

A Forrester Consulting  
Thought Leadership Paper  
Commissioned By Marketing Evolution  
September 2018

# The Current State Of Marketing Measurement And Optimization

How And Why Organizations Are Re-Evaluating  
Their Marketing Measurement To Achieve  
Business Goals

# Table Of Contents

- 1** Executive Summary
- 2** In A Post-Digital World, Marketers Need Timely, Accurate, And Granular Data
- 3** Marketers Have Made Progress On Data Initiatives, But They Must Make More
- 8** Person-Level Data Can Help Propel Marketing And Business Priorities Forward
- 13** Key Recommendations
- 14** Appendix

**Project Directors:**

Nick Phelps,  
Senior Market Impact Consultant,  
and Sophia Christakis,  
Market Impact Consultant

**Contributing Research:**

Forrester's B2C Marketing  
research group

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit [forrester.com/consulting](https://forrester.com/consulting).

© 2018, Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to [forrester.com](https://forrester.com). [1-163Y12J]

# Executive Summary

Marketers must evolve their attitude away from passively reviewing post-campaign reports toward actively analyzing results for the purpose of guiding future plans. And the stakes will only continue to rise in the age of the customer, as empowered customers develop an expectation of seamless, real-time, and relevant brand experiences and content across all touchpoints.<sup>1</sup>

In Spring 2018, Marketing Evolution commissioned Forrester Consulting to evaluate the state of person-level data adoption among marketers. Forrester conducted an online survey with 200 respondents and conducted five interviews with decision-makers in marketing, advertising, and customer insight roles at US organizations to explore this topic. We found that organizations understand they must master customer data at the person-level, yet challenges, including disconnected marketing measurement and optimization approaches, are holding many firms back from realizing the chief benefits of person-level data.

## KEY FINDINGS

- › **Customer obsession must drive strategy and be driven by customer data.** Organizations are focused on business objectives like growing revenue and addressing rising customer expectations, as well as on marketing objectives like increasing brand influence and reach and driving more efficient marketing ROI. Executing against these initiatives requires that firms leverage timely, accurate, and highly granular customer data.
- › **While marketers are making progress, more work is required to master customer data goals.** While it's encouraging that seven in 10 are looking to expand their existing customer data capabilities, 72% are struggling to connect their marketing tools into a more cohesive approach. Furthermore, less than one third of marketers are able to meet all the standards of a mature marketing measurement practice.
- › **A person-level data approach will help drive marketing excellence.** Organizations that use person-level data perform better on their business and marketing goals and show stronger revenue growth than firms who do not. Furthermore, what differentiates organizations today will become a business requirement in the near future. Eighty-four percent of respondents agree that rising customer expectations will make person-level data a critical capability within five years.



The age of the customer is a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers.

# In A Post-Digital World, Marketers Need Timely, Accurate, And Granular Data

To grow, businesses must engage customers through lasting and profitable relationships. But serving today’s empowered customers is harder than ever. As they embrace web, mobile, and social technologies, the lines that once separated their offline and digital experiences have blurred. These digital interactions have raised the bar for businesses that now must remove friction across a variety of touchpoints. But digital channels also leave a trail of valuable data that can be used to drive more meaningful customer moments, which, in today’s post-digital world, must go beyond traditional personalization. Instead, marketers must deliver both personalized and contextual experiences in their customers’ exact moment of need — and do so at scale.<sup>2</sup>

To execute on this vision, organizations must put the customer — not the products — at the center of all decisions. They need to fully understand the complex journey of their customers and find ways to deliver across those journeys holistically. Success hinges on their access to — and ability to act on — timely, accurate, and increasingly granular data. Decision makers in our study recognize these needs and are placing a high priority on developing customer- and data-focused capabilities across both business and marketing use cases (see Figure 1).

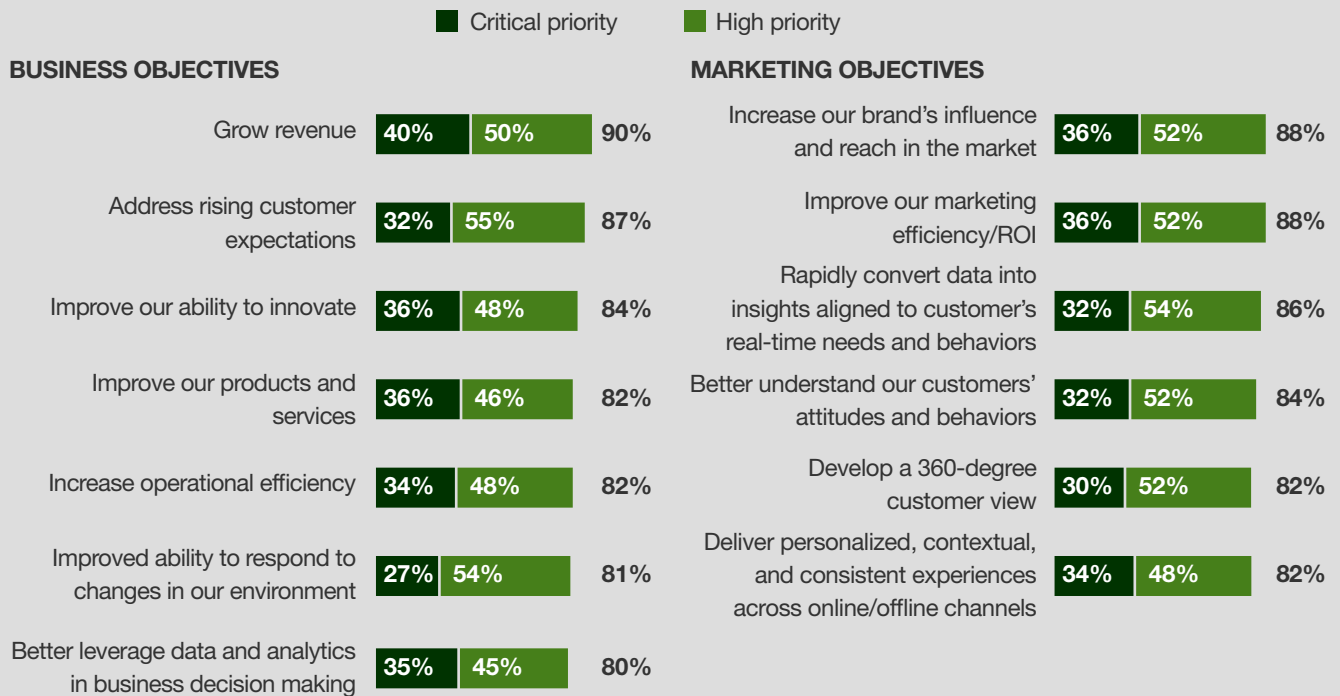
“Being able to better mine, understand, and utilize data in a meaningful way will be a requirement over the next five years. The consumer is getting smarter, and the marketer needs to get smarter with them. That can only be done through data.”

