

# Tackle Channel Proliferation With Integrated And Agile Marketing Performance Measurement

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## Executive Summary

Channel and device proliferation have created always-on, always-addressable consumers who have a myriad of ways to research and buy products at any time and in any place. Forrester refers to this new period of expanded consumer power as the age of the customer.<sup>1</sup> Under this new dynamic, customers have wrestled power from corporations to build their own solutions to their needs.

In the age of the customer, marketers must rethink how they measure marketing success. Traditional campaigns with long planning processes hamper marketing's ability to connect with empowered and fickle customers. Yet marketers continue to use rudimentary marketing performance measurement approaches like last touch that are simple to understand but lack the deep and dynamic insight of newer methods of algorithmic attribution modeling. Use of these newer methods requires a fundamental change in how marketing is valued and optimized. Few forward-thinking marketers embrace more sophisticated marketing performance measurement approaches to measure and optimize multiplying interactions. Fewer still embrace the marketing performance measurement agility that allows them to optimize interactions at a tactical level and to target, acquire, and grow the most high-value customers.

In March 2015, OptiMine commissioned Forrester Consulting to evaluate the challenges marketers face in measuring and evaluating the effectiveness of their marketing investments. In particular, OptiMine sought to understand how channel and device proliferation, as well as dramatically shifting consumer behaviors, have an impact on marketing ROI and the ability to activate insights. To explore this, Forrester developed a hypothesis testing the assertion that successful firms will adopt an agile marketing methodology using integrated measurement approaches. Our hypothesis predicted that such methodologies would provide accurate valuation of media event contributions to marketing objectives and the overall business strategy.

In conducting an in-depth survey of 186 marketers with media planning and budgeting responsibility, Forrester found that companies that adopted both top-down channel-level measures and more granular bottom-up methods are significantly more confident in their ability to make both tactical and strategic marketing spend decisions than their counterparts who use only one or neither of such approaches. Furthermore, measurement agility — the ability to apply measurement insights on demand — is needed in

order to experience the true benefits of integrated measurement methodology.

### KEY FINDINGS

Forrester's study yielded four key findings:

- › **Brands are accelerating channel, media, and device support investment in reaction to increasing consumer demands.** Increased consumer choice, changing consumer behavior and non-linear customer journeys across various channels were cited as reasons why marketers must continually adjust their marketing mix across new and legacy channels. An average of 58% of marketers who adopted a given channel are expanding its use, a figure that rises to 69% for newer digital channels.
- › **Most marketers lack faith in their performance measurement methodologies to aid business decisions.** Marketers use, on average, more than four marketing performance measurement approaches, yet nearly two-thirds of marketers lack complete confidence in their ability to measure ROI of a given channel. These same marketers also overwhelmingly lack confidence in their methodologies to inform strategic or tactical decision-making.
- › **Advanced marketers use a combination of top-down channel level views and bottom-up analytics.** The addition of either channel level modeling or more granular attribution modeling produces negligible increases of only 3 percent and 11 percent on marketers' confidence to make strategic or tactical decisions, respectively. The addition of both methodologies, however, increased those levels of complete confidence by 17 percent and 64 percent, respectively.
- › **Marketers need measurement agility to meet customer and business demands.** At least 73% of respondents saw any of the five aspects of measurement agility we surveyed on as being extremely or highly important. These same respondents also indicated an overwhelming need for continuous, persistent updates to insights in order to adjust to evolving consumer, regulatory, or organizational demands.

## Modern Marketers Face A Radically Complex Customer Landscape

Once upon a time, companies managed how they communicated with customers, including product pricing information, where they sold their products, and key product capabilities. Times have changed. Consumers are now armed with a myriad of perpetually connected devices that produce opportunities for dialogue with brands but seize control from companies. Today, consumers research products and services in-depth by using one or many social tools to connect with fellow shoppers, make pricing and buying location decisions in the moment, and instill confidence in their purchase decisions. In short, the dynamic has flipped so that consumers control the interaction strategy with brands.

