



# ARE YOU SITTING ON UNDERVALUED MEDIA?

Maximizing Paid, Owned & Earned Investment

An R3 & Sonder Report

# DO YOU KNOW THE VALUE OF YOUR MARKETING?

Accountability of spending is crucial now more than ever. It's important for CMOs to understand and justify their marketing spend and this is why audits are key components of healthy marketing.

Marketers are often comfortable with audits of their paid media and justifiably so. Paid media often represents the largest marketing expenditure - if not the largest outright expenditure - for a company. This has created a regular behavior of paid media audits, but is that enough?

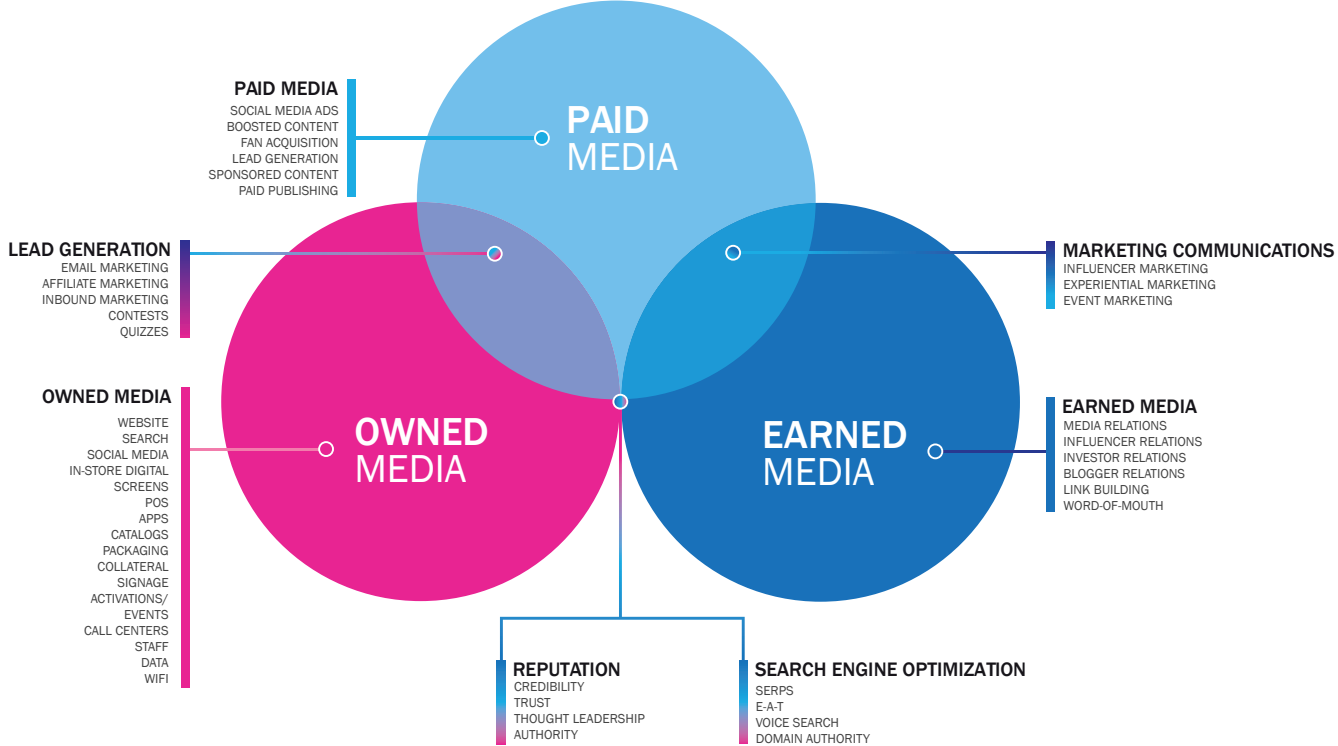
There appears to be a gap in the current auditing regimen. Paid and earned media audits are critical and we recommend they be held regularly, but what about the rest of the Paid, Owned, and Earned Media ecosystem? Not only are marketers buyers of media, they are also media owners and that is often overlooked.

