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Peer Research

Measuring Media Dollars & Performance

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BACKGROUND

A WFA member wanted to understand trends in the membership with respect to how media costs are being tracked.

The member had been using the CPM metric to hold their agency accountable on cost as the base for media buys. Two years ago they moved to using a Cost Guarantees (CGs) system on the recommendation from a media consultant. Now, two years on and it seems that CGs aren't working so well for various reasons. While there are views (both internal/external) telling them that CGs are outdated & archaic, there are also opposing views from some agency folks that CGs are the best there is in terms of system, methodology & interventions.

The member requested we reach out to other members within the WFA to help develop these benchmarks.

Number of respondents = 8

SUMMARY

- Many brands seem to be moving away from CPMs as a way of measuring their agency's performance and opting for CPP (cost per rating point) to measure TV and CPCV (cost per compliant view) to measure digital.
- Incremental Sales, Brand Preference and Brand Health are also popular metrics as they help drive a performance element into the relationship with the agency.
- Respondents also like using CGs as they provide a lever to hold agencies accountable to price points in every market and across all media types, taking quality as well as quantity into account. It is a metric that is easily translatable to direct monetary value for internal organizations.
- Ultimately, the KPIs used to help measure effectiveness really depends on the objectives of the organisation and what your KPIs are, with reach, frequency and attention being popular metrics for the overall measurement of effectiveness.

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CONSOLIDATED FEEDBACK

What would you use instead of CPMs to help measure media effectiveness?

Member A:

“ N/A

Member B:

“ Reach, frequency, and attention. It ultimately comes down to what your KPI is, and the campaign objective should dictate how you measure media effectiveness.

Member C:

“ N/A

Member D:

“ We use CPP (cost per rating point) to measure TV and CPCV (cost per compliant view) to measure digital. CPCV is an amalgamate of CPVV (cost per viewable view and on target), CPC and CTR.

Member E:

“ This depends on what your marketing objectives are. CPMs seem overly focused on lowering cost and might miss the element of measuring quality. CPMs could also cause incorrect counting impressions due to the duplicate view. We've looked at Incremental Sales and Brand Preference to help drive a performance element into the relationship with the agency. The relationship however is ultimately always measured against a media price commitment and vCPM which can measure our revenue effectively with better quality reach, and eventually MROI.

Member F:

“ N/A

Member G:

"It varies by channel and is based on campaign objectives. We don't bundle all of our media performance vs (v)CPM/CPT. We also need to understand priority metrics linked to objectives, quality and chosen data driven audiences which will impact cost & return. We still have cost guarantees for some media; however, this is interlinked to other core metrics i.e., cost per reach and CPA and is not purely a read of costs without a view of the impact on objectives.

Member H:

"Make sure you review the Media channel role or purpose within the plan to set the KPIs. You should look at mixing ROI and Brand Health (such as Brand Awareness or Purchase Intent).

If you are using CGs, what are your views on this? When does this work well, when does it not?

Member A:

"N/A

Member B:

"Not something we would ever use and we are struggling to understand why you would want to use. CPM's & CG's feel more like a measure of buying as opposed to effectiveness. I would focus more on how you deliver media effectively to achieve your business goals.

Member C:

"N/A

Member D:

"We started using them this year and saw a 10% price reduction in an inflationary market, we love them.

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Member E:

“ We’ve been using CGs for a few years with our previous and current agency, also based on the advice of a consultancy. The CGs provide us with a lever to hold the agency accountable to price points in every market and across all media types, taking quality as well as quantity into account. It is a metric that is easily translatable to direct monetary value for our internal organization. However, the challenge is that the commitments always represent a fraction of the total media investment in the market and because of that we use base templates that require a lot of work and scrutiny from us as an advertiser, our agency and our auditor, in order to maintain a minimum level of addressable and auditable spend.

Member F:

“ N/A

Member G:

“ CG’s are still very valuable as they set a benchmark for agencies to try and overdeliver against and the expectation to continually optimize pricing which naturally has a major impact on channel ROI. This is easier to do for offline channels, but it’s essential that the quality parameters/channel/platform mix is predefined within any pricing guarantee scope to ensure optimization of price and quality together (i.e., without a clear definition on primary metrics the risk is getting lower quality impressions for a lower price).

Member H:

“ They work to drive agency accountability. It works well when guarantees include Media KPI benchmarks as part of the price guarantees. This could be VCR and viewability... It’s better to have CGs in the contract as a % of agency revenue at risk. You need to include buying parameters, such as the type of buy (e.g. Open exchange and PMP), device split, and others to make sure there are clear expectations on the buy quality. It doesn’t work when CPMs or cost are the only metrics considered.

Apart from CPM/CGs, what are you doing to hold the agency accountable for the media buys and are they legally binding?

Member A:

“ N/A

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Member B:

“ I have a different view on this. The days of using an agency simply for their buying power are dead in my mind as all rates are open source and it goes against the idea of a true partnership if you are making specific rates legally binding. Not a big fan of this concept personally, albeit I do understand why the biggest media spenders need buying guarantees.

Member C:

“ N/A

Member D:

“ We have a robust MSA in place to guard the CGs along with qualitative parameters such as a certain position in break and prime time TV advertisements. With digital, make sure that there is a fair price index for various formats used.

