

Proving the Value of Paid Search Using Custom Predictive Modeling Tools

CASE STUDY: INSURANCE

A nationally recognized insurance company named IMPAQT as their Paid Search vendor, deciding to work with a separate interactive agency to handle their banner and pop-up ads. The client wanted to identify which online ad medium led to the greatest number of conversions and the highest return on investment (ROI). From this data, the insurance agency would then create or update their budget accordingly.

After initially approaching their original online advertising vendor with the project, our client solicited IMPAQT's in-house Product Development Team to create a new application that integrated their information with data from IMPAQT and the interactive agency. Our client wanted this application to forecast online advertising requirements across multiple online formats and agencies.

QUESTION:

How could IMPAQT develop an application that would integrate data from multiple parties, forecasting the most profitable ad medium based on conversions and ROI?

REVELATION:

All three parties met to determine which data variables were necessary to make accurate predictions about conversions across different mediums. IMPAQT then developed an application centered on an algorithm that searched through historical data and extrapolated forward to predict future spending requirements. For example, our client could create a model that analyzed conversions produced from banner ads vs. Paid Search from a past quarter and predict the number of conversions for the next quarter.

In addition, the new application reviewed past forecasting models in comparison with the actual results. All parties had portals within the application to upload information and create predictive models, with the client having ultimate control over access. Also, IMPAQT's Product Development Team added features that would allow additional advertising partners to upload data, should the client need further clarity.

The IMPAQT:

Since implementing the predictive application, our client determined that Paid Search delivered a better ROI than their other online initiatives. After increasing IMPAQT's monthly budget by 33%, our client saw the following results:

- Month-to-month conversions increased by 104%
- Cost per click decreased by 48% (\$2.55 to \$1.33)

