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The Retail Attribution Illusion

How Incrementality is the answer to OmniChannel Commerce

Introduction

Context
As e-commerce continues to grow and blend with physical retail, businesses are increasingly reliant on digital marketing to drive both online and offline sales. The need for omnichannel strategies has risen as consumer shopping habits evolve, leading to more complex purchase pathways that span a multitude of touchpoints where the need to measure both online and offline conversions is no longer a nice to have but a fundamental part of understanding performance and having the ability to measure changes to Media/Marketing strategies based on data.

Problem Statement
One of the significant pain points for e-commerce businesses is the inability to accurately measure the impact of digital advertising on in-store sales. Current attribution models often fail to account for the end to end journey a customer takes before making an offline purchase, leading to incomplete or inaccurate data, and as a result insights and recommendations derived from misleading data.

Purpose
This whitepaper explores the flaws in existing models for measuring offline sales driven by digital efforts and highlights why we think the move towards incrementality is a more accurate and insightful approach.

The shift in measurement strategies is driven by the need for better insights and more optimised media spending, at Magic we believe that Mediamatics is the solution to both gaining a better understanding of how media is currently performing and optimising Media spend based on that data to drive incremental revenue growth for our clients.

Executive Summary

This whitepaper explores the critical challenges e-commerce businesses face in accurately attributing offline store sales to digital marketing efforts.

As consumer journeys become more complex, the disconnect between online media and offline sales remains a key problem for many marketers. Through writing this piece I hope to highlight the flaws of current measurement practices and explain why the industry is shifting toward incrementality in media to better understand marketing effectiveness.

Key takeaways I have set out to shine a light on include, insights into the limitations of attribution models and the role of incrementality in driving more accurate and actionable sales data. A brief look into uplift modelling and its application in this approach. Insight into test and learn as a function for growth and finally how a mathematical based approach to Media can drive not only Incremental growth but surface valuable insight to improve marketing effectiveness.



Ed McMutrie
Head of Signal

About the Author

Ed focuses on ensuring our vision of Mediamatics drives meaningful outcomes at Magic. As Head of Signal, he specialises in modelling, data analytics, and the activation of data-driven strategies to deliver measurable ROI for clients. His expertise lies in identifying the true incremental impact of marketing efforts, enabling brands to move beyond vanity metrics and focus on what genuinely drives growth.

Before joining Magic in 2024, Ed spent over a decade mastering data-driven marketing strategies, targeting, and advanced analytics. He has worked with some of the region's most respected brands—including ANZ, The Lumery (supporting Jetstar, Bunnings, IAG Insurance, Mecca, and Movember), Salmat, Officeworks, and The New Zealand Defence Force — helping them refine their marketing strategies and transition towards measuring and optimising for incrementality.

Ed's deep understanding of customer transactional history, behavioural data, and engagement metrics has enabled him to uncover the true impact of marketing investments. His approach shines a light on how brands can deliver more relevant and meaningful customer experiences at scale while maximising their return on every dollar spent.

This unique combination of experience and analytical rigor makes Ed a trusted advisor for businesses navigating the shift to more accountable, performance-driven marketing.

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Flaws in Current Measurement Models for Offline Sales

Attribution Complexity

Traditional attribution models such as last-click or even multi-touch attribution are fundamentally flawed when it comes to measuring offline sales. These models heavily focus on online conversions, assuming that the last or multiple digital touchpoints directly lead to a sale.

In-store sales rarely follow such linear pathways. Consumers may interact with digital ads, visit websites, but ultimately decide to complete the purchase in-store due to factors like convenience, the nature of products and wanting to view or try products such as technology, furniture or clothing, a customer may also be seeking additional advice or recommendations from staff, making direct attribution to digital campaigns challenging.

Lack of Cross-Channel Integration

One of the core challenges many businesses struggle with is the integration of online and offline data. The customer journey is often fragmented, with multiple platforms, devices, and channels involved, none of which seamlessly track in-store behaviours.

