

Cross-Channel Attribution Must Convert Insight Into Action

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Executive Summary: Organizations See The Potential In Driving Attribution Insights Into Tangible Action

Marketers are overwhelmed by customer data. But drowning in data does not guarantee an abundance of insights to act upon. What changes are customers clamoring for that marketers miss among the sea of channels, devices, and touchpoints? Attribution promises a vista to look across this increasingly complex data landscape, where marketers know with confidence where to increase spend and which cuts will fund that increase.

In April 2014, Kenshoo commissioned Forrester Consulting to evaluate attribution measurement. It was clear that advanced methodologies were in the market, but is that what organizations were applying, and if so, what were the details? Forrester developed a hypothesis that organizations are struggling to use attribution results to better understand their customers and their journeys with a given brand.

Challenges with attribution diminish with time — marketers with at least one year of experience in attribution were significantly more satisfied.

In conducting a detailed survey of 106 marketers, advertisers, and customer insight professionals currently using attribution, supplemented by additional in-depth interviews, Forrester found that companies were satisfied with the attribution results they had received so far, but they were yearning to get more from their investment and to apply their insights to additional challenges and channels. Forrester also uncovered some common obstacles to avoid, ensuring a smoother attribution journey.

KEY FINDINGS

Forrester's study yielded three key findings:

› **Marketers still embrace elementary approaches to measurement.** Only one in nine marketers use advanced attribution methods. In fact, among those using attribution, 28% still use single-click methods. This lack of methodological rigor is risky because it fails to accurately understand marketing's influence on customer journeys

with several touchpoints. This encourages marketers to overinvest in channels high in direct conversions while underinvesting in the channels that positively influence downstream conversions.

› **Marketers struggle to turn attribution insights into action.** Having an attribution tool with new insight-laden reports does not guarantee that an organization will act in new ways. Several obstacles impede marketers from taking action, including understanding the analytic model, convincing colleagues of the validity of recommendations, and incorporating results into cumbersome media buying systems. But challenges with attribution diminish with time — marketers with at least one year of experience in attribution were significantly more satisfied with their ability to take action than those with less than a year of experience.

› **Savvy marketers get sharper and nimbler with attribution measurement.** Some marketers are using sophisticated multitouch attribution models to become more customer-obsessed and inform a broad array of strategic and tactical decisions in more detail and with more speed. What boosts their measurement satisfaction? Adding more channels to their attribution model and the ability to act on the results quickly. And what are the most important actions marketers are taking? Forty-nine percent are adjusting their long-term media plans, 38% are changing media spend, and 34% are comparing the performance of different campaign measures. Almost one-quarter (23%) are taking some of their actions in real time.

Cross-Channel Attribution Is Still In Its Infancy

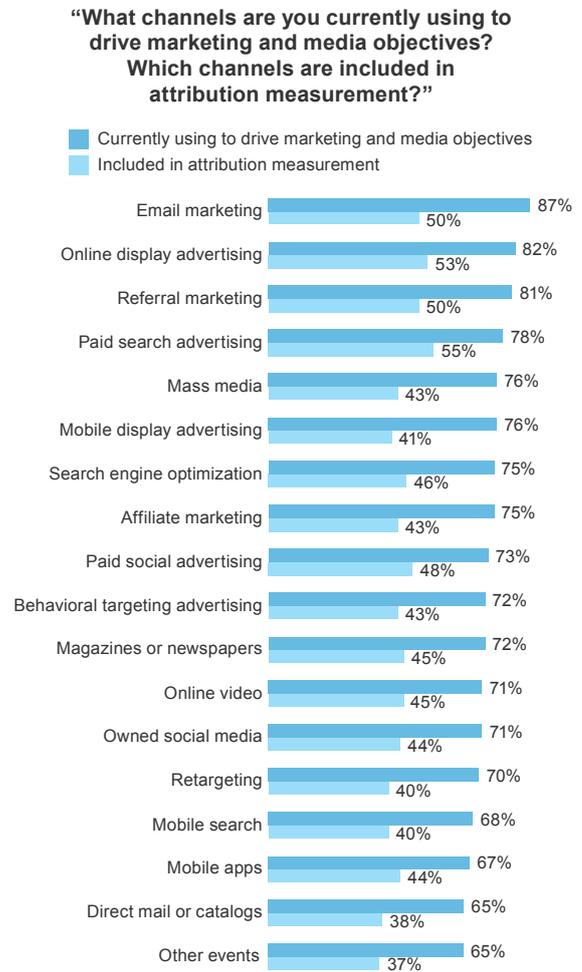
Attribution is a new methodology — it joined the marketing lexicon after Millennials joined the marketing workforce — with many early implementations. Almost three out of four survey respondents had implemented a new attribution solution in the past year. Attribution has quickly broadened from its digital roots as marketing scientists have tried to expand its granularity of insights with new approaches such as path and sequence analyses, but these methods are still early in the adoption life cycle.¹ Forrester has written about attribution for five years now, and we weren't surprised with what we found when surveying a group of attribution users:

