

Secrets of the Math Minds: How Leading Performance Marketers Win

By Nicolas Darveau-Garneau and Todd Pollak



Introduction

The “Mad Men” approach to advertising cast its spell decades ago. That classic model of big ideas and big mass media buys has romantic appeal, no doubt: Don Draper lights a cigarette, pauses to think, and then comes up with the genius slogan that thrills the client and sells like crazy.

But a new generation of marketers has realized that a great creative idea is only part of the marketing magic. They’ve proven that measurable business results and deep customer knowledge are the true measures of marketing success and that for every Mad Men–driven creative ‘whiz bang,’ there’s a well-oiled machine of performance ‘cha-chings’ that really drive the business. We call these marketers the Math Minds because they use measurement and testing to learn more about their customers, act faster, waste less and win more.

It’s clear to us at Google that the most successful digital advertisers are those who take the Math Minds approach. But it’s also clear that many marketers think the idea sounds confusing, intimidating or just too complicated to try.

In this paper we’ll reveal some of the secrets of the Math Minds. We’ll also show how any marketer can use these strategies to get better results. We’ll look at three steps on their path to success:

1

Master Performance Marketing

Measurable media is the foundation of the Math Mind strategy. Put simply, Math Minds insist on understanding what works and doing more of it.

2

Apply the Performance Mindset to Brand Building

To drive business performance further, Math Minds create and measure additional demand, applying the best principles of performance marketing to brand marketing.

3

Deliver Tailored Experiences

Math Minds think less in terms of mass audiences, more in terms of individual customer paths and how all their marketing efforts support those journeys.

The skills of the Math Minds are skills that all marketers already have: the ability to be customer-driven, try new ideas, and measure results. The secret is in how they use those skills to tap the natural power of digital in all the ways that suit their business best. They do so in a methodical and manageable way, so success gets amplified and complexity gets diminished.

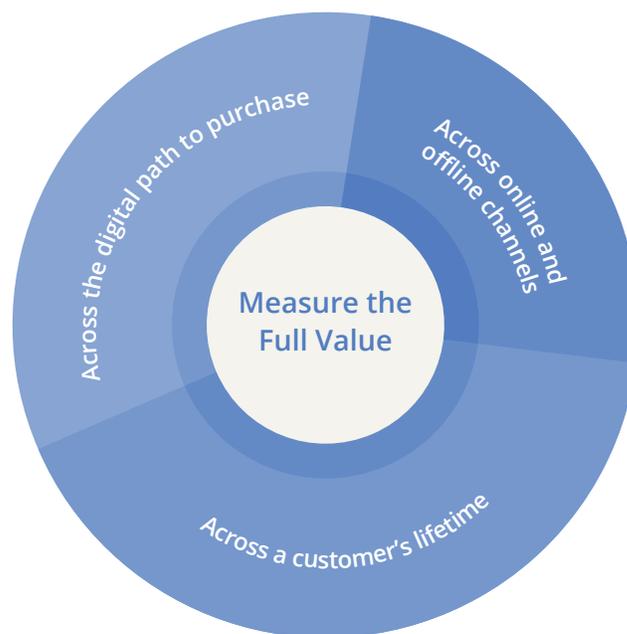
1

Master Performance Marketing

Math Minds put measurable media at the core of their strategy. They want to win all the business they can in those areas before they spend money on less measurable media. Since digital marketing typically relies on auctions to set prices, Math Minds see it as a competitive discipline they need to win. Here's how they do it:

Measure (all of) the right things

While most companies measure things like reach, impressions, gross rating points (GRPs) and cost per acquisition, Math Minds prefer to link their ad investment directly to core business goals like revenues, market share and profits. They're focused on attributing value to all the actions their marketing inspires across touchpoints, screens and channels. They don't value all customers the same. For example, a retail customer who purchases often is valued more than one who doesn't.



Across the digital path to purchase

Does a shopper check camera reviews on her smartphone at lunch then buy on a tablet at home that night? Does a customer arrive at a site from an ad for red dresses but then buy later from an ad for your brand? Giving full value to each part of the digital journey across screens and stages is a key to success!

Across online and offline channels

How many total sales does each marketing dollar drive, not just on the brand's website but also through the call center and in stores? Measuring only online sales will significantly undervalue the profit contributions of performance marketing.

Across a customer's lifetime

How much is a new customer worth tomorrow, next month, over the next three years? Analyzing only one purchase misses a much bigger picture.

