

2023
Release

The OptiMine **Index**

2022 MEDIA & PERFORMANCE TRENDS



The OptiMine **Index**

Exiting the Pandemic Into Economic Uncertainty: A Guide to Successful Navigation in Today's Marketing Environment

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About the OptiMine **Index**

OptiMine's performance measurement benchmark index of the incremental, cross-channel impacts of all marketing channels.

OptiMine Index Background

Over nearly two decades, OptiMine has accumulated a wealth of marketing intelligence across industries and brands with an incredibly diverse set of outcomes and metrics. As a valuable component of OptiMine's relationships with the brands it serves, OptiMine shares this deep intelligence and advisory guidance to help brands understand opportunities and actions to continually improve their performance. This beneficial context and perspective is just one of the many valuable elements of OptiMine's agile measurement and optimization solution. The OptiMine Index is a reflection of OptiMine's "North Star" and guiding mission to deliver insights and intelligence faster, in more actionable detail, via a truly privacy-safe and future-proof approach that yields market advantage and ROI to the brands we hold dear.

Insights enclosed are sourced from a diverse set of OptiMine's clients over the course of the previous twelve months.

OptiMine Index Highlights

The OptiMine Index leverages OptiMine's extensive work across leading global brands and industries including:

- ❖ Trillions of dollars in revenues measured
- ❖ Covering many of the largest, most successful brands in the world. Industries include: retail (Brick and Mortar), retail (Ecomm), insurance, healthcare, finance, entertainment, online subscription services, and more
- ❖ Spanning 17 years of experience
- ❖ Measuring countless outcomes, metrics, KPIs, and countries

Exiting the Pandemic into Economic Uncertainty

The Only Certainty is Uncertainty, Making Advanced Measurement and Analytics More Critical than Ever

The global pandemic threw brands into a period of the most intense and punctuated uncertainty in modern times. A clash of rapidly changing consumer behaviors, media consumption patterns and modal shifts in purchase channels created a wickedly complex marketing environment. And those changes continue to ripple through our current environment as brands grapple to understand what elements of change are permanent and which will continue to evolve rapidly. Through it all, OptiMine stood side-by-side with the brands we serve as a stalwart, trusted advisor— a partner focused on delivering rapid insights— to help our clients meet and lead the market.

This edition of the OptiMine Index captures those changes in the marketing environment, how brands have adjusted their own approaches, and provides more context to help explain why and where marketing conditions continue to evolve— and where to take advantage of opportunities as brands seek to navigate the current economic uncertainty.

What you'll get with this edition of the OptiMine Index:

1. Benchmark views on what is working and what isn't in today's marketing environment
2. Where smart dollars are moving to gain additional performance lift
3. The emerging marketing channels representing true opportunities for brands and where to test
4. Where more efficient alternatives reside in the complex mix of marketing channels

