



GfK



**Revealing the impact of online
advertising for FMCG brands**
October 27 2011



Background

Spend on advertising during 2011 will show an increase over last year's figures with the investment in digital advertising expected to rise by 13%. Of the total advertising market share in the first half of this year, 27% was spent online - exceeding the amount spent on TV advertising. Consistent growth has been shown in this sector since 2003 when the share was only 3%.*

Media planners fully accept the need to integrate online in planning cross-media advertising campaigns as these are becoming the industry norm. However, planners need to ensure that they have quality information so that they can fully understand the best way to optimise the mix between online and offline advertising.

GfK recently completed one of its most ambitious and ground-breaking projects in the field of advertising research. The project was called the Media Efficiency Panel (MEP) through which eight major FMCG advertising campaigns were evaluated. Results of this research allowed clients to accurately measure the effects of cross-media advertising campaigns on short-term sales and to assess the return on marketing investment. This was done by using data which linked actual exposure to online advertising together with survey measures of offline advertising exposure, to real sales data.

More specifically, GfK's approach allowed clients to obtain authentic and focused insight in the areas of:

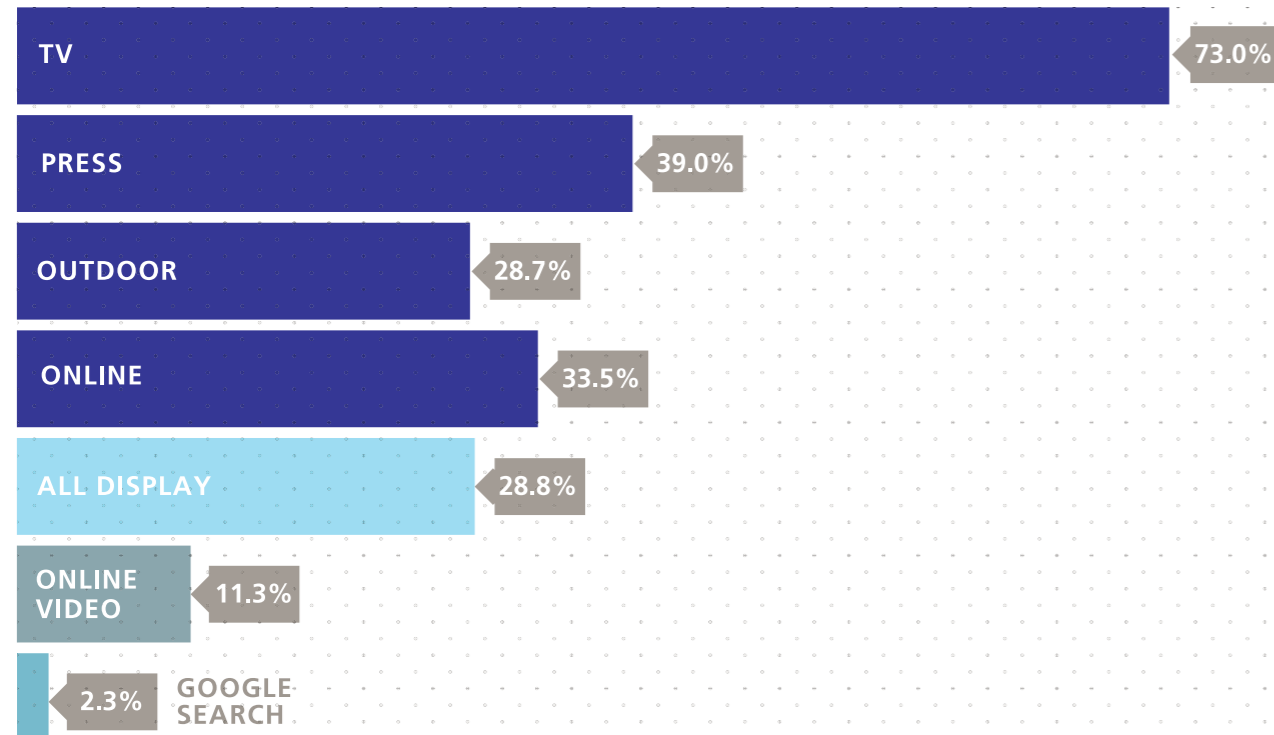
- o **campaign efficiency** – measuring the impact of a number of different advertising channels on short-term sales
- o **channel value** - measuring the relative efficiency of online and offline channels understanding digital channels - measuring the effectiveness of key online channels, such as Google search and video
- o **media interactions** - evaluating the synergies between offline and online in reaching the desired audiences

The case studies evaluated within this programme have allowed GfK to build a powerful and unique understanding of the role of online advertising. The objective of this paper is to share a number of our findings with you.

