



MODERNIZING MEASUREMENT

HOW MARKETERS CAN
PROVE ROI FOR THEIR
DIGITAL CAMPAIGNS
WITH INCREMENTALITY



IN THIS PAPER, YOU WILL LEARN:

- How the role of the CMO has changed and why business pressures have placed a greater emphasis on ROI measurement for marketing teams
- The options for marketers to better measure success on digital campaigns
- How to drive business outcomes through campaigns by focusing on incrementality
- Tips and recommendations for running campaigns that drive measurable ROI

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MiQ Boilerplate

The Changing Role and Needs of the CMO

Being a CMO in 2019 is tough: The average CMO tenure in the United States is 43 months, the shortest of any C-suite position, according to a study done by Spencer Stuart. Similar studies show this trend also rings true in the UK and Canada. But while CMO tenure is falling, the demand placed on CMOs in their roles is rising as new technologies and methods require a broader skill set and more technical investment.

Brands facing stiff competition in an increasingly digital marketplace have had to adapt by placing a greater emphasis on

their digital initiatives. As marketing processes become automated and the focus shifts to digital, marketers have been granted access to a wealth of data and touchpoints beyond what they could have imagined. But access to new data and processes comes with new challenges: CMOs have found themselves under increasing pressure to deliver ROI on marketing initiatives in increasingly shorter timescales.

In a Q2 2019 survey of marketers conducted by MiQ and Advertiser Perceptions, this pressure was made clear: Across the United

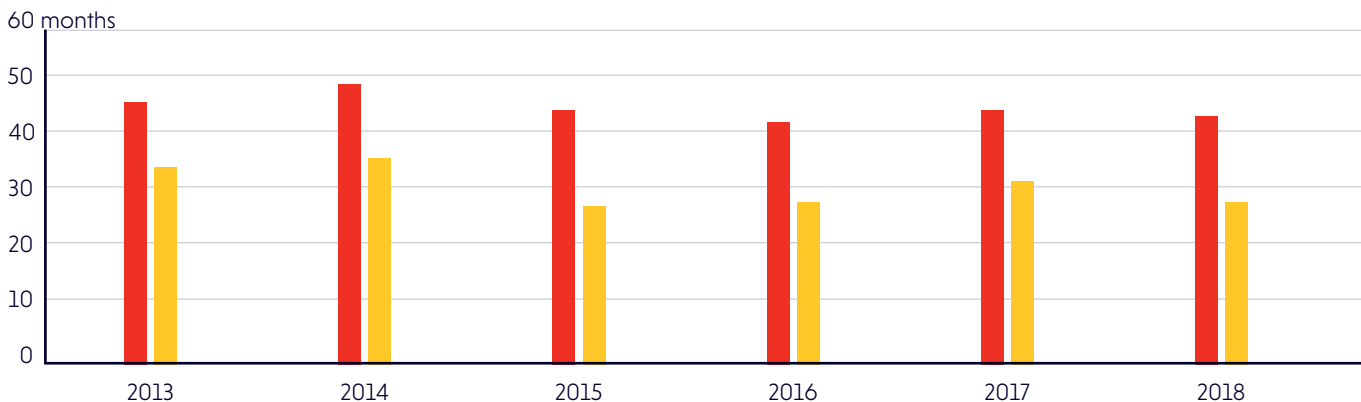
States, the United Kingdom, and Canada, Measuring and proving ROI was consistently ranked as a top-5 challenge for marketers. This was especially true in the United States, where Proving ROI ranked 2nd, and will likely herald a future shift in focus for the UK and Canadian markets, similar to trends we've seen in the past.

