



The End of Last Click

An examination of attribution methods used in 2016 with thoughts on what's in store in 2017

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Executive Overview

Measuring the impact of campaign effectiveness on business results has become more difficult as consumers interact with brands and marketers through an increasingly diverse selection of channels, networks, and devices. Marketers who once leveraged simplistic methodologies to track marketing performance are now employing more sophisticated tactics that better quantify the relative impact of each customer touch point, and provide more granular data to analyze for ongoing media buying decisions. Marketers, who commit to omnichannel attribution modeling and allocate requisite resources towards ongoing optimization, will be better positioned to efficiently reach consumers across channels.

The Rise of Cross-channel Attribution

Data-driven marketers have long relied on campaign response data to determine the effectiveness of marketing initiatives and inform marketing budgets, media spend, and ongoing strategy. In the past, when customer touch points were mostly relegated to web, radio, TV, print, and direct mail, the data points were relatively loose, and certainly siloed: Marketers had a difficult time determining the impact of campaigns in concert with each other, and faced a real challenge tying campaigns to direct sales. As digital channels matured, and response data became more reliable and readily available, marketers found themselves able to close the loop on sales through the final click, but still couldn't easily measure each touchpoint's relative impact on conversion. Today, as consumers interact with brands across increasingly numerous online and offline channels, it has become even more critical to measure the impacts of each and every touch in the customer journey in order to effectively allocate resources to drive maximum return on investment/ad spend. Thankfully, the tools, technology, and expertise to accurately measure and model the impacts of each touch on a final conversion event have come a long way in 2016, and sophisticated marketers have begun realizing real benefits. While some marketers still cling to the perceived security and certain simplicity of last-click attribution, the tide has shifted in 2016, and many more will be exploring more sophisticated methods in 2017.

The State of Cross-channel Attribution in 2016

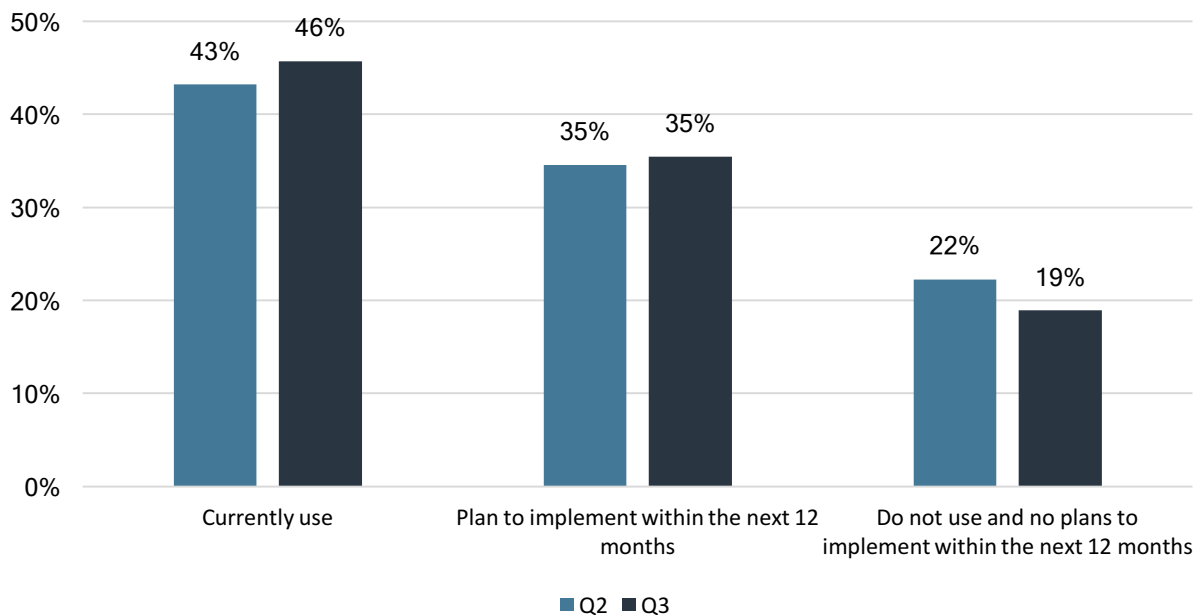
In the spring of 2016, 43 percent of respondents to The Relevancy Group's Executive Marketer Survey reported utilizing a cross-channel attribution solution to measure the relative impacts of each customer touch point on final conversion (Figure 1). This represents a significant number of marketers across segments and reflects a major shift towards more sophisticated measurement. Equally encouraging is the nearly 35 percent who reported planning on implementing attribution tools to measure channel effectiveness in 2017. These marketers have likely realized the limitations of isolated, last-click models, and have crafted business cases that allude to the efficiencies that can be realized through more unified attribution models. The 22 percent of marketers who reported that they have no plans on implementing more sophisticated solutions in 2017 fall into two primary buckets: they're either running the vast preponderance of their media through a single channel (i.e.: email), or their goals and budgets favor last-click methods (i.e.: siloed departments and goals with insufficient incentives to collaborate effectively). Regardless of root cause, marketers who are unable to measure and analyze the impacts of all customer touch points (or as many as is technically possible)¹ will be at a disadvantage over the long

