The guide to attribution & MMM in 2024

4th May 2024

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the marketing meetup

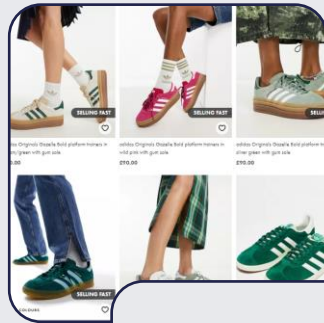# Challenges with attribution

Understanding two roles of online advertising
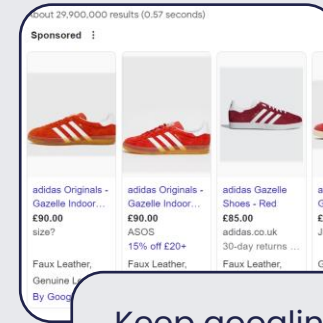
via a happy and true story

I want some new trainers!

Have a look on ASOS to see what is available

See an Adidas x Mo Salah advert on TV

Keep googling for trainers that I like, and the same pair keep coming up in sponsored

Maybe I'll check them out... I can get them delivered tomorrow! I'll purchase ☺

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In an alternate universe

My friend Izzy tells me about her trainers

You should get trainers like mine… and just in time for summer!
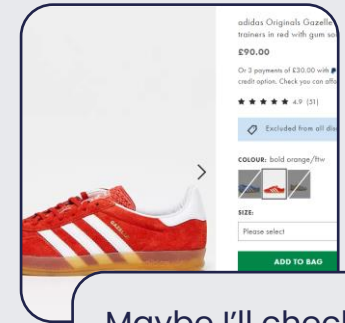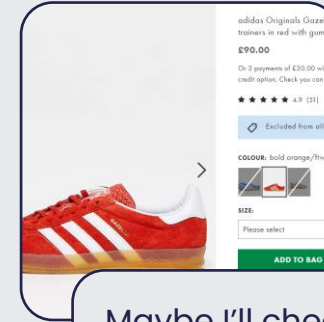
Have a look on ASOS to see what is available
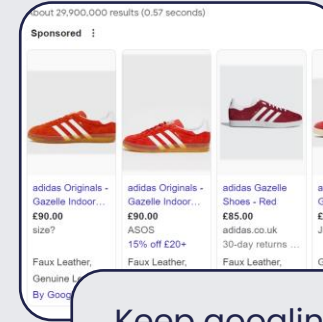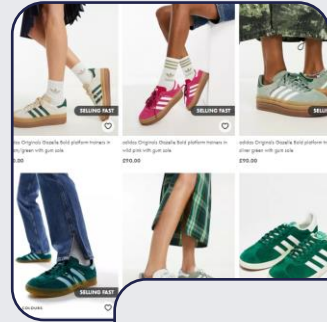
See an Adidas x Mo Salah advert on TV

Keep googling for trainers that I like, and the same pair keep coming up in sponsored

Maybe I'll check them out… I can get them delivered tomorrow! I'll purchase ☺

Oh wow, those trainers are like Izzy's! And I can get them tomorrow, what a bonus… Buy now!

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The purchase journey is messy

And a lot can happen between the first exposure and last click

*GOOGLE CONCEPT - THE MESSY MIDDLE

Exploration

Triggers

Evaluation

Purchase

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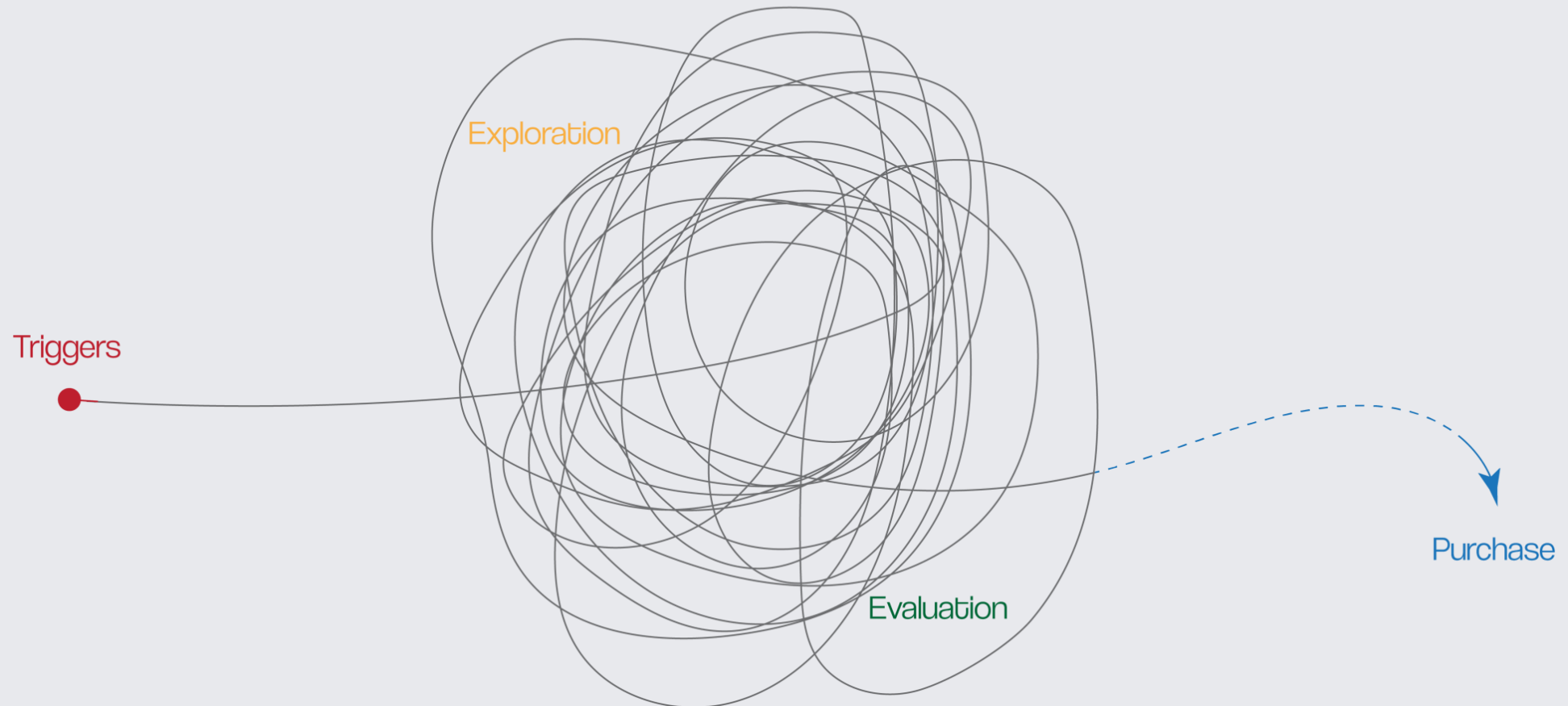
There are issues with attribution modelling, whatever form it takes

