

Cross Media Attribution Modeling: The Synergy & Interaction of Media to Maximize Sales

Executive Summary

What causes a sale? Most marketers know the source of the lead but not the cause of a sale – and there is a very big difference. There is a big risk for marketers misallocating resources based on the source of a lead rather than performing proper attribution modeling to understand how a range of activities work together to produce the sale. This case study demonstrates why a customer-centric analytic approach is essential to every marketer that sells directly to the customer.

Background

1-800-Flowers is the leading flower retailer in the US. With a robust website for e-commerce, a telephone call center and physical retail stores, 1-800-Flowers is a classic multi-channel retailer. 1-800-Flowers.com has grown the e-commerce operation substantially over the years, and keyword search and search engine optimization play an important role.

Search advertising on sites like Google, MSN and Yahoo have been the fastest growing portion of digital advertising. With 16% of all sales for 1-800-Flowers coming immediately after using a search engineⁱ, to click on a link to 1800Flowers.com, it is not difficult to understand why search has been a red-hot growth category.

But recent research from Marketing Evolution and 1-800-Flowers found that there is more at work than a consumer typing in a keyword, and clicking on the link to the 1-800-Flowers website, and ultimately buying. Multi-channel advertising influences the volume of search, and ultimately the total number of sales. Advertising also increases conversion propensity. Therefore, coordinating the efforts and balancing the media mix is key to success.

“If you want to understand how different marketing channels work together, Marketing Evolution is the one you turn to” explains Monica Woo, CMO of 1-800-Flowers.com. “Marketing Evolution helps large marketers calculate the ROI from a complex array of marketing channels.”

“The current model used by most marketers of keyword search credits search as directly causing sales. But this is overly simplistic and inaccurate,” explains Rex Briggs, Marketing Evolution founder, and best-selling co-author of *What Sticks, Why Advertising Fails* and *How to Guarantee Yours Succeeds*. “Multiple media interact to produce sales, and if companies want to maximize sales, they need to measure and understand the interaction of the various media.”

Marketing Evolution is a leading provider of marketing ROI management solutions and intelligent software, and was retained to apply its patented cross media attribution modeling, known as ROMO.

ROMO cross media attribution modeling calculates how different marketing activities (across different media) work together to produce a sale. The analysis enables marketers to intelligently coordinate the marketing mix for optimal business results. Marketing Evolution analysis is combined with software to enable advanced ROI dashboards, budget planning, integrated calendars, and best practice management.

The Analysis

Marketing Evolution dug deeper into the role and impact of different marketing and media in the mix and found important relationships between advertising, search volume, sales conversion rates, and ultimately sales.

Marketing Evolution’s Christine Grammier explains, “The Marketing Evolution methodology identifies a buyer and traces back the chain of events in terms of advertising and marketing exposure that led to the sale. Keyword search and clickthroughs to Internet ads are important. But if you’re not carefully calculating the ways that advertising causes sales through cross media attribution modeling, you’re likely wasting money and misallocating budget. It’s not just about the last click. We’ve proven that advertising boosts search volume, conversion rates and ultimately sales.”

What Makes “Cross Media Attribution Modeling” Unique

Marketing Evolution refers to their approach as an “ROI management solution” because it includes analytics and software to monitor campaigns and implement the insights. Focusing on the analytic component at the heart of the 1-800-Flowers case study highlights three unique features of Marketing

Evolution’s approach compared to other ROI approaches. First, Marketing Evolution’s approach is different than marketing mix modeling from firms such as MMA and MarketShare in that marketing mix modeling is based on analyzing aggregate sales by region by week, whereas Marketing Evolution uses an attribution modeling approach which measures individual customer purchase behavior. The attribution modeling approach produces insights about how individual customers segments react differently to advertising – something that marketing mix modeling doesn’t do. This individual level modeling is essential to fine-tuning targeting the right message to the right people.

Second, Marketing Evolution measures across digital media and non-digital media such as TV, Out-of-home, direct mail, etc. (hence “cross media”). This is distinct from “digital attribution modeling” from firms such as Adometry and VisualIQ, which only measure digital media. This is important to get an accurate picture of how offline media, such as 1-800-Flowers’ radio, TV and out of home ads contribute to sales. Marketing Evolution’s approach also unlocks the synergy between online and offline media.

Third, and perhaps the most significant distinction, is that Marketing Evolution measures the entire path to purchase to understand how media influences both attitudes and behaviors. “Many marketing mix modeling firms attempt to include brand image into the analysis, but aggregate time series analysis used by mix modeling firms aren’t customer-centric in design, and do an inferior job at capturing how branding contributes to sales. Marketing Evolution’s strength in analyzing the full path to purchase is one of the reasons why the ARF engaged in the research.

Based on these unique features, Marketing Evolution’s approach has been termed best practice from the Interactive Advertising Bureau (IAB), the Advertising Research Foundation (ARF), Association of National Advertisers (ANA), and the American Association of Advertising Agencies (AAAA), and a host of independent academics and industry analysts. Marketing Evolution’s methodology is the most broadly validated method for cross media ROI analysis.

