



WARC | Creative

How creativity boosts ROI

A WARC and System1 study

In this report

With marketing budgets now under increasing pressure, it is more important than ever to ensure that investment will lead its way through to profit.

In this report, we compare WARC's ROI database to System1's Star and Spike Rating metrics, to continue our research into what role creative quality plays in driving Return on Marketing Investment (ROMI).

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Takeaways



Creative quality strongly correlates with return on investment

01 **As creative quality increases, so does return on investment**

As creative quality – measured by System1’s Star and Spike ratings – increases, so does return on investment.

02 **Campaigns with strong long-term creative quality markers produce stronger ROIs**

The strongest correlation between creative quality and ROI is between Star ratings and ROI. Star predicts long-term brand share of market (SOM) growth.

03 **Campaigns with strong short-term creative quality markers correlate best with revenue ROI**

Spike ratings are more closely correlated with revenue ROIs than profit ROIs, which typically have a more long-term view. Spike measures the short-term sales effect over the 8-10 weeks post airing.

04 **Aldi’s Kevin the Carrot is a strong example of creative quality producing strong ROI**

Kevin the Carrot is a fluent device that has been used by Aldi since 2016. Its creative quality measures have increased to the maximum level over this time, together with high revenue and profit ROIs.

Methodology

What role does creative quality play in driving Return on Investment (ROI)?

To answer this question, WARC and System1's databases were compared and 304 ads from System1's database were matched with relevant ROI figures from WARC's ROI database.

The 'creative quality' of these ads could then be compared to ROI to understand the correlation between the creative and the effectiveness of the campaign.

Data sources

WARC's ROI database and System1's ad testing database

WARC | System1

1 WARC's ROI database

WARC case studies are winners and entrants from both global and regional strategy-focused competitions, recognising the most effective and strategically robust work from across the world.

WARC case studies since the year 2000 which contain ROI (profit or revenue) data are included in the database. Other forms of return, including ratios based on earned media, are not included. To date, 1,394 cases meet these criteria.

2 System1's ad testing database

The System1 Test Your Ad platform predicts the short- and long-term commercial potential of ads based on how they make audiences feel.

Test Your Ad also offers a subscription database of over 100,000 ads, offering unparalleled insight into category and competitor performance.

Chapter 1

Introduction to ROI



Return on investment

Defining ROI

1 ROI defined

Return on investment is an accountancy concept. It is the ratio of net profit generated by an investment. In marketing it is often used to refer to incremental sales as well as profit.

Profit-based ROI (also known as ROMI or payback) can be a useful measure because it allows you to compare the efficiency of different campaigns with different budgets. It also allows you to compare the return from your campaign with the returns from other alternative investments.

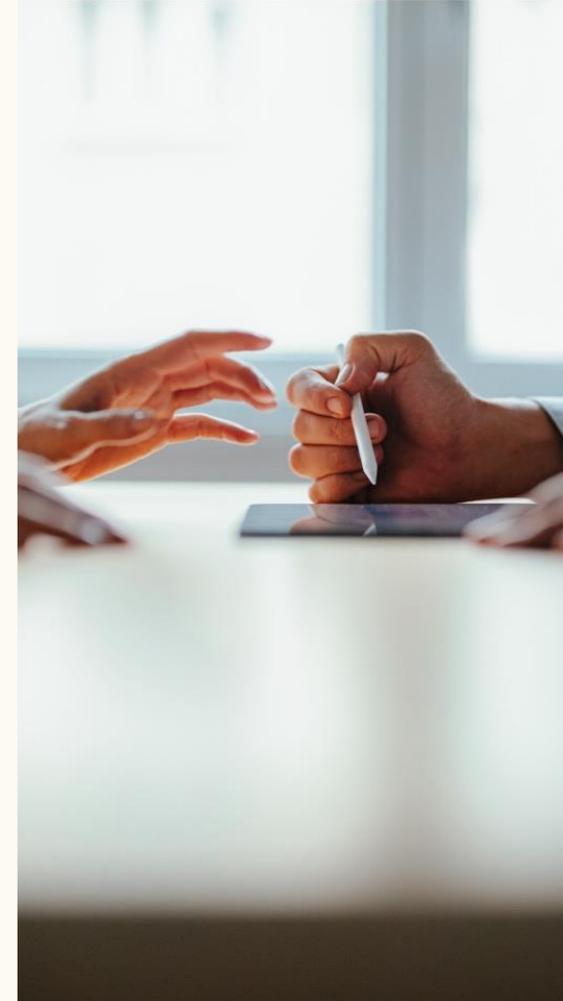
In practice “ROI” is used differently by different people, and marketers frequently use ROI and ROMI interchangeably.

