

CASE STUDY: 1-800-Flowers.com

Branding & Sales Bloom Online for 1-800-Flowers.com

With the rapid growth of online consumerism, 1-800-Flowers.com wanted to investigate the value of leveraging their campaign online versus running assets across a traditional media framework. To meet these objectives, the premier online floral distributor partnered with MSN to launch an ad accountability study, measuring the impact of TV, radio, and online advertising on brand recognition, sales, and cost efficiencies.



With industry endorsement from the Advertising Research Foundation, MSN collaborated with research industry frontrunner Marketing Evolution to conduct a groundbreaking study for 1-800-Flowers.com

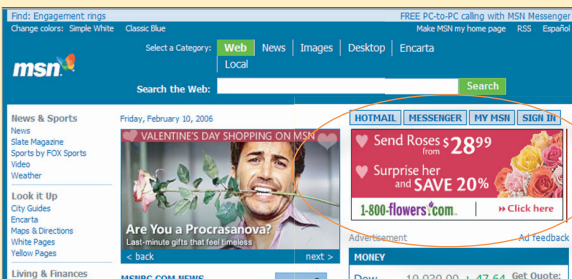
RESEARCH OBJECTIVES

- Discover the impact of TV, spot TV, radio, and online advertising on the 1-800-Flowers.com branding and sales metrics
- Investigate the cost efficiency differences across various media
- Suggest the optimal media mix
- Keep customer acquisition costs below 7%

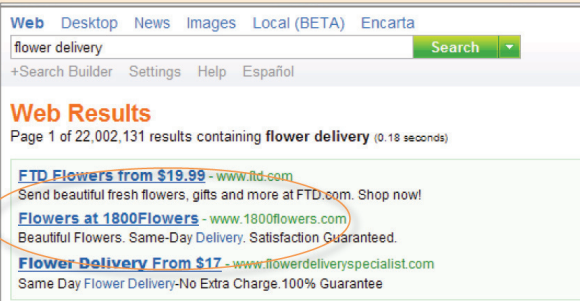
MSN COMMUNICATION METHOD

The campaign rolled out high visibility Display Ads in two stages based on optimal seasonal buying cycles—Christmas and Valentine's Day.

Display Ad on MSN Home Page



MSN Search Advertising



EXTRA INSIGHT

To expand the scope of research, additional communication was integrated into the media mix:

- E-mail (delivery based on 1-800.Flowers.com e-mail database)—investigate the impact on customer retention, sales, and ROI
- Search advertising—investigate the symbiosis of search and display advertising

IMPACT OF SEARCH ADVERTISING ON SALES

Findings: Display advertising and search synergistically work together. Online display advertising drove an incremental 2.2% in sales through the search channel of buying above and beyond what advertising on search produced.

E-MAIL CUSTOMER RETENTION IMPACTS SALES

Findings: E-mail to previous customers is the most cost efficient way to drive traffic and increase sales.



CASE STUDY: 1-800-Flowers.com



KEY RESULTS

IMPACT OF ONLINE ON BRAND RECOGNITION

Findings: From the cost efficiency analysis, online is found to be the only media that increases branding metrics across all the media studied, positioning online as an essential branding medium.

Brand Metrics	National TV		Spot TV - Heavy Up		Spot Radio - Heavy Up		Spot TV + Spot Radio		Online	
	Cost Per Impact	Index	Cost Per Impact	Index	Cost Per Impact	Index	Cost Per Impact	Index	Cost Per Impact	Index
Unaided Awareness	N/A	—	N/A	—	N/A	—	N/A	—	\$0.45	100
Total Awareness	N/A	—	N/A	—	\$0.06	100	N/A	—	\$0.23	383
Purchase Intent	N/A	—	N/A	—	N/A	—	N/A	—	\$0.67	100
Ad Recall	N/A	—	\$0.05	100	N/A	—	N/A	—	\$2.86	5720
Average Brand Image	N/A	—	N/A	—	N/A	—	N/A	—	\$0.59	100

IMPACT OF ONLINE SALES

*Findings: Online is driving higher consumer spend per conversion, suggesting online sales equate to more than just click-throughs. The research shows that the incremental sales gained from online advertising cost efficiently provide a substantial payback that doubles each media dollar spent.

IMPACT OF ONLINE ON COST EFFICIENCIES

Online is synergistically cost efficient when paired with various media. Bundling radio with online is the most effective media integration found to drive sales and reduce the cost per order. While all forms of media bundled with online fell below 100 on a cost per order index, making them cost efficient media vehicles, traditional media rose well above 100 when measured as stand alone advertising, with TV reaching a highly inefficient index of 500.

RECOMMENDATIONS

1-800-Flowers.com is able to draw practical value from the resultant metrics. With 2.6% of the incremental holiday sales resulting from the e-mail campaign, allocating spend for e-mail is a cost efficient method to drive customer retention and increase sales. Online is shown to be a key contributor to branding recognition, outperforming all media across the board; therefore, increasing online spend to 40% is recommended for the 1-800-Flowers.com media mix.

