

# Cross-Channel Attribution Is Needed to Drive Marketing Effectiveness

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## Executive Summary

As consumers become more and more connected to brands through a myriad of channels and devices, firms must adopt new analytic and measurement techniques to accurately understand the effectiveness of their marketing investments. For several years, simple last-click attribution has allowed marketing to allocate 100% of the credit, return on investment (ROI), and revenue to the last marketing channel before a purchase. Today, firms demand greater accountability and a scientific measurement of the value of each marketing contact that contributed to a desired outcome; this is a way for marketers to clearly understand what's working and what's not. This more sophisticated and statistically oriented approach is referred to as advanced algorithmic attribution, and it evaluates all of the marketing channels in a customer journey and attributes credit for conversion accordingly. Marketers view attribution as a high priority to help them value marketing efforts, media, and their customers' experiences.

In August 2013, Google commissioned Forrester Research to explore the role of attribution measurement and how enterprises have adopted and leveraged this advanced measurement methodology. Forrester found that 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 — but only 31% of marketers are really using it.

Through the power of advanced algorithmic attribution, firms can pinpoint which channels, messages, and content resonate with their customers. They can quickly develop the right interactions to increase engagement and know the best possible customer purchase path and experience.

**Sixty-seven percent of marketers indicated that attribution is highly valuable and helps them make smarter marketing and media decisions.**

### KEY FINDINGS

Forrester's study yielded four key findings:

- › **Those using advanced attribution found it extremely valuable, but many marketers don't understand or implement the best attribution methods.** Fifty-three percent of marketers indicated that measurement is a high or top priority in their organization (see Figure 4).
- › **Executive sponsorship and better data management are essential for a successful attribution approach.** Advanced attribution requires executive support to ensure success but also relies on a calculated data management approach, including a data integrity and integration strategy. Fifty-four percent of respondents say that data integration strategies prohibit the development of a more advanced attribution approach. The need for better data management will be essential as the lines blur between business units, channels, and communication approaches if firms are to have a clear line of sight on the effectiveness of marketing methods and deliver on the marketing investments being made.
- › **Organizational structures, siloed data, segregated channels, and isolated business units create an incomplete view of the customer and result in poor attribution efforts.** A comprehensive measurement and analytic approach looks beyond the channel or the business units to see all the data that has an impact on the customer purchase path. Firms are hamstrung as most (62%) in-cent and measure only the effectiveness of a single campaign or touch strategy. The breakdown of organizational barriers and creation of a shared, not siloed, data approach will be needed if the goal is to have a full view of customer engagement through advanced attribution methods.
- › **Advanced attribution gives firms the opportunity to leverage customer purchase path analysis to enhance customer experience.** Customer purchase paths are increasingly complex, with different entry and exit points at any given stage of the customer journey. Attribution allows firms to effectively measure and value different customer purchase paths, and quickly identify highly efficient and cost-effective interactions at different customer segment groups or even at the individual

customer level. Firms are freely spending to understand the customer journey, desperate to differentiate from the competition and delight the customer. Despite the advantages of using an advanced algorithmic attribution methodology to measure what works and what doesn't, when firms were asked why more of them weren't embracing advanced algorithmic attribution, the single most common response was simply, "It's hard." While it may be difficult, it's necessary if firms are to win, serve, and retain their customers.

## Advanced Measurement Is Needed To Understand Today's Consumer

The age of the customer and the tremendous proliferation of data have given rise to organizations desperate to develop a deep understanding of customer needs. Even though measurement methodologies are more important and advanced than ever, firms still struggle to use advanced attribution algorithms. They therefore fail to achieve the full potential of the technique and fall short of realizing the strategic value that could be delivered.

