

Ritani: “Life’s Defining Moments”

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Campaign Summary

Ritani’s objective is to help couples in their quest to buy an engagement ring: a defining moment in one’s life. As one of life’s most important and expensive purchases, engagement rings have an unusually long purchase cycle, with some unique needs around education and support for the purchaser. Ritani offers a large selection of hand-crafted rings all made in New York, as well as a “build your own ring” option. However Ritani takes the experience of buying a diamond ring one step further by offering free in-store previews (FISPs) for clients. Here the purchaser can inspect the ring and talk to their local independent jeweler in person, and then can walk away no questions asked if they don’t like the final product. This is designed to provide the best possible experience for consumers. Engagement rings are particularly challenging products for marketers. The product has an extremely long and unpredictable sales cycle making it extraordinarily difficult to advertise effectively and track marketing performance over time and be able to understand what drove the purchase.

Ritani is a startup focusing on disrupting the jewelry retail business, and after launching, they looked for ways to quickly scale the business at the end of 2013. Because of the unique challenges in terms of length of purchase cycle and difficulty of measuring ad effectiveness, Ritani sought a scientific approach to their marketing campaign. Ritani’s objectives were to (a) identify the consumers who would be the best match for their engagement ring offers using cluster analysis (b) target those consumers on the high reach medium of television, and avoid ads to groups that would not be interested (c) determine the immediate impact of TV advertising on Ritani’s web pages (d) understand the impact of TV advertising on long term sales and connect it back to prompt response. The resulting campaign has enabled Ritani to grow 400% in revenue from 2013 to 2014 and achieve a 450% return on investment.

Company Background

Ritani is a high-end jewelry brand modernizing the way people purchase diamond engagement rings and jewelry. Traditionally, jewelry has been bought in a store where you can touch, feel, and view the product. An engagement ring is usually one of the biggest purchases in peoples’ lives after their house and car. Because these items are so expensive, in-store appraisals have been an important part of the buying process. Jewelers such as Jared, DeBeers, and others have long maintained stores to enable customers to walk in and view products.

In recent years, Blue Nile introduced a completely online shopping experience. This allowed customers to review and purchase diamond rings online. However this completely

electronic process left out a large percentage of the population who desired to inspect the product before purchase.

Ritani developed an innovative business model that combined the best features of both online and in-store shopping. A customer could learn about, design, and order their diamond ring online. The diamond ring would then be shipped to a jewelry store where the customer could inspect the product in person. If the customer was unhappy with their diamond ring – for whatever reason – they could walk out the door, no questions asked, and no obligations.

Thus the Ritani business model combined the ease-of-ordering online, with the assurance of being able to inspect the item in a brick-and-mortar store with live experts.

In addition to being good for consumers, the business model also created an opportunity for co-marketing with brick and mortar jewelry stores. Ritani has the brand-name reach to send a large volume of sales to a local jewelry store. In turn, the local jewelry store would not only benefit from the association with Ritani, but could also participate in Ritani's brand marketing and leverage Ritani's large investment in tools, education and marketing.

Problem

Until May of 2014 Ritani had never run any national TV marketing campaigns and was deeply concerned about making their first plunge into this arena a successful one. They had run some local TV media in a few markets but the results appeared to be widely variable. Furthermore, although they were able to see some overall immediate response on their webpage Ritani saw no immediate impact in sales from TV. Therefore, Ritani was focused on answering the following challenges:

- 1) Determine who their customers are and execute ads where they can be found on TV
- 2) Measure the prompt response/impact of TV on Ritani's business
- 3) Discover and model the long term sales/value as a function of the immediate response

Key Insight: Engagement rings buyers are male – the creative needed to speak to them

One of the biggest paradoxes for advertising engagement rings is that, where-as the product is worn almost universally by females - it is almost universal that a male will purchase the ring: 4 out of 5 in fact based on a name-address match on purchasers.

Thus advertising on traditional female programming would not reach buyers of Ritani. It may seem counter-intuitive, but football might be a good target for airing jewelry ads.

The second insight is that Ritani didn't believe that the traditional jewelry ad with swelling music, romantic locations, etc., might work for this male target – and especially not when viewed during a football game. Ritani believed a different direction in creative would be a key strategy to pursuing their customers.

Ritani wanted their ads to resonate with – firstly young males - and in particular, the subset of males with the interest, financial means and technical savvy to utilize Ritani for this upcoming moment in their lives. In the same way that there has been a resurgence of interest in artisanal foods, high-end scotch and craft beers, Ritani wanted to tap into these social currents and talk about quality in a way that would be familiar to young males, and would give them control over the process. Rather than romantic, soft advertising, Ritani wanted their advertising to show happy, confident males.

Ritani's creative, "Defining Moments", discusses the major moments in a young man's life, and how each of these are special, from first car, first job, first significant relationship. Engagement is one more defining moment. The commercial showed confident, happy, males during each of these moments, driving a convertible, and with the lady in their lives.

Customer Targeting using Television

Ritani used Adap.tv's programmatic television platform to match their first party data to television media with a metric called tRatio. tRatio is proportional to the number of buyers reached per million impressions [1]. Adap.tv then purchased television programs with highest proportion of buyers and lowest prices [3].

