CAKE

Transforming Big Data Into Smart Advertising Insights

Lessons Learned from Performance Marketing about Tracking Digital Spend

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When it comes to where and how to invest their digital advertising resources, today's marketers have more choices than ever. From display banners and mobile apps to email promotions to social media campaigns, the options available for engaging with consumers are diverse, varied and continually evolving.

But while digital opportunities may be numerous, marketing budgets have limits. Now more than ever, decision makers need ways to quickly assess what's working and what's not so they can intelligently allocate available spend. This requires more than instinct and intuition. Data that provides accurate, rich, real-time insight into digital campaign performance is needed.

Thanks to the explosion of data generated online, a goldmine of performance-related information is now available to digital advertisers. But with so much to track, organize and analyze, making sense of it all can be challenging. Transforming "Big Data" into "Smart Data" that guides fact-based decision making is the key to digital marketing success.

Due to its unique pay-for-performance structure, massive data volumes and razor-thin margins, the affiliate marketing industry has pioneered a number of innovative strategies and technologies for campaign tracking and analysis. This guide will look at how the lessons learned in the affiliate world can be applied across the broader digital advertising landscape to accurately track performance, and ultimately maximize the impact of marketing spend.

Performance Marketing: Powered by Data Tracking Technology

Performance marketing was inspired by growing demands within the digital advertising industry for more tangible results. The practice enlists third-party partners (commonly referred to as "publishers" in the affiliate world) to promote offers and drive traffic on an advertiser's behalf. Instead of the advertiser doing all the heavy lifting involved in finding relevant audiences (whether through traditional search, email, display or mobile

campaigns), some of this work is "outsourced" to publishers who in turn market to potential customers fitting a predetermined profile. Publishers are then paid a commission when they return a qualified lead that takes some kind of action, such as filling out a registration form or using a coupon to purchase a product.

The big advantage of performance marketing for advertisers is that it extends their resources and reach, and they only pay for verifiable impressions or conversions, rather than for ads that may simply have been served up and ignored. But to make this model work, the industry had to come up with ways to accurately track key data points so that advertisers could confirm actions such as click-throughs and conversions, and identify the offers and publishers that were generating positive results. This is where strategies and technologies for tracking and analyzing digital campaign performance were born.

Affiliate Marketing Cycle

- The affiliate posts an ad for a merchant on their website
- Customer clicks the ad or link
- Customer is sent to the merchant site through tracking link
- Customer make a purchase on the merchant website
- Affiliate network records the purchase and transaction details
- The purchase is confirmed by the merchant as a valid sale
- The transaction is credited to the referring affiliate
- Affiliate gets paid their commission

The end goal affiliate marketing is to drive customers to the advertiser so that affiliates can earn a commission on the sale.

Data Explosion Prompts Tracking Software to Evolve

During the early days of performance marketing, only limited data points were available to advertisers. As a result, tracking was often a manual process that could be managed using a simple spreadsheet program. But as the growth of internet usage, web-connected mobile devices, and methods of online digital marketing have exploded, so too has the volume and complexity of data that advertisers now need to capture, track, integrate and analyze to understand the performance of their campaigns

Because their success depended on it, performance marketers began to seek out more robust solutions capable of tracking large volumes of data, rapidly, and at a very granular level. This is because the multiple data points now available for analysis hold valuable clues that decision makers can leverage to assess and refine their strategies. For example, advertisers might want to know things like how the devices used by consumers or the geographic area that they live in correlates to campaign performance. Or advertisers might want to compare the conversion rates of one type of offer over another.

Today, the use of advanced digital tracking software within the performance marketing industry is widespread. By engaging solutions that capture detailed data points and analyze every step a consumer takes on the path to a conversion, advertisers can see which publishers are bringing them the highest quality traffic, better understand which ads, offers and channels are driving the most profitable results, and more successfully allocate their digital spend.

