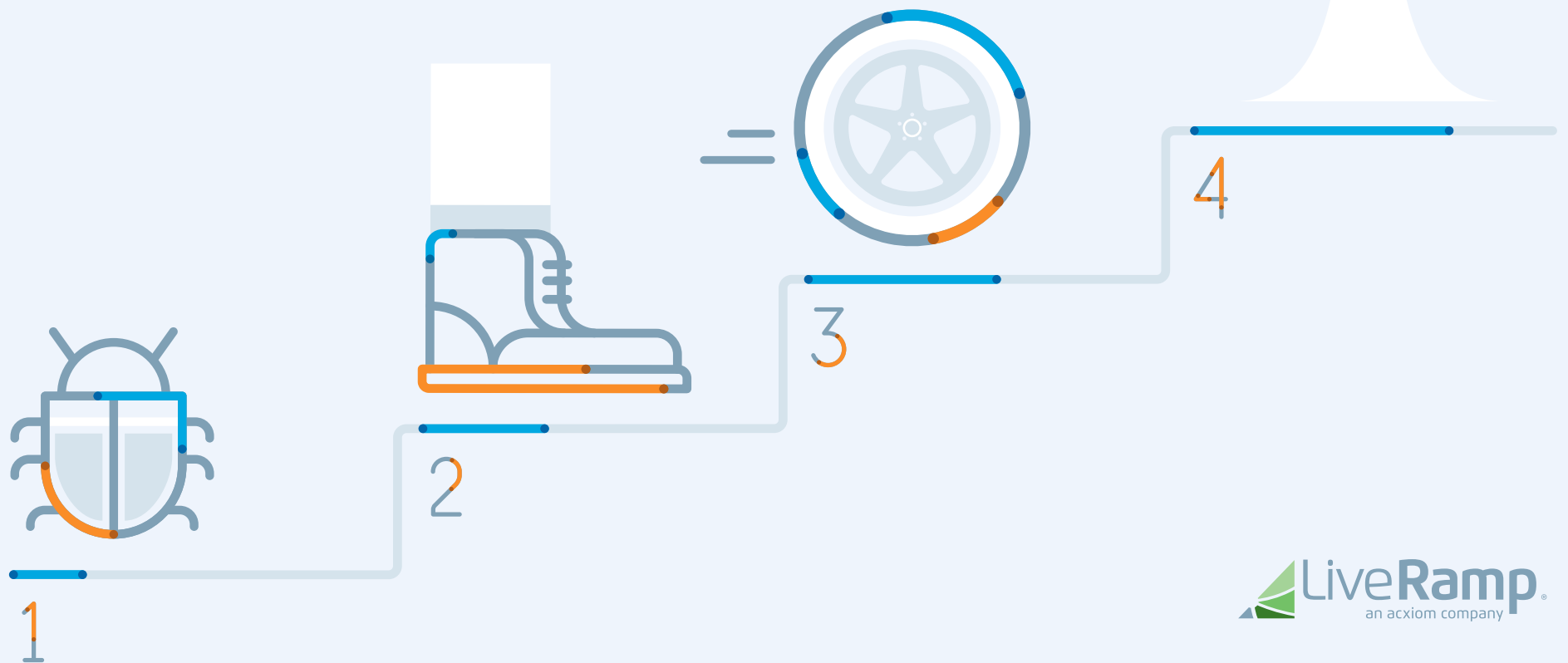# The journey to people-based measurement

A four-step route to tying people-based marketing back to revenue

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Introduction

# Why people-based measurement matters

It's quickly becoming clear that the biggest winners in every market will be the companies that deliver the best customer experiences.

But when we think about customer experience, we often think about things like personalization, targeting, and even creative. The thing is, in practice, if you're going to deliver the best experiences, you have to *know* your customers better than anyone else – their journeys, their preferences.

Insight is the starting point for better customer experiences.

It's why people-based measurement is so important. Not just so you can see how well your marketing has performed, it's so you can see what your customers' omnichannel journeys really look like.

In many ways, this is the holy grail for data-driven, people-based marketing.

