[24]7

CASE STUDIES

# How Leading Brands Win at Paid Search

## Across strategies and success metrics, tests confirm the benefits of high-frequency predictive search bidding
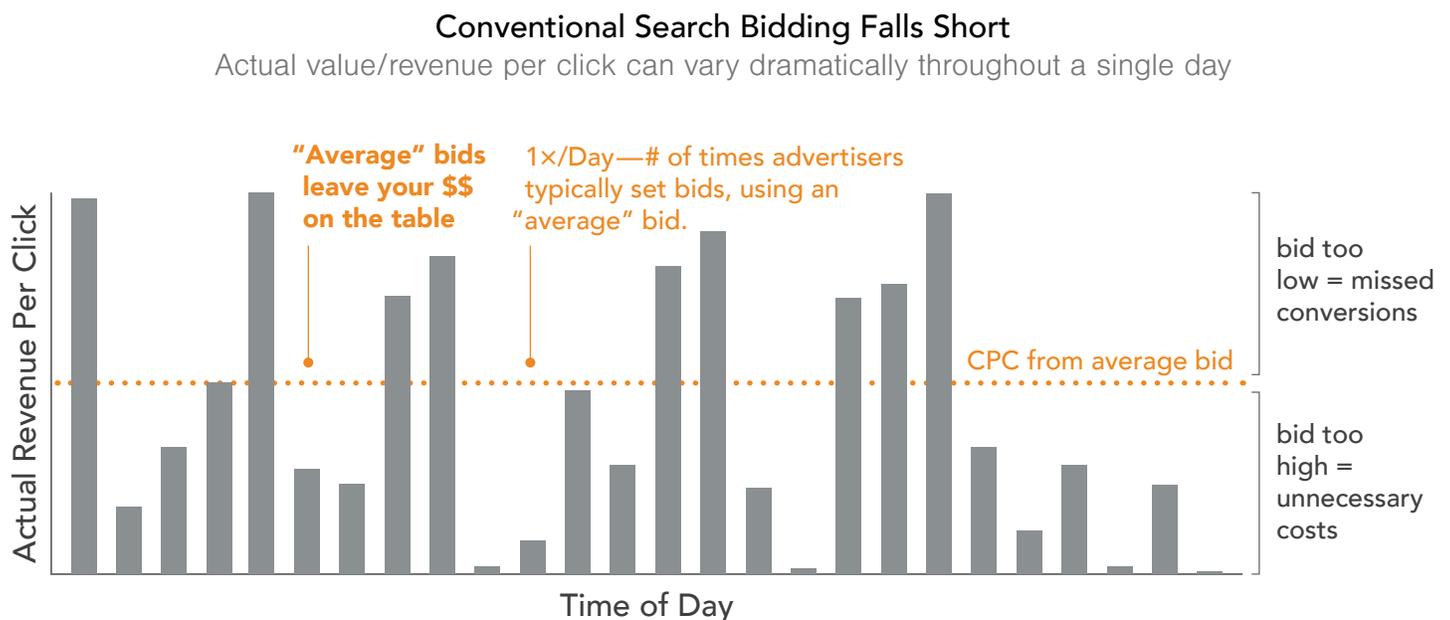
An overwhelming majority of today's consumer online experiences begin with a search engine. This pattern has made Paid Search Advertising a battleground for companies looking to get an edge over their competition. There are more than 1 million advertisers on Google alone, and search advertising aimed at desktop and mobile devices accounted for 49 percent of total digital advertising spend in 2015, according to IAB.

Like everything digital, the search advertising market is complex and constantly changing. Pay-per-click (PPC) costs are climbing as advertisers compete for prime exposure on the 3.5 billion Google searches that happen daily. The number of consumer data points is also amassing, driven by more complex consumer behaviors across a multitude of channels and devices. Many consumers own multiple digital devices, and their intentions vary significantly by each device, time of day, location, and hundreds of other attributes that impact and give context to a person's likelihood to convert. All of these make campaign portfolios highly complex to manage and optimize, leading to higher costs and lower ROI.

