

Why We're Writing This Book

Over the past three to five years, retargeting (or remarketing as it is sometimes called) has become a must-have marketing channel, alongside search-engine marketing and e-mail, for marketing to existing customers.

Retargeting has risen to this elite spot within the digital-marketing mix because it is a proven way to increase conversions and win customers who would otherwise be lost. When people look for products and services online, they seldom convert on their first visit. In fact, depending on the industry, 95 to 98 percent of people leave a website without taking the desired business action, such as make a purchase, fill out a lead form, download software, and so on.

Instead, people visit a site, then they check out competitors, they price compare, and sometimes they just get distracted. Retargeting allows you to stay in front of those people, who you know are interested in your product or service (why else did they visit your site?), and ensure they come back to close the deal.

However, despite the massive growth of retargeting adoption there is a notable lack of content around how the technology actually works, and little information about best practices for advertisers to take advantage of the channel. This is due to the fact that, historically, this type of technology was only available to large brands and agencies. Retargeting-technology vendors maintained high minimums since large amounts of manual work had to be done to execute campaigns. Despite the development of new solutions that make retargeting available to any size business, knowledge has remained locked up inside the technology vendors themselves, and perhaps a few savvy, performance-oriented ad agencies. Our goal is to unlock this information so that any marketer, whether you use self-service tools yourself or partner with an agency, can make more informed decisions about how to implement a best-in-class retargeting strategy.

WHAT IS RETARGETING AND WHY DOES IT WORK?

The common understanding of retargeting is that it is the practice of serving ads to people who have previously visited your site. However, there's more opportunity within retargeting than just showing people the same pair of shoes they just looked at on your site. To unlock these opportunities, it is important to first understand what makes retargeting effective.

To understand this, let's first look at what makes search-engine marketing so effective. Google is one of the great success stories of the Internet age, and much of that success is related to the fact that Google has a magic box that almost everyone in the world (except for maybe a few Microsoft employees) goes to and types in exactly what they want to buy, where they want to travel, and what kind of content they're interested in.

That type of data is called *intent data* and it is the most powerful data to use for ad targeting. It's the online equivalent of someone raising their hand and saying, "Hey, I'm interested in your product."



FIGURE 1.1 The Google Search Box Is a Key Way to See User Intent

When you run a search campaign on Google, essentially what you are doing is buying Google's intent data. Google is essentially a machine for capturing intent, and AdWords is an interface for selling it to advertisers.

Retargeting works so well (with performance similar to or better than search engine marketing) because it leverages the same intent data set. However, instead of someone typing something in a box that they're interested in, they express their intent by the behaviors they exhibit on your site. That might be visiting a product page, or by starting to fill out a lead form, or by putting something in their shopping cart.

However, people online seldom visit a site and immediately complete their purchase on their first visit, or submit their info, or whatever the business behind that site is hoping that they do. People shop around, they price compare, they look at competitors, and they just get distracted.

That's where retargeting comes in. With retargeting, marketers are able to tap into their intent data and target ads to very specific people who have raised their hands to say that they're interested in your product, but need to be followed up with before being won over as a customer.

FLAVORS OF RETARGETING

With the increased popularity of retargeting over the past few years, it has become common practice to relate other marketing tactics to retargeting. This can cause some confusion, as these tactics are all very different from the true retargeting (now sometimes referred to as *site retargeting*) we cover in this book. Examples include search retargeting, social retargeting, behavioral retargeting, and so on. It's almost as if there's no such thing as just targeting anymore, despite that being a more accurate term for many of these tactics. This misuse of the term *retargeting* can cause confusion as to what these other tactics actually are, what marketing objectives they solve, and what metrics should be used to gauge their performance. True retargeting (which is what this book is about) has sometimes come to be called *site retargeting* within the industry in order to clarify some of this

confusion. However, to further clarify the issue, here's a summary of some other tactics that sometime use the retargeting moniker, but should not be confused with the type of retargeting covered in this book.

Search Retargeting

This tactic involves targeting people with display ads based on terms they search for across search engines and other web publishers where searches occur, such as comparison shopping sites. A more apt name might be *search targeting* since it is simply targeting people based on a particular characteristic. Similarly, we wouldn't call buying a TV commercial during the Super Bowl "sporting-event retargeting." This tactic appeals to marketers for some of the same reasons that retargeting does—search activity is a signal of intent. However, there are a few limitations to keep in mind when evaluating this channel. One is that scale for highly targeted keywords can be difficult to achieve. Since Google's move to SSL for all logged-in users, search referrer data from the largest search engine (+80 percent market share) is not available.

