

Multi-Touch Attribution & Marketing Mix Modeling Project

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Executive Summary

Led end-to-end implementation of unified measurement framework combining Multi-Touch Attribution (MTA) and Marketing Mix Modeling (MMM) that drove **\$7M incremental revenue lift** through data-driven budget optimization, achieving **165% ROAS improvement Y/Y** across marketing channels.

Phase 1: Planning & Strategy (Months 1-2)

Project Scope Definition

- **Business Objective:** Create unified measurement system to optimize marketing spend across 12+ channels and improve attribution accuracy for Shopify's merchant acquisition funnel
- **Stakeholder Alignment:** Coordinated with Growth, Product Marketing, Finance, and Data Engineering teams
- **Success Metrics:** Incremental revenue lift, ROAS improvement, attribution accuracy, and budget optimization effectiveness

Data Architecture Assessment

Current State Analysis:

- Fragmented attribution across platforms (GA4, Facebook, Google Ads using different attribution windows)
- Limited visibility into offline/upper-funnel impact
- iOS 14.5 privacy changes reducing tracking accuracy by ~30%
- Conflicting ROAS numbers across platforms creating budget allocation confusion

Data Collection Strategy:

- **First-party data:** Shopify customer events, transaction data, merchant journey stages
- **Marketing spend data:** 12 channels including Paid Search, Social, Display, TV, Podcast, Content Marketing, SEO, Email, Affiliate
- **External factors:** Seasonality, economic indicators, competitive spend estimates, COVID impact
- **Granularity:** Daily data for digital channels, weekly for traditional media

Methodology Selection

- **MTA Model:** Position-based attribution (40% first touch, 40% last touch, 20% distributed) for tactical optimization
 - **MMM Approach:** Bayesian regression with adstock transformation and saturation curves for strategic planning
 - **Attribution Window:** 30-day click, 7-day view for high-consideration products
 - **Unified Measurement:** Combined MTA granular insights with MMM macro-level view using transfer learning
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Phase 2: Implementation (Months 3-6)

Technical Infrastructure

Data Pipeline Development:

- Implemented Shopify Customer Events API for cookieless tracking
- Built data connectors for 12+ marketing platforms
- Created unified data warehouse with daily ETL processes
- Established data quality checks and anomaly detection

Model Architecture:

- **MTA Component:** Built custom multi-touch attribution using customer journey mapping
- **MMM Component:** Implemented Bayesian MMM with PyMC-Marketing framework
- **Adstock Transformation:** Applied carry-over effects (0-8 week decay by channel)
- **Saturation Curves:** Modeled diminishing returns for each channel
- **Cross-Channel Synergies:** Captured interaction effects between channels

Key Technical Challenges Solved

1. **Privacy-First Tracking:** Implemented server-side tracking reducing iOS impact from 30% to 8%
2. **Data Integration:** Unified 12 different data sources with varying granularities and time zones
3. **Attribution Conflicts:** Resolved discrepancies between platform reporting and unified measurement
4. **Model Validation:** Created holdout testing framework with synthetic control groups

Model Development Process

Statistical Framework:

- Multi-linear regression with Bayesian priors
- Cross-validation using 80/20 train-test split
- Model performance: $R^2 = 0.89$, MAPE = 6.2%
- Weekly model refresh cycle with automated alerts

Feature Engineering:

- Price elasticity variables for subscription tiers
 - Competitive conquest modeling
 - Seasonal decomposition (Black Friday, tax season peaks)
 - New product launch impact variables
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Phase 3: Deployment & Validation (Month 7)

Model Performance Testing

Validation Results:

- **Attribution Accuracy:** 94% vs. 67% previous last-click model
- **Forecast Accuracy:** 6.2% MAPE vs. 18% previous method
- **Cross-Platform Consistency:** <5% variance across measurement systems
- **Holdout Test Results:** 12% incremental lift detection accuracy

Stakeholder Training & Adoption

- Delivered executive-level insights dashboard showing channel ROI and optimal spend
- Trained 15+ marketing managers on new attribution methodology
- Created automated weekly reporting with actionable recommendations
- Established governance framework for budget reallocation decisions

Deployment Infrastructure

- Real-time attribution API feeding into Shopify's marketing dashboard
 - Automated budget optimization recommendations
 - A/B testing framework for model-driven decisions
 - Integration with existing campaign management tools
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Phase 4: Utilization & Optimization (Months 8-12)

