaking Dove Nutrium study. It is complex to gather to ensure proper side-by-side analysis of the effectiveness of "marketing levers" (television, internet advertising, social media, magazine, events, etc.) in context of the marketers intended objectives. But, after nearly a decade of intensive work,¹ the normative dataset has been integrated into TMR.

TMR is web-based software that brings together Telmar's proprietary/syndicated data estimates (reach and frequency and duplication curves) with Marketing Evolution's database of impact curves by media and marketing objectives covering billions of dollars' worth of carefully measured campaigns.

TMR is cross-media, so it unifies social media, and digital advertising with traditional media and other marketing channels. There are two levels of TMR. **TMR BaseCamp** provides out of the box planning tools for agencies, while the **TMR Summit** version provides a high degree of customization, including the ability for the marketer to bring in their own proprietary ROI impact curves, and to combine their tools with the suite of marketing planning and analytic tools offered by Marketing Evolution.

A Milestone in Media Planning Tools

Consider for a moment the significance of the partnership between Telmar and Marketing Evolution. Telmar is the global leader and has deep expertise in handling the widest range of syndicated media data sources available anywhere. "Telmar's reach and frequency optimization and fusion expertise provides the best available information on how media delivery works across the widest range of media options. They were the obvious choice as a partner," said Pete Frend, Marketing Evolution's President and COO.

Telmar covers over 8,000 databases globally and has over 40 years of experience in media planning tools, and serves over 300 advertising agency and media company clients in over 100 countries. Telmar specializes in a variety of data integration techniques including MultiBasing, Dynamic Weighted Profile Analysis (Profile MultiBasing) and Fusion.

Marketing Evolution has over a decade of experience with its ground breaking cross media and marketing mix analysis. Marketing Evolution performs ROI

optimization using a combination of design of experiments and surveys to isolate the attitudinal impact of each media in the mix, and behavioral analysis to understand the impact on sales. This gives unprecedented insight on the different marketing impact and synergy along the path to purchase. Marketing Evolution's ROMO (Return On Marketing Objectives) methodology for ROI measurement is the gold standard, and has been named best practice by the ARF, ESOMAR, Forrester, Corporate Executive Board, leading independent academics, and a range of media companies and media trade associations from radio, television, magazine, newspaper and interactive.

"We evaluated a number of potential partners, and we ran into two common problems: First, the vast majority of marketing mix modeling firms simply use impressions in the form of GRPs or TRPs in their model rather than taking advantage of true reach and frequency dynamics to build a better ROI understanding. The reality is that the same number of impressions can result in vastly different reach and frequency patterns, and if you aren't accounting for that, you are missing a huge part of ROI insight. Second, very few optimizations are tuned to the specific marketing objective, even though we know different media play different roles in achieving different objectives. Only Marketing Evolution has measured billions of dollars worth of marketing ROI across a wide range of categories and integrated their analysis with marketing objectives, reach and frequency and targeting data," said Stanley Federman, CEO of Telmar.

Marketing Evolution is the most broadly independently validated methodology for marketing ROI measurement and management and has been carefully scrutinized in formal reviews and praised as best practice. Marketing Evolution's research is commissioned by marketers directly, so data used in TMR is not contrived from some artificial lab study, or generated by a study disconnected from the real marketing decision makers. Instead, the data used in impact based planning comes directly from real-world measurement of marketer's campaigns.

RPA, Agency of record for brands such as Acura, Honda, La-Z Boy, and Mandalay Bay is an early adopter of the advanced version of the combined Marketing Evolution and Telmar system known as TMR Summit. "The WOW for us was seeing Marketing Evolution's real response curves



combined with Telmar’s widely accepted proprietary/syndicated reach and frequency estimates. This was new. The quality of the norms along with granular targeting and ratings information made us say ‘we’ve gotta have that.’ TMR ties together all these disparate media types that heretofore haven’t been combined. We can still take advantage of all the syndicated data, and nit it together with impact data, and that was missing until TMR came along” said RPA’s Browne.

It’s not just agencies and marketers that are using TMR to transform buying. Impact based planning is being used by sellers too. MTV Networks announced its use of the TMR tool to better optimize their own inventory to build better plans to sell to marketers. “Our partnership with Marketing Evolution will allow marketers, for the first time, to see exactly how our brands can deliver on attributes ranging from awareness to word of mouth,” said the President of U.S. Ad Sales for MTV Networks. “Effectiveness Targeting represents a major breakthrough in marketing accountability. Nothing like this exists in the market today.”

In an interview about TMR with TV Week, the MTV Network spokesperson noted, “Effectiveness Targeting [Impact Based Planning] will enable clients to identify a specific marketing goal—ranging from building awareness around a product launch to immediately driving sales—and optimize advertising buys to achieve that goal with the best possible return on investment.”¹

Analysis of Impact:

The theory of impact based planning has become reality. For those interested in the nitty-gritty details of what we’ve learned about how impact based planning compares to traditional forms of buying, read on. For those less interested in research process and data charts, skip over and glance at the conclusions section, as there are important ramifications for the industry.

Key Research Questions:

1. How much will IBP improve results for marketers?

2. When using IBP do a few media properties (sellable titles) consistently come up on top?
3. What is more important in driving IBP recommendations: targeting, impact-lift, or price?