SSL is defined as secure sockets layer and is an Internet protocol that uses secure communications on the Internet. If enabled when logged into Google apps, Google will automatically convert you to https:// instead of http://. This does provide additional security, but when SSL is enabled and you are logged in when searching on Google, search referral data is lost.

Second, when users show intent by searching for something on Google, they are immediately interested in finding out more about a product and clicking on a link. This is not the case with search retargeting when they might see a display ad several days or weeks later while reading a site. For those reasons, it is best to think of search retargeting as more of an upper-funnel awareness channel. It allows for targeting users who have expressed interest in keywords relating to your product, but lacks the scale for highly specific terms, and does not reach users at the crucial moment that their intent is expressed.

Social Retargeting

With the emergence of paid advertising options across Facebook, Twitter, and LinkedIn, this term has become a catch-all for a range of tactics, making it particularly confusing. In practice this generally refers to targeting specific people based on their social actions. For example, targeting people who like your brand's Facebook page (fan retargeting) or targeting your Twitter followers. Some people have also referred to retargeting people on Facebook through Facebook Exchange (FBX) Social Retargeting. However, this would be more accurately described simply as retargeting people on social media inventory, if a distinction must really be made.

E-mail Retargeting

This one gets confusing because it is a term that is used to describe two unique things. Most commonly, it describes the tactic of e-mailing people who perform (or don't perform) a particular action on your site. Usually this involves sending people who abandon their shopping cart an e-mail about those items: a discount, a notification if they're selling out, and so on. However, sometimes people refer to "*e-mail* retargeting" as the act of placing a retargeting pixel in an e-mail to adjust their campaigns based on who does or doesn't open an e-mail. An example would be a daily-deal or flash-sale site that might not want to retarget people who open their e-mail because they already know they're reaching these people for free (aside from the cost of acquiring that e-mail address in the first place.) If people who read the e-mail don't click through, it can be assumed that they're not interested in the deal that day, so media spend shouldn't be wasted to further entice them. Alternatively, a brand might want to aggregate people into a retargeting segment who read their newsletter since they know these are highly engaged people. Either way, this is simply a targeting criterion and not truly e-mail retargeting as described above.

To address the proliferation of the word *retargeting*, the typical form of retargeting we cover in this book is referred to as *site retargeting*. This clarifies that the marketer is targeting people who have previously browsed their website.

UNDERSTANDING THE CUSTOMER JOURNEY

As a marketer or business owner, you probably spend a lot of time thinking about the customer journey and what you can do to influence it. In the most classic form, the buyer becomes aware of your product or service, moves through the consideration cycle, and then makes the purchase. The customer journey is evolving even further and now has to account for peer-to-peer influence through social networks and needs to more strongly consider customer lifetime value.

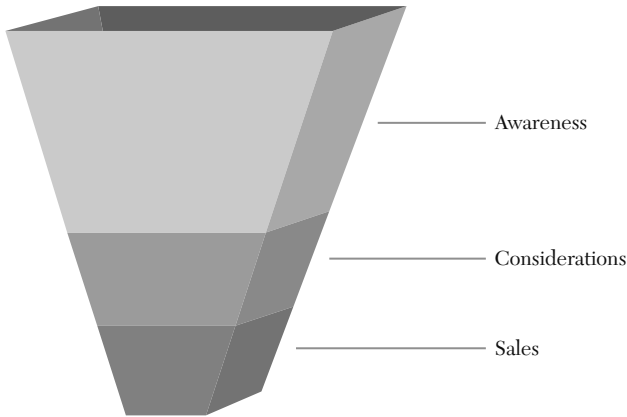


FIGURE 1.2 The Top of the Sales Funnel Is Defined as the Awareness Phase, the Middle as the Consideration Phase, Which Leads to Purchase.

Depending on your business and cost of sale, this customer journey can take a few moments, like in the case of some low-cost items purchased online, or a few years for multimillion-dollar, business-to-business (B2B) purchases. Let's face it, with an increasing number of devices and the speed of technology your prospects are more likely to get distracted throughout every phase of the process. Research is no longer about reading a few industry reports and making a decision—now it involves crowdsourcing information on social networks, like Facebook. During the consideration phases, your prospects are quickly price comparing while you are figuring out new ways to differentiate your product or services. Sales aren't

guaranteed as the funnel has leaked the majority of your prospects as they made the journey through the buying process. Shopping cart abandonment rates vary from 50 to 70 percent as buyers decide to buy a product elsewhere or just get distracted by everyday life. Closing that sale, whether it is in B2B or B2C, has gotten more difficult and will continue to do so if marketing tactics don't evolve as the consumer does.

