

THE CMO CLUB SOLUTION GUIDE

# The REAL Drivers of Brand Growth in a Digital World

Measuring Efficiency vs. Effectiveness  
in your Marketing Mix

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# INTRODUCTION

**In today's economy, the financial stars are aligning just right for consumers and marketers alike.**

**3.6%** Current  
**Unemployment  
Rate**

**3.2%** **Gross Domestic Product  
Growth Rate** (Q1 2019);  
expected to remain in  
the 2-3 % range

**2.0%** **Inflation Rate**  
targeted by  
The Federal Reserve

Seems like the perfect opportunity to rocket launch brand growth, right?

**Not so fast.** While online sales is now the fourth largest sector overall, bringing in about **\$59.8 billion in sales**, other sectors such as brick and mortar skewed Consumer Packaged Goods (CPG), are finding it harder to gain significant ground in the current favorable economy. So, what is holding them back? Is it a failure to launch effectively, a lack of data, or not the right media mix?

The culprit isn't so much a failure to launch, or a lack of data, of which it seems we have an extensive amount of, nor is it the wrong media. The biggest challenge being faced is a

shortfall in data measurement – specifically, a unified approach that ties together multi-touch digital and traditional media results.

In a survey of Chief Marketing Officers conducted for this guide, **46 percent of marketers admit their company does not have a unified approach of measurement across off-line and on-line media.** It should come as no surprise then that **72 percent cite a business growth rate of 10 percent or less** last year.

Clearly, the lack of a fuller understanding of what marketing platforms and creative have the most impact in driving consumer behavior makes it increasingly difficult for companies to achieve real growth. But **brands forging a clearer path to growth are the ones disrupting the conventional wisdom of measurement** and making serious changes in their marketing mix and attribution methodologies.

This CMO Club Solution Guide pulls back the curtain on the current state of marketing measurement in today's digital-heavy landscape to gain usable insights into the million dollar question:

**How do you best measure what's working, and how do you work what you're measuring to achieve maximum effectiveness and efficiency?**



# ACKNOWLEDGEMENTS

A special thank-you to the CMOs and Senior Marketing and Communications leaders who participated in this research.



**Maria Del Rio**

General Manager

CLEARLY KOMBUCHA LLC, MOLSON  
COORS BREWING COMPANY



**Jeni Golomb**

CMO/Head of Marketing

DAISY BRAND



**Beverly Stotz**

Chief Marketing Officer

ILLY CAFFE



**Jane Wakely**

Chief Marketing Officer

MARS PET NUTRITION



**Doug Zarkin**

Vice President & Chief Marketing Officer

PEARLE VISION



## EXECUTIVE SUMMARY

# Attribution Under the Microscope.

**Marketers are re-examining measurement models in quest for growth.**

The power and potential of consumer data has lured marketers into an eternal quest for analysis and insights that will lead to the Holy Grail of business: sales. Since the explosion of social media and powerful search engines over the last decade or so, that drive has only grown stronger because the pay off is so substantial.

For many years, the gold standard of measurement has been marketing mix modeling. But ...

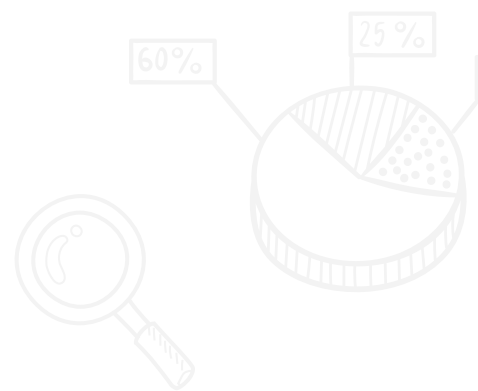
**...is this model, also known as marketing mix analysis, still the best tool to assess the effectiveness and efficiency of marketing efforts?**

Where do we find measurement nirvana?

Can it accurately capture multi-touch attribution in a marketing landscape that continues to encompass both online and offline activity?

We have reached a critical crossroads in marketing where these questions must be addressed. To get honest answers from marketers on this very issue, The CMO Club in thought leadership with Catalina recently surveyed 70 Chief Marketing Officers (CMOs) across a wide range of B2B and B2C organizations and industries.

