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How to Measure Digital Advertising in 2024

A Practical Guide to Cross-channel attribution

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Why is it important to measure the performance of advertising?

The sluggish economy and increased borrowing costs through 2023 have heightened scrutiny on budgets and increased the reluctance to spend on advertising. It is now critical to get a true view on the performance of advertising - a holistic view of the incremental impact of advertising to the bottom line. Only then are we fully accountable and we can make genuinely informed decisions in the face of continuing economic headwinds.

Why is it difficult to measure the performance of digital advertising?

Given the amount of data and the number of metrics associated with digital advertising, it's not unreasonable to assume that the measurement of performance is straightforward. However, the reality is somewhat different; measurement of the performance of digital advertising is rather challenging. And the recent decision by Google to sunset Universal Analytics (GA UA) has led to concerns about data consistency and usability, which pose yet more challenges for marketers.

This latest curveball from Google has further complicated an already complex marketing environment characterised by a multitude of obstacles. Three key obstacles: an expanding array of media channels and touchpoints; the walled gardens between platforms; and the rise of privacy concerns; are all continuing to make it increasingly more difficult to measure digital advertising effectively:

1) Increasingly fragmented media landscape and complex user journeys

The proliferation of digital platforms and lower barriers to entry for advertisers have led to increasingly fragmented media mixes. This is exacerbated by the need for businesses to establish a presence on a wider range of platforms to reach target audiences effectively. As consumers' journeys have become more intricate, involving multiple touchpoints across a multitude of channels, the accurate attribution of conversions has naturally become a more complex task.

2) Walled gardens between platforms

Walled gardens - or isolated ecosystems within digital platforms – have further complicated the measurement landscape. These gardens, such as Meta, Google, and Amazon, keep user data within their walls, making it very difficult to track complex user journeys and assess the overall effectiveness of cross-channel marketing efforts. Whilst the platforms offer solutions to optimise and fine-tune on-platform activity, there are potentially severe limitations regarding the measurement of the true incremental impact; many advertisers can double/triple-count sales or leads, if users have crossed between platforms in their journeys.

3) Increase in privacy concerns: iOS and the death of third-party cookies

Concerns around privacy that have continued to grow in 2023. With the advent of Apple's iOS 14 update and the phasing out of third-party cookies, the ability to gather granular, individual-level data and track user behaviour – even outside of the walled gardens - is increasingly restricted. There are now severe limitations to tracking methods that marketers have relied upon for years, causing a fundamental change in the direction the marketing and digital community believed digital 'attribution' was moving in.

How can you measure the results of your digital advertising?

In this dynamic digital landscape, it is essential for marketers to adapt and evolve their measurement strategies. Embracing uncertainty and making measurement a part of the cultural fabric of marketing teams is crucial to success, and whilst measuring the true impact of your efforts has become increasingly challenging, it isn't a lost cause. A good measurement strategy needs to evaluate digital advertising alongside the rest of the media plan and it requires some key steps:

- 1) **Define a clear vision of success.**
Measurement should support decision making, it should support those responsible for the decisions being taken. Identify which decisions should be informed and by whom, how measurement translates into action and understand when the decisions need to be taken (for example, annual budget setting vs. weekly in-flight optimisation).
- 2) **Bring the right people around the table.**
Key stakeholders from across the business should be brought together to validate the vision of success and identify barriers to adoption/change. A successful measurement strategy brings people together and provides collective learning, when previously they behaved separately.
- 3) **Develop a measurement framework.**
The framework should align to decision making and link KPIs across the consumer journey to a common growth metric. Recognise that there is no single source of truth in digital attribution due to its complexity and the external factors at play. The framework should map the best measurement approach/solution to specific decisions. The framework should allow you to monitor performance through the entire customer journey, from initial awareness to conversion, enabling you to demonstrate progress accurately.

- 4) **Seek to include Marketing Mix Modelling (MMM) as part of your measurement toolkit.**

A range of measurement approaches should be utilised, such as attribution, experimentation and – if you have a sufficient amount of data and media spend - Marketing Mix Modelling (MMM). MMM is a statistical regression analysis technique that is currently experiencing a renaissance as it circumvents some of the key challenges to digital advertising measurement already outlined - eliminating the need for digital tracking - and allows you to account for offline channels and external factors (particularly important in times of high inflation and pressure on prices). MMM provides a holistic view of the incremental impact of your marketing efforts.

Whilst it's diligent to remain sceptical about overall conversion data within each platform, you should still leverage platform data. That will help you assess the viability of the output of MMM and gather intermediary metrics such as engagement rates for your measurement framework. Platform data can help you understand on a granular level how your campaigns, ads, or audiences are resonating on specific channels and inform your optimisation efforts.

- 5) **Embed the learning, ensure action.**
Your measurement strategy needs to have senior endorsement and a plan to provide wider awareness and education across the business. It's especially important to articulate the value-add to both the business and the role of individuals. Workshops and demonstrations – supported by tools/dashboards - can be invaluable when seeking to embed measurement across the planning cycle. Further, personal performance measures should be aligned to any changes you make.

Summary

In conclusion, measuring digital advertising in 2023 is no easy feat, given the evolving privacy and technological landscape. Marketers must adapt and embrace data-informed decision-making and employ a mix of processes and tools. This includes measurement frameworks, Marketing Mix Modelling, and platform data analysis. By doing so, marketers can gain a more accurate understanding of the performance of their media mix and navigate effectively the challenges posed by the digital marketing landscape.

At Entropy MMM we support advertisers with both Dynamic Marketing Mix Modelling (DMMM) and hand-crafted MMM. A DMMM analysis quickly pays for itself as you optimise your media mix based on the findings. If you are spending over £200k on media per annum - find out more about our MMM modelling measurement services. If you need any help with setting up, running or measuring your digital marketing, get in touch with Entropy and we'd be glad to help.

[Entropy MMM](#) is part of Entropy Group, a hybrid business consultancy and agency specialising in measurement, media and eCommerce. Our client side, agency and data science experts work in partnership with brands to accelerate delivery against their organisations' KPIs.



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