

# THE NIELSEN CMO REPORT 2018

**ERIC SOLOMON**

SVP Marketing  
and Strategy  
Nielsen Watch

# A LETTER FROM THE AUTHOR

Welcome to The Nielsen CMO Report 2018!

There has never been a more dynamic and challenging time to be a marketer. Since the advent of the internet, fueled by available high-speed broadband and ignited by the proliferation of smartphones, marketers have more access to consumers than ever before. We are awash in data and should be living in a nirvana of actionable insights.

The reality, however, seems disconnected from this promise. Over the last 18 months, some of the largest and most influential advertisers in the world have spoken up about their concerns with digital advertising, calling the supply chain “broken” and pointing to high incidence of fraud and lack of brand safety. Subscription video on demand (“SVOD”) services are decreasing reach of traditional marketing mediums like TV and radio. The launch of GDPR in the European Union and related privacy challenges have added complexity to the collection and management of consumer data. Combine this with changing consumer preferences and zero-based budgeting and it’s clear that the job of the CMO has become a more delicate and dangerous catwalk.

At Nielsen, our job is to provide the science behind what’s next. So we kicked off the first in an annual series of CMO reports with a focus on global brand advertising and a simple goal: to learn from and give voice to how brand advertisers are navigating today’s marketing environment. And do to it, we applied a quantitative approach to gathering the voice of the CMO (e.g. an in-depth survey and one-on-one interviews) to understand what’s happening now and get a sense of “what’s next.” I’ll leave our detailed findings to the report, but overall, we came away with a sense that we are in the midst of a slow but inevitable change—an evolution, not a revolution. Marketers are leaning into the data, tools and capabilities available today. And while they do not always deliver as hoped, their willingness to invest and experiment—while incorporating the tried and true—continues.

Enjoy the report!

Sincerely,

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# INTRODUCTION

Across nearly all business verticals—consumer packaged goods, automotive, retail, technology, financial services—**marketers are shifting how they evaluate, measure and budget** across media channels. Marketing as a growth-driver for brands has never been more important and CMOs bear the brunt of this responsibility. They now oversee or heavily influence not only media spend, but also investment in the technology and measurement capabilities they need to achieve and quantify real business results.

Our research, based on in-depth interviews and extensive survey data<sup>1</sup>, sheds light on the **strategic and organizational challenges** CMOs face as they adapt to unprecedented change in the marketing landscape. Respondents made it clear that **digital media has had a transformative effect** on their organizations, their marketing and measurement strategies and those of their agencies.

When asked to rank the perceived importance and effectiveness of digital media channels, marketers placed search and social channels at the top of the list. Television continues to hold its own as the highest ranked traditional media channel across perceived importance and effectiveness measures. Radio continues to lead all channels in terms of weekly reach in the U.S.<sup>2</sup> and a full 45% of respondents thought radio to be an effective channel.

Digital ad spend has eclipsed traditional channels and we expect that trend to continue. When forecasting the next 12 months, 82% of respondents expect to **increase their digital media spend** as a percentage of their total advertising budget. By comparison, only 30% of respondents plan to invest more in traditional media channels in the near term.

CMOs also reflected on a critical piece of the marketing mix, trade spend (e.g., in-store discounts, coupons, special offers, etc.). They voiced a desire for a unified approach to trade and media strategy in order to correctly allocate spend ratios. Sixty-six percent of respondents expect either no change (44%) or a decrease (22%) in trade investment.

In terms of measurement, only one in four marketers reported high levels of confidence in their ability to measure the **ROI of their media spend**, regardless of type, or their trade spend. Not surprisingly, 79% expect to increase their **investment in marketing analytics and attribution** in the next 12 months.



<sup>1</sup> CMO interviews and survey responses originate primarily from U.S. headquartered individuals or organizations. It is important to note, however, that many of these individuals and companies are multinational or run multinational marketing organizations.

<sup>2</sup> Source: Nielsen Comparable Metrics Report Q2 2017.

Marketers reported being most concerned with improving media efficiency by **limiting advertising waste across** the digital ecosystem. The top three capabilities they chose to make this happen were: 1) reach and frequency measurement (82% ranked it the most important capability), 2) ad viewability (73%), and 3) data management platforms (62%).

There is good news here for media agencies, as 43% of respondents plan to increase spending with their agencies over the next 12 months. This is likely due to their confidence in the agencies' ability to deliver a strong return on investment, as reported by 84% of respondents.

## 43% OF RESPONDENTS PLAN TO INCREASE SPENDING WITH THEIR AGENCIES OVER THE NEXT 12 MONTHS.



Finally, the report illustrates some of the progress that marketers have made around **omnichannel marketing**, which we define as being media agnostic and oriented around customer needs. In support of this, respondents reported improvements in aligning their media channel strategy with their primary campaign objectives. The most highly ranked campaign objective was **customer acquisition**, which was associated with mid- and low-funnel strategies that favored digital media channels like search. In second-place was brand building, which was associated with top-funnel strategies, which favored traditional media channels like TV and radio.

Marketers and their agencies are clearly adapting to changing consumer media habits by taking a more strategic approach to their marketing mix, but challenges remain organizationally, technologically and in regard to consistent ROI measurement. As Charles Darwin once said, "It's not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change."



# MEDIA CHANNELS

## EVALUATION, MEASUREMENT AND BUDGETING

We asked marketers to evaluate traditional and digital media channels as well as the “walled gardens” (e.g., the “closed” media ecosystems run by operators such as Facebook, Google and Amazon). Our goal was to identify their most valued media channels, to understand how confident they are in measuring ROI and to track how their budgets are being impacted now and in the future.

Respondents shed light on the challenges and opportunities associated with marketing across channels and provided perspective on the campaign strategies having the biggest impact on media planning and performance.

# EVALUATING DIGITAL & TRADITIONAL MEDIA

## DIGITAL MEDIA

Respondents made it very clear how important digital media has become to their overall marketing efforts. They showed relatively high levels of confidence in their ability to measure the ROI of their digital campaigns and believe it, generally, to be an effective media category.

As mentioned in the introduction, digital media spend has eclipsed traditional channels, but not by as much as the positive reviews would suggest. Current digital media spend is comparable to traditional media despite receiving more favorable reviews by respondents. Increases in digital media budgets, however, are poised to jump considerably over the next 12 months.

Digital media as a category is composed of a variety of distinct media types, which we had respondents rank independently. These include search, social media, online video, OTT (over-the-top) TV/connected TV (CTV), mobile video, email, and online display advertising.

## DIGITAL MEDIA: PERCEIVED IMPORTANCE

Search and social media were considered extremely important by most marketers ([see figures 1.0 and 1.1](#)). In fact, 79% of respondents ranked search as “very” or “extremely” important, while 73% thought the same about social media. A large majority also considered online video (64%) and email (59%) to be very or extremely important channels.

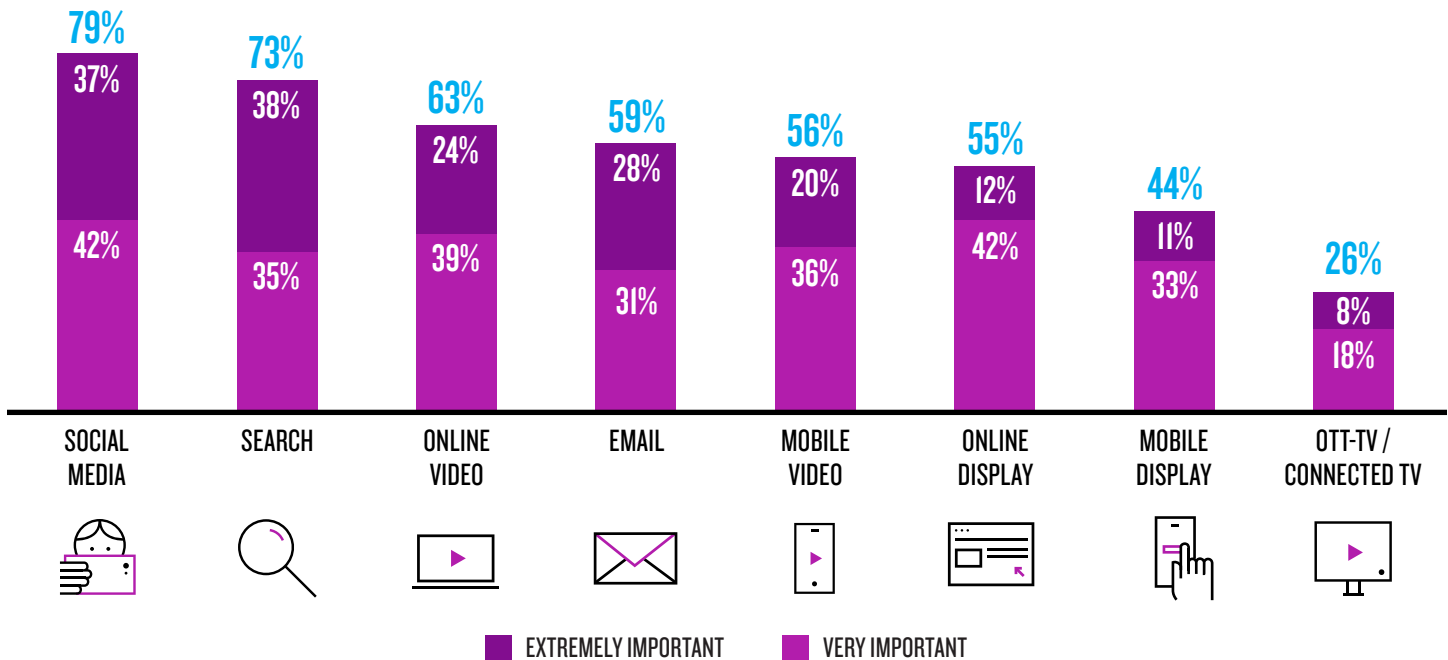
The lowest ranked digital channel was OTT-TV/CTV. This may change as this relatively new channel matures, but fewer than 8% of respondents considered it extremely important (and 18% very important) at this point. In fact, nearly 25% of respondents ranked it as “not so” important or “not at all” important to their current media strategy.

Compare this to linear television, which a full 30% of respondents ranked extremely important and 51% very important, and it becomes clear that the OTT/CTV category, while rapidly growing, has a long way to go to win over marketers.



FIGURE I.0

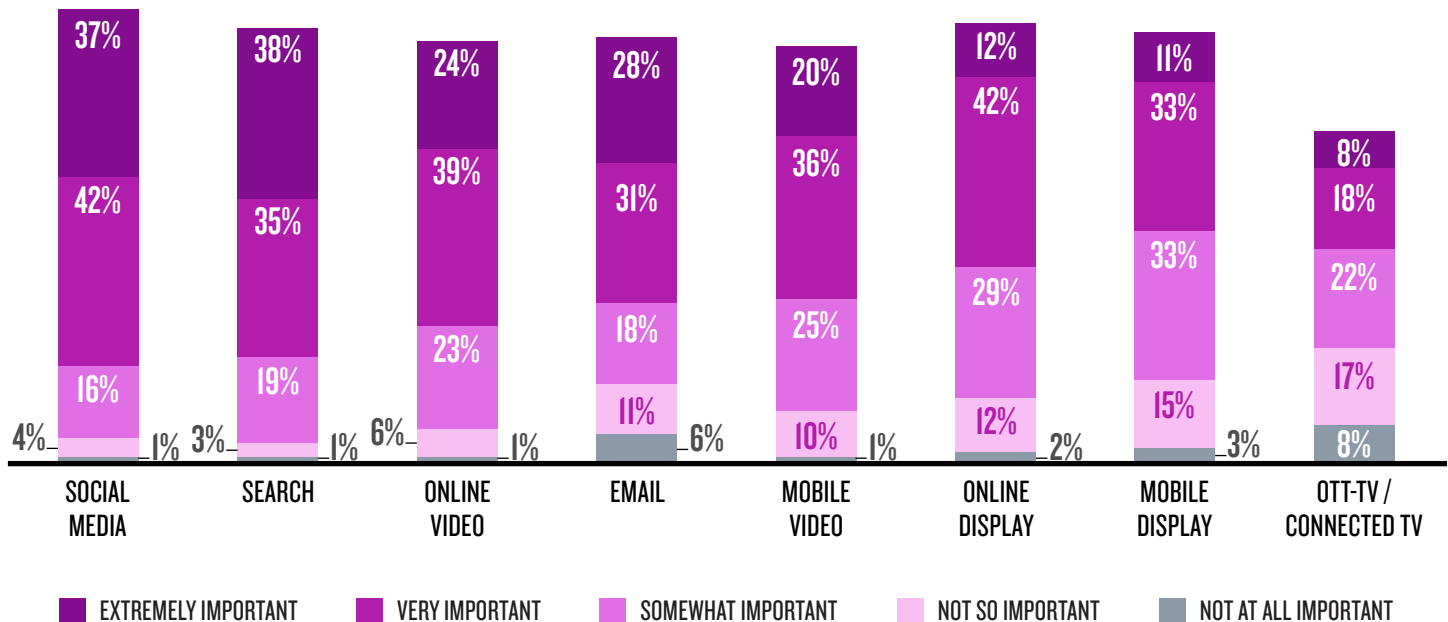
## THE IMPORTANCE OF DIGITAL MEDIA CHANNELS: HIGHEST RANKINGS



Survey question: What are your most important digital media channels?

FIGURE I.1

## THE IMPORTANCE OF DIGITAL MEDIA CHANNELS: ALL RANKINGS



Survey question: What are your most important digital media channels?



**One respondent discussed how perceptions of digital changed for the better once marketers began to understand how it works.**



*"There's a learning curve [with digital media]. There's no question. So when marketers first started [using] digital it was often below the return of television. As you continue to learn and get better in terms of what you're buying from digital, [and how you're building] the creative and content that goes into digital, you see it being equal or better than television. And it's really not surprising because it is more precise."*

**Another illustrated how this understanding of digital media needs to start with the CMO.**



*"We are in a situation with a very traditional CMO that does not understand the growth of digital and predictive analytics."*

**And not all marketers are fully-convinced.**



*"I think the biggest trend we've seen is that there's a huge shiny toy with everything digital. [It] has grown significantly—yeah—but now there's some pull back...all of sudden you [as a CMO] realize there's ad fraud and [data] challenges, and we're not sure we're getting what we thought we were buying."*

## DIGITAL MEDIA: PERCEIVED EFFECTIVENESS

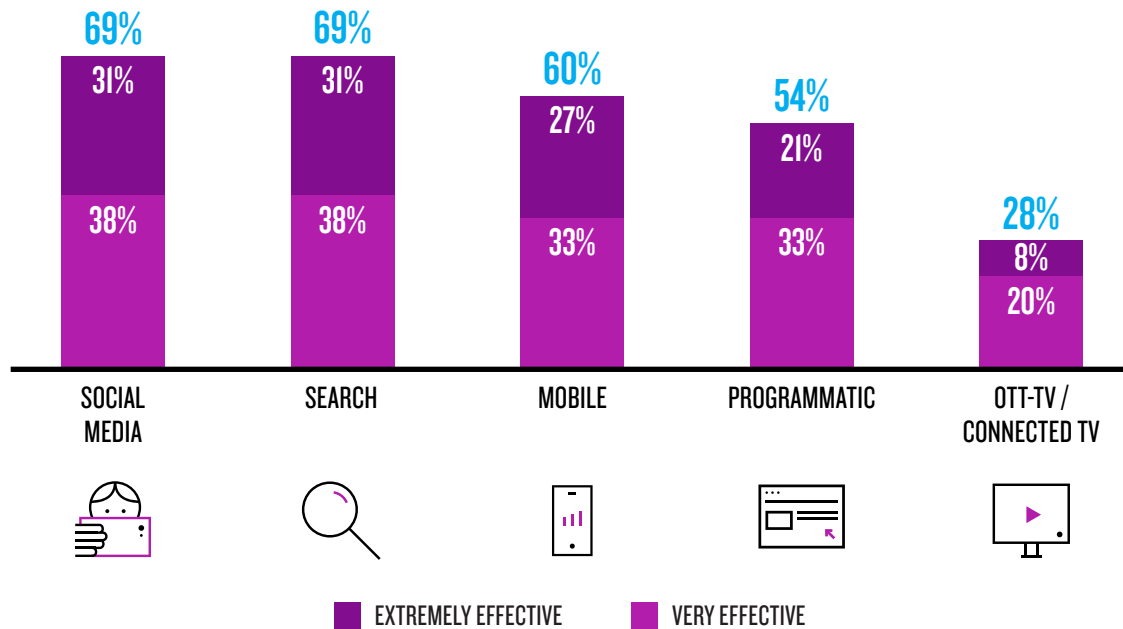
Digital media was generally considered to be a very effective media category. To understand advertising performance within the category, we asked marketers to rank the effectiveness of individual channels including mobile, search, social media, OTT TV/CTV and programmatic (to capture both mobile and online display advertising).

Search (68%), social media (68%) and mobile (59%) were ranked as "very" or "extremely" effective by large majorities of respondents (see figures 2.0 and 2.1).

