

FORRESTER®

# The Total Economic Impact™ Of Neustar Unified Analytics

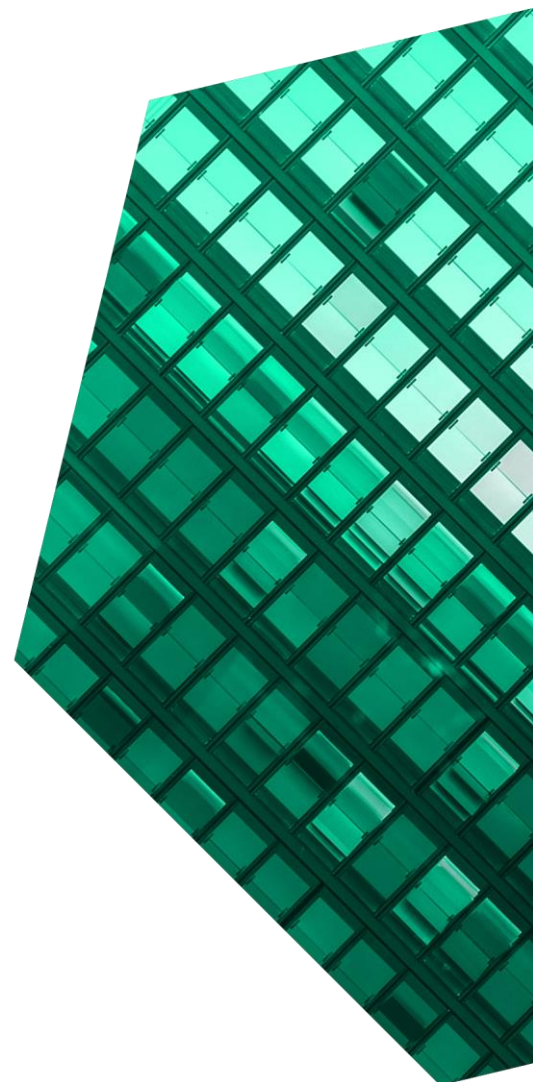
Cost Savings And Business Benefits  
Enabled By Unified Analytics

**MARCH 2021**

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## ABOUT FORRESTER CONSULTING

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## Executive Summary

In today's fast-paced world, performance reports that arrive weeks after a campaign ends only tell half the story.<sup>1</sup> How can companies know which channels are working? How do they uncover individual consumers who are ready to buy? By understanding which media channels, audiences, and tactics drive the greatest impact, marketers can make smarter decisions about where to invest their media dollars for success. Learn how Unified Analytics takes the guesswork out of which levers to pull and when to pull them.

The ability to reach a customer is easier now than it has ever been before. In the United States, the average online adult uses 4.4 devices, 6.0 platforms, and 3.2 connected channels.<sup>2</sup> While companies have more ways to connect with their customers, the fragmentation of these touchpoints makes it more difficult to measure the effectiveness of campaigns across channels and tactics. Moreover, as priorities become more fluid, long gone are the days when companies' expectations of marketing analytics teams stopped at yearly planning and basic post-campaign reporting; companies now expect marketers to use data-driven approaches to understand campaign lift and performance to inform marketing strategy and investment.<sup>3</sup> And yet, many organizations still have incomplete marketing measurement practices that fail to provide a holistic and integrated view of their investments and strategies.

[Neustar Unified Analytics](#) provides companies with the ability to align their measurement solutions in a complete model, bringing together the best of what marketing-mix modeling (MMM) and multi-touch attribution (MTA) have to offer while overcoming their limitations. This cohesive set of data, tools, and services allows decision-makers to make sense of all the data assets they have available to them and to act on insights. In the solution package, companies receive integrated, real-time data from MMM and MTA channels (online and offline, user-level, and market-level). This allows them to create connected

### KEY STATISTICS



Return on investment (ROI)

**458%**



Net present value (NPV)

**\$11.51M**

market-level and customer-response models. Equally as important, Neustar Unified Analytics gives companies access to a team of professional experts that can assist them with strategic and scenario planning and make recommendations with an end-to-end picture of the companies' marketing analytics.

Neustar commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Neustar Unified Analytics.<sup>4</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Neustar Unified Analytics on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers from organizations with multiple years of experience using Neustar Unified Analytics. For the purposes of this study, Forrester aggregated the experiences of the interviewees and combined the results into a single [composite organization](#).

Prior to using Neustar Unified Analytics, interviewees' organizations had inadequate measurement approaches, and they often purchased single-solution options such as MMM or MTA, but never both. This did not yield the results decision-makers anticipated given their level of investment. They had to make budget decisions annually, and they often relied on gut instinct or very large and expensive outsourced teams to assist with their organizations' advertising media placements. Teams updated their advertising models once a year, and the analyses could not drive action because the teams were using now-stale data. Instead, they relied on short-term data (e.g., last-touch attribution) to make decisions without ever gaining a full picture of the end-to-end customer journey. An AVP of consumer insights said: "The analytics coming out of it were just not actionable. It felt like a report card, but it was not truly addressing what [our company] was trying to do in the moment, nor did it give us a deeper understanding of the market impact." This led to an overspend on advertising, a lack of clarity on the right ad placements to make in the appropriate channels, and less precise targeting with thousands of customers receiving the same ad multiple times. By not being able to shift and optimize performance in-flight, teams were unable to make investment decisions with a complete and comprehensive understanding of customers' short- and long-term behaviors throughout their journey to purchase.

After the investment in Neustar Unified Analytics (which incorporates both MMM and MTA components), the interviewees' organizations reached more customers with the same or lower marketing and advertising budgets, resulting in a greater impact on the business. Teams viewed real-time data to make investment decisions, and they partnered with Neustar to provide more advanced modeling recommendations. Internal teams and external agency partners curated journeys and experiences for customers, and this drove customer engagement strategies across the organizations. By

using the insights from performance data, marketers connected with customers better and applied analytics to delve into segment differences, channel preferences, message resonance, and product offer interest.<sup>5</sup> The Neustar Unified Analytics platform allowed the interviewees' organizations to pivot from looking backwards to navigating with a clear vision on forward planning, improving their return on advertising budget, increasing revenue from better targeting customers, and reducing their advertising spend after optimizing it.<sup>6</sup>



Marketing budget savings from improved advertising targeting (three-year, risk-adjusted)

\$4.2M

### KEY FINDINGS

**Quantified benefits.** Risk-adjusted present value (PV) quantified benefits include:

- **Increased budget savings from improved advertising targeting.** After using Neustar Unified Analytics, the interviewees' organizations saw improved advertising targeting, which led to increased budget savings. Neustar's models uncovered ways to optimize their media investments with certain audiences to scale or maintain profitable advertising channels and eliminate inefficient ones.
- **Increased budget savings from capping advertising frequency.** Neustar enabled the interviewees' organizations to identify areas where they overspent in advertising by sending the same ad multiple times to the same customer with no measurable effect. It helped decision-makers choose when to cap the frequency of an ad to avoid unnecessary cost. In one example, the organization sent the same ad multiple times to 2,000 to 3,000 customers. Neustar's analysts helped marketers optimize investments within

marketing channels and across channels, regions, and product lines.



