iQUANTI

INSIGHTS

Driving Digital Marketing Growth in a Tough Market

Maximizing Your Marketing Dollars: A Framework for 2023

April 2023

Vish Sastry Rachakonda

Founder & CEO, iQuanti

Table of **Contents**

Driving **digital marketing growth** in a tough market

01

2023 is turning out to be a very challenging time for marketing leaders across industries. It has been decades since we've been hit with the double whammy of inflation and economic uncertainty. Across clients, we're seeing marketing budgets under pressure, even as slower demand and rising costs continue to call for bigger ad spends.

In a recent thought leadership webinar, **Vish Sastry Rachakonda (CEO & Founder, iQuanti)** and guest speaker **Nikhil Lai (Analyst, Forrester)** discussed tactics for digital performance marketers to drive top-line growth more cost-effectively and ensure the value of their marketing dollars is maximized in 2023.

A quick note on the **current economic** outlook

02

At the end of the first quarter of 2023, customer financial health has remained positive. Unemployment rates are at a historical low and customer spending has remained healthy. Inflation seems to be turning a corner after the surge in 2022, but 46% of Americans reported it as their top financial concern in the next six months. A recession is anticipated in the second half of 2023, and the uncertain economic outlook and reduced advertiser confidence is having a significant impact on ad revenues across digital performance marketing platforms.

Global media investment and intelligence company MAGNA's Global Ad Forecast predicts that digital advertising sales will grow by +8% (to reach $557 billion dollars), to account for over 65% of global ad sales. The US market growth rate, however, will be below average in 2023 (+4% to $330 billion) due to "weak demand (GDP growth under 1%) and the lack of cyclical ad spending."

Industry Speaks

We saw further pullback in spend by some advertisers in Search in Q4 versus Q3 (2022). In YouTube and Network, the year-over-year revenue declines were due to a broadening of pullbacks in advertiser spend in the fourth quarter.

- Sundar Pichai (CEO, Google)

Q4 revenue remained under pressure from weak advertising demand, which we believe continues to be impacted by the uncertain and volatile macroeconomic landscape.

- Mark Zuckerberg (CEO, Meta)

Banking and financial services industry has been feeling the heat as well. Most banks saw YoY profit declines continue in Q4 2022 as well. Wells Fargo, for example, posted the biggest profit drop of 50% YoY, while Citigroup reported a 21% decline in profits YoY.

The combined fourth-quarter 2022 total investment banking revenue for the Big Four U.S. banks dropped 53% YoY as M&A and capital issuance activity declined.

However, it looks like the banks are anticipating a recession by mid-2023, but not expecting a major downturn. While many major banks have increased their loan loss provisions in Q4 2022, they are not taking any other major actions yet.

What can marketers do in a **recession** to meet **organizational goals**?

03

Based on where they are in their organizational growth and marketing maturity, companies are adopting one of two strategies:

1. Building efficiencies within their most successful (and expensive) performance marketing channels or

2. Opportunistically investing in growing share-of-voice in the market during economic volatility

Let us take a closer look at both these approaches.

Approach 1

Maximizing the impact of marketing dollars by building efficiencies

For marketing leaders, the need of the hour is not only driving business outcomes. The focus needs to be on driving results while holding every dollar accountable. You need to ensure that you are clearly laying out how you would drive efficiencies across the board to make your marketing dollars go further.

This would involve figuring out how to:

Drive efficiencies within existing channels

01

Ask yourself: *"This channel is driving results for me, but how can I get more out of this channel now?"*