As shopping behavior changes, companies are challenged to engage on the customer's terms. As a result, they must build capabilities to contextually interact with individuals across many devices and measure the performance of those marketing communications. Our study found that:

› **Marketers are expanding use of every channel, led by digital.** Across twelve channels investigated, the average rate of adoption by the organizations in our study was 79%, with an average of 58% of those who employ a given channel and are also planning to expand its use. At

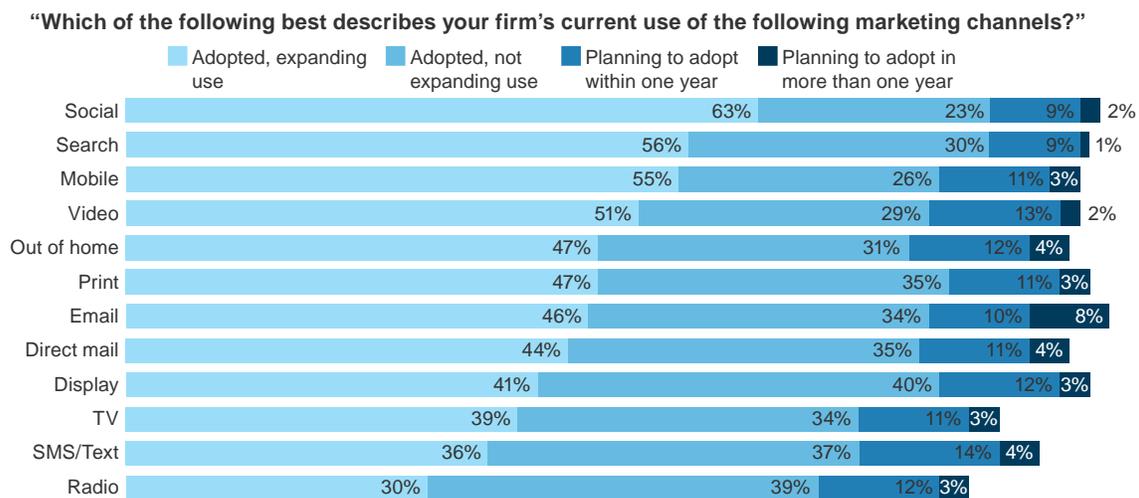
84% and 69%, respectively, those figures are even more impressive for digital channels (e.g., social, search, and video) (see Figure 1).

› **Today's shifting dynamic requires continuous marketing mix adjustment.** On average, 68% of our survey respondents ranked one of eleven related trends — including competitive choice, changing consumer behavior, and device proliferation — as having an extreme or high impact on their need to continuously adjust marketing mix across an increasingly robust portfolio of channels. Continuous adjustment to strategy, measurement, and insights is required not only to meet customer demands, but also to push out competition, according to a whopping 80% of respondents (see Figure 2).

› **Marketers rely on multiple metrics to assess performance.** 75% of respondents use financial metrics, such as return on marketing investment (ROMI) and return on advertising spend (ROAS). Beyond the hard dollars and cents, marketers also care about customer behavior, with 70% leveraging customer based metrics such as retention and churn rates. In fact, no fewer than 56% use any of the six metric types we asked about (see Figure 3). This illustrates how the constantly connected consumer has brands scrambling to grasp consumer behaviors and identify the best marketing activities in order to win, serve, and retain their most profitable customers.<sup>ii</sup>

FIGURE 1

### Channel Proliferation Shows No Sign Of Slowing Down



Base: 186 enterprise cross-channel marketers

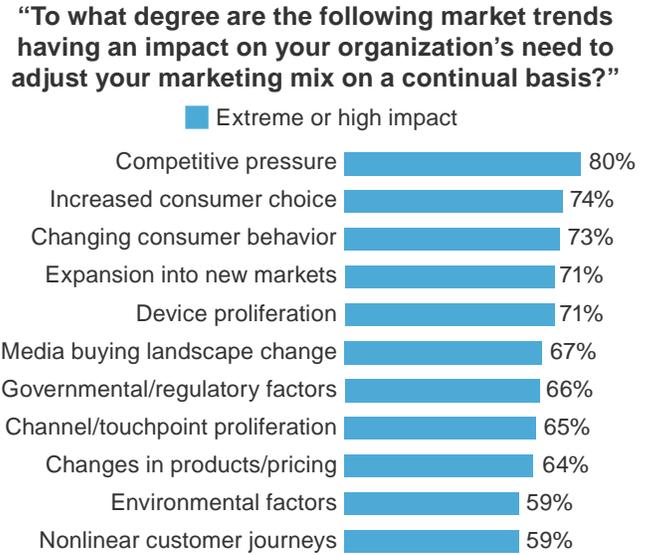
Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

› **There is no single “silver bullet” measurement methodology.** Respondents use an average of more than four distinct performance measurement approaches to help make planning and optimization decisions and achieve their numerous goals. 25% use seven or more, which serves as evidence that siloed analytical approaches can’t address all measurement needs. The simplest measurement methodology, period-over-period comparison, is the most widely used (by 72% of respondents), while more advanced attribution modeling trails all others with less than half of respondents claiming its adoption. Advanced methodologies, such as attribution and marketing mix, have slower uptake because of data challenges, change management implications, and the deep analytical knowledge required to understand advanced methodologies (see Figure 3).

