



## MEASUREMENT GUIDE

A woman with short dark hair, wearing a blue quilted jacket over a grey top, is pushing a shopping cart filled with groceries through a grocery store aisle. The background shows shelves stocked with various products, including boxes of cereal and containers of yogurt. A semi-transparent dark grey box is overlaid on the right side of the image, containing the main text.

# YOUR CAMPAIGN IS OVER—DO YOU KNOW WHERE YOUR SALES ARE?

Regardless of Your Advertising Budget,  
You Can Measure Sales Lift

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## OVERVIEW

These days, shopper marketers are shifting their advertising dollars to digital. According to the January 2013 issue of Shopper Marketing magazine, 74% of CPG marketing executives said their advertising budgets for digital media will increase in 2013.<sup>1</sup> And with good reason—shopper marketing groups learn more and more every day that digital advertising boosts offline sales.

Digital ads perfectly complement other channels—including local newspaper ads, circulars, point-of-sale display, and even radio ads. And with print publications declining, including estimates that only 37% of adult Americans read a print newspaper,<sup>2</sup> digital will become only more important.

The truth is that digital advertising works. But will your digital campaign boost your results?

To answer this question, many top shopper marketing organizations have turned to sales lift studies to measure sales figures. Sales lift studies are the premium method—they use sales transaction data from retailers or directly from shoppers, who take part in research panels, to deduce the increase in sales produced by an ad campaign. It's easy to justify digital advertising if you can say that a campaign produced a 12% increase in sales.

But sales lift studies are expensive. Although they offer incredibly useful data, their price tag puts them out of the budget of many shopper marketers. Additionally, if you aren't running a fairly large, national campaign, you may not be able to get enough data to run a valid study.

So, what are the alternatives?

## PROXY METHODS

Most CPG companies think only of sales lift for measurement. But there are other options. MaxPoint often uses other methods than sales lift studies to deduce offline sales for our customers. We call these **sales proxy** studies. Sales proxy studies test metrics that indicate an increase in sales, even if they don't give an exact number.

For example, an engagement survey that measures purchase intent, or the likelihood that a customer will purchase a product in a specific time frame, provides a strong indication of a sales increase without requiring access to sales data.

THE TWO KEY SALES PROXY METHODS ARE:

**AUDIENCE MATCH STUDIES**—Measure the share of a digital ad campaign's impressions that reaches the intended audience segment. If you reach enough of a target audience, then you know your sales will increase.

**ENGAGEMENT SURVEYS**—Measure customer attitudes and intentions across the sales cycle. There are several types of survey questions, but purchase intent questions are particularly relevant for sales.

We created this guide so you know all of your available options. We'll look at the proxy methods, but we'll also show you some of the different options you have for sales lift studies. By the time you're done reading, you should know exactly what options you have available, as well as when to use them. There's a time and a place for each type of study—this will teach you what those are.

## AREN'T CLICK-THROUGH RATES ENOUGH?

The industry standard for measuring digital campaigns has always been click-through rates (CTRs). CTRs are simple metrics that allow advertisers the ability to measure engagement on a basic level.

But here's the problem: they're too limited. If you look only at CTRs, you will miss the forest for the trees. For example:

- **CTRS DO NOT MEASURE OFFLINE SALES.** *CTRs are useful in tracking ecommerce purchases, but they're only the first step toward understanding offline behavior. And because only roughly 5% of retail sales are via ecommerce, you're unable to track the majority of retail purchases with CTRs alone.*
- **CTRS DO NOT MEASURE ANY ATTITUDINAL VARIABLES.** *Yes, they measure basic engagement, but you cannot glean any customer attitudes, preferences, or beliefs from CTRs.*

CTRs measure engagement, but there is much more to measure. They're a good metric to start with, but if you really want to measure advertising results, you should run one of the more in-depth studies.

1. Finkel, Ed. (2013, January). Trends 2013. Shopper Marketing, 26(1), 12–22. | 2. The State of the News Media 2012, The Pew Research Center's Project for Excellence in Journalism, 2012.



## AUDIENCE MATCH STUDIES

Advertising is about two things: your message and your audience. Although many advertisers focus on the message, you can't overlook the audience. A powerful ad for a health food product loses its thunder if only fast food junkies see it. But if you efficiently target your most profitable audience, then even a mediocre ad can move the needle on your sales figures. With this in mind, many savvy shopper marketing groups know that by measuring audience match, they indirectly measure sales increases.

