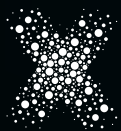


MEASURING SUCCESS

A Global Study of How
Marketers Prove the Value of
Their Digital Media Investments

NOVEMBER 2018



XAXIS

THE OUTCOME
MEDIA COMPANY



INTRODUCTION

We surveyed almost 5,000 marketers responsible for digital media spend across 16 key global markets and unearthed some real insight into how our industry thinks about digital media success measurement and its priorities over the next 12-24 months.

What these findings make clear is that, while marketers are comfortable using the straightforward metrics they have today, they hunger for new ways to measure their efforts to understand the real effect their media placements have on their business. This helps to explain why an overwhelming majority of marketers are aware of and expect to increase their investment in 'outcome-driven media' in the coming years.

The results show significant variation across territories, industries, and level of digital media investment, but also suggest that marketers across the globe are united in their desire to constantly improve how they understand and demonstrate the value of their efforts. They also suggest that those partners willing to invest talent, data, and technology into delivering the outcomes that brands truly value will gain significant advantage.

—**Nicolas Bidon**
Global CEO, Xaxis

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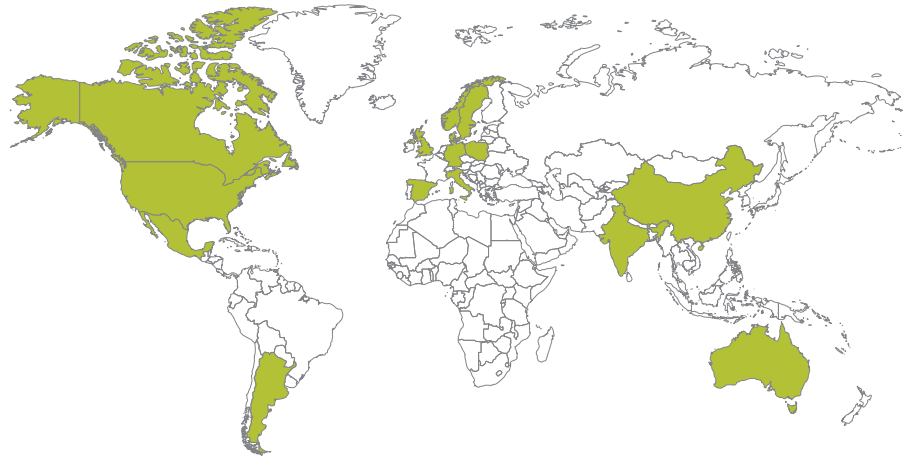
METHODOLOGY

The 2018 Outcome-Driven Media Survey was conducted for Xaxis by Censuswide, a leading market research consultancy.

The research was conducted between Sept. 14 and Oct. 4, 2018.

Censuswide employs members of the Market Research Society and abides by the ESOMAR principles.

This study was an online, quantitative survey containing 11 questions. 4,798 verified Senior Digital Marketing Managers were polled across 16 markets, including:



United States
United Kingdom
Germany
Italy

Spain
Argentina
Australia
Canada

China
Denmark
India
Mexico

Norway
Poland
Singapore
Sweden



EXECUTIVE SUMMARY

- > The most commonly used metrics for evaluating the effectiveness of digital advertising investment globally are CPA, CPCV, CPC, and CTR, with significant variation across different markets and industries.
- > The vast majority of marketers surveyed (86%) found their current metrics to be effective in evaluating the success of their campaigns but those in Europe and Latin America were least likely to be satisfied.
- > The majority of respondents (72%) said they are likely to change the metrics they use to evaluate success in the near future. This was most significantly true for marketers at companies investing more than \$21 million in digital media.
- > Digital marketers at large advertisers said the most significant barrier to making that change was that current metrics are too embedded with industry partners.
- > 71% of marketers agree it has become more difficult to evaluate the effectiveness of digital media investment in recent years, particularly marketers in the huge and fast-growing markets of India and China.
- > Increased efficiency tops the list of media investment priorities for digital marketers over the next 12 months but strategy alignment, resource allocation, and viewability also feature strongly and there is large variation across different territories and industries.
- > Eight out of ten marketers agree it is essential for digital campaigns to directly correlate to business results and that the ability to meet business objectives has a positive impact on the marketing budget. The same proportion agree this correlation gave them a competitive advantage.
- > 77% of marketers said they analyze all media activity in-house.
- > 79% of digital marketers at organizations with an annual digital media investment of \$25 million or more use custom KPIs to measure success.
- > 86% of marketers surveyed said they intended to increase their investment in 'outcome-driven media' in the next 12-24 months and 79% said they would seek to work with partners that could help them do so.

1 SUCCESS MEASUREMENT TODAY

A. THE MOST-USED METRICS

In our survey, the most popular metric globally for evaluating digital spend was cost per acquisition (CPA), with 20% of respondents citing it as their primary metric, followed closely by cost per completed view (CPCV), cost per click (CPC), and click-through rate (CTR) (see figure 1). This was especially true in e-commerce-focused sectors like Arts & Culture where more than a quarter (27%) of respondents said CPA was their chief success metric, the most in our survey.

However, in sectors where online transactions are less prevalent, other metrics took priority. For example, only 15% of those working in the legal sector said CPA was their most-used metric, with 32% citing click-through rate (CTR) instead (figure 2).

At a market level, Denmark and Norway were the strongest supporters of CPA, with 35% and 33%, respectively, choosing this as their most-used metric for measuring the effectiveness of campaigns (figure 3). The biggest supporter of CPCV, meanwhile, was Italy, with 35% choosing it as their preferred metric.

FIGURE 1

Q1: What method do you use most as a metric to evaluate the success of digital display media spend? (Select one)

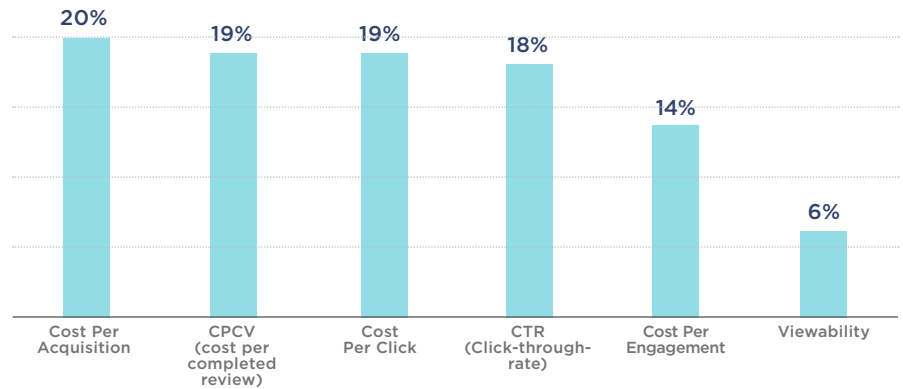


FIGURE 2

Q1. What method do you use most as a metric to evaluate the success of digital display media spend? (Select one)

