

The OptiMine Index

2023 Media & Performance Trends



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About the OptiMine Index

The OptiMine Index is a performance measurement benchmark 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 one of the many valuable components of OptiMine's agile measurement and optimization solution, OptiMine shares this deep intelligence and advisory guidance to help brands understand the opportunities and actions to continually improve their performance. 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.

The insights enclosed are sourced from a diverse set of OptiMine's clients over the course of 2023. Exact dates vary by client depending on model refresh schedule.

OptiMine Index Highlights

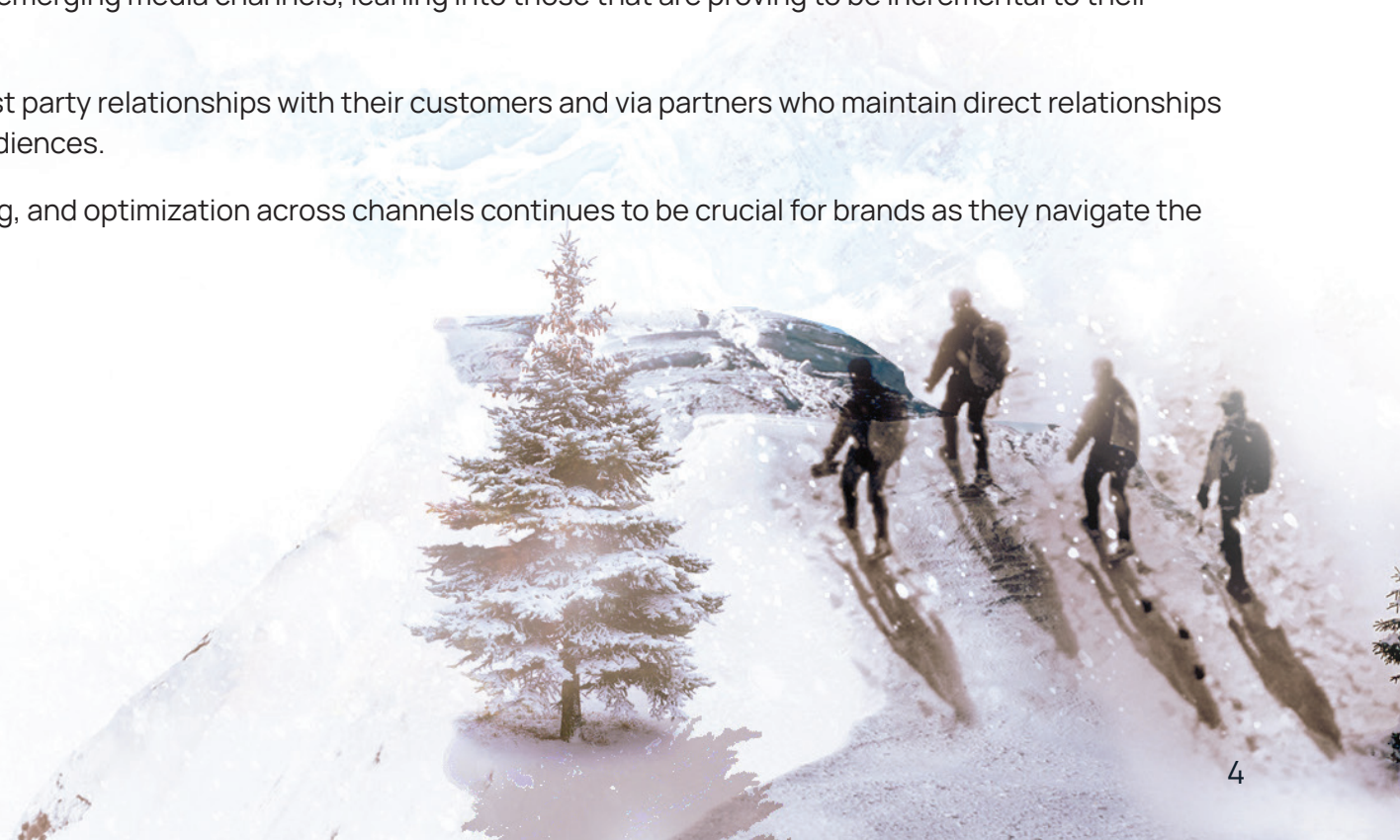
The OptiMine Index leverages OptiMine's extensive work across leading global brands and industries including:

- 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, entertainment, education, gaming, and more
- Spanning 18 years of experience
- Measuring countless outcomes, metrics, KPIs, and countries

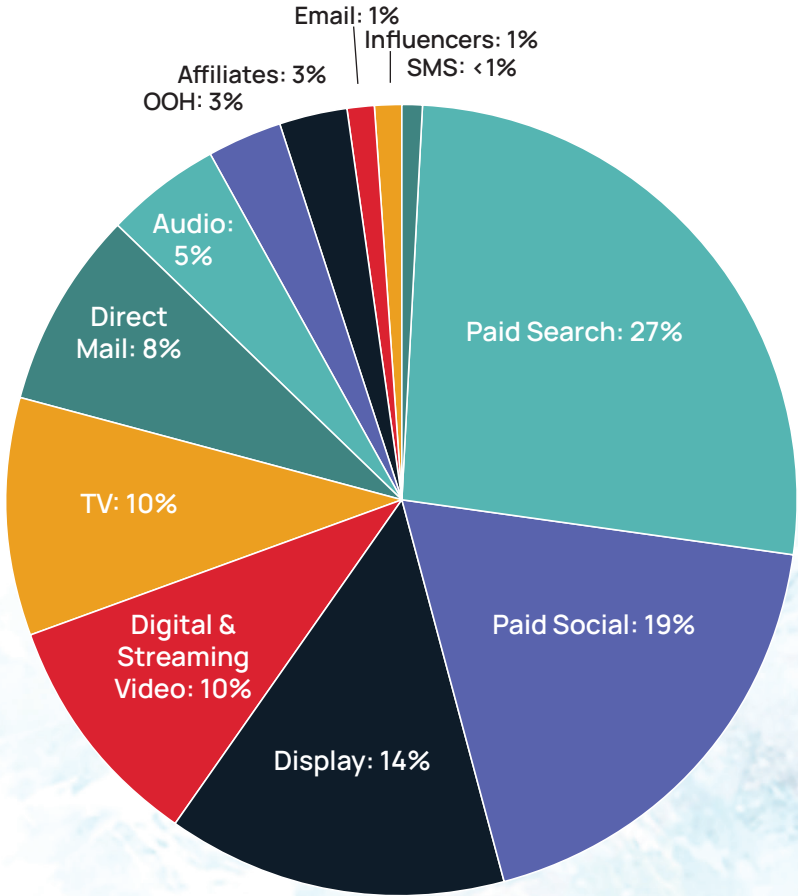
Major Themes & Trends

As economic uncertainty persisted over the past year, many brands reduced their media investment and strategically refined their media mix. While performance trends remained relatively stable at the channel level, there were shifts at the tactical level that served as optimization opportunities for brands. In addition to shifts among existing media channels, brands continued to test emerging media channels over the past year. Below are the highlights from this year's OptiMine Index analysis:

1. Amid increasing economic pressures in 2023, many brands scaled back their media investments by approximately 9% on average.
2. Facing tighter budgets, brands optimized their media mix to maximize the value of each dollar invested.
3. While at a high level the media mix appears rather consistent year-over-year, at a more granular level brands made adjustments that improved overall efficiency. More specifically, brands shifted spend away from traditional channels (Linear TV, Terrestrial, OOH) to more digital channels (Digital & Streaming Video, Streaming Audio, DOOH).
4. Brands continue to test and measure emerging media channels, leaning into those that are proving to be incremental to their business.
5. Brands are realizing value from their 1st party relationships with their customers and via partners who maintain direct relationships with their prospect customers and audiences.
6. Effective, agile measurement, planning, and optimization across channels continues to be crucial for brands as they navigate the ever-changing media landscape.



