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# Marketing Attribution: Valuing the Customer Journey

In association with Google Analytics

# Marketing Attribution

## Valuing the Customer Journey

Google™ Analytics



February, 2012

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# Methodology and Respondent Demographics

This paper is based on a study conducted by Econsultancy comprised of two elements. The first was a survey fielded to marketers and agencies between September 26<sup>th</sup> and October 23<sup>rd</sup> of 2011, yielding 607 responses.

The second phase of the research consisted of 22 telephone interviews with marketers and agencies using marketing attribution. Interviewees and their companies have been kept anonymous to give them the latitude to openly discuss results, strategies and tactics.

Respondents had the following attributes:

## Type of Respondent

51% Client-side  
49% Agencies/consultants

## Region

44% North America  
33% United Kingdom  
12% Europe (non-UK)  
6% APAC  
5% Other

## Annual Revenues

8% Less than \$1 million  
12% \$1-10 million  
10% \$10 – 50 million  
10% \$50 – 150 million  
14% \$150 million – \$1 billion  
29% More than \$1 billion  
17% Prefer not to answer

## Use of Attribution

62% Marketers using attribution  
77% Agencies doing attribution

## Target Market

34% B2B  
49% B2C  
17% Both equally

## Industry

14% Retail  
14% Financial Svcs  
10% Travel  
9% Publishing  
7% Manufacturing / Energy  
7% Professional Svcs  
6% Consumer Service  
4% Health/Pharma  
3% Education  
2% Insurance  
23% Other

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# Introduction from Google

Savvy marketers understand that you don't capture your audience with just one message, just one pretty picture, or just one perfectly placed advertisement. It's a complex process of planting the seed, nurturing it, and finally harvesting the fruits of your marketing efforts. So when it comes to giving credit to the various elements of your marketing program – and, equally important, to making plans for your next campaign – it's essential to take stock of all the factors that affected your results.

Today, more and more marketers are turning to Marketing Attribution to give them visibility into their successes and failures. We believe that the industry is just now coming to an inflection point – digital marketing has matured, and digital measurement is catching up. As you'll see in this report, marketers recognize that the old ways of measuring are no longer sufficient. Only 14% of respondents consider last-click analysis (which, until recently, has been the industry standard) to be "very effective." Yet over 50% of them are still using last click measurement – most likely because they haven't yet found or mastered the right tools to take them beyond the last click.

One of our core missions at Google is to create powerful and intuitive tools that make measurement easy, so that businesses can really *use* their data. In order to make the right decisions, advertisers and agencies need insight into which marketing efforts work, and which don't. Digital advertising is often considered to be more accountable and efficient than any other form, thanks to important capabilities like online conversion tracking. But, as this study shows, conversion attribution must continue to evolve to better reflect how businesses really market their products and how consumers really behave. We look forward to seeing this evolution, and we'll strive to provide the right tools to help make it happen.

Bill Kee  
Product Manager  
Google Analytics



# Executive Summary

The “customer journey” sounds linear, a trip from A to B. But the new reality is that it happens across multiple sessions, sites and devices. Even relatively low cost products get discovered, researched, compared and purchased across multiple touch-points, in owned, earned and bought media. There are literally dozens of channels that can influence the sale.

Marketing attribution is the practice of determining the role that channels play in informing and influencing the customer journey. This research makes it clear that digital channels don't operate independently. Their interplay is unique for every company and every product.

Marketers spend more on digital with each budget cycle, and they want to know how best to allocate to a bewildering range of options. Typically, the tools available to them have provided visibility into the very top of the funnel (views, clicks, opens) and the bottom (sales, registrations, leads). Marketing and budget optimization have overlooked most of the funnel, where influence and research occur, and where 100% of opportunity gets whittled down to 2% conversion.

Attribution offers the ability to understand how marketing affects the entire sales cycle, and to optimize across it. Unlike channel specific measurement, attribution doesn't spit out binary results – paid search OR display. It describes the nuances of how display can improve paid search results, or vice versa. Attribution jumps silos to analyze how channels work in different circumstances, and how they work together.

At its best, marketing attribution can also explore why channels work (or don't) separately and together. By examining the way in which customers and prospects interact with media, marketers get to peer inside the customer journey. They see how the channels assist one another, for example how email, SEO and social help a sale that gets “closed” by paid search. This analysis tells them about the customer, what they want and when, allowing further optimization.

This report is the result of a two-stage study, combining the hard data of 607 client and agency side responses with the context of over 20 in-depth interviews with attribution professionals. Areas of inquiry included the benefits of attribution, approaches and technologies used, and the keys to success.

- For most companies that are engaged with it, attribution is still in its early stages. 83% of the respondents to the survey who are doing attribution have been engaged in the practice for less than 2 years. 28% began in just the last six months. Companies are rapidly adopting attribution for a number of reasons, but the central one is that it offers an accountability that internet marketing has promised but rarely delivered.
- Attribution is increasingly common at large organizations, and is moving into the mid-market, whether as an in-house effort or as an expectation of an agency. At many companies, the practice begins with the desire to understand the interplay of natural and paid search, but that spear tip leads to more and deeper analysis that goes beyond SEM. None of the companies we interviewed were comfortable staying static (continuing to only evaluate search for example), and all were committed to continue using attribution, despite its challenges.

