

COLUMNS

Why store visits are not conversions

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By A LUXURY DAILY COLUMNIST

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There was a time when a “conversion” meant a prospect had literally converted to a paying customer. Times have changed, and so have terms.

Now, mobile marketers are measuring conversions in different ways – and the result is numbers that do not always amount to much.

Many mobile ad agencies count store visits as conversions. But all the store visits in the world will not deliver a successful campaign if the customers do not visit the cash register.

Only by measuring sales lift can we determine whether a campaign delivered a return on ad spend (ROAS). And only a positive ROAS gives marketers the confidence they need to shift media dollars to the fast-growing arena of mobile advertising.

That is not to say store visits are not a valuable metric. They are an early indicator of a campaign’s performance, and they may help you adjust tactics. But they cannot tell you whether a campaign ultimately delivered sales results.

Even so, many marketers are embracing store visits as their key conversion metric. After

all, it is easy to measure visits – and it does not require access to data. But in the absence of sales data, there is no true accountability, and no definitive ROAS.

For example, let us say an advertiser runs a mobile campaign for butter. Counting sales visits as conversions, every customer who received the mobile ad and visited the store during the campaign could count as a conversion – whether they bought butter or not.

Consider the typical grocery store, which stocks 30,000 items. The average consumer visits a grocery store more than six times a month. If you count every store visit as a conversion, you are making the rather wild assumption that a shopper bought six tubs of butter during a month.

Inherent flaws of counting store visits

Although it is easy to count store visits, using mobile ad requests to determine that a customer visited a store is imprecise for two reasons.

First, the customer must access an ad-supported application on her mobile phone while shopping to count that visit. When was the last time you stopped to play “Candy Crush” while grocery shopping?

Next, depending on how the location delivered in an ad request was obtained, it may look like a customer is in one store when she is actually in another one nearby. The result is over-counted or under-counted store visits.

As an example, let us say your prospect is standing outside a strip center within equal distance of a donut shop, a yoga studio and a battery store. Is she a donut eater, a fitness freak or a gadget guru? Who gets credit for the store visit? It is a guessing game.

Given the inherent flaws, counting store visits as conversions represents a rather alarming shift in the industry. Marketers are investing dollars in campaigns without being able to correlate them to sales results.

The better approach is to measure not what is easiest, but what is most meaningful.

Naturally, the most meaningful metrics are more challenging to obtain, and that can be true with measuring return on ad spend based on sales lift. Many marketers just are not aware there is, in fact, a way to connect mobile impressions with online and offline data, and see the corresponding sales lift.

Tying in-store sales data to mobile ad requests

To calculate a return on ad spend based on sales lift, marketers need to be able to tie mobile ad viewers to offline transaction data and attribute specific purchases to the people exposed to the ad campaign.

If transaction data yields the sales results that marketers need to validate their campaigns, why does not everyone use it instead of flimsy metrics such as store visits? Because transaction data is not readily available.

Such data is, however, accessible to experienced mobile ad platform providers. They

work in partnership with the third-party companies that house this valuable transaction data.

For some categories, sales data is available in aggregated form across numerous retailers and available for ad targeting and measurement. And by linking in-store sales data to mobile users, you can tell the difference between a “conversion” based on store visits, and a true conversion based on the metric that matters most: sales lift.

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