Brands Continue to Leverage a Variety of Channels; Digital Still Leads the Way



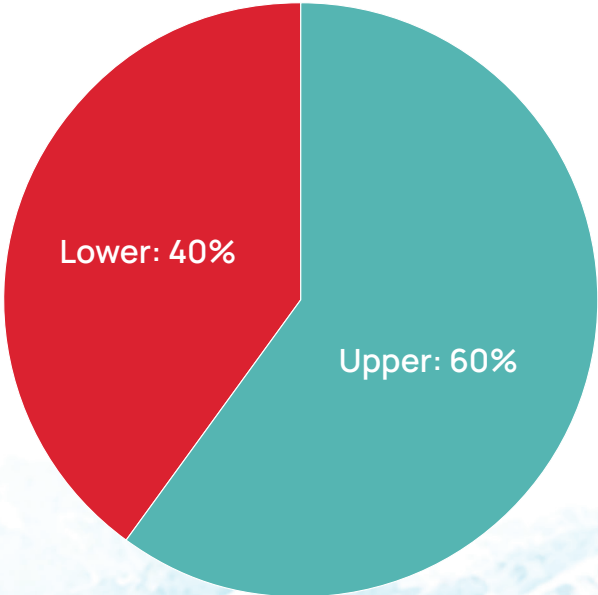
Channel Group	2022 Mix	2023 Mix	Chg (% pt)
Paid Search	24%	27%	3%
Paid Social	19%	19%	0%
Display	14%	14%	0%
Digital & Streaming Video	11%	10%	-1%
TV	12%	10%	-2%
Direct Mail	9%	8%	-1%
Audio	4%	5%	1%
OOH	3%	3%	0%
Affiliates	3%	3%	0%
Email	1%	1%	0%
Influencers	1%	1%	0%
SMS	0%	0%	0%

Key Takeaways:

- Media investment levels decreased YoY; on average, brands reduced their budget by 9%
- YoY, brands tend to keep mix largely unchanged
- Minor shifts include TV's share decreasing and Paid Search share increasing

Brands are Opting for a Balance Between Long and Short-Term Impact in Marketing Choices

Upper/Lower Funnel Mix



Funnel Position	2022 Mix	2023 Mix	Chg (% pt)	Channel Examples
Upper	63%	60%	-3%	OOH TV
Lower	37%	40%	3%	Affiliates Email Paid Search SMS

Key Takeaways:

- Brands shifted spend slightly from upper funnel to lower funnel tactics YoY
- Reduced media investment in 2023 pushed brands to focus more on near term volume and growth
- Upper funnel continues to command the bulk of brand budgets at 60%

Channel Performance Trends & Detailed Deep Dives



Channel Performance Overview & Rank

OptiMine models the incremental impacts of marketing channels; this table ranks channels by their ability to impact economic outcomes from strongest to weakest.

Channel Group	2023 Rank
SMS	1
Email	2
Influencers	3
Affiliates	4
Display	5
Paid Search	6
Audio	7
Paid Social	8
OOH	9
Digital & Streaming Video	10
Direct Mail	11
TV	12

These channels tend to perform well due to a mixture of their low cost to serve and their 1st party audiences.

