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The attribution problem

How marketers assess ad performance
in a fractured digital environment



What's inside

- 3 Introduction
- 4 Attribution in its ideal form
- 5 Putting the last touch first
- 6 The first touch
- 7 The multi-touch compromise
- 8 The offline element
- 9 Metrics, metrics, metrics
- 10 The all-important KPI
- 12 The bottom line

Introduction

It seems obvious: Marketers need to know which of their marketing efforts actually worked. This is much easier said than done. That's why advertising "attribution" has become increasingly vital to their efforts.

Simply defined, attribution is the process of determining which advertisements and media channels are responsible for driving ROI. More and more, organizations are challenging their marketing teams to provide consistent, accurate metrics linked to meaningful business results.

But challenges abound. Today's brands and agencies market across an immense number of channels and platforms, both online and offline. This gives them

constant access to scores of data signals that reveal all aspects of consumer behavior—but organizing that data, and making sense of consumers' increasingly non-linear paths to purchase, is anything but straightforward. As a result, most brands have only scratched the surface when it comes to managing attribution and identifying effective campaign tactics.

We surveyed 197 brands and agencies, along with 44 publishers, in January 2018 to explore how expectations vary when it comes to attribution. We also dove into which KPIs marketers use to measure campaign success, and which strategies most effectively follow customers through their journeys across devices and channels. Finally, we interviewed industry experts from Diane von Furstenberg, HUGO, Essence Global, Fusion Media Group and Discover Financial.

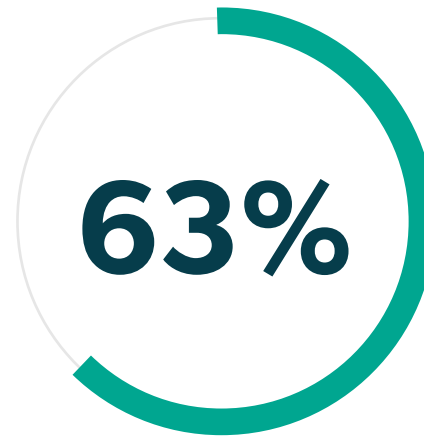
SURVEY SNAPSHOT

1. **Last-touch attribution**, which focuses on which channel a customer was active on directly before a conversion, is used by a plurality of marketers for both online (41 percent) and offline (31 percent) channels. Nonetheless, the largest contingent of respondents (44 percent) personally preferred the last-touch approach, which focuses on when and where a customer was first exposed to a brand.
2. Fifty-two percent of respondents said that **sales metrics** were most effective in evaluating campaign performance, while 36 percent pointed to **traffic metrics** such as average time spent on a page. Nonetheless, 50 percent wanted a stronger focus on traffic metrics.
3. **Offline attribution** remains crucial; only one percent of respondents said it wasn't important to them.
4. There's a disconnect between brands and agencies when it comes to **identifying key KPIs**. A sizable 38 percent of marketers said they don't feel completely aligned with their partners on delivering consistent and accurate metrics.

Attribution in its ideal form

Marketers can drill down into insights from attribution tools in multiple ways. Some marketers work with web analytics platforms, some establish their own internal attribution models and some choose to focus on a handful of key metrics. A significant majority of respondents (63 percent) said that the ideal state of attribution means being able to track customers throughout the full marketing funnel.

That's impossible to do, of course, unless marketers can consistently track the customer throughout their entire purchase journey, from building brand awareness all the way down to conversion. Marketers would also need to know what considerations customers take into account along the way and which of those considerations ultimately led to a conversion. That's a tall order.



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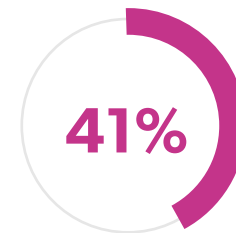
Putting the last touch first

As much as they'd like to, most marketers aren't able to track customers throughout the entire funnel. According to our survey, the "last-touch" approach is the most widely-used attribution method. With the last-touch model, marketers simply take a look at which channel a customer was active on directly before a conversion. For instance, if a user clicks on a Facebook ad and immediately buys the product, that ad gets full credit for influencing the purchase. All told, 41 percent of respondents said that the last-touch method was their most commonly used attribution approach for online channels. A narrower plurality, 31 percent, said they most commonly used the last-touch method for offline attribution as well.

There's a problem here: Many industry experts say the last touch approach can be overly simplistic. "Last-touch, which is where most people are starting, is wrong," said Michael Horn, managing

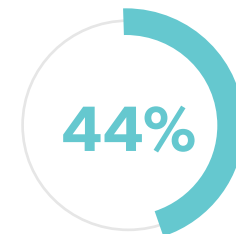
director of data science for the digital agency Huge. "The reason why so many people prefer last-touch is just because it's instant [...] That really misses the whole cumulative impact of sequential messaging, multiple channels and all virtual brand perceptions."

