

# **THE EFFECTIVENESS OF MARKETING CHANNELS: UNITY HOME**

## **SCOPE:**

Scope: 1824 -2023

Redefined Scope: 2004 - 2023

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**Designation: Financial and Data Analyst**

**Date: 26/09/2024**

Total Sum of TV Ads

\$2,940,850

Total Sum of Radio Ads

\$465,280

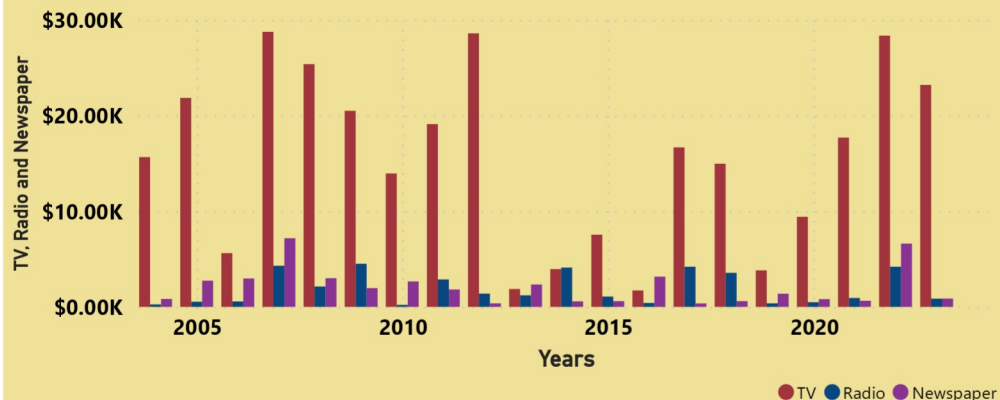
Total Sum of Newspaper Ads

\$611,080

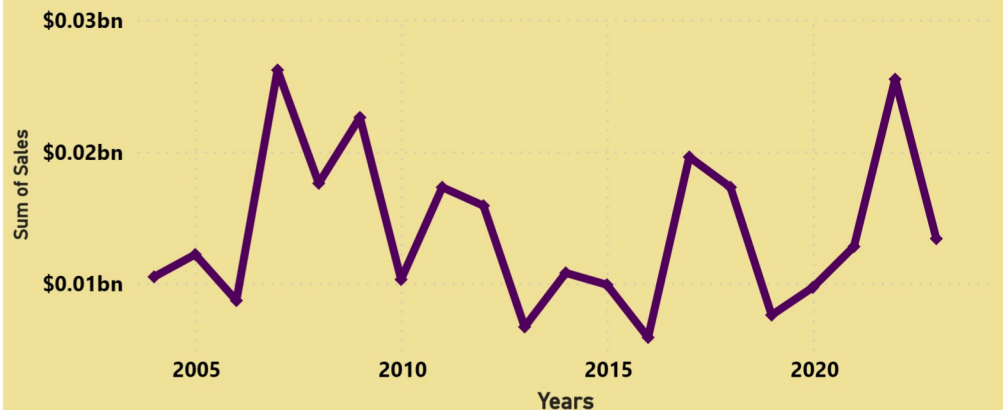
Total Sum of Sales

\$2.80bn

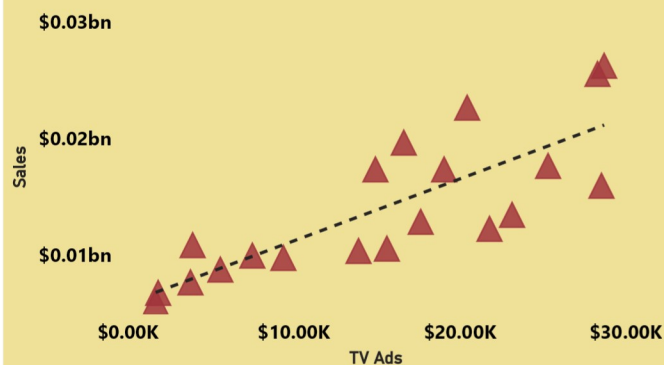
Sum of TV Ads vs. Sum of Radio Ads vs. Sum of Newspaper Ads



