OCD MEDIA

The Modern Age Media Agency

Why embracing Marketing Science and technology to create and maintain ROI, will ensure your success in today's fragmented media world

David Adelman

How Did We Get Here?

Since 1961 media planning and buying has been driven by the famous six stage ARF Model—Vehicle Distribution, Vehicle Exposure, Advertising Exposure, Advertising Perception, Advertising Communication and Sales Response. Because of this, mass advertising has been the focus of most FMCG brand's marketing budgets--mostly driven by TV to reach the widest affordable audience. The advertising impression metric was developed to plan, buy and track how we were doing. Advertising agencies restructured around this principle and created media planning and media buying disciplines whose goal was to aggregate audiences. All of our faith was dumped into the first few stages of this model.

Today much has changed in media availability, data and technology. Most homes have multiple TV's, each able to access hundreds of channels. Accordingly the share of viewing has fragmented greatly. That's just TV. Magazines, radio, newspapers had the same fragmentation and increased availability like digital, satellite, mobile delivery options. Today, with internet/ mobile access rivaling TV ownership, the world is different.

Because of this fragmentation consumers today are bombarded with so many commercial messages on a daily basis that it's almost impossible to count. With so many opportunities to put a brand message in front of people how does one go about identifying which commercial opportunities are the ones that will work?

To manage this, many marketers today hire multiple media agencies each deeply experienced in one aspect of the process; traditional media, mobile, digital, social, search, OOH, etc. Even when all of the media functions are centralized in one agency, the individual buying groups often operate in separate silos with no central coordination, and therefore the efforts are disjointed, instead of being focused on the customer and ROI.

The Opposing Effects of Audience Fragmentation and Media Consolidation

Media fragmentation has resulted in media specialization, whereby most media vehicles: TV programs, radio stations, web sites, etc., are reaching very targeted audience profiles. The larger agencies are ill equipped to take advantage of this situation since their buyers are quarantined into “centers of excellence”, meaning some buyers only buy Cable, some only buy Prime, some only buy Syndication, etc. While this might give them some knowledge of a media market there’s an entire ecosystem occurring over their heads that they know nothing about. They have no idea, nor are they paid to care, about how the individual elements of a campaign interact with the consumer.

Large media agencies have failed to take advantage of the opportunity to look beyond their silos to select specific properties that target their audiences across all media, platforms and devices. For example, is there anyone who creates marketing programs with ESPN across platforms or do the TV buyers have to negotiate the TV, the print buyers negotiate the magazine, the digital buyers negotiate the online/mobile, etc.?

As an example, Disney is a large media company. The image below includes many of their media properties. They operate in Network, cable and local TV, radio, online, print and on-site. They also have partial ownership in Hulu and other properties.

Now think about how companies like CBS own TV, online, radio, outdoor properties. Comcast, Meredith, News Corp, Clear Channel, the list goes on. Every major media company owns multiple properties, and I'm not just talking about online extensions. They own different brands in different media.

Media buying is set up to favor the sellers in every way these days. What large media agencies claim as "leverage" is actually the exact opposite. It is a hindrance to extracting real value for their clients. How else can you explain audience CPM's increasing while individual media property audiences are shrinking? One reason is that media agencies don't negotiate value or price. They negotiate increases. Deals are negotiated over phones and by email and often in the middle of the night during Upfront season because the sellers force it to happen in a truncated time frame. The sellers control the process and the outcome.

Agencies claim to have leverage but the volume of inventory they need to clear forces them to buy every vendor. That's not clout. That is captivity. And to make it worse, buyers are never held to a standard of sales results and the process is labor intensive.

Is This Really A Solution? Does this model work?

It depends on what you identify as the benchmark for success. Any media agency can deliver cost efficient programs, but is that your measure of success? Is aggregation of an audience at the lowest price your goal as a marketer? It should not be. You should care about sales results. You should also understand that each medium doesn't operate in a vacuum. One message impacts the next one. Your TV spot impacts your digital campaign and your direct mail efforts and vice versa. In a siloed approach to media execution your agencies are fighting for "credit" for their efforts, not looking to find ways to help one another.