› **Organizations leverage many channels to reach and grow customers.** The average marketer we surveyed is using 13 channels to drive his or her marketing and media objectives. This reflects marketers' increasingly omnichannel approach to win, serve and retain their customer base. Sixty percent of these channels are included in marketers' attribution measurements. Digital channels dominate those measured, taking eight of the top 10 spots (see Figure 1). Referral marketing and mass media rounded out the top 10.

“Mobile is a huge challenge right now. People change devices, they see an ad on mobile, but then they make a purchase on another channel and we can't close the gap.”

~ Manager of direct digital marketing for a major retailer

FIGURE 1
Digital Dominates The Channels Included In Attribution Measurement



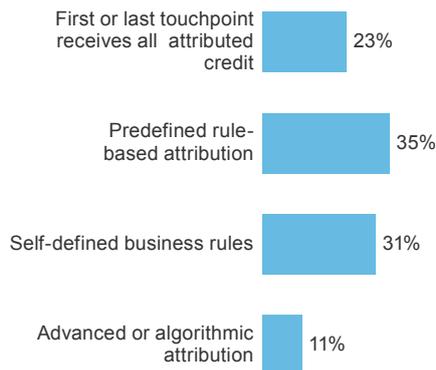
Base: 106 marketers, advertisers, and customer insight professionals

Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

› **Marketers use basic attribution approaches to measure impact.** The majority of marketers surveyed (76%) have moved beyond single-touch attribution, but only 11% use advanced algorithmic attribution as recommended by Forrester (see Figure 2). Additionally, many marketers are applying the attribution too narrowly — only 24% consistently measure cross-campaign effects (see Figure 3). Marketers may be hesitant to adopt advanced attribution approaches because they find them difficult to understand and communicate to their organizations.

FIGURE 2
Most Marketers Have Moved Beyond Single-Touch Attribution

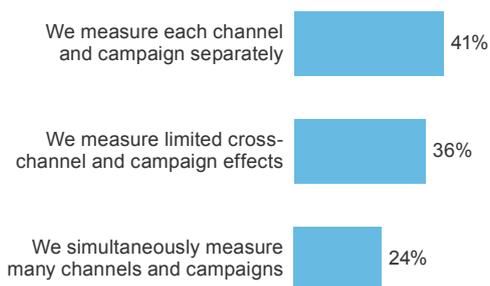
“What specific approach do you use to calculate cross-channel attribution?”



Base: 106 marketers, advertisers, and customer insight professionals
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

FIGURE 3
Only 24% Of Marketers Measure Channels And Campaigns Simultaneously

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

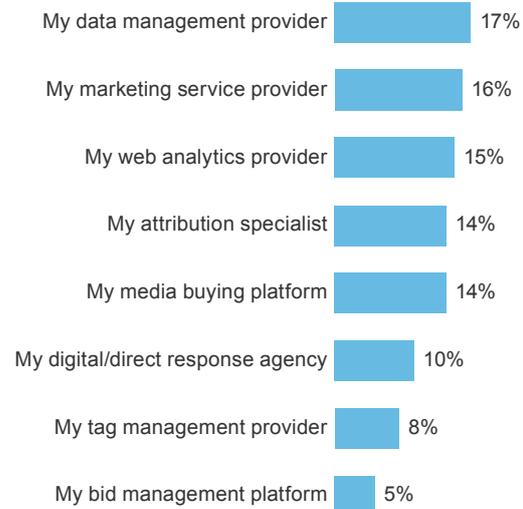


Base: 106 marketers, advertisers, and customer insight professionals
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

› **The attribution vendor market is extremely fragmented.** Marketers are turning to a wide variety of partners to help them with their attribution needs (see Figure 4). Despite the potential analytic and data challenges, only 14% are using attribution specialists. Just as many or more are turning to each of the following: data management providers (DMPs), marketing service providers (MSPs), and web analytic providers. Firms may be avoiding bringing on an attribution technology because of onboarding costs or because they don't want to manage another marketing technology, turning instead to existing relationships for guidance. Objectiveness of spending recommendations, however, is the challenge when the measurer is also a media provider.

