Marketing is Creating 40% of Your Sales:

Understanding the Impact of Marketing Channels on Company Performance
Jeff Sutelman

"The best minds of my generation are thinking about how to make people click ads."

–Jeff Hammerbacher, a 28-year-old Silicon Valley tech whiz who went from being an early employee at Facebook to co-founding the data analysis start-up Cloudera.

About Me

Name: Jeff Sutelman
Location: Boston, MA

Led Marketing Measurement and analytics in house for several brands.

Worked as a measurement consultant building out marketing effectiveness frameworks for several clients.

Fun Fact: Always on the look for the most exciting restaurant.

Top 3 aspects of Marketing measurement components, based on level of FTE/Opex marketing emphasis

Marketing Measurement: How to measure the biggest Marketing investments

	Channel	Method of Measurement
NOT Focus Today	**1** **Owned Channels** Example: Email & Site Banners	**AB testing**; which utilizes the **Universal Control Group** holdout population as our comparison baseline to measure lift
Focus Today	**2** **Paid Digital** Example: SEM, Display, Video	**Rule Based Attribution**, modified by incrementality working assumptions, validated/adjusted by **Marketing Mix Modeling** and/or **Testing** where available
NOT Focus Today	**3** **Broadcast and Non-Addressable Channels** Example: TV, Radio, OOH, Cinema	**Marketing Mix Modeling** or by **testing** (light/dark markets) where feasible. Those models are then used as **forecasting assumptions for future business case** scenarios

You Can Always See When A Marketing Ad Directly Drives Someone to Your Web Page or App.

Your Agency/Marketing Team

Facebook
UTM_Campaign = FB_LeadGen

Google
UTM_Campaign = Google_LeadGen

AnyThing Else
UTM_Campaign = Other_LeadGen

The best minds of our generation are writing algorithms to make sure Facebook and Google reach as many Lead Submissions as possible.

Your Website

Submit Lead
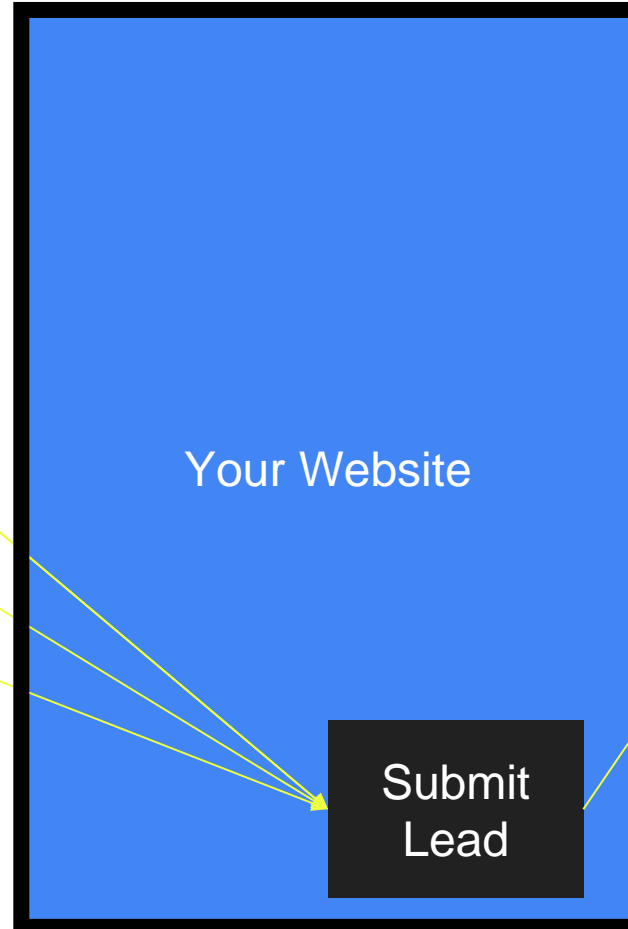
Your Internal Website/App Data

User ID	UTM_Campaign	Landing_Time	Page
174	FB_LeadGen	1/1/2025	Landing Page
213	Google_LeadGen	1/1/2025	Lead Submitted
124	Google_LeadGen	1/1/2025	Lead Submitted
142	Google_LeadGen	1/1/2025	Landing Page
124	Google_LeadGen	1/1/2025	Landing Page
683	Google_LeadGen	1/1/2025	Lead Submitted
381	Other_LeadGen	1/1/2025	Landing Page

Platforms can optimize the ad delivery to maximize any trackable action on your website.