People-based measurement is how you tie all your activity back to real sales – both online and offline – to understand what your customers really experienced.
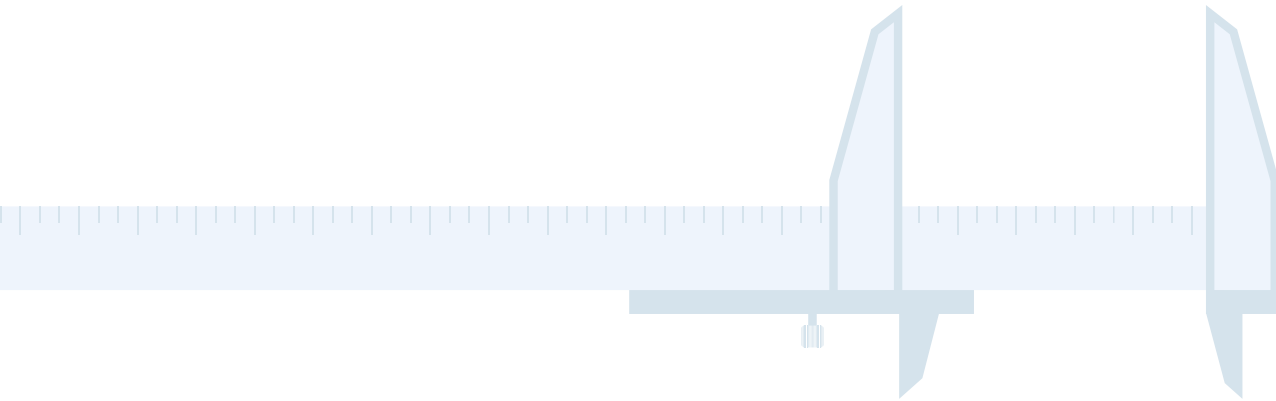
And just like the holy grail, it's still an elusive concept for a lot of marketers. In fact, eight out of ten marketers haven't built out this capability yet.[1]

The good news is that people-based measurement isn't just possible – it's every bit as valuable as it seems.

So in this guide, we'll show you how to get started with it and how to adopt it in a bigger way across all your channels to truly measure your marketing ROI.

So what is people-based measurement?

It's the use of de-duplicated, person-level data (as opposed to digital identifiers like browser IDs) to tie brand exposure (from display ads, social media, call center logs, store visits, and more) back to sales.

It's the measurement of marketing's impact down to an individual level.

[1]LiveRamp, The State of People-Based Measurement

# The importance of identity resolution

Three of the most commonly cited obstacles to people-based measurement[2] are:

› An inability to unite disparate data sets

› The limitations of online sales data

› Not knowing where to start

These are all important issues – and you probably relate to at least a couple of them. So before we dive into the four-step journey toward people-based measurement maturity, it's worth knowing a bit more about the foundational technology needed to overcome these issues.

It's called identity resolution, and it gives you the ability to use personally identifiable information (PII) to match people to devices and data in a privacy-conscious, deterministic way, so there's no guesswork.

The result is that you move away from a world where you're measuring marketing's impact on browser and device IDs and toward one where you're measuring its impact on real people with an omnichannel view of every time they encountered your brand.

That's a big deal, because it means you can see which actions came from the same people and how they all led to sales. You can connect the dots across all your channels in an accurate, privacy-conscious way.

Identity resolution is what the smartest marketers use to improve their targeting and personalization across different channels.

It's precisely what's needed to make measurement people-based.

Now let's look at how you can use identity resolution to get from where you are to where you need to be. You don't have to follow the four steps we describe in order (or even follow all of them). But what you're about to read is a good way to systematically approach people-based measurement.
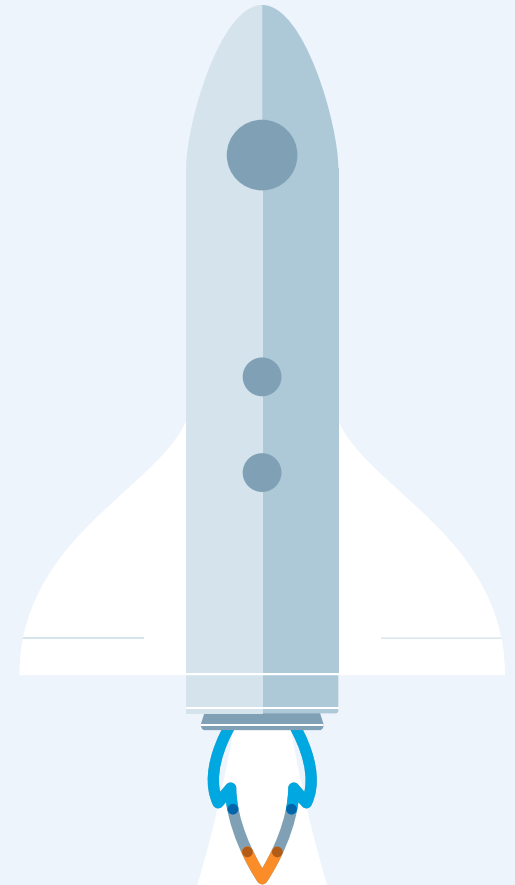
# A four-step route:
## crawl, walk, run, fly

