



Why Retargeting is a “Must Have” in Your Marketing Mix - Interview with Carlton Hoyt, BioBM Consulting

This transcript was lightly edited for clarity.

Chris: Hello everyone, and welcome to the podcast. Today my guest is Carlton Hoyt. Carlton is the principal consult at BioBM Consulting. They are a full service marketing agency and consultancy working with innovative, growth-oriented life science companies to forge commercial success. And today, we're going to talk about retargeting, or remarketing as it's sometimes called. Carlton, welcome to the podcast.

Carlton: Thanks for having me, Chris, and thanks for that wonderful introduction.

Chris: Sure. So just for people who might not understand, I think when you explain it, people will know exactly what we're talking about. But for anybody who isn't familiar with it, can you give an explanation of retargeting?

Carlton: Yeah, sure. So the basic concept of remarketing, the more complete name of which would be behavioral remarketing or behavioral retargeting. It's targeting ads to people based on their previous digital actions. So for example, if you went to our website, if you went to biobm.com and then you poked around the internet after that, you would see our ads would follow you around a little bit.

So a very broad overview of how this works pseudo-technically speaking is that it's based on cookies. So there's little pieces of data that get stored in your web browser when you visit different websites on the internet. And these cookies can store your activity. And if a website leaves certain cookies in your browser that are designed to send information back to advertising services, Google AdSense for instance, that user can be shown targeted ads based on previous behavior when you're on third-party sites which display ads for those advertising services.

Chris: Right. So I visit your site and then your ads are following me around for some period of time after I visited to get me back.

Carlton: Yup.

Chris: And why should they be doing it?

Carlton: Well, the effects on conversion and cost per action are pretty huge. And I want to preface this by saying that there are a lot of "studies" out there, these non-scientific studies which will tell you how great remarketing is. And a lot of them are from marketing agencies. They're based on anecdotal data so they're a little bit biased. They're from companies that have something to gain by plugging remarketing. So we tried to dig through all that and find some independent studies performed by neutral sources which provided insight into the effectiveness of remarketing. We just did these two weeks ago and we came up with a couple of examples that are pretty powerful.

So Boston Consulting Group study found that remarketing results in a 40% reduction in cost per action and a 10% reduction in overall cost per click. And you might say why cost per click? And the answer is that remarketing clicks are generally less expensive than the clicks that you might get through, say search advertising. Another study was from comScore. They showed that remarketing leads to more than a tenfold increase in brand and search queries.

So if people are searching for your brand, if an individual is searching for your brand and then you target that person with some kind of retargeting ads, then that person will, on average, search for your brand ten times more often while you are retargeting that individual taking a little bit of data from the retail sector, which I know is a little bit of a grain of salt because we're not the retail sector. But it's powerful data. The National Retail Federation showed that 8% of customers who do not purchase initially will return to make a purchase on their own. But if you use retargeting, that increases the number more than threefold up from 8% to 26%.

So the really crazy thing about retargeting or remarketing, at least as I see it, is that it actually saves you money. So a lot of marketers think of it in the same way that they think of other forms of advertising, and they say, "Yeah, well, we don't have the budget for an additional campaign." But that is the correct answer almost 0% of the time. So why is that? It's because retargeting actually lowers your cost per action. It enhances the effectiveness of other forms of marketing and improves conversion so much that it actually ends up saving you money. You can pull back on other campaigns in favor of remarketing and end up with more conversion for less money.

In our sector in the life sciences, I literally cannot think of a situation in which a company should not be leveraging remarketing.

Chris: So yeah, that's pretty impressive. So if I had a budget for pay per click, I would reduce my costs by adding remarketing to that?

Carlton: You certainly could. If you have a fixed budget, if you say, "Well, we have," just to give an example number, "We have \$100 to spend. And we're currently spending \$100 on normal search text ads." If you were to take 10 of those dollars let's say and spend them on remarketing, you will get more conversions for the same amount of money. You might be able to spend \$80 on search ads and \$10 on

remarketing and get more conversions. So now, you would get more conversions for \$90 than you were originally getting for \$100.

