In the Mix: Search in the Overall Marketing Mix

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I am responsible for deep, data- and analytic-centric decision support for our Paid Search campaign managers. In this role, I can't tell you how many times I spot startling trends in our Paid Search tracking reports – "Sales are way up!" Or "Traffic is way down!" For one of our clients, the conversion rate rose over 50 percent from the previous month and (more importantly, because of potential seasonality) year over year. "Wow! Conversion rates are soaring!"

Findings like this are then immediately followed by the question, "What did we do?"

Most of the time, of course, there is a direct explanation. It may be the fruit of a carefully designed plan of bid adjustment, ad copy testing, etc. But sometimes the good (or bad) news creates a great deal of head scratching ... "Hmmm. Our bids did not change, and our position in the Search results did not change either. Budget? Ad copy? Nope." In other words, "We did nothing."

In those cases, the next steps are to check the data again, then call the client – maybe their Web site went down, or they changed their landing page content without telling us. Then even more troubling questions start to surface – "They didn't change their prices, did they? I saw a new ad for them on TV last night; I wonder if they're launching a new TV campaign?"

You know the story, and the second-guessing that goes on, which inevitably leads us to ask, "Why don't they tell us about that media campaign/Web site adjustment/etc.?" Of course, we know the reason: they're busy and haven't thought about it, or it's not their responsibility/silo.

But as those questions and non-answers swirl around, I'm stuck with the original problem of figuring out what happened. And how can we best do our job – planning and implementing effective Paid Search campaigns – when we don't know what the client is doing with its other media? The short answer is that we try our best, but recognize that it's not the best situation.

What's In the Mix?

Without knowing the full media mix of TV, radio, newspaper, circulars, DM, etc., we're limited when it comes to optimizing paid campaigns. So, what can be done to improve the situation?

First of all, we need to gather as much information about the client's historical and future media plans as possible. In what media is the client active, and where? How much effort – gross rating points, reach, distribution, etc. – is being put into the campaigns? When are they starting and stopping? What is the message? Is there a new product launch? Is the price changing? Whew. That's a lot of data (and pleading with the client for the information). And did I mention the bewildering number of formats the data comes in? But it's a start.

When we're armed with at least some of this historical data, we can begin to explain the mountains and valleys in those paid tracking reports. We'll be able to see that click-throughs sky-rocketed because of a 2-week TV blitz, or that impressions and clicks increased on branded terms because of a direct mail drop at the beginning of the month. But it gets even better...

As everyone should know, it's important to at least consider the impact of future media plans on your paid marketing campaigns. Should we be increasing our budgets to accommodate higher volume? What new keywords should we buy in anticipation of the product launch? How should our ad copy be adjusted to accommodate the new marketing environment? These are basic questions we ask ourselves, and which should have straightforward answers.

Woe and tribulation for any Paid Search campaign manager without an interest in those basic answers, because money is sitting on the table (sales for your client and commissions or kudos for your agency). Our account managers, of course, are all over this. Things like holiday and seasonal promotions, keyword expansions, bid adjustments, or campaign fine-tuning are their bread and butter. For special promotions, we oftentimes add in excess of 1,000 keywords, and do daily bid and budget adjustments to accommodate the volatility of the marketplace. It goes without saying that our Paid Search campaigns are adjusted to a basic business fact – change is the name of the game.

But can we really say those upswings in Search activity are proof that other media do, indeed, cross over into the Search channel? Was it because we boosted our Paid Search budget and bids? Or were our efforts really just a side show, and essentially just "tagging along" on a surge in activity that would have happened even without more Search resources? These are the hard questions that make someone in my position, as the leader of our analysis and decision support efforts, sweat a little.

Giving Search Its Proper Credit

Maybe that increase in the conversion rate occurred because we raised our bid and position, and not because it "helped boost" the effects of the direct mail campaign. Maybe that upward trend in impressions is the result of better budget allocation, or maybe it's the incremental roll-out of a TV campaign. Which is which? And how can we identify the pivotal role of the Paid Search campaigns?