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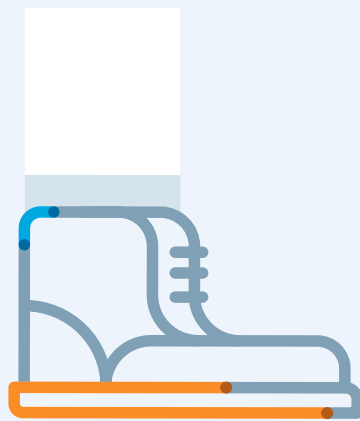
# 1 Crawl (phase 1): start with single-channel closed-loop measurement

A smart way to get started with people-based measurement is by focusing on your online and offline conversions from the publishers and platforms you invest in most – i.e., measuring the number of offline sales that came from your Facebook campaigns.

### How it works

You start with your offline transaction data (from something like your point-of-sale system or CRM). Then, using identity resolution, you can match the transactions from your offline purchase data back to ads seen by individuals on each publisher or platform.

Using the Facebook example, that would mean tying the offline purchases back to individual users' Facebook identities in a privacy-conscious way. To see what that specific workflow would look like, read this.

**Why it's useful**

It used to be really hard to see the direct effect of online campaigns on offline sales. With APIs and identity resolution, you can now draw a direct, causal link and "close the loop" on your marketing.

This is ground zero for people-based measurement. And it's already possible for platforms like DoubleClick, Facebook, Yelp!, and Bing.

**Success stories**

In one case, an advertiser wanted to see if a new Facebook promotion was driving in-store sales.

So they uploaded their transaction data to Facebook using identity resolution (via LiveRamp).

The result – they proved that their promotional campaigns drove two times more in-store purchases than their non-promotional campaigns.

In another case, an advertiser couldn't tell if their remarketing campaigns were more effective than their prospecting campaigns at driving in-store sales.

So they uploaded their transaction data to DoubleClick Digital Marketing with identity resolution (again, via LiveRamp) to understand what was really working.

The results showed they were averaging two times more in-store purchases through their remarketing campaigns than they were through their prospecting campaigns. And when they used rich media ads, they were averaging two and half times more purchases.

# 1 Crawl (phase 2): close the loop across channels

Once you've closed the loop on a single channel, the next step would be to tie the results of a single marketing tactic across channels (say, display ads across publishers such as GQ, The New York Times, and The Weather Channel) back to sales. As you've probably inferred, identity resolution is still your best bet.

