The CMO Measurement Toolkit

Insights for Marketers from the DMA Effectiveness Databank

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Contents

/ Introduction

Proving marketing effectiveness is often billed as hard task, but it doesn't need to be.

The pace of change in marketing is hard to keep up with. New channels, platforms, metrics and pieces of adtech kit flood the market on a weekly basis, each proclaiming that their relevance and effectiveness has superseded everything that has come before. The same isn't necessarily true for measurement however. The tried and tested triumvirate of MMM (Marketing Mix Modelling), test vs control uplift studies, and attribution modelling are as relevant now as they have ever been, but the challenge for the average marketer is knowing what to use when, and to ensure that these methodologies have kept up to date with the marketing drivers that they are attempting to measure.

Yes, there are challenges in the measurement space that have affected how and what we can measure, but that doesn't mean that the average marketer shouldn't strive to achieve best practice in their measurement plans.

The much anticipated "cookie-pocalypse" is finally set to take place in 2024, unless Google again delays, while changes to iOS privacy settings have meant that Meta has already felt the pinch in its ad revenues to the tune of several billion dollars. While the death of the cookie has and will inalterably change how digital advertising is targeted, it also makes tracking and measuring the effectiveness of the average digital ad exposure a much harder task.

It's a double-edged sword however. Attribution modelling has long been criticised for giving too much credit to the last touchpoint that a customer is exposed to prior to a purchase, and many industry commentators have posited the notion that the death of cookies will see a pivot towards more robust forms of measurement such as MMM.

The average CMO however, is faced with the task of proving effectiveness in the here and now. The current economic climate of stagflation has meant that marketing budgets are under more pressure than ever. CFOs hungry for efficiencies place a greater burden on the CMO to prove the impact of their spend, with an ever-increasing demand to articulate short-term business outcomes at the expense of focusing on what drives long-term sustainable business growth.

As the voice of the data-driven marketing industry, the DMA sits at the confluence of customer data, creativity and technology and has a fundamental remit to help marketers with the following three tasks:

1. **Planning more efficient and effective campaigns**
2. **Acquiring and retaining customers**
3. **Demonstrating the value of marketing**

This report is designed to provide CMOs and marketers with the guidance they need to prove marketing effectiveness in the boardroom, while focusing on the measurement best practices that truly articulate its impact as robustly as possible.

This report draws on insight from the DMA's Effectiveness Databank: a database of advertising effectiveness which has now been updated to cover over 1,200 DMA award entries from the last six years.

We hope you enjoy this report and we welcome feedback from our community on how you can make measurement more meaningful.

Ian Gibbs, Insight and Planning Director, DMA UK

Foreword - Merkle

Given the challenging macroeconomic and political environment we are experiencing, every marketer is feeling the pressure to prove the effectiveness of their work. Change is all around us and is accelerating at a breakneck pace, not least in the technology and tools that are available to us, clamouring for attention – and spend. There is so much data that's now at our fingertips that it can prove paralysing, as marketers struggle to keep their heads above the data flood and aren't sure what to report upon and when or how to truly measure progress towards their strategic objectives.

Nonetheless, best practice is out there, and it is achievable. For today's typical CMO, proving effectiveness is vital, even more so now that marketing budgets are tightly squeezed and pressure to compete with both traditional rivals and new market or category entrants is keener than ever. In this report, we will concentrate on the measurement best practices that deliver meaningful impact to the bottom line. We will detail how to understand which measures truly matter to your organisation; outline how to determine which metrics will best illustrate progress against your marketing and brand goals, leading to stellar outcomes; and show you how to put these metrics into context in the broader industry and marketing landscape. We will discuss the power of brand building as a response to an environment where demand can be scarce, and the beneficial influence of creativity in driving campaign responses. Lastly, a checklist summary of our key guidance for marketers will allow you to easily summarise your current maturity and rapidly identify opportunities for progression in the measurement space.

Merkle is a leading data-driven, technology-enabled, global customer experience management company that specialises in the delivery of unique and personal customer experiences across platforms and devices. We specialise in helping businesses plan, measure, deliver and integrate their capabilities across Strategy, Media, Marketing Technology, Customer Experience and Analytics. We have helped a wide range of clients to hone their approach to marketing measurement, enabling them to make progress in the most agile and strategic way towards a bigger, better future.

It's our hope that this report will enable you to break through the data maze and provide you with actionable insights that you can put into practice to boost your organisation's marketing. We'd be glad to help you with your needs – do get in touch to start discussing your measurement pain points and priorities.

Azlan Raj, Chief Marketing Officer - Merkle

/ Foreword – Media Council

“The only constant in life, is change” (Heraclitus, and yes, I did have to look that up) and the world of marketing makes life look decidedly amateur in this respect!

In October 1999, I started my media career as a DR planner/Buyer working across DRTV, inserts, Door Drops and print. They were simpler times, with coupons, voucher codes and variable phone numbers helping us to monitor responses and attribute back to the right channels, titles and formats.

Digital was just a glint on the horizon and a couple of guys in the corner of the office, building websites, who no one talked to and many of the platforms that dominate our world today, didn’t even exist.

Needless to say, the seismic and constant shift in the world of marketing over the last 23 years has been both exciting and challenging. Marketers and their agencies are in a constant race to utilise the constant stream of new platforms, data sources and formats being made available by both existing and new entrants to the media landscape. In addition, as the economy rises and falls, the pressure to justify marketing budgets against business impact and to unpick the value of each channel and format has increased but is ever more complex.

As a result, the need to develop measurement approaches that address the complexity and speed of change is vital. Over the last 10 years I have been fortunate enough to work with a number of forward thinking brands and some incredibly intelligent analysts, econometricians and data scientists to create hypotheses around the true contribution of media to business outcomes and develop new measurement approaches to try and unpick the attribution challenge. I’ve also enjoyed watching the industry luminaries in the field of effectiveness, go at it quite publicly over which approaches are better.

The DMA is committed to helping Marketers navigate this complexity, delivering insights and approaches from across the industry and enabling learning and understanding for brands that may be just starting on their measurement journey and benchmarks for those already on their way.

The challenge and, to some extent, confusion that is present in the industry is highlighted by the fantastic analysis being done on the data within the DMA’s Effectiveness Databank to produce this year’s report “The CMO Measurement Toolkit”. The fact that there are nearly 180 different metrics being monitored and measured by Marketers, demonstrates the need for central guidance. Building on the theme of “Meaningful Measurement”, the report looks to help identify the “metrics that matter” and provide guidance as to how Marketers should be looking to shift from shallow campaign metrics towards the ultimate goal of business metrics, with insights and advice on how to start identifying the relationships between these different categories of metrics and business outcomes and start to speak the language of the boardroom.

For further advice on how to start your measurement journey, you can download the Marketing Measurement Toolkit 101 produced by the DMA’s Media Council, with a step by step approach to building a measurement approach for a better understanding of marketing effectiveness.

I hope you enjoy the report and best of luck on your measurement journey.

Matt Dailey, DMA Media Council Measurement Lead & Co-Founder/Consultant - 1PD Group

/ Five essential tips for CMOs

1. **Focus on measuring what matters to your business:** Campaign measurement plans are still too focused on less meaningful campaign delivery and digital vanity metrics. 41% of effectiveness metrics used by marketers fall into this less meaningful group compared with the 59% relating to brand, response and business effects. Speak the language of the boardroom when articulating campaign effectiveness if you want to unlock further budget. Linking marketing spend to business outcomes such as ROI, customer growth, market share improvement, profit growth and long-term customer loyalty will help to sell the organisational value of marketing when budgets are under pressure.

2. **Assess which metrics are linked to business outcomes:** If the reporting of business effects is what appeals to the boardroom, it's crucial to understand at the planning stage which media inputs are most strongly linked to positive business outcomes. Metrics related to campaign reach, spend efficiency (which doesn't mean simply chasing the lowest CPMs) and ad engagement all link to business outcomes. Net Promoter Score (NPS) growth, retention rate and Average Revenue per User (ARPU) increases are also strongly linked to positive business outcomes and should be planned for where relevant.

3. **Contextualise marketing performance against relevant industry benchmarks:** Marketing effectiveness is still below pre-pandemic levels, with sub-standard measurement undoubtedly playing its part. However, like-for-like comparisons should be made when setting campaign KPIs. For example, while response and business effects have declined during the past three years, brand effects have nearly doubled. An organisation's industry of operation makes a huge difference too, with financial services, retail and charity campaigns all above-average performers.

