

MARKETING MEASUREMENT SYSTEM ALIGNMENT: UNLOCKING REAL-TIME ACTIONABLE INSIGHTS



 **gative/group**

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EXECUTIVE SUMMARY

There are multiple measurement solutions available to marketers today. While these tools undoubtedly provide value, their core strengths are often misunderstood, and adopting organizations can quickly become lost in a sea of seemingly unusable data. Overlap in tool capabilities causes conflicts in measurement results and further confusion among analysts. Marketers need to bring their heads above water by realigning focus on the essential roles these tools play and stitching them together effectively. Do this, and both marketers and organizational leadership will be empowered to make strategic decisions directly impacting the bottom line.

After reading this paper, you'll understand:

- » The different views of customers, marketers, and technologies, and why these differences have resulted in the confusing and crowded marketing measurement environment we're faced with today.
- » The most important individual roles of four key marketing measurement tools: transaction records, media mix modeling, multi-touch attribution, and in-market testing.
- » A path to merging these tools together, capitalizing on the strengths and balancing the weaknesses of each.
- » Above all, the first steps and considerations you need to make to use measurement to unlock significant incremental marketing ROI and improved customer connections.



> INTRODUCTION

Marketing Measurement Problems

Imagine a marketer, sitting at his desk, face in hands, dejected, and fraught with worry over the true impact his marketing spend is having on customer behavior.. Were you envisioning Jinan Liu, the first century Chinese needle shop owner who produced the first printed marketing materials using bronze printing plates?¹ Or a modern day Fortune 100 CMO, wondering if his multi-million dollar YouTube campaign will successfully drive new customer acquisition? Either way, the suffering is relatable. Marketing measurement is an issue that has, quite literally, plagued marketers for centuries. **In modern times, driven by skepticism and demands for clear value add from the C-suite, a deluge of measurement tools has flooded the market with often overlapping and overhyped solutions.**

The Marketing Measurement Ecosystem

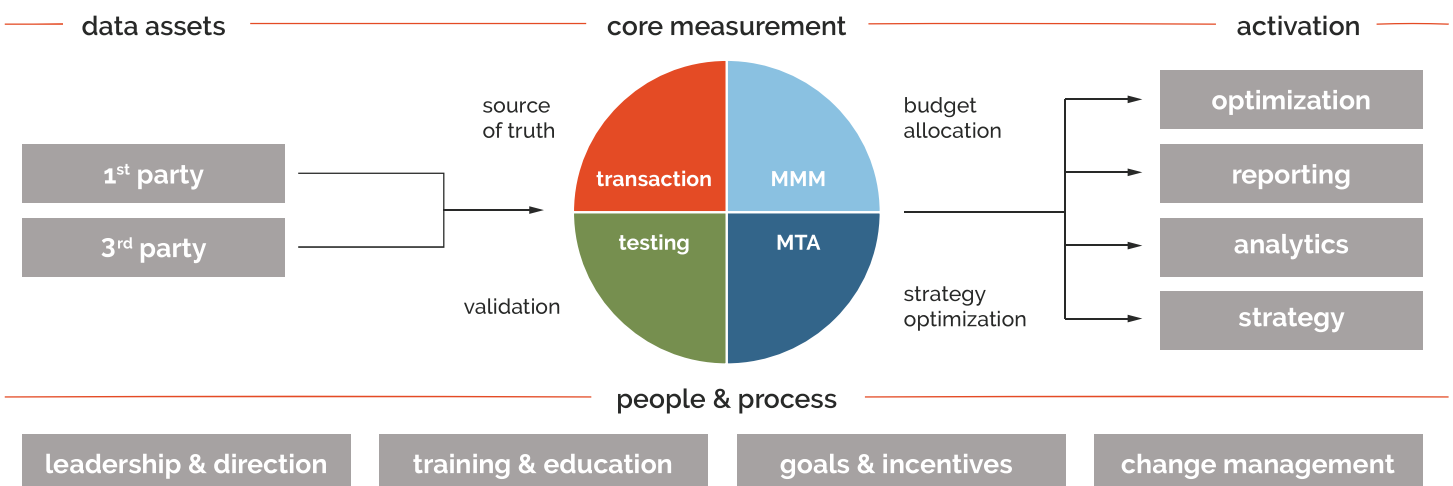
After logging centuries of thought on how best to measure marketing performance, you would think we'd know not to look for a silver bullet solution to all our measurement problems; however, this is exactly what many leaders expect from digital. The first flying machine didn't actually stay in the air until 500 years after Leonardo da Vinci drew his initial designs (thank you, Wright brothers!). It was a dark time, with lots of unnecessary jumping off of towers...and the path to meaningful marketing measurement is proving to be similarly painful. The good news? It doesn't have to be!

