Marketing Attribution Strategy
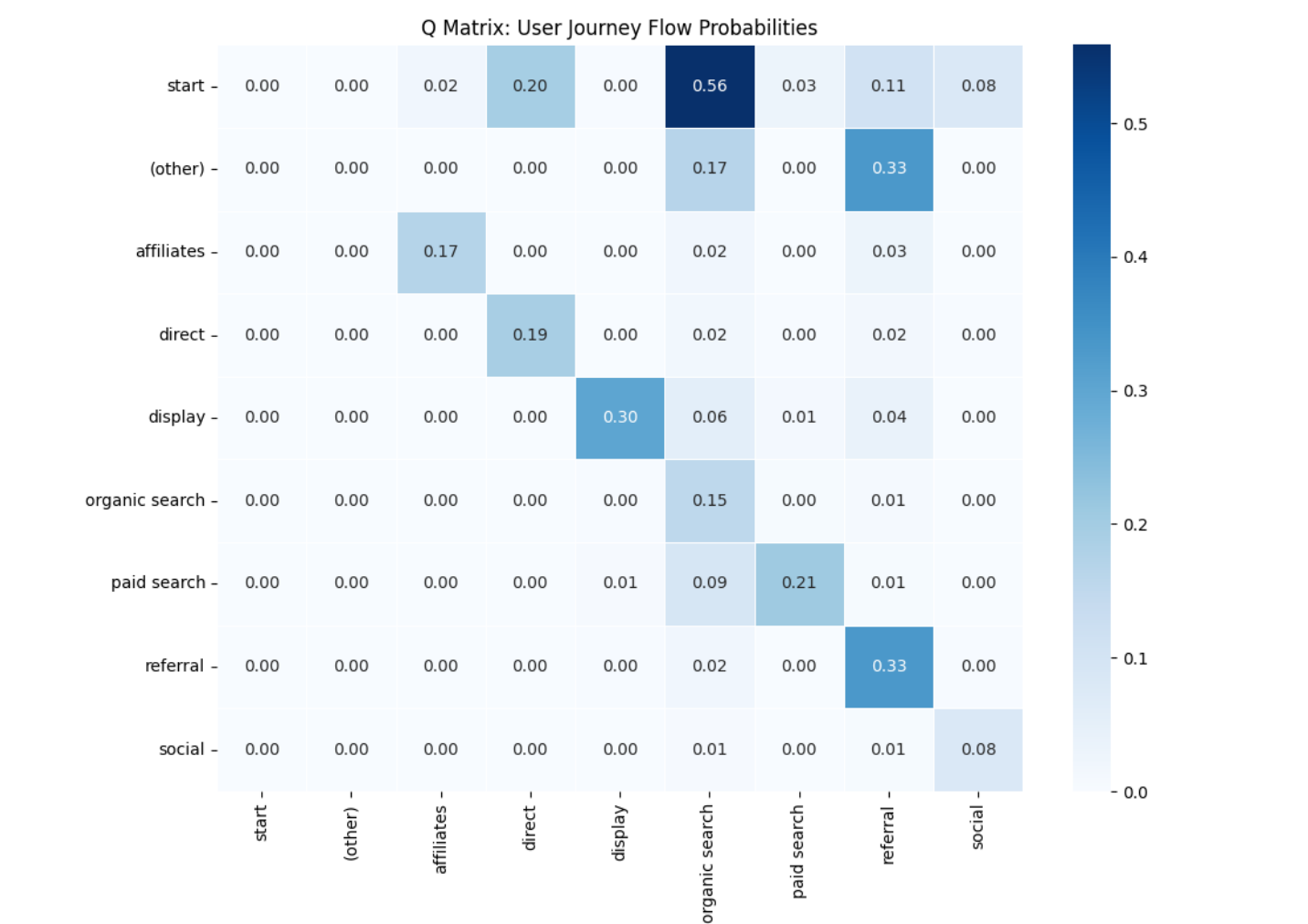
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1. Executive Summary

