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FMCG, FINANCE AND AUTOMOTIVE SECTORS ARE UNDER-INVESTED IN TV, NEW INDEPENDENT STUDY FINDS

New findings from a $1 million study by leading independent marketing analytics consultancy Ebiquity find that companies in the Fast-Moving Consumer Goods (FMCG), Automotive and Finance sectors would significantly improve their return on advertising investment by moving more of their media budgets to TV.

Ebiquity, which was commissioned by ThinkTV, was given three years' worth of raw sales and campaign data by 21 advertisers with a collective spend of over $500 million and used econonometric modelling* to discover which media had generated the best return on investment. Ebiquity has now used those findings to model how participants can optimise their returns by altering their media mix**.

In these latest findings, Ebiquity's clear advice for companies in three of the four categories studied is to increase the average percentage of their media budgets allocated to TV significantly: from 78% to 90% for FMCG, from 53% to 75% for Automotive, and from 33% to 60% for Finance. It noted Search as the dominant platform for E-Commerce with TV playing a supporting role.

Ebiquity also found that if every advertiser in the four categories in the Australian market applied Ebiquity's recommended changes, they would collectively gain $1.1 billion in sales revenue. That's a 20% improvement for those sectors without spending a single cent more on advertising.

Richard Basil-Jones, managing director of independent marketing and media consultancy Ebiquity Asia-Pacific, said: "There have been various studies done around the world, by Ebiquity and others, on ROI by media channel, and what is clear is that TV is at the top".

Kim Portrate, chief executive of ThinkTV, said: "The true measure of marketing success is the revenue generated from marketing investment. After we got such striking results from the ROI study, many participants asked how they could use the findings to better their return on investment. The findings here show that many companies are under-invested in today's multi-platform TV, which is 100% viewable, brand safe, measurable and reliable.

"The study shows that small changes to the media channels used by advertisers can generate significant extra revenue dollars - in some cases it can be the difference between growing or standing still from a sales perspective. The work from Ebiquity's latest modelling gives advertisers a clear blueprint about how to achieve greater growth without needing additional funding to drive their marketing."

Steve Weaver, Director of Research and Insights for ThinkTV, said: "The econometric modelling methodology used by Ebiquity in the Payback Study is gold standard and the results are reliable. In today's competitive, low-growth business environment I doubt there is a single advertiser out there who wouldn't grab at the chance of a few extra percentage points of growth. The smart money is moving to TV."

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** Payback Australia Methodology:*
With permission to access three years' worth of raw data by 21 advertisers with a collective spend of over $500 million in 2016, Ebiquity built econometric models to estimate the average sales return from media investments. Econometric modelling estimates the relationship between sales and the factors that drive sales. Econometrics uses mathematical equations to isolate and quantify all the different factors that can influence sales at any one time. For example, if an automotive advertiser runs an advertising campaign and sees a big increase in sales, that increase may also have been influenced by dealer promotions. Without stripping out the impact of promotions, one would over–estimate the impact of advertising. Using econometrics alleviates the risk of such errors, allowing one to accurately estimate the direct dollar impact that advertising has had on sales.

*** Optimisation Methodology:*
Using the category results presented in the Payback Australia study in September 2017, Ebiquity was asked to optimise the underlying media mix for each category. Using diminishing returns curves established from econometric modelling, it applied a "hill–climbing" algorithm to optimise budget allocation. Optimisation is an iterative process that assesses what the highest return will be for the next dollar invested. It starts by fixing TV allocation at 10% and running the optimisation across the remaining media channels. This told Ebiquity what the overall media ROI is for that allocation. It then increases TV's allocation to 20%, runs the optimisation again and records the overall media ROI. After doing this in 10% increments up to 100%, it indexes results to the maximum overall media ROI. Graphing these bars illustrates what level of TV allocation is required to optimise the revenue generated by the same overall media budget.

About ThinkTV
ThinkTV Pty Ltd is a dedicated research-driven, marketing and technology development company focused on helping the advertising and marketing community get the very best from commercial TV. From understanding how audiences engage with TV to celebrating advertising creativity, ThinkTV leads a collective effort to demonstrate how advertising in broadcast-quality content environments provides the greatest return on investment. Think TV was formed in May 2016 with founding members Nine Network, Seven Network, Network Ten and Multi Channel Network/Foxtel. Thinktv.com.au @ThinkTV