



egtabites

get inspired by
... innovative ideas!



TV advertising pays off: proof in the form of ProSiebenSat1's ROI- analyzer

Background

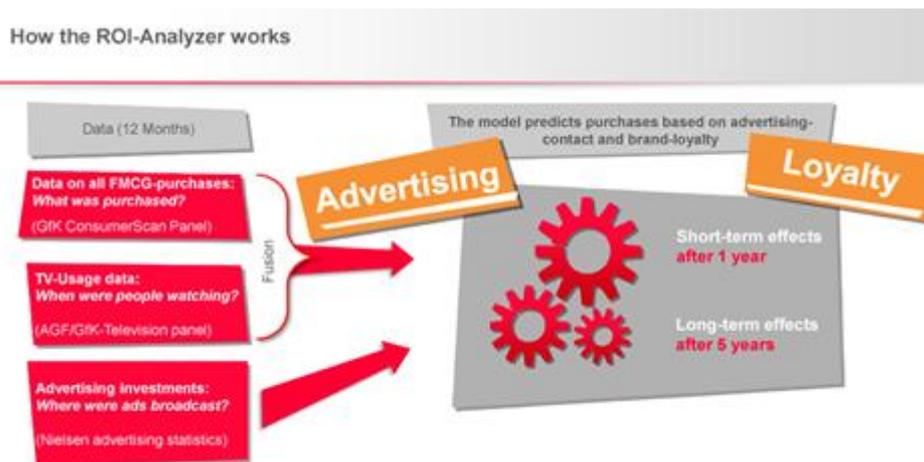


The question of the Return on Investment (ROI) of television advertising has always been at the centre of discussions between sales houses, advertisers and agencies, and broadcasters are always looking to prove its worth. In order to answer this concern, facts and figures are needed which can only be collected through research.

While it is generally agreed that TV is the medium with the strongest impact, there were very few studies on the long term effects of TV advertising. This is where ProSiebenSat1's ROI analyzer comes in. It models long term effects for the 1st time!

The concept

Research so far has told us that TV advertising stimulates short-term sales and that initial exposure is the most valuable. In order to go further and show that advertising creates long term effectiveness, 12 months of data on FMCG purchases, TV-usage data and advertising investments were looked at for approximately 200 brands. This allowed ProSiebenSat1 to create a model which predicts purchases based on advertising-contact and brand-loyalty. The analyzer modelled the brands over both the short term (1 year) and the long term (5 years).



It should be noted that long-term factors are the backbone of brand market success. A brand's market share is 30% advertising, price, promotion, distribution etc and 70% brand trust and loyalty. Advertising therefore triggers the consumer loyalty which stimulates brand recognition, identity and long-term ROI.

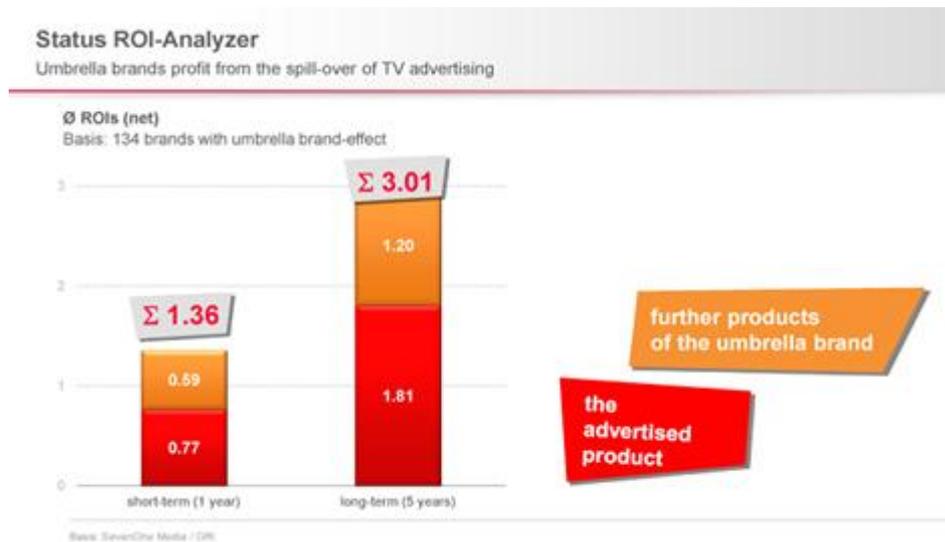
The results

The research showed that in the short term, the average ROI equalled 1.15 EUR while in the long term it was 2.66 EUR, with the result that two-thirds of all the brands' long term ROI was greater than 1 EUR and 43% of the brands even reached a long term ROI of more than 2 EUR.

The model achieved validation through both national measurement bodies but also real sales figures which mirrored the predictor model and thereby confirmed the quality of it. See example [here](#).

In order to investigate the effects of umbrella brands (when a group of products possesses the same brand name), a separate analysis of all brands belonging to umbrella brands (overall 134) was undertaken.

On average in the short term (1 year) the ROI of the advertised product and umbrella brand was 1.36 (0.77 from the brand alone plus 0.59 from the umbrella brand), whereas after 5 years this was 3.01 (1.81 from the brand alone plus 1.20 from the umbrella brand). The spillover effects of umbrella brands were impressive.



Why does this matter to egta members?

In a world where advertising budgets are always questioned, when sales houses are under pressure and where many budgets are moving away from TV to new platforms such as online and mobile, the ROI-analyzer proves that spending on TV advertising brings tremendous value to marketers, not only in the short term (an already well known factor), but also in the long term, therefore emphasising television's power to not only launch brands or promote special offers but also to build up a brand's notoriety in the long term.

This model has been certified by the Karlsruhe Institute of Technology and was on the shortlist for the German Market Research Awards, thereby proving its efficacy. egta's purpose is to share best case practices which are strengthening television's image. Malte Hildebrandt, egta Board member, who presented this research at egta's recent AGM in Vienna, therefore called upon other members to contact ProSiebenSat1 because the model could be adapted by other markets. A piece of research like this one is not only beneficial to the broadcaster that executed it, but to the entire market.

If you are interested in knowledge sharing, please contact Gerald Neumüller, Director Research, SevenOne Media (gerald.neumueller@sevenonemedia.de).



What they said

We asked Malte Hildebrandt for his comment on this initiative:



"The media business is facing an upheaval. Proofs of advertising effectiveness are becoming more and more relevant. The ROI-analyzer helps us finally to quantify the positive experiences clients are making by using TV advertising. Thus we defend or even augment our TV-share. The ROI-analyzer is an important tool for our sales team."

— **Malte Hildebrandt, *Marketing Director*, ProSiebenSat.1 TV Deutschland**



Background info

Please click on the links below to access the relevant documents:

» **Presentation** of ProSiebenSat.1 from AGM40 (for egta members only - you need to be logged in to access the file)
please click [here](#)