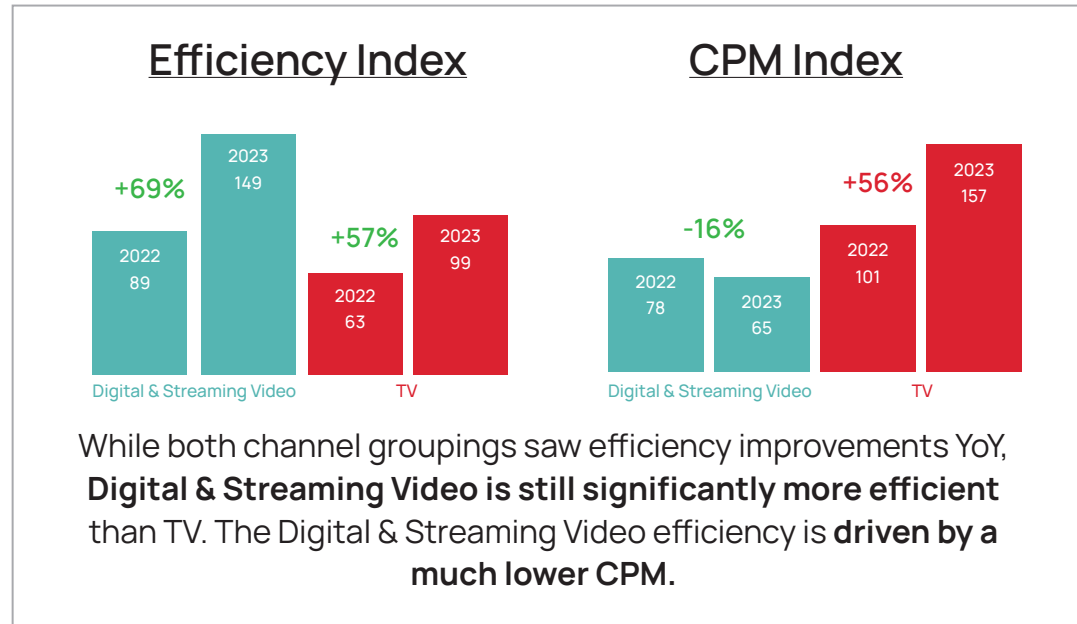
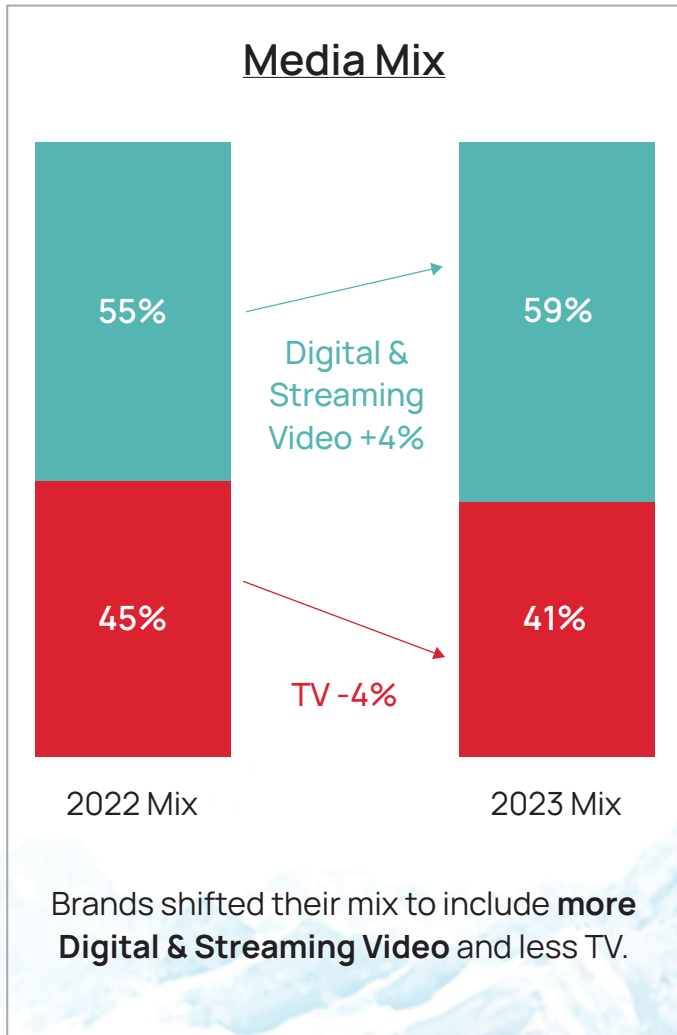
Likewise, Influencers and Affiliates also maintain 1st party relationships with their audiences and as a result, can also perform strongly.

These channels have proliferated over the last couple of years, offering more targeting to brands for better fit.

OptiMine tends to see channels with higher CPMs perform lower on efficiency. For example, Direct Mail can be highly targeted but also carries a relatively high cost to serve.

TV/Digital & Streaming Video Mix Performance Comparison

The last few years have seen rapid change in how consumers watch video entertainment. Gone are the days of distinct differences in behaviors between online video (mostly desktop & mobile) and OTT (TV). Today, these worlds are blurred for consumers and brands alike, and ad buys within partners have become complex. OptiMine's analysis focuses on the differences between traditional "Linear TV" (red) and "Digital Streaming & Video" (green) performance.



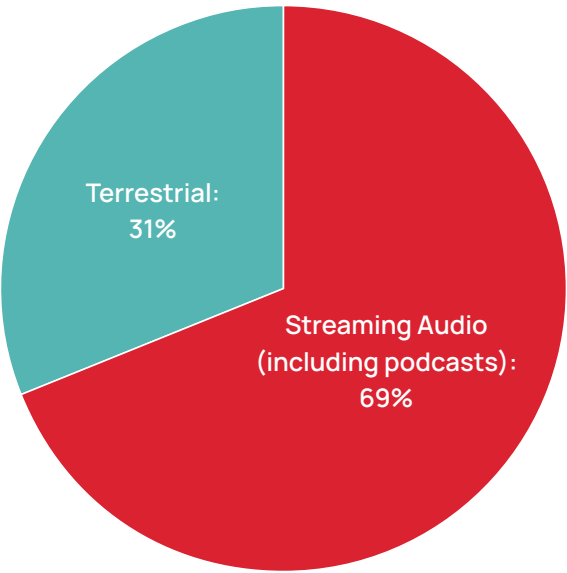
Digital & Streaming Video Partner Efficiency

Within Video, **Discover, YouTube, and Roku** are the most efficient partners.