¹ For example, as of Q1 2017 it is not yet possible to accurately measure every customer interaction with outdoor/billboard advertising, print advertising, etc.

term as the wave of channel, device and media proliferation drives forward, and marketing departments are forced to adjust, adapt, and innovate.

Data indicates that by the summer of 2016, even more mid-market and enterprise marketers had taken steps towards incorporating multichannel attribution methodologies into their programs. Nearly 46 percent of marketers reported using such tools, and another 35 percent reported planning on implementing (Figure 1). Perhaps most encouraging is the drop in marketers who reported having no plans on implementing, from more than 22 percent to less than 19 percent. Executive marketers are learning that more sophisticated methods of attribution measurement and modeling are required to make more complex decisions about how to allocate ad spend and best serve the needs of today’s cross-device/cross-channel consumer.

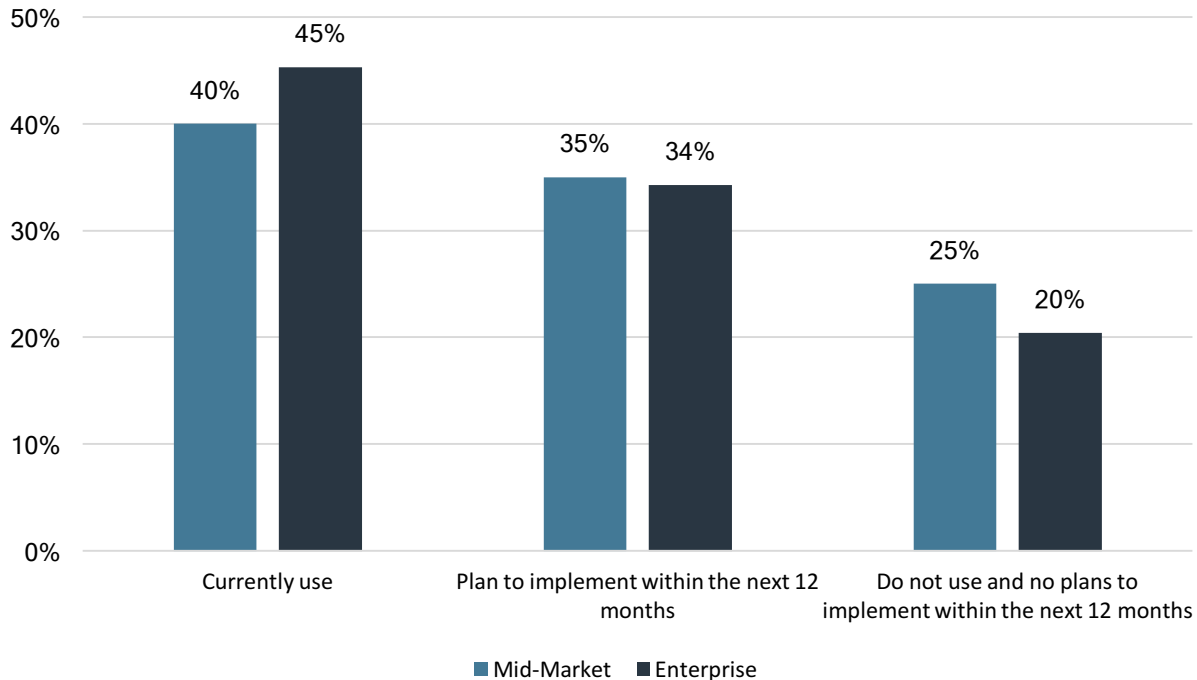
Figure 1. – Utilization of Cross-channel Attribution Tools in 2016



Source: The Relevancy Group Executive Marketer Survey 4/16 n=301 & The Relevancy Group Executive Marketer Survey 7/16 n=486. Question: Attribution tools to determine cross-channel effectiveness - Please indicate if you currently utilize them in your advertising efforts.

