



What Works: Online Retail Advertising November 2011

Speakers

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Contents

- Retail Consumer Study:
 - Key Summary, Background and Introduction to The Online Consumer
 - The Consumer Decision Making and Research Process
 - Research Sources Used
 - Online Research Sources Used
 - Motivations and Information Requirements
 - Mobile Devices
 - Summary
- Listerine Zero Online Campaign Case Study
 - Key Summary and Background
 - Brand Impact
 - Sales Impact
 - Summary
- Final Thoughts for Retailers and Marketers

Why is online important for retailers?

To answer this question it is important to understand how consumers/shoppers interact with online media, specifically in relation their retail decision making process... and for the retail advertiser, how online media can be effective in generating brand impact and sales.

These have been addressed in two separate studies:

1. Retail Consumer Study
2. Listerine Zero Online Campaign Study



What Works: Online Retail Advertising

IAB Retail Study conducted by Nielsen

An understanding of how consumers use online media in their decision making process and evaluating the impact of online campaigns.

Retail Consumer Study: Key Summary



The Internet is widely used by shoppers in the research process and throughout the decision process.

This presents many touch-points for marketers to influence shoppers via online advertising - at various stages of the process for product awareness or to keep advertisers top of mind whilst shoppers are in the decision making process.



Background: *Who* did we survey?

- n=1,368 Australians aged 16+ in June, 2011
- Consumers who had recently *purchased* or *researched* products in one of five categories were eligible to complete the survey
 - **Supermarket Groceries** (purchased/researched in past week):
n=501
 - **Health & Beauty** (purchased/researched in past month): n=508
 - **Clothing & Accessories** (purchased/researched in past month):
n=517
 - **Home Entertainment** (purchased/researched in 6 months): n=513
 - **White Goods** (purchased/researched in 12 months): n=508

Background: *What key questions* were investigated?

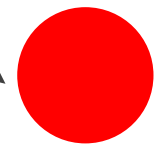
Research investigated the following areas:

- *How does online fit* into the product research process?
- *What online sources* do consumers use?
- *What information* are they looking for?
- *How are mobile devices used* for online research?

Introduction to The Online Consumer

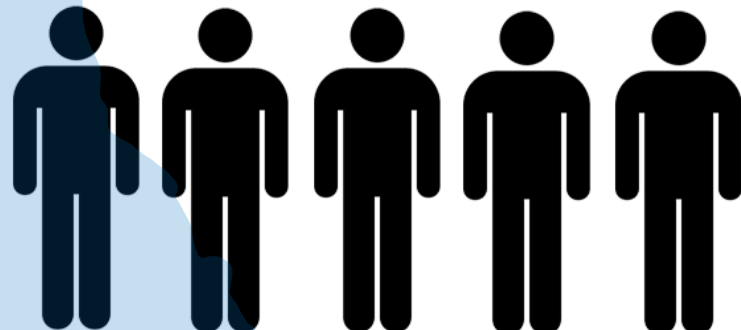
Firstly, let's look at the big
picture...

The Online Consumer

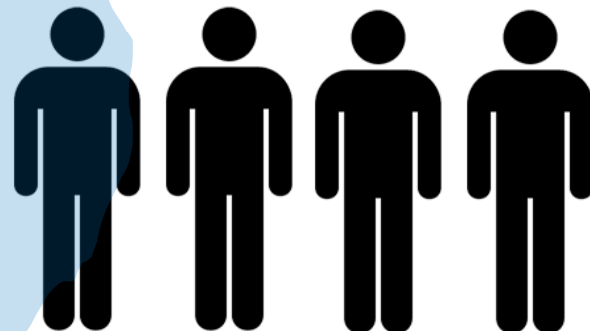


What we know about Australians...

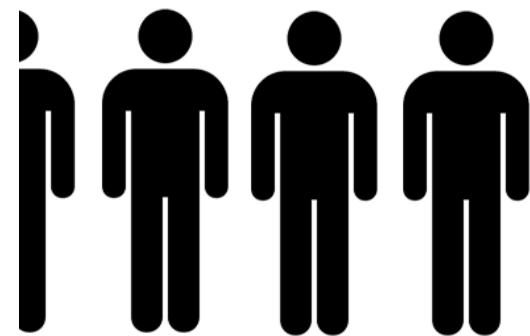
22m Australians¹.



18m Online²



15m Online – Active Monthly²



What we know about online Australians and how they use the internet...



TIME SPENT

21:42

hours minutes

Average weekly time spent online

(up from 8 hours 54 minutes in 2005)

Online Australians spend more time with the internet than any other media

MEDIA PREFERENCE (for the internet)

56% Preferred information source *(up from 37% in 2006)*

35% Most trusted source of information *(up from 21% in 2006)*

56% Best access to opinions *(up from 34% in 2006)*

nielsen The Australian
ONLINE CONSUMER
Report

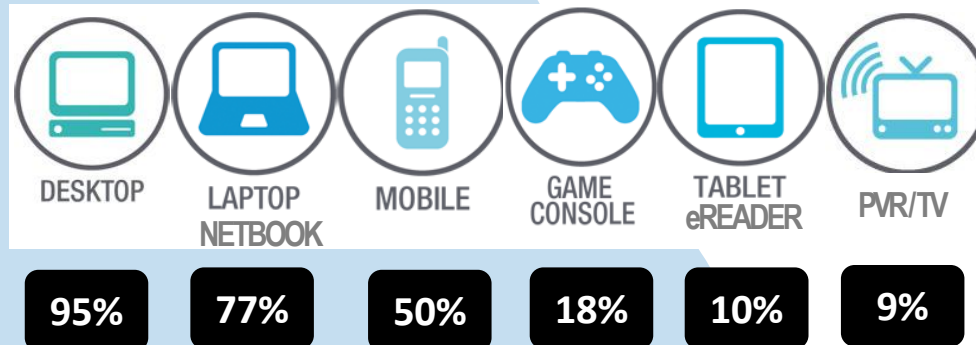
Source: The Australian Online Consumer Report, February 2011.

Base: Online Australians 16+ (n=5,886)

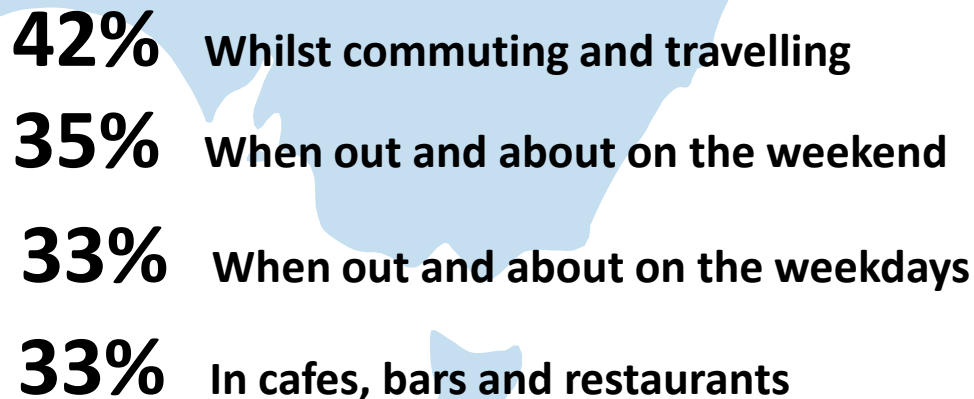
What we know about online Australians and how they use the internet...



INTERNET ACCESS BY DEVICE



INTERNET ACCESS BY LOCATION



nielsen The Australian
ONLINE CONSUMER
Report

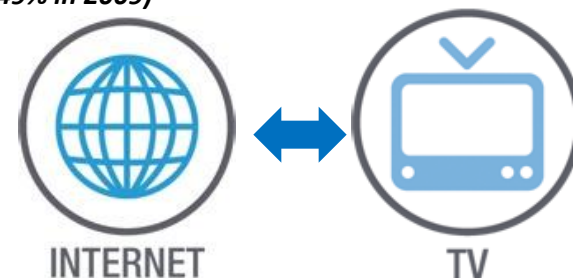
Source: The Australian Online Consumer Report, February 2011.
Base: Online Australians 16+ (n=5,886) – “Ever accessed”

What we know about online Australians and how they use the internet...



SIMULTANEOUS MEDIA CONSUMPTION

60% have consumed internet & TV at the same time and most do so on a weekly basis *(up from 49% in 2009)*



...of these consumers:

TV & INTERNET SYNCHRONICITY

69% have accessed online content related to the TV program they were watching *(up from 59% in 2009)*

68% have accessed online content related to products and services advertised on TV *(up from 58% in 2009)*

nielsen The Australian
ONLINE CONSUMER
Report

Source: The Australian Online Consumer Report, February 2011.

Base: Online Australians 16+ (n=5,886)

nielsen

What we know about online Australians and how they use the internet...



**ONLINE
PURCHASE**

**85% Purchased an item
using the Internet in 2010**

(12% on a weekly basis or more often)

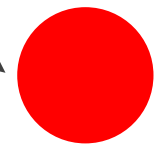
nielsen The Australian
ONLINE CONSUMER
Report

Source: The Australian Online Consumer Report, February 2011.

Base: Online Australians 16+ (n=5,886)

Consumer Decision Making and Research Process

We know they're online –
so how do shoppers use the
internet in their decision
making process?



Online has touch-points at each stage of the consumer decision making process...



STARTING POINT: **Consumer Need –** **Initial Research:**

Consumer becomes aware of a need and evaluates a range of products by searching for information on the internet.



Evaluation of Alternatives – Follow Up Research

Consumer continues information search on the Internet to narrow selection and make a decision.



Retailer Consideration & Selection

Consumer searches for online information to help find a suitable retailer to purchase from.



Post Purchase Evaluation

The consumer evaluates the product on a number of attributes before deciding on its overall value. The consumer may share their opinion – negative or positive – with others (often on the internet).



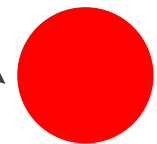
Purchase

The consumer re-evaluates product choice, selects from a range of purchase options and then makes the purchase – which can be in-store or on the internet.

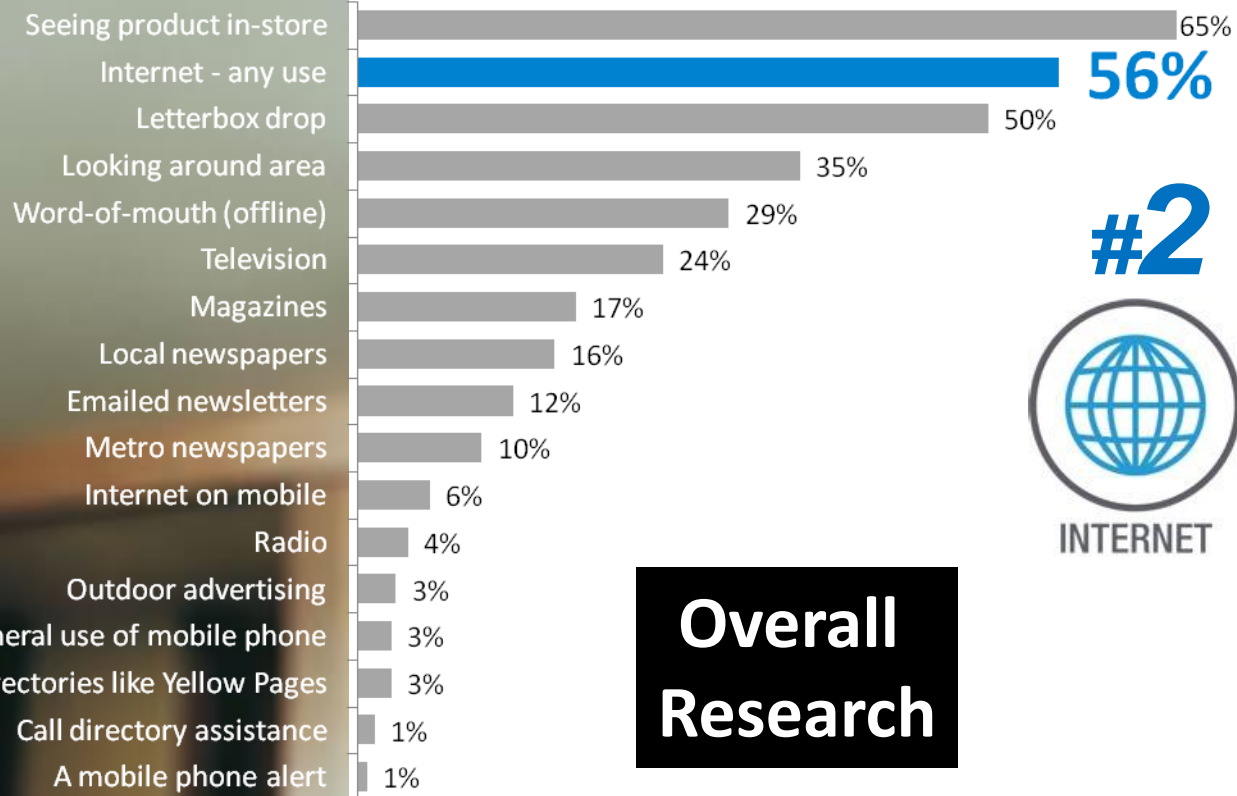


Overall Research Sources Used

What sources are shoppers using for their research & where does the internet fit in?



