

For: Marketing
Leadership
Professionals

The Forrester Wave™: Marketing Mix Modeling, Q2 2013

by Tina Moffett and Luca S. Paderni, May 21, 2013

KEY TAKEAWAYS

The Marketing Mix Modeling Market Is Growing As Marketing Pros Embrace Its Potential

The marketing mix modeling market is growing as marketers increasingly appreciate different methodologies and the unique insights that support them in making key budget allocation decisions. Leading vendors have the capability to act as strategic partners, advising clients on communication, marketing, and business strategy decisions.

Vendors Focus On Methodology and Viable Long-Term Strategy As Top Priorities

As the category matures, innovative methodologies and the ability to further develop the right complementary services and tools will determine who leads the pack. All vendors are focused on delivering optimization recommendations, relevant market insights, and optimal investment allocations to drive positive business outcomes for their clients.

Additional Investments In Technology And Data Capture Are Consistent Among Vendors

All vendors have continued investments in core areas of their mix offerings: data connectivity and technology. Their primary focus is to ensure that technology is up-to-date to help with data processing and model management. Additionally, we see development in new data areas, including social and mobile.

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The Nine Providers That Matter Most And How They Stack Up

by [Tina Moffett](#) and [Luca S. Paderni](#)
with Samantha Merlivat

WHY READ THIS REPORT

Since Forrester published its first Wave™ evaluation on marketing mix modeling in 2011, the market has undergone significant growth and evolution as marketers demand more in-depth, real-time, dynamic insights on how best to allocate their marketing investments. In Forrester's 63-criteria evaluation of marketing mix modeling vendors, we rate six top vendors from our previous Wave: IRI, MarketShare, Marketing Management Analytics (MMA), Nielsen, Ninah, and ThinkVine, plus three additional vendors: Analytic Partners, Hudson River Group (HRG), and Marketing Evolution. This report analyzes the strengths and weaknesses of each vendor and evaluates where they stand in the context of their current offerings and strategies.

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Forrester conducted product and services evaluations in February 2013 and interviewed nine vendor and user companies: Analytic Partners, Hudson River Group, IRI, Marketing Evolution, Marketing Management Analytics, MarketShare, Nielsen, Ninah, and ThinkVine.

Related Research Documents

[Mix Art And Science For Marketing Success](#)
January 14, 2013

[Predictive Analytics Revolutionize Marketing Mix Planning](#)
December 21, 2012

[The Forrester Wave™: Marketing Mix Modeling, Q3 2011](#)
September 21, 2011

MARKETING MIX MODELING EXPANDS INTO CONSUMER AND BUSINESS INSIGHTS

Marketers originally embraced marketing mix modeling to maximize the performance of marketing channels and increase key performance metrics such as revenue or profitability. With the availability of cheaper computational power and the ability to run more-complex statistical models, marketing mix modeling is expanding its remit and delivering insights on consumer behavior and marketing performance across all channels, sometimes down to a campaign level. As marketing mix modeling initiatives evolve and develop the potential to deliver on consumer behavior and cross-channel influence, they increasingly become a top priority for senior marketers because:

- **Businesses look for insights to connect with customers across the whole life cycle.** Gone are the days of optimizing marketing programs at simply channel or campaign levels. Today, marketers need to optimize their resources across the customer life cycle, and they are looking for tools that can analyze the impact of customer interactions across touchpoints and channels. Marketers can now understand what is driving outcomes across customer segments at different points in the customer journey and can optimize spend based on customers' needs and behaviors.
- **Defending marketing budgets is still a top priority.** Now, more than ever, CMOs are holding their teams accountable for every investment. Senior marketers are paired with finance teams to determine what marketing tactics and programs are delivering the goods while building the long-term health of the brand. As the number of channels and advertising formats rapidly increases, a sophisticated marketing mix analysis is crucial to inform the right investment decisions, guaranteeing the best return on investment (ROI) for every dollar spent.
- **Data continues to emerge from an exploding number of digitally enabled touchpoints.** The age of the perpetually connected customer is here, and marketers must analyze data created across an increasing number of customer touchpoints. Marketing mix models can harness these vast amounts of data across digital and traditional channels and deliver advertising, marketing, business, and consumer insights. Mature marketers who realize the limitations of digital-only attribution efforts are seeing the larger potential of a full-blown mix modeling effort that encompasses all channels, touchpoints, and interactions.