2 ROI has been misused

As an industry, marketing has misused ROI, by mistaking it for a goal instead of a measure of efficiency.

The easiest way to improve an ROI figure is to reduce investment, but this is not a route towards increasing profit. Net profit generated is a measure of marketing *effectiveness* and is the ultimate KPI for marketing personnel. ROMI is a measure of marketing *efficiency*.

ROI is often calculated on a relatively short timeframe and so can miss a campaign’s longer term benefits which, for good ones, tend to be the bigger effects.



Calculating revenue and profit ROI

There are two standard ways to measure the return on investment of a campaign.

1. Profit-based ROI (also known as ROMI)

This reflects the net profit generated by an advertising campaign. It is relatively rare to find case studies including profit ROI, as the process requires several data points to calculate net profit. However, it is generally held to be the most accurate calculation of a campaign's ROI.

Profit ROI is calculated as: net profit (incremental sales minus

incremental costs and campaign investment) / campaign investment. It is normally expressed as a percentage or a ratio – for example, 200% or 2:1. This is the most common way of displaying this information in WARC case studies.

2. Revenue-based ROI

A more common form of ROI calculation in marketing case studies is based on incremental sales or revenue generated as a result of advertising. Revenue ROI is calculated as: incremental sales / campaign investment. It is usually expressed as a ratio. For example, a 2:1 revenue ROI means that a



campaign has delivered incremental sales worth two times the advertising investment.

Revenue ROI is more frequently used in WARC case studies than profit ROI – though the latter is generally seen as the more

rigorous form of measurement.

Further guidance from effectiveness expert Les Binet on how to calculate profit and revenue-based ROI figures can be found on WARC.com.

Chapter 2

Introduction to System1

System1

Create with Confidence

System1's *Test Your Ad Creative Effectiveness* Platform

Measuring emotional response to predict in-market effects

For this analysis, we partnered with System1, using its data as a benchmark of creative quality. Here, Will Headley introduces the study and why correlating creative quality with ROI is important.



Will Headley
Head of Labs
System1

At System1 we work with the world's leading advertisers and agencies to pre-test the quality of their work and provide the confidence that the best creative is progressed.

We also have a dedicated post-testing service, Test Your Ad Premium, that monitors and tests the majority of UK and US TV ads in the 24 hours after they break.

Our combined, global database stands at over 100,000 ads providing a rich opportunity to find campaigns that overlap with those in WARC's databases. In this latest analysis, we have

matched many campaigns against revenue ROI or ROMI, to understand the fit with our predictive, creative-level metrics, Star and Spike.

At the heart of our quantitative Test Your Ad approach is the measurement of emotional response, based on the universally-recognised emotions described by psychologist Paul Ekman. Positive emotions amplify long-term brand effects like market share growth, reflected in our Star rating. Both positive and negative emotions can generate shorter-term effects, along with clear, early branding (fast

Fluency), forming the basis for Spike scores.

While ROI and ROMI are efficiency (rather than net effectiveness) metrics and are affected by other variables too, across a robust aggregation of campaigns we expect to see a positive fit between them and creative quality. To quantify this we have calculated the average ROI and ROMI levels across three groupings of System1 scores.

System1 metrics explained

Explanation of terms

1 Star rating

Our star rating predicts long-term brand share of market (SOM) growth based on an ad's creative quality. We calculate star rating by measuring emotional response to each ad.

The long-term growth potential for each star bracket is shown on the right.

