

# Cross-Channel Advertising with Adobe Media Optimizer

Dr. Jason Gofford  
Business Analyst, Media and Advertising

As the digital landscape evolves, the channels that advertisers use become more complex and multi-faceted. The expectation that global programmatic spend in display and social will be on-par with search by 2020 means that increasingly intricate and complementary cross-channel advertising campaigns are going to become a crucial component of an advertiser's online presence. In this paper, we explain the key points that marketers should consider in their cross-channel advertising strategies. We also highlight how Adobe Media Optimizer offers consolidated in-platform access to digital channels (search, display and social) and can improve cross-channel spend, driving maximum ROI from complex advertising campaigns.

## Understanding the user journey

For any advertiser to construct effective cross-channel advertising campaigns, it's important to first understand how their audiences are interacting with each channel. Multi-touch conversions are critical to the user engagement journey: with only 50% of users converting through a single touch, around half of all conversions are driven by users who engage across channels or are engaging with a single channel multiple times (see Figure 1).

These multi-touch users are important for an altogether more cogent reason. They're more valuable, yielding a 26% larger average order value than users who convert on the first touch alone (Figure 2). Using cross-channel media to usher these valuable multi-touch users towards conversion is a key component of modern digital advertising.

Conversions by user path-length

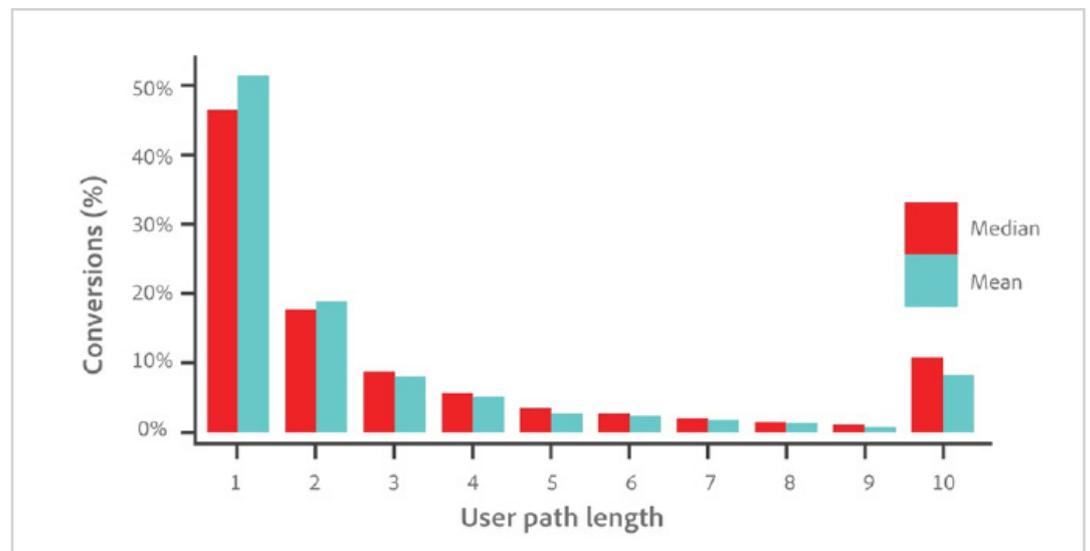


Figure 1: The median and mean conversion path length for Adobe Media Optimizer clients with cross-channel spend. Around half of all conversions are preceded by multiple touches, a fact that won't be taken into account by last-touch attribution models.

