Digital Media and Analytics

How to leverage a powerful new set of techniques for digital media buying and program measurement to drive business results
We believe market leaders drive competitive advantage through the ability to understand, influence, measure consumer behavior at the individual level but at mass scale.
Risk and Opportunity…

• **Growth**
  Digital media spend is big and growing proportionately bigger

• **Capability**
  The technology has dramatically leapfrogged the current model

• **Skillsets**
  The data driven know how to exploit that advancement already exists
The Market Shift

Current Market

Toolsets

Competitive Advantage

Knowhow

Media Ad Tech & CRM Knowhow

Knowhow
## Media Planning

### Old Media Planning

<table>
<thead>
<tr>
<th>Display Media Plan</th>
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<tbody>
<tr>
<td>Many Vendors</td>
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<tr>
<td>Ad.com</td>
</tr>
<tr>
<td>Collective Media</td>
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<tr>
<td>Tribal Fusion</td>
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</table>

### New Media Planning

<table>
<thead>
<tr>
<th>Display Media Plan</th>
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</thead>
<tbody>
<tr>
<td>One Platform</td>
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<tr>
<td>Cross sell &amp; upsell</td>
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<tr>
<td>Prospecting</td>
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<td>Winbacks</td>
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</table>
The Engine

Ari Buchalter, Caltech Astrophysicist PhD
Serving a Single Ad

- 10s-100s of variables
- Highly nonlinear
- Dynamic
- Real-time

Over 20B impression opportunities per day in display alone!

Predicted Response Rate x Buyer’s Goal Value = Bid CPM
An algorithmic machine-learning approach is necessary to optimize display media.
Revving the Engine within a Channel

The fact that users see multiple ads opens up other optimization opportunities:

- Exposure tracking
- Message sequencing
- Dynamic creative
- Partial attribution

Connecting the dots across ads is as important as knowing what each impression is worth.
As we move beyond 2011, optimization within one channel won’t be enough, as users interact with brands across digital channels.

Additional focus is needed on:

- Cross-channel tracking
- Multi-channel optimization
- Cross-channel attribution & decisioning

Beyond 2012, even more channels are addressable (DOOH, IPTV, etc.)
The Analytics

Peter Vandre, MIT Economist
Effective Measurement

New Media Targeting = Rocket Science

Now some advice to actually start measuring this stuff
• Get started - basic improvements on last click attribution
• Cross media testing
• Attribution modeling
• Tackle offline to online
Better Direct Attribution

Look Familiar?

Closer to Reality

- View Thru 2: 5%
- View Thru 1: 15%
- 2nd Click: 20%
- 1st Click: 60%

Analysis Priorities

1. Play around with your attribution assumptions—How sensitive are they?
2. Focus on refining view thru window assumptions
3. Analyze and test interactions across media types

Your Other Media

Last Click
Testing to Improve Measurement

**Goal:** Estimate Incremental impact of paid search terms

**Situation:**
- Major retailer
- High % of spend on branded paid search
- How much is really incremental?

**Solution**
- Branded keyword blackout test

**Outcome:**
- Estimate 40% cannibalization between Paid and organic search
- Adjust keyword values accordingly in targeting

**Solution Diagram:**
- Shut off SEM
- Compare to post period

Incremental =
Est. organic orders - actual organic
Modeling to Improve Measurement

Goal: Estimate Incremental performance for each digital campaign

Situation:
- Major Financial Services Company
- Huge brand spend
- What is ROI of digital media?

Solution:
- Attribution modeling
- Campaign level reporting

Outcome:
- Ongoing incremental campaign estimates
- Rebalancing between top/bottom of funnel
Goal: Estimate Incremental performance for each digital campaign

Situation:
- Financial Services Company
- Large DM program
- Wanted to see if display could lift DM

Solution:
- Controlled test
- Offline to online direct match
- Targeted display and DM

Outcome:
- Able to measure display lift on DM program
- 17% lift on DM with display

1 Pull Prospect Lists
2 Target in media
3 Analyze Results

- 95% of US Population
- Auction Marketplace
Impact

Megan Pagliuca, Ad Tech Evangelist
Increased Efficiency

Consolidate Buys to One Platform

**Example 1:**
- **Undercontacting**
  - 66% of the users see only one impression

**Example 2:**
- **Overcontacting**
  - 20% of impressions were being shown to users with at 50+ frequency

### Unique Users by Frequency

<table>
<thead>
<tr>
<th>Metric</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average # Impression</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Total Unique Users</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Impressions/ Month</td>
<td>50,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Optimal Impressions</td>
<td>25,000,000</td>
<td>50%</td>
</tr>
<tr>
<td>Questionable Impressions</td>
<td>15,000,000</td>
<td>30%</td>
</tr>
<tr>
<td>Waste Impressions</td>
<td>10,000,000</td>
<td>20%</td>
</tr>
</tbody>
</table>
Decreased CPA

Integrated Credit Card Approval Data into Algorithm

Situation:
- Fi Serve Advertiser
- Decrease cost per acquisition of new credit card approvals

Outcome:
- 5x improvement when offline data was incorporated in algorithm
Increased Volume High Value Accounts

**Situation:**
- Fi Serve Advertiser
- Increase # of high value checking accounts
- Increase online and branch account opens

**Outcome:**
- 217% decrease in Cost per New Account
- 143% increase in percent of High Value/Low Value Responders at same budget level

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**Built Integrate Multi-Channel Acquisition (I.M.A.) Program**

![Graph showing cost per acquisition (CPA) over time for Merkle Data Driven Program and Traditional Agency Program.](image-url)
7 Things You Can Do To Improve Your Digital Media Program Tomorrow

1. Work with the media trading desk that best suits your needs
2. Centralizing execution into a single targeting platform
3. Do not work with partners that don’t give you transparency
4. Ensure site and email data collection allow you to collect offline data at every opportunity
5. Pass offline conversion and/or value data into online algorithm
6. Ensure measurement & analysis is being done at the impression level, using just a dsp or ad server aggregate reporting does not give you the full picture
7. Start testing and thinking about your media budget based on incremental impact
Questions???
Round Table Questions

– Where does the responsibility for Media sit in your organization? How is it connected to CRM activities?

– Are you using an Agency Trading Desk or is your agency working directly with publishers?

– Have you started consolidating your data-driven buys? If so, why not?

– What is something you can take back to your office this week to take advantage of some of these changes in the landscape?

– Are you using display to drive offline actions? Why or why not?

– Are you integrating back end metrics into display targeting?
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