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Marketers Are Moving Toward Converged Marketing Performance Measurement

Integrated Attribution And Marketing Mix Modeling Approaches Drive Value For Early Adopters

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Executive Summary

Companies today are wrestling with the implications of increasingly connected (and therefore empowered and informed) customers. At the same time, they face a fractured media environment, a proliferation of customer touchpoints and channels, and data sets that need to be mastered to optimize customer interactions. In response, vendors are building solutions that combine attribution and marketing mix modeling (MMM) into a single solution. Attribution modeling is where individual customer touchpoints are tracked to determine their impact on a desired outcome, whereas MMM serves to estimate the impact of different marketing tactics on sales.

Through these tools, marketers can access the kinds of capabilities required to understand the customer journey across devices and channels. Solutions focused on delivering more frequent and powerful insights can be used to bring stakeholders together around a single source of truth on marketing performance and enable companies to optimize budgets and planning — either more frequently or even on the fly.

But to what degree have these tools been embraced by the marketplace, and how are they being utilized? Forrester conducted an online survey with 150 marketing and analytics professionals, along with six in-depth interviews with marketing leaders. This study found that it's still early days for combined attribution and MMM adoption overall, but it is starting to take hold and show benefits — from increased marketing efficiency to deeper customer insights — for the companies that have adopted these tools.

KEY FINDINGS

Forrester's study yielded five key findings:

- **Separate solutions for MMM and attribution are common.** This study found that more than nine in 10 respondents were using some form of MMM tool, and 49% were using an attribution tool they either built or bought. These tools provide much of the functionality needed to measure and optimize the whole spectrum of marketing activities; however, emerging solutions that blend these tools together are enabling marketers to make strategic planning decisions and precisely measure individual-level interactions in near real time.
- **Solutions that integrate these two tools are starting to take off.** Thirty-six percent of study participants were currently using an integrated attribution/MMM tool or platform, and 30% were planning to deploy one in the near term. Many early adopters are still in the early phases of running the program.
- **Companies are looking to apply integrated tools broadly in their organizations.** Over half of companies that have adopted an integrated tool provide access to it to teams including marketing, analytics, marketing management, brand managers, and eCommerce stakeholders. Forty-three percent have given access to reports to the C-suite. However, interviewees warn that you need to set expectations upfront for how reports should be interpreted and when decisions should be made based on what the data is saying. Testing and learning are paramount, especially at first.
- **Companies most often struggle with completely integrating tools and changing their business practices.** The most common struggle that marketers anticipated and actually experienced with using integrated platforms are linked to the organization's adoption and changes that occur once the tools are up and running. Over half of the companies currently using a combined solution said they struggled with this challenge. Integrating tools and data sources is also a big challenge; 44% of companies in our study experienced this, half of whom said it was either difficult or very difficult to solve.
- **Benefits are elusive in the early stages, but the signs point to more effective marketing outcomes and greater marketing efficiency with integrated platforms.** These tools can take a few months at least to start showing demonstrable benefits, as baselines need to be set and ongoing experimentation and measurement breeds action. That said, those who have implemented an integrated solution experience more effective marketing campaigns and greater efficiency in marketing spend. Overall, satisfaction with integrated tools is high among those who have implemented them, and it appears the table-stakes requirements are well established. Marketers are now looking to take the next step into deeper, more personalized customer-level learning that will enhance their customer relationships.

Current State

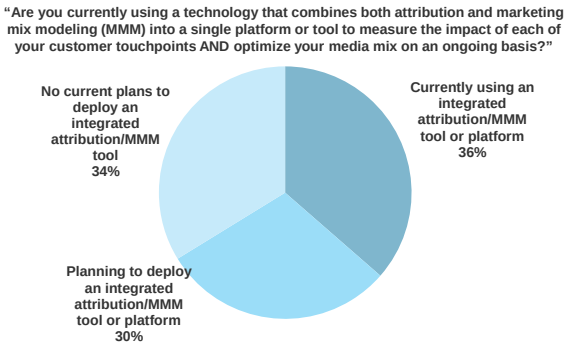
Do marketers see the appeal and the potential value of integrating marketing attribution and MMM tools? Our study indicates that the shift is in its early days, but it's certainly underway.