-  **5** **Exceptional**
3% share gain
-  **4** **Strong**
2% share gain
-  **3** **Good**
1% share gain
-  **2** **Modest**
0.5% share gain
-  **1** **Low**
0% share gain

2 Spike rating

Spike predicts short-term sales effect over the 8-10 weeks post airing, derived from strength of branding and intensity of emotional response.

The short-term return for each spike bracket is shown on the right.

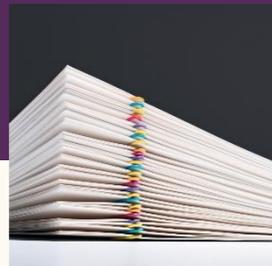
-  **Exceptional**
Index above 1.32
-  **Strong**
Index up to 1.32
-  **Good**
Index up to 1.19
-  **Modest**
Index up to 1.10
-  **Low**
Index below 1.0

Chapter 3

The findings



Creative quality strongly correlates with ROI



This study shows that as creative quality increases, so does return on investment, building on a body of research that supports creativity's contribution to the commercial impact of marketing campaigns.

Revenue ROI correlates with creative quality

When we layer System1’s Star (long-term) and Spike (short-term) results with WARC’s Revenue ROI data we get a good fit.

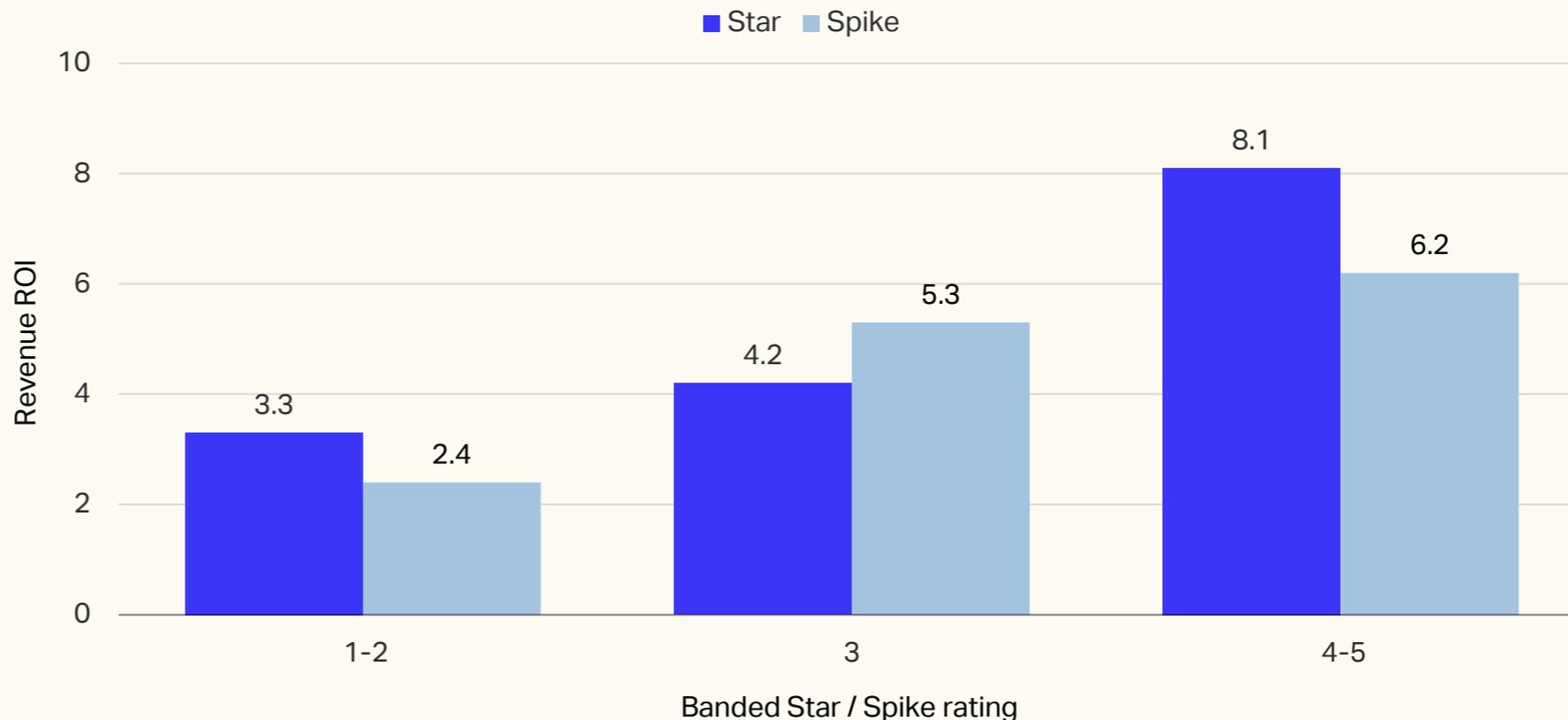
Star and Spike results have five levels, aggregated here into three groups: 1-2=Low/Modest, 3=Good, 4-5=Strong/Exceptional.

