Finding Out Which Half of Your Advertising Is Working.

By John Stanton and Ann-Maria Guard

Introduction

The problem with advertising your brands in the B2B world has always been measurability and accountability. It's allegedly easier in consumer advertising. You advertise - you watch your sales go up. You stop advertising - you watch them go down. This at least is the model that many FMCG brands work on - and though many FMCG brand managers will tell you it's not that simple, the theory that advertising spend and increased sales correlate is established. But it doesn't work that way in the world of B2B and other "considered purchase" items.

Goods and services with a long lead time to sale and a complex buying process require much more thought in measuring the ultimate effects of advertising. The time lapse, the complicated messages, the competing channels and the role of the sales teams make direct correlation between advertising and sales difficult to quantify and therefore makes advertising difficult to justify. So, many advertisers (especially in a recession) stop advertising and look to find other ways for directly influencing sales. If you can point to a positive ROI on your activities it makes marketing so much easier to justify to the FD and so much easier to retain your budget. But this approach can ignore much of the good that advertising can do.

In addition most marketers are more comfortable measuring direct response initiatives than they are at measuring brand marketing. Forrester's 2009 report by Emily Riley1 shows that only 2.7% of US advertisers interviewed would consider themselves expert at measuring brand advertising while 15.3% considered they were expert at direct response. But because it's hard to measure doesn't mean it isn't working. This paper will point out some of the tools and techniques you can use to overcome the sceptics who think that advertising is vanity and only lead generation is sanity.

"Overcome the sceptics who think that advertising is vanity and only lead generation is sanity"

Recession and advertising

In the 1970s there were two big beer brands that "made Milwaukee famous". Schlitz and Miller. The oil-price hike inspired recession of 1974 provoked two different responses in the two brands. Miller increased their advertising spend Schlitz slashed theirs. Schlitz? I rest my case. Of course the actual facts of the case were not quite so simple - they had also changed their brewing formula. But the point is that case study after case study shows that all brands that invest in marketing during a recession come through the recession stronger and fitter than those who don't. (And for those who do remember Schlitz, they began brewing again in 2008 under the original formula).

During a recession as we said, many marketers are under pressure to switch their activities to demand generation and lead generation. These are considered to be priorities because they clearly lead to sales, they are measurable and they can be held accountable for the returns on expenditure. While advertising online and offline can be a part of a lead generation programme, generally speaking most people regard advertising as "awareness" or "brand" type of expenditure. It's hard to measure, impossible to assess and long burn activity at best and self-indulgence at worst. But consider this.

In the world of B2B markets technology is a "me too" attribute. Differentiation is becoming harder and harder. Investment in your brand is therefore imperative, and during a recession rates are cheaper, potential for share of voice higher and stand out easier than in times where all your competitors are prospering. Now is the time to advertise and now more than ever is the time to confound those who say it is self indulgence by measuring its effects and showing more precisely where your leads are coming from.

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Metrics: an introduction

Let us be clear about one thing first - advertising measurement is not easy. It is difficult if you are Proctor & Gamble and have a budget to throw at it. It is harder still if you are a B2B advertiser with a more modest budget for discovery and even less resources for analysis. But just because it's hard doesn't mean it can't be done. So let's analyse what we can do to measure and what metrics we can use.

Of course measuring techniques depend on what media you are using. But broadly it is useful to split them into two - online and offline.

Online advertising

Firstly we will look at the easier option - online advertising. Clearly interactive metrics have a head start in measuring the effectiveness of a campaign. You can tell how many people have seen the ad for a start. The following metrics are typically used for online campaigns:

Clicks and impressions

Clicks and impressions are the most basic measurement. But in essence these measures are little more informative than the ABC- or BPA-audited circulation of a magazine is for offline advertising. They measure volume not effectiveness. They reveal nothing about the impact of the ad on the audience and as such are useless in measuring ROI.

Performance base metrics - click-throughs

They will give an indication of what action someone took on seeing the ad and as such are useful to measure the effectiveness of a call to action, but they aren't very insightful for someone with a branding goal or to measure real return on investment. But like click and impressions, they are easy to measure and you can at least use them to compare creative execution effectiveness across a varied campaign.

Cost-based metrics

CPM (cost per thousand). Allows a comparison between campaigns. Calculated by dividing the total spend by total impressions and multiplying by 1,000. A handy metric to quote but once again is only the online equivalent of a cost per thousand viewers or readers.

