Marketing for "Somewhat Bad" or "Really Bad" How To Realign Your Marketing Scenarios and Budget

Cesar Brea
Partner, Advanced Analytics and Marketing Practices

ANA Marketing in the COVID-19 Age Webinar Series
April 6, 2020

BAIN & COMPANY

Introduction

Cesar A. Brea

Partner

https://www.linkedin.com/in/cesarbrea/

Partner, Advanced Analytics and Marketing Excellence practices (rejoined Bain in 2017)

Focus on media mix optimization, churn reduction, demand forecasting, model pipeline development
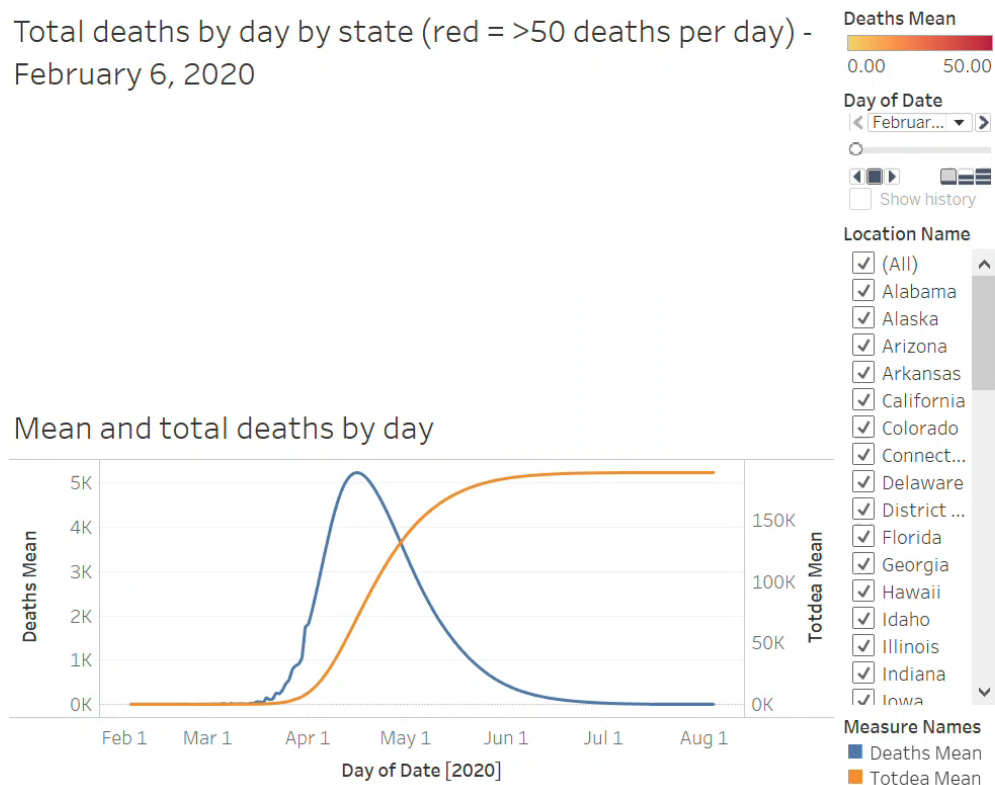
Built and sold two marketing software companies

Ran sales and marketing for global digital agency Razorfish

Published two books on marketing analytics

Guest lecturer on software development and digital strategy at Harvard and MIT

This information is confidential and was prepared by Bain & Company solely for the use of our client; it is not to be relied on by any 3rd party without Bain's prior written consent

BAIN & COMPANY ◐   2

This Is A Human Crisis:
Projected COVID Impact by Day and State

Total deaths by day by state (red = >50 deaths per day) -
February 6, 2020

Deaths Mean

0.00   50.00

Day of Date
◄ Februar... ▼ ►
○
◄■► ▭▬
☐ Show history

Location Name
☑ (All)
☑ Alabama
☑ Alaska
☑ Arizona
☑ Arkansas
☑ California
☑ Colorado
☑ Connect...
☑ Delaware
☑ District ...
☑ Florida
☑ Georgia
☑ Hawaii
☑ Idaho
☑ Illinois
☑ Indiana
☑ Iowa

