

Master Mobile Measurement To Unleash True Cross-Channel Advertising

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Executive Summary

Consumers have rapidly adopted mobile devices, and smartphone ownership today surpasses 2 billion worldwide. As more consumers become equipped with these always-on devices, mobile becomes the linchpin of the consumer's multi-touchpoint, cross-channel consumer life cycle.

Today's advertisers are responding to consumers' mobile behavior by growing their mobile budgets and striving to advance their strategic approach to optimize their advertising efforts. However, the rapidly evolving yet immature mobile advertising ecosystem presents hurdles in targeting, tracking, and measuring mobile campaigns, eroding marketers' confidence in mobile's effectiveness and hindering their investment in cross-channel campaigns.

In April 2014, 4INFO and Acxiom commissioned Forrester Consulting to evaluate the challenges associated with mobile advertising and its greater impact on cross-channel advertising implementation. To explore this topic, Forrester developed and tested the hypothesis that one of the primary factors inhibiting mobile advertising investment is the absence of effective mobile measurement programs. Addressing the current state of mobile measurement is critical to understanding the hurdles marketers face, and how marketers can overcome these hurdles to realize the true potential of cross-channel advertising.

By conducting an online survey of 100 US-based digital marketing decision-makers at consumer-facing brands, Forrester found that today's marketers' lack the confidence required in their cross-channel advertising programs to understand the programs' value and justify higher investment. Results indicated that improved mobile advertising measurement would significantly increase the investment in, and execution of, both mobile and cross-channel advertising campaigns.

KEY FINDINGS

Forrester's study yielded five key findings:

- › For today's marketers, optimizing their media mix to reach the right consumers as they traverse across channels is an imperative. This makes effective targeting and measuring of cross-channel advertising campaigns a top marketer objective.
- › Personalized targeting is the first step in effective cross-channel campaigns, as marketers must be able to reach

the right consumer with their message and then track their subsequent actions across channels. Marketers hope to accomplish this today, yet 42% cited the inability to accurately target the same user across channels as a top challenge.

- › The challenges associated with identifying the same consumer across channels impede marketers' ability to both target key consumers at the front end, and then accurately measure the return on investment (ROI) of their ad spend. These combined challenges erode marketers' confidence, with only 13% feeling very confident in their ability to measure cross-channel.
- › As the linchpin of the cross-channel experience, mobile is a key component of cross-channel attribution and presents the greatest obstacle today. The majority of marketers are still in the early phases of their measurement efforts. The inability to collect the right metrics to show the true impact of mobile advertising results in only 18% of marketers feeling very confident in measuring the ROI of their mobile efforts. This, in turn, is holding back mobile spend.
- › Enhanced mobile targeting and measurement capabilities would strengthen marketer confidence and unleash the full potential of mobile and cross-channel advertising. In fact, marketers indicated that if they were able to effectively measure their mobile advertising performance against the metrics they care about, 86% of marketers would have increased mobile ad spending for 2014, and 93% would have run more cross-channel campaigns.

Cross-Channel Advertising Is A Marketer's Imperative

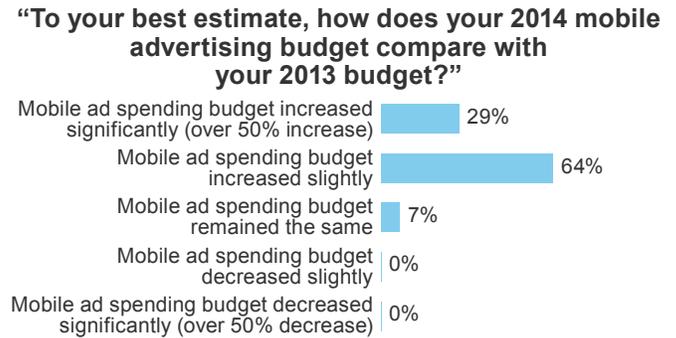
Today's consumer is always addressable — half of US online adults own at least three Internet-connected devices and go online from them multiple times a day from multiple locations.¹ This has led to a growing population of consumers who are now connected to each other and to brands anytime and anywhere. As today's consumers become increasingly connected, they are empowered to access whatever information they need on whatever channel they desire, often switching channels several times throughout the consumer life cycle.

