

Measuring marketing spend in the new post COVID cookie-less world

by **Analytic Edge**





Setting the stage

"Just like every generation discovers Rock 'n Roll....marketers are discovering MMM as a privacy-safe digitally fit technique for any business. However, it is not the "MMM of the old" – often slow, in-actionable, and expensive - but a contemporary, faster, calibrated with ground truth experiments, and increasingly automated with machine learning, next generation MMM."

- Igor Skokan, Marketing Science, Global MMM Lead, Facebook

Marketing Mix Modeling (MMM) is making a comeback. Solutions are already available in the market today that give brands the ability to run MMM and other measurement analytics in-house, using an automated and integrated platform. MMM offers marketers the cost, scale, and speed advantages they need, to deliver the 'always-on' decision support marketers have come to expect from modern marketing-measurement tools and provide an alternative to both attribution modeling and traditional MMM approaches.

Marketers use several statistical and analytical techniques to measure the effectiveness of their marketing programs which typically straddle diverse channels such as TV, digital, print, out of home, and promotions.

Now, a convergence of factors is forcing marketers to re-evaluate their techniques for marketing effectiveness measurement. These include the following:

1. The Coronavirus pandemic accelerating digital transformation by ten years
2. The crumbling of the cookie, driven by new privacy policies of Google, Apple, and other players
3. Growing MarTech stacks creating more silos
4. Marketing branding activity evolving from campaigns to continuous communication. Consequently, content media buying capabilities have moved in-house to empower this evolution
5. Trade fragmentation and emerging new e-commerce channels

In this rapidly changing landscape, marketing must be able to pivot just as quickly. The ability to accelerate decision-making and step-change marketing operations to a much faster pace is now, in itself, a competitive advantage.

Just as every generation discovers the joys of rock' n roll, today's marketers are re-discovering the benefits of Marketing Mix Modeling (MMM). MMM has been used for decades by companies across industries such as consumer packaged goods, retail, telecoms, financial services, travel, and hospitality, automotive, and many others.

MMM helps marketers understand business drivers, establish marketing Return on Investment (ROI), build shared learnings and decision-making support across the organization. And importantly, in the current context, MMM can operate perfectly in a cookie-less world.

Changing and evolving to be equipped for the future is imperative. And MMM has smartly developed across the following dimensions to be relevant to marketers and brands in the new cookie-less world.



Real-time, actionable and forward-looking insights

While MMM has been around for a long time, there were several limitations in delivery. One was the sheer length of time it took from start to finish. Gathering, reviewing, and ingesting data from numerous sources, building suitable attribution models, and running the models to generate reports and insights typically took months. Unfortunately, this meant that the insights generated were usually based on 6-12 months old data. In effect, these insights ended up being merely "rear-view looking." They helped diagnose what worked and what didn't in the past but were not particularly useful for making current or future marketing decisions and taking corrective actions.



The rhythm and cadence of marketing and advertising have also undergone significant change with the advent of digital. Brands traditionally ran one or two extensive campaigns every year with pre and post-campaign analytics and measurement. Today much of this has been replaced by continuous communication and ongoing campaigns that require instant, always-on measurement.

What marketers need today are real-time, actionable, and forward-looking insights pertinent to the point in time that decisions are being made. This means insights must enable them to make quick and instant decisions on tweaking their marketing spend and campaigns for maximum impact.

Next-generation MMM uses an always-on approach that enables continuous marketing effectiveness measurement. This is achieved by extensively incorporating automation, Artificial Intelligence (AI), and Machine Learning (ML) into every step of the MMM process. These include:

- Collecting the latest data continuously and automating data ingestion from multiple, diverse sources
- Leveraging AI and ML for quality control to identify incorrect data and capture outliers
- Updating models quickly and regularly based on the absolute latest data
- Presenting results via interactive dashboards with simulation and planning capabilities
- Automating reporting and insight generation using technologies such as Natural Language Processing (NLP) and Natural Language Generation (NLG)

MMM enhancements make it an ideal technique for real-time marketing effectiveness measurement and on-the-go market mix optimization.



