MEASURE TO GROW
Drive double-digit growth by measuring marketing right
Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we help clients with total transformation—inspiring complex change, enabling organizations to grow, building competitive advantage, and driving bottom-line impact.

To succeed, organizations must blend digital and human capabilities. Our diverse, global teams bring deep industry and functional expertise and a range of perspectives to spark change. BCG delivers solutions through leading-edge management consulting along with technology and design, corporate and digital ventures—and business purpose. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, generating results that allow our clients to thrive.

Meta builds technologies that help people connect, find communities, and grow businesses. When Facebook launched in 2004, it changed the way people connect. Apps like Messenger, Instagram and WhatsApp further empowered billions around the world. Now, Meta is moving beyond 2D screens toward immersive experiences like augmented and virtual reality to help build the next evolution in social technology.
Digital marketing is the **fastest growing channel**, and already **accounts for 30%+ of total marketing spends** in India. Marketing measurement capabilities and approach, however, have **not kept pace**. Moreover, there is **limited consensus** on the best **approach to measure impact** of marketing investments on business outcomes. Significant value is being left on the table and there is **opportunity to unlock multi-fold growth through robust measurement**.

**BCG, Meta and key stakeholders across the ecosystem** have come together to **present an authoritative view on best in class marketing measurement** that can become the launchpad for growth. We are thankful to the **leading measurement specialists**, who provide solutions across the globe and in India, for their valuable inputs in developing this report.

We have also gathered learnings from **18 leading Indian digital-first organizations** for a holistic view of measurement maturity in India and current best practices. We are grateful to these organizations and their leadership for their invaluable contribution.
Digital marketing is the new mainstream

Digital marketing spends expected to overtake TV shortly
Digital is already the leading channel for digital-first organizations

70% of marketing spends on digital
70% of digital spends on performance marketing

Significant value can be unlocked by measuring right

Accurate omnichannel measurement enables key business decisions, thus generating business growth

25% Gross Margin
10x ROI
60% Sales
Unlock growth by measuring “Incrementality”

Measures the real impact of marketing on business outcomes
Critical for both strategic and operational decisions

Global shift towards “Incrementality”

Leading organizations are measuring incrementality, with significant benefits

Indian organizations have started on the journey

Most organizations are taking their first steps; pockets of excellence across industries

While 90%+ are still using basic methodologies for key strategic decisions

10-20% have started measuring incrementality

- eBay
- Airbnb
- Netflix
- Domino’s
- Booking.com
- Walmart
- Expedia
- Salesforce
- Viber
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Value left on the table
Why measurement matters – now

Maximizing growth by measuring right
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VALUE LEFT ON THE TABLE
WHY MEASUREMENT MATTERS – NOW
Digital marketing spends are exploding

Digital marketing spends are fastest-growing; 3X increase in share in last 5 years

In digital-first organizations across industries, digital is already the key channel, driven by performance spends

Share of marketing spends by channel (%)

- **TV**
  - 2016: 48%
  - 2019: 41%
  - 2021E: 30%
  - 2022F: 27%

- **Digital**
  - 2016: 12%
  - 2019: 20%
  - 2021E: 30%
  - 2022F: 34%

- **Others**
  - 2016: 50%
  - 2019: 41%
  - 2021E: 30%
  - 2022F: 22%

**Share of digital in total marketing spends (%)**

- **Travel**
  - 2016: 90%
  - 2019: 75%
  - 2021E: 70%
  - 2022F: 65%

- **e-Commerce**
  - 2016: 50%
  - 2019: 30%
  - 2021E: 34%
  - 2022F: 27%

- **Education**
  - 2016: 40%
  - 2019: 41%
  - 2021E: 39%
  - 2022F: 39%

- **Technology**
  - 2016: 75%
  - 2019: 70%
  - 2021E: 65%
  - 2022F: 50%

- **Financial Services**
  - 2016: 12%
  - 2019: 12%
  - 2021E: 12%
  - 2022F: 12%

- **Media/OTT**
  - 2016: 50%
  - 2019: 50%
  - 2021E: 50%
  - 2022F: 50%

**Growth rate of digital spends compared to overall spends**

- 2x

**At this growth rate, digital is expected to become the leading channel shortly**

1. Dentsu Digital Advertising in India 2021
2. Estimated
3. Forecasted
4. BCG Measurement Maturity Assessment of leading digital-first organizations in India-2021
But significant value is being left on the table

65% higher cost of acquisition due to poor measurement\(^1\)
- Commonly used measurement approaches are ill-suited to today’s complex customer journeys
- Multiple devices, channels and online/offline interactions

55% of media investments can be sub-optimal with inaccurate measurement\(^2\)

Measurement practices have not kept pace with digital adoption
- Large and growing digital marketing budgets are inaccurately measured

