

B2B MARKETING SERIES

HOW TO LEVERAGE ATTRIBUTION TO MAXIMIZE B2B MARKETING PERFORMANCE

A Red House SmartGuide



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DATA & TECH OVERLOAD

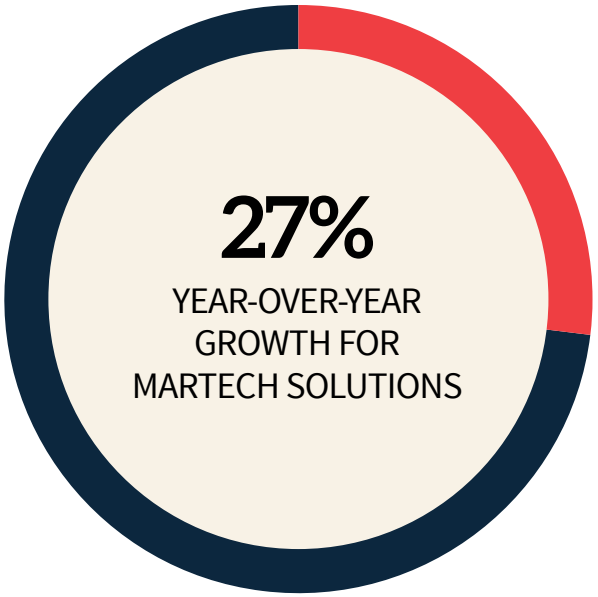
Harnessing an Explosion of Marketing Data

With the rapid growth and complexity of digital channels as part of the B2B marketing mix and the advancements in analytics that generate massive amounts of data, marketers have more information available than ever before.

The marketing technology solutions space is also growing at hyperspeed. With nearly 7,000 solutions on the market in 2018, and 27% year-over-year growth,[1] the amount and sophistication of tools for marketers to master is challenging but provides tremendous opportunity.

This increasing magnitude of information coupled with the vast array of tools and channels through which to market, complicates the ways in which marketers are able to gauge what's showing return on their marketing investment.

In addition, the rapid growth in both areas is enabling marketers to shift from a multi-vertical channel approach to a more comprehensive omnichannel strategy – putting customers at the center, and creating an immersive and more personalized experience.



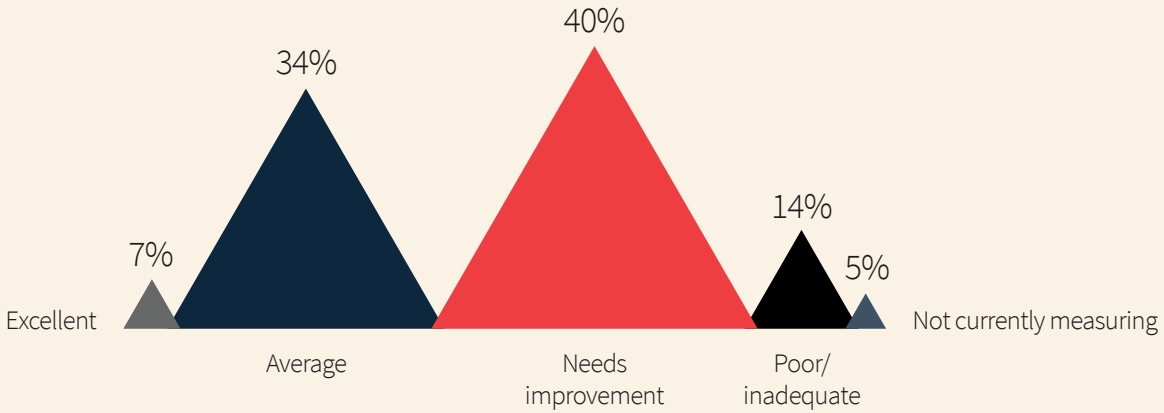


The State of Marketing Measurement

According to Demand Gen Report's 2018 Marketing Measurement and Attribution Benchmark Survey, 87% of respondents said marketing measurement and reporting are a growing priority for their organization; however, more than half (59%) said their current ability to measure and analyze their performance "needs improvement" or worse.[2]

In a typical long-tail B2B sale, there are multiple influencers and decision makers who need to be impacted by marketing over a lengthy cycle. The only way marketers can truly measure performance of their investments is to track engagement by all involved in the buying process across all channels – a daunting task for even the most sophisticated practitioner.

How respondents rated their company's ability to measure and analyze marketing performance and impact.



Source: 2018 Marketing Measurement and Attribution Benchmark Survey, Demand Gen Report

