

# Marketing Mix Analytics on Creative Effectiveness as a Driver of Big-Box Retailer Sales

Do the ABX Index™  
and KPIs Really  
Correlate with  
Sales?



## Situation and Destination

Big-Box Stores expressed interest in understanding how ABX creative effectiveness data correlates with, and likely affects, its time-based sales.

This study was executed in two parts:

- **Part One** focuses solely on whether, or not, ABX data correlated to sales for this Brand for a three-year period, from November 2017 through September 2020.
- **Part Two** focuses on the likely effects of changes in the ABX Index as a predictor of time-based sales over a 16-month period from April 2021 through August 2022 ... the heart of the pandemic.

## Executive Summary

This study reveals:

- The **ABX Index™** correlates at very high levels against Big Box Stores' sales from 2017 – 2020.
- The ABX Index decreased from January through August 2022 about 6%, from 113 to 106.
- If we applied model elasticities and assumed an enterprise-wide total revenue of ~\$572 billion, the impact of this decline would be about -\$2.4 billion.
- This study suggests advertising effectiveness has a clear relationship to retail sales and can be used in Market Mix Models as a predictive measure. It also shows the creative KPIs that were driving sales through advertising during this time period.

# Model, Architecture, and Data Sources

## Sources of Modeling and Data

Three important sources were used for this modeling exercise:

include:

- **Bottom-Line Analytics** designed and executed the Marketing Mix Model for this study. BLA is an advanced analytics firm that provides ABX and its clients with objective, fact-based assessments and validations of their copy testing metrics.
- **Affinity Solutions** and its partner company, **Iridescent Data**, provided credit-card purchase transactions over a three-year period Big Box Stores.
- **Advertising Benchmark Index (ABX)™** data was used for ad creative effectiveness evaluation for every ad in this study. This Index is comprised of the five most important of 14 KPIs measured across all media types and variables globally. To date, 400,000+ ads have been measured.

## Model & Architecture

- The Affinity Solutions credit card transactions were analyzed in weekly increments.
- The **ABX Index™**, which has been proven to correlate strongly with sales, is tested along with 8 of its 14 KPIs or drivers. While the ABX Index has its fixed weighting for the its component KPI's, we acknowledge some brands we have analyzed have different correlations and influence.

