Discover How Marketing Analytics Increases Business Performance

Invest In An Integrated Platform To Address Challenges Of Device Proliferation And Data Complexity

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Executive Summary

The ways by which marketers can know their customers have never been more robust or complicated. A proliferation of customer touchpoints and digital devices has led to a torrent of information and necessitated the rise of technologies and tools designed to help marketers make sense of it all. Typically these technologies and tools have been developed to address specific needs of marketers, such as website analytics, tag management, A/B testing, and attribution modeling. But this "best of breed" approach has led to a raft of nonintegrated point solutions, leaving marketers with the difficult task of measuring, optimizing, and proving the business value of their engagement strategies, programs, and campaigns.

And the marketer's job is only getting more complicated. Today's consumers are increasingly relying upon mobile devices for their needs in a wide variety of situations, also called "mobile moments." But the moments that characterize this mobile shift are getting shorter, with consumers acting quickly on information they are receiving or discovering. These quick-reaction mobile moments are defined by Forrester as "micro-moments."[1] They require marketers to develop, deploy, and assess their engagement strategies, programs, and campaigns very differently than they have in the past. These mobile micro-moments, part of a larger consumer trend of "in the moment" decision-making using any channel, are requiring even more of marketers.

Companies now must recognize their customers as individuals, understand their situation or context, leverage their historical behaviors and likely motivations to predict their intentions, and deliver content and offers at the right time, often in real time. In order to do all of this effectively, marketers need a well-integrated set of marketing measurement and customer analytics capabilities connected by common data about customers, including identity, demographic, transactional and behavioral, and attitudinal and motivational data. However, it's not enough to just track some key metrics; marketers now must leverage that data to measure the outcome of each interaction in all channels in terms of business value and create actionable insights that improve engagement strategies.[2]

In Q1 2015, Google commissioned Forrester to understand the challenges marketers face in measuring marketing performance and how the most sophisticated marketers are responding to the emergence of in-the-moment decision-making and the need to measure, optimize, and prove the

value of the related marketing efforts, an in-depth quantitative study was conducted of 150 marketing, analytics, and information technology decision-makers at North American companies that are investing in digital channels, media, and marketing tools. These companies are from diverse industries and include healthcare firms; financial services, banking, and insurance companies; manufacturing and materials organizations; telecommunications companies; and retailers and e-tailers.

In this study, we asked marketers about established practices in managing customer data and marketing programs, including their organizational structure, how they increase the relevancy of content, how they identify their customers and personalize experiences, and how they measure their programs and assign attribution to their various customer touchpoints. The respondents who were most likely to excel across these dimensions were identified as "sophisticated marketers."[3] We examined how these sophisticated marketers are addressing the data complexity and fragmentation facing marketing organizations.

KEY FINDINGS

Forrester's study yielded five key findings:

› **It is imperative for marketers to tie marketing performance to business results.** Study participants made it clear that demonstrating the bottom-line value of marketing programs is crucial to securing future budget from executives. The sophisticated marketers in our study outperformed their peers in achieving their revenue goals. Fifty-three percent of sophisticated marketers stated they adhere to well-established marketing metrics that tie directly to business objectives, compared with only 18% of less sophisticated marketing organizations. These top organizations are more than three times more likely to hit their goals than other marketing organizations, and nearly 20% beat their revenue goals by over 10%.

› **Sophisticated marketing organizations employ an integrated marketing analytics platform.** Forty-seven percent of organizations that embody analytics best practices told us their marketing analytics tools work together efficiently, compared with only 9% of their peers.

› **The ability to integrate a marketing analytics platform with other advertising and marketing technology solutions and data sources is critical to success.** More than twice as many marketers who say their

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marketing analytics platform is well integrated outperformed their revenue goals by over 10%.

› **Marketers strive to ensure that their performance measurement solutions are intuitive to use and easily available to stakeholders throughout their company.** Forty-seven percent of marketers cited ease of use among the most valuable features of their marketing analytics platform, and one-third felt having the ability to share access to data across their organization was a key decision criterion when choosing a marketing analytics partner.

› **Sophisticated marketing organizations see an increase in performance, relevance, and efficiency by deploying marketing analytics tools to support their marketing efforts.** Companies that have implemented a well-integrated marketing measurement stack are more likely to say they have improved their overall marketing performance, increased the relevancy of their role to the company, increased the relevancy of their messages to their customers, and reduced expenses while improving the efficiency of their programs.