- Access to the technology of attribution has pushed adoption past a tipping point. Built on the foundation of nearly universal web analytics adoption, attribution will likely become standard within digital marketing departments in the mid-market and above over the next few years.
- Attribution is a combination of technologies and processes that require knowledge and skill from marketers or their agencies. Some organizations use nothing more than spreadsheets, while others leverage sophisticated tools that assemble and analyze data.

However, an analysis of the methods used by experienced companies suggests that over time they move toward more sophisticated solutions. Many companies start with a narrow last-click approach across channels, or by examining one channel across multiple touchpoints. Enabled by technology, they are likely to migrate to a multi-click and cross funnel view. The ability to customize their analysis by weighting channels based on experience is also key.

- At many organizations, attribution gets political. Redistributing budget is a necessary by-product of understanding the interplay of channels. Changing the status quo is difficult, especially at organizations where compensation is tied to the size of budgets and bonuses.
- There's a significant gap between the online and offline worlds. Organizations that are attempting to cross the chasm between online and offline are rare; attribution efforts tend to be in the separate camps. Those that do combined attribution tend to like what they find; powerful, complimentary effects by digital on offline, and vice versa.

Still, the opportunities in digital alone are significant. Digital is poised to pass print spending for the first time in 2012, and it continues to grow while offline channels ebb, so making improvements in digital spending and understanding is vital. Even though most commerce takes place offline, for many sectors, the research and decision-making process is mostly or entirely online.

- Attribution proves that no one size fits all. Lessons from one company, product or campaign don't necessarily port over to others. Factors change significantly over time, so monitoring is an ongoing process – yet a process that an increasing number of companies have deemed to be worth the effort.

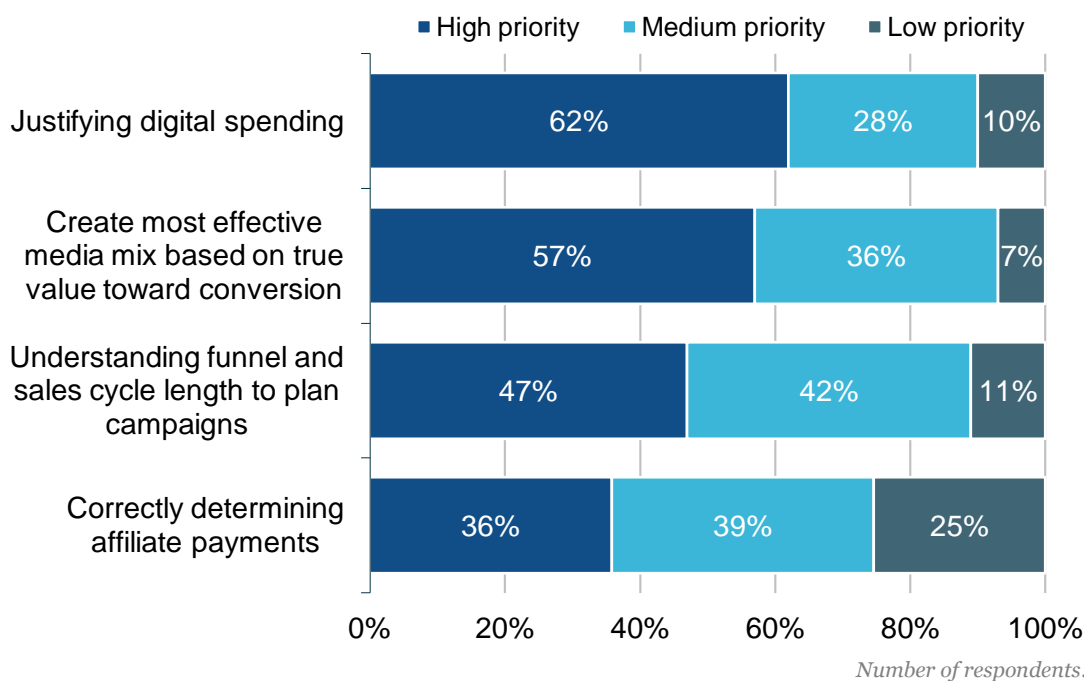
# Marketing Attribution

## A Better Understanding

*We've been working on client attribution long enough to have realized that a lot of our general assumptions are sometimes dead wrong. Every client is different, every product is different. Just because display carried a lot of weight in the last project doesn't mean it will in the next one.*

**Agency Analytics Manager focused on CPG**

**Figure 1: Goals for Attribution**



Marketers want to do more than simply justify their digital spend; they want to optimize it. They're looking to attribution to understand how different media perform so they can adjust the media mix and improve performance.

Many practitioners of attribution also want to increase their knowledge of the sales funnel and the sales cycle. In the long run, this goal might be the most important. By examining the way in which customers and prospects interact with an organization's earned, owned and bought media, marketers get to peer inside the customer journey.