### Weighted ABX Index Score

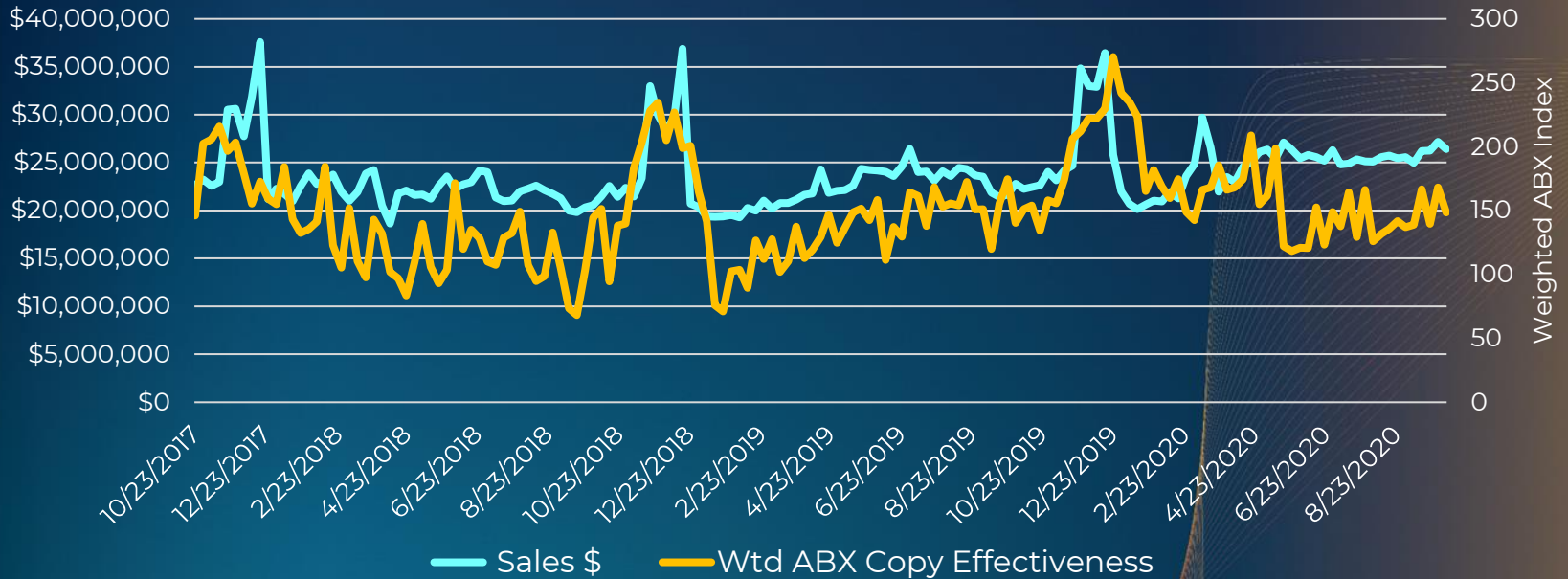


# Part One: Correlations to Sales

## BASE DATA: Correlating Weighted ABX to Big-Box Retailer Sales by Week

Using Base Data, the ABX Index correlates with sales at **49%**, which far exceeds the **~20% threshold** for including in a predictive model. This first chart shows some “sharks toothing” of the ABX data, which is common among survey-based data with typical sampling error.

