

Proof of Cinema Advertising Return On Investment

Miranda Bird, Director, BrandScience
Total Europe Results
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- How Cinema helps overall campaign Effectiveness
- What % of cinema is best?
- Cinema effectiveness vs. other media



Introduction



BrandScience - Who we are? What do we do?

- **Omnicom Media Group consultancy:**
HQ in London, with offices in 14 markets
- **Measuring:**
 - Impacts of media, marketing and external factors on key business performance indicators
 - Intermediate impacts of brand / influence measures, and how these in turn, are driven by marketing
- **Who do we work with?**
Brand clients, and OMD / PHD media agencies
- **What we do?**
Advise on appropriate media mixes based on econometric models of client brand sales / internal knowledge



What is econometrics modelling?

- A statistical method which identifies and measures the inputs that have **caused something to change**. 'Something' could be awareness levels, web traffic, or most usually a measure of sales. If brand sales are a cake then econometrics determines the recipe.



=

Ingredients list:

Advertising x Medium	Brand Health
Digital	In-store merchandising
Sponsorship	Product Changes
Direct Mail	Competitor Pricing/Availability
PR	Seasonality
Promotions	Economic Change
Pricing/Distribution	



What goes into each case in the model?

...and how do we filter out what each media delivers

156

weekly data points
(3 years of data)

Inc. Advertising, pricing,
distribution, weather etc.

6-10

Measure the effect of a
campaign

6-26

On sales over a
period of effect



ROI VS. RROI

ROI – Return on Investment (Profit)

- Measures the incremental profit generated by a €1 investment in advertising
- €1 ROI = Breakeven after cost of media is subtracted
- Higher than €1 ROI means immediate payback of media spend + additional profit for each €1 invested

RROI – Revenue Return on Investment

- It's sometimes difficult to get profit information from clients due to their sensitive nature so lots of econometric models work on revenue return on investment
- €2.00 RROI = For each €1 invested in advertising it has driven sales revenue €2.00



The BrandScience Results Vault

The BrandScience Results Vault contains RROI findings for hundreds of products across multiple clients going back to 2001. Over 1,500 hundred cases across the world, the majority in Europe. But not all our cases have Cinema included in the campaign, or are measurable via econometrics.

MARKET	TOTAL RESULTS VAULT	RESULTS VAULT WITH CINEMA RROI MEASURED
Total Europe	1,019	111

This deck focuses on findings from models built for brands within Europe



Executive Summary

- Total media effect is strongest when Cinema is included in the media mix
- There is also strong evidence that TV advertising needs the support of Cinema to perform at its best
- Cinema is one of the more effective non primary media in every category. It delivers direct effect BUT ALSO HELPS BOOST EFFECTIVENESS OF THE OVERALL CAMPAIGN

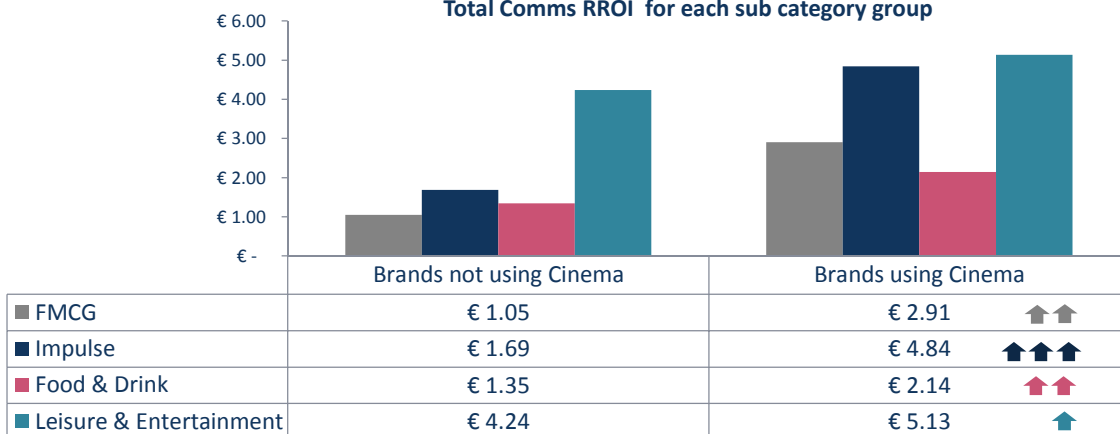


Comparing the overall campaign RROI, and TV RROI of brands who use cinema, with that of those who don't