59%

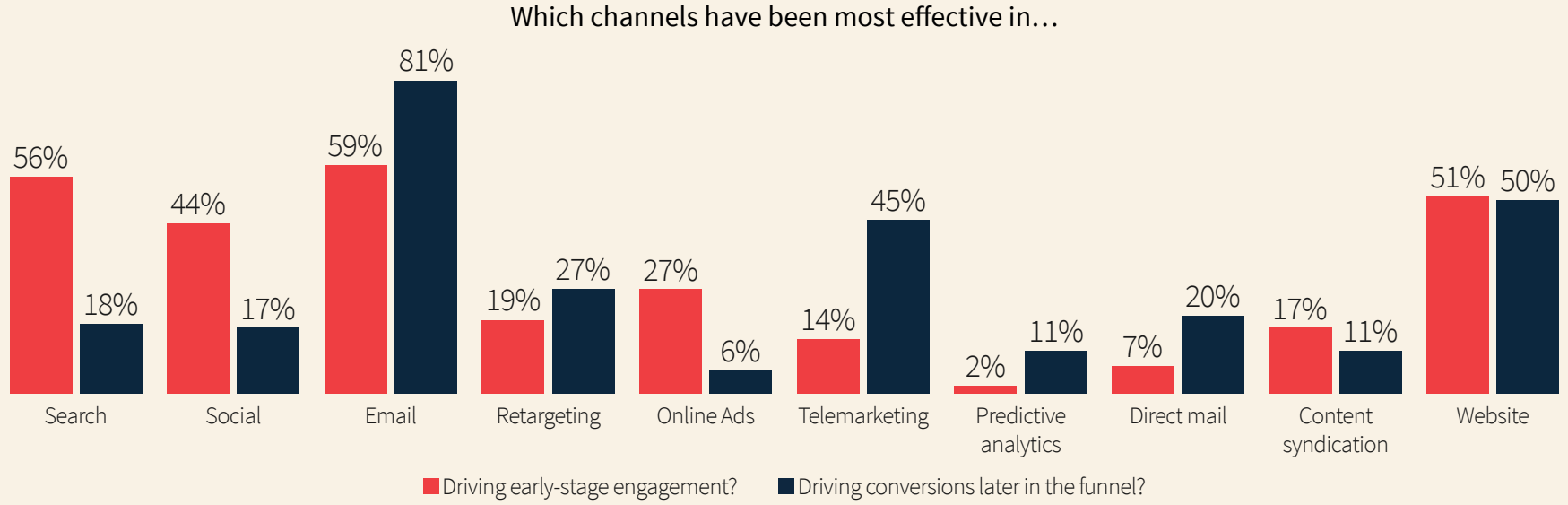
Of marketers said their measurement "needs improvement"[2]

Making measurement even more complicated, the traditional lines between B2B marketing and sales roles – from marketing lead generation to sales conversion – are increasingly blurred by the ability to digitally nurture and engage leads. For example, the average companv now uses up to 10 channels to communicate with customers, according to Salesforce's State of the Connected Customer report.[3]

With an increasingly complicated buyer's journey and the explosive growth of marketing channels that prospects use to engage with organizations, it's no wonder so many marketers are challenged with their ability to measure marketing's contribution to the sales pipeline.

10

is the average number of channels used by B2B companies.



Source: 2018 Marketing Measurement and Attribution Benchmark Survey, Demand Gen Report

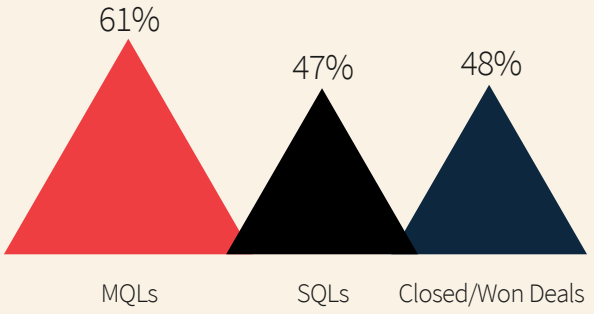
TO ROMI AND BEYOND



Thinking Beyond MQLs, SQLs and Closed Deals

Marketers are struggling to measure and analyze program performance and impact. But it's not just about measurement in and of itself – it's about measuring the right things and the in-between to truly assess marketing ROI.

In fact, when measuring campaigns, marketers are still relying heavily on MQLs (61%) and SQLs (47%), in addition to closed/won deals (48%).[2] While these measurements highlight specific milestones in the sales process, they don't expose which interactions across the mix of marketing touchpoints eventually led to a conversion.



Source: 2018 Marketing Measurement and Attribution Benchmark Survey, Demand Gen Report

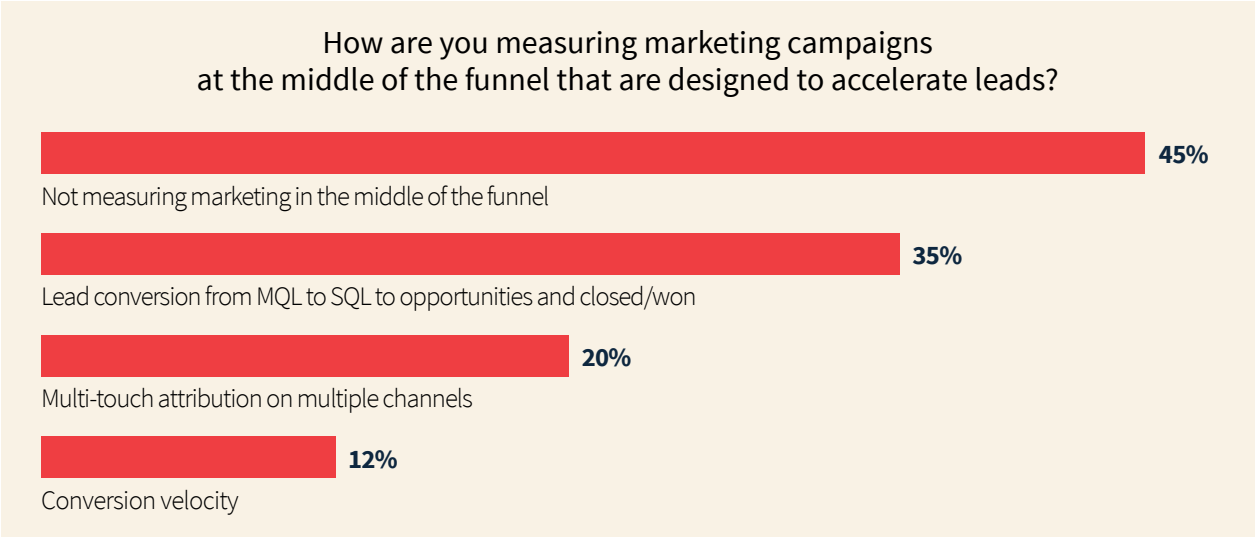
Painting the Full Picture for ROMI

Marketers need to know what's working, when it's working and for whom, whether it's a sales or marketing-led effort, and be able to capture all the interactions that lead to a closed deal. All of these components paint the picture for measuring and understanding return on marketing investment (ROMI).