The biggest way that advertisers compete in paid search is through the bidding process. They bid in continuous online auctions for the top positions on the results pages for searches on keywords that matter to their brands. As advertisers compete, auction prices fluctuate with demand to create a new set of challenges for marketers as they seek to outmaneuver competitors, maintain or grow share of wallet, and do so profitably. Because a typical campaign may include bids for thousands or even millions of keywords, marketers have turned to sophisticated bidding automation tools that leverage big data analytics and high frequency bid automation—what we call Predictive Search Bidding—to optimize paid search performance. The result is double digit increases in conversion and ROI over older bidding methods that update bids once a day.

## Conventional search bidding falls short

Truly efficient bidding is a complex, massively time-and-data-intensive chore that is beyond the capabilities of human marketing teams. To manage this, we've found most advertisers set "average" bids on a daily or weekly basis.

**Conventional Search Bidding Falls Short**

Actual value/revenue per click can vary dramatically throughout a single day



**"Average" bids leave your $$ on the table**

1×/Day—# of times advertisers typically set bids, using an "average" bid.

CPC from average bid

bid too low = missed conversions

bid too high = unnecessary costs

Actual Revenue Per Click

Time of Day

The problem with these infrequent, "average" bids is that market demand for a specific keyword can vary widely, as much as 30% or more,* throughout a single day. Bid too low and you've just lost conversions to the competition. Bid too high and you might be overpaying.

## Predictive bidding allows you to bid smarter and more often, adapting at the pace of consumer behavior

Calculating the true value of every bid and adjusting accordingly is a classic big data problem. In order to make bidding more efficient, advertisers need the ability to crunch massive volumes of data, adjust continuously to changes in market demand, consumer behavior, and other data, and place bids at a high frequency rate. Predictive Search Bidding combines big data modeling and high frequency bidding to quickly find and take advantage of meaningful trends in large volumes of often-noisy data. It then uses this data to automate bidding—bidding several times per hour on a single keyword as conversion rates vary. This maximizes volume on target metrics such as revenue, conversions and Lifetime Value.

For advertisers spending millions of dollars per month on paid search, a tiny difference in bid price over thousands of keywords can quickly add up to significant ROI.

### Bid Smarter, More Often at the Right Time
Actual bid performances in client A/B test



**Conventional Bidding**
1×/Day

**[24]7's High-Frequency Bidding**
168x/Day
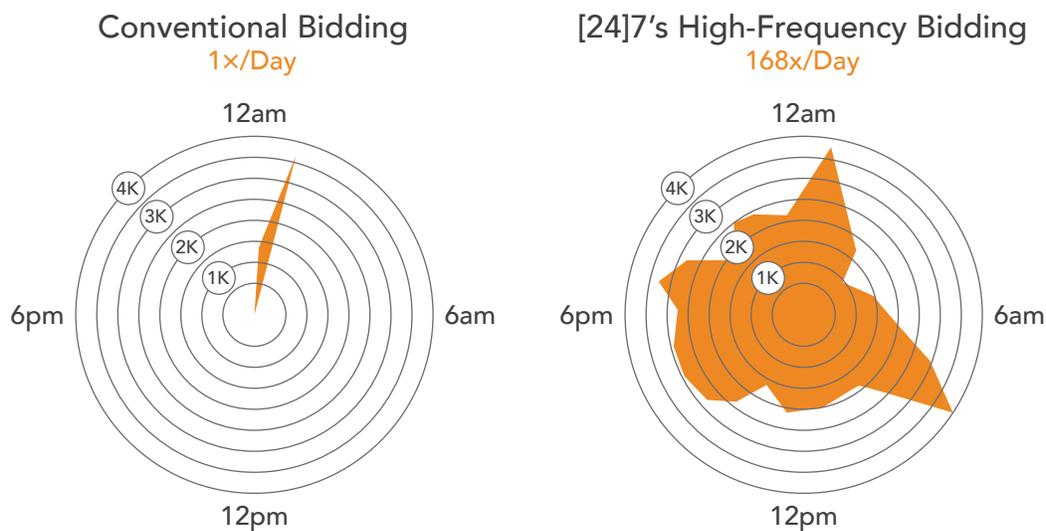
**27%+**
Average ROI gained in head-to head bidding tests.

