MediaPost's

$12.95

OMMA

The Magazine of Online Media, Marketing & Advertising

SUMMER 2012

DISPLAY DOMINANCE

CAN GOOGLE BE STOPPED?

SPECIAL DISPLAY ISSUE

THINK INSIDE THE BOX: DISPLAY GETS CLEVER

WHAT MARKETERS SHOULD ASK ABOUT MOBILE

SUBWAY'S CMO GETS DIGITAL

WWW.MEDIAPOSTPUBLICATIONS.COM/OMMA



mobile.



video.



online.

Need Creative?

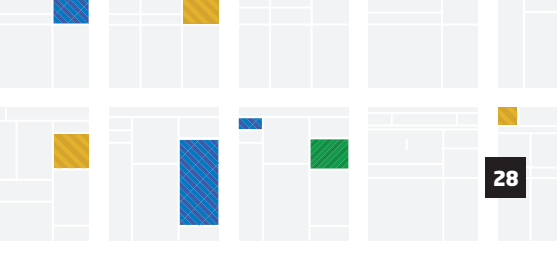
Let us be your one-stop digital shop.

Join the clients of **IB Digital Agency** in taking advantage of custom, high-quality **ad creative**, quality-assured **ad trafficking and serving**, an information-driven **reporting suite** and an intuitive **workflow dashboard** that pulls it all together.

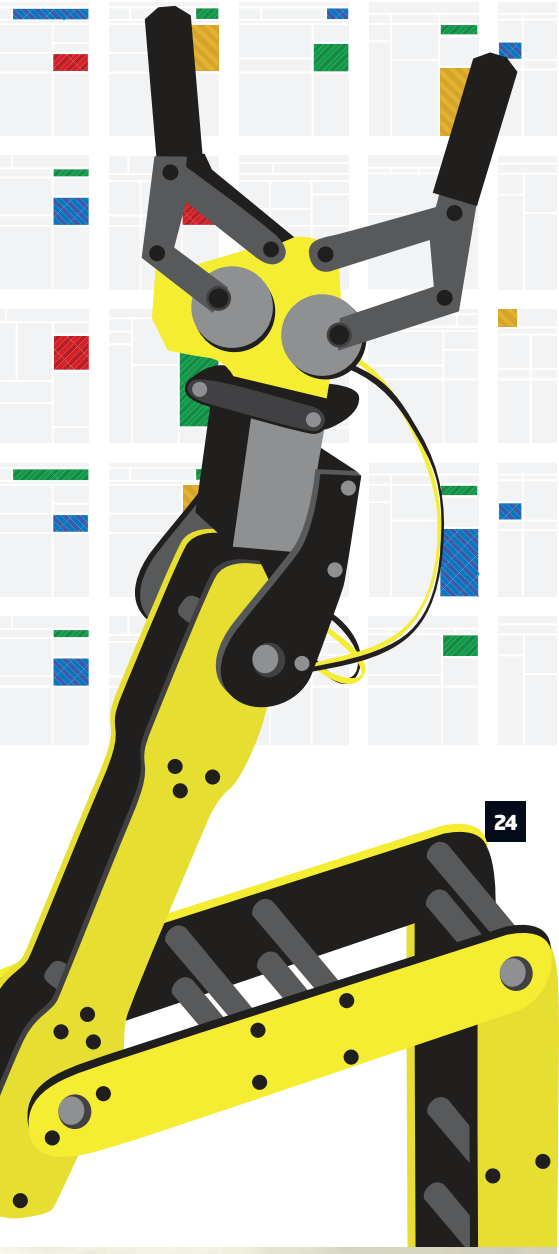


Contact us to learn more!

651-365-4000 | sales@ibsys.com



28



24



18

CONTENT

SUMMER 2012
VOLUME 14
ISSUE 3

7 ED: Blog
Display starts to sparkle.

8 Display's Crazy Salad
Daisy Whitney reports on new innovations in display, including video, social and valuable new metrics.

18 What Is Premium, Anyway?
As definitions shift, **Laurie Sullivan** weighs in on valuing context and impact in the marketing mix.

24 Analyzing Attribution
For most marketers, programmatic vs. custom buying is no longer the question. **P.J. Bednarksi** explores the middle ground.

28 Can Google Be Stopped?
As it chugs to the top of the display heap, **John Capone** reports on Google's growing edge over Facebook, and how AOL, Microsoft and Yahoo are reacting.

34 Thinking Inside the Box
Display finally finds the beat in clever ads. By **Christine Champagne.**

40 One Weird Old Tip to Avoid Bad Display Ads
Larry Dobrow finds that more display advertisers are willing to at least flirt with funny.

Q&A
46 Can Display Get Emotional?
Four display pros talk with **Carrie Cummings**.



8



34



CONTENT

50 **Rex Briggs: Does Display Belong on the A-List?**
The metrics maven says display advertising's ROI is getting worse, not better. And yes, he does know how to fix it.

BOOKSHELF
54 **Shoring Up Display's Weak Spots**
ComScore's experts dissect display's five biggest problems, to help marketers get the most out of their digital advertising investments.

60 **Right Place, Right Time**
How understanding relevance maximizes revenue. By **Sandra Zoratti** and **Lee Gallagher**.

64 **What Marketers Should Ask About Mobile**
The 5 questions that will drive sales, engagement and loyalty. By **Jeff Hasen**.

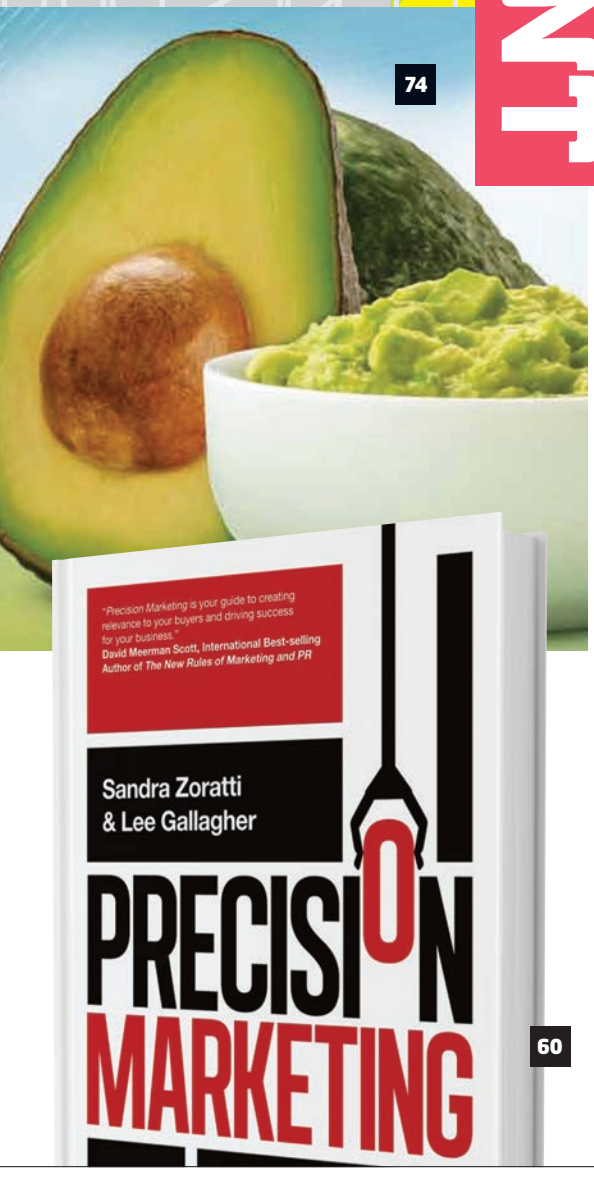
OP-EDS
68 **Web, Interrupted**
Matt Smith, of MEplusYOU, wonders when disaply will finally learn to mind its manners.

69 **The Evolution of the Digital Media Mix**
Spark's **Kristin Haarlow** on how brands like Southwest Airlines and Dairy Queen are mastering display.

71 **Target Smarter**
Angelina Chung of G2 breaks down the targeting riddle.

72 **Where Display Fits**
Ignition One's **Eric Bamberger** sounds off against last-click attribution.

LAST WORD
74 **Why Subway Loves TV**
CMO **Tony Pace** breaks down the chain's media choices.







"The discussion of 'how to make display more creative' is mental masturbation by creatives in black turtlenecks. 50"

Rex Briggs, Marketing Evolution

4.8 TRILLION DIGITAL ADS SERVED IN 2011*

HOW MANY DO YOU REMEMBER?

At Undertone, our mission is to help brands **stand out**. We do that through breakthrough video, high impact and display ad units which we run on the world's best websites and across PCs, smartphones and tablets.



Undertone®
standout brand experiences

*Source: comScore

CONTRIBUTORS

P.J. Bednarski has spent his career following media, as a TV critic and media reporter for *USA Today* and the *Chicago Sun-Times* and other papers and then as the editor of Crain's Electronic Media and executive editor of *Broadcasting & Cable*.



John Capone, formerly editor of this magazine, is a freelance writer based in the Bay area.



Christine Champagne is a New York City-based journalist. Her cover stories, feature articles, reviews and essays have appeared in *Adweek*, *Emmy* and *Film Journal International*, among other publications.



Larry Dobrow has written about a range of media, marketing, sports and entertainment topics for MediaPost, CBS Sports.com, *American Way* and others. He lives in New York City.



Laurie Sullivan is a West Coast-based writer and editor at MediaPost where she covers search, behavioral and gaming industries, among others.



Daisy Whitney is a reporter, producer, and podcaster in the new media business. She is the author of the novel *The Mockingbirds* and its upcoming sequel, *The Rivals* (Little Brown).



OMMA
SUMMER 2012

PUBLISHER
KENNETH FADNER
KEN@MEDIAPOST.COM

EDITOR-IN-CHIEF
JOE MANDESE
JOE@MEDIAPOST.COM

CREATIVE DIRECTOR & EDITORIAL DIRECTOR
JONATHAN MCEWAN
JONNYMACK@MEDIAPOST.COM

EDITOR
SARAH MAHONEY
SARAH@MEDIAPOST.COM

ASSISTANT MANAGING EDITOR
CARRIE CUMMINGS
CARRIE@MEDIAPOST.COM

ART DIRECTOR
KATHERINE PEARL
KATIE@MEDIAPOST.COM

PHOTO EDITOR
ROBERT BAJNATH

ART ASSISTANT
JENNY LEE

COPY EDITORS
FELICITY BUCHANAN, ERIN EVANS

CONTRIBUTING ILLUSTRATORS & PHOTOGRAPHERS
JLEEDESIGN

MEDIAPOST COMMUNICATIONS

CHAIRMAN
KENNETH FADNER

PRESIDENT
JEFF LOECHNER

VICE PRESIDENT, PUBLISHING SALES
SETH OILMAN
SETH@MEDIAPOST.COM

ONLINE/PRINT SALES MANAGER
NICOLE FADNER
NICOLE@MEDIAPOST.COM

ONLINE/PRINT SALES MANAGER
SAM BUCCIERO
SAMANTHA@MEDIAPOST.COM

VICE PRESIDENT, EVENT SALES
JON WHITFIELD
JON@MEDIAPOST.COM

SALES DIRECTOR, EVENT SALES
LIAM FLEMING
LIAM@MEDIAPOST.COM

ACCOUNT MANAGER, EVENT SALES
JON RONGA

SENIOR MANAGER, CONFERENCES & EVENTS
ELAINE WONG

DIRECTOR OF MARKETING
ROBERT MCEVILY

MEMBERSHIP AND CIRCULATION MANAGER
SERGEI KOGUT

MEMBERSHIP SERVICES REPRESENTATIVE
CHRIS CARNEY
CIRCULATION@MEDIAPOST.COM

OMMA Magazine is published 4 times a year by
MediaPost Communications
15 East 32nd Street, 7th Floor, New York, NY 10016
tel. 212-204-2000, fax 212-204-2038
www.mediapost.com

To subscribe, visit www.mediapost.com/media
E-mail changes, inquiries, etc. to: circulation@mediapost.com,
sales@mediapost.com, editorial@mediapost.com
For reprints e-mail reprints@mediapost.com or call 212-204-2000

OMMA (ISSN 1533-9475), Publication #024-453) is published 4 times a year (at a cost of $39 per year) by MediaPost Communications at 15 East 32nd Street, 7th Floor, New York, NY 10016. Periodical postage rate paid at NY, NY and at additional mailing offices. POSTMASTER: Send address changes to OMMA c/o MediaPost Communications, 15 East 32nd Street, 7th Floor, New York, NY 10016.

No part of this publication may be reproduced without written consent of the publisher. © MediaPost Communications.

Published since 2005 by MediaPost Communications. SUBSCRIPTIONS: Call 212-204-2000, e-mail us at circulation@mediapost.com or write to MediaPost Communications, 15 East 32nd Street, 7th Floor, New York, NY 10016. Issue Number 123



Display Starts to Sparkle

The deeper we got into planning this issue of *OMMA*, devoted to display advertising, the harder it became to wrap our brains around the way the field has changed.

To an extent, it's because the field has gotten so complicated, and those who specialize in it seem to delight in using a level of jargon that is practically impenetrable to most of the marketing world. Then there's the whole pseudo-Wall Street element, with some people tossing around more trading-desk references than Gordon Gekko. (Writers P.J. Bednarksi, "Analyzing Attribution," p. 24, and Laurie Sullivan, "What is Premium, Anyway?," p. 18, shed some light.)

But I think the real reason it's elusive is that it remains so astonishingly simple. Even the word "banner" has a kind of primitive ring: It's the advertising medium poor Lancelot used to get his message across to Guinevere.

But simple doesn't mean easy, and there are many ways marketers get display wrong, says Marketing Evolution's Rex Briggs. (See "Does Display Belong on the A-List?," p. 50.) Mostly, he says, advertisers try to get too creative and ignore the format's basic tenet: Clear is better than clever.

Three of our favorite writers — Daisy Whitney, "Display's Crazy Salad," p. 8; Christine Champagne's "Thinking Inside the Box," p. 34; and Larry Dobrow's "One Weird Old Tip to Avoid Bad Display Ads," p. 40 — address the creativity question, including how far display has come, and how far it still has to travel.

But when it works, it's a beautiful thing. And that's why display, so routinely dismissed as a digital dinosaur, is enjoying a magical moment. Forrester predicts that investment in contextual listings, static image ads and rich media ads, and pre-roll, mid-roll or post-roll online video will reach $27.6 billion by 2016.

Part of what's fueling the growth is display's aforementioned geekiness. As marketers balk at the rising costs of keyword searches, Forrester says, they are turning to the less expensive (and more effective) automated auctions.

"And yet, big brands still crave the three perennial Cs," it says. "Control over placement, contexts that resonate with customers, and creativity that brings real impact to a message. A large share of digital ad dollars continues to flow to the clean, well-lit places because that is where branding still happens best."

And about those "well-lit" places: Check out John Capone's riveting "Can Google Be Stopped?" cover story (p. 28) about the digital powerhouses that fuel display, to see how, for now, it seems destined to trounce Facebook.

Got something you want to say about the state of display advertising? I'd love to hear it. Reach me at sarah@mediapost.com.

Sarah Mahoney

SARAH MAHONEY, EDITOR

OMMA Display in LA

To learn more about what's happening right now, don't miss MediaPost's Triple Crown of Display: On July 24, OMMA Premium Display focuses on getting back to brand basics; on July 25, it's OMMA Data and Targeting; and on July 26, OMMA Real-Time Bidding. To attend or watch it live, go to mediapost.com/ommadisplayinla



DIS

DISPLAY ADS ARE THE LETTUCE IN THE SALAD. They're hardly anyone's favorite part of the dish, especially when the tomatoes are so flavorful and the carrots are so crunchy, but they form the base. And you can't have most salads without them.

Digital's dullest platform tosses in video, social and valuable new metrics **by Daisy Whitney**



PLAY'S CRAZY SALAD

That's why display ads remain a major force in Internet advertising. They're the foundation of many online ad campaigns. They lassoed in $12.4 billion in the U.S. last year, and should snare about $15 billion this year, eMarketer says. Yet one-third of display ads go unseen by site visitors, according to comScore. Even when the ads are seen, few are clicking, and many others aren't even noticing.

But some of that ineffectiveness is now being addressed. Advertisers are starting to vary their creative and implement more precise targeting to make sure the impressions that are paid for are being viewed. Also, standards bodies are making headway to turn display advertising into a better venue for brand marketers. The question of "was my ad seen" bedevils nearly all mediums, but display ads face an uphill battle to prove their worth simply because they're not thought of as the highest value, the sexiest or the most innovative type of ads. But they are the cornerstone of scale and reach.

That's why agencies, ad networks, measurement firms and researchers are working to both reform and innovate display ads through standards, social media, targeting and, in some cases, dynamic creative. But the farthest-reaching innovations in this medium aren't visible to Web users. Instead, they're happening behind-the-scenes in measurement, both in the push toward standards as well as next-generation real-time media strategies. Here's a look at what's under the hood.

SOCIAL INFORMS DISPLAY

As social media's trajectory continues to rise, brand marketers are discovering new ways to link social media with display ads to refine their media plans, says Patricia Galea, senior vice president of digital at Edelman. "We are focusing on combining display with search and social more, and using the result to [better inform] how we get our audiences to look at our content," she says. That means layering social media metrics — engagement, buzz, real-time reach — on top of display media to make real-time adjustments. That could involve combining data from an Omniture on the display side with a Radian 6, for instance, on the social side. For a recent travel-client campaign, Galea says Edelman analyzed how viewers responded and engaged in real time with content the brand pushed out on Facebook and other social forums. The marketer then adapted the display plan based on those results.



"The two are intertwined now," Galea says. "Everyone is trying to get more into branded content as opposed to buying ads, but that's not always efficient. And custom ads take a lot of time and money. But you can refine the placement based on the social component."

Ad networks are also eager for this type of integrated approach across all screens, with display connecting into mobile, social, video and other forums, says Jason Knapp, executive vice president of product at MySpace and at SpecificMedia, an online advertising platform. "We want to show a marketer share of voice, reach metrics, frequency metrics, how many times a viewer was exposed on video, on display, on mobile, and different mediums, and which percentage did you reach across all three, or across two, for instance. This is all where we are looking and where we think it's going," he says.

THE PATH TO STANDARDS

Refined metrics and sophisticated integration are helping, but the display market needs basic standards too, experts say. Despite being a mainstay of Internet advertising, the industry has yet to truly define what constitutes an impression. Questions abound: If someone lands on a page, are impressions immediately counted for display ads? What if the ads are below the fold? How long do the ads need to be



poptent

The trusted global source for creative video solutions

Your complete video marketing solution.

Poptent marries the strategy and production with the distribution and optimization to offer an end-to-end solution to all your video marketing needs. Through this process we are able to deliver maximum ROI on your video marketing strategy to engage and activate your audience.

Get Engaged at poptent.com

in view to be counted?

Progress is being made toward a viewable impressions standard, and such a metric would be potentially transformative for the display market, says Andrew Casale, vice president of strategy at advertising technology platform Casale Media. "The problem with display has been there's too much supply, and supply is easy to create. There's no limit to how much display a publisher can create and the pace of impressions has far outstripped the budget moving into display, so every year we see more display impressions coming online," he says. The IAB, the American Association of Advertising Agencies, and the Association of National Advertisers, have paired up on an effort called 3Ms that could help codify a viewable impression, making accountability and attribution better in the display market.

"Today we count 'served impressions' as recorded by ad servers," the IAB's Web site states. "Often, ad units are not in a viewable space to the end-user or fail to fully load on the screen — potentially resulting in substantial over-counting of impressions. Viewable exposures are increasingly the norm across other media and better address the needs of brand marketers," the IAB says.

But defining a standard isn't always an easy task, because it calls for multiple input from myriad parties and can take years. Even so, Casale contends it will happen soon in display because the marketers want the standard and they're driving the movement. He says Casale Media expects to be selling "viewable impressions" by the fourth quarter.



TARGETING GETS BETTER

Tangible progress has been made in the quest for better metrics. ComScore, for instance, offers its "validated campaign essentials," which measures a campaign's reach and frequency and counts only ads that are seen in the correct geography and in brand-safe environments. Similarly, some higher-end publishers such as *The Atlantic* have moved away from standard display formats.

"When this will reach a critical mass is hard to say, but everyone is asking for these things to take place at scale," says Rich Kim, vice president and associate media director/digital communications specialist at RPA, a full-service integrated advertising agency. In addition to the measurement advances, Kim says he's also encouraged by targeting innovations, with the availability of more data from sources such as BlueKai and Quantcast that can segment niche audiences in a highly efficient manner.

"Today, I could say I want to be able to reach an adult 18-to-24 who is interested in hybrid vehicles, and they have done a search in the past 30 days, and I can do that. That capability wasn't as readily available a few years ago," Kim says.

The prospect of creative targeting is coming into focus for brands, too. That's been done for "lower funnel" advertising via shopping and travel sites, and is getting easier to implement now in more meaningful brand executions, Kim says.

Targeting and creative work in tandem, says David Hallerman, principal analyst at eMarketer. "Think about a flat-screen-TV company," he says. "The brand might have different ads for someone who came to a site from a parenting site versus someone who came from a sports site. They're still selling the same TV, but using the data to change the creative," he says. Advances go beyond that, too. Marketers could change the images or the text or the creative depending on what the data reveals about where the person is in the purchase funnel. "To dynamically alter the ad content on top of the targeting is, in a sense, the holy grail buzzword. You can't have good dynamic creative without the good targeting," he says.

Agencies like the ability to connect the creative to target-

Big Data. Big Units. Big Impact. Big Buys.

OMMA DISPLAY

EUROPE

WITH NEW PLATFORMS AND NEW CONSUMER INTERACTION MODELS, DIGITAL DISPLAY ADVERTISING IS EVOLVING TO MEET AND EVEN REDEFINE THE CHALLENGE OF TELLING BRAND STORIES IN COMPELLING AND MEMORABLE WAYS. THIS IS A BIG DEAL – AND WILL RESULT IN EVEN BIGGER DEALS FOR YOUR BUSINESS.

SEPTEMBER 17, 2012
8 NORTHUMBERLAND AVENUE • LONDON

www.mediapost.com/ommadisplayeurope

ing technology. Doing that at scale to highly specific audiences, across multiple channels and using display, video, social and search, is particularly exciting, says Brian Lesser, CEO of WPP's audience buying company Xaxis. "A studio could choose to reach people who are comedy fans in general, or those that tend to see a lot of movies. Or both. The permutations are basically endless," he says. "In sticking with the comedy example, a studio promoting a new movie might show the general trailer to one comedy fan, but a different trailer to a fan who had already been exposed to the general trailer. Or a studio could show one trailer to men, and an alternate one to women."

