

A hand holding a blue pen over a document with charts and graphs. The background is a dark blue gradient with a faint image of a hand holding a pen over a document with charts and graphs.

# Attribution Modelling

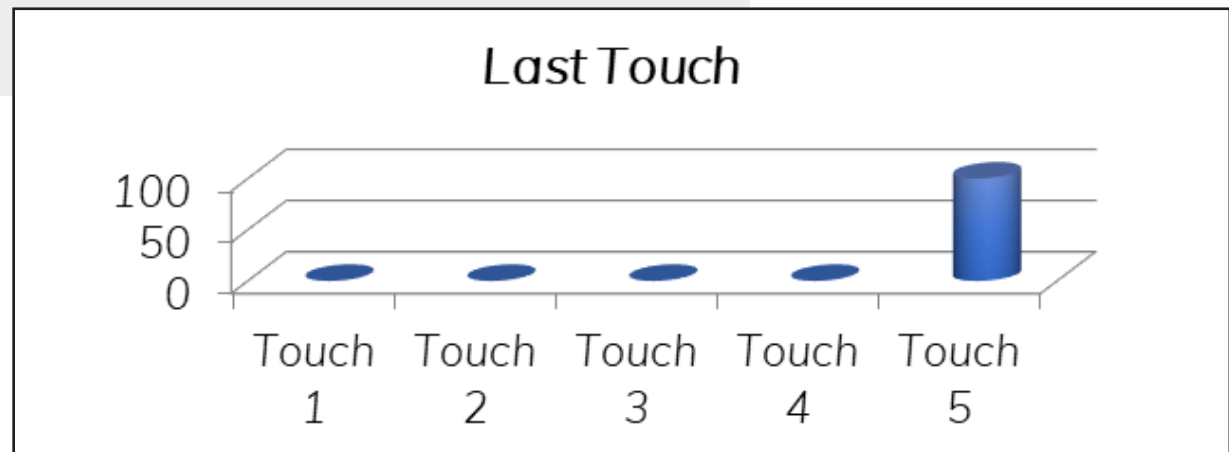
Understand where to spend  
your marketing budget

eFOCUS  
Marketing

Many companies struggle when it comes to calculating the **Return on Investment (ROI)** of their email marketing campaigns as they cannot accurately track sales back to an individual email and campaign series; especially when other marketing channels are in the mix.

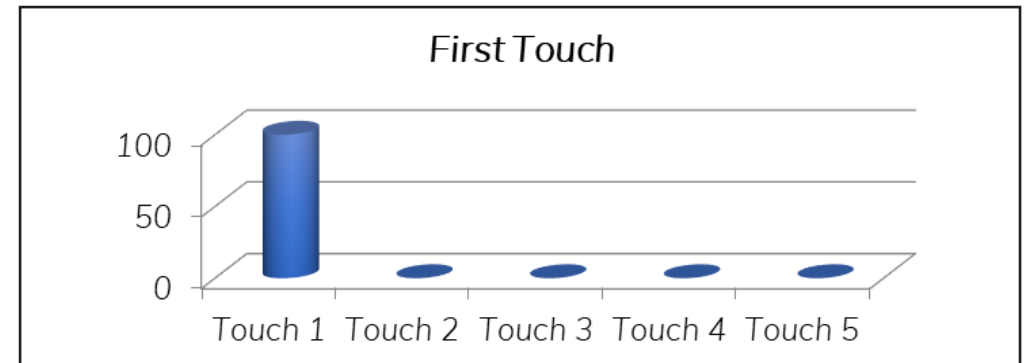
Attribution modelling refers to the rule, or set of rules, that determines how credit for sales and conversions is assigned to touchpoint.

The most commonly used attribution model is '**Last touch**' – where 100% of the credit is attributed to the final touchpoint that immediately preceded the sale or conversion.



### First Touch

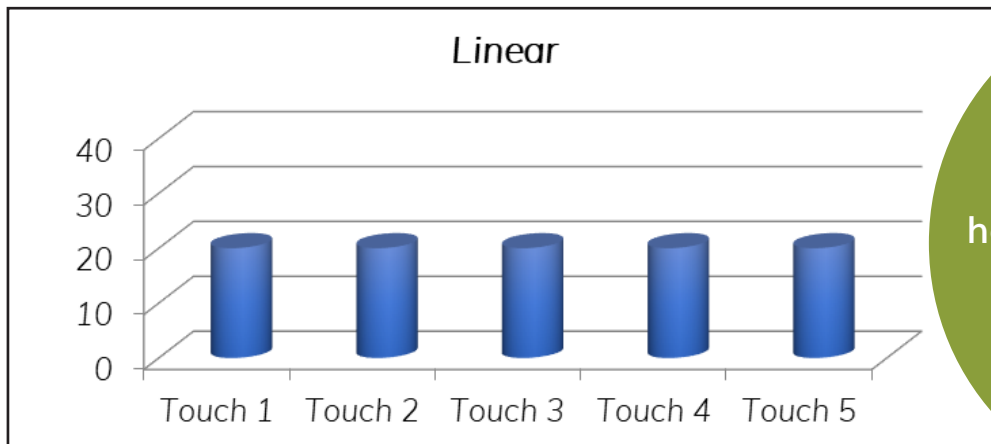
100% credit to touchpoint that initiate conversion paths