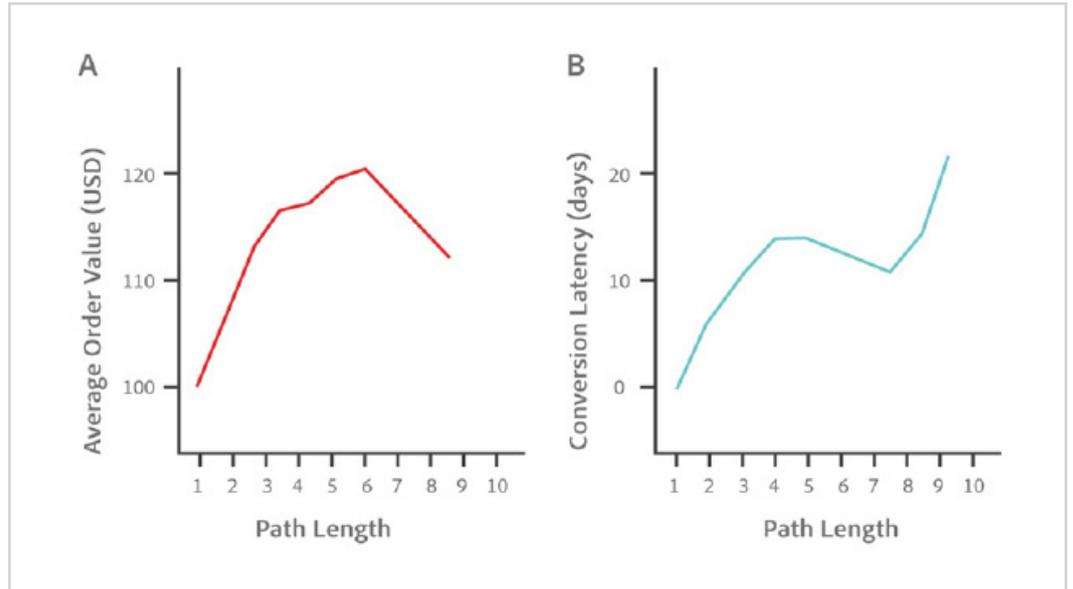


Figure 2: Average relationships between average order value and conversion latency (from first touch). Users who engage with more media typically yield larger conversion value.

### Case study: conversions by channel for a major US educator

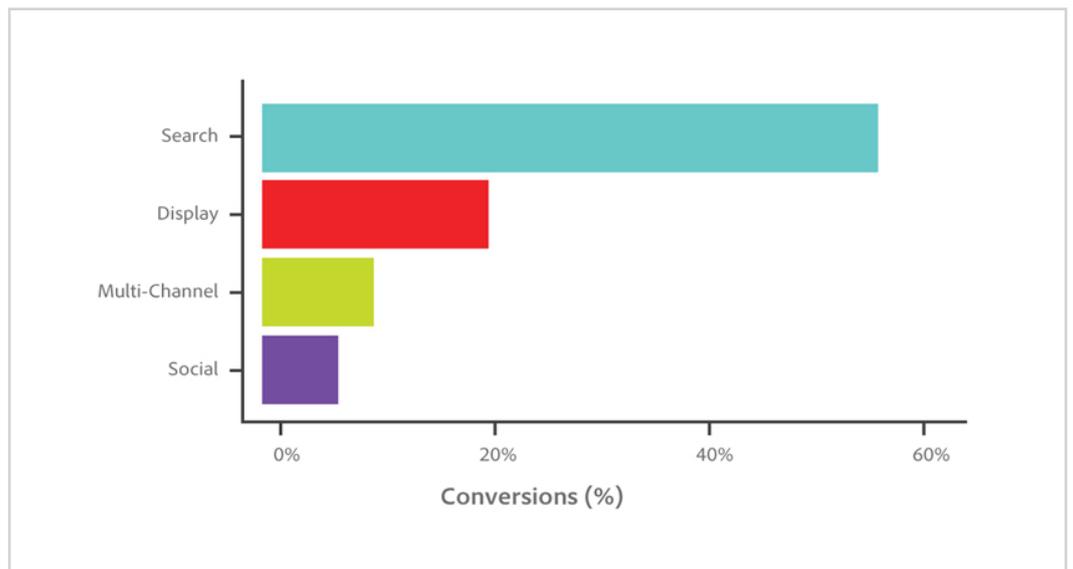


Figure 3: US-based educator; such a relationship is typical of Adobe Media Optimizer clients with cross-channel spend. Source: Leading US educator.