Without the proper infrastructure to bridge the gap between digital and physical touchpoints, it's nearly impossible to create a holistic view of a customer's journey from media exposure to in-store purchase.

The result is missed opportunities for measuring offline sales effectively, leading to underestimation of digital media's true impact on offline revenue.

Challenges in Multi-Device Customer Journeys

Modern consumers engage with brands through a multitude of devices—smartphones, laptops, tablets, and even voice assistants. This multi-device behaviour makes it difficult to attribute offline sales to the correct digital touchpoints.

Without proper tracking mechanisms, marketers are left with a fragmented view of the customer journey, further distorting the accuracy of offline sales attribution.

Moving Beyond Vanity Metrics and why Incrementality is the New Standard

The Decline of Vanity Metrics
Traditionally, marketers have relied on what we consider vanity metrics such as impressions, clicks, and likes to gauge the success of their campaigns. While these metrics provide an indication of engagement, they often fail to translate into meaningful business outcomes like sales or customer acquisitions.

Vanity metrics are particularly problematic when measuring the effectiveness of digital media in driving offline store sales, as they do not offer a true reflection of the campaign's influence on revenue and/or customer acquisition.

Why Vanity Metrics Are Insufficient
Impressions or clicks may show that a customer interacted with an ad, but they don't indicate whether the campaign led to incremental sales, particularly offline.

Brands that continue to optimise campaigns solely based on vanity metrics may misallocate their budgets toward tactics that seem effective on the surface but don't drive meaningful growth.

Incrementality is the Way Forward
Moving forward, the industry is focusing on incrementality as the key performance metric. By measuring the actual lift in sales or other KPIs generated by media efforts, marketers can avoid the pitfalls of vanity metrics and truly understand what is contributing to ROI through both online and offline conversion events.

Incrementality helps businesses distinguish between sales that would have happened without the media investment and those that were genuinely driven by the campaign, ensuring more accurate reporting and better budget allocation.

Building an Incrementality-First Approach and Incrementality as a Solution

What is Incrementality?
Incrementality measures the additional sales or conversions that result directly from a marketing campaign, compared to a baseline scenario where no campaign was run.

This approach focuses on understanding the true lift generated by marketing activities by determining how much of the observed sales are attributable to the media spend itself versus those that would have occurred naturally (organic traffic, brand loyalty, etc.).

Unlike traditional attribution models, incrementality testing uses experimental designs such as A/B testing or holdout groups to isolate the actual impact of marketing from other external factors.

Shift in the Industry
As marketers look for more reliable ways to measure performance, there has been a significant shift away from legacy attribution models. Incrementality is becoming a key metric for measuring not just online conversions but also offline sales influenced by digital media. Incrementality testing not only provides marketers with a clearer understanding of how their media efforts impact total sales, both online and offline, it also allows them to make more informed decisions on where to allocate budgets for maximum return, here at Magic we use our proprietary methodology Mediamatics to execute this.

Why Incrementality Over Attribution
Incrementality addresses many of the shortcomings of attribution models by focusing on the incremental value driven by marketing efforts. This method accounts for non-linear and complex customer journeys, making it ideal for measuring the impact of digital media on in-store sales.

