

# How Retail Marketers Are Solving the Attribution Equation

February 2015



*As the digital landscape continues to evolve at a rapid rate, many retail marketers are struggling to view the cyclical consumer journey with a 360-degree lens. To understand the value of consumers along every step of their online—and offline—shopping paths, forward-thinking retailers are reinventing the way they assign value to the myriad of tactics in their marketing toolboxes. The result? New attribution models are helping retailers create more effective campaigns that attract new customers, accelerate sales conversion and increase revenues and profit margins.*

Today's average consumer encounters a wide range of marketing messages throughout the purchase journey. Consider the glow of YouTube-video ads and emails, the feel of freestanding inserts and direct mail postcards and the buzz of location-based mobile push notifications and text messages. The sensory experience is overloaded with efforts to inspire buying decisions. However, all those marketing channels are not created equal; retail marketers are faced with the challenge of determining which specific campaign pieces are truly moving the needle and boosting the bottom line.

The understanding of which channels play the most significant roles in converting a browsing consumer

into a buying customer is evolving and imperfect.

The rapid pace of mobile innovation has only further complicated efforts to provide exact explanations for the motivations behind customer behaviors. Industry experts believe that solving the attribution equation relies on defining a growing number of variables and analyzing how they work together to reach the point of sale. The good news is that data availability is allowing for a more data-driven approach to marketing attribution. This report outlines some of the issues that are currently impacting attribution assignment and highlights how some retail marketers are addressing the difficulties that arise when laying the foundation for future success.

## MEASURE THE TRUE IMPACT OF MOBILE

Every retailer is talking about mobile—and with good reason. As consumers around the world start carrying around multiple devices with them everywhere they go, they are quickly abandoning desktop searches in favor of anytime, anywhere mobile browsing and shopping. To understand the growing size of the mobile wave, retailers can look at the most important time of the year. During the 2014 holiday shopping season, mobile accounted for 45 percent of all online traffic.<sup>1</sup>



This figure represents a year-over-year increase of 25.5 percent. With no signs of mobile adoption slowing, retailers are racing to keep up with smartphone and tablet adoption. To do so, the majority of online retailers increased their mobile marketing budgets in 2014. In fact, 43 percent of marketing departments planned to increase their smartphone budget by more than 25 percent.<sup>2</sup> However, while retail marketers recognize the need to invest more money in mobile, very few of them have strategies in place to gauge their ROI and uncover key insights that shape cost-effective campaigns.

- **Engagement versus earnings.** Despite plans to invest more in mobile-marketing programs, many retail-marketing executives are failing to articulate their goals for such programs. Just 41 percent of retail marketers have defined their mobile objectives.<sup>3</sup> Because mobile is still in its relative infancy, some retail marketers focus on measuring website traffic, customer log-ins and social media momentum. Engagement is a crucial ingredient for any consumer-facing brand. However, earnings play a more pivotal role. As retail marketers work to justify their mobile investments in organizational-budget discussions, every campaign must have a clearly defined set of objectives with a plan that aligns with concrete financial results.
- **Erase the border between online and offline.** Today's consumers move seamlessly between digital activity (on PCs, smartphones and tablets) and physical activity in stores. Unfortunately, the majority of retail marketers continue to place the digital and physical elements of campaigns in separate silos. In fact, just 13 percent of digital-business professionals track their companies' mobile audiences across online and offline channels.<sup>4</sup>



<sup>1</sup>"Holiday Benchmark Data", IBM Digital Analytics Benchmark, January 5, 2015

<sup>2</sup>"The State of Retailing Online 2014: Marketing", Forrester Research, Inc., August 2014

<sup>3</sup>"Use Analytics to Build Mobile Advantage", Forrester Research, Inc., December 11, 2014

<sup>4</sup>"Use Analytics to Build Mobile Advantage", Forrester Research, Inc., December 11, 2014

As retail marketers seek holistic perspectives on every customer's experience, this statistic carries serious shortcomings. After all, the only way to gain an accurate understanding of a campaign's effectiveness is through compiling data that answers crucial questions about a customer's movements between digital and physical environments. Did the customer read an email about a sale on a mobile device? Was the customer comparing prices on the device while shopping in the store? Did a mobile-app notification play a pivotal role in the purchase decision? How did a third-party mobile coupon motivate an in-store sale? As consumers transcend the borders between digital and physical, retail marketers must do so as well, eliminating any and all antiquated barriers.