Resources used for overall research...



#2



Overall Research

In-store research is the main resource for supermarket groceries, health & beauty and clothing and accessories, whereas internet research is the main resource for home entertainment and white goods.

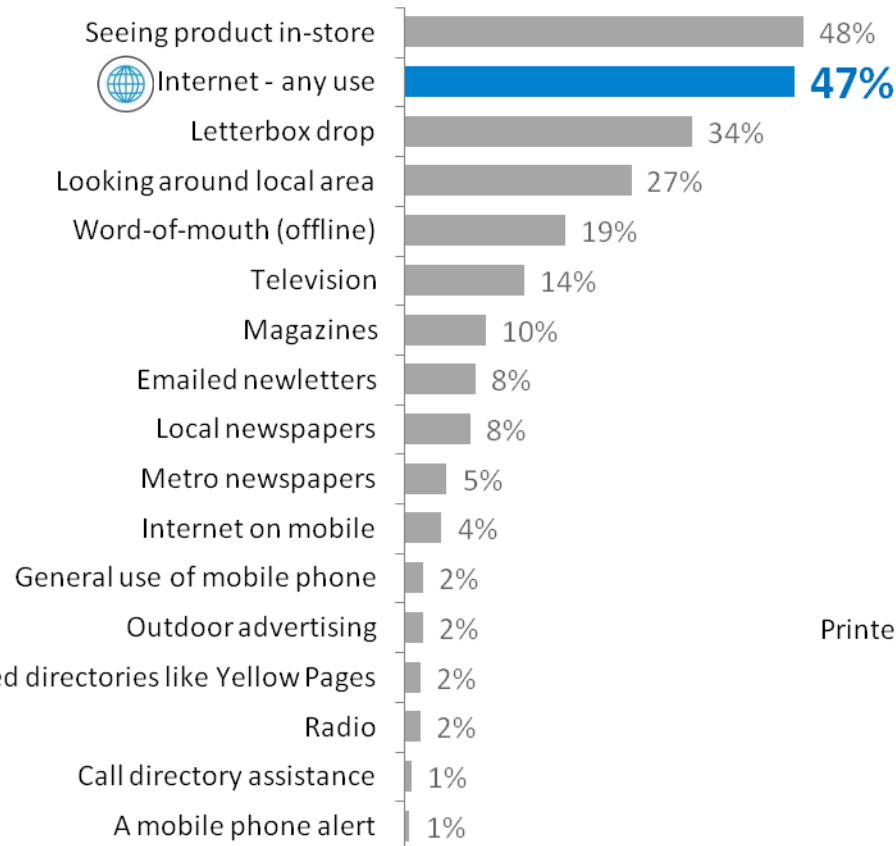
The **Internet** and in-store browsing are the most frequently used resources for research overall.

The internet is used both in the initial and follow-up stages of research...

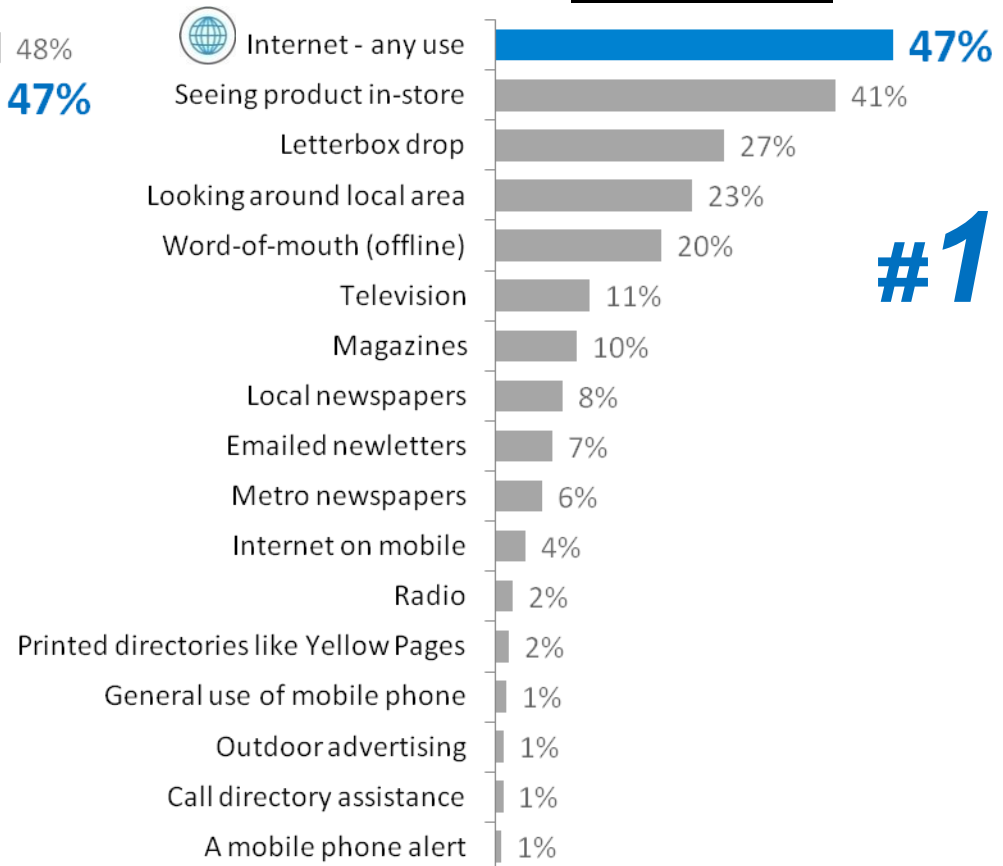
Q. When you were doing research to help determine the best (insert category) and/or retailers of (insert category), which resources helped inform you? Base: all respondents, n=1,368 – accessed each source for initial and/or follow-up research

The internet is used to almost the same extent as in-store for initial research...but to a greater extent than any other resource at the follow-up stage.

Initial Research



Follow-up Research



Resources used for research - by **main media only**

In comparison to main media only, internet usage is highest as a source for research.



NEWSPAPER (METRO)



NEWSPAPER (LOCAL)



MAGAZINE



TV



INTERNET

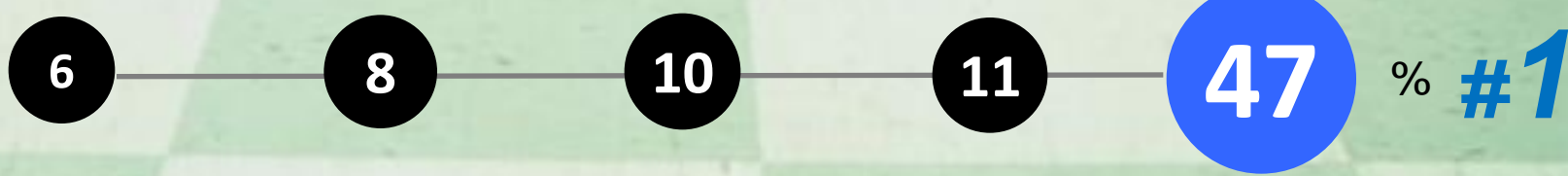
Overall Research



Initial Research



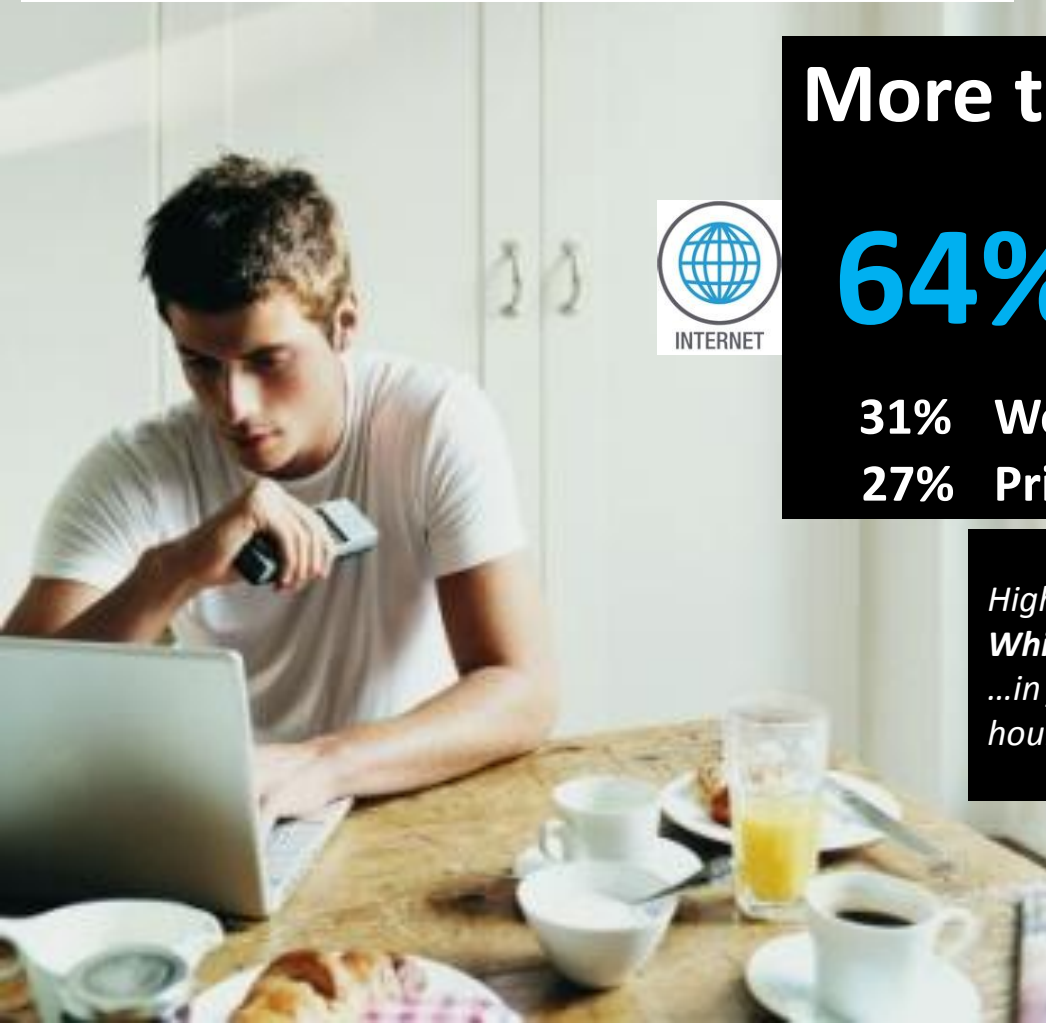
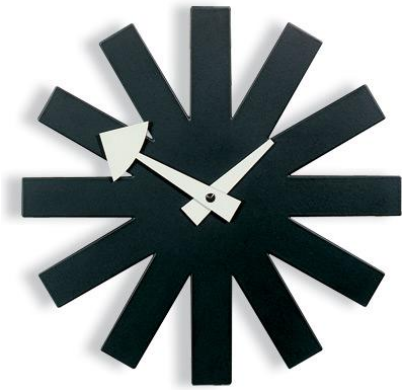
Follow-up Research



Q. When you were [doing research to help determine the best (insert category) and/or retailers of (insert category)], which resources helped inform you? Base: all respondents, n=1,368 – accessed each source for initial and/or follow-up research

Use of internet for research is particularly high for Home Entertainment and White Goods (71% and 61% respectively)

Consumers who research online, spend **more time** using the **Internet** for their research in comparison to consumers using other sources...



More than 30 minutes:

64% Internet

31% Word of mouth (offline)

27% Printed publications

*Higher for categories such as **Home Entertainment** and **White Goods** (75%)...*

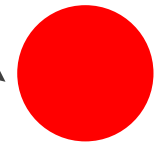
...in fact, approximately a quarter spend more than 2 hours researching online (27% and 23% respectively).

Q. You mentioned using the following resources during your search and research of products or retailers of (insert category name). Please estimate the total amount of time you spent with each resource.

