



Millward Brown IntelliQuest

A ROADMAP TO ONLINE MARKETING STRATEGY

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"Accountable media" has become the battle cry of advertisers. Three years ago, when the first Web banners were sold on HotWired, Rick Boyce - a media planner turned HotWired's cybersalesmen - observed, "We have the first truly accountable advertising medium! We can literally count each consumer who responds to the ad banner with a clickthrough to the advertiser's Web site." Many marketers were captivated by the banner's powerful ability to allow direct and instantaneous response to its offer. Clickthrough - a direct marketing manifestation - quickly became the standard for evaluating the effectiveness of Web ad banners. As Rick and I were first to discover when we conducted the 1996 HotWired Advertising Effectiveness Study, clickthrough may not account for the brand enhancement that results from exposure to ad banners. More than a year and several rigorous research studies later, we can be much more definitive: **CLICKTHROUGH IS THE WRONG METRIC TO ACCOUNT FOR BRAND ENHANCEMENT.** The Web excels at direct marketing, but it does much, much more. Even as advertisers come to grips with what clickthrough does and does not measure, brand managers struggle to redefine online marketing strategy. This paper will encourage you to think about how online advertising works by putting clickthrough in proper context. From the strength of this perspective, we provide a roadmap to online marketing strategy.

What is the value of clickthrough?

The clickthrough metric (the percentage of those exposed to the ad banner who click on the banner to connect to the advertiser's Web site) is important in measuring how banners work in terms of direct marketing. However, when this metric is used to measure the effectiveness of advertising communication, clickthrough fails grotesquely. Why is this so? After all, many have argued that if someone is truly affected by an advertisement, he or she will click on the banner and go directly to the advertiser's Web site for more advertising information. The point of view that Web ad banners are really little "ads" for a bigger ad that is only delivered when users clickthrough is not completely unreasonable. It is generally true that a user who takes the time to transfer over to the advertiser's Web site will take away a heightened level of information regarding the advertiser. However, there is a flaw in the logic that Web ad banners have little value that stems from a handful of incorrect assumptions, namely:

- o Brand enhancement can only happen on the advertiser's Web site
- o Brands have far more to say than could ever be conveyed in a Web ad banner
- o Clickthrough should be sought by all advertisers
- o The level of clickthrough determines the level of brand enhancement

These assumptions are both incorrect and counterproductive, as we will demonstrate. For the brand manager to make the most of Web investment, we must put clickthrough in its proper context and examine the development of a superior online marketing strategy.

Brand enhancement can happen as a result of exposure to an ad banner alone

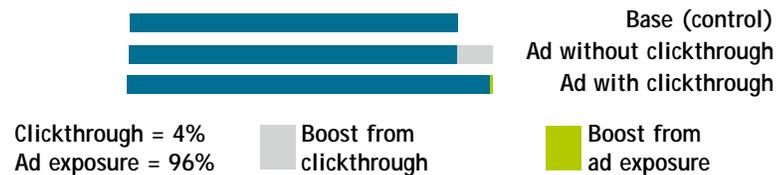
While additional powerful messaging may await the consumer on the other side of an ad banner, the ad banner itself does a significant amount of brand enhancement communication. In fact, among the twelve ad banners we tested as part of the 1997 IAB Online Advertising Effectiveness Study the value of the ad exposure is significantly greater on average than the value of the clickthrough.

To put the clickthrough metric in proper context, consider that "recall of the advertisement" (in other words, ad awareness) was boosted by four-tenths of one percent (from 43.7% to 44.1%) as a result of those who clicked on the ad banners in the 1997 IAB Advertising Effectiveness Study. That's an increase of less than one percent! This means that 96% of the boost in Ad Awareness was caused by the ad exposure alone. The remaining four percent was caused by the clickthrough. This pattern is consistent across the various brand enhancement metrics we examined.

The model that assumes the user is passively exposed to Web pages and then, upon exposure to the right Web advertisement, miraculously shifts to an engaged mode upon clicking through is not supported by the data.

Rather, the effectiveness of Web advertising seems to stem from the fact that Web usage is an actively engaging exercise, similar to reading magazines. Users are fairly attentive to the media environment - including the advertisements. Clearly, the belief that the ad banner is really a small ad for the "real" ad that waits on the other side of a clickthrough can be rejected based on the analysis.

