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WHITEPAPER / **BUILDING A SOLID CONVERSION PATH**

Building a Solid Conversion Path by Profitably Scaling Online Advertising

Webtrends and Microsoft Silverlight™ make a valuable combination for measuring the effectiveness of Web 2.0 technologies. When you analyze the performance of Rich Internet Applications (RIAs) and media players created with Microsoft Silverlight with the powerful behavioral data and online usage insight you gain through Webtrends, it helps you measure how web sites and marketing campaigns perform against your business goals. Because Webtrends uses JavaScript page tags to measure online behavior, it's easy to integrate with Silverlight's JavaScript programming model.

THE BUYING PROCESS: IT TAKES MORE THAN ONE CLICK

Online shoppers often visit several sites during their buying cycle. They may be comparing prices, reading reviews, looking for a good shipping deal, or just browsing. Whatever the reason, they usually search more than once before they purchase (DoubleClick and comScore reported 4.7 searches before purchase for apparel, for instance, and 4.9 for computers.) Consumers also click on multiple ads along the way. Each ad and each click is an important step in your customers' decision making process—a unique yellow brick in the road to a purchase at your site.

What happens if you start removing those bricks by taking down some of your ads? Maybe nothing. Your customers might skip a few steps, follow the road anyway, and buy products from you. Since you pay for each ad placement, this is the best scenario—your revenues stay the same, your costs go down, and your profits go up.

What would your competitors do in that situation, though? They might try to get your customers to see their ads instead during the customer's buying process. Your competitors might not get all of them, but they might be able to deflect a few from buying at your site to buying from them. Each ad you remove from the customer path provides a new opportunity to lose customers to a competitor.

This leaves you with two competing goals—you want to minimize your cost by eliminating marketing programs that fail to drive new customers, but you don't want to leave gaps in the buying process, even if they are poor performers, and , make it harder for your customers to navigate.

IT ALL STARTS WITH SOLID ANALYTICS

The first step in ensuring you remove the right ads is measuring the performance of each one correctly. This can be more difficult to do than it sounds. To measure correctly, you need to keep track of which ads get clicked in each step of the buying process.

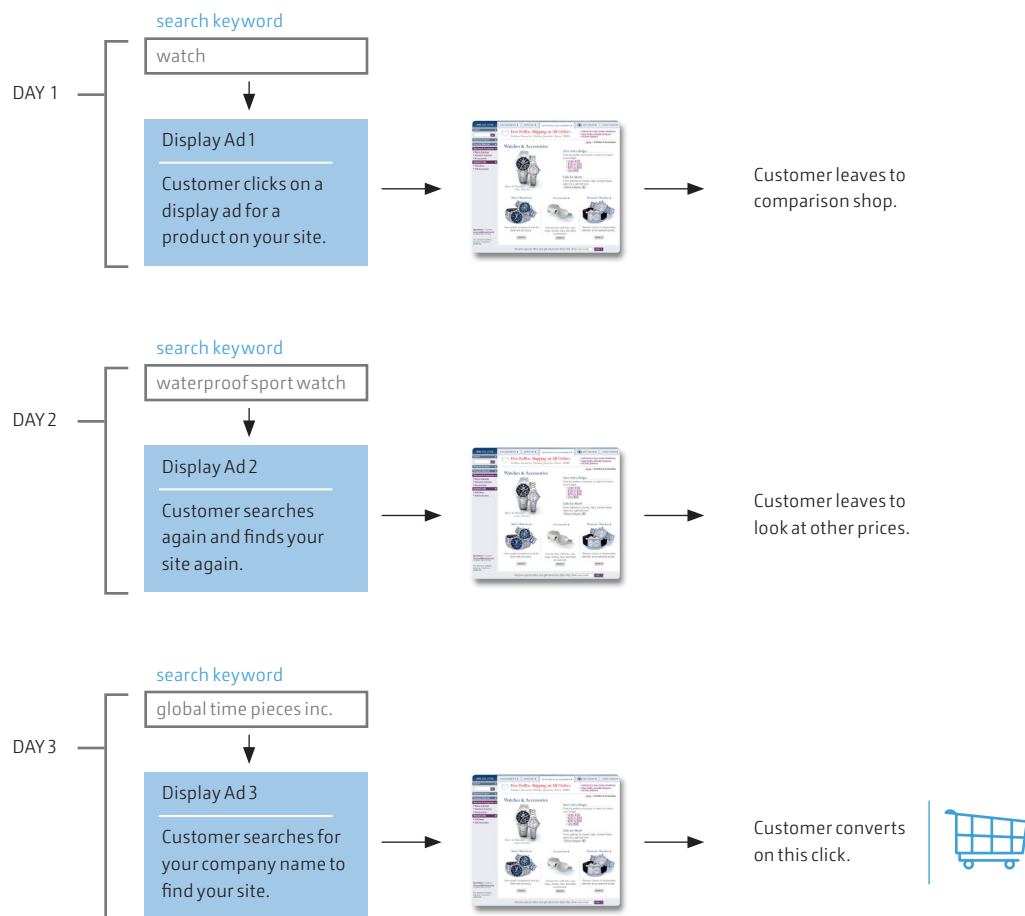
Do your customers first click on broad search terms like "watch" and then later click on more specific terms like "Waterproof Sport Watch?" When in the process do they click on a display ad? Should you count a conversion after a click on an ad five days out? How about