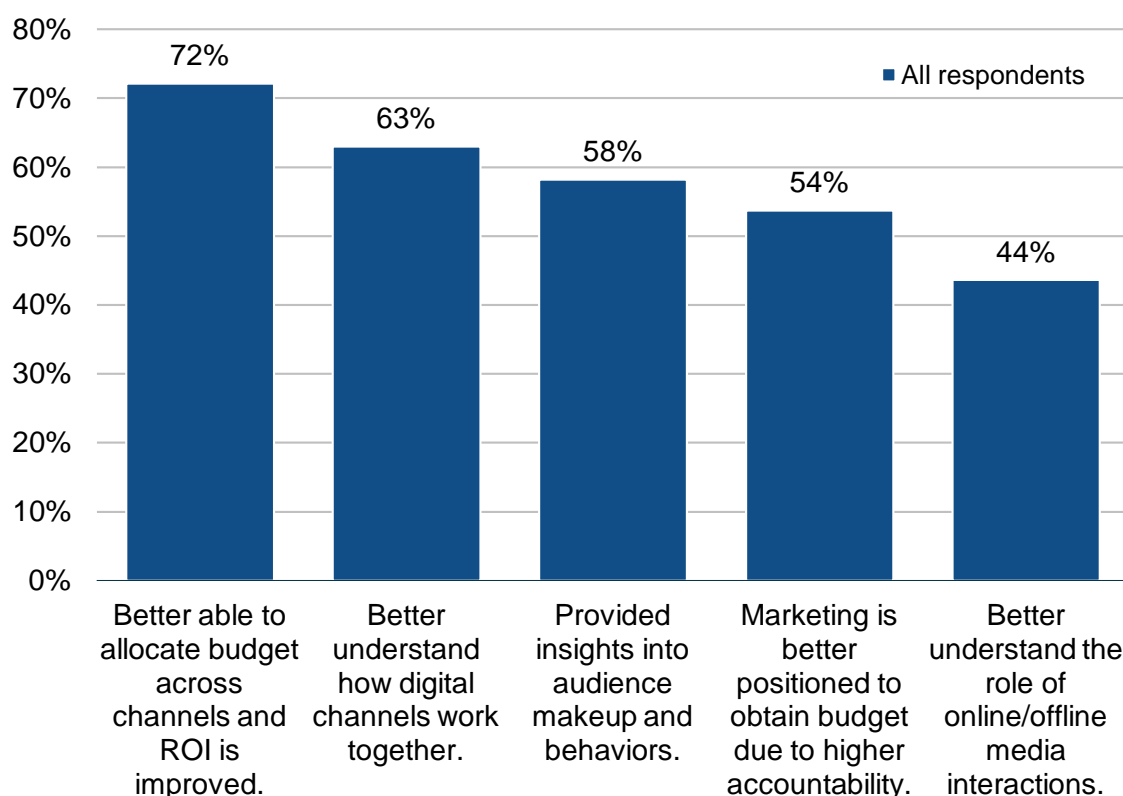
An additional goal for some respondents is to better understand how affiliates contribute to sales. For many retailers, affiliates get full compensation for simply providing a coupon used in the sale. Knowing that multiple channels collaborated to get users to the coupon site gives marketers the ability to adjust affiliate payments and reallocate budget.

## Different People, Different Lessons

*Attribution was the missing piece to our campaign analysis. Now we don't run a campaign without learning something about how our marketing affects the buying cycle, and then testing to see whether it applies in the long run. I feel like it's made our buyer personas a lot more real...now we think about the people who see and buy, the researchers, the email people...they're all really different.*

**Online Retailer, Fashion and Household Goods**

**Figure 2: Benefits of Attribution**



Number of respondents: 401

The benefits of attribution match up with marketer goals, and in many cases, bring unexpected value. In Figure 2, we see that marketing organizations and agencies find multiple benefits in their attribution efforts.

Budget allocation is both the top goal and benefit of attribution, with over 70% of respondents citing it as the primary result of their program. Also aligned with top goals, attribution assists in understanding channel interaction and audience behaviour.

The relationship between marketing and finance came up in several interviews. One CMO described how the inclusion of attribution into the analytical mix changed the budgeting process, bolstering the case for digital in general and establishing a new level of accountability.

Even though marketers are doing their best to cross-pollinate between digital and traditional channels, a significant measurement gap remains. Of those markets with multi-channel programs, only 41% cite being in a position to better understand the interactions between digital and offline media.

### **Not Just Another Technology**

*In a lot of cases, marketing technologies just complicate whatever you're doing. But attribution has been remarkably helpful. We always said digital was accountable, but we had such a limited view that we were wrong most of the time.*

**Marketing Manager, Online/Offline Consumer Services**



## Attribution Methods

When we first dug into attribution for our multi-channel clients, the first lesson was that first and last-click just didn't describe reality. Learning the lessons about which channels complimented each other, in what cases...that was huge, for us and for our clients.