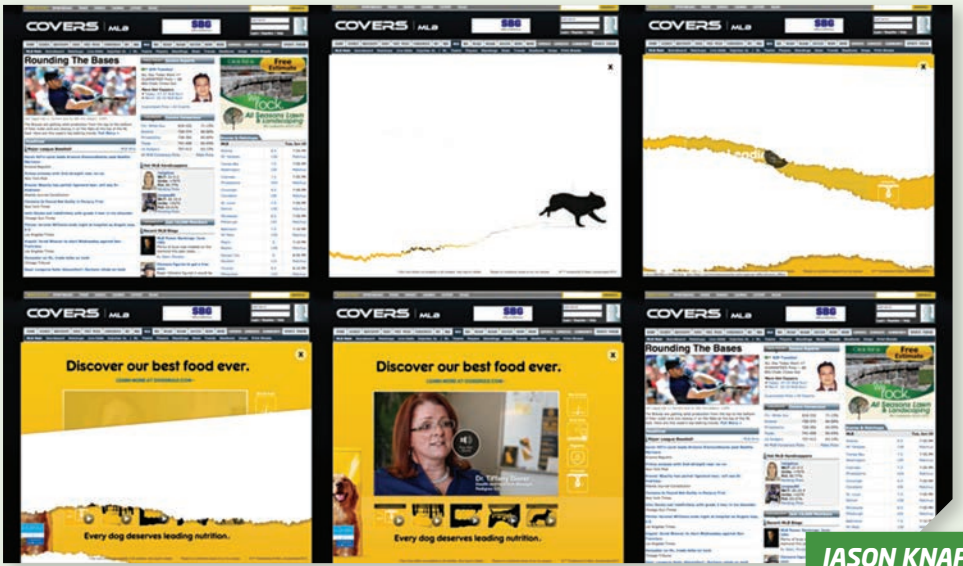
FORMAT ADVANCES

A number of players have also or soon will roll out advances in display formats. Creative agency Rassak Experience crafts ad campaigns with display and video, and plans to integrate retargeting into several campaigns this summer. While retargeting isn't new, it's mainly been used for commerce sites. "If you browse a product at a Web site, you might see that product pop up in banner ads on other sites you visit, reminding you that you might still want to buy," explains Barak Kassar, founding partner of the agency. "We're getting ready to use this same technology in a novel way, to let people know that a new episode of a video series we're working on is now live. So they would see a promo for the new video on sites they are visiting when the video is available. This will tie into other forms of letting people know, like Twitter, Facebook and email. We would implement this with one of our media planning and buying partners."

Video has been an available feature in banner ads for some time. Think of the type of spots where if a user mouses over the ad they might be able to click to watch an in-stream video. But the key with this type of display video is to make sure it's measured accurately, and the industry isn't making a clear distinction between pre-roll video ads, which usually run in front of content a viewer chooses to engage with, and in-banner videos right now, says Sabrina Ho, di-

"I LOVE THIS DISPLAY AD BECAUSE..."

OMMA asked some experts to share their favorites



"These full-page takeovers are super-impactful because they move to cover the entire page with the advertiser's creative. This is really my favorite ad out there today because I love how the creative builds gradually. Suspense helps generate more interest."

JASON KNAPP, EXECUTIVE VICE PRESIDENT OF PRODUCT AT SPECIFIC MEDIA AND MYSPACE

Higher Calling



This Summer, Make New Connections

August 19-22, 2012
Hyatt Regency Lake Tahoe

Learn from and network with the best minds in the industry.
All the brands, all the newest ideas, all the top people, gathered together in one of the most beautiful locations in America.

www.mediapost.com/mobileinsidersummit

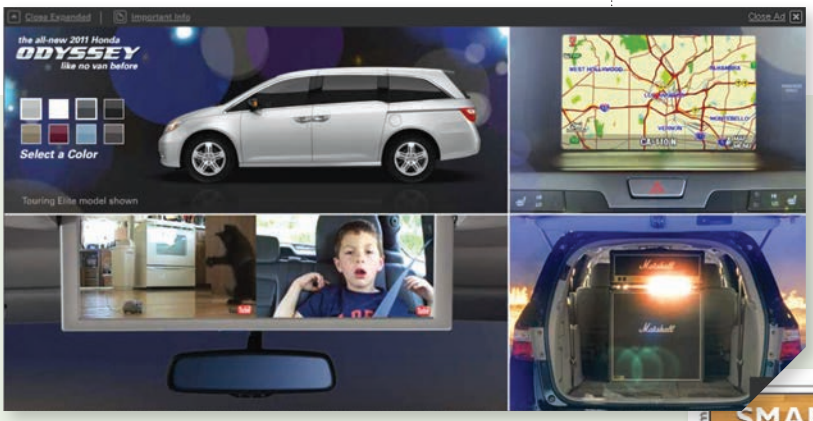
rector of research at ad network BrightRoll. She adds that BrightRoll is studying how consumers interact with various types of video ads and how the formats impact consumer behavior.

Likewise, ad network Tremor Video says engagement in video is vital whether the video runs in a banner or as a pre-roll. "Not only does engagement prove to the advertiser that the ad was appreciated by the consumer, but surely that it was viewed, which as we know has become the topic du jour in our industry," says Jason Krebs, senior vice president and chief media officer at Tremor Video.

Video innovations in display ads are also occurring on the TV screen. Interactive program guide Rovi is adding video to some of the display ads in the TV listings grids it powers. In a recent campaign, Rovi reports that when it ran a banner ad to drive tune-in to a primetime premiere one hour before the show, the banner ad in the guide generated a 75 percent incremental lift in viewership from viewers who were already spending time in the guide during the hour before the show. The study also found that a network running sampling campaigns a few days before a show's air date generated a 62 percent increase in viewing over prior show premieres with a campaign that linked banner ads to video trailers for the shows.

Then there are other types of display innovation. The start-up NetShelter offers a platform that measures which articles or product reviews are gaining traction socially and then uses that information as a centerpiece for online display ads to effectively leverage off the earned media in the reviews. NetShelter has worked with Samsung to market its Samsung Smart TVs and says it saw a 52 percent rise in additional viewing of the ad using this type of ad unit.

Of course, media companies also continue to refine existing display formats. SpecificMedia recently introduced a full-page unit that frames site content and can help drive awareness. Shutterfly and Hard Rock Hotel & Casino Las Vegas have used the formats and seen, respectively, a 143 percent and 149 percent lift in recall, says SpecificMedia's Knapp.



"One of the best display ads that comes to mind was actually one of our own for the launch of the latest Honda Odyssey. The ad was on the home page of YouTube and showcased the dual-view entertainment screen by using two viral YouTube videos. It was extremely creative and contextually relevant in the way it spoke to visitors of YouTube – using some of the quirkiest videos that have defined the mass usage of the site."

RICH KIM, VICE PRESIDENT AND ASSOCIATE MEDIA DIRECTOR/DIGITAL COMMUNICATIONS SPECIALIST AT RPA

BARAK KASSAR, FOUNDING PARTNER, RASSAK EXPERIENCE

"This Ikea one is fun, and it makes you think about the brand."



Tweet Yourself

MediaPost's

Social Media INSIDER SUMMIT



Win Friends and Influence Followers

August 22-25, 2012
Hyatt Regency Lake Tahoe

Friend the biggest stars of the social media revolution — in person.

www.mediapost.com/socialmediainsidersummit

DISPLAY

DO ADVANCEMENTS IN DISPLAY ADVERTISING MAKE ADVERTISERS BETTER OFF TODAY COMPARED TO FOUR YEARS AGO? While that question might seem more appropriate for trying to sort through political policies during a presidential election year, it's also relevant to the evolution of "premium" display ads, as technologies like programmatic buying and native ad units take hold.



What Is Premium Now?

Valuing context and impact in the marketing mix

Laurie Sullivan reports

Ad pundits have already made display advertising the most jargon-littered playing field in the digital realm, forcing most of the world to constantly dodge a steady barrage of acronyms, from ACC to DTP to ROS to ... WTF. Adding to the confusion is the constant evolution of what premium display — the industry's alleged crème de la crème — actually means.

To most major media brands, for example, "premium" still means banners and high-impact branding ad units on name-brand media sites. It refers to the unmissable banner ad for, let's say, Acura or Lincoln Mercury that viewers see when they check on cnn.com for the latest headlines or espn.com for baseball scores. But for the more tech-driven companies, especially the DSP (demand-side platforms) or RTB (real-time bidding) players, the word premium is being redefined as "whatever performs." In fact, the term "premium display" gets tossed around so much no one is sure what it means any longer.

The ad tech space continues to evolve. The advent of RTB, which relies on automation and a machine to do the work, and Facebook Exchange will continue to

change the dynamics of the marketplace. Premium ads integrated with social context will become the voice of the brand and prompt people to take action. The sun isn't setting on display ads. Brands will simply integrate native elements that create shiny objects through an established media.

But trying to figure out exactly where traditional display ads fit in today's mix seems almost as difficult as trying to coax an undecided voter into either the Republican or Democrat camp this November: Both sides think they've got it all figured out, but there are still plenty of unanswered questions.

Technology advances in social and automation don't mean the end of display ads. They just mark the beginning of a hybrid model where ads follow editorial content and have an unobtrusive conversation with consumers. Consider a high school senior in California. On YouTube, surfing through skateboard videos, he clicks on a premium native video ad, this one for Chevrolet's Sonic, watches for a few seconds, and then continues to jump from video to video. That creates a boost for brands. Revenue generated by display ads in the U.S. should reach $15.4 billion this year, up 24 percent from $12.4 billion in 2011, according to estimates from eMarketer.

Publishers create content to build loyal, engaged audiences, but they typically deploy display ads or interruptive pre-roll video on their sites rather than encouraging brands to integrate media that will stimulate a conversation.

Clearly, premium display ads win votes from brands looking to deliver the message. Once a static picture on a Web site, technologies like HTML5 and rich video enable images to fly off the page. Video connects with consumers who digest more than 32 hours of video monthly, according to Wayne Powers, senior vice president of North America sales at Yahoo.

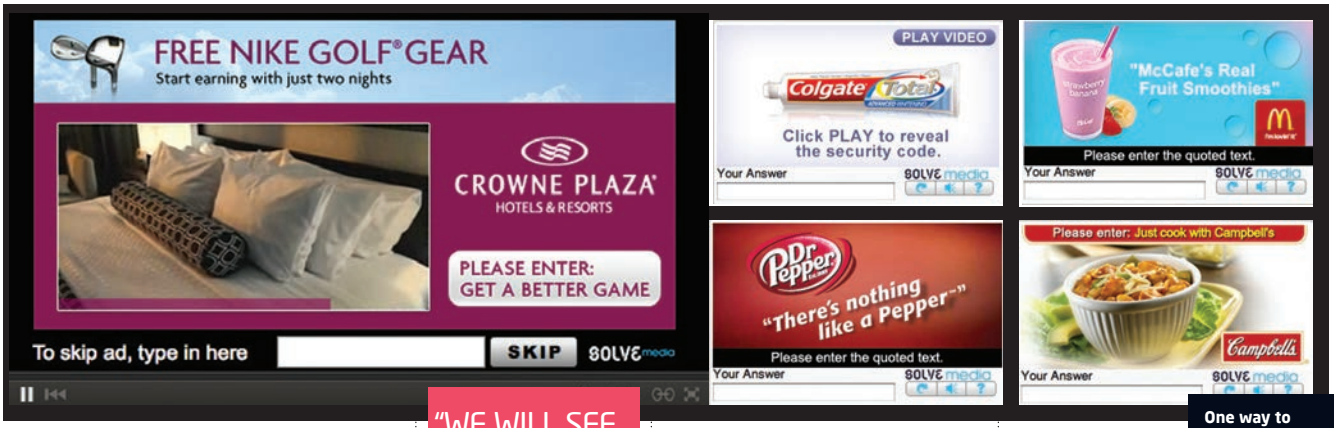
Traditional premium display-ad units integrating video appear to be headed toward branded entertainment, for example. Powers says advertising becomes part of the experience. That type of experience, however, depends on whether a person consumes content on desktops, smartphones, tablets or smart TVs. Advertisers will need to become more creative with immersive ads. He points to ads frequently promoting movies where characters pop out and move across the screen to capture the viewer's attention. Premium display ads now allow consumers to view the trailer and buy the ticket to attend a theatrical release.

Connecting with the consumer, Apple ran an expandable takeover home-page display ad one Sunday in December on Yahoo's portal to demonstrate a new product's features. The idea to connect with consumers took the advertisement beyond the typical display ad by adding niche content and links to places where consumers could go to make a purchase, Powers says.

Advertisers want a better way to engage existing and potential customers. Suzie Reider, head of industry development at YouTube, points to an emerging trend in niche marketing, rather than advertising. Marketers have tightened the purse strings on traditional advertising to connect with consumers through conversation, sponsorships and branded content. "Commercials must act as content; you need an opportunity for interactivity and dialogue; and the campaign must scale," she says, suggesting these three trends will drive YouTube's business this year.

Brand advertising execs will continue to want interesting home pages, but they will become more aware of innovating in the available real estate.

Advances in display and online ad technologies work with YouTube's home-page takeover ad, according to Reider. She says campaigns are not single lines on an ad insertion order anymore, but rather 10 lines. Marketers know they need to meet the viewer, so they incorporate a YouTube home page, search advertising and maybe a mobile roadblock. "It's not about robbing Saint Peter to pay Paul; one will not cannibalize another," she says. "We will see knee-jerk increases in digital



One way to creative native display: Solve Media replaces CAPTCHAS with brand advertising

investments. A lot of that is fueled by premium content [that] YouTube, AOL, Hulu and others have launched."

MOBILE FUELING DISPLAY'S GROWTH

Mobile devices are now so ubiquitous that the number of connections surpasses the U.S. population. Mobile Internet users now comprise half of all U.S. Internet users, and by 2016 the number will grow to 75 percent, according to eMarketer.

And display remains the fastest-growing subcategory of advertising media, with 20 percent annual growth, thanks to the rapid rise of social media and online video advertising, according to ZenithOptimedia. By 2014, Publicis Groupe's research arm expects display to reach 40 percent of Internet advertising, up from 36 percent in 2011.

> "WE WILL SEE KNEE-JERK INCREASES IN DIGITAL INVESTMENTS. A LOT OF THAT IS FUELED BY PREMIUM CONTENT [THAT] YOUTUBE, AOL, HULU AND OTHERS HAVE LAUNCHED."
>
> ***SUZIE REIDER, YOUTUBE***

ZenithOptimedia predicts social media's share of display to grow at an average rate of 31 percent during the next three years, achieving an 18.5 percent share in 2014, up from 14.4 percent of Internet display advertising in 2011.

Native targeted display ads provide the best results. (Native means ad units that are specific to a media type, like sponsored stories in Facebook, promoted tweets on Twitter or branded videos on YouTube.) In Facebook, ads based on content, rather than messages, have a better chance of scoring big with members.

Discussions about Facebook and Twitter's relationships with advertisers and the impact of their native formats lead many to wonder whether the trend toward high-impact and native ad units remains sustainable. "Some say they don't get advertisers, others say advertisers don't get them," admits Ari Brandt. "The truth is somewhere in between. I think advertisers do understand the value of native formats on Facebook and Twitter, but the problem is that it's hard for brands to achieve and measure their advertising objectives using native ad units."

But creating these native ads isn't easy. Ari Jacoby, CEO of Solve Media, which replaces CAPTCHAS with brand advertising, points to two major challenges: additional work to create an opportunity, and whether the agency can create enough scale to make the investment profitable.

"Agencies and marketers prefer to invest in platforms that are

Same Show, Different Accent

OMMA Mobile Is Going to London



EUROPE

CONSUMERS ARE ADOPTING MOBILE TECHNOLOGY AT A FAST PACE – OFTEN FASTER THAN MARKETERS CAN KEEP UP WITH, AND IN WAYS NOT EVEN THE MOST SKILLFUL MARKETERS ANTICIPATED. WITH THE INDUSTRY SPOTLIGHT BLAZING, AND WITH BIG MEDIA BUDGETS HEADED ITS WAY, IS MOBILE READY FOR PRIME TIME?

SEPTEMBER 18, 2012
8 NORTHUMBERLAND AVENUE • LONDON

www.mediapost.com/ommamobileeurope

"ADVERTISERS DO UNDERSTAND THE VALUE OF SO-CALLED NATIVE FORMATS, SUCH AS SPONSORED STORIES ON FACEBOOK AND PROMOTED TWEETS ON TWITTER, BUT THE PROBLEM IS THAT IT'S HARD FOR BRANDS TO ACHIEVE AND MEASURE THEIR ADVERTISING OBJECTIVES USING NATIVE AD UNITS."

ARI BRANDT, MEDIABRIX

measurable and performance-based," he says. "If the opportunity is scalable, it makes sense for them to invest time and resources into maximizing ad effectiveness from a particular native advertising placement."

Brandt says marketers and their ad agencies are responsible for selling products. To sell products, the ad must tell a compelling story about the product. To tell a compelling story, agencies need a "real palette" to capture the attention of consumers. He says it becomes difficult to tell a compelling story, not to mention sell a product, with native units.

Unlike Brandt, Demand Media chief revenue officer Joanne Bradford says advertisers want to break out from the within the walls surrounding "pure advertising" and become part of the conversation with consumers. The savvier brands look and find ways to connect with consumers through useful content, which keeps the brand top of mind when those same consumers get ready to make a purchase.

Are those same savvy advertisers comfortable enough with automating premium display ads that embed native content to connect more closely with consumers?

THE HYBRID MODEL

High-impact and native media in display-ad units will continue to evolve and support models not typically found at the top of the marketing funnel. RTB, paying per impression rather than per thousand, remains one media missing from the mix. It can work with advances in display technology that hold all parties accountable. Tools, such as DoubleVerify, ensure the ads serve up within plain view in the browser window.

Some believe a hybrid model will emerge, supported by audience-targeting platforms like eXelate or Xaxis. RTB for premium ad buying would rely on data and audience segments to signal ad networks to bid or not to bid for that single impression. Automation brought RTB to display advertising at the bottom of the marketing funnel, but the concept could support takeover and native ads at the top, as well.

How could programmatic buying work to support the sale of home-page takeovers? The industry would need to create a hybrid model. The major problem becomes publishers losing control of pricing in the RTB model. The highest bidder wouldn't get the impression. Publishers and advertisers would need to agree on the cost-per-impression in advance, rather than selling the ad unit to the highest bidder on-the-fly.

The hybrid model might not guarantee placement on certain sites, but it would guarantee high-quality placement based on a predetermined price per impression.

For some, this hybrid model becomes a bit difficult to chew. "We're not at a point yet where we can do programmatic buying for home-page takeovers," says Christina Beaumier, vice president of global client development at Xaxis, a GroupM company. "The integration of creative and content makes it difficult to swap in and out publishers and advertisers."

Ads running one-page deep on a Web site remain valuable, and most brands will pay more for that space, Beaumier says, so expect to see higher CPMs from publishers.

The advertising industry will find new ways to integrate native media in desktop and mobile display ads. RTB becomes a more efficient. Some publishers don't want to open home-page takeover ads or premium ad units to bidding for impressions in the RTB model.

To make RTB work with home-page takeovers, the industry would need to create a new workflow. "I don't see a world where we can auction in real time home-page takeovers to any old advertiser who happens to bid the highest," Beaumier says. "Audience buying is the umbrella. RTB is one of the ways we get there. We can still do audience buying on premium content, but we don't see any of the efficiencies of the workflow. It's all done manually."

Fast Forward to Fun

MediaPost's

Video INSIDER SUMMIT



Play, Relax and Rewind.

September 4-7, 2012

Mohonk Mountain House, New Paltz, NY

Learn from and network with the best minds in the industry.
All the brands, all the newest ideas, all the top people, gathered together in one of the most beautiful locations in America.

www.mediapost.com/videoinsidersummit

EVOLUTIONARY BUYERS

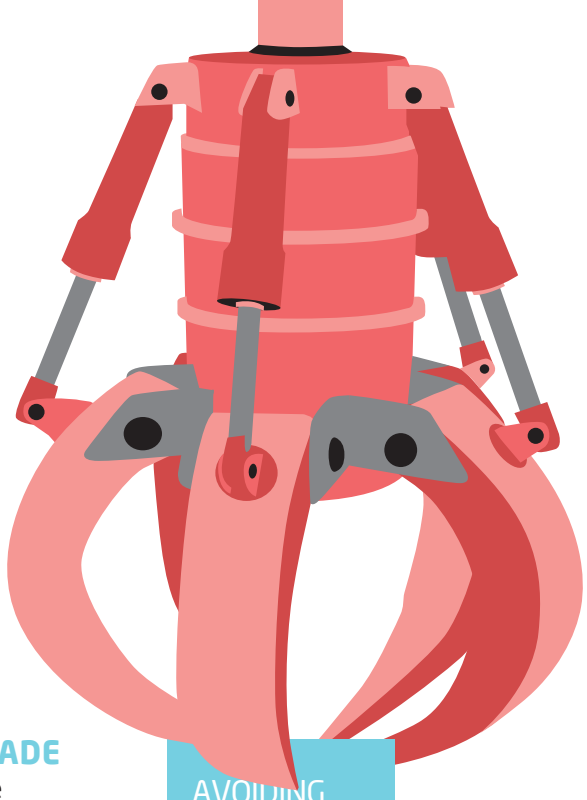


Analyzing Attribution

Making the case for a combination of programmatic and custom buying

P.J. Bednarski reports

ILLUSTRATIONS: JLEEDESIGN



A DRIVER WITH AN AUTOMATIC TRANSMISSION HAS MADE HER CHOICE. What goes on under the hood — not the person behind the wheel — is going to decide how the car will move forward.

That's the way it is for digital marketers and ad agencies, with the whole business built around all systems firing at once, with millions of advertising decisions and transactions that are made almost instantaneously.

AVOIDING WASTED AD SPENDS PROBABLY RANKS AS HIGH AS FINDING THE RIGHT PLACES — AND PREVENTS AN ADVERTISER FROM ULTIMATE DISAPPOINTMENT.

Every day, for example, Redwood City, Calif.-based Turn, the demand-side platform (DSP) provider, makes "over 30 billion advertising decisions, analyzes over 1.5 trillion customer attributes and provides instant access to billions of digital advertising impressions."

