

A Forrester Consulting Thought Leadership Paper Commissioned By Marin Software

# Revenue Outcomes Matter To Online Advertisers

Advanced Automation Can Improve Efficiency And Results

January 2013

FORRESTER

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## Executive Summary

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Marketers are using online advertising to drive revenue outcomes. However, many face challenges with doing so because they don't have ample visibility into key performance metrics. Forrester believes that using advanced ad management platforms can help advertisers scale complex advertising programs, enable insight into customer and campaign data, offload operational headaches, and improve program performance.

Eighty-three percent of respondents are already held accountable for revenue outcomes, and 79% say that driving revenue is a primary objective for their online initiatives.

Marin Software commissioned Forrester Consulting to study the challenges and opportunities that advertisers experience with their online programs. Between September and November 2012, we conducted an online study of North American marketers who spend a minimum of \$100,000 per year on paid search.

## Key Findings

Forrester's study yielded three key findings:

- **Marketers value online advertising.** Online advertising is no longer an experimental medium. Advertisers value it because it's flexible and targetable and drives immediate revenue outcomes.
- **Driving revenue outcomes is a critical goal.** Eighty-three percent of respondents are already held accountable for revenue outcomes, and 79% say that driving revenue is a primary objective for their online initiatives.
- **Advanced automation can help overcome online ad challenges.** Seventy-four percent of study participants look to technology to alleviate online advertising headaches.

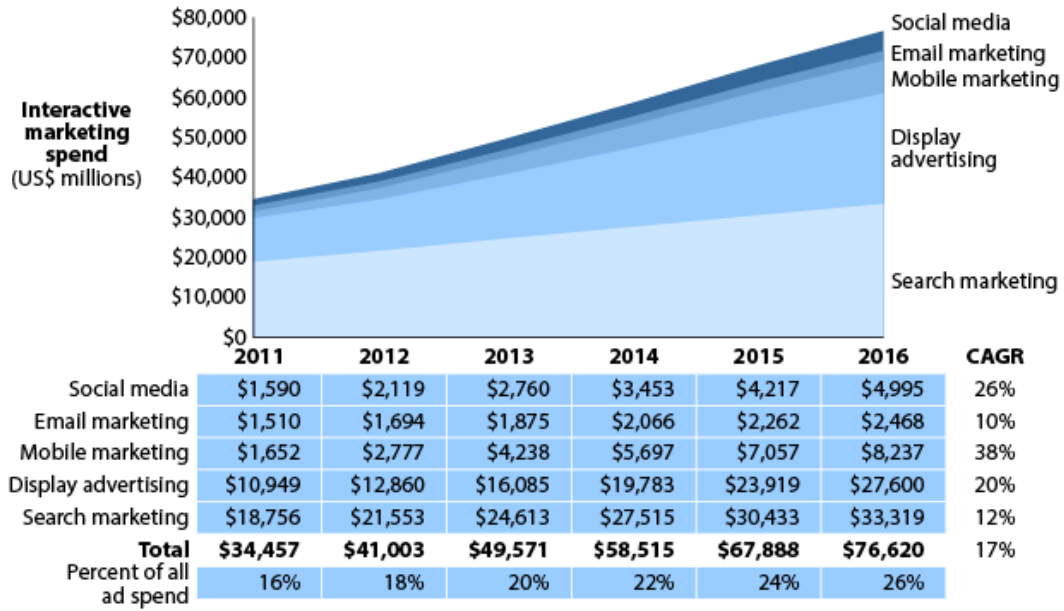
## Marketers Prioritize Online Advertising

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After a decade of experimental investment, online advertising has at last assumed a legitimate place in the marketing budget. Forrester expects that spend on display advertising and search marketing will top \$60 billion by 2016 (see Figure 1). No doubt advertisers are shifting spend to channels that are relevant to users' evolved media habits, but they also value the innate specificity and flexibility of technology-driven marketing channels (see Figure 2).

