Efficient marketing
from insight to action

pwc

Google

Introduction

In today's competitive business world, pressure is growing on marketing budgets. As companies work to maximise their ROI, chief marketing officers (CMOs) not only have to optimise media and marketing spend, but also need to demonstrate the value and impact of their investments to the C-suite and beyond. In response to these challenges, we at PwC can offer a proven approach to driving up marketing efficiency. This approach encompasses a comprehensive marketing efficiency framework that includes marketing mix modelling (MMM), return on marketing investment (ROMI), return on experience (ROX), customer scoring and multi-touch attribution (MTA) together with a customer data platform (CDP) and the suitable target operating model (TOM).

These methods provide the tools and methodologies that companies need to optimise their marketing efforts, demonstrate the value of their investments and gain a competitive edge. This paper aims to delve deeper into these methods and explore their implications for marketing departments.

Furthermore, we are demonstrating how AI-powered tools and technology from Google can help CMOs and CFOs transform marketing from a cost center into a profit center.

CMOs and CFOs are currently under pressure. To effectively reduce costs while increasing RO(M)I, it is important to focus on the cake (marketing spend) and not the cookies (internal costs). By optimising marketing spend, cost savings of up to 20% can be achieved.

Mathias Elsässer

Lead Marketing Advisory,
PwC Germany

Why we partner with Google

Innovation leader:

Google has a strong track record of developing cutting-edge technologies, such as its search engine algorithm, artificial intelligence and cloud computing platform. This commitment to innovation allows Google to offer a wide range of products and services to our clients. Testament to Google's massive AI capabilities is the recent announcement of the multimodal AI model "Gemini".

Data and reach:

Google's products and services reach a massive global audience, giving businesses a powerful platform to connect with potential customers. This broad user base enables a deeper understanding of user needs and preferences, which allows our clients to personalise products and services, making them more relevant and useful to individual users.

Focus on user experience:

Google prioritises creating a user-friendly experience across all its products and services. This includes simple and intuitive interfaces, fast loading times, and features that anticipate users' needs.

Marketing budgets are under pressure

Economic uncertainties, increased competition and changing consumer habits are just a few of the factors that are creating a squeeze in marketing department budgets across industries. This pressure necessitates a shift towards more efficient and effective marketing strategies to maximise the impact of increasingly limited resources. CMOs need to increase the ROI of their marketing activities and adopt an integrated operating model that delivers consistent brand and performance marketing – ideally on a global level – to create a cohesive and impactful marketing strategy.

This requires marketing departments to leverage cloud-based marketing technology, which provides a central hub for managing and conducting marketing campaigns and ultimately enables companies to streamline processes, improve collaboration and gain a holistic view of their marketing efforts.

PwC's proven approach to marketing efficiency

PwC has developed a comprehensive framework for making marketing more efficient, consisting of five key components: marketing mix modelling (MMM), return on marketing investment (ROMI), return on experience (ROX), customer scoring and multi-touch attribution (MTA). Taken together, these elements provide a holistic view of the effectiveness and efficiency of your company's marketing, enabling you to make data-driven decisions, deliver better results and gain a competitive edge by maximising the impact of your marketing spend.

4 Components of the Marketing Efficiency Framework

Marketing mix modelling → identifies the marketing activities with the highest impact on sales

evaluates data sources and flow and analyzes the impact of the customer journey ← **Marketing efficiency & return on experience**

Mulit-touch attribution → determines the contribution to conversion for each channel in the customer journey

calculates propensity score, customer lifetime value, churn rate and behavioral segmentation ← **Customer scoring**

Marketing mix modelling

We recommend starting your campaigning and marketing process with marketing mix modelling (MMM), a powerful tool that can play a crucial role in optimising marketing budgets and allocation of resources. By analysing the historical performance of different marketing activities, MMM identifies the key drivers of success and provides insights into the optimal allocation of resources across channels, products and other dimensions. Examining the relative contribution of each marketing channel to your overall performance allows you to make data-driven decisions and optimise your marketing mix, while an understanding of the effectiveness of different channels in driving customer engagement, conversions and revenue can help you to allocate resources more effectively. MMM also helps you to assess the ROI of your marketing investment by comparing the actual performance of your campaigns against the expected outcomes. This enables you to identify areas for improvement, refine your strategies and allocate resources more efficiently in future campaigns.*

