

# PRINT AND DIGITAL RESEARCH FORUM: OCTOBER 2015, LONDON

---

## GUARANTEED SALES RESULTS... BEYOND CPG

Britta Cleveland – SVP, Research Solutions, Meredith Corporation ([Britta.Cleveland@meredith.com](mailto:Britta.Cleveland@meredith.com))

Janel Koval – Director, Media Analytics, Nielsen ([Janel.Koval@nielsen.com](mailto:Janel.Koval@nielsen.com))

### I. OBJECTIVE

This provides an update on the evolution of the “Meredith Sales Guarantee”, a unique and bold sales approach based on a research methodology which quantifies the impact of magazine advertising investment on actual brand sales. And guarantees it.

The paper will 1) summarize the results from several additional positive brand sales measurement studies in magazines and digital campaigns completed since the last PDRF in 2013, and 2) review the results of a brand new study – outside of Consumer Packaged Goods - which ties magazine advertising exposure to sales in a major furniture and accessories retail outlet, an industry first.

### II. BACKGROUND/CONTEXT

As illustrated in several papers presented at prior Print & Digital Research Forums, Meredith continues to recognize the need to provide actual proof of performance (sales) for magazine advertising at the behavioral “bottom of the funnel” level. With ever increasing growth of media options, and flat to declining media budgets, it is imperative to continue to reinforce the value of magazines as a staple in the media mix for the majority of brands.

With the Meredith Sales Guarantee (MSG), the focus is on consistently proving that magazine advertising drives sales and delivers a positive ROI. To date, the focus has been primarily on validating the efficient sales-driving impact of magazines in the Consumer Packaged Goods (CPG) and HBA (Health & Beauty Aids) categories. However, naturally, we have recognized the need for this type of “bottom funnel” sales measurement in categories where magazines play a vital role beyond CPG and HBA. Behavioral database partners – including several from Nielsen/NCS – have been identified in each of these categories and testing is underway.

This case study illustrates the impact of magazine advertising - beyond CPG/HBA - on store sales at a major furniture and accessories retailer outlet using one of these new databases: Nielsen Buyer Insights (NBI) database. This work allows Meredith to broaden the sales guarantee and continually reinforce the value of magazines in driving efficient sales.

### III. SYNOPSIS

Since the last PDRF in Nice (October 2013), we have completed “bottom funnel” measurements for an additional 28 print, digital and integrated campaigns. Twelve new magazine campaigns (including two TV

campaigns that measured tune-in levels, not sales), 12 digital campaigns and 4 integrated campaigns (print and digital). Results continue to be strong for magazines and for Meredith's Sales Guarantee. To date, we have delivered a sales lift and positive ROI for 53 out of 53 media campaigns – no money back! The presentation will summarize these results.

However, the main focus of this paper will be an overview of the positive results from our expansion into the Retail category using Nielsen's Buyer Insights database as the source of sales data (rather than Nielsen Homescan or Nielsen Catalina Solutions, which were used for CPG/HBA). This new data source broadens the opportunity to validate the connection between advertising and sales in any category in which a credit/debit card is used to make a purchase, including Restaurant (and QSR), Travel, Financial, Entertainment, Online (e.g., Amazon, etc.) and Telecom, to name a few.

## **IV. KEY FINDINGS**

### **A. Meredith Sales Guarantee – Success Continues**

In July 2011, Meredith introduced the "Meredith Sales Guarantee" (MSG) for advertisers in the consumer packaged goods category. To be eligible for the guarantee, advertisers were required to meet a minimum GRP threshold of 200 Adult 18+ GRPs for the campaign period. These levels were based on the average campaign levels from 14 original brands tested in the pilot. Although there is no "magic number" that correlates a specific GRP level with a specific increase in sales, Meredith was confident based on the pilot results and therefore was willing to take the risk to guarantee sales and ROI. The offer was extended to a limited number of brands for the first year to minimize risk; 8 ultimately ran sufficient magazine advertising support to be eligible. In 2013, Meredith expanded eligibility for brands to 150 Adults 18+ GRPs for the campaign period. To date Meredith has measured 37 magazine, 12 digital campaigns and 4 integrated campaigns with several more in the field, including renewals (and brands who had been out of print for years and were convinced, by the guarantee, to come back to print!).