Marketing budget savings from capping advertising frequency (three-year, risk-adjusted)

**\$2.3M**

- **Increased budget savings from improved media partner productivity.** As companies grow and expand, they bring more media and agency partners into the fold. Onboarding and supporting partners takes time, and not all relationships are fruitful. Through analysis using Neustar Unified Analytics, the interviewees' companies could see which partners were performing as they should, and which were not providing the value they hoped. One interviewee said their company used the analytics to prune its partner list and negotiate better cost per thousand impressions (CPM) deals.
- **Increased incremental revenue.** Interviewees reported an increase in marketing's contribution to sales as a result of the optimized use of their organization's marketing dollars. This led to increased incremental revenue or, as some customers described, an increase in their return on advertising spend. Because of wide variance in the ways the interviewees' organizations measured revenue gains and the other factors decision-makers attributed to those increases (e.g., products, creative, offers, sales teams), Forrester did not include this benefit in the financial model and ROI calculation. However, a sample calculation is provided in Table D.

**Unquantified benefits.** Benefits that are not quantified for this study include:

- **Provided executives with a centralized view of marketing performance data.** After using Neustar, the interviewees' companies and their

executives had a single source of truth instead of conflicting numbers and reports. Analysis and advice from Neustar provided centralized and unified data among the brands, agencies, and corporate marketing teams. This especially improved how finance and marketing teams collaborated on decision-making.

- **Refocused organizations on strategic long-term growth with a more complex model.** Senior marketers interviewed for this study said Neustar enabled their organizations to shift from short-term media planning to long-term strategic budgeting.
- **Enabled a deeper understanding of the customer journey through subject matter expertise.** The interviewees view Neustar as an extension of their marketing analytics teams, and many count [Neustar representatives] among their direct reports.
- **Created a strong and unbiased partnership relationship that extended to media agencies.** True partnership between Neustar, media agencies, and the internal organization was key to running scenarios, collaborating, and analyzing the Neustar models and reports.
- **Helped with brand awareness and brand building.** Interviewees said brand-building at the top of the funnel was a key benefit of working with Neustar.
- **Created a usable and clean data stack for the company to access.** Data management is key to an intelligent enterprise.<sup>7</sup> The interviewees' companies leveraged Neustar's data stack for purposes not related to Neustar Unified Analytics, and this allowed for further customer understanding.
- **Led to gains in productivity for marketing analytics teams.** Interviewees stressed the importance of their agency partners despite the efficiency savings provided by Neustar. Their

organizations ultimately relied on agency partners to make media placement and purchasing decisions with Neustar reports and counsel. With more people beyond the internal organization working together, interviewees said their organizations saved on the headcount equivalent of up to 60 FTEs. However, because the organizations experienced these savings in ways unique to their partnerships and advertising ecosystems, Forrester did not quantify this benefit. Several interviewees also said their organizations lowered their agency spend or avoided internal hires because they could rely on Neustar's service team.

**Costs.** Risk-adjusted PV costs include:

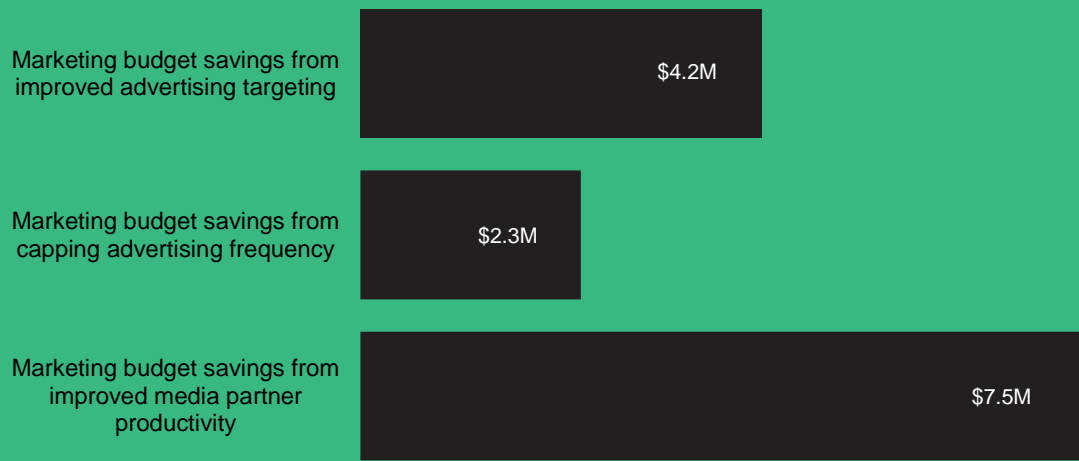
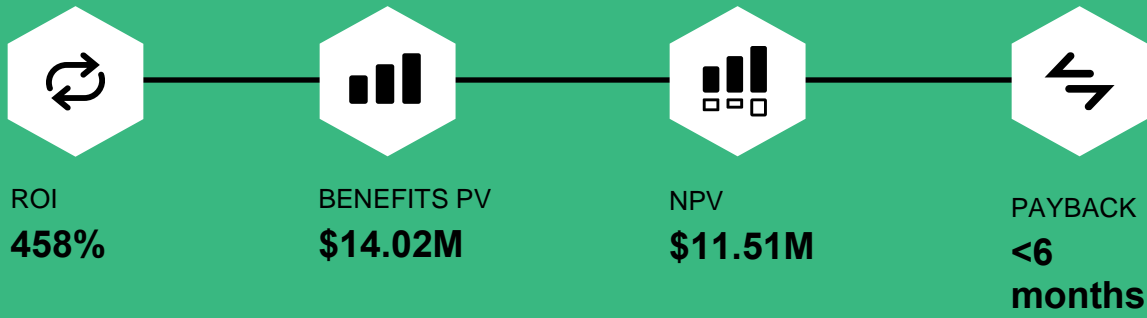
- **Annual Neustar Unified Analytics solution fee of \$1 million.** This figure represents the average sum organizations paid for Neustar's annual solution fee. This includes access to both the MMM and MTA solutions as well as professional services support. For this study, Forrester created a composite organization that pays Neustar an annual solution fee of \$1 million. However, the scope and cost for other companies will vary widely depending on the solution architecture complexity, which is up to the brand to determine.

- **Internal training cost.** Interviewees said teams attended an initial training and onboarding session with the Neustar team, enabling them to start immediately. Following the kickoff, decision-makers designated power users who spent time each week further educating themselves on the platform to fully implement it into their daily tasks.

The customer interviews and financial analysis found that a composite organization experiences benefits of \$14.02 million over three years versus costs of \$2.51 million, adding up to a net present value (NPV) of \$11.51 million and an ROI of 458%.

“ Our online budget has been reduced by about \$250 million, and we're getting more out of it now than we ever had. ”

— Marketing effectiveness manager, multinational automaker



\*Additional quantifiable benefits include increases in incremental revenue and marketing analytics team productivity. See pages 16-19 for details.

### TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in the Unified Analytics.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Neustar Unified Analytics can have on an organization.

#### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Neustar and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in the Unified Analytics.

Neustar reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester’s findings or obscure the meaning of the study.

Neustar provided the customer names for the interviews but did not participate in the interviews.



