# Demand Generation

# Today's agenda

**THE DATABANK**

**THE DEMAND GENERATOR**

**PLANNING CONSIDERATIONS**

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**Section one:**

# The Databank

# A major media collaboration

50 brands
14 categories
£1.4b media spend

# Six categories were isolated

**FMCG**
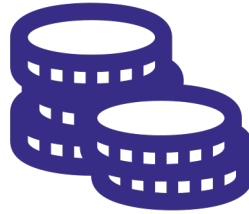
**Finance**

**Retail**

**Online Retail**

**Automotive**

**Travel**

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# Eleven media channels analysed

TV

Cinema

Broadcaster VOD

Online Video

Radio

Print

Digital Display

Generic Search

Social
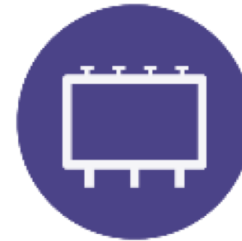
OOH

Direct Mail

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**The problem with averages..**

**indicative of direction not location**

**very few brands are average**

-

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# Clear differences in media mix by category



SHARE OF MEDIA SPEND %

Legend: Cinema, Online Display, Paid Social, Out of Home, Radio, Print, OLV, BVOD, PPC Generic, TV

| Channel | All | FMCG | Finance | Automotive | Retail | Online Retail | Travel |
|---|---|---|---|---|---|---|---|
| Cinema | 4% | | 4% | 2% | 2% | 2% | 1% |
| Online Display | 1% | | 2% | | 2% | 1% | 3% |
| Paid Social | 3% | 5% | 3% | 8% | 2% | 4% | 3% |
| Out of Home | 3% | 4% | 3% | 6% | 4% | 3% | 3% |
| Radio | 9% | | 8% | 12% | 10% | 10% | 5% |
| Print | 5% | | 9% | 12% | 5% | 6% | 2% |
| OLV | 3% | 5% | 3% | 2% | 2% | 2% | 4% |
| BVOD | 5% | 10% | 6% | 4% | 4% | 3% | 8% |
| PPC Generic | 21% | 1% | 26% | 2% | 14% | 18% | 17% |
| TV | 45% | 72% | 37% | 50% | 55% | 51% | 55% |
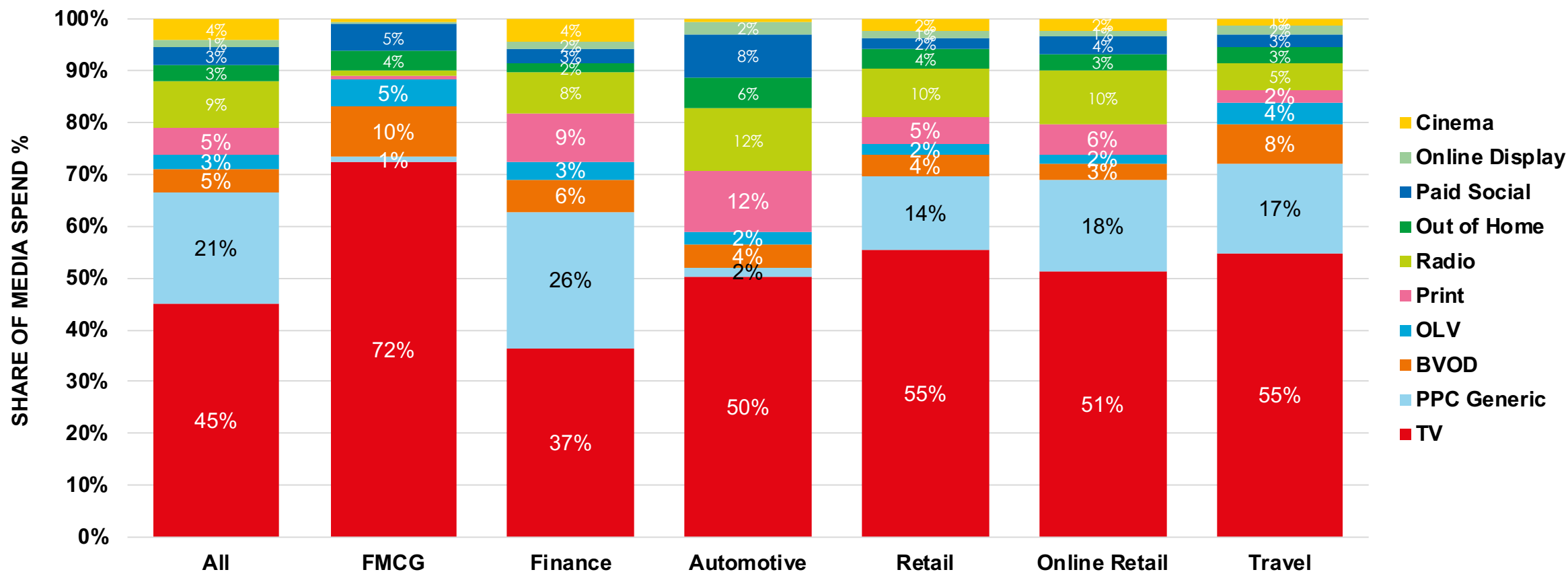
Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory - *Channels with sufficient sector level benchmarks only. Based on £500m brand size, 20% online sales not minimising risk and media budget of £20m.*

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# The Demand Generator

# Introducing the **Demand Generator**

# Wickes example

# Demand Generator

## Maximising media-driven returns

The optimal channel mix and business returns shown here have been calculated using the input criteria below. Results are optimised to maximise the response generated within the current year.

The Demand Generator is powered by econometrics data for 50 brands, carefully chosen to represent a wide variety of business types.