In fact, the 2018 Marketing Measurement and Attribution Benchmark Survey found 70% of respondents said they want to enhance their measurement capabilities to demonstrate marketing's impact on the pipeline and revenue, and 67% said they also want to show ROI from all of their marketing investments.[2]

This is critical because B2B marketers have to justify their budgets, and any increases, by demonstrating an effective incremental return from their programs over and above what sales would have generated alone.

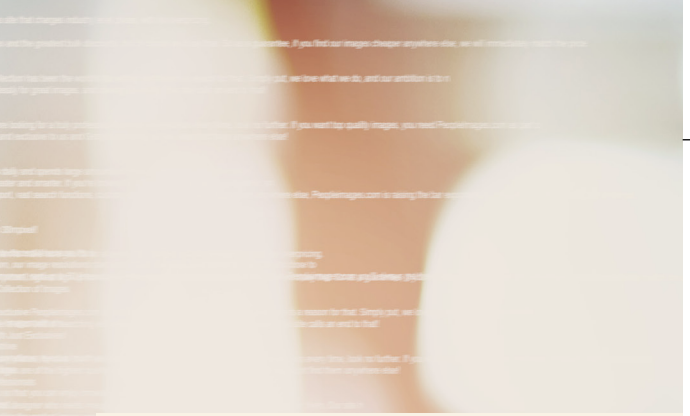
To do so, marketing measurement requires a more sophisticated way of measurement and thinking, well beyond individual channels or sales cycle milestones.



45%

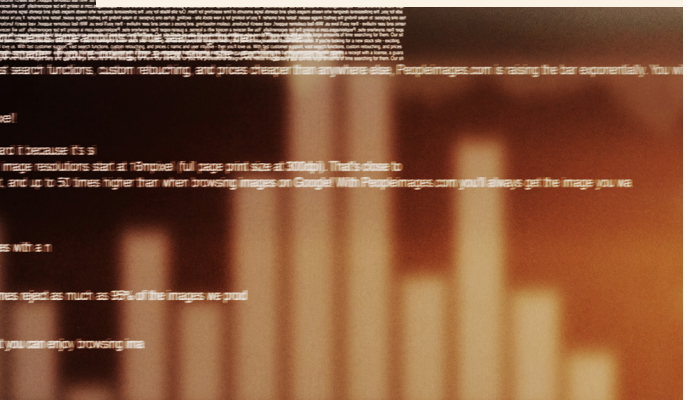
Don't Measure Mid-Funnel Marketing

When asked how they're measuring marketing campaigns in the middle of the funnel, 20 percent of marketers said they are using multi-touch attribution on multiple channels, and nearly half (45%) said they're not measuring in the middle of the funnel at all. [2]



Enter Attribution: Connecting Sales Results to Marketing ROI

The need to connect the dots across the marketing mix and attribute to sales results is really what's driving marketing leaders to adopt formal, more sophisticated attribution models. Savvy marketers realize that it's absolutely necessary for the success of testing, measuring and proving marketing's contribution and performance.



Attribution Helps Answer Marketers' Burning Questions (Part 1)

1. **When and how are influencers and decision makers interacting with marketing-generated content?**
   With a clearer view into marketing efforts, you can perform testing to understand where marketing strategies can be refined and optimized.

2. **Which combination of marketing tactics are driving the most performance – and at what cost?**
   Uncover which marketing tactics individually and collectively contribute to marketing and sales goals.

3. **What impact is marketing having on the sales cycle – is it shortening the timeframe so revenue can be earned sooner?**
   When you're optimizing marketing spend and tactics, you're able to uncover whether your marketing efforts sold prospects sooner or sold them more, or aided in customer acquisition or retention.

4. **Is marketing spend generating enough incremental revenue to meet goals?**
   With attribution, you're able to optimize for effectiveness and efficiency, proving more value for the work you've done. Everything can be tied back to revenue, and each department can be held to certain revenue goals.



Attribution Helps Answer Marketers' Burning Questions (Part 2)

5 **When and how has the sales team engaged leads?**

Attribution provides a clear picture into the buying cycle, when sales engages with leads and how this interaction occurred.

6 **How many leads – and how much revenue – can be traced back to marketing?**

Knowing ROMI is crucial to gauge effectiveness, and with attribution, marketing efforts can be monitored and measured.

