



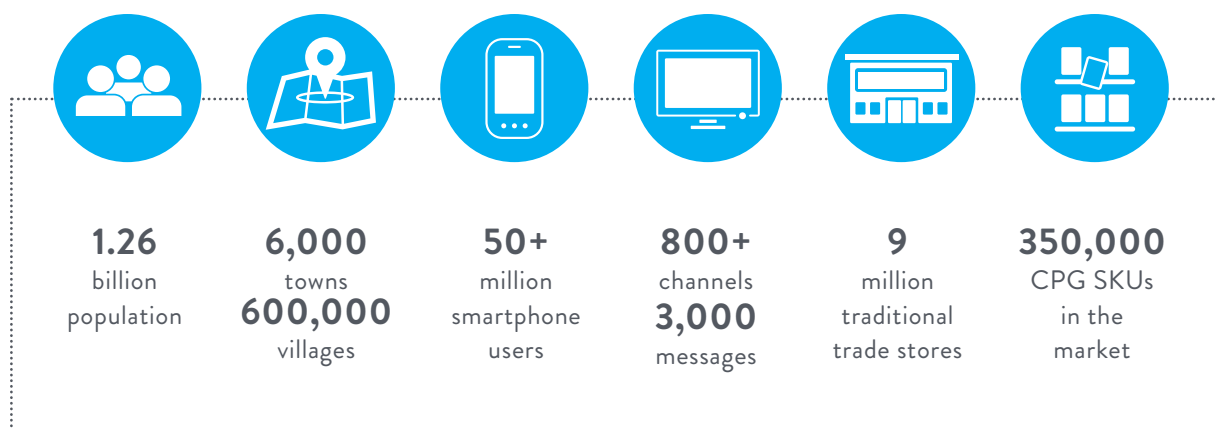
FEATURED INSIGHTS

DELIVERING CONSUMER CLARITY

SEVEN STEPS TO UNLOCKING MARKETING EFFECTIVENESS

In an environment where consumers stop to think before they buy, marketers are increasingly challenged to find ways to appeal to them. But appealing to them is just the first step; the payoff comes only when their brands and products end up in consumers' carts.

