

every step counts



Insights and guidelines for
a better attribution approach

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overview

The advent of online advertising came with a big promise, and it has delivered:

You can see a direct correlation between your ad and a customer's decision to purchase, because you know when the customer is shown your ad and ends up at the point of sale.

But this arrival in the promised land comes with a pretty significant catch:

Online ads don't eliminate the need for brand advertising or other "top of the funnel" efforts designed to plant a seed in a customer's mind, yet many advertisers and agencies drastically undervalue those efforts because it's simple and easy (although misguided) to assign credit to the last ad seen.

Effective ads lure in customers at every step of the way – not just when they are the last ones shown or clicked.

Rocket Fuel believes strongly that crediting the last-touch 100 percent for a conversion is inherently flawed

Many others in the industry recognize that as well. The notion that a single online ad was the entire reason a person ended up making a purchase, regardless of other digital media consumption, defies logic. On the other hand, apportioning credit to multiple touch points before a person converts – a process often referred to as fractional attribution – seems so complex that it's been widely under-utilized.

Havas Digital pointed out with a few white papers in 2009 and 2010 (<http://www.havasdigital.com/insights/cross-media-behavioral-measurement/>) how half the credit for conversions should be assigned back to previous searches or display ad exposures. Several companies have sprung up in the industry to tackle the challenge of better digital attribution – ClearSaleing, VisuallyQ, Adometry, and C3 Metrics, to name a few. C3 Metrics explains in a white paper (<http://c3metrics.com/white-paper>) how conversion involves many partners.

“Nearly 100% of online purchases take place after multiple ad exposures from multiple ad channels and thus multiple site visits,” the company points out.

Someone might see an ad on a Google search, on Facebook, as a display ad, in an email and on an affiliate site – sometimes all of the above – yet only the last one the person saw before clicking and buying gets the credit.

Yet how do you measure the importance of each of those impressions leading up to the sale? In today's digital media world, we don't always take the most rigorous approach precisely because it is easier to assign credit to the last view or click. Rigor is not easy. People use what exists. Yet people would love to get a better handle on how all ads contribute to the final conversion. We are here to say it can be done. Assigning proper credit is not that hard, and it pays huge dividends. Rocket Fuel works with many agencies and advertisers who start from this very point.

To these marketers, we advise taking a simple series of steps to develop a comprehensive attribution approach.

stage 1

Who Gets Credit: Clicks or Views?

Introduction

Before even getting to the last click, make sure you're not putting too much emphasis on clicks in general.

Oftentimes ad views that don't inspire clicks can still lead to sales down the road. These ads, it's important to note, are easily tracked. Yet some marketers remain convinced that online advertising provides only minimal impact, and they'll provide credit for click-based actions alone. They believe that ad clicks are the only actions guaranteed to lead to conversion. (This does not include natural online searches and other organic activity.)

In this case, the issue is the opposite of a last view approach, which is overly generous to the last ad exposure. With click-only attribution, the impact of view-through exposure – when someone views an ad but does not click on it, yet later performs the desired action – is completely disregarded.

Rocket Fuel Recommends

You can run a simple A-B test, splitting your audience into two discrete cells of users and tracking the revenue you generate.

