CREATIVE THAT WORKS ACROSS ALL MEDIA

Three ways to increase ROAS in real-time

Effective creative generates a response. Yet marketers spend millions of media dollars on ads that simply underperform.

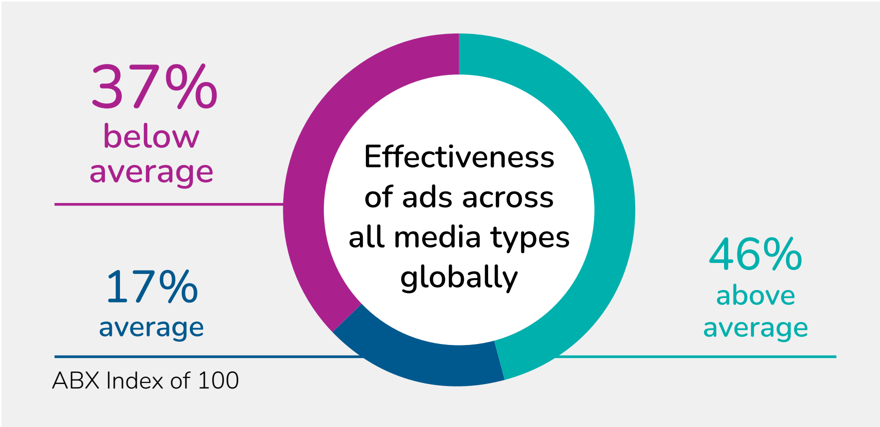
In recent years, the top brands have identified how to test and measure advertising creative in ways that increase returns and bottom-line revenue. This report details the three steps advertisers can take to increase ROAS across all media types—and quantifies that impact.

Creative is the number one driver of ad effectiveness.
A Nielsen Catalina Solutions study on 500 advertising campaigns pegged creative at 47% of total ad effectiveness. That same year, the Advertising Research Foundation claimed creative was closer to 75% based on a major IPSOS study.

In 2022, ABX Advertising Benchmark Index says the truth lies somewhere in between, with creative being around 60-65% of ad effectiveness based on testing 365,000+ ads in all media types over the past decade.

But despite the critical importance of creative, brands generate ads with an unacceptable level of variability. ROAS can't possibly look good if the most important driver of creative effectiveness is underperforming.

Too many ads are ineffective—and the reasons why are clear.
This chart plots the effectiveness of 200,000 recent ads in all media types tested globally. One can readily see how many ads fall above and below the ABX Index norm of 100 (average). While each brand will have its own pattern of effectiveness across media, there's much opportunity for most.



There are four reasons why advertisers invest so much in creative that doesn't deliver

1. Poorly designed tests

Pre-test surveys simply don't replicate real life ad viewing.

- Many pre-tests are measured against a database of the research vendor's pre-test clients, which includes many ads that were not good enough to make it to market.
- In general, only the brand's target audience participates in surveys. As those targets vary from brand to brand, it's impossible to make any direct comparisons.
- Different testing methodologies or surveys are used based on the media type, making it necessary to harmonize the disparate data.

2. Limited number of ads monitored

Most brands only pre-test 10-15% of their ads, hoping the other 85-90% will behave the same way. Of course, they do not.

Pre-testing all ads is cost prohibitive. Certainly, more ads are being tested using a variety of Do-it-Yourself test modules, but the cost of staff time and the inconsistent results using different modules for different media types prohibit an accurate picture. The only real affordable solution is syndicated in-market testing, which is usually limited to TV and Video.

3. TV and video bias

Many marketers believe measuring TV and Video are all that matters, and they have no idea how ads in other media types impact their brands' overall ad effectiveness, reputation, and calls-to-action.

Without measuring one's full marketing footprint, ROAS can't be improved. ABX, for example, has tested 365,000+ ads—all evaluated using the same methodology across all media types. This analysis has proven, for example, that for some brands, radio can be just as effective, yet cost less than other media types.

4. Late, unactionable data

Brands don't have access to the effectiveness scores for all their in-market ads in real-time. That makes it impossible to quickly remove or modify those underperforming ads. Using trackers to measure the effectiveness of campaigns after-the-fact are not actionable.

Optimizing ROAS requires ad effectiveness measures at the lowest level of detail

A new white paper, "A Marketing Effectiveness Manifesto," by Michael Wolfe, CEO of Bottom-Line Analytics, blows the lid off of traditional market mix modeling. One of Wolfe's key points is that marketers can only optimize marketing spend and generate tangible business results by using laser-focused effectiveness measures at the lowest level of detail.