Digital advertising requires a slightly different mindset than traditional advertising. Traditional print advertising involves the following process: you define your audience, you figure out what they read, and then you buy your placement. For example, let's say you're running a special sale for your product at retailers local to the St. Louis area. Traditional wisdom dictates that you take out ads in the St. Louis newspapers.

However, there's a hidden cost. When you purchase a newspaper placement, you're not just paying for your target audience, but also for the other audiences. For example, if the readership is mixed and only a small portion of the newspaper fit your demographic, then you will also be paying for those readers outside of your target demographic. We refer to this as **ad waste**.

**ad waste (n)**—The measure of digital ad impressions served to users that do not match the intended audience segment

With digital, you don't buy placement, you buy an audience. For example, if you use MaxPoint, you target ideal customers within a store radius regardless of what sites they visit online. Rather than purchasing placement, you purchase a local audience. This can drastically reduce your ad waste, making your campaigns more effective and cost efficient.

So how do you know if your digital ads really hit the mark? Enter the audience match study.

### PROCESS

Typically, third-party market research firms run audience match studies using their access to consumer research panels.

To join the consumer panels, each user must answer detailed questions about their background. Additionally, each panel member agrees to have software installed on their computers that tracks their online behavior. Between the background info and the software, the

research firm can tie each ad impression to an individual user and their demographic background.

As a result, this is the process of completing an audience match study:

- 1 One or more digital ads are displayed to a group of users.
- 2 The research firm polls the web histories of panel members to discover who received the advertisements.
- 3 The firm cross-references the background information of individual panel members to determine the percentage in-target and target efficiency for the campaign.

MaxPoint drastically reduces ad waste, even over other forms of digital advertising. By reducing ad waste, MaxPoint helps shopper marketing groups use their existing budgets to reach three times the number of markets than with other digital advertising delivery vendors.

### KEY METRICS

Once the study concludes, you'll receive the following metrics:

**PERCENTAGE IN-TARGET.** This is the share of a campaign's total impressions delivered to a matching target audience. For example, if 30 impressions out of a total 100 were delivered to the target audience segment, then the percentage in-target would be 30%. Of course, this is a simplified example—the researchers calculate the percentage in-target based on a demographic's over- or under-representation on the consumer panel. Therefore, the percentage in-target is an estimate, although it is an extremely accurate estimate.

*Note: Percentage in-target can vary depending on the product and the industry. Therefore, there is no consensus on an industry benchmark.*

**TARGET EFFICIENCY.** This is the percentage, expressed as a decimal of 1, of the target audience reached by the campaign against the total number of target users online. For example, if your campaign has a target efficiency of 1.25, then the delivery vendor served ads to an extra 25% of users than you would have had you simply blanket targeted the Internet.

*Note: Although there is no concrete industry benchmark, a score higher than 1 indicates an effectively targeted campaign.*

## PROS:

So, why do an audience match study? Why not just go with the end-of-campaign reports you get from your ad delivery vendor?

- **GET A MORE ACCURATE RESULT.** Ad delivery vendors focus on targeting. While they specialize in accurate targeting, it can be difficult to collect data for an accurate end-of-campaign report. As a result, the basic reports from most ad platforms aren't always accurate. Because the research firm uses panel data, it can give a more reliable test result.
- **LEARN NEW INSIGHTS ABOUT YOUR AUDIENCE.** To join the panel, members must provide detailed background information. Because of this, the firm can provide additional insights that your platform may not.
- **GET AN INDICATION OF SALES.** Although the purpose of the study is to measure your audience match, you can still get a strong indication of your sales. MaxPoint has worked with several customers who knew that if they could just reach the right audience, they would effectively increase sales. If you're clear on your audience, you can do the same.
- **GET IMMEDIATE CAMPAIGN RESULTS.** Sales lift studies typically take a minimum of three months to run. As a result, it can take a long time before you get results. However, audience match studies are much faster, letting you quickly use the results on your next campaign.
- **GET RESULTS FOR A REASONABLY LOW PRICE.** Compared to other forms of studies, these are affordable on most budgets.

