

AN INDUSTRY REPORT ON CAUSAL MEASUREMENT

How top brands are shifting from platform inflation to real revenue impact.

AI-native, causal measurement is replacing platform-reported ROAS with proven revenue impact and reshaping how CFOs and CMOs make decisions together.



INCREMENTALITY



A Note From Lifesight

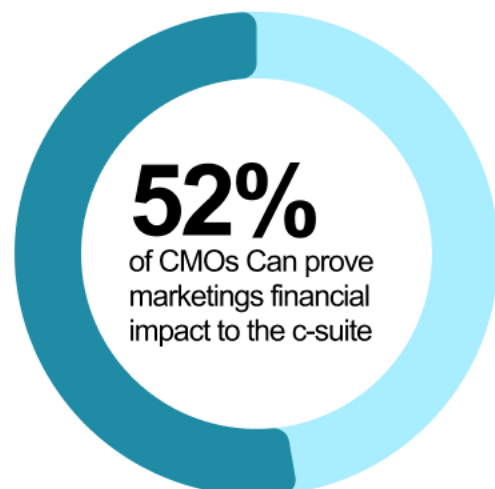
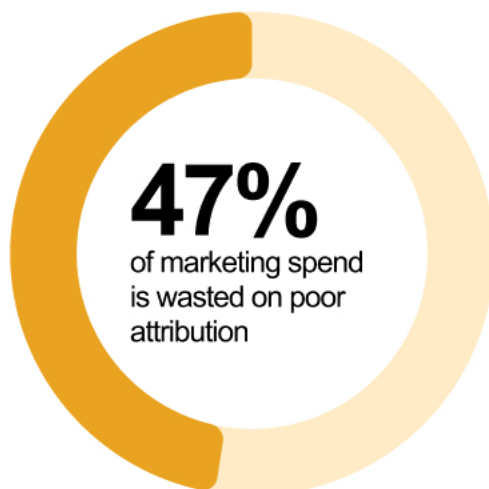
We publish this report because causal measurement is what we do every day, across hundreds of enterprise implementations in dozens of markets worldwide.

An honest, data-grounded view of where measurement stands today , and where it is headed.

Global advertising crossed a historic threshold in 2025. Total ad revenue reached \$1.14 trillion . Forecasts project \$1.27 trillion in 2026. Digital alone surpassed \$750 billion, now accounting for more than 75% of all global ad spend.

The figures are enormous. They are also badly under-measured. Research consistently shows that up to 47% of marketing spend is wasted on poor attribution. Only 52% of CMOs say they can prove marketing's financial impact to the C-suite.

The findings here draw on our operational depth, combined with third-party research from Gartner, McKinsey, Harvard Business Review, eMarketer, IAB, Spencer Stuart, and Duke/Deloitte. Lifesight is independent and unbiased. We are not affiliated with any media buying network. Measurement is our only business.





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A \$1 trillion industry where nearly half the spend may be misallocated, while the executives responsible cannot prove it works.

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MMM, incrementality, and calibrated attribution. The triangulation model that is replacing the old stack.

04 AI-Native Measurement

From dashboards to decision engines. The six capabilities that separate AI-native from AI-washed.

05 The CFO–CMO Alignment Imperative

Companies with strong alignment unlock 20-40% more financial growth. Causal measurement is the bridge.

06 Recommendations for 2026

Seven actions that separate the brands that measure from the brands that guess.



EXECUTIVE BRIEF:

Five findings that change the measurement conversation.

01 A trillion-dollar industry, under-measured.

Global advertising spend hit \$1.14 trillion in 2025. Upto 47% of it is wasted due to poor measurement. Only 52% of CMOs can prove marketing's financial impact.

MEASUREMENT CRISIS

02 Platform data overstates impact by 20-40%.

A channel reporting 3.0x ROAS may deliver just 0.5x in true incremental return. Seventy-five percent of retargeting conversions would have happened without any ad exposure.

DEATH OF CORRELATION

03 Causal adoption surged 212% since 2023.

53.5% of US marketers now use Marketing Mix Modeling. 52% run incrementality tests. The global MMM market is projected to reach \$14.8 billion by 2035.

