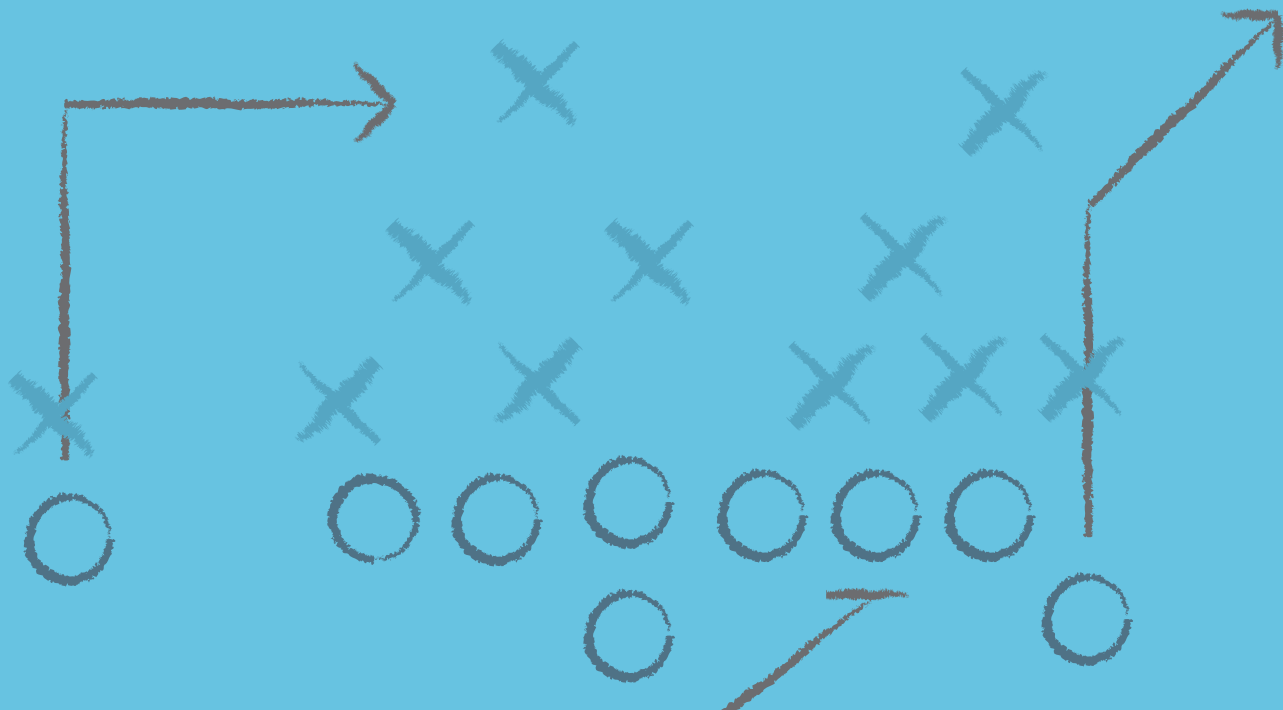


The Quantcast Display Play-By-Play

Unlocking the Value of Display Advertising



Introduction

In 2013, businesses will spend nearly \$18 billion on display advertising. Over the past few years, we've seen advertisers increasingly shifting ad dollars over to display because it allows them to reach customers where they spend an astounding 96 percent of their time online – on content sites such as email, news sites, video sites, and social networks.¹ In hundreds of conversations that we've had with advertisers, we've heard that you'd like to learn more about the value of display advertising and how to measure your campaigns.

