

# Marketing Mix Analytics for African American Marketing

Measuring the  
Short- and Long-  
term Impact of  
Advertising for a Big  
Box Store



## Situation

- Big Box Stores experienced a Public Relations crisis surrounding the George Floyd homicide.
- Management realized the need to repair and grow the corporation's relationship with the African American community.
- Big Box Stores' strategy was also to increase its sales and market share among African Americans
- The Marketing & Research Team is interested in understanding how marketing and advertising measurement can be leveraged to attain this critical company objective.

# Model, Architecture and Data Sources

**Bottom-Line Analytics (BLA)**<sup>™</sup> looks at and measures advertising in three distinct stages:

- **The Short-Term Effect** - When marketers advertise, there is an immediate increase in sales due to the acquisition of a new customer or an incentive to buy more from an existing customer.
- **The Long-Term Effect** - However, advertising also involves building loyalty over time, resulting in repeat sales from every acquired customer. Good advertising will build a longer-term sales momentum for brands.
- **The Impact of Ad Creative** - Finally, every ad that is run has a commercial message, and different messages affect sales differently. Measuring the impact of ad creative is an additional effect from advertising.

## Sources of Modeling and Data

Three important sources were used for this modeling exercise:

include:

- **Bottom-Line Analytics** designed and executed the Marketing Mix Model for this study. BLA is an advanced analytics firm that provides ABX and its clients with objective, fact-based assessments and validations of their copy testing metrics.
- **Affinity Solutions** and its partner company, **Iridescent Data**, provided credit-card purchase transactions over a three-year period Big Box Stores.
- **Advertising Benchmark Index (ABX)™** data was used for ad creative effectiveness evaluation for every ad in this study. This Index is comprised of the five most important of 14 KPIs measured across all media types and variables globally. To date, 400,000+ ads have been measured.

## Model & Architecture

Bottom-Line Analytics (BLA) will construct a predictive marketing model which will measure the impact of both short-and long-term effects of Big Box Stores' advertising and the additional impact from the creative advertising message on consumer sales among African American shoppers.

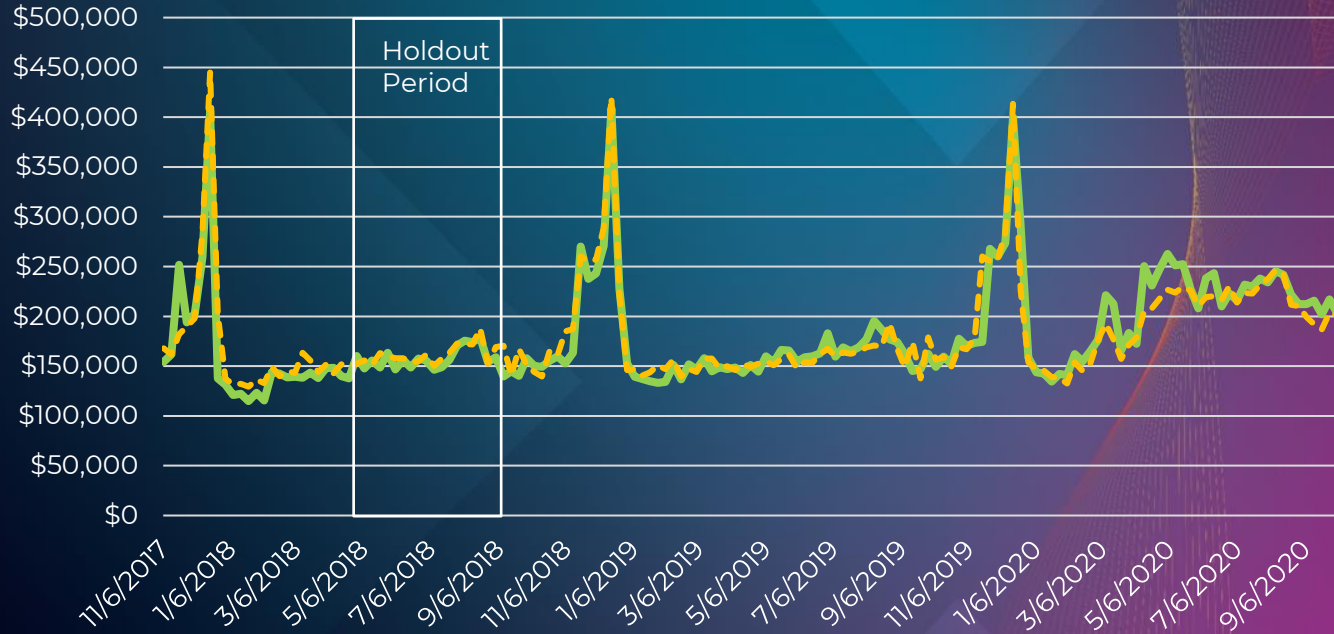
BLA believes this is breakthrough analytics because most marketing mix models only measure the short-term effect of advertising and make no effort to measure the long-term effect or impact of ad creative.