RISE OF CAUSAL

04 AI-native is replacing analyst + dashboard.

AI use in marketing doubled to 24% in 2025. By end of 2026, 40% of enterprise applications will embed AI agents. The analyst bottleneck is dissolving.

AI-NATIVE MEASUREMENT

05 Aligned CFO–CMO teams unlock 20-40% more growth.

Marketing ROI rises 31% in aligned organizations, while budgets grow only 12%. The return comes from shared conviction, not a bigger budget.

CFO–CMO ALIGNMENT

The full report.

Seventy-five research-backed data points. Six implementation frameworks. Market projections for MMM and incrementality testing through 2035. A field guide to building causal infrastructure.

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01

The measurement crisis.

Marketing entered 2026 spending over \$1 trillion. Most of it is measured with tools built for a different era.



1.1

The Trillion-Dollar Blind Spot

01

Global Advertising Spend (2025)

\$1.14 Trillion. Applied to global spend, this implies hundreds of billions flowing to channels and audiences that do not deliver incremental outcomes.

03

Lack of ROI Tracking

34.2% of marketers rarely or never measure ROI (LayerFive). A third of practitioners have stopped trying to measure at all (Marketing Week).

02

Wasted Spend

47% of spend is wasted due to poor attribution (GroupM/WPP via eMarketer).

04

Proving Financial Value

Only 52% of CMOs can prove marketing's financial value (Gartner). The other half operate without a credible connection between investment and result. They spend, they hope, and they defend.

1.2

The CMO Under Pressure

The measurement crisis collides with three forces that make the consequences sharper than at any point in the last decade:

01

Flat Budgets

Marketing budgets sit at 7.7% of company revenue, completely unchanged from 2024. 59% of CMOs report their budget is insufficient. Growth has to come from efficiency rather than expansion, which is precisely the capability most organizations lack.

02

Wasted Spend

Customer acquisition costs (CAC) jumped +40-60% from 2023 to 2025. The same budget now buys less reach, less traffic, and fewer conversions. When acquisition costs rise and budgets stay flat, the margin for error disappears.

03

Lack of ROI Tracking

Average CMO tenure has dropped to 4.1 years, making it the second-shortest in the C-suite (Spencer Stuart CMO Tenure Study, 2025). CMOs inherit measurement infrastructure they did not build. By the time they identify the gaps, a significant share of their window has closed.



1.3

The Cost of Getting It Wrong

Broken measurement doesn't just waste money. It funds the wrong growth.

01 \$63 Billion Burned on Invalid Traffic (2024)

Bot traffic, ad fraud, and non-human impressions consumed budget that generated no business outcome of any kind (Lunio via MediaPost).

02 Programmatic Waste

56% of every programmatic dollar never reaches a consumer. For every \$1,000 in programmatic spend, only \$439 lands as a viewable impression; intermediaries, fees, and non-viewable placements absorb the rest (Runner Media).

03 The Expense Trap

47% of CMOs report that marketing reads as an expense. Nearly half the C-suite treats marketing as a cost center. Broken measurement is the root cause: it leaves marketing unfundable at the very moment it needs to be indispensable (Gartner).



DIGITAL AD SPEND
\$750B+
in 2025



47%

of marketing spend
is wasted on poor
attribution.



52%

of CMOs can prove
marketing's financial
impact to the C-suite.



02

The death of Correlation

Three structural forces killed the old measurement model at once, and permanently. None of them can be undone.



2.1 FORCE ONE:

Platforms Grading Their Own Homework

Ad platforms sell the inventory and report on its effectiveness. The conflict of interest is structural, and data confirms it produces systematically inflated results. Every platform overcounts, and always in the same direction: Meta reports 26% more conversions than independent analytics tools, while Google Ads over-attributes by 15-20% when Enhanced Conversions or Consent Mode V2 is active.