Only 28% of marketers ranked OTT TV/CTV as a "very" or "extremely" effective channel, the lowest of the categories we analyzed. This is in line with how respondents ranked the perceived importance of the channel. It's important to note that over 30% of respondents have yet to dedicate media budget to OTT TV/CTV (see figure 2.1). This number should decrease as the channel becomes more well established.

FIGURE 2.0

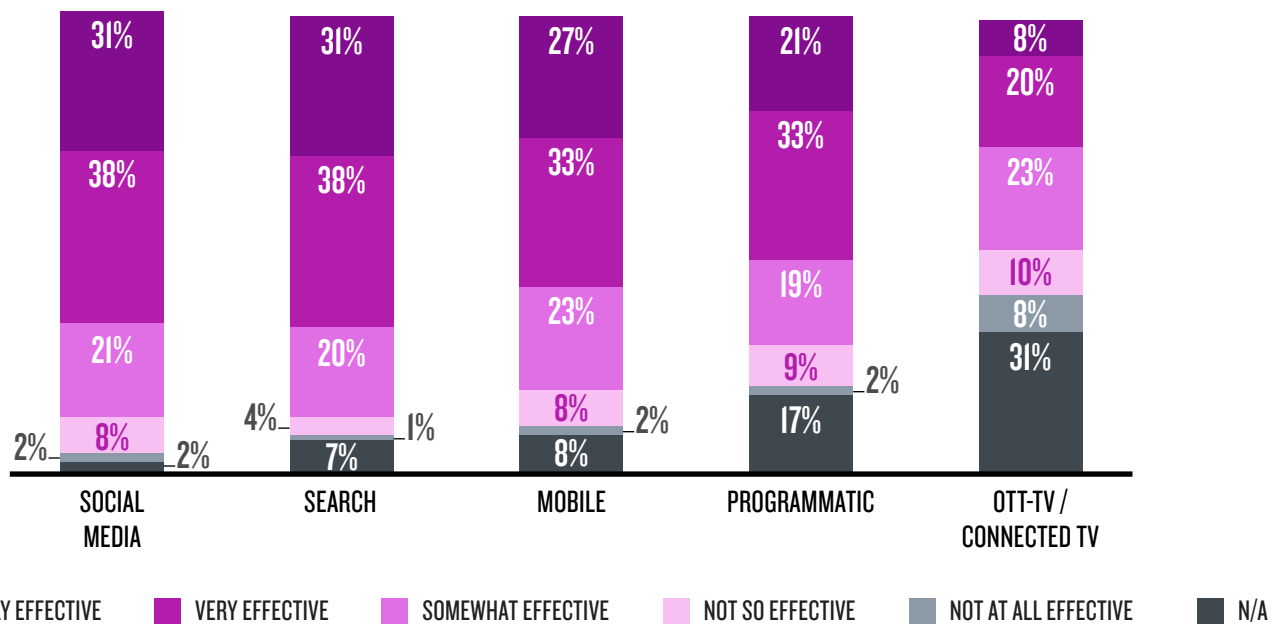
## THE PERCEIVED EFFECTIVENESS OF DIGITAL MEDIA CHANNELS: HIGHEST RANKINGS



Survey question: Please rate the effectiveness of each of the following media channels for your business.

FIGURE 2.1

## THE PERCEIVED EFFECTIVENESS OF DIGITAL MEDIA CHANNELS: ALL RANKINGS



Survey question: Please rate the effectiveness of each of the following media channels for your business.

**While respondents gave high ranks for digital media's effectiveness, many made it clear that it's still early days and the proof of effectiveness remains unclear.**



*"We are moving more and more toward [digital] marketing...social, search and [display] advertising driven. But we have just begun so the confidence in results is still being analyzed."*

**And others aren't convinced of the value and have concerns about brand safety.**



*"[We are] strongly questioning value and safety of digital media."*

Much of the concern around digital media's value is what we refer to as "hygiene." Digital media hygiene refers to the primary causes of campaign waste including non-viewable impressions, invalid or fraudulent traffic and brand safety (e.g., advertising associated with potentially harmful or fraudulent content).

As Megan Clarken, President of Nielsen Watch, wrote in the article [\*What Lies Beneath: Why Audience Delivery is the Next Battleground in Digital Advertising\*](#), "Today these obstacles are certainly making the waters murky. Advertisers may be losing 60% of their digital ad campaign impressions. Once they are resolved, however, these impressions will no longer count and the surface will clear."



Encouragingly, CMOs have reported changing their digital strategies to address some of these concerns. Fifty-eight percent of U.S. CMOs reported that they have increased their spending on channels that can prove they are brand safe according to research conducted by Teads in 2017, which interviewed 104 U.S. CMOs.<sup>3</sup>

**According to one of our CMO interviewees, we are already beginning to see progress in the area of ad fraud.**



*"That's the game for the next couple of years...to open up the transparency and really streamline that whole digital ecosystem... and it's just going to get bigger because TV is moving to the same capabilities [as digital]...There's just been too many snafus. The good news is, there has been progress on all of this. I'm really encouraged by what I've seen on ad fraud."*

<sup>3</sup> Source: Teads as cited in press release, Nov 11, 2017



Considering the proactive stance advertisers are taking, we should see an improvement in these areas going forward. To ensure that these gains are sustainable—advertisers, agencies and publishers still need to agree on and enforce a common set of rules. Advertisers need to assure that their digital media campaigns are delivered to the intended audiences, which requires consistent post-delivery validation.

According to the Nielsen Digital Ad Ratings Benchmarks Report, only 59% of all the online and mobile campaigns measured by Nielsen from Q1 2014 through Q2 2017 were delivered to their intended target demographic category. So 41% of campaign impressions missed the mark and were delivered to a different audience than the advertiser intended. Brand advertisers and their agencies need to be able to measure effective reach for each of their campaigns and optimize on-target delivery over time. This is one way to help alleviate concerns about digital media hygiene.

## DIGITAL MEDIA: ROI MEASUREMENT

So how confident are marketers in actually determining the ROI of their digital media campaigns? Our research shows that while digital media had relatively high confidence scores when compared with other media, there is still a lot room for improvement.

While 74% of respondents have some degree of confidence in ROI measurement for digital, a deeper analysis of the survey and interview responses paints a more challenged picture. Only 26% of respondents reported high confidence (e.g., “very” or “extremely” confident) in their ability to quantify digital media ROI. Only 4% of respondents were extremely confident. If you take into account the respondents’ high digital media effectiveness rankings, this suggests that marketers may believe they are generating good ROI, but are not fully convinced they are measuring it accurately (see figure 3.0).

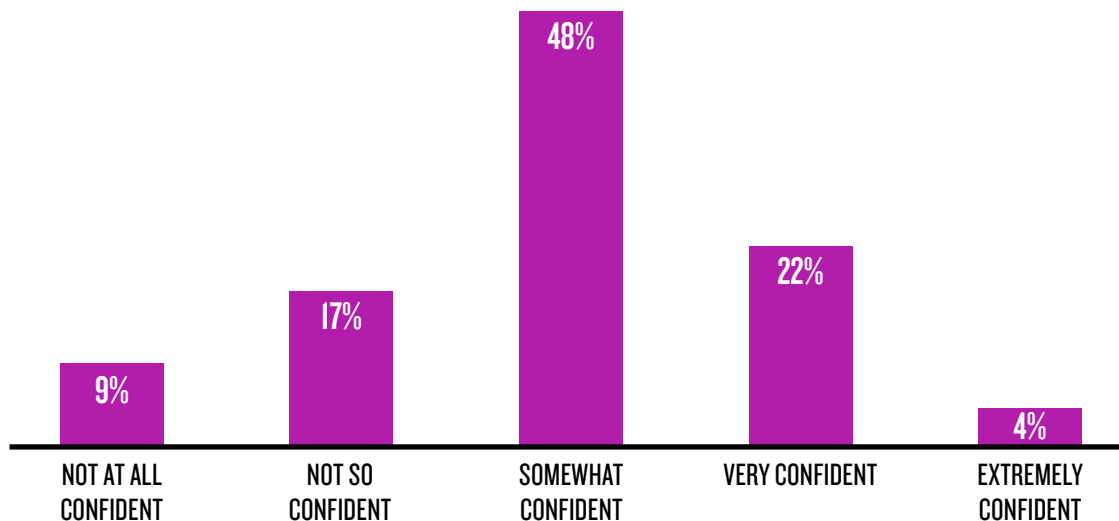


### INSIGHT ALERT!

SEE FIGURE 7.1 TO SEE HOW MARKETERS CONFIDENCE IN DIGITAL MEDIA ROI MEASUREMENT COMPARES WITH TRADITIONAL MEDIA CHANNELS.

FIGURE 3.0

### ABILITY TO ACCURATELY QUANTIFY DIGITAL MEDIA ROI



Survey question: How confident are your ability to accurately quantify digital media ROI?

**Attribution and measurement, in some marketers' minds, is still playing catch up with a rapidly changing media world.**



*"I don't think anyone in the industry should be very confident in their ability to quantify ROI at this point. Attribution and measurement need to catch up to the evolution of consumer media consumption habits."*

**Others struggle to connect digital media spend to in-store sales.**



*"We can calculate digital ROI based on click throughs and other engagement metrics, but not based on dollars and/or cases sold."*

**Measuring direct actions in digital is straightforward, but connecting these actions to either offline sales or to measures of brand awareness proves to be a sticking point for many marketers.**



*"We are able to track effectiveness for site visits and actions, but much less able to quantify brand impact."*

## DIGITAL MEDIA: CURRENT AND FUTURE SPENDING

Now that we have an idea of the perceived importance of digital media, its general effectiveness and marketers ability to measure it, it's time to look at where current and future media spend lies.

### Current Digital Media Spending

We asked marketers to tell us how much of their current advertising budget is spent on digital media. What we found was that, in general, respondents are either all-in with digital or are testing the waters and still dedicating a majority of their budget to traditional media. To prove this point, reported current digital media spend peaks at the lower and higher ends of the range (below 40% of total advertising budget and above 80% (see figure 4.0).

A small majority (51%) of respondents reported spending less than 40% of their budget on digital media.

When we analyze figure 4.0 looking at the mean of digital media spend (i.e., calculating the midpoint), respondents reported digital media as representing 37.6% of total advertising spend. This is remarkably similar to the percentage of advertising budget dedicated to traditional media (when calculated the same way), which was only a percentage point off at 36.6%. So while digital media is ranked highly across perceived importance and effectiveness measures, current spending was reported as being around the same as traditional media.

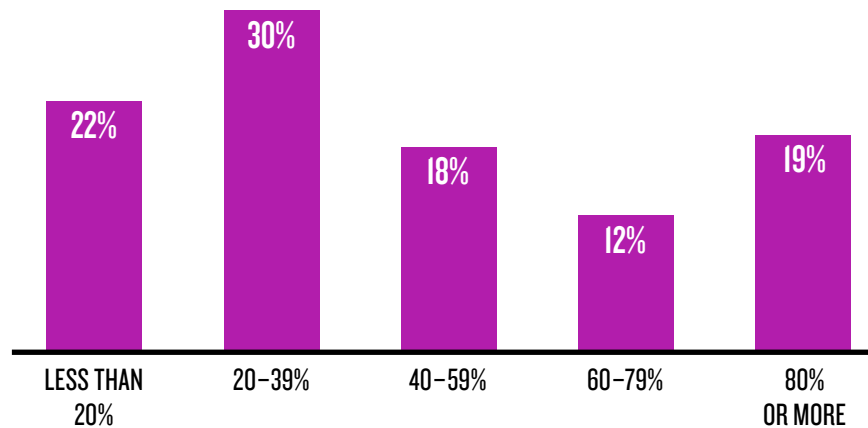
FIGURE 4.0

## DIGITAL MEDIA'S CURRENT SHARE OF ADVERTISING SPEND



### INSIGHT ALERT!

SEE FIGURE 8.1 TO SEE HOW CURRENT DIGITAL MEDIA SPEND COMPARES WITH TRADITIONAL MEDIA CHANNELS.



Survey question: How much of your advertising budget is spent on digital media?

### Future Digital Media Spending

When forecasting the next 12 months, respondents painted a much different picture.

Eighty-two percent of respondents agreed that digital media spend is going to increase, with only 4% forecasting a decrease (see figures 4.1 and 4.2). So in total, there is nearly complete (95%) agreement among marketers that digital media spend is either remaining stable or growing in the near future.

**Respondents expect, on average, a 49% increase in digital media budgets in the next 12 months. And some respondents reported even higher increases.**



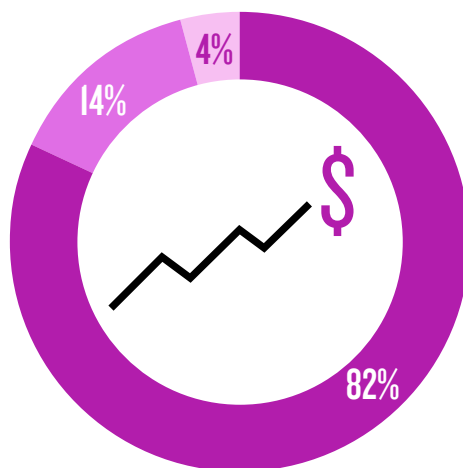
*"Two and a half years ago about 38% of our spend was going into digital. In 2018, that number will be closer to 70%."*



FIGURE 4.1

## EXPECTED CHANGE TO DIGITAL MEDIA BUDGETS IN NEXT 12 MONTHS

  
**INSIGHT ALERT!**  
SEE FIGURE 9.2 TO SEE HOW FUTURE DIGITAL MEDIA SPEND COMPARES WITH TRADITIONAL MEDIA CHANNELS.



INCREASE NO CHANGE DECREASE

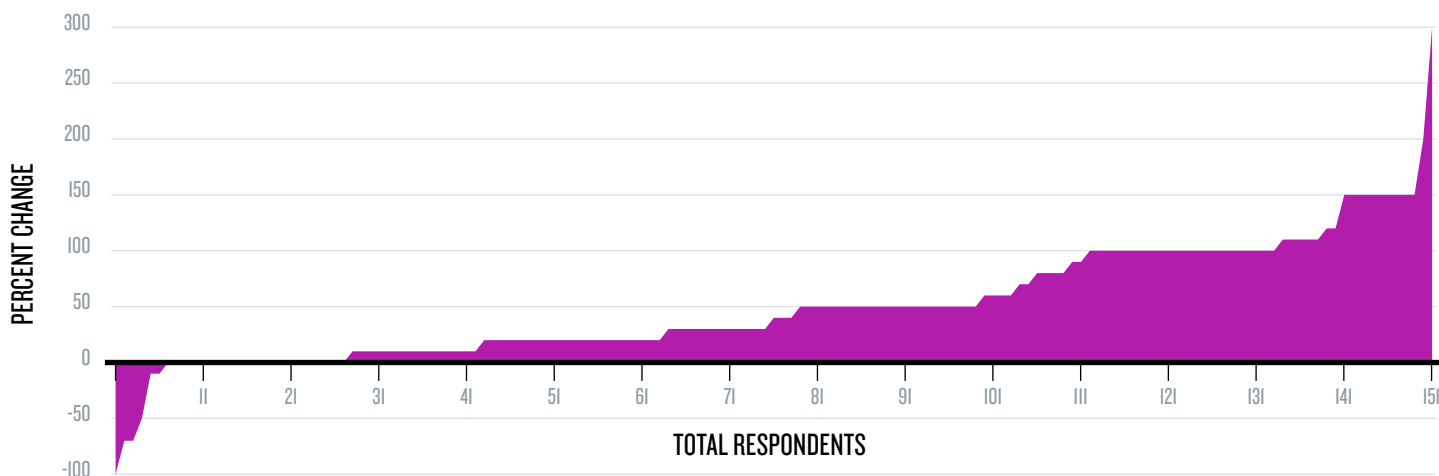


Survey question: How do you expect your digital media budgets to change in the next 12 months?

Figure 4.2 makes it clear that not only do most people expect an increase, but also that the magnitude of expected budget increases is larger than the magnitude of expected budget decreases.

FIGURE 4.2

## EXPECTED PERCENT CHANGE TO DIGITAL MEDIA BUDGETS IN NEXT 12 MONTHS



Survey question: How do you expect your digital media budgets to change in the next 12 months?

# TRADITIONAL MEDIA

While respondents didn't rank traditional media channels as highly as their digital media counterparts, television stood out among channels analyzed, which included direct mail, out-of-home (e.g., billboard advertising), print and radio. A majority of respondents ranked television as a highly or extremely important part of their media strategy. TV also came out on top in terms of its perceived effectiveness.

Respondents did, however, report they were somewhat less confident in their ability to quantify ROI from traditional media than digital media. That being said, a large majority (59%) still reported some level of confidence in their ability to calculate ROI for traditional media in general.

The discrepancy of perceived ROI measurement capabilities between traditional and digital may—in part—be due to the fact that traditional media is often considered a “reach medium.” It's further from the point-of-sale and arguably harder to connect directly to a purchase. Traditional media remains critical, as many marketers have attested, to brand building and it's associated top-of-funnel marketing metrics including brand awareness, recall and favorability.