We created The Quantcast Display Play-by-Play to provide you with four easy steps to help you take action to improve your display advertising:

Step 1 **Unlock the Value of Display Advertising**

Step 2 **Look at Display Data Beyond the Click**

Step 3 **Understand the Impact of Attribution**

Step 4 **Evaluate Campaigns with Metrics that Matter**

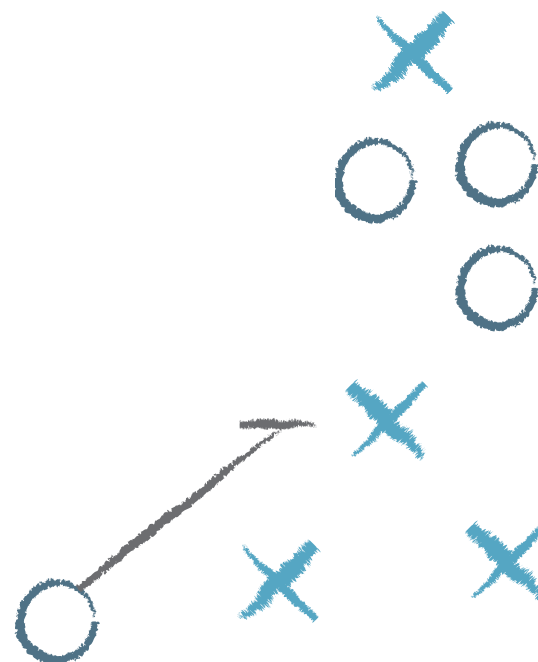
The Play-by-Play was designed to be actionable, so that you can start improving your display performance today.

¹ Nielsen. "State of the Media: The Social Media Report." http://cn.nielsen.com/documents/Nielsen-Social-Media-Report_FINAL_090911.pdf

Step 1

Unlock the Value of Display Advertising

Advertisers are drawn to display advertising for its ability to reach and engage people as they browse the web. With the introduction of RTB-powered advertising, display advertisers can now boost their performance by bringing the bidding and targeting precision of search to the world of display. Developments like RTB make display more attractive than ever, and have led to impressive market growth. In 2013, the RTB market is set to reach 19 percent of the overall display market, and this number is set to hit 29 percent by 2017.²



² eMarketer. "Real-time bidding spending to grow 73.9% to \$3.34 billion this year in the US"
<http://www.emarketer.com/Article/Nearly-One-fifth-of-US-Display-Spending-Will-Automated-This-Year/1010156>

Two compelling reasons to invest in display now

1 People spend most of their time on content properties, not on search.

While many advertisers devote a large portion of their online ad spend on search ads, Internet users spend just four percent of their time online on search. That means they spend the other 96 percent of their time visiting content properties such as email, news sites, video sites, and social networks. When you run display campaigns, you reach customers on the online destinations where they're spending the most time.

2 Display can help you reach customers throughout the purchase cycle.

Display helps you reach customers throughout the funnel from driving new prospects to your website to retargeting previous visitors and customers to closing sales or driving repeat purchases.

It's long been thought that display advertising can impact people's search behavior. A number of studies have sought to quantify those effects. A recent research paper published by Stanford and Yahoo! Research showed that people exposed to a display ad campaign performed between 5–25 percent more campaign-related searches than those who were not exposed to the campaign.³ A Harvard study run with a banking advertiser also found that a sustained increase in display advertising led to a significant increase in search impressions and clicks. This bank also saw a 48 percent lower CPA (cost per action) when its display ads were run along with its search ads (compared to when its search ads were run in isolation).⁴

³ Papadimitriou et al. "Display Advertising Impact: Search Lift and Social Influence." <http://ilpubs.stanford.edu:8090/993/2/displayadinfluenceTR.pdf>

⁴ Kireyev et al. "Do Display Ads Influence Search Attribution and Dynamics in Online Advertising." <http://www.hbs.edu/faculty/Publication%20Files/13-070.pdf>

New models for buying display advertising

Real-time bidding: a more dynamic way to pay for display.