**Available at: http://www.thinkbox.tv/demandgenerator**

## Optimal channel mix

| Channel | % | £ |
|---|---|---|
| **TV** | **48.4%** | **£2,422,000** |
| Generic search | 11.7% | £583,000 |
| Radio | 8.2% | £412,000 |
| Print | 7.7% | £383,000 |
| **Out of home** | **6.8%** | **£340,000** |
| **Broadcaster VOD** | **4.9%** | **£245,000** |
| Online display | 3.8% | £191,000 |
| **Online video** | **3.0%** | **£150,000** |
| **Cinema** | **2.8%** | **£138,000** |
| **Social media** | **2.7%** | **£135,000** |

## Criteria

Retail

Not Applicable

0-24% of sales online

Brand Size: £1604m

Annual Media Budget: £5m

Revenue

Do not minimise risk
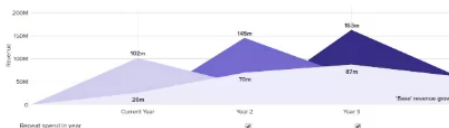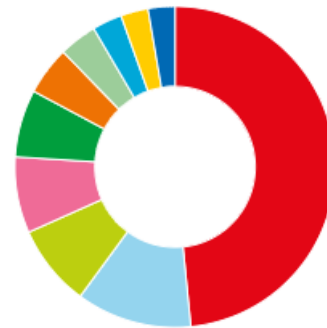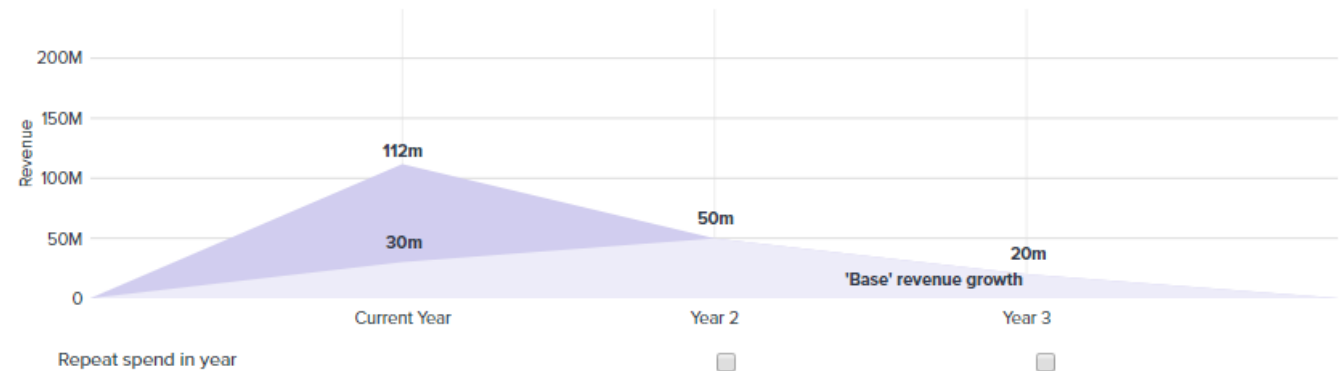
## Business results

Total spend: £5m

Incremental revenue: £182m (+/- 21%)

Revenue ROI: 36.4 (+/- 21%)

The data above show profit or revenue return for current year of investment and the resulting 'base' sales growth across the following two years.

## Revenue by year
Investment in current year only

| | Current year | Year 2 | Year 3 |
|---|---|---|---|
| **Total revenue** | 112m | 50m | 20m |
| **Short term revenue** | 82m | 0 | 0 |
| **Base revenue** | 30m | 50m | 20m |
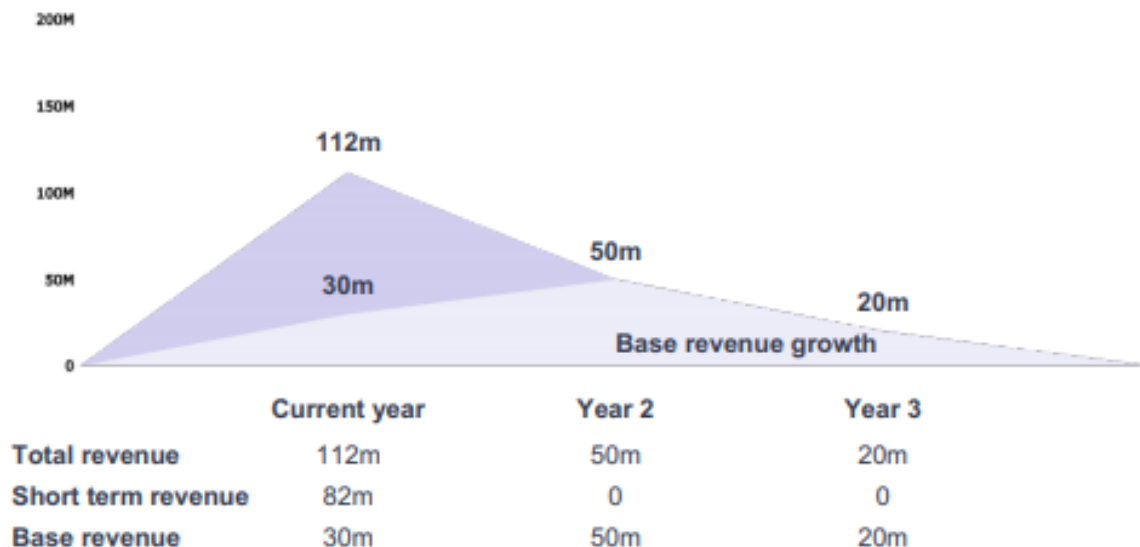
# Important considerations

— Demand Generator returns results across **all channels**

— Minimum business size **thresholds** by category

— **Can't factor** seasonality, specific target audiences or creative execution

— **Starting point** for planning, not predictor of future performance



Cravendale – 'it's not milk'

# Planning Considerations

Thinkbox – 'Tooth Fairy'

It Depends

Hp – 'One Final Tweek'

# The optimum media mix is dependent on **six** things

| | | |
|---|---|---|
| 1.<br>Brand context | 2.<br>Desired outcome | 3.<br>Fulfilment costs |
| 4.<br>Diminishing returns | 5.<br>Payback timescale | 6.<br>Risk level |

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# The optimum media mix is dependent on **six** things

| | | |
|---|---|---|
| 1.<br>**Brand context** | 2.<br>Desired outcome | 3.<br>Fulfilment costs |
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**1) Brand context is crucial.** Four factors have the biggest impact

1) Category
2) % of online sales
3) Brand size
4) Niche v. mass appeal

easyJet, 'Hide & Seek'

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

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# The optimum media mix is dependent on **six** things

