

**to:** Marriner Account Team

**from:** Rob L. and Ann S.

**cc:** Tighe M., Susan G. and David M.

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**topic:** Return on Ad Spend (ROAS)

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In 2021, the Campbell's Foodservice team requested our help in understanding what it would take to develop an ROAS model for foodservice, similar to the model that has been established in retail. While Marriner has helped many clients build successful programs to measure and track brand metrics relevant to brand health and marketing strategy optimization, we had not yet explored ROAS in the foodservice channel.

### What is ROAS?

Return on ad spend (ROAS) is a marketing metric that measures the amount of revenue earned for every dollar spent on advertising.

At the most basic level, ROAS measures the effectiveness of advertising efforts; the more effective your advertising, the more revenue you will earn from each dollar of ad spend. Said another way, the higher your ROAS, the better.

### What were our stated objectives?

- Primary objective was to understand the **sales lift** of advertising spend (sales contribution by media tactic)
  - Needed to determine which media tactics were in scope and the level of detail that would be available
  - Wanted to consider productivity versus competition or industry benchmarks (if possible)
- Secondary objective was to understand **brand lift** of advertising
  - Would center around metrics like brand awareness, ad awareness, brand favorability, message association, purchase intent, etc.

### What was our expected deliverable?

The output we were looking to provide included:

- Outline of data needed to complete a high-level ROAS
- Summary of what the methodology would look like
- Key steps and milestones
- Estimated cost to execute

### How did we approach it?

- The project began with internal collaboration between the Campbell's account team and the Insights & Planning team to discuss the objectives, the client's business, available resources and potential outages/challenges

- Next, we held an information session with NPD to gain a better understanding of their SupplyTrack platform, the source for the Campbell's volume level data (dollars, cases, pounds, gallons) related to soup and snacks, one component of the prospective ROAS model
- From there, a research brief was developed for use with other relevant industry partners – IRI, Datassential and Technomic. In addition to soliciting formal proposals, we were looking to understand whether they had previously explored the idea of ROAS for foodservice, gather any applicable learnings, and probe their POV on methodology and potential challenges

### **Early key learnings**

- While the equation for ROAS is relatively simple, there are significant challenges related to calculating in foodservice, such as availability of data and ability to establish benchmarks
  - To improve ROAS, you first need to get a baseline of which channels and ad campaigns are working, and which are not
- It is evident through conversations with the above partners that other foodservice manufacturers are not currently attempting to measure
- Even with significant investment, there is no guarantee of success

### **What did the proposals look like?**

- We received three very different proposals, none of which addressed both the primary and secondary objective, and all conveying hesitancy regarding the endeavor.
- IRI offered a phased analytical approach that leveraged concrete sales data. It represented best-in-class methodology and most closely resembled the retail model, which they had also previously conducted for Campbell's. Their recommendation was to start by testing the approach in soup, and if it was reasonably successful, address the snack category in year two. IRI did not address brand lift.
- The Datassential proposal addressed the secondary objective – brand lift – with a primary research study. Year one was intended to be a full diagnostic with initial benchmarking in areas related to the category, brand communication and positioning as well as advertising and promotions. Future years would provide KPI tracking and topical category insights. Any learnings around sales lift would be based on reported usage/spend only.
- Similarly, the Technomic proposal also addressed the secondary objective – brand lift – with a primary research study. That said, in addition to a quantitative survey, Technomic also presented qualitative online focus groups as well as an attempt at developing manufacturer benchmarking related to marketing spend through a combination of quant and qual targeted at 100 foodservice manufacturers.

### **Our initial recommendation**

Of the options available to us at the time, we recommended engaging IRI. We determined that their approach was most likely to achieve the primary research objective and although it did not account for brand lift, we believed it would represent a significant step in measurement in the food away from home space and could provide strong guidance for future campaigns.

### **Anticipated Cost**

- Year 1 - \$145,500 (soup)
- Year 2 - \$303,500 (soup and snacks)

### **New developments emerge**

Months into the project, we learned that Campbell's was no longer leveraging IRI for their ROAS in retail (also referred to as MMx or marketing mix modeling). Their most recent partner was Nielsen, which meant taking a step back and engaging a new team on our request. However, in August 2021, IRI and NPD merged to create a leading global technology, analytics and data provider. That merger became rationale for NPD to deny a request to share SupplyTrack data with Nielsen and thus eliminated Nielsen as a potential partner for the Campbell's ROAS project.

### **It doesn't end there...**

We did have an opportunity to discuss ROAS in foodservice with the Nielsen team and they more clearly illuminated several important learnings.

The net net is that challenges exist that currently hinder ROAS in foodservice:

- **Availability of observations.** 30 observations per year (e.g., sales) is the suggested minimum, but NPD data is only available monthly.
- **Marketing spend levels.** 50M impressions (nationally) is the standard for evaluation. In the case of soup, we did not reach this threshold across campaigns.
- **Overall ROI.** Return for conducting ROAS is estimated at 20% of media spend. That means to simply break even after the Year 1 investment (\$145K), the media spend would need to be \$725K. It should be noted that most brands look to exceed the cost of the study multiple times over.

### **Where are we today?**

We have presented all the information to the Campbell's team and while the process was a beneficial learning experience, the project has been suspended for the foreseeable future. We will regroup with the Campbell's team if marketing budgets or NPD periodicity change.