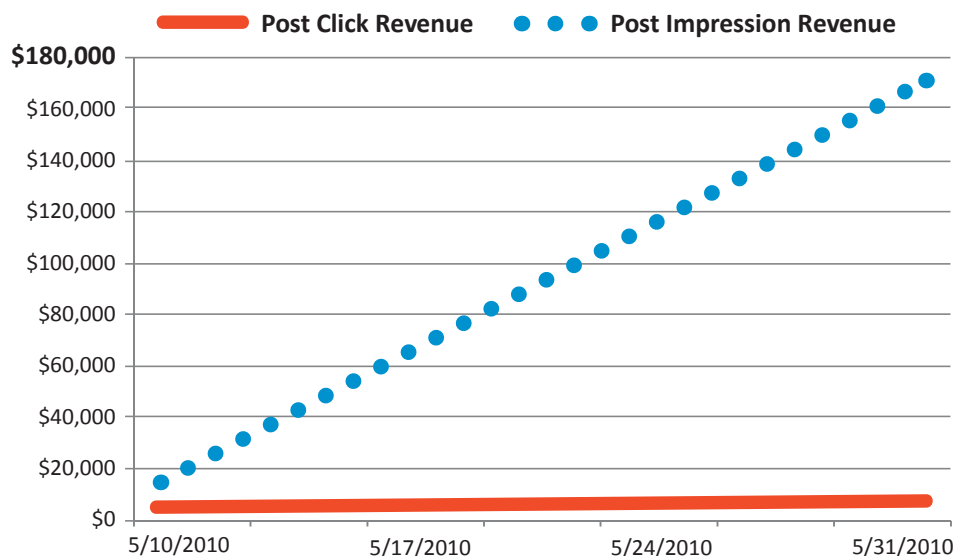
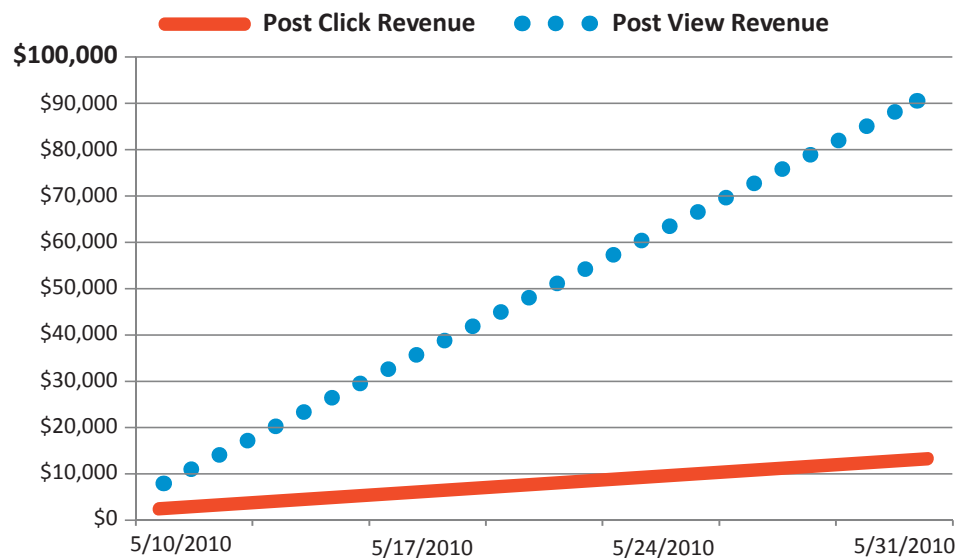
First, run numerous creative units, rotating them equally so that you have a good base of data. You'll want to know which ads generate the most revenue upon click-through, and which pay higher dividends down the road, in what's known as post-impression revenue. (See glossary.) In tracking post-impression revenue, it doesn't matter whether the user clicks or not.

Then conduct your experiment. Pixel technology allows you to split your audience, and show each half two different sets of ads. Expose Group A only to ads that are associated with the most revenue upon click-through. Expose Group B only to ads optimized for highest post-impression revenue. Then compare both post-click and post-view revenue for both A and B.

Example

When Rocket Fuel conducted a similar test comparing a click-only approach to a view-through and click-through approach, **we saw a two-fold difference.**

The following charts show an e-commerce campaign we worked on. In this instance, if we chose the best creative from a click-only perspective – in other words, the ad with the highest click-through rate – we would have netted a fraction of the revenue we could have brought in if we had chosen the best creative from a view-through approach, meaning the ad associated with the most revenue after seeing the ad.