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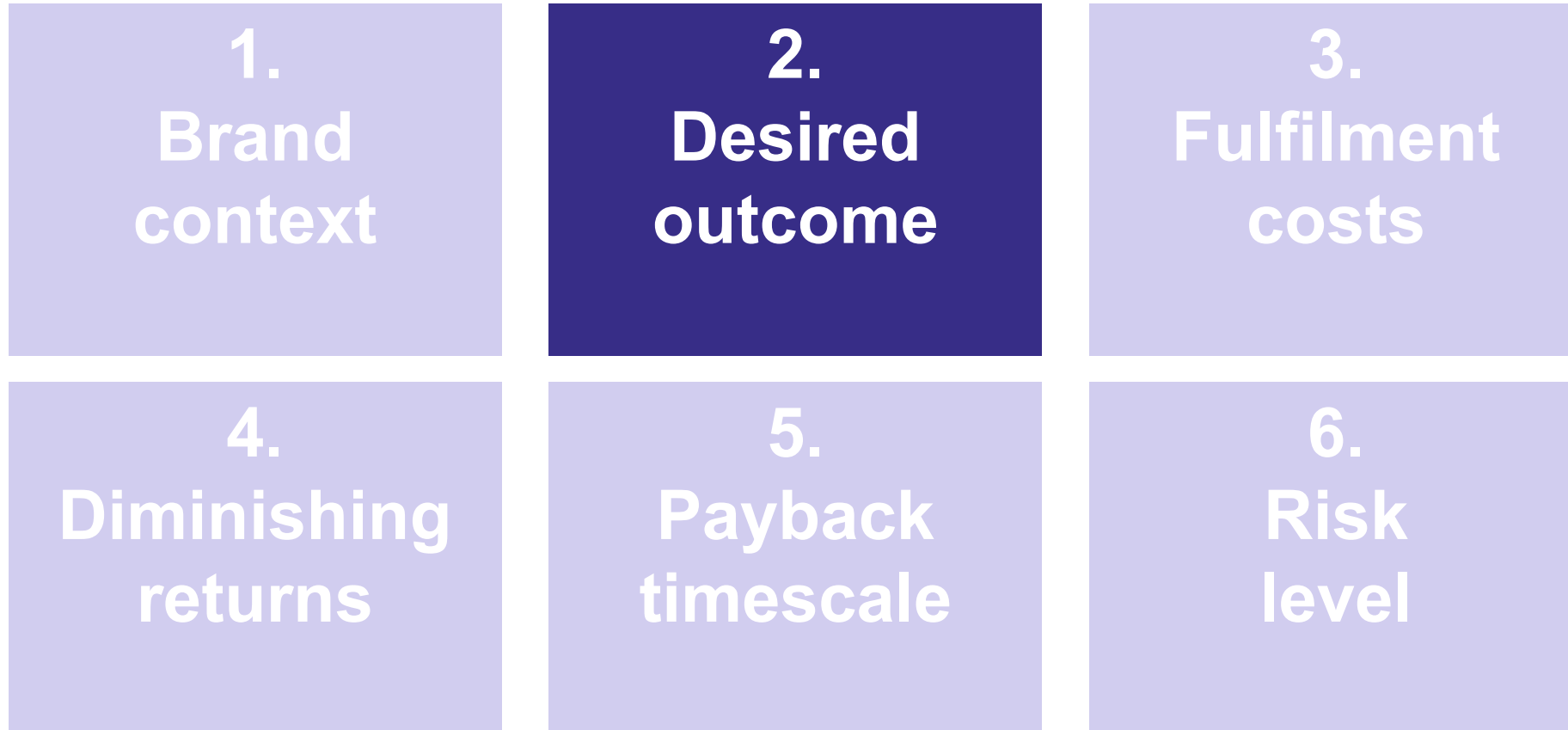
# 2) Focus on your desired outcome (you can't do everything)

**Prioritise GROWTH:** maximise **volume reinvestment**

**or**

**Prioritise EFFICIENCY:** maximise **return**

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# It's not possible to deliver both profit ROI of 2:1 <u>and</u> £40m profit
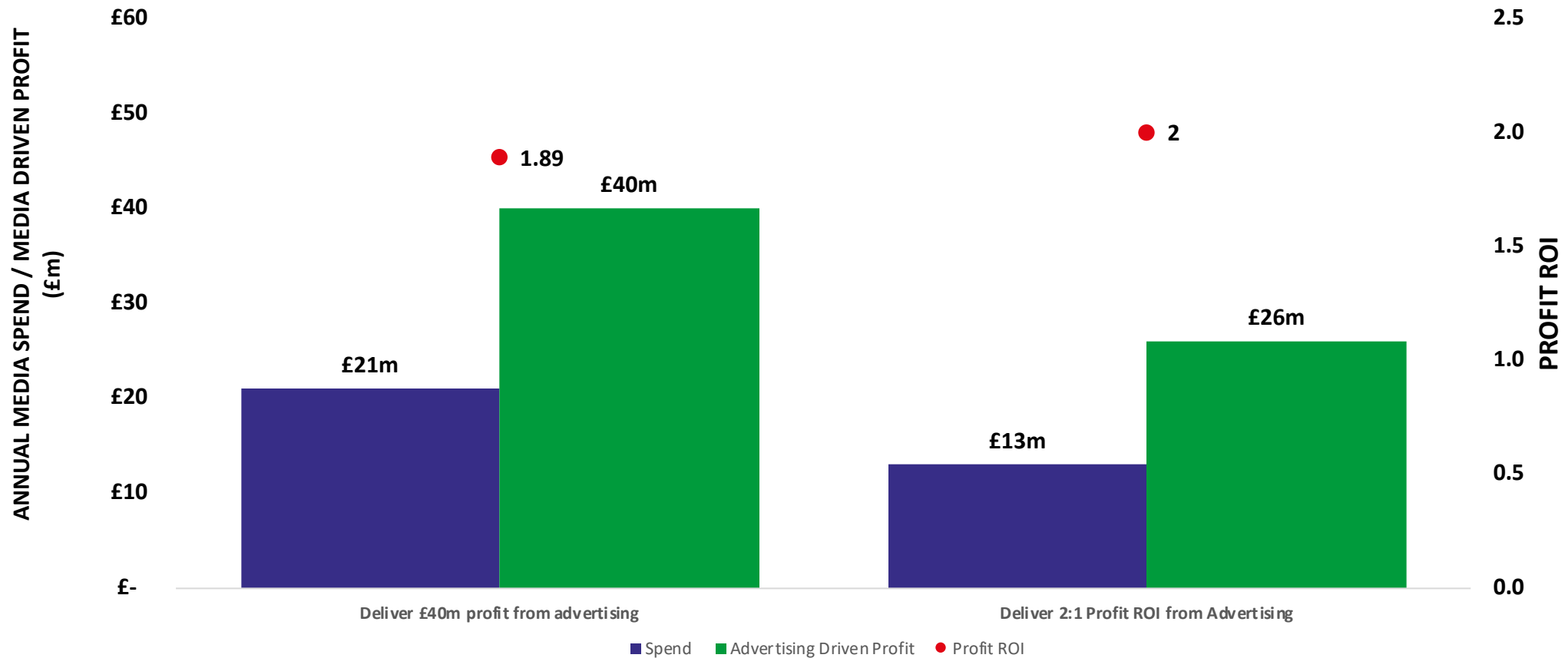


Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory - Note: Based on retail brand, £500m brand size, 20% online sales not minimising risk.

# The optimum media mix is dependent on six things

| 1. Brand context | 2. Desired outcome | 3. Fulfilment costs |
|---|---|---|
| 4. Diminishing returns | 5. Payback timescale | 6. Risk level |

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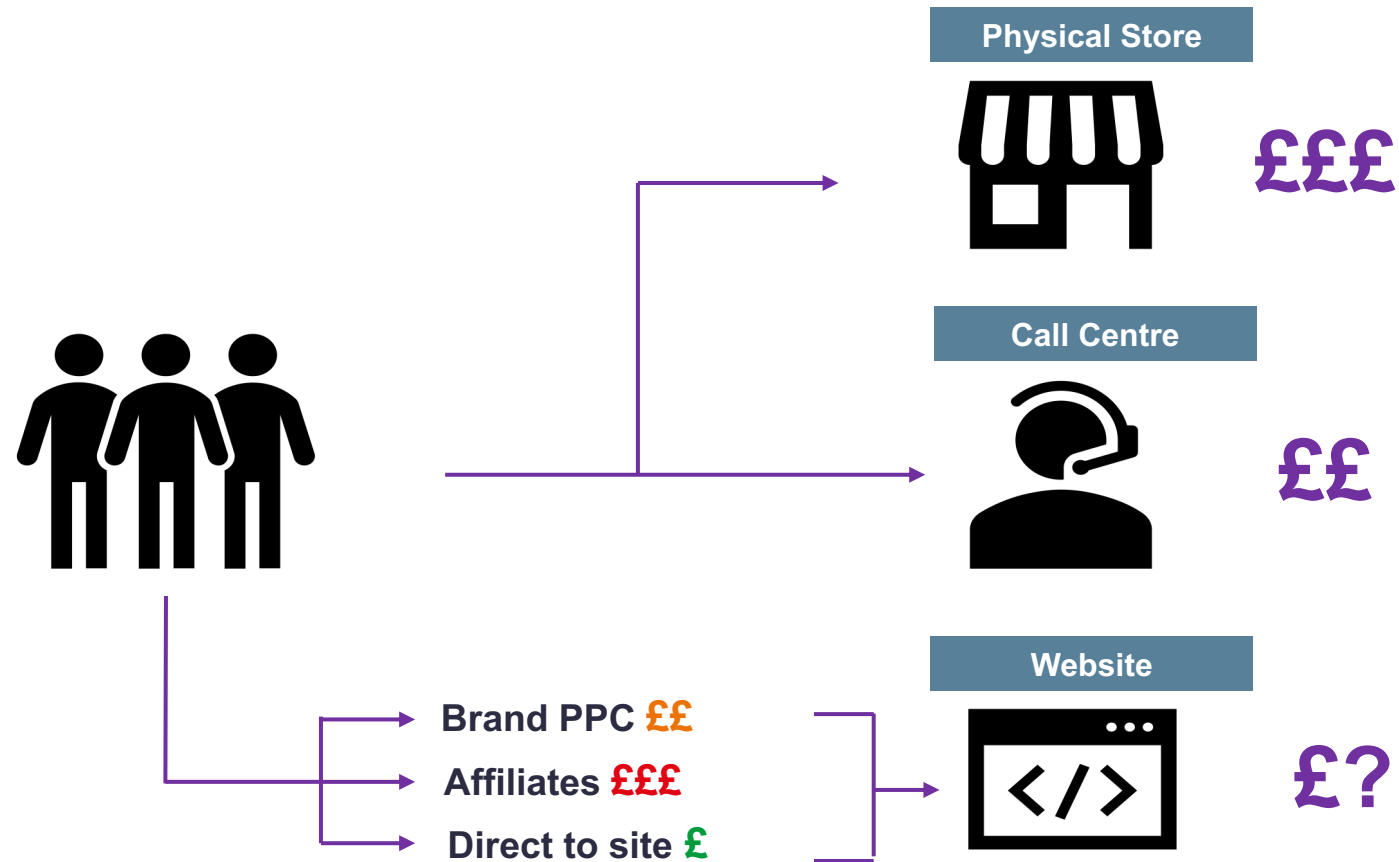
# Accounting for the cost of fulfilment media

1. **Budget for fulfilment separately** to demand generation

2. Optimising between demand generation & fulfilment is always a **false choice**

3. Understand which demand generators skew towards **expensive fulfilment**

4. Experiment with **turning fulfilment media off** to ensure they are incremental

Virgin Media 'Now That's Christmas-ing'

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# The optimum media mix is dependent on **six** things

| | | |
|---|---|---|
| 1.<br>Brand context | 2.<br>Desired outcome | 3.<br>Fulfilment costs |
| 4.<br>**Diminishing returns** | 5.<br>Payback timescale | 6.<br>Risk level |

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# 4) Maximising profit means understanding diminishing returns

**Building excessive frequency over incremental reach**

**Broadening targeting away from those most likely to buy**

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# Channels will 'top out' at different spend levels

