Demonstrating ROI with competitive intelligence

Using data to inform your strategic marketing decisions
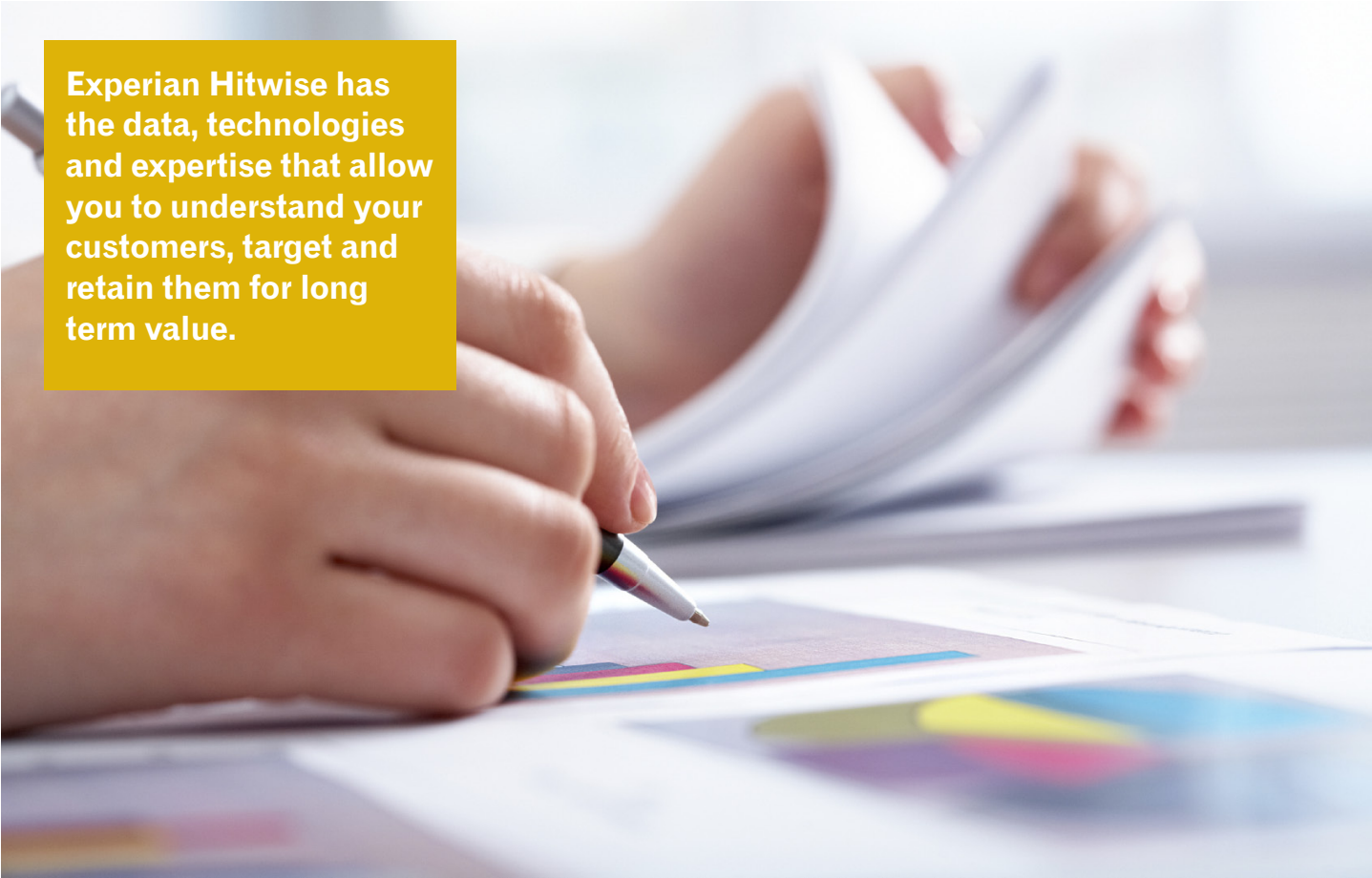
Experian™
Marketing Services

ROI – Everybody's talking about it

'Return on Investment' has become the modern business mantra. In order to gain and maintain a competitive advantage your business needs the latest technologies, expertise and insight to remain successful.