CXOs can precisely forecast impact on ROMI from change in spends\(^3\)
Only 9% have high-quality data that enables key business decisions\(^3\)

Measurement is an afterthought for many
- Underinvestment in capability
- Lack of clarity on methods and tools

70%+ organizations underinvest in measurement\(^4\)

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Moreover, emergence of a privacy-first world will make current practices inadequate

A fast-moving privacy landscape

### 3P Cookie deprecation
3P Cookies will be fully deprecated within a couple of years
- Chrome: Phasing out by 2023
- Safari & Firefox: Already blocked

### Apple blocking identifiers
Device IDs will be significantly limited
- iOS 13 has disabled cross-site tracking
- iOS 14: Apps will need users to give consent for using Advertising Identifiers

### Tightening regulations
Strict guidelines in EU (GDPR) & China
- Imminent Privacy Bill in India

The changing face of measurement

- Ability to efficiently measure and optimize spends in a privacy-first world will be a key differentiator

- Need to calibrate “touch” based measurement models with other methods
- Need to start using statistical and experimental measurement methodologies
- Increased emphasis on browser-independent solutions and first-party data
- In-house capabilities – measurement, data, etc., to become a strategic advantage

Marketing leaders responsible for ad budgets, media mix, planning and measurement will need to adjust strategies against the backdrop of new privacy norms.

– Eric Schmitt

1. Gartner, “3 Steps for Marketers to Prepare for a Cookieless World”, July 2, 2021
Move to best-in-class measurement is the launchpad for growth

Organizations that drive focus on measurement as a strategic priority see significant value across key metrics.

SALES UPLIFT: 60% ↑
RETURN ON AD SPENDS: 10x
GROSS MARGIN: 25% ↑

Note: The figures above represent the maximum increase realized for respective metrics; impact is applicable to business driven by digital performance marketing.
Source: BCG Experience with leading Indian and global organizations across Financial Services, Media, Technology, Retail.
THIS PIONEERING REPORT BRINGS FORTH INDUSTRY CONSENSUS ON UNLOCKING EXPONENTIAL GROWTH THROUGH PERFORMANCE MARKETING MEASUREMENT

Digital connections can drive breakout business growth if we also adopt the right set of tools built for this multi-media universe. The right measurement toolkit is the first step to assessing efficiency and powering growth.

– Sandeep Bhushan
Director and Head of GMS, Meta, India

Measurement of the return on marketing investments is a critical step towards changing executives' perceptions of marketing from a cost center to a profit center

– Jean-Manuel Izaret
Managing Director and Senior Partner, Global Marketing, Sales and Pricing Leader, BCG, San Francisco
PERFORMANCE MARKETING MEASUREMENT SPECIALISTS

Netflix, Viber, Airbnb, Domino’s, Expedia, Perfect Diary, Walmart, …

BEST PRACTICES FROM GLOBAL LEADERS

LEADING INDIAN ORGANIZATIONS ACROSS INDUSTRIES ACCOUNTING FOR INR 2K CR DIGITAL SPEND

- Financial services
- EdTech
- E-commerce
- Travel
- Media / OTT

Cartesian Consulting
MAXIMIZING GROWTH BY MEASURING RIGHT
THE INDUSTRY-RECOMMENDED APPROACH
Keeping up with the consumer
Key questions/decisions organizations face today, driven by complex customer journeys

Decision Hierarchy

Strategic decisions
Media mix - channels, geographies, LOBs
- Long-term impact, need deep insights
- Lower frequency

Operational decisions
Optimization - campaigns, channels, creatives, etc.
- Campaign-level impact, need granular metrics
- High-frequency

Key Decisions/Questions

Optimal media mix: Online vs. offline
How do I allocate budgets between digital and offline channels? What is the sales impact of one on the other?

High-impact decisions
E.g., How do define the right mix across digital channels? What will be the impact of investing in a new channel?

Campaign budget optimization
How do I scale up/scale down campaign budgets on an ongoing basis?

Ideal campaign settings
What are the optimal campaign settings? e.g., conversion window, keyword selection

Optimal campaign inputs
How do I decide which are the best campaign inputs (e.g., creatives, ad copy, etc.) on an ongoing basis?

1. Lines Of Business
Searching for answers in a complex measurement ecosystem

An array of measurement solutions

**Measurement specialists**
Firms offering niche capabilities: measurement analytics, experimentation, etc.

**Web measurement**
Desktop & mobile site analytics tools: GA, Omniture, etc.

**App measurement**
Mobile app analytic partners: Adjust, AppsFlyer, Branch, Singular etc.

**Publisher tools**
Campaign measurement tools by digital publishers: Meta Ads Manager, Google Ads, etc.

**Offline measurement**
External agencies measuring TV GRPs, print readership, consumer research etc.

A flood of information

**Divergent recommendations**
- Different answers from each part of the ecosystem

**Need for clarity on methods and metrics**
- Limited consensus on the best methods and metrics

**In-house teams needing support to navigate complexity**
- Organizations could benefit from advice on ideal measurement approach
DEMystifying Marketing Measurement

Unpacking the metrics and methods behind best-in-class measurement
Unpacking the metrics

THE 3 ARCHETYPES OF MARKETING METRICS

Reach metrics
- GRPs (Gross Rating Points) for TV
- Reach
- Frequency
- ...