Google MMM Program

How Google supports advertisers with marketing mix modelling projects
Google **supports advertisers** with MMM through a global programme covering multiple support options:

- Standardised MMM data feeds across all Google paid ads to ensure accurate and granular model inputs
- Providing additional expertise around best practices in modelling and support with implementation

"MMM is an important lever for cross-media measurement, as regulatory changes and browser updates are making user-level attribution more and more challenging. Partnering with Google on MMM allows advertisers **to measure the performance of their Google media purchases more accurately** and provides a strong foundation for improving ROI through the Google marketing ecosystem."

Ludwig Brütting

Google Media Effectiveness Measurement Lead, Central Europe

*dive deeper into MMM with our latest publication

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Return on marketing investment

Once MMM and campaigns have been launched, return on marketing investment (ROMI) is a critical metric for measuring the effectiveness of marketing campaigns and initiatives. It places the campaign at the centre of calculating the return and provides valuable insights into the ROI of marketing activities. ROMI helps quantify the financial impact of marketing investments, allowing you to evaluate the effectiveness of your investments by comparing the actual return generated from a campaign against the expected outcomes.

In short, ROMI provides a clear understanding of the impact of marketing efforts on revenue generation, profitability and efficiency.

Return on experience

Return on experience (ROX) also represents a significant shift in marketing strategy, moving away from solely focusing on campaign performance and towards calculating the return generated from a specific audience or community. This shift underscores the importance of delivering personalised experiences to customers and measuring the impact of this on brand loyalty, advocacy and overall customer satisfaction. Calculating ROX involves evaluating the impact of marketing efforts on various aspects of the customer journey, recognising that customer experience is a critical factor in brand perception, customer habits and customer loyalty. ROX therefo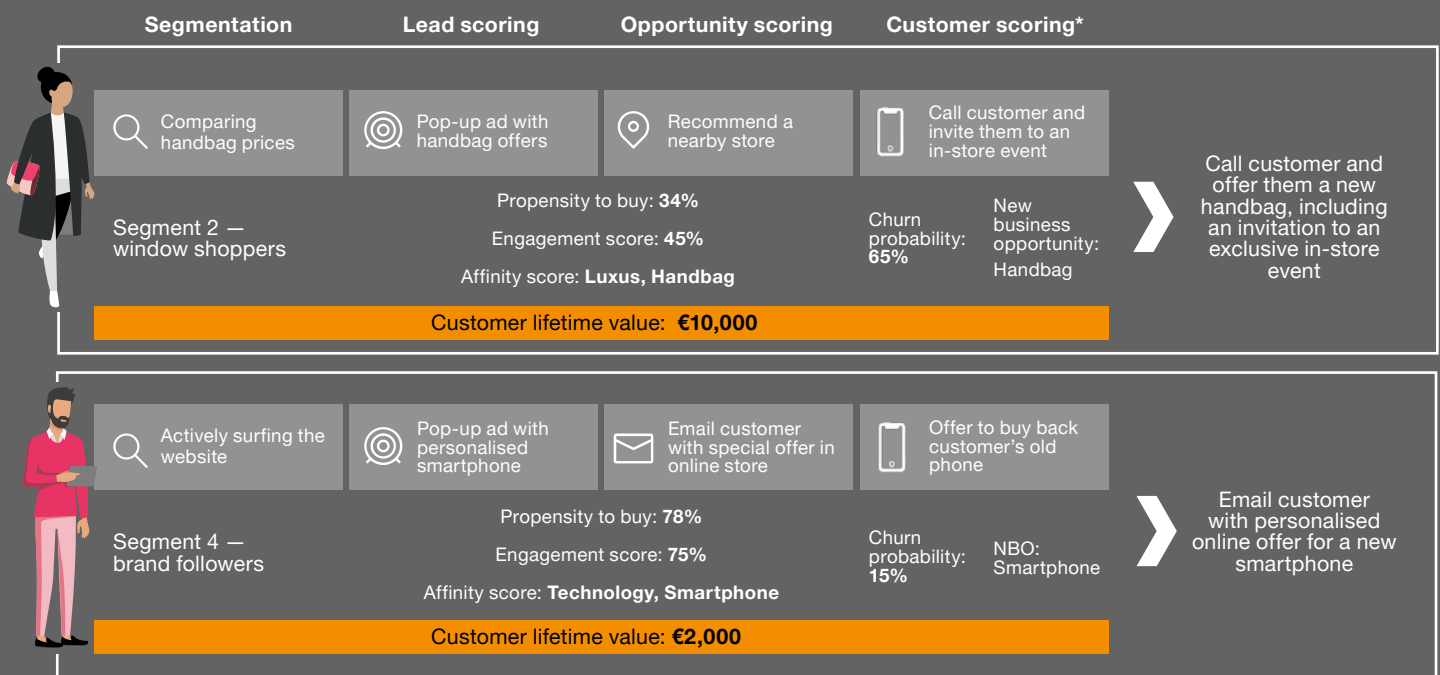re goes beyond short-term campaign performance metrics and focuses on the long-term impact of customer experiences. Focusing on the customer experience enables a deeper understanding of the target audience's needs, preferences and pain points. In turn, delivering personalised experiences tailored to the needs and preferences of individual customers helps companies to create a deeper emotional connection, foster a sense of loyalty and advocacy, and thus differentiate themselves in a competitive market. ROX also enables you to measure the impact of your marketing efforts on customer habits and retention, thus helping to identify opportunities to maximise customer lifetime value (CLV) and drive sustainable growth.