By focusing on the core strengths of the measurement tools available today, marketers can create a clear view of marketing performance. This paper will discuss four key measurement stack components: Transaction Records, Media Mix Modeling, Multi-Touch Attribution,

and Testing. There are many other tools involved in marketing measurement, but these four are the most critical to a successful solution, and are also some of the most misunderstood in the space.

Each of these tools has its own strengths and weaknesses. They can be used effectively on their own, so long as the user understands their primary value adds and flaws. However, merging their capabilities allows us to paint a more clear, comprehensive and actionable picture.

These core measurement tools can and should be combined with data assets, people and processes, and activation capabilities to form your overall marketing ecosystem. Today we'll focus on measurement, but know that this does not work in a vacuum—all components are essential to success.



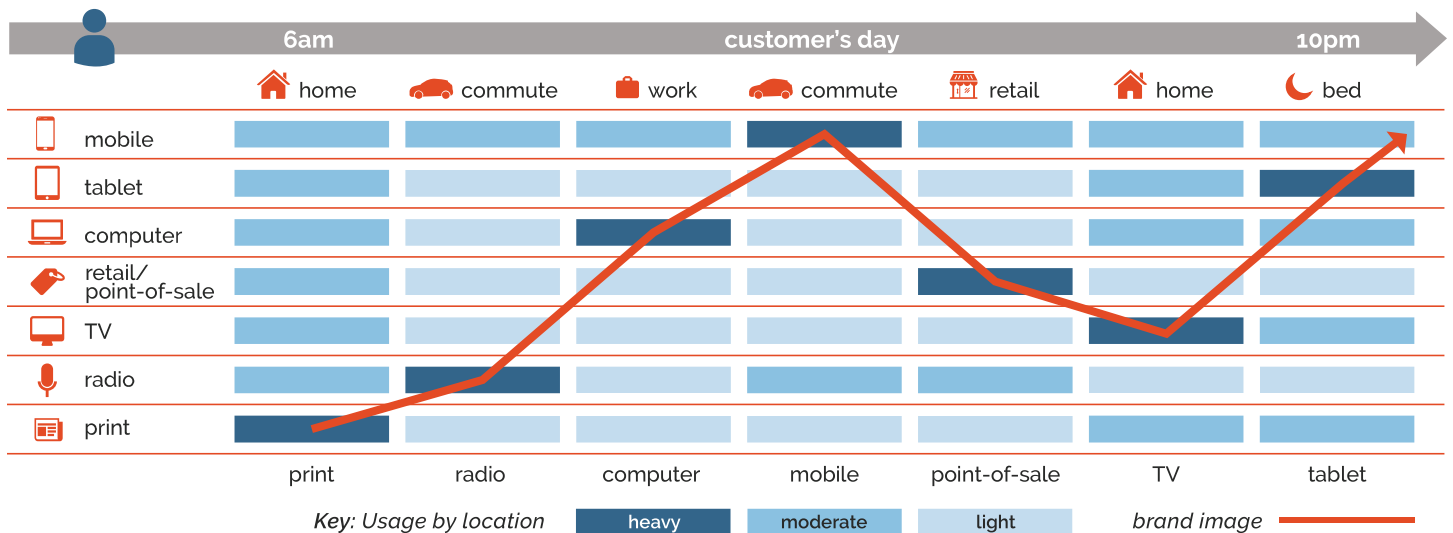
¹ One of the earliest printed advertisements is a bronze plate from the Song dynasty (960-1279) China. It says "Jinan Liu's Fine Needle Shop. We buy high quality steel rods and make fine quality needles, to be ready for use at home in no time." <http://depts.washington.edu/chinaciv/graph/tcommain.htm>