Results to date:

#### **Print:**

- 37 brands across seven categories: Food, Beauty, Household Goods, Healthcare, Pet Care, Retail and Entertainment (note: Entertainment campaigns measured Ratings/Tune-In lift, not sales or ROI)
- Average Sales Lift: +11%
- Average ROI: \$7.45
- Average Annual Incremental Brand Sales Impact: \$12.9 million

#### **Digital:**

- 12 brands across two categories: Food, Retail
- Average Sales Lift: +7%
- Average ROI: \$7.35
- Average Annual Incremental Brand Sales Impact: \$3.6 million

**Integrated:**

- 4 brands across three categories: Food, Healthcare and Retail
- Average Sales Lift: +12%
- Average ROI: \$3.02
- Average Annual Incremental Brand Sales Impact: \$9.1 million

**Opportunity to drive sales in magazines across categories**

Proven consistent positive performance

- Increase in sales vs. matched control from +2% to +47%
- Positive ROI ranging from \$1.59 to \$19.99 – incremental sales of \$452 million
- 53 out of 53 campaigns in 7 categories
  - Food, Beauty, Household Goods, Healthcare, Pet Care, Retail and Entertainment



Meredith ROI consistently above industry norms for digital ad networks & portals

	ROI*
Meredith Magazines	\$7.45 +188%
Meredith Digital	\$7.35 +184%
Portals/Ad Networks	\$2.59

\*ROI: For every dollar spent with Meredith, the advertised brand received an incremental \$X in sales vs. the control. Portals/ad networks includes: AOL, MSN, Yahoo; 5-year average.

## B. Retailer Case Study

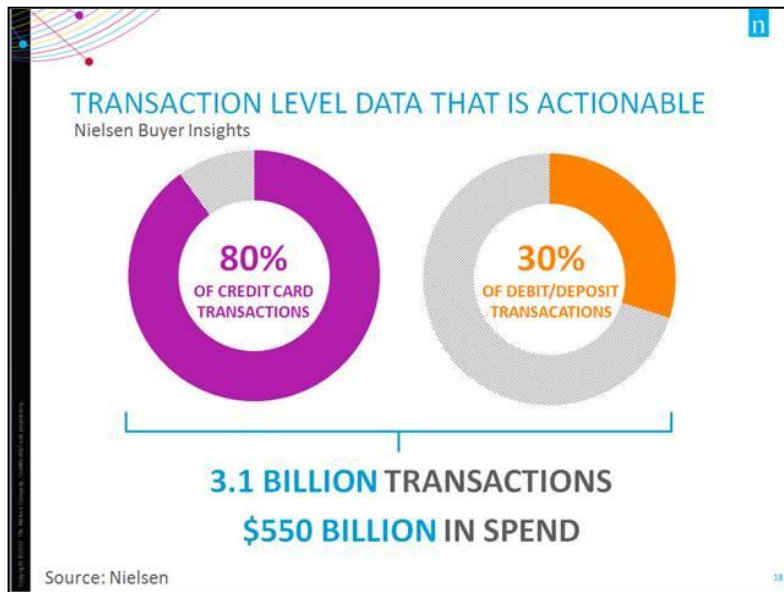
### Background

Meredith continues to recognize the need to provide actual proof of performance for magazines at the behavioral “bottom of the funnel”. We’ve realized success in categories, such as consumer packaged goods and health and beauty aids, in which household level sales is tracked and measured by Nielsen (through the Homescan panel) and Nielsen Catalina Solutions (with frequent shopper cards). However, there is a need to expand this level of accountability into other categories, such as Retail, Auto and Pharma. This case study provides a detailed look at our successful first case study for a Home Retailer using Nielsen’s newly acquired Buyer Insights database.

### Methodology Overview

#### Nielsen Buyer Insights Database

- Nielsen Buyer Insights provides a massive database tracking US consumer’s credit and debit card activity.
  - 80% of all credit cards and 30% of all consumer deposit and debit card accounts
  - 3.1 billion in transactions per month; \$550 billion in spending



### Methodology Summary

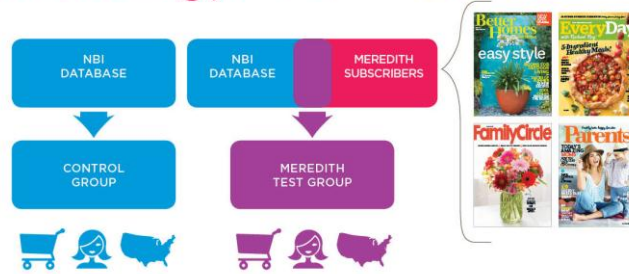
Nielsen’s Print Effect solution (which is based on the model developed by NCS) combines custom analysis that leverages insights into audiences and advertising with its ability to measure online and offline consumer purchase behavior. Print Effect identifies households exposed to print ad campaigns and compares their online and offline purchasing behavior with those who were not exposed to the campaign.