To understand the adoption and impact of advanced attribution, we asked 175 marketers in a variety of industries an assortment of questions about their measurement techniques and found that:

- › **Marketers still measure by channel or campaign rather than overall performance.** Sixty-two percent of marketers indicated they measure marketing efficiency and effectiveness based on each specific channel or campaign, not considering other marketing or media activities occurring at the same time (see Figure 1). This is not surprising, as most organizations still operate separate channel-specific strategies with separate budgets, functional goals, and channel or campaign objectives. This finding indicates that measurement is still an afterthought in most organizations, or is not thought of as a universal process, with marketers instead relying on old approaches to determine current and future success.
- › **Basic measurement approaches still dominate . . . for now.** Forty percent of enterprises still use first- or last-touch measurement approaches to measure the performance of their marketing and media campaigns (see Figure 2). However, 35% indicated they now use an algorithm-based measurement approach to assign value across the customer journey. Adopting a more holistic measurement approach is challenging, but the tides may

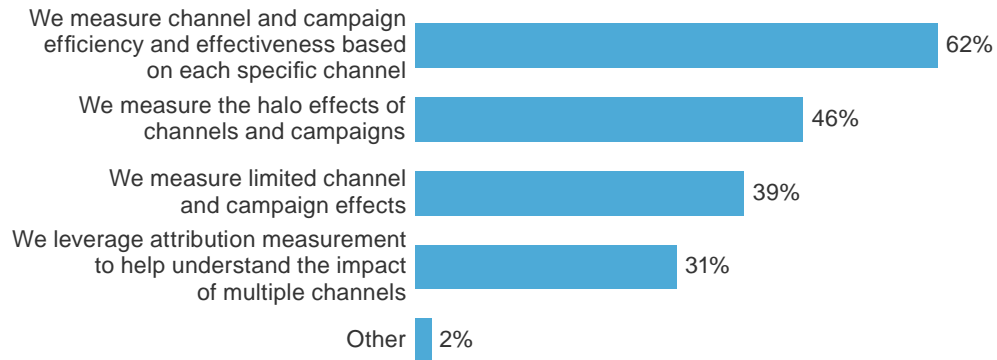
be turning away from piecemeal measurement and insights, leading to an enterprisewide comprehensive view of the customer.

- › **Firms that are new to measurement understand the importance — and value — of attribution but struggle to move forward.** Fifty-seven percent of marketers who do not currently use attribution indicated they are interested in advanced attribution but have no immediate plans to adopt attribution in the future. Why? Attribution is an advanced mathematical approach that requires talent who can implement statistical modeling and analytics — talent that is challenging to find and keep. Further, enterprises are bogged down with measuring discrete campaigns and do not have the time nor the cultural mandate to manage through a drastic shift or increase in complexity in measurement strategy. Until leadership embraces the value of this approach, the path forward will be paved with obstacles like budget and talent constraints.

FIGURE 1

## Marketers Focus On Measuring Campaign-Level Efficiency And Effectiveness

“How are you measuring channel and campaign efficiency and effectiveness?”



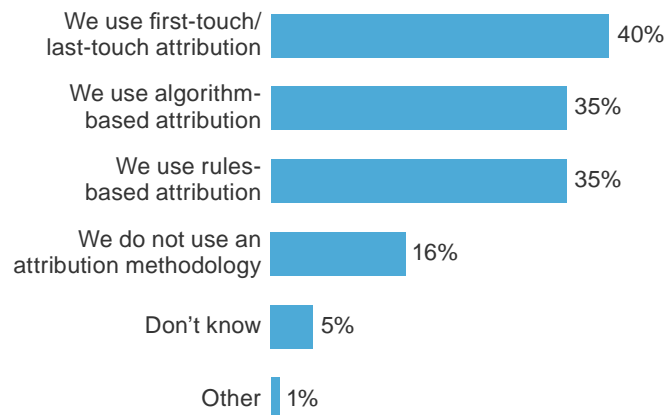
Base: 175 marketers with knowledge of strategy, channels, and/or attribution (multiple responses allowed)

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013

FIGURE 2

## First- And Last-Touch Attribution Measurement Is The Approach Primarily Embraced By Enterprises

“When measuring the performance of your marketing tactics, which attribution methodology do you use?”



Base: 175 marketers with knowledge of strategy, channels, and/or attribution (multiple responses accepted)

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013

## Attribution Adoption Lags Despite Recognized Benefits

Attribution holds the promise of painting a more complete picture of the customer's path to purchase by accurately valuing each discrete interaction, enabling enterprises to understand which interactions, messages, and offers are driving the most conversions and attracting the most valuable customers. This provides marketers with a clear direction for potential future marketing and media investment strategies based on extremely effective tactics that drive the high-value customers to their brand. However, firms are at the beginning stages of attribution adoption and have yet to reap the full benefits of attribution. We found that:

- › **Customers and firms are increasingly multichannel, expanding the number of data sources.** Customers are constantly connected using more and different media; firms, too, are becoming more present in digital, traditional, and mobile channels. A full-spectrum view and measurement of these channels has taken a front seat, despite the increased difficulty of obtaining this integration.
- › **There is limited adoption of advanced methods due to data and other challenges.** Even with a high level of attribution interest, only 30% of respondents use advanced statistics-based approaches to measure the impact of their marketing and media efforts (see Figure 3). These barriers include deficient internal resources, difficult access to and ability to connect disparate data, limited funding, and a lack of knowledge and support.
- › **Many fail to grasp the difference between different types of attribution.** While 36% of the respondents indicated that attribution is a high priority, many are confused on the difference between the various methods of attribution (see Figure 4). Attribution ranges from the simplest approaches such as first or last click to mathematically driven algorithms. While many use the simpler version of attribution, the adoption of advanced algorithmic-based attribution is relatively low. Another stumbling block is the confusion that the market has regarding marketing mix modeling and attribution. Marketing mix modeling can be viewed as a type of attribution that estimates the impact of channels with no customer granularity. It has been used for decades and is a familiar approach in the offline marketing world. This confusion is no surprise, since enterprises struggle to

understand what is meant by algorithmic attribution and how it differs from all other measurement approaches. Better education is needed for leaders to embrace this desirable advanced measurement approach to account for the complexities and create visibility into each interaction along the customer purchase path.

## Enterprises Can Take Concrete Steps To Grow Attribution Efforts

Attribution provides enterprises with the opportunity to improve marketing effectiveness by gaining a measurable understanding of which marketing touchpoints affect the customer purchase journey. Right now, enterprises struggle with specific components that are essential for attribution success. As a result, firms grapple with attribution adoption, and attribution implementation efforts are often not completed. We specifically asked 175 marketing leaders about the barriers and challenges they faced when implementing an attribution measurement strategy. We found that to overcome attribution challenges, enterprises must:

- › **Develop a deep understanding of their customers' purchase path to employ a complex attribution model.** The age of the customer is creating a complex weave of interaction, whether customers are in a store or on the phone; responding to email; reading or creating a blog post; "liking" and commenting on online posts from friends family, and colleagues; using websites; or interacting through direct and indirect channels — all accessed by a myriad of devices. Measurement of the customer purchase path across silos of insight is far more complex than most companies are currently staffed or equipped to manage. As a result, measuring across different online, offline, and mobile touchpoints can be a real challenge. Twenty-nine percent of respondents cited this complexity as the biggest barrier of attribution adoption (see Figure 5). However, the complex purchase path of today's customers across online and offline activities is exactly what is needed to ensure the right investment is made in order to enhance the customer experience. Enterprises must prioritize creating a comprehensive measurement approach to capture this rich customer information, so they can better measure, interact with, win, serve, and retain customers.
- › **Embrace and manage various data sources to deepen cross-channel attribution efforts.** By looking at marketing data holistically across channels, marketers

