



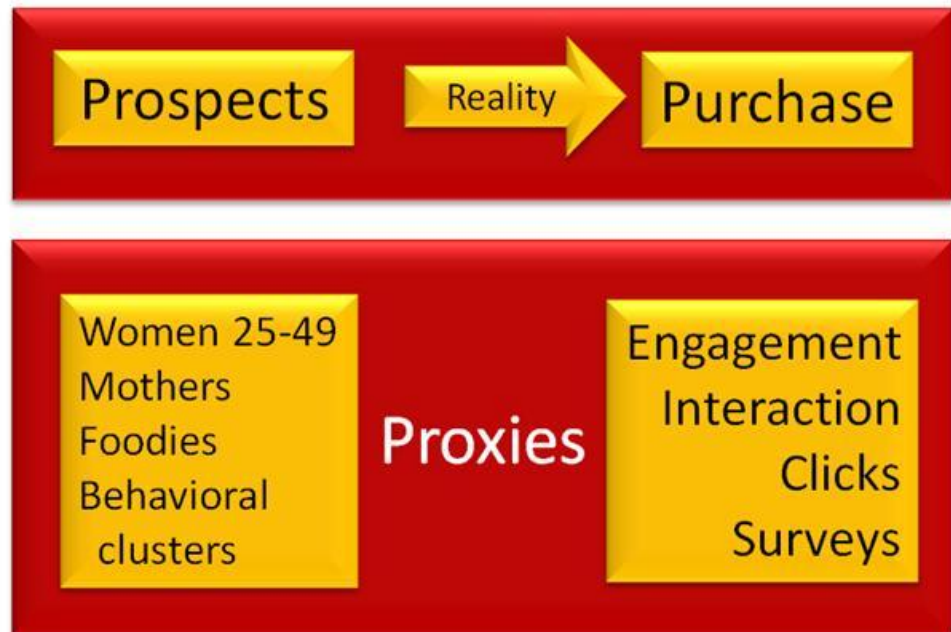
Reality in a digital world of 'proxies'.

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This white paper discusses the nature of the Grocery Shopping Network in terms of the targets of many media buys. In conversations with GSN's advertisers and prospects, we have uncovered an interesting 'reality' gap.

The brand media buy is designed to reach **prospects** in order to influence their decision to **purchase**. (Duh.)

In online direct marketing and search marketing, prospects are surfaced and tracked to the purchase. But in CPG brand awareness advertising, the linkage, starting on the consumer's screen and ending at the checkout counter, have been impossible to link. Yahoo! and Nielsen have done an interesting job of this



using audience segmentation tied to a panel with scanners who report purchases, but it is still a dicey projection of data when you analyze the methodology and the ability of Yahoo! to disproportionately reach the panelists, whether disclosed or not.

The digital world has grown (except in the area of direct marketing) around a dual set of 'proxies' for **'prospect'** and **'purchase'** that are interesting (much as Aristotle described the shadow on the cave as not the reality).

First is the proxy for **prospects** of the product. In the CPG world, the proxy for prospects is typically made using 'demographics,' which is a holdover from traditional CPG media marketing. Say you sell a cereal product. In the analog world, your proxy for the cereal buyer is the people who make up the largest subset of the disparate groups of cereal buyers. Mothers with

kids at home. So the media proxy for cereal buyers becomes mothers with kids at home and the RFP emerges as 'women 25-49.' There are no RFPs that say 'people shopping for cereal' (excepting, perhaps, keyword buys). This made sense for TV and print (mass media) but is not so practical for targetable media. Why would you only target 'women 25-49' when that excludes 50% of cereal prospects?

Second is the proxy for **purchase**. Since most digital CPG advertising isn't directly traceable to a purchase activity, the proxy measurement is for the impact on brand awareness. This has led to a bunch of measurements over time, which can be completely misleading. A few:

- Clicks/clickthroughs. Ever since the first online ad, a click was the newest neatest thing that differentiated the ad from its mass media brethren. Some of the adworld lives on clicks (search, for example, or direct marketing) but otherwise, clicks can be deceptive. Gian Fulgoni, CEO of Comscore, believes clicks are completely misleading as a metric for the brand success of an ad, and our data supports, often showing lift for ads that don't invite clicks or get clicked. I have long believed that an ad (for the same product, to the same audience) that by itself gets clicked more is inherently more appealing than one that does not, but of course, once you set a goal of 'clicks,' then the gaming inevitably begins (click here for a free iPod at the other extreme) and the click is no longer as useful a measure.
- Engagements. Actions like 'hovering' or 'interaction' are viewed as representing a deeper level of 'engaging' with the brand and therefore leading to increased effectiveness of the brand message influencing purchase. I have no real issue with engagements representing more time with, and focus on, the brand and its message and attributes, but it is also capable of being gamed and is not necessarily correlated with greater purchase propensity.
- Virality. I am a total believer in word of mouth. Friends are more credible than advertisers and this is proven over and over. As long as virality is not gamed (and it mostly is) then it is almost the holy grail.

*GSN is among the category of websites and applications where there is no need for a proxy, and the proxies become confusing. All of the people who go visit their grocery store website to plan their trip to the store are **prospects** (although not all are, say, baby households or organics/nutrition fans) and we are able, through our partnership with the grocers, to measure just how well an advertising campaign on our network translates into **purchase**. Our 'behavioral' category targeting lets us select for groups, such as dairy, baby, pet, etc. with strong precision.*