4. **When current demand is scarce, stimulate future demand through brand building:** Generating customer response to marketing comms is harder when household budgets are under severe pressure. If short-term response cannot be found, then future demand can be stimulated with brand activity. The benefits of such an approach will be felt when the economy and customer demand both recover. Brand activity can itself drive sales directly, and through a halo effect on performance / response marketing in the short term.

5. **Rediscover the lost art of creativity to drive campaign response:** High levels of creativity are currently being used to generate business and brand effects – a finding which should encourage the boardroom to support a culture of creativity in marketing. Performance / direct response marketing is currently not taking advantage of the creative opportunity, however. This is a big opportunity for advertisers aiming to arrest the decline in response effectiveness.

1. Focus on measuring what matters to your business

The DMA Effectiveness Databank provides marketers with a detailed view of the types of metrics most commonly used to articulate campaign success. By drawing upon the results section of 1,261 DMA Awards entries it's possible to quantify which metrics are being used to measure effectiveness.

- Overall, 178 different metrics have been identified. While it isn't realistic to expect diverse campaigns in different sectors to conform to a unified set of metrics but having this many in play will hamper an organisation's ability to discuss and assess its use of marketing spend.

- Focusing on a narrower set of meaningful KPIs will always be more beneficial than littering campaign measurement plans with as many metrics as possible in the hope of cherry-picking a few that tell a positive story. Agreeing a set of metrics prior to campaign launch and capturing them through an established measurement framework (such as the DMA Measurement Framework 101) that has buy-in both internally (e.g. buy in from finance and marketing) and also with external partners (such as agencies and platforms / media owners) is critical to capturing learnings, and applying them to future activity. Measurement should not just be a retrospective box-ticking exercise; it should be used as a vital test-and-learn tool, helping to optimise the impact of future spend.

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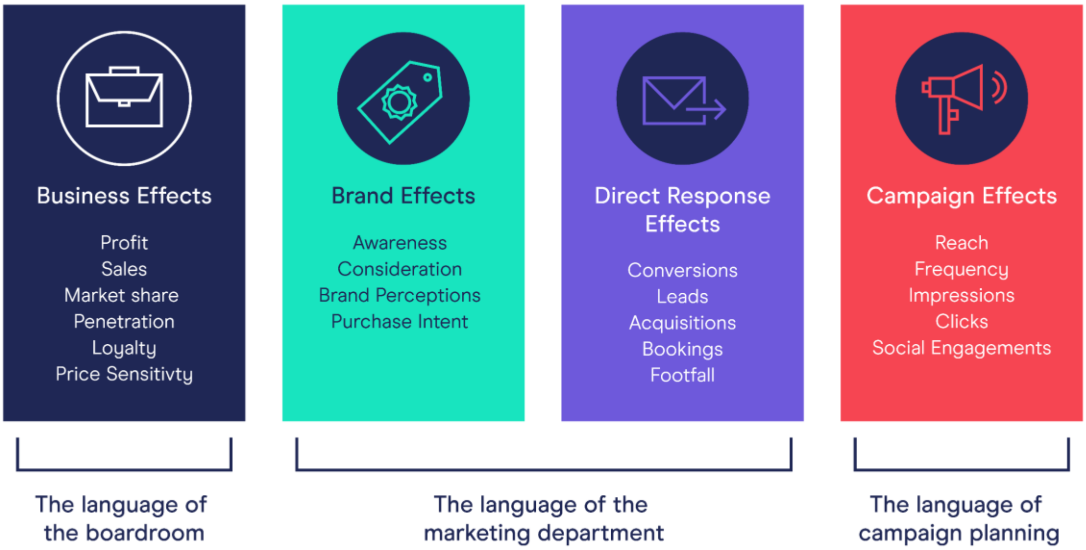
So what is a meaningful KPI?

The 178 metrics identified in the DMA Effectiveness Databank can be broadly split into four categories:

1. **Response Effects:** Effects that direct response and performance marketing campaigns are tasked with in the short term (e.g. conversions, acquisitions, sales, bookings, footfall, downloads, CPA efficiencies and response rates)
2. **Brand Effects:** Effects that specifically relate to brand measures and metrics (e.g. brand

awareness, ad recall, consideration, purchase intent, brand trust, brand perceptions, recommendation, customer satisfaction and NPS)

3. **Business Effects:** Effects related to overall business performance. They are distinct from response effects as they typically point towards the long-term sustainability of a business (e.g. profit, market share growth, customer penetration, loyalty and shareholder value)
4. **Campaign Delivery Effects:** Essentially media planning campaign inputs (e.g. reach, frequency and impressions), and so-called 'vanity metrics' (such as clicks, likes and shares). These ultimately say little about campaign effectiveness, but as they have appeared in the results sections of DMA award entries, they reveal a great deal about how marketers currently measure campaigns.



These definitions help clarify what constitutes a meaningful effectiveness metric. Organisations invest in marketing to shift the dial on business performance: to drive sales and profit, expand their customer base and grow their market share. **This is the language of the boardroom.**

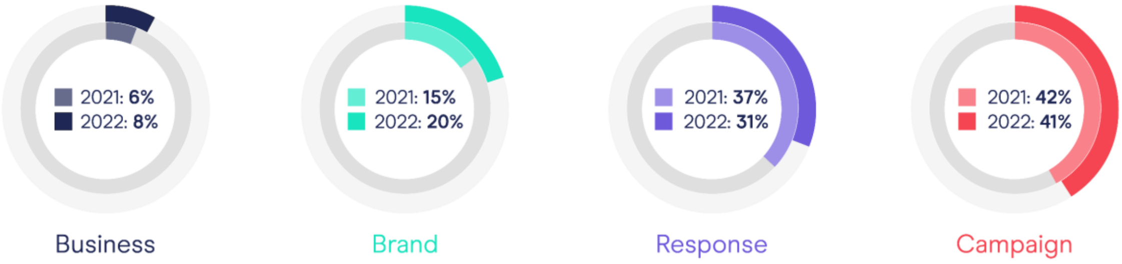
Two fundamental strategies can be deployed to do this: brands can drive immediate short-term sales and conversion through direct response activity (communications led by price and offers); and they can drive long-term outcomes through brand activity. In terms of the latter, changing how customers think and feel about brands stimulates future demand. If done well, this should work in synergy with response activity. **This is the language of the marketing department**.

In truth, a binary distinction between these two approaches is not always practical, with both approaches having effects across the marketing funnel. Joined-up measurement between brand and response is therefore vital for measuring full-funnel effectiveness.

No brand sets out with a fundamental purpose of accumulating ad impressions, views or clicks (campaign effects). That doesn't mean those metrics lack meaning in the media cycle. Reach, frequency and impressions are vital during the campaign planning stage. Views, likes and shares are also the most immediate metrics to hand when campaigns are being optimised in real-time.

But campaign metrics don't tell us about the overall effectiveness of marketing. As the chart below shows, the industry is pre-occupied with using campaign effects to measure success. In 2022, 59% of measures related to business, brand and response effects, while 41% related to campaign effects:

Proportion of Metrics Used to Measure Marketing Effectiveness



This picture has changed little year on year. A decline in response metrics used and an increase in brand metrics is a reflection of the changing profile of DMA award campaigns year on year. As covered later in this report, there were more entries featuring brand objectives and fewer with response objectives in 2022 than in 2021. While the marginal uptick in business effect reporting is positive, the continued dominance of campaign metrics on measurement plans is a cause for concern.

Linking to Business Outcomes is Critical

When not focusing on the metrics that matter, marketers are essentially flying blind. Concentrating on campaign delivery effects results in performance being optimised towards the wrong outcomes, undermining success. Brand and response outcomes are vital metrics for enabling the marketing department to determine what is and what isn't working.

The language of business effects is most important in boardroom discussions. Conveying how marketing spend has shifted the dial on metrics including profit growth, shareholder value and market share gains is a sure-fire way of convincing business leaders of the power of marketing, and avoiding unwanted budget cuts from CFOs. In a world where two-thirds of organisations regard marketing as a cost centre (according to PWC), these proof points are essential.

Findings	Guidance for Marketers
1. 178 metrics are being used to measure marketing effectiveness	Focus on a narrow set of business-critical metrics. Ensure that all internal teams are aligned around the KPIs that matter to your business (e.g. alignment between finance and marketing); and that alignment exists between all external partners (e.g. agency and media owners / platforms).
2. Only 8% of effectiveness metrics relate to business outcomes	Link marketing spend to at least one business KPI. Speak the language of the CEO and CFO when communicating the role of marketing in the boardroom. This is key to maintaining and growing marketing budget in challenging economic times.
3. 41% of effectiveness metrics relate to campaign delivery effects	While the language of reach and frequency are important planning metrics - each with established theoretical frameworks for how they drive campaign outcomes - they aren't in themselves measures of success. Reserve these metrics for your media plans, not your measurement plans. Focus on business, brand and response effects.