## Validating The Model

This Model explains sales well and has a good ability to predict.

### Big Box Stores African American Sales & Model



— Actual    - - - Model

Model R<sup>2</sup> 94.7%, Holdout R<sup>2</sup> 91.4%, MAPE +/- 6.2%

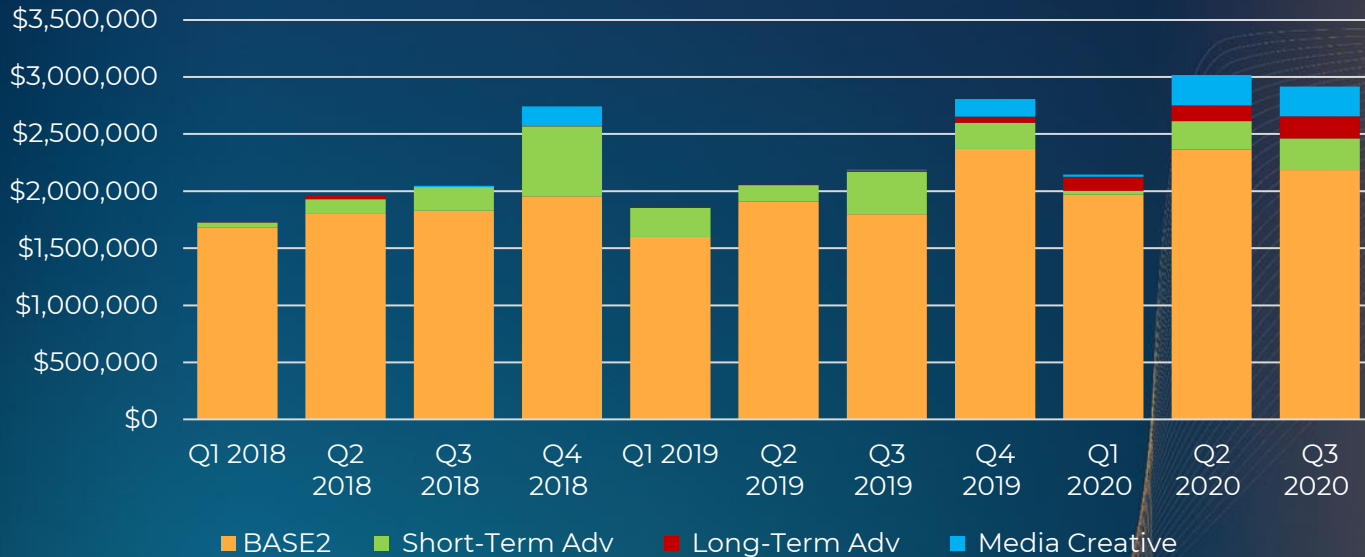
# Existing Situation



## Quarterly Sales Drivers

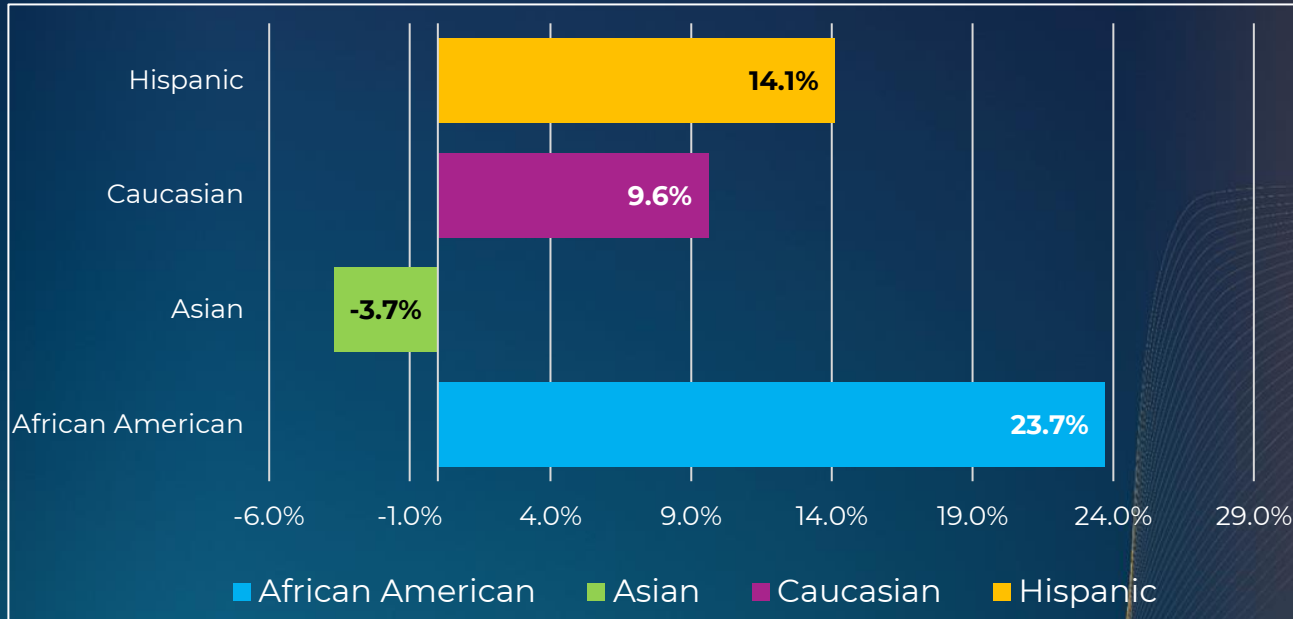