This Methodology provides two key insights for marketing initiatives:

- Illustrating the sales difference between exposed and non-exposed magazine households as well as determine the underlying components driving this sales difference
- Quantifying ROI for magazine advertising on offline sales

Following are the specific steps of the methodology for the Retail Case study using Nielsen Buyer Insights database. (For reference, the methodology for the NCS/Homescan Meredith Sales Guarantee is included in the appendix).

# Methodology: Test vs Control



**DIFFERENTIATING VARIABLES:** The only difference between the test and control groups is **exposure to advertising in Meredith properties**

**MATCHING VARIABLES:** The **purchase behavior** between the test and control groups are **identical** for both the **brand** ("home retailer") and **category** (furniture, mass merchandise and department store)

**MEASURING ROI:** Measure sales in Test (exposed) group vs. sales in Control (unexposed) group to determine average incremental gain in spend per household

\*ROI: Incremental sales generated per media dollar spent

## Detail of Nielsen/Meredith Sales Guarantee Analysis Procedure

Following is an overview and details of the seven step procedure for the Sales Guarantee Analysis, which combines the work of Nielsen and Meredith to determine volumetric and financial impact of advertiser campaigns executed in Meredith titles.

<b>Nielsen</b>	1. Actual Household sales derived from Nielsen’s NBI database
<b>Nielsen</b>	2. Database match (name, address or ZIP+6) between unique active Subscriber Households and Nielsen’s NBI Database to determine Test (Exposed) Group
<b>Nielsen</b>	3. Control (Unexposed) Group developed based on matching retailer/category purchase behavior with Test Group.
<b>Nielsen</b>	4. Nielsen’s Data Science team applied its ‘gold standard’ Statistical Testing to the analysis methodology to determine average sales difference between households in Test and Control Groups.
<b>Meredith</b>	5. Unique HH universe is calculated for the magazines in the campaign period using MRI data.
<b>Meredith</b>	6. Multiply number of Unique HH’s reached by campaign by the average sales lift per household (Test vs. Control) to determine annual incremental sales.
<b>Meredith</b>	7. ROI is calculated based on annual incremental sales generated per media dollar spent (no margin applied).

## Case Study Media Plan Overview

A global Home Retailer brand ran an advertising campaign in four Meredith magazines between October 2013 and September 2014 with a total of 27 insertions and 235 Adult 18+ GRPs (36.5 million unique households reached). The goal of the campaign was to drive traffic to the retailer and stimulate incremental sales by illustrating the breadth of buying opportunities.

The objective of the research study is to measure the impact of Meredith magazine advertising on actual in-store sales.

## Results Summary

### Sales Lift

As a result of the advertising, the average household purchased significantly more “home retailer” merchandise than the matched unexposed control group. Sales in the Home Retailer increased by +7% during the campaign period.

# meredith households drive sales



#### AVERAGE SPEND (\$) PER TOTAL HOUSEHOLD

Exposed to Meredith Magazines	\$16.38
Unexposed	\$15.37
Increase	+\$1.01

} 7% LIFT IN INCREMENTAL SALES FOR THE “HOME RETAILER”

Among the Meredith households who purchased during the campaign period, sales increased by +11% compared to the unexposed control group.

## Total Spend Per Buying Household (BUYING RATE) NEW + EXISTING BUYERS

> Meredith Households (exposed) who purchased during the campaign period, spent **+11% more** per buyer than those not exposed to advertising in Meredith magazines



Not only did total sales increase by +7%, but 80% of these buyers were new to the brand (i.e., had not purchased in the past 3 months), and even the "existing" buyers were enticed to buy +76% more than the "existing" buyers in the control group.