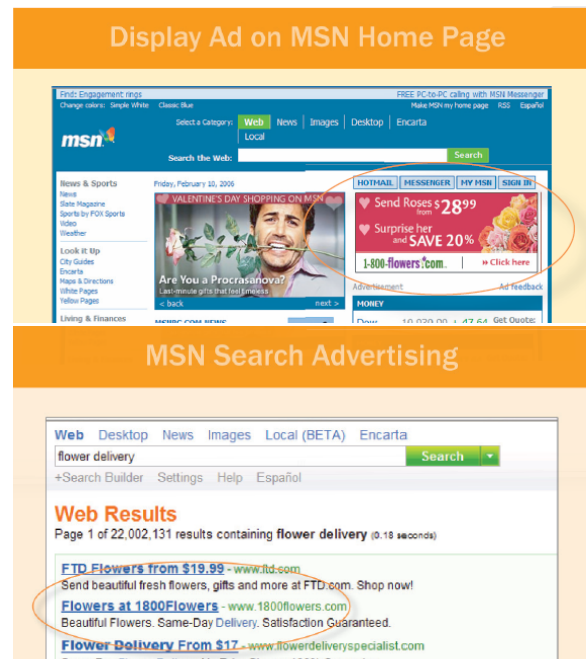
Marketing Evolution’s approach was selected by 1-800-Flowers, and the leading marketing trade organizations, to shed light on cross media impact and ROI. Marketing Evolution’s approach was judged superior because it unlocks the complex interaction of

different media in producing sales in a way that other methodologies do not. By unlocking the effectiveness of advertising, it provides direction on how marketers can both forecast sales more accurately, and increase the return on investment from marketing by optimizing the marketing mix.

Findings: Harvesting vs. Planting the Seeds – How Media Interact to Produce Sales

Consider the interaction between Keyword Search advertisements and Online Display advertisements. At first look, it appears that search generates 16 percent of 1-800-Flowers’ sales. But closer examination reveals that 13.8 percent of those sales (2.2 percent of overall sales) came from those exposed (without clickthrough) to Online display advertising.

“Those who did not click through on these advertisements, but came back online to a search engine some time after exposure to the 1-800-Flowers message and typed in a search, and then clicked on a link leading to the 1-800-Flowers ads where they made a purchase, represent a meaningful driver of revenue and profit,” reported Grammier. “But, most marketers miss this value because they only look at the last click, not at what contributed to the click.” Non-clicked online ads have a specific value, in other words, which Marketing Evolution reported to 1-800-Flowers so they could optimize their investment.



Search volume and conversion can be influenced not only by Online Display advertising, but also offline advertising. Based on a deeper understanding of how media interact and work together, Marketing Evolution is counseling clients to consider how media contribute to “planting the seed” versus “harvesting.”

Advertising is typically a “planting the seed” activity. But some advertising can be both harvesting and planting the seed. Take the example of Online Display advertising (also referred to as Banners) for 1-800-Flowers on MSN’s home page. Often these advertisements are evaluated based on the number of consumers that click on them to buy the product (harvesting). But there is also a consumer perception effect (planting the seed). The perception effect can be connected through Marketing Evolution’s cross media attribution modeling analysis to trace the impact on sales that is caused by advertising “planting the seed.”

Marketing Evolution found that the positive perceptions of 1-800-Flowers increased as a result of advertising exposure, and this translated into behavior in the future. Those exposed to the online advertising (who did not click on the ads) were more likely to visit a search engine, type in the keyword, link to 1-800-Flowers and purchase – meaning the Online ads successfully planted the seed that blossomed into a sale (even without clickthrough).

One of the many elements of the marketing program that Marketing Evolution analyzed for 1-800-Flowers is the Customer Relationship Marketing (CRM) email program. Email to the existing 1-800-Flowers database is an example of a “harvesting” activity. The 1-800-Flowers email marketing program generated the highest ROI of any marketing activity. It is easy to understand why:

1. The email is targeting people who have already bought from 1-800-Flowers and existing customers are almost always more responsive to the message.
2. The email itself has links directly to the website, making purchase a quick and easy process.
3. The cost of developing and sending an email newsletter is inexpensive.

The strengths of email are clear – but as Marketing Evolution explains, it is important to again draw the distinction between a “harvesting” activity and a “planting the seed” activity. Email to existing customers doesn’t create new customers. It harvests existing ones. Email should be used in the mix to be

sure – but marketers should take care to ensure they are creating new customers, and are not “over harvesting” and thereby hurting the relationship with existing customers.

This pattern of advertising generating demand, which manifests itself in more search activity, and higher conversions to sales demonstrates an important point: *Marketers need to measure and pay close attention to how marketing activities influences perceptions (plant seeds) in order to optimize the entire mix for greatest profitability.*

Conclusions

So which media help plant the seed to create a new customer? Which media are most profitable, when a marketer properly attributes both the branding and conversion capabilities? More importantly, how does a marketer get the mix right so that the synergy between branding and conversion works optimally?

The 1-800-Flowers case study demonstrates these questions can be answered with the right analytics. Marketers should be aware that marketing mix modeling does not use a customer-centric analysis – the limitation of time series mix modeling is that it does not quantify the entire path to purchase so that both the “planting the seeds” aspects of marketing as well as the “harvesting” activities of converting those with a predisposition to buy can be fully understood, and optimized together. Marketing Evolution’s ROI management solution uses cross media attribution modeling for both attitudes and behaviors. It is a unique approach that helps marketers and the industry to see the connections between branding and sales, by customer segment, and therefore generates better business results through a better marketing mix.

Finally, the 1-800-Flower case study demonstrates the value of answering the mix optimization question. Answering this question was worth more than 20 percent improvement in ROI for 1-800-Flowers.

¹ Holiday period sales

Results originally published by 1-800-Flowers, ARF, ANA, AAAA, IAB and Microsoft as part of a joint collaboration to highlight the role of digital advertising in the marketing mix, using Marketing Evolution’s best practice measurement approach.

For More Information on Marketing Evolution, visit:

www.MarketingEvolution.com