MOBILE AD MEASUREMENT

DEFINING BENCHMARKS FOR MOBILE SUCCESS

xAd™

MOBILE AD MEASUREMENT

**Benchmark Study
2014 Verticals**

Retail

Restaurant

Auto

Despite tremendous growth in mobile advertising, it's still a relatively new territory for marketers. One of the biggest challenges we face is how to quantify the success of mobile ad campaigns. In online advertising, Click Through Rate (CTR) became a straight-forward way to measure engagement with banner ads, as the act of clicking on a banner was an intentional 2-step action involving the navigation of your cursor and a click-down of your mouse.

However, when it comes to mobile measurement, the touchscreen nature of mobile devices can inflate CTR results as it may include up to 40% accidental clicks/taps[1]. Furthermore, initial click activity does not effectively measure post-click engagements, or those secondary actions that occur following the click that show deeper engagement and intent, such as a click-to-call, access to map and driving directions, and store visits.

In the same way that marketing needed to be reevaluated at the advent of PCs, with the smaller screen and on-the-go nature of mobile, tactics that were successful in other forms of digital marketing don't necessarily translate well in this new medium. With US mobile ad revenues predicted to hit over $20B in ad spend by 2017[2], it's time for marketers to think of success and attribution for mobile in new and innovative ways.

To address this need, xAd commissioned Nielsen to design a study to help understand what factors impact mobile ad effectiveness and determine the most appropriate ways to measure campaign success in three top mobile advertising verticals – **Retail, Restaurants, and Auto.**

Looking across **12 major brands and nearly 80 individual ad campaigns,** Nielsen and xAd assessed multiple approaches to attribution including CTR, secondary actions that occur following the initial ad click/tap and lift in store visitation post an ad exposure.

METHODOLOGY

Study Design and Execution

- Study and results are based on a Nielsen custom research study commissioned by xAd
- The study was run on xAd's platform and included 12 national brands, nearly 80 individual campaigns, and over 200M impressions
- Testing was conducted in Q1 and Q2 of 2014
- Location analytics and ad attribution company, Placed, was used to determine in-store visitation patterns and lift
- All campaigns in the research received gifted ad impressions to ensure Nielsen was able to fully control and isolate test variables, such as targeting technique, creative type, call to action, etc.

Metrics

- **Click Through Rate (CTR):** # of ad clicks DIVIDED BY # of total impressions
- **Secondary Action Rate (SAR):** # of secondary actions (calls, directions, and more information) DIVIDED BY # of ad clicks
- **Store Visitation Lift (SVL):** % of ad-exposed audience that visited advertiser's location DIVIDED BY % of non-ad-exposed audience that visited advertiser

Creative

- In order to control variables and ensure validity of research results, all creative included in this study were standardized across brands and verticals
- Creative units for study were all standard 320x50 units (aside from the rich media campaigns)
- xAd-hosted landing pages were also custom-designed for all campaigns and included a click for calls, directions, and more information that drove the user to the brand's mobile optimized site
- **Study Creative Included:** general branding, in-store driven messaging
- **Study Creative Excluded:** sales, promotions, coupons

Optimizations

- To best measure and control variables impacting performance, campaigns were optimized for CTR, SAR and SVL for a defined period of time and number of impressions
- Breakout of impressions per test: CTR: 15%, SAR: 25%, SVL: 60%
- Benchmarks for CTR and SAR were calculated based on performance over each set of pre-allocated impressions to reflect real-world campaign optimizations
- SVL performance was derived across the total campaign to maximize panel match

KEY FINDINGS

1. CTR alone is not a good indicator of ad awareness or engagement
While CTR may give an initial idea of brand exposure, it's often unrelated, or negatively correlated, to engaged actions such as calls, directions, and store visits. It can also be easily influenced by factors outside the campaign itself – such as ad placement within an app – making it a weak indicator of actual performance.

2. Defining KPIs and optimizing towards those at the start of the campaign is essential
Driving awareness, engagement and conversions are separate goals, often requiring different techniques to ensure optimal performance. These techniques may include creative messaging, placement of message by time of day and supply mix. As a result, marketers should clearly define campaign goals at the start of the campaign and drive to only those metrics that support the overall goal.