Drive efficiencies across channels

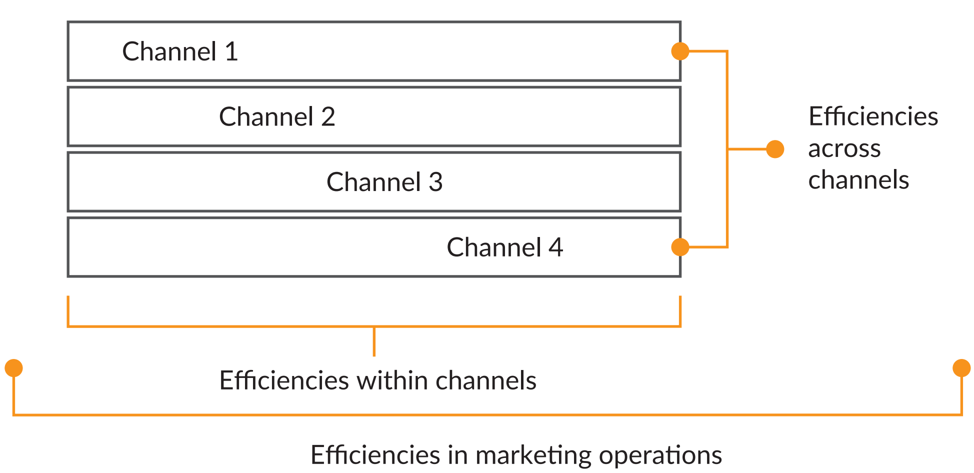
02

Ask yourself: *"How can I ensure that my channels are working together to build incrementality and minimize wastage?"*

Drive efficiencies within marketing operations

03

Ask yourself: *"Are there ways for me to divert more dollars to ad spend by reducing my operational costs?"*



01

Driving efficiencies within channels

In a recession, the first step is always to follow the money.

Marketers need to look at the biggest pockets of money and figure out how to drive efficiencies there.

In the performance marketing space, Paid Search is usually the largest spend bucket. iQuanti has been consulting with some of the largest Banking & Financial services brands and helping them figure out how to drive better economics in their Paid Search channel. Here are some strategies that have borne fruit:

1. Increase sophistication with automation

Automation helps unlock profitability and build efficiencies over time. More often than not, we have seen automation efforts being deterred by the time it takes the models to learn before they start driving efficiencies. iQuanti has worked with clients to build automation capabilities that help the models learn faster. We've seen a 10-15% decrease in average CPAs by moving to automation.

2. Optimize for value rather than volume using first-party data

Marketers need to focus on optimizing for cost per outcome rather than optimizing for cost per account. For many, this may involve unlearning optimizing for CPAs, and instead looking at the life time value of customers while assessing results. This is true especially for banking and financial services, where the LTV of a customer may vary significantly. By better harnessing the potential of first-party data available to them, brands can drive significantly better results for their marketing dollars.

Case Study:

A top bank in the US was looking to increase its share from high-value acquisitions from different marketing channels such as paid search for its retail banking business.

We worked with the client's paid search marketing teams to understand challenges in transitioning from volume-based optimization to value-based optimization. Next, we did extensive historic first-party data analysis to uncover funding, attrition and balance erosion trends. Further, we assessed EBIT upside through opportunity forecasts with data-driven assumptions. Finally, we rolled out at ROAS bidding strategy with value metrics based on instant funders and simulated latent funding value. And we implemented similar audience targeting using high-value customer segments from first-party data.

The result? The move to ROAS resulted in **20% reduction in cost** and **30% increase in ROAS.** Similar audience targeting resulted in performance being rank ordered by first-party data segments, with lookalike acquisitions of more profitable customers over-indexing by 20% in funded balance performance.

Similar audience targeting resulted in performance being rank ordered by first-party data segments, with lookalike acquisitions of more profitable customers over-indexing by 20% in funded balance performance.

iQUANTI

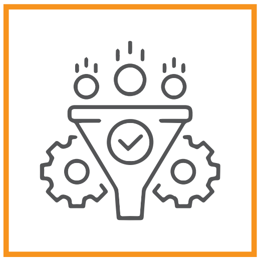
3. Increase conversion efficiencies by investing heavily in CRO:

iQuanti recommends a three-step approach to optimizing for conversions:

a. Benchmarking and identifying opportunities

b. Implementing a testing framework that allows you to set the right testing sequences for maximum impact

c. Increasing the velocity cadence of testing



Case Study:

A leading US bank reached out to us to undertake a massive site redesign program that would help modernize their assets and on-site customer journeys, in order to improve CVR and attract more profitable customers.

We mapped out multiple customer journeys for a retail bank application flow. Next, we worked with the bank's implementation team to do an in-depth tag audit and highlight gaps in measurement. We leveraged our Adobe Experience Cloud expertise in analytics to conduct an in-depth current state analysis. This helped us identify key areas of engagement and customer drop-off across different stages in the journey.

The outcome was a **46%** **increase in app start rate.** The average deposit balance of the redesigned page increased by 26%.