**Figure 1**

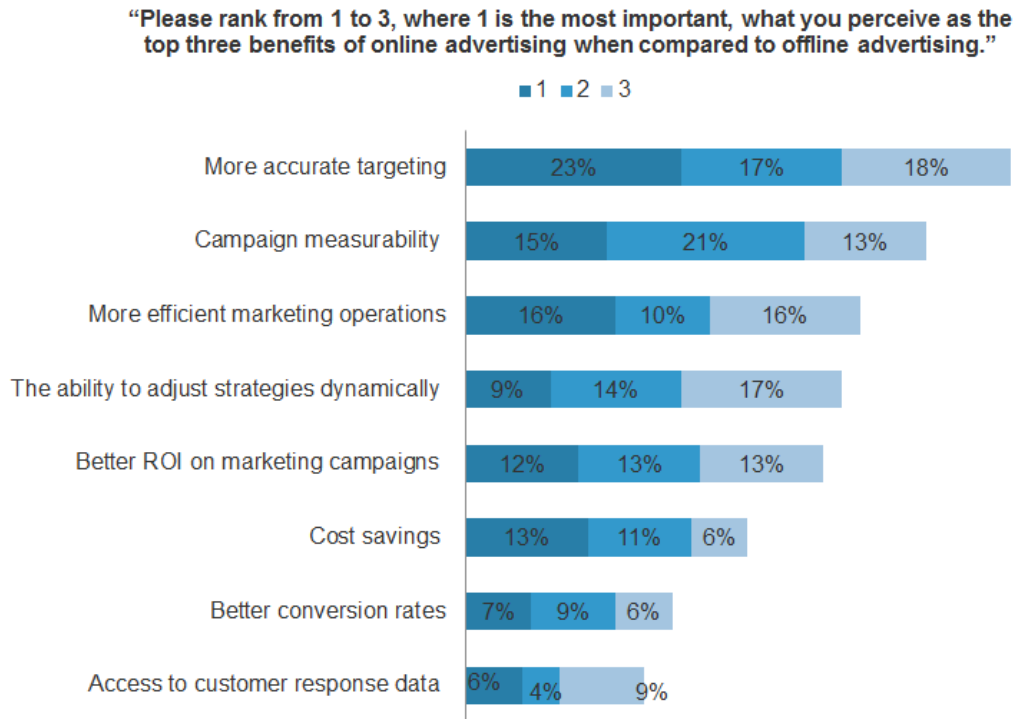
Forecast: US Interactive Marketing Spend, 2011 To 2016



Source: Forrester Research Interactive Marketing Forecasts, 2011 To 2016 (US)

**Figure 2**

Advertisers Like Online's Accuracy And Flexibility



Base: 104 North American marketers (percentages may not total 100 because of rounding)

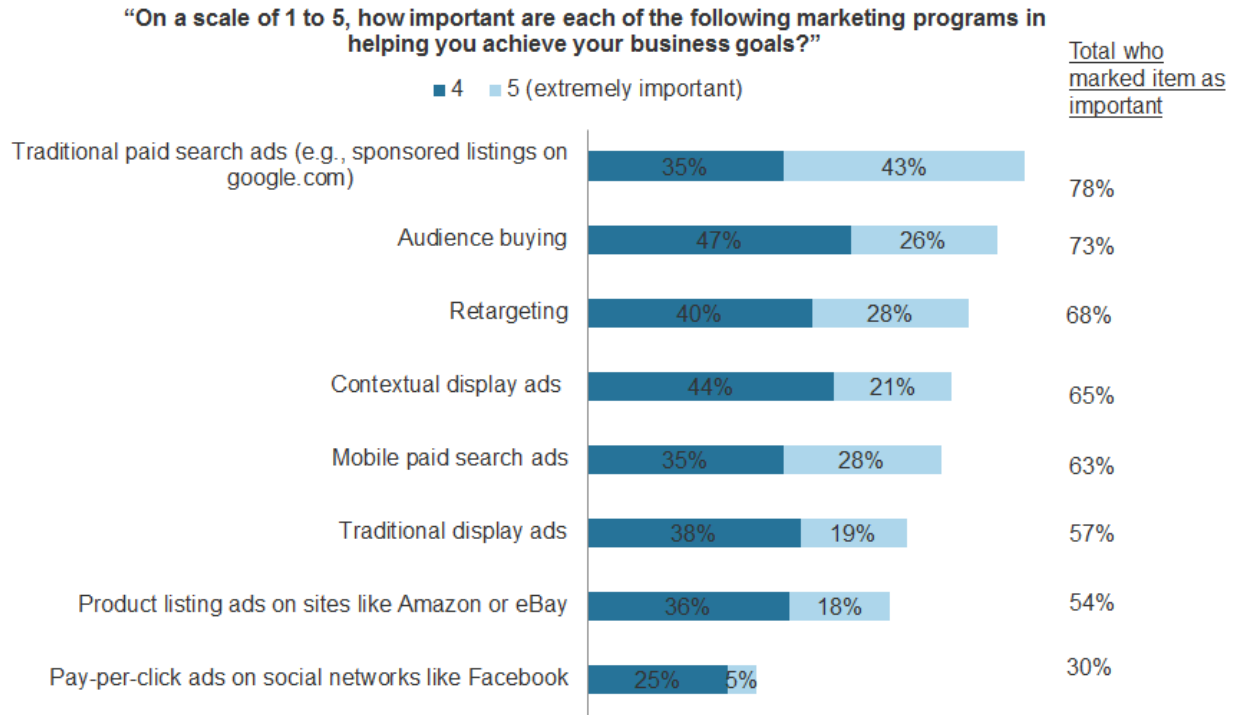
Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