Success Factor

Think before you measure. To make sure you get full impact from your numbers, with no surprises, plan your measurement strategy at the same time you plan your marketing program.

CASE STUDIES

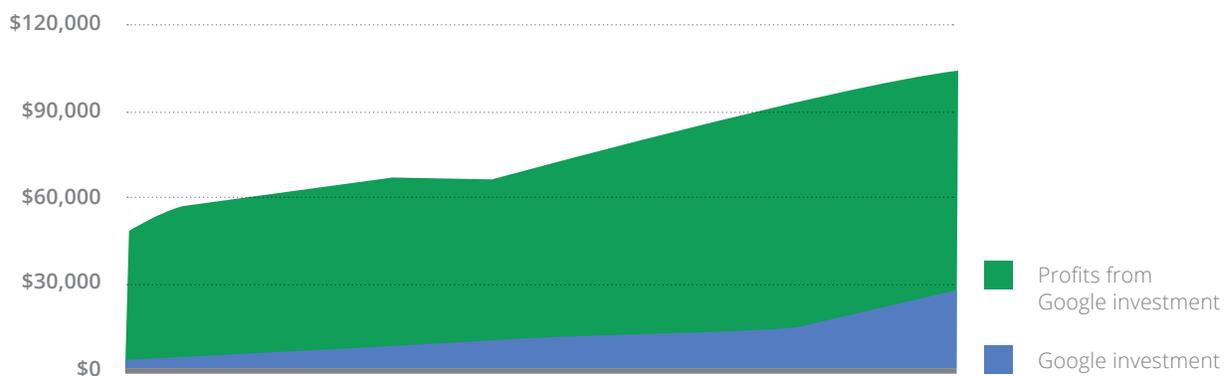
Adidas assigns value to traffic that comes from mobile even though they can't track the online-offline traffic flow. They believe that 20% of the customers who locate a store on their phone will then visit that store. This is fed into calculations to reflect mobile's full value in driving in-store sales.²

Macy's knows that every \$1 spent in online marketing drives \$5.77 in store sales.³ For The Bay in Canada, it's \$14.40.⁴

Maximize profits

Marketing is not a cost center for Math Minds; it's a profit center. Since they can directly measure the profits they generate, they focus on those profits instead of on a pre-set marketing budget. Google's top advertisers track their profits weekly or even daily.