Other models that you could consider using include:

### Linear

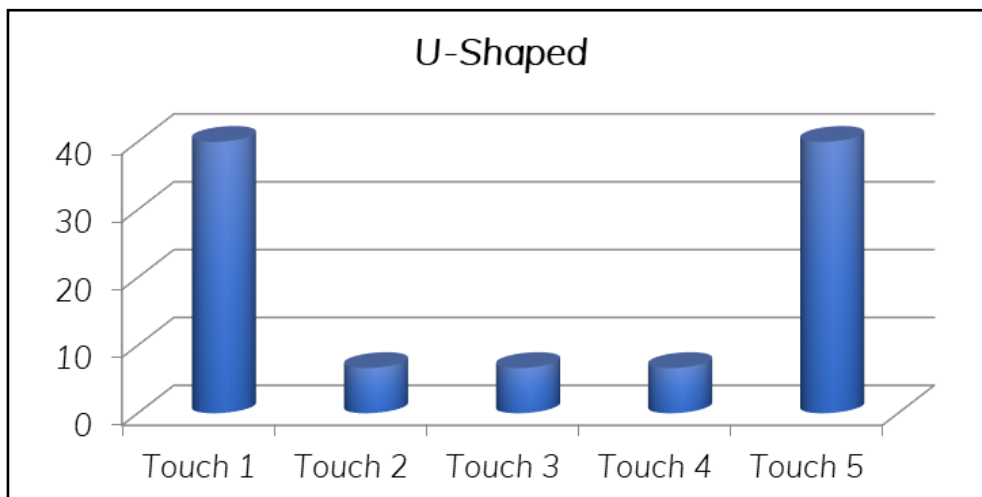
Every step of the customer journey is equally responsible; every touch point gets credit for an equal portion of the revenue a customer spends.



For example, in a customer journey where the consumer had 5 interactions, each will be credited with 20% of the revenue from that customer.

## Positional (U-Shaped)

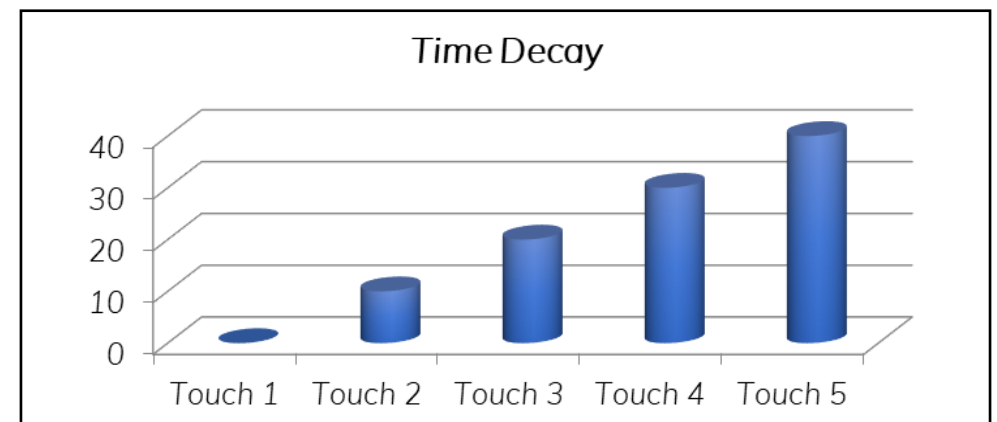
Combining aspects of First Click, Last Click and Linear. The first touch point and the last touch point are worth X% each (e.g. 45%; typically they would split 90% between them), and all the other touch points in between have the remaining percentage (e.g. 10%) divided up evenly among them.