> THE OVERARCHING PROBLEM

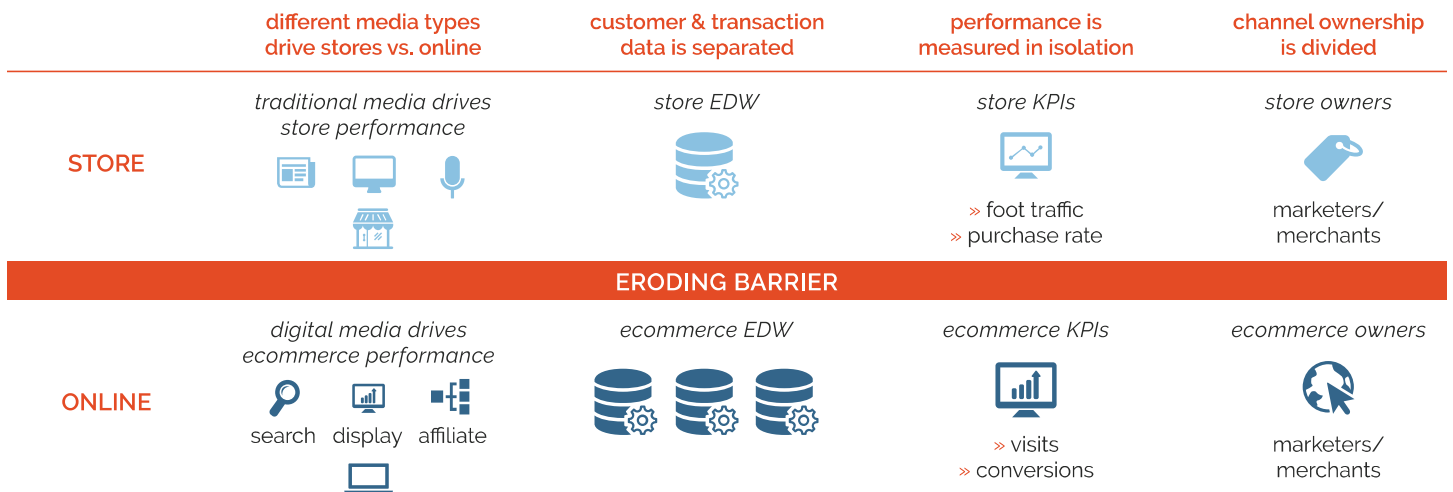
So a customer, a marketer and a techie walk into a bar...

Worst start to a joke ever? Possibly. But the different ways these groups understand marketing is pretty funny, in a laugh-so-we-don't-cry kind of way. Across almost all industries, the customer path to conversion is comprised of many disconnected touch points, channels, and devices. **The core problem the marketing ecosystem aims to solve arises from the fact that the customer, the marketer and the technologies view the path in different ways.**

The customer views the brand as a single, cohesive entity. They do not see disconnected touchpoints; nor does she want to experience them. She expects a seamless experience across marketing and shopping channels. Messaging should align experiences, preferences, and actions to inform the next interaction. Any disruption throws off her groove.



The marketer might understand conceptually that the customer experience is unified, but delivering an aligned message is harder than competing on American Ninja Warrior blindfolded. The problem lies with lack of visibility into the customer's experience, stemming from the many organizational issues and silos that exist so commonly. These may come in the form of diverse KPIs, competing strategies, multiple technology views, etc.



**Case
Study**
*aligning
objectives*

A large department store client wanted to increase revenue, but the digital team wasn't held to revenue goals. Marketing was supposed to drive traffic, Site Operations to improve conversion rate. But in maximizing traffic, Marketing was capturing the wrong type of visitor. The organization didn't understand that the conversion cycle starts from the first touchpoint with the customer.

