Marketing Attribution Strategy

Generated by Nexus AI

1. Executive Summary

Our marketing performance shows a mixed landscape. Paid Search leads with a strong ROI of 63.45% and contributes significantly to incremental revenue. Affiliates also demonstrate a healthy ROI of 20.97%. However, Display advertising is a significant underperformer with a negative ROI of -75.74%. While Paid Search and Affiliates are strong performers, the high removal effect of Referral (85.0%) and Organic Search (57.0%) indicates their critical importance to overall conversion volume, despite their lower individual ROIs.
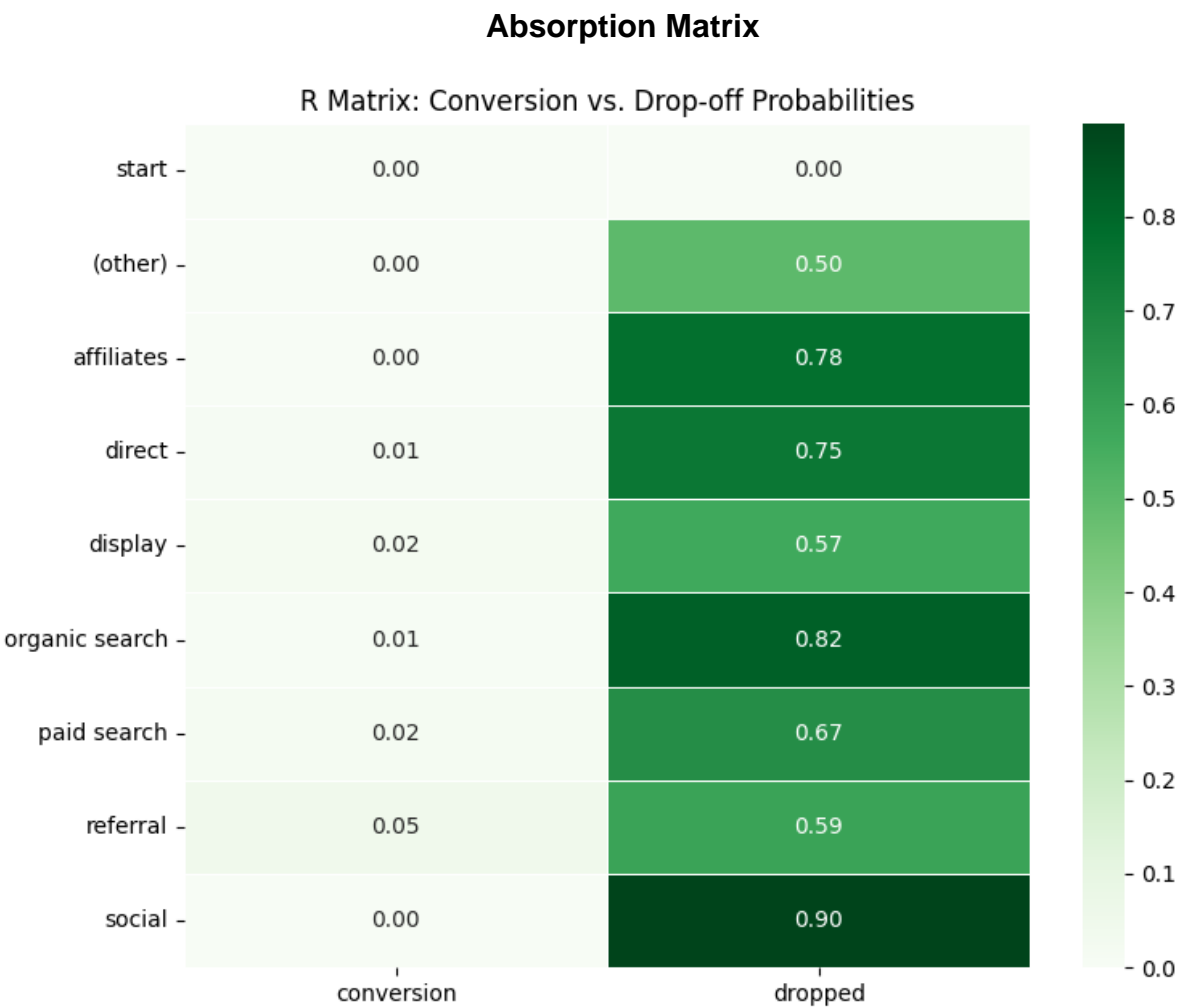
2. User Journey Analysis

The Q-Matrix reveals several key 'feeder' channels. Organic Search is a primary source, sending a substantial portion of its traffic to 'start' (55.9%). Direct traffic also feeds into 'start' (19.6%). Paid Search, while having a good ROI, primarily feeds into itself (20.8%), suggesting potential for comparison shopping or repeat engagement. Referral traffic also shows a strong tendency to loop back to itself (33.3%), which could indicate a system artifact or strong brand loyalty. Social media traffic predominantly stays within social (8.2%), indicating a self-contained engagement loop.