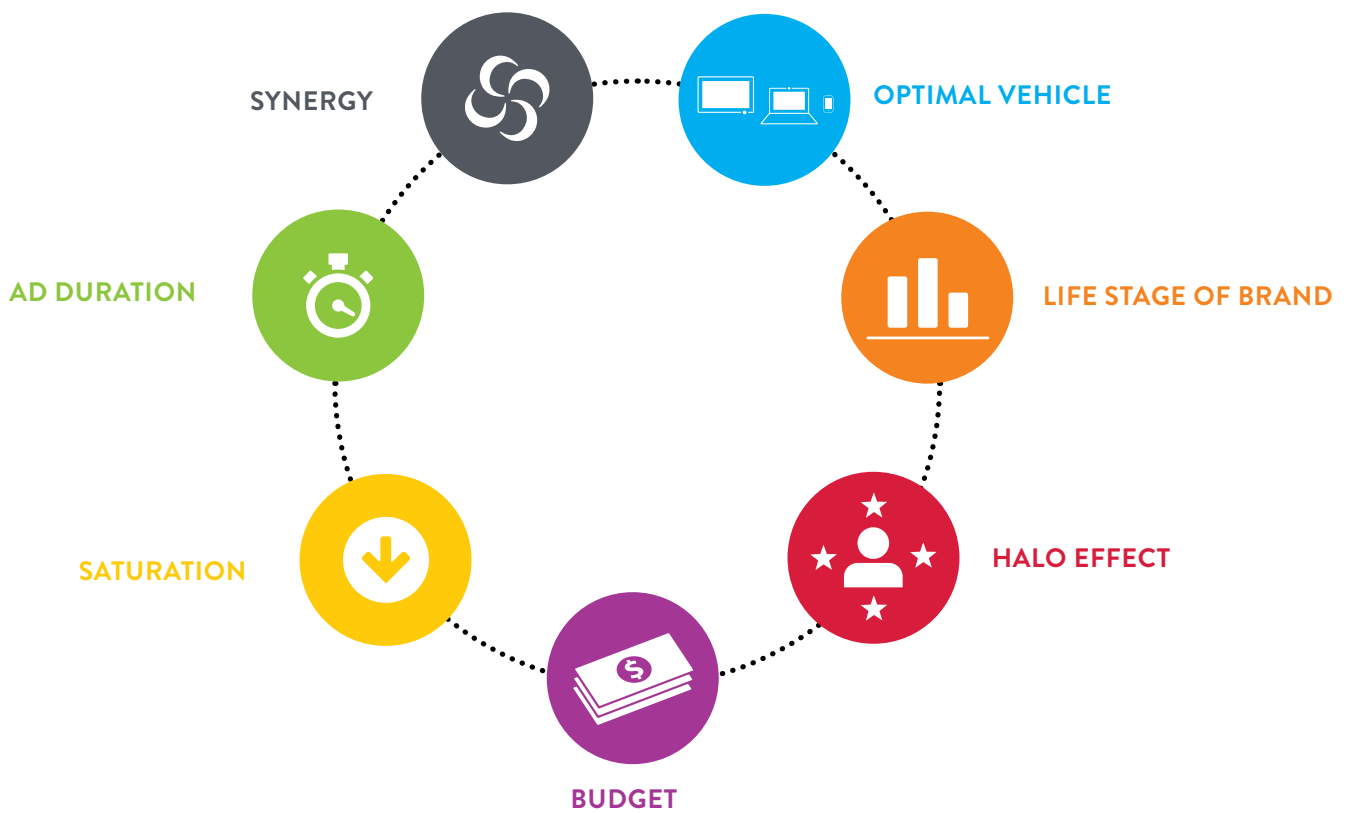
Marketers in India spend over \$5 billion each year, but it's estimated that up to 30 percent misses its mark. That's \$1.5 billion in wasted marketing spend each year! And the fragmented media landscape isn't helping matters, as companies are finding it progressively difficult to capture mindshare in the segments they serve.



Source: GOI Population Census and various Nielsen India studies

THE MEDIA COMPASS

To guide marketers through their budget allocations and increase their returns on investment, Nielsen has developed a seven-step framework to help them battle today's challenges. The framework, which we're calling the *media compass*, shares uncommon ways in which one can optimize seven steps that help determine a marketer's choice of media, timing of exposure and the size of investment. While every brand has its own unique dynamics, we designed the framework to provide clear guidance for any brand. This framework is based on nearly 1100 studies across 98 categories carried out globally in the area of Marketing Mix, looking through the lens of Neuroscience.