It increases the effectiveness of other forms of advertising so that if your goal is to get a certain amount of conversions, then yes, you can spend less. Obviously, we normally encourage people just to spend a little bit more. If you're spending however much on whatever form of advertising you're using, it's certainly worth it to throw a couple of extra dollars into remarketing. And usually, it's not a huge expense. It's not something that requires a large budget because the audience itself is somewhat small. It's only people who have already viewed your web content. You're not going out and trying to hit everyone on the internet. It's not some big, huge campaign.

Chris: Right, yeah. They've already self-selected as being at least somewhat interested in your business, so why wouldn't you spend a few dollars to try to convert people who you know have some interest rather than spending more dollars hoping to find someone that might have interest?

Carlton: Yeah, exactly. People talk about wanting to be more targeted all the time. And this is about as targeted as you can get. These are people who have already come to you. They have already demonstrated some interest in your product by, at some point in time, seeing something be it an advertisement, search listing, whatever it is, and going to your site. So these are people who have some nascent interest regardless of the degree of interest. And that is about as targeted as an audience as you're going to be able to get.

Chris: Right, so we'll come back to that. But my next question is, just to be clear, does this depend on an existing pay per click campaign?

Carlton: Not at all. You could remarket to people who come in via any of a number of different channels. You could pull people in with social media, SEO, just regular unpaid search with email marketing. All that matters is that they visit your website or perform some other action that gets that cookie in their browser.

Chris: Right. Now, what if they view our videos, for example, which might show up on someone's Facebook page because they shared it? How about that?

Carlton: Well, there are a limited number of other ways in which you can use remarketing or retargeting in the traditional sense. Now, I say that because traditional remarketing generally means that somebody goes to your website and then you are targeting them with other ads. If you're thinking retargeting, there are other ways of retargeting people. Drip campaigns in many instances as somebody fills out a form on your website are non-traditional retargeting. But that's not what we're talking about here.

So in the more traditional sense of remarketing, I think YouTube is probably the best and maybe the only example of that. If you're using AdWords, you can link your account with your YouTube account and then retarget people who have viewed a particular video or viewed your channel or liked one of your videos, commented, shared, etc. So in the example that you gave of sharing a YouTube video on Facebook, that would work with YouTube.

Chris: Yeah.

Carlton: So you can save those kind of settings; the people who've viewed your channel, who've commented on a video, etc., just like you would for a display remarketing campaign in AdWords, and then remarket to them with video or display or text ads. But I think that is the exception rather than the rule. There are not a lot of other things out there like that where you can retarget to people based on an action they performed on something other than your website.

Chris: Right. Okay. So we're transitioning to talking about segmenting. So based on people coming to your site and actions they might have taken or pages they might have visited, let's talk about how you segment those and decide what you're going to serve and as well as thinking about people you might not want to include in your remarketing campaign. How do you exclude them?

Carlton: Well, with regards to segmenting people, it's like most forms of advertising in that you want to be as targeted as possible. You want to be as relevant to that particular individual as possible. Now, to use the example of remarketing using AdWords just because it's so popular, there are limitations. For example, there is a minimum audience size of 100 people. And really, you wouldn't less than that anyway because the hassle of setting up the ad group, making specific ads for an audience that's going to be less than 100 people is probably not worthwhile.

But you want to be as specific as possible, as targeted as possible. So if people are looking at a particular product, you want to hit them with that product. That would be more relevant than targeting them with advertisements about a group of similar products. So as far as it's worth for you to drill down, that's what you want to do.

With regards to excluding people, there are certainly some cases in which you would want to do that. Just use a real life example that I'm familiar with, because it happened recently on our own past. We have a client which manufactures. For their anonymity, I'll just say certain types of equipment for elemental analysis. So, they have really, really good SEO for some fairly common and relevant terms but they have a pretty high bounce rates.

So we did a little digging into their analytics and we realized that they were getting a high percentage of visitors and a disproportionately high number of bounces from people who were searching for more general scientific terms instead of product-related terms. So for example, they were looking for things pertaining to spectroscopy as opposed to spectrometers, just to give an example. So they were likely looking for more educational scientific information. They clicked on this company's link because it ranked very highly, then they saw that there was product related information which they weren't interested in and they left.

So we want to leave those people out because those aren't people who are actually interested in the product. So in this case, when we created their remarketing campaign, we excluded people who reached the site through a search for one of the more general scientific terms. So that's an example in which you might want to exclude some people. There are certainly other examples as well. For instance, if you have an e-commerce site, you may want to exclude people who've already converted.