EVALUATED VENDORS HAVE A CORE FOCUS ON MARKETING MIX MODELING

Forrester included nine vendors in the Wave evaluation: Analytic Partners, Hudson River Group, IRI, MarketShare, Marketing Evolution, Marketing Management Analytics, Nielsen, Ninah, and ThinkVine. Each of these vendors (see Figure 1):

- **Has at least 10 active clients.** To qualify for the Forrester Wave, vendors must have, at minimum, an established base of at least 10 active clients.
- **Is growing aggressively.** Marketing mix modeling continues to be an offering in high demand, with growing interest across industries such as retail and financial services. To narrow the focus of

our analysis, we focused on vendors that are growing their business and are innovators within the field. Vendors selected for this Forrester Wave all had greater than 15% annual growth in 2012.

- **Supports large marketing organizations.** We looked for marketing mix modeling vendors dedicated to serving the same type of customers that Forrester serves: companies with more than \$1 billion in annual revenues. For this evaluation, we did not consider vendors with an enterprise client base of less than 70%.
- **Has a core focus on marketing mix modeling.** To further narrow the scope of our evaluation to key players in the market, we included only vendors that focus on marketing mix modeling as a core business driver. Vendors selected for this Forrester Wave all had marketing-mix-modeling-specific revenue greater than 30% of their total annual revenue.¹

Figure 1 Evaluated Vendors: Vendor Information And Selection Criteria

Vendor	Number of clients	2012 new business growth	Enterprise-level clients	Date evaluated
Analytic Partners	49	29%	91%	February 1, 2013
Hudson River Group	22	18%	100%	February 1, 2013
IRI	47	15%	100%	February 1, 2013
Marketing Evolution	12	42%	80%	February 1, 2013
Marketing Management Analytics	52	38%	86%	February 1, 2013
MarketShare	50	28%	90%	February 1, 2013
Nielsen	200	15%	80%	February 1, 2013
Ninah	50	20%	95%	February 1, 2013
ThinkVine	<49*	<40%	90%	February 1, 2013

Evaluation criteria:

Each evaluated vendor must have marketing-mix-modeling-specific revenue greater than 30% of its annual revenue.[†]

Each evaluated vendor must have at least 10 active clients.

Each evaluated vendor must be growing aggressively (greater than 15% annual growth in 2012).

Each evaluated vendor must support large marketing organizations (an enterprise client base of 70% or more).

*The vendor chose not to publicly disclose these figures but shared them with Forrester confidentially for verification.

[†]Despite a marketing-mix-modeling-specific revenue lower than 30% of its annual revenue, Nielsen was included in the evaluation, given the size of its marketing-mix-modeling-specific revenue and its global footprint in the marketing mix market.

Source: Forrester Research, Inc.

The Evaluation Analyzes Three Core Aspects Of Each Vendor's Offering

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 63 criteria, which we grouped into three high-level buckets:

- **Current offering.** Forrester's criteria to assess the strength of a marketing mix modeling vendor are weighted toward the enterprise customer. We evaluated each vendor against seven groups of criteria: general information; services; technology/software; data; methodology; analysis; and a proxy for customer promoter score.²
- **Strategy.** We compared the strategies of each company with the needs of marketing leadership professionals, industry trends, and Forrester's forward-looking vision of the marketing mix modeling market to assess how each vendor is positioned to enable its future success. In this context, we examined four specific criteria: strength of management team; corporate strategy; product strategy; and global strategy.
- **Market presence.** Lastly, to determine current market presence in the marketing mix modeling market, we evaluated each vendor's financial stability; global footprint; customer base; and product packaging.

