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PERFORMANCE SCIENCE

The Power of Advanced Analytics: Modern Marketing's Most Cost-Effective Growth Driver

Key Takeaways

1 Marketers looking to drive growth quickly and efficiently are turning to the power of advanced data analytics with great success. McKinsey & Co. research determined that data-driven organizations are 23x more likely to acquire customers and 19x more profitable.

2 Advanced analytics remove subjectivity from decision-making and unlock the full business-building value of the data every organization has and can quickly/efficiently obtain. The key is to understand analytics as more than simply rear-view mirror measurement and reporting, and instead leverage the full integrated suite of advanced analytics capabilities in a coordinated way.

3 Advanced analytics capabilities – from predictive modeling, platform signal management and advanced research techniques, to data augmentation, experimental design and data mining – are being used to identify and optimize the key drivers of brand and business growth that remain under-leveraged.

4 Learn the most significant drivers of marketing-generated profitability and brand growth, and their quantified impact; why marketing messaging/creative/content is so critical; and how to use advanced analytics to enhance its effectiveness.

5 Learn how to avoid the pitfalls of traditional research methodologies and how new analytical and behavioral approaches can uncover accurate and actionable target buyer insights that drive business growth and success.



Overview

Delivering growth has become more challenging than ever.

Kantar's analysis of 3,900 brands found that fewer than 6% grew market share annually, and of that small group, fewer than 1 in 10 (not even 0.6% of all brands) improved upon that initial gain.

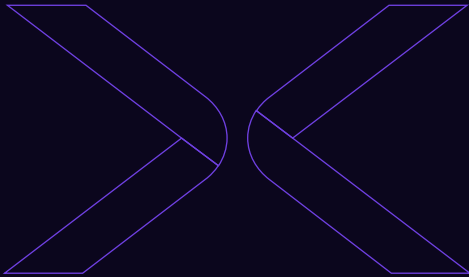
This research validates what most marketers already know: driving growth is difficult under the best of circumstances – and the reality for most marketers is that they have much less than the best of circumstances.

Too often, leadership demands improved performance without making increased budgets available to fund the efforts and without allowing sufficient time to enact the changes required. If a modicum of budget and time are available, marketers have to quickly decide where to focus those limited resources for maximum return while also determining how to ensure those efforts actually pay off.

Instead of providing helpful guidance, those around them will likely echo the siren's call of the latest "flavor of the day" trend that is en vogue at the moment but may not be appropriate or effective at actually delivering results.

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So what is today's marketer to do?



McKinsey & Co. has documented that data-driven organizations are:

23x

more likely to acquire customers

6x

more likely to retain customers

19x

more profitable

When the goal is maximally effective solutions with a quick turn and high payback, it is difficult to beat the power of advanced analytics.

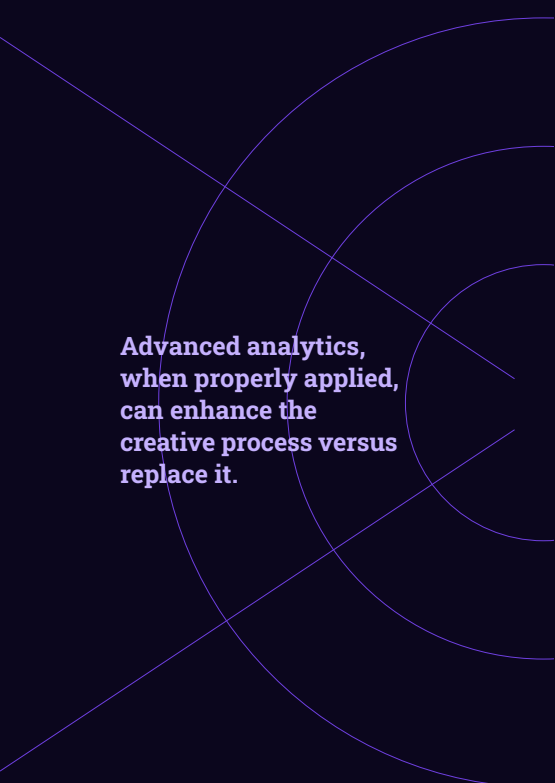
It should not be hard to understand that advanced analytics properly applied can help distill signal from noise to objectively identify the biggest drivers of marketing performance and effectiveness. This will enable an organization to focus its time, energy and investments where they will generate the greatest return.