**INDEXED SHORT TERM REVENUE CURVES:
BRAND TV V ONLINE DISPLAY**



Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

# The optimal media mixes change depending on budget

## OPTIMISED MEDIA DEPLOYMENT BY BUDGET SIZE



SHARE OF MEDIA SPEND, %

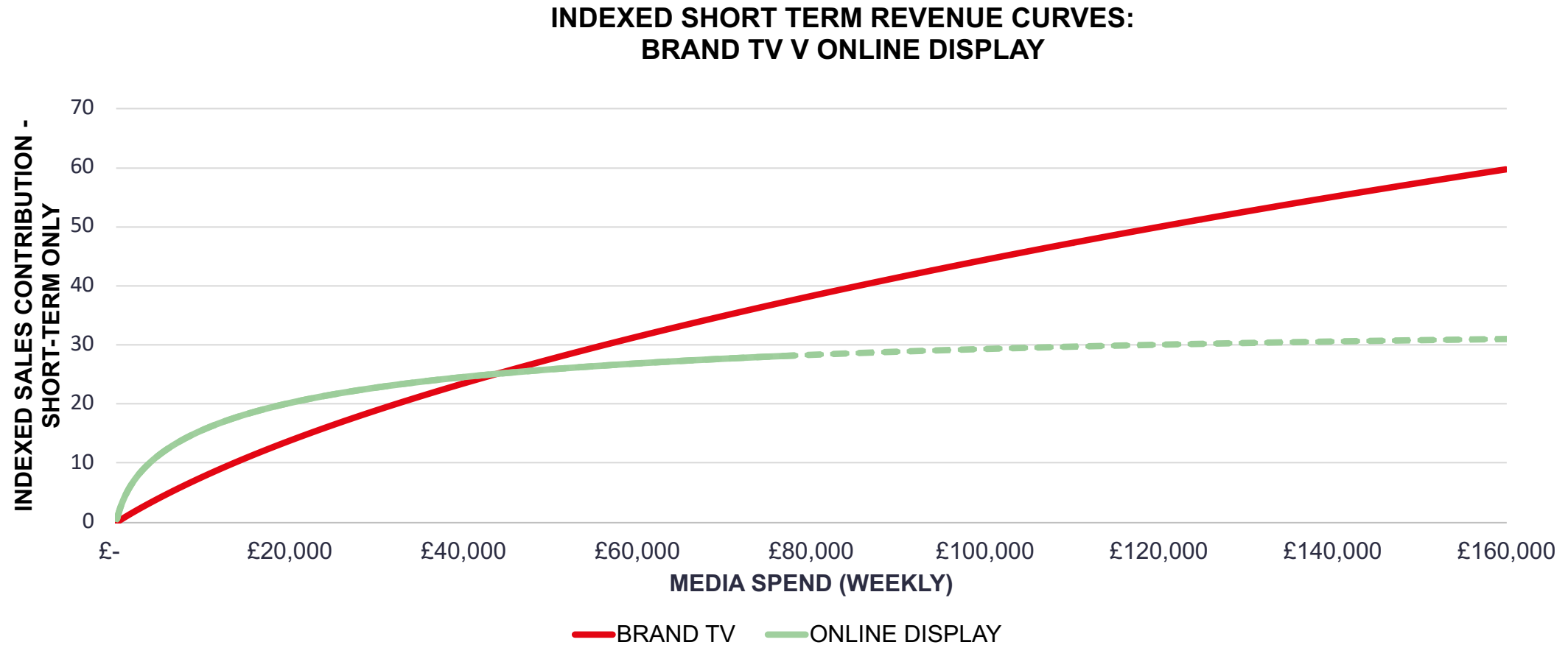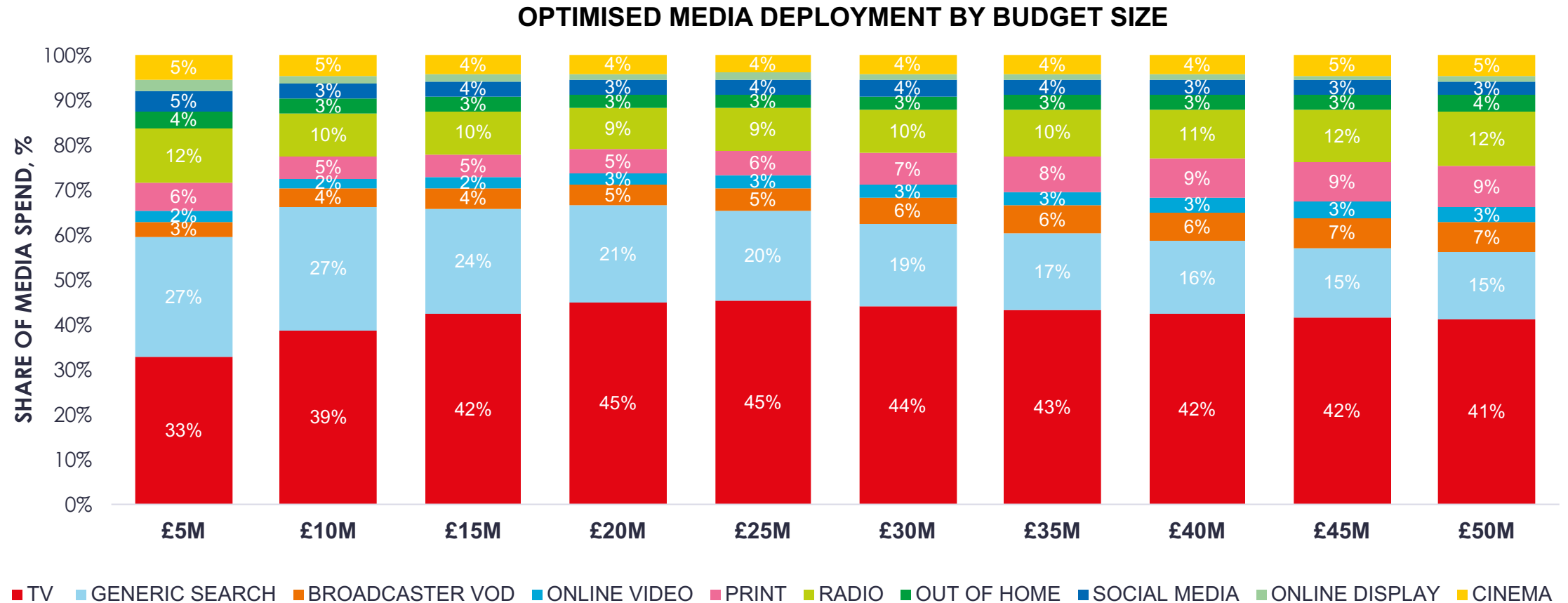| | £5M | £10M | £15M | £20M | £25M | £30M | £35M | £40M | £45M | £50M |
|---|---|---|---|---|---|---|---|---|---|---|
| CINEMA | 5% | 5% | 4% | 4% | 4% | 4% | 4% | 4% | 5% | 5% |
| SOCIAL MEDIA | 5% | 3% | 4% | 3% | 4% | 4% | 4% | 3% | 3% | 3% |
| OUT OF HOME | 4% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 4% |
| RADIO | 12% | 10% | 10% | 9% | 9% | 10% | 10% | 11% | 12% | 12% |
| PRINT | 6% | 5% | 5% | 5% | 6% | 7% | 8% | 9% | 9% | 9% |
| ONLINE VIDEO | 2% | 2% | 2% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| BROADCASTER VOD | 3% | 4% | 4% | 5% | 5% | 6% | 6% | 6% | 7% | 7% |
| GENERIC SEARCH | 27% | 27% | 24% | 21% | 20% | 19% | 17% | 16% | 15% | 15% |
| TV | 33% | 39% | 42% | 45% | 45% | 44% | 43% | 42% | 42% | 41% |