Transition Probability Matrix

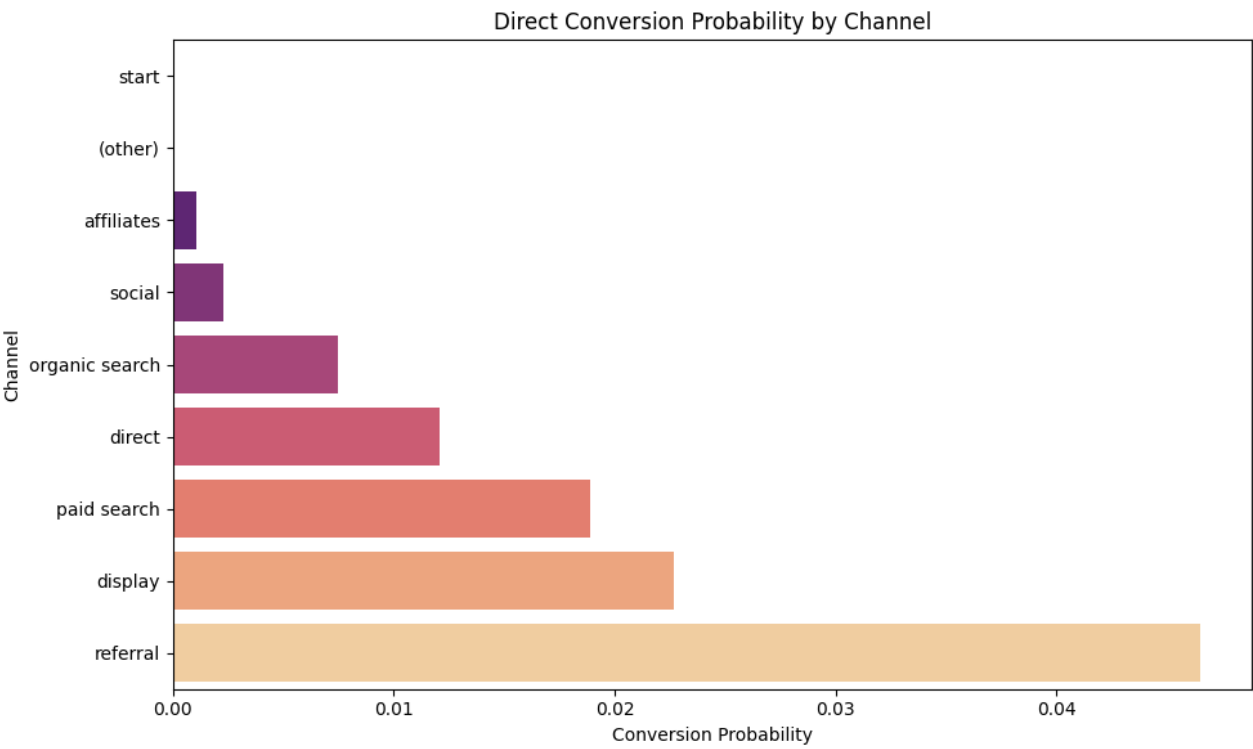Q Matrix: User Journey Flow Probabilities

3. Conversion & Drop-off

Referral channels exhibit the highest direct conversion probability at 4.7%, making them the most effective at closing a conversion directly. Conversely, Social media has a very high drop-off rate (89.9%), suggesting that while users may engage, they are unlikely to convert directly from this channel. Display also shows a high drop-off rate (56.5%), aligning with its negative ROI. Paid Search, despite its strong ROI, has a relatively low direct conversion probability (1.9%) and a high drop-off rate (66.5%), implying its value might be more in the upper funnel or through assisted conversions.

Absorption Matrix

R Matrix: Conversion vs. Drop-off Probabilities

	conversion	dropped
start	0.00	0.00
(other)	0.00	0.50
affiliates	0.00	0.78
direct	0.01	0.75
display	0.02	0.57
organic search	0.01	0.82
paid search	0.02	0.67
referral	0.05	0.59
social	0.00	0.90

Conversion Probability per Channel

Direct Conversion Probability by Channel

4. Strategic Channel Value

The Removal Effect analysis highlights Referral (85.0%) and Organic Search (57.0%) as the most critical 'load-bearing' channels. Losing these channels would result in a substantial loss of total conversions. This is a crucial insight when compared to their individual ROIs. While Paid Search has a high ROI (63.45%), its removal effect is relatively low (9.0%), suggesting it's efficient but not as foundational as Referral or Organic Search. Conversely, Affiliates have a moderate ROI (20.97%) and a low removal effect (1.0%), indicating it's a profitable channel but not essential for overall conversion volume. Display, with its negative ROI, also has a low removal effect (2.0%), reinforcing its status as a channel to scrutinize for potential reduction or optimization.

Removal Effects Analysis

Channel Value (Removal Effect on Conversions)