We surveyed 104 North American advertisers about the challenges and opportunities they foresee with their online programs. Respondents:

- **Value targeted media.** When asked which online program types are most important for their business goals, most survey takers selected paid search ads, audience buying, retargeting, and contextual display ads — all targetable using behaviors, demographics, or context (see Figure 3).
- **Use agencies for program support.** Nearly half of respondents outsource management of paid search — the tactic most important to their business goals — to agencies (see Figure 4). Slightly fewer, 35%, manage paid search programs with free or proprietary tools. And 17% purchase third-party tools to aid search program management.
- **Prioritize revenue outcomes and brand awareness.** Seventy-nine percent of respondents indicate that driving revenue outcomes — such as generating leads, conversions, or sales — is the primary goal of their online advertising. Slightly fewer, 73%, designate generating brand awareness as a key objective as well.

**Figure 3**

Targeted Ad Formats Are Important

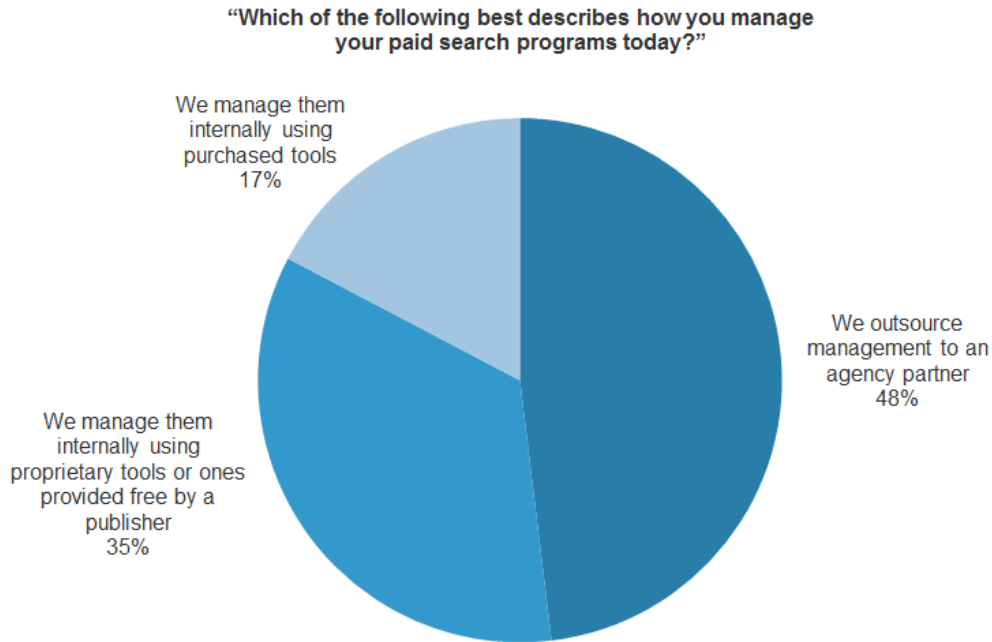


Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

**Figure 4**

Respondents Use Agencies To Manage Paid Search Programs



Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

## Online Advertising Is Held To Revenue Outcomes

Forrester believes that programmatic buyers — online advertisers focused on real-time buying of targeted and/or direct response media — will gain prominence over the next 18 months.<sup>1</sup> Survey respondents signify that this trend is under way, with their emphasis on driving immediate and quantifiable revenue outcomes. Specifically, study participants:

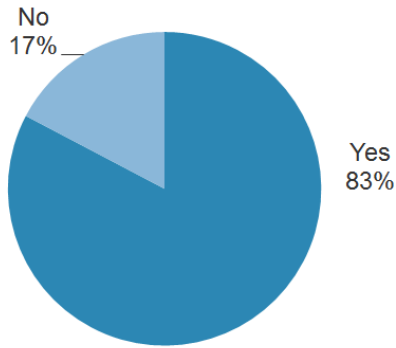
- **Are already responsible for revenue goals.** Eighty-three percent of respondents disclose that their online advertising efforts are currently held accountable to revenue outcomes (see Figure 5).
- **Observe greater emphasis on revenue goals.** Just 6% of survey takers believe that their organizations are *less* focused now on driving revenue directly from online ads than they were in 2011 (see Figure 6).
- **Anticipate more accountability for revenue in the future.** Eighty percent of study participants expect revenue targets for their online ad programs to increase at least slightly next year (see Figure 7).

**Figure 5**

Online Marketing Programs Are Held Accountable To Revenue Outcomes

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“Are your online advertising efforts held accountable to revenue outcomes such as leads, purchases, offline sales, etc.?”



Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

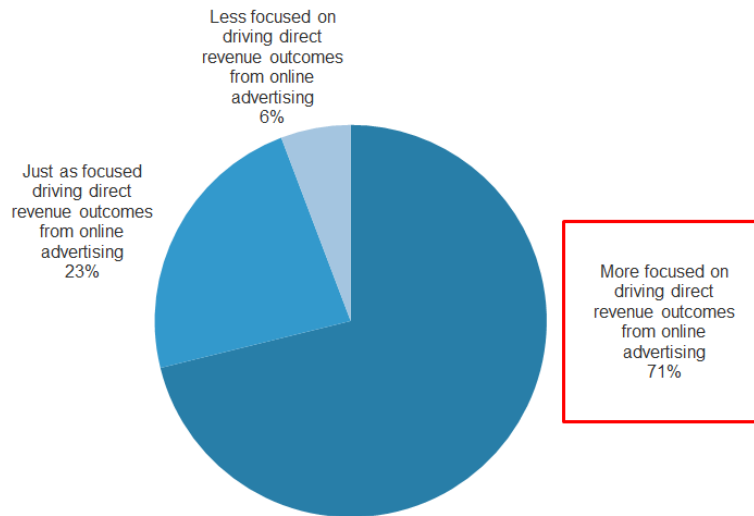
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**Figure 6**

The Focus On Revenue Outcomes Has Increased

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“How does your organization today compare to last year?”



Base: 104 North American marketers

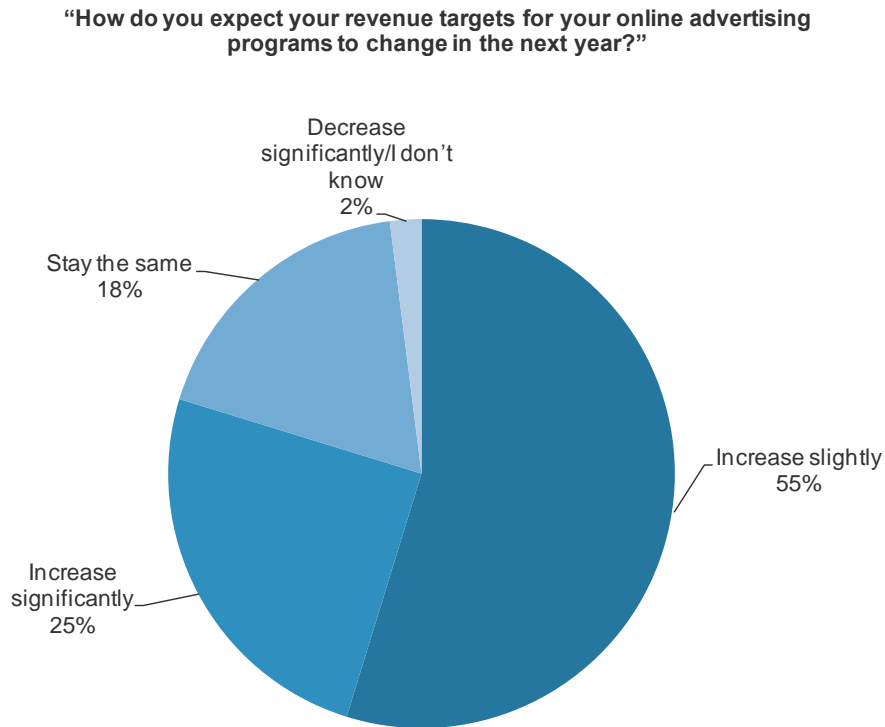
Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

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**Figure 7**

## Revenue Goals For Online Ad Programs Will Increase



Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

**There Are Challenges To Generating Revenue Outcomes**

Although advertisers are already tasked with driving revenue outcomes, most have a number of challenges to overcome in order to successfully do so. Why?