Last Click   First Click   Linear
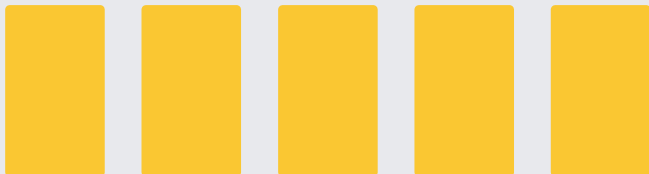
Time Decay   Position-based   Data-driven

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It's like looking for your keys under the streetlight

You might find them, but there's a whole lot of the world you're missing
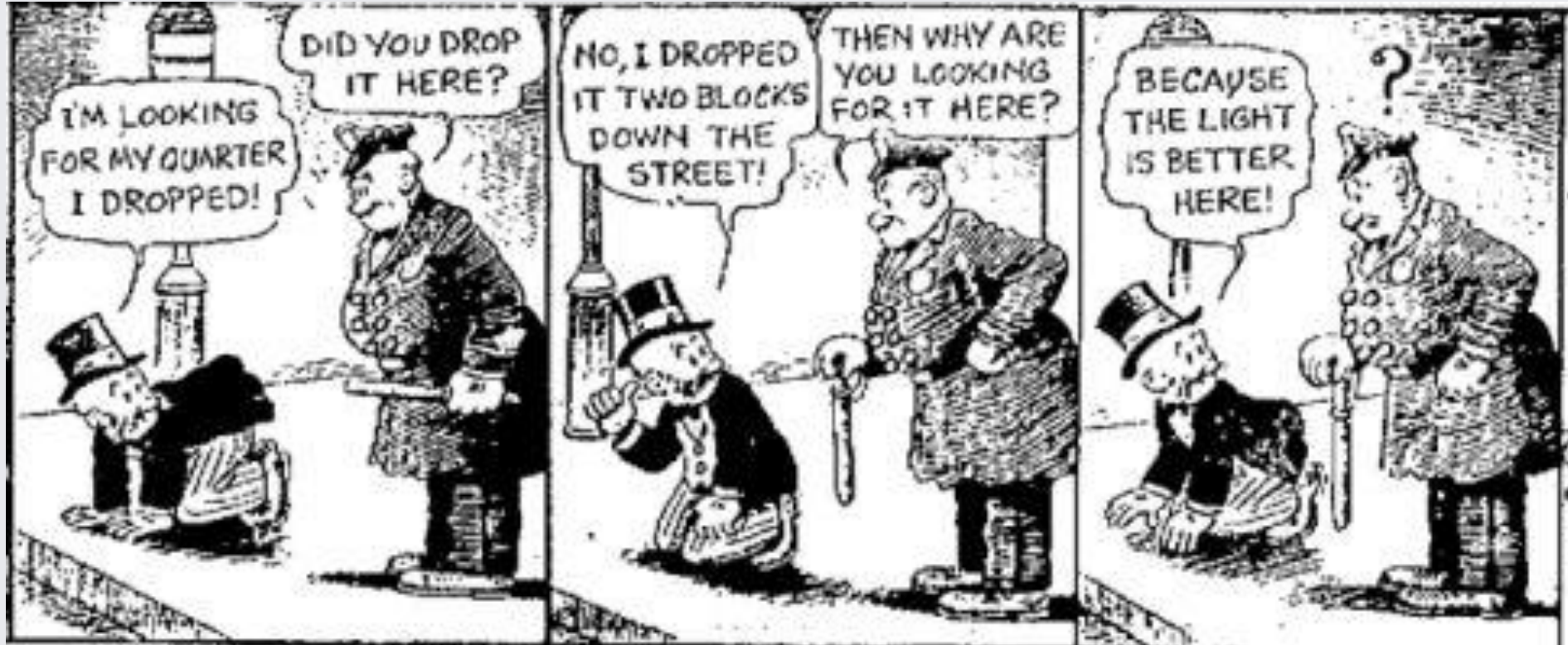
Last-click attribution can miss the mark on payback

You need a holistic approach to measurement as you invest in marketing

Last-click attribution efficiency error vs. econometrics

Channel	Value
Brand TV	-90%
DRTV	-79%
Press	-33%
Inserts	60%
DM	60%
Paid Search	190%

Source: D2D & adam&eveDDB via Les Binet

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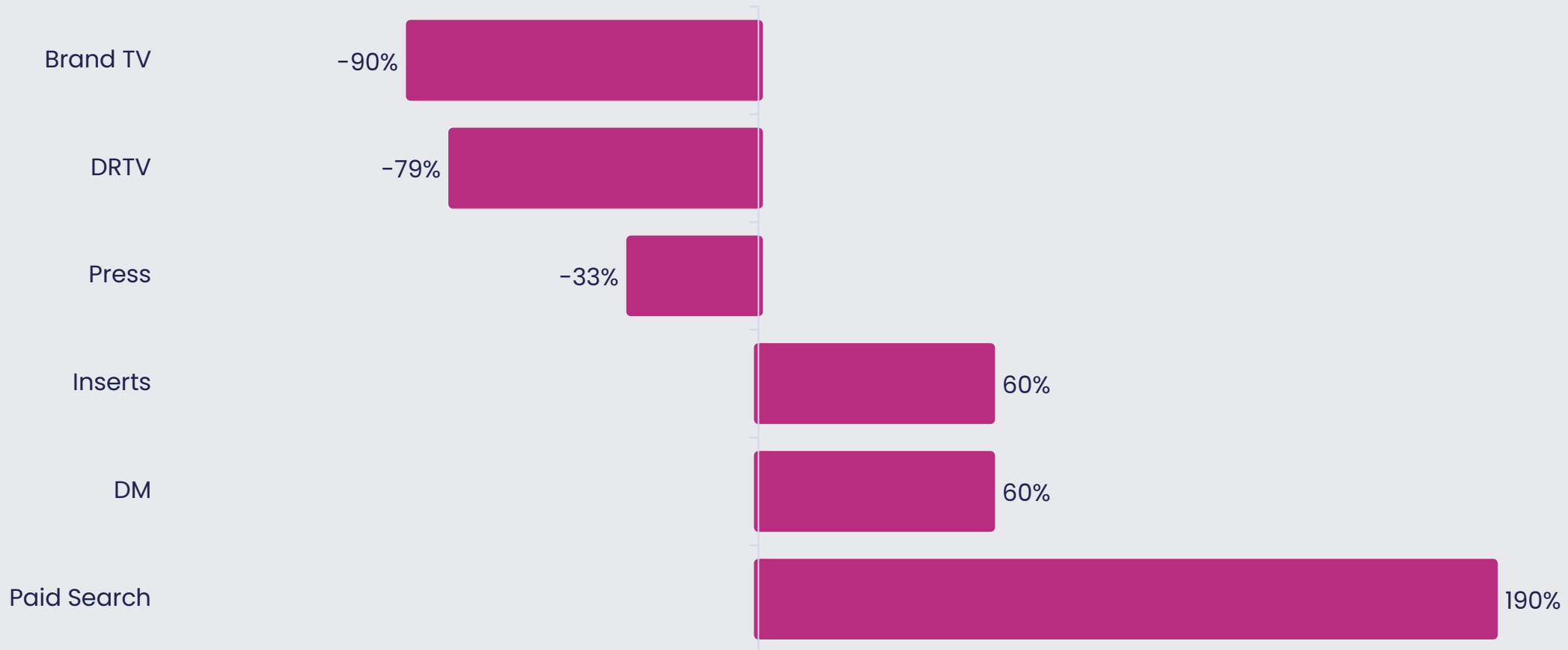
Digital attribution uses third-party cookies, which are tracked by websites other than the one you are visiting.