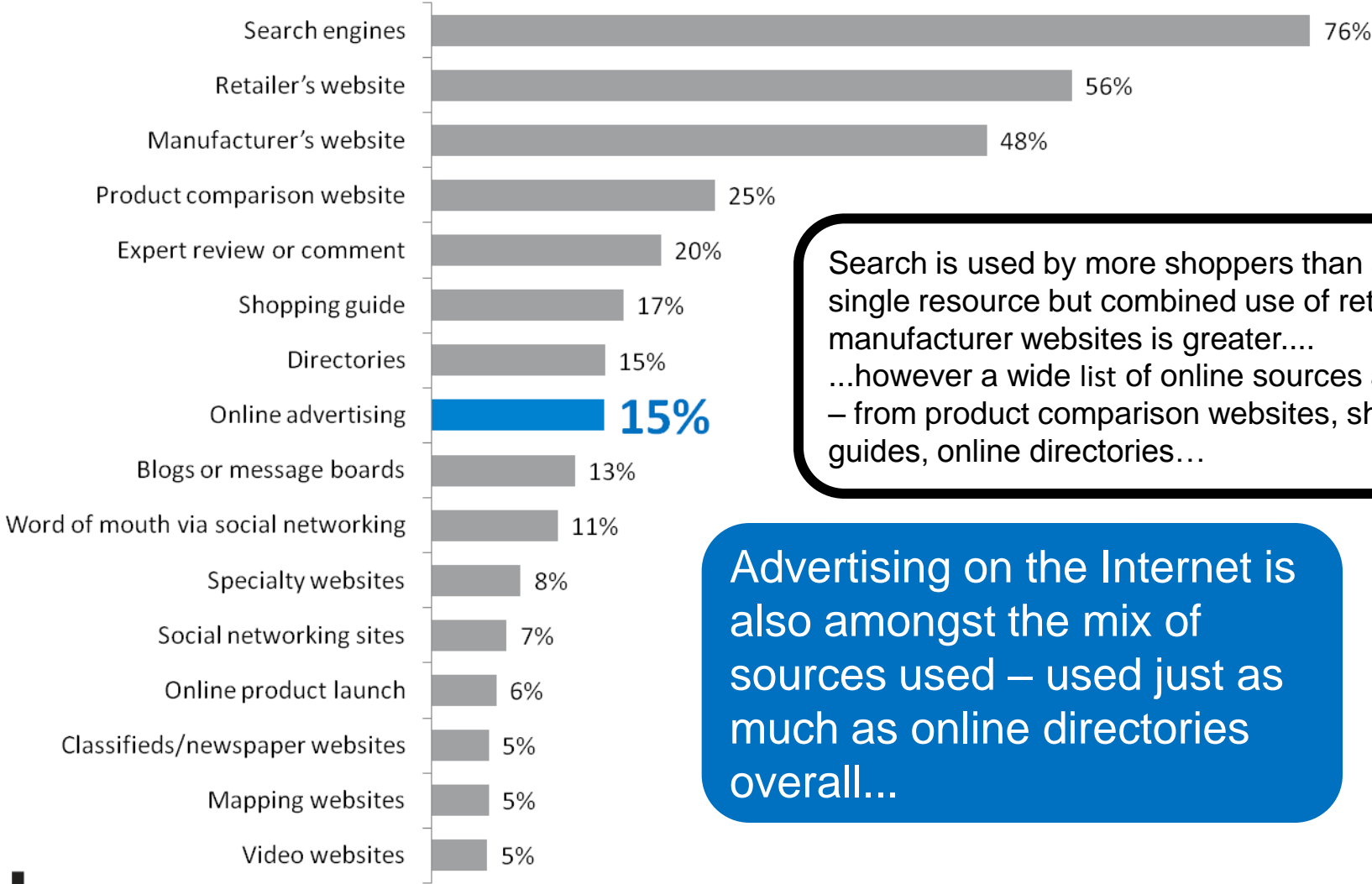
Base: Respondents who accessed each source for research: internet n=760, Print n=831, Word-of-mouth n=403 – accessed each source for initial and/or follow-up research

Online Research Sources Used

What online sources are shoppers using for their research?



What type of online sources are consumers using?



Search is used by more shoppers than any other single resource but combined use of retailer and manufacturer websites is greater...
...however a wide list of online sources are used – from product comparison websites, shopping guides, online directories...

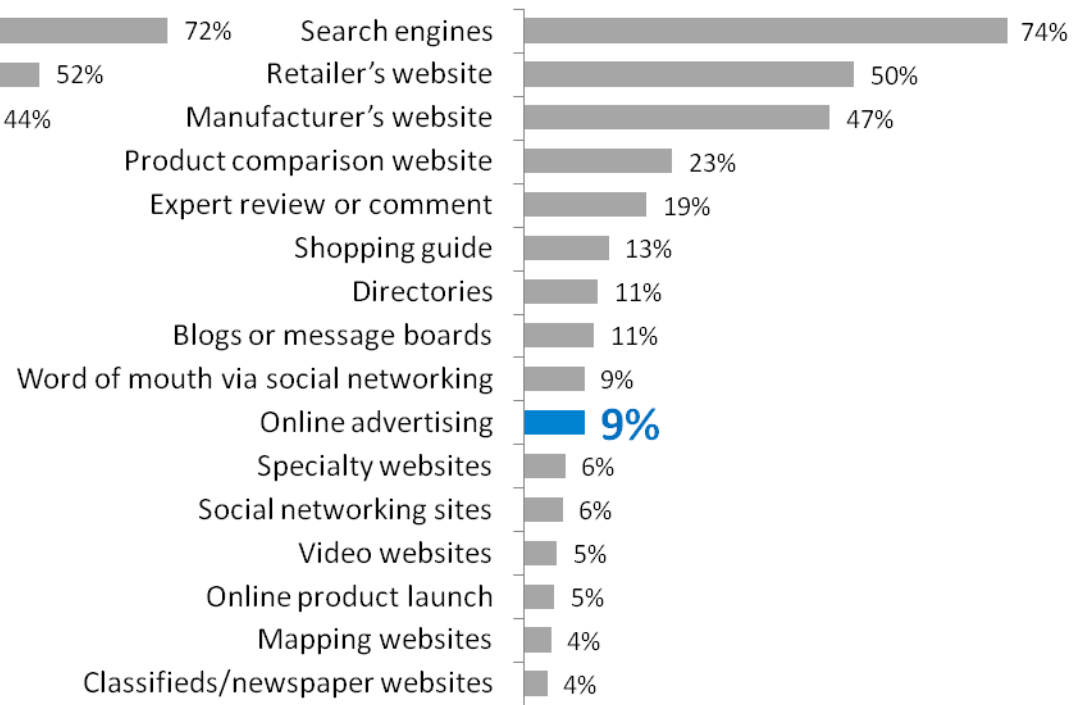
Advertising on the Internet is also amongst the mix of sources used – used just as much as online directories overall...

...and online advertising is used in both initial and follow-up stages of research.

Initial Research

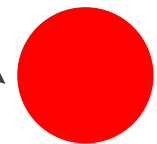


Follow-up Research



Motivations and Information Requirements


What are their motivations and information requirements for online research?



Motivations and information requirements for online research...

 **71% Pricing Information**

 **54% Product Information**

 **45% Reviews:**
Consumer (39%) and expert (27%)

 **41% Business Reputation**

33% Pictures or Video

Other motivations and information requirements include warranty (24%), finding a site that delivers (24%) and delivery options (20%)

Home Entertainment and White Good shoppers are much more likely to seek product information, reviews from consumers and experts and warranty information than shoppers from other categories.

Base: All respondents, n=1,368

Amongst shoppers who are using the internet in their research process overall, the majority **prefer the Internet** as a resource across a range of the information requirements



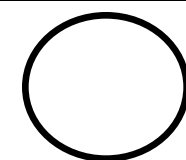
INTERNET



NEWSPAPER
MAGAZINE



TV



OTHER / NONE

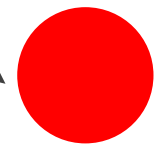
	INTERNET	NEWSPAPER MAGAZINE	TV	OTHER / NONE
Pricing Info.	68%	12%	8%	12%
Product Info.	82%	5%	8%	5%
Consumer Reviews	85%	4%	8%	4%
Expert Reviews	79%	6%	9%	6%
Business Reputation	68%	11%	10%	11%
Pictures or Videos	77%	7%	9%	7%

Q. Thinking about (insert category), please select your preferred source of information for each of the items below.

Base: looked for each resource when researching online: pricing, n=1,252, product information, n=987, consumer reviews, n=688, expert reviews, n=455, business reputation, n=696, pictures or video, n=587

Mobile Devices

How are mobile devices used for
online research?





What we know about mobility...

- Home access is still dominant...BUT:
- However half of online Australians accessed the Internet (in general) via mobile devices in 2010
- Out of home access is prevalent

Source: Nielsen Australian Online Consumer Report 2011

Mobile devices are being used to access the internet during the decision-making process, and is being used **on the shop floor...**



Q. Which of the following do you do regularly on your mobile phone / PDA / tablet when you're out shopping? Base, respondents who have used mobile phone for research, n=115 - accessed mobile for initial and/or follow-up research

Summary:

The retail consumer and how the Internet fits in...

- The Internet is used continuously through the purchase decision-making process and advertisers can reach consumers online at every stage.
- There's ample opportunity to influence consumers online.... Increase awareness and perceptions of your brand and make them more likely to buy from you.



What Works: Online Retail Advertising

Listerine Zero Online Campaign Case Study

Evaluating the impact of online advertising in the retail category - measuring reach (Nielsen Campaign Delivery Report), brand impact (Nielsen Advertising Effectiveness Research) and impact on actual sales (Nielsen NetEffect Research)

Listerine Zero Online Campaign Case Study:

Executive Summary

Digital-only campaigns can drive sales

Campaign Reach

- The Listerine campaign reached 44% of online consumers aged 25-54 years and 36% of the total online population in NSW.

Brand Impact

- Exposure to the campaign significantly increased a number of brand equity measures with significant increases seen for awareness, consideration and sentiment for the Listerine Brand overall as well as even more significant increases for awareness, recommendation and purchase intent for Listerine Zero.

Sales Impact

- The campaign had a significant positive impact on sales of Listerine Zero.

The test campaign managed to...

- Reach a wide audience:
 - 36% of the NSW internet population
 - 44% of the target market of 25-54 year olds
- Increase important metrics for Listerine Zero:
 - Prompted Awareness from 5% to 11%
 - Consideration increased from 3% to 6%
 - Recommendation increased from 14% to 35%
 - Purchase Intention increased from 13% to 43%
- Increase sales by 11% across the market.

Background

- Johnson & Johnson introduced a new Mouthwash product – Listerine Zero – into the Australian market in March (a 250ml bottle initially and then a 1L in June).
- A test campaign was designed for the purposes of evaluating the impact of online advertising and in particular its impact on sales. While Listerine Zero was introduced into stores nationally, for the purpose of the sales test, advertising support was limited to NSW and was online-only. No media activity (including no point of sale) had occurred prior to this test.
- With the aim of determining the impact of an online-only marketing campaign, Nielsen completed a three-part study on this test campaign:
 - **Campaign Reach** measurement;
 - **Advertising Effectiveness** to evaluate impact on brand equity; and
 - **NetEffect** to measure the campaign's impact on sales.



Background: Test Campaign Summary

- **Timing:** June 19th to July 16th, 2011
- **Location:** New South Wales
- **Publishers:**



YAHOO!



facebook



reamedia™

Research Methodology



Campaign Delivery

AdEffectiveness

NetEffect

Who saw the campaign?

How did it impact the brand?

How did it impact product sales?

