

## OPTIMIZING DIGITAL MARKETING ROI

### A PROVEN APPROACH TO A CONSTANTLY EVOLVING MARKETPLACE

No field is changing more rapidly or continuously than digital marketing. Disciplines that didn't exist a decade ago are now not only familiar acronyms – think PPC (pay per click) and SEO – but also significant line items in every corporate marketing budget. Moreover, those budgets are growing rapidly, no matter how you look at them.

- Take an industry: spending for digital marketing in financial services is expected to rise by almost 20% in 2012 compared to 2011; by 2015 it will have more than doubled.<sup>1</sup>
- Take a channel: spending on mobile advertising and search is predicted to climb at a 38% CAGR – reaching \$8.6 billion by 2016.<sup>2</sup>

It's not just budgets that are rising; so are consumer expectations. Customers want companies to speak to them in a single, knowledgeable voice, across all channels. That means companies have to deliver a consistent experience regardless of the channel their customers use – or more accurately, regardless of the channel customers are using *right now*, because most use more than one, and their preferences change with time.

For marketers, it means the challenges of deciding how to invest a given marketing budget wisely and confidently are bigger and more complex than ever before. Moreover, the pace of change in the digital landscape is so rapid that every “optimal budget” is a moving target.

As a result, digital marketing programs need to be constantly reevaluated and realigned – and managers should constantly question whether their efforts are delivering the best possible returns.

<sup>1</sup> Forrester Research, Inc. *US Interactive Marketing Forecasts 2011-2016*, August 24, 2011; also, Forrester Research Inc. *US Financial Services Lead Interactive Marketing Spending*, February 2, 2012.

<sup>2</sup> Forrester Research, Inc. *2012 Interactive Marketing Predictions*, December 7, 2011

As a leader in data-driven customer engagement, KBM Group has significant expertise in managing and optimizing digital marketing campaigns across all channels. We are committed to monitoring the digital landscape, identifying important developments and trends, and helping marketers react wisely to those changes that influence their campaign effectiveness.

In this white paper, we:

- Present a holistic strategy to unify planning for digital marketing over the long term
- Review the importance of data collection, analysis and management, guided by strategy
- Recommend digital marketing tactics in light of current trends in:
  - Paid search
  - Search engine optimization
  - Social media
  - Website and landing pages
  - Mobile accessibility
  - Lead management

## A UNIFYING FRAMEWORK FOR EVALUATING AND INTEGRATING DIGITAL CHANNELS

Your digital marketing strategy should include numerous marketing channels and disciplines – from paid search and SEO, to microsities and landing pages, to registrations and emails.

Each of these disparate channels requires optimization on its own terms, subject to constant

changes in use and behavior. In many companies, separate channels are controlled by different groups within the marketing organization.

How do you consistently and strategically manage and plan for all these moving parts?

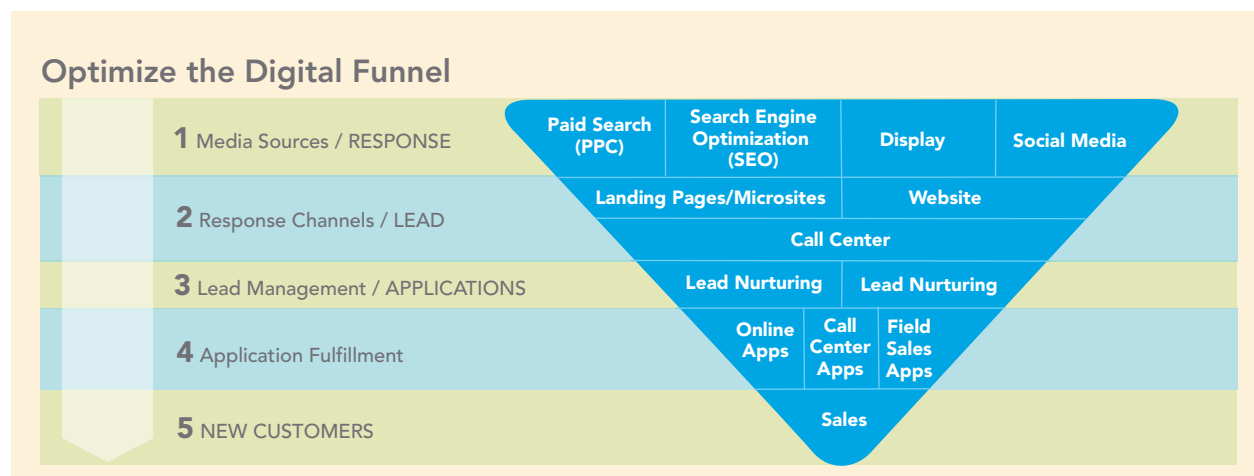
**We believe the key is to view each element or channel in the broader context of your marketing goals.**

To that end, we have adapted the traditional sales funnel to the channels and tools of digital marketing.