These questions required empirical experience to confidently address them. The analysis consisted of generating output from TMR, and performing a variety comparative analysis to traditional buying approaches using the exact same media inventory and budget level.

Over 300 plans were run, where each plan is a combination of a marketing objective, within a marketing category (i.e. CPG Household goods) a target audience, a set of available media inventory and a budget size. The analysis used all sellable assets available spanning several months. The budget level was set to allow for every asset available to be included in the output. This provided a comprehensive ROI ranking and analysis. In sum, the analysis:

- Covers both “planting the seed” (awareness campaigns) and “harvesting” (conversion oriented campaigns).
- Canvasses 50 different demographic and attitudinal profiles, using Nielsen demo definitions such as female 25-54, and MRI audience profiles, such as heavy movie attendees, beauty enthusiasts and so forth...
- Spans 13 different product categories such as Pet Care, Beauty, Entertainment - Theatricals, Quick Serve Restaurants (QSR), and Cell Phone Telecommunications, to name a few...
- Covers approximately 850 sellable titles (also known as “media inventory”). This includes a wide range of media assets such as specific TV program placements (i.e. the Daily Show with Jon Stewart), TV dayparts, dayparts by network, specific websites, targeted digital buying, etc...

We generated over 2.5 million rows of output, and produced over 10 million key data points used for comparative analysis.

¹ TV Week, http://www.tvweek.com/news/2008/05/mtv_nets_sign_with_marketing_e.php



The analysis represented a robust comparative analysis of over 300 conceivable marketing plans.²

Four Types of Media Buys Evaluated:

We looked at four types of advertising buys. The first is “*Lowest CPM Optimization.*” This is often referred to as tonnage buys, because the advertising agency buys as many impressions (GRPs) as possible for the budget. The tools used to optimize simply sort based on cheapest CPM, and buys accordingly.

The second type of buying is “*Audience Targeting.*” This approach divides the CPM by the audience composition and then sorts based on getting the most impressions delivered to the target audience for the budget.

The “*Norm Approach*” uses the actual media campaigns that were executed by marketers in a particular category and analyzed by Marketing Evolution. The data is aggregated across multiple marketers. In some categories, the norm approach is fairly similar to the “tonnage” buy, because the current practice is to buy a lot of inventory for the cheapest price (targeted or untargeted, depending on the industry), and to augment that with a few *strategic* placements. These strategic placements generally boost the effectiveness a little bit, but since they are a minority of the overall impressions and spending, they aren’t game changing.

The fourth and final approach to media buying we evaluated is “*Impact Based Planning (IBP).*” Imagine if every impression was evaluated based on its *strategic* fit with the marketer’s objective, and the specific response curves for that marketer’s category such that every impression could be ranked based on how well it delivered impact based on empirical ROI research. Imagine if audience targeting was taken into account right alongside strategic placement considerations, along with price and you have the essence of IBP. Strategic fit has historically

been a qualitative judgment call. Marketing Evolution used actual lift by frequency data, and mapped it to intrinsic characteristics of different media placements to generate the impact curves. This is combined with Telmar’s compilation of audience composition data, and cross-media reach and frequency to produce the IBP optimization algorithm (see sidebar for more).

Findings:

1. How much will IBP improve results for marketers?

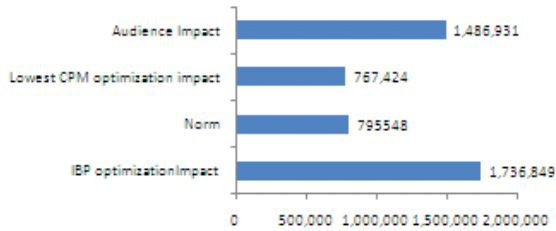
Answer: By more than we expected! Marketers will consistently achieve better impact, because IBP aligns and delivers the right impressions – that is, those impressions that get the message in front of the right people, at the most impactful time, in the most impactful place, for that particular marketer.

Based on overlaying Marketing Evolution’s normative data drawn from billions of dollars in precisely measured campaigns – which represent the current media buying practice, with the IBP output from the 300+ plans, we found nearly a doubling of impact (91% increase compared to norm). To make this finding more tangible, we drew randomly from the plans to provide a case-in-point.

This particular plan is drawn from the entertainment category. It is a holiday campaign to build awareness for a blockbuster release. It is a \$3million budget for a 5 week campaign. The bulls-eye target is 18-34 heavy movie (in-theatre) viewers. Chart 2 shows the total number of people influenced by each type of plan (holding budget constant). The chart shows that IBP outperforms the norm approach by 118 percent, or 941,301 people influenced. It outperforms the tonnage approach (buying the most impressions for the least amount) by 126 percent, or 969,425 people influenced. And, it outperforms audience targeting by 17 percent, or 249,918 people influenced.

² The analysis uses MTV Network assets as the sample set. We felt that the MTVN assets have enough diversity to represent a microcosm of overall impact based planning. Because the full Telmar data set includes more media (resulting in wider standard deviation in impact curves), it is possible that the results reported are conservative in terms of the advantages of IBP and may understate the advantages of IBP. We intend to publish an update to this analysis on a wider cross-media set, including social media, along with the independent best practice review which is being conducted by the ARF.