Partner	2023 Efficiency Rank
Discovery	1
YouTube	2
Roku	3
Vizio	4
Amazon	5
Hulu	6
NBC Universal	7
Peacock	8
Disney	9

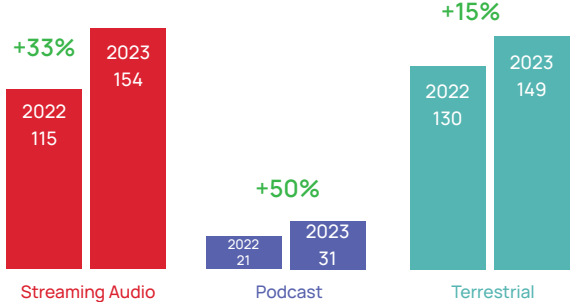
Audio Mix & Performance

2023 Media Mix

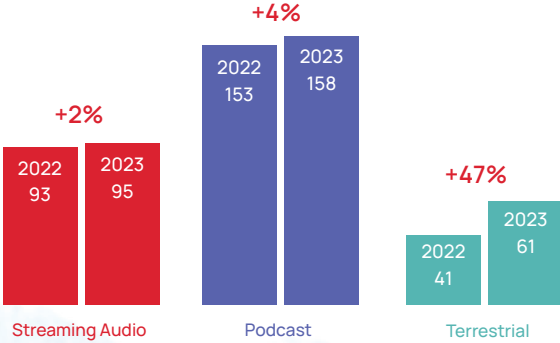


Streaming Audio remains the majority of the budget.

Efficiency Index



CPM Index



All Audio channels were more efficient YoY, despite facing higher CPMs.

Podcasts are significantly less efficient than Streaming Audio and Terrestrial, which is primarily due to the much higher CPM.

Paid Social Mix & Performance

Media Mix

Platform	2022	2023	Chg (% pt)
Facebook & Instagram	64%	69%	5%
TikTok	7%	10%	4%
Other	2%	2%	0%
Reddit	2%	2%	0%
Pinterest	8%	8%	0%
Snapchat	10%	7%	-3%
Twitter	8%	1%	-7%

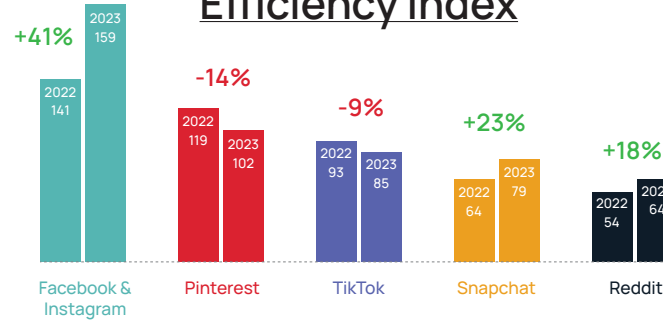
Many brands reduced their paid social budgets YoY. On average, brands spent roughly 6% less on paid social.

YoY the paid social mix shifted out of Snapchat and Twitter and into FB&IG and TikTok.

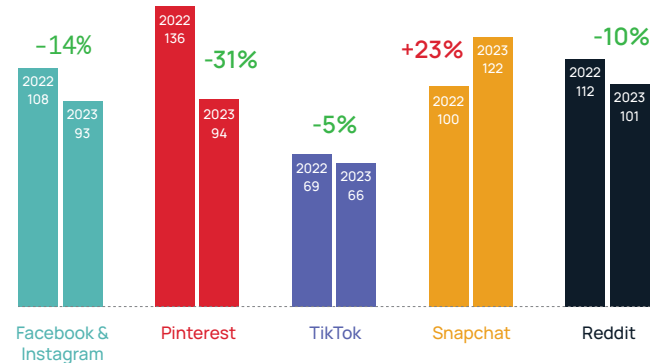
FB&IG remains roughly 2/3 of the paid social mix.

*Paid Social "Other" includes LinkedIn and other small platforms.

