Why marketers aren't giving social the credit it deserves

Adobe® Digital Index

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Executive Summary

Despite how pervasive social media has become, it isn't being recognized for driving website traffic, engagement and revenue like it should be. However, the solution to giving social media its just due and measuring its true value may lie in making some simple adjustments to how its contributions are captured and measured.

Because social marketing is still so new, best practices for measuring the effectiveness of social efforts are still evolving. What's more, many senior marketers remain skeptical of social media's concrete value and its measurability, despite committing an increasing percentage of their budget towards social channels.

So, what's the best way to measure the impact of social media? And how can marketers more accurately attribute value to the role that social media – a channel they're clearly embracing but struggling to validate – provides to marketing and advertising campaigns?

To answer these questions, Adobe Digital Index interviewed social media analytics experts and analyzed 1.7 billion visits to the websites of more than 225 U.S. companies in the media, retail, and travel industries.

Our research resulted in three major findings:

1. Last-click attribution, the most common measurement model used by marketers, undervalues social media's role in engaging customers earlier in the buying process.
2. First-click attribution more accurately captures the impact of social media, increasing its value by up to 94 percent.
3. This increased value may be significant enough to change how marketers prioritize investments in social media sites and allocate spend across digital channels.

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Introduction

Consumers have embraced social media, and marketers are attempting to capitalize on this massive shift to social. The size of leading social media audiences is staggering. By March 2012, Facebook had over 845 million users, Twitter surpassed the 100 million member mark, and Pinterest became one of the top-10 social media sites in under a year.[1]

This explosion in social engagement drives marketers' growing enthusiasm for social: 73% of respondents to a 2011 Chief Marketer survey said they used social media in marketing campaigns and 15% intended to do so in 2012.[2] At the same time, however, marketers express significant reservations about their ability to measure ROI from social media. In the same survey, 88% indicated dissatisfaction with social measurement effectiveness, and 52% cited difficulties in accurately measuring ROI as their biggest source of frustration in social marketing.[3]

Measuring social media's impact on website traffic—a major reason brands invest in social media—is one source of this frustration. To better understand how marketers should measure this impact, Adobe Digital Index interviewed social media analytics experts and analyzed 1.7 billion visits to the websites of over 225 U.S. companies in the media, retail, and travel industries. Our research resulted in three major findings:

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It's all about who (or what) gets the credit

To maximize return on their marketing spend, marketers determine the percentage of their budgets to invest in marketing channels by estimating the ROI from each channel. These estimates depend heavily on the attribution models marketers use to measure past performance.

The term attribution refers to the models marketers use to determine the role that each marketing channel, such as paid search, social media, and email, plays in business outcomes: visitors, revenue, page views, and so on. For example, suppose a consumer uses Bing to search for shoes, clicks on a retailer's paid search ad with a discount offer, and then makes a purchase. The marketer assumes that the paid search ad drove the sale and attributes credit for the purchase to the Bing ad.

The assumption that the marketing channel most responsible for a consumer's behavior is the channel that the consumer last touched before a visit or purchase is called last-click attribution. Last-click attribution became widely used in the early days of e-commerce. It works particularly well for search, email, and other direct-response media channels because it measures the behavior of customers who are further along the engagement or purchase process. And it is still the attribution model most extensively used by marketers to measure all types of digital media.

But the digital paths consumers take are rarely this straightforward. To illustrate, suppose the consumer in the above example first noticed that a friend "liked" a retail brand's Facebook post containing a link for a discount offer on shoes. The consumer clicked the link, visited the retail site, and explored the offer before leaving the site. Then, a few days later, the consumer searched for the site on Bing, saw the paid ad, and purchased the shoes.

In this revised example, should the marketer attribute credit for two visits and a purchase to Facebook or to Bing? The Facebook post appears to have driven the initial visit. But without the Bing ad, the consumer might not have returned to make a purchase. To accommodate this more complex scenario, some marketers use first-click attribution. Using first-click attribution, Facebook would get credit for the purchase because it drove the first visit, whereas Bing would receive credit with last-click attribution.[4]

If the consumer's path to purchase was even longer and involved more channels—as it often does—accurately attributing credit to each site along the path becomes very challenging. Marketers are developing sophisticated cross-channel attribution models in an attempt to address this complexity.[5] However, in the absence of these models, first-click attribution can be a relatively easy way to more accurately measure the impact that top-of-funnel marketing communications have on website behavior.