Ovative conducted customer level analytics, demonstrating the variable value of the different customer types reaching the client's site. Then, we led the marketing team through a series of tests involving optimization of different channels to different KPIs. Optimizing to revenue-based KPIs, instead of traffic-based, led to efficiency gains of 20%+. With these numbers supporting their cause, marketing leaders were able to convince the C-suite to shift to the right KPIs, leading to stronger company-wide performance.

The technologies see a big problem with multiple facets. They're not always directly involved in the space, so understanding of the problem comes second-hand from marketers with disjointed points of view. Often, technologies create a tool that is very good at solving one thing; then, pressure from the marketplace forces them to bolt on peripheral capabilities. This approach helps win buzzword bingo in the sales process, but frequently results in unrealistic market expectations about what the tool really does.

In summary

Customers demand a seamless experience which marketers struggle to deliver. Technologies are supposed to bridge the gap, but often don't have the right solution to make that happen. This results in an environment marked by confusion, unmet expectations, and struggle.

**Case
Study**
*clean data
& clear
expectations*

A large grocer launched a tool to measure their online-to-offline influenced conversions, but the data was a mess. The company had no idea how to fix it, and the tools they were implementing were not in alignment with their business requirements.

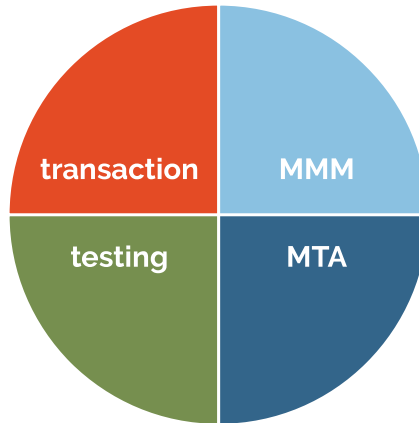
Ovative began by fixing the data and aligning teams on the proper roles of each system. With this foundation, we were able to create an online-to-offline measurement methodology that tied online browsers to in-store purchases, enabling the marketing team to optimize their media to drive store sales.

> OVERVIEW OF CORE MARKETING MEASUREMENT TOOLS

So what are the tools we're talking about? Here's the short of it:

» **Transaction Record:** provides real-time, objective reporting of conversion performance. May come in the form of sales data, web sign-ups, requests for information—any final action you're driving the customer to

» **Testing:** provides the most accurate view of channel incrementality



» **Media Mix Modeling:** provides most comprehensive view of marketing influence

» **Multi-touch Attribution:** provides actionable insights to marketing strategy optimization

Now for the details...



Transaction Record: objective & real time *BUT* without context

In brief



Web cart, store transaction systems, sign-up forms, etc. capturing the **objective volume of desired customer behavior** earned in a day. Serves as an unaltered source of truth for marketing outcomes.

Main value add



Real-time objective truth. Transaction systems don't attribute credit for a conversion to marketing drivers, they just tell you what was really earned where. Because of this, they're able to provide performance reporting in real or near-real time.

Main weakness



No context. Because transaction systems don't attempt to credit conversions to any particular channel or sales drivers, they provide no context against which to optimize. They measure exactly what was earned in a given day, but not how it was earned.

How to use



The transaction system serves as the day-to-day base for optimization. Apply modeling, attribution, etc. to this metric. It serves as the one number all groups in the organization should be able to agree on. As such, this metric will be used by many operating groups across the enterprise.

Case Study
*establishing
a source
of truth*

A medium sized retail company wanted to significantly advance its ability to accurately report on marketing effectiveness; however, they lacked a single data source providing a complete and accurate unified customer view across channels and devices.

Ovative was able to set up and manage a data environment which collects and ties together transaction and media data from web and offline sources. This flexible data environment started to serve as a source of truth for all teams within the organization, allowing for robust analytics supporting attribution, online-to-offline matching, and customer segmentation. We next worked with the client to pipe these data sources into their marketing systems to support real-time media optimization.



Media Mix Modeling (MMM): *comprehensive* **BUT** *high level*

In brief



Top-down, multivariate statistical analyses estimating the impact of **marketing, merchandising, brand, and outside factors on sales**, leading to forecasting of future sales under changing conditions.

