Retargeting browsers and abandoners

Using targeted display ads and personalized email to increase relevance, reach and ROI
Retargeting is the practice of using targeted display ads and personalized email to re-engage visitors who left your website without purchase or conversion. As competition for a finite universe of shoppers intensifies, retargeting has emerged as an indispensable tool in the smart marketer’s online kit.

Yet you had captured and engaged would-be buyers. They interacted with your site and brand, compared products and read reviews. Many had carted items and were proceeding through checkout when they clicked away, quite possibly to a competing site or a search engine for further research.

Smart marketers are no longer sitting back with their fingers crossed, hoping that these shoppers return. They are aggressively launching retargeting initiatives to lure browsers and abandoners back to the site with behaviorally targeted display ads and personalized email. This increasing adoption of retargeting is seen across a range of industries, including retail, financial services, travel and hospitality, telecommunications, real estate and software, in both business-to-consumer (B2C) and business-to-business (B2B) markets.
Retargeting is generating remarkable results. These two examples of IBM Coremetrics customers retargeting visitors with display ads and personalized email are typical:

- **Targeted display ads**: wehkamp.nl, the Netherlands’ largest online retailer, realized return on investment (ROI) from targeted display ads that’s 15 times greater than ROI from generic banners, and clickthrough rates for targeted ads that are five times greater than generics.

- **Personalized email**: L’OCCITANE en Provence has calculated its revenue from email retargeting at $2.84 per email, versus 11 cents for a control group, a 26-fold increase. Its retargeting conversion rate was 2.43 percent compared to 0.14 percent for generic emails.

This anecdotal evidence of the payback from retargeting is consistent with industry research. For instance, a study by the Network Advertising Initiative of 12 online advertising networks found that behaviorally targeted ads are considerably more effective than non-targeted run-of-network ads. According to NAI, behaviorally targeted ads:

- Generated 2.68 times more revenue than non-targeted ads
- Resulted in a 6.8 percent conversion rate for ad clickers, versus 2.8 percent for non-targeted ads

While retargeting’s primary goal is to reacquire departing browsers and abandoners, it also serves to enhance brand presence, particularly among people who have shown interest in your products or services, much in the way of a highway billboard. Several studies have found that retargeted display ads generate large spikes in searches on brand terms within several weeks after exposure, substantially higher than run-of-network ads.

**Factors behind increasing use of retargeting**

Beyond retargeting’s proven success, three key factors are driving broader adoption of retargeting: rising paid search costs, increasingly discriminating customers and technological advances.

**A cost-effective alternative to paid search**

Though paid search remains the dominant online advertising channel, cost-per-click (CPC) rates are rising in step with growing search volume, forcing marketers to search for less expensive, more cost-effective means of engaging customers. The two alternatives, display ad and email marketing, have recently become more attractive because of the behavioral targeting and personalization capabilities that increase relevance to would-be customers.

**Meeting the relevance demands of surgical shoppers**

Customers have grown more savvy and discriminating. Faced with a ceaseless flow of information, consumers are becoming “surgical shoppers,” zeroing in quickly on the items they want and spending less time browsing. This phenomenon is reflected in IBM Coremetrics Benchmark data, which shows that average time on site fell by three minutes to 7.04 in spring 2011, down from 10.04 in 2008. Average page views per session fell to 7.5, down from 13.5 three years earlier.

Moreover, consumers expect a personalized relationship with their favorite brands at every touchpoint, whether through on-site, social media, email communications or from display ads. Consumers’ previous concerns over privacy, related to emails promoting the exact products they had browsed and display ads
“We firmly believe that retargeting is a valuable way for improving our marketing communications. The ability to speak with our customers on a one-to-one basis drives immense value back to our business.”

—Ewald Hoppen
Senior Web Analyst
wehkamp.nl

that “follow them around” the web, have given way to an embrace of relevance and convenience. That said, you are smart to offer consumers an easy way to opt out of display ad retargeting.

With the right mix of display ads and email targeting, you can become a trusted guide to the consumer—you might even gain a fan on your Facebook page.