* IAB/PWC online adspend H12011

Reach (fig 1)

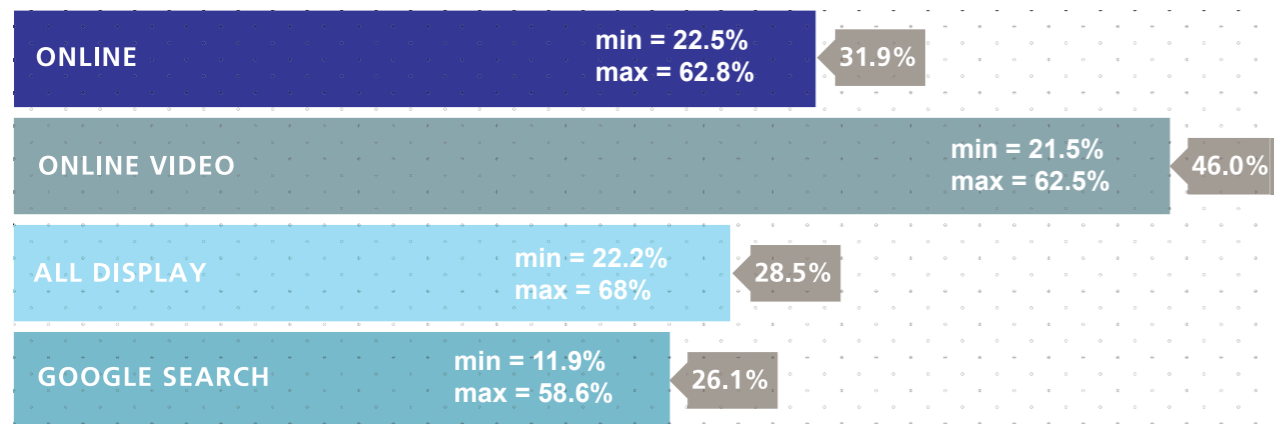
Online achieved an average reach of 33.5% across the case studies measured.



Source: GfK Media Efficiency Panel 2010/2011
Number of campaigns per media type: TV – 8, Press – 4, Outdoor – 4, Online – 8, All Display – 7, Online Video – 5, Google Search – 8

Exclusive Reach (fig 2)

Online Vs. TV



Source: GfK Media Efficiency Panel 2010/2011
Online – 8, All Display – 7, Online Video – 5, YouTube – 5, GDN Display – 5, GDN Text – 4, Google Search – 8

Key Findings

Campaign Reach

Online can deliver substantial reach

Our research has shown that online can deliver substantial reach. The reach of the digital campaigns varied according to how they were constructed but, on average, reach was measured at just over 33% of the online population (see figure 1). Online Display activity was the biggest driver of this figure, touching 29%.

In comparison, our case studies showed that TV campaigns reached almost three quarters of homes that are online with press and outdoor campaigns reaching just below 40% and 30% respectively. So, TV continues to deliver the broadest reach, but online is now competing with press and outdoor.

Exclusive Reach

Online delivers an audience not reached by offline channels

There is no doubt that TV campaigns achieve a high reach but GfK's research found that, when online media was used, it reached an audience that either did not see the TV campaign (see figure 2). Across our case studies, it was demonstrated that between 25% and 63% of individuals exposed to at

least one online advert were never exposed to the TV advertising. This represents significant, exclusive reach to online campaigns. The channel most effective in reaching an exclusive audience was YouTube and other online video channels.