What does this mean for marketers? It means marketers must be prepared to reach their consumers on the consumers' device of choice at any given point in time. This gives rise to a shift in planning as marketers must account for consumers' cross-channel behaviors in their advertising's targeting, measurement, and media-mix modeling. Our survey of 100 US digital marketers indicates marketers see this consumer shift and plan to follow suit. Specifically, the survey revealed the following changes taking place:

- › **Digital commands an equal role in the media mix.** For their advertising campaigns, marketers would traditionally turn to those channels that provided them with the most reach among their potential audience, such as television and offline channels, including print. However, as today's consumers are equipped with Internet-connected devices everywhere they go, digital touchpoints now account for an increasing portion of consumers' media time spent, and digital is a key channel in which consumers discover and explore new products and services. Marketers' media mix allocation reflects this digital shift, as online/digital advertising now accounts for 31% of their paid advertising spend, tied with offline channels and catching up to TV.
- › **Mobile advertising spend is increasing.** Among the devices most commonly used by today's always addressable consumers is their mobile device — nearly a third of the world's population today is equipped with smartphones, and saturation rates among populations are high in key markets, nearing almost two-thirds in the US.² Therefore, aiming to get in front of consumers' captive eyeballs, marketers are shifting their advertising efforts and resources to mobile. Of the marketers surveyed, nearly all of them increased their mobile advertising

budgets from 2013; with almost a third significantly increasing spend by more than 50% (see Figure 1).

FIGURE 1
Almost One-Third Of Marketers Increased Their Mobile Advertising Budgets Over 50% In 2014



Base: 100 digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Acxion, June 2014

- › **Marketers plan to increase cross-channel advertising efforts.** While mobile becomes the primary touchpoint for many consumers today, the reality is that multiple devices and channels are used to interact with brands as consumers discover, explore, and ultimately purchase products and services. As a result, the customer life cycle has become increasingly fragmented, forcing marketers to reimagine their advertising efforts to be as cross-channel as their consumers. And marketers are doing just that: The vast majority (89%) plan to increase the number of their cross-channel campaigns in 2014.

The Cross-Channel Advertising Opportunity Far Outpaces Marketer Investment Today

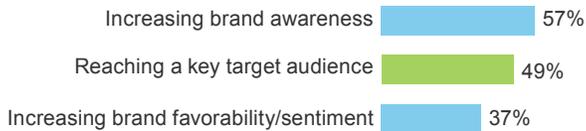
The rise of the always addressable consumer has had a profound impact on consumer behavior and how marketers can interact with consumers. It creates tremendous opportunity for marketers to target, reaching the right consumer at times and in places previously unavailable, such as the approximately two-thirds of US online adults who use their smartphone to access the Internet while outdoors, in their car, and while in stores.³ Marketers also indicated that the ability to reach these audiences enabled by mobile is a key objective for their mobile advertising

spend, second only to increasing brand awareness (see Figure 2).

FIGURE 2
Targeting Key Audiences With Mobile Advertising Is A Key Marketer Objective

“What are your company’s primary business objectives for your mobile advertising spend?”

(Top three objectives shown)



Base: 100 digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Acxion, June 2014

However, this opportunity doesn’t come without hurdles, and this always addressable consumer using multiple touchpoints introduces challenges for how marketers target, execute, measure, and optimize for mobile in their media mix planning. So, while results indicated that marketers are eager to reach their target consumer and bullish on plans to grow investment in both their mobile and cross-channel campaigns, the reality is that the state of investment doesn’t match consumers’ consumption. Marketers reported the following regarding current mobile and cross-channel investments:

- › **Mobile budgets remain small.** Despite the increased consumer attention that mobile garners today, mobile budgets remain small, representing on average only around 5% of the total advertising budget.
- › **The majority of marketers execute less than half of their campaigns cross-channel.** In 2013, 57% of marketers executed less than half of their advertising campaigns cross-channel. And while the vast majority intend to increase the frequency of their cross-channel campaign efforts, only 11% indicated that they would do so significantly.

The majority of marketers ran less than half of their campaigns cross-channel last year.

Are Marketers Targeting And Measuring The Right Stuff?

