

Guide to marketing attribution

Digital advertising has introduced new challenges and new opportunities in marketing attribution. Every touchpoint along a consumer's path is measurable, allowing advertisers to identify the tactics that drive results, allocate budgets attribution models provide the right incentives or measure the metrics that matter leading to inefficient marketing optimisation.

ATTRIBUTION GUIDE

Attribution models assign credit to some or all of the touchpoints that contribute to a conversion—such as impressions, clicks, web searches, and website visits. Here, we'll outline some of the most common models used to measure display advertising and get to the bottom of how they may work for you.

TYPE	EXPLANATION	WEAKNESS
First Touch	Gives full credit to the first click or view in the conversion path.	Prospecting and upper funnel influences are recognised, but they aren't strongly connected to the conversion. The arbitrary nature of the time window in first touch attribution also makes it difficult to measure how much influence the touch had on a conversion that can take place weeks later.
Last Touch	Gives 100% credit to the last view or click before the conversion.	While great at uncovering the action directly preceding a conversion, it does not credit prospecting efforts, which are often critical in driving incremental conversions. If you have multiple partners on a plan, they often fight over the last touch by serving more impressions, resulting in suboptimal budget allocations.
Linear	Gives equal credit to all the touchpoints on the path to conversion—everyone gets a little love!	This approach recognises the value of upper funnel marketing efforts. The challenge is its complexity and the fact that it tends to reward high-volume, low-quality clicks or touches. Conversion paths with many touchpoints must allocate credit to each touch, even if they aren't driving conversions.
Multitouch	More than one or all touchpoints in a conversion path get either an equal value or fractional weight.	A multi-touch approach can help move beyond the limitations of last touch, but it typically requires additional investment to manage data collection and analysis.
Time Decay	Gives very little credit to the first touch, instead increases the level of reward the closer the touch point is to the conversion.	While it makes sense intuitively to give more credit as you get closer to conversion, this approach still dramatically favors retargeting and drives suboptimal budget allocation.
Position-Based Models Conditional Algorithmic Models Regression or Game-Theory Based	<p>Position-based models are frequently used. A typical example would be giving 40% of the credit to first touch, 40% to last touch, and taking the rest and dividing it equally among every touchpoint.</p> <p>Conditional models allow for rules to change based on how touchpoints occur, by whom, and when to determine how credit is allocated.</p> <p>Statistical models assign probabilities to each touchpoint, and how much credit each one can get is based on regression analysis (a process for estimating the relationships among variables) or other methods. These models are usually developed by third-party attribution vendors, and different vendors have different ways of doing it.</p>	Complex models are typically very flexible and can be better aligned with causality. However, the rules can be a black box, particularly with algorithmic models, so it's important to ask questions to understand the "why" behind your results.

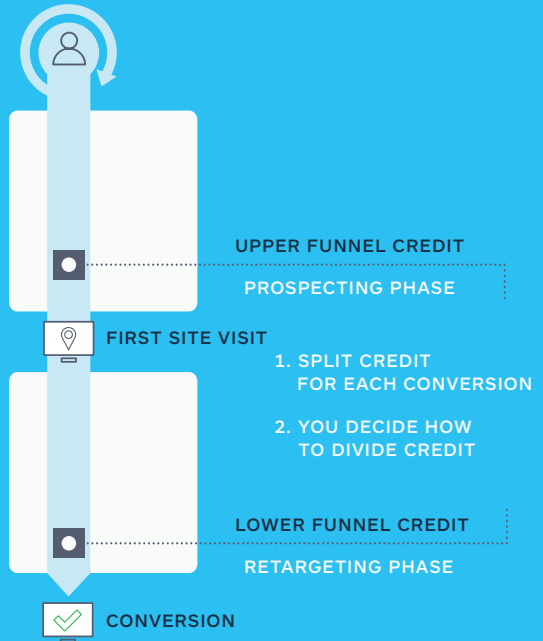
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What works best for your display campaigns?

Media channels, Display, Search, Affiliate, Social work together to drive sales and revenue, however, it is not best practice to arbitrarily assign a single attribution solution to work across all channels without considering the goal you're working towards and the mechanics of the channels you are seeking to evaluate. In most cases, the conversion itself is the primary goal, closely followed by a desire to attract new customers. In this case, site visits can be a powerful second signal to measure, over and above the conversion. Understanding which tactic initially drove customers to your website will help you better evaluate the success of your prospecting investments.