When a brand advertises across multiple platforms, each platform claims credit for the same conversion. Combined platform-reported conversions routinely exceed actual customer counts by 20-40%. In one documented case, 42 real purchases became 168 reported conversions across four platforms claiming credit for a single customer. Match rates compound the gap: platforms reporting 100 conversions may correspond to only 70 CRM-verified sales, a gap that widens every quarter as privacy restrictions tighten deterministic matching.

01 The Retargeting Illusion

Retargeting illustrates the over-attribution problem at its most extreme. Research shows that 75% of retargeting conversions happen without ads; the users were going to convert anyway. The typical gap between reported and incremental performance runs 4-6x. A platform-reported 8x ROAS often reflects a 2x incremental ROAS once organic intent is removed. The channel that looks best in platform dashboards is often the channel delivering the least incremental value per dollar, receiving budget precisely because the measurement is wrong.

02 The Killer Case Study (HAUS, 2025)

A brand spending \$100,000 per month on Google Ads saw a platform-reported ROAS of 3.0x. A control-market experiment revealed the true incremental ROAS was just 0.5x. The brand was losing fifty cents on every dollar while the platform reported they were tripling their money.

03 The Systematic Finding (Stella / Haus, 2025)

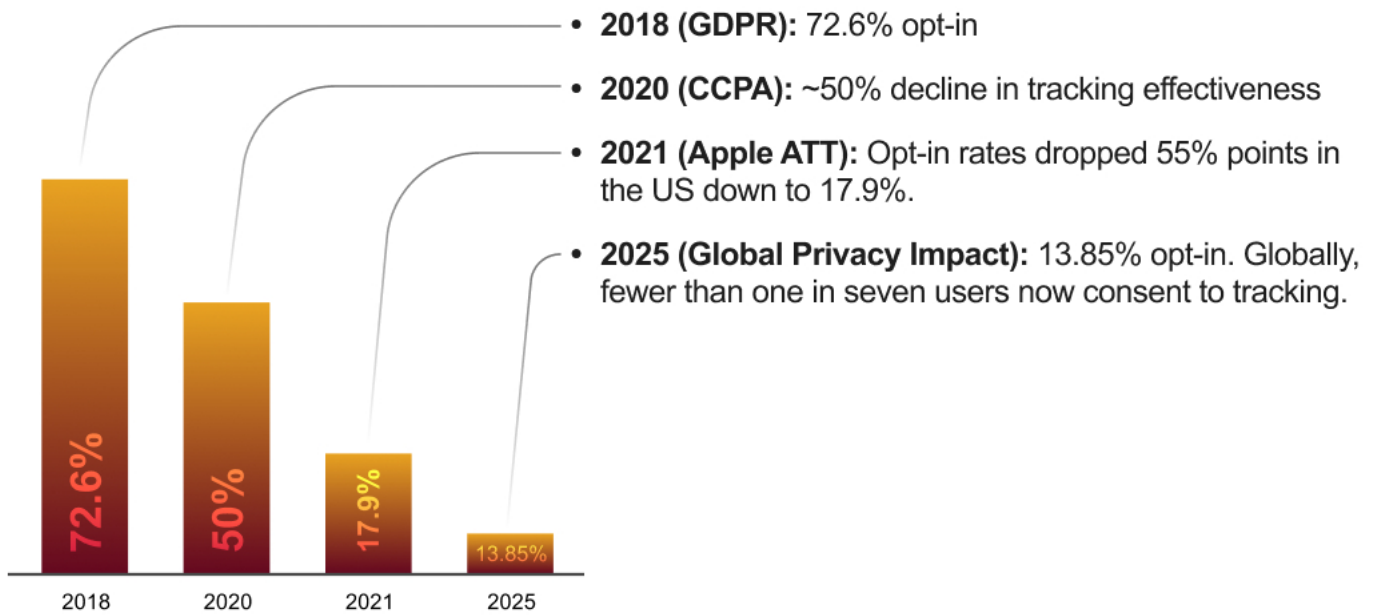
Across 46 incrementality studies of ecommerce brands with \$15M-\$100M in annual revenue, researchers found no consistent linear relationship between platform-reported ROAS and true incrementality. Some brands with platform-reported ROAS above 4.0 showed incrementality factors below 1.0, meaning they were destroying value while their dashboards indicated strong performance. In a meaningful number of cases, platform data is directionally wrong.