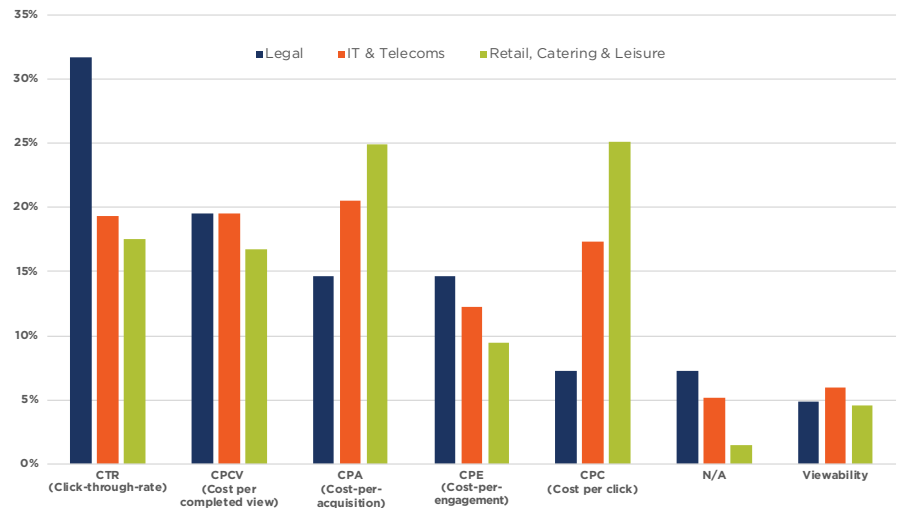


FIGURE 3

Q1: What method do you use most as a metric to evaluate the success of digital display media spend? (Denmark vs. U.S., China, U.K., Mexico)

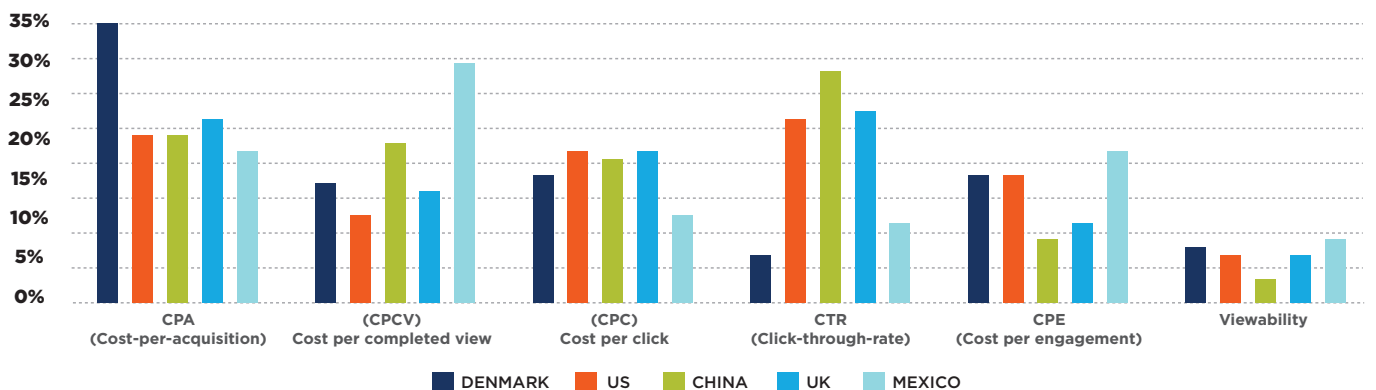
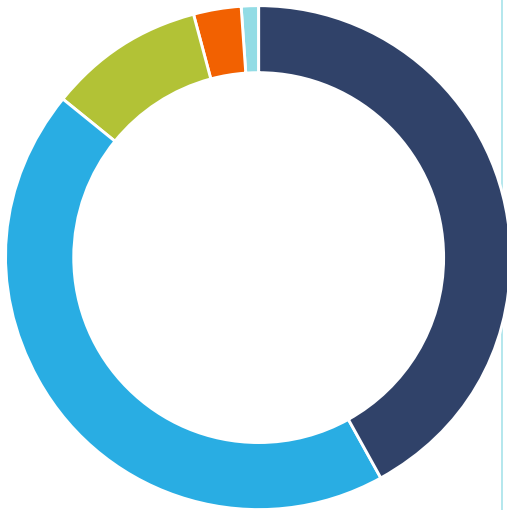


FIGURE 4

Q2: How effective do you consider your primary metric to be in evaluating the success of campaigns against strategic marketing goals? (select one)



42%
VERY EFFECTIVE

44%
SOMEWHAT EFFECTIVE

10%
NEITHER EFFECTIVE/
INEFFECTIVE

3%
SOMEWHAT INEFFECTIVE

1%
VERY INEFFECTIVE

B. MEASUREMENT EFFECTIVENESS

Across our survey, marketers said that the metrics they use are either very (42%) or somewhat (44%) effective in “evaluating the success of campaigns against strategic marketing goals.” Just 4% said they found them to be somewhat or very ineffective (figure 4).

IT & Telecoms marketers were the most likely to say they found their current primary metric to be very effective, while marketers in Retail, Catering, & Leisure were a full 20 percentage points lower in their assessment. (figure 5).

Marketers in India were by far the most likely to say they found their primary metric very effective (75%), significantly more than those based in North America (44%), Latin America (37%), or Europe (31%). Marketers in Latin America and Europe were the least likely to be pleased with their current metrics; 23% of marketers in those regions said they found their primary metric to be neither ineffective or effective, somewhat ineffective, or very ineffective (figure 6).

FIGURE 5

Q2. How effective do you consider your primary metric to be in evaluating the success of campaigns against strategic marketing goals? (Very effective)

