

Automobile Loan Funnel (all media are independent)

September 20, 2015

	Banner Network A	Banner Network B	Search Engine C	Search Engine D	Telemarketing	Dealer Take-1s
Cost quoted by medium	\$600,000	\$400,000	\$500,000	\$300,000	\$200,000	\$100,000
Impressions, Calls, Take-1s	310,000,000	47,000,000	20,000,000	50,000,000	10,000	1,000,000
Click Through Rate	0.010%	0.020%	3%	1.5%		
Percent reach potential customer (call or take-1)					70%	1%
Percent who begin the application	15%	25%	7%	2%	40%	10%
Percent who complete if they begin	40%	70%	15%	10%	80%	50%
Percent of completes who are approved	75%	90%	60%	50%	60%	60%
Percent who buy the auto and accept the loan	55%	75%	70%	50%	50%	50%
Revenue per loan (net of servicing cost)	\$850	\$1,000	\$700	\$550	\$800	\$900
Hit Rate (loan placed given impression, call, or take-1)						
Revenue per impression, call, or take-1						
Cost per impression, call, or take-1						
Profit per impression, call, or take-1						
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$600,000	\$400,000	\$500,000	\$300,000	\$200,000	\$100,000
Profit per medium	(\$600,000)	(\$400,000)	(\$500,000)	(\$300,000)	(\$200,000)	(\$100,000)
Revenue per loan	\$850	\$850	\$700	\$550	\$800	\$900
Cost per customer						
Profit per dollar spent						

If independent, in which should you invest?

What is the best network if you could choose only one?

What if only \$500,000 to spend?

What if only \$1,000,000 to spend?

Automobile Loan Funnel
Simplified example if search depends upon banner exposure
 September 18, 2015

	With Search				Summary		No Search		No Banners
	Banner Networks A & B	Banner Network A	Banner Network B	No Banners	Banner Networks A & B	Banner Network A	Banner Network B		
Total profit for media combination	(\$1,500,000)	(\$1,070,000)	(\$775,000)	(\$340,000)	(\$1,000,000)	(\$600,000)	(\$400,000)	\$0	
Revenue per dollar spent, media combination	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	

Is it better to have banners but no search or search but no banners?

What is the best strategy?

What combination gives the highest marginal return?

Should you invest in banners without search?

Should you invest in search without banners?

Search with Banners from Networks A & B

	Banners			Search Engine			Totals	No Search
	Banner Network A	Banner Network B	See no banners	See Banner from A	See Banner from B	See Banner from A & B		
Percent in each exposure category			68%	25%	6%	1%		
Cost quoted by medium	\$600,000	\$400,000		\$500,000				
Search cost allocated			\$340,000	\$125,000	\$30,000	\$5,000		
Impressions	310,000,000	47,000,000		20,000,000				
Search impressions allocated			13,600,000	5,000,000	1,200,000	200,000		
Click Through Rate	0.010%	0.020%	1.5%	2%	4%	4%		
Percent who begin the application	15%	25%	5%	6%	10%	10%		
Percent who complete if they begin	40%	70%	10%	10%	60%	60%		
Percent of completes who are approved	75%	90%	40%	50%	80%	80%		
Percent who buy the auto and accept the loan	55%	75%	50%	50%	75%	75%		
Revenue per loan (net of servicing cost)	\$850	\$1,000	\$550	\$850	\$1,000	\$1,000		
Hit Rate (loan placed given impression)								
Revenue per impression								
Cost per impression								
Profit per impression								
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$600,000	\$400,000	\$340,000	\$125,000	\$30,000	\$5,000	\$1,500,000	\$1,000,000
Profit per medium	(\$600,000)	(\$400,000)	(\$340,000)	(\$125,000)	(\$30,000)	(\$5,000)	(\$1,500,000)	(\$1,000,000)
Revenue per loan	\$850	\$1,000	\$550	\$850	\$1,000	\$1,000		
Cost per customer								
Profit per dollar spent								

Search with Banners from Networks A only

	Banners		Search Engine		Totals
	Banner Network A	See no banners	See Banner from A	See Banner from B	
Percent in each exposure category		68%	26%		
Cost quoted by medium	\$600,000		\$500,000		
Search cost allocated		\$340,000	\$130,000		
Impressions, Calls, Take-1s	310,000,000		20,000,000		
Search impressions allocated		13,600,000	5,200,000		
Click Through Rate	0.010%	1.5%	2%		
Percent who begin the application	15%	5%	6%		
Percent who complete if they begin	40%	10%	10%		
Percent of completes who are approved	75%	40%	50%		
Percent who buy the auto and accept the loan	55%	50%	50%		
Revenue per loan (net of servicing cost)	\$850	\$550	\$850		
Hit Rate (loan placed given impression)					
Revenue per impression					
Cost per impression					
Profit per impression					
Total Revenue	\$0	\$0	\$0		\$0
Total Cost	\$600,000	\$340,000	\$130,000		\$1,070,000
Profit per medium	(\$600,000)	(\$340,000)	(\$130,000)		(\$1,070,000)
Revenue per loan	\$850	\$550	\$850		
Cost per customer					
Profit per dollar spent					\$0.00

Search with Banners from Networks B

	Banners		Search Engine		Totals
	Banner Network B	See no banners	See Banner from B	See Banner from A	
Percent in each exposure category		68%	7%		
Cost quoted by medium	\$400,000		\$500,000		
Search cost allocated		\$340,000	\$35,000		
Impressions, Calls, Take-1s	47,000,000		20,000,000		
Search impressions allocated		13,600,000	1,400,000		
Click Through Rate	0.020%	1.5%	4%		
Percent who begin the application	25%	5%	10%		
Percent who complete if they begin	70%	10%	60%		
Percent of completes who are approved	90%	40%	80%		
Percent who buy the auto and accept the loan	75%	50%	75%		
Revenue per loan (net of servicing cost)	\$1,000	\$550	\$1,000		
Hit Rate (loan placed given impression)					
Revenue per impression					
Cost per impression					
Profit per impression					
Total Revenue	\$0	\$0	\$0		\$0
Total Cost	\$400,000	\$340,000	\$35,000		\$775,000
Profit per medium	(\$400,000)	(\$340,000)	(\$35,000)		(\$775,000)
Revenue per loan	\$1,000	\$550	\$1,000		
Cost per customer					
Profit per dollar spent					\$0.00

Search with no Banners

	Banners			Search Engine	Totals
	Banner Network A	Banner Network B	See no banners		
Percent in each exposure category			68%		
Cost quoted by medium			\$340,000	\$500,000	
Search cost allocated			\$340,000		
Impressions, Calls, Take-1s			13,600,000	20,000,000	
Search impressions allocated			13,600,000		
Click Through Rate			1.5%		
Percent who begin the application			5%		
Percent who complete if they begin			10%		
Percent of completes who are approved			40%		
Percent who buy the auto and accept the loan			50%		
Revenue per loan (net of servicing cost)			\$550		
Hit Rate (loan placed given impression)					
Revenue per impression					
Cost per impression					
Profit per impression					
Total Revenue			\$0		\$0
Total Cost			\$340,000		\$340,000
Profit per medium			(\$340,000)		(\$340,000)
Revenue per loan			\$550		
Cost per customer					
Profit per dollar spent					\$0.00

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