2.2 FORCE TWO:

Privacy Regulations

Apple, Google, and 144 national legislatures have dismantled the tracking layer that last-touch and multi-touch attribution depend on. The damage is structural, not cyclical, as mobile tracking opt-in rates collapsed (Georgetown University / Purchasely, 2024):



Apple's App Tracking Transparency (ATT), launched in April 2021, remains the single most impactful privacy event in digital advertising history. ATT drove Apple-user advertising revenue down 20.4% and pushed CPMs 51% higher for the trackable audience that remained. Advertisers paid more to reach fewer people with worse measurement.

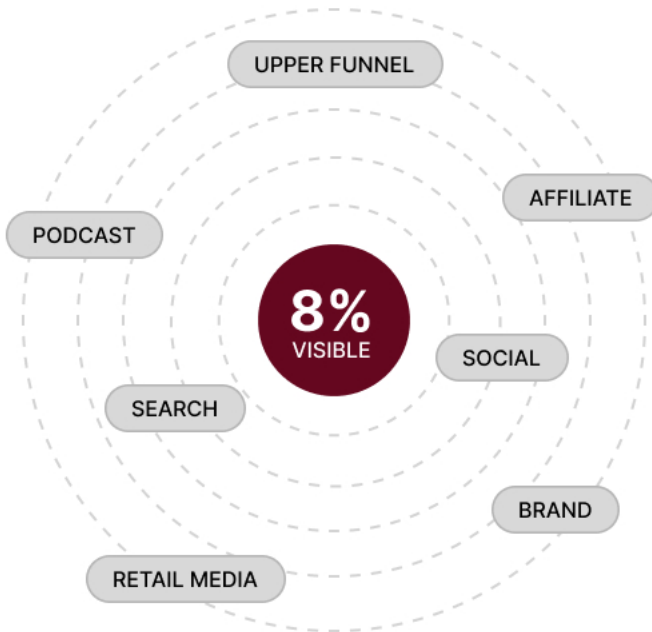
While 95% of ad decision-makers anticipate ongoing signal loss and 73% of companies expect cookie deprecation and legislation to further degrade attribution, only 15% of marketers feel ready for a cookieless environment, and 32% remain 100% reliant on third-party cookies. This is a global law mandate: 82% of the world's population (6.64 billion people across 144 countries) now falls under national data privacy legislation.



2.3 FORCE THREE:

Fragmentation

Enterprise marketing teams bought more software to gain more insight, but ended up with less understanding: more dashboards, more data, and less unified truth.



What **92%**
of brands
cannot see.

01 91 Marketing Cloud Services

The average number used by an enterprise. Teams operate only 33% of stack capability (Gartner / WebFX).

02 8% Unified Visibility

Only 8% of brands have a unified view of marketing performance across channels (Retail Media, Upper Funnel, Affiliate, Podcast, CTV, Search, Social, and Offline). The other 92% navigate by partial visibility (Branch, 2025).

03 9.5 Touchpoints per Conversion

Each touchpoint generates data in a different system, measured by a different tool, compounding data entropy (Entropy Consulting, 2025).



03

The Rise of Causal Measurement

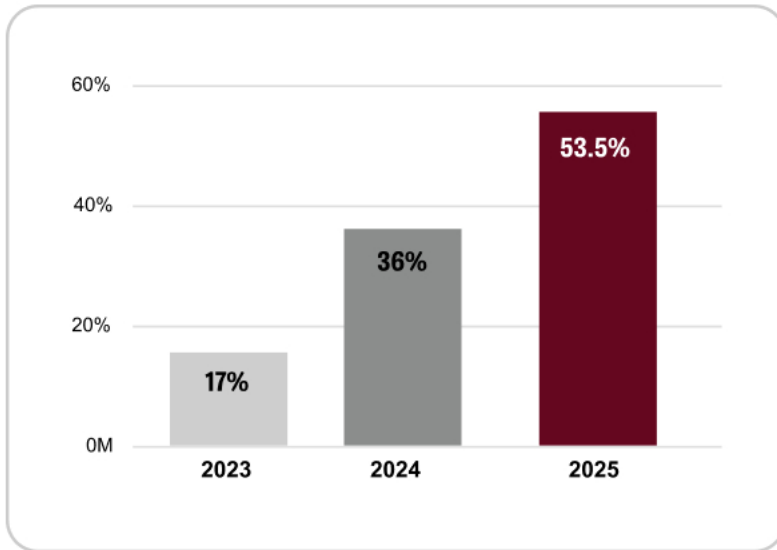
While the old model crumbled, a new one emerged. It was built not on tracking users, but on measuring causal impact.