Here's where I reach into my toolbox of statistics and predictive modeling. (This is heady stuff, and not meant for the faint hearted.) But here's what I do: Using the historical media mix to build a forecasting model, and given "inputs" or leading indicators of media activity, I identify the anticipated movement in Search metrics. With the right data, I can tell the client, "If 2.5 million direct mail pieces drop at the beginning of the month, impressions will increase by 14 percent, the click-through rate by 5 percent, and the conversion rate by 4 percent."

Furthermore – and here's where things get really exciting – I can "play games" with the forecasting model by inputting different bid and budgeting scenarios, and finding the best combination to work in the context of the upcoming media mix. I can tweak the numbers to determine what would lead to the best results, and find out, for example, that if we increased our budget to accommodate the surge, and also increased our bids by 5 percent, we could expect clicks to increase by 11 percent and our cost-per-conversion to drop by 6 percent.

At that point, it's "plug and play" – compare a range of different scenarios, and select the best one, taking into account budget limitations. Now that's what I call smart paid campaign management.

So, when you're designing and implementing your paid campaigns, be sure to remember, "it's all in the mix."

Coordinating Search with External Media: Can Less Be More?

Previously, I outlined how ups and downs in Search activity and success metrics are often related with activity in other media channels, such as TV, radio, print, and online. One common finding is that as media activity increases, impressions and clicks go up as well.

In reaction to this situation, we often just expand the budget to ensure sufficient capacity and exposure to our Search campaigns. Keywords are often added as well, that reflect any unique phrases conveyed in the other media. Destination URLs are adjusted, etc. End of story? Hardly.

The top-of-mind reaction to external media pushes is to increase bids and budgets. If a brand, product or service is being made more visible via TV or radio, for example, it is a simple corollary that a client wants more visibility (read: more widespread and prominent positioning) in the Search results. But that approach can get you into trouble.

Adjusting Search Bids to External Media

We already know that an increasing number of clicks will drive up costs. Bid (position) boosting will drive up costs even further. And, for what? Our research on the timing of external media activity and Search activity shows that click-through rates increase no matter what position the Search result occupies (OK, so the cost per click may come down as your quality score goes up). But conversion rates may actually decrease.

Increasing budget + increasing bids + increasing clicks + lower conversion rates means exploding costs per conversion and declining ROIs. What explains this phenomenon?

Simply said, the media blitz oftentimes drives brand awareness to less "qualified" leads. Think about it this way. If there’s no external media on your brand or product/service, and someone does a search, they are probably very intent on finding an answer to a specified question. In contrast, in the post-media blitz phase, all sorts of people suddenly are piqued about your brand or product/service, even those that were marginally interested earlier. Those "activated searchers" tend to convert at lower rates.

That is not to say that external media NEVER drives "highly qualified" searchers through the Search conversion process. Sometimes conversion rates do increase with a coordinated media blitz (especially if the media has a very strong call to action, like "limited time offer," etc.). Nor does it mean that lower ROIs are necessarily bad. Perhaps the goal is to increase brand awareness. But if you’re counting the dollars spent against the dollars coming in, it is quite likely that increasing your budget and bids will be counter-productive.

Less is More

In fact, one way to react to an external media blitz may be counter-intuitive: lower your bids (position) and keep your budget the same. When people search for you or your products/services, they are just as apt to notice you in the lower position (as before the media blitz). That lower position and/or lower CPC will stretch your budget, yield more conversions by virtue of greater traffic (impressions and clicks), and boost your ROI.

Am I advocating "going dark" when there is an external media blitz occurring? Certainly not. Several studies show the simultaneous presence of a brand/product/service in multiple marketing channels is beneficial, and often produce the so-called "1+1=3" effect, where the impact of more than one marketing channel on sales is greater than the sum of their independent parts.

But what we don't want is to have the 1+1=3 equation apply to your cost per conversion. Map it out. Track your CTR and CPA over the time before, during, and after the media blitz. Consider your rank and total conversions at the same time. Figure out the tradeoffs and identify where Search best fits into the mix.