*VP of marketing, financial services*



**Figure 1**

“What priority is your organization placing on the following objectives over the next 12 months?”



Base: 200 professionals with responsibility or influence over their firm’s marketing, advertising, or customer insight strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018

# Marketers Have Made Progress On Data Initiatives, But They Must Make More

Companies have made real progress on initiatives to support their customer and data goals. Over 70% have already implemented or are expanding efforts to enhance existing customer data with external sources, create a repository, and invest in business-friendly, self-service data systems.

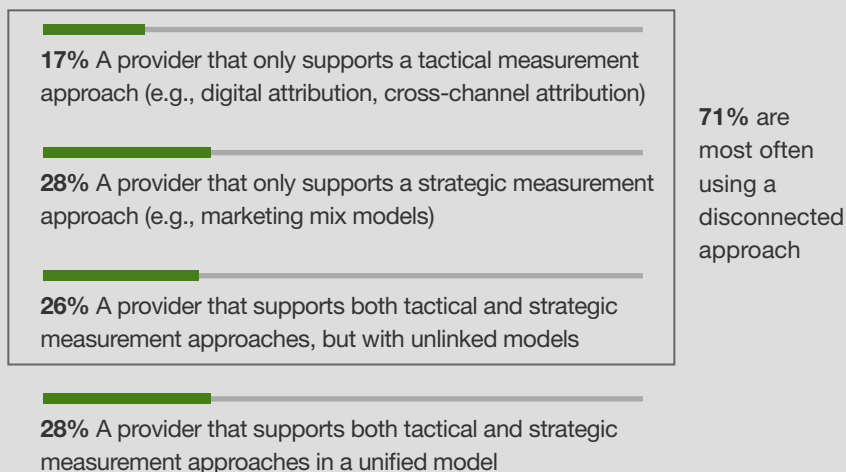
While these efforts are encouraging, a closer look at respondents' marketing measurement techniques and maturity signals that marketers have more work to do to catch up with the needs of a post-digital environment. Seventy-one percent of respondents are most often using disconnected measurement tools, i.e., either a provider that only supports a tactical approach (focused on better understanding the audience through attribution), one that only supports a strategic approach (where insights are turned into decisioning and action as in a marketing mix model), or one that offers both approaches but through unlinked models (see Figure 2). Optimizing marketing effectiveness will be difficult without a unified marketing measurement foundation.

Marketers need unified tools that:

- › **Provide a holistic view of marketing impact.** Marketers are under pressure to understand and optimize their decisions in an environment of expanding media choices and consumer touchpoints. To do that, they need one source of truth about performance across channels. Tools that link top-down and bottom-up marketing actions allow for more complex analyses, including those focused on understanding cross-channel effects and customer journeys.

Figure 2

“What type of provider does your organization rely on the most to support your marketing measurement/optimization initiatives?” (Select one)



Base: 200 professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018



Unified marketing measurement is a blend of statistical techniques that assigns business value to each element of the marketing mix at both the strategic and tactical level.

- › **Support agility.** To reach customers in their moment of need, marketers need access to real or near real-time data and tactical insight. Only then can they identify opportunities for action and ways to make mid-course corrections to campaigns already in flight.
- › **Offer future-focused guidance.** Marketers need data-backed rationale for making strategic marketing investments. Access to models that use data from past campaigns to predict which marketing actions are most likely to yield the desired customer response, or to forecast the effects of changes in spending, are invaluable for optimizing marketing budgets and resources.<sup>3</sup>

