

How to Effectively Differentiate and Align Search Marketing Strategies to Achieve Simultaneous Goals of “Acquiring and Converting Customers” While “Growing the Brand”

While all marketers face the balancing act of allocating resources toward Search-based brand-building strategies vs. direct response tactics, financial service providers face unique challenges in Paid Search. For example, the ongoing spate of mergers and acquisitions results in new identities, slogans, etc. and consumer apathy consequential to the numerous competing institutions all touting the same marketing messages. Also, the current recessionary environment and pace of change means adapting on the fly to changing market conditions and driving harder to get more results while budgets stay frozen or shrink.

The solution lies in the careful consideration of two sides of the house: (1) awareness-building strategies, which often are associated with softer metrics and more challenges for support of increased budget, and (2) direct-response and acquisition strategies, which are accompanied by more quantitative proof points, yet sometimes face challenges for brand building.

To achieve this balance and create more efficient budgeting and more effective performance, IMPAQT thoughtfully uses smarter bid management, including Adaptive Bidding and Media Mix Modeling. Here are some examples of how IMPAQT has implemented these strategies to meet the needs of its financial services clients.

Example #1: IMPAQT’s Use of Bid Management and Affiliate Management Dramatically Alter Our Client’s Outcomes

After dissatisfaction with its current Paid Search partner, one of the top national credit card firms asked IMPAQT to improve its campaign performance. The company had worked with their previous vendor for three years and was not happy with what it perceived to be a lack of reporting and growth with their Search initiatives. Additionally, the credit card company did not have an adequate affiliate policy in place which was driving up bids on branded terms.

Our Approach

First, IMPAQT set out to implement an effective affiliate policy. By collaborating with our client’s legal team, we drew up a customized policy that required all affiliates to bid a set amount below our client. This would decrease our client’s CPA and increase the volume of traffic from branded terms. We also put software into place that monitored the bidding actions of the firm’s affiliates.

Second, in order to increase the productivity of our client's campaigns, we thoroughly analyzed the historical data. Using SAS, we conducted a month-long test of a similar offer with 54 different variations to determine which ad not only produced the most conversions, but also which ad brought in the most qualified customers.

Third, we developed forecasting models to identify realistic expectations. For example, to identify a target CPA, our forecasting model provided the company with knowledge on what it would take in approved applications to reach the CPA goal.

Next, we provided the client with budgeting projections based, in part, on historical performance. This model was effective because it also took into account other influences on the campaign, such as holiday shopping and spending, online activity during specific days of the week, and other external events that led to consumer behavior.

The Results

After enlisting our expertise, our client:

- Reports over 4,000 approved applications, in comparison with previous projections of only 1,800
- Achieves a CPA of only \$173.00, as opposed to their previous target of \$196.00
- Decreased CPC from \$4.16 to \$2.16 due to the affiliate policy
- Increased click-through rate from 3.57% to 4.47% in just two months after multivariate testing
- Due to the success, increased Paid Search spending from just \$70,000 per month to almost \$1 million for one division

Success for this client was enabled due to the correct use of Bid Management.

About Bid Management

Successful bid management means using the right data to inform bid decisions and the right methods to update bids. The two most basic approaches used are as follows:

1. Using historical data to guide bidding and manually updating bids in line with that data. While this may work well with small and simple campaigns, this approach becomes less efficient and effective as the size and complexity of a campaign increases.
2. Using automated bid rules (if X happens, then do Y) to query historical data and adjust bids accordingly. For example, if the CPA for a keyword is less than \$20, then reduce the bid by 10%. This approach handles many keywords at the same time automatically.

Both of these approaches, however, are limited in their ability to handle complex data because it is difficult to determine how far back to look at the data and which data to look at. Furthermore, historical data is influenced by external variables such as site downtime and campaign reorganizations, and the rules are unable to account for these events.

So, how do you overcome these limitations? Predictive modeling and forecasting help handle both complex data and large numbers of keywords. These models forecast the impact of bid changes on all measures of performance by accounting for more variables and creating more bidding scenarios than human eyes and minds can do.

Like historical data, forecasted data can:

1. Guide manual updates to bids, or
2. Work with automated bid rules (if X happens, then do Y) to adjust bids accordingly.

Forecasted data can, for example, identify a target CPA by offering scenarios in which an incremental increase in CPA would affect conversions.

Example #2: Adaptive Bidding Can Significantly Improve Performance of Clients with a Multitude of Data

Before the recent downturn of the housing and credit markets, the Search Marketing goals for IMPAQT's client, a major lending institution, were to drive the bookings of high dollar value real-estate backed (refinancing) loans. However, given the state of the economy, historically top-performing keywords were no longer converting into booked accounts. To overcome challenges associated with the housing crisis, the financial brand refocused their efforts to drive lower dollar value (e.g. personal loans) while bringing in the same end value of "new money."

Our Approach

IMPAQT leveraged Adaptive Bidding to analyze four months' worth of data in the "new economy" to identify the optimal terms for generating new money bookings. After these terms were identified, IMPAQT reorganized our client's campaign into a tiered structure in order to fully fund top-performing keywords (2-10 keywords that would be kept "live" as often as possible in the engines because of their ability to convert into booked accounts).