Legend: ■ TV ■ GENERIC SEARCH ■ BROADCASTER VOD ■ ONLINE VIDEO ■ PRINT ■ RADIO ■ OUT OF HOME ■ SOCIAL MEDIA ■ ONLINE DISPLAY ■ CINEMA

Note: These scenarios are based on a Mass Market brand, with 20% Online Sales, £500m brand size, not minimising risk and across all categories.

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

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# The optimum media mix is dependent on **six** things

| | | |
|---|---|---|
| **1.** **Brand context** | **2.** **Desired outcome** | **3.** **Fulfilment costs** |
| **4.** **Diminishing returns** | **5.** **Payback timescale** | **6.** **Risk level** |

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# Channels that can be deployed quickly deliver response quickly

| Channel | % of Short-term Response Delivered Within 2 Weeks |
|---|---|
| PPC Generic | 98% |
| Online Display | 88% |
| Direct mail | 86% |
| Paid Social | 81% |
| Radio | 80% |
| Online Video | 80% |
| Print | 79% |
| Out of Home | 77% |
| Cinema | 77% |
| DRTV | 75% |
| Broadcaster VOD | 74% |
| BRTV | 68% |

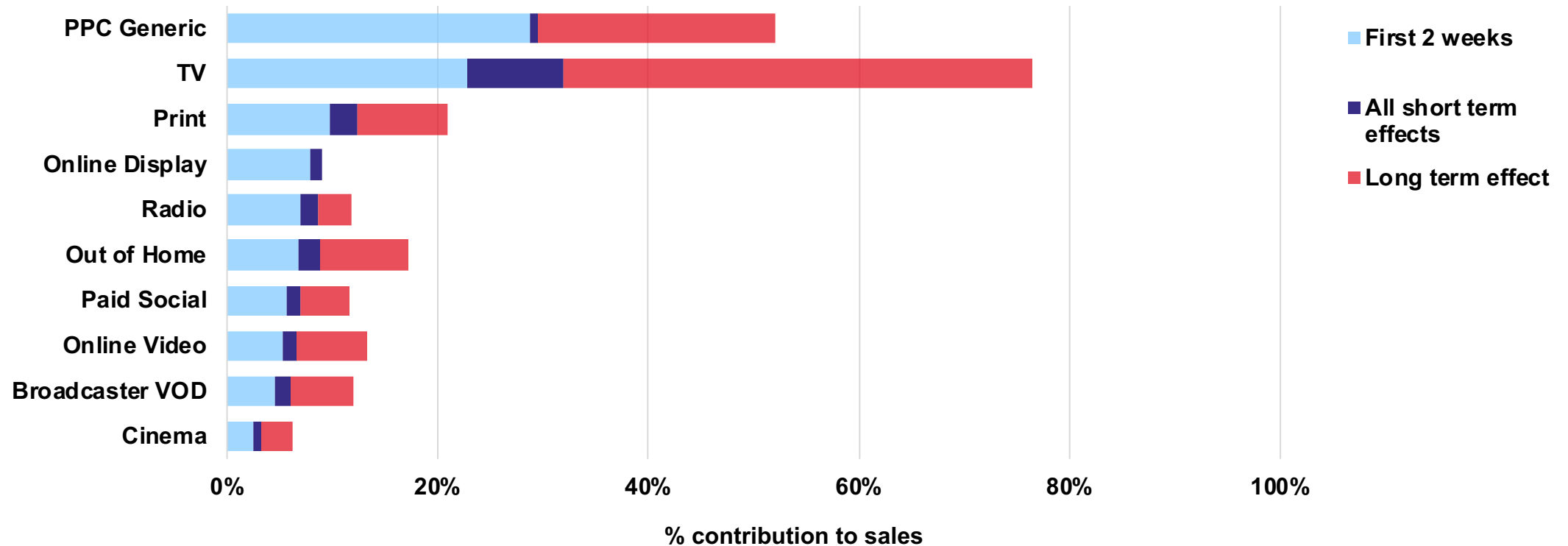**% of Short-term Response Delivered Within 2 Weeks**