Client Strategy Lead, Agency

Figure 3: Most Common Methods of Attribution

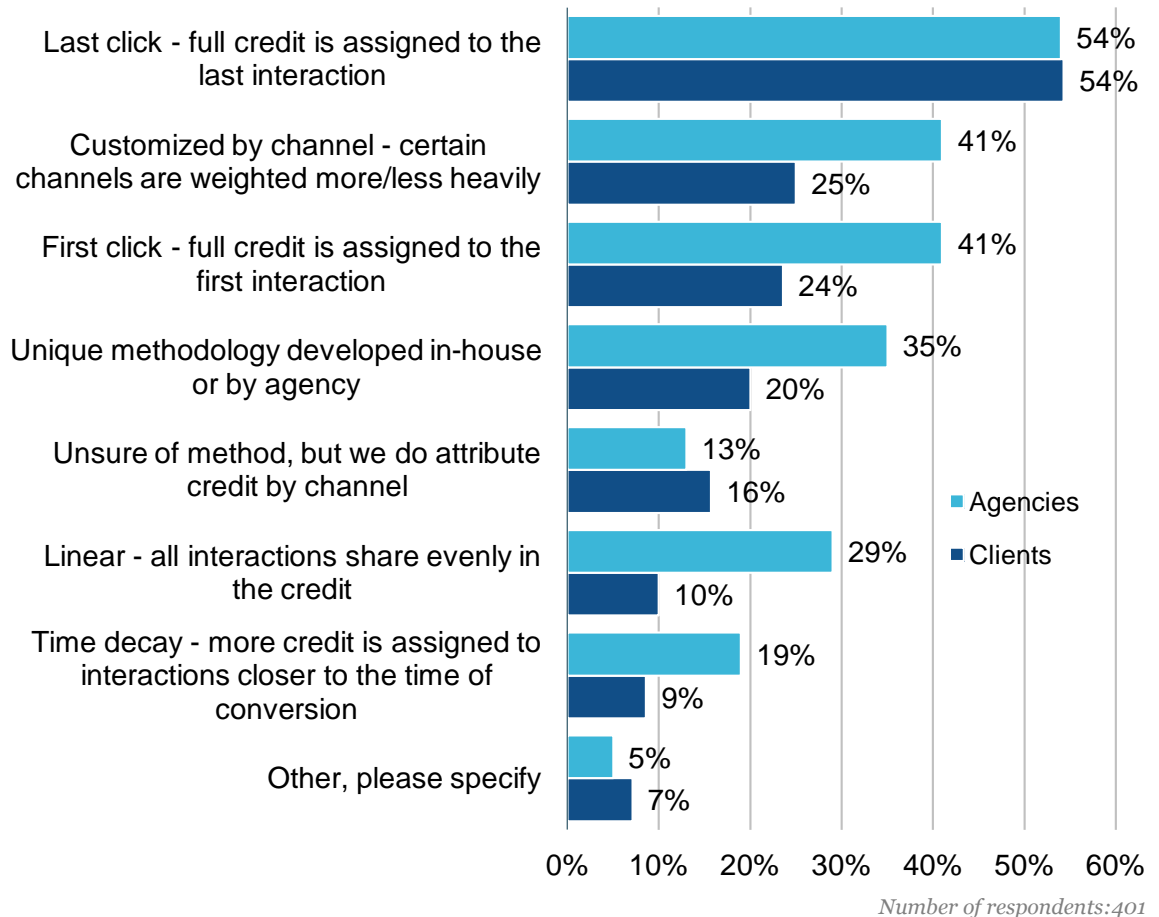


Figure 3 breaks out the methods used by marketers and agencies to determine the value of individual channels and how they interoperate.

The **last-click** method is the most popular, largely because it has been the most readily available. In last click attribution, most or all credit is assigned to the final interaction prior to the desired event, but there are variations;

- Absolute last click – simply, the final event in the chain before a desired action (sale, registration, phone call, etc.), regardless of what that event is.
- Last non-direct click – this rewards the final event, but not if the event is “direct” – any click that does not have referral information. In these cases, there is no channel to credit, because the click came from an un-referable source, such as someone with cookies disabled, a bookmark, or some social URL shorteners.
- Last paid click – in some cases, marketers will tailor their attribution to reward the last piece of paid media – pay per click search in many cases. For example, search marketers might choose to reduce or eliminate credit for organic search in cases of

branded and navigational searches. Some marketers also choose to give organic clicks zero credit because it's not easy or fast to affect organic search rankings – by crediting the last piece of paid media, they focus on the tactics within their short-term control.

Last-click, and its mirror image, **first-click**, have the same limitation, offering a myopic view of what is often a complex multi-part interaction. The primary criticism of these methods is the over-crediting of channels at the Awareness and Purchase stages of the customer journey at the expense of those channels that contribute to Research and Preference stages.

**Linear** and **time-decay** models try to reflect the complexity of digital marketing and the interplay of the media that influence behavior but don't always spark direct purchases. Social media and email often benefit from this holistic approach. Linear models grant credit more or less evenly depending on weighting, but include all of the recorded touchpoints that lead to a sale. In a time decay model, the events that occur close to the sale are given more credit according to a general rule (e.g., events within the last 7 days get +10pts) or formula (e.g., -10pts for each day before 24 hours prior to the sales event).

Beyond the basic method chosen is the possibility of **customization**. The ability to customize is essential, because it's a way for attribution to better reflect reality thanks to marketers' experience and knowledge of the unique aspects of their marketing. The nuanced versions of last click mentioned above are a type of customization, but it can be applied to any method. For example, a linear model might be tweaked to reflect that organic clicks in a certain date range share credit with an offline branding campaign. Or, marketers might apply a weighting system that tries to capture the full spectrum of channels involved, while giving more or less credit based on a historical understanding of their role in the sale.

The complexity of modern marketing and marketing organizations make attribution a challenge when first approaching it. Silos between channels make it difficult to obtain and utilize a cross-media perspective in digital, let alone when offline channels are considered. As companies deal with these complexities, their ability to customize channel weights within attribution methods becomes vital, so it is not surprising that we see a high percentage of marketers and agencies citing customization as an important attribution method.