*Main
value add*



Comprehensive view of marketing influence. Media mix models strive to account for all influences on customer behavior. Because of this, these models will give you the best approximation of marketing's true effect, after accounting for all outside factors. No other tool is set up to consider as much. Additionally, MMM can usually incorporate both online and offline shopping and marketing channels, meaning all invested and earned dollars can be counted.

*Main
weakness*



High level & lagged. Because they account for so many factors, media mix models usually do not go to a very low level for any marketing channel—especially not the keyword, ad group, placement, etc. level required for regular marketing optimization. Further, the models often take a long time to run, with insights delivered in large reports that may cover a full quarter and be delivered months after the fact. These factors make it very difficult to use MMM for day-to-day optimization.

*How
to use*



MMM provides your best metrics for setting channel-level budgets—these budgets don't exist in a marketing vacuum, and neither should the analysis that sets them. Run MMM far enough in advance to support your budgeting process, and use historical data to train the models on relevant time frames. MMM is most often used by the executive, finance, and marketing teams, all of whom need to align on the highest level impact of marketing for budgeting purposes.



Multi-touch Attribution (MTA): **actionable** *BUT* **with limited scope**

In brief



Bottom-up attribution modeling which **considers multiple touchpoints** in the customer's path to purchase, and **applies credit across the full funnel**, whether **algorithmically or through custom rules**. Note that "multi-touch" simply means you're using a model which considers a customer's full path—whether that's an algorithmic third party solution or a rules model you built internally will depend on your individual business requirements. No one-size-fits-all solution exists.

Main value add



Actionable insights. MTA models should be delivered at a low enough level of channel granularity to support activation. By accounting for all digital channels (and sometimes offline sales and marketing, as well), and applying credit to all touchpoints on a customer's path, MTA helps turn MMM's macro budgets into truly actionable tactics.

Main weakness



Limited scope. These models are generally not going to be able to account for all offline marketing and sales, due to inherent data onboarding gaps. Additionally, MTA will not account for true channel incrementality. Both MMM and MTA are really good at assessing correlation, worse at measuring causation. Finally, Like MMM, MTA is usually not real-time—models may be lagged by two weeks or more, depending on the business' sales cycle.

How to use



MTA models allow for confident transition from high-level, MMM-based budgets to actionable daily strategies. Use MTA to guide channel investments and optimizations within the context of budgeting set by MMM. In some cases, MTA can also be used to inform MMM models. MTA will be used most regularly by marketers and channel operators, who are looking for clear optimization insights to improve channel performance.

Case Study

attribution tool selection & implementation

A large insurance company was looking to gain increased visibility into digital media performance through a 3rd party multi-touch attribution solution. However, they lacked the expertise and manpower necessary to select and successfully implement a partner.

Ovative led the vendor-selection process, ensuring potential partners were fully vetted against the client's specific requirements. Once a partner had been selected, Ovative served as the expert implementation manager, facilitating communication between client media and technical teams, agencies, and the attribution vendor. Ovative also led significant training and preparation efforts, supporting organizational readiness and adoption. In the end, tool implementation took only three months, and within nine months the client was using the tool independently.



In-market Testing: **incremental** *BUT* **difficult to scale**

In brief



In-market media adjustments, generally in a test/control or **a-b split format**, enabling **direct measurement of the impact of individual variables** on customer behavior, especially for identifying **media incrementality**. While not technically a tool, developing confidence in testing capabilities is essential.

Main value add



Measures incrementality. Marketing incrementality is the holy grail for all measurement solutions. How do I really know that that last invested dollar was the one which drove the customer to buy? How do I parse this impact out from all the rest of the noise in the market? Unfortunately, we have not seen the solution that can do this quickly and easily at scale. Many tools claim to get close, but all suffer from causation vs. correlation issues, especially when it comes to measuring targeted media against broad campaigns (where customer attributes become a major driver of purchase decisions). Testing exposes whether a channel, placement, ad group, etc. is incremental, and as such must be utilized in any full measurement capability.

Main weakness



Difficult to scale. Testing requires a unique skill set, significant investment of time, money, and resources, a comfort with unclear results, and lots of patience. More than anything, running clean tests means that some portion of media will always be running in an unoptimized way. Knowing how to design and execute tests in a clean way is tough, and building a culture where testing is an ingrained component of media optimization is tougher still.