02

Driving efficiencies across channels

iQuanti recommends three solutions to boost your cross-channel efficiency:

1. Move to smarter analytics and measurement

To be able to meaningfully determine where to spend your money, marketers need to re-evaluate measurement using advanced techniques for measuring effectiveness.

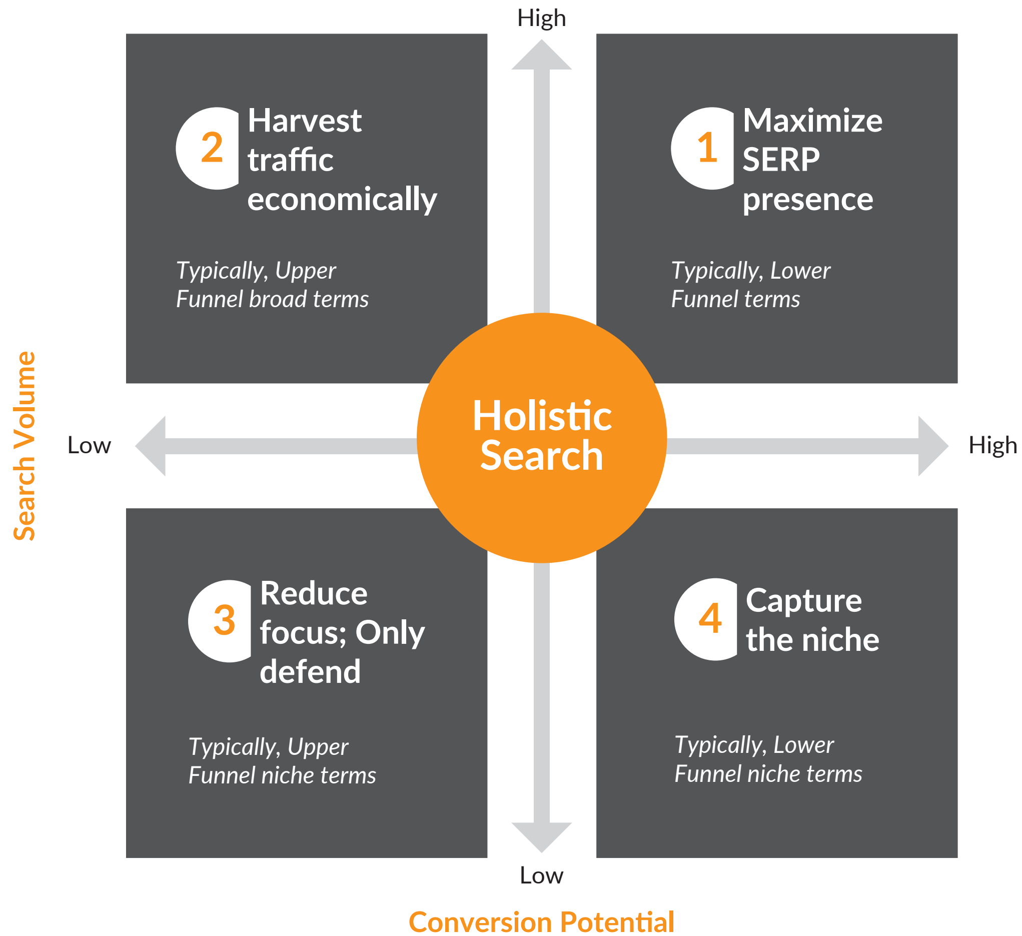
It is time to move away from last-click attribution, and really understand where each channel is adding value. Marketers also need to identify opportunities to add incremental value by getting different channels to work together. Media-mix modelling allows you to bring offline and online channels together to give you a comprehensive view of the performance landscape to eventually make smarter decisions about which channels to invest in.

2. Holistic search marketing for better economics:

During tough times, you need to be looking at opportunities to drive incremental value and results across channels.

Holistic search does exactly this – maximize the impact of Search across both organic and paid.

iQuanti has developed a native framework to help focus on users' search intent and combine keyword research for SEO & SEM. Our framework enables an easy classification of keywords across four quadrants - each representing a specific holistic search strategy, and boosting your conversion potential on Search.



3. Profit from the halo effects of offline media

Research shows that brands that allocate 15% or more of their budget to OOH realize an 80% lift in paid search ROAS and a 56% lift in paid social ROAS. Similarly, data proves that exposure to TV ads lifts blended ROAS by as much as 10% by causing consumers to search for branded keywords at the expense of generic keywords. Tapping into these opportunities can help lift your overall business outcomes.