Source 1: <https://www.wsj.com/articles/average-tenure-of-cmo-slips-to-43-months-11559767605>

SHORT TIMERS

Length of employment for CMOs at leading US consumer brand companies

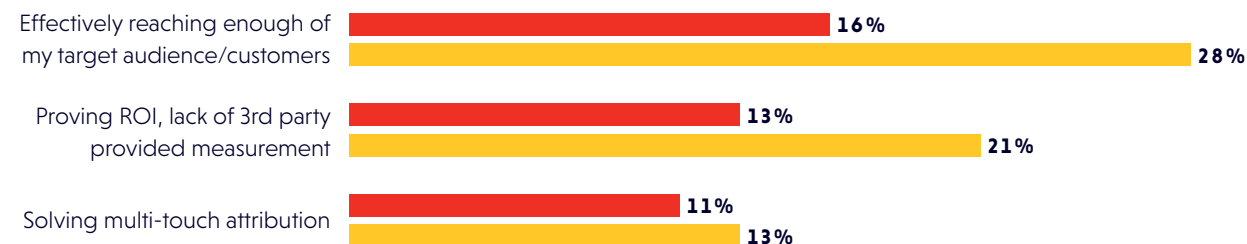
■ Average Tenure ■ Median Tenure



Source: Spencer Stuart

TOP 3 CHALLENGES WITH MEDIA PARTNERS IN THE UNITED STATES

■ Percentage rating: 1st ■ Percentage rating: Top 3



Average rank

1.9

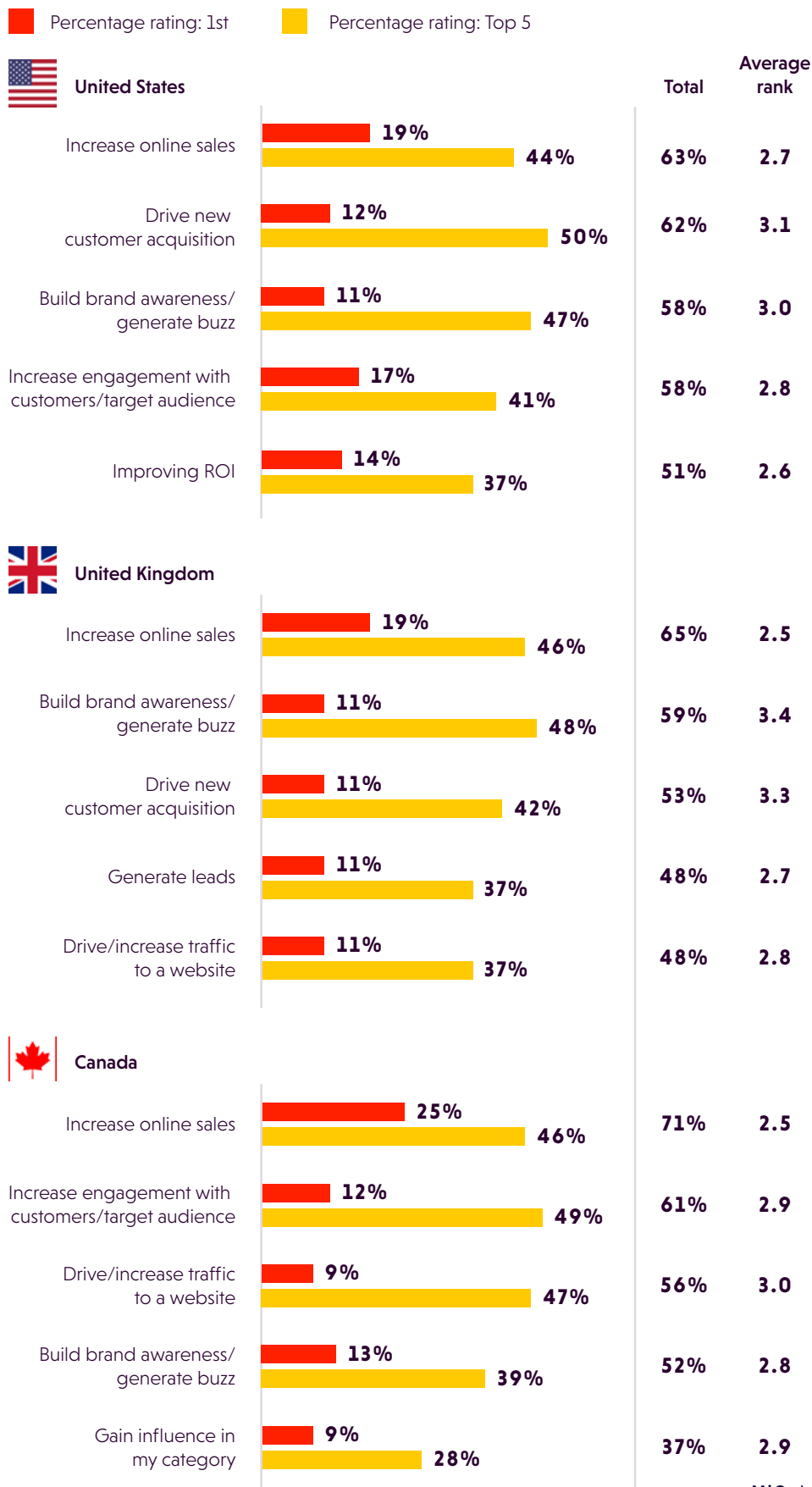
1.9

1.8

Source: Advertiser Perceptions survey of US marketers, n=200, April 2019

As the pressure mounts on marketers, they pass that pressure on to their partners: Increasing online sales is the top goal for marketers regardless of the market, and improving ROI specifically was ranked third among US marketers in terms of goals for working with Digital media partners, with 14% of marketers saying it was their primary focus. Again, this is something we expect to see translate to the UK and Canadian markets over the next two years.

TOP 5 GOALS WITH MEDIA PARTNERS (% RANKING AMONG TOP 5)



The result is that the new CMO looks like a combination of several roles: A marketer, a designer, an analyst, and a technical lead, capable of not just planning and executing a campaign but determining how it will be measured and evaluating

different measurement systems. And because of the shortened timelines they are frequently working on, CMOs need solutions that can be implemented quickly, without a year of implementation and training.

EXISTING ROI MEASUREMENT LEAVES MUCH TO BE DESIRED

Although measurement for digital campaigns has been somewhat more straightforward compared to traditional media, the actual impact of available metrics leaves much to be desired. Standard digital metrics such as click-through rate and conversion rate don't really measure ROI well, being heavily biased toward both actions that only a small proportion of the target audience will ever take and toward the last touch, creating perverse incentives for media delivery. Likewise, post-click measures and last-touch attribution are built primarily for search, and are seldom the right metric for other campaign types.

Existing solutions in the space have not been the boon that CMOs hoped for, creating a series of complicated multitouch attribution models that are often difficult to understand and even harder to optimize. Even the best of these models raises difficult questions as to how much credit should be given to each touchpoint in a chain and when and how to adjust the model. And that's before the complicated issue of cross-channel attribution is brought into the mix. It's a challenge that many analytics teams aren't equipped to solve, let alone CMOs.



Measuring Incrementality

Real measurement of ROI means going beyond traditional click and conversion metrics to identify and quantify the impact of marketing on business objectives. The best way to do this is through incrementality measurement with a robust control/exposed methodology.

WHAT IS INCREMENTALITY?

Incrementality measurement, also referred to as "uplift modeling" or "incremental sales lift," refers to the measurement of a single variable - in this case ad exposure - on a consumer's behavior (in this case, the desired outcome). Incrementality measurement allows marketers to answer the question "what would

my outcomes look like without advertising?" to develop a baseline understanding of the impact that their marketing is having.

Incrementality measurement, at its core, is simple: We want to measure the chance someone will take an action if they haven't seen an ad, and compare that to the chance they'll do that same action if they have. Taken across many people, the difference in these probabilities or rates is the incremental value being provided by the campaign.