Over the last four Quarters, significant gains have resulted due to improved advertising Messaging and Creative among this segment.

### Big Box Stores African American Sales Decomposing Sales by Quarter



## Annual Growth by Ethnicity

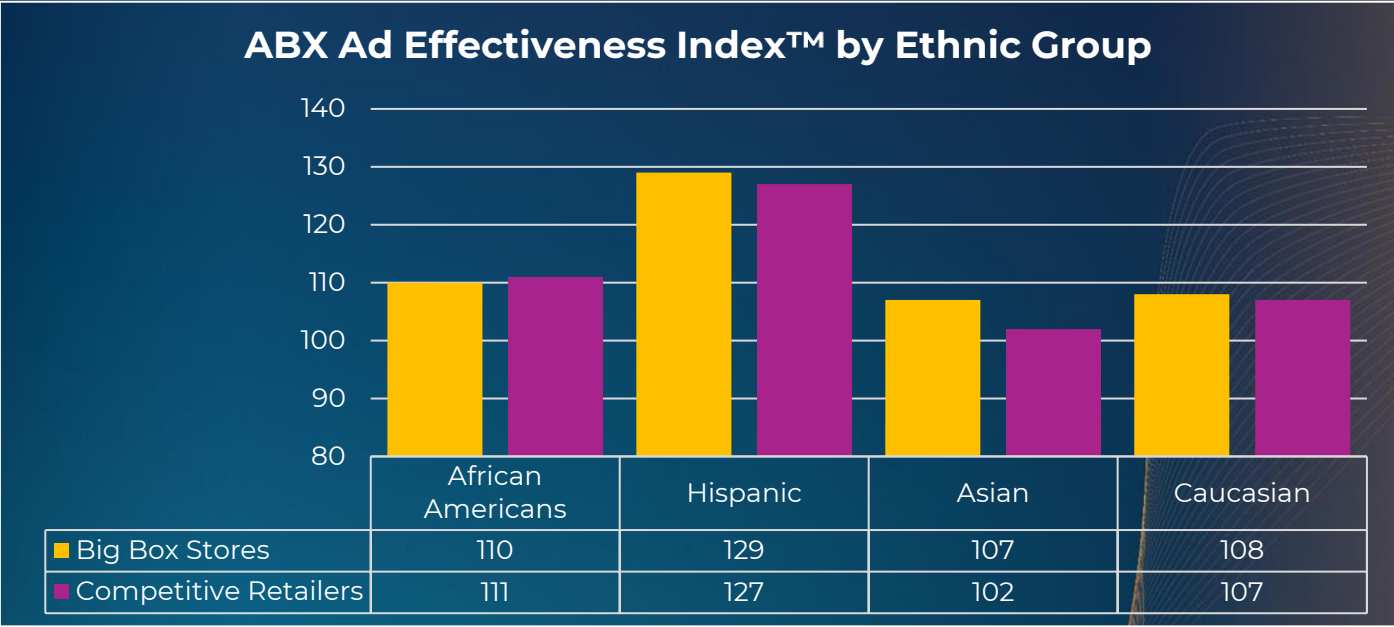
Across Ethnicity, African American Customers show Stronger Growth.