## Predominant Measurement Techniques Don’t Measure Up

As marketers embrace new channels through which to interact with their customers, they face challenges with their traditional performance measurement approaches. Obstacles are both methodological and technological, including data-related challenges, the inability to get timely access to data or create usable insights, and the ability to

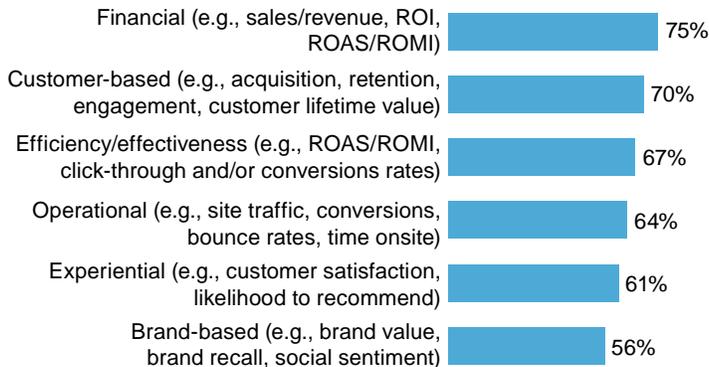
**FIGURE 2**  
A Changing Consumer Landscape Is Shaking Up Marketing



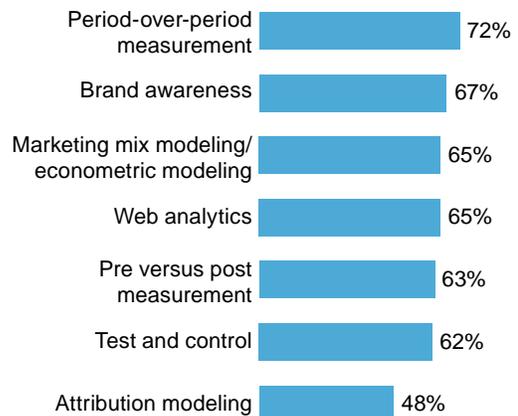
Base: 186 enterprise cross-channel marketers  
Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

**FIGURE 3**  
Companies Expect A Lot From Their Marketing, And Use a Variety Of Measurement Methods To Evaluate Performance

**“Which of the following types of metrics do you use to measure the success of your marketing programs?”**



**“Which of the following marketing performance measurement approaches does your firm currently use?”**



Base: 186 enterprise cross-channel marketers  
Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

effectively track consumers across devices over time. Furthermore, different parts of the organization often adopt disparate measurement and data strategies, and therefore utilize different key performance indicators (KPIs). This patchwork creates confusion among stakeholders about which programs and campaigns — across which channels and media and for what consumer devices — are driving true business performance. Specifically, we found that:

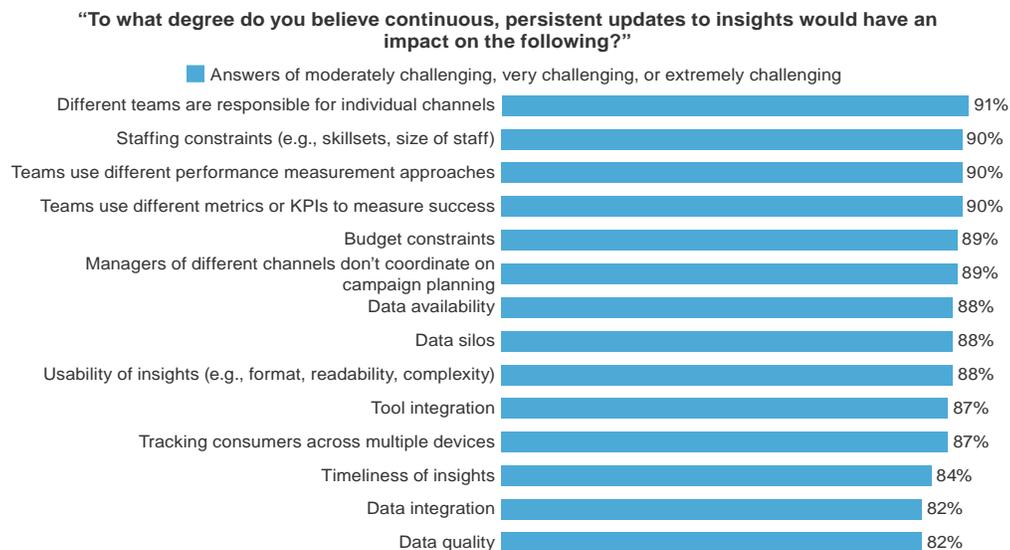
› **Most firms lack full confidence in their measurement approaches and methods.** Two-thirds of respondents, on average, lack complete confidence in their ability to measure the ROI of a given channel, and this improves only slightly for the far more accountable digital channels. Marketers find it difficult to truly attribute the revenue for each event because customers are bombarded with brand messages at any given time, resulting in cloudy pathways to purchase.<sup>iii</sup> In addition, accurate ROI requires guidance from finance teams to ensure marketers follow solid accounting principles. Without confidence, marketers are unable to advise key stakeholders on program and campaign performance, develop a business case for investment in certain media or channel infrastructure, justify campaigns or programs, or gain investment to enable new device support for customers.