Efficiency Index



CPM Index



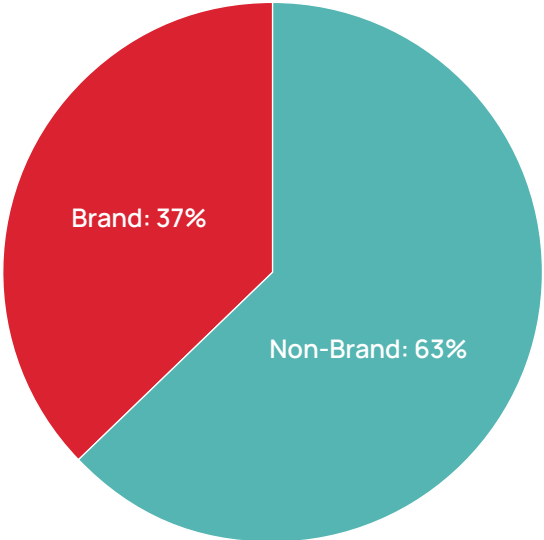
FB&IG was 41% more efficient YoY, and significantly outperformed other platforms in 2023.

Pinterest and TikTok still rank 2nd and 3rd in terms of efficiency, but were less efficient YoY despite seeing a reduction in CPM.

All platforms except Snapchat had lower CPMs in 2023 relative to 2022.

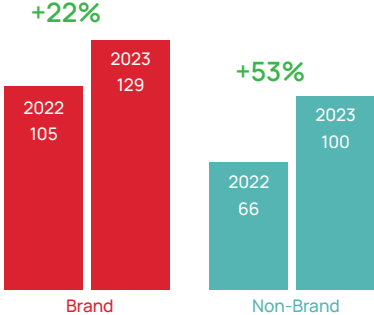
Paid Search Brand/Non-Brand Mix & Performance

2023 Media Mix

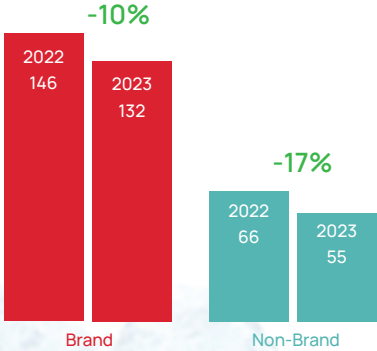


In 2023, brands spent about 37% of their Paid Search budget on Brand and 63% on Non-Brand.

Efficiency Index



CPM Index



Both Brand & Non-Brand search were more efficient YoY, partially due to the reduction in CPMs.

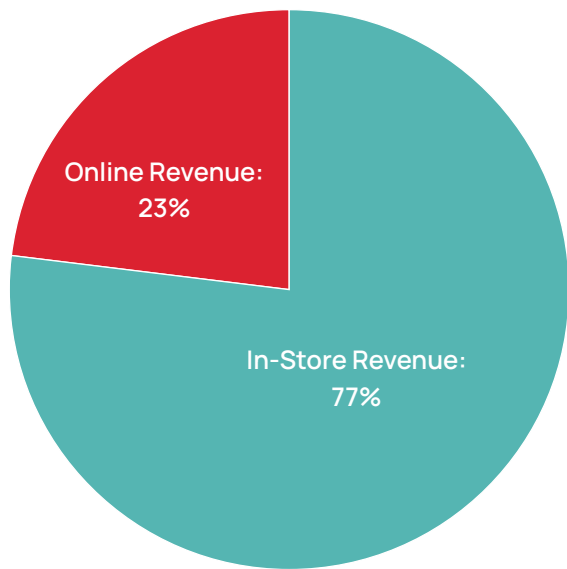
Retail-Specific Insights



Retail: In-Store vs. Online Sales

Media has an impact on both online and in-store revenue. In the figures below, OptiMine compares the relative impact of each channel on these conversion types.

2023 Media Mix



Breakout between online and in-store revenue remained constant YOY, with roughly 3/4 of sales occurring in-store.

2023 Index

Channel Group	In-Store Revenue Index	Online Revenue Index	
OOH	120	34	In-Store Sales Drivers
SMS	118	40	
Direct Mail	109	71	
Audio	103	91	
Paid Social	102	93	
Digital & Streaming Video	102	94	
Paid Search	98	105	Online Sales Drivers
Influencers	96	114	
TV	83	123	
Display	92	127	
Email	87	145	
Affiliates	78	172	

Traditional channels, like OOH and Direct Mail, over-index on driving in-store sales.

Digital channels, like Affiliates and Display, over-index on driving online sales.