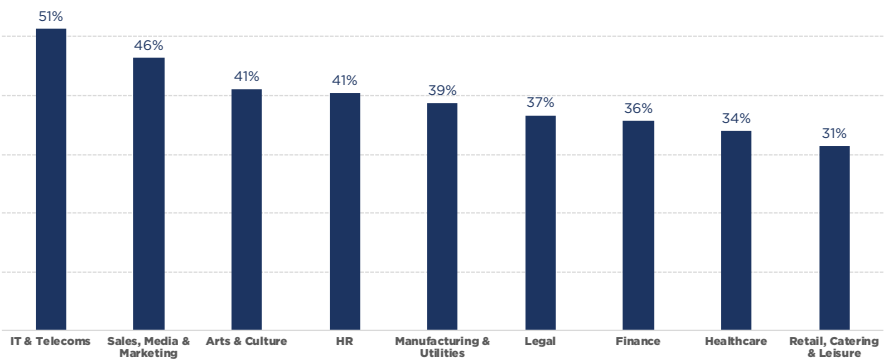
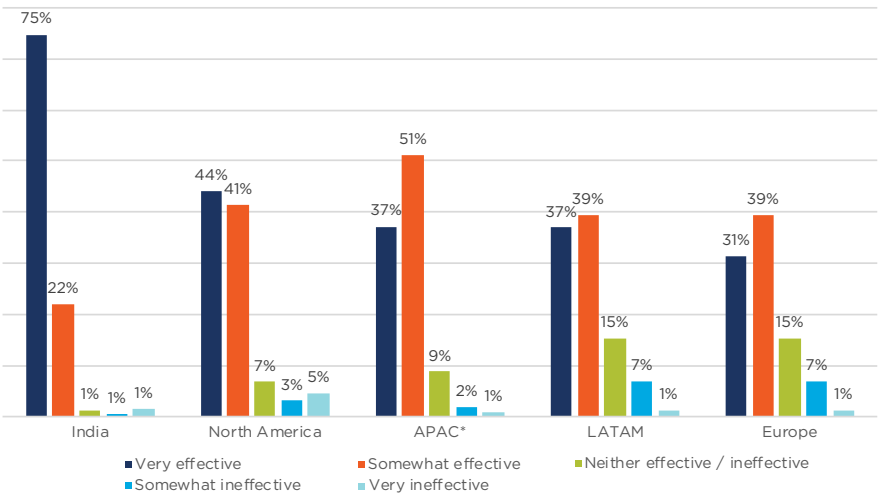


FIGURE 6

Q2. How effective do you consider your primary metric to be in evaluating the success of campaigns against strategic marketing goals? (Regional comparison - averages)



*APAC does not incorporate data from India

C. LIKELIHOOD OF CHANGE

Paradoxically, while respondents said they found their current metrics very or somewhat effective, a significant majority (72%) said they were very or somewhat likely to change the primary metrics they used to evaluate success against strategic marketing goals over the next 12-24 months (figure 7).

It was those marketers from organizations with the largest annual digital spend — more than \$25 million — who were most likely to say they were very likely to change. In fact, they were the only majority group, with nearly 52% saying they were very likely to do so (figure 8). This might reflect the greater need to prove impact at larger companies, as well as greater ability to resource change.

Marketers in the two burgeoning markets of India and China were the most likely to say they were very or somewhat likely to change their primary metric (92% and 84%, respectively), followed by those in Spain (80%). These were well above the average among other countries, which came in at 63% (figure 9).

FIGURE 7

Q3. How likely are you to change the primary metric you use in evaluating the success of campaigns against strategic marketing goals over the next 12-24 months? (Select one)

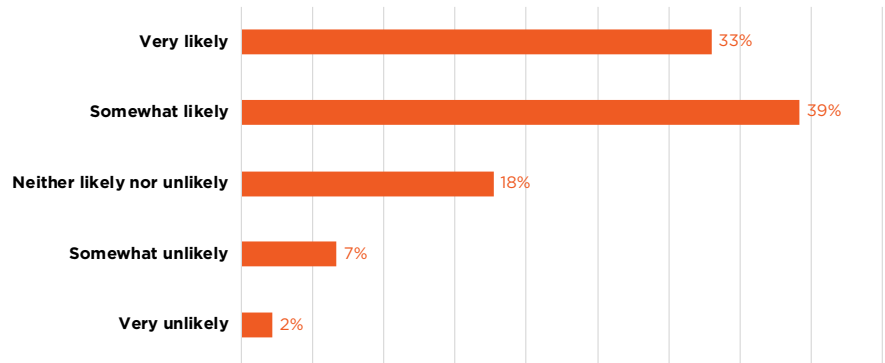


FIGURE 8

Q3: How likely are you to change the primary metric you use in evaluating the success of campaigns against strategic marketing goals over the next 12-24 months? (by digital media spend — millions)

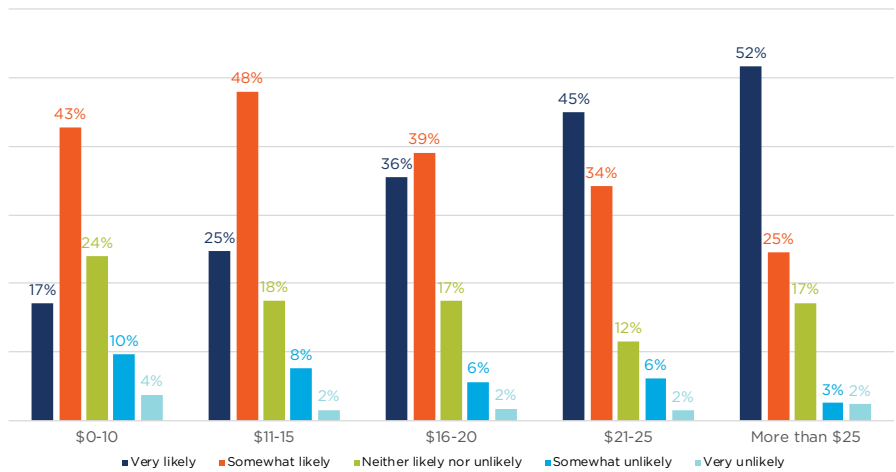
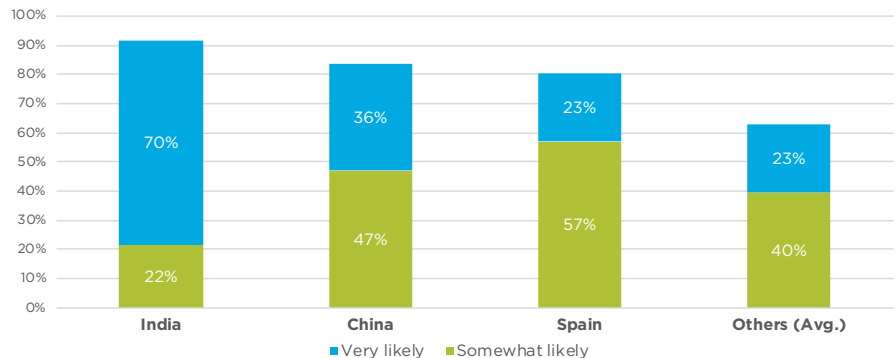


FIGURE 9

Q3. How likely are you to change the primary metric you use in evaluating the success of campaigns against strategic marketing goals over the next 12-24 months? (India, China, Spain)



2 CHANGE DRIVERS

A. BARRIERS TO CHANGE

When we asked marketers globally to identify their main barriers in changing how they evaluate their digital media investments, a plurality (24%) said they were more or less satisfied with the current metric they were using. The rest chose a wide range of reasons, from budgetary concerns (17%) to the fact that metrics are embedded with partners and in the industry (16%), as well as internally (14%) (figure 10).