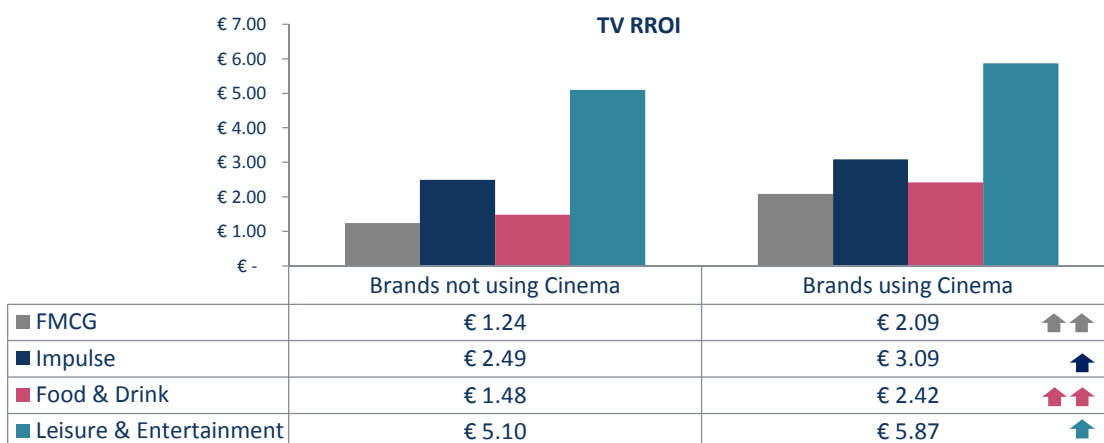
All sub-categories have stronger total media effect when cinema is used

Total Comms RROI for each sub category group



Repeating the exercise looking at TV effectiveness

TV RROI



Our analysis finds that TV benefits from Cinema

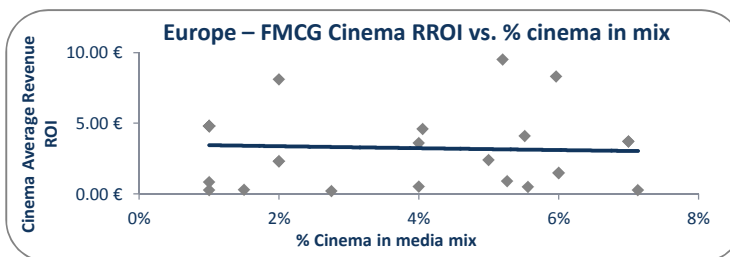


What % of cinema is best?

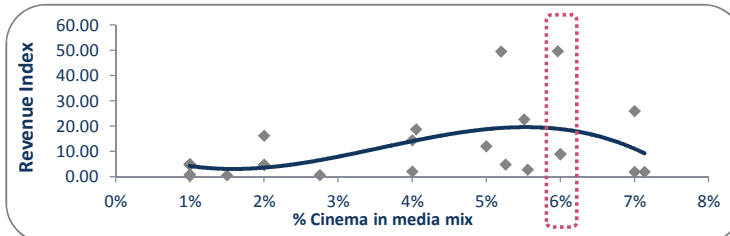
Cinema Effectiveness: Scatter Graphs



FMCG Total - Cinema RROI



Although Cinema RROI is fairly stable as % Cinema increases, the Revenue index shows the optimal investment level is around 6%



Average campaign spend in the FMCG category was €3.1m. With the optimal cinema investment of 6% (€180k) cinema delivers strong RROI

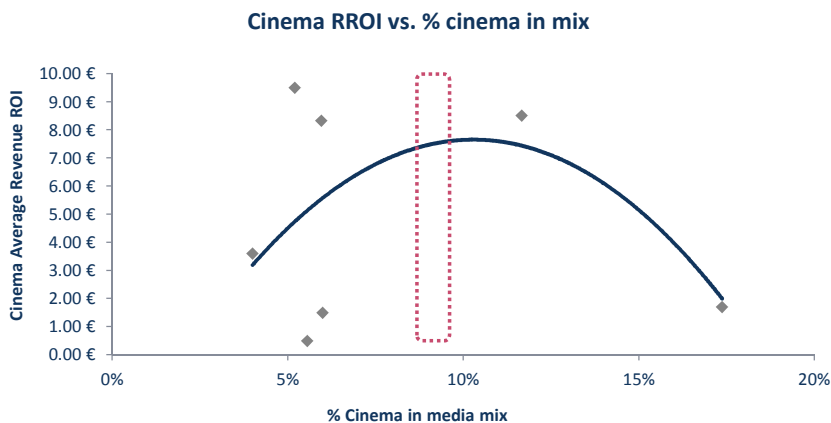


BrandScience Results Vault – Europe 'FMCG' Campaigns using Cinema (no outliers) – Feb 2012 / Cases: 39