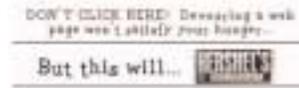
Impact of clickthrough vs. ad exposure on Ad Awareness



Many brands have a straightforward message that can be conveyed in a Web ad banner

Many advertisers have developed a clear and concise brand message or theme that consumers have heard any number of times: "Behind every healthy smile is a Crest kid," "Built Ford Tough," or "Amazon.com: Earth's biggest bookstore," for example. Being clear and concise is important if the advertiser is to lock a brand message into the consumer's long-term memory and have them recalled in the appropriate circumstance. In general, these messages can be communicated within a Web ad banner and do not require the consumer to transfer over to a Web site for additional elucidation. These messages set up expectations for brands so that the consumer is more willing to try the product when in an experimentation mood (in the case of packaged goods) or is more likely to investigate the product further (in the case of considered purchase categories). If clickthrough works by presenting a compelling reason for the consumer to take action immediately and online, then what - short of changing its product - would a brand like Schick razors have to do to get a high level of clickthrough? Consider the case of Schick razors after they were tested in the 1997 IAB Advertising Effectiveness Study. The banner exposure alone boosted Schick's brand-linked impression by 26% and increased the perception of "meets your needs for a razor" by 31% and "has an acceptable price" by 28% - these are all statistically significant increases at the 90% confidence level. Every level of the BrandDynamics Pyramid (a Millward Brown Interactive metric that measures the relationship consumers have with the brand) is enhanced, and the Consumer Loyalty Score (an accurate measure of the likelihood a consumer will purchase the product next) increased by 4%. Yet the clickthrough is only 0.5%. Does the low clickthrough rate imply that the Schick ad was a failure? Focusing solely on the clickthrough rate might lead the advertiser to conclude that this ad was not a success - which is contrary to the evidence from multiple brand enhancement and ad effectiveness measurements. Certainly, there are applications of direct marketing and pro-

age users to click through; rather, the advertiser's goal should be moving the worker to the vending machine where he or she can purchase the advertised brand. Maybe the ad copy



should read, "Don't Click Here! Devouring a Web page won't satisfy your hunger, This will ... Now where is that vending machine?"

Undoubtedly, some people will click on the banner; however, the ad's goal is to reinforce top-of-mind consideration of the product and, perhaps, generate a behavioral response other than clickthrough (namely purchase). Given this objective, measuring the success of the campaign by the number of clicks would be inappropriate. In fact, a brand pursuing this strategy should ask what need are we accidentally tapping into that would cause someone to take an undesired action like clicking through!

What about high-consideration categories? What about high-consideration categories like automobiles? Should clickthrough be the critical metric when evaluating the success of an automobile Web banner campaign? The answer to this question is no. We believe the practice of evaluating automotive Web advertising on the basis of clickthrough could be compared to assessing television ads for automobiles on the basis of how many people visited the relevant showroom the next day. It is an ideal response, but not the most common one.

So how should a brand like Volvo think about clickthrough? We suggest that Volvo and other brands in high-consideration categories think about Web advertising as a combination of traditional advertising and face-to-face selling. In an interpersonal, face-to-face selling situation it would be extremely efficient if an automotive salesperson could simply present a prospect with the contract and ask the prospect to "buy right now." Efficient, but unlikely.

Consumers generally require a dialogue that evolves from establishing the relevance of the product, to demonstrating performance, to discussing the advantage vis-a-vis competitors, before the consumer will become bonded with the brand. This evolution of the interpersonal selling dialogue is substantially similar to the hierarchy we use in our BrandDynamics™ Pyramid. We believe that Web advertising can be used to drive consumers through this relationship enhancement cycle. It is only in the later stages of the cycle that it is important for the user to become directly engaged with the brand at the advertiser's Web site or, in the physical world, the dealer's showroom. The Volvo ad we studied demonstrates this point succinctly. The ad banner yielded less than one half of one percent clickthrough, yet the Volvo ad banner generated statistically significant increases on key metrics of product "relevance," "performance," and "advantage vis-a-vis competitors." Given the low clickthrough, was the Volvo ad

The BrandDynamics™ Pyramid



banner a success? We think so.

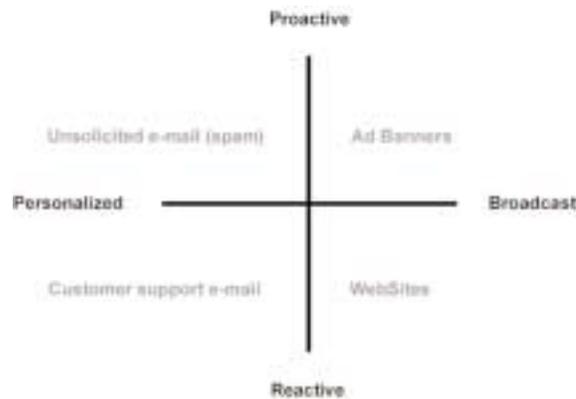
Clickthrough has its place - but it is the wrong metric for measuring brand enhancement. Indeed, there are many approaches to enhancing brands and driving sales among online users. Online marketing is much more than building and supporting a corporate Web site.

grave danger in complacency. If online advertising will have an impact and you choose not to exploit it, but your competitor does, you may be sacrificing your brand equity in the long-run and jeopardizing sales in the short-run. As many online marketers have experienced, there are many approaches to marketing online. Some of these strategies are well worth your hard-earned marketing dollars, while others may be a waste of resources.