Once those areas of greatest return have been identified, it should also not be surprising that the latest advanced analytics techniques can be utilized to diagnose how to best help each area become more effective quickly, efficiently and sustainably.

Advanced analytics accomplish this by removing subjectivity from the conversation and instead mining actionable quantitative insights from a single, objective source of truth that is in abundant supply in today's digital world: data. Advanced analytics unlock the full business-building value of the data every organization has and can quickly/efficiently obtain.

That is why McKinsey & Co. has documented that data-driven organizations are 23 times more likely to acquire customers, six times more likely to retain customers and 19 times more profitable.

The key is to understand analytics as more than simply rear-view mirror measurement and reporting dashboards, and instead leverage the full integrated suite of advanced analytics capabilities – across web/database/media mix/brand/targeting/pricing/behavioral



Advanced analytics, when properly applied, can enhance the creative process versus replace it.

analytics – in a coordinated way to guide fact-based optimizations and decision-making. These advanced analytics capabilities – from predictive modeling, platform signal management and advanced research techniques, to data augmentation, experimental design and data mining – can be used to quickly and efficiently identify and optimize the key axes of brand and business growth that remain under-leveraged.

To demonstrate this point, we will focus in this article on the area that may be the most surprising in its responsiveness to analytic optimizations: marketing creative and content. We will show how advanced analytics, properly applied, can enhance the creative process versus replace it, by giving creative teams and organizations the insights and inspiration they need to produce more effective ideas, messaging and behavior-changing creative and content that can be the basis for more effective marketing.

We will start with the analytics that indicate why creative/content is such a powerful place to focus. Then we will demonstrate how a suite of advanced analytics techniques can help seize the opportunities identified and why marketers in-the-know have realized that advanced analytics should be thought of as more than just “measurement,” and, in fact, leveraged as the marketer’s most reliable and cost-effective growth-driving tool.

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Optimized Marketing Creative/Content is the Secret Weapon for Marketing Success and Sustainable, Profitable Growth

“If you optimize targeting, that’s helping to find your customers. But good creative can actually create them.”

RORY SUTHERLAND, VICE CHAIRMAN, OGILVY UK

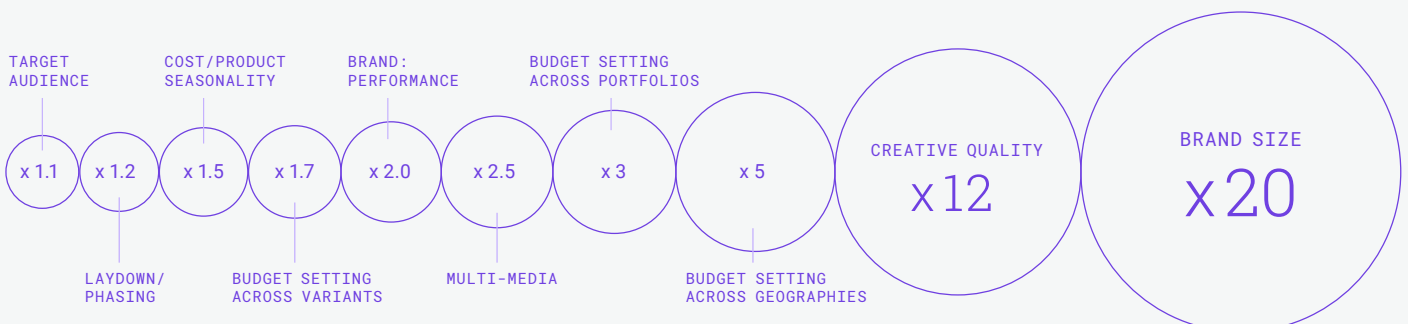
“Nothing is more efficient than creative advertising. Creative advertising is more memorable, longer lasting, works with less media spend and builds a fan community... faster.”

STEPHAN VOGEL, OGILVY AND MATHER CHIEF CREATIVE OFFICER

Least one think those are just the biased exhortations of creative agency executives, these viewpoints are supported by a vast range of disparate, comprehensive and objective data validating that optimizing creative content can generate out-sized returns.