Enterprise marketers (those with more than one thousand employees and market internationally) are leading the charge in implementing cross-channel attribution solutions, but data indicates that the disparity between the Enterprise and Mid-market isn’t as great as one may imagine. Forty percent of mid-market executives and 45 percent of enterprise marketers report currently using tools to help tie together disparate channel data, so those at the Enterprise level are ahead, but not by much. In 2017, many in the Mid-Market will be making strides to close the gap, with 35 percent reporting that they plan on implementing tools within the next 12 months. Brands and marketers large and (relatively) small are realizing the limitations of more simplistic methods and hopping on the cross-channel attribution bandwagon.

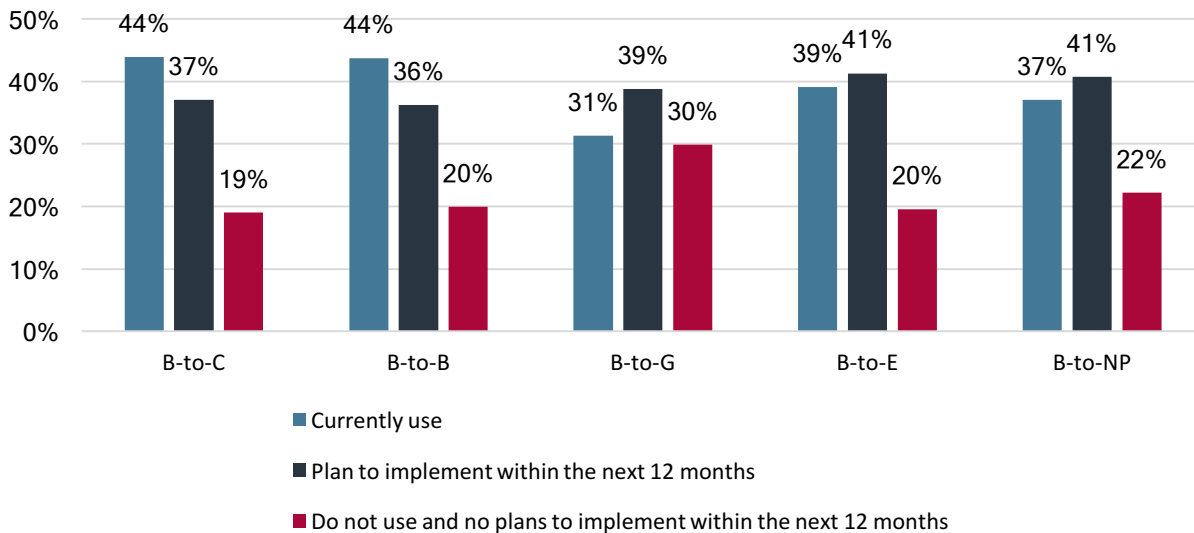
Figure 2. – Utilization of Cross-Channel Attribution Tools in 2016 – Mid-Market v. Enterprise



Source: The Relevancy Group Executive Marketer Survey 4/16 n=301. Question: Attribution tools to determine cross-channel effectiveness - Please indicate if you currently utilize them in your advertising efforts.

Cross-channel attribution is regarded by many as a consumer marketing tactic, but data indicates that marketers targeting not only consumers, but also the business, education, and even non-profit sectors, are beginning to adopt the tools and methodologies required to measure the synergies between channels. B-to-C and B-to-B marketers report nearly identical utilization metrics, with the clear majority either using or planning on implementing cross-channel attribution tools, and about 20 percent sitting on the sidelines...for now. Executive marketers targeting government, education, and non-profit sectors report current utilization of more advanced attribution at 31 percent, 39 percent, and 37 percent respectively. While these metrics trail those in the B-to-B and B-to-C sectors, the number of marketers in the B-to-E and B-to-NP sectors looking to implement such tools in 2017 makes up for the disparity, as only 19 percent of B-to-E and 22 percent of B-to-G executives report not having any plans on moving away from last-click (Figure 3). The one sector that is, not surprisingly, clearly behind on the adoption curve is the Business-to-Government sector. Driving demand and managing government procurement processes at the local, state, or federal level often requires specialized methodology, process, and tools – marketing to the government is unique, and cross-channel attribution tools likely offer less value to this sector of marketers. That said, a full 70 percent of B-to-G marketing executives report either currently using or planning on implementing tools in 2017. While most consumer marketers realize efficiencies by leveraging cross-channel attribution tools and methodologies, marketers of all stripes have begun to realize that they can drive value by using them too.

