MAXIMISING PAYBACK

OPTIMISING MEDIA MIX
FOR MAXIMUM BRAND GROWTH

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Payback Australia Recap

Industry Report

21 Brands $500m+ ad spend

FMCG — 10 Brands

Automotive — 4 Brands

E-Commerce — 3 Brands

Finance — 4 Brands

Source: Payback Australia 2017, ThinkTV

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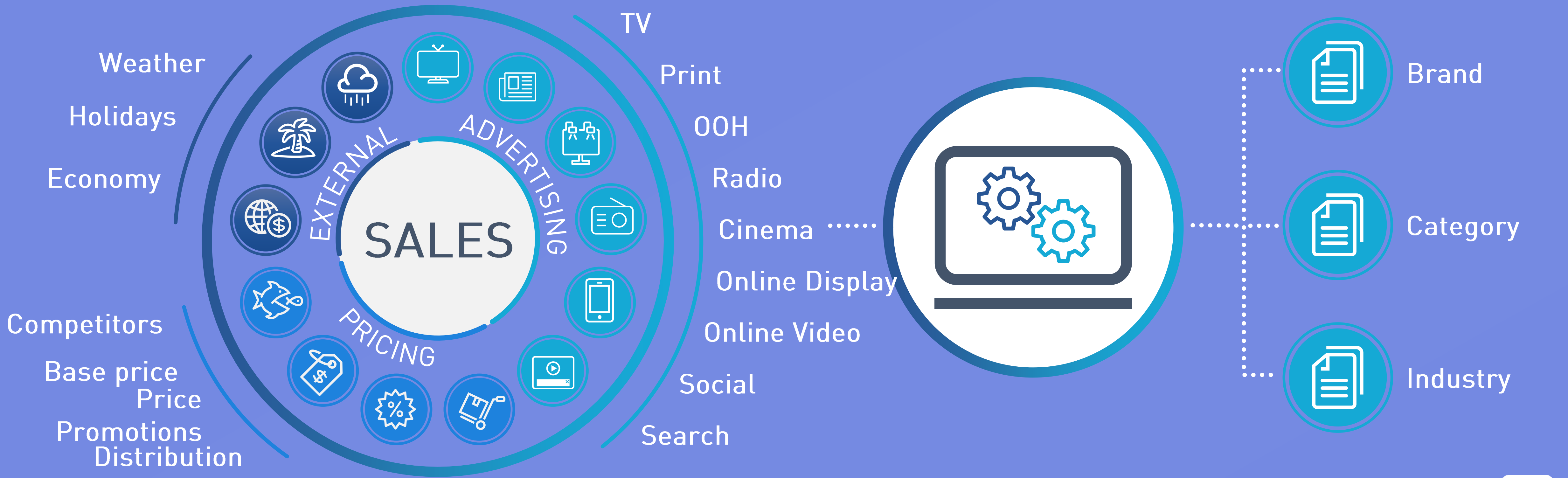
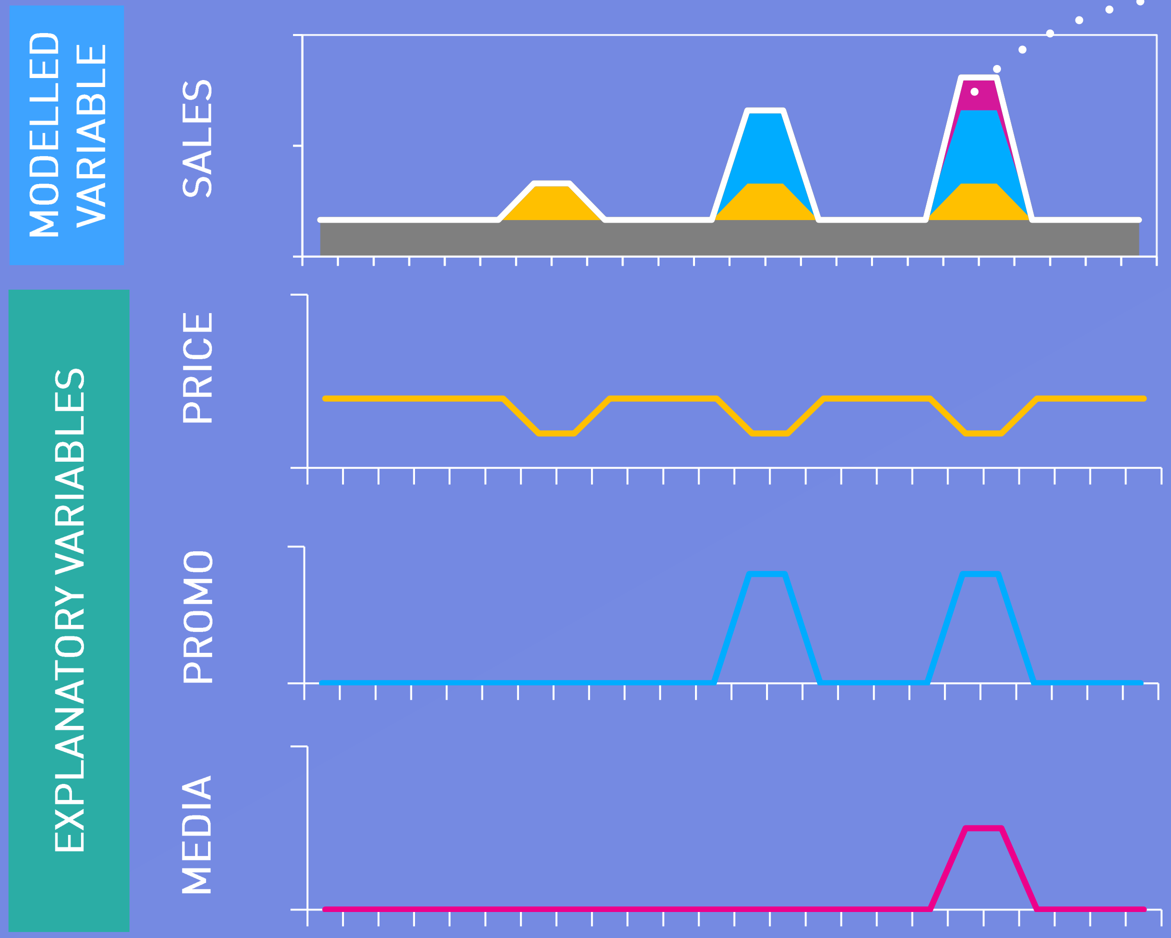
Methodology