To begin, individual tools are commonplace in the market today — with 92% of study participants using an MMM tool either bought from a technology partner (48%) or developed in-house (44%). Attribution tools were less widely adopted; they are used by 49% of marketers in our panel: 24% use third-party solutions, while 25% use a homegrown solution. Individually, these tools provide much of the functionality needed to measure and optimize marketing touchpoints; however, emerging converged solutions that blend these tools together are enabling marketers to make strategic planning decisions and precisely measure individual-level interactions in near real time.

We found that the state of adoption of converged tools broke out roughly into thirds among our study participants — with 36% currently using an integrated tool or platform, 30% planning to do so in the next two years, and 34% not having considered it at this time (see Figure 1).

FIGURE 1

The Convergence Of Attribution And MMM Tools Is Happening, But It's Early Days



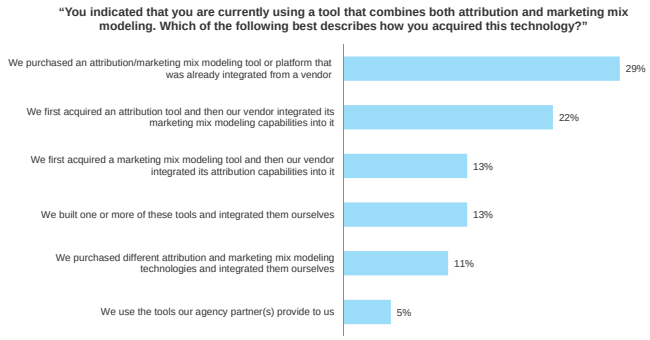
Base: 151 US and UK decision-makers or influencers responsible for advertising budgets

Source: A commissioned study conducted by Forrester on behalf of Google, August 2015

Of those companies that have adopted an integrated solution, most are at the early stages of use and have received external help along the way. Of those companies that are using an integrated solution, 67% have been doing so for less than two years and only 24% undertook the work of integrating their attribution and MMM tools on their own. The most common approach to onboarding an integrated platform was to purchase a unified solution from a vendor (see Figure 2).

FIGURE 2

Most Firms Running An Integrated Attribution/ MMM Tool Received Integration Support



Base: 55 US and UK respondents currently using a combined MMM/attribution tool

Source: A commissioned study conducted by Forrester on behalf of Google, August 2015

Even those companies that are currently on the sidelines of converged attribution/MMM tools show awareness of the tools and their benefits. Our study found that 59% of these companies were aware that these integrated tools were becoming available before taking the survey, and the same percentage said that the tools were appealing to them, once a description of how they work was provided.

MARKETERS USING INTEGRATED TOOLS SEE BENEFITS FOR MULTIPLE TEAMS

Many of the marketers who either adopted or are planning to adopt an integrated solution have actively sought to apply these tools to multiple teams and marketing processes within their companies. More than half of these respondents have leveraged their tools to provide insights to stakeholders in marketing, customer analytics, brand management, and eCommerce, and 43% have given their C-suite access to the tools.

In our interviews, we found that integrated tools tended to be applied with the most granularity at the practitioner level — i.e., marketing functions, analytics and customer insights, etc. — but that the tools have also provided an excellent resource for keeping higher-level executives in the know about marketing efficacy and planning.

Marketers also told us how critical it was to properly set expectations for how the data should be interpreted and used, especially in the early phases. These tools paint a picture of a marketing practice in transition, and it can often take a while to build a solid baseline of marketing performance for testing. It can be tempting to jump to conclusions early on, but one marketer we spoke with was very diligent around circling back to early-stage results as a means for testing and learning, not necessarily for course correction:

> "The main thing when talking to people (non-marketing or analytics roles) is level-setting about where data is now and recommending whether or not to use it for specific purposes. To this point, we have not gone to teams unless they know exactly how to use the information and what the upsides/downsides are, because it paints such a different picture to what is currently reported. Organizationally, the information has ruffled a lot of feathers."
>
> *— Senior marketing analyst at a major US retailer*

