

CASE STUDY

MAXIMIZING ROI WITH MARKETING MIX MODELLING

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ARE YOU OFTEN CHALLENGED WITH THE FOLLOWING QUESTIONS?

01

Which of our marketing activities are worth investing in for the best business result?

02

How much should we invest to reach the target?

03

How to split the budget among marketing activities and brands?

04

Which competitive activities have the greatest impact on our results?

05

Do our offline activities drive online sales and vice versa?

06

Our budget needs to be cut by 10%. How will it impact sales?

HOW ARE WE FIXING THIS? BY USING MARKETING MIX MODELLING – MMM.

WHAT IS MMM?

A statistical technique that quantifies the impact of various marketing activities like: TV, digital, print, pricing, and promotions on sales or other KPIs.

It uses historical data to isolate what's truly driving performance, separating the effects of media from external factors like seasonality or competition.

It helps marketers make data-driven decisions about where to allocate budgets for maximum ROI. One of its key strengths is the ability to forecast outcomes based on different spend scenarios.



WHICH DATA WE NEED AND WHAT KIND OF INSIGHTS WE CAN GET?



CASE STUDY

How We Increased Sales Using
Marketing Mix Modelling Within the
Same Marketing Budget

This is a real Adria case study, anonymised due to client confidentiality

CLIENT

Comes from a very competitive pharma category, driven by seasonality

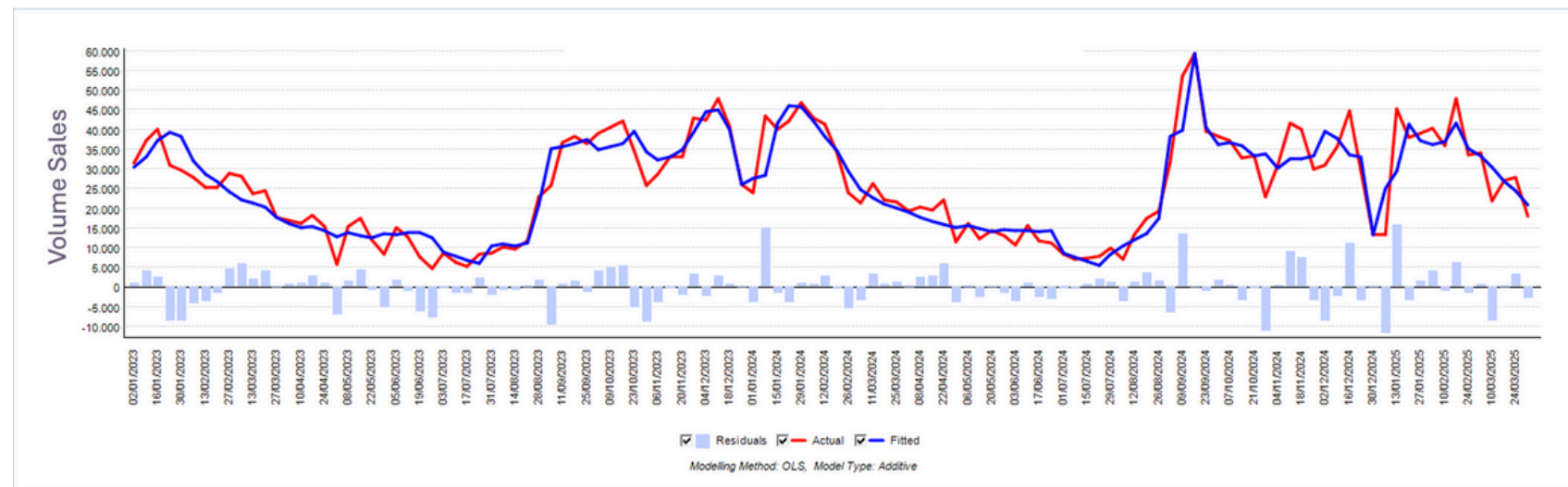
MODELLING QUESTIONS

- ❓ Which activities deliver the best ROI?
- ❓ Which activities does the client need to reallocate, and to what extent, to deliver better sales?
- ❓ Which TV channel mix works better?

DATA

| | |
|---|---|
| Sales – Sell out to consumers | Extrapolated from available weekly sell-out data |
| National Price Promos for End Consumers | Client’s brand All key competitors |
| Media Data | Offline for a client’s brand and competitors Online for a client’s brand |
| Weather Data | Temperature Precipitation |