Aim to capture everything that might impact sales

DATA INPUTS | MODELLING | REPORTS



Modelling Process



$$\text{ROI} = \frac{\text{Incremental}}{\text{Media Costs}}$$

Discount can explain some peaks

Promotions can explain other increases

Media can explain 3rd sales increase

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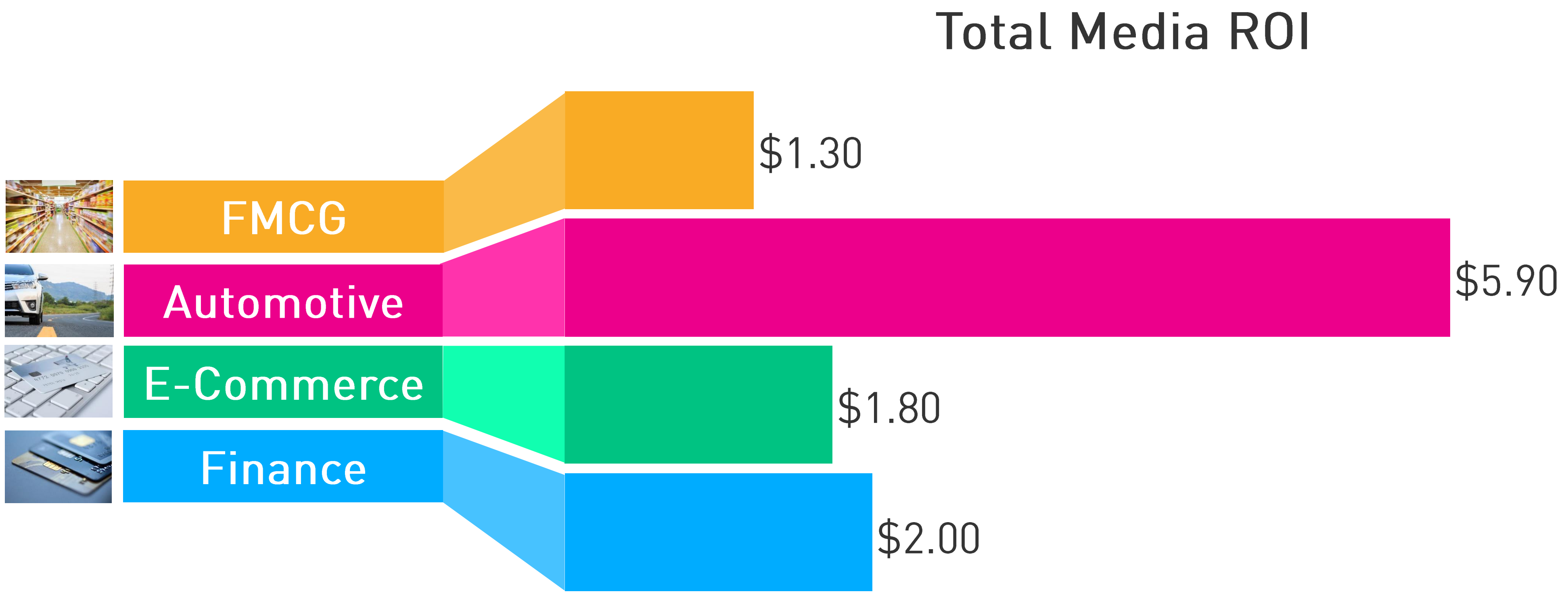
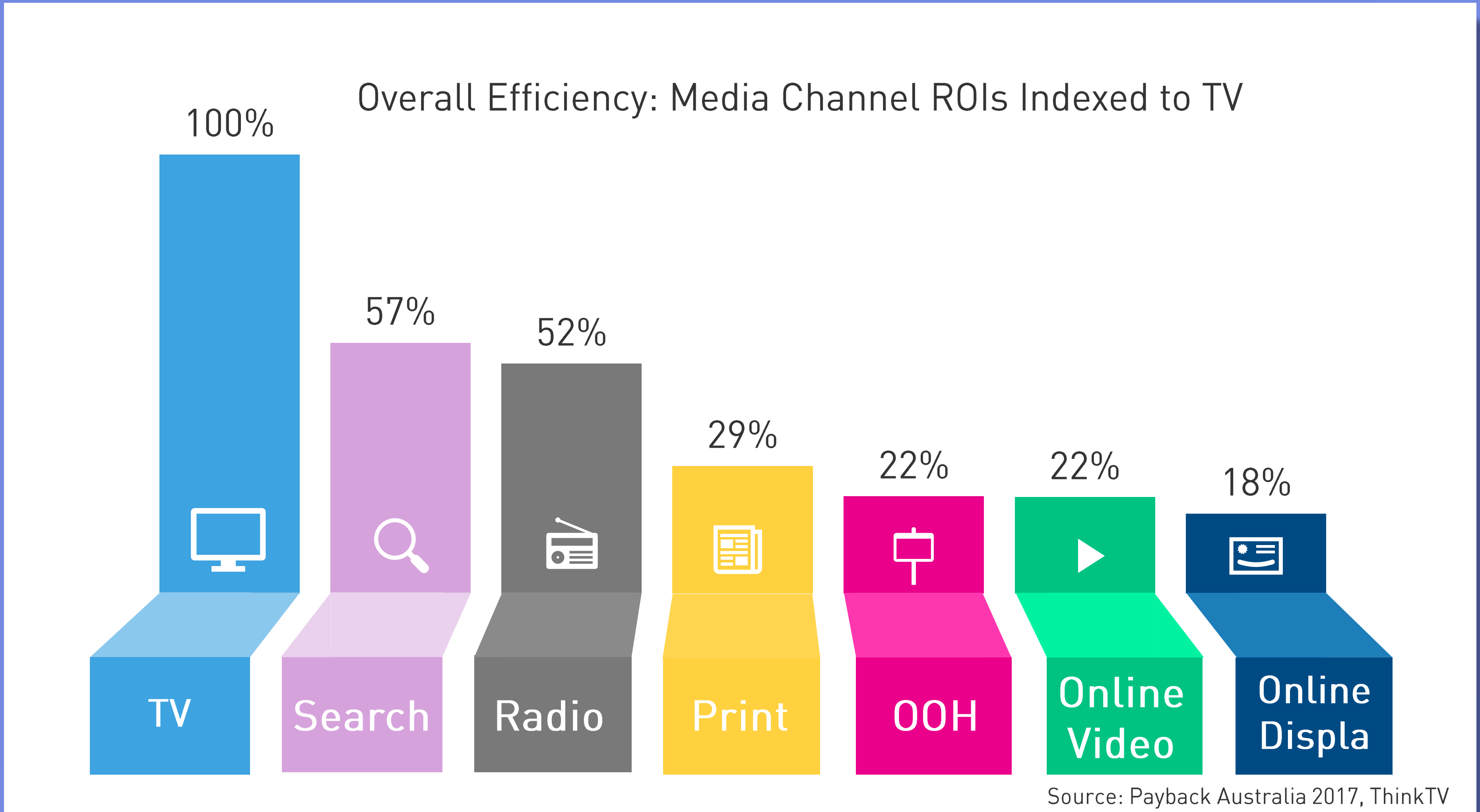


