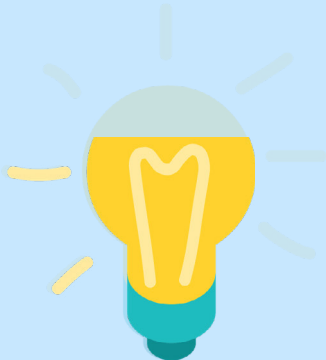# WANAMAKER WAS WRONG - THE VAST MAJORITY OF ADVERTISING IS WASTED

ABSTRACT

Announced an article in Forbes a few years ago. The idea in contention, attributed to a Philadelphia retailer and a pioneer in marketing John Wanamaker, is "Half the money I spend on advertising is wasted; the trouble is I don't know which half." It has been a century since Wanamaker's time, but the problem remains.

Consumer Packaged Goods (CPG) lack consumer traceability, making them unable to pursue a near real-time expression of ROI to report and optimize their paid media. This keeps our need for full accountability out of reach.

CONTEXT

Digital advertising is growing

In the 21st century, the marketing technology ecosystem has evolved significantly. Digital platforms are emerging as key channels for advertising and engagement, based on their ever-growing share of time and engagement across all consumer cohorts.
CPG players alone spent $19.40 billion in the US on digital advertising in 2020, making them the third-largest spender behind retail and financial services.

Digital advertising offers two big advantages over traditional advertising channels:

Better Targeting: Marketers use demographic, psychographic, and lifestyle data, in addition to individual behavior such as browsing habits, to deliver hyper-targeted advertising to their potential customers.

Easier Measurement: Advertising in the digital world offers clear visibility into an ad's reach, that ad's the specific audience, the quality of their engagement, and the post-view behavior.

Yet, sales attribution is still fraught with problems.

CHALLENGE

Businesses struggle with sales attribution!

The main reason CPG players are unable to attribute their sales performance to advertising / promotional efforts is a **lack of end-consumer traceability.**
CPG companies primarily sell to end consumers via retail intermediaries; although and direct-to-consumer (D2C) is growing, it yet remains an insignificant part of most CPG companies' revenues. Due to that As a result, CPG companies won't have lack a direct line of sight that will impact of their digital advertising on sales within brick-and- mortar stores or the retailers' online channels.

Consequently, CPG companies rely on **third-party syndicated data providers** to provide for sales data. This is problematic challenging for a number of several reasons:

- Syndicated providers often rely on limited panels built for sampling; hence so their data has to must be modeled for statistical representation

- It can take 2-6 weeks for that modeled data to even reach the CPG brand, resulting in data latency

- Due to the advanced modeling required and licensing fees, this data tends to be very expensive!

SOLUTION: INFOSYS MMD

Correlating ad spend with POS data

Although CPG companies will be unable to find scalable consumer-level sales data available within their own holdings for some time, but we have pioneered a way to create ROI at the local level using POS data.

Programmatic Ad Receptivity
(Performance and demographic data at zip code level granularity)

POS data
(at store/zip code level granularity)

TradeEdge provides near real-time POS data at a store/SKU level to CPG companies!

Our path to insight is aligning Programmatic Ad Engagement and Sales to the lowest common denominator of proximity: ZIP CODE, to help direct CPG digital media spend where it is most effective in efforts to drive aggregate Return On Advertising Spend (ROAS)!Once we align Sales and Marketing at the local level, we can build a bespoke and higher-level district-based view for operational scalability. We call this solution Micro-market Districting (MMD).

By late July, weekly grocery spending varied widely across the United States: up by 38 percent in Boston, down by 2 percent in Detroit.

- Gartner,
October 2020

This means national campaigns are becoming less effective than ever!

Micro-market districts (MMD) help you manage your national media campaigns with hyper-local standards of accountability.

INTRODUCING

Infosys Micro-market Districting (MMD)

Infosys offers a new breed of inhouse marketing ROI analysis to enable a new level of sophistication:

Market mix modeling (mmm)

A regression-based econometrics study of marketing channel performance. This is already popular and widely used. Typically performed once a year at best.

Multi-touch attribution (mta)

sales attribution analysis performed across digital channels using third-party data from Nielsen, IRI, etc. Typically performed quarterly.

Micro market districts

A hyper-local level view of marketing performance that can be viewed through opportunity costs to optimize national campaigns at a local level. Reports can be refreshed weekly with 1 day of latency.

Micro-market-districting is a speed-to-market solution that accelerates marketing ROI.

