Increasing Sales Volume by Optimizing Marketing Spends

A major retailer used integrated media mix modelling to achieve 16% lift in sales and 28% increase in new customers.

16% LIFT IN SALES

How Effective Are All Marketing Activities?

Our client – a US-based multinational retailer that operates 11,000+ hypermarkets and stores – wanted to determine the effectiveness of their marketing and media outreach for a particular brand. Specifically, they wanted to see the impact 1) across online and offline sales and 2) for new customers acquired online and offline.

Uncovering More Opportunities with AI Automation

We developed a completely automated media mix modelling simulator and optimizer that:

- Uncovered marketing budget shifts that could potentially result in a ~16% lift in sales.

- Recommended spend shifts to drive a projected ~28% increase in new customers.

- Helped stakeholders identify key media drivers, their performance basis, and their effectiveness.

Not only did this solution expedite the modelling process, it included tools that allowed the marketing department to test what-if scenarios and develop media marketing plans to optimize budget and increase additional sales.

Getting the Complete Picture with MMM

An integrated approach to media mix modeling makes measuring the impact on sales unit volumes and new customer activities more accurate; we used this approach to quantify the short-term impact of each activity via time-series analysis. At the granular level, we employed lag, ad-stock, and s-curve to effectively capture media impact on sales and other outcomes. This allowed the customer to:

- Discover the impact of online advertising on sales units (online, offline, and for new customers).

- Correctly determine the ROI for various media vehicles (Contextual, Facebook, Pinterest, etc.) and develop optimal media execution ranges.

- Optimize their media budget while maximizing returns with single and multi-objective optimization.

- Analyze year-over-year growth and do a deep dive into how various media activities were panning out.

This revealed, for example, that ~6% of sales were driven by incremental activities; going a bit deeper showed that sponsored products were the most successful driver.

Fueling New Growth by Reassessing Spends

The client can now identify the most effective drivers for sales and new customers as well as quantify exactly what impact each activity has. Additional simulations generated suggestions to power new growth by optimizing budget allocations across marketing channels, with higher-performing activities receiving more emphasis.