Understanding the Long Term Effects of Television Ads

The most challenging aspect of selling engagement jewelry is the extremely long period of time between an advertising exposure and the purchase. For example, TV ads could run, and then a year later when the time is right to move ahead with a proposal, the purchase might be made. During that year, Ritani would have huge challenges figuring out if their advertising had actually been effective.

In order to tackle this problem, several technologies were used:

1. Short-term Web Response

Although the purchase of an engagement ring is an extremely long process, their customers still respond promptly to TV ads by visiting the Ritani website within minutes of an ad airing [2]. This rapid response is best illustrated by Figure 1. Figure 1 shows two time series, TV advertisements and new web sessions on Ritani's website, overlapped on each other. The graph shows that each time an ad airs there is an associated response on Ritani's website. In general for 1 million impressions at a tratio of 0.2, approximately 500 web visitors would be generated within 15 minutes of the airing. This response could be increased by better targeting (eg. higher tratio) or by securing more impressions with the same proportion of buyers.

2. Long-term measurements

Ritani next took advantage of local co-marketing campaigns it ran with local jewelry stores. Ritani ran these local campaigns in 4 metro areas (Boston, Chicago, San Francisco and

Detroit) in 2013. Using these test/treatment markets in conjunction with control markets allowed for the determination of long term lift from television ads. Figures 2, 3 and 4 show the lift in example treatment markets (over control markets) for web sessions, adds to cart and transactions respectively. TV had an immediate impact on web sessions while the ads were running, but then the web activity quickly returned to baseline after the campaign stopped. However the lift on adds to cart and transactions continued on over the course of many months. The following effects from 100 GRPs of TV were determined:

- 1) **Web Sessions:** 13% lift per week for over 6 months
- 2) **Adds to Cart:** 62% lift per week for over 6 months
- 3) **Transactions:** 70% lift per week for over 6 months

3. Combined Model

With both immediate response and long term lift known, it was then possible to estimate the value for every incremental television-driven website visitor:

- 1) 10,000 prompt TV driven sessions in the 15 minutes after an airing will lead to 1200 adds to cart over 6 months
- 2) 10,000 prompt TV driven sessions will lead to 70 transactions over 6 months

Using the above observations between web visitors and 6 month delayed purchase, Ritani could then optimize their television campaign with close to real-time feedback, with an overall measure of ROI based on the 6 month value of the traffic.

Results

In the months between the start of the advertising campaign, and Christmas 2014, the advertising campaign generated a massive increase in sales. As expected, the bulk of the increases were later in the year due to the longer consideration period, and the fact that Christmas is a popular time for proposals (Figures 5, 6, 7 and 8). As the campaign progressed, it also underwent significant optimization to maximize the impact on website traffic at the lowest cost per TV-driven-web-session. Figure 8 shows that web sessions per million impressions was steadily improved through a concerted optimization effort.

As a result of the campaign, Ritani has seen spectacularly profitable growth such that competitors are beginning to explore ways to replicate this unique model. From the start of national advertising in May 2014 to December 2014, Year over year Revenue increased by an incredible 4x. Transactions increased by 2.8x year over year.

The Return on investment of advertising dollars has been extremely high. Ritani has achieved a Return on television media dollars of 4.5 as calculated over a 6 month period. The long-term effects from television have an even longer period and so these are conservative estimates of the total impact of the campaign.

References

- [1] Kitts, B., Au, D., Burdick, B. (2013), A High-Dimensional Set Top Box Ad Targeting Algorithm including Experimental Comparisons to Traditional TV Algorithms, Proceedings of the Thirteenth IEEE International Conference on Data Mining (ICDM 2013), December, Dallas, TX, IEEE Press.
- [2] Kitts, B., Bardaro, M., Au, D., Lee, A., Lee, S., Borchardt, J., Schwartz, C., Sobieski, J., Wadsworth-Drake, J. (2014), Can Television Advertising Impact Be Measured on the Web? Web Spike Response as a Possible Conversion Tracking System for Television, Proceedings of the Eighth International Workshop on Data Mining for Online Advertising, Aug 24, 2014, New York City, held at the 20th ACM SIGKDD Conference on Knowledge Discovery and Data Mining, Aug 24-27, 2014, New York City.
- [3] Kitts, B., Au, D. (2014), A Comparison of Algorithms for TV Ad Targeting, Proceedings of the Fourteenth IEEE International Conference on Data Mining Workshops (ICDMW 2014), IEEE Press.



Figure 0-1: Ritani image



Figure 0-2: Ritani Television commercial showing a convertible (male targeted)



Figure 0-3: Ritani television commercial depicting the young male on the football team (male target)

