Revenue attribution

How to measure the impact of your marketing efforts

Contents

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For marketers looking to generate more leads, enhance the customer experience and meet their business goals, it has seldom been more important to have a clear view of which marketing campaigns and initiatives are driving revenue. Consider the current landscape: Eighty percent of executives do not really trust marketing[1]. Less than 10 percent of B2B companies have tight alignment between marketing and sales[2]. And, most tellingly, top-performing marketers are nearly three times as likely to measure ROI as other marketers[3].

Many marketers are aware of the positives of tracking and attributing revenue. However, given time, resource and technological constraints, they have struggled to tie marketing activities to revenue. In particular, the siloed nature of B2B sales data and marketing automation systems has made revenue attribution a challenging task. Even when companies have attempted to tie revenue to marketing activities, it has typically been limited to attributing revenue to the first touch in the buying cycle.

Fortunately, new technological advances are making it easier to get started with revenue attribution and implement multitouch models that more accurately reflect the complete buying cycle. For marketers, this means having more confidence that you are putting your marketing resources and budget in the right places. And with today's buyers expecting more relevant, personalized content across more channels than ever before, finding new ways to become more efficient and effective has become critical.

Let us take a look at how you can get your business ready to track revenue, build an attribution model that captures the information that is important to your company, and use this data to optimize future marketing campaigns and enhance your marketing efforts.

Section 1: Setting the foundation

Missing or error-filled data can severely hinder your efforts to accurately attribute revenue. While new technology makes it much easier to capture the information you need to tie marketing interactions to revenue, there are several steps marketers should take to build a strong base from which they can accurately attribute revenue:

1 Capture both "source" and "offer"

What is your biggest source of leads? If you answered "our online demo," you are ahead of many marketers. However, if you have no idea how they found the demo and what content they consumed on the path to conversion, you are generally only seeing a small part of the picture.

To gain deeper revenue insights, you need to look at both "sources" and "offers." Think of the source as how the prospect came to know about your brand, and the offer being the reason they decided to fill out your form and give you their information:

- Source examples: Google, Twitter, third-party ad, etc.
- Offer examples: Webinar, white paper, demo, etc.

Why is it important to track both? Because buyers frequently interact with your sources and offers in unexpected ways. For example, a person coming from a Google ad (the source) may download a white paper (the intended offer), but she might also sign up for your newsletter. Or she might return in three days and register for a webinar, then download some tip sheets a month later. With the right system in place, you will be able to keep tabs on all these elements and help determine which sources you should budget for in the future to attract prospects, and which offers seem to get the most people in the door and continuing along the path to purchase.

2 Set up your system to capture virtually everything

Today's prospects and customers are interacting with you across a range of platforms and channels. Are you prepared to capture these behaviors and use them to understand and communicate with these contacts, then gauge how well your marketing initiatives are working?

Many marketing platforms will track how contacts are interacting with your emails. But what about the thousands of touches that happen on your website each day? To gather this key data, tap the power of web tracking to capture the pages that your customers are visiting – not just in an aggregate fashion, but also down to the individual.

In many cases, visiting web pages is just one of many digital steps prospects take on the path to conversion. So, make sure you are also capturing form submissions, downloads, video plays and custom events such as interactions with an ROI calculator – basically any behavior that takes place on your site and is indicative of a prospect's engagement.

It is also important to track offline interactions. Do you have prospects stopping by your booth at trade shows, for example? If so, make sure you have a system in place to capture these badge scans, information submissions (whether via salespeople or the prospects themselves), SMS to opt-in, and/or whatever other interactions are pertinent to your business.

Section 2: Creating your revenue attribution model

Once the data is collected, you will want to make sure your platform funnels it into a central marketing database where these multidevice, multichannel actions are connected to specific individuals in your database. That way, if a prospect signs up for a webinar on your website, then opens your confirmation email the next day from his smartphone and checks out your white paper, your system can recognize that it is the same person.

3 Integrate your marketing platform and CRM

In addition to setting up your system to capture all the marketing activities your prospects are interacting with, you will want to pull this information together with your sales or CRM data. Integration between your marketing platform and your CRM (Salesforce, Microsoft Dynamics, NetSuite, etc.) enables critical bidirectional flow of information.

Not only does this help eliminate duplication of records, but it enables you to combine email, web, social activity, etc. with your sales pipeline and revenue data, allowing you to tie these sets of information together and giving you the framework you will need to connect marketing activities to sales.

