

Delivering ROI Online –
Is it about Branding or Direct?

It's Both!

By

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Introduction

While online marketing can fulfill both branding (awareness) and direct (click-through and sales) objectives, in today's recessionary times, more and more companies believe they must forgo branding as an objective if they really want to drive ROI.

But new techniques have been developed to help online marketers measure the value of branding with the same rigor that they measure traditional direct marketing techniques. Today, smart marketers leverage their IP presence to measure ROI as follows:

- Increased revenues:
- Cost Savings:
- Brand Equity Value:

We recently faced the challenge of managing a considerable amount of media for a consumer electronics multinational. We helped them negotiate a major portal deal, and with it came a series of so-called Brand and Click-Through metrics. As part of the media deal, the portal had to deliver over one billion impressions at prescribed costs, plus a specific number of click-throughs, to defined landing pages.

Concomitantly, the client launched an Online Brand Tracking Study to measure Aided and Unaided Brand Awareness and Brand Attributes, Aided and Unaided Product Awareness and Product Attributes, as well as Intent to Purchase. Unfortunately, the only two KPIs available through the portal deal were Reach/Frequency, delivered via the CPM metric, and the Click-Through-Rate (CTR), monitored by the portal itself since it served the banners. While these two metrics were directionally helpful in optimizing creative treatments and placement, they ultimately proved insufficient.

Tracking and Measurement

Such challenges point to the need for good tracking. Today, while some ad serving networks, and a few off-the-shelf software packages – Log File Analyzers like Web Trends and Packet Sniffers like Accrue – claim to be able to provide good summary reports and limited analytics, most are server-based solutions and, therefore, inherently inaccurate.

With today's server farm configurations, the only solution capable of providing marketers with data integrity required is "tagging" or "beacon" technology. This necessitates tagging all the relevant e-Media units and Web pages that you wish to cover, and then tracking your targets through them. By linking online behaviors with offline sales, you can even track the value of the digital experience in driving traditional retail sales. Simply ask cybernauts to register online for Warranties, Coupons, Sweepstakes or other Loyalty programs in order to close the loop and understand the value of the IP investment in its entirety.

Furthermore, tags can be leveraged to track any IP-based communication, from Sites to e-Media units, to e-Messaging transmissions (email), which are channel agnostic.

This final characteristic makes tagging particularly attractive when you're trying to integrate the performance of online ad units (e-Media) with Web behavior. It is a Herculean task to decompose Web behavior down to a session level and then integrate that data with the information coming out of some ad serving system. And due to the limitations of server-side solutions, you can never get a complete picture.

In order to generate a true picture of any given ad unit's CTR potential, marketers must understand the entire clickstream it generates. Initial click-through data is only relevant if you are trying to understand an ad's potential to drive *brand immersion* (i.e. a prospective customer spending time on a landing page). It does little to show if you've actually delivered on that potential. And it certainly isn't sufficient if the goal is to drive sales. You have to close the loop to understand that.

Enhanced Metrics

With the obvious limitations of the two KPIs negotiated by our client, three things became apparent: we needed to institute a better Tracking and Measurement solution; we needed to look beyond the banner at the entire user experience associated with that banner; and we needed a series of Enhanced Metrics that moved us beyond mere CPM and CTR. We clustered these Enhanced Metrics around four defined client Objectives.

Metric	Formula	What it means
BRAND		
Brand Awareness		
CPM Uniques (Cost to Reach 1000 unique users)	\$\$\$ / unique users 1000	The efficiency of reaching individuals vs. gross impressions.
Cost per click (CPC) per Creative Unit Size (CPC CUS)	\$\$\$ / number of clicks per creative unit	Does size matter in generating interaction?
Clicks/Frequency per Banner (CFB)/message RR – Response Ratio	Clicks grouped into # of exposures for banner/message per person	Gives a diminishing returns curve of interaction.
Latent Immersion (LI)	Visits/Sales to Websites up to 30 days following ad exposure	Potentially that the ad exposure drove traffic to a Website.
Cost per Landing Page (CPLP)/Pop-Up	\$\$\$ / fully downloaded landing page/PopUp	Gives the efficiency of getting a user to the next level of information.
Brand Immersion		
Time Spent on Page (TSP)/Landing Page-PopUp	Time Left – Time Entered	Level of involvement.
Depth of Pages (DP)	# of Pages into the site once the user clicks.	How qualified was the user? Are they involved?
Depth of Pages by Creative Unit Size (DP CUS)	Average Users Page Depth Grouped into Creative Ad Unit Sizes	Does size matter in generating qualified involvement? Can be linked to measure various sections of the site.
EDUCATION		
Time Spent on Page (TSP)	Time Left – Time Entered	Level of involvement.
Depth of Pages (DP)	# of Pages into the Education section once the user clicks.	How qualified was the user? Are they involved?
SALE		
Cost per Sale (CPS)	\$\$\$ / # of completed transactions	Effectively, a return on investment metric indicating the efficacy of the campaign spend that generates tangible sales.
Latent Cost per Sale (LCPS)	\$\$\$ / # of completed transactions up to 30 days following ad exposure	Measuring the efficacy of the campaign spend that generates tangible sales following an ad exposure that didn't generate an immediate sale.
Time Spent on Page (TSP)	Time Left – Time Entered	Level of involvement.
Depth of Pages (DP)	# of Pages into the Sale section once the user clicks.	How qualified was the user? Are they involved?
REGISTRATION		
Cost per Registration (CPR)/ Leads	\$\$\$ / # of people who registered for Warranties , Coupons, Contests/ Sweepstakes, Loyalty Programs, etc.	Attractiveness of the offer to the user base.
Cost per Opt-In (CPOI)	\$\$\$ / # of people who opted-in to receive more information via e-Messaging (e.g. e-Newsletters or email reminders)	Potential Qualified leads from each site. Gives us efficiency of interested target.
Time Spent on Page (TSP)	Time Left – Time Entered	Level of involvement.
Depth of Pages (DP)	# of Pages into the Registration section once the user clicks.	How qualified was the user? Are they involved?