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Data Proliferation And Business Accountability Are Raising The Stakes For Marketers

Marketers have historically used a variety of technologies and tools to measure the performance of their marketing efforts across diverse media and channels, including television, print, direct marketing, and call center interactions. The highly accountable digital media and channels, including websites and mobile apps, digital advertising, search, and social media, have promised to make marketing performance measurement easier and thus result in more effective insights about consumers and guidance for programs. However, the explosion in the number and type of these digital channels, each with its own unique kind of customer interaction data, key metrics, and optimization approaches, has made it more difficult for marketers to understand the performance of these channels and inform decisions on things like audience targeting, campaign optimization, website and mobile design, and effective engagement of customers.

Many current marketing analytics tools are complex and not well integrated with each other. They fail to connect well with marketing and advertising technologies, legacy technical environments, or third-party systems. The complexity of these tools requires organizations to employ sufficient staff with superior data and technical skills to effectively understand, manage, create, and deploy actionable insights and create business results, as well as maintain data quality across diverse sources and systems. Today, the two greatest challenges marketers cite in accomplishing their marketing goals are allocating adequate budget or sufficient staffing and maintaining customer data quality across systems. So what lessons can marketers learn from those companies who are relatively successful at managing their diverse customer data?
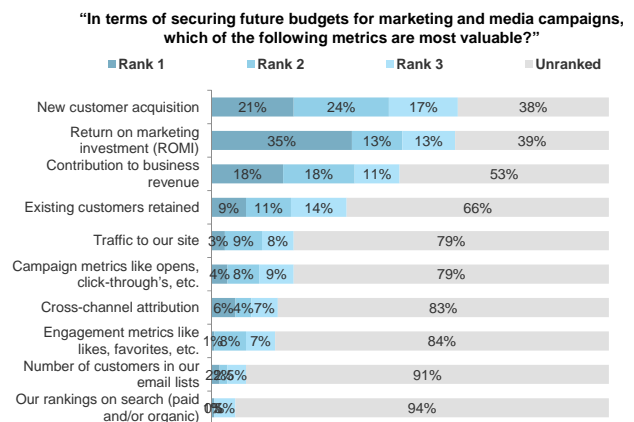
MARKETERS MUST TIE PERFORMANCE TO BUSINESS RESULTS

Return on Marketing Investment (ROMI) is an essential metric that marketers must embrace to understand how marketing affects business outcomes. ROMI ties marketing expenditures, such as channel development costs, advertising expenditures, and campaign costs, to overall business revenues (or profits). By managing to ROMI goals, marketers can more easily make the case for investment in customer-based initiatives, effectively allocate future

marketing investments on the most impactful programs, and identify marketing and advertising cost reduction opportunities. Consistently managing to and achieving ROMI goals will enable marketers to prove the value of their marketing efforts to the greater organization.[4]

In our study, thirty-five percent of marketers identified ROMI as their most valuable metric for securing more budget for their marketing programs and media campaigns, and the top four metrics cited are all financial-performance-related including ROMI, new customer acquisition, contribution to business revenue, and retention of existing customers (see Figure 1).

FIGURE 1
ROMI, Contribution To The Bottom Line Are Critical To Securing Marketing Budget

"In terms of securing future budgets for marketing and media campaigns, which of the following metrics are most valuable?"

	Rank 1	Rank 2	Rank 3	Unranked

Metric	Rank 1	Rank 2	Rank 3	Unranked
New customer acquisition	21%	24%	17%	38%
Return on marketing investment (ROMI)	35%	13%	13%	39%
Contribution to business revenue	18%	18%	11%	53%
Existing customers retained	9%	11%	14%	66%
Traffic to our site	3%	9%	8%	79%
Campaign metrics like opens, click-through's, etc.	4%	8%	9%	79%
Cross-channel attribution	6%	4%	7%	83%
Engagement metrics like likes, favorites, etc.	1%	8%	7%	84%
Number of customers in our email lists	2%	2%	5%	91%
Our rankings on search (paid and/or organic)	0%	5%		94%

Base: 150 marketing and IT decision-makers at North American companies investing in digital media

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

However, marketers are not confident in their ability to measure financial metrics like ROMI or contribution to business revenue. While an overwhelming majority of marketers in our study are confident they can accurately measure the performance of email campaigns, measure traffic to and on their websites, and understand their search marketing performance, only 13% of marketers were very confident in their ability to measure ROMI and only 14% were very confident in their ability to understand the contribution of marketing programs to business revenue.