So in that ultra-streamlined advertising vehicle, is there room for custom-buying?

Yes, says Joanna O'Connell, senior analyst for interactive media at Forrester Research. But in "The Future of Digital Media Buying," a recent analysis, she first takes us on one last trip down Memory Lane while at the same time constructing figurative Road Closed barriers to make sure nobody goes back there.

The old-style traditional media planning process, she says, depends on things like securing the lowest CPMs and relying on old-style relationships between planners and buyers. "Unfortunately," she notes, "the tent poles of the traditional media-planning process — which serve models like TV-buying just fine — don't translate effectively in the digital environment, but it's widespread nonetheless."

Digital is faster and nimbler and far more complex, and ever morphing into the next thing, where even two years is an eternity. That makes it seem almost impossible for a marketer or advertiser to customize their approach.

"The most obvious answer is that you make sure both hands are talking to each other," on the creative side and the programmatic side, O'Connell says. "For example, say you're going to run a big, splashy unit on a very high reach or important media property. Well, you'd want programmatic people to know that's happening, including the search folks, so that they can do whatever they think is appropriate.

"I had a travel marketer give me an example: She was saying I want my DSP to be looped into the fact that I'm going to run a home-page placement on Yahoo because that will influence what they do from a bidding standpoint. That's bringing some really smart and holistic thinking to how you make brand experience — or bespoke stuff — and programmatic work together."

Meshing the need for DSP with the need for

customization is part of what went into MediaMath's acquisition of Adroit in 2010. MediaMath provides advertisers with that broad coverage of the digital terrain; Adroit provides the crucial customizations in various markets.

The business of customizing digital buys is only going to get bigger. Turn, for one, is selling its expertise at parsing online audiences and taking its message out, probably more broadly than its own data would suggest is necessary.

It bought its first TV commercial advertising on the season finale of *Mad Men*, enacting a Madison Avenue-ish scene in which a hot '60s couple locks in an amorous embrace behind an office door. Suddenly the door swings open to reveal the jilted wife, who pulls a pistol and takes aim.

"In 10 milliseconds, Turn delivers your ad to all the right online audiences with deadly accuracy," the voiceover intones, as the bullet spins toward its target in slo-mo. "Never second-guess a decision — at least not a business one."

Similar to Turn, one of the real leaders in customizing is Adnetik's AIM (Audience Investment Management), which creates custom audience-targeting solutions. AIM can analyze the quality of a Web site based on at least 35 different attributes ranging from the quality of its content to its visual integrity — attractive Web sites retain visitors.

From that data analysis, AIM can help customize where a client's ads should go, and even where on a Web page it should be placed within the Web site. The company's technology can place a numerical value that can sort through 6,500 attributes, grading them best to worst, based on the advertiser's needs.

That can tell individual advertisers where they want to be. "Better yet," says Ken Berquist, Adnetik senior vice president for business development, "it can tell them where they don't want to be." Avoiding wasted ad spends probably ranks as high as finding the right places — and prevents an advertiser from ultimate disappointment.

Berquist says DSPs augmented by AIM-like data cut to the chase, and he thinks larger companies are beginning to realize that programmatic buying with customization overlays allows them to dramatically pinpoint their messages. "Advertising agencies don't provide that added value," he says. Giant companies often have internal criteria for targeting advertising that they may not want anyone — including ad agencies — to discover.

Brian Werner, associate media director for Razorfish's health division, says DSPs can only take an ad buyer so far, like making sure people in the right demographic — generally 35 and over — can see a message. But which message? Razorfish clients try to attract consumers with one set of messages, and doctors, nurses and other caregivers with totally different messages. It's there that Razorfish uses customization tools that DSPs and trading desks can't always provide.

"We think about customization to reach the right target in very specific ways," Werner explains. "For example, we know that if somebody's been to our site, we shouldn't show them an ad directing them to our site the next time we see them. We don't want to say, 'Hey, go to our site,' because we know they've already been there. So the next ad should be more appropriate to them, based on our knowledge. And because of digital we can do all of that. We can layer on additional information we know about them. We've been able to do this for a while. For a long time now we've been pushing our clients to fully embrace that capability."

Customization also lets clients play closer to the vest. It seems to keep ad-buy decisions grounded in fact, not based on external factors or sentimentality. O'Connell points out that "traditional" display-media planning relied on buying clout and lowest-price negotiations, and "the depth of the relationship between planners and salespeople." Then, she says, "people drove the display-buying machine, from negotiation, to management of insertion orders, to optimization, to reporting."

But that's impossible in any successful online digital marketing operation. "It's super messy right now, and marketers are being inundated by vendors," O'Connell says. "But honestly, that's nothing new in digital media. Certainly in the 10 years or so that I've worked as a planner and buyer at an agency, I went from having five ad

networks call on me to having 150 ad networks calling on me. And they all looked the same. It's a very fragmented ecosystem. But there are also some pretty deep changes going on and that's tough. It's complicated."

How complicated? So much so that the Forrester report contains this sweet but unsettling subhead to one section: "Understanding the Acronyms Is the First Step to Recognizing the Opportunity." The page that follows contains an extraordinary graphic created for the investment bank Luma Partners, which is a crazy-quilt pastiche of logos from dozens of digital firms all involved in helping move the advertiser to the audience, and the very specific types of products they sell.

All of that speaks to a digital ad model that is awash not just with players, but with new ways of playing.

Ben Kneen, who is director of ad solutions for webmd.com and operates a Web site, adopsinsider.com, which gives news and advice about the burgeoning digital ad world, agrees that the traditional ad-buying atmosphere has changed, and, he says, hallelujah for that.

"You want to work with people you like, and it's still very much a relationship-driven business," he says. "But there's a lot more substance behind it and you've got to deliver. I don't think business is getting done because people are buying each other expensive lunches at the Four Seasons. People don't have time to take these long lunches and go to spas."

While that you-take-me-golfing-if-I-buy-through-your-company mentality has evaporated, the personal touch still exists in an industry run on ad networks, exchanges and DSPs, even if it's measured in billions of impressions calculated in split seconds. It's found in the cadre of professionals who know the product they're selling online and know the customers they're looking for, he says.

That seems to be the point O'Connell makes in her report — and that DSPs and other sophisticated programmatic providers make to clients.

> "WE DON'T WANT TO SAY, 'HEY, GO TO OUR SITE,' BECAUSE WE KNOW THEY'VE ALREADY BEEN THERE. SO THE NEXT AD SHOULD BE MORE APPROPRIATE TO THEM, BASED ON OUR KNOWLEDGE. AND BECAUSE OF DIGITAL WE CAN DO ALL OF THAT."
>
> ***BRIAN WERNER, RAZORFISH***

"There is a lot of room for operational efficiencies and a lot of opportunity to use things like algorithms to make real-time decisions," she says. "Honestly, what I think that does is create more room in the human brain to be strategic. You can spend that extra hour you freed up meeting with the creative team brainstorming on the most interesting, innovative idea you both can think of and how you can apply it in a digital media environment. Not everybody has time for that right now."

In the end, maybe customization is baked into effective digital advertising; it just takes the right people to do it right.

"From an ROI perspective, there is so much more value in hiring people who know what they are doing in this space than being on the fastest, best technology platform," Kneen says.

"Just because the technology is more complex doesn't mean there's a lot of payoff, in terms of additional value to the marketer. Just because the technology can slice and dice people in new ways doesn't mean that all of a sudden you're convincing 50 percent more people to buy something. The talent is really what is in short supply. That's what's more difficult to get a handle on — finding the right people who know how to use these tools."



CAN GOOG BE

As the G-juggernaut chugs to the top of the display heap, Facebook, AOL, Microsoft and Yahoo adjust their strategies **BY JOHN CAPONE**

DIS-PLAY ADS

LE STOPPED?

IT MIGHT SEEM INEVITABLE, A FAIT ACCOMPLI, that Google should come to dominate the display ad marketplace in the same way it has search. In fact, it seems so inevitable that when you ask the question, "Will Google's U.S. display ad revenue surpass Facebook's?" to a room full of Internet professionals, many of them ask you if you're sure you didn't mean to ask the question the other way around.

Google is Goliath, and in many people's eyes, Facebook (especially after the drubbing it took following its lackluster IPO), David, despite that fact that Facebook passed Yahoo in U.S. display ad revenue in 2011 to become the top ad-selling company, according to eMarketer. A February 2012 report from eMarketer found that Google had also passed Yahoo to settle in at the No. 2 spot at $1.71 billion in revenue to Facebook's $1.73 billion. And by 2013, the projections indicate Google will begin to leave Facebook and the rest

in the dust, with Google's revenue from U.S. display predicted to reach $4.76 billion.

Google has, of course, long dominated search, and the growing display part of its business accounts for just a quarter of its revenue. Facebook's dramatic revenue growth is expected to drop off just as dramatically, sinking to 27.6 percent in 2013, while Google's display revenue is expected to continue to surge, with its 2013 revenue growth rate predicted at 45.3 percent. eMarketer reports: "Google is expected to surpass Facebook in 2013, when the company's U.S. display revenues grow 45.3 percent to $3.68 billion, eMarketer estimates. US display ad revenues at Facebook will grow 27.6 percent to $3.29 billion that year." At this point, the revenue expectations can be plainly seen in the perception of the companies' display ad offerings. The Google Display Network is The Predator, stealthily cloaking itself, observing its prey and then targeting it with deadly accuracy. And, as one character famously puts it in *Predator 2*: "There's no stopping what can't be stopped — no killing what can't be killed."

By comparison, with its soft ad approach of "Let's be friends" and "I 'like' you, you 'like' me," Facebook's display ads are more Barney the purple dinosaur. And there are signs that the approach is becoming as grating to brands as a toddler screeching Barney's theme song incessantly is to most people over the age of 6.

"One of the problems with Internet advertising is that users have tuned out banner ads. It's a huge problem," says Larry Kim, founder and chief technology officer of WordStream, a digital marketing company focused on search marketing, which conducted a much passed-around study comparing Google Display Network to Facebook Ads. "In order to combat that ad fatigue, advertisers are looking to advertise on the venues that have the most support for the most rich and engaging ad formats." And when it comes to providing rich and engaging ad formats the numbers certainly do not favor Facebook.

"Facebook, while it has a significant audience, does [not] have very engaging ways for advertisers to engage with that huge audience, nor does it have very sophisticated ways of targeting the exact people they want to engage with in that audience. Nor does it provide any way of really reporting on the effectiveness of those advertising campaigns," says Kim.

It's a challenge to get consumers to click on ads, and Facebook is lagging in a head-to-head comparison. "Our study showed that Google is way ahead here," reports Kim. The independent analysis of 11,000 Facebook campaigns (Facebook does not publish a CTR) showed an average click-through rate of 0.051 percent.

Google supports industry-standard banner formats with a variety of rich media like Flash and video ad formats, offering what Kim calls "engaging experiences, not just dumb static images." Facebook has two static ad format products. (The recently introduced sponsored-story format is still unproven and has already been the subject of a class-action lawsuit by users who objected to being used to "endorse" a product.) Google has a tremendous amount of support for mobile, whereas Facebook has, by its own admission, little or none (in its S1 filing to the SEC in anticipation of the IPO, Facebook reported it did not "generate any meaningful revenue" from mobile — a glaring deficiency for a service that is accessed via mobile device by over half its users.) This spring Facebook did roll out the ability for brands to purchase "sponsored stories" that display in mobile newsfeeds of friends of fans — so that expansion of the sponsored

story program, at least, is something.

"If an ad platform allowed an advertiser to deliver a meaningful ad experience to a targeted audience, you would expect users to click on that ad, right? But conversely, if you did not provide advertisers rich and compelling advertising options, if you did not provide them with sophisticated targeting methods to connect with the right audiences at the right time, you would expect your ads to be ignored," reasons Kim. "And I think that's what's happening on Facebook, where we can see the click-through rate of .005 percent. That's half of the click-through rate of the average banner ad on any Web site in America, and it's a tenth of the click-through rate of the average ad on Google Display Network [which is reported at 0.4 percent]." And, for good measure, let's also consider that it's a hundredth of the CTR on a Google Search ad.

If you need further proof: See GM's hissy fit over Facebook Ads. This is more complicated than GM just not getting the rich media ads it would get on, say, Yahoo or YouTube, though. Could it have been just that GM is not used to being told no? Well, that would explain the timing. Someone at GM really wanted to screw Facebook over, pulling their $10 million in ad budget the very week of Facebook's IPO, but the fact remains that GM must have seen its Facebook ads were not performing even at half if industry standards.

"These ads are being ignored, and that is indicative of challenges with the ad formats and targeting options they offer their advertisers," Kim says.

Facebook is a closed system.

Facebook advertisers using the Facebook ads are doing it to drive "likes" to their fan pages — essentially using paid media to drive something akin to newsletter sign-ups. And the ROI of having a big fan page following is yet to be determined. "We don't know what the value [is] of having 1,000 fans or 2,000 fans. If you spend $2,000 to get that, what is the value of that?" asks Kim. And then, once a fan base is established, there is the time, effort and money to maintain it and continually reach out to fans.

"Buying ads on Facebook was always a very easy way to check the box on 'doing' social media, even if it was just buying other types of advertising," says Michael Greene, a senior analyst at Forrester. "That's allowed Facebook and other marketers to kind of gloss over the fact that you are essentially competing in a very cluttered environment —we're still very uncertain if it's even a very good environment for consumers to be receptive to advertising."

IT'S A CHALLENGE TO GET CONSUMERS TO CLICK ON ADS, AND FACEBOOK IS LAGGING IN A HEAD-TO-HEAD COMPARISON.

There are serious doubts about whether Facebook ads, as they are currently constituted, will ever be able to perform up to satisfactory levels. And many assume that much of the money that has been dumped in so far has been exploratory or experimental dollars. Further, says Greene, "you have none of the deep analytics in tracking that you'd get with a more conventional type of media buy. Facebook almost seems like an ecosystem in and of itself ... It's very hard for marketers to prove that this is an effective use of their marketing dollars. As opposed to buying more traditional display advertising where they have a lot more flexibility, not only from a creative standpoint, but they have much deeper tracking and analytics, and they can actually drive traffic to their own Web sites, which offers them higher prospects for ultimate conversion."

The old concern, once common in interactive circles, that Facebook might be the answer to a trivia question in 10 years, all of a sudden seemed very real again after an IPO that was widely perceived to

have been bungled, intense Wall Street scrutiny of the company, and in the face of Mark Zuckerberg's assertions that Facebook was on a "social mission" and never designed to make money. Statements like "Simply put: We don't build services to make money; we make money to build better services," while they may sound good to some, don't fill investors or potential advertisers with confidence.

"He's saying [advertising] is like a side project just to pay the bills," says WordStream's Kim. "Until that mentality changes, I don't see how they'll ever catch up."

> "BUYING ADS ON FACEBOOK WAS ALWAYS A VERY EASY WAY TO CHECK THE BOX ON 'DOING' SOCIAL MEDIA, EVEN IF IT WAS JUST BUYING OTHER TYPES OF ADVERTISING."
>
> ***MICHAEL GREENE, FORRESTER***

While Forrester's Greene brings a healthy skepticism to the topic of Zuckerberg's altruistic "we-just-want-to-make-enough-money-to-do-cool-things" pose: "What's enough money and what's doing cool things?" Greene asks. "It's a posture that sounds really cool in PR pitches, but at the same time gives them enough flexibility to pursue whatever they deem to be 'cool' or whatever they deem to be 'enough money.' These are things that can easily be redefined over time."

By virtue of its remarkable scale, Facebook will continue to be a top player in the display ad space. But, asks Greene, "can it really become integrated into the larger media-buying world? Can it stop being a separate experimental budget and really hold its own as a line item in the broader media plan?" And to do so they're going to have to deliver advertising experiences that are well beyond what they're offering today, say Greene and other analysts.

To stave off Google, "Facebook would have to embrace the idea that advertising isn't something that will potentially ruin Facebook," says Kim, "but that it can be something that could potentially — if it were relevant and targeted and compelling — be additive to the user experience on Facebook."

What would it take for Zuckerburg, the boy ideologue, to become pragmatic? What if Barney puts on the Predator's armor? What happens to the market if Facebook does become open — does become part of the larger media-buying ecosystem? "If you can start buying it through conventional advertising methods and measuring it holistically with the rest of your media buying, then a substantial amount of

THE QUEST FOR FACEBOOK ROI

WHAT'S A FAN WORTH?

Facebook knows what a fan is worth to Facebook. According to the amended S-1, the social network filed in April, its average user is worth $1.21 per quarter to the company. And though many, many, many have tried to determine what a Facebook fan is worth to a brand, there is nowhere near a consensus.

With the assistance of Facebook, comScore has attempted to tackle how the interplay of paid, earned and owned media within the closed Facebook ecosystem can make its way out of the world of likes and fans and friends and into the world of shopping carts, lattes and cha-ching.

Facebook does not exist in a complete vacuum. Brands are actively driving consumers to their Facebook pages from ordinary display ads outside the social network. "In March 2012, 15.2 percent of all U.S. display ads across the Web were socially enabled, up from 8.2 percent in November 2011," according to comScore.

Working with Facebook's reported analytics and its own tracking methodology in its June 2012 whitepaper, "The Power of Like," comScore presents case study information and other data attempting to quantify Facebook ad spend ROI.

Taking as a given the very low click-through rate on Facebook ads, comScore turns to a pseudo-empirical study, and claims, "this research highlights the importance of using view-through display ad effectiveness in a medium where click-through rates are known to be lower than average for many campaigns."

One study in the report relates the tale of Starbucks, which comScore says benefited from "latent

inventory floods into the market all at once," says Greene. "This also potentially opens up the use of Facebook's vast amounts of consumer data to be used on a much broader scale outside of just the Facebook walled garden."

Reps at Facebook had no comment on the company's plans for future ad products.

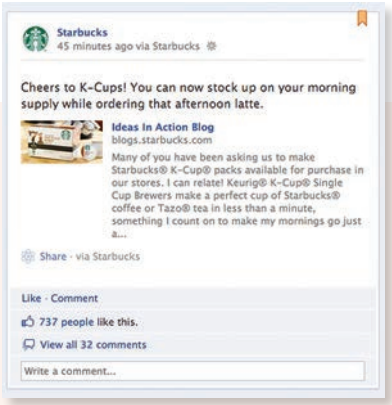
Yahoo, despite seeming like an afterthought in much of the digital world, has a strong reputation among ad buyers and figures to remain somewhat competitive in the space. "Yahoo is pretty good at the large account management. They treat their big accounts well," says Kim. "Yahoo has carved out a niche in providing display advertising to the big brands." Yahoo's interim CEO, Ross Levinsohn, is a media guy, and we can expect him to steer the company toward emphasizing proprietary holdings and continuing to build the company's relationship with advertisers. And with the most recent name bandied about to take over the CEO post being former NBC honcho Jeff Zucker, you can bet that the company will continue to further morph into the online equivalent of a traditional media company.

Of all the portals though, perhaps Microsoft is in the best position to become a larger factor. Of all the major players, Microsoft has been the most aggressive in terms of pursuing opportunities in the exchange channel. "Microsoft has the right partnership strategy and the right resources internally to take advantage of a space to be able to capture dollars there," says Greene.

AOL may shape up to be little more than a hitchhiker in the ad space. Its quarterly display ad may finally be pulling out of the nosedive it was in for the past few years, but even in the three-way deal between it, Microsoft and Yahoo to sell each others' remnant inventory, AOL seems like something of an afterthought.

Yahoo and Microsoft will take their pieces, and AOL and the exchanges will lick up the scraps, but Google and Facebook will have their whole faces in the pie.

It's no foregone conclusion that Google becomes the behemoth of display, but it certainly looks likely. It would take a dramatic move by Facebook, whose ad revenue may actually be atrophying, to knock Google from its trajectory — and the social network's track record of having introduced three ad formats in seven years certainly doesn't suggest a propensity for a shift in its game plan.



branding impact" (a squishy non-metric if ever there was one). People exposed to Starbuck's Facebook ads and sponsored posts were more likely to walk through the door of a store. Then again, because of the way Facebook's relevancy metrics are set up, it works the other way too: People likely to be exposed to earned Starbucks messaging on Facebook are predisposed to be more likely to walk through the door.

No matter, the comScore study compared the purchase behavior of two groups — a control group and a test group exposed to Starbucks messaging on Facebook — over four pre-exposure weeks and four post-exposure weeks, and made sure that they had identical purchase rates in the pre-exposure weeks. Concluded the report: "The test results show that by the conclusion of the fourth week after exposure, the test group had a purchase incidence of 2.12 percent, 0.58 percentage points higher than the 1.54 percent incidence in the control group. Also significant is the fact that the nominal lift in purchase incidence increased in each week following exposure, highlighting the latent effects of exposure in driving purchase behavior."

And in an attempt to quantify the effects of paid ads on Facebook, beyond the paltry click-through rates, comScore studied an unnamed premium retailer in much the same fashion and found similar results. The incidence of in-store purchases in the group exposed to paid ads for the retailer went up 1.27 percent to 1.47 percent — a 16 percent lift. Thus the study concludes that exposure to Facebook ads did result in a lift (what it calls view-through effectiveness). JC



THINKING INSIDE

DOES ONLINE DISPLAY ADVERTISING BUILD BRAND EQUITY?

There is a lot of debate on this subject, but a comScore study commissioned by iProspect on the branding implications of digital media in 2010 concluded that online display advertising is indeed capable of producing brand lift. Meanwhile, brands are clearly convinced that online display works because they are spending serious money on it, and the smartest are going well beyond static — and boring — banner ads to entice and connect with consumers through breakthrough creative.

Two recent examples: Security Service Federal Credit Union and Supercuts. The companies couldn't be more different. Security Service Federal Credit Union is a financial company serving Texas, Colorado and Utah; Supercuts is a national network of affordable hair salons. But both sought to achieve brand impact via online display and showed a willingness to experiment with new ideas and produce original content for a medium that has for too long subsisted on hand-me-downs from traditional media. While Security Service Federal Credit Union engaged in game play, Supercuts tapped into the power of music. *OMMA* takes a look at the thinking behind their successful forays into online display.

WHAT'S IN A NAME? SERVICE IS EVERYTHING

Security Service Federal Credit Union. "It's a mouthful," acknowledges Craig Mikes, co-owner/creative director of Austin's Proof Advertising. The client is well aware of that, too, Mikes says, but a name change isn't in Security Service Federal Credit Union's immediate future. So Proof Advertising took what could have been a negative and turned it into a positive, having a little fun with the company's lengthy moniker in a branding campaign designed to make consumers — young people in particular — more aware of the credit union.