2. Assess which metrics are linked to business outcomes

If the advice is for marketers to deploy the language of business impact to communicate the value of what marketing brings to the business, then it is instrumental to understand which of the 178 measures picked up in the DMA Effectiveness Databank are most strongly linked to business effects. The following section does so for brand, response and campaign delivery effects.

A hierarchy of campaign effects

While the advice is to steer clear of campaign metrics in measurement plans, it is also recognised that they do have value as campaign planning metrics. By understanding which campaign effects have a degree of linkage to campaign outcomes, better-informed planning decisions can be made. Furthermore, if it is unrealistic to simply expect measurement plans to switch off the campaign metric taps overnight, at least in the short term the most meaningful campaign delivery effects can appear higher up in the hierarchy of KPIs than pure vanity metrics.

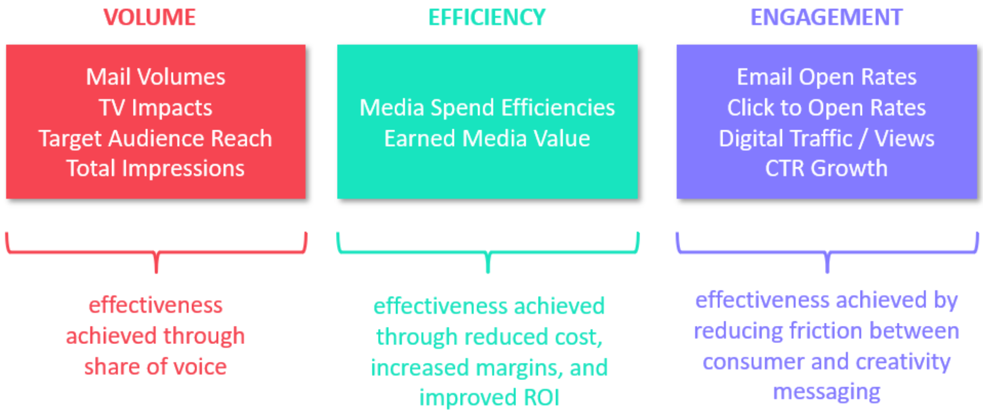
The top campaign delivery effects linked to business outcomes can be broadly grouped into three categories. Each speaks to well-established media and creative planning principles. These are metrics of note that should be given consideration in the campaign planning and optimisation phase, but should not be used to replace the measurement of campaign outcomes.

Total Number of Business Effects by Campaign Delivery Metric

1. **Ad Volume Metrics:** Campaigns which report on volume-based metrics related to mail volumes, TV impact and total campaign impressions tended to record above-average business effects. While two of these metrics are clearly channel specific, their inclusion is likely a reflection of broad audience reach-based principles of planning – principles which lend themselves to maintaining or growing ESOV (extra share of voice - i.e. share of advertising activity vs competitors) in an effort to build market share.

2. **Ad Engagement Metrics:** Campaigns which report on increased email open rates, digital traffic / view growth, click-through rate growth, or Click to Open rates (also referred to as CTO – another email-specific metric) were also above-average performers in terms of business effectiveness. These metrics move one step beyond an assessment of campaign volumes, and instead factor in an element of audience receptivity to the creative. Caution must be exercised when chasing shifts in these metrics, with many contributing to only a partial picture of campaign effectiveness. Consider, for example, an average desktop display click-through rate of <1%. Doubling this figure may seem like a useful campaign outcome, yet even then this metric would reveal nothing about the impact of the campaign on the 99% of customers who are exposed to the campaign but decided not to respond immediately (e.g. a delayed campaign conversion, or longer-term brand effects).

3. **Spend Efficiency Metrics:** Campaigns which report on efficiencies found in media spend, and additional 'earned' campaign reach through PR activity, also recorded above-average business effectiveness. Efficiency gains can often lead to greater marketing ROI, cutting the investment required for a given return. Again, caution must be exercised in chasing spend efficiencies at the expense of all else. It may seem like an attractive story to spin in the boardroom, yet in the long run this can simply become another reason for CFOs will cut marketing budgets. A positive ROI may seem like a critical success measure, but unless it's coupled with significant campaign volume, its broader effects on the business will be diminished. For example, a 4:1 ROI delivered on campaign spend of £100,000 will result in a return of £400,000. A lower ROI of 2:1 delivered on a higher campaign spend of £300,000 will result in a return of £600,000. Clearly the latter has had more impact on business outcomes.



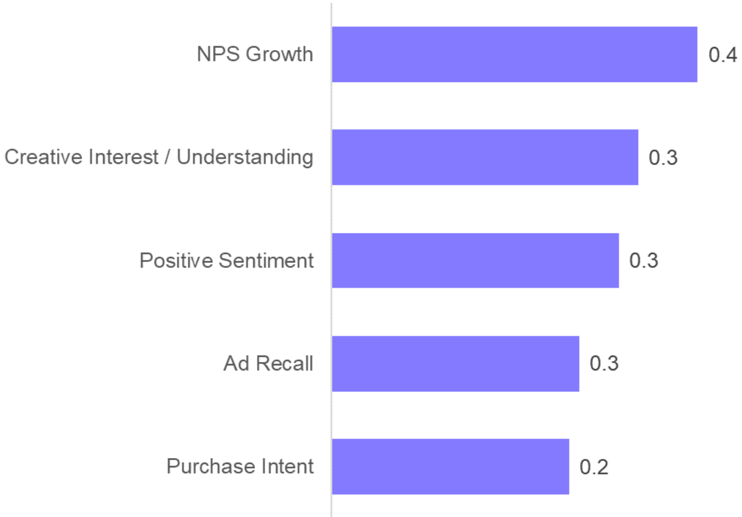
Planning for brand effectiveness

Often termed 'soft metrics', in reality there is nothing soft about the impact of brand activity on the business.

The principle of determining which effects are most strongly linked to business outcomes can just as readily be applied to the brand metrics measured in the DMA Effectiveness Databank. Unlike campaign delivery metrics, marketing campaigns are often devised with a specific objective to shift the dial on brand awareness, change brand perceptions or boost brand consideration. Brand building looks to boost the levels of mental availability used to stimulate future demand among consumers not currently in market. It also seeks to create emotional connections between brands and customers to reduce price sensitivity; an effect that is vital in these inflationary times.

Brand building invariably remains the language of the marketing department. It is a means to an end (an end which is often only seen in the long run, leading to heightened levels of unfair, short-term scrutiny being placed on brand activity). While it can be an important tool in delivering business outcomes, boardroom buy-in will be more achievable once we know which brand effects are the most commercially critical.

Total Number of Business Effects by Brand Metric

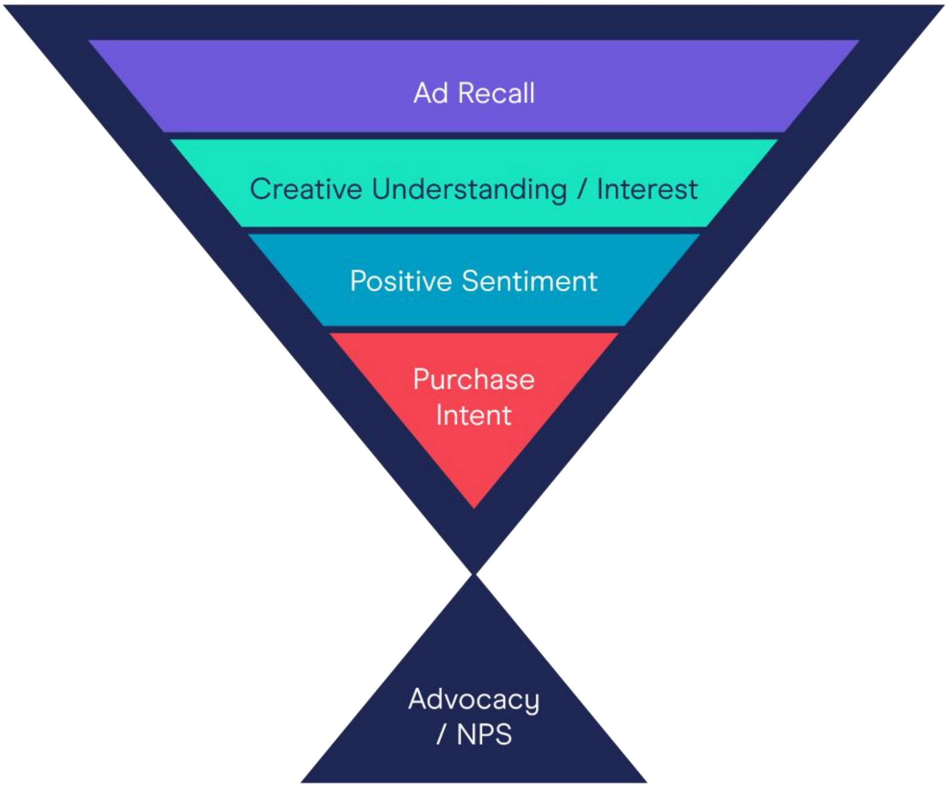


Net Promoter Score (NPS) is most strongly linked to business outcomes. A growth in the likelihood of customers recommending a brand to others results in above-average business effectiveness. The remaining brand metrics that appear at the top of the pile, all neatly fit into traditional brand funnel models such as that typified by AIDA (the process by which advertising raises brand Awareness, Interest, Desire, and then finally Action). These models may not be neat, linear paths - see Google's Decoding Decisions paper, for example - but they do help us codify the impact brand advertising seeks to achieve.