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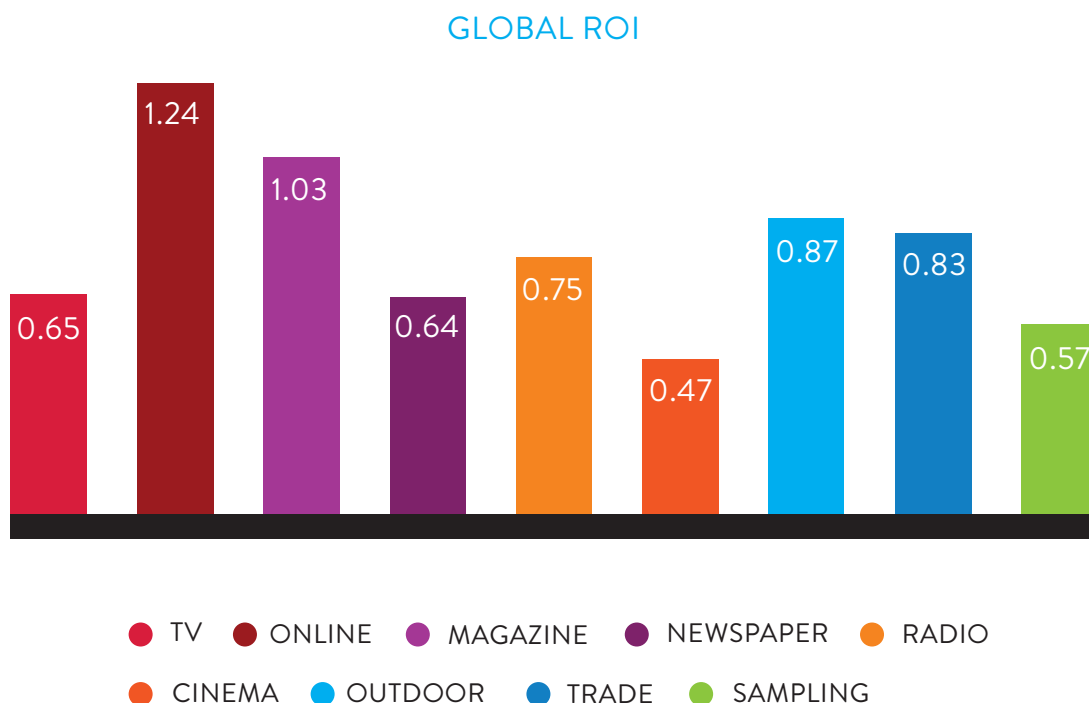
MARKETERS IN INDIA SPEND OVER \$5 BN EACH YEAR, BUT IT'S ESTIMATED THAT UP TO 30% MISSES ITS MARK. THAT'S \$1.5 BN IN WASTED MARKETING SPEND EACH YEAR!

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1. CHOOSING THE OPTIMAL MEDIA MIX

Marketing spend varies across industries and regions depending on where messaging resonates most with consumers. For instance, TV is the dominant mode of advertising for fast-moving consumer goods (FMCG), while the service industry puts most of its ad dollars to work in digital advertising. Nielsen studies point out that online industry promises the maximum return on investment (ROI) globally and in the Asia-Pacific region followed by magazines, radio, television and newspapers. Shifting spends towards the digital medium is imperative. Evaluate current ROI for your brands across media platforms.

SHORT-TERM ROI FOR VARIOUS MARKETING ACTIVITIES



Source: Nielsen

“EXPLORE UNCONVENTIONAL MEDIA OUTLETS TO BREAK THE INDUSTRY CLUTTER.”

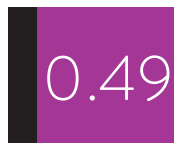
2. SUPPORTING NEW BRANDS BEYOND EARLY LAUNCH

After analysing over 560 initiatives in the FMCG market in the last two years, we classified brands based on the growth observed in year 2 over year 1. Brands that grew by over 10 percent were classified as 'up' and brands that declined by over 10 percent were classified as 'declining' brands. The rest were classified as 'stable.'

AD SPEND RATIO (YEAR 2/ YEAR 1)



UP/STABLE BRANDS



DECLINING BRANDS

Source: Nielsen

One of the key factors influencing brand growth on analysing these new launches was the difference in the sheer level of media support provided. The support for brands that were stable or growing was over 50 percent higher as compared to brands that didn't succeed. This clearly demonstrates that adequate support for a new launch is required even in the second year of launch in order to generate incremental trials and ensure repeat purchase behaviour. Ideally a new product should be thought of as 'New' for two years.

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IT IS CRUCIAL TO MAINTAIN SUPPORT FOR NEW BRANDS IN THE FIRST YEAR AND INTO YEAR 2 AND 3 IN ORDER TO MAXIMIZE TRIAL.