If you're just getting started with this, it's worth kicking off with one tactic, getting used to it and then scaling later.
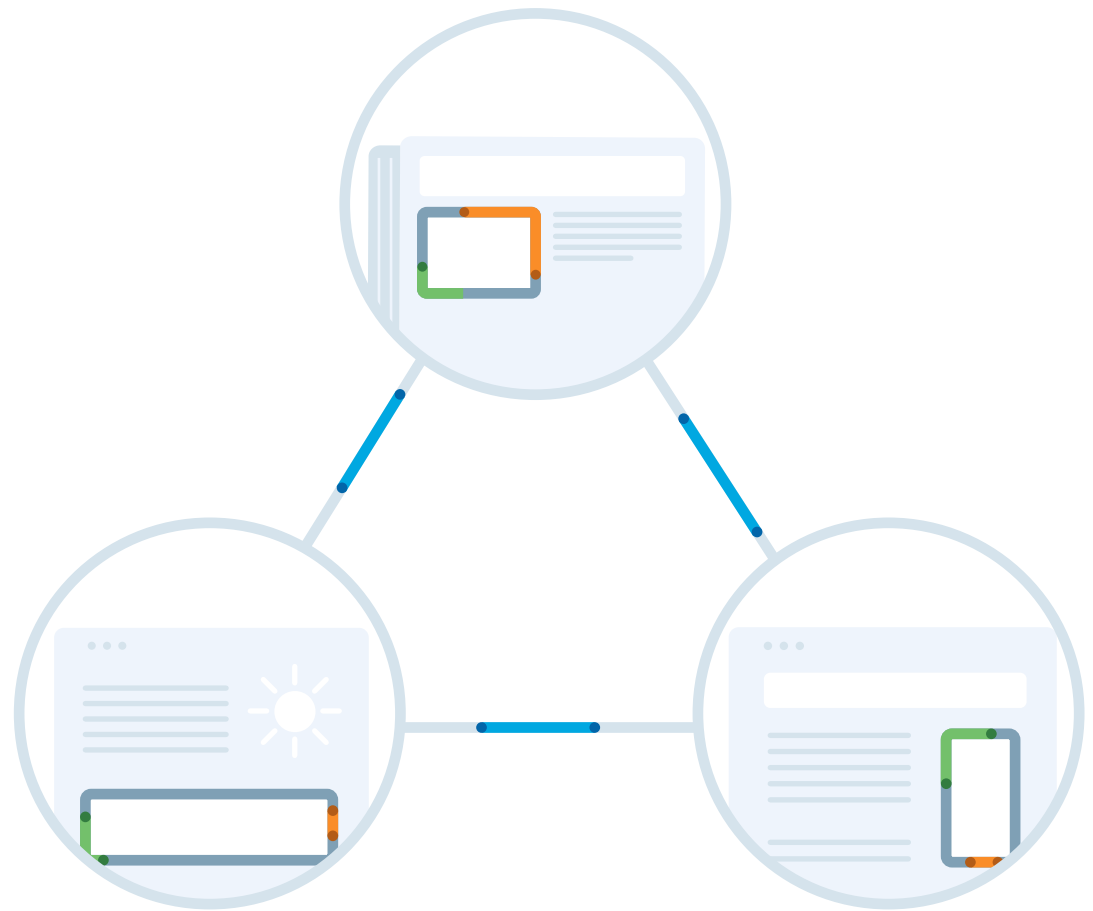
### How it works

It's similar to what you'd do with conversions through a single publisher. You start by resolving the identities of people who've engaged with your display ad campaign. Then you match them across channels back to purchases they've made (online or offline).

To do this, you'll work with an identity resolution partner to get your offline transaction data ready to be matched. Then, your identity resolution partner will enable your measurement partners to close the loop.

### Why it's useful

Closing the loop on a single tactic across channels helps you compare channels and adjust your spend based on what you find. With this insight, you'll be able to figure out how to use your channels more effectively in the future.

A tip: If you're just dipping your toes in the water, start with a tactic where you don't spend a great deal right now. If you want to make a bigger impact, pick a tactic where you spend a lot more, like search.

### Success story

An advertiser running multiple display campaigns across publishers wanted to understand which channel led to the most in-store purchases.

So they sent their in-store transaction data and the online impression data from their ad server to us. Using identity resolution, we then sent that resolved data to their measurement partner for closed-loop marketing analysis. As a result, they could compare the performance of all their campaigns by publisher. For instance, they saw that one campaign had an in-store purchase rate of 2% while another one had a rate of just 0.75%.

These are the kinds of comparisons that become possible with people-based measurement.
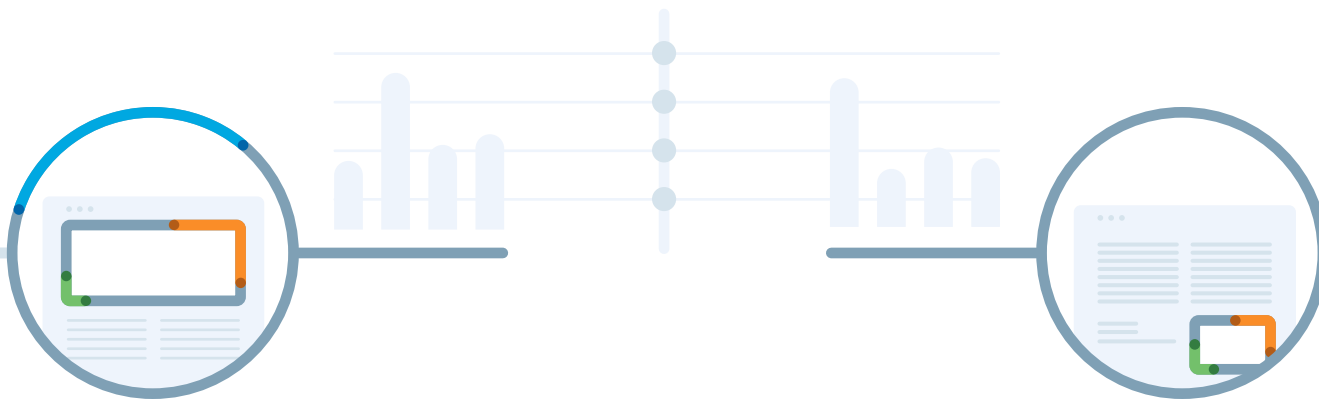
# 2 Walk: multi-touch attribution

So let's say you can see the conversions you've gained from specific publishers and platforms. And let's say you've even closed the loop on your search, email, and display campaigns across channels.