#### DUE DILIGENCE

Interviewed Neustar stakeholders and Forrester analysts to gather data relative to Neustar Unified Analytics.



#### CUSTOMER INTERVIEWS

Interviewed four decision-makers at organizations using Neustar Unified Analytics to obtain data with respect to costs, benefits, and risks.



#### COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



#### FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



#### CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester’s TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.



# The Neustar Unified Analytics Customer Journey

■ Drivers leading to the Unified Analytics investment

Interviewed Organizations		
Industry	Geographic Location	Interviewee
Retailer	North America	Senior manager of marketing analytics
Multinational automaker	North America	Marketing effectiveness manager
Wireless services	North America	AVP of consumer insights
Financial services	North America	Head of marketing analytics

## KEY CHALLENGES

The interviewees' companies had significant financial investments in their mixed media channels, but they could not get a full, holistic view of the customer journey.

Decision-makers wanted a holistic measurement solution that incorporated MMM and MTA components with advanced access to real-time data and insight to address challenges they faced before using Neustar. These challenges include:

- **Lack of visibility into the drivers of return on advertising spending.** Prior to using Neustar, the interviewees' companies used traditional models from other vendors that only examined the impact of media investments on sales. Marketing analytics teams could not tell which channels were performing well and which yielded the best ROI. As a result, decision-makers could not diagnose and resolve performance obstacles, which led to loss of revenue as teams could not pull the levers to maximize the best-performing channels.
- **Inability to segment customers at a granular level for accurate targeting.** The interviewees' organizations were unable to drill down to certain demographics or they were unable to compare the performance of Product A to Product B with

media mix models, which resulted in missed revenue dollars. Without true digital attribution, the focus of marketing analytics remained on campaigns instead of experiences. This led to a poor customer experience where buyers might see the same ad multiple times or receive ads from different departments within the organization during the same cycle. The result was advertising overspend and customer frustration.

**“We realized we had five departments all trying to talk to the customer at the same time during a certain couple of weeks. We were confusing the market with how many different messages we had out there.”**

*Senior manager of marketing analytics, retailer*

- **Lacked the ability to optimize performance in-flight.** Before using Neustar Unified Analytics, teams with the interviewees' organizations updated their models once per year. Moreover, the decline of third-party cookies and mobile

advertising IDs (MAIDs) meant that decision-makers were unable to see the end-to-end customer journey or understand the contribution of their organization’s entire marketing mix. By not seeing the full view and operating with static numbers, decision-makers could not shift their marketing dollars in real time to better-performing channels. Therefore, they could not make changes that would increase their organization’s ROI or improve performance.

**“We were driven a lot by people’s gut [instincts] and intuition. [Someone would say,] ‘I think we should be doing this.’”**

*Senior manager of marketing analytics, retailer*

### INVESTMENT OBJECTIVES

The interviewees’ organizations chose Neustar Unified Analytics to accomplish the following goals:

- Provide a single set of results that minimizes conflicting views of measurement to help executives see the impact that marketing has on product sales and customer experience.
- Bring a unified approach for the business by using both MMM and MTA models.
- Build confidence among executive leaders (including finance decision-makers) that the models will allow the analytics team to use the more advantageous channel and, as a result, drive profitability.
- Provide additional first-party data that could be analyzed alongside existing customer data to get a full picture of the customer journey.

- Partner with a trusted third-party provider that does not directly profit from the advertising investment the organization makes.
- Apply market-level models to more accurately understand the customer journey and to increase the lifetime value of the customer.

Decision-makers with the interviewees’ organizations chose Neustar Unified Analytics and implemented it as follows:

- Three out of four interviewees said their organizations used MarketShare as their previous solution. Neustar acquired MarketShare in 2015, so this enabled easy expansion of their relationships.
- The organizations deployed Neustar Unified Analytics to 20 users each, with about five to 10 employees designated as power users. Decision-makers from each of the organizations designated a larger portion of employees as light users and use case users; however, most internal requests go through power users to run scenarios and shift investment. While most Neustar customers will not need 20 people to run unified measurement to extract value, these data points reflect the interviewees’ organizations and the composite organization.

### COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the interviewees’ experiences, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

**Description of composite.** The organization is a global, multibillion-dollar B2C retailer that provides sales, customer support, and service/warranty support for its consumer products in high volume. The organization has a strong brand, global

operations, a customer base of about 20 million customers, and a strong presence both online and offline. To support its MMM and MTA efforts, the company has 20 dedicated employees on its marketing analytics staff, and decision-makers devote \$1 billion to the marketing budget annually.

Neustar offers professional services such as media planning and optimization recommendations. The organization has access to three analyses per quarter and additional office hours for six months to help users understand the software.

#### Key assumptions

- **\$100 billion in revenue**
- **20 people on the marketing analytics team**
- **\$1 billion devoted to marketing**

**Deployment characteristics.** With Neustar Unified Analytics, the composite organization has access to both MMM and MTA solutions. Neustar also includes inputs of media touchpoints, which is the most granular breakout of marketing activity that companies can test in the model. Decision-makers can optimize media spend across the defined touchpoints and they receive a data refresh from Neustar once every three months after the initial implementation. This refresh includes updated marketing contributions, forecasts, and recommendations. After one year, the organization receives a model refresh to the MMM software instance with actualized data and estimated model parameters. Within the MMM model, there is a variable that helps explain how customer activities (up to five) influence demand for the customer. The company can also input another 10 variables that help to explain other factors outside of the organization's control. For example, the COVID-19 pandemic may have influenced demand for the composite organization. To continue tuning the data,

# Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Marketing budget savings from improved advertising targeting	\$1,200,000	\$1,800,000	\$2,160,000	\$5,160,000	\$4,201,352
Btr	Marketing budget savings from capping advertising frequency	\$672,000	\$960,000	\$1,200,000	\$2,832,000	\$2,305,875
Ctr	Marketing budget savings from improved media partner productivity	\$2,112,000	\$3,168,000	\$3,960,000	\$9,240,000	\$7,513,388
Dtr	Increase in incremental revenue (see table on p. 18)	X	X	X	X	X
	Total benefits (risk-adjusted)	\$3,984,000	\$5,928,000	\$7,320,000	\$17,232,000	\$14,020,615

## MARKETING BUDGET SAVINGS FROM IMPROVED ADVERTISING TARGETING

**Evidence and data.** Marketing analytics leaders interviewed for this study shared that, after working with Neustar’s real-time data, their organizations gained the ability to shift advertising dollars in-flight, and decision-makers saw where improvements could be made to target customers at the right time. This led to more efficient use of their advertising dollars. By using Neustar’s MMM and MTA solutions hand in hand, the interviewees’ companies could use one solution to calibrate the other and come up with a single source of truth to improve targeting.

- Consumers have a variety of channels at their fingertips today — from TV to online videos to social media. This leads to complexity around measuring the performance and contribution of ads placed in those channels. By using both forward-looking scenario planning and the analysis that MMM offers along with better identification of the drivers of business demands and the customer purchase pathways through MTA, the interviewees’ organizations identified the most responsive audiences and tactics to

increase preferred conversions. Neustar’s persistent identity solution (not perishable third-party cookies or MAIDs) drove the companies’ consistent analysis by connecting their customers’ data, including demographics, interests, attitudes, and behaviors.