Source: Payback Australia 2017, ThinkTV

Payback Australia Recap



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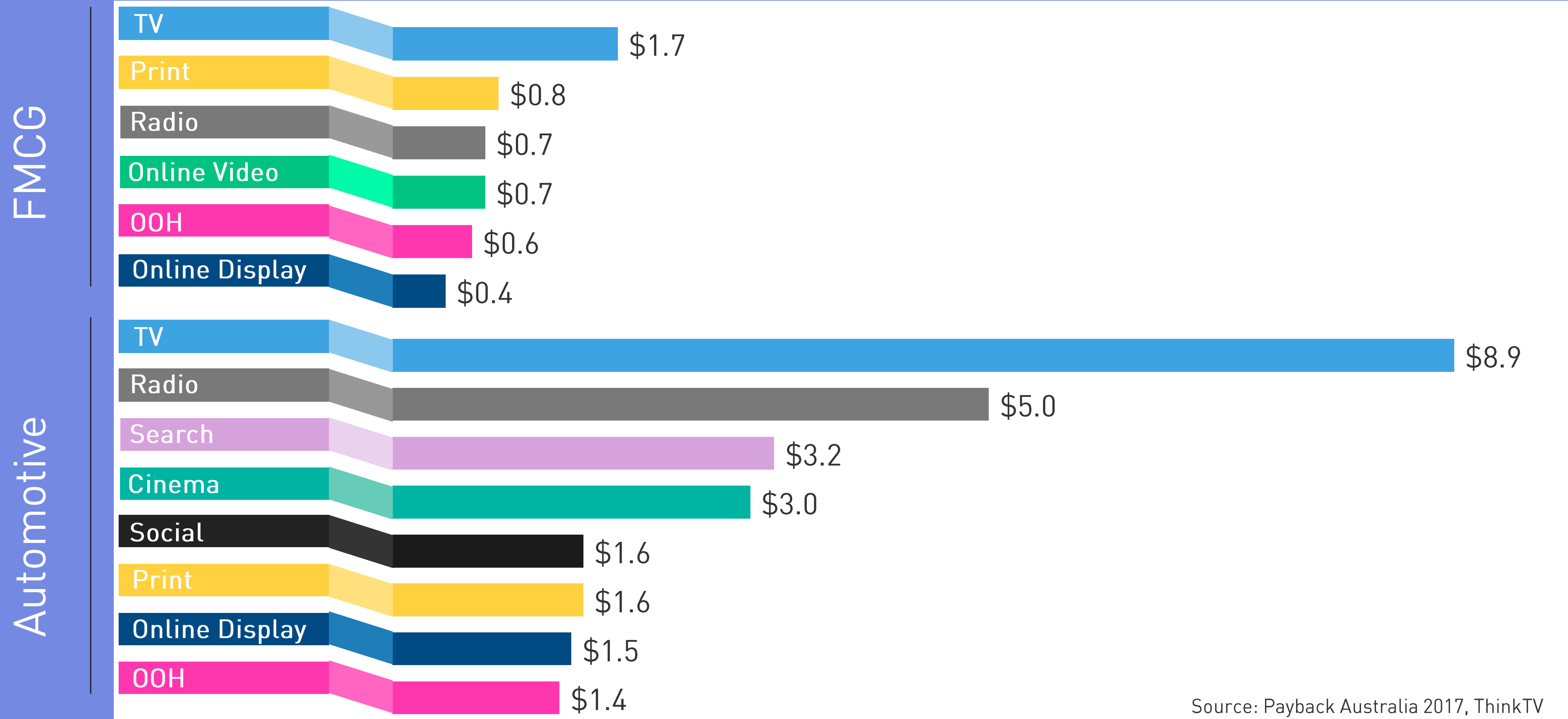
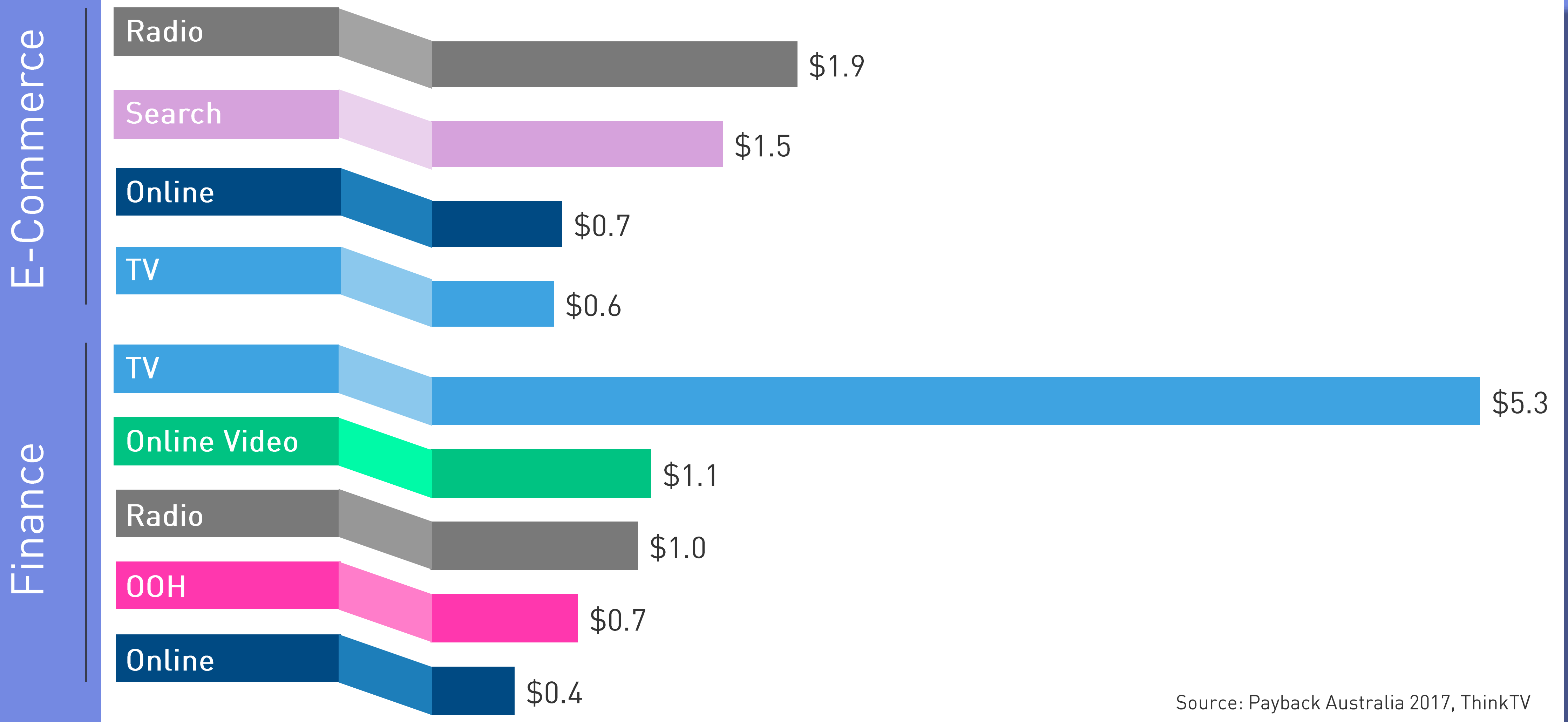


