



Faster

How information technology is fundamentally changing advertising, and how iScendency's Marketing Minder™ helps advertisers keep pace.

by

<http://www.iscendency.com/>

Executive Summary

The old joke goes, "I know half of my advertising dollars are wasted, I just don't know which half." As information technology revolutionizes the advertising industry, advertisers will know more and more about which half of their advertising budget is not being spent effectively.

The Quick and The Dead

While the benefits are obvious, the negatives are less apparent. As advertisers become more and more knowledgeable about how effective each advertising dollar is being spent, the competitive advantage will move from brand owners and large budget advertisers to those who can quickly analyze how effective each advertiser dollar is being used, and respond to that information quickly.

The Automated Campaign Manager

As automation comes to the media buying business – where media sellers and buyers can complete insertions orders electronically and without human negotiation – the pace at which media is bid on and purchased will accelerate. What once was a planning cycle that took quarters will take hours. Advertisers who wish to compete will need to be able to track sales, determine the value of a media placement, and purchase that placement in near real-time. This will require that advertisers work with companies who can automate the process of tracking sales, determining the correct media value and purchasing new media.

Marketing Minder™

iScendency's proprietary Marketing Minder™ tool automates the ROI analysis and purchasing process for search engine marketing. Like having a campaign manager on

duty 24 hours a day, 7 seven days a week, Marketing Minder™ tirelessly determines the appropriate media price for any campaign. Marketing Minder™ can be customized to be as aggressive or risk-averse as the client would like in testing and expanding a client's campaign. Marketing Minder™ is a powerful tool in the arsenal of iScendency to help our clients improve their bottom line.

Data = Context = Value

Selling Media is in essence the proverbial act of selling thin air - in some cases, such as Television, literally, and in others, such as print, figuratively. While there may be a physical product involved, such as a print ad, the value of that ad placement is based on intangible assets. Why does a television spot running on a show with an older audience cost less than the same spot running on a show with a younger audience? The two spots are identical, the ratings may be the same, but one has a different context than the other. The value of all media ultimately is defined by the value of its context.

When we talk about the context that affects media price – we are talking about data. Whether that data is gathered through ratings, surveys, focus groups or some other means, it is the data about who watches, when they watch, and how they watch that determines the value. Media and Ad agencies, advertisers and media companies arm themselves with Neilsons, Arbitron ratings, Gallup Polls, Media Metrix, CMR, @Plan, Jupiter statistics and a host of other data to gain a competitive advantage at the negotiating table. The companies who can gather, analyze and respond to this data quickly will gain the competitive advantage.

Campaign Management = Context Manipulation

Campaign Management essentially comes down to context manipulation. By altering media placement based on the data gathered and analyzed, the campaign manager hopes to achieve the client's goals. To successfully achieve this, the campaign manager needs four things: (1) accurate data about the audience their media is reaching; (2) accurate data about the affect the campaign is having – measured in sales, leads, customer satisfaction, etc; (3) tools to analyze both the audience and campaign's affect and make appropriate decisions about the most effective strategies in the campaign; (4) the ability to respond quickly to this information and make tangible changes in the campaign – swapping out creative or changing placement – quickly.

Gather, Analyze, Respond

In it's simplest form, the process of campaign management is one of gathering data, analyzing that data to make intelligent decisions, and then responding by putting those decisions into action. Media Agencies, Ad Agencies, and by extension their clients, can gain significant market advantages by doing one or more of these steps faster, better or cheaper than their competitors. The large agency has an advantage over the small agency because their superior financial resources allow them to gather more data – by subscribing to services, smaller agencies cannot afford, for example. Direct Marketing agencies often obtain advantages by developing the ability to respond quickly (within 24 hours) to buy up low cost unsold media inventory. Online Ad Networks have used their

superior analysis skills to buy up large amounts of inventory, and parse it out to advertisers on a performance basis.

The Shortening Cycle

The pace of the media buying market has accelerated dramatically, largely due to technology. We've seen the greatest affect on the media market for online media – through companies such as Google, Commission Junction and Performics. By bringing automation into the media buying equation they have dramatically reduced the time it takes to order and complete the purchase of advertising space. As companies begin to bring automation to the tasks of gathering information about the effectiveness of their advertising and making decisions about future placements, the cycle between developing a campaign, analyzing it's effectiveness and buying more placements has shortened.

Accelerated Negotiation

Media buying at its heart is a business based on relationships. Rates, placement, and access are based on whom you know. This will never completely change – some media companies will fetch the best price for simple, large dollar buys by relying on personal negotiation. Nevertheless, many media sellers will find that they can create incremental gains in the value of their media by opening up the bidding process to the widest possible group of buyers.

The most obvious example of this is the paid search engine listings online. Google, Yahoo, MSN and most other major search engine companies allow anyone with a credit card to purchase advertising on their site through an automated system without any human interaction. Want to bump Nike, Coke-a-Cola or McDonalds out of the top search engine spot? You can, all you have to do is be willing to pay more than these companies are willing to pay for the same advertising placement. By creating a market where hundreds of thousands of advertisers can bid in real time for advertising space, media sellers create a marketplace where you can find the prices you are paying and the placement you are receiving not changing by the season, the month, the week or even the day, but by the hour.