FIGURE 4
Marketers Use A Wide Variety Of Partners For Their Attribution Measurement Efforts

“Which vendor or partner do you currently use for your attribution measurement efforts?”



Base: 106 marketers, advertisers, and customer insight professionals
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

› **Experienced organizations are rare.** Only 10% of the marketers surveyed said they had been using any form of attribution for more than four years, while two-thirds (67%) have been using it for two years or less. In addition, marketers are working with new partners — 72% had implemented a new attribution solution in the past 12

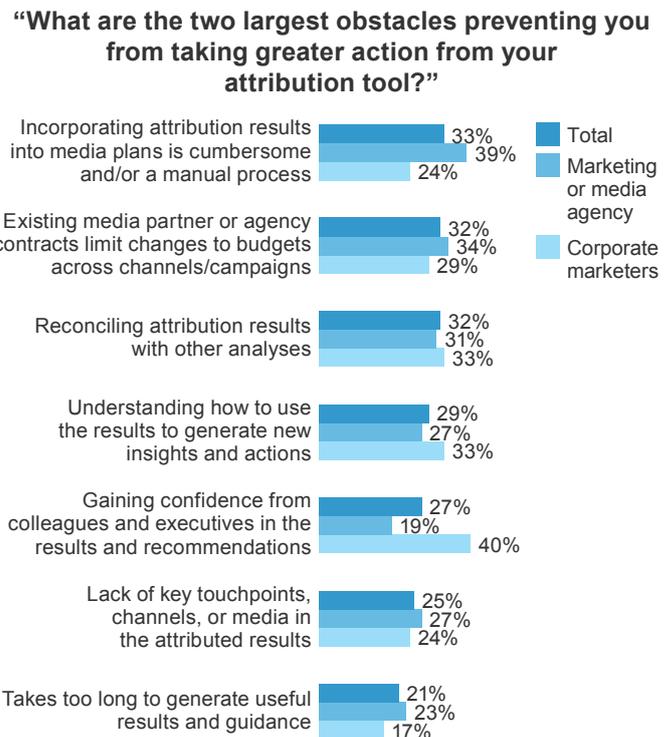
months. The newness of attribution within organizations is bringing with it some challenges: Respondents in organizations with less than one year of attribution experience were significantly less satisfied in their ability to take action than those with more than one year of experience.

Organizations Struggle To Take Action On Attributed Insights

Organizations are under increased pressure to understand the returns on their marketing spend. Many turn to attribution in part to help them measure these returns. But ability to measure does not always equate to ability to change. What are the obstacles? In many cases, they are people and processes. Through surveys and interviews, Forrester uncovered:

- › **Organizational support is the biggest hurdle preventing actionable attribution insights.** Corporate marketers said their largest obstacle blocking more action on attribution results is the confidence of their colleagues. This is likely in part because of the challenges around reconciling attribution results with those of other analyses (see Figure 5). Perhaps this is why, among institutional marketers who had implemented a new result in the past 12 months, their biggest challenge was the providers' analytic expertise and ability to build trust in the analytics.
- › **Agencies labor to alter media plans based on attribution.** When surveying agency marketers, we hear different challenges. What are the top two challenges on their list? These are the lack of an efficient process to make media changes and limits imposed by existing media contracts. Agencies need to invest in the processes and technology infrastructure that facilitate faster media buys. Additionally, agencies need to hire more experienced customer insight strategists who can navigate an often complex media-buying ecosystem and quickly pivot attribution results into new client recommendations.

