

The new Marketing Mix Modeling

Improve Marketing Mix Modeling with digital data for a more holistic view.

"Data-driven recommendations at the granular level [such as targeting type and creative] are crucial to our optimization strategy and have been eye-opening for our client. When it comes to improving their marketing mix, there's no way we could have done it without Google Attribution 360."

**—Brandon Bethea, President,
Adaptive Audience**

In the digital era, marketing measurement best practices continue to evolve. Many marketers use some form of data analysis to gain the insights they need to guide marketing strategy. Two measurement best practices are data-driven attribution and Marketing Mix Modeling (MMM).

Like data-driven attribution, Marketing Mix Modeling (MMM) is one way marketers can analyze past performance data to inform future marketing investments. Though MMM has been around since the 80s, the practice is still often misunderstood. That may be because MMM techniques are evolving right along with marketing channels and technologies.

Traditional MMM relied on difficult-to-gather, less timely, and less accurate data sources. MMM's top-down, rules-based analysis model delivered relatively infrequent, high-level, fuzzy views into marketing value. With the rise of digital marketing and data-driven attribution, modern MMM practices have grown to handle more data inputs and account for more marketing variables.

As you consider adding MMM to your marketing measurement practice, be sure to understand what MMM is, the limitations of traditional MMM, and how modern MMM is enhanced in an era of digital data and data-driven attribution.

Why do marketers need MMM?

MMM helps marketers gain big picture, holistic visibility into how marketing investments impact business outcomes. While digital channels are a huge part of today's cross-channel marketing strategies, in-store, in-home, and other non-digital channels still matter to the customer journey.

In simple terms, MMM measures the amount of business success generated by controllable marketing variables across all channels. The variables are known as the four P's: Price, Product, Place, and Promotions.

Let's say marketers at a particular company make investments across the four P's to spur sales. MMM uses aggregated, historical sales data—including data from offline channels—to show how much return on investment each marketing initiative delivered to the business. The model includes data on external influences, such as economic, seasonality, and competitive actions, to show the optimal marketing mix.

By connecting marketing investments to business performance, MMM helps marketers prove value. With MMM, marketers can assess which initiatives delivered high returns on investment in the past, make strategic plans for the future, and justify budgets accordingly.

The trouble with traditional MMM.

As with any analysis, the value of the results depend upon the quality of the model and the accuracy of the data that goes into it. Before the rise of digital marketing, marketers lacked data-based visibility into consumer behavior. To model marketing variables, marketers had to conduct surveys or aggregate “time series” data over 52 week or 24 month periods.

This made gathering MMM data costly, slow, and subject to distortion. Relying upon people’s ability to recall and self-state their “intent to purchase” is inherently flawed. Historical, aggregate data allows less granular analysis than real-time user-level data.

Top-down analysis, in which the MMM model sets pre-defined thresholds, saturation levels, and other rules, can only approximate reality. These MMM models tended to under-credit early-stage touchpoints or channels such as online video, paid social, or mobile, leading to missed opportunities.

Laborious data collection and inherent distortions made traditional MMM an infrequent, high-level, fuzzy view of marketing performance. Findings could not be readily shared, deliver insights in real-time, or integrate with other business intelligence tools. As a result, MMM could guide yearly or quarterly budget allocations, but failed to offer more timely, actionable insights.

How data-driven attribution improves MMM.

Today, digital marketing channels offer a wealth of data that offer marketers direct insight into consumer behaviors. With tools like Google Attribution 360, part of the Google Analytics 360 Suite, marketers can benefit from both the top-down analysis of MMM and the bottom-up analysis of data-driven attribution—all within one powerful, integrated tool.

Attribution 360 gives marketers the day-to-day, granular insights they need to improve marketing performance on-the-fly. Data-driven attribution analyzes user-level data across your digital channels. The value of each observed touchpoint in the customer journey is revealed in near real-time so marketers can take timely action.

Attribution 360 also gives marketers the big picture, holistic insights of modern MMM analysis. Proven regression models are augmented and improved by digital data. Analysis integrates this granular digital data with aggregate-level, time-series marketing data—including external factors such as economic, seasonal, and competitive data sets—to drive a more accurate understanding of the complete marketing mix.

Preparing for MMM analysis.

Adding MMM to your marketing measurement practice will be more successful if key stakeholders understand how to participate and take key steps to prepare.

1. **Establish goals.** Define priorities and key questions that you want MMM analysis to answer. These questions will set your MMM scope and define MMM data requirements.

2. **Engage stakeholders.** Assemble an MMM data team, including the CMO, channel owners, site analytics, agency partners, CRM managers and more. Engage stakeholders early to establish ownership and a common roadmap for the MMM initiative.
3. **Identify data.** Start with existing data repositories, including existing business intelligence or other reporting tools to assess available data that can be repurposed for MMM.
4. **Confirm access.** Create an inventory of available data, at as granular a level as possible. Include data frequency, delays, limitations, or associated access costs. Keep in mind that some data may be accessible only by subscription, or require significant lag-time.

Data-driven attribution and MMM are better together.

As the customer journey becomes more complex, so does measuring marketing performance. Marketers need cross-channel insights at both a detailed and a big-picture level. Attribution 360 gives them the best of both worlds.

Data-driven attribution offers real-time, granular insights. Modern MMM analysis offers holistic insights across digital and non-digital channels, and even accounts for external influences from seasonality to competitive actions.

Digital analysis alone can't offer a total view of marketing performance. Meanwhile, traditional MMM lacks the granularity required to inform decisions across all channels, especially digital. Attribution 360 delivers comprehensive insights by integrating data-driven attribution and modern MMM in one powerful place.

About the Google Analytics 360 Suite

The Google Analytics 360 Suite offers powerful and integrated analytics solutions for today's biggest enterprises. Measure and improve the impact of your marketing across every screen, channel and moment in today's customer journey. It's easy to use, and makes data accessible for everyone so the "aha" moments are simple to discover and share. Move from insight to impact faster with the Analytics 360 Suite.

For more information, visit g.co/360suite