The relationship between external media activity and Search budgets/bids is not a simple 1:1 strategy. You need to carefully examine historical data to see how media activity has influenced your Search campaigns. What happened to click-through and conversion rates? How many more conversions did you get? What happened to CPCs? And what happened to your ROI? You may be surprised by the answers you get, and that untying the knot of media mix and Search requires more thought and effort.

Is Your Paid Search Campaign Part of a Mix or a Mess?

Incorporating your client's media plan into your Paid Search campaign can help you decide whether to raise or increase budgets and bids. However, studying the relationship between "other media" and Paid Search campaigns can sometimes lead to counter-intuitive findings.

No hard and fast rules exist that say "Raise your budgets if X," or "Decrease your bids if Y." Each campaign must be studied independently to discover the underlying patterns. That effort can be a) easy as pie, or b) agonizing torture. So, which will it be?

To answer that question, I've put together a little questionnaire to help figure out your **MESS (Media Energizing Search Score)**. In my experience, your MESS depends on many different factors (please choose the answer that most closely represents your situation):

A. How many types of "other media" (TV, radio, direct mail, online display, etc.) do you run?
1. Just a few other media, like online display and direct mail.
2. Several different types of media (radio, newspaper, direct mail, and online display)
3. Name it, we do it.
4. No other media besides Paid Search (which complements our organic results).

B. Do the media turn on/off (pulse) over time, or it is a consistent (trickle or barrage) over time?

1. Pulse is an under-statement; there is no consistency over time.
2. Anyone with Excel could predict our next move. Heavy-up the week before holidays, then do a quarterly customer retention campaign.
3. Our media efforts are constant. "Stay in front of the customer" is our motto.
4. We really don't do any other media activities.

C. Is your historic media activity shown at the day, week, month, quarter level?

1. Day of week
2. Week
3. Month
4. Quarter

D. How much historical media and Search data do you have?

1. Several years
2. About one year
3. Less than one year
4. None

E. To what extent does your company do geo-targeted, experimental media tests of the media mix?

1. We have test markets we use to test our media channels before roll-out.
2. We test media channels by looking at before-and-after differences.
3. It's a foregone conclusion; we know which media work, and which do not.
4. Experimental media test? How?

F. Are you trying to squeeze another 5 or 10 percent of efficiency out of your Search efforts? Or do you suspect there are large efficiencies remaining to be exploited using ad copy and landing page tests, as well as elementary budgeting optimization?

1. Running Paid Search campaigns has been a constant struggle; we depend on the Search engines to give us good advice.
2. We're not bad, but we could probably use more detailed analysis/testing/optimization in order to improve our paid campaigns.
3. Our Paid Search efforts are pretty good, but we occasionally find ways to get to the "next level."
4. Our Paid Search campaigns are quite sophisticated; you can't get blood from a turnip.

G. Do you have dedicated teams of analysts with a background in forecasting and predictive modeling?

1. Our Search campaign manager is the analyst.
2. There are statistical analysts available, but I don't know their names. Who do they report to?

3. We have one or two people dedicated to producing reports and analyzing our Search data, but they are not statisticians.
4. Our super hero statistical analyst is currently building predictive models and forecasts for the Paid Search team.

H. To what extent does your manager want results NOW, as opposed to supporting long-term projects with no immediate payoff?
1. We live and breathe numbers, and rarely take major actions without analytical support.
2. Our statistical group has been looking at media effects for the past 3 years. Their findings should be ready sometime in the distant future.
3. It's important to think about long-term improvements, as soon as I can get through the next few months of web design changes, the new web tracking installation, holiday season, and training of your new team member.
4. I really shouldn't be reading this article, because the CEO recently searched for a term and did not see any ad from your campaign.

I. Do upcoming media plans change so much that it's like a constant fire-drill of last minute cancellations and updated insertion orders in the media buying department?
1. Plans are plans, and budgets and budgets. They were signed off on 3 months ago.
2. Heh, what's this? A change order to our quarterly plan?
3. There's always a certain amount of media plan updating in the month before launch.
4. Run! I just got another email from the EVP of Marketing shifting the media budgets.