Data production will be 44 times greater in 2020 than it was in 2009

2020
73.5zb

2015
16.6zb

2010
2.5zb

2009
.79zb
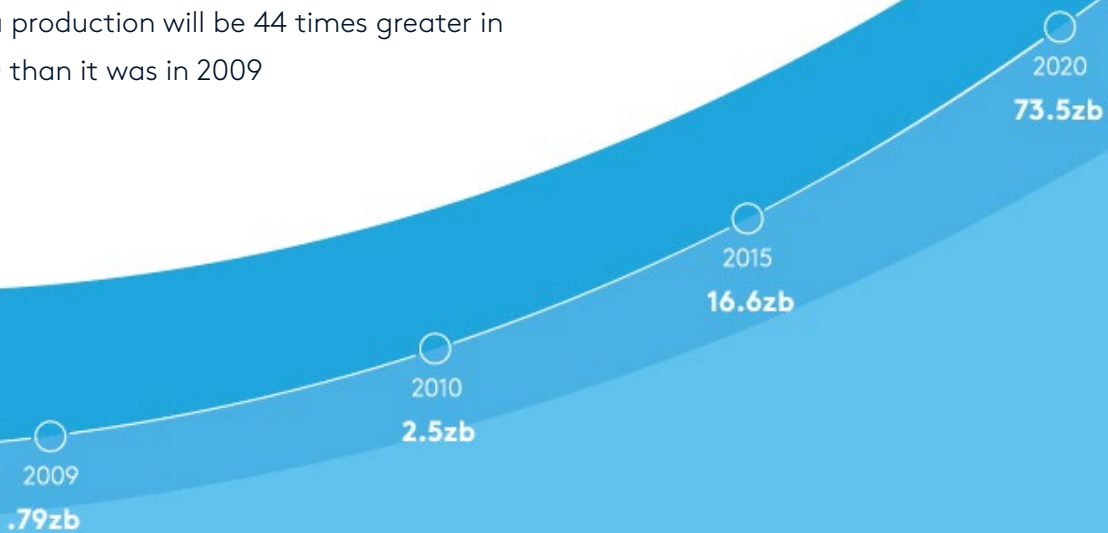
1 zetabyte = 1 billion terabytes

Taking Advantage of Tracking Technology – Best Practices

The advantages that tracking technology can offer advertisers extend well beyond just performance marketing. At the end of the day, every advertiser wants to know if their campaigns are generating positive results, and pinpoint areas in need of improvement, regardless of whether or not they are engaging publishers to help. Here are five tracking best practices from the performance industry that are useful for all types of digital marketers.

1 Use Pixels

Advanced tracking technology utilizes pixel-based tracking links hard coded with infomration about each specific campaign, including name, creative source, landing page and more. When a user clicks on an ad embedded with a pixel-based tracking link, advanced tracking technology accesses up to 30 unique data points, analyzes this information in microseconds, and directs the user to the most appropriate landing page.

This is how it works: When the user clicks on the offer, a pixel-launched cookie is dropped into their browser. Later, when that customer converts, the unique link, or pixel, placed on the landing page pulls detailed data points about the customer from the cookie, such as their IP address, location, browser, operating system and device used, as well as previous site and page views. Pixels also pull the name of the campaign that resulted in a click-through, as well as the date of the conversion.

Unlike traditional cookies, which can easily be disabled, pixel-launched cookies are embedded directly into an offer rather than dropped later when a user reaches a final landing page. This means that more data about the entire journey

to a conversion can be tracked and analyzed. Any advertiser can employ tracking pixels by embedding these links into their creatives. Doing so makes it possible to capture much more accurate and detailed insight about campaign performance, including information about which channels are most influential in driving conversions, which ads are most appealing to specific demographic segments, and even what types of creative messaging are most likely to engage audiences.

Other, less advanced marketing analytics solutions use tracking methods that can only capture user data after they arrive on a landing page. With advanced tracking technology, advertisers can funnel consumers to landing pages where they are most likely to convert and, because advanced pixel-based tracking can't be disabled, capture 100% accurate, real-time data on the entire population of users that click.