Source: Payback Australia 2017, ThinkTV

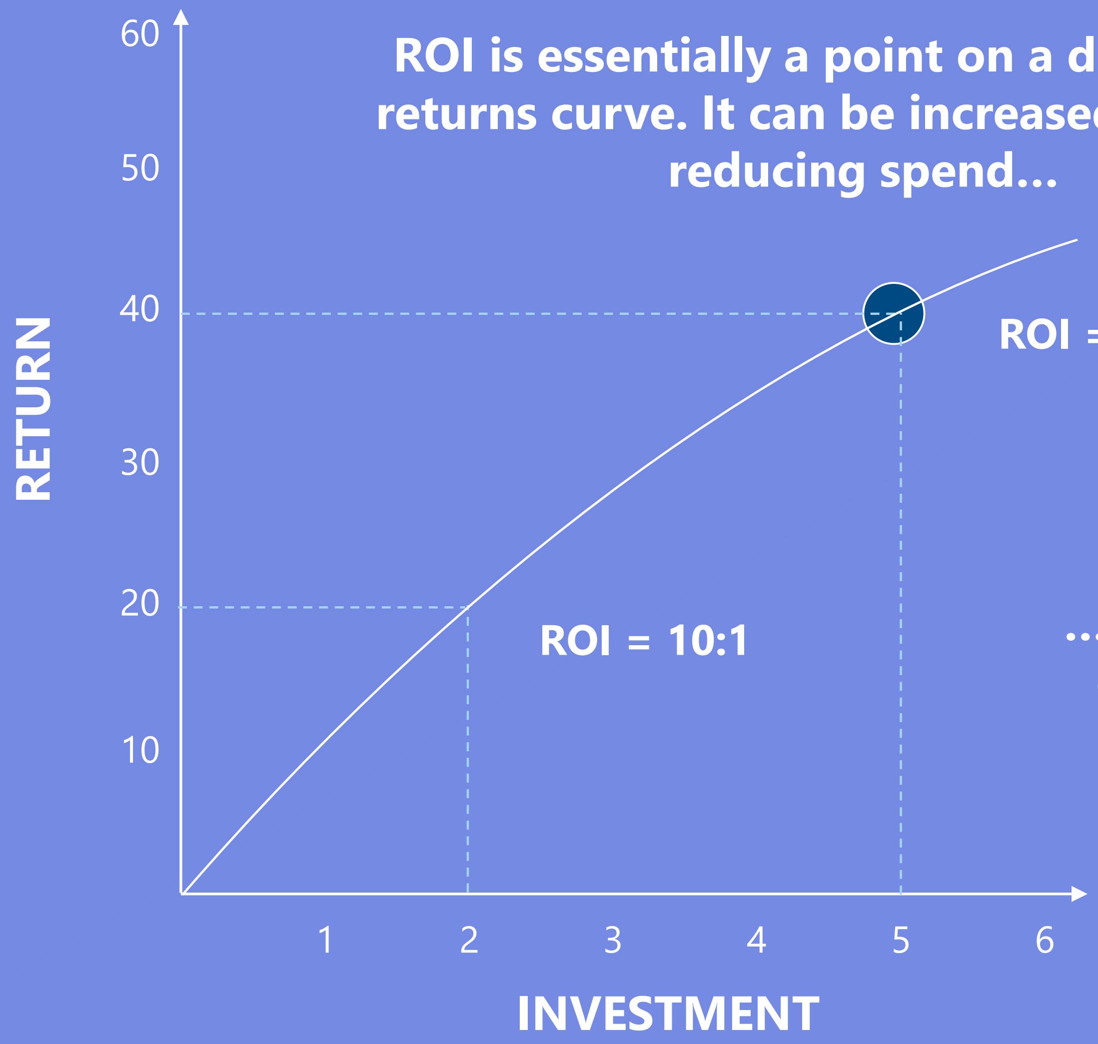
Payback Australia Recap



Source: Payback Australia 2017, ThinkTV

Optimising the media mix for maximum return

ROI is essentially a point on a diminishing returns curve. It can be increased by simply reducing spend…



