



Tradera uncovers YouTube’s ability to deliver sales through Marketing Mix Modelling

Through Marketing Mix Modelling, Tradera has been able to reveal that a fifth of their sales is influenced by paid media and that YouTube helps deliver nearly 12% of these sales. In addition, YouTube has proven 22% more cost efficient than TV at Tradera’s current level of investment.

Goals

- Understand the impact on sales from different media channels
- Understand how to optimise media across online and offline to increase sales

Approach

- Collected over 1,000 days of continuous data for approximately 200 business, marketing and macro variables
- Built a Marketing Mix Model that separated the different media channels’ effect on sales

Results

- YouTube helps deliver nearly 12% (2.4 percentage points) of media influenced sales (including paid search)
- YouTube helps deliver nearly 31% of media influenced sales (excluding paid search)
- YouTube is 22% more cost efficient than TV

“This study has given us a better understanding of how different media investments affect specific KPIs and that a varied media mix equals success. One of the most important insights is that YouTube is able to impact both branding and drive sales. We will use the results to tactically allocate budget more effectively for our campaigns.”

– Robin Ahrnéll, Online Marketing Manager, Tradera

Online brands like Tradera have typically relied on performance media such as paid search to drive sales. It’s easy to measure and by using attribution modelling, they have been able to link the effect on sales from touchpoints throughout the conversion path and not only from the last click. This has allowed them to accurately calculate return on investment and optimise their digital media allocation. However, over the years Tradera has gone from being a pure digital marketer to using a mix of almost 20 different online and offline channels. So when they decided to boost their marketing investments, they needed to understand the impact on sales from each of these channels in order to be able to optimise how they buy media across online and offline.

Getting it right: model output is only as good as its input

Tradera partnered with Google and GroupM Business Intelligence to build a Marketing Mix Model that could help them determine the effect on sales generated by each individual type of media. Together with their digital agency Precis Digital, they collected over 1,000 days of continuous data for approximately 200 business and marketing variables such as sales, online traffic, Google Search query volume, cinema, TV GRPs and so forth, as well as macro variables that reflected seasonality, calendar effects, weather and more. By initially reviewing this many variables and by using advanced statistical techniques and custom analytics, they were able to select only the variables that best predicted sales. To further ensure the precision of the model, it was also validated using a randomly selected hold-out sample of sales data that the model would predict with high precision.

YouTube: from brand driver to sales driver

One of the things Tradera wanted to understand was YouTube’s effectiveness in delivering sales. Like most brands, Tradera has primarily used YouTube for driving brand metrics throughout the consumer journey – from consideration and favorability to purchase intent – but recent research shows that YouTube also has an ability to deliver actual sales. For an advertiser like Tradera, insights like this can help them allocate their video budget between YouTube, TV and other video channels in order to optimise for sales.

The results from the analysis revealed that 20% of Tradera’s sales is influenced by paid media, while the remaining 80% is baseline sales that would still occur in the absence of paid promotional activities. Of these 20% of sales, YouTube helps deliver nearly 12% (2.4 percentage points) and national TV nearly 3% (0.6 percentage points). If paid search is excluded from the mix, YouTube helps deliver a whole 31% and national TV nearly 7%.

¹ New Data Shows Online Video Ads Drive Consideration, Favorability, Purchase Intent, and Sales, <https://www.thinkwithgoogle.com/articles/online-video-ads-drive-consideration-favorability-purchase-intent-sales.html>

About Tradera

- One of Sweden's largest online marketplaces with over 2 million users and around 1.5 million items for sale
- Founded in 1999, acquired by eBay 2006 and by PayPal in 2015
- More than 3.5 million sessions per week
- www.tradera.com

About GroupM Business Intelligence

- A marketing science, technology and consulting group specialising in fact-based business strategies and assessment.
- Part of GroupM, the world's largest media investment group
- www.groupm.com

About Precis Digital

- One of Scandinavia's leading digital agencies specialising in data-driven marketing
- Founded in 2012
- Headquarters in Stockholm, with additional offices in Gothenburg, Oslo and Copenhagen
- www.precisdigital.com

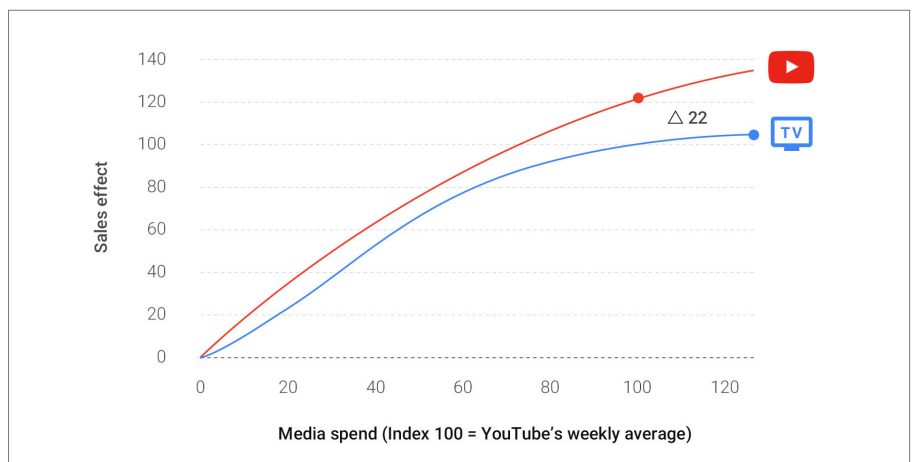
"This study has been of great value to us since it shows the true effect and profitability of the digital marketing channels we manage, YouTube in particular. Knowing this, we can optimise the marketing efforts more efficiently on both a strategic and operative level to further maximise the profitability."

— Simon Mikael, Account Manager, Precis Digital

Media	Share of Sales Effect (%)	Share of Media's Effect incl. Paid Search (%)	Share of Media's Effect excl. Paid Search (%)
Paid Search	12%	61%	N/A
YouTube	2%	12%	31%
TV	1%	3%	7%
Other Paid Media*	5%	24%	62%
Grand Total	20%	100%	100%

Table A: Overview of sales effect results (* 14 different media channels)

The analysis also revealed that at Tradera's current level of investment, YouTube is 22% more cost efficient than TV. In other words, the sales impact of YouTube is 22% higher than the sales impact from TV. Part of the explanation for this is the ability to frequency cap YouTube videos by setting the maximum number of campaign exposures for a viewer, which makes it more cost efficient than TV where an advertiser has to fund a lot of excess frequency.



Graph A: Sales effect curves for YouTube and TV. At Tradera's current level of investment, YouTube is 22% more cost efficient than TV.

Based on these insights, Tradera is currently carrying out media allocation tests to validate the results and find the optimal media allocation across all of their marketing channels that will allow them to boost sales.