FMCG food & drink RROI - Optimal % Cinema around 7%

Relationship between % Cinema in the media mix and Cinema RROI is very strong



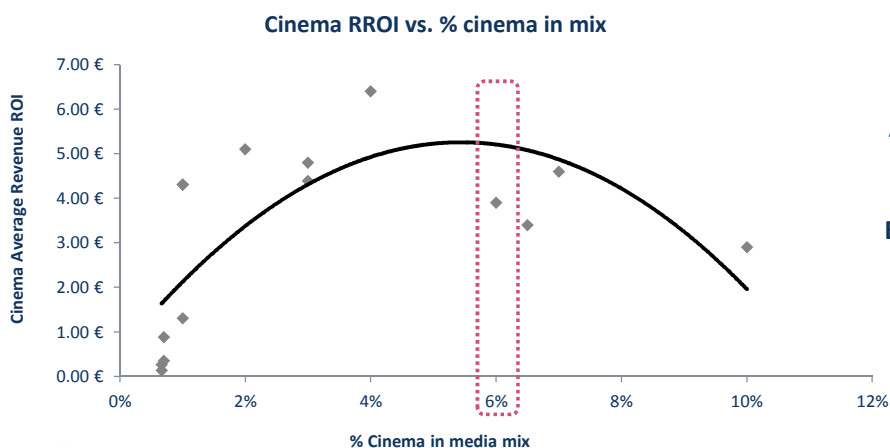
Average campaign spend for Food & Drink was €5.5m. With the optimal cinema investment of 7% (€390k) cinema delivers outstanding RROI



BrandScience Results Vault – Europe ‘Food & Drink’ Campaigns using Cinema (no outliers) – Feb 2012 / Cases: 7



Leisure & entertainment - Optimal investment in this market is around 6%



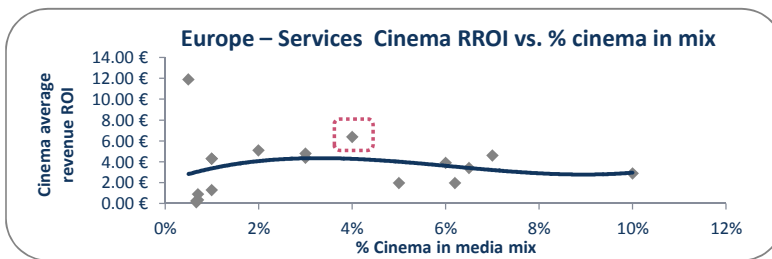
Average campaign spend was for Leisure & Entertainment was €2.31m, 6% investment in cinema (€139k) delivers fantastic RROI



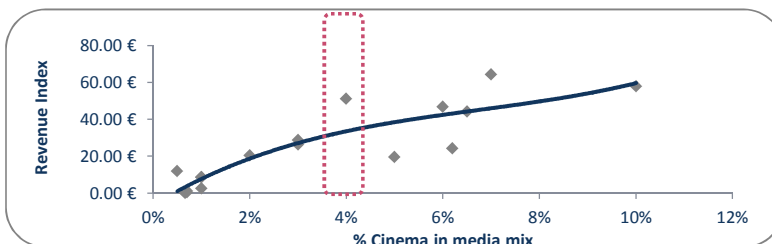
BrandScience Results Vault – Europe ‘Leisure & Entertainment’ Campaigns using Cinema (no outliers) – Feb 2012 / Cases 16



Services – RROI relationship with levels of spend



Average campaign spend for services was €3.02m. The optimal cinema investment of 4% (€120k), would deliver of RROI €6.00



However, this chart shows that revenue levels are still strong past this level



BrandScience Results Vault – Europe ‘Services’ Campaigns using Cinema (no outliers) – Feb 2012 / Cases 19