Again, it was the marketers representing the largest media budgets who most said they were more or less satisfied with existing metrics (42%), even though this is the group also most likely to change their primary metric. This group cited the biggest barrier to change as being that current metrics are too embedded with external partners and the industry (16%) (figure 11).

This suggests that, for the largest advertisers, industry inertia can best be resolved through concerted efforts by its largest providers.

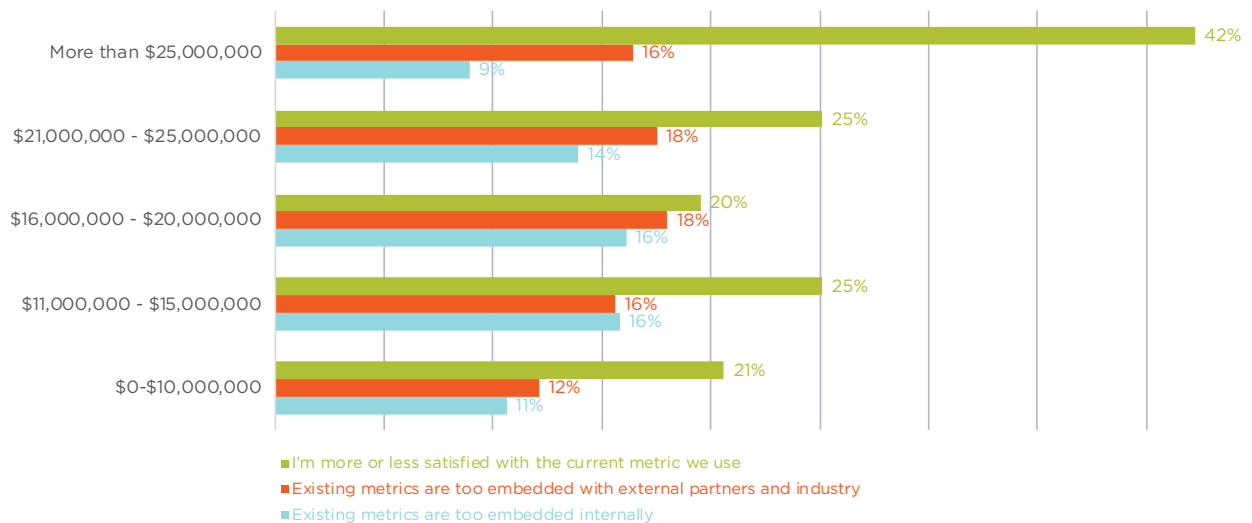
FIGURE 10

Q4. What would be the main barrier in changing how you currently evaluate digital media spend? (Select one)



FIGURE 11

Q4. What would be the main barrier in changing how you currently evaluate digital media spend? (by digital media spend)



B. INCREASED DIFFICULTY OF EVALUATING MEDIA SPEND

A majority of survey respondents said they agree strongly or somewhat that “Evaluating digital media spend has become more difficult over the past five years” (figure 12), with IT & Telecoms marketers and those in HR both most likely (42%) to strongly agree among the industries in our group (figure 13), followed closely by Legal (39%) and Arts & Culture (38%).

Meanwhile, marketers in India were by far the most likely market to strongly agree there is increased difficulty in measuring digital media (60%), again followed by China (42%), then Germany (41%), well ahead of the global average (33%) and nations such as Mexico and Poland (20%) (figure 14).

FIGURE 12

Q5.1: Evaluating digital media spend has become more difficult over the past five years

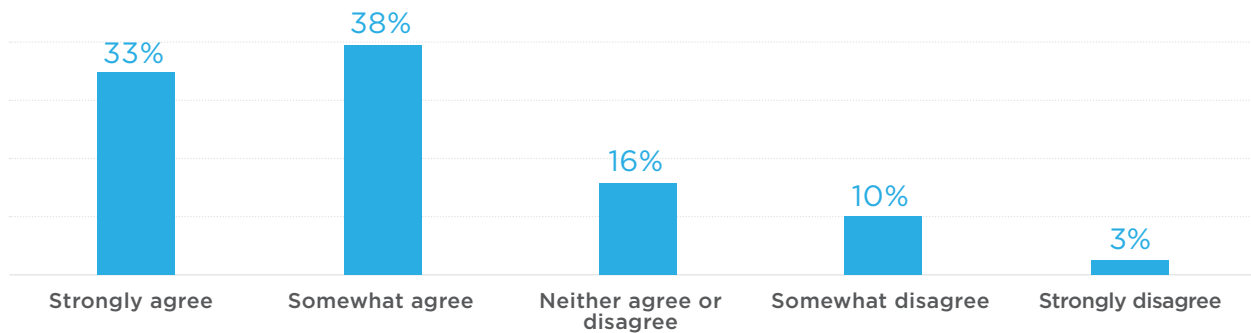


FIGURE 13

Q5.1: Evaluating digital media spend has become more difficult over the past five years (by industry, strongly agree)

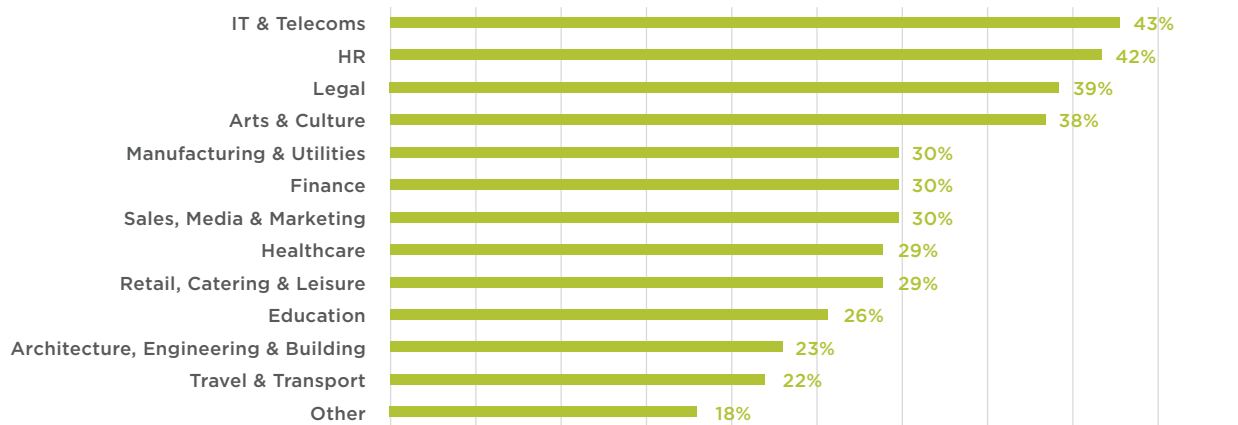
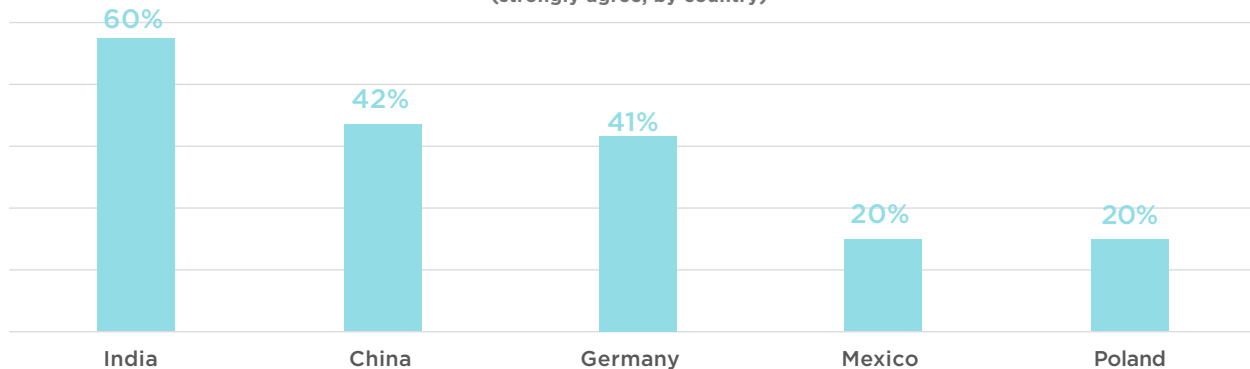