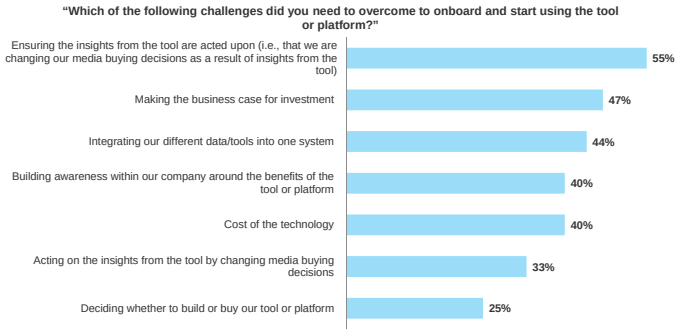
Challenges

We asked the marketers in our study about the challenges they faced in getting their attribution/MMM tool up and running, looking at both the frequency of challenges (i.e., how many marketers said they had to overcome a given challenge) and the intensity of the challenges (i.e., how difficult the challenge was to solve). This illustrated helpful findings in terms of calling out what to expect and how big an obstacle might be as new adopters take steps to come onboard.

The most common challenge that marketers identified centered on ensuring that the organization's media buying decisions were actually being adjusted based on insights coming in from the tool or platform. Over half (55%) of our study participants said this was a challenge for them, beating out other considerations like making the business case for investment (47%), managing the process of integrating different data and tools into one system (44%), or building awareness within their company around the benefits the program should deliver (40%). Ultimately, once the insights start to become clear, significant changes need to happen in order to get the organization to start thinking and acting differently to take advantage (see Figure 3).

FIGURE 3

Over Half Of Companies Running An Integrated Tool Need To Learn To Take Action On Insights



Base: 55 US and UK respondents currently using a combined MMM/attribution tool (multiple responses accepted)

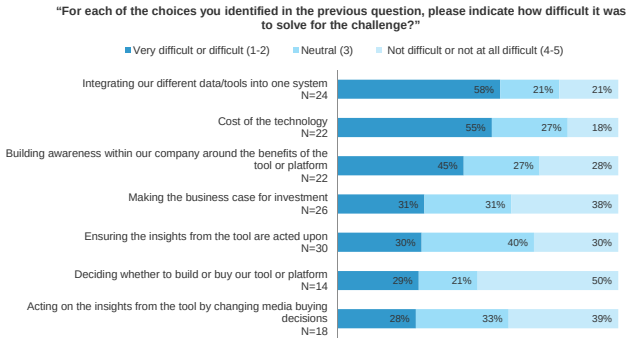
Source: A commissioned study conducted by Forrester on behalf of Google, August 2015

However, when we look at how difficult these challenges can be to solve, a slightly different picture emerges. Only 28% of marketers said the work of ensuring that the company was using insights effectively was a difficult or very difficult challenge to solve. The more difficult issues arose around integrating different tools and data, managing the costs of the technology, and ensuring that the benefits of the tool were communicated across the company (see Figure 4).

> *"The technology part was the easiest piece. Working in the (third-party) data outside of what we already had was far harder."*
>
> — Senior marketing analyst at a major US retailer

FIGURE 4

Integration, Costs, And Communicating Benefits Are More Difficult To Address



Base: 52 US and UK respondents who have experienced challenges using a combined MMM/attribution tool

Source: A commissioned study conducted by Forrester on behalf of Google, August 2015

When assessing the differences between common problems and more difficult ones, it's clear that companies struggle with ensuring their organization is on board with using the integrated platform and changing the way they plan and execute their marketing programs. Typically, this is expressed through building awareness within the company, making the business case to executives, and changing processes to ensure insights are being acted upon.

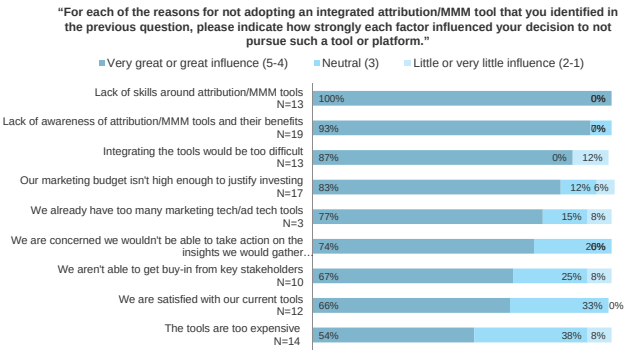
It's not surprising then that companies identified these areas as focus points during onboarding. Forty-four percent of companies running an integrated tool said they focused on how to change their media planning and buying processes to account for the optimization opportunities the platforms offered, and 44% of firms running a combined attribution/MMM tool created a training program for staff to work on the platform. One interviewee, realizing that different teams within the organization would be affected by their platform differently, worked with their technology provider to build different curricula that would speak individually to different groups within their company.