Example Daily Profit Analysis | March 2014

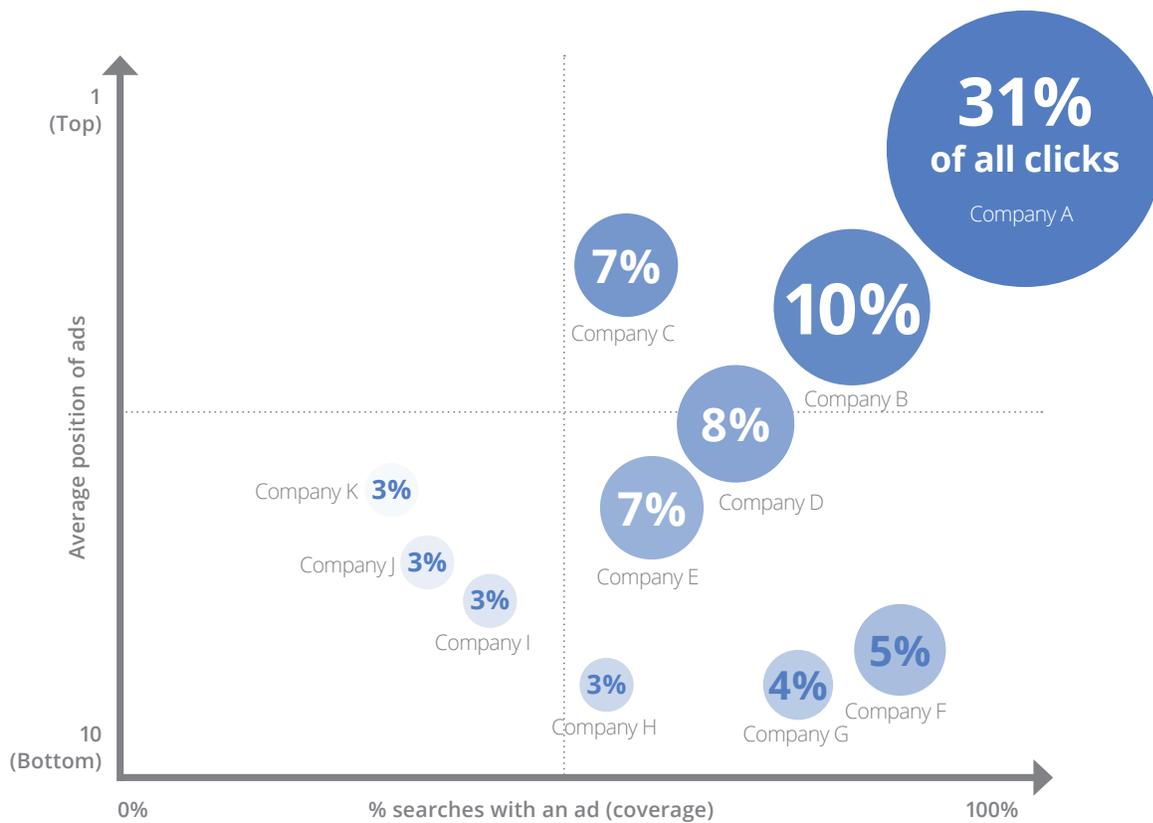


Attention isn't on what's being spent but on how to earn more. Here's how Math Minds earn more:

Leave no demand behind	Focus on profit vs. CPA	Plan for the long haul
Today's consumers decide when and how to find brands online, so Math Minds manage their campaigns to be always-there for their profitable customers. They also ensure they capture demand across all screens.	Math Minds aim for maximum profits rather than the lowest cost per acquisition (CPA) or cost per click (CPC). For example, they would rather pay \$50 CPA to acquire 100 customers worth \$100 each than pay \$40 CPA to acquire 70 customer worth \$100 each. Try the math!	Math Minds learn new profit-driving tactics before their competitors do. How? By budgeting for marketing R&D, running tests on new ideas and optimizing them with the long view in mind. Math Minds are patient; they don't give up on a test after a few bad weeks.

To find the Math Minds in your industry, look for companies getting a disproportionate share of search marketing clicks. For example, Company A below gets 31% of all the search clicks in its industry. It does this by being present for every relevant search in its category (the horizontal axis below) and by being able to outrank its competitors (the vertical axis below). It can outrank competitors, often for the same bid or lower, because its ads are more relevant, its website converts better, its email marketing leads to higher customer lifetime values, it measures the full value of digital, and it focuses on profits, not CPAs.

Example Competitive Search Analysis:
Math Minds Lead Company A to the Greatest Share of Clicks



Size of bubble indicates share of clicks.

Optimize for relevance and efficiency

When a tactic starts to tap out, Math Minds don't stand still. They look for ways to become more efficient and more relevant, keeping their investment flat for a few weeks. Once they see improved results, they hit the gas again and look for renewed growth. Here's how:

Segment for smart optimization

Math Minds segment their campaigns by product, marketing channel, geography, day of the week, hour of the day and other metrics. They adjust the amount they'll pay to acquire a new customer based on the profitability of each segment.

Refine ads for more relevance

Math Minds create more relevant ads based on the user's intent and context. One ad for the person searching for pizza on a mobile phone at midnight, another for the office desktop searcher at noon. Math Minds spend a lot of time testing their ad messages so they can radically improve click-through and conversion rates segment by segment.

Scale through automation

Math Minds grow their profits by using automation to optimize their online campaigns. They outcompete their peers by using superior technology that responds to market dynamics in real time, capitalizing on the inefficiencies created by those who use a fixed bidding strategy and adjust budgets only periodically.

Enhance content experiences

Math Minds improve their websites' landing pages and conversion funnels. They eliminate unnecessary steps to raise conversion rates. They improve their email marketing to increase loyalty and lifetime value.

Capitalize on good leads

Math Minds use remarketing wisely to reacquire prospective customers who didn't convert on their first site visit. They also focus on up-selling existing customers instead of wasting money trying to convert them to first-time buyers.

Whether aiming to measure the full value of digital, maximize profits or become more efficient, Math Minds test, iterate and learn across the board. They're hungry for knowledge and open to learning from consumers, who, by their actions, teach them what works every day. This spirit is in the DNA of their teams and activated day to day.

2 Apply the Performance Mindset to Brand Building

Math Minds believe in demonstrable returns on all things. So for brand building efforts they follow the same approach they use for performance marketing: they zero in on the customer experience and measure, test and optimize the value delivered.⁵

Let's look at how Math Minds bring the mindset and skills we talked about in step one to brand advertising.