## Attribution Technology

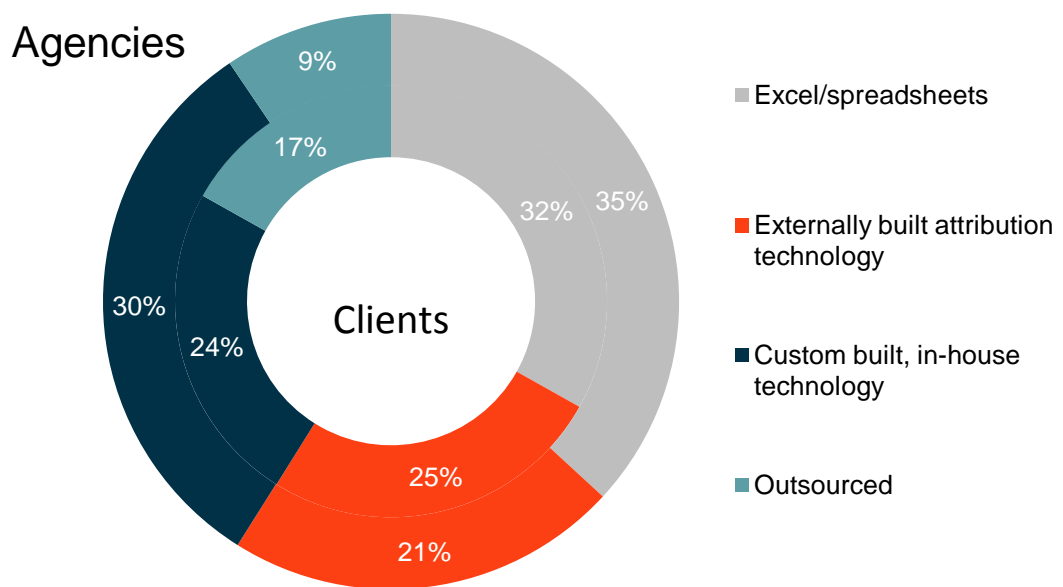
*Attribution tech is a hot topic, and we're exploring. We're probably never going to get totally rid of [spreadsheets], but the tech is getting much better at using the right information and giving us the latitude we need.*

**Analytics Manager, Agency**

Changes in the technological landscape are enabling better and easier insight into channel contributions. A new emphasis on attribution from some of the largest providers of marketing services and technologies has given access to a much wider share of companies than in past years. *Note: Google Analytics is the sponsor of this report.*

In Figure 4, respondents describe their primary tool for marketing attribution, but it's worth noting that like attribution methods (Figure 3), tools are often used in tandem. For example, an in-house method will incorporate or feed data from an outsourced technology. Naturally, agencies are more likely to use varied methods, and to have developed their own approach (or even technology).

**Figure 4: Primary Attribution Technologies**



Number of respondents: 347

However, many client-side organizations also use multiple techniques and technologies. Among marketers, experience seems to be a key variable in sophistication. There's a correlation between the number of years an organization has been practicing attribution and the likelihood that they use multiple inputs and approaches.

## Combining Judgement With Technology

*Older analytics [tools] just showed us [pieces]...now we're seeing the multi-touch point analytics and this is very helpful in terms of convincing people that we need attribution and that it works. Over time you combine the technology with your own experience.*

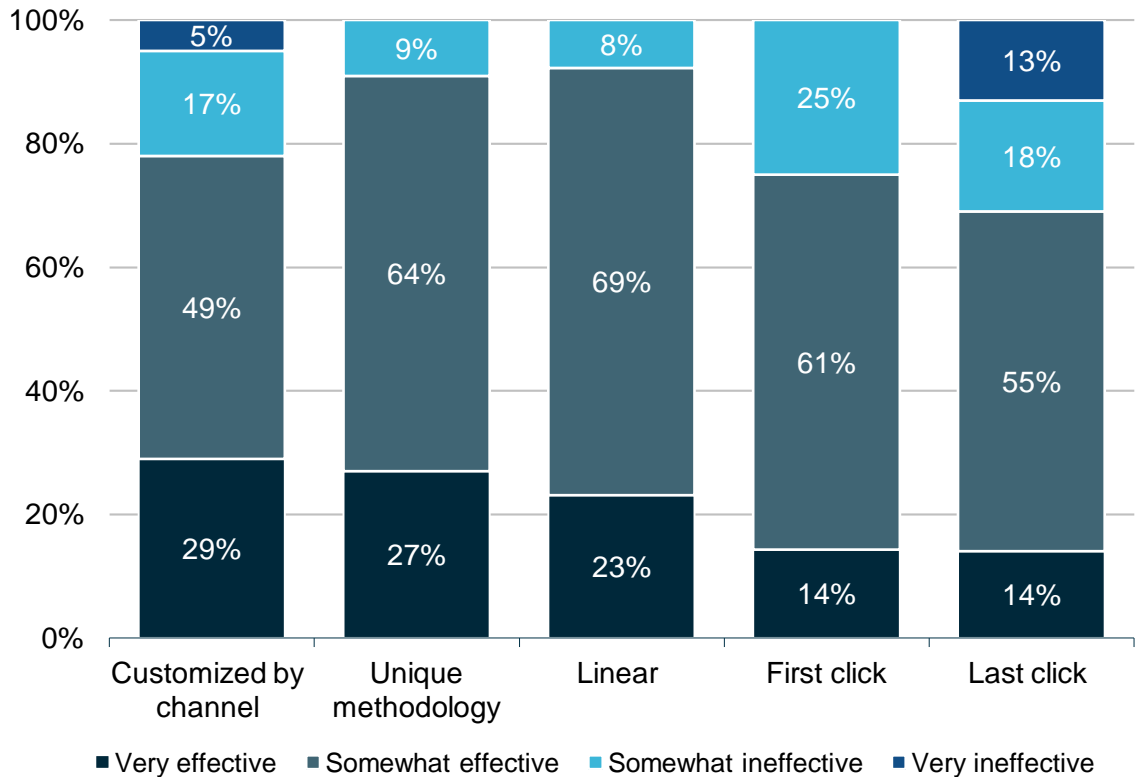
**Marketing Analytics Specialist, Travel**

## No Silver Bullet

Attribution is complicated. Nothing gives you the full story, so you have to really understand your customers and assemble data and experience over time. We're continually adding new layers of data and analysis methods, but it's time consuming. It's definitely worth it, but it's time consuming and a work in progress for us.

