



Guide: Incrementality Measurement for Marketers

How to use Incrementality-based attribution to validate, plan, test, and optimize your advertising spend and effectively drive business outcomes



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Introduction

Confident decision-making is the superpower of today's most savvy marketers.

In the hyper-competitive consumer brand space, where marketers are responsible for managing upwards of 30% of their company's revenue on advertising, success hinges on the performance of their advertising campaigns; specifically, their real contribution to the business.

To continuously optimize for growth, marketers need reliable attribution to understand which media dollars are working, which aren't, and how to glean insights that help them make confident budget allocation decisions.

Not only are the sheer number of channels and mediums under the marketer's purview increasing, but restrictions on data access and user-level tracking have made traditional marketing attribution methods no longer viable. Now, marketers are forced to rethink, and reimagine, their approach to measuring and optimizing their advertising.

Read on to learn which outdated marketing attribution methods should be retired and how leading brands can incorporate incrementality attribution and testing into their marketing practice.

The need for a new methodology

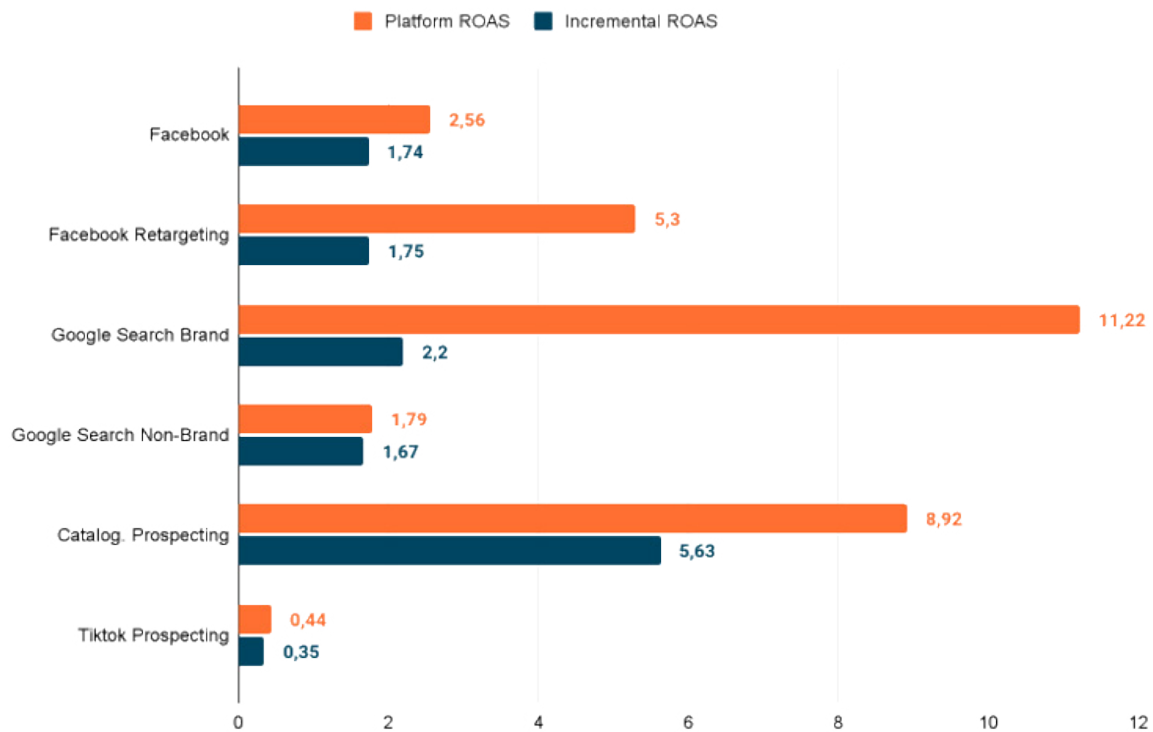
When a marketer runs an ad on a platform like Facebook (Meta), Facebook takes credit for as many conversions as possible – wherever they deemed their ad was viewed

or clicked prior to purchase – The challenge with this approach is two-fold. One, is that these platforms do not take consumer propensity - their likelihood to purchase anyway - into account, they're simply measuring correlation between the ad and the sale. Secondly, and more important now than ever, due to anti-tracking measures and shrinking attribution windows, these “walled garden” platforms have experienced massive signal loss, leaving them unable to track all conversions. This signal loss has further jeopardized their ability to accurately measure the advertising's impact, many of these platforms now report “modeled” conversions which use various opaque techniques to account for missing or partial data mixed in with traditional conversion tracking. The net result is that depending upon the media channel, audience targeting, and ad type, ad platforms may be over-reporting actual performance for some campaigns and under-reporting it for others. .

