

How to Get More R.O.I. From Your Digital Marketing Investment

Introduction

- There are now over 400 million internet users in China who spend close to 20 hours per week online - yet digital spend is still less than 5%. If your target audience is under 50 then you should be investing at least 20% of your budget online. Traditional still works for building awareness - but except for major events, its less engaging content consumed with a passive mindset versus an active mindset online.
- The digital space is constantly evolving and offering up new ways to connect with you target audience. It's essential for a marketer to understand what's happening and ensure that the strategy is flexible to incorporate new channels at the right time in the right way. Your digital agency should be your true partner, guiding you through the maze of unproven, can't miss opportunities. And if you find your own marketing team's knowledge is consistently superior in this regard challenge your agency, pitch the business or take it in-house.
- Ultimately you get out of a relationship what you put into it (or should do). Treat your digital agency like a partner, ensure remuneration matches your scope of work expectations, ask a lot of questions and you will get what you want.

1. Best Practices for Clients

i) Agency Tactics

- Agencies complain that client briefs can be vague, non-channel specific and don't include comprehensive measurable success metrics. Consider presenting a detailed brief in a collaborative workshop format so everybody is on the same page from the beginning.
- Significant value is continuously lost from poor collaboration between creative and media and traditional and digital agency teams. Force them to discuss & agree on what strategy best fits the brief and ensure the media strategy leverages the creative strategy & the relevant channels effectively. You must also make a call on how programs like mobile, gaming and social are managed (is it a creative project, a media project, or both?) Both sides will desperately want the biggest piece of the action and the marketer need to be decisive.
- There are over 3,000 online ad size formats (there used to be over 20,000). Ask your media buyer to negotiate for more standardized ad slots across multiple websites. This should not impact the cost efficiency of the media buy and will free up resources for better creative concepting
- With ad banner response rates less than 0.01%, consider building site content & functionality into your ad banners or into an existing web property to get comparable response rates of at least 10%.
- Costly mistakes happen when a digital team is under-resourced and attention to detail suffers. Often agency management is at fault for staffing digital using a traditional template, digital typically requires two for every one traditional staffer- evaluate and adjust resourcing if necessary

ii) Benefits of Ad Serving

- Unlike western markets local publishers do not usually permit third party serving & tracking of ad delivery i.e. the use of an independent solution like Doubleclick, ATLAS or Eyeblaster. External ad servers typically record less activity than a publisher setup, often leading to a problematic discrepancy which can have billing implications. Furthermore the combination of CPD (Cost Per Day) & CPM (Cost Per Thousand) campaigns rotating in the same ad slot can skew external tracking mechanisms which were largely configured for western markets that only utilize CPM pricing.
- While there are limitations in using this technology in China it is worth the cost to establish benchmarks and track actions taken on your website. Without this data you will not be able to adequately measure ROI.
- Keep in mind that inventory can get dumped in large quantities at the end of a campaign by publishers to meet quotas, often which can run to billions of largely valueless impressions. Specify a daily delivery quota in the contract, monitor daily run rates and make sure your ad server has a delivery cap that prevents overruns.
- Most importantly put pressure on media owners to offer more data transparency- agencies contribute less than 20% of online media spend so their leverage is limited in this regard.

iii) Benefits of Creative Testing

- One of the key advantages of digital over traditional channels is the ability to track and optimize campaign performance in real time.
- While online media budgets have crept up in recent years creative production budgets have not and the outcome is lost ROI for the marketer. Online creative is important and should not be done just once. Bad online creative always leads to bad online media performance just as it does in every medium.

- Regardless of the size of the media budget every campaign should have at a minimum 4 creative executions running in rotation. Develop a 'test matrix' outlining key creative attributes for comparison and use the findings to improve creative performance with every additional campaign.
- Your creative / media production budget should be 10-20% of your media spend but capped at about \$40,000-50,000 USD for one campaign up to \$1 million USD in media spend. Consider reserving 15% of the media and creative budget to up level investment mid campaign in the best performing elements.