How to use

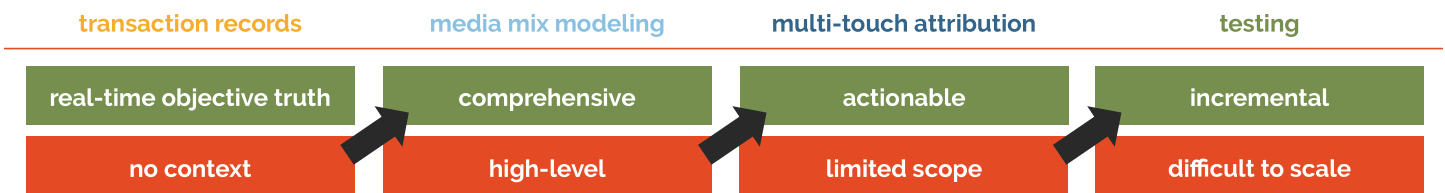


Use testing to measure channel incrementality. Start with the low-hanging fruit—are there navigational channels, ad groups, etc. which are likely non-incremental? Expect to be testing continuously, and build a structured approach and make sure teams apply it rigorously. Don't get stuck testing the same channel over and over—establish a confidence threshold, reach it, and apply your insights to marketing optimization. Testing programs will involve cross-functional teams, but are most often driven by the marketing and channel owners themselves, who need to lead execution strategy.

> THE SOLUTION

So, we've got four different tools, all providing different value and limited by different weaknesses. How do we get the most impact out of each without creating four separate views of performance?

Answer: combine to draw out strengths while minimizing weaknesses



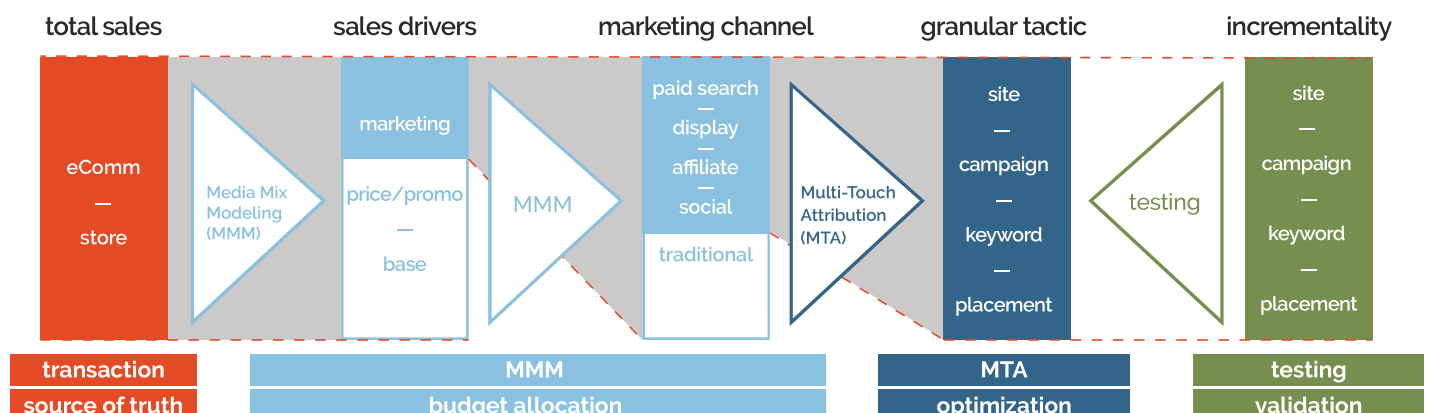
Each tool brings a strength and a weakness to your measurement mix; by using each for its most appropriate purpose and playing them off one another, you can build a single model which gets closest to the truth. Specifically:

- » The transaction record provides daily, objective metrics which the full organization can align on, and which marketing can **optimize to in real-time**
- » Media mix modeling sets budgets for all marketing channels, informing **how much** to spend across all marketing channels, digital and traditional
- » Multi-touch attribution takes these macro budgets and recommends **how** to spend within each channel.
- » Testing helps validate all the other data outputs, and supports adjustment of insights for **true incrementality**

"But what if all my tools don't align perfectly?" you ask. Don't worry—they won't! These tools use different methodologies to provide different answers to different

questions. Expect there to be variances between outputs, minor data quality issues, and confusion around interpretation. We're not striving for perfect measurement here, because perfection is unattainable. We're striving for something we can **actually use to improve**.