Mean and total deaths by day

Measure Names
■ Deaths Mean
■ Totdea Mean

⊞ Dashboard 1

Source: IHME (https://covid19.healthdata.org/projections), Bain analysis

BAIN & COMPANY ◐   3

This Is A Human Crisis:
Projected COVID Impact by Day and State

Total deaths by day by state (red = >50 deaths per day) - August 4, 2020
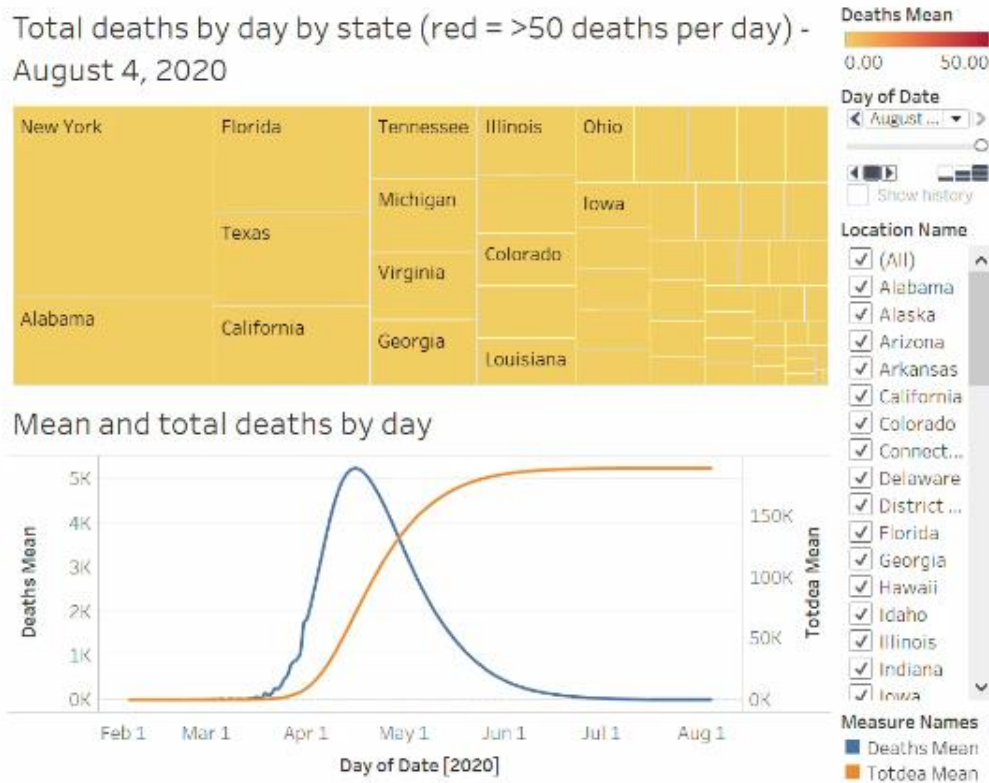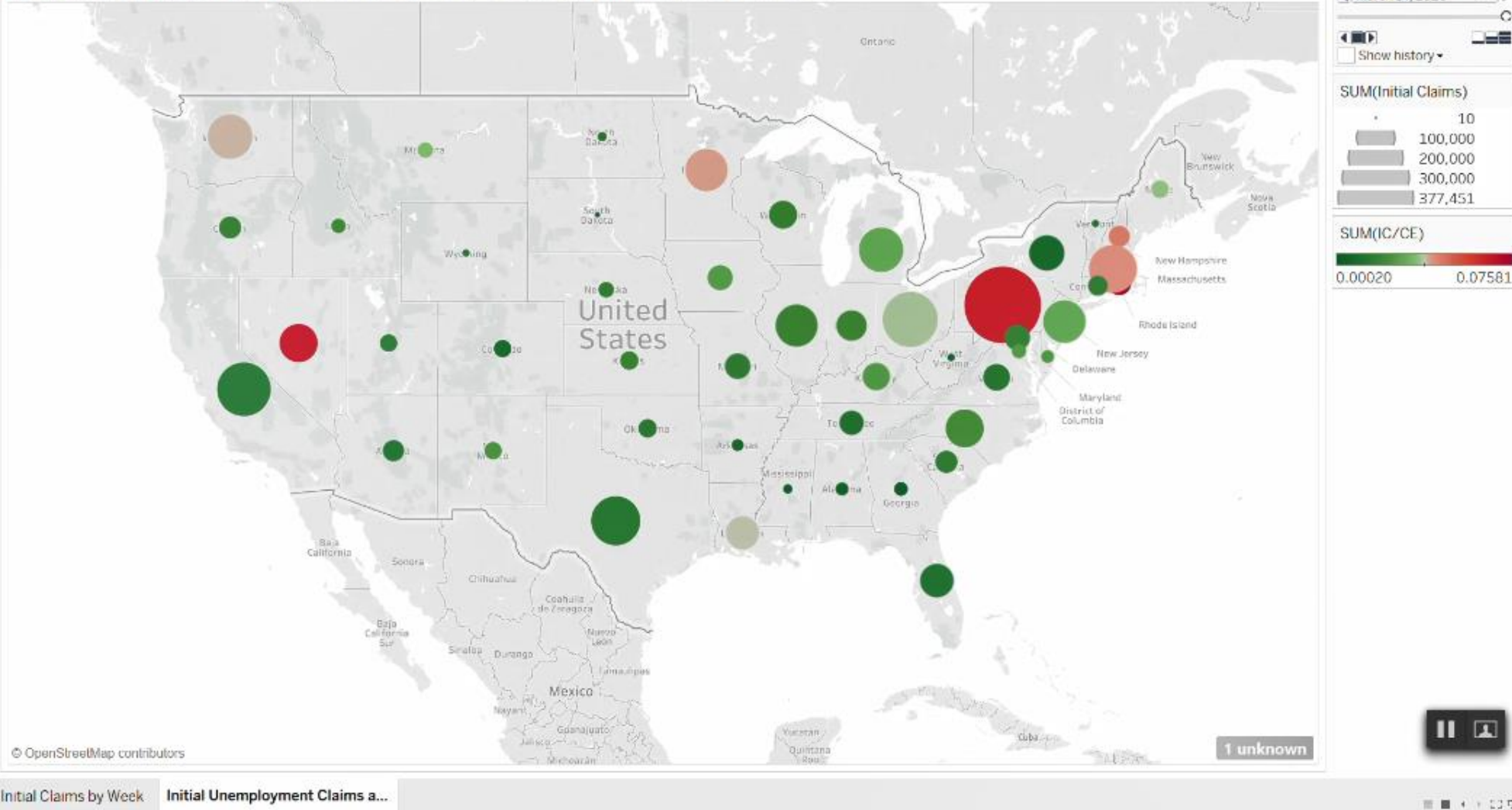
Mean and total deaths by day