Major Themes and Trends

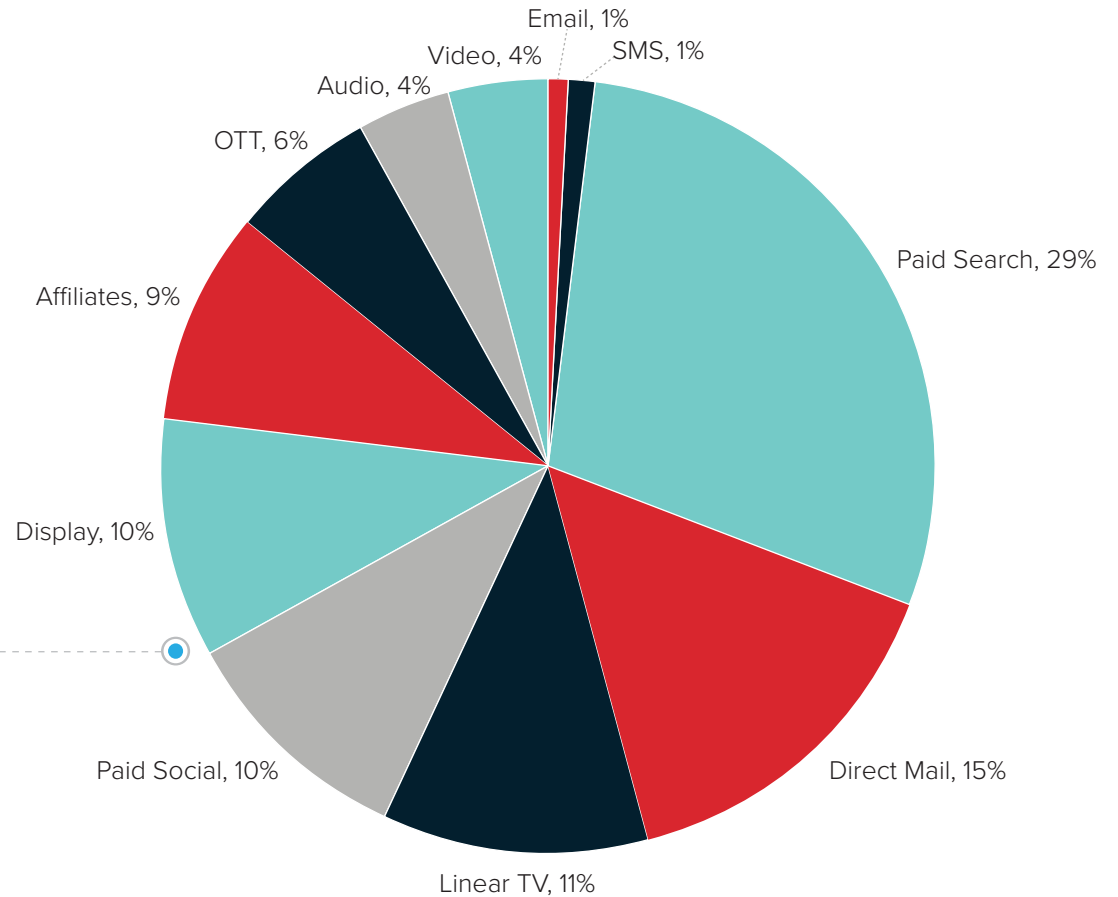
Calm Waters on the Surface Mask Movements and Opportunities in the Details and Depths of Marketing Channels

Spend levels and performance characteristics remain relatively flat as brands market post-pandemic, and continue to invest in marketing even with potential recessionary pressures ahead. However, OptiMine expects marketing budgets to come under more pressure in 2023 as finance teams seek to trim discretionary expense. While overall trends are still fairly stable, there are many interesting opportunities when diving into more detail as newer emerging marketing channels challenge the status quo and as marketers test into new areas. Below are the highlights from this year's OptiMine Index analysis.

- 1 Media Investment and Performance Levels Remain Relatively Unchanged in the Last Year**
- 2 Mix Changes Deeper into the Details Show Smart Dollars Moving to More Efficient and Performant Channels**
- 3 Leading Traditional Channels Continue to be Challenged by Modern, Emerging Alternatives**
- 4 Emerging Channels Pose Opportunities for Brands, Especially When Combined with the Right Measurement Analytics**
- 5 Multi-Channel Measurement, Planning and Optimization are More Critical as Consumers Still Remain Firmly Multi-Modal**

Brands Continue to Leverage a Variety of Channels in their Mix, Dominated by Digital