Campaigns which have high cut-through (ad recall), then look to achieve a high level of creative understanding or interest, Next they will aim to generate positive sentiment towards a brand. Interest and positive sentiment is a precursor to entering a consumer's brand consideration set. Raising levels of brand consideration is vital for stimulating purchase intent. In turn, if a positive brand experience is imprinted on a customer after purchase, they will be more likely to advocate that brand to others - as measured with NPS.

Often termed as 'soft metrics', there is nothing soft about the business impact of brand activity.

The Branding Funnel and the Effects Most Strongly Linked to Business Outcomes



The response effects linked to business impact

The final piece of the jigsaw relates to establishing which response effects will drive the outcomes that concern the boardroom. Response effects are naturally more commercial in nature. On the surface, they may seem to have greater appeal to the C-suite as a result. However, they are fundamentally short-term indicators of success and, without being considered alongside other measures, will obscure the full picture of marketing effectiveness.

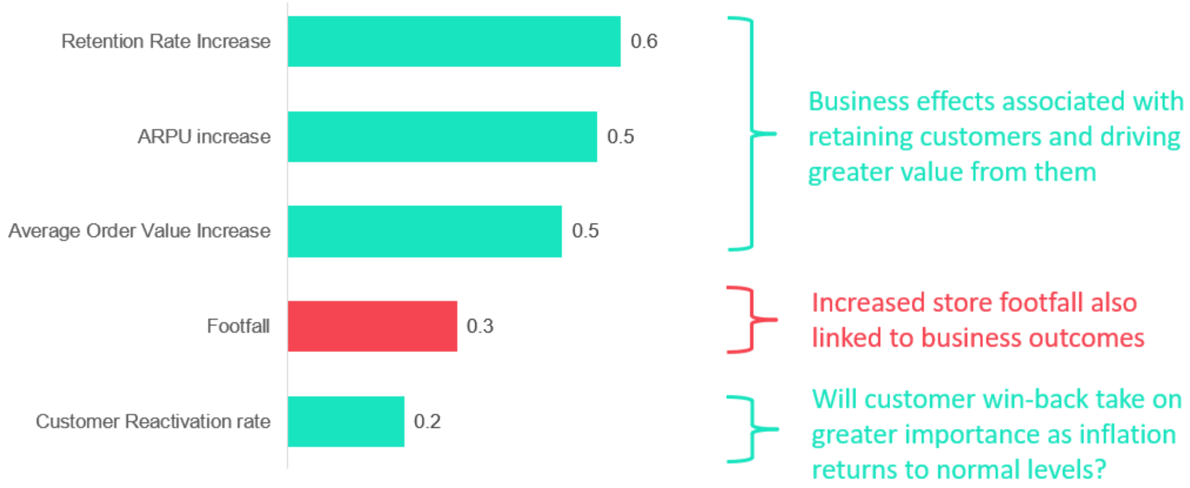
Response / performance / activation activity is vital for generating short-term sales and fulfilling demand stimulated by brand activity. But its use must be carefully balanced with other business objectives. In a depressed economic climate, it’s tempting to offer discounts to customers. While this may stimulate short-term demand, it will also create greater price sensitivity and customers could become addicted to perpetually lower prices. Price sensitivity while inflation remains high is more likely to breed brand promiscuity and deepen commoditisation.

Retention is the theme for four of the five response metrics most strongly linked to business outcomes. Campaigns which reported on improved customer retention, higher ARPU and AOV performance were above average for generating business effects. It's possible to target ARPU and AOV improvements with acquisition activity but retention tactics, such as up- and cross-selling, are often needed to increase the value of existing customers.

Customer re-activation was also linked to business effectiveness. This is at the fore during the cost-of-living crisis, with customers shifting their buying behaviours as a money-saving option, rather than brands simply falling out of their favour. Brands will be increasingly focused on win-back strategies as households' circumstances improve in line with a broader economic recovery.

Physical store footfall is also a leading indicator of business effectiveness – and one very much linked to customer acquisition. With major retailers reporting the slowest rate of store closures for eight years, despite the overall challenging economic environment, the power of bricks-and-mortar store traffic for those brands with physical presence is a crucial KPI for business performance.

Total Number of Business Effects by Response Metric



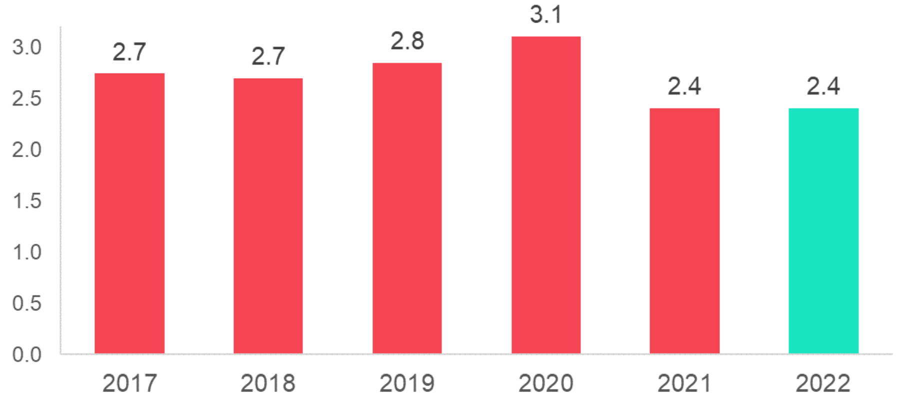
Findings	Guidance for Marketers
1. Campaign volume, ad engagement and spend efficiency metrics are linked to business effectiveness	These metrics should be considered in the media planning phase and dovetail neatly with established marketing best practice. They should supplement rather than replace other more meaningful KPIs and caution should be exercised when inferring their causality. As leading indicators of business outcomes where measurement challenges are present, they are useful to consider however.
2. Net Promoter Score growth plus a range of top-to-tail brand funnel effects drive business outcomes	Creative design must aim to achieve high ad recall, and ad interest / understanding. Positive brand sentiment, purchase intent and NPS are all linked to business effectiveness. Include these metrics in all brand campaign measurement plans.
3. Customer retention and reactivation, ARPU and AOV growth and store footfall are linked to business effects	While a balance of acquisition and retention is vital for business growth, metrics related to customer loyalty and value are associated with broader business performance. The power of physical footfall is also important. Include these metrics in campaign measurement plans where appropriate.

3. Contextualise marketing performance against relevant industry benchmarks

Marketing effectiveness has had a turbulent few years. As reported by the DMA Effectiveness Databank, the pandemic prompted a modest boost in marketing effectiveness in 2020. Marketers learned to do more with less, and customers stuck at home during lockdown proved to be highly receptive to appropriately targeted marketing comms. As the world opened up again, however, the trend was reversed in 2021. In the face of declining performance marketing outcomes and an over-reliance on short-term activity, effectiveness dropped to below pre-pandemic levels.

This trend has persisted in 2022, with 2.4 effects per campaign recorded for the second year in a row. Effectiveness in the chart below refers to the number of business, brand and response effects generated per campaign, and excludes the number of campaign delivery effects – a definition of effectiveness that runs throughout the remainder of this report.

Total Number of Effects (Business, Brand and Response Effects)



A new effectiveness normal?

Is two years of muted performance enough of a trend to declare a new normal in marketing effectiveness? Whether that's true or not, it's important that CMOs can accurately contextualise success criteria and KPIs in the boardroom. Two years of marginally lower effectiveness should not be used as a stick to beat the marketing discipline with, instead it is an opportunity to manage marketing effectiveness expectations in challenging economic times.