*Based on data compiled across our customer base

3

# Leading brands and advertisers are increasing conversion and ROI

Predictive Search Bidding outperforms traditional bid methods in every head-to-head test across multiple industries delivering 10–30% more revenue at 10–50% less costs with additional improvements over time.

How has this worked out in head-to-head testing? Let's look at some actual results.

# Helping search marketers meet their financial goals

In addition to awareness and position goals, search marketers typically have one of four financial goals based on revenue targets and budget constraints.

| Maximize revenue from existing budgets | Maximize profit | Reduce costs while maintaining revenue | Grow revenue within targets |
|---|---|---|---|
| • SEM's share of the marketing budget tends to be fixed or at least stable in estab-lished companies.<br><br>• The challenge is to increase traffic or conversions without spending additional dollars the SEM manager doesn't have. | • The objective is to generate the greatest possible profit/margins from the campaign.<br><br>• Profit maximizers may bid aggressively but only up to the point at which the incremental cost per click (ICC) begins to negatively impact the profit margin on each conversion. | • As brands mature, the marketer's budget may be shifted to support faster-growing prod-ucts. This is the classic "do more with less" scenario: Find ways to generate stable revenue while reducing cost per acquisition (CPA), cost per con-version (CPC) or some similar cost metric. | • Brands looking to fuel business growth are willing to increase paid search budgets as long as they can stay within a targeted ROI, CPA or Margin. |

# Popular global online retailer
## Maximize revenue within existing budgets

A global retail brand was looking to maximize revenues without expanding their paid search budget. They'd typically run large campaigns with more than 180,000 keywords allocated over multiple product categories—e.g., a campaign for Shoes with ad groups for athletic shoes, heels, dress shoes, and many others. The retailer was looking for ways to optimize these programs to drive greater revenues from growth products/brands and reallocate budget away from slower-moving products.

**The upshot: +36% uplift in A/B test**

The main issue was that the retailer appeared to be over-allocating budget to "branded terms"—searches on keywords that actually named the retailer. Marketers often do this to protect their corporate brands, and to keep competitors from poaching clicks for products closely associated with the advertiser's name by counter-bidding its branded keywords. But the larger opportunities for growth are in bidding for generic keywords—search terms that describe the product without limiting the search by specifying the advertiser's name. An objective of the test was to substantially reallocate bidding from branded to generic keywords.

## Goals:

- Increase conversions (clicks that turned into sales).
- Reduce cost per acquisition.

Increase conversions

Reduce cost

## Result:

- Conversions increased by 12%.
- CPA was reduced by 18%.
- Conversions on branded keywords increased by 5% despite reducing the spend for branded keywords by 61%.

**12%**
Increase in conversions

**18%**
Decrease in CPA

**5%**
Lift in conversions for branded keywords

**61%**
Lower spend for branded keywords

# A well-established luxury jewelry brand

## Maximize revenue within existing budgets

A well-established luxury brand had a fixed budget from month to month, with the goal of adopting high-frequency predictive search bidding to generate more traffic—more clicks—within the current budget.

As a leader in the luxury jewelry category, the brand was also seeking to ensure awareness targets were being met with a secondary goal to increase the impression share for the brand. The marketer specifically intended to increase its visibility in searches involving engagement rings and watches.

Impression share (IS) is the percentage of impressions that your Google ads receive compared to the total number of impressions that your Google ads could get.

Impression share = impressions / total eligible impressions

Eligible impressions are estimated using many factors, including targeting settings, approval statuses, and quality. Impression share data is available for campaigns, ad groups, product groups (for Shopping campaigns), and keywords.

Impression share is a good way to understand whether your ads might reach more people if you increase your bid or budget.

**The upshot: +262% uplift in A/B test**

## Goals:

- Increase in click volume.
- Reduce costs per click.
- Maintain impression share.

Increase in click volume

Reduce cost per click

## Result:

- Click volume more than doubled (+103%).
- Cost per click was reduced by 44%.
- Share of impressions increased by 10%.

**+103%**
Lift in click volume

**44%**
Drop in cost per click

**10%**
Increase of impression share

# A leading premium liquor brand

## Maximize revenue within existing budgets

While this premium liquor brand was highly dependent on brand terms, leveraging high frequency bidding allowed them to increase their bids at the right time of day, driving more conversions at little incremental cost.

