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LeadsCouncil sparkroom

Cross-Channel Marketing Attribution:

From Comprehension to Deployment to Predictive Planning



IT'S QUIZ TIME:

1. Is the channel to which you have attributed the last click solely responsible for that conversion?
2. Is your marketing campaign achieving its objectives?
3. Which channel contributes the most conversions? Which deliver the greatest ROI?
4. What is the most common path your customers take from awareness to conversion?
5. If your budget got reduced, do you know what to cut first?
6. If your budget was increased, where would you put the extra spend?

If you don't have answers for all of the questions above, you're not alone.

Cross-Channel Attribution Tracking Tells You What Is (and What Is Not) Working

Spending without proof of effectiveness is on its way out. In truth, it hasn't been acceptable for a long time.

Businesses of the 21st century are streamlined in both budgets and resources. As a result, marketers can no longer justify media budgets of any size without delivering quantifiable ROI.

Cross-channel marketing attribution tracking and modeling allows marketers to demonstrate the value of what they do. But that's not all. By providing timely, insightful and actionable data with which marketing campaigns can be holistically (versus channel-by-channel) optimized, attribution tracking also assists in the effective optimization of marketing efforts, ultimately boosting performance.

Though the tracking of digital campaigns is far simpler to put in place than the tracking of traditional marketing, accurate ROI tracking mandates cross-channel attribution models that evaluate every active channel and assign credit (or attribution) to each marketing touchpoint. With a realistic attribution model in place, marketers can understand how well a holistic marketing program is achieving its objectives plus how significantly each component is contributing to the success. This information allows for successful campaign optimization and the achievement of better results with less time and effort.

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The History of Marketing Campaign Measurement

Not long ago, "it all works together" was a common phrase of the cross-channel marketer. While there was never anything incorrect about this proclamation, in terms of campaign evaluations or optimizations, it was never helpful. In fact, justification of seemingly futile marketing efforts was perhaps the most common purpose of this statement.

Enter digital marketing, and suddenly there's a feasible method of tracking performance. Impressions, clicks, conversions and inquiries were mindlessly tallied. Unique URLs were leveraged to track traditional media effectiveness. But when performance fell short of expectations, we regularly heard marketers explain why tracking was inaccurate and therefore should be mostly ignored.

A decade further into the adoption of digital media, Google Analytics secured a strong foothold in the campaign tracking space. Advertisers started tagging digital ads and tracking the success of each with regard to driving conversions. The focus was on last-click attribution, and while this didn't tell the full story, marketers were happy to have a story to tell. As a result, channels driving conversions were adopted in volume, frequently at the expense of brand awareness drivers.

As we enter 2017, most professional marketers have realized last-click tracking on its own is not a proper measurement of campaign performance. Last-click attribution assumes only one touchpoint occurs before the conversion, and we know that is not accurate. In fact, at Sparkroom, many of the conversations we have with prospective clients are dedicated to the urgency of advancing attribution techniques.

Every Day Without Cross-Channel Attribution Is a Day You're Wasting Marketing Effort

The user journey, from brand awareness to conversion, is no longer linear. Consumers have multiple devices and a seemingly unlimited number of media outlets from which to choose. And all along the path, they select the most convenient sources to consume media, research products and make purchases. This media and device fragmentation is making it harder than ever to determine which marketing efforts are working and which are not.

The fragmentation of media occurred simultaneously with the great recession, which reminded us of the necessity to be conservative where possible. After the confluence of these two trends (media fragmentation and increased frugality), it would be easy to assume the days of spending without proof of effectiveness are gone and that most marketers have attribution tracking systems in place. In fact, according to a recent study, only one-quarter of marketers have accurate statistical modeling algorithms in place to track marketing effectiveness.[1] With cross-channel tracking this infrequent, the majority of marketers cannot declare with certainty the value of each component of their marketing plans. As a result, they are likely making campaign optimizations that could negatively impact the holistic performance of their marketing efforts.

It's easier than ever to get started with attribution tracking and modeling. Attribution tools are now highly developed and are providing more accurate views of marketing performance than were previously available. Google Analytics provides the basics for free. More sophisticated software, like Sparkroom performance marketing technology, is connecting the dots from early awareness through initial conversions and the full customer lifecycle.

But, the real answer to the "why now?" question is because waiting comes at an extreme cost the cost of not being as efficient as you could be.