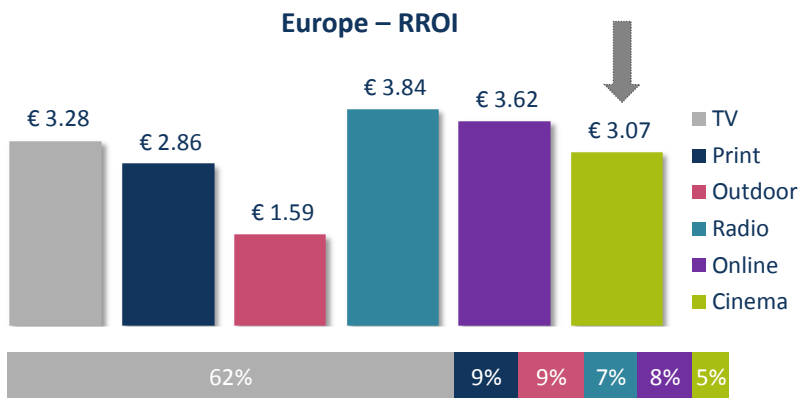


Cinema effectiveness vs. other media

RROIs by medium



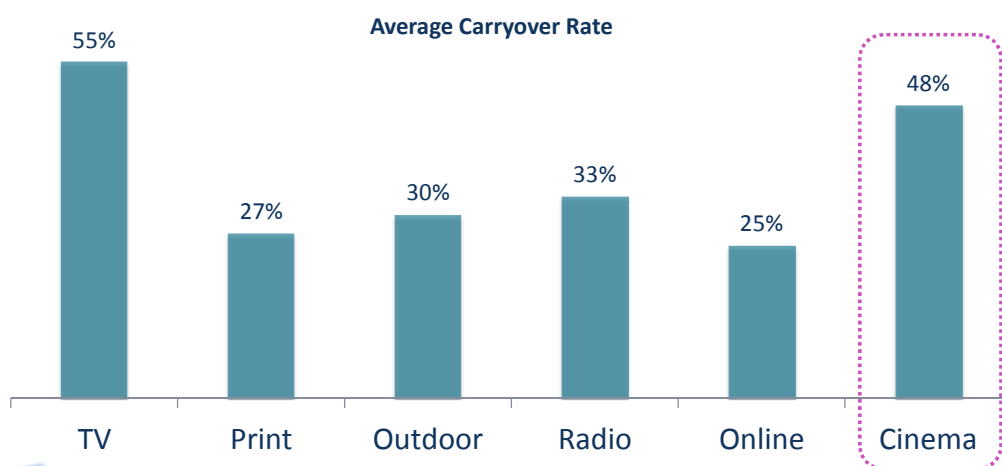
Overall, Cinema outperforms Print and Outdoor in the media mix



BrandScience Results Vault – Europe Campaigns using Cinema – Feb 2012 / Cases: 56



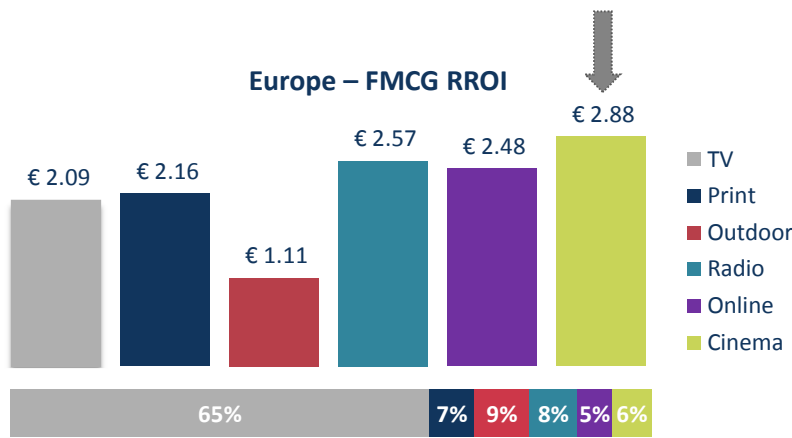
Cinema has a strong carryover rate – along with TV



BrandScience Results Vault – Europe Campaigns using Cinema – Feb 2012 / Cases: 56



FMCG: Cinema outperforms other media when used as support medium



Cinema optimal RROI investment = 6% of media spend

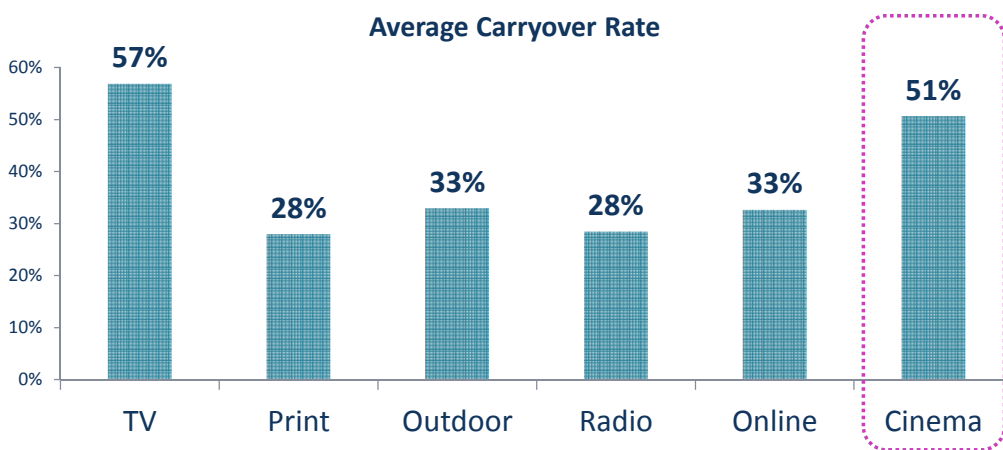
In our European FMCG market sample Cinema is used at optimal level, but in the UK its usually used at around 3% only



