



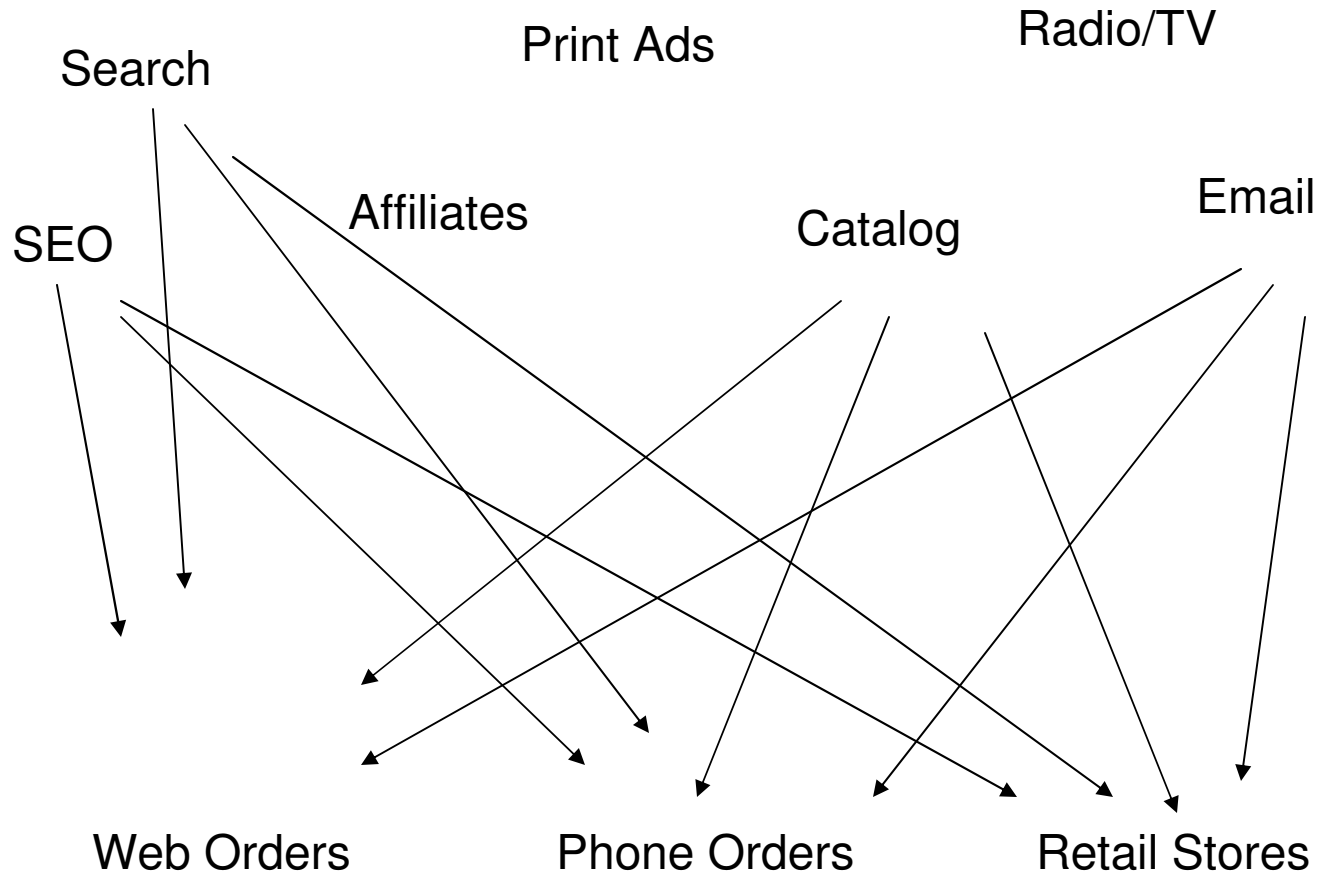
# Multi-Channel Analytics Myth or Monster?