## MAKE DATA MAKE SENSE—AND MONEY

Big data is getting bigger. It's so big, in fact, that many retail marketers face hurdles in attempts to successfully analyze what all of it means. Data quality and data management are two of the top three challenges impeding the ability to measure and analyze the vast amount of information retailers and their marketing partners are collecting.<sup>5</sup> By the end of 2019, smartphones and tablets will create more than 24.3 exabytes of traffic each month.<sup>6</sup> Despite the proliferation of big data, many in the marketing and business world are lagging behind. Thirty percent of business decision-makers say that big data is very confusing, and just 52 percent of marketing departments are either currently using big data or planning to do so.<sup>7</sup>

With such an overwhelming amount of information, it's important to take steps to ensure that data is delivering concrete answers rather than leading to educated assumptions.

**“Data owners get nervous when peers and colleagues use their data in ways they can't control. But those who control the data often do not anticipate its most interesting and innovative uses.”<sup>7</sup>**

— Fatemeh Khatibloo and Brian Hopkins, Forrester Research, May 2014

<sup>5</sup>Use Cross Channel Attribution To Understand Marketing Effectiveness", Forrester Research, Inc., December 18, 2014

<sup>6</sup>Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2014 - 2019", Cisco, February 3, 2015

<sup>7</sup>Big Data's Big Meaning For Marketing", Forrester Research, Inc. May 28, 2014

## STOP HOARDING. START SHARING.

Harness the power of your partners. More than ever, retail marketers are establishing relationships with third parties to achieve a variety of goals with promotions. Objectives include driving sales generation and repeat-customers revenue, increasing average order value (AOV), acquiring new customers and re-engaging lapsed consumers. These partnerships can do much more than elevate discount offerings, and forward-thinking retailers are making the most significant progress by sharing data with external partners to better understand customers, demystify big data and ultimately close the sales loop. By the time a customer makes a purchase, he or she has engaged with a multitude of touch points: a banner advertisement, a paid-search result, an email, a third-party coupon, an online social media review and a long list of other potential channels. The problem? A retail marketer will most likely only review the most readily available internal data. This can paint a one-sided and inaccurate view of where the customer traveled before making a purchase on the retailer's website or in a physical store. Rather than place restrictions around data, it's important to forge trustworthy partnerships that help create context for valuable purchase information. This additional knowledge will offer a complete portrait of which touch points serve as the transformative steps in the consumer journey.

## CAPTURE A HOLISTIC VIEW OF THE CONSUMER

RetailMeNot recently partnered with several retailers and attribution companies to connect the consumer-shopping journey across multiple touch points. The companies analyzed the consumer actions taken and worked to answer a variety of questions: What turns a new customer into a loyal brand champion? Which marketing tactics encourage positive word-of-mouth momentum? How can a marketer make a customer arrive at a buying decision faster?

### Attribution Study #1

RetailMeNot's recent partnership with C3 Metrics helped Bare Necessities recognize that its customers who used RetailMeNot's digital offerings converted three times faster than the rest of the Bare Necessities audience. In addition to spending at a faster pace, the customers cashing in coupons spent 5 percent more per transaction. Other RetailMeNot partners have seen similar bumps, with coupon-using customers at one department store retailer spending 16 percent more per transaction than non-coupon-using customers. See full results attached.



## Attribution Study #2

Working in conjunction with an attribution firm, a department store retailer with thousands of locations across the U.S. proved the incremental value of promotions after measuring the impact of RetailMeNot coupons. It compared more than 100,000 transactions completed with RetailMeNot coupons versus nearly the same amount of transactions completed without RetailMeNot coupons. The analysis of the comparison groups reveals three key statistics:

- On transactions involving a RetailMeNot coupon, 18 percent of total coupon sales were incremental.
- Ninety days following a purchase, RetailMeNot coupon users shopped 4 percent more and returned to the store 3 percent more than non-coupon users.
- Once converted to multichannel customers, these previously online-only RetailMeNot customers increase their enterprise value substantially. Customers who go in store for the first time with a RetailMeNot coupon increase their spend over the subsequent six months by 52 percent.

## IMPLEMENT MORE COST-EFFECTIVE CAMPAIGNS IN THE FUTURE

It's a busy digital world, and it's only going to get more crowded. As consumer engagement continues to evolve, retail marketers must take steps to begin assigning appropriate value to each piece of the sales cycle. What does that display ad mean for the entirety of the campaign? How does that coupon resonate with a prospective buyer who might need a nudge toward the checkout aisle? Which channels are fueling profits at a faster speed? These questions are all part of an interactive-media-spending frenzy that will surpass \$67 billion by the end of 2015.<sup>8</sup> Finding the answers will help retail marketers optimize their campaigns, adjust media buys and outline strategies that maximize the value of every dollar in that \$67 billion.