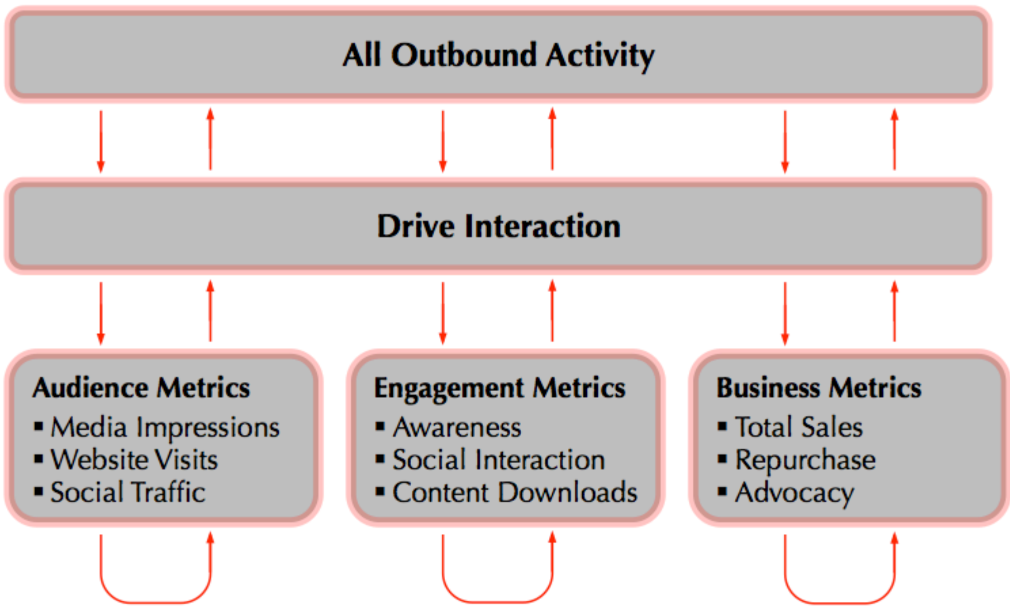
There's a better way. Smaller media agencies are better suited to deal with today's complex media market. They have Strategic Leverage, which is better in today's media world. Senior people who establish the strategies stay close to the end product. They identify media companies and deploy programs because they don't have siloed buying departments arguing budget allocations. There are no fiefdoms to feed and no "centers of power" fighting for survival internally. They operate fully as a team who collaborate and enjoy seeing how all the pieces work together.

This strategy of creating media schedules focused on the consumer, selecting vehicles regardless of the media form that deliver these individuals cannot be accomplished at an agency where the buyers are siloed. Individual strategists and buyers need to work together across all media focused on the clients' customer profiles. Therefore all elements of the buy are complementary, working together to achieve your ultimate goal, selling your product to these consumers.

How Data and Technology Have Changed Media Buying

Advertising's role for FMCG is getting you new buyers. "Reminder advertising" is useless in many situations. The empty box and product satisfaction is responsible for repurchase. Period. Therefore by tracking shopper loyalty data we can see over time how the advertising is working against the proper metric. Most stores incentivize people to use their loyalty ID's to get discounts on purchases. They're not doing this to be nice. They want to know what you buy, how often you buy, and at what price point.

Today you need a comprehensive attribution system to track and properly account for the real value of each marketing channel. To measure micro-conversions along the way you need to build interactions into your programs. It looks like this:



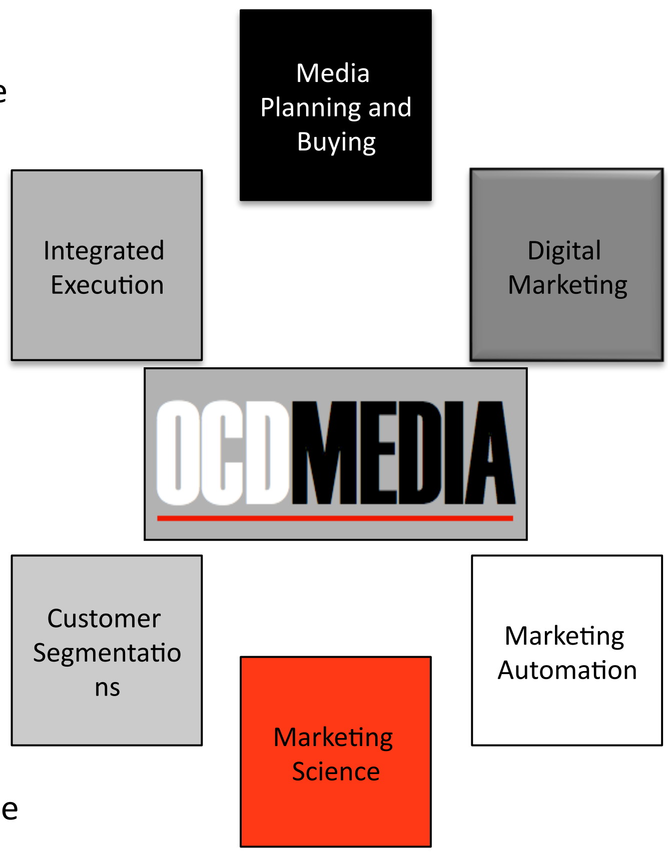
Today programmatic buying changes everything. Data streams from the loyalty ID's compared to media usage dynamics (set top boxes, Nielsen HomeScan) enable better assessment of the value of every ad occasion. We can compare loyalty ID buying to HH viewing of your commercial or match it to subscriber lists of magazines your ad is in. We can decide automatically whether an ad in program A is better than program B. In digital display this is being done in real time and the ad is served to an individual, not to the total audience of a site. It won't be long until we can do this more broadly in TV. Addressable is the future. Shifting your thought process from buying vehicles to buying audiences is critical for success in today's technology and data driven world.

After years and years of trying to get better targeting data from Nielsen you may be surprised to be told that analyzing HH data is more useful than analyzing audience data because the HH is the buying 'unit' for most FMCG products.

OCD MEDIA

Providing best-in-class media solutions for small to mid-size marketers since 2003

Experts in using digital destination based programs



OCD Media develops and executes idea driven media programs

Experts in using digital destination based programs

Our approach defines and quantifies user groups by unique behavioral and value based motivations

Experts in using digital destination based programs

All of our programs are driven by evidence based metrics and assessments

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Our People

OCD Media is stocked with talent in all areas of media and product category experience. We are service oriented and will always challenge conventional thinking on business approaches.

David Adelman OCD Principal

David is the founder of OCD Media. He brings 30 years of ground breaking industry experience as a change agent and pioneer in many areas. He had senior management positions at Initiative Media, TN Media, DMB&B/ MediaVest, Schering-Plough (in-house agency), McCann and Saatchi. David focuses on marketing science and developing customized analytical tools to yield greater media effectiveness. He has been awarded MIN Sweet 16 2013 Honoree for Magazine Brand Leadership. He is often featured as panelist or keynote speaker at industry events and his position papers/ thought pieces are frequently published in key marketing/media trade journals. David teaches graduate level Integrated Marketing at NYU.

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Tom Stolfi, Senior Vice President, Management Director

Tom brings almost 30 years of media expertise and a commitment to the development of fully integrated communication platforms focused on achieving your business objectives. Prior to OCD Media, Tom held Senior Media Management positions at SFM Media Corp, MPG, MindShare, and KSL Media. Tom has vast experience across all categories of marketing and media platforms. Tom has won awards for outstanding client service for three consecutive Strategic Vendor of the Year Awards from Outback Steakhouse. He has also won Effie's for marketing effectiveness and a Media Plan of the Year award for Comedy Central. Tom's expertise is recognized by his appointment as Adjunct Professor at NYU's Graduate School teaching a course in Media and Marketing Strategy Development

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We Build Media Programs That Get Real Results by Using Marketing Science to:

- Identify the people most likely to respond
- Build the integrated program that will work the best
- Select the media they are most likely to respond from
- Forecast realistic, achievable results based on multiple investment strategies
- Drive flawless execution

Modeling

Predicting prospect segments from entire population based on motivations—not demos