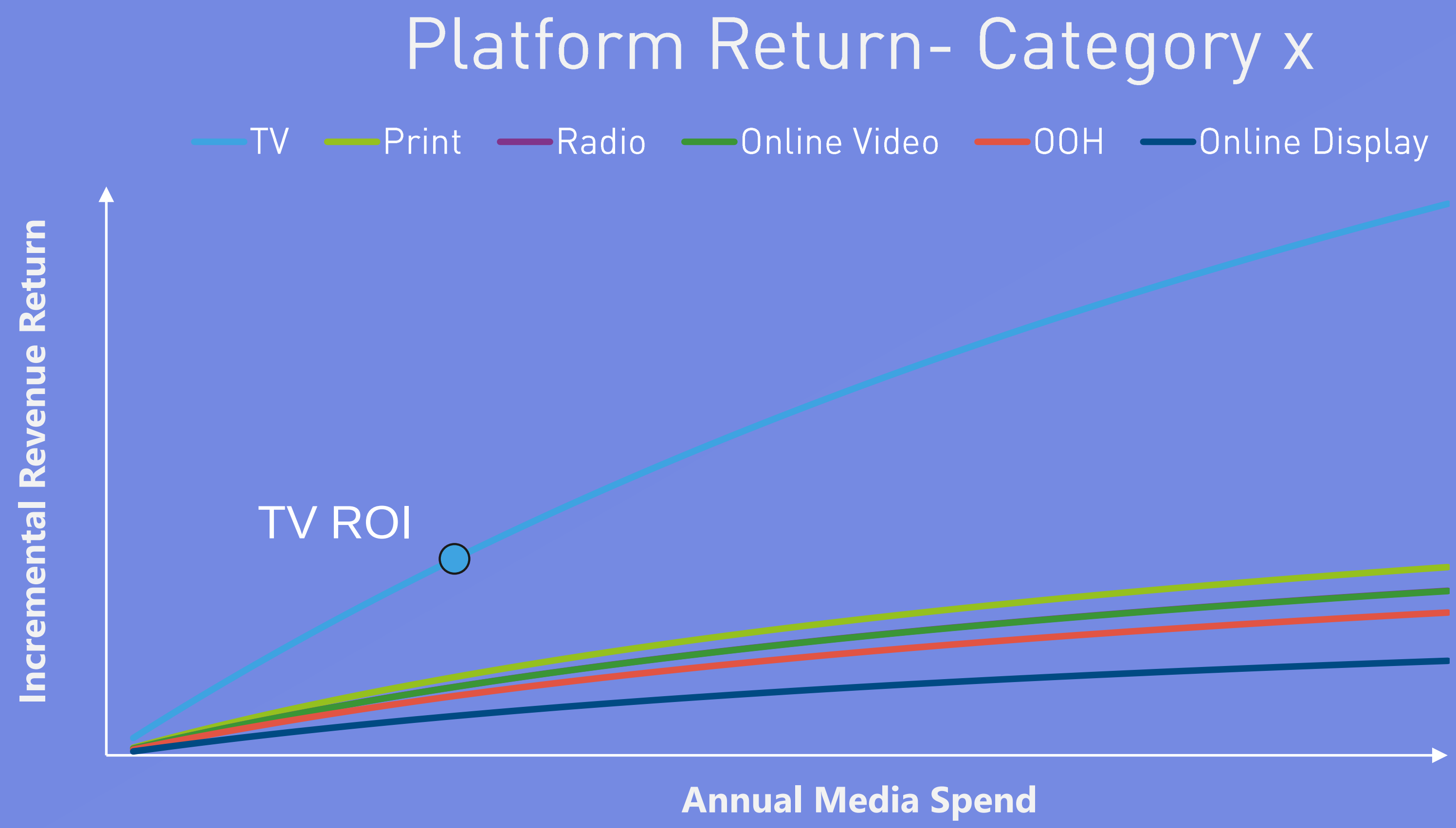
…BUT this limits returns and fails to capitalise on the full opportunity

Optimisation considers the scalability of each media channel

Maximise $ returns, not ROI

The approach uses a “hill-climbing” algorithm. At what level of spend do you start hitting diminishing returns in one media channel, before jumping to the next?

Diminishing Returns Curves



Source: Payback Australia 2017, ThinkTV

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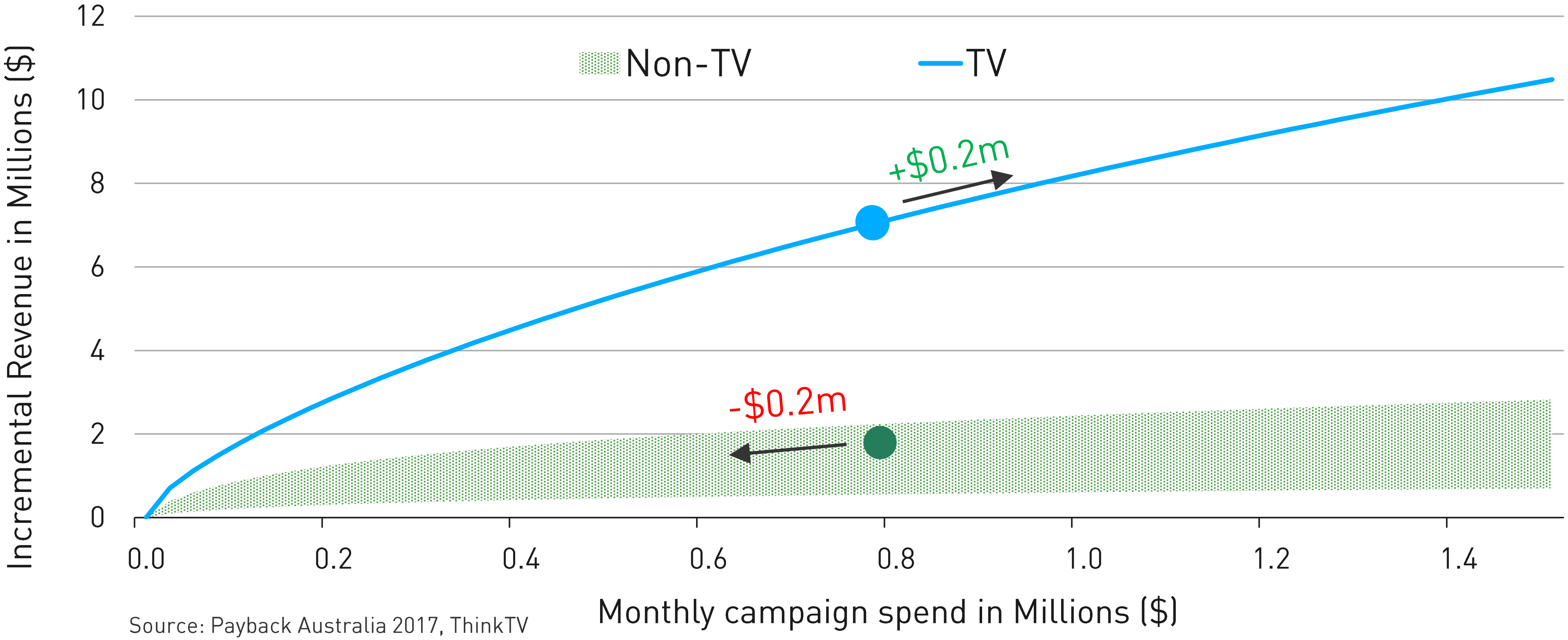
Channels offer different growth upside