Interested in exploring opportunities to improve the quality and performance of your marketing efforts? Contact RetailMeNot to discuss how our partnership can help your organization be more successful.

<sup>8</sup>"Predictions 2015: Marketing Leaders Mix Data, Content And Insight To Craft Brand Experiences", Forrester Research, Inc., November 10, 2014

# Case Study: Bare Necessities

RetailMeNot partners with C3 Metrics to help Bare Necessities measure the consumer shopping journey and converts shoppers 3x faster.

3X

FASTER  
CONVERSION

## Goal

Marketers at Bare Necessities sought to better understand where and how to spend their marketing dollars more effectively. They also wanted to understand the value of consumers interacting with their brand through RetailMeNot's channels.

## Challenge

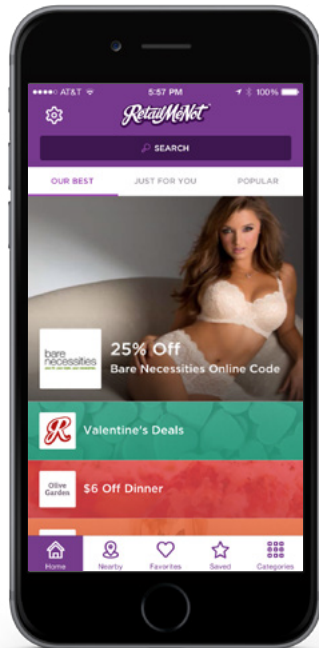
Prior to utilizing attribution management products from C3 Metrics in March 2014, Bare Necessities' optimization decisions had been based on metrics that did not account for all the different touch points consumers made throughout their purchase cycles.

## Solution

Both C3 Metrics and RetailMeNot wanted to help Bare Necessities better understand campaign performance. After collecting site and media-tagged data for months, RetailMeNot deployed an added test wave of media exposures from September 12 to October 14, 2014. To measure campaign impact, Bare Necessities and RetailMeNot conducted analysis using C3 Metrics' proprietary attribution platform incorporating viewability and cross-device tracking. In return, Bare Necessities received an exposure plan valued at \$40,000.

45%

NEW CUSTOMER  
RATE



In order to obtain the necessary insight into the activities, a C3 pixel passed back viewable impression and click data on every RetailMeNot placement. Through C3 Metrics' single-source attribution platform, it measured RetailMeNot's full funnel impact in context with all of Bare Necessities' other marketing channels. RetailMeNot's incremental exposure plan included:

- Home page carousel and seasonal pages
- Mobile Web home page
- Mobile app coverflow
- Email feature and listings
- Social media

# Case Study

bare  
necessities®

19%

INCREASE  
IN SALES

## Results

Analysis of this campaign concluded that, in comparison to Bare Necessities total customer base, RetailMeNot/Bare Necessities customers:

- Convert **3x faster**
- Spend **5% more** per transaction
- Are new customers **45%** of the time

From an attribution perspective, during the campaign, RetailMeNot delivered:

- A **19% sales increase** compared to pre-campaign performance
- A higher AOV than the balance of Bare Necessities' other channels during this time frame
- A **2:1 ROI** (attributed value to spend ratio in Bare Necessities' terms) on the incremental \$40,000 exposure value
- **~65% of attributed value** in the discovery and research stages of the shopping journey, as determined by C3's weighting of positions in a shopper's click path, further validating how RetailMeNot reached consumers at every stage of the purchase funnel

5%

LIFT PER  
TRANSACTION

Gaining a view of the customer journey has transformed Bare Necessities' understanding of its campaign performance and elevated RetailMeNot as a valued, strategic marketing partner. Bare Necessities will continue collaborating with RetailMeNot to drive performance metrics through content optimization, exposure packages and C3 Metrics for analytics insights.

"Partnering with RetailMeNot and C3 Metrics gave us true visibility into the sales funnel and a deeper understanding of customer shopping behavior."

— Sonya Moursy, Online Marketing Coordinator, Bare Necessities

## About Bare Necessities

Bare Necessities is the largest online specialty retailer of women's and men's branded and designer intimate apparel and lingerie.

## About C3 Metrics

C3 Metrics provides a leading cross channel marketing attribution platform that harnesses the power of real-time data collection and purity, algorithmic methodology and real-time programmatic communication to improve marketing ROI in both TV and Digital. C3 Metrics powers cross channel marketing decisions for customers in North America, Europe and APAC.