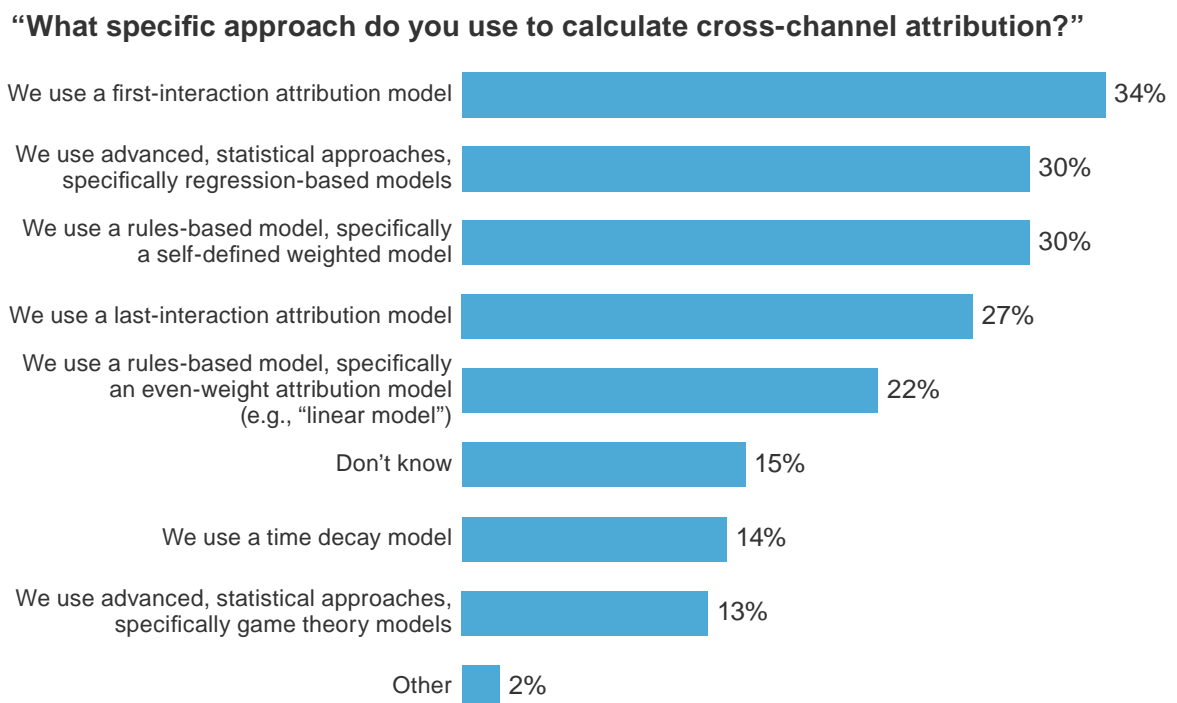
have the opportunity to understand complex customer motivations, behaviors, needs, and values across multiple touchpoints, devices, and activities. Twenty-six percent of marketers indicated that a main obstacle to attribution adoption is the integration of multiple data sources (see Figure 5). A strong data strategy across multiple channels is necessary to embrace a deeper, more advanced cross-channel attribution strategy. One marketer said: “[Attribution is] extremely useful, as it gives us the information we need to predict future events and make correct marketing decisions. It gives us much more control over what we are doing.”

- › **Grow internal analytical resources and/or engage external partners to enable advanced, algorithmic attribution.** A major barrier to advanced algorithmic

attribution adoption is resource support because most enterprises may not have the right partner or internal support to understand the complex measurement approach or the implications derived from the results. Thirty-three percent of respondents indicated that resource support was the top barrier to attribution adoption, confirming that enterprises continue to struggle with having the right data experts on staff to support this effort (see Figure 6). To further complicate this barrier, enterprises struggle with finding the right analytics support staff to manage measurement and analytics techniques. One marketer said, “The biggest opportunity is balancing the desire for information with the budget and human resources to deliver upon it.”

**FIGURE 3**

**Although Marketers Prioritize Attribution, Advanced Attribution Approach Is Not The Methodology Of Choice**

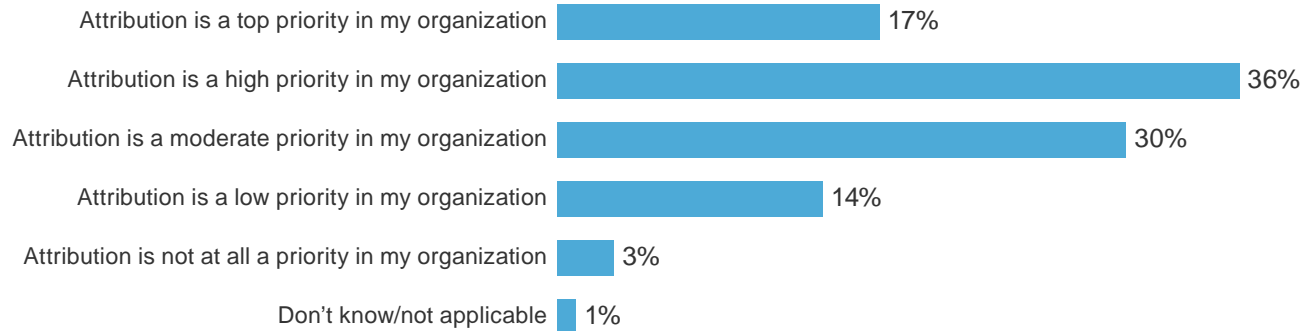


Base: 175 marketers with knowledge of strategy, channels and/or attribution (multiple responses accepted)