They can be accessed by other websites to identify visitors and see where you have been.

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Google has delayed deprecation of third-party cookies in Chrome for the third time

Now targeting early 2025 instead of Q4 2024

Why is it delayed?

- Google cited feedback from the industry, developers, and regulators including the CMA, which needs more time to review evidence from industry tests

Is there an alternative?

- Google have proposed an alternative to third-party cookies called The Privacy Sandbox
- However, it faces criticism for potentially favouring Google's ad products and lacking industry accreditation and third-party audits
- This raises concerns about data quality, accuracy and advertiser risks

What does this mean for measurement?

- Brands can still collect and use first-party cookies on their own sites
- It will make accurate digital attribution almost impossible
- Understanding the buyer journey will require other data & measurement techniques

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How MMM is different
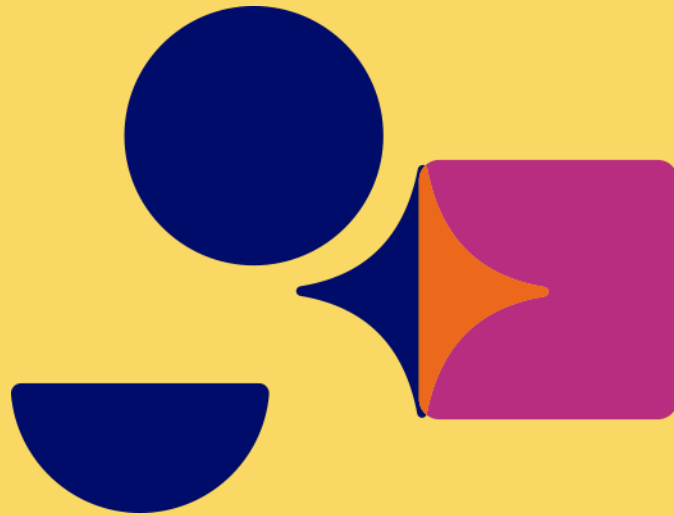
Last click attribution gives too much credit to the thing that happened last

And no credit at all to things that happened offline

Offline 'touchpoints' not included

Online touchpoints only partly included

Sales

Last click attribution considers the last action only

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Econometrics includes all influences throughout the journey

And can untangle incremental sales from online ads vs sales caused by other things

Offline 'touchpoints'   Online touchpoints   Sales

Last click attribution considers the last action only

Where actions on your site are initiated offline and then helped along by online touchpoints econometrics allocates to events at all stages of that journey

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Market mix modelling

uses analytics to quantify
how marketing affects sales.

It often uses a statistical toolkit called

econometrics

which is also used by economists in finance, climate,
and government.

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How it works: An example ice cream business

Why does the line go up/down?

Sales of brand x ice cream in Tesco

Time (weeks)

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First step is to chart how sales and explaining variables change over time

An increase in availability as product rolled out to more stores

Sales vs number of shops

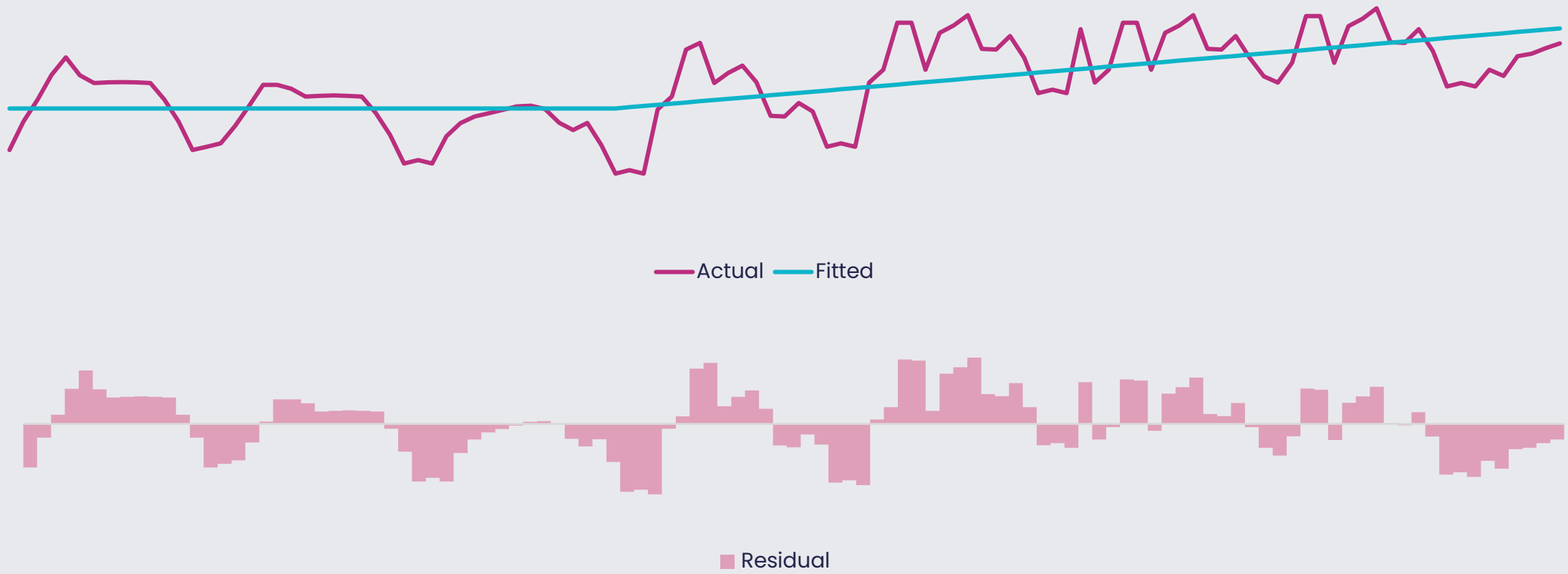— Sales — Number of shops

Then we add explaining variables to a model

First, expanding availability

Sales = 8.1k + 4.3 * Number of shops

Actual ——— Fitted

Residual

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This chart shows how another key driver changes over time: Temperature