> "Our challenge has been with key influencers, helping them understand what this tool can do, and getting advocates in place to help move this forward. Our partner has helped us build a curriculum aimed at getting buy-in internally when we're engaging with different groups. The overall themes are consistent, but as far as what data is and how you should use it, it varies by audience."
>
> *– Director of insights and intelligence working with a major US automaker*

Problems with organizational buy-in are experienced by companies that took the leap and are anticipated by those that haven't. When we looked at companies that haven't adopted an integrated tool and didn't plan to, every one of them was concerned about lacking the internal skills to run the tool, and 93% said that a lack of awareness of how these tools could benefit the organization was holding them back. Eighty-seven percent also said anticipated issues with integration would keep them from adopting (see Figure 5). If the first step to addressing a problem is to recognize that it exists, then there's some solace to be taken that there's a fair amount of agreement on where to start.

FIGURE 5

Companies That Haven't Adopted An Integrated Platform Anticipate Challenges



Base: 51 US and UK respondents not currently using a combined MMM/attribution tool (percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester on behalf of Google, August 2015

As these technologies mature, more marketing professionals will become familiar with them and how they can be leveraged to drive improvement within their marketing practice. We found that 48% of companies expected that challenges around lack of awareness would be resolved in the near future, and 39% said the same of challenges with internal skills. Soon, many firms will be in a better position to benefit from the work of early adopters.

Forrester's prior research recommends that once you can confidently collect and interpret insights from the platform, you should go to executives (mainly CMOs) with a demonstration of marketing campaign results, channel insights, and how marketing efforts drive customer value over time.[1]

Solutions And Benefits

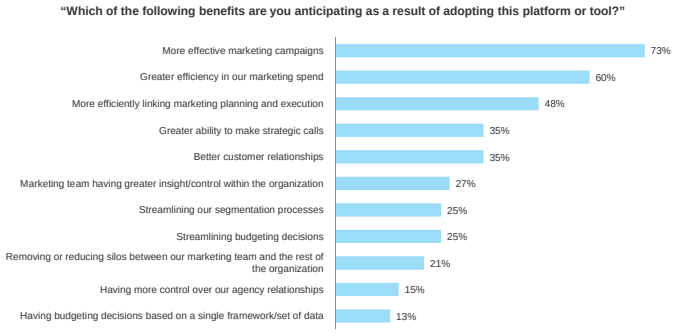
Companies that combine attribution and MMM tools do so in order to better evaluate the impact of their marketing touchpoints and optimize their media mix on an ongoing basis. Early results are encouraging. Eighty percent of companies that have adopted an integrated solution said that they were satisfied with it overall.

Given how these capabilities have yet to be adopted by a large part of the marketplace, this study examined the benefits that marketers were realizing by contrasting the expectations of respondents in the early stages of adopting an integrated tool with those who had been using the tool longer.

Companies in the planning and testing phase were certainly looking forward to the bottom-line benefits that these tools promise — more effective marketing campaigns (73% of respondents) and greater efficiency in marketing spend (60% of respondents). Other benefits, like better planning and execution, being able to make better strategic marketing calls, improved customer relationships, and giving the marketing team more influence within the organization overall, were less commonly cited as drivers of adopting an integrated tool (see Figure 6).