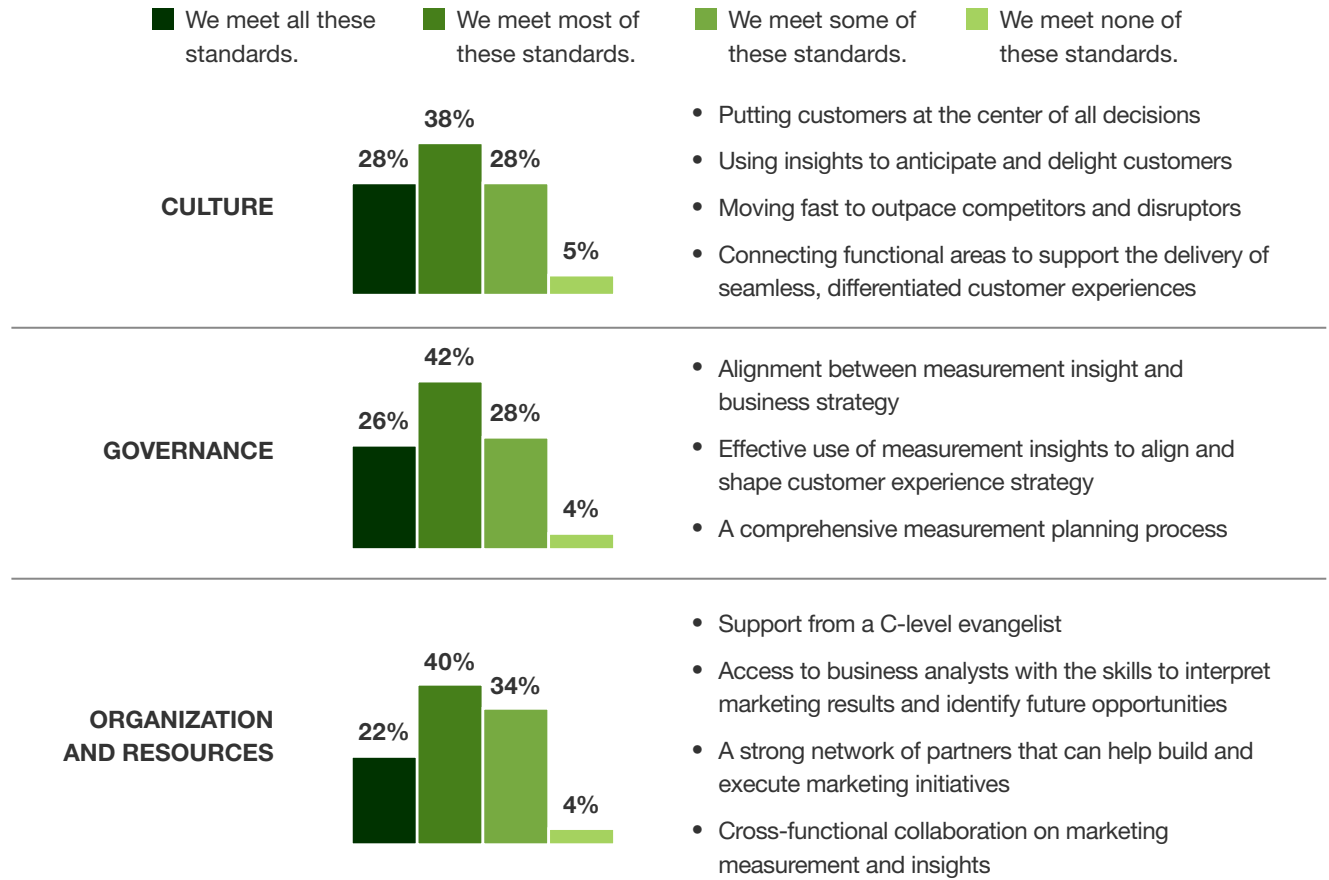
### **TO TAKE ADVANTAGE OF UNIFIED APPROACHES, MARKETERS MUST DEVELOP THEIR MEASUREMENT MATURITY**

To evolve to a unified measurement approach, companies must develop six competencies that Forrester considers important to customer centricity and measurement maturity (see Figure 3):

- › **Culture.** Company culture must promote customer-focused philosophies, including putting customers at the center of decisions and delivering seamless, differentiated experiences.
- › **Governance.** Governance involves using measurement to understand the impact of aligned marketing strategies through a comprehensive planning process.
- › **Organization and resources.** The support a firm has from within, across, and outside to effectively manage and execute a measurement framework is key to executing on marketing initiatives.
- › **Technology and data.** Companies need modern, self-service infrastructure to accurately manage, measure, and share insights across channels, campaigns, and teams.
- › **Measurement.** To ensure standards are met in both the short and long term, companies need advanced models that can measure leading, diagnostic, and outcome-focused metrics.
- › **Optimization and activation.** Marketers need a feedback mechanism powered by predictive models that informs future marketing budgets, media planning, and marketing strategy.<sup>4</sup>