Perhaps the best place to start is the recurring Advertising Profitability Driver studies by noted marketing analytics expert Paul Dyson. Dyson is the founder of the econometrics consultancy Data2Decisions. His analyses, which have been repeated three times, focused on identifying and quantifying the most consequential drivers of advertising-generated profitability. His findings highlight the relative importance of the 10 most powerful advertising profitability multipliers. His 2023 findings are below:

Potential Multipliers of Advertising Profitability – 2023



Source: Paul Dyson, Data2Decisions

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“Creative execution was by far the single most important element of advertising under a marketer’s direct control when it comes to delivering on investment.”

PAUL DYSON, DATA2DECISIONS

Creative quality ranks second on his list, second only to brand size. Creative quality easily outshines other more currently en vogue strategies, including those focused on media and targeting efforts. Dyson echoed the importance and implications of these findings: “Creative execution was by far the single most important element of advertising under a marketer’s direct control when it comes to delivering on investment. It has a **huge potential to supercharge ROI** and, as such, the creative process should be allocated its fair share of resource and effort.”

Dyson’s findings run counter to a recent view of performance marketing as being the sole province of media planning and buying, which clearly overlooks the performance-driving power of optimized creative/content. Interestingly, Dyson’s analysis also includes some key insights about the relative impact of media optimizations. Of the six media factors he considered, the highest profitability drivers were those related to macro-budget setting (across geographies: 5x, across portfolio: 3x, across variants: 1.7x, brand v. performance: 1.4x). Interestingly, traditional media planning and buying activities in and of themselves are more limited growth drivers (e.g., layoffs / phasing: 1.15x and target audience: 1.1x). They are obviously still important and helpful, but clearly not where one would turn for an initial effort to maximize “bang for the buck.”

A plethora of additional studies and analytics supports Dyson’s findings on the power of creative content. A collaborative effort between WARC and Kantar found that high quality creative content was almost five times more effective than low quality creative – with every \$1 spent on media utilizing high quality creative returning \$6.60 in profit.

A study by Nielsen’s NCSolutions revealed that creative content was responsible for 49% of marketing’s contribution to incremental sales, which was by far the largest contributor across five fundamental areas of marketing (Brand: 21%, Targeting: 11%, Reach: 14%, and Recency: 5%). Worthy of note, the two messaging-related components studied (Creative & Brand) account for 70% of marketing’s contribution to incremental sales. The three media components (Targeting, Reach and Recency) accounted for 30%.

How Have the 5 Keys to Advertising Effectiveness Changed?

Creative is the largest contributor to incremental sales by far.

	2017 PERCENT CONTRIBUTION TO INCREMENTAL SALES	2023 PERCENT CONTRIBUTION TO INCREMENTAL SALES	PERCENT CHANGE
Creative	49%	49%	No Change
Brand	15%	21%	+6%
Targeting	9%	11%	+2%
Reach	22%	14%	-8%
Recency	5%	5%	No Change

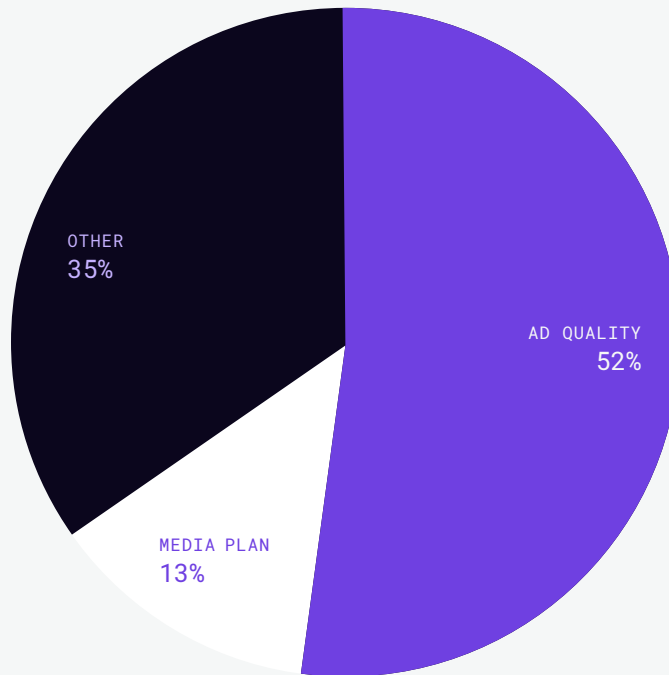
Source: NCSolutions, Five Keys to Advertising, 2017 & 2023

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Comscore ARS conducted a similar set of analyses in 2010, and, interestingly, the relative importance of these factors has not changed dramatically. Even after more than a decade of refinement in digital media tools, algorithms and platforms, the power of quality creative/content still remains strong. Comscore found that creative quality was responsible for 52% of the impact on brand sales.