Media Mix By Channel



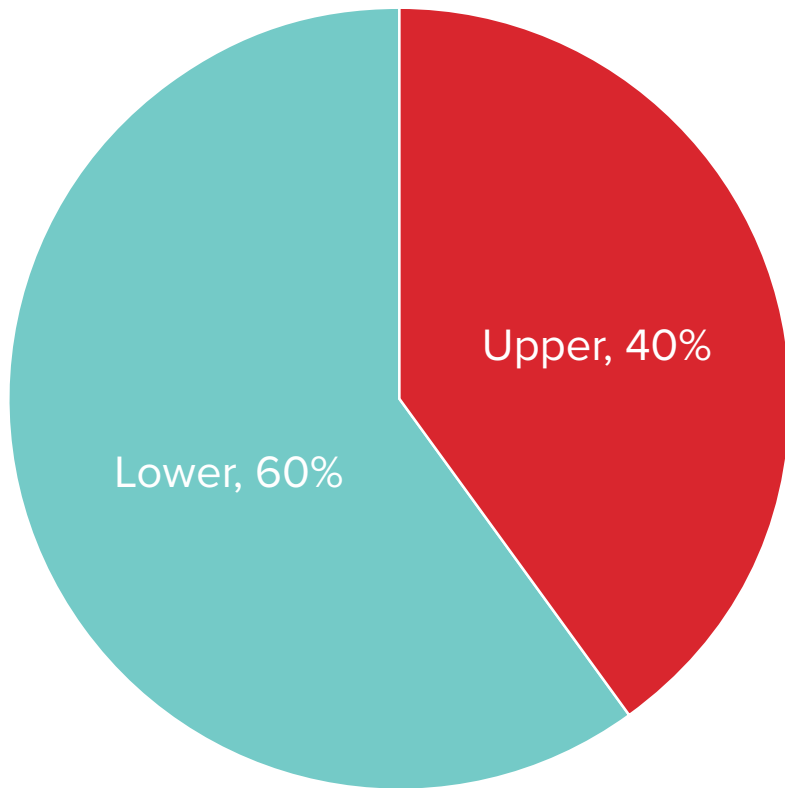
The digital advertising marketplace maintains its hold on spend. It makes up **70%** of the overall media investment.

KEY TAKEAWAYS:

- Media investment levels held constant year over year
- Most brands' media spend remained flat (+/- 10%) with no brand seeing more than a 25% change year over year
- In general, most brands kept their media mix fairly consistent in 2022 compared to 2021. The emerging channels (Podcast, Audio Streaming, OTT*) are not seeing large growth in their SOV*.

*OTT: Over The Top, SOV: Share Of Voice

Upper/Lower Funnel Mix



Media Channel Categorization

Upper Funnel Channels	Lower Funnel Channels	Channels w/ Mix of Upper & Lower
Linear TV	CRM	Audio
OTT	Paid Search	Display
OOH	Email	Direct Mail
Influencers	Affiliates	Paid Social
	SMS	Video

KEY TAKEAWAYS:

Lower funnel tactics are making up a preponderance of the media spend. This suggests a focus on near term volume and growth. It could be a symptom of companies chasing consumers in a marketplace where talks of a recession are ever present. Brands are getting pressure to show consistent growth and lower funnel tactics are the likely vehicle.

Channel Performance Trends and Detailed Deep Dives

Channel Performance Overview and Rank

High-Level Channel Effectiveness and Performance is Relatively Stable YOY, But Pressure Building to Reduce Spend in 2023

Channel	2021 Efficiency Rank	2022 Efficiency Rank
Email	1	1
SMS	2	2
Display	3	3
Paid Search	4	4
Audio	7	5
Video	6	6
Paid Social	5	7
Direct Mail	8	8
Affiliates	9	9
OTT	10	10
Linear TV	11	11

Email, SMS, Display, & Paid Search continue to be the most efficient channels.

- Email and SMS benefit from their low cost and highly targeted nature
- Paid Search still excels at capturing consumers when ready to convert
- Display can provide reach but as targeting becomes challenging, it will be worthwhile to track its performance

Audio, Video, and Paid Social all improved their efficiency metrics YOY, but to different degrees:

- Audio +40%
- Video +30%
- Paid Social +15%
- Audio and Video platforms have proliferated and become more diverse, offering more targeting opportunities for brands. Result: Audio snuck ahead of Video and Paid Social in the efficiency ranking.