Your Dollars Can Choose Which Metric to Maximize:

- Reach
- Site Traffic
- Leads Generated
- ROAS

Paid Channel Measurement – 4 distinct Pillars

4 Discrete areas which work together to give us an accurate historical record of how paid media drives outcomes

Business Question: What portion of total business are attributed?
And are the properties of marketing vs nonmarketing events similar or different?

Business Events
The logic for identifying and extracting the business events we measure

What Events Do We Want To Track?
Leads Generated
Quality Site Traffic
Account Size

Attribution
Attributing a Paid Media Touchpoint To a Relevant Business Event

What Message Was the Last Touchpoint prior to the user doing the desired business event.

Business Question:
Do we see any efficiency metric trends changes to notify marketers about? Can we detect yield changes so campaign problems can be address quickly?

Example Application: Leads Generated by Marketing Spend Volume

Taxonomy
What are the attributes of that media touchpoint?

Common Taxonomy Fields:
Which Platform Served This Ad?
Who Was the Intended Audience?
Whose Budget was it?

Spend History
How much was spent on that touchpoint?

How Much Did That Campaign Cost?

Paid Channel Database

ROI on All Your Placements and Keywords

Business Question: How is the spend different by geography and segment? How do the media costs per unit vary by region for common channels and tactics? Such as Retargeting.

Attribution Architecture – Enhanced Attribution (Last Touch+)

Marketing Touchpoints
Your Website or App Tracking

UTM Touchpoints
Any Traffic Identifiable from a media touchpoint via UTM

App Traffic MMP Touchpoints
Any Traffic Identifiable coming into your App

Your Desired Attribution Rule

First Touch,
Last Touch,
Multi-Touch,
Markov
Chain,
AI,
24 Hours,
7 Days,
30 Days,
90 Days

Events Base
Your Internal First Party Data

Any Business KPI
In theory any KPI with Cust ID & Event Timestamp

Attribution

Attribution
Event level and daily aggregated tables of marketing attribution and business events

Incremental Assumptions
Working assumptions and confirmed by AB tests, MMM, etc where/when possible

Key Points

- **No Double Counting. Conversions are business events not tag fires**

- **Resilient to Tag fire Issues, which are frequent occurrences**

- **Often times catches more attributed events than platforms send you**

- **Some business events can be measured even when tags are not deployed on confirmation pages**

