Taking a waterfall view of marketing attribution

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What's this talk about?

- Avoiding swallowing snake oil!

- Background to the case study

- A quick dive into MTA and MMM

- Our trip down the waterfall

- The benefit of landing at the bottom

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Avoiding swallowing snake oil!

- How much is spent on marketing in the UK?

- How little is spent on attribution?

- What the DMA has discovered?

Proportion of Metrics Used to Measure Marketing Effectiveness in 2023

BUSINESS	BRAND	RESPONSE	CAMPAIGN
10%	21%	30%	39%

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Background to the case study

- A large UK wine retailer
- Uses multiple channels
  - TV
  - Social
  - Direct mail
  - Email
  - Door drops
- Our analysis covered Q4 last year
- Used to justify their 2024 marketing budgets

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A quick dive into MTA
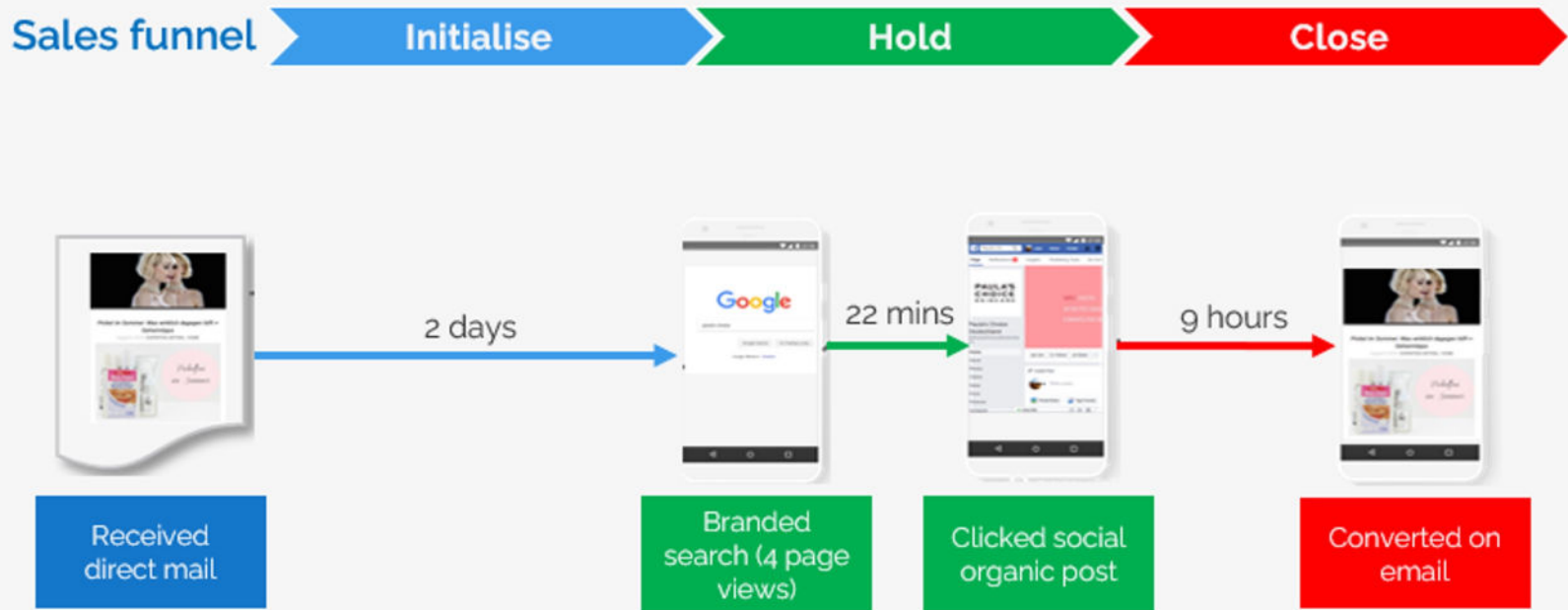
And MMM

MMM (marketing mix modelling) is a powerful modelling technique taking into account seasonality, competitors and external factors, as well as marketing

Easy to apply outputs by New to brand and Existing customers
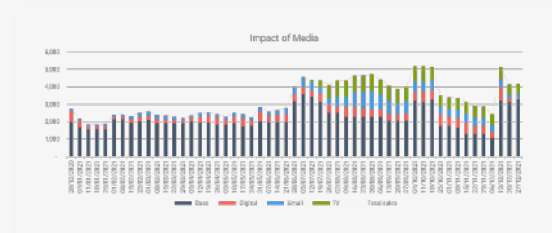
Marketing Mix Variables