Chris: Right. So let's go back to those people who came by a search term and you determined by their bounce behavior that they weren't looking for a product. Is there an opportunity there to promote some

educational content? And you certainly know more about the details of what they were actually doing. But is there a situation maybe where they were looking for educational content and you might try to capture some of them in that way?

Carlton: Well, I think that certainly in this instance, an opportunity; not just a remarketing type of opportunity but it's an opportunity to play the long game, so to speak.

If these are people who are interested in the scientific areas that surround this product, that this product would perform, then they are likely to be people who would potentially be users or be interested in it in the future. So we actually encourage the client to develop more educational content surrounding these topics so that they can do exactly that so that they can create a more positive experience and hopefully a lasting brand impression that will carry over downstream for when these individuals may be searching for a product.

So certainly, if you are getting a large percentage of people who are not in a buying journey, there are certainly things that you should be doing in order to captivate their attention and keep them in your 'branded ecosystem' as much as possible. But it's just a matter of resources and how much you can afford to play that long game. Obviously, any company needs to think about the short-term revenues as well as to stay afloat.

Chris: Right. So do you think most people or most companies are using remarketing as part of their short game to convert people with purchase intent?

Carlton: Yeah. Yeah. I certainly think so. I think you see a little bit of more brand-focused than demand generation-focused remarketing. I think that's the lesser of the two. If you were to categorize them into those to buckets and say, "Which bucket's bigger?", I think the direct demand generation conversion bucket is much larger.

But even with the more brand-based advertisements, I think a lot of it is in direct support of some kind of conversion demand generation activity. Because these are people who have performed some action. And the companies are then just saying, "Well, here. Think about our brand this way. Let's forge some kind of emotional connection or reach you on a different level that's not necessarily directly trying to influence your purchasing decision but is trying to influence how you think about us which will then influence your purchasing decision, maybe in a less rational manner or less direct manner than would otherwise be the case.

It's a little bit of a throwaway, I think, to try to make a brand impression that is not directly linked to demand generation using remarketing. Because there's just a limited amount of value that you can convey in a display ad. Maybe you can say, "Well, okay. We have this other area where we're providing value and we want to take the opportunity to get people who have interacted with us over to this other area where we can provide them with additional value. And hopefully, that will provide them with some kind of highly positive emotional experience where they will then improve their perception of our brand that will help us in the long-term.

You don't really see that and I don't know how much it's necessarily worth to purchase people into that kind of structure. It's going to depend. I shouldn't say it's not worth it but it's definitely going to depend and we're entering a very theoretical area, where it's difficult for me to make very specific statements.

Chris: Yeah, I understand that. I appreciate it. At this moment, I'm thinking about the buying cycle and you can know how someone got to your site so you can know a little bit about their purchase intent if they came through search. Now, if someone just happens to get to your site and you start remarketing to them, you might not know anything about where they are in the cycle.

I understand what pay per click and I am no expert at pay per click, but there is a cost and you have to figure out what your fraction of conversions is going to be and then how many of those people will eventually buy, and does it give you a positive return? But if you don't know where they are in the cycle, does it make sense to serve a collection of ads over the time period? Which is something we didn't talk about. But apparently, you can set the time period and how many times you want to serve them an ad so that you're not driving them crazy or driving them away, even worse. But could you serve a collection of ads that might present different content offers or something to try to figure out where they are in the buying cycle?

Carlton: You certainly could.

Chris: And I guess my follow up to that is, is that worth it? You can technically.

Carlton: Yeah, that's the big question. I think it depends on how long the buying cycle is and I think you're sort of touching on something where there's not a universally correct answer, but it touches on a deeper issue which is how you use retargeting based on the nature of the buying journey.

So to give you an example, say I'm selling a shirt which is something that's really an impulse buy. You're not going to put much thought into buying your shirt. You probably don't even need to buy a shirt. You can live with one fewer shirts than you would otherwise have. It is not a life-changing decision that you're going to sit there and deeply analyze. So if I want to buy a shirt, I might not act on that impulse immediately. But if I see this shirt three or four times and I don't buy the shirt, I'm probably not going to. The buying journey is that short and simple.