### Correlating Weighted ABX to Big-Box Retailer Sales by Week Correlation = 49%

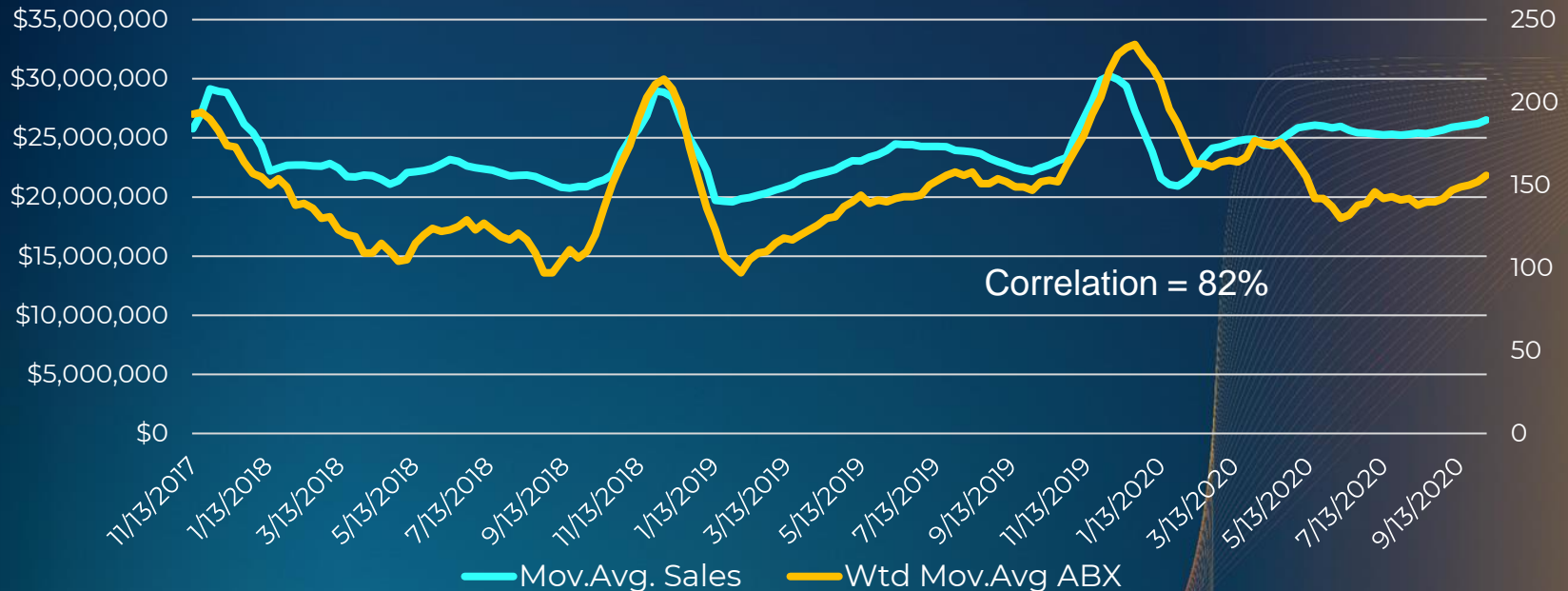




## Smoothed Data: Correlating Weighted ABX to Big-Box Retailer Sales by Week

Using a “centered 7-period moving average” to smooth out the sharks’ teeth, **the correlation jumps up to 82%**. Also, the underlying longer-term trend of these two datasets are virtually identical. This is clear evidence that the ABX metric is quite relevant for measuring ad creative in a mix model, which means that it has business performance linkages.

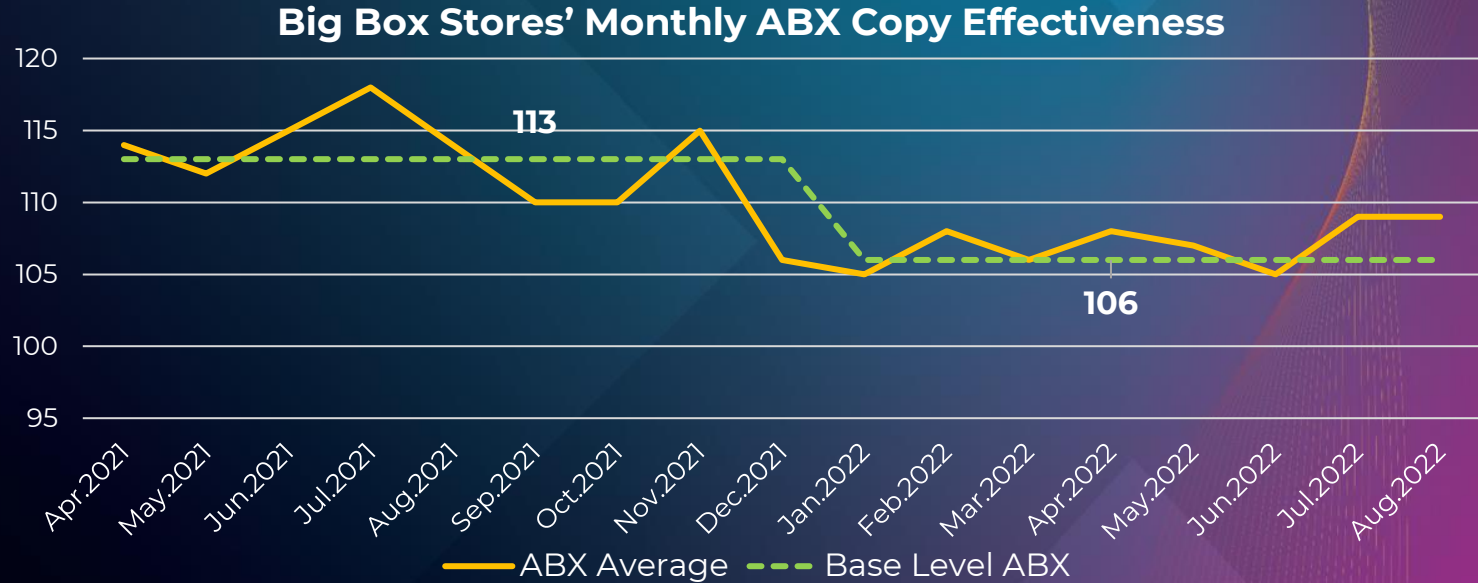
### Weighted MA\* ABX and Big Box Retailer Sales