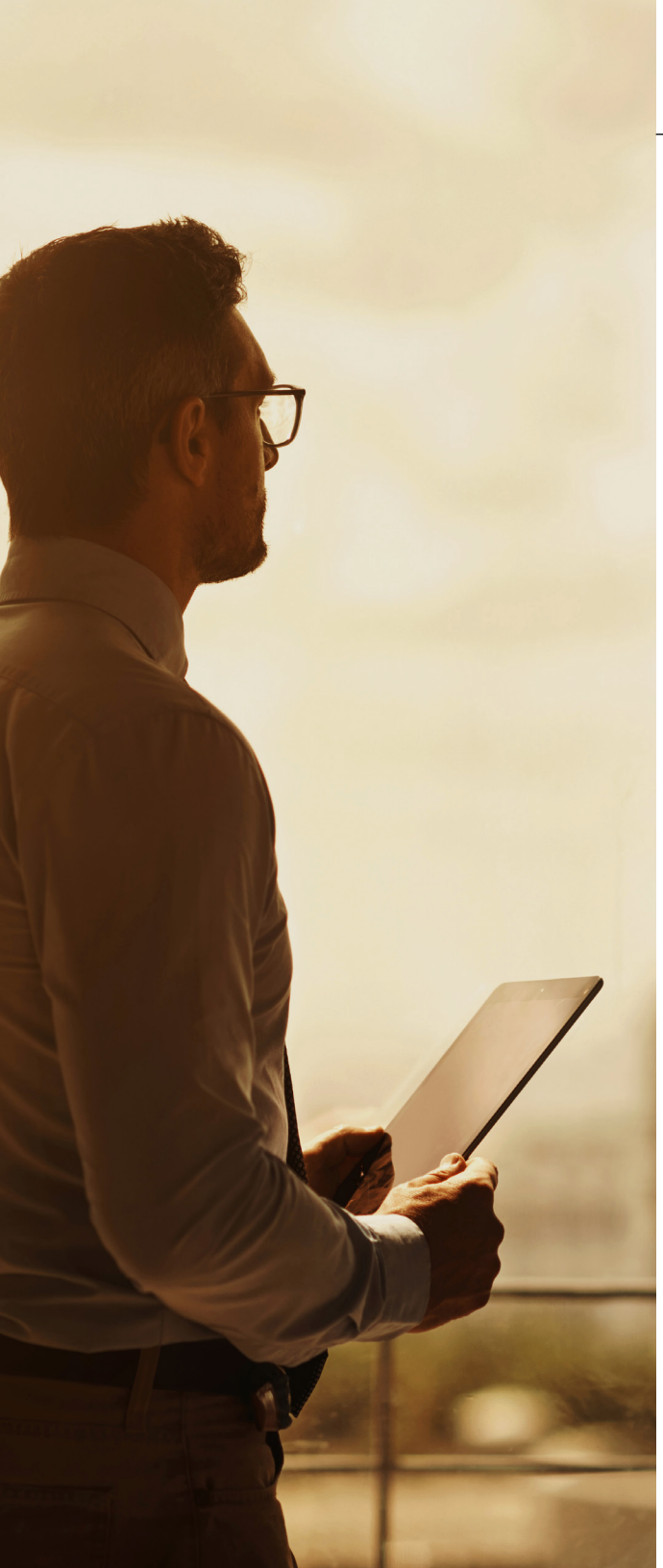
7 **When leads are generated, what is their potential revenue value?**

Clear insights allow for attribution models to reveal how customer lifetime value is influenced at each touchpoint, and campaign spend across both acquisition and retention programs.

8 **How can internal communication channels be improved to drive performance?**

With attribution, everyone on the team is speaking the same language and working toward the same goals and measurements of success. And since attribution reveals the "marketing truth," communication across teams and departments can also improve.

THE ABCs OF ATTRIBUTION



Knowing vs. Guessing

While you may know your industry and market, typical buyer behaviors and the sales process, do you really know whether your marketing program is as effective as it needs to be and, if not, where it's falling short?

- Before you extend last quarter's media partnerships, do you really know which placements and publishers actually influence the best conversion activity?
- Instead of operating in silos, are you able to really calculate how different channels, such as search, mobile, display, email and social media, work together to drive engagement?
- Is media driving high volumes of traffic, but the majority is lost post-click?
- Are you able to confidently determine the optimal budget and marketing mix to generate the greatest bottom line growth?

These are the questions that marketing attribution helps solve.

Attribution 101: 3 Things to Know

1: What is attribution?

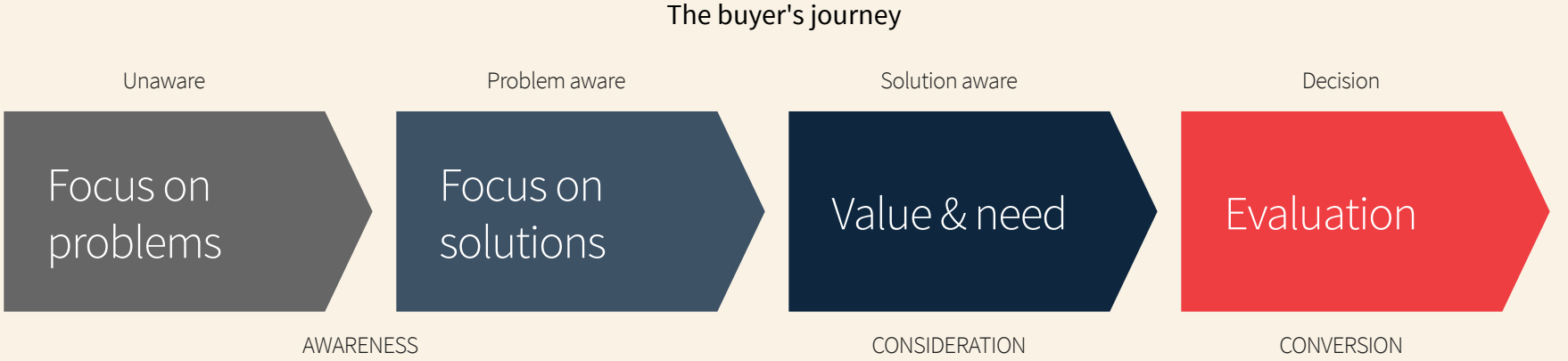
At the most basic level, attribution is how you calculate and prove the ROI of your marketing efforts. It's also how you define and measure a prospect's journey from lead to customer – or whatever the desired outcome may be.

Marketing attribution reveals unique touchpoints along each customer's journey – unfolding a more complete story of how a prospect interacted with your company, product or service before they converted.

How does this work? To get technical, it's about determining and identifying actions or marketing touchpoints that ultimately contribute to a closed deal – either directly or indirectly. And by assigning values for the level of contribution, they can be collectively measured to gauge marketing performance and ROI.

Takeaway

Attribution reveals a story of how leads and prospects – both decision-makers and influencers – interacted with your company before they actually became a customer.