Advances in retargeting technology
Increasing sophistication of retargeting technology has made it more appealing and effective for many emarketers. Over the past five years, retargeting has grown faster, broader and more precise in four key areas:

• **Advanced segmentation:** The best emarketers take advantage of advanced segmentation capabilities and analytics to create granular customer profiles based on multiple attributes from comprehensive visitor data. This improves on the broad segmentation based on a single attribute that prevailed years earlier.

• **Automatic and timely retargeting:** Timely retargeting via email and display ads can be automatically and seamlessly initiated based on a broad array of trigger events, compared to the lag times and multistep processes that had been required. Targeted display ads can be presented to site departees just minutes after they click away.

• **Real-time network syndication:** Emarketers can work with proven and specialized ad and email network providers for pinpoint execution to browsers and abandoners. In the case of IBM Coremetrics, prebuilt integration with partners speeds and simplifies the process, without the labor-intensive retagging required with alternative solutions.

• **Measurement and optimization:** Analytic tools support continuous measurement and optimization of retargeting. Technology is enabling longer-term customer lifecycle analysis to better understand and adjust to key engagement milestones, and allows marketers to measure the impact of unclicked display ads, called impressions, on conversion.

A top near-term emarketing priority
Though most organizations continue to use generic email and display ads, personalization capabilities fundamental to retargeting are high on the priority list. For instance, among respondents to a survey conducted for Coremetrics by Bloomberg BusinessWeek Research Services, 79 percent named personalized email as a top priority in the near future, and 73 percent named targeted display ads.

Similarly, retargeting was named the number one underutilized online marketing technique in a survey of emarketers by Advertise.com and the Search Engine Marketing Professional Organization. Only 30 percent of respondents to that survey had used retargeting. Given the still-low usage of retargeting, marketers that move quickly to implement retargeting stand to gain competitive advantage.
Case study: Ad retargeting delivers 15 times ROI

wehkamp.nl, the Netherlands’ largest online retailer, is reaping remarkable dividends with a comprehensive retargeting program that uses display ads and personalized email to achieve its goals of greater sales, relevance and customer engagement.

With thousands of products ranging from televisions to trampolines, wehkamp.nl is using both display ads and email to lure back site browsers and cart abandoners while delivering the personalized, relevant experiences that customers expect.

From a clickthrough perspective, wehkamp.nl’s targeted ads aim at browsers and abandoners to generate up to five times as much clickthrough as untargeted banners.

For personalized email retargeting, wehkamp.nl uses IBM Coremetrics LIVEmail and third-party email solution provider Responsys to deliver emails tailored to shopper segments that had browsed a category or product or abandoned a cart. Compared to standard promotional emails, wehkamp.nl saw 68 percent higher clickthrough rate and 271 percent higher sales per send ratio with retargeting.

“We firmly believe that retargeting is a valuable way for improving our marketing communications,” said Ewald Hoppen, wehkamp.nl senior web analyst. “The ability to speak with our customers on a one-to-one basis drives immense value back to our business.”

Key strategies and capabilities for retargeting success

Effective retargeting depends on both technological capabilities and strategic, disciplined processes that take advantage of industry best practices. Three key areas of focus include:

- Leverage your data with advanced segmentation
- Accelerate with automation and real-time syndication
- Use analytics to measure and optimize retargeting

Leverage your data with advanced segmentation

Creating customer segments from the huge volumes of data that customers generate through website interactions is a prerequisite for retargeting. The best emarketers have their clickstream and customer data finely sliced by multiple dimensions to be as precise as possible in retargeting. Some are creating “micro-segments,” or segments within segments, in the quest for ever-greater granularity and marketing effectiveness. Many marketers are evolving towards more sophisticated web analytics that focus on a customer’s longer-term lifecycle, rather than single-session clickstream data.
Recently, display ad retargeting has become more precise as emarketers expand beyond generic ads to deliver ads of the exact products visitors had browsed. Some emarketers use a funnel approach to determine ad type, segmenting shoppers by three main types: browsers who visited high-level category and product pages, product detail pages and shopping cart pages.