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013

**FIGURE 4**  
**Data-Focused Marketers Are Interested In Attribution**

**“Please rate the level of priority of attribution measurement in your organization.”**



Base: 175 marketers with knowledge of strategy, channels, and/or attribution. Numbers add to 101% due to rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013

**FIGURE 5**  
**Complex Customer Purchase Path Hinders Adoption Of Attribution Measurement Approaches**

**“What are the biggest challenges you face when leveraging attribution to track and measure campaigns, channels, and the customer purchase path?”**



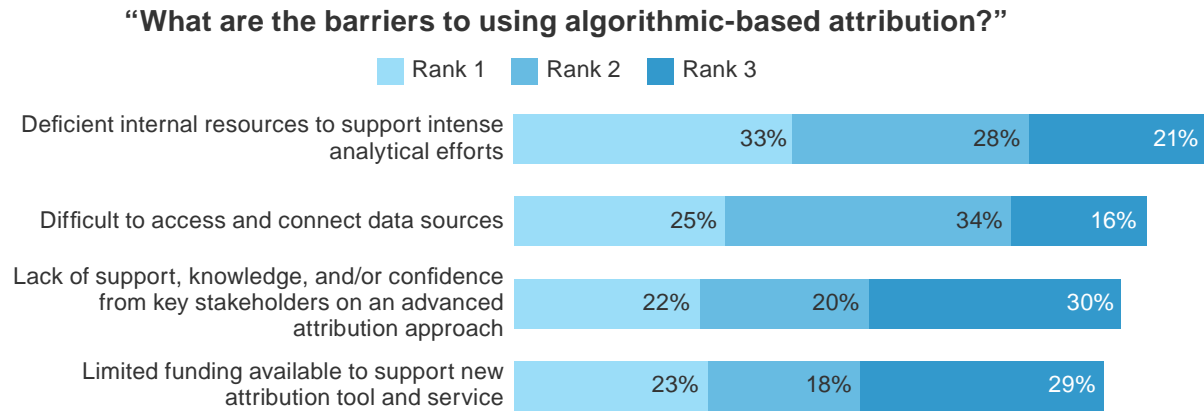
Base: 175 marketers with knowledge of strategy, channels and/or attribution (multiple responses accepted)

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013



FIGURE 6

## Deficient Resources Inhibit The Adoption Of A More Advanced, Algorithmic Attribution Approach



Base: 122 marketers with knowledge of strategy, channels, and/or attribution

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013

## Savvy Measurement Experts Reap The Benefits Of Attribution

Measurement experts agree that attribution will help provide deeper insights into the behaviors and motivations of customers' actions. And the age of the customer is upon us, with customers dictating how they want to interact with brands and through which channels and devices, so measuring effectively will enable enterprises to have more relevant interactions with customers and better spend allocation. Enterprises that are more data savvy and have the right tools and tech to gain richer, deeper consumer insights will win out, increasing engagement and relevancy and improving ROI and return on ad spend (ROAS).

Marketers who do adopt a more advanced attribution measurement approach can not only value the customer purchase path, but fine-tune their core metrics and possess a full view of marketing, media, and consumer performance. As a result, enterprises have a more effective way to manage marketing and media strategy, and a more focused consumer strategy approach. Specifically, we found that:

› **The majority of enterprises leverage attributed results to make smarter marketing and media decisions.**

Attribution is primarily leveraged to measure marketing and media performance because it's an immediate, actionable benefit that enables marketers and media planners to change their strategy for better performance. Sixty-seven percent of firms indicated that attribution helps them with future marketing and media decisions (see Figure 7).

› **Most use attribution to measure more effectively.** The longer-term benefit of attribution is to measure and accurately value the customer purchase path. Attribution helps fine-tune measurement by taking into account the impact of different marketing and media activities simultaneously. Sixty-one percent of respondents indicated more accurate measurement is a direct benefit of attribution (see Figure 7). By adopting a more advanced attribution approach, enterprises can recalculate the true costs of each interaction and the true contributed value of each interaction point. Further, they can better measure customer-based metrics, like customer value, by readjusting cost to serve metrics. One marketer said, "Attribution allowed us to identify that true web inquiries have increased and yielded higher quality leads."