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

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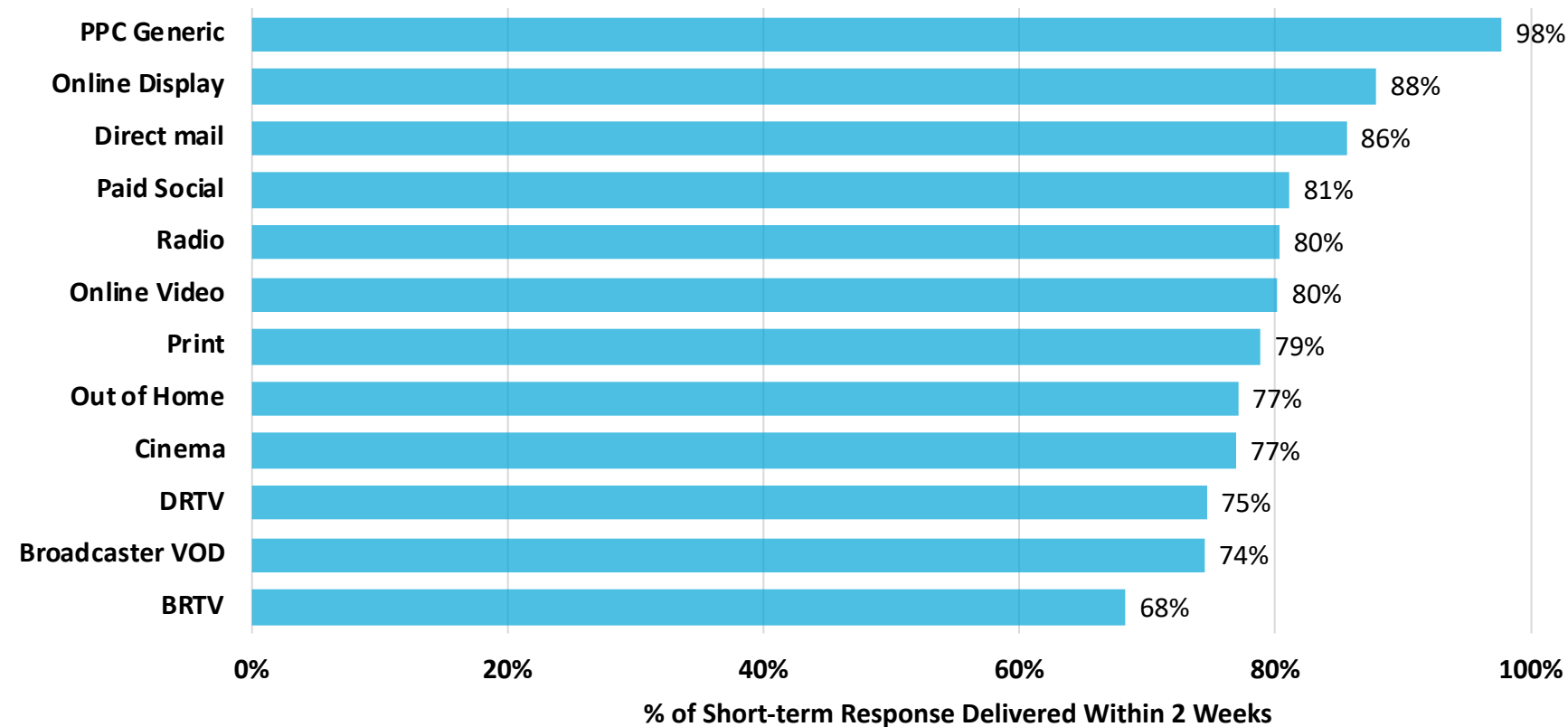
# But they tend to generate smaller sales volume overall



| | First 2 weeks |
|---|---|
| PPC Generic | 29% |
| TV | 23% |
| Print | 10% |
| Online Display | 8% |
| Radio | 7% |
| Out of Home | 7% |
| Paid Social | 6% |
| Online Video | 5% |
| Broadcaster VOD | 4% |
| Cinema | 2% |

**% contribution to sales**

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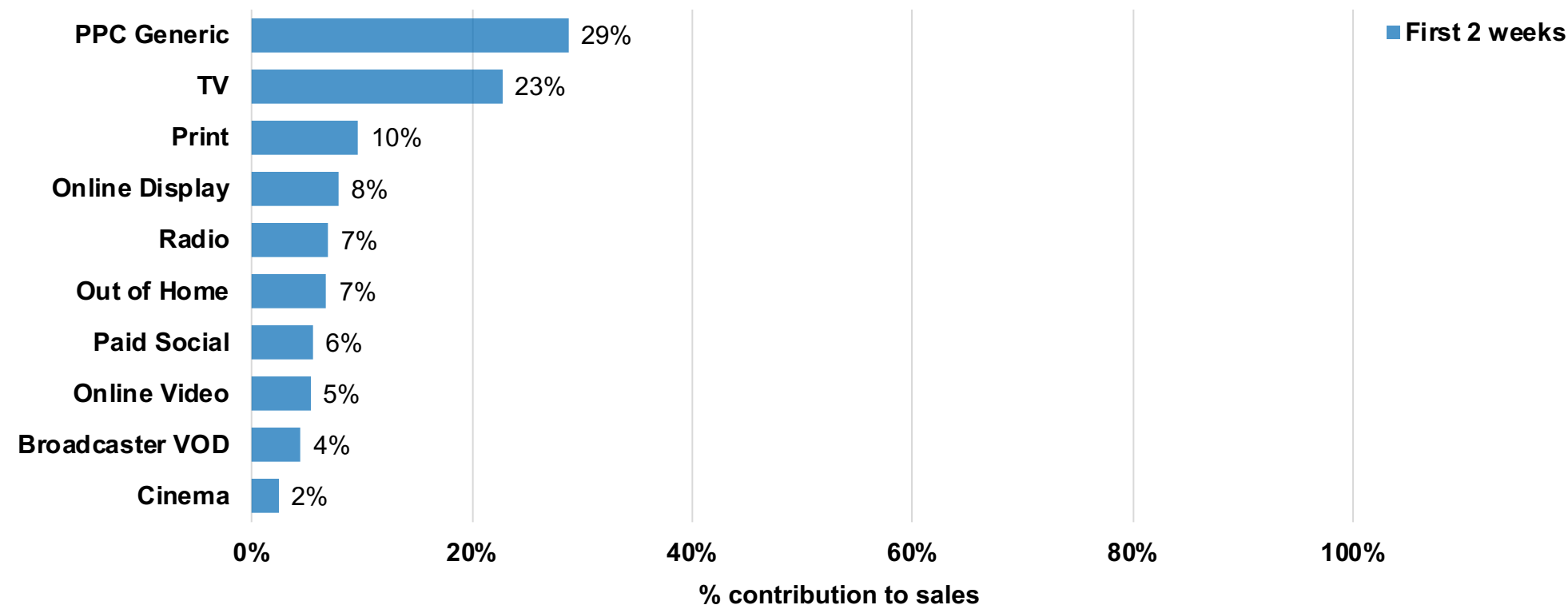
# TV's full short-term and sustained effects mean it generates the best volume overall

