



Expanding your marketing measurement capabilities.

Insights from our new research on emerging trends in marketing measurement.

October 2022

Measure, master and grow.

We are in an era of significant transformation of the methods, tools and skills involved in measuring marketing effectiveness.

Over the past generation, as digital became the central medium for lead generation and customer engagement, marketers increasingly leaned into methods such as multi-touch attribution that enabled tracking of exposures and actions at an individual level. This helped usher in an era of experience personalization that has, in turn, elevated customer expectations. It's no longer enough to be relevant; brands are expected to provide human, intuitive engagement at every touch point.

Moreover, marketing teams are increasingly expected to contribute to business growth by pulling the right media levers at the right moments to drive customer conversion and increased revenue. Effective measurement and optimization are critical in order to make smarter decisions and faster adjustments in the moments that matter.

But recent changes at the device, browser and regulatory levels have diminished both the volume and availability of third-party customer and media performance data available to help marketers activate, measure and improve performance. This signal loss is having a real effect on the performance metrics that brands can effectively track. At the same time, marketing science teams have grown increasingly focused on factoring the complete range of media—both online and off—into measurement models in order to improve attribution capabilities.

To gauge the current state of advertising performance measurement during this time of transformation, Deloitte Digital commissioned a study by Lawless Research to understand the capabilities and results among midsize and large companies across nine different business-to-consumer industries plus advertising agencies that serve B2C brands. We then developed a maturity model based on sophistication of measurement practices, measurement effectiveness and business performance. (See methodology, page 8.)

We discovered that the brands with the most advanced marketing measurement capabilities—we call them **measurement front-runners**—are **deepening customer engagement and loyalty, driving faster sales and beating revenue goals for their businesses.**

In the following pages we explore the ways that measurement masters are improving operational connections and deepening capabilities—both internally and externally—to power a fine-tuned measurement machine.



For more insights from our research on marketing performance measurement, please see parts 1 and 2 in this series:

Part 1:

"Connecting marketing KPIs to business objectives."

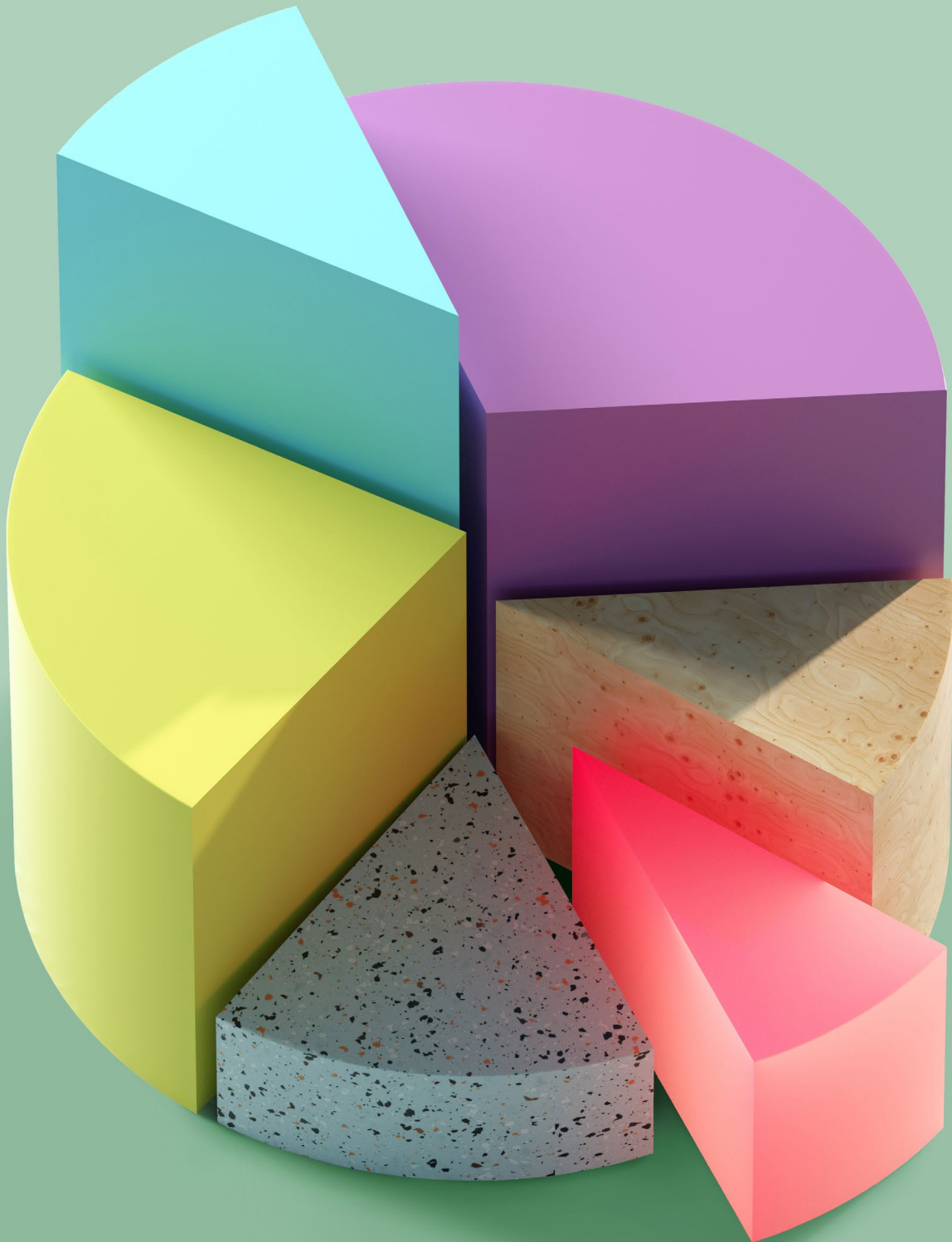
Part 2:

"A model approach to improving marketing metrics."

Download the full series now.

www.deloittedigital.com/us/measurement

Measurement front-runners
are **44% more likely to beat
revenue goals** compared to
low-effectiveness companies.



RESEARCH FINDINGS:

The need for change is clear. For many, the path isn't.

In our research, we found that the most basic purpose of measurement is also the most vexing: Marketers told us that their No. 1 challenge today is being able to translate performance data into actionable insights that improve business and customer value. Why is there such difficulty with something so fundamental? The reasons are complex, interconnected—and unfortunately persistent.

Internally, many companies struggle with data issues such as ensuring quality and hygiene, stitching together data across systems, and meeting global and regional data protection requirements. Across industries, respondents told us that disconnected data and technologies often produce contradictory results while failing to produce a coherent understanding of the customer, consistent attribution or cross-channel insights. Those challenges are compounded by organizational silos that result in various teams having their own, fragmented view of the customer

and that customer's experiences with the brand—but no way to connect those fragments into a coherent understanding of either in the moment or over time.

Respondents also cited a lack of top-down vision from leadership regarding measurement, as well as poor buy-in from stakeholders. Limited transparency into the tools and models used for media measurement further erode confidence. As a result of these and other issues, just 36% said they have a strong understanding of marketing's impact on revenues and sales.

The external ecosystem of “madtech” (marketing and advertising technology) platforms, media agencies and other vendors isn't solving these problems—and, in some cases, is contributing to the challenges. In fact, respondents said a lack of qualified vendors that understand the organization's needs is the No. 1 barrier to improving media measurement. Trust

is also an issue, with just one in four respondents saying they strongly trust the accuracy of media spend and impression numbers from their partners.

Coupled with the impacts from the ongoing loss of marketing signal, these challenges are fostering uncertainty about the best path forward. Most companies recognize the need to overhaul their specific measurement operations and ecosystem, with a remarkable 83% saying they plan to issue an RFP by the end of 2023 for a new measurement provider. But two in three respondents admitted that they have only a limited understanding of the impacts of privacy changes on attribution accuracy across media platforms.

In other words: Marketing leaders generally recognize that they need to overhaul their measurement capabilities. They just aren't sure *how*.

More data, deeper insights, better performance.

Today's measurement front-runners incorporate a greater range of marketing data in their measurement models, enabling a more holistic understanding of how their efforts support business results.

Data types most commonly included in measurement models by front-runners:	Greater likelihood of inclusion, compared to low-maturity organizations
1. Sales & promotions (incentives)	+40%
2. Supply or supply chain issues	+36%
3. Brand health	+55%
4. Customer lifetime value	+31%
5. Product updates and/or releases	+26%
6. Competitive information	+22%



Transforming capabilities to amplify performance.

Today's measurement front-runners are focused on measuring more and doing more, leveraging new capabilities both in-house and through external vendors and partners.

Those leading companies are using 26% more data types in their measurement models and measuring against 27% more KPIs than companies with low measurement maturity. To improve the quality of data and measurement capabilities, front-runners are investing more in new platforms and talent, with an emphasis on owning and managing first-party customer data. For example, compared to companies with low measurement maturity, they are 1.5x as likely to be investing in intelligent data lakes and/or customer data platforms (CDPs); and 1.5x as likely to be actively hiring data scientists and media analysts

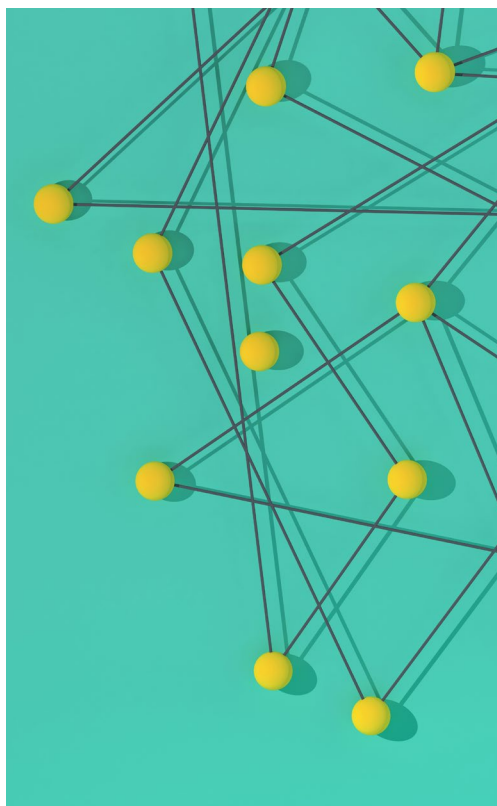
to assert greater ownership over media measurement and data.