Savvy marketers are familiar with this reality - they see it in action by simply adding up all platform-reported conversions and comparing against their actual sales numbers. More often than not adding up all of the credit being taken by your various marketing platforms will result in more sales than actually occurred in a given period of time.

Ultimately, taking platform reporting at face value is a risky practice that can lead to biased investment decisions and lost potential revenue, as the ad platform is either claiming credit for too many, or too few, conversions. So what's a marketer to do?





Caption: Notice the difference between platform-reported ROAS and Incremental ROAS - Google's Brand Search tends to be much less incremental to consumer brands' businesses than Google's reporting would suggest.

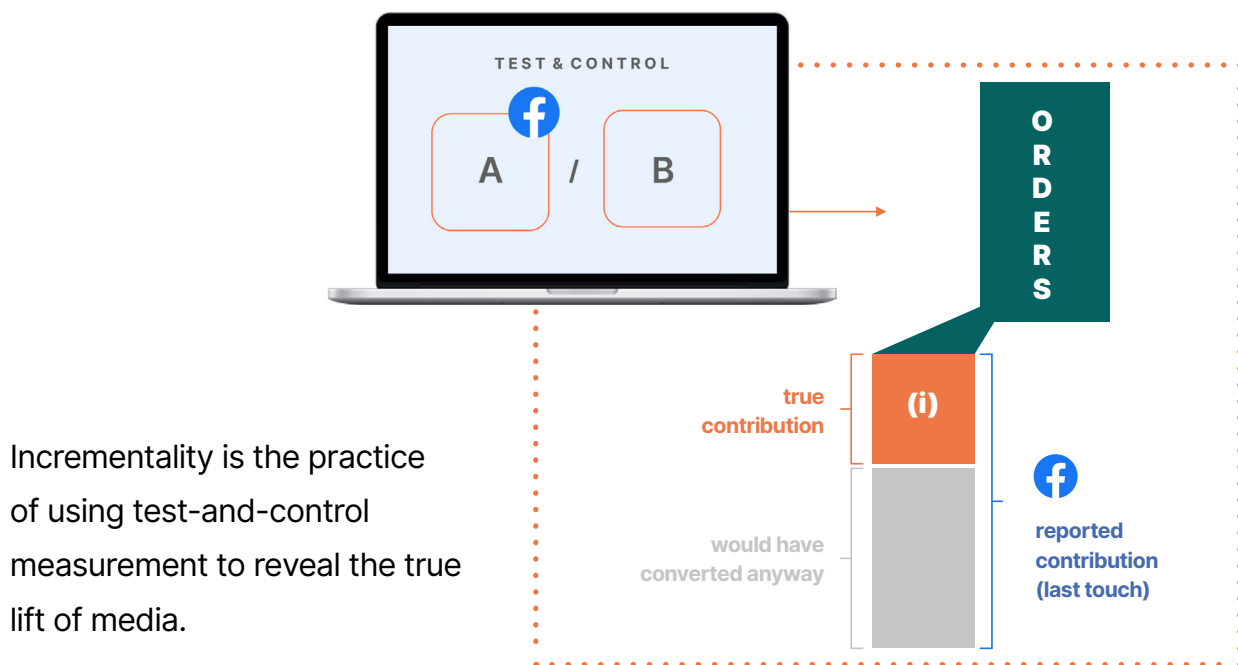
Leading marketers are looking to Incrementality-based attribution to reveal the actual number of total conversions that were truly caused by the media in question. By applying incrementality measurement across an entire marketing portfolio, marketers can more easily identify where to increase spend and where to cut spend to increase media efficiency and grow their business.

Key Takeaways: As access to third-party data and user-level tracking ends, the accuracy of platform reporting is eroding even further. Attribution that doesn't require user tracking, measures independently of ad platform bias, and measures the true cause-and-effect relationship of media and sales, is the only way for marketers to future-proof their advertising practice against the whims of a constantly changing industry. Test-and-control based incrementality simply delivers where other attribution methods fail.