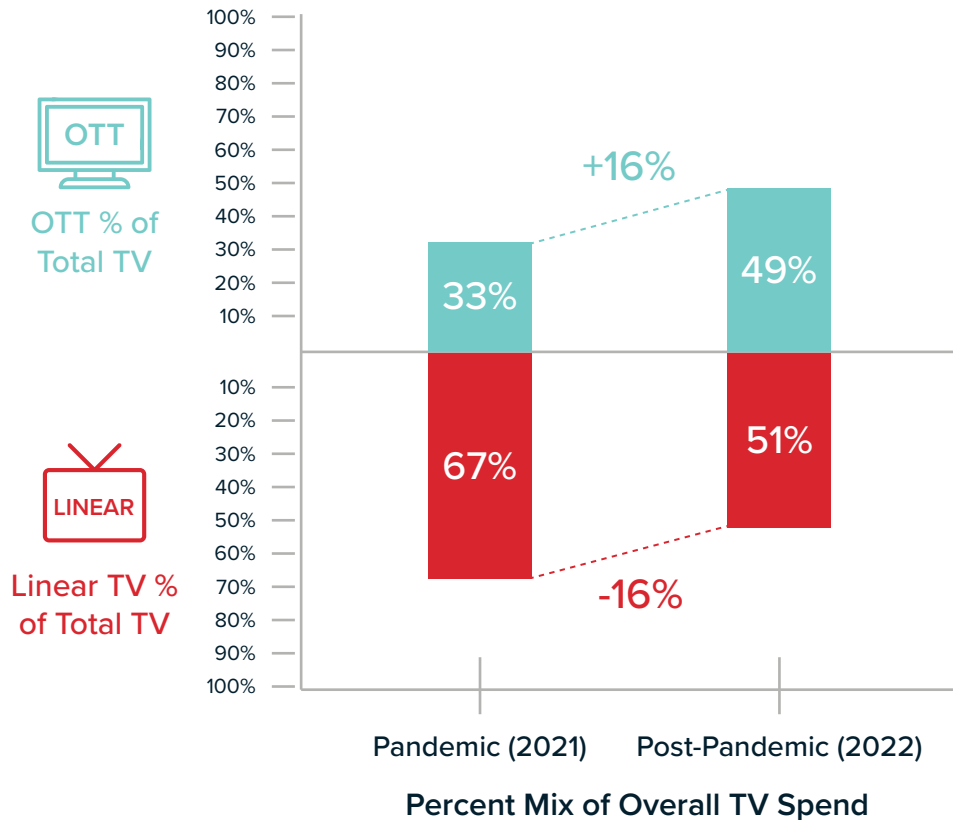
Direct Mail, Affiliates, OTT, & Linear TV continue to be the least efficient channels.

- OptiMine traditionally sees these channels with higher CPMs which impacts their overall efficiencies
- Direct Mail is highly targeted but is negatively impacted by its high cost to serve




Note: Efficiency is evaluated based on a brand's primary KPI. Primary KPIs vary across brands, but the most common are revenue, orders, and leads.

Brands Shifting from Legacy Linear TV to Modern Alternatives for Improved Targeting and Efficiency

Linear TV Losing Out to OTT



But, YouTube is Stealing the Show

Channel	2022 Efficiency Index	2022 CPM Index
 YouTube	201	57
	57	137
	49	106

KEY TAKEAWAYS:

- Brands are spending more of their TV mix on OTT, which is typically more efficient than Linear TV despite having a higher CPM
- Brands are parlaying YouTube's efficient CPMs to help drive reach and sales