BrandScience Results Vault – Europe 'FMCG' Campaigns using Cinema – Feb 2012 / Cases: 39



FMCG: Cinema has a strong carryover rate just behind TV



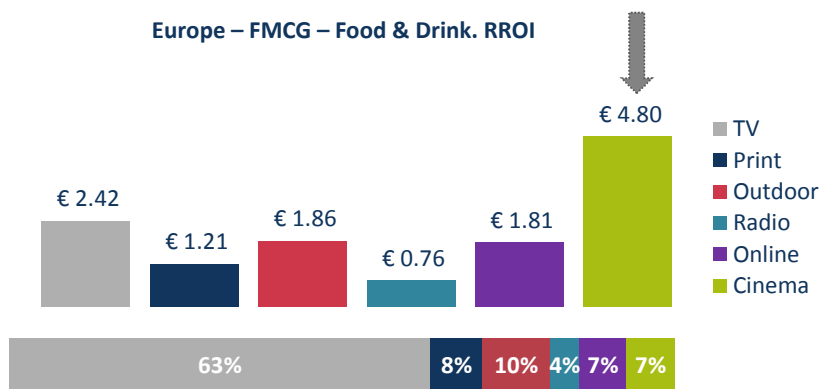
BrandScience Results Vault – Europe 'FMCG' Campaigns using Cinema – Feb 2012 / Cases: 39



In the FMCG Food & Drink category, Cinema is the most effective media

Cinema is the standout media for this industry, when used as a support medium

Europe – FMCG – Food & Drink. RROI



Cinema optimal RROI investment = 7% of media spend

Average % of Cinema used in this industry is 7%. In the UK its 4.5% - The UK is missing an opportunity to optimise Cinema performance

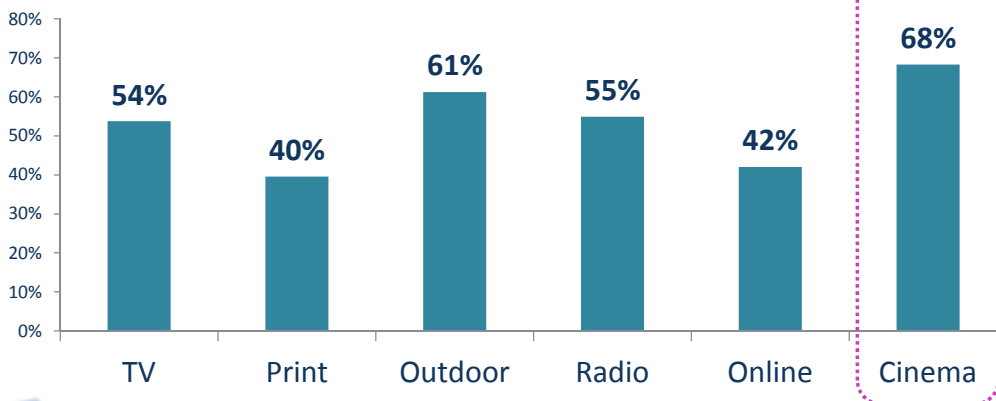


BrandScience Results Vault – Europe 'FMCG - Food & Drink' Campaigns using Cinema – Feb 2012 / Cases: 7



Cinema has the strongest carryover in FMCG Food & Drink category

Average Carryover Rate

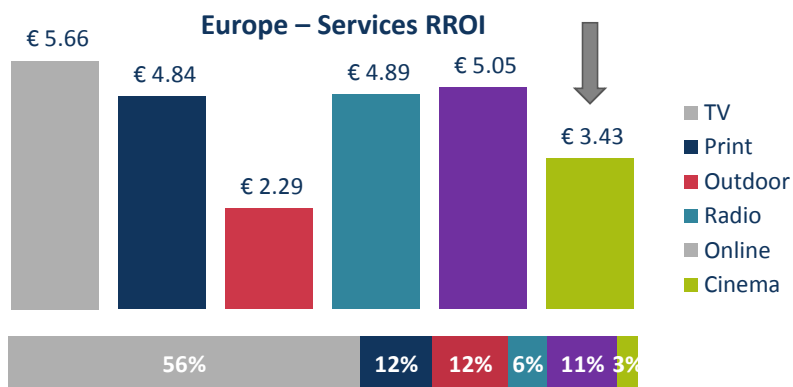


BrandScience Results Vault – Europe 'FMCG – Food & Drink' Campaigns using Cinema – Feb 2012 / Cases: 7



