

Measuring Shopping Media



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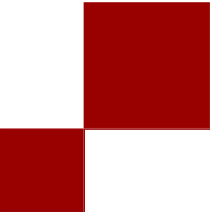
Getting The Most Out of Shopping Media

If you still don't believe that online activity directly influences offline purchases, just ask Brian Leinbach, SVP of Systems Development and Field Services at Macy's, who said "90% of our customers research online at least occasionally before purchasing in a store." And as customers research, we know that there's no more powerful place to target them than on retail websites (see our white paper on "Finding Your Audience," published Q1 2012).

For brands, Shopping Media is the most potent media available to influence consumers and drive them towards purchase in the e-commerce environment. Available on retail sites such as Target, Home Depot and Sears, Shopping Media is a unique retail advertising platform that enables advertisers to speak with consumers on a one-to-one basis. But there's a scarcity of information available on how to measure this type of media. This white paper aims to explain how a retail ad server can empower you with the proper measurement tools, and then provides current use cases of new retail-specific metrics.

The Importance of a Retail Ad Server

In order to maximize ROI while advertising within Shopping Media, you'll need to converse with your target market in the most relevant context or behavior possible. While this may sound obvious, it actually does not happen as frequently as you'd think. Very few companies have built ad servers that tailor specifically to retail. Consider DoubleClick for instance. DoubleClick is a powerful and flexible ad server that was built to solve for massive scale, but not for the challenges of retail. Why wouldn't that be? Aren't online retailers the same as other publishers? Unfortunately, they're not. Most publishers are built around optimizing content consumption, but a retailer's entire existence is about conversion. If you don't convert your consumers, you won't be in business.

A decorative graphic consisting of two overlapping dark red squares, one slightly offset from the other.

This white paper is dedicated to the incredible development team at RichRelevance, who have single-handedly built the most powerful retail ad server I've ever seen.

- Jake Bailey, Chief Evangelist

To truly measure Shopping Media and ensure that you don't negatively impact a retailer's ability to convert, a retail ad server must center on understanding consumer context and impact on conversion. It should leverage technology that can target a consumer that has a certain product or brand in her shopping cart.

Where else can you do this on the web, or even better, in the offline world? Except for the end-cap on a shopping aisle, likely nowhere. Where else can you target users that have exhibited shopping-specific brand affinities? As you may know, it's even more difficult to forecast inventory availability and delivery based on these demonstrated behaviors.

Before we discuss measurement, it's important to state that an understanding of retail personalization (context and conversion) must sit at the core of the ad server, in order to maximize your return in this environment.

Both radio and TV are great ways to reach large-scale audiences, but there is no direct purchase corollary that can be used for brand measurement in this environment. There's no way to measure direct sales driven from a TV commercial, especially when most brands are sending consumers to their Facebook page, which is even higher up in the purchase funnel! In order to truly measure the ROI of purchased media, you must have a direct tie into the purchase funnel. Luckily, online retail provides just that. For brands that are endemic to the online retail environment (those sold online), you can measure your direct influence on sales through Shopping Media. With that connection, you can also answer three important marketing questions, which are only available through the use of Shopping Media:

1. What is the structure of my brand's current market?
2. How is my ad campaign moving the market as the result?
3. What can I do to optimize my market position in the future?