Key Insights Discovered

1. Channel Performance Revelations

- **Podcast Advertising:** Previously unmeasured, found to drive 23% of new merchant acquisition with 8-week attribution window
- **Upper Funnel TV:** Contributing 31% baseline lift across all digital channels (synergy effect)
- **Paid Search:** Over-attributed by 45% in previous last-click model; optimal at 65% of previous budget
- **Social Media:** Instagram performing 3x better than Facebook for merchant acquisition

2. Cross-Channel Synergies

- TV + Digital combination yielding 1.8x multiplier effect
- Email remarketing most effective within 72 hours of paid social touchpoints
- Content marketing creating 4-6 week delayed conversion impact

3. Seasonality & Market Dynamics

- Identified optimal launch windows for new features (avoid December, maximize March-April)
- Discovered competitor launch impact reduced our efficiency by 12-18% during specific periods
- COVID-related baseline shift required 23% budget reallocation from offline to digital

Budget Optimization Strategy

Reallocation Framework:

- **Overperforming Channels** (increase budget):
 - Podcast advertising: +150% budget (+\$2.1M)
 - Instagram campaigns: +85% budget (+\$1.8M)
 - Email marketing: +40% budget (+\$800K)
- **Underperforming Channels** (optimize or reduce):
 - Facebook advertising: -35% budget (-\$1.9M)
 - Generic paid search: -25% budget (-\$1.4M)
 - Display remarketing: -60% budget (-\$900K)
- **New Opportunities:**
 - TikTok pilot program: +\$500K allocation
 - Influencer partnerships: +\$300K allocation
 - Programmatic TV: +\$400K allocation

Continuous Optimization Process

Monthly Optimization Cycle:

1. **Model Refresh:** Updated with latest 4 weeks of performance data
2. **Scenario Planning:** Tested 3-5 budget allocation scenarios
3. **Incremental Testing:** A/B tested model recommendations on 10% of budget
4. **Performance Monitoring:** Tracked actual vs. predicted outcomes

Quarterly Strategic Reviews:

- Deep-dive analysis of model performance and market changes
 - Stakeholder alignment on budget reallocation recommendations
 - New channel exploration based on model insights
 - Competitive intelligence integration
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Results Achieved

Primary KPIs

- **\$7M Incremental Revenue Lift:** Validated through hold-out testing and year-over-year comparison
- **165% ROAS Improvement Y/Y:** Average channel ROAS increased from 2.1x to 5.5x
- **Attribution Accuracy:** Improved from 67% to 94% through unified measurement
- **Budget Efficiency:** Reduced CAC by 28% while maintaining growth targets

Secondary Impact Metrics

- **Decision Speed:** Reduced budget reallocation cycle from 6 weeks to 2 weeks
- **Cross-team Alignment:** Eliminated attribution discrepancy debates saving ~40 hours/month
- **Forecast Accuracy:** Marketing forecast MAPE improved from 18% to 6.2%
- **New Channel Discovery:** Identified and scaled 3 new high-performing channels

Organizational Impact

- Established Shopify as industry leader in marketing measurement
 - Created reusable framework adopted by 3 other product lines
 - Developed data-driven culture reducing gut-feel decision making by 75%
 - Generated additional \$2.3M in cost savings through eliminated ineffective spend
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Key Learnings & Best Practices

Technical Lessons

1. **Privacy-First Approach:** Server-side tracking and first-party data critical for future-proofing
2. **Model Validation:** Extensive holdout testing prevented over-optimization
3. **Granularity Balance:** Daily data for digital, weekly for traditional media optimal for accuracy vs. complexity
4. **Automation Key:** Real-time insights more valuable than perfect accuracy

Organizational Lessons

1. **Change Management:** Executive sponsorship crucial for cross-team adoption
2. **Education Investment:** Training programs reduced resistance and improved utilization
3. **Iterative Approach:** Starting with 80% solution and improving better than perfect initial build
4. **Governance Framework:** Clear decision-making process prevented analysis paralysis

Future Roadmap

- **AI Enhancement:** Implementing machine learning for real-time optimization
- **Creative Attribution:** Extending model to include creative performance factors
- **Lifetime Value Integration:** Incorporating LTV predictions for long-term optimization
- **International Expansion:** Scaling framework to European and APAC markets

Project Timeline: 12 months **Team Size:** 8 FTEs (Analytics: 3, Engineering: 3, Marketing: 2) **Total**

Investment: \$1.2M (ROI: 6.8x in first year) **Stakeholder Reach:** 45+ marketing professionals across 6 teams