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8-10 June 2011, Lisbon
3rd European Summit on Measurement

What is Market Mix Modeling?

How can I persuade my management or my client to adopt it?

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Measuring Effect on Business Results: Market Mix Modeling

This model looks at the contributions of media activities to sales

Model 1:
$$\text{Sales} = X_1 + X_2 \text{Net Traditional} + X_3 \text{Net Interactive} + X_5 \text{Other}$$

Model 2:
$$\text{Sales} = X_1 + X_2 \text{Net Traditional} + X_3 \text{Net Interactive} + X_4 (\text{Net Traditional} \times \text{Net Interactive}) + X_5 \text{Other}$$

Note: In both models there should be variables reflecting other forms of MarCom, economic conditions, special events and other causal factors to sales. Other variable choices can include reach/impressions, # of comments, favorability/algorithm score, etc.

Interactive is most likely two streams of data – overall noise and key blogger activity

Measuring Effect on Business Results: Tracking Sales and PR Over Time

- Standard inclusion of PR variables
- Statistical analysis identifies the degree to which PR has contributed to an increase in sales
- Tracks:
 - Quality & quantity of media coverage
 - Advertising & other marketing efforts
 - Sales & other behavioral outcomes
- Data collected by time and market