% Influence on Shift in Brand Sales



Media Plan includes elements such as GRPs, wearout and continuity/flighting of airing.

Ad Quality represents the quality of creative based on the ARS Persuasion Score, which measures changes in consumer preference through a simulated purchase exercise with and without exposure to the creative.

Other includes price, promotion, distribution, etc.

Source: Comscore ARS Global Validation Summary

Les Binet and Peter Fields' legendary analyses at the Institute for Practitioners in Advertising (IPA) focused on award-winning advertising. They concluded that award-winning campaigns drive up to 11x more market share for the same budget than non-award-winning campaigns.

Creative Quality Especially Important for Digital Success

A meta-analysis of hundreds of studies by Facebook, Twitter, YouTube and Snap conducted by CreativeX focused on digital ads and the relative effects of creative quality. Their analysis found that adhering to creative best practices delivered significant positive results.

30%
higher unaided brand recall

28%
longer view time

24%
increase in positive interest

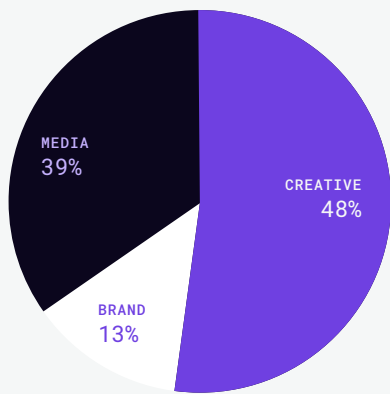
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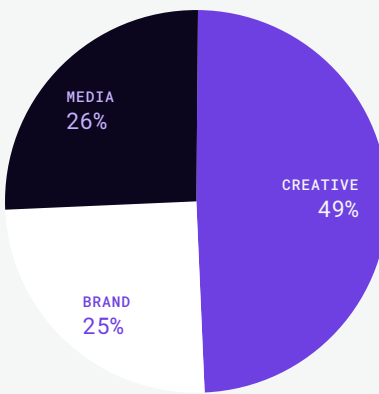
The study referenced earlier by Nielsen’s NCSolutions also found that creative was even more important for digital than for linear TV. It also revealed that brand was much more important for digital, while media was less important. Given the amount of digital advertising that is experienced via mobile devices (on small screens, often in the midst of other activities), it should not be surprising that advertising success is dependent on the ability of high quality creative to capture prospects’ attention. These findings were true for digital ads in general as well as social media ads specifically.

Percent Contribution To Incremental Sales (Sales Lift)

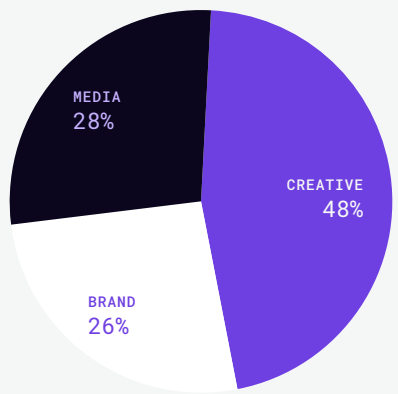
Linear TV



Digital



Social Media



Source: Nielsen’s NCSolutions

The prominent digital analytics guru Avinash Kaushik (of Google and Croud) has noted (both qualitatively and quantitatively) that “55%-70% of a marketing campaign’s success is influenced by the creative. From my work, across 14 countries, 8 business types, the number is closer to 65%.”

Creative Quality Drives Overall Financial Performance

McKinsey & Co. working with the Cannes Lion Festival went a step beyond the near term and examined the longer-term impact of a brand’s creative excellence. Using 16 years of advertising awards data correlated to the financial performance of those brands, they found that a sustained commitment to creativity resulted in above average financial results. When comparing the top performing quartile of companies in terms of Award Creativity Score to the bottom quartile, some significant differences in financial performance emerged:

2x
higher organic growth

2.8x
higher EBITDA

2x
higher total shareholder returns

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Continued

“Since strong creative is such a powerful lever, brands need to truly understand what motivates their target buyer.”