As an added bonus, this integration will provide sales with visibility into a lead's interactions with marketing content – and vice-versa. In many cases, this transparency enhances sales and marketing alignment by enabling salespeople to have more informed conversations with prospects.

Do you want to attribute revenue to the first campaign a customer interacted with, the last campaign that customer touched, or divide revenue equally across all marketing activities with which a customer interacts? Let us take a look at some options, examining the pros and cons of each along with examples.

1 Single attribution
This model is typically used by marketers who are just getting started with revenue tracking. As the name suggested, it means that you attribute closed revenue to a single marketing tactic, program or campaign. Marketers using this method typically attribute the revenue to the first marketing touch (original lead source) or the last marketing touch before the opportunity was created.

For example, let us say you are employing the "first touch" single attribution model and a new lead searches Google and finds your website through a search ad. Then, he views your online demonstration and become a hot lead for your sales team. The sales team qualifies the lead, and six weeks later sales closes the deal. In this example, the lead source, Google AdWords, would get credit for generating the opportunity.

While preferable to not attributing revenue at all, the single-attribution model has limitations, placing disproportionate emphasis on lead generation (in the case of the first-touch model) while ignoring the factors that influence a sale. Given today's complex, multitouch buying cycle, marketers should be cautious when drawing conclusions based solely on a single-attribution revenue model.

2 Multitouch attribution

In a multitouch attribution model, revenue credit is given to each marketing activity that may have touched a given closed deal. For example, if during a six-week sales cycle, a prospect visited your booth at a trade show, signed up for a webinar, watched a video on your website and downloaded your white paper, each of those marketing activities would share the revenue.

The exact distribution of attribution share is something that varies from company to company. Some organizations split credit evenly among all touches, while others weight activities differently based on factors such as timing, investment, sequence, etc. Here are examples of five of the most popular models:

- Even-split model: Revenue is attributed equally for each touch.

| Visited booth at trade show **25%** | Signed up for Webinar **25%** | Watched a video on website **25%** | Down-loaded white paper **25%** |

- Time-decay model: More weight is given for interactions that occur closer to conversion.

| Visited booth at trade show **15%** | Signed up for Webinar **20%** | Watched a video on website **30%** | Down-loaded white paper **35%** |

- Position-based model: Greater emphasis is placed on specific touches in the cycle, typically the first and last touches.

| Visited booth at trade show **35%** | Signed up for Webinar **15%** | Watched a video on website **15%** | Down-loaded white paper **35%** |

- Interaction-based model: More weight is placed on touches that indicate deeper engagement.

| Visited booth at trade show **20%** | Signed up for Webinar **30%** | Watched a video on website **20%** | Down-loaded white paper **30%** |

- Title-based model: Greater emphasis is placed on touches from higher-level executives than others.

| Marketing manager visited booth at trade show **20%** | Marketing manager signed up for Webinar **20%** | CMO watched a video on website **30%** | CMO down-loaded white paper **30%** |

When deciding which model to employ, it is generally best to start simple and distribute attribution evenly as a launching point. While this approach does run the risk of overvaluing low-impact touches, it helps eliminate the chance of building a flawed model based on erroneous assumptions. Once you are able to analyze influence and revenue during the course of three months (or more), you can change the weighting as necessary at that point.

You might also consider employing a combination of models to get different insights. For example, you could use a "first touch" and an "even-split" model in conjunction with one another to provide insights on both lead generation and lead nurture.

One final factor to consider is whether you want to set an "expiration date" that eliminates touches that took place far in the past. These interactions can potentially skew your data. For example, if a customer read your email 10 months ago, reconnects six months later and then goes on to make a purchase, should that long-ago email receive revenue credit for helping to influence that purchase? Maybe it should and maybe it should not – the answer will depend on your sales model and length of sales cycle.

Section 3: Analyzing the data and optimizing your campaigns

Once reporting data starts pouring in, some marketers fall victim to the dreaded "paralysis of analysis" syndrome, overwhelmed by the volume of information and uncertain how to make sense of it. Fortunately, with modern reporting tools it is much easier to extrapolate the data you need, to analyze your marketing efforts. Here are a few strategies and best practices to keep in mind when you are diving in:

1 Look at a wide range of metrics

If you want to optimize your campaigns to the fullest, based on your reporting and analytics tools, you will want to look at both "process" metrics and "output" metrics.