# Part Two: The ABX Index as a Predictor of Sales

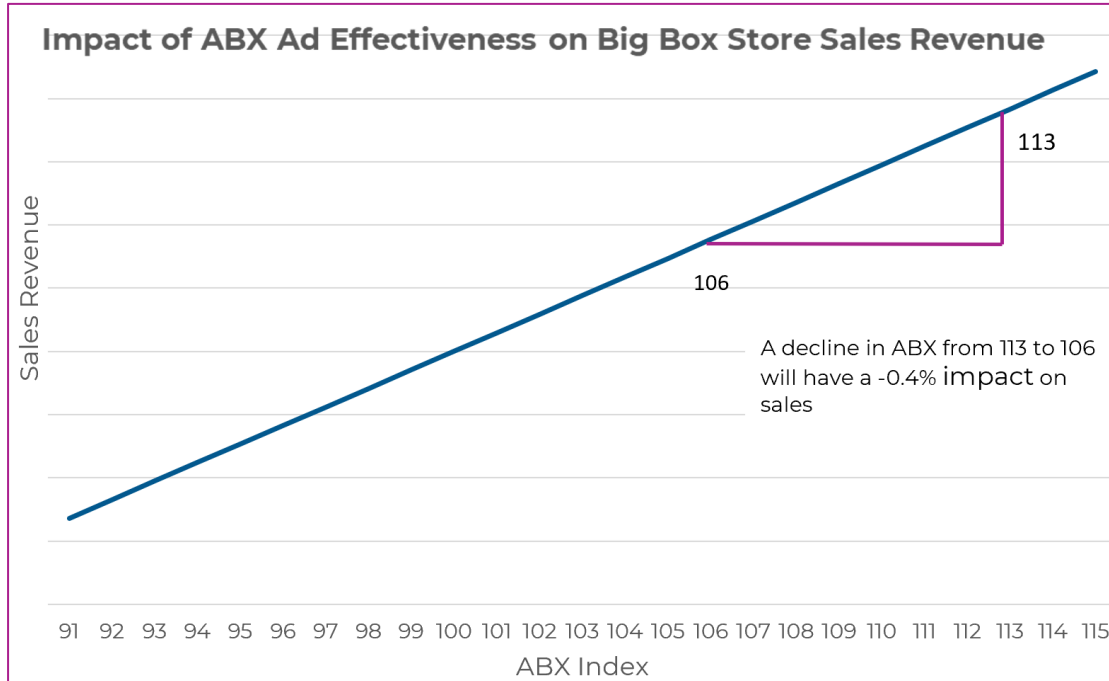
## Big Box Stores' Creative Effectiveness Trends

Since January 2022, there has been a drop in the “base level” of ABX Copy Scores for Big Box Stores from 113 to 106 (-6%).



## Modeled Monetization of Creative Effectiveness on Big Box Stores' Sales

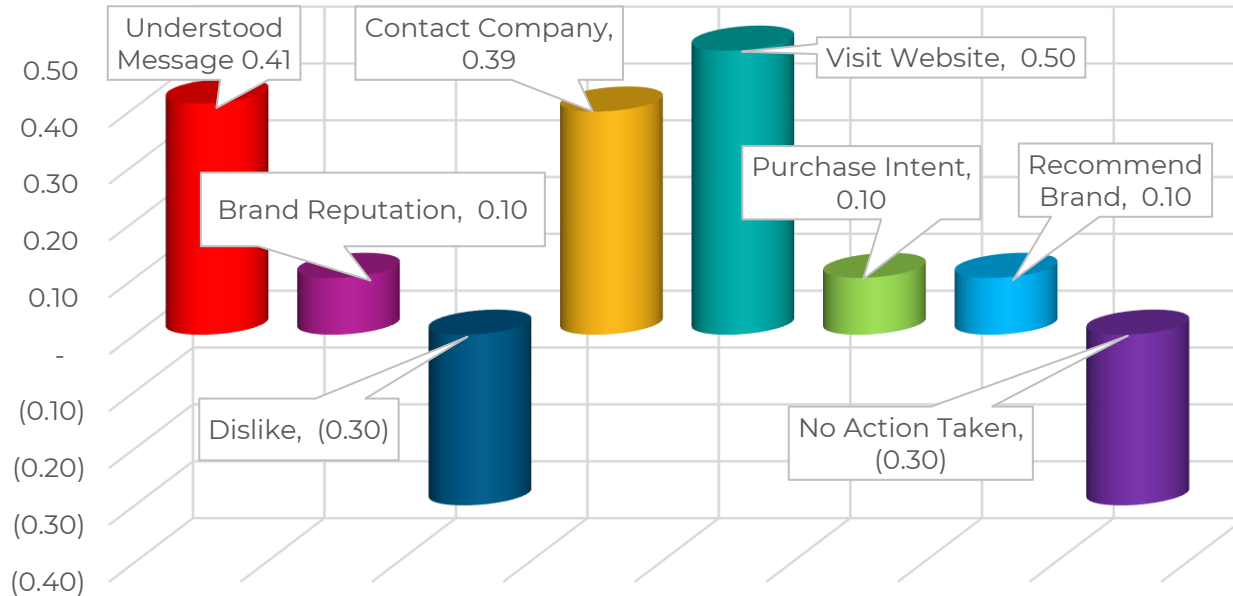
Every 1% increase in the ABX Index has a .07% increase in sales. The decline in ABX from 113 to 106 (-6%) has a **-0.43% impact on Big Box Stores' Sales**. If we were to apply this across the entire enterprise (~\$572B), this would come to a **-\$2.4 Billion total impact**.



