MARKETING EVOLUTION
Customer Connections, ROI Optimized

3 Tips to Organize Marketing & Agency for In-Campaign Optimization Action

Abstract

In-campaign optimization is new to many marketers. Marketers and agencies have questions about the best way to gain the benefits of in-campaign optimization.

If you want to gain the highest return from in-campaign optimization, these three tips will help. This paper includes changes that marketers and agencies should make to the business as usual flow to support success. The changes are minor; a massive restructure isn't necessary. Instead, providing (1) role clarity, (2) a few adjustments to message tracking, and (3) a few budget changes is sufficient to unlock 20 to 40 percent more productivity EVERY campaign cycle.

This is a document for marketers and their agency partners to read and discuss. Agencies benefit from being aware of the marketer's expectations from the agency in terms of budget flexibility, trafficking, in-campaign decision-making and implementation.

As Forrester points out, marketers are frustrated with marketing mix modeling, and attribution that delivers results after campaigns end. They want results while the campaigns are live, so there is time to make changes; they want in-campaign optimization.[1]

There are several reasons for wanting a detailed in-campaign optimization:

> First, executive leadership expectations of the feedback loop is immediate. People in the company want to know how marketing is performing now. Telling them, "I'll let you know in six months, when we get our analysis" is met with a jaw dropping, "You must be kidding" from anyone outside of marketing. The time lag is embarrassing for marketing and simply unacceptable to most of the management team.
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> Second, marketers want more control so they can deliver the results the organization is expecting. Marketers tell us they want more than a dashboard that tells them how they are doing – they want a steering wheel too. They want to make course-correcting changes to ensure they arrive at the intended destination. During the course of a campaign, marketers can control spending, creative rotation, targeting, and media mix. Controlling these points can be the difference between success and failure.
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> Third, marketers want the financial benefit of in-campaign optimization. A review of 50 recent in-campaign optimizations found an average of 31 percent increase in marketing ROI. To put this in dollars and cents, for a typical marketer spending $20 million in media with a current ROI of $1.75, it equates to a little over $10 million per year in increased productivity. Delivering this incremental ROI to the bottom line is a career-advancing win for the marketers.

With these benefits, why isn't everyone doing in-campaign optimization? The short answer is that in-campaign optimization is a relatively new capability. Most marketers aren't aware they can get detailed in-campaign optimization recommendations to control spending, creative rotation, targeting, and media mix. Once a marketer learns that they can get high quality in-campaign optimization, the next question is: **"how do we act on the recommendations?"**

The question was put to me by a marketer recently. He said, "I am excited about what you can do for us to get the results while the campaign is still running, but I need to understand how we will act on the in-campaign recommendations. Let's say you get the results in real-time, as the campaign is unfolding – who is going to take action? What exactly are the steps that marketers and agencies need to take to gain the benefit of in-campaign optimization? Can you guide us in this area?"

I suspect others may have the same question; this paper reveals three tips to turn the recommendations into revenue.

Organizing To Act On Recommendations

Marketing Evolution has performed hundreds of in-campaign optimizations, and learned what it takes to get the most out of in-campaign optimization. To understand the three tips, we need to revisit what exactly a marketer can control in the short-term. Marketers can control:

- Budget
- Message Mix
- Message Targeting
- Media Mix

[1] Forrester Measurement & Optimization Wave, Q4 2016, free reprint available at http://www.marketingevolution.com/wave

Marketers can’t control the weather, or competitive actions, and many other factors, but they can react to it by adjusting the budget, message mix, message targeting and media mix. For example, let’s say you are a retailer, and you know that your sales are affected by the weather. When it is storming, sales go down. In addition, there is a channel switch: people are less likely to visit your physical store and more likely to shop online. A storm is planned to hit in the next few days. What should the marketer do?