Which online strategies are right for your brand?

It is constructive for marketers to think of the Internet as nothing more than a technology that enables information transfer. Because of the unique characteristics of the technology, communication can be fashioned along two key dimensions: The first dimension is a continuum that ranges from proactive to reactive communication. The second dimension ranges from broadcast communication to personal dialogue. The chart below illustrates the dimensions and provides examples associated with communication types.

What does this way of thinking imply for the marketer? It means that you can reach and communicate with your online target in a multitude of ways - from a broadcast advertisement that proactively reaches your target audience on a mass-reach Web site to a personalized email delivered in reaction to an individual customer's query. It means that online is not monolithic. It is multifaceted and requires an online communication mix appropriate to your brand's marketing strategy. The effectiveness of your online strategy depends upon achieving the right mix for your brand. But with many options and an evolving technology that seems to expand the list of options on a daily basis, how is a marketer to develop a



coherent strategy and effective tactics?

Development of a coherent strategy and effective tactics requires the marketer to first define business objectives and then assess how the technology can be used to achieve the objectives. Do not let the technology define your strategy. Some objectives are best achieved with a broadcast message, while others are best achieved with a personal touch. Some objectives require waiting for consumers to initiate the dialogue so that the brand can react to their perceived needs, while other objectives are best achieved when the brand proactively communicates with the consumer. We suggest that development of realistic objectives begin with an evaluation of:

- o the nature of your product or service
- o the current level of Web site category use by your target population
- o perceived legitimacy of personalized communication related to your product in the minds of consumers

Exploring these areas will help the marketer develop the appropriate objectives and optimize the online marketing mix of communication options.

presence and perceived relevance in the minds of the consumers - thereby creating long-term brand health. Finding the right mix between a Web site that reacts to a consumer's needs and proactive banner advertising is key to a brand's online marketing success.

Legitimacy of personalized communication with your target

The nature of the product and the consumer level of Web site category usage help marketers determine the proper mix among proactive and reactive online marketing elements. But what about the dimension of personalized versus broadcast communication? When considering this dimension, it is important to bear in mind that consumers have finite time and can manage a finite number of relationships. Ask yourself, "Why would a consumer want to have a relationship with my brand?" Some marketers have sidestepped this question and answered, "We will require the consumer to give us their contact information - then we will have a relationship." But a relationship is more than an email or postal address in a database.

Some brands lend themselves to relationships with consumers. In these cases, personal dialogue between a brand representative and the consumer is both welcome and provides advantage in some categories. For other brands, there is no perceived need for a relationship in the mind of the consumer and personal dialogue lacks credibility with the target market - in fact, it may even annoy them. This principle is captured in the direct marketing riddle that asks: "What is the difference between junk mail and personal mail?" Answer: personal interest. Here are some basic questions to ask:

- o What is the personal interest (not gimmick) for the consumer?
- o What will your brand do for the consumer to justify the relationship?
- o Can you maintain this relationship profitably?

Brands can communicate with different degrees of personalization, ranging from pure personal communication, such as Auto-by-tel's personal email response from a broker regarding the price and availability of an automobile that suits a consumer's request; to segmented communication like CNN's custom news service; to undifferentiated broadcast communication, which is the approach used by the majority of Web sites. Unless the marketer will be creating genuine value for the consumer - and can do so profitably - the returns from sophisticated database and dynamic delivery tools probably do not justify the investment. The return on investment can and should be tested against your economic objectives. Auto-by-tel can measure the profit from selling cars with personalized response. CNN can measure the value from incremental exposure to advertising they sell as a result of the custom news offering.

There are several powerful tools that enable mass customization of communication. The central questions related to the deployment of these tools are: What value can be created for the customer? And what is the return on investment for the brand?

Now What?

Now that you have identified the economic value of Web users and formed an appropriate online communication mix strategy for your brand, you need to make sure you have a strategy to measure your performance and gain the learning necessary to evolve your marketing strategy. It shouldn't come as a surprise to the reader that we must be certain to measure the right metrics to provide an answer to performance accountability. Measuring the wrong metrics will lead you astray. But even more important than accounting for your investment of marketing capital is institutionalizing learning that will advance and evolve your brand's intellectual capital regarding effective use of this burgeoning medium. This is what I call the Two A's of research: Accountability and Actionability.

a narrow-cast Web site. These tools empower marketers to determine how each of their brand communications affect consumers as well as how each component interacts to ensure they are achieving their objectives. This feedback loop helps marketers make even more effective use of the online marketing vehicle.

As a result of solid online strategy and new online market feedback tools, brand managers can confidently address the complex questions of what is (and is not) working for their brand. Applying these tools makes marketers more effective and efficient - ensuring that they have an accurate accounting of results and actionable learning to build their brands into the future.