

A close-up photograph of a person's hands holding a white smartphone and a brown leather bag. The person is wearing a beige knitted sweater and blue jeans. The background is a wooden floor.

# MOBILE ADVERTISING BENCHMARKS

July 2016 report

This report will help you understand how independent measurement firms link mobile ad impressions with offline sales data to measure incremental revenue generated by your campaign. The report will also help you use the industry's leading benchmarks to compare your sales lift and Return on Ad Spend to other campaigns across several categories



# Mobile Advertising Benchmarks

Benchmarks derived from 136 mobile campaigns help marketers evaluate their mobile advertising by what matters most: Return on Ad Spend

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Even big risk takers avoid making a significant investment in the unknown, and many marketers put mobile advertising in that category. Everybody knows mobile matters, but few understand how to determine with certainty whether it's delivering a return on their investment. Without that confidence, many are holding back on what may be their biggest opportunity for sales growth.

Brand marketers need the assurance that comes with knowing what to expect from their campaigns. That assurance comes from being able to accurately measure results that matter – including the ability to connect offline and online sales directly to their mobile campaigns.

This report presents the industry's only benchmarks to provide guidance for brand marketers based on sales lift measurement data. The studies were conducted by Nielsen Catalina Solutions (NCS), which independently compiled and validated the benchmarks shared here.

## Calculating Return on Ad Spend (ROAS)

In order to calculate ROAS based on sales lift, marketers must first be able to tie mobile ad viewers to offline transaction data and attribute specific purchases to the people exposed to the ad campaign. Then you divide the sales lift amount by your mobile ad campaign cost, multiply by 100, and that gives you your ROAS. For example, a 256% ROAS means for every dollar you spent on media, you generated \$2.56 in incremental sales lift.

In order to determine sales lift you need to be able to compare the sales resulting from those who **weren't** exposed to the mobile advertising with the sales of those who **were** exposed. That will give you the true incremental sales lift resulting from the advertising.

### Test Design and Treatment Execution



*Exposed households isolated in database*

*Tags embedded into creative ad units or exposures obtained by a direct match.*

### Exposed & Unexposed HHs matched on 500+ variables to isolate ad impact

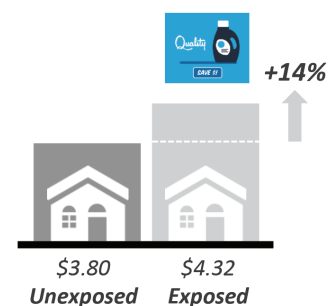


**Exposed**  
Test Households



**Unexposed**  
Control Households

### Measure Sales Impact by focusing on purchasing patterns



Total Brand – Sub-break  
Difference: \$0.52 Avg/HHLD  
%Difference: +14%

Source: Nielsen Catalina Solutions

## Why ROAS and not ROI?

Many marketers talk about the “ROI of their campaigns” but the ROI term implies the brand’s costs are included in the calculation. Agencies and service providers rarely have access to a brand’s product costs, sales expenses, etc., so the only way to calculate ROI would be by guessing on those numbers.

Therefore, brands prefer to receive a Return on Ad Spend calculation, which takes into consideration the two accessible numbers: incremental sales lift and cost of the media. This enables brands to do an apples-to-apples comparison of media providers and media types, based on accurate and consistent calculations.

## Return on Ad Spend

ROAS is the primary metric brands use when evaluating campaign success, because it factors in not only the sales lift but also the cost of the media. In the end, that’s what a CMO and CEO want to know—did we see a positive return on our ad spend, telling us this was a wise investment?

Across all of the benchmarked campaigns, the ROAS average is 256%. In other words, for every dollar of media invested in mobile advertising, the benchmarked brands generated \$2.56 in incremental sales lift. It’s important to note this is **incremental**. It’s not total sales, but rather the amount above the control group who wasn’t exposed to the mobile advertising.

Naturally, there isn’t always a positive ROAS. Anything below 100% means the client spent more in media than they generated in incremental sales lift. But that doesn’t necessarily mean the client considers it a waste of money.

The ability to measure ROAS gives marketers the ability to learn from every campaign, even if the results indicate something didn’t work. They can then examine factors such as campaign duration, size and creative, making adjustments as needed before the next campaign. Another benefit is the ability to look across other campaigns that generated an ROAS of below 100% to see trends that might inform future campaigns.

Finally, on the extreme end of the spectrum, one 4INFO campaign generated an ROAS of 1131%. In other words, for every dollar of media, the brand saw more than \$11 in incremental sales lift.