This Is A Human Crisis:
Initial Unemployment Claims by Week 2019-2020 (BLS)
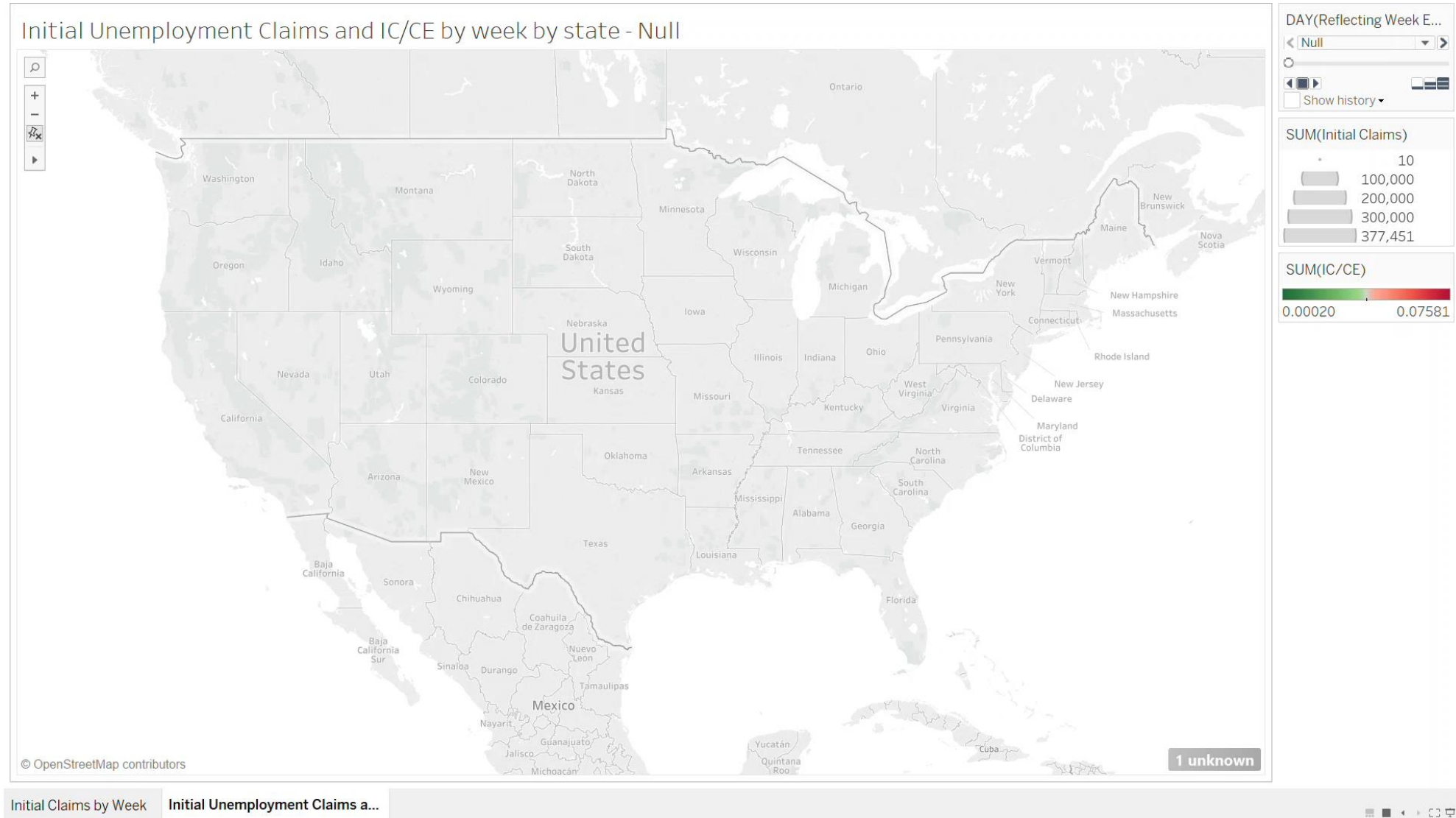
This Is A Human Crisis:
Initial Unemployment Claims by Week 2019-2020 (BLS)