Figure 3. – Utilization of Cross-Channel Attribution Tools Across Sectors



Source: The Relevancy Group Executive Marketer Survey 4/16 n=301. Question: Attribution tools to determine cross-channel effectiveness - Please indicate if you currently utilize them in your advertising efforts.

Methods of Cross-channel Attribution Being Leveraged in 2016

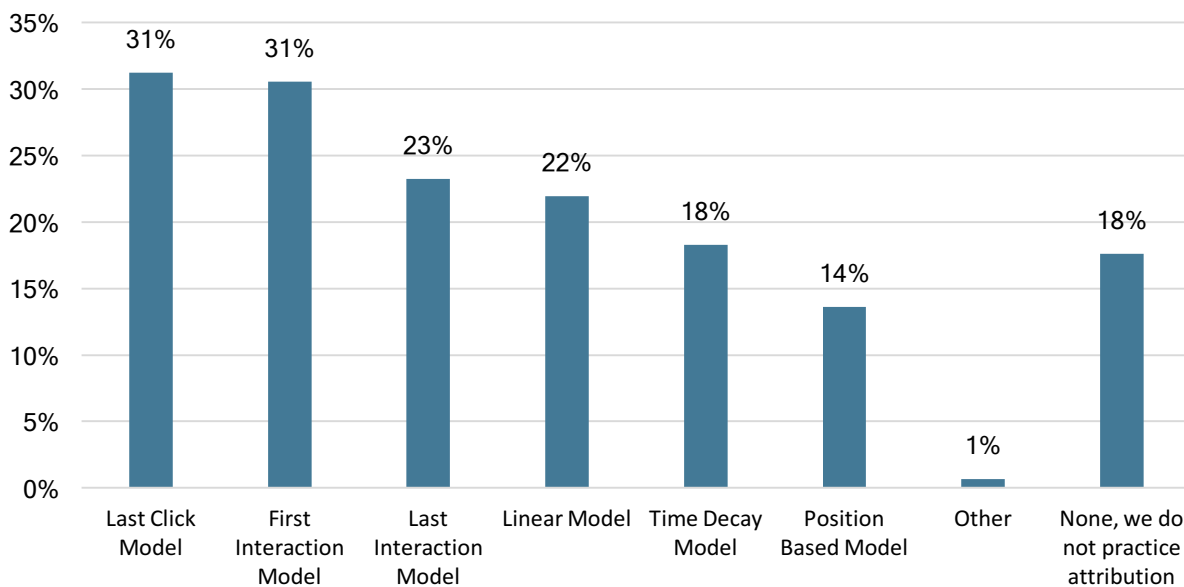
Models, tools, and methodologies for measuring cross-channel marketing efficacy are as varied and diverse as the marketers who use them. Product, price, promotion, and place (channels, devices, networks utilized for marketing and promotion) are critical factors when determining the appropriate types of tools and methodologies to adopt. While most marketers realize that last-click attribution is no longer serving their needs, some are not sure which methods will suit them best, and many more will embark on a journey to test, learn, and optimize attribution methodologies on an ongoing basis. With the forces of network, device, and channel proliferation driving onward, The Relevancy Group believes that virtually all cross-channel attribution models leveraged today require ongoing ‘maintenance’ to ensure they’re in step with both marketing tactics and consumer behavior.

At the highest level there are six primary methodologies upon which to build cross-channel attribution models. Marketers using *last-click* attribution assign all credit for an online sale to the channel that elicited the final click before a purchase. Sophisticated practitioners with a brick-and-mortar presence integrate in-store purchase data to close the loop on offline conversions. Those who leverage a *first-interaction* model assign all credit to the first customer touch point, and those who use a *last-interaction* model assign all the credit to the final customer touch point before a purchase. Practitioners of a *linear* model assign equal credit for a conversion to all touch points, while marketers using a *time decay* model give more credit to the most recent customer touch points and less to the oldest. Marketers leveraging a *position-based* model often assign 40 percent of the credit for a conversion to each the first and last customer interaction, splitting the remaining credit among the middle touches.