Customer scoring

Besides MMM, ROMI and ROX, we also recommend using customer scoring to target customers as efficiently as possible. Customer scoring is a data-driven method of analysis that allows you to examine customer data and use it to make predictions. Using machine learning or AI, companies can analyse customer data to identify patterns and trends that offer better insights into customer habits, thus enabling a better understanding of how customers interact with your products or services. Customer scoring encompasses four elements: behavioural segmentation, customer lifetime value, propensity score and churn management. Behavioural segmentation involves grouping customers into segments based on their behaviour or interactions. Customer lifetime value represents the value of customers over the entire duration of their relationship with a company. The propensity score indicates the likelihood of a customer making a purchase within a certain period of time. Churn management aims to identify at-risk customers, determine reasons for churn and take proactive customer retention measures.

Two possible customer scoring use cases and results

Segmentation	Lead scoring	Opportunity scoring	Customer scoring*	
Comparing handbag prices	Pop-up ad with handbag offers	Recommend a nearby store	Call customer and invite them to an in-store event	
Segment 2 — window shoppers	Propensity to buy: **34%** / Engagement score: **45%** / Affinity score: **Luxus, Handbag**		Churn probability: 65% / New business opportunity: Handbag	Call customer and offer them a new handbag, including an invitation to an exclusive in-store event
	Customer lifetime value: **€10,000**			

Actively surfing the website	Pop-up ad with personalised smartphone	Email customer with special offer in online store	Offer to buy back customer's old phone	
Segment 4 — brand followers	Propensity to buy: **78%** / Engagement score: **75%** / Affinity score: **Technology, Smartphone**		Churn probability: 15% / NBO: Smartphone	Email customer with personalised online offer for a new smartphone
	Customer lifetime value: **€2,000**			

*Find out more about scoring frameworks by downloading our paper

click here

Customer scoring enables targeted management of marketing activities to efficiently and effectively aim for particular customer segments and delivers a variety of benefits. It also helps to optimise the customer experience and increase long-term customer satisfaction and loyalty. The insights gained can help you to address your most profitable customers separately and leverage the potential that this offers, predicting customers where a conversion is most likely while also proactively taking measures against churn for customers with high churn scores.

Multi-touch attribution

To efficiently allocate marketing budgets across different channels within the customer journey, it's a good idea to use attribution models. Multi-touch attribution (MTA) models utilise statistical analysis and machine learning to measure the incremental effect of each touchpoint on conversions. These models analyse both converting and non-converting customer paths to gain a holistic understanding of customer behaviour and decision-making. The use of machine learning also enables continuous optimisation of MTA and its predictive functions, resulting in more precise results generated in real time: with improved budget allocation, this can be achieved by targeting the channels which make the largest contributions to conversions. Targeted action like this ultimately increases ROI and optimises the customer journey, with the goal of exploiting opportunities and increasing conversions.

