Award Winning Case Study: Cox & Marketing ROI
AWARD FOR:

REAL-TIME OPTIMIZATION AND ROI INCREASE

Q4 2015 Upside Achieved: 22%
Payback: $57.33
ROI: $6.64
Agenda

1. Overview of Situation, Needs, and Methodology (Rex)
2. Discussion of Implementation at Cox to apply insights (Mollie)
Summary of Engagement: Cox Communications - Residential

Client Background

- Cox Communications is a multi-billion dollar telecommunication and home automation service provider. They are the 3rd largest cable television provider in the US, with ~6 million customers

- Cox advertises in local TV, Radio, OOH, Print, Direct Mail, Email, Shared Mail, Digital and Cross Channel TV across 25 DMAs

Scope of Work

- The goal of Marketing Evolution (ME) and Cox’s partnership is to improve the efficiency of marketing spend while driving product growth and revenue

- As ROI coaches, ME measures the marginal impact & marketing contribution of Cox’s advertising investment and identifies course-correction & optimization opportunities for both short and long term gains (in-year, 1-year, 5-year NPV)

- ME provides insight on 9 key sales metrics (Data, Video, Voice for 3 objectives: Connect, Upgrade, Disconnect) across all marketing tactics and regions, as well as lead generation and portfolio models to inform LRP decision making. Market Level Models also account for aggregate level variables.

- Recommendations & Insights are captured in Trimester based reports & a continually updated Mission Control Dashboard

2015

- $5.93 – Average Quarterly ROI

2015

- Media Budget
  - $150MM+
  - $34 -- 5 yr NPV
  - Payback
  - 18% ROI Increase

Source: 2015 Cox Resi/ Case Study
2016 Marketing Evolution Cox Residential Account Plan
Each quarter, ME will deliver performance reports and work towards Innovation goals

Q1 2016
- MLM to fuel Portfolio (thru Q3'15), Sales Channel Refresh
- Q4 ROI, Q1 Early Read, Dashboard Updated, T3 Report Delivery
- Quarterly Max Spend Exercise & Maintenance on Upcoming Qs
- ISCI Reporting Spot TV, Marketing & Sales ROI (Connects)

Q2 2016
- Q1 IBP Refresh (quarterly modeling update to fuel software)
- Q1 ROI, Q2 Early Read, Dashboard Updated, T1 Report Delivery
- Quarterly Max Spend Exercise & Maintenance on Upcoming Qs
- IBP Net Gain (Upgrades Added)

Q3 2016
- MLM to fuel Portfolio (thru Q1’16), Sales Channel Refresh
- Q2 IBP Refresh (quarterly modeling update to fuel software)
- Q2 ROI, Q3 Early Read, Dashboard Updated
- Annual LRP (frontier curves, budgeting, trade-off scenarios)
- IBP Net Gain (Discos Averted Added), Marketing & Sales ROI (Upgrades), Paid/Earned-Owned (Mapping & Centralization)

Q4 2016
- Q3 IBP Refresh (quarterly modeling update to fuel software)
- Q3 ROI, Q4 Early Read, Dashboard Updated, T2 Report Delivery
- Quarterly Max Spend Exercise & Maintenance on Upcoming Qs
- ISCI Reporting XC, Marketing & Sales ROI (Net Gain), Paid/Earned-Owned (DMP integration & US Grid linkage)

Source: T3 2015 Strategic Analysis Report
Cox Residential Hub & Spoke

- SOV
- Regional & Business Events
- Survey Rates & Pop. Adjustments
- Lagging Indicators: PSU Activity, Sub Update, ARPC

- Third Party Retail
- Retail Foot Traffic
- Online Scorecard
- Web Traffic Actuals & Forecast
- Calls Offered & Handled
- Connects by Channel
- Cox Offers
- Social Report
- Direct Media: DM, SM, EM
- Mass Media: Print, Radio, TV, DRTV, OOH, Digital, XC
- Omniture
- Creative Details: ISCs

Uncontrollable Factors

Marketing Factors
Executive Decision Making
Applying What We Know To Where We Want To Go
Marketing Operations Team
Marketing Operations

- Vince Caramella Dir., Planning & Execution
  - Emily Homan
  - Mgr., Execution
  - Sponsorship & Localism

- Terri Storm Sr. Mgr.
- Lead Gen

- Jackie Fish Mgr., Execution
- 1:Many
  - Michael Olson Specialist

- Peter Stirling Specialist

- Omar Madrigal Specialist (BL)

- Annmarie Philip Senior PM

- Caitlin Cinotto Calendar Planning Specialist

- IWCO, RRD, IDMedia SOWs

- Stacy Penix Mgr., Execution
- 1:1
  - Michael Matalavy Specialist Execution

- Desygna Webb Specialist Execution
Marketing Operations Team
Marketing Operations

- Dot Stith, Dir.
- Sales Ops Rpt. & Analytics
  - Aaron Bailey    Sr. Mgr., Reporting
    - Kai Yi
    - Sr. Analyst
  - Lee Moffatt
    - Data Analyst
  - Jeremy Clayville
    - Data Engineer
  - Howard Comeaux
    - Data Integrity
  - Greg Tellert
    - Data Engineer

- Michael Bozeman
  - Mgr., Tech Reqmts. & Sales Reporting
    - Phillip Skeen
    - Data Eng.