NIELSEN'S NCSOLUTIONS

This disparate and extensive range of objective analyses demonstrates the unparalleled power of creative excellence to drive profitable growth – and the resulting necessity of ensuring that organizations have the necessary resources, tools, inputs and processes to deliver it. The analytics are crystal clear: the effectiveness of an organization’s creative/content is the single biggest lever to drive improved results and growth. As a result, this is an ideal place for a brand to focus their growth-driving efforts.

This, of course, raises the question of “how.” How can creative effectiveness be improved? The answer again lies in advanced analytics.

McKinsey and Co. articulated how successful creative companies developed their capabilities: “They are fanatics, going beyond standard research methods such as surveys and focus groups and relying on multiple sources – advanced analytics, ethnographic research, behavioral analysis – to understand customers intimately.”

As Nielsen’s NCSolutions put it: “Since strong creative is such a powerful lever, brands need to truly understand what motivates their target buyer.”

Clearly, by better understanding buyers’ motivations, needs, purchase drivers and behavioral barriers, creative content can be more effectively focused on delivering the key messages needed to drive revenue growth.

So next, we will look at the challenges to uncovering buyer motivations, followed by how to utilize advanced analytics to overcome those challenges and deliver the kind of accurate and actionable insights into buyer motivations and purchase drivers needed to deliver creative/content excellence, and as a result, growth.

1

Overview

Optimized Marketing Creative/Content is the Secret Weapon for Marketing Success and Sustainable, Profitable Growth

Section Takeaways

Analytics indicate that the single biggest driver of marketing success and brand growth is creative excellence/quality. As a result, it is the most efficient and effective place to begin any growth-driving efforts.

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While media factors are important, the impact they have lags far behind the power of creative quality. Of media factors, macro investment-allocation decisions have the most profound effect.

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Accurate and actionable insights into buyer motivations or purchase drivers are an essential ingredient to enabling creative excellence.

2

The Challenges of Getting Accurate and Actionable Target Insights to Inform and Inspire Creative Excellence

The approach often used in qualitative research focus groups – relying on individuals to objectively and accurately tell you why they do what they do – is a path fraught with peril. Human beings are notoriously ineffective at explaining and/or predicting their own behaviors.

There are many reasons why people have so much difficulty accurately accessing and describing their motivations.



Subconscious Influences: A large portion of decision-making occurs at the subconscious level, influenced by emotions, biases, and automatic cognitive processes, as well as other factors that individuals may not be aware of. Some sources suggest that up to 95% of purchasing decisions are made subconsciously. These influences make it difficult for people to identify and articulate their true behavior drivers.



Post-Purchase Rationalization: Buyers tend to rationalize their purchases after the fact to avoid cognitive dissonance – the feeling of discomfort when behavior and beliefs do not align. This can result in individuals manufacturing supposedly logical reasons for their decisions that may not accurately reflect their initial motivations.



Social Desirability Bias: When asked about their purchase decisions, people often give answers they believe are socially acceptable or expected, rather than their true motivations, especially in cases where the real reasons are more personal, emotionally driven or potentially perceived as unflattering.



Memory Distortions: Human memory is notoriously unreliable. Individuals may forget or alter specific details about their decision-making process or may reconstruct memories in a way that does not accurately reflect their actual purchase motivations at the time.



Lack of Self-Insight: Individuals may not have a clear understanding of their own preferences and motivations, especially for decisions driven by complex emotional or psychological factors.

2

Continued

Perhaps the most ubiquitous approach to attempt to understand buyers' motivations is to ask them to rank what is important to them. For example, surveys regularly ask target buyers to rate anywhere from 10-30 items on their "importance to your purchase decisions" using some sort of relative importance scale. Unfortunately, this approach is more likely to produce false positives and a Dunning-Kruger effect of misplaced confidence among marketers rather than valid and actionable insights. The reason is that this approach suffers from several crippling limitations.

- 1 Buyers usually do not know or are not able to access and weigh their motivations and purchase drivers.
- 2 This approach does not force individuals to make any tradeoffs, so their typical default strategy is to select a broad range of drivers as important.
- 3 Finally, even in the off chance that some buyers can access their motivations and are willing to triage them, this approach doesn't provide marketers with any learning on what messages are going to produce quantitative improvements in growth KPIs like market share, trial or penetration, or willingness to pay.