However, when every penny counts, these competitive edges must not only pay for themselves, but deliver handsome multiple returns. It's so important that everyone claims it, but saying a solution has ROI is easy: proving it is something else. Peer beneath the marketing hype and cold, hard numbers are like hen's teeth. This paper cuts through the hype, providing the evidence you need to make an informed choice. Using real data, we will explain how Experian Hitwise delivers the best strategies and tactics — for real ROI.

The biggest data partner in the market

Experian Hitwise has the data, technologies and expertise that allow you to understand your customers, target and retain them for long term value.

Twenty years ago, customer understanding was incredibly limited, but the digital revolution has changed all of that.

Customers now generate huge amounts of data. In fact, there's so much information that the challenge now is to capture, analyse and make sense of all of that data in a way that can deliver actionable insights that will bring benefit. This is where Experian Hitwise comes in; we have the data, technologies and expertise that allow you to understand your customers, target and retain them for long term value.

Experian Hitwise monitors 25 million people worldwide visiting over a million websites every single day. No other competitive intelligence tool has the breadth or depth of our data in terms of sample size or scope.

We monitor over 50 million unique search terms every week, and can tell you what happened online yesterday, today. As part of Experian we have access to enormous data sets such as Mosaic which feed into our tool. This is unique to Experian, giving us the biggest and most comprehensive data set in the market. The bigger the pool of customer understanding you harness, the greater the insight into customer behaviour you get.

Brains and brawn

If data is the brawn, then analysis, strategy and smart deployment to drive revenue is the brain. As well as employing some of the most geeky statisticians and software developers, being a part of Experian, we can also call on hard headed business types (who have actually been there and done it) and marketers who know how to engage with your audiences.

Such is the depth and range of our data, we can cross reference information to identify your potential customers down to postcode level and match behaviours and profiles precisely to your products. It turns the process of searching for your website from 'needle in a haystack' to one of pinpoint accuracy.

To sum up: we're bigger, smarter and better than everyone else who claims to be able to deliver ROI through competitive intelligence. Our data is deeper, richer and more timely than any other tool on the market, which means your competitive advantage is going to be bigger, smarter and better than everyone else's.

Delivering ROI: in theory

Small changes — big results

As a marketer, you will be constantly asked to justify every penny spent and demonstrate how it generates ROI. Digital analytics is difficult to append a direct ROI to, as used properly the insights gained from your analytics tools should be informing every part of your digital strategy. Good analytics data will enable you to make smarter more informed decisions, but decision-making is not a metric that can easily be tracked or quantified, and so proving ROI is a challenge.

At a fundamental level though, the objective of your digital marketing campaigns should be to bring additional traffic to your website. More eyeballs on your site means more potential customers to convert to sales. If analytics can be used to inform all of the marketing decisions that you make then ROI can be derived from the increased traffic received as a result of the decisions and changes made.

In these terms calculating ROI becomes relatively simple. The additional visits gained multiplied by the average conversion rate

and then multiplied by the average order value will put a number on the value of those additional visits to your business. If the value of those additional visits exceeds the cost of your digital analytics tool then you are generating a good ROI.

> ### What is additional traffic worth to your business?
> The value of additional traffic is calculated by multiplying total visits acquired (A) by the conversion rate (C) and then multiplied by the average order value (V). So the equation is A x C x V

To add some meat to the bones, we're using real market data from the online retail space, in this instance for the Apparel and Accessories sector. Though we're looking at retail, the same principles apply across all sectors.

December is the biggest month of the year for retailers with Christmas being the focal point which can make

or break a year. In December 2012 Experian Hitwise data showed that there were 464 million visits to the Apparel and Accessories category from UK Internet users. Experian Cheetahmail data shows that the average order value over Christmas was £75 in the retail space and for the purposes of this paper we have assumed a 5% conversion rate on website visits, not unreasonable in the busy Christmas shopping season.