## Benchmarks Through Q4 2015

Campaigns represented were run in the United States via Catalina's BuyerVision Mobile, powered by 4INFO. Impression data was provided by 4INFO to NCS, and matched to the NCS dataset. The ROAS was calculated by NCS using Catalina's frequent shopper data and Nielsen's Homescan Panel data. Data included a total of 136 mobile campaigns, across a variety of consumer packaged goods (CPG) categories for 93 different brands. Campaign duration was from 4 to 38 weeks, with an average of 12 weeks.

### Creative Approaches








































A variety of creative tactics were used:

1. Equity – Branding
2. Interactive
3. Nutritional
4. Promotions and Coupons
5. Recipe
6. Usage
7. Other

## Campaigns Covered Seven CPG Categories

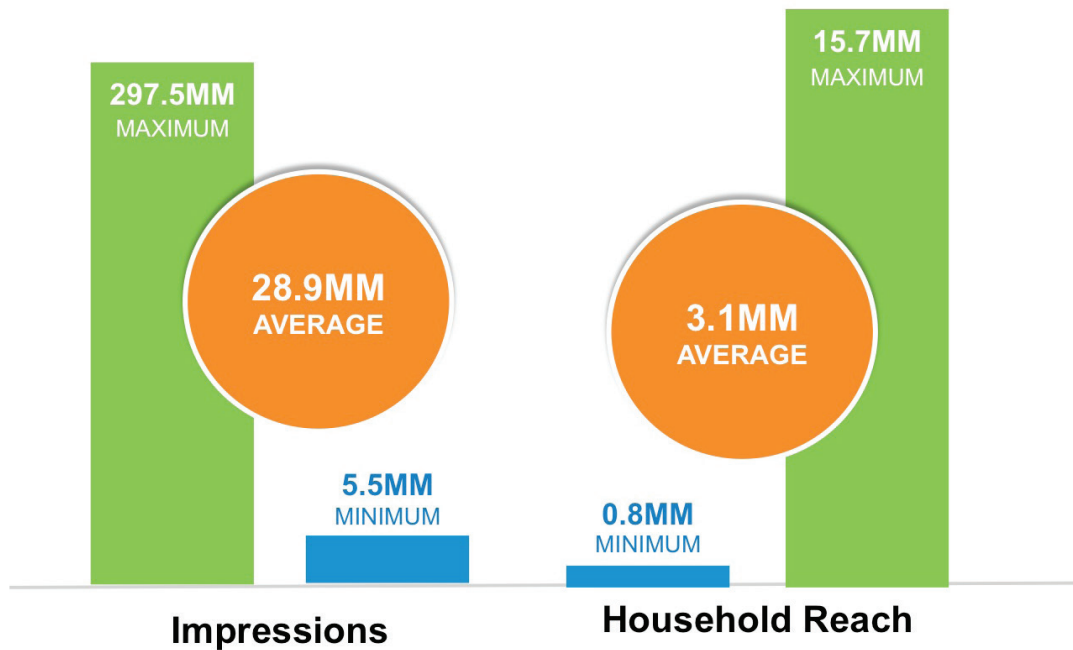
1. Baby
2. Beverage
3. Food
4. General Merchandise
5. Health & Beauty
6. Over-the-Counter
7. Pet

## And 43 Sub-Categories

 Baby Care/ Diapers	 CSA	 Hispanic	 Pet Litter
 Baby Food	 Dairy	 Juice	 Ready to Bake/ Desserts
 Baby Formula	 Dog Food	 Laundry Care	 RTS Soup
 Candy	 Drink Mixes	 Liquid Tea/ New Age Bev	 Shelf Stable/RTS
 Chocolate	 Dry Meals	 Magazines	 Skin Care
 Carbonated	 Eye Care	 Milk	 Snacks/Crackers
 Cat Food	 Feminine Hygiene	 Multiple	 Sugar/Sweeteners
 Coffee	 First Aid	 Ointment	 Toilet Tissue
 Condiments/ Sauces	 Frozen Foods	 Pain Relief	 Total Category
	 Gastro Relief		 Vitamins/ Supplements
	 Gum		

## Campaign Size

Benchmark campaigns averaged 28.9 million impressions total, with the largest being almost 300 million impressions and the smallest being 5.5 million impressions. Campaigns delivered, on average, a reach of approximately three million households, with the largest reaching more than 15 million households and the smallest reaching 800,000 households.



Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, May 2016

## Comparing Creative Approaches – Campaign Size

For a few categories where there were enough campaigns to break out results separately, we see that the size of the campaigns (in terms of impressions) are about the same, averaging between 20 and 34 million impressions, regardless of the creative goal.

Promotional/coupon campaigns experienced lower frequency and higher reach than other creative types, with a difference of nearly 30% between the lowest and highest.