The funnel's layers follow prospective customers from their initial search for your products or services through your response channels to become leads, and ultimately to final fulfillment, when they enter the customer management or loyalty program.

The key to maximizing the return of digital marketing becomes clear when you visualize your program this way: **optimize each individual channel or element all the way through the funnel – not simply across its respective layer –** against your Key Performance Indicators and measurement goals.

- **Optimizing costs:** If you compare cost per visit between paid search and SEO, for example, and discover paid search delivers more visits per dollar, you might be tempted to increase its share of budget. But if the KPI for your marketing program is cost per sale, you can't accurately optimize search



spending until you compare the number of visitors from each source who actually buy.

- **Optimizing results:** The same approach should be applied to improving results within a channel – for example, optimizing landing pages for capturing leads. Tests for a page design can only be accurately evaluated when the conversions from each are tracked through to completed sales.

**Ideally your analysis will extend past the funnel to lifetime customer value.** Reducing cost per sale at the expense of obtaining customers who aren't as loyal or valuable over the long term is at best a false economy.

**Similarly, your analysis should extend beyond the funnel to include offline response and fulfillment.**

Your goal should be to measure results by campaign source and response channel for ALL marketing efforts – and deliver campaign reporting that enables standardized, apples-to-apples performance comparisons.

## THE PRIMACY OF DATA

Clearly, the approach outlined above requires comprehensive data collection and, just as importantly, a robust platform for integrating, managing and accessing data that is flexible enough to accommodate the inevitable evolution of your data strategy.

Optimizing any digital marketing channel is a data-intensive effort. Put simply, having more data – and more precise, accurate, and nuanced data – enables you to do a better job of optimizing digital resources – and a better job of supporting your learning agenda.

- **Gather data on sources for all visitors, including keyword searches, display ads and other sources.**
- **Gather as much data as possible from each interaction – including data provided by visitors, such as purchase intent, purchase timetable, and the like.**
- **Tag all site elements to gain real-time data on visitor paths, including destinations and drop-out points, and understand how each point or interaction contributes to success or leads to**

## IS TAGGING WORTH THE EFFORT?

**In a word: yes. In fact, a well executed tagging and reporting discipline can lead to dramatic results without spending more media dollars.**

**Working with one of the nation's largest insurers, KBM Group's tagging and reporting services led to a quick site redesign that improved sales by over 30% in 90 days – with the same media budget**

fall-outs – not only through the site on each visit, but through the funnel over time.

- **Gaining the real-time data through tagging will help you fully understand how each point/interaction in the path leads to success or fall out.**

Your data should provide the flexibility to support building a model on the fly for multiple different dimensions, driven by the discoveries you make in testing and analyzing results, for example:

- **Segmentation:** Tracking seniors through the funnel may reveal that they are more likely to buy after seeing five separate pieces of information – a discovery that would enable you to create a customized landing page presenting it all in one place, ideally in large type.
- **Purchase timetable:** You may discover that leads with a shorter purchase horizon are more likely to return and buy if they receive an outbound email reminder 5 days after their initial visit – whereas leads with a longer purchase horizon are less likely to return and buy if they receive a 5-day email.
- **Time of visit:** Weekend visitors may have more time to review products in greater detail, leading you to provide landing pages with more copy and a richer array of site links.

Whenever possible, append additional data resources. Adding rich, flexible data resources enables you to pursue a test-and-learn agenda that includes not only the hypotheses you have already defined for various channels and elements, but also the **hypotheses you haven't thought of yet**, not to mention the channels that don't exist yet!

**Data management and access is also critical.** Your data strategy must also enable customer information from one channel to be immediately available in every other channel. Customers simply don't think or behave according to the separate silos we maintain for managing a digital marketing program.

**A customer searching for your product** visits your web site and registers for more information – but mistakenly enters an incorrect email address. When the expected information doesn't reach their inbox, they call your toll-free number. **Your call center agent should know that the caller registered and requested more information.**

A new breed of technology called the **Data Management Platform** has been developed and deployed specifically to centralize audience data for digital marketing – gathering or accepting data from multiple data sets, providing for normalization and segmentation of the data, and allowing marketers to use the segmented data to drive live customer interactions across multiple channels.