2 Get Granular

In the early days of performance marketing, payouts to partners were based on impressions, requiring a basic measure of the number of times an ad was viewed on a publisher's web page. As greater volumes of performance data became available, advertisers started to demand more tangible results, moving on to commission models based on actual actions taken by consumers, such as filling out a lead generation form, downloading a mobile app or making a product purchase.

Today, many advertisers are also interested in looking beyond the "first" or "final" clicks so that they can better understand how multiple touchpoints may have influenced a customer's journey to a conversion. Known as multi-touch attribution, this form of tracking is extremely valuable to all types of digital marketers. In an environment where a customer may encounter numerous marketing messages across multiple channels before converting, advertisers can make better decisions about how to allocate budgets and design campaigns when they have deeper insight into how each channel contributes to the final result.

To capture a complete picture of digital marketing performance, the ability to track events is critical. Events may include any action that a consumer takes along the journey to a conversion, from clicking on a display ad or using a voucher code, to watching a video, "liking" a Facebook page, or saving an item in an ecommerce shopping cart. Post conversion events such as site logins, app usage and additional purchases are also important, providing marketers with additional metrics that can be used to assess the total lifetime value of customers going forward. Unique to each advertiser, depending on the campaign objective, events are key to multi-touch attribution and to predicting how profitable a customer relationship might be over time.

As the definition of digital advertising success continues to evolve, the bottom line is that increasingly precise and granular metrics are needed to accurately track and evaluate campaign performance.

3 Analyze Holistically

How data is analyzed is just as important as what data is analyzed. All too often, advertisers tend to evaluate their marketing campaigns in isolation — keeping mobile data separate from display, display separate from email and so on. But, as we've already explored in the previous best practice, this doesn't reflect how consumers typically interact with marketing messages on their path to a conversion. A display campaign may spark interest in a product, while a mobile ad increases awareness, and an email offer closes the deal. All are important, although some touchpoints may be more influential than others. It's critical to be able to understand how all of the "moving parts" work together. Advertisers may find that the marketing channel initiating a conversion cycle is not getting proper credit, for instance, or that another channel isn't having any influence on conversion cycles at all. These nuances are impossible to see when data is locked in silos. So in addition to capturing those deep, event-driven details about the performance of each marketing channel, a single, integrated view of data across all channels is also needed to make sense of the complex relationships between them.

4 Analyze in Real-time

In the fast-paced world of digital advertising, even the most sophisticated data tracking and analysis is basically useless if it can't be accessed, shared and acted on in real-time. The shelf life of online data is short, so an ability to capture and analyze information at lightning speed is key. Real-time information about what actions consumers are taking in the moment (for example, How many are clicking on promotion A vs. promotion B? or What's the current percentage of conversions to clicks?) empowers marketers to adjust and refine campaign strategies even while they are still in progress, making the most of their digital investments.

The beauty industry, for example, launches and markets thousands of new products every year. Knowing where to increase, or decrease, digital spend based on real-time information about what's moving the needle on sales is not only critical to the success of a single marketing campaign, but also to the long term success of entire product lines, and ultimately, the company's brand.

Technology's ability to quickly process and extract useful information from raw data has improved exponentially in recent years. Businesses that don't take advantage of real-time tracking and analytic innovations will be left behind.
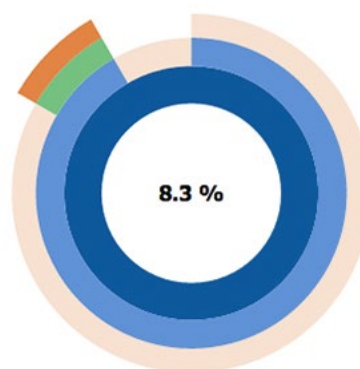
5 Visualize

With thousands upon thousands of data points to analyze, digital marketers need ways to organize and display information in an intuitive, easy-to-digest manner. As a result, the performance industry has begun to embrace technology that includes advanced data visualization capabilities.