Annual Percentage Growth 10/5/2020

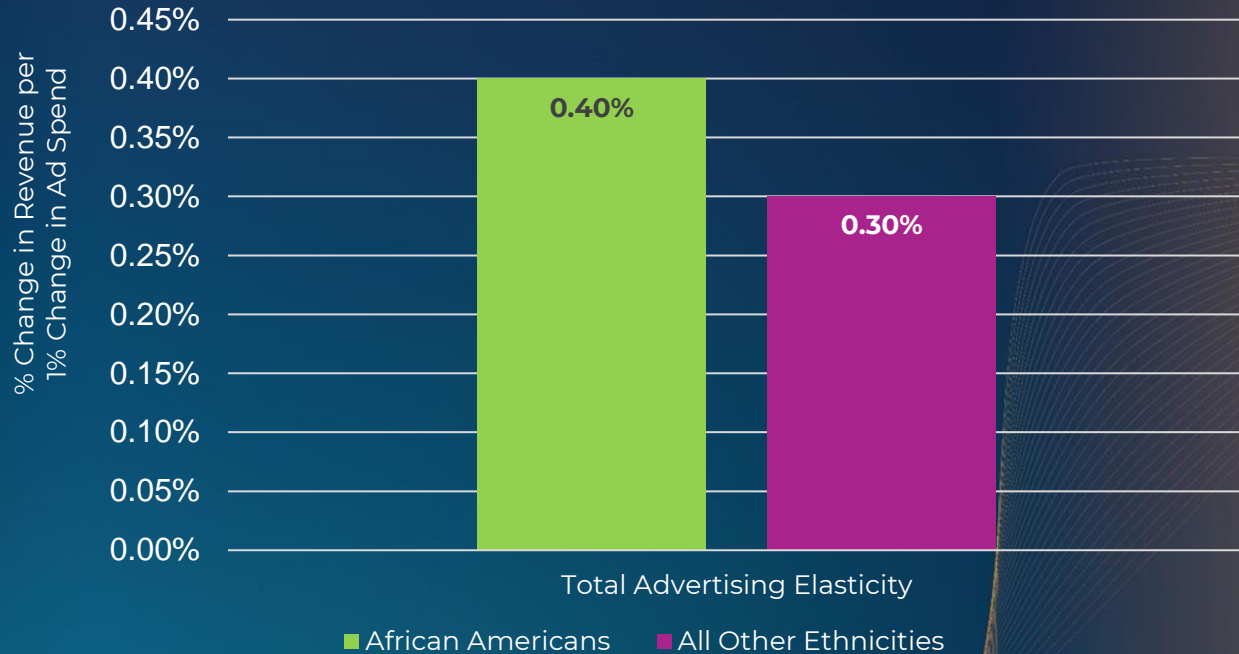
# Competitive Ad Performance

Big Box Store African American ads perform at parity or better among competitive retailers, and among key Ethnic Groups except for the Hispanic audience, which tends to score all ads higher.