Research Methodology



Campaign Delivery



Tag Online Ad Creative

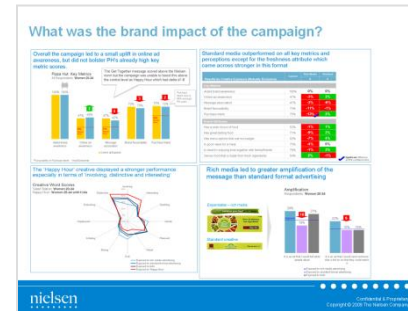
Nielsen tag inserted into ad creative. Those exposed to the ad picked up on the Nielsen Netview Panels



Date	Station	Time	Duration	Show Title	Advertiser	Rating
Oct 05 10:00	ABC	10:00	30	Enterprise	Fightin' Fights	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12
Oct 05 10:00	ABC	10:00	30	Enterprise	Money 101	12

Passively observe behaviours on Nielsen meter

This allows us to calculate the audience/ demos, the contribution of media selected & creative used



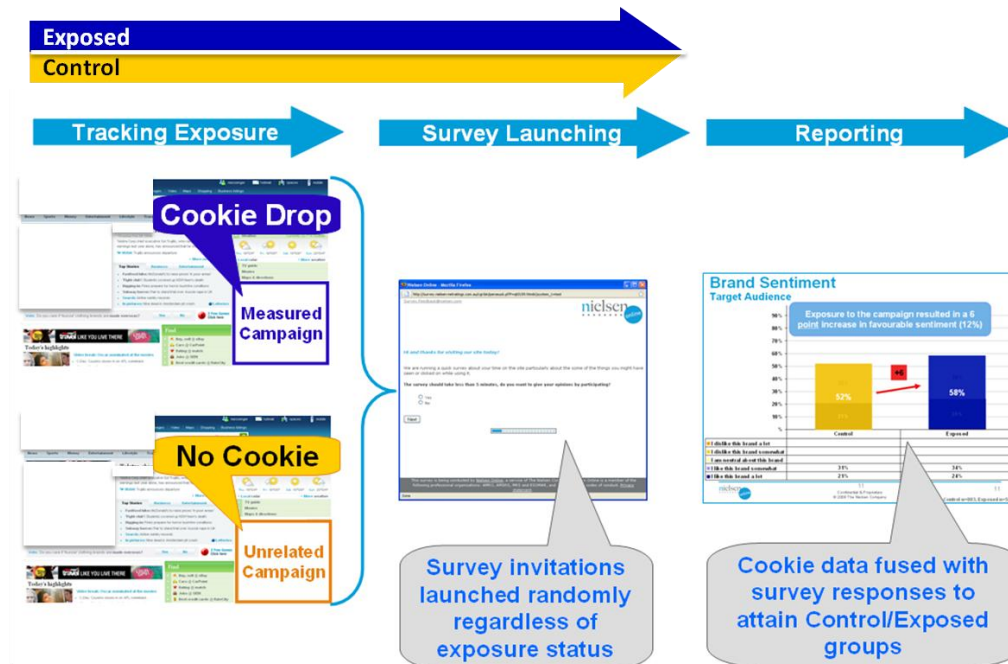
Nielsen provides executive summary / consultation

Research Methodology



AdEffectiveness

- Utilising tags (cookie) technology to identify exposure to measured advertising
- Site intercept survey – launching on domain exit (after user leaves the site)
- Simultaneous AdE methodology means both control and exposed groups are captured at the same time
- Launches from same areas of publisher network that campaign is running on
- All brand measures compare to **Nielsen Australian AdE FMCG Norms**: normative benchmarks for online ad effectiveness



Research Methodology



NetEffect



Test Area
Potential to see the
online campaign

Control Area
Doesn't see the
online campaign

- The choice of exposed and control geographies will largely depend on the geo-targeting ability of the online publishers serving the campaign.

Research Methodology

Sales

NetEffect

Test Sample



Matching algorithm* used to identify **matched pairs of stores** with a store of each pair falling within the control and exposed areas.

Control Sample



Consumers exposed to **carefully geo-targeted online campaign**.



13% increase

113

Unit Sales per Store per Week

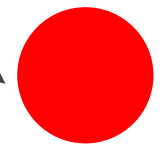
Divergence in behaviour starts and we collect store data for each matching pair and adjust for naturally occurring phenomena via ANCOVA.

100

Unit Sales per Store per Week

How many people did the
campaign reach and who were
they?

Reach



Campaign Reach

Reach

Period: June 19, 2011 – July 16, 2011

NSW – All People

Active Internet Individual Universe:

4.6m

Audience Reach: Anyone who was exposed to any part of the campaign during the period

Delivery

- Audience Reach: **1.7m**
- Audience Reach: **35.5%**

The campaign reached 35.5% of the Active Internet Audience in NSW, or **23.5% of total NSW population** (regardless of internet usage)



NSW – People 25-54

Active Internet Individual Universe:

2.9m

Delivery

- Audience Reach: **1.3m**
- Audience Reach: **43.9%**

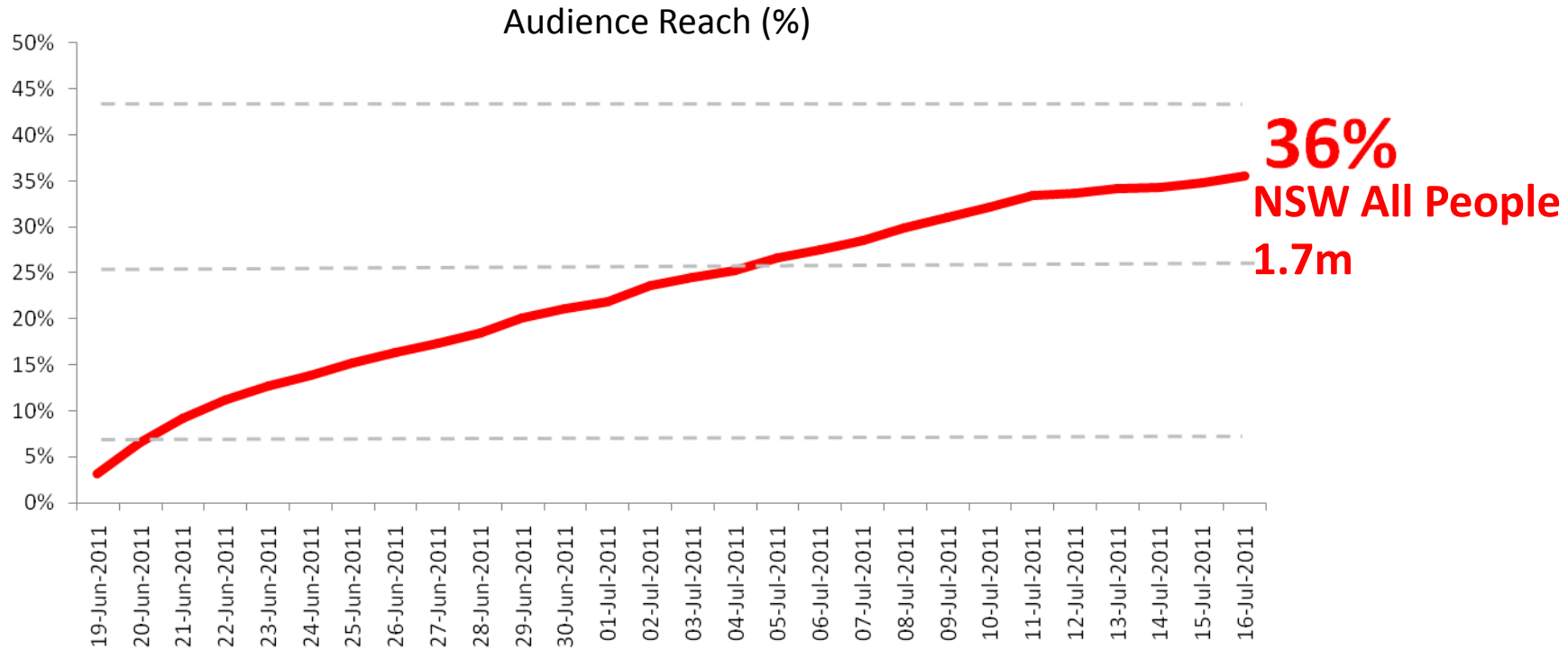


Exposed

How did the campaign build? Cumulative Reach

Reach

Period: June 19, 2011 – July 16, 2011 Base: Total (Active Internet Audience)

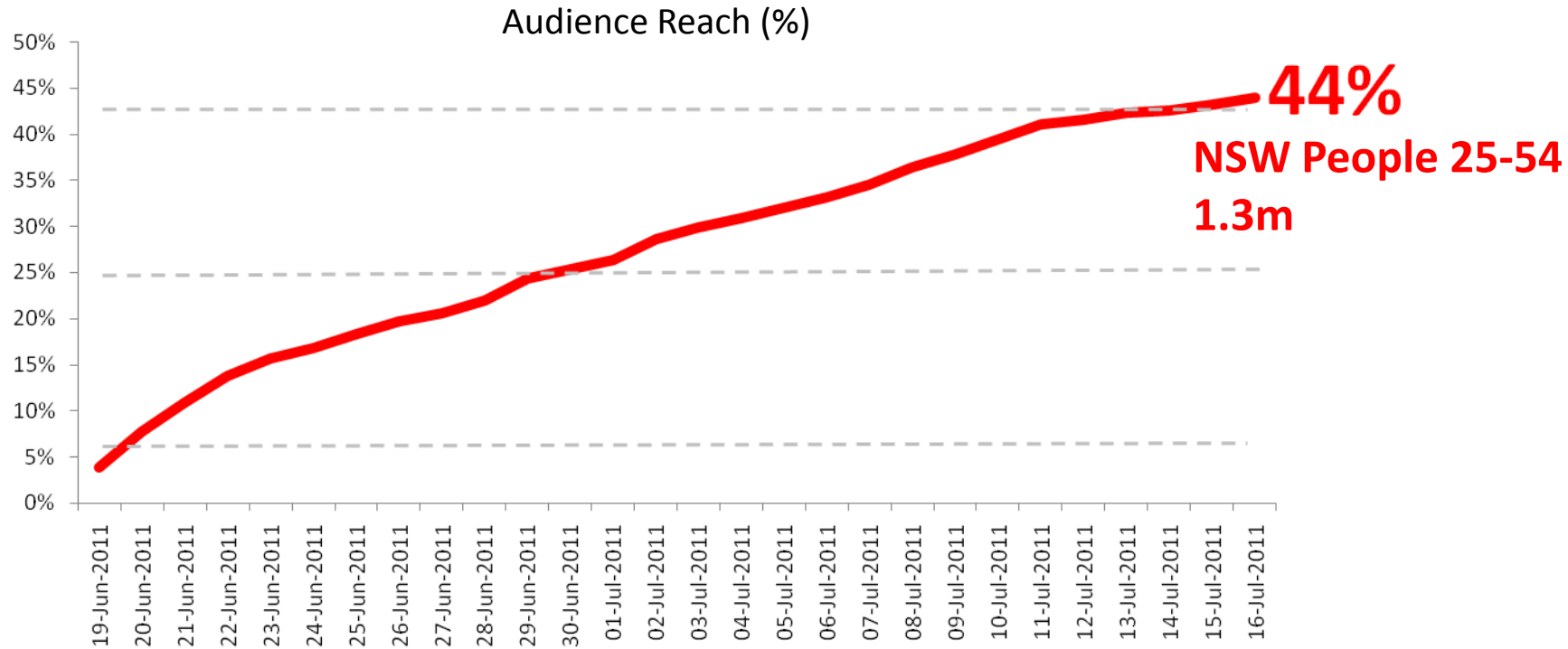


The campaign built rapidly at first then steadily to the end.

How did the campaign build? Cumulative Reach

Reach

Period: June 19, 2011 – July 16, 2011 Base: Target Audience Ppl 25-54 (Active Internet Audience)

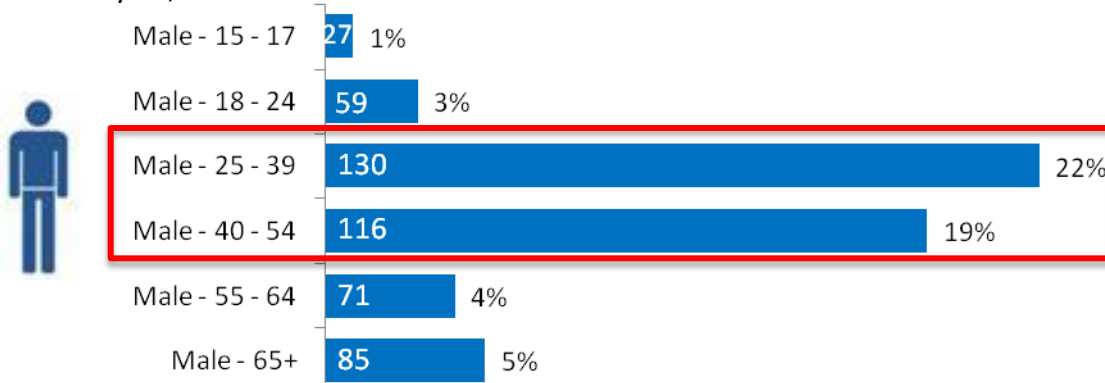


The campaign built rapidly at first then steadily to the end.