## TRADITIONAL MEDIA: PERCEIVED IMPORTANCE

More than 51% of respondents ranked linear television as either highly or extremely important. In fact, a full 30% of respondents ranked TV as “extremely important,” which is notable considering that no other traditional channel reached 10% ([see figure 5.0](#)).



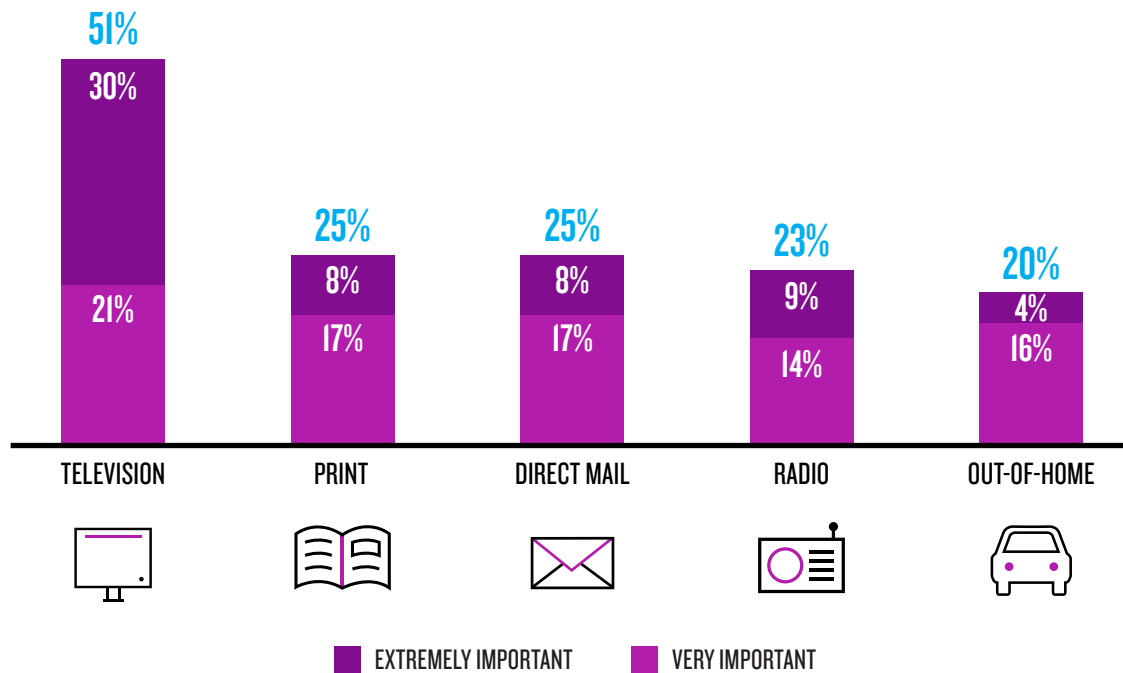
The other traditional channels (e.g., print, radio, direct mail and out-of-home) we're ranked as either highly or extremely important by a quarter or fewer respondents (20%-25%). Direct mail led the pack with 25% of respondents considering it to be highly or extremely important.

Marketers were not asked to evaluate all of the forms of streaming radio (apps and websites that stream both music and talk) as a part of the larger AM/FM radio category (both over-the-air stations and their online streams). This may have impacted their perceived importance of the channel in totality. It's important to note, that when judged as a “reach medium,” radio as a whole continues to lead the traditional media pack in terms of reach and frequency. It reaches 228.5 million adults 18+ in the U.S. compared with TV (live, DVR and time-shifted), which reaches 216.5 million. See the [Nielsen Comparable Metrics Report](#) here for more information.<sup>4</sup>

<sup>2</sup> Source: The Nielsen Comparable Metrics Report Q2 2017

FIGURE 5.0

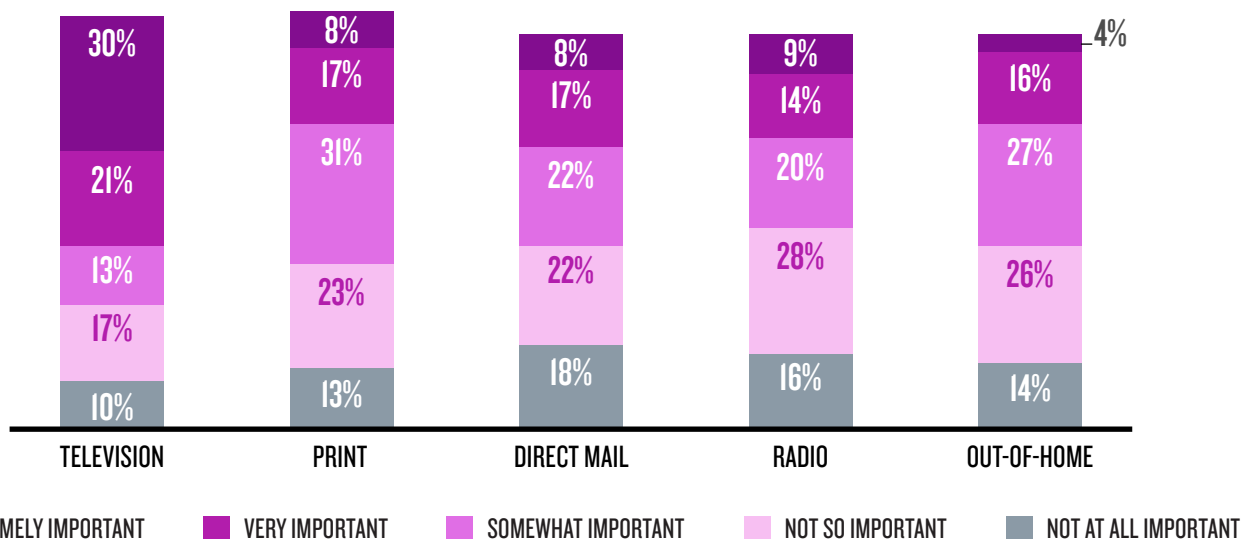
## THE IMPORTANCE OF TRADITIONAL MEDIA CHANNELS: HIGHEST RANKINGS



Survey question: What are your most important traditional media channels?

FIGURE 5.1

## THE IMPORTANCE OF TRADITIONAL MEDIA CHANNELS: ALL RANKINGS



Survey question: What are your most important traditional media channels?

## TRADITIONAL MEDIA: EFFECTIVENESS

Respondents were asked to compare effectiveness of an abbreviated list of digital and traditional channels. For traditional channels, TV was compared with radio and print in addition to digital channels spanning mobile, search, social media, OTT TV/CTV, and programmatic. When analyzing positive effectiveness rankings as a whole (i.e., summing “somewhat,” “very” and “extremely” effective selections) for traditional channels, we uncovered some interesting results ([see figures 6.0 and 6.1](#)).

Both print and TV are generally considered effective by large majorities of marketers. Sixty-two percent see print, and over 61% consider TV to be effective channels (as defined by adding “somewhat,” “very” and “extremely” effective categories). Forty-five percent of respondents thought the same for radio. Marketers clearly see traditional media as continuing to play an important role in the overall media mix.

That being said, a little less than half (43%) of respondents ranked TV as a “very” or “extremely” effective media channel. Twenty-one percent ranked print as “very” or “extremely” effective, whereas 19% gave the terrestrial radio channel the highest marks (see figures 6.0 and 6.1). TV was the only traditional channel that was viewed as extremely effective by more than 10% of respondents.

Our research suggests that while traditional media isn’t perceived as being as highly effective as digital, it’s important to understand that measures of effectiveness are relative. Campaign objectives should be aligned with the media types proven to best support specific campaign performance goals.

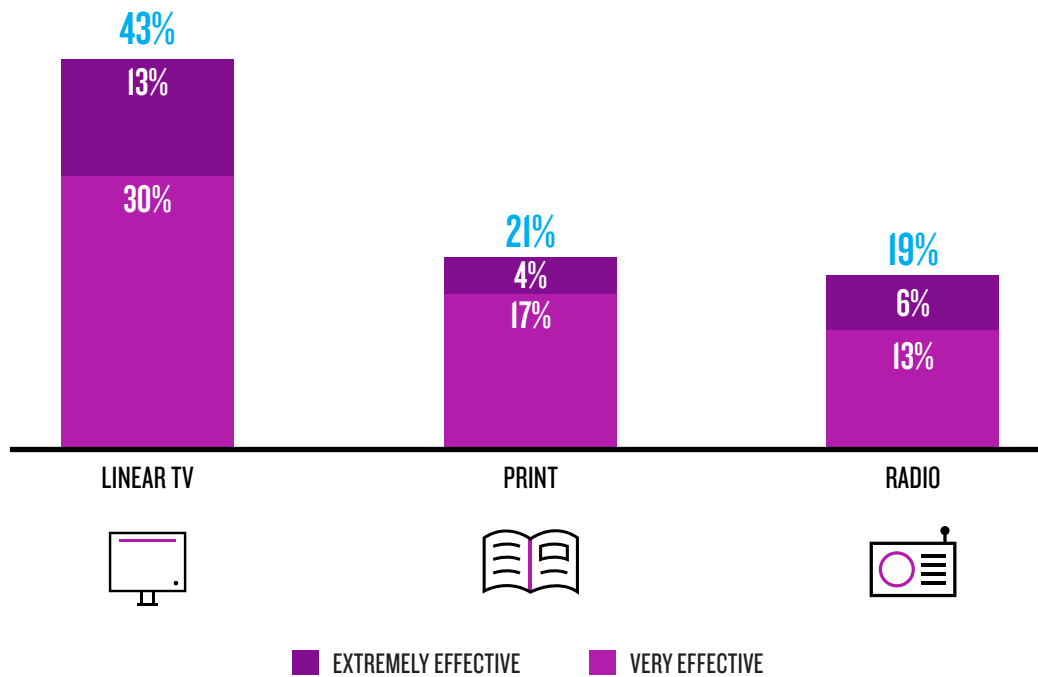
**As many of our interviews with CMOs pointed out, the traditional channels evaluated here align well with mid- and upper-funnel brand building, which is critical to increasing the size of the prospective new customer pie.**



*“If you’re not building demand in the mid- and upper-funnel, then you’re not filling that pipeline up with enough customers to deliver your goal. I’m really interested in more measures of effective reach, which has been around for a while, but I want to understand the dynamics between the media mix and how the deployment factors in.”*

FIGURE 6.0

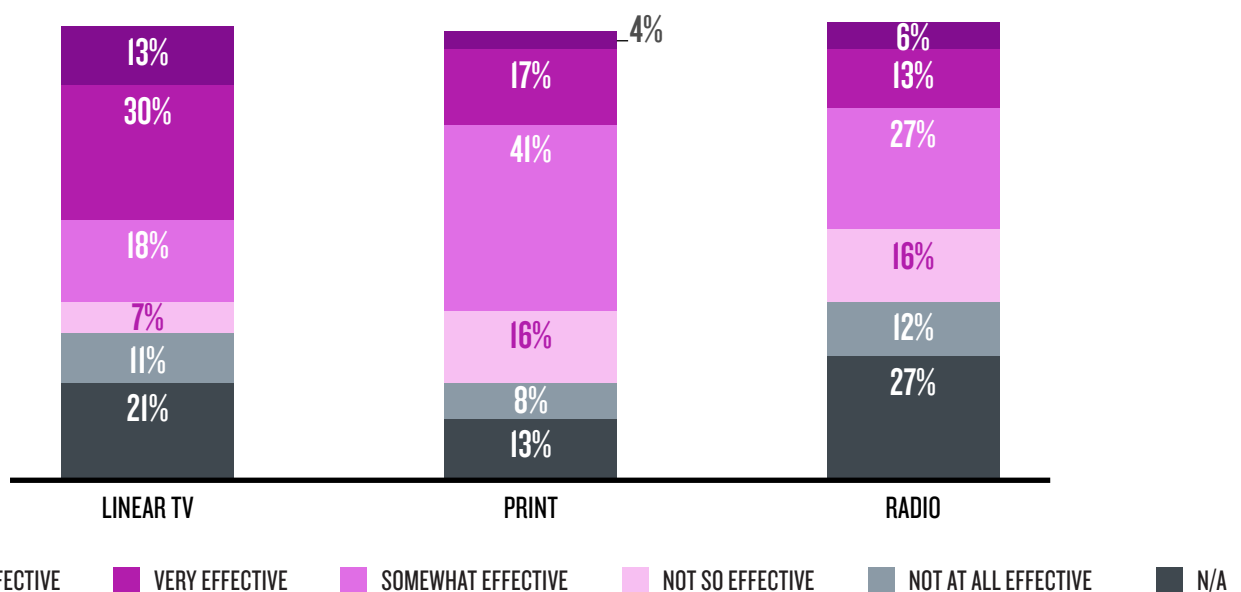
## THE EFFECTIVENESS OF TRADITIONAL MEDIA CHANNELS: HIGHEST RANKINGS



Survey question: Please rate the effectiveness of each of the following media channels for your business

FIGURE 6.1

## THE EFFECTIVENESS OF TRADITIONAL MEDIA CHANNELS: ALL RANKINGS

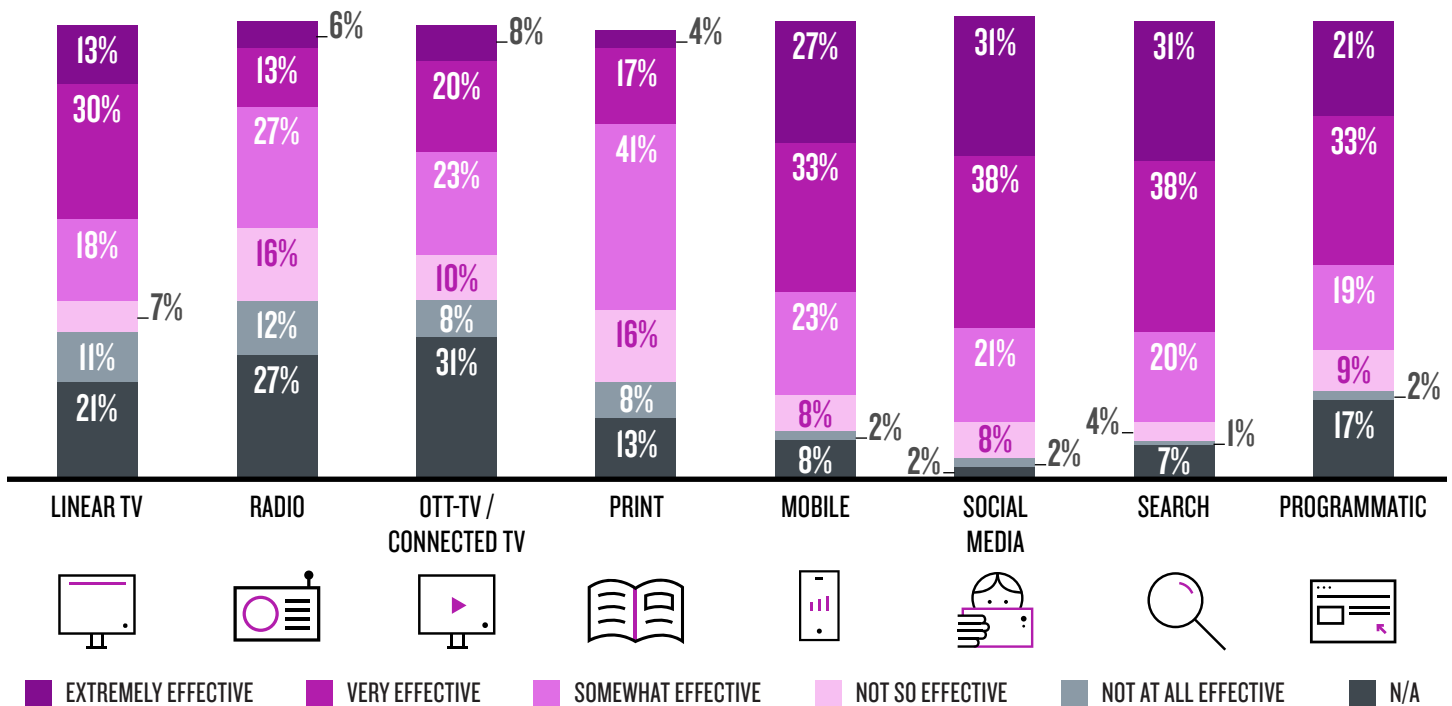


Survey question: Please rate the effectiveness of each of the following media channels for your business

Figure 6.2 gives a more complete view of how marketers perceived media effectiveness across select traditional and digital media channels. Note that not all individual media channels were included to ensure question brevity and respondent engagement.