The ICEBERG PROBLEM
Reconciling what direct feedback we can see with the Incremental impact we measure
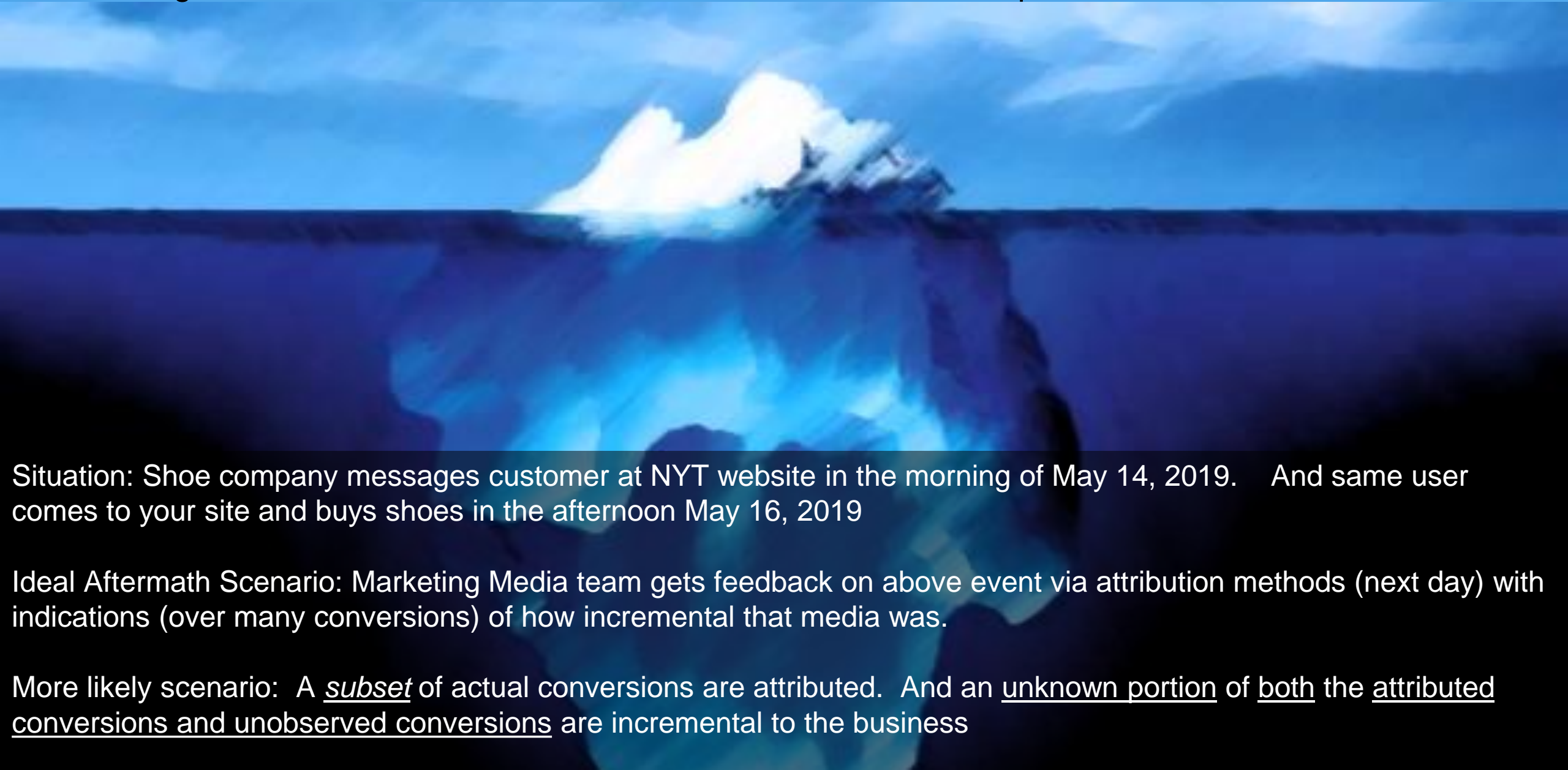
Situation: Shoe company messages customer at NYT website in the morning of May 14, 2019.   And same user comes to your site and buys shoes in the afternoon May 16, 2019

Ideal Aftermath Scenario: Marketing Media team gets feedback on above event via attribution methods (next day) with indications (over many conversions) of how incremental that media was.

More likely scenario: A _subset_ of actual conversions are attributed. And an unknown portion of both the attributed conversions and unobserved conversions are incremental to the business