2. Digital Marketing Realities

- The click-rate of a campaign is not a reliable indicator of post click activity and should not be used to evaluate performance in isolation. Take a holistic approach and focus on what actions the consumer performs after the click.
- The cost of a placement is usually a good indicator of its quality. Netizens read a webpage top to bottom so the higher up your ad slot the more likely it is to have impact just as bigger ad sizes are usually worth paying more for.
- Be careful doing business with online ad networks. Always be suspicious of any vendor offering cost per click deals below 1 RMB per click and do not permit third party ad tracking. If it sounds too good to be true it most likely is.
- 10-20% of online media spend is from agencies with the other 80-90% coming from marketers direct. Media owners prefer to deal with a client over an agency because it's simpler & more profitable. The core value of a digital agency is its strategic thinking capabilities. If the agency does not showcase this ability regularly then its relevance will be questioned.
- Emerging media like social media carries risk but in China it's a potential goldmine for marketers with the right approach. Consider a separate scope of work to carefully test & evaluate new digital platforms and use actionable learning's to develop an emerging media strategy tailored to your brand.

- Ad serving is a cost that is marked up by many agencies in most media markets, including China, because clients don't understand how it works. The exact add-on amount varies but it can be anywhere from 2% to over 200% and depending on the associated media spend, can become a large number. In the case of one local vendor the cost of ad serving is free to the agency in return for earning a commission on media buying services. Remember this when a digital shop offers their services at a cut rate.
- 4A shops often outsource production to a local third party who will do the work for a fee less than what the agency is receiving from its client. This arrangement reduces agency headcount while offering an additional revenue stream. Be sure to itemize in the SOE what services the agency is directly providing versus what is outsourced and at what cost. Once again, remember this when a digital shop offers their services at a cut rate. You get what you pay for.
- Media buyers will prefer certain publishers for various reasons, including personal friendships, spend quotas, agency rebates and/or past performance. Always ask for a detailed rationale for all media recommendations and question if they are the best fit for your brand.
- Finally, if you feel that your marketing team is weak on digital create an internal 'Digital School' program and ask each team member to present a 30 min PPT on a key digital topic each week to the whole team. In a few months you will have in-house experts on all the key digital practices and a library of useful knowledge to test your agency with.

3) Best Practices for Digital Agencies

- Think of every campaign recommendation you construct as a new business pitch and use every campaign review session to prove the value you generated as a rationale for future opportunities. If your team is not good at this hire someone with sales background who is.
- Invest in your key publisher relationships, your client likely will be talking to them regularly and their opinion about you carries significant weight.

- Eliminate arcane digital terminology from your client communications, its human nature to fear what we don't understand. Keep it short and simple and make sure you can defend your assertions.
- Ask media owners to use your agency PPT template & structure to deliver their proposals in. Request for it to be no longer than 10-20 pages and whenever statistics are included demand a proper data source for each. Time saved can be dedicated to mission critical activities.
- Implement a digital client training program that includes a quarterly market update (use the latest CNNIC report) and a monthly half day workshop focusing on topics like emerging media, case studies and category research. If the client won't pay extra you're still building the relationship around a key client issue- 40% admitted in a recent R3 survey they don't know enough about digital and doesn't learn enough from their agency.
- A list of tactics is not a strategy. A strategy is rationale for why a specific combination of tactics will lead to a specific desired outcome. If you cannot explain why your recommendation should be successful then you don't have a legitimate strategy.
- Does your agency website look like it was made by an "insert your own credentials here" shop? Are there easy to read case studies, is it search optimized and does it project the right image for your agency brand?
- Most importantly stop complaining about difficult clients. Yes without them advertising would probably be more fun and awesome but then who would pay your salary? Focus on their needs and how you can win them over by going the extra mile. A commitment to excellence and flawless execution is always the best guarantee of success in digital marketing.