Process metrics measure activity on email messages. Examples include opens, clicks, unsubscribes and spam complaints. These are important measurements that help drive improvements in areas such as creative, deliverability and list hygiene.

Many marketers who look at metrics focus on this area of reporting. But if you want to fully optimize your program, you will also have to look at output metrics, such as leads generated, cost savings, order size and, more importantly, revenue. These metrics measure how well your marketing campaign delivered against your individual company's business goals.

2 Be patient

Once you implement revenue tracking within your marketing department and start seeing results, the typical response will be to optimize immediately. Do not. Make sure you have a full data set before making major changes to your marketing calendar.

How do you determine whether you have pulled enough data to begin drawing conclusions? For starters, look to see if your campaigns and activities have had enough people interact with them and run long enough to make sure that you can properly measure how effective they are within your business' buying cycle. In addition, consider waiting until you have data on multiple types of marketing activities (campaigns, mailings, events, etc.) so you can compare and evaluate them against each other.

3 Use the learnings to tweak your future campaigns

All this revenue data will not do you much good if you do not put it to use. Naturally, you will want to consider increasing the types of activities that are performing well and decreasing or ceasing the ones that are not. To do so effectively, look for connections and patterns between your marketing efforts and closed deals:

- Which website traffic sources actually create customers?
- What emails are most effective in influencing sales?
- Which web pages most frequently lead a prospect to conversion? Least frequently?
- Are there offers that seem to generate the most initial leads? Or ones that are frequently the last touch before a conversion?
- What marketing assets seem to be most effective at nurturing a prospect though the buying cycle? Conversely, where do leads seem to get stuck?
- Which campaigns drive people through the funnel faster than others?

Remember to revisit and compare reports to see what campaigns are trending up or down over time. Just because a tactic was effective in generating revenue a year ago does not mean it is still working today.

4 Look beyond the initial purchase

Historically, measuring marketing's contribution to revenue has focused on converting a contact from prospect to customer. And it is true that achieving the high growth rates key to building a business depends heavily on new sales.

However, savvy marketers also understand that it is more efficient to retain and upsell existing customers than solicit new ones. So, make sure you are not stopping your revenue attribution and optimization efforts when a prospect signs on the dotted line. Instead, measure marketing's influence on repeat purchases, upsells and renewals – and adjust accordingly.

5 Use data to make the case for bigger budget and resources

Only 43 percent of CMOs use ROI to justify their marketing budgets[4]. Yet talking about opens and clicks is unlikely to generate much excitement from the executive suite. Discussing revenue and cost savings, on the other hand, should get their attention.

For example, if you can say $1.5 million in revenue can be attributed to video viewings on your website, which represents a 75 percent increase from the year before, it will probably be a lot easier to garner more funds for higher-quality video production gear for the coming year.

Getting the sales team involved

Repeated studies have found that sales and marketing alignment is key to organizational success. And few things marketing can do have more potential to win sales' affection than revealing what revenue resulted from marketing efforts. If you can say, "Our Google search campaign generated $ABC in revenue, while our Twitter Lead Gen Cards tallied $XYZ in revenue," it will help sales understand how the projects you are working on tie to their success.

Here are three quick tips for getting the sales team more involved and invested in your revenue attribution efforts:

1) Find a front-line champion to help spread the word. Target people on the sales team who already embrace marketing. They might be salespeople who ask for events in their territories, or reps who give feedback on campaigns. If they have had direct benefit from a marketing effort helping them close a sale they will be more likely to promote your new initiative.

2) Invite sales to the conversation. Ask salespeople for feedback on your marketing efforts – what do they think is working, and what is not working with their customers? Since survey and focus groups are impractical after each campaign, sales feedback can be valuable in filling in gaps and helping you tweak future efforts.

3) Share revenue data regularly. Get together with sales frequently and show them the results of marketing investments. Monthly or weekly updates are fantastic, but at the least you should be sharing these figures on a quarterly basis. Remember to include data on campaigns that are falling short — sales is on the hook for lost opportunities, so accepting responsibility for marketing's role in missed revenue will help build solidarity and lead to helpful discussions about what you might try differently next time.funnel, but once

Section 4: Conclusion

Should you put more money into search, or experiment with a social media initiative? Is that two-minute video on your website more likely to influence a sale than your 20-page white paper? And is that nurture campaign as effective as it was six months ago?