This research also includes in depth, one-on-one conversations with CMOs from leading brands such as Daisy Brand, Mars, Pearle Vision, and others to gain direct insight to what attribution methodology(ies) help them determine which marketing activities are the most effective and efficient in driving **real** brand growth.



## Key findings:

- **Barriers to measurement nirvana**

We wanted to find out what is getting in the way of finding a unified measurement model that clearly identifies what works and what doesn't. The question is, what isn't getting in the way? CMOs we spoke with cited everything from a lack of transparency, consistency and standardization across platforms and models to ad fraud and data privacy.

- **Marketing mix modeling still the leading methodology**

Asked which measurement models they used today, 63 percent of CMOs surveyed cited Marketing Mix Analytics/Studies.

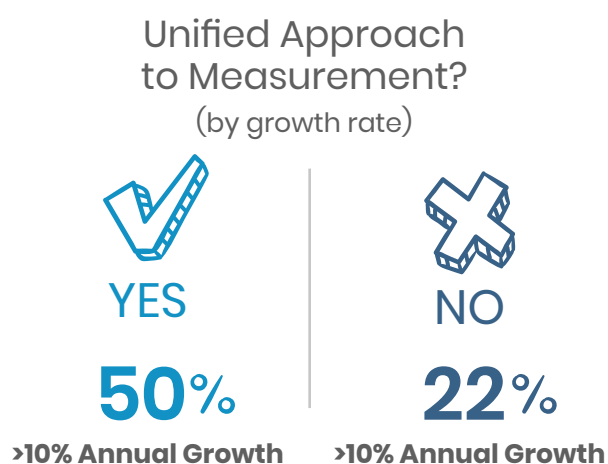
- **Digital reigns, but offline still in the mix** – 76 percent of CMOs say they prefer online if they had to choose which media type drives growth the best; yet a full 59 percent say they would use a mix of digital and traditional media if budget was not an issue.

- **Lack of a unified approach**

The data points above establish a near mandate that marketers have a multi-touch attribution model. But connecting all the data remains a challenge: 45 percent of marketers admitted they do not have unified approach of measurement across off-line and on-line media.

The bottom line in all of this is that brand growth is effectively being stymied if marketers cannot wrap their arms around a multi-touch attribution model that gauges efficiency and effectiveness.

The numbers revealed in our survey lay bare the consequences: **those CMOs that report having a unified approach to measurement are more than 2X as likely to report growth greater than 10 percent:**



Irrespective of growth rate, “no” responses included:

- “No, we have measurements for offline and online but they do not tie together.” (46%)
- “No, we have only online measurement figured out.” (16%)
- “No, we have only offline measurement figured out.” (1%)
- “No, we don’t have either nailed right now.” (7%)

*“We have volume, awareness and conversion goals to meet so I need the right measurement model to ensure every dollar is working.”*

**Maria Del Rio**  
General Manager  
CLEARLY KOMBUCHA LLC,  
MOLSON COORS BREWING COMPANY

## SECTION 1

# Assessing the Current Marketing Mix Landscape.

Digital advertising is king, but marketers are not too quick to kill off the queen – offline media. Approximately one fourth of all ad expenditures in the U.S. is devoted to digital advertising and expected to reach nearly **\$93.5 billion** by 2020.

Yet spending on traditional media continues to be a part of the mix. Television ad spending is projected to reach about **\$71 billion** by year end, and out-of-home advertising is expected to surpass **\$7 billion** in spending.

### The value of offline

Faced with a choice between online or offline media to drive growth, marketers overwhelmingly choose online by 76 percent. But if budget was not a barrier, 59 said they would use a mix of both to drive growth.

If you could only select one, which media type drives growth the best?



**76%**  
Online



**24%**  
Offline

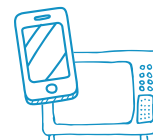
If budget was not a barrier, which type of media would you select to drive growth?



**20%**  
All Online



**20%**  
All Offline



**59%**  
Mix of Both

## The value of a media mix

Daisy Brand is one of those companies that continues to find **measurable value in a mix of traditional and digital media**. As part of its media portfolio, the brand invests heavily in television, which encompasses network TV advertising as well as online full episode players, YouTube, and TasteMade videos for social media.