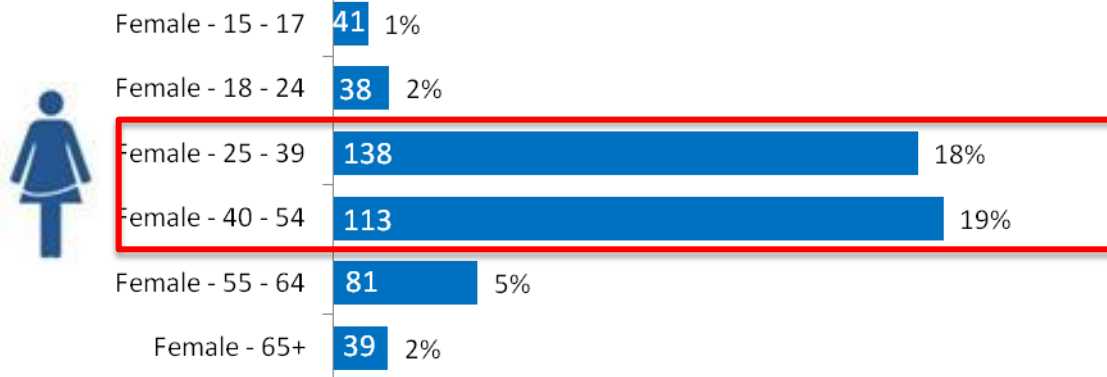
Who was Exposed to the Campaign? Gender & Age

Reach

Period: June 19, 2011 – July 16, 2011



25-54s



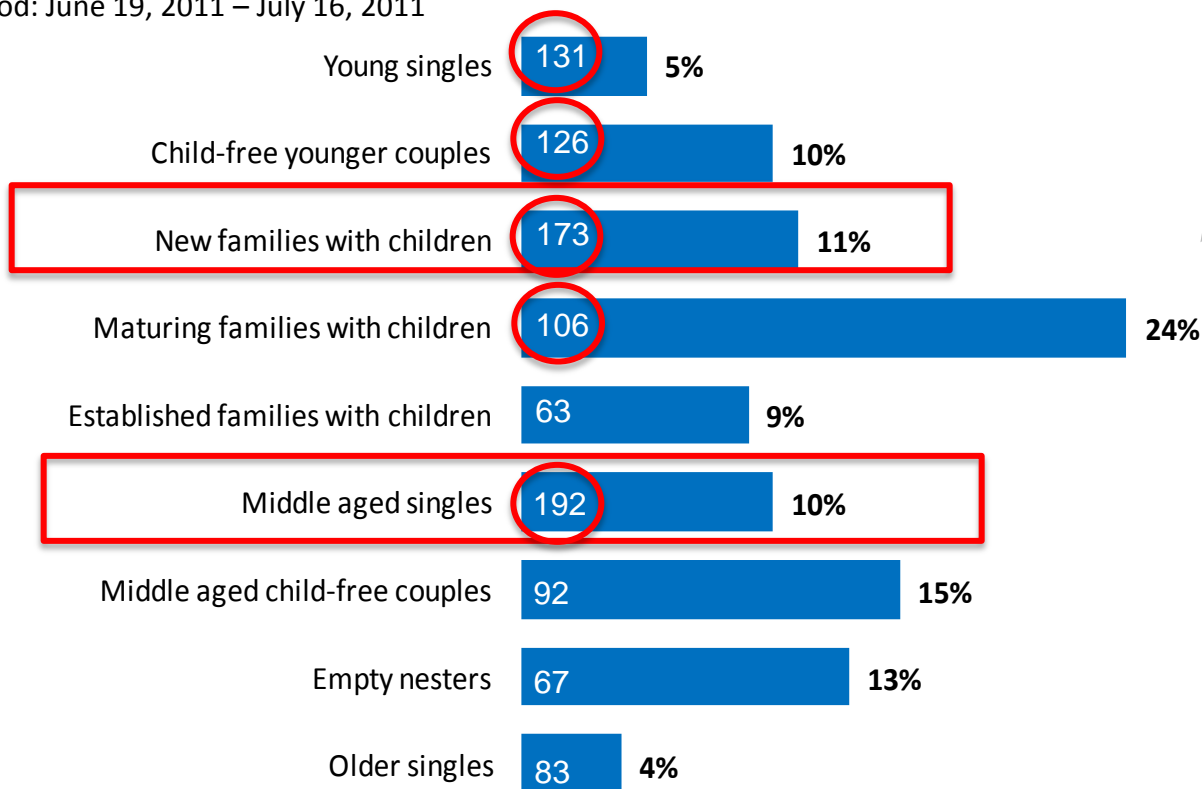
25-54s

Index: NSW Active Internet Users

Who was Exposed to the Campaign? Life-stage

Reach

Period: June 19, 2011 – July 16, 2011

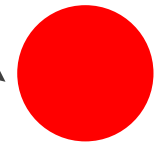


Index: NSW Active Internet Users

Most of the campaign reach was with maturing families with children, however the campaign over-indexed strongly on middle aged singles and new families with children

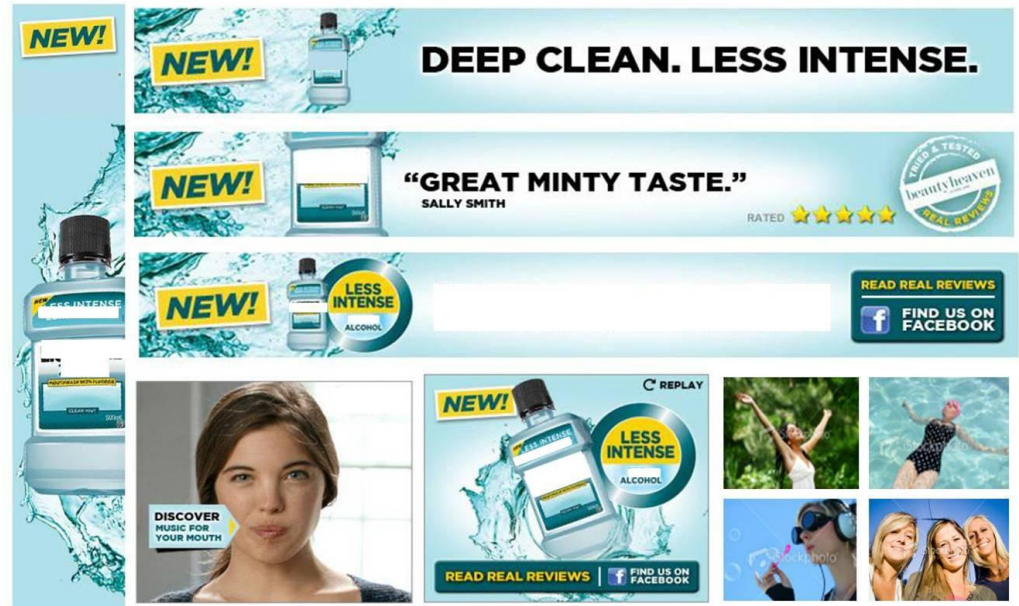
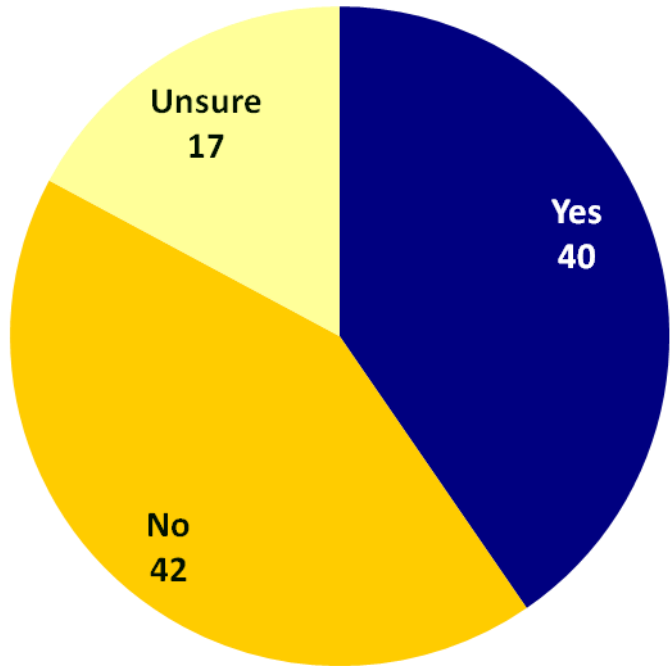
What was the brand impact?

Brand
Impact



Ad Recall

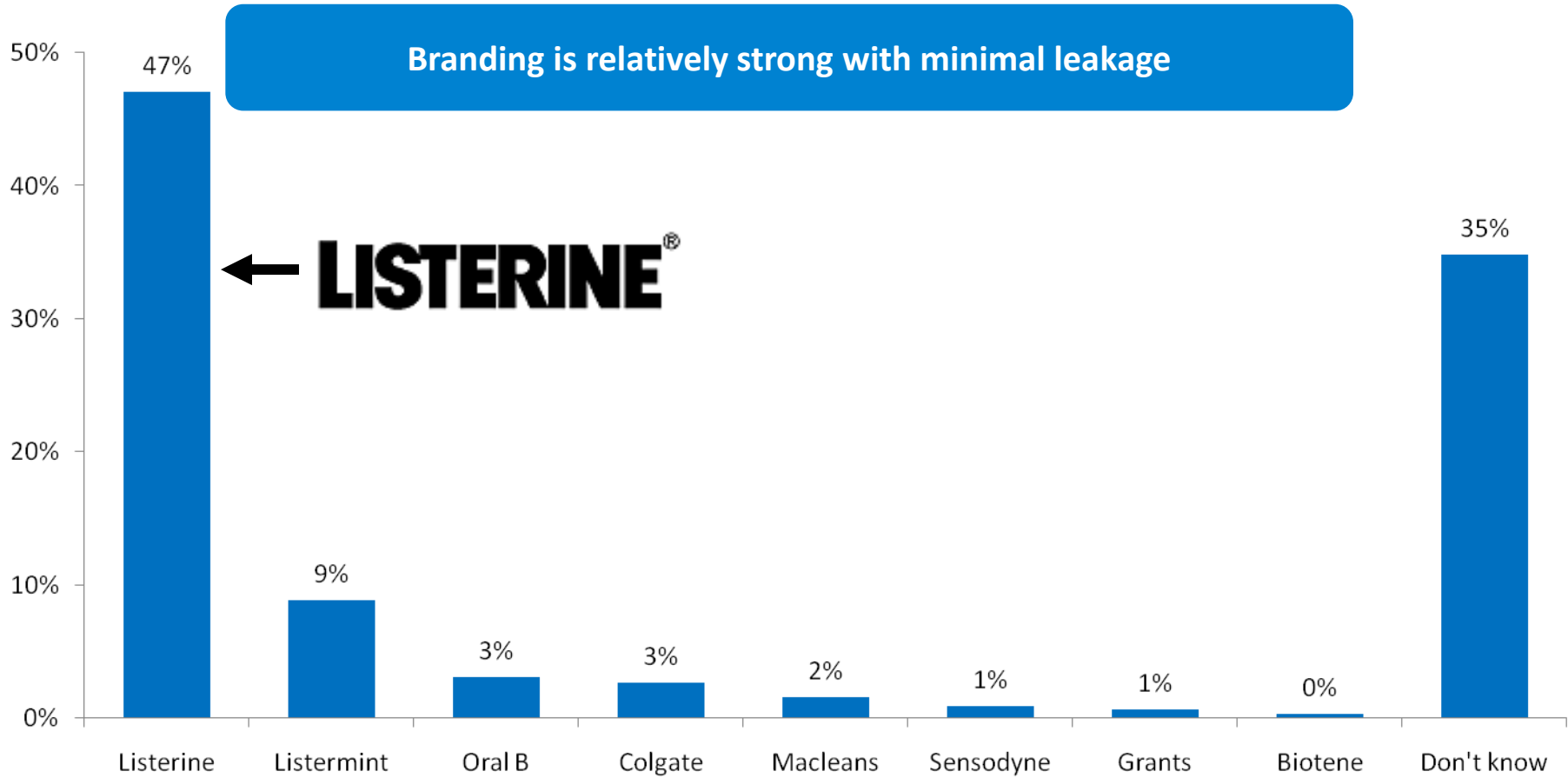
Exposed group



Four in ten consumers exposed to the Listerine Zero execution recalled seeing it.