FIGURE 14

Q5.1: Evaluating digital media spend has become more difficult over the past five years (strongly agree, by country)



C. MARKETING EFFORTS AND BUSINESS PROGRESS

Between 77% and 81% of all survey respondents said they agreed somewhat or strongly with each of the following assertions, most of which indicated a strong preference for correlating marketing with business outcomes:



It is essential for digital campaigns to drive a direct correlation with business results (e.g. online and offline sales).



The ability to meet business objectives positively impacts my assigned marketing budget.



Understanding how media meets business objectives allows my organization to have a measurable advantage over competitors.



Existing metrics are a good way to assess the impact of digital media spend.



I analyze all media activity in-house.



64%

agreed strongly or somewhat with the statement,

“I rely on external partners to develop custom digital metrics and KPIs.”

“

A majority of survey respondents said they agree strongly or somewhat that “Evaluating digital media spend has become more difficult over the past five years.”

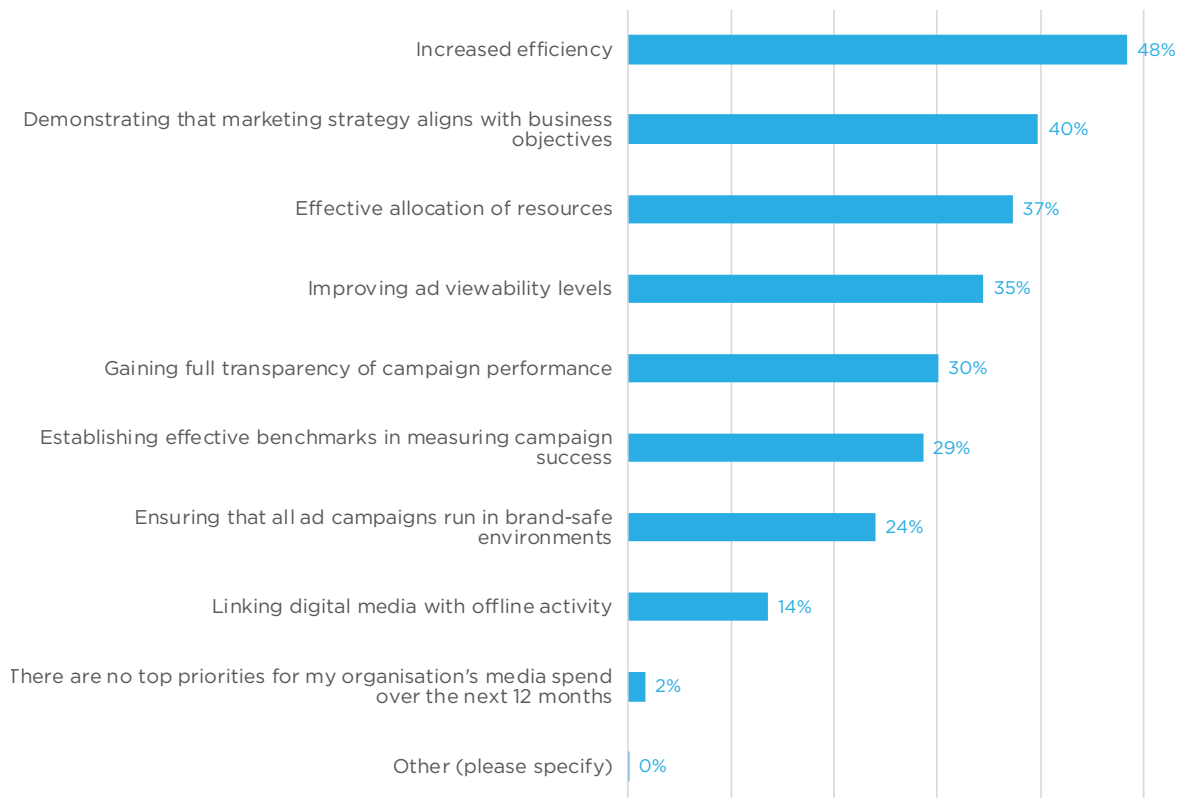
D. PRIORITIES

Asked to name their digital media top priorities for the next 12 months, the top answer by a clear distance – chosen by 48% of respondents – was “increased efficiency.” That was followed by “the ability to demonstrate that marketing strategy aligns with business objectives” (40%) and “effective allocation resources” (37%) (figure 15).

It seems apparent that connecting digital campaign impact with business success is a clear need, and that marketers want to own this process but rely on partners to help provide and make sense of campaign data. Meanwhile, “transparency of campaign performance” was the fifth-ranked priority in our survey (30%).

