



# ***Full-funnel performance: Digital advertising in the privacy paradigm***

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# Authors

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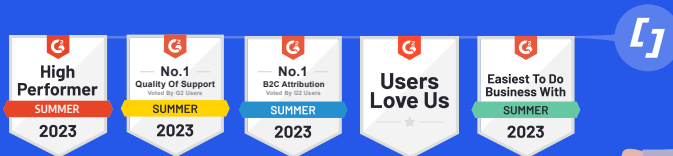
Pinterest is the visual inspiration platform people around the world use to shop products personalised to their taste, find ideas to do offline and discover the most inspiring creators. Our mission is to give everyone the inspiration to create a life that they love.



**Jamie Bolton , VP Growth @ Fospha**



Fospha is the marketing measurement platform for eCommerce. Marketers using Fospha know exactly which ads are really working, including measuring the impact of Paid Social impressions. Brands using Fospha deliver profitable growth, fast.



## The changing world of <sup>digit</sup> privacy

The digital media landscape has evolved significantly over the past decade, introducing new challenges and opportunities for marketers. While the ability to measure engagement was originally seen as a positive development, relying solely on engagement metrics like clickthrough rates (CTR) over time has proved to be limiting.

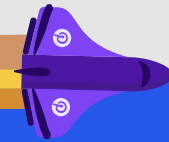
In this white paper we will highlight some of the challenges of measuring lower funnel media effectiveness in the ever-evolving landscape, particularly within digital and social media. Additionally, we highlight the importance of adopting a comprehensive system of measurement to include more than just one source of truth.



# The Changing Consumer Journey

Tracking a short, linear consumption path remains pretty easy: someone sees an ad for trainers, clicks, and checks out. However, the proliferation of consumer technology like smart devices, combined with platform diversity, have transformed consumer behavior. These changes have also fragmented the customer journey, making it increasingly difficult to measure ROAS accurately.

Traditional, site-centric analytics platforms like Google Analytics or Adobe, once a reasonable source of truth in the linear conversion world for advertisers with a marketing activity limited to performance marketing and a business limited to online, can no longer provide the complete picture. Customer journeys are increasingly complex, increasingly cross-device and happen more and more within walled gardens, shielded from the view of these platforms. As a result, relying on these platforms and the last touch attribution models they provide can lead to broken measurement, hindering the accurate evaluation of media spend.



To worsen the problem, the last five years have seen a step change in the way that the world views digital privacy. While for many years ad tech was only really limited by the technical possibilities of what data could be collected and used, the double whammy of the Cambridge Analytica scandal and the introduction of the GDPR in 2018 signaled a new era. Regulatory and ethical pressures around online privacy have seriously eroded the amount of data available through digital trackers. Long overdue, this trend shows no sign of slowing up, with cookie blocking and deletion now very established, iOS 14 limiting mobile tracking, and third party cookie deprecation and iOS 17 in the works. Though welcome changes, all of this combines to make it harder to correctly credit and attribute sales to channels.

This has also been recognised by Google, as Last Click is no longer the default attribution model within Google Analytics 4 (GA4). Instead they have introduced Data Driven Attribution (DDA), a multi touch attribution model by design. This means that instead of just looking at the final click-based touchpoint in a customer's journey to sale, the model shares the credit between all clicks it can see leading up to the purchase. In a way this is a big step, finally giving some credit to higher-funnel publishers and media. However, it is still dependent on cookies for tracking, so the journeys captured in Google are significantly shorter than when this modeling approach was conceived. The timing is ironic - after years of clamor for a more full funnel solution, Google has released one just as privacy limitations restrict its view to mostly focus on the bottom of the funnel anyway.

# The social media attribution challenge

Another critical challenge with GA reporting - whether on Universal Analytics or GA4 - is that it doesn't track any post-impression data (outside of Google's own properties). This means that social media advertising in particular suffers heavily. Typically further up the funnel, journeys started on Social platforms are more likely to be cross device, and many journeys influenced by Paid Social don't involve a direct response Paid Social click at all, but instead just involve engagement with an ad in the form of an impression. Whether because of cookie windows or the impact of walled gardens, pixel-based measurement fails to capture the full extent of social media's impact. Data by Fospha indicates that 60% of revenue is misattributed when relying on pixels alone.<sup>1</sup> As a result third party attribution is only left with a small amount of ad exposures as a data input, and indeed our own internal tag data shows that up to 95% of Pinterest Tag attributed conversions are not click based, but are instead triggered by a view.<sup>2</sup>

This is not just a technical problem. Misattribution skews massively to the bottom of the funnel, meaning that brands relying on GA or other post click based measurement solutions find it very challenging to invest in growing their audience. For Paid Social, Fospha measures that GA is only able to attribute 26% of the sales it deserves.<sup>3</sup> Pinterest typically plays a higher funnel role than other social platforms, meaning that GA is even less useful, only registering 1/10 sales driven by Pinterest!<sup>4</sup>

## Source:

<sup>1</sup> Fospha Internal Study, Global, December 2022

<sup>2</sup> Internal Pinterest Tag Data.

