ECOMMERCE INSIGHTS

ATTRIBUTION REPORT: CAN YOU REALLY TRUST FACEBOOK REPORTING?

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SUMMARY

For most ecommerce brands, Facebook platforms are one of the most significant advertising channels for them to effectively reach their audiences. However, with changes to Facebook's reporting windows being mooted, then delayed, and persistent concerns that Facebook may over value the importance of their ads; how many of these brands really know what value Facebook is actually driving for their businesses?

Data analytics specialists Metageni examine the challenges faced by ecommerce marketers in truly understanding and attributing the value of Facebook advertising, including how data is measured by Facebook, moving beyond 'last click' measurement and channel incrementality; and provide actionable advice on how brands can use their data, testing and statistical modelling to provide robust attribution across their campaigns, and understand the true value of Facebook advertising.

THE PROBLEM

Facebook and Instagram are now a core and still growing part of our lives and so it is hardly surprising that marketers are investing 100s of millions in paid advertising on these platforms. Facebook platforms offer an unrivalled ability to precisely target potential customers by demographic, device, location and interest, as well as offering powerful retargeting. Facebook advertising is supported by a wealth of analytics which seem to confirm how incredibly valuable the medium is. Despite this, many advertisers question the value and accuracy of these reports - are we right to be concerned? Can we really trust Facebook reporting?

Ultimately, advertisers want to maximise their return on marketing investment (ROAS - Return On Ad Spend) on these and other marketing channels and again here, these social platforms have a strength, with incredibly accurate and abundant data about who has seen and clicked on what ads, and then gone on to make a purchase. Despite this huge reach, precision capabilities, and abundance of data, there are major questions about the true ROAS of social media. Fundamentally, advertisers need to understand if Facebook is overvalued by its own reporting.

The best way to think about this issue is to break it down into different ROAS measurement and 'attribution' challenges. Digital marketing attribution (aka Multi Touch Attribution - MTA) is measurement of marketing effectiveness based on analysing all the customer touch points before purchase. As we will see Facebook can only offer partial answers to most of the key attribution questions we face when trying to measure the true value of social media.

Are 'look back windows' changing?

Recently there have been reports that Facebook are planning to change the default, 'look back' window for Facebook clicks from the default 28 days to just 7 days. This would certainly make Facebook's sales results reports less 'greedy' than they are currently, although in fact we suspect most advertisers would see only a small reduction in attributed results since buyers tend to research and buy in ever shorter periods of time these days, with the exception of big ticket items like holidays and cars.

For now, it seems Facebook are sticking with a 28 day look back window for clicks (a 1 day for impressions, which we will come to later…). Like Google with search, they are happy to give themselves credit by default within a month before you buy. So, this is the first significant challenge to be aware of when you read your Facebook 'results' in ads reporting.

The bigger challenge with these look back windows is they only look back at Facebook ads and not at other channels like search and affiliates. This means Facebook offer, 'within channel' attribution, but not cross-channel - the next issue we explore.

Non-Facebook channels in the mix

This is the core problem of all digital attribution - that consumers view and click on multiple ads across social, paid search, email, organic search and affiliate channels, and it becomes far from clear which of these contributed, and to what degree, to each sale. The Facebook Attribution platform ignores all of the non-Facebook channels by default, in fairness, for the simple reason that Facebook does not 'see' the other channels - other technology media owners do the same, for example Google paid search. Users do have the option to integrate Facebook tracking for other channels into Facebook Attribution, in the same way that they can use Google Analytics to attribute clicks from non-Google channels - but this a lot of work to get right, and most advertisers struggle to get it done.

Impression driven attribution

The default view for Facebook Attribution is to attribute the last Facebook click in the past 28 days that happens before the sale, but also, crucially, to otherwise attribute the last Facebook impression that happened in the past 24 hours before purchase. In other words, if you scroll past a Facebook ad in your feed and then buy from that advertiser within 1 day, your sale will be credited to that ad, by Facebook. The issue is of course that this ad impression (opportunity to view) may not have caused you to make the purchase at all. Thus, post impression attribution carries the risk of over-value the ads.

A special case is retargeting, whereby you visit the advertiser to check the product and price but do not buy, get a retargeted ad in Facebook, and then buy later on. Does Facebook deserve credit for the sale even though you had already visited the advertiser before Facebook got involved? In many cases it does not, which underscores the next problem ...

Incrementality and the paradox of targeting

Advocates of AB testing will remind you that what you need from advertising is incrementality. This means you need to estimate the purchase rate of customers who were exposed to the ads minus the purchase rate by a matching group of customers who were not exposed. In this way advertisers can ask what were the 'extra' (i.e. incremental) sales driven by the ads. Attribution in its most basic forms does not address this problem - at best it helps advertisers to frame a range of possible answers; while data driven attribution done properly starts to get to the relative incrementality of each channel in mix as non-converting 'paths' are used to drive the model. However, Facebook Attribution is of the basic type, which means it helps you ask the incrementality question better, but it does not give you a definitive answer.