In this competitive industry, even growing market share by 0.1 per cent of the total visits within this sector would lead to significant returns for your business. Of the 464 million monthly visits going to the Apparel and Accessories sector, grasping an additional 0.1 per cent of that market would mean 464,000 extra visits to your website, which when multiplied by our conversion rate of 5% and average order value of £75 would translate to £1.74 million of additional revenue. By any standards that's a pretty hefty return on your investment.

If a 0.1 per cent growth in market share of website visits seems optimistic, the table below shows that in December 2012, the top 10 fastest growing websites between November and December 2012 achieved at least this level of growth with six websites realising over 0.2 per cent growth.

This methodology is by no means perfect, as the average order value and conversion rate will vary from retailer to retailer but what this starts to do is create a picture of the online landscape and the opportunity that exists for those retailers that can increase their performance online and market share against their competitors. By using Experian data sets you can anticipate and react to the changing online trends, enabling you to adapt your digital strategy fluidly and start to deliver real ROI for each bit of market share won in your industry.

Most popular websites in Shopping and Classifieds - Apparel and Accessories

Month of December 2012, compared with November 2012

	Row	Websites (7,808 returned)	Visits Share December 2012	Visits Share November 2012	Change ▼ (% Points)
☐	1	Next	8.10%	7.02%	1.08
☐	2	ASOS - Marketplace	1.15%	0.78%	0.37
☐	3	River Island	2.94%	2.61%	0.33
☐	4	Clarks UK	1.03%	0.80%	0.24
☐	5	Republic	1.06%	0.85%	0.21
☐	6	JD Sports	1.17%	0.97%	0.20
☐	7	Zara	1.09%	0.91%	0.18
☐	8	Topman	0.98%	0.83%	0.15
☐	9	Topshop.com	2.83%	2.69%	0.14
☐	10	Ann Summers	0.68%	0.54%	0.14

Delivering ROI: in practice

All well in theory, but how can you actually go about gaining additional visits to achieve that increased market share of 0.1 per cent and £1.74 million additional revenue?

To get to grips with how Experian Hitwise will impact on performance, we've applied our understanding and insight to some real examples that fashion brands could use.

ROI in fashion

The first step is to analyse current sources of traffic to the Apparel and Accessories industry and see how it compares with online retail as a whole. As you can see from the chart below, fashion retailers rely on traffic from search, lifestyle and social channels more than the retail industry in general. Almost a third of all visits also come from the shopping channel, which suggests that browsing between competitors is more prevalent in the apparel industry than in other retail sectors.