Services - Cinema underused vs. Outdoor, so does not achieve its potential

Here TV is the star medium – Cinema is the least invested of all media



Cinema optimal RROI investment = 4% of media spend

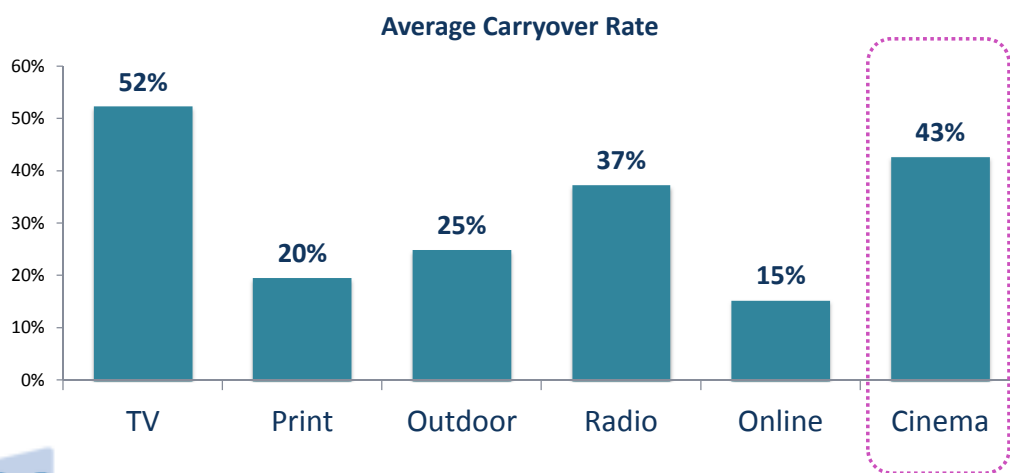
In the European services market, Cinema advertising accounts for 3% of the overall media budget. In the UK its nearer 1.5%



BrandScience Results Vault – Europe 'Services' Campaigns using Cinema – Feb 2012 / Cases: 19



Services – TV & Cinema have twice the carryover rates of Print & Online

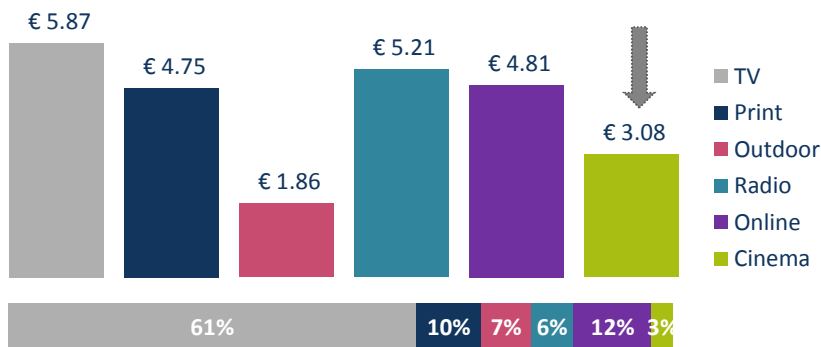


BrandScience Results Vault – Europe 'Services' Campaigns using Cinema – Feb 2012 / Cases: 19



Cinema out-performs Outdoor in the Leisure & Entertainment category

Europe – Leisure & Entertainment. RROI



Cinema optimal RROI investment = 6% of media spend

The brands in our Results Vault are only using it at 3%. (0.5% in the UK)

Brands should take money out of Outdoor and put into Cinema

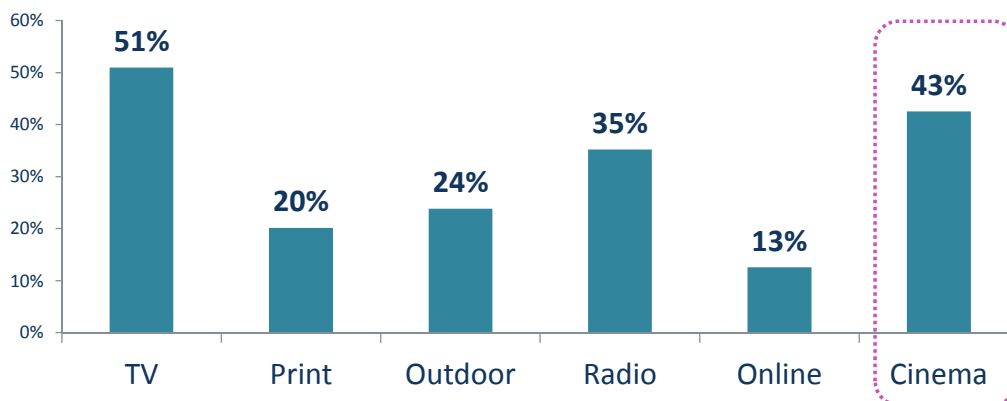


BrandScience Results Vault – Europe 'Leisure & Entertainment' Campaigns using Cinema – Jan 2012 / Cases: 16