In-house, on-demand marketing analytics

Another limitation of traditional MMM was the complete dependence of brands on external specialists such as large consulting firms or analytics providers. This was not just time-consuming but also prohibitively expensive and resulted in organizations restricting themselves to running it less frequently and only for their largest brands and markets. As a result, scaling MMM across the organization or updating models regularly was not a financially feasible option.

Advertisers also channel a majority of their digital marketing investments through a handful of large digital media platforms. These platforms additionally provide outsourced solutions, including MMM, as a value-added service to advertisers. The stated goal is to help them determine campaign effectiveness and ROI for their media investments. However, this often requires companies to share granular sales, customer, and media data. Today, many advertisers are reluctant to share this data with third parties due to competitive concerns and regulatory compliance issues.

Next-generation MMM enables marketers to address these specific challenges and opportunities with automated solutions that deliver better speed, scalability, and cost-effectiveness in-house. Investments in cloud computing and data analytics will enable marketers to run MMM models in-house and on-demand. It also allows them to scale MMM programs with less effort, cover more of their overall marketing budget without unacceptably high analysis costs, analyze their data and keep it in-house.



Marketing effectiveness measurement in a cookie-less world

MMM and Multi-Touch Attribution (MTA) have co-existed through the rise of digital-first brands and the corresponding increase in digital marketing spending in recent years. The choice of which tool to use for marketing was driven by the proportion of offline versus online spending.

But things are changing. Although data sources and marketing channels are increasing, access to the granular user-level data required by MTA is being eliminated due to significant changes in privacy regulations, corporate policies, and other factors. These include:

- **GDPR and privacy regulations:** GDPR (General Data Protection Regulation) came into effect in the EU a few years ago. Similar laws exist in parts of the US and the rest of the world. These have impacted data privacy practices, with companies tightening their rules around ad serving and user-level tracking. Large digital platforms have increasingly adopted a "walled garden" approach supporting analysis within a specific platform. Cross-platform and channel tracking is no longer possible or supported.
- **Browsers phasing out third-party cookies:** The world's most used browsers such as Safari, Firefox, and Chrome, have ended or will soon end support for third-party cookies, which fuel much of the digital advertising ecosystem. Instead, they will use privacy-preserving technologies that rely on anonymization or aggregation of data. This will be a further impediment for advertisers to deliver user-level targeted ads.
- **Apple restrictions on IDFA on iOS devices:** Apple's new Ad Tracking Transparency policy (ATT) will potentially cut off access to the Identifier for Advertisers (IDFA) system, replacing it with a lower resolution attribution system called SKAdNetwork. With this, user-level tracking and ID-driven attribution analysis will likely be severely restricted versus the past. As a result, advertisers will need another way to measure their marketing effectiveness in the Apple ecosystem.

Moving Forward

MMM has been used since the 1990s, but for all the reasons outlined in this paper, the value of next-generation solutions can provide significant advantages. In addition, gains in cloud computing, an explosion of marketing data, and better business intelligence and data science options have expanded what modern, next-generation MMM can offer.

To reiterate, Marketing Mix Modeling (MMM) is making a comeback. Solutions are already available in the market today that give brands the ability to run MMM and other measurement analytics in-house, using an automated and integrated platform. They offer marketers the cost, scale, and speed advantages they need, deliver the 'always-on' decision support marketers have come to expect from modern marketing-measurement tools and provide an alternative to both attribution modeling and traditional MMM approaches.

About Analytic Edge

Analytic Edge is a global analytics company that provides technology-enabled analytics solutions in marketing and sales effectiveness. The company's solutions integrate technology, industry knowledge, and cutting-edge statistical techniques to deliver fast, cost-efficient, and actionable business insights. Analytic Edge works with clients across industry verticals such as consumer packaged goods, retail, financial services, travel and hospitality, healthcare and pharma, automotive, and many others. The company has offices in the US, India, Singapore, Canada, Mexico, Brazil, Argentina, UK, Switzerland, UAE, South Korea, China, Japan, Australia, and New Zealand.

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