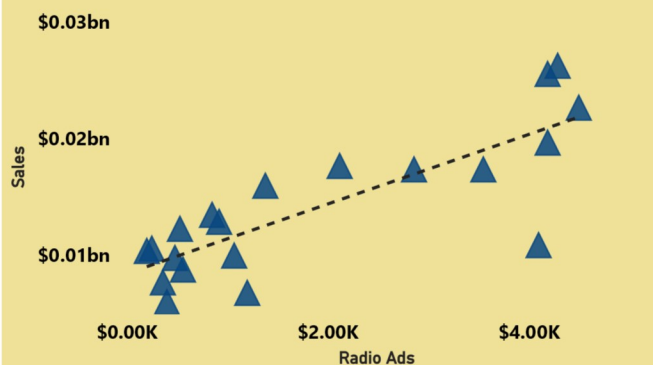
Sum of Sales by Years



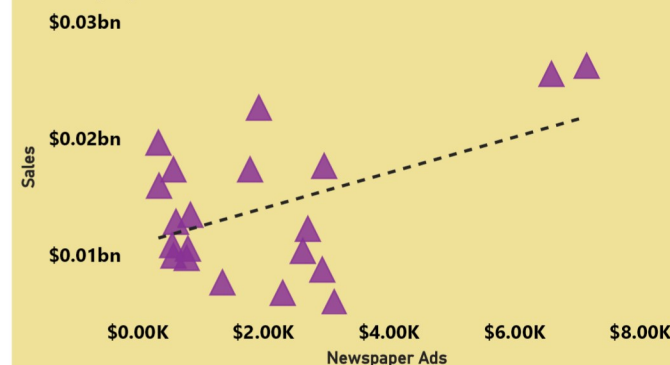
TV Ads and Sales



Radio Ads and Sales



Newspaper Ads and Sales



## 1. Introduction: The Effectiveness of Marketing Channels

Greeting,

I will present the results of our most recent analysis of Unity Home's marketing campaign. Our analysis examined the impact of various marketing channels—including TV, Radio, and newspapers—on sales performance. The objective of this analysis is to assist us in determining the most effective allocation of our marketing budget to optimise sales.

It is imperative that each dollar is allocated efficiently, as marketing is one of our most significant discretionary expenditures. I am pleased to present a dashboard that offers a concise, data-driven representation of each channel's performance over time. This dashboard also provides actionable insights into how we can enhance future campaigns.

## 2. Problem Statement: Which marketing channel is responsible for driving sales?

Our primary inquiry was: Which marketing channel is most effective in increasing sales? Our marketing campaigns are implemented through three conventional channels: television, Radio, and newspapers. Nevertheless, despite the substantial expenditures, we were not experiencing the anticipated sales growth, particularly from newspaper advertising.

It was crucial to evaluate the efficacy of these channels, particularly in light of the increasing prominence of newer channels, such as digital media and the evolving landscape of consumer behaviour and media consumption. With this in mind, our objective was to determine which of the three channels—TV, Radio, or Newspaper—was generating the most sales and to determine whether reallocating funds could increase our overall sales.

## 3. Overview of the Dashboard: Visuals and Structure

Our Power BI dashboard analyses the correlation between marketing spend and sales across the three channels using time series data.

- **Key Performance Indicators (KPIs) and Scorecards:** Provide a concise summary of the primary figures, including the total expenditures for each channel and total sales
- **Cluster Column Chart:** This visualisation contrasts the total marketing expenditures by channel, enabling visualisation of the budget allocation.

- **Scatter Plot:** Illustrates the correlation between marketing spend per channel and the corresponding sales outcomes, providing insight into how sales respond to spending increases or decreases.
- **Line chart:** This exhibits sales movements over time and illustrates the trends in sales performance during the review period.

