Metrics that Matter

MMA India Board Initiative

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Purpose

Advertising, and indeed the channels, have evolved multi-fold over the last 10 years or so. The biggest change has been the disruption that digital has brought in. This has broken long-standing methods of reaching customers, and as a result that also necessitated newer measurement formats and methods to assess the effectiveness of today's complex cross-media ecosystem. This charter aims to provide a context to the current landscape and provide a study of existing measurement methods that MMA members need to take cognizance of while attempting to measure effectiveness.

The India chapter of the MMA Global endeavors to drive the adoption of digital and mobile in the fast-growing Indian market. A key barrier to the adoption of digital media strategies is the lack of universally accepted standards around metrics to measure digital media. Two key concerns that are often heard are "What are the metrics that matter and must be measured?" and **"How do we measure the cross-media impact of advertising in a comparable way across all digital and non-digital media?"**

This is an attempt by MMA to plug that gap by leveraging the ecosystem of advertisers, publishers and research agencies, to arrive at commonly agreed upon solutions and metrics to measure digital media and to define and establish the industry standard that will make the adoption of digital media easier for Indian advertisers.

"How do we measure the cross-media impact of advertising in a comparable way across all digital and non-digital media?"

Metrics

Key metrics that matter for advertisers can broadly be categorized as:

1

Brand Metrics

2

Sales Metrics

This is true for both brand advertisers and performance advertisers, regardless of industry verticals. For example, e-commerce clients, as well as CPG advertisers, run brand advertisements across media channels, intending to **improve mind measures** via a vis their brand or positioning in the market. Similarly, CPG advertisers expect that such brand advertising will have an **impact on actual sales** and expect a meaningful return through **incremental sales from their brand spends.**

Likewise, e-commerce companies and banks rely on digital performance ads and expect higher traffic on their web assets and apps, in addition, they expect higher sales, **online sales conversions or offline conversions** (account opening etc. for banks).

Output Metric v/s Input Metric

The key metrics that matter to business are **output metrics**, and the brand and sales metrics described above. Very often, advertisers measure input metrics (such as TV GRPs, click on ads, etc.) as a way to quantify or metricize their advertising efforts. While these metrics are important to ensure hygiene and efficiency of campaign input, these are not output metrics that ultimately matter to **business growth.** On the other hand, output metrics are metrics that businesses seek to influence via advertising. These can be both long term and short term, depending on business strategy.

Output metrics that are expected to move because of brand advertising could be of two types:

1 Brand Outcomes or Mind Measures

These metrics measure the impact that advertising had on awareness, product consideration, intent to buy etc., which are important measures for success in any market.

2 Sales Outcomes

While Brand metrics are important, there is also an expectation that the spending on brand advertising is a net positive. i.e., the investment in brand advertising must at least be offset by the additional sales generated either in the short run or at least in the long run.

While these metrics are intuitive and hard to argue with, in reality, Output metrics are quite hard to measure. **Mind measures** are subtle and changing, and sales are influenced by a variety of factors; throw in the reality of an ever-changing multimedia environment and shifting consumer behaviour and it becomes clear that isolating and measuring the impact that advertising alone had can be a challenging task. Hence, it becomes important for the advertiser to **differentiate between input and output metrics,** and ensure that key output metrics are being measured and monitored, to **ensure the efficiency and effectiveness of media spend.**

In India, in the recent past, large strides have been made in marketing measurement and it is imperative that advertisers are empowered to understand and **use these tools properly to optimize their ad spend.**

Measuring these metrics requires the investment of time and resources on methodology and tools, and can be quite an involved exercise. In the following sections, we attempt to shed more light on these output metrics and how they could be measured, keeping in mind the context and limitations of the Indian market and measurement ecosystem.

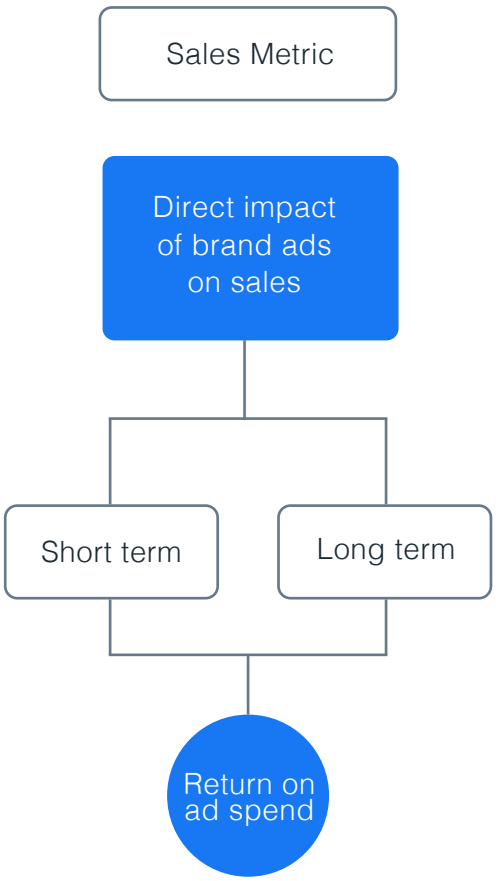
Brand Metrics

1 **Ad Recall**
Did the consumer recall seeing an ad for the brand?