Source: Payback Australia 2017, ThinkTV

Incremental Revenue

-$0.35m

+$1.08m

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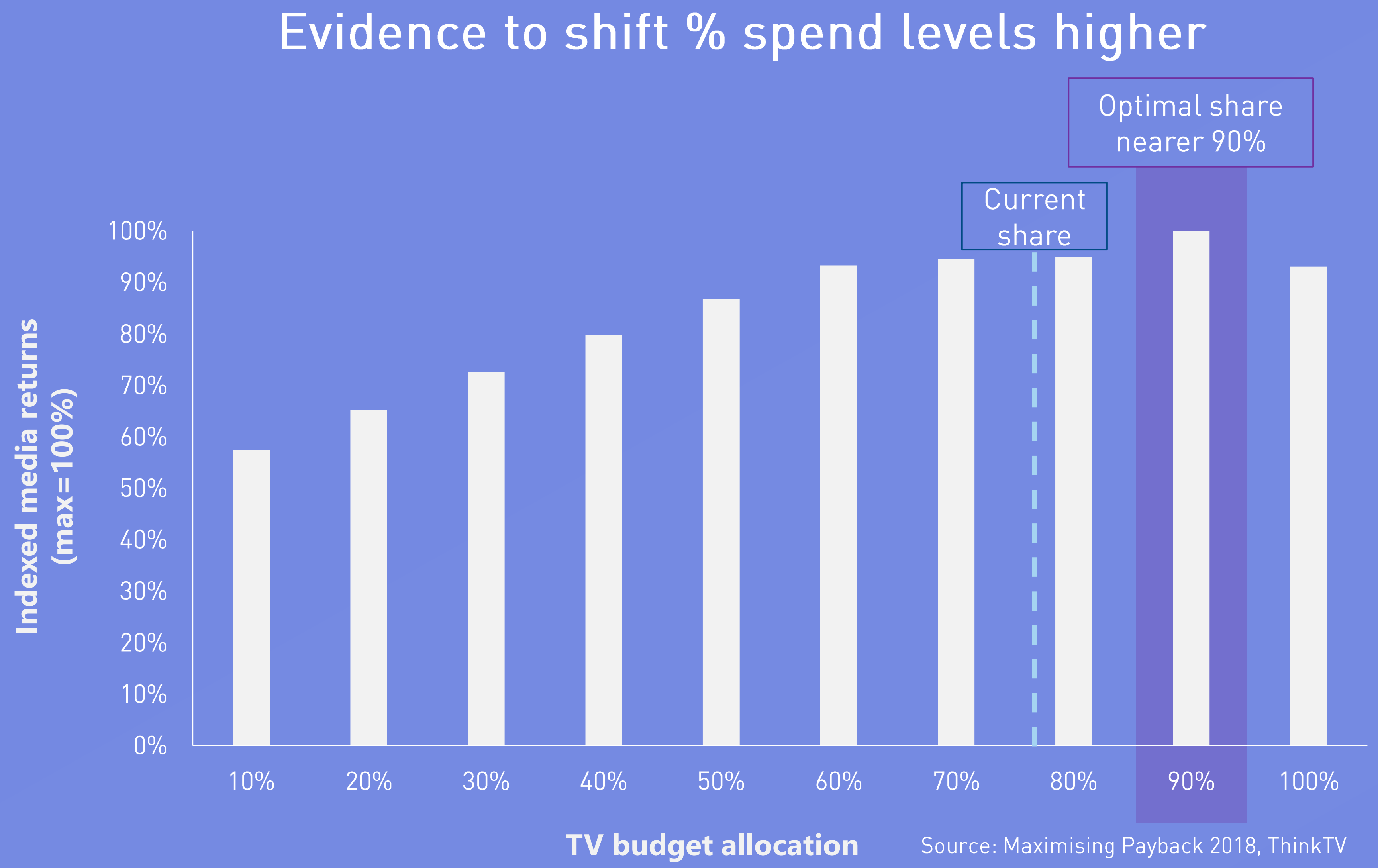
FMCG: Current TV share 78%