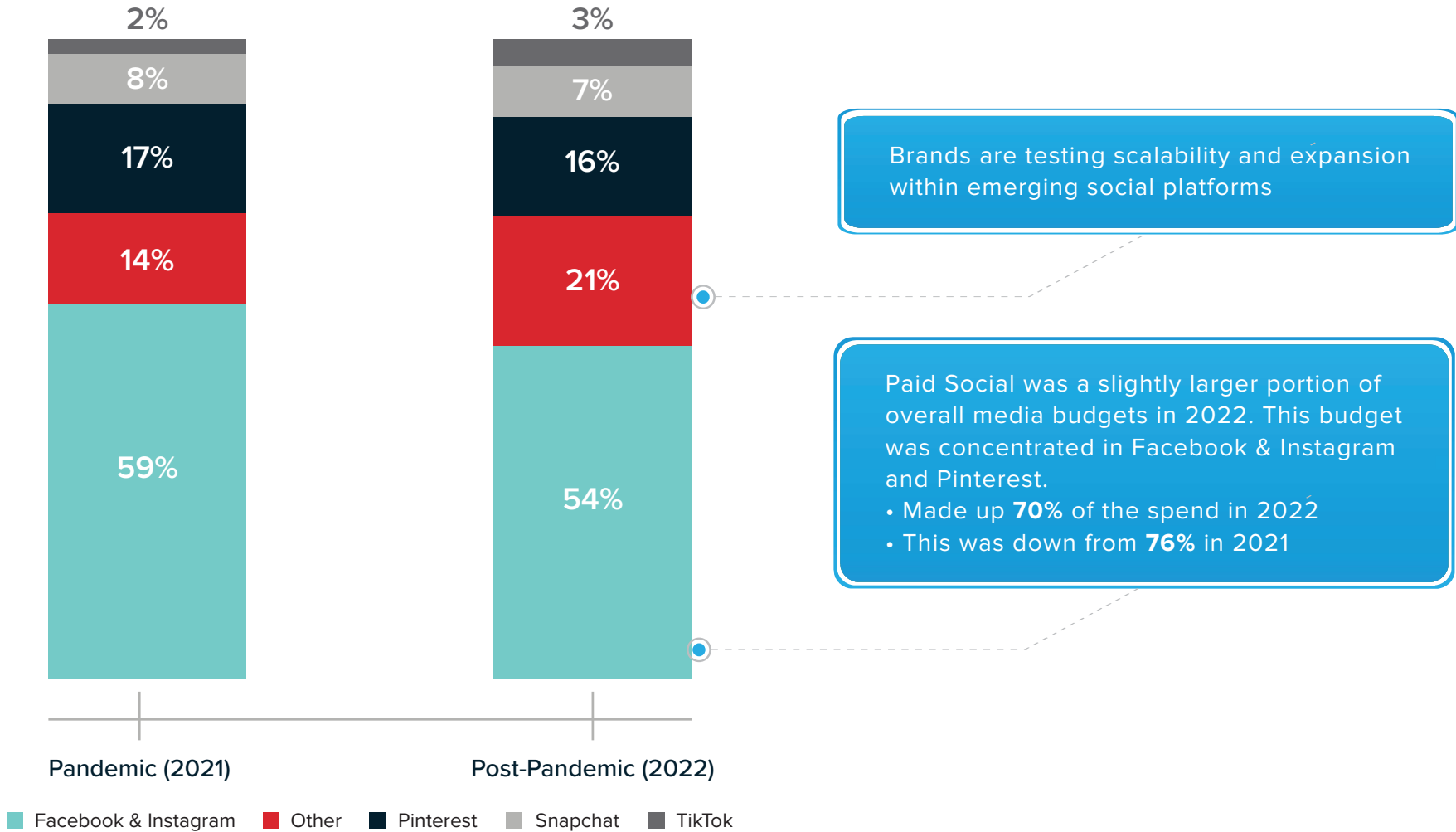
Note: Efficiency is evaluated based on a brand's primary KPI. Primary KPIs vary across brands, but the most common are revenue, orders, and acquisitions.



Paid SOCIAL

While a Majority of Spend Was Concentrated in “Legacy” Platforms like Facebook, Share is Shrinking.