EVALUATED VENDORS OFFER A POWERFUL MIX OF TOOLS AND SERVICES

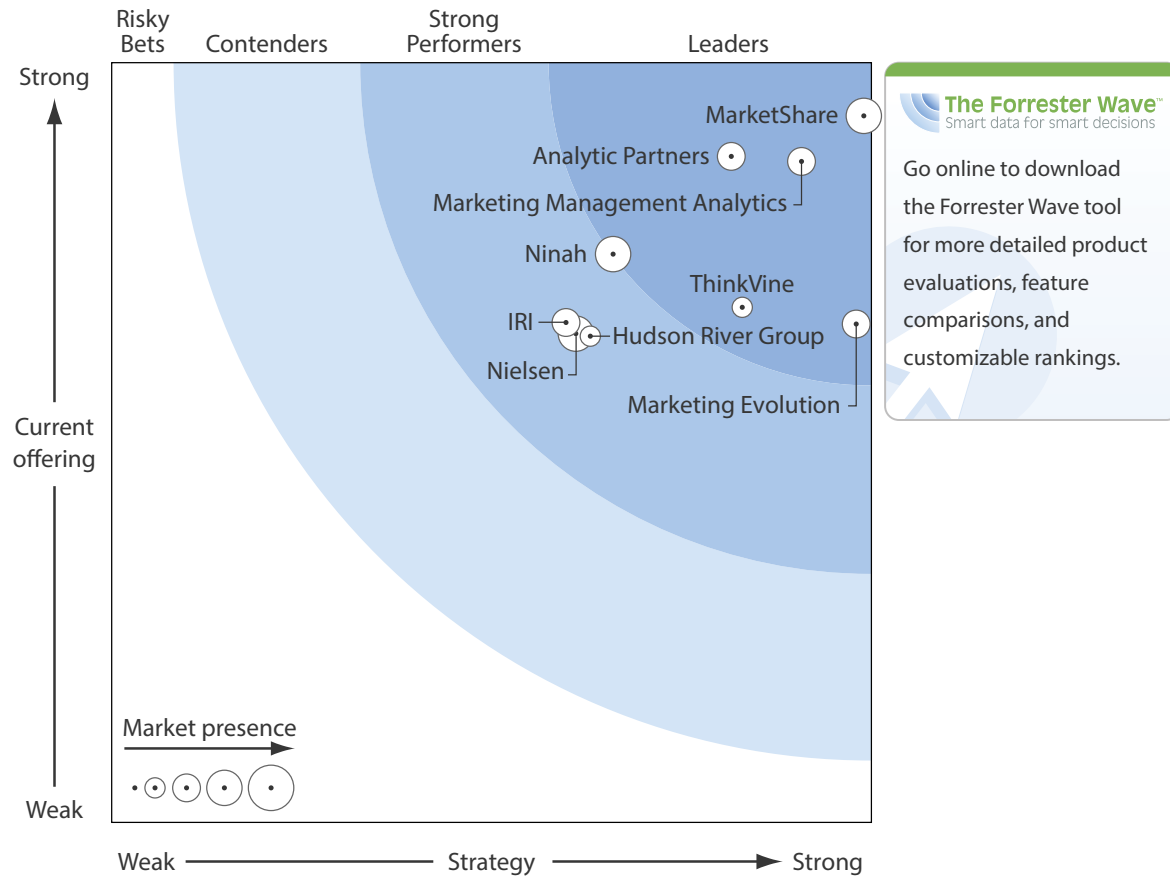
In 2011, and again this year, we evaluated the key vendors in the marketing mix modeling market. Although many of the evaluated vendors have an established presence, we are including three vendors for the first time. We specifically evaluated the marketing mix modeling vendors based on the business value they deliver to marketing leadership professionals — evaluating and weighting their products, services, and analytical prowess. The Forrester Wave evaluation uncovered a market situation in which (see Figure 2):

- **Leaders MarketShare, Marketing Management Analytics, and Analytic Partners set the pace.** For the second time, MarketShare earns its position as a Leader, specifically for its innovative approach to marketing mix and its deep analytical capabilities. Marketing Management Analytics remains a leader because of its highly consultative approach to mix modeling, with a strong emphasis on change management. The newcomer of the group, Analytic Partners, demonstrates a strong showing based on its highly consultative and customized approach to mix modeling. Each of these vendors has a strong strategic vision, emphasizing the need for a comprehensive measurement approach that incorporates attribution analysis and pricing analytics into its core offerings.

- **Marketing Evolution and ThinkVine are Leaders for their inventive approach to mix.** Marketing Evolution and ThinkVine have established themselves as Leaders in the space by successfully developing proprietary methodologies to marketing mix optimization. Additionally, they both focus on how marketing mix modeling can comprehensively measure the effectiveness of interactions with brand assets across the different stages of the customer life cycle. Both vendors have a clear vision for the future of the mix modeling space and are fully focused on providing in-depth, customer-centric analysis to support optimal resource allocation across the mix.
- **Ninah and Hudson River Group are Strong Performers with high-touch approaches.** Ninah and Hudson River Group shine as Strong Performers with high-touch, highly customizable approaches that fit the needs of their clients. Ninah offers a significant amount of marketing and consumer analytics and integrates complementary tools to deliver a full-service measurement and analytics solution. HRG delivers high-quality mix modeling coupled with an intimate understanding of the client's business models, specifically in the retail space.
- **IRI and Nielsen are Strong Performers with consistent expertise and scale.** IRI and Nielsen round out the Strong Performer category with their extensive experience in mix and direct access to many critical data streams in addition to global presence. IRI receives high marks from clients through its customer promoter score and for its ability to integrate numerous data sources. Nielsen continues to make great strides in incorporating social and digital data through its partnership with Facebook and NM Incite.