“The layering of TV with digital with print with online video with content that drives the biggest lift for us to drive awareness and purchase intent,” says Jeni Golomb CMO/Head of Marketing for Daisy Brand. “That is borne out in our MMA results.”

Designer eyewear brand Luxottica also embraces the synergy of offline and online media and gathering multi-touch attribution. Doug Zarkin, Pearle Vision Vice President and Chief Marketing Officer, explains: “Offline channels like TV provide an opportunity to develop a narrative that you can test extensively before it goes on air. It lets you gauge how effective your creative will be fairly easily in advance.”

Zarkin says **the key is to test the effectiveness of the vehicles together**. “You need to determine what was the consumer’s first touchpoint – print ad? display ad? TV spot? Or are groups only seeing one channel? You can also test sequential versus non-sequential.”

“Digital is a big part of our what we do to understand and serve consumers where they shop,” says Jane Wakely, Chief Marketing Officer with Mars Pet Nutrition. “But you can be highly effective in non-digital channels. For example, **TV is still a mass reach tool that is highly effective across the world. It is not dead.**”



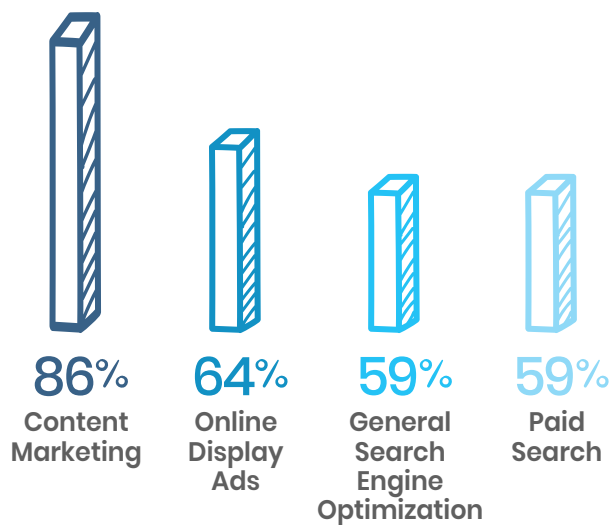
*“The layering of tactics and the surround-sound feel of your marketing mix is what drives more awareness and more volume than any one single tactic.”*

**Jeni Golomb**  
CMO/Head of Marketing  
DAISY BRAND

## The dominance of online

While traditional media still has its place in the mix, the majority of marketing dollars are devoted to digital. The top three digital channels marketers cited as the most important to invest in for results were: content marketing (86 percent), online display advertising (64 percent), and general search engine optimization and paid search (59 percent).

When talking about digital media, what are the most important channels to invest in for results?

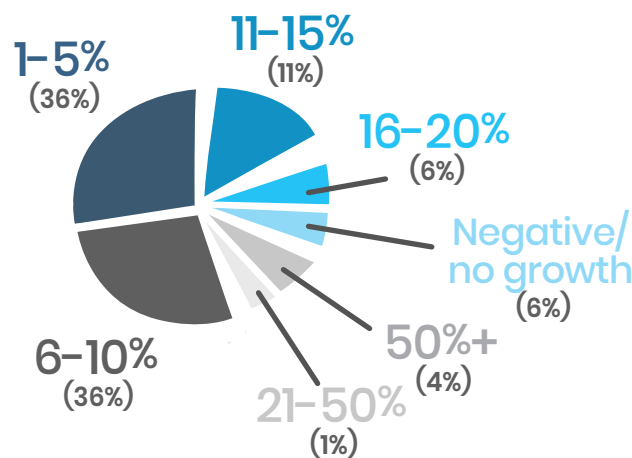


**“Digital is absolutely the tool of the future,”** posits Wakely. “We now know new generations shopping habits that are completely shifting. I don’t know a single large brand that doesn’t use digital marketing in its arsenal.”

## Is marketing mix analysis still working?

If responses from both the survey and CMOs interviewed are any indication, the MMA model is falling short in today’s prevailing online/offline realm. With business growth rate cited as 10 percent or less by 72 percent of respondents, marketers see the writing on the wall to make changes in their marketing activity and measurement to better track successes and shortfalls.