## CONS:

Of course, there still are some downsides, such as:

- **YOU MUST ALREADY KNOW YOUR AUDIENCE.** If you don't have a clear idea of whom you're targeting, then you will likely reach the wrong group. A 1.5 targeting efficiency means nothing if you pick the wrong target audience.
- **YOU WON'T GET ANY DIRECT SALES DATA.** Although a strong audience match indicates strong sales numbers, you can't easily quantify that sales lift into a dollar amount. It's an indication, not a guarantee.
- **YOU WON'T GET ANY BRAND PERCEPTION DATA.** If you run a branding campaign, then you want to make sure that the audience you reached also gained a favorable view of your brand. It's counterproductive if you hit the right audience with the wrong message.

## EXAMPLE SCENARIO

To illustrate the study process, it may help to have an example. A cereal company wants to promote a new, whole grain cereal. It knows that its top target audience is mothers who have an interest in health food and who also have two or more children.

The company could serve a digital advertisement targeted at this audience, then commission an audience match study to determine if it reached this segment. If it commissioned the study with a research firm, it might receive the following statistics:

- Percentage in-target of 23%
- Target efficiency of 1.35

Because the percentage in-target can vary depending on the campaign, the cereal company cannot necessarily know if this is a great score or not. However, with a target efficiency of 1.35, which is higher than the 1.0 industry benchmark, the company can assume that the campaign effectively reached its audience.

If the company worked with MaxPoint, it would receive useful additional insights, such as complementary interests for the audience. For example, if the audience is also interested in camping, then it might make sense for future cereal advertisements to include camping visuals.



## ENGAGEMENT SURVEYS

An engaged customer buys; a disengaged customer doesn't. Although sales might be your end goal, you can't dismiss the importance of boosting your brand perception. A strong digital ad campaign gets shoppers excited about a product just as well, if not better, than traditional print, TV, or radio advertising.

So how do you measure a boost in engagement or brand perception?

Luckily, digital ads simplify the testing process. In the print realm, you have to run a focus group, which can be costly. Additionally, focus groups are artificial—you test brand perception after participants view an advertisement without distractions. Something can test well among a focus group, yet have a hard time making an impact when competing with several other ads on a webpage. Focus groups are valuable, but they do have some skew.

With digital, you can run a survey in place of an ad impression to test customer engagement. Because participants complete the survey after seeing an advertisement in its natural state (on the Web, competing with other content), you get a more accurate result than you could get with a traditional focus group.

Plus, engagement surveys are fairly inexpensive. You can run with a third-party group, or depending on the company, you may be able to have your delivery vendor run the survey.

But first, let's look at how they work.

## PROCESS

The survey process is simple:

- 1 A test group receives one or more digital advertisements.
- 2 A survey is served to both the test group and a control group that does not receive any ads.
- 3 The responses are tallied and compared to generate a brand lift score.

It's a fairly straightforward process, but there are a few tips to keep in mind.

First, surveys must be short. If you want to get a decent response rate, your best bet is to use a single survey question. The lengthier the survey, the lower the response rate.

Second, surveys require a minimum number of respondents before the results are considered statistically relevant. It won't cut it to just have two or three respondents—you often need closer to thirty. If you don't hit your minimum quota, you'll have to purchase additional impressions until you reach the baseline. Most research firms factor this into the initial cost, but it remains a small risk.

Third, you need to match your survey question or questions to your campaign objective. The questions you ask should correspond to your campaign goal—whether you want to boost awareness, gain market share from competitors, or drive in-store sales. To figure out which questions to ask, use the table in the next section.

**TABLE 1.1**

### STANDARD SURVEY QUESTIONS

You can design the survey however you want. But ultimately, there are a few questions that MaxPoint recommends.

SALES FUNNEL STAGE	SAMPLE QUESTION	USEFUL FOR
<b>AWARENESS</b>	Which of the following [products/services] have you heard of?	Campaigns meant to boost brand awareness.
<b>ATTITUDES</b>	How would you rate [product/service] in terms of [attribute]?	Campaigns meant to promote a specific message about a product. For example, if you're running a promotion for a healthy cereal, you might ask, "How would you rate this cereal in terms of its ability to promote heart health?"
<b>FAVORABILITY</b>	How do you view [product/service]? (Answers range from "Very Unfavorably" to "Very Favorably")	Campaigns meant to increase positive brand perception in a specific audience segment.
<b>INTENT</b>	How likely are you to [action][product/service] in the next [x months]?	Testing whether or not a campaign produced a specific behavior. Examples include purchasing or recommending a product to a friend.
<b>PREFERENCE</b>	Among the following [product/service], which one do you prefer most?	Testing how well your campaign improved your standing against competitors.

