

# GETTING SMART ABOUT AD WASTE



**ALWAYS-ON ATTRIBUTION  
ELIMINATES UP TO 94% OF  
MEDIA WASTE**

## Do you know what percentage of your media is wasted? Do you want to know? **And would you like to reduce that waste?**

For marketers, agencies and even CFOs, the answer to the first question is very likely “No.” The answer to the next two questions should, of course, be an emphatic “Yes.”

A new study undertaken by InMarket, in cooperation with the CMO Council, provides real insights into the answers to these questions. It uncovers massive disparities in ad waste and optimization opportunities among advertisers in similar consumer categories. And it shows that rigorous, always-on use of attribution is a major factor in optimizing

campaigns to gain significantly higher lift in incremental visits and sales from media spend.

***InMarket found its highest performing brands, which utilize real-time, in-flight optimization, drove positive incremental results for 94% of their media.***

In fact, some advertisers in this study wasted more than 75 percent of their marketing on impressions that failed to generate incremental outcomes, while others kept that waste well below 10 percent. Put another way, under-performing advertisers have an opportunity to optimize over 75 percent of their media spend, and put those media dollars back to work.

According to the study, high-performing brand advertisers that continuously optimize campaigns, based on rigorous analytics that identify what campaign dimensions are driving increased sales, are realizing as much as a 11x improvement in advertising performance over laggards who use real-time, in-flight optimization only sporadically or superficially.

InMarket is a leader in 360-degree marketing intelligence and real-time advertising. Its attribution platform, LCI (Lift Conversion Index®), is capable of measuring campaigns across a range of campaign dimensions to understand the impact of those choices on key KPIs including driving incremental visits and sales.

***Brand advertisers who use always-on attribution and real-time optimization drive up to 11x more media effectiveness than peers.***

InMarket believes (and most CMOs would agree) that measuring the impact of media on incremental sales, i.e. visits and purchases that would not have taken place without exposure to an advertising impression, is the most relevant and powerful metric by which to optimize advertising performance. Measuring total purchases by shoppers exposed to advertising, versus incremental visits and purchases, does not provide an accurate view of what media is driving increased revenue and sales.

## STUDY HIGHLIGHTS

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### **Always-on attribution and real-time, in-flight optimization can deliver an 11x improvement in media effectiveness.**

Brands that continuously utilize the always-on LCI platform and its real-time, in-flight optimization achieve up to an 11x reduction in media waste compared with brands that don't.

### **InMarket found that LCI customers not leveraging always-on, real-time optimization have the opportunity to optimize 75% or more of their media spend.**

InMarket found its highest performing brands, which utilize real-time, in-flight optimization, drove positive incremental results for 94% of their media. On the other hand, for clients in the bottom quintile of the study, there is an opportunity to optimize more than 75% of media impressions.

### **The opportunity cost of wasted media can be highly significant, especially as overall campaign spend increases.**

Marketers frequently concentrate on negotiating a lower cost of media. While this makes sense, it's not where the real money lies. For a \$20 million campaign, optimizing against, say, 75% of non-performing impressions equates to \$15 million that can be more effectively spent to deliver against key KPIs, including driving incremental visits and sales.

### **A leading QSR brand, and active user of the LCI dashboard's real-time Optimization Engine, had just 7% of media waste, compared to another QSR brand, where LCI was only leveraged for post-campaign measurement and reporting, which had 72% of media waste.**

By actively leveraging always-on attribution and real-time optimization, one QSR client realized 10x better media effectiveness than another QSR who didn't fully leverage LCI.

### **What and how you measure matters—a lot.**

Traditional approaches, such as reviewing and analyzing after-the-fact measurement reports of a current campaign, inform future campaigns but do not maximize success for current in-flight campaigns. Tying impressions to incremental visits and sales is the most robust metric for real-time optimization to drive sales growth and maximize return on ad spend (ROAS).

## The Attribution Imperative

No doubt, media waste is an age-old problem. There's a reason we continue to quote John Wanamaker, the turn-of-the-20th-Century department store and marketing pioneer who famously said: "Half the money I spend on advertising is wasted; the trouble is, I don't know which half."

Especially in today's uncertain business environment, when CMOs are being asked to do more with less, optimizing the performance of advertising spend must be a priority. Advertisers need their media partners and analytics providers to be devoted stewards of their budgets.