"We decided to focus on the 'Service' part of their name, and we came up with a campaign

THE BOX

Display finally finds the beat in clever ads

by Christine Champagne



that basically says nothing is going to get in the way of service," Mikes explains. To demonstrate that, Proof created two fictional Security Service Federal Credit Union employees — Jimmy and George — who were bound and determined to shorten their employer's name. In television spots, the duo took it upon themselves to alter various forms of Security Service Federal Credit Union signage so that it simply read "Service," using a Bart Simpson-style slingshot to bust out the bulk of a backlit sign hanging at a Security Service Federal Credit Union branch, and paint to cover up most of an outdoor billboard next to a highway, again leaving only the word "Service" visible.

"The sign was used as a visual device, so there was a simple takeaway — you'd see the sign, you'd get some recognition, and then you'd be left with only the word 'Service,' and if nothing else, that was something we could back up," Mikes says. "So it's almost like they've created their own self-deprecating joke, and people appreciate a brand that can poke a little fun at itself. 'Everybody's got a flaw, and ours is that we have a ridiculously long name, but don't let that fool you. We're all about service.' "

A clever touch: The day after the aforementioned billboard commercial broke, people saw real-life outdoor billboards that looked just like the ones Jimmy and George attacked in the TV ad — the only word remaining in plain view was "Service."

While the television and outdoor elements of the campaign were nicely integrated, Proof also wanted to take the story online. "It made sense that we'd reinforce this online, but we wanted to do a little better with the banner ads. We wanted to make them a first-person experience," Mikes says. "So what we did was we brought the TV and outdoor to life, but in the form of a game like Angry Birds."

Visitors to San Antonio's ksat.com, woai.com and mysanantonio.com as well as cnn.com and Yahoo were greeted by interactive rich media ads that provided a game-like experience, providing them with either a slingshot or a can of spray paint that they could use to tamper with the Security Service Federal Credit Union name. Players were able to wipe out everything, except the word "Service," which, in keeping with the other campaign elements, is immune to the effects of rocks and paint.

The hope was that players would have seen the TV or outdoor ads on which the game was based, reinforcing the campaign's message. But if they hadn't, the game, which was designed for repeat play, also worked as a stand-alone component, Mikes notes.

As for the ad spend on this campaign, which began last fall and ended this past February, most

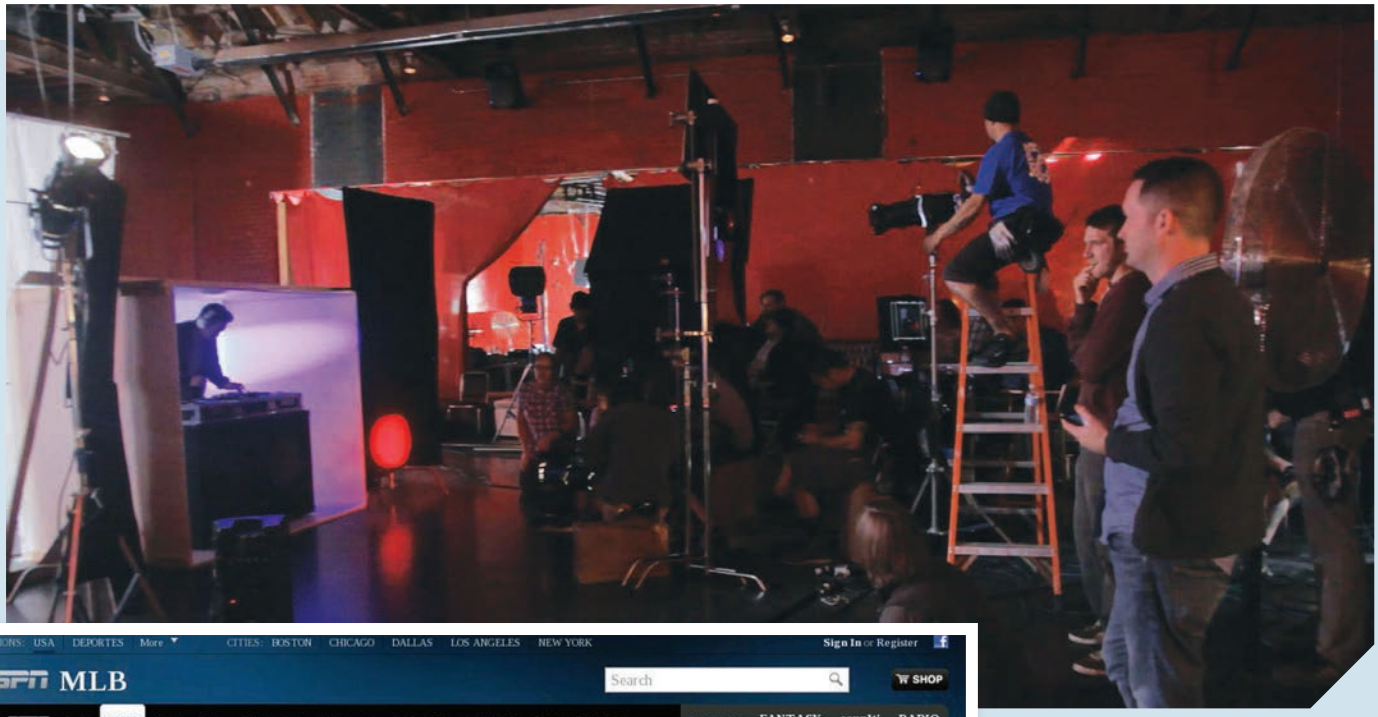
of the money was devoted to the online portion of the effort because that's where the younger demographic is spending their time, according to Ly Tran, Proof's digital marketing director. And the investment paid off: A brand awareness study conducted specifically on the online display portion of the campaign revealed "a huge lift in awareness among 24-to-35 year olds," Tran reports.

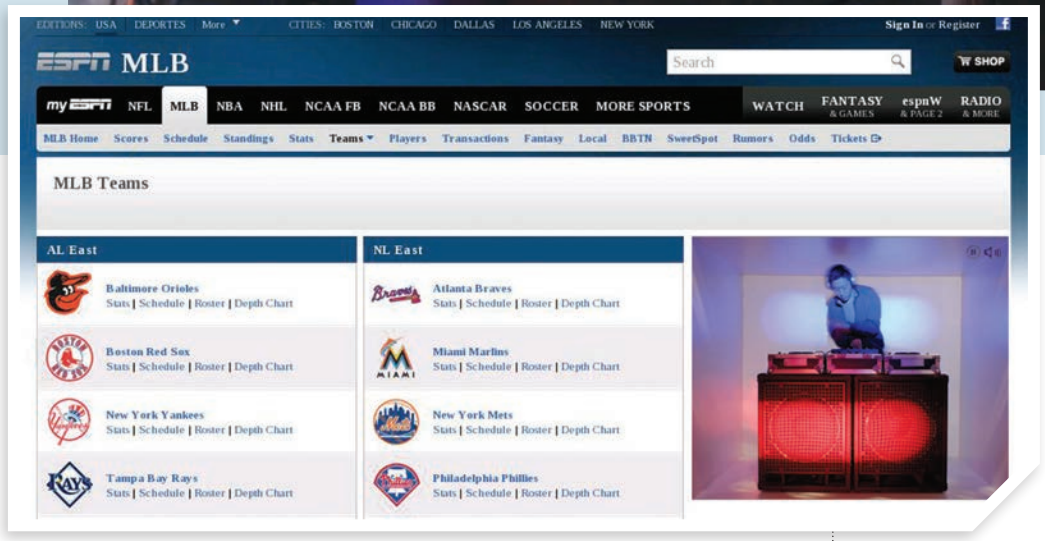
Paid search was also part of the campaign, and while generating brand awareness was the main thrust, there was also the expectation that people would sign up for Security Service Federal Credit Union accounts after being led to the credit union's site via search and the online display ads. "The number of conversions that we were able to attribute back to search was significantly less than from the rich media ads," Tran shares. "Normally, you hear about search being the part of the digital media mix that delivers the conversion, but we learned that if you put more muscle and more creativity into online display, you can actually flip that."

"It was really nice to have these results because now we are in a place where we can go back and say to clients, 'Look, if you are really trying to make an impact, it's not about pumping money into Facebook ads or Google ads,' " Tran continues. "It's really about getting back to the roots of what advertising is, coming up with something that's memorable, humorous and compelling — even with online display."

The level of online display creativity and the ability for brands to connect with consumers is only limited by the Web sites offering space to advertisers. "We wish some of the Web sites would give us a little better playground, a little more memory to play with and just a little more flexibility in letting us take over," Mikes says. "We think that would keep people not only on our advertising longer but allow sites to be more relevant and more playful."







WANNA LOOK LIKE A ROCK STAR? ROCK THE CUT

Music is at the heart of the Rock the Cut effort launched this past April to promote Supercuts. Created by Element 79, Chicago, the integrated campaign combines print, TV, radio, digital and social media to promote emerging bands through Supercuts' Artist Ambassador Program, an online community that brings together more than 900 bands and a fan base numbering 5.5 million at press time. "The campaign is meant to differentiate Supercuts from the sea of affordable hair care that's out there," says Elizabeth Miller-Tyson, an Element 79 management director in charge of the Supercuts account, "and we needed to increase the loyalty of our consumer and start bringing in the younger male audience. So that's what we were going after, and we felt like Rock the Cut was the perfect way to blend music and sharing music — something that's very important to consumers today — with the fact that our stylists are skilled at doing any sort of haircut or style, whether you want a simple trim or something new and trendy."

While the campaign is made up of many elements, the online display portion was anything but an afterthought. In fact, instead of repurposing other content for online display, Element 79 shot original video for rich media ads — dubbed Rock the Box — that feature acts, including rockers Vintage Trouble and electronic dance music DJ Ken Loi, performing inside banners placed on espn.com and iheartradio.com. "It's supposed to appear as if there are little people playing in the banner, so it was really important to shoot it that way," says Tom Napper, Element 79 director of interactive. "We constructed a box that was the size, or proportionately the size, of a banner and had the musicians play inside that space. That would carry out the idea that they were actually in the banner space as opposed to shooting them on a stage where they wouldn't be restrained by that format."

INSTEAD OF REPURPOSING OTHER CONTENT FOR ONLINE DISPLAY, ELEMENT 79 SHOT ORIGINAL VIDEO FOR RICH MEDIA ADS – DUBBED ROCK THE BOX – THAT FEATURE ACTS PERFORMING INSIDE BANNERS.



The shoot involved four days of production in Los Angeles, and it was a complicated process that went beyond coordinating talent schedules. Not only did a box have to be built, it also had to be adjusted to accommodate the heights of the various artists — the idea was to squeeze them into a small space, not to torture them. The result is a piece of unusual and captivating video that doesn't look like it was simply pulled from a commercial shoot or a concert video. "It appears as if the artists are a living portion of the page," Napper says, noting that these ads push the boundaries of what is possible in the online display space.

"More and more of what we are trying to do, and what others are trying to do, is to really engage people in that deeper experience right there in the banner as opposed to driving them someplace else," Napper says. "A lot of what we are being judged on now is interaction time. How long do people interact with our banners and our rich media banners especially as opposed to a click-through? Sometimes it's not about the click-through. For some brands, clicking through is not really relevant," Napper explains. "It's really more about bringing the brand to the forefront for the consumer, and that interaction time helps us prove to our clients that, yes, many people are actually engaged with your brand more."

Marcy Freedman, digital media supervisor at Hill Holliday, Boston, reports that the interaction rates are very good thus far (in April they were around .10 percent versus and industry standard of .07) and points out that the ads are actually performing slightly better on espn.com. "That's a bit surprising," Freedman says. "We would probably think it would perform better on IHeartRadio because of the music." She theorizes that the reason might be these ads simply stand out more on ESPN because they are not sports-related.

Additionally, Supercuts saw acceleration in Facebook likes and mentions—April's total was 315 percent higher than the previous month.

With the first round of online display ads grabbing attention and generating interest in the larger Rock the Cut community, Supercuts will launch more featuring other artists this summer. Meanwhile, the Rock the Cut campaign "is going to go on as long as humanly possible," Miller-Tyson says. "It's really resonating."



One WEIRD Avoid Bad

While the display universe is healthier than ever, it still isn't much fun to look at. Finally, marketers are thinking it might be time to start experimenting — at least a little **Larry Dobrow reports**

AT THIS TIME LAST YEAR, I RECEIVED ONE OF THE MOST CURSORY STORY ASSIGNMENTS IN MY (MUMBLES INTO SLEEVE)-YEAR CAREER IN JOURNALISM. As opposed to the usual assignment sheet, with its formal thesis and bullet-pointed topics for inclusion and potential lines of inquiry, it read thusly: "Find out why online display advertising sucks." A student of suckery in its various iterations and guises, I embraced the challenge, stopping just short of defacing the ads that line the top and sides of top Web sites Perez Hilton-style.

What I found, not surprisingly, was more complicated than my original mission suggested. While there are certainly pundits willing to side with the notions that "display ads suck" and "display ads are like happy, measurable dolphins," most caution against arriving at pat conclusions. After all, had someone thought to pose a similar thesis about television ads at the same juncture in their evolution, that individual would have done so before the advent of color TV. As I understand it, lots of stuff — Joe Namath in panty hose, Orwellian dystopia courtesy of Apple, what Mr. Piano Man himself referred to as "rock and roller cola wars" — has happened in and to TV

old tip to Display Ads

advertising since then.

So when I was asked to revisit the story a year later, to write the 2012 State of the Union for display advertising, I jumped at the chance. I went in hoping to pose the central conceit in a far more neutral manner. You know, like "Why does online display advertising kinda suck?" I'm all about the semantics.

This time around, however, the responses were more measured. While the numbers don't show tremendous momentum in one direction or the other — online advertisers devoted a higher percentage of dollars to display than they did a year ago, but not by a sizable margin — people within and without the display-ad food chain point to signs that display remains healthier than any other online ad unit. Roundly mocking those who have signed and notarized display's death certificate — "It's just like each year when they announce that email marketing is dead," quips Ed Kats, president of online performance marketing agency MediaWhiz — they proclaim that display will soon have its moment in the sun. "The digital display industry is ready for the next phase of its evolution, which I believe will focus on the art and science of media," says Magnetic ceo James Green.

At the same time, Madison Avenue remains skeptical. "What do Gucci or Dolce & Gabbana stand to gain from being on a bunch of shitty Web sites?" asks Jason Crain, an account manager at SEO and Web design firm TwentySix2 Marketing. Walt Cheruk, executive vice president of digital media at Carat, puts it slightly more politically: "Display is hardly dead, but it faces various challenges related to its exponential growth over the past 20 years." Communication/social strategist Jeremy Goldman, on the other hand, worries that "we're still thinking of it as print advertising plus new advantages, as opposed to something completely its own."

Whether or not you've got a horse in this particular derby, the case could be made that arguing about the state of display advertising is akin to arguing about the state of anything else on the Internet, with the exception of MySpace: It's too early to make anything approximating a definitive assessment. "If we were to dismiss the potential of every 10-year-old child who didn't quite seem to have his/her act together, we would have a fairly bleak view of the future of humanity," cracks Mike Seiman, founder and CEO of digital ad media firm CPX Interactive.

Many within the community believe that, in fact, display might be at the beginning of its run. The technology is getting smarter, as are marketers and Internet users. "The culmination of those three major changes is what's pushing display's evolution," says Todd Garland, founder of online marketplace BuySellAds.

Still, even the hardiest boosters acknowledge a handful of problems that, fairly or not, contribute to the perception that display is a format in decline. There's far too much inventory, especially now that tablets and smartphones have

been added to the mix. Even though that inventory can be accessed far more easily than before, there's still a degree of clutter seen in few other ad formats, online or off. "The last decade has been spent creating more of the same inventory than anyone knows what to do with, using the same silly display boxes we all tend to ignore — again, because we have been trained to do so," shrugs Chris Cunningham, cofounder and CEO of appssavvy, creator of the adtivity display platform.

Complicating the matter further is that individuals making a pro-/anti-display case can't decide on which online ad formats should be lumped under the display heading. Some limit their analysis to the content that can be crammed into a traditional 728-by-90 or 300-by-250 pixel space, while others believe that all Web advertising is, at its core, display advertising. "I consider promoted tweets and Facebook ads to be display ads," Garland continues. "But nobody will call them that because that would make them harder to sell."

And then there are the wounds that have been self-inflicted. One is best framed as a branding pratfall. In the industry's infancy, display publishers focused on the click and nothing but the click; measurability was billed as a primary selling point. As a result, the industry more or less devalued individuals who were exposed to a particular ad, but either declined to click on it or clicked through but stopped short of taking a desired action.

THE INDUSTRY MORE OR LESS DEVALUED INDIVIDUALS WHO WERE EXPOSED TO A PARTICULAR AD, BUT EITHER DECLINED TO CLICK ON IT OR CLICKED THROUGH BUT STOPPED SHORT OF TAKING A DESIRED ACTION.

Display adherents wonder why more traditional media hasn't been dinged by similar thinking. "Would you expect a person on the highway to immediately pull off to the side of the road and pick up a phone purely because they saw a billboard? Or hear a radio spot and stop what they're doing and race to the nearest store? Of course not," says Bob Burch, digital media supervisor at ad/PR/digital media firm Martino Flynn. "So why should we expect this from someone on the Web?"

Given that publishers heavily invested in display framed its virtues in the context of measurement and measurement alone, it's no surprise that a slip in key metrics would prompt nonbelievers to start up a chorus of I-told-you-so. "The industry built into its existence the idea that it would live and die by this kind of measurement in order to establish instant bona fides," Seiman says. "'Let TV, print and radio do your branding,' is what the industry seemed to say. 'I will carry your direct-response needs and deliver measurable results directly to your bottom line.' That





might've been a smart short-term strategy, but it left little room for display to illustrate its chops in the far more scalable worlds of reach, frequency and branding."

And then there's the problem cited most often by even the staunchest display disciples: quality of creative. Most commentators believe that creative is undervalued and/or underrealized in the display context; "wasteland" is the word most often used to describe such terrain.

"The space is too short to have a meaningful impact, and too annoying to keep anyone's attention long enough to make one," says Bryan Del Monte, president of Del Monte Agency, which bills itself as "the non advertising agency." "With most online display, the ads that are shown are often entirely disconnected from the content, and rarely tell a story other than 'Hey you! You should be buying me!' "

Finally, until recently display hasn't afforded advertisers the freedom to experiment, especially when contrasted with other ad formats. "[Paid-search marketers] spend a significant amount of time crafting specific ad copy against a top keyword or keyword groups that represent a specific user intent. They extend significant effort to test across many different audiences based on the keywords and the intent they represent," explains Keith Wilson, vice president for agency products at search-engine marketing consultancy The Search Agency. "It is more arduous to do that with display because it doesn't just require a simple text change; it requires different graphical representations, formats and text."

So how do we cure what ails display? To begin with, the format must do a better job of quality control — as witnessed by an unfortunately worded ad served across the Web at the end of May, in which the viewer was invited to "join Michelle [Obama] and ask Barack, 'Are you in yet?' " Along those lines, publishers and marketers might start minding their messaging more than they have to date. "There has to be an insight or an appropriate call to action," says Jim O'Rourke, vice president of media at media/ad agency Slingshot. "It's not a billboard that runs online with a 'click here' message. You have to make it relevant or enticing."

It wouldn't hurt if the industry changed the way it positioned and sold display ad inventory. "There is enough research out there now that shows that a banner ad can generate just as much awareness as a TV or print ad. And many times, it can be more cost-effective,"



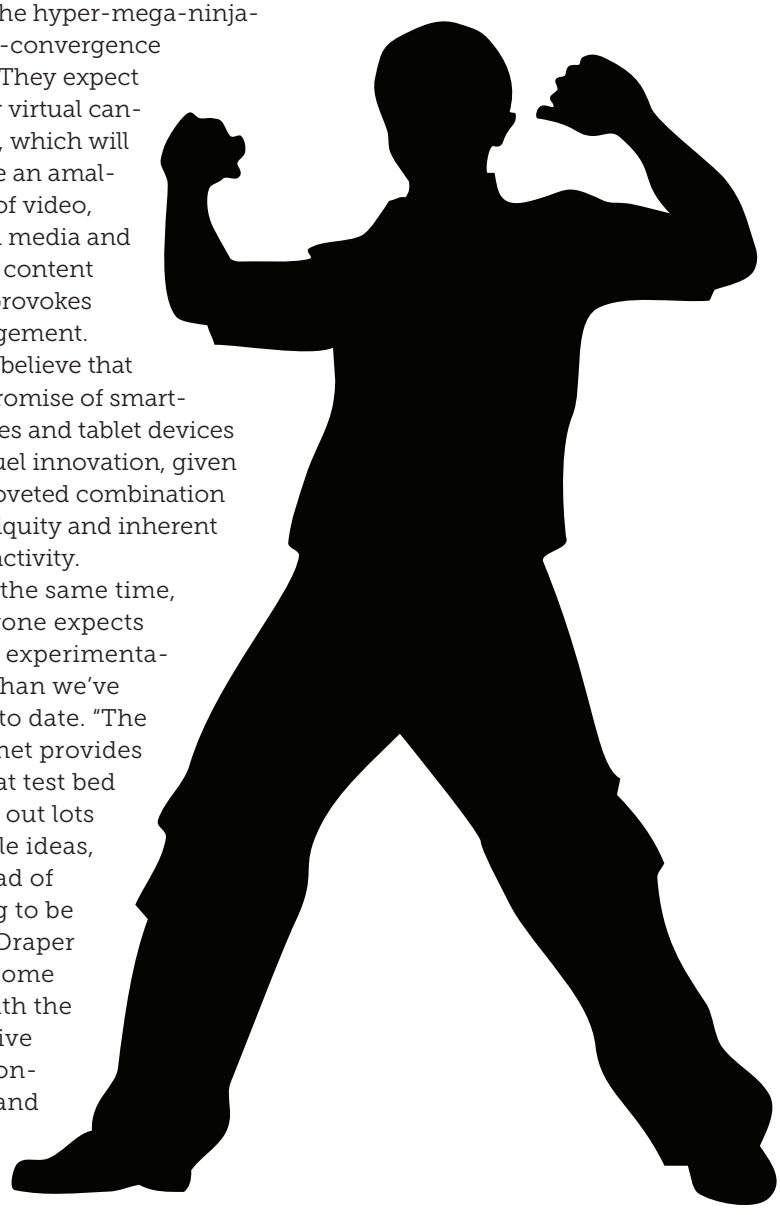
Burch argues. "That needs to be the point we're pushing when including online display on any media plan."

