The Dreadful Tome of Digital Marketing Horror Stories

Lessons from Revolting Results in Paid Search and Display Advertising

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Meet the Monster-Slayers: About the Authors

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Paid Search Horror Stories

Shocking Tales of Flawed Strategies and Their Abysmal Results

As anyone who's ever built a bridge, driven at speeds greater than 100 mph, or owned a spine can attest, alignment is extremely important. There must be a smooth connection between goals at every level, from the C suite down to ad spend decisions. Otherwise, you might come face to face with…

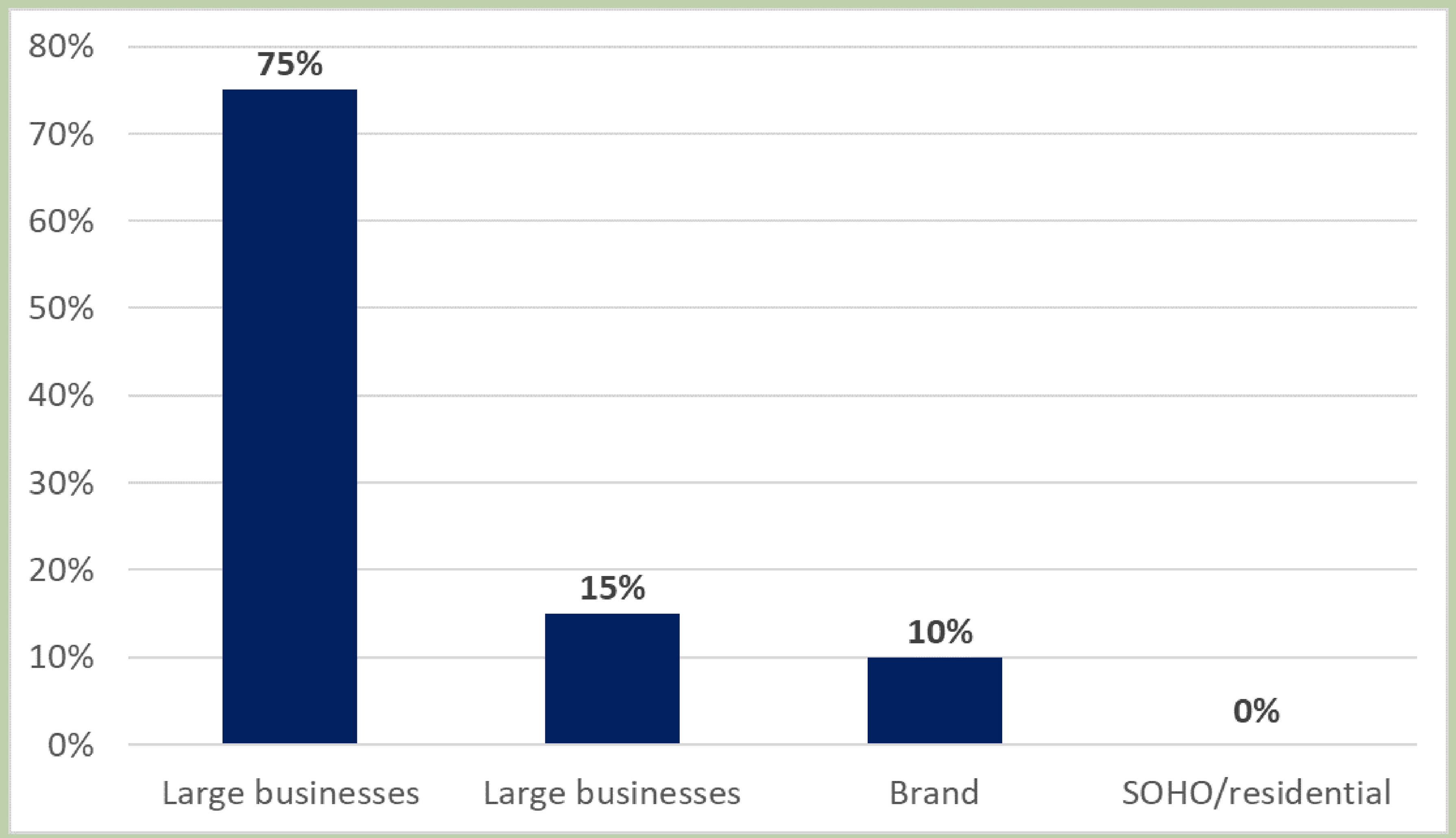
The Sickeningly Misshapen Offspring of Misaligned Goals

One of our clients experienced a fateful mismatch between company goals and marketing spend. This large company voice-over-IP (VOIP) services for businesses. Senior management had determined the following priorities for customer acquisition.

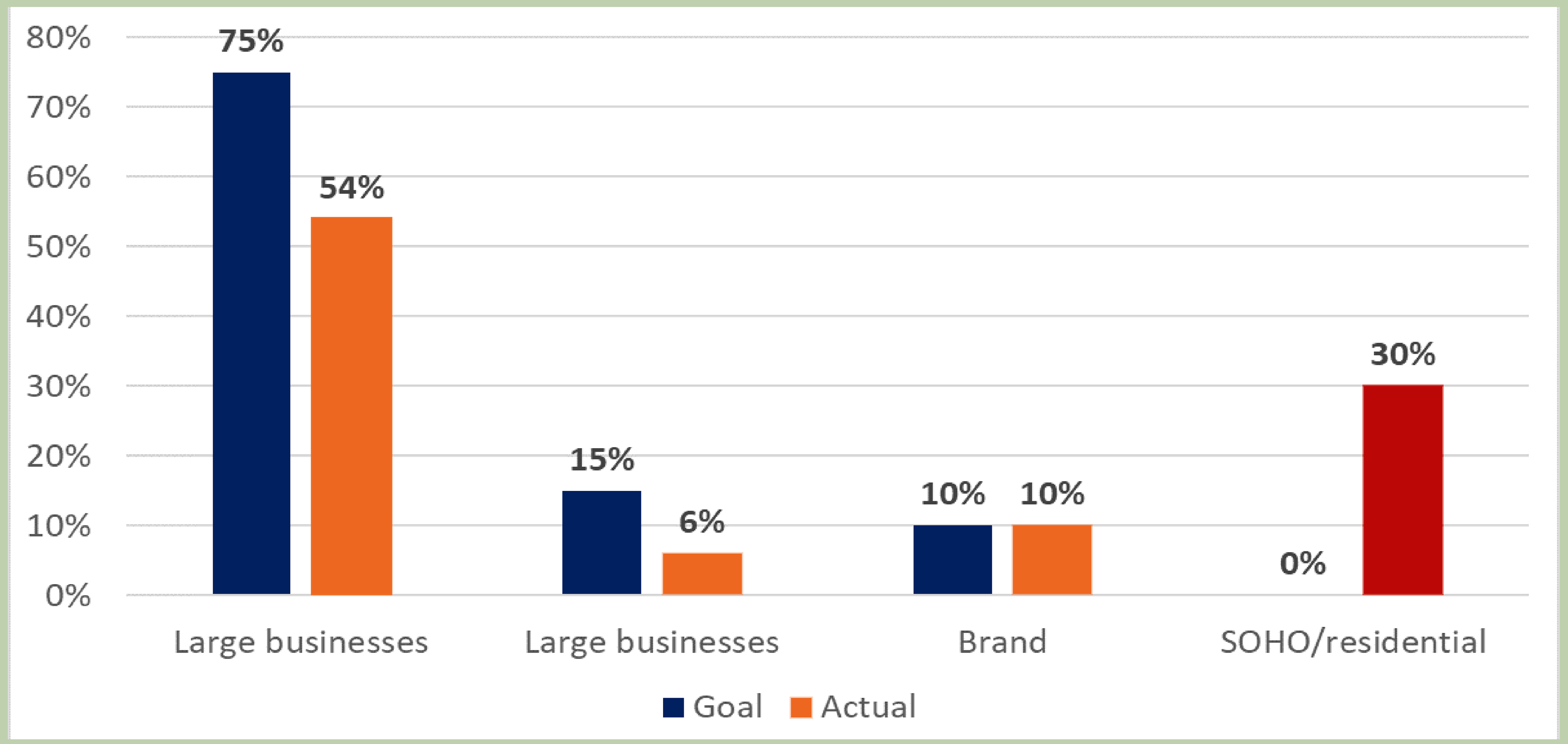
- **Primary customer acquisition focus:** large offices (21+ employees)
- **Secondary customer acquisition focus:** small offices (5-20 employees)
- **Not interested in:** small office/home office (SOHO), residential customers

Given these priorities, the expected marketing spend allocation would look like the graph on the left. However, their actual paid search spend revealed a more disturbing truth (the graph on the right).