Source: Maximising Payback 2018, ThinkTV

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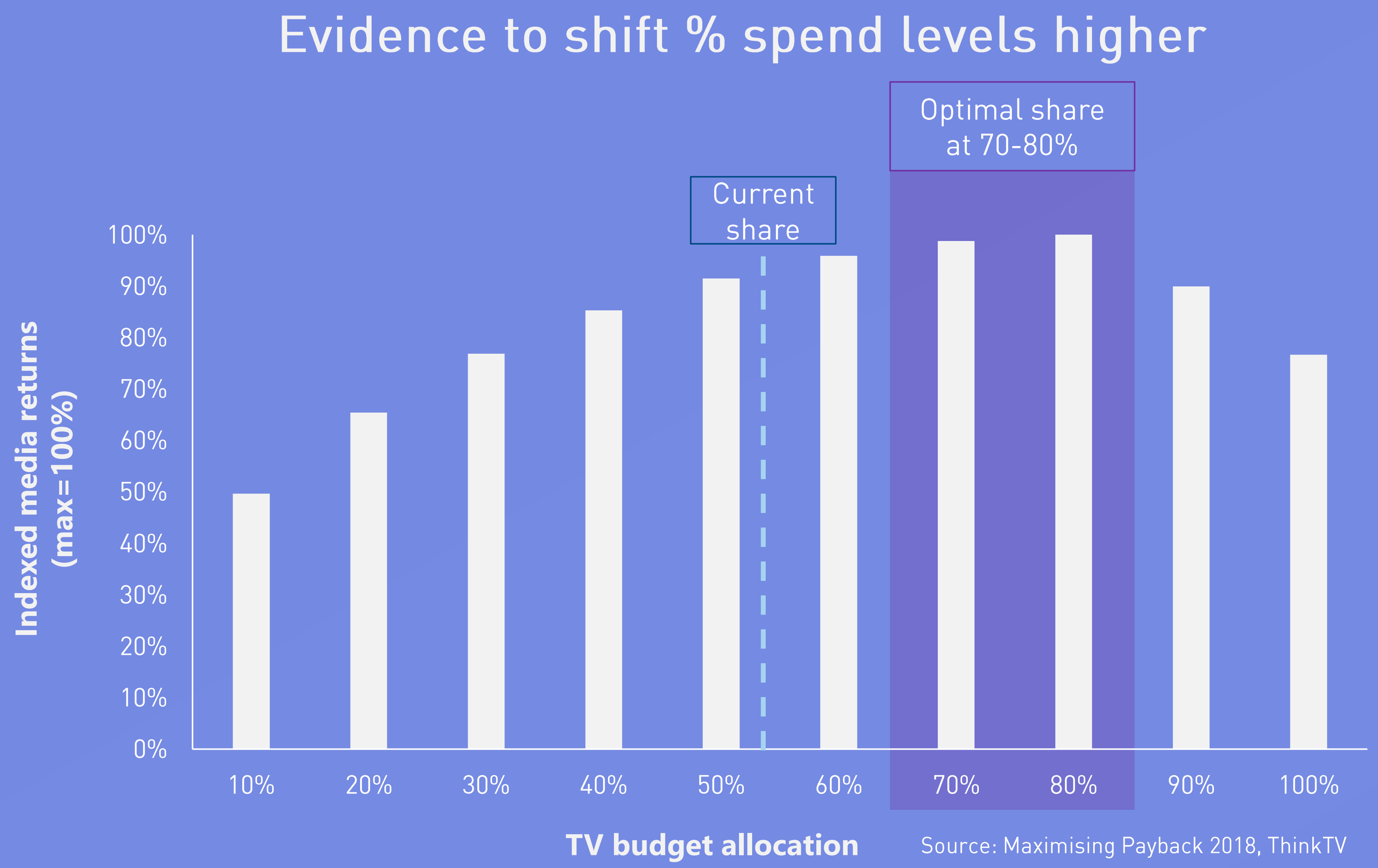
Automotive: Current TV share 53%



Source: Maximising Payback 2018, ThinkTV

E-Commerce reminder: results differed


FMCG


Automotive


Finance

- Consistent results within each category


E-Commerce

- 3 different industry types – no shopfront
  - ➢ Travel & Tourism / Online Dating / Comparison Service
- Brands at different stages in the Product Life Cycle
- Search is a key component
  - ➢ Advertising drives search traffic

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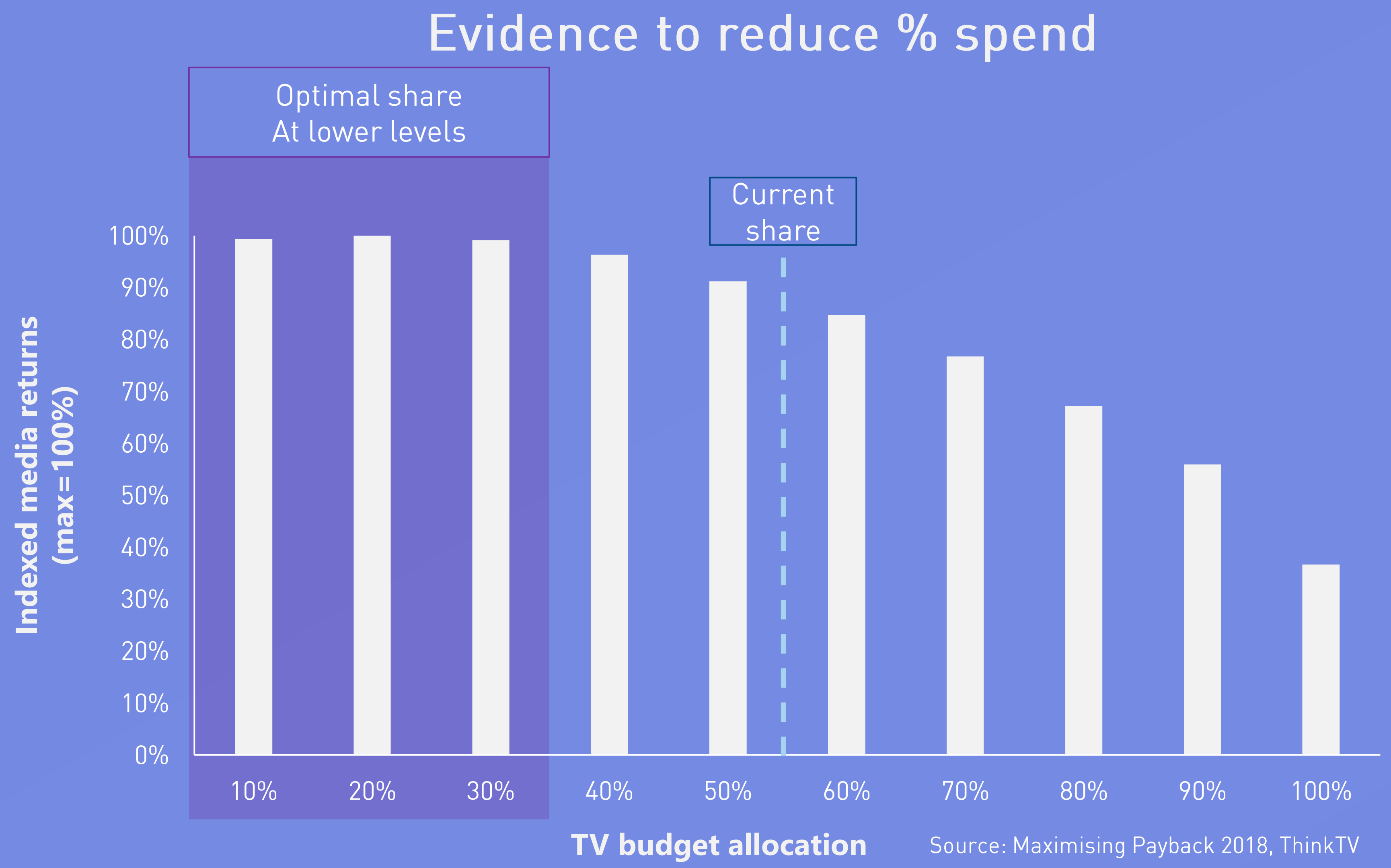
E-Commerce: Current TV share 55%