Looks like there's more demand for ice cream when its hot

Sales vs temperature
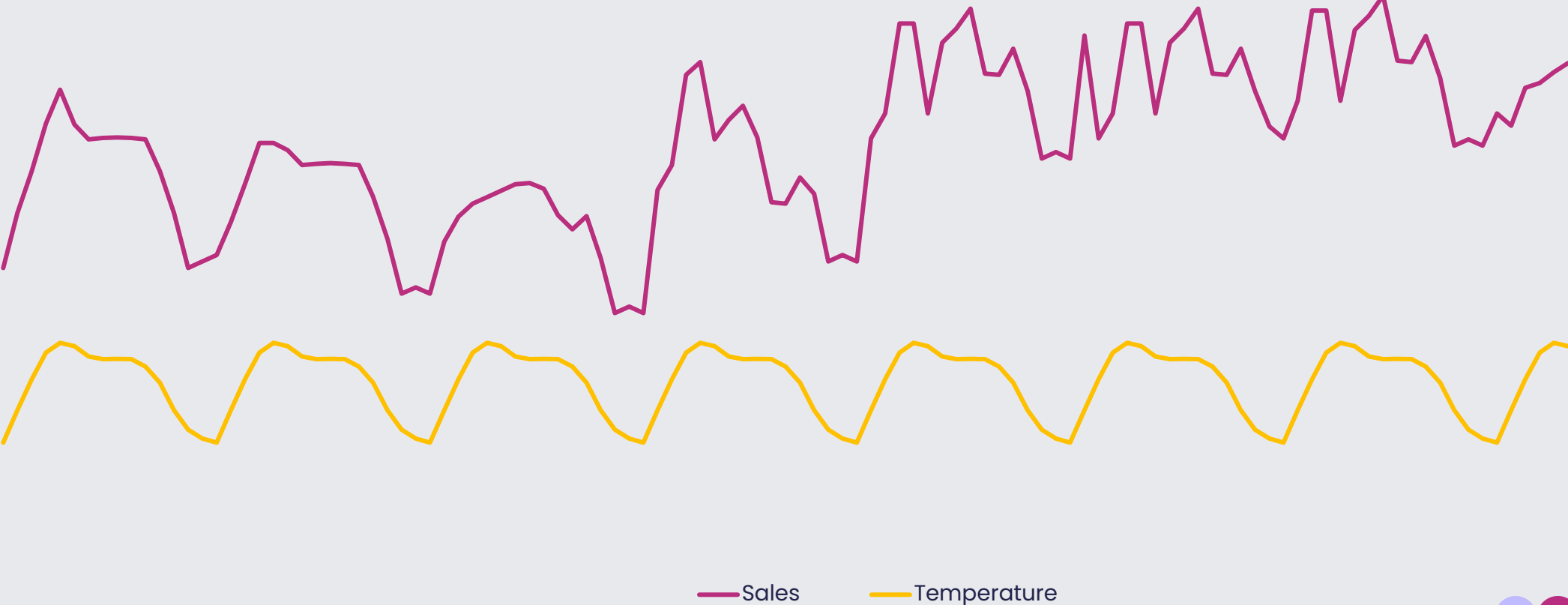
Legend: — Sales — Temperature

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Adding temperature to the model