- By having access to both MMM and MTA analyses, the interviewees’ companies were able to develop holistic views of the customer journey. Interviewees noted that this segmentation offered by Neustar allowed their organizations to identify market segments that were most likely to convert. Rather than using the notorious “spray and pray” approach and advertising to a broader audience, decision-makers instead identified key media audiences and focused targeting. For example, granular data from Neustar highlighted which television channels were close to optimal and which channels companies could expand or diversify for more success. With this greater focus, the companies saw higher conversion rates and greater improvements in ROI.
- Each of the interviewees stated that they were under pressure to show the financial impact of

marketing’s contributions, and they were eagerly looking for ways to lower costs and increase margins. The goal was to direct advertising spend toward the more profitable and advantageous channel. For example, a senior manager of marketing analytics for a major retailer told Forrester: “We track our model to understand how different online and offline channels are impacting sales, and what levers we should pull based on whatever may be the objective. We’re able to look at which ones perform the best and provide the best incrementality to drive sales.”

- Neustar was the first multi-touch attribution provider to fully integrate Facebook within its advertising modeling mix, and it provides advanced integration with key social media sites.<sup>8</sup> As a result, the interviewees’ companies were able to more accurately target advertising based on consumer attributes, interests, and behaviors in the social channel. An AVP of consumer insights shared how deeply satisfying the Facebook integration has been for their organization. They said: “Initially, our visibility to Facebook advertising was limited to Facebook ads that led to someone going to our website. But there could be people who may see our Facebook ads, not visit the website, and go on to convert in the store. We were completely missing that piece. By doing this full integration, we now have a much more comprehensive view of how our social media advertising is working.”
- One interviewee said their organization used Neustar’s data to build segment-level models to assess Spanish and English language media impact on Hispanic sales. This provided guidance around effective use of media to target the Hispanic market. Through the models, decision-makers learned it was two times as costly to target the Hispanic population with Spanish-language media but that the segment prefers to receive English-language media. With a shift to

English-language ads, the organization saved significant advertising dollars with no adverse impact on sales.

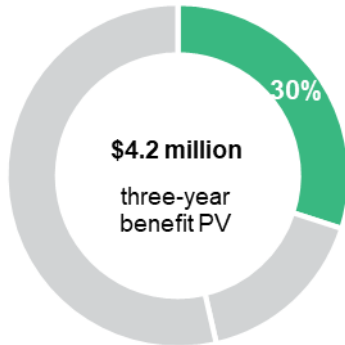
**Modeling and assumptions.** For the composite organization, Forrester assumes:

- The organization represents a Fortune 500 retail company that spends \$1 billion in marketing dollars annually to generate more than \$100 billion in revenue.
- The composite organization dedicates 5% of its annual marketing budget to ads targeting a specific audience as that audience will likely also be exposed to a marketing run without a specific audience in mind.<sup>9</sup>
- The organization improves performance over time. In Year 1, it spends a few months getting up to speed, and it takes several months to see any impact. But once it has momentum, the organization improves targeting by 10%, assuming that any low-hanging fruit of obvious corrections are addressed. Savings increase in Year 2 to 15%, and this rate improves incrementally to 18% in Year 3 as the organization continues to collect intelligence and refine its approach.

**“What’s very helpful is the segmentation piece of Neustar’s approach. We have been able to identify market segments that are most likely to convert. With this segmentation, we have identified key media audiences, and we have become more targeted. So, with this greater focus, we are seeing much higher conversion and less waste, and that’s another reason we have seen such a great improvement in ROI.”**

*AVP of consumer insights, wireless services*

- The organization attributes 30% of its advertising targeting improvements to Neustar because of the other partners involved in decision-making and execution on advertising investments.



**Risks.** The following risks can impact budget savings from improved advertising targeting:

- Decision-makers may vary the percentage of dollars their organizations spend on targeting audiences.
- Neustar is a single tool within a broad decisioning framework. Executives will make decisions alongside internal consultants, agencies, and other tools they have available to them.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$4,201,352.

Marketing Budget Savings From Improved Advertising Targeting					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Annual marketing budget	Composite organization	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
A2	Percentage of total marketing budget devoted to a target audience	Assumption	5%	5%	5%
A3	Marketing budget devoted to a target audience	A1*A2	\$50,000,000	\$50,000,000	\$50,000,000
A4	Improvement in ad spending efficiency	Interviews	10%	15%	18%
A5	Attribution percentage to Neustar service	Interviews/assumption	30%	30%	30%
At	Marketing budget savings from improved advertising targeting	A3*A4*A5	\$1,500,000	\$2,250,000	\$2,700,000
	Risk adjustment	↓20%			
Atr	Marketing budget savings from improved advertising targeting (risk-adjusted)		\$1,200,000	\$1,800,000	\$2,160,000
<b>Three-year total: \$5,160,000</b>			<b>Three-year present value: \$4,201,352</b>		

**MARKETING BUDGET SAVINGS FROM CAPPING ADVERTISING FREQUENCY**

**Evidence and data.** The interviewees said advertising waste reduction through frequency capping was another key driver of their organizations' improved advertising return outcomes. Several organizations ran weekly, monthly, and quarterly reports on ad performance in conjunction with Neustar's professional services team, and Neustar

helped the organizations identify areas where they overspent on advertising. This helped them to reduce advertising waste and reallocate to new channels.

- Prior to using Neustar, the interviewees' organizations did not have a clear understanding of what messages their customers received or how frequently they received them. They could not identify the point at which serving additional ads to the same audience led to diminishing

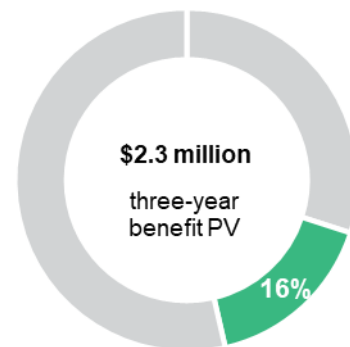
returns. More often than not, their marketing teams developed a message, *then* developed targets, and *then* identified individuals to fit that target. As different campaigns ran simultaneously, the team would hit the same audience groups, and the customers got lost in this sequence. A senior manager of marketing analytics for a retailer told Forrester: “[After using Neustar], I now think more about experiences versus thinking about campaigns. I want to tailor my messages on an experience based on need rather than serving a message based on a brief. The focus has shifted from the perspective and lens of the marketer to focusing on the needs of the customer.”

- As the interviewees’ companies added more media channels into the fold, measuring became more difficult. With the end goal of being an optimum media mix, decision-makers compared and contrasted magazine opportunities, TV channels, and more. By unpacking the ad budget and focusing on the reach and return, ad frequency began to emerge as a place for improvement. A marketing effectiveness manager for a multinational automaker said: “I had always suspected that we were overspending. Once we started using Neustar, we saw immediately that we hit the same customers 200 to 300 times in a 10-day period. Fifteen percent of our impressions were shared multiple times to the same customer. That’s when the marketing team said, ‘Oh, my gosh. We are overspending.’ We shifted our dollars around, saved a lot of money, and there was no deterioration in performance. In fact, performance went up, and we got a lot of credibility as a team.”