Figure 3 shows the conversion breakdown for the average cross-channel advertiser at Adobe Media Optimizer. About 90% of conversions can be considered 'pure channel' in that they're associated with users who only engage with one class of media (even if that engagement is multiple times, e.g. two search, a display impression followed by a display click, etc.). For those 10% of multi-touch conversions that have cross-channel touches, we can de-construct the user journey to understand how combinations of cross-channel media drive conversions. For instance, a major US retailer finds its customers have many different conversion paths (Figure 4). On average, 5% of its conversions are associated with display users later converting in search, whereas 2% of its users convert in search after being retargeted following a prior search. Retargeting of search users is also important, making up about 3% of total conversion value. This emphasises the need for advertisers to understand both multi-touch conversions and cross-channel interactions when seeking to maximise their ROI.

### Conversions by user journey

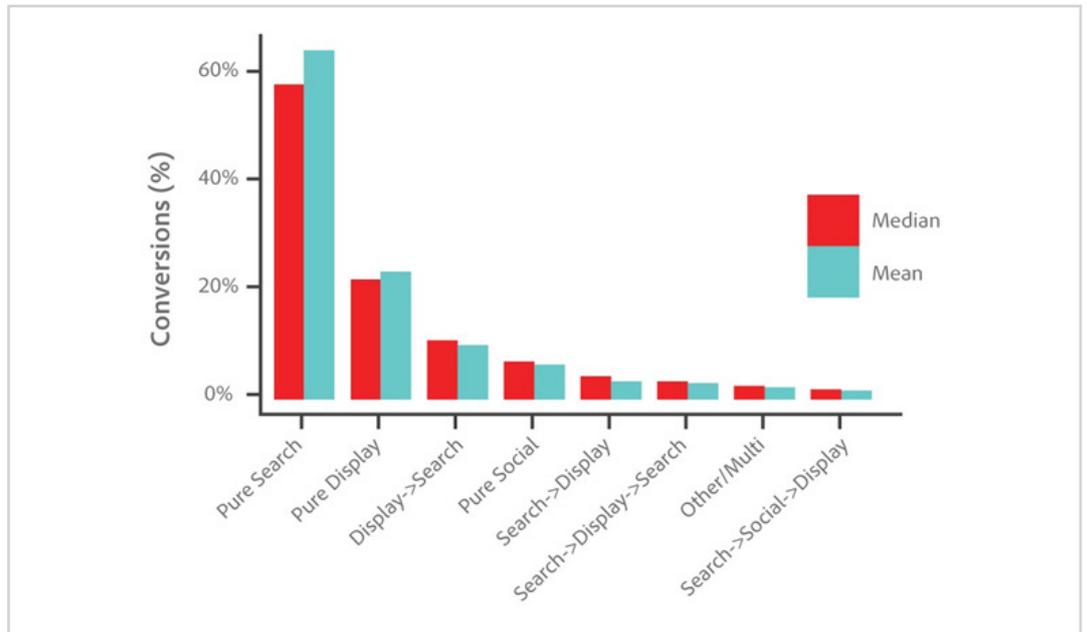


Figure 4: Mean and median breakdown of conversions at Adobe Media Optimizer by user channel engagement. 10% of Adobe Media Optimizer conversions are associated with users having engaged with cross-channel media. Multi-channel conversions can be used to understand the role that cross-channel media is having on the user's journey in the lead up to conversion.