This evaluation of the marketing mix modeling market is intended to be a starting point only. We encourage clients to view detailed product evaluations and adapt criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 2 Forrester Wave™: Marketing Mix Modeling, Q2 '13



Source: Forrester Research, Inc.

Figure 2 Forrester Wave™: Marketing Mix Modeling, Q2 '13 (Cont.)

	Forrester's Weighting	Analytic Partners	Hudson River Group	IRI	Marketing Evolution	Marketing Management Analytics	MarketShare	Nielsen	Ninah	ThinkVine
CURRENT OFFERING	50%	4.43	3.20	3.29	3.28	4.35	4.65	3.23	3.74	3.45
General information	5%	3.70	3.40	3.00	3.70	5.00	5.00	3.20	3.70	4.20
Services	30%	4.20	2.88	2.78	2.88	5.00	4.92	2.86	4.28	2.92
Technology/software	15%	4.09	3.01	3.13	4.25	3.34	4.05	4.38	3.79	4.28
Data	10%	4.40	2.70	3.08	3.30	4.33	3.83	3.33	4.33	4.70
Methodology	10%	4.30	3.45	3.25	3.60	4.65	4.65	3.80	4.45	3.80
Analysis	15%	5.00	2.30	3.00	3.00	5.00	4.80	2.60	4.50	4.80
NPS	15%	5.00	5.00	5.00	3.00	3.00	5.00	3.00	1.00	1.00
STRATEGY	50%	4.01	3.17	2.99	4.90	4.54	4.95	3.04	3.30	4.15
Strength of management team	0%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Corporate strategy	75%	4.00	3.00	3.00	5.00	5.00	5.00	3.00	3.00	4.00
Product strategy	20%	4.00	4.00	3.00	5.00	3.00	5.00	3.00	4.00	5.00
Global strategy	5%	4.10	2.40	2.80	3.00	3.70	4.00	3.80	4.90	3.00
MARKET PRESENCE	0%	2.83	1.80	2.68	2.03	2.83	3.30	3.15	3.28	1.75
Financial stability	25%	3.00	2.00	4.00	2.00	3.00	4.00	5.00	4.00	1.00
Company	25%	4.50	3.00	3.50	3.50	4.50	5.00	5.00	4.50	3.00
Customers	25%	3.80	2.20	3.20	2.60	3.80	4.20	2.60	4.60	3.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders: Analytic Visionaries With Focused Product Strategy

- **MarketShare.** For the second time in a Forrester Wave, MarketShare ranks as a Leader in this category. This vendor has the right mix of strategy consulting and change management services, customized modeling expertise, an easy-to-use mix and optimization tool, and in-depth cross-industry and domain expertise. Its strategic consulting services center around prioritization of key business questions to answer and advice on the most effective modeling methods and design. As a client put it, “The depth and breadth of experience of the leadership and the support team is significant and not likely to be found with another vendor.” MarketShare continues to make significant technology investments and improve the way it measures the overall impact of marketing performance on business outcomes.

- **Marketing Management Analytics.** Marketing Management Analytics is another Leader in this space, with its consultative approach to marketing mix offering. On the data processing front, its DaVinci platform reduces the time of data integration and processing, allowing for quick integration into the Avista Mix Software tool. The Avista and MarketView platforms allow marketers to uncover channel trends and optimize on specific goals. MMA's highly consultative approach has a strong focus on serving C-level executives, as illustrated when a marketer told us: "Clearly, they are a strategic partner. They provide insights, working with us on an ongoing basis. They answer tough questions, even outside the project parameters."
- **Analytic Partners.** A first-time vendor in this Wave, Analytic Partners makes a strong impression with its clients by deploying its high-touch approach to marketing mix modeling. As one client put it, "AP's great strength is not only their analytic expertise but their immersion into our business to provide a rich set of insights, recommendations, and a close relationship with our media and creative agencies." Additionally, Analytic Partners' ROI Genome initiative adds an extra dimension that most benchmarking services lack, uncovering the drivers of ROI and response levels and enabling marketers to understand the causality behind key business indicators. This vendor's strategy is on point, focused on enhancing digital, cross-media attribution at a deep, granular level, with specific emphasis on social and mobile.
- **Marketing Evolution.** Marketing Evolution, another newcomer to the Wave, emerges as a Leader in the category thanks to its unique approach to mix modeling. In addition to optimizing against the next best marketing effort, it also evaluates how well marketing initiatives are aligned to deliver against specific goals along the customer journey: awareness, consideration, purchase, loyalty, and advocacy. As one marketer put it, "We use Marketing Evolution to make sure we're growing the business 'the right way' against our core target." By focusing on creating the right customer mix and continuously refining its attribution offering, Marketing Evolution is helping businesses think differently about being customer-centric.
- **ThinkVine.** ThinkVine is a Leader for its comprehensive and innovative approach to marketing mix modeling with the adoption of agent-based modeling. The agent-based modeling approach analyzes the population both in terms of people's characteristics and the relationship between those characteristics and the population's behaviors.³ With this methodology, ThinkVine can build digital market-specific attribution models that better understand the impact of brand assets' interactions across channels, with data granularity that can go as deep as cookie-level. ThinkVine's agent-based approach leads to more in-depth data workshops with its clients, which enable it to better understand its clients' complex data sources. As one marketer put it, "Our data sessions have resulted in improvement to the model and reporting and were well worthwhile." ThinkVine's unique approach is potentially disruptive to traditional marketing mix modeling, but because of the complexity of agent-based modeling, it often faces the challenge of educating its clients — and the market overall — on the benefits of agent-based modeling.

