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Despite Experts Advising the Contrary, Advertisers of All Sizes Cite Sales as Most Common KPI for Evaluating Ad ROI

New ARF report sheds light on how advertisers view their respective research/insights departments and how that differs by company size

Larger companies tend to have a decentralized research/insights structure--with their advertisers more likely to be dissatisfied than their smaller counterparts

New York, NY (March 31, 2020) – The ARF (Advertising Research Foundation) today released its first annual Organizational Benchmark Study of the industry. The report provides an organizational overview from the advertiser perspective on a variety of issues including department structures, spending, preferred tools, KPIs, and satisfaction across larger companies (10,000+ employees) and smaller companies (less than 10,000 employees).

While almost all advertisers (92%) go to a department called consumer research/insights, larger advertisers are more likely to have a decentralized research structure (53% vs. 30% of smaller advertisers) and turn to additional departments for market research and insights, such as the marketing or strategy/planning departments.

Ninety-one percent of advertisers are at least somewhat satisfied with research and analytics departments. Those with decentralized departments are much more likely to be dissatisfied with their data science operations, with 30% somewhat or very dissatisfied. Overall, 38% of advertisers are spending about the same on insights and data science than they did the year before, though 28% are spending somewhat less than last year.

“There are some shared goals for both larger and smaller companies, however. Sales for example, is the most important KPI according to respondents (54% of larger companies and 55% of smaller companies),” said Paul Donato, chief research officer, the ARF. “This is in contrary to what Les Binet and Peter Field have argued, that long-term brand advertising should be 60% of the advertising goal, and 40% should be target sales activation.”

Following sales, brand equity (43% for larger, 39% for smaller) and brand lift (43% for larger, 30% for smaller) are also leading KPIs for advertisers.

Additional insights from the ARF report include:

- Advanced analytics/statistics is the top technical skill sought after for advertisers at both large and small companies (81% and 56% respectively), followed by basic analytics skills like Excel (62% for larger, 53% for smaller) and brand storytelling (50% for both large and small)
- When thinking about the future, advertisers from larger companies prefer skills including artificial intelligence/machine learning (69%) and advanced analytics/statistics (69%), while smaller advertisers prefer data visualization (68%), storytelling (55%) and behavioral economics (55%)
- Top techniques to analyze data include data integration (60% for larger vs 71% for smaller), marketing mix modeling (60% for larger vs 65% for smaller), and media analytics (60% for larger vs 42% for smaller)

The report is the first of a five-part series, with subsequent benchmark reports focusing on agencies, research, media companies and consultancies, to be released throughout 2020.

In addition to this research, the ARF will offer its members an ongoing service to conduct a custom, detailed review of their respective companies, to provide a comparison with the overall benchmark report results.

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About the ARF

Founded more than 80 years ago, the ARF is dedicated to creating, curating, and sharing objective, industry-level advertising research to enable members to make a true impact on their advertising and build marketing leadership within their organizations. It has more than 400 members from leading brand advertisers, agencies, research firms and media-tech companies. For more information, visit www.thearf.org.