Opportunity for Brand Renaissance

BRAND

MARKETING FOCUS

PERFORMANCE

Focus on Brand and MMM

Hyper-Targeting,
Height of 3rd Party Cookies,
Fingerprinting, Adtech,
Exchanges

Renaissance of Offline,
Brand & MMM due to tracking
restrictions

1980s   2015   2020
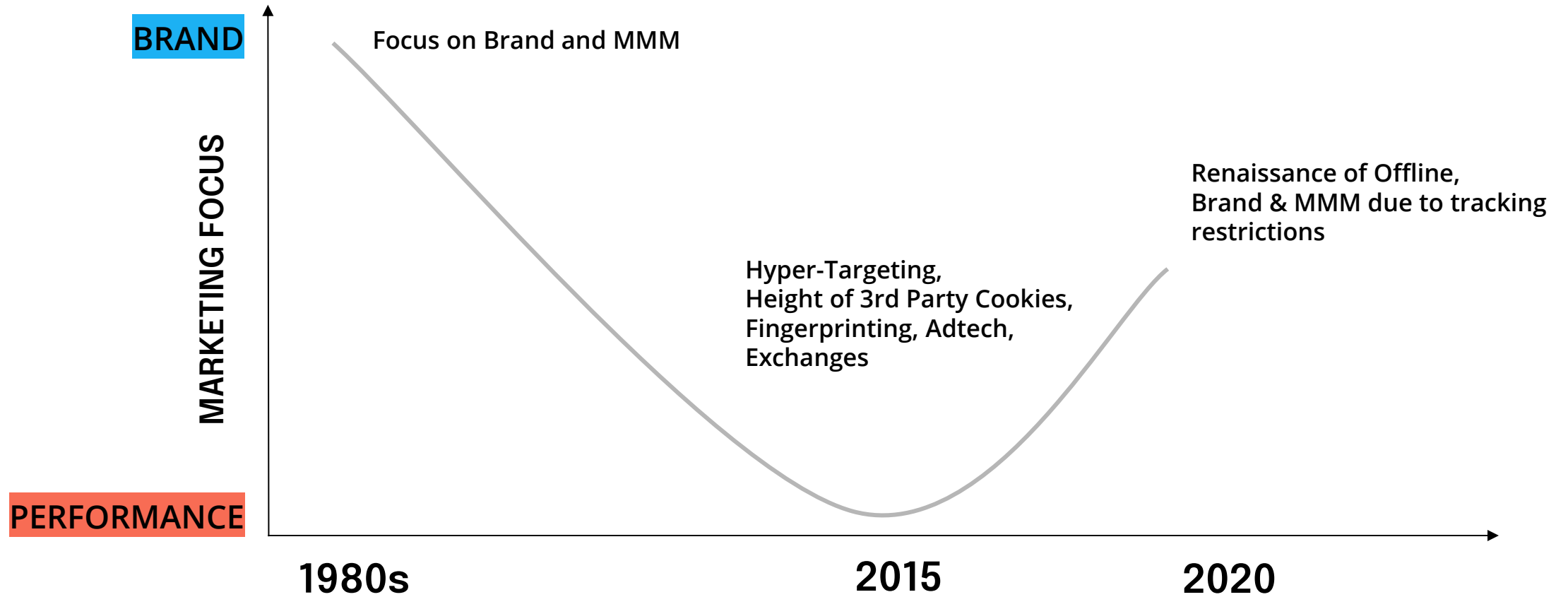
Triangulation is the way to measure the REAL size of the iceberg
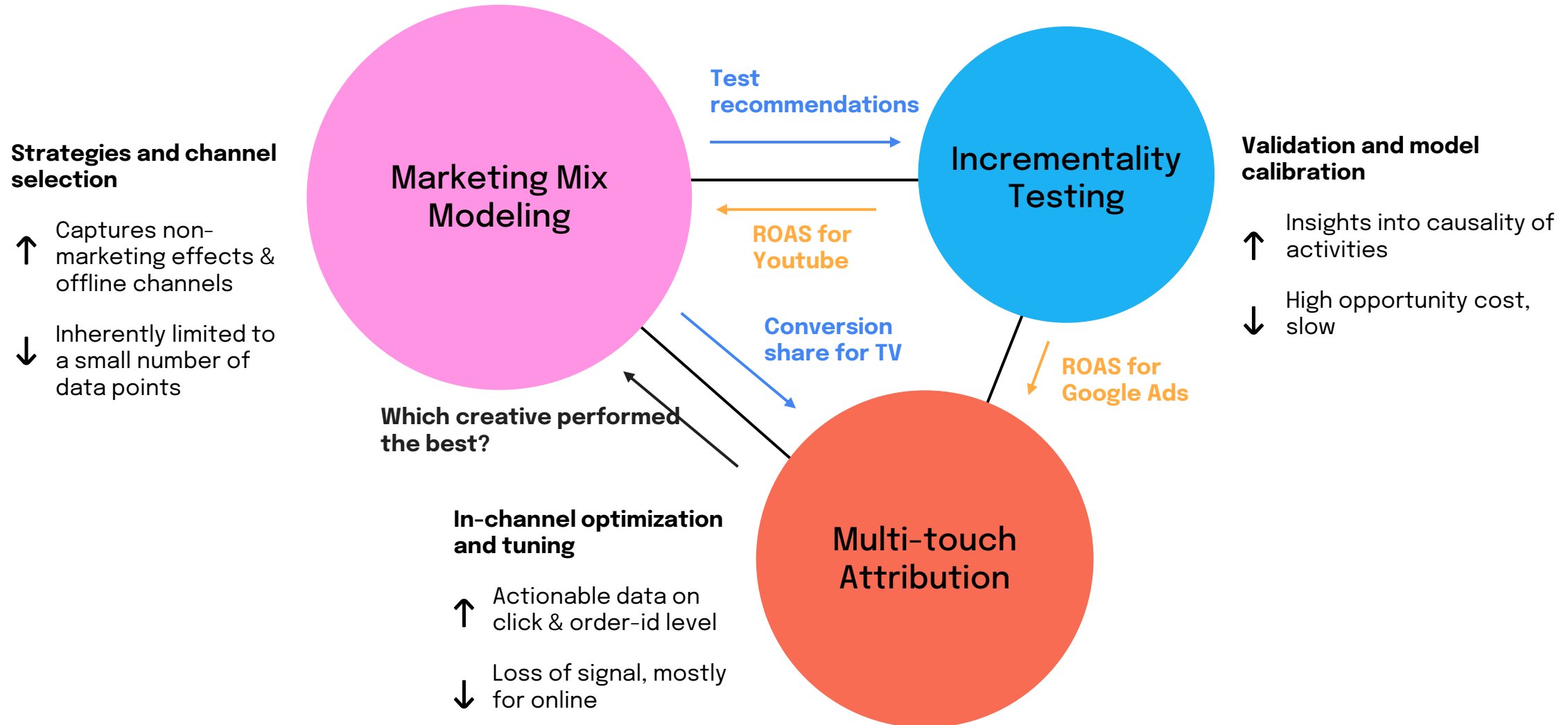
It's a ==data engineering== problem and a ==data science== problem