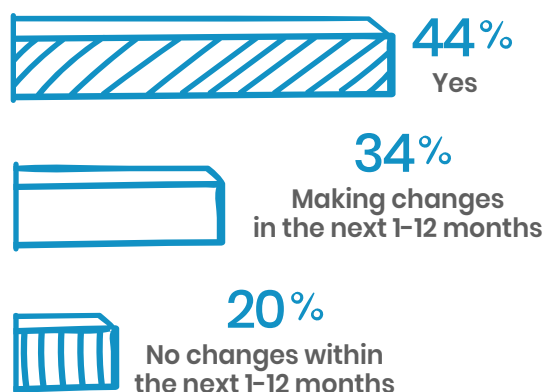
What was your business growth rate last year?





In fact, marketers expressed a clear desire to make changes in their marketing mix. Forty-four percent of those surveyed say they plan to make changes to marketing mix in next 12-18 months; 34 percent plan to make changes even sooner within the next 1-12 months.

### Are you anticipating making changes in Marketing Mix over next 12-18 months?



For Zarkin, **the problem lies within the fundamental premise of MMA.** “Mixed marketing is essentially trying to predict the future. It isolates tools when customers actually engage with your brand holistically, not in silos.”

The example he gives is paid search. “Paid search has historically been the most effective tool to measure efficiency. However you can’t develop a brand matrix on paid search.”

It begs the question: How do you factor in the brand consideration to drive action and, ultimately, determine the effectiveness of that tool?

The evolving digital environment and emergence of new platforms makes MMA inadequate at truly measuring their effectiveness.

Golomb explains, “There are always new and different online options to try, but our investments in them are just too small to be measured with an MMA model. It’s a bit of chicken and the egg: **am I willing to put more money behind a tactic to determine how it will work before I know if will work?**”

*“With all the testing we’ve conducted on marketing mix modeling, we have found that it is not predictive. It simply matches a set of behaviors with a set of generic assumptions. We have developed a method that tracks real eyeballs with real behaviors in one person.”*

**Jane Wakely**  
Chief Marketing Officer  
MARS PET NUTRITION

## A reality check

In spite of identifying a gaping hole in 360° measurement, marketers today are still heavily reliant upon marketing mix modeling.

Among respondents, **63 percent use marketing mix analysis/studies** and **66 percent cite media-specific ROIs** (Google AdWords, Facebook, etc.). Multi-touch attribution models rank much lower, with 47 percent employing unified online/offline multi-touch attribution, and 40 percent using online-only multi-touch attribution.

If you are measuring, which of the following do you use today?

66%

**Media Specific ROIs**  
(Google AdWords, Facebook, etc.)

44%

**Other Attribution Methods**  
(last touch, first touch)

63%

**Marketing Mix Analysis/Studies**

40%

**Multi-touch Attribution**  
(online only)

47%

**Multi-touch Attribution**  
(unified online and offline)

33%

**Media Specific Measurements**  
(non-ROIs – CTR, impressions, etc.).

Compounding the issue further is how marketers rate themselves in their efforts at driving growth through digital: 43% say they would rate their efforts as “very good” 40% say good, but could be better/below average; only 17% say “excellent.”

Overall, how would you rate your efforts at driving growth through digital?



Excellent 17%

Very good 42%

Good, but could be better 36%

Below average 4%

“Not only are there different platforms delivering data, but there is a real lack of measurement standards across all platforms and still some secrecy as to how the sausage is made.

**Doug Zarkin**

Vice President & Chief Marketing Officer  
PEARLE VISION

# A magnifico plan.

## ILLY CAFFE

The bright red and silver branding of Illy Caffè premium coffee has become synonymous with authentically crafted Italian coffee and espresso. Its coffee products and machines can be found in supermarkets, specialty/natural stores, brand ecommerce site, as well as through Amazon and other retailers.

The brand's retail operation is a modern take on the traditional Italian coffee bar – illy caffes – with 30 stores in total – seven corporately owned in San Francisco. Building the illy brand using retail stores requires multi-touch marketing and a solid plan to track results.

“We use a mix of online and offline channels, but what that mix looks like depends on our campaign and our goals,” says Beverly Stotz, Chief Marketing Officer, North America with Illy Caffè.