Now, you can see which of those campaigns and channels led to conversions. But what if you wanted to understand the journeys that led to the conversions – and how every customer moved from one channel to the next? For that, you'll need something bigger.

Multi-touch attribution is about determining the value of each customer touchpoint leading up to a conversion. It's essential if you're looking for a smarter, more granular level of understanding about customer journeys.
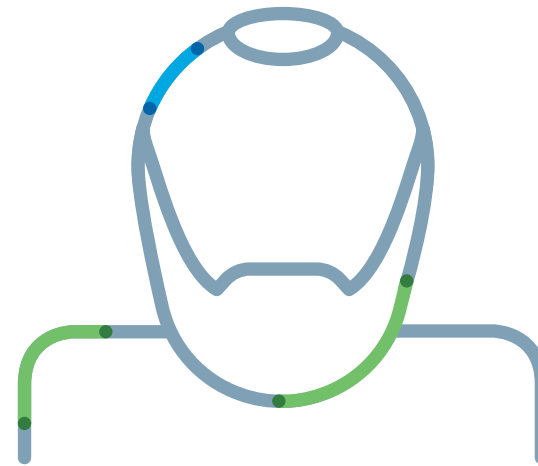
Instead of just connecting a sale to an interaction, multi-touch attribution assigns every channel leading up to the sale proportional credit. Instead of giving all the credit to the first or last touch, multi-touch is about understanding the contribution of every interaction before the final sale. The result is a far more nuanced view of what really happens throughout the whole customer journey, and why.

## How it works

You'll need two things to make multi-touch attribution work. First, you need an attribution model that weighs multiple touches appropriately – as opposed to simply the first or last touch.

There are a lot of great companies that can help you with this. Here's a list of some you might want to consider:

› **Acxiom**

› **Analytic Partners**

› **CMO Labs**

› **Convertro**

› **Google Analytics Attribution**

› **LatentView**

› **Marketing Evolution**

› **Neustar MarketShare**

› **Ovative Group**

› **Visual IQ**

Second, you'll need to use identity resolution to de-duplicate all the IDs across various touchpoints and then resolve them back to people in a privacy-conscious way. Once you do that, you'll be filling your model with exactly the kind of data needed to give you an accurate, cross-touchpoint view.

### Why it's useful

With multi-touch attribution, you can make better decisions, not only about optimizing each channel, but also about how you allocate your budget across different media.

But more than that, this would be the true, verifiable basis for an omnichannel view of the customer journey.

### Success story

An advertiser wanted to understand the impact of search relative to their other online and offline marketing investments, such as display, video, and direct mail. Historically, they used a last-click attribution model where search received the most credit for key conversions. But they knew the reality was a lot more nuanced.

Which is when they turned to multi-touch attribution. To do that, they worked with LiveRamp to resolve identities from user-level offline and online touchpoints as well as other conversion events. Then we sent that data to their multi-touch attribution platform for analysis.