***Driving measurable revenue growth is the new CMO mandate.***

The CMO Council has conducted extensive research into the issues, priorities and challenges facing marketing executives and brand leaders globally. Recent research underscores growing budget pressures being felt by marketers, the increasing expectations on them to drive measurable gains in revenue, and the importance they place on being able to measure the sales impact of their media and advertising campaigns.

The CMO Council's recent "Outsmart Adversity" report, based on survey responses from nearly 500 marketing leaders, finds budgets are tightening. Just 36% expected to increase their marketing budget in 2023, while 64% said their budgets will remain flat or decline. While this budget phenomenon is far less severe than seen in past economic downturns (if that is what we are experiencing today), it is tied closely with an expectation that marketing spend will drive revenue. In an earlier study, 9 in 10 marketers said their charter is now to drive revenue. That means CMOs must align closely with CFOs to demonstrate financial returns, i.e., revenue, from their marketing budgets.

Another CMO Council report, "Optimizing Outcomes in Media Marketing," however, finds that 2 in 3 marketers are not highly confident their current media/advertising strategy will deliver the desired business outcomes. Nearly two-thirds point to sales lift as the most meaningful measure of performance. Some 85% say being able to receive a sales lift report from a publisher or media network is very important to their choice of channels.

***Two-thirds of marketers say sales lift is the most meaningful metric for advertising performance.***

## THE BIG OPPORTUNITY IN MEDIA OPTIMIZATION

Cutting media cost will not deliver a major improvement in ROAS. Optimizing media to drive incremental sales has the potential to unlock a huge opportunity to grow revenue.



**MEDIA  
COST CUTTING**

**MEDIA  
OPTIMIZATION  
TO DRIVE  
INCREMENTAL  
SALES**

All this explains the growing importance marketers are placing on attribution in developing their marketing and media strategies and plans. Allied Market Research forecasts that the global attribution software market will experience a strong 15.5% CAGR from 2022 to 2031, reaching \$12.9 billion in market size.

Given the intense pressure to focus on costs, it is understandable that many CMOs and marketing leaders focus their attention on negotiating a lower cost of media. Yet, a more impactful opportunity exists in optimizing the performance of that media to increase sales lift. Essentially, advertisers are leaving money on the table with each campaign by failing to put their media dollars where they deliver the most incremental visits and sales.

***Media spend needs to drive incremental sales and revenue growth.***

Yet, as alluded to above, there is a very wide range when it comes to the performance and lack of performance of media spend—particularly when measured by the ability of media to drive incremental revenue.

## ABOUT INMARKET'S LCI PLATFORM

InMarket, a leader in 360-degree marketing intelligence and real-time advertising, developed LCI® to provide a holistic view of omnichannel media performance powered by location data from nearly 200 million permission-based monthly active users and transaction data from more than 560 million anonymized unique credit cards.

Leveraging deterministic data, i.e., people-based measurement, and advanced attribution technology, LCI understands how media impacts both total and incremental in-store visits, as well as online, in-store and hybrid sales. InMarket's unique and proprietary technology automatically identifies the in-flight media tactics and campaign dimensions performing best and enables brands to optimize in real time. These optimization opportunities exist across a range of dimensions that InMarket examines during the campaign to help maximize performance and ROAS. These dimensions include creative, audience, channel/platform, geography, campaign spend, and other client-specific requests.

LCI includes an optimization engine and dashboard that deliver fresh, actionable campaign insights every week and allows users to quickly and continuously identify what strategies and tactics are working and perform optimizations that move dollars and media where they deliver the most value. In addition to real-time, in-flight optimization, customers are able to design smarter campaigns over time that continuously improve performance and ROAS.

Corporate marketing organizations at many of the largest retail, CPG, Dining/QSR, auto, and hospitality brands in North America and their media partners rely on LCI for trusted attribution and media optimization. In addition, many of the world's largest media and advertising platforms utilize LCI to help their clients measure and improve media buy results.

**IN**MARKET

## Study Findings: Leaders vs. Laggards in Performance Optimization

What separates leaders and laggards in reducing media waste and driving higher performing campaigns? Based on InMarket's study findings, a critical success factor is the rigor and consistency with which advertisers optimize their campaigns. Always-on attribution and real-time, in-flight optimization drive dramatically better results.

InMarket looked at 109 large campaigns serving up as many as 1.3 billion impressions—all of them among LCI customers. Some of the advertisers are long-term users and continuously leverage the LCI dashboard and optimization engine to adjust their campaigns based on what factors are driving incremental visits and sales and what factors are not. Others in the study are more recent users of the platform and are not yet actively optimizing and improving campaigns based on the platform's insights and recommendations.