Challenge 1: Consolidate data from all channels

	Marketing platforms	Data Sources
SMB	8	36
Mid-market	12	98
Enterprise	18	315

Challenge 2: Attribute INCREMENTAL revenue to channels and campaigns

Regulation

User data

Technology

Solving the attribution problem

#1: Incrementality testing

Marketing group

Control group

Impact of media

$50 sales per
exposed customer

$42 sales per
control customer

$8 incremental impact per
exposed customer
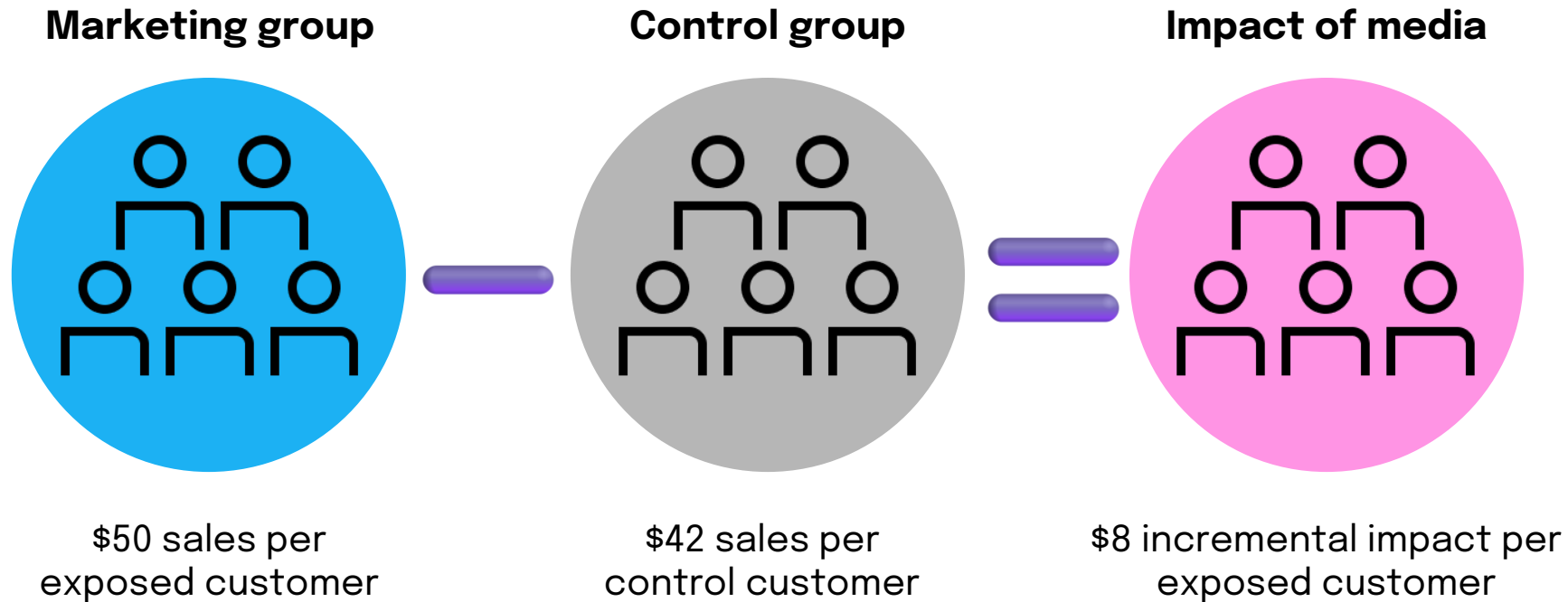
Incrementality testing is the top of the ladder of causality for assessing marketing contribution.

Imagine we turn on a marketing channel in Illinois on 9/24, and turn it off two weeks later.
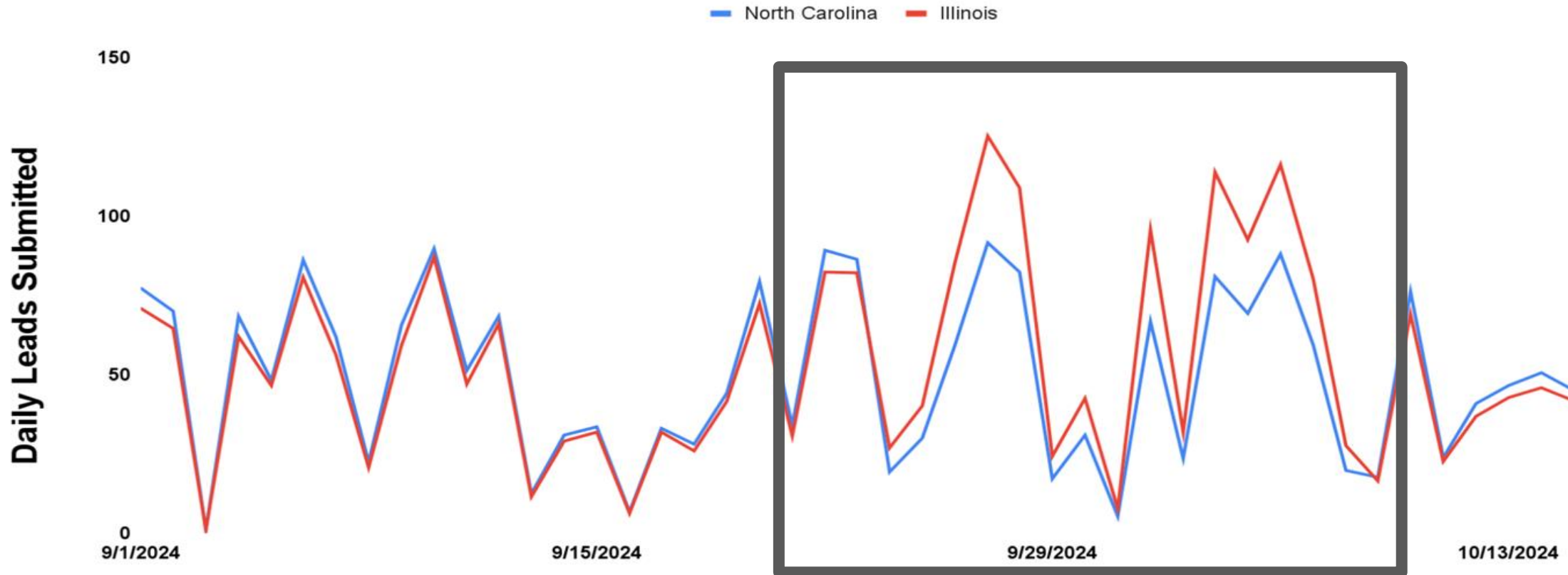
We can assess with statistical certainty that the marketing channel was the reason for the difference in performance between our two geographies during the time of our test.