The result was they could then see that search was in fact only their second most effective channel in driving conversions after paid social. With that insight, they were able to allocate more budget to their paid social campaigns.
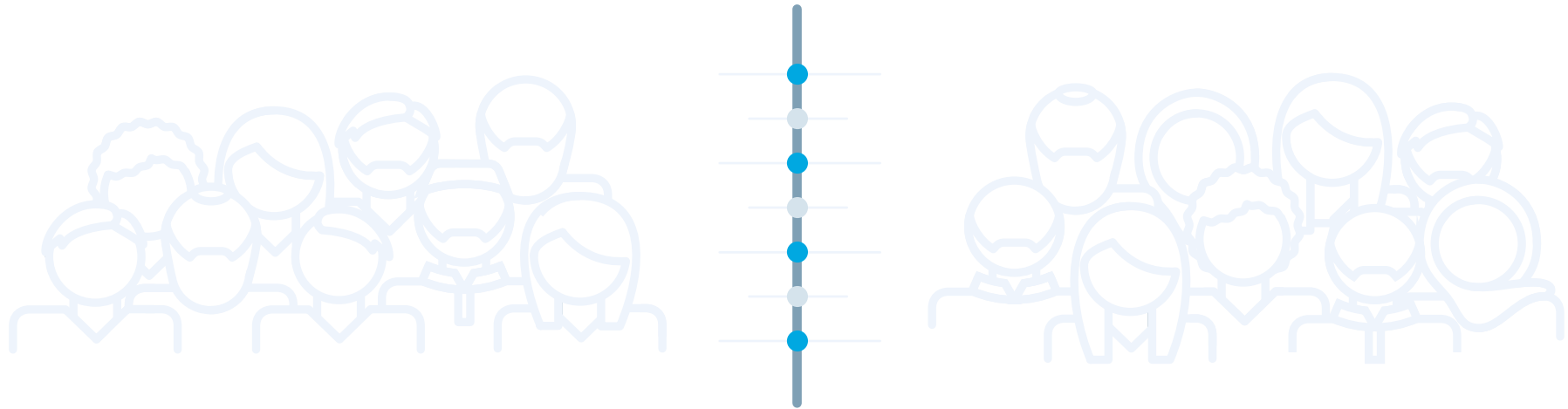
# 3 Run: incrementality testing

There's a school of thought in marketing that says it isn't enough to know how much your audience bought. If you're going to measure marketing's real impact, you need to be able to see how much they bought *because of your marketing.*

That is, you need to know you didn't spend your marketing budget on people who would have bought anyway. The real test of marketing is when it convinces people who weren't already going to make a purchase.

It's an important distinction. So if you're going to quantify it, you need to be able to run something known as incrementality testing.

**How it works**

To do incrementality testing, you need to create two audience groups, each filled with similar people. The first is the one that will be exposed to your marketing, and the second is the control group that won't be exposed to your marketing.