Metrics that measure the stimuli introduced by a campaign e.g., unique customers exposed to the campaign

Captured by
- Publisher consoles
- External agencies

Click/touch-based metrics
- CPI (Cost per Install)
- CPC (Cost per conversion)
- ROAS (Return on Ad spends)
- ...

Metrics that are measured basis ‘clicks’/’touches’ - last touch, first click, etc.; usually from publishers’ console or measurement partner

Captured by
- Rules-based attribution
- Multi-touch attribution

Incremental metrics
- Incremental CPI
- Incremental CPC
- Incremental ROAS
- ...

Metrics that measure incremental business output from a campaign; providing the true impact of marketing interventions

Captured by
- Marketing Mix Models (MMM)
- User & Geo-based lift tests
# Sifting measurement methods

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Observed</th>
<th>Statistical</th>
<th>Experimental</th>
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<tbody>
<tr>
<td></td>
<td>Pre-post tests</td>
<td>Rules-based</td>
<td>User-based</td>
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<tr>
<td></td>
<td></td>
<td>attribution</td>
<td>lift test</td>
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<td></td>
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<td>Multi Touch</td>
<td>Geo-based</td>
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<tr>
<td></td>
<td></td>
<td>Attribution (MTA) - Statistical</td>
<td>lift test</td>
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<tr>
<td></td>
<td></td>
<td>Marketing Mix</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Models (MMM)</td>
<td></td>
</tr>
<tr>
<td>Approach</td>
<td>• Compare movement in KPIs before &amp; after a campaign, crediting positive movement to marketing</td>
<td>• Pre-defined rules to assign credit based on touch point(s) in the path to conversion</td>
<td>• Compares impact across geographies/ user sets using test &amp; control groups; measures the real (incremental) impact of ads</td>
</tr>
<tr>
<td></td>
<td>• Typically used by in-house teams to optimize campaign inputs</td>
<td>• Statistical model to allocate credit to different channels on pathway to purchase</td>
<td>• Requires an experimental design where a subset of population or geo unit is held out from ads, to compare impact</td>
</tr>
<tr>
<td>Industry view</td>
<td>• Results biased by factors other than ads (seasonality, etc.)</td>
<td>• High ease of use - Used by 90%+ orgs. Provided by MMPs &amp; publisher consoles</td>
<td>• Enables an understanding of the incremental impact of marketing interventions</td>
</tr>
<tr>
<td></td>
<td>• Industry recommendation: minimize use</td>
<td>• Can over-report impact of ads for high intent audiences</td>
<td>• Does not provide real time results</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Critical to guard against click fraud</td>
<td></td>
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<td></td>
<td></td>
<td>• Provides real-time and granular output, can be deployed at high frequency</td>
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<td></td>
<td></td>
<td>• Dependent on signals; weight allocation can be a black box</td>
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<tr>
<td></td>
<td></td>
<td>• Measures incremental outcomes</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Requires considerable investment; Recommended for marketing spends &gt; INR 50 Cr</td>
<td></td>
</tr>
<tr>
<td>Pros &amp; cons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ease of use</td>
<td>![Best]</td>
<td>![Best]</td>
<td>![Best]</td>
</tr>
<tr>
<td>Speed to insight</td>
<td>![Best]</td>
<td>![Best]</td>
<td>![Best]</td>
</tr>
<tr>
<td>Signal-loss resilience</td>
<td>![Average]</td>
<td>![Best]</td>
<td>![Best]</td>
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<tr>
<td>Provide incremental output</td>
<td>![Best]</td>
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<td>![Best]</td>
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</tbody>
</table>

Head to the Practitioner’s Corner where we bust some common myths regarding these methods

1. MMP = Mobile Marketing Partner
CRACKING THE CODE
INDUSTRY RECOMMENDED APPROACH FOR KEY MARKETING DECISIONS

MAXIMIZING GROWTH BY MEASURING RIGHT

No silver bullet – a mix of methodologies needed

Customize measurement approach for Strategic decisions and Operational decisions

Think incrementality - make it a key part of the organization’s measurement DNA

- Incrementality is the ‘Incremental’ impact delivered by marketing activities i.e., Impact that would not have happened but for the marketing intervention