SPEND ALLOCATION GOALS



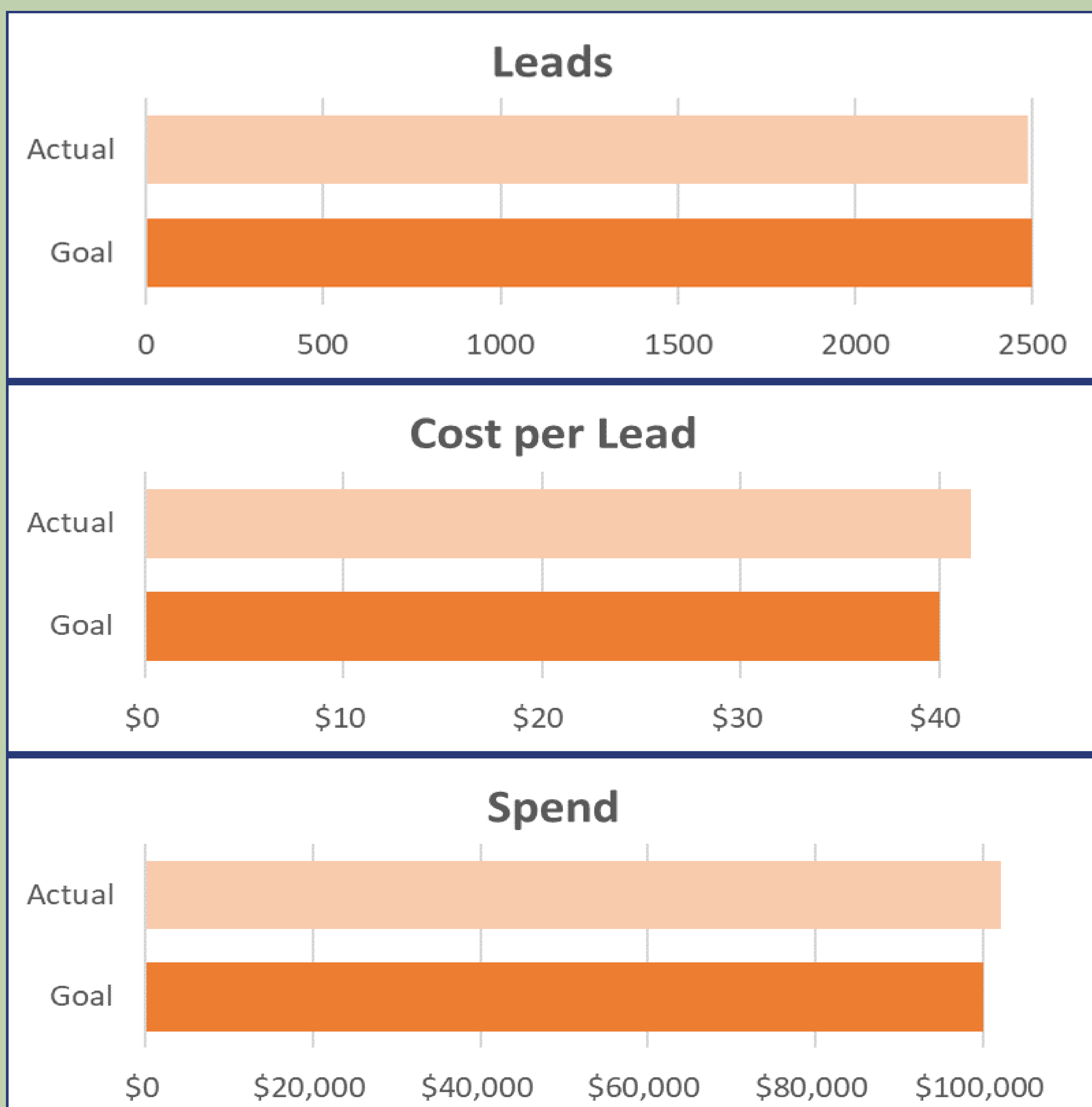
SPEND ALLOCATION REALITY



How could something so horrifying have happened? Through the nightmare of misaligned goals. The marketing team had these goals:

- Acquire 2,500 leads a month
- At $40 a lead
- With a monthly budget of $100,000

MARKETING PERFORMANCE



Based on those goals, the marketing team would seem to be on target.

However, **the marketing department's goals weren't linked to the company's customer acquisition strategy.**

Note that their goals just say "leads," without any specifics on what types of customers to target. Thus the marketing team's motivation was to seek out the appropriate number of leads (any leads) at or below the appropriate cost.

Because the marketing department was incentivized toward lead volume and cost per lead rather than customer acquisition, they pursued the higher-volume, lower-cost keywords, many of which related to residential moving and storage.

With a monthly budget of $100,000 and 30% of their spend going to SOHO/residential, the company was wasting about $30,000 a month on leads for customers that didn't align at all with the company's strategy.

All leads are not created equal, so merely setting a target number of leads without regard for the quality and strategic value of those leads is like inviting the Sickeningly Misshapen Offspring of Misaligned Goals to your slumber party.

Merely setting a target number of leads without regard for the quality and strategic value of those leads is like inviting the Sickeningly Misshapen Offspring of Misaligned Goals to your slumber party.

The Sickeningly Misshapen Offspring of Misaligned Goals II: When Apples Met Oranges

Like many horror stories, this one has a sequel. Once again, the marketing team's winning performance was hiding a fatal flaw that could doom the company.

Your company, not unlike a vampire, needs a steady influx of fresh blood—by which we mean new customers.

Existing customers are great, of course, but the sad truth is that they're not going to be around forever. They could always change: products, platforms, needs, wants, jobs, countries; they could retire or actually pass away. Without new customers, your business will wither and decay.

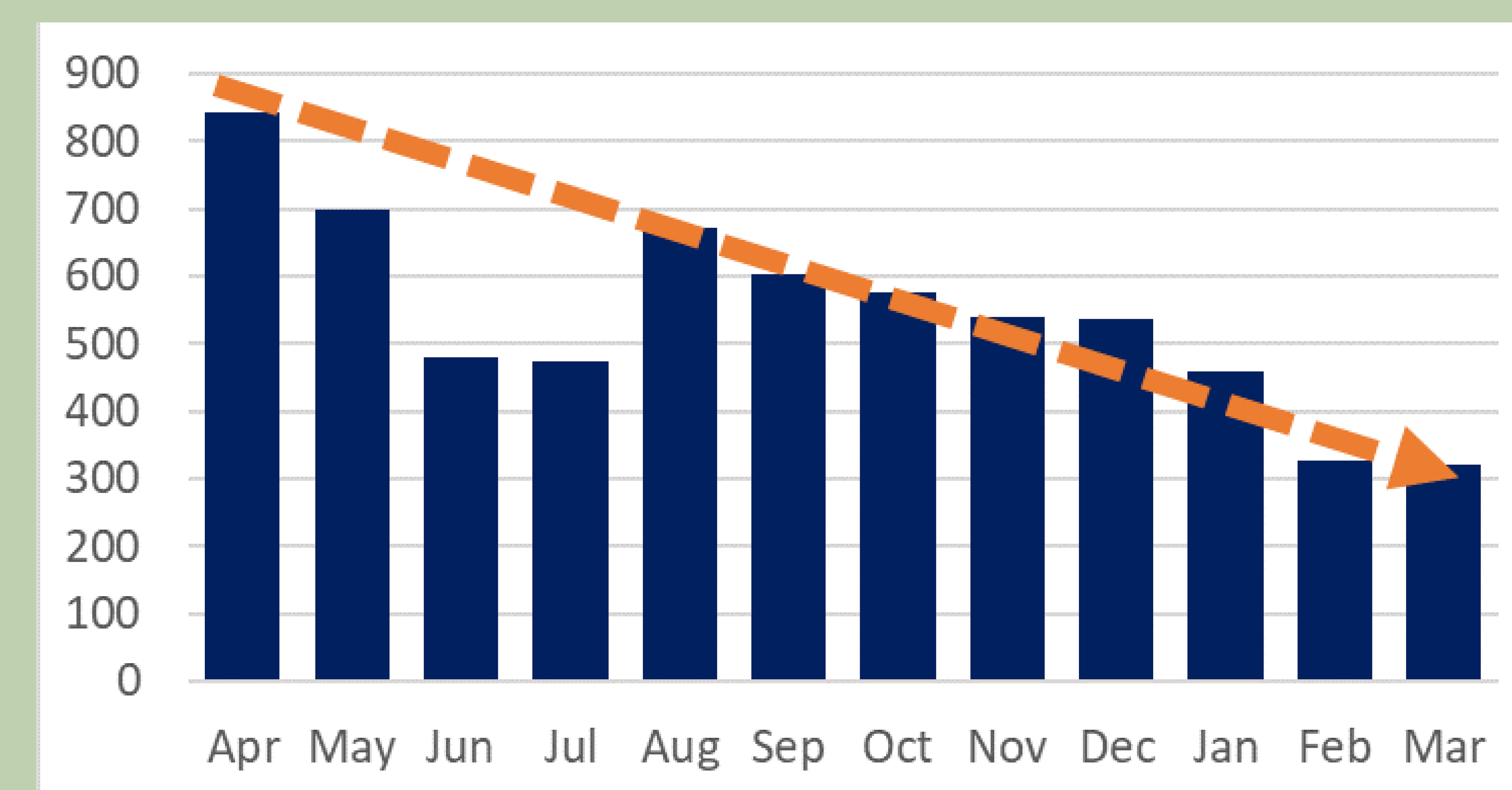
In this case, one of our clients decided to stop marketing to new customers. Instead, as their CFO proclaimed, "We are going to focus on our profitable brand keywords." There's only one problem with that, but it's the size of the Cloverfield monster.