› **Attribution can help improve engagement throughout the customer journey.** Due to the complexity of different interactions across different devices, only 37% of the respondents use attribution to measure the customer purchase path (see Figure 7). Yet of those using attribution for consumer purchase path measurement, 83% indicated that it helps with sending more targeted, relevant messages (see Figure 8). There is an opportunity here for savvy marketers to make use of this customer journey knowledge.

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*"Attribution measurement and results helped us optimize specific targeted campaigns, which was the source of higher sales and increased revenues"*

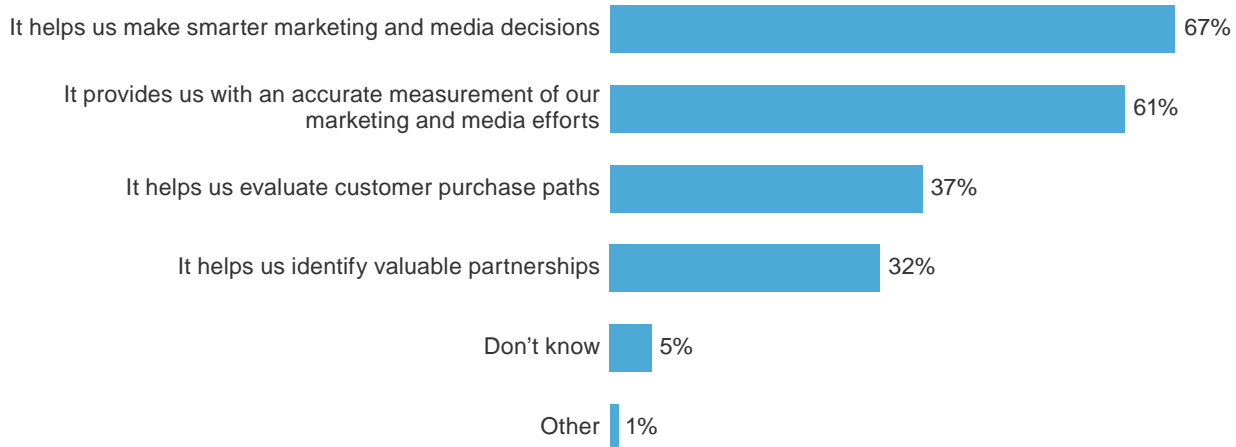
—Marketing VP at a major cosmetics manufacturer

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FIGURE 7

Marketers Believe Attribution Helps Them Make Smarter Marketing And Media Investments, While Fine-Tuning Their Measurement Efforts

**“What are the primary benefits of leveraging an attribution measurement framework in your organization?”**



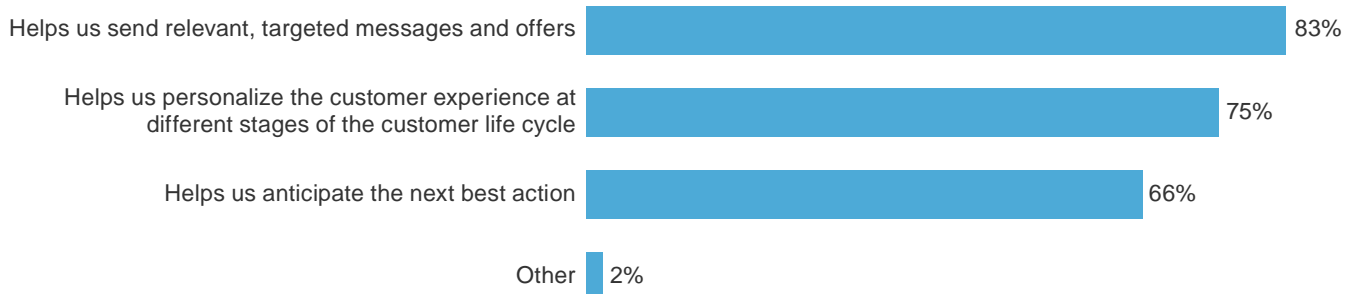
Base: 175 marketers with knowledge of strategy, channels and/or attribution (multiple responses accepted)

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013

FIGURE 8

For Those Who Use Attribution To Measure The Customer Purchase Path, It Helps Them Send Relevant Messages And Offers

**“What does using attribution to evaluate customer purchase paths help you do?”**



Base: 64 marketers with knowledge of strategy, channels, and/or attribution who believe that attribution “helps to evaluate customer purchase paths” (multiple responses allowed)