Lower industry benchmarks also raise the prospect of potential achievements with truly outstanding campaigns. If highly creative work is harnessed through the power of data and technology, there are huge opportunities for brands to stand out from competitors.

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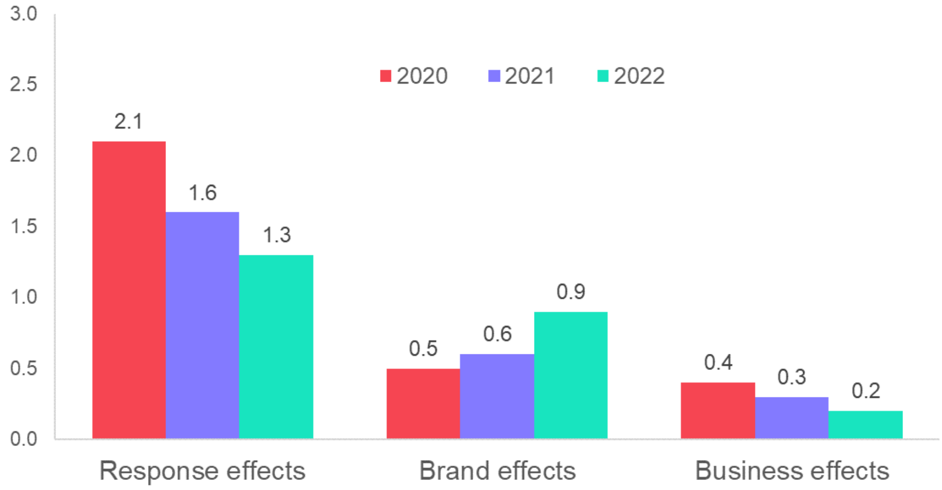
The drivers of this ‘new normal’ become clearer when exploring the individual components of the DMA Effectiveness Databank. As the chart below shows, the number of response effects recorded per campaign has declined considerably during the past three years; while the number of business effects has halved. On the other hand, brand effects reported have nearly doubled.

While brand marketers can face a tricky task selling in the power of brand building in a short-termist industry, it’s encouraging that those who have had brand budget sign-off are making their budgets work harder than ever.

Average Number of Business, Brand and Response Effects per Campaign



The drivers of brand and response effectiveness will be covered in the following two chapters of this report, but overall, marketers must consider four key factors when attempting to understanding the current marketing effectiveness landscape:

1. The macro-economic environment: However precisely optimised marketing campaigns might be, it must be considered that there is only a finite amount of customer demand that can be stimulated when household budgets are under more pressure than ever.

2. Marketing measurement: Campaign measurement plans remain too focused on metrics that do not matter. Sub-standard measurement means marketers often fly blind; with only partial effectiveness data at their fingertips, they fail to optimise future campaign activity.

3. Marketing planning factors: A myriad of campaign planning factors will inevitably influence campaign performance. Those not covered in this report are included in the DMA Effectiveness Databank and available upon request. The blend of brand and response; retention vs acquisition; short-term vs long-term spend; plus media channel selection and

integrated campaign considerations will all play their part in the effectiveness mix.

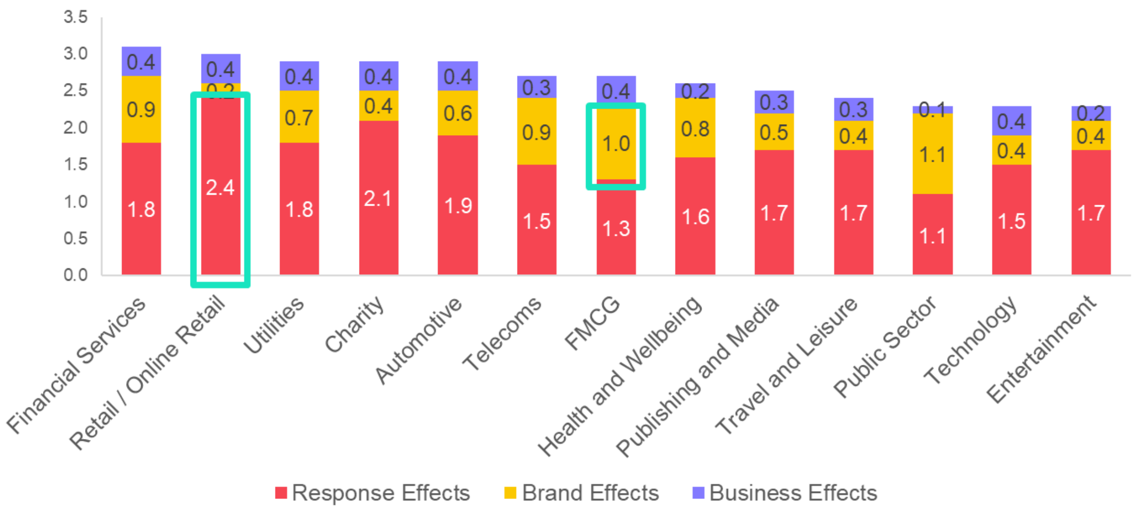
4. Industry trends: Some sectors are more adept at getting the most out of their marketing spend. It's also true that the attribution of effectiveness to marketing spend is a simpler task in certain industries; for example, where online purchase fulfilment is high; and / or when directly attributable customer sales occur without the use of an intermediary.

Getting sector-specific with campaign performance

Financial services brands top the industry sector campaign performance ranking, followed by retail / e-commerce, utilties and charities. CMOs in these high-performing categories should be aware of the greater performance expectations in these sectors when setting campaign KPIs, while placing available campaign measurement plans under greater scrutiny.

Entertainment, technology and public-sector advertisers at the other end of the ranking should contextualise performance objecitves accordingly, while also considering that excellent campaign work in these areas has a huge opprtunity to stand out from the competition.

Average Number of Business, Brand and Response Effects per Campaign by Sector (2017-2022)



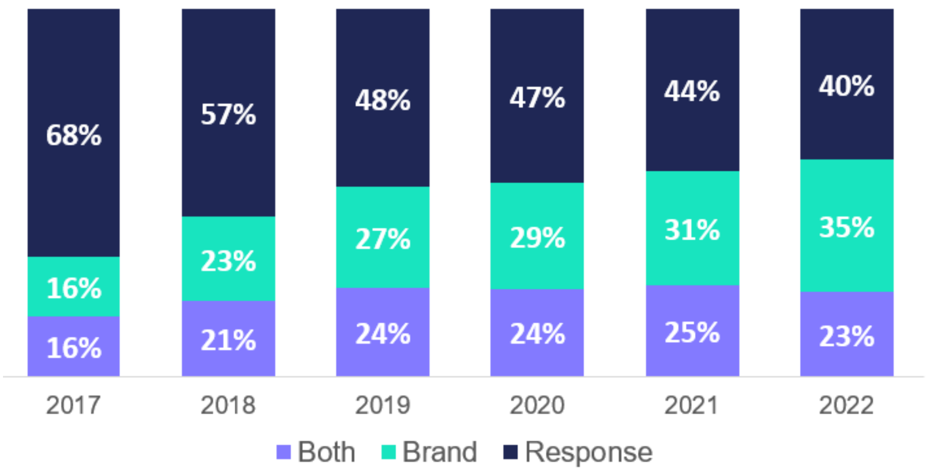
Performance naturally varies by campaign objective. If these rankings were purely based on response effects then retail / ecommerce would rank top. In environments where immediate sales value and volume is easier to track, considerable weight had been given to activation / response / performance marketing. FMCG brands, however, are the most effective at generating brand effects (public sector aside). For the likes of P&G and Unilever the art of brand building is crucial tool in maintaining profit margins and avoiding commoditisation.

Findings	Guidance for Marketers
1. A "new normal" benchmark of 2.4 effects per campaign has been established post-pandemic	A more muted marketing effectiveness approach could be used to manage expectations about the impact of marketing overall. More importantly, it should be used as an impetus to produce truly creative and effective work that will stand out against competitor activity.
2. Brand campaign performance has nearly doubled in the past three years while response and business effects have declined	Investing in brand building in difficult economic times is a smart way of stimulating future demand for when the economic situation improves; especially when immediate demand is harder to generate during the cost of living crisis.
3. There is no one-size-fits-all approach to effectiveness	Different sectors will have varied measurement and effectiveness challenges based on a range of consumer, product, market and planning factors. Whatever the relative strengths of different sectors in generating brand and response effects, always plan to shift the dial on business effectiveness.