Brand keywords work best with searchers who are already familiar with your brand (i.e., existing customers). However, if your company is to stay relevant and profitable, you must also introduce your brand to searchers who aren't familiar with you yet.

The company that focused on its brand keywords saw the results on the graph to the right.

Within a year, their monthly customer acquisitions had dropped by a bone-chilling 62%.

NEW CUSTOMER ACQUISITIONS AFTER STRATEGY SWITCH TO FOCUS ON BRAND KEYWORDS



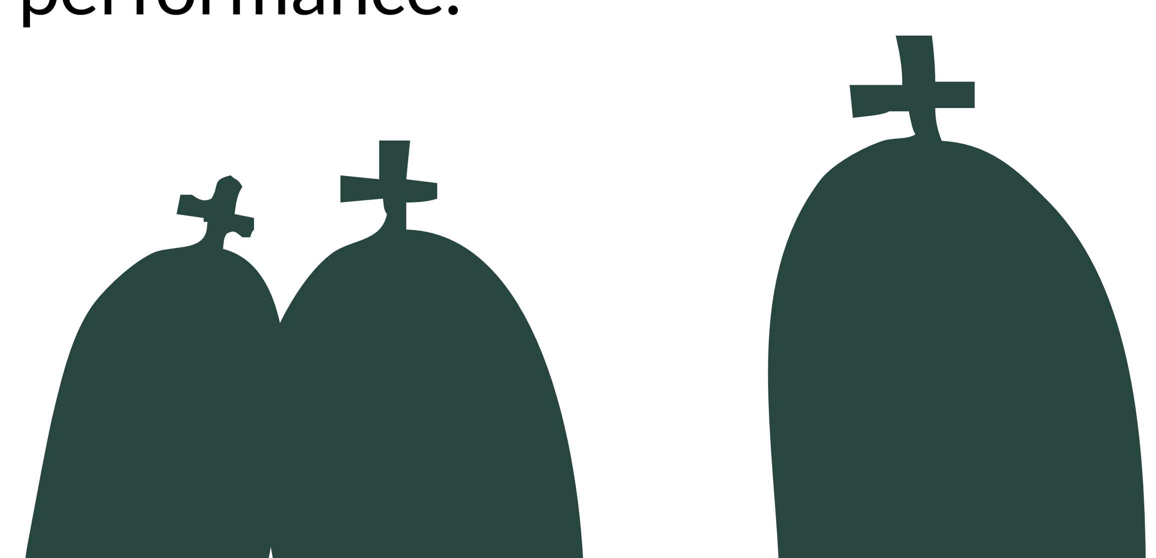
> *"It costs between 4 and 10 times more to acquire a new customer than it does to keep an existing one."*
>
> —Ian Kingwill, customer retention specialist

However, acquiring new customers can be an arduous ordeal. Customer retention specialist Ian Kingwill estimates that “it costs between 4 and 10 times more to acquire a new customer than it does to keep an existing one.”

Existing customers are the low-hanging fruit of digital marketing. They’re easier to find and convert because they’ve already had experience with your company. That means marketing to them is much more cost-effective and profitable. However, they’re simply not enough to maintain or grow your company for the reasons we noted earlier.

By comparison, new customers are much more challenging to find and convert, because your company is unknown to them. They need more marketing touchpoints than existing customers because you’re making the initial sale to them.

All those additional touchpoints make new customers more expensive to acquire, too. However, new customers are not only utterly essential for growth, they’re necessary for even maintaining your company’s performance.



EXISTING CUSTOMERS	NEW CUSTOMERS
More profitable	More expensive to acquire
Easier to find	Harder to find
Easier to convert	More difficult to convert
Not enough to maintain or grow your company	**Absolutely essential for growth**

LEAD PERFORMANCE BY KEYWORD CATEGORY

Category	Spend	Leads	% Leads	CPL
Large businesses	$56,049	605	24%	$92.64
Large businesses	$6,271	127	5%	$49.38
Brand	$10,264	945	38%	$10.86
SOHO/residential	$30,808	809	33%	$38.08
Overall	**$103,392**	**2,486**	**100%**	**$41.59**

Let us return to the scene of the original crime: the client haunted by the Sickeningly Misshapen Offspring of Misaligned Goals. While they were spending 30% of their monthly budget on keywords that ran counter to the company’s goals, they did keep their spending on brand terms to 10%, exactly in line with our recommendations.

As shown in the table above, those brand terms delivered 38% of total leads at a cost per lead that was almost 75% lower than the team’s goal of $40. But those terms were aimed at existing customers, not new ones.

The orange lines in the table show the categories for keywords targeting new customers in priority market segments. Combining their lead volume ratio, **only 29% of total leads came from new customers.** This wasn’t a path to long-term success, but to the pit where customer bases go to die.

And while the CPLs for new customer keywords are indeed 4 to 10 times higher than for brand keywords, they’re at most 2.5 times the overall CPL goal of $40. Simply reallocating the wasted spend on small office/home office and residential to these keywords would grow their combined leads from 732 to 1,109. Total leads would decrease to around 2,000 a month (less than the 2,500 goal), but these would be quality leads that would grow the company.

Escaping the Misshapen Hideousness

HOW CAN YOU DODGE THE SICKENINGLY MISSHAPEN OFFSPRING OF MISALIGNED GOALS?

- Clearly **articulate overall company goals to your marketing team**. Your team needs to understand the big picture, and how their achievements contribute to that.
- Make sure **paid search spend is aligned with company goals**. Do a spot check on ad spend to see if there's any noticeable deviation.
- Set goals for your team that are not only aligned with company goals but are also **very specific**.

AND HOW CAN YOU ELUDE THE SICKENINGLY MISSHAPEN OFFSPRING OF MISALIGNED GOALS II: WHEN APPLES MET ORANGES?

- Set separate budgets and goals for new and current customer marketing activities. **New customers will have higher acquisition costs; plan for it.**
- **Invest in new-customer drivers**, such as top-of-the-funnel keywords, display advertising, and lead generation.
- When determining performance, **compare leads and CPLs within new customer groups**, rather than against brand keywords.

The best way to escape them is by implementing a smart paid search strategy. (un)Common Logic starts every client engagement with an in-depth discussion of business and marketing goals to ensure that The Sickeningly Misshapen Offspring of Misaligned Goals never rears its ugly head.

Rise of the Scripts: How Reliance on Tools Nearly Slaughtered Our ROI

Has your keyword management been taken over by mindless machines? Here are two main ways to tell:

1. Cost per lead has gone up as lead volume has gone down
2. Your team seems generally less informed on the day-to-day workings of your account

If any of these conditions sound familiar, you might be suffering from…

The Zombie Nightmare of Automated Bid Management

We're not anti-tool; we use many of them to optimize our clients' paid search activities. However, we vet each tool we use very carefully, and only use it to the extent that it makes us more efficient in executing the strategies and tactics we design for our clients.

There's a sort of sinister allure to automated tools. Some of them are built right into the paid search platform, making them extremely convenient, especially for an in-house team that might not have much expertise in the details of account management or the budget to screen tools and purchase one or more.

Also, they give the illusion of management and efficiency, making it seem that your account is being adjusted in real time for optimal performance. Like a Venus Fly-Trap seems harmless... at first.

But who's really in charge? As we've said before, "set it and forget it" is not a sound paid search policy, because there's just too much activity. Paid search has two marketplaces:

- The arena in which your ads run and users decide whether or not to click on them
- The arena in which the ad platform determines which ads to run in the first place

That second marketplace is every bit as volatile as the first, if not more so. Without strong, detail-oriented oversight to harness bid adjustment tools, those tools could make changes that completely undercut your ads' performance.

