A click is not a customer:

Using offline attribution to improve digital ad performance

Digital advertising is among the most effective ways to get your message to potential customers. The challenge is you don't know how well digital advertising performs if your goal is driving traffic to a real-world location.

There's no way to connect online advertising to in-store results. Instead, you have to use online measures to evaluate success. The assumption is online ads that get attention and drive online action lead to offline results. So, most offline businesses optimize for things like online engagement or likes, even if they have no idea whether online engagement leads to in-store purchases.
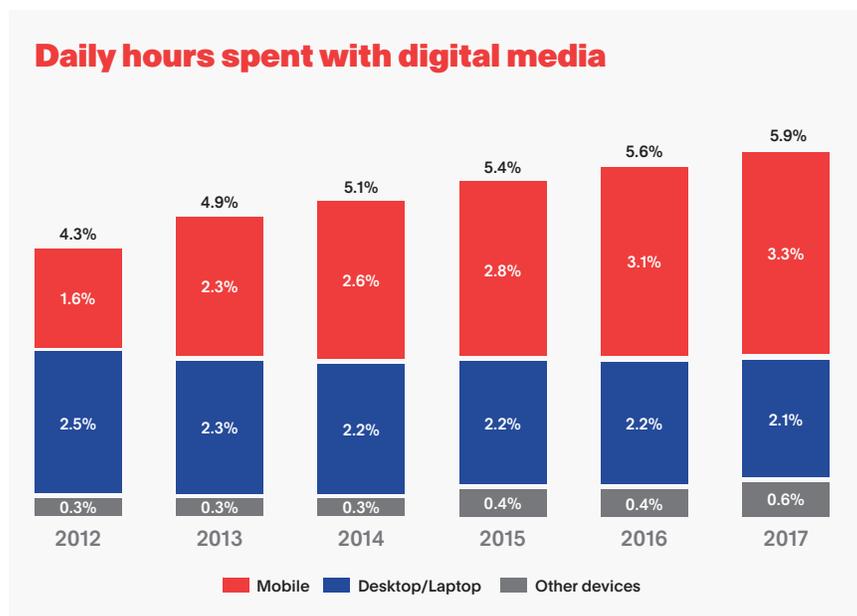
It turns out these digital proxies can be very misleading. Even though online audiences convert at proportionate rates to online action, conversion to in-store action is much more unpredictable. Some cohorts dramatically outperform others. That means advertisers are spending way too much for certain audience segments while undervaluing others, and they're making creative adjustments based on misleading results.

If you operate an offline business, connecting online advertising with real-world results can lead to dramatic improvements in advertising performance.

People spend time online, but spend money offline

More and more of our attention is being spent online. Adults now spend nearly six hours a day with digital media, twice the time we spent online just 10 years ago[1]. Since the goal of advertising is to attract some of that attention, ad spending has been moving steadily from traditional media to digital media since it emerged in the mid-90s. In fact, in 2019 digital ad spending will eclipse spending on traditional media[2].

Another reason ad spending is shifting to digital is accountability. Digital advertising produces objective measures like engagement, clicks, and conversions that allow the advertiser to evaluate campaign

Daily hours spent with digital media

	2012	2013	2014	2015	2016	2017
Mobile	1.6%	2.3%	2.6%	2.8%	3.1%	3.3%
Desktop/Laptop	2.5%	2.3%	2.2%	2.2%	2.2%	2.1%
Other devices	0.3%	0.3%	0.3%	0.4%	0.4%	0.6%
Total	4.3%	4.9%	5.1%	5.4%	5.6%	5.9%

■ Mobile ■ Desktop/Laptop ■ Other devices

performance. And if you're fortunate enough to be selling goods online, you can track ad spending all the way to purchase and calculate an accurate return on ad spend (ROAS).

But here's the sticky bit. Even though more and more of our time is spent online, over 90% of retail transactions still take place in brick-and-mortar businesses[3]. So if you're a traditional retailer buying online advertising to attract customers, a certain amount of faith is required because there is no way to connect in-store results.
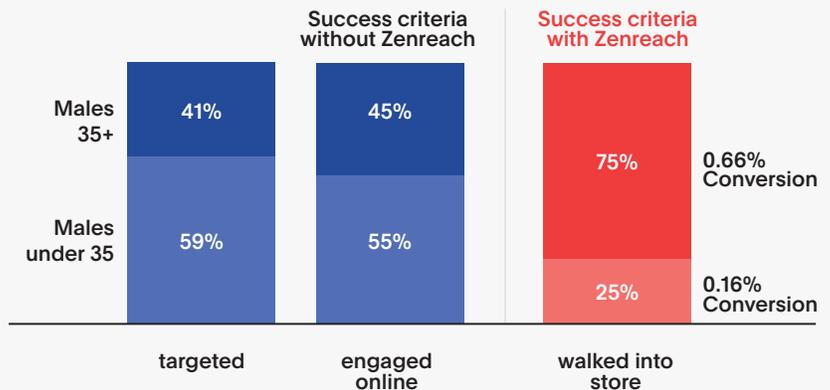
Online behavior doesn't predict offline results

Zenreach data shows that exposure to an online ad typically leads in proportionate rates to online actions such as engagement and likes. However, behavior becomes much less predictable when you track consumers from online ad exposure to a store visit. Demographic cohorts that convert at expected rates from seeing an online ad to taking online action convert at dramatically different rates from seeing an online ad to visiting a store location.