How attribution can influence social media investments

The impact of social media on websites is generally higher when measured with first-click attribution models than with last-click models, and our analysis shows that the gap can be significant. Using first-click attribution for the retail websites we analyzed, the average visitor from social media sites delivered $1.13 in revenue. In contrast, when using last-click attribution, the average visitor from social media generated $0.60. Figure 1 illustrates the difference in value between these attribution models, showing that revenue per visitor is nearly twice as high (88%) for social media if first-click attribution is used.

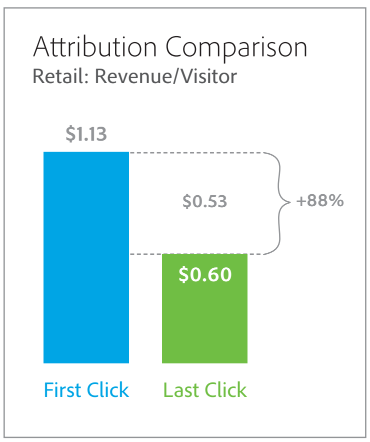

Figure 1

Social media's higher valuation using first-click attribution is not confined to retailers. The same analysis for travel and media companies showed first-click attribution resulting in values that were 94% and 28% higher, respectively, than the values calculated using last-click attribution. (See the appendix for details.)

Why are these differences so large? Social media creates an environment in which brands can build awareness and engage with prospective and existing customers early in the purchase process. Prospective customers must first be aware of and engaged with a brand before they consider it, visit its website directly or via search engines, and respond to additional marketing communications. Likewise, the ongoing engagement and conversations that brands have with existing customers increase their loyalty and likelihood of making additional purchases.

By ignoring the value of these interactions, last-click attribution gives disproportionate credit to the marketing channels customers use late in the purchase process, undervaluing the role of other channels in building awareness, engagement, and ongoing relationships between customers and brands. In contrast, first-click attribution gives social media more credit for the value created by these earlier interactions.

Why attribution influences social media site selection

Attribution models influence the social media sites in which marketers choose to focus their limited resources. To explore how attribution model choices could impact social media site selection, we compared the value of the visitors that eight major social media sites drove to media, retail, and travel websites, using a site visitor valuation metric appropriate to each industry.

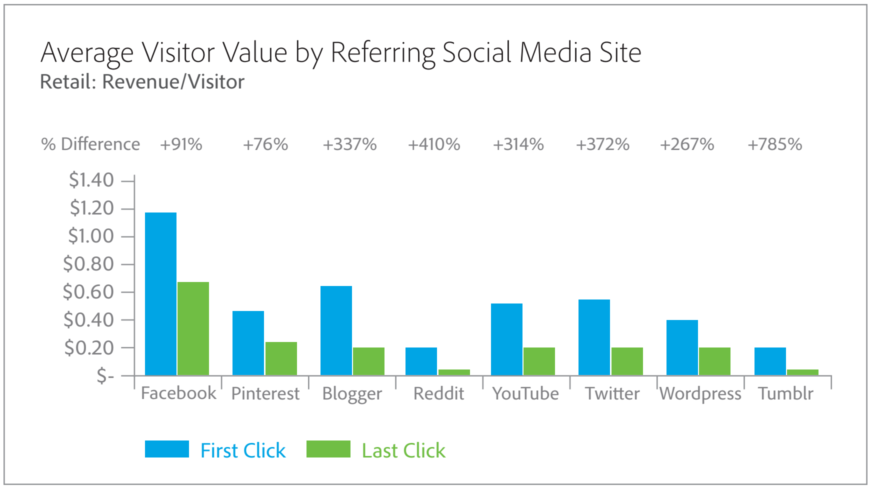

Figure 2

Figure 2 illustrates this comparison for retail. For all social sites, using first-click attribution resulted in significant increases in the value of visitors, ranging from 76% to 785%. In addition to showing higher value per visitor, using first-click attribution changed the relative ranking of these sites. For example, with last-click attribution, Pinterest generated the second highest value per visitor. However, first-click attribution metrics showed that Pinterest had the sixth highest value per visitor.