- National in scope.
- Hyper-local in execution.
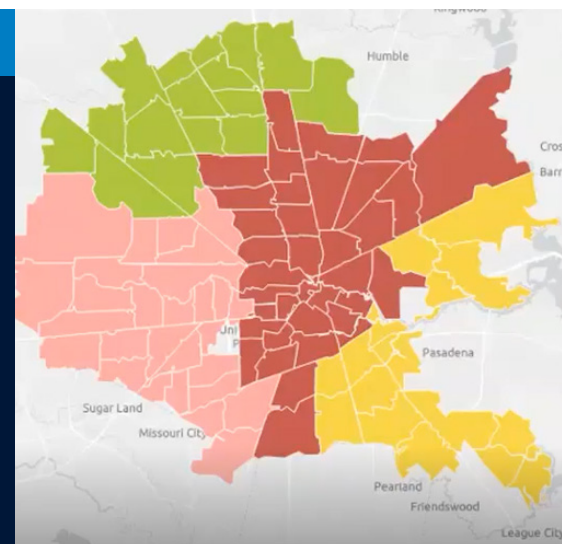- Fully automated in the application.

Who is it for?

Any organization that sells through merchant partners, sales affiliates, resellers, networks, or market places.
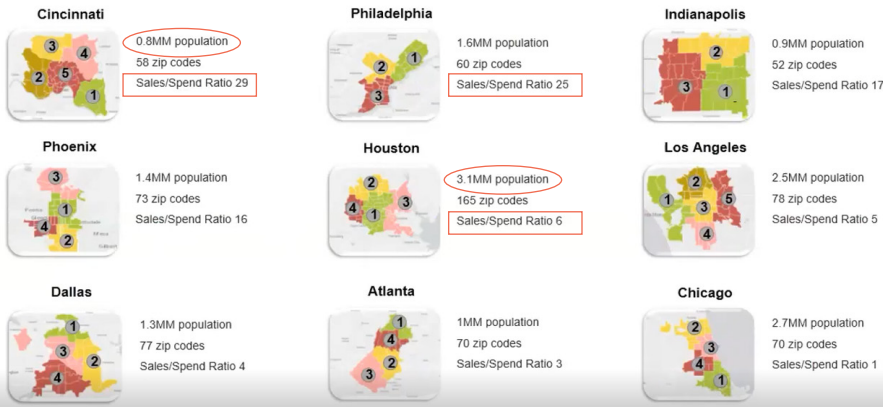
CASE STUDY

Global Food Major

For a national US brand of a global food major, we enabled clear marketing effectiveness visibility at a national scale, with city-level granularity.

- 9 markets for (Los Angeles, Chicago, Houston, Dallas, Phoenix, Atlanta, Philadelphia, Cincinnati, Indianapolis)
- 15.2MM potential consumers
- 703 Zip codes
- 3 Retailers - Walmart, Kroger, and Safeway

MMD analysis in action

Cincinnati
0.8MM population
58 zip codes
Sales/Spend Ratio 29

Philadelphia
1.6MM population
60 zip codes
Sales/Spend Ratio 25

Indianapolis
0.9MM population
52 zip codes
Sales/Spend Ratio 17

Phoenix
1.4MM population
73 zip codes
Sales/Spend Ratio 16

Houston
3.1MM population
165 zip codes
Sales/Spend Ratio 6

Los Angeles
2.5MM population
78 zip codes
Sales/Spend Ratio 5

Dallas
1.3MM population
77 zip codes
Sales/Spend Ratio 4

Atlanta
1MM population
70 zip codes
Sales/Spend Ratio 3

Chicago
2.7MM population
70 zip codes
Sales/Spend Ratio 1

Providing: Near real-time visibility into marketing analytics

- The solution output gave a voice to local performance and showed widely divergent views of performance across cities and the districts within. This allowed us to move from a national campaign to an operationally scalable process that lets the brand manage investments at the local level.

PUTTING MMD TO WORK

Operationalizing MMD insights

Harness your data to view your business with greater nuance and sophistication

Periodic advice for budgeting

MMD can impart dynamic budget values to the Demand-side platform to control the composition of advertising spends.

Algorithmic optimizer

MMD's algorithmic optimizer can update the specific budget allocations near real-time, based on local market performance.

BENEFITS

A new lens to view product sales — not through the merchant partner but to the end-consumer

An automated system to scientifically recognize and fuel growth markets

An ROI-driven solution to drive wholesale reinvestments of your programmatic media dollars

Greatly improved digital marketing efficiency and effectiveness

Get clear, granular, real-time visibility into your digital marketing's contribution to sales. Talk to our experts today!

For more information, contact askus@infosys.com

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