Incrementality

Control

Test

20%+

Only incremental output credited to marketing intervention
### Strategic decisions: Two key recommendations

<table>
<thead>
<tr>
<th>Decision</th>
<th>Recommendation</th>
<th>Implementation guide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Optimal media mix:</strong> Online vs. offline</td>
<td><strong>1a</strong> Use MMM to define media mix</td>
<td></td>
</tr>
</tbody>
</table>
- Define media mix based on incremental impact of channels, enabled by MMM and lift tests  
- MMM measures cross-channel impact on sales  
- MMM can be used at higher frequency vs. lift tests  
  - Ideal refresh frequency: **Once every 6 months**  
  - Most effective for organizations with spends >INR 50 cr  
- Calibration enables combining regression & causal-based results  
- **Quarterly lift test** to validate MMM output  
- In case of large variation, **rebuild the model** |
|  | **1b** Calibrate MMM with Lift tests |  
- Facebook (%)  
- Google (%)  
- Affiliates (%)  
- ... |
|  |  | **2** Deploy User/Geo based Lift tests to define digital channel mix based on incrementality  
- Use for high investment activities (new channels, large campaigns, new market launches, etc.)  
- Ideal test **duration:** 4-6 weeks  
- For Geo tests, use **ML-based synthetic control** groups to avoid going completely media dark in control geography |

For details on how incrementality can uncover additional information for the optimum media mix, head to the Practitioner’s Corner.
Defining optimal media mix
Leading Indian fashion e-tailer implements MMM, calibrates with lift tests

Org context
Online fashion major was seeking the ideal media mix between digital and offline channels

Approach
Developed and deployed MMM to define media mix based on incremental impact; then calibrated the model with Lift Experiments

Results
Higher ROAS identified on digital

<table>
<thead>
<tr>
<th></th>
<th>TV ROAS</th>
<th>Digital ROAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROAS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5x</td>
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</tbody>
</table>

Allocated budgets across channels based on incrementality, and continued to run user-based lift tests to validate the model output

Implication

Allocation based allocation
MMM based allocation

Realized higher ROAS with MMM driven budget allocation

<table>
<thead>
<tr>
<th></th>
<th>Attributed ROAS</th>
</tr>
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<tbody>
<tr>
<td>3.5x</td>
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</tr>
</tbody>
</table>

Org speak
MMM helped us bring cross-media elements into a single measurement platform and understand their individual contributions to incremental traffic. This helped us optimize our overall media investments

- Head, Marketing Strategy & Analytics

Source: BCG – Meta research and analysis
# Operational decisions: Three key recommendations

<table>
<thead>
<tr>
<th>Decision</th>
<th>Recommendation</th>
<th>Implementation guide</th>
</tr>
</thead>
</table>
| **Scaling up/down campaign budgets on an ongoing basis** | **3a** Deploy statistical attribution models | • Attribution provides **granularity & speed** required for frequent decisions  
• Statistical MTA enables data-driven allocation of credit to **multiple channels** in pathway to purchase |
| | **3b** Calibrate output with lift tests | • Run **quarterly lift tests** to validate attribution output  
• **Always-on adjustment basis** ‘calibration factor’  
• Augments efficacy by **marrying the correlational output with causal output of lift tests** |
| **Optimal campaign settings to maximize impact** | **4** Optimize campaigns for incrementality | • Run **user lift test** to identify best campaign settings (e.g., bidding strategy, attribution window)  
• Use the settings that **delivered higher incremental outcomes for future campaigns** |
| **Identifying optimal campaign inputs** (creatives, ad copy etc.) | **5** Use A/B tests to identify optimal campaign inputs | • Run A/B tests with variants of creative/copy to be tested, all other **settings kept the same**  
• Creative/ad copy with **higher outcome** (CTR, CVR etc.) to be scaled up  
• **Avoid Pre-Post tests**; high bias due to seasonality |

**Important to calibrate attribution models to augment efficacy**

Illustration of sales outcomes basis attribution and lift

<table>
<thead>
<tr>
<th>Basis</th>
<th>Attribution</th>
<th>Lift tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8x</td>
<td>Basis</td>
<td>Basis Lift</td>
</tr>
</tbody>
</table>

For more details on deployment of MTA, head to the Practitioner’s Corner

 Calibration factor of 0.8x identified via lift tests  
Applied to output from attribution model for performance measurement of future campaigns
Industry leaders in India are calibrating attribution models with lift tests and optimizing for incremental outcomes

**Leading Ed-tech player**
calibrated attribution with user-based lift tests

**Org context**
Industry leading player sought to ascertain the true impact of activities on a particular marketing channel on app installs

**Approach**
Identified the ‘calibrating factor’ for attribution models through user-based lift tests

**Results**
Higher installs seen from Channel X basis lift tests

**Implication**
Calibration factor of 1.25x applied to rules-based attribution; CPI\(^1\) calculated with same calibration