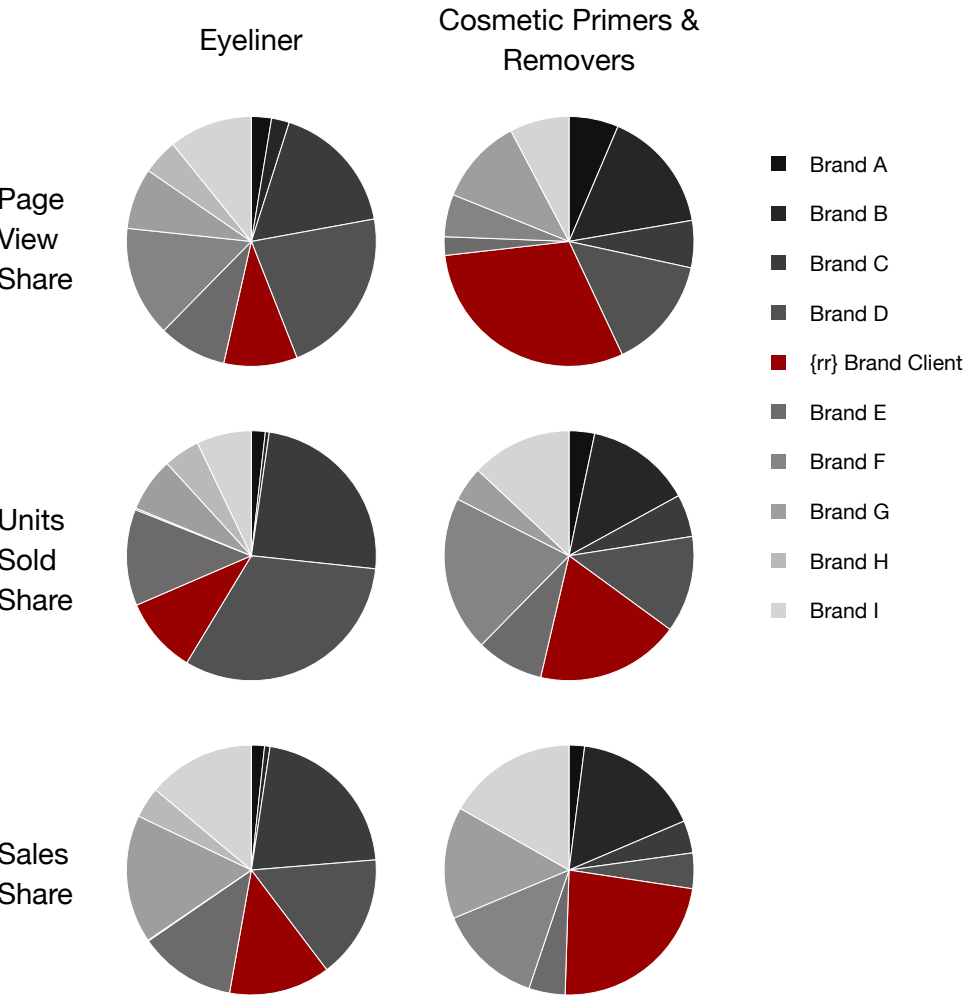
A true Shopping Media retail partner should know your challenges and opportunities better than you do.



Structure of the Current Market: What Does My Market Look Like Today?

Pre-Campaign: Before entering the retail advertising world with all your guns blazing, you'll need to have a clear understanding of your brand's online market presence. A true Shopping Media retail partner should know your challenges and opportunities better than you do, and should be able to define the scope of the world that matters to you.

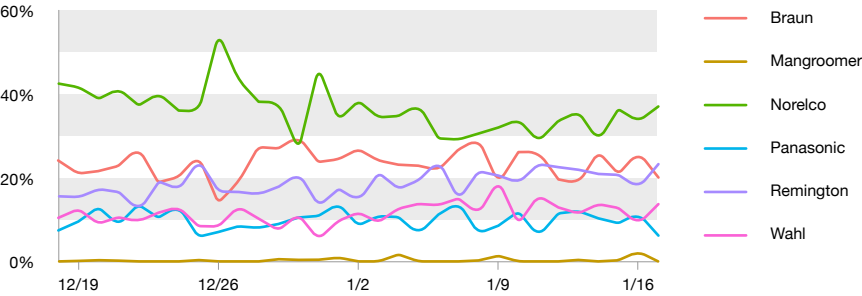
Here's an example of one of our client's brands and how their world is defined within the online retail space. For this cosmetics brand, you can see that their page view share is less than their sales share. This means that they're doing a good job of converting customers once they're on the brand's product page. This is clearly an opportunity to use Shopping Media to drive more traffic to their product pages on retail websites to drive sales.



If you understand your brand’s market, then it’s much easier to define “the needle,” and how to move it. For your brand, that could be as simple as “getting more people to view your products,” or “capture sales market share at the expense of my competitor.” Understanding your market enables you to set a control group before launching your campaign. This data should prove incredibly valuable when backing your advertising investment thesis. For instance, your campaign thesis might be “buying all of the ad space on my competitor’s product pages helps me capture market share,” or “consumer searches for my brand is a great proxy for intent to purchase.”

Here’s an example of an electric shaver brand’s market share, which would be important to a company that is trying to define the scope of their world within online retail:

SHARE OF SEARCHES BY BRAND: SHAVERS



TOP SEARCH TERMS LEADING TO SHAVER PURCHASES, BY BRAND

Braun	Mangroomer	Norelco	Panasonic	Remington	Wahl
braun	mangroomer	7310	electric shaver	shaver	wahl
braun series 7	man groomer	norelco	twilight	remington shaver	mickey mouse
braun shavers	groomer	philips norelco	cordless telephones answering machines	mens shavers	coat
braun	mens electric trimmers	shaver	razor	remington	pet food
legos	mangroomer professional	electric shaver	panasonic	blood pressure cuff	big time rush dvd
braun shaver	peppercorn	7340	panasonic	school uniforms	dry erase
braun shaver	grill covers	norelco	mattress cover	guitar	wahl shaver
cars	dyson	electric razor	shavers	barbie	electric shavers
sensotouch	batman	1150	remington wet dry	straws and connectors	shave razor
leap frog tablet	memory cards	philips	panasonic shaver es205	mens shavers	wahl electric razor
christmas movies	pepper	razor	panasonic es8249	pokemon toys	ear buds