CPC (cost per click) is an imperfect measure of the people who took action and how much it cost for each one. But it is still really an imperfect direct response measure and does nothing to indicate how attitudes changed nor what effect this had.

CPV (cost per web visitor). Once again is a good metric of interaction and not to be ignored. If an ad has prompted someone to visit your website then it has had an effect on the behaviour of the viewer and at least can tell you that such behaviour has been prompted by your ad. But it doesn't tell you any longer term attitudinal effect like purchase intent or brand affinity.

CPA (cost per acquisition) of course gives you a metric comparable across channels of the success of your campaign and its direct correlation to new customers. But we need not just measure actual customers. We might define the acquisition as someone who visited a particular part of the website, for example, or who signed up for a newsletter or downloaded your white paper. We can now begin to make the assumptions that will enable a measure of your brand affinity through a wider definition of what "acquisition" means. It helps you assess the economic and attitudinal impact instead of just measuring volume.

"Assess the economic and attitudinal impact instead of just measuring volume"

So of all these measures, perhaps only CPA is starting to provide measures of ad effectiveness (or if we prefer CPE - cost per engagement - where you only pay the site publisher after an agreed action has taken place through looking at the ad, such as entering a competition). Certainly if you are an online retailer then the cost per acquisition of new sale is a direct measure of ROI. However since few B2B advertisers are online retailers we are still stuck with the conundrum of how to apply this measure within a complex buying process. And all these measures are still heavily skewed to response and demand/lead generation campaigns.

Behavioural targeting

What is more recent as a measure of performance is understanding where visitors to your website have arrived from through using ad networks. Ad networks now will test how your online ads perform by tracking who goes to your company's website via which ads through either behavioural targeting engines or alternatively through pixels on the homepage that register the user's provenance. These systems work very well and are easy to establish. They work less well when multiple networks are being used because of the confusion over which network is driving the conversion. There are, however, companies such as FetchBack or Rocket Fuel that sit on top of the networks so you can monitor your campaign performance precisely.

Nevertheless, while these methods are useful in seeing how the online ad performed in a direct response way, they still tell you little about what people think and feel of your products and services or whether the ad you just ran is going to make potential buyers more likely to buy from me in the future. Are you measuring customer actions, or customer experience?

> ***"Are you measuring customer actions, or customer experience?"***

Offline advertising metrics

Most of the metrics we will look at here are research-based and will usually involve post-exposure survey. And of course you can use them for both online and offline campaigns.

Traditional post-exposure survey

Of course this works mainly with larger budgets and usually requires a quantitative base survey to enable proper statistical analysis of the effects of the campaign. Usually they will focus on unprompted awareness, brand image, buying intent and loyalty, all of which can be easily arranged and usually work best with pre-testing as the benchmark.

None of it is new and it does require that the original budget is sufficiently big to warrant testing this way. The cost of the pre- and post-testing can be high in proportion to many B2B budgets so many marketers prefer to spend the money on the media itself instead of the testing. This is understandable but disappointing since they will never find out if the advertising they ran made a difference other than through anecdote and hearsay.

Qualitative focus group testing

A way around the cost of the large survey and the effects of a small budget is to test the "potential" effect of your proposed advertising through selected focus groups. This isn't new either. And while presenting your advertising can elicit from the group how the creative execution might change their attitude and behaviour, it is based on opinion and is not statistically robust. It says "we think our advertising will work this way" but it can't quantify the change.

Focused survey testing

What has changed however is the cost of online testing. With new online survey measuring organisations such as Zoomerang, it is now possible to test in a much more focused and cost-efficient way and with statistically sound results. With online surveys, big research can happen on a small budget. Rather than the big quantitative testing in post-exposure surveys this takes a small sample of your target group and elicits from them their response to the advertising. Getting the data can be problematic, but some of the more understanding business media owners will help in facilitating the survey. This is a useful way of testing how the ads have worked with the kind of smaller and single interest group that we are often targeting in B2B.

> ***"Are you measuring customer actions, or customer experience?"***

So all of the metrics we have discussed above can serve a purpose and have their uses. But they are not all new and what is more they don't test the effects of multi channel advertising. Ad campaigns are rarely single channel and rarely stand-alone so what is the effect of mixing them? How can I find out which elements have performed best, and therefore to which ones I can attribute the success of the campaign.