WARC’s ROI figures have been averaged for each of these Star/Spike groups.

In both cases, as creative quality increases, so does the return on investment. Star is particularly good at predicting campaigns with very high revenue ROI.

Average revenue ROI against Star and Spike ratings

2010 – 2023



Note: Star n=142 ads, Spike n=71 ads

Source: WARC and System1

Profit ROI higher in strong long-term ads

When we isolate just ROMI figures, then we can see a particularly strong correlation with strong long-term ads (star rating).

ROMI is the more stringent version of ROI, often calculated for the full length of a campaign and therefore makes sense that we see the bigger fit with Star than shorter-term Spike.

Average profit ROI (ROMI) against Star and Spike ratings

2010 – 2023



Note: Star n=162 ads, Spike n=125 ads

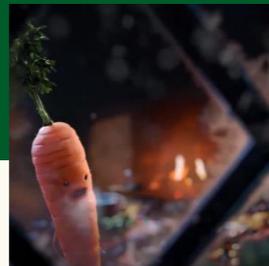
Source: WARC and System1

Chapter 4

Case study



Aldi: Kevin the Carrot



Aldi's Kevin the Carrot Christmas brand platform is one of the campaigns in our combined datasets. It measures strongly for Star and Spike ratings, and has a high ROMI. In this chapter, we look at how the use of its fluent device, 'Kevin', has delivered over time.

Case study

Aldi: Capturing Christmas Magic ‘again and again’ with Kevin the Carrot

Agency: McCann

[Read the full case study](#)



2017: Katie the Carrot

Strategy:

In 2016, Aldi UK and its longstanding agency McCann featured a talking carrot in its ‘Twas the Night Before Christmas-inspired ad.

Since then, Kevin the Carrot’s world has expanded with bigger adventures, extended family and additional characters like Ebanana Scrooge. His recurring appearances during the festive season have made him a lovable Fluent Device for the retailer who drives real results.

Results

- Aldi consistently invested in Kevin to maintain excess share of voice every year from 2016 to 2021.
- A channel mix optimised to the creative meant a 92% audience reach over 2019 – 2021.
- A 6-year **profit ROI** of **2.6:1**, and an average **revenue ROI** of **15.2:1**.

Key takeaways:

- Being **creatively consistent** pays off: build on what is already working and resist the allure of novelty and innovation for their own sake.
- Famous campaigns can significantly boost the efficacy of your comms, with **brand recall** and **emotional resonance** driving purchases.
- If you are not the biggest brand in your category, punch above your weight with the number of media channels and the duration of your campaign to **boost creative commitment**,