Source: A commissioned study conducted by Forrester Consulting on behalf of Google, September 2013

## Key Recommendations

Embracing a true cross-channel algorithmic-based attribution approach provides enterprises with a complete view of the customer purchase path, identifies cost-saving strategies, and produces revenue-generating interactions. For early adopters, it's aiding in refining current measurement standards and helping these enterprises connect with customers across the right channels, at the right time, with relevant content. Enterprises must be prepared for a longer process in the adoption of advanced attribution because of the complexity of the market, the need for talent, process and a greater collaborative effort across business and marketing teams. To be successful at advanced algorithmic attribution, enterprises must:

- › **Create a data strategy.** Enterprises must have a complete view of the customer across all channels with accurate data to ensure measurement and insights if marketers are to provide stellar performance and strong results. Companies that continue to limit their view of customers to a subset or single siloed vantage point will never truly understand the customer journey nor will they accomplish accurate measurement through attribution or any methodology. Companies must break down data silos by consolidating or sharing customer information, marketing performance, and external and transactional knowledge, and by incentivizing all parties to work together for the greater cause. This holistic approach spans every activity from initial strategic direction to routine data mapping activities, data audits, and data quality checks. Doing this will enable more accurate customer information across all customer, marketing, media (online and offline), and mobile channels.<sup>1</sup>
- › **Educate the enterprise.** Advanced attribution owners must constantly educate functional leads on attribution methodology, process, benefits, and turning action into insights. Specifically, attribution stakeholders should hold topical education sessions and provide functional heads with sample reports and insights to help them understand how measurement has changed. Further, attribution owners must embrace how to turn insights into action, by providing consumer-based strategies, marketing and media buying changes, and customer experience changes that result from attribution insights.
- › **Include attribution in the marketing workflow.** Enterprises must build out marketing plans based on attributed results and incorporate measurement into day-to-day marketing planning activities. Develop an insights sharing committee, create a test-and-learn environment, and build scenario-planning capabilities based on attributed results to make attribution actionable. Those enterprises that do not take action will continue the perpetual cycle of ineffective marketing planning and interactions with customers.
- › **Have the right partner to ensure attribution success.** Third-party attribution providers have extensive measurement, media planning, and customer insights expertise, allowing enterprises to have an outside perspective on what the results mean and how to take action upon them. Enterprises often tap into attribution partners and form a strategic relationship by having them conduct an in-depth analysis and offer test-and-learn opportunities and next-best-action recommendations. The right partner must operate with a strong “technology wrapped in services” approach, with the right tool to produce instant results and push out recommendations, complementary analytics, and insight services to help dive deep into results for added value.
- › **Continually test and experiment with new marketing ideas based on attributed results.** It's imperative for enterprises to make attribution actionable by shifting budget dollars to new marketing campaigns and channels and constantly testing new ideas to determine the best way to interact with customers. Once marketers receive attributed results, they must identify opportunities to test in channels or tactics that are driving conversions and make changes to those that aren't. Applying a testing approach will help firms identify winning champion marketing programs and develop repeatable interactions to acquire and grow profitably.
- › **Leverage attribution findings to improve the customer experience.** Advanced attribution delivers many advantages to those who choose to embark upon the journey, but the most significant reward will be the clear view of the customer purchase path that leads to continued delight, greater engagement, stronger loyalty, greater

advocacy, and improved company and product performance. While challenging to achieve, this must-have measurement is the only path forward for those who choose to thrive in the age of the customer.

## Appendix A: Methodology

In this study, Forrester conducted an online survey of 175 North American marketing leaders at 1,000+ employee firms across industries to evaluate their marketing attribution practices. Questions provided to the participants asked about their channel strategies as well as their current attribution methodologies, vendors, challenges, and successes. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in August 2013 and was completed in September 2013.

## Appendix B: Supplemental Material

### RELATED FORRESTER RESEARCH

“Cross-Channel Attribution Presents A Clear Path To Marketing ROI,” Forrester Research, Inc., September 20, 2012

## Appendix C: Endnote

<sup>1</sup> Source: “Culture, Data, And Technology Are Key Ingredients For Measurement Success,” Forrester Research, Inc., January 23, 2013.