Real-time bidding-powered display advertising hit the market in September 2009 with the launch of Google's DoubleClick Ad Exchange, the first marketplace powered by real-time auction technology. In developing its new product, the teams at Google kept a singular goal in sight: to apply the key mechanics of search advertising to the world of display. DoubleClick Ad Exchange challenged the accepted model of traditional display advertising from the start. Instead of advertisers paying a fixed cost in exchange for a certain number of impressions within a set time, RTB exchanges facilitated auctions one impression at a time, with the highest bidder earning the right to show a display ad. For the first time, advertisers could bid on and target users at the impression level.

More and more, advertisers are realizing the potential of real-time display to deliver the precision and efficiency of search. As a result, RTB-powered display advertising is a rapidly growing part of the overall display market.

Summary

There are a number of reasons to invest in display advertising, including time spent on content sites, the ability to reach customers across the full funnel, and the influence of display on search. And, with the development of RTB's dynamic pay-per-impression system, you have the opportunity to be more targeted and efficient than ever before.



Step 2

Look at Display Data Beyond the Click

While RTB mechanics are reminiscent of those of the search auction, it's important to remember that your display campaigns may not get the same number of clicks as your search campaigns. In a given month, only 16 percent of people click on display ads, even though they may be exposed to multiple display ads in a single online session.⁵ The difference with display is that this low percentage of clickers doesn't have anything to do with display ad effectiveness – it simply indicates that clicks are not the best measure of value for these ads.



⁵ Gian Fulgoni, "Who Will Rid Us of This Meddlesome Click."

http://www.comscore.com/Insights/Blog/Who_Will_Rid_Us_of_this_Meddlesome_Click

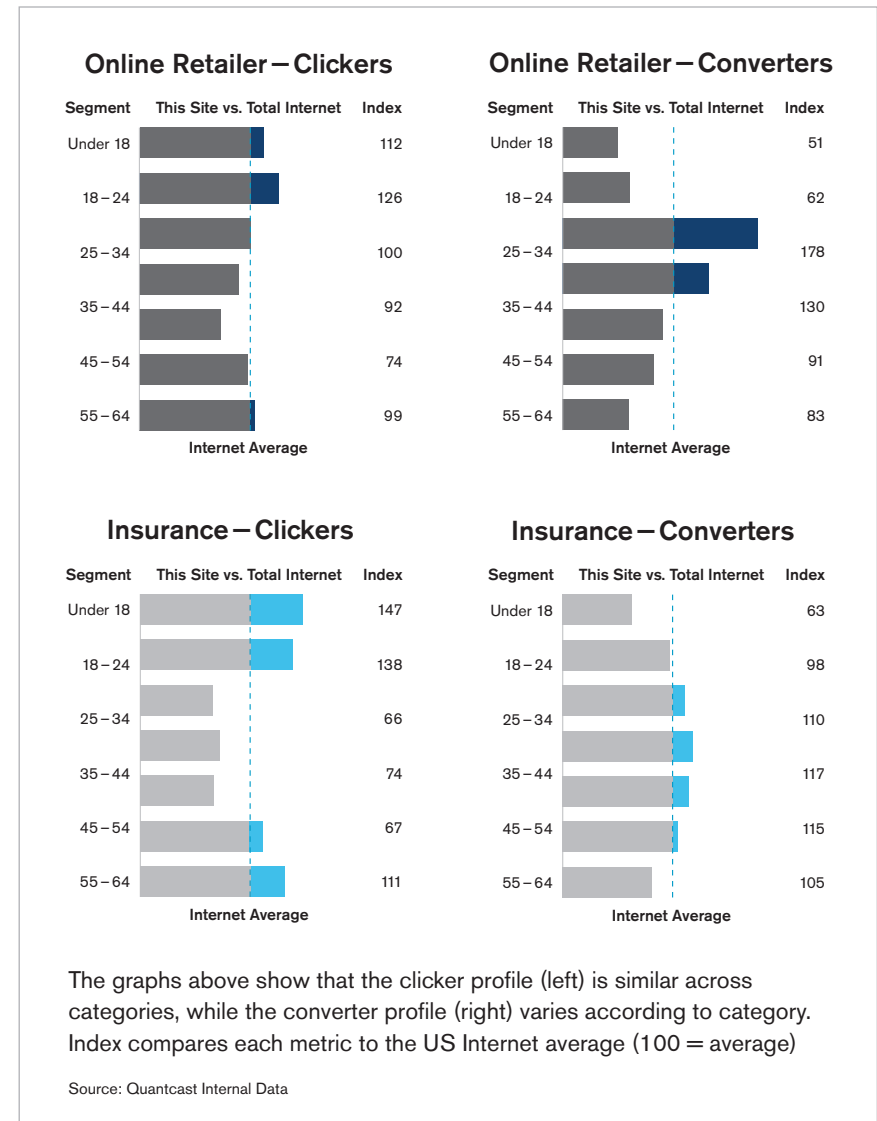
Two reasons why clicks aren't helpful for measuring display ad effectiveness