FIGURE 15

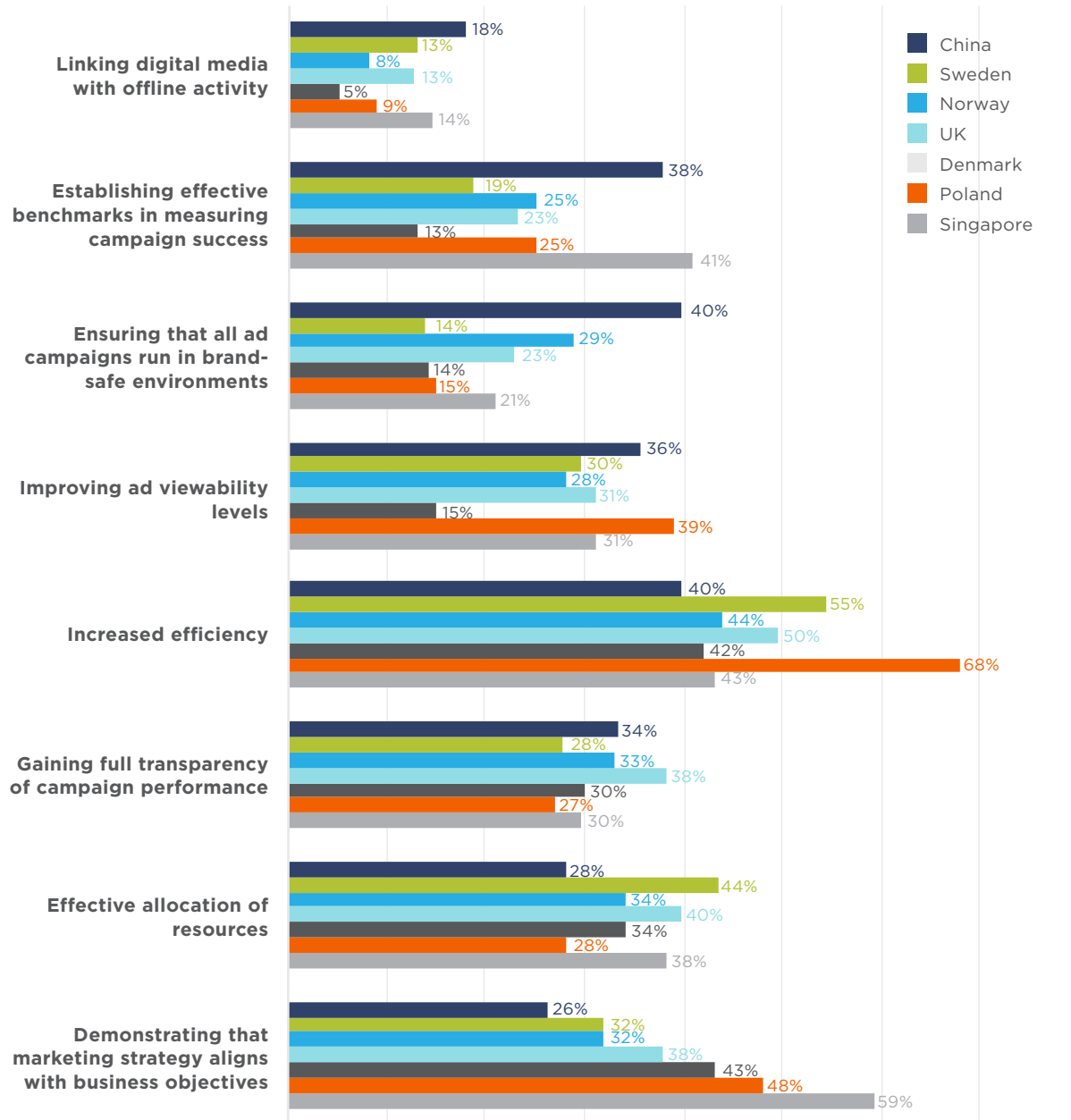
Q6. What are your top priorities for your organization’s media spend over the next 12 months? (Tick up to three)



The Travel & Transport and Education industries were especially strong in their desire for increased efficiency, both at 57% compared to 48% overall (figure 16). Marketers in Singapore prioritized “Demonstrating that marketing strategy aligns with business objectives” much more highly than the global average, with nearly 60% of their marketers citing it versus the average of 40%. China, meanwhile, was an outlier in the option of “Ensuring that all ad campaigns run in brand-safe environments.” There, that option tied with “Increased efficiency” for the top spot. That same concern ranked comparatively low for the UK and Nordic countries, with around 15% compared to an overall of 24%.

FIGURE 16

Q6. What are your top priorities for your organization's media spend over the next 12 months? (Tick up to three)



3 CUSTOM KEY PERFORMANCE INDICATORS (KPIs)

A. USING CUSTOM KPIs

A majority of respondents (52%) said they used more than one custom KPI to “link digital media spend to measurable business results” (figure 17) with the percentage increasing as digital media spend increased, from 29% for those under \$10 million in spend to 79% for those with more than \$25 million (figure 18). Again, this suggests an increased level of sophistication at larger organizations where there is greater pressure to demonstrate impact and greater ability to resource tailor-made strategies.

FIGURE 17

Q7a. Does your business currently use custom KPIs to link digital media spend to measurable business results? (Select one)

52%
Yes, more than one

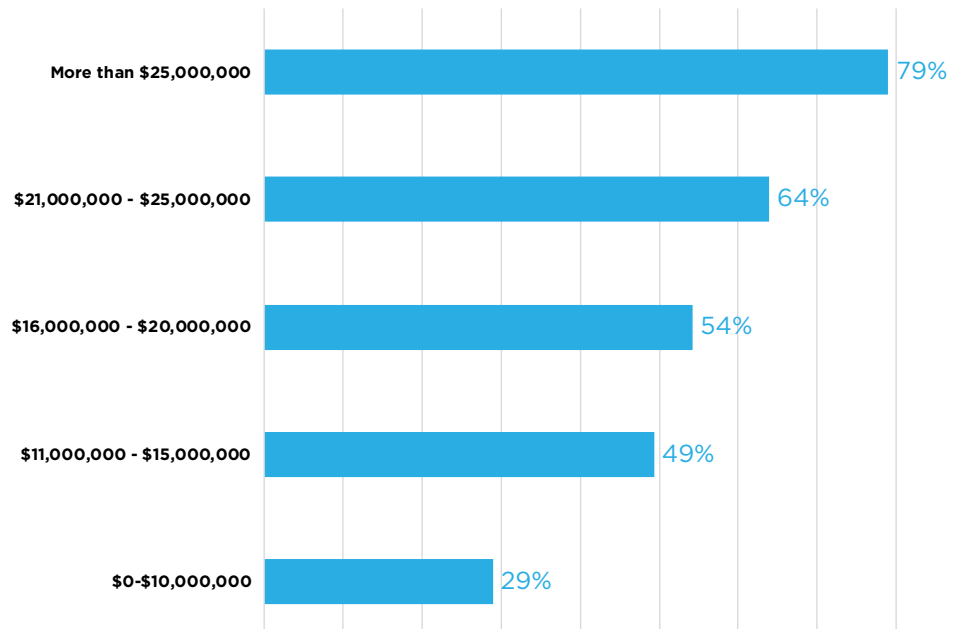
34%
Yes, one

13%
No



FIGURE 18

Q7a: Does your business currently use custom KPIs to link digital media spend to measurable business results? (“Yes, more than one,” by digital media spend.)