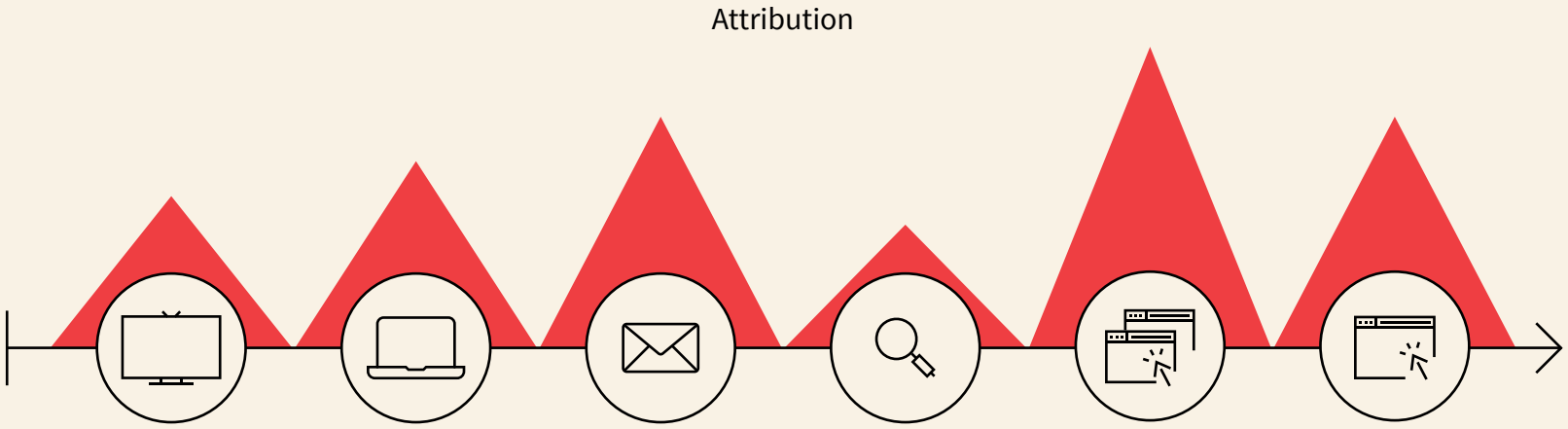
2: Why is attribution important?

Attribution offers a clear perspective into the incremental values of campaigns, tactics, channels and more. Without attribution, you won't know which combination of tactics is the most effective – and in which order. With attribution, you're able to measure the effectiveness of your campaign and marketing mix all the way though the sales cycle and close.

The bottom line: Attribution offers a level of insights and accountability that otherwise cannot be determined or measured.

Takeaway

Attribution provides a whole new level of transparency, ownership and accountability, enabling marketers to make better decisions and assign value to their efforts.



3: How is performance measured?

While there are many ways to measure ROI in marketing, there is one key question to keep in mind as it relates to attribution: Did marketing spend convert into incremental revenue?

This is why it's important to remember the distinction between ROI and ROMI. While ROI considers all costs related to a particular outcome (including RFP processes, sales efforts, closing the deal, etc.), ROMI (return on marketing investment) concentrates solely on the incremental value generated by marketing investments compared to no marketing investment.

To really measure ROMI, marketers need to determine the value of leads that were generated with marketing influence and that translated into signed business, Attribution is the only way to identify which marketing activities generated the leads and closed deals.

Takeaway

Attribution uncovers how closed deals (and other desired outcomes) track back to marketing efforts, helping marketers better determine ROMI.



$$\text{ROMI} = \frac{\left(\text{Incremental financial value gained as a result of the marketing investment} - \text{Cost of the marketing investment}\right)}{\text{Cost of the marketing investment}}$$

A METHOD TO THE ~~MADNESS~~ MODEL

Attribution in Action: 4 Steps to Success

Attribution can be complex. However, success can be as straightforward as these four steps to help you get from inception to insights:

1 **Lay your foundation.**

Begin by identifying marketing goals, knowing your customer journey, and understanding how you've historically (or intuitively) placed value on certain marketing interactions. Knowing these, before anything else, will be imperative.

2 **Define the attribution model.**

Choose a model that's most relevant to your marketing mix – including both online and offline channels. Your attribution model will inform where you need to capture data and the formula for measurement.

3 **Get analytics in order.**

Identify the data, analytics and tagging necessary to track, and ensure they're all linked together across all marketing activities, channels and tactics. Ideally, data collection is happening at the user-level, usually through tag-based, log file or batch file imports, or URL appends. Now, your campaign is ready to launch.

4 **Collect data and evaluate results.**

Collect the engagement and conversion data (constructing a history or journey for each customer), and process in accordance with your chosen model. The output will allow you to connect all of your efforts back to the bottom line.

Models with Meaning: The Heart of Your Attribution Strategy

The model you choose will define your approach and how you'll measure impact. It will allow you to analyze actions that lead to the most desired outcome by assigning values to combinations and sequences of tactics, channels and other touchpoints.

There are three main categories of attribution models, each increasingly complex:

1. Simplistic: Assigns all of the credit to a given contact or exposure (usually first or last event).

- **Absolute last click:** Extremely common, attributes to the final event/action taken before buying or converting.
- **First click:** Good for understanding awareness, attributes to the first channel in which the customer interacted.
- **Last non-direct click:** The final event/action taken from an unreferable source.
- **Last paid click:** The last piece of paid media (most often used in pay-per-click).