Industry Speaks

When marketers unify online and offline channels, they can activate halo effects from offline channels that make their dollars work harder, turning $1 into $1.50.

- Nikhil Lai (Analyst, Forrester)

03

Driving efficiencies in marketing operations

With tightening budgets, companies are looking at newer ways to maintain output while lowering costs. Two emerging trends we have observed in this space include:

1. Automation to increase efficiency of teams/ resources:

Automation has helped drive efficiencies across marketing functions like content and paid campaign management.

Content automation helps with reducing the time, effort and cost involved in content creation and significantly increases the volume of production. Content teams can automate the processes of online research and keyword research to build a creative brief. Next, they can use AI tools to produce first drafts from the information in the creative brief. As a result, writers have more time to focus on strategic tasks like capturing brand voice and nailing the point-of-view, which increases the overall effectiveness of the content.

2. Globalization of marketing teams:

Increasingly, as digital marketing has taken a center stage, globalization of marketing, or at least aspects of marketing, has become an attractive possibility.

Today, companies are attempting to build global digital marketing teams to bring down their operating costs. Specialized marketing roles that are most in demand globally include analytics, paid campaign management and creative production.

Approach 2

Strategic expansion to gain share of voice in the market

Proactive marketing to build pent-up demand and gaining share-of-voice during a downturn is cost-effective.

Companies who choose to opportunistically invest in growth during this time will gain a definite strategic advantage.

Recent research shows that 86% of executives feel that when they see advertising from a company during a recession, it keeps that company top of mind when making purchasing decisions and makes them feel positive about that company's commitment to its products and services.

We have seen companies going about this in three ways:

1. **Reaching customers earlier in the journey funnel:**

   Brands can focus on building better customer experiences (and eventually more acquisitions) by moving beyond bottom funnel to mid and upper funnel. For example, by expanding content hubs to include upper and mid-funnel content, while optimizing for search intent, has really shown to improve conversion rates.

2. **Breaking through the clutter with new formats and channels:**

   Marketers should actively look to identify where their customers currently are and strategize to be in front of them. With the rising popularity of platforms like TikTok, the way your customers consume content is undergoing a radical shift. For example, digital native Gen Zers are increasingly relying on financial influencers or 'finfluencers' on TikTok and Instagram for financial advice. Banks and financial institutions who tap into this opportunity and partner with these influencers could significantly increase their reach and impact. Also, around 40% of 18-24-year-olds use TikTok and Instagram for search instead of Google, especially for local and how-to searches.

3. **Building and maintaining customer loyalty:**

   Brands have been increasingly investing in building customer loyalty by better utilizing their first-party data. A few examples from the banking and financial services would include J.P. Morgan Chase, who has become a top five US consumer travel provider with its acquisition of Frosch.

The **final word**

04

We are living in interesting times. The economic uncertainty presents not only new challenges but also interesting opportunities to marketers who are looking to make an impact. It is time to sharpen focus, isolate priorities, build efficiencies and grow your brand. Wishing you all a great 2023!

Have questions? Reach out to our digital solutions team today to start a conversation!

About **iQuanti**

iQuanti ignites powerful and predictable digital marketing performance for global brands with an approach rooted in data science and deep vertical knowledge.

iQuanti offers a unique blend of channel management services, strategic consulting expertise, and proprietary product offerings to empower brands to exceed their customer acquisition, engagement, and conversion goals.

iQuanti's award-winning and patented enterprise SEO platform ALPS™ uses proprietary data science and machine learning to build predictive enterprise level SEO roadmaps that deliver stronger ROI.

Founded in 2008, iQuanti now has 600+ employees across New York, Chicago, Dallas, and San Francisco, as well as Bangalore, London, Singapore, Mexico City and Toronto. In 2022, iQuanti's top performance marketing results were recognized on multiple global platforms including the Global Agency Awards, UK Search Awards, and International Performance Marketing Awards. iQuanti was named to the Inc.5000 list of fastest growing private companies in the U.S. for the eighth time in 2022.

insights@iquanti.com

Headquartered at:
111 Town Square
Place, #510, Jersey City,
NJ 07310

iQUANTI

www.iquanti.com