

DEMYSTIFYING INCREMENTALITY IN COMMERCE MEDIA

WHY IS THE COMMERCE MEDIA INDUSTRY SO FOCUSED ON INCREMENTALITY - **AND WHY NOW?**

Commerce Media ad spend has exploded and is forecast to eclipse \$150bn across the US and Europe alone (US Forecasts - Emarketer; Europe Forecasts - IAB Europe). Marketers are pressured to justify growing commerce media budgets. They must prove that their media investments deliver business outcomes.

Specific questions become particularly critical:

- "What would have happened if I hadn't run this campaign or tactic?"
- "What will happen if we spend more or less?"

These business outcomes for commerce marketers might include:

- Short-term outcomes: incremental unit volume, revenue, and sales
- Long-term outcomes: incremental profit, customer lifetime value (CLTV), and market share

WHAT IS INCREMENTALITY?

INCREMENTALITY MEASURES THE CAUSAL IMPACT OF MARKETING BY IDENTIFYING THE ADDITIONAL BUSINESS OUTCOMES DIRECTLY DRIVEN BY A CAMPAIGN OR TACTIC, COMPARED TO WHAT WOULD HAVE OCCURRED IN THE ABSENCE OF MARKETING ACTIVITY.

INCREMENTALITY HELPS COMMERCE MARKETERS BETTER UNDERSTAND:	INCREMENTALITY IS NOT:
<p>Sales lift. Did this campaign or tactic drive additional sales beyond our baseline units sold?</p> <p>Demand creation. Is the media investment creating new demand or simply shifting existing demand?</p> <p>Clarity of marketing's impact. Did marketing achieve the results? Or were the results a function of price, promotions, or trends?</p>	<p>Attribution. These methods assign credit, not causality.</p> <p>Media-attributed ROAS. Return on ad spend is a directional efficiency metric, not a measure of impact.</p> <p>Correlation. Sales increases during a campaign does not mean the campaign caused the increase. Sales may rise due to seasonality, promotions, price changes, and/or market or brand dynamics.</p> <p>Pre/post testing. Comparing performance before and after a campaign without accounting for external factors can overstate or understate true impact.</p> <p>Historical performance analysis. Prior performance is helpful for context but it cannot isolate what would have happened without the campaign.</p>