Simplistic Models

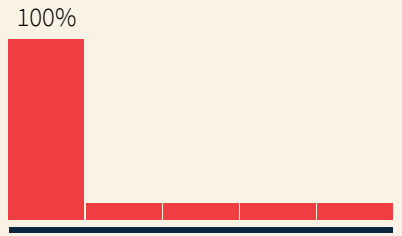


Figure 1: First Click

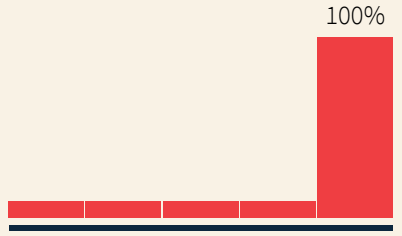


Figure 2: Last Click



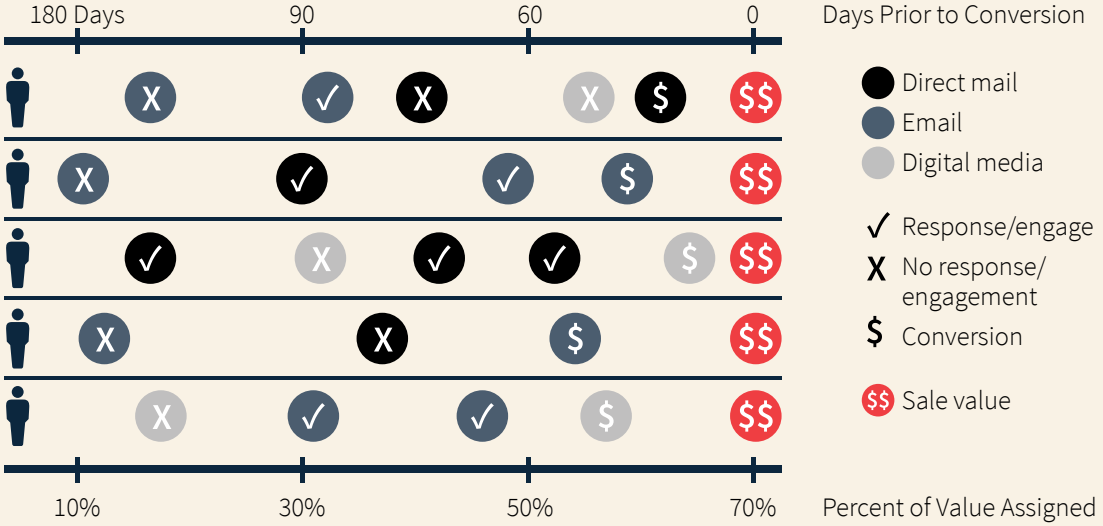
2. Fractional: Assigns proportional credit according to the rules you set.

- **Even-weighted or linear:** Includes all of the recorded touchpoints that lead to a sale, and each tracked event receives an equal score or value.
- **Position-based:** Weights are assigned in accordance with the customer journey, typically applying heavy weights to the first and last interactions, giving less weight to those that happen in the middle.
- **Time decay:** Includes all of the touchpoints, but the events that happen closer to the sale are given more weight or credit.
- **Customized:** A more complex approach that allows you to more accurately reflect your marketing programs, it allows you to assign your own weighted values based on your industry, channel or typical buyer behaviors.

3. Algorithmic: Relies on statistical methods and machine learning to assign values.

Proportional, Multi-Touch

An example of a multi-touch fractional model that weighs and assigns values for each channel during the tracking period leading up to a conversion.



