

In a study conducted by Carphone Warehouse, spend on mobile search delivers a 5:1 ROI, and 90% of clicks are incremental

Carphone Warehouse

About Carphone Warehouse

- Leading UK mobile phone retailer
- Founded 1998
- Headquartered in London
- www.carphonewarehouse.com

Goals

- Capture and quantify the impact of mobile marketing on offline purchasing behaviour
- Calculate how ROI from mobile search campaigns translates into in-store sales

Approach

- Conducted a test versus control study
- Increased mobile search investment in test group for three weeks
- Measured differences in in-store sales between test and control markets

Results

- Indicated a 5:1 return on Google mobile search ad spend
- 90% of additional clicks generated by upweight were incremental

With 800 retail stores across the UK and Ireland, Carphone Warehouse is the UK's largest independent mobile phone retailer. In terms of digital traffic, its website was the second fastest rising ecommerce site in the UK between 2012 and 2013.¹

As a pioneer in the mobile phone retail sector, it stands to reason that Carphone Warehouse is perennially an early adopter of the latest methods of marketing to customers through mobile devices. The main goal of its pay-per-click mobile advertising is to drive sales and convert new customers. The brand is increasingly interested in understanding the influence of mobile marketing not only on immediate, direct sales, but in grasping mobile's role in longer-term sales funnels.

The big picture

Carphone Warehouse knew that 20 to 30% of telco search queries were on smartphones, and at peak times this spiked to 50%. The company also understood that a significantly high proportion of its own web traffic – up to 50% around key handset launches – was coming from visitors using smartphones.

While heavy activity on site functionalities such as click-to-call and store locators indicated possible intent to purchase, many customers understandably do not complete a conversion on their mobile devices. In order to make better decisions about the allocation of marketing resources going forward, the company believed it was necessary to more accurately monitor and attribute mobile's contribution to eventual in-store sales.

"Mobile devices are increasingly the screens that have a key role in early researching journeys, so understanding how digital affects and influences the consumer's purchasing behaviour and journey through all channel touch points is key."

–Gareth Jones, Head of Online Marketing Carphone Warehouse

Testing, testing

Working alongside Adobe Media Optimizer, Google and Carphone Warehouse designed an experiment using a geo-based methodology to develop insights around this phenomenon of consumers conducting research on potential product purchases on the mobile web then completing subsequent transactions elsewhere. Specifically, they sought to find an answer to the question "Does mobile search advertising with Google drive consumers to buy in-store?"

¹ Source: IMRG-Experian Hitwise Hot Shops List, April 2013

"In terms of the full value of multi-channel impacts, your mobile CPAs effectively reduce dramatically if you account for the additional sales in-store."
-Gareth Jones, Head of Online Marketing Carphone Warehouse

First, Carphone Warehouse considered sales in all 23 of the geographic market areas (GMAs) in the UK. The Greater London GMA was excluded, as were those that had no physical stores and therefore no in-store sales. Of the GMAs that remained, the company produced historical revenue baselines. GMAs were then paired based on similarities in sales volume baselines. Of each pairing, one was randomly selected to serve as a control and the other was assigned to a test group.

The method involved significantly increasing pay-per-click search spend on smartphone devices across branded and generic keywords for a period of three weeks in the test markets. Saturating the test group in this way made it possible to compare sales across test and control markets, while accounting for factors such as the seasonality of sales. The sales lift was derived from comparing in-store sales in test versus control areas against a historical baseline.

Proof positive

Increasing mobile search ad investment drove significant incremental sales in the test areas. In fact, the project identified a 5:1 return on Google mobile search ad spend (see graph, below). The research also showed that around 90% of the additional clicks generated by the upweight were incremental – in other words, traffic that would not have been generated organically. These statistically significant results prove that paid search on smartphones can drive incremental offline sales at a strong ROI. The test showed a directional increase in store visits in the tens of thousands over the measurement period, too. As accounting for additional offline sales dramatically reduces costs per acquisition, this further strengthens the case that mobile advertising investment drives ROI.

Store sales impact from mobile ad spend