Sales Uplift by Media Type

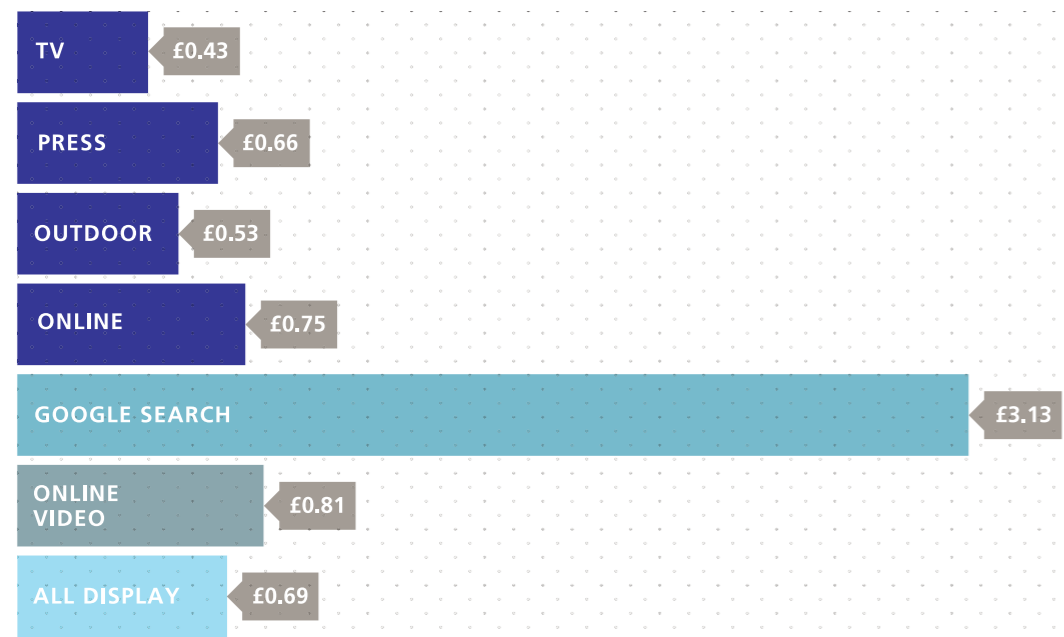
Online consistently delivers a higher sales uplift

Across our campaigns, we measured the effectiveness of each channel in driving sales uplift. The average uplift on a single contact with an online ad was 9%, of which Google search was the biggest driver. When sales uplift on first contact was measured, Google search stood out with an uplift of 41%. This compared favourably with the results from TV, press and outdoor campaigns where

uplifts of between 6% and 8% on first contact were measured. Another finding from our research was that the average weekly exposure to Google search was nearly half that measured for TV which reinforced the finding that online is more successful than offline in driving sales uplift at current levels of investment.

Return On Investment (fig 3)

Average return on £1 marketing investment

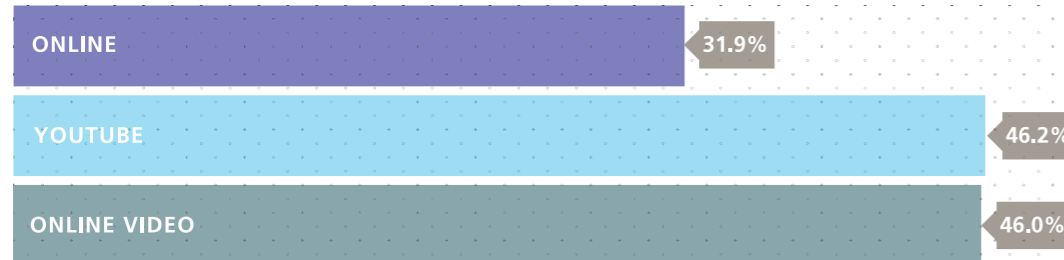


Source: GfK Media Efficiency Panel 2010/2011

Number of campaigns per media type: TV – 8, Press – 4, Outdoor – 4, Online – 8, All Display – 7, Online Video – 5, Google Search – 8

Exclusive Reach (fig 4)

Online Video Vs. TV

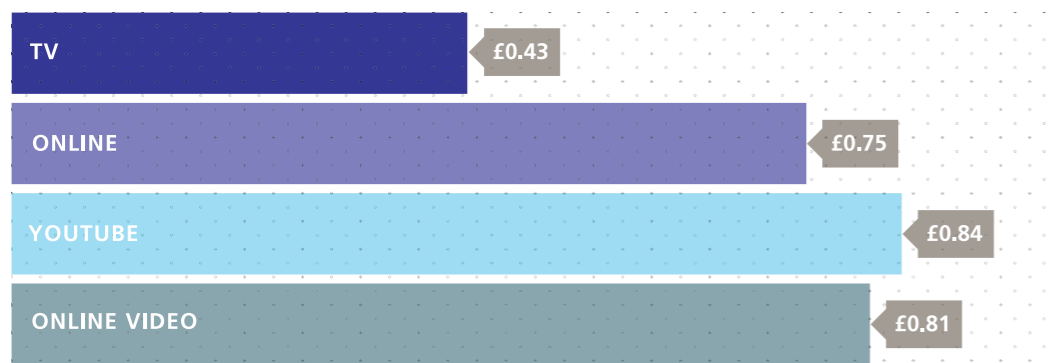


Source: GfK Media Efficiency Panel 2010/2011

Online – 8, All Display – 7, Online Video – 5, YouTube – 5,, Google Search – 8

Return On Investment (fig 5)

Online Video and TV



Source: GfK Media Efficiency Panel 2010/2011

Online – 8, All Display – 7, Online Video – 5, YouTube – 5,, Google Search – 8

Return on Investment (ROI)

On average, Online is more efficient than offline

Most advertisers believe that online advertising is highly efficient within the media mix. This project has provided hard data that backs up this belief.