As of Q2 2016, most marketers utilizing cross-channel attribution solutions were still using some sort of last-click method, but were also experimenting with others. Thirty-one percent of marketers across segments leveraged a *last-click* method, while nearly an equal percentage used *first interaction* (Figure

4). Reported *last interaction, linear, time decay, and position-based* model utilization was lower, at 23 percent, 22 percent, 18 percent, and 14 percent respectively, but less important than the specific methods is the mix of models in use. As the data below indicates, marketers today are not currently satisfied with the attribution methods they’re currently leveraging and, as a result, are experimenting with multiple methodologies in an effort to hone and optimize their marketing analytics.

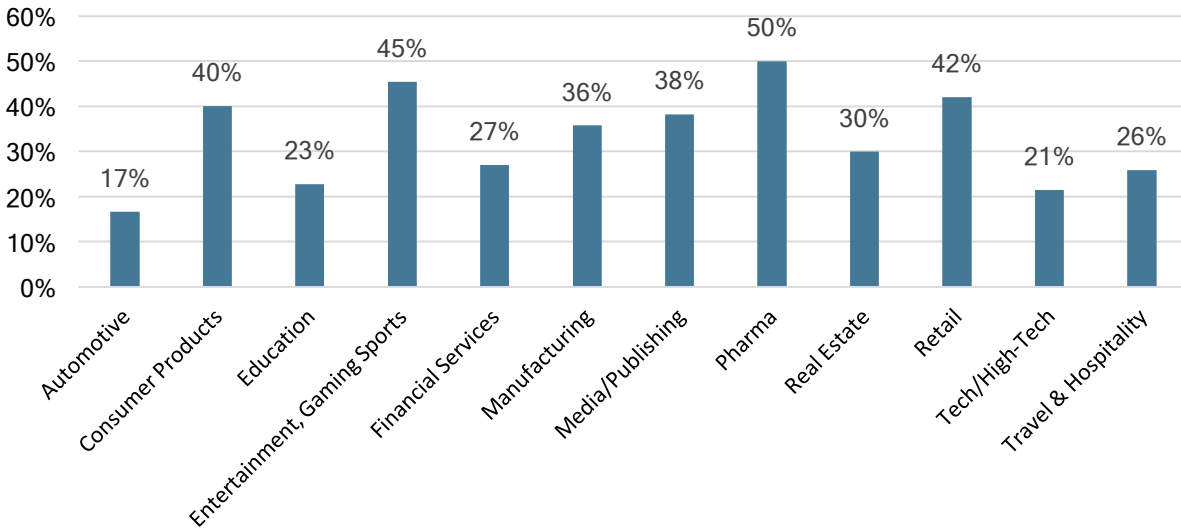
Figure 4. Cross-Channel Attribution Methods Leveraged in 2016



Source: The Relevancy Group Executive Marketer Survey 4/16 n=301. Question: What types of cross-channel attribution methods do you use?

Digging deeper into the data on practitioners of last-click methods reveals some relatively significant variance by business vertical. As The Relevancy Group would expect, those business verticals with simpler/shorter purchase paths, are more likely to leverage last-click attribution, as are those who generally convert customers offline. CPG, Entertainment, Pharma, and Retail marketers are far more likely to use last-click methods and report using them well above the mean respondent (Figure 5). While marketers in the education, financial services, and real estate verticals report some of the lowest utilization of last-click methods. These marketers often preside over relatively complex, multichannel marketing programs, with high average conversion values (high price points), and many do not have last clicks to measure – i.e.: conversions happen offline. It stands to reason that automotive marketers report the absolute lowest use of last-click attribution methods, at 17 percent. Cross-channel attribution is important to marketers in both the enterprise and mid-market, but is especially critical to those in certain verticals.

Figure 5. Use of Last-Click Attribution by Business Vertical



Source: The Relevancy Group Executive Marketer Survey 4/16 n=301. Question: What types of cross-channel attribution methods do you use?