FIGURE 6.2

## THE EFFECTIVENESS OF DIGITAL AND TRADITIONAL MEDIA CHANNELS: ALL RANKINGS



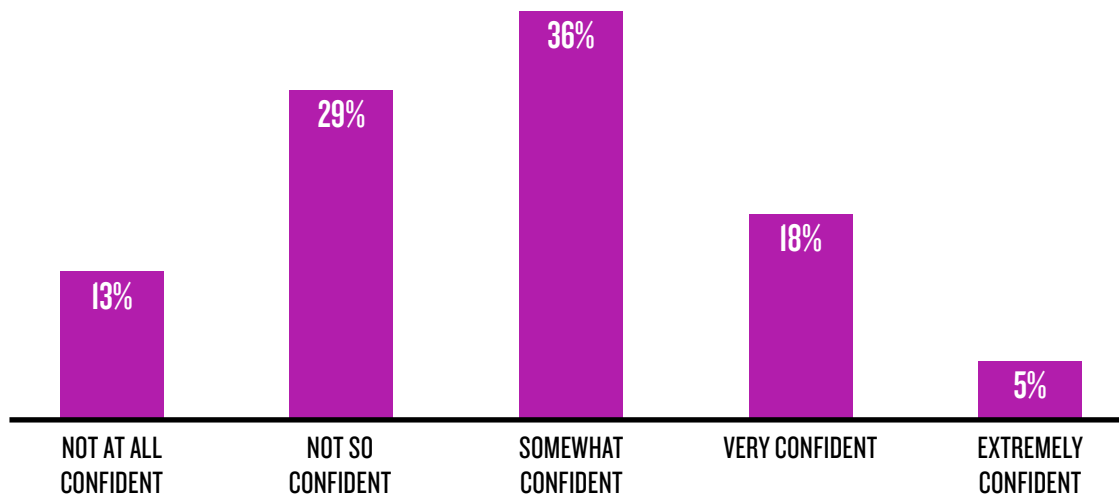
Survey question: Please rate the effectiveness of each of the following media channels for your business

## TRADITIONAL MEDIA: ROI MEASUREMENT

So how confident are marketers in actually determining the ROI of their traditional media campaigns? Our research shows that while 59% of marketers reported some degree of confidence in traditional media ROI measurement, like with digital media, a much smaller percentage of marketers (23%) reported high confidence (e.g., “very” or “extremely” confident). Forty-two percent of respondents reported that they lack confidence, which suggests that challenges remain in quantifying ROI of traditional media campaigns (see figures 7.0 and 7.1).

FIGURE 7.0

### ABILITY TO ACCURATELY QUANTIFY TRADITIONAL MEDIA ROI



Survey question: How confident are you ability to accurately quantify traditional media ROI?

**One respondent made it clear that problems arise when you try to measure everything that is happening at all times.**



*“People in my company like to throw everything in the kitchen sink in, because then of course we’re not missing anything, but at the same time, you’re measuring everything then nothing is important, right?”*

**Others struggle to connect any of their media spend to offline sales.**

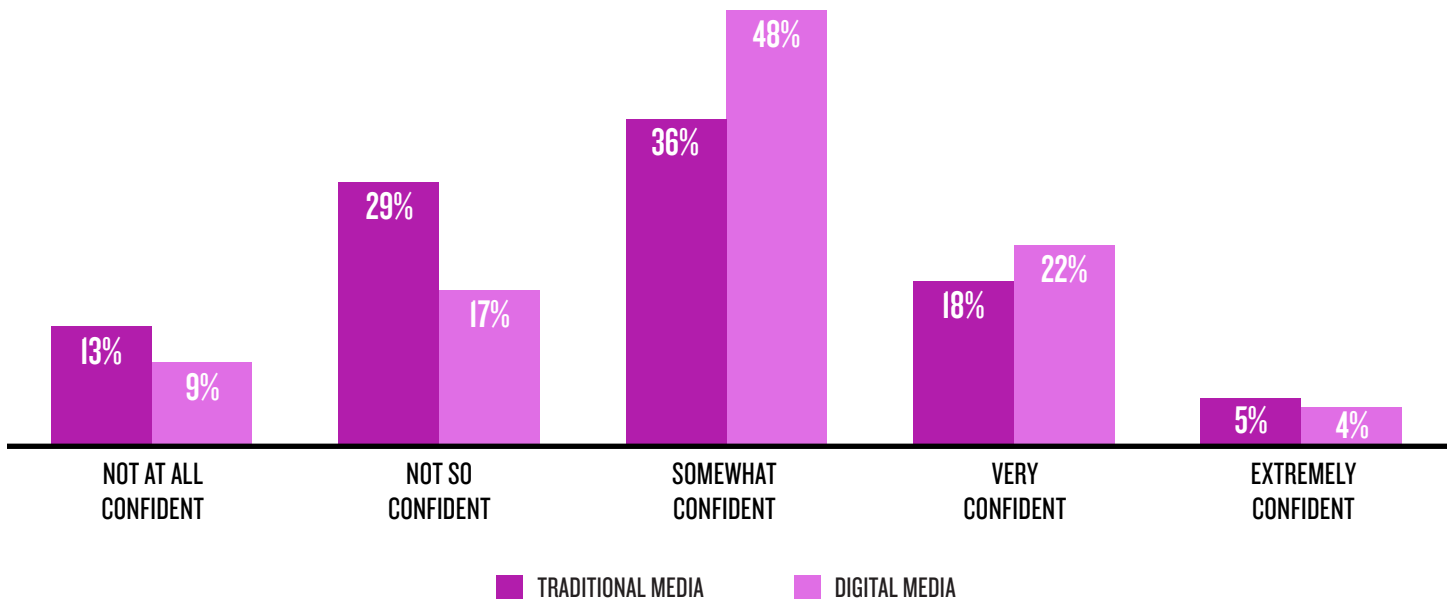


*“Our products are sold on premises and in traditional retail. Quite difficult to quantify accurately any ROI.”*



And for the sake of comparison, let's look at marketers confidence in their ability accurately quantify ROI for traditional and digital media side-by-side in figure 7.1.

FIGURE 7.1  
CONFIDENCE IN ABILITY TO QUANTIFY ROI BY MEDIA TYPE



Survey questions: How confident are you in your ability to accurately quantify traditional media ROI? How confident are you in your ability to accurately quantify digital media ROI?

**One CMO discussed how important marketing ROI measurement is at the CFO and board-level of companies. Marketers are steadily moving toward a future where they can provide the impact of their media spend at an increasingly granular level.**



*"There's such a focus on marketing ROI and the CFOs are so excited. Everyone else—like at the board level—is so excited when the marketer can prove that their investments are paying off. In the past, [these stakeholders] didn't know [the results] of all the money they spent. I think this trend will absolutely continue and it will get more granular. With [current] technology and capabilities, you can now follow the path [to purchase] a lot more clearly."*

## TRADITIONAL MEDIA: CURRENT & FUTURE SPENDING

Current traditional media spending as a portion of total advertising budget is holding its own when compared with digital media.

### Current Traditional Media Spending

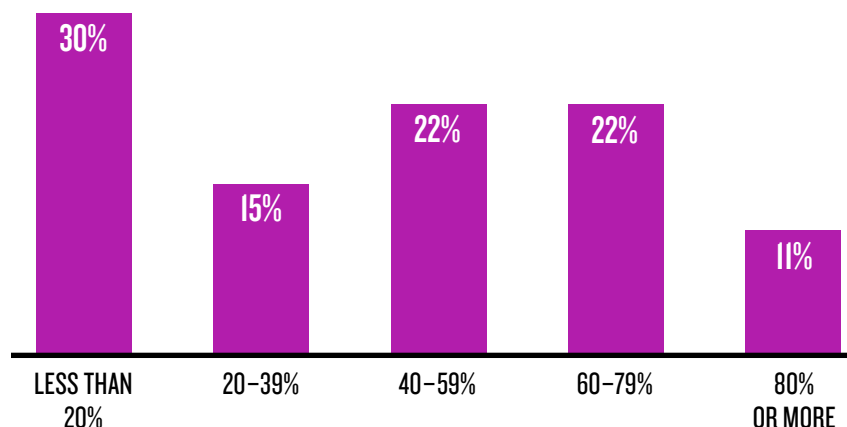
Nearly 44% of respondents reported that their current traditional media spend made up a large percentage of their overall advertising budget (e.g., between 40 and 79%), with nearly 30% identifying their current spend as less than 20% of the total (see figure 8.0).

So, in short, traditional media spend peaks in the middle categories (40%-80%), while digital media peaks at the edges (below 40% and above 80%). This suggests that marketers who are spending on traditional media likely spend more than what they spend on digital media. Considering that traditional media, especially TV and print, is inherently more expensive than digital, it requires bigger budgets.

When we analyze figure 8.0 looking at the mean of traditional media spend (i.e., calculating the midpoint), as referenced earlier in the report, respondents reported traditional media as representing 36.6% of total advertising spend compared with digital, which represents 37.6%. Traditional media budgets continue to keep pace with those of digital media.

FIGURE 8.0

### TRADITIONAL MEDIA'S CURRENT SHARE OF ADVERTISING SPEND

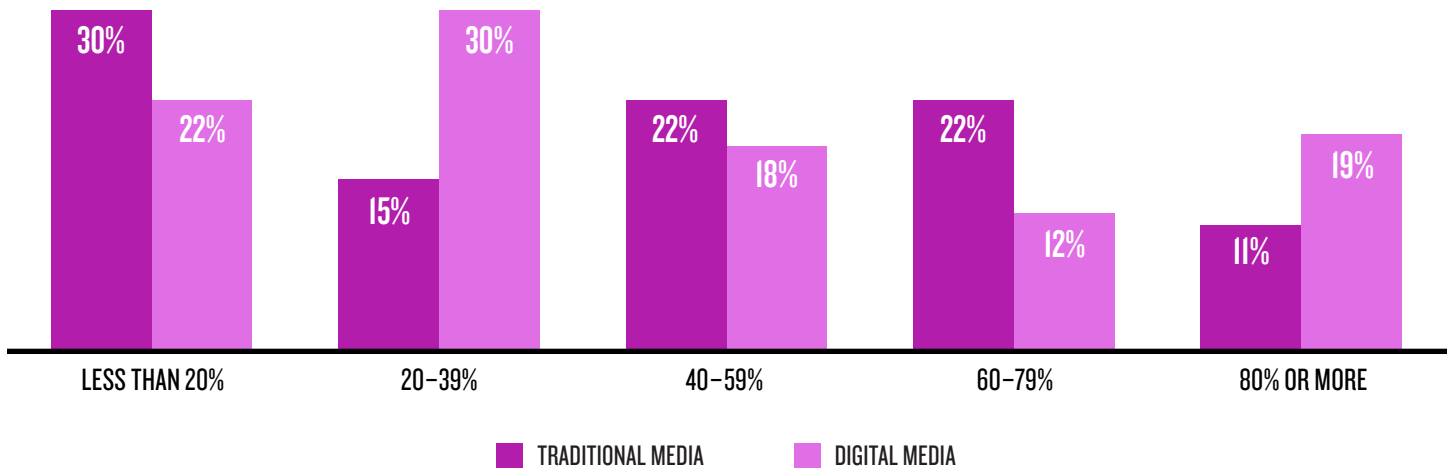


Survey question: How much of your advertising budget is spent on traditional media?

Note: This figure does not show the 17% of respondents who selected Don't Know or Not Applicable (DK/NA). The remaining category percentages were recalculated to sum to 100% after excluding DK/NA responses.

Figure 8.1 illustrates how current spend as a percentage of total advertising budget looks for both traditional and digital media in one view.

FIGURE 8.1  
CURRENT SHARE OF ADVERTISING SPEND BY MEDIA TYPE



Survey questions: How much of your advertising budget is spent on traditional media? How much of your advertising budget is spent on digital media?

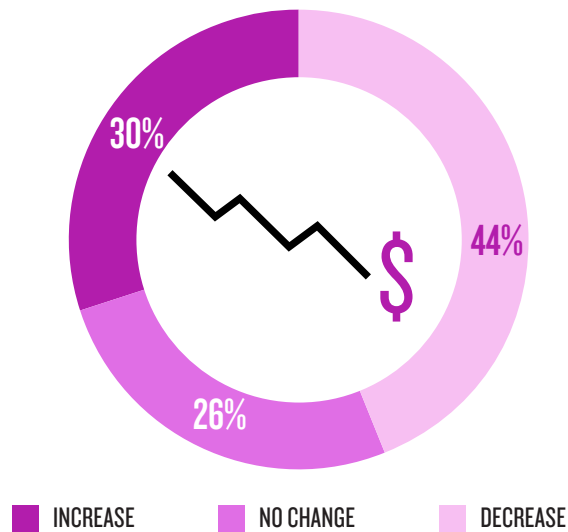
Note: This figure does not show the 17% of respondents who selected Don't Know or Not Applicable (DK/NA). The remaining category percentages were recalculated to sum to 100% after excluding DK/NA responses.

### Future Traditional Media Spending

When forecasting changes in media spend over the next 12 months, however, respondents expect a decrease in their traditional media budgets. In fact, less than a third (30%) expect an increase and nearly half (44%) expect a decrease, with the average change to traditional media budgets being -5%. ([see Figure 9.0](#)).

FIGURE 9.0

## EXPECTED CHANGE TO TRADITIONAL MEDIA BUDGETS IN NEXT 12 MONTHS

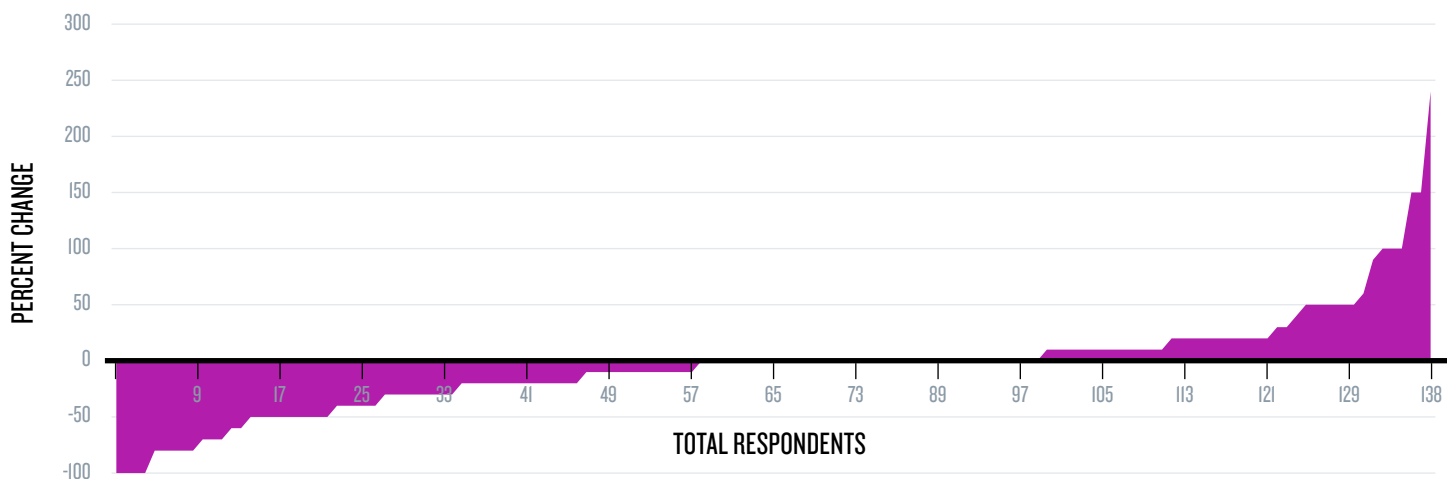


Survey question: How do you expect your traditional media budgets to change in the next 12 months?

Figure 9.1 further illustrates that there is a more even split between those that expect an increase and those that expect either a decrease or no change in traditional media budgets. Notice how the magnitude of expected budget decreases is larger than that of digital media shown in [Figure 4.2](#).

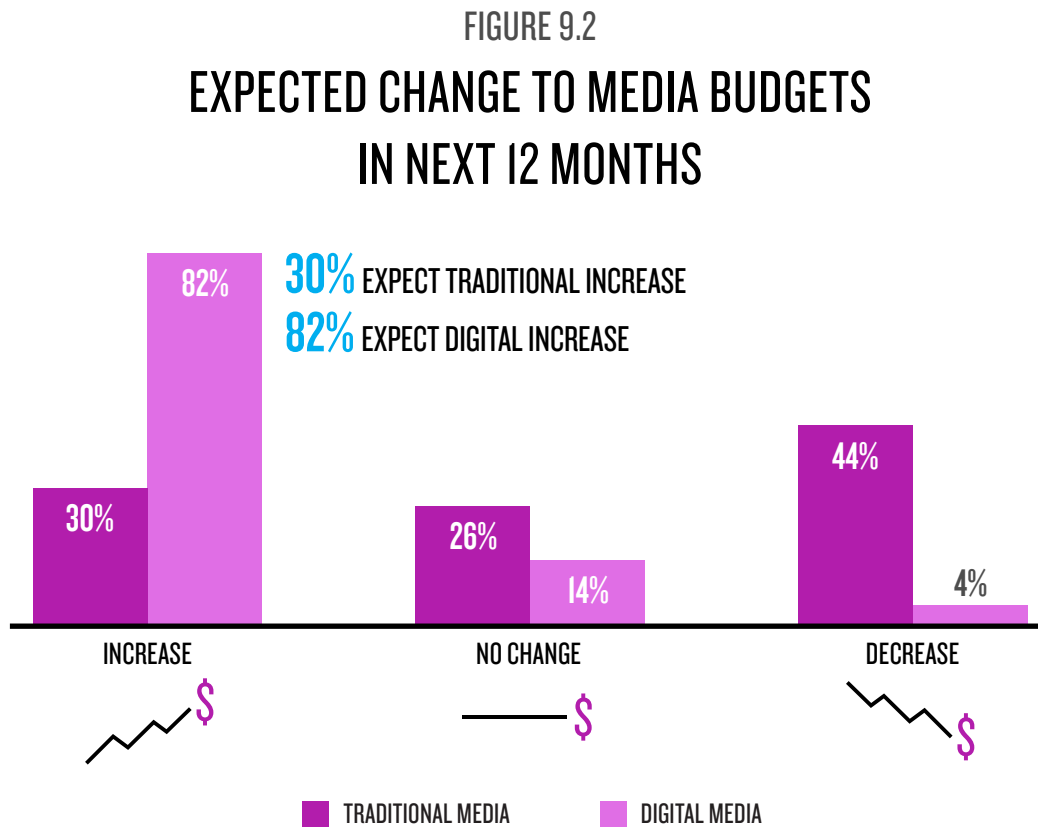
FIGURE 9.1

## EXPECTED CHANGE TO TRADITIONAL MEDIA BUDGETS IN NEXT 12 MONTHS



Survey question: How do you expect your traditional media budgets to change in the next 12 months?