Methods of Attribution:

So What is Incrementality?

Incrementality in marketing is the measurable lift to orders and sales driven by marketing activity. Incrementality can then be applied to other business metrics such as ROAS and CPO.



Caption: the diagram shows how facebook is withheld from the test group (B) - orders in shopify are compared from the two groups, and the incremental impact of facebook is revealed. By comparing this number to Facebook's reported conversion numbers, the brand can create an Incremental Adjustment Factor for facebook's other metrics.

How To Calculate Incrementality:

Suppose a brand wants to assess the effectiveness of its retargeting campaign. To measure incrementality, the brand would hold back a small but statistically significant group of its audience (usually 10%) from receiving retargeting ad impressions. Among this control group, 10% repurchase the products without seeing the ads. Meanwhile, the test group that received the ads repurchases at a rate of 14%. Using these figures, we can employ the incrementality formula to calculate incrementality.

The incremental lift formula is calculated as follows:

$$\frac{(\%CR \text{ Test} - \%CR \text{ Control})}{\%CR \text{ Control}}$$

In this example, the incremental lift is 40%, which indicates that users who viewed the retargeting ads converted at a rate that was 40% higher (14% vs. 10%) than the control group that did not see the ads.




The incrementality formula is expressed as follows:

$$\frac{(\%CR \text{ Test} - \%CR \text{ Control})}{\%CR \text{ Test}}$$

In our example, the incrementality is 28.6%, meaning that roughly 29 out of every 100 users who saw retargeting ads and converted would not have converted without seeing the ads. However, it's important to note that the remaining 71 users would have converted regardless of whether or not they saw the ads.

By using incrementality testing, brands can gain insights into the true incremental value of their advertising efforts and optimize their campaigns accordingly.

Measured delivers daily incrementality values to calibrate your measurement

	Incremental Adj. Factor		Platform ROAS		Incremental ROAS
	68%	x	\$4.35	=	\$2.95
	125%	x	\$2.52	=	\$3.15
	44%	x	\$2.34	=	\$1.02

Caption: A brand wants to understand their media’s true ROAS, independent of platform bias. They use incremental lift tests to model **incremental adjustment factors**, which are then multiplied by the **platform-reported ROAS** numbers, to generate the **Incremental ROAS** metrics, or, the actual return on ad spend for each channel, tactic, or campaign.

What About Multi-Touch Attribution (MTA)?

For centuries, scientists have been running test-and-control experiments as the proven method for testing theories and measuring outcomes. In fact, controlled experiments were once the gold standard for advertising measurement – until digital channels offered user data so granular we could build click-paths of consumers as they moved about the internet.

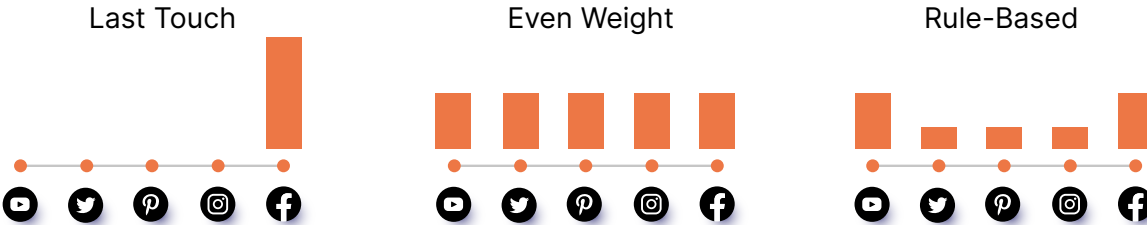


As an evolution of Last Touch or Last-Click attribution, where the last clicked ad is assigned 100% of the conversion credit, MTA works to assemble ad impressions and clicks across media channels and split credit between all of the touchpoints involved.

Given this new credit assigning strategy, MTA still suffered from the same pitfalls of Last Touch attribution. Ultimately, it is still based on measuring correlation rather than causation. Just because someone saw an ad, does not mean it caused their purchase. Secondly, MTA still requires adequate user-level tracking to follow them across the internet, which now, with user-level tracking depreciation, [has become impossible](#).

What is MTA?