AFTER DATA WERE GATHERED THE BEST MODEL WAS DEFINED



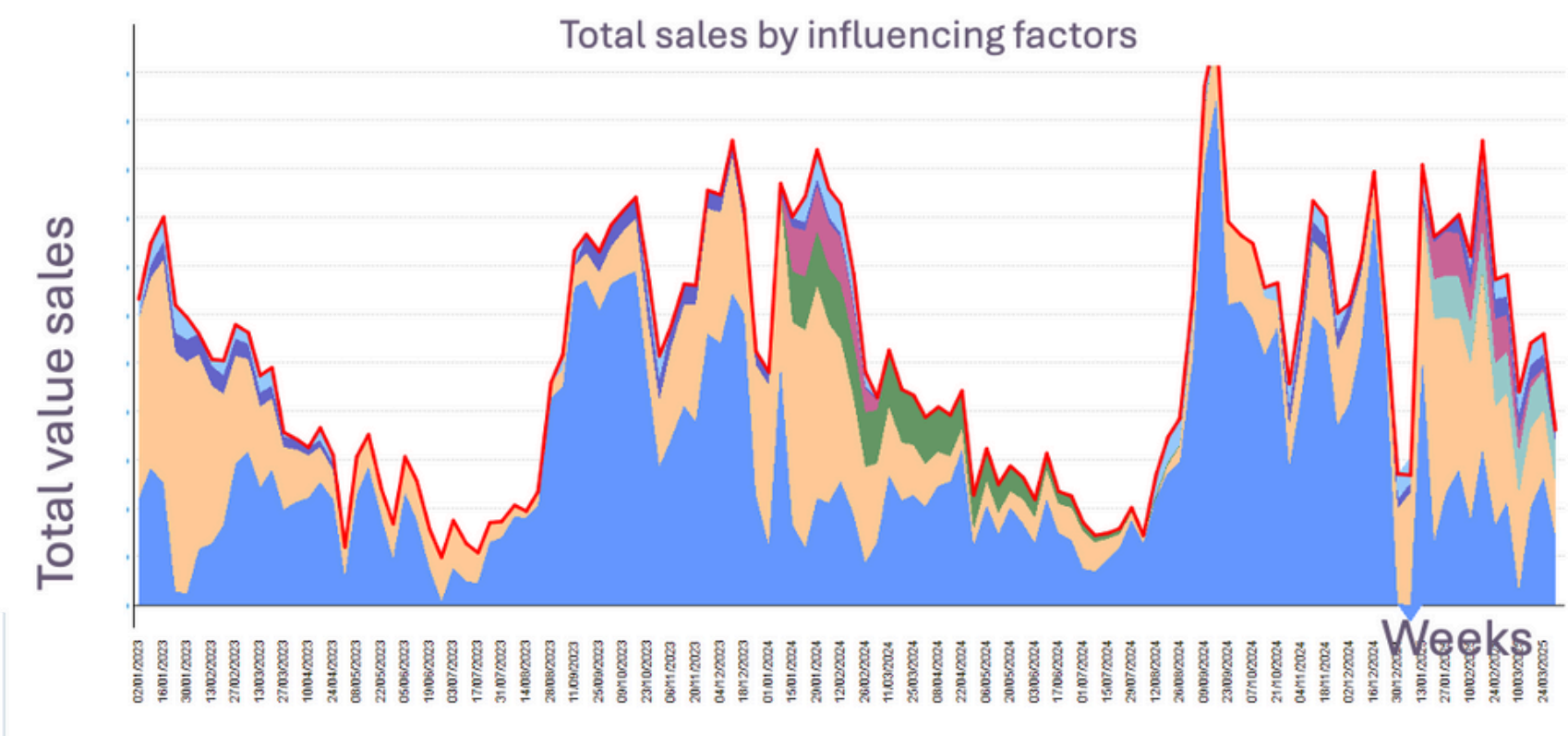
AI analysed millions of models by powered genetic algorithm to determine the one that most correctly explained the sales and predict future outcomes based on different scenarios.

| | | |
|-------------------------|--------|---|
| Model Rating | 92,16% | ● |
| R ² | 86,45% | ● |
| Adjusted R ² | 84,61% | ● |
| Durbin Watson | 2,114 | ● |
| Degrees of Freedom | 103 | ● |

- Actual sales
- The sales that the model can explain.

What is a good model? Any marketing mix model should mirror the given reality in an appropriate way. There will never be a 100% match and model rating of 92 % as in this case is excellent.