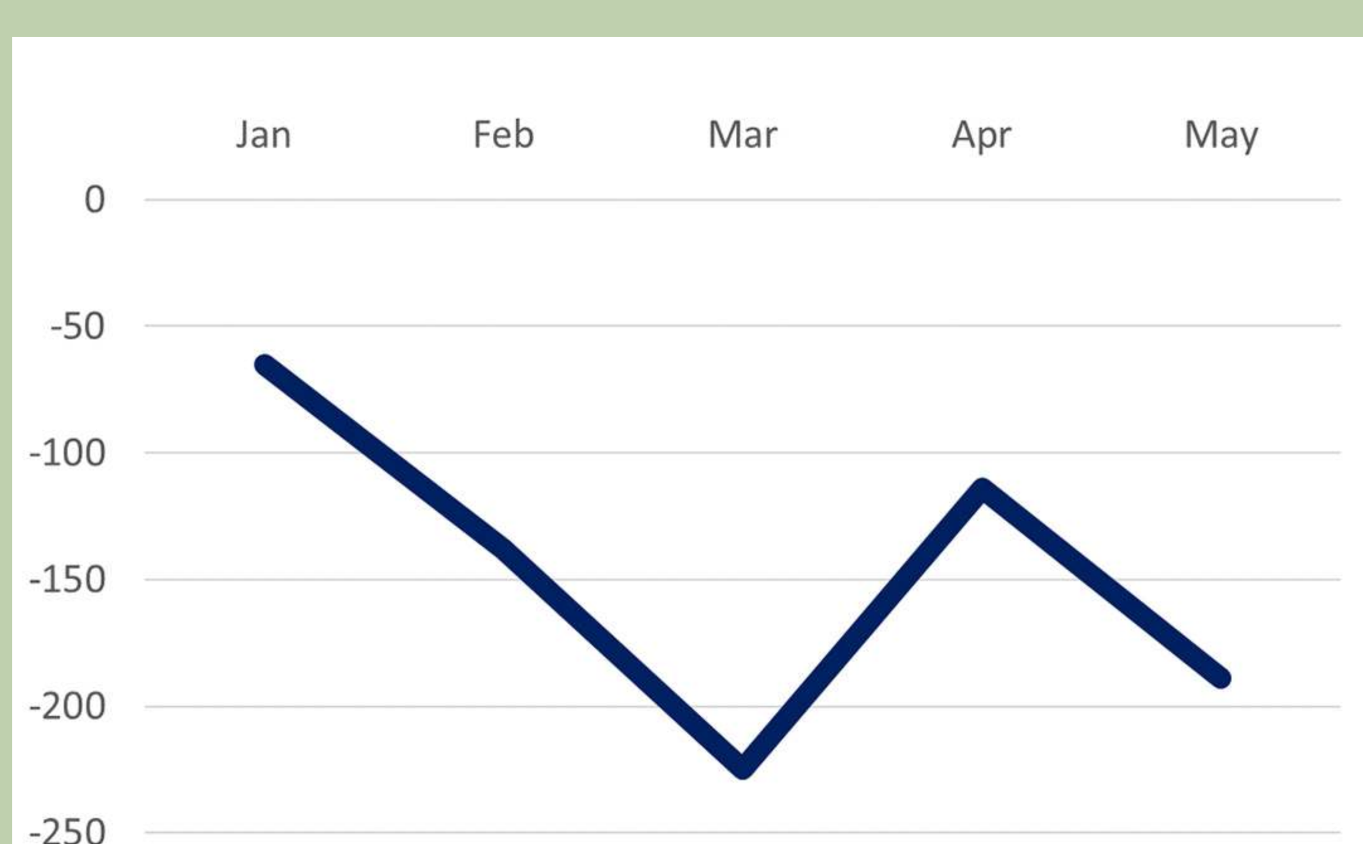
Unlike many digital tools that have an on/off function, bid management rules can be set to pause ads automatically, but there's no rule to re-enable them automatically. There's no "back on," only "off."

One of our clients had set many rules for pausing keywords, but hadn't gone back to re-enable them manually when the circumstances surrounding the rule changed (i.e., when a minimum bid went back under their maximum bid limit).

Nor had they made a regular habit of reviewing their account for keywords that might need re-enabling. They re-enabled nearly 200 keywords after Q1, but that only slowed the keyword attrition, as an additional 87 keywords were paused that same month.

Within the first 5 months of the year, their total active keyword volume was down by 189 keywords. Fewer keywords meant fewer opportunities for their ads to show, thus fewer leads and customers.

TOTAL KEYWORD LOSS FROM PAUSING



The Bloodletting of Wasted Spend from Choosing the Wrong Metrics

Once again, there's a sequel. This same client had set automated rules to pause keywords and ad groups based on "performance," but they used metrics that didn't align with their marketing or business goals. Instead they relied on non-essential metrics like average ad position.

One of their rules paused keywords whose average ad position wasn't in the top 3. Average ad position has no direct significance for revenue or return; it's just where the ad falls on the search engine results page. Because of this disconnection to business goals, some of the "highest ranking" terms (top graph) also had some of the lowest conversion rates (CVRs) and highest costs per lead (CPLs).

Meanwhile, the terms shown below delivered lots of leads with low CPLs, but because they fell outside the top 3, they were paused. Ponder, if you will, the tragic loss of leads caused by pausing these keywords. (And remember, re-enabling a keyword requires a manual action, which they weren't performing regularly.)

"HIGH-RANKING" KEYWORDS WITH DISMAL CVRS & CPLS

Keyword	Avg. Position	Leads	CPL
[Low-CVR Term 1]	2.4	-	$ 632.61
[Low-CVR Term 2]	2.1	-	$ 592.62
[Low-CVR Term 3]	1.9	-	$ 587.57
[Low-CVR Term 1]	1.4	-	$ 553.72
[Low-CVR Term 2]	2.0	-	$ 545.04
[Low-CVR Term 3]	2.2	-	$ 535.74

"LOW-RANKING" KEYWORDS WITH GREAT CVRS & CPLS

Keyword	Avg. Position	Leads	CPL
[High-CVR Term 1]	4.0	529	$ 158.65
[High-CVR Term 2]	4.5	91	$ 152.38
[High-CVR Term 3]	4.2	21	$ 159.99
[High-CVR Term 4]	4.7	12	$ 228.09
[High-CVR Term 5]	4.2	18	$ 141.46
[High-CVR Term 6]	4.0	17	$ 138.19

THE DIZZYING HEIGHTS AND SICKENING DEPTHS OF COMPOUNDING RULES

This client had also set multiple levels of rules for bid adjustments based on locations, which meant that the horror of multiplying fractions had infected the account. As a result, their bid adjustments ranged from -90% to +293%.

As with the case of pausing keywords based on average ad position, these rules were based on total *spend* rather than a *revenue*-based metric. And as in the keyword case, the locations with the highest lead volume and lowest CPLs were "penalized" with lowered bids while locations that didn't contribute anywhere near as many leads and had significantly higher CPLs were promoted.

LOCATION-BASED BID ADJUSTMENTS

Location	Bid Adj.	Spend	Leads	CPL
Small-ish town 2	293%	$781.30	2	$427.35
Major city 1	221%	$2,614.80	4	$619.52
Major-ish city 1	190%	$881.23	2	$547.47
Small-ish town 1	163%	$810.78	2	$466.08
Major city 2	137%	$857.19	2	$515.98

Location	Bid Adj.	Spend	Leads	CPL
Major city 3	-90%	$22,422.15	107	$208.73
Major city 5	-83%	$15,204.83	74	$205.41
Major city 6	-36%	$12,669.83	73	$173.80
Major suburb 1	-24%	$20,295.70	193	$104.97
Major city 4	-9%	$18,933.75	113	$166.92

ESCAPING THE ZOMBIE NIGHTMARE OF AUTOMATED BID MANAGEMENT

Keyword attrition, wasted spend, and compounding rules were all united by one theme: no cohesive bid strategy across campaigns. Without a strategy to guide them, the team was making in-the-weeds decisions that might have seemed reasonable at the time, but ultimately combined to doom the company's paid search efforts.

The most crucial action you can take to avoid the zombie nightmare is to communicate these concepts to your team:

- **Automated tools can save effort, but not replace it**: there's still a level of work needed in overseeing paid search to ensure that tools don't take over
- The **metrics for automated tools must align with business goals**, not platform-centric numbers such as ad position or spend alone
- **Automated tools must be used judiciously and consistently**. Err on the side of caution when setting up an automated rule
- If the team is using more than one automated tool, **the risk of the tools interacting and compounding is very high**, so the level of care and management should be much higher than for a one-tool account

Avoid the nightmare by applying hands-on management to paid search. (un) Common Logic uses tools for efficiency, but we depend on the human intelligence and attention to detail of our analysts for strategy, testing, and optimization.