Chart 2: Number of People Influenced (budget held constant)



The theatrical example shows a common pattern where IBP produces more impact for marketers. The only other optimization that comes close is audience based targeting (which is part of the IBP algorithm). And, audience optimization only comes close to IBP when the target audience is very narrow, as in the theatrical example, which is targeted at A18-34 Heavy Movie (In-Theater) Viewers – which is about 2 percent of the US population.³

Another observation is how close the “tonnage” approach is to the norm. The “norm” is based on actual in-market measurement of entertainment campaigns. And, the current state of practice is generally to throw as many GRPs as can be bought at the lowest cost (a tonnage strategy), and then, as icing on the cake, make a few “strategic” placements. The strategic placements give a marginal boost to the shotgun buying approach that make up the bulk of the ad buys, but it hardly is worth praising. It is window dressing – the fact of the matter is that the bulk of the impressions are selected to deliver the most impressions at the cheapest cost and that is not serving marketers well, as this case illustrates. Entertainment marketers are losing impact and profits buy not buying smarter.

Returning to the averages, the nearly doubling of impact (91 percent improvement) over norm was directionally what we expected, but much higher than we had anticipated. Further examination explains why.

We wondered if the magnitude of the difference between norm practice and IBP was related to the size of the campaign. In other words, we reasoned, tonnage plans will begin to perform closer to IBP when the size of the campaign becomes very large, simply because buying everything doesn’t allow for

selectively cherry-picking the best value (in terms of impact, targeting and price).

We therefore increased the share of inventory purchased up to 50 percent of all available sellable titles. If a marketer bought up 50 percent of everything available, it would represent a never seen before campaign spend level – and, yes, at this point the difference between IBP and tonnage reduces, but is still in favor of IBP by a wide margin. The reason IBP trumps tonnage buys is that not all impressions are created equal, and ranking the inventory that delivers higher impact to the right audience, as IBP does, systematically will always beat tonnage buys.

Knowing that not all impressions are equal, marketers will want to buy cost per impact, not cost per impression. Returning to the theatrical example to examine this phenomenon more closely, we can see how erratic cost per impact performance is when buying based on cheapest impressions. Chart 3 shows the cheapest CPM approach. The yellow line plots the cost per impact of each asset recommended as it comes to a \$3 million budget. The lower the cost per impact the better. However, buying based on cheapest CPM produces erratic results – some low priced inventory is a good value in terms of delivering the right audience and impact, sometimes it isn’t.

Compare this to chart 4. It shows how the IBP algorithm systematically recommends buying the lowest cost per impact (taking into consideration the lift, audience targeting, and CPM). The zoom in box in red shows in greater detail how IBP systematically builds the recommendation based on the next best cost per impact asset.

The average cost per impact of the IBP is \$1.72. The cost per impact in of the tonnage plan is \$3.91. The cost per impact on average is worse for the tonnage approach, which is buying based purely on CPM. Yes tonnage delivers more impressions at lower cost, but it falls short in delivering impact and ROI.

³ Based on MRI data.

Chart 3: The Erratic Cost Per Impact of Cheapest CPM (Tonnage)

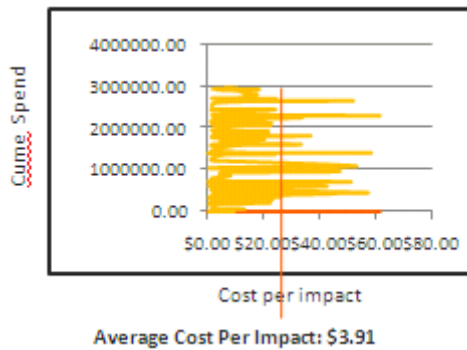


Chart 4: IBP Optimizes Based on Cost Per Impact



The IBP created a positive impact for 1.74 million people for the same budget while the cheapest CPM plan, which delivered twice the number of total impressions, only impacted 0.77 million. The IBP plan for the theatrical generates 126 percent more impact for the same budget. Here is the kicker: The average CPM of the IBP plan is \$8.97 versus \$3.96 for the cheapest CPM optimization.

The conclusion is that the intuitive understanding that virtually every media planner has that not all impressions are equal – some are more valuable than others, is exactly right. Yet, industry practice is to do exactly the opposite and treat impressions as the same and to buy tonnage (as many impressions as possible for the cheapest cost). This is wasteful, and costs marketers more dearly than we first suspected.

It may be difficult at first for an agency to tell the marketer, “The average CPM is twice what you are used to paying, but you will double your impact” – but if we acknowledge that “not all impressions are equal,” then it follows that buying the more valuable

impressions, and paying higher CPM when warranted, will raise the average CPM and impact compared to simply buying based solely on CPM. The IBP algorithm is taking cost into consideration, but rather than cost being the ONLY factor, cost is factored into audience targeting, and the cost per impact to provide a much smarter evaluation of the media property. This yields higher ROI marketing plans.

Since 95 percent of all Marketing Evolution clients are marketers, we repeat this important observation: It is the conclusion of this analysis that you can get more overall impact paying a higher average CPM. We should also point out to media sellers, this is not an endorsement to simply charge more. This analysis has taken the prevailing CPMs, and found that carefully selecting the inventory to match known patterns of effectiveness and target audience characteristics boosts ROI. Simply buying higher priced media inventory would not produce the same benefit.