This improves it a lot

Sales = 8.1k + 4.3 * Number of shops + 8.0 * Temperature

— Actual — Fitted

■ Residual
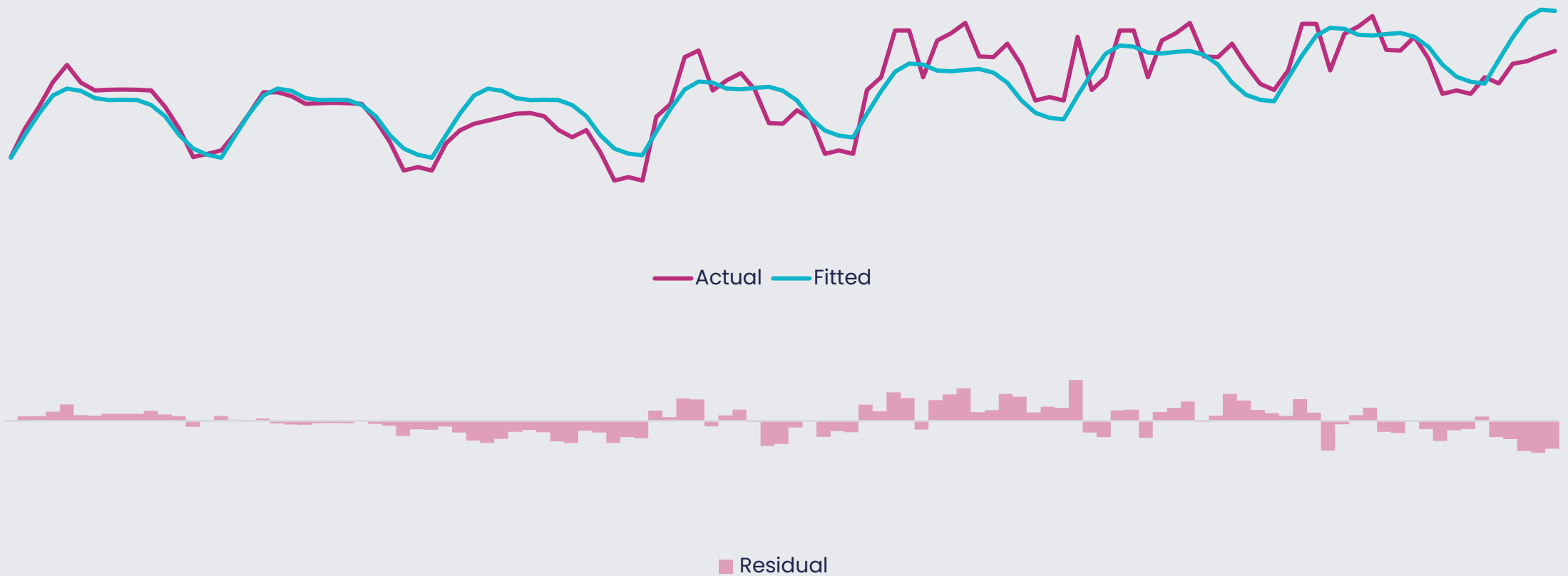
Adding price to the model

Improves it further

Sales = 8.1k + 4.3 * Number of shops + 8.0 * Temperature − 13 * Relative price

— Actual — Fitted

■ Residual

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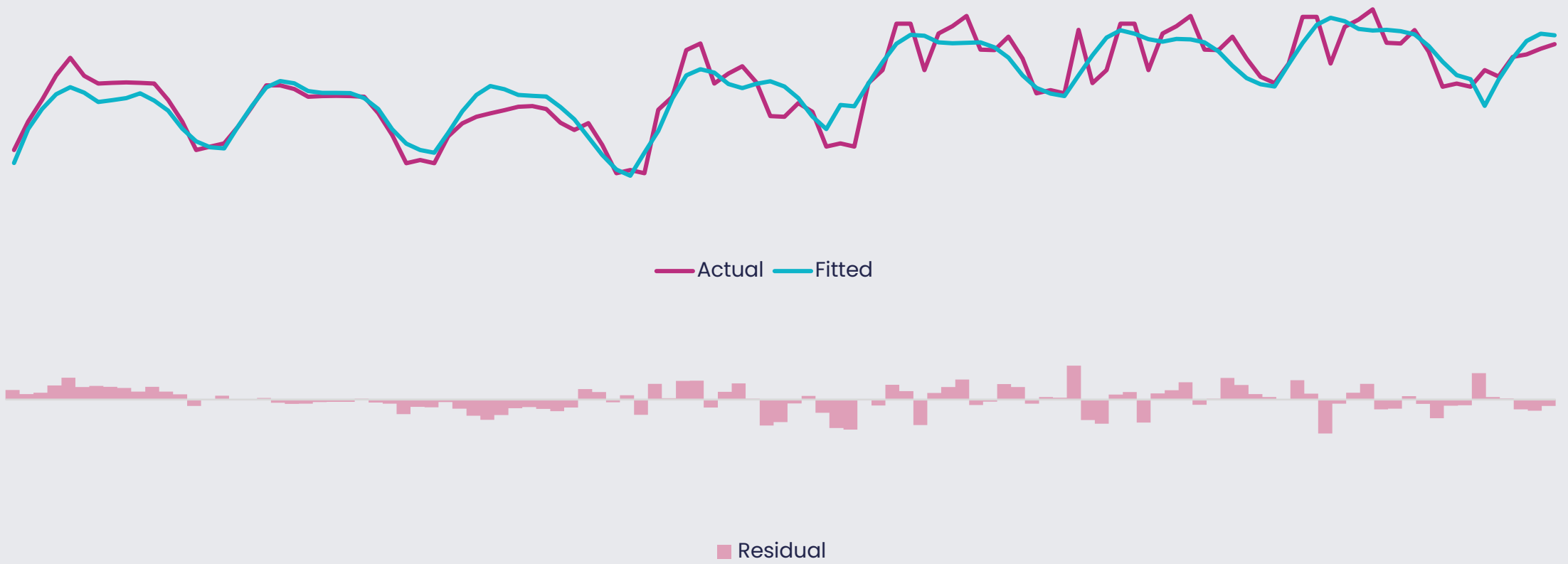
The model confirms that advertising is working

Model explains the vast majority of wiggles, trends and blips in sales

Sales = 8.1k + 4.3 * Number of shops + 8.0 * Temperature − 13 * Relative price + 0.5 * Radio + 1.2 *TV + 0.8 * OOH + 0.05 * Facebook

— Actual — Fitted

▪ Residual

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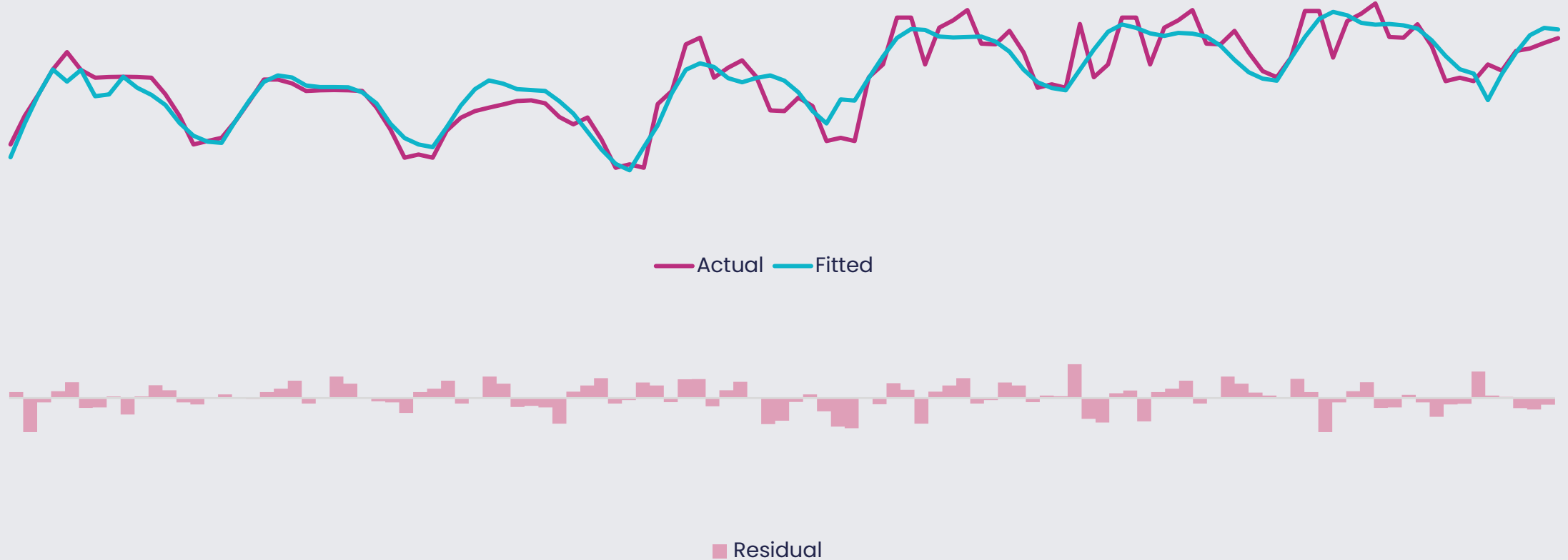
How it works

Econometric models look for relationships between a given KPI and drivers of that KPI