3.1

MMM Goes Mainstream

Marketing Mix Modeling (MMM) crossed the chasm in 36 months. Adoption among US marketers surged 212% since 2023 (Sellforte / eMarketer):



**+212% in
36 months.**

When asked to name the most reliable measurement methodology, 27.6% of marketers chose MMM, making it the top answer across every option. The global MMM market reached \$5.4B in 2025 and is projected to expand to \$14.8B by 2035, representing a 2.7x expansion (Future Market Insights).

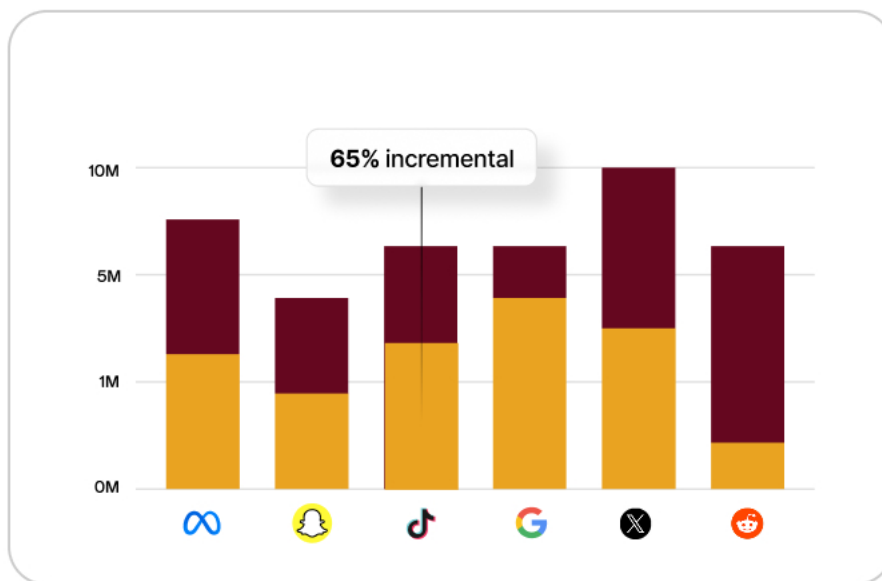
Traditional MMM took five months from scoping to first insight. Modern software-based MMM delivers results in days to weeks, expanding the buyer profile to mid-market teams, performance agencies, and DTC brands. Open-source initiatives like Meta's Robyn (2021) and Google's Meridian (January 2025) collapsed the historical barriers of cost, complexity, and time.



3.2

Incrementality Testing

MMM tells you where to allocate; incrementality tells you whether a channel actually causes growth or merely captures existing organic demand. Currently, 52% of US marketers run incrementality experiments, and 36.2% plan to increase testing spend. The percentage using experiments doubled in a single year, from 18% in 2023 to 36% in 2024. The incrementality testing market expanded from \$1.2B in 2024 to a projected \$5.8B by 2033 at a 19.1% CAGR. In retail media, 71% of advertisers now rank incrementality as their #1 KPI.



01

Budget Barriers Fall

Google reduced the minimum budget for conversion lift studies from approximately \$100,000 to \$5,000 in 2026 by adopting Bayesian models that require smaller samples.