2. When using Impact Based Planning do a few media properties (sellable titles) consistently come up on top?

No, IBP tends to distribute impression demand because specific assets work better for marketers in certain categories, and with certain objectives. Yet the same assets don't work as well for other objectives, of for marketers in different categories.

The current practice of buying by a handful of demos and on price overly concentrates demand. IBP can help counteract this pressure and more broadly distribute impressions.

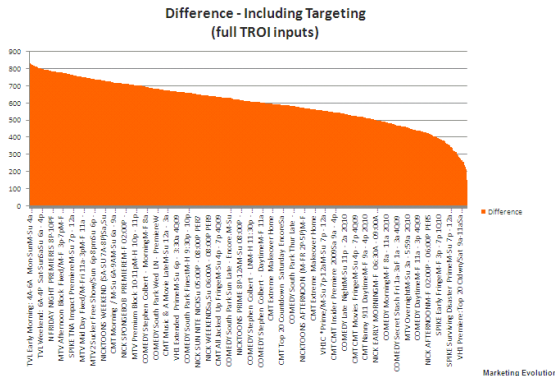
This is not just a cross media result of difference in impact. We find this affect within media as well. We looked within TV, and find that assets move up or down on average over a 72 percentile range.

We find that IBP did a better job of distributing inventory demand than the narrowly focused demos, which is the current the common practice in planning.

The analysis examines the maximum and minimum ranking across approximately 850 assets, and over 300 plans. The difference on average is 602 places.

Chart 5: Difference in High and Low Rank of each individual asset across 310 simulations

Finding: Different assets have different value for different marketers, and therefore, the high/low difference in recommendation rank across scenarios varies greatly for most assets.



The conclusion is that IBP can better balance the inventory demand than current industry practice. As one media agency executive pointed out, this is in some ways a parallel to the long-tail phenomenon. Current industry practice concentrates spending in the head of the distribution, and may undervalue the long-tail. But, if you could “cherry-pick” the long tail depending on the marketing category, marketing objective, and target audience, there is more value in doing so than current buying practice suggests. Knowing what to cherry-pick would lead to greater overall efficiency in matching the right media with the right marketer.

Whether this efficiency ultimately translates into lower overall costs for marketers or greater profits for media owners, or win-win for both, is to be determined. The overall efficiency of IBP in matching the highest yielding impact of a media asset with the marketer will be an additional benefit to the industry.

3. What is more important in driving IBP recommendations: targeting, impact-lift, or price?

The answer depends on how narrow or broad the target audience is. The narrower the target audience, the more a premium on assets that index high against the target are justified in IBP. The broader the target, the more differences in lift alone justifies the premium for assets that better align with the marketers goals. Price plays a role, but since it *divided into lift and targeting, price is less*

central to the IBP recommendation than in tonnage buys, where price is the only factor that matters.

A review of the algorithm Marketing Evolution uses for Impact Based Planning shows that it calculates the cost per impact among the relevant target audience. This means that the audience composition for a given asset defines the available population to be impacted (and lift data is then applied to this figure).

Price, audience targeting and lift work together. To see how these work together, consider the example for a quick service restaurant. Within TMR, the marketer or agency can select from the following marketing objectives: Awareness, Conversion Breakfast, Conversion Lunch, Conversion Dinner, Conversion (not meal specific).

The example shows that different objectives have different lift functions. To illustrate one of the drivers of the lift function, empirical ROI analysis from Marketing Evolution found that delivering the message around the same time as the meal occasion for which the marketer aims to drive conversion is more effective than buying a higher rated show (see chart 6).

Chart 6: How Time of Day In QSR Affects Lift

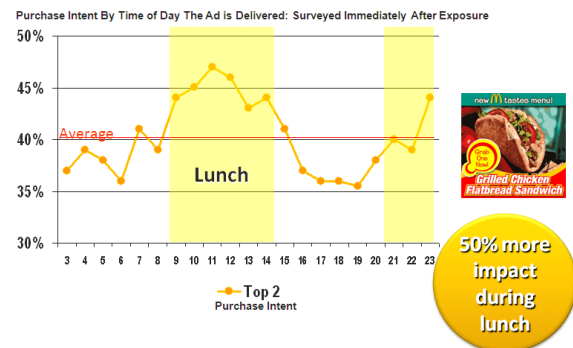


Chart Explanation: The chart’s X-axis shows the time of ad delivery across a 24 hour day. The Y-axis shows purchase consideration in a survey conducted minutes after ad exposure. As can be seen for this lunch item, the impact (lift) is much higher for purchase intention when ads are delivered around the time of the meal occasion. The empirical data that underlies this logic is built into the IBP algorithm along with other factors that also influence lift.

To demonstrate how lift, audience and price come together to influence IBP recommendations, we



selected optimization “conversion for dinner” and ran two different target audience: A18-49 demo (which represents about 132 million people), and among the People 18-49 Heavy QSR Category, which represents about 62 million people. To make it easier to see the interplay of lift, target audience delivery (composition) and price, we selected a single network of TV (VH1) for a single month. In this time, VH1 has 23 sellable titles, ranked by their recommendation in IBP. We show the Top 10, and highlighted the top 5, which IBP recommended, given the budget level we inputted.