Quantcast is actively working with industry partners to move toward a split funnel attribution methodology for Display campaigns, where credit is divided between upper and lower funnel activities. This balances prospecting and retargeting efforts and can be used to enhance all the multi-channel attribution models we've outlined above.

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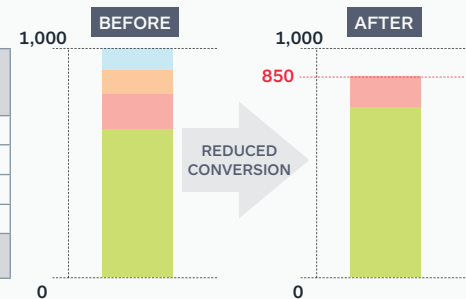
Most importantly, it allows marketers to optimise their campaigns by purposefully distributing the weight for upper and lower funnel tactics connected to a conversion. This will maximise conversions and allow you to allocate your budget in line with how you want your dollars to be spent. Now you'll also be able to set the right incentive to guide your targeting vendors toward your desired outcome.

In **Figure 1**, we have four partners on a standard campaign with an intended marketing mix of 75% prospecting and 25% retargeting. Based on these bottom funnel last touch metrics, we would conclude that partners 3 and 4 are the better-performing partners, and based on their poor performance, we would probably remove partners 1 and 2 from the media plan and reallocate the budget across only partners 3 and 4.

A month later, total conversions go down. Unknowingly, during the previous optimisation we, in fact, allocated nearly our entire budget to bottom funnel tactics (retargeting) and are now officially oversaturating our audience.

FIG 1. RESULTS WITH LAST TOUCH ATTRIBUTION OPTIMISATIONS

PARTNERS	BUDGET	LAST TOUCH CONVERSIONS	LAST TOUCH CPA	BUDGET	LAST TOUCH CONVERSIONS	LAST TOUCH CPA
PROSPECTOR 1	\$20,000	100	\$200			
PROSPECTOR 1	\$20,000	150	\$133			
PROSPECTOR 1	\$20,000	200	\$100	\$20,000	150	\$133
PROSPECTOR 1	\$20,000	550	\$36	\$60,000	700	\$86
TOTAL	\$80,000	1,000	\$80	\$80,000	850	\$118



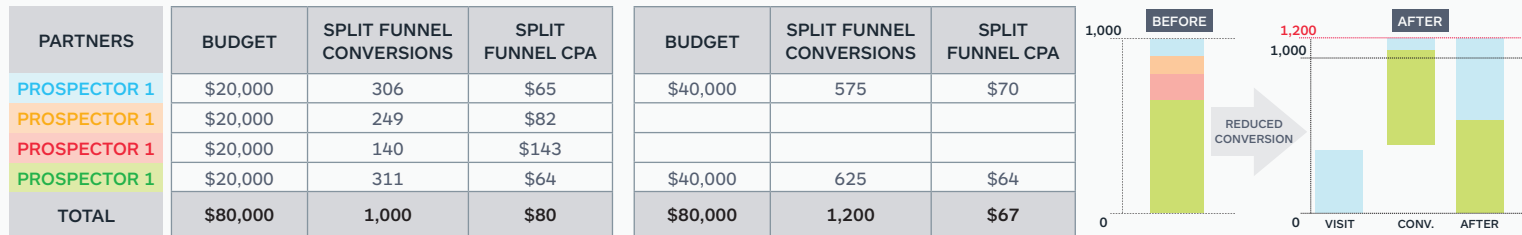
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In **Figure 2**, you'll find the same plan but this time evaluated by incorporating the first site visit to split the funnel metrics into two phases.

The funnel dynamics for this specific campaign suggested that a 50/50 mix of prospecting and retargeting would be required to maximise conversions. Based on this reasoning, we have split credit inline with our conversion and the prospecting and retargeting mix. Fifty percent of the conversion credit is going to the last view before the first visit, and 50% of the conversion credit is going to the last view before the actual conversion.

Based on the split funnel CPA performance of each partner and the suggested funnel dynamics, we'd allocate half of the budget to partner 1 for the prospecting phase and half of the budget to partner 4 for the retargeting phase. In this example, you'll see total conversions go up 20%.

FIG 2. RESULTS WITH SPLIT FUNNEL ATTRIBUTION OPTIMISATIONS



Results: With a split funnel method accounting for funnel dynamics, conversions went up 20%.

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