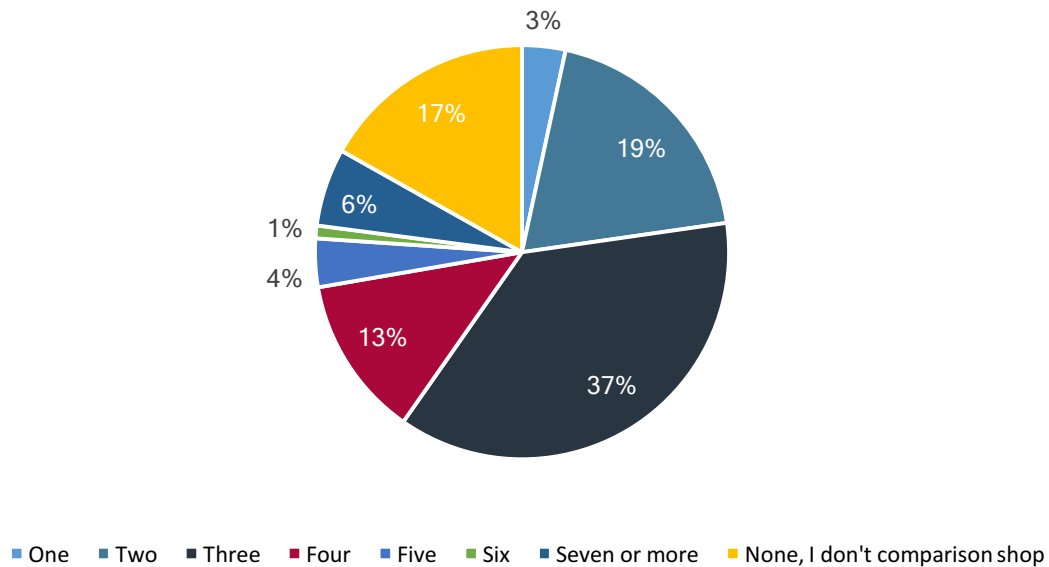
Tectonic Shifts Driving the Adoption of Cross-channel Attribution

Rapidly evolving consumer and business purchasing behavior is combining with the forces of network and device proliferation to make cross-channel attribution more critical to more marketers in 2017.

Consumers Driving the Shift

Consumers today visit multiple websites, from multiple devices to comparison shop before making a final purchase, and a large percentage will visit many more. Data from The Relevancy Group’s Q4 Consumer Survey indicates that for an average holiday purchase, customers visit three sites to comparison shop, with a large percentage (37 percent) visiting seven or more sites. Consumers realize significant value by ‘comparison shopping’ online and marketers are increasingly catering to this consumer need by designing experiences that facilitate.

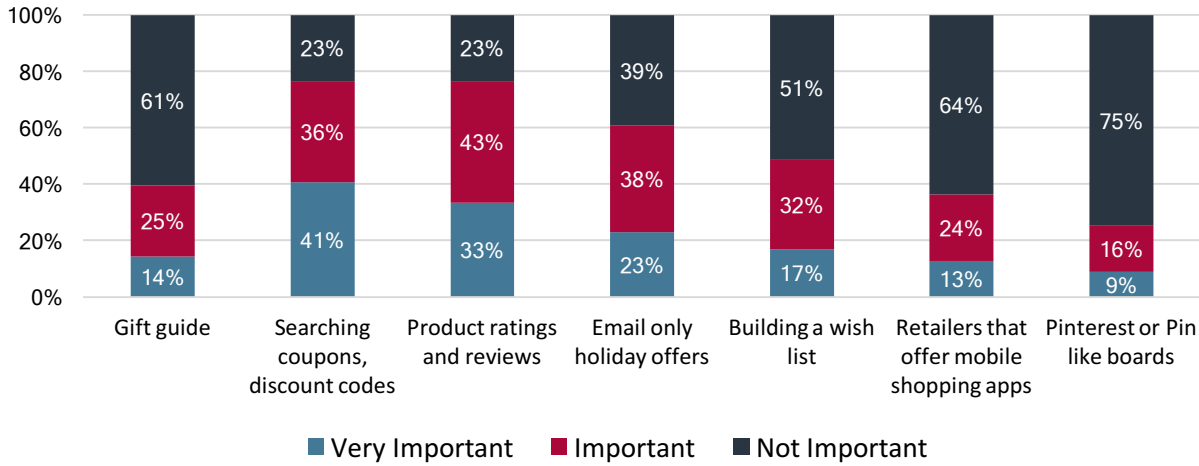
Figure 6. – Consumers Visit Three Sites, on Average, Before Making an Online Purchase