### The importance of cross-channel interactions

For clients at Adobe Media Optimizer, 50% of all conversions involve more than one touch point on average, with 20% of those involving more than one channel. Knowing this, we can use these cross-channel paths to investigate the role that cross-channel media is playing in the lead up to conversion. Before we do this though, it is useful to identify three different types of user interaction based on where a channel occurs in the conversion path:

### Channel role in multi-touch conversions

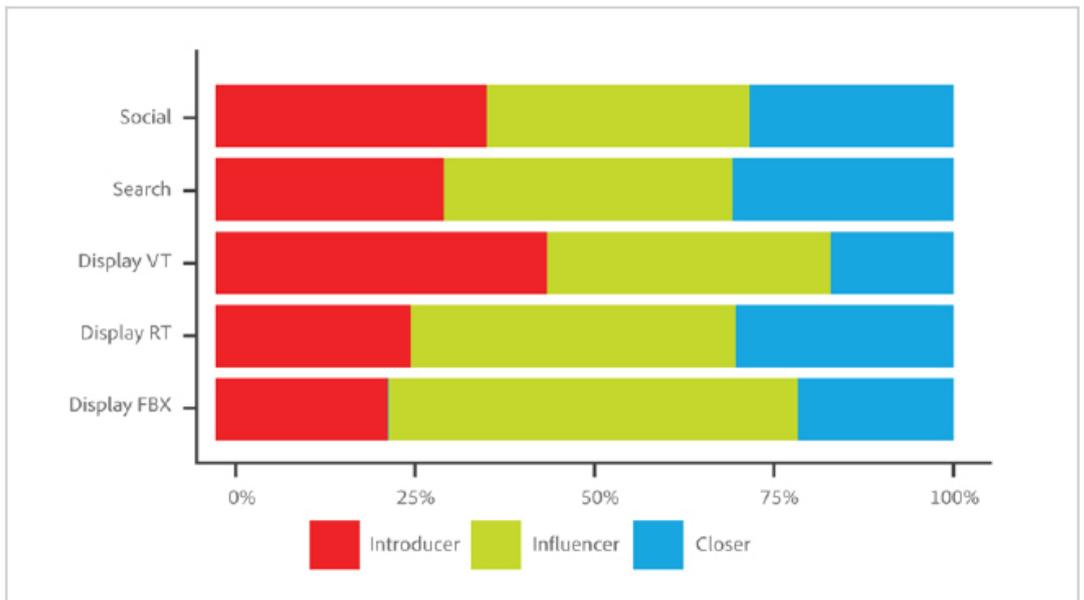


Figure 5: Chart showing the relative strength of each channel in the multi-touch and multi-channel conversion paths. Understanding the role that each class of digital advertising media plays in the conversion funnel is an important component of executing effective cross-channel media campaigns.

- **Introducer:** an introducing channel is the first touch in the user journey, i.e. it's the channel through which an eventual converting user is introduced to an advertiser's cross-channel digital media.
- **Influencer:** influencing channels engage with a user between their first touch and their eventual conversion. These channels can be considered as influencing a user towards a conversion decision.
- **Closer:** the closing channel is that through which a user converts, ultimately closing the conversion path.

Figure 5 shows the relative strength of each channel in the multi-touch conversion path for an example client at Adobe Media Optimizer. Here, display has been broken down into the three main types of RTB media available through a demand-side platform for Adobe Media Optimizer—prospecting (VT), retargeting (RT) and the Facebook Exchange (FBX)—which can play fundamentally different roles in the conversion funnel. The plot shows how frequently (of the total number of multi-path conversions in which it was involved) a given channel was an introducer, an influencer or a closer.

Various types of digital media are clearly involved at different points of the conversion process, ultimately reflecting the fact that they represent different parts of the multi-path conversion funnel. Prospecting display, for instance, performs best as an introducing channel but is a much weaker closer, whereas the opposite is true for retargeting: significantly better closer and a weaker introducer. In contrast, search- and social-based ads are equally effective across the funnel, and display FBX is a strong mid-funnel influencer. The various channels therefore have fundamentally different roles in the user journey: introducers such as prospecting and social lure in new users through openly targeted campaigns, influencing channels keep products in their mind, and closers induce them to eventually convert. Leveraging these relative channel strengths is an important component of an effective cross-channel media campaign.