Aware that their consumer is always addressable across channels, and that their advertising strategy and execution must follow suit, why is there still this underinvestment from marketers? According to the survey results, this reluctance to invest is due to marketers’ lack of confidence in their ability to attribute ROI to their advertising efforts. To more deeply understand this marketer concern, we explored the top challenges cited by marketers, and uncovered that marketers’ inability to measure the true value of their mobile advertising efforts was the challenge that had the biggest impact on the decision to run more cross-channel ad campaigns, as the inability to demonstrate that value impedes the virtuous cycle of target, execute, measure, and refine.

IMMATURE MOBILE MEASUREMENT PROGRAMS CREATE ATTRIBUTION GAPS

A key component enabling media-mix modeling optimization is the ability for companies to measure the collective impact of each channel. As marketers mature their strategies within any channel, their measurement program evolves through four phases: measuring one-off tactics-based performance, using familiar key performance indicators (KPIs) available through more established channels, measuring against defined channel-specific KPIs, and ultimately using a unified view of the consumer to attribute the impact of each channel across the customer life cycle.

But finding the panacea of mobile advertising measurement is no small feat. Within the mobile channel alone, marketers face a complex ecosystem of devices, platforms, tracking methods, and vendors. With mobile as the bridge between the digital and physical worlds, limitations in mobile measurement are a root problem inhibiting the growth of cross-channel advertising. Therefore, to understand these key hurdles stemming from mobile, we looked more deeply into the state of mobile measurement and uncovered that mobile advertisers today:

- › **Have early-stage mobile measurement programs.** To have a successful mobile measurement program, two things are required: 1) clear mobile objectives and 2) a mobile measurement approach that best utilizes the business metrics available to define and support those objectives. The results of the survey indicated that marketers today are lacking on both fronts. Less than half

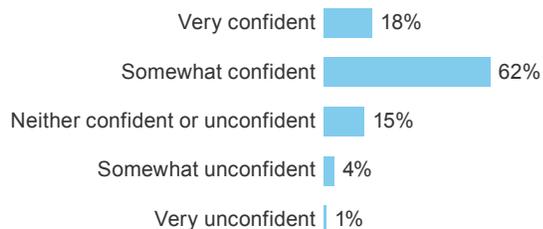
of marketers have defined the objectives of their mobile advertising programs, and less than a third of marketers have had a measurement program in place for more than a year — with 42% admitting that they are still experimenting with mobile measurement. This lack of a strong mobile measurement foundation connected to marketing database intelligence results in ineffective mobile measurement practices among the majority of mobile advertisers today.

Forty-two percent of marketers admit that they are still experimenting with mobile measurement.

- › **Lack confidence in the ability to attribute ROI.** Without a strong mobile measurement foundation and defined strategic objectives, it follows suit that mobile advertisers lack confidence in their ability to attribute the ROI associated with their mobile efforts. In fact, only 18% of the marketers indicated that they are very confident in their ability to attribute the ROI associated with their mobile advertising efforts (see Figure 3), and that decreases to 13% when the marketers were asked about their confidence in measuring cross-channel.

FIGURE 3
Fewer Than One In Five Marketers Are Very Confident In Their Ability To Attribute ROI Related To Mobile Ads

“How confident are you in your company’s ability to attribute the ROI associated with mobile advertising?”



Base: 100 digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Acxion, June 2014

- › **Rely on legacy metrics.** Most marketers are still in the early phases of measurement, taking a scattershot approach to metrics by leveraging those that are either readily available in the complex mobile environment, or those that align with their familiar desktop advertising

efforts. For example, topping the list of the metrics that companies use to measure the success of their mobile advertising campaigns were click-throughs and website hits (see Figure 4).

FIGURE 4
Most Rely On Basic And Legacy Metrics Like CTR And Web Traffic To Measure Mobile

“Which of the following metrics does your company use to measure the success of your mobile advertising campaigns?”