% contribution to sales

Legend:
- First 2 weeks
- All short term effects
- Long term effect

Categories (top to bottom): PPC Generic, TV, Print, Online Display, Radio, Out of Home, Paid Social, Online Video, Broadcaster VOD, Cinema

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

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# Planning is key to maximising short-term response

— Regular **forecasting** critical to knowing when a boost is needed

— Being reactive **severely limits options** and **efficiency**

Sky Sports 'Christmas Fixtures'

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# The optimum media mix is dependent on **six** things

| | | |
|---|---|---|
| 1.<br>Brand context | 2.<br>Desired outcome | 3.<br>Fulfilment costs |
| 4.<br>Diminishing returns | 5.<br>Payback timescale | 6.<br>Risk level |

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# 6) The variability of returns differs significantly by channel



THE VARIABILITY OF RETURNS BY CHANNEL
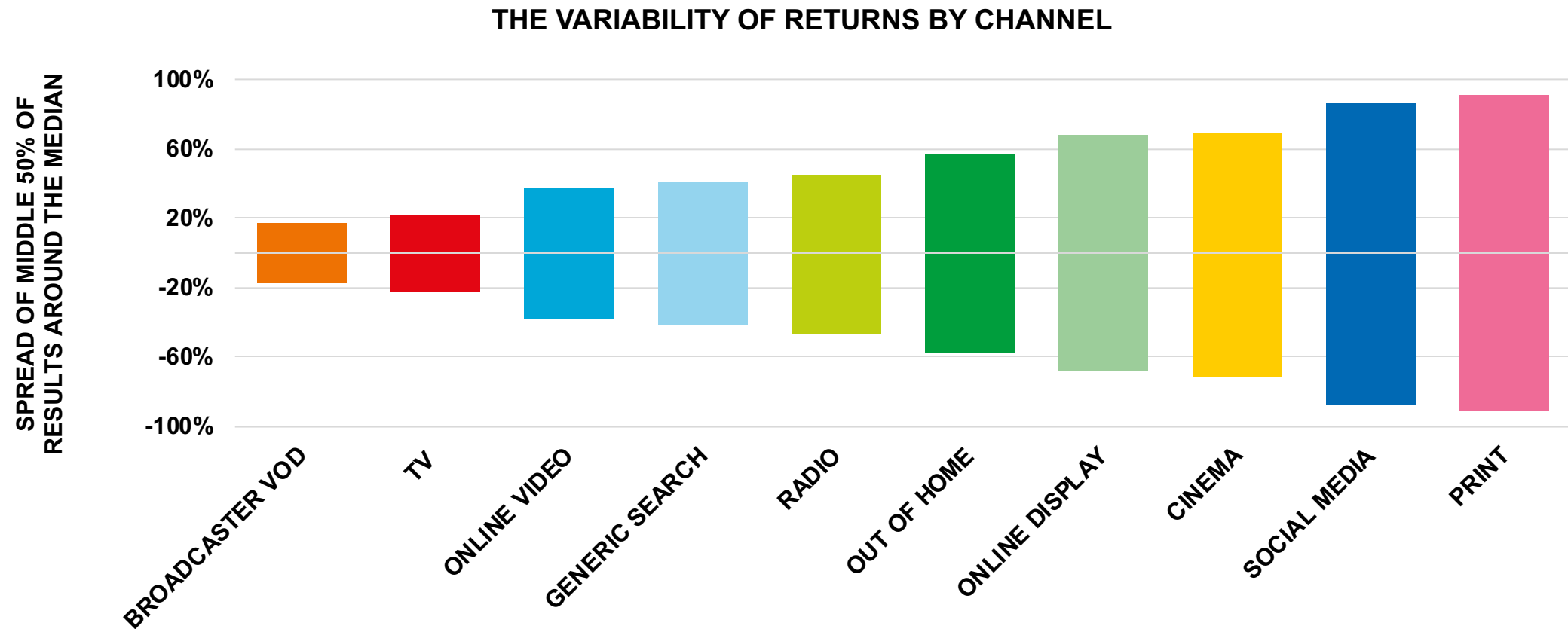
Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

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# It's possible to minimise risk when using the Demand Generator

# Some channels massively boost the effects of others

**CHANNEL BENEFITTING FROM THE EFFECT**

| CHANNEL GENERATING EFFECT | TV | ONLINE VIDEO + VOD | SOCIAL MEDIA | ONLINE DISPLAY | OUT OF HOME | RADIO | PRINT | CINEMA | DIRECT MAIL | GENERIC SEARCH |
|---|---|---|---|---|---|---|---|---|---|---|
| TV | | 20% | 31% | 31% | 22% | 31% | 31% | 54% | 20% | 8% |
| ONLINE VIDEO + VOD | 3% | | 5% | 2% | 5% | 3% | 12% | 7% | 2% | 1% |
| SOCIAL MEDIA | 2% | 2% | | 2% | 3% | 2% | 3% | 3% | 1% | 1% |
| ONLINE DISPLAY | 3% | 4% | 4% | | 4% | 3% | 9% | 11% | 4% | 3% |
| OUT OF HOME | 6% | 8% | 9% | 8% | | 9% | 11% | 3% | 1% | 1% |
| RADIO | 4% | 4% | 4% | 6% | 4% | | 3% | 1% | 1% | 2% |
| PRINT | 5% | 6% | 7% | 5% | 6% | 4% | | 13% | 7% | 4% |

**Key:** 0-2% | 3-4% | 5-8% | 9-20% | 20%+

Source: 'Demand Generation', Nov 2019, MediaCom/Wavemaker/Gain Theory

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# In summary…

— Think about the brand context and prioritise between effectiveness and efficiency

— Be mindful of fulfilment media costs and understand diminishing returns of different channels

— Reduce risk by increasing investment in more predictable channels and by planning in advance

— Maximum short-term sales and sustained base sales growth are hugely reliant on strategic planning

— Try the Demand Generator for yourself!



Santander– 'Smartbot'

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Thank you

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