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In order to measure ROMI, and thus marketing's contribution to business revenue, marketing first needs to be able to communicate the value of its marketing analytics tools. This study found that 87% of sophisticated marketers are able to demonstrate the value their marketing analytics tools contribute to the business, compared with only 26% of less sophisticated marketing organizations. These sophisticated organizations are confident that by measuring their marketing program performance in line with their business' financial objectives, and by demonstrating the value of their marketing strategies and programs, they will see a significant increase in investments in marketing and media campaigns and projects. Among all respondents to this study, two-thirds believe that by effectively deploying marketing performance measurement capabilities, they will see an overall increase in marketing and media investments.

> *"With a best-in-class marketing analytics platform, we would be able to back up business cases for further investment."*
>
> — Survey respondent, open-ended response

The bottom line is this: Sophisticated marketers measure their programs and projects through the lens of their company's business goals using key metrics, including ROMI, customer acquisition, retention, and overall revenue. And they are able to more clearly demonstrate the value of their programs and projects to secure more investment from the business.

Analytics Excellence Requires A Well-Integrated, Intuitive Tool Set

The sophisticated marketers in our study were not immune from the challenges facing their peers — proliferating data and demands on proving their value — but they were more likely to find successful solutions to these challenges by carefully choosing the tools they applied to face them.

INTEGRATING MARKETING ANALYTICS PLATFORM WITH OTHER MARKETING AND ADVERTISING TECHNOLOGY SOLUTIONS, DATA SOURCES IS CRITICAL TO SUCCESS
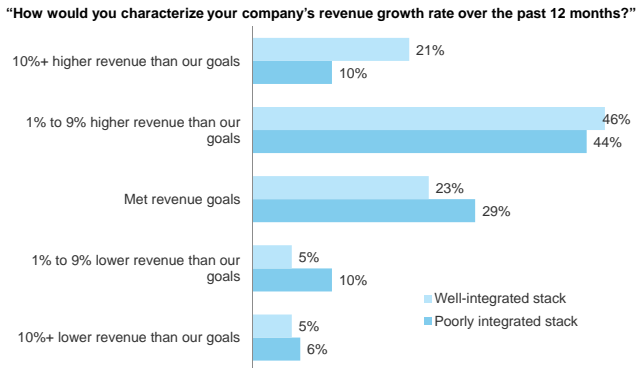
The various measurement tools at marketers' disposal, including technologies like website analytics, tag management, campaign measurement, A/B testing, multichannel attribution modeling, data analytics, and visualization, are notoriously difficult to implement and integrate with each other and a business' legacy data and analytics tools. In this study, only 26% of marketers surveyed believed that their marketing analytics tools are well integrated and work seamlessly together. Fully one-third of marketers believed their tools don't work together efficiently at all.

Driving home this point, this study found that:

› The No. 1 factor preventing marketers from capturing a complete view of their marketing and media campaign performance was the lack of integration of marketing analytics tools.

› Marketers said their top consideration when choosing a marketing analytics partner is the ability for the solution to integrate with other marketing analytics tools and data sources.

› When evaluating marketing analytics tools marketers' three most important criteria are the seamless integration of multiple data sources, the ability to unify data from across channels, and the ease of use of the tools.

When managed effectively, this integration has real financial value. More than twice as many marketers who said their marketing analytics tools were well integrated outperformed their revenue goals by over 10%, compared with those marketers who struggled with integration (see Figure 2).

FIGURE 2
Integration Work Has Real Financial Benefits

"How would you characterize your company's revenue growth rate over the past 12 months?"

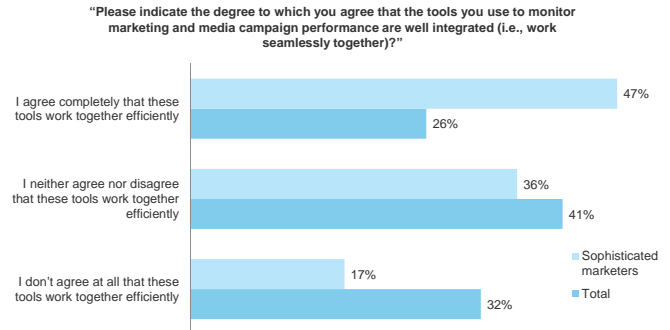|	Well-integrated stack	Poorly integrated stack
10%+ higher revenue than our goals	21%	10%
1% to 9% higher revenue than our goals	46%	44%
Met revenue goals	23%	29%
1% to 9% lower revenue than our goals	5%	10%
10%+ lower revenue than our goals	5%	6%

Base: 150 marketing and IT decision-makers at North American companies investing in digital media

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

Integration of marketing analytics tools is leading sophisticated marketers to develop a complete measurement platform stack that includes tools like website analytics, tag management, attribution, data management, and A/B testing (see Figure 3). A solution that easily integrates across all these customer data capabilities provides a centralized platform to derive powerful customer insights that lead to more effective marketing programs. Forty-seven percent of sophisticated marketing organizations believe their marketing analytics tools work together efficiently, compared with only 9% of total marketers. Only 17% of sophisticated marketers complained their stack was not well integrated, compared with nearly 50% of marketers overall.