We have established that the average return on £1 of marketing investment in TV, press and outdoor in short-term sales ranges from £0.53 to £0.66. However, the equivalent ROI for all online activity is £0.75, with Google search at £3.13, online video at £0.81, Display at £0.69 and YouTube at £0.84. There are variations within these results. For example, Google search ranges from £0.21 to £7.56 ROI and Display ranges from £0.29 to £2.30 (see figure 3).

It is important to understand that there are a number of factors that contribute to the ROI. These include:

- the reach of the campaign and how well the various channels have worked together in delivering complementary reach
- how effective the channels were in driving sales amongst those reached
- the cost of these channels

Online video

Online delivers exclusivity and sales uplift

One area of particular interest is the role of online video and how it works alongside TV. GfK's research showed that, on average, 46% of those who were exposed to adverts on YouTube and to other online videos sites had no contact with the corresponding TV advertisements (see figure 4). In addition to reaching an exclusive audience, online video delivered ROI

of £0.81, almost twice the ROI of TV at current levels of investment (see figure 5). So, whilst online video channels are low-reaching, the high level of exclusivity that it delivers makes it a very attractive option for advertisers as it complements other media and in particular TV extremely well.



Summary

GfK's benchmarking work has produced a solid base that allows advertisers to understand the role of online campaigns when linked to other media. This will give advertisers deeper insights into the effectiveness of online marketing.

In summary, we would make a number of observations that have become apparent from our research:

- o **online advertising is extremely efficient in driving offline sales** - these formats have a higher sales impact than offline media
- o **online video delivers exclusive reach** for campaigns and contributes to driving sales
- o **the highest ROI was delivered by Google search**, which was also shown to be the most effective medium for sales uplift

GfK's research has attracted great interest from the media industry by providing insights that were previously difficult to measure.

Client Comments

"This research was the holy grail in terms of being able to link the digital element of the media plan to sales - something that we've always had to rely on patchy econometrics to provide in the past. The findings were hugely enlightening, showing the incremental (solus) reach amongst the younger age group that the digital activity had far exceeded our ingoing hypotheses. This piece of work has contributed to the rationale of including online at the inception of campaign planning rather than another way to leverage the TV."

Laura Hill, Kraft Foods Customer Insight Manager

Methodology

"The UK Media Efficiency Panel has enabled FMCG advertisers to link their digital media investment directly with in-store sales. The studies that GfK have undertaken with some of our major advertisers have proven the sales effectiveness of search, display and YouTube activity in integrated multimedia campaigns and provided invaluable insights about consumer behaviour across offline and online channels."

Shuvo Saha, Industry Director FMCG & Healthcare, Google

This project produced findings of great interest from a research perspective as well as being genuinely useful to GfK clients. We asked for reactions and received the following testimonials from representatives of Kraft and Google (left).

GfK was commissioned to look at the effectiveness of cross-media campaigns by eight FMCG advertisers in conjunction with Google. We worked closely with the Kantar Worldpanel to recruit 8,000 households. Sales in the pre-campaign, campaign and post-campaign phases were reviewed.

Information on exposure to online advertising (such as online video, display and search) activity was captured by software designed by Nurago called 'Leo-Trace' and installed on respondents' home PCs. These individuals also completed a questionnaire to collect detailed information about their consumption of offline media such as TV and press. Data was calibrated using BARB and then merged with details of the advertising campaign to produce an estimate of how frequently each respondent was exposed to the TV advertising.

The objectives for each campaign we evaluated were to measure:

- cross-media effectiveness of eight campaigns
- impact on short term sales
- media reach and the incremental reach
- uplift in sales as a result of media exposure and
- Return on Investment (ROI)

About



The GfK Group offers the fundamental knowledge that industry, retailers, services companies and the media need to make market decisions. It delivers a comprehensive range of information and consultancy services in the three business sectors Custom Research, Retail and Technology and Media. The Digital Market Intelligence team is a division within Custom Research that specialises in providing integrated digital research solutions. GfK is the No. 4 market research organisation worldwide, operating in more than 100 countries and employing over 11,000 staff.

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