So, in that case, if you're saying, "Okay, well maybe we'll show him a couple different ads. Maybe we'll just show him the shirt. Maybe we'll show him some discounts for the shirt, whatever else, then in that situation, it would work. The remarketing campaign needs to match the buying journey. So target that person with shirts. Target me with a specific shirt, maybe another shirt. And if I don't buy within a few weeks, let me go.

Chris: Right.

Carlton: You can draw an analogy to our sector to things like really low priced lab equipment like microcentrifuges or perhaps lab plastics or some other products that might behave like commodities. Maybe chemicals would be a good example unless you're selling in quantity. But let's go to the other end of the spectrum and think about that as well. Maybe I'm looking to buy a nice mass spec, maybe some big,

triple, quadruple LC-MS system. Those run, what? Like half million dollars? More? So regardless, it's a huge purchase. I don't just wake up on a Tuesday and say to the guy in the lab down the hall, "I think I'm going to buy an LC-MS today." That doesn't happen. It's a long and complex buying journey, and the remarketing needs to accommodate it.

So in that sense, we wouldn't necessarily want to just throw a basket of different ads targeted to different stages of the buying journey at someone who is in that situation. But at the same time, we probably will have a better idea of where they are in that buying journey based on their previous actions because the buying journey is so long and complex and they're going to be researching different things and getting more information, etc.

So if this is going to be, let's say, a year-long complex purchasing decision, you don't want to just keep poking someone with ads reminding them that you're selling a mass spec. You want to use behavioral cues in defining audiences that take into account their likely place within the buying journey, and then use remarketing more as a tool to deliver content that would further them within their journey.

So perhaps there are even other personas that influence the purchasing decision on a different level as well. Maybe there's a boss that needs to sign off on it or a team of scientist who would be doing most of the work with it but aren't really directly responsible for the purchasing decision. Maybe you can also identify those different personas and target them differently based on their own unique behavior. Because there's a lot you can do with remarketing, and sure it can get complicated. But for a big ticket item, it can definitely be worth it.

The overall concept of retargeting to specific audiences, if you want to think about it this way, within particular places of their buying journey isn't all that much different from what you would do with, say a drip marketing campaign enabled by marketing automation systems. With a little less personalization, you can't put somebody's name on every single advertisement.

So there's some benefit to using remarketing in this kind of a manner in a large campaign because it's easy to ignore or delete a handful of emails and you're probably not going to want to spam an audience with the same message more than a handful of times even if they don't open it. But if you then go and back that up with display remarketing linked to similar content and similar messages that you're pushing with your email campaigns, you're now increasing the likelihood that someone will view and hopefully internalize that message.

Chris: Right. Yeah. So on the mass spec example, and I guess this is going back to a technical question of building your list, you could set up your retargeting list, for example, to say if someone has visited my website more than once or has visited this page multiple times, I'm guessing there's probably a fair amount of flexibility in how you can define who you're going to retarget.

Carlton: There is a fair amount of flexibility. I should say there is a ton of flexibility. There's so much flexibility that I am not familiar with all the different mechanisms by which retargeting can be utilized especially if you're talking about going beyond AdWords to all of the other different platforms that allow retargeting as well, things like AdRoll. But normally, what I would do, with just me personally and something like that, is I would look at what content they viewed. So I would say, "Okay, if you have gotten

to this content or viewed this particular page, etc., then that gives some indication as to where you are in your buying journey. So then let's target you with this basket of ads that's designed to further along the buying journey at that stage."

Chris: Yeah. So let's move on to the question that I know that always comes up with retargeting, and that is annoyance of customers. So I think you have some data that talks about the risks. Or are we over thinking the idea that we're really annoying people with ads that are following them around the internet?

Carlton: So the two studies, one was in 2012. It was a Pew Research study. And what they found was that 68% of people were "not okay with it", it being remarketing due to behavior tracking while 28% are "okay with it" because of more relevant ads and information where the other 4% had no opinion. So a different study, a 2013 study performed by the market research agency, Toluna, asked the question. They found that 30% have a positive impression about the brand. Again, not about the ads specifically but about a brand for which they see retargeting ads while retargeting ads caused 11% to have a negative impression where most people, 59%, have a neutral impression. They just don't care.

