Getting It Right: Online Display Valuation And Quality Assurance

Thought Leadership Paper
Online Display Advertising

This paper discusses the potential sources of inefficiencies that can make your online display campaign less efficient. Ensuring digital media efficiency, even in a multiscreen setting, does not have to be arduous or complex. In essence, it hinges on how you interpret and use key metrics that maximize your online efficiency.

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Introduction

Since becoming the primary choice for digital advertisers in the 1990's, online display's evolution has seemingly reached a plateau. Little has changed except for the creation of various ad formats and the introduction of rich media effects. Online display, in essence is still based on fixed formats on a webpage reserved for pre-defined banners with original sizes such as Leaderboards, IMU etc. still dominating what is delivered.

The biggest development appears to be less about ad formats and more about the shift in buying power to the buyer's market. This clear trend is 'automated buying' which over time will make this buying power shift even more pronounced. The other development is that professional media managers are better informed. Not too long ago, display budgets were largely evaluated based on impressions delivered and clicks measured. Nowadays these legacy metrics are being replaced by new metrics which more accurately reflect the potential value of digital advertising: Views (largely IAB US standard of 1 second in active screen) or Quality Views(1) .

The DMA Institute Quality View Definition:

a. View = A served impression: minimum. Of 50% pixels of the ad in view for a minimum of one second, not hidden or blocked in any manner. (1)
b. Quality View = A served impression: mimimum of 50% pixels of the ad in view for minimum of 5 seconds, not hidden or blocked in any manner.
c. Premium View = A served impression: minimum of 50% pixels of the ad in viewer for minimum of 10 seconds, not hidden or blocked in any manner.

The criticism coming from large and experienced media buyers fuelled the industry (IAB, MRC etc.) to take action on determining a solution to the 'impression' 'problem'; e.g., making advertisers pay for impressions that never came into screen. Whilst the online media business seems to acknowledge the 'problem' involved with the impression currency, the 'inefficiency' issues that digital display advertisers are facing are far from over.

Technology has increased the rate of change significantly. As an example, the explosive growth of mobile devices has spurred significant developments on where the display is served. The BAC IAB Europe estimates that about 30% to 40% of currently generated impressions are served on mobile devices. This is where things get more complex and technical, and simplistic approaches break down.The reality is that online display, when measured by legacy metrics such as impressions, CTR's etc. are likely to exacerbate and sustain substantial inefficiency.

Although the MRC initiative is a tremendous step forward in the industry towards online standards, these issues cannot be resolved by simply moving the total ecosystem from an impression towards an 'in-view-for-1-second-currency'. A more structured approach is required - and it is required now.

DMA Inefficiency – Identifying The True Value Of Display

Inessence the issue with impressions are ,that 'an impression' is not tangible! This has been a hot topic of discussion within the IAB for some time now [2]. A publisher defines an impression as a call to an ad server, whereas an advertiser sees an impression as a loaded ad on a page (3). More importantly, impressions do not have a quality rating; from our perspective there are high and low quality impressions. High quality impressions, depending on the KPI, may be those that have been visible for more than 5 seconds, thus making any impressions viewed for less than 5 seconds lower quality. Going one step further, the origin of where impressions have been delivered is increasingly removed from reports, due to automated buying contracts and the dominant use of I-frames. All this contributes to the difficulty of identifying the proper value of display.

DMA Inefficiency – Raising The Knowledge Line

A lingering paradox exists in the tracking, counting, and measurement of online advertisements. A plethora of metrics exist, yet determining if an ad or piece of branded content e.g.(webisode) has been viewed still eludes many. Further, access to detailed data has resulted in a bewildering array of 'ways' of counting.

For the last 14 to 15 years and still seen globally, online ad evaluation reports are largely defined in terms of impressions. These metrics are under a great deal of pressure from the buying side, fuelled by auditing agencies, to replace the legacy impression model with 'impressions viewed – i.e., an opportunity to see (OTS)' system.

In the US, advertisers, who have built up teams of digital savvy professionals, are aggressively challenging 'impressions' as a workable currency. Further, as more firms in the US are turning to placing brands and products in the content (as a reaction against ad skipping in TV, or totally ignoring banner ads, but also as a way to skillfully interweave the brand across commercial time and media content) the need for an 'OTS' standard is even more important. The question clients are asking is: 'How can my ad or brand have an impact if it can't be seen'?