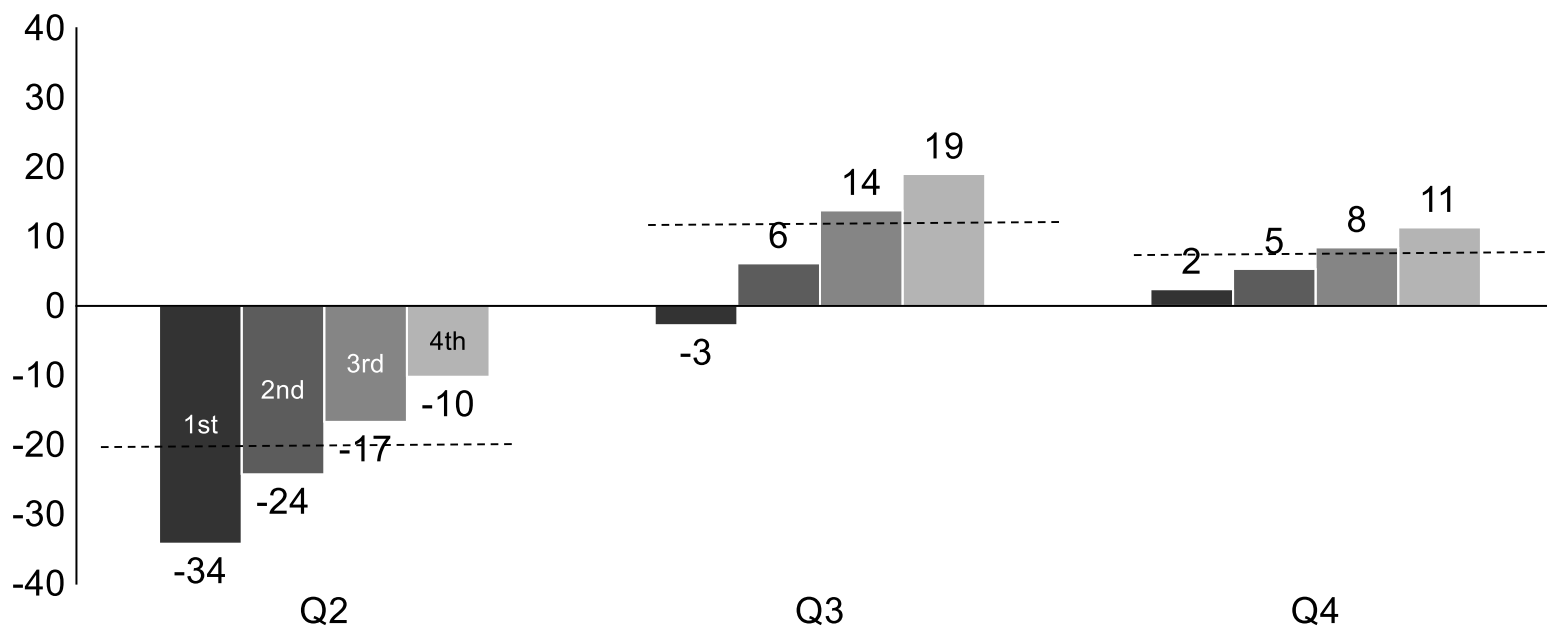Initial Unemployment Claims and IC/CE by week by state - March 14, 2020