Marketers should value their own media assets and a complete media audit should be one that is inclusive of Earned and Owned media, as well as Paid media.

Here are some signs that you need a media audit:

- You cannot state definitively if your marketing spend is efficient
- You do not know or understand the value of your own channels
- You have used the same agency and partners for many years
- You are letting other partner brands use your owned media channels

# PEO MODEL



# THE DIFFERENCE BETWEEN PAID, OWNED AND EARNED MEDIA

**Paid Media**'s main purpose is to drive business growth and acquire new customers (not boost visibility of earned media).

*Examples:* TV, OOH, Radio, Press

*Benefits:* Immediate impact, SEO, branding, trust



TV



OOH



Radio



Press

**Owned Media** assets are a great way to build direct consumer relationships and collect valuable first-party data, which can then enable better targeting and optimization on paid media.

*Examples:* Website, In-store media, Email, Catalogs

*Benefits:* Direct communication with existing and future customers; presence at the point of purchase; monetization opportunities with partners



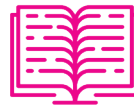
Website



In-store media



Email



Catalogs

**Earned Media** has the most authenticity and hence, drives the most value for your brand.

Strategically boosting the visibility of earned media through paid advertising to drive high impact.

*Examples:* News mentions, Customer reviews, Content shares, Social media interactions