2 **Brand Awareness**
Is the consumer aware of the brand?

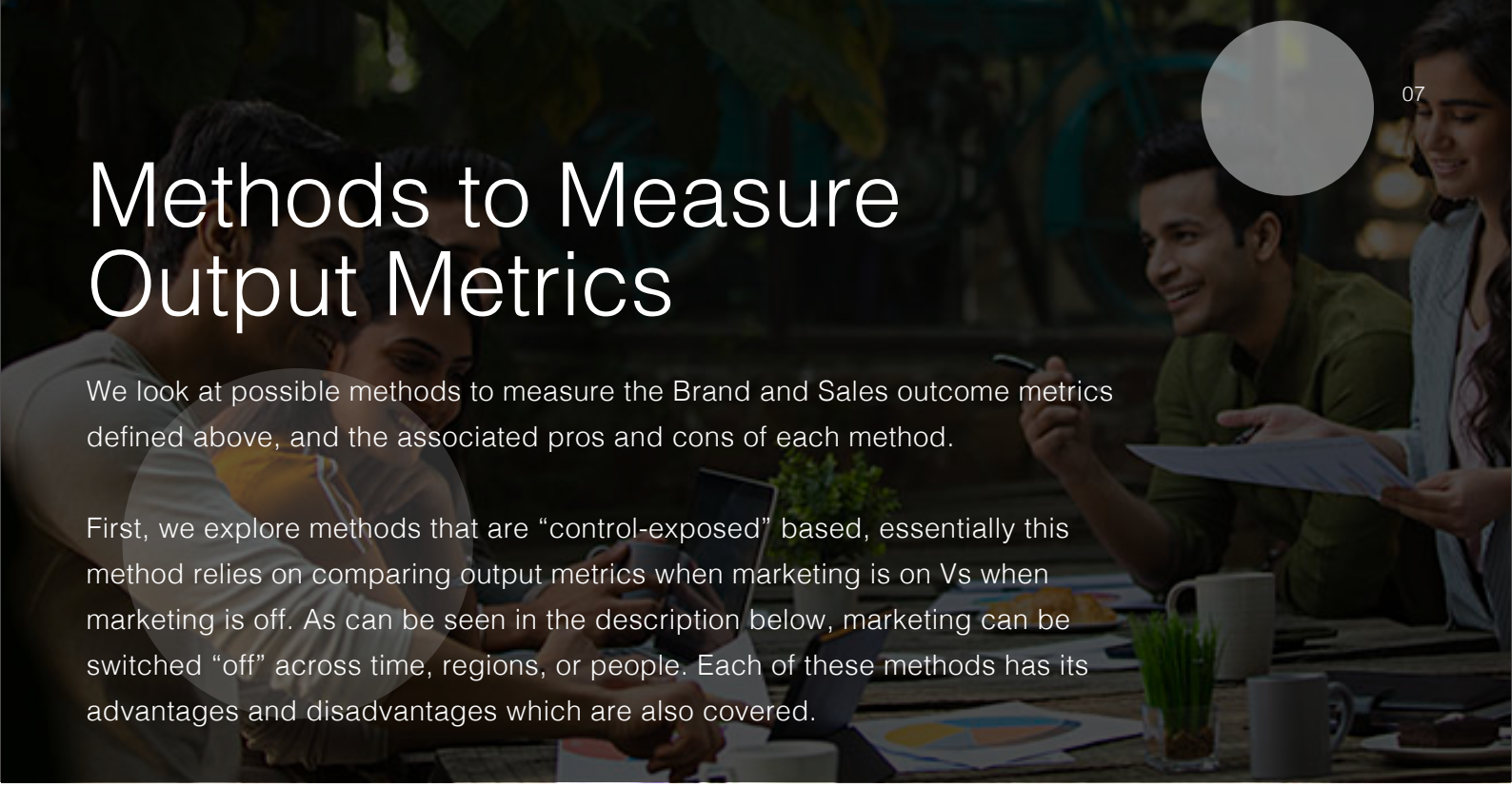
3 **Message/Campaign Awareness**
Did the intended communication register in the consumer's mind?