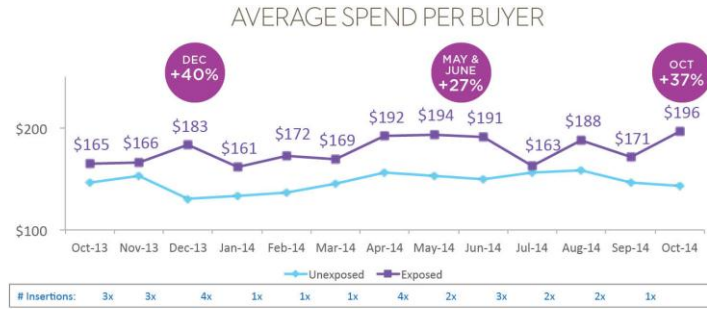
## Total Spend Per Buying Household NEW + EXISTING BUYERS



Sales during the campaign were consistently higher among those exposed, but the increase in spending vs. the control was highest during peak advertising periods (December, May, June and October).

## SALES TREND: Spend Per Buyer

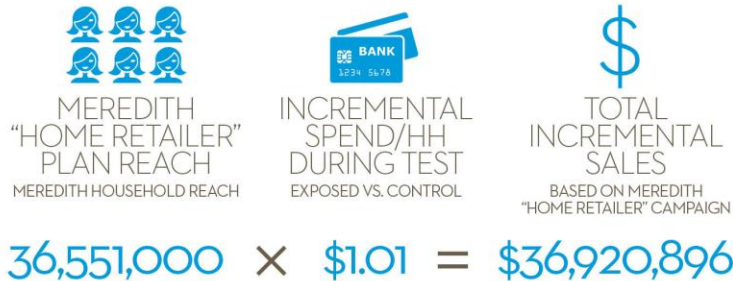
> Spend per buyer is higher throughout the campaign period, with peak spending during advertising heavy-up



### ROI Summary

Overall, the campaign delivered an incremental \$36.9 million in sales to the Home Retailer. The average exposed household spent +\$1.01 more during the campaign than the unexposed control group. To determine the incremental sales, this number is multiplied by the number of unique exposed households (36.5 million). Note: of the 36.5 million households, 6.5% purchased during the campaign period.

## CAMPAIGN IMPACT: Incremental Sales





In summary, for every dollar spent on advertising in Meredith’s print brands, sales increased by +\$18.59 in the Home Retailer stores, a total incremental sales increase of \$36.9 million dollars over the campaign period.

## ROI Summary

FOR EVERY DOLLAR SPENT ON MEREDITH PRINT ADVERTISING, SALES INCREASED BY **+\$18.59**

% Sales Difference	+7%
Annual Sales Impact	\$36,920,896
<b>ROI*</b>	<b>\$18.59</b>

\* ROI is defined as incremental brand sales based on dollars spent in media

> Note: Sales Impact based on Credit/Debit Card spend only (NBI tracks 80% of credit card transactions & 30% of debit card transactions); any transactions made in cash/check or other payment method would not be factored into sales lift. As a result, sales impact & ROI is actually higher.

## V. NEXT STEPS

- Continue investigation of primary sales drivers, including role of creative and tactics and develop norms and best practices (as number of case studies increase).
- Continue to guarantee sales results to advertisers and provide proof of performance for magazines.
- Extend measurement and guarantee beyond CPG and Retail to other categories such as pharma, auto and prestige beauty - using broader and more precise behavioral databases (including Crossix, Symphony Health and JD Power).
- Demonstrate opportunity to link results with MMM data, providing level of publisher data not currently available.

## VI. APPENDIX:

### NCS SALES EFFECT METHODOLOGY OVERVIEW

NCS' Sales Effect solution combines custom analysis that leverages their parent company, Nielsen's offline consumer purchase behavior and insights into audiences and advertising. Sales Effect identifies households exposed to an ad campaigns (print, digital, integrated, etc.) and compares their offline purchasing behavior with those who were not exposed to the campaign.

This Methodology provides two key insights for marketing initiatives:

- Illustrating the sales difference between exposed and non-exposed households as well as determine the underlying components driving this sales difference
- Quantifying ROI for the campaign based on offline sales

### Detail of NCS/Meredith Sales Guarantee Analysis Procedure

Following is an overview and details of the seven step procedure for the Sales Guarantee Analysis, which combines the work of NCS and Meredith to determine volumetric and financial impact of advertiser campaigns executed in Meredith titles and on Meredith sites.