**Modeling and assumptions.** For the composite organization, Forrester assumes that:

- At least 20% of ad spending is at risk of being wasted or ineffective. This is based on research conducted by Forrester and a third party.<sup>10</sup>

- The company improves over time. In Year 1, the organization spends a few months getting up to speed, and it takes several months to see any impact. But once it has momentum, decision-makers identify and reduce ad frequency by 1.4%. The savings increase in Year 2 to 2%, and this rate improves incrementally to 2.5% in Year 3 as the organization continues to collect intelligence and refine its approach.
- Ads often inadvertently reach audiences as part of branding efforts without a specific goal in mind, and they do not count for seasonal trends or other considerations.



**Risks.** The following risks can impact the budget savings from capping advertising frequency:

- Organizations ultimately rely on agency partners to make media placement and purchasing decisions in conjunction with Neustar reports and counsel. Recommended changes may not be put into effect consistently.
- Demographics of the company makeup will impact the results — specifically the revenue per customer that converts once these changes are made.
- Neustar is a single tool within a broad decisioning framework. Executives will make decisions alongside internal consultants, agencies, and other tools they have available to them.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$2,305,875.

Marketing Budget Savings From Capping Advertising Frequency					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Annual marketing budget	Composite organization	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
B2	Percentage of total marketing budget that can be optimized	Assumption	20%	20%	20%
B3	Marketing budget devoted to advertising	B1*B2	\$200,000,000	\$200,000,000	\$200,000,000
B4	Percentage budget savings due to Neustar's model and analysis of advertising frequency	Interviews	1.4%	2.0%	2.5%
B5	Attribution percentage to Neustar service	Interviews/assumption	30%	30%	30%
Bt	Marketing budget savings from capping advertising frequency	B3*B4*B5	\$840,000	\$1,200,000	\$1,500,000
	Risk adjustment	↓20%			
Btr	Marketing budget savings from capping advertising frequency (risk-adjusted)		\$672,000	\$960,000	\$1,200,000
<b>Three-year total: \$2,832,000</b>			<b>Three-year present value: \$2,305,875</b>		

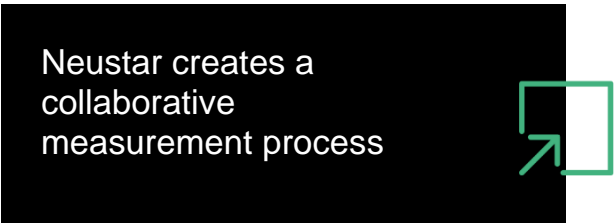
### MARKETING BUDGET SAVINGS FROM IMPROVED MEDIA PARTNER PRODUCTIVITY

**Evidence and data.** This benefit is primarily driven by the improvement in media buyers' productivity. The interviewees' companies used MTA outputs in negotiations with underperforming media buyers that charged them but did not show them adequate returns.

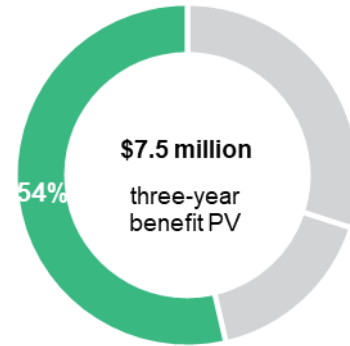
- Neustar Unified Analytics solution is a packaged service, which means companies get access not only to their MMM and MTA solutions, but also to a professional services team that meets to offer them insights. Furthermore, Neustar partners with its customers to discuss what they see in quarterly results (e.g., trying to understand why online video ticked lower). One interviewee said their company used the results they saw for an advertising channel to talk through what it could do to improve the profitability of the advertising.
- Interviewees were able to compare how much incremental value they were getting from each media buyer through Neustar's data, and they identified which partners were not pulling their weight. If there was an inefficient allocation of funds from one partner, decision-makers had data that showed how other partners were outperforming them. A head of marketing analytics at a financial services company said: "[Before using Neustar,] our ability to derive information wasn't previously available to us. The data gave us time to recalibrate and refocus with a different set of leaders. We could now say, 'Hey, we are exclusively going to search Partner X or search Partner Y' for a quantification of performance using an aggregation of all the source reporting we had available to us."
- Partner investments mean not only an investment of money, but also an investment of time. By pruning the partner list and gaining better CPM



deals, one interviewee said their organization saved \$50 million. A marketing effectiveness manager from a multinational automaker also told Forrester: “It was clear as day which partners we needed to disinvest from, which we needed to monitor and reevaluate, which we needed to test and scale with, and which were hitting the sweet spot. This allowed us to evaluate trade-offs and which ones were providing more value.”



- The model assumes a lower attribution rate of 10% (versus 30% for other benefit categories) to account for the rate negotiation required to achieve this benefit.



**Modeling and assumptions.** For the composite organization, Forrester assumes that:

- Customers have strong relationships and work together with their agency partners. Neustar meetings tend to be some of the only venues where everybody can come together in a venue for collaboration, information, sharing, and learning.
- Companies are spending 70% of their advertising budgets on major sources (e.g., TV, larger digital advertisers). The rest is going to smaller digital channels, owned media, influencers, radio, billboards, etc.<sup>11</sup>

**Risks.** The following risks can impact budget savings from improved media partner productivity:

- The ability for employees to negotiate a good rate with partners will determine the success of this benefit. It is up to the internal personnel to work with their partners and to secure better rates, not the data Neustar provides.
- Customers rely on partners to varying degrees, and their advertising pricing models are dynamic. Savings can vary depending on factors that impact pricing during a given time period.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$7,513,388.

Marketing Budget Savings From Improved Media Partner Productivity					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Annual marketing budget	Composite organization	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
C2	Percentage of total marketing budget devoted to key ad channels	Assumption	66%	66%	66%
C3	Marketing budget devoted to key ad channels	C1*C2	\$660,000,000	\$660,000,000	\$660,000,000
C4	Percentage budget savings due to Neustar's media partner productivity model and analysis	Interviews	4.0%	6.0%	7.5%
C5	Attribution percentage to Neustar service	Interviews/ Assumption	10%	10%	10%
Ct	Marketing budget savings from improved media partner productivity	C3*C4*C5	\$2,640,000	\$3,960,000	\$4,950,000
	Risk adjustment	↓20%			
Ctr	Marketing budget savings from improved media partner productivity (risk-adjusted)		\$2,112,000	\$3,168,000	\$3,960,000
<b>Three-year total: \$9,240,000</b>			<b>Three-year present value: \$7,513,388</b>		

### INCREASE IN INCREMENTAL REVENUE

**Evidence and data.** Interviewees said the models created by Neustar drove an improved return on advertising spend that led to increased incremental revenue. Neustar provided their organizations with customer experience insights and analytics, pricing and product optimization, site and channel performance metrics, campaign spending/analytics, demand and media mix, and market share and store performance data. However, Forrester did not incorporate this benefit into the financial model because the range of impact and the attribution customers gave to Neustar Unified Analytics varied widely and depended on too many independent variables (see Risks below). Furthermore, some of the return on advertising spend improvements cited by customers included marketing budget reduction calculations, overlapping with benefits A, B, and C. However, to demonstrate the potential financial impact for this benefit category, Forrester calculated an example that readers can use to estimate further positive impact and ROI (see table D).