Figure 9.2 illustrates expected changes in traditional and digital media budgets over the next 12 months.



Survey questions: How do you expect your traditional media budgets to change in the next 12 months?  
How do you expect your digital media budgets to change in the next 12 months?

# WORKING WITH THE WALLED GARDENS

Very few current media strategies are complete without discussion of the role of the “walled gardens,” (e.g., the “closed” media ecosystems run by operators such as Facebook, Google and Amazon). We sought to understand how satisfied marketers are with these relationships and their ability to quantify the ROI of their campaigns in these environments.

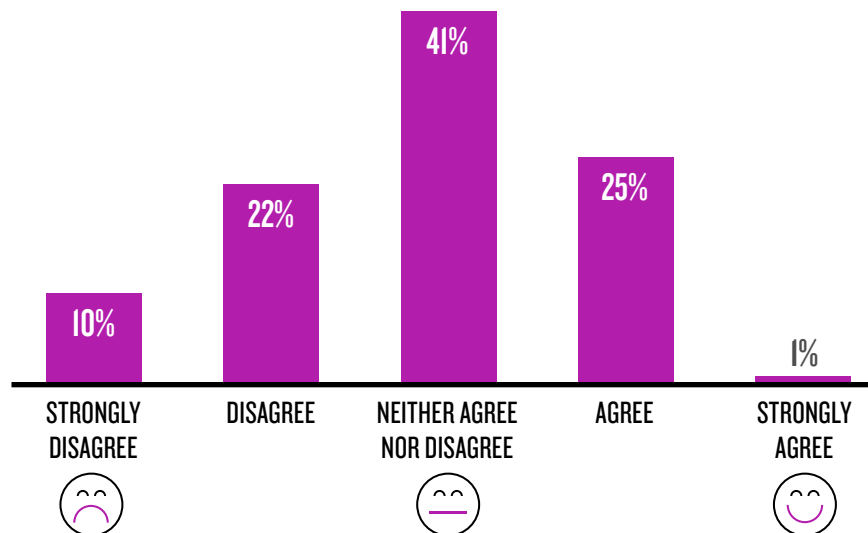
Additionally, respondents provided insight into the value of walled gardens measurement outputs. This last point uncovered perspectives around trust, transparency and consistency that are a critical part of the dialogue around media strategy and measurement.

## WALLED GARDENS - LEVELS OF SATISFACTION

Respondents were split in their satisfaction with the walled gardens. Sixty-seven percent of respondents gave either neutral or positive satisfaction rankings of the walled gardens. The largest contingent (41%) were neutral, which suggests that—for some—it still might be too early to tell. Twenty-six percent of those surveyed reported being satisfied—in general—with their walled garden relationships (see figure 10.0).

FIGURE 10.0

### SATISFACTION WITH THE WALLED GARDENS (FACEBOOK, GOOGLE, AMAZON, ETC.)



Survey question: I am satisfied with my relationships with the “walled gardens” (including but not limited to Facebook, Google, Amazon)

That being said, respondents had strong opinions on the subject of walled gardens in the survey and during interviews. Concerns around transparency and the “closed” nature of these channels were the most commonly voiced.



*“Walled gardens are a barrier to a holistic approach [to marketing].”*

*“[Do] not share data readily yet demand more and more investment from brands.”*

*“We have no way of knowing how transparent they are.”*

## WALLED GARDENS - MEASUREMENT AND EFFECTIVENESS

Despite the mixed levels of satisfaction, respondents were slightly more positive regarding their ability to quantify advertising ROI from walled gardens. Thirty-seven percent of respondents agreed that they can quantify ROI from walled gardens. An additional 30%, however, disagreed that their advertising ROI from walled gardens can be accurately quantified, making this a case of divergent opinions ([see figure 11.0](#)).

The variation in responses may be due to the types of campaign objectives marketers have in mind when running campaigns across these channels, as well as the inherent differences between the platforms. Amazon, for example, is well suited for direct response campaigns for consumer-packaged goods or related products.

For campaigns that center around brand building, granular audience targeting—often viewed as an inherent strength of the walled gardens—might be limiting an advertiser’s ability to reach as broad an audience as a traditional reach medium—like TV or radio—might do more effectively.

**If the goal of the campaign is to fill the top of the purchase funnel versus converting lower-funnel prospects, a careful consideration of the media channels that will best accomplish that goal is required as made clear in the CMO comment below.**

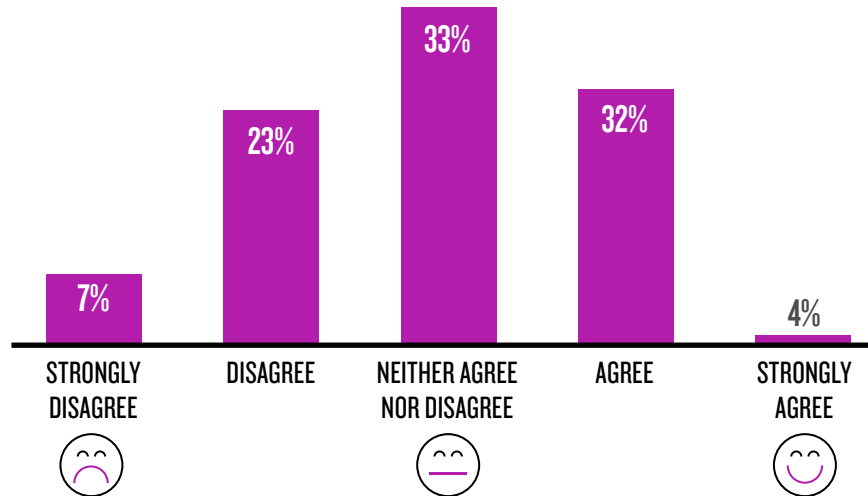


*“Two years ago, if you would have asked any marketer to explain his or her digital strategy, you would have gotten a random digital walk versus a strategic understanding of where digital fits in their brand building model. You have to be continuously bringing people into the top of your funnel.”*



FIGURE 11.0

## ABILITY TO QUANTIFY ROI FROM THE WALLED GARDENS



Survey question: Please rate your level of agreement with the following statement: We are able to accurately quantify advertising ROI from walled gardens (including but not limited to Facebook, Google, Amazon).

### Marketers stressed the need for more insight around walled gardens' data and performance.



*"We need more insight into their audiences with regard to ROI...it's more than just impressions that matter."*

*"[The walled gardens] need to provide more transparency [around] data and performance."*

### Respondents also voiced the need for a consistent measurement methodology.



*"Reporting is so inconsistent between these channels."*

*"Constantly changing rules and changes in performance make it difficult to consistently deliver results."*

### While other marketers felt that the walled gardens' advanced analytics capabilities were impressive enough to counter the fact that they are relatively closed marketing ecosystems.



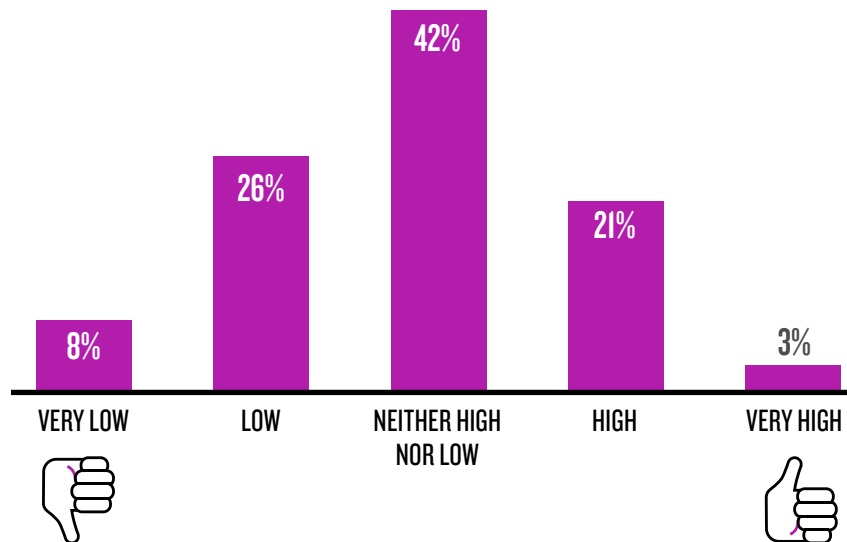
*"Their advanced analytics neutralize their walls."*

To help tackle the concerns about inconsistent measurement across the various walled gardens, we asked respondents to report on their level of trust in the analytics and measurement outputs from the walled gardens.

Most respondents fell somewhere in the middle when it came to trusting analytics/measurement outputs from walled gardens. Forty-two percent, the largest group of respondents, were “neither high nor low” in their trust, consistent with the relative neutrality uncovered in our earlier walled garden questions (see figure 11.1).

FIGURE 11.1

## LEVEL OF TRUST IN THE ANALYTICS AND MEASUREMENT OUTPUTS FROM WALLED GARDENS



Survey question: Identify your level of trust in analytics and measurement outputs from the walled gardens (including but not limited to Facebook, Google, Amazon).

# TYING MEDIA OWNERS TO CAMPAIGN ROI

We asked respondents to share their opinions around the role media owners and their level of responsibility for their advertisers' campaign performance. Eighty-one percent agreed that media owners should be held accountable for campaign performance. Just 6% of respondents disagreed that responsibility for media ROI should lie in the hands of media owners ([see figure 12.0](#)).



Respondent and interviewee comments, however, tell a more complete story.

## Some marketers felt that accountability is part of the business agreement with media owners.



*"It's a value add service they should provide if they want business. If they don't, likely their more progressive thinking peers will, and those peers will likely get the business (all else being equal)."*

*"They should be accountable for campaign performance, but they should also spend our money wisely, advocate for us, and deliver added-value opportunities with each contract."*

## Other marketers emphasized that the media owners' performance is just one of the factors contributing to campaign ROI. In short, the media owner can only do so much.



*"[Media owners are] accountable for the campaign running as planned, but not ROI. If I have a bad product, I can't blame the media I advertised in."*

*"I believe campaign performance is a combined result of effective creative communication, a media strategy and reach and performance from the media owner/publisher and all aspects should be evaluated when looking at ROI."*

*"We need to acknowledge that other factors such as creative quality and site/store customer experience play a role. It isn't all in media's hands."*

Other marketers stressed the agreement and mutual understanding.

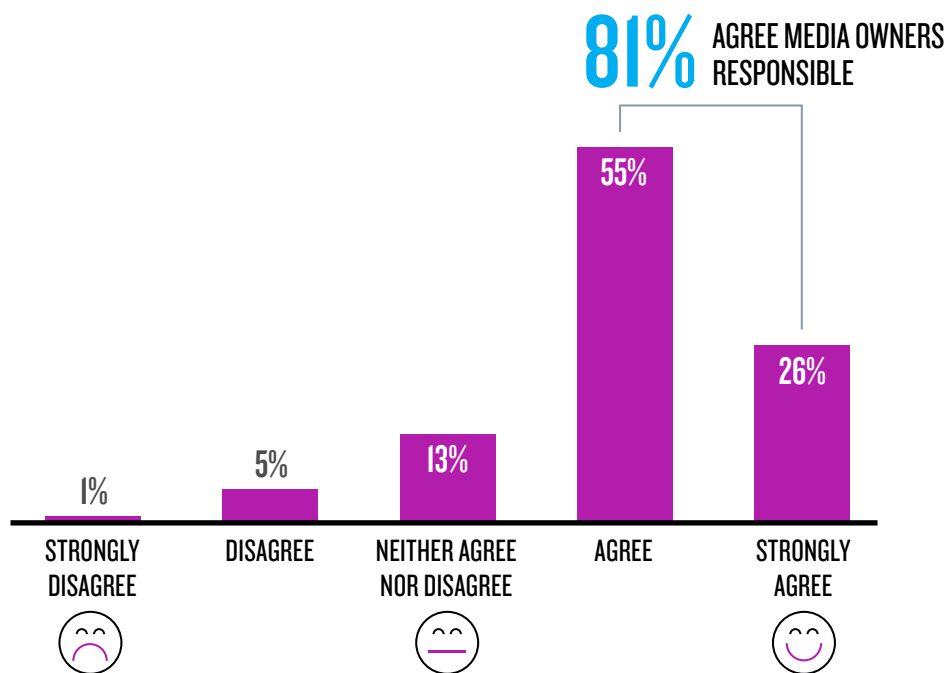


*"Media and publishers should be accountable to the level that they contract to. The agreement is the key element."*

*"Buyer beware but there should be a level of trust between the publishers and the advertisers that both parties are seeking what's best for the brand."*

FIGURE 12.0

## MEDIA OWNER ACCOUNTABILITY FOR CAMPAIGN PERFORMANCE (ROI)



Survey question: Please rate your level of agreement with the following statement: I believe that my media owners/publisher partners should be held accountable for campaign performance (ROI) on their properties.

# TACKLING THE OMNICHANNEL DILEMMA

Our research shows that while marketers continue to be challenged by media fragmentation and organizational misalignment, clear progress is being made toward a more omnichannel approach to media. What was once a dilemma, as our current and past research has shown, is increasingly becoming an opportunity.

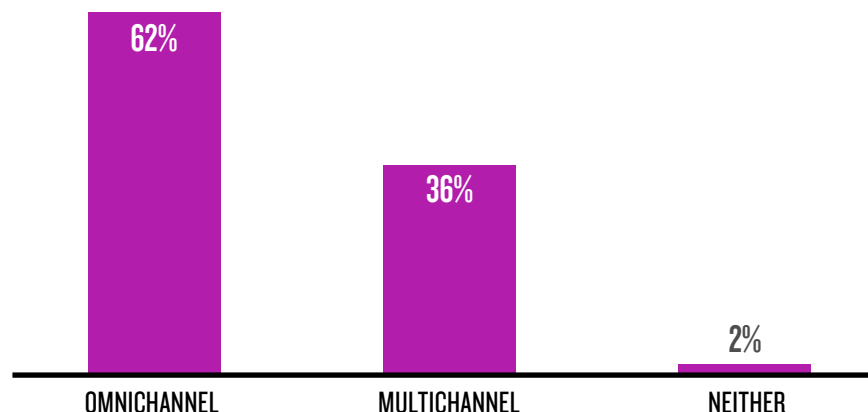
We asked respondents to categorize their planning approach across marketing channels in one of three ways.

- 1 Multichannel:** marketing departments that are organized into “swim lanes” focus on each channel, each with their own reporting structure and revenue goals.
- 2 Omnichannel:** marketing departments that are organized in a channel-agnostic way (with the customer at the center of their strategy), with a unified reporting structure and revenue goals.
- 3 Neither:** marketing departments whose advertising focuses on a single channel or, alternatively, don’t invest significantly in paid advertising.

Most respondents (62%) report that they rely on an omnichannel marketing approach, though a considerable number (36%) continue to rely on a multichannel approach. Very few admit that they use neither approach (less than 2%) (see figure 13.0).

FIGURE 13.0

## PLANNING APPROACH ACROSS MARKETING CHANNELS



Survey question: What best characterizes your planning approach across marketing channels?

These findings illustrate that there has been significant progress in this area. We compared these findings with earlier Nielsen research with the Association of National Advertisers, called “Optimizing Integrated Multi-Screen Campaigns.” That 2013 study found that 71% of companies were not managing omnichannel campaigns.<sup>5</sup>

In just four years, we’re seeing that a comparably large majority of marketers are reporting just the opposite. Organizations are rapidly adapting to the changing media ecosystem because they must. It’s no longer a question of if, rather when, and marketers are increasingly say that there is no better time than now.

Departmental silos are seen as a growing pain for many organizations. Channel-specific departments focus on hitting their own numbers and pay little attention to campaign redundancy, overlap, and inefficiencies. Integration of cross-channel consumer data, media planning, performance goals and campaign analytics helps reduce media waste and align disparate marketing teams around the common objective of creating good customer experiences.