Measure digital brand actions

Math Minds go beyond reach and frequency to look for symbols that show a measurable impact on consumer behavior. Here are some of the things they measure:

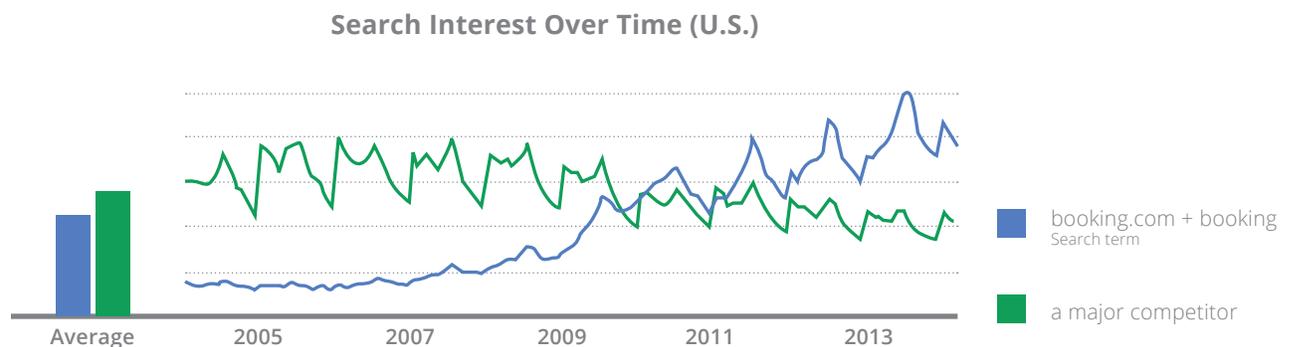
The number of people who search for their brand on search engines. Many think this metric is the truest measure of a brand's "unaided awareness."

The number of nonpaid visits to their website, YouTube channel and social media pages. This is a measure of how much customers want to interact with a brand.

The percentage of consumers who choose to view, like and share their skippable YouTube video ads, a measure of the quality of the brand's message.

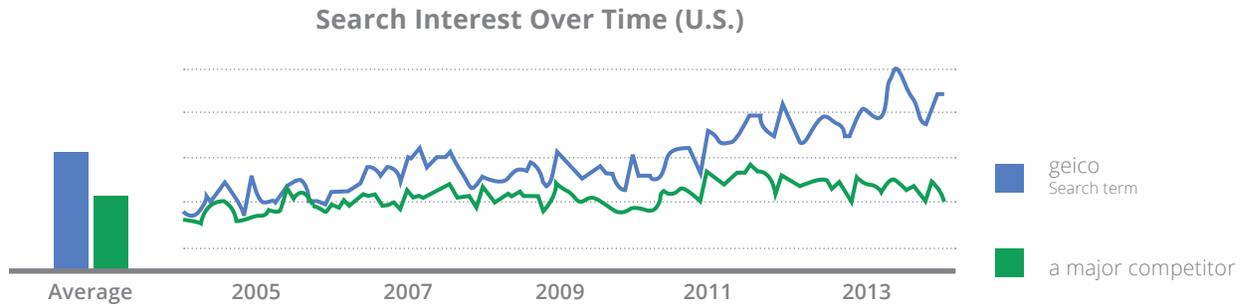
Their ratings on review sites and their brand sentiment on social media, showing the overall experience customers have with their products and services.

Math Minds also judge progress by comparing their metrics with their competitors'. For example, Booking.com's brand searches have gone from one-third up to twice the number of searches for a major travel competitor in the last 8 years. And the gap is still growing:



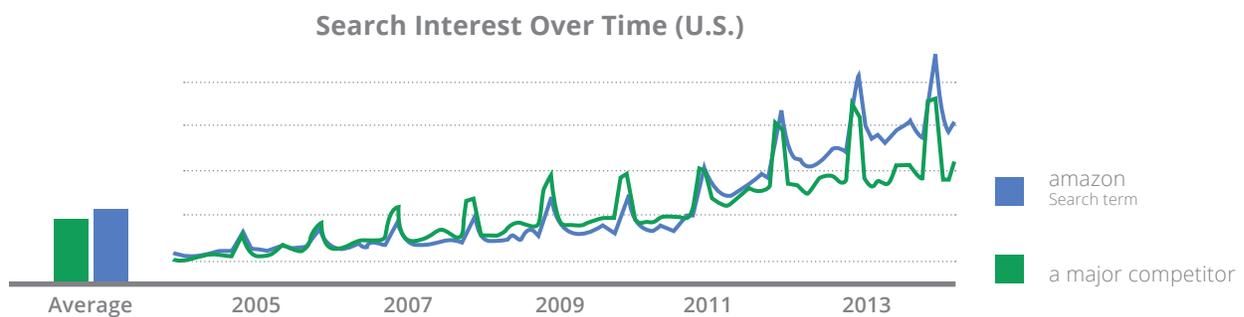
Source: Google Trends (www.google.com/trends)

Similarly, Geico is steadily distancing itself from a major insurance competitor:



Source: Google Trends (www.google.com/trends)

And Amazon, after matching a major retailer step for step for years, is now pulling ahead:



Source: Google Trends (www.google.com/trends)

Marry brand and performance measurement

Math Minds use data to optimize their media mix in real time. For example, leading Google advertisers often measure the impact (by designated market area) that each marketing campaign has on searches for their brand. They see which channels drive brand search lift best and even what it costs to drive an additional brand search or website visit from each channel.

And just as brand campaigns may drive search lift, search advertising can drive brand lift. In testing the impact of search advertising on brand awareness and perception, FIAT experienced a 127% lift in unaided brand recall when the brand was present in the top sponsored ad position for a search for "small car." Not only that, but one third of small car shoppers saw FIAT as a market leader and a status setter in high-quality small cars.⁶

As the line between brand and performance advertising continues to blur, the Math Minds are tracking the precise impact of their brand campaigns on the ultimate metric: profits.

CASE STUDY

Balsam Hill, an artificial Christmas tree retailer, was able to see that its 2012 YouTube branding campaign drove 10x more conversions than its 2011 campaign, at a cost per conversion that was 87% lower.⁷

Create interactive brand experiences

Online marketers can create magical brand experiences that aren't possible with one-way mass media. These experiences are interactive, shareable and personalized. That's the best of both worlds: more measurable for the Math Minds and more creative for the Mad Men. Imagine what Don Draper could have done with all the creative and technological possibilities of digital marketing.

Math Minds take advantage of the power of digital to create useful content and entertaining experiences.

CASE STUDIES

Old Spice's landmark "The Man Your Man Could Smell Like" campaign did this brilliantly. Videos were shot frequently and featured on YouTube to respond to social media comments from customers. Sales doubled in a month.⁸ The content was compelling and the approach was only possible because of digital's rapid and inexpensive advertising cycle.

Dove's "Real Beauty Sketches" has been seen more than 114 million times on YouTube, making it the most-viewed online ad ever.⁹ The real beauty of this campaign is that the great majority of these views were free, and were freely chosen by people who wanted to see the ad. Digital advertising makes this choice possible, not to mention the ability for consumers to share an ad they love with each other. These possibilities make digital an incredible marketing canvas, but they've also raised the bar for creativity and personal relevance.

Create a seamless cross-media experience

Math Minds know that marketing programs can be additive if they are orchestrated across channels. TV campaigns, for instance, are much more effective if they are combined with interactive web campaigns. The power lies in messaging and experiences that reinforce and amplify each other.

CASE STUDY

The "Our Food. Your Questions" campaign from **McDonald's** Canada encouraged customers to go to the web and ask anything about the company's food. McDonald's answered each question honestly and transparently. This seamless conversation with customers across all channels lifted McDonald's food quality perception index by 21%.¹⁰



Resources

Creative Sandbox Gallery: Browse campaigns that blend creativity and technology. (thinkwithgoogle.com/creative-sandbox)

YouTube Ads Leaderboard: Each month, see the top ads people chose to watch on YouTube. (thinkwithgoogle.com/ads-leaderboards)

Math Minds take three important steps to create true cross-media marketing experiences:



3 Deliver Tailored Experiences

Mastering performance marketing strategies and applying that mindset to brand marketing is critical for driving better results. But Math Minds know that it gets most interesting when the customer journey underpins and connects it all. They use what they learn about current and prospective customers to put the right message in front of the right customer at the right time for the right price. That delights customers and earns more for the company. Let's look at how they win with personalized marketing.