## Time Decay

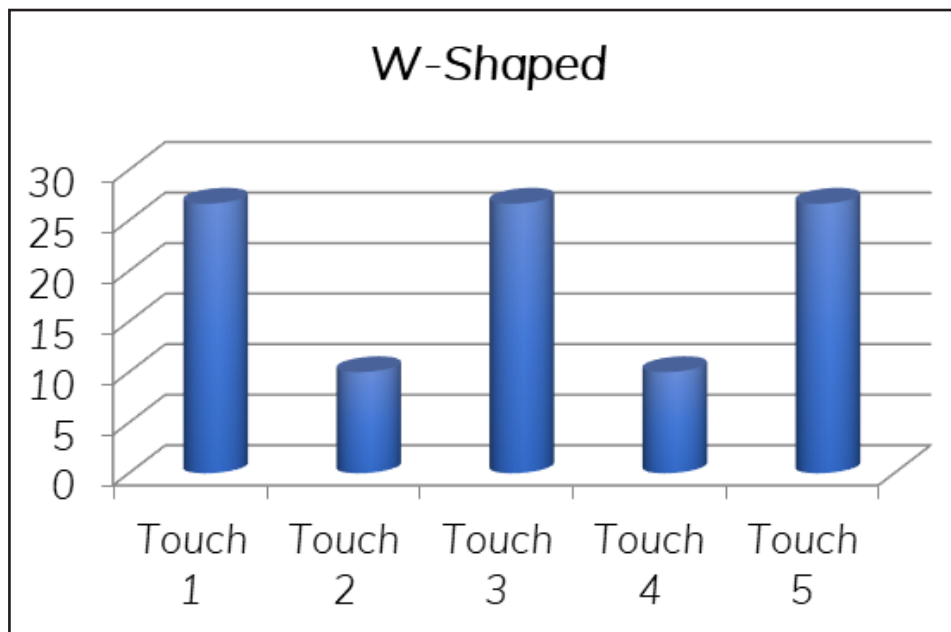
The closer (in terms of time) a touch point is to the conversion, the more influence that touch point had on the customer decision; they get the most credit.

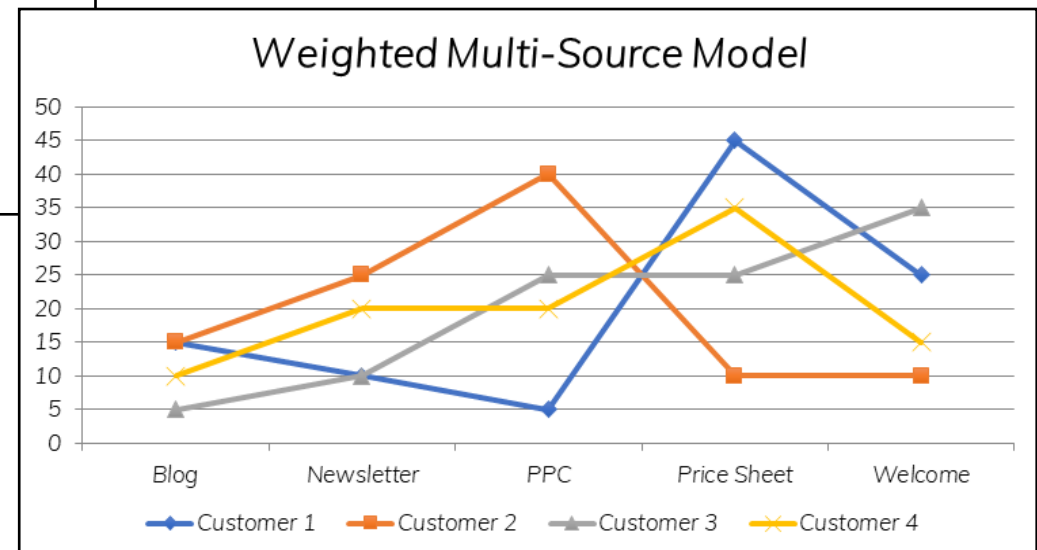
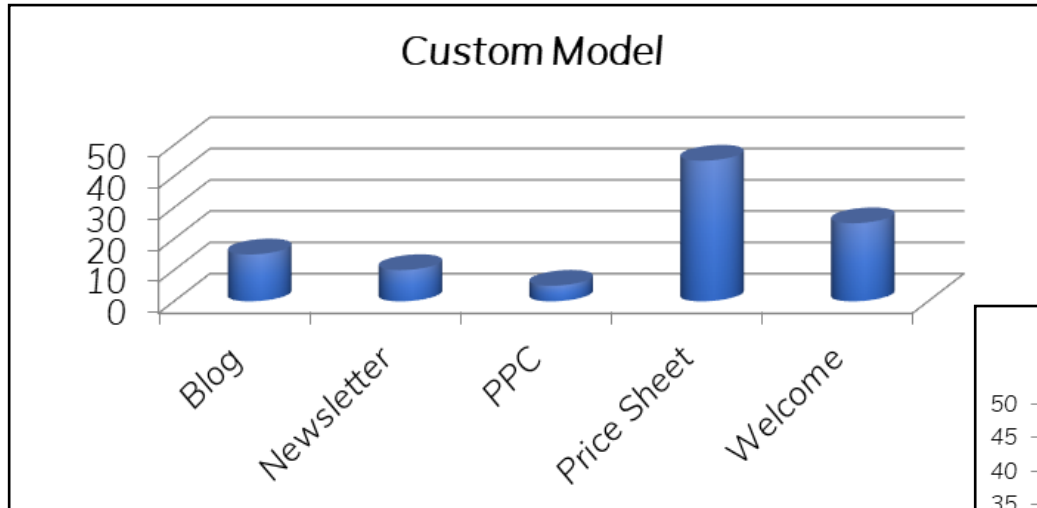
This means that the older the touchpoint, the less valuable it is seen to be on the resulting sale.