**Leading Travel player**
optimized campaigns for incrementality

**Org context**
The organization sought to identify the higher-ROI optimization approach between:
- 7 day click (approach 1)
- Or 7 day click + 1 day view (approach 2)

**Approach**
Ran user-based lift test across both approaches, and compared the incremental installs & purchases

**Results**
Higher installs and purchases seen basis approach 2

**Implication**
Optimizing for ‘7 day click + 1 day view’ gave higher incremental returns; future campaigns optimized with this approach

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1. Cost per Install
Source: BCG – Meta research and analysis
In summary
Five industry recommendations to drive growth through marketing measurement

1. Define media mix (offline vs. online) based on incrementality, enabled by MMM
   - MMM

2. Deploy Lift tests to measure incremental impact of key decisions, such as digital spend mix, investment in new channel etc.
   - Lift tests

3. Deploy statistical MTA to attribute credit across channels to scale up/down campaigns
   - MTA - Statistical

4. Optimize campaigns for incrementality
   - Lift tests

5. Use A/B tests to identify optimal campaign inputs e.g., creatives, ad copy
   - A/B tests

Minimize use of

- Pre-post tests to decide media mix
- Only click/touch-based metrics to define media mix
- Pre-post tests to optimize campaigns, comparing results across time
Hear it from the experts

When it comes to measurement, many different methodologies are available to marketers; which ones to use, when to use them, how to use them – these are the decisions that separate great organizations from merely good ones.

– V Balasubramaniam (Balu)
  Co-founder & MD,
  RainMan Consulting

“We are seeing a clear shift in the measurement approach of mature organizations; they are now looking to calibrate their MMM & MTA models with lift tests.”

– Vijay Ramaswamy
  Managing Partner
  Analytic Edge

With incrementality, marketers can answer critical questions about their marketing performance – questions like “How do I know the real impact of my marketing investments?” and “Which campaigns really move the needle?”

– Sanjay Trisal
  GM India, SEA, ANZ & Country Manager India
  AppsFlyer

“It is important that a methodology provides granularity in measurement, both at the user level and in the sequence of interactions. This enables nuanced decision making and deeper insight generation.”

– Sandeep Mittal
  Managing Director
  Cartesian Consulting

Make the most of your marketing budget by linking marketing performance to actual business outcomes. We advise our clients to focus on all parts of the marketing funnel and have an optimal cadence of strategic and tactical solutions to inform marketing decisions.

– Madhubanti Banerjee,
  Director, Marketing Effectiveness
  Nielsen Media

“Marketers should take help from AI/ML and use advanced algorithmic attribution models, which will give them direction on providing adequate credit to channels, without any bias.”

– Vyshak Venugopalan
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  Adobe India
Follow the leaders
Incrementality is delivering results globally

Advanced Practitioners of Incrementality
- Airbnb
- AT&T
- Booking.com
- Bridgestone
- Deliveroo
- Diageo
- Domino’s
- eBay
- Expedia
- Ford
- GoDaddy
- Upwork
- Hudson’s Bay
- Netflix
- Pandora
- PepsiCo
- Rue La La
- Salesforce
- Sony Pictures
- Under Armour
- Viber
- Vodafone
- Walmart

What the industry is saying

Incrementality is one form of measurement that ensures that we actually understand what our actions are, and because we know what our actions are we can affect our actions to improve our business.

− Stephan McBride, Director of advertising science (Netflix)

Randomized control experiments are the gold standard for marketing measurement. Despite the challenges, the appropriate use of randomized controlled experiments should continue to grow in marketing.

− Matthew Taylor, Effectiveness specialist (Google)

Smart reallocation of wasteful marketing spend and optimization to incrementality will generate a 2-3x increase in incremental ROI and drive continuous growth of overall sales.

− Vadim Tsemekhman, Director of product management (Walmart)

If you want to gain a competitive advantage, your firm should build an experimentation capability and master the science of conducting online tests.

− Steven Thomke, Professor of business administration, (Harvard Business School)

1. Meta, “Unlock Business Growth with incrementality measurement”, January 2018
3. Association of National Advertisers, US, Meeting presentation, October 2020
5. BCG experience

Note: The impact on business metrics is applicable only to business driven by digital performance marketing
Source: BCG Experience with leading Indian and global organizations across Financial Services, Media, Technology, Retail
Incrementality in action
Leading global sports retailer achieved $60M higher profit by adopting Incrementality

Revenue growth had slowed, even as costs were on the rise

‘Test & learn’ approach with an always-on pipeline of pilots, moving beyond the classical approach of campaigns