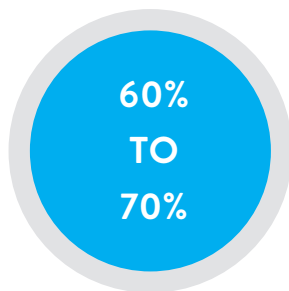
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3. MAXIMIZING THE HALO EFFECT

Advertising drives volume for the brand being directly promoted. However, such advertising may also drive volume for a sister brand if there is a connection between the two brands in the consumer's mind. Such indirect effects are called *Halo Advertising Effects*, as opposed to direct advertising effects. Nielsen studies show that established brands often receive halo effects from media supporting new sub-line/sub-brand/sister brand launches when the other brands are under a single brand umbrella. A common advertising tagline or theme can further strengthen halo effects. At present, media support for the parent brand of many brand portfolios is much higher than that for extensions – sometimes absorbing as much as 70 percent of the budget. Contrary to what one might expect, the halo effect from parents to the portfolio is much lower than the halo effect of from extensions to the parent. Shifting a larger portion of the media support to extensions would result in higher total impact for the portfolio.

“MEDIA SUPPORT FOR THE PARENT BRAND OF MANY BRAND PORTFOLIOS IS CURRENTLY MUCH HIGHER THAN THAT FOR EXTENSIONS – SOMETIMES ABSORBING AS MUCH AS 70 PERCENT OF THE BUDGET.”

CURRENT PRACTICE

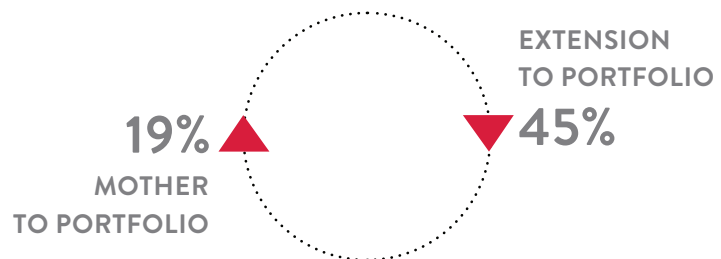


PARENT BRAND
MEDIA SUPPORT

Source: Nielsen

UNCOMMON SENSE

PARENTS ARE MORE SELFISH
THAN WE THINK



“

ADVERTISERS NEED TO BALANCE THE SPEND BETWEEN THE PARENT BRAND AND LINE EXTENSIONS CAREFULLY TO DRIVE PORTFOLIO SALES.

”

4. BRAND BUDGETS – INCORPORATE SPONSORSHIP FOR BUILDING EQUITY

Bigger budget brands can afford higher levels of advertising spend. If the budget allows, they should consider sponsorships as part of their media plans. Nielsen studies show that Gross Rating Points (GRPs) spent on sponsored programs, or impact GRPs, generate very high sales volume, and are generally three times as effective as regular GRPs. Their high costs (almost three times that of regular GRPs) are offset by the volume benefit, and hence there is no negative impact on ROI.

Brands with smaller budgets are often unable to take advantage of such sponsorship programs. Such brands should maximize efficacy of their spends by executing within optimal GRP ranges, considering shorter length copy and ensuring good copy quality.

VOLUME GENERATED PER GRP



ROI (REVENUE/Rs SPENT)



Source: Nielsen

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SPONSORSHIPS/IMPACT GRPs CAN BE A GREAT WAY TO DRIVE VOLUME WITH NO DETRIMENT TO ROI, PROVIDED BRAND BUDGETS ARE LARGE ENOUGH.

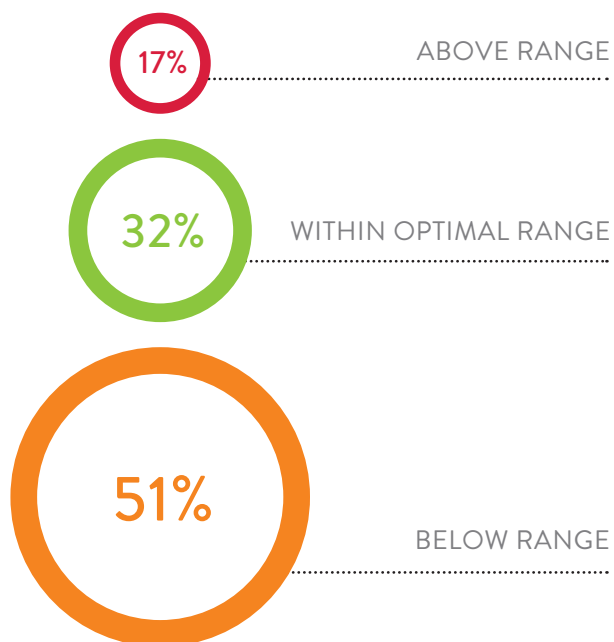
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5. THE FLIGHTING OPPORTUNITY

The economic principle of diminishing returns exists in media planning too. The volume response due to TV advertising is not linear, and shows a pattern of diminishing returns beyond a certain point.