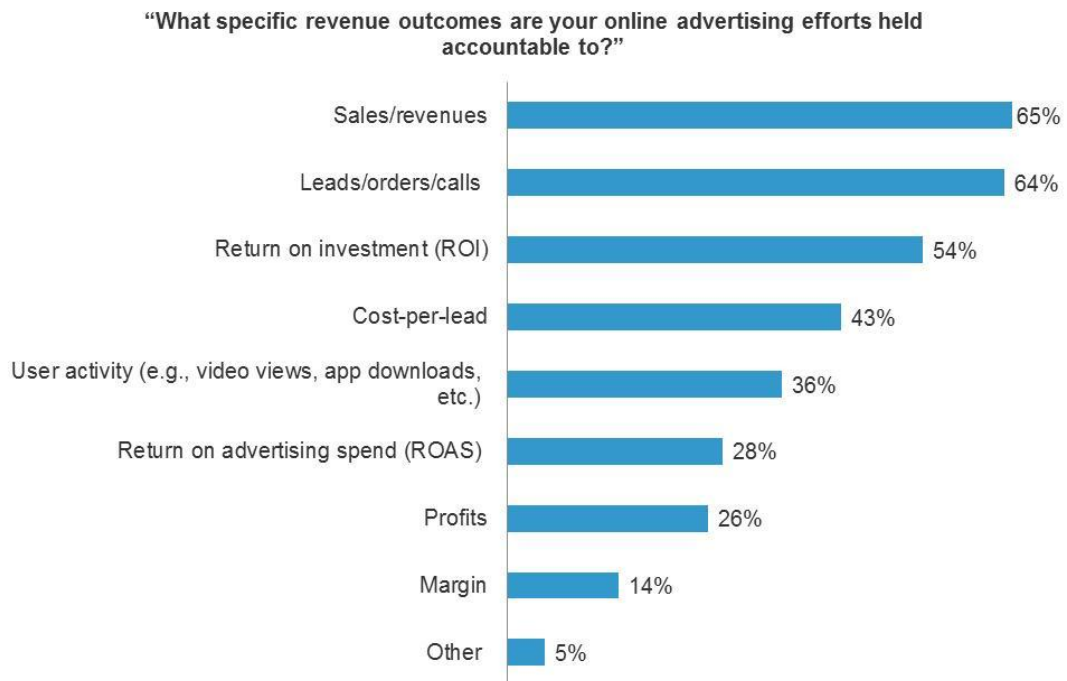
- **Ad goals and metrics lack alignment.** Nearly two-thirds of respondents focus on driving sales or leads — 65% and 64% respectively (see Figure 8). And, while study participants do track conversions, their No. 1 metric is site traffic (see Figure 9). Online sales is commonly tracked by just 48%, and only a quarter measure offline or customer value metrics.
- **Many have limited visibility into value metrics.** Most marketers have high visibility into online traffic and sales data. But far fewer, less than 45%, have good insight into customer lifetime value or the multiple touchpoints that influence a user's purchase (see Figure 10).
- **Marketers most frequently conduct operational tasks.** Most respondents also spend the most time managing operational tasks such as identifying keywords and placements or updating ad copy (see Figure 11). Some respondents marked “quarterly” or “never” for more value-add activities such as optimizing bidding. This focus

on operational tasks leaves marketers with little time for identifying new, valuable audiences or coordinating campaigns across multiple business units, channels, and publishers (see Figure 12).

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**Figure 8**  
Advertisers Look To Drive Sales And Leads

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Base: 104 North American marketers

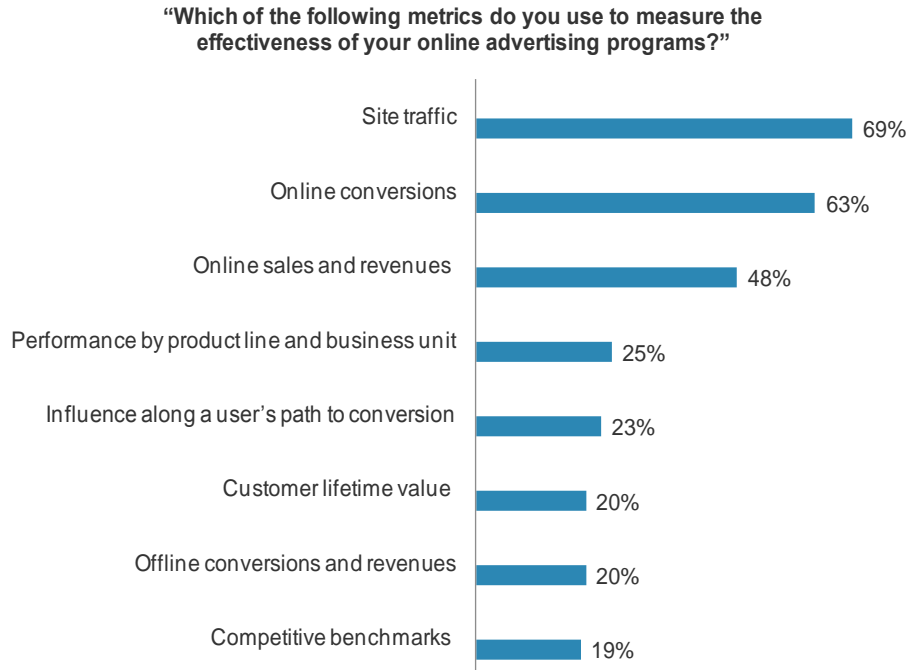
Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