Retail: In-Store vs. Online Traffic



Email and Affiliates are efficient at driving both in-store and online traffic, while OOH and TV are rather inefficient at driving in-store and online traffic.

Audio is more efficient at driving online traffic than it is at driving in-store traffic.

A note on Affiliates: The world of Affiliates has evolved since the days of simple “click for an additional 5% cash back” in credit card / email offers.

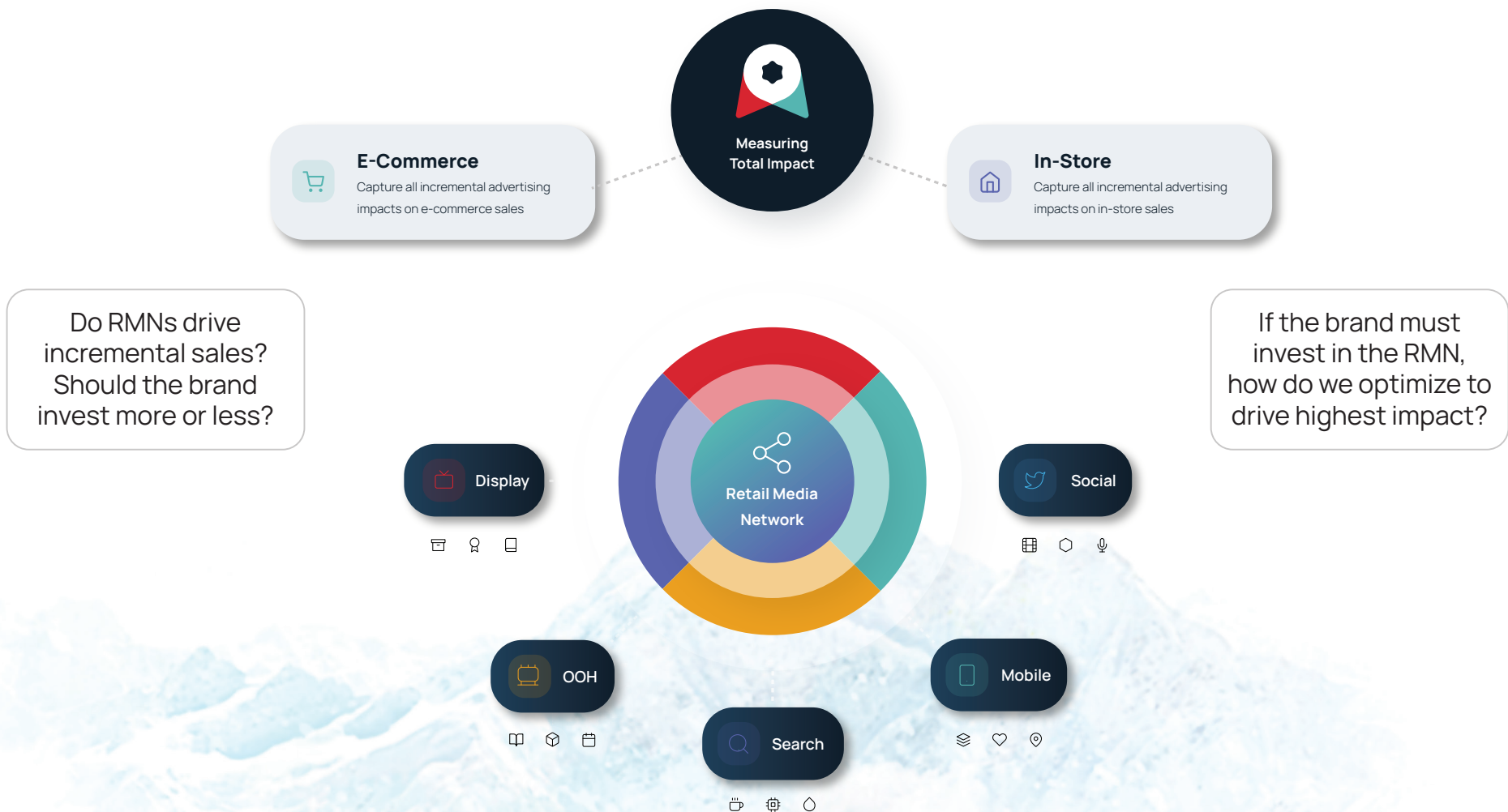
Today, Affiliate and Affiliate Partnerships come to life through a variety of channels, messages and promotional structures - not all are utilized equally or executed in a similar way. OptiMine is keeping tabs on the various Affiliate Partnership structures and broadly reports that many of them provide significant incremental value to client businesses.