## The problem of attribution

While transparency into the multi-touch conversion journey allows clients to build qualitative insights into how users are engaging with their multi-channel media, it also raises an important question: if a conversion has multiple touches, be it through a user being issued multiple display and social impressions before converting via a display click, or converting via a search click after being retargeted by a display ad, how should the resulting conversion value be distributed in order to quantify the value of each channel to that the user's individual journey? This is the classic 'attribution problem' and is the staple of multi-media advertising campaigns.

Across the digital space, the most frequently adopted attribution method is arguably that of 'last event'; where 100% of the conversion value is attributed to only the final event in the user path. Consider two user journeys:

1. **search click -> conversion**
2. **social click + display retargeted impression + search click -> conversion**

In both of these scenarios the paid search click is the last event in the conversion funnel, and will therefore be assigned 100% of the conversion value under the last event attribution scheme. However, this approach, while being relatively easy to compute and understand, doesn't take into account the user journey when allocating revenue which can lead to some channels being over- and under-valued simply by virtue of where a user encounters them in the lead up to a conversion. Last event attribution methods shouldn't be used for cross-channel media campaigns—where different channels play fundamentally different roles in closing or otherwise influencing a conversion (e.g. Figure 5)—because the allocation of revenue per channel doesn't accurately capture the means through which each channel facilitates a given conversion.

**Channel revenue for last event and evenly distributed attribution rules**



**Figure 6:** Comparison of revenue associated with each channel, as determined by the 'last event' and 'evenly distributed' attribution rules which attribute revenue to either solely the converting channel or spread it across the conversion path, respectively. When using 'last event' attribution, display can be under-valued by a quarter whereas search and social can be over-valued by between 15-20%. This indicates that while display engages users during the conversion journey, it is not necessarily the channel through which they ultimately convert.

In light of this, a better approach for cross-channel advertisers is to adopt a multi-touch distributed attribution model which will spread the conversion value across the various user touch points to take into account their relative value. The difference in revenue allocated for each channel by last event and evenly distributed attribution models can vary drastically (Figure 6). Last event favours search and social when attributing revenue, and disfavours display: on average, 20% and 15% more revenue is attributed to social and search when using last event attribution over evenly distributed, and 25% less is allocated to display. In other words, last event attribution is intrinsically biased towards closing channels and it neglects those which have a stronger influencing or introductory presence in the conversion funnel.

## Effective cross-channel advertising

Benefiting from these insights, here are five tips for digital professionals seeking to administer a successful cross-channel advertising campaign.

1. Ensure unified tracking is deployed across all your advertising channels: without this, even the most basic of cross-channel insights cannot be developed and multi-touch attribution models cannot be used.

2. Leverage your customer insights: with 50% of conversions coming from users who engage with more than one item of digital media, understand your multi-touch conversions to obtain insight into the user journey. Maximise your ROI by leveraging the relative strengths of your digital media library to build structured campaigns that engage with your users at all points of the conversion funnel.
3. Use an appropriate attribution rule: recognise that 'last event' attribution will not take into account the user journey and is therefore flawed in a cross-channel context. Use a multi-touch attribution model instead to ensure that the relative channel-value is represented in your revenue stream, and plan your budgets accordingly.
4. Maintain reactivity: use your attributed performance data to maintain a malleable media strategy that can react to your market dynamics. Do not be afraid to make on-the-fly adjustments to account for changes in volume, be it through 'seasonality'—daily, weekly, monthly or yearly—or e.g. the weather or current events, which can affect your user browsing habits and therefore your available revenue stream.
5. Testing is the key to success: your advertising environment is a laboratory. Ensure that your teams are continuously learning from every campaign in order to both grow efficiency and increase performance metrics.