So, if one cannot expect target audiences to be able to accurately divulge their secrets, clearly alternate approaches are required. Behavioral science and behavioral economics-based analytics are helpful here because they can effectively delve into the non-rational dynamics, exploring how factors such as social influence, psychological states, framing effects and time inconsistency affect decision-making. These analytic approaches help uncover the underlying motivations and biases that drive individuals' choices, offering insights that are crucial for effectively predicting and influencing buyer behavior in the real world.

We will discuss one innovative advanced analytical approach to messaging optimization in the next section.

2

Overview

The Challenges of Getting Accurate and Actionable Target Insights to Inform and Inspire Creative Excellence

Section Takeaways:

Directly querying individuals themselves and other traditional methods/approaches are not reliable sources for accurate and actionable insights into true motivations and/or purchase drivers for a variety of reasons.

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Due to the complexity of human decision-making, especially with respect to subconscious processing, emotions and heuristics, more sophisticated advanced analytics tools and approaches are required to uncover those accurate and actionable insights.

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However, engaging target audiences through behavioral science-based analytical tools and methods offer the best path to uncovering actionable insights, especially when triangulating across approaches.

Generally, we believe that the data shows that the buyer insights and analytics industry needs a philosophical overhaul, complete with more updated, advanced analytical tools. Given the disproportionate importance of creativity and messaging, we would suggest that messaging optimization should be treated with the same quantitative analytical rigor as media optimization. We also believe that while A/B testing has its place, it is not the ideal or exclusive answer due to its expense and the excessive time required for optimization.

Fortunately, by combining the latest advances in behavioral science, data science and marketing science, Axial1's analytics leadership team has developed a ground-breaking suite of advanced analytics-driven tools to help marketers optimize their buyer insights, messaging and creative effectiveness.

3

Optimal CAFÉ™ Messaging Optimization Analytics: Enabling Marketers to Leverage Target Audience Insights to Optimize Creative/Content for Maximized Revenue Capture and Growth

CAFÉ is an acronym for the deconstructed aspects of messaging that influence outcomes, specifically:

Claims

Attributes/Associations

Features

Emotional Engagement

Optimal CAFÉ™ is Axiall's proprietary approach to analytically optimizing messaging across all brand communication channels for desired outcomes (e.g., sales growth, share growth, trial/penetration, willingness to pay, etc.). "CAFÉ" is an acronym for the deconstructed aspects of messaging that influence outcomes, specifically Claims, Attributes/Associations, Features and Emotional Engagement. This approach and accompanying suite of analytic tools enable brand messaging, content and incentives to be optimized by target segments, stages in the buyer journey/path-to-purchase, channels and touchpoints.

Optimal CAFÉ™ was developed by leveraging an integrated set of the latest behavioral science principles and proven advanced analytics techniques to ensure outcomes that are quantifiable, accurate and actionable, and it has been validated across scores of in-market applications and categories.

Powered by AI/ML, this rigorous, quantitative approach provides marketers with a raft of benefits:

- The ability to evaluate and quantify the impact of a massive number of possible messages and messaging combinations
- Understanding how individual and combined messages impact and drive key business metrics
- Validated methodologies for predicting in-market success
- Increased speed to market via accelerated identification of optimal messaging
- Uncovering potential latent buyer motivations
- Objective, data-driven decision-making
- Insights into branding and messaging that drive sustainable growth

3

Continued

Three of the key integrated components of the Optimal CAFÉ™ advanced analytics approach include:

AI Motivations Discovery Platform

Leverages cognitive psychology, deep learning, AI/ML and natural language processing to analyze target buyers' social media data and other unstructured text data (e.g., reviews, blogs, conversations, postings, etc.) to identify insights and potential messaging levers in real-time. Outputs from these analyses can include identification of key purchase drivers, latent motivations or emotions, points of pain or barriers, and impact analyses quantifying the effect of messaging types on key behaviors.