RKG Client Summit  
April 2, 2009

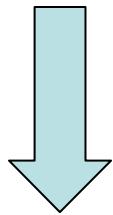
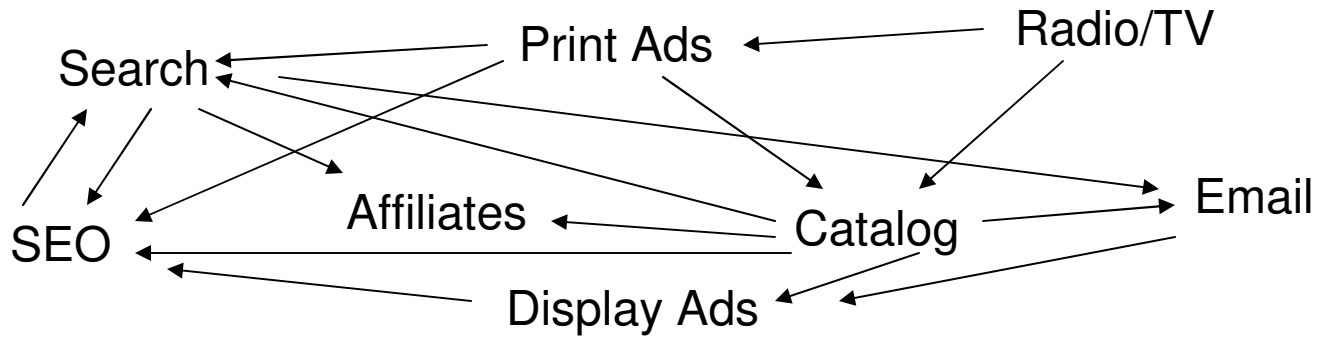
# Multi-Channel Agenda

- The Buzz
- The Scale of the Problem in Truth
- How We Attack the Problem
- What We Learn about Each Channel
- Flexibility in Allocation
- The Available “Solutions”

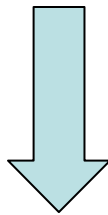
# Channel Spillover is Complex



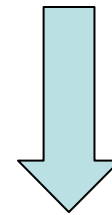
# Channel Crossover adds to the Complexity