Market mix models today rely on media costs per-ad to gauge ROAS, leaving out the most important measure of ad effectiveness, which is creative. Without including creative effectiveness in the model, the level of detail needed for an accurate picture of ROAS is impossible.

Three data-driven ways to increase ROAS in real-time across all media

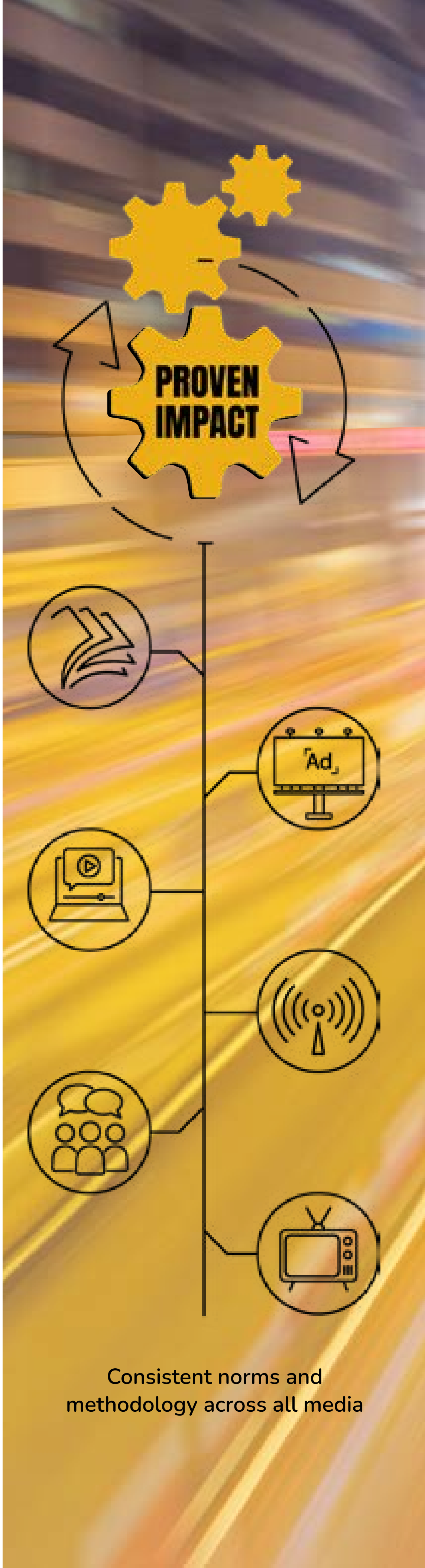
In recent years, some of the largest global advertisers have adopted more forward-looking techniques to measure the effectiveness of creative. These brands have been able to realize significant improvement in ad effectiveness—and the corresponding ROAS—through three critical actions:

1 Measure the creative effectiveness of all ads across all media types against current in-market norms

2 Use creative effectiveness scores instead of spend-per-ad to get the best correlations to sales impact

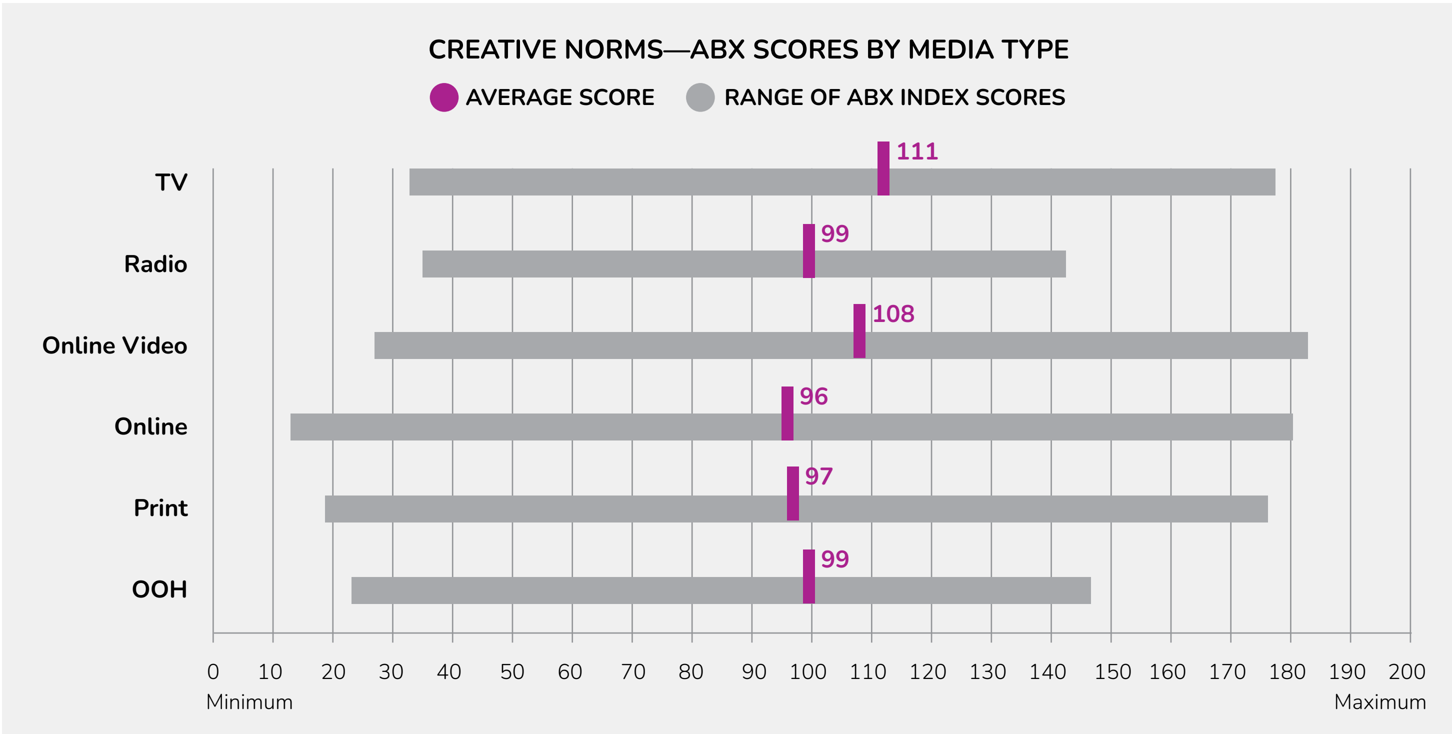
3 Measure results in near real-time so adjustments can be made to creative and media selection

Keep in mind that measuring creative against competitors is crucial to obtain a baseline from which you can gauge your place in the market. Leaders measure effectiveness against a GenPop audience for an overall apples-to-apples comparison across all variables, as well as by segmentation. And, for market mix model results, Wolfe cautions that some additional weightings may be necessary to account for the uniqueness of each brand.



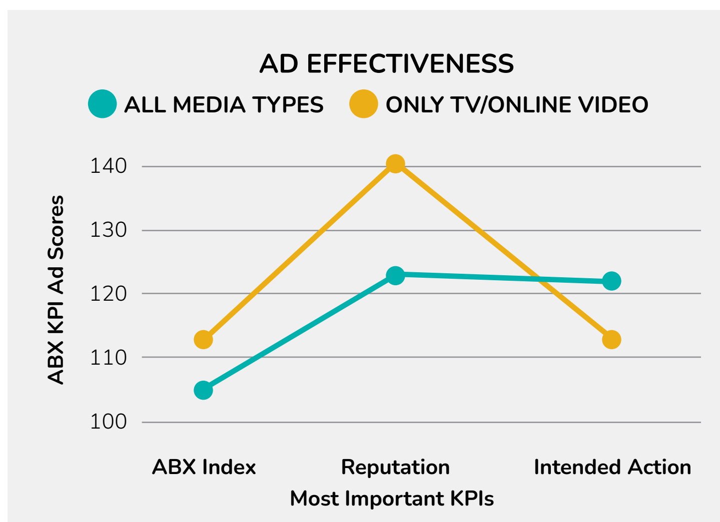
Measure the creative effectiveness of all ads—across all media

Your target customer sees thousands of ads each day in a broad array of formats. While the chart on page one shows the effectiveness/ineffectiveness of 200,000 global ads in total, here we see the broad range of scores and distinct norms by each media type. For example, the average TV ad scored 111 while the average online ad scored 96.



When you only measure television and video the results can be highly misleading when it comes to ad effectiveness. Consider the chart here. If one looks only at the gold line for TV/Video against two of the three of the most important KPIs—overall Ad Effectiveness (The ABX Index) and Reputation—one might assume a fairly high level of success.