Here’s a more complicated example: the marker is spending $100 million dollars a year – nearly $2 million dollars a week. They have three different product lines they advertise and each has its own set of messages. They have over 300 different placements in TV and in Digital. Because different messages appeal to different people, the analytics show that if they swap some of the media placements to better match the right message to the right people, they can boost business results. In total, there are over 100 specific changes to make in order to gain a 30 percent improvement in marketing performance. At an ROI of $1.75, that’s $1 million per week in upside, but here is the catch: this marketer changes messages every few weeks, and if they don’t make the changes fast enough, they will lose the upside. How will these changes be made fast enough, and in a way they can repeat each week to realize the $50 million per year in upside?

The three tips to help you take action:

1. Role clarity
2. Trafficking
3. Built-in budget flexibility

1. Role Clarity

Decide, in advance, who approves the recommended changes for each media. The changes to be approved include:

- Creative Rotation for Each Media
- Within Media Budget
- Across Media Budget
- Brand Portfolio Budget
- Overall Budget Changes

In a larger marketing organization, we find different people responsible for each medium:

- Media specialists approve the creative rotation and “within media” changes.
- A more senior person approves cross-media mix changes, and generally also approves the portfolio changes, within a set of pre-set governance rules.
- Overall budget changes generally come down from Finance, and the allocation is typically decided by the same person that approves portfolio changes.

To help you visualize what it is each person is approving, we have provided screenshots of examples below. Keep in mind that the ideal marketing allocation builds up from each person getting the best message that the marketer can put in front of that person at that point in time. The ROI Brain™ software is simultaneously solving for the optimal creative rotation, media mix, portfolio mix, etc.

Here is a screenshot of the message-level rotation optimization of several TV commercials. For each network and daypart (and sometimes program), the changes to creative rotation are shown for approval.

If marketers want to see why a certain message is recommended for a higher rotation percentage, they can view the heat map showing each message, and the population that it most influences.

Cable TV - ESPN Non-Prime Creative

Compare Total Media

Show 10 entries Search:

Media	Optimized %	Optimized $	Current %	Current $	Difference %	Difference $
Great - #20	30.0%	$705,204	15.0%	$352,602	15.0%	$352,602
Destiny REV 90 - #12	20.0%	$470,136	0%	$0	20.0%	$470,136
No Man - #23	15.5%	$365,255	0%	$0	15.5%	$365,255
Become REV 15 - #37	11.5%	$270,219	20.0%	$470,136	-8.5%	$-199,917
New Legacy 15 - #31	7.4%	$174,809	20.0%	$470,136	-12.6%	$-295,327
No Man/Male - #24	4.2%	$99,338	15.0%	$352,602	-10.8%	$-253,264
Become - #21	3.8%	$88,151	15.0%	$352,602	-11.2%	$-264,451
Breathe - #14	3.8%	$88,151	15.0%	$352,602	-11.2%	$-264,451
Belong Here/New - #19	2.0%	$46,864	0%	$0	2.0%	$46,864
New Legacy/Sick - #13	1.8%	$42,554	0%	$0	1.8%	$42,554

Showing 1 to 10 of 12 entries

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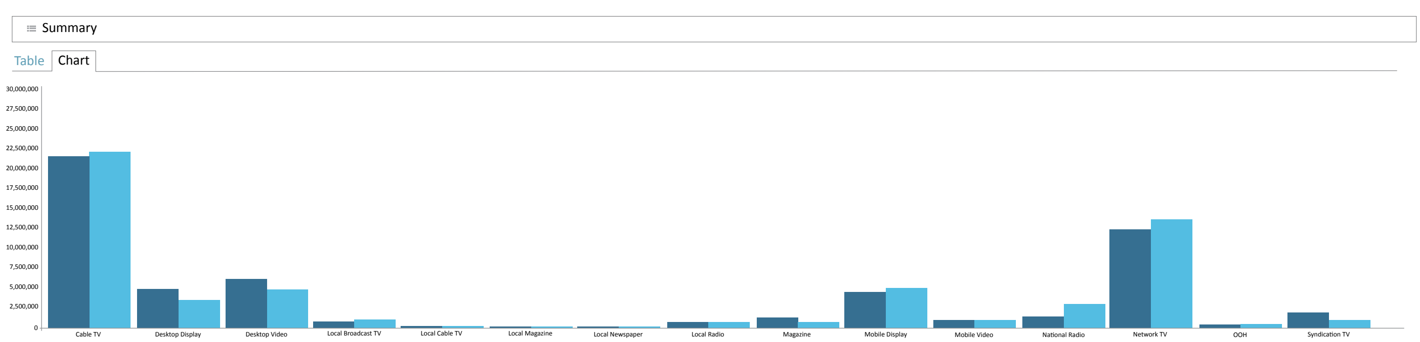
Message-level optimization influences the line-by-line “within media” mix, which in turn influences the cross-media mix and portfolio optimization. Below is a screenshot of the media mix line-item budget changes. In the far left, you can see the Yes/No/Discuss option. This is used when teams work together to finalize the decision making.