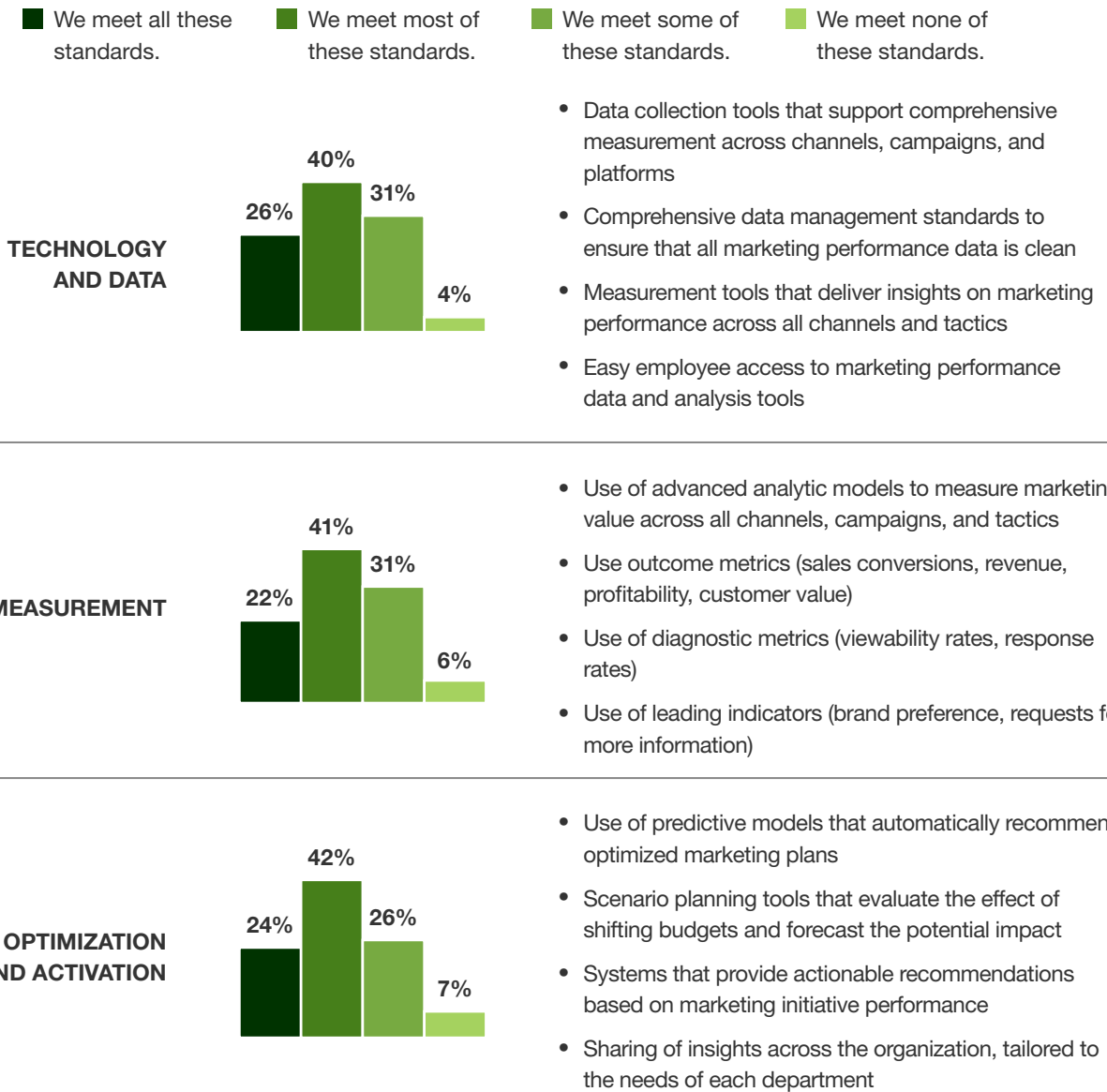
**Figure 3: Fewer Than One Third of Organizations Meet Maturity Competency Standards**

“Please rate the extent to which your firm is meeting the standards associated with each of these marketing measurement areas.”



Base: 200 professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy  
 Note: Respondents that had implemented the greatest number of standards were classified as mature.  
 Data Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018  
 Content Source: “Evaluate Your Marketing Performance Measurement Maturity,” Forrester Research, Inc., August 16, 2017

**Figure 3: Fewer Than One Third of Organizations Meet Maturity Competency Standards (Cont.)**



Base: 200 professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy

Note: Respondents that had implemented the greatest number of standards were classified as mature.

Data Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018

Content Source: "Evaluate Your Marketing Performance Measurement Maturity," Forrester Research, Inc., August 16, 2017



Fewer than a third of respondents meet all the standards associated with any one of these six competency areas. The greatest areas of development center on measurement and organization and resources (just 22% are meeting all associated maturity standards for either area), followed by optimization and activation (just 24% meet all the associated standards). While few meet these high standards today, efforts to develop maturity pay off. Mature firms in our study were 14 percentage points more likely to have experienced at least 15% revenue growth in 2017, compared to their less mature peers. Mature firms were also 27 percentage points more likely to say they had fully met all of their business objectives (see Figure 4).

**Figure 4**

**Measurement-mature firms perform better than their less mature peers**

**Percent of firms that experienced 15% or more revenue growth in the prior fiscal year:**

**Percent of firms that fully met all their business objectives in the prior fiscal year:**



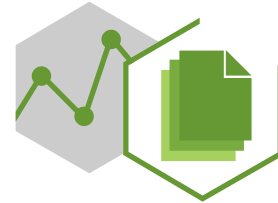
Base: 200 professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018

# Person-Level Data Can Help Propel Marketing And Business Priorities Forward

Measurement-mature companies also report greater adoption of an emerging approach built on a unified measurement foundation: person-level data. Person-level data seeks to optimize every interaction at the user level by collecting and assigning data from any source to an individual consumer. Through this more granular data, marketers can conduct analyses at the user level (rather than just the aggregate) to address a variety of business questions, challenges, and opportunities. Forty-two percent of decision makers in our study report using a person-level approach, and 99% of nonusers express plans or interest in person-level adoption.

Single-channel ad technologies and organizational structures have historically inhibited companies from identifying individuals across touchpoints. However, as more companies mature their marketing measurement techniques and adopt unified tools, measurement will trend closer to a person-based approach, and siloed customer insight will become a relic of the past.<sup>5</sup>

Person-level users and nonusers in our study recognize the opportunity. A large majority (80% or more) say that access to person-level data would either “improve” or “significantly improve” their ability to execute on the initiatives they describe as high-priority, especially their ability to better leverage data and analytics in business decision making, in growing revenue, and in addressing the rising customer expectations (see Figure 5).