People visit content sites with the intent to stay, not to click away.

When people visit content sites, they're actively engaged and don't intend to click to visit another site. This means that even an interesting display ad may not be enough for someone to click away immediately. Instead of clicking in the moment, a person who sees an ad will often search for the product the ad mentioned or visit an advertiser's website later on. Display ads simply take longer to have an impact because consumers respond to them at their own pace.

Display clickers are different than display converters.

Our research shows that display ad clickers are often demographically different than display ad converters. The chart to the right shows that while the converter audience profile tends to match the target buyer profile of a given product or service, the clicker audience profile tends to remain consistent across all categories.



Measuring display effectiveness beyond the click

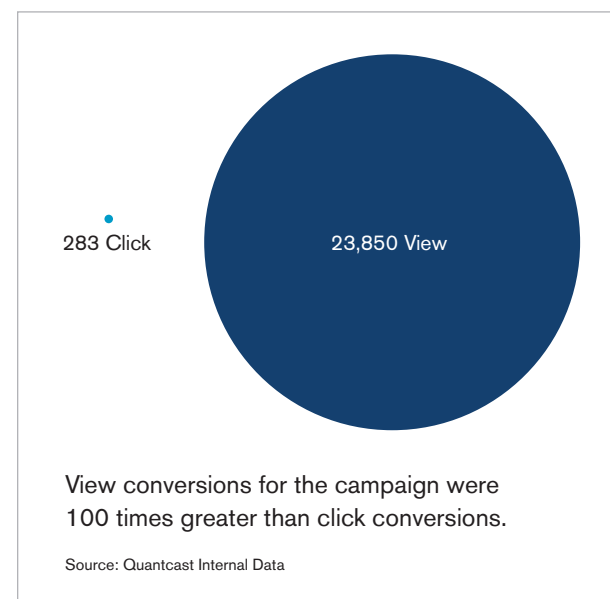
Introducing view conversions.

Instead of using clicks to measure the effectiveness of display ads, we recommend using view conversions. A view conversion occurs when a consumer sees a display ad and converts at a later time. View conversions work well for measuring display campaigns because they take into account that your customers may click on your ad, visit your website, or run a search on your company – one or even multiple times before converting on your site.

In the chart to the right, we see a comparison of a display advertiser's click conversions and view conversions. In this case, the advertiser received more than 23,000 view conversions and nearly 300 click conversions – a difference of nearly 100x. Statistics like these are not uncommon for display advertisers whose customers most often make a purchase sometime after seeing an ad and not in the moment after clicking on an ad.

Summary

If you optimize your display campaign for clicks, you will get more clicks, but not necessarily more conversions. You also risk reaching the wrong audience (clickers versus converters). If you measure your campaigns for all conversions, however, you can reach both the clickers and the viewers who eventually visit your website and make a purchase.



Understand the Impact of Attribution

Two common attribution models – “last touch” and “multi-touch”

We'll use the following example to help explain two common attribution models, last touch and multi-touch.