› **Broad challenges limit the effectiveness of even advanced marketing performance measurement approaches.** At least 82% of respondents considered any of the fourteen factors we asked about as at least “moderately challenging” to effective marketing performance measurement (see Figure 4). Chief among these are issues of data quality and integration, but also the inability to track users across devices and channels and the timeliness of insights and lack of tools to apply them. While technical issues are paramount, organizational coordination (or lack thereof) required for success in an increasingly omnichannel world that demands precision and agility is also sorely lacking

› **Marketers can’t obtain sufficiently granular insights with insufficiently granular data.** Marketers seek robust cross-channel, online/offline, and cross-device measurement insights. An average of 72% and 74% see extreme or high value from these insights for strategic and tactical decision-making, respectively. In addition, 71% see extreme or high value from granular, ad-level measurement insights. But these types of cross-device insights that help marketers determine the right media buys, assign an accurate value of spend, and associate online activity with offline sales aren’t possible with the data integration, quality, and timeliness cited by the vast

FIGURE 4

### There Is A Litany Of Considerable Challenges To Effective Marketing Performance Measurement



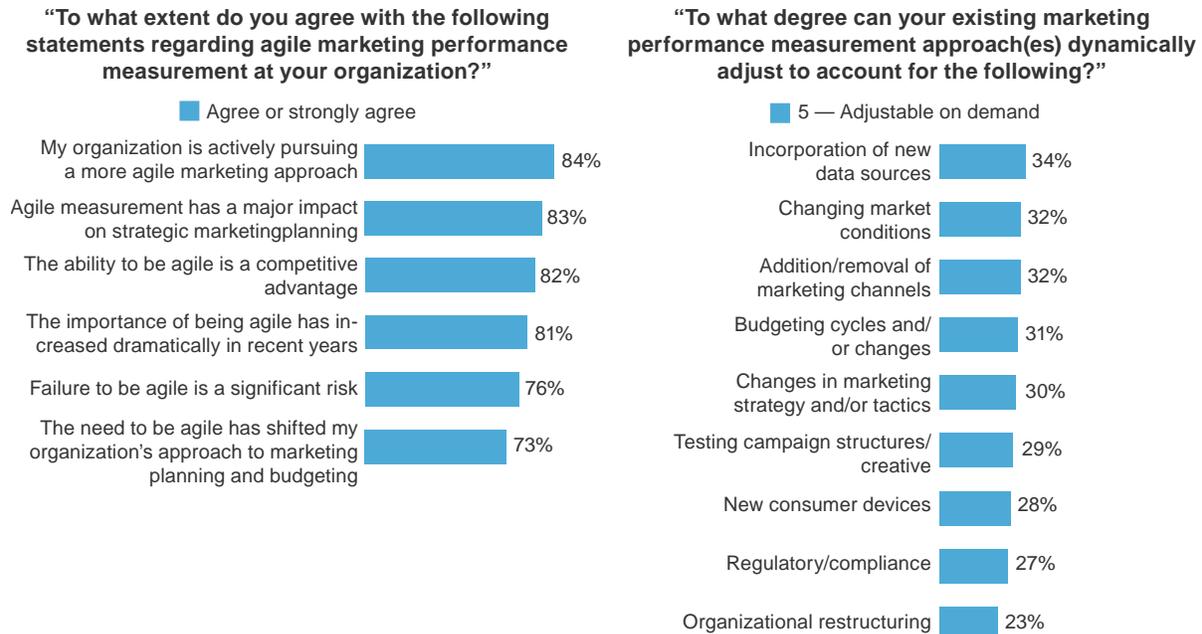
\*Includes answers of moderately challenging, very challenging, and extremely challenging

Base: 186 enterprise cross-channel marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

FIGURE 5

## Companies Have A Mismatch Between The Level Of Agility Recognized As Necessary Versus The Level Of Agility In Place



Base: 186 enterprise cross-channel marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

majority of respondents.