**The upshot: +45% uplift in A/B test**

### Goals:

- Increase efficiency of spend.
- Reduce CPCs.

Increase efficiency of spend

Reduce CPCs
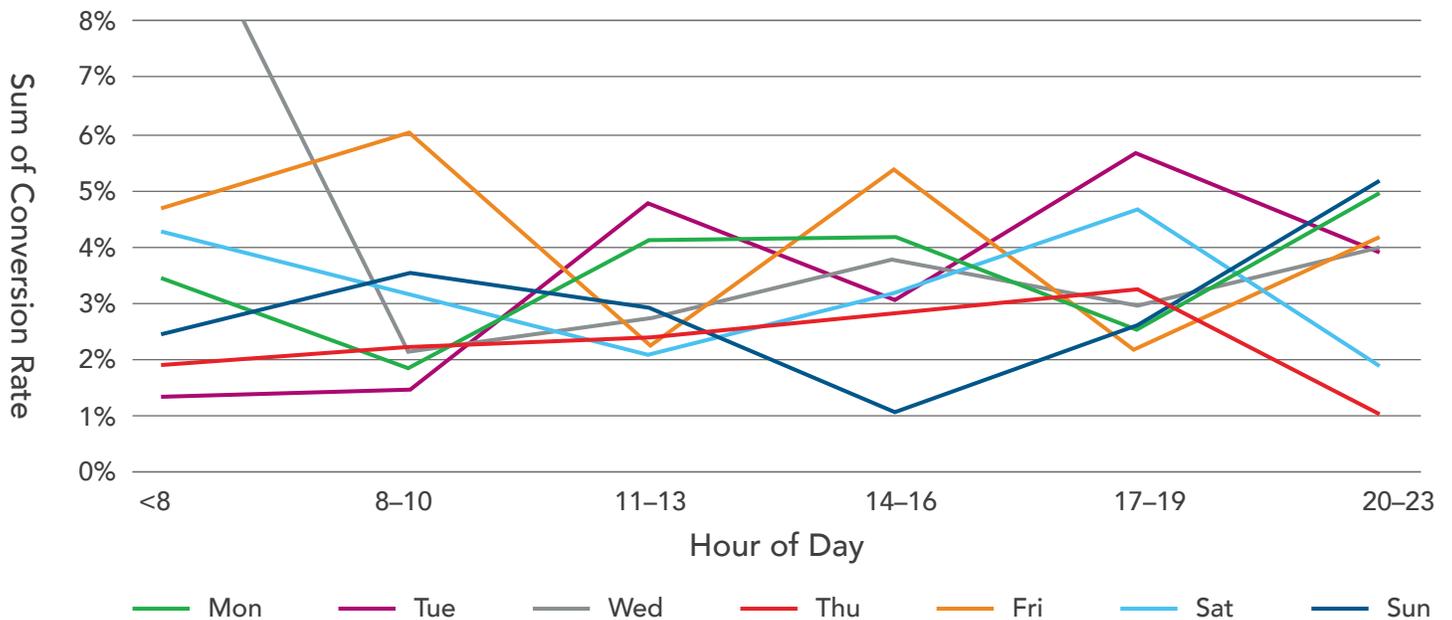
### Results:

- 15% more Conversions.
- 21% lower CPA.

**15%**
More Conversions

**21%**
Lower CPA

## Leading Premium Liquor
### Conversion rate by hour of day & day of week



Sum of Conversion Rate

Hour of Day

Mon — Tue — Wed — Thu — Fri — Sat — Sun

This chart illustrates how conversion rates vary drastically during different times of the day and different days of the week.

# A leading automotive brand

## Maximize profit

The automotive category is highly competitive with a small number of advertisers competing for the same keywords. As a high-consideration purchase, every conversion counts. This leading automotive brand spent millions on paid search per month, and leveraged high frequency predictive search bidding to react to changes in the marketplace, optimizing bids to capture incremental conversions without exceeding customer acquisition cost (CAC) targets.

**The upshot: +38% uplift in A/B test**

## Goals:

- Outmaneuver competitors.
- Optimize to capture the most conversions within CAC targets.