Web Orders



Phone Orders



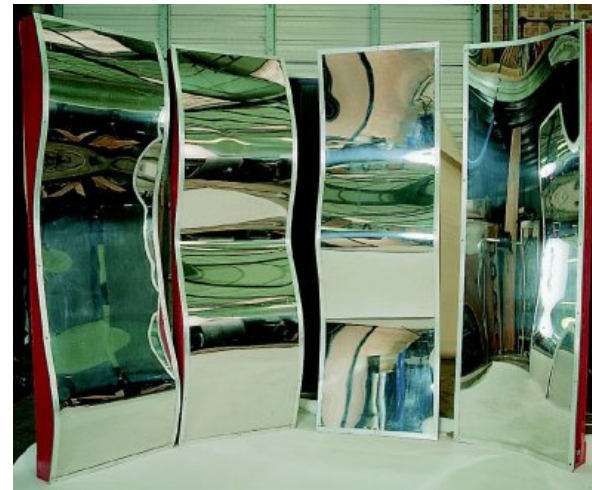
Retail Stores

# The \$64,000 Questions

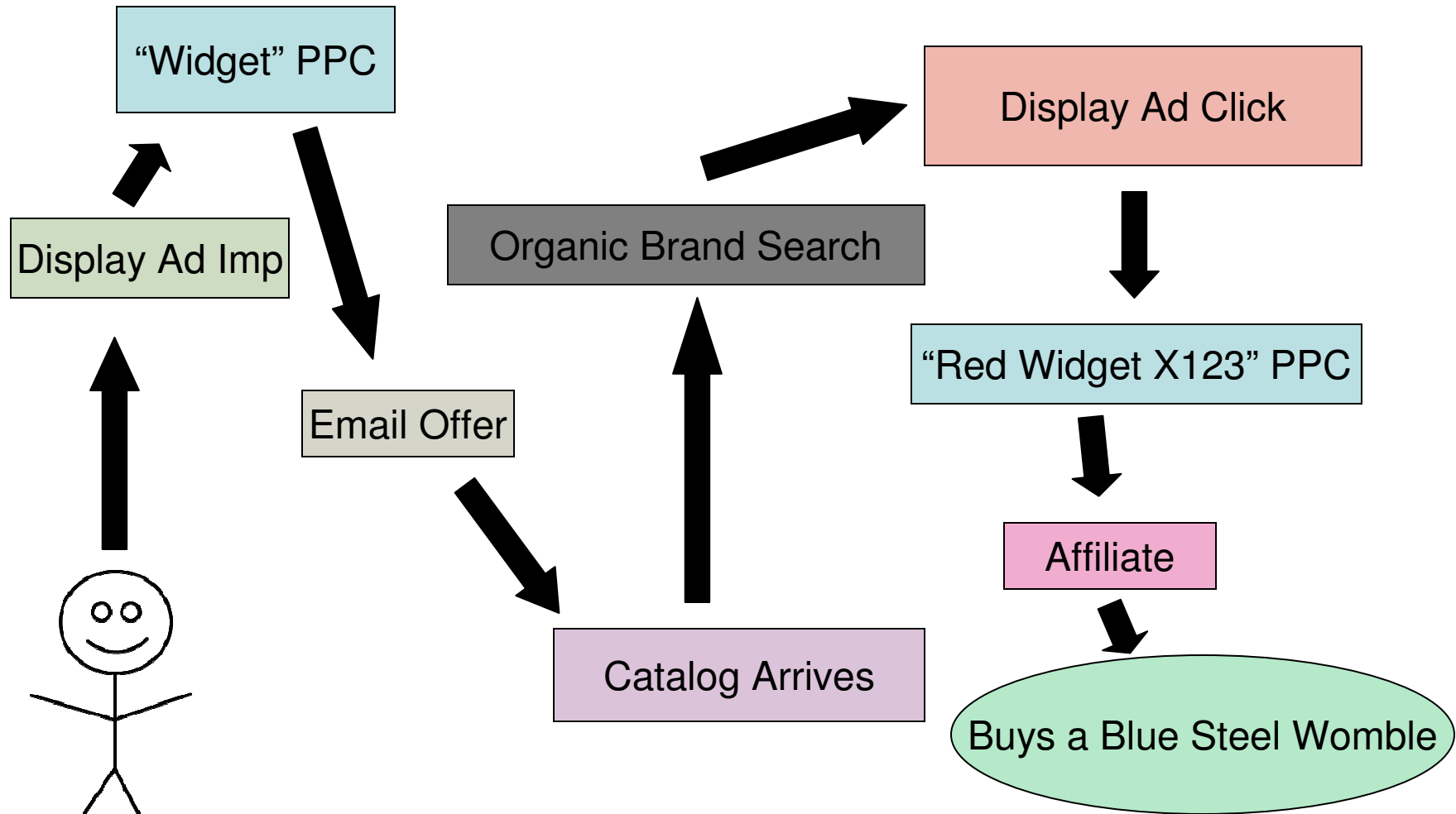
- What's *really* driving my business?
- Do I truly know the ROI of each marketing program?
- Am I spending too much on some programs and not enough on others?
- Would re-allocating our marketing budgets have a material impact on my company's top and bottom lines?
- Would I get a big stinkin' raise if I figured this out?
- Can anyone help me figure it out?
- Will the cost of the solution outweigh the benefits?