- Interviewees reported a positive and increased return on advertising dollars after using Neustar Unified Analytics. However, the marketing analytics leaders interviewed for this study clearly stated that it can be difficult to attribute the increase in incremental revenue entirely to one part of the process of investing in marketing and advertising. An AVP of consumer insights said: “It’s so hard for me to say what percentage is the tool, what percentage is the partnership, what percentage is the media, and [what percentage is] the agencies’ decisions. So, honestly, that’s a very, very hard question to answer.” But interviewees uniformly described increases to their organizations’ return on advertising spend with Neustar, and that includes reports of seeing up to 130% return on advertising spend and a ten times return on the investment in the solution.
- The marketing measurement and optimization guidance Neustar provided to the interviewees’ organizations happened in ongoing calls, meetings, and readouts with the CMO and

marketing team members. Through individual and group sessions, they received guidance on how to invest on a short-term and long-term basis.

**Modeling and assumptions.** For the composite organization, Forrester assumes that:

- After implementing Neustar, the organization experiences an increase in marketing's contribution to sales over a three-year period. Before using Neustar, marketing was responsible for contributing 9% of the annual sales. With Neustar, the organization observes an increase in marketing's contribution to sales to 15%. This improvement is gained incrementally as optimization increases and models are refined.
- It is important to note that the composite organization's decision-makers view Neustar as a key partner in a multistep process to optimize the marketing and advertising budget to drive sales. There are other decision-makers and factors driving sales, including the product, the creative, the placement, and the decision-making by those responsible for media and campaign strategy. Therefore, there is a 30% attribution of incremental revenue increase that is due to Neustar models. A marketing effectiveness manager said: "There are 10 steps in the process. Neustar is steps two, three, and seven, and the ad agency is steps one and four. But we own all 10 steps."

When calculating revenue gains, Forrester's model takes into account the operating margin of the composite organization's industry, which is retail. The range of marketing contributions can vary by industry, ranging from 6% to 38%, according to customer data collected by Neustar. The table in [Appendix B](#), which was provided by Neustar and has not been verified by Forrester, shows the average contribution to sales from marketing that 50 Neustar customers experienced over three years. On average, the retail industry sees an 8% to 24% annual contribution from

Neustar, and Forrester opted to assume a conservative 10% margin for this calculation.

**Risks.** The following risks can impact an increase in incremental revenue:

- Companies should not consider Neustar Unified Analytics to be a silver bullet that will immediately impact their incremental revenue. They need to have other tools in place and employee contributions to get the most out of the solution.
- Because Neustar enables decision-makers to see things more clearly, marketing contribution tracking should increase over time.
- Companies may have other promotions, offers, and other things outside of Neustar intelligence that may lead to an increase in revenue.
- The percentage of marketing contribution to sales varies widely based on factors such as the price of the product, the margin of the product/service, the customer experience, the amount of time a consumer researches a product and competing brands, and other factors.
- Companies in different industries may see different results than the example shown. In Appendix B, Neustar provides customer benchmarking data for different industries (collected roughly 2017-2020) and their respective estimated annual contribution to sales.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$188,655,147.

**UNQUANTIFIED BENEFITS**

Additional benefits that customers experienced but were not able to quantify include:

- **Provided executives with a centralized view of marketing performance data.** As with many organizations, interviewees commented that there was pressure from executives and leaders to show where and how marketing contributed to their company’s overall growth. Prior to using

**“[Neustar] is like a compass. You still have to walk to your destination, and Neustar will instantly show the best way to get there. It does require partnership with agencies and the internal marketing team to make sure that all the right decisions are being made based on what the data tells us. But the solution is the key here, and that will improve our ROI tremendously.”**

*AVP of consumer insights, wireless services*

<b>Increase In Incremental Revenue</b>					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Annual revenue	Assumption	\$100,000,000,000	\$100,000,000,000	\$100,000,000,000
D2	Marketing contribution to sales before Neustar	Interviews	9%	9%	9%
D3	Marketing contribution to sales after Neustar	Interviews	9%	12%	15%
D4	Percentage of incremental sales increase due to Neustar models for recommended advertising improvements	Interviews	30%	30%	30%
D5	Operating margin (retail)	10%	10%	10%	10%
Dt	Increase in incremental revenue	$((D1*D3)-(D1*D2))*D4*D5$	\$0	\$90,000,000	\$180,000,000
	Risk adjustment	↓10%			
Dtr	Increase in incremental revenue (risk-adjusted)		\$0	\$81,000,000	\$162,000,000
<b>Three-year total: \$243,000,000</b>			<b>Three-year present value: \$188,655,147</b>		

Neustar, one company had different vendors doing various forms of mixed modeling, which often resulted in conflicting numbers and reports. A marketing effectiveness manager said: “There has to be a real kind of rigor around analytics so [employees] have faith in it. Once they do, they can see the benefits, and everybody understands what is doable and possible. We have brand

managers who can recite marketing return on investment [MROI] off the top of their head now. It’s changing the thought process and how we think about it, instead of everybody having their own truth.” By using Neustar, the interviewees’ companies could avoid these siloed views by using a single set of reports, allowing them to

collaborate with their partners and share information more effectively.

- **Allowed executives to hear live feedback and advise on ad hoc changes.** The time of executives is valuable, and they need to know what changes they can make in real time to improve ROI. By reading from a single source, executives can trust the data, and they can act. A senior manager of marketing analytics said: “Neustar presented a great opportunity for our most senior executives at the firm to get a view that appeals to their interest and is evaluated through the lens of a common methodology.”
- **Refocused on strategic long-term growth with a more complex model.** The longer-range modeling of the impact of the media mix on sales provided the interviewees’ companies with more accurate information about the effectiveness of their campaigns and media across channels. Senior marketers interviewed for this study described how Neustar enabled their organizations to shift from short-term media planning to long-term strategic budgeting.
- **Gained subject matter expertise.** The interviewees view Neustar as an extension of their marketing team and many count [Neustar representatives] among their direct reports. They bring subject-matter expertise about marketing measurement and optimization and creative and flexible attitudes that help them evolve with the needs of the brand. One head of marketing analytics said: “[Neustar’s] commitment is to evolving and adapting to find solutions for the future and to work with clients on ways that are appealing to them. [Neustar] really leans into partnerships and integrations. I’ve really got to give [Neustar representatives] credit for how they’re thinking about that and how they’re helping us navigate.”
- **Created a strong and unbiased partnership relationship that extended to media agencies.**

Media agencies are important stakeholders and key consumers of the Neustar models and reports. Many interviewees said Neustar forged a strong relationship with agencies, which enabled the findings to be used more effectively on the behalf of the brands. Neustar helped them ask the right questions and enabled the media agency to implement necessary changes. Furthermore, because Neustar is not a media-buying company, the interviewees said they’re confident their advice is unbiased. A senior manager of marketing analytics said: “I think it’s critical that [Neustar] is independent. It’s not a media-buying company, so we don’t have to worry about [Neustar representatives] having bias about where they think we should be investing our money.”