Marketing Goal: Drive Conversion for Dinner in the quick service restaurant (QSR) category:

Target: People 18-49 (pop size: 131,580,000)

Asset	Base CPM	Lift	Composition	TCPM
VH1 AfternoonM-Su 3p - 7p 3Q10	\$11.88	9.70%	61.94%	\$19.18
VH1 Prime Weekend FixedSaSu 3p - 12a 3Q10	\$14.65	9.59%	66.41%	\$22.06
VH1 3Q10 Sunday Night BlockSu 9p - 11p 3Q10	\$15.34	8.39%	69.54%	\$22.06
VH1 09/10 Sunday CelebrealitySu 9p - 11p 3Q10	\$16.66	8.93%	69.50%	\$25.97
VH1 09/10 Monday CelebrealityM 9p - 11p 3Q10	\$15.02	8.81%	62.66%	\$23.97
VH1 Premiere: Story tellersM-Su 9p - 11p 3Q10	\$13.77	7.31%	62.42%	\$22.06
VH1 09/10 Thursday CelebrealityH 9p - 11p 3Q10	\$15.79	7.65%	65.87%	\$23.97
VH1 All DayM-Su 11a - 3:30a 3Q10	\$12.64	6.08%	65.90%	\$19.18
VH1 3Q10 Theme WeekM-F 8p - 11p 3Q10	\$15.13	6.73%	68.59%	\$22.06
VH1 Encores: Best Week EverM-Su 11a - 3:30a 3Q10	\$14.89	5.96%	70.57%	\$21.10

Target: People 18-49 Heavy QSR Category (pop size: 61,724,178)

Asset	Base CPM	Lift	Composition	TCPM
VH1 Prime Weekend FixedSaSu 3p - 12a 3Q10	\$14.65	9.59%	15.91%	\$92.11
VH1 All DayM-Su 11a - 3:30a 3Q10	\$12.64	6.08%	15.78%	\$80.08
VH1 Encores: Best Week EverM-Su 11a - 3:30a 3Q10	\$14.89	5.96%	16.90%	\$88.10
VH1 09/10 Celebreality EncoresM-Su 11a - 3:30a 3Q10	\$14.64	6.17%	15.89%	\$92.11
VH1 3Q10 Labor Day StuntM-SaSu 11a - 3:30a 3Q10	\$14.21	6.16%	15.43%	\$92.11
VH1 3Q10 July 4th StuntF-Su 11a - 3:30a 3Q10	\$12.77	6.09%	13.86%	\$92.11
VH1 Premiere: Rock DocsM-Su 11a - 3:30a 3Q10	\$13.80	5.95%	14.77%	\$92.11
VH1 Extended PrimeM-Su 6p - 3:30a 3Q10	\$13.90	5.21%	15.78%	\$88.10
VH1 09/10 Monday CelebrealityM 9p - 11p 3Q10	\$15.02	8.81%	6.94%	\$216.53
VH1 Premiere: Story tellersM-Su 9p - 11p 3Q10	\$13.77	7.31%	6.91%	\$199.28

As can be seen in the conditional formatting, the highest lift levels are for sellable titles that air around dinner time. Lift is the most important factor. The narrower the target audience, the more important audience delivery is. A premium on assets that index high against the target are justified in this particular algorithm. The broader the audience, or the less difference there is in the composition of the audience, the more the impact lift plays into the recommendation.

Price plays into the recommendation, but it is not the only factor. To prove this point, here is the same list of assets, ranked using the tonnage buying approach (ranked on price to deliver the most impressions and lowest overall CPM). Very different assets are being recommended. For the same budget, the marketer would get more impressions, but not necessarily the right impressions. Out of the

top 10 assets, only one item (highlighted in yellow) overlaps with the IBP recommendation. Notice how much lower the lift scores are, and has strong lift and audience composition).

Target: People 18-49 Heavy QSR Category (pop size: 61,724,178), RANKED ON PRICE

Asset	Base CPM	Lift	Composition	TCPM
VH1 OvernightM-Su 3:30a - 6a 3Q10	\$4.47	0.10%	0.73%	\$615.60
VH1 MorningM-Su 6a - 11a 3Q10	\$7.32	0.10%	2.45%	\$298.96
VH1 Morning Fixed Sa-SuSaSu 8a - 11a 3Q10	\$7.71	0.98%	1.98%	\$389.69
VH1 Encores:Top 20 Cntdwn/Sun 8a-10aSa 8a - 10a 3Q10	\$7.90	2.02%	1.92%	\$411.55
VH1 Premiere:Top 20 Cntdwn/Sat 9a-11aSa 9a - 11a 3Q10	\$8.30	1.77%	1.98%	\$419.38
VH1 MiddayM-Su 11a - 3p 3Q10	\$11.27	4.00%	3.62%	\$311.66
VH1 AfternoonM-Su 3p - 7p 3Q10	\$11.88	9.70%	3.34%	\$355.19
VH1 Late NightM-Su 11p - 3:30a 3Q10	\$12.59	2.85%	3.61%	\$348.37
VH1 All DayM-Su 11a - 3:30a 3Q10	\$12.64	6.08%	15.78%	\$80.08
VH1 3Q10 July 4th StuntF-Su 11a - 3:30a 3Q10	\$12.77	6.09%	13.86%	\$92.11

So how do these different plans perform? The same budget yields two very different outcomes. The IBP plan influences 568,000 people while the tonnage plan gets more impressions, but for the same budget only influences 342,000 people. IBP yields 66 percent better results for the same budget.