Having access to integrated consumer data helps businesses break down these silos by giving all stakeholders a comparable view into customer behavior and sales attribution. This makes it far easier to understand what levers are performing, where to assign credit, how to reduce media waste and what teams must do to develop more cohesive and consistent media plans.

**The omnichannel dilemma is characterized by the challenges of taking a media agnostic, customer-first approach to marketing, as this interviewee makes clear.**



*“I think the way we look at it is we’re really trying to get out of the silos of, this is our digital spending, and this is our traditional spending, and really look at consumers from an audience first perspective, and really trying to define the problems that we’re trying to solve.”*

*“If I’m not there [at] the point of receptivity giving the messages, and multiple messages, [based on] what they’re searching for or where they’re at in the purchase funnel, then I’m losing out.”*

<sup>5</sup> “Optimizing Integrated Multi-Screen Campaigns” survey conducted by the Association of National Advertisers and Nielsen.

**Marketers reflected on just how much and how quickly their thinking around omnichannel media channel strategies has evolved in recent years.**



*"We think about traditional and digital media concurrently now, whereas we used to think about them separately."*

*"You've got to be in a lot more places and channels at once, all with relevant strategies. That's really impacted how we think about our approach."*

Thirty-six percent of our respondents still work in companies that operate in swim lanes, where each primary media channel has its own team focused on hitting their own numbers. This increases the risk of misalignment. If these channel-specific teams aren't sharing data, consumer experience suffers and media waste becomes unavoidable.

**This interviewee couldn't have described the behavior any more vividly.**



*"Fiefdoms, politics, silos. [We've experienced situations where] budgets weren't necessarily planned...or managed holistically. They were managed siloed, and everyone was out to stab each other to get their extra penny or nickel."*

**This marketer made it clear that a consistent, omnichannel measurement methodology, would have a big impact on marketers ability to think holistically about media channel strategy.**



*"I wish that I had an 'easy button' so I could easily look at my investments across the whole omnichannel experience and pinpoint what's happening. I still don't think we're there yet...there's way too many players who want to put their own mark on measurement, which really prevents our whole industry from being better...because everyone wants a proprietary way to measure."*

**One automotive CMO illustrated how a customer-first mindset requires marketers to think of how to best align media spend with stage in the buying process.**



*"We have to have the consumer-first mindset. It's how we approach the purchase journey. I think that we—at times—do it really well, but in pieces. When you think about the purchase funnel for automotive...you have future-market, near-market, end-market. We've done really good lately on the end market...the bottom of the funnel stuff. But if we're not building the demand in the mid- to upper funnel, then we're not filling that pipeline up with enough customers to deliver on our goal."*



# UNDERSTANDING CAMPAIGN OBJECTIVES

Understanding that a marketer's media strategy is shaped by his or her campaign objectives, we asked respondents to rank the importance of five primary objectives including brand awareness, customer acquisition, loyalty, advocacy and churn.

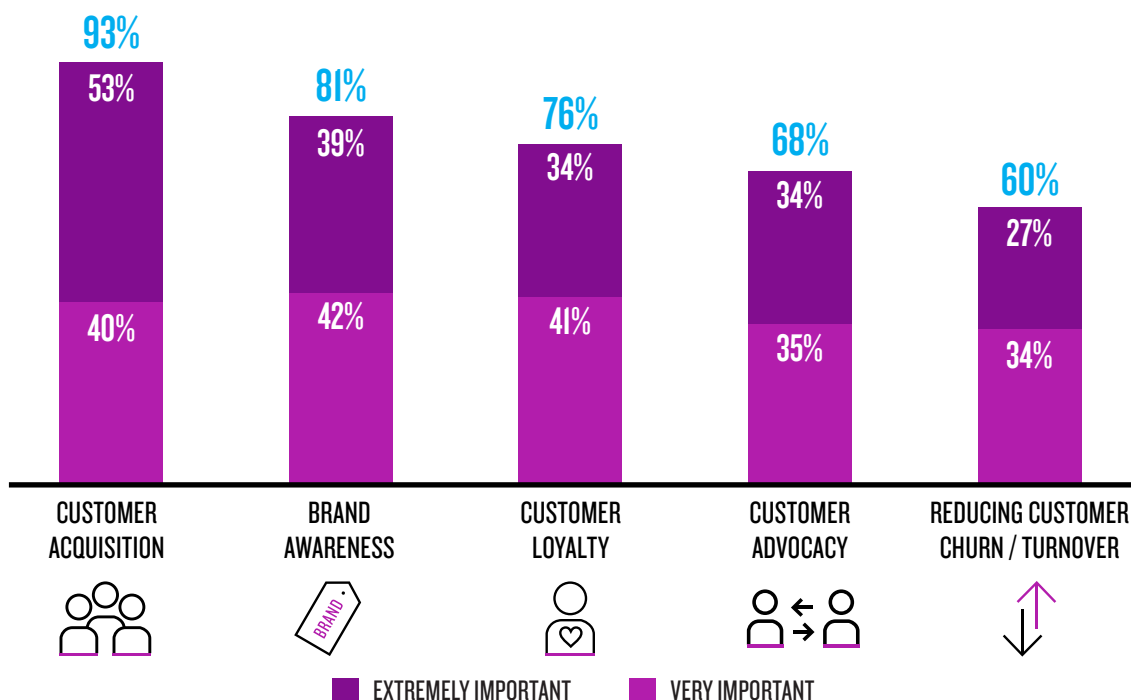
One thing all respondents and executive interviewees had in common was the importance of new customer acquisition as a key marketing objective. By a big margin. Ninety-three percent of survey respondents ranked it as "very" (40%) or "extremely" important (53%) and only one respondent ranked it as less than somewhat important. In fact, customer acquisition was the most unanimously high ranked item in the Nielsen CMO Report.

The remaining campaign objectives were also ranked quite highly, with brand awareness (81%), customer loyalty (76%), customer advocacy (68%), and reducing customer churn/turnover (60%) all ranked as "very" or "extremely" important by at least 60% of respondents (see figure 14.0).

**CUSTOMER ACQUISITION WAS THE MOST UNANIMOUSLY HIGH RANKED ITEM IN THE REPORT.**



FIGURE 14.0  
IMPORTANCE OF CAMPAIGN OBJECTIVES



Survey question: Please rate the importance of each of the following campaign objectives for your business.



High relative importance scores across these categories reinforces how important a non-siloed, customer-first marketing approach is. This is especially true when you consider the relative strengths of different media channels. As an example, high reach media—such as television and radio—fit nicely with brand awareness campaign objectives seeking to fill the top of the sales funnel. Whereas more direct response media—such as search and email—fit well with customer acquisition objectives seeking to convert lower-funnel prospects add (see figure 14.1).

FIGURE 14.1

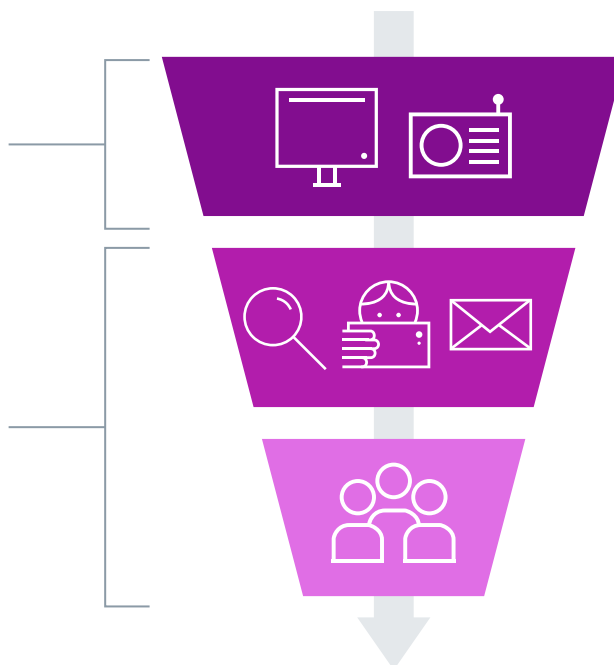
## ALIGNING MEDIA WITH THE SALES FUNNEL

### BRAND BUILDING

- Top-funnel strategies
- Favored traditional media (TV and radio)

### CUSTOMER ACQUISITION

- Mid-to-low funnel strategies
- Favored digital media (Search, social and email)



Marketers emphasized—in their comments and interviews—the importance of customer acquisition and brand building as primary campaign objectives.

#### On customer acquisition:



*"We're increasing using social as a lead gen tool. We're averaging 60,000 leads a month on Facebook, Instagram and Snapchat."*

*"I think we've got to move from [being] brand marketers to [being] performance marketers, and that has everything to do with being able to win in an ecommerce world—by building out and leveraging a data engine [as] a real competitive advantage."*

*"The ultimate measurement for us is return per marketing dollar spent. But on a daily, weekly, monthly basis, it's all about lead gen."*

#### On brand building:



*"Today I would tell you that we step back and we identify first who are the consumers that we're trying to bring into the franchise. I think you have to be continuously bringing people into the top of your funnel."*

#### On taking combined approach:



*"We play in a low household penetration category, therefore maintaining existing consumers and acquiring new ones are extremely important to grow the overall category. It's also very competitive, therefore creating brand awareness and loyalty is also important."*

*"Churn is just a reality for [our] industry—constant search for the new. Reduction [of churn] is important, however it flies in the face of how consumers interact with the category. Bringing in new customers and working toward loyalty and advocacy is key."*



# AGENCIES

## EVOLUTION, EFFECTIVENESS AND BUDGETS

Conversations about media strategy aren't complete without understanding the changing role of media agencies. We asked respondents to identify how their agency's role has changed in the last three years. We also gauged expected changes to agency budgets and the confidence marketers have in their agency's ability to deliver a strong ROI.

# ADAPTING TO CHANGE

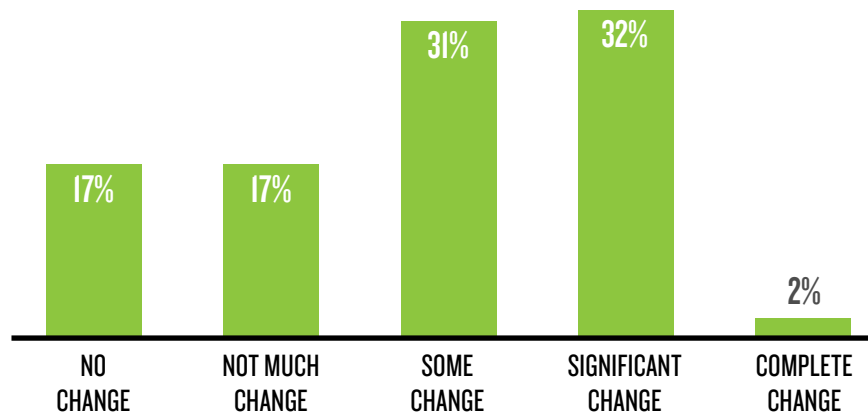
Our research shows that nearly a third (32%) of marketers agree that their media agency has experienced significant change in the last three years. Another third reported that their agency hasn't undergone much, if any, change (e.g., "no" or "not much" change) (see figure 15.0).

So two-thirds of agencies are working to adapt to the new world, while the remaining third still have a long way to go.



FIGURE 15.0

## MEDIA AGENCY ROLE CHANGE IN THE LAST THREE YEARS



Survey question: Indicate how your media agency's role has changed in the last three years.

**Many marketer comments and interviews reflected the need for agencies to become significantly more digitally oriented.**



*"We've switched agencies to work with one more savvy with digital."*

*"Our brand agency is a digital agency to support a digital-first marketing approach."*

*"We want a heavier emphasis on Digital Video [from our media agency]—mostly long form FEP/VOD."*

**In some cases, agencies reinforce already-existing silos within an organization.**



*"We added separate digital agency from our incumbent TV agency, requiring us to codify swim lanes."*

**As these quotes have shown, marketers have made it clear that they are willing to switch agency alliances more quickly than in the past to adapt to the changes in the media ecosystem.**



*"The 'agency of record' is no longer in place—we have the flexibility to work with who we want—as opposed to the past."*

**Many organizations are focusing on lessening their dependence on media agencies altogether by building out their own media planning and buying capabilities.**



*"We do not have a media agency. We plan and buy in-house."*

*"We have decreased our use of external media agencies [and] built our internal capabilities."*

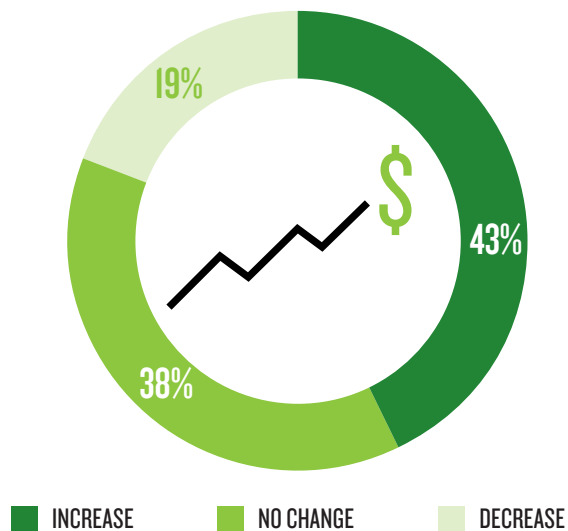
# INVESTING IN CHANGE

To facilitate the changing role of the agency, respondents expect to increase their agency budget allocation by an average of 8.5% over the next year. Forty-three percent of respondents plan to increase their media agency budget compared with the 19% who plan to reduce it (see figure 16.0).

This signals a willingness by marketers to make an investment in agency transformation.

FIGURE 16.0

## CHANGE IN MEDIA AGENCY BUDGET ALLOCATION



Survey question: Please indicate how your media agency budget allocation will change in the next 12 months.

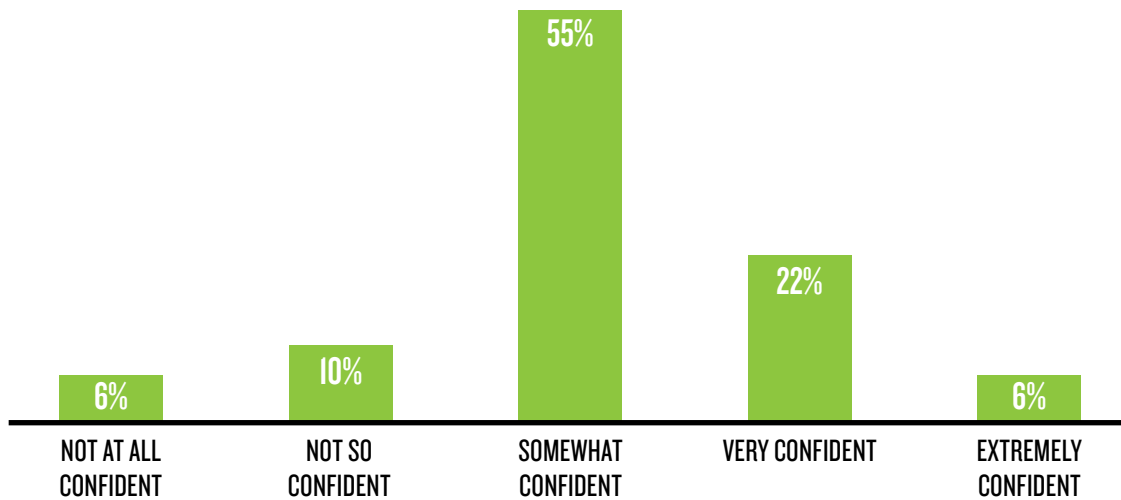
# DELIVERING ROI

Eighty-three percent of marketers reported some level of confidence in their media agencies' ability to deliver a strong return on investment. That said, the level of confidence varied among those surveyed. Fifty-five percent felt somewhat confident, and 22% felt very confident. Only 6.1%, however, felt completely confident. Sixteen percent of respondents reported lacking confidence (see figure 17.0).

Media agencies are adapting to the seismic shifts in the media world, but still have opportunities for improvement in proving their value to marketers. It's clear, when considering these confidence results along with the expected increase in media agency budgets (+43%), that brand advertisers are investing in their agency's success.

FIGURE 17.0

## CONFIDENCE IN AGENCY'S ABILITY TO DELIVER STRONG ROI



Survey question: How confident are you in your agency's ability to deliver a strong return on your investment?



# EVOLVING CREATIVE

A media plan without high quality creative is essentially useless. And it must be data-informed. Creative professionals are increasingly tasked with gaining an understanding of how audience insights can be leveraged to inform the creative process. Additionally, they have multiple concurrent advertising and content channels to evaluate.

When it comes to digital media, this can involve the design of dynamic ad and content templates that can quickly increase in complexity. The dynamic insertion of content (creative versioning), whether images, video or text, helps set the stage for increased message relevance in all of its possible combinations. To do this, a creative agency needs to create an advertising program capable of adjusting the sequencing and content of its messaging based on exactly who the consumer is, where he/she is in the path to purchase and what products are under consideration.