Sales vs. availability

$y = 8.9085x + 662$
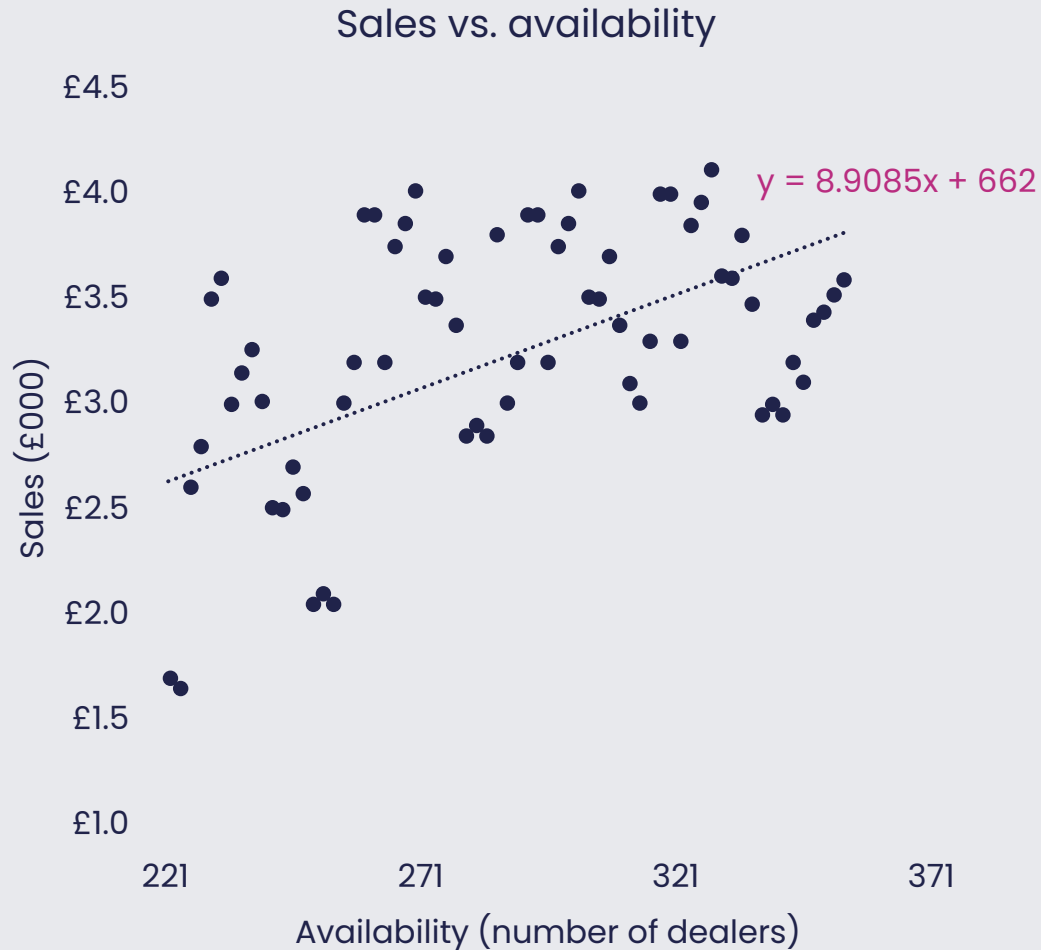
- Drawing straight line through scatter plots

- Producing estimates for the slope of the line

- Doing this in lots of dimensions at once

- This example: one additional dealer brings
  - On average 9 more sales each week
  - Everything else (in model) remaining equal

- Rules of thumb are useful for decision making:
  - If we change a driver by 1 unit, what will happen to sales?

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9 reasons to commission MMM/econometrics

There are reasons across the marketing team

Useful to c-suite	Effect of the economy and market	Optimise pricing decisions	Resolve debates over resources
For marketing director	Compare channels & allocate accordingly	Optimal budget size & danger of too little spend	Adds up to match Finance's view
For day to day teams	Halo and cannibalisation effects	Long term effects and short term too	How online and offline work together

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Econometricians can see which media channels do which job

If its generally a big but short-lived effect its harvesting demand; if its a smaller but long-lasting its building

Sales effect of spending on **build brand**, by weeks since airing
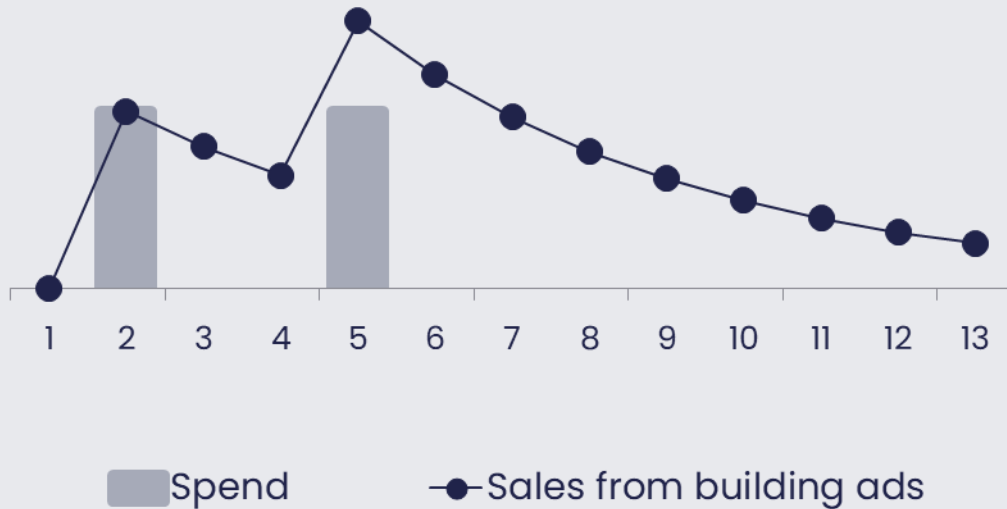
Sales effect of spending on **activate/nudge**, by weeks since airing

| Spend | Sales from building ads |

| Spend | Sales from harvesting ads |

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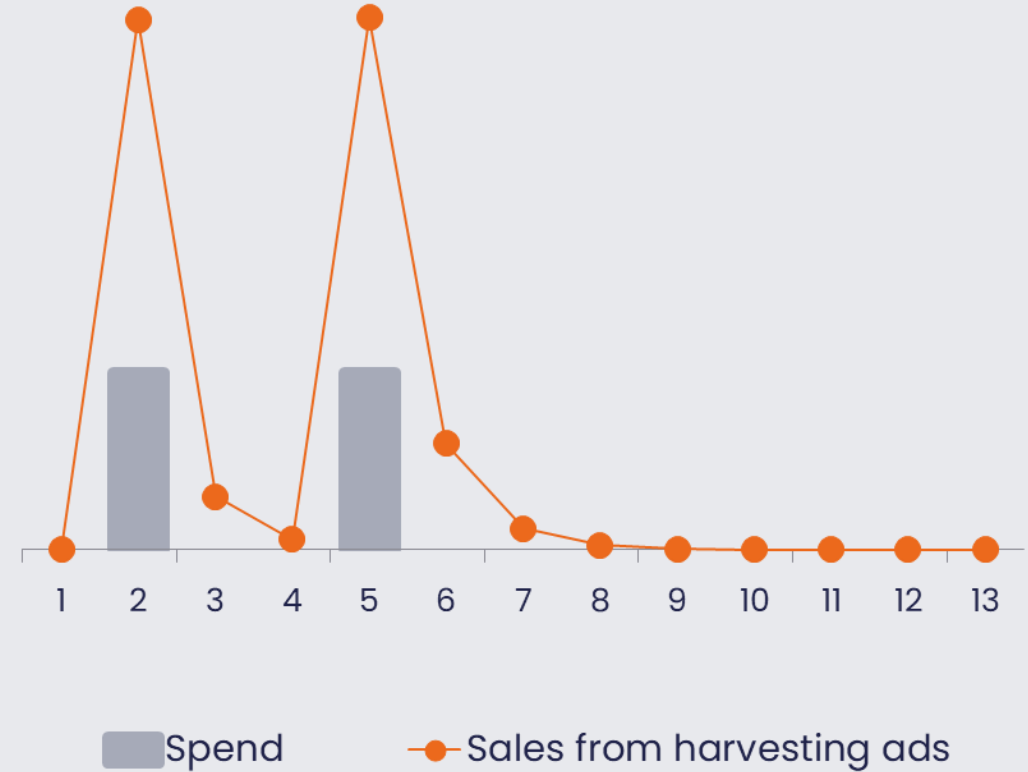
There are some media channels that are generally better at building demand