(Select all that apply)



Base: 100 digital marketing decision-makers

Note: Only top five responses shown

Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Acxion, June 2014

- › **Don’t measure the metrics that matter.** Mobile measurement can’t be effective if it isn’t designed to capture the metrics that matter, and many marketers today are simply not in a position to measure the success of their mobile initiatives. From the survey, marketers indicated that the top metrics they desired to justify their ad spend were financial driven — those that could tie back to new accounts opened or in-store sales lift from targeted consumers (see Figure 5). Yet, only one in five marketers stated they use new accounts opened to measure their mobile advertising today, and only 18% measure in-store sales lift. Why this misalignment? It’s due to a lack of measurement sophistication. When marketers were asked about the challenges they face with mobile advertising attribution, connecting mobile impressions to online and offline transactions and engagements topped the list.

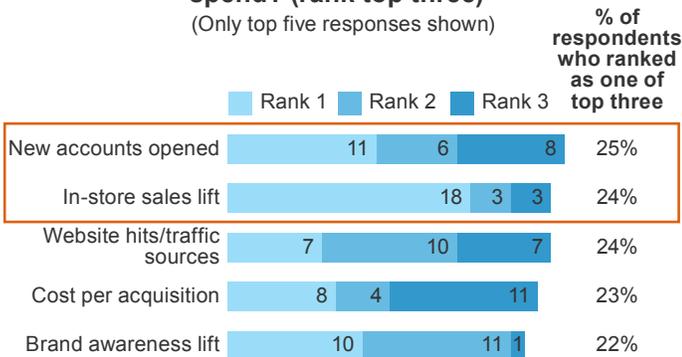
Despite being a key metric to justify mobile ad spend, only 18% of marketers measure in-store sales lift today.

FIGURE 5

Top Metrics To Justify Ad Spend Are Financially Driven

“Given the capability to measure all of the following metrics, which would be the most beneficial for helping justify your mobile advertising spend? (rank top three)”

(Only top five responses shown)



Base: 100 digital marketing decision-makers

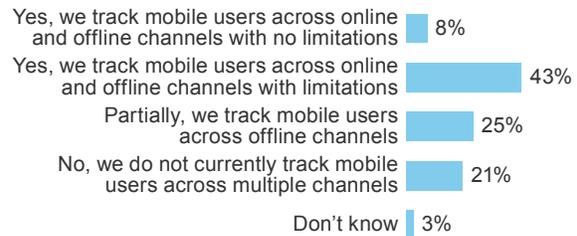
Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Axiom, June 2014

› **Remain limited in their ability to make meaningful cross-channel connections with the mobile consumer.** In the cross-channel consumer life cycle, mobile remains the weakest link. Marketers must be able to track their consumers across the myriad of channels used — whether digital, as they transition from the mobile Web to desktop Web, or as they cross over from viewing a mobile advertisement to exploring the product in-store. As marketers struggle with attributing the value of mobile advertising within the channel alone, tracking the consumers across channels and piecing mobile together with other channels results in cross-channel attribution gaps. In fact, when asked if their company had the ability to connect mobile consumers to other digital channels or offline, only 8% of marketers cited that they could do so with no limitations (see Figure 6).

FIGURE 6

Only 8% Of Marketers Can Track Mobile Users Across Channels With No Limitations

“Does your company have the ability to connect mobile users to other channels, i.e., can they track who sees a mobile ad and then goes to other offline or digital channels?”



Base: 100 digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Axiom, June 2014

A Sophisticated Mobile Targeting And Measurement Strategy Unlocks Marketers' Cross-Channel Investment

To unleash the potential of cross-channel advertising and take advantage of the opportunities offered by always addressable consumers, marketers must have the right strategy and tools in place to make the connections across all devices, consumer touchpoints, and stages of the customer life cycle. With mobile as the weakest link today, marketers must be prepared to invest the time and resources to effectively measure mobile-specific performance and enable cross-channel consumer identification and attribution. Getting the right mobile measurement program in place will not only boost their confidence in these channels, but also enable marketers to finally close the gap between consumer behaviors and their media mix models, a much needed competency to allow them to target the right consumer in the first place. Specifically, marketers indicated that improved mobile measurement programs would enable them to:

› **Redistribute their media mix allocation, with mobile making significant gains.** It makes sense — the money will follow the proof. Marketers being given the capability to measure all metrics that they care about, and in doing so prove the value of mobile advertising, would have a profound impact on their media mix modeling and spend

distribution. For example, the marketers stated that about 10% of their advertising spend would shift from offline into online channels, and a large portion of the increase would go toward the mobile channel specifically — resulting in mobile accounting for two-thirds of all digital advertising spend.