Global organisations such as the IAB and 3MS are trying to play a key role in influencing, convincing and transforming the digital media business to accept better standards – especially ones that are in reach today. In fact, this transformation is unavoidable, and will happen with or without the industry organizations as the buying market is increasingly aware of the drawbacks of using impressions as a base currency.

In terms of the DMA Inefficiency analogy; the IAB/3MS initiative raises the knowledge line so a larger part of the picture (read: value of digital media) is visible to the advertiser/buyer – but is that enough?

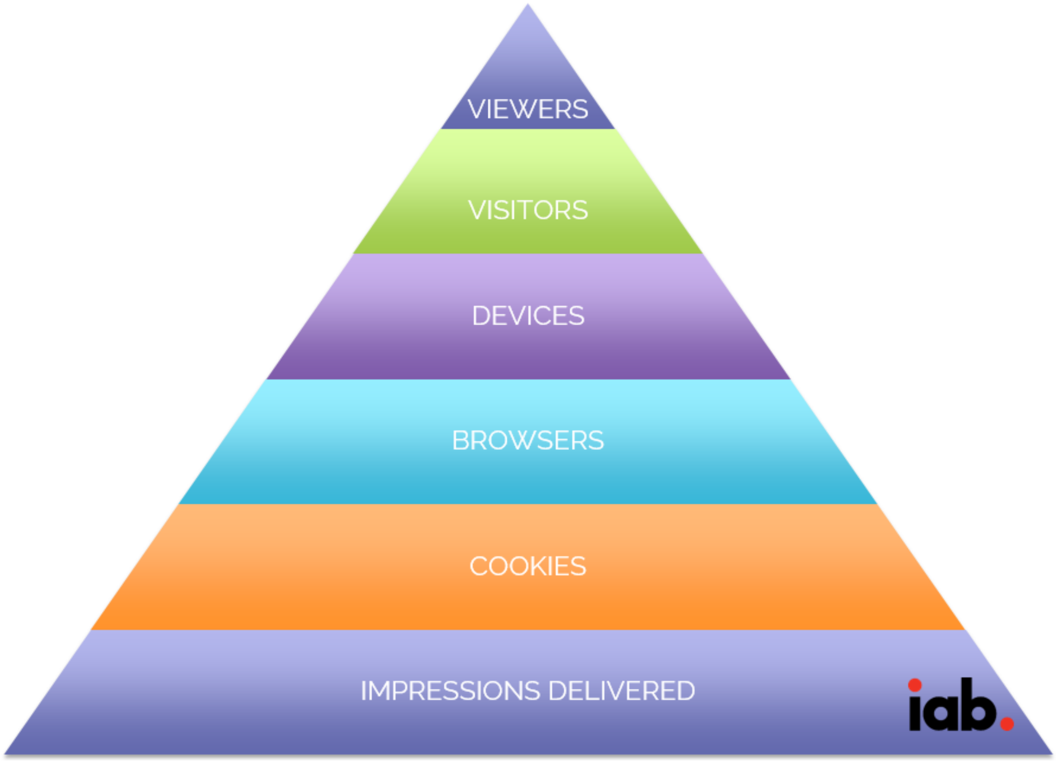

Figure 1: Current Hierarchy of Online Metrics from IAB
Interpretation by Dr. R.Pettit based on the Audience Reach Measurement Guidelines (6)

Although this example is a good one and helping the advertiser to understand increase digital efficiency, it is the result of intense and continuous industry wide discussions over many years. The issue is that things are changing rapidly now, and may not tolerate decades of discussion. In fact, this may prove to be the tipping point of reform, evolution and change in the digital media industry. Armed with knowledge, deeper understanding and achievable metrics, the active forces to increase transparency – and achieve more equitable valuation – is likely to be spurred by the buying rather than the selling side.

Why do we see this happening? The reason is due to the information available to parties in the digital eco-system. This knowledge and information will need to be shared in order to minimize the dilution of digital media accountability especially where resources need to be optimized. The knowledge dissemination relating to the metrics available to measure media accountability will need to be actively pursued to engage clients on the buying side – with the key objective of retaining the client and demonstrating media accountability and ROI. With the use of single sourced technology such as the DMA technology and the holistic perspective on measurement, leading global consulting companies will be the key to moving and influencing this knowledge sharing.