Retail Media Networks



Retail Media Networks: Required Investment, But Do They Work?

Many brands feel forced to participate in Retail Media Networks, whether to reach their target shoppers or because they must in order to get their products on the shelf. This leaves brands wondering: **do our retail media network investments work and do they drive any incremental sales?** Having the right measurement approach to evaluate the entire funnel in detail and provide detailed optimization guidance is the key to answering this question.



Retail Media Networks - Case Study: CPG Snack Brand

Retail Media Networks are not yet part of the OptiMine Index but given the substantial interest from brands about how they perform, OptiMine will be including this area in future versions of the OptiMine Index. In the meantime, we are isolating an example of why having the proper measurement capability is so critical.

Here, a large Fortune 500 snack brand had OptiMine measure the incremental impacts of their advertising including Retail Media Networks for a full funnel view of performance.



Retail Media Networks: Optimizing Within RMN Investments is the Key to Success

Performance of Channel/Ad Type

Ad Type	Spend	ROI
Onsite Display	\$ 627,802	\$0.55
Onsite Sponsored Search	\$2,346,454	\$0.54
Offsite Paid Search	\$1,678,934	\$4.36

Performance Ad Placement Within Onsite Sponsored Search

Onsite Sponsored Search Placements	Spend	ROI
Basket Builder PLA	\$ 851,433	\$0.40
Savings PLA	\$264,150	\$1.27
Non-Brand Search & Browse PLA	\$1,123,303	\$0.51
Brand Search PLA	\$107,569	\$0.02

Consumer first trial driven by savings messaging, making **Savings PLA** the most incremental placement

Breakout of SKU-Level Performance Within Offsite Paid Search

Product SKU	Spend	ROI
Product A	\$ 134,161.14	\$0.46
Product B	\$83,580.70	\$1.52
Product C	\$896,949.59	\$0.38
Product D	\$57,156.53	\$0.87
Product E	\$21,793.96	\$0.06
Product F	\$158,734.91	\$2.20

Several products over-invested to point of saturation, driving lower ROI

Products B, F discovered with more room for investment & ROI-positive growth

Emerging Media Channels



Peacock

Peacock had varying performance across brands in 2023, but was generally less efficient than other channels.



Amazon

Amazon had varying performance across brands in 2023, but was generally less efficient than other channels.



Influencers

This channel is gaining popularity, and has proven to be a strong incremental sales driver across brands.

Weaker

Performance Scale

Stronger



Podcasts

For brands that invested in podcasts in 2023, it ranked in the bottom quartile of their channels for efficiency.



TikTok

TikTok had varying performance across brands in 2023, but generally ranked middle of the pack in terms of efficiency.



YouTube

On average, brands spent 40% more on YouTube YoY. It continues to be a strong performer across many brands.

Election Year Insights & Considerations

Looking ahead: As we enter yet another presidential election year, advertisers are wondering what's in store for them across the media and marketing landscape.

Increased prices, lower inventory availability, divided consumer attention (and potential fatigue!) are at the top of many brands' minds and rightfully so.

Political TV ad spend is projected to hit over \$7B in 2024 while digital & streaming spend could hit \$3.5B. These figures alone mean fewer opportunities for brands to break through in a more cluttered and contentious ecosystem this year.

Considerations:

1. News and Business properties will be among the first to fill up as they focus a larger share of their coverage on political coverage. Consider and weigh the relevance of these verticals in your brand's 2024 plans and mix. Are they worth the increased CPMs, divided consumer attention and potential brand safety issues that come along with advertising in these spaces?
2. Consider and evaluate if closer-in, contextually relevant outlets and formats are a better fit for your brand in 2024. For many of our retailers, fashion and adjacent categories may be the place to focus investment in the short-term.
3. As always, along with the short-term impact of potential spend and mix shifts, consider the longer-term brand effects post-election of your media mix choices. Balance and stability will be the key to success in a potentially hectic and contentious 2024 media landscape.

Sources:

<https://www.insiderintelligence.com/content/2024-huge-year-political-advertising-what-that-mean-other-advertisers>

<https://streetfightmag.com/2023/07/26/cost-of-ad-buys-rises-ahead-of-24-presidential-race/>

<https://www.linkedin.com/pulse/your-non-political-campaign-affected-election-marketingdoctor-qe7ke/>



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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