Member E:

“ We currently have a set of 10 KPIs that we measure across our global organization. CGs are one of the 10 with the rest focusing on qualitative KPIs and metrics such as Return on Marketing Investment. We have codified these in our MSA and are both contractually obligated to transparently share the results. As we have set up the agency relationship as a partnership, many of the KPIs carry a shared responsibility. All KPIs are auditable.

Member F:

“ N/A

Member G:

“ Auditors play a big role her as an independent guide on media investment, costs, and quality. We have internal dashboards as well to track primary metrics, verification and viewability performance.

Member H:

“ Media KPIs, ROI and Brand Health performance. These however, have been challenging to include in a legally binding contract.

What media performance as a currency should brands be looking at?

Member A:

“ How you measure/evaluate an agency performance of course to a large extent depends on certain touchpoints – for example:

- TV: CPM, reach, CPRP and qualitative placements
- Digital: engagements, viewability, attention, CPM, reach etc.
- Along with the quantitative part we have qualitative based evaluation templates covering both strategy and planning quality plus team evaluations – the results strongly influence fee payment
- We also use marketing mix modelling and brand KPI analysis to evaluate agencies

P.S You can of course get cost guarantees on CPM – so there is no contradiction.

Member B:

“ As per above.

Member C:

“ N/A

Member D:

“ Every brand will be in a slightly different situation, but the media consumption of each target audience should lead to building a specific consumer journey where touchpoints would define the media that is deployed. For each medium there will be certain KPIs and subsequently CGs.

Member E:

“ Ultimately as an industry we need to move towards attention as a currency. But until we can easily and properly measure this, I am not entirely sure if there is really one currency that suits all needs.

Member F:

“ I would say I would typically look for a benchmark cost guarantee per channel/supplier from an external auditor, and then look to keep that benchmark up to date each year based on market conditions / inflation etc. That helps to ensure that we are buying to a useful benchmark. The benchmarks would typically be negotiated / agreed annually or throughout the year at points of audit with the agency ahead of reporting on that performance (what I assume you mean here by ‘effectiveness’) in a formal cost and quality audit.

I wouldn’t say we only look at CPM comparisons to measure effectiveness of channels and buys – they would be misleading as they don’t consider attention / dwell time / effectiveness. We’d typically audit cost and quality with a 3rd party partner to ensure we’re buying chosen channels at the right rates, but then evaluate the effectiveness of plans based on their ability to drive results, typically utilising some form of econometrics or MMM. This measures effectiveness and cost together to give a clearer picture of which channels are working and which premiums are worth paying for. However, the whole plan should be measured against some form of cost guarantee by channel that is agreed upon with an external auditor for best practice in my opinion. This just ensures value for money though – not effectiveness. Effectiveness comes from good planning / using the planning tools and econometrics well.

Member G:

“ We are currently looking at attention metrics (moving beyond a minimum viable OTS within viewability), and the quality of our content to ensure messaging is consistently fit for each specific channel. Ultimately each campaign needs clear primary objectives to monitor success and identify optimisations for future campaigns.

Member H:

“ QCPM, which includes viewable, non-fraudulent and brand safe impressions. ROI or ROAS are useful secondary currencies as a first step before focusing on media channel performance.

Are there any other forms of media buying measurement you are using to hold your agency accountable?

Member A:

“ N/A

Member B:

“ None – from our side there are more important things for us to focus on such as strategy, team set up and people etc.

Member C:

“ Yes, we have a several reports that our agency provides:

- Cash flow Unmatched inventory report – monthly
- Cash flow report – semi-annual
- Media Estimate Report – quarterly
- Productivity / efficiency / cost savings report – quarterly
- AVB and discount summary report -quarterly
- AVB and discount transparency report – annual
- Fee actualization report (cadence report) – bi-monthly
- An unbilled media report – semi-annual
- A post buy report – quarterly
- Diversity spend report

Member D:

“ We use a dashboard company called Redmill to keep us up-to speed with what is going on with our media buys. We also use MediaSense as our auditors to close the year and confirm if the guarantees have/haven't been met and Financial Progression to do retrospective financial audits to ensure that the invoices have been duly paid and the process was transparent, etc.

Member E:

“ We are currently considering bringing in vCPMs as a KPI to support the CGs, which will be an interesting conversation with our agency.

Member F:

“ N/A

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Member G:

N/A

Member H:

You should look to have a Digital Governance Program where you review opportunities to optimize, based on KPIs and price parameters. This could be framed as dollars invested in opportunity areas that are not viewable, out of the Daypart agreed and with no domain recognition.

ADDITIONAL RESOURCES

- Media Agency Models & Remuneration 2019 – This report covers how 50 companies structure their global media agency relationships and how these relationships are expected to evolve over time.
- Benchmark: Media Agency Fee Risk & Reward Models - This benchmark aims to establish what level members set their various PRFs at (for bonus vs malus), while highlighting some key considerations when deciding on a risk and reward model.
- Benchmark: Media agency first party data liability caps – This aims to establish some benchmarks on the topic of liability caps to cover any data breaches that may arise with media/digital/CRM agencies.