For instance, a shopping cart abandoner might be presented with a display ad for the product the person browsed, as well as a personalized email. A browser who viewed high-level category pages might be presented with a brand-level ad, and no email. Other criteria by which to segment customers for display ad or email retargeting can include items previously purchased, search keywords, social media activity, navigation paths, points of entry and departure, and patterns related to similar visitors.

**Customer lifecycle analytics**

While traditional web analytics analyze a visitor’s session on the site, marketers are extending those core capabilities to understand the customer lifecycle journey over multiple stages, and supporting those efforts with retargeting. This more advanced approach answers the challenges that marketers face because of greater consumer sophistication, improved search and discover capabilities, and increased online competition.

Customer analytics can involve mapping out key milestones in the customer journey, such as first-time buyer, second-time buyer, newsletter subscriber, review contributor, Facebook fan and more, and then aligning retargeting strategies with customer activity. The objective is to understand what motivates the customer to progress to the next milestone and tailor efforts accordingly, and is based on key principles:

- Look beyond single-session metrics to understand customer lifecycle behavior
- Communicate differently to early and late stage customers; retarget based on milestones
- Consistently evaluate site and marketing impact on lifecycle progression
- Take action by retargeting specific groups with targeted messaging

Beyond immediate site departees, retargeting can also be effective in engaging high-value customers and prompting interest among those who haven’t visited your site in a while.

**Court high-value customers**: Most segmentation initiatives will have as a priority identifying the company’s highest-value customers and use retargeting to cultivate that value. A site visit by a registered user who has purchased high-profit goods in the past is a good opportunity for email retargeting on the most recently browsed products, while endeavoring to strengthen your relationship with that customer.

**Retarget the dormant**: Though personalized email retargeting is often thought of as a vehicle for recent visitors, it can also be effective for those registered users who haven’t visited your site in a while. You have little to lose and a lot to gain by targeting these dormant individuals with an email and incentive.

**Accelerate with automation and real-time syndication**

The idea of retargeting isn’t new, but early efforts usually delivered insignificant results because many solutions were custom-built. They typically demanded manual effort and multiple processes, and introduced a substantial lag time between the customer’s visit and delivery of the retargeting message. The relative immaturity of ad networks limited the reach and precision of display ad retargeting, while many marketers overlooked email retargeting in favor of generic mass distribution campaigns.

Today, such delays, inefficiencies and imprecision are unacceptable. The shopper’s “consideration window” is shrinking, and speed is of the essence for retargeting. That requires an automated, scalable solution that can get your display ad in front of a
site departee in near-real time, across a vast array of web publishers for maximum breadth. Conventional wisdom is that email retargeting need not be instantaneous, but should execute within a reasonable period of time.

---

**Case study: SkyMall sees sales soar with email personalization**

SkyMall, the multichannel merchant that produces the catalogs full of unique products found in seat pockets on commercial airliners, is seeing its sales and online conversions take off with a personalized email retargeting program driven by IBM Coremetrics LIVEmail and ExactTarget, one of Coremetrics’ certified ESP partners.

The solution gives the Phoenix-based SkyMall unparalleled insight into on-site activities of their customers and the tools needed to take action. LIVEmail automatically syndicates abandoned cart data to ExactTarget, triggering emails that feature the recipient’s abandoned products.

With email retargeting, SkyMall has recaptured up to 5 percent of abandoned cart sales from shoppers who provided email addresses. Personalized emails to SkyMall cart abandoners boast a 32 percent greater open rate and 18 percent higher clickthrough rate than other promotions, and the retargeting initiative contributed to a 34 percent year-over-year increase in email-triggered sales.

“Coremetrics integration with ExactTarget allows us to send emails to our customers that tell them exactly what products they abandoned along with the price,” said a SkyMall marketing manager. “Coremetrics makes it easy to capture and track those sales.”

---

**A typical retargeting use case**

Consider a typical example of how retargeting can work. A shopper enters a search term for a product you sell and spots your paid search ad among the results. The shopper clicks on that ad and lands on your site and spends 12 minutes browsing and comparing products and reading reviews before carting the browsed item. The shopper then ends the visit, bookmarks the page and leaves the site.