The company is developing a proximity-oriented campaign in San Francisco to increase brand awareness and build brand equity while driving online sales and foot traffic into its illy caffes. Stotz says the marketing plan will run half out of home advertising and half digital, selecting out of home locations close to each cafe.

**Tracking in-store sales and digital reach for each location will help the brand determine how well the integrated plan worked and what channels were most effective** in driving awareness, equity, foot traffic and sales both online and offline.

## SECTION 2

# Finding the Best Attribution Model.

## to Determine Effectiveness / Efficiency

So what is the best path forward for marketers? One-to-one interviews with CMOs revealed several insights.

### 1. Integrating data sources.

Striving for full integration of data, Maria Del Rio, Global General Manager, Commercial and Marketing Executive, with Clearly Kombucha Molson, says the brand takes a bottom up approach to planning, employing a whole model of conversion to measure results and achieve growth.

“It is important to keep a full spectrum of dashboards every month – monthly sales, retail sales by account, conversion – to track progress towards our sales goals.”

### 2. Taking a 360 view.

Growing the Illy brand commands a 360 view of customers and touchpoints. “We’re looking at everything,” explains Stotz. “Upper and lower funnel, number of impressions, engagement rate, open rate, search engine, paid search, as well as ROI on our ad spend and Amazon traffic.”

### 3. Creating a single source measurement.

“We need to see that a specific media activity correlates to consumer behavior not just attitudes,” says Wakely. Having found marketing mix analysis inadequate for its attribution needs, Mars developed its own model. “We have pioneered a very scientific approach to measurement of our marketing activity.”

For example, with non-skippable video, she says, “we have developed a very sophisticated measurement tool that matches consumers’ repeated viewing habits with a single source level with their behavior. We’re actually able to aggregate it up to identify a pattern. It takes the guesswork out of attribution.”

In fact, Wakely states that their own model often gives contrary results to marketing mix modeling. The brand is now using similar testing methodologies to measure other platforms and stretch across multiple contents.



# Focus on creative.

## MARS PET NUTRITION

Pet owners often take their pets' health more seriously than their own. That is driving the global pet food market to reach \$98.3 billion last year and growing. The potential is huge, but the market is becoming crowded with smaller players. Seeing the need for a break-through strategy, leading brand Mars Pet Nutrition made a bold move. "We made a strategic decision that our number one focus should be on creative effectiveness," says CMO Jane Wakely.

The journey on that mission began five years ago. It entailed conducting thousands of tests on creative content and measuring the results to determine effectiveness. "We now know there are two predominant drivers of effectiveness: brand scale, which is tightly linked to ROI, and creative effectiveness, which is the big amplifier."

When we started this journey, only 25 percent of our creative was rated three- or four-star effective," Wakely states. **"We now confidently know that 70 percent of our creative investment is three- and four-star effective."**

## SECTION 3

# What's Standing in the Way?

Faced with a mandate to drive measurable brand growth, and the need for an effective unified measurement model, marketers are meeting a slew of other challenges.



### Measurability and reliability

Many offline media activities cannot be measured with the same accuracy (or at all) as digital; and is what can be measured attributable to actual behavior (i.e. paid search or video views). “We assume success from our model, but it might be not correct,” asserts Stotz, “even in digital ad performance.”



### Inconsistency

Not only are there multiple platforms to track, but the measurement standards within each platform are different. “There’s transparency but there’s also a bit of secrecy,” in that data reporting Zarkin notes.



### Fracturing of media platforms and channels

So many options, not enough marketing dollars. Del Rio says, “We want to try a little of everything and make sure it works. But we must stay focused.”



### Ad fraud

Fake followers, overestimated view numbers, and inflated reach stats all lead to data credibility questions. “If there’s some way to quantify the numbers, it would be very eye opening, but we don’t have that level of data or information,” explains Golumb. “Is it happening to my brand? I assume so. But to what extent, I don’t know. There’s no way to fend against it right now.”



### Transparency / data privacy

Reaching consumers on their terms out in the open is critical. “This is at heart of how we choose to develop marketing and specific ways to reach consumers and convert them,” Wakely cautions.



### Fatigue

As consumers get tired of all the ads served, where does that leave consumer interaction with your brand and attribution?

