



# FROM CPMs TO MEASURABLE OUTCOMES

RETHINKING HOW  
ADVERTISING IS BOUGHT,  
OPTIMIZED, AND EVALUATED



XAXIS

THE OUTCOME  
MEDIA COMPANY



## EXECUTIVE SUMMARY:

- CMOs are increasingly held directly accountable for overall business growth
- Yet, digital media success has traditionally been measured against indirect proxies for the results marketers want to see
- Huge growth in spend in programmatic media has not been matched by a similar increase in the perception of the value it provides
- We need to revisit how we think about digital media success and bring the full weight of advances in technology, data, and expertise to bear on delivering it
- As an industry we need to shift focus to delivering the outcomes that advertisers truly value
- Artificial Intelligence is a key component of delivering against outcome-driven media
- Results that can attribute sales success to marketing initiatives will serve to help CMOs plan and execute campaigns that directly drive business growth

## INTRODUCTION:

### From then to now

When the first display ads appeared on the Web more than two decades ago, they were sold on a CPM basis,<sup>1</sup> and payment was made on the assumption that the ads were likely to be seen. Soon cookies were created as a ‘hack’ to enable advertisers to check whether their ads had actually been delivered.

Cut to today where ads are delivered programmatically via massive exchanges transacting billions of impressions in milliseconds. Digital last year leapfrogged television to gain the top spot of global advertising spend,<sup>2</sup> spurred in part by nearly \$33 billion in programmatic display advertising in the U.S. alone.<sup>3</sup>

Yet ads in digital media are still predominantly traded via CPM, a metric that continues to assess whether an ad is served, rather than against its impact or how a campaign has served a specific marketing goal.

That’s a far cry from real attribution, showing how marketing spend accrues to sales and how digital advertising connects to a marketer’s valued outcomes. We need to revisit how we think about digital media success and bring the full weight of advances in technology, expertise, and data to bear on defining and delivering it.

### Delivering on the promise

Instead of applying new tools and knowledge to a more accountable system, advertisers have had to settle for a familiar pricing structure. Their capacity for progress has been slowed by fragmented demands among media platforms and publishers, still-inconsistent standards across the industry, and muddled measurement technologies.

“As an industry, we have not really delivered on the promise of making marketing budgets more accountable as to the value they create for the companies that invest in digital media,” says Xaxis Global CEO Nicolas Bidon.

“We need to move away from metrics that are distant proxies for the results that advertisers want to achieve and towards those metrics that are tied more closely to the outcomes they want to gain from their media

investments,” he adds. Companies are finally being afforded that chance – and not a moment too soon. Marketing executives are finding job security more difficult than ever to come by, making them more than ready to recognize the value of an outcome-driven media strategy.

### Moving toward accountability

On average, Chief Marketing Officers (CMOs) last just three and a half years in their jobs – much shorter than their C-suite colleagues – and the length of their tenure has declined for the past two years.<sup>4</sup>

CMOs are “increasingly accountable for overall business growth,” according to an Economist Intelligence Unit study.<sup>5</sup> It said the barrier between “above-the-line” strategic marketing such as top-funnel branding initiatives and “below-

the-line” tactical operations geared to clickthroughs is dissolving, which should give those CMOs new capabilities to contribute to strategic goals.

The study found that 60 percent of CMOs believe that improved accountability will enhance their worth and want to use the new attribution capabilities made available through data analytics to demonstrate value. “Ultimately, the measure of marketing success is the achievement of the business plan, both in terms of sales and profitability,” says Simon Sproule, vice president and CMO at luxury sports car manufacturer Aston Martin. “How many cars do we need to sell to create a profitable business?”

### Buying holistically, beyond just media

In their quest for accountability, marketers need to verify that their partners and providers deliver on agreed metrics that represent real value. They also need to understand which actions drive sales so they can devise media plans that map to those goals.

Whether it’s a completed video view or a brochure download,

each metric that marketers can directly correlate to business results is essential.

This means holding strategic conversations about what constitutes real business success for an advertiser and

This leads brands to an outcome-driven media investment strategy in which every aspect is continually optimized toward a custom media metric that acts as a more direct proxy to business success. (See case study.)

“We need to move from measurements which are proxies for results to metrics that bring advertisers much closer to the outcomes they want to achieve.”

—Nicolas Bidon, Global CEO, Xaxis

how digital media can help deliver it.

“Instead of becoming a line on a media plan, we need to go to clients and understand their needs and propose the solutions,” says John Wittesaele, Xaxis’ president for the EMEA region. “That literally means understanding of touchpoints and creating a media mix where you eliminate waste.”