Now the big difference between these two studies was how they asked the questions and the options that were presented. The Pew Research study, when they were asking if people were "okay" with remarketing or "not okay" with it, the potential answers that people could choose from were something along the lines of, "I am okay with it because it allows me to see more relevant products and information," or "I am not okay with it because I don't like my personal information being stored and used for advertising."

Whereas the Toluna study basically just said, "Have you seen these ads? How do you feel about the brand after you see these ads?" So it was much more neutral. So unless you prime them and you remind them that, "By the way, we have your personal information and we're following you around and being creepy. ha ha ha!" Unless they think that, then they don't care.

So some people don't like it. I certainly guarantee that. Some people do like it. I really think that the honest answer is that most people just don't care. And honestly, it's so common that you're desensitized to it if you're using the internet on anything remotely near a frequent basis. And on top of that, I don't think that anyone should be discouraged because some people might not like it.

We can't limit ourselves as marketers to only doing things that people will like or that everyone will like. People don't like being interrupted with emails but we have to send emails. It's the nature of the game. And if you look at the statistics that we previously mentioned for remarketing, the benefits are absolutely huge and they certainly outweigh any minor negative impression that a few people might have because your remarketing ads are following them around.

Chris: Yeah. And I completely understand people's privacy concerns. And sometimes it is jarring when you see an ad pop up in a place that is completely out of context. However, having said that, there's going to be an ad there from somebody. And if I have expressed an interest in something, occasionally I'll go back. Sometimes I'm a little surprised, I get an ad when I've converted about the same thing. And I thought, "Don't they know that?" I mean, if they're following me around, they should know I already own that thing.

Carlton: It's an oversight.

Chris: Yeah. Well, I really appreciate your taking the time to answer these questions. I think it's a very interesting, and I think obviously based on the data, an important topic for people to consider about putting some of their budget towards recapturing people who've already shown an interest in your site that didn't take an action while they were there.

Carlton: Yeah, it's important. And again, it's something that's easy to do, that has very clear benefits. And really, there's almost no drawbacks to it. There's no downside to it. So I mean, if anyone is listening to this and they're asking themselves "Should I be doing this?" the answer is undeniably yes. If you're not using remarketing, you're just costing yourself conversions. That's pretty much all there is to it.

Chris: And there aren't many other things in the marketing world where you can say that. That you absolutely know you should be.

Carlton: No.

Chris: Without testing it.

Carlton: Yeah. Like you said to me, a lot of things are subject to the law of diminishing returns where the more you do them, the less effective it becomes or the more costly it becomes. And remarketing isn't like that. You can have your audience. You send them ads. They convert more. And the bigger your audience is, the more you can do it. It just keeps going.

Chris: Awesome. Hey, I'm going to ask you one question that I like to ask all my visitors, and that is totally unrelated to science and marketing. But what do you like to do when you're not working? What do you do for fun?

Carlton: Well, hold on. Let me go back in time and imagine the point where I did something other than work. Well honestly, I really do enjoy just the idea of business and marketing. I'm involved with a number of different startups. And to me, that's fun. But when I'm not sitting in front of a computer for some reason, I'm hanging out with my dogs, taking her to the park, go around somewhere, enjoy the outdoors a little bit considering that my work involves me being cooped up in here all day. I do like going out to clubs. I like electronic music of all different sorts; techno, trance, drum and bass, things that make most people cringe. And I enjoy a good beer now and again. I think that's about the extent of it. I'm a pretty simple guy.

Chris: Nice. I just find it interesting. I've said this on several other podcasts but there's always something that I have in common with the person I just spoke to and I didn't know it. But the whole getting outside with the dog thing, that's one of my favorite things to do.

Carlton: Yeah, I live in a beautiful part of Boston that's a little bit suburb and there's a huge park near here, Dorchester Park. It's great to be able to take the dogs there. It's like the whole place is a dog park. People just let their dogs off and run around, and it's nice.

Chris: Yeah. I feel like I'm 12 again. I grew up in a rural area and I remember hiking hills with my dog. And now, I live, it's kind of suburban but we're attached to a huge open space and State Park and I get the same vibe out there.

Carlton: Nice. Nice.

Chris: All right. Well, thank you very much.

Carlton: Hey, thanks again for having me. It's been a pleasure.

Chris: You bet.

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