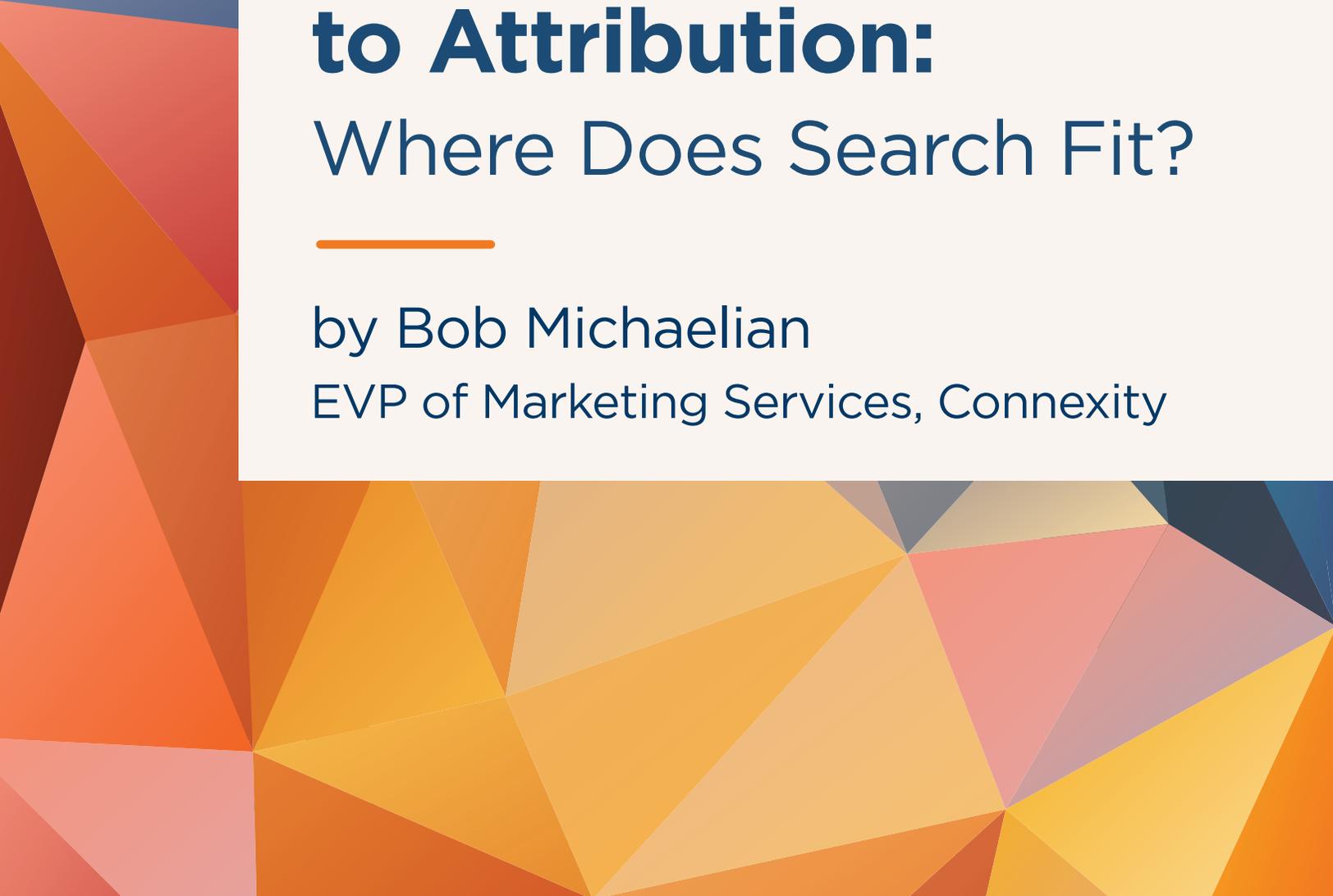


The Savvy Marketer's Guide to Attribution: Where Does Search Fit?

by Bob Michaelian

EVP of Marketing Services, Connexity

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The Savvy Marketer's Guide to Attribution:

Where Does Search Fit?

Attribution: it's perhaps the most significant yet unsolvable question in the mind of every digital marketer.

With so many customer touch-points, how can you accurately give credit to the proper channels?

For brands operating in a highly competitive marketplace, attribution is more crucial than ever to reconcile the effectiveness of their digital marketing efforts, and invest properly for optimal returns.

The State of Attribution

Traditionally available tools provide visibility into the very top of the sales funnel (views, clicks, opens) and the bottom (sales, registrations, leads). Yet marketing teams still struggle with the middle of the funnel, where customer research and brand influence occurs. This confusion around the “messy middle” is particularly troublesome, considering that this is where 100% of opportunity often gets whittled down to 2% conversion.