Publishers and marketers who believe in display advertising will also continue to hope for universal standards of measurement — which, to date, have proven elusive, even with big dogs like Nielsen and Google on the case. "Right now, they're not perfect, and not everyone can afford access to these tools," Burch says. Broader rules for display, especially in regard to standardizing formats across multiple ad-serving technologies, would also help. "There are rules on 'how to do a print ad.' Online would benefit from something similar," says Del Monte. "That's a primary reason why you see so few agencies and advertisers doing multimillion dollar campaigns in display advertising. It's like trying to lick a postage stamp while jumping on your bed in the dark: possible, but really hard."

Finally, display has to play the timeliness card. TV ad campaigns, for example, can take over a year between when they're birthed and when they're ready for public consumption. Display, however, is already much lighter on its feet — and some interested parties, like Colin Jeavons, president and CEO of Vertical Search Works, envisions it becoming even faster and more responsive: "Imagine an event occurs in the morning and in the afternoon an online display campaign goes live — and it's timely and very interactive, and speaks to consumers' interests by appealing to their desire for instant gratification."

Asked to predict where display advertising will find itself a year from now, most pundits play the hyper-mega-ninja-turbo-convergence card. They expect larger virtual canvases, which will house an amalgam of video, social media and other content that provokes engagement. They believe that the promise of smartphones and tablet devices will fuel innovation, given the coveted combination of ubiquity and inherent interactivity.

At the same time, everyone expects more experimentation than we've seen to date. "The Internet provides a great test bed to try out lots of little ideas, instead of trying to be Don Draper and come up with the massive big concept and then bet the farm on it," Del Monte notes. "Perhaps display ads and Internet advertising in general, especially YouTube and Google display advertising, can be used as market research to figure out what display concepts have the greatest pull."



WINNING Isn't Everything

(BUT IT'S A DAMN GOOD START)

OMMA AWARDS

AWARDS FOR

WEB SITE EXCELLENCE

INTEGRATED ONLINE CAMPAIGNS

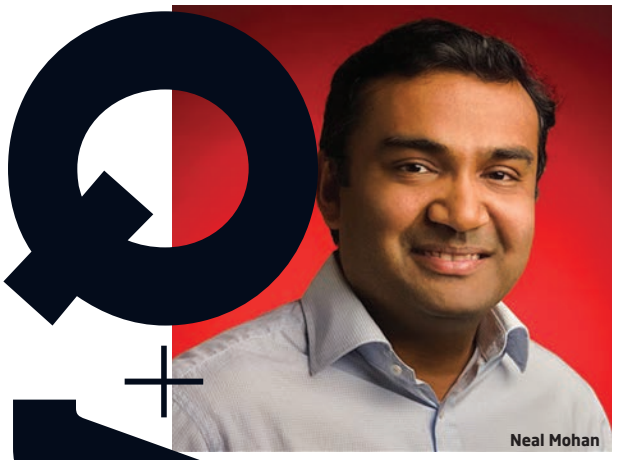
ONLINE ADVERTISING CREATIVITY

NOW OPEN FOR ENTRIES

ENTER YOUR WINNING ONLINE ADS, CAMPAIGNS AND WEB SITES TODAY

THE 2012 OMMA AWARDS | ENTER NOW AT WWW.MEDIAPOST.COM/OMMAAWARDS | ENTRY DEADLINE: 08.10.12

VIRTUAL ROUNDTABLE









Four of the best brains in display advertising say it's a format that has plenty of heart — and that it will continually improve its ability to resonate with customers, creating a bond as well as a click. *OMMA'S* Carrie Cummings gets Neal Mohan, vice president, display advertising, Google; Dean Harris, managing partner, Silvermine Marketing; Corey Gottlieb, managing parter, Targeted Social; and Ekapat Chareonlarp, vice president, IDG TechNetwork talking about display's soft spot.

What is the one display ad that sticks out most in your mind?

Neal Mohan: We recently worked on a project with Avis to create a series of mobile and banner ads that can take any customer service experience you share with them and within seconds, dynamically create a personalized animated video of your story, which you can then post or share with friends. The cool thing about this execution is that the technology behind it is incredibly complicated. With millions of Avis customers, the ad has to account for every possible story and item that someone could possibly write about, including names, things, places, etc. The input is analyzed through structured data and story scenarios. With all of the potential combinations of variables accounted for, this ad can produce 1,024 possible videos. So no matter what a customer has to say, there is a unique video for everyone. But the customer doesn't see all this technology — they just see their story, seamlessly, within seconds, and it looks and sounds like it was created in a studio. That ad, I think, hints at the possibilities of what display can be.

Dean Harris: The American Express Open Campaign for 'Small Business Gets Its Own Day' was brilliant. Branding a day and then associating it with local businesses made me feel good, made me think of American Express and did an excellent job on Facebook generating real likes (more than 2 million).

Corey Gottlieb: Nothing really jumps to mind.

Ekapat Chareonlarp: Hardchorus campaign by Puma.

Can Display Get Emotional?

Four display maestros explain how to get closer to consumers. **by Carrie Cummings**

Will display ever evoke emotion in users? When? How?

NM: Yes. I am a firm believer that display ads can, and will, spark emotional responses from users. As an example of how this might come to pass, we recently conducted an experiment called Project Re: Brief where we took four classic campaigns — some of the most loved campaigns of all time — and worked with the advertising legends that originated them to bring them to life for the digital age. What we learned in doing this is that good storytelling transcends medium. For example, one of the campaigns we "Re: Briefed" was Coca-Cola's "Hilltop," the iconic television ad with young people from around the world singing, "I'd like to buy the world a Coke..." The idea for the campaign, then and now, was that Coke can be a way to connect people. So for the new campaign, we created banner ads that actually allow you to send a stranger on the other side of the world a Coke, along with a message. We documented some of the responses, and let me tell you, this campaign absolutely triggered emotional responses from the people that experienced it.

DH: There's no reason that display cannot evoke emotion. A good idea is a good idea regardless of the medium, and if emotion is a crucial part of the sell, powerful words and images in display can do the emotional heavy lifting. This statement is as true for brand ads as it is in direct response ads. Great creative and a well-crafted selling message will stand out regardless of where it is placed. With all of the clutter in display, rich media and video seem to be the best ways to gain attention.

CG: It's difficult to evoke emotions with a static ad or Flash without sound which is the default. So, we will never say never, but the odds are stacked against display developing a deep emotional connection.

EC: Yes. For a long time, display has become more like a guy handing out flyers on the street than a storyteller as it was meant to be. As part of the industry, we have put metrics to measure how many flyers we get out on the street rather than metrics around user experience and how the story connects with users. I see this changing as rich media becomes a standard for the display business. More beautiful content, more relevant and more pleasant experiences are being introduced via display in unique ways. IAB's Rising Star units marks the era where display gets smarter and more beautiful and begins taking advantage of more human senses rather than just visual (sound, interaction, etc). With digital video replacing TV (Netflix, TED, Hulu), I would say in about five years, we will see more display/video ads become more effective in connecting brand emotions with users and having standardized ways to measure it.

What would you tell a creative team designing for display?

NM: I think sometimes the temptation in digital advertising is to start with the technology and build the creative around what the technology can do. We've found it can be far more powerful to start with the creative, then figure out how the technology can bring that vision to life. So I would tell creative teams to dream big and bring the technologists into the conversation early. That's how we'll end up with more big, groundbreaking campaigns that will dazzle users.

DH: A creative team designing for display knows that the advertising is inherently interactive. So ads designed for that back-and-forth interaction is crucial. Motivating a creative team in digital requires a deep understanding of the brand especially buyer behavior. Also, it's clear that the best creative product comes from an environment that is fun. In my experience, fun always works better than fear regardless of the enormity of the task or the severity of the deadlines.

CG: First rule of thumb is an eye-catching image.

> THERE ARE SO MANY REASONS TO PRAISE THIS AD; THE ARTISTRY IS AMAZING. BUT FOR ME, THE REAL MAGIC WAS THAT IT SINGLE-HANDEDLY REDEFINED OUR RELATIONSHIP WITH TECHNOLOGY."
>
> ***NEAL MOHAN, GOOGLE***

Usually close-ups of people smiling and happy, interacting with the brand. Messaging must be clear and concise.

EC: They must think outside of the ad boxes. Be aware of the surrounding environments where the ads are placed. Work with the media team to craft out a "creative driven" media plan that helps connect with the right audience, the right place and the right time. (Data advertising will help a lot here.) Fight back the old conversion metrics and think about connecting one user at a time to brand stories.

Aside from display, what ads have resonated most with you emotionally and why? It doesn't matter how old it is.

NM: The ad that immediately comes to mind is Apple's "1984." I'm sure this is on many people's top 10 lists, but I actually like it because of what the creative was able to accomplish. They took a technological concept that at the time was fairly obscure — the personal computer — and brought it to life in a way that was incredibly real and emotionally powerful. There are so many reasons to praise this ad; the artistry is amazing. But for me, the real magic was that it single-handedly redefined our relationship with technology.

As a more recent example, I also have to confess I love our own "Dear Sophie" ad because I have a new baby girl at home myself.

DH: This may be a popular choice, but I love the Apple campaign and believe it has been a major reason Apple now is one of the most valuable companies in the world. What is wonderful about Apple's work is that it's a true campaign; something that marks and distinguishes the brand on an enduring basis. What has been remarkable is how Apple uses this campaign as a lever to introduce new products into the marketplace.

CG: The power of a 30-second video done well probably has generated the most and deepest emotional connections, while print ads certainly have been responsible over the years for quick humor or even recall. On the print side, I still remember a campaign for J&B scotch around the holidays that read "ingle ells, ingle ells, what would the world be without J&B." It was so simple yet so memorable and created a holiday connection to family with a background image.

EC: In the past 10 years, I find myself spending more time on digital devices than other types of media. My content consumption pattern is no longer scheduled (perhaps except event broadcasting such as the Super Bowl, Olympics, etc). Living in the suburbs and commuting to Manhattan, I find that the best time to connect is during the commute and not at home where we try to enforce more time "screen free" moments, really to enhance quality time with the kids. Digital ads have done the best job there.

Do you think there is a possibility of evoking that level of emotion in video display ads, without sound? If not, how do you get a consumer to click through?

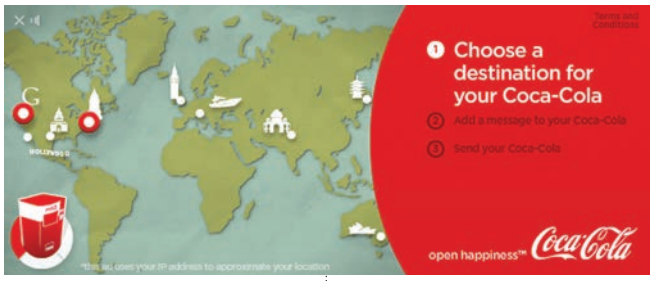
NM: The history of media and advertising has shown us that images can be incredibly powerful: think of glossy, impactful ads in magazines, for example. We've also found that rich media campaigns with strong imagery can be incredibly successful. Airbnb, for instance, ran a display campaign showing gorgeous photos of some of its most exotic properties, resulting in a 120 percent increase in branded searches. So yes, video can definitely succeed on this front.

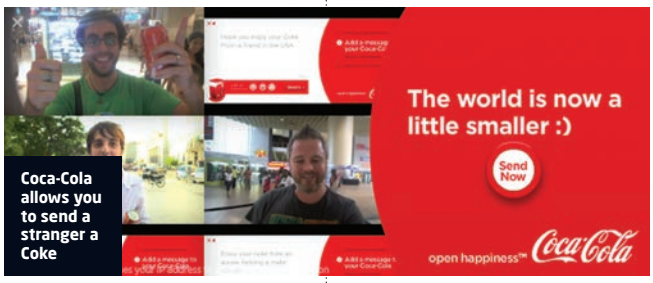
DH: Running online video without sound is like running a silent television spot. It's possible that the visuals alone can convey your message, but this is far from ideal. In addition, many people think that a video without sound is a mistake or a misguided attempt to get a view without the full sight, sound and motion experience. Getting a click-through requires an inherent respect for the consumer, and soundless online video does not meet this standard. That being said a soundless online video is worth something, but far less than a user-initiated video with sound.

CG: Sound is a very important part of the storytelling where the goal is to evoke emotion. So, if that is part of the direction of the ad, I would recommend ad units that do have sound and more of a one-to-one experience that perhaps resides in the social space, so it can be shared and go viral. Ads that do not have volume clearly need to be able to

draw your eyes in the first five seconds and compel you to want to see more with volume.

EC: Yes. An ad without sound will have to compensate with visual and motion the way PowerPoint can communicate with many of us without actual speakers. We click through links on emails, Word Docs and PowerPoint as long as they are part of the story or help complement or complete the experience. A video ad without sound can also do that well with assistance of interactive technology such as social catalyst (a JavaScript showing how many Facebook friends have viewed the video).





Which publishers are offering the most innovative ad solutions?

NM: The multiscreen opportunity for publishers is huge. We've seen across our own network that integrated campaigns that reach consumers across all the different screens in their lives (TVs, PCs, mobile phones and tablets) are incredibly effective. For example, a study conducted by Google and Nielsen found that users that were exposed to a multiscreen Volvo campaign had a 24 percent higher brand recall than those who viewed the ads on TV alone. With results like this, the ad dollars are sure to follow. The most innovative publishers today are the ones who are thinking about how to create those types of cross-screen opportunities and capture that spend.

DH: Mad props to Google for its YouTube sponsored original content channels. What an excellent investment in the future of online video. I am certain that some of these shows will migrate to television and will become meaningful standalone media properties.

EC: IDG TechNetwork formed the Tech Media Lab over a year ago to assist the display market with new technologies. Its main goal is to transform display advertising into "audience driven" solutions for marketers. Carefully crafting out of each solution by applying audience insights and environment architecture intelligence (type of tech environment such as PHP, HTML, HTML5, type of surrounding content such as forum, review, article, blog, etc.) Tech Media Lab introduces new display products that help solve real business problems. A couple of our award-winning innovations: The Nanosite (display + microsite) is a product designed to reduce the complexity of microsite and landing-page marketing.

The Navigant (display + search) is another great product that allows marketers to reduce costs of intent based marketing initiatives through search and display. A marketer who tries to have a decent share of voice on most popular keywords like "tablet" or "cloud computing" will have to spend a significant amount of money to bid for it. With Navigant, we allow marketers to "own" those keywords across our network of 450 sites at a fraction of the cost. We target users who have visited our sites and search for specific terms (tablet, cloud, Apple, etc). Then, our Navigant display unit provides a personalized search experience serving up content that is relevant to the term they are searching. Users are presented with a completely customized search experience based on what they are searching. For consumer sites, the Navigant unit pulls search results for articles, how to, review, video, social content, and everything is organized neatly into tabs. For business technology sites, users will be presented with articles, white papers, Webinars, videos, etc. This has been proven to significantly lift engagement over standard display.

REX BRIGGS CEO, Marketing Evolution

Q+A



Earning Its Place

Metrics maven Rex Briggs says display advertising's ROI is getting worse, not better. And yes, he does know how to fix it.

by Sarah Mahoney

CONSIDERING THAT IT'S BEEN NEARLY 20 YEARS SINCE THE WORLD GOT A LOOK AT THE FIRST ONLINE BANNER, there's been lots of progress — not to mention a few zillion skyscrapers, pop-ups and pop-unders. Yet instead of becoming more effective, display advertising is getting weaker, with a flat to declining return on investment for marketers, says Rex Briggs, CEO of research and analytics firm Marketing Evolution. His new book, *SIRFs-Up — Catching the Next Wave in Marketing*, explains how broken he's come to regard the promotion-and-advertising model most marketers start with. Instead, he sees the most effective spending starting with mining customer insights to build brand advocacy, using social media and branded content. (SIRF stands for Spend-to-Impact Response Functions.)

It's not that he thinks display doesn't work. In fact, his research has found it often doesn't get the credit it should. In one company he analyzed, for example, he found that banner ads that didn't get clicked on (and thus weren't counted as effective) often prompted the consumer to type the company's name into a search engine (usually within the week). Those unclicked display ads led to 7 percent of all sales from search, and 2.2 percent of total sales.

But too often, simple mistakes turn display ads into budget leeches, just one more reason the typical marketer is sending 39 percent of his or her budget down the drain. (The trend isn't good. In his last book, *What Sticks*, published in 2006, advertisers were only wasting 37 percent.)

Briggs took some time to tell *OMMA* what ails display and what can fix it:

So what's changing to make display less effective?

Well, it's not like it's a new issue. We can trace studies of the effectiveness of display to the very first study I did at HotWired back in 1996. And even before that, we were doing attribution modeling, click- and post-click value analysis in 1995. So we've got a lot of years of experience under our belts, and yet some of the fundamentals for our industry are forgotten and lost. And that is contributing to flat to declining ROI for display, when it should be getting better and better.

For example, we learned that things like persistent logos, low clutter and clear brand-benefits statements really help display advertising's effectiveness, and we published that data in *What Sticks*, back in 2006. But many ads online don't even follow the persistent logo rule.

And then you open up the trades and read

things like Procter & Gamble is doing these massive studies to rediscover the insights it learned years ago on Olay, Herbal Essence and Head & Shoulders, and you kind of go, in Twitter language, "WTF?"

Online digital display advertising can have great ROI, but not if the creative doesn't follow simple rules.

Why do you think that is? Is it just a category marketers don't police very well?

I think so. I had a humbling experience with this recently. I had my team come up with some digital display ads for my book, and trafficked them through MediaMath, which did a great job. And I delegated it to someone on my team. And when the ad came back, it did not have a persistent image for the book. And we have known that point is important since 1997, when the first IAB study was done.

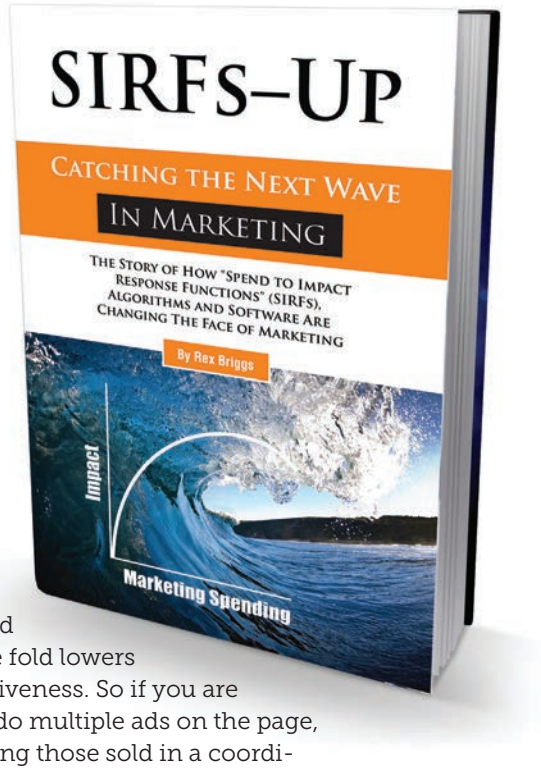
at the Party

So I asked him to go back, and there was a little bit of a pushback from the creative agency. And I'm like, "Trust me, this is important." I've done so many studies about this, and that I could let it happen gave me a lot of humility!

The point is it doesn't matter how much research you've done, if you don't set up the process right in the beginning, you won't get the outcome you expect. What I missed in the process was that I didn't give a clearer brief. And I suspect a lot of marketers are running into that exact same problem. They need to include some best-practice requirements into the brief itself, so it isn't a debatable issue, and it's just considered part of a good design.

What are other problems holding display ads back?

The marketers have the most control over three things — this persistent logo, clutter and clear brand-benefit messages. So this low clutter on the page thing is very important. We know the effectiveness of online advertising is inversely proportionate to the clutter. The more clutter, the less effective. Adding more ads to a page can increase revenue per page, but that lowers the effectiveness on the branding side, because it increases clutter and lowers click-through rates.



And the media owner can control the placement of the ad on the page. Putting the ad below the fold lowers the effectiveness. So if you are going to do multiple ads on the page, then having those sold in a coordinated fashion to the same marketer works. But breaking that out to different marketers creates clutter.

What else diminishes ROI?

Most marketers are aware of the international ad delivery issue. If you are selling a product in the U.S. and 20 percent of the impressions are outside the U.S., that's just inefficient — it raises your CPM.

So we have to ask you this – it seems to be the obligatory question about display ads. Why are they so boring? And why can't anyone ever remember them?

The first part of that answer is to start off with why advertising works. There is a lot of new research in the last decade looking at the brain patterns of people as they focus on advertising. I went to see this not long ago at University of California-Davis, watching people with their brains hooked up to MRI machines. And from this almost science-fiction type technology, we can see how people react to advertising. It's often about cueing.

Here's an analogy. Let's say you are hungry and

drive by a billboard for McDonald's. That ad doesn't have to be super creative — it's a cue, and you make a mental connection with the brand.

So I would argue that the discussion of "how to make display more creative" is mental masturbation by creatives in black turtlenecks. It's a bit of a waste of time.

SO IF YOU HAVE A STORY THAT IS EXPANDING, FRAME BY FRAME? THAT IS A LOT OF WORK! IF A SINGLE FRAME CAN'T COMMUNICATE WHAT IS RELEVANT, IT ISN'T AN EFFECTIVE AD.

Whoa. Can't display be both creative and effective? Take travel, for example – couldn't those ads show more beautiful tropical islands, for example, and fewer click-and-save come-ons?

Yes, you can have a travel ad with beautiful imagery. But you have to be careful — it can't be creativity for the sake of creativity. It has to optimize the message. You have to have clarity. There is such a thing as a creative vampire — an idea that is creative but takes away from the message. It sucks the blood out of ROI.

And that is very pronounced in digital display because you don't have that much real estate, and you are competing with content. In a full-page ad in a magazine or a spot on TV, the viewer is taking a break from content to look at the ad. Not in display. That's why page takeovers or interstitials become more important. That's where the competition for the eye glancing around the page is much less.

We've studied eye-tracking data, and what we found was that 12 percent of the time was spent looking at the display ad, and 88 percent looking at the content. And 12 percent is enough to get the message, but only if that message is very clear. It's comparable to print, where most ads are only looked at for two seconds.

So a consistent logo is important. And if it's a brand I recognize or a category I am interested in, that's good. In eye tracking, you notice how quickly the eye is bouncing around, looking around for what is relevant to me. So if you have a story that is expanding, frame by frame? That is a lot of work!