# A Wake-up Call for CPG

## Why is growth still so hard to come by?

The need for integrated online/offline measurement is particularly imperative for Consumer Packaged Goods (CPG) marketers whose sector is projected to **nearly double in size**—to \$14 trillion—by 2025.

The potential for growth is there, but ubiquitous competition for consumers' eyes and wallets and the lack of a fuller understanding of their customer and what marketing platforms and creative have the most impact, make it increasingly difficult for brands to achieve real growth.



**What's going on?** CMO contributors to this solution guide have thoughts:

### **Supermarkets are slow to adapt to digital in general.**

Stotz observes, "Even with loyalty programs, supermarkets aren't maximizing the potential of data." However, she says they have found that digital couponing with frequent buyers apps have been extremely effective.

**Variety creates complexity.** The sheer number and variety of media tools make it even more difficult to determine what is effective with consumers. Customers can consume media 24/7 whenever they want. "The degree of customization it enables creates a high level of complexity and actually makes it impossible to get an accurate read on what works."

### **Smaller players are making**

**inroads.** Wakely/Mars – Digital has leveled the playing field for smaller brands to compete in a global market. "It has changed the game," says Wakely. "We're now seeing a lot of small players nibbling at the market."

### **Squeeze from retailers.**

Manufacturers are feeling the heat from retailers to get lower and lower costs. Golomb explains: "Retailers are trying to drive overall growth because they're experiencing a decline in foot traffic due to ecommerce, or they're trying to meet commitments to Wall Street." Thus, CPG brands are being squeezed beyond their ability to meet those demands, or are faced with limited or discontinued SKUs on the shelves.

"Our products retail for about \$2," says Golomb. "So we can't afford ineffective ad tactics. We have to be strategic about where we spend and keep up with the rapidly changing landscape to maximize effectiveness."

## NEXT STEPS

# A Call to Action.

Understanding the real drivers of growth in today's marketplace, requires attribution model(s) that prove efficiency and effectiveness of both online and offline tactics. Research for this guide underscores this urgent need.

**Taking up that call to action begins with a few first steps:**

**Close your attribution gaps.** Look for ways to reduce silos and integrate your online and offline data to create a complete picture. Find a solution that has a light touch and is easy to implement across the organization.

Instead of building it on your own, look for a suite of services from a single provider, preferably one that has a strong and growing set of open source partners that integrates across channels, DSPs and publishers.

This approach creates immediate access to new offerings and expertise as they come onto the market, saving you time and money.

**Measure everything.** Measure across all types of digital media so you understand what parts of your digital media spend are working – and which ones aren't.

Look for solutions that include linear and connected TV and can also deliver data and audience segments programmatically.

**Focus on purchase behavior.** The best multi-touch attribution models operate all along the purchase funnel and include in-store purchases at the 1:1 shopper ID level.

Multi-touch attribution tied to shopper purchase history allows you to track more than just clicks and sales, but identify customers with different profiles, like ones that are new to the brand, new to the category, or repeat buyers.

**Be nimble. Be quick.** Look for solution(s) that deliver near real-time data, updated daily, that hook into retail point-of-sale systems. By working with this granular, UPC-level purchase data, you can create brand or retail-specific options. That means you can optimize campaigns in-flight based on everything from what creative is working best to which UPCs are driving sales.

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With this added context, CMOs can better understand the impact of their media dollars. They can reach unique customers by device and within a household, know which channel sequence best drives conversion, and uncover whether it was their messaging or a competitor's that ultimately put their product in the cart. **Using this holistic approach to multi-touch attribution will help you create and refine a clear growth strategy for your company.**



# THOUGHT LEADERS



## The CMO Club

The CMO Club is the world's most engaged and inspired community of Senior Marketing Executives who help each other solve their biggest challenges, within a candid, trusted and sharing environment. Collaboration fueled by inspiring events and within the members-only Digital Solutions Clubhouse raises the standard for what is required to be a successful Chief Marketing Officer.

With more than 850 members, The CMO Club is the go-to center for today's Senior Marketer for peer-based personal and career success support. For more details, please visit **[thecmoclub.com](http://thecmoclub.com)**.

## Catalina

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