FIGURE 3
Sophisticated Marketers Much More Likely To Have Solved For Integration Challenges

"Please indicate the degree to which you agree that the tools you use to monitor marketing and media campaign performance are well integrated (i.e., work seamlessly together)?"

	Sophisticated marketers	Total
I agree completely that these tools work together efficiently	47%	26%
I neither agree nor disagree that these tools work together efficiently	36%	41%
I don't agree at all that these tools work together efficiently	17%	32%

Base: 150 marketing and IT decision-makers at North American companies investing in digital media

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

The study revealed that while sophisticated marketers are more likely to be deploying five or more marketing analytics tools, they are also more likely to achieve marketing and financial success. Sophisticated marketers who deploy a complex marketing measurement stack of five or more tools are 39% more likely to see improvement in the overall performance of their marketing programs. They are also able to realize reduced marketing expenses and improved marketing program efficiency than their less sophisticated counterparts in other organizations.

As marketing technologies evolve to enable real-time interaction and contextual marketing, marketers need a more complex marketing analytics technology stack. Companies increasingly want to personalize offers to individuals and deliver those offers at the right time, often in real time and in context with the individual's journey. Forrester has determined that a deep marketing measurement stack of technologies and capabilities is critical to leverage this customer and audience data, allowing marketers to measure the outcome of each interaction and create actionable insights to improve these kinds of real-time and contextual engagement strategies. It's not sufficient anymore to track a few key metrics; only a robust marketing analytics platform stack, well-integrated with the other advertising, marketing, legacy, and third-party systems, can enable this kind of deep insight.

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MARKETERS STRIVE TO ENSURE THAT THEIR PERFORMANCE MEASUREMENT SOLUTIONS ARE INTUITIVE TO USE AND EASILY AVAILABLE TO STAKEHOLDERS THROUGHOUT THEIR COMPANY

The marketing measurement tool set is complex, not only to implement and integrate, but to use. When marketers consider a marketing analytics stack, they look to tools that are easy to use. This is a key consideration for driving effective use of their tools.

The difficulty of using these tools extends beyond the marketing team to other potential users of the data and insights. Nearly 60% of marketers said that marketing analytics tools are difficult to use for other stakeholders within their organizations, including division operational heads, functional leaders, financial staff, and senior management. Further, 57% of marketers stated that it is difficult to give their stakeholders in different functions access to their data and insights because they are too complex to use and require them to use too many tools.
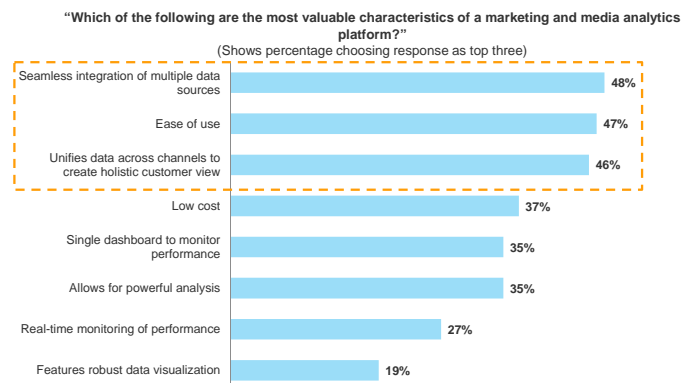
"We would welcome a seamless platform that congruently provides data to all levels of our organization — one that allows access in real time, and [that] all business units can tap in to."