B. LINKING CUSTOM KPIS TO BUSINESS SUCCESS

When asked how easy it is for their businesses to use custom KPIs to link digital media spend to measurable business results, 32% of the marketers in our survey said it was very easy, and 45% said it was somewhat easy (figure 19).

Marketers in smaller markets were the most likely to say it was at least somewhat difficult to do so. Poland were the largest group nationally (13%), followed by Singapore (12%) and Mexico (9%). In Europe overall, and the U.K., the proportions were much smaller (5% and 2%, respectively) (figure 20).

FIGURE 19

Q7b. How easy is it for your business to use custom KPIs to link digital media spend to measurable business results? (Select one)

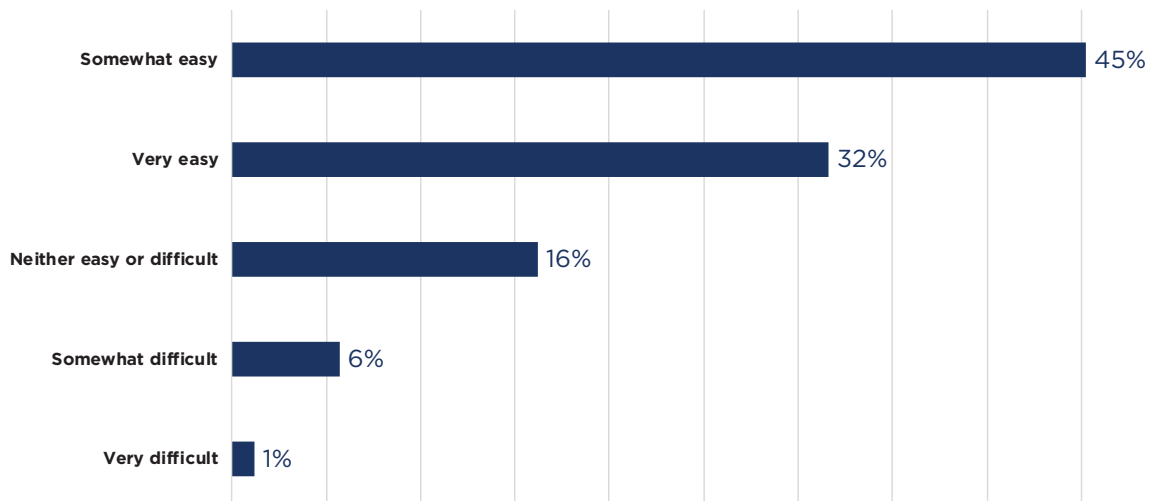
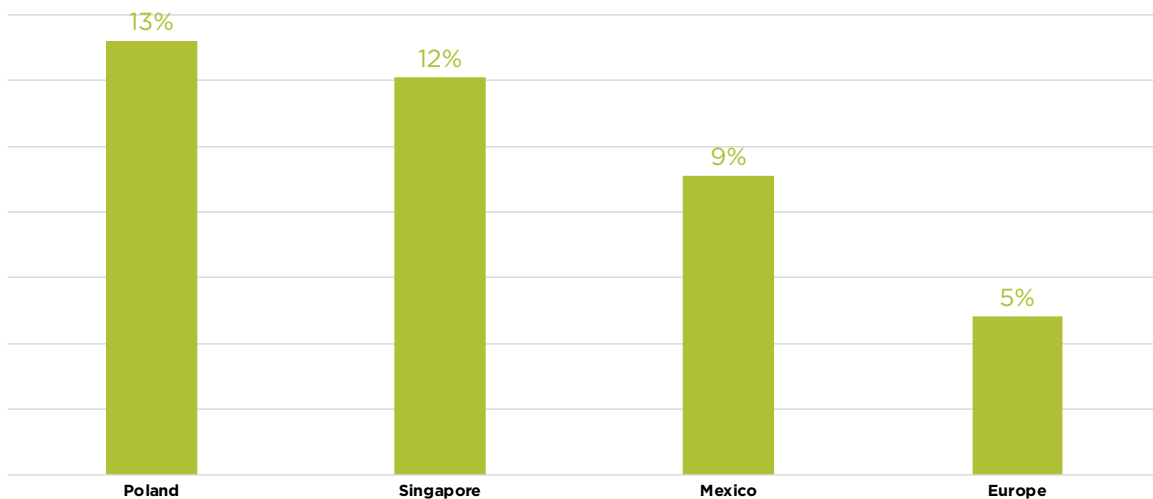


FIGURE 20

Q7b. How easy is it for your business to use custom KPIs to link digital media spend to measurable business results? (Somewhat or very difficult)



4 OUTCOME-DRIVEN MEDIA

For this section of our survey we gave a definition of the term 'outcome-driven media' to aid respondents:

“Planning and optimizing campaigns against KPIs – often tailor-made for an advertiser or campaign – that are much more closely aligned to the marketer’s ultimate marketing and business goals.”

A. LIKELIHOOD TO INCREASE INVESTMENT

More than 80% of marketers in our global survey said they had heard of the term “outcome-driven media” and 86% said they were very or somewhat likely to increase investment in it over the next 12-24 months (figure 21).

Marketers in India are by far the most likely to increase investment (73%), followed by Germany (44%), the U.S. (43%), and China (42%) (figure 22).