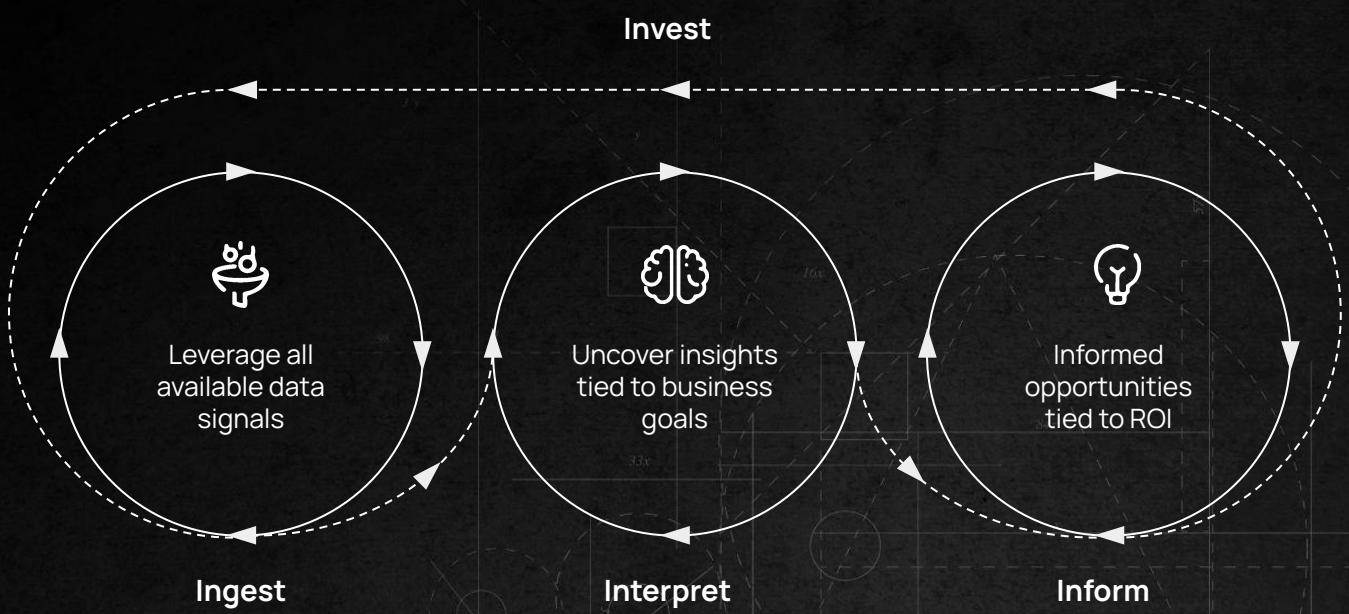
Additionally, incrementality testing provides a more accurate picture of campaign performance, helping marketers avoid over-investing in tactics that show up favourably in attribution models but don't actually drive a meaningful lift in sales.

