

# The Incrementality Battle: A Solution for eCommerce



Every direct response digital marketer worth their salt has been asked some form of the following questions on more than one occasion:

- Why should I bid on branded search when I'm first in the Organic results?
- Won't Organic get that traffic anyway?
- What portion of paid media is incremental vs cannibalization of other channels?

At Rise, we routinely encounter the challenge of understanding what paid media is truly contributing to the bottom line for our clients; it is a critical question to answer in our efforts to allocate media budgets as effectively as possible. It's more than viewing success by typical digital KPIs (CTR, ROAS, etc), it's understanding how your marketing efforts are driving more profit for the company. We know that there are many channels and tactics a marketer can choose to spend their budget on, so how do you decide where to spend it?

The problem is ubiquitous, but the methodologies and framework to tackle these questions are few and far between. Mostly, we see clients default to looking at blended KPIs as a shortcut to understanding performance. That is, until now! We have delved into this journey in partnership with many of our clients and developed a playbook for how to leverage data to drive more incremental results.

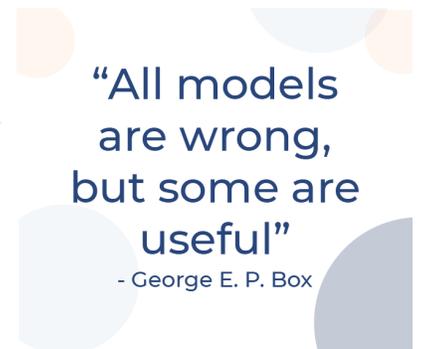
## Building an Incrementality Model

Starting with a model that gets us closer to the truth is a giant first step. While the following methodology is by no means perfect, it leads digital marketers on a journey to a materially better outcome. We poured through the research and analyzed our own client's data to find answers to some of the most vexing questions related to incrementality and the following summarizes the context and intuition that led us to a solution.

First, marketers should start by categorizing paid media efforts into 3 main categories: *Branded/remarketing*, *Non-branded/prospecting*, and *Competitive conquering*.

[Countless studies have pointed to the incrementality of branded paid search](#), and we agree that branded search deserves a place in your overall media mix. It also goes without saying that non-branded search should be considered more incremental than branded by the sheer fact that the user typing in the search is not actively looking for your company. We even take it a step further and break out competitive conquering campaigns from non-branded. It stands to reason that converting someone who is actively looking for your competitor is more incremental than a generic non-branded search.

In order to translate our approach to actual numbers, we look to the incrementality within search based on organic strength. Generally speaking, the difference between branded, non-branded, and competitive terms is how you perform in the absence of paid search. In branded search, you are likely to rank #1, and even 1-3. Non-branded generally finds you in a 2-4+ placement, especially where strong influencers and blogger content exists. Within competitive keywords, you are very likely to rank well past the 5th spot, which pushes you below the fold and essentially out of mind. Using this framework and the research linked above, we get to the baseline pictured right.



Not satisfied with a simple tiered approach, we applied even further rigor. Not all brands are created equal in terms of their unaided brand awareness and market share, so we saw a substantial gap in our model when seeking to apply it to challenger brands and market stallworths alike. If everyone in town already knows you, it is reasonable to assume that marketing incrementality would be lower than for an up and comer. To adjust for this, we take the inverse of our market share and modify for the incrementality based on search type.



**High Market Share** - roughly 80% of total market share



**Medium Market Share** - roughly 50% of total market share



**Low Market Share** - roughly 15% of total market share



For those brands serving multiple markets, an additional step you may take is to integrate market share, market by market, into this calculation. This allows for a model to be created to help drive investment decisions between markets.

Finally, don't limit this approach just to search even though the framework is rooted in search insight. The same combination of baseline incrementality and market share can be applied across Paid Social and Programmatic to remarketing, prospecting, and competitive conquering campaigns alike.

Now, we also know that not all brands are alike and the industry you're in can create nuances for how to tackle this. Below we breakdown how you should think about this depending on if your company is eCommerce or CPG specifically.

### **eCommerce**

For eCommerce marketers, a significant opportunity exists in moving from a revenue-based model to a model based on margin, cost to acquire a customer, and lifetime value—the incrementality model may be applied to any of those metrics. No matter how you look at it, it is critically important to remain focused on evolving your KPIs to more closely align with business goals while continuing to make improvements to your investment decisions across the various categories of spend. The proof is in the pudding when you can demonstrate the impact to your top-line results even if your CPAs or ROAS seem to worsen under the traditional view. Just be prepared to set the expectation upfront that your traditional view of blended ROAS may worsen in favor of driving a more incremental result since you are re-evaluating the value of branded search, which in many cases can be the top performing category of spend.

### **CPG**

The holy grail of CPG marketing remains linking the totality of your marketing efforts to revenue where the vast majority of sales still occur—brick and mortar. Whether you are using a media mix model or a proxy KPI like store locator views, email sign-ups, or coupon downloads, the opportunity to apply an incrementality model remains. The most important step is having a granular campaign structure that allows you to report on the distinct performance of each category of campaigns.

## **Does your agency partner understand the nuances of your business?**

Pushing yourself beyond measuring performance solely on digital KPIs can have a tremendous impact on not only your marketing efforts but to the company's bottom line overall. It comes down to being smarter about making sure your marketing dollars are going to where your customers are and proving that your efforts truly were additional to what you would have gotten otherwise.

If you're interested in learning more about how Rise builds incrementality models for our clients, contact us.