stage 2

Display Ads: Testing for Lift

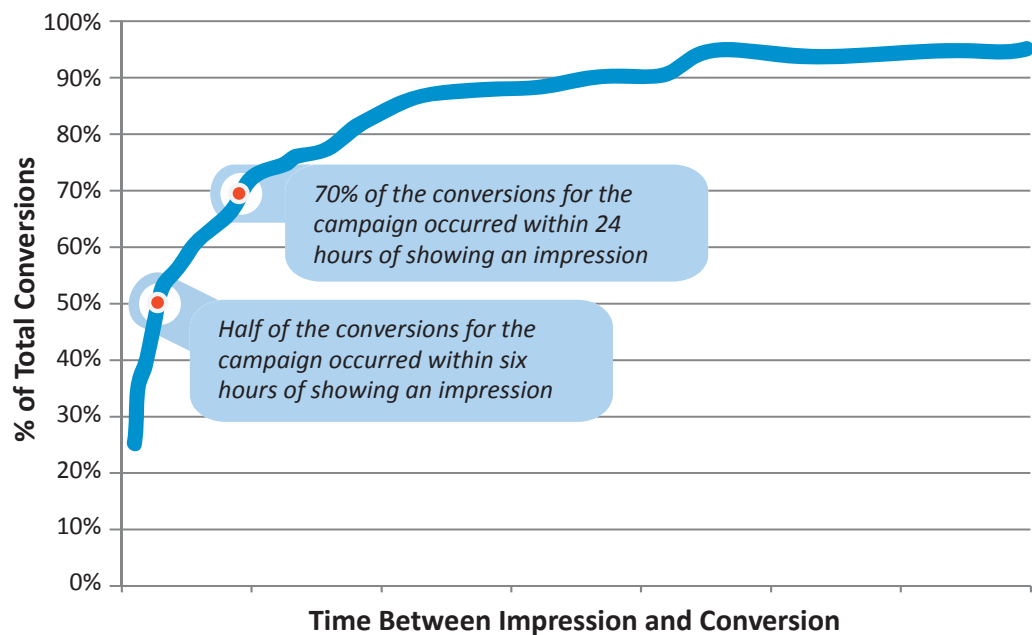
Introduction

Some marketers believe that their other digital channels outside of display advertising – such as ads on search engines, or in email – provide optimal use of their ad budgets.

They are skeptical that online display ads have measurable value in achieving either brand or direct response goals. We saw in Stage 1 that these ads do have an impact on the bottom line. To further convince the skeptics, we need to quantify that impact.

The entire premise of Rocket Fuel is that not only does online display advertising contribute to both brand and direct response goals, but the contribution to those goals can also be predicted and modeled. Time and time again, we have seen a strong correlation between a user converting and how recently he or she saw an ad.

At Rocket Fuel, we draw curves for our clients to analyze the time window between an ad impression and a purchase. The better we can predict response, the steeper the curve. That is, if the ad works, it will work fast, generating more of the desired responses in a short time window. If there was no correlation and the responses were actually random, then the distribution of responses over time would be more linear – 25 percent of the responses would come in the first quarter of the test, half the responses by the end of the next quarter, and so on in a straight line to the end. (See chart below.)



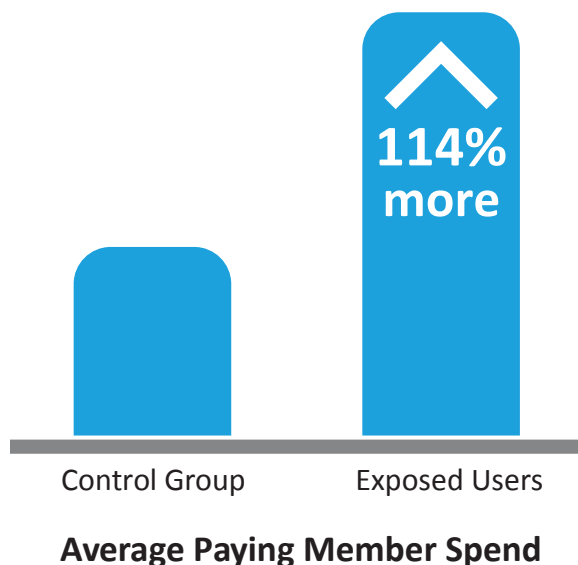
Rocket Fuel Recommends

The most direct approach is simply to fashion an A-B test. Both groups A and B should be randomly generated yet statistically equal, and thereby having equal opportunities to be exposed to all other media, as well as to your other digital channels. Have your agency or a single publisher partner show your ads to Group A, and show a set of public service announcements to Group B. Using a single publisher ensures that a single user won't be parts of both groups A and B. An agency that's well versed in A-B testing should be able to execute this cleanly. This is the exact methodology that research firms use to demonstrate that online advertising does indeed have a branding impact on consumers. However, the A-B scenario is also often used to validate real impact with a direct response goal and, more importantly, quantify that impact.

Rocket Fuel Example

Rocket Fuel published a case study with virtual world company IMVU, a long-time partner, with two such experiments. The first showed that users were 10% more likely to convert from free users to paying users when they were exposed to online advertising.

The second was that paying subscribers who were shown a Black Friday campaign were likely to spend more than double for additional virtual goods than those who weren't exposed.



stage 3

Multi-Touch Analysis: Who Gets the Credit?

Introduction

When it comes to digital media, a variety of digital channels may account for the various touch points for users before they convert.

This is called the “path to conversion.” How should a display campaign distribute credit if a user is exposed to several display ads from different partners, conducted an organic search, liked the brand on Facebook and then, when she is ready to convert, she finally clicks on a paid search link to complete the transaction? Shouldn’t there be credit assigned to each of the digital initiatives that influenced that final action?

Yet not everyone assigns that credit.