<sup>3</sup> Fospha Internal Study, April 2023

<sup>4</sup> Internal Pinterest Data



# A New System of Measurement

It is time to address the “System of measurement”. Whether targeting growth or savings, data is the difference between success and failure. Studies have shown that brands with poor measurement practices experience slower revenue growth (-78%) and lower return on ad spend (ROAS) (-7%).<sup>5</sup>

For businesses cutting costs, those without measurement had

**+10%**

Higher Customer Acquisition Cost

For businesses investing for growth, those without measurement had

**-78%**

Slower Revenue Growth

**-7%**

Return on Advertising spend



In the case of social media platforms like Pinterest, the misattribution problem is even more pronounced. With Fospha showing that on average for Paid Social, GA underreports sales to a tune of 74%,<sup>6</sup> this is higher still for Pinterest at 90%<sup>7</sup> of sales undercredited to Pinterest! Clearly this significantly impacts the perceived performance and effectiveness of these platforms. In turn this could lead to incorrect optimisation of media channels in advertisers mix, potentially having a longer term impact. It also has a vital impact on brands' ability to scale - the reason those using post-click based solutions for measurement grow slower is because they are unable to justify investing in new audience development, are incorrectly optimizing their media mixes and so are leaving money on the table.

The crux of the issue is that site-side analytics platforms ignore anything post the impression.

The longer conversion time associated with Pinterest's inspiration mindset further complicates attribution, Pinterest has an avg time to convert of 10 days vs 7.5 days for search.<sup>7</sup> Therefore Pinners are most likely to check out not only a different session, but a different browser and well after they view an ad. Ultimately, whether because the conversion happens post-view, across multiple devices or early in the customer journey, pixel based and site-side solutions are not fit for purpose for capturing the impact of Pinterest on conversions.

In other words, while the question of moving away from a Last Click attribution model is a pressing one, there is a much bigger problem to solve first: the quality and comprehensiveness of the data that is inputted into the attribution model. Because it has such a limited view, the bottom line is that pixel-based last click attribution is a double jeopardy: the data is wrong and the model is wrong.

Source:

<sup>5</sup> Fospha client data pre-adoption vs post-adoption, November 2022    <sup>6</sup> Fospha Internal Study, April 2023

<sup>7</sup> Pinterest Internal Data, Global, 2022    <sup>8</sup> Internal Pinterest Data, Global, 2022

# The future of lower funnel measurement:

To overcome the limitations of traditional measurement approaches, a new system of measurement truth is required.

Every traditional measurement approach we have had until now suffers the common flaws:

- 1 Site-side/pixel based - post impressions, privacy challenges and certainly not future proof as browser methods will be deprecated.
- 2 MMM, whilst valuable, is a huge undertaking and investment for any advertiser and often restricted to the top media spenders. Smaller advertisers may find MMM out of reach. Moreover MMM is based on modeling (correlation) not experimental design (causation). Without a proper calibration of these models based on lift studies, their accuracy can be questioned
- 3 Conversion Lift Studies are a lift to implement across each media owner and channel. They are also mono-channel and the methodologies differ between channels/media owners making it complicated for advertisers to make fair comparisons and draw definitive conclusions.



The best brands use a combination of all three, using each modeling approach to build up a composite picture of performance - a “measurement system of truth”. Implementing all of these approaches alone is a big lift for any brand, however providers like Fospha can automate the deployment of MTA and MMM to massively accelerate this journey.

A recent study by Accenture showed that 45% of marketers have been using the same approach to advertising in the last 5 years, and almost 3 in 4 still don't have a clear plan for change!

Source:

<sup>9</sup> Accenture State of Advertising Survey (N=505, US & UK, Feb 2023)

There are very simple steps that can help you get ahead of the curve:

- ① Ramp up on strategies that don't rely on 3rd party cookies and focus on quality signals i.e. CAPI
- ② Implement a third party provider to fill in any data gaps and deliver measurement of clicks and impressions, such as Fospha
- ③ Implement the use of first and third party measurement studies such as Conversion Lift and Sales Lift incrementality studies and feed this back into your MMM or attribution models.

Using an approach that accounts for all impressions such as Fospha can unlock the true potential of social media attribution. Fospha's model addresses the shortcomings of popular current methods by accounting for all impressions, overcoming privacy challenges and offering a more accurate and timely measurement solution.

Fospha have found that brands that have implemented this model have experienced significant benefits inclusive of:

- 💡 ROAS is +33% higher Vs other paid social.<sup>10</sup>
- 💡 AOV on Pinterest is between 3 & 5% higher Vs other platforms.<sup>11</sup>
- 💡 CPA on Pinterest is 15% more cost effective than all other paid social, with 62% brand spending on Pinterest reporting a cheaper CPA for this activity than all other paid social.<sup>12</sup>

#### Source:

<sup>10</sup> Fospha internal study, Global, April 2023

<sup>11</sup> Fospha internal study, Global, April 2023

<sup>12</sup> Fospha internal study, Global, April 2023



# Measurement Source of Truth to Measurement System of Truth:

In conclusion, change is the new normal in measurement, however marketers have failed to adapt and many - particularly the late majority of slower eCommerce brands and traditional high street retailers - are still reliant on sources of truth that are not designed to reflect their advertising reality. It's a universal mantra of measurement that "all models are wrong, but some are more useful than others". After years of privacy legislation, platform diversification and the rise of mobile, Last Click is less useful than ever. Now more than ever before marketers need to start looking at measurement holistically - and providers like Fospha offer an easy place to start.



*Interested in hearing more?*



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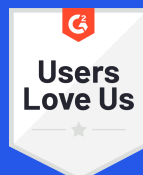


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