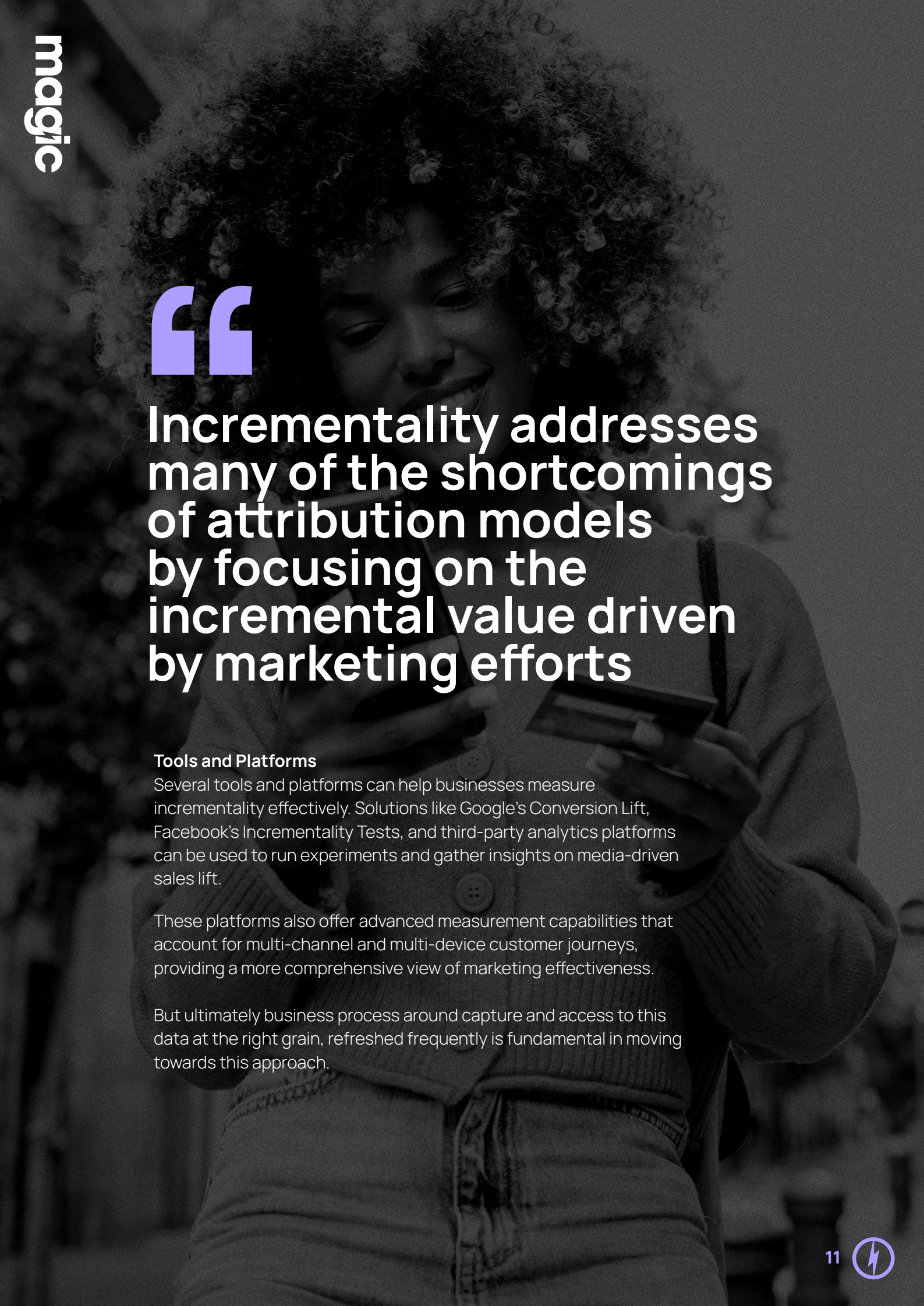
Developing a Test-and-Learn Strategy
To successfully implement an incrementality-based approach, businesses must adopt a test-and-learn strategy. This involves setting up controlled experiments, such as A/B tests or holdout groups, to determine the true impact of marketing efforts.

Marketers should focus on testing different media tactics, across 3 key pillars: Audience, Content/Creative and treatment approaches to identify what drives the highest incremental lift in both online and offline sales.

In the Context of Marketing

Alter The Audience	Alter The Content	Alter The Treatment
Lookalike Audiences By analysing customer segments, companies can create lookalike audiences to find new customers who share characteristics with their existing high-value segments	**Demographic Segmentation for Brand Positioning** Marketers can segment their audience by demographic factors such as age, gender, income or occupation to position their brand effectively	**Channel Optimisation** Customer segmentation enables marketers to understand which customer groups are most active on specific channels (email, social media, mobile apps, etc.)
Lifecycle Marketing Segmentation allows marketers to tailor their messaging based on where a customer is on their buying journey	**Seasonal and Event-Based Marketing** Segment customers based on their buying patterns during specific seasons or events (such as Black Friday, Christmas or back-to-school periods)	**Offers/Promotions** Marketers can use customer segmentation to promote different products to specific groups or target with more relevant offers to drive acquisition
Customer Journey/Personalisation Segmentations allows marketers to deliver personalised content, offers and experiences tailored to the interests and needs of specific customer groups	**Geographic Campaigns** Geographic segmentation allows businesses to run location-specific campaigns	**Trigger Based Targeting** Customer segmentation helps in creating more efficient digital advertising strategies by targeting specific audience groups with highly relevant ads





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Tools and Platforms

Several tools and platforms can help businesses measure incrementality effectively. Solutions like Google's Conversion Lift, Facebook's Incrementality Tests, and third-party analytics platforms can be used to run experiments and gather insights on media-driven sales lift.

