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Incrementality: A Cookieless Measurement Solution

Marketers will adopt the approach for a “data-less” future but soon find it can answer questions that other methods could not

Introduction

Every day, on her walk to work, Sarah stops at a national coffee chain and gets a coffee. She passes the chain's billboard on the way and even hears the chain's audio ad while listening to her favorite music streaming app.

From a marketing measurement perspective, did that billboard or audio ad drive Sarah to buy a coffee?

In today's default marketing measurement approach, multi-touch attribution (MTA), the billboard and audio ad would receive some credit for driving the sale simply because they were exposures on Sarah's purchase path.

But of course, they didn't. Sarah was going to buy that coffee anyway as she does every morning.

This simple example illustrates the problem with MTA and why a new approach is needed. Marketers have understood this for some time but never addressed it.

But, now there's a new, more impactful reason to switch to a new measurement approach.

Data deprecation trends are changing everything

Upcoming limitations to consumer data tracking and third-party cookies will severely limit the way that marketers will be able to target ads to users, personalize those ads, measure ad effectiveness, optimize program performance, and restrict a slew of other tactics that this industry has taken for granted in the past.

This isn't a "maybe this will happen" prediction. It's happening.



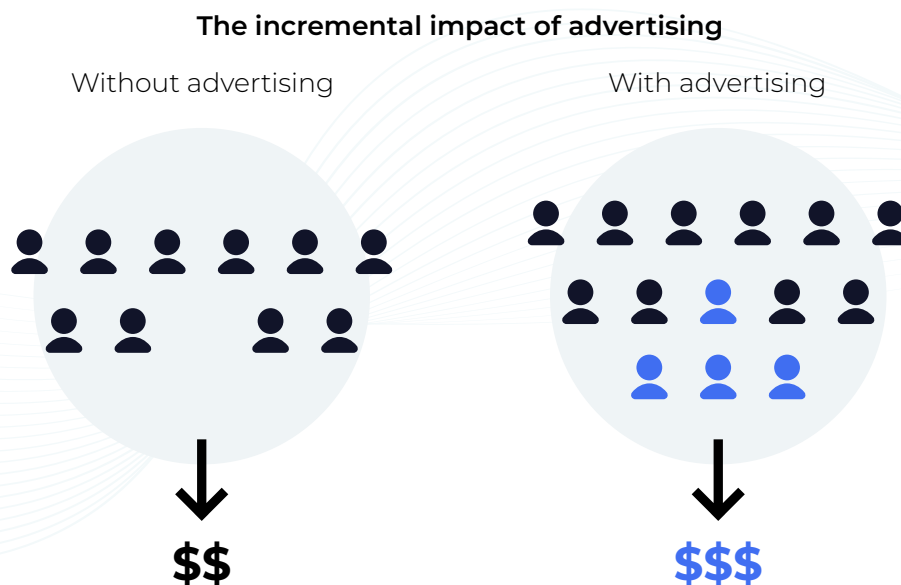
Google [is committed to killing third-party cookies](#) and has already stated that it's not just about how Chrome collects data. Its plan is to block any industry or vendor attempts to bypass its policies with other ID programs. And, Apple's iOS14 AppTrackingTransparency switch has already forever changed how marketers can measure mobile users.

A cookieless measurement solution is needed for the "data-less" future.

The most popular measurement approach that marketers are investigating, **incrementality**, relies on a test-and-learn framework. Like the science experiments that we all learned in middle school, marketers use Test and Control groups to expose marketing campaign elements (channel, message, ad, etc.) to one group and not the other. By comparing the results, they can better understand the incremental value that the campaign element has on performance.

The key benefit here is that because incrementality compares the Test and Control groups, all of the nuances and subtleties of individual exposure tracking that can be so easily missed by MTA are negated and the true impact of your media investments is revealed.

Incrementality simply says, "Your business is X% bigger (or not) because the tested tactic(s) was present." It doesn't attempt to explain everything going on with your programs; incrementality just gives a clear result of whatever you have decided to test.



Interested in learning more about incrementality to see if it is a viable solution for your marketing organization? Visit us at skai.io/contact-us.

In this report, learn:

- The ways cookieless incrementality differs from legacy approaches like MTA
- How incrementality is able to answer marketing's biggest measurement questions that MTA could never answer
- Examples of incrementality tests to better understand this approach
- The four best practices of building a powerful incrementality testing framework

**NOTE: portions of this report originally were published on the Skai™ blog.*

Life without multi-touch attribution: How your marketing measurement changes under incrementality

Marketers will first embrace incrementality for its cookieless nature but will come to find out that its benefits dramatically exceed even the best results of multi-touch attribution for marketing measurement.