*Benefits:* Free, trusted by readers, SEO, branding



News mentions



Customer reviews

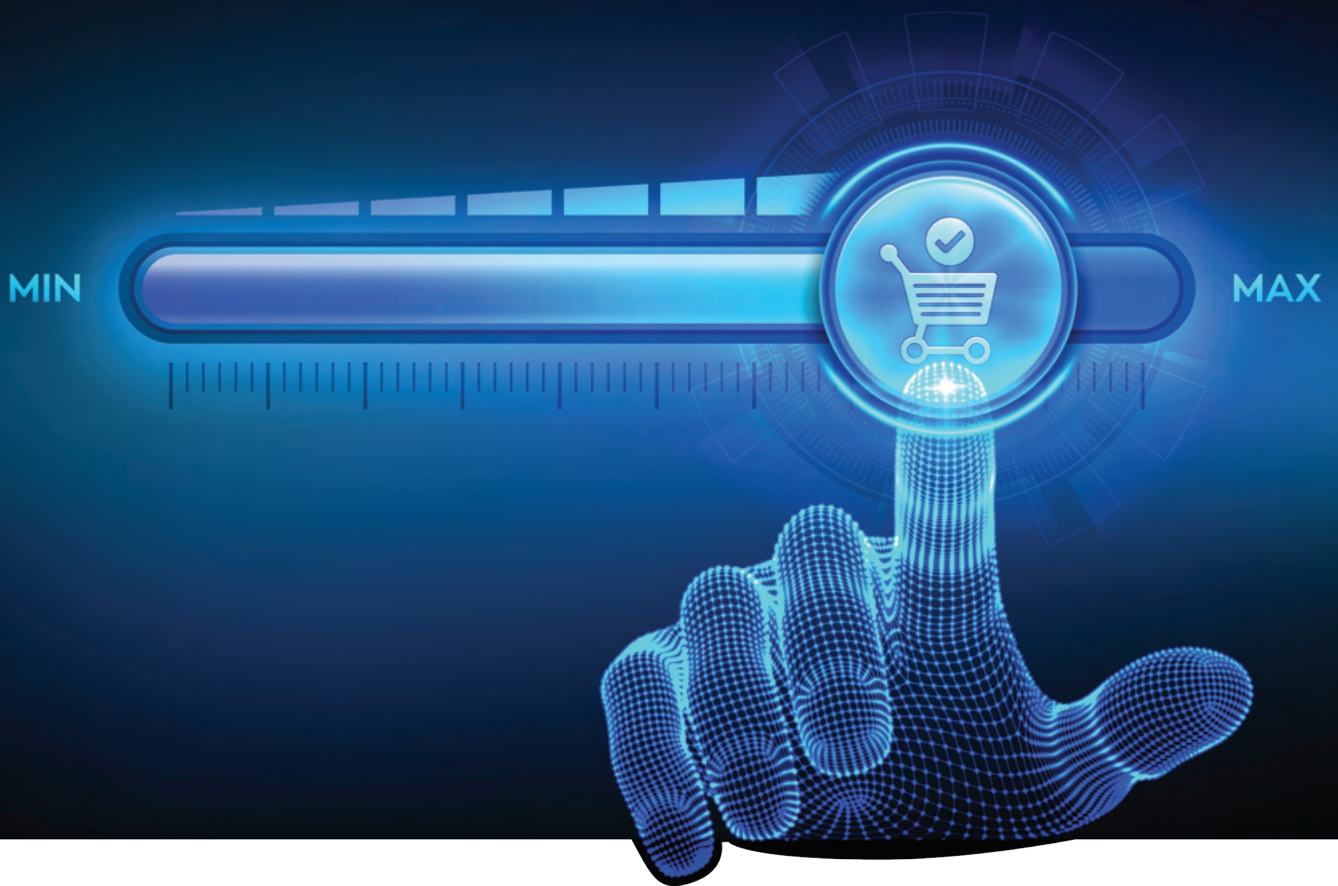


Content shares



Social media interactions





## MAXIMIZING YOUR MARKETING SPEND WITH PAID & EARNED MEDIA

The benefits of paid and earned media audits are clear: Am I extracting the best cost and quality of my media spend, and does my marketing spend have the potential to drive earned value in the form of word-of-mouth, influence, or buzz?

Paid media like Radio, TV, Out-Of-Home (OOH) and Print can help you convey your desired message to the masses, but lack refined targeting capabilities. This type of media is often hard to measure but above-the-line (ATL) advertising avenues are effective for top-of-the-funnel activities, such as brand awareness campaigns.

Benchmarking radio can involve two things:

- Creating a success-metric consistent with your marketing objective. For example, comparing the number of items sold during the advertising period to a similar time period where no advertising occurred.
- Or conducting an attitude survey in order to measure consumer attitudes towards your brand before, during, and after your ad campaign to see its effectiveness for your overall objective.

Benchmarking TV, OOH, and Print can involve looking for core metrics such as brand awareness, ad recall, brand perception, consideration and call-to-action. Remaining consistent in how they are measured is key. By analyzing shifts for campaigns, you can identify the formats that will be best at delivering campaign goals.

## Digital media benchmarking is distinct to digital paid benchmarking.

Marketers are used to a certain way of approaching benchmarking, based on years of benchmarking traditional media channels on cost and quality metrics, but digital media buys cannot be benchmarked in the same way as the aforementioned traditional media channels. The two components to digital media effectiveness will include a process audit and performance benchmarking.

## What to expect from a media benchmark plan

The results of a media benchmarking plan are tangible, actionable insights that marketers can use to enhance their media efficiency, agency model and operations, and overall activation processes.

It can provide you with:

- Monitoring of your media expenditure across all channels, traditional and digital
- Understanding of effectiveness of amplification channels like social and influencer
- Evaluation of channel and placement-level quality and effectiveness, as well as creative efficiency and effectiveness KPIs for both brand and direct response efforts
- Verification of media savings vs comparable data within select parameters (i.e., competitive set like industry or specialized agency)
- Evaluation of quality of placement and distribution
- Comparisons of time period over time period and objectives, accounting for annual media inflation and unique factors such as seasonality