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 drag on performance with a negative ROI of -75.74%. The overall marketing mix appears heavily weighted towards paid search, which accounts for over 50% of the attributed MMM share.
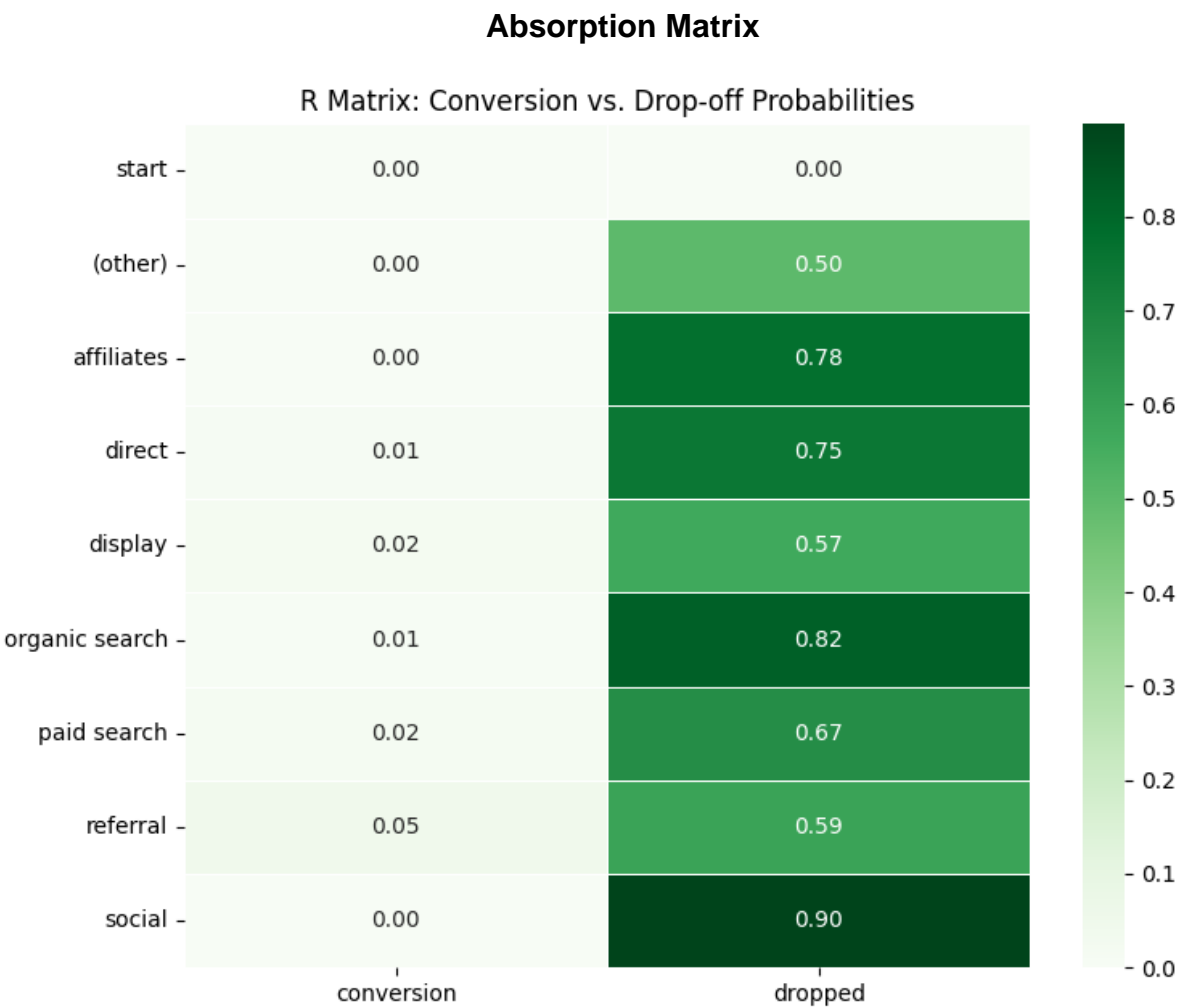
2. User Journey Analysis

The Q-Matrix reveals several key feeder channels. 'Organic search' is a significant feeder, sending traffic to 'start' (55.9%) and 'paid search' (9.2%). 'Direct' traffic also feeds into 'start' (19.6%) and 'paid search' (0.3%). 'Referral' traffic shows a notable tendency to return to itself (33.3%), suggesting potential loops or a strong brand loyalty from referred users. 'Social' traffic also shows a tendency to return to itself (8.2%).

Transition Probability Matrix

Q Matrix: User Journey Flow Probabilities

	start	(other)	affiliates	direct	display	organic search	paid search	referral	social
start	0.00	0.00	0.02	0.20	0.00	0.56	0.03	0.11	0.08
(other)	0.00	0.00	0.00	0.00	0.00	0.17	0.00	0.33	0.00
affiliates	0.00	0.00	0.17	0.00	0.00	0.02	0.00	0.03	0.00
direct	0.00	0.00	0.00	0.19	0.00	0.02	0.00	0.02	0.00
display	0.00	0.00	0.00	0.00	0.30	0.06	0.01	0.04	0.00
organic search	0.00	0.00	0.00	0.00	0.00	0.15	0.00	0.01	0.00
paid search	0.00	0.00	0.00	0.00	0.01	0.09	0.21	0.01	0.00
referral	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.33	0.00
social	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.08

3. Conversion & Drop-off

Referral traffic exhibits the highest direct conversion probability at 4.7%, although it also has a substantial drop-off rate of 59.0%. Display advertising, despite its negative ROI, has a relatively high conversion probability of 2.3% but also a high drop-off rate of 56.5%. Paid search has a lower direct conversion probability (1.9%) but a very high drop-off rate (66.5%), indicating that users clicking on paid search ads are less likely to convert directly and more likely to leave the site. Social media channels have very low direct conversion probabilities (0.2%) and extremely high drop-off rates (89.9%).

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' as the most critical channel, with 85.0% of total conversions being lost if it were removed. This indicates it's a 'load-bearing' channel. Interestingly, 'Referral' has a relatively low ROI (20.97%) compared to its critical importance. 'Organic search' is also a vital channel, accounting for 57.0% of conversions, with a moderate ROI. 'Direct' traffic is also significant, contributing 33.0% of conversions. In contrast, 'Paid search', despite its high ROI (63.45%), has a relatively low removal effect of 9.0%, suggesting it's efficient but not as foundational to overall conversion volume as referral or organic search. 'Social', 'Display', and 'Affiliates' have the lowest removal effects, indicating they are less critical to maintaining current conversion volumes.

Removal Effects Analysis

Channel Value (Removal Effect on Conversions)