## W-Shaped

Here an equal weighting is attributed to the touchpoints at the beginning, end and middle of the journey (typically 90% as in the U-shaped model, is now split between the three points here instead of just two) and the rest is distributed between the remaining touchpoints.





As you start to build out more complex attribution models, you may choose something more customised to help you work out the contribution from each source.

This could start with a custom or weighted multi-source model where different touchpoints are given a different weighting dependent on the perceived value to the business (this is different for every business). In a custom model each channel gets a different weighting, but that weighting is the same regardless of where that touch point occurs in the customer journey. The weighted multi-source model changes the weighting of each channel based on when it occurs in the customer journey.

## Don't throw out your current attribution model!



Each of these models has a place and a value in your analysis arsenal. For example, last touch tells you what that final channel was that pushed the user over the edge to make the sale (or the channel that they reverted to, to find you again). First touch tells you which acquisition channel is working the best to initially entice people into the brand.

But in order to have a deeper understanding of the value that each of your marketing channels plays in the customer journey, and where to invest your marketing budget going forward, a different approach is required.



# The MVA (Marketing Value Analysis) Model

In the model Skip Fidura proposes in the E-telligence Podcast (you can read more about it on his blog here:

[GO TO BLOG >](#)

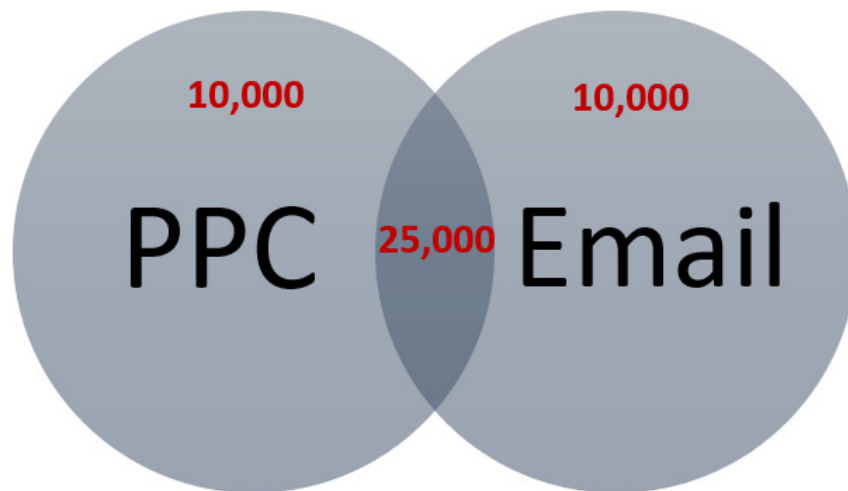
The MVA model looks at the value derived from different groups of people over a period of time through marketing channels.

**Let's look at this with an example of just 2 marketing channels that people have interacted with in their journey... PPC and Email.**