› **Marketing agility is important, but lacking.** More than three-quarters of survey respondents agree that marketing agility has increased in importance in recent years. Additionally, these marketers agree that embracing an agile marketing approach improves their firm's overall customer strategy and is a competitive differentiator, and that the failure to be agile is a significant risk. However, those same marketers are generally unable to apply their measurement insights in an agile manner due to internal organization, continuous restructuring, regulatory compliance, addition of new channels or consumer devices, or changes in strategy, among other factors (see Figure 5).

## Use An Integrated Measurement Approach To Optimize Future Investments

Individual measurement methodologies have their own strengths, but fail to optimize in the multi-device, multichannel consumer world. Marketers today must react

quickly to adjust their tactical campaigns in-flight in addition to adjusting their strategic marketing objectives — at the same time and often on the fly. Top-down marketing mix modeling methodology provides channel-based performance insights that incorporate both internal effects (e.g., pricing changes) and external effects (e.g., environmental or economic) when tracking, measuring, and adjusting digital and mobile channels. But traditional marketing mix modeling cannot measure the impact of tactical marketing campaigns, and therefore cannot empower marketing departments to make immediate tactical changes to marketing campaigns. Similarly, attribution analysis provides insights and optimization capabilities at the ad level, allowing for marketers to tactically change media buys or specific campaign objectives. However, attribution struggles to include offline media and other effects, resulting in an incomplete picture of marketing performance across channels that hinders strategic shifts.<sup>iv</sup> However, using both of these approaches — cross-channel attribution and marketing mix modeling — in tandem combines their respective virtues to provide marketers a complete, 360-degree view of performance across the customer consideration and buying process.

To analyze the impact of such a hybrid approach, we compared survey data of respondents who have adopted both top-down marketing mix modeling *and* bottom-up attribution analytics (who we termed “advanced measurers”) with those from respondents who have adopted either, but not both, marketing mix modeling *or* attribution (“intermediate measurers”) and those with neither marketing mix modeling *nor* attribution (“novice measurers”). We found that the advanced group stood to gain substantially more benefit from their marketing performance measurement approach than their counterparts. Specifically, users of both top-down marketing measurement and more granular bottom-up analytics were:

› **More confident in their ROMI metric.** Respondents were asked about their ability to perform nine critical tasks or analyses when using attribution and marketing mix together. On average, we found that advanced measurers — those using both top-down and bottom-up measures — raised their level of complete confidence by 71% for any

given metric compared with their novice counterparts. At the extreme, advanced measurers were more than two times more confident in measuring true ROI across channels compared to novice measurers, while the improvement among intermediate measurers was much more modest (see Figure 6).

- › **More confident in their ability to rapidly test.** In the same question, advanced measurers were significantly more confident in their ability to enable rapid testing and measurement of new channels. Live in-market tests allows marketers to identify new customers to target, consider new marketing ideas (such as message, content, format, and offers), test changes in budgets across channels and tactics, and identify a champion marketing tactic.
- › **More confident in their ability to make informed strategic and tactical marketing spend allocation decisions.** The additional insight marketers obtain from

**FIGURE 6**

**Incorporating Both Top-Down And Bottom-Up Advanced Measurement Approaches Increases Granularity Of Insights, And Thus The Speed At Which They Can Be Applied**



Base: 186 enterprise cross-channel marketers

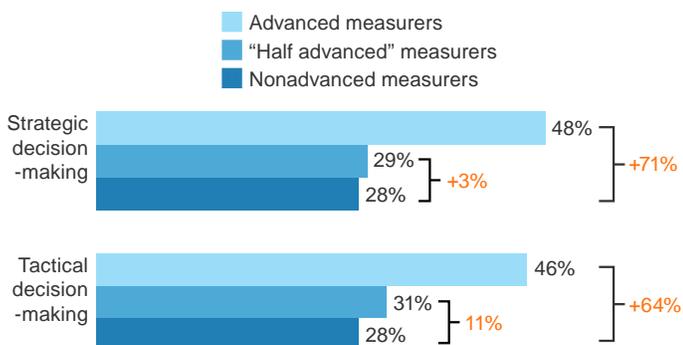
Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

marrying both approaches gives them higher rates of “complete confidence” in their strategic and tactical decision-making, whereas doing either, but not both, does little to enhance confidence above that of others using simpler strategies. Specifically, the addition of one of these approaches provided just 3% and 11% boost in “complete confidence” to inform strategic and tactical decision-making, respectively. The addition of both, however, produced increases of 71% and 64%, respectively (see Figure 7).