Marketing attribution technology determines the role that various channels play in informing and influencing how customers find, research, compare and ultimately decide to buy products online. The goal of attribution technology is to track each of the many touchpoints (online and offline) that bring customers to the sale. This, in turn, enables marketers to understand how marketing affects the entire sales cycle, and then allocate proper resources for each channel.

According to studies, the need for these metrics is only growing. [The CMO Survey](#) published by Duke University’s Fuqua School of Business found that brands plan to increase their spending on marketing analytics 73% over the next three years. For companies with \$1-10 billion in revenue, the expected increase is even bigger at 86%—and for companies in the B2C services sector it’s almost 100%.

While e-commerce companies acknowledge the value of this measurement technology, not everyone is on board. In an [August 2013](#) study commissioned by Google, Forrester found that while enterprises see the value of having an attribution strategy (with 67% of marketers indicating that attribution is highly valuable and helps them make smarter marketing and media decisions) only 31% of marketers are actually using it.



The Challenges

“Attribution poses a lot of challenges,” admits Bob Caputo, Senior Vice President of US Sales for Connexity’s Paid Search and Marketplace.

There are a variety of methods used to apply attribution credit, and each of them have pros and cons. While Connexity tracks using a 30-day cookie, many others keep it simple with the last click model, which gives attribution to the final touch-point. Some brands are also using first-click, which gives full credit to the initial touch-point.

However, there are significant limitations to both. Last and first click offer a myopic view of complex multi-part interactions. 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 in the middle, such as the Research and Preference stages.

“Not everyone in the industry is looking at the same standards. With so many possible approaches to attribution, finding the right one for your business is never an easy task.”

- Bob Caputo, SVP of US Sales

Industry watchers claim that last-click attribution unfairly assigns the credit to direct or pull channels, like SEM, whereas the first-click attribute unfairly assigns credit to awareness or the push channels, like display advertising.

Most marketers are following some form of attribution modeling to their campaigns, with 24% saying they use a multi-touch attribution model. Fifteen percent say they track attribution but don’t know how to analyze the results effectively, according to a new [AdRoll survey of 1,000 marketers](#) working in a range of industries.

Attribution Models

For those looking beyond first-click and last click approaches, there are several multi-touch attribution models that may better serve your business.

1. Linear

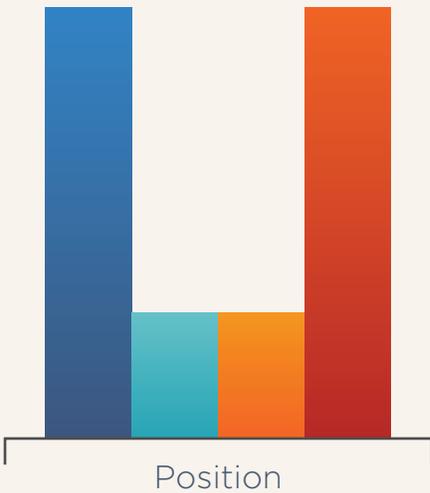


The Linear Attribution model gives an equal share of the conversion credit to all channels or touch points in the path to conversion. If four channels are involved, then 25% of the conversion value is assigned to each channel. This type of attribution model is also called “distributed” or “flat” attribution modeling.

The linear attribution model is particularly suitable for long sale cycles (namely, B2B activities) where the different channels maintain steady contact and brand awareness throughout the cycle.



2. Position Based



The Position Based model allows you to create a hybrid of the last click and first click models. Instead of giving all the credit to either the first or last interaction, you can split the credit between them. One common scenario is to assign 40% credit each to the first interaction and last interaction, and assign 20% credit to the interactions in the middle (so 10% each).

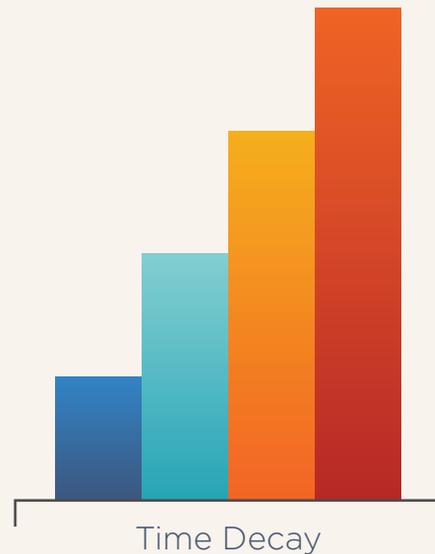
This model is most useful if you most value touchpoints that *introduced* customers to your brand and the *final touchpoints* that resulted in sales.

3. Time Decay

If your sales cycle involves only a short consideration phase, the Time Decay model may be appropriate. This model is based on the concept of *exponential decay*—meaning that it more heavily credits the touchpoints that occurred nearest to the time of conversion.

The Time Decay model has a default *half-life* of 7 days, meaning that a touchpoint occurring 7 days prior to a conversion will receive $1/2$ the credit of a touchpoint that occurs on the day of conversion. Similarly, a touchpoint occurring 14 days prior will receive $1/4$ the credit of a day-of-conversion touchpoint. The exponential decay continues within your look-back window (usually a default of 30 days).