## Result:
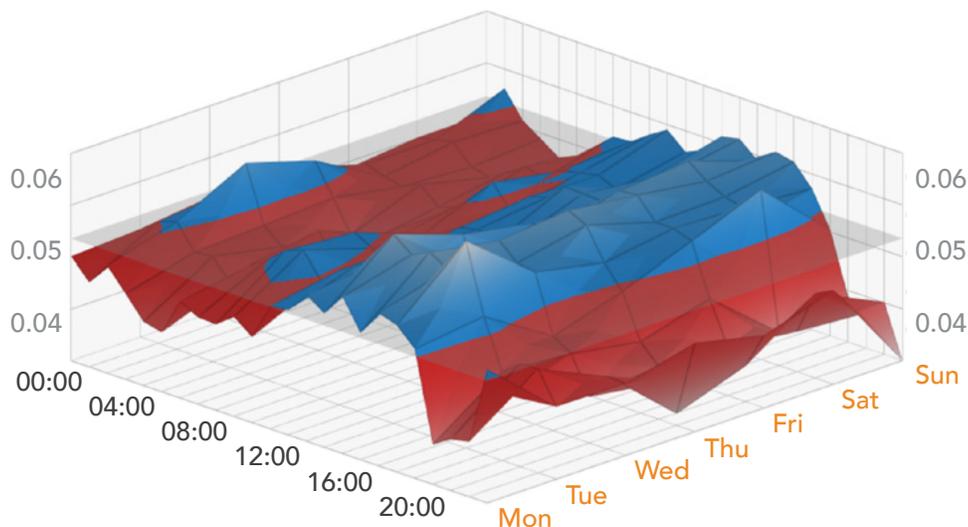
- 14% more revenue.
- 38% lift in profitability.

**14%**
More revenue

**38%**
Lift in profitability

### Leading Automotive Brand



The blue area indicates when conversion rates increase, while the red indicates when conversions are at their lowest, allowing bids to be adjusted to the ideal value per conversion.

# A global wireless carrier
## Maximize profit

This leading global wireless carrier had run generally successful campaigns, but had historical data showing clear and significant differences in the conversion rates for different times of day/days of the week. There was no apparent pattern, but the advertiser saw an opportunity to exploit high-frequency bidding to optimize time of day/day of week bids, concentrating the paid search spend on hours with the highest value per click.

**The upshot: +26% uplift in A/B test**

With high-frequency bidding, it became clear that conversions were much stronger Monday's and Tuesday's. More efficient bidding, with higher budget allocation during peak hours, significantly increased the return during those hours, and the pattern of returns over the week became much more coherent.

| Hour | Mon | Tue | Wed | Thu | Fri | Sat | Sun |
|------|------|------|------|------|------|------|------|
| 0–7 | 1.20% | 1.39% | 1.17% | 1.17% | 1.31% | 1.24% | 1.09% |
| 8–9 | 1.23% | 1.30% | 1.08% | 0.95% | 1.06% | 0.81% | 0.69% |
| 10–11 | 2.26% | 1.94% | 1.65% | 1.63% | 1.52% | 1.12% | 1.08% |
| 12–13 | 2.18% | 2.20% | This chart reflects the conversion rates by day of week and time of day. We can see from the numbers that conversion rates are highest on Mondays between 2:00 pm–5:00 pm and Tuesdays from 12:00 pm–5:00 pm. | | | | 1.27% |
| 14–15 | 2.35% | 2.13% | | | | | 1.63% |
| 16–17 | 2.47% | 2.17% | | | | | 1.42% |
| 18–19 | 2.13% | 2.15% | 2.01% | 1.87% | 1.38% | 1.30% | 1.62% |
| 20–21 | 2.17% | 2.07% | 1.94% | 1.97% | 1.37% | 1.43% | 1.83% |
| 22–23 | 1.49% | 1.36% | 1.36% | 1.47% | 1.04% | 1.23% | 1.28% |

## Goals:
- Maximize Profit.
- Increase volume and conversions within defined CPA targets.

Maximize Profit

Increase volume and conversions

## Result:
- 26% uplift in profitability for these campaigns.

### 26%
Uplift in profitability

# A major international home electronics brand

## Reduce costs while maintaining revenue

This brand's campaigns involved three main product categories: Audiovisual (speakers, TV); Mobile (smart phones, tablets, wearables); and home appliances. They understood the necessity of balancing branded and generic keywords, and were looking for a system that made it easy to move budget allocations across ad groups and between branded and non-branded campaigns. The basic objective was to reduce the monthly spend without cutting into revenues while optimizing the budget across the product portfolio.