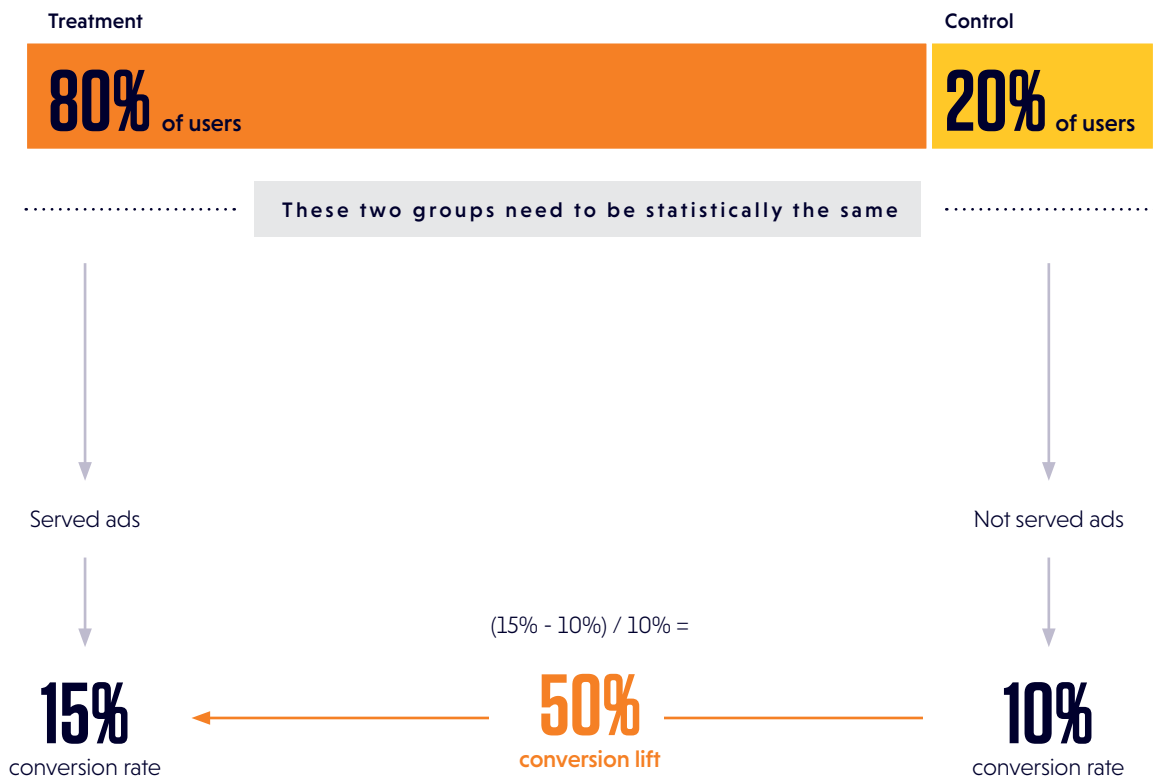
HOW DOES IT WORK?

Setting up incrementality measurement for a marketing campaign means that we have to

split the campaign audience into two groups: An exposed group who have seen ads, and a control group, who have not. We can then measure the desired metric, such as purchases, downloads, or interactions, among each group and compare the two rates.

This is harder than it sounds. We need to make sure that our control and exposed groups are not introducing bias into the process. That is, we need to make sure that the only difference between the two groups is whether someone has seen ads, and that the demographics and location aren't significantly different. There are a few ways to tackle this, which we will explore in the next section.

HOW DO YOU MEASURE INCREMENTALITY?



Building Marketing Intelligence Infrastructure

SIMPLE COMPARISONS

It might be tempting to just serve a campaign and measure performance among targeted consumers vs. those who just weren't served ads at all. Unfortunately, this type of measurement is not accurate - because your target audience will vary significantly from the audiences you are not targeting - and because they are already likely predisposed to take action with you, your results will be biased and inaccurate.

SERVING PSAS / CHARITY ADS

One common way of measuring incrementality is to serve Public Service Announcement (PSA), or charity ads, to your target audience in the place of real ads. Prior to the campaign, the target audience is randomly split into a Control and Exposed group, and the Control group receives PSAs in the place of campaign ads, and is then measured in the same fashion. The upside to serving PSAs is that you can target an audience similar to your campaign's target, ensuring that both groups are the same. The downside to PSAs is that they cost just as much to serve as "real" ads and require that you split your audience such that one portion is being used purely for testing, and can no longer be

marketed to, which may not be ideal for some brands since it will affect your potential reach. There's also a chance, however slight, that your audience may be influenced by the PSAs in some unanticipated manner.