For instance, some advertisers will run a display campaign for the first group with their creative, and a second "placebo" campaign for the second, usually a random ad unrelated to the company so there's no cost to the advertiser.

Then, they can compare the effect their marketing had on sales by comparing conversions from the two groups. If the people who didn't see your ad bought $100 worth of products and the people who did see the ad bought $120 worth of products, then marketing's incremental impact was $20.

It's a sophisticated approach to understanding marketing's impact. And by definition, it has to take a people-based measurement approach. That is, you need to be able to tie exposure and conversions back to the people in each group.

Which is why identity resolution is such a big part of getting it right. It's the only way to reliably identify the people in your groups, and it's also essential to making sure your control group isn't "contaminated" by inadvertent exposure to your other campaigns.
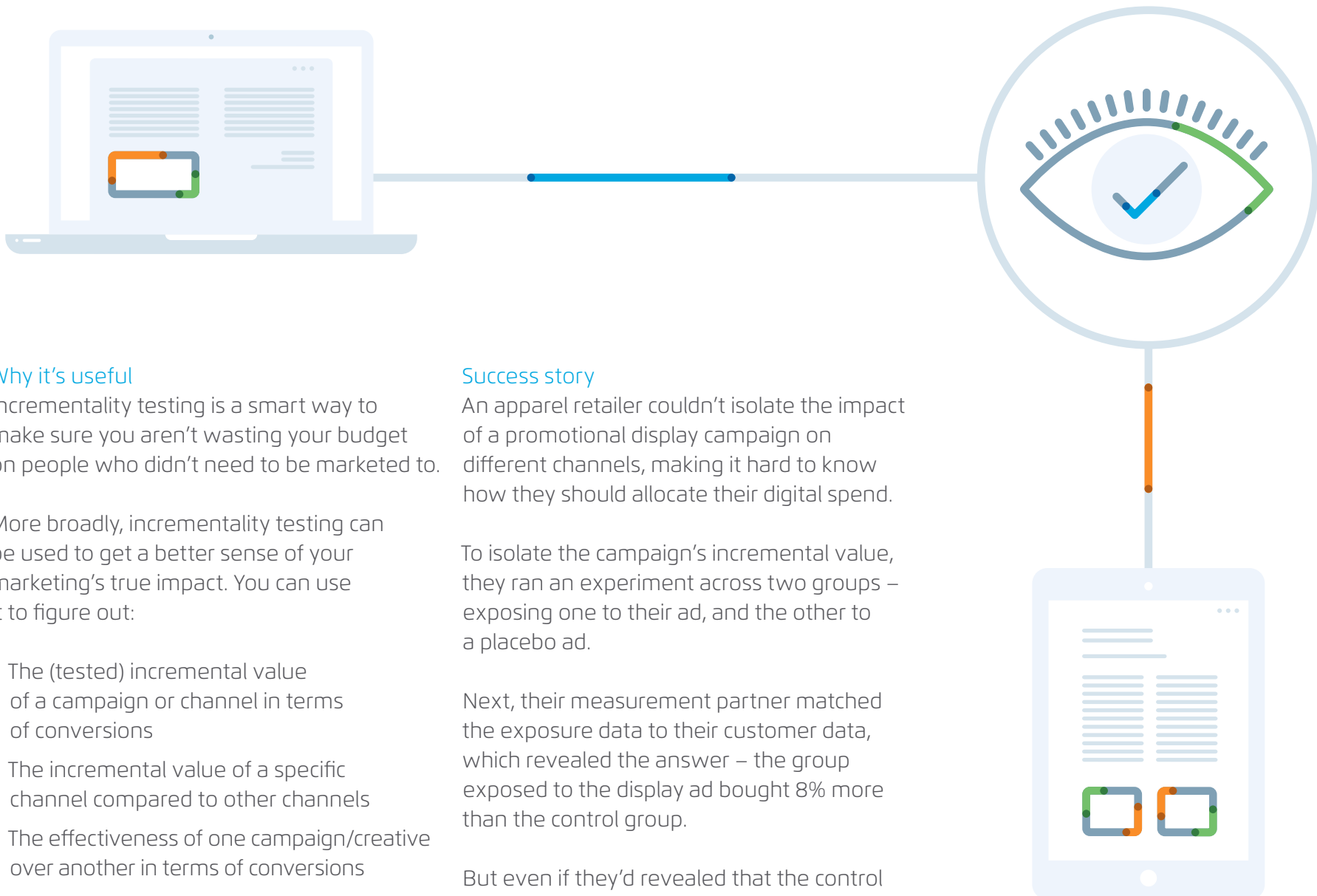
## Why it's useful

