

MAXIMISING THE IMPACT OF DIGITAL ADVERTISING

Three steps to cut through the noise



INTRODUCTION

In a world where people are constantly connected via a multitude of devices to a multitude of different channels, the battle to win consumer attention is fierce. Always tuned in, today's shoppers

are inundated with marketing messages. So how can retailers formulate an ad strategy that raises brand awareness and delivers a tangible return on investment? This Retail Week Connect white paper,

produced in association with digital marketing company Crimtan, highlights three key steps to help retailers decide how to use digital within their advertising mix for maximum impact.

CHANNELLING AD BUDGETS: THE RISE OF DIGITAL MARKETING



+47% VIDEO ADVERTISING

growth rate in spend in 2017

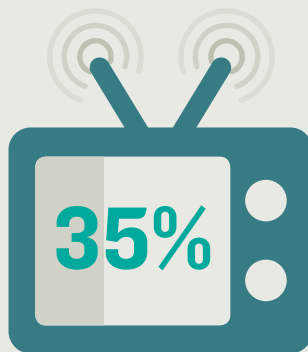
Video is driving **GROWTH** in display advertising



2017 WORLDWIDE BUSINESS AD SPEND



ON DIGITAL



ON TV

A QUARTER

of all UK digital AD SPEND will go to

SOCIAL NETWORKS

in 2018

TOTALLING

£3.3bn

+24%

increase on 2017

DIGITAL ADS

are predicted to make up

HALF

of all ad spending

BY 2020



STEP 1 INTEGRATE DIGITAL WITHIN YOUR OVERALL STRATEGY

The routes to reach customers are expanding exponentially. TV, radio, mobile, apps, search engines, news sites, social media – the list goes on.

And in today's hyperconnected world, it is digital advertising that is undeniably driving communications, allowing retailers to reach out to past, present and future consumers with meaningful messages.

The total UK digital advertising market in 2017 was worth £11.55bn according to the latest Digital Adspend report by the Internet Advertising Bureau (IAB) UK and PwC, up 14% year on year.

To decide how best to integrate digital marketing into an overall advertising strategy, retailers should understand what they want to accomplish through their advertising and the marketing modes most likely to help them achieve their goals.

Brand awareness

Although traditional channels, such as TV and radio, remain popular for building brand awareness, with their enormous reach, it is unsurprising that digital advertising investment now surpasses that of television on a worldwide scale, according to Magna.

Among digital advertising options, display advertising has huge brand-building opportunities thanks to the level of creativity it allows and potential for interaction.

Charles Tourny, chief marketing officer of mattress retailer Simba Sleep, asserts that programmatic display advertising (buying

“We start with the customer and ask ourselves how they behave, how they spend their day and therefore where we should be”

Caroline Welsh, Screwfix



ads online through a computer interface without human intervention) heightens brand awareness, while he reiterates the importance of creative messages.

For retailers with a strong online presence, digital advertising can be complemented by out-of-home options, which are most effective when messages are consistent and related across formats.

Fashion retailers such as Boohoo and Pretty Little Thing have plastered the London Underground with their advertising, while the latter and fellow fashion retailer Missguided have also launched campaigns on black cabs.

Meanwhile online, social media has helped build awareness for Simba Sleep and Tourny says targeted Facebook ads helped to scale the business quickly.

While social can be effective for communicating with an already-engaged audience, display has the benefit of huge market penetration, potentially reaching every website user.

Driving customers to websites

Digital display ads targeting those who have previously browsed products have become ubiquitous in recent years but,

with the ability to reach a huge audience, display can also be used to drive new users to websites through smart messages in engaging formats, including video and other dynamic content.

Search also remains a strong route for customers to find websites. Screwfix has put a comprehensive pay-per-click strategy in place to ensure customers searching for both its brand and hardware products in general are directed to its website.

And for its customers, who spend their working day attached to their mobile, app push notifications can help drive them online.

At Debenhams, Richard Cristofoli, managing director for beauty and marketing, says social, search, email and affiliates work well to drive customers to the website and encourage purchases as they “get in front of customers with a targeted message at the right time”.

On deciding which channel to use, he says: “Debenhams uses a mix of econometric data, media insights and intelligent audience planning tools to understand which channel will work the best for a particular message.”