Strong Performers: Solid Core Offering And Methodology

- **Ninah.** For the second time in a Forrester Wave, Ninah shows up as a Strong Performer, with its highly customized mix modeling approach that brings together an extensive knowledge of both the digital and traditional media landscape. Ninah focuses on mix modeling as its core service and also offers extensive complementary services, such as segmentation, brand analytics, and pricing analytics. Clients are happy with this vendor's "extensive data knowledge" but feel that it could "improve its data narrative" a bit more. Ninah's tools' user interface is highly customizable, with the ability to call out and warn marketers of unexpected trends. Its product road map continues to focus on consultative investments to its core mix offering, technology enhancements, and true real-time optimization.
- **Hudson River Group.** Hudson River Group, a small boutique mix modeling firm and a newcomer to the Forrester Wave, is completely focused on delivering a high-touch mix modeling approach to top national retailers, which account for 90% of its client portfolio. It does have nonretail clients as well, adding to its expertise across industries. The expertise of the mix modeling team is impressive, with extremely low employee turnover rates. HRG's core business is mix modeling, and it will continue to focus on delivering quality to its existing clients and other US retailers. The vendor's strategic decision to focus on providing mix to the retail industry gives it a unique expertise and best practices for that industry.
- **IRI.** IRI emerges as a Strong Performer because of its solid modeling methodology and the way it leverages core data assets in its marketing mix models. The vendor has a well-established client footprint among consumer packaged goods (CPG) organizations because of direct access to scanner data, but it is rapidly growing in other industries such as retail and pharmaceuticals. Additionally, it has a global footprint, enabling it to scale quickly on large, multicountry projects. However, IRI development is still focused on improving core product areas, focusing simulation enhancements, developing better user interface customization capabilities, and streamlining its data model.
- **Nielsen.** With its extensive access to consumer, advertising, and scanner data and its base of customers using other Nielsen services, Nielsen is a Strong Performer. It offers a solid mix modeling methodology, extensive access to data, and the ability to scale globally and deliver large multibrand projects. This vendor is the leader of the Digital Media Consortium, a collaboration that aims to identify best practices in modeling digital media effectiveness. Clients have consistently said that Nielsen delivers value but often cite the need for "better narrative around insights." Nielsen must continue to be innovative and push the analytics boundaries, looking beyond advertising and marketing effectiveness and uncovering other opportunities to help its clients understand the drivers of business outcomes.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 2 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of four data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their products' functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- **Client survey.** To understand overall product usage and satisfaction, Forrester conducted online surveys of existing clients of participating vendors.
- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with three of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we

encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ Despite a marketing-mix-modeling-specific revenue lower than 30% of its annual revenue, Nielsen was included in the evaluation, given the size of its marketing-mix-modeling-specific revenue and its global footprint in the marketing mix market.
- ² Forrester conducted an online survey to understand the usage and satisfaction of the participating vendors' clients. Responses range between seven and 15 clients per participating vendor. Therefore, the sample size is extremely small, and results are directional.
- ³ ThinkVine's white paper explains the details of agent-based modeling. Source: "Agent-Based Modeling: Marketing Mix Optimization Whitepaper," ThinkVine (<http://thinkvine.com/resources/24-resources/whitepapers/143-agent-based-modeling-a-breakthrough-in-marketing-mix-optimization.html>).

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« MARISOL LOPEZ, client persona representing Marketing Leadership Professionals