— Survey respondent, open-ended response

Ease of use translates directly into better marketing performance and better financial performance. More than three times as many marketers who believe their marketing analytics tools are intuitive or easy to use for multiple stakeholders outperformed their revenue goals by over 10%, compared with marketers who do not believe their tools are easy to use. But "ease of use" goes beyond just user experience and presentation; the ability of these marketing analytics tools to operate off of common, high-quality, and up-to-date data, while also integrating with each other and a wide variety of tools and systems, allows for timely insights and a shared understanding of the customer, as well as an understanding of program and campaign performance and the effectiveness of the overall marketing strategies. For example, having a consistent view of the

customer, with common customer segments across all tools, makes it easier for various business users to learn the tools, discover key insights, and apply those insights to create business results. It is this trifecta — broad technical integration, robust and timely data, and easy-to-use tools — that enables greater marketing and financial performance (see Figure 4).

FIGURE 4
Ease Of Use, Integration Highlight How Marketers Evaluate Their Analytics Partners

"Which of the following are the most valuable characteristics of a marketing and media analytics platform?"
(Shows percentage choosing response as top three)

Seamless integration of multiple data sources	48%
Ease of use	47%
Unifies data across channels to create holistic customer view	46%
Low cost	37%
Single dashboard to monitor performance	35%
Allows for powerful analysis	35%
Real-time monitoring of performance	27%
Features robust data visualization	19%

Base: 150 marketing and IT decision-makers at North American companies investing in digital media

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

SOPHISTICATED MARKETING ORGANIZATIONS SEE AN INCREASE IN PERFORMANCE, RELEVANCE, AND EFFICIENCY BY EFFECTIVELY DEPLOYING MARKETING ANALYTICS TOOLS

Even sophisticated marketers face challenges with implementing these measurement tools. One factor preventing sophisticated marketers from capturing a complete view of marketing performance is a lag time in getting actionable insights based on customer interaction data, affecting 17%. Another challenge cited by survey respondents is poor or missing data visualization, with 13% of sophisticated marketers citing this as an issue. All of this prevents real-time or near-real-time decisioning in an era demanding it. Real-time data, integrated across analytics tools, drives actionable insight that can be deployed throughout the organization to serve customers in micro moments. In these micro moments, consumers require information quickly and act on that information quickly,

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requiring marketing professionals to be able to capture consumer context and interaction data without any lag time, analyze that information in real time, and create relevant content and offers targeted to the individual. Yet sophisticated marketers overcome these challenges and demonstrate increased performance, relevancy, and efficiency from their efforts (see Figure 5).

In order to stay competitive in a constantly evolving space of digital marketing and advertising, enterprise marketers need an easy-to-use marketing measurement tool set and technology stack that is capable of:
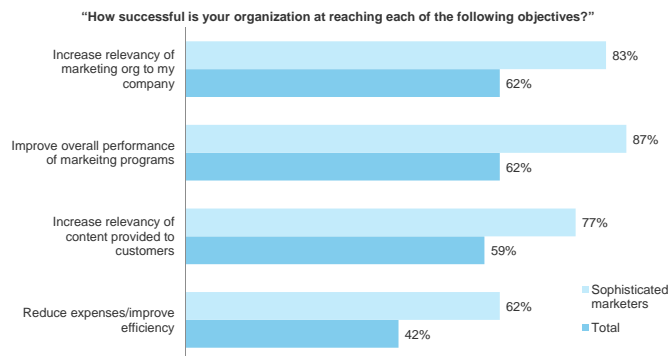
› Integrating data across disparate channels and internal

FIGURE 5
Sophisticated Marketers Drive Revenue Performance

"How successful is your organization at reaching each of the following objectives?"

	Sophisticated marketers	Total
Increase relevancy of marketing org to my company	83%	62%
Improve overall performance of markeitng programs	87%	62%
Increase relevancy of content provided to customers	77%	59%
Reduce expenses/improve efficiency	62%	42%

Base: 150 marketing and IT decision-makers at North American companies investing in digital media

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

data sources.

› Analyzing that comprehensive channel and media data for meaning and insight.

› Enabling key stakeholders throughout the organization to easily view the findings and recommendations and take appropriate action.

› Integrating with internal legacy systems and external partner systems in real time to deploy actionable strategies and tactics and data to improve the relevancy of programs and content.

› Communicating the value of the marketing program and project performance to key leaders across the organization.

"A marketing analytics platform would enable faster, more reliable data to understand performance and make adjustments."

— Survey respondent, open-ended response

Ultimately, this study revealed that such marketing analytics tools and technology stacks enable marketers to deploy, analyze, manage, and optimize marketing programs and projects, in general and in real time, and achieve measurable and demonstrable financial returns for their company. Through the transparency of performance data and insight afforded to marketers by such tools, these marketers are able to secure increased investment in critical marketing programs and projects from their business leaders.