However, when looking at the turquoise line for All Media, the effectiveness measures change the story. In this case, which included more than 1,000 ads over a six-month period for one of the world's largest online retail/entertainment companies, we see that the **ABX Index declines by 7% and Reputation declines by 12%, while Intent to take Any Action increased by 7%**.



Use creative effectiveness scores instead of spend-per-ad to get the best sales correlations

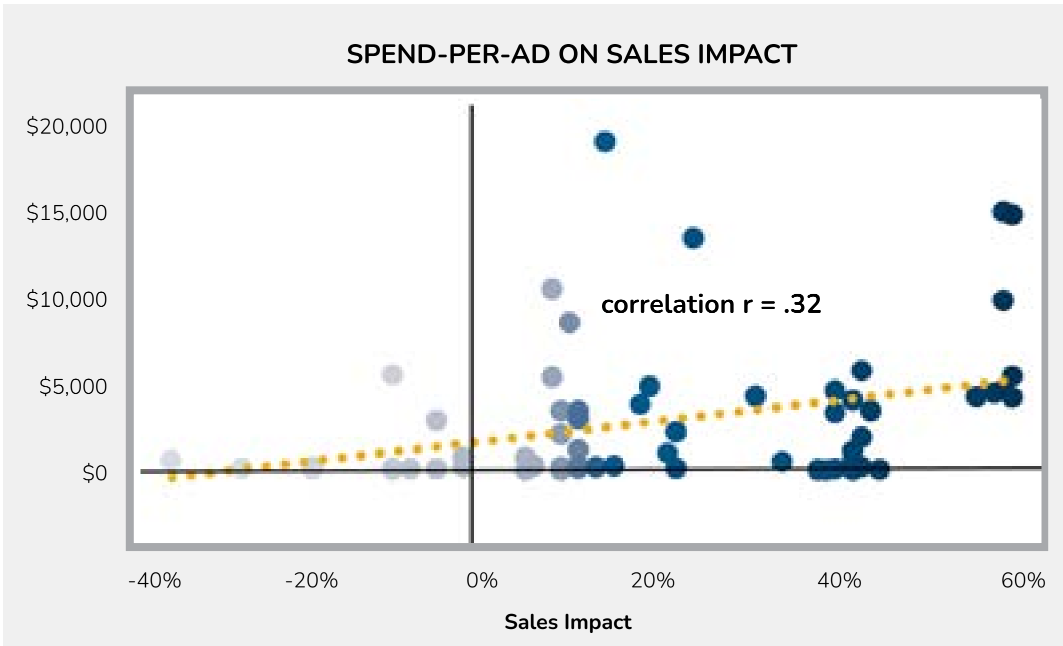
The data is quite clear. When compared to Spend-per-Ad analysis, creative effectiveness scores yield a much stronger correlation to sales and more accurate ROAS.

Here's a case in point. A major skin care brand compared correlations **using only spend-per-ad versus creative effectiveness scores** (illustrated by the ABX Index) against sales impact.

The first chart—which considers only ad spend—yields a

very low correlation to sales:

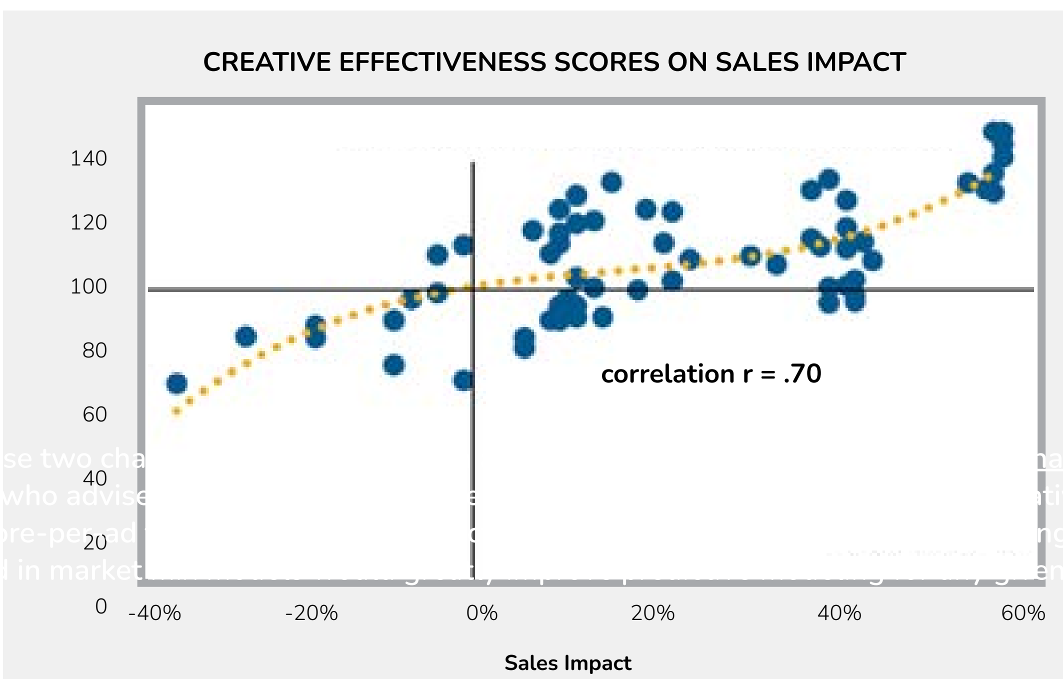
32%



This second chart—which compares creative effectiveness scores against sales impact—yields a

very high correlation to sales:

70%

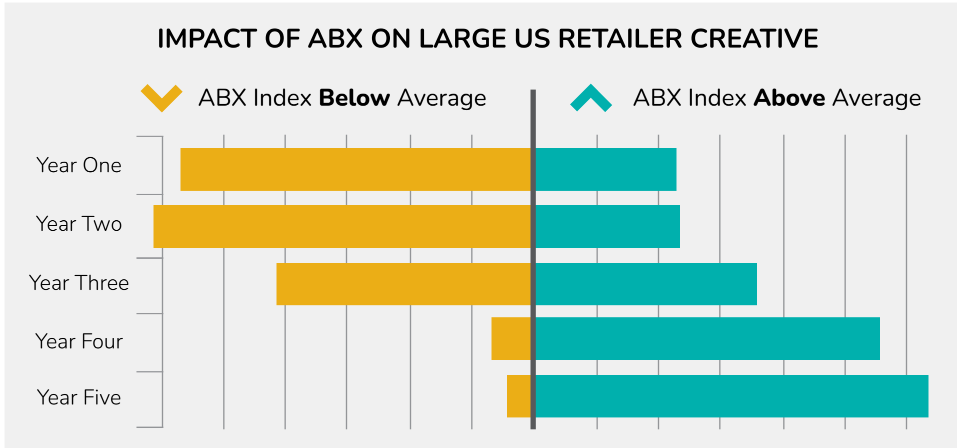


Measure results in near real-time so adjustments can be made to creative and media selection

Whether or not your organization uses market mix models, which only provide after-the fact results, analytics experts can correlate spend weighted by creative scores in simple correlations for major campaigns in near real-time. Thus, marketers can shift media spend and creative as needed to increase ROAS immediately.

This approach—where you constantly measure and adjust—has produced game-changing results for advertisers. One of the biggest advantages to in-market syndicated measurement is how it can be used as a creative feedback loop for those tasked with improving their work.

This Case Study shows the actual results of an ABX client over five years. At first, a significant number of ads had below average effectiveness scores. Over time, creative effectiveness improved dramatically once the client started analyzing all ads across all media types. Contributing to this success were meetings to assess how each media type and creative were performing so quick changes could be made.



Creative that works: Improving your ROAS is easier than you think.
As creative is the number one driver of ad effectiveness, all advertisers need better ways to measure and track success across all media types. To make the process work, you need to reduce the inaccuracies inherent in accessing ad testing from various vendors using different methodologies. Apart from proprietary in-house methods that try to reduce bias on their own, research providers offer two options.

- Some use **AI modeling** to smooth out ad effectiveness scores from disparate vendors, each of which use different methodologies. The method is called "harmonization," and is neither timely nor inexpensive.
- Others rely on a **single-source methodology** that measures every ad across all media types, competitors, geographies, demographics, social sensitivity and more in the exact same way.

ABX pioneered the single-source methodology upon the creation of its syndicated program and has tested over 365,000 ads, so no "harmonization" is needed. Scores for all data appear on a dashboard every day so marketers can make the quick decisions needed to improve ROAS.

Contributed by: Angela Jeffrey, Vice President Brand Management for ABX, is a national award-winning veteran of public relations, advertising, and marketing. She has been a recognized leader, speaker, and teacher in the use of verifiable metrics to measure paid and non-paid communications impact for more than 20 years.

ABX Advertising Benchmark Index

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