Brand Association

Exposed group



Q. Even if you don't recall seeing these ads, which of the following brands was being advertised?

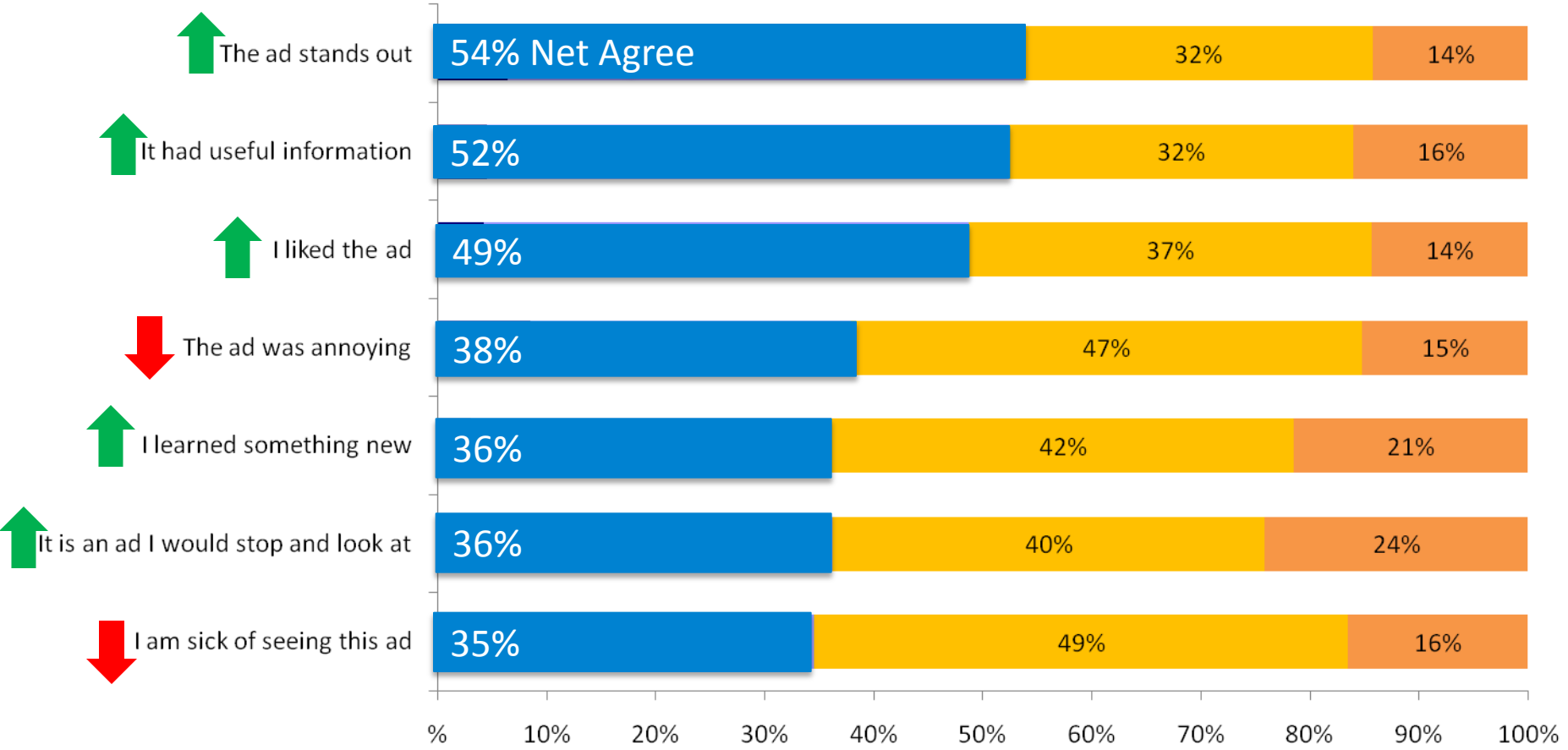
Ad Perceptions

Exposed group

Arrows represent whether net agree score is above/below average for a statement .
 Negative statements (good score <25%)
 Positive statements (good score >35%)



Strongly agree Somewhat agree Somewhat disagree Strongly disagree



Q. To what extent do you agree or disagree with the following statements about this ad?
 Base: exposed. Sample: 888

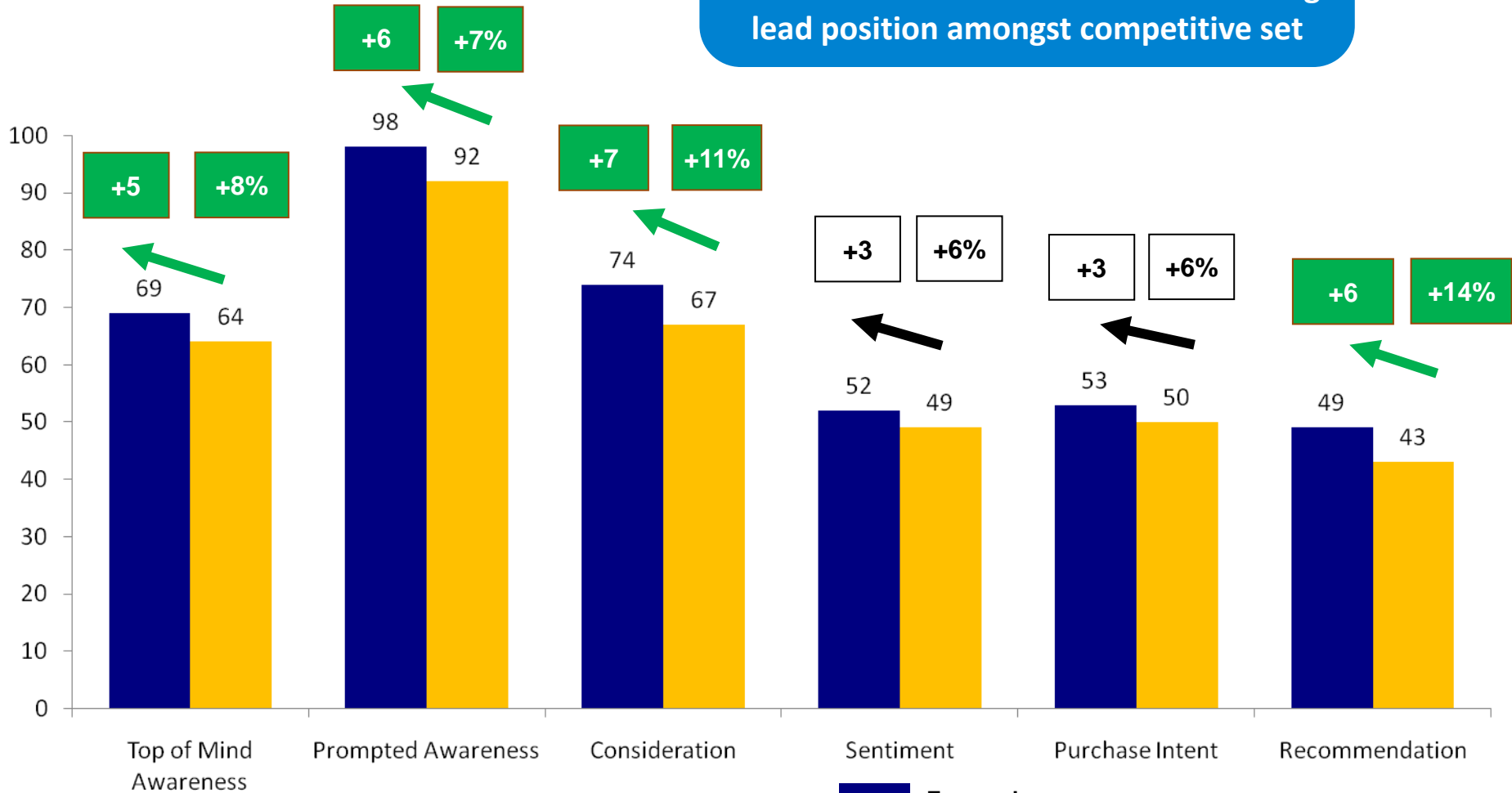


Key Brand Metrics

Listerine Brand

Listerine brand results significantly increased for spontaneous awareness, prompted awareness, consideration and recommendation – further consolidating lead position amongst competitive set

Brand Impact



Bases:

Exposed: top of mind, prompted, consideration = 900.
 Sentiment, Purchase Intent, Recommendation = 881.
 Control: spontaneous, prompted, consideration = 683.
 Sentiment, Purchase Intent, Recommendation = 625.

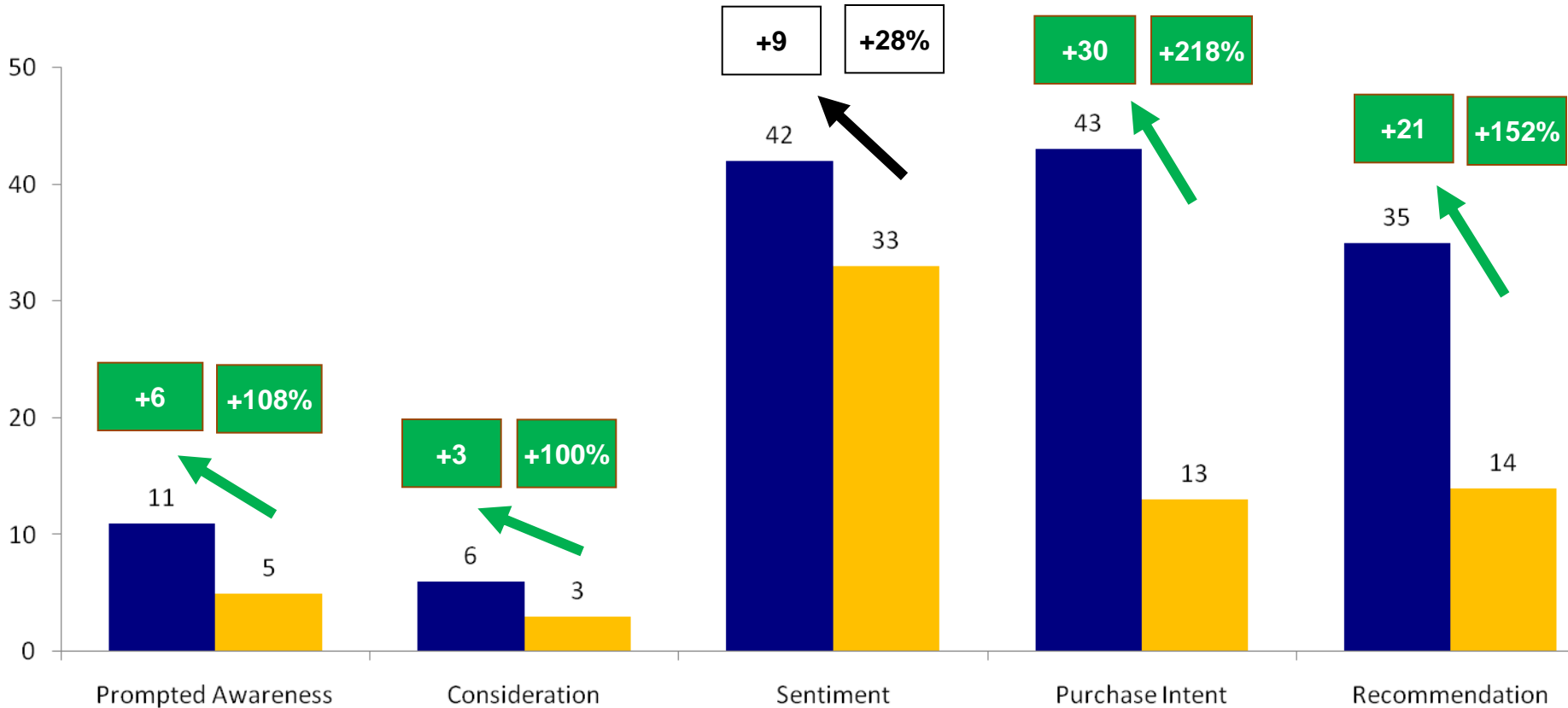
Exposed
Control
+ = statistically significant 95% CI

Key Brand Metrics

Listerine Brand



Listerine Zero saw very strong significant increases for prompted awareness, consideration, purchase intent and recommendation

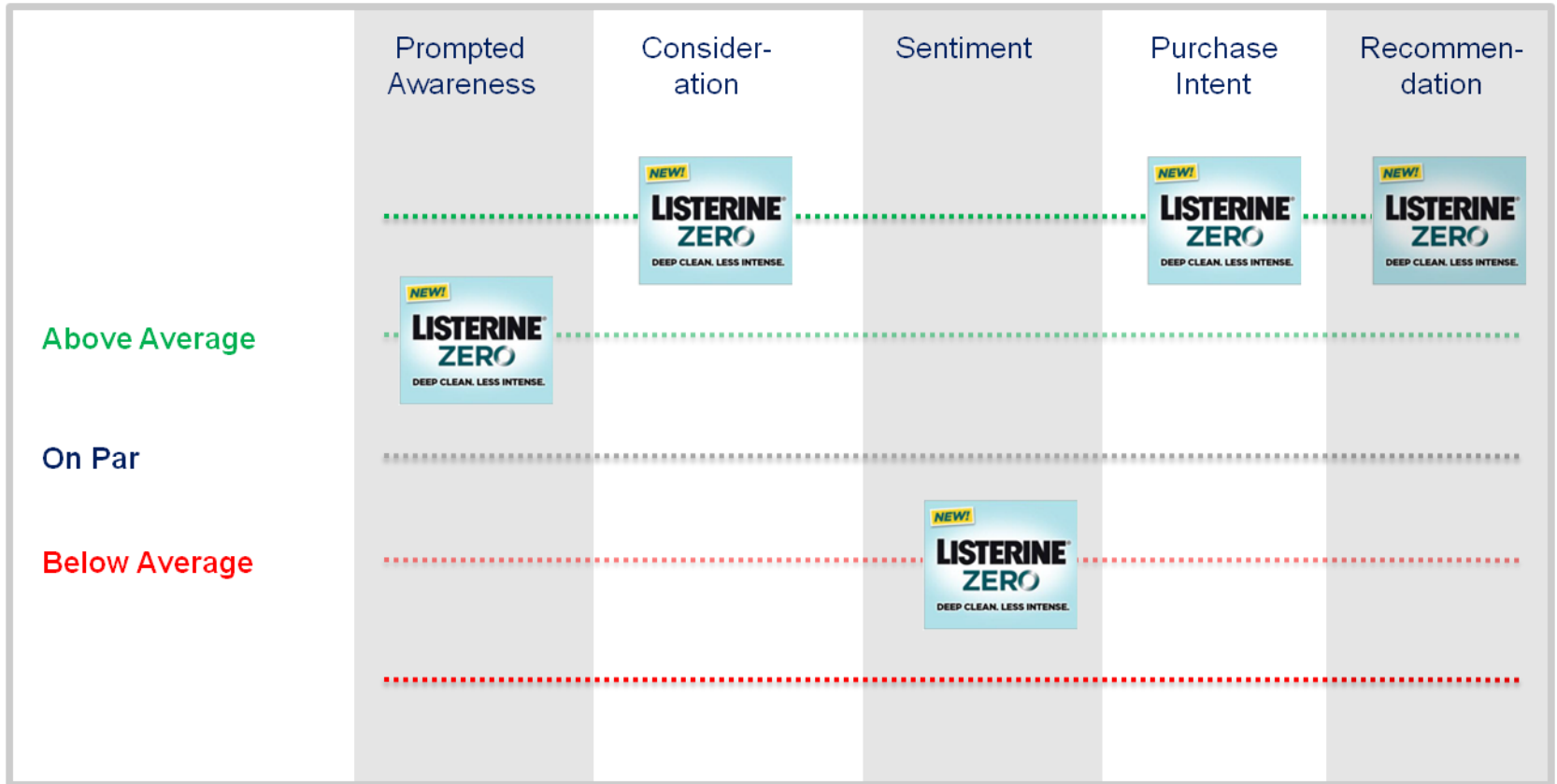


Bases:
Exposed: prompted, consideration = 900.
Sentiment, Purchase Intent, Recommendation = 103.
Control: spontaneous, prompted, consideration = 683.
Sentiment, Purchase Intent, Recommendation = 37