Some marketers have dedicated retargeting partners. Similar to paid search, these retargeting partners bring back users who have already demonstrated an interest in a marketer’s product or service. It is not difficult for the retargeting partners to get a user to convert. They do so very efficiently. That has value – but as we’ve seen, it’s not the only touch point in the funnel that has value.

We know of one case where a marketer hired a dozen different retargeting partners, and then said it would only pay for last-touch results. That led to a feeding frenzy among the partners, who splattered the brand’s ads on as many Web sites as possible in a desperate grab for that last-touch. The result was that customers were inundated with the ads on every site they visited – and reacted negatively. When we utilize dedicated retargeting partners and employ only a last-touch approach, we end up with that exact scenario – and it is fatally flawed.

Marketers instead absolutely need to ascribe value to partners throughout the funnel, even if they didn’t convert during that first session. Tremendous value exists throughout the funnel:

- There is value at the top of funnel from those partners who help a brand be ever-present to consumers, even if they don’t take action until weeks (or even months or years) later.
 - There is value from those partners who are present and available so that when a consumer is in the mid-funnel and starting to consider his or her options, the partner is able to identify them and help a marketer’s brand be top-of-mind.
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Rocket Fuel Recommends

You have many ways to pull the data together necessary to know how to assign the credit. Doing so not only rewards your partners, but it also gives you the knowledge needed to make the smartest advertising decisions.

Collect user data across channels. Use a single technology platform in order to review all touch points for each user on the path to conversion. Follow this simple mantra: “Put a pixel everywhere.” That simple little symbol can help you track who saw what ad, and where they went from there. Make sure that paid search landing pages are pixelated. Make sure that all email communication is pixelated. Provide a different pixel for organic searches than from paid searches. Provide different pixels for each partner. Have different pixels for social initiatives.

By collecting this data, marketers can hone in on several key types of analysis:

- How much your digital channels complement one another
- Identify partners that are undervalued as first-touch originators for conversions but are extremely valuable for filling the top of the funnel
- Identify partners involved as influencers for those “high value” conversions vs. “average value” conversions
- Whether some partners seem to specialize as influencers, especially when they’re not credited with the last-touch prior to the conversion
- Revenue associated with different influencer partners
- Typical paths to conversion
- Typical number of touch points per conversion
- Characteristics of conversion paths for higher value orders

Most importantly, marketers can then decide which partners are most effective at different parts of the funnel, and play to their strengths.

Rocket Fuel Example

Channel	Social	Search	Display	Affiliate	Orders
Social	69%	17%	8%	9%	502
Search	16%	61%	12%	16%	228
Display	16%	26%	37%	22%	549
Affiliate	9%	17%	11%	64%	503

Exclusive to Channel

Not Exclusive to Channel Mix

Rocket Fuel worked with an advertiser on multi-touch analysis, tagging landing pages in order to examine multiple touch-points.

Overall findings:

- Social was the strongest standalone channel
- Display advertising played a supportive role across all other channels, and was involved with the most orders for the advertiser

From those findings, the action was to use Rocket Fuel display media to retarget abandoning leads from other channels, employing the right messaging and frequency to bring them back and ultimately convert.

stage 4

The Full-Funnel Approach: Finding the Best Digital Media Mix

Introduction

It's one thing to collect and analyze data on all touch points. Once you've done that, you need to take the next step, and actually make better decisions from that data and optimize for your campaign. To get there, you have other data you need to gather that can be just as critical. You'll want to comprehensively track actual conversion data, note how much revenue comes in and from where, and differentiate between return customers and new customers. It's absolutely essential to track your bottom-line results, usually sales, for periods of time. If you are able to do so with a few media and partner mixes, you'll gain sufficiently different scenarios for more informed models.

Partners	First Touch	Assists	Last Touch
Partner A	466	1866	373
Partner B	379	1193	712
Partner C	784	1635	615
Partner D	964	2301	793

In the above example, assume all partners have equal portions of the media spend. Partner D is the clear winner.

The question is, who is the second most valuable partner? From a last-touch perspective, it would be partner B. From an assist perspective, it would be partner A. From a first-touch perspective, it would be partner C. It depends on how much we value each stage of the funnel relative to one another. For example, for conversions with long sales cycles, finding customers is rarer and the first-touch would be more important.

Rocket Fuel Recommends

Build a strong attribution framework, one that:

- Ascribes value to all stages in the funnel
- Updates campaigns with in-flight data
- Allows adjustment of parameters based on the changing data

Experiment iteratively with the mix of partners, channels, and attribution allocation for a few different campaigns. It's likely that the same bottom-line results can be more efficiently achieved with fewer partners and fewer touch points. The key is determining which partners and touch points they should be.