**Survey Respondent, B2B Technology Vendor**

**Figure 5: Effectiveness of Attribution Methods**



Number of respondents: 179

Every method has its devotees and detractors. Even the most customized methods are considered only “somewhat effective” by most of their practitioners.

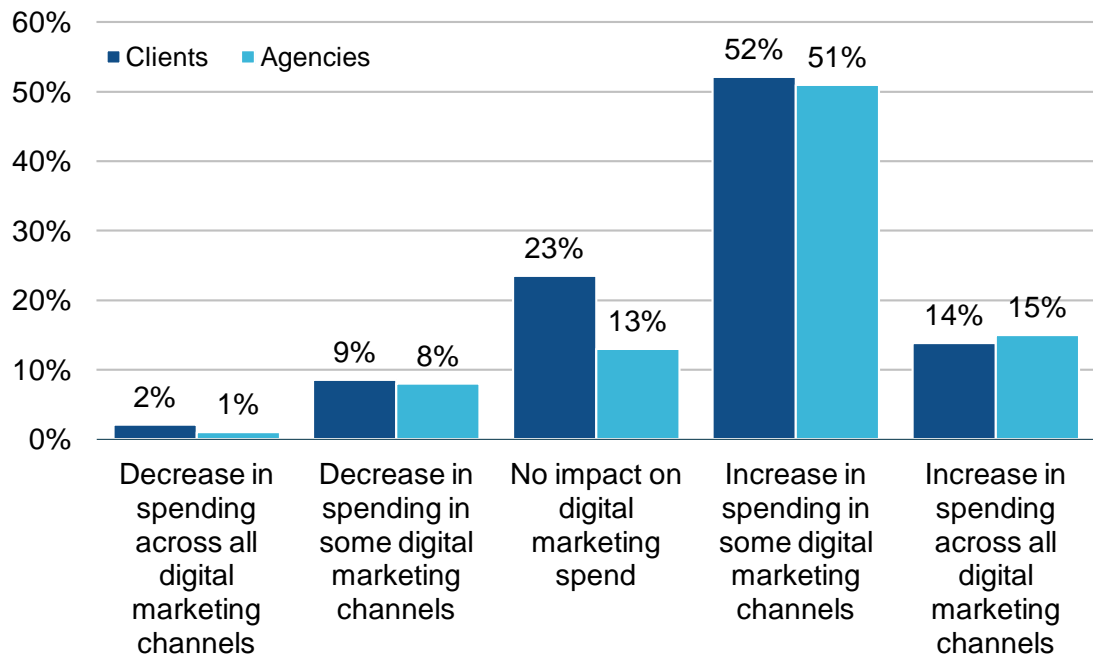
One consistent message from the data and interviewees alike is that attribution takes good data, patience and hard work. Even as technologies have evolved to simplify and automate parts of the process, so too has the understanding that the complexity of the customer journey defies easy answers.

## Spending and the Politics of Attribution

*The elephant in the room is that attribution ultimately affects bonuses and the pockets of the people involved. You have to deal with the politics first or you won't get buy-in, you'll get resistance.*

**Analytics Manager, Online Retailer**

**Figure 6: Primary Impact of Attribution on Digital Spending**



Number of respondents: 401

Understanding how channels affect sales through attribution means change at most organizations, and the most obvious is in how marketing distributes budget. Ideally, those changes should have everything to do with what's working and how. For roughly half of responding organizations, the model is working; 52% of client side marketers report that attribution has led to an increase in spending on some digital channels.

With most companies still using last-click attribution, changes to budgets are naturally going to be weighted toward activities at the bottom of the funnel – those channels that are closest to the conversion event. As the industry becomes more sophisticated in its technology and methodologies, it's likely that the approach to spending will become more sophisticated as well. The real promise is to fully understand the effects of activities across the customer experience, and to optimize for all of the buying stages.

Some companies aren't built to take the best advantage of what they learn from attribution. Rigid silos that separate tactics and people are the norm in many marketing departments. That structure doesn't always support the kind of flexibility that's necessary to take best advantage of optimization in general, and attribution in particular.