<table>
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<tr>
<th>Context</th>
<th>Approach</th>
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<tbody>
<tr>
<td>Traditional Marketing</td>
<td>‘Test &amp; learn’ marketing</td>
</tr>
<tr>
<td>Launch preparation</td>
<td>Initial hypothesis testing</td>
</tr>
<tr>
<td>Marketing campaigns</td>
<td>Pilot learnings</td>
</tr>
<tr>
<td>Big Bang launch</td>
<td>Ramp up successful tests</td>
</tr>
<tr>
<td>Learnings</td>
<td>Final pilot learnings</td>
</tr>
<tr>
<td>Iterative test and learn loop</td>
<td></td>
</tr>
</tbody>
</table>

20 incremental lift tests across 4 learning agendas

<table>
<thead>
<tr>
<th>Learning agenda</th>
<th>Pilots (select examples)</th>
</tr>
</thead>
</table>
| Optimize media mix | • Trademark search shutoff  
• YouTube ROI |
| Maximize influencers | • Macro influencers ROI |
| Identify right audience | • FB conversion lift with product attributes |
| New platforms ROI | • Amazon search & display ROI |

Impact

$50-60Mn
incremental annualized net profit

$500Mn
inefficient marketing spend identified

Source: BCG research and analysis
03

GETTING THERE
MEASUREMENT MATURITY IN INDIA AND THE WAY FORWARD
Holistic measurement maturity assessment of leading digital-first organizations

18 Organizations across 5 sectors
- eCommerce
- Ed-tech
- Fin. Services
- Media/OTT
- Travel

3 levels of maturity
- First steps
  - Minimal focus on marketing measurement
  - Minimal to no specialist skills, tech or data
- On the journey
  - Basic measurement models deployed
  - Key skills in place, developing tech & data
- Pushing the envelope
  - Incrementality a key input into marketing decisions
  - Key skills, tech & data capabilities in place

Assessment across 5 dimensions
- Overall philosophy and vision
- Metrics captured
- Methodologies deployed
- Organization capabilities
- Technology and data

INR 2k cr digital spend

Increasing maturity score across dimensions
Early days, but promising signs
Most Indian organizations still taking first steps – but some are well on the way

Measurement capabilities still nascent...
use only rules-based attribution for key strategic decisions

90%+

... but pockets of excellence across industries
Adoption of advanced measurement techniques

30% making adequate investment in measurement

20%+ deploy MMM
10%+ deploy Lift tests

Pushing the envelope

On the journey

First steps

Learnings from those pushing the envelope

Overall philosophy and vision
- Data-driven measurement insights drive marketing decisions

Metrics captured
- Focus on incremental metrics, in addition to click based metrics

Methodologies deployed
- Have started using Experimental/Statistical methodologies to guide key business decisions
- Use of calibration to augment efficacy of attribution

Organization capabilities
- Dedicated team with new-age specialist roles for measurement; reporting to CMO
- Top-down culture of ‘Test & Learn’

Technology and data
- Capabilities to enable experimentation and advanced modelling

Organizations ‘Pushing the envelope’ achieving 2-4x higher growth vs. peers

Source: BCG Measurement Maturity Assessment of leading digital-first organizations in India - 2021
# Technology, data and organization

Mature organizations have every base covered

<table>
<thead>
<tr>
<th>Organization capabilities</th>
<th>Pushing the envelope¹</th>
<th>First Steps²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedicated functional teams for measurement</td>
<td>100%</td>
<td>&lt;40%</td>
</tr>
<tr>
<td>Spectrum of new age skills³ (e.g., data scientists)</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Test and learn culture - pilots running at scale</td>
<td>2x scale</td>
<td>x scale</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology and data</th>
<th>Pushing the envelope¹</th>
<th>First Steps²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tools enabling experimentation</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Modelling &amp; advanced AI/ML capabilities</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Visibility of end-to-end customer journey, digital and offline</td>
<td>70%</td>
<td>0%</td>
</tr>
<tr>
<td>Exclusive partnerships to augment tech &amp; data</td>
<td>70%</td>
<td>0%</td>
</tr>
<tr>
<td>Clearly defined roadmap for tech &amp; data capabilities</td>
<td>100%</td>
<td>&lt;40%</td>
</tr>
</tbody>
</table>

**Invest in future-ready signal loss-resilient capabilities**  
- Enable server-to-server integration with publishers  
- Augment collection and activation of first-party data  
- Partner with omnichannel data providers for MMM

---

1. % of top three that fulfill criteria  
2. % of bottom three which fulfill criteria  
3. Number of specialist skills being more than or equal to 5  

**Source:** BCG Measurement Maturity Assessment of leading digital first organizations in India - 2021

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Measurement specialists can augment capabilities, head to the Practitioner’s Corner for details
Building measurement maturity – in five steps

Think incrementality
Measure incremental impact of all marketing interventions

Mix of methods
Deploy the right methods based on the decision hierarchy; calibrate with lift tests

Build organization capabilities
Dedicated team with new–age skills; augment through partnerships with measurement specialists

Invest in Technology & Data
Develop signal loss-resilient capabilities such as 1p data, visibility on e2e customer journey, data for MMM, etc.

