

Bazaar's ad effectiveness assessment

Executive Summary

Our team investigated the ROI from Bazaar's sponsored online advertisements appearing after branded keyword searches on Google, Bing, Yahoo, and Ask.com. The in-house marketing analytics team claimed that their ad spend resulted in an ROI of 320%, but after reviewing the manner in which the team calculated this return and the corresponding data, our team discovered that this estimation inappropriately claimed that all purchases from branded keyword searches were caused by sponsored ads rather than the portion of individuals that were specifically influenced to purchase because of the ads.

Our team made it our mission to find the ROI specifically from these individuals influenced to make purchases due to the sponsored ads. In order to determine this, we used purchasing data from Google and used online customer conversions and their purchase value when no sponsored ads were running as compared to the same conversions and value when sponsored ads were running. To make sure we minimized any outside influence of purchase behavior between these two time periods, we used the purchase behaviors from Bing, Yahoo, and Ask.com as a collective control group. These sites had sponsored ads running continuously and did not show any significant change in conversions between the two time periods compared, so we assumed that the only change in purchases between the two Google groups were due to the presence or absence of sponsored ads.

After performing a difference-in-difference analysis on the data, it was found that an about 11.4% decrease in site traffic was the result of the removal of sponsored ads on Google. After taking this into account and applying a more accurate ROI calculation than that completed by the Bazaar marketing analytics team, it was determined that the ROI is closer to 137% rather than 320%. While this amount is not nearly as high as the original calculation, it has be benefit of both making intuitive sense and being closer to industry averages, which is said to be an ROI of around 100%. This means that Bazaar can confidently continue to run these ads and look into expanding sponsored ads to other channels. For example, the firm can explore running ads on competitor branded searches or on non-branded searches within the same search engine sites, provided Bazaar is not already proceeded down this path.