Incrementality testing is a smart way to make sure you aren't wasting your budget on people who didn't need to be marketed to.

More broadly, incrementality testing can be used to get a better sense of your marketing's true impact. You can use it to figure out:

› The (tested) incremental value of a campaign or channel in terms of conversions

› The incremental value of a specific channel compared to other channels

› The effectiveness of one campaign/creative over another in terms of conversions

## Success story

An apparel retailer couldn't isolate the impact of a promotional display campaign on different channels, making it hard to know how they should allocate their digital spend.

To isolate the campaign's incremental value, they ran an experiment across two groups – exposing one to their ad, and the other to a placebo ad.

Next, their measurement partner matched the exposure data to their customer data, which revealed the answer – the group exposed to the display ad bought 8% more than the control group.

But even if they'd revealed that the control group would have bought a lot anyway, it's still extremely useful insight. And much better than being in the dark.

# 4 Fly: building your own people-based data lake

Some of the most advanced marketers are taking people-based measurement to a whole new level by building their own identity graphs in-house. The result is that they're able to build their very own people-based analytics environment.

This environment helps them understand the full customer journey without having to work with different partners. It also helps them target and personalize for those customers in a more holistic way.

## How this works

It's still early days for this trend, so there isn't any one way to build this kind of environment. But by and large, it entails brands building a central repository for all their customer data, typically in a data lake.
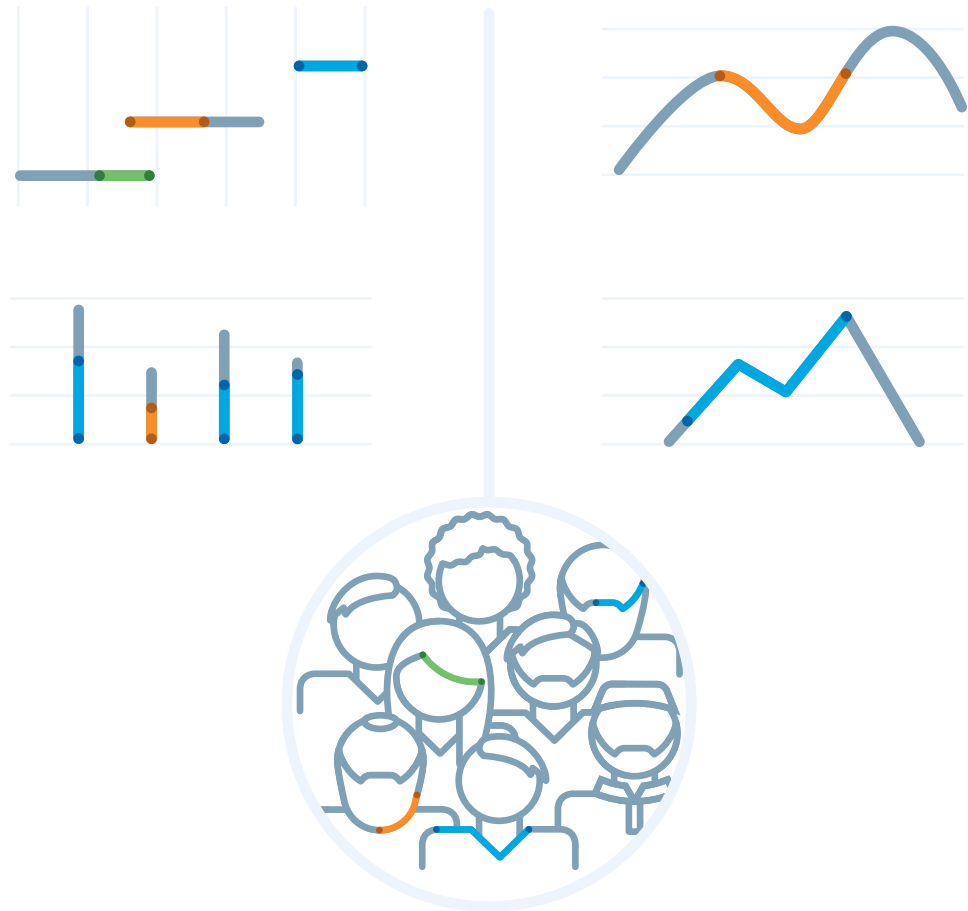
Then, they use identity resolution to link all the disparate customer data – from every channel, platform, and silo across the organization – together.

As a result, they get a de-duplicated view of most of their customers' journeys across touchpoints.

### Why it's useful
With this kind of infrastructure, you can do people-based targeting, measurement and personalization in every campaign, across almost every touch point.

That's the basis for a customer experience operation that very few competitors can stand up against, and in many ways, the epitome of the vision of people-based marketing.

### Success story
One retailer has committed to understanding the omnichannel customer journey. Specifically, they're trying to figure out how it all leads to offline sales in their stores.

So they built a centralized repository of all their customer data – from their CRM, loyalty program, online and offline ads, purchases, and touchpoints like call center logs. It even has second- and third-party data in it.

To build this, they're using LiveRamp IdentityLink as the underlying identity resolution capability that stitches together all the disparate data from different platforms using different customer identifiers.

Today, they've taken control of their data and have a truly holistic view of their customers (and their journeys) for the first time. And they're using it to accurately measure the impact of their advertising tactics on offline sales across channels, devices, frequency, and customer types.

It's a brave new world for their understanding of their consumers and how they can holistically shape their experiences. And it all starts with a people-based approach to measurement.

# Conclusion:
# getting there from here

As long as marketing is measured based on devices and browsers, tying people-based marketing back to sales will always be a challenge.

The good news is that the businesses that figure out how to do this will run more effective, efficient campaigns that their customers actually want to engage with.

And as long as the majority of marketers haven't begun their journeys towards people-based measurement, there's a real opportunity for the brands that get there first.

To see how their marketing is really performing and make better spending decisions.

To understand the omnichannel customer journey better than their competitors.

To turn customer experience into a defensible advantage.

Make no mistake – people-based measurement is a necessary part of the future of marketing, and identity resolution is central to making it real.

The only questions are when and where you start your journey.

# About LiveRamp

LiveRamp offers brands and the companies they work with identity resolution that is integrated throughout the digital ecosystem, and provides the foundation for omnichannel marketing. IdentityLink transforms the technology platforms used by our clients into people-based marketing channels that improve the relevancy of marketing, and ultimately allow consumers to better connect with the brands and products they love.

LiveRamp is an Acxiom company (NASDAQ: ACXM), delivering privacy-safe solutions to market and honoring the best practices of leading associations, including the Digital Advertising Alliance's (DAA) ICON and App Choices programs. For more information, visit www.LiveRamp.com.

# The State of People-Based Measurement

To understand where brands are in their journeys towards people-based measurement, we recently conducted a study that asked them all about it.

Read it to find out where you stand in the context of your peers.

Get the study.