And some that are generally better at demand harvesting

NUDGE/ACTIVATE

BRAND BUILD

NUDGE/ACTIVATE
- Paid search
- Paid Facebook
- Paid Instagram
- DRTV
- Radio

BRAND BUILD
- Brand TV & sponsorship on TV
- YouTube & online video
- Broadcaster video on demand
- Press (paper and digital)
- Out of home (posters)

arc

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Practical tips for getting started
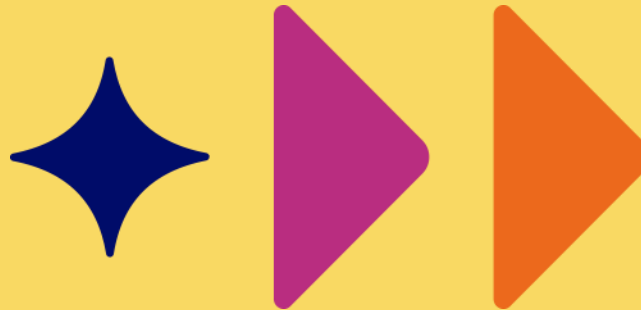
3 practical tips for getting started

For a range of budgets and categories

01 Use metrics wisely

02 Build a balanced measurement framework

03 Use models that make it easy

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3 practical tips for getting started

For a range of budgets and categories

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"When we launched bank of ant and dec, we did some very simple stuff which demonstrated the uplift it had on our most profitable product and elsewhere"

(Rachel Chapman, Ex-Head of Marketing, Santander)

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Simple things are often the most convincing

Everyone can understand a "bump" in sales when the campaign is on

Campaign spend — Online sales - profitable product

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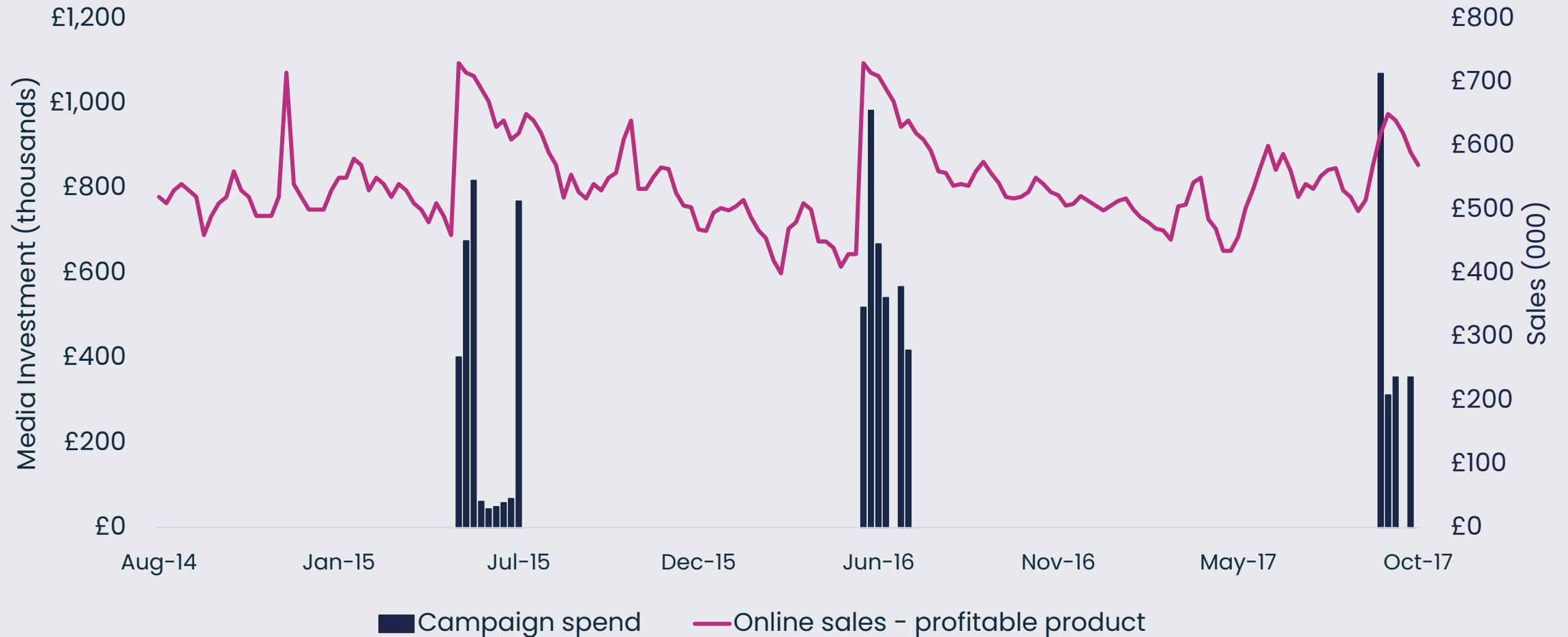# Some of the best metrics are free

We've seen all of these work really well to indicate a campaign working well

Brand advertising → **Awareness** → **In market awareness** → **Consideration** → **Intent** → **Sales**

In market awareness	Consideration	Intent	Sales
Paid search click through	Products in wishlist	Cart adds	Conversions
New customer visits	Inspiration page	Check out visits	Revenue
Page views	Product page visits		Cancels/refunds
Share of brand search	Product dwell time		

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Help by ruling out other drivers