Valuating prospect segment groups

Understanding their product and media usage characteristics

Forecasting

Determining real communication effects, not just reach and frequency

Using historical tracking to predict future results

Recommending where the next best dollar should be spent

Attribution

Measuring real market effects

Identifying contribution of each marketing component to total sales

Assessing true cost/benefit understanding

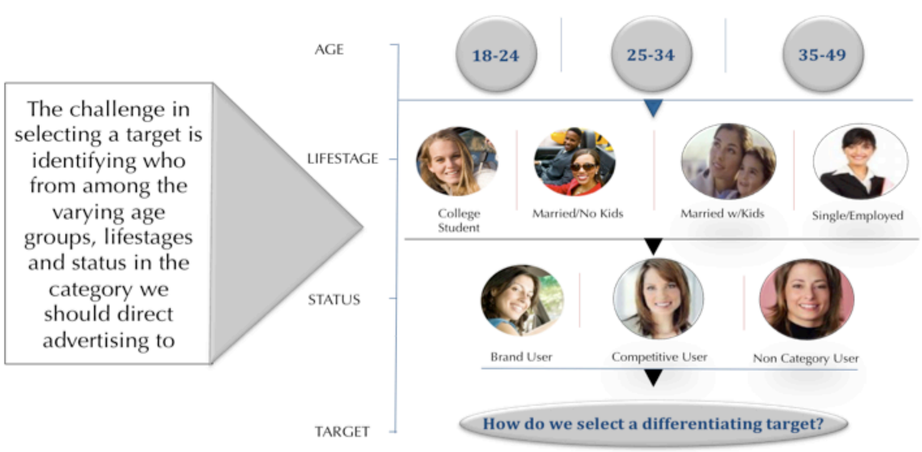
Execution

Leveraging every penny for maximum brand value

Building engagement and interaction into every program

Seeking opportunities in all aspects of the marketplace

Where does one start?

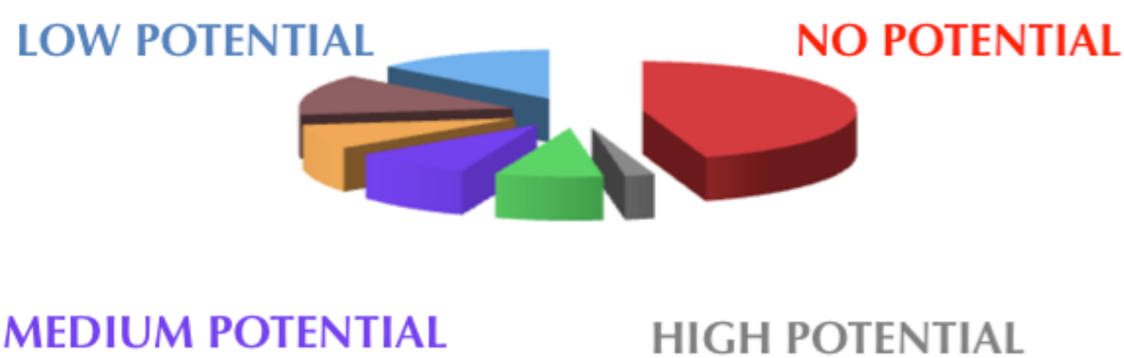


How OCD Media Defines Targets

We believe the process needs to start with identifying your most viable buying prospect. Determining a target should be done with more rigor than simply selecting an age and sex demographic. People behave in the marketplace based on deeply rooted attitudinal beliefs. They select brands that are consistent with that belief set. With so many media vehicles to choose from the opportunity to make bad decisions is magnified when limited data or non-discriminatory approaches are used to make decisions. Without discriminating between individuals your decisions come down to cost and cost only. To put it another way, are all M35-54 with HHI over $150K equal prospects for a BMW or a Mercedes? No, while the demographics of a buyer of each of these vehicles are similar the psychographic profile is vastly different. Why wouldn't you incorporate that into your planning strategy?

At OCD Media we start by segmenting the category based on motivations, attitudes and need states to better identify those who might buy your brand and put real valuations on various segments.

Our segmentation processes separate out unique buyer groups based on their potential to buy your brand. We use multiple techniques, Correspondence Analysis, Cluster Analysis, CHAID Analysis, etc. to statistically develop unique segments



Because we use syndicated data to develop these segmentations we can create a valid segmentation for far less than it would cost you to do a proprietary one AND we can automatically cross reference all media usage data against each segment. Most proprietary segmentations cannot incorporate that level of detail.