4. When current demand is scarce, stimulate future demand through brand building

As the chart below demonstrates, there has been a noticable shift towards brand campaigns in the databank over the past six years. In 2017, 32% of campaigns had a brand objective (either as a sole campaign objecitve, or as part of dual response / brand campaign). By 2022, this number had increased to 58%.

Brand vs Response Campaign Objective Profile



Since Field and Binet published their now ubiquitously cited 60:40 brand vs activiation / response budget rule-of-thumb ratio a decade ago, marketers have become increasingly mindful of the interplay and benefits of these two different approaches. However, while it is easy to present academic evidence supporting the power of brand spend, diverting budget away from the immediate short-term rewards on offer from activation / response activity is easier said than done.

That said, the noticeable recent shift towards a better blend of brand and response activity is evidence that the brand message is getting through. Recent admissions from the likes of Asos that a lack of brand spend focused on awareness and storytelling has damaged their profitability, along with Coca-Cola's decision to "go dark" during Covid, have added weight to the discussion.

Activation / response campaigns are often precisely targeted and tasked with fulfiilling very immediate product demand by driving short-term sales. Brand campaigns, on the other hand, are often broader in their targeting and are tasked with changing how customers think and feel about brands. This creates the emotional connections that stimulate future demand while also reducing price sensitivity. A blend of both disciplines is vital for driving business outcomes - and this takes on increased signficance in a challenging economic envronment:

- Muted economic growth places pressure on household budgets and business performance alike. Offer-based response advertising can be used to drive short-term sales and help businesses hit quarterly targets; satisfying shareholder demand in the process.

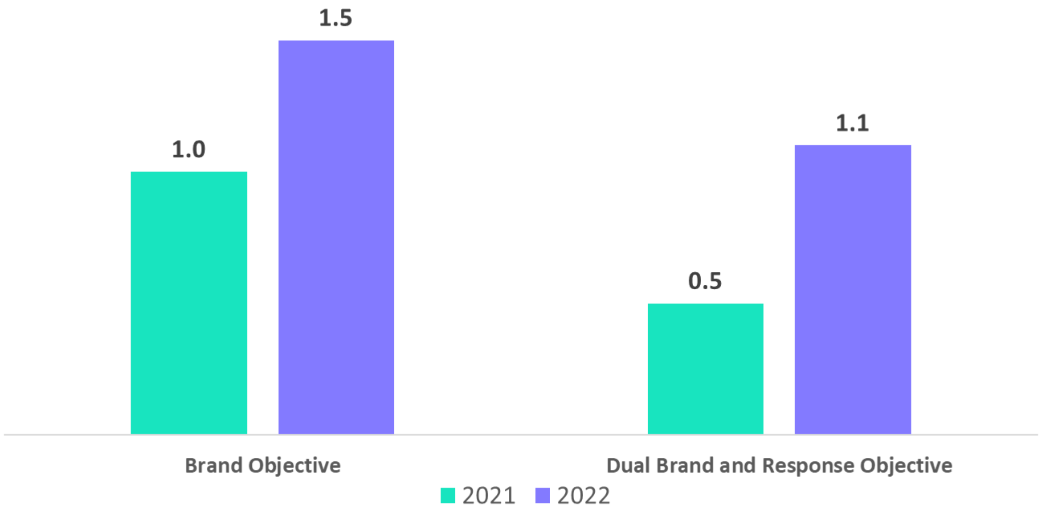
- High levels of cost inflation will be met by price rises from advertisers that want to protect profit margins. But for those brands with price-elastic products / price-sensitive customers, price rises can compel shoppers to switch to cheaper competitor brands. Furthermore, price sensitivity can be heightened by over-use of offers and promotions. Brand building is an important tool for reducing price sensitivity, to create price inelastic products. Stronger emotional connections with brands make shoppers more likely to pay a price premium for their favourite products and services.

Plan for the good times by investing in brand building now

> The improvement in brand effectiveness reported over the past three years is not simply due to an increased presence of brand campaigns in the DMA Effectiveness Databank... it is fundamentally down to brand campaigns becoming more effective.

The number of brand effects recorded by pure brand campaigns has increased by 50% year on year, from just 1 effect per campaign recorded in 2021 to 1.5 effects in 2022. The number of brand effects for dual brand and response campaigns has more than doubled.

Number of Brand Effects for Campaigns with a Brand Objective



On the one hand, it appears counter-intuitive that at a time when advertisers could be expected to slash brand spend to preserve budgets, brand performance would actually improve. Yet on the other hand this may indicate a level of deferred consumer ad response. Responding to an activation / response campaign invariably involves financial outlay for a customer. An effective brand ad requires no immediate customer outlay in the short-term other than increased mental availability for a brand and/or a shift in attitudes.

Economic circumstances have prompted a shift in customer loyalty that has been caused solely by declining household purchasing power. Households may hope for an upturn in their financial fortunes in line with an eventual economic recovery; right now, advertisers would do well to remain front-of-mind through brand activity. When economic circumstances mean demand can't be driven through response activity, focus must instead be upon stimulating future demand through brand spend.

Findings	Guidance for Marketers
1. 58% of campaigns had a brand objective in 2022 – the largest weighting towards brand activity in the past six years	Brand campaign spend might be a hard sell to the boardroom when budgets are under pressure, but with direct response marketing effectiveness declining alongside squeezed household budgets, stimulating future demand for better economic times is a smart idea.
2. Pure brand campaigns generated a 50% increase in effectiveness in 2022	Brand activity is fundamentally about shifting brand awareness and perceptions today with a view to mopping up demand for products tomorrow. It's also a vital tool in reducing price sensitivity. Sell the value of brand building in the boardroom as a necessary mechanism for protecting profit margins, by reducing price elasticity. Profit growth is the value shareholders seek.
3. Dual brand / response campaigns doubled the number of brand effects generated in 2022	With a greater weighting of brand activity and more effective brand spend noted in 2022, advertisers do not want to be left trailing in their category. If competitors are active in this space, they will reap the rewards of greater share of voice and stronger emotional connections between their brand and customers. Brand spend is a hygiene factor, not a luxury.

5. Rediscover the lost art of creativity to drive campaign response

Using the power of creativity to drive campaign effectiveness is a planning lever that that has been increasingly overlooked over the last few years. Overzealous use of data in campaign targeting has seen audience targeting trump all other considerations, with campaigns optimised and re-optimsed towards customers displaying the strongest buying signals. Often no real thought is given to whether the sales generated are actually incremental, or whether advertising is just being used to target those who would have purchased anyway.

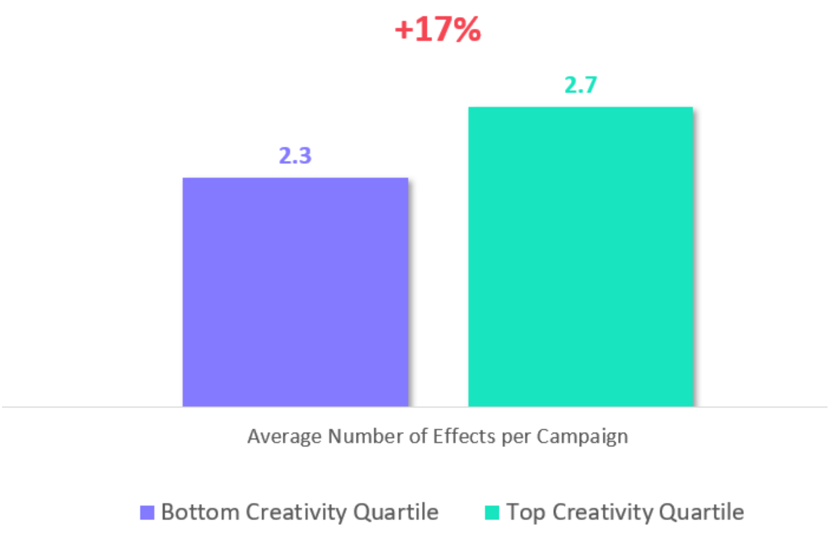
Yet the evidence points towards an important effectiveness multiplier when campaign peformance is concerned with creative execution in mind.

The creativity effectiveness multiplier

DMA Awards judges assign a creativity score to each campaign, rating each one between zero and 10. By segmenting the top 25% of campaigns by creativity score, and comparing them to the bottom 25%, it is possible to discern the impact of creativity. High-creativity campaigns tend to generate 17% more effects than low-creativity campaigns.

While this number is not insignificant, it's important to understand the dynamics of what contributes to this multipler from a brand, response and business effectiveness point of view.