At the same time, IMPAQT aligned brand-building strategies to its acquisition-based strategies so our client could increase its share of voice while, also, generating direct response.

The Results

This financial brand immediately saw gains in their awareness and in performance goals within their campaign, including:

- 4% lift in Clicks resulting by a 54% increase in CTR
- Reduced spend by 7% and a reduction in average CPC by 11%
- An increase in market share growth as evidence by Searchers requesting information on personal loans (the new target market) by 11%

Adaptive Bidding was one of many strategies used with this particular client.

About Adaptive Bidding

With a tight budget and limited resources, it's hard to control bid updates across all keywords, much less manually adjust bids. You need to choose the best keyword set to meet your overall goals and constraints. That's where Adaptive Bidding comes in.

Adaptive Bidding automates bid management of keywords with predictive modeling and forecasting.

Adaptive Bidding is the best solution for clients who have conversion data tied to the date of the click and the date of the conversion.

Some key advantages of Adaptive Bidding are:

- It can accommodate very large campaigns with hundreds of thousands of keywords
- It changes bids daily based on forecasted data
- It can account for external influences and “shocks” such as media mix and industry changes
- It is “robust” in the face of challenges such as conversion tracking failures or mistakes in structuring campaigns
- It can incorporate both online conversions and offline success metrics such as loan applications and approvals and customer segmentation

In today's recessionary environment, Adaptive Bidding's ability to adjust to and even predict changing market conditions is a key reason why clients have implemented it. For example, if a client's historically top-performing keywords no longer drive conversions or meet other performance metrics and a new keywords strategy is needed, Adaptive Bidding helps identify those keywords that are most likely to meet performance metrics and ultimately drive conversions moving forward.

Example #3: Examining the Media Mix to Better Understand Its Influence on and by Search.

For a leading credit card issuer and electronic payment services company, IMPAQT conducted a television-based media mix modeling project. The purpose of the project was to identify the opportunities among online and offline promotions. Once identified, IMPAQT could consult on strategies to enable better brand positioning and to improve budget allocation for a greater return on investment beyond the day-to-day Paid Search campaign.

Our Approach

First, IMPAQT measured the effects TV commercials have on Paid Search. After receiving historical data on our client's television presence by means of Gross Rating Points (GRPs), a function of reach (size of audience) and frequency (number of times seen by each member of audience) during a given time period; IMPAQT then compared the results to observed Paid Search campaign performance (impressions, clicks, approvals, and cost) for both branded and non-branded Paid Search. Using the observed data, IMPAQT forecasted Paid Search performance through the given time period of surge in GRPs, followed by a comparison of the forecasted Search performance to the actual impressions, clicks, approvals and costs to determine the incremental boost or decline due to TV.

The Results

This study showed:

- The client enjoyed increased clicks immediately after an offline media campaign
- Actual clicks were greater than expected immediately following the spikes in GRP
- A 10% cost increase occurred on branded terms, which is attributed to the increase in traffic on top-performing keywords
- A 5% increase in impressions and an 8% increase in clicks for branded keywords
- The opportunity to capture an audience generated by other media and piggy-back off these efforts
- The ability to manage messaging across all media
- A statistical rationale for future bidding and budgeting per share of media

The initial research has proven that television presence positively affects branded and non-branded Paid Search, leading to greater impressions, clicks and conversions. As a result, clients have relied on IMPAQT to coordinate Paid Search efforts with surges in TV visibility, correlating creative details of TV ads to the language in Paid Search ads. This has led to conversions as well as brand-building and achieves the delicate balance necessary for brand success.

Media Mix Modeling is used by sophisticated marketers who realize that the power of Search Marketing lies within the strategic integration of it with other media

About Media Mix Modeling

Clients who have used Adaptive Bidding are able to better manage their media mix, or the integration of Paid Search activities with offline media. This is because Adaptive Bidding establishes a statistical correlation between online and offline metrics while controlling for external events.

Offline media, such as TV commercials and magazine ads or articles often drive Search activity. But how do you know whether offline activities are influencing your Search, and measure the effects of offline media on Search, including whether your online Search translates into offline sales?

Moreover, the interplay of offline media and Paid Search involves questions of how bids should be managed in light of other advertising efforts.

There are many different ways to track online to offline activities. However, relying on a few narrow tactics, such as downloadable coupons and application forms as measures of success, gives you only a snapshot of everything that's going on with all advertising activity.

Summary/Conclusion

To grow brands and acquire qualified customers, a marketer must use varying strategies; and this combination can achieve expected results.

Paid Search is influenced by other “events” including a marketer’s own media. This should be considered for bidding, budgeting and planning strategies.

Adaptive bidding leverages more accurate data and automated bid adjustment to make sure that the right amount of money is spent in the right place at the right time.

Studies by IMPAQT support the premise that media mix and Search interact in very complex and often contradictory ways. There is no one “best strategy” for coordinating Search with other paid media except in the most obvious and narrow cases (e.g. in support of unique brand extensions and promotions). Media mix modeling and testing are necessary, and has been proven to be effective.

Taken together, each of these elements are necessary for a forward-looking, continuously improving Paid Search campaign.