## How can Adobe Media Optimizer help?

With in-platform access to search, display and social, Adobe Media Optimizer is uniquely situated to ease the difficulties of managing complex cross-channel advertising campaigns. We aim to make the process even easier for marketers by additionally providing:

- **Data transparency:** data transparency, a core philosophy of the Adobe Marketing Cloud, is embodied in the reporting provided by Adobe Media Optimizer. All of the data contained in this paper, including the user conversion journey, attributed per-channel performance, cross-channel interactions and conversion latency—are available directly through Adobe Media Optimizer reporting, and this same level of access is passed directly to all of our users. We give advertisers an unrivalled view into not only their performance data but also all of their media costs so they can make the best decisions for their campaigns.
- **Attributed simulations:** where reports provide retrospective insight, our attributed simulations afford advertisers crucial foresight into their campaigns. Complementing our selection of multi-touch attribution models, which range from even distribution to a fully custom weighting per touch, the Adobe Media Optimizer cost and revenue simulations allow advertisers to gauge how different attribution models will distribute their expected revenue amongst their individual ads and campaigns.
- **Media Mix:** For a chosen attribution rule and media strategy, the critical layer of cross-channel optimisation is what we call the 'media mix': what is the best distribution of media budget across channels to maximise overall ROI? This is a crucial question for the modern marketer, but is not one that is easily solved. Benefiting from our industry-leading portfolio modelling and optimisation methods, the 'spend recommendation' tool — shown and explained in Figure 7—provides advertisers with a means of algorithmically applying their cross-channel insights to build flighted and reactive media campaigns with ease.

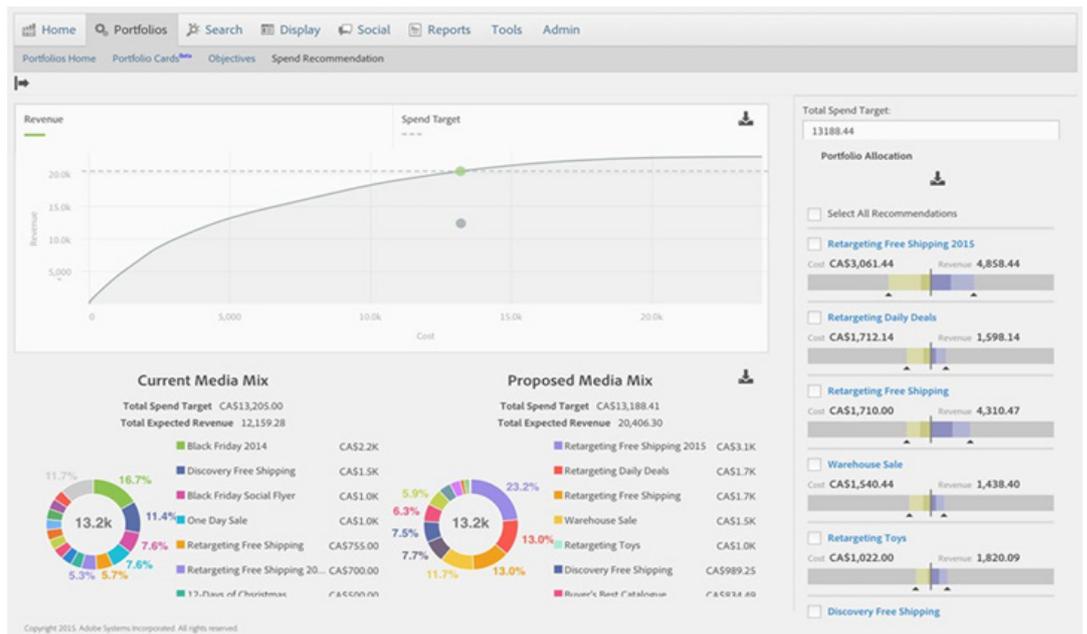


Figure 7: The Adobe Media Optimizer 'Spend Recommendation' tool. Combining multi-touch attribution models and cross-channel insights, the spend recommendation tool can algorithmically model the distribution of media spend across channels to maximise cross-channel ROI.

These capabilities ensure that cross-channel advertisers using Adobe Media Optimizer can react fluidly to their advertising conditions. Consider the example of a US-based retailer entering their peak revenue period (Figure 8). By using attributed simulations and media mix optimisation this client was able to consistently maintain a media flying strategy that uses its different channel strengths: display as an initiator, social as an influencer and search as closer, thus engaging their users throughout the conversion funnel.