What makes this an especially serious problem for Facebook is their precise targeting capability. The paradoxical nature of targeting is that while it makes sense to go after potential customers who are most likely to buy something, by targeting those 'in market', the underlying purchase rate of these people is naturally higher, which therefore reduces incrementality of the advertising. To explain this using an extreme example, a person might be so well targeted by Facebook technology that they are already fully in-market and intent on buying from the advertiser, and in this case, any advertising would be a complete waste of money, as it adds nothing - there is zero incrementality. If that sounds far-fetched, think again about retargeting and that 1-day impression attribution logic baked into Facebook Attribution. The incrementality challenge is greater the more well targeted advertising is, something which is especially hard for some marketers to understand.

Data access limitations

Advertisers might be able to make progress breaking through some of these issues if they get access to the underlying data about who saw what when, or clicked, and made a purchase, however all of that raw data is ring fenced and out of bounds to everyone except Facebook themselves. Privacy and data protection needs provide a strong justification for this, but many in the industry suspect these are convenient excuses for Facebook (like Google) to maximise control over how their marketing is measured and evaluated, and ask why some of this data could not be provided in a secure anonymised way, or be available for linking to back end systems designed purely for increased accountability. Which brings us neatly to the next major issue ...

Trust in Facebook

Why should advertisers trust media owners like Facebook to measure their own advertising? They know that the social media giant is powerful, super smart and holds all measurement cards, and so many just accept questionable attribution as the price of doing business with them.

So, is Facebook systematically overvaluing it's paid social media channels? Some believe so, but the truth may not be so simple. There are arguments that Facebook offers advertisers sources of value which are not captured by their attribution tools. For example, a key hidden source of value is branding.

Branding effects

Digital channels have tended to be treated as performance marketing channels, meaning they are expected to have an almost instantaneous effect with consumers reacting and buying in response to the ads, with strong measurability. The measurable performance of digital advertising has long been considered a strength of the medium, but it is now also widely understood that this has led to an extreme over emphasis on immediate sales impacts, for example through the endemic use of 'last click wins' attribution which undervalues activity even 'mid funnel' performance marketing.

Yet so much of advertising activity is still oriented towards brand marketing which is a longer term and more deeply psychological process of influence. Brand marketers generally aim to improve awareness of the advertiser brand to create positive associations and succeed best when they create an emotional connection which primes the buyer to prefer the advertiser brand above the competition. Crucially this priming effect takes time and means brand advertising is doing work to influence consumers weeks, months and even years ahead of the decision to buy.

Media, which is strongly visual and able to connect emotionally, is best suited to brand advertising which is why so much has been spent on TV ads over the years - still a huge chunk of the ad market. Yet Facebook has many of these same characteristics, albeit usually working with shorter time windows and attention spans. Seeing a brand dozens of times in your feed can easily influence you to consider that brand when you next want to make a purchase in that category, and this will often happen for purchases not tracked by the Facebook Attribution 1 day impression ('view through') attribution window. Branding may also influence purchases not tracked on different devices, purchases in store and word of mouth recommendations.

Social validation

Maybe we have been missing the whole point of Facebook and Instagram - which is that they are social media platforms, all about connecting with people. Likes, shares and general virality are notoriously hard to evaluate in terms of their brand value, and so it is not surprising that they get left out of social marketing evaluation. What we know is that it is quite rare for users to share or like paid media, but when they do, the value in terms of validation is huge. Any brand would generally prefer to connect with you through personal endorsement from a trusted contact than by a megaphone of generic ad claims. Here again is a key source of value that is not well captured by Facebook Attribution, and yet may mean that sometimes the medium is actually undervalued.

CAN FACEBOOK ATTRIBUTION BE SOLVED?

At this stage you may be tempted to conclude that Facebook has deliberately designed its attribution technology to obscure the true value of paid social media so they can get more revenue. Yet the truth is not quite so simple. In fact, Facebook is quite aware of these measurement limitations and faces its own challenges of complexity and lack of visibility into other media platforms, and also offers advertisers alternative ways to explore and measure social marketing effectiveness (more on this below). It is also clear that sometimes the attribution platform may even sometimes under value the ads rather than over value them, through branding and social validation effects.