Avg. Paid Social Media Mix

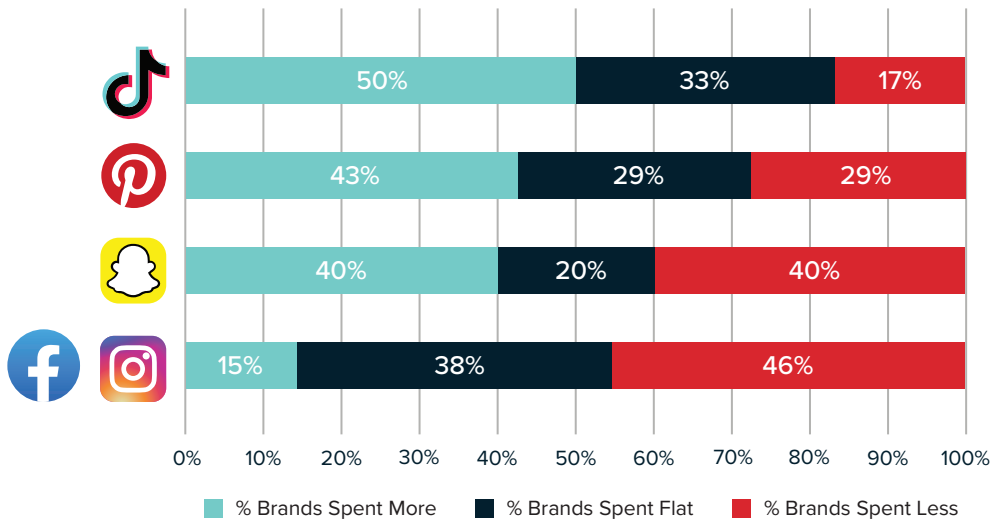




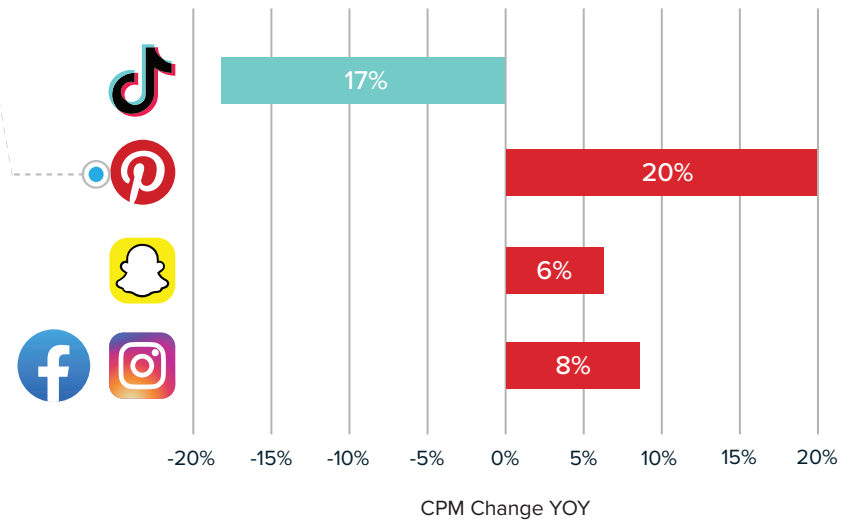
Brands Seeking to Shift Spend Away from Meta Platforms Due to Privacy-Related Data Loss and the Need to Find Cost Efficiency

For brands with products that are highly visual, Pinterest is a strong performer even with higher CPMs

Facebook & Instagram Still Represent Over Half of All Paid Social Spend, But Brands Are Switching Investments Elsewhere...



Driven, in part, by YOY Decreases in TikTok CPMs and Higher CPMs in Primary Social Platforms



Emerging Media Channels



TikTok

Most marketers spent more on TikTok YOY but it was the least efficient form of paid social for most brands.



Influencers

For brands that tested this channel in 2022, it ranked in the top third of their channels for efficiency.

Weaker

Performance Scale

Stronger



Podcasts

For brands that tested this channel in 2022, it ranked in the bottom half of their channels for efficiency.