Customer lifetime value

Effective for both building brand awareness and engaging prospective customers, display advertising can be used for multiple purposes and is arguably undervalued.

Indeed, Tourny says programmatic display ads are underutilised and do more than just get people over the line to purchase.

Crimtan product director Andy Houstoun, a former retail marketer who worked for Tesco, agrees, saying display can be powerful for finding new customers, encouraging purchase and growing lifetime value. “Once the customer has purchased, there are three really common practices that we used to employ at Tesco,” he says. “One, quick upsell; two, cross-sell; and three, lapse prevention. Retailers used to do this via email but now it can be achieved through a sequence of display ads.”

Channel choices at Screwfix

Customer knowledge drives advertising decisions at Screwfix. “We start with the customer and ask ourselves how they behave, how they spend their day and



Customer knowledge drives advertising decisions at Screwfix

therefore where we should be,” says Caroline Welsh, brand and marketing director for Screwfix.

Mobile is integral, with customers checking social media during breaks from work.

Social media is “phenomenal” for Screwfix’s brand engagement. However, Welsh says customers do not want big sales messages on their social platforms.

“You would lose the brand empathy you’ve built up,” says Welsh.

Screwfix also benefits from display in its advertising mix. “It’s a brilliant channel to

talk to people and drive bigger opportunities,” says Welsh. “But it needs to be at the right place at the right time.”

Deciding on what level of engagement shoppers want on each advertising channel is imperative.

Retailers should consider every channel available to them, recognising that consumers will see a range of formats on their route to purchase.

However, testing is crucial to ensure the marketing mix is spot on, and assessing channel value, not just on clicks, but on sales conversions, can pay off. Considering the individual contribution each advertising channel makes towards maximising the customer lifetime value will help to ensure ROI around advertising.

Whether it is customer lifetime value, conversion rates, response rates or reach, choosing the marketing KPIs that matter will help retailers decide how to integrate digital advertising into their overall strategy. Meanwhile, retailers should use the real-time visibility facilitated by digital advertising to help assess what is working and where to make further investment.

VIDEO: THE STAR OF DISPLAY

In 2017, video advertising spend grew 47%, according to the Internet Advertising Bureau UK.

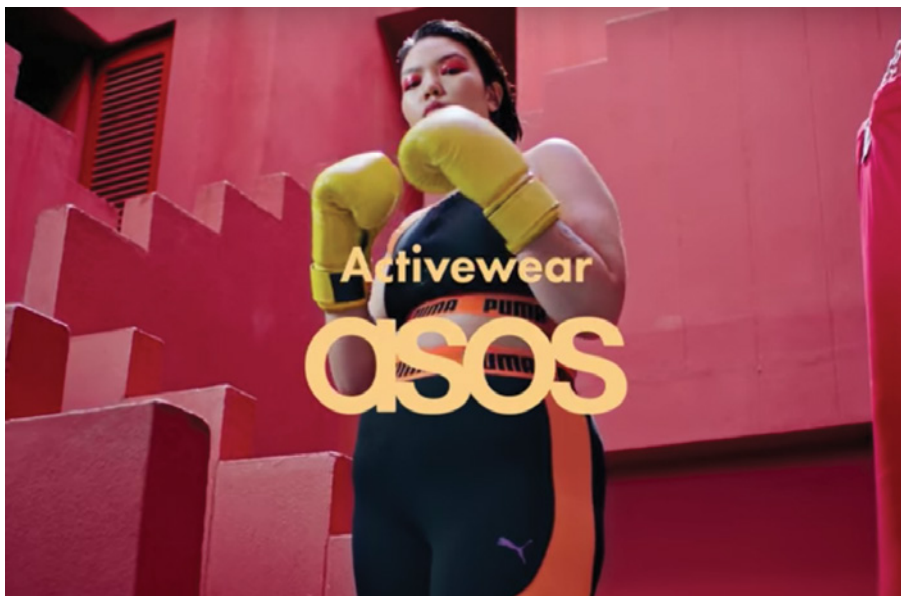
Video has become the largest display format, buoyed by mobile proliferation.

Last year, advertisers spent £476m more on smartphone video ads, representing an increase of 69%, making it the fastest-growing online ad format.

With people spending more and more time consuming video content, advertisers are unsurprisingly using the format to help brands make an impact.