In terms of the difference between the audience targeted plan and the IBP plan, IBP performs better, but the degree to which it performs better depends on how narrow the target is. The narrower the target, the closer audience targeting compares to IBP. The broader the target, the more IBP significantly outpaces audience targeting. To be specific, 18-49 population, IBP generates 26 percent more impact for the same budget (influencing 2.63 million, whereas the audience targeting influences 2.09). As the target narrows, and the audience composition drives more of the IBP recommendation, the incremental impact from IBP narrows. In the “people 18-49 Heavy QSR” population, IBP influence 568,000 and audience targeting influences 519,000 (meaning IBP generates 9 percent better impact for the same budget).

The weight given to the target audience can be adjusted so that people outside the target audience can be counted as well, which would give IBP more of an advantage. Marketing Evolution’s approach is to let the user set the weight on audience, and we recommend that this become industry practice. The reason is that there are some situations, like CPG pet care, where the audience targeting is a pre-condition to effectiveness. If someone doesn’t own a dog, why try selling them dog food? In this case, the weight would be set to 100 percent.

In contrast, the situations where audience targeting is valuable, but not essential – for example, beauty enthusiasts (as defined using MRI questions) may be the bull’s-eye of a campaign strategy, and may be more responsive to an advertised CPG health & beauty product, but there are rings outside the bulls-eye that may be “less enthusiastic” about beauty, but nonetheless respond to the advertising and buy the product. In this case, the weight might be set to 80 percent, allowing the lift calculations in IBP to select additional placements that produce value to the marketer.

Think about how this would apply to our 18-49 Heavy QSR category user. If we set the weight to 70 percent, then IBP would outperform audience targeting by a wider margin.

A weight of 100% doesn’t mean that audience targeting is the only factor, it simply means that impact will only be considered among this target. A weight of 80 percent would mean that people outside of the target would have some value, but 80% of the value comes from those inside the target audience. For the purposes of consistency in the plans we used for this paper, the weight was set to 100 percent, which means that closeness in performance of audience targeting to IBP may be somewhat overstated. Even with this conservative comparison to audience targeting, across more than 300 plans IBP outperforms audience targeting by an average of 32 percent.

Conclusions:

Impact Based Planning (IBP) helps marketers to focus on “output” (in terms of impact generated) as opposed to input costs. While every marketer and agency states, “We will pay for quality – we are focused on ROI,” many have not had the tools to do anything other than to buy the most impressions for cheapest cost.

Same Budget, Better Results: The inescapable conclusion of deep analysis of hundreds of campaigns using IBP versus traditional buying approaches shows that marketers will get much better results with the same budget with IBP, and they will do so with fewer impressions (because they will be buying the right impressions, not the cheapest ones). This means, by algebraic definition,

that the CPM of an IBP buy will increase compared to a tonnage buy.

There is a “tonnage paradox” where once can buy a lot yet get very little. To be precise, one can buy a lot of impressions yet get very little impact. Some marketers and agencies will need to directly confront and squash qualms about paying a higher CPM (therefore getting fewer impressions) to get better results. This is the tonnage paradox. IBP along with ROMO validation studies can show marketers the way to achieve their self-proclaimed goal of “buying for ROI” and prove decisively that paying for the right impressions truly delivers more impact per dollar spent than simply buying more impressions based on the cheapest price.

The logic of IBP has been around for some time. The facts of this analysis clearly show the benefit of IBP to marketers. Yet, we are cognizant of the business context in which recent media contracts have been negotiated by marketers, and must make note. To be specific, there are many marketers, aided by procurement, that have selected advertising agencies based on the promise that the agency will get them the same total GRP (or impression) level at 10 percent less cost than their current agency. Making this deal is utterly foolish. Demming, the quality management guru, stated over 50 years ago in his famous 14 points that organizations should end the practice of lowest bid contracts. He demonstrated how focusing on input cost instead of output quality led to ruin – and, lower profit.

Demming encouraged analysis of quality. Procurement would be well served to revisit his sage advice. I’ve seen the leaders in procurement push for cost per output not cost per input. Tools like TMR are seen by thought leaders in procurement as a giant step forward for marketing departments.

Marketers should own the responsibility for ending the focus on grinding agencies down on the cost of media, and rewarding the one dimensional focus on cheaper GRPs. Instead, they should focus on the quality of impressions – that is, their ability to achieve their marketing objectives. Using IBP makes buying based on the quality of output an achievable goal.