Traditionally, MTA has been a bottom-up model that assigns credits to each touchpoint based on its contribution to the final outcome. However, in a cookie-free world where tracking and measurement have become more complex, companies need to change their approach to MTA. This can be done by leveraging advanced data analytics and first-party data platforms, allowing you to redefine MTA and gain a more accurate understanding of the customer journey, and ultimately to optimise your marketing strategies and allocate resources based on the most effective touchpoints.

Google Analytics 4 reports unified user journeys across web and app

With its flexibility to measure different kinds of data, Google Analytics 4 (GA4) **allows you to see unified user journeys** across your website and apps. GA4 leverages Google AI **to predict and reveal new insights**, while being built to **keep up with a changing, privacy-centric ecosystem**.

Google Analytics 4 allows advertisers to:
• see a more unified, holistic user journey by connecting multiple data sources (apps and websites, data imports, measurement protocols), including data-driven attribution;
• better understand their business's performance, thanks to improved reporting capabilities and cross-device measurement; and
• activate insights and first-party data audiences across channels by leveraging direct integration to Google platforms for improved business outcomes.

Case study: a leading German fashion retailer introduced AI audience prediction, based on first-party data in GA4, and generated an increase in digital sales of more than 54% while reducing cost per order by around 35% (Source: Google internal data).

"Our ambition is to provide accurate answers to marketing professionals' questions through enhanced measurement solutions. However, in a privacy-centric world, we have to answer these questions in new, innovative ways. With Google Analytics 4, we are now **innovating** for a future that is **consenting, first-party and modelled.**"

Reemda Tieben

Google Head of Data and Measurement Solutions, Central Europe

The role of CDPs and TOMs

To effectively implement ROX, customer scoring and MTA, marketing departments need to leverage powerful customer data platforms (CDPs) and marketing cloud systems. But this isn't everything: it's equally important to have the right target operating model (TOM) in place.

A target operating model is the framework and structure that guides how an organisation operates and delivers its marketing strategies. It encompasses the processes, technology and people required to achieve marketing objectives efficiently and effectively. Having the right TOM ensures that you can fully leverage the capabilities of first-party data platforms and other marketing tools.

First-party data platforms act as centralised hubs that consolidate and integrate customer data from various sources, both online and offline. These platforms enable companies to create a unified view of each customer, laying the foundations for using ROX, ROMI, customer scoring and MTA. Without a well-defined TOM, it may be difficult or impossible to realise the full potential of these platforms.

A comprehensive understanding of individual customers, facilitated by unified customer profiles, serves as the single source of truth for efficient marketing. The TOM, meanwhile, outlines the processes and workflows necessary to leverage this data effectively, ensuring that insights are translated into actionable strategies and campaigns.

In addition to improving targeting and personalisation, first-party data platforms also enhance overall customer experience. Leveraging customer data allows you to deliver relevant and timely messages across different touchpoints, ensuring a consistent and seamless experience. This level of personalisation and relevance helps build stronger customer relationships, foster loyalty and drive up customer satisfaction.

Using first-party data platforms also enables compliance with data privacy regulations, as this model involves collecting and using your own customers' data, over which you have direct control. This not only helps build trust with customers, but also demonstrates a commitment to protecting their privacy.

A CDP based on Google Cloud Platform enables a holistic customer understanding*

Whether you're looking for a custom-built stack, a composable solution or a plug-and-play option, a **CDP based on Google Cloud Platform** enables a holistic understanding of your customers, including modelling, segmentation and activation capabilities for audiences on consumer-facing channels such as Google Marketing Platform, email or website UX.

Google Cloud offers a powerful technology and a valuable partner ecosystem to support you on this journey, helping you to meet the personalisation needs of your customers. **Over 100 ready-built integrations** enable Google Cloud to meet your needs, integrate with your current tech landscape and get audience information where you need it most. Google's powerful AI solutions provide valuable insights such as **customer lifetime value**, **next-best offer** or **propensity to purchase** to expand your understanding of your consumers.

"Across industries, marketing professionals with a sound customer data strategy using a Google Cloud-based CDP can get 10–15% greater marketing ROI and reduce costs by up to 20% compared to other data platforms."