Fashion retailer Asos ensured its advertising struck a cord with its target audience with its More Reasons to Move video campaign, which helped its newly launched athleisure range stand out in a busy market.

Featuring male and female athletes, who do not all have typically ‘perfect’ athletic physiques, the video, which appeared on the Asos landing page and social platforms, tapped into its customers’ open attitudes towards body image and gender.



Video offers retailers a range of opportunities. The popularity of outstream video advertising (large format, auto-play video ads embedded in page content) has grown significantly over the past 12 months, and this form of display advertising can

be highly attention grabbing when inserted between text.

Impact can also be made using video in standard format display ads, such as billboards and expandable banners.

STEP 2 MAKE THE MOST OF DISPLAY ADVERTISING

In today's omnichannel environment, where consumers can be tracked at every step on their journey to buy, digital advertising empowers retailers with a single view of the consumer, based on data relating to their shopping behaviour and previous purchases.

Used effectively, digital advertising can be used to genuinely aid the shopper's buying decisions.

Data-based, product-driven marketing offers significant cross and upselling opportunities. And if there is any doubt regarding the importance of delivering more targeted and relevant messaging, just look at Amazon, Waitrose, Tesco and Asos to name but a few that stand out when it comes to a reputation for having the personal touch.

As consumers navigate their personal digital landscapes, flitting from one device to another, display remains a key format in the advertising mix, engaging people along their route to purchase.

Displaying potential

Display advertising is popular for winning attention in today's bustling digital space. But are retailers making the most of it?

"Display has done a really good job in driving engagement in places you couldn't reach before," says Welsh.

However, display advertising designed to drive customers to buy products they have previously searched for has arguably become a bugbear for some consumers, who complain of feeling stalked online.

Retailers should be aware there are ways to ensure users are not overly re-targeted with the same advertisements. For instance, this can be done by testing the most effective frequency cap and changing the re-targeting strategy after purchase to ensure customers see adverts for related and complementary products. Not only can this stop shoppers being annoyed by seeing the same adverts, but it could also help boost sales revenue.

"There needs to be strict rules about rotation of messages," says Welsh. "It can't re-target the same thing over and over. You need to look at what the customer isn't interacting with and be brave enough to

leave them alone if they're not interested." Houstoun says that display is often under-utilised by retailers that mistakenly see it as just a "last-click solution" to drive customers to websites to buy.

He says display has a larger reach than other channels and, through data profiling, can find new customers who would buy into specific retail brands.

"Based on our inferred assumptions about the audience, we can create multiple messages by the type of customer we think they might be," he says.

"You can deliver a very relevant message through display."

This sentiment is backed up by research from IAB UK. The trade body found digital display advertising is effective across all metrics, raising brand awareness by up to 12%, positively shifting brand

perception by 2%, educating people about a brand by 2% and driving purchase intent by 3%.

Simba Sleep's Tourny echoes these findings, saying programmatic display advertising has driven awareness and brought new customers to its website.

Cleverly used, display advertising can fulfil multiple purposes beyond retargeting, including finding new customers.

Using viewing and purchasing behaviour to build profiles and specific segments for users on their websites, retailers can then build expanded groups of thousands of similar users who can be targeted to find new customers.

After purchase, retargeting strategies should be adapted to upsell and encourage lapsed users back to the website.



Display advertising has driven new customers to Simba Sleep's website

STEP 3 PRIORITISE TRANSPARENCY

Trust and transparency have been thrust into the spotlight over the past 12 months as consumers insist on greater clarity over data use, heightened by high-profile media coverage of data-sharing practices.

The recent Cambridge Analytica controversy, where more than 87 million Facebook profiles were harvested without consent and users were served political ads during the US presidential elections and EU referendum, has left a lasting impact on consumers.

There is now a greater onus on the brands that consumers share their data with to protect that data and ensure third-party partners do not misuse it.

Screwfix's Welsh says: "Transparency comes from being really clear on the rules that you set around the responsibility of your brand.

"Any agency that works with us has to love and respect the Screwfix brand as much as we do.

"We have clear rules around brand protection and auditing."

Screwfix carries out an extensive audit every quarter to make sure its brand and data are protected.

It is also vital retailers have transparent information on the cost of their digital advertising activities and the ROI.