Effects Per Campaign: Top vs Bottom Creativity Quartile



As the chart below demonstrates, creativity has a huge impact in driving brand effects. Typically four times as many brand effects are recorded for highly creative campaigns compared to those in the bottom creativity quartile. In addition, 33% more business effects are generated.

The world of creativity and brand building have always gone hand in hand. Creating campaigns with cut-through, and ads that change how customers think and feel about brands, naturally requires a combination of creative inspiration, originality and application of best-practice design principles.

Running counter to this finding is the evidence that highly creative campaigns are less effective than low-scoring creativity campaigns at generating response effects, i.e. short term effects related to sales, acquisitions and conversions. For integrated agencies that have traditionally been the home of some of the most memorable and creative campaigns while driving huge levels of effectivenes, this finding is no doubt concerning. Yet it creates an oppportunity for brands to rediscover the lost art of creativity in driving repsone.

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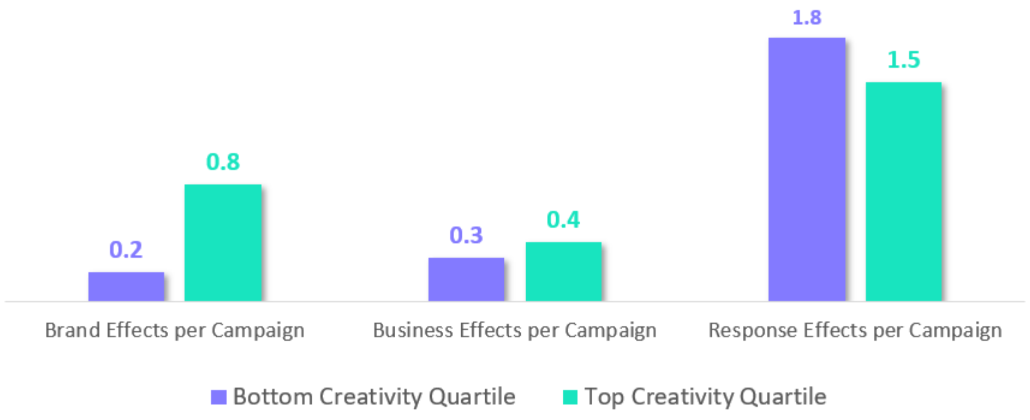


Harnessing the power of creativity in ‘both-ism’

We can either draw one of two conclusions from the creative response findings.

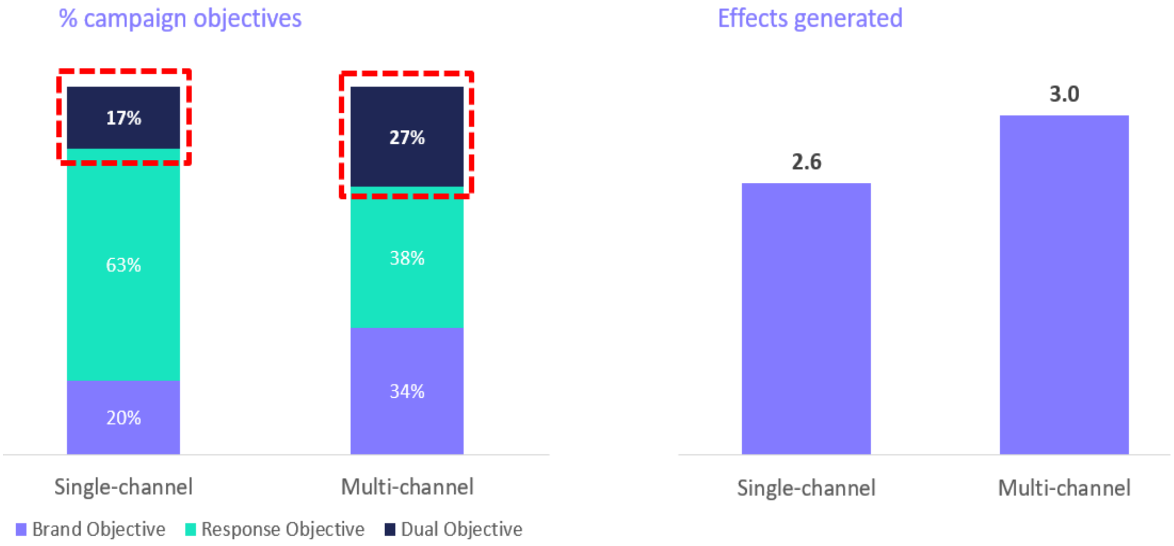
The first (and wrong) conclusion is that creativity tangibly works against driving response effects: brands that want to generate more short-term sales might therefore produce highly uncreative ads. A weight of marketing theory would strongly suggest that this would be the wrong conclusion, however. A closer look at the data suggests there are many sectors that score above this normative finding (e.g. retail, and fashion & beauty), and various channels that do so as well (such as ad mail and email). This raises hope that creativity can indeed drive response effectiveness.

> Instead, the conclusion that makes the most sense is that creativity has so long been neglected in the world of activation / response advertising that when it goes wrong, it is going really wrong. In the cost-of-living crisis this issue is exacerbated by tone-deaf messaging encouraging customers to spend money that they don’t have on products and services that they don’t need – the antithesis of responsible marketing.

The need to get creativity right is further highlighted by the benefits of trying to achieve response and brand effectiveness simultaneously. It's hard to position a brand as premium while littering the market with money-off vouchers. However, there are more nuanced examples of integrated campaigns successfully raising awareness and changing perceptions of brands while driving footfall and sales. (A good example is this DMA Award winning example from Weight Watchers, which shifted the dial on brand effects *and* sign-ups). If creativity is being harnessed to drive brand effects, then it's vital not to undermine response effectiveness. Clear calls-to-action can be included without impacting brand creative.

As the chart below demonstrates, multi-channel / integrated campaigns are 10% points more likely to have a dual brand and response objective than single channel campaigns. Furthermore, multi-channel campaigns with dual objectives are more effective than single-channel campaigns that have a dual objective.

Dual Objective Campaign Effectiveness



Multi-channel integration is the key to response and brand 'both-ism'. Different roles and objectives can be assigned to different channels to avoid a conflict in targeting and messaging. Creativity used to change how customers think and feel about brands should have the same rigour applied when attempting to drive short-term sales, acquisitions and conversions. With performance marketing effectiveness on the decline, creativity is an essential tool to turn around its fortunes.

Findings	Guidance for Marketers
1. Highly creative campaigns generate four times as many brand effects and 33% more business effects	Investment in creativity is as crucial as any other marketing investment. If the boardroom has bought into the power of marketing in driving business growth, it must support a culture of creativity in marketing, or spend will be wasted.
2. High creativity is currently not linked with strong response effectiveness	Rediscovering the art of using highly creative work instead of or alongside algorithms to drive a short-term response is a huge opportunity for brands that want to stand out and arrest the decline in activation / response campaign effectiveness.
3. A multi-channel approach is the key to brand and response 'both-ism'	Brand and response should not compete. They are both vital to business success and can achieve growth simultaneously. A multi-channel strategy is key, with creativity used to shift the dial at all points of the customer journey.

Key Guidance for Marketers summarised

Theme	Finding	Guidance for Marketers	Checked?
Focus on measuring what matters to your business	1. **178 metrics are being used to measure marketing effectiveness**	Focus on a narrow set of business-critical metrics. Ensure that all internal teams are aligned around the KPIs that matter to your business (e.g. alignment between finance and marketing); and that alignment exists between all external partners (e.g. agency and media owners / platforms).	☑
	2. **Only 8% of effectiveness metrics relate to business outcomes**	Link marketing spend to at least one business KPI. Speak the language of the CEO and CFO when communicating the role of marketing in the boardroom. This is key to maintaining and growing marketing budget in challenging economic times.	☑
	3. **41% of effectiveness metrics relate to campaign delivery effects**	While the language of reach and frequency are important planning metrics - each with established theoretical frameworks for how they drive campaign outcomes - they aren't in themselves measures of success. Reserve these metrics for your media plans, not your measurement plans. Focus on business, brand and response effects.	☑
Assess which metrics are most strongly linked to business outcomes	4. **Campaign volume, ad engagement and spend efficiency metrics are linked to business effectiveness**	These metrics should be considered in the media planning phase and dovetail neatly with established marketing best practice. They should supplement rather than replace other more meaningful KPIs and caution should be exercised when inferring their causality. As leading indicators of business outcomes where measurement challenges are present, they are useful to consider however.	☑
	5. **Net Promoter Score growth plus a range of top-to-tail brand funnel effects drive business outcomes**	Creative design must aim to achieve high ad recall, and ad interest / understanding. Positive brand sentiment, purchase intent and NPS are all linked to business effectiveness. Include these metrics in all brand campaign measurement plans.	☑

