

# AN ECOMMERCE ATTRIBUTION CASE STUDY

## A DIRECT-TO-CONSUMER COMPANY

A manufacturer selling goods directly to consumers asked LeadsRx for help. It needed an impartial view of its advertising campaigns – a way to see what was working and what was not – as it foraged for increased return on ad spend (ROAS). By using multi-touch attribution, the enterprise was able to significantly reduce its marketing spend (by more than 44 percent) without impacting its revenue year over year.

## THE DETAILS (Q1 YEAR ONE):

CURRENT ROAS	10.27
BUDGET	\$613,000 for Q1 of Year 1
REVENUE	\$6.3 million Q1 for Year 1
CHANNELS	Facebook, Instagram, Google Ads, Google Remarketing, and email
KPI	Increased ROAS

## THE ATTRIBUTION CHALLENGE – HOW TO GARNER MORE SALES PER ADVERTISING DOLLAR

With a total ad spend of \$613,000 for the first quarter, the company was doing its best to gain traction, and sales, for its products. Much of its ad budget was divided between Facebook and Google. Based on click and conversion data from these two “walled gardens,” it was impossible to know which source was performing better at generating new sales because buyers often clicked on advertising from both.

After using both Facebook and Google conversion pixels, which do not share data with each other, the marketing team was frustrated trying to arbitrate between each vendor claiming responsibility for sales. Like many D2C enterprises, the company was missing the impartial attribution data needed to optimize its various marketing campaigns and maximize its ROAS – its most important KPI.

## THE RESULTS:

The company maintained consistent revenue while cutting marketing spend by 44%

## WALLED GARDENS:

Walled Gardens are ad-serving ecosystems controlled by vendors like Google, Facebook, CallRail, and others. The focus with attribution provided by these vendors is on understanding to what extent their specific channel is influencing conversions. They tend to take full credit for each conversion that may have been influenced by an ad impression or click served by the walled-garden system.

## THE SOLUTION – UNBIASED ATTRIBUTION DATA ACROSS ALL CHANNELS

After going through the quick-start onboarding process, and without making a single change to the existing campaign infrastructure, the LeadsRx Universal Conversion Tracking Pixel™ was installed. It was used to track a total of ~9,000 purchases for attribution and to impartially define customer journeys. Data was collected on 100 percent of the company's marketing touchpoints from common sources such as Google, Facebook, Twitter, Instagram, Pinterest, existing UTM parameters, referrals, and more, instantly adding these to the company's dashboard. Although the company was primarily advertising on two sources (Facebook and Google) it is important to note, and measure, how all of these channels work together in the customer's path to conversion.

The LeadsRx pixel automatically learned about all touchpoints and properly allocated the right amount of conversion credit to each touchpoint. As the data accumulated, customer journeys were populated into various real-time attribution reports – giving the company instant access to the impartial attribution data they needed to make optimization decisions. Those customer journeys were also aggregated into fully customized segmentation reports – showing the business exactly who its “best” customers were and, most importantly, how to get more of them.

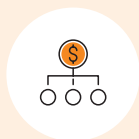
### THE DATA SET:

- 9000 purchases
- 100% of marketing touchpoints
- No changes to existing campaigns

### SEGMENTATION:

Segmentation reports show your best customers - and how to get more of them.

## ATTRIBUTION INSIGHTS – KEY RECOMMENDATIONS



Move a percentage of the ad dollars away from Facebook and reallocate that spend to Google



Use the impression-tracking technology to measure email marketing, display ad campaigns



Keep up continuous monitoring to allow for further pivots to marketing campaigns as new, real-time data becomes available

Only by ingesting 100 percent of the marketing channels can a company truly see an accurate and unbiased perspective into its attribution results – something the walled gardens of Facebook and Google simply cannot deliver for marketers. In the case of this D2C company, 50 percent of journeys involved multiple marketing touchpoints, so an impartial, linear multi-touch attribution model was used to capture the value of each touchpoint along the cross-channel conversion path.

### PRO TIP:

There is an inherent conflict of interest when allowing your advertising network to measure its own performance. That is akin to “grading your own homework,” and marketers shouldn’t be surprised to see the recommendation to *spend more to get more*.