MTA Method Examples



Caption: *The various forms of weighting for multi-touch attribution.*

What is MMM?

Marketing Mix Modeling, also called Media Mix Modeling, collects aggregated data from marketing and non-marketing sources over a multi-year historical period, also factoring in external influences such as seasonality, economic data, weather, and promotions. The data is then used to develop a demand model which quantifies the historical contribution of each marketing and non-marketing

input to a business outcome, like sales or conversions.

While there are advantages of implementing MMM, and in fact, some brands today are feeding MMM models with Incremental lift data, the overall complexity and lack of agility doesn't deliver the level of cross channel, continuous insight needed for day-to-day optimization. There are some MMM providers creating shorter, faster-cycling model systems, but ultimately they serve as a supplement to, always-on incrementality attribution practice.

Attribution Methodologies Compared?

	Incrementality	MMM	MTA
Measures Causality	✓	✗	✗
Based on In-Market Tests	✓	✗	✗
Always-On	✓	✗	✓
Pixel & Cookie-Free	✓	/	✗
Immune from Privacy Regulations	✓	✓	✗
Independent & Neutral	✓	✓	✗
Offline Marketing Measurement	✓	✓	✗

Caption: Comparison between Incrementality, MMM, and MTA.



Two Ways Brands Implement Incrementality:

There are two main ways brands implement Incrementality into their marketing practice. Running individual incremental lift tests to supplement an existing practice, and/or re-orchestrating their entire marketing practice around full-portfolio incrementality attribution. Measured helps brands to meet them where they're at with both forms of tests, whether you need an incremental lift test, comprehensive attribution, or both.

One: Running Individual Incremental Lift Tests

Benefits of Running Individual Lift Tests

Running individual experiments allows you to answer the important questions you are trying to validate and further inform internal attribution models through quantifying the real-world impact of various budget decisions. Think of individual experimentation as a sure proof way to validate and enhance your brand's existing attribution practice, whether that be MMM or otherwise, by testing specific media for specific impacts, and inputting the results into your attribution models.

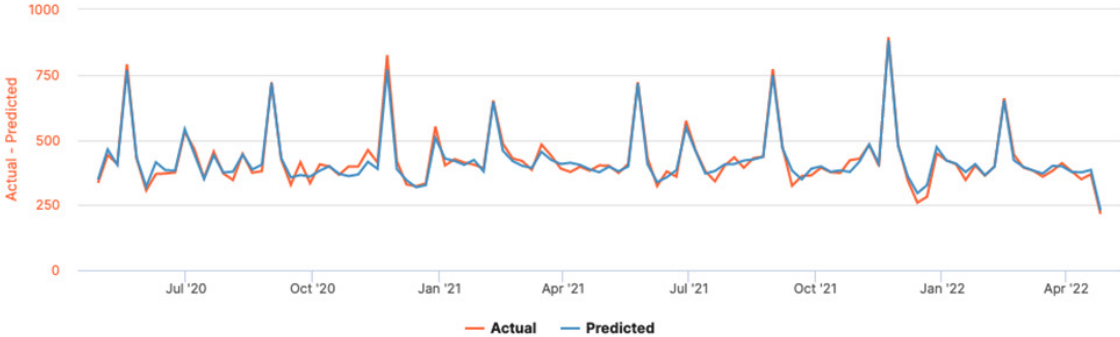
Testing Considerations

Incrementality measurement can vary in complexity from a simple holdout test for a specific channel, to multivariate experiments so elaborate they require the expertise of a trained data scientist. There are many factors at play when designing a test. From selecting the right test market, to choosing the right test length, to ensuring Minimum Detectable Lift (MDL) is met once completed. When carefully designed and cleanly executed, controlled experiments can utilize data from a variety of sources to reveal the incremental impact of just about anything marketers want to test – on any outcome that can be measured. A quality testing partner should have all of these factors, and more, fully baked into their automated testing tools.

The most important factor for brands considering running incremental lift tests is cost, but not just the cost of the testing practice. As media is withheld from a test-group, the brand is forgoing potential media-driven sales from this market during the window of time the test is run. Most brands find that the insights from running a test tend to significantly outweigh the potentially lost sales, and it's just one more reason why a great testing partner is paramount. Choosing a testing tool with data-science driven market selection means you will be able to minimize the test-market size as much as possible, while ensuring a statistically-significant read.