3 Ways To Tackle Facebook Attribution

Method 1: Data-driven attribution for clicks

Clicks on Facebook ads are useful indicators of value, since apart from the odd accidental click through, they require user intention - a choice by the user to check the advertiser out in response to the ad. So, if a user clicks on an ad, it's a decent signal the ad is helping you drive interest, and if they later purchase something, then it's likely the ad was helpful in making that sale happen. The problem is multi-touch related - they click on Facebook but maybe also later on they click on a search ad or an affiliate link and visits several times before they buy. Maybe they are a repeat buyer and use the ads as mere navigational aids, or maybe on the other hand they are a new buyer ad is a massive nudge which grabs their attention and is essential to their decision to purchase: it's hard to know.

Data driven attribution of clicks solves this problem by collecting data on all clicks in the path to sale, and, if it is done properly, also for click paths which do not convert. The best models predict the final sale from the raw click data and leverage this model to work out what the contribution of each click is. Provided you can access this raw data - which means going outside of Facebook Attribution and using something like Google Analytics 360 - then there is a route to better evaluate the role of each click taking into account all other channels in the mix. Beware not all attribution models are created equal, and this includes data driven models, so make sure you use methods which are robust and accurate.

Method 2: Uplift Tests

Facebook is full of science geeks, and every science geek knows that the very best measurement comes from a proper control trial. Just as a drug trial will compare results from a group of people who get a placebo pill to results from another group who get the actual drug, so too can the effects of ad be compared to a group who do not get ad but may show positive results anyway. So, the Facebook geeks have created several control trial (or A/B test) options, all based on this principle. As well as offering a simple impact test for Facebook campaign, there is now also a beta version of test which looks at the interaction between Facebook and another channel, so analyse the effects of channel reach duplication and channel synergy.

The underlying selection of the control and 'treatment' groups may be unseen but given Facebook's unrivalled ability to target we can expect them to identify well matched sets of cohorts as is required to make such uplift tests robust. Statistical significance tests are included as a matter of course. Nonetheless, there will be many who regard these uplift tests with the same suspicion as other Facebook measurement tools especially since the final results have to be taken on trust. The view of the authors is that the tests are most probably correctly designed and run, but care should be to fully understand the methodology, measurement and reporting, and should seek the best available support from their Facebook account team.

Uplift tests are generally hard to dispute if they are probably designed and get enough data for statistical significance, so you might wonder why they are not used more often. You would be right about that. The main challenge is scale - tests fundamentally interfere with the media plan in order to test one particular creative and ad strategy for one particular audience at a particular time. This is really important to validate the strategy and support other methods but cannot practically be reproduced for all marketing channels and all campaigns on an ongoing basis. Also, many marketers find it hard to justify a process of deliberately not advertising to a significant portion of your target market.

Method 3: Market mix modelling

Market mix modelling (MMM) and econometrics are long-established statistical modelling techniques that use aggregated economic, marketing and sales data for high-level analysis of marketing channels and sales drivers. These models estimate the total effect that every marketing channel has on sales while controlling factors like prices and seasonality that impact business performance

The data needed for such models is less granular than the user level data needed for attribution models, and although you cannot quite get what you need from Facebook's standard reporting, few are aware that Facebook runs a MMM data access programme that supports independent econometric agencies. Provided advertisers have sufficient impression volume they can give permission for a participating econometrics agency to access their Facebook impression delivery data in the right format for this type of analysis.

Market mix modelling provides broader recommendations for how marketers should allocate their budgets to optimise performance, taking into account all factors over a long period of time and in different locations i.e. with data from multiple geographic regions over 4-5 years. It is important to understand that these are statistical models which give a bird's eye view of your activity but are not generally suited to precise analysis of particular campaigns or ads. However, for major Facebook advertisers, they provide a much-needed way to evaluate social media beyond purely click based attribution.

Summing Up

No wonder advertisers are confused about the true value of Facebook. This stuff is hard!
The first key takeaway is that you can get a reasonable evaluation of how clicks on Facebook platform ads are helping you sell online, as long as you remember to consider and measure other channels. If you want precision think about data driven attribution but never take it for granted that any such models as accurate as any other.

The second takeaway is that post impression attribution is generally broken. We know the value of the medium is more than just the clicks - Facebook ads can have branding and impression effects both short and long run, and social media is deeply attention grabbing and influential. But simply claiming credit for all sales in a 24-hour window after any Facebook impression is not justified.

The third and final takeaway then is that you need another method to get to impression value. Ideally you would run a robust uplift test (randomised control trial) to get the best and more accurate read on this, or otherwise you can get an estimate of the effects using econometric market mix modelling, provided you have been pushing out Facebook ads over time and at enough scale. A reasonable approach is to run models and use uplift tests to help validate them.

It's not easy, but it's worth it

We do not believe that Facebook is deliberately trying to pull the wool over your eyes. This stuff is hard, and measurement is complex when consumers use so many different marketing channels and devices before they purchase. Take time to understand the measurement you are using to make the most of the amazing marketing opportunity that social media presents.

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