Question: How many sites do you visit when comparison shopping for holiday spending? (Select One) Source: The Relevancy Group Consumer Survey 10/16 n=1000, US Only

Of the marketing tactics that executives employ, couponing and ratings/reviews top the list as those that consumers value as most important to their holiday shopping specifically. Forty-one percent of respondents to our Q4 consumer survey reported that searching for coupons and discount codes online was ‘very important’ to their holiday shopping process, and 33 percent reported the same for ‘product ratings and reviews’ (Figure 7). Rounding out the top three is ‘offers via email,’ with 23 percent of consumers reporting that they’re ‘very important,’ and another 38 percent reporting that they’re ‘important.’ Most consumers naturally interact with these tactics across channels: they may consume offers via email, search for coupons and discount codes across third-party sites and social networks, and look for ratings and reviews everywhere from first- to third- party sources online. This increasingly cross-channel purchase experience is a primary driver of the adoption of more sophisticated attribution tools and methodologies. Without these tools, most marketers are left with an incomplete view of the purchase process and without requisite data to make informed ongoing decisions around media mix and overall marketing strategy. Data indicates that in 2017 many more marketers, from virtually all business verticals, will be allocating resources to better measure the impacts of these cross-channel efforts. As they adopt these more sophisticated methods, marketers will be better armed to make smarter decisions and drive more productive programs.

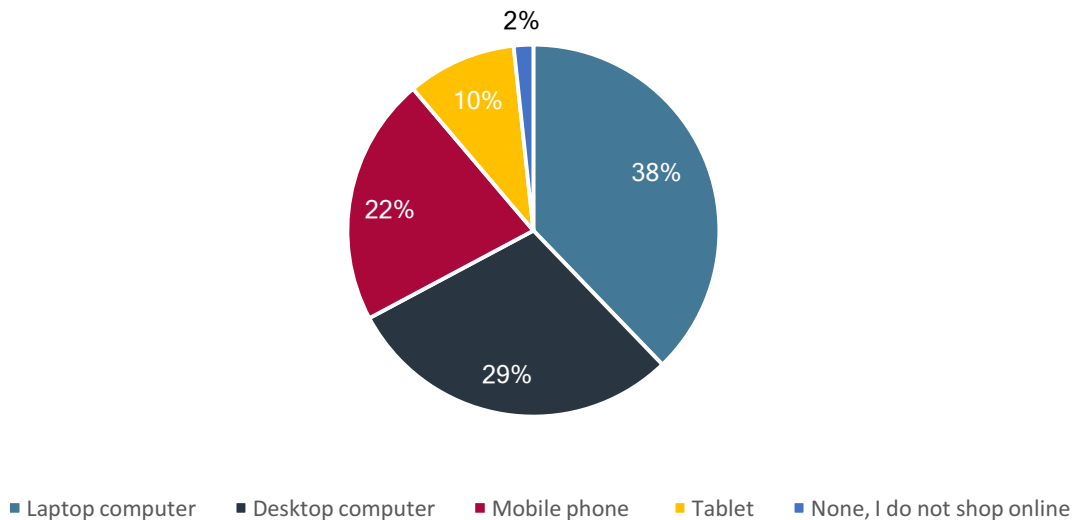
Figure 7. The Importance of Various Marketing Tactics to Consumers



Question: How important are the following items in your holiday purchasing planning? (Select One) Source: The Relevancy Group Consumer Survey 10/16 n=1000, US Only

The forces of device proliferation are adding to the complexities of campaign measurement, which further underscores the need for marketers to adopt more sophisticated attribution solutions in 2017. During the 2016/2017 holiday season, more than one third of online shoppers reported utilizing mobile devices as their primary devices for online shopping. Just over 22 percent reported using their phone as a primary device, while just over 10 percent primarily used their tablet. Traditional measurement approaches often struggle to effectively account for mobile campaign engagement and regardless of whether these purchases occurred through mobile-enabled websites or mobile apps, the emergence of mobile adds a twist to effective measurement.