The typical output of a test is the incremental contribution from a channel, used to inform working assumptions about the channel impact

Typical output from an incrementality test

Facebook Test	Low End	Mid Point	High End
Number of Incremental leads per day	4	11	19
% of all leads driven by facebook	6%	12%	18%
Chances the effect is real	98%		

How to calculate a calibration multiplier

Incremental impact ÷ Attributed impact = Calibration multiplier

Estimated from a rigorous incrementality experiment. Geo Experiments are the best approach.

Reported in attribution for the same set of campaigns and during the same time period as the incrementality experiment.

Step 1: Run experiments to create an informed iROAS per strategy type

Step 2: Calculate calibration multiplier

Step 3: Use multiplier to evaluate periods between experiments

	ROAS Attribution	iROAS Geo Experiment	Calibration Multiplier		iROAS Goal	Q2 ROAS Attribution	Q2 Estimated iROAS
Channel 1	$5	$3.5	0.7	= 3.5 ÷ 5	$3	$4.5	$3.1
Channel 2	$5.5	$3	0.54	= 3 ÷ 5.5	$3	$5	$2.7
Channel 3	$8	$12	1.5	= 12 ÷ 8	$8	$7.5	$11.25

Example: In this case, Channel 1 and 2 are performing at similar attributed ROAS, with Channel 2 outperforming Channel 1. However, when accounting for the calibration multiplier based on the experiment we ran, we see that actually Channel 1 is performing better.