Display ad retargeting technology places a cookie on the shopper’s computer that uniquely identifies the shopper and items browsed. You share that information with your display ad execution partner, which triggers ad syndication across ad networks—either a promotion for the product a customer was browsing or a generic, brand-level ad for your company. These ads are quickly generated, using blocks of dynamic content inserted based on your specified business rules.

Within minutes, your would-be buyer spots your ad and is reminded to order that item today. The potential buyer clicks on it to reach a page of your choosing, for example, the product page, or, for shoppers with behavior that didn’t suggest interest in a certain product, your home page. But let’s suppose that the person leaves again without converting.

If the visitor is unidentified, you can continue serving targeted display ads for the days and weeks to come. But if the browser is an identified visitor with an email address registered at your site, you can retarget the person with a personalized email, perhaps offering an exclusive discount or free shipping on the product browsed. That email can also feature recommendations of related products, or “other shoppers liked” recommendations.
In most cases, emarketers work with display ad execution partners to syndicate targeted display ads across multiple networks, and with email service providers (ESPs) to deliver personalized retargeting emails.

**Using multiple display ad execution partners**
To extend the reach of display ad retargeting, some emarketers work with multiple display ad execution partners. These partner companies often cater to different publishers, have different strengths and may address certain niches. Engaging several partners can increase your chances of winning back a customer before the person converts on a competing site.

**Use analytics to measure and optimize retargeting**
Web analytics is the foundation of a successful retargeting program. Leading marketers will use analytics in the customer segmentation process, and subsequently apply analytics to measure and optimize such metrics and clickthrough rate, site visits, conversion and purchasing attributable to retargeting initiatives. Sustained success with retargeting is a moving target, if you will, and requires robust analytics and a disciplined approach to continuously optimize for the best results.

For companies that decide to retarget by both display ads and email, analytics are essential to optimizing between the two for the greatest returns and cost-effectiveness. Similarly, what marketers should strive to understand is how retargeting affects other channels, such as paid search or social media, so that the full complement of online marketing can be tuned based on data analysis.

**Measuring and executing by lifecycle analytics**
As discussed in the advanced segmentation section, marketers can realize greater value over the long term with a web analytics strategy that ties conversion events to stages and milestone events in the customer lifecycle (first-time buyer, second-time buyer, Facebook fan and so on). This type of analytics requires historical data on customer activity and a framework to measure how activity correlates to conversion.

IBM Coremetrics Lifecycle, a module available through the IBM Coremetrics Explore ad hoc reporting solution, is designed to help marketers understand customer motivations for progressing to the next milestone, and track the web activity, including pages browsed and session frequency/duration, of those customers. By better understanding the customer lifecycle across different segments, you can run retargeting campaigns via display ads or personalized email based on defined milestones, metrics, segments, dates and more.

![Figure 2: Coremetrics Lifecycle enables marketers to understand and view their customers based on buying behavior.](image)

**Measuring and managing display ad performance**
Marketers should recognize the potential for overkill in display ad retargeting, as they generally do with promotional emails. For instance, three consecutive non-stop days of presenting the same ad to the same consumer for the same product is likely to be counterproductive. Monitoring the frequency of ad presentation is important to avoid consumers tuning out your ad entirely; measurement is essential to determining the optimal delivery timing. Along these lines, some marketers cycle through different creative to present the same promotion, both to offer variety and test which creative is most effective.
Next steps for the marketer
Retargeting is no longer a nice-to-have. The strategy is instrumental to online marketing and increasingly in use across many industries. Companies that forgo retargeting are in effect conceding shoppers and revenue to the competition, while losing the opportunity to build long-term customer relationships.

Coremetrics offers a full complement of retargeting solutions, including IBM Coremetrics AdTarget and IBM Coremetrics LIVEmail, both components of the IBM Coremetrics Digital Marketing Optimization Suite.