Nielsen research across multiple brands shows that more than 2/3rd of the GRPs during a given week's TV advertising are suboptimal (either too low or too high), suggesting considerable scope for GRP optimization.

GRP SPENDING PATTERN



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ESTABLISH THE OPTIMAL RANGE OF GRPs FOR YOUR BRAND AND SPEND WITHIN IT TO MAXIMIZE ROI.

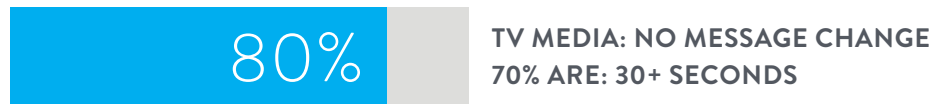
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6. TIMING IT RIGHT

Longer-duration ads are needed to convey a new or complex message, while shorter ones can suffice as reminder messages. Currently, however, 80 percent of TV advertising uses the longer form, with no variety in message.

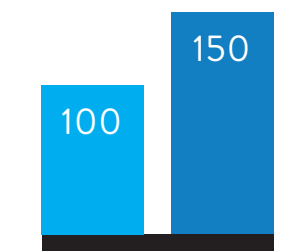
Now that the TRAI (Telecom Regulatory Authority of India) has capped total duration of ads at a maximum of 12 minutes per hour (10 minutes for brand commercials and 2 minutes for the channel's own promotions), it becomes even more important to reconsider the duration of your ads. The most critical question for the marketer therefore is - which parts of the copy can be cut out, and which parts are essential to the message? Neuroscience has proven to be a useful guide in this regard.



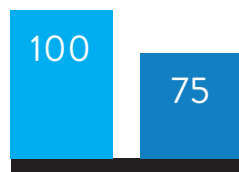
The most advanced technique uses EEG (electroencephalography) measures of brain activity to understand how viewers are responding to advertising. Studying human brain wave activity in real time and analysing the core neurometrics of attention, emotion and memory retention for every second of the advertisement, will help diagnose the effective and ineffective parts of the ad and uncover areas of improvement second-by-second.

Based on these inputs, the creative can be cut short while keeping the most relevant seconds for the short reminder ad.