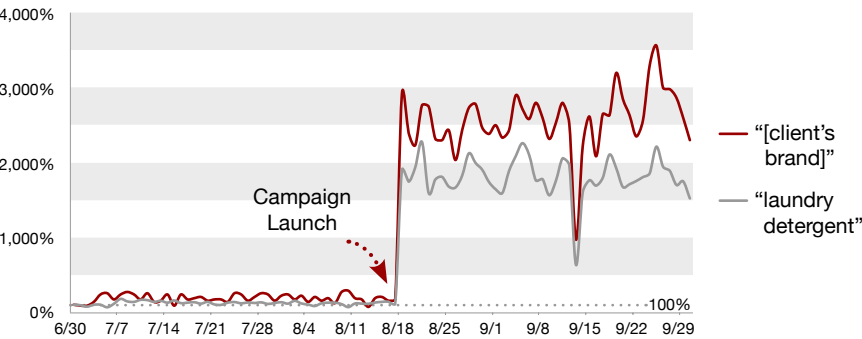
Marketplace Movement:
How Am I Changing The Market?

During Campaign: After you’ve launched your Shopping Media campaign, you’ll want to begin seeing the results. This can be as simple as views/clicks or as complicated as defining “engagement rates” with your campaign’s rich media ads. It goes without saying that you’ll want to view not just the basics but also advanced metrics that are specifically tied to the online retail world.

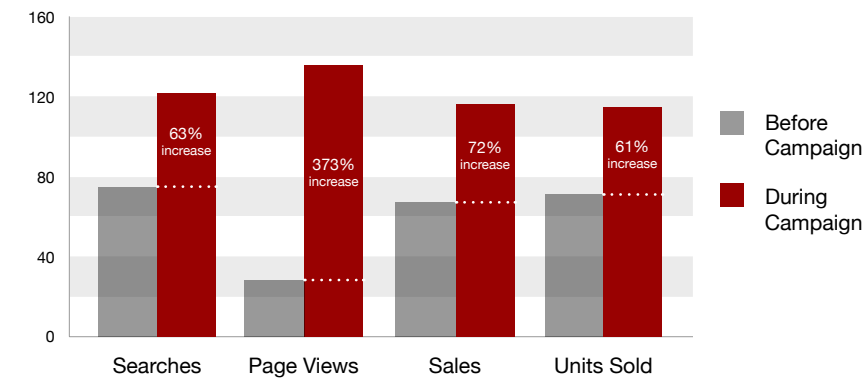
How far did you move the needle? Were you able to influence purchases, consumer searches, product page views, or time spent on your brand’s product pages? What about the availability of offline market data? For instance, if you’re a mobile phone company advertising only in certain geographies, were you able to drive an efficient cost per order in those areas?

These examples show two campaigns’ tangible effect on the market, as well as the bottom line:

SEARCH INDEX: DETERGENT BRAND



INDEXED INCREASES: DIAPERS BRAND

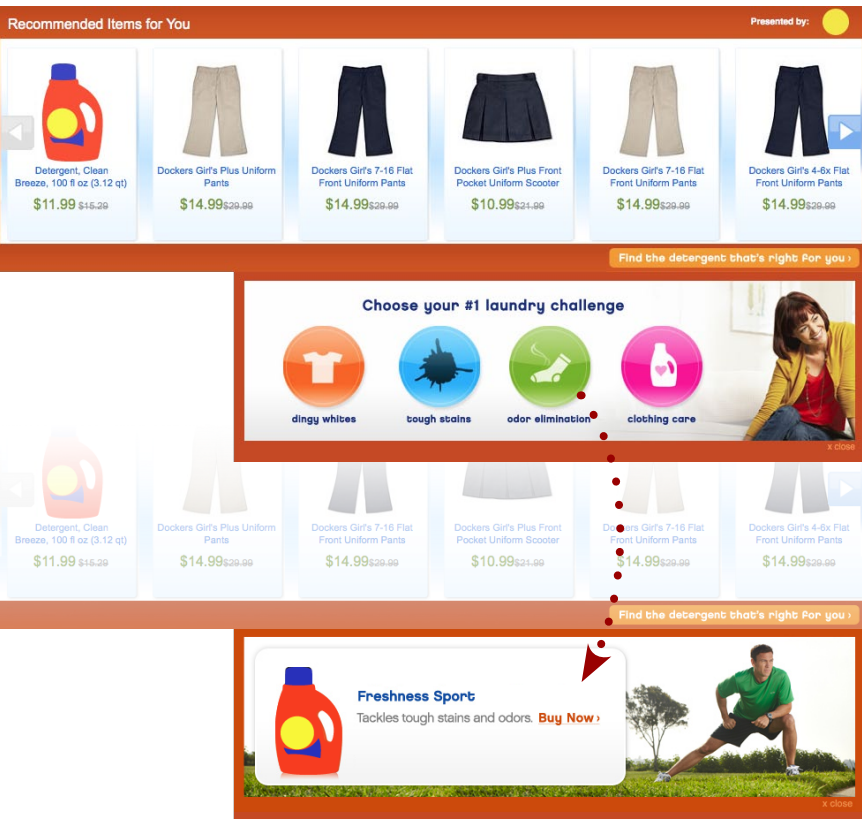


If you’re advertising within online retail, you may already be using some of these measurement techniques. But there’s always more opportunity to push the envelope.