A customer first learns about your company when they see one of your display ads. Remembering the name of your company, they then perform a search for your business later that day and visit your website. Over the next several days, they continue to be retargeted with display ads while they continue to browse online. A few days later, they make a direct visit to your website and make a purchase.

Last Touch

With a last touch attribution model, 100 percent of the credit for a conversion goes to the last view or click before a conversion. In the example above, the retargeted display ad would get 100 percent of the credit even though the customer interacted with your brand a number of times before converting.

Pros

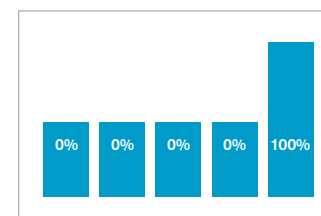
Proximity. Advertisers learn exactly which types of views and clicks directly preceded a conversion.

Low data requirements. With the last touch attribution model, you're only tracking one touchpoint, so data collection requirements are low.

Cons

Bias against prospecting tactics. When you only track the last click or view before a conversion, you don't know how a customer initially found you, or how many times a customer interacted with your brand before converting. This approach may inadvertently shift budget away from tactics that help new customers discover your brand, hurting overall ROI.

Risk of low quality retargeting. Last touch attribution rewards retargeting efforts because retargeting comes into play after customers have shown interest in your company (through a site visit, for example), and often right before a customer converts. Some retargeters try to game the system by serving high-volume, low-quality impressions – earning last touch credits, but not impacting incremental conversions.



Multi-Touch

With a multi-touch attribution model, either an equal value or fractional weight is given to each touchpoint in a conversion path. In our example above, the prospecting display ad and retargeted display ad are assigned equal credit for the conversion.

Pros

More data. With a multi-touch model, you have more than one data point, and therefore more information on your customer's path to conversion.

Recognition of upper funnel marketing efforts. With data on customer touchpoints before the last click, you can begin to assign value to your prospecting and upper funnel marketing efforts.

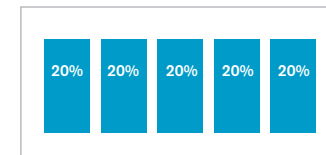
Accurate insights to inform future investments. Since more touchpoints are recognized as adding value, you are able to more accurately divide your budget to reach customers at each stage of the funnel.

Cons

Complexity. Since you're collecting multiple data points on a customer's path to conversion, the multi-touch model typically requires more robust data collection efforts than the last touch model. It's important to separate the signal from the noise to avoid rewarding high-volume, low quality impressions.

Risk of overvaluation of low-value touchpoints. Multi-touch models give credit to multiple touchpoints – even those that may not have influenced a conversion. This can lead advertisers to assign value to low or no-value touchpoints.

Difficult to separate the signal from the noise. Similar to the challenge found with the last-touch model, the multi-touch model can also reward high volume, low quality views and clicks (i.e. “spray and pray” ad serving). This attribution model provides you with a lot of data, but doesn't separate the signal from the noise.