**PROS:**

So, what are the reasons that you would run an engagement study?

- **MEASURE INTANGIBLE CUSTOMER ATTITUDES.** Audience match studies, CTRs, and sales lift studies give you concrete numbers, but they can't measure the intangibles, such as customer perceptions, beliefs, and attitudes toward your products.
- **ADAPT SURVEYS TO MEET YOUR GOAL.** You can develop a survey no matter what your campaign goal is—awareness, sales, or pulling market share from your competitors.
- **GET A STRONG INDICATION OF SALES.** Although it's not an exact sales figure, a high purchase intent score demonstrates a strong possibility of a sales lift.
- **TEST A CAMPAIGN AT A REASONABLE COST.** Engagement surveys can be reasonably cheap, making them an affordable alternative to sales lift studies.
- **GET IMMEDIATE CAMPAIGN RESULTS.** Sales lift studies often take a minimum of three months to run. With surveys, you can begin collecting results sooner, letting you improve future campaigns much faster.

**CONS:**

Of course, surveys aren't a silver bullet. In particular, surveys:

- **MUST BE SHORT TO BE EFFECTIVE.** For the best results, you should test only one question per survey, meaning you're fairly limited in the amount of information you can get from one survey. If you test more than one question, your survey response rate will decrease.
- **CAN HAVE INCREMENTAL COST INCREASES.** If you don't meet the minimum number of respondents for a statistically relevant sample, then you will have to purchase additional impressions before the study will be valid.
- **DON'T USE CONCRETE SALES NUMBERS.** Although a high purchase intent score hints at sales, it's not a guarantee. To really know that your sales increased, you have to invest in a sales lift study.

**EXAMPLE SCENARIO**

A consumer paper products company is launching a new line of paper towels. These towels are both absorbent and eco-friendly. The company wants to reach an eco-friendly crowd and become the green choice among paper towels.

To do this, the company would:

1. Deliver digital ads to eco-friendly customers who live in close proximity to stores carrying the new paper towels.
2. Run a survey on a test group, which was exposed to the ads, and a control group, which did not receive the ads. The survey would ask the question, "How would you rate the following brands in terms of eco-friendliness?" The rating scale would be 1–5, with 1 being very weak and 5 being very strong.
3. Compare the results between the test and control groups.

If the test group rates the paper towels as an average of 4 and the control group has an average of 2, then the advertisements would have produced a 100% brand lift.



## SALES LIFT STUDIES

Sales lift studies are often considered the Holy Grail of advertising measurement. It makes sense—you get an exact dollar amount for your campaign. It feels great to be able to say, in definite terms, “This ad campaign increased our sales by 15%.”

Many sales lift studies provide only the lift number. But if you can afford to invest in a panel-based study, you can learn deeper insights about your responding audience segment. This can help in future campaigns.

But even among sales lift studies, you have several methods to choose from. Each choice carries a different price tag, depending on both the difficulty of obtaining the data and the precision of the final result.

But we'll get to that. Let's start with the general process of a sales lift study.

### PROCESS

A sales lift study always involves the following:

- 1 Gathering sales data from several retail stores or from a market research panel
- 2 Dividing the sales data into test groups, which received digital ads for a product or service, and control groups, which were not exposed to the ads
- 3 Measuring the percentage difference in sales between test and control groups

Although every sales lift study follows this process, the data collection step differs depending on the method. Your choice will dictate the study's price tag as well as the precision and detail of the findings.

Let's take a look at them, from least expensive to most expensive:

#### RETAIL PARTNER STUDIES

(Least Expensive)

First up are retail partner studies. In this case, a research firm polls sales data from one or more of your retail partners and divides the data according to test and control groups. The difference in sales between the test and control groups equals the sales lift.

Retail partner studies are typically the least expensive form of sales lift study because you don't need to gather extra data from panels or research groups. Additionally, to save money, you can sometimes skip the third-party research firm and work directly with your delivery vendor. However, this depends on which delivery vendor you work with.

However, these studies have several flaws:

- **THEY'RE NOT ALWAYS AN AVAILABLE OPTION.** Your retail partner must be willing to provide sales data. Some partners are unwilling, and others simply do not have the data to share.
- **THEY CAN BE SKEWED.** If you test only one retail chain, then your data will be skewed—if you end up testing an outlier, you won't have an accurate representative sample of the population. For example, one supermarket chain could produce overwhelmingly strong sales numbers, drastically inflating your sales lift percentage.