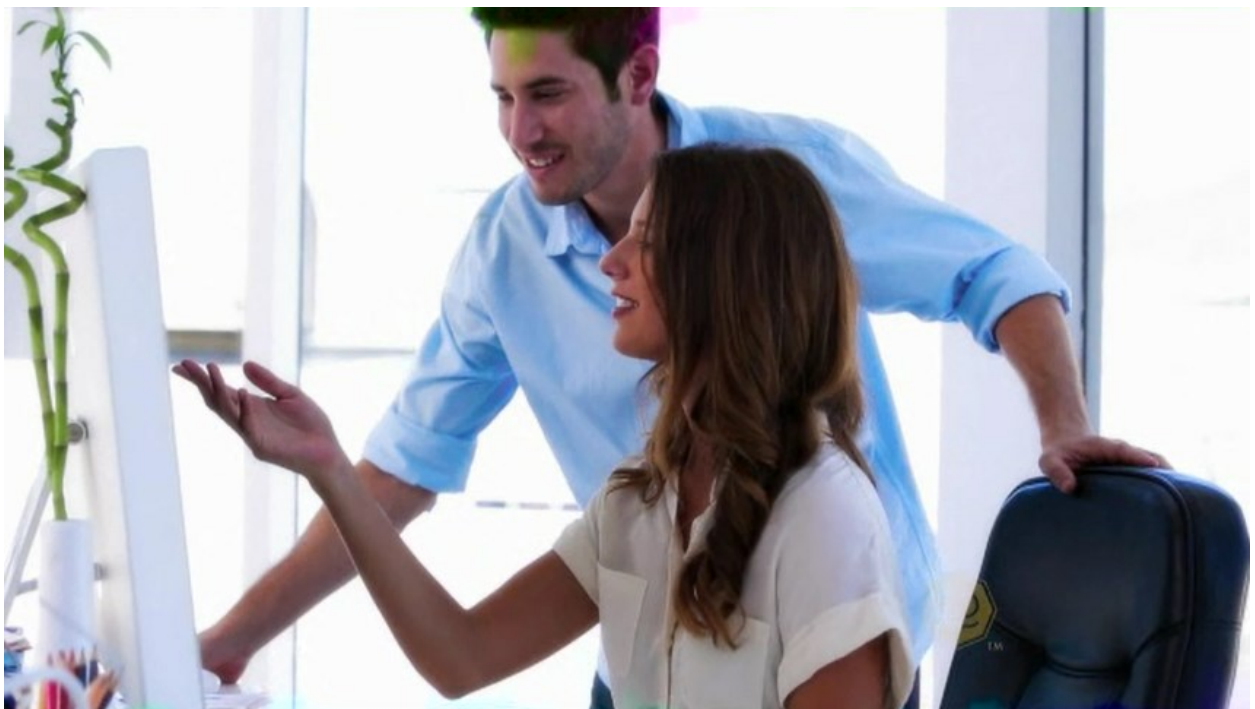


Figure 0-4: Ritani television commercial showing young male starting out in his career (male target)

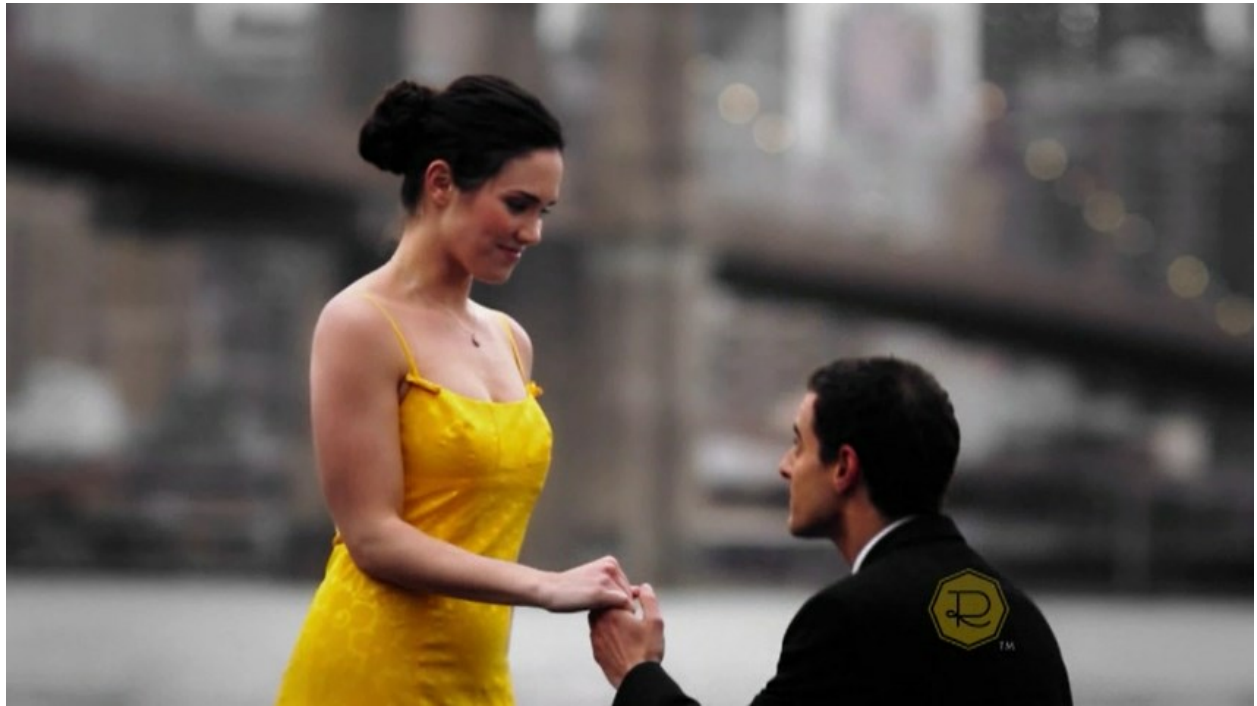


Figure 0-5: “The Defining Moment”, part of the Ritani television commercial (male targeted)