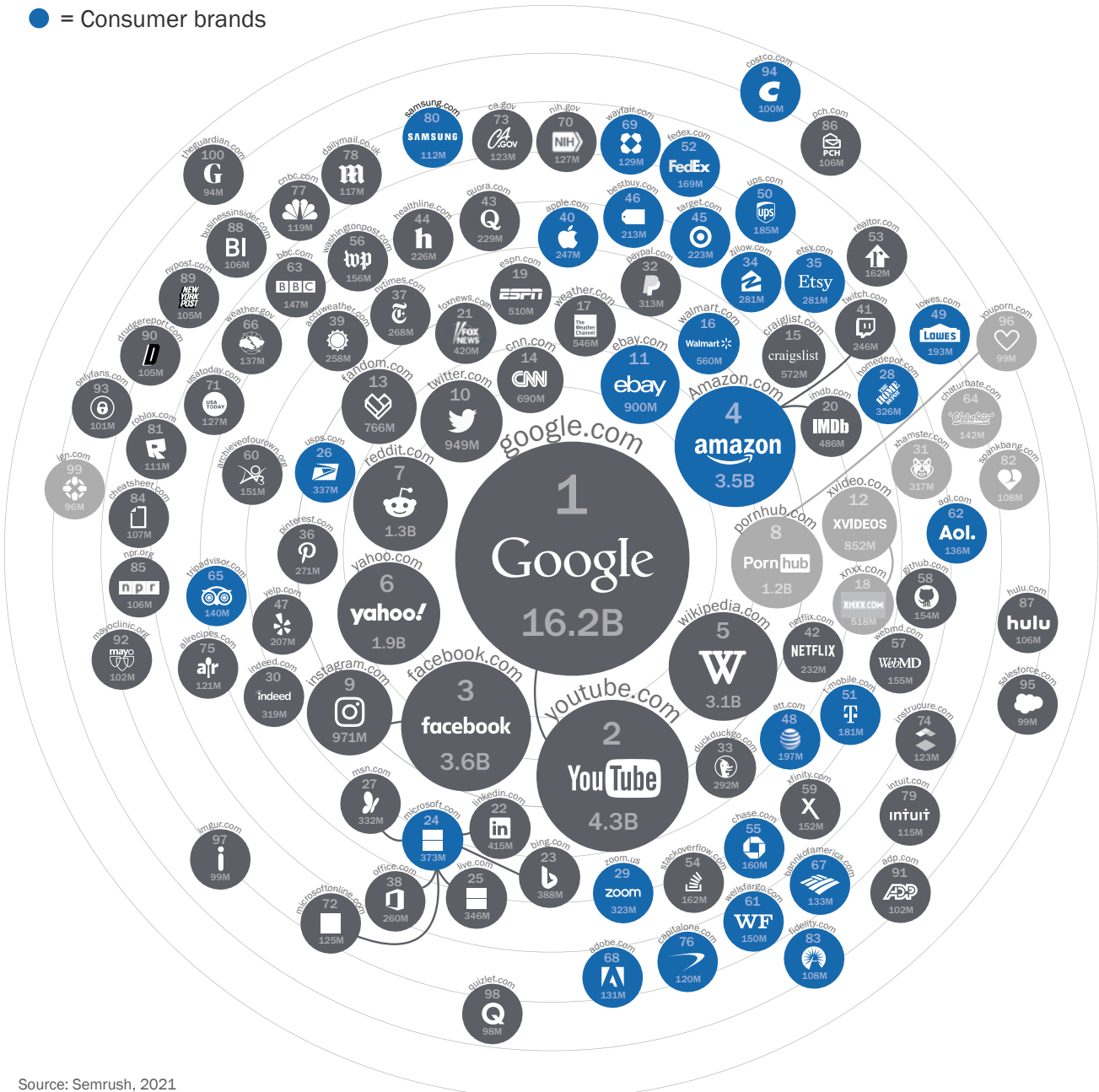


# EVALUATING THE POWER OF YOUR OWNED PROPERTIES

A quick look at the top 100 US websites highlights an important fact of our media landscape. There are more traditional consumer brands and retailers in the top 100 websites than conventional media owners. Businesses like Amazon, Weather.com, eBay, Etsy, Craigslist, USPS, Home Depot and AT&T have larger audiences than traditional media owners such as New York Times, Hulu, Netflix, CNBC, Washington Post, BBC and New York Post.

## TOP 100 US WEBSITES

● = Consumer brands



Source: Semrush, 2021





## ■ WHY AN OWNED AUDIT IS IMPORTANT

Owned media in the US represents enormous untapped value. While the paid media market equates to \$243B annually, Sonder, leading experts in owned media valuation and leverage, estimate owned media to be worth over \$1.9T in the US. A typical business in the retail, travel, financial services, loyalty, telecommunications, education, shopping center, or FMCG category will have a vast number of media channels. These can include store networks, email programs, mobile apps, digital screens, and publishing. Putting an accurate third-party value to these media channels transforms them into assets, which is why auditing owned media is a prerequisite for a progressive, well-leveraged business.