These platforms also offer advanced measurement capabilities that account for multi-channel and multi-device customer journeys, providing a more comprehensive view of marketing effectiveness.

But ultimately business process around capture and access to this data at the right grain, refreshed frequently is fundamental in moving towards this approach.

Machine Learning and Uplift Modelling: The Future of Incrementality Testing

The Role of Machine Learning in Incrementality
Machine learning (ML) is revolutionising how businesses measure incrementality. With its ability to process large datasets and identify patterns, ML enables more accurate and granular insights into which marketing actions drive incremental results.

While traditional A/B testing or holdout group methods are an excellent step forward for any business they can be resource-intensive and may not always provide clear-cut answers, especially when dealing with complex, multi-channel campaigns. Machine learning helps overcome these limitations by automating and optimising the process.

Uplift Modeling as Part of the Solution
Uplift modelling, a specific application of machine learning, is gaining traction as a powerful tool for incrementality testing. Uplift models predict the incremental impact of marketing by analysing how different customer groups respond to campaigns.

Unlike standard machine learning models that predict outcomes (such as whether a customer will convert), uplift modelling focuses on predicting the difference in outcome between those who were exposed to a campaign and those who were not, giving a more precise measure of campaign effectiveness.

This approach allows marketers to optimise their targeting by focusing on customers who are more likely to respond positively to a campaign, thereby driving higher incremental sales.

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Benefits of Uplift Modelling

Uplift modelling allows businesses to go beyond traditional metrics, offering deep insights into how individual campaigns or customer segments contribute to overall sales lift. It also helps reduce waste in marketing spend by identifying which customers are unlikely to be influenced by a campaign, ensuring budgets are focused on driving true business impact.

As more businesses adopt machine learning, uplift modelling will play a critical role in helping marketers make data-driven decisions and maximise the effectiveness of their campaigns, both online and offline.

What does Uplift modelling look like in practice
Uplift Modeling essentially looks at historical campaign performance at a customer level to assign a customer to one of four groups for any given campaign you are planning on running.

Sure things are customers who were always going to buy the product, regardless of whether or not they received a marketing intervention resulting in no true uplift.

Persuadables are customers who became more likely to buy the product because they received a marketing intervention these can be considered the group where a positive uplift can be expected.

Sleeping dogs are customers who became less likely to buy the product because they received a marketing intervention. This is a new concept in a lot of marketing tool kits, but as important as measuring the positive impact marketing can drive it's also important to understand the negatives in order to manage opt in rates etc.

Lost causes are customers who were never going to buy the product, regardless of whether or not they received a marketing intervention; this is a prime opportunity to re-allocate spend against different cohorts or groups.

Companies looking at adopting uplift modelling into their approach should ensure that a robust measurement and data strategy is in place and tested before embarking on measuring incrementality as a solution.

Why Brick-and-Mortar Businesses In Particular Should Embrace Incrementality

The Brick-and-Mortar Challenge
For brick-and-mortar retailers, the impact of digital marketing on physical store sales has long been difficult to measure. Traditional methods often fall short in understanding the true impact marketing efforts have on offline conversions, with many retailers still relying on outdated attribution models that fail to consider the full range of factors influencing in-store purchases.

What should be done?
Brick-and-mortar businesses need to shift away from simplistic tracking methods and embrace incrementality testing to truly understand the impact of their digital media efforts.

By measuring the incremental lift driven by specific campaigns, brick-and-mortar retailers can better determine which Marketing efforts are effectively driving lead metrics such as foot traffic/store visits and ultimately sales.

This shift allows retailers to optimise their marketing investments, improve their ROI, and better compete with e-commerce brands that already leverage sophisticated measurement techniques.