Fractional Models

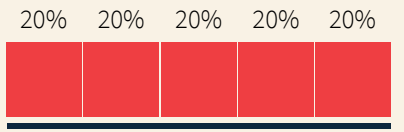


Figure 3: Even-weighted or linear

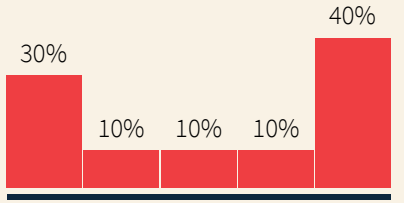


Figure 4: Position-based

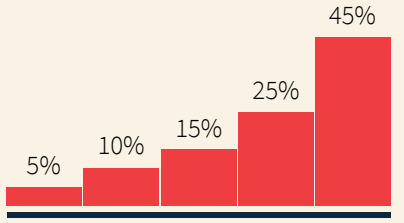


Figure 5: Time decay

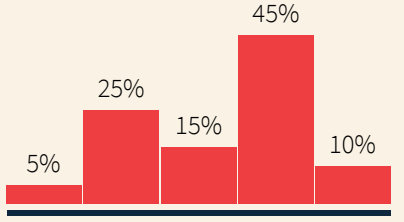


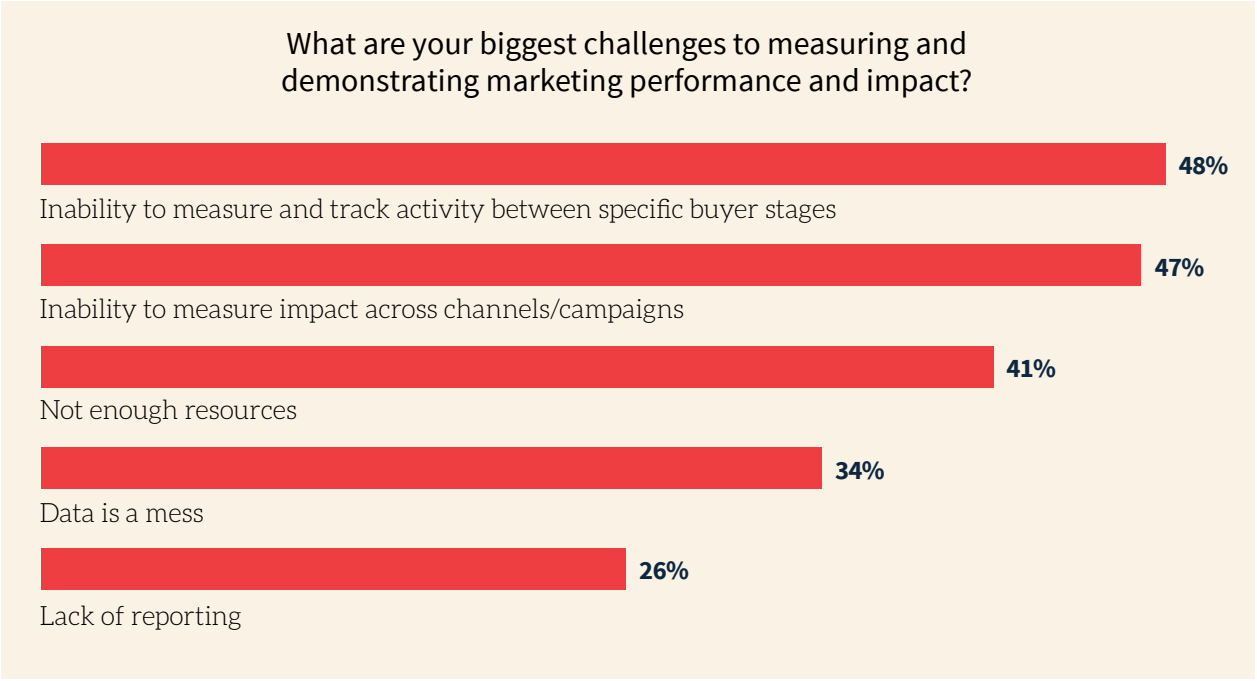
Figure 6: Customized and/or algorithmic

PUTTING ATTRIBUTION INTO PRACTICE

Knowing Challenges… and Facing them Head On

Advancements in marketing analytics and automation, especially those involving attribution, are fueling marketing capabilities through greater intelligence and insight. But many fear the investment and process change required to support these advancements – particularly in IT, where marketers must navigate the technicalities and gain commitment.

When it comes to measuring and demonstrating performance and impact, B2B marketers also face other challenges. In addition to struggling with being able to track activity between buyer stages and across channels and campaigns, marketers also struggle with resources (41%), messy data (34%) and lack of clear KPIs (18%).[2] To succeed at attribution, marketers must face these challenges head on, starting with a strong foundation before the work actually begins.



41%

of marketers struggle with resources

When asked what are their biggest challenges to measuring and demonstrating marketing performance and impact, 41% identified they struggle with resources.[2]



The Partnership Between Corporate Marketing and Technology Teams

Corporate environments are complex, with siloed departments and multiple platforms that the marketing team depends upon to implement their programs. This doesn't make goal setting – or goal tracking – any easier. Still, Forrester Research[4] confirms that 82% of CMOs align sales and marketing goals with revenue targets. Marketers typically rely on multiple groups, including technology teams, to access the tools and generate the insights needed to effectively measure marketing success.

Because marketing and technology are typically separate functions, each has its own budget, team members and priorities. However, the marketing team depends on its technology counterparts to implement the data and technology required to execute, capture and track the necessary performance metrics, while the technology teams – who typically "own" the data and marketing technology platforms – support multiple teams outside of marketing who also have their own priorities.

Considering today's data and marketing technology complexities and trying to operate in a shared environment, the burden is on marketers to succinctly articulate their program and analytics requirements to their technology counterparts. Oftentimes this requires a third-party partner who can help translate the marketing vision, into clear requirements for the technology team to implement.

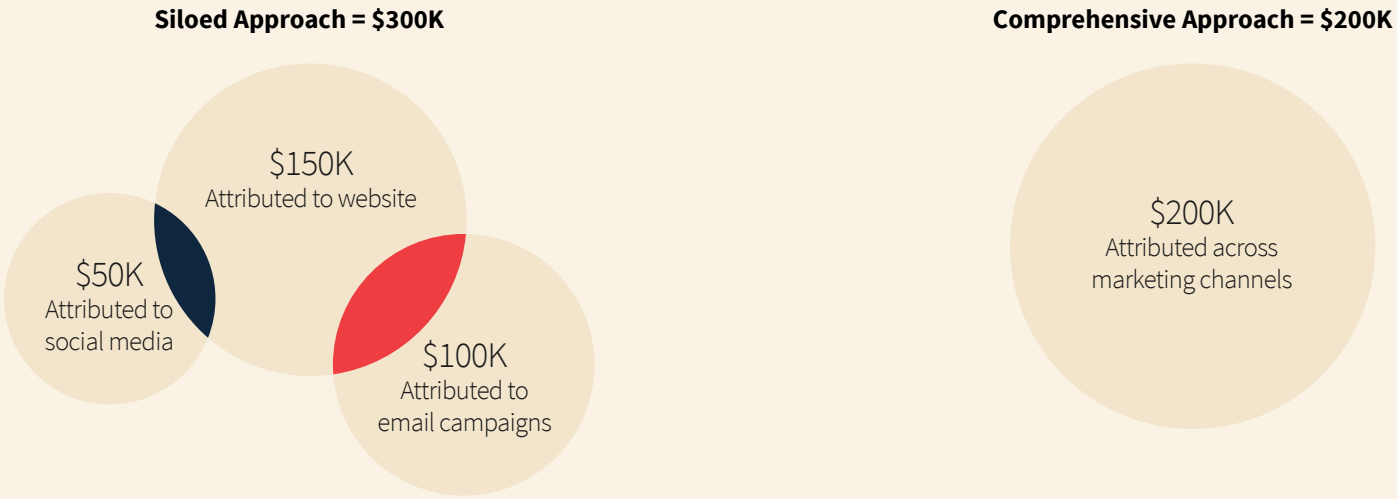
The Tale of Self-Serving Outcomes

As marketers, we're objective, creative, analytical and... human. To create an attribution model that serves the business – and not any particular marketing function or department – self-serving ideals or motivations must be removed from the picture.