J. Is your marketing coordination agnostic about the channel (online, offline) of conversion, as long as it's the most efficient as possible?
1. Analyses of our media mix show the optimal allocation of spending across channels, regardless of the conversion channel.
2. We are keenly aware that marketing in one channel produces conversions in another channel. But we have a hard time measuring it.
3. The EVP of Marketing recently read that more money is moving toward online and Search; my budget is going up!
4. I've got my numbers; they've got theirs. It's a zero sum game in the corporate world.

What Kind of MESS Are You In?
Okay. Now let's add up your answers! Here's the equation you need to use:

MESS = ((A + B + C + D) / G) + ((E + H + I + J) / F)

You'll notice that there are several different components to your MESS. First, your score depends on the amount and complexity of your historical data (ABCD). There really is a balance between amount and complexity where analysis pays off. Complicated datasets tend to create analysis paralysis, while overly simple ones tend to yield few powerful insights (if any). Second, your ability to handle the data complexity with analytical specialists (G) can help you maximize the value of the data.

Your MESS also incorporates the extent to which your organization is oriented toward learning and testing (EHIJ). Impatience, lack of testing, and "take your best shot and get it over" are counter-productive, and lead to disappointing (and sometimes dangerous) results. In turn, these failures undermine the test-and-learn approach even further, as you spiral down into a void of hunches, revolving door opinions, and business stagnation. Careful testing and analysis has proven again and again to yield significant improvements in marketing ROI (easily more than 10 percent, in my experience).

Finally, your MESS must incorporate the extent to which an opportunity exists for better results (F). Coordinating your Paid Search campaign with your media mix probably will not yield dramatic improvements in your conversion levels or ROI if you're already employing reasonably sophisticated budgeting and bidding algorithms.

In fact, the use of budget and bidding scenarios that use predictive models (WITHOUT media information) can yield significant benefits to your bottom line. Adding media data into those algorithms, in my experience, will produce gains in the 5-20 percent range.

Now, the drum-roll please …

If your MESS is:

0 – 9 = Why are you reading this article? A lot of time on your hands? Is your company hiring?
10 – 19 = You're ready. Take a deep breath, then take the plunge.
20 – 29 = Don't start counting your chickens before they're hatched. There are several obstacles that must be overcome, and lower hanging fruit. Come back and retake the MESS questionnaire in several months.
30+ = You're in deep ... water. Start bailing instead of looking at the stars.

For those of you with a high MESS (30+ bucket): It's good that you're reading this article, if just to realize how really far behind you are. How are you doing surviving?

For those of you in the 20 – 29 bucket: If you aren't yet doing basic ad copy and landing page testing, as well as budget and bid forecasting, then start there. The incorporation of media mix data into your strategy represents a layer of sophistication that builds on a foundation of data, learning, and analysis. Trying to jump to the front of the pack without paying attention to the fundamental foundations of Paid Search management involves a level of sophistication, focus and determination that eclipses your current situation.

For those of you in the 10 – 19 bucket: If the groundwork is ready for incorporating media mix into your Paid Search effort, then start assembling the data and getting the project onto the radar of your statistical analysts. It may take several weeks or more to produce solid results that produce actionable decisions (such as "Decrease your bids for top volume, non-branded terms by 50 percent 3 days after the TV campaign starts"). But what you should see come out of that coordination is a golden result – higher ROI and more conversions, as your paid campaign strategically capitalizes on the media environment.

Finally, those of you in the 0-9 bucket: Congrats! You're setting the pace for your competitors. They are coming after you, and want to take your house and job away. A consistent focus on coordinating your Paid Search with other media efforts should continue to yield dividends. Look for further processes efficiencies, and testing or analysis that clears up any lingering gaps in your knowledge.

In summary, the incorporation of media mix information into your Paid Search marketing is not without preconditions. There must be a reasonably rich set of data available, and the resources (analysts) to carefully examine it. Additionally, your organization can not be impatient or expect major increases in their efficiency (above and beyond the basics).

Indeed, you need to recognize that as you continue to improve your Search campaigns, those improvements are harder and harder to achieve over time. Incorporating media mix into your Paid Search campaigns is such an endeavor, albeit with significant returns that can move your company to the forefront of the marketplace.