Future-focused marketing leaders recognize that they need to own not only customer data but also advertising data—for example, by controlling the naming convention process and collecting media delivery data directly from their partners. In-housing those capabilities and responsibilities is a time-consuming process, especially given the tight talent market for marketing data scientists and media specialists. But the move is worth it: front-runners today are spending 19% less on marketing compared to companies with low measurement maturity.

When it comes to the external ecosystem, more than half of all respondents said they are actively engaging a third-party

consultancy to augment staff or to help in-house measurement capabilities. Most companies are also working with ad agencies to increase analytics staffing.

Front-runners are doing all of that—but they're also working to counteract the marketing signal loss that has resulted from regulatory, device and platform changes by leaning into new media partnerships. In particular, more than 70% said they are leveraging the analytics and measurement capabilities of data clean rooms offered by digital giants. These secure digital environments allow brands to overlay first-party customer data with second- and/or third-party aggregate data through a privacy-compliant process. That allows marketers to learn more about what makes their audiences tick and what tactics spur them to action.



Connecting teams for connected insights.

Measurement front-runners aren't just amplifying capabilities in pockets. Most are working hard to dissolve organizational silos, with 72% saying they are actively consolidating marketing insights and measurement teams into a single, central group within the marketing function.

This is a critical strategy in today's complex and interconnected marketing environment. For example, many consumer product companies today have one team of marketers working with retailer partners on co-marketing campaigns and in-store promotions, and a separate team (or teams) handling direct-to-consumer channels such as social media, apps and websites. Those groups often operate in their own, separate bubbles, with little or no sharing of insights. But by connecting their efforts—for example, through shared data platforms and dashboards—a more nuanced and shared understanding of marketing performance is possible.

This not only helps improve measurement and optimization capabilities but also helps align the marketing organization around a single source of truth, thus building trust in marketing data generally.

72%

of front-runners said they are actively **consolidating marketing insights and measurement teams** into a single, central group within the marketing function.



CONCLUSION:

Lining it all up for standout growth.

Ultimately, today's most successful marketing leaders recognize that improving measurement capabilities is not about doing any one thing better. Rather, it's about reimagining the core operating model, technologies and talent within the organization, while also leaning into external relationships that can help augment and scale capacity, deepen insights and drive performance.

Those efforts are paying off for today's front-runners in better attribution, faster insights, greater transparency and improved efficiency. For example, measurement front-runners are more than 2x as likely as companies with low measurement maturity to say they have excellent visibility and understanding regarding the ways that marketing data partners and vendors collect, manage and analyze data. They're 1.75x as likely to say they have an excellent ability to leverage real-time data for campaign optimization. And they're 1.5x as likely to say they have an excellent ability to measure marketing performance across all marketing channels.

And they're winning where it matters most: at the bottom line. Measurement front-runners are 44% more likely to beat revenue goals compared to low-effectiveness companies.

All of this is possible for brands that learn to master their own customer and media data, lean into new measurement models and partnerships, refine KPIs in ways that support business goals and connect it all into an insights-driven organization. Does your brand measure up?



Compared to companies with low measurement maturity, measurement front-runners are **1.5x** as likely to say they have an **excellent ability to measure omnichannel marketing performance.**

Methodology.

Our research for our three-part series on marketing measurement was extensive, yielding an initial piece on the importance of connecting business objectives to marketing KPIs, as well as two other parts which outline practices for achieving that connection by improving marketing data and modeling (Part 2) and by expanding measurement capabilities (Part 3, here).

The foundational research for the series, conducted by Deloitte Digital between March 25 and April 25, 2022, is based on a blind survey of 800 leaders responsible for marketing measurement at US-based advertising agencies and business-to-consumer companies with 1,000 or more employees and revenues of \$500 million or more (\$250 million or more for advertising agencies).

Respondents by industry:

Advertising Agency: 7%
Consumer Packaged Goods: 36%
Financial Services: 6%
Health Care: 8%
Media, Entertainment & Publishing: 8%
Pharmaceuticals: 6%
Retail: 10%
Software and Applications: 6%
Telecommunications Services: 6%
Travel & Hospitality: 6%

Respondents by sales model (not including agencies):

Bricks-and-mortar locations: 19%
Digital only through company's app
and/or website: 5%
Digital only through third-party marketplaces
and/or social commerce: 5%
Both bricks-and-mortar stores and digital: 71%



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