15 SEC VERSUS 30 SEC



TV EFFECTIVENESS



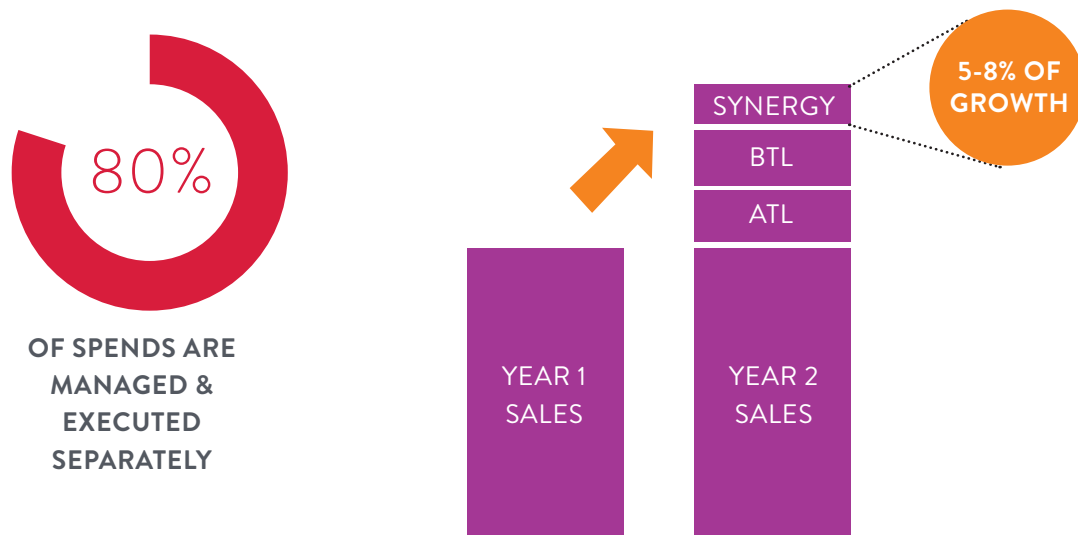
ROI INDEX

● 15 SEC ● 30 SEC

“USE NEUROSCIENCE TO DETERMINE WHICH ELEMENTS OF THE COPY ARE ESSENTIAL IN GENERATING VIEWER ATTENTION, MEMORY AND POSITIVE EMOTIONAL ATTRACTION IN ORDER TO CREATE THE MOST EFFECTIVE SHORTER ADS FROM LONGER DURATION ONES.”

7. SYNERGY

Synergy is the improved effectiveness of various drivers when executed together. In India, we have seen synergistic effects among various set of brand drivers – for example, above the line (ATL) efforts and below the line (BTL) and distribution, print and radio etc.



A study conducted to test synergies between ATL & BTL activities among 25 categories revealed that a vast majority of companies do not integrate their ATL and BTL efforts. The 20 percent companies who do integrate ATL and BTL efforts witnessed about 5-8 percent extra sales growth. The various budgets combined create an impact greater than the sum of their individual impacts.

“INTEGRATE YOUR MARKETING AND SALES EFFORTS TO BENEFIT FROM SYNERGIES.”

Ultimately, individual brands will need media plans tailored to their unique situations, based on findings specific to their category and company. Nevertheless, the above insights driven by the *Media Compass framework* form a starting point for marketers in creating a plan that will help bring greater marketing effectiveness. In the quest for higher return on investment and greater marketing effectiveness, the importance of marketing mix optimization and media planning cannot be overlooked. Companies that have adopted a data-driven approach to marketing planning have achieved higher returns and thereby reduced their waste in terms of spends as well as efforts.

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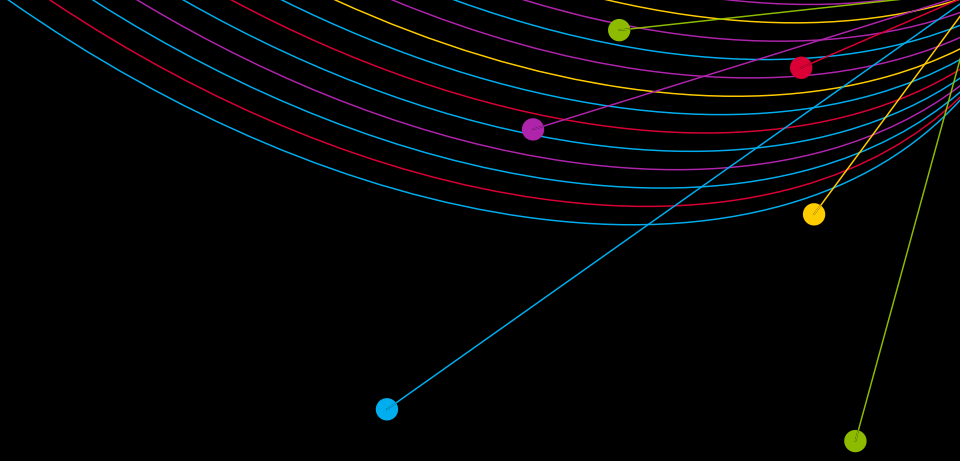
Shila Schoots from the Nielsen Retail Audit team contributed to this issue of Featured Insights.

ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

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