#### POINT-OF-SALE STUDIES

(Expensive)

In a point-of-sale study, a market research group polls the sales transactions of several retail chains that participate in an ongoing data-sharing program. As part of the program, retail stores share sales data in exchange for either money or access to a research firm's research. The research firm can then use these data for sales lift studies (and other research efforts).

By testing multiple retail chains, the research firm reduces the influence of outliers and reduces skew in the data. Additionally, the research firm also uses statistical models to account for any bias or skew. Either way, you get a reliable, accurate, and valuable result.

The only real downside here is that they do not provide any insight into the responding audience. You know that sales lifted due to a digital ad campaign, but you don't know who purchased (or why).



## PANEL-BASED STUDIES

(Most Expensive)

When most people think of sales lift, they think of panel-based studies. In a panel study, a research firm studies shoppers on three major dimensions:

- **THEIR DEMOGRAPHIC MAKEUP.** To be part of the panel, participants must provide detailed background information.
- **THEIR ONLINE ACTIVITY.** Panel members typically install tracking software that tracks their online behavior. This allows the research firm to keep a detailed history of which ads were served to whom.
- **THEIR PURCHASES.** Panel members scan their receipts for all of their purchases, then upload them to a central location for the market research firm.

By correlating these three data points, the firm can produce an accurate sales lift number as well as insights into who caused the sales lift.

Unfortunately, panel studies can be extremely expensive. In fact, they may be too expensive to make sense for smaller or shorter campaigns.

## EXAMPLE SCENARIO

A carbonated beverage company has had lagging sales. It needs to pull market share from its competitors to boost sales, so it decides to try digital advertising to complement its print efforts. Additionally, it wants to learn more about its most profitable audience segment.

To test the ad campaign's effect, the company decides to run a panel-based sales lift study. To do this, it would:

1. Serve the digital ads to several demographics located around its stores.
2. Commission the sales lift study to test the effects among an audience.

The company may find that the digital campaign boosted sales by 17%. However, it may also learn that a good portion of its audience has a higher income than the company initially suspected.

## PROS:

Regardless of the methodology, sales lift studies carry a lot of benefits. They aren't thought of as the measurement Holy Grail for nothing. In particular, sales lift studies:

- **PROVIDE AN EXACT SALES FIGURE.** Although you can estimate with audience match studies and engagement studies, nothing beats having an exact figure for a sales increase.
- **CALCULATE IN-DEPTH METRICS.** You can use the sales figures to calculate more in-depth figures, such as an estimated customer lifetime value, upcoming sales figures, and ROI.
- **GIVE INSIGHTS INTO YOUR AUDIENCE.** If you choose a panel-based study, you can get extra insights into your audience. This is particularly helpful when testing for your most popular audience segment.

## CONS:

But even sales lift studies have drawbacks. In particular, sales lift studies:

- **CAN BE VERY EXPENSIVE.** With the exception of retail partner studies, sales lift studies can be out of the price range of many customers.
- **INEFFECTIVE ON SMALLER CAMPAIGNS.** Sales lift studies cannot be easily applied to smaller scale digital ad campaigns. If your campaign doesn't have a wide reach or if its runtime is short, then you may not have enough data to adequately run a sales lift study.
- **ARE LENGTHY.** Most studies take a minimum of three months, typically with a fourth month to measure any residual effects on sales. Many studies take longer.
- **PROVIDE LITTLE INSIGHT INTO EARLIER SALES STAGES.** Sales lift studies measure only increased sales—they can't measure an increase in brand awareness or brand preference. To accomplish this, you have to run an engagement survey.

## THE MEASUREMENT LANDSCAPE: HOW DO YOU CHOOSE?

When it comes to measurement, you have options. No matter your budget, there's something you can use. But how do you choose the right tool for the job?

Ultimately, it depends on your budget and your campaign objective. It doesn't always mean focusing on a sales number.