- **Helped with brand awareness and brand building.** Interviewees said brand-building at the top of the funnel was a key benefit of working with Neustar. For example, the sophistication of the Neustar model enabled customers to see the connection between early-stage brand-building campaigns like TV ads that lead to in-store purchases. Rather than using a simplistic “last touch” model, the more in-depth Neustar model demonstrated the importance of capturing early-stage metrics that could influence later purchasing.
- **Created a usable and clean data stack for the company to access.** For customer-obsessed enterprises, having access to relevant, insightful, and multifaceted data is key to further customer understanding. By leveraging Neustar’s data stack for purposes not related to Neustar Unified Analytics, the interviewees’ companies created more business value from the compiled data.
- **Provided gains in the productivity of marketing analytics teams.** By joining forces with their agency counterparts, the interviewees’ companies experienced true partnership. These

holistic reports highlighted that teams could not attribute all success to advertising alone as they now had a full view and a true digital attribution model. With everyone in agreement, internal media teams continued to use the data continuously, and their respective agency partners made optimal decisions in conjunction with the shared data.

to measure marketing's contribution to the bottom line is a constant reality that marketers will continue to face.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

## FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Neustar Unified Analytics and later realize additional uses and business opportunities, including:

- **Enables marketers to understand and act on the contribution of their entire marketing mix.**<sup>12</sup> With the ongoing decline of third-party cookies and the availability of MAIDs, Neustar's Fabrick supports a persistent identity-based analytics solution that allows brands to gain visibility into closed digital platforms, linear and connected TV, mobile apps, desktop, and other digital channels. Brands can now optimize their marketing mix, campaigns, and audiences in-flight to maximize their return on ad spend. As companies adapt to data deprecation trends, they will need to rely more heavily on identity-based tracking methods and analytics. With Neustar's approach, the interviewees' companies are no longer beholden to those data sources and decision-makers can optimize their marketing investments across the board.
- **Enables marketers to adapt and respond to ongoing market changes.** In the wake of the global pandemic, businesses have seen challenges and disruptions — and some are beyond their control. Neustar's real-time data will help marketers stay agile and realign their business objectives to these changes accordingly. While change is inevitable, the need

# Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Neustar Unified Analytics solution annual fee	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000	\$2,486,852
Ftr	Training	\$25,200	\$0	\$0	\$0	\$25,200	\$25,200
	Total costs (risk-adjusted)	\$25,200	\$1,000,000	\$1,000,000	\$1,000,000	\$3,025,200	\$2,512,052

## NEUSTAR UNIFIED ANALYTICS SOLUTION ANNUAL FEE

**Evidence and data.** For the composite organization, the cost of the Neustar Unified Analytics solution is \$1,000,000 per year, and this includes access to both the MMM and MTA solutions along with inputs such as media touchpoints, which is the most granular breakout of marketing activity that companies can test in the model. The composite organization can optimize its media spend across the defined touchpoints. The pricing accounts for factors such as the number of brands, the number of countries, the number of categories, or the outcomes customers want to optimize their marketing spend based on the ways in which they do business. This cost also includes:

- Quarterly strategic updates, including three analyses per quarter with recommendations from the Neustar team after the initial implementation.
- A model refresh to the MMM software instance with actualized data and estimated model parameters after Year 1.
- An always-on consumer-level model.
- Unlimited access to the software-as-a-service (SaaS) platform with unlimited seats for marketing organization users.

- Professional services support, including advanced software training and weekly office hours for six months after purchase.
- 50 models or cuts of the data to address all business questions.

The interviewees said pricing for Neustar Unified Analytics was generally consistent among their companies; however, some organizations purchase just the MTA or MMM model alone (rather than the Neustar Unified Analytics solution that includes both MMM and MTA), which reduces the cost.

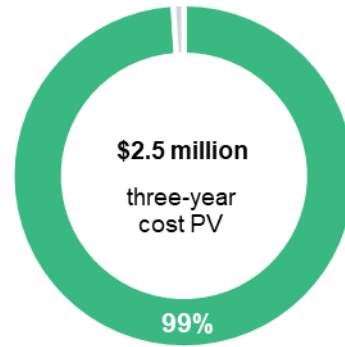
**Modeling and assumptions.** For the composite organization, Forrester assumes:

- Based on the composite organization's annual marketing spend of \$1 billion, the average price point for a Neustar Unified Analytics engagement is \$1,000,000 paid annually. This price assumes

\$500,000 to \$700,000 for the MMM and \$500,000 to \$700,000 for the MTA.

- Forrester assumes this cost will stay flat over the course of three years.

For the purpose of this study, Forrester assumes the company is purchasing the entire Neustar Unified Analytics suite, which includes MMM and MTA, the professional services component, reports, and updates. This results in a risk-adjusted cost over three years that totaled \$2,486,852.



Neustar Unified Analytics Solution Annual Fee						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Solution fees	Interviews		\$1,000,000	\$1,000,000	\$1,000,000
Et	Neustar Unified Analytics solution annual fee	E1	\$0	\$1,000,000	\$1,000,000	\$1,000,000
	Risk adjustment	0%				
Etr	Neustar Unified Analytics solution annual fee (risk-adjusted)		\$0	\$1,000,000	\$1,000,000	\$1,000,000
<b>Three-year total: \$3,000,000</b>			<b>Three-year present value: \$2,486,852</b>			

**TRAINING**

**Evidence and data.** Each of the interviewees said that using Neustar’s advanced marketing analytics requires some training for team members to integrate media outputs into the new models.

- The interviewees noted that the solution’s effectiveness comes from the granularity of the analysis, and they said it takes some time to become acquainted with the platform. An AVP of consumer insights at a wireless services company explained the difference in Neustar’s modeling as compared to the organization’s previous model. They said: “Our previous vendor’s model was a very straightforward and traditional model where you only looked at the impact of media investment to sales. Neustar had a better approach where, in addition to looking at the direct relationship between media and sales,

you are also looking at the indirect relationship by including factors such as brand equity or our website visitations and so on and so forth. It’s slightly different, but it’s more complex and a bigger approach.”

**“That’s what’s really changed: The data is being used continuously by our internal media team to make optimal decisions.”**

*AVP of consumer insights, wireless services*



**Modeling and assumptions.** For the composite organization, Forrester assumes:

- The organization staffs 20 dedicated employees on its marketing team to monitor and optimize the Neustar solution. Within the dedicated staff, there are 10 power users who work exclusively with the tool and attend training sessions with Neustar’s professional services team. The rest of the employees are light users, or they may suggest specific use cases that power users will explore. Forrester assumes training for light users will take a total of 8 hours over the course of a week. While most Neustar customers will not need 20 people to run unified measurement to extract value, these data points reflect the interviewees’ organizations and the composite organization.
- A fully burdened hourly rate for a marketing analytics professional is \$60.
- Despite the unified platform, it may take about four to six months to get the right readout as six system integrations (through both MMM and MTA) and different data sources (e.g., TV, social media networks, direct mail, website visits) need to be brought together.