Figure 0-6: Ritani confident male with a convertible



Figure 0-7: Ritani image

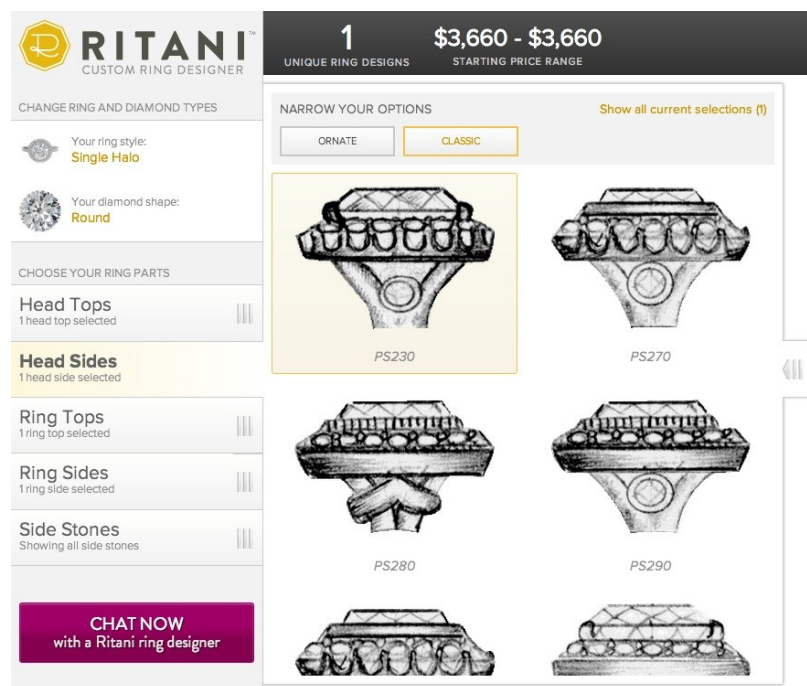


Figure 0-8: Ritani website including the Custom Ring Designer



Figure 0-9: Ritani image

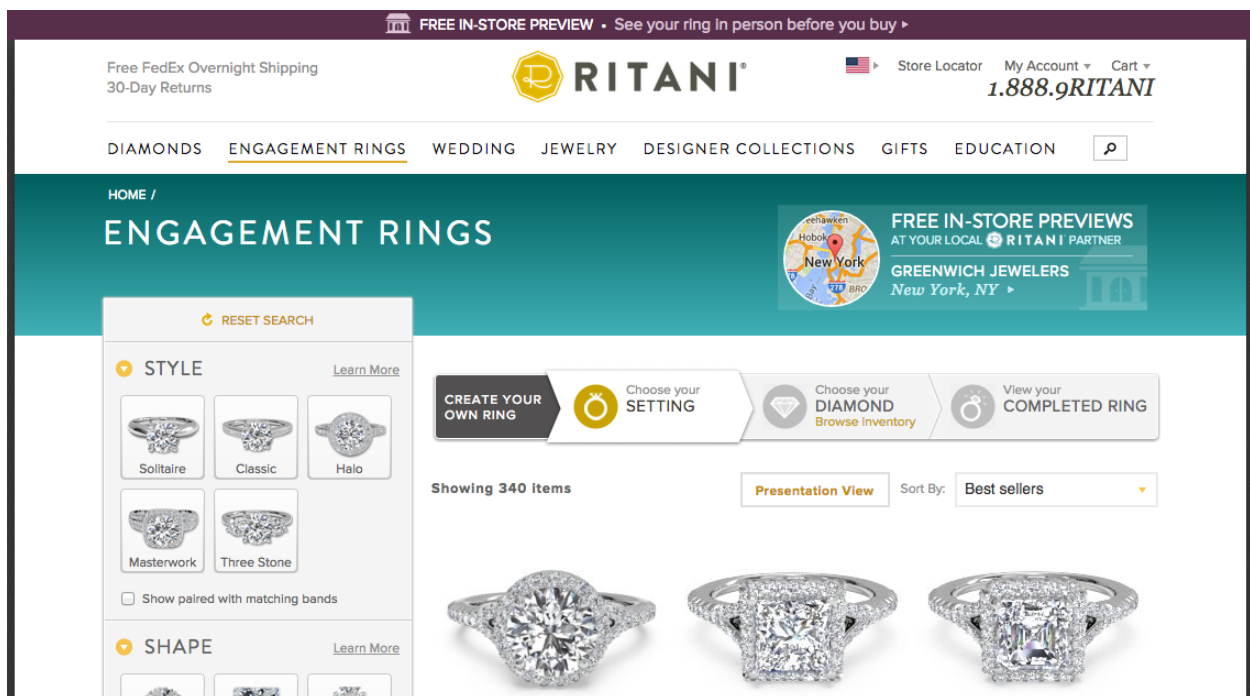


Figure 0-10: Ritani web site – Engagement Ring