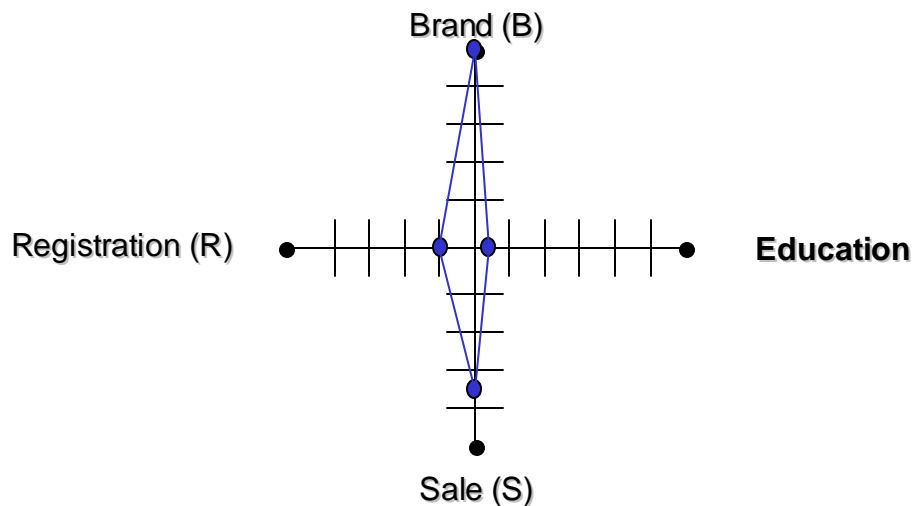
Mapping Objectives to Use Cases

Next, we challenged our client to characterize each campaign against the four defined Objectives: Brand [Brand Awareness (Reach/Frequency) and Brand Immersion (Time/Depth)]; Education; Sale; and Registration.

Figure IV

Use Case # 1

Tie-in Promotion with a Major Motion Picture – Buy New Product Online



Given that the Tagging solution had empowered us to look beyond the initial banner to the entire clickstream beyond, we began to develop Use Cases for each campaign. A Use Case is a defined user scenario or series of tasks, such as “Learn About a Product” or “Get a Coupon” on a Website. By understanding the interconnectivity of the e-Media and Site experiences, we were able to create a new generation of Use Cases designed to deliver against prescribed e-Media goals; e.g. “See a Promotion Banner (Tie-In with Movie), Go to a Landing Page, Learn about the Product (if required), and Buy it Online.”

For each campaign, you only need to create a handful of Use Cases. Each Use Case has a defined purpose: e.g. In Use Case # 1 we are leveraging a promotional tie-in with a movie in the hopes of selling a new product online; we would develop another Use Case to drive retail sales for the same product. But while we don’t create many Use Cases, each Use Case may have several manifestations, made variable by ad unit size and location, creative treatment, messaging, offer, etc. In this way, we can leverage the “noise” in the system to see what’s working best over time.