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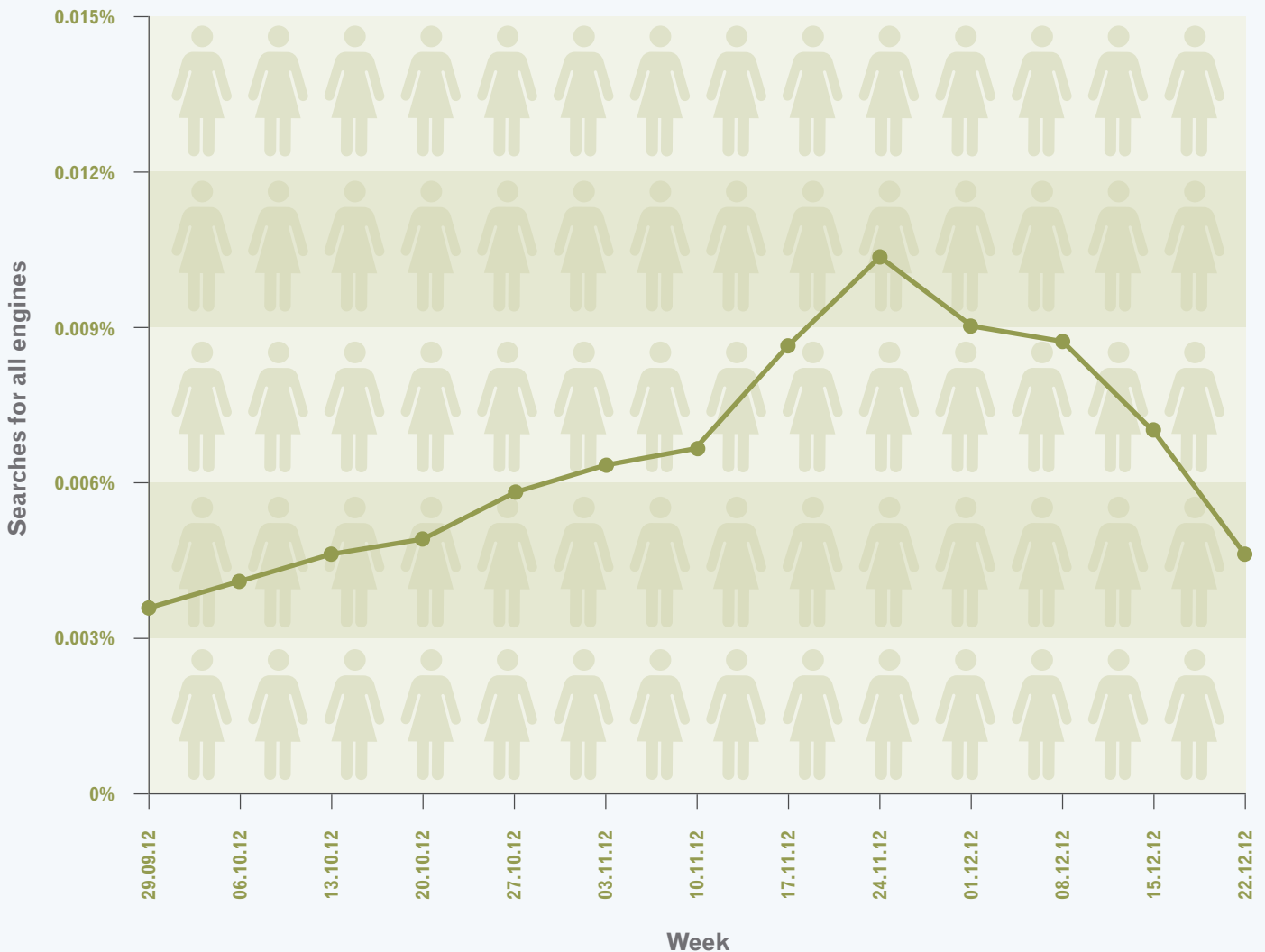
Upstream industries sending traffic to fashion retailers