When it comes to a marketing measurement—the key ingredient to performance optimization—legacy models such as MTA will need to be replaced by cookieless solutions like incrementality.

Making such a big transition from MTA to incrementality will have its challenges. But this shift is happening. MTA is simply **not a viable solution** in the “data-less” future.

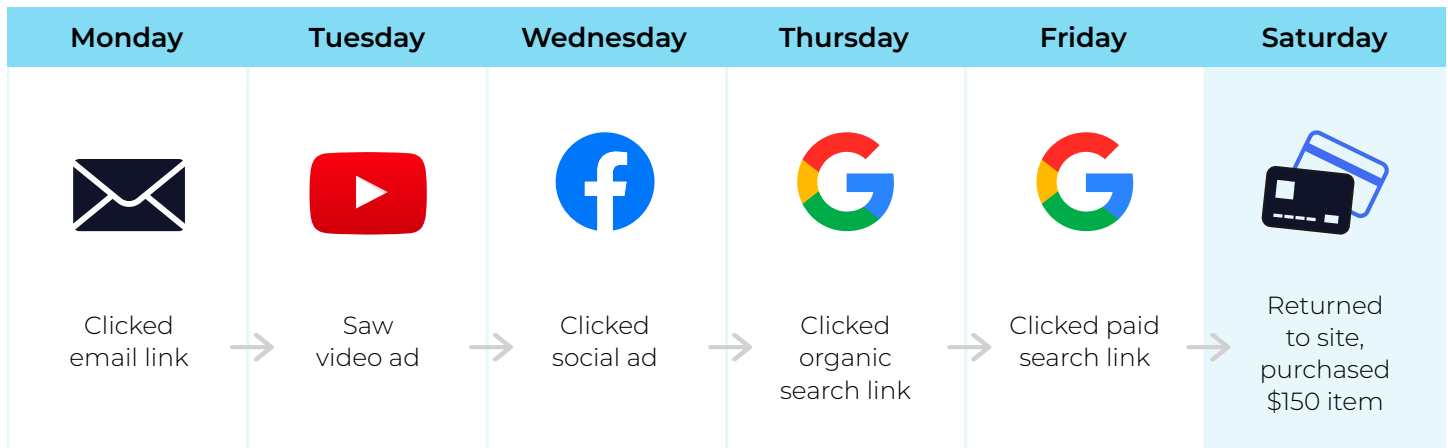


The big difference? MTA = lagging data. Incrementality = leading insights.

In a perfect world, MTA solutions track all of the marketing touchpoints with individual users across channels in order to deliver a unified view of each customer's journey.

For example, consider this basic user path to conversion as they interact with multiple marketing exposures over a week before finally converting on the website:

Ad exposures on a consumer's path to conversion



Because each channel can only track its individual exposures, channel practitioners can only measure the contribution of their channel to conversion. So, in this marketing measurement program example, the Facebook practitioner would see in their platform that a Wednesday ad click created Saturday's sale, a YouTube marketer would see that a Tuesday video exposure drove the sale, and an email marketer would think that their Monday blast was what caused the sale.

MTA was supposed to solve this by sitting on top of all channels, providing a unified view, and then applying smart math to determine how much of the \$150 sale *should be attributed to each exposure*. E.g. The Facebook ad might receive \$20 in credit, the YouTube ad \$10, and the email \$25, and so on.

But, what about offline media such as TV, radio, print, billboards, etc.? Or other digital ads that aren't trackable? Of course, if there were actually 10 online and offline exposures but the MTA system only tracks five online exposures, then the math will be flawed.

The glaring problem here, of course, is that it's virtually impossible to track EVERY marketing exposure, especially in a "data-less" world. And more importantly, what if an ad exposure had zero incremental value in driving a sale? MTA will try to give credit where no credit is due.

Champions of MTA argue that the insights are *directional*, but that's just a nice way to say it's flawed. And, with the third-party cookies going away, it will be even harder to provide a unified view and that flawed approach will be rendered virtually invalid ([except in a few specific use cases](#)).