- › **Elevate mobile investment to match high consumer usage.** Despite the already growing mobile investment today, overall investment in mobile advertising significantly lags behind the opportunity. Due to a lack of confidence in the ability to target consumers and prove mobile's value in the customers' life cycle, the survey reveals that establishing a mobile measurement program that supports the marketers' objectives and mobile-specific KPIs would rapidly boost mobile investment. For example, if given the ability to measure the metrics they cared about, 86% of marketers said that they would have increased their mobile budget more for 2014, and more than one-third would have done so by more than 50%.
- › **Lead significantly more cross-channel campaigns.** Following suit, as mobile attribution gaps close, this will enable marketers to surmount their cross-channel challenges as well. The result? A whopping 93% of marketers indicated that they would have boosted the number of cross-channel campaigns they plan to run this year.

Key Recommendations

In this study, Forrester uncovered that marketers today recognize the importance of mobile as a critical consumer touchpoint, and the importance of cross-channel advertising to reach their customers. While investing in a sophisticated mobile measurement solution will help marketers justify investment and optimize their cross-channel advertising vision, it alone won't suffice in crafting truly impactful cross-channel campaigns. Just as the always addressable consumer has undergone a behavioral shift, so must marketers shift their advertising strategy to execute well-targeted campaigns and measure campaign performance in a unified environment. Enabling this shift requires marketers to:

- › **Enable personalized targeting with enhanced targeting capabilities.** For cross-channel marketing to succeed, you must not only measure your existing efforts on the back end, but ensure that you target and reach the right consumers from the start. Marketers know this, but they revealed that while targeting the right consumer is a key objective for their mobile advertising campaigns, it poses significant problems today — 42% cited the inability to accurately target the same user across channels as a top challenge they face when running cross-channel campaigns. To combat this, marketers must look beyond the broad-reach, segmentation-based targeting that they have been accustomed to in desktop display and move toward personalized targeting efforts. What does this personalized targeting encompass? Going beyond demographics to identify specific individuals based on their authenticated log-in, device identification, or given PII, and then layering in their past behaviors, affinities, and relationship with your brand. Relying on third-party or publisher data won't suffice here, and it is imperative for marketers to now integrate their own first-party and CRM data to target with this level of granularity and personalization. Not only will this drive more effective campaigns by reaching the right interested individuals, but this targeting, which connects to identifiable consumer information, will also enable tracking across brand touchpoints.
- › **Focus on meaningful mobile advertising objectives and metrics.** No matter how good the measurement tools are and how sophisticated the cross-channel attribution models are, if marketers don't clearly articulate how mobile can help serve marketing and corporate objectives, it will be useless. Defining, quantifying, and prioritizing objectives is a critical first step and has to be done in parallel to investing in more sophisticated measurement tools. Marketers can't let limited cross-channel tracking confine their objectives, and they should instead set objectives based on the impact of mobile on the consumer's journey as well as their company's bottom line. For example, approximately one-quarter of marketers surveyed indicated that quantifiable metrics, such as new accounts opened and in-store sales lift, were the most important metrics in justifying mobile ad spend. However, few advertisers measure such metrics, instead defaulting to those metrics easy to collect, such as CTR, or opting for objectives such as brand awareness that don't rely on nonmobile interactions to support.
- › **Invest in the right tools and technologies to provide a unified view of the consumer.** Planning campaigns and metrics for cross-channel success is more impactful than a siloed approach, especially with mobile, where the consumers receiving the mobile ad impression are very likely to take their ultimate transaction elsewhere — whether transitioning to a mobile website or purchasing a product in-store. For marketers to manage this nonlinear consumer life cycle, after setting the right objectives and establishing key consumer targets, cross-channel measurement becomes necessary for tracking mobile advertising's true impact. The ability to combine mobile-specific data with that of other channels in a unified environment will result in several key benefits. Primarily, it will enable a holistic view of the consumer journey, enabling the marketer to see all events leading up to the ultimate conversation. Additionally, by connecting the dots between touchpoints and conversions, this unified view will also provide the real ROI of cross-channel advertising efforts and enable marketers to attribute the correct value to each channel along the way, including the hard-to-measure mobile. This integrated view of which consumers are reached and how much they spend will then provide insight to better targeting, better execution, and better results. This can help marketers bolster their business case to close the mobile investment gap, especially as it is highly likely that this attribution will show that the ROI of mobile is higher than expected.