**FIGURE 7**

**The Addition Of Either Top-Down Or Bottom-Up Measurement Has Little Effect On Decision-Making Confidence, But The Addition Of Both Has A Major Impact**

“Overall, how confident are you in your marketing performance measurement approaches to inform strategic and tactical decision-making?”  
(Answers of “completely confident”)



Base: 186 enterprise cross-channel marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

## Agility Matters In The Age Of The Customer

Agility in marketing performance measurement is critical given increasingly fickle — and rapidly evolving — consumers. As companies struggle to quickly deploy channels, media, and other solutions to serve customers, marketers face the challenge of adapting their programs and campaigns. Adapting a marketing performance measurement approach, including the process, technologies, and methodologies, to effectively assess those programs and campaigns has particularly high stakes. In a word, marketers and their performance measurement

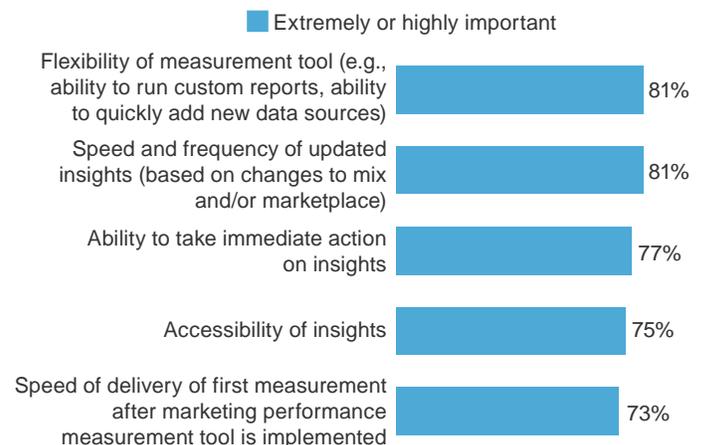
tools have to be *agile*, the elements and benefits of which are acutely recognized among our survey respondents:

- › **Agile measurement requires specific capabilities.** Solid majorities view the following capabilities as having high or extreme importance: the flexibility to run custom reports or add new data sources, the speed and frequency of updated insights and reports, the ability to take immediate action on insights, the timeliness and accessibility of those insights to multiple stakeholders, and the speed of delivery of a first measurement upon tool implementation. These capabilities allow marketers to view performance dynamically — for instance, uncovering channel and program halo effects — so they can accurately invest in a combination of channels that will nurture and grow highly profitable customers (see Figure 8).
- › **Continuous measurement begets agility.** Continuous and persistent updates to insights allow marketers to effectively compete with their rivals, optimize spend, and adjust to various organizational and regulatory shifts (see Figure 9). This agility has a waterfall effect: It streamlines recommendations, frees up resources, and identifies new testing opportunities.

**FIGURE 8**

**Agile Marketing Performance Measurement Entails More Than What Might Come To Mind**

“How important are the following?”



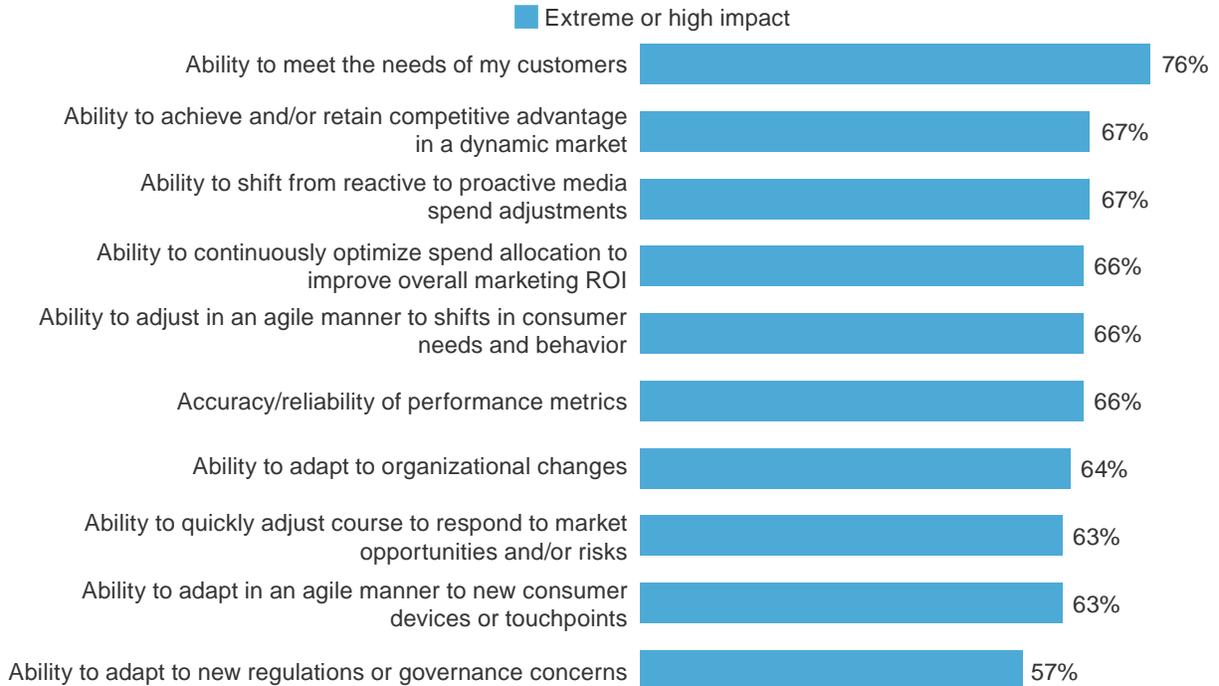
Base: 186 enterprise cross-channel marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