This Is A Human Crisis:
Macroeconomic US GDP perspectives

Range of economic outcomes based on most recent forecasts since 3/25 (N=12)

% Change in Real GDP vs Prior Quarter, Seasonally Adjusted / Annualized; Growth Estimates by Quartiles (%)

- Bain doesn't publish its own point forecast, given wide probability distribution. Instead, Bain models use appropriate GDP growth estimates based on a number of sources, and simulate outcomes based on the range of estimate.

- Sharp decline in Q2

- Consensus of quarterly recovery in Q3 and Q4, but GDP likely smaller than same period last year

	Q2	Q3	Q4
Median (%)	-20	12	7
Mean (%)	-21	9	7

Source: ING Group, Deutsche Bank. Goldman Sachs Group, Pictet & Cie Banquiers, Barclays, JPMorgan Chase, Julius Baer, UBS, Amherst Pierpont Securities, Wells Fargo, Bloomberg Economics, TD Bank

Our Perspective

This information is confidential and was prepared by Bain & Company solely for the use of our client; it is not to be relied on by any 3rd party without Bain's prior written consent

BAIN & COMPANY ◉   8

So: How To Realign Your Market Scenarios and Budget

Up Periscope

- Look upstream
- Set the context
- De-average
- Predict!

Test your Tests

- Name ten current tests (you're doing now)
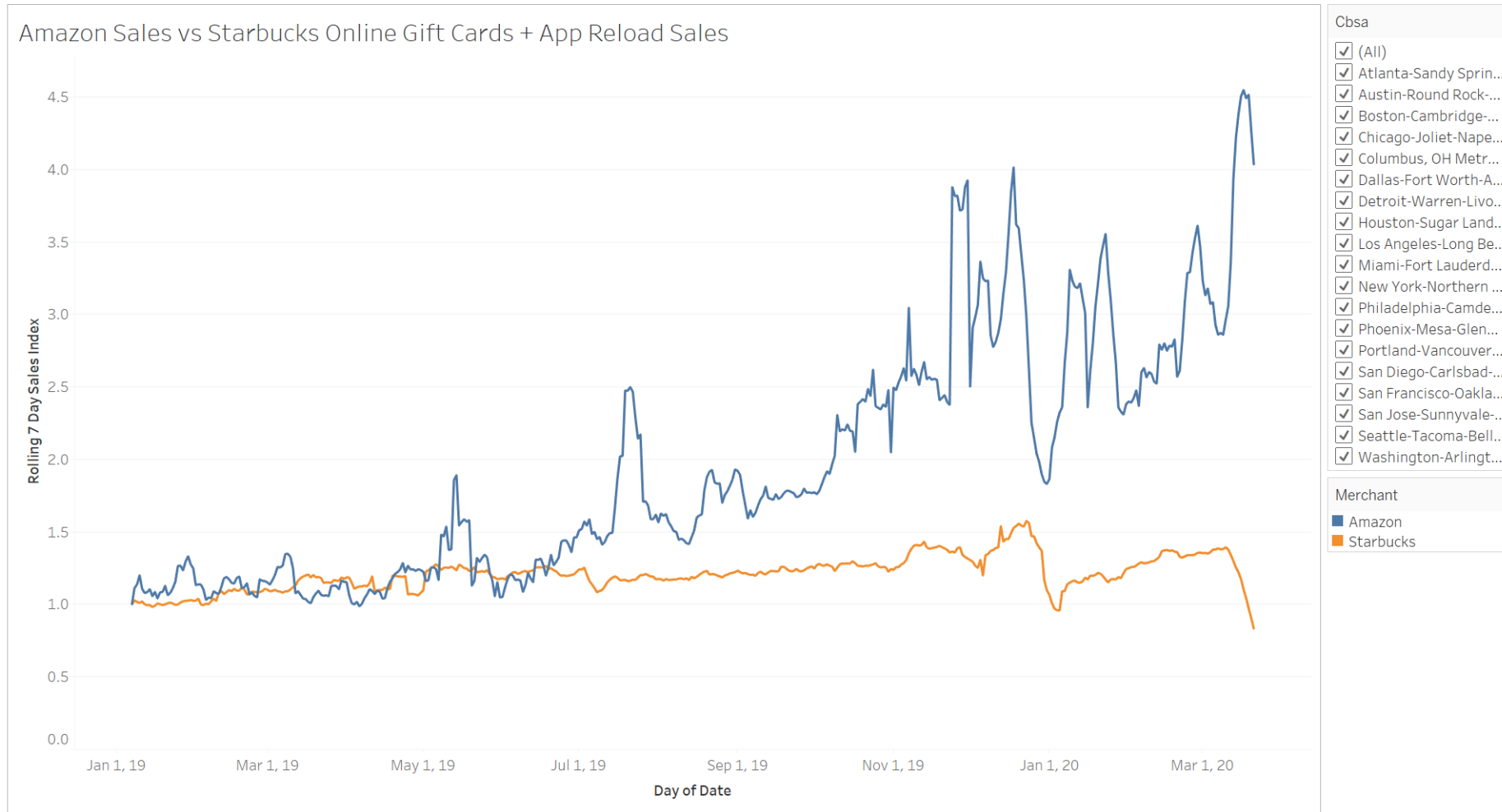- Why these?
- How to scale winners?
- When to say when?

We're not the same

- More SVOD
- More local news
- More games
- More ecommerce
- More purpose
- Fewer products

Two Moves ahead

- Linear loses inventory now
- Make-goods ahead
- Likely in digital
- CPMs down now
- So, experiment now
- So, scale digital this fall