Approval	Media	Optimized Cost	Optimized Impact	Optimized Lift	Current Cost	Current Impact	Current Lift	Cost Difference	Impact Difference	Lift Difference
Yes Discuss No	Cable TV - ESPN Non-Prime	**$2,350,681**	1,223,558	5.4%	$1,972,047	1,215,130	5.8%	$378,634	8,428	-0.3%
Yes Discuss No	Network TV - FOX Prime Time	**$2,342,572**	227,992	0.5%	$4,685,145	441,615	0.8%	$-2,342,573	-213,623	-0.2%
Yes Discuss No	Network TV - ABC Prime Time	**$1,544,680**	310,987	0.6%	$1,023,614	204,424	0.4%	$521,066	106,563	0.1%
Yes Discuss No	Network TV - NBC Prime Time	**$1,446,877**	131,314	0.4%	$2,893,754	257,293	0.5%	$-1,446,877	-125,979	-0.1%
Yes Discuss No	Cable TV - AMC Non-Prime	**$937,531**	698,159	3.0%	$592,916	553,735	3.0%	$344,615	144,424	0.1%
Yes Discuss No	Network TV - Spanish Language Network - Non-Prime	**$881,258**	315,220	1.5%	$440,629	160,895	1.0%	$440,629	154,325	0.5%
Yes Discuss No	Network TV - FOX Weekend Sports	**$815,423**	136,135	0.5%	$1,630,847	265,334	0.7%	$-815,424	-129,199	-0.2%
Yes Discuss No	Cable TV - Comedy Central Non-Prime	**$757,306**	911,545	4.0%	$573,141	871,945	4.4%	$184,165	39,600	-0.4%
Yes Discuss No	Cable TV - ESPN Prime	**$735,339**	544,815	2.8%	$367,669	309,849	2.9%	$367,670	234,966	-0.1%
Yes Discuss No	Cable TV - Bravo Non-Prime	**$662,535**	563,966	4.1%	$358,213	388,692	3.7%	$304,322	175,274	0.4%
Yes Discuss No	Network TV - CBS Weekend Sports	**$654,762**	71,033	0.4%	$1,309,525	138,948	0.5%	$-654,763	-67,915	-0.1%
Yes Discuss No	Cable TV - Adult Swim	**$545,846**	527,322	4.2%	$509,999	602,008	4.9%	$35,847	-74,686	-0.7%
Yes Discuss No	Cable TV - TBS Non-Prime	**$542,638**	543,299	3.1%	$716,428	853,645	4.4%	$-173,790	-310,346	-1.3%
Yes Discuss No	Cable TV - USA Non-Prime	**$537,321**	974,860	4.3%	$268,660	631,651	3.3%	$268,661	343,209	1.0%
Yes Discuss No	Cable TV - TNT (Turner Network Television) Non-Prime	**$525,662**	347,142	2.4%	$341,320	279,300	2.3%	$184,342	67,842	0.1%
Yes Discuss No	Cable TV - SPIKE Non-Prime	**$501,500**	750,273	2.6%	$250,750	486,488	2.5%	$250,750	263,785	0.1%
Yes Discuss No	Cable TV - FX Non-Prime	**$501,500**	626,143	2.7%	$250,750	383,815	2.1%	$250,750	242,328	0.6%

For marketers that have a portfolio of products, the ROI Brain™ software analyzes which messages should be put in front of which people based on the media purchased. This is known as inventory swapping. Swapping occurs at the message-level and the individual media line-item level. It then rolls-up to the overall brand inventory level. Governance rules can be set to ensure brands receive a defined guaranteed minimum level of support, or, a marketer can choose to let the budget fully-adjust to whatever will maximize their Return on Investment (ROI).