02

Hidden Value Discovery

(HAUS, 2024 - 640 Experiments)

Upper-funnel campaigns received only 6% of budgets but delivered a 138% halo effect on non-DTC revenue. For omnichannel brands, 32% of Meta's total impact came from non-DTC sales—revenue that never appears in a last-click report. Most brands systematically underinvest in their most efficient channels because they fail to measure this halo.



3.3

The Triangulation Model

No single methodology answers every question. The industry has converged on a signature framework that combines all three approaches, each compensating for the others' weaknesses:

Framework Layer	Methodology	Core Functionality & Scope	Core Operational Question
Strategic Layer	Marketing Mix Modeling (MMM)	Measures the incremental contribution of every channel, including offline, brand, and competitor effects, using aggregate data. No user-level tracking required.	"Where should we allocate budget?"
Validation Layer	Incrementality Testing	Controlled geo-holdout experiments measure the true causal impact of specific channels. Validates MMM outputs with experimental proof.	"Is this channel actually driving lift?"
Tactical Layer	Calibrated Attribution	Daily and weekly campaign optimization anchored to MMM and incrementality data, ensuring attribution becomes reliable rather than arbitrary.	"Which campaigns do we adjust today?"

Traditional attribution overestimates direct-response channels by up to 30%. Calibration corrects the bias without throwing out the tactical layer (International Journal of Computer Applications, 2025). The convergence of these methodologies runs on Causal AI: machine-learning systems designed to infer cause and effect from observational data. The Causal AI market expanded from \$56.2M in 2024 to a projected \$456.8M by 2030, a 41.8% CAGR, providing the technical infrastructure that makes real-time triangulation possible at scale.



04

AI-Native

Measurement

The dashboard is becoming a decision engine. As the analyst bottleneck dissolves, a new line is being drawn between AI-native and AI-washed solutions.



4.1

From Dashboards to Decision Engines

In the legacy "Analyst + Dashboard" loop, insights arrive late and stop at the screen. Data lands across 91 disconnected tools, weeks pass to build a descriptive chart, a human reads it to form a hypothesis, and by the time a decision is made, the spend window has closed. In contrast, the AI-native "Decision Engine" unifies channels, CRM, and experiments continuously. Causal models run in the background to surface ranked, explainable recommendations, allowing budget to move the same day.

- 24% of marketers report active AI use in 2025, doubling the prior year (McKinsey, 2025).
- 40% of enterprise applications will embed task-specific AI agents by the end of 2026 (Gartner, 2025).
- AI-native teams experience a 5x faster cycle from question to acted-upon decision. The winners remove humans from parts of the loop where they only add delay.

4.2

The Six-Point Test

Most "AI-powered" measurement is a language model bolted onto a legacy dashboard. The difference is architectural, and it shows up in these six capabilities:

Causal by Construction

47% of spend is wasted due to poor attribution (GroupM/WPP via eMarketer).

Continuous, Not Periodic

Triangulation runs every day against live data. The model recalibrates as experiments resolve, rather than being rebuilt by hand each quarter.

Self-Calibrating

Incrementality results feed back automatically to correct attribution drift. The system grows more accurate with use, without an analyst in the loop.

Decision-First Output

It returns a ranked, explainable recommendation (move \$X from channel A to B), not a chart a human must translate into action.

Explainable & Auditable

Every recommendation traces back to the experiment and the assumption behind it. A CFO can interrogate the logic, not just the number.

Agentic Execution

With approval, the system acts: reallocating budget, launching the next holdout test, and closing the loop. The human governs; the engine executes.



4.3

The Accountability Loop

The closed system operates without an end state, where every cycle sharpens the next decision:

Measure (Causal Truth)

Triangulated MMM, incrementality, and calibrated attribution establish what actually drives growth.