**The upshot: +47% uplift in A/B test**

## Goals:
- Reduce cost while maintaining revenue.
- Increase traffic (click volume).
- Reduce cost per click.

Increase traffic

Reduce cost per click

## Results:
- Overall, 11% more clicks at 24% lower CPC.
- For generic keywords, 56% more clicks at 20% lower CPC.
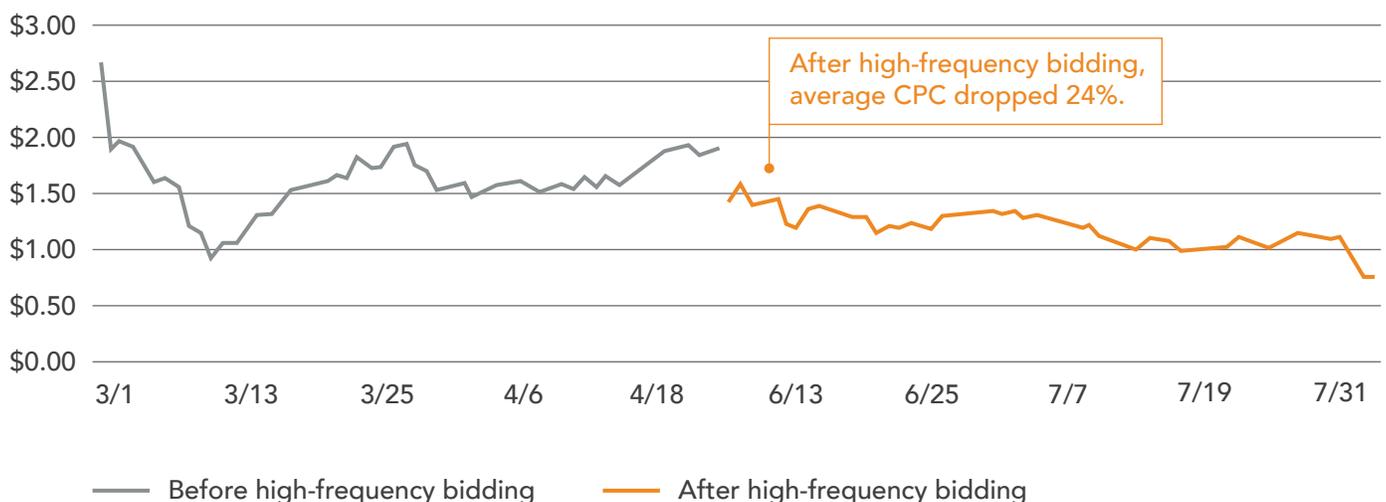
**11%** More clicks

**24%** Lower CPC

**56%** Increase of clicks for generic keywords

**20%** Lower generic keywords CPC

## International Home Electronics Brand
### 2016 CPC

After high-frequency bidding, average CPC dropped 24%.

| | 3/1 | 3/13 | 3/25 | 4/6 | 4/18 | 6/13 | 6/25 | 7/7 | 7/19 | 7/31 |

—— Before high-frequency bidding    —— After high-frequency bidding

# A major automotive manufacturer

## Reduce costs while maintaining revenue

In the automotive space, multiple competitors bid on the same non-branded keywords, driving up the cost per conversion (CPC). There are numerous competing car brands, so making it onto the car buyer's "short list" is an urgent priority. A major global car manufacturer tested high-frequency predictive search bidding to figure out what keywords could drive the most clicks at a reduced spend.

**The upshot: +25% uplift in A/B test**

Since multiple car brands have similar product attributes, automotive campaigns tend to bid broadly for large numbers of non-branded keywords. Then, priority is to ensure that clicks are converting into qualified leads for the dealership. High-frequency bidding offers a powerful advantage at the top of the sales funnel—ensuring that the advertiser's brand is in the initial consideration set.