If you run one-day or two-day promotion campaigns, you may wish to give even more credit to interactions made during the day of the promotion. In this case, interactions that occurred one week before have only a small value as compared to touchpoints near the conversion.





Where Search Fits

Because consumers are using search engines to find, research and buy products, the role of search in the attribution equation remains complex. Siloed attribution models often lead to different marketing channels claiming credit for leads that aren't fully attributable to them.

Bob Michaelian, Executive Vice President of Marketing Services at Connexity, says, “Some critics feel that Google gets undue credit for conversions, and yet many marketers are still using results from Google Analytics to benchmark their success metrics.”

“Google is getting credit because of how people are searching. Tracking using Google's tools is fine in some cases, but we are trying to work with brands to educate them and give them alternative methods that they can apply to broaden their attribution modeling.”

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- Bob Michaelian, EVP of Marketing Services

Michaelian notes that by looking at the big picture, and observing search coupled with display, brands can see an overall boost in both channels.

Connexity's Caputo admits that “while “it's difficult for brands to get their head around the interplay of search and display, it's worth the effort to look closely at both to see how they affect one another.”

The Power of Dynamics

In a Harvard Business School paper titled [“Do Display Ads Influence Search? Attribution and Dynamics in Online Advertising”](#) the authors state, “We find that display ads significantly increase search conversion. Both search and display ads also exhibit significant dynamics that improve their effectiveness and ROI over time.”

The concept of dynamics, which is measuring how one channel may bolster the performance of another, is gaining importance as more brands find that exposure to a display ad—whether or not it’s clicked—can trigger search activity and increase the likelihood of purchase. Repeated exposure to a brand’s display ads reportedly has a subliminal psychological impact on customers’ purchase behavior.

The report goes on to note that,

“In addition to increasing search conversion, display ad exposure also increases search clicks, thereby increasing search advertising costs [...] We use these results to show how optimal budget allocation may shift dramatically after accounting for attribution and dynamics. Although display benefits from attribution, the strong dynamic effects of search call for an increase in search advertising budget share by up to 36%.”

With a deeper understanding of attribution dynamics, businesses may start shifting their attribution model to acknowledge the part display plays in increasing purchase. Meanwhile, for brands investing in display ads, it’s important to simultaneously free up a greater budget for search marketing to account for the increase in clicks.

Managing Resistance

When it comes to rethinking attribution, you may encounter resistance within your organization. Whether they are from search or display teams, all marketers want their efforts to get proper recognition for the sale.

However, in reality, accurate attribution tends to reinforce the importance of all marketing channels. Good attribution models will credit marketer's efforts more accurately, so resources can be leveraged at the right time and in the right way.

To truly transform your company's attribution philosophy, it will be necessary to bring together different branches of your marketing org and help them understand how rethinking attribution can benefit their team, the company and revenue overall.

Effective attribution isn't just about the upside. Failing to accurately identify the importance of all channels comes with a heavy cost. Overspending where you're seeing the most revenue can often cause you to waste ad spend on customers who would have purchased already—a common mistake for search, since buyer intent to purchase is sometimes already secured by the time consumers hit Google.

Meanwhile forms of advertising like display, which may be harder to connect directly back to the sale but provide valuable exposure, can be responsible for reinforcing interest and acquiring new customers, thus widening the funnel for all channels—including search.

Action Steps

1. Evaluate

Take a look at your current attribution model. Evaluate how your organization is currently measuring and analyzing customer acquisition and the buyer path to purchase. Which channels are you investing in the most? Analyze your current returns on those efforts. Are there any particular areas that need improvement?

2. Take Stock of Tools & Get Help

What tools and methods is your brand using to track and gather metrics? Are they increasing your ROI? If not, perhaps your business need to acquire new methods of determining attribution. Oftentimes attribution is too complex for businesses to track on their own, so they end up seeking outside help from marketing services who specialize in complex modeling.

3. Make a Plan

Pick an attribution model in line with your sales cycle, key consumer touch points and business goals. Work closely across your marketing organization, and collaborate with marketing partners or agencies to develop a holistic attribution structure that accounts for multi-touch experiences and attribution dynamics. Define key performance indicators that will benchmark the success of each of your marketing channels (and the interplay of those channels together).

4. Review and Refine

This is not a “set it and forget it” process. Once you execute on the plan, you’ll likely need to not only tweak spending on channels, but re-examine how you are assigning credit based on the modeling that yields the most effective results. Attribution isn’t about competition between marketing divisions, but rather a consistent re-evaluation of how different channels can best support one another.



Need Help with Your Attribution?

At Connexity we've managed search marketing and programmatic display campaigns for businesses large and small, and we have a deep understanding of how these marketing channels affect one another. To learn how we can help you improve your attribution modeling for greater conversions, [click here and drop us a line.](#)