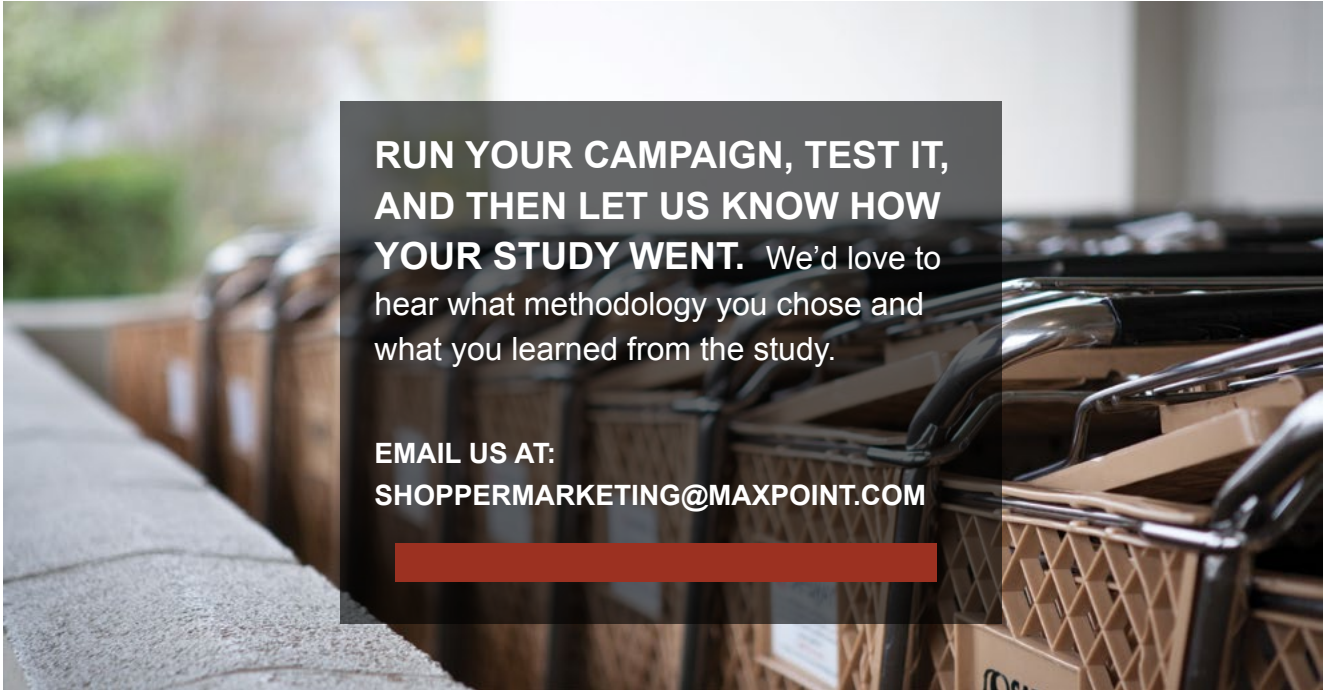
If you know your target demographic well, then an audience match study is all you really need. If you're running a targeted brand awareness campaign, then engagement surveys are the way to go. And you can adapt the surveys to get a strong indication of sales. If you absolutely need to show a concrete sales number or ROI, then sales lift is the only way to go.

However, you don't need to limit yourself to one study type. You could easily develop a sophisticated program like the following:

1. Testing a product using a panel-based sales lift study. Once you get the results, you can drill down deeper on the highest responding audiences and demographics.
2. Using the insights from the sales lift study, you could develop creative targeted at the right audience. You can then use an engagement study to test that the new ads increase your brand or product favorability among the audience.
3. Running an audience study in subsequent campaigns to ensure that your delivery vendor continues to reach the right people.

But even if you can't run all three, there is a measurement study out there for your needs.

So, does digital work for you? We know that it will, but only solid testing will prove whether or not we're right.



**RUN YOUR CAMPAIGN, TEST IT,  
AND THEN LET US KNOW HOW  
YOUR STUDY WENT.** We'd love to  
hear what methodology you chose and  
what you learned from the study.

**EMAIL US AT:  
SHOPPERMARKETING@MAXPOINT.COM**

### ABOUT MAXPOINT

MaxPoint is a technology company that uses its unique Digital Zip® technology to analyze billions of data points from neighborhoods across the United States to help shopper marketers make better advertising decisions. With MaxPoint, you'll move more products off the shelves with digital campaigns that complement your current shopper marketing initiatives.

Founded in 2007, MaxPoint has offices in New York, Chicago, Los Angeles, Atlanta, Austin, Bentonville, Cincinnati, and Raleigh.

To learn more, visit [www.maxpoint.com](http://www.maxpoint.com), follow us on Twitter @maxpoint\_int, and subscribe to the OnPoint Blog.