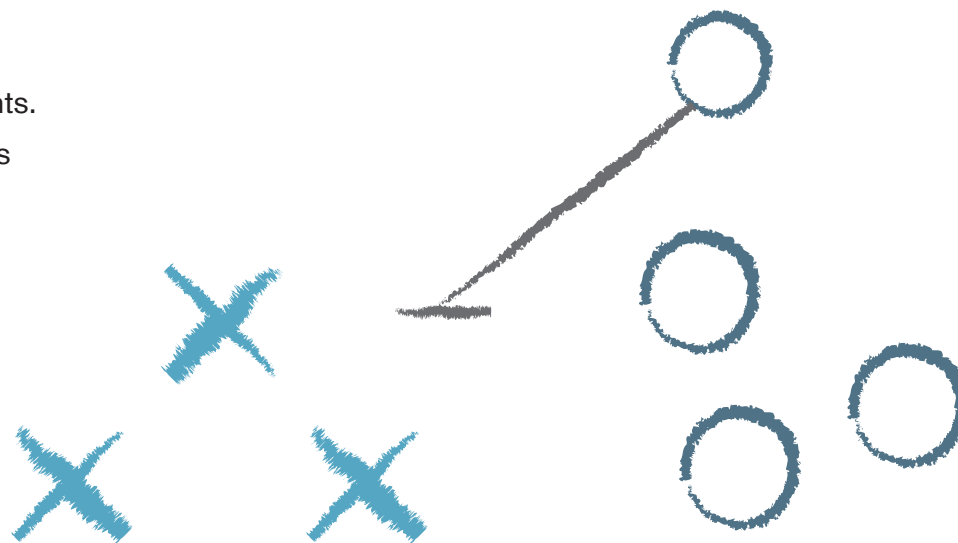
Summary

Last touch and multi-touch are just two of the many attribution models available to advertisers today. While each model can help solve a piece of the attribution puzzle, no approach on its own is perfect. The last touch model, while great at uncovering the action directly preceding a conversion, does not assign value to prospecting investments, which are often critical in driving incremental conversions. A multi-touch approach can help move beyond the limitations of last touch, but typically requires additional investment to manage data collection and analysis.

Step 4

Evaluate Campaigns with Metrics that Matter

The attribution model you choose may be dependent upon many factors. However, in most cases the conversion event serves as the primary focus for optimization. If your campaign goals specifically include attracting new customers, site visits can be a powerful second signal to measure. Understanding which tactic initially drove customers to your website can help you better evaluate the success of your prospecting investments. Beyond conversions and site visits, there are additional metrics you should consider when evaluating campaign results. In this step, we offer a list of key metrics to better understand the impact of your display campaign.



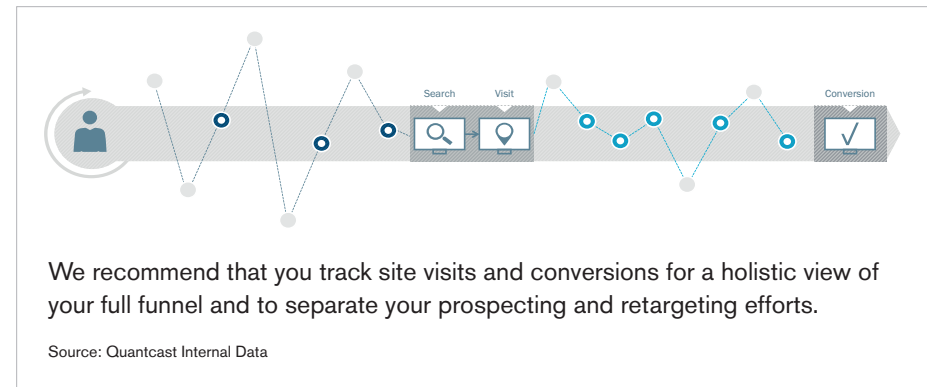
Two important metrics – conversions and site visits

While up to 54 percent of marketers use a last touch attribution model, only 14 percent believe this model is “very effective.”⁶ As discussed in Step 3, last touch attribution may be beneficial for some tactics, such as retargeting, but it does not emphasize or measure the importance of prospecting. If part of your campaign goal is to bring new customers into your funnel, we suggest looking at two signals – both conversions and site visits. Just as conversions help you decide where to focus your retargeting efforts, site visits help you decide where to focus your prospecting efforts. Looking at both of these metrics gives you a better picture of your full funnel, and can be used in conjunction with all attribution models.

Questions to consider when evaluating a successful campaign

Understanding your consumer's journey is critical to optimizing your display campaign performance. While looking at conversions and site visits will help you unlock more pieces of the conversion puzzle, there are also other factors you should consider.