If a single frame can't communicate what is relevant, it isn't an effective ad.

So why do you think so many marketers are still getting it wrong?

If you look at the way many creative agencies send out their ads, and the way they present them, it's almost always on a screen with nothing else on it. But that's not how people see them. The marketer would be better served if [the] agency sent the ads out in mocked-up dummy content.

What are your predictions for display?

It needs to be a better ecosystem because marketers are going to be continuing to look for innovation in the short term.

What I would love to see happen? Marketers changing their briefing processes and insisting that these insights are universally applied. I'm an optimist, so I hope so.

Do you think there's a move toward greater discipline about how to use display in the marketing mix?

Well, when you think that in the next two years, we will cross the 20-year mark … *My God*, I hope we are getting more disciplined!

We're curious. What are your favorite display ads?

It was a while ago. Budweiser's Happy Hour ads, which they bought at 4 p.m. The skyscraper was a beer glass, and the bottle poured in. It wasn't earth-shattering, but it was all done right.

Any disastrous ones?

That's the thing. It isn't so much that there are bad display ads, it's just that they're harmless. They don't get anyone's attention. It's a big waste of money. In so many examples, you look at the ads and they don't register. So it isn't that ads damage the brand. It just slowly burns a hole in the marketer's pocket.

What will change display the most?

Software algorithms. These have the ability for ef-

REX BREAKS DOWN A GOOD AD



fective digital display advertising to be in a budget planning process across media, and begin to pull budget from TV or radio. What the digital display marketers need to recognize is that the cross-media planning abilities are really coming online.

Digital display has been its own echo chamber for the past 15 years. And when it begins to take in these cross-media pieces, I think now is the time for display to step up its game. Pretty quickly, in the next few years, that will be the biggest change — and if your ROI is tanking, you will lose money, and it will shift directly into other media. If you're effective, you can steal budget. You'll have the evidence you need, and it will be baked into the infrastructure of how media is bought. It is truly zero-based cross-media budget allocation. And digital media will sink or swim based on that.

BOOKSHELF

Shoring Up Display's Weak Spots

An in-depth look from comScore at the five areas marketers need to focus on to make sure they get what they pay for **BY LINDA ABRAHAM**

BACK IN JANUARY, comScore released a new way to account for the impressions made by digital display advertising, following many of the guidelines laid out in the industry's Making Measurement Make Sense (3MS) initiative.

We call this solution the validated Campaign Essentials (VCE), and it provides an unduplicated accounting of impressions delivered across a variety of dimensions, helping to significantly improve the value of online advertising. (Importantly, VCE gleans all this information via a single ad tag, thus enabling a comprehensive, but holistic, view of digital ad delivery. The use of a single ad tag is a critical component of this measurement approach, as it evaluates all impressions consistently and eliminates all issues associated with duplicated measurement.)

To test-drive VCE and to better understand issues associated with display ad delivery and validation, we included 12 major marketers, among them Kraft, Sprint, Kellogg's, Ford and Kimberly Clark, in the U.S.-based VCE Charter Study. (Results are presented in aggregate form, to protect their confidentiality.)

The goal was to find out what's not working, and to quantify the incidence of sub-optimal ad delivery. And what we found was that when it comes to digital display, marketers are not necessarily getting what they expect when they buy online ads. From ads delivered next to objectionable content to ads that never had the opportunity to be seen, there are countless examples where the digital medium is simply not delivering on its promise.

The study found five areas marketers should pay closer attention to.

1. IN-VIEW RATES ARE EYE-OPENING

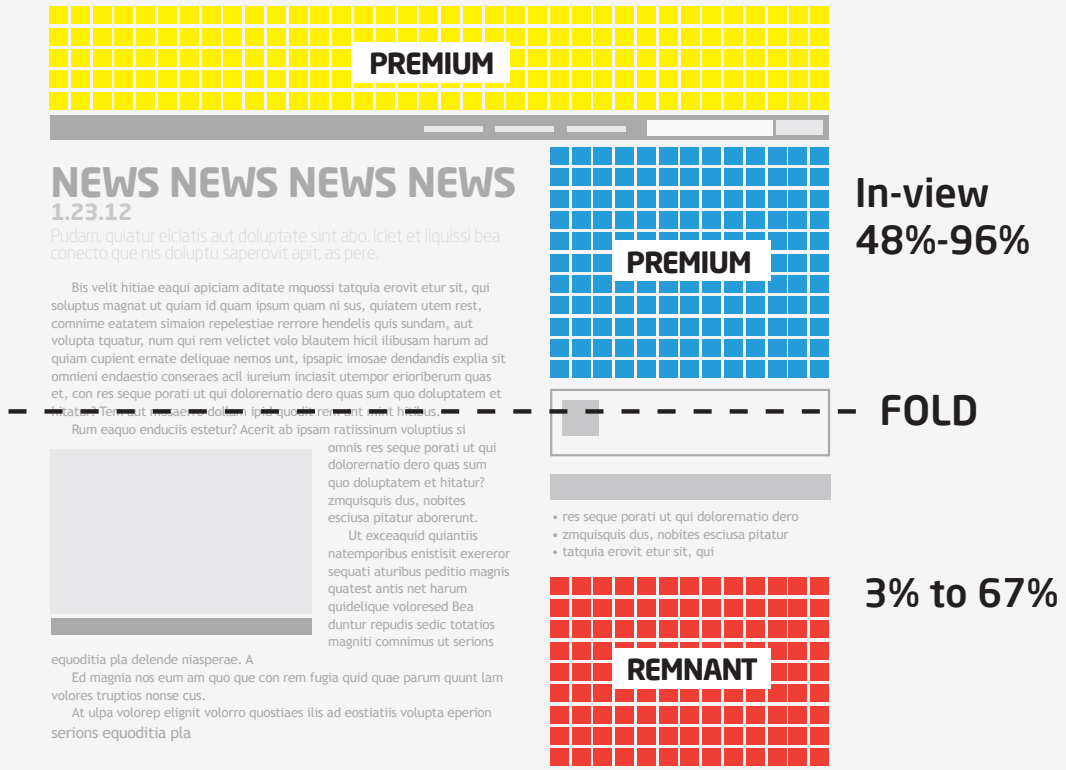
The study showed that 31 percent of ads were not in-view, meaning they never had an opportunity to be seen. There was also great variation across sites where the campaigns ran, with in-view rates ranging from 7 percent to 100 percent on a given site. This variance illustrates that even for major advertisers making premium buys, there is a lot of room for improvement.

One of the most fundamental aspects of advertising measurement, particularly as it relates to cross-media, is the need for a solid and consistent method of determining whether a consumer had an opportunity to see (OTS) an ad. In television, once an ad is delivered in a program, it plays, meaning that the consumer had an opportunity to see it. While the person might not have been in the room to see the ad, the industry accepts the notion that the opportunity was still there and therefore it gets counted as such. Alternatively, if the television is turned off, there isn't an opportunity for it to be seen.

The advertising industry has accepted OTS as a standard metric, which many rely on to build cross-media campaigns and to assess the effects of advertising across channels. This metric is particularly important based on the very simple fact that:

• If an ad does not have an opportunity to be seen by a

Percentage of Ads In-View by Location on Page



real user, then it cannot possibly deliver its intended effect.

• When compared to other forms of media, digital advertising has unique characteristics relating to an ad's opportunity to be seen. To date, the standard has simply been to measure whether ads were served to a page. However, there are many reasons why a served digital ad might not result in someone having an opportunity to see it. For example, consumers often land on a particular page and then quickly scroll down to consume content before the banner ad at the top of the page has had a chance to load. An alternative scenario is when a user remains at the top of the page, never scrolling to the bottom where many ads have loaded. Given these scenarios, which inherently result in many ad impressions being delivered but not seen, the industry has begun to evaluate ways to accurately measure viewability and to improve in-view rates to avoid wasted ad spend. 3MS proposed a standard definition of in-view, which states that at least 50 percent of the pixels of the ads must be in-view for a minimum of one second.

2. TARGETING AUDIENCES BEYOND DEMOS CAN BE POWERFUL

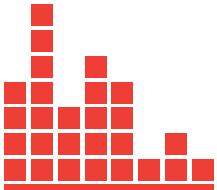
Generally, campaigns that had very basic demo-targeting objectives performed well with regard to hitting those targets. For example, those with an objective of reaching people in a particular broad age range did so with 70 percent of their impressions. Predictably, as additional demographic variables were added to the targeting criteria (e.g., income + gender), accura-

cy rates of the ad delivery declined. However, the results also showed that, on average, 36 percent of all impressions in a campaign were delivered to audiences with behavioral profiles that were relevant to the brand (i.e., consumers with demonstrated interests in categories, such as food, auto or sports). One campaign had 67 percent of its impressions viewed by the target behavioral segment, demonstrating that targeting to people based on interests or behaviors holds strong potential.

3. THE CONTENT IN WHICH AN AD RUNS CAN MAKE OR BREAK A BRAND

Of the campaigns analyzed, 72 percent had at least some impressions that were delivered adjacent to objectionable content. While this did not translate to a large number of impressions on an absolute basis (141,000 impressions across 980 domains), it is important to note that 92,000 people were exposed to these impressions. This demonstrates that even with the most premium of executions, brand safety should be of utmost concern for advertisers.

Defining brand safety A major concern of all marketers is the relevance of the content in which their ads are delivered. When



SOME 72 PERCENT OF THE CAMPAIGNS HAD AT LEAST SOME IMPRESSIONS SERVED IN OBJECTIONABLE CONTENT, TO THE SURPRISE OF THE MARKETERS.

brands spend money on advertising, they need assurance that their ads will not run next to content that is at odds with the brand they are trying to build or the equity they have already established.

In this context, "objectionable content" can generally be categorized into two buckets, the first being rather objective and the second being much more subjective and brand-specific:

Type I: Adult-Content and/or Hate Sites

Almost all brands want to avoid having their ads run on Adult-Content or Hate sites. Although there might be some differences of opinion on exactly what sites fall into these categories, there are generally agreed-upon and industry-endorsed lists that define these, and almost without exception, reputable marketers want to avoid them at all costs.

Type II: Brand-Specific Criteria

There are topics, issues and/or content that certain brands don't want to advertise near because it directly conflicts with and/or detracts from the advertising's objective. For example, consider a major airline. For obvious reasons, an advertiser in this space might not want the brand's ad to appear next to an article about significant plane delays. Meanwhile, for countless other advertisers, delivering an ad to a consumer in this content would be completely benign.

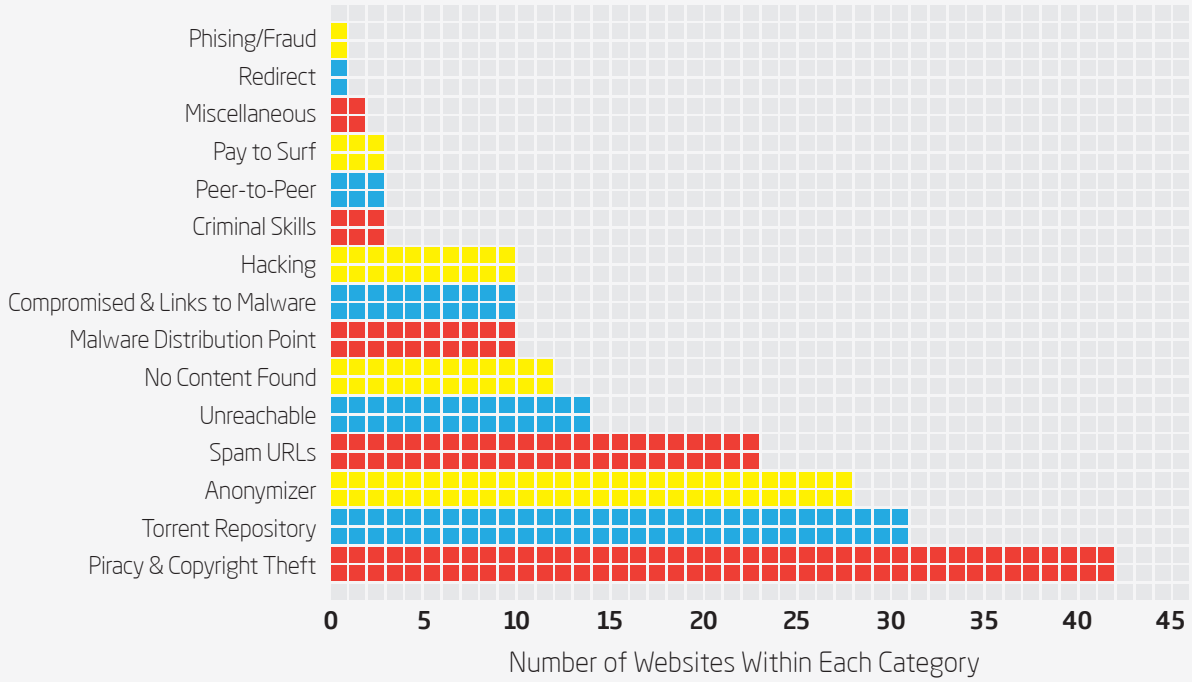
Brand Safety on Adult-Content and Hate Sites

To begin to understand the extent to which ads are delivered in content deemed inappropriate, the VCE Charter Study quantified the incidence of ad delivery on Adult-Content and/or Hate sites (Type I). The study used a standard definition of "objectionable content," based on historical data of sites/categories most commonly identified as being "not brand safe" by leading advertisers (See Figure 16).

To the surprise of many advertisers in the VCE Charter Study, 72 percent of the campaigns had at least some impressions served in this type of inappropriate content, which spanned a total of 980 sites (See Figure 17). The good news is that the actual percentage of impressions involved was quite small, less than .01 percent. However, the study also showed that 92,000 people saw these ads, meaning that if some of these people were either loyal or prospective customers, it could be counterproductive and/or problematic for the brand.

It should be noted that it is likely that this number is much higher when

Custom Categorization of Sites with Intentionally Fraudulent Activity



evaluating the broader, online advertising universe as there are certain factors that may have positively influenced the low percentage of inappropriate ad placements in the VCE Charter Study. These factors include:

• The brands under measurement were premium national marketers and therefore more likely to use higher quality content.

• Many of the brands were already employing ad-blocking technologies from external third parties. Even with these technologies in place, several instances of inappropriate placements still appeared.

• In a few instances, select demand-side platforms chose to obfuscate the URLs where the ads were run, meaning that brand safety could not be measured and clients could not validate where the ads were run.

Despite the relatively low overall incidence of ads appearing next to inappropriate content, these findings still might be unsettling to advertisers. Even one ad impression delivered in the wrong environment can damage a valuable consumer's feelings toward a brand. With the increasing use of social media, a snapshot of a marketer's ad in an inappropriate environment can quickly go viral, exposing many more people to the unintended, but negative, association of a brand and inappropriate content. With 92,000 people being exposed across all VCE Charter Study campaigns, the advertisers' concerns are justified.

4. FRAUD IS THE ELEPHANT IN THE DIGITAL ROOM

Fraud is an undeniably large and growing problem in digital advertising. The results showed that an average of 0.16 percent of impressions across all campaigns was delivered to non-human agents from the IAB

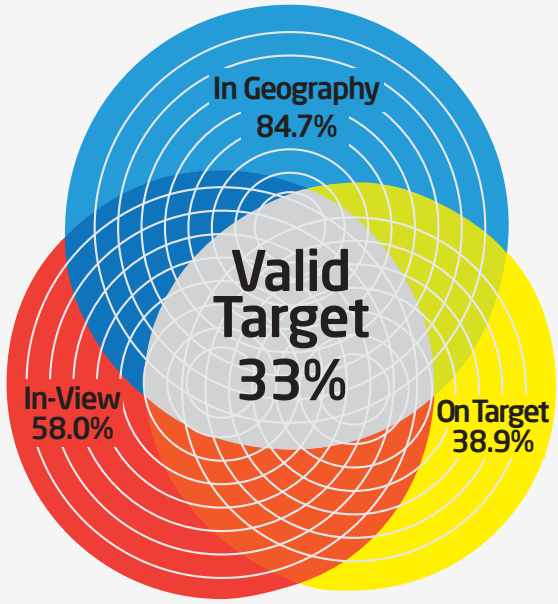
spiders and bots list. Although this percentage might appear negligible, there are two important considerations to keep in mind. Only the most basic forms of inappropriate delivery were addressed in this study. When additional, more sophisticated types of fraud are considered, the problem will only get larger. Like brand safety, fraud should be an important concern for all advertisers.

Defining fraud Today's world of online advertising involves many players in the ecosystem, each with a specific role and goal. However, the inherent complexity in this landscape results in a lack of control and visibility into online ad delivery. While the vast majority of individuals in the digital advertising ecosystem operate with the best of intentions, like any industry, there are fraudulent players that can disrupt the value chain. The complicated daisy chain of ad delivery can involve up to 20 different players, and quite often neither the buyer nor the seller has insight into each step in the process.

The term "fraud" as it relates to online advertising encompasses a variety of impression-delivery scenarios. In some cases, there is direct fraud, which is deliberate and completely illegitimate, while other types of fraud are an unintentional by-product of legitimate business practices. In either case, this fraudulent activity does not deliver ads to actual people as intended, so should therefore be excluded from validated impression counts.

Intersection of Percent of In-View, In Geography and On Target Ad Impressions Delivered

For a Sample Campaign in vCE Charter Study



To help members of the online advertising ecosystem better understand and avoid issues relating to fraud, the IAB maintains a list of all known non-human spiders and bots. All IAB-accredited ad servers are required to filter out these known sources of non-human ad impressions. The use of some of the spiders and bots on this list is a completely legitimate practice employed by many Web sites for a variety of uses, such as to gather data to help index pages for search engines or to determine page content for the purposes of offering contextual ad placements. Regardless of their use, however, they do not deliver ads to consumers and can therefore wreak havoc on ad delivery and validation, causing a lot of wasted ad impressions and skewing the results of advertising-effectiveness measurement. An analysis of VCE Charter Study campaigns showed that the average campaign in the study had 0.16 percent of total impressions being delivered via these spiders and bots.

In addition to known spiders and bots, part of the VCE Charter Study analysis included an evaluation of fraudulent impressions that were intentionally delivered via illegitimate online activity. Campaign delivery was manually reviewed for unusual activity indicative of intentional fraud. Such indicators might

be unusually high or unusually low in-view rates or little or excessive mouse movement on the creative. Upon identifying these outliers, further human investigation was used to either confirm or negate the hypothesis.

The analysis revealed more than 200 sites that were guilty of this type of fraudulent delivery. Figure 19 below outlines some of the most common categories of sites with such activity. Additionally, the investigation uncovered that one of the sites delivered almost 2 million ads in the VCE Charter Study, supporting the need for consistent hygiene on campaigns to accurately measure delivery and ensure only ads that are delivered to actual humans are counted in validation and effectiveness measurement. Again these ads were not blocked from serving for the purposes of this study, but instances of delivery were measured.

While these two categories of fraudulent ad delivery accounted for only a small percentage of total ad impressions in the VCE Charter Study, there are a variety of other sources of fraud that consistently result in significant waste. For perspective, of the approximately 1 trillion URLs that comScore processes each month (40 percent more than all the traffic of the entire U.S. Internet population), the application of comScore's full suite of fraud detection technologies identified levels of fraud ranging from 3 percent to 10 percent for a given campaign. Clearly, no brand is immune from fraud, and it should be an area of concern for all players in the ecosystem.

5. DIGITAL AD ECONOMICS: THE GOOD GUYS AREN'T NECESSARILY WINNING

The study showed that there was little to no correlation between CPM and value being delivered to the advertiser. For example, ad placements with strong in-view rates are not getting higher CPMs than placements with low in-view rates. Similarly, ads that are doing well at delivering to a primary demographic target are not receiving more value than those that are not. In other words, neither ad visibility nor the demographic target delivery is currently reflected in the economics of digital advertising.

PUTTING ALL OF THE PIECES TOGETHER

The VCE Charter Study demonstrates that each dimension of ad delivery — viewability, audience targeting, geographic targeting, brand safety and fraud — has a significant impact on whether or not an ad has an opportunity to achieve its intended objective, and should therefore be a central component of ad delivery validation measurement.

Advertisers want to understand ad delivery to each of these core dimensions, and they also require a holistic, unduplicated view of total campaign delivery. In order to achieve this unduplicated accounting of delivered impressions, advertisers require a simple solution that eliminates all of the wasted time and error associated with merging disparate data sources. Consider, for example, results from a single campaign in the VCE Charter Study:

- 38.9 percent of the ads were delivered to the right target audience;
- 58.0 percent of the ads were delivered in-view;
- 85.7 percent of the ads were delivered in the right geography.

But note that the study goes on to say that in this sample campaign, just 33 percent of the ads were delivered according to plan.

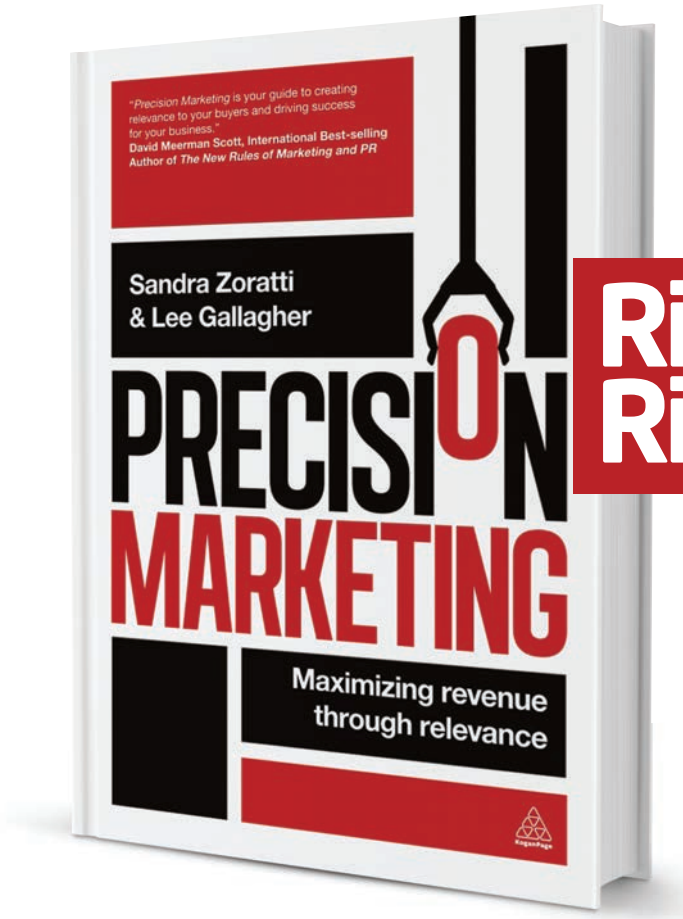
Across all dimensions of ad delivery, the VCE Charter Study demonstrated clear examples of situations where ad impressions were largely wasted.