These visuals are enhanced by filters and slicers, which enable us to analyse performance over specific periods (monthly, quarterly) and to delve deeper into more detailed insights.

#### **4. Key Findings**

Next, I will present the dashboard's most significant insights.

##### **a) Television Advertising: High Impact, High Investment**

Unsurprisingly, TV advertisements have the highest absolute contribution to sales, as they account for a significant portion of our marketing budget, as indicated in the analysis. During critical periods, such as holidays and product launches, a robust positive correlation exists between TV ad spending and sales. This implies that TV is an effective channel for generating high-volume sales when we have larger campaigns.

Nevertheless, it is imperative to evaluate the cost-effectiveness of these campaigns, as television is the primary source of sales. TV is the most expensive channel per unit of sales, despite its effectiveness, due to the substantial budget allocated to it. The inflated contribution is a natural consequence of this. It is imperative that we evaluate whether this substantial expenditure is the most effective allocation of our resources, particularly in light of the possibility that other channels may generate superior sales results.

##### **b) Radio Advertising: Proven Sales Results Despite a decrease in expenditures**

Radio advertising has been an exceptional performer in terms of cost-effectiveness. Despite receiving substantially less funding than television and newspapers, Radio exhibits a stronger correlation with sales than newspaper advertisements. This suggests that Radio is an underutilised channel that has the potential to drive sales at a reduced cost.

The primary conclusion is that Radio is more cost-effective, offering a substantial return on investment compared to the expenditure. This presents a clear opportunity for reallocation: by increasing our Radio spending, we could achieve similar or even greater results than TV or Newspaper ads at a fraction of the cost.

### **c) Newspaper Advertising: High Expenses, Low Returns**

Despite accounting for a substantial portion of our marketing budget, newspaper advertising exhibits the least significant correlation with sales. This implies that newspaper advertisements are less effective in reaching our target audience than other channels.

This outcome is consistent with broader industry trends, including the ongoing decline in newspaper readership and the transition to digital media. Although newspaper advertisements may continue to contribute to brand recognition, they are not significantly increasing sales and are likely an inefficient allocation of our marketing budget.

## **5. Improving Marketing Spending: Recommendations**

I have the following suggestions for the future based on these insights:

### **a) Reallocate the budget to Radio**

Reallocating a portion of the Newspaper and TV budgets to Radio has demonstrated a strong correlation with sales despite a relatively low budget. This will enable us to determine whether sales can be increased without the expensive costs associated with television advertisements by increasing the money spent on Radio.

### **b) Gradually Decrease Newspaper Spending**

In light of their subpar performance, we should progressively reduce our expenditures on Newspaper ads, particularly for sales-driven campaigns. We may still wish to preserve a modest print media presence to increase brand recognition; however, we should closely monitor its performance and further reduce it if the results do not improve.

### **c) Maintain TV Ads, but Experiment with Budget Adjustments**

Although TV continues to be a significant sales driver, it is necessary to investigate the feasibility of achieving comparable sales volumes with a reduced budget by reducing TV expenditures.

Furthermore, we should investigate the possibility of combining television advertisements with digital platforms to broaden our audience without incurring substantial expenses.

#### **d) Investigate Digital Platforms**

In light of the shift in consumer behaviour towards online platforms, we should allocate a small portion of our marketing budget to digital advertising, such as Google Ads or social media. This can function as a test to evaluate its efficacy compared to traditional media and may offer a more cost-effective, contemporary alternative to channels such as newspapers.

### **6. Conclusion**

In summary, the information obtained from this analysis has provided a clear understanding of optimising our marketing expenditures. Radio is a channel worth increasing investment in, as it offers a strong relationship with sales at reduced costs, while TV remains a strong channel but comes with high costs. The trends over time for TV and Radio ads seem robust, with TV showing consistent results during high-spend periods, but Radio emerging as a highly cost-effective option. Conversely, the budget for newspaper advertisements should be reduced due to their inadequate effectiveness.

By strategically reallocating our resources and testing new channels, we can optimise our sales and more effectively support Unity Home's overall sales objectives.