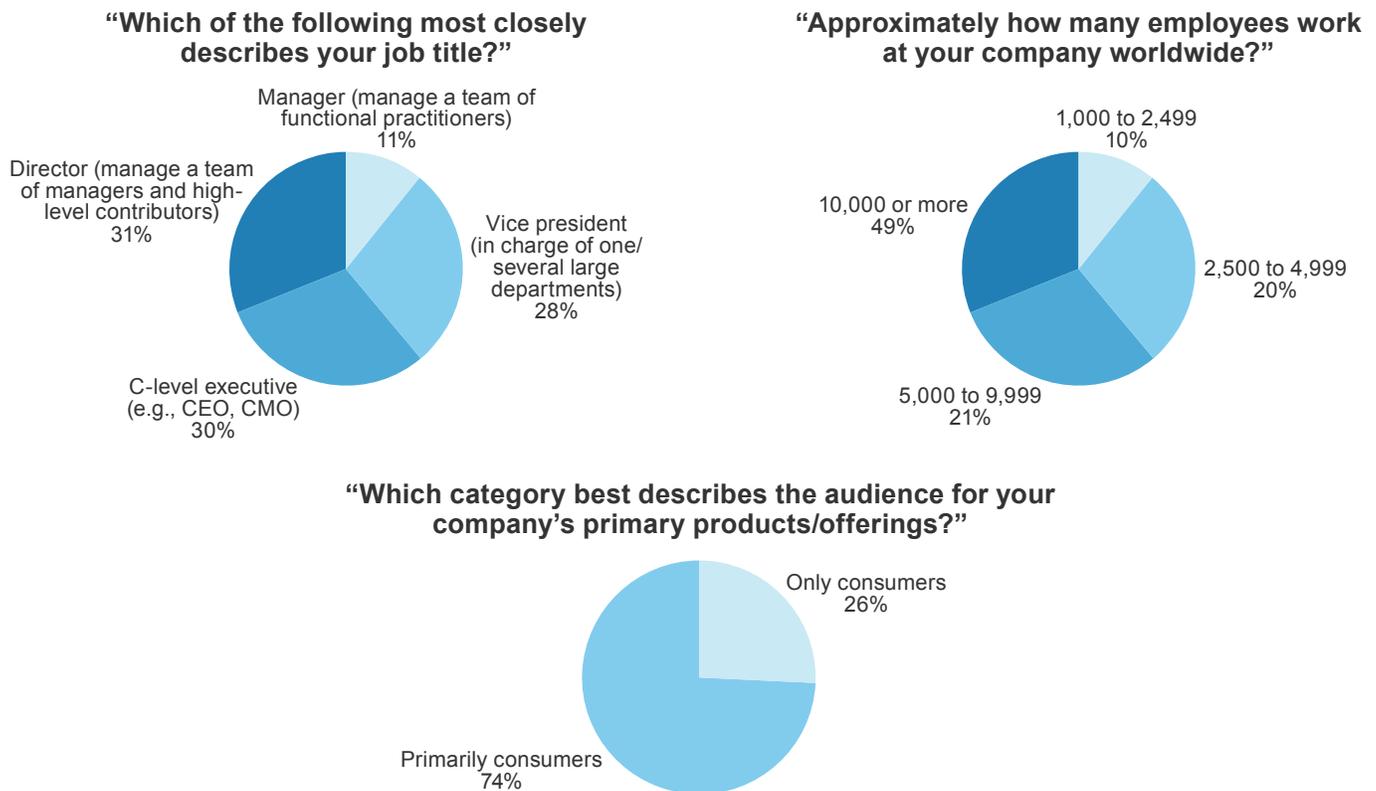
Appendix A: Methodology

In this study, Forrester conducted a global online survey of 100 digital marketing decision-makers from enterprise organizations to evaluate their mobile advertisement measure and cross-platform campaign effectiveness. Survey participants included primarily those in director, VP, or C-level roles with direct influence on digital marketing efforts. Respondents were offered a small incentive as a thank you for time spent on the survey. The survey began in May 2014 and was completed in June 2014.