Last click in tracking means that the wrong ads may get all the credit for a conversion. For example, a user clicks on a product ad, arrives at your site, leaves to comparison shop, and then returns through a search ad featuring your brand because she remembers your site had the lowest price.

30 days or 60 days out? Without knowing the answers to these questions, it will be tough to decide which marketing programs to keep and which to cut.

Generally, analytics processes allocate every purchase to “the last click.” That means, when it comes to calculating the ROI of your marketing programs, every dollar of revenue you generate gets assigned to the click immediately before the user purchased. However, you already know that they may click through several times during their buying process, and that each step is important.

Using “last click in” tracking just means that many important bricks in the road are undervalued. Thus begins the downward spiral of online marketing—as important components get undervalued and removed, the overall campaign begins to perform worse. Then your revenue drops, which causes you to cut your budget or raise the acceptable ROI threshold, which leads to further cutting of undervalued marketing campaign elements.



First, advertising campaigns as a whole get undervalued for sites that sell products with longer consideration times. Users discover the site through an ad, think about purchasing, and return days later to complete the transaction by typing in the site's URL or using a bookmark.

Last click in tracking gives zero credit to the initial ad, and all the credit to the direct navigation. Another common case arises when a user clicks on a product ad to arrive at your site, leaves to comparison shop, and then returns through a search ad featuring your brand because she remembers your site had the lowest price. Last click in tracking overvalues brand keywords in this case and undervalues everything else.

HOW TO SCALE, NOT SPIRAL

Every marketer wants to scale traffic from their online marketing efforts—if you can increase your ROI and spend at the same time, your profits will continuously go up. If your campaign is spiraling, though, the opposite will occur. Both ROI and volume (traffic, spend, revenue, profits) will go down.

The easiest way to prevent this downward spiral is to keep track of what led to a purchase for each of the customer's previous visits. Once you understand which variables influence purchase decisions, you can identify which campaigns need to be throttled back or cancelled. Plus, you're making these decisions with confidence, because you're not removing signposts leading the customer to purchase decisions.

As you measure and track each of these steps, you can fine tune your marketing budget, improve your ROI, and continually scale your business. If tracking and allocating across every click is too difficult, try allocating half of the transactions to the first click in and half to the last—it won't be perfect, but the technique will reduce the risk of entering the downward spiral.

If you outsource your marketing to several different firms, you may be encouraging the downward spiral. Last click in tracking is especially prevalent as a way to solve "ties" between traffic sources—your affiliate vendor and your search vendor, for instance. In these cases, make sure you or at least one of the vendors can track every purchase, and can allocate each purchase to a campaign so that you understand how last click in reporting might be skewing your vendor's results.

With a good analytical foundation and some very simple reports, you should be able to profitably scale your marketing budget and avoid the downward spiral of lower ROI and decreasing volume.

About Webtrends Inc.

Webtrends is a trusted analytics advisor in the business of collecting, analyzing, delivering and ultimately transforming data into understanding. Webtrends delivers the industry's most recognized search engine marketing, visitor intelligence, and analytics solutions to enable companies to understand their customers, drive engagement, and enhance marketing and brand awareness. Thousands of global organizations, including Microsoft, Reuters, General Mills and Ticketmaster have chosen Webtrends business solutions and client services expertise to optimize their customers' online experiences. Webtrends was the first web analytics company, founded over 15 years ago.

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