FIGURE 6

Increased Efficacy And Efficiency In Marketing Programs Drive New Adopters



Base: 52 US and UK respondents using a combined MMM/attribution tool for six months or less (multiple responses accepted)

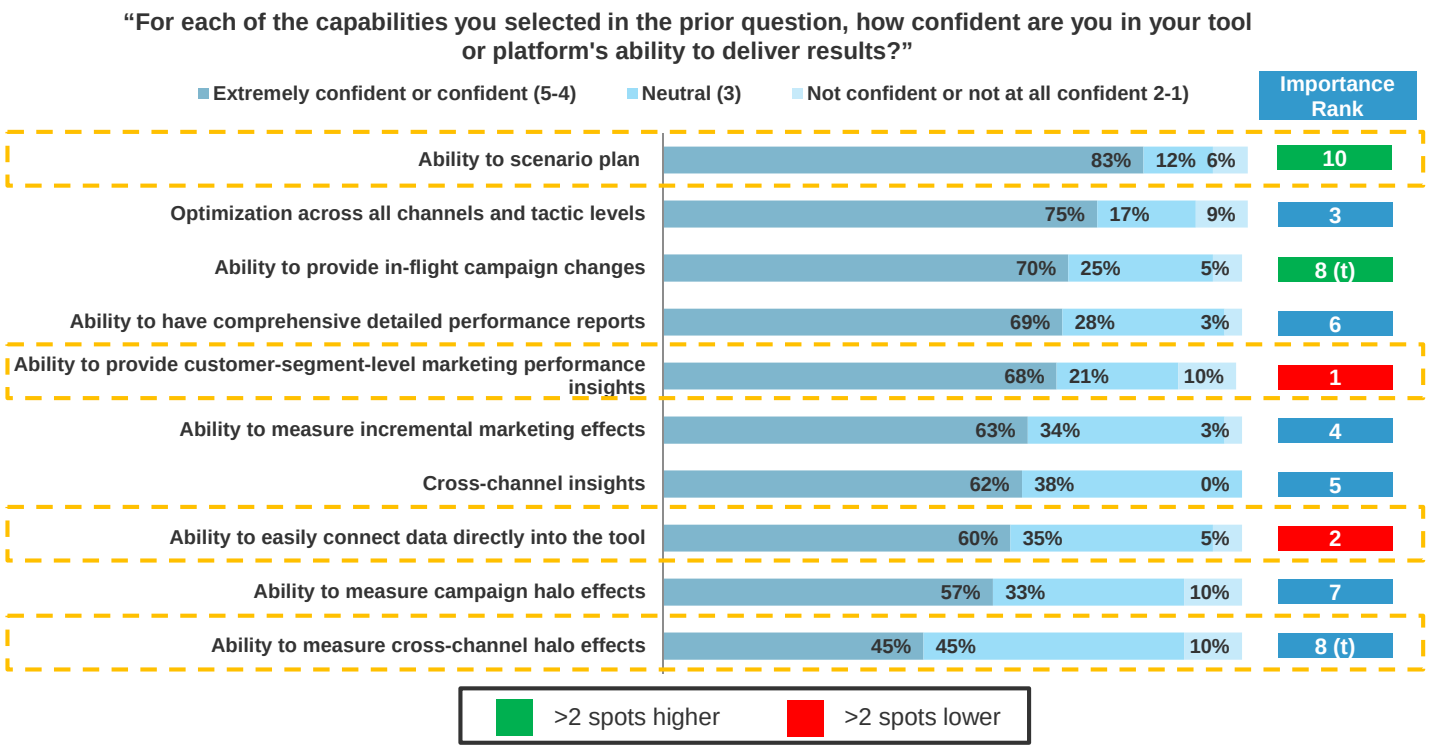
Source: A commissioned study conducted by Forrester on behalf of Google, August 2015

Turning to more practiced adopters, however, we see that what their newer peers considered ancillary benefits were likely to be realized along with the more straightforward anticipated payoffs. Forty-seven percent of these marketers stated that they felt their team had more insight and control within their organization; 45% stated that they were running more effective campaigns; and 44% said that they had realized greater efficiency in their marketing spend.

That said, when we examined the degree to which these platforms were meeting their clients' expectations, we found some misalignment. We asked respondents to rank which capabilities would be most important for integrated attribution/MMM tools to deliver on; we then compared them to how confident marketers were in their current solution's ability to deliver. We found that the top success criteria selected — such as having the ability to provide customer segment-level marketing performance insights (the top choice) or having the ability to easily connect data directly into the tool (the second choice) — weren't necessarily the areas where the tools were delivering (see Figure 7).