## Big Box Stores: African Americans v. other Ethnicities

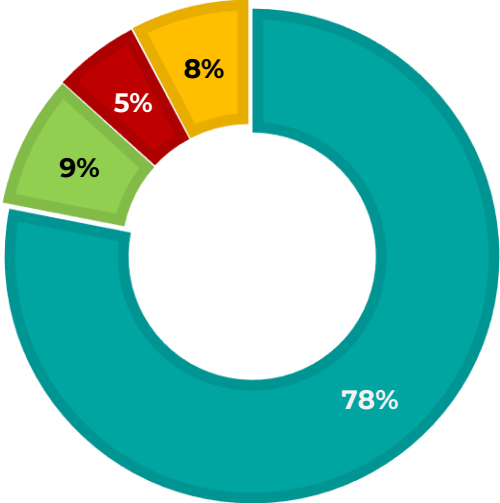
African American Customers are more responsive to advertising than other ethnic groups.



## Value of Media: Decomposing Sales for African American Customers

22% of Sales to African Americans is Incremental Due to Advertising: Short-Term Media Gains are most important, followed by Ad Creative & Long-Term Ad Effects.

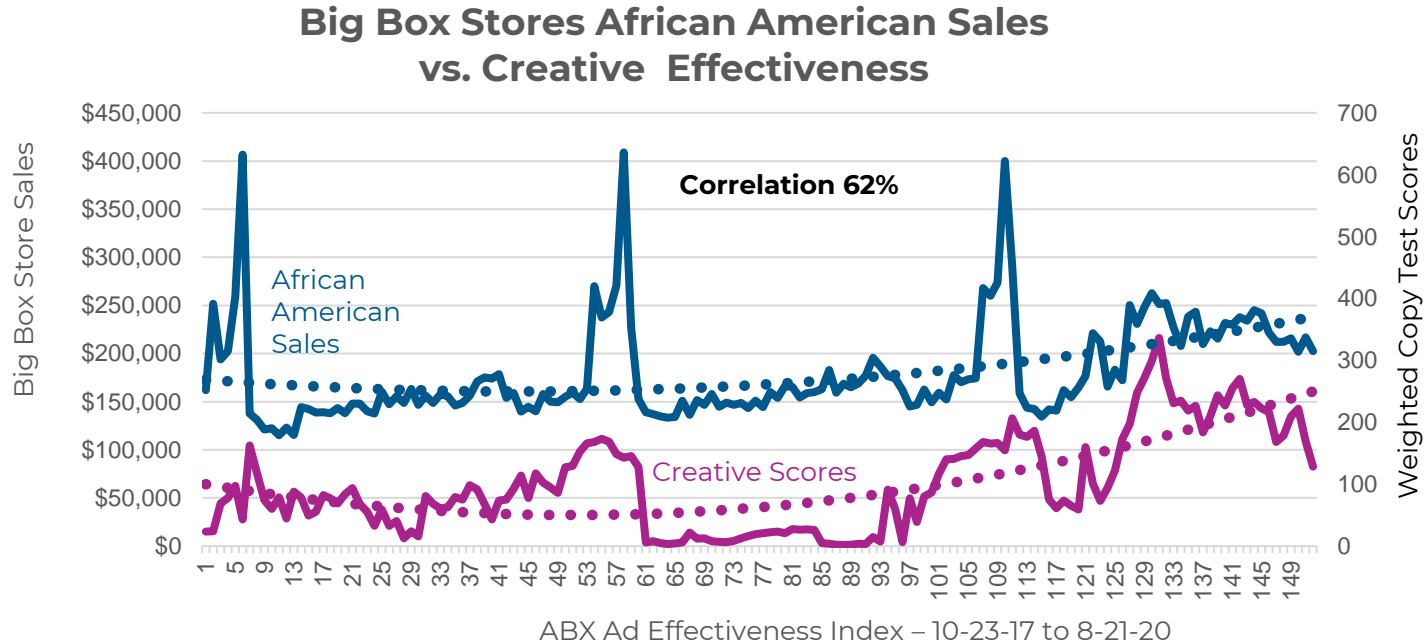
■ Base ■ Short-Term Media ■ Long-Term Media ■ Ad Creative



# Correlations Between Ad Effectiveness and Sales

## Correlating Drivers to Sales

Advertising Effectiveness, as measured by the ABX Index™, has a significant correlation to sales.