Figure 8. Mobile is Becoming a Primary Device for Shopping Online



Question: What is the primary device you use to visit web-sites and shop online? (Select One)

Key Takeaways and Next Actions for Marketers

When leveraged appropriately, cross-channel attribution models can serve as valuable tools to help marketers understand the relative impact of campaign spend on business results. They are not, however, silver bullets, and do require ongoing care and feeding. Methods must be tweaked and honed on an ongoing basis to ensure they accurately incorporate current marketing priorities, goals, and metrics. Initiatives sometimes fizzle and lose steam due to wavering commitment to the methodology and a reluctance to allocate appropriate resources to honing models after initial results seem mixed. The Relevancy Group believes that those who recognize this fact, and brave the (sometimes stiff) organizational headwinds by testing and learning, can realize efficiencies and use cross-channel attribution models to maximum benefit.

Cross-channel attribution can:

- Improve efficiency with increased channel accountability and help eliminate impression redundancy
- Connect the customer experience across devices and channels
- Drive incremental conversions through identifying over performing “rock star” channels
- Identify points of diminishing returns and opportunities to drive efficiency
- Plan for key incremental spend opportunities
- Inform and hone media mix models
- Aid in timely tactical decision-making (compared traditional marketing reporting)

In the spirit of putting strategy before tactics, The Relevancy Group strongly encourages marketers who may not have deep experience in more advanced analytics to engage appropriate partners to help forge initial strategies. As data indicate, most marketers use a mix of attribution methods, and navigating variables to determine which ones to leverage when, takes specific expertise not native to all organizations. Model selection must reflect current business needs, campaign complexity and specific measurement goals. Partners with experience in the space can help brands launch programs with solid foundations upon which to build.

Select partners with expertise in:

- Ongoing data source identification and integration
- Selection, testing and validation of models and measurement techniques (there are more than 15 modeling techniques with no standards in the current attribution space)
- Translate complex model results into layman’s terms for non-technical users/business users
- Ongoing training/education to ensure wide adaption

The Relevancy Group believes that brands and marketers who are able to implement more sophisticated measurement systems, and are able to allocate ongoing resources towards optimization, will be well-positioned to improve their use of media budgets while better serving the needs of an increasingly cross-channel customer base in 2017.

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Zeta Global is a data-driven technology company that acquires and retains customers through the power of people-based, precision marketing. We create optimized customer experiences by leveraging data science, strategy, analytics, and award-winning creative to create a perpetual dialogue between brands and their customers, through out the day, every day. Founded by David A. Steinberg and John Sculley (former CEO of Apple Computer and Pepsi-Cola) in 2007, Zeta's a data-driven marketing technology pioneer. Zeta Global's SaaS-based Zeta hub helps 500+ Fortune 1000 and Middle Market brands acquire, retain and grow customer relationships through actionable data, advanced analytics, and machine learning. Operating in four continents with over 1,300 employees, they're headquartered in New York City, with Centers of Excellence in Silicon Valley, Boston, London, and Hyderabad, India, and 25 additional offices around the globe.

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Nick is VP of Research and Principal Analyst at The Relevancy Group. He managed worldwide email marketing operations and customer relationship management for RealNetworks and subsequently served for five years as VP of Deliverability & Strategic Services for a prominent Email Service Provider (ESP). He has led customer success management, development, email strategy, implementation, and social marketing teams at several organizations, and is a recognized thought leader in the areas of email and social marketing. Nick received his BA in Anthropology & Sociology from Kenyon College and MBA from the University of Washington.

About The Author | David Daniels | @EmailDaniels

As CEO of The Relevancy Group, David directs market research and advisory services essential to digital marketing. Direct Magazine said David is "one of the most influential experts in email marketing, if not the most influential." Co-author of the book '*Email Marketing An Hour A Day*', David has held senior level positions at Forrester, JupiterResearch, Apple, Anthropologie and other top brands. David is also the President and Publisher of [The Marketer Quarterly](http://www.marketerquarterly.com) a digital magazine and app for marketers by marketers available for free with registration at [www.marketerquarterly](http://www.marketerquarterly.com) and Apple, Google, Amazon [app stores](#).

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Measuring consumer and executive behaviors, The Relevancy Group (TRG) provides market research and advisory services that deliver strategies to optimize a return on marketing investments. Each Analyst has a minimum 15 years of experience in digital marketing and many are highly sought after public speakers. In addition to working with some of the top brands and vendors in the digital marketing economy, TRG produces dozens of surveys, research reports and webinars each year. TRG also publishes the digital magazine for marketers by marketers, [The Marketer Quarterly](http://www.marketerquarterly.com).

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