The line-by-line message and media mix recommendations roll-up into the overall media mix changes. This can be visualized in the chart below, but it is important to remember, the marketer isn’t re-allocating media mix as much as they are optimizing at the individual consumer and message-level, which results in re-allocating the portfolio and media mix.

Define upfront, before the campaign begins, who approves the creative rotation, within media, portfolio, cross media and overall budget. In larger organizations, it may be that there are different people who approve different parts of the media plan. That’s fine. Furthermore, in many organizations, the agency plays a key influencer role in decision-making. The “Yes/No/Discuss” is marketed up by the agency for the approval meeting with the customer. This collaborative effort is encouraged. Just make sure it is clear who approves what.



TIP: We use a RACI Framework for role clarity. Here is an example:

RACI

Milestone		-	12	14
Business	Function		Campaign	Weekly
			Start	Optimization
Carfax	President	Richard Raines	April 1st	
	Vice President of the Dealer Business	Bill Eager		
	Vice President	Joe Koenig		
	Communications Director	Larry Gamache		Responsible
	CMO and VP of Marketing	Scott Fredericks		Responsible
	CFO	Lan Luu		
	Director of Consumer Marketing	Jeannie Gallardo		Responsible
	General Manager of UCL (Used Car Listings)	Paul Nadiarian		
	Head of Analytics	Srinidhi Melkote		Assists
Media Agency/Planning	KWG	Nicole Kingston		Assists
	KWG	Kimberly Reydel		Assists
Digital Agency	JellyFish	Sean Oakley		Assists
	Criteo	Ryan Sadler		Assists
Specialty Team members	Project Manager	Sandy Spakoski		Informed

RACI is good, but it doesn't say who will implement the recommendations.

Decide, in advance, who is **responsible for implementing the changes** for each media.

Usually, it is the advertising buying agency that implements. In some cases, this is an automated process. In most cases, there is a human that needs to press the buttons on their media buying/trafficking system. We have adapted RACI to include implementer. We call it "RACI/Imp."

Sometimes, changes can't be made because the inventory is no longer available. In non-automated media, a human will remove those changes that can't be activated and re-run the optimization to refine the recommendations. This process can generally be accomplished by one person in a couple of hours. If there is role clarity, the people who are on the hook to activate can schedule a few hours on their calendar to activate. Agreeing on the dates when in-campaign optimization will be decided and activated makes it a smooth operation. If there isn't role clarity, it can feel like a fire drill. Or, worse, the changes aren't implemented, and the marketer loses millions in upside.

Checklist

- ✓ Is your RACI/Imp up to date, covering each media?
- ✓ Have you set a date for implementation?
- ✓ Have those responsible for activating saved time on their schedule to implement?

Increasingly, marketers are setting bonus targets for the agency tied to the percent of changes implemented; 80% activation of in-campaign changes is a good target.

2. Trafficking

Moving the specific messages to the specific media companies to ensure they get in front of consumers is known as "trafficking." A marketer looking to implement in-campaign optimization will be asking the agency to make changes to their trafficking.

The easiest changes are to creative rotation. As long as the agency traffics each ad with it's own ID, this is easy. If the agency gets sloppy, and sends over a bunch of ads with the same ID, and leaves it up to the media owner to run them in whatever rotation they want, then, this is a problem.

TIP: Inspect what you expect. Marketers, have the agency show you their trafficking system and take a look at how they assign IDs.

An important part of in-campaign optimization is access to the future plan. Sometimes agencies don't have this locked down until the last minute. That is OK, as long as the agency is using the software to keep track of their plan and buy. If the agency is using spreadsheets and post it notes, it is time to transition them to the ROI Brain™'s Impact Based Planning (IBP) software.