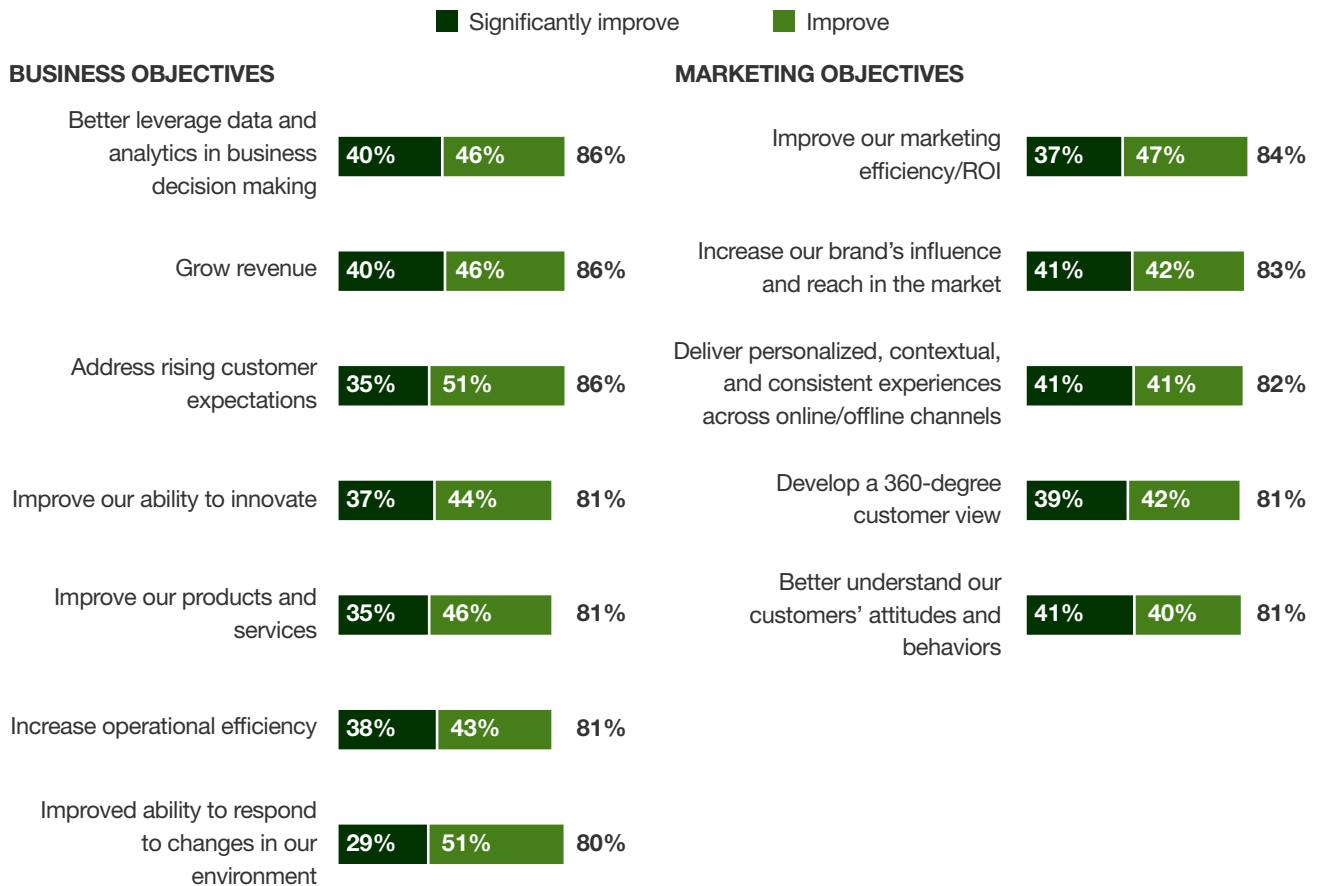
**99% of nonperson-level data users are interested in using a person-level data approach today.**



**Person-level data seeks to optimize every interaction at the user level by collecting and assigning data from any source to an individual consumer.**

**Figure 5**

**“To what degree would access to person-level data help you accomplish these objectives?”**



Base: variable; professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018

While all firms appreciate the potential of person-level data, those that have already adopted a person-level data strategy are even more likely than nonusers to associate key benefits with the approach (see Figure 6).