4 **Consideration and Purchase Intent**
Did the advertisement improve consumer intention to purchase the product?



The Sales metric is fairly straightforward, and businesses are interested in finding out the direct impact that the brand ads had on sales. (Over the short or long term) Once that is established, other metrics can be further derived, such as the return on ad spend (Additional sales caused/ ad spend) etc.

Next, we turn to various methods available to measure these metrics and evaluate them along with criteria such as robustness of methodology and ease of execution.



Methods to Measure Output Metrics

We look at possible methods to measure the Brand and Sales outcome metrics defined above, and the associated pros and cons of each method.

First, we explore methods that are “control-exposed” based, essentially this method relies on comparing output metrics when marketing is on Vs when marketing is off. As can be seen in the description below, marketing can be switched “off” across time, regions, or people. Each of these methods has its advantages and disadvantages which are also covered.

A. Controlled/ Exposed Methods

1. Pre-Post Method (Measuring the change over time):

The easiest method to compare these output metrics is overtime periods when advertising was on Vs when advertising was not on. This method is typically used in CPG vertical using Brand Tracks for example. Brand Tracks are always on consumer surveys that **track brand metrics** that are considered important by the business. It is common practice to evaluate marketing campaigns by looking at the time trend of the brand metric, i.e., comparing the values of the metric in the **pre-period** vs when the period when the campaign ran, or the **period post the campaign.**

E-commerce companies have data on daily sales and can track any change in sales, similarly, Banks can look at the change in leads or account opens pre and during/post the campaign. However, pre-post methods are considered the poorest method in terms of robustness and accuracy of measurement. This is because there are a variety of factors that could have impacted the output metrics in question that could have driven the change, such as seasonality, promotions, events, competition activity or simply any number of macro factors that influence these metrics. Secondly, the results can change depending on which time periods are considered for measurement as the pre and post periods. Hence, while this method is the easiest to execute and widely used, methodologically it is considered the least robust form of marketing measurement.

2. Geo Method (Measuring change over regions):

This method is harder than the pre-post method since it requires the advertisers to hold out certain regions from advertising activity. In this method regions (cities or states) that are similar in nature with respect to current levels of brand metrics or sales are identified and advertising is held back in some of these regions. Post the campaign any difference in brand or sales metrics is said to have occurred due to the advertising activity.

While this method can be considered more robust than pre-post, it is much harder to execute (e.g., in India there is very limited ability to control TV by region). Also, it is hard to get similar regions since there are always inherent differences that can drive the differences (in addition to any impact from advertising).

3. Audience Method (Measuring change over groups of people):

This method is considered the most robust, methodologically, however, there are measurement infrastructure limitations in India that limit this form of measurement to only digital channels. This method measures the impact on output metrics across people that are exposed to advertising Vs people that are not exposed to advertising.

Two conditions are necessary here:

1. The ability to control ad exposure at an individual level

2. The ability to create truly random groups of people (the control and exposed groups of people must be exactly similar to each other).

In more advanced countries such as the US, the ability to control TV exposure exists at a household level via return data from set-top boxes. However, in India, only digital channels have the ability to control ad exposure at the individual level. These are typically known as **“Lift studies”.** In this method, the similarity of groups exposed and not exposed to ads is ensured via the **RCT method (Randomized controlled trials),** which is a universally accepted method used in testing the effects of vaccines in clinical trials.

B. Regression Based Methods

This is a post facto analysis which looks at historical data, over a period of time.
Market Mix Models (MMM) is the most popular and globally accepted method. In this method, the outcome metric of interest (sales, traffic to site etc.) is regressed against all factors that influence sales, both marketing and non-marketing inputs. Marketing activity is introduced as spends or impressions across all media channels over time. Non-marketing data such as seasonality, promotions, distribution etc. is also introduced into the model. The MMM requires data over a period of time (typically 2-3 years) and is a fairly intensive exercise since all data that might influence sales has to be collected across the business for use in the model. In the table below, we summarize the pros and cons of the various methods described above:-

Measurement Methodologies for Brand & Sales outcomes

Type	Methodology	Robustness	Ease of Deployment	Limitation
Control/ Exposed	Pre post	Low	Easy to execute	Aggregate campaign impact measured, not impact of each media
Control/ Exposed	Geo Tests/ Region based	Medium	Requires changes to media plan	TV is very hard to control by region
Control/ Exposed	Lift studies - Audience based	High	Easy for digital channels with “Lift” measurement capability	TV exposure to individuals/ households cannot be measured
Regression Based	Market Mix Models	High	Intensive data collection effort	Long history (up to 3 years required when only monthly sales data is available)

Within the above methodologies, the actual impact from marketing can be measured either as an absolute difference, or using regression methods. Regression method is seen as more sophisticated and statistically more robust, since this method allows us to account for non-media effects that might have caused a portion of the impact.