With the right technology, you can answer these questions and many more revenue-related queries with more confidence than ever. By setting up your system to capture each interaction from first touch point to conversion – and through to repeat sales – you can start gaining insights into how your marketing efforts are impacting revenue.

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You will also be gaining an edge on much of the competition, as nearly 60 percent of B2B marketing organizations have no revenue tracking or a single attribution model in place[5]. Make no mistake, the impact of measuring revenue can be huge across the board – happier salespeople, happier executives, happier prospects and happier customers. And with 58 percent of highly effective marketers using marketing ROI to justify marketing spend versus 34 percent of their peers[6], measuring marketing's effect on revenue also makes for a more successful marketing team.

TWEET THIS!
Reading IBM's "Revenue Attribution: How to Measure the Impact of Your Marketing Efforts"

Section 6: Getting started with revenue attribution worksheet

1) List all the sources through which people come to know about your business (e.g., Google, Twitter, third-party ads, etc.):

_____

_____

_____

_____

_____

_____

2) List all the types of offers you use to encourage prospects to interact with you and share their information (e.g., white papers, webinars, demos, etc.):

_____

_____

_____

_____

_____

_____

_____

_____

3) Have you enabled web tracking on your website? ____ Yes _____ No

- If no, work with IT and marketing technology provider to implement web tracking
- If yes, are you capturing all the following web interactions (check if yes)?

_____ Form submissions

_____ Page views

_____ Downloads (white papers, case studies, etc.)

_____ Video and multimedia plays

_____ Custom events and interactions unique to your company

- Work with IT and marketing technology provider to capture web behaviors for any unchecked items.

4) Do you have a system in place for capturing "offline" and/or on-site interactions? ____ Yes _____ No

- If no, list the on-site interactions you might want to capture:
  - _____ Salesperson scanning prospect badge
  - _____ Salesperson typing name into POS software
  - ____ Prospect entering information via tablet app or other system
  - _____ Prospect "checking in" via Foursquare or Facebook
  - _____ Prospect sending SMS to opt in or receive content
- Work with IT and marketing technology solution to capture these interactions

5) Do you currently have an integration between your digital marketing platform and your CRM solution? _____ Yes _____ No

- If no, work with IT and your respective providers to integrate these sets of data

6) Look back at your answers to #1 and #2. Do you now have systems in place to capture all these interactions and attribute revenue to them when applicable? _____
Yes _____ No

- If no, work with IT and your digital marketing provider to set up the necessary integrations to capture this data

7) What type of revenue attribution model do you want to implement (please see p. 5 for insights on selecting the best model for you)?
_____ Single touch _____ Multitouch

- If single touch, which touch do you want to track?
  _____ First _____ Last

- If multitouch, please see #8

8) What type of multitouch model do you want to use?
   a) Even-split model
   b) Time-decay model

- How will you attribute revenue, based on a four-touch cycle?
  Touch 1: _____ Touch 2: _____
  Touch 3: _____ Touch 4: _____

c) Position-based model

- How will you attribute revenue, based on a four-touch cycle?
  Touch 1: _____ Touch 2: _____
  Touch 3: _____ Touch 4: _____

d) Interaction-based model

- Which touches will you give more weight to (e.g., webinars, demos, etc.), and how much more weight than the average touch will you give them (e.g., 1.5x, 2x, etc.)?
  Interaction 1 _____
     Additional weighting _____
  Interaction 2 _____
     Additional weighting _____
  Interaction 3 _____
     Additional weighting _____
  Interaction 4 _____
     Additional weighting _____
  Interaction 5 _____
     Additional weighting _____

e) Title-based model

- Which titles will you give more weight to (e.g., CMO, Vice President, etc.), and how much more weight than the average contact will you give them (e.g., 1.5x, 2x, etc.)?

Title 1 _____
   Additional weighting _____

Title 2 _____
   Additional weighting _____

Title 3 _____
   Additional weighting _____

Title 4 _____
   Additional weighting _____

Title 5 _____
   Additional weighting _____

Congratulations, you are ready to start measuring the impact of marketing on revenue! Once your data starts accumulating, refer to the "Analyzing the Data and Optimizing Your Campaigns" section on p. 7 for strategies on how to use your revenue attribution data to your advantage

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Footnotes

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