The most advanced brands within Shopping Media have already moved a step further and turned their media into a research tool for capturing consumer insights. Not only is there a massive opportunity to advertise to e-commerce consumers, there exists an unprecedented opportunity to capture far-reaching consumer data in real time. Here’s a prime example:

CUSTOM “INSIGHTS” UNIT

With this first-to-market concept, a well-known laundry detergent brand asked users to identify their biggest laundry challenge. Each answer correlated with a specific product. For example, selecting “odor elimination” displayed the brand’s product that combats that particular laundry challenge.



“INSIGHTS” REGIONAL ANALYSIS

Shopping Media insights offer analysis by general location, so brands are able to better market their products to different customer segments. For example, New Yorkers appear to be more concerned about “dingy whites” than “tough stains,” which is what Texans are more interested in.

	Dingy Whites	Tough Stains	Odor Elimination	Clothing Care
CA	93.17	95.27	117.12	98.82
IL	91.75	104.67	104.85	103.21
FL	97.31	90.45	152.91	57.34
NY	154.55	23.94	90.95	121.43
NJ	109.47	101.76	114.68	64.51
PA	58.38	108.54	152.91	103.21
WA	77.85	81.41	152.91	103.21
TX	62.55	174.45	65.53	110.59

(100 is average index for each geographical area.)

AD CAMPAIGN SUCCESS METRICS

- 50% increase in average daily brand page views
- 17x increase in average daily searches for brand
- 2x sales lift on brand products
- 8% engagement rate on the custom “Insights” units

These types of campaigns provide a wealth of knowledge to brand managers. Some brands look at consumer insights by region, some holistically. Others use these as the perfect opportunity to measure offline purchase intent. For example, you could measure how often consumers shop in-store, and whether or not their online activity influences their in-store purchases. What matters most here is the pure advantage of being able to get real-time feedback from consumers when they’re in shopping mode. Trying this tactic on non-retail publisher sites is just distracting and akin to getting telemarketer calls during family dinner.

Optimizing For The Future: What Can I Take Advantage of In The Future to Own The Market?

Post-Campaign: Now that you've captured all the value from your campaign, it's time to start thinking about how to optimize for the future. But in order to do this, you're going to need a Shopping Media partner that can dig deeper into your retail data.

Online shoppers do sometimes shop differently than those offline, so it's important that you understand how consumers engage with your products within e-commerce. If you're planning to expand your media campaign to reach more potential consumers, it would make sense to request shopping analytics on your customer base. For example, ask, "What are the products that consumers always purchase with my brand's products?" or "What are the search terms that shoppers use when buying my competitor's products?" These methods can provide incredible insights into which advertising inventory will be most valuable to you during the holiday or other heavy shopping seasons.

In closing

Today, brands are being held to a higher standard of advertising ROI. As such, it's imperative that ad budgets meet this new standard by shifting ad dollars closer to the consumer. To maximize this ROI, these ad budgets require an environment that is perfect for measurement within retail, which necessitates the right retail-based ad server, publishers, and retail conversion metrics. Once a brand is empowered with these tools, they will be able to 1) define their market, 2) measure the effectiveness of their campaigns, and 3) optimize their future campaigns with the right research.

Shopping Media is changing the way brands move the needle within online retail, on websites like Target, Home Depot, and Sears. It empowers the world's largest brands to leverage retail personalization in a way that facilitates a one-to-one conversation with their most important customers.



RichRelevance delivers over 850 million product recommendations daily, powering the personalized shopping experiences for consumers shopping the world's largest and most innovative retail brands like Walmart, Sears, Target, Marks & Spencer and John Lewis. Founded and led by the e-commerce expert who helped pioneer personalization at Amazon.com, RichRelevance helps retailers increase sales and customer engagement by recommending the most relevant products to consumers regardless of the channel they are shopping. RichRelevance has delivered more than \$5.5 billion in attributable sales for its retail clients to date, and is accelerating these results with the introduction of a new form of digital advertising called Shopping Media which allows brands to engage consumers where it matters most—in the digital aisles on the largest retail sites in world. RichRelevance is headquartered in San Francisco, with offices in New York, Seattle, Boston and London.

For more information, please visit www.richrelevance.com.

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