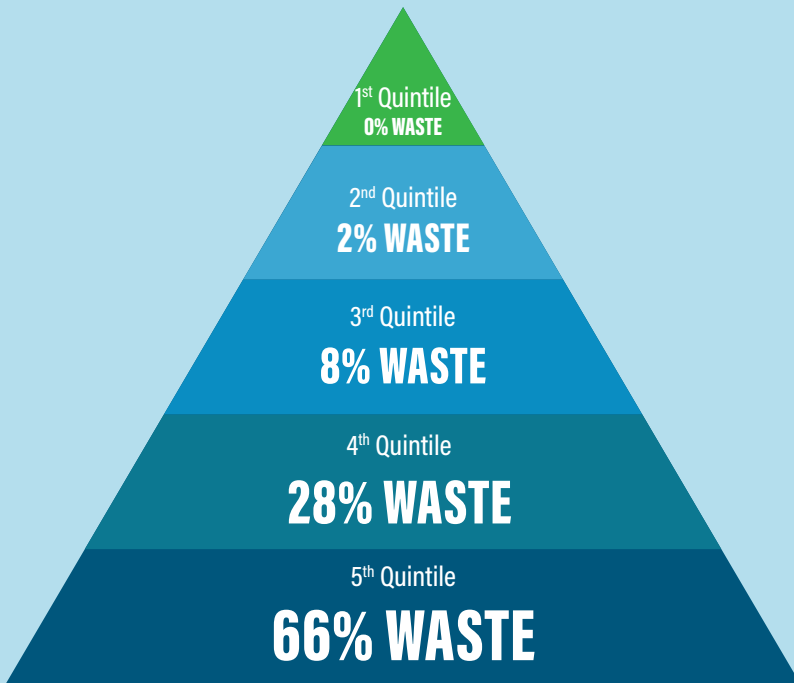
***A huge disparity exists between high-performing LCI customers and others not effectively using the platform.***

The findings are eye-opening, to say the least. For this study, InMarket grouped the 30 advertisers into quintiles to investigate the differences in media waste between the strong and weak performers. We found that advertisers in the bottom quintile of the study group wasted an average of 66 percent of impressions. Higher performing advertisers in the top three quintiles wasted far below 10 percent.

## MEDIA WASTE BY QUINTILE

The InMarket study breaks down media performance into five groups based on the average percentage of media waste.

### TOP LCI USERS



### BOTTOM LCI USERS

It's important to note that lower performing advertisers within the InMarket study are still getting a positive return on their advertising spend, both in terms of sales lift and softer metrics like brand awareness and affinity. They just have an opportunity to get much more by making their money work smarter.

*Always-on attribution and real-time, in-flight optimization ensure better media results.*

To better illustrate the dramatic disparity in ad spend performance and the impact of always-on attribution and real-time, in-flight optimization, InMarket compared major brand advertisers in similar categories. All brands are anonymized for the purposes of this report.

## QSR Comparison



A major national Quick Serve Restaurant (QSR) brand is an always-on user of LCI attribution and its real-time, in-flight optimization engine. The QSR chain continuously uses the LCI dashboard to optimize its campaigns, in real time, throughout the duration of their programs. It tracks factors, such as creative, audience, channel/platform, geography, campaign spend, and other client-specific requests, to determine what is driving restaurant visits and outcomes on a weekly basis. The brand continuously makes in-flight adjustments, diverting spend away from non-performing strategies and increasing spend on the strategies that drive incremental visits and sales.

**One QSR brand wasted only 7% of impressions; another wasted 72%**

Using insights from InMarket’s LCI platform, this restaurant chain limited waste to just 7% of impressions.

Compare that with another major national QSR brand. This advertiser typically uses third-party “auto optimizations” within the platforms running their media, but these do not optimize to incrementality. The brand has used LCI to measure only a few campaigns and doesn’t use LCI to actively optimize media in real time. InMarket analysis shows that this restaurant chain wasted an enormous 72% of impressions on campaigns that generated zero incremental restaurant visits or sales. In other words, this second QSR chain has an opportunity to drive significantly higher sales from its ad spend.

Based on an advertising budget of \$50 million, the underperforming brand would have wasted \$36 million in ad spend versus just \$3.5 million wasted by the always-on user of LCI. The difference in waste is a factor of 10 times.

