

ORACLE
CX Marketing

Do More with ROI and Marketing Attribution



Spark Series



9:00 MINUTE READ





For the marketer who goes nonstop

The Spark Series gets you up to speed on pivotal marketing trends and topics lightning-fast to add that spark that sets your strategy into motion.

Think of it as a catalyst for getting ahead of your competition.

In this special Spark Series edition, we'll share best practices from our partner Allocadia, the creator of the Run Marketing movement and Marketing Performance Management (MPM) platform.



What's ROI? What's marketing attribution?

Data has power. It packs a punch. But how do you harness it? Measure it? You take control by taking advantage of precise marketing measurements—like ROI and attribution. Then you use that data's truth to illustrate your results. But even the savviest marketers can sometimes confuse the two.

Why is that?

Is it because the terms ROI and attribution are often used interchangeably? Or because they're both used to bolster revenue, goals, and marketing measurements? Either way, the truth is we're asking more of our data, ourselves, and our programs.

Let's dig a little deeper.

- 1. Return on investment (ROI) measures the gain or loss generated on an investment.**
Clear enough. But it's also a significant KPI that can serve as a hard number to prove the value of your marketing efforts to the powers that be. Without it, how do you justify purchases and creative decisions?



2. Attribution is the identification of a set of user actions (events or touchpoints) that contribute to a desired outcome. Then you assign a value to each event. It's more granular. It's a subset of the ROI equation, and it measures performance on a tactical level. In the end, it helps you optimize your strategy.

Why you need a clear understanding of ROI and attribution

Misunderstanding about ROI and attribution might lead to misunderstandings in your measurements, which means you're going to have a tough time showcasing the value of your marketing investment or its intent and impact.

That's a risk you can't afford. Without a clear understanding of ROI and attribution, you might also

- **Compromise your data**
- **Blow your budget**
- **Lose sight of your true strategy**

With a clear understanding of ROI and attribution, you can benchmark your success, prove the effectiveness of your investment, and tell the full story of what was made possible by your marketing—and why.



The basics of ROI measurement

To measure ROI, start at the beginning. Ask yourself: Which programs brought in the heftiest return on my investment and why? This will help you determine which programs to cut back and which ones to expand.

Use Allocadia's Hierarchy of Measurements to challenge yourself:

- A. Core investments** give you a fundamental measurement of your basic spend metric. Planned vs. actual. Program vs. people. Awareness vs. demand.
- B. Tactical results** allow you to measure your marketing tactics, so you can make better day-to-day decisions.
- C. Advanced measurements** take a broader look at your marketing's overall performance to see how it impacts your business metrics.
- D. Business impact** is the pinnacle. It's where you can establish your marketing's credibility by highlighting its overall value to your business and the C-suite.



This hierarchy is simple. It's straightforward and essential in making your marketing profitable and credible.

Building a robust measurement system

The first step? Understand your investments and resource allocation. It's the only way to build a robust measurement system. ROI comes first. It helps you look at your investment of time and dollars. It helps you answer the question: Could these resources have been used for greater impact?

So how do you prove ROI? As a marketer, you need to determine your organization's ROI measurements to best meet your goals.

Design the right ROI game plan:

- **ROI by product line**
- **ROI by channel**
- **Cost per metric**
- **ROI by campaign**
- **ROI for the entire marketing department**

Why so many ROI measurements? It's similar to curating the right set of KPIs. Measuring the right types of ROI helps you create impact and drive revenue.



Beware of ROI danger zones

In the hunt to find the perfect ROI, avoid these pitfalls that can ruin the integrity of your data.

- **Assuming there's one magic ROI measurement.** There's no perfect ROI formula to determine how much to spend. ROI is big picture. Don't limit its scope.
- **Discounting your relationship with finance.** Align with finance to ensure your investment data is accurate and properly structured. Get their buy-in.
- **Losing sight of the other side of ROI: investment.** Be sure to measure the cost of all of your allocated resources, such as time, money, and people.

Steering clear of these hazards will help you create meaningful metrics.



Go further with powerful tools

Uncovering the ROI of your attribution model:

From browsing to buying, attribution assigns a value to each of the touchpoints where a prospect interacts with your business. Ultimately, your goal is to decipher which touchpoints made the greatest impression. In other words, you're deciphering which moments led to an actual customer conversion.