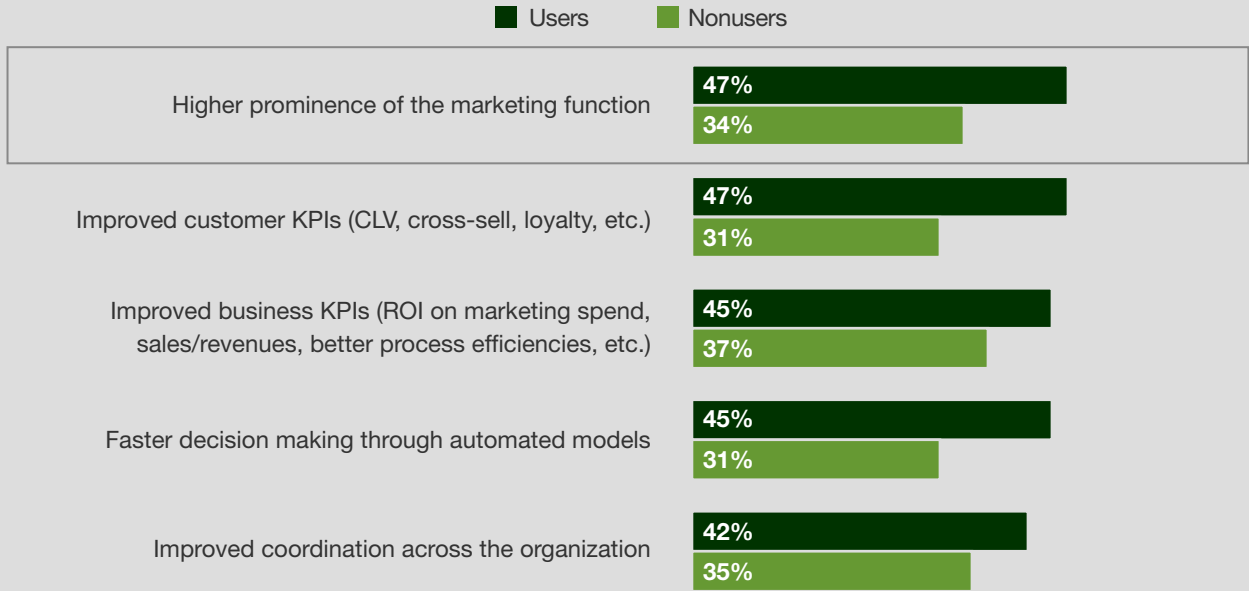
Forty-seven percent of users say they have either already realized, or expect to realize, improved customer KPIs (e.g., customer lifetime value, cross-selling opportunities, and loyalty) through person-level data adoption; 45% also list faster decision making as a realized or expected benefit. Apart from the customer and business benefits, person-level data users also see value for the marketing department: Forty-seven percent believe that person-level data has the potential to elevate the prominence of the marketing function.

**COMBAT DATA MANAGEMENT CHALLENGES TO ADVANCE PERSON-LEVEL DATA ADOPTION**

Most decision makers recognize the value of a person-level data strategy and are prioritizing efforts that move them closer to this goal. However, few have attained it thus far. To lead in the person-level data race, organizations will need to manage a variety of challenges that can slow progress (see Figure 7).

**Figure 6**

**“Which of the following benefits have you realized, or do you expect to realize, as a result of using person-level data as part of your marketing strategy?”** (Select all that apply)



Base: variable; professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018

**Figure 7**

**“Which of the following are barriers to executing a marketing strategy powered by person-level data?”**  
 (Select all that apply)



Base: 200 professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018

Decision makers list managing data and cross-silo organization among their top challenges. Data integration was the most frequently cited barrier to the person-level adoption. To manage the added complexity a person-level approach brings, organizations need automation. Organizations lacking proper data integration will find that automation (and in turn, the requisite speed and scale needed to compete) will be difficult to achieve.

While these are very real challenges to overcome, respondents indicate that person-level data can be applied to solve other top concerns that have come to light in the advertising industry in recent years. They describe customer data privacy (72%), wasted media spending (66%), data quality/hygiene (65%), and issues with ad fraud and/or viewability (60%) as “extremely” or “very” concerning. Yet, these concerns only increase the appeal of person-level data: 69% or more indicate that their level of concern over these areas has made them more likely to adopt a person-level approach. More accurate, granular data provides an easier path to privacy compliance, marketing ROI calculation, and combating media quality issues.

### PREPARE NOW FOR THE PERSON-LEVEL DATA FUTURE

As technology continues to ramp up, the basis on which businesses compete will shift. Future success will hinge on the ability to use customer profiles to deliver contextual experiences across customer journeys that are unique to each organization — a truly differentiated asset.<sup>6</sup>

Respondents recognize that this shift is underway: Eighty-four percent agree that, over the next five years, customers’ expectations around personalized and contextual experiences will make person-level data business-critical. Furthermore, a reactive approach won’t cut it. Not only do 81% agree that businesses in their industry will have already adopted or be actively adopting a person-level data strategy in this five-year period, as many as 88% say that competitive pressure will force adoption on those that don’t actively pursue it on their own.

### MARKETING WILL LEAD THE PERSON-LEVEL DATA CHARGE BUT IT WILL SHARE THE BENEFITS

Those in our study that have not yet used person-level data are most likely to see IT as the ideal owner of such an approach. However, those already using person-level data say that the marketing function is most likely to have primary ownership. Marketers’ history of working with customer data makes them uniquely positioned to drive person-level data strategies at organizations. Professionals we interviewed agree that their organization would benefit from having their marketing function spearhead this effort, but they see value in expanding ownership to include IT in the near future.

While marketing will be closest to person-level data in many cases, the benefits of person-level data will have a ripple effect to other areas of the business.<sup>7</sup> Eighty-eight percent agree that person-level data will expand beyond marketing in the years to come, allowing companies to make a wide range of business decisions with the customer at the center. At user firms, person-level data is already being used to inform client service (63%), sales (45%), strategic planning (39%), product management (39%), and finance (39%) decisions, among others.



More than eight in 10 firms agree that person-level data will become business-critical over the next five years.

“It would be beneficial for person-level data to be led by marketing. They understand what data is important, how it needs to be processed and stored and to build programs associated with retention, upsell, cross-sell, customer satisfaction, and experience.”