According to research conducted by 3M, people process visual data 60,000 times faster than text. This is good news for advertisers who want to be able to take action on campaign performance data in real-time. The best tracking solutions are those that can build immediate and informative visualizations from incoming data, giving decision makers an integrated, at-a-glance view of the most important KPIs.

It's also useful for advertisers to be able to customize views based on their unique needs, and for visualizations to be displayed in the most accessible and convenient form possible, including on mobile devices.

Essentially, visualizations tie many of the proceeding best practices together by providing a holistic view of large amounts of rich, granular data that can be used by advertisers to make smarter decisions in real-time.

8.3 %

The sunburst visualization allows marketers to quickly see the paths their customers follow to conversion.
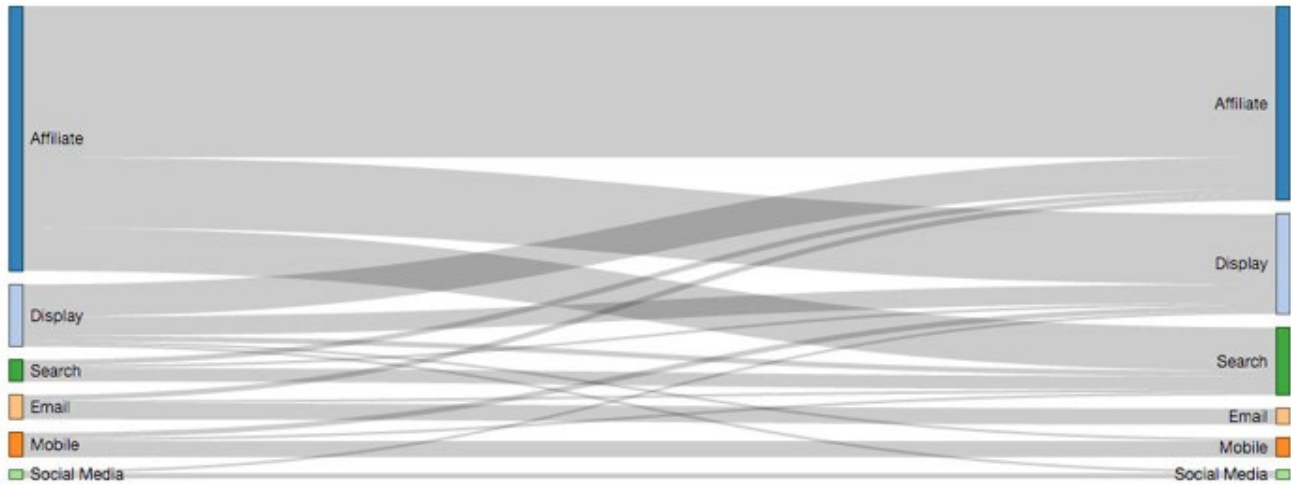
The sankey visualiation lets marketers easily make sense of the complex relationship between marketing channels.

Applying Lessons Learned

Today, online marketing is more complex than ever and advertisers must adapt their analytics strategies to better understand where and when to most profitably invest their resources. Sophisticated tracking technology is needed to keep up with the volume and speed of available data. The performance marketing industry has pioneered many innovative solutions and best practices in this area and the lessons learned can help guide advertisers looking to deploy a tracking solution. Armed with real-time capabilities for tracking, analyzing and interpreting all of the rich, multi-channel information about campaign performance at their disposal, marketers will be empowered to transform Big Data into smart advertising.

About CAKE

CAKE provides a SaaS-based solution to track, attribute and optimize the performance of digital marketing spend, in real-time. Bringing clarity to multi-channel marketing campaigns, CAKE empowers advertisers, publishers and networks with the insight to make intelligent marketing decisions.

Learn More

Contact us for a complimentary demo to find out how CAKE can help you with your tracking.