Zenreach tracked the in-store results from millions of online ad impressions during the fourth quarter of 2018. The aggregate results displayed above show that conversion from online impression to online engagement was reasonably predictable based on targeting. Consider males younger than 35 (represented in the chart above by the lighter shade of blue). This group represented 59% of online impressions and 55% took online action. But this group converted to in-store visits at a much lower rate—just 25% actually visited the advertiser's business, a conversion rate of just 0.16%. Males over 35 converted at more than 4× that rate, or 0.66%.

Parsing target segments into smaller groups, there were even more dramatic differences in performance. Again, all segments converted from online ad exposure to online action at reasonably consistent rates. But

Online success doesn't correlate with in-store results

	Success criteria without Zenreach		Success criteria with Zenreach
	targeted	engaged online	walked into store
Males 35+	41%	45%	75% — 0.66% Conversion
Males under 35	59%	55%	25% — 0.16% Conversion

conversion to store visits was strikingly different across segments. Adults 35-44 converted to store visits at a rate of 0.70%, while adults 18-24 converted at just 0.06%, a difference of 12×.
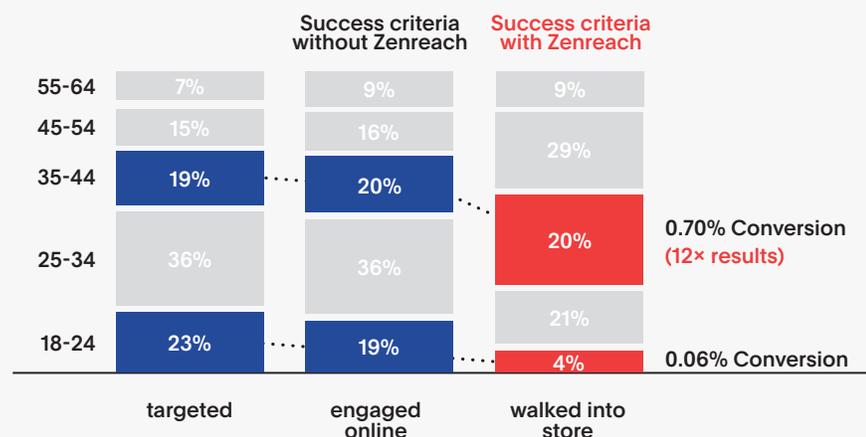
Advertisers are optimizing for the wrong outcome

The challenge for advertisers with offline businesses is that there is simply no way to connect their online advertising with in-store results. Historically they've had to rely on proxy measures and project business impact. They were forced to optimize their advertising for a result they assumed would translate into revenue.

But as we've seen, digital measures of success are not a reliable way to judge performance. By measuring success and optimizing ad spending for digital engagement rather than in-store visits, advertisers are relying on a misleading signal that often results in wasteful decisions about targeting and creative strategy.

Focusing spending on higher performing segments can yield a dramatic increase in customer visits with the same budget. Understanding in-store results can also be used to identify where creative strategy, execution or offer may need to be reconsidered.

Performance by segment varies by as much as 12×

	targeted	engaged online (Success criteria without Zenreach)	walked into store (Success criteria with Zenreach)
55-64	7%	9%	9%
45-54	15%	16%	29%
35-44	19%	20%	20% — 0.70% Conversion (12× results)
25-34	36%	36%	21%
18-24	23%	19%	4% — 0.06% Conversion

Measuring real success

Connecting online advertising with offline results is surprisingly hard. The most common approaches are panel research and GPS location data. Panel research, based on consumer surveys that ask respondents about recent behavior, is directional at best. Methods based on GPS data can be effective, but require significant scale, expense and time that make them impractical for most advertisers and applications.

Zenreach Walk-Through data closes the loop from online impression to in-store result accurately and at any scale. Walk-Through data is based on customer visit behavior that is recorded using location-based WiFi access points. Mobile devices with WiFi enabled search for accessible WiFi networks every 30 seconds. Access points are able to detect these unique signals and record signal strength, duration and the unique MAC address of the device. For the first time, this allows location-specific store visits to be recorded at any scale and attributed directly on online advertising exposure.

1. Tech Addiction By the Numbers: How Much Time We Spend Online, Rob Marvin. https://www.pcmag.com/article/361587/tech-addiction-by-the-numbers-how-much-time-we-spend-online.

2. Us Digital Ad Spending Will Surpass Traditional in 2019, eMarketer Editors. https://www.emarketer.com/content/us-digital-ad-spending-will-surpass-traditional-in-2019.

3. U.S. Census Bureau (2018). Quarterly Retail E-commerce Sales 4th Quarter 2018. https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf.

About Zenreach

Zenreach created Walk-Through Marketing to help businesses with physical locations dramatically improve customer acquisition and lifetime value by connecting digital marketing with in-store results. Zenreach Engage automatically tracks customer visits, effortlessly builds rich customer profiles and keeps them up to date. Zenreach Attract improves ad performance 4× by targeting audiences based on your best customers. Results are measured with our Walk-Through Rate™, a proprietary metric that shows when someone exposed to an ad visits a location. Founded in 2012, Zenreach serves thousands of independent merchants and leading brands like Peet's Coffee, Ruth's Chris and BCBG Max Azria.

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