## LOOKS CAN BE DECEIVING

At first glance, the initial analysis showed that Facebook received a modest 41 percent credit for product purchases, while Google received just 7 percent credit. Direct visits, referred visits, and other marketing efforts – including email marketing campaigns – accounted for the rest. Moreover, the cost analysis indicated a higher average cost of acquisition for Google at \$73.28, versus only \$71.58 for Facebook.

Initially, before attribution, the data showed advertising on Facebook was clearly the best channel for the D2C company. *That was wrong.*

## A DEEP DIVE ANALYSIS OF ATTRIBUTION

While performing a complete ROAS analysis over the period, it was clear that although a greater number of purchases were attributed to Facebook, the numbers were skewed by a disproportionate share of the overall ad spend. The company was allocating 83 percent of its budget to Facebook, and only 17 percent to Google. This resulted in a significantly larger reach with Facebook ads, and thus explained why basic attribution models showed Facebook as the clear winner in terms of sales volume. However, this was not a complete picture and didn't facilitate optimization across channels nor consider the shared costs of delivering those conversions.

The vast majority of customer journeys contained both a Facebook ad and a Google ad touchpoint in the path to conversion. Not sharing credit between these two was the problem.

The imbalance of reach also cloaked the true effectiveness of the Google advertising. Within the first few weeks of attribution, and by diving deeper into the ROAS numbers, it turns out that the proportion of conversions that were credited to Google advertising were spending more money per order with an average purchase that was substantially greater than conversions credited to Facebook advertising. Even with the higher cost of Google ads, the ROAS was greater from Google – and ROAS is what the company needed to optimize.

## TAKING IMMEDIATE ACTION – ADJUSTING AD SPEND

In the end, the attribution data suggested moving a percentage of its ad spend away from Facebook and reallocating it toward Google to achieve higher ROAS. By monitoring customer journeys, and ROAS, the company was able to continue to optimize its ad spend, adjust its marketing campaigns, and produce maximum revenue from each advertising dollar spent. The company was able to iterate its marketing campaigns over the course of several weeks, leading to an improvement in results.

### PRO TIP:

It's always about the money. As an eCommerce marketer, you should focus on the most bottom-of-the-funnel conversion possible when optimizing campaigns – as this is typically when a sale takes place. Don't stop at the sale itself, but actually attribute the revenue of that sale back to the marketing programs that delivered it. This is the core of attribution. Without "revenue," you can't compute ROAS. Without ROAS, you can't optimize a multi-channel marketing campaign.

### ADJUSTING AD SPEND:

Reallocating spend away from Facebook and into Google Lead to an increase in performance.

## THE RESULTS (Q1 YEAR TWO):

ROAS	22.83 – a 2.22x increase!
BUDGET	\$281,000 for Q1 of Year 2
REVENUE	\$6.4 million (consistent)
CHANNELS OPTIMIZED	Facebook, Google Ads, Google Remarketing

## REDUCING AD SPEND WHILE MAINTAINING REVENUE

The numbers don't lie. By employing attribution models and acting on the insights, the company was able to discover how to reduce ad spend while maintaining its revenue. Year-over-year results are impressive. Ad spend reduced 44 percent, yet revenue rose slightly – thus increasing ROAS.

## IT SHOULDN'T END THERE, THOUGH

Attribution is an ongoing iterative process because campaigns and consumers are constantly changing – and your attribution solution needs to follow suit. The beauty of attribution, besides being impartial, is it allows flexibility to pivot based on new data at any point in time. Should attribution analysis determine the landscape is changing again, for example if Facebook now contributes more value to the bottom line than Google, adjustments to ad spend can be made again – in real time.

### PRO TIP:

Pro Tip: Optimizing for ROAS is an iterative process. It is important to keep an eye on the data and make campaign adjustments based on new real-time results

## KEY TAKEAWAYS:



Walled gardens don't provide impartial attribution



It's important to measure 100 percent of touchpoints across all channels



Focus on the bottom of the funnel, the most important KPI – sales



Use impartial attribution to optimize for ROAS