Adding Adobe Analytics engagement metrics to Adobe Media Optimizer gets a 16% average increase in ROI

Better keyword modeling results in return on investment lift and more revenue generating keywords

Adobe Media Optimizer uses industry-leading algorithms to predict and optimize the performance of paid search keywords. Including engagement metrics from Adobe Analytics leads to significant improvements in forecasting and revenue, especially for long-tail keywords. Results from a range of advertisers shows an increase in ROI of 7% to 25%, with a mean average of 16%. Additionally, the average advertiser saw an increase of 15% more revenue-generating keywords.

The SEM bid optimization challenge

Search engine advertising programs, like Google AdWords and Bing Ads, operate a real-time auction every time a user submits a query. The result of the auction is determined largely by the advertiser's cost-per-click (CPC) bid for the keyword and the click-through rate (CTR) of the ad. However, the auction is opaque; the advertiser only knows the metrics for its own campaigns. The search engine does not disclose bids and CTRs for other advertisers.

Finding optimal returns for search engine marketing (SEM) campaigns depends on understanding the dynamics of each keyword. As you increase or decrease the CPC bid, how does that affect your ad's position on the page, the clicks received, and the revenue generated? Knowing the effect empowers you to distribute budget optimally, depending on the marginal cost-to-revenue opportunities available for every keyword.

Keyword modeling with sparse data

Adobe Media Optimizer uses an advertiser's historical search data, such as impressions, clicks, cost, and average position, and revenue data, like sales, orders, basket value, and margin, to create highly accurate forecasts for every keyword. Campaigns with a common goal, such as sales at a given cost per order target, are grouped into portfolios. A portfolio can consist of hundreds, thousands, or even millions of keywords, all individually modeled. Optimization algorithms then place bids across the entire portfolio to maximize revenue within the given business goal. An advertiser can also run simulations to predict performance for different goals.

Going beyond clustering

Head terms with lots of clicks and conversions can be modeled to a high degree of accuracy, but what about long-tail terms? Individual tail terms, each with few clicks and even fewer conversions, present a much bigger challenge to model. Yet they can represent the majority of keywords in a portfolio, especially for retail and travel advertisers.

The Adobe Media Optimizer algorithms have used hierarchical clustering techniques for many years to build tail keyword models. Keywords are judged to be similar based on campaign hierarchy. Data from similar keywords is aggregated to create useful models so that the revenue potential for each can be ascertained.
Adding engagement metrics from Adobe Analytics

The seamless and robust data integration between Adobe Media Optimizer and Adobe Analytics lets an advertiser see conversion metrics alongside SEM metrics in either user interface. No need to worry about data de-duplication, FTP uploads, or double-redirect URLs.

Engagement metrics from Adobe Analytics, such as time spent on site, page views, and bounce rates, are now baked into the Adobe Media Optimizer tail keyword models, making a significant improvement to accuracy. The algorithm coordinates and adapts between the hierarchical clustering model and the behavioral engagement data from Adobe Analytics. Higher importance is attached to engagement metrics when clicks are sparser. As clicks increase, the hierarchical model takes more importance.

As a result, tail keyword models are more accurate. That lets the Adobe Media Optimizer portfolio algorithms make better bidding decisions, leading to higher ROI.

Average of 16% more ROI; 15% more keywords generating revenue

The results from using engagement metrics are significant. Across a range of advertisers in different verticals, ROI increased in a range of 7% to 25%. The mean average was 16%, at a statistical confidence interval of 95%. These improvements are over and above the returns Adobe Media Optimizer already generates with through modeling and portfolio optimization.

Additionally, the average advertisers had 15% more revenue-generating keywords after including the Adobe Analytics engagement metrics.

Enterprise advertisers invest millions of dollars annually in SEM, generating tens or hundreds of millions of dollars of revenue in return. An ROI increase of 16% is a huge amount of additional revenue.

Ancestry.com.au uses advanced analytics for better returns


Using real-time data analysis capabilities supported by the exchange of information between Adobe Analytics and Adobe Media Optimizer, Ancestry.com.au gains insight into user behaviors, including how users reach the site, how they engage once they are on the site, and what types of actions lead to conversions.

By enriching both sets of information, the tools can greatly enhance campaign performance. “With the integrated Adobe solutions, we’ve seen a lift in conversion for the long tail in our main product portfolio,” says Godfrey. “Other portfolios have seen even greater conversion lifts for terms with previously limited or no conversion data.”

Benefits

- **Improve revenue per click and ROI** by extracting predictive revenue signals from Adobe Analytics data.
- **Discover hidden treasures** in the tail without requiring extra spend for experimentation and learning.
- **Get significant accuracy lift** in predicting tail revenue.
- **Go beyond clustering techniques** to improve modeling of long-tail keywords with engagement metrics.
- **Spend learning budget** smartly through more informed and guided learning enabled by the new model.
- **Manage portfolio risk** by having more revenue-generating keywords.