■ Apparel and Accessories   ■ Online Retail
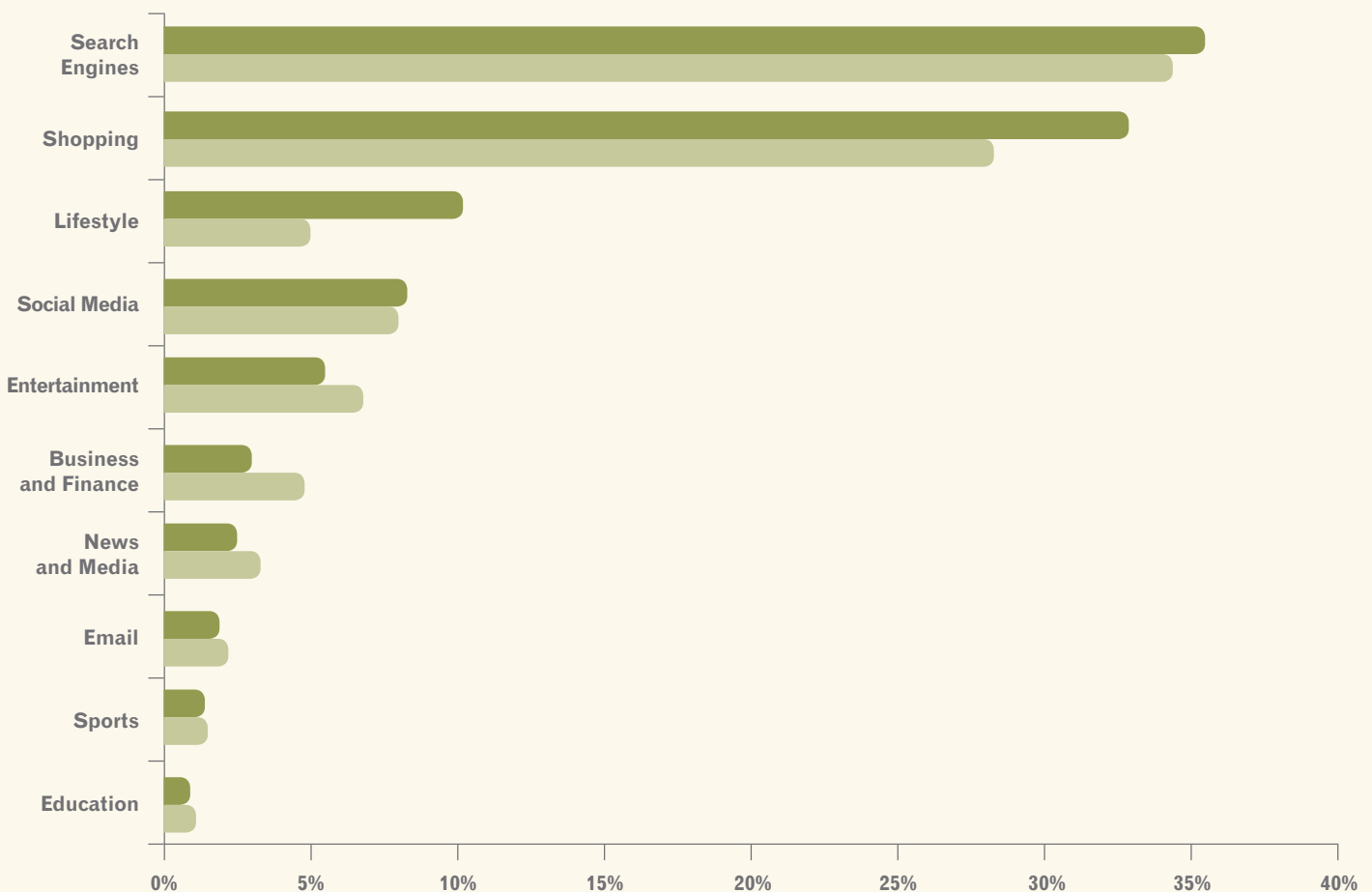
Source: Experian Hitwise December 2012

Variations of 'party dress'

Source: Experian Hitwise September-December 2012

Search opportunities

With such a high volume of traffic to fashion retailers coming from search, this is clearly a place to focus. Over 35% of visits to the industry come from a search engine so getting an effective search strategy in place is essential, more so than for other industries.

Good SEO is all about matching the content on your website to the way people are actually searching for your products.

In the run up to Christmas with lots of social occasions on most people's calendars searches for 'party dresses' increase significantly and are an ideal search opportunity for fashion retailers to capitalise on.

The chart below shows that the peak of searches for all terms relating to party dresses occurs in late November for the week ending 24/11/2012 as consumers plan ahead for their festive occasions.

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Delivering ROI: in practice (cont...)

In this key week when product demand was at its highest we can see in the search table below there were 1,087 unique ways people searched for party dresses of which many terms were left unexploited by the major fashion retailers.

> Looking at the top party dress search terms reveals a clear gap in the market for the term **'short party dresses'.**

Looking at the top party dress search terms reveals a clear gap in the market for the term 'short party dresses'. As the 29th most searched for party dress term of the month this search term has a high volume but currently only 70 per cent of searches result in a click through to a website. Compared to the other search terms which have a high click success rate of 80-100 per cent, this would suggest that when people search for 'short party dresses' they cannot find a relevant dress which is suitable and therefore make another search for something else. The absence of relevant content might reasonably be explained by the fact that retailers would not expect to sell short party dresses in the middle of winter when it's cold, and yet there is a clear demand for this product which is not being met by the industry. By creating relevant onsite content around the term 'short party dresses' fashion brands could start to offer customers a reasonable alternative and scoop up the 30 per cent of unfulfilled consumers.

Focusing specifically on the high volume search terms which resulted in a click to a website, it's possible to also observe the paid and organic rate of clicks across the industry to identify party dress search terms which are highly competitive or golden opportunities for some quick paid search wins.