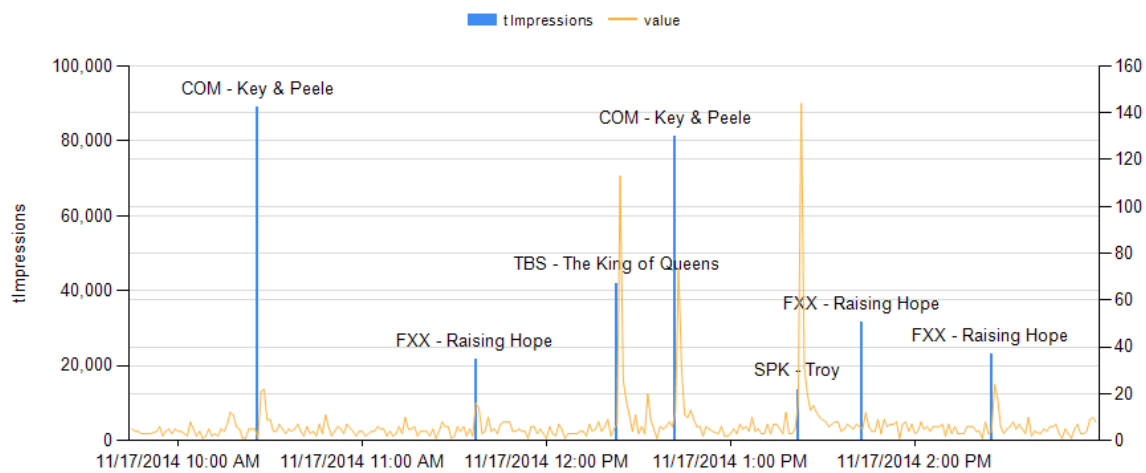


Figure A: Ritani web activity versus TV airings measured in targeted impressions between 10am and 3pm on 11/17/2014.

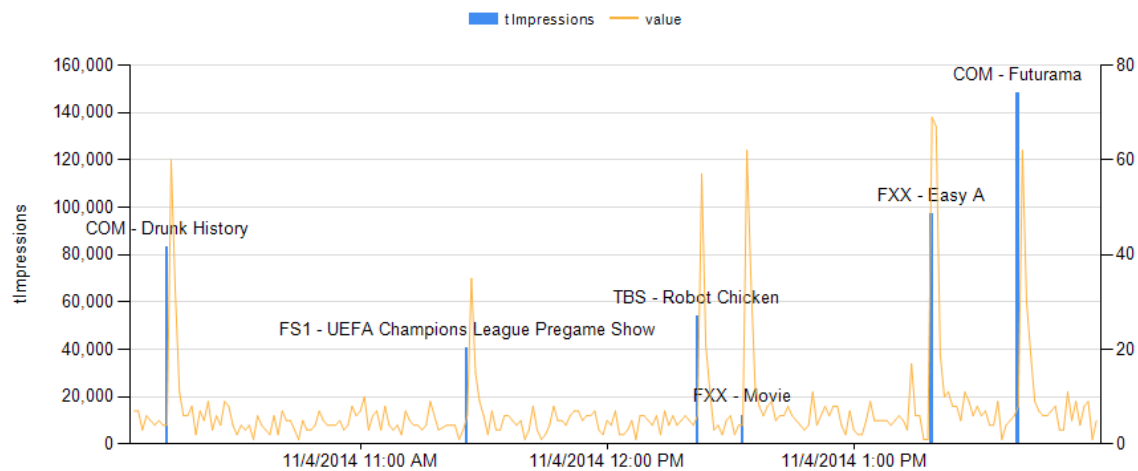


Figure B: Ritani activity versus TV airings measured in targeted impressions between 10am and 2pm on 11/4/2014.