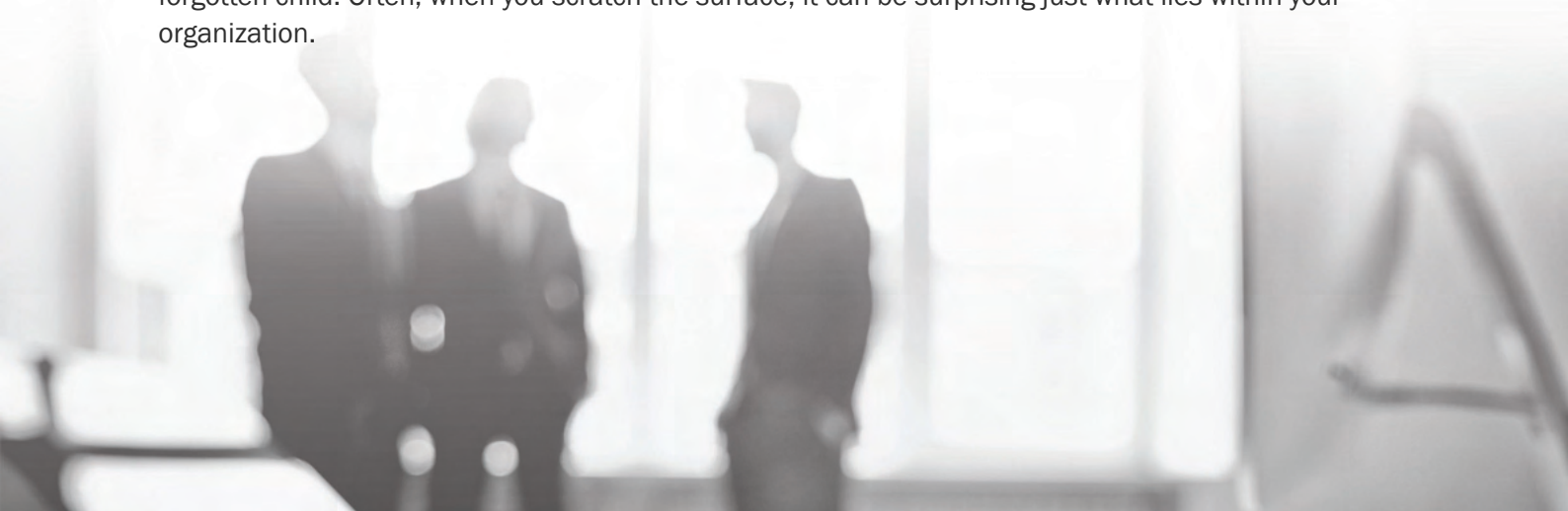
## ■ COMMON WAYS TO LEVERAGE OWNED MEDIA

Owned media can be leveraged in 3 fundamental ways for material gain.

- Firstly, knowing the channels you have, the audiences they command and the financial value of the media, allows marketers to strategically plan the entire paid, owned, earned triumvirate appropriately.
- Secondly, knowing the value of owned media that is being provided to other brands, through partnerships, co-branding, supplier deals is important. While cash money isn't traded, the value can be recouped in kind.
- The third, and most lucrative strategy, is to monetize your owned media ecosystem. Not all your media and certainly not in a mercenary way, but responsibly and with ultimate consideration to the customer experience. For CMOs, this sort of leverage is what boards are increasingly looking to develop.

Sure, owned media is great if you're Walmart, but "we're not..." is a common first response to the case for leveraging owned media. Any business that connects with its customers' media has owned media potential. Businesses with significant owned media ecosystems like AT&T, VISA, Westfield, Kellogg's, CVS, American Airlines or Hilton can all benefit from leveraging owned media with partner brands.