FIGURE 7

The Importance Of The Capabilities And Confidence In Delivery Don't Always Align



Base: 100 US and UK respondents currently using or planning to use a combined MMM/attribution tool (percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, August 2015

What this data indicates is that, effectively, the table stakes have been addressed in the market today and that many capabilities can be handled to one degree or another by individual tools that aren't necessarily integrated to create something more seamless and powerful. However, it's quite natural that this is the current state of affairs, as the market that attribution and MMM tools have been looking to address to date has focused highly on optimizing spend — and it's the lowest-hanging fruit with the biggest evident return.

What we are seeing here, though, is some restlessness and a space that's ready to see tools grow into a set of capabilities that will empower marketers to connect more deeply with their customers — and these capabilities are still in the process of emerging. One marketer, who was still a relatively new user of their tools, put it this way:

"There will be a paradigm shift in understanding for the marketing channels. I think it gives them an opportunity to think holistically rather than in a silo — like, 'This is my world; this is my budget; as long as I get this much traffic in my channel, I am OK.' It's no longer the case. Getting that understanding is going to be key. It gives us a better understanding of how our customers navigate through different touchpoints."

— Director of marketing and automation systems at a major global retailer

Key Recommendations

Forrester's in-depth interviews and surveys yielded several important recommendations:

- **Move beyond siloed measurement approaches to embrace unified marketing impact analytics.** Forrester's research recommends that customer insights and marketing professionals adopt an approach called unified marketing impact analytics (UMIA), which effectively blends the best aspects of attribution and marketing mix modeling. This approach allows companies to truly measure marketing's entire value and identify the most effective ways to optimize customer interactions.[2]
- **Stay patient in the early phases and set expectations appropriately.** The marketers we spoke to called out the importance of ensuring stakeholders are on the same page from the start when it comes to establishing how they are going to use the insights gathered from their integrated tools. In the early phases, tools should be used to test, learn, and set a baseline for testing and optimization going forward.
- **Plan for wide adoption and change management early in the onboarding process.** Organizational buy-in and change management were two leading challenges for companies that had adopted an integrated solution in our study — these challenges are best addressed by resisting the urge to keep these tools locked up within the marketing and/or analytics departments early on. The sooner you make other key stakeholders aware of what these tools can do for them (while setting appropriate expectations), the easier it will be to get them onboard once your platform is ready to go.
- **Seek partners that can help you address your change management and integration challenges.** Lean on your agency and/or technology partners to help you with the successful adoption of your integrated attribution/MMM solution. One of the marketers we spoke with recounted working with her technology partner on preparing and delivering training on the tools' benefits and operation — with different curricula crafted for different teams. Most vendors today are equipped to help you bridge the different tools and systems required to effectively run your solution. If you know or suspect integration will be a challenge, ensure that you're evaluating your partners' plans to help you as part of your selection process.
- **Identify the metrics that will drive your business.** Marketing metrics that tie to business impact are essential to proving the value of marketing; with integrated attribution and MMM approaches, marketers can move beyond click-through rates and focus on strategic, customer, and operational-level analyses. Forrester's prior research recommends elevating financial-based KPIs like ROMI, incremental revenue, and customer lifetime value that directly link marketing impact to business outcomes. Tactical campaign metrics, such as incremental conversion and cost per action, will provide indicators of campaign success or, failing that, where adjustments need to be made.
- **Bridge the marketing and customer insights gap.** Elevate insights beyond marketing and measure the purchase path and how ad exposure influences customer behavior. Many marketers work with their customer insights counterparts and use a unified approach to measure and optimize future performance and overlay data management platform (DMP) segments to understand how different customer react to marketing stimuli.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 150 marketing decision-makers in the US and UK, and held six in-depth interviews to evaluate the current state of attribution and MMM technologies. Study participants included decision-makers in marketing, advertising, customer insights / analytics and eCommerce roles. Questions provided to the participants asked about their companies' current state and future plans regarding attribution and MMM systems. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in August 2015 and was completed in October 2015.

Appendix B: Endnotes

[1] Source: "Evaluate Your Marketing Performance Measurement Maturity," Forrester Research, Inc., March 31, 2015

[2] Source: "Embrace Unified Marketing Impact Analytics To Deliver Value Across Interactions," Forrester Research, Inc., October 2, 2015