	6. Customer retention and reactivation, ARPU and AOV growth, and store footfall are linked to business effects	While a balance of acquisition and retention is vital for business growth, metrics related to customer loyalty and value are associated with broader business performance. The power of physical footfall is also important. Include these metrics in campaign measurement plans where appropriate.	☑
Contextualise marketing performance against relevant industry benchmarks	**7. A 'new normal' benchmark of 2.4 effects per campaign has been established post-pandemic**	A more muted marketing effectiveness approach could be used to manage expectations about the impact of marketing overall. More importantly, it should be used as an impetus to produce truly creative and effective work that will stand out against competitor activity.	☑
	8. Brand campaign performance has nearly doubled in the past three years while response and business effects have declined	Investing in brand building in difficult economic times is a smart way of stimulating future demand for when the economic situation improves; especially when immediate demand is harder to generate during the cost of living crisis.	☑
	9. There is no one-size-fits-all approach to effectiveness	Different sectors will have varied measurement and effectiveness challenges based on a range of consumer, product, market and planning factors. Whatever the relative strengths of different sectors in generating brand and response effects, always plan to shift the dial on business effectiveness.	☑
When current demand is scarce, stimulate future demand through brand building	**10. 58% of campaigns had a brand objective in 2022 – the largest weighting towards brand activity in the past six years**	Brand campaign spend might be a hard sell to the boardroom when budgets are under pressure, but with direct response marketing effectiveness declining alongside squeezed household budgets, stimulating future demand for better economic times is a smart idea.	☑
	11. Pure brand campaigns generated a 50% increase in effectiveness in 2022	Brand activity is fundamentally about shifting brand awareness and perceptions today with a view to mopping up demand for products tomorrow. It's also a vital tool in reducing price sensitivity. Sell the value of brand building in the boardroom as a necessary mechanism for protecting profit margins, by reducing price elasticity. Profit growth is the value shareholders seek.	☑
	12. Dual brand / response campaigns doubled the number of brand effects generated in 2022	With a greater weighting of brand activity and more effective brand spend noted in 2022, advertisers do not want to be left trailing in their category. If competitors are active in this space, they will reap the rewards of greater share of voice and stronger emotional connections between their brand and customers. Brand spend is	☑

		a hygiene factor, not a luxury.	
Rediscover the lost art of creativity to drive campaign response	**13. Highly creative campaigns generate four times as many brand effects and 33% more business effects**	Investment in creativity is as crucial as any other marketing investment. If the boardroom has bought into the power of marketing in driving business growth, it must support a culture of creativity in marketing, or spend will be wasted.	☑
	14. High creativity is not currently linked with strong response effectiveness	Rediscovering the art of using highly creative work instead of or alongside algorithms to drive a short-term response is a huge opportunity for brands that want to stand out and arrest the decline in activation / response campaign effectiveness.	☑
	15. A multi-channel approach is the key to brand and response 'both-ism'	Brand and response should not compete. They are both vital to business success and can achieve growth simultaneously. A multi-channel strategy is key, with creativity used to shift the dial at all points of the customer journey.	☑

/ Methodology

The DMA Effectiveness Databank consists of data from 1,261 DMA award entered campaigns. Some data is derived from the self-declared information provided in the award entries, while additional tags have been created to add further depth to the databank.

Pre-existing campaign information:

- Entry year
- Agency name
- Client name
- Award categories
- Judges scores
- Campaign duration
- ROI (partial data)
- Campaign budget (partial data)
- Open-text fields related to the campaign brief, strategy, solution, creative thinking, results and supporting data.

Additional campaign information added during databank build:

- Agency type
- Advertiser category
- Advertiser size
- Industry sector
- Launch or established product/service campaign
- Retention of acquisition objective (or both combined)
- Brand or response objective (or both combined)
- Responsible marketing objective
- Purposes driven marketing objective
- B2B or B2C
- Media channels used
- Type of campaign effect (see further detail below)
- Average number of effects (see further detail below)

Complete list of effectiveness measures identified.

Campaign Delivery Measures:

- Ad block rates
- Brand safety
- Buzz score
- Call centre volume
- Campaign reach
- Clicks
- CPC
- CPC reduction
- CPE
- CPM
- CPV
- CRM rev contribution
- CTO
- CTO growth
- CTR
- CTR growth
- Digital contribution
- Digital impressions
- Digital traffic/views
- Digital traffic/views growth
- DM CPC
- Domain authority dwell time

- Dwell time growth
- Earned media/PR impressions

- Earned media mentions
- Earned media value
- Email CTR
- Email open rate
- Email open rate growth
- Email volume
- Engagement increase
- Engagement rate
- Engagements
- Frequency
- Interest lift
- Live event traffic
- Mail open rate
- Mail volumes
- OOH impressions
- Opt-in rates
- Opt-out rate
- Organic social impressions
- Organic social reach
- People trained
- Press impressions
- Production costs
- Radio /Audio impressions/reach
- Reach growth
- Referrals
- RPE
- Sales team growth
- Search growth
- Searches
- SEO ranking
- Site traffic retention
- Social engagements
- Social reach/impressions
- Social reach growth
- SOV
- Spend efficiencies
- Target audience reach
- Total impressions
- TV impacts
- Video view/plays
- View through rate
- Viewability
- VOD impacts
- Webinar views

Response Measures:

- Account logins/updates
- ARPU
- ARPU increase
- ATV
- Average Order Value
- Average Order Value Increase
- Bookings growth
- Brochure request growth
- Churn reduction
- Complaint/Claims reduction
- Complaint reduction
- Conversion rate
- Conversion rate growth
- CPA/Cost Per Lead/Cost of Sale
- CPA reduction
- Customer/New customer growth
- Customer Reactivation rate
- DM AOV
- DM revenue contribution
- DM ROAS
- Door Drop revenue contribution
- Download growth
- Downloads
- email ROAS
- Enquiries
- Enquiries/Leads growth footfall
- Footfall frequency
- Footfall increase
- Frequency of purchase
- Lead/Sales conversion

- Leads
- Leads/Pipeline value
- Leads contribution growth
- Mail response growth
- Mail response rate
- New customer acquisitions
- New customer contributions
- Online sales increase
- PPC ROAS
- Referral increase
- Response per GRP
- Response rate
- Response rate growth
- Responses
- Retention rate
- Retention rate increase
- Revenue generated
- Revenue increase
- Revenue per page
- ROAS
- ROAS growth
- Sell out rate
- Shopper base
- Sign-up/member growth
- Sign-ups/uses/members
- Transactions per email
- Unit sales
- Unit sales growth

Brand Measures:

- Ad recall
- Behaviour change
- Brand awareness
- Brand familiarity
- Brand favourability
- Brand health
- Brand interest
- Brand perceptions
- Brand persuasion/consideration
- Brand relevance
- Brand trust
- Cost per brand lift
- Creative interest/understanding
- Creative pre-test results
- Customer satisfaction
- Message recall
- NPS
- NPS growth
- Positive sentiment
- Purchase intent
- Recommendation likelihood

Business Measures:

- Average Lifetime Value
- Brand value
- Brand value growth
- Customer penetration
- EBIT
- EBITDA
- Long-term customer retention/loyalty
- Long-term revenue
- LTV growth
- Market position
- Market share growth
- Policy change
- Profit
- Profitability growth
- ROI
- Shareholder value growth

About the DMA

The Data & Marketing Association (DMA) comprises the DMA, Institute of Data & Marketing (IDM) and DMA Talent.

We seek to guide and inspire industry leaders; to advance careers; and to nurture the next generation of aspiring marketers.

We champion the way things should done, through a rich fusion of technology, diverse talent, creativity, insight – underpinned by our customer-focused principles.

We set the standards marketers must meet in order to thrive, representing over 1,000 members drawn from the UK's data and marketing landscape.

By working responsibly, sustainably and creatively, together we will drive the data and marketing industry forward to meet the needs of people today and tomorrow.

www.dma.org.uk

/ About Merkle

About Merkle Merkle, a dentsu company, is a leading data-driven customer experience management (CXM) company that specializes in the delivery of unique, personalized customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. The company's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive hyper-personalized marketing strategies. Its combined strengths in consulting, creative, media, analytics, data, identity, CX/commerce, technology, and loyalty & promotions drive improved marketing results and competitive advantage. With more than 14,000 employees, Merkle is headquartered in Columbia, Maryland, with 50+ additional offices throughout the Americas, EMEA, and APAC. For more information, contact Merkle at 1-877-9-Merkle or visit www.merkle.com

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