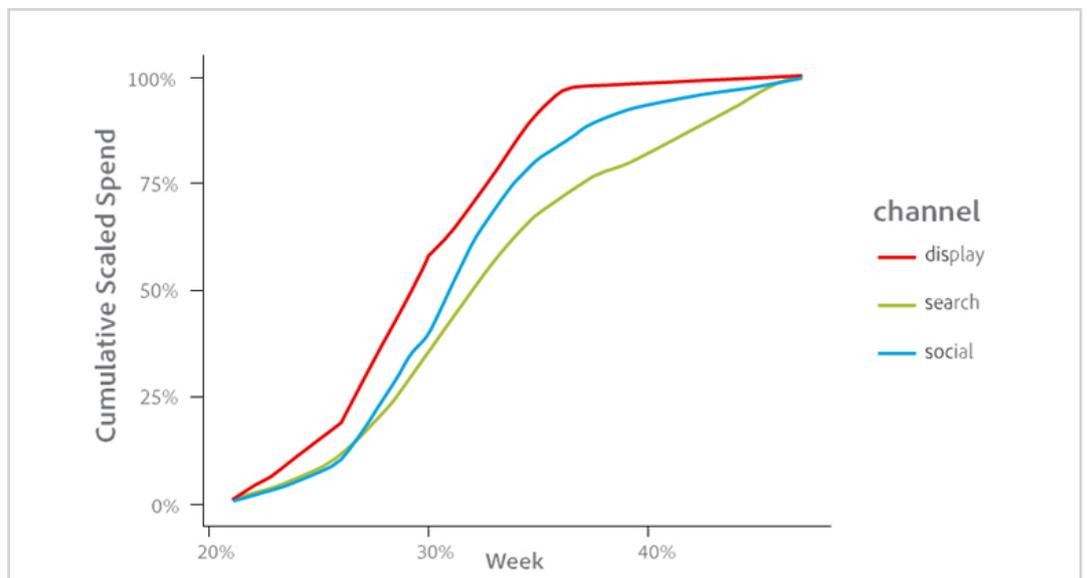


Figure 8: Example of flighted media spend from a large North American retailer during its peak shopping period. Display spend peaks ahead of social, which in turn leads search. This strategy leverages the conversion funnel by first initiating users with display, keeping them engaged with delayed social spend and allowing them to ultimately convert on search.

## Conclusion

As the value and insight of cross-channel advertising is exposed, it's important for advertisers to understand how best to harness these new opportunities. Cross-channel isn't new, but we now have new capabilities that deliver greater results through data and integrated technology. In terms of attribution, we're also able to create more accurate views of channel interactions that match an advertiser's specific requirements.

We know that half of all conversions require multiple touch points. But how can advertisers determine the right mix? With the abundance of data and technology choices, the complexity to manage multiple channels requires machine learning aligned with human guidance. Marketers need to create an environment of excellence within their teams, and use technology and algorithms to make these critical and real-time decisions.

Each customer is different and must be treated in a unique and meaningful way. These new capabilities allow cross-channel advertisers to test, learn and develop relevant and effective campaigns that match the customer's interests and place in a purchase cycle. And the only true way to accomplish this is through a test plan driven by data and integrated technology.

For more information about Media Optimizer, visit <http://www.adobe.com/marketing-cloud/programmatic-advertising.html>

**For more information**  
[www.adobe.com/solutions/  
digital-marketing.html](http://www.adobe.com/solutions/digital-marketing.html)



Adobe Systems Europe Ltd  
Market House  
34–38 Market Street  
Maidenhead  
Berkshire  
SL6 8AD  
United Kingdom  
[www.adobe.co.uk](http://www.adobe.co.uk)

Adobe and the Adobe logo are either registered trademarks or trademarks of Adobe Systems Incorporated in the United States and/or other countries. All other trademarks are the property of their respective owners.

© 2016 Adobe Systems Incorporated. All rights reserved. Printed in the UK.

06/16