## Goals:

- Reduce CPC.
- Reduce overall budget while minimizing impact to revenue.

Reduce
CPC

Reduce overall
budget

## Results:

- 25% uplift on generic terms.
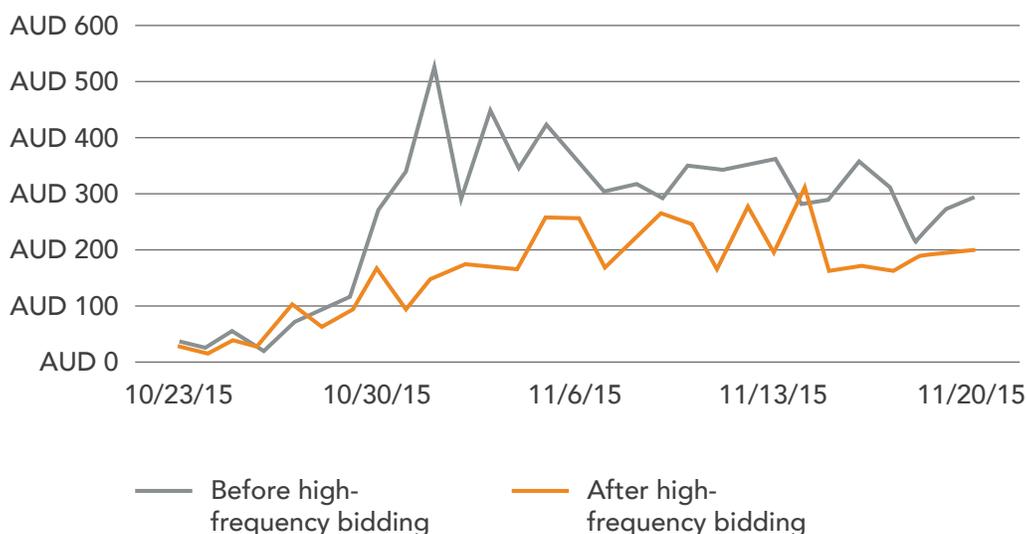- 30% decrease in CPC.

**25%**
Uplift on
generic terms

**30%**
Decrease
in CPC

## Major Automotive Manufacturer
### Generic—cost



Legend:
— Before high-frequency bidding
— After high-frequency bidding

## Why [24]7 Predictive Search Bidding:

- Outmaneuver your competition with the only High Frequency Bidding Solution on the market.
- Optimize, accelerate, and forecast ROI to meet volume, growth, or profitability goals.
- Easy to get started with zero integration, no replacement necessary, and results in as little as 6 weeks.
- Your performance-driven partners in search powered by industry expertise and cutting edge technology.

## Additional resources:

Calculate your potential uplift with predictive search bidding using our ROI calculator.

How much should you bid for search clicks?

4 Ways Advertisers Can Win at Google Shopping

## Redefining Customer Acquisition with the [24]7 Customer Acquisition Cloud

[24]7 gives companies the unparalleled ability to know and act on consumer intent in milliseconds. As the pioneer in applying the power of big data and machine learning to customer acquisition, [24]7 has developed predictive models that have been tuned by more than one and a half billion annual interactions.

[24]7 Predictive Search Bidding is part of the [24]7 Customer Acquisition Cloud, a suite of marketing technology solutions that enable marketers to better connect with and influence consumers at every touch point. It combines an understanding of consumer intent with leading-edge search bidding technology and dynamic personalization to help companies grow revenue, enabling marketers to better connect with and influence consumers at every touch point. The [24]7 Customer Acquisition Cloud empowers companies to achieve more effective customer acquisition at lower cost, increase their understanding of how media spending is driving revenues through marketing campaigns and leverage the billions of consumer interactions that happen annually on the [24]7 platform.

## Let [24]7 help your organization achieve extraordinary results. Contact us today.

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## About [24]7

[24]7 is redefining customer acquisition and engagement by making consumer intent the cornerstone of digital transformation. With intent-driven engagement, companies anticipate and act on consumer intent across any channel, collapsing the time to deliver successful outcomes in the moments that matter most.

For more information visit: www.247-inc.com