



## **Executive Overview and Fact Sheet for a Daily Deal**

Click on Detroit is an NBC affiliate television station owned and operated by Washington Post / Newsweek. Thanksgiving weekend of 2010, Click on Detroit ran a Deal of the Day powered by Analog Analytics. Over this three-day period they completed more than 4,500 transactions and generated more than \$45,500 in revenue.

The deal page is available here: [http://sb1.analoganalytics.com/daily\\_deals/2309](http://sb1.analoganalytics.com/daily_deals/2309)

## **Fact Sheet**

### **The Merchant Advertiser**

ACO Hardware offered a \$20.00 deal for \$10.00. They have over 60 locations in the Detroit area and have been in business since 1946. The campaign ran over a 3-day period.

### **Locations**

Due to their many locations there was unusually broad geographic relevance for ACO Hardware's deal, leading to increased interest, audience reach, and sales.

### **Merchant Advertiser Promotion**

ACO Hardware sent an email blast to their 40,000 person subscriber base the morning of the deal, and again on the second day.

### **NBC Click on Detroit**

Utilized their own television inventory with three 10-second premium television ad spots on Day 1; six 10-second spots on Day 2, and five 10-second spots on day three. Please view their promo video below as an example: <http://www.youtube.com/watch?v=-ot06UMD6cQ>

### **Timing**

The deal ran Thanksgiving day through Thanksgiving weekend, one of biggest shopping weekends of the year.

## Components of Success

The goal of every daily deal is to drive as consumers to a transaction page to accumulate email registrations or to complete a transaction. There are several components vital to successful attainment of this goal:

1. The website must present the deal simply, clearly, and cleanly with minimal visual distraction. A single compelling, deal-relevant graphic helps sell the deal. It must also underscore the publisher's or broadcaster's brand. These components are essential as the consumer quickly decides whether to purchase the deal. Within seconds the consumer will determine the following:
  - Is it a genuine bargain?
  - Is it conveniently located near where I live or work? Will I travel to the deal?
  - Is it a trusted, highly recommended merchant?
  - Do I trust the publisher or broadcaster with my money?

Publishers and broadcasters frequently become distracted by the power of the web, attempting to create a rich visual experience with multiple deals, display ads, complicated purchasing models, user surveys, and links to other pages or sites. This makes the page difficult to navigate and is a recipe for disaster. Every moment the consumer is on a deal page and isn't learning about or purchasing the deal is a moment they may decide not to.

The deal of the day is a spontaneous purchase decision. Every element of the page should be focused on a single purpose: guiding the consumer to buy the deal of the day in the shortest time possible. NO DISTRACTIONS!

2. Use the power of your publishing or broadcasting machine to drive consumers to a conversion. In this case the conversion is either an email registration or the purchase of a daily deal. Traditional advertising has value which can and should be used to further the daily deal. However, it must be used in a standardized fashion: the publisher or broadcaster must create a schedule, timeline, and set of deliverable items to promote and drive every deal.

As such, the publisher or broadcaster must utilize alternative forms of media in their advertising. If you are a newspaper, barter radio spots! If you are a TV station, barter newspaper ads! The most successful daily deals are "working at least two media sources," including their own. If you are unconvinced, Analog Analytics has its very own "Derek Jeter" of daily deals and you can learn firsthand how much revenue can be generated in a town of <400,000 people with the help of alternate forms of media.

3. In order for a publisher or broadcaster to be successful with their deals they must understand their current and potential audience. After all, the end consumer is the source of revenue.

Here are some sample statistics for the Click on Detroit website:

- Monthly average of more than 2 million unique visitors
- Promoted every day on WDIV-TV via a high-impact campaign valued at more than \$5,000,000 annually
- 34.0% web visitors age 15-54 have a household income over \$100,000

Such demographic statistics are initially helpful in determining what deals to promote through your publication. However, it is also important to understand the general demographics of daily deal buyers and analyze the performance of past featured deals to recognize who your audience of regular deal buyers is. Consistently choosing great deals comes with understanding the various sections of your market. For example, the Orange County Register (with an affluent, mostly older audience located in Southern California) always does well when they feature spa deals, but does spectacularly well with fishing deals. The OC Register can't run a fishing deal every day, but by alternating between deals aimed at different demographic groups the OC Register has consistently generated revenue and captured valuable consumers with meaningful lifetime value.

In short, hosting successful daily deals rests on understanding your market and audience. This can be done through demographic research and analysis of prior deal performance and ongoing attention to deal performance. The audience for a daily deal does not necessarily match the audience viewing the publication or watching the broadcast. Additional optimization also requires implementation of...

4. Email. Email is used in the following ways:
  - Opt-in email lists must be optimized. Sending out news feeds, running contests, or asking consumers to respond to a survey of businesses they'd like to see featured are time-tested techniques for growing the list and improving understanding of the audience. Optimized opt-in lists can have 10% to 20% open rates.
  - Mass email can be carefully blasted through qualified service providers, within the limits of can-spam, in an effort to reach new potential customers. Bounce rates, Click-Thru Rates (CTRs) and open rates need to be measured. Anything better than a 3-5% open rate is considered reasonably good.
  - Understanding the parameters of each deal in concert with the blast is essential. For example, Analog Analytics data shows that most single-location narrow demographic deals for a restaurant or spa will attract 90% of its audience from an eight-mile radius of the merchant advertiser. Alternatively, wide demographic deals like family fishing or balloon rides have a geographic reach of ~20 mile radius for 90% of its audience.

There are several different data reporting tools that can provide invaluable information about your audience in conjunction to the day's deal. Please take a look at Figure 1.1, a data report from Campaign Monitor attached at the end of this document.