Providing consumers with tailored experiences where both content and advertising is personalized to their needs and interests increases relevancy and, ultimately, long-term sales. Throughout the course of this book, we will give you practical tips on how you can use retargeting to increase awareness among your consumer base. We will also share how to use retargeting to drive sales and help bring back cart-and-form abandoners, as well as discuss how retargeting can be used to nurture leads through the sales cycle. As the customer journey is changing, we will also discuss how to use FBX to communicate with your customers and prospects. Over the course of this book, we will also cover how to look beyond the first sale and think about how retargeting can help increase customer lifetime value and build community.

TYPICAL STATS AND ROI

Forrester Research reports that on average only 3 percent of shoppers make a purchase during their first visit to an online store. Of the remaining 97 percent, 71 percent place an item in their shopping cart but end up abandoning it. So what are the top reasons they're hesitant to buy?

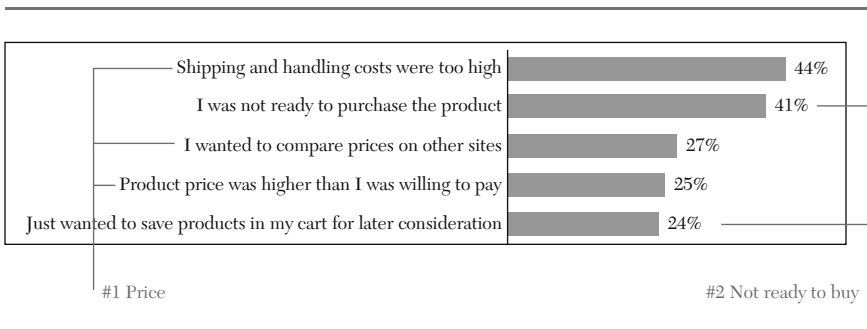


FIGURE 1.3 Reasons Why People Abandon Carts

Retargeting is a great way to re-engage with those cart abandoners and get them back to your website. What type of results can you expect with your retargeting programs? That is going to vary by industry and by your goals, but we want to give you some ideas of where to start. AdRoll ran a customer survey and asked 2,000 participants to compare performance of their retargeting campaigns with their search program. Sixty-two percent of respondents said that retargeting performs as well as or better than search. Participants were also asked to compare performance of their retargeting programs with the rest of their display programs. Eighty-nine percent of respondents said that retargeting performs as well as or better than other forms of display.

When trying to determine how to use metrics in your retargeting program, it is best to start by looking at performance of current marketing initiatives. For example, if you are going to use retargeting to drive free, trial sign-ups, and your search program has the same goals, start by looking at your average cost per sign-up for search. Now, also look at all other forms of online advertising that have the same goal, like traditional display, social, or lead buys. Retargeting performance should be compared with these similar programs.

We have a customer in the financial vertical who has a \$40 cost per sign-up with search, and a \$7 cost per sign-up with retargeting. Although such a big gap isn't typical, it is possible for retargeting to outperform search programs, especially in verticals where paid search cost per clicks are quite high. With that in mind, we aren't recommending turning off your search programs, but instead looking at the holistic online marketing environment and investing accordingly.

Your retargeting click-through rate (CTR) is also going to vary based on your ads. In Chapter 6, we discuss several best practices to help improve CTRs like clear calls to action and the use of product imagery and model imagery depending on placement. For advertisers in the retail vertical, we've found that LiquidAds, or dynamic, personalized creative ads, have a significant impact on performance. For example, a leading menswear company, Indochino, saw a 102 percent increase in CTRs with dynamic product ads versus the use of static ads.

A Quick Lesson in Retargeting Terminology

Throughout the course of this book, we will call out and define industry-specific terminology, but we want to make sure everyone has a solid understanding of a few key terms before diving into the rest of the book.

- **CPM:** Literally translated as *cost per mille*, CPM is the most common form of pricing online advertising. Advertisers are charged a price per thousand impressions served.
- **CPC:** Another common form of pricing in the online advertising world is CPC or cost per click. Advertisers are charged when ads are clicked on.
- **CPA:** Defined as cost per acquisition. Advertisers are charged when an agreed-upon acquisition action is achieved.
- **LiquidAds:** This is a form of dynamic, personalized advertising. For example, when a website visitor views a particular product and then browses the web, the product view or a suggested product appears in the advertising.
- **Intent signals:** This is something that the potential customer does that signals “I’m interested in this product or service.” It could be a specific page visited, like a product page, or an action taken, such as items placed in a cart.

LET’S GET ROLLING!

Now that you have the basics down, it’s time for the fun part. Over the course of this book we will walk you through everything from setting up your retargeting campaign, best practices, and case studies to advanced strategies, and how the world of real-time bidding has revolutionized the industry and ultimately drives ROI. We hope you enjoy reading this as much as we enjoyed writing it.