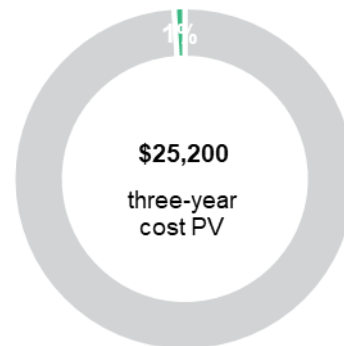
**Risks.** The following risks can impact training costs:

- Updates to the MMM software solution reconfiguration will happen, and employees will

need to be retrained on how to work with the solution as a result.

- This team must collaborate with Neustar and agency partners to outline the key marketing questions that team members want answered so they can attach the right methodology. Without having insight into the types of questions the analytics team needs to solve, the training could fall flat. It is imperative that companies enable their analytics teams to conduct deep marketing insight discovery sessions prior to taking part in the training.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$25,200.

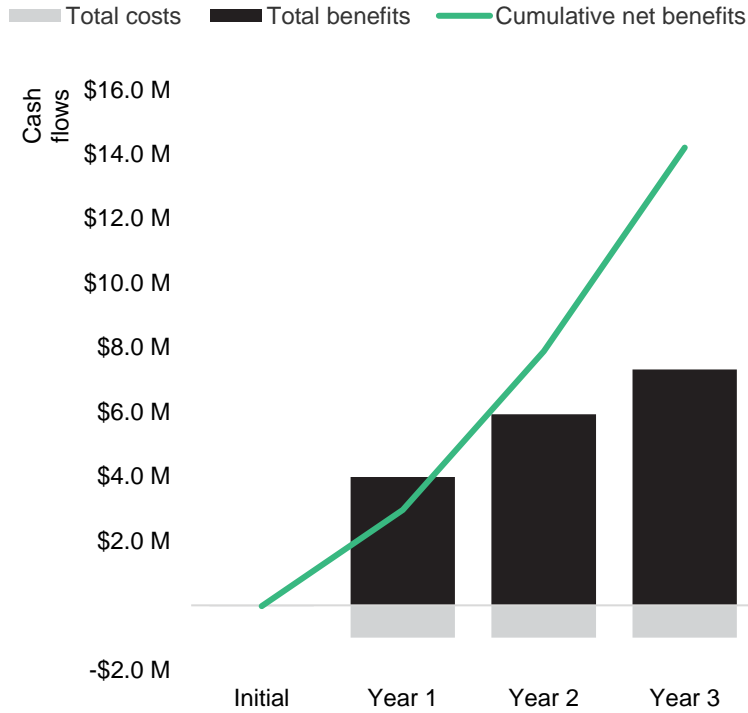


Training						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Number of marketing analytics team members trained on Neustar as light users	Composite organization	10			
F2	Time spent with Neustar's professional services team (hours)	Interviews	8	-	-	-
F3	Number of marketing analytics team members trained on Neustar as power users	Composite organization	10	-	-	-
F4	Time spent with Neustar's professional services team (weeks)	Interviews	4	-	-	-
F5	Hours spent per week learning the platform	Interviews	8			
F6	Fully burdened marketing professional hourly rate	Interviews/ Assumption	\$60			
Ft	Training	$(F1 \cdot F2 \cdot F6) + (F3 \cdot F4 \cdot F5 \cdot F6)$	\$24,000	-	-	-
	Risk adjustment	5%				
Ftr	Training (risk-adjusted)		\$25,200	\$0	\$0	\$0
<b>Three-year total: \$25,200</b>			<b>Three-year present value: \$25,200</b>			

# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

### Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$25,200)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$3,025,000)	(\$2,512,052)
Total benefits	\$0	\$3,984,000	\$5,928,000	\$7,320,000	\$17,232,000	\$14,020,615
Net benefits	(\$25,200)	\$2,984,000	\$4,928,000	\$6,320,000	\$14,207,000	\$11,508,563
ROI						458%
Payback period (months)						<6 months

## Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

### TOTAL ECONOMIC IMPACT APPROACH

**Benefits** represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

**Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

**Flexibility** represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

**Risks** measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



### PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



### NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



### RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



### DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



### PAYBACK PERIOD








The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

## Appendix B: Supplemental Material

Related Forrester Research

“Defining The Online Marketing Suite,” Forrester Research, Inc., October 17, 2007

Marketing Contribution Drivers by Industry

INDUSTRY	ANNUAL CONTRIBUTION TO SALES RANGES
 <b>Telecom</b>	23–38%
 <b>Entertainment</b>	20–40%
 <b>Automotive</b>	20–35%
 <b>Travel and Hospitality</b>	18–28%
 <b>Online Business</b>	15–37%
 <b>Retail</b>	8–24%
 <b>Consumer Goods</b>	6–25%
▪ Staple Goods	6–12%
▪ Non-staple Goods	12–25%

Source: Neustar Customer Benchmark Database

**neustar.**

## Appendix C: Endnotes

<sup>1</sup> Source: “The Forrester Wave™: Marketing Measurement And Optimization Solutions, Q2 2018”, [Forrester Research, Inc., April 16, 2018.](#)

<sup>2</sup> Source: “The 3D Connected Consumer In 2019”, [Forrester Research, Inc., June 20, 2019.](#)

<sup>3</sup> Source: “Master The Mechanics Of Marketing Measurement”, [Forrester Research, Inc., December 21, 2017.](#)

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<sup>4</sup> Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

<sup>5</sup> Source: "The Forrester Wave™: Marketing Measurement And Optimization Solutions, Q2 2018", [\*Forrester Research, Inc., April 16, 2018.\*](#)

<sup>6</sup> Ibid

<sup>7</sup> Source: "Are You Using Data To Win? Discover Your Data Management Maturity", [\*Forrester Research, Inc., February 26, 2015.\*](#)

<sup>8</sup> Source: Olivia LaBarre, "Neustar Partners With Facebook For Marketing Attribution Analytics," Demand Gen Report, September 22, 2016 (<https://www.demandgenreport.com/features/news-briefs/neustar-partners-with-facebook-for-marketing-attribution-analytics>).

<sup>9</sup> Source: "United States Multicultural Media Forecast 2019," Association of National Advertisers/PQ Media (<https://s3.amazonaws.com/media.mediapost.com/uploads/MulticulturalReport.pdf>)

<sup>10</sup> Source: "Marketers admit 26% of their budget will be wasted in 2018," Rakuten Advertising press release, March 13, 2018 (<https://rakutenadvertising.com/en-uk/media-and-press/marketers-admit-26-of-their-budget-will-be-wasted-in-2018/>).

<sup>11</sup> Source: Greg Sterling, "Almost 70% of digital ad spending going to Google, Facebook, Amazon, says analyst firm," Marketing Land, June 17, 2019 (<https://marketingland.com/almost-70-of-digital-ad-spending-going-to-google-facebook-amazon-says-analyst-firm-262565>).

<sup>12</sup> Source: "Neustar Launches Unified Analytics Powered by Fabrick™ to Deliver Sustainable Marketing Measurement in a Privacy-First World," Neustar press release, November 17, 2020 (<https://www.home.neustar/about-us/news-room/press-releases/2020/neustar-launches-unified-analytics-powered-by-fabrick-to-deliver-sustainable-marketing-measurement-in-a-privacy-first-world>).

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