Legend:
Exposed (Dark Blue)
Control (Yellow)
+ = statistically significant 95% CI

Brand Impact: Performance vs. Norms

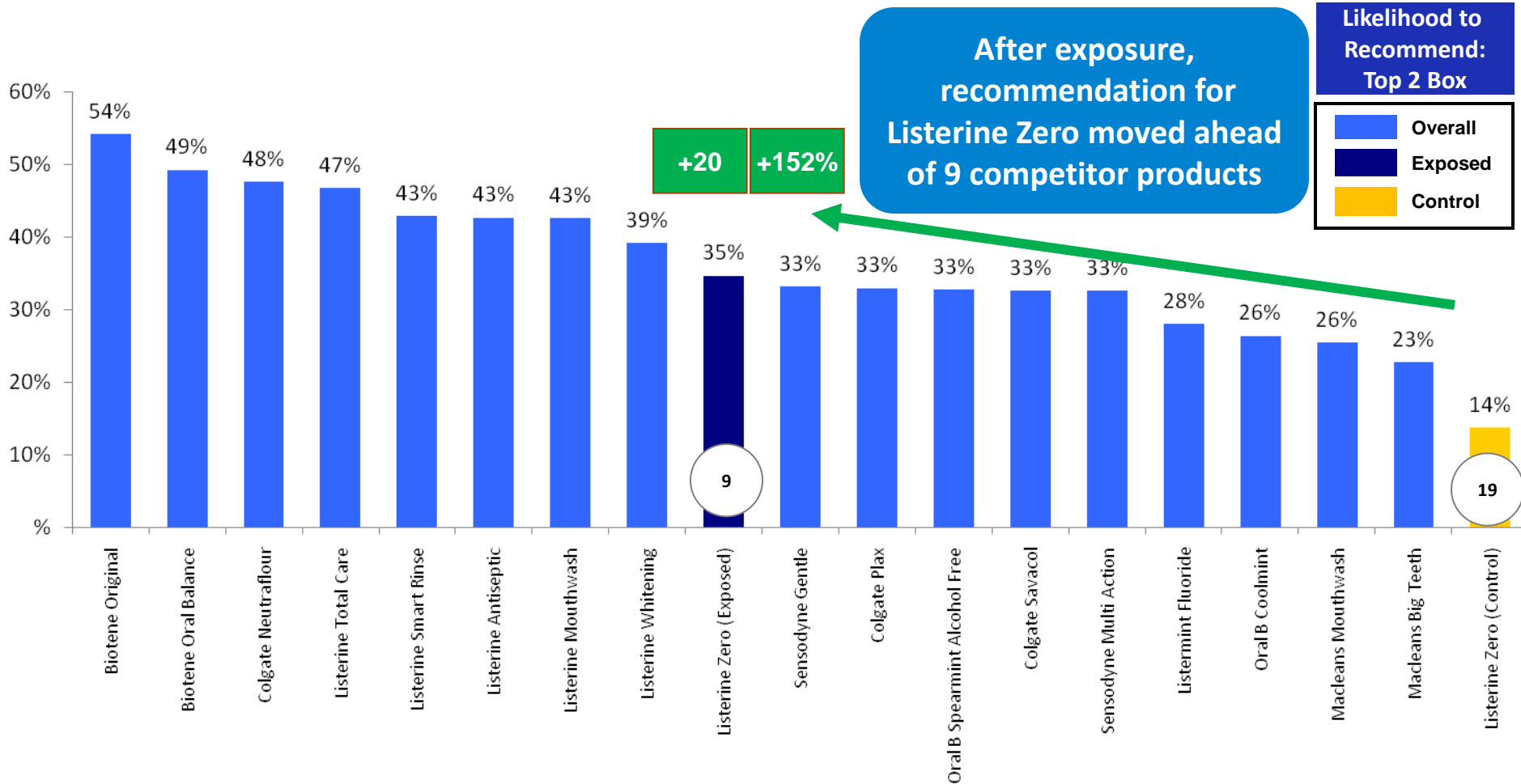
Listerine Zero (FMCG Norms)



All Listerine Zero brand measures were above norms with the exception of sentiment

Recommendation

Mouthwash products (based on awareness of each product)



Q. Thinking about the products mentioned below, to what extent would you recommend each one to someone else?
Base size varies by brand but all are above n=30 unless marked Note: brands in red text have base < n=30

+ = statistically significant 95% CI
○ = ranking for Exposed / Control

Purchase Intention

Mouthwash products (based on awareness of each product)

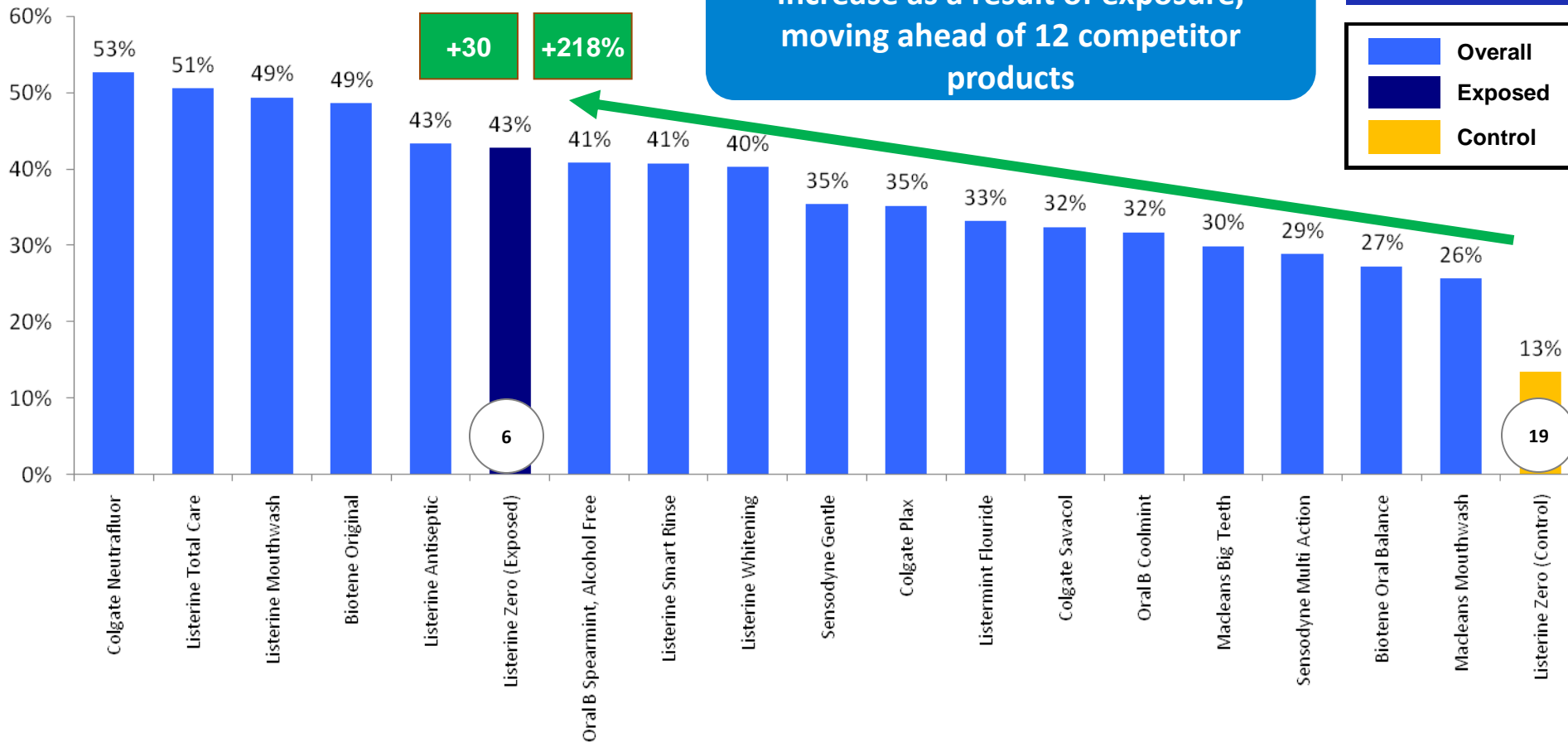


Likelihood to Purchase: Top 2 Box

Listerine Zero had a large significant increase as a result of exposure, moving ahead of 12 competitor products

Legend:

- Overall (Blue bar)
- Exposed (Dark Blue bar)
- Control (Yellow bar)



Q. How likely are you to purchase the following Mouthwash products, the next time you need to? Base size varies by brand but all are above n=30 unless marked
 Note: brands in red text have base < n=30

+ = statistically significant 95% CI
 ○ = ranking for Exposed / Control



Purchase Conversion Funnel

Listerine Zero

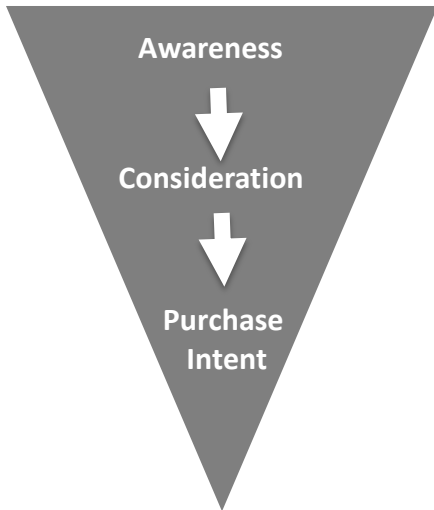
Brand Impact

Awareness of the product more than doubled. However was also successful in converting higher purchase intention for Listerine Zero (2.7 times more likely than the control conversion funnel)

5% Prompted Awareness → 11% Prompted Awareness

Control

Exposed



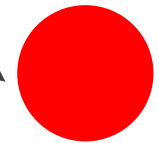
Q. Which of the following Mouthwash products have you heard of? Which of the following Mouthwash products would you ever consider purchasing (even if you would not personally make that purchase)? How likely are you to purchase the following Mouthwash products, the next time you need to?