GHOST ADS

Another method of splitting audiences within the RTB programmatic environment is to do simulated auctions with a control group, often referred to as using "ghost ads." In this method, consumers in the campaign's target audience are randomly split into a control and exposed group at the auction level and targeted using the same strategies during the campaign. However, when a bid is won for an opportunity to serve a campaign ad to the control group this is diverted to the second highest bidder, who pays for the ad and serves their message instead.

The exposed group receives ads as normal, giving the advertiser two groups to compare performance for. The upside here is that money isn't wasted on PSAs. The downside is that a media buyer has no control over who the 2nd-highest bidder will be, and the ad that shows up in place of your campaign could be for anything, including an ad for your

campaign if you are partnering with multiple media buying partners for the same campaign and target audience. And as with PSAs, this method requires actively removing a portion of your target audience from the campaign's targeting pool.

USING VIEWABILITY FOR MEASUREMENT

Another more sophisticated method is to take advantage of viewability measurement to identify when ads have been served to a consumer but not viewed for whatever reason, and treat consumers with 0 aggregate viewed ads as the control group. Because these are consumers the campaign was already attempting to target, they will be in the same places, demographic categories, and serving cost ranges as the campaign target. Additionally, this method offers zero waste, turning out of view data points into a data asset - we aren't buying impressions to serve PSAs, after all. Also, this doesn't require splitting our audience pool, meaning measurement can be done post-hoc to drive insights in-flight to support optimization.

INCREMENTAL LIFT

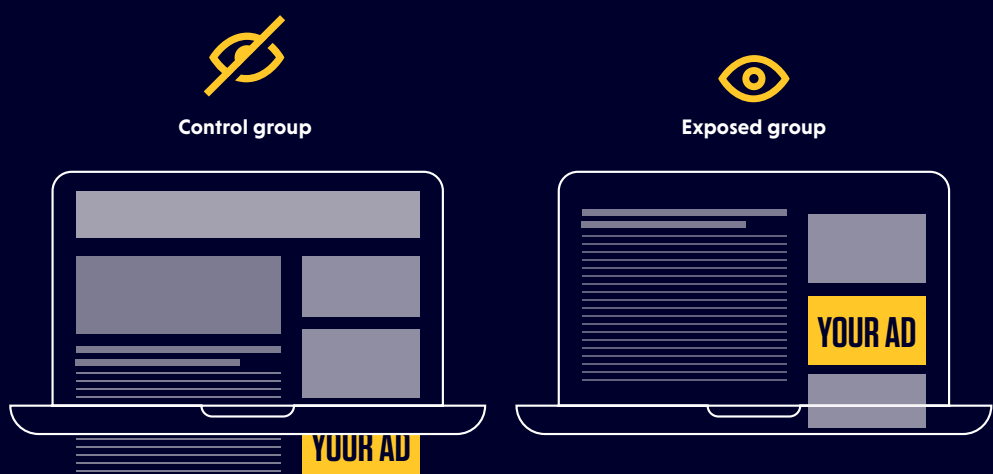
Our InView methodology uses otherwise wasted ad exposure data to prove incrementality

How it works

- Campaigns are run as normal. Viewability rates normally run at 60% - 80% as per benchmarks from Integral Ad Science¹
- Users that have been served non-viewable ads are used to populate the control group
- Viewability is normalized on a publisher and placement level

Why it's great

- No disruption
- No additional media cost
- Transparent methodology



Source 1: Integral Ad Science, Media Quality Report H1 2019 Benchmarks

Case Study: How Does Incrementality Measurement Work in Practice?

A prominent Direct-To-Consumer retailer in Canada with a laser-focus on performance partnered with MiQ to determine the value of their TV and display campaigns. The retailer wanted to run two advanced display campaigns, one complementing their own TV media plan, and one for conquering of their competitor's TV spend.

Using data from TV advertising feeds, MiQ was able to combine exposure data from TV viewing for the brand's ads with digital display exposure to build a control and exposed group based on exposure to each. The delivery and measurement involved two strategies:

1

Disrupt - designed to tap into conquering opportunities, was triggered when a competitor ad was aired based on data tapped into by MiQ.

2

Support - designed to extend the impact opportunity beyond TV, was triggered when their own ads were shown.