And so, here we have the main functional difference of MTA versus incrementality approaches to marketing measurement:

- **Like a rearview mirror, multi-touch attribution is a passive, lagging dataset** that marketers use to understand past campaigns in order to better plan subsequent programs
- **Like a front windshield, incrementality is a premeditated, predictive dataset** that marketers use to answer burning questions about program efficacy in order to improve current programs

Life under incrementality: a deeper connection between media and measurement

A test-and-learn marketing measurement approach such as incrementality requires a more rigorous process than MTA. Practitioners need to plan out their tests, sort them by priority, execute those tests, and analyze the results. Then, they can make smarter, data-driven decisions on budget allocation, messaging creative, bids, and other choices that can help to improve the efficacy of their programs before they begin.

Incrementality tests can illuminate key gaps in the way marketers understand their activity **before the campaign runs**. That way, marketers can **start** with an optimized campaign and then improve results even higher as it runs with in-flight optimization.

So, yes, an honest assessment here is that incrementality will take more time and effort than MTA.

But, here's the good part and why it's worth it...

Because incrementality tests need to be planned out methodically, there's a level of premeditated insight gathering that in essence *forces* marketers to have a deeper connection between their media and their measurement. They have to think more intentionally about what they want to measure and how best to run those tests in order to get the insights they need.

If anything, MTA facilitated a bit of laziness on our part as marketers.

With incrementality, marketers will have a closer link to the two sides—media and measurement—which most might agree is the ideal state of things.



Plan your experiments, identify your most burning measurement questions, and then test them

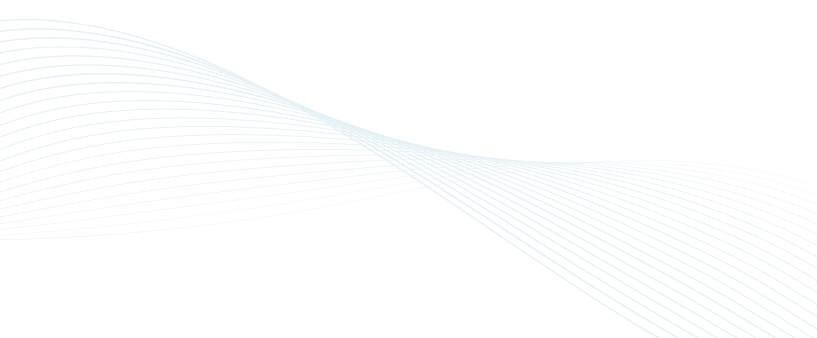
What are some of the questions worth testing with incrementality?

Here are some of the most popular questions we've heard from marketers that they want incrementality tests to answer:

- *Does this channel drive incremental value or would these conversions have happened anyway?*
- *What is the impact of one channel on another? If I spend more in one channel, does it help/assist another?*
- *What is the optimal level of investment for a specific channel? Are we spending too much or too little?*
- *What is the effect of upper-level tactics on lower-funnel activity?*
- *How does my offline media assist my online media performance? And vice versa?*
- *Are my promotions and sales worth the discount I'm offering or am I just leaving money on the table?*

These are questions that MTA just never was able to answer consistently.

And, if it did, the known flaws of that approach can bring up questions of accuracy. Not having confidence in your measurement solution might be even worse than having no measurement solution at all.



Putting incrementality measurement into action: How to figure out what to test

Multi-touch attribution is flawed, but it's also "easy." Marketers simply waited for their MTA platform to tell them what happened with their marketing. With incrementality, it requires marketers to become proactive and engaged with a test-and-learn approach.



Incrementality can help you measure the impact of your investments using the same metrics the rest of the business relies on and tell you if those investments **are being under-credited or over-credited** with regards to their incremental value to the organization.

For example, an incrementality test may prove that a brand's YouTube advertising is being under-credited by its own conversion reporting. YouTube's own analysis might show that the channel has a \$4 return on ad spend (ROAS) ratio—delivering back \$4 in sales for every \$1 spent—but once a true incrementality test is performed, it may prove that the channel is actually delivering a \$6 ROAS. This means the YouTube ads are performing 50% better than had previously been reported. Using this information, marketers can now allocate budgets better and optimize their campaigns holistically.

As a marketing measurement methodology, incrementality is a [test-and-learn approach](#). This means that marketers need to identify which parts of their campaigns they want to measure and set up tests to get to those answers.