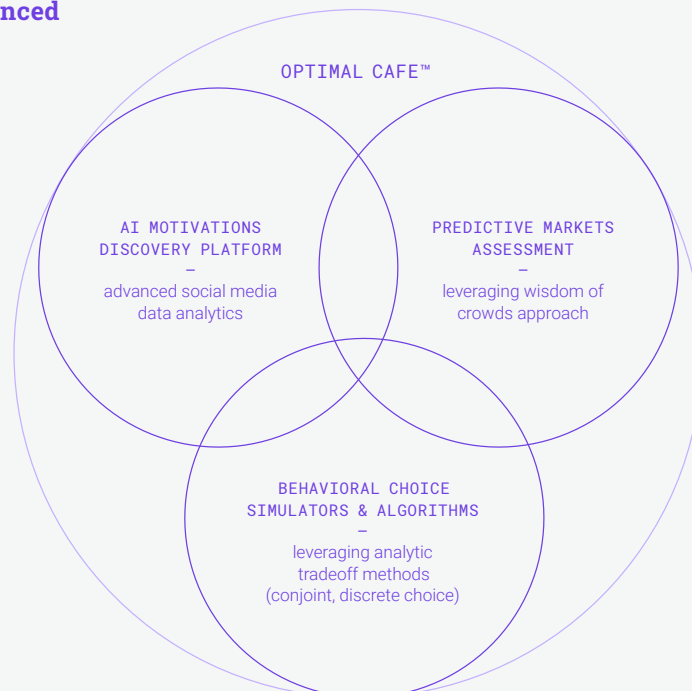
Predictive Markets Assessment

Leverages psychological and behavioral economics' advances to harness the aggregated wisdom of groups in predicting individual buyer's reactions to messaging, offers, concepts, ads and products – an approach validated through almost 5 million predictions across 14,000 different idea types with a 90% accuracy rate. This approach is especially useful for categories that are socially sensitive.

Behavioral Choice Simulators & Algorithms

Leverages tradeoff methods and advanced analytics to quantify the impact of message types and versions against the KPIs, targets and touchpoints critical to a business's success and growth. The behavioral choice simulator projects specific potential share gains of various message combinations.

The Key Integrated Components of the Optimal CAFÉ™ Advanced Analytics Approach



Enables brand messaging, content and incentives to be optimized by target segments, stages in the buyer journey, channels and touchpoints.

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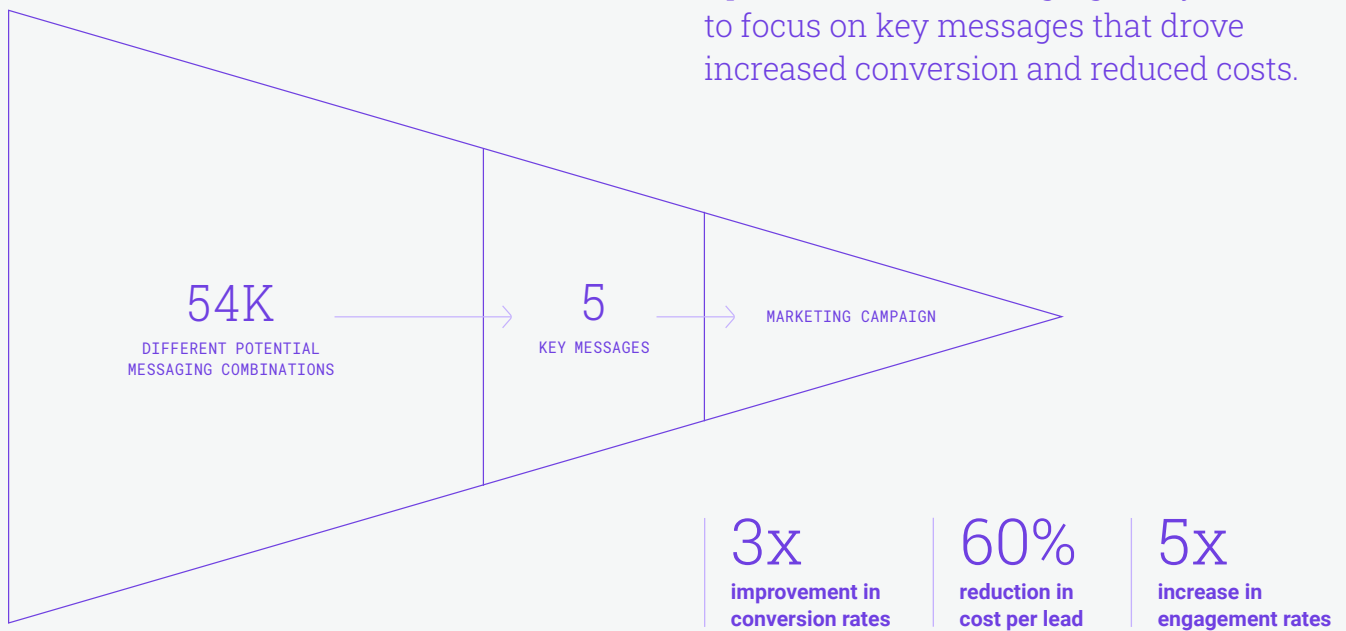
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This approach has been successfully applied on behalf of companies in categories ranging from packaged goods, technology, healthcare and construction, to consumer services, casual dining and outdoor recreation.