NEXT STEP WAS FINDING OUT THE FACTORS THAT INFLUENCED THE SALES THE MOST



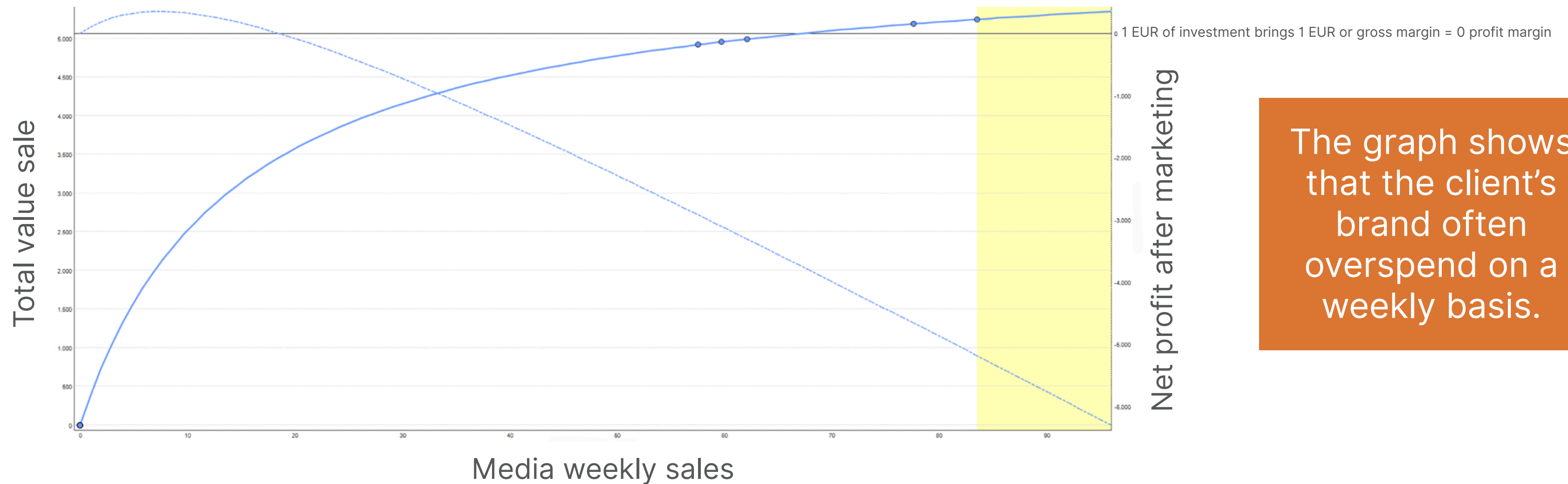
The graph shows apparent seasonality, with an initial significant uplift in sales followed by a boost driven by advertising.

The blue-coloured base reflects the impact of the brand and past activities, which is entirely normal.

Simply put, base sales is the sales level we would expect in a short term period if no marketing efforts were made.

Other colors represent sales delivered by influencing factors: seasonality, individual marketing activities.

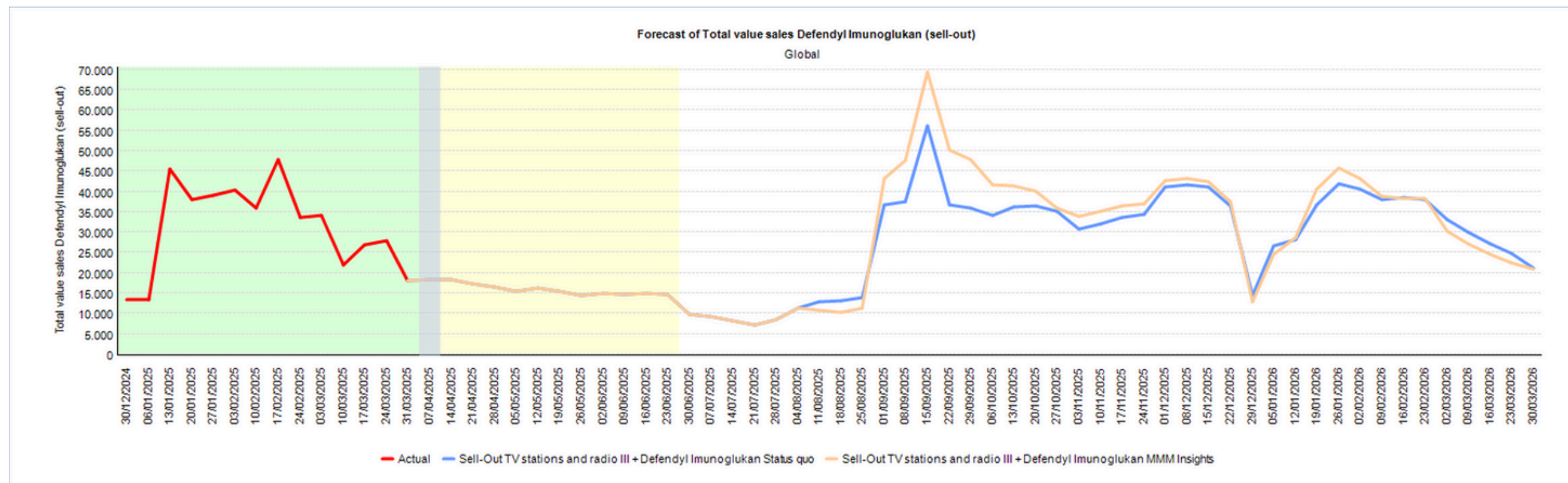
RESPONSE CURVES OF PARTICULAR MARKETING ACTIVITY SHOWED US WHETHER WE UNDER-OR OVER-SPEND



The graph shows that the client's brand often overspend on a weekly basis.

BASED ON THAT WE DEFINED THE RANGE OF WEEKLY WEIGHTS THAT WOULD GIVE BETTER SALES OUTCOME AND TESTED SCENARIOS FOR THE FUTURE

Optimisation enabled us to improve sales within the same budget by reallocating marketing activities.



Outcome:

- Volume sales growth: 5,8%
- Marketing contribution improved by 30%!
- Defined winning TV mix.

**WOULD YOU LIKE TO LEARN HOW WE
CAN HELP IMPROVE THE EFFICIENCY OF
YOUR MARKETING INVESTMENTS?**

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