Marketing, promotions & competitor activity

Pricing, product & other internal influences

Economy & external events

Seasonality & weather

Modelling

Sales = 100
-4.4 Price
+2.6 Competition
+1.8 TV
+0.1 Press
+0.2 Doordrop

ROMI and Cost of Sale by media

Diminishing returns, headroom and marketing uplift

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A trip down the waterfall

- At the top, where 'last click' is used to attribute marketing results

Channel	Comparison with MTA View
Affiliates	+22%
Direct Mail	-13%
Doodrops	-20%
Email	+24%
Pay Per Click	+22%

- Let us give Direct Mail and Pay per Click each an indexed value of 100 using last click

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Introducing MTA rather than last click

- Direct Mail rises to 108
- And Pay per Click sinks to 76

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The big change – using MMM to set the overall contribution of marketing

- MMM looks at all the factors driving sales as well as the contribution of marketing

- These can include weather, holidays, economic conditions, even competitor spends

- In this case it concluded that, overall, the contribution of marketing explained 28% of the total sales

- This reduced the indexed value of Direct mail down to 30

- And for Pay per Click it came down to 22

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But, finally, we need to allow for cost of goods

- A wine merchant has to pay for his wine from the wholesaler

- A fashion retailer has to pay for the merchandise it sells

- When we factor in these costs, we get to understand the impact of marketing on the eventual business value provided

- After removing cost of goods, the indexed value of Direct Mail came down to 8 and for Pay per Click it was 6
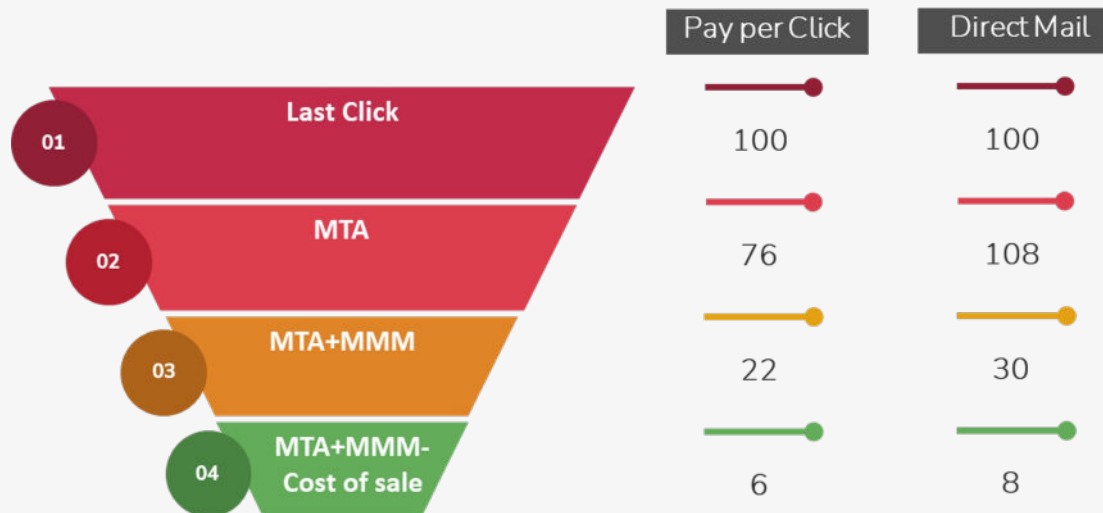
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Good news at the bottom of the waterfall!

- Free from all snake oil, there were still some good Return on Marketing Investment (ROMI) numbers

- DM was providing a ROMI of 8.1

- Pay per Click was providing a ROMI of 2.7

- However, the econometric model showed that if 1/3rd more money had been spent on Pay per Click the ROMI on the extra money would have been 1.35

- But these were the kind of reliable metrics that the CMO could use to actually make sensible decisions about budgets

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The summary!

Value Waterfall by Channel

Impact on the bottom line of the business (indexed)

	Pay per Click	Direct Mail
Last Click	100	100
MTA	76	108
MTA+MMM	22	30
MTA+MMM- Cost of sale	6	8

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