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[1] http://www.conversionlogic.com/pressreleases/78-of-marketers-plan-to-add-cross-channelattribution-over-next-two-years-idg-survey-finds/



Cross-Channel Attribution Tracking Is Complicated

Without a doubt, setting up cross-channel attribution tracking is a chore. There is a lot of upfront effort required to make sure you're tracking everything. You'll need to integrate all of your systems (CRMs, ERPs, BI tools, ESPs, texting platforms, marketing analytics tools, marketing automation systems...), centralize the data and translate everything to track the same key performance indicators (KPIs) from start to finish.

The more channels you add to your campaigns, the more there is to track. And of course, you want to make sure you're following users across devices so an individual engaging on multiple devices appears in your dataset as just one person.

And then you'll need to choose an attribution model.

The more channels you add to your campaigns, the more there is to track.

There Are Endless Methods for Calculating Cross-Channel Attribution

An effective cross-channel attribution model must evaluate every touchpoint to determine whether or not it supported the customer journey. This requires looking at both the routes that led to conversion and those that did not. Successful customer journeys are mapped with a percentage of the success attributed to each touchpoint that had a role. With enough data, this attribution mapping calculates the significance of each attribute regarding its contribution to the desired outcome.

But how do you decide what score each touchpoint receives? There are a lot of answers to that question. Here is a list of frequently used attribution models with simplified explanations of each.

Last click

Gives 100% credit to the last touchpoint. Since it's the easiest to set up, this is the most frequently adopted measurement system. However, it fails to give any credit to top-of-the-funnel efforts and can result in detrimental campaign optimization decisions.

Last non-direct click

Gives 100% credit to the last touchpoint before the last touchpoint. This model is a reaction to marketers looking for an alternative to the last-click model, and it is equally ineffective. Combining the last non-direct click model with the last-click model can give marketers a fuller picture of holistic campaign performance, but brand awareness drivers are still largely neglected.

Last AdWords click

This model is one of the choices found within Google Analytics. It gives 100% credit to Google paid search and seems to have a primary purpose of routing all media budget to Google.

First click

A polar opposite of the last-click attribution model, this gives 100% credit to the first touchpoint. Advertisers with significant brand awareness budgets can use this model to prove their effectiveness, but it will not help optimize bottom-of-the-funnel inquiry drivers.

Top conversion paths

Visible within Google Analytics, this attribution model depicts the most common paths taken on the route to conversion. Because there are typically too many paths for valuable analysis, the data is rarely actionable.

Linear

Splits credit evenly across all touchpoints. For example, if a customer engages with your brand five times on the path to conversion, each touchpoint would receive 20% of the credit. Though more accurate than models above, it is unlikely that every touchpoint provides equal value.

Time decay

Like the linear model, every touchpoint is given credit. But the time decay model assigns the greatest attribution credit to the most recent touchpoint and the least credit to the earliest touchpoint. This is a popular model because it places the most value on the touchpoint that drove the final result. But it falls short in its ability to properly credit early engagement that may be highly influential.

Position based

Gives the greatest amount of credit to the initial engagement and final converter with the remaining points split between everything else. By default, 40% is assigned to the first and last touchpoints with 20% split across the middle. Again, this model fails to identify high-value touchpoints and blindly awards credit based on location within the user journey.

Weighted

This model is like the ones above, but the weights are defined by each advertiser based on which touchpoint they believe has the greatest value. The customizability of this model is its greatest advantage.

With the increased adoption of cross-channel attribution, marketers have been experimenting with more complicated statistical- or algorithm-based models. The list below includes some of the most popular systems being used.

Bayesian statistics

Using a mathematical procedure that applies probabilities to statistical problems, a Bayesian model tries to figure out what is likely to happen using a combination of statistics and prior beliefs (or beta distribution). For example, we all know that a flipped coin has a 50% chance of landing heads up. However, if seven of ten flips resulted in tails up, the flipper may assume an unexpected factor (perhaps dirt on one side of the coin) is skewing the results. Bayesian statistics takes beliefs like this into account when making future predictions.

Logistic regression

A logistic regression evaluates the likelihood of binary results (did convert or did not convert). Using this model, advertisers can evaluate various media mixes to determine which creates the strongest probability of achieving the desired result (conversion).

Game theory

When using the game theory model, the incremental value of each event or touchpoint is measured for both converted and non-converted audiences. Using this data, the model evaluates each channel for its likelihood to drive a conversion.

Follow the regularized leader (FTRL)

This model uses machine learning to update results continually. There is always one "leader" (or best approach) defined, but data is constantly evaluated to reconfirm or alter these results as often as possible.