3. Mobile's role in purchase consideration varies by industry – expectations and the definition of success need to vary as well
Consumers leverage mobile differently for each vertical. Start with this understanding when designing a campaign, including KPIs and success metrics. Leverage benchmarks provided in this study to quantify the success and performance of a campaign.
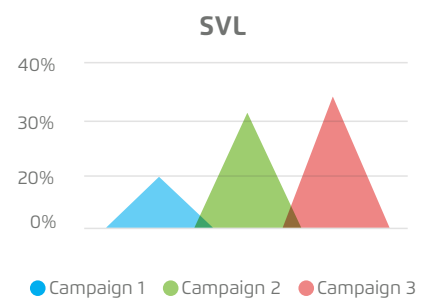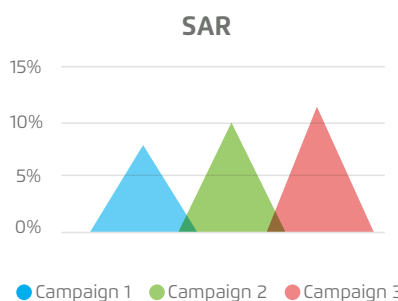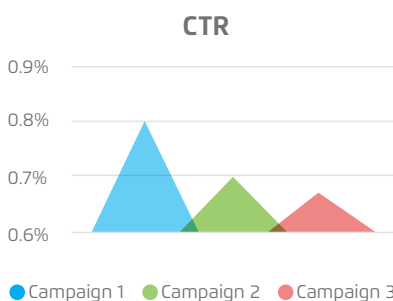
CTR AND CAMPAIGN PERFORMANCE

One of the main findings evident in the campaign analysis is that CTR alone is not a good indicator of ad awareness or engagement. In fact, it actually appears to be completely unrelated, or even negatively correlated, to the other measures capturing metrics such as calls, directions, and store visits.

We found that when CTRs were higher, Secondary Action Rate (SAR) including calls, looking up directions and clicking for more information, tended to be lower. As we optimized campaign design to achieve the highest CTRs, the incremental increases in this metric negatively affected SAR. In other words, every percent increase in CTR led to an even larger percent decrease in engaged secondary actions. This is also a clear indicator that different types of inventory produces varying results – either based on audience, placement of the ads, or content category of the app itself. This combined with the small touch screens on devices that easily encourage accidental clicks means that a high click rate is not necessarily indicative of any further engagement post-click.

When comparing to Store Visitation Lift (SVL), or the ability for an ad to drive an increase to in-store visitation behavior, we saw that the lower CTRs were often associated with the highest offline in-store visitation rates. When it comes to mobile advertising, sometimes the brand message in the banner ad is sufficient to drive in store visitation, and a click isn't even needed to drive consumers in-store.

The example below shows the CTR, SAR, and SVL for three campaigns that were run for the same brand as part of the study. From these charts, it's clear that CTR performance is not correlated with the other two metrics. While Campaign 1 had the highest CTR, the other two campaigns performed significantly better for driving secondary actions and store visits. By relying on CTR as a measure alone for this brand, the true impact would be completely missed with Campaigns 2 and 3 appearing less successful despite driving a much higher level of engagement.

Brand Campaign Metrics

CTR

0.9%	
0.8%	
0.7%	
0.6%	

● Campaign 1 ● Campaign 2 ● Campaign 3

SAR

15%	
10%	
5%	
0%	

● Campaign 1 ● Campaign 2 ● Campaign 3

SVL

40%	
30%	
20%	
0%	

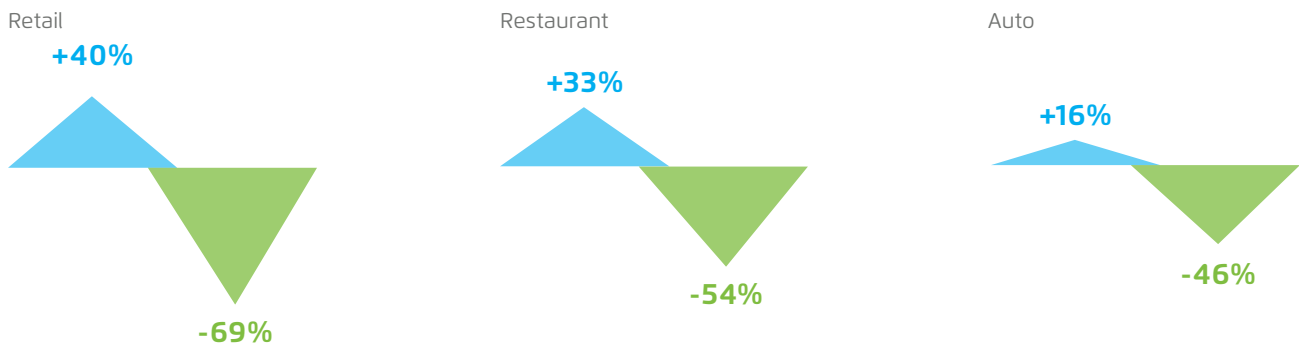● Campaign 1 ● Campaign 2 ● Campaign 3

CAMPAIGN OPTIMIZATION