Promote “Test and Learn” culture
Foster a culture of experimentation and always-on pilots across the organization

Impact

60% Sales uplift

10x ROAS

25% Gross margin impact
## Myth-busting

<table>
<thead>
<tr>
<th>MYTH</th>
<th>MYTH BUSTED</th>
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</table>
| **MMMs** can only be run with many years of data and are useful only to derive portfolio level insights | • MMMs can be modeled with just **3-6 months’ daily/weekly data** for channels  
• Can be used to **optimize digital and TV** for maximum incremental impact (e.g., compare true impact of campaign optimization strategy) |
| The **attribution window** (1 day, 7 day last click etc.) should be aligned to the conversion cycle (average time taken to convert) | • **Attribution window** should be aligned to the **closest true incremental result**; e.g., if ‘7-day last click’ is closest to incremental lift, use it as the attribution window |
| **Pre-post tests** are the ideal method for selecting campaign inputs (creative, ad copy, bids…) | • **Pre-post tests are prone to inaccuracy** due to the inability to control for seasonality (day of week, week of month, etc.)  
• **Use A/B tests** (varying one input at a time) to identify the ideal campaign inputs |
| **Incremental lift tests** give results in batch mode, and not immediately | • **Sophisticated measurement solutions available globally** can provide incrementality results in just **24 hours¹** |
| **Geo lift** will require control cities to be completely dark | • **ML-based synthetic control groups** enable lift tests **without going media dark**  
• Provides accurate output by **leveraging existing variations in ad intensity** across geographies in the control group |

---

1. Available for verticals like gaming, to be expanded to other categories  
Source: Inputs from measurement specialists and industry experts; BCG analysis
The additional information that can be uncovered by measuring incrementality

Why you need to start measuring “incrementality” for optimum media mix

Possibility of under/over reporting true impact from last click measurement due to:
- Clicks lost due to URL stripping or click fraud
- Complex journeys across devices/channels
- If a customer converts after a view, without clicking

Bolster your attribution by measuring incrementality

Conversions recorded basis last-click attribution for Channels A & B

Overlap of conversions from the two channels with organic conversions

Incremental conversions driven by channels

Illustrative example

Source | Last-click-based conversions | Overlap with organic | Incremental conversions
--- | --- | --- | ---
Channel A | 400 | 250 | 150
Channel B | 300 | 100 | 200

Source: Inputs from measurement specialists and industry experts; BCG analysis
DEPLOY STATISTICAL MULTI TOUCH ATTRIBUTION MODELS TO ASSIGN UNBIASED CREDIT TO CHANNELS

Sub-optimal MTA models often deployed
- Marketers generally use the default MTA option available in publisher tools
- Inertia to explore sophisticated MTA models with multiple capabilities

Choose data-driven models over heuristic decisioning
- Credit to channels frequently decided heuristically, susceptible to bias
- Data-driven models assign credit to channels based on advanced AI/ML based algorithms – enable unbiased decision-making across channels
- Periodic calibration with lift-tests for validation of model output
- Illustrative example:
  - Large grocery chain heuristically attributed 40% of digital sales to Channel X and 20% to Channel Y
  - Deployed statistical MTA, which attributed 60%+ sales on Channel Y
  - Piloted campaigns with higher spends on Channel Y
  - Achieved higher sales and ROAS based on data-driven attribution

Need to ‘Test-and-learn’ different models
- Critical to pilot and compare multiple statistical MTA models
  - Sub-optimal model deployment can lead to inefficient channel effectiveness measurement
- Compare MTA models for efficacy and coverage across channels, devices, touches (clicks and/or views)
- Deploy models with output closest to incremental lift tests

Source: Measurement partners; BCG experience
### Capabilities can be fast-tracked and augmented through collaboration with measurement specialists

<table>
<thead>
<tr>
<th>Measurement specialists</th>
<th>WEB</th>
<th>APP</th>
</tr>
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<tbody>
<tr>
<td><strong>Key methodologies supported</strong></td>
<td>Adobe</td>
<td>AppsFlyer</td>
</tr>
<tr>
<td>MTA</td>
<td>Attribution models, Incrementality-based lift tests</td>
<td></td>
</tr>
<tr>
<td>- Algorithmic attribution across multiple touchpoints</td>
<td>- Visibility of customer’s end-to-end mobile journey across multiple touchpoints</td>
<td></td>
</tr>
<tr>
<td>- Customer journey analytics to understand touchpoints/ drop off points across the journey</td>
<td>- Advanced models for attribution across multiple touchpoints</td>
<td></td>
</tr>
<tr>
<td>- Cohort analysis of customers with shared characteristics</td>
<td>- Profiling customers and defining audience segments to enable the creation of test and control groups</td>
<td></td>
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<tr>
<td>- Real-time segmentation of customers using ML-based algorithms</td>
<td>- Experimentation and real-time analytics of test results</td>
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</table>