What if I already have a Segmentation?

Well that's great news. We can replicate it in our data sets and help use it to improve media decision-making. We've done this many times and our clients have all been pleased with the outcomes. Once we've replicated your segmentation we can re-do it every year, something you cannot likely afford to do annually in a traditional segmentation.

The age-old ARF model doesn't apply anymore because with digital media and new technologies we can do so much more than we ever could before. We can customize messaging and create individualized communication pathways to drive purchases. Think of this; most Americans are always within arms reach of their mobile device. In fact, it's the first and last screen some people see each day.

We've torn the model apart and rebuilt it to capitalize on data, fragmentation and speed. Let's start by reversing the stages of the old ARF model. Sales response is the first step in our approach. We start with historical transactional sales data gathered from Datalogix, loyalty cards and store data. Loyalty cards are not just a mechanism for rewarding loyal shoppers. They are a method of gathering data on price sensitivity; repurchase rate and frequency, new HH penetration, average purchase amount. This data enables us to segment promotionally driven non-loyal buyers from ad driven less price sensitive buyers.

WE DRILL DEEPER ON CONSUMER SEGMENTATION TO IMPROVE MEDIA PLANS AND BUYS.

MOST MEDIA PLANNERS USE SUPERFICIAL TARGETS

- Work-a-day media planners typically defer to sex and age characteristics in developing and executing media plans
- Secondary research studies such as MRI offer the opportunity to connect behavioral, attitudinal and product usage data to media habits, but most media planners choose not to do so
  - OCD understands how to make use of these rich resources and fuse them with custom segmentations to create media plans that provide stronger ROI for our clients
  - OCD can also build custom segmentations directly from syndicated research where no original research exists

OCD'S SHARPER FOCUS DELIVERS BETTER RESULTS

- We have successfully replicated or built many client segmentations—food, apparel, retail & pharmaceutical, financial services, lawn and garden
- The end result is a strong bond between the media plan and media buy—
  - A media plan built directly from the unique identity of each audience segment
  - A media buy that is drawn directly from the data on which the media plan is created

THE HOT PURSUIT OF MEDIA INSIGHTS

- Consumer segmentation is a critical tool for distinguishing brand characteristics and setting the stage for advertising strategy—but most marketing segmentations offer little insight into media usage behaviors
- How can an advertiser connect the dots to make a great marketing tool work its magic for media selectivity? —Turn to OCD Media
  - OCD is expert at uncovering attitudinal drivers/motivations that influence consumer behavior
  - Such insights often prove invaluable in identifying prospect groups and volume potential for your brands, and can reveal the best means of making profitable prospect connections
  - ... and can impact the platform and messaging for other marketing communications

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Case Study:

LAUNCHING A SPRAY-ON COOKING OIL REQUIRED SOMETHING BETTER THAN A SHOTGUN APPROACH.

CHALLENGE:
Our client was best known for cooking oils marketed to Hispanics, but sought our help on a general market launch of a spray-on cooking oil in the face of an entrenched industry leader.

- The competitor established the segment, spent heavily to drive sales, and could promote us off the shelf
- Our new product needed fast consumer attention and acceptance to protect shelf position, and to foster continued client investment

INSIGHT:
Understanding cooking and eating behaviors and motivations was critical to marketing cooking ingredient brands and identifying the best media to communicate the message.

SOLUTION:
OCD Media created a marketing segmentation for cooking oils that revealed three core groups:

- Those who craved healthier foods
- Those who sought convenience
- Those who lived to eat, and preferred the taste of liquid oils and butter to sprays

The segmentation revealed unique media habits for the two groups we wanted, and for the one we didn't want.

- OCD bought only the TV programming, dayparts and networks that brought high visibility among viewers who wanted healthier and more convenient cooking ingredients
- We avoided high out-of-pocket epicurean media, the audience for which was less likely to choose sprays

RESULTS:

- Our media buy exceeded industry efficiency standards by 20%
- The client's product garnered wide acclaim, excellent trials and strong sales
- Sales exceeded share and trial goals for the launch period

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