Another common barrier is to assume you don't have much in the way of owned media channels or audiences. This assumption is what leads to owned media channels being ignored or treated like a forgotten child. Often, when you scratch the surface, it can be surprising just what lies within your organization.





## AUDITING OWNED MEDIA

The way in which owned media is audited and valued differs from paid and earned media. It requires a value-based methodology that captures all the relevant media, audiences, data and category diagnostics in a way that justifiably maximizes the value of the media. This is why media buying agencies aren't equipped to value owned media - they exist primarily to reduce the value of media on their client's behalf.

The auditing of an owned media ecosystem will quantify the total media asset value of the organization and the commercial potential. Audience impacts; asset yield; growth opportunities, along with recommendations on packaging media solutions; monetization strategies and technology stack requirements are all crucial outputs of an owned media audit.

Companies spend millions of dollars building websites, email programs, and store networks. The last thing you want to do is tattoo the baby - that is, to plaster too many other brands across your owned channels and confuse your customers. Allowing other brands to feature on your channels must be done sensitively and responsibly, with clear guardrails.

At the opposite end of the spectrum, any audit can become a door stopper report, which is to ignore the insights and the opportunities and treat it simply as a "that's interesting to know." Intelligence and insight should never just be "interesting." Actionable, relevant, exciting, lucrative are far better adjectives to strive for in auditing.



# WEAPONIZING YOUR PAID, OWNED AND EARNED MEDIA TO DELIVER AN ROI

Since the global pandemic, our assumptions of growth have been unequivocally crushed. All businesses must now look within for growth and owned media is just one opportunity to generate greater value and income from assets that, for the most part, already exist.

The responsibility for unlocking and leveraging owned media sits squarely with the office of the CMO. By auditing the value, defining the operating model and establishing the tech stack, CMOs can weaponize their owned media assets to deliver commercial return to the business. Boards are now demanding this kind of commercial edge, so it's a perfect time to apply the same rigor to owned media as paid media has received.

## So, what's next?

These are questions marketers should be asking themselves:

- Are you regularly auditing your marketing and if not, shouldn't you be?
- Do you know the value of your owned properties?
- How do I get started on the path to a smarter auditing regimen?

These questions will help you get on the right track to better and regular Paid, Owned and Earned media audits.

## SONDER OWNED MEDIA ECOSYSTEM



# HOW R3 CAN HELP AUDIT PAID & EARNED MEDIA



## MEDIA EFFICIENCY AUDIT

A Media Efficiency Audit involves a thorough review of your spot compliance and actual GRPs using R3's proprietary software tool that works with independent media research. With more than 1 million spots from the previous year in our data pool, R3 has one of the largest independent pool of any auditor. Through a transparent process, we use this tool to review Agency Schedules and individually "color code" each spot to visually show the impact of a campaign.

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## MEDIA EFFECTIVENESS AUDIT

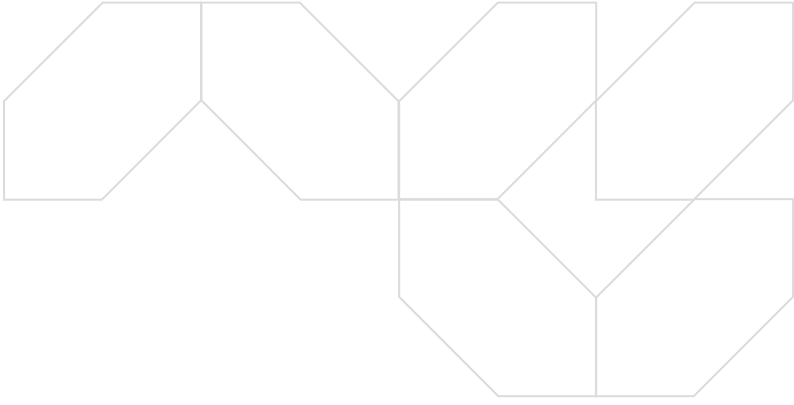
A Media Effectiveness Audit takes an in-depth look at your current practices with your Media Agency, marketing team and Media Owners to effectively enhance your media discipline. Our goal is to optimize working processes and benchmark and improve your media performance. We investigate what worked and what could be optimized to provide actionable steps in driving tangible improvement.

