SA's ad industry must not regress to using outmoded digital metrics for ROI

By Andre Steenekamp

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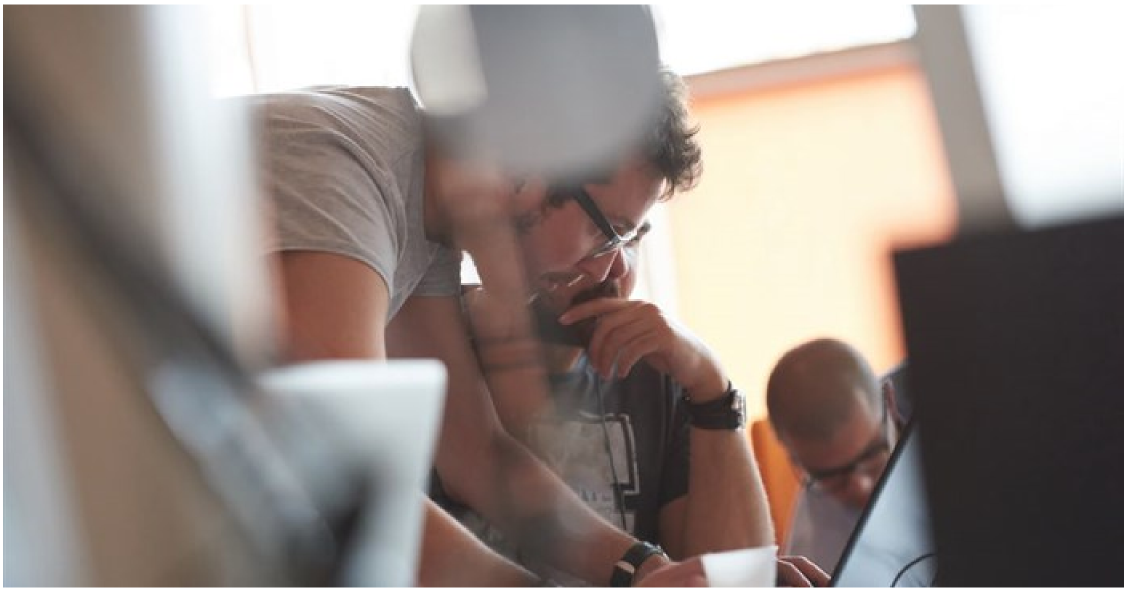
South Africa's advertising landscape is still experiencing the reverberations of years of consolidation that saw global networks snap up some of the country's leading agencies. One effect is that traditional agencies are being pushed by their new international owners to get more serious about online advertising and to position themselves as full-service consultancies.

On the one hand, this is a welcome development because it helps to shift more advertising spending to online channels and encourages brands to take a more integrated view of their marketing strategies. On the other, many of these traditional agencies are not up to date with the latest online marketing practices and skills, and instead rely on outmoded metrics and methods for success.

Nowhere is this clearer – and more potentially harmful to the industry and to brands – than in the current trend of agencies regressing to click-through rates as their key measure for success. Most digital native agencies left the click-through behind years ago because it is no longer the most accountable and accurate way to measure return on investment.



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Indeed, the era of programmatic media buying is upon us, bringing more meaningful and accurate ways to target customers and measure marketing success. Agencies that are too quick to use click-throughs and other traditional reach-and-frequency measures as a crutch are essentially being irresponsible with their clients' money.

Cost-per-acquisition – a more meaningful measure for online media metrics is becoming more accurate and accountable all the time, and programmatic buys support that trend by making it easier to segment audiences, deliver personalised messaging to them, and then measure the results. We can say goodbye to the infamous adage: “I know 50% of my advertising worked, but I’m not sure which 50%.”

We can today know exactly what worked, what didn’t and why. When I say "know what worked”, I mean understanding which placements and messages helped us to convert customers as well as how much these customer acquisitions cost us versus the value they generated. This sounds scary to many traditional marketers and agencies, but they should embrace it as a means to show their performance to the business.

When I speak about customer acquisition goals, I use the term broadly to refer to a range of marketing objectives. It could mean generating a lead from an application form the customer filled in online, a sign-up for the email newsletter, or a customer registering on the site and making a purchase.

What is important in this definition is that an acquisition is a client carrying out an online action that meets the business’s objectives. It has a value and a meaning to the business – it doesn’t simply mean that a few people accidentally viewed the homepage for a few seconds after accidentally clicking on a banner.

We need to match our acquisition goals to consequential acquisition metrics. For example, a bank could look at the potential value of the interest it could generate from a home loan applicant over the period of the mortgage. It could use this to calculate the cost of the acquisition to decide whether the banner ad placement paid for itself.

Marrying business and campaign data for an accurate view of performance leads brands go even further – some of the banks we work with benchmark their online ads for mortgages against the loans approved originating from online applications. This is the end goal: marrying internal business performance information with online campaign data to get a clear picture of ROI.

Of course, getting it right can be a complex journey since there isn’t always a linear path between a customer clicking on the ad and then carrying out the desired action. Brands need to map the entire customer journey and consider how various online channels and touchpoints affect acquisition.

For example, a client might intend to apply for the home loan after seeing the ad, but drop off because the forms are cumbersome. She might visit for more information, and then fail to apply because the landing page isn’t easy to navigate or because the call to action is unclear. Or she might come into a branch two weeks later to fill in the forms.

However, with today’s online analytics tools, we can get a full view of customer behaviour across social channels, search, the website and online media ads to see how they interact in the customer journey. It takes a specialist team and sophisticated knowledge to succeed, but it can and must be done. After all, CEOs are pressuring their marketing teams for results, and marketers are in turn demanding better value and performance from agencies.

Agencies can no longer hide behind nebulous ROI metrics – they must show themselves to be accountable and deliver real business results to their customers.

ABOUT ANDRE STEENEKAMP

As CEO of 25AM, Andre Steenekamp leads the company's expansion in South Africa's fast-growing digital marketing and advertising space. His 25-year career has seen him work in a range of sales, marketing and management positions for leading traditional and digital publishers and agencies. Steenekamp was appointed to his current role following the acquisition of a 50%-stake in Acceleration Media by Times Media Limited.

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