



AvalonBay Communities uses Integrated Data Analytics to Drive More Conversions at Lower Costs

Background

AvalonBay Communities, Inc. (NYSE: AVB) develops and manages nearly 180 luxury apartment communities around the country. In many ways, apartment seeking is still an “offline” activity. Apartment seekers want to tour the apartment home, see the amenities, explore the neighborhood, and experience the leasing staff before signing a lease. But the majority of AvalonBay’s customers begin their search at www.AvalonCommunities.com to learn more about its properties and initiate the rental application process. In fact, AvalonBay captures 59% of their leases from leads generated on the internet.

The company earned the 2003 Pillars of Industry Award and the 2008 NJAA Garden State Award for “Best Corporate Website”, and the company has continued to invest a significant portion of its marketing budget in online initiatives. “Paid search is one very important part of our internet marketing strategy”, says Michael Manfred, Cyber Marketing Manager for AvalonBay. “We have seen a significant increase in overall traffic to our site in the past eighteen months, and we credit a large portion of that to The Search Agency, as they have managed the best keywords, geo-targets, and PPC tracking for our prospects. More importantly, we are also seeing a significant increase in lead conversions.”

“The Search Agency provides us with strategic foresight, the latest innovative practices, and exceptional client service. They have helped us develop and maximize a very successful search marketing platform.”

*– Kevin Thompson,
Vice President of Marketing, AvalonBay*

Challenge

Prior to 2007, AvalonBay could only track conversions from their paid search campaigns as those visitors that completed the “contact us” form. This metric was very low, however, because most visitors were using the site to get specific information and then either calling or visiting the property to initiate the lease process. In order to optimize their investment in paid search, AvalonBay needed a more precise means of identifying those online visitors that were showing a high level of engagement and were most likely to convert offline.

Solution

AvalonBay partnered with The Search Agency (TSA) to redesign its conversion tracking and take its paid search program to the next level. TSA developed a customized data integration system and began optimizing the ads based on various “fractional” conversions. With a more granular bid optimization and data tracking system in place, TSA then expanded the keyword groups, tested new creatives based on offline promotions, refined the bid management to include geo-modified keywords and day-parting, and introduced local business advertisements.

Introducing the Concept of Fractional Conversions – Beginning in 2007, TSA worked with AvalonBay to define a new methodology for measuring online conversions. If completion of the contact us form represented a 100% conversion, there were other pages that also suggested a high level of user interest and could be counted as “fractional” conversions. Examples would be a visitor downloading a lease application, requesting directions, viewing the floor plan, or researching the apartment’s policy on pets. TSA’s account manager could then use these fractional conversions to optimize the bid management strategy. This required a tight integration of AvalonBay’s web tracking system with TSA’s AdMax™ bid optimization platform. The result was AvalonBay investing more on those keywords that yielded more fractional conversions, and less on those keywords that produced a lower level of visitor engagement.

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Optimizing the Investment – With a more precise data tracking system in place, TSA’s account management team went to work increasing total conversions and reducing the cost per acquisition. This was not a simple process, as separate campaigns had to be created for each apartment community, and each campaign had to be managed to a separate fixed monthly budget. At any given time, TSA’s account team was managing campaigns for 40 different apartment communities (and/or regions) and 100,000 different keywords. An array of tactics kept the campaigns on budget and drove measured growth in the account’s performance:

- ▶ **Running national campaigns with geo-modified keywords**
Rather than bidding on general, non-targeted keywords such as “apartments” or “apartments for rent”, TSA ran national campaigns on geo-modified keywords (e.g. San Francisco apartments). This strategy gave AvalonBay exposure both to local residents as well as apartment seekers looking to move to a new city. As this strategy proved effective, TSA expanded the keyword groups to include neighboring communities and broader regional descriptions (e.g. Northern California Apartments).

- ▶ **Creating local business advertisements**

TSA took advantage of the search engine’s local advertisement features to expand its local presence. This strategy allowed AvalonBay to increase visibility on high traffic keywords and drive conversions at a lower cost per click than the corresponding paid search advertisement.



- ▶ **Day-parting**

Close examination of the conversion data found that the most valued traffic came during regular business hours. TSA increased the

maximum bids from 8 AM–6 PM in each time zone to capture this more valuable web traffic and increase total conversions.

- ▶ **Expanding ad groups**

The account team expanded keyword groups to include misspellings and neighboring towns for those campaigns with high conversion rates and available budget. Total number of keywords grew by 64% in the first 12 months.

- ▶ **Opting out of specific sites on Google content network**

Cost per acquisition (CPA) on this network began to



trend higher than the traditional AdWords™ campaigns. The account team identified specific sites within the network with the lowest levels of conversions and opted out of those sites.

- ▶ **Connecting ad copy to latest promotions**

Based on a rigorous testing methodology, the account managers had identified a core set of titles and calls to action that yielded a consistently high level of conversions. TSA was able to drive even higher conversion rates by calling out specific, time-sensitive promotions for each of the properties. This required close integration and frequent communication between TSA and AvalonBay to update ads with the right offer for the right property in the right timeframe.

Results

In the first sixteen months of the enhanced campaign, AvalonBay more than doubled the number of conversions per month and reduced its CPA by more than 200%. Furthermore, AvalonBay has expanded its search marketing investment across all 3 engines and has implemented a local marketing effort, including mobile and local business listings, to increase its reach with apartment seekers on the go.

“As a leader and pioneer in the multifamily industry, we felt it important to partner with an SEM agency that is on the cutting edge in their field,” said Kevin Thompson, Vice President of Marketing at AvalonBay. “The Search Agency provides us with strategic foresight, the latest innovative practices, and exceptional client service. They have helped us develop and maximize a very successful search marketing platform.”

