

HOW TO MEASURE THE ONLINE EFFECT

Measuring online ads is about doing the sums. Brett Rolfe explains how.

BRETT ROLFE
Online effectiveness



THE Internet has always been positioned as a measurable medium. In an era that has seen the rise of return on investment, marketers are constantly searching for ways of demonstrating the effectiveness of their marketing spend.

And while the realm of online effectiveness measurement has come a long way, there is one key step that remains to be taken before we are really measuring total effectiveness.

Let's walk through a hypothetical example to put the changes we have seen over the past few years in to context.

Imagine a marketing manager tasked with promoting her company's new and improved widgets. She has a budget of \$10,000 to drive sales on their e-commerce site. To achieve this, she buys 1,000,000 impressions (ad views) on Cooltools.com.au, a popular site visited by widget fetishists.

In the old days, the best she could expect would be a reach analysis. Perhaps the campaign was seen by 500,000 unique

users, giving her cost per reach of \$2. Useful, but not that useful.

Then we had click tracking. This told her that the campaign had a click-through rate of 1% - so her 1,000,000 impressions delivered 10,000 visitors to the site. Now she had a cost per visitor of \$1. Better, but not much.

We emerge from the dark ages into the glorious sunlight of third-party ad serving. This technology allowed our marketer to track not only the delivery of her ads and the click through, but to trace the activity all the way through to purchase. She discovered that people clicking on the ads went and bought a total of 2,000 widgets. That gave her a cost per acquisition of \$5. At last, something she could use to really start talking about ROI.

"But what about the branding impact? What about the people who never click but still buy?" And thus 'no click tracking' was born. Using cookies, she discovered that in addition to the 2,000 people who clicked and bought, another 2,000 saw the ads, then later came to the site themselves and bought... that's 4,000 sales, or a cost per acquisition of only \$2.50!

And that takes us to what passes as best practice in most online campaigns today. No one asks the nasty question that is hanging in the back of our mar-



Total effectiveness measurement quantifies online media spend.

keting manager's mind—"Yes, but how many of those customers would have bought anyway?"

In order to do the medium justice, we need to move to total effectiveness measurement. As an illustration, let's take our widget campaign one step further. We know that 500,000 visitors to Cooltools.com.au saw the ads. And we know that 4,000 of them purchased. Now if we ask Cooltools.com.au, they may tell us that in total 1,500,000 people visited their site over this period. With a little work (and this is the tricky part, but more on that later) we may discover that of them all, 7,000 bought widgets.

A little maths tells us that if we look at the 1,000,000 visitors who never saw a widget ad, 3,000 of them still bought widgets. That's 0.3% of them. So, it is pretty fair to assume then that if the campaign had never happened, those 500,000 people who we tracked seeing ads would have bought 1,500 (0.3%) widgets anyway. With the campaign, they actually bought 4,000—2,500 more than they would have. Our marketing manager can now see the real effect of her campaign. 2,500 widgets for a campaign cost of

\$10,000, meaning she has a cost per acquisition of \$4.

This simple process puts online streets ahead of other media in terms of measurability. And importantly, it gives real, meaningful figures that don't inflate expectations for future online campaigns.

Remember I mentioned a tricky part? The most interesting challenge here is measuring the number of purchases made by people who have visited a publisher site. While not technically problematic, this requires a degree of cooperation between the publisher and the advertiser. This is a hurdle, but one that publishers should be pushing to overcome in order to demonstrate the total effectiveness of campaigns, raising the bar for the industry as a whole.

Brett Rolfe is a freelance digital consultant.
E: brett@digitalstrategist.com

MORE ONLINE SEARCH ▶
BRETT ROLFE
www.bandt.com.au

“ We emerge from the dark ages into the glorious sunlight of third-party ad serving. ”



stands for more in outdoor printing

info@graphicscreenprints.com.au sydney 02 8784 5111 melbourne 03 9521 5223