Simba's Tourny says the fact that many forms of digital advertising are new, such as programmatic buying, means that these are being abused by some.

"Some people are using the fact that it is not well known to make it sound over-complicated," he says, adding that Simba operates its display advertising buying in house.



Anti-Facebook protesters

ALAMY

Although many retailers retain a strong and trusting relationship with their agencies, Crimtan says others are bringing display in house and seeking to work directly with vendors.

"Some companies have approached us who feel they need to be more in control, especially considering the new legislation," says Crimtan data protection officer Tony Evans.

"They're turning directly to programmatic companies like ours, so they

can see exactly where they are spending their money, what's working and how data is being used."

As trust and transparency rise up the consumer agenda, retailers will need to ensure they have an open and honest relationship with their partners that guarantees they make the right decisions for their brand and customers.

Retailers are also advised to carry out regular audits to ensure customer data is correctly handled and protected.

GDPR AND ADVERTISING

Effective from May 25, 2018, the General Data Protection Regulation (GDPR) is designed to improve the level of control individuals have over their personal data.

Consumers now need to give explicit consent for their data to be collected, stored and used. Brands therefore need to go through their database and make sure that customers have given their consent historically.

Failure to comply with GDPR will result in fines of up to 4% of annual global turnover, or up to €20m.

Crimtan product director Andy Houstoun points out that retailers need to get "clear and unambiguous consent from customers so they can use display throughout the customer lifecycle".

Simba Sleep is one of many businesses that has invested in CRM tools to ensure GDPR compliance. Tourny says: "We're making sure the customer is more informed, and the communication they will receive is relevant and will give them a better experience."

Houstoun believes that if retailers explain the benefits of sharing data then consumers will give consent.

PARTNER COMMENT

Crimtan talks to retail clients daily about the many display advertising opportunities available and there are still some misconceptions about the part display plays in the marketing mix.

Retail marketers must adopt a more customer lifecycle-centric approach if they want to get the maximum return on their marketing investment and think about the range of display advertising opportunities available along the customer journey.

For Crimtan, display advertising is really about three things: utilising audience intelligence, creative intelligence and investment intelligence to drive customer lifetime value.

In its various formats, display delivers the right person the right message at the right time in the right creative format and context and, as these decisions are made transparently in real-time, it's easy to tweak the set-up to achieve the desired

return on investment. The starting point for every brand will be different depending on their customers – but Crimtan's goal in any display campaign is to take the complexity out of ad-tech and to grow customer lifetime value. This can be achieved either through finding the right new customers, prospecting them to purchase or encouraging further engagement post purchase.

The GDPR will affect all of us and Crimtan has been busy preparing for over a year. We are actively supporting our clients with a new consent management and tracking tool, and our aim is to move into a post-GDPR world with minimum disruption to our joint commercial and business interests.

After May 25, display advertising could be seen as less intrusive than other digital advertising channels such as social and search, and with this new transparency it's likely that more organisations will



look at display advertising with new eyes. And, don't forget, GDPR doesn't impact all display advertising; targeting by page context, keywords, quality, city, device type and applied data like weather, time, events and media schedules are not, and never will be, reliant on personal data.

So, take a fresh look at display advertising in a post-GDPR world and find out how your digital marketing plan can benefit from the many opportunities available.

Jonathan Weeks, sales director, Crimtan

KEY POINTS

- Considerably more is spent on digital display advertising (75%) than on social media.
- Display advertising has a larger reach than other channels such as search and social.
- Display advertising can raise brand awareness by up to 12%.
- Display advertising can be used to deliver highly relevant messaging throughout the customer lifecycle, while other channels only address part of it.
- With the right consent mechanism and many non-personal targeting methods, the GDPR will have limited impact on display advertising.
- With a customer lifecycle approach and the right partner, it's possible to calculate the true marketing ROI of display advertising.

ABOUT CRIMTAN

Crimtan is a fully programmatic, data-driven, digital marketing company based in 12 countries around the world. Crimtan uses audience intelligence, creative intelligence and investment intelligence to drive customer lifetime value and help retail businesses increase brand awareness, find new customers and better maintain customer relationships.

Crimtan's unique technology, combined with decades of digital experience, helps to create connected media strategies for retail clients that are more focused, relevant, responsive and effective.

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