Decide (Ranked Action)

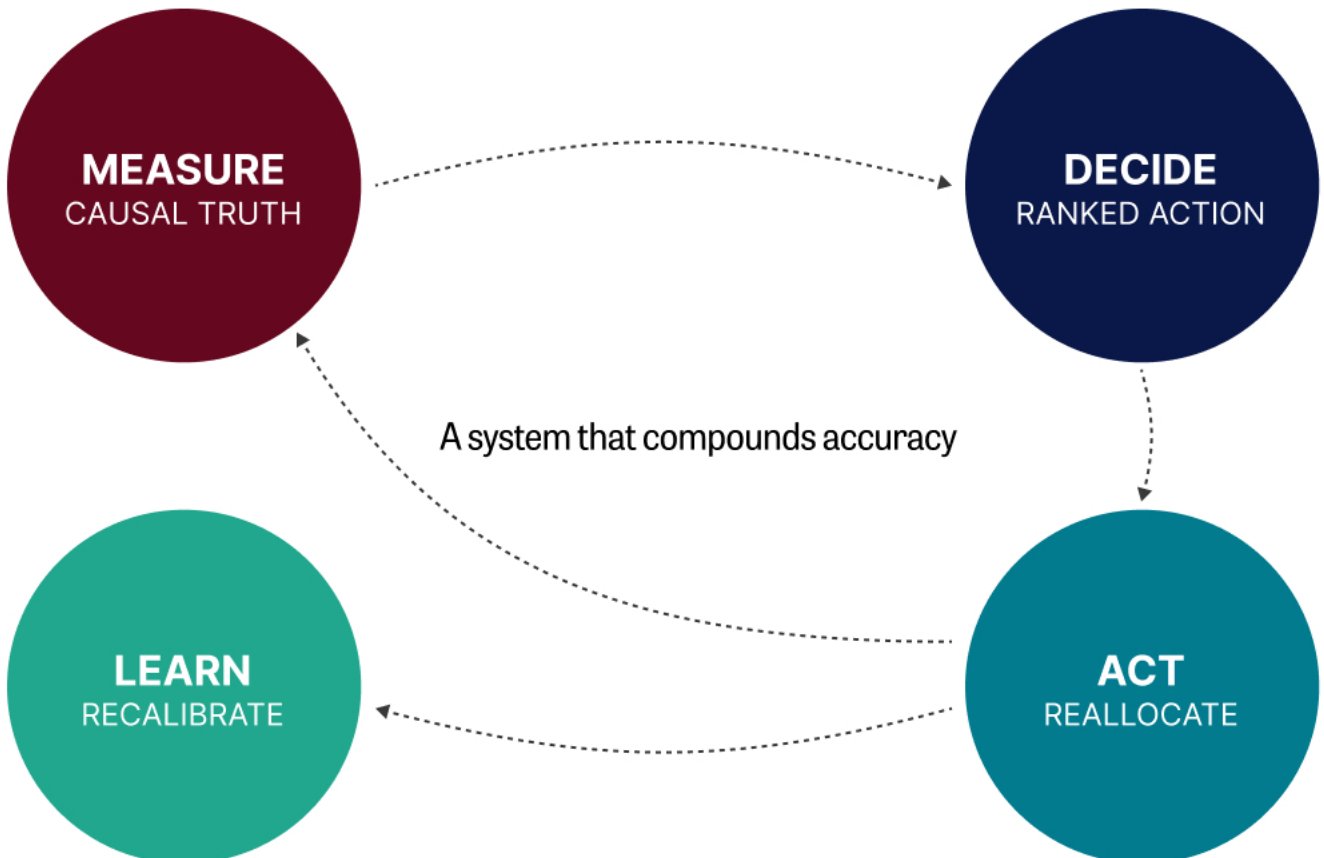
The engine converts measurement into an explainable, prioritized reallocation recommendation.

Act (Reallocate)

On human approval, budget shifts and the next holdout experiment launches automatically.

Learn (Recalibrate)

Fresh experimental results feed back, correcting model drift before the next cycle begins.





05

The CFO-CMO Alignment Imperative

The technology is solved. The remaining advantage is organizational: a shared measurement language between the people who spend and the people who fund.