## DIGITAL MARKETING TRENDS AND TACTICS

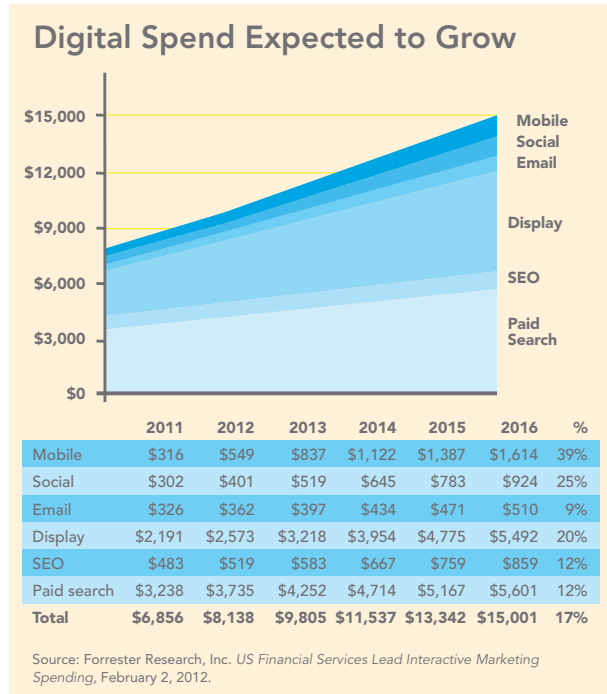
In the following pages we share our recommendations for specific tactics in essential channels, based on our observations of significant trends in the digital world:

- **Continuing dominance and value of paid search**
- **Constant changes in search algorithms, including the growing importance of content**
- **Social media gaining traction in lead generation**
- **Growing use of dynamic content to personalize landing pages**
- **Emergence of mobile accessibility as a mainstream channel**
- **The inestimable value of improved customer data to bring everything together**

**Overall, however, the most significant trend in digital marketing is its continued growth.** In part, this reflects the continuing shift of consumers to the online world:

- **In 2012, the universe of Internet users in the U.S. will expand an additional 3.1% to 239 million – exceeding 75% of the total population.<sup>1</sup>**

Another reason for the accelerating growth of online marketing is its inherent accountability. In a challenging economy, advertisers are shifting their resources to marketing channels where the return can be accurately tracked and measured.



NOTE: The examples shown in the graph are from Forrester Research, Inc and represent a study on the entire financial services and insurance industries

### TREND ONE: PAID SEARCH (PPC, OR PAY PER CLICK)

Despite a fluid and shifting landscape, paid search remains the dominant component. (Note that roughly half of the mobile spend is actually paid search.)

The continuing primacy of paid search in digital marketing is not surprising, for several reasons:

1. **Efficiency.** Cost per acquisition in paid search averages half that of display advertising. You're reaching customers who are already raising their hands and looking.

<sup>1</sup> e-Marketer

- 2. **Flexibility.** Paid search allows you to quickly create test-and-learn scenarios for selling messages and strategies, which can then inform other digital channels, such as SEO.

## RECOMMENDATIONS

- **Segment keywords into thematic buckets.** These can be based on marketing strategies (for example against competitors or on product attributes), audience segments (self-employed, or demographic segments), or other themes. And always **buy your business name** in conjunction with important key words and phrases. You want to own your brand!
- **Create flexible and growth oriented account structures.** If one thematic “bucket” is particularly successful, you’ll want to be able to continue subdividing and segmenting it.
- **Maintain relevancy and context through the visitor’s click path.** Repeat key words from the search term(s) in the paid listing, along with a clear call to action – and create landing pages with dynamic content that clearly pays off the search terms, bridging the visitor to your site.
- **Test, test, test** using statistically significant response models to conduct A/B and multivariate tests across text ads and landing pages.

### KEY ATTRIBUTES OF EFFECTIVE PAID SEARCH

- Top positioning
- Relevant copy
- Effective call-to-action
- Leading to a clean landing page that reflects search terms

## TREND TWO: SEARCH ENGINE OPTIMIZATION (SEO)

Search algorithms are constantly evolving (even daily).

“Black Hat” SEO tactics (techniques to boost search rankings that are unethical or violate search engine rules) are being policed and penalized. Unique and relevant content has become even more important in quality scoring.

### OPTIMIZED SEARCH MARKETING: REAL RESULTS

You can optimize search marketing in real time by modeling for paid search winners and losers – and automating account improvements based on the results.