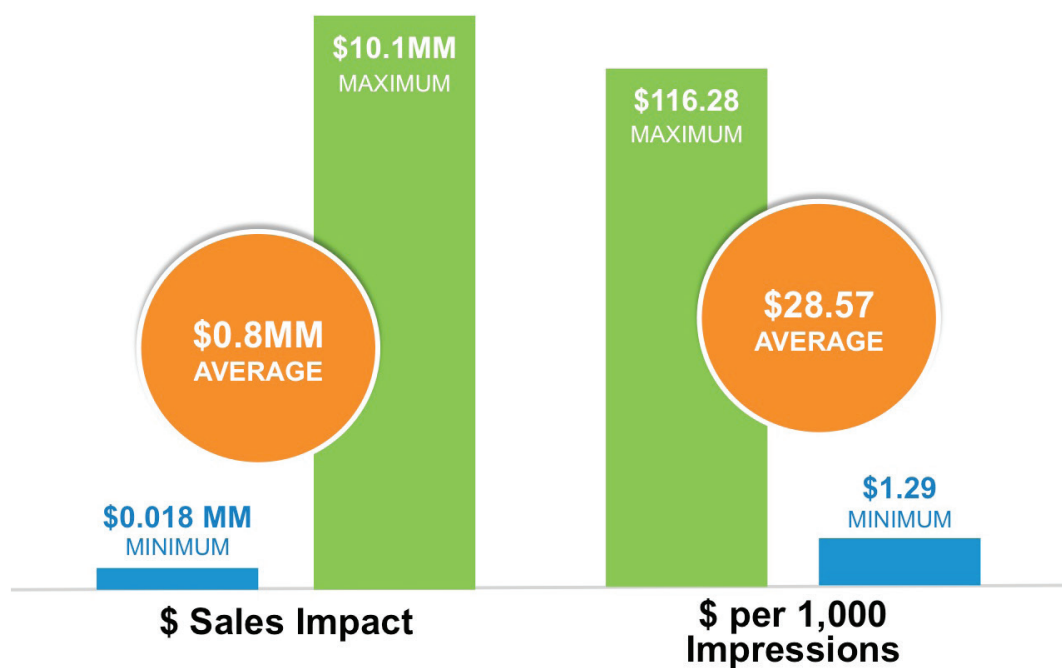


Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, May 2016



## Sales Generated

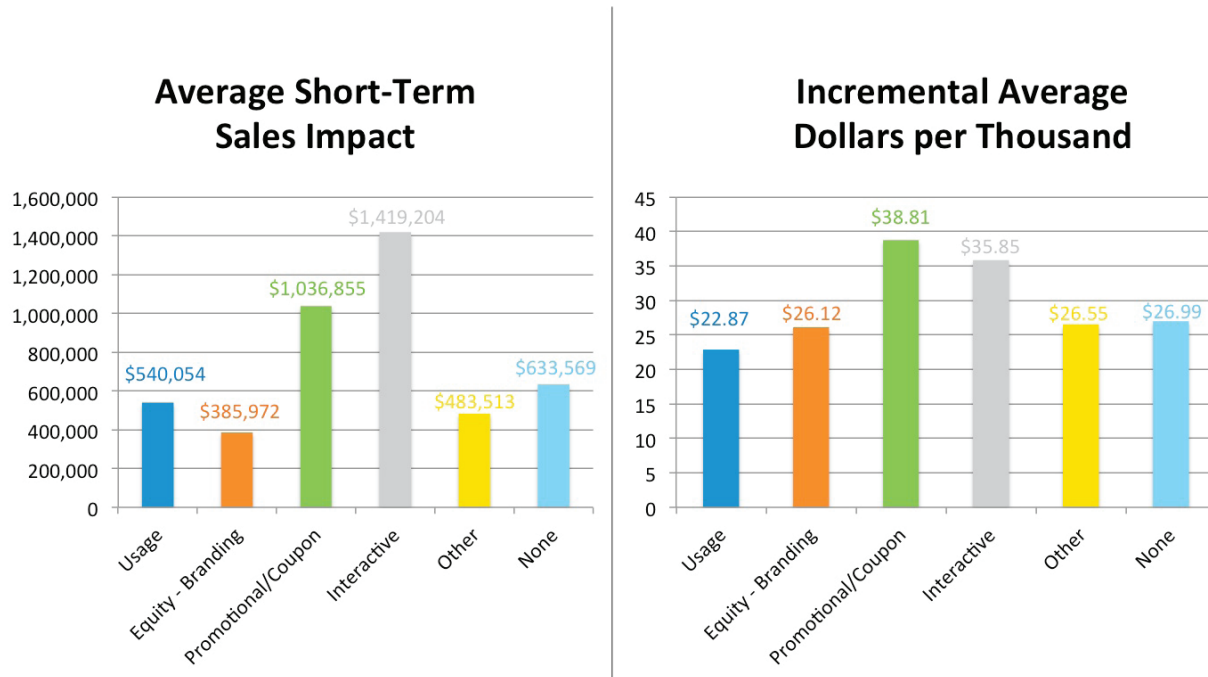
Measured mobile campaigns generated, on average, \$800,000 in total sales, with the largest campaign generating over \$10.1 million total in-store sales. When analyzed based on a “dollar-per-thousand impressions” basis, benchmark campaigns delivered almost \$30 in sales per thousand impressions, with a high of \$116.28 and a low of \$1.29.



Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, May 2016

## Comparing Creative Approaches – Sales Impact

There is considerable disparity in short-term sales impact and, to some extent, dollars per thousand across creative types. Clearly, promotional/coupon ads drive short-term sales impact greater than any other creative types and (even when factoring in media cost) outperform other creative types on a dollar-per-thousand basis.

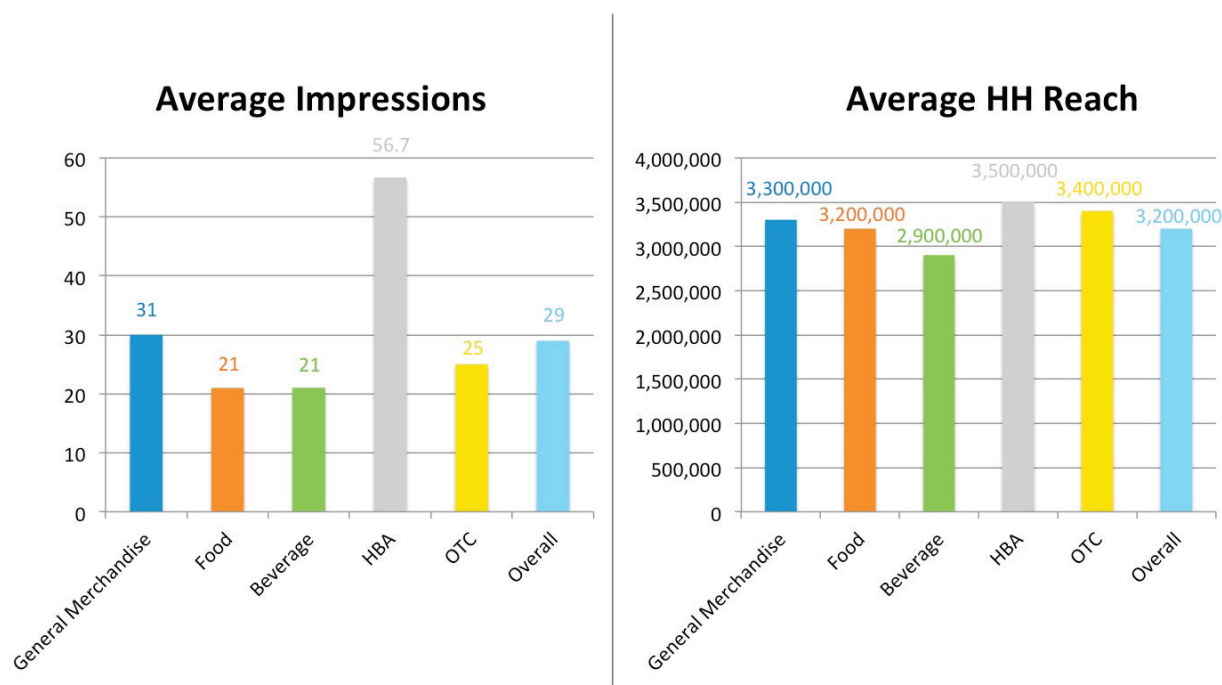


Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, May 2016

While many campaigns focused on brand equity two years ago, promotional/coupon campaigns started trending up as it became clear they were more effective at driving sales. Consequently, in the past year, the majority of campaigns included some sort of promotional element.

## Comparing Campaign Size by Brand Category

When we break down campaigns by category, we see similar averages, although brands advertising food products are clearly running smaller campaigns than brands running general merchandise campaigns.



Source: Mobile Advertising Benchmarks and Best Practices, 4INFO/Catalina/Nielsen Catalina Solutions, May 2016

As mobile advertising matures, brand marketers need to know what to expect from their campaigns. It is, in fact, possible to connect mobile ad impressions with offline sales data to measure the revenue generated by a campaign. The rest of the picture comes from comparing those results to similar mobile campaigns, using the benchmarks presented here.

By measuring what matters and using these benchmarks as your guide, you can determine with certainty your Return on Ad Spend. And that will give you the confidence you need to fully invest in the fast-growing medium of mobile advertising.