Search terms containing party dress and related terms

Week ending 24 November 2012

	Search Terms (1,087 returned)	Searches ▼	Success Rate
☐ 21	cheap party dresses uk	0.35%	100%
☐ 22	plus size party dresses	0.28%	89.58%
☐ 23	new look party dresses	0.27%	100%
☐ 24	jane norman party dresses	0.27%	100%
☐ 25	primark party dresses	0.27%	72.24%
☐ 26	lace party dresses	0.25%	85.48%
☐ 27	coast party dresses	0.25%	100%
☐ 28	monsoon party dresses	0.24%	80.65%
☐ 29	short party dresses	0.23%	70.10%
☐ 30	dresses for christmas party	0.22%	100%

Search terms containing party dress and related terms

Week ending 24 November 2012

	Search Terms (861 returned)	Search Clicks ▼	Paid: Organic Rate	
☐ 41	purple party dresses	0.23%	11.10%	88.90%
☐ 42	petite christmas party dresses	0.23%	60.00%	40.00%
☐ 43	shift party dresses	0.22%	25.00%	75.00%
☐ 44	maternity party dresses	0.21%	15.45%	84.55%
☐ 45	long green party dresses	0.21%	0.00%	100.00%
☐ 46	asos party dresses	0.21%	18.02%	81.98%
☐ 47	party dresses for women size 20	0.20%	0.00%	100.00%
☐ 48	designer party dresses	0.20%	20.19%	79.81%
☐ 49	river island party dresses	0.19%	26.32%	73.68%
☐ 50	silver party dresses	0.19%	59.99%	40.01%

From the select sample of terms above you can see some of the most competitive terms with the highest paid rates are 'petite christmas party dresses' (60 per cent paid clicks) and 'silver party dress' (60 per cent paid clicks) These would be expensive keywords to spend PPC budget on, especially when terms like 'purple party dresses' have a higher volume of clicks and lower paid rate of just 11 per cent. However, the big opportunity here would be to start PPC campaigns for the terms 'long green party dresses' and 'party dresses for women size 20' (provided you had the appropriate products) as these terms are both high volume and yet attract all of their clicks from organic search. This represents a chance to invest some PPC budget where the competition is not as strong, costs-per-click are likely to be cheaper and returns high.

If Search can be optimised in this way for just one type of dress, can you imagine the number of additional visitors that could be attained from incremental improvements across an entire range of thousands of products?

Since the Facebook phenomenon first appeared, marketers have been scratching their heads trying to work out how much a 'Like' is worth.

Social media — the real value of Facebook

Social Media is definitely a potential growth area in this industry. But with the bottom line value of social media traditionally difficult to prove, should fashion retailers care?

Since the Facebook phenomenon first appeared, marketers have been scratching their heads trying to work out how much a 'Like' is worth. Experian Hitwise and Alchemy Social decided to lay this mystery to rest once and for all. We looked at: the number of visits the top 100 online retailers receive from Facebook; the volume of searches being conducted for those brands after a visit to Facebook; and benchmarked this against the number of retailers' Facebook fans.

Based on the strong correlation between visits, searches and fans

we can now solve the Facebook conundrum: one newly acquired Facebook fan equates to 20 additional visits to a website every year. Furthermore, we've discovered that these 20 additional visits will not come from the company's fan alone. The viral nature of Social Media means that, when a message is sent, it's also seen by the Facebook fan's friends, helping to drive new web visits from completely new customers.

Facebook is the UK's second most visited website and the second biggest source of traffic to other websites. One in every six page views from UK Internet users goes to a Facebook page and they spend 500 million hours on it every month. So yes, this is an avenue worth investment.

We can now build a far more accurate picture of Facebook-derived ROI. If, for example, a retailer acquired 10,000

new Facebook fans they would receive 200,000 additional website visits in a year. Using our equation from earlier — (A) 200,000 x (C) 5% x (V) £75 — would generate an additional £750,000 in revenue. Benefits don't stop here, because once acquired, fans can be repeatedly marketed to, generating additional value over time.