Implementing this kind of sophisticated approach to search marketing has resulted in reductions in cost-per-acquisition of between 30% and 50% for a range of KBM Group clients.

Although SEO accounts for a relatively small portion of digital marketing dollars, it plays an outsized role in delivering visitors to your website and deserves significant attention.

- While you have no direct control over your site listings, you can strongly affect rankings by improving site content and developing strong inbound links.
- Achieving organic site-links in your listing is a double win – expanding your company’s real estate in search results, and also pushing competitors lower on the page.

## RECOMMENDATIONS

- **Apply lessons learned from paid search.** Find the strongest keywords, support them with content and optimize headings and metatags accordingly – and work to gain external links that build credibility against those terms.
- **Define strategic objectives in additional search phrases, and support with content.** Look for niche search terms with good volumes, based on unique product or service attributes or benefits, that can deliver higher rankings for your business, and build content to support them.
- **Quality matters – in content and links.** Multiple organic site links on your listing are the result of visitor behavior: the deeper you can pull visitors into your site, the better your chance of earning additional links. Unique, interesting, relevant content coupled with clear internal links are the keys. Similarly, your link strategy should emphasize sites that support your search terms and ranking.
- **Treat SEO as you would any acquisition channel.** That is, project response rates, measure results, calculate ROI – and invest accordingly.

## KEY ATTRIBUTES OF EFFECTIVE SEO EXECUTION

- Strong content, optimized for important keywords
- Effective use of headings and tags
- Clear navigational options
- Strong inbound links from credible sources

## TREND THREE: SOCIAL MEDIA

More and more companies are viewing social media as a credible lead generation platform, in addition to a branding tool.

“Google’s “Search Plus Your World” presents social networking results from Google+ first – pushing traditional results *below* page 1. (Expect a similar alliance between Bing and Facebook.)

Social media has grown up so quickly that best practices are only beginning to be defined.

- We believe social media can be an effective lead generation tool – if your company’s pages are implemented as part of a coherent strategy.
- More importantly, with the convergence of social media and search engines, companies can no longer afford to ignore social media.

## RECOMMENDATIONS

- **If you’re not already involved in social media, start now.** Having a page in Google+ with involvement from customers and prospects will affect results in “Search Plus Your World.” Facebook will almost certainly become involved in search as well.
- **Make it easy for customers to recommend you while they are in the funnel.** Our research shows customers are most likely to refer friends while they’re in the funnel, actively deciding to purchase. Make sure they have every possible opportunity to recommend or “like” you on all major social media platforms during the process.
- **Focus your social media presence on engagement – with a pathway to your website.** Social media is not the right channel for overt selling – but you can engage your prospects and tempt them to a more focused

conversion environment. Consider linking from your social media pages to a service-oriented blog, which can serve as the intermediary to your site.

- **Don’t use irrelevant offers to “buy” fans.** Temporary “likes” earned through a sweepstakes will mean nothing when it’s time to engage and convert customers – and worse, skew your conversion data. You also could be redirecting valuable visitors away from your site.
- **Measure social media according to how you use it.** If you view social media only as a branding vehicle, use metrics like the media value of impressions, surveys and behavioral data to track impact. If you use it to create leads, tag and track arriving visitors as you would for any source.

## TREND FOUR: LANDING PAGES AND WEBSITE

Companies are increasingly using dynamic content for landing pages, based on where the visitor came from and/or the search terms they used.

Unlike some other aspects of your digital marketing universe, your landing pages are completely under your control. Make the most of this opportunity!

In general, the most common issue we see is too much generalized content on the landing page, which can leave the visitor confused as to why they are here, and where they go next.

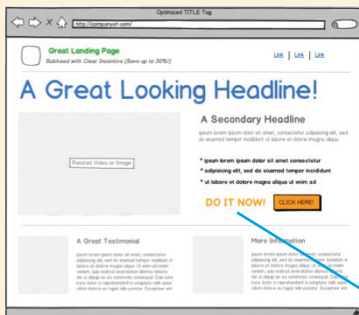
## RECOMMENDATIONS

- **Use dynamic content specific to search terms or sources** to bridge visitors from their search (or other source) into your site content. If someone searches “disability insurance” and arrives at an all-purpose landing page for all kinds of insurance, they may not immediately find “disability” and leave in frustration.
- **Consider multiple landing pages.** If the needs of your target audiences are sufficiently different, and you can identify distinct segments from their search terms or point of origin, create separate landing pages that deliver the content appropriate to the needs and interests of each segment.
- **Keep things clear and simple.** A clear, uncluttered layout; highly relevant copy, as

short as possible; a clear call-to-action; easily understandable links into deeper site content, if required. Always provide additional contact options, such as phone numbers and chat options.