  Blue –
  Contractor/Agency/3rd
  Party Supplier

- Kevin Fitzgerald    Sr. Analyst
- Jace Correia      Sr. Analyst

Updated 4/29/16
How RACI helps put insights to action
Annual Summary Waterfall: ~$98M realized in Media Mix 5 year NPV Gain

2015 Key Stats
Average Quarterly ROI: $5.93
Media Budget: $150MM+
5 year NPV Payback: $34
ROI Increase: 18%

Realized 5 yr. NPV Gain from Optimizing Media Mix

$17M $11M $41M $29M $98M
Q1 Q2 Q3 Q4 2015 Total

Highlights of Success
✓ We leverage 5 years of benchmark data to expand upon what we’ve learned and where we go next
✓ We utilized Market Level Model results and leverage Portfolio Software to understand the complete picture of the Industry
✓ We partnered with Cox to improve creative details, culminating in the first run of creative optimization that used multi-dimensional data at the ISCI level within TV
✓ We partnered closely with the media and creative agencies to pre-plan and execute in-market incremental budget optimizations
✓ We aggregated all historical data and made it available in the MCD for super-users to self-serve at any time
✓ We developed quarterly performance metrics for a planned vs actual view to hold ourselves accountable to improvement

Source: Q4 2015 Cox Resi Case Study
Over the past year we’ve continued to deepen insights & push the boundaries of marketing analytics

What we needed to know:

- How can ROI calculations more accurately reflect Sales Financials & Channel contributions?

- How much Volume is required to drive and hit Sales Goals? Are Tactics able to drive Sales Channel Preference?

- How is Gig performing in limited market tests? What could that mean for expansion?

- For the Hispanic Market, how can we advance IBP Software to enable more informed decision-making?

- How do we improve data to better inform message mix? How do we leverage multi-dimensional creative data rather than relying on a 1-dimensional view?

- How do we know how each Q performed against expectations?

- How can Cox self-serve on historical performance data & funnel metrics?

What we accomplished & recommended:

- We created a Marketing & Sales ROI model with Cox Finance that brings these forces together......

- We utilize MLM results and leverage Portfolio to understand these requirements......

- Gig specific Overall Campaign Effects give insight into test markets and reveal synergies with other PSUs....

- We built a Hispanic Language target into the software to run optimization scenarios....

- We partnered with Cox to improve creative details, culminating in the first run of creative opt that uses multi-dimensional data at the ISCI level within all things TV....

- We developed quarterly performance metrics for a planned vs actual view......

- We aggregated all historical data and made it available in the MCD for super-users to self-serve at any time......
In Cox Acquisition SIRFs: Cox was able to improve impact 21% beyond expectations by utilizing the insights and recommendations provided by Marketing Evolution

GM Spend-To-Impact Response Curve
(Incremental Impact due to Advertising):
Total Cox Enterprise Efficiency

SHAPE AND DYNAMICS
Marginal ROI also changes due to exposure saturation and reaching harder to find consumers. Height depends on executing the optimized plan for creative and media, plus external factors. Q4-15 improved in impact with less spend and still returned upside greater than benchmarks.

Q4 2015 performed 21% better than projected!
General Market ROI: Q4 2015 Marketing Impact surpassed Q4’14 by 10% with a jump in ROI of 30%

1. **Marketing Driven PSU Contributions were up YoY while continuing to drive more Saves than Disconnects**

![Diagram showing Marketing Driven PSU Contributions]

- **Incremental Marketing Driven PSU Net Gain: 362k**
- **Marketing Driven Base: 34%**
- **Marketing Driven:**
  - **Acquisition:**
  - **Controllable Disconnects:**
- **Marketing Averaged: Base:**
- **Marketing Caused: Base:**

2. **Q4 Yielded a Positive Overall 5 yr. NPV ROI of $6.64 driven in large part by an increase in ARPU and decrease in spend**

![Diagram showing Video, Data, Voice Subs & NPV ROI]

- **Total Subs & Non-Subs Impacted:**
  - **Video:** 134k
  - **Data:** 167k
  - **Voice:** 62k

- **NPV ROI Calculation: $188**
  - **Video:** $20.00
  - **Data:** $40.00
  - **Voice:** $21.00

- **Margin Assumption (masked for case study):**
- **5 yr. ATFCF NPV (MM):**

**ROI = $6.64**

- Assumes Q4 Media Costs
- Excludes Price discounts

*Source: T3 2015 Strategic Analysis Report*

**Note:** Disconnects Averted is scaled down each quarter taking into account Disconnects Caused by Marketing.
Q4’15

MARKETING ROI MEASUREMENT EXECUTIVE SUMMARY

ACHIEVED GOALS

- 362K Net Gain
- Incremental PSUs
- 22% Revenue Increase
- $6.4 ROI
- $57 ME 5 yr. NPV Payback

MARKETING EVOLUTION

ANNUALIZED MEDIANS

- 25% Revenue Increase
- $3.06 Campaign ROI
- $40 ME Annual Payback

MARKETING CONTRIBUTIONS

- 34% Acquisition
- 15% Retention

On average, 34% of Acquisition PSUs were attributed to Cox Advertising. 66% came from all other controllable and non-controllable factors such as Direct Sales and Socio-Economic. Marketing also continued to net more Subscribers than pushes away.