Needless to say, that's not an easy task. Once you start multiplying the possible scenarios for all product and customer types and where individuals are in the purchase process, the number of message combinations becomes immense.



Our CMO interviewees illustrated just how important the creative planning process is and how much change it's undergoing.

**Strategic planning informed by sharp consumer insights is what drives good creative as this CMO attests.**



*"I think planning is critical to an agency. I think somebody who understands what a good strategic brief looks like, what a good consumer insight is, what makes for a foil to act against. That's where your brilliant creative comes from."*

**Creative strategy needs to align with a more multi-pronged media approach.**



*"We obviously really want brilliant, best in class content, but we want them to be brilliant and best in class across all content on all channels."*

*"Creative briefs have to be changed to reflect the fact that creative goes in multiple channels all at the same time. It's very different from the old creative brief where we had an idea and it went to do one commercial that you'd run forever...It has to encompass creative that goes out to 10 to 15 different channels...that need to fit together."*

**With so many channels to consider, marketers need more content, but they can't break the bank creating it.**



*"I want my agencies to be much more cheap and cheerful. What I mean by that is I need more content than ever before, because I've got more channels that I'm communicating on than ever before. I can't afford for that content to be at television prices...because there's been so much technology that's disrupted the world of production."*

**There is a need for speed, for creative responsiveness, which agencies and marketers are struggling to keep up with.**



*"If something happens—[and] I need a social post done immediately... [so we think] let's just do it in-house...get the idea and get it approved, and post it within an hour or less. That's what I'm looking for and it's not something that [creative] agencies have traditionally done very well."*

**The marriage of creative and data, of art and science, is something marketers are placing a lot of emphasis on.**



*"We need [creative] people to certainly understand all of the data and analytics—[to] marry that insight with creativity, and go forward... They don't naturally go together...our training and school systems have always separated the creative from the mathematical, and now we need that kind of talent to come together. We've invested significantly in really amping the whole data understanding and analytics side."*



# CAPABILITIES

## DATA, TECHNOLOGY AND ANALYTICS

Increasingly marketers are responsible for deriving insight from massive amounts of data, using complex marketing technologies, and having the analytics chops to prove the impact of their activities.

The emergence of the marketing stacks should enable more centralized media planning, data management, media activation and measurement. This more integrated approach holds significant advantages over the myriad point solutions that are often relied upon today. Advertisers want simple, actionable intelligence that can be applied easily to improve performance.

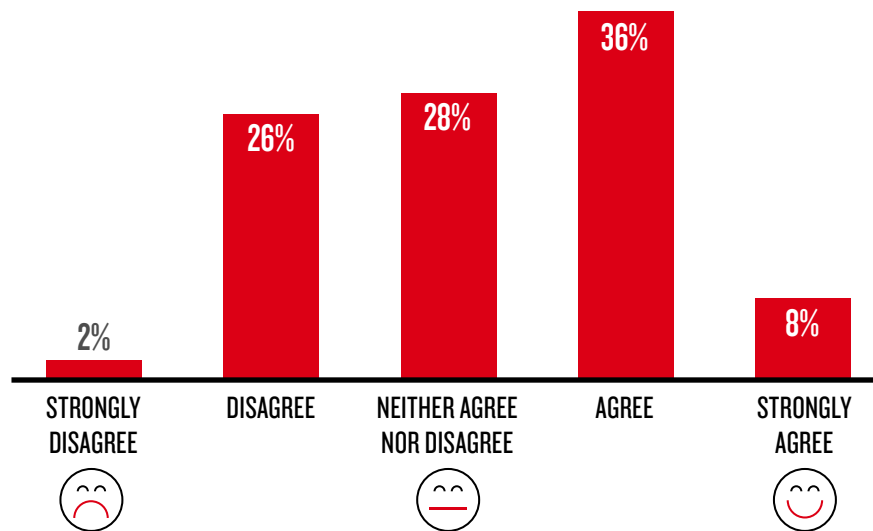
Survey and interview respondents identified the challenges and opportunities they face when thinking about these capabilities.

# ACCESSING QUALITY DATA

It all starts with access to fuel that powers the advertising engine...data. We asked respondents to tell us if they have the quality data they need to get the most out of their marketing spend. Over 44% of the marketers agreed that they are getting the most out of their media budget with the data they have. Nearly 28% of respondents reported not having the data they need (see figure 18.0).

FIGURE 18.0

## ACCESS TO QUALITY DATA



Survey question: Please rate your level of agreement with the following statement:  
We have access to the quality of data we need to get the most out of our media budget.

**One CMO discussed how his perspective around the relative importance of first-, second- and third-party data.**



*"Four years ago I would have told you first party data is the end all. I think it's a tremendous advantage. I don't think it's the end all [anymore]. I think there's a lot of really good data available out there...that gets you [exposure to] broader audience segments, which becomes so important to personalized message scale."*

**Some respondents made it clear that while they are getting there in terms of data, they still lack the utility and insights needed to get the most out of it.**



*"I see lots of data, but not enough insight."*

*"At this point we don't have deep insight into the data. We've had success on an individual campaign level, but nothing ongoing that we can track, monitor and adjust."*

**One CMO voiced skepticism around the notion of quality data.**



*"I'm told the quality of our data is good, but how do we really know?"*

**Another made it clear that value generation lies in the meaning marketers can derive from consumer data.**



*"You know where the money is? The money's in the data...but it's still so much of a black box. [With so] many providers, it's fragmented. I can only make very rough correlations."*

## RATING INCUMBENT MARKETING TECHNOLOGY

With CMOs' marketing technology spend increasing as a percentage of total revenue (reported as 3.24% of revenue by Gartner<sup>6</sup> in 2017) it's important to understand how happy marketers are with their investments to date.

Seventy-percent of respondents reported some level of confidence with their current marketing technology. Less than 25%, however, reported being very confident, and only 2% were extremely confident. Thirty percent of respondents expressed a lack of confidence. With technology becoming critical to marketing success and revenue growth for many organizations, these numbers are largely positive ([see figure 19.0](#)).

Respondents made it clear that integration between technologies remains a big challenge. A lack of organizational knowledge around how to best use these tools was also reported. There remains too many competing marketing technologies and few people who know how to make them work together effectively.

Without a unified repository of data, it is difficult to integrate disparate customer data sets, integrate cross-channel media planning and ultimately understand ROI as a whole and on a per-channel basis.

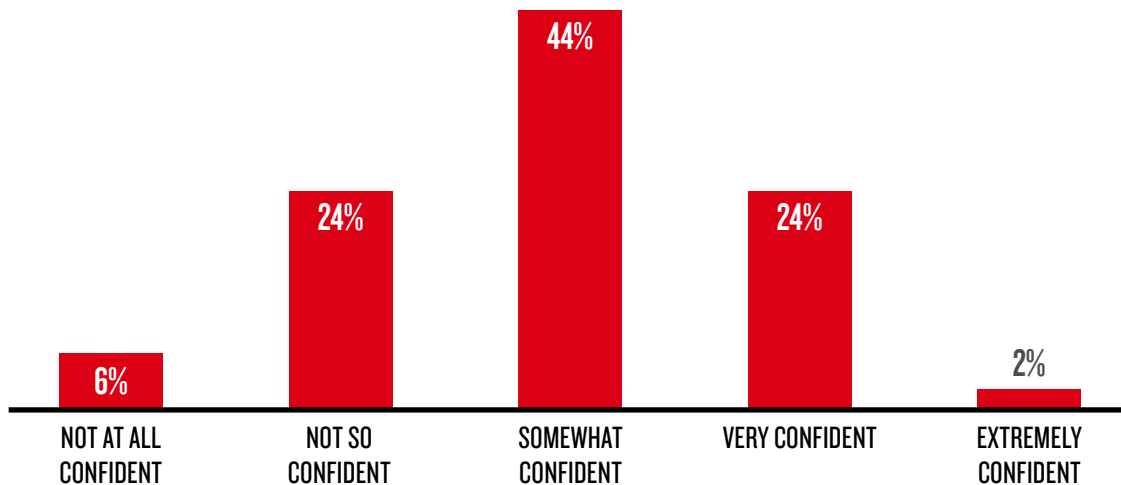
<sup>6</sup> Sorofman, Jake, "Yes, CMOs Will Likely Spend More on Technology than CIOs by 2017," Gartner (blog), Sept. 20, 2016.



CMOs should consider having a technologist or systems integrator on staff (or via an external vendor) to manage the marketing technology that the company employs. A technology implementation of this sort has multiple moving parts and requires a commitment of time, resources and an investment in high-quality data to be a success.

FIGURE 19.0

## CONFIDENCE IN MARKETING TECHNOLOGY



Survey question: How confident are you that you have the right marketing technology in place to achieve your marketing goals?

**Many companies are working to find the right combination of people and technology to make their investment count.**



*"[We have] many point technologies that are siloed and not well integrated. Despite the growth of new platforms and technologies, there are few that understand how to apply these end to end."*

*"We are not using [our marketing technology] correctly. We still need to integrate tools to realize its potential."*

*"We plan to do an organizational evaluation on third-party digital vendors this off season to determine what our needs look like moving forward and where we have some crossover on functionality."*

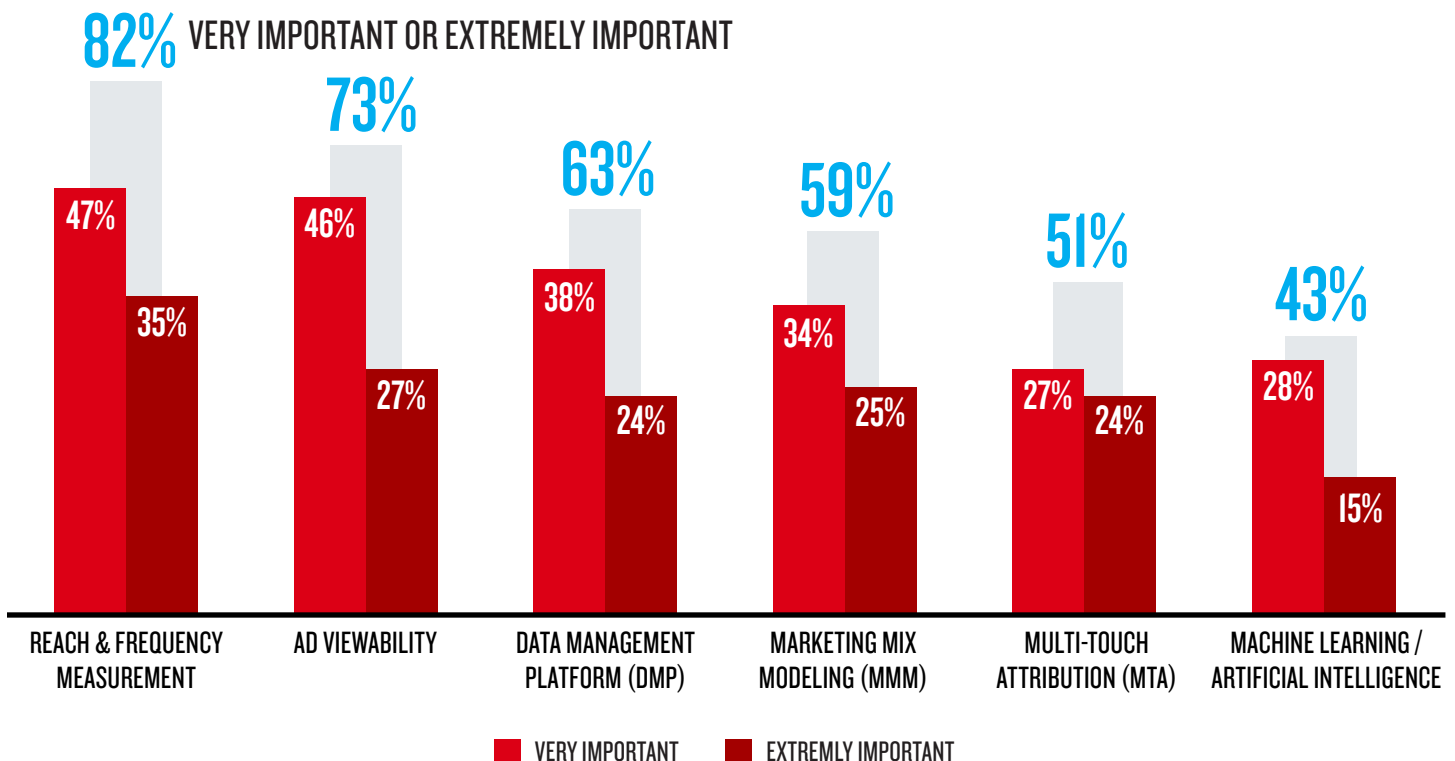
# RANKING TECH AND MEASUREMENT

In order to understand the marketing and measurement technologies marketers view as most important, we asked respondents to rank six core solutions. These included reach and frequency measurement, ad viewability, data management platforms, marketing mix modeling, machine learning and multi-touch attribution.

Reach and frequency measurement was ranked as the most important capability by 82% of respondents. Ad viewability came in second with 73% of respondents votes. Data management platforms (DMPs) were seen as the third most important at 63%. Marketing mix modeling was also considered an important marketing capability by 59% of respondents, followed by machine learning AI at 53% and multi-touch attribution (MTA) at 51% (see figure 20.0).

FIGURE 20.0

## IMPORTANCE OF MARKETING AND MEASUREMENT TECHNOLOGIES



Survey question: Please rate the importance of each of the following measurement and technology capabilities to your marketing efforts.

It's interesting to note that solutions designed to measure and improve the problem of advertising waste placed at the top of the list (e.g., reach and frequency and ad viewability). Our conversations with CMOs reflected this as well. The highly placed DMP category reflects the need for easy access to integrated consumer data and connectivity to multiple digital touchpoints from a single platform.

Marketing mix modeling continues to hold its own, which demonstrates the need for a holistic macro-level analysis of media planning, spending and performance metrics that reflect internal and external factors (e.g., market dynamics, pricing changes, seasonality, etc.). It remains very important for measuring traditional media.

While machine learning and multi-touch attribution weren't considered as highly important as the other categories evaluated, they scored well among more than half of respondents, which is impressive considering that both are relatively new in the marketer's tool box. Both are largely digital practices that help marketers understand and react more quickly to changes in campaign performance. The growth in digital media spend should result in increased usage and investment in these capabilities.

**While marketers expressed the importance of a variety of key technology and measurement capabilities, what they are really looking for is simplicity.**



*"I am dealing with too many dashboards, and we need to get to the 10 things in marketing that are most important. What are the critical leading indicators?...Unlike three to four years ago, I can see information at my fingertips and that's extremely helpful, but it's still siloed."*

**The appetite is there for some of these marketing technology and measurement capabilities, but the budgets and resources to support it aren't.**



*"Today, we do not currently run marketing mix modelling due to cost constraints. However, based on my past professional experience, I would rate this as an extremely important measurement and technology capability if we were able to afford it!"*

*"Marketing Mix Modeling (MMM) and a Data Management Platform (DMP) are important, but we don't use them due to both budget and knowledge constraints."*



# INVESTING IN ANALYTICS AND ATTRIBUTION

We asked marketers to forecast their change in analytics and attribution investment over the next 12 months. Seventy-nine percent expect to increase their investment in analytics, while 19% expect no change. Only 2% (three respondents) expect to decrease their investment (see figure 21.0).

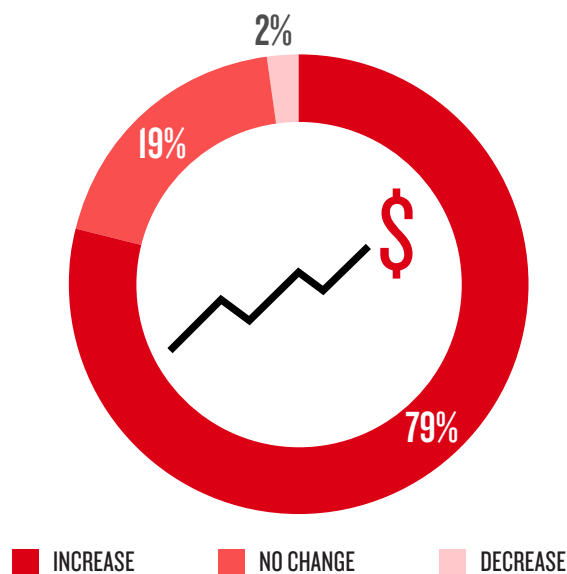


Respondents expect, on average, a 44% increase in dollars invested in their marketing analytics and attribution capabilities in the next 12 months.

These findings align with some of the lack of confidence we saw in marketer's ability to accurately quantify marketing ROI across media channels. They want and need to get this right, after all their jobs often depend on it, and they are willing to invest in the right tools and talent to make that happen.

FIGURE 21.0

## EXPECTED CHANGE TO INVESTMENT IN ANALYTICS OR ATTRIBUTION IN NEXT 12 MONTHS



**79% EXPECT TO INCREASE THEIR INVESTMENT IN ANALYTICS OR ATTRIBUTION BY +44% AVG**

Survey question: How do you expect your investment in marketing analytics/ attribution to change in the next 12 months?