<b>NCS</b>	1. Actual Household sales derived from Nielsen's 100K Homes can consumer panel or NCS's 70MM household Frequent Shopper Card Dataset
<b>NCS/ Third Party</b>	2. Third Party Match of subscribers or online cookies to NCS dataset to determine Test (Exposed) Group
<b>NCS</b>	3. Control (Unexposed) Group developed based on matching product/category purchase behavior, demographics and geography with Test Group.
<b>NCS</b>	4. NCS applied its 'gold standard' ANCOVA analysis methodology to determine average sales difference between households in Test and Control Groups.
<b>Meredith /NCS</b>	5. Unique HH universe is calculated for the magazines in the campaign period using MRI data. Digital HH universe is based on percent of the online panel reached based on tag-captured exposure.
<b>Meredith</b>	6. Multiply number of Unique HH's reached by campaign by the average sales lift per household (Test vs. Control) to determine incremental sales driven by the campaign.
<b>Meredith</b>	7. ROI is calculated based on incremental sales generated per media dollar spent (no margin applied).

## Detailed Procedure:

- **Actual Household sales derived from Nielsen’s 100K Homescan consumer panel or NCS’s 70MM household Frequent Shopper Card Dataset**

The Sales Effect sample is composed of ~100k Homescan households that provide their offline purchase behavior and demographics as part of their responsibility as Homescan panelists. To ensure projectable results, the Nielsen Homescan Panel is carefully balanced for the demographic characteristics of the universe being measured. In the U.S. the Nielsen Homescan Panel is the largest longitudinal panel representing all-outlet purchases including both Spanish- and English-speaking Hispanics. Shopper data is collected via handheld scanners that transmit data directly to Nielsen. This data can be used to identify key shopper behavior across stores, TV, online and social media outlets.

In addition, NCS has point of sale, household-level frequent shopper card data from ten of the top twelve grocers and a drug chain. There are over 70MM households within this dataset. This gives NCS the scale needed to conduct some analyses. When using FSC data as the base, NCS still utilizes the Homescan data to adjust the sales to reflect purchases in all outlets.

- **Third Party Match of subscribers or online cookies to NCS dataset to determine Test (Exposed) Group**

Through a database match with the Magazine Publisher (using a third party, such as Experian) or cookies captured via a 1x1 pixel, NCS determines which Homescan or FSC households are exposed to the particular campaign to be measured.

### Print

- Magazine database file include first and last name and address
  - Subscribers qualify for the match if they are active subscribers during the match period
- **Control (Unexposed) Group developed based on matching product/category purchase behavior, demographics and geography with Test Group.**

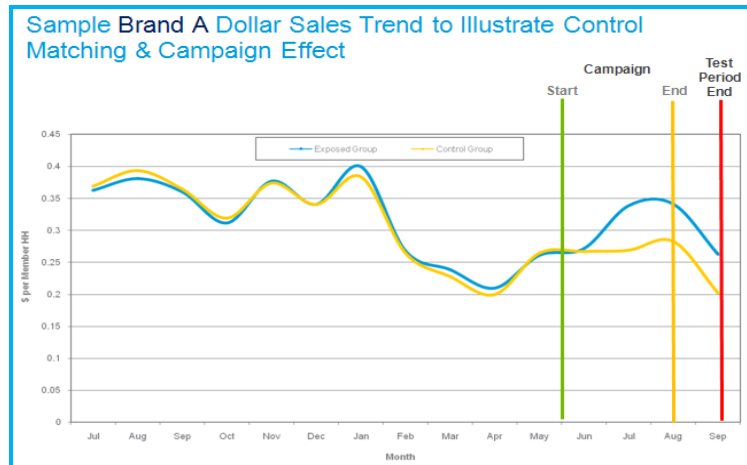
As noted in the methodology section above, NCS employs a hybridized paired/pooled matching method, enabling creation of identical pairs of households (test vs. control) and at the same time minimize overall test vs. control panel differences.

Matching variables include:

- Purchase Based Behavior (brand purchase metrics-penetration/volume/occasions, competitors, category, trip metrics, customer/account-level, reported causal)
- Demo-based (age, household size, income)
- Geographic (region, DMA, state, longitude/latitude, postal code, etc.)