Appendix B: Survey Demographics

FIGURE 7

Job Title, Company Size, And Product Audience

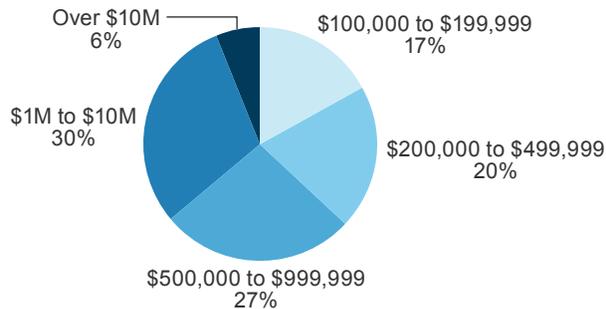


Base: 100 digital marketing decision-makers

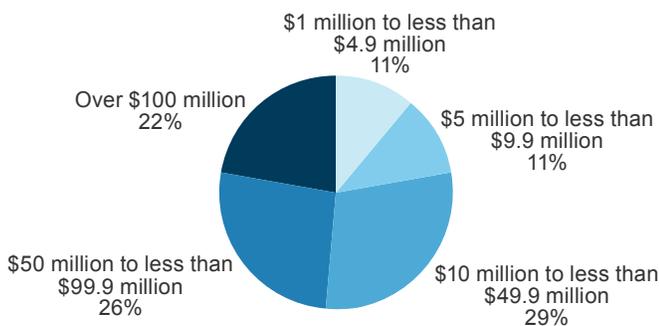
Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Axiom, June 2014

FIGURE 8
Industry And Mobile And Marketing Budget

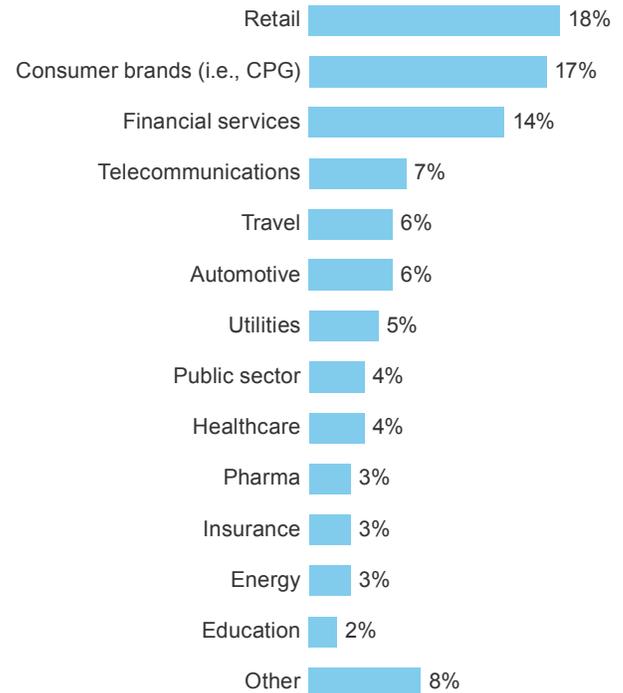
“What is your approximate yearly budget for mobile advertising in 2014?”



“What is your organization’s approximate US marketing budget for 2014?”



Industry



Base: 100 digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of 4INFO/Axiom, June 2014

Appendix C: Endnotes

¹ Source: “Create Marketing Your Customers Can Use,” Forrester Research, Inc., April 14, 2014.

² Source: “Forrester Research World Mobile And Smartphone Adoption Forecast, 2014 To 2019 (Global)”, Forrester Research, Inc.

³ Source: Forrester’s North American Technographics® Devices and Telecom Online Benchmark Recontact Survey, Q2 2013, Forrester Research, Inc. and “The State Of Consumers And Technology: Benchmark 2013, US,” Forrester Research, Inc., January 29, 2014.