QSR LCI TOP PERFORMER VS. BOTTOM PERFORMER: CAMPAIGN SPEND VS. WASTE				
CAMPAIGN SPEND	\$25M	\$50M	\$100M	\$200M
TOP PERFORMERS 	\$1.8M	\$3.5M	\$7M	\$14M
BOTTOM PERFORMERS 	\$18M	\$36M	\$72M	\$144M
DIFFERENCE	\$16.2M	\$32.5M	\$65M	\$130M





## Retail Comparison

Similarly, InMarket compared two major national retail chains who are LCI customers. One is a highly active, always-on user of LCI. They continuously leverage the LCI dashboard

***InMarket found a 11x factor difference in media waste between two large national retailers.***

and its recommendations to adjust campaigns in-flight and also use these insights to improve subsequent campaigns based on what's working and what's not. The second retail chain is an off and on user of LCI and does not take advantage of the dashboard to optimize its campaigns.

Some 94% of impressions drove incremental sales for the always-on user, representing just 6% waste across all of the campaigns it ran with LCI. The other retailer wasted 68% of impressions—a factor difference of 11 times.

RETAIL LCI TOP PERFORMER VS. BOTTOM PERFORMER: CAMPAIGN SPEND VS. WASTE				
CAMPAIGN SPEND	\$25M	\$50M	\$100M	\$200M
TOP PERFORMERS 	\$1.5M	\$3M	\$6M	\$12M
BOTTOM PERFORMERS 	\$17M	\$34M	\$68M	\$136M
DIFFERENCE	\$15.5M	\$31M	\$62M	\$144M

### HOW TO FUND ALWAYS-ON ATTRIBUTION

CMOs know that marketing attribution is a critical component of any marketing strategy, but insufficient or uncertain funding can become a hindrance to better outcomes. The opportunity costs of media that do not drive incremental outcomes dwarf that of the investments in marketing attribution solutions, so it is highly important that the funding question not get in the way. Generally, there are three ways by which marketing attribution solutions are funded:

- 1. The media publisher pays for it**
- 2. The brand pays for it with funds gained by eliminating media waste**
- 3. The agency embeds it as a component of their CPM**

## CONCLUSION

Today's CMOs, their media partners and analytics providers are feeling growing pressure to make marketing and advertising dollars work harder, especially in the current uncertain business environment where budgets are carefully scrutinized. And while many believe cutting budgets is an easy route - it is most often the wrong direction to go.

Advances in attribution represent a major opportunity to achieve better business results through smarter media spend that drives measurable incremental sales lift. InMarket's LCI platform is a leading example and has become a staple for many of today's top brands seeking to use always-on attribution to effectively measure and optimize media campaigns to continuously move dollars where they drive the greatest return.

However, even the best attribution and optimization platforms are only as good as the commitment of their users to actively and intelligently employ the insights and recommendations an optimization engine delivers. The path to a brighter media future is through active learning and improvement.

The future of media measurement is about improving effectiveness and aligning KPIs to the metrics that matter most. Demonstrating the ability to measure and improve performance will change the nature of the conversation between CMOs and CFOs.

**When the opportunity to eliminate ad waste—by up to 94%— by making media dollars work harder through continuous real-time optimizations presents itself, will your brand be a leader or a laggard?**

# SPONSORS & PARTNERS



## ABOUT INMARKET

Since 2010, InMarket has been a leader in 360-degree marketing intelligence and real-time marketing for thousands of major brands. Through InMarket's data-driven marketing platform, brands can build targeted audiences, activate real-time omni-channel marketing programs, and measure the success of those programs in driving sales.

InMarket holds more than 25 patents across location, attribution and digital marketing, and earned over eight national accolades in 2022, including: Product of the Year at the 2022 Sales and Marketing Technology Awards for its GeoLink platform, Best Advertising Measurement Platform at the 2022 MarTech Breakthrough Awards for its Lift Conversion Index, Best Restaurant and Technology Online Ad at the Internet Advertising Competition and Best Use of Data at the 2022 Digiday Media Buying & Planning Awards. InMarket also ranked 300 on the 2022 Deloitte Technology Fast 500 list. Its nationwide team is united across more than 30 states. For more information, visit [www.inmarket.com](http://www.inmarket.com).



## ABOUT THE CMO COUNCIL

The Chief Marketing Officer (CMO) Council is the only global network of executives specifically dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide range of global industries. The CMO Council's 16,000-plus members control approximately \$1 trillion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include more than 65,000 global executives in more than 110 countries covering multiple industries, segments and markets. For more information, visit [www.cmocouncil.org](http://www.cmocouncil.org).