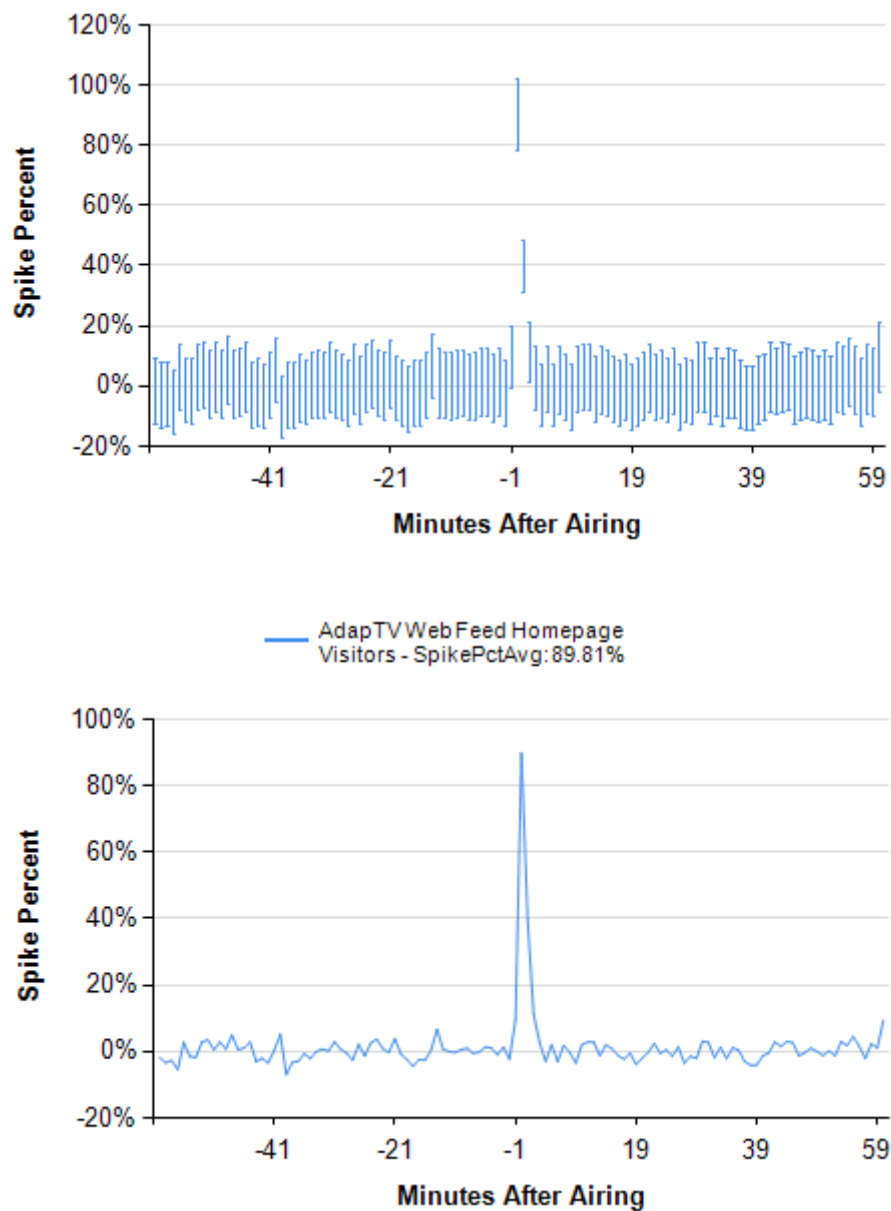


Figure C (top): Percentage web traffic change when a television ad airs. X-axis shows the minutes before and after the television ad. The percentage is an average over all -60..+60 periods around a television airing. Error bars are standard deviations. **(bottom)** Same as a line graph.

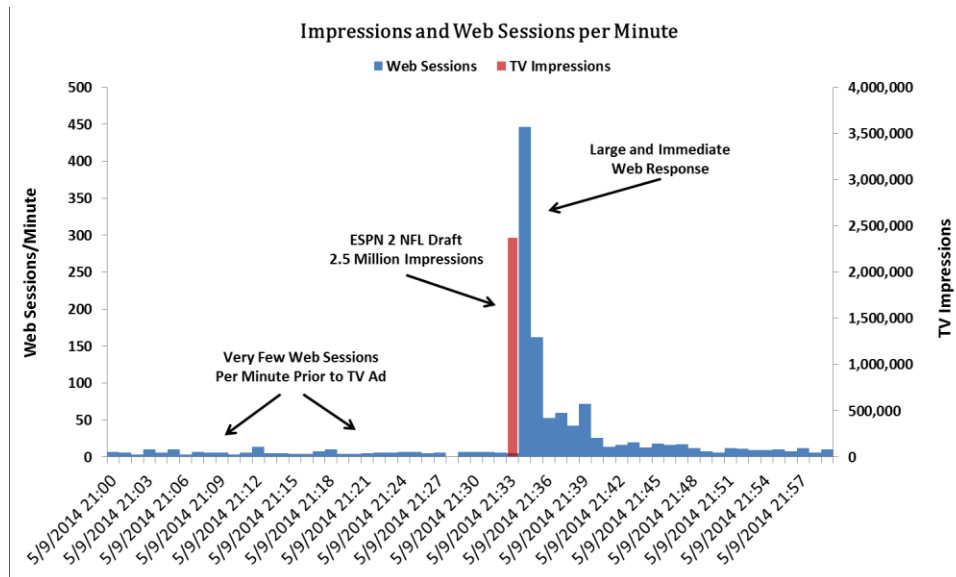


Figure 1: Close-up of one particular airing – the 2014 ESPN 2 NFL Draft. Ritani web sessions are shown in blue, and television advertisement impressions in red. Time units above are in minutes. As soon as the Ritani television commercial airs, Ritani web activity shoots up and then remains elevated for the next several minutes.

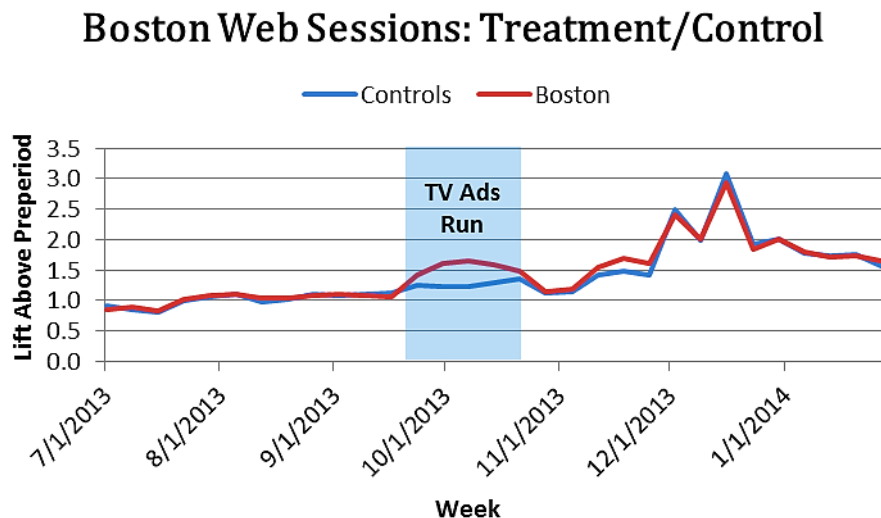


Figure 2: Web session lift in the treatment market (Boston) over the control markets. Treatment and control are well matched from July 2013 to October 2013; TV is then applied and more lift is observed in the treatment markets. After TV is stopped, web activity returns largely to normal. Web activity changes are short-lived as shown in Figure 2, however there is a large and prolonged impact on transactions.