How accurate is the model prediction?

Actual vs Predicted Conversions



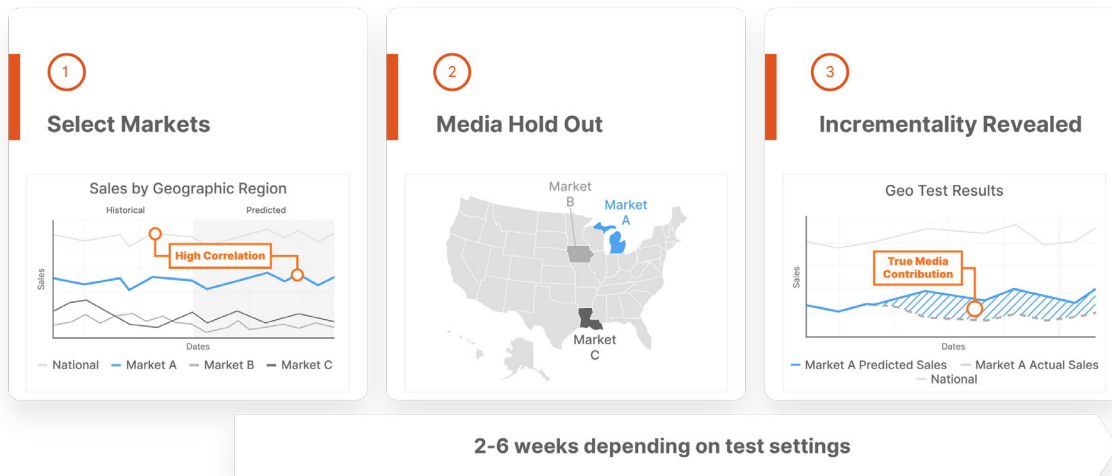
Caption: *Measured's market selection process is always validated by a counterfactual prediction showing the accuracy of our predictions. Our average margin of error is within +/- 2%.*

Two types of tests:

In order to run an incremental lift test, you have to be able to create statistically sound test and control groups. Marketers can typically do this in three ways: geo matched market tests, known audience tests, and via tools made available by media platforms themselves.



Splitting Groups by Geography?



Caption: Through implementing a hold out test in the given test region, the incrementality model will determine the region's true media contribution with precise accuracy.

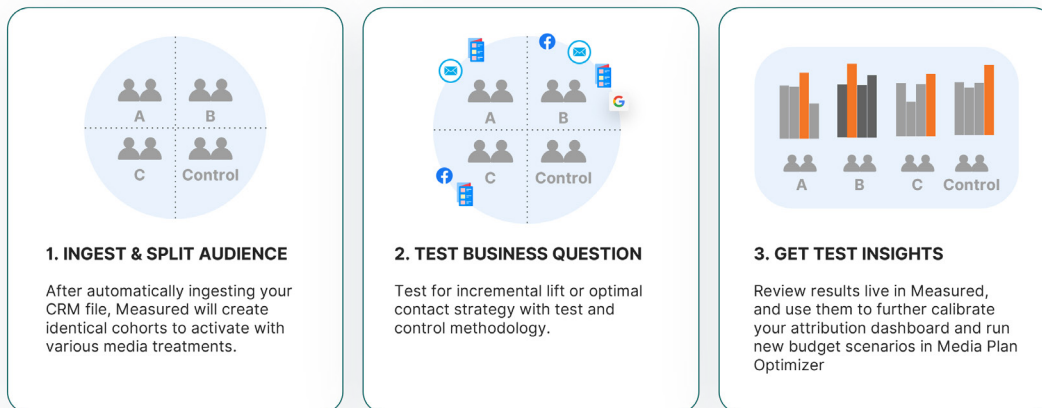
These tests are great for any media channel that can be purchased using geo-targeting, like Facebook, Youtube, Search, or Display.

The biggest benefit of geo experiments is that they don't require any user-level data to be effective. Geo lift testing follows similar principles of split audience experimentation – creating test-and-control groups – except test cells are defined by geographic regions, selected to have similar characteristics. Recent advancements in data science have enabled superior testing partners to design and deploy tests in markets defined by DMA, city and even down to zip code – much more granular than geo testing of the past. This minimizes lost sales during the testing period due to the media hold out while maintaining statistically significant results.