*We recommend using ROAS for this approach, but it would also work with CPA values.
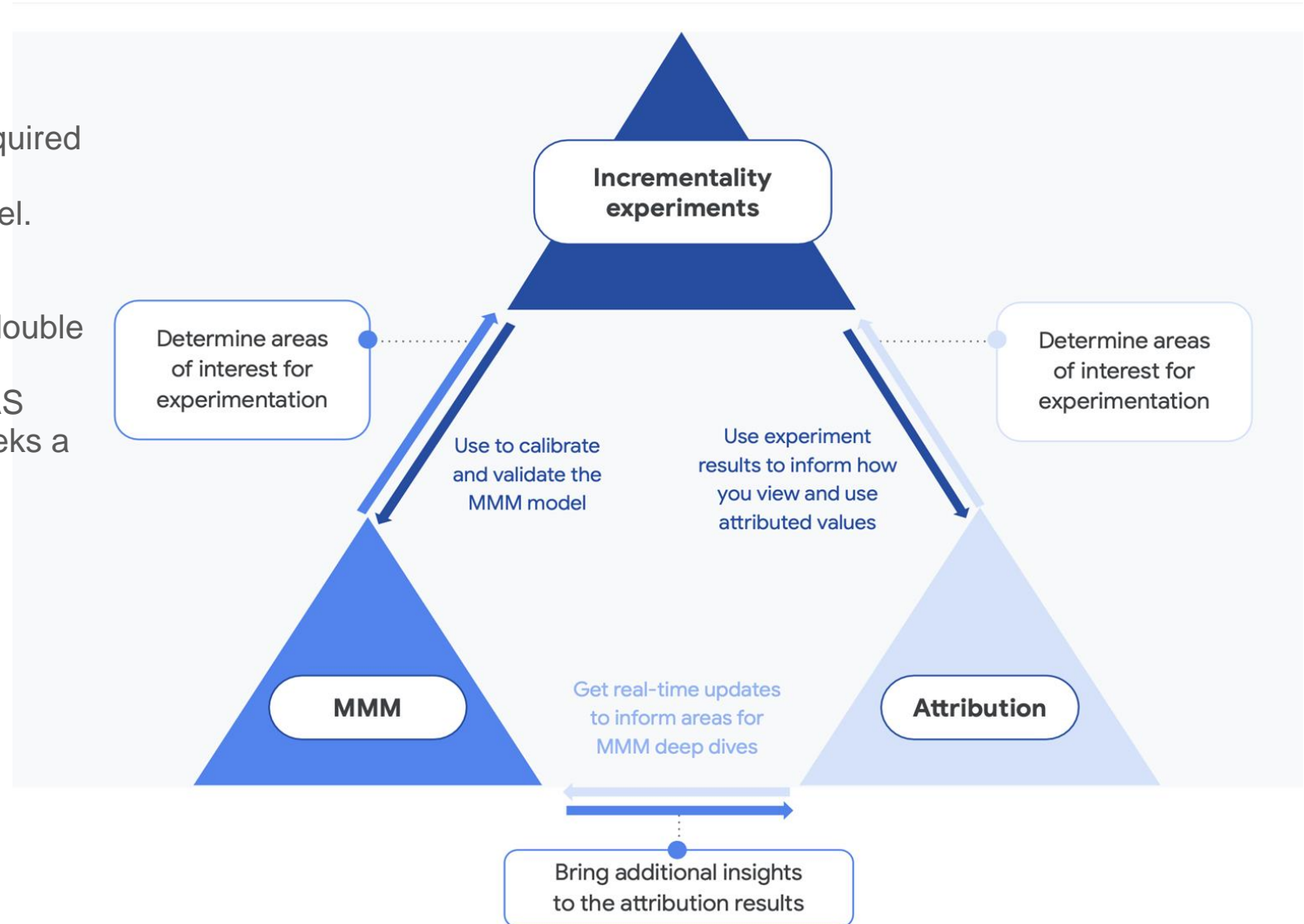
Google

The final step is bringing in high level econometric modeling to answer questions you can't get from the other sources.

Use Econometric Modeling (MMM) to:
1. Assess total marketing impact and budget required to hit your goals.
2. Determine optimal media allocation by channel.
3. Create forward looking scenarios
   a. What if we cut spend by 50%
   b. How much would we need to spend to double the business
   c. What spend level will give us a 2:1 ROAS
4. Assess media performance during the 50 weeks a year you aren't testing.

Don't Use MMM to:
1. Assess performance by creative.
2. Understand the impact of non-marketing changes such as SEO.

Incrementality experiments

Determine areas of interest for experimentation

Determine areas of interest for experimentation

Use to calibrate and validate the MMM model

Use experiment results to inform how you view and use attributed values

MMM

Attribution

Get real-time updates to inform areas for MMM deep dives

Bring additional insights to the attribution results

Effective marketing measurement is a data engineering problem more than a statistical one.

Step 1. Use a platform like **Funnel.io** to ensure you are collecting all your media execution data in an accurate and timely manner so that you can utilize this baseline for advanced marketing measurement.

Step 2: Use a professional service to measure your marketing through the 3 legs of triangulation, attribution, incrementality testing, and MMM, and immediately improve your return on investment.

A 1% improvement on the ROAS of your yearly marketing budget will be more than enough to justify the cost of any advanced measurement solution.