Riz Syed

Google Program Lead Advancing Data Powered by AI, EMEA

*More in depth CDP expertise

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Insight to action

The added value of our marketing efficiency framework lies in how its components are combined and integrated. Linking CDP and customer scoring can provide a significantly more granular understanding of both the customer profile and the customer journey, while assigning scores to touchpoints as well as to customers creates a "magic moment" which takes MTA to the next level. The interaction of all five components of our marketing efficiency framework enables your company to translate insights into action across three domains: **efficiency, effectiveness and effective IT.**

More effective marketing activation

Leveraging the insights gained from MMM, ROMI, ROX, customer scoring and MTA allows you to enhance your marketing activation strategies, helping you identify the most effective marketing channels, campaign messaging and targeting for better top-line performance and increased revenue.

This leads to improved customer acquisition and retention and drives overall growth of your business. Aligning marketing activation with customer insights enables companies to deliver more impactful campaigns and achieve better results.

Effective IT and first-party data platforms

To successfully implement ROX, customer scoring and MTA, companies need to develop and run an effective first-party data platform. These platforms enable customer data to be collected, analysed and leveraged to drive personalised marketing strategies. Effective use of first-party data can turn brand lovers into product lovers by delivering personalised experiences, improving customer satisfaction and fostering long-term loyalty. Ultimately, investing in IT infrastructure and leveraging advanced data analytics capabilities can enable your company to unlock the full potential of your marketing efforts and achieve sustainable growth.

Efficient and vertically integrated TOM

But the components of the marketing efficiency framework aren't the only things that matter. If you want to take them to the next level, a highly efficient and vertically integrated TOM is crucial. By streamlining processes and workflows, improving collaboration and customising solutions, the TOM has a direct impact on your bottom line, improving efficiency, productivity and allocation of resources while also optimising cost savings. A vertical TOM also enables a more in-depth understanding of customer needs and market dynamics, which is extremely helpful for gaining useful insights through customer scoring and MTA. By aligning marketing strategies with business objectives, the framework creates a new way of working for head offices, regional divisions and global agencies, leading to shorter time to market, maximising the value of the CMO's marketing spend and creating a competitive edge.

Conclusion

In an era of budget constraints, CMOs are having to confront the challenge of proving the value and impact of their marketing investment. PwC's marketing efficiency framework, encompassing MMM, ROMI, ROX, customer scoring and MTA, provides the tools and methodologies that you need to optimise your marketing efforts. This framework both enhances top-line performance and drives bottom-line results.

Leveraging powerful first-party data platforms and translating insights into actionable strategies can enable your company to increase efficiency, improve top-line performance and deliver exceptional customer experiences. This is crucial for sustainable business growth in today's rapidly evolving marketplace.

On top of this, aligning marketing strategies with business objectives not only improves bottom-line performance but also drives efficiency and reduces time to market. This maximises the return on your marketing investment and creates a sustainable competitive edge.

Looking ahead, the marketing efficiency framework provides a future-proof approach to marketing. As technology continues to advance and customer expectations evolve, the ability to leverage data-driven insights and implement targeted marketing strategies will be paramount. Embracing this framework will help your company to stay ahead of the curve, adapt to changing market dynamics and drive long-term success.

In conclusion, the marketing efficiency framework empowers CMOs to optimise marketing investment, drive growth and create a lasting impact. Harnessing the power of data and aligning marketing strategies with business objectives is the key which will enable companies to thrive in the ever-changing landscape of marketing and secure a prosperous future.

Authors:

Mathias Elsässer
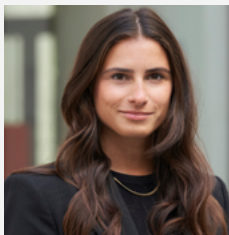Cosma Nouschirvan
Anne-Kathrin Korella
Matthias Fricke

Any questions?

Get in contact with us now to achieve the best results for your customers – we would be happy to advise you.

Mathias Elsässer

Partner, Customer Transformation
PwC Deutschland
mathias.elsässer@pwc.com

Cosma Nouschirvan

Manager, Customer Transformation
PwC Deutschland
cosma.nouschirvan@pwc.com

Matthias Fricke

Partner Manager Consultancies & System
Integrators, Central Europe
Google Germany GmbH
mfricke@google.com