On the next page, you'll find a chart with a list of questions you should ask yourself and your advertising partners in order to understand whether you're getting the most out of your display campaigns. Next to each question, you'll learn why it matters, and how we at Quantcast measure campaign performance



⁶ Source: Econsultancy, “Marketing Attribution: Valuing the Customer Journey, February 2012



Questions to Ask	Why it Matters	Metrics and Insights to Consider
Am I reaching new prospects with my campaign?	Expanding your audience is critical for driving incremental conversions to ultimately grow your business.	Prospecting Reach Rate Measures the percentage of new people reached.
Am I reaching the right audience?	It's easy to reach a lot of people with cheap ad inventory or other spam tactics, but this most likely a waste of your marketing dollars.	Prospecting Visit Rate To see if you've done a good job of targeting the right people, measure how many new prospects visited your site.
Are my prospects qualified?	If your prospects are qualified, they are more likely to convert on your site.	Conversion Rate Measuring the rate of visitors to converters will let you know if you did a good job of qualifying your prospects.
Do my prospects require retargeting?	If site visitors don't convert on their first visit, there is an opportunity to reach them again with retargeting. Do you know your visitors' behavior and how much retargeting you should be doing?	First Visit Conversion Ratio Of all the people who converted, what percentage converted in one visit versus multiple visits? A low percentage indicates that you should increase your retargeting efforts, and a high percentage indicates that you should reduce your retargeting efforts.
How long did it take my prospects to convert?	The period of time it takes from a prospect's first impression all the way to conversion is called your "lookback window." If it took most people 20 days to convert then you should set your lookback window to at least 20 days, or even longer.	Time to Convert The period of time between a customer's first touchpoint with your ad campaign(s) all the way up to the actual conversion.
How many touchpoints were needed?	To maximize efficiency and help determine your ad frequency, you'll want to look at how many ads were served before and after the site visit. There's no need to run 10 ads when you only need two.	Total Touchpoints from First Touch Determine the number of impressions that were served per user before the conversion event, before the site visit (prospecting) and after the site visit (retargeting).

Summary

In addition to conversions, we recommend that advertisers also understand which tactics are driving customers to the site for the first time. This can help you separate your prospecting and retargeting efforts and give you a more holistic view of your full funnel. In addition, there are a number of other questions you should ask yourself and your partners to make sure you're getting the most of your display campaigns.

Conclusion

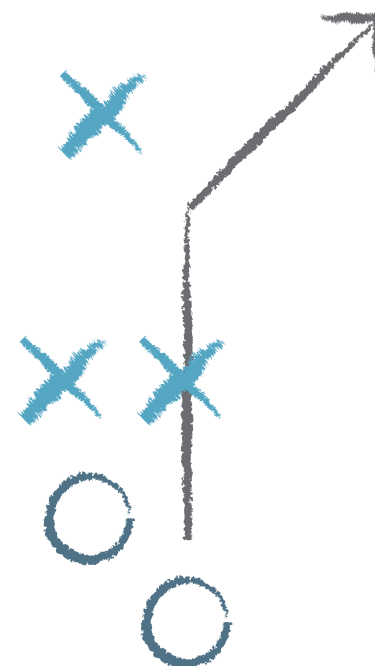
We hope The Quantcast Display Play-by-Play has prepared you to take actionable steps towards understanding and improving your display advertising performance. We want to help you better connect with your customers where they're spending 96% of their time online – on content sites.

How to get started

Improving your display ad performance is a continual process. To get started immediately, we recommend that you:

- Understand the potential of real-time bidding (RTB) to bring the efficiency of search advertising to your display campaigns.
- Focus on view conversions instead of clicks to evaluate performance because your converters are often a different audience than your clickers.
- Learn about which attribution model works best for your business to understand which of your advertising activities bring you the most sales.
- Start tracking site visits in addition to conversions for a holistic view of your full funnel and to separate prospecting and retargeting efforts.
- Ensure that your advertising partners can answer the important questions about your display campaigns so you know you're getting the best ROI possible.

The display advertising industry is constantly evolving, and we hope this playbook helps you stay one step ahead. To ask questions or to learn more about Quantcast's solutions, please contact: Inquiries@quantcast.com.



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