

Impact Story – Marketing Mix Modeling

US-based Consumer Durables Firm



Why they chose us?

- » The client, a US CPG firm, wanted to quantify ROI of media vehicles such as DM and DRTV
- » The ROI was to be quantified over a two-year period, for which time series data on marketing spending on these vehicles and total sales through different channels was available
- » A multiplicative model was developed to forecast sales and arrive at the ROI from each vehicle

How we solved the problem?

- » Identified data elements, e.g. sales, media spending, macro variables
- » Performed sanity checks for variables, e.g. missing values, extreme values, etc.
- » Calculated ad-stock functions to arrive at the most appropriate function for decay
- » Tested for stationarity and autocorrelation in the sales time series and determined the appropriate differencing, autoregressive, and moving average terms
- » Developed models incorporating alternate sales response functions
- » Compared alternate models based on forecast accuracy and model stability
- » Derived ROI the change in sales per unit change in spend based on the model prediction

What we did differently?

- » Enabled the client to estimate and comparatively evaluate the ROI from its various marketing channels
- » Both DRTV and DM spending contributed significantly to sales growth (DRTV was a larger contributor than DM and also had superior ROI)

About Moody's Analytics Knowledge Services

We enable global financial organizations to innovate and transform in an ever-changing world. Our combination of subject matter experts and technology solutions drive operational efficiency, and seamless scaling. Providing customized solutions is in our DNA – solutions that have a tangible impact on our clients' top-line and bottom-line, enabling them to achieve more with less.

Our clients include leading financial institutions, asset managers, Fortune 100 corporations, mid-tier companies, and boutique investment banks. We support over 150 institutional clients through our team of 2,600+ employees and our global delivery centres, located in close proximity to our clients.