How incrementality measurement is operationalized within a marketing organization

For the purposes of this discussion, imagine practitioners at a brand who have decided to pursue an incrementality approach to their marketing measurement. They have a strong feeling that certain parts of their campaigns are being either over-credited or under-credited in terms of their contribution to overall performance.

What does this team do next? How do they get started with incrementality testing?

1 Build a list of things you want to test with incrementality

The biggest difference between incrementality and what marketers are generally used to with MTA is that because incrementality is a test-and-learn approach, it requires marketing teams to identify things to test.

Some of the questions worth testing with incrementality:

- What are some of the largest questions or challenges facing you and your team(s)?
- Are there any questions that have been a running topic of debate internally or with your customers?
- What are the three channels your business is most heavily invested in?
- Within those channels, what are the two to three tactics where you're most heavily invested?
- What major campaigns or initiatives do you have coming up next quarter or in the next half?

2 Translate a business question into an incrementality test: an example

We've found that the best way to approach the incrementality testing process is to begin with a burning business question. Then, an incrementality test question is formed that might be able to shed some light on that initial business question.

Business question: The world is opening up. Can upper-funnel channels help educate new customers and drive acquisition?

We built out a plan that starts with a very straightforward thing to test.

Incrementality test question: How can we measure the combined impact of CTV, online video, and audio on new customer acquisition?

Of course, the results from a test may lead to even more questions...and more things to test. The results of one test may prompt marketers to run a series of follow-up tests to dig even deeper.

- What impact do the individual channels have on total revenue?
- Which platforms and partners drive the greatest impact or efficiency? Are there any partners we should be optimizing out of?
- Are we investing enough in upper funnel channels to maximize ROI?
- How can we understand the impact of adding new upper funnel channels or platforms into our media mix?
- What is the impact of our upper-funnel advertising on driving repeat visits, upgrades, or additional purchases from existing customers?
- What is the impact of [and how can we further optimize/refine] our promotional offers to drive incremental value?

Incrementality test question formula

It can also be helpful to think of your incrementality test question as a simple formula:

“We want to understand the impact of [one or multiple channels or tactics] on [a given business metric].”

We’ve laid out a table below to help get you thinking. The options are almost limitless, and test structures can get ingeniously creative or complex, but as a basic example you might say, **“we want to understand the impact of connected TV on in-store sales.”**

We’ve put together this list of potential test inputs that might help get you started. It’s by no means exhaustive, and we’d love to hear what else you might add here.

What to test?	Understanding the impact on
Channels	Revenue
Partners and platforms	Sales
Target audiences	Profit
Tactics: tech (e.g. Smart Bidding or not)	Store traffic
Spend allocation	In-store vs. ecommerce sales
Beyond media (e.g. promotions or messaging)	New vs. existing customers
	Awareness

Does this make a bit more sense?

With incrementality, you will finally be able to understand your marketing impact more effectively than ever before. It just requires a bit more planning and effort than passive MTA systems.



Do you have an incrementality testing platform?

[Skai's™ Impact Navigator solution](#) measures the effectiveness, or incrementality, of a marketing tactic in the only place that matters: the real world. We'll help you design and monitor testing for any channel in your marketing mix to measure results and optimize ad spend. Impact Navigator surfaces intelligent insights in real time, so you can make data-driven decisions, boost productivity, and drive powerful brand growth.

Leave the guesses and hunches to your competition, and speed ahead with your own growth strategy powered by real consumer insights.

[Schedule a quick demo today.](#)

See how an incrementality testing platform can serve as the foundation of your new marketing measurement practice. Even if you're not ready yet to make the leap, it may be valuable in helping you better understand how incrementality testing works.

About Skai™

Skai™ is a marketing intelligence platform that powers brand insights, decisions, and execution for faster, more predictable go-to-market outcomes. Skai's™ platform includes a suite of data-driven products for market intelligence, omnichannel media activation, testing and measurement, enabling product, insights, and marketing teams to accurately plan strategies and benefit from connected omnichannel launches.

Skai™ merges the former Kenshoo and Signals Analytics capabilities, and for more than a decade, has been trusted by an impressive roster of global brands including Procter & Gamble, PepsiCo, Nestle, Johnson & Johnson, Mars, and others.

With its expanded product suite, Skai™ is unifying data and helping companies better understand their consumers in real time. It has seven international locations and is backed by Sequoia Capital, Arts Alliance, Tenaya Capital, Bain Capital Ventures, Pitango, and Qumra Capital. For more information visit skai.io.