Boston: TV Generated Lift

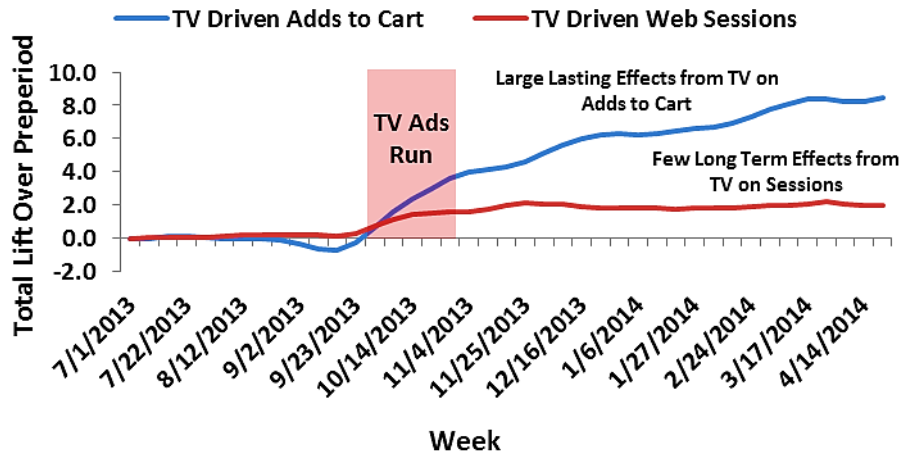


Figure 2: Cumulative lift in treatment market (Boston) compared to control markets for web sessions (red line) and transactions (blue line). Web activity increases due to TV ads, and then levels off. However transactions continue to lift due to the fact that the purchase decision tends to be delayed.

Chicago: TV Generated Lift

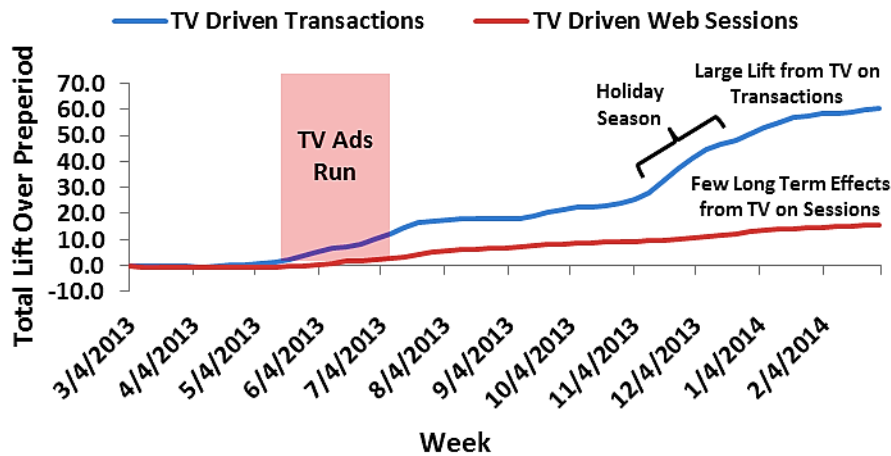


Figure 3: Cumulative lift in treatment market (Chicago) compared to control markets for web sessions (red line) and transactions (blue line). After TV ads run, there is lift in both web sessions and transactions. However the web activity eventually levels off, whereas transactions continue to lift post-TV ads. This long-term lift in transactions is critical to measure since these are the actual sales.