There are two types of attribution:

- I. **Single-touch attribution** assigns 100% of the value to the exact moment the customer converted, which is usually
 - **First click**
 - **Lead conversion click**
 - **Last click**
- II. **Multi-touch attribution** assigns varying values to all the touchpoints the customer interacted with.



There are several multi-touch attribution models you could use, such as

- **Linear:** Gives equal weight to every touchpoint of the customer journey.
- **Descending:** Attributes more weight to touchpoints that occur closer to the point of conversion.
- **U-shaped:** 40% is given to both the first click and the lead conversion click. 20% is given to the remaining touchpoints.
- **W-shaped:** 30% is given to each major transition point. The remaining 10% is given to the other touchpoints.
- **Full-path:** 22.5% is given to each major transition point and the closed revenue. The remaining 10% is given to the other touchpoints.



Why you need both ROI and attribution

The truth? You need both ROI and attribution to tell a complete story. Lean on ROI to give you the big picture of all the resources you invested in to produce an impact. Let attribution provide a more granular view of which specific touchpoints converted and give you indications of why.

Here are four rules to follow.

- 1. Always ask, “What am I trying to accomplish?”**
- 2. Build your strategy on a strong foundation of data.**
- 3. Don’t assume every touchpoint is equal.**
- 4. Don’t expect attribution to prove ROI results.**



When to use ROI and when to use attribution

Use ROI when

- Evaluating whether to invest in a new technology
- Demonstrating marketing's impact on the business
- Planning marketing goals and activities for the year

Use attribution when

- Determining which pieces of content best move customers along their journey
- Clarifying which social ad performed the best



ROI vs. attribution at a glance

	Strategic ROI	Tactical attribution
Question it helps answer	What parts of marketing are beating expectations, and what is their value relative to their cost?	What (trackable) marketing activity contributed to pipeline and/or revenue?
Approach to measurement	Top down	Bottom up
Focus within the marketing organization	Company, region, product line, or global campaign	Activity-focused
Who gets value	CMO, global marketing operations, head of region/product marketing	Field marketing, demand generation
Data included	CRM, marketing performance management software, and financial system of record	CRM, marketing automation, and sometimes web data



Learn more about Allocadia on the Oracle Modern Marketing blog:

blogs.oracle.com/marketingcloud/strategic-roi-vs-attribution:-cmos-must-know-the-difference-v2

Where to begin?

Start with ROI to

- Yield better results
- Provide a full ROI picture
- Assess the impact of all programs
- Determine value for the company as a whole

With this data, you can then build up your confidence in measurements and execute on the results.

Don't begin with attribution, as it can lead to

- Self-confirming bias (or the tendency to attribute success to ourselves)
- Looking at an incomplete picture of what your results are saying, which can lead to erroneous conclusions about what was driving customer behavior



Hold yourself accountable

As you dig deeper in determining what works best in your campaigns, measure and track your ROI. Resist the urge to simply copy another company's successful campaign. Hold yourself accountable. Be committed. Build the right foundation. Know the exact measurements you're tracking and stay the course. Only then can you benchmark your success and add attribution to the mix.

“ROI is the set of measurements that will help you build marketing's reputation as a leader that drives impact. Attribution is one of the measurements that will help maintain that reputation.”

— **Sam Melnick**

VP of Market Insights and Growth, Allocadia





Spark Series

is a series of brief guides designed with mobile in mind to update marketers on important trends.

TITLES:

- Do More with Customer Data Platforms
- Do More with Email Deliverability and Privacy
- Do More with ROI and Marketing Attribution



Ignite Guides

Is a series of guides that give marketers a brief overview of pertinent topics and examines how they affect their campaigns.

TITLES:

- Go Further with Data Management
- Go Further with Digital Analytics
- Go Further with Cross-channel Marketing
- Go Further with Mobile Marketing

Oracle CX Marketing is a portfolio of best-in-class B2B and B2C marketing applications. Marketers can run them individually or in tandem to create irresistible, connected customer experiences across channels and drive unparalleled business results.

ALLOCADIA

Allocadia's Run Marketing Platform gives marketers the confidence to know where to invest their next dollar. The recognized leader in Marketing Performance Management (MPM), Allocadia enables marketers to plan strategically, invest with purpose, measure the performance of their activities, and ultimately maximize marketing's impact on the business. This gives marketers the ability to drive greater performance, increase ROI, and improve alignment with corporate goals.



oracle.com/marketingcloud/