Media companies have been complicit in the race to selling the impressions for the lowest CPMs. When pressed for lower overall CPMs compared to last

year, they swap in cheap impressions which may or may not serve the marketers objectives. Media companies need to develop a selling process around IBP, as well as internal management and tool around analyzing their inventory of sellable titles. It is not enough for a media company to know their own audience. They need to understand the marketer’s consumer, their path to purchase, and how different marketing objectives benefit from different types of media, and media delivery. That way, media

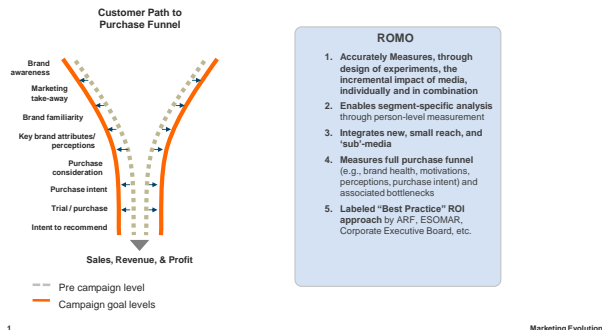
companies can offer to marketers the right impressions and better impact for the budget.

All in all, IBP underscores the point that not all impressions are equal. Some are more valuable than others, and marketers and media companies alike are well served to build impact based plans. IBP is a win-win for marketers and media owners alike.

Sidebar: TMR BaseCamp

ROMO

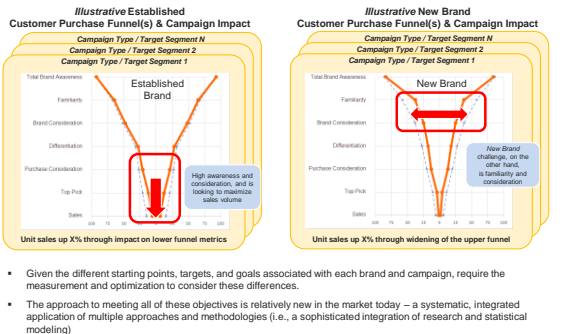
ROMO provides granular, accurate, ‘real-time’ measurement of media’s incremental impact on all levels of the purchase funnel through survey-based experimental design. This provides unparalleled Attitudinal and Respondent-Level Behavioral Measurement and insights.



The source data for TMR are carefully designed Return on Marketing studies conducted for specific marketers. ROMO represents best in class cross media measurement of ROI, and has been independently reviewed by the ARF. The basis of the research is to measure marketing campaigns as they happen. The dependent variables cover a range of marketing objectives such as awareness, brand image, purchase consideration and sales. These are typically measured with surveys, but the power of the analysis comes from the use of using a combination of design of experiments, time series trending analysis, and longitudinal recontacts to calculate the intended purchase versus actual purchase. This allows the researcher to know what caused changes in attitudes and behavior toward the brand with far greater certainty than historic econometric analysis alone.

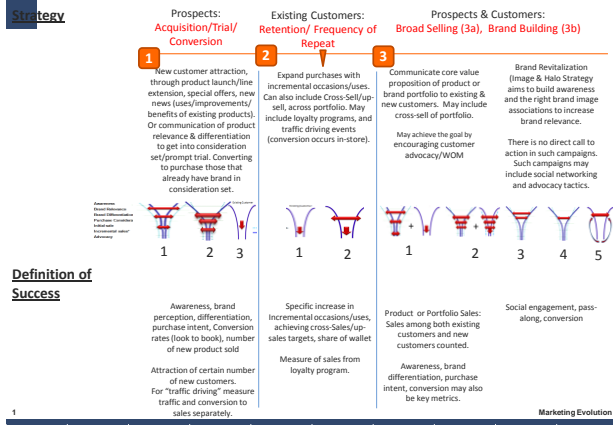
Holistic View of Marketing’s Impact...

To maximize short and long term effectiveness of marketing spend, it’s absolutely critical to understand and manage the holistic customer path to purchase at the most granular level possible.



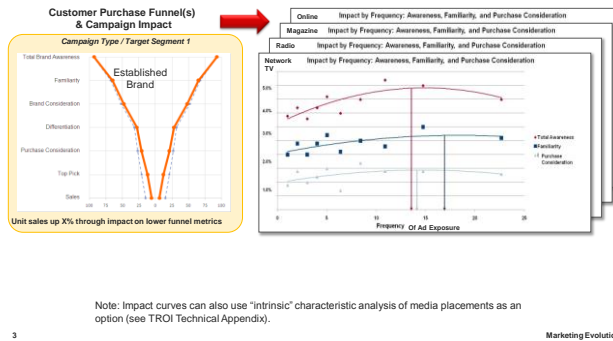
A key construct of ROMO analysis is the path to purchase funnel. This is a visual way of seeing the relationship a consumer has with a brand, versus competitor brands. Marketers often identify specific objectives based on “bottlenecks” in the funnel. For example, an category leading established brand, shown on the left, might focus on the specific objectives of improving conversion from purchase intent to sales (shown with the red down arrow). Whereas with the path to purchase funnel on the left brand on the left, has a different challenge. To boost sales, they must increase the conversion from awareness to positive perception and differentiation so that consumers will consider this brand. Focusing on converting those with purchase intent to sales will only have limited benefit, whereas boosting “upper funnel” brand relevance will ultimately produce more sales. Because the analytic method explicitly considers the marketing objectives, it is known as ROMO (Return on Marketing Objectives).