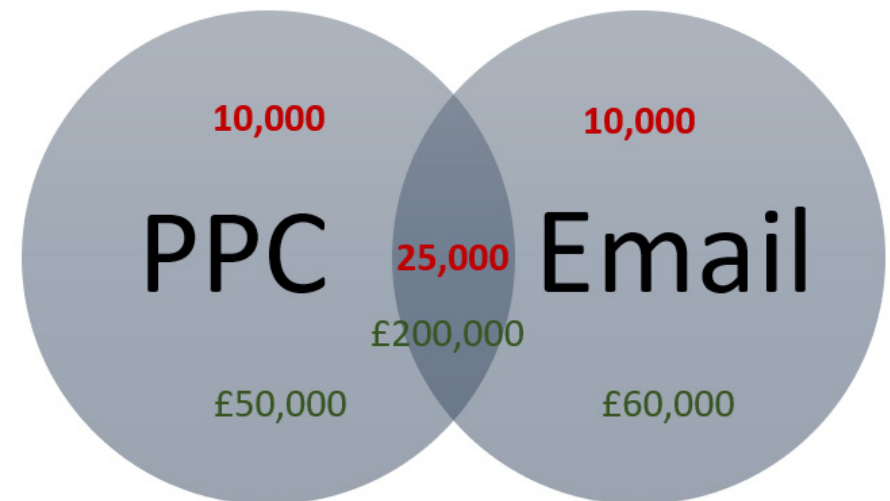
### Step 1: Identify People That Interact with Each Channel

We've got people that only ever come to the website via PPC, those that only ever come through clicking on your email and those that come from interactions with both – remember this is over time.



### Step 2: Identify the Revenue Generated from Each Group

Find the corresponding transactions for each channel to get the total value delivered in the business cycle.



### Step 3: Work Out the Average Value of a Customer Generated from Each Channel (and a Combination of the Channels)

Group	# of People	Total Sales	Average Value
PPC	10,000	£50,000	£5.00
Email	10,000	£60,000	£6.00
Both	25,000	£200,000	£8.00
<b>Total</b>	<b>45,000</b>	<b>£310,000</b>	<b>£6.89</b>

#### This tells us

- The maximum cost of acquisition per channel. The average value for each channel is the maximum you can spend to acquire a customer through that channel and break even in one business cycle.
- Which channel combinations are most powerful, which is more obvious when you have more than two channels.
- What we would need to do to hit a specific target by working the maths backwards.

For example, if we set a target of £400,000 in sales, at an average value of £6.89, we would need 58,065 people to hit our target.

Of course, there are some caveats to this example; we are not going to do anything to adjust conversion rates and there need to be an additional 13,000 people who will behave like our current list.

Group	# of People	Total Sales	Average Value
PPC	10,000	£50,000	£5.00
Email	10,000	£60,000	£6.00
Both	25,000	£200,000	£8.00
<b>Total</b>	<b>45,000</b>	<b>£310,000</b>	<b>£6.89</b>
<b>Target</b>	<b>58,065</b>	<b>£400,000</b>	<b>£6.89</b>

So, if we cannot get more of the same or getting them would be too expensive, we need to look at the value slightly differently; look at the number of purchasers that generated those sales and then calculate the average purchase value (total sales / number of purchasers)

Group	# of People	Total Sales	# of Purchasers	Average Purchase Value
PPC	10,000	£50,000	2,500	£20.00
Email	10,000	£60,000	2,000	£30.00
Both	25,000	£200,000	5,000	£40.00
<b>Total</b>	<b>45,000</b>	<b>£310,000</b>	<b>30,000</b>	<b>£10.33</b>

**This additional calculation gives us some very powerful information....**

- If you can only pick one channel, pick email because it generates the highest purchase value.
- The difference between the average purchaser value and the total average value is the amount you can discount and still make money.

The average purchaser value for email is £30 and the average total value is £6. This means you can spend up to £24 on purchasing incentives and still break even in the business cycle.

And of course, if you have more channels, you have more combinations to generate groups for. For example, if you have channel A,B,C:

Group
A
B
C
A & B
A & C
B & C
A&B&C

It doesn't matter when someone interacted with these channels (within your business cycle) or in what order, only that they did.

Want to find  
out more?

[LISTEN TO THE PODCAST >](#)

[READ SKIP'S BLOG >](#)

# About eFocus Marketing

**eFocus Marketing** is a leading specialist email marketing agency.

The eFocus Marketing team provides a dedicated email marketing resource to ecommerce companies looking to optimise, automate and grow their email marketing programme.

From strategic consulting, to full service management and training, we address every aspect of an email programme to produce successful email marketing campaigns. If you want to boost your conversions, fix deliverability problems or increase response rates, you need to ensure you are communicating with subscribers at every stage of the email marketing lifecycle.

Our team of experts will work out the best options for your business and offer solutions in bite-size pieces so that you can focus on quick wins that will increase your success as well as longer term changes to become a better sender and increase your results.

eFocus Marketing can assist you in making the most of your campaigns through the following services:

- **Email Marketing Consultancy**
- **Implementation&Management**
- **Bespoke In-house Training**
- **Online Training Courses**



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