As we well know, there's a lot going on in a paid search account: levels of structure, ad formats, ways to adjust bids, and potential extensions: geo-targeting, mobile, remarketing, shopping, and more. It can be a bit intimidating to get "under the hood" and see what's really going on. But your team needs to do it, and they need to be smart about it. These are some of the major dangers they might face, and how you can help your team avoid…

The Five Fatal Errors of a Paid Search Audit

Fatal Error #1: Never Taking a Good Look Around

How often, in horror movies, does a monster appear behind a character but the character is oblivious to it? The movie audience is often telling the character to look around, but that person keeps looking straight ahead, as if openly defying the audience and common sense.

Image from The Forest, *© Focus Features, 2016*

If your team isn't conducting regular audits—or, worse, hasn't really conducted an audit before—they are behaving like that character. Paid search accounts aren't inert objects; if you have any campaigns enabled, there's definitely something happening in the account, and it definitely merits measuring.

Fix #1: Audit Regularly, Audit Quarterly

Of course, the obvious solution is to conduct audits on a regular basis. In addition to evaluating performance, regular audits let your team:

- See long-term opportunities through month-over-month, year-over-year performance that can reveal subtle trends
- Identify fast wins, changes that can be made in the account to produce immediate results
- Find wasted spend, the keywords and/or ads with low lead volume and high cost per lead (CPL)

Request an executive summary of your team's audits, and insist that it cover the three points listed above. That will give you a succinct view of the account covering past, present and future—the equivalent of looking around and seeing any potential monsters lurking about.

Fatal Error #2: Auditing What Doesn't Matter

Some of the more unnerving audits and reports we've seen use "inside baseball" metrics such as cost per click (CPC), click-through rate (CTR), and ad position as determinants of success. Those metrics are prominently displayed in paid search dashboards, making it easy for an inexperienced team to focus on them.

However, as we've mentioned throughout this series, everything must be aligned with business goals, and those metrics simply don't tell the full story. Even CPLs and conversion rates (CVRs) don't necessarily track to revenue, so all metrics must be viewed through the proper lens when conducting an audit.

Fix #2: Find the Right Metrics and Focus on Them

All clicks, leads, and conversions are not created equal. To discern which aspects of your paid search are directly contributing to your company's success, your team must look at metrics that affect the bottom line:

- Cost per appointment
- Cost per sale
- Lead-to-revenue ratio

Of course, your team must have access to sales data showing results at all stages of the sales funnel. If they don't, you're the person with the power to get them that access.

Fatal Error #3: Skimming the Surface

Just as Jason Voorhees, Nessie, or a genetically engineered shark could be lurking underneath the surface of an innocuous-looking lake, significant issues could be lurking deep within your paid search account's data.

"Ye Pirate Muncher," © Jonny Duddle, 2008

An audit that doesn't go much farther than the account dashboard is no audit at all, just a glance at metrics pre-selected by the paid search platform. Similarly, an audit using a window of 30 days or less is simply a snapshot of the most recent activity rather than a longitudinal analysis of the account's performance over time.

Fix #3: Dive into the Depths of Data

If your team says that their initial audit of your paid search activities "only took a couple of hours," your skin should go clammy with fear. A truly in-depth initial audit takes about 20 hours to complete, and covers everything from your ad copy to your website's landing pages and brand management.

Our paid search audit evaluates 166 individual items among 15 categories, with summary evaluations for each category and the account as a whole. It takes a significant amount of time, and it's not free, but it does provide a complete view of your paid search marketing so you have the information you need to make strategic decisions.

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Fatal Error #4: The Audit Is Coming from Inside the Company!

While it's not as terrifying as threatening calls coming from inside the house, having an in-house team audit your account—i.e., evaluating their own work—can produce dismal results. There's a major dis-incentive to find problems, especially problems that have caused damage and will take some time to fix.

This fatal error also increases the risk of skimming the surface, as your team will be reluctant to literally go looking for trouble. This doesn't mean that your team is unethical or lackadaisical, just that for them, the costs of doing a deep dive into data likely outweigh the benefits.

Fix #4: Have an Outsider Audit Your Account

There were at least two good reasons Jonathan and Mina Harker didn't try to take on Dracula themselves and called in Abraham Van Helsing:

- He had significant expertise in the field
- He also had a comprehensive understanding of how the individual situation fit into the larger scheme of things

Having an outside team conduct your audit offers additional benefits:

- It removes potential conflicts of interest, as the outsiders are not incentivized for any particular outcome
- It allows for an objective perspective on your paid search activities, unburdened by unspoken assumptions or "but we've always done it that way"

Fatal Error #5: Stopping at the Click

Some audits assume that once an ad is clicked upon, whatever occurs next belongs to some foggy shadow world, utterly unknowable and shrouded in mystery. Of course, the real customer journey begins after the click, when the user begins interacting with your own site.

If the audits you've seen don't consider the entire customer experience, you're not getting the complete picture and can't reasonably determine the scope or impact of paid search in your overall digital marketing. It can make you feel like the kids in The Blair Witch Project, stumbling around the woods without a map as darkness falls.

Fix #5: Evaluate the Complete Search Experience

How can you get out of the woods? Make sure the audits you receive include the comprehensive impact of search:

- Multichannel data to see how paid search channels support each other (or not)
- Cross-device assists: your customers might start with a quick search on their phone, conduct more research on their tablet, and finally make the purchase from their desktop. Each touchpoint is important and should be rolled up into your data
- Click and impression assists: A conversion doesn't spontaneously occur at the last stage of the funnel; chances are it's been nudged along by higher-funnel keywords. Be sure your audit includes this data to give you a full view of your keyword ecosystem
- Include your website, especially the landing pages: If paid search users click your ad but rarely convert, have you really gotten a good return on your advertising spend?

For help braving a paid search audit, use the checklist on the following page.

Avoid the 5 Fatal Audit Errors

Paid search audits are essential; we swear by them. However, all audits are not created equal. Many potential errors lurk beneath the surface, but we have found these five to be especially dire. To avoid these errors, we recommend:

- **Audit regularly, but not too often:** once a quarter is the highest frequency we recommend for audits. For one thing, they take time to conduct correctly; also, having a longer time window can reveal important patterns and insights.
- **Find the right metrics and focus on them.** The most important metrics are those that affect the company's bottom line. So make sure your audit features direct revenue-related metrics, and make sure your team or agency has access to the revenue data they need to determine performance.
- **Dive into the depths of data.** An audit that can be conducted in half a day or less will only show surface information: the "what" rather than the "why." Strategic decisions require a full understanding of the "why"; insist on it.
- **Have an outside team conduct your audit** to get a truly objective evaluation backed by the most up-to-date knowledge on features and functions.
- **Evaluate the complete search experience.** Customer interaction doesn't begin with viewing your ad and end with clicking on it; bring all your channels, all the assists, and your website itself into the audit.

Our paid search audit is a cornerstone of our data-based discipline. With 166 points of evaluation, it takes 20+ hours to complete and isn't free, but you'll get a comprehensive picture of your paid search system to guide strategic decisions.

Five Fatal Audit Errors and How to Elude Them

Never Looking Around

Fix: Audit regularly, but not too often

- Insist on a large initial audit, followed by regular check-in audits
- Each audit must answer:
  - What long-term opportunities have been revealed?
  - What minor changes can we make in the account to produce fast results?
  - What keywords/ads have had such a low return that they're not worth their ad spend?

Auditing What Doesn't Matter

Fix: Find and focus on metrics that matter

- Let your team know that vanity metrics such as click-through rate or impressions aren't mission-critical
- Be sure your team is auditing metrics that affect the bottom line:
  - Cost per appointment
  - Cost per sale
  - Lead-to-revenue ratio
- Ensure your team has access to sales and revenue data from all stages of the funnel

Skimming the Surface

Fix: Dive into the depths of data

- An initial audit should take about 20 hours to complete
- The audit should include:
  - Account data—structure, keywords, bids
  - Analytical data—search metrics, tracking, analytics
  - Format/extension data—search vs display, mobile, remarketing, shopping, other ad extensions
  - Search experience data—landing pages, multichannel, assists, competitor performance

In-House Audits

Fix: Call in an outsider for the audit

- In-house audits have risks associated with a team evaluating their own performance
- Audits from outside agencies offer:
  - Significant, current expertise in paid search
  - Broader understanding of the paid search market
  - Audit results are not incentivized for any particular outcome
  - Objective perspective without unspoken assumptions or historical baggage

Stopping at the Last Click

Fix: Evaluate the complete search experience

- The customer journey begins at the click; your audits should reflect this
- Audits must include:
  - Multichannel data
  - Data on cross-device assists
  - Data on click and impression assists
  - Conversion data from your website