## Structural Barriers to Optimization

*Siloed companies have political resistance to change of any kind, let alone something that might threaten numbers. One solution is to keep the attribution data fully in an independent analytics group. From there it's about propagation of the data, and hammering them with it.*

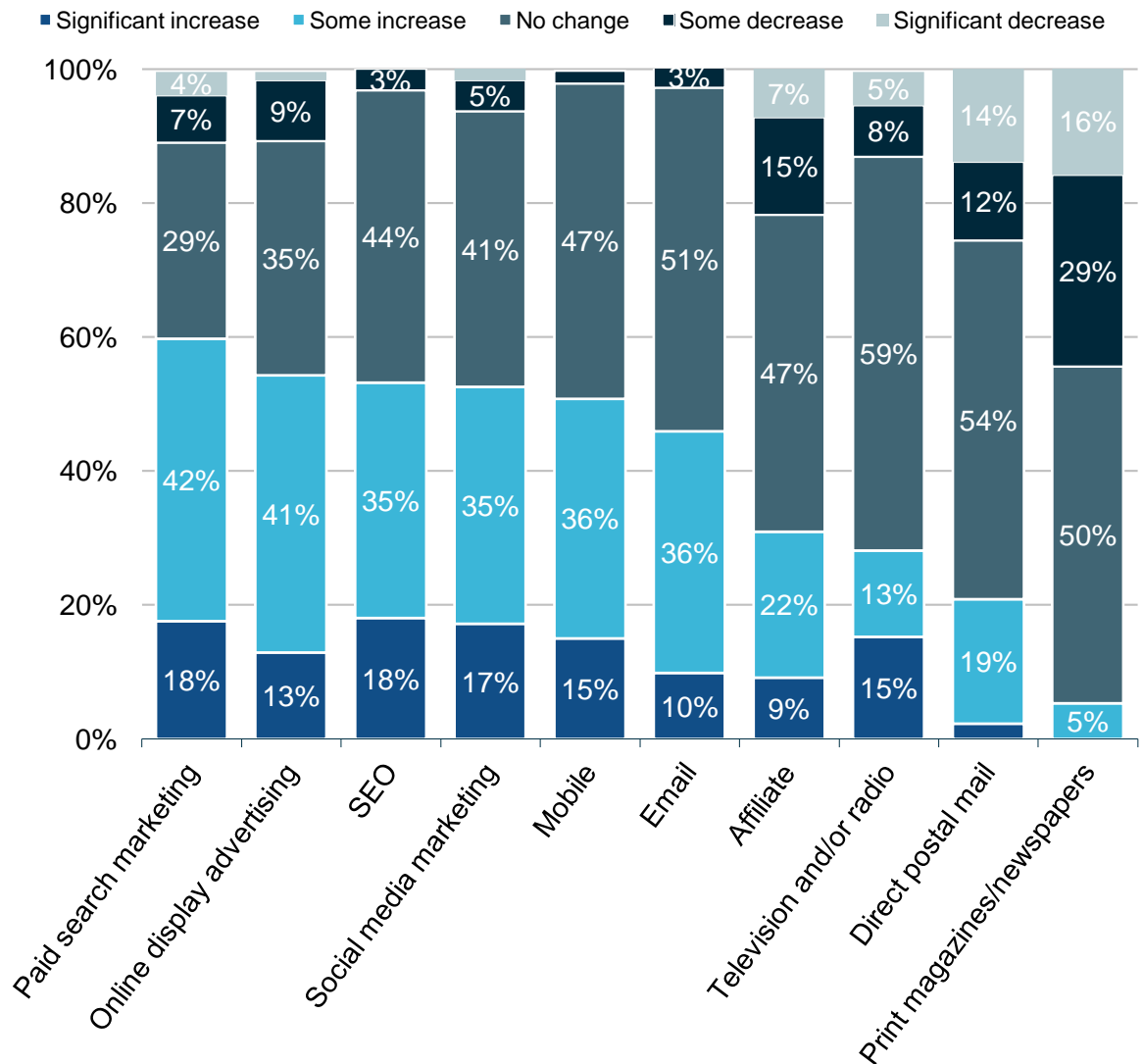
**Director of Online Analytics, B2B Technology Vendor**

## Your Mileage May Vary

*I guess when we started, I was hoping that attribution would teach us lessons that we could apply indefinitely and across campaigns and products. You definitely learn about how different channels work, but the reality is that things keep changing and there are just too many variables to say that you've learned "the truth" about consumer interactions. It's like everything else; you've got to keep working on it.*