And since study participants included major branded advertisers, who inherently buy more premium inventory than the average online marketer, the study findings are not necessarily representative of the overall online advertising market. In fact, because these advertisers generally engage in high-end, premium campaigns, the findings may represent "best-case scenarios," rather than the norm.

That shows us that regardless of the quality of the buy, there is almost always room for improvement. Advertisers who understand and leverage the power of validation stand to gain much more value from the digital channel.

PRECISION MARKETING

BOOKSHELF



Right Place, Right Time

How understanding relevance maximizes revenue

by Sandra Zoratti and Lee Gallagher

ADVERTISERS ARE MORE VOCAL THAN EVER ABOUT WHAT'S WRONG WITH MASS MARKETING. But defining the reverse — with so many ways to pinpoint, segment and sub-segment customers — is no day at the beach, either. A recent study at the CMO Council found that while 60 percent of CMOs say they are focused on reaching buyers in more relevant and contextual ways, only 15 percent believe that the companies they work for are doing a good job at finding and integrating information about their customers from disparate sources.

Making better, and more precise, use of that data is what *Precision Marketing* is all about.

THE PRECISION MARKETING JOURNEY

Precision Marketing is about using data-driven insights to deliver the right message to the right person at the right time in the right channel. It is critical to understand that this method involves a data-driven approach, which enables more rational and fact-based marketing decisions. Precision Marketing evolves the marketing practice beyond the realm of relying on mere intuition and gut checks. While experience remains essential to success, it is now necessary to gather and analyze all available insight in order to objectively guide your marketing decisions with more depth and precision.

Precision Marketing is about viewing the company, its products and its marketing messages from each customer's perspective. What does the customer want? What does the customer need? Precision Marketing is customer-focused, but not in the same way as one-on-one marketing or 360-degree marketing. Rather than surround customers from all angles and blast them with messages, Precision Marketing looks at the customer's view of the company.

The value of Precision Marketing is proven across industries, but it is important to keep in mind that the process is a journey. The journey will take time and effort, and it will be

worth the effort and investment. Let's consider the case of 1-800-Flowers.

THE 1-800-FLOWERS JOURNEY

With annual revenue exceeding $700 million and a database of 35 million customers, 1-800-Flowers is now the world's leading florist and gift company. What's impressive about this company, run by brothers Jim and Chris McCann, is their commitment to analytical leadership.

According to the McCanns' recent book *Analytics at Work*, the company's focus on data-driven decision-making is a core aspect of its overall approach to strategy. "We have a culture of analytics and testing," says Chris McCann, president of 1-800-Flowers. "I say, 'I know what you think — tell me what you can prove.' "

Some companies, like 1-800-Flowers, enjoy unprecedented insight into their customers. "Basically, we know who buys what for what occasion, for whom, and where it's sent," says Aaron Cano, formerly the vice president of customer knowledge management at 1-800-Flowers. This lets the company build extensive data sets and get to know more about each customer. 1-800-Flowers has customer info such as: customer name; occasion bought for; recipient name; recipient address; channel; demographic information.

The company employs its analytical strengths across all of its 11 brands, including Fannie May Fine Chocolates, The Popcorn Factory and Cheryl & Co. cookies. With these numerous distinct brands, one of the company's core challenges is leveraging its extensive customer data to benefit all of the divisions. Given the company's multiple channels of interaction (retail stores, phone, catalogues and online), analyzing all of the company's customer data is an enormous task.

The company has made tremendous strides in dramatically reducing the time it takes to segment customers for a mailer or a catalogue. "It used to take two or three weeks — now it takes two or three days," says Cano. "That leaves us time to do more analysis and make sure we're sending relevant offers."

The marketing team spent years trying to get a handle on all of this data. Marketing was tasked with mapping the data, identifying all possible touch points, cleansing the data and recognizing when customers moved between sales channels. Then, the 1-800-Flowers team was able to construct a custom dashboard and create underlying systems that made key data accessible to employees on demand. "Previously, business users had to rely on IT to produce monthly reports. Now, they can access and analyze the data themselves at their desktops whenever they want," says Ron Scala, director of information management for 1-800-Flowers.

The company's loyalty and retention rates are powerful proof that its commitment to data-driven strategies has paid off. In fact, the company has increased its customer retention rate by 10 percent and increased the retention rate of its best customer segment to more than 80 percent. The more that 1-800-Flowers engages with its customers in the course of the year, the more likely customers are to discover one of the company's other brands. "We're successful because it isn't just marketing that buys into the processes," says Cano. "Merchandising, fulfillment, operations and finance all use the customer knowledge to make decisions as well."

Perhaps most importantly, 1-800-Flowers is leveraging its data to create targeted campaigns and engage its customers in a truly personal fashion. "It takes a long time for an organization to become analytical," Cano says. "But at the end of the day, our customers become more loyal to us because we're relevant and we treat them like individuals."

Deeper data on what customers do — such as how or where they use a product — enable relevance. "If a customer usually buys tulips for his wife, we show him our newest and best tulip selections," Cano says. As Cano points out, Precision Marketing is a multistep, ongoing and worthwhile journey.

THE PRECISION MARKETING FRAMEWORK

Adopting and fully implementing Precision Marketing is not about an instantaneous flip of the switch; it truly is a journey. This journey is not simple, but it is worthwhile, and your efforts and investments to navigate the journey will reap rewards. In order to guide you through that journey, we have created a Precision Marketing Framework, which includes three major milestones and a series of six steps.

The Precision Marketing Framework, in the simplest terms, is about following a logical, sequential and continually improving process. Here are the six steps within our Precision Marketing Framework and the major questions that each step strives to answer:

Step One: Determine your objective
What specific marketing objectives or business needs are critical to your company's goals?
What problem are you trying to solve?
Is your objective measurable, achievable, relevant and timely?
Here are four popular objectives from which many marketers choose: customer retention; customer growth; customer reactivation; customer acquisition.


Sandra Zoratti

Step Two: Gather data
What customer data will you need?
From where will you obtain your data?
What other vehicles will you leverage to gather data?
The following are possible data sources:
internal data; external lists; focus groups; polls and surveys.

Step Three: Analyze and model
How will you engage your analytics team?
How will your analytics team utilize the data to generate insights?
How predictive is your analytics modeling?
Here are deliverables an analytics team might produce: portfolio analysis; segmentation; industry models; custom algorithms; recommendations.

Step Four: Strategize
Will you use an existing campaign or create a new one?
What content and creative will you incorporate into this campaign?
What offers are you prepared to present?
What must your message express in order to resonate with your target segment?
How will you measure your success?
Your strategy may incorporate one or more of the following delivery channels:
direct marketing; email campaigns; banner ads placement; telemarketing;social media; mobile communications.

Step Five: Deploy
How will you execute your campaign?
How will you implement the tactics in your selected channels?
How will you use your data to engage with the targeted customers?

Step Six: Measure
Did the campaign deliver the anticipated results?
What did you learn?
What worked? What did not work?
What can you improve upon?
How will you incorporate these findings into your next campaign?

As a part of a partnership with Best Western, we redesigned their loyalty statement to increase customer engagement, drive customer loyalty and generate incremental revenue.

BEST PRACTICES AT BEST WESTERN

"A lot of companies find themselves doing the same things over and over. At Best Western, we definitely test new marketing ideas to see what moves the needle," says Tammy Lucas, managing director of marketing programs at Best Western International. According to Lucas, Best Western Rewards members represent some of their most active and invested customers. "Our rewards statements have typically been reporting rather than response vehicles," Lucas says. "With the help of InfoPrint and the CMO Council, we identified ways to expand our interaction with customers."

Best Western, always interested in innovation and fresh ideas, was open to testing new types

of marketing tactics that could grow and enhance customer loyalty. Best Western wanted to run a campaign that would be delivered to Best Western Rewards members through a redesigned loyalty statement. The purpose of this trial was to increase revenue through incremental bookings and grow awareness for the hotel's co-branded credit card. Best Western was also looking for a way to promote its new loyalty program, "More Rewards, Faster," which helped its members earn double points or miles if they booked stays during a set period of time.

As Best Western and Ricoh launched this campaign within a four-week design and delivery window, the use of relevant messaging was a key area of focus. Using basic business rule data analysis, we were able to identify which reward members would receive a co-branded Best Western MasterCard offer and which members already had one and thus would receive a reminder to use it.

The campaign included two statistically equivalent groups of 50,000 each. The first 50,000 members served as the test group receiving the old statement, and the second 50,000 received the redesigned statement with customized offers.

This promotion was completed and delivered during the autumn of 2008 with results scheduled for measurement four weeks after the launch. Unfortunately, neither company expected what was about to happen in the U.S. market. The promotion for travel and credit was received by Best Western's loyalty members the same week the U.S. stock market crashed. Both companies were left hoping for the best, but anticipating a lackluster campaign.

The results were impressive, especially considering the economic turmoil taking place at the time: The test group earned a 278 percent return on investment (Figure 2.2). This 278 percent ROI was achieved by implementing the Precision Marketing Framework. As the Precision Marketing Framework prescribed, we determined the objective for the campaign, gathered and analyzed customer data to segment customers and create a relevant offer, strategized the campaign and delivery channel, deployed it and measured the results. The results delivered an almost twofold increase in Best Western's ROI metric. An indirect benefit was that the new statement design represented a 40 percent decrease in the use of paper, providing a significant green benefit. Thus, Best Western proved that it could produce superior results while contributing to greater environmental sustainability.

In addition to generating a triple-digit ROI, Best Western also realized the following:
39 percent lift over the control group for number of stays;
34 percent lift over the control group for number of nights stayed;
30 percent lift over control for revenue generated;
500 percent lift over the control group applying for the Best Western Rewards MasterCard.

The most important result was a 15 percent uptick in the response rate. None of the results were possible if customers had not responded to the relevant information and registered for the promotional program. Relevant content, delivered in a clearly defined statement, drove customers to engage. "We are delighted in the results of this trial and our work with the CMO Council and Ricoh," Lucas says. "This pilot really does underline our ongoing commitment to rewarding our loyal customers and our commitment to continually deepen our relationships with them."

> "IT TAKES A LONG TIME FOR AN ORGANIZATION TO BECOME ANALYTICAL. BUT AT THE END OF THE DAY OUR CUSTOMERS BECOME MORE LOYAL TO US BECAUSE WE'RE RELEVANT AND WE TREAT THEM LIKE INDIVIDUALS."
>
> ***AARON CANO, FORMERLY OF 1-800-FLOWERS***

TAKE THE PRECISION MARKETING JOURNEY

Adopting an analytical approach to your business and marketing practices — which we term Precision Marketing — is a multistep, evolutionary journey. You can begin to realize improving and impressive returns with simple steps forward using the Precision Marketing Framework. In each of the customer implementations in which we have been involved, not a single customer or business has chosen to abandon the Framework after having learned it. We believe that these rewards are available to all businesses willing to take the steps and begin the journey.

Precision Marketing: Maximizing Revenue Through Relevance, published by Kogan Page, 2012.

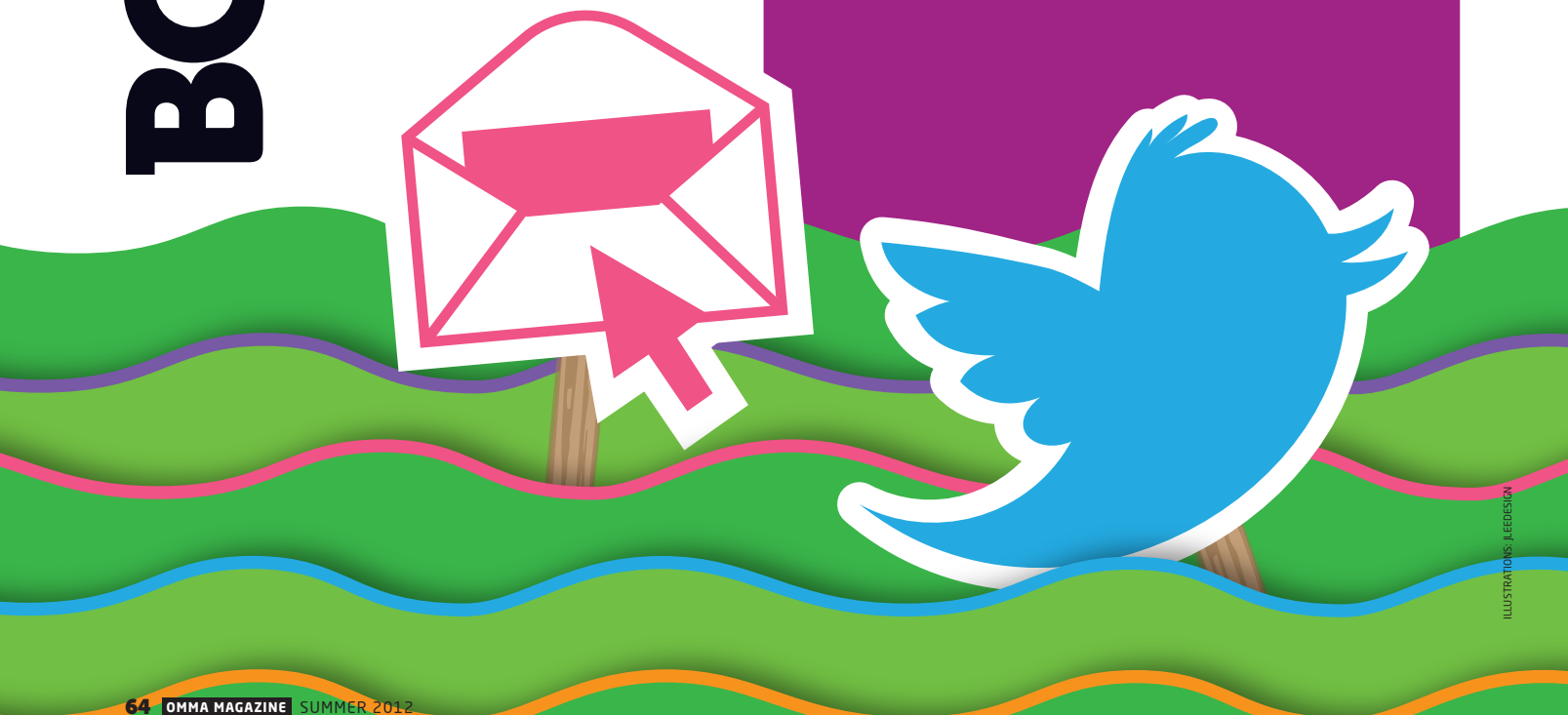
Sandra Zoratti is vice president of marketing at Ricoh. Lee Gallagher is director of precision marketing solutions.

BOOKSHELF

What Marketers Should Ask About Mobile

The five questions that will drive sales, engagement and loyalty

BY JEFF HASEN



ILLUSTRATIONS: JLEEDESIGN

No one can argue that marketers aren't using mobile: Mobile spending has passed both email and social media, and it's expected to reach $8.2 billion by 2016. (And consumers are warming up to it, too, with mobile commerce projected to be $31 billion in five years.)

But few companies are marketing well: Many simply repurpose their online ads, missing out on the true potential of the mobile audience. In *Mobilized Marketing: How to Drive Sales, Engagement, and Loyalty Through Mobile Devices* (Wiley; May 2012) Jeff Hasen, Hipcricket's chief marketing officer, helps advertisers get to the issues that will really drive revenue.

Do we have enough metrics to make wise decisions?

Mobile has a ways to go before it can provide metrics that will offer more insight into performance. Some envision the day when mobile will be included in a so-called universal dashboard that provides a real-time view of all marketing programs regardless of channel.

It's a lofty goal and not one that necessarily will be met by a pure mobile company.

InsightExpress's Joy Liuzzo agrees that mobile campaigns should be viewed within the context of the larger marketing initiatives.

"For our clients, metrics were always important, even if they weren't ready to do mobile yet," she says. "Oftentimes the availability of metrics was what encouraged our clients to dip their toe into mobile. They knew they could compare mobile performance to their other media, providing executives with clear ROI and hopefully getting a larger budget for future campaigns.

"As the campaign budgets grew, we encouraged clients to expand their understanding by conducting cross-media studies to look at the synergistic impact of all their media, including mobile."

Microsoft's Barbara Williams, a former marketer at venerable Johnson & Johnson and Unilever, is working around the lack of precise mobile measurement.

"Now it seems to be very anecdotal," she says. "We know we spent ***x*** amount, and we know the cost per engagement or cost per experience. We'll look at the percent we spend in media on mobile, or media in other channels, and look at the return on that in terms of visitors or engagement and try to



compare it. We'll say we know we're not spending nearly as much in mobile as we are in digital, but we're getting just as much traffic.

"Right now we're at the beginning stages of making it more scientific and more data driven. That's where we're starting with the framework — understanding what we're measuring and making that consistent and standard across the company."

ESPN's John Kosner says that a bigger flow of brand dollars to mobile will solve the mobile metrics woes.

"It's weak now, but in my experience the measurement follows the money," he says. "Everybody complains where it is now. We'll see significant expansion in the measurement in the next five to 10 years. In the meantime, companies like ours — that have great products, demonstrate scale and represent a safe buy — may benefit disproportionately in a world less measured."


Jeff Hasen

Will consumers continue to seek out offers?

Duh.

Through more than 150,000 mobile campaigns, Hipcricket has found that mobile subscribers want a deal. That was true before, during and after the recession. Since the beginning, brands have come to Hipcricket for simple delivery of deals — a text message sent in response to a call to action that can be shown at retail. In 2009 the company brought a more sophisticated solution to the market, providing single-use discount codes that consumers could key in anywhere a Visa or MasterCard was accepted.

The Yankee Group says that the number of active mobile coupon users is expected to grow from 2.7 million in 2010 to nearly 35 million in 2014.

What's the future of mobile and social?

As discussed previously, inserting the mobile device into the retail environment has changed the dynamic forever. Despite the hope of some businesses that the genie will get back in the bottle, don't expect it. Consumers have made information and access to their networks as important to their shopping experience as comfortable shoes.

I've yet to forget the Lexus salesman who in 2010 told me that I didn't know what I was talking about, despite my access to invoice data available to me from *Consumer Reports* through my iPhone. Worse for him and the brand, even before leaving the dealership, I took to my social networks and spread word of my experience and displeasure.

Where are we headed?

The latest smartphones are capable of taking at least eight-megapixel photographs and capturing video in high definition. Graphic depictions of those *Moments of Trust* customer touch points are but an instant away from upload to Twitter, Facebook and YouTube.

For marketers, those experiences can quickly impact brand perceptions and even sales. What are we to do about it? First, we need to plan to move quickly. Time is our enemy. Before we even get to the next negative experience, we need to impress on our organizations that customer service is more critical than ever. Further, we should celebrate successes at *Moments of Trust* and mitigate when a bad experience like the one with the Lexus salesman drags down our customer satisfaction scores.

Should we be looking for innovation or the maturing of existing technology?

As to what's next, Barbara Williams of Microsoft and Jonathan Dunn of Bell Media in Canada see more maturing of technologies than the introduction of something new that will dramatically change mobile marketing and advertising.

"Innovation will come through mobile commerce and the use of mobile devices in shopping decisions," Williams says. "I think it's the idea of driving commerce whether it's through the device or the device leading to the store to drive commerce also using the other technologies to enable that whether it's augmented reality, SMS [short message service], or different forms of geotargeting, gaming, social. Using all

the different types of mobile technologies and integrating them in a meaningful way that will drive sales or commerce or drive people down the funnel.

"I don't know if innovation comes in new technology or combining what we have already in meaningful ways. People were throwing things against the wall. But when you think about it more strategically and think about the customer journey and that funnel or whatever shape you want to give it, you're going to start combining things in different ways that ultimately will create something new but components of it are known and exist today."

Dunn is looking for adoption of mobile technologies as the next big thing.

"In the mobile media and advertising space, in the next 12 to 18 months, I see broader update and consolidation of existing innovations," he says. "We'll see the widespread build out of HTML5 Web sites/Web apps and tablet sites. We'll see mobile-rich media ad units becoming commonplace. At the same time, I'm optimistic we'll define best practices for each to ensure good user experiences that maintain the vitality of mobile media and respect the personal nature of the mobile device. I also expect significant improvements in ad targeting and analytics. Both will get more precise and flexible, which will increase their potency.

"Broadly, I think NFC [near field communication] is a huge opportunity for marketers. Payment and mobile wallet gets a lot of ink currently and while that's important, I think the real play will be in loyalty. The ability to personalize a customer experience and tie that in to device features and user data is powerful. If rumors prove accurate, Apple is including NFC in a next version of the iPhone, which will be a watershed moment. Google is pushing the envelope, but Apple has an excellent track record in frictionless UX [user experience], as well as a distribution and payment platform that's deeply integrated into peoples' lives. As always, privacy controls will be a huge topic."

Will hyperlocal work for my brand?

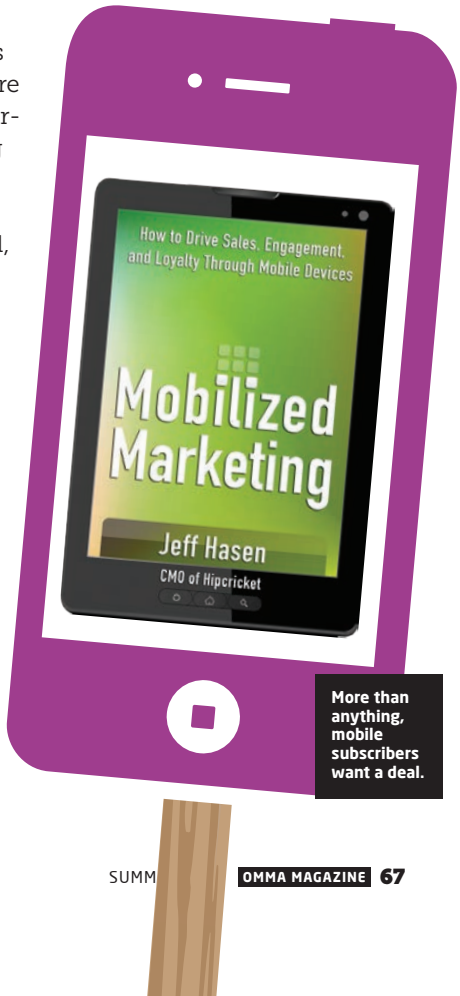
A growing number of businesses are sharpening their focus on hyperlocal advertising and marketing. Still in its nascent stage, hyperlocal presents an attractive opportunity: the power to engage with customers at the optimum time and place.