Where Most Companies Are (Laggards)	Where High Performers Operate (Aligned)
<ul style="list-style-type: none"> • Only 22% of marketers feel they have enough data to justify marketing's value to their CFO (Perion / Advertiser Perceptions, 2024-25). • 50% of marketing leaders cannot explain their own measurement approaches to financial stakeholders (Haus). • Only 39.2% of brand marketers measure whether their work is delivering business outcomes at all (Marketing Week). 	<ul style="list-style-type: none"> • +31% Marketing ROI achieved in aligned organizations, while the marketing budget grew only 12% (Harvard Business Review). • 73% of high-performance companies use fully integrated marketing-finance reporting systems (Gartner). • CMOs are 1.8x more likely to prove value when they utilize 2+ high-complexity metric types (Gartner).

When marketing and finance share a measurement language, the budget conversation changes from defending past spend to projecting future outcomes. The alignment payoff does not require more money - it requires better measurement. Aligned brands do not ask for permission to invest; they arrive with proof.

The alignment payoff did not require more money. It required better measurement.



06

Recommendations for 2026

Seven actions that separate the brands that measure from the brands that guess. None require a bigger budget; all require a decision.



01 Make incrementality the default question

Stop asking what a channel reported. Ask what it caused. Treat platform-reported ROAS as a hypothesis, never as truth.

First Step This Quarter: Run one geo-holdout test on your largest-spend channel.

03 Calibrate attribution against ground truth

Keep the tactical layer, but anchor it to experimental results so daily optimization stops drifting from reality.

First Step This Quarter: Apply one incrementality result as a multiplier on attributed ROAS.

05 Build one shared scorecard with finance

Aligned teams unlock 20-40% more growth on the same budget. The bridge is a single source both functions trust.

First Step This Quarter: Co-author one metric definition with your CFO this month.

07 Close the loop, and keep it closed

Measurement is not a quarterly project. Make measure-decide-act-learn a standing operating rhythm that compounds.

First Step This Quarter: Schedule a recurring reallocation review tied to live experiments.

Start with one test. You do not need to rebuild the entire stack to begin. A single honest experiment on your biggest line item will change the conversation more than any dashboard ever has. The only wrong move is spending another year defending numbers you cannot prove.

02 Adopt the triangulation model

Pair MMM for allocation, incrementality for proof, and calibrated attribution for daily tactics. Each corrects the others.

First Step This Quarter: Stand up MMM; software-based models now return insight in days.

04 Demand AI-native, not AI-washed

Score every vendor against the six-point test. A chat interface on a legacy dashboard is not a decision engine.

First Step This Quarter: Ask vendors to trace one recommendation back to its experiment.

06 Fund the efficient channels you can't see

Upper-funnel and offline routinely outperform their last-click credit. Measure the halo before you cut it.

First Step This Quarter: Quantify non-DTC and brand contribution with an MMM baseline.



APPENDIX:

Methodology & Glossary

Seventy-five data points drawn from operational depth and more than twenty independent third-party sources, 2023-2026. Findings combine Lifesight's operational data across hundreds of enterprise implementations with third-party research from Gartner, McKinsey, Harvard Business Review, eMarketer, IAB, Spencer Stuart, Duke/Deloitte, Haus, and others. Sources are tiered: Tier 1 (peer-reviewed and primary research), Tier 2 (established industry analysts and trade bodies), and Tier 3 (vendor and practitioner surveys, used for directional signal only).

Glossary of Terms

- **MMM (Marketing Mix Modeling):** Uses aggregate data to estimate each channel's incremental contribution, with no user-level tracking required.
- **Incrementality:** The lift a channel causes versus a controlled holdout: the conversions that would not have happened without it.
- **Calibrated Attribution:** Daily attribution anchored to experimental ground truth, correcting the systematic bias of last- and multi-touch models.
- **Triangulation:** Combining MMM, incrementality, and calibrated attribution so each method offsets the others' blind spots.
- **Causal AI:** Machine learning designed to infer cause and effect from observational data, not simple correlation.
- **ROAS (Return on Ad Spend):** "Reported" reflects platform credit; "incremental" reflects true causal return.
- **Geo-Holdout:** An experiment that withholds spend from matched regions to measure causal lift directly.
- **Halo Effect:** Revenue a channel drives beyond its directly attributed sales, such as retail or non-DTC lift.