IBM Coremetrics AdTarget
IBM Coremetrics AdTarget is a data syndication platform and online marketing application that enables targeting and personalization of display ads. It uses granular visitor activity captured by Coremetrics to deliver highly relevant display ads that capture the attention of casual browsers and increase visitor reacquisition. Key features include:

- **Full analytics integration**: Avoid the cost of placing ad network tags by leveraging the Coremetrics analytics tags that already exist throughout your website. Track visitor interactions in greater depth than the limited data captured by today’s ad network tags.
- **Click and impression attribution**: Track how display ad clickthrough and view-through drive website conversions. Evaluate display advertising in the context of the entire marketing program. Optimize the marketing mix with comprehensive cross-session, multichannel views.
- **Highly segmented data syndication**: Create sophisticated data segments to capture detailed behaviors down to the specific event type level. Customize segments to meet individual ad network needs.
- **Cross-network integration**: Increase audience reach by developing data segments and managing syndication for multiple ad networks simultaneously. Take advantage of prebuilt integration with Coremetrics display ad execution partners.

---

Case study: Retargeting pays off for PETCO
PETCO, the specialty retailer catering to pet owners, had invested in generic banner ads in the past, with minimal results. The introduction of IBM Coremetrics AdTarget, however, caught the attention of PETCO.com marketers who expected that behaviorally targeted ads could excel where generic ads had failed.

They were right. Working with AdTarget and Coremetrics display ad partner [x+1], PETCO targeted browsers who had shown interest in such categories as bird accessories, dog training, cat toys and others with display ads relevant to their interest. The results were gratifying. In each segment, analysis showed that people were buying the products for which they were targeted.

For instance, in the bird accessories category, more than two-thirds of orders were tied to the targeted display ads served. Moreover, PETCO’s cost per order for bird accessories triggered by display ads was 64 percent less than average. PETCO also used geo-targeting to deliver in-store coupon offers to people within a given distance of a store, and doubled redemption rates compared to previous campaigns.

With email retargeting also under way, PETCO emarketers took the additional step of determining how various online marketing strategies, including retargeting, affected one another. The multichannel attribution analysis exercise generated valuable insights that enable PETCO to optimize online marketing as a whole, such as that 28 percent of the time, a customer shifts from one channel to another before purchasing.
IBM Coremetrics LIVEmail

The IBM Coremetrics LIVEmail solution gives marketers the flexibility to automatically deliver emails to customers based on specified scenarios. For instance, LIVEmail may be configured to generate personalized emails to individuals who abandoned a shopping cart, or to send follow-up offers for related products or accessories after a purchase. Key features include:

- **Prebuilt best practices**: Easily retarget site browsers, abandoners, high-value or dormant customers, or other audiences. Get up and running quickly with prebuilt best practice techniques. Customize to suit your requirements.

- **Advanced segmentation**: Use a broad range of options to define custom email retargeting segments. Take advantage of attribute filters to further refine segments of email recipients.

- **Seamless ESP integration**: Benefit from the Coremetrics seamless integration with your ESP by exporting segmentation data in a single click. Send personalized retargeting offers that improve conversion and drive ROI.

About IBM Enterprise Marketing Management

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing organizations. Integrating and streamlining all aspects of online and offline marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, timely, and measurable business outcomes.

The IBM EMM Suite helps marketers to understand customer wants and needs and leverage that understanding to engage buyers in highly relevant, interactive dialogs across digital, social, and traditional marketing channels. IBM EMM provides robust web and customer analytics, event detection, campaign management, real-time interaction management and recommendations, lead management, digital marketing optimization, email marketing, targeted advertising, search engine marketing, and marketing resource management capabilities. Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results.

IBM’s time-tested and comprehensive offerings are giving companies such as E*TRADE, ING, Intercontinental Hotels Group, Orvis, PETCO, United Airlines, Vivo and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today—a more consistent and relevant brand experience across all channels.

For more information

To learn more about IBM Coremetrics please contact your IBM marketing representative or IBM Business Partner, or visit the following website: [ibm.com/software/marketing-solutions](http://ibm.com/software/marketing-solutions)
IBM Systems and Technology Group
Route 100
Somers, NY 10589

Produced in the United States of America
November 2011

IBM, the IBM logo, ibm.com, and Coremetrics are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate US registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at ibm.com/legal/copytrade.shtml

Other company, product and service names may be trademarks or service marks of others.
