



The Performance Marketing Polygraph

How to get the real story behind your numbers

Corporate**ink**
| Integrated Marketing & PR

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‘Performance Marketing’ is a good thing, right?

Midway through 2013, performance marketing is still immensely confusing – and a hot topic among CMOs intent on getting more value from their online and offline marketing programs.

Bad behavior is rampant, the behind-the-scenes analytics is complex and often unfamiliar to the companies expected to manage it.

Add to this that many third-party vendors’ business models are based on quick turns, not retention.

No wonder even the largest and best-known brands consistently continue to make seven-figure mistakes about attribution, SEO, PPC and how to value the first –and last–points of touch.

Right now, it’s a huge problem for marketers, who are trying to read between the lines of what works, and what tools cost more than they’re worth.



“Performance marketers can deliver whatever results they want,” said **Rob Glazer**, an expert in this rapidly emerging field. “There’s a lot of double-counting.”

Attribution

Attribution is the dirty underbelly of performance marketing – because that’s where the money flows. That’s the take of Rob Glazer, the digital marketing strategist, who spoke at our recent networking breakfast for marketers. His firm, Acceleration Partners, helps many of the largest B2C e-commerce-driven companies – including Adidas, Shutterfly, Reebok and TaskRabbit – sort through their marketing data.

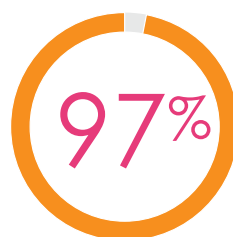
So how do you assign the right value to each channel and touch-point vying to take 100% of the credit?

Eliminate double or triple-counting. It sounds obvious, but attribution that credits multiple channels for the same revenue – often adding up to 400% over-counting – is shockingly common.

Consider the CFO, who notices that PPC, SEO, the website and referral networks are each booking \$1 million in sales for the quarter. The pipeline, however, is just \$1 million. Sound crazy? Maybe, but it happens all the time.

At its best, Performance Marketing is – or should be – the apex of smart, quantitative marketing:

Hard numbers for inbound traffic, new leads and what’s in the funnel are just the beginning, based on detailed, defensible data. Most importantly, it’s the foundation for knowing which programs, and channels, are delivering leads that close, and how much each activity truly costs.



◀ B2B marketers who say they lack the skills they need to take on new demands

B2B marketers who can't find the right skills to fill new roles in their organizations ▶



– Forrester Research & Business Marketing Association

The 6 most common sources of double-counting:



SEO



Affiliate Marketing



PPC



Display & Retargeting



Email & CRM



Social Media

Consider customer lifetime value. This is often overlooked.

“There is no attribution model that spits out a perfect answer. You have to collect the data,” said Glazer. Look and see what ‘seems’ to be normal. Try to create a consistent rule. It may hurt some people doing good work, but it will also help others.”

Eliminate the battle for the last-point-of-touch.

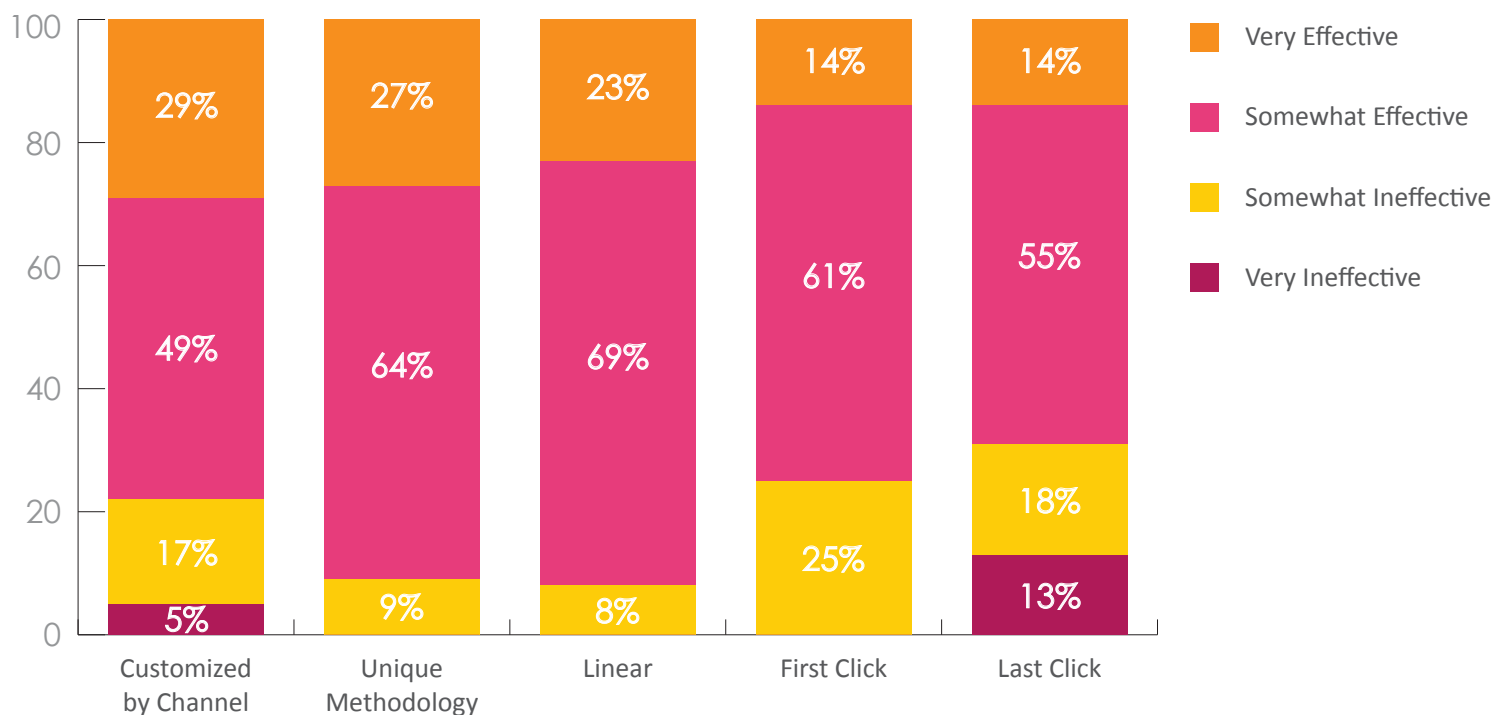
Today, that’s perceived as adding ‘the most’ value. Yet almost every point of legitimate contact contributes some element of value. Google Analytics Multi Channel Funnel is the starting ground for observing value, patterns and testing concepts.