Agencies using the IBP Software will find a significant time-savings. This time-savings is helpful to planning and is essential to in-campaign optimization. In the planning phase, using Marketing Evolution's algorithm is a great stating place. The agency can then add their expert input to make adjustments and arrive at a final plan. Marketing Evolution's algorithm is published.[2]

The agency may have their own approach to planning; that is fine. They can download the media categories and labels to use in their system, and they can upload their plan into the software using a bulk upload. This requires the agency to maintain a media buying translation table with Marketing Evolution's Media Data System (MDS). Or, the agency can use Marketing Evolution's core algorithm, with agency-specific adaptations (which remain proprietary to the agency). This allows the marketer to gain the benefits of end-to-end workflow, save costs, and reduce their system costs for the maintenance of media lists.

Checklist

- ✓ Does each advertisement have its own ID? How is your agency providing their forward-looking media buy details?
- ✓ Do you have visibility into the buy for one week out?
    - ✓ Two weeks out?
    - ✓ A month out?

3. Budget Flexibility

In the past, marketers traded away flexibility in favor of a media discount. In this old-world approach, the marketer didn't get any insight about how the messages were working among different audiences while the campaign was running. Advertising was a big gamble anyhow, so why not take a discount.

But today, things are different. In-campaign optimization reveals which message works best with which audiences. In-campaign optimization recommends exactly which media placements to buy for each message to maximize impact. Therefore, a best practice is to build in budget flexibility.

If you have a broad portfolio of brands and messages running at one time, take the discount, and buy as a corporation, with the flexibility to decide which message should go in which media placement. Leave about 10 to 20 percent of your budget flexible. (Marketing Evolution can run some scenarios to help you decide the optimal amount of budget to leave flexible).

If you are a marketer with only one message, you need more flexibility in your media buy. Only lock in part of your budget. Lock in the part that is at the start of the campaign (the first week or two). And, then, leave as much flexibility as you can for the weeks further out.

When it comes to high profile primetime program that you have to lock in weeks or months in advance, we encourage caution. Perhaps you need it for the reach with lighter TV viewers. Perhaps there is a brand integration that will be used to help launch a new product. It is worth running the numbers in the ROI Brain™ to ensure it is worth the higher cost and loss of flexibility that comes with buying a high-profile program placement. We call programs like this "cornerstone" elements. In the software, you can set a required spend for the cornerstone elements, and the ROI Brain™ will build the rest of the plan around these units to maximize ROI. After accounting for the cornerstone elements, you should be able to leave at least 20 percent of your budget flexible. The more flexibility, the better.

Based on the in-campaign optimization, release the budget to buy placements that are an ideal audience/price match to maximize marketing ROI.

It should also be noted that if you are one of those marketers with only one advertisement, you should be studying your prospects and identifying how different message may benefit you. With one marketer, we found that their advertisements were appealing mostly to men. They took the same message, cast a woman star, and the ad began to do better among women. This was a quick fix that boosted business results. Since that initial adjustment, they have performed an extensive segmentation and learned a lot more about what women want from their brand. They are implementing a new set of messages in the market as I write this paper. Budget flexibility applies both to media, and the allocation to media vs. message development. There is an equation that we can provide to guide your brand on the optimal balance.

Recap

Providing role clarity is the most critical step to ensuring marketers receive the full benefit of in-campaign optimization. In addition to role clarity, ensuring that message tracking is implemented to support knowing what is planned to run where aids in implementing optimization adjustments. Ensuring that there is flexibility in the budget to make changes, or release dollars to buy in the areas that will generate the highest ROI based on the in-campaign optimization will support success.

Implementing these three tips (1) role clarity, (2) message tracking, and (3) budget flexibility, will unlock 20 to 40 percent more productivity EVERY campaign cycle.

If you need some support and coaching in implementing these tips, [Marketing Evolution](http://www.marketingevolution.com) is here to help.

[2] http://www.marketingevolution.com/monica-algorithm-whitepaper