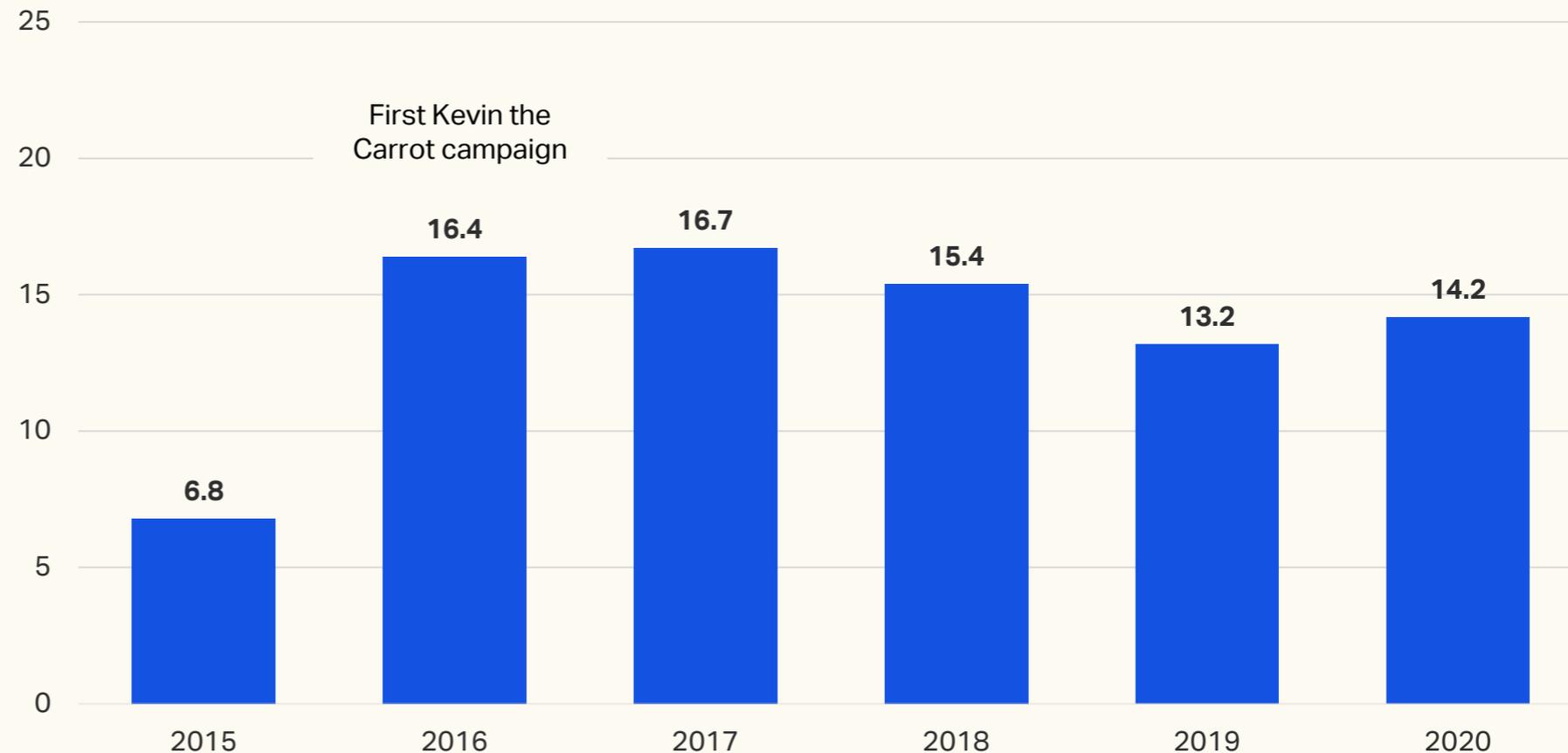
Consistent success from Kevin the Carrot

The Kevin character was first introduced for the 2016 Aldi Christmas campaign, and this chart shows the revenue ROI of each Christmas campaign between 2016 and 2020. On average, the revenue ROI is 15.2:1 – significantly higher than the median revenue ROI in the WARC database of 4.3:1.

In a 2023 awards paper, Aldi and McCann Manchester worked with Gain Theory to calculate a profit ROI over 2016 – 2021 of **2.6:1**. This is higher than the median profit ROI in the WARC database of 2.4:1.