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**Figure 9**

Marketers' Key Success Metric Is Still Site Traffic

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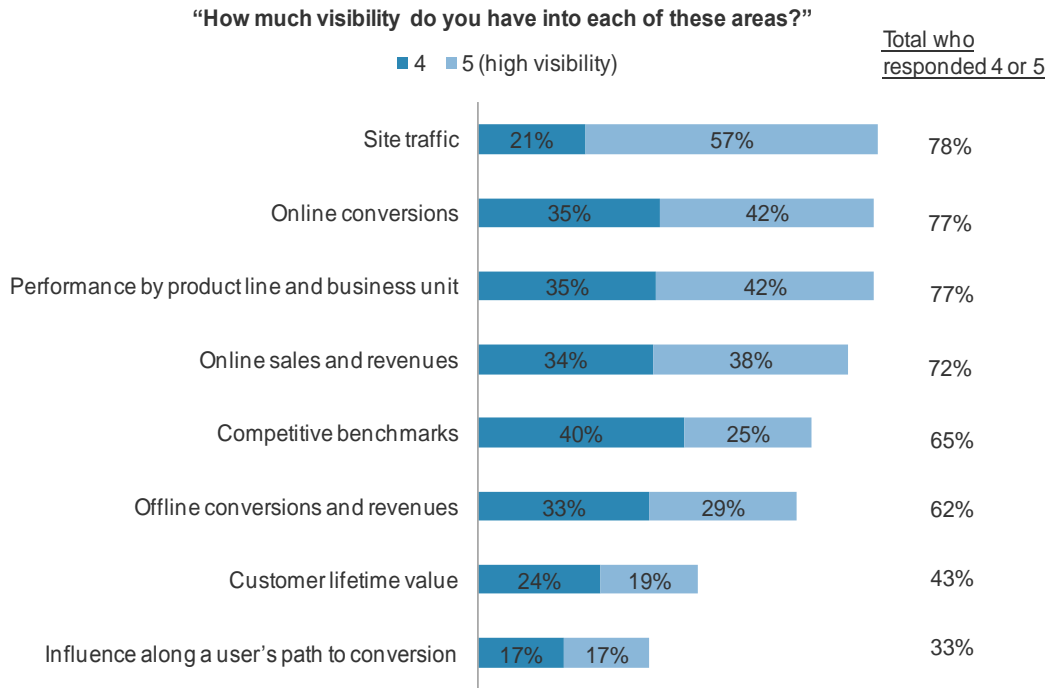


Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

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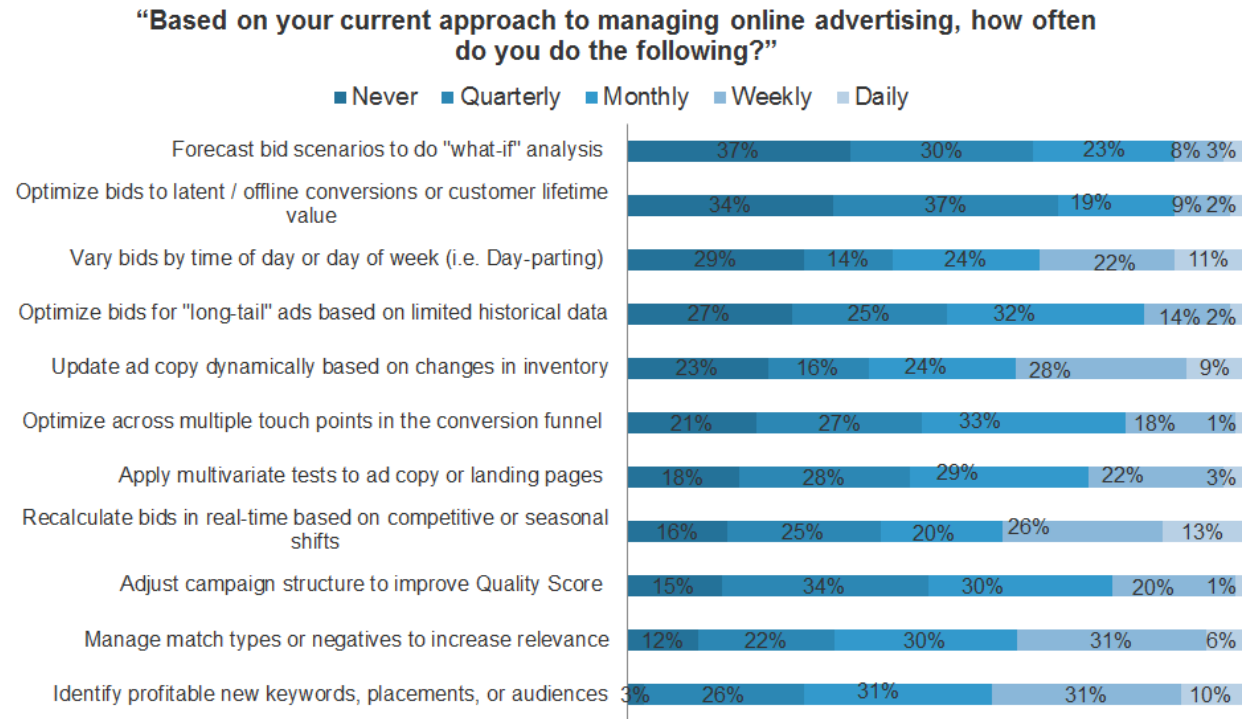
**Figure 10**  
 Visibility Into Key Metrics Could Be Better



Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

**Figure 11**  
Regular Activity Focuses On Campaign Operations

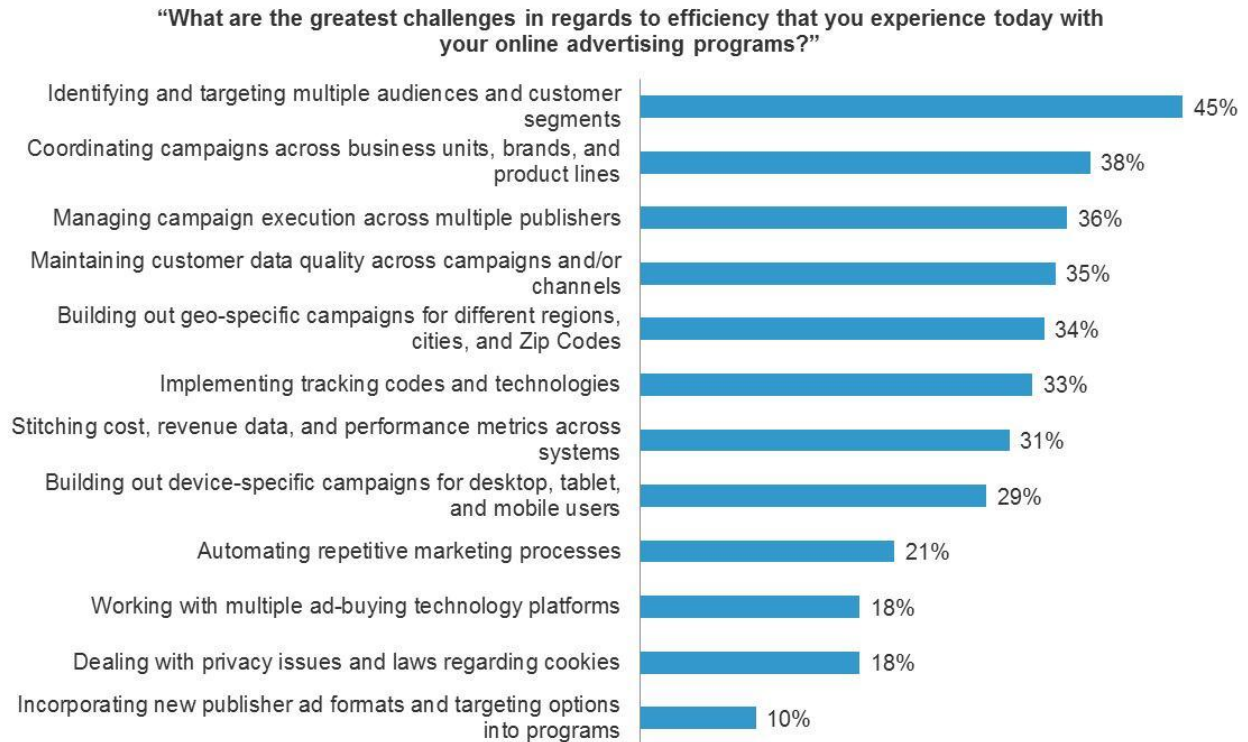


Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

**Figure 12**

There Are Many Challenges In Online Program Efficiency



Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

## Advanced Automation Will Help

Respondents look to technology to help improve program performance and confront the broader challenges facing marketing organizations today (see Figure 13). Specifically, study respondents turn to technology to improve their (see Figure 14):

- **Agility.** More than half of respondents, 55%, struggle to respond to rapidly changing market conditions, and 46% don't have staff capable of managing online ad programs in a dynamic environment.
- **Visibility.** Study participants also lack visibility into customer and campaign insights. Forty-four percent work to get insights that will help improve program performance; 38% have trouble both proving program results to executives and measuring results across business units.