By anchoring the test results on actual sales data from the brand, (such as transaction data from an ecommerce platform like Shopify), geo testing

remains neutral and independent; divorced from ad platform tracking and correlation bias. [Geo experiments](#) can reliably measure media's contribution against any metric that can be collected at the geo level.

How Does a Known Audience Test Work?



Caption: *Known Audience split testing adopts a test-and-control methodology to split your audience into segments and test against the control group to provide valuable insights.*

List-based tests involve segmenting the target audience into test and control groups at the customer segment level, delivering different media treatments to each cohort, and observing the sales difference between the test and control groups.

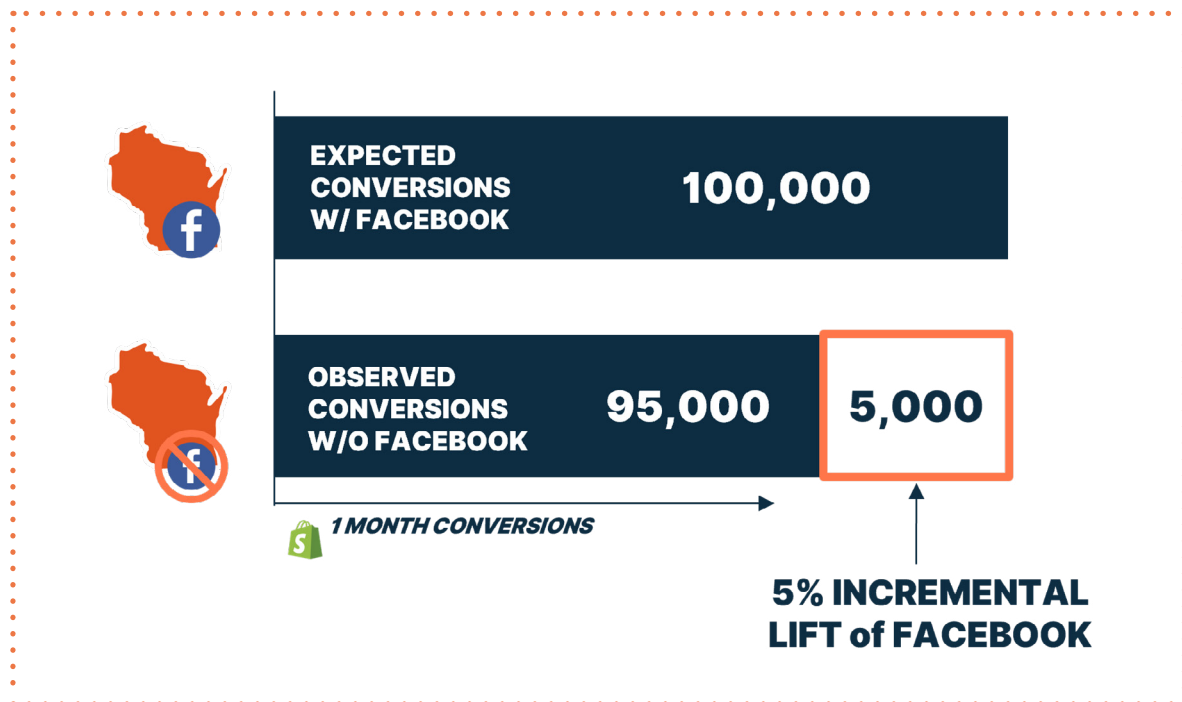
Testing incremental lift based on known customer lists is a tried and true methodology for measuring the incremental impact of retention marketing, it has been used to measure the incremental lift delivered by catalog and direct mail programs for nearly a century. Today it can also be used on digital retention tactics such as Email, SMS, Facebook and YouTube in addition to more complex tests that determine optimal contact strategy for your existing customer to maximize lifetime value.



Splitting Groups using Platform Lift tools:

Many ad platforms offer incremental lift testing via automated tools or as a managed service for advertisers. In fact many marketers may have received their first exposure to incrementality via tools such as Meta's Conversions Lift product. Unfortunately the tracking limitations that accompanied iOS14.5 also significantly hampered many of these platform based lift tools, rendering them ineffective due to signal loss.