Brand Measurement Tools available in India

What is available in India and what are the key gaps we must focus on solving for in India?

1 Brand Tracks

In India, most large brands have continuous Brand Tracks in place, but they are mostly based on surveys that are conducted in offline face to face mode, and might not fully represent the changing digital landscape and behavior in the country. More advanced countries use only digital panels for such surveys, in India Digital panels are nascent and in the early stages of maturity. Some few advertisers are relying fully on brand metrics reported by digital panels, while others are experimenting with blended offline and digital panels depending on

2 Cross Media

To measure impact of brand across all online and offline media (TV, Digital, print etc.), Cross Media studies are possible. The source of data is again survey based (offline or online panel). Typically, the surveys begin before the start of the campaign, so a pre period baseline is established. Also, this method attempts to isolate the impact of each media by studying the exposure of consumers to each media (either stated by respondent, or by making certain assumptions basis media habits and comparing possible time spent with media plans for the region). This solution uses a regression method to determine overall lift in brand metrics and allocating the lift to different media channels.

3 Digital Brand Lift Studies

These are typically offered by large digital Publishers (Google and Facebook), who are able to create randomized hold outs and run control exposed tests. Normally a difference method is used to determine any “Lift” across control and exposed groups. These studies are also offered by third party research companies as well, although the limitation is that they would not have access to the complete digital audience of publishers, hence randomization is sought to be created by creating similar cohorts across control exposed using age, gender and similar such variables. In digital brand list studies, a simple difference method is used (across control and exposed groups).

Measurement tools available in India (not exhaustive)

Brand Lift Measurement

Solution	Provider	Platform Measured	Method	Outcome Metric
Facebook Brand Lift	Facebook, Nielsen, Kantar	Facebook	Control Exposed Lift	Brand Metrics
Google Brand Lift	Google	Google	Control Exposed Lift	Brand Metrics
Cross Media	Kantar	All Offline and Digital	Regression Based	Brand Metrics
VDNA Digital Brand Lift	Nielsen	Digital	Control Exposed Lift	Brand Metrics
Kantar Brand Lift Insights	Kantar	Digital	Control Exposed Lift	Brand Metrics

Sales Lift Measurement

Solution	Provider	Platform Measured	Method	Outcome Metric
Matched Market Tests	Nielsen, Rainman Consulting, Analytics Edge	One channel at a time (Online or Offline)	Control Exposed Lift	Sales
Sales Lift	Nielsen	One channel at a time (Online or Offline)	Regression Based	Sales
Market Mix Model	Nielsen, Kantar, Cartesian Consulting, Rainman Consulting, Analytics Edge	All Offline and Digital	Regression Based	Sales, or other metrics of interest (e.g., traffic)
Custom Mix Model	Nielsen	All Offline and Digital	Regression Based	CPG Sales (Select Categories)

Maturity Model of Measurement

Advertiser Lens

1 Basic State

Advertisers in this state here are at a very basic level, and outcome metrics are generally not being measured. Instead, only input metrics are tracked, such as total reach, impressions, likes or clicks for digital, GRPs for TV etc. In this state, a brand track to monitor overall impact on brand might not be available. Even if it is available, a simple pre post method might be deployed to report overall impact of media campaign. Most medium and small advertisers in India are at this level of maturity.

2 Intermediate State

In this state, Brand tracks might be used to understand overall impact of campaign over time. In addition, the advertiser is running publisher level tests to measure individual channels on Brand impact (e.g., Facebook and Google Lift studies). Intermittently some tests might be run (Cross media studies or MMMs) to get a sense of relative impact across media channels. Most large brand advertisers in India are at this level of maturity

3 Advanced State

In the advanced state, advertisers are measuring outcome on all types of marketing spend. On digital media, user lift studies are continuously run to track incremental impact to brand metrics. Over time meta studies of these lift results are used to draw insights for optimizing inputs such as frequency, creative, targeting etc. On major brands, in addition to brand tracks, cross media studies are deployed on large campaigns.

Overall media allocation is done by evaluating sales ROI and effectiveness of individual media as determined by MMMs. **Granular analysis** is performed using MMMs to optimize inputs such as frequency, ad format, creative etc. to **maximize sales.** In India a handful of advertisers are at this level of sophistication and are leading the way with new techniques to measure and optimize their overall media spends.

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