Offline marketing efforts also should get credit, because they influence online activity. This includes trade shows, PR and other events, which drive awareness. How do you credit a prospect’s Google search that comes two days after the show?

This struggle is made more complicated by affiliate networks, and specialist firms in PPC and SEO, each of which want to ‘prove’ their performance.

That’s when setting the standards – as opposed to having them set by outside experts with their own agendas – is so important.

Marketer Assessment of Effectiveness of Attribution Models



– The Road to Genuine Marketing Attribution, Mediaplex

Affiliate Networks: Taking Millions

Funding a high-quality, affiliate network is complex and labor-intensive, and Glazer noted that most of the investment occurs at the beginning, in recruiting, before growth kicks in. As a result, some companies opt for quick hits of high volume, and end up with lower-quality networks that get their fees, but come up short on truly delivering new, additive revenue.

For instance, a network can lure customers with coupons. They'll get the credit – even though this transaction might have occurred anyhow – without the discount. The critical analysis factor for affiliates should certainly begin with how much incremental transaction volume they are driving.

“I’ve gone into companies that have no idea who their top 10 affiliate marketers are, and yet they’re paying them millions of dollars in fees,” said Glazer. “One company had four different people running four different networks . . . People are being asked to oversee a lot of things where they don’t have the requisite experience.”

Is Branded Any Better?

A lot of companies are paying way too much for branded search – because it should be free. After all, prospects are already searching for companies by their proper name. The hot zone – and worth paying for – is non-branded search. That’s because visitors are searching by concept and keyword. In other words, it’s now the province of SEO.

\$559 BILLION ← Estimated B2B online transactions, annually

– Forrester Research & Business Marketing Association

But unfortunately, a lot of companies are still paying for direct searches on their own name, because it’s being sold as a one-size-fits-all package wrapping PPC and SEO reporting. That’s a mistake.

“I’ve seen companies with \$10,000 campaigns say they’re getting a return of 8X on their ad spend. But they don’t realize that they’re spending \$7,000 of that simply advertising their own brand name. That’s just defensive advertising – these people are looking for you anyhow. Of the \$3,000 that’s left, when you do the numbers on the unbranded search, it can mean they’re spending as much as \$1.20 to get \$1 of leads. That’s less than a 1X return.”

Any report on branded search should look spectacular. And it should take less than 30 minutes to set up.

Why models are so messy:



Suppose you had to travel from Philly to Cleveland to close a deal. If someone asked how you got there, you’d probably say, “I flew,” because that’s the most obvious leg, and it also has the highest total value.

But you also walked to the train station and took a train to the airport; along the way, at least one person probably opened a door, too. Each one played a part. That’s how the folks at RhinoFish Media, a PPC consulting firm, bring home the challenge of identifying how each touch contributes to the overall value.

What's Next?

Getting smarter about attribution will be a critical competency by 2014. In the near-term, creating your own roadmap – and asking the hard questions – is the right place to start. Unfortunately, there aren't a lot of shortcuts.

Making sure that your copy, content and offers are compelling is the right place to start.



Corporate Ink creates and runs break-through-the-noise marketing and PR programs that drive revenue and inbound leads. We know how to target your buyers, build word-of-mouth and consistently deliver measurable results. And we love to create new markets, and market leaders.

Please talk to us: (617) 969 9192



Acceleration Partners is a digital strategy and marketing firm focused on driving new customer acquisition for rapidly growing companies and organizations. With offices in Boston, New York and San Francisco, our team of experts develop and manage high-ROI performance marketing initiatives, with a focus on marketing strategy, affiliate marketing, information architecture, and search engine optimization.

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