The list above is only a sample of the growing number of attribution models in use today, and it clearly shows how complex attribution modeling has become. Though some attribution scoring can be done manually, applying a model to a large set of data can only be done algorithmically typically with sophisticated marketing attribution software.

Tracking Offline Media Is Even Harder

Offline tracking has existed for decades, but it's never been overly accurate. The inability to tag traditional media has limited the ability of marketers to know when their audience engages with offline touchpoints. Consider these approaches you've likely encountered in your past:

Surveys

If your tracking entails asking people where they learned about you or your product, you're in trouble. Most of your customers don't spend enough time thinking about your brand to remember. And, without a doubt, the results of surveys are invalid. In fact, it's not abnormal for an unused channel to be selected as the most common source of information.

Vanity URLs and phone numbers

The idea here is that people will follow the published path to find you. And since each avenue is unique, it'll be easy to know which route each customer took. Except that it doesn't work. Vanity URLs and phone numbers do not account for multiple touchpoints, and accurate attribution scores require the unlikely scenario of customers precisely following your published path to conversion.

Promotions and coupons

Although more accurate than the above technique, tracking through the use of promotions and coupons also assumes only one touchpoint.

Time-limited windows

This method of attribution tracking uses online activity as an indicator of offline performance. For example, if a TV spot airs in the New York City region, all website traffic within the New York City DMA will be credited to the TV spot during a specified period that immediately follows. In addition to utilizing an arbitrary time window, this system suffers from the assumption that everyone in the New York DMA saw the TV spot and that no other advertising had any influence during this period.

Offline tracking will never be entirely accurate, but attribution modeling has greatly improved over the above methods. At Sparkroom, we're evaluating algorithmic methods that incorporate time windows, geography, audience, media outlets, impression counts, reach and frequency, and additional data sets can now be developed to better assess whether or not someone has seen offline advertising before taking the desired action. This same data is being used to predict the results of proposed media plans.

Your Step-by-Step Guide to Getting Cross-Channel Marketing Attribution in Place

Without a doubt, cross-channel attribution tracking is complicated to set up but essential to put in place. Though oversimplified, the steps below will help you get started.

1. **Create your attribution lexicon**
   Define your campaign objectives and KPIs and make sure everyone is using the same language.

2. **Integrate all of your data sources**
   Identify one system (like Sparkroom marketing technology) to house and clean all of your marketing and conversion data, pull data from every other system into that central repository and translate it as needed to ensure the lexicon language is being utilized.

3. **Tag everything**
   Tracking pixels must be incorporated into the code of every campaign element (display ads, landing pages, email creative, websites...). These tracking pixels power analytics tracking by letting you know when and from where someone has come. In addition, tags can set cookies (code placed on user devices to identify and remember information about an individual). Tags help collect data inclusive of IP addresses, browser information, traffic sources, cookie data and user behavior.

4. **Establish a baseline**
   Using last-click attribution, establish current performance benchmarks. As you make campaign changes, you'll be measuring lift in relation to these initial parameters.

5. **Build an attribution model**
   With so many different approaches available, it's essential to evaluate methods to determine what will work best for your brand and media mix. Use historical data to test models, and remember your best solution may be a combination of approaches.

6. **Evaluate your attribution model**
   Approximately three months are needed for model training and another three months for optimizations to start impacting campaign results. If you're not seeing positive performance impact six months after launch, it's time to adjust your approach.

7. **Continually test and optimize**
   Even when you see a conclusive ROI from your efforts, you should continually search for opportunities to enhance your tracking and campaign performance further. Test new channels and tracking methods regularly and make adjustments as appropriate.

Nothing Worth Doing Comes Easy... But Having Cross-Channel Attribution Tracking in Place Will Make Every Future Decision Easier

Even the most sophisticated attribution models are only as reliable as the quality of their inputs. Both accuracy and quantity can impact data quality, so boosting the sources and volume of data can result in enhanced confidence. At Sparkroom, we recommend incorporating a minimum of three years' worth of historical data.

Cross-channel attribution tracking cannot be solved through cookie-cutter methodologies. Every brand needs to develop a custom, data-driven, predictive model to best determine what efficiencies can be made across a holistic campaign. Though calculating attribution can prove the effectiveness of completed marketing efforts, the real aim of a cross-channel attribution tracking is predictive planning. Evaluating cross-channel media plans via attribution models prior to launch allows brands to sidestep campaign testing while establishing a framework for immediate and continual success.

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