FIGURE 5
Marketers Are Challenged With Organizational Buy-In, And Agencies With A Lack Of Efficient Processes



Base: 106 marketers, advertisers, and customer insight professionals
Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

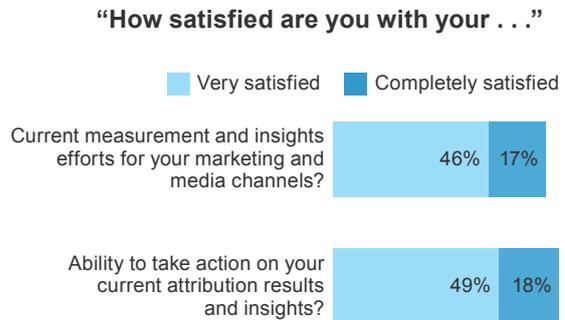
Savvy Marketers Get Sharper And Nimbler With Attribution Measurement

The age of the customer demands that marketers adjust offers and messages based on up-to-the-moment customer information and understand their customers across all of their channels.² So it is no surprise that marketers who can act quickly on their attribution results and have more channels incorporated into their attribution measurement are more satisfied. Therefore, when starting with attribution, marketers should both push for breadth and include more channels, but also be realistic that it will take a little time for their attribution model to fully deliver.

Marketers use attribution in many ways, from setting strategy to evaluating tactics to adjusting media buys. These actions help marketers differentiate their brands by becoming more customer-obsessed. When talking to marketers about using attribution, Forrester found:

- Experience and greater channel measurement drive satisfaction.** Forrester asked about satisfaction levels in two ways, and overall, both received relatively high scores (see Figure 6). But the most satisfied marketers, who said they are very or completely satisfied, did display some important differences. First, they measured more channels in their attribution models — about two additional channels compared with less satisfied marketers. Second, a little organizational experience with attribution was important, as those with at least 12 months were significantly more satisfied.
- Speed to action improves satisfaction.** Forty-two percent of marketers have the processes and technologies in place to act on their attribution results at least several times a day (see Figure 7). This same group also reported significantly higher satisfaction levels when it came to acting on attribution insights, with 75% saying they are very or completely satisfied. Marketers need to invest in the processes and technologies that support real-time decisions and should look for attribution technology that buttresses online advertising and bid management platforms.

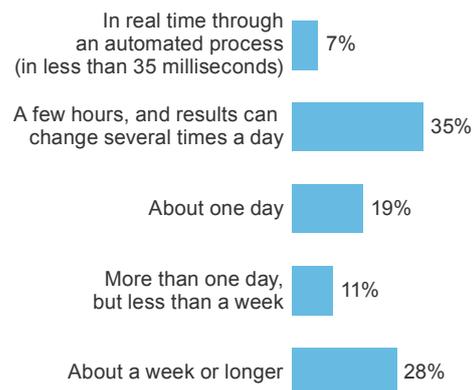
FIGURE 6
Marketers Are Highly Satisfied With Measurement And Attribution Actionability



Base: 106 marketers, advertisers, and customer insight professionals
Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

FIGURE 7
The Majority Of Organizations Use Attribution Results To Adjust Media Buys In A Day Or Less

“Once you have received your attributed values, how quickly can you adjust media buys based on the attribution results?”



Base: 106 marketers, advertisers, and customer insight professionals
Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

› **If available, marketers would directly integrate attributed results into media buying platforms.**

Marketers recognize the need to understand their customers' current context, and they want their brands to respond to changing trends and even fads that help drive conversions. This necessitates technologies that provide a programmatically and analytically driven way to rapidly adjust digital media spends. These technologies are available today and marketers want them — 68% said they would be very likely or completely likely to use them if they were available.

› **Marketers are excited for attribution and look everywhere to get it.** Marketers want more sophisticated performance measurement functionalities from existing marketing and ad technologies. In fact, 65% said robust attribution capabilities are very or critically important when

evaluating new technologies.

› **Marketers want attribution to answer many questions.**

Marketers are under increased demands to make more data-driven choices and demonstrate return on investment (ROI) on all of their investments. So marketers are turning to attribution for the answers to, changing media buys, measuring incremental sales, and evaluating different content (see Figure 8). Luckily, an attribution model can provide guidance on all these, but marketers need to use testing to ensure validity.