- While other media are not expressly controlled for, the matching of Test and Control HH's on brand/category purchasing dynamics and demographics for a 52 week pre period controls for other marketing elements. If other media are consumed by the Test and Control HH's in differing levels, the effect must be minimal, as their packaged good consumption is equal.
- **NCS applied its 'gold standard' ANCOVA analysis methodology to determine average sales difference between households in Test and Control Groups.**

The offline purchasing behavior of those households exposed to the ad campaigns for a particular brand (or group of brands) are compared with those who were not exposed to the campaign. The Sales Effect analysis uses the aforementioned test vs. control design and ANCOVA analysis which result in the ability to isolate the true impact of the print, digital or integrated campaign.



*Sample data for illustrative purposes*

- **Unique HH universe is calculated for the magazines in the campaign period using MRI data**

The Unique HH Universe is calculated by combining net “buyers” of all titles included in the campaign --- MRI’s best estimate of newsstand + subscriber --- with net secondary HH universe by assuming the same number of adults/HH in as in primary audience and decreasing the secondary readership proportionally

**GfK MRI Approval** (Julian Baim, PhD, 8/2011): *“I have reviewed their procedures and believe their computations to be quite reasonable. The calculation of average number of readers in primary households is taken directly from our estimate of primary readers and divided by the concurrently reported published buyer (circulation) estimate. Their assumption of a similar relationship between the number of readers and households among secondary readers is consistent with the direct measurement and probably reflects a very conservative estimate of the household reach. In sum, this estimation procedure is logical and defensible”.*

### Unique HH Audience Calculation Example

Total Adult 18+ Audience (000)	68,987
Primary Audience	28,530
# of “Magazine Buyers”	18,625
<b>ADULTS PER PRIMARY HOUSEHOLD</b>	<b>1.53</b>
Secondary Audience	40,457
# of Unique Secondary Households (Divided by number of Adults/Primary HH: 1.53)	26,411
<b>TOTAL UNIQUE HOUSEHOLDS (PRIMARY + SECONDARY)</b>	<b>45,036</b>

- **Digital HH universe is based on percent of the online panel reached based on tag-captured exposure**

NCS looks at the overlap between cookies captured divided by the total number of cookies in the NCS panel. Once the percent reach is determined, NCS multiplies this number by the number of known online households in the US (approximately 94MM).

- **Multiply number of Unique HH’s reached by campaign by the average sales lift per household (Test vs. Control) to determine incremental sales.**

**Example:** 45,036,000 (Unique Magazine HH Reach) x \$.73 (Average Sales Lift between Test and Control HH) = \$32,876,280 (Total Incremental Sales Based on 9 title Meredith Campaign)

- **ROI is calculated based on incremental sales generated per media dollar spent.**

ROI is defined as incremental (gross) sales generated per media dollar spent with no margin applied.

**Sample Calculation:**

Annual Sales Impact (\$ million)	\$32.8
Annual Magazine Spend (\$ million)	\$12.7
Net Sales Impact (\$ million)	\$24.4
<b>ROI (\$)</b>	<b>\$2.58</b>

## PRINT VS. DIGITAL METHODOLOGY

Nielsen Catalina Solutions has measured hundreds of digital campaigns using the Digital Sales Effect methodology over the past ten years. This approach is identical to the Print Effect methodology with two exceptions:

1. Exposure to Ad vs. Exposure to Issue
  - Digital ads are tagged and matched to the Homescan (or NCS Frequent Shopper) panels, providing opportunity for the respondent to see the specific advertisement.
  - Subscribers to magazine issues are matched with these same panels, providing opportunity to read the issue, but not direct exposure to the specific advertisement.
2. Reach/Universe Projections - NCS's "Sales Effect" product (regardless of media channel) compares the sales in the average household – based on the match to Homescan or NCS database. The next step is to project the reach of the campaign. Based on the difference in media consumption and audience tracking, this is where Print and Digital differ.
  - Digital Reach/Universe is calculated using reach estimates from either digital platform providers (total subscribers/members) or via Nielsen's estimates of total US digital reach for campaigns placed with multiple sites/platforms.
  - The Reach/Universe of a Magazine Campaign is calculated as total subscribers plus newsstand purchasers. Further, and most significantly different than the estimates of digital reach, magazine reach/universe calculations also include pass-along (secondary) readership.
  - In both cases, universe estimates are adjusted to reflect unique household vs. individual readers (see detailed methodology above for details on Unique HH Calculation).

While these differences are not insignificant, they do reflect the best application of the Sales Effect methodology into different media channels, each with a unique manner of communicating with consumers. They reflect consumer behavior, and industry accepted definitions of audience.