**CMO, Financial Services Publisher**

**Figure 7: Changes to Channel Investments Resulting from Attribution**



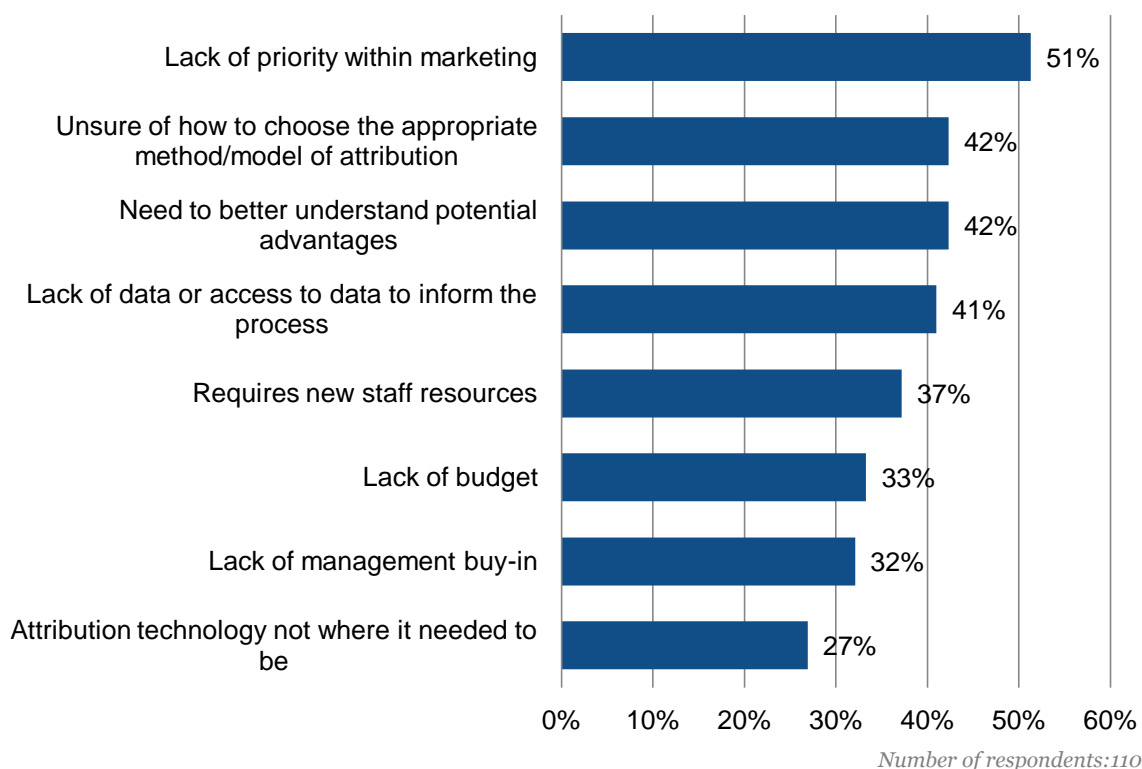
Number of respondents: 179

Figure 7 aggregates marketer responses to budget changes for specific online and offline channels. Although there are clearly patterns, it's important to note that while many organizations have moved in a similar direction, in no case is that movement universal. Even in the example of print advertising, which has suffered for a variety of reasons, many organizations have kept their spending flat and some have increased it. While attribution lessons should never be applied without testing, the general trends are interesting for where they agree and diverge from conventional wisdom.

- Digital Display – the surprising impact of digital display on search ROI and on brand lift was a recurring theme in the interviews.

- Television – it’s widely accepted that the role of television is shifting, but for the time being, it’s still the tactic that brand advertisers turn to most. Those conducting attribution studies are more than twice as likely to be investing more in TV as less.
- Email – despite many newer digital channels, email remains a highly efficient tactic, at least for some. Respondents are overwhelmingly investing more in this channel or keeping their investment steady.
- Social – attribution doesn’t solve all of the issues in measuring the total impact of social, but it does tend to show that social activities “help” the sale, if rarely make it.
- Search – both natural and paid search benefit from attribution; respondents are far more likely to be investing in both forms of search rather than cutting.

**Figure 8: Barriers to Attribution / Keys to Success**



Like any new process and technology, attribution presents challenges along with its opportunities. We see in Figure 8 that the main barriers to adoption are a lack of support, knowledge and/or the data itself. Based on our interviews with organizations that have both stumbled and excelled at attribution, companies considering implementation should consider these 5 keys to success:

1. **Structure and compensation** – organizations have to be able to move budget and other resources seamlessly to optimize their marketing. Built-in obstacles like inflexible budgets, impermeable silo walls and compensation built on share of spend will slow or even prevent getting the most from attribution.
2. **Management support** – attribution requires organizations to change, and real change only occurs when management understands and supports the program. Fortunately, the improved results of effective attribution programs make them a relatively easy business case.
3. **Technology** – deploying the right technology is essential, especially for companies that aren't in a position to build what they need internally. Even for the latter group, getting integrated attribution data in tandem with analytics and other marketing dashboard activities can save time and money.
4. **Data quality** – having accurate statistics is essential for digital marketing, not just attribution. Automation, segmentation, media buying, content management, optimization...the list is as long as that of the goals of today's marketing departments. Metrics must be agreed upon and universal, at least organizationally. Databases must talk to one another, speak the same language and contain clean data.
5. **Staffing** – at its best, marketing technology doesn't replace people, it empowers them. Across a range of activities, including attribution, marketing organizations have to grow their internal capabilities around data analysis and optimization.



# Looking Ahead

The last decade has seen a remarkable, even overwhelming proliferation of channels, platforms and technologies. Marketers are challenged to stay on top of emerging opportunities while attempting to perfect the ones they've already taken on. The promise of an innovation isn't often matched by its reality, so marketers are wary of investing too much or too early.

Attribution isn't just an exception to this pattern; it's one of the solutions to the problem of too many options and not enough time. Digital marketing has claimed to be accountable since its inception, but in reality our knowledge has been limited to knowing a great deal about some channels, without understanding their relationship to each other. Attribution, when done well and across silos and touchpoints, can finally fill in the gaps for marketers and answer the question of what is working and how it works.

The capability of improving performance and optimizing budgets will continue to drive adoption of attribution methods. As the required tools become available at no or low cost, the practice will move through the mid-market and into the small business space. We expect the process by which organizations move from a single click or search-only model toward greater sophistication to move more quickly as the technologies and best practices for doing so become broadly available.

While technologies will make the process easier and more accessible, the need for skilled handlers isn't going away. The key barrier at many organizations will be aligning human resources with the pursuit of accurate attribution. However, this barrier will be lowered as the tools for attribution are further integrated with familiar analytics suites.

As attribution becomes the norm over the next few years, the most exciting effect may well be the change in how the industry views the fundamentals of marketing. We may have known intuitively that it takes many parts to make the whole, but our budgets, analytics and departmental structures have encouraged siloed thinking and behavior. Many organizations have a goal of integration; attribution will give them the impetus to make it a reality.