Attributing performance

The idea of pinning the success of a campaign onto specific channels is usually referred to as 'attribution measurement'. But marketers seem reluctant to embrace it.

In "A Framework for Attribution Measurement"2, a study by Forrester Research a survey of attitudes to attribution showed that while the majority (53%) of marketers believed that attribution would enable marketers to spend their budgets more effectively, 34% believed it wasn't precise enough and therefore didn't do it. Yet there is so much evidence that multiple channels work together that by ignoring the sources of success you are skewing potential marketing budget. For example many will measure success on a "last click" basis. So the last click that prompted a visit was the successful one. Yet we know that people will often use key word search to find a site and then revisit it later by directly navigating to it, so the effect of the search is lost.

And if you do no attribution, search always looks like a winner if you are measuring the provenance of site visits. The "last click" model always favours search. But studies have shown that search works best in conjunction with display. Several surveys have shown that on or offline display advertising will be the prompt for later searches and can improve search results by anything from 37% to 56%. And online can augment offline activities. In a study conducted by the IAB and Marketing Evolution, Unilever discovered that online ads for a new Dove product provided a 4% increase in measures like awareness and purchase intent, but when coupled with an offline campaign the results were a 14% lift, higher than the offline element on their own. Tools are however now emerging that can provide an element of attribution to a campaign.

Ad serving providers are now supplying advanced attribution measurement usually at no extra cost to an adserving campaign. But to ensure you get the right quality results, you need to capture the right data effectively. You will need to map out each touchpoint and capture the relevant customer exposure at each step. If you don't have the complex integrated technology to provide this then you might need to use off the shelf tools:

"Display advertising can improve search results by anything from 37% to 56%."

Most adservers like Media-Plex provide a "view through" metric of post-exposure behaviour. This allows marketers to track users who see an ad and visit the advertised website at a later date. Thus showing that the ad was a success, though not at the time.

Microsoft Engagement Mapping is a tool, launched in 2008, which allows marketers to attribute the value of a sale across all ads in a campaign and not just the last one clicked. It gives different weight to impressions based on recency, frequency, ad size, rich media and video.

Site analytics packages from providers such as Coremetrics offer services that measure reaction to multiple marketing elements. It has to be said that these work best in association with demand or lead generation campaigns, but there is no reason why they cannot be adopted for branding.

The conclusion for attribution is that if your campaign has an online element, you should always use the post/click, post/impression metrics that the adservers and the agency will implement for you.

Where there is an offline element to the campaign, Nielsen's Buzz Metrics or TNS Cymfony can provide data collection analytics and conclusions from a multi channel campaign. Of course most B2B marketers will not necessarily have the media budget to justify such an investment. But you will be able to use online post-impression metrics with an offline-focused survey - and proper collection and analysis of the data will give you at least a measure of attribution. It will never be perfect but some is better than none.

Conclusion

There are many tools out there to provide new metrics. But before you leap into measuring for measurement's sake it is important to decide what you are measuring. The first point is to agree what your campaign objective is and only then decide how best you can measure it. In order to look at the effect of your advertising, you need to establish what it is designed to achieve. And if it is a "branding" exercise, decide not only what are the changes in perception that you want to alter, but also what level of change will be a success and what is the connection between a change in perception and ultimate sale. Then you can properly quantify the financial effect of an increase in brand awareness or an upsurge in brand image.

"Ultimately, what is the connection between a change in perception and a sale?"

The market research and consulting firm Market Evolution uses a process called ROMO3 (Return on Marketing Objective) in which they will analyze and quantify the results of each element of the marketing mix and its effect on brand equity and ultimate sales.

One of the important discoveries that ROMO and other brand research products set out to achieve is to align which brand attributes properly influence purchasing intention. It is important to know this before the branding campaign is conceived. In a B2B context linking the motivations of your customers and clients with ultimate purchasing behaviour is the cornerstone of insight.

At Base One we are committed to understanding our clients' customers - and therefore to planning and recommending the right media. We believe in measuring what needs to be measured, and doing so within the budget constraints that inevitably exist.

Contact us if you would like a free media audit and recommendations about appropriate media metrics. And see if we can help discover which half of your advertising is working.

Notes

1Committing to Meaningful Digital Metrics - Emily Riley , Forrester Research Inc, July 2009

2 A Framework for Multicampaign Attribution Measurement - John Lovett. Forrester Research Inc. February 2009

3 Market Evolution. www.marketevolution.com/services/ROMO

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