Display Advertising Horror Stories

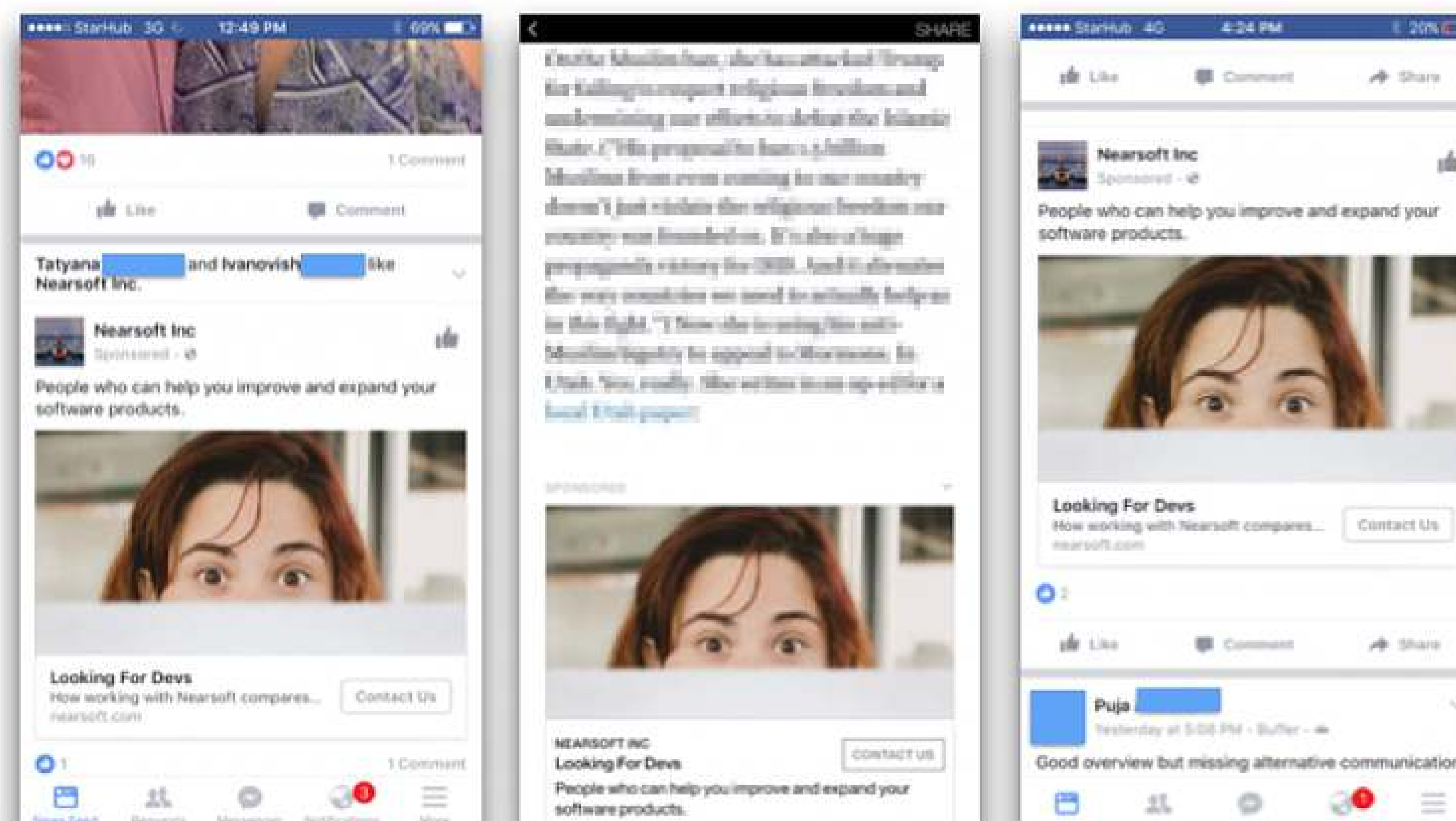
It's So Much Worse with Pictures

Programmatic display advertising can be a good investment; the real-time bidding algorithms can save money by responding instantly to fluctuations on various ad exchanges and by reducing management costs. But there are at least two dangers to programmatic, both caused by relying too much on the tools.

The Skin-Crawling Suspicion That You're Surrounded by Remarketing Display Ads

It's one thing to accept the reality that remarketing ads follow you after you've visited a website and pop up as you proceed in your online travels. It's quite another to see a screen full of the same display ad in different sizes, looking like a computer screen from a dimension where there is only one company, one product, one ad to rule them all.

It's even worse when the images are of people… or just part of them, as this image, dubbed "peekaboo headhunter" by the Refuel4 blog, amply illustrates:



All of us have probably encountered this chilling beast. But while it's unnerving for users, it's positively appalling for advertisers, because it reduces conversions and revenue:

- **Best case scenario:** It hastens the onset of ad fatigue. There are only so many times a user can see your ad without tuning it out completely. Presenting it more than once on a page eats through that number of impressions quickly, rendering your ad obsolete faster than ever.
- **It lowers your click-through rate (CTR).** CTR is a simple ratio: clicks divided by impressions. With multiple impressions, that denominator gets larger, so even with a healthy number of clicks, the percentage itself will get smaller and smaller.
- **Worst-case scenario:** It does all that, and you're paying extra for it. If you're using a cost-per-thousand-impressions (CPM) model for any campaigns, multiple placements on the same page waste spend for no additional return. The main reason to use a CPM model is to ensure delivery of your ads to a guaranteed audience size. But if there's more than one ad per page, you're not even getting the benefit of using this model.

Spare Your Customers from the Skin-Crawling Suspicion that They're Surrounded by Remarketing Display Ads

- **Know how many impressions your ads will have.** When determining how many impressions to show per day, don't forget to include all the ad exchanges that are placing your ads; they can multiply impressions significantly, weakening your ads' impact significantly, too.
- **Harness multiple placements to showcase your inventory.** Like the occasional horror movie villain fake-out, there's one situation in which same-page placements can actually work in your favor. If you're an ecommerce company with a substantial inventory, you can use dynamic shopping and display ads that feature a different product in each ad. Not only does this reduce ad fatigue, it gives you an extra data point on individual products' click/conversion performance against each other.

(un)Common Logic conducts regular reviews and evaluations of programmatic display vendors to keep our clients from overwhelming users with too many of the same ads on one page. If you're not sure you're getting the most out of your paid search efforts, contact us for an audit to determine if excessive impressions are the cause.

The Skin-Crawling Suspicion That You're Surrounded by Remarketing Display Ads is bad enough, for both users and advertisers. But it has a much meaner cousin…

The Brand-Destroying Disaster of Damaging Placements

By nature, programmatic algorithms don't judge the quality or purpose of a site before placing an ad there. (In fairness, they can't.) Which can lead to some bone-chilling placements:

- Earlier this year, JP Morgan Chase discovered that their ads were running on more than 400,000 sites—including a site about imprisoning Hillary Clinton under a headline claiming that actor Elijah Wood had revealed "the HORRIFYING TRUTH about the SATANIC LIBERAL PERVERTS who run HOLLYWOOD."
- In November of last year, Kellogg Co. was notified that their ads were running on a site noted for hate speech. They immediately pulled their ads, and the following month, major programmatic company AppNexus blacklisted the site from all their placements.
- Even more horrifying, YouTube's programmatic algorithm yielded:
  - A Sandals Resorts ad next to a video from a terrorist group promoting jihad in Kenya
  - An ad for the Mercedes E-Class sedan beneath a pro-ISIS video
  - An ad for a hospice charity at the bottom of a pro-Nazi video replete with swastikas and burning crosses

Those placements should send you screaming into the night—but before you go, we recommend taking preventive steps to ensure your ads aren't venturing into similarly dangerous turf.

> *Companies whose ads also appeared under this headline include Microsoft, Chevrolet, Dell, IBM, Toshiba, Honda, Sears, and JP Morgan Chase.*

Prevent the Brand-Destroying Disaster of Damaging Placements

As with excessive placements, human interaction and oversight are key to escaping this monster.

- **Start with the blacklist.** Blacklisting of sites that are clearly fatal to your—or anyone's—brand is an essential first step. Some programmatic vendors like AppNexus have blacklisted the worst sites from their possible placements, but not all. So be sure your team or agency has a blacklist that culls the major dangers.
- **Move on to the whitelist.** Unfortunately, harmful sites keep popping up like Gremlins, so the danger of disastrous placements is always present. A list of sites where you want your ads to run can protect not only your brand but your advertising investment as well.

JP Morgan Chase, whose ads were running on 400,000+ sites, investigated those placements and discovered that only 12,000 (less than 3%) of them produced any clicks. They tasked interns with visiting all 12,000 sites and determining if each site met a list of criteria for inclusion on the company's whitelist. Only 5,000 sites made the cut—but those 5,000 have delivered the same results as the initial 400,000 sites.

If revenue is the most important goal *by a significant margin*, having your ads up on all kinds of sites could work out. However, if brand development and relationship management are also on your list of goals, selecting the sites where your ads should run is crucial.