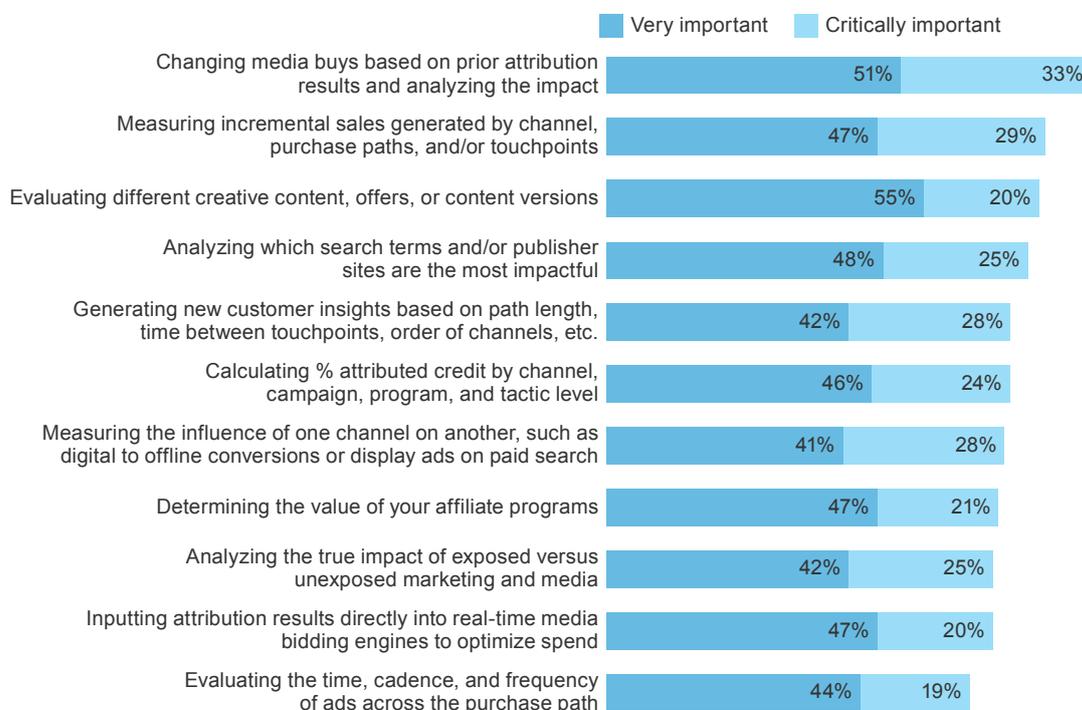
“Last click is a very outdated model. You need to understand the customer’s full journey to increase conversion across the full funnel and give proper credit to each channel.”

— Online media director for an international educational software company

FIGURE 8

Changing Media Buys, Measuring Incremental Sales, And Evaluating Different Creative Content Are The Most Important Outputs And Results From Attribution

“When evaluating attribution output and results, how important do you find each of the following?”



Base: 106 marketers, advertisers, and customer insight professionals

Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

Key Recommendations

How are you going to manage marketing investments in the future? Forward-looking organizations are building or partnering to build advanced algorithmic attribution models. These organizations are satisfied with their early results, tackling implementation challenges, and bullish on the future of attribution. Based on this in-depth study and our previous attribution research, your organization should proceed to:

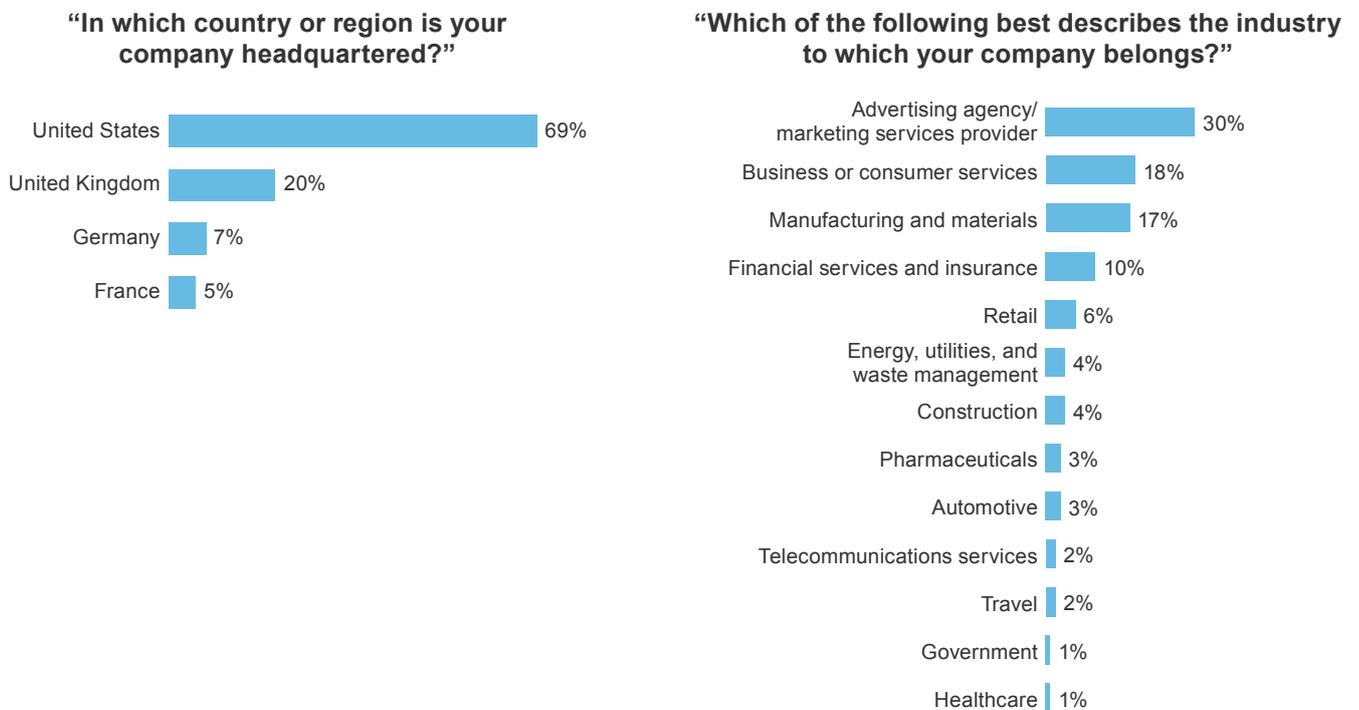
- › **Build an attribution business case and get executive sponsorship.** Advanced attribution methodologies covering many channels require an investment to build, but they also require time to understand and socialize across the organization. So put a plan together that is realistic and covers the range of benefits and costs and includes potential risks. This approach works whether you decide to build in-house, source a technology, or implement with consultants. The returns are likely there to justify the investment, but they won't all be realized in the first quarter.
- › **Dig into your partner's attribution approach.** Marketers should not bear 100% responsibility for implementing a new attribution solution. They should work in tandem with the firm's customer insights (CI) team to help decode and socialize the "black box" of attribution analytics. This collaboration should start early in the project. CI professionals can share data standards that can speed implementation, validate a vendor's analytic approach to ease a major source of apprehension, and design robust tests that verify the value of the new attribution approach.
- › **Connect attribution insights to media execution engines.** The era of the quarterly direct mail send, where organizations could spend weeks tweaking targeting and messaging, is over. A good portion of your consumers, likely about half, are always connected — so you need the agility to respond to their rapidly changing digital interests.³ Connecting attribution engines to bid management platforms allows brands to adjust pieces of their digital advertising spend in real time. Can your brand profit from the exhaust of a passing social media phenomena? Linking of attribution and bid management platforms is how you capture those opportunities.
- › **Test and experiment with new marketing and media strategies to continually improve results.** Attribution models can be complex, but the best validation methodology is often simple — in-market testing. In addition to proving out your recommendations, testing and better measurement with attribution promotes experimentation. Don't limit your attribution tool by only improving what you have always done — use it as an opportunity to discover new approaches. This may include testing new publishers for display ads, different contact frequencies on popular social media sites, or different messaging for magazines, or performing multivariate tests that identify combinations of content, creative, and channel. The important thing is to leverage the measurement methodology to accelerate your leanings.

Appendix A: Methodology

In this study, Forrester ran an online survey of 106 marketers, advertisers, and customer insight professionals across all industries at US, UK, French, and German organizations with more than a \$5 million marketing budget. The study evaluated how organizations use attribution results to better understand their customers' journey within the brand. Questions provided to the participants asked about their satisfaction with attribution results, the methods they are using for attribution, and obstacles they faced. The study was completed in April 2014.

