



Stanford eCorner

Creative Direct Marketing

Jeff Housenbold, *Shutterfly*

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Video URL: <http://ecorner.stanford.edu/videos/1981/Creative-Direct-Marketing>

While at EBay, Jeff Housenbold, now the CEO of Shutterfly, managed to enroll 65,000 new subscribers a day, and shepherded the company toward being the first to use Google's Adwords. In the process, he took direct marketing online to a whole new level - day-parting and month-parting ads during traffic surges, targeting users by geography, and understanding ad buying strategy. In short, he cites new technologies as the key to solving marketing's oldest problems.



Transcript

I went on to run Internet marketing and business development, which was creating new ways to be able to bring people to eBay. And when I took over the group, Meg said, "You know what, it's about \$30 million PNL and six people. And I think we got all of the people we're ever going to get on the Internet. Let's see what you can do." We took that from six people. That group is now about 160 and about \$600 million budget. And when I left three years ago, we were getting about 65,000 new people every single day to sign up for eBay. And we did it because we used technology and we thought out of the box. And we were the first customers of Google AdWords. No one was doing at AdWords at that time and some of my experience from AltaVista, my relationships with Larry and Sergei allowed us to do that. We created the first widget, which widgets are pretty popular today.

There's this little thing that we called the 'editor's kit' for this vast affiliate network, again, using the community to sell on our behalf and it pulled in real time. It read the page. So let's say you're on celebrity.com and you're on a page about Jennifer Aniston. It would read out these pages about Jennifer Aniston. It would pull real listings from eBay in real time and create with the picture, the price, the number of bids, and the ending time. So now, this vast affiliate network didn't have to do any work. They just have to go and deploy this and one line a code on their website. We created a database where no one had really understood direct marketing to this length where we could tell you what the search term was, what search engine it came from, what was the average bid on Google, and how should we dynamically change our cost per click in real time based upon what we know about the customer from its cookie, from its transactional information, from overlaying psychographic and demographic information, and being able to serve out unique pages in real time. And that proprietary data allowed us to manage a 13 million keyword portfolio in real time. And some of the secrets we got from listening to customers and entrepreneurial, you know, thinking out of the box was we realized that there's a bunch of young people in media buying on Madison Avenue who have to hurry up and spend their client's money at the end of the month.

And so they ratcheted up the CPCs, right? And so one of the things we did was we ratcheted it down our spans in the last few days and the months while they were doing things that didn't have the right ROI. We also figured out that people used eBay at work, and so we looked at the lunchtime spikes. And so we actually ramped up spending on advertising across the entire Internet during lunchtime, so that's day parting and month parting. We looked at looking at the geocode and the ISP and serving up different listings depending on the proximity to where the shipping was to reduce shipping cost. So we did a lot of unique things that aren't about starting a business, but they're about entrepreneurial thinking, about how do you apply technology to problems. And the problem is, how do you spend money efficiently to get the right ROI to drive customers.