And even if revenue is the prime or only consideration, it's worth having your team or agency review placement reports on a regular basis to make sure your ads are running on sites where users are likely to click—and to ensure your ads aren't associated with terrorism.

(un)Common Logic conducts regular reviews and evaluations of programmatic display vendors to keep our clients from appearing on brand-damaging sites. If you're not sure where your ads are displaying, contact us for a paid search audit.

Friend or Fiend: Choose Your Display Advertising Metrics Carefully

Like a fictional British doctor, display metrics can work for you or against you. Choosing the right metrics for display performance can provide the insight of a brilliant Dr. Jekyll, guiding you to make wise data-driven decisions. But if you choose the wrong metrics, you'll have the equivalent of a Mr. Hyde endangering everything in sight as you make decisions based on misleading data.

Display-Only Metrics

There's a definite danger in evaluating your display activities as a self-contained unit. It's always a bad idea for a team to split up in a horror movie, and it's also perilous to split up your marketing channels when evaluating performance.

The true value of your display program can only be understood within the context of the customer journey. Display ads themselves might not lead to direct conversions, but they often form several of the touchpoints necessary to convert a customer. If you only evaluate the strength of display ads by their "last click," their performance can seem disappointing, and might make them a candidate for elimination.

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But that would be extremely unwise. In sports terms, display might not score a lot of direct goals, but it's great at assists. In horror movie terms, display might not slay the monster, but it's the character who throws the essential weapon or yells the crucial piece of information to the hero, allowing them to slay the monster.

Rather than evaluating display as a standalone silo, be sure to integrate all your data to include every step along the customer journey, so you can get an accurate impression of the role played by display. Data integration includes sales and revenue-based data, for a complete picture of how all your marketing channels affect the company.

View-Through Conversions

It's easy to be enchanted by view-through conversions; after all, they often look very impressive. However, performance reporting shouldn't include all of them. There's a strong chance of counting the same view-through conversion twice (the dreaded Evil Twin Syndrome), artificially inflating performance stats in a way that will almost certainly not line up with revenue results. Not only can that lead to faulty decisions, it can also damage the credibility of the marketing department.

That said, view-through conversions can be very useful for measuring the impact and reach of individual ads and display as a whole. This information is most helpful on an internal team level, so make sure your team or agency is using a window of only a few days to track the most recent sales cycle without any unrelated impressions from weeks earlier.

Click-Through Rate

Evaluating display performance by click-through rate (CTR) can be misleading for several reasons.

- **Artificially low:** As noted above, display can often play a supporting role in conversions. Display ads themselves might not prompt a converted click, but they can be an essential part of the overall campaign that prompts a converted click. Judging them by CTR alone can underestimate the impact of display as a whole as well as the performance of individual ads.
- **Artificially high:** Not all clicks are part of the customer journey—or even generated by humans.
  - A 2016 survey by a mobile technology company found that 60% of clicks on mobile banner ads are accidental, and those accidental clicks make users feel annoyed, frustrated, and/or angry. Not a conversion-friendly situation, to be sure.
  - Additionally, click fraud (when clicks are generated by bots rather than people) is on the rise. One study reports that in the first 4 months of 2017, the prevalence of fraudulent clicks on desktop devices rose from 19.9% to 24.1%. On mobile devices, it's slightly better, but still on the rise: from 12.8% of mobile clicks in January to 14.2% of clicks in April.
- **Possibly not even relevant:** If the objective of your display campaign is to drive visibility and awareness for branding purposes, clicks and traffic aren't the point. Ad position and viewable impressions are more important, as is making sure your impressions are from the right places and in the right amount.

To get a more accurate determination of CTR, consider investing in tools that test and monitor for click fraud and make sure your team can spot the signs of accidental or fraudulent clicks within their analytics software.

Make the Most of Display Advertising Metrics

- Pursue end-to-end and multichannel data to keep display performance in perspective.
- Make sure your team or agency knows the best parameters to use when evaluating view-through conversions and other potentially misleading metrics.
- Ensure your agency or team has both the tools and expertise to determine the validity of display ad clicks.

As a data-driven agency, (un)Common Logic knows which metrics matter and which don't. If you'd like to ensure that your display metrics are giving you a complete, accurate picture, contact us for a paid search audit.

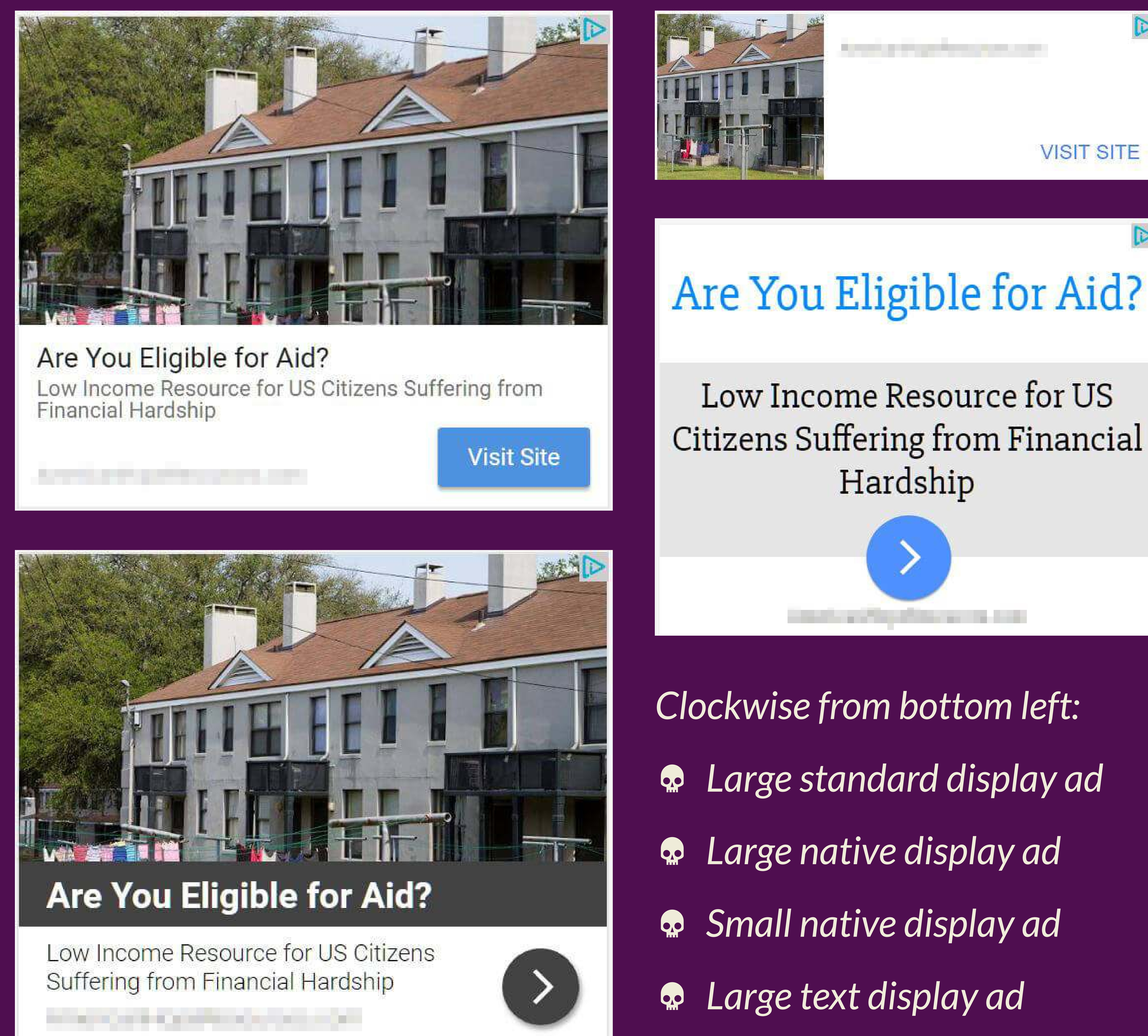
Your trip through the haunted house of digital marketing disasters is almost over. So let us leave you with one last scare...