Snapchat

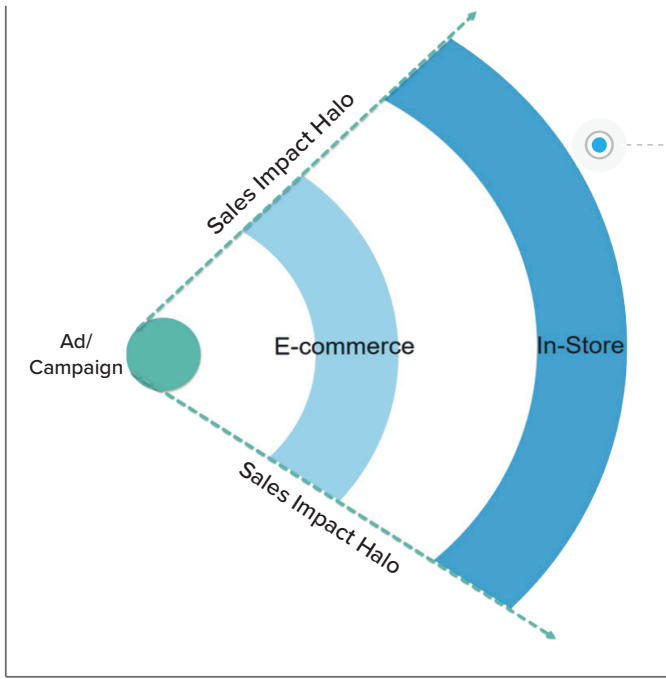
We've seen brands really lean in to Snapchat in the last year and results vary. For some brands, it's become their most efficient paid social partner and for others it's among the worst.

Retail Insights

Ads Do Not Work in a Vacuum

Ads do not work in a vacuum. Despite this, most companies only measure the digital effects of these campaigns. Ads have an effect on in-store *and* offline retail to account for the full effect of digital ad investments. Therefore, focusing on digital-on-ecommerce impacts misses the point: **most of marketing's contributions are still captured in-store.**

The OptiMine Index demonstrates clearly why digital tracking isn't sufficient alone to understand the value and ROI of advertising.



Value & Contribution by Conversion Capture Channel

Channel	2022 Online %	2022 In-Store %
Direct Mail	18%	82%
Linear TV	23%	77%
Audio	27%	73%
SMS	31%	69%
Paid Social	33%	67%
OTT	33%	67%
Video	35%	65%
Paid Search	36%	64%
Email	37%	63%
Display	41%	59%
Affiliates	51%	49%



In-Store Drivers **VS** Online Drivers

Some Media Channels Are Better at Driving In-Store Sales than Others

Channel	2022 In-Store Index
Direct Mail	122
Linear TV	116
Audio	109
SMS	104
Paid Social	101
OTT	100

In-Store

The great migration from In-Store to Online shopping* stagnated in 2022 but there are nuances to how companies can capture sales in both channels

Channel	2022 E-Commerce Index
Affiliates	152
Display	124
Email	112
Paid Search	109
Video	106

E-Commerce

KEY TAKEAWAYS:

- Traditional channels, like Direct Mail and Linear TV, over-index on driving in-store sales
- Digital channels, like Affiliates and Display, over-index on driving E-Commerce sales

*Sources:

<https://www.cnn.com/2022/06/16/business/online-shopping-stores-retail/index.html> & <https://nielseniq.com/global/en/insights/education/2022/omnichannel-shopper-behavior-shifting/>

WHY OPTIMIZE? AGILE MARKETING MEASUREMENT



Fastest Solution

Rapid implementation
for fastest ramp to value.



Most Actionable

The deepest, most
granular measures for
precise guidance and
immediate action.



Persistent, Continuous

Rapid ongoing model
updates to stay ahead of the
market.



Expert Consulting Services

Deeply experienced analytic
consulting to help you
achieve your goals.



Contact **US**

Contact us today to schedule a demo or meet with OptiMine to learn how you can leverage our advanced analytics to lift your marketing performance.



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