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## MEDIA FINANCIAL AUDIT

A Media Financial Audit takes a detailed look at key projects and the invoices that relate to them - with the goal of attaining better relationships based on transparency in financial processes between marketers and their agencies. Our objective is to give clear direction for improvement areas and ensure best practice among agencies in the handling of client money.



# HOW SONDER CAN HELP AUDIT & VALUE OWNED MEDIA

Sonder is the global authority on valuing and leveraging owned media. With over \$8 billion of owned media unlocked for businesses like American Express, KFC, Virgin and Kellogg’s, Sonder is transforming owned media channels into powerful media assets. [www.sondermedia.com](http://www.sondermedia.com)



## AUDIT OF YOUR OWNED MEDIA ECOSYSTEM

A forensic audit of all owned media channels will typically uncover hundreds of media formats that a business controls yet are being under-leveraged. Sonder’s proprietary approach to auditing owned media involves capturing all media, audience, data, targeting and inventory information to create a complete view of all owned media. Using Sonder’s \$8B benchmark pool, the value of these channels can be accurately quantified.

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## CREATION OF OWNED MEDIA RATE CARDS

Having a detailed ratecard for all owned media channels enables a business to calculate the value of owned media being utilized for their own communications, partner communications, supplier negotiations and monetization strategies. Sonder provide benchmarked rate cards with full rate justification and media inventory guardrails.

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## POWERFUL MEDIA INTELLIGENCE TOOLS

For many businesses, managing owned media can be complex and time consuming. Sonder’s proprietary media management software (MMS) provides businesses with a fast simple and reliable way to manage the complexities of owned media. All your rates, media inventory and analytics are managed through the software ensuring you save time, maximize efficiencies and media revenue.





# ABOUT R3

## OUR REASON FOR BEING

In a word, we are about transformation. R3 was established in 2002 in response to an increasing need from marketers to enhance their return on marketing, media and agency investments, and to improve efficiency and effectiveness.

We want to help CMOs make marketing accountable.

## OUR BACKGROUND

We've worked with more than one hundred companies on global, regional and local assignments to drive efficiency and effectiveness.

We have talent based in the US, Asia Pacific and Europe and partners in LATAM and Africa.

Through global work for Samsung, Coca-Cola, Johnson & Johnson, Visa, Unilever, and others, we have developed robust benchmarks and process targets for more than 70 countries.



## WHAT WE DO

We are an independent transformation consultancy hired by CMOs to make their marketing more measurable and accountable to business impact.



## HOW WE DO IT

- We invest in the best talent, bringing in senior leaders from marketing, agency and analytic backgrounds.
- We're independent. Because we're not your marketing team or agencies, we're empowered to be honest and transparent.
- We use external benchmarks. We have proprietary data pools to inform our in-depth analysis.
- Since 2002, we've interviewed more than 2,000 marketers about their agency relations.
- Since 2006, we've spoken to more than 80,000 consumers in China's top-twenty cities and continue to do so every three months.
- We have co-developed software to measure agency and media performance.
- Each month, we exclusively track over 500 agency new business wins, as well as 100's of deals in the marketing M&A space.
- We have insight into global best practice. We work with companies who want to do best-in-class marketing across diverse categories and geographies.
- We authored the book "Global CMO" about marketers leading Digital Transformation around the world.
- We maintain an ongoing database of media costs for key markets.

DRIVING  
TRANSFORMATION FOR  
MARKETERS AND THEIR  
AGENCIES

## RETURN ON AGENCIES

We help marketers find, pay and keep the best possible agency relationships – covering Creative, Media, PR, Digital, Social, Performance, Event, Promotions and CRM.

We take the lead on improving the Integration process through proprietary software and consulting.

## RETURN ON MEDIA

We offer professional analysis of the media process, planning and buying with proprietary benchmarks and tools to set and measure performance.

We conduct financial audits to validate and benchmark transparency.

## RETURN ON INVESTMENT

Using a bespoke and proprietary methodology, we help benchmark and provide insights into how your digital strategies perform in your category and across categories.

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