FIGURE 9

### Continuous Performance Measurement Is A Key For Marketing Agility

**“To what degree do you believe continuous, persistent updates to insights would have an impact on the following?”**



Base: 186 enterprise cross-channel marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, April 2015

## Key Recommendations

Consumers are evolving rapidly, and businesses are evolving with them by investing in new channels, spending across more media, and supporting more consumer devices. Marketers are faced with two unenviable challenges as a result. In order to meet the demands of an agile marketing evolution, marketers must deploy new measurement methodologies and technologies to evaluate and optimize all marketing programs. To do this, marketers must:

- › **Create an organizational data map.** The key to successful marketing performance measurement is data cleanliness and sourcing. Map out all your customer and marketing performance data, where it resides, who's responsible for it, and what specific data points are available. This will enable you to redirect resources from managing data to focusing on insights and analysis.
- › **Adopt an integrated performance measurement approach that's suited for your business.** Omni channel marketers — marketers with a distributed marketing budget across online and offline channels — must embrace top-down and bottom-up measurement approaches together to effectively optimize their mix. Further, an integrated performance measurement approach helps firms understand cross-channel effects, channel dependencies, and identify areas to reach and grow their customer base. If you fall in this category, embrace both approaches by leveraging marketing mix for yearly optimization and planning and using ad-level attribution to measure tactical performance. Use this approach in a continuous cycle, having your tactical results inform your strategic plans and budgeting process.
- › **Embrace agile measurement across easy to track — and highly impactful — channels.** Embrace agile measurement approaches in the digital channels first, where it requires quick analysis, insights, and action. Further embrace agility by quickly linking recommendations into media buying technologies, enabling media planners to activate buying and targeting recommendations. Measurement technologies connected to digital media buying systems allow marketers to quickly react to changes in performance.
- › **Evaluate your marketing mix on a regular basis.** Market conditions and consumer preferences turn on a dime. Test your marketing mix approach with regularity to account for changes in market conditions, customer buying behavior shifts, and new competitive entrants into the market. Doing this will help calibrate the marketing mix model, making it even more precise.

## Appendix A: Methodology

In this study, Forrester conducted an online survey of 186 cross-channel marketers with manager or higher seniority and responsibility for media planning and buying at companies with annual revenues of at least \$500 million in Australia, China, Germany, New Zealand, Taiwan, the United Kingdom, and the United States. Questions provided to the participants asked about their level of investment in various marketing channels, marketing measurement methodologies and technologies used, and their levels of confidence in those technologies to inform strategic and tactical decision-making. Respondents were offered small incentives determined by their survey panels as a thank you for time spent on the survey. The study began in March 2015 and was completed in May 2015.

## Appendix B: Supplemental Material

### RELATED FORRESTER RESEARCH

“Adopt The Right Marketing Metrics To Measure Success,” Forrester Research, Inc., February 24, 2015