Note: data has been rounded

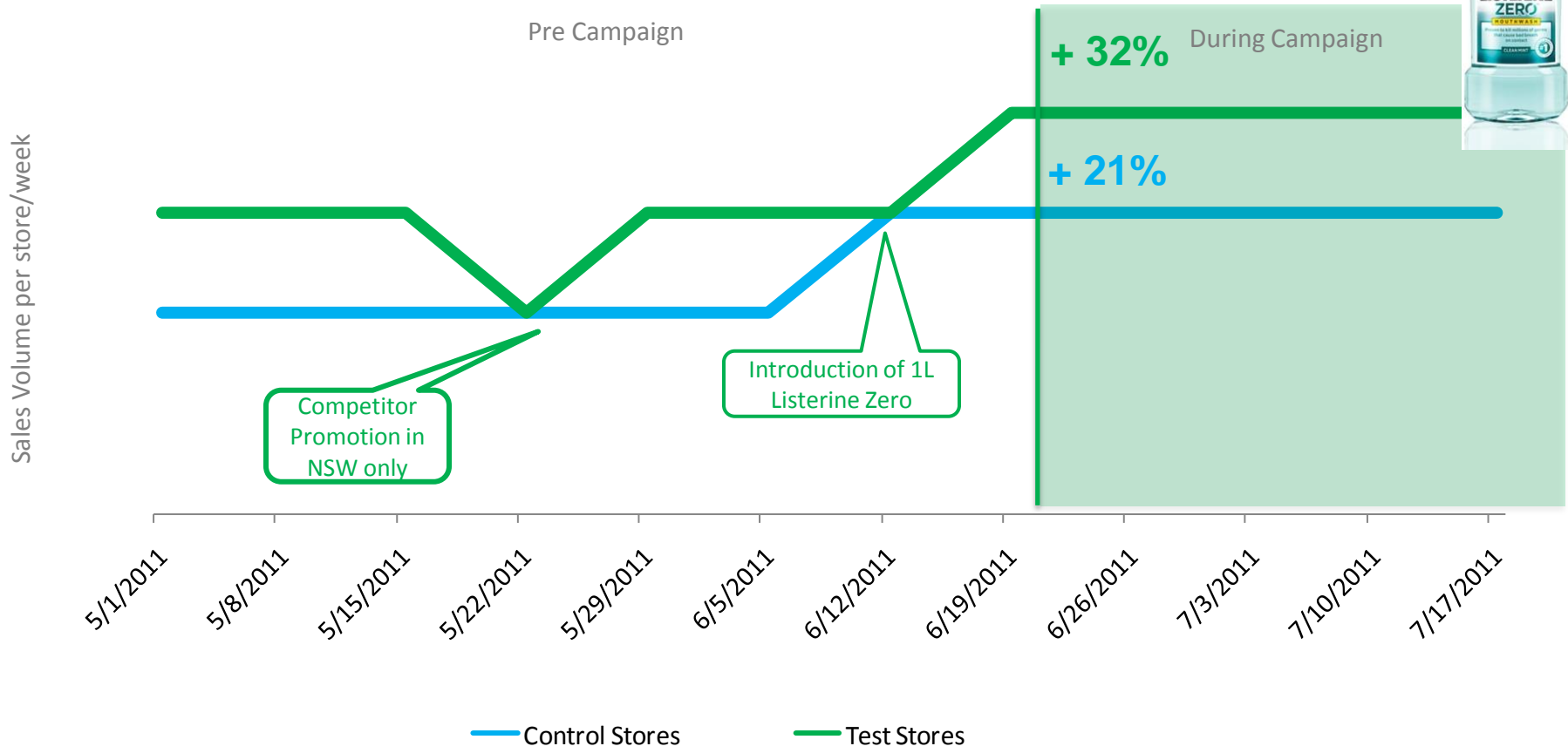
nielsen

What was the impact on sales?

Sales



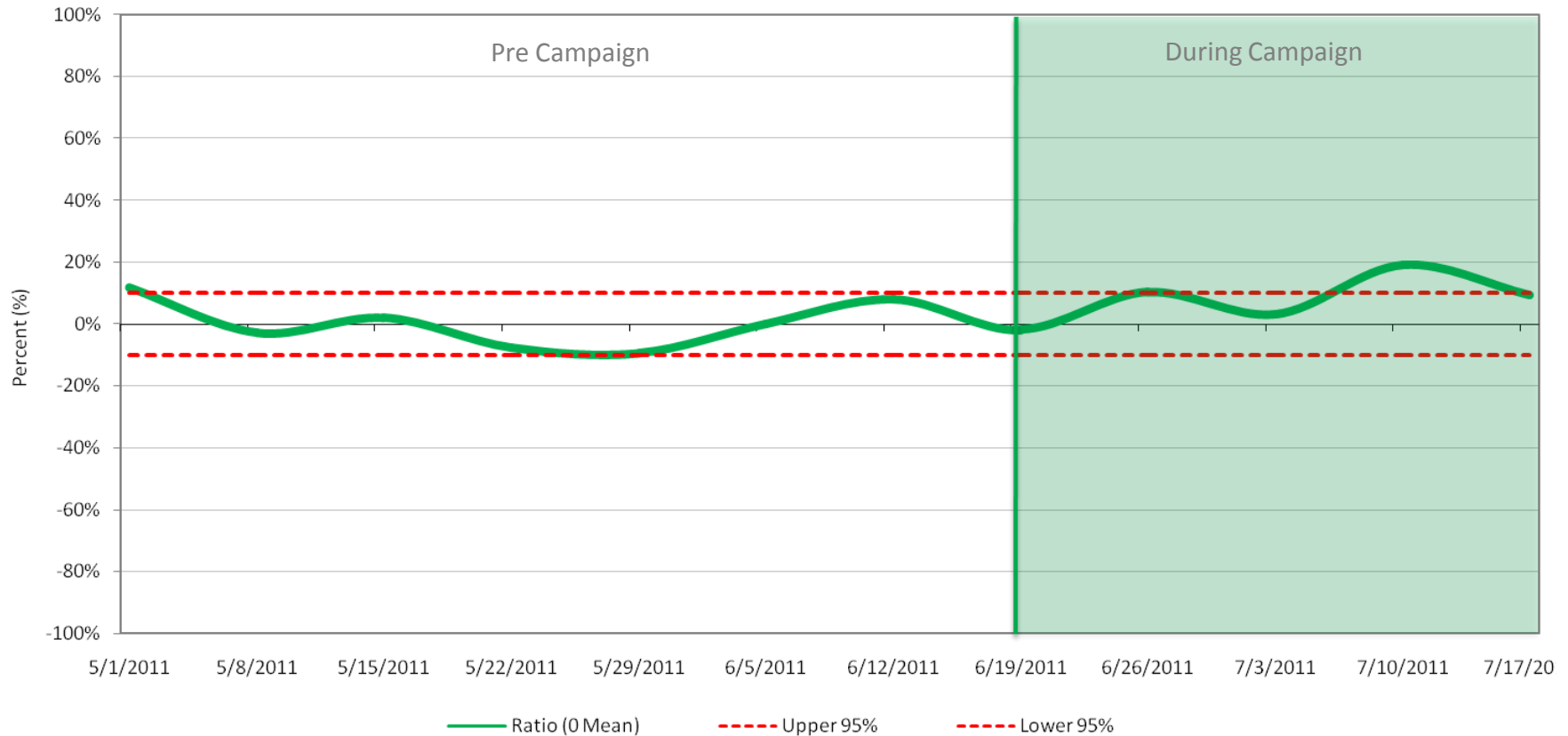
The Online campaign resulted in positive results for Listerine Zero



The increase in sales of Test vs. Control was significant

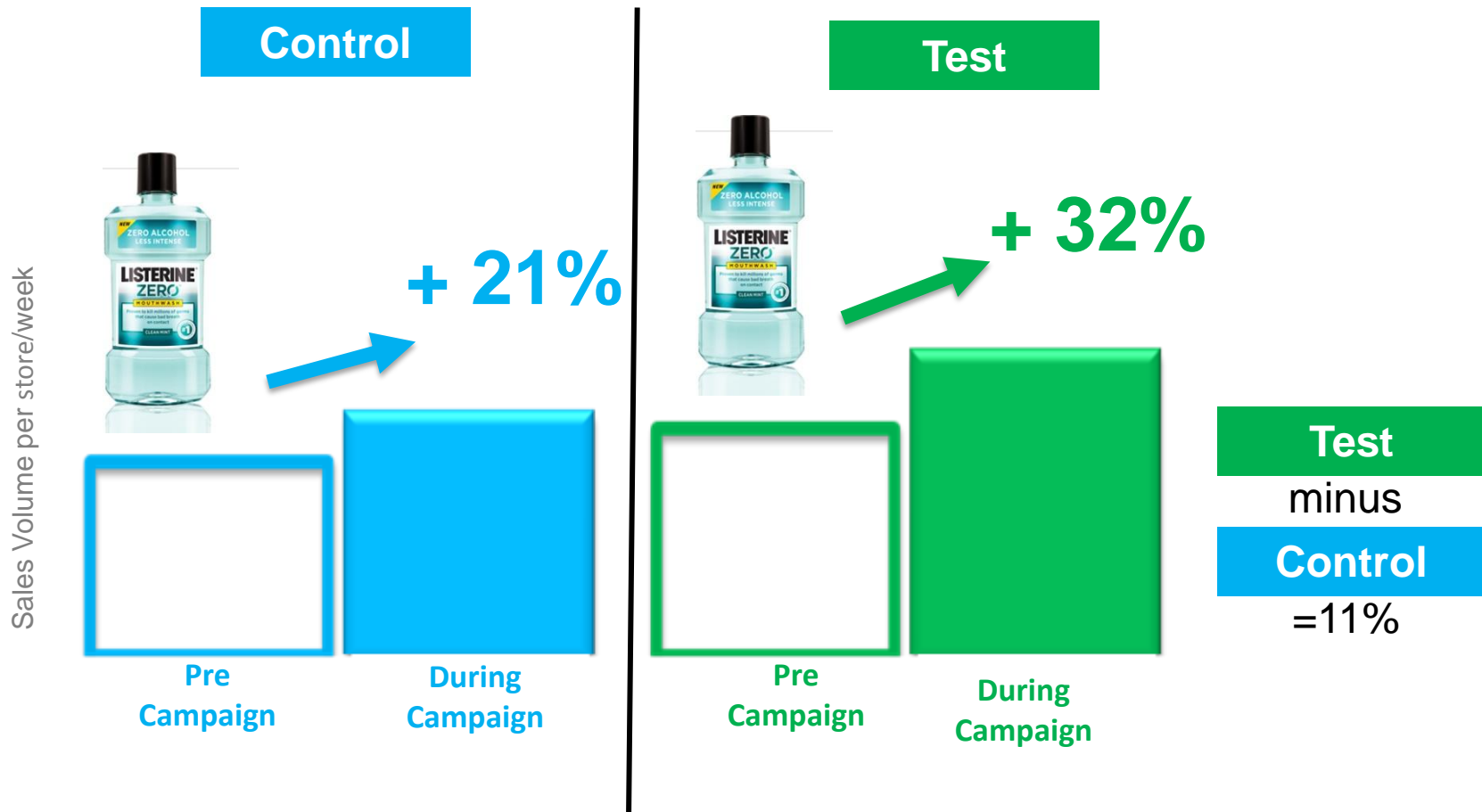


Sales Ratio Analysis Listerine Zero



NSW increased 11% over VIC across both pack sizes

Sales

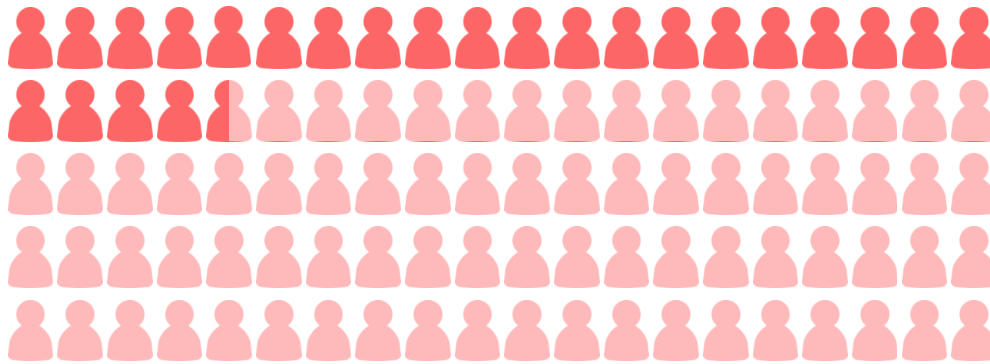


What was the impact on sales?

Sales

The campaign generated an **11% increase** in sales for the NSW test stores compared to the control stores in VIC*.

 **Exposed**
 **Non-Exposed**



**Amongst =
Total NSW
population***
(Exposed and
Non-Exposed in
the test market)

11% ^(Total)
Increase in
sales amongst
all NSW
compared to
control

This 11% increase across all NSW, was achieved by reaching 23.5% of the NSW population**

**The test stores are representative of the NSW population in the test market, not of the exposed population in the test market (unless the campaign had 100% reach). The campaign reached 23.5% of the NSW population (or 1.7m out of a possible 7.25m total population in NSW).*



Final Thoughts for Retailers and
Marketers

Final thoughts for retailers and marketers

- Consumers are not only researching what to buy but also where to buy.
- The consumer is using the internet at many touch points that are influential in the decision making process. Online is a great way to capture shoppers at the highly influential points in the process where they are getting pricing or product information or reading consumer reviews.
- Driven by the increased time people are spending online, online brand advertising is playing an increasingly significant role in moving products or brands into consumers' consideration set. This often triggers the initial search for more information, and can also reinforce key brand messages during this process.
- Online advertising should be considered in the marketing mix for retail campaigns – demonstrated by impact to brand equity measures and conversion to actual sales.



What Works: Online Retail Advertising

Q&A

Questions



Thank you to our host