*VP of marketing, financial services*



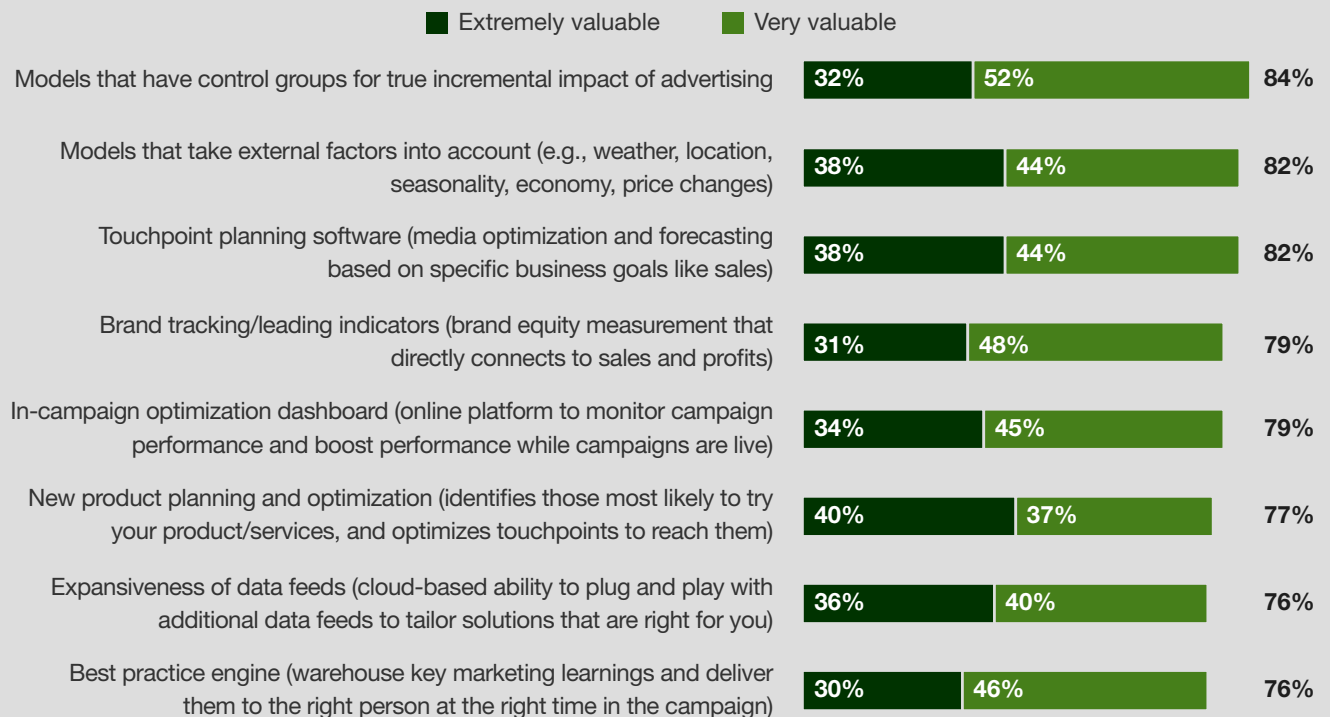
## PARTNERS CAN REDUCE THE PERSON-LEVEL ADOPTION BARRIER

While firms must overcome a range of challenges, partners can ease and accelerate their efforts. Sixty-percent of respondents in our study are already working with an external partner for data or analytics support. Partners that support a unified marketing measurement approach (on which a successful person-level data strategy can be built) can ease and accelerate their efforts — though marketers are only likely to find themselves ready for such an approach once they have mastered (and understood the shortcomings of) attribution and marketing mix modeling.<sup>8</sup> Forrester’s research of marketing measurement vendors has found that, overall, these vendors have strong capabilities with acquiring and normalizing data and with implementing projects in a reasonable time frame with minimal involvement from IT. In fact, many of these offerings have become commoditized.<sup>9</sup>

Partners that supplement their platform with strategic marketing and business consulting services can provide expertise and support. Other differentiated features to look for include scenario planning tools, dashboards, models that take nonmarketing effects (price changes, economy, weather, etc.) into account, and tools that can help optimize campaigns in-flight.<sup>10</sup> Respondents in our study placed a high value on these and other related features in a marketing optimization solution (see Figure 8).

Figure 8

“How valuable are the following features in a marketing optimization solution”?



Base: 200 professionals with responsibility or influence over their firm's marketing, advertising, or customer insight strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018

# Key Recommendations

The increasing prominence of digital channels in consumers' lives, and the transformation of analog channels like TV and outdoor advertising, foretell a future where more person-level data will be available for more individuals. Growing privacy concerns and the likelihood of new laws and regulations make it more important to carefully manage this data and demonstrate permission to use it. Some firms already grasp this and are leaping ahead of the market. And the time has come for others to speed up their efforts.

Forrester's in-depth survey of marketing, advertising, and customer insight about person-level data yielded several important recommendations:



## **Assess your firm's readiness to evolve toward a person-level data strategy.**

A person-level data strategy is about much more than technology, requiring transformation of many dimensions of how companies operate today. Assess your firm's strengths and weaknesses in these dimensions to prioritize where to invest today and to plot a course to mature over the next three years.



**Chart the person-level data path for your company.** No two companies have the same target customers, brand position, competitive environment, and operating model, so, how a person-level data strategy can benefit your firm will be different from how it can benefit your competitors. Developing a vision of this future is essential in helping your firm define what data it will need, what analytic skills are critical, and what partners you will need support from in order to achieve it. Don't stop with just articulating a vision though. Build support across the organization both by incorporating others' ideas and showing them the potential benefits they will derive from this transformation.



