WEDNESDAY, OCTOBER 25, 2006

Mix Optimization at Wachovia in Business Week

Business Week highlighted Wachovia's efforts at media mix optimization this week. Yes, I know it's mainly B2C, but still it's interesting that this is starting to get attention from the mainstream business press. The article is actually about Jim Garrity, who came from IBM and has focused Wachovia's marketing department pretty relentlessly around **measuring ROI.** There isn't a lot of detail in the article, but I thought it was worth noting nonetheless.

Garrity does mention that their modeling is a "work in progress," and that if they'd used only the model to allocate marketing, they would have allocated 40% of their budget differently. This isn't surprising--management judgment or "a priori" decisions often trump model outputs, particularly around hard-to-measure channels such as golf sponsorships.

Another interesting point is the subtle distinction between "channel mix"--e.g. broadcast TV vs. events--and "sub-channel mix"--e.g. sports vs. news. I think **agencies** are still very strong on the latter. They have the models to know which of Wachovia's customers watch what programs and how often. Where they fall down is the more macro "channel mix," largely because of conflicts of interest (why would an agency recommend cutting broadcast TV in favor of events?)

I also wonder how much of Wachovia's decision model is around **linear ROI** vs. **response curves.** For example, do they get a report that says "ROI for TV is negative, cut it" or do they get a report that says "ROI for TV is negative, but it will be positive at 72% of its current level." I'd imagine it's the latter.

On a final note... I wonder how the **Philadelphia Flyer's miserable start** has impacted their decision to own the naming rights to the Wachovia Center? Sorry, just couldn't resist.