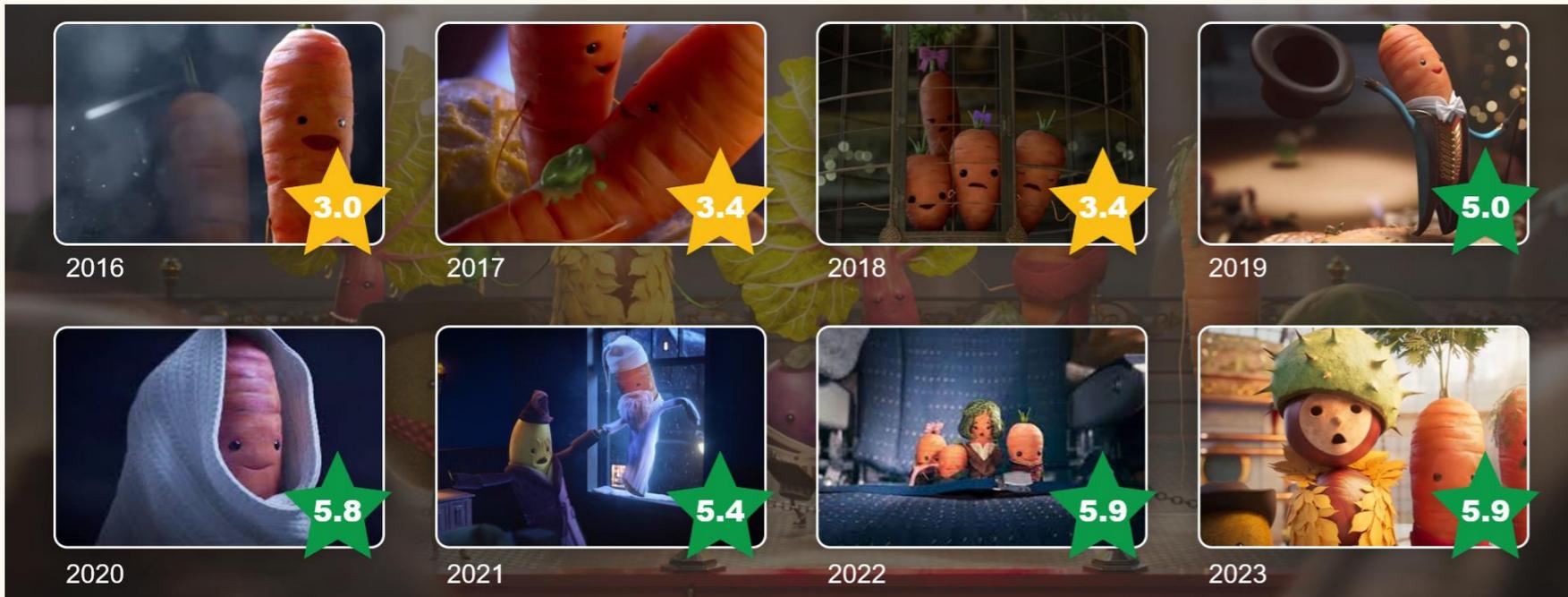
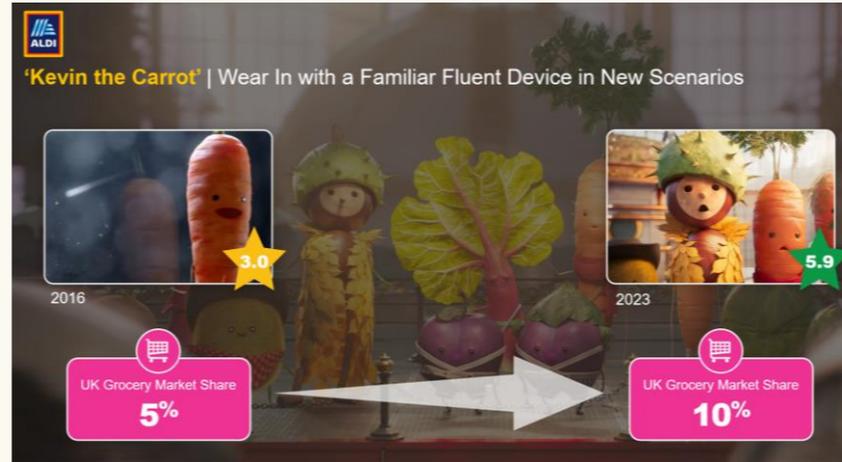
Aldi: Kevin the Carrot, Revenue ROI over time