Look Upstream - New Signals Example: The "Amazon / Starbucks" Index

Source: Email Receipts Panel data (opt-in), Bain analysis

Case Study: CPG Co

Situation

- Up to 2019, CPG Co had delivered expected growth and was gaining share, fueled by price actions, sales / commercial excellence, and product innovation

Complication

- Growth targets and pressure from the street

- Historic growth levers not going to be enough

- Insufficient ideas for how to get more from media

Approach

- Identified "portfolio-level" opportunities for **cross-brand** trades and activation

- Shifted media investments **within multi-product brands** to better leverage brand halo of large master-brands

- **Within brands**, de-averaged performance and targeted higher-value audiences and regions instead of broad-based spend

- **Within channels / publishers**, identified pockets of diminishing returns and corresponding investment shifts

- Built **client capabilities** to sustain growth and learning, including backlog governance, testing, and underlying data

Results

- Identified mid-eight-figure annual gross margin improvement opportunity (**~10% ROI** on overall ad budget) in **~8 weeks**

- Already validated ~1/4 of this opportunity through initial in-market controlled test phase

- Now moving to a scaling phase to expand validation and learning

*"You guys are doing fantastic work. We have a lot of partners working with us and your **ability to get into the details and help us execute better sets you apart from everyone else we work with** – it is so valuable. Thank you."*

Brand Director

THANK YOU!