Merging these system outputs results in a marketing environment which provides **real-time, actionable insights adjusted to account for full market context and incrementality**. The next step is to actually get organizations and agencies using this data. Honestly, this is the most complicated part of the whole deal. Reporting differently? No problem. Actually coordinating all of the requisite resources and getting them to change ingrained behaviors? Now there's a challenge. We're testing this solution real time with many of our clients, and will provide more guidance in the future. But for now, we believe everyone can benefit from a more robust measurement environment.



> CONCLUSION

The current marketing measurement environment is complex. Customers, marketers, and technologies all have differing views of the customer journey, and this has led to an explosion of measurement technologies. Tools offer many different solutions and sales teams often overpromise but under deliver. Savvy marketers will identify the strengths and weaknesses of available tools, and combine insights to build a complete picture of marketing performance.

By joining transaction systems, MMM, MTA, and testing capabilities in a single unified environment, you'll unlock new efficiency from marketing budgets. Build this system on a path that makes sense for your organization, focusing always on the marketing strategy shifts that the next tool or capability is going to enable you to make. As new capabilities are stood up, make sure to action on them quickly to prove the value and develop the people and process side of the capability. Educate broadly to build alignment, expand testing across channels, and watch the efficiency gains roll in!

With a clear view of marketing performance, marketers and leaders in the c-suite have the ability to make informed strategic decisions directly impacting the business. Without an understanding of the roles different marketing measurement tools play and how they integrate together, you're likely to wind up like Jinan Liu: ancient history.

Case Study

*start simple
and realize
value along
the way*

A brand manufacturer, who primarily sold out of its own stores, was having difficulty understanding the value of website and digital media investment. In-store sales weren't being tied to web exposure, resulting in limited visibility to digital's impact. This limited visibility led to the use of unique traffic as a primary KPI—optimizing quantity of visitors over quality.

Ovative started by conducting analytics supporting a KPI shift from qualified unique visitors to revenue. By focusing on the end goal KPI, the manufacturer was able to draw the right type of customer to grow sales. Then, Ovative built a matching environment which allowed in-store sales to be tied back to digital media exposures, so the media teams could actually optimize to this new goal. While the client is early on in its measurement journey, significant value was quickly gained by taking the first step.

How Can We Help?

While creating a unified measurement environment can generate efficiency gains, the process isn't easy. Choosing the right partner to support you in the marketing measurement journey can be critical to successfully building your unified measurement environment. Marketing measurement is at the core of Ovative/group, it is what we do. We live, sleep, eat, and breath it. While the issues you're facing may be new to you, they're not new to us.

One of the first things we can do is assess your company's marketing measurement maturity and prioritize a roadmap of the best next actions for your situation. We can help you quickly figure out how mature your current measurement solutions are, how you stack up against other marketers, and what you should do next to start unifying your measurement solutions. If that sounds interesting, send us an email and we'll get the ball rolling.



In a time when it's critical for marketing and data to work together, Ovative/group stands alone as a unique team of specialists and experts who help clients "wrangle the octopus" of data to activate their enterprise value through marketing, measurement and technology services.

Through 20+ related engagements over the past three years in this space, O/g has observed some common themes that, when considered, greatly increase the probability of building solutions that lead to lasting capabilities rather than shiny pennies few are willing to adopt.

O/g clients span multiple industries, including retail, healthcare, education, CPG, and hospitality; for companies with sales that range from \$250M to \$100B. They engage with clients both as advisors and as outsourced service providers; as a neutral measurement partner or as an end-to-end measurement and activation solution provider. These experiences and associated lessons learned serve as the basis for this white paper.

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