With data in hand and a campaign about to get underway, explain your initial attribution approach to marketing partners. More importantly, provide them with a means of real-time feedback on their contributions to the funnel so that they can optimize their media delivery accordingly.

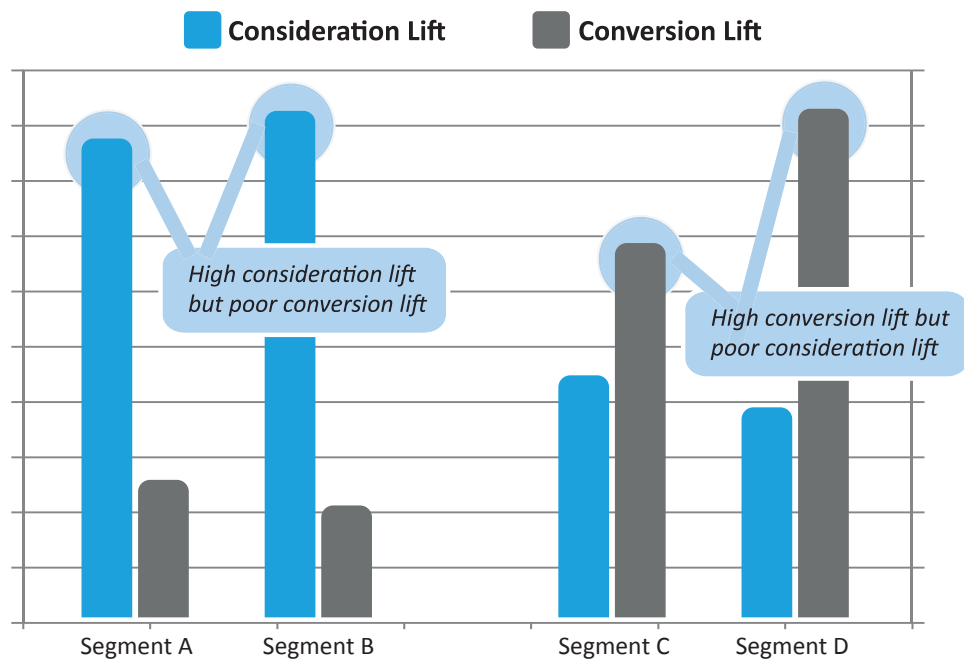
Rocket Fuel's approach to real-time feedback and optimization of upper and mid-funnel metrics is called Real-Time Brand Optimization. This method employs survey input to optimize media delivery to continually boost consideration or favorability.

Ultimately, you want to integrate marketing efforts across the sales cycle, reinforcing each other as much as possible. Awareness initiatives are as important as mid-funnel initiatives, which are as important as bottom of the funnel initiatives. All areas need to be ascribed value and optimized in conjunction with one another.

This is called a “full-funnel” approach.

Rocket Fuel example

Rocket Fuel has run full-funnel campaigns for advertisers where one part of the campaign is focused on upper and mid-funnel and has one set of metrics while another part is focused on converting consumers at the lower funnel and measures costs per action. Each effort likely targets different audience segments and should be valued and measured differently.



For a past campaign, Rocket Fuel concluded there was a significant opportunity cost for being maniacally focused on keeping the CPA 25% lower. We scaled segments C and D per the advertiser's request.

The impact was felt higher up in the funnel. The result was 30% fewer consumers (*tens of thousands*) even considering the brand.

conclusion

Attribute, attribute, attribute

It's such a simple concept: Give credit where credit is due.

We're taught it from a young age. Every college student writing a paper knows to attribute facts to their source. So why is it such a challenge in the online advertising industry?

As we've shown in this paper, it doesn't have to be so hard. The technology is there to run a few simple tests, place a few pixels in the appropriate places, and gain new levels of visibility into whom your ads are reaching and how effectively they're influencing customer actions.

The easy way out never really works. The entire industry knows the last click or view are inappropriate ways to assign credit, a serious misstep on the path to profitability. Don't take it.

Instead, know what you have. Gather the data. Experiment with different approaches. Play to your partners' strengths.

And watch your costs go down,
and your results take off.

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Rocket Fuel – Bringing Rocket Science to Digital Advertising

Rocket Fuel is the leading provider of artificial-intelligence advertising solutions that transform digital media campaigns into self-optimizing engines that learn and adapt in real-time, and deliver outstanding results from awareness to sales. Recently named #22 in Forbes Most Promising Companies in America list, over 500 of the world's most successful marketers trust Rocket Fuel to power their advertising across display, video, mobile, and social media.