For this to be effective however, the brands would need to make sure that they're attracting the right fans — those who are likely to buy from them. Acquiring the right fans requires a detailed knowledge of what a valued customer looks like. What are their passions outside of fashion? What TV shows do they watch, what newspapers do they read, where in the country do they live? Experian data helps you know your clients inside and out, but this topic raises a whole new proposition – customer segmentation and targeting.

Delivering ROI: in practice (cont...)

Better segmentation and targeting
So far the focus of this paper has been to highlight opportunities to increase ROI by increasing the market share of visits within a category. Of the ten key categories driving traffic to the online fashion retailers highlighted earlier we have only touched on optimising web visits for Search and Social Media. Clearly there are opportunities to be discovered in every one of these upstream categories which would undoubtedly add up to a lot of additional web visits if properly executed by any company working in this field.

However, increasing ROI is not simply a matter of increasing the quantity of visits to a website; it is also about increasing the quality of visits. In identifying and targeting your ideal customer demographic, conversion rates are likely to be far higher than the 5 per cent we have used in our ROI calculations so far. By increasing both quantity and quality of visits, the ROI is certain to improve.

Though we've said it before, we'll say it again; understanding your customer is critical to attracting productive web visits. Better segmentation and targeting allows you to tailor messages to maximise sales.

The post-Christmas period is a good example of where this can bring ROI. It's the peak time for online visits in the Apparel and Accessories category, with Boxing Day being the single biggest day for online retail for the past five years.
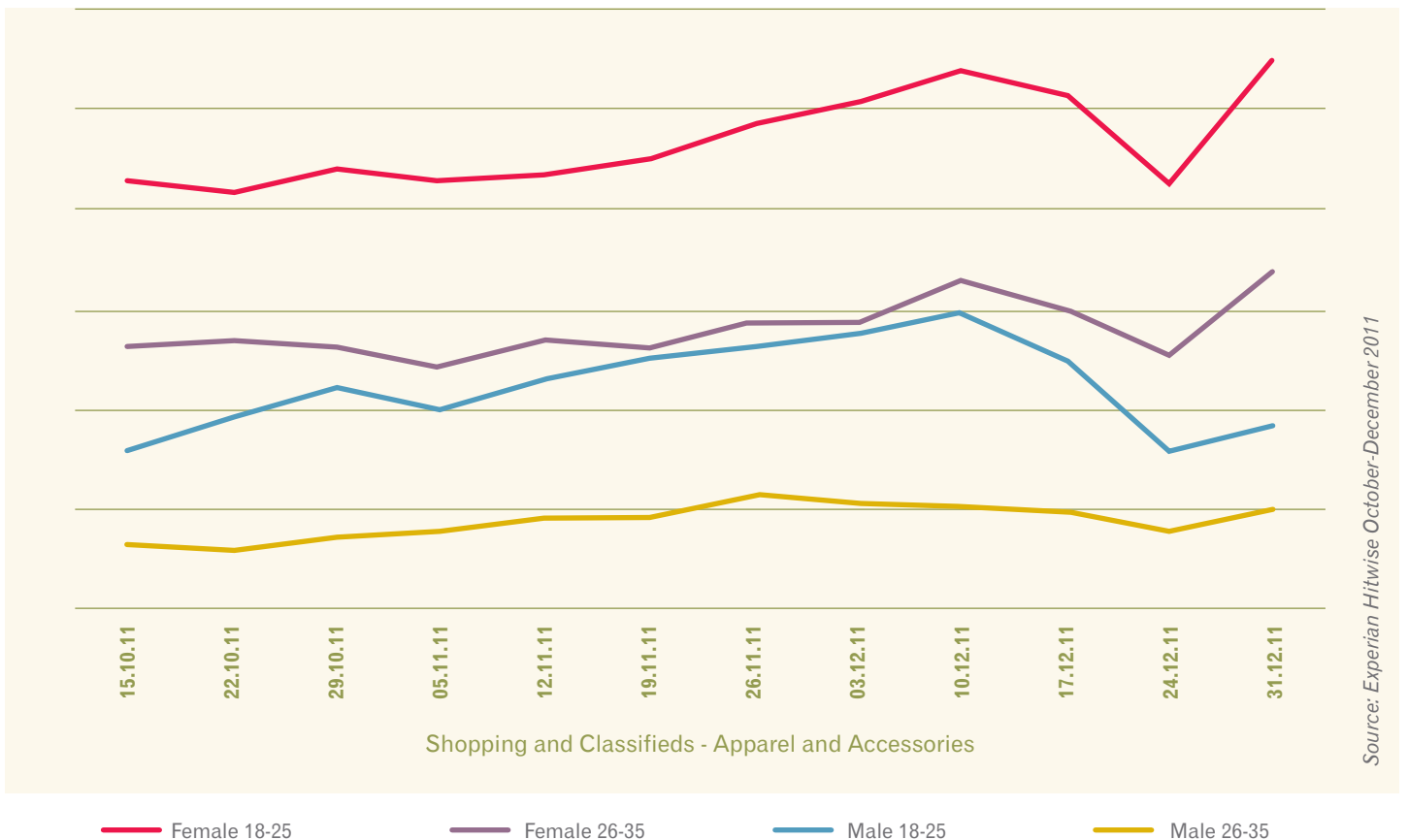
The data shows however, that online behaviours differ considerably between different demographic segments. The chart below shows that females between the ages of 26 and 35 make the most visits to fashion websites at Christmas. They also register the greatest uplift in visits in the crucial week after Christmas, so this is precisely the demographic most fashion retailers would want to target.