| Key offerings | 
|----------------|---|
| **Cutting Edge Offering:** Channel/budget/conversion optimization basis automated recommendations by an AI-ML-based Virtual Analyst | 
| **Cutting Edge Offering:** Measurement of the incremental impact of remarketing campaigns, using lift tests |

| Success stories | 
|----------------|---|
| “For understanding how well different marketing campaigns are doing, we go to the Adobe Analytics suite. It’s our eyes and ears to our customers’ journeys and experiences. It enables us to make the right decisions on time.” Senior Director, Analytics (E-commerce leader) | “With the help of AppsFlyer’s incrementality solution, we were able to uncover critical insights and achieve better and faster results. It helped us scale up rapidly and effectively.” Head, Growth Marketing (Gaming leader) |

**Note:** Select examples  
**Source:** Measurement partners; BCG research
<table>
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<tr>
<th>Consulting Services</th>
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<tr>
<td><strong>Cutting Edge Offering:</strong> Always-on (real-time) ROMI insights &amp; forecasting using MMM</td>
<td><strong>quote</strong></td>
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<tr>
<td>Dynamic calibration of MMM with real-time data</td>
<td>“Building MMM with Analytic Edge has helped us assess our marketing performance and optimize media mix real-time. It enables us to make better decisions in an agile way.” <em>Head, Digital Analytics (Global computer hardware leader)</em></td>
</tr>
<tr>
<td>Forecasting &amp; simulation of marketing mix using scenario simulation</td>
<td><em>Note: Select examples</em></td>
</tr>
<tr>
<td>DIY predictive analytics with cloud-based, AI-driven solution</td>
<td><em>Source: Measurement partners; BCG research</em></td>
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<tr>
<td>Synthetic geo selection for lift tests and predictive analysis basis results</td>
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<td><strong>Cutting Edge Offering:</strong> Dynamic budget allocation through ‘Multi-armed Bandit’ algorithm for calibrating MMM with test results</td>
<td><strong>quote</strong></td>
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<td>Segmentation &amp; selection of identical customer groups for tests using techniques such as look-alike modelling</td>
<td>“Using Cartesian’s NoC (Net of Control) Lift measurement methodology, we’ve been able to identify 8% increment in sales from specific marketing efforts, which were otherwise hard to attribute impact to. This ability really helps us in sharpening our allocations and focus on what is delivering results.” <em>Head of Marketing (Global fast-food chain)</em></td>
</tr>
<tr>
<td>Execution of multiple tests while measuring isolated impact—capability to measure ‘lift on lift’</td>
<td></td>
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<tr>
<td>Attribution modeling using advanced algorithms such as Markov chain</td>
<td></td>
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<tr>
<td>Customized analytics through advanced analytical techniques such as genetic algorithms</td>
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<td><strong>Cutting Edge Offering:</strong> Proprietary calibration technology for MMMs; MTA in cookie-less world with Nielsen ID system for customer identification</td>
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<td>Algorithmic modeling for data driven attribution to multiple — touchpoints</td>
<td>“The attributed metrics, enabled by Nielsen’s MTA solution, are our source of truth. We can easily identify channels or tactics being under or over-reported by last paid click, plan budget allocation more effectively, and know which levers to pull to drive site traffic and sales.” <em>Senior Digital Marketing leader (Global travel &amp; tourism leader)</em></td>
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<tr>
<td>Online platform for scenario planning, forecasting &amp; optimization using MMM</td>
<td></td>
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<tr>
<td>Audience profiling through comprehensive data on interactions across multiple channels - mobile, TV, print &amp; online</td>
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<td>Experimentation through lift tests</td>
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<td><strong>Cutting Edge Offering:</strong> Live MMM with daily insights for analysis and optimization</td>
<td><strong>quote</strong></td>
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<tr>
<td>One-stop shop for MMM - data integration, modelling, visualization and prediction</td>
<td>“With RainMan, we have driven effective media solutions and pricing strategies. They enabled us to move beyond the basic questions of ‘how much and how to invest effectively in media.’ It has helped the business to deploy the analytical solution into transformational action.” <em>Head, Business Science (Consumer goods leader)</em></td>
</tr>
<tr>
<td>Automated online scenario planning, simulation and dynamic mix optimization with MMM</td>
<td></td>
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<tr>
<td>ML-based geo selection and analysis of test results</td>
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NOTE TO THE READER

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