For example, in a recent application on behalf of a healthcare company, Optimal CAFÉ™ provided clear direction for performant messaging and creative development across the purchase funnel to maximize impact. In this specific instance, analyzing more than 54,000 different potential messaging combinations, Optimal CAFÉ™ identified the five key messages that would drive maximum revenue capture. When the Optimal CAFÉ™-informed messaging ran in-market, it resulted in a 5x increase in engagement rates, a 3x improvement in conversion rates, all while reducing the cost per lead by 60%.

Optimal CAFÉ™ Drives Maximum Performance

A healthcare company utilized Optimal CAFÉ™ messaging analytics to focus on key messages that drove increased conversion and reduced costs.



When an advanced analytics-driven approach can drive these kinds of improvements in an area of marketing traditionally considered the least impacted by analytic optimization, it should not be hard to imagine the improved performance it can drive in the other key axes of performance as well.

3

Overview

Optimal CAFÉ™ Messaging Optimization Analytics: Enabling Marketers to Leverage Target Audience Insights to Optimize Creative/Content for Maximized Revenue Capture and Growth

Section Takeaways:

New analytical and behavioral methods and approaches are required to uncover accurate and actionable target buyer insights.

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Axial1 has developed and implemented a proprietary approach to messaging optimization, leveraging AI, ML, natural language processing (NLP), behavioral sciences and advanced analytics techniques.

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Insights and results from Optimal CAFÉ™ messaging optimization analytics enable marketers to identify the right messages to drive business growth and success.



Conclusion

Advanced analytics methodologies, techniques and approaches have established themselves as a powerfully efficient and effective source of business growth for marketers in-the-know. While this paper focused on their ability to meaningfully impact one area (traditionally considered the least responsive to data-driven optimizations), they have proven equally effective in measurably improving the other drivers of business growth as well.

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To view additional examples and case studies, and learn more about all the ways marketers are employing advanced analytics to drive business success, **contact us at info@axial1.com**.



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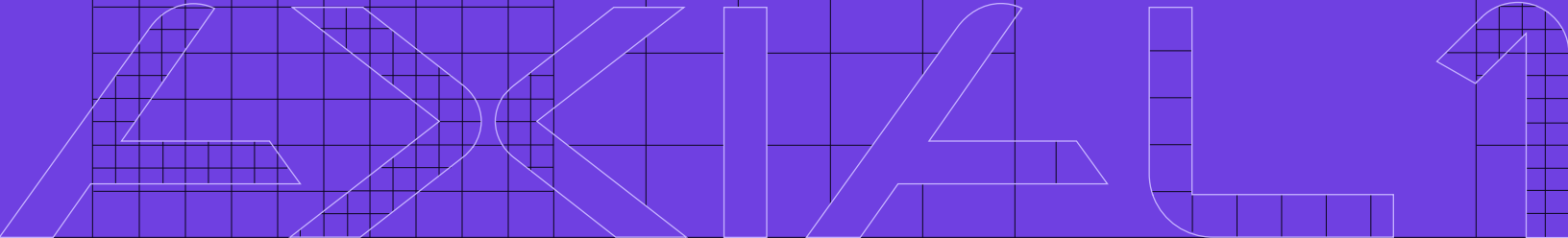
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Contact us at info@axial1.com
to discuss how Axial1 can help you.

The logo for Axial1, featuring the word "AXIAL" in a stylized, outlined font with a grid pattern inside the letters, followed by a large "1" that also contains a grid pattern. The logo is positioned at the bottom of the page, overlapping the grid background.

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