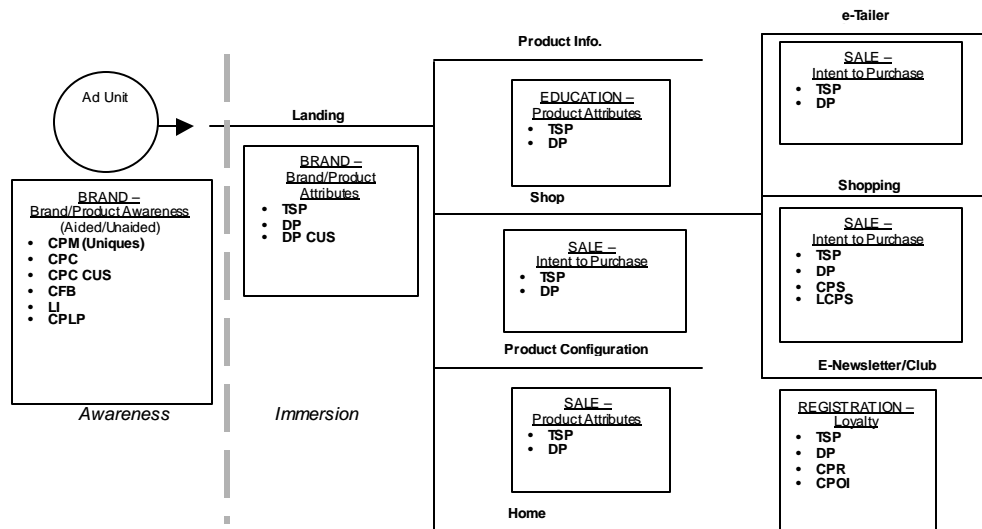
Figure V
Use Case # 1

Linking the Campaign to Objectives, and the Objectives to Define Metrics

Campaign	Brand Tie-In and Product Sale			
Objective Ranking	<u>B</u>	<u>E</u>	<u>S</u>	<u>R</u>
Use Case # 1	5	.5	3.5	1
Required Metric(s) to validate Objective	<p>Brand Awareness</p> <ul style="list-style-type: none"> • CPM (Uniques) • CPC • CPC CUS (by Creative Unit Size) • CFB (Clicks/Frequency Banner) • LI (Latent Immersion) • CPLP (Cost-Per-Landing Page) <p>Brand Immersion</p> <ul style="list-style-type: none"> • TSP (Time Spent on Page) • DP (Depth-of-Pages) • DP CUS (by Creative Unit Size) 	<ul style="list-style-type: none"> • TSP • DP 	<ul style="list-style-type: none"> • CPS (Cost-Per-Sale) • LCPS (Latent Cost-Per-Sale) • TSP • DP 	<ul style="list-style-type: none"> • CPR (Cost-Per-Registration) • CPOI (Cost-Per-Opt-In) • TSP • DP

Each Use Case can be regarded as a defined series of potential actions, with the Optimal Site Path (OSP) representing the optimal execution of that Use Case. Here is Use Case # 1 mapped out.

Figure VI
Use Case # 1
Use Case Wireframe



Now the optimization potential of this model becomes apparent. By observing normal traffic through the site, and then by running a test with a defined Use Case, you can benchmark the success of your existing e-Media efforts. Further, you can begin to deconstruct common problems and begin to understand general behaviors. The Enhanced Metrics listed above should give you the feedback you require to see what's wrong with your Use Cases, and why your targets aren't traversing the Optimal Site Path. Once you've optimized the Use Cases appropriately, run the second phase of the test and see the improvement. Now you can truly optimize against a defined index and quantify your success against prescribed Objectives.

Monetizing Your Success

While increases in revenue and cost savings are relatively simple to quantify, calculating the financial value of enhancements in brand equity is complex. Here is one approach to help fold in brand dimensions as you quantify your digital ROI.

The e-Media Use Case optimization methodology outlined above takes into account the various brand components measured by the client in their longitudinal Brand Tracking Study. By tracking incremental lift in the various dimensions of the brand – from unaided brand awareness to intent to purchase – we can see what's working and what's not as we optimize our e-Media carriage plan.

Further, by Tagging and benchmarking performance over time, we can see exactly which dimensions are improving, and at what rate. Meanwhile, with our Enhanced Metrics and Tracking and Measurement Plan in place, we can see exactly what incremental sales we're driving, not only online, but at retail, and the cost savings generated along the way. Therefore, by mapping the increases in sales and cost reductions resulting from our IP presence against the incremental increases in the brand dimensions, we can begin to quantify the financial value of these dimensions.

For example, if we know that we have increased sales by 10% over a defined period, and we see that access to our Intent to Purchase flavored Sales screens increased by 20% during that same time period, we can infer that an additional 20% increase in traffic through Intent to Purchase Sales screens will probably result in a proportional increase in sales.

The same exercise can be conducted against each of the dimensions defined by the Brand Tracking Study:

- Brand Awareness – Aided and Unaided (Reach/Frequency & Time/Depth)
- Brand Attributes – Aided and Unaided (Reach/Frequency & Time/Depth)
- Product Awareness – Aided and Unaided (Reach/Frequency & Time/Depth)
- Product Attributes – Aided and Unaided (Reach/Frequency & Time/Depth)

- Intent to Purchase (Reach/Frequency & Time/Depth)

Armed with this data, we can begin to quantify the value of Time Spent and Depth of Page against each element viewed.

While the financial performance of our IP presence is influenced by many other factors other than how we express the brand, this exercise does provide a means to link one's branding efforts online with ROI. And the longer we perform this match back as we optimize our plan, the more accurate the formula connecting our brand dimensions (as tracked by the Brand Tracking Study) with our model for ROI.

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