Source: Maximising Payback 2018, ThinkTV

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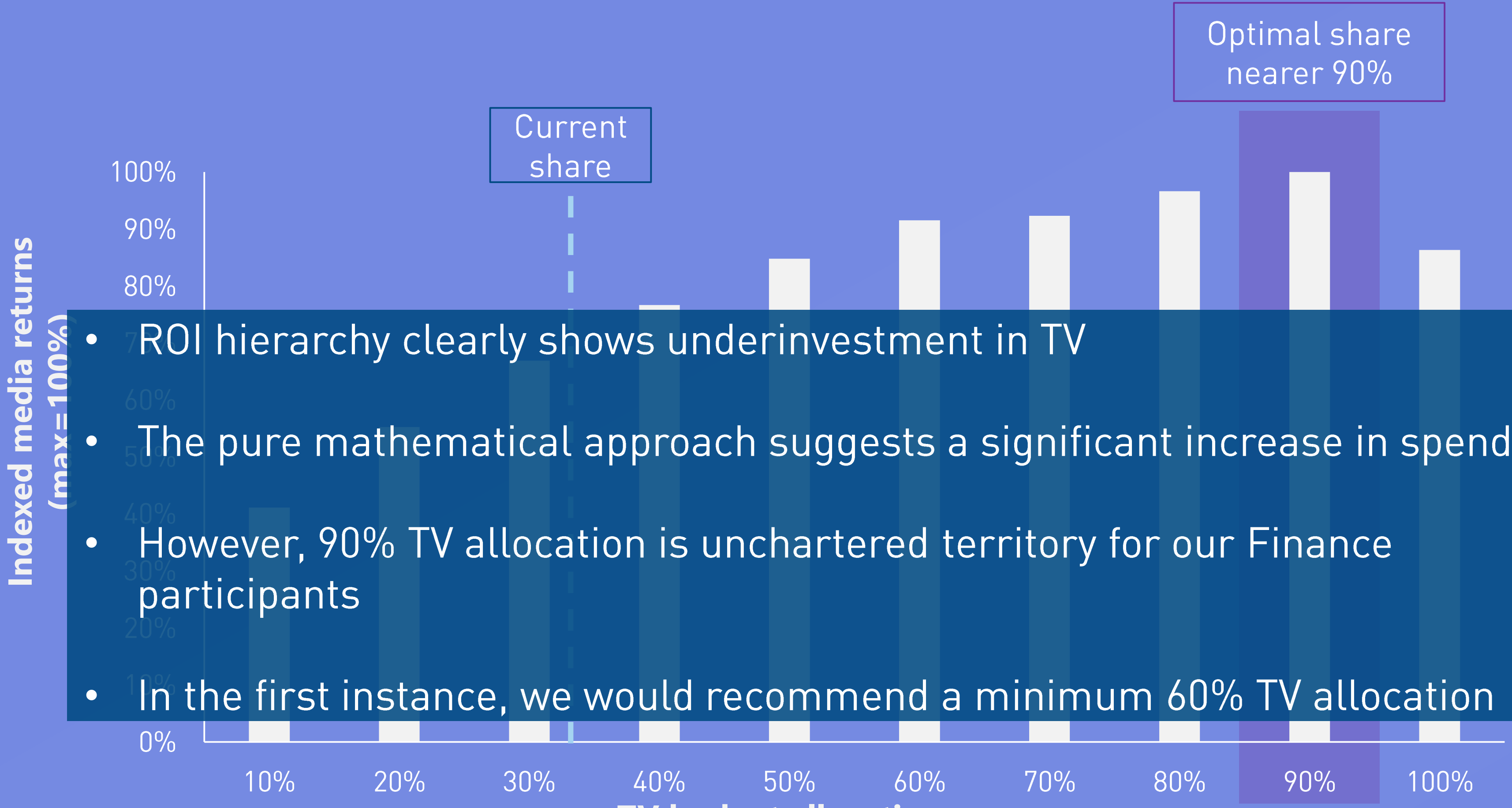
Finance: Current TV share 33%

Evidence to shift % spend levels significantly higher



- ROI hierarchy clearly shows underinvestment in TV
- The pure mathematical approach suggests a significant increase in spend
- However, 90% TV allocation is unchartered territory for our Finance participants
- In the first instance, we would recommend a minimum 60% TV allocation

Source: Maximising Payback 2018, ThinkTV

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Rightsizing TV investment

		Current	Recommended
	FMCG	c. 78%	c. 90%
	Automotive	c. 53%	c. 75%
	E-Commerce	c. 55%	c. 20%
	Finance	c. 33%	c. 60%

Source: Maximising Payback 2018, ThinkTV

Improving overall Media ROI

		Current	Recommended
	FMCG	$1.30	c. $1.40
	Automotive	$5.90	c. $6.40
	E-Commerce	$1.80	c. $2.00
	Finance	$2.00	c. $2.90

Source: Maximising Payback 2018, ThinkTV

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Unlocking revenue without spending an extra dollar

	Uplift
FMCG	+$50m
Automotive	+$350m
E-Commerce	+$70m
Finance	+$630m

+$1.1bn

Source: Maximising Payback 2018, ThinkTV

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