The same analysis for travel and media websites showed that first-click attribution resulted in per visitor values that ranged from 57% to 7,047% higher for travel, and 4% to 40% higher for media. (See the appendix for details.)

Attribution influences media mix allocations

In addition to influencing how marketers invest across social media sites, the choice of attribution model determines how much money marketers allocate to social media versus other digital and traditional channels—investment decisions in which significantly more money may be at stake. To evaluate how attribution models could impact this decision, we compared the value of visitors from social media channels with that of search, which consume the largest share of marketing budgets spent on digital channels.[6]

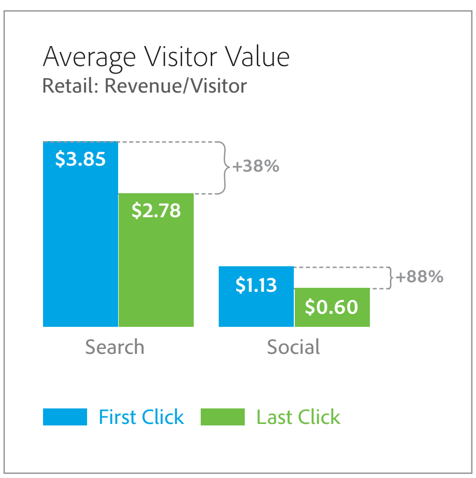

Figure 3

As shown in Figure 3,using first-click attribution for search results in a value per visitor that is 38% higher than that of last-click attribution. However, the relative gap between search and social decreases from 363% to 241%.[7] For travel and media websites, the relative gap between search and social decreased from 424% to 252% and 76% to 67%, respectively.

Our analysis shows that the value of visitors in terms of revenue from search is higher than that of visitors from social using both first-click and last-click attribution. However, this does not mean that the ROI from search marketing always exceeds that of social. Depending on the relative costs of investing in search and social channels, these smaller variances in visitor value could cause brands to shift some marketing budget from search into social media.

Other sources of social media value

Social media experts rightly argue that even if marketers could accurately attribute the impact of social channels on their websites, this value would not fully capture social media's entire impact on customers. Sources of value not captured by first-click or last-click attribution models include brand awareness, brand consideration, customer loyalty, engagement through social conversations, and offline channel transactions.

In the long term, for marketers to justify increased investments in social media, brands must work with social media platforms and third-party analytics providers to develop additional models and tools to measure these other sources of value. Because social media shares characteristics of both traditional (such as print and television) and digital (search, email) media, perhaps some combination of metrics used for both will more completely capture social media's impact.

Conclusion

Our analysis demonstrates that attribution models matter. Increased use of first-click attribution could change how much marketers invest in social media versus other channels and the social media sites in which they invest. Marketers can and should use first-click attribution, along with other relevant attribution models, to more accurately measure social's impact on their websites.

Methodology

This report presents findings from an analysis of 1.7 billion visits made to over 225 U.S. websites in the media, retail, and travel industries during February 2012. The median and average monthly unique visitors for these sites were approximately 3.7 million and 4.5 million, respectively. The visits analyzed were anonymous and consist of all visits to these websites as measured by the Adobe Digital Marketing Suite. The Adobe Digital Marketing Suite uses information available in web browsers to derive first-click and last-click attribution metrics for referring domains.

The study did not evaluate the extent to which companies' social media activities drive brand awareness, visits to brick-and-mortar stores, consumption of offline media, improved customer service, or other benefits that companies might attribute to social media investments. The analysis also did not include the impact of social media usage via apps used on mobile and tablet devices.

About Adobe Digital Index

Adobe Digital Index publishes research on digital marketing and other topics of interest to senior marketing and e-commerce executives across industries. Research is based on the analysis of select, anonymous, and aggregated data from over 5,000 companies worldwide that use the Adobe Digital Marketing Suite, powered by Adobe technology and solutions, to obtain real-time data and analysis of activity on their websites.