We then used Measure, MiQ's Incremental Lift measurement, to track and measure the impact

of exposure to each display campaign on sales without additional lengthy set-ups, disruption to campaign trading or media costs.

RESULTS

Both campaign strategies drove positive conversion rates for the brand and both were validated as driving incremental lift, and results were particularly promising for the conquering campaign.

Following the campaign, the MiQ solutions team worked with the brand to build out a custom optimization algorithm, so that traders can activate towards driving incremental conversions moving forward. Additionally, the insights gained around the campaigns' target audiences was shared with the client, who can now use them for both future social strategies and predictive modeling.

47%

INCREMENTAL LIFT IN SALES
FOR THE CONQUESTING
STRATEGY

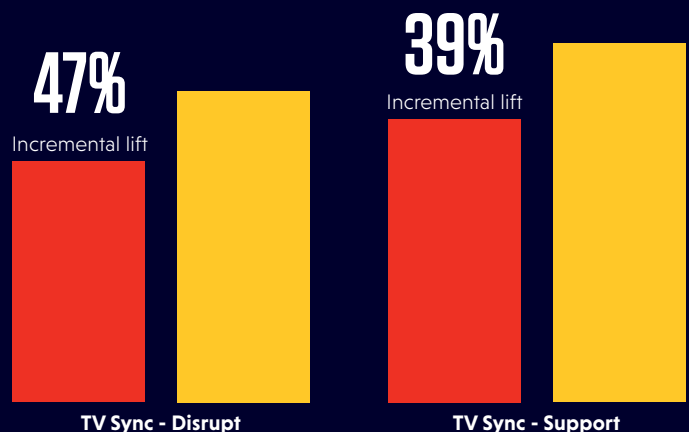
39%

INCREMENTAL LIFT IN SALES
FOR THE SUPPORT STRATEGY

Both campaigns showed incremental lift.

Disrupt achieved **47% incremental lift**

Support achieved **39%.**



Recommendation for Implementing Incrementality

Whether you're new to incrementality measurement or have been evaluating ROI solutions for some time, there are a few things to consider when evaluating solutions and setting up campaigns to ensure successful measurement:

SPEND MONEY ON MEDIA, NOT MEASUREMENT TECHNIQUES

While good measurement isn't free, you shouldn't be spending more on measurement than you have to. Avoid solutions that require complicated exposed/control set-ups that take time and resources and require spending a portion of campaign budget serving PSAs to the control group.

UNDERSTAND THE LIMITATIONS OF MEASUREMENT

Measurement is a key step toward building successful campaigns that drive ROI, but it's not going to solve all of your problems. Continual

optimization toward ROI through delivery methods may eventually yield diminishing returns, so have a plan to evaluate and adjust other parts of your marketing as campaigns go on. If you want to keep enhancing your analytics and measurement capabilities in line with driving growth be ready to experiment, adjust, and optimize.

MAKE SURE YOUR MEASUREMENT PARTNERS ARE TRANSPARENT

"Black box" solutions for ROI measurement don't help anyone - make sure your measurement partners are up-front about what's being measured and how, and that they can explain what they're doing when they optimize.

HAVE A PLAN FOR ACTIVATION, NOT JUST MEASUREMENT

Remember that measurement isn't your end goal: Knowing the drivers of incremental sales

lift is useless if you can't then activate on those drivers with your media to ensure that your measurement insights are being incorporated back into your marketing. By integrating measurement into media delivery, MiQ can help advertisers activate immediately.



ABOUT MiQ

MiQ is an independent marketing intelligence company with the people and technology that help businesses win. It is our vision to reimagine the value of marketing by connecting data and discovering insight to drive business outcomes.

Founded by Lee Puri and Gurman Hundal in 2010, MiQ currently employs over 550 people across 15 offices located in North America, Europe and APAC. The world's leading brands and media agencies such as American Express, Avis, Lenovo, Unilever, Microsoft, GroupM, Publicis and IPG work with MiQ. In the last year, MiQ has won various awards including Fastest Growing Tech Company of the Year at the Stevie Awards, Most Effective Use of Data at The Drum's Digital Trading Awards USA, and The Sunday Times International Track 200.

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