## 5. Search Engine Optimization (SEO) & Search Engine Marketing (SEM)

- Both free and paid search must be included, along with all appropriate tagging, to properly track internet traffic. However, the first 90 days of an SEM/SEO campaign are used to accumulate data and statistics. This way, a publisher or broadcaster can understand whether keywords work best to drive conversions or social networking ads are providing the best return on investment. There is no single magic formula: the important thing is to stay nimble and understand what works best for an individual publisher or advertiser. A common mistake is to try and “hit the cover off the ball” in the first 90 days using any and all methods possible. Analog Analytics recommends the first 90 days be used primarily for data capture, audience analysis, and incremental use of all optimization techniques so that the right formula for each property can be discovered, validated, and optimized.

## 6. Social networking

- Utilizing Facebook and Twitter are essential. Facebook plug-ins and Facebook Connect can and should be used on every site to fully optimize a publisher or broadcaster's deal of the day online presence. Highly targeted Facebook display ads can also be used. During the first 90 days these techniques will be assessed for their relative efficacy and the next techniques will be identified and used long-term.

## 7. Affiliate Marketing

- Affiliate Marketing techniques promote the daily deal through a set of offers hosted by Analog Analytics' daily deal software. Affiliate marketing techniques hosted by Analog Analytics software include...
- Deal credits. Deal credits are deal promotions where the publisher or broadcaster offers a \$10.00 credit towards the next purchase. Deal credits are simple and inexpensive ways to promote conversions and build email lists.
- The Personal Affiliate Network. In Q1, 2011 Analog Analytics will be debut the first-ever daily deal Personal Affiliate Network, where a consumer who shares a deal with a friend who purchases that deal will get a 10% monetary reward. This grassroots campaign model will simultaneously provide material traffic, conversions, and revenue, while promoting the local publisher/broadcaster deal of the day as a nationwide network.

## **The Fundamentals Have Changed!**

The daily deal represents a fundamental shift in traditional advertising. The daily deal allows accountable advertising to become available to small and medium businesses for the first time. No longer will advertisers spend money designing ads, placing media, and waiting for the consumer to appear and make a purchase. The model has been reversed. With the Deal of the Day the consumer buys the deal and the publisher and merchant advertiser get paid immediately without having to deliver products or services until later. Accountable advertising provides the merchant with new customers, a huge upsell opportunity and, most importantly, instant revenue.

This new model is rapidly being developed across the country and across the world. Google's recent \$6 billion bid for Groupon is based on their confidence in the daily deal model's worldwide monetizing potential.

## **What Is At Stake?**

Groupon is also deconstructing traditional advertising, and is the most significant threat to traditional advertising since Google. The Groupon model eliminates publishers and broadcasters from the advertising process. Groupon merchant advertisers are now signing premium “exclusivity deals” that preclude the merchant advertiser from doing daily deals with other daily deal providers, preempting the role publishers and broadcasters can play in the new pay-for-performance model. In an age where funding for traditional journalism is being lost quickly, Analog Analytics’ deal of the day platform is a way for publishers of any size and in any media to stay competitive on the online advertising landscape.

## **A Powerful Idea for Publishers and Broadcasters.**

Since the inception of publishing and broadcasting, revenue has almost always come from the advertiser. With the launching of a daily deal site, revenue will now come directly from the consumer: a very large potential revenue source. However, this means publishers must learn to understand their subscribers the way cable and phone companies do.

As such, each email registration – a.k.a. access to each consumer – has a lifetime dollar value. On average, daily deal customers buy 2-3 deals a year and continue to do so over a 3-4 year period. The publisher or broadcaster must therefore establish their customer acquisition costs in order to fully leverage the lifetime value of each consumer. As of this writing Analog Analytics has estimated that Groupon pays approximately \$35 for each customer.

With the Deal of the Day publishers and broadcasters in any form of media, regardless the size of their audience, are now entering and competing in the marketplace for consumers. The services and software offered by Analog Analytics help publishers and broadcasters systemically launch, analyze, and optimize their online advertising endeavors, promoting the development of online advertising as a permanent, lucrative source of revenue for media outlets worldwide.

**Fig. 1.1 Campaign Monitor Report for Click On Detroit**

**Click on Detroit Daily Email**

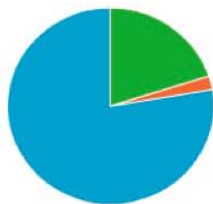
Sent Nov 24, 2010 at 9:00PM

Sent to 1,243 unique subscribers in COD 11.24.2010

● Opens and ● Link Clicks for first day



**Campaign Overview**



- **249** Unique opens  
489 total opens to date
- **28** Bounced  
2.25% couldn't be delivered
- **966** Unopened  
Open rates are only estimates.

- 20.49%** of all recipients opened so far
- 24.5%** clicked a link (61 people)
- 0.08%** unsubscribed (1 person)
- 2** people marked it as spam (0.16%)

**Links Clicked**

**61** people clicked  
Giving you a 24.5% click rate.

**93** total clicks  
Made by 61 people

**1.52** clicks per person  
Average of all those who clicked.

**188** didn't click  
That's 75.5% of all those who opened.

Link (URL)	Unique	Total
<a href="http://realdeal.clickondetroit.com/publishers/clickondetroit/daily_deals/2309">realdeal.clickondetroit.com/publishers/clickondetroit/daily_deals/2309</a>	56	78
<a href="http://www.achardware.com/46.html">www.achardware.com/46.html</a>	7	7
<a href="http://www.achardware.com">www.achardware.com</a>	6	7
<a href="http://realdeal.clickondetroit.com/daily_deals/2309/twitter">realdeal.clickondetroit.com/daily_deals/2309/twitter</a>	1	1