Weekly Web Sessions

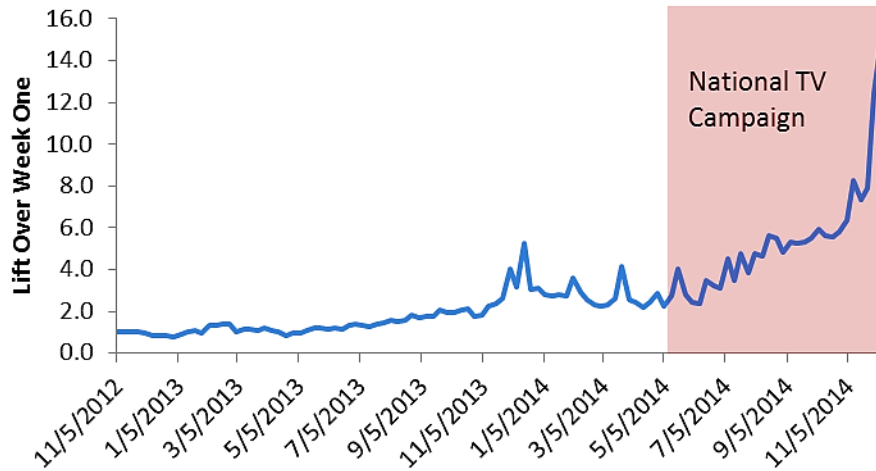


Figure 5: Weekly web sessions as lift over initial value

Weekly Adds to Shopping Cart

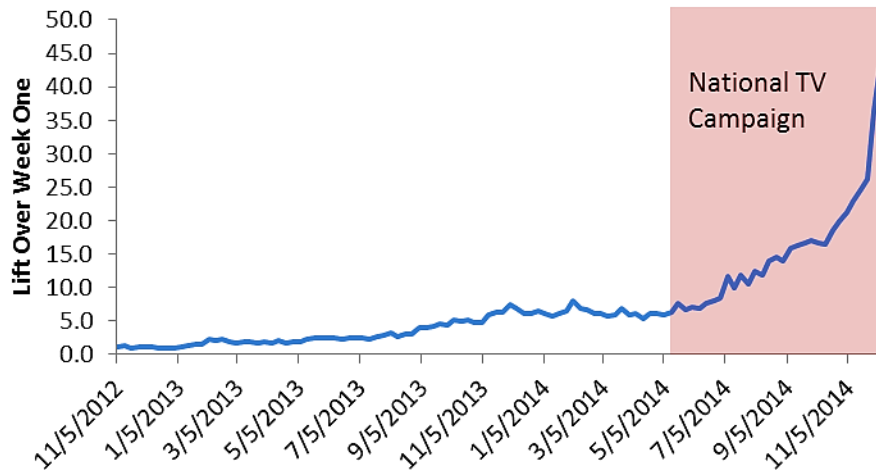


Figure 6: Weekly Adds to Cart as lift over initial value

Weekly Transactions

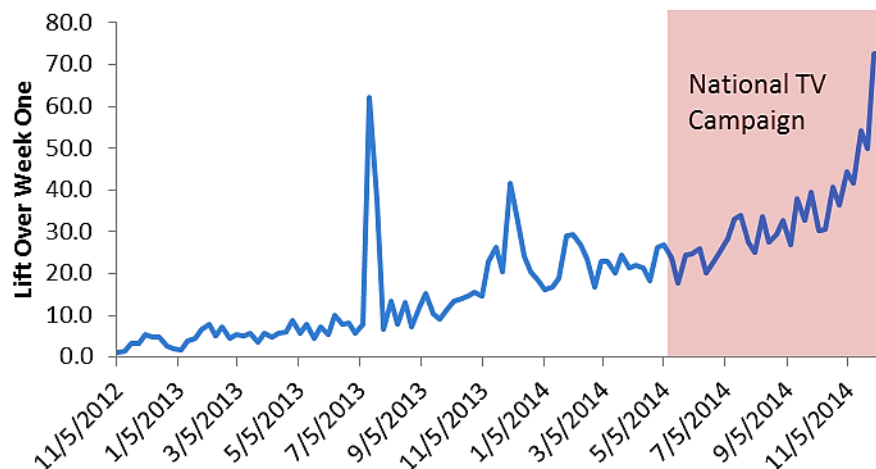


Figure 7: Weekly transactions as lift over initial value

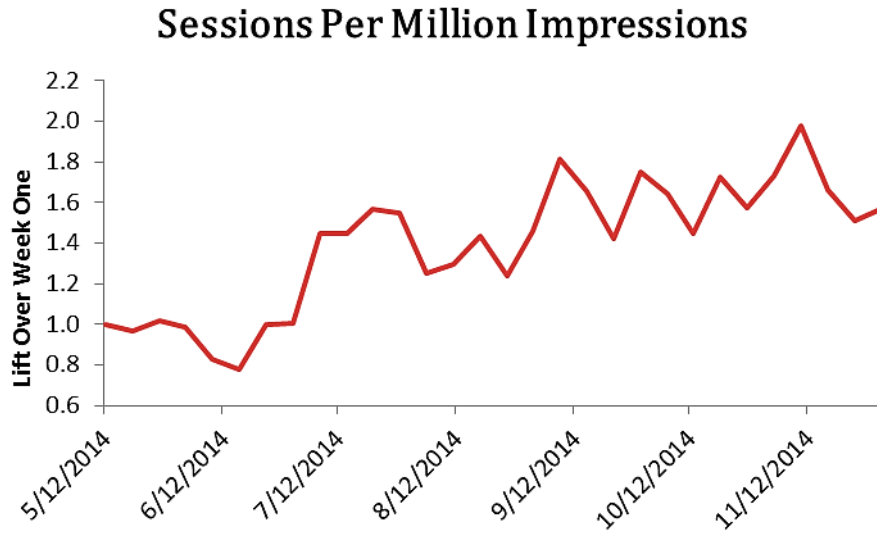


Figure 8: Web sessions per million impressions (WPM) over time, where 1.0 is equal to the WPM at the start of the campaign. The WPM was increased by about 60% as the television campaign progressed.

Case Study: Ritani: “Life’s Defining Moments”

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Abstract

Ritani’s objective is to help couples in their quest to buy an engagement ring: one of life’s defining moments. In order to tackle this problem, television creative was developed based on insights about the target population most likely to buy a diamond engagement ring. Top-of-the-funnel web response metrics were then combined with long term sales metrics to target effective television media. In conjunction with Ritani’s unique business model which gives the purchaser unprecedented assurance in their purchase, the resulting campaign enabled Ritani to grow 400% in revenue from 2013 to 2014 and achieve a 450% return on investment.