01: YoY comparison rules out seasonality

Mar-15   Jun-15   Sep-15

—— Same time last year

—— During campaign

02: Market share rules out category drivers

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%

Month before   Month during   Month after

■ Us   ■ Competitor 1
■ Competitor 2   ■ Competitor 3
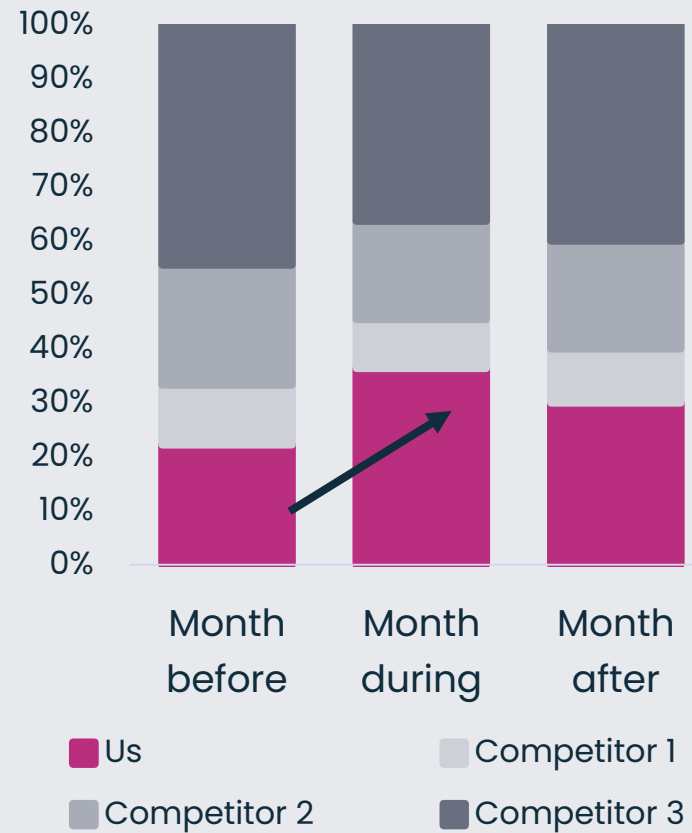
03: Rule out other things cause by cause

It couldn't be:

- Quiet competitors

- Price reductions

- Website improved

- New product

- More availability

- New packaging

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3 practical tips for getting started

For a range of budgets and categories

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Build a balanced measurement framework

Some of these approaches are better than others, and they can work together!

Immediate effect bump in sales	YoY comparisons	Movement in share of search	Econometrics from a reputable provider
Pre and post campaign tracking dips	One region or one city blitz vs. control	What founder/investor/VC thinks	Automated econometrics/MMM
Last click attribution	Media agency econometrics	Identify the right metrics to watch when you're on air	In house data scientist does econometrics/MMM

■ With care   ■ Recommended

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7 tips to get the most from your analytics

Learn a bit from each step and revisit as much as you like until you feel comfortable to proceed

Make the case

Write a brief

Choose whether to in-house or outsource

Select great suppliers

Co-create a set of questions to answer

Choose whether people-based or automated

Manage the process and outputs

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Only use attributed sales for tactical tweaks within media channels

Not for allocating budget across channels

Good use of attributed sales

Bad use of attributed sales

- Within display, which website?
- Within social, which objective?
- Within search, which keyword?
- Make quick decisions
- Move small amounts of spend

- Which channels in the plan?
- How much to each channel?
- Payback i.e. ROAS and CPA
- Anything for finance
- Anything for the board or investors

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3 practical tips for getting started

For a range of budgets and categories

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Wargame vs. the shaky economy for free

https://recoverybudgetplanner.magicnumbers.co.uk/

An estimate of what you'll get back for your spend

Recovery Budget Planner

magic numbers

Your inputs visualised   Results 01: The category and your share of it   Results 02: Financials   About this tool

Your business

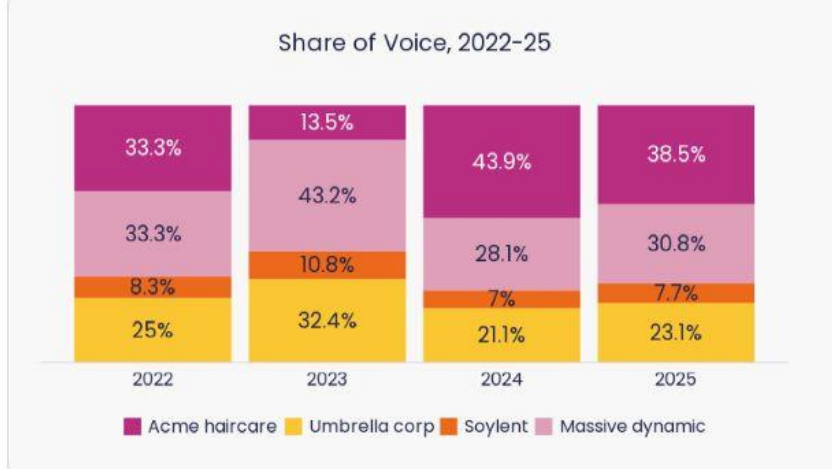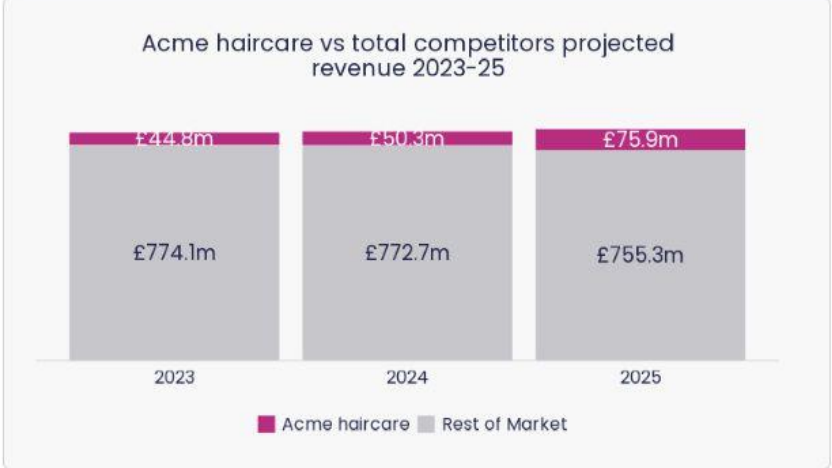| Name | Acme haircare |
2022 Turnover	45 £m
2022 margin	5 %
Category	Shampoo
2022 Category Size	823 £m
Broader Sector	FMCG

Media Spend (£m)

2022	4
2023	1
2024	5
2025	4

The economy

Forecast

Middling: Recession in 2023 recovery starts 2024

Media costs

No change in media costs

Acme haircare projected additional profit from advertising 2023-25
(above budget to maintain share)

£265k (2023)   £1245k (2024)   £975k (2025)

Acme haircare projected additional revenue from advertising 2023-25
(above budget to maintain share)

£5.3m (2023)   £24.9m (2024)   £19.5m (2025)

Understanding the results

Combining your projected market share with the projected size of the Shampoo category allows an estimate of revenue and then profit that your media plan contributes to the Acme haircare business.

In this scenario the estimate is £49.6 million in revenue, pictured in the navy chart and £2.5 million in profit in the pink chart.

Acme haircare vs total competitors projected revenue 2023-25

£44.8m	£50.3m	£75.9m
£774.1m	£772.7m	£755.3m
2023	2024	2025

■ Acme haircare   ■ Rest of Market

https://recoverybudgetplanner.magicnumbers.co.uk/

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Two courses in Autumn 2024

Scaling Up Works if you sell online & want to get brand vs. performance right and unlock a new phase of growth.

Data Works if you want a run down on marketing data & how to use it to diagnose marketing and sell good strategies in.

www.magicworks.training

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**Practical training and people friendly analytics
to help marketers drive growth**

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