This shift combines changes across a number of key areas (People. Process, Data and Technology) all of which need to be considered and planned when shifting towards more advanced methods of measurement, particularly the cultural change when it comes to testing fast, learning from localised or smaller test groups before rolling out at scale.

Conclusion

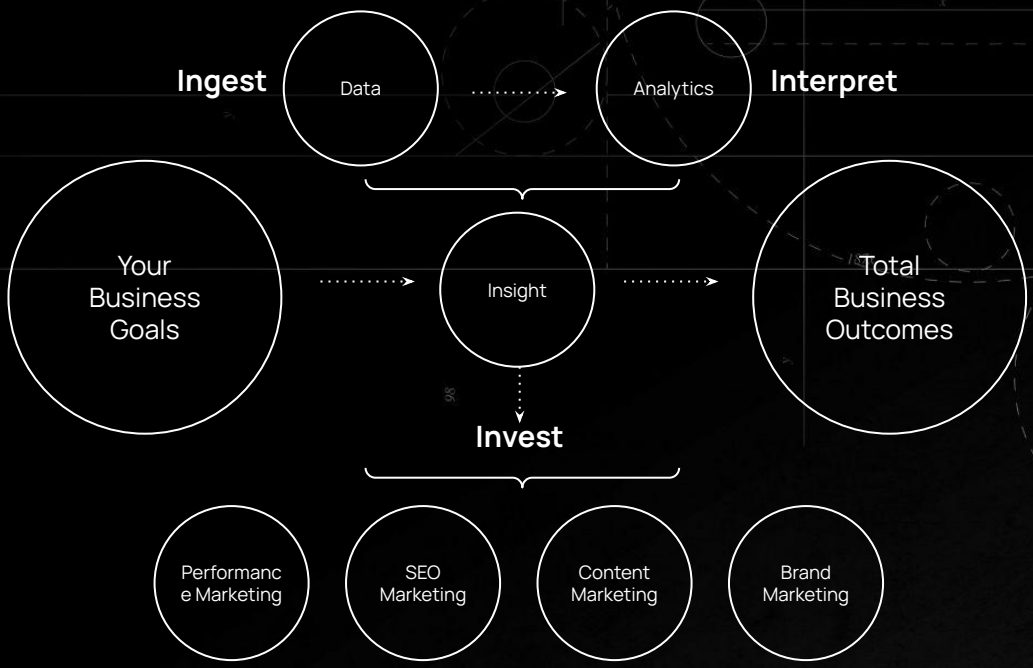
Recap
The current ways e-commerce businesses measure offline store sales, primarily through attribution models, fail to capture the full impact of digital marketing on in-store performance. These methods often underestimate the role of media, leading to budget allocations that are not optimal and missed opportunities.

Transitioning to an incrementality first approach
Transitioning to an incrementality-first marketing practice can be challenging, particularly for businesses used to traditional attribution models. Common obstacles include internal resistance, lack of technical expertise, and difficulties in setting up testing frameworks.

To overcome these challenges, businesses need to invest in the right tools, prioritise education on incrementality testing, and embed effective cross-functional collaboration across the organisation to ensure you are set up to succeed implementing this approach.

The benefits however are well proven for those who embrace a commercial outcome centric marketing discipline.

Making Magic from Mediamatics™



Incrementality is core to our growth philosophy at Magic, it offers a precise and actionable approach for businesses looking to maximise their media spend and better understand the true impact media has on sales.

To help our clients overcome the obstacles and accelerate the transition to an incrementality first approach we developed a proprietary methodology that uses maths to model data sets across our clients entire business, sales & marketing ecosystem to determine the impact their marketing investment is having on business growth.

We call this Mediamatics.

By adopting an incrementality-first strategy, businesses can unlock greater performance insights and drive real, measurable business growth both online and offline.

If you would like to know more about how we can leverage mediamatics to grow your business we would love to hear from you.

Send us an email at **sarah@magic.com.au**

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