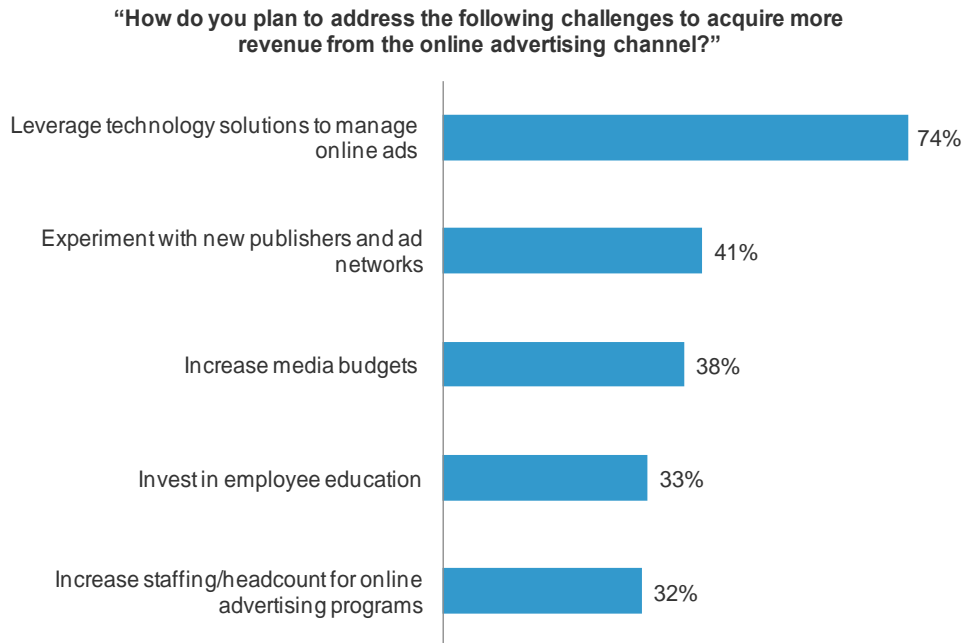
- **Performance.** About one quarter of respondents want for more-sophisticated optimization approaches, such as dayparting, to improve results. A similar percentage would also like to better harness publisher innovations such as advanced ad formats to create better ad experiences.

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**Figure 13**

Marketers Believe Technology Can Help Overcome Challenges

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Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

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**Figure 14**

Measurement And Insights Is Not The Only Challenge Online Advertisers Face

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Base: 104 North American marketers

Source: A commissioned study conducted by Forrester Consulting on behalf of Marin Software, December 2012

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## KEY RECOMMENDATIONS

If you're an online advertiser tasked with facing growing revenue goals, then likely the above challenges sound eerily familiar to you. Here is our guidance for how to approach your online ad programs in 2013:

- **Embrace technology.** Ad management technologies today aid program scale, visibility, and performance. Automating currently manual processes will prevent errors and free you up to focus on innovation. Wary? Push your agency to adopt more or better technologies on your behalf.
- **Apply more interactive tools.** In our experience, the most advanced interactive marketers are those who apply a broad mix of interactive tools. Follow this example. Doing so exposes you to your users across a spectrum of touchpoints, provides learnings from one medium to the next, and forces you to manage the data and technology complexity that comes with using multiple channels.
- **Don't give up on branding.** No doubt the ability to drive and measure immediate revenue from marketing efforts has a strong appeal. But we would encourage online marketers to not swing so far toward revenue outcomes that they neglect the long-term value of good old-fashioned brand building. Millward Brown Optimor calculated that more than 30% of market capitalization of S&P 500 companies was derived from the intangible asset of their brands.<sup>2</sup>

## Appendix A: Methodology

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In this study, Forrester surveyed 104 North American marketers to evaluate the challenges associated with being held accountable to revenue outcomes. Question themes included publisher relationships, metrics, spend, and measurement. The study began in September 2012 and was completed in December 2012.

## Appendix B: Supplemental Material

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### Related Forrester Research

“Invest In The Brand Building Experience,” Forrester Research, Inc., November 5, 2012

“The Future Of Digital Media Buying,” Forrester Research, Inc., September 7, 2012

“Competitive Strategy In The Age Of The Customer,” Forrester Research, Inc., June 6, 2011

## Appendix C: Endnotes

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<sup>1</sup> Media buying technology and operations are undergoing a dramatic transformation — marketers are replacing traditional relationship-marketing tactics and opaque ad networks with programmatic media buying that includes transparent, real-time biddable media and audience targeting. Source: “The Future Of Digital Media Buying,” Forrester Research, Inc., September 7, 2012.

<sup>2</sup> In the age of the customer, brands that forge an emotional connection with empowered consumers will enjoy the only sustainable competitive advantage. Source: “Invest In The Brand Building Experience,” Forrester Research, Inc., November 5, 2012.