General Framework



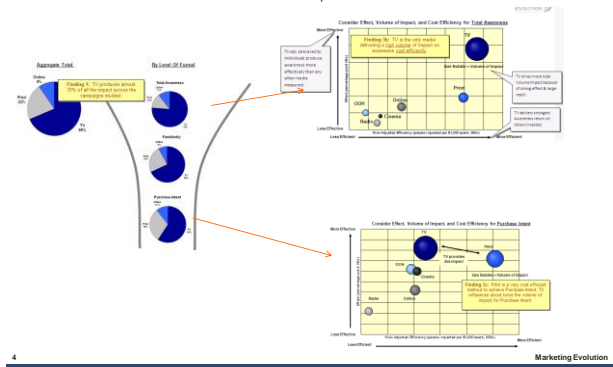
Guided Tour: ROMO Data Analyzed For Optimization

Campaign Impact is analyzed down to respondent level and the impact of each marketing lever by ad exposure, and frequency (generating a lift by frequency curve).



Translation of Norms to Path To Purchase Optimization

Different marketing objectives will lead to different optimizations. Each category and target audience has different dynamics of impact, reach, frequency and cost. Only Marketing Evolution ROMO takes into account this level of optimization detail.



Broadly speaking, marketing objectives can be classified into three categories (shown in the figure 3):

1. Acquisition/Trial/Conversion
2. Retention/Frequency of Repeat
3. Brand Building & Broad Selling

Acquisition/Trial/Conversion focuses on new customers, *Retention/Frequency of Repeat* focuses on existing customers and *brand building/broad selling* tends to focus on both.

Within these broad categories, there are more specific strategies pursued which depend on where in the path to purchase the marketer needs to focus.

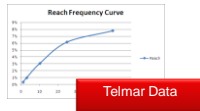
Having reviewed hundreds of marketing briefs, we find this framework covers most all marketing situations. We have created specific category frameworks to customize the framework to the specifics of a marketing business. For example, automotive describes new customers as "Conquering" and retention strategies as "Loyalty."

By storing marketing ROI norms based on the type of marketing objective, we are able to more precisely align the impact curves to the situation the marketer is in. This is important because the next task is to examine the effectiveness of each marketing touchpoint in achieving lift in the marketer's objective. This means that the recommended mix is based on direct alignment with the fact that different media achieve different impact on different objectives.

This approach avoids the typical "norms" problem where the data from a marketer that was aiming to build awareness is averaged with a marketer that was aiming to build conversion from purchase interest to sales. In such a case, neither the norm curve on purchase conversion nor the curve on brand awareness has much use because it simply doesn't reflect the impact achieved when a marketer focuses on that specific objective.

Telmar and Marketing Evolution Data Comes Together To Optimize Planning

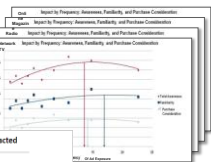
1. CPM & Audience Sizes for All Targets, Underlying Curves for Reach & Frequency



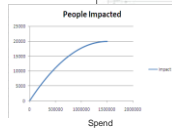
2. Impact Curves: Underlying curves for impact by frequency

- a. Awareness
- b. Familiarity
- c. Brand Image
- d. Purchase Consideration
- e. Intent To Take Action

Marketing Evolution Data



3. Consolidation of curves into impact per dollar spent



Combined Data

Source Example: Automotive In-Market Display

As part of the optimization, TMR is taking into consideration the target audience, their media usage, the impact of media on the marketer’s objective, and cost. The algorithm combines impact curves with reach, frequency, audience composition patterns and cost to recommend an optimized mix.

An application of calculus solves for the optimal mix within budget constraints.

The conclusion is that marketers get a mix recommendation specifically tuned to their marketing objective and their audience.

The advantages of the TMR systems include:

1. More than GRPs: Includes linkage to syndicated data streams for reach, frequency and composition.

Based on the industry standard for modeling of reach and frequency across media, using Telmar’s proven fusion-on-the-fly integration for cross media planning so the results are widely trusted by marketers and agencies alike.

2. More than Reach/Frequency: Integrates “impact curves” with reach, frequency and cost to maximize the impact of marketing programs for each marketing objective (sales, brand awareness, brand positioning, etc.).

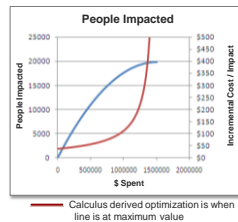
Built from Marketing Evolution’s best practice cross-media ROI analysis commissioned by marketers – so that the dynamics of ROI are comprehensive, specific to product category, highly actionable and based on the ROI data marketers themselves commission for their insights.

3. More than traditional media: Includes digital, social media, events, and non-media marketing levers.
 - o Because the tool is fed by ongoing ROI analysis, it integrates the new marketing options on a regular basis so that new media and marketing ideas have a place in the marketing plan.

Guided Tour: Optimization Explanation - Media Impact Curves

The cost per impact increases as the slope of impact curve flattens...

- a. Each incremental dollar is evaluated against the incremental benefit vs. cost
- b. This produces the ideal optimization when comparing multiple marketing levers



Marketing Evolution

Guided Tour: Use Detail To Generate Optimized Recommendation

Established Brand
Target: A25-45, Single-Intender
Budget: \$45M

New Brand
Target: A25-34, Multi-College
Budget: \$45M

Illustrative

Optional Summit Level

In order to generate accurate forecasts for in-market sales results we measure how the environmental variables will impact performance using the aggregate model, and tie ROMO into sales behavior via re-contact studies.

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