**Align current partners with tomorrow's needs.** Your firm no doubt has a roster of agencies, consultants, and technology platforms built up to manage the challenges of today's marketing challenges. Moving to a person-level world will require new skills that these partners may or may not have. Take a cold-eyed look at the skill set these partners represent to identify gaps and emerging needs. Be prepared to have direct, honest conversations with these partners about your needs and expectations of them in the future to determine if they can evolve with you. If not, look for new partners to either supplement or replace them with the skills you need.



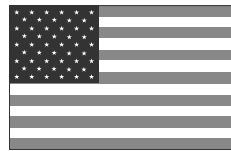
**Build out your skills.** While firms will still need specialists in channels, data, and analytics, tomorrow's leaders will have fluency across all these areas and be able to take on the challenging task of coordinating these different disciplines. Look ahead at your career path and identify gaps you need to fill to be one of these future leaders. Then identify opportunities to collaborate informally across these areas, volunteer to join cross-function teams your company forms or talk to your boss about rotating through another functional area to give yourself hands-on experience.

# Appendix A: Methodology

In this study, Forrester conducted an online survey of 200 organizations in the US to understand their marketing priorities and approach, as well as their awareness and interest in adopting person-level data for marketing measurement and customer engagement. The quantitative research was supplemented with five qualitative interviews meeting the same criteria as the online survey. Survey participants included decision makers in marketing, advertising, and customer insight roles. Respondents were offered a small incentive as a thank you for their time. The survey fielding and interviews began in March 2018 and were completed in April 2018.

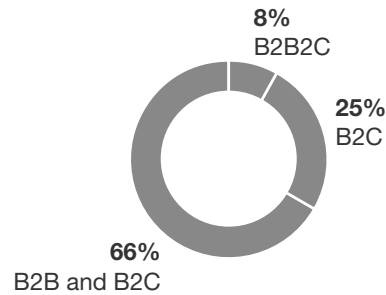
# Appendix B: Demographics/Data

“In which country are you located?”

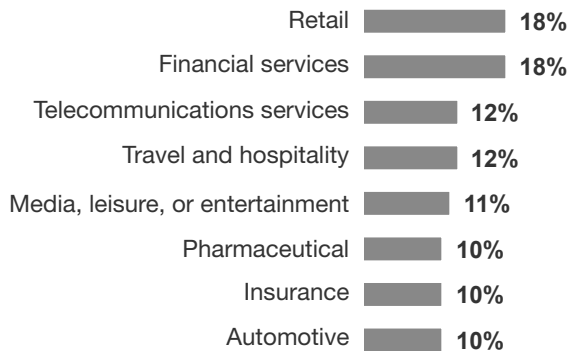


US 100%

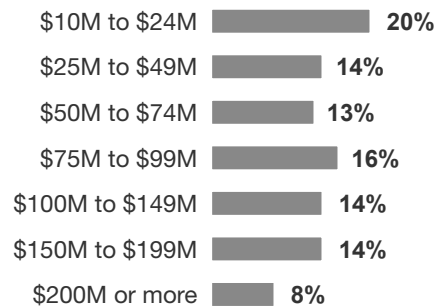
“Which of the following best describes your company’s selling model?”



“Which of the following best describes the industry to which your company belongs?”



“Using your best estimate, how much does your organization spend on advertising (digital and offline) annually?”



Base: 200 professionals with responsibility or influence over their firm’s marketing, advertising, or customer insight strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marketing Evolution, March 2018



# Appendix C: Supplemental Material

## RELATED FORRESTER RESEARCH

- “Evaluate Your Marketing Performance Measurement Maturity,” Forrester Research, Inc., August 16, 2017.
- “Marketing’s Data-Driven Future Demands Unified Measurement,” Forrester Research, Inc., January 26, 2017.
- “Vendor Landscape: Marketing Measurement And Optimization Solutions,” Forrester Research, Inc., June 14, 2017.

## Appendix D: Endnotes

- <sup>1</sup> Source: “Embrace A Unified Marketing Measurement Standard,” Forrester Research, Inc., July 2, 2018.
- <sup>2</sup> Source: “The Next Generation Of Enterprise Marketing Technology,” Forrester Research, Inc., September 12, 2017.
- <sup>3</sup> Source: “The Forrester Wave: Marketing Measurement And Optimization Solutions, Q2 2018,” Forrester Research, Inc., April 16, 2018.
- <sup>4</sup> Source: “Evaluate Your Marketing Performance Measurement Maturity,” Forrester Research, Inc., August 16, 2017.
- <sup>5</sup> Source: “Marketing’s Data-Driven Future Demands Unified Measurement,” Forrester Research, Inc., January 26, 2017.
- <sup>6</sup> Source: “The Next Generation Of Enterprise Marketing Technology,” Forrester Research, Inc., September 12, 2017.
- <sup>7</sup> Source: “Marketing’s Data-Driven Future Demands Unified Measurement,” Forrester Research, Inc., January 26, 2017.
- <sup>8</sup> Source: “The Forrester Tech Tide™: Martech For B2C Marketers, Q2 2018,” Forrester Research, Inc., April 5, 2018
- <sup>9</sup> Source: “The Marketing Measurement Action Gap,” Forrester Research, Inc., December 21, 2017.
- <sup>10</sup> Source: “Vendor Landscape: Marketing Measurement And Optimization Solutions,” Forrester Research, Inc., June 14, 2017.