Actually, a lot of the marketers who use last-touch attribution would prefer a different approach. When it comes to digital attribution strategy, most respondents (44 percent) said a first-touch attribution model was more useful for measuring digital campaigns. (The last-touch model still won out when it came to offline attribution, with a 43 percent plurality.) Clearly, there's a disconnect between what marketers are doing and what they think is most effective. "We get addicted to fast results," said Horn.



of marketers are most commonly using the "last-touch" method for their online attribution

- BUT -



say that a **"first-touch" model is more useful** for measuring digital campaigns

The first touch

As its name would suggest, the “first-touch” model isolates when and where a customer was first exposed to a brand.

“That first click really shows you where your brand power is,” said Conor Shea, who served as managing director of global marketing at Discover Financial until shortly after being interviewed for this report. The first touch, in other words, is part of a potential customer’s research process; it works as an affirmation tool to confirm or deny the customer’s initial thoughts on a brand.

“It shows where people are first having a touchpoint with your brand,” said Shea. Needless to say, it’s important for brands to establish a positive first connection with a lead; a bad impression may mean there’s no second chance for the brand to redeem itself.

“

[The first click] shows where people are first having a touchpoint with your brand.

Conor Shea

former managing director of global marketing,
Discover Financial



The multi-touch compromise

A “multi-touch” model—one that analyzes customer behavior throughout the journey to purchase—provides a lot more data than first-touch or last-touch alone. But it’s also more labor-intensive and takes much longer to produce actionable insights.

First, marketers have to decide what, exactly, they’d like to study. Maybe that means diving into how customers’ interactions with display ads differed from, or were complemented by, their interactions with search ads. Or maybe it means formulating an algorithm to determine what the incremental contribution for each interaction was.

Either way, marketers need to gather a hefty sample of conversions and impressions, and then they need to do a whole lot of math. The process can take as long as two or three months—and it can be as long as six months to a year before marketers can actually implement the findings into a future campaign. “Multi-touch is never a fast solution,” said Hugel’s Horn.

True. But it also provides for a much richer data set.



The offline element



The biggest mistake a company can make [...] is to underestimate the value of offline conversions and offline interaction.

Felipe Araujo

senior director of e-commerce,
Diane von Furstenberg

However sophisticated and accurate today's digital attribution tools are, the offline element remains crucial. In fact, only one percent of respondents said that offline attribution wasn't important to them. Offline attribution relies on data that marketers collect from non-digital sources, often at the point of sale.

"The biggest mistake a company can make [...] is to underestimate the value of offline conversions and offline interaction," said Felipe Araujo, senior director of e-commerce at the fashion brand Diane von Furstenberg (DVF).

First and foremost, that means collecting basic sales data: what the customer bought and where they bought it. But brands often dive far deeper, collecting information such as names, email addresses, phone numbers, social media profiles or even demographic info such as age or gender. "It's very important for

sales staff to capture personally identifying information," said Michael Crooks, DVF's senior director of global marketing.

Of course, "offline" attribution often needs an online element. By collecting customers' personal information in-store, and then using that information to track whether that customer saw a specific digital ad before walking through the doors, brands can develop an accurate sense of whether or not their ads were effective.

Plus, once they assemble a large database of personally identifiable info, brands can target customers more precisely with future ads. Just as importantly, the information helps marketers build up an accurate picture of which types of customers—based on age, gender and so on—are most receptive to which ads.



Metrics, metrics, metrics

Marketers use a variety of metrics to measure the success of their campaigns, and those metrics are often the fundamental building blocks of their attribution models.

More than half of marketers (52 percent) said that sales metrics such as conversion rates and return on ad spend (ROAS) were the most effective when evaluating a campaign's success.

Traffic metrics (such as unique visitors, click-through rates and average time spent on a page) came in second with 36 percent. It's not hard to see why decent traffic metrics can be appealing: Brands and agencies want to know that their ads are actually being viewed. But marketers should be wary of relying on those metrics too heavily, since they don't necessarily indicate consumer purchases or even engagement with the brand.

Nonetheless, 50 percent of marketers most commonly use traffic metrics to assess the performance of their digital campaigns. In fact, 50 percent said that they wanted their brand or agency partner to place a stronger focus on traffic metrics, while only 17 percent of marketers wanted a stronger focus on sales metrics.

Ultimately, marketers need to take a hard look at what their goals are. If their primary aim is to build brand awareness, they're likely to find great value in the first-touch approach, which allows them to zero in on the the moments when customers first interact with the brand. Traffic metrics factor heavily into first-touch attribution models.

On the other hand, when brands want to focus on concrete sales metrics—on whether their ads drove conversions or overall ROI—it doesn't hurt to take a close look

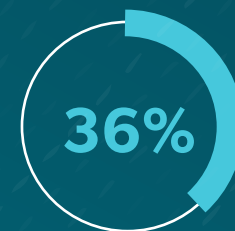
at last-touch attribution. Though the last-touch model tends to gloss over important elements of an overall campaign, it does shed some light on what ultimately drove sales—more so, in any event, than the first-touch model.

