

Inside walled gardens: The long-standing challenge of ad measurement and attribution

Article

Attributing revenues to marketing touchpoints is one of marketers' biggest challenges. Holistic approaches to attribution help marketers plan media budgets, optimize within channels, and drive incremental outcomes for their business in the most cost-effective way. But putting such approaches into place can be unwieldy—and it's getting harder.

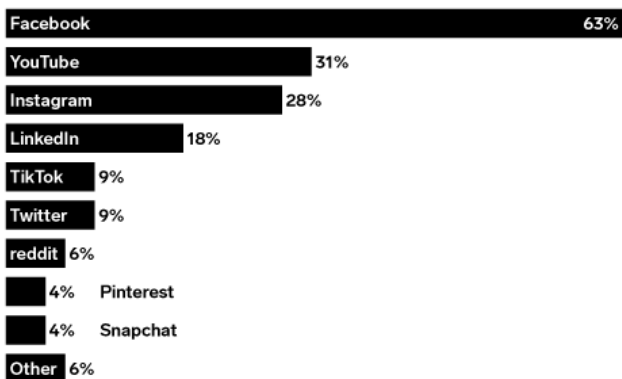
Within digital media channels, probably the longest-standing gap in measurement information lies with the walled gardens—a group that includes Google, Facebook, a host of other walled social platforms, and Amazon. Some in the industry are also talking more of walled gardens—or attempts to build them—in the connected TV (CTV) or over-the-top (OTT) space.

In October 2020 research by marketing tech consultancy DemandLab and marketing research firm Ascend2, 44% of marketing professionals worldwide said social media marketing was among the most difficult digital marketing channels to attribute sales revenues to.

US digital media professionals surveyed in October 2020 by Integral Ad Science suggested that the lack of transparency on the part of these walled gardens might result in less advertiser spending. Specifically, 63% of respondents thought insufficient transparency with respect to media quality metrics was most likely to affect Facebook, followed by 31% who said the same of YouTube and 28% who cited Instagram. The difference in responses between Facebook and Instagram, when the two platforms use the same buying and reporting interface, is notable.

Social Media Platform Spending Most Likely Affected by Insufficient Transparency in Media Quality Metrics According to US Digital Media Professionals, Oct 2020

% of respondents



Source: Integral Ad Science (IAS), "The 2021 Industry Pulse Report: US Edition," Dec 8, 2020

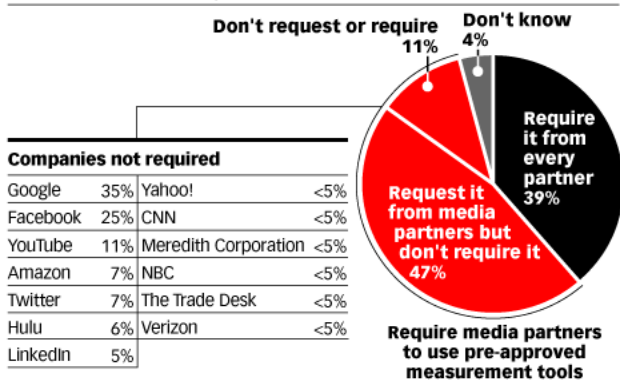
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Other research from last year suggests US marketers and agencies generally remain willing to give the walled gardens a break when it comes to their normal measurement requirements. Two in five respondents to a July 2020 Advertiser Perceptions survey required all their media partners to use the buyer’s preapproved measurement tools—which can be frustrating for publishers, who have a variety of reasons for not working with any given provider. Among those who didn’t require preapproved tools of every media partner, it was typically the biggest walled gardens that didn’t have to participate.

Do the Companies of US Marketers and Agencies Require Media Partners to Use Pre-Approved Measurement Tools?

% of respondents, July 2020



Note: numbers may not add up to 100% due to rounding

Source: Advertiser Perceptions, "Measurement 2020," Oct 28, 2020

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Shane McAndrew, chief data strategy officer at media agency network Mindshare, explained that walled gardens were one area where incrementality testing could help fill in gaps in reporting. And because of how quickly advertisers can turn advertising on and off within the walled gardens, they can run rapid experiments with relative ease.

Marketers taking a sophisticated approach to revenue attribution want to understand not just whether a given touchpoint or media channel influenced a customer, but whether it drove incremental revenues for the business. Incrementality is often investigated through experimentation, using test and control groups.

To learn more about how marketers are tackling a host of familiar struggles, from basic issues of media measurement and data quality to walled gardens and other data gaps, Insider Intelligence subscribers can read our recent report:

Report by Nicole Perrin Feb 11, 2021

Ad Measurement and Revenue Attribution 2021