Cinema outperforms Print, Outdoor, Radio & Online for Leisure & Entertainment brands

Average Carryover Rate



BrandScience Results Vault – Europe "Leisure & Entertainment" Campaigns using Cinema – Feb 2012 / Cases: 16



Conclusions – Cinema RROI section

Cinema is one of the more effective support media in every category. We can prove the RROI, and suggest which media money should move out of, and into Cinema

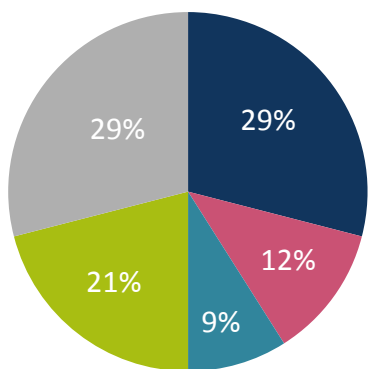


Effectiveness of Cinema Advertising
UK Results Vault

Sam Veitch
BrandScience Network



34 different econometric projects which have measured the impact of cinema



- Travel
- Food & Drink
- Health & Beauty
- Retail
- Other

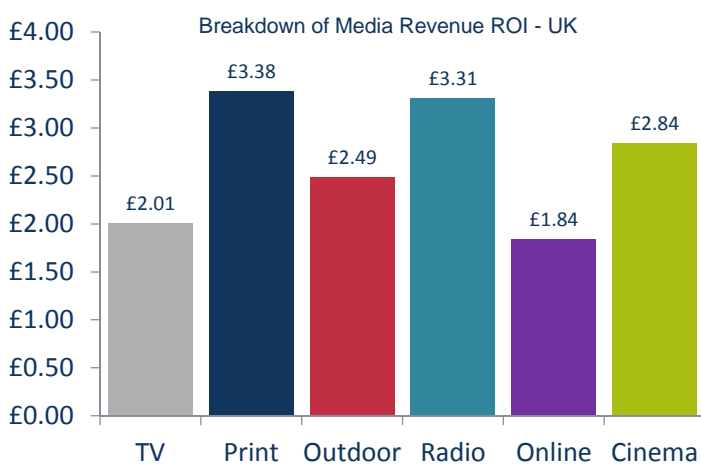
Industry	Actual
Food & Drink	4
Health & Beauty	3
Retail	7
Travel Services	10
Other	10
TOTAL	34



BrandScience Results Vault – 2nd December 2011



For the clients that have used Cinema it has proven to be effective



Overall in the UK, Cinema performs well

It is the 3rd best performing media behind Radio and Print

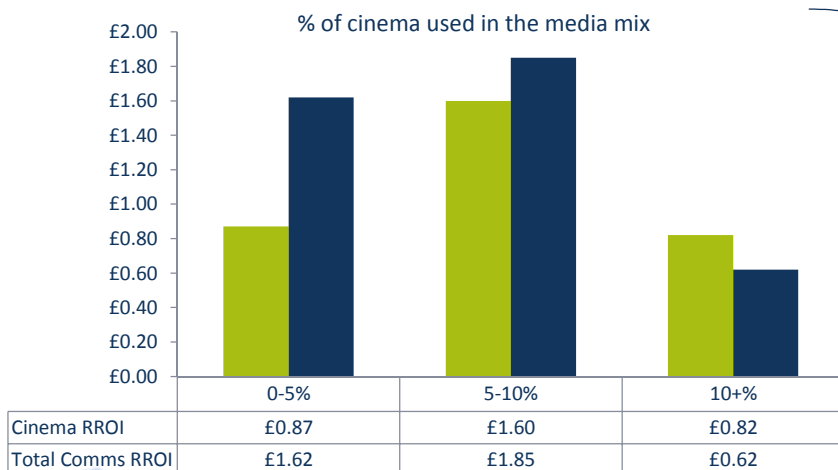
It outperforms it's "BRAND" competitors; TV and Outdoor, and accounts for 8% of the media mix



BrandScience Results Vault – UK Campaigns using Cinema - Dec 2011



Cinema seems to work best in a range of 5 – 10% of the total media budget



This range sees the highest Cinema RROIs as well as the highest total communications RROI