A multi-touch model, of course, would incorporate a healthy mix of sales and traffic metrics, eliminating the blind spots that arise from focusing on just one or the other. But marketers often don't have the time to focus on everything at once.

That's why it's crucial for them to figure out what metrics they need to focus on before they craft their attribution models. As it stands, there's often a discrepancy between where marketers see value and what they're actually doing.



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said **traffic metrics** such as CTRs and average time on page were the most effective metrics when evaluating campaign success

The all-important KPI

Brands and agencies don't always see eye-to-eye on which metrics should be factored into their attribution models.

Indeed, a sizable 38 percent of marketers said they don't feel completely aligned with their brand or agency partner when it comes to delivering consistent and accurate metrics.

But before brands and agencies can identify their ideal attribution models, first they need to isolate which KPI they should focus on. That's not always easy to figure out, but it's monumentally important to try.

"In defining KPI, we say, 'Let's figure out the one most important thing that we're trying to accomplish with this campaign,'" said DVF's Felipe Araujo. "'Is this a campaign to drive brand awareness? To drive traffic? To do X?' And then we measure that."

Anant Mathur, EVP and global head of analytics at Essence Global, had similar advice. "People are often at loggerheads in terms of the KPI that they are looking at," he said. "The first order, then, is to get them to focus on what actually drives economic value." For a news site, for instance, a "sale" means driving up ad revenue by getting people to engage with your content; the site visit is the conversion event. But if you're on the brand side of that equation, selling, say, handbags, it'll probably make more sense to focus on traditional sales metrics.



38%

of marketers say they **don't feel completely aligned** with their brand or agency partner when it comes to delivering consistent and accurate metrics

It can be tough, of course, to stick with just one KPI. But trying to do so “can be helpful at the briefing stage,” said Lindsey Eckert, vp of media strategy at Fusion Media Group, which owns sites such as The Onion and Deadspin. Brands, agencies, and even publishers must be aligned on their ultimate objectives if they want their campaigns to succeed.

“When we get our RFPs in, there are usually several different metrics,” said Eckert. “When we’re briefing our creative teams, we really have to narrow it down to the one key thing, the one key takeaway that we need to communicate.”

When marketers fail to identify a clearly-defined KPI at the outset of a campaign, they wind up being stuck with KPIs that are irrelevant to their business models. Just as damaging, it becomes nearly impossible to formulate an attribution model that effectively identifies the successes and failures of their campaigns. Without narrowing things down to one KPI at the outset, marketers will leave themselves scrambling to overanalyze every conceivable data point, without a clear idea of what they’re actually trying to get from the data.

So which KPIs are actually being used?

A slim plurality of marketers (31 percent) said that, if they could align with their brand or agency partners on a single KPI, their attribution models would best be served by a stronger focus on sales metrics like conversions and ROAS. But a nearly identical number of respondents (30 percent) said that bounce rate was the most important KPI to focus on. Coming in at a close third was click-through rate (27 percent). That’s not exactly a runaway victory for any individual choice.

In addition, most marketers weren’t exactly confident about what they wanted out of their KPIs in the first place. A whopping 82 percent cited the need to organize data as the biggest reason why they’re not using their preferred KPIs more consistently. Marketers may want to get into the weeds, but they don’t necessarily have the time or resources to make it a reality.

“

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Lindsey Eckert

vp of media strategy,
Fusion Media Group

The bottom line

Brands, agencies and even publishers are struggling to identify which metrics should be factored into effective attribution models. And frequently enough, they disagree with each other on the best approach. So at the beginning of any given campaign, marketers would be wise to align with their partners on a clearly defined KPI. First, they'll need to take a holistic look at their business models and figure out which goals are most important.

Here are some best practices to help you set more accurate and effective goals for future campaigns:

1

The last-touch approach can be useful when analyzing basic sales metrics, but it often omits important information. Marketers should rarely base their entire attribution strategy around the last-touch model.

2

Marketers should place a heavy emphasis on first-touch attribution when they're focusing on brand awareness.

3

A multi-touch attribution model can be extremely time-consuming to assemble, but it's worth the investment if marketers have the necessary resources: It offers them the richest possible data set.

4

Don't neglect offline attribution: It's still extremely important, especially when combined with online data.

5

Marketers should agree with their partners on one clearly defined KPI at the beginning of any campaign.

Only by establishing clearly-defined objectives at the outset can marketers hope to accurately assess the success or failure of a campaign through any of their attribution efforts. Then, armed with the attribution model that best suits their campaign goals, marketers will gain a greater understanding of their customers, honing and refining their process and results for future campaigns.

That's a surefire recipe for maximizing ROI.

About Bazaarvoice

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