Journey To DMA Efficiency

So how do we raise the knowledge line? What should advertisers and auditors understand? Below is an outlined overview of the DMA Efficiency critical variables related to display advertising. Something all digital advertisers should be aware of.

Impression as currency: since impressions are not tangible: they are easy to 'produce' and have no actual quality. A first step would be that impressions should only be counted if they are delivered to an actual user. The IAB did call for bot filters etc. as early as 2004. The main problem is that they do not reflect value. Impressions may only be visible on your invoice and actually not in screen for your selected audience. In an auditing study of 483 online campaigns, the amount of impressions that never made it to the screen are 26% in premium and direct buying situations, with a staggering 46% in non-premium and primarily automated buying settings. In the US, continuing replication of this problem is apparent. In addition, voices of reason in the industry are attacking the logic of impressions, and more so, the desire to avoid the quagmire of TV (ratings) currency, especially when the superior measurement exists online.

1. CPV: 1-second view as currency: although one second views are an immense step forward, the downside is that they still reflect negligible 'quality and value'. Short views [less than 5 seconds] statistically contribute an insignificant amount to brand or sales uplift.
2. Quality Views (CPV+): min. 5-second view as currency: eye tracking studies(4) suggests that after 5 seconds a display ad (when not scrolled in that period) should transform into a true OTS, or at least a visitor would have gazed across the whole webpage, and therefore, also the display ad. However in this case, views of five seconds might be an OTS yet may be insignificant for sales or branding effects.
3. Premium (CPV++): min. 10 or 15-second views: are more likely to positively influence required campaign objectives, especially in a cross media setting(5) .It is also important to mention that this will greatly depend on the nature of the exposure.
4. In-or-Out of Audience: time-on-screen is not a meaningful parameter. Objectives are to achieve favourable KPI scores and ads need to be on an active screen within your audience (not just on any screen). For example, buying third party audience data does not guarantee actual delivery to the right target audience.
5. Over-scoring parts of your audience: even when your ads have been viewed by your audience, it doesn't mean that it has a positive result . It will depend on the nature of the characteristics on what is being presented. Most objectives have optimal levels of required exposure. After those levels, additional exposure may not lead to additional uplift or in some case would even increase annoyance or irritation.

6. Daisy Chaining: arises when your ads are being called for and for whatever reason, it takes too long to place and load, so the ad management system chooses to show an alternative banner. In these situations you will be charged 'an impression (for the call)' but in reality it was not your ad that was loaded on the publishers' page, it was someone else's. Although this issue has not been communicated widely and not enough benchmarking data is available on this subject, first audit results by DMA Institute suggest that waste coming from daisy chaining amounts to about 8%.
7. Issues such as Ad Clutter: Ad Clutter is where pages are literally piled with ads. Perceptual and cognitive research have long proven that people cannot attend well visually when there are too many things to look at. A client's ad suffers when it cannot be seen due to interference from many other distracting communications or visuals.
8. Dubious content and brand damage: like fraud this is a serious issue and one of the few issues with a negative effect on MROI. In practice, advertisers might find their ads on dubious website content.

Conclusion

In this critical climate, media auditors, consultants and other specialists are needed to bring transparency and force the industry 'knowledge line' upwards to unveil a more complete picture. This is not only due to the increases in MROI to be revealed, but also to address current industry trends that make this inefficiency a larger problem than it already is:

1. An increase of Multiscreens: introducing mobile is fuelling further inefficiency. Partly because it influences visibility, and also because it makes the source or origin of reach and exposure within audience harder to define - especially using legacy and silo-based cookies and uniques.
2. Introduction and adoption of IPTV: when TV is really transformed to an IP-fuelled media machine, the commercial impact of digital inefficiency will be massive.
3. Increasing focus on ethics and compliance: since the global economic hiccup, it has become apparent that high levels of ethics and compliancy remains crucial to a professional and healthy business, applying also to the Digital Media Business.

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What I's Next?

Our next white paper will investigate the practical implications of using big data in improving digital marketing ROI using the new metrics discussed in this paper.

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Sources

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