# Multi-Channel Buzz

- Engines and Agencies have incentive to blow smoke
- Mysterious untrackable effects allow incompetence and over-charging

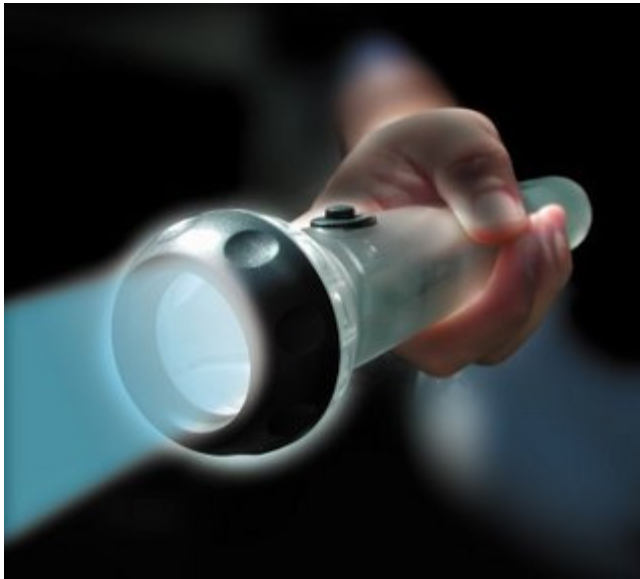


# Trumpeting the Complexity

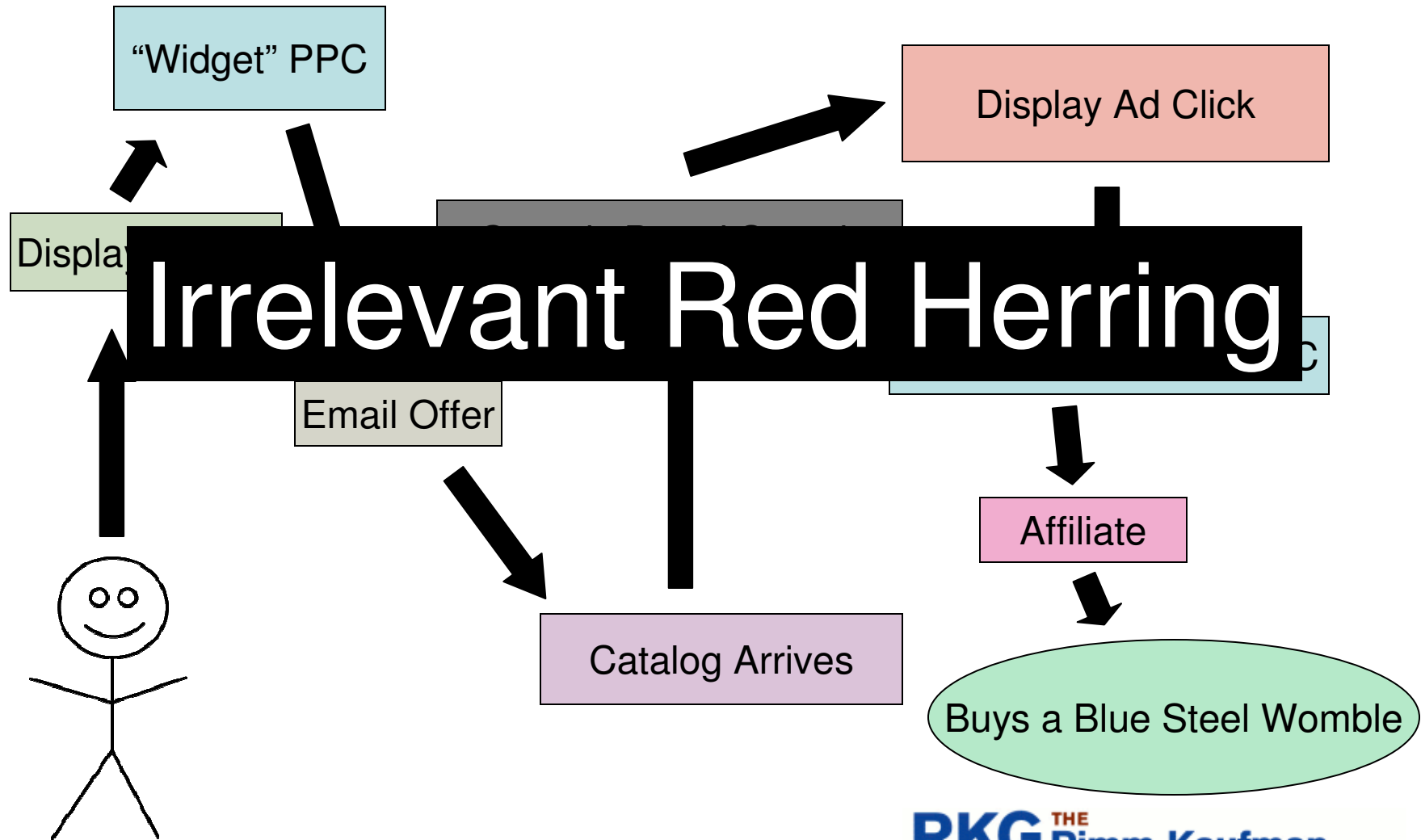


# RKG Business Philosophy

- Provide valuable services at a fair price
- The more our clients understand the better



# Our findings suggest



# Scope of the Problem\*

- 75% + of a retailer's online orders come from buyers who interacted with only one online channel
- Fewer than 4% interact with more than 2 online channels
- We can but have not had the opportunity to pull the thread with a cataloger on mail file match-back and new customers versus existing customers.

# Having No Allocation Scheme is Bad

- Crediting each channel independently can lead to 125% of orders being counted towards Marketing Income 😞
- Crediting Last touch vs First touch vs Shared credit makes a sizeable difference because the channels behave differently.

# What we can see

- Important to sensibly segment channels
  - Brand vs Competitive search
  - Display Impressions vs Clicks
  - Types of Affiliates
  - Types of Email
- Propensity of channel segments to be solo vs multi-touch
- Conversion rates by channel segment
- Click to order interval by channel segment, or ad

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# Search is Search

- The post-click behavior of competitive PPC is exactly like that of competitive organic search
- The post-click behavior of brand PPC is exactly like that of brand organic search and direct load traffic
- In our findings thus far in terms of sales volume:
  - Organic Brand > PPC Brand
  - PPC Competitive > Organic Competitive
- Click to Order intervals of Brand are very short compared to Competitive

# Competitive Search (PPC and Organic)

- Most likely to “act alone”
- Most likely to initiate a multi-channel interaction
- Guessing here: most likely to generate New Customers
- Rational Click to Order Curve

# Display Ads

- Much less likely to “act alone” than Search or Email, but equally likely as affiliates
- Display Impressions (without an immediate click) are *less likely* to be a first contact among others than are Display Clicks – Behavioral targeting at work.
- Display Ads are more likely to be first among others than are Email or Affiliates, but significantly less likely to be first than Competitive PPC
- Click to Order interval for Display is similar to competitive search and much longer than Email or Affiliates