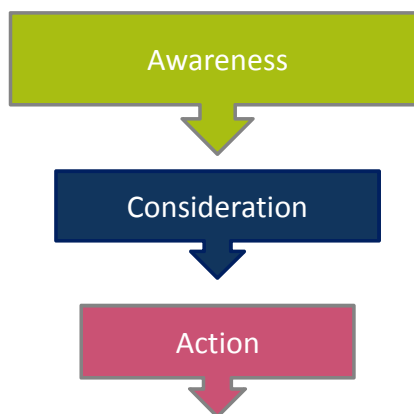


Source: BrandScience UK, Results Vault, 2012.
Tertiles based on % of cinema used in the media mix. Number of cases in each tertile – 0-5% = 20 / 5-10% = 7 / 10+% = 5



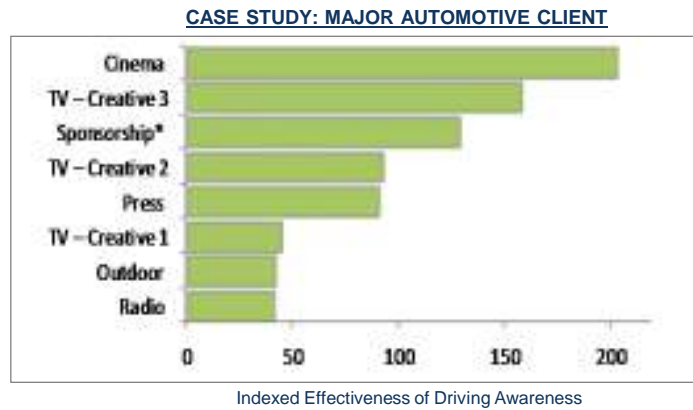
Measuring brand health measures....

- BrandScience also builds econometric models of brand health measures as well as Sales
- This enables us to measure both the direct effects of media with the indirect effects through factors like awareness or consideration

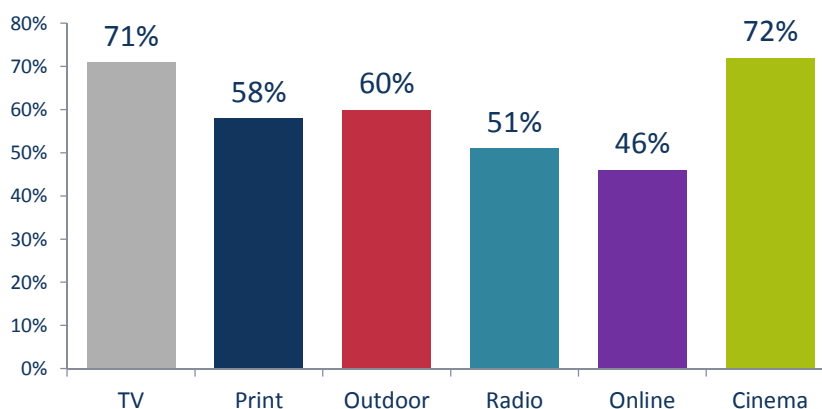


Cinema has been seen to work hardest at driving the top parts of the purchase funnel

- The example to the left is a case where we have looked at the effectiveness of different drivers affecting awareness
- Here we see a common pattern that Cinema, TV and TV Sponsorship are all key drivers of awareness



Cinema has the longest carryover rate in the UK closely followed by TV



A carryover rate of 72% means, if a piece of media drove 100 sales in its first week, it would drive 72 in its second, and 52 in its third, 37 in its fourth, etc.

Online has the lowest carryover rate of the media above as it is often used as a direct response mechanism



Points to remember when working with econometrics

- **Get involved early**
 - CAA/Your econometrics team can help with the timing, flighting, weight and even the creative
- **Ensure the right data**
 - The better the quality of data that goes in to the model the better the quality of the result
- **Not measured is not necessarily a bad result**
 - It may be that the spend was too low, or there was too much else going on at the same time
- **Econometrics measure what happened, not what will happen**
 - There are lots of reasons for high and low ROI/RROIs, not just media channel



BrandScience Results Vault – UK Campaigns - Dec 2011



Tips to help prove cinema's RROI

- **Don't start Cinema at exactly the same time and weights as TV**
 - Start it 1-2 weeks earlier or later, or even use week on week off
- **Consider up-weights or down-weights in regions**
 - Ideally between 25-40% in at least two TV regions...and make sure they're not the best regions for generating sales!
- **If testing...**
 - Make it as realistic to what a client would book in the real world as possible



BrandScience Results Vault – UK Campaigns - Dec 2011



Any questions?