The catalysts behind the hyperlocal trend fall into two camps. First is the continued maturation of technologies, namely those capable of delivering marketers the information they need to determine a consumer's precise location.

Today there are multiple categories of information that businesses can tap into, including derived information (mobile phone number, area code, etc.); declared information (registration process, hotel check-ins, VIP clubs); network-initiated information (triangulation, carrier, WI-FI, hot spot); and GPS (iPhone, Android, BlackBerry, Symbian, Windows Mobile).

The second driving force behind the hyperlocal trend is the fact that consumers have voiced an interest in locally driven communications. In fact, according to the MMA, half of mobile users who noticed any ads while using location-based services took action. The MMA also found that most mobile users are "interested in allowing their phone to automatically share their location in exchange for perks, such as free use of mobile applications and mobile coupons." These are meaningful numbers that clearly demonstrate why a growing number of brands are looking to latch on to this trend.

With these figures in mind, the temptation to jump into the hyperlocal waters is high. But consumer trust is critical. They don't want to be inundated by brands every time they pass their local Starbucks. Your customers are interested in receiving locally relevant ads on their terms. Within this community, brands should develop an intelligent hyperlocal campaign that has a cadence, delivering relevant messages to consumers perhaps twice a month, not every few hours.



More than anything, mobile subscribers want a deal.

OP-EDS

Web, Interrupted

The Unwelcome Intrusion That Is Display Advertising

BY MATT SMITH



REMEMBER THE LAST TIME you left a Web site because the allure of clicking on a banner ad promising lower interest rates if you could punch the monkey was just too great?

Me neither.

Beyond punching primates or offering people the opportunity to don pajamas that they can live in that are also jeans they can sleep in, display advertising seems to come from a place where kicking the proverbial door into our Web viewing experience is seen as acceptable.

Today, brand marketers continue to pump billions of dollars into online display advertising. eMarketer estimates that display advertising will increase to almost $22 billion by 2015, surpassing the ad spend on search.

Thanks to technology advancing as quickly as the spending, banner ads are becoming more sophisticated and more focused. Video ads are becoming more prevalent.

But despite all of this, online display advertising has digressed into an incredibly weak branding vehicle. This is due, in large part, to brands, ad networks and agencies adopting a practice of barging into a conversation instead of fostering one.

Banner ads continue to allow brands to show up at the party and immediately start to sing their own praises and shove their own agenda or message down everyone else's throats. They are not interested in you or anyone else at the party, or so it seems. Have you met this person before? Do you like them?

Do you want to give them your time, your attention or your money?

Me neither.

It's only when we realize that people seek authentic, emotional connections and apply that realization to online display advertising, that we will see a more sustainable return on a brand's marketing dollar.

Every brand willingly plays in this increasingly fragmented sandbox.

Too many brands aimlessly toss millions into display ads with little plan. Nor a content strategy. The result is, as a collective, we continue to spend billions making content ready for you to watch, whether you like it or not. Not because you've asked for it, but because we "think" this is what you'll laugh at or what will make you tell your friends about Brand X.

It's far from prophetic to say that this is no longer a world where brands can talk at their potential consumers, not with them. It's no longer a place where one message fits all or where I, as a brand, would talk to you, the consumer, on my time, not yours.

In a time where personalization is at a premium, interactions are a must, and conversations are expected, the current approach to online display advertising (banner ads, to be more specific) seems somewhat antiquated. It's not enough for people to see you. It's not enough for people to click on you.

We live in a world where opinions we trust are a status update away. All of the information we could ever want — authentic information — is close by. A world where I can get credible information from someone outside of the brand. Who isn't looking for a share of my wallet.

Brands can no longer assume it's enough to be seen. In fact, it's not enough to be heard. Today, brands have to be felt. People have to relate to you. They have to want to join you. And they have to do that, not because you offer them a 10 percent discount, but because in you, in the brand, they see a little piece of themselves.

How? Simple. Use your product to tell a story that will be relevant, engaging and authentic to a consumer. That's it.

It's time to stop viewing banner ads as "online billboards" and blindly hoping they will listen to it.. Instead, we must create deeper, more meaningful connections to the conversation.

Maybe we can figure out a way to start the conversation with a simple hello. Introduce ourselves. Figure out ways to tell them a story that they want to hear. A brand narrative that means something to them and to us.

I can assure that it won't be a tale about monkeys.

Matt Smith is a Group Creative Director at MEplusYOU (formerly imc), where he leads strategic efforts for Louisville Slugger, Enterprise and Omni Hotels.

The Evolution of the Digital Media Mix

From Display to Today

BY KRISTIN HAARLOW



WHAT THE MEDIA PLANNER/BUYER THINKS

Then: Display was the winner … of the leftovers

When I started in this industry seven years ago, display ads and relevant content went together like PB&J. Car advertisers ran standard Flash banners on auto sites, CPG advertisers ran standard Flash banners on recipe sites and so on. Networks were accustomed to adding significant amounts of impressions to a campaign at efficient rates. Behavioral targeting was the "hot topic," allowing advertisers to get in front of an audience based on their Web-surfing behavior. Click-through rate was primarily used to measure success with a few advertisers dipping their toes into more robust engagement metrics such as view-through data. Digital was the medium that got whatever dollars were left over once TV and print were planned. Display impressions were still being given as added value to print buys. Digital was a hard sell for most clients and was typically looked at as a test.

Now: Social, video, mobile and more

Fast-forward seven years and digital has a media mix of its own — with display as one (smaller) portion. And TV and print? They've gone digital. Entire agencies exist on digital media buying and planning alone. Advertisers have to consider so much more than running Flash versus static display creative. The conversation focuses on what type of digital media should advertisers use and how much of each? Social, video, mobile and local join display in the overall digital media mix. Reaching people through multiple digital touch points and engaging them through meaningful experiences is what moves brands forward in today's environment.

Not only has the digital media mix changed, but the way inventory is purchased in the digital space has also changed. We've shifted from buying against content or even vast demographics toward creating experiences that match up with real human desires. Targeting has become much more advanced, allowing advertisers to place their message in front of the right person at the right time regardless of which screen they're using. Data providers are now invited to the table to discuss media buys and build custom targets. This allows advertisers to use reliable and actionable data rather than assumptions based on Web surfing activity to target their advertising. When targets are built with a data provider, they are media-agnostic and can be applied across entire campaigns. This allows social, video, mobile, local and display to work harder for advertisers by eliminating wasted impressions. We're interested in what inspires people, plain and simple.

Social: Leave the robot speak at the door

Social media platforms are the perfect example of a true human experience today. They are about interaction and engagement between people. They supply a stage for people to share their thoughts with everyone on every topic, interesting or not. People want to celebrate themselves and their friends through photos, videos and status updates. Successful brands are the ones that speak like real people and not-so-successful brands will stick out (for all the wrong reasons). If a brand wants to have a conversation with people, they need to have a true voice and avoid sounding like a robot. People want to feel special and that they are valued. They follow brands that add something to their social experience.

Southwest Airlines does a great job relating to fans on Facebook while also standing up for what it believes. Its social approach is to be on the customer's side and its social voice comes across as friendly and relatable. The vibe — when you fly with us, you are one of us — is one that has gained great respect in the industry. It doesn't shy away from uncomfortable topics. I've always been a Southwest fan, but my respect for the company grew even more when it used Facebook to keep everyone up to date on their inspections after a hole was found in one of their planes. Every day it would mention how many flights would be canceled, how many were being added back into service and when it expected all inspections to be completed. It was honest. It was real. And the fan base grew during a bad time.

Mobile: You hungry? There's an ad for that.

Mobile connects brands with people on the go and

provides a great platform for customized local messaging. With the smartphone population growing each day, advertisers have access to a vast amount of location-based data. What I love about mobile is the ability it provides advertisers to place the right message in front of the right person at the right time to drive their business objectives. Dairy Queen recently promoted its lunch menu by serving ads to people who were posting messages on their mobile devices about being hungry during lunch hours. It also responded in real time to people who checked in to a DQ or mentioned going to a DQ in their status updates by providing unique offers. It made perfect sense and was a great example of how advertisers can make an instant connection with people. You mention being hungry and DQ reminds you of their lunch menu items — it seems so simple, yet wasn't possible until recently. Advertising is getting personal.

WE'VE SEEN AVERAGE CTRS DROP OVER THE YEARS BECAUSE IT'S NOT A NATURAL BEHAVIOR FOR PEOPLE TO CLICK ON A DISPLAY AD AND LEAVE THEIR CURRENT DIGITAL ENVIRONMENT.

WHAT THE CONSUMER (AKA A PERSON NOT IN ADVERTISING) THINKS

Then: Curiosity (sometimes) got the click

People were still getting comfortable with digital advertising. There was a level of curiosity which helped drive clicks to brand Web sites, and advertisers took advantage of this by tailoring their creative messaging to a specific offer, thus starting what we in the biz call "offer wars." People knew what to expect — car ads on car sites, finance ads on finance sites, no biggie.

Now: But how does the digital media mix make you feel?

People are always in front of some sort of screen for 24/7 access to content. There's always a version of "Call Me Maybe" or a Puppy Cam to watch, so the expectations of advertisers are higher than ever before. The days of blasting ads are over. Advertisers know they must create meaningful experiences for people if they want any sort of brand engagement in the digital space. It's all about value exchange and the relationship between brands and the people who purchase their product/service. A coupon may help entice a one-time action with a brand; however, it's all about the vibe, the feeling — the experience that keeps people engaged with the brand long-term. So now I'm going to say something that probably won't shock you: Content is key. Display alone does not a digital mix make. We've seen average CTRs drop over the years because it's not a natural behavior for people to click on a display ad and leave their current digital environment. When you create experiences for people to engage with, you capture their attention and spark the relationship. It's then up to the brand to continue the conversation with those they engage.

A CLIENT'S PERSPECTIVE OF THE SPACE

Then: Click, click, clickity, click, click … click.

Clients used display advertising to drive as many people to their site as possible. The thought was if someone visited the Web site, then they must be interested in the brand. Success was measured on clicks and Web site visitation. Campaigns were optimized to drive traffic to brand sites as efficiently as possible. Digital was viewed as a "nice to have" in overall media mix rather than a "need to have," especially for branding advertisers. Direct-response advertisers far outweighed brand advertisers in the digital space.

Now: Is it measureable?

As digital media has evolved, so has its measurement. The vast amount of data available on a digital campaign allows clients to see exactly what the media is doing for them and how KPI goals are met. With multiple digital touch points at play, it is crucial we show the value of each. It's not about Web site visits; it's about brand engagement that drives real business results. While being in the social space is "cool" and having a mobile presence is "forward thinking," clients want to know exactly what it means for their business. We can now put measurement in place to show clients the value of a fan, a post, a share. We can link store sales in a specific region to a mobile campaign. We know how many unique users started watching a video, completed a video, replayed a video, and then we can show if they visited the brand's site at a later date. An impression has value and with the tools available today, we can show that to clients. Was it actually viewed by someone? In what type of content? And what demographic did it reach? Measurement is one of digital's defining characteristics, and it will no doubt continue to evolve so clients get exactly what they need.

Follow Kristin and other Spark experts @Spark_SMG. Kristin Haarlow is the digital activation director of Spark in Chicago, and worked on Friskies Wonderland Quest game, one of the most successful Yahoo advergames ever.

Target Smarter

How Rethinking Targeting Tactics Can Boost Display ROI

BY ANGELINA CHUNG



"DISPLAY MEDIA IS NOT PERFORMING. Let's reallocate to paid search." Sound familiar?

In recent years, display media has been taking the back seat, not just to paid search but to other emerging platforms. While display continues to have the largest share, it is evident that it is losing its luster: By 2016, eMarketer predicts its share of the digital mix to be down by 15 percent.

Identifying the proper display media mix can be challenging, especially given the growing number of targeting options. But applying the correct display media tactics, paired with the right attribution model, will drive both brand awareness and conversion.

Not every tactic works for all campaigns. It helps to understand the key targeting tactics:

Demo targeting/Geotargeting The oldest form of targeting, it allows marketers to reach users based on demographic and/or geographic data, such as gender, age or ZIP code. If you're a brand looking for people 65-plus in 30 states, this is for you.

Contextual/Category targeting This puts your ad near users based on their interests, alongside relevant content. Providing relevant messages to consumers improves engagement and increases response. All products/services can take advantage of category targeting: The objective is to find the relevant environment and offer a compelling reason for the consumer to interact with your message.

Retargeting (or remarketing) This aims an ad at users who previously have shown interest in marketers' products/services, and because of its proven ability to boost ROI, is perhaps the most talked-about. To meet the rising demand, more dedicated retargeting publishers are debuting all the time, including companies such as Fetchback and Criteo. It's powerful: Imagine a consumer on a marketer's site, checking out a red dress. She doesn't buy it, but as she surfs, banners ads featuring the same dress follow her.

Search retargeting works much the same way, recruiting new customers based on the searches they've done on search engines. Companies such as Magnetic specialize in search retargeting and deliver display banners based on relevant keywords.

THE BEAUTY OF DIGITAL MEDIA, I'VE LEARNED, is that marketers can combine sight, sound and motion with interactivity. Custom video banners allow marketers to develop content where consumers can engage with the marketer's messaging. I see more and more auto, consumer electronics and entertainment brands turning to custom video units, where they can tell stories, educate and entertain.

The rapidly increasing penetration of mobile is giving marketers even more opportunities to stand out with display. (Not surprisingly, eMarketer estimates mobile display ad spending is expected to grow by 85 percent this year.) Currently, response rates on mobile display banners are higher, as the environment is clean in comparison to Web sites. Fast-food brands, for example, are partnering with mobile ad networks to run display ads within location apps with discount coupons.

But effective display spending isn't all about targeting; choosing the best attribution model is also crucial to finding the right balance. The last click conversion, or LLC, can't be the main contributor, but too often it becomes the default metric. The consumer journey to conversion is complex; consumers go through multiple touch points before buying. For example, if they are considering a new digital camera they search, compare and read reviews often extensively prior to purchase. They're exposed to marketers' advertising before making their decision. Without leveraging the proper attribution, marketers risk under-valuing various display media tactics that are in fact delivering positive ROI. It is important to measure how these multiple touch points factor in to the ultimate conversion. It's critical, we've found, to partner with either an internal analytics team or work with companies like Adometry or VisualIQ, in order to provide really effective budget distribution.

Display media is here to stay, and marketers need to be smarter about how they allocate their digital media investment. Consumers no longer take a linear path to purchase, and it's time to stop pretending they do. Smart targeting and the correct attribution model are critical.

As a digital media director, Chung oversees G2's digital media operation and provides strategic guidance for all digital media initiatives, including display, video, search, mobile, social and emerging media.

Where Display Fits

Understanding Attribution: Display's Importance as Part of a Multichannel Path

BY ERIC BAMBERGER



AT THIS POINT, EVERY MARKETER knows consumers live in a cross-channel and cross-device world. Customers interact with your media several times before converting. Understanding what those conversion paths look like and how different channels interact is key when it comes to mandatory optimizing media decisions, and deciding what role display should play in the mix.

This is referred to as attribution — understanding what is happening along the conversion path for each channel and the degree of influence each touch point has on conversion. Attribution allows you to analyze channels, providing insights to help optimize media and conduct accurate media-mix modeling.

But you may say, "I just care about display. Can you just tell me how that is helping conversions?" I could, but it would be like watching a soccer match and only being allowed to see one player. He ran around a lot and passed the ball, but without seeing the whole picture and every player, it's impossible to understand the true value of his actions.

This interplay is often seen clearly in the interaction of display advertising and paid search. These are not two silos with separate goals and customers. When someone converts on your site, it is often due to the symbiosis of both channels.

Paid search does not excel at creating demand. In most cases, paid search needs something to create awareness and cause the user to search for a product name or related term. This is especially true for brand terms, which are the top performing words in paid search. Display ads can be the catalyst that drives search.

Both also work together when using "search retargeting" to present display ads after a user searches. The user doesn't need to click on a search ad or visit the client's site in order to be entered into the cookie pool for search retargeting. Advertisers can employ a variety of RTB outlets to cherry-pick these users who have searched but not converted.

LAST-CLICK: LEAST EFFECTIVE

Through conversion-path analysis, we're able to verify the assist provided by a display view or click. Our attribution studies have shown that display views appear as a touch point in 20 percent to 25 percent of conversions that eventually get credited to search (paid or organic) if one were using a last-click attribution model.

Only giving credit to the last click often favors search, due to the nature of a consumer's behavior. However, this completely ignores the many touch points that assist along the way and disregards the effectiveness of a proper media mix. A recent study by eMarketer showed that 54 percent of marketers still use last-click attribution, but those same marketers see it as the least effective model. It may be the easiest attribution model, but it is often the worst.

If you only look at last click, you will likely undervalue an important channel like display. And when you don't fully see the value of the channel, it is more difficult to invest correctly in it. This leaves you with a poor media mix, and you're not using an important channel like display to its fullest.

When looking at our retail clients and the effect display has within multichannel conversion paths, we see interesting patterns. Display plays a big role in increasing the average order value (AOV) of conversions when it is a part of the exposure path. Display drives a 16 percent higher AOV when it's at the beginning of the path and converts users 43 percent faster than other multichannel paths.

What we can learn from this is that with the right combination of media, conversions can happen more quickly and require fewer exposures to close a deal. Understanding this interplay can help you determine the value of each exposure. Feeding this insight back into your media optimization is where the true value of attribution lies.

Display is a powerful piece of your media mix, but it can often be undervalued. To fully optimize all of your cross-channel media, you must first understand how each of the pieces work together. Last-click attribution modeling will not cut it in this cross-channel world and to give display its fair shake you must dig a little deeper.

Bamberger is a founder of Innovation Interactive and runs its IgnitionOne's Display Advisor Group.

TONY PACE



Why Subway Loves TV

The fast-food upstart may be digitally driven, but there's plenty of mainstream media on the menu **by Sarah Mahoney**

PERHAPS WE'RE FASCINATED BY HOW MANY SUBWAY SANDWICHES ATHLETES LIKE MICHAEL PHELPS AND APOLO OHNO GET TO EAT. Or maybe we're impressed that the chain recently won the stamp of approval from the American Heart Association, the first fast-food restaurant to do so. Or maybe we're just suckers for a company that seems happy to spend any of its $358 million ad budget on baby-talking firefighters eating avocado*hh*. Whatever the reason, *OMMA* caught up with Subway CMO Tony Pace before he left for the London Games, to explain how he's making his budget decisions these days.

You spend a lot of money on digital ads. Will that continue, as TV audiences get smaller and become less effective?
Actually, TV is extremely effective for us. We're very happy with the digital presence we have, and yes, it's grown exponentially over the last five years. And there is no doubt that the TV audience is smaller than it used to be. But you can buy media around that. To me, the whole notion of digital and TV being at odds is wrong. We see them as being incredibly complimentary.

Are you using more or less display in your digital mix?
More. We have our own way of doing lots of things, and we have different marketing assets so that we can do our own custom creative for the digital world. Without giving away all the secrets of our success, when we've done custom messaging with video and display, we tend to see much higher consumer engagement, which, of course, makes the ad that much more valuable to us. We do testing on all our advertising, and when we compare it to the QSR industry, we are running slightly more than double the industry norms, in terms of people receiving and retaining our messages.

What other digital programs are important?
Social media has done very well for us. There is a lot of debate about how effective it is, but it works for us. We think we are an inherently social brand, and our marketing assets can be readily deployed as conversation starters. And those conversations are relevant to the brand.

For your core customers, how have media habits changed?
They are consuming media across multiple screens at the same time. So in our category, young males are an important target, and if they are watching a sporting event, they probably also have their phone or their iPad, too. That behavior allows you to deliver messages on multiple screens at the



same time, for, perhaps, greater impact. But there is also the contrarian point of view, and we know there are some consumers who like going off the grid because they are connected so often. So we really need to find the things they are passionate about, whether it's TV, a musical act or even a blogger.

Do you have a favorite digital program?

We work with basketball player Blake Griffin, and last year he was in the Slam Dunk Contest at the All-Star Game. We created a Blake Griffin "Dunk Fresh" app, where consumers could take a photo of their own head and put it on his body. It debuted on *Jimmy Kimmel! Live!*, and Kimmel used it. It wasn't a big program, but it was timely, and it all came together nicely.

In terms of your personal media snacking habits, what do you like?

I'm a big sports guy, and I play fantasy sports, so espn.com and cbssports.com. It's probably old school, but I check on Yahoo finance, too. I'm not a Facebooker. I'm more private than that. And for TV, we're really into *Person of Interest*. We've got 9-year-old twins, and believe it or not, it's the one show we all watch together each week.

As we head into the Olympics, now that you've invested so heavily in Phelps and other athletes in training, how will you measure ROI? When will you know that it's paid off?

It's already paid off. Our message has been about training, and our athletes include Olympians like Phelps and Ohno, but also people like CC Sabathia, Justin Tuck and Robert Griffin III, as well as athletes everywhere. They are all training for whatever their athletic endeavor is, and Subway is part of that training. We've been tracking the campaign for a long time, and we've gotten good feedback.

The athletic ads are very different from the baby-talkers of the "Get Your Own" campaign. Why have two separate campaigns at the same time?

We always have multiple layers of marketing going on. We are a big brand, and we appeal to a wide swath of customers. If we had adults do that campaign, it would come across as a little mean-spirited, but because we use kids' voices, everyone knows it's playful. The different themes appeal to different audiences, but we think they're complimentary.

The Future in a New York Minute

If time is money, and you want the very best speakers, networking and content rolled into a streamlined 2-day mega-conference, the choice is simple.

OMMA GLOBAL NEW YORK



SHOW OF SHOWS

OCTOBER 1-2, 2012
NEW YORK MARRIOTT MARQUIS

FOR MORE INFORMATION VISIT WWW.OMMA-EXPO.COM
FOR SPONSORSHIP OPPORTUNITIES CONTACT JON WHITFIELD,
JON@MEDIAPOST.COM OR 212-204-2025



Contact us today to learn more!

www.tribalfusion.com | http://blog.tribalfusion.com/usa

sales@tribalfusion.com | 510.250.5500

An exponential division