For additional information about this report, contact Austin Bankhead, Director, Adobe Digital Index, at DigIndex@adobe.com.

About Adobe

Whether it's a smartphone or tablet app, a game, a video, a digital magazine, a website, or an online experience, chances are that it was touched by Adobe technology. Adobe's tools and services enable its customers to create groundbreaking digital content, deploy it across media and devices, and then continually measure and optimize it based on user data. By providing complete solutions that combine digital media creation with data-driven marketing, Adobe helps businesses improve their communications, strengthen their brands, and ultimately achieve greater business success. Adobe's content authoring solutions lead the industry, enabling its visitors to more effectively produce, distribute, and monetize digital content. Adobe also delivers the most innovative solutions for optimizing marketing campaigns and maximizing return on every marketing dollar.

Appendix: Selected report data

Contribution of top social sites by industry				
Industry	**% of visitors referred from Social**	**First Click**	**Last Click**	**% Difference**
Media		**Views/Visitor**	**Views/Visitor**	
Facebook	74.8%	3.82	2.96	29%
StumbleUpon	8.0%	1.94	1.67	16%
Twitter	6.9%	3.81	2.80	36%
Reddit	5.1%	2.05	1.48	39%
Blogger	1.7%	4.46	3.20	39%
Pinterest	1.0%	2.70	2.60	4%
YouTube	0.9%	3.62	2.81	29%
Tumblr	0.8%	3.35	2.39	40%
Retail		**Revenue/Visitor**	**Revenue/Visitor**	
Facebook	77.1%	$1.28	$0.67	91%
Pinterest	8.3%	$0.39	$0.22	76%
Blogger	4.7%	$0.66	$0.15	337%
Reddit	2.7%	$0.15	$0.03	410%
YouTube	2.3%	$0.50	$0.12	314%
Twitter	1.9%	$0.52	$0.11	372%
WordPress	0.8%	$0.40	$0.11	267%
Tumblr	0.8%	$0.18	$0.02	785%
Travel		**Revenue/Visitor**	**Revenue/Visitor**	
Facebook	89.5%	$4.28	$2.40	78%
Yelp	2.8%	$3.82	$1.25	205%
Twitter	2.5%	$2.99	$0.64	367%
Blogger	1.9%	$0.81	$0.19	326%
YouTube	1.8%	$0.71	$0.01	7,047%
Pinterest	0.7%	$0.23	$0.00	n/a
Wordpress	0.3%	$1.23	$0.78	57%

Social versus search: comparison of value per visitor by industry			
Industry	**First Click**	**Last Click**	**% Difference**
Media	**Page Views/Visitor**	**Page Views/Visitor**	
Search	6.03	4.95	22%
Social	3.61	2.81	28%
Retail	**Revenue/Visitor**	**Revenue/Visitor**	
Search	$3.85	$2.78	38%
Social	$1.13	$0.60	88%
Travel	**Revenue/Visitor**	**Revenue/Visitor**	
Search	$13.39	$10.28	30%
Social	$3.81	$1.96	94%

[1] CNET, Pinterest: Crazy growth lands it as top 10 social site, December 22, 2011. Newsroom.fb.com, 845 million monthly active users as of December 31, 2011. Wall Street Journal, Twitter's slow road to IPO, March 2, 2012.

[2] Chief Marketer, "2011 Social Marketing Survey", October 1, 2011. The survey of 750 marketing professionals indicated that 78% of B2C respondents and 68% of B2B respondents use social media for marketing, and 13% B2C and 15% of B2B responded that they plan to do so in 2012.

[3] ibid. In the survey, 41% of the respondents indicated they are "not very" or "not at all" effective in measuring social media results; 47% said they are "somewhat effective."

[4] If the consumer made a purchase during the first visit, the Bing visit would not have occurred, and Facebook would get credit for the purchase under both first-click and last-click attribution models.

[5] An evaluation of these other attribution models is beyond the scope of this paper. These models offer greater accuracy and some require customized, advanced analysis and site tagging.

[6] eMarketer, U.S. digital ad spending in 2012, February 2012. Search comprises 49.4% of online ad spend.

[7] ([2.78/0.60]-1) versus ([3.85/1.13]-1)

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