### The focus is on outcomes

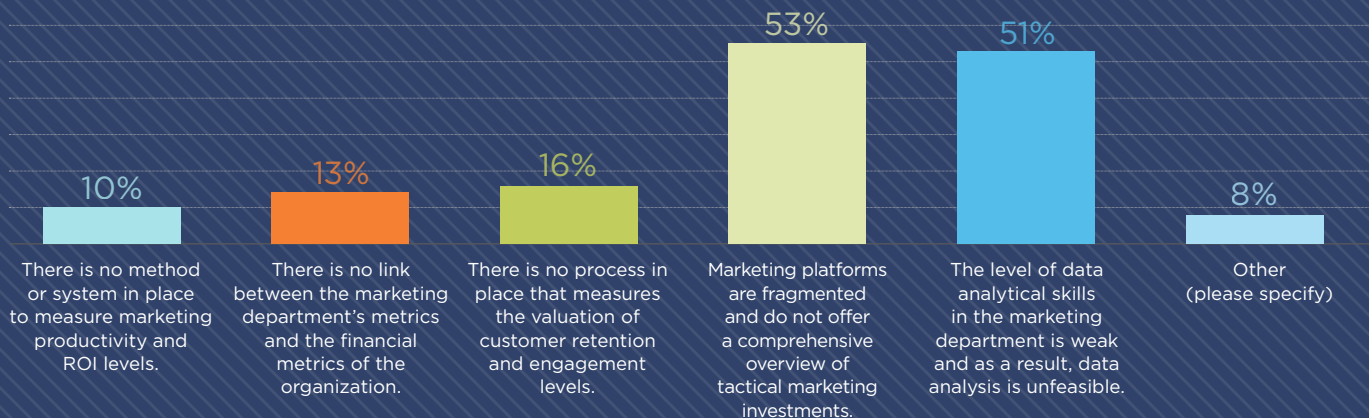
There is inherent complexity and customization in digital advertising, and an understanding that the metrics will vary by industry and company.

The trick for providers is to simplify and improve the options available to marketers while giving them access to massive scale, targeting precision, reliable inventory, and best-in-class technology.

## A DESIRE FOR UNDERSTANDING

MARKETING EXECUTIVES ARE EAGER TO UNIFY A FRAGMENTED PROGRAMMATIC ECOSYSTEM AND INCREASE THEIR ACCESS TO HIGHER LEVEL DATA ANALYTICS SKILLS. THEY WANT SYSTEMS AND PROCESSES THAT CAN HELP THEM MAP MARKETING TO OUTCOMES.

Source: Economist Intelligence Unit





## CASE STUDY:

# Driving outcomes for an auto company

An auto manufacturer attributed certain marketing-driven actions to sales, including configuring a car model on the website, taking a test drive, and requesting a brochure.

They ranked the importance of those actions and worked with their media agency to assign point values to each. The agency then derived a weighted average index of actions based on those points and built a media campaign that optimized ever more efficiently towards those outcomes, with increasing lift over time. Essentially, the campaign was priced at a “cost per weighted average.”

It was a seamless and effective combination of off-the-shelf offerings and measurements like CPCV (cost per completed view), viewable CPM (vCPM), and custom metrics.

With the desired outcomes fully defined and sophisticated methods deployed to optimize towards them, the agency was able to help the auto manufacturer get more people into their dealerships.

Custom metrics, built in collaboration with advertiser, agency, and provider, acknowledge that every business is unique with its own very specific inputs into what criteria can and should define success. This allows a client’s providers to target and optimize campaigns against metrics that are truly valuable.

It may go without saying that providers also need sophisticated data gathering and analysis tools that let

them iterate quickly across international markets with varied permutations and multivariate components.

To that end, artificial intelligence must be employed to handle sprawling data sets that are too massive and fast-moving for any person to ingest, analyze, and act upon in real time. Development and integration of this technology is essential to developing and acting on outcome-driven media plans.

## CONCLUSION:

# A vision of success

Focusing on outcomes rather than predefined metrics can feel like a new way of thinking.

“You need to be able to articulate, whether for a single year or over the lifetime of the customer, how marketing is adding value to the strategic aims of the business,” says AXA UK CMO Darrell Sansom.

When their provider-partners are also accountable for outcomes, absorbing costs and charging only an agreed rate, that gives those marketers more freedom to work toward their goals.

As Bidon says: “Accountability is vital for marketers using digital advertising in general, and programmatic advertising in particular. Done well, data-driven programmatic advertising can help brand marketers increase conversion rates, cut waste, and make a measurable contribution to their company’s bottom line, while making advertising more relevant and welcome for consumers.”

Those kinds of outcomes — results that can attribute sales success to marketing initiatives — will serve to remove the pressure from CMOs and the media buyers working for them.

Moving toward those marketing outcomes means moving toward success.

Visit [Xaxis.com/insights](https://www.axis.com/insights) to learn more about how outcome-driven media is transforming the programmatic landscape.

[1] “CPM” means cost-per-thousand impressions, in this case, per thousand times served on a page.

[2] <https://www.recode.net/2017/12/4/16733460/2017-digital-ad-spend-advertising-beat-tv>

[3] <https://www.emarketer.com/Report/US-Programmatic-Ad-Spending-Forecast-Duopoly-Drives-Dollars-Through-2019/2002158>

[4] <https://www.wsi.com/articles/average-tenure-of-cmo-continues-to-decline-148977765>

[5] Commissioned by Xaxis. <http://www.eiuperspectives.economist.com/marketing/accountability-marketing-linking-tactics-strategy-customer-focus-and-growth/white-paper/accountability-marketing-linking-tactics-strategy-customer-focus-and-growth>