The Mind-Melting Mismatches of Automated Image Selection

Earlier this year, Google removed legacy text remarketing ads from its Display Network and automatically upgraded the look of those ads to a responsive ad format. As a part of this shift, AdWords started including images with the ad text. Depending on the placement, one of these ads would appear:

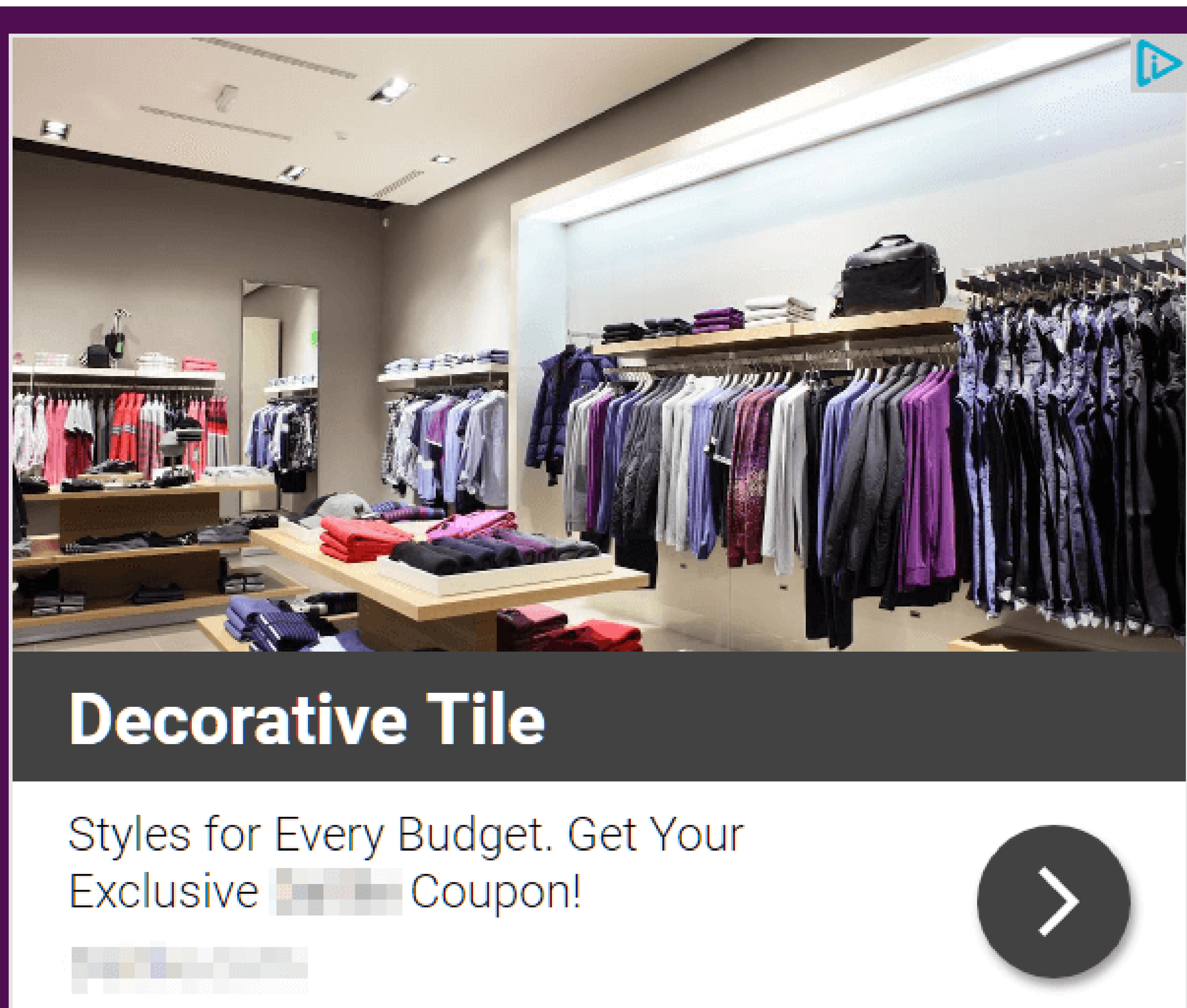
You might be wondering where the image in the ads came from, since the original ad was text-only. It came from the depths of Google's AdWords algorithm, which chose these images automatically when converting the ads.

And while the image in the ads shown on the right might not be a *great* match for the ad content or subject, it's not too far removed. However, not all ads are so fortunate; in fact, some of them verge on madness. Come with us now as we gaze through **The Gallery of Mind-Melting Mismatches in Automated Image Selection**...



Clockwise from bottom left:

- *Large standard display ad*
- *Large native display ad*
- *Small native display ad*
- *Large text display ad*

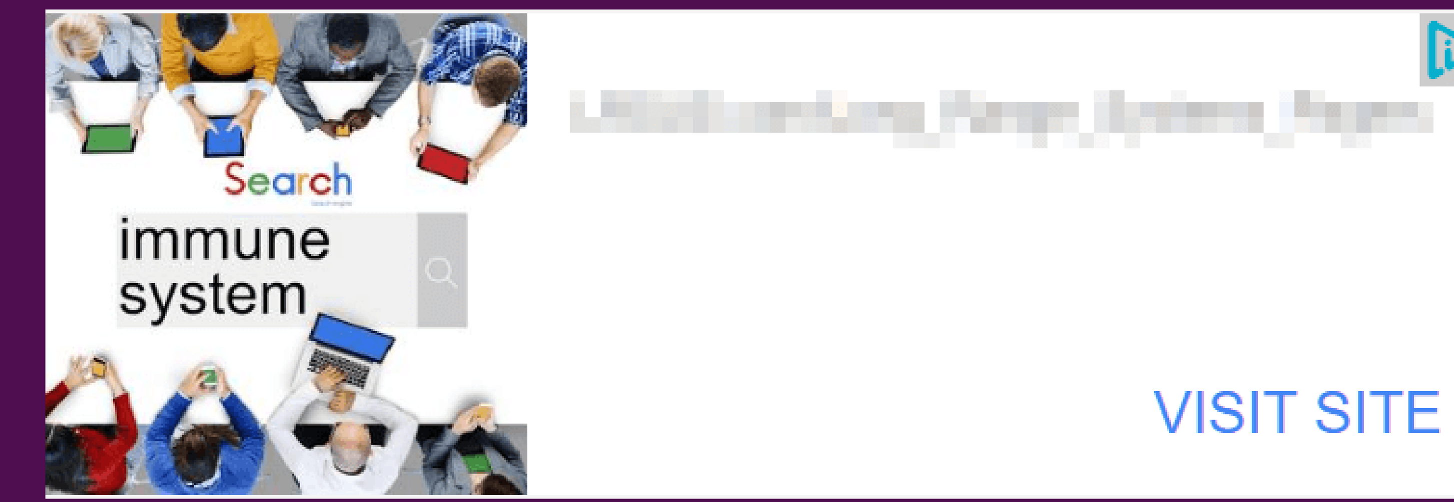


The subject of the image isn't related to tile, and there isn't even any tile visible on any surface. ***Mind-Melting Mismatch!***

Even with a very clear hint in the headline text, that image is a ***Mom-Missing Mind-Melting Mismatch!***

The company makes paging systems for restaurants and hospitals. It has literally nothing to do with content management systems. ***Mind-Melting Mismatch!***

You came so close, AdWords algorithm. And yet... ***Mind-Melting Mismatch!***



Same pager company, but now paired with an image that seems to be promoting web searches for "immune system." With no way to add context with copy, this is a ***MAJOR Mind-Melting Mismatch!***

And this may be the most disturbing of all. Not only does Drupal certification have nothing whatsoever to do with the medical profession, there aren't any words in the ad copy that suggest any relevance to health-care. Don't get too close, ***for this is the MEGA Mind-Melting Mismatch!***

These mismatches are especially deadly because they're for remarketing campaigns, which have a much higher frequency and visibility than regular display ads. So users who had visited those companies' websites and then seen those bizarre ads would be confused, and the brand's perception would suffer greatly.

An internal danger lurks in these ads as well: other members of your company who frequent the company website are likely to see remarketing ads. If a CEO, department head or board member were to see ads like those in the gallery, their perception of the marketing department would be similarly damaged.

Now you have beheld the consequences when the mindless bots within Google assign a stock photo of their own choosing to the ad. If you're getting cold sweats recalling Rise of the Scripts from Paid Search Horror Stories, there's good reason: once again, human oversight is crucial.

In fact, if there's one thing that unites all these horror stories, it's this: Only human intelligence and attention to detail will save search marketing from these terrors.

Avoid the Mind-Melting Mismatches of Automated Image Selection

- Have your team or agency review all your display advertising images, especially for text ads on the display network. If in doubt, pause ads.
- Invest in ad images that convey the benefits of your offering, the market segment you specialize in, the characteristics of your brand, or some combination of these qualities.
- Ensure that at least one member of your team is seeking out or receiving regular updates on algorithm or function changes.

Because human intelligence and high-touch management are central to who we are, (un)Common Logic reviews our clients' display advertising regularly, with additional reviews following any major changes in functions or algorithms. If you're unsure what images are showing with your ads, contact us for a paid search audit.

If there's one thing that unites all these horror stories, it's this: Only human intelligence, smart strategy, and attention to detail will save search marketing from these terrors. If you're having any issues with your paid search or display advertising, we can help you find a way out of the nightmare. Call us at 1-877-422-2590, email contactus@uncommonlogic.com, or just visit www.uncommonlogic.com.