**As this marketer put it, investment in the right data and analytics tools and talent is imperative to business success.**



*“Our biggest driver of success in the future will be our investment in data and analytics. Harnessing analytics will be a key differentiator for us.”*

**Without good data and analytics, marketers can’t prove the impact of their media spend, especially digital, which is growing in influence.**



*“The industry trend is definitely moving quickly and irreversibly towards social media, digital, and personalization with an absolute requirement for data and analytics to understand the impact of money spent on media.”*



# TRADE SPEND

## IN-STORE DISCOUNTS, COUPONS AND SPECIAL OFFERS

We asked marketers to provide feedback on the role trade spend, a critical part of the overall marketing mix, which consists of in-store discounts, coupons and special offers. They reported on the effectiveness of these in-store tactics and their ability to determine the ROI of their organization's investment.

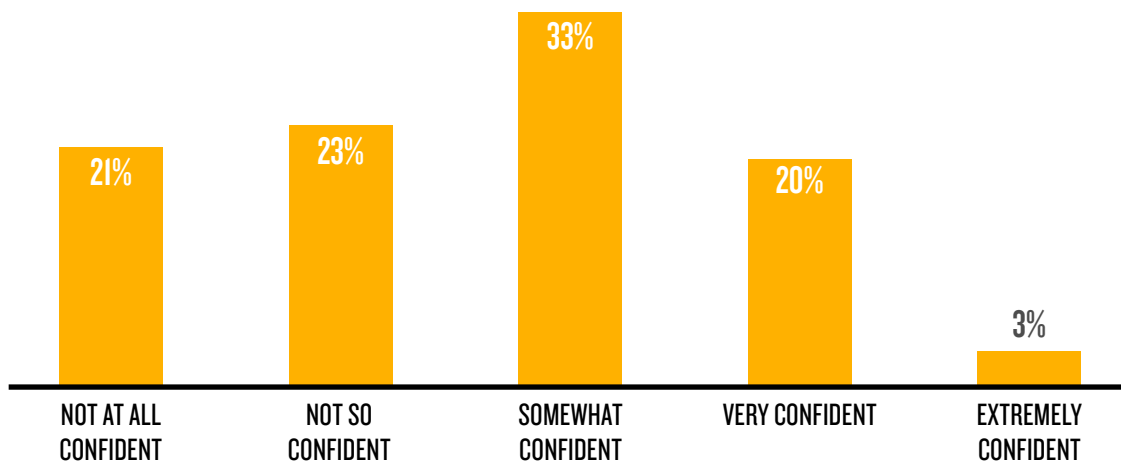
# EVALUATING ROI MEASUREMENT

Fifty-six percent of respondents reported having some level of confidence in their ability to accurately quantify trade spending ROI. Forty-four percent reported lacking confidence. The most noticeable difference (compared with traditional and digital media) was the increase in respondents who reported being “not at all” confident that they accurately quantify trade advertising ROI, making up one in five respondents (21%) (see figure 22.0).



FIGURE 22.0

## ABILITY TO QUANTIFY TRADE SPEND ROI



Survey question: How confident are you in your ability to accurately quantify trade advertising ROI?

See Figure 22.1 to see how marketers confidence in trade spend ROI measurement compares with digital and traditional media channels. 74% of respondents had some level of confidence in digital ROI, vs. 59% for traditional and 56% for trade spend. This is likely why digital is perceived as more effective in the earlier section of this report.

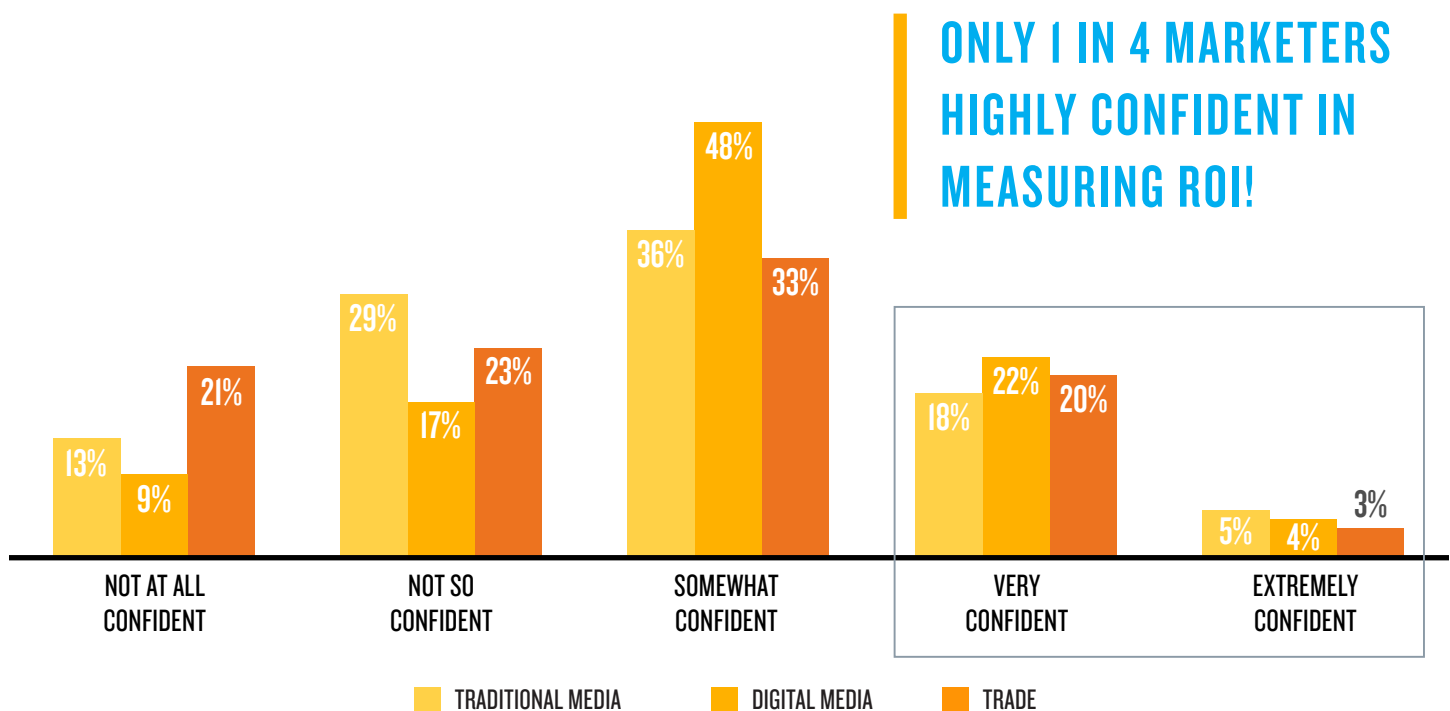
Interestingly only one in four brand advertisers reported being highly confident of their ability to quantify (or measure) the ROI of their traditional and digital media. This applies to trade spend as well.



It's clear that there is still work to be done and investment to be made in accurate sales measurement. It's critical to a CMO's ability to prove impact by quantifying real business results.

FIGURE 22.1

## ABILITY TO QUANTIFY ROI ACROSS TRADE AND MEDIA

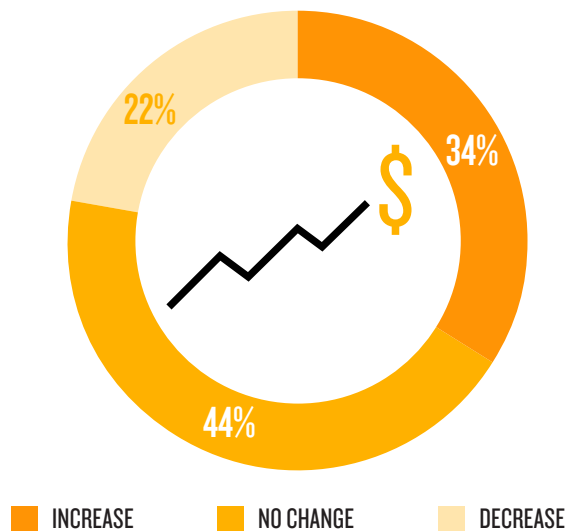


Three survey questions: How confident are you in your ability to accurately quantify digital media ROI? How confident are you in your ability to accurately quantify traditional media ROI? How confident are you in your ability to accurately quantify trade advertising ROI?

# FORECASTING FUTURE TRADE BUDGETS

Two-thirds of respondents expect no change or even a decrease in their trade spend budgets over the next 12 months. A third of respondents plans to increase trade spend. It may be that planned increases in digital media spend come from a shift in promotional dollars from trade to media (see figures 23.0 and 23.1).

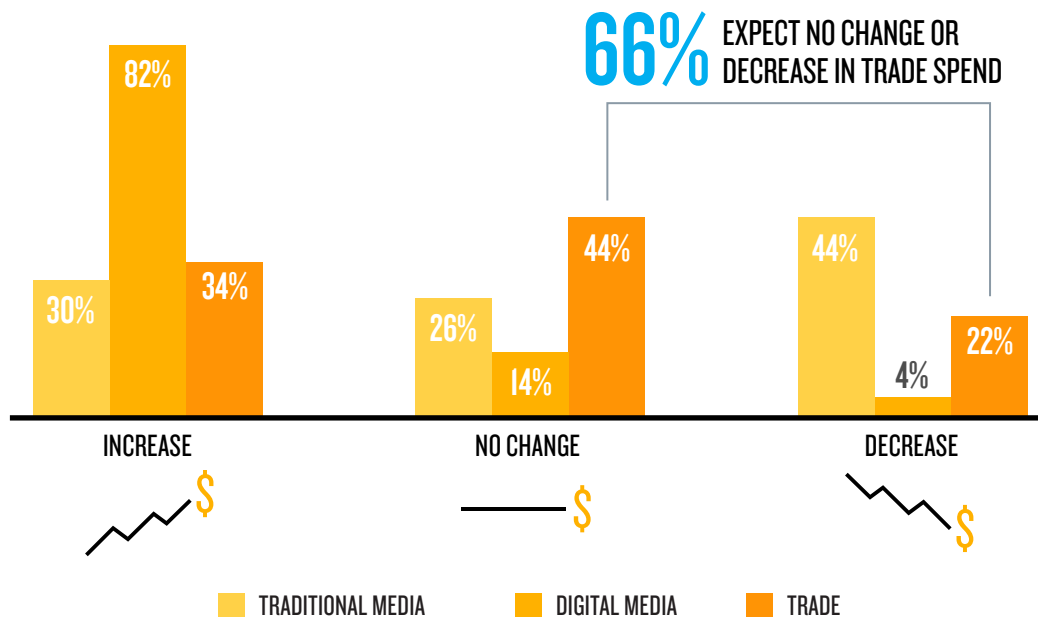
FIGURE 23.0  
EXPECTED CHANGE TO TRADE SPENDING BUDGETS  
IN NEXT 12 MONTHS



Survey question: How do you expect your trade advertising budgets to change in the next 12 months?

FIGURE 23.1

## EXPECTED CHANGE TO TRADE AND MEDIA SPENDING BUDGETS IN NEXT 12 MONTHS



Three survey questions: How do you expect your digital media budgets to change in the next 12 months? How do you expect your traditional media budgets to change in the next 12 months? How do you expect your trade advertising budgets to change in the next 12 months?

**One CMO reflected on the desire for a unified approach to trade and media planning in order to correctly allocate spend ratios.**



*"The next thing that we're really going to be challenged with is tackling how you get the spending ratios between trade and media right."*

**Trade spend for some organizations could be defined as "brand building" as this CMO points out, which reinforces its importance to the marketing mix for many organizations.**



*"I would contend a lot of what we're doing today and the kind of partnership we have with our retail based to really get the value creation in store would border on brand building."*

**Other organizations are moving budget from trade to digital and traditional media.**



*"We're probably 15% to 20% trade...We were primarily doing a lot of trade for the last 10 to 15 years, but it's been throttled down over the last five."*

**Certain industry verticals, like fast-moving consumer goods (FMCG) companies, spend a considerable amount on trade. These companies are dependent on retail channel partners to sell product direct to consumers, so their trade spend is often equivalent to a large percentage, if not 100%, of their total advertising budget.**



*"The total amount [spent on trade spending] is approximately equal to our total advertising spend, and therefore a critical component to the overall mix."*

*"If trade spend came from the advertising budget, it'd be nearly 75% of the budget."*

*"Trade spend [at my company] is equal to one-half of the advertising budget."*



# CONCLUSION

Effective advertising takes more than keen instinct and business sense. In today's fast-paced, increasingly digitized world you've got to be able to analyze and adapt to changes in consumer behavior quickly. The ability to quantify ROI and demonstrate real business results is an imperative as is the need for continuous improvement in marketing performance. It justifies the investment in advertising, not to mention the media, data, technology, resources and vendors that support it.

The marketers we spoke with and surveyed made it clear that it's not more data they are looking for, rather better insight. They're aflush with dashboards, yet only a quarter are highly confident in ROI measurement, regardless of media type or trade spend. They're equipped with marketing technology, yet less than a quarter are very confident they have the right solution in place to accomplish their goals. Marketers are adapting by leaning into measurement and technology, but as with any evolutionary process, there are fits and starts, wrong turns and bad outcomes.

The good news is that many brands have made it clear that they are willing to invest and learn. Eighty percent expect to increase their investment in marketing analytics in the next 12 months. Nearly half plan to increase spending with their media agencies. A large number reflected on how quickly their thinking around digital has progressed in recent years.

Brand advertisers are increasingly organizing themselves in a more channel-agnostic way with customers at the center of their strategy. Four years ago that was not the case for over 70% of companies. Now, nearly as many marketers (62%) reported being organized in a way that supports an omnichannel approach with unified reporting structures and revenue goals. This is what is needed for advertisers to be able to respond to changes in consumer media consumption and buying behavior. It's about meeting customer expectations by consistently delivering more relevant experiences.

**IT'S ABOUT MEETING CUSTOMER  
EXPECTATIONS BY CONSISTENTLY  
DELIVERING MORE RELEVANT  
EXPERIENCES.**

From an organizational perspective, this means various teams must work in tandem to ensure they are making data and channel integration a reality. Marketing technologists, media planners, creatives and data scientists must be better aligned. As many of our respondents attested, having a more unified, easy-to-use marketing, data management and measurement stack would be the best case scenario. An “easy button” as one of our interviewees attested that allows the CMO to understand what’s happening across their media investments. As this report has demonstrated, many advertisers and agencies are doing their best to adapt to the changes we are seeing, but we’re not quite there yet.

For all the progress being made, this report reveals a dichotomy between companies that have responded to this increasingly customer-first, omnichannel reality, and those that have hesitated due to organizational roadblocks, “old-fashioned” CMOs, institutional knowledge gaps and technology limitations. Like with Darwinian evolution, it’s a matter of adaptation and those companies that evolve the quickest will thrive.

On the one hand, what’s needed is a simpler approach to marketing technology that integrates multi-channel consumer data and insights in one place. This helps brand advertisers more easily act on these insights across consumer end points, whether traditional or digital media. On the other hand, what’s required is independent measurement that utilizes standardized and comparable data, regardless of channel. This provides simplicity and transparency, and ensures—most importantly—that CMOs get what they pay for.

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# ABOUT THE NIELSEN CMO REPORT

The Nielsen CMO Report will be produced annually to crowdsource the strategic intelligence of top marketers across the globe.

## MISSION

- To provide marketing executives with a deep view into the most salient marketing trends impacting their companies and careers in today's increasingly complex advertising environment
- The report is an objective source of information about marketing and a non-commercial service dedicated to the field of marketing

## METHODOLOGY

We surveyed and interviewed marketing executives from across verticals. Individual survey data and participant lists are held in strict confidence.

### Survey Administration and Sample

- Top U.S. marketers at for-profit companies across automotive, consumer packaged goods, retail, telecommunications, technology and travel industries
- Survey in field from January 2018 to March 2018
- The survey was completed by 165 total respondents; 82.1% of respondents Director-level or above; 41% VP or Senior Executive-level (EVP, C-Level, etc.)
- Among departments, Marketing and/or Brand Management is the most well-represented, with over half of respondents coming from this department (55%). Analytics/Research represented 16% and the Executive Suite (CEO or President) represented 15% of the respondents

**Results Interpretation**

- The survey invitation was distributed to a convenience sample of 3,000 brand contacts via email. The email contained a link to complete the survey online.
- The margin of error for this survey is 7.5% at a confidence level of 95%. Results are reported at the aggregate level rather than broken out by industry vertical, as sample sizes within some industry verticals are smaller than required for meaningful reporting.
- For ease of viewing, results displayed in figures within this report are rounded to the nearest whole percent. Cases where the sum of all responses display as slightly more or less than 100% are due to rounding.

**Interview Administration:**

- Five in-depth interviews with CMOs across industry verticals.

## LEAD AUTHOR

**Eric Solomon**

SVP - Marketing and Strategy, Nielsen Watch

## MANAGING EDITOR

**Brett House**

VP - Marketing and Strategy, Nielsen Watch

## LEAD DATA SCIENTIST

**Austin Countryman**

Data Scientist, Nielsen Watch

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