- **Leverage trust indicators, such as social media, third-party endorsements, and user reviews.** Social media links also make it easier for excited prospects to share their positive experiences.
- **Test, test, test.** Test layouts, headlines, copy and calls to action. Test everything. Consumer behavior is changing all the time!

## Landing Pages 101



CTA may be short lead-gen form

- Clear and concise headlines
- Zero distractions
- Strong CTAs that stand-out
- Leverage trust indicators
- Minimal and relevant copy
- All above the fold
- Constantly test!

## TREND FIVE: MOBILE ACCESSIBILITY

Mobile has arrived: Smartphone penetration will reach almost 30% of the overall U.S. population by the end of 2012. Time spent on mobile devices already equals time spent with print media!

**Tablet use** is also on the rise, particularly in the 65+ age bracket.

The take-away is clear: ignore the special data and display needs of mobile users at your own peril. The time has definitely come to invest in sites and landing pages specific to mobile browsers.

## RECOMMENDATIONS

- **Create a mobile site for visitors that presents the simplest possible options.** Boil down the choices you present to users to the shortest and most intuitive list possible, then present the options simply and clearly, with generous spacing. Include the option to download a mobile app, if you have created one.
- **Create device-specific apps for customers.** If customers have reasons to interact with your business on an ongoing basis, create mobile apps for the most popular devices. Your apps should make it easy for customers to accomplish the tasks they need to – while always reinforcing the value your company provides.

## TREND SIX: INTEGRATED CUSTOMER ENGAGEMENT

Marketers are making more sophisticated use of more different kinds of data to personalize and strengthen lead management and customer engagement.

Once prospects are safely in the funnel, your marketing program should employ a wide range of personalized outbound and inbound tools utilizing both digital and traditional channels:

- Email
- Mobile and Text
- Outbound calls
- Microsites and PURLs
- Social
- On-demand digital printing

The most effective uses of *all* these tools involve data: data triggering personalized outbound messages; data serving dynamic, personalized content for inbound site visits or calls; data driving personalized applications or fulfillment materials.

## RECOMMENDATIONS

- **Take every opportunity to improve your data.** Gather as much data as you can from each visit or contact – without burdening the prospect or customer. When possible, expand the value of your database by appending 3rd party data to the information you gather.
- **Use the data you have to trigger customized communications based on customer actions**

## A STRUCTURED APPROACH TO TESTING IN ANY OR ALL CHANNELS

Test Lab is a unified, rational methodology for optimizing single or multi-channel marketing. The solution integrates KBM Group's proven analytical expertise with your company's resources and commitment to create a single, central clearinghouse for conducting and analyzing enterprise-wide tests – and disseminating results.

Test Lab helped one KBM Group business-to-business client *gain an additional 10,500 leads in just 6 months*, on an annualized basis, through tested improvements in the company's website, including the homepage, campaign landing pages, registration and contact forms.

or contacts. Even if all you have is the time a prospect arrived, the search terms they used, and the page(s) they visited, you have enough to create follow-up communications or content.

- **Create a consistent experience across all channels.** If your prospect has indicated a preferred channel, use it. Make data from each contact immediately accessible to trigger appropriate actions across other channels.
- **Test, test, test.** Learn what's working and what's not. Test messaging, timing, offers – everything.

## FINAL THOUGHTS

Optimizing your digital marketing program does not have to be like painting a moving train.

The tools and options available for tagging, tracking and analyzing data are improving almost as quickly as the field itself is changing, making it possible to accurately determine ROI for your digital marketing investments.

This high degree of accountability is part of the reason for the continued robust growth in digital marketing – perhaps the most important trend of all.

Other key points to keep in mind as you refine and improve your digital marketing efforts in 2012:

- The lead-to-sales process should be equally great for all channels, and built for all devices. Let the consumer choose.
- Tests and improvements should be underway at every level of the funnel, virtually all the time.
- Each media source should be measured all the way through the funnel for accurate learning and optimization.
- The importance of accurate, accessible data cannot be overstated; it is central to every aspect of effective digital marketing.

## FOR MORE INFORMATION

To find out more about our digital marketing, customer engagement, data management and other services, please call us at (866) ASK-4KBM (275-4526) or email [sales@kbgm.com](mailto:sales@kbgm.com).

1 866 275 4526 / KBMG.COM  
©2012 KBM GROUP  
ALL RIGHTS RESERVED