## Weighted Importance of ABX Drivers or KPIs

Both “Dislike the Ad” and “No Action Taken” had negative weights. It is interesting to see “Visited Website” is the largest driver during this time of Covid & Instore Pickup & Delivery.

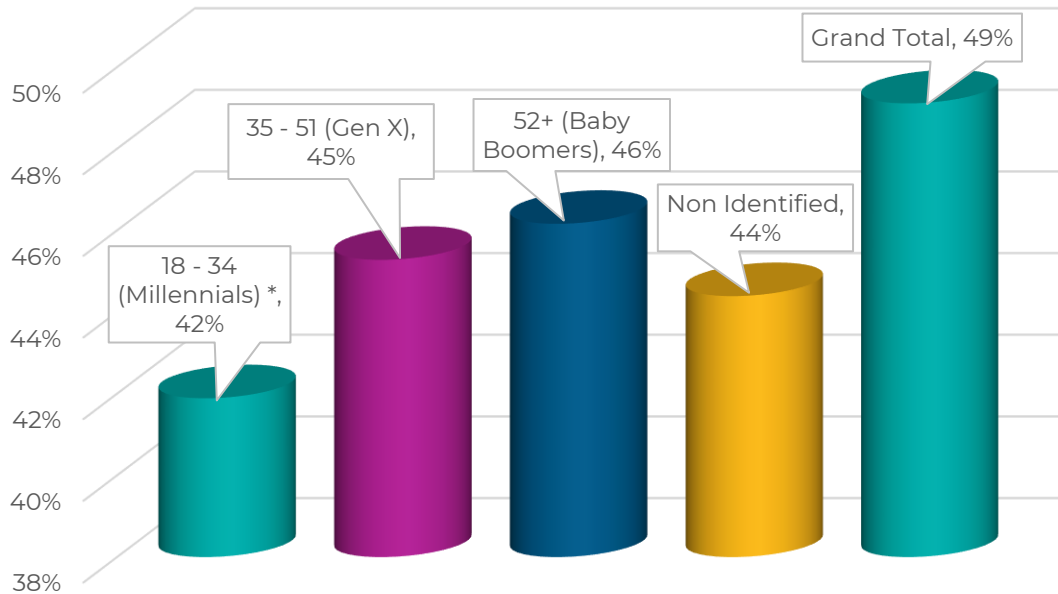
### ABX Media KPI Relative Importance



## Smoothed Data: Correlating Weighted ABX to Big-Box Retailer Sales by Week

From this data we can also see how age-group demographics relate to the ABX Index. Younger Millennial's appear to be less affected by Big-Box Retailer ads.

### Correlation Importance by Age Group



# Executive Recommendations

## Executive Recommendations

- This study has clearly shown that the ABX Index correlates well with Big Box Stores' sales.
- See [ABX Case Studies](#) for to see similar results across other brands, demographic segments and categories.
- Since advertising creative comprises 40-60% of the sales driven by advertising, creative effectiveness is not a **“nice to know”** but a **“need to know.”**
- This data would suggest that Big Box marketers should make their ads more likeable, show imagery that enhances the Brand's reputation, and creative that focuses on easy transactions, whether web or easy-pickup.
- To ensure that Big Box Stores' ads are effective, management should consider testing all its ads, and those of its competitors, through an in-market, real-time evaluation system such as the [ABX Global Multimedia/Multichannel Syndicated Platform](#).
- Testing all in-market ads drastically reduces the number of expensive pre-tests, which can only be conducted on a small percentage of ads.



Let us give you  
the creative  
insights no one  
else can deliver.

Contact us today

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