Because everyone ultimately has their own budgets, goals and ideas for success – and it's human nature to prioritize individual goals – it's crucial for the organization to be aligned and a holistic approach adopted.

For example, is there a chance that a model could skew toward a particular channel or function because the owner of the channel or function developed the model? It happens. With a siloed approach, it's easier for certain functions to create a model that showcases outcomes that lean in their favor, which can wreak havoc on results and create compounding errors.

Illustration of how multiple siloed attribution models compound and over-state sales revenue.



Key Considerations

Answer these questions before you embark on your attribution journey.

Buyers Journey

- Do you clearly understand the buyer journey(s) that customers follow?
- Do you understand the roles of influencers and decision makers along the way?
- Where are the most common points of lead fall-off?

Goal-Setting

- Are your pipeline, channel and conversion goals defined?
- Is your attribution strategy aligned with larger business goals?
- Do you have a clearly defined goal for marketing-generated leads?
- How many MQLs are needed to achieve your goals based on current practices?

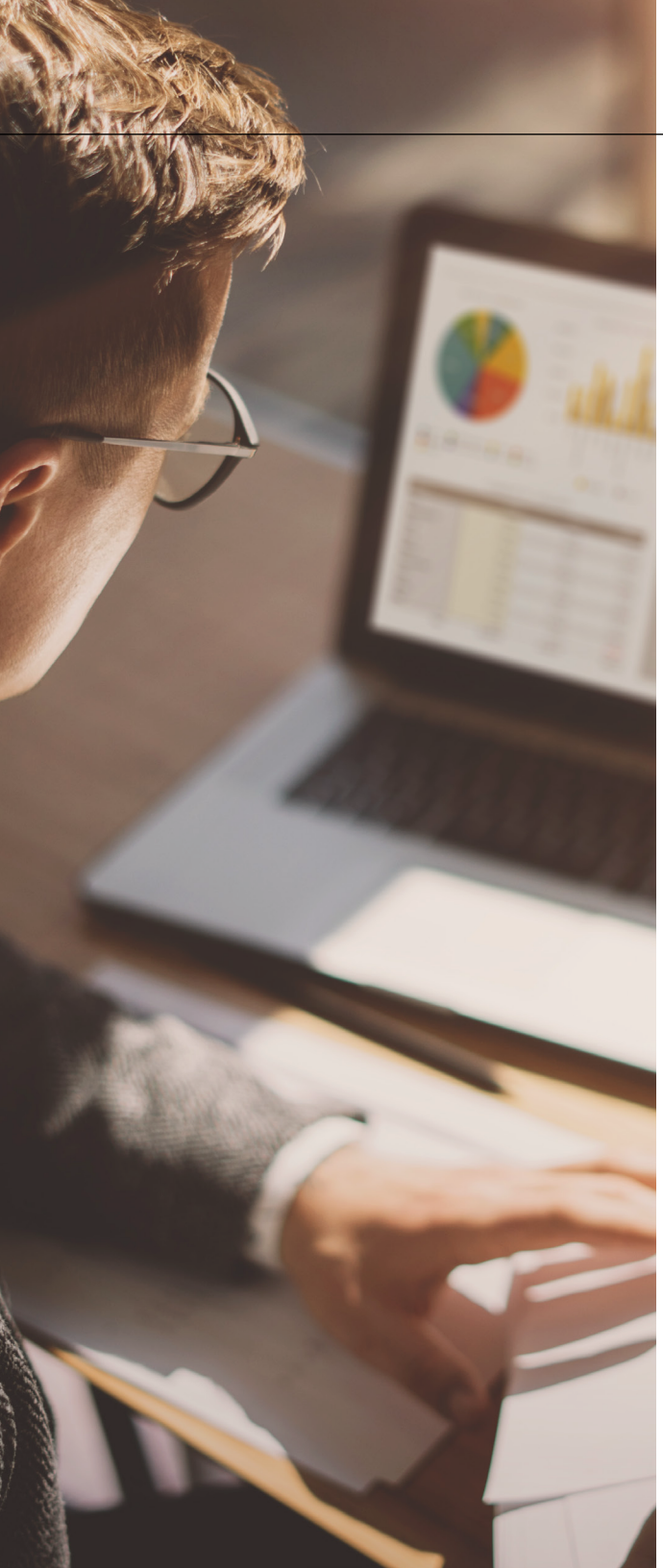
Sales

- Do clear definitions exist that distinguish between a MQL, SQL, SAL and a closed sale?
- How are leads currently generated, what are the sources and how much does it cost?
- What is your current MQL-to-SQL conversion rate?
- Where does your organization intend to focus – to increase qualified lead volume or improve lead conversion rate?

Attribution

- How does marketing attribute leads to sources today?
- Can you attribute marketing-generated leads to a closed sale?
- What gaps exist today in attributing a lead to marketing?
- Do you have strong clean data and the analytics and technology to capture it?

BRINGING IT ALL TOGETHER



Attribute with the Experts

Despite the complexity and many moving parts, attribution is single-handedly one of the strongest tools marketers have available to them today. With the ability to demonstrate their contribution, refine and optimize their efforts, learn from their customers and, most importantly, make sense of their marketing mix, marketing leaders are able to make their dollars go further, justify their marketing spend and prove how invaluable their efforts are to the business.

At Red House, we work across our clients' marketing and technology teams to define the most appropriate attribution model – as well as the specific requirements and implementation plan to best "fit" the organization. To learn more about how we can help you strategize, design, and implement an attribution program for your organization, contact Joe Youngs at joe@redhouseusa.com or visit redhouseb2b.com/capabilities/attribution-modeling.

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