# Email

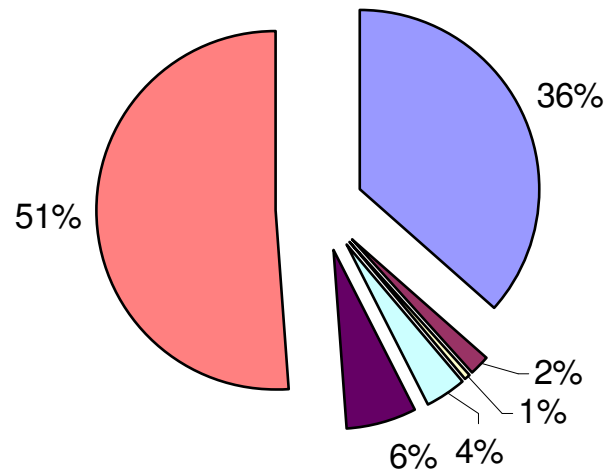
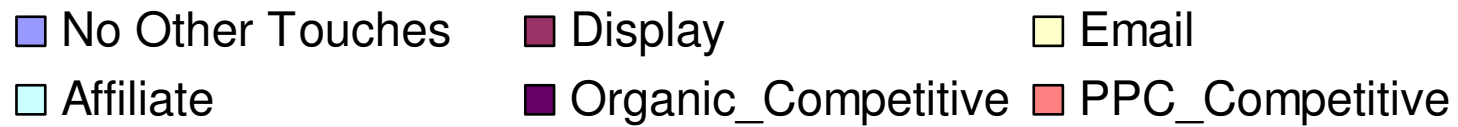
- More similar behaviorally to Affiliates than Search or Display
- Very short click to order latency. Often email click is long after email was sent. Consumers playing “find the discount”?
- More likely to “act alone” than Affiliates, but less than Display or Search
- Mostly existing buyers, and the cost is nearly zero
- The question is whether the orders are incremental and hold-out tests are the only way to get at this
- Since email is virtually free, do we *care* whether it’s incremental?

# Affiliates

- Least likely to act alone
- Least likely to initiate interaction
- Conversion rates look like Email: 15%+ compared to Competitive Search or Display at 2%
- Suspicious Click to Order curve
  - 75%+ same day conversion, compared to 50-55% for Competitive Search (organic or paid) and Display
  - 5% of sales close more than 1 week after click, compared to 20 - 25% for Search and Display
- Helpful in “closing the sale”, or “check out line marketing”?

# Other interesting data

## First Touch: PPC Competitive



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# Allocation Considerations

- Multiple touches on the same ad
- Subsequent touches on “brand” search (paid or organic)
- Direct load visits after paid visit
- Display impressions after a paid visit
- Should we ignore “free” channels?
  - Organic search, direct loads, email
- Given the above, how much credit goes to first vs intermediate vs last touch?
  
- The ability to build biases into the system is important

# The Scheme Does Matter

- Shifting from Last = 100% to First = 100% can mean as much as a 20 – 30% swing in the perceived effectiveness of a marketing program. Less draconian schemes yield smaller shifts: 5 – 10%
- Because the channels behave differently this shift tends to move sales from Affiliates and Email to PPC and Display.
- Match-back data likely to reveal impact of catalog on web marketing programs as well.
- May produce opportunities to re-allocate budget to produce more bang for the buck.

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# Finding a Solution to fit the Problem

- Clearsaleing and Channel Intelligence offer impressive solutions
  - Proportional crediting of each ad for its share of an order.
  - Ability to customize allocation schemes.
  - These folks are very sharp and I suspect very good
- *Incredibly expensive* as I understand it.
- Unclear if it's the right solution:
  - Do you *want* another dashboard?
  - Would you be able to change allocation retroactively?
  - Would your vendors be able to use the “clear vision”, or do you have to use the MC vendor for every service?

# A Hard Problem Worth *Something* to Crack



# More solution than needed?



Or



# What we're doing

- Javascript tag in footer to track clicks
- Use existing analytics tags and referrer strings to identify sources of traffic
- Custom segmentation
- Custom allocation based on data analysis and client biases
- Periodic analysis and consultation

# How would periodic reports help?

- Establish weighting factors:
  - If Multi-Channel Analysis suggests a program drives X% more sales than what you see, adjust ROAS targets X% lower.
  - Re-calibrate periodically
  - Each program can handle its own multi-click behavior
  - Maintain your specialists in each discipline

# Result: a much less expensive solution

- Initial Customization and Report: \$10K - \$15K
- Subsequent Analysis and Reports each: \$1K - \$1.5K
- Tracking \$500/month.
  
- All the actionable data and then some for reasonable fees.
  
- Anybody want one? 😊

# Q and A/ Discussion

- Thanks so much for listening
- Feedback is most appreciated!!!