Analysing these women's search terms reveals who is competing for web visits. Dorothy Perkins, Oasis, Very, Mothercare, Bhs, House of Fraser and ASOS emerge as the main contenders. By understanding the behaviours of core customers brands can focus on and market specifically to them. It can also provide priceless insight into effective affiliates, for example: Groupon would be a natural fit, with this target demographic 83 per cent more likely than the average UK consumer to search for Groupon.

The lesson to learn is that there are hundreds of thousands of additional web visits there for the taking, if companies are smart about how they go about attracting them and who they target.

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Visits to Apparel and Accessories by segment

Shopping and Classifieds - Apparel and Accessories

Source: Experian Hitwise October-December 2011

- **Female 18-25**
- **Female 26-35**
- **Male 18-25**
- **Male 26-35**

The pay-off

There are so many ways that Experian Hitwise can be used to improve market share of visits: we've outlined just some of them here in search, social and segmentation. Using the wider suite of Experian tools can influence every decision the digital marketer makes to constantly question, improve and evolve their marketing strategy. Boosting market share by 0.1 per cent and beyond suddenly doesn't seem that daunting a task — and the reward in terms of return on investment is clear to see. The additional 464,000 visits gained would translate to an additional £1.74 million in sales per month.

Now that's real competitive advantage and bottom line ROI.

If you want to find out more about how Experian Hitwise will bring you competitive advantage — before your competitors do — contact us today.

Appendix

To find out more about segmentation and how Experian Marketing Services can help you, please contact us using the details below.

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We regularly produce insights from Experian Marketing Services data. If you want to stay up-to-date with the latest online trends across a variety of sectors follow the links below:

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If you would like us to produce a bespoke report tailored to your business or industry please vist www.hitwise.com/uk/research

About Experian Marketing Services
Experian Marketing Services delivers best-in-breed customer data and insight, digital marketing technologies and data management services into multiple regions around the globe. By helping marketers more effectively target and engage their best customers with meaningful communications across both traditional and digital media, Experian Marketing Services enables organisations to encourage brand advocacy while creating measurable return on marketing investment.

For more information, visit www.experian.co.uk/marketingservices

About Experian
Experian is the leading global information services company, providing data and analytical tools to clients in more than 80 countries. The company helps businesses to manage credit risk, prevent fraud, target marketing offers and automate decision making. Experian also helps individuals to check their credit report and credit score, and protect against identity theft.

Experian plc is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. Total revenue for the year ended 31 March 2011 was US$4.2 billion. Experian employs approximately 15,000 people in 41 countries and has its corporate headquarters in Dublin, Ireland, with operational headquarters in Nottingham, UK; California, US; and São Paulo, Brazil.

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