Marketing Mix Modeling and ROI

Key business benefits
Marketing Mix Modeling

How to improve the performance of your marketing campaigns

The art of measuring advertising and media effectiveness has come a long way; now the basic objective of any organization is to measure their brand equity and build profitability. At the forefront, organizations are facing issues to address factors that drive brand loyalty.

The need for increasing speed, granularity, and business reporting is compelling businesses to shift toward marketing mix modeling.

Moreover, sophisticated companies are also leveraging market mix modeling to understand the relative impact of the advertising spend on business performance.

Beyond conventional marketing, marketers need to learn how their marketing activities such as advertising, in-store promotions, and price enhance the return on marketing investment.

Using marketing mix modeling, advertisers can measure their performance in real-time and make on-the-fly optimization decisions.

Marketing mix modeling - What is it?

Marketing mix modeling can be defined as a set of strategies and campaigns that help companies to promote their products and services.

On a broader perspective, marketing mix modeling leverages the use of marketing inputs to build regression models to understand the impact of marketing initiatives on the revenue. Moreover, companies can augment the use of marketing mix modeling to evaluate the effectiveness of their marketing mix on the performance.

Organizations have witnessed a 40% improvement in their marketing ROI within a year after adopting MMM strategies.
Marketing mix modeling and its effect on ROI

In every organization, companies are facing challenges when it comes to meeting the business goals of improved revenue, sales, and profit. As the saying goes “brand is built over the years, but managed over quarters,” marketing mix model plays a prominent role for businesses to optimize their spends on marketing. With the use of MMM techniques, businesses can calculate the ratio of incomes to the investment. Generally, a MMM model constitutes the 4P’s such as the products, price, place, and promotion. However, a key point here is the fact that marketing inputs with a higher return on investment can be considered to be more effective than a marketing input with lower ROI.

The benefits of marketing mix modeling in an organization

While some companies have harnessed the potential of marketing mix modeling with enormous success, certain other companies have failed to leverage its benefits. Marketing mix modeling, at large, links multiple variables including marketing, sales activities, and external factors to the frequent changes in the consumer behavior in terms of acquisitions, sales, revenue, and retention.

Here are some of the reasons why businesses should adopt marketing mix modeling:

**Eagle’s eye:** Marketing mix modeling offers a 360-degree perspective by analyzing the impact of internal and external factors on the online and offline channels. Moreover, the digital and the traditional media platforms can leverage marketing mix modeling to better understand the marketing effectiveness and determine the marketing ROI.

**A combination of attribution and customer insights:** With the help of successful campaigns, marketing mix modeling combines digital attribution to measure the increment marketing on revenue and profit margins. Bringing digital attribution and consumer insights together also help companies derive insights and effectively drive marketing campaigns.

**Granular insights into marketing effectiveness:** Through a reliable MMM solution, marketing professionals can reduce the time taken for performance measurement. Moreover, through relative advances in technology, organizations can gain insights quickly.

LATEST INSIGHTS

Marketing Mix Modeling Helps an Electronics Retailer Reduce Marketing Spend

Over the past few years, pricing of products and services has been the area of concern for establishments, especially in the electronics retailer landscape. Today, with the increasing penetration of technology, the customers are more informed and are relying on online retailing to ease their experience.

Why is marketing mix modeling inevitable for your business?

Ideally, marketing strategies are hatched by using primary and secondary media research, but if you do not measure the marketing effectiveness, you might be missing out on some vital information.
Success Story
Marketing Mix Modeling: How Quantzig Helped a Prominent Client in the CPG Industry Optimize their Marketing Spend.

Challenge:
The client, a prominent CPG company with considerable number of retail stores, spread globally, wanted to gain actionable insights into the sales, market share, and marketing ROI.

Solution offered:
Beyond traditional marketing campaigns, the solution helped the client, leverage the use of multiple regression techniques to predict the outcome of sales.

Insights offered:
The engagement offered by Quantzig assisted the CPG company to quantify the impact of sales on marketing activities.

About Quantzig
For more than 15 years, we have assisted our clients across the globe with end-to-end data management and analytics services to leverage their data for prudent decision making. Our firm has worked with 120+ clients, including 55+ Fortune 500 companies.

At Quantzig, we firmly believe that the capabilities to harness maximum insights from the influx of continuous information around us is what will drive any organization’s competitive readiness and success. Our objective is to bring together the best combination of analysts and consultants to complement our clients with a shared need to discover and build those capabilities, and drive continuous business excellence.