2015 – 2020



Note: ROI = Incremental revenue / ad spend

Source: How Aldi keeps on winning Christmas with Kevin the Carrot. Entry paper, WARC Awards for Effectiveness, Sustained Growth, 2021



Kevin the Carrot: Star ratings over time

Kevin the Carrot: WARC Metrics



In Aldi and McCann Manchester’s entry paper for the 2023 WARC Awards for Effectiveness, the duo worked with Gain Theory to provide the econometric analysis. It calculated a **profit ROI** of

2.6:1 for Kevin the Carrot between 2016 and 2021. The average **revenue ROI** over the period to 2020 was **15.2:1** (revenue ROI does not take into account incremental costs).

The WARC Creative Effectiveness ladder is a hierarchy of the six main types of effect that creative marketing produces, from least to most commercially impactful. Level 6 is **Enduring Icon**: campaigns that create long-term brand and sales growth. Very few campaigns reach level 6, echoing the strong ROI figures the campaign produced.

Creative Commitment is a WARC metric that was developed alongside the Ladder. It is a composite score based on three inputs: campaign budget, campaign duration, and the number of media channels used. Higher creative commitment scores correlate with higher campaign performance on the ladder and that holds for this campaign. Kevin the Carrot scored **13 out of a possible 15**, making this an unusually well supported campaign.

Average Profit ROI, 2016 – 2021

2.6:1

Creative Effectiveness Ladder score

6

Creative Commitment Score

13

Kevin the Carrot: System1 metrics



Christmas ads traditionally score well with audiences, but there's never been a Christmas star quite like Kevin the Carrot.

Kevin's ads have scored 5-Stars for the last five years in a row – an unprecedented run. For the ads matched to WARC's ROI database, his antics average an incredible 5.7-Stars. His most recent ads topped our yearly effectiveness charts with 5.9-Stars, the highest possible rating.

What makes the carrot so tasty? Kevin's a Fluent Device, a brand character playing a central and repeated role in the campaign, which we know is a winning effectiveness investment. His

humour and cultural references keep him fresh each year while his familiarity cues both brand and attention: people are excited to see him.

Long term, Kevin has been powerfully profitable. Aldi's UK supermarket share has risen 50% since his 2016 debut. He also works at speed, with his Exceptional 2023 Spike score reflecting the highest peak search for any UK supermarket ad that year.

Aldi and McCann have achieved emotional excellence and effectiveness with the perfect balance of Christmas creativity and consistency.

Star Rating

**Average of 4.7 stars
over 8 years**

Star Rating

**2023 ad
scored 5.9 stars**

Spike Rating

**Exceptional
(Level 5)**

Entertainment and humour are so powerful for us. When developing a new ad featuring Kevin, we are aiming for a positive emotional response and a memorable story that will enable quick attribution for the Aldi brand to keep customers returning and win over new shoppers.



Darren Hawkins, Group Strategy Director, McCann Manchester

Source: System1

More from WARC Creative

Creativity with impact series

- [Creativity with impact: Committing to B2B brand building](#)
- [Creativity with impact: Blending data and creativity](#)
- [Creativity with impact: Harnessing culture and context](#)
- [Creativity with impact: Harnessing the scope of emotion](#)
- [Creativity with impact: Combining creativity and media](#)

WARC Creative research

- [The health of creativity](#)
- [How creativity supercharges effectiveness](#)
- [Creative Quality](#)
- [Creative Effectiveness Lions 2023: Insights from the winners](#)
- [Do stronger relationships produce stronger results?](#)

2024 WARC Rankings

- [Lessons from the Effective 100](#)
- [Creative 100: Summary of results 2023](#)
- [Media 100: Summary of results 2023](#)
- [Effective 100: Summary of results 2023](#)

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