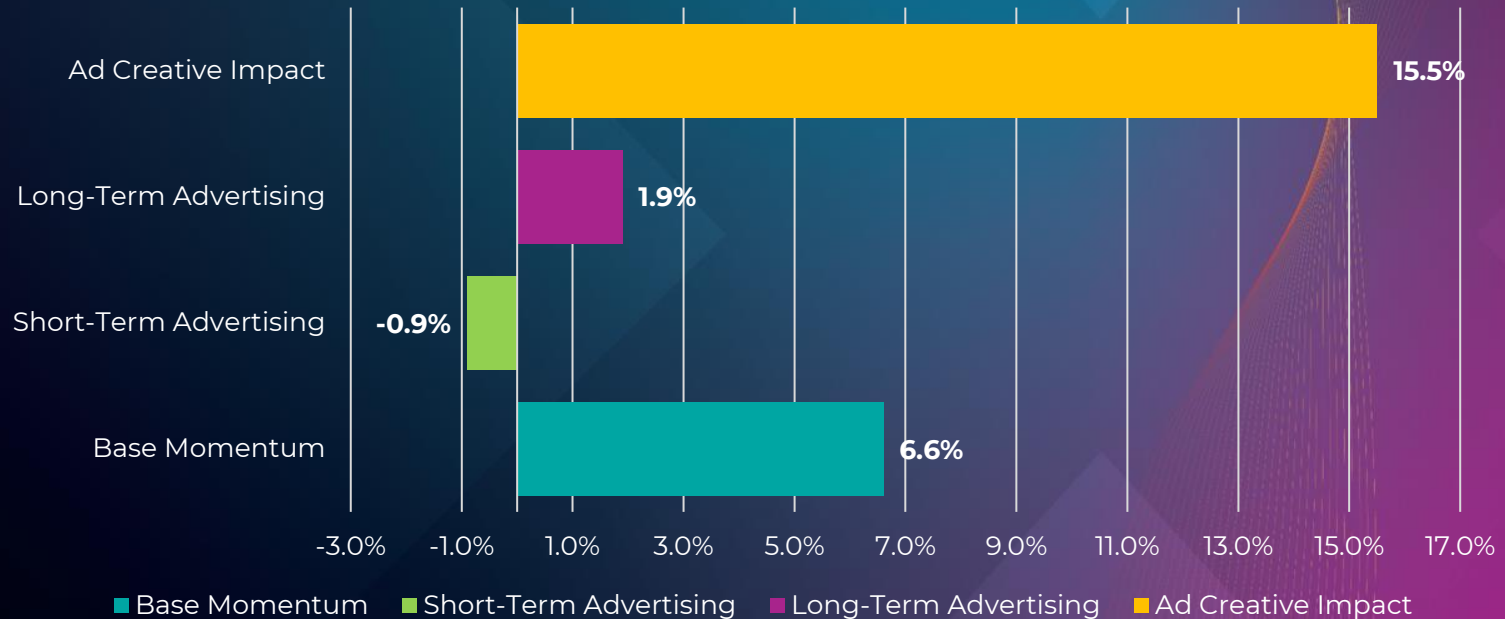


# Moving Forward and Executive Recommendations



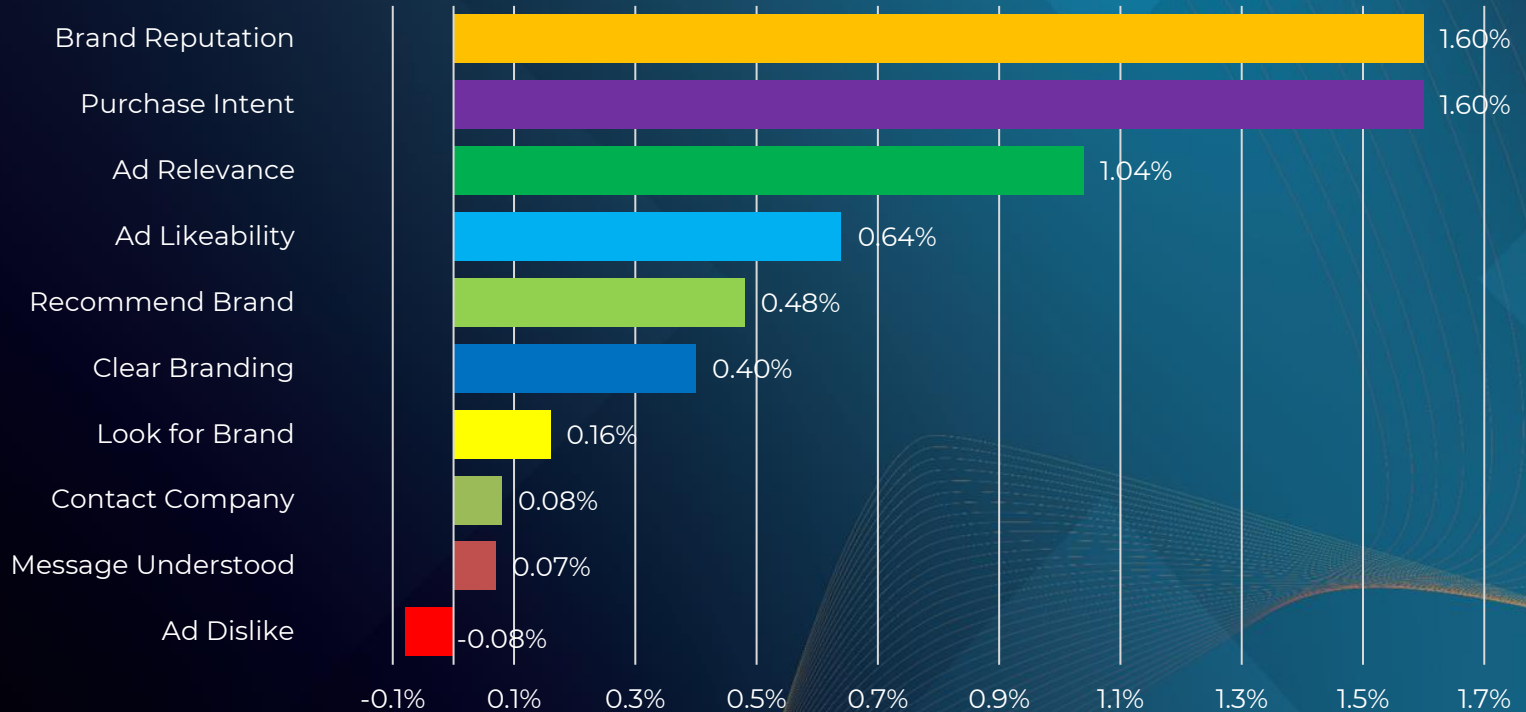
## Annual Marketing Variance:

Sales to African Americans increased about 23.1% year-over-year. Two-Thirds of this growth came from improved ad creative. Going forward, Ad Effectiveness is a major upside opportunity among this audience.



## Criteria for Most Effective Ads

These are the Criteria which were most aligned with highly effective ads to African American customers.



## Executive Recommendations

- Over the last four Quarters, significant sales gains have been made due to improved advertising Messaging and Creative for African American customers.
- Big Box Store African American ads perform at parity or better among competitive retailers, and among key Ethnic Groups. ABX Ad Effectiveness scores for African Americans averaged 110, which is well above average.
- Sales to African Americans increased about 23.1% year-over-year. Two-Thirds of this growth came from improved ad creative. Going forward, Ad Effectiveness is a major upside opportunity among this audience.
- Correlations between sales and the ABX Ad Effectiveness Index is high at 62%.
- To improve advertising to African Americans, marketers should focus on Clear Branding, Ad Likeability and Ad Relevance, with great sensitivity to cultural norms, and which will lead to high scores in Purchase Intent and Brand Reputation.
- Pre-testing and/or continual in-market testing through systems such as the [ABX Creative Feedback Loop™](#) would help ensure no missteps are taken.

Let us give you  
the creative  
insights no one  
else can deliver.

Contact us today

**Gary Getto**

**Advertising Benchmark Index (ABX)**

*President*

[gary@adbenchmark.com](mailto:gary@adbenchmark.com) | 347-443-8869

**Diane Light Waight**

**Advertising Benchmark Index (ABX)**

*VP Business Development*

[diane@adbenchmark.com](mailto:diane@adbenchmark.com) | 323-794-3891

**Michael Wolfe**

**Bottom-Line Analytics LLC**

*Principal*

[mjw@bottomlineanalytics.com](mailto:mjw@bottomlineanalytics.com) | 678-314-8446