Appendix B: Demographics/Data

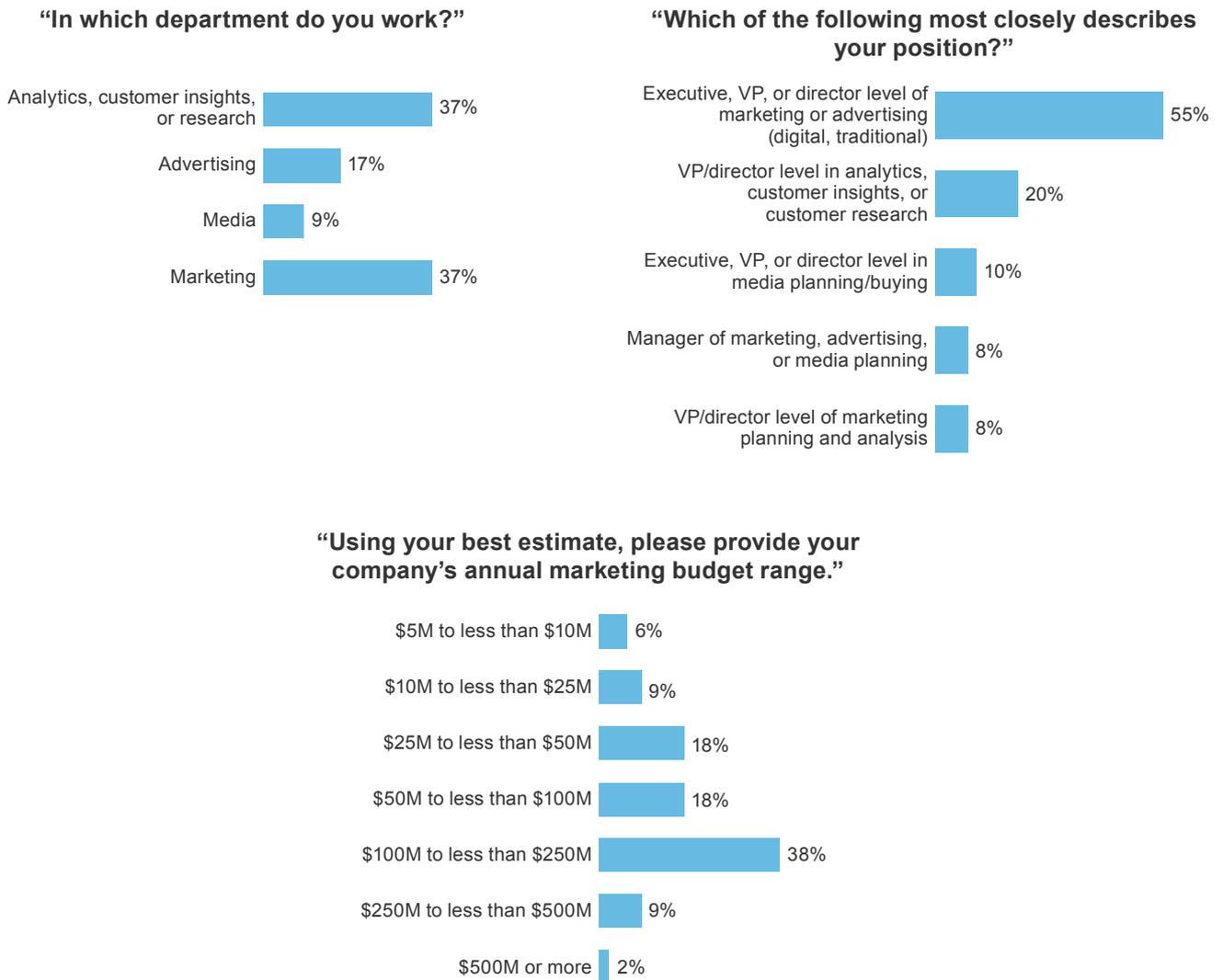
FIGURE 9
Survey Demographics: Location And Industry



Base: 106 marketers, advertisers, and customer insight professionals
(percentages do not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

FIGURE 10
Survey Demographics: Respondent Department, Job Level, And Marketing Budget



Base: 106 marketers, advertisers, and customer insight professionals

Source: A commissioned study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

Appendix D: Endnotes

¹ Forrester places customer journey and path analysis in the “creation” phase, the earliest of five phases in the analytics ecosystem. For more details on this methodology, refer to the related report. Source: “TechRadar™: Customer Analytics Methods, Q1 2014,” Forrester Research, Inc., February 25, 2014.

² Source: “Competitive Strategy In The Age Of The Customer,” Forrester Research Inc., October 10, 2013.

³ Forrester estimated that 50% of customers would be always addressable — accessing the Web multiple times per day from multiple devices including on the go — by the end of 2013. Source: “The Always Addressable Customer,” Forrester Research Inc., September 26, 2012.