Some in platform lift tests have recovered, but require a very technical setup by advertisers to ensure accuracy either through conversions APIs or clean rooms. Even with these systems implemented the accuracy of in platform tests must be independently verified, preferably via either a geo matched market test or known audience test, on a regular basis in order to be trusted.



Caption: Through running independent incremental lift testing, the true incremental lift of the platform was verified.

Two: End-to-End Attribution with Full-Portfolio Incrementality Models

A Paradigm Shift

Reorganizing your marketing practice around incrementality requires change management and alignment - getting key stakeholders to agree on incremental metrics as the common, trusted currency upon which the marketing business is run requires commitment, as many marketers have spent the past two decades optimizing on some combination of Multi-touch-attribution, site-side analytics and in-platform reporting.

Benefits of End-to-End Incremental Attribution

Measuring all marketing channels in one place allows you to measure against a common currency. Incremental attribution creates channel agnosticism and allows for more strategic funnel optimization. Without this, brands are stuck in channel-by-channel measurement, leading to increased opportunities for error and inefficiency in cross channel measurement.

The most significant benefit to choosing a comprehensive incrementality-based optimization practice is convenience and simplicity. A quality partner will provide all the tools your team needs to perform the entire media optimization workflow. This cycle would typically include the ability to:

- **Measure** all media channels in one platform using a common currency (Incrementality)
- **Analyze** the true causal impact of media on business outcomes
- **Optimize** media budgets across all channels and budgets to increase incremental sales or efficiency
- **Grow** the business by benchmarking your brand's media performance against similar brands, and using this information to identify new channels and opportunities to invest in



By using a full portfolio, end-to-end incrementality measurement solution, you will understand the impact of your media and allocate budgets more efficiently. Through using an incrementality model built on frequent and regular test-and-control experimentation, you will better understand cross channel reporting, incremental based attribution, brand comparison insights through benchmarking, media allocation and planning optimization.

But What About Testing?

Like running individual incremental lift tests, a comprehensive Incrementality-based attribution solution should still be rooted in test-and-control measurement. Measured has made this possible by building the world's largest database of incrementality test results, over 25,000 and counting. By modeling these test results by channel, tactic, and cohort, and then calibrating the model to individual brand characteristics – Industry, AOV, Consideration Cycle, Seasonality, Competitive Conquesting, and more – Measured empowers brands with the enterprise-grade measurement testing provides, without the necessary time and business cost required of withholding media in incremental lift tests.



Note: While many brands who measure and optimize with Measured's Incrementality Model still choose to run additional tests to validate and fine-tune the results, many never run a single test, and see significant improvements.

Not All Incrementality is Equal

There are many platforms and vendors claiming to measure incrementality, but not all are created equal.

What to Look for in an Incrementality Testing Partner

- They should be an [independent partner](#)
- They should automate and manages the complexities of experiment design and execution, so marketers can focus on getting value out of the results
- They should offer both geo matched market and known audience (1st or 3rd party list-based) split testing capabilities
- Regarding Geo Testing capabilities, they should perform market selection using regression analysis for geo matched market experiments
- Always present a counterfactual “A-A” prediction with every geo matched market test result, showing how accurate their model predicted expected sales in control group markets

For known audience tests they should carefully cohort customers into segments that control for brand affinity and purchase history and report test results at the segment level

What to Look for in an Full-Portfolio Incrementality-Based Attribution Partner

- Cross Channel Reporting with incrementality at all levels of granularity
- Budget Scenario Planner to tell you where to spend for maximum incremental return
- Benchmarking tool to get contextual insight on how your brands media investments are performing compared to similar brands
- Last but not least, it needs to provide a custom model that reflects your brand’s nuances, yet is anchored on a real in-market incrementality tests.



Conclusion:

Using test-and-control based incrementality measurement to reveal the true contribution of media to your business is the best way to make informed marketing decisions that fuel growth and drive efficiency. Whether you need individual tests to answer difficult business questions, or are looking to implement an end-to-end attribution and optimization solution, only Measured delivers ongoing, reliable insights based on thousands of scientifically sound experiments. Everything is automated – ingestion and management of data from [hundreds of sources](#), experiment design and implementation, and continuous reporting for confident, agile decision-making.

If you're ready to take your marketing practice to the next level, see how Measured can help you today.

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