Until now, media companies have found a business advantage in minimizing their “negotiating costs” by concentrating on selling large amounts of media at a lower cost to a small group of advertisers. It is how the Upfront was born, and in a world where the cost of selling is directly related to the size of your staff, it makes perfect sense. However, where media companies can find ways to automate the negotiating process they can minimize the “negotiating costs” while still achieving the highest possible price for their media at any given moment.

Accelerated Placement

Bidding on media is not an all or nothing proposition, most advertisers are simply jockeying for the best placement. Whether the quality of placement is affected by day part, associated content or whether or not you are on the back page – the higher the quality the higher the price. The question is what is the most appropriate placement for each advertiser – appropriate being defined as the most profitable for the client. Competitive advantages will go to those companies who can quickly determine the most profitable placement for them and alter their media placement as quickly as possible.

In an automated environment, advertisers will have the ability to alter placement in near real time. This creates an environment where the advertisers placement is shifting constantly. This adds a second level of complexity to managing a client's campaign; identifying the most profitable placement for the client is step one, step two is achieving that placement and maintaining it. In an environment where placement is changing on an hourly basis, where any one of your competitors can take your placement away from you at any time, your ability to analyze and respond to this ever changing environment quickly is required to survive.

Accelerated Targeting

Technology allows advertisers to understand their customers in ways that was unimaginable just a few decades ago. The ability to gather demographic, psychographic and customer behavior has edged the advertising agency towards the "science" end of the "science"/"art" spectrum. The first generation of analysis and strategy in relation to advertising allowed advertisers to look at their customers as aggregate groups – typically as market segments – and address each of these groups' needs by responding to the data gathered about each of these market segments.

The second generation of customer profiling will present advertisers advantages and challenges in two ways. First, the amount and quality of data that advertisers will receive will increase dramatically. The ability to gather data all through the supply chain, right down to the final purchase, and centralize and correlate that data means that advertisers will have the opportunity to understand their customers in a way that they never have before. Second, advertisers will be able to use this power to gather and correlate data not just about aggregate groups, but about individual customers.

While this will present advertisers with the unprecedented opportunity to account for the return on investment of virtually every dollar spent on advertising. However, the new challenge for advertisers will be that the market will be begin to fluctuate so quickly, that advertisers who can gather, analyze and respond to these fluctuations in near real-time will have the competitive advantage. And advertisers who cannot accelerate their advertising strategy may find they are simply unable to compete.

Marketing Minder™

One of the key areas where automation has affected advertisers online is in the world of search engine marketing. Successful search engine campaigns often involve 40,000+ keywords running on multiple sites. It is simply not feasible for a traditional human campaign manager to accurately track the appropriate value for each of these keywords on each site and change the amounts paid for each in time to respond to hourly changes in ROI.

Marketing Minder™ solves this problem by automating the Gather, Analyze, Respond™ process and doing the work of a campaign manager 24 hours a day, 7 days a week. To understand how Marketing Minder™ works, it is helpful to walk through a typical transaction with a customer.

A Standard Transaction

Step 1: A consumer sees an advertisement on a web site or search engine and clicks on the advertisement.

Step 2: When the consumer clicks on the ad they are taken to an iScendency server that then collects data about what site the consumer was on, how the ad was generated (for example, what keywords they typed in if they are on a search engine), what time of day they clicked on the ad, etc. This information, in addition to being recorded by iScendency, will be sent to the advertiser along with the consumer. This is a process that takes fractions of a second and is invisible to the consumer.

Step 3: The consumer is then redirected to the advertisers web site, and possibly a specific page in the site that pertains to the ad that they clicked on.

Step 4: If the consumer makes a purchase, the advertiser will record the information that was sent along with the consumer when iScendency transferred them to the advertiser's site.

Step 5: The records of sales generated by iScendency along with iScendency's information are transmitted to iScendency's Marketing Minder™ within twenty-four hours (automated by both the advertiser and iScendency, this happens without any human involvement).

Step 6: The Marketing Minder™ then connects with the web site where the advertising was purchased to gather data about the cost of the advertising. Using the sales data transmitted from the advertiser, data collected from consumers, and the cost of the advertising purchased it will do an ROI analysis based on artificial intelligence algorithms (using heuristics, fuzzy logic, simulated annealing and neural networks) to determine the optimal price for the advertising space.

Step 7: Online advertising is frequently purchased on a "real-time silent auction" model; which allows any advertiser to buy ad space based on their willingness to pay more than any other bidding advertiser. In such circumstances the Marketing Minder™ analyzes successful bidding strategies based on gaining the space vs. paying the optimal price.

Step 8: The Marketing Minder finally takes an action; which can include: ceasing the advertisement on a web site, buying more ad space, buying less ad space, etc. All of this happens without human intervention.

Risk Averse to Risk Taking

Currently, Marketing Minder™ makes this process seamless and fully automated with Google and Overture. For Find What and other major search engine firms Marketing Minder™ produces instructions that allows the iScendency™ staff to quickly adjust media placement.

The Marketing Minder™ can also be adjusted to fit a client's budget and growth strategy. Marketing Minder™ can be set to take a very aggressive testing strategy that will identify profitable strategies quickly, or it can be tuned to take a slower, more conservative approach, that will take longer but use less money during the testing phase.

More Information

For more information, please contact us through our web site at <http://www.iscendency.com/>. We will be happy to discuss your current needs and make recommendations about the course of action that will lead to more sales in the immediate future.