45% Somewhat likely

41% Very likely

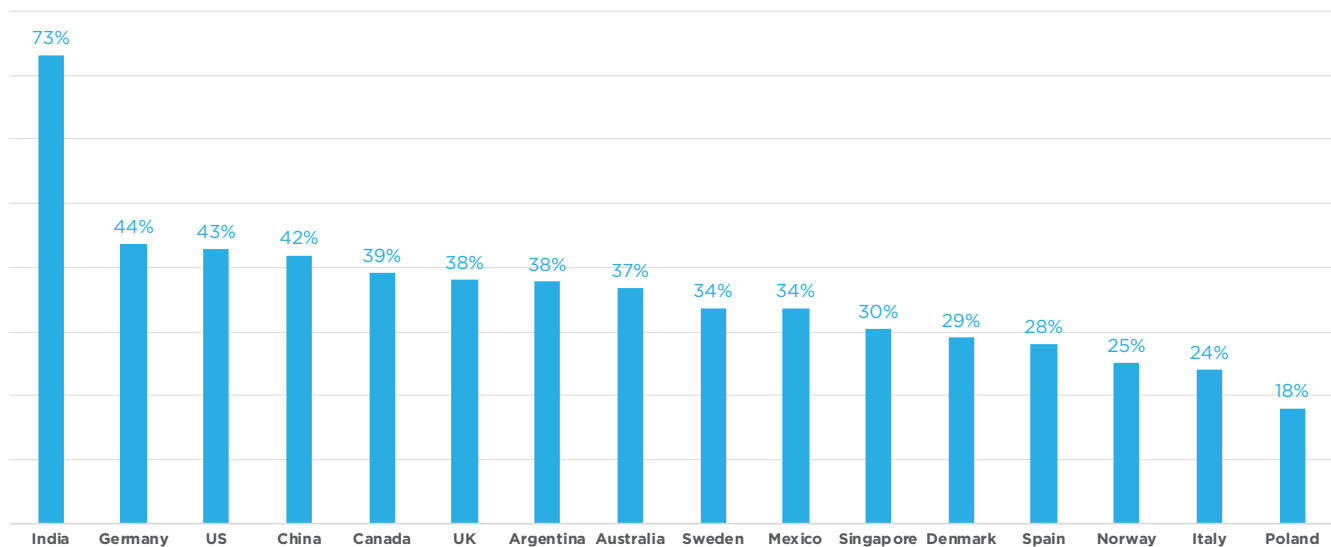
12% Neither likely nor unlikely

2% Somewhat unlikely

1% Very unlikely

FIGURE 22

Q8a: How likely are you to invest in outcome-driven media in next 12-24 months? (Very likely, by country)



B. USING A PARTNER

In our survey, 79% of respondents around the world said they would “seek to work with an outcome-driven media partner” that could help them deliver against their marketing and business objectives (figure 23).

India, Spain, and Singapore expressed the highest likelihood to do so (figure 24).

FIGURE 23

Q8b: Would you seek to work with an outcome-driven media partner to achieve marketing and business objectives?

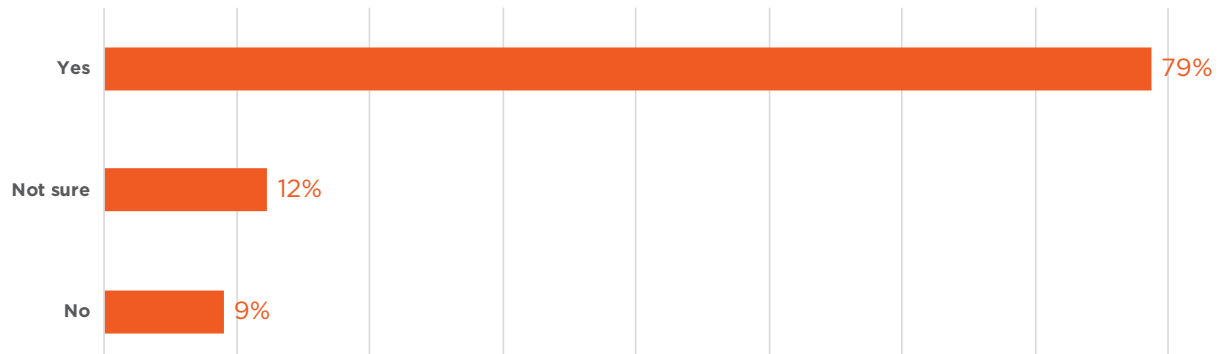
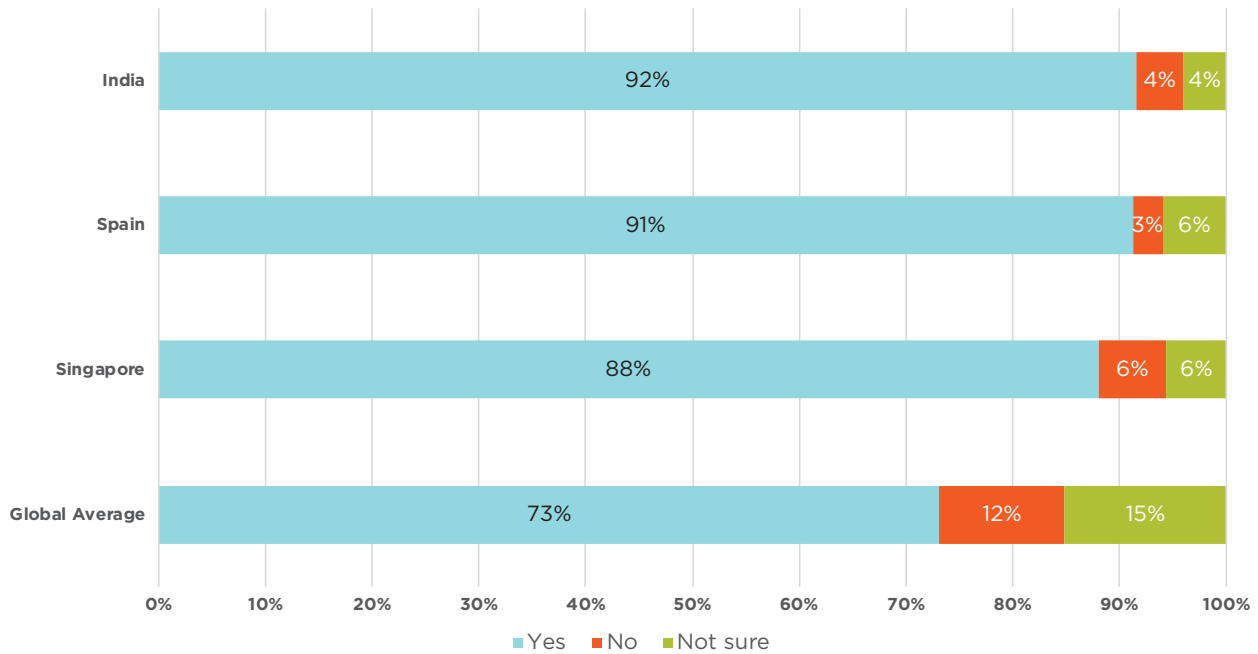


FIGURE 24

Q8b: Would you seek to work with an outcome-driven media partner to achieve marketing and business objectives? (by country)



FURTHER READING ON OUTCOME-DRIVEN MEDIA:

- > [From CPMs to Measurable Outcomes: Rethinking How Advertising is Bought, Optimized and Evaluated](#)
 - > [Advertising Accountability: Is Outcome-Driven Media the Future?](#)
By Harry Harcus, UK and Pan-Regional MD
 - > [Outcome-Driven Advertising: What it Means and Why it Matters](#)
 - > [Why Brands Should Focus on Their Desired Outcomes Instead of Generic Performance Metrics](#)
By Nicolas Bidon, Global CEO
 - > [The Importance of an Outcomes Focus](#)
-



XAXIS

THE OUTCOME
MEDIA COMPANY

ABOUT XAXIS:

Xaxis is The Outcome Media Company. We combine unique brand-safe media access, unrivaled programmatic expertise, and 360-degree data with proprietary artificial intelligence to help global brands achieve the outcomes they value from their digital media investments. Xaxis offers managed programmatic services in 47 markets, including North America, Europe, Asia Pacific, Latin America, the Middle East, and Africa.

For more information, visit www.xaxis.com.