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Key Recommendations

Marketing analytics tools are complex and often don't integrate well with each other or with legacy systems. They are hard to use, and marketers find it even harder to get meaningful and actionable data out of them. Further, these tools are usually not set up well, and marketers are not effectively using them to tell their story, show the value they bring to the business, and secure continued and growing funding for their programs and projects.

From this study, it is clear that a new paradigm in marketing performance measurement is emerging; marketers are employing an integrated marketing performance measurement stack or tool set and focusing that solution stack on ensuring their programs and investments deliver real value for customers and the business. To realize this new paradigm, marketers must:

› **Measure marketing programs against key business objectives.** Measuring and evaluating marketing program performance against business metrics such as return on marketing investment, customer acquisition, retention and winback, share of wallet, and revenue growth ensures that marketing is focused on things that drive sustained business success. The right marketing analytics tools enable marketers to make the connection between these core business outcomes and marketing investments, including spending on capabilities, investments in channel experience delivery, program and campaign costs, and media spend, thus keeping everyone focused on what matters most.

› **Ensure well-integrated marketing analytics tool sets.** These tools are complex, and it is generally not worth marketing's and IT's time to pursue a strategy of buying tools that do not play well together in the sandbox. There is enough work to do in integrating them with the rest of the marketing and business tools — from demand-side platforms (DSPs) and data management platforms (DMPs) to marketing resource management systems to CRM applications — that companies should ensure that these core marketing analytics tools are well integrated with each other. This means they should work from the same data sets and seamlessly share data, including reports and the results of computations and other analyses, in real time if necessary.

› **Pick marketing analytics tools that are easy to use by marketers and non-marketers alike.** As consumers' use of mobile devices accelerates and mobile moments evolve into micro moments, many stakeholders in the organization will need the capability to plan, act on, and optimize consumer engagement strategies, programs, and campaigns in real time. Creating a bottleneck for all data capture and verification, analyses, and optimization recommendations in the marketing department will not enable the kind of real-time decisioning that micro moments require. Not everyone needs to have access to everything, but everyone must have access to the key data, analyses, insights, and recommendations required to do their jobs. Savvy marketers will leverage their marketing measurement platform to define stakeholder-specific analyses, views, and visualizations of current (even real-time) data so these stakeholders can most easily understand key insights and take appropriate action.

› **Fully integrate marketing analytics tools with current systems and third-party environments.** Companies will need to spend time integrating and connecting these marketing analytics tools to existing legacy databases, including structured and unstructured data environments; marketing and advertising technologies; legacy systems, including core business tools like core banking systems, reservation and booking engines, or eCommerce platforms; and third-party data and systems environments. Marketers and their technology colleagues should evaluate how easily their marketing analytics tools will integrate with these other technologies and plan for the integration ahead of the purchase decision. By planning integration at the start, marketers and application delivery staff can ensure the measurement tools are fully integrated with the right systems, have access to the right data, and can provide the right insights at the right time.

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Key Recommendations, Continued

› **Leverage marketing analytics tools to communicate the value of marketing programs.** With the right well-integrated marketing analytics tools, marketers can communicate the true results of their efforts and prove the value of everything from channel touches to media spend and website usage to social engagement. Additionally, these tools enable marketers to show the value and relevancy of marketing content and engagement programs in the form of business results. By making these communications a priority, marketers can ensure adequate funding of programs and secure appropriate investment in staff, technology, and projects.

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Appendix A: Methodology

In this study, Forrester conducted an online survey of 150 marketing and IT decision-makers in North America, representing healthcare firms; financial services, banking, and insurance companies; manufacturing and materials organizations; telecommunications companies; retailers/e-tailers; and others. Survey participants included decision-makers in marketing and IT roles, with a responsibility for their companies' digital, marketing, and analytics strategy. Questions provided to the participants asked about their companies' marketing programs and analytics capabilities, as well as the challenges they face and solutions for addressing them. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in Q1 2015 and was completed in July 2015.

Appendix B: Endnotes

[1] Source: "Micro Moments Are The Next Frontier For Mobile," Forrester Research, Inc., September 8, 2014.

[2] Source: "Market Overview: Real-Time Interaction Management," Forrester Research, Inc., April 29, 2015.

[3] Source: "Plan Customer-Centric Enterprise Marketing Technology Requirements," Forrester Research, Inc., June 18, 2015.

[4] Source: "Executive Q&A: What You Need To Know About Return On Marketing Investment," Forrester Research, Inc., April 17, 2015.

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