“B2B Measurement Needs A Reboot,” Forrester Research, Inc., November 21, 2013

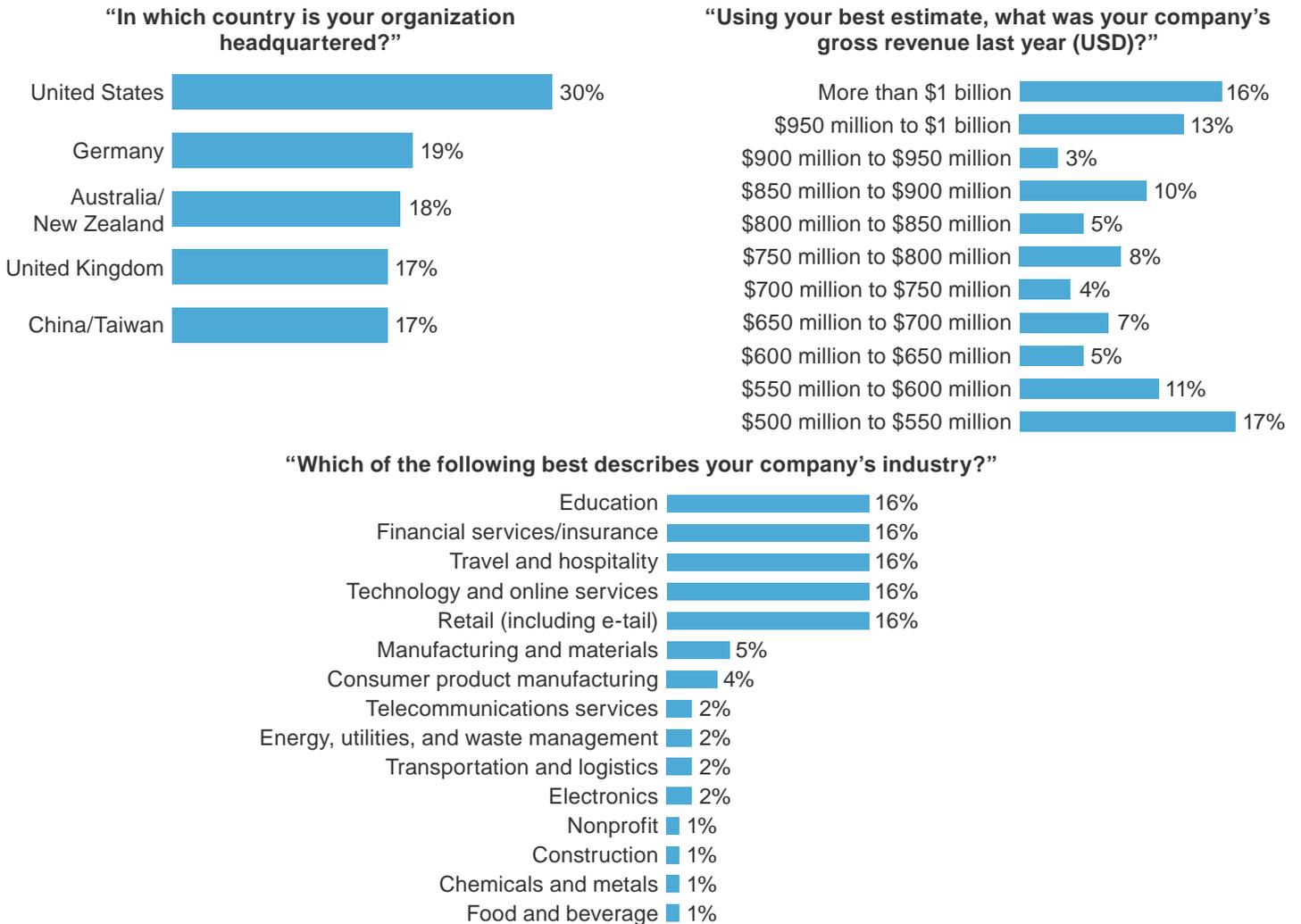
“Build Capabilities For Measurement Success,” Forrester Research, Inc., February 17, 2015

“Evaluate Your Marketing Performance Measurement Maturity,” Forrester Research, Inc., March 31, 2015

“Winning In The Age Of The Customer,” Forrester Research, Inc., April 6, 2015.

## Appendix C: Demographics/Data

**FIGURE 10**  
Respondent Demographics



Base: 186 enterprise cross-channel marketers  
(percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of OptiMine, May 2015

## Appendix D: Endnotes

<sup>i</sup> Forrester defines the age of the customer as “a twenty-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers”. Source: “Winning In The Age Of The Customer,” Forrester Research, Inc., April 6, 2015

<sup>ii</sup> “Evaluate Your Marketing Performance Measurement Maturity,” Forrester Research, Inc., March 31, 2015.

<sup>iii</sup> Executive Q&A: What You Need To Know About Return On Marketing Investment, Forrester Research, Inc. April 17, 2015

<sup>iv</sup> “Mix Optimization Takes Over Planning,” Forrester Research, Inc., July 8, 2014.