Understand customer behavior and preferences

Online is perfect for one-to-one marketing. It's customizable and scalable, and production costs are low. Here are some ways Math Minds build online marketing:

Understand how people navigate their websites

Each click helps Math Minds better understand the needs of their customers. A customer visiting the "mortgage" section of a site receives more information about mortgages in further marketing campaigns while someone visiting the "investing" section of a site receives tips on investing.

Integrate CRM and marketing platforms

This helps Math Minds avoid wasting money selling products or services that customers already have and lets them focus instead on cross-selling and up-selling the right products to the right people.

Centralize their analytics

Math Minds prefer to use a single analytics platform for all their digital marketing. This is a must for anyone who wants to work in real time with customer segments across channels and platforms; that's nearly impossible when competing software solutions are used by individual business units.

Success Factor

To make this strategy work, Math Minds organize their sites by relevant segments, each tagged correctly and tracked using a tag management system. A good marketing CMS system helps them test hyper-segmented marketing campaigns and make changes fast without needing to ask for help from the IT department.

Personalize each digital touchpoint

Using this wealth of data and a single data analysis platform, Math Minds create highly personalized marketing programs to show the right message to the right customer at the right moment on the right channel. They do this based on signals like previous interactions, location and device.

Companies from a range of industries can take steps toward personalizing their customer experience. There's a spectrum of sophistication from an insurance company that tailors its homepage experience for existing vs. prospective customers, to an e-commerce company that offers personalized product recommendations by email and on their websites. Taking it to the next level, Netflix now lets customers create unique viewing profiles for each person in the household so everyone can have a uniquely targeted experience at no extra cost.¹¹

The impact of personalization strategies continues to be proven. An Experian study found that personalized emails generate 6x higher transaction rates.¹² Similarly, Econsultancy reports that in-house marketers who are personalizing website experiences (and are able to quantify the improvement in the context of online sales or other key performance metrics) are seeing an average of 19% uplift due to personalization.¹³ In truth, consumers are coming to expect nothing less than personal relevance.



Did You Know?

Nearly three-fourths (74%) get frustrated with websites when offers, ads, promotions, etc. appear that have nothing to do with their interests.¹⁴

Tap into the value of top-tier customers

All marketers want to identify and nurture the highest-value customers. Math Minds do this with greater ease and better results, using digital data to spot and quickly act on the best opportunities that their personalized marketing reveals. They do this in three ways:

Radically reduce waste

Math Minds are more efficient with their marketing dollars and don't waste budget on those who already own the product or aren't in-market. The top Math Minds we've worked with save up to 50% of their marketing investment this way.

Get the "whales"

Math Minds know how to reach the 10% of customers who tend to deliver 90% of the profits. They do this by segmenting properly (finding those repeat visitors, for instance) and setting higher bids to reach higher-value customers.

Cross-sell

Math Minds know what products customers already have (by tying CRM data to marketing data) and what products they may want (using website data). That makes them much better at offering the right products to the right people, raising their average revenue per visitor.

Conclusion

The Mad Men and the Math Minds are friends, not rivals. The world of marketing will always have plenty of big, eye-catching billboards and Super Bowl ads.

But the Math Minds have found something that works even better. Their biggest secret is that a lot of deliberate, result-focused ideas—tested, measured and tested again—can be more powerful than one big, attention-getting one. Those million little cha-chings bring in big profits, and they also help a business move faster and spend smarter. That makes everyone happier, including customers, colleagues and CEOs.

By now you may have realized that the secrets of the Math Minds are not really secrets at all. Any marketer can make the same magic happen with a focus on measurement and a willingness to follow the numbers to the best results. You can start putting these secrets to work in your own business today. Good luck!

Note: This paper was originally titled, “Secrets of the Math Men.”

About the Authors

Nicolas Darveau-Garneau

Nicolas Darveau-Garneau is the director of sales for the performance marketing sector at Google. He and his team work with hundreds of Google’s saviest performance-marketing businesses to implement Google’s best practices for driving results. From 1996 to 2011, Nick was the co-founder of four Internet companies where he lead customer acquisition and marketing. Nick continues to be an active angel investor and startup advisor in Silicon Valley.

Todd Pollak

Todd Pollak is responsible for a national team managing over \$1B in annual revenue and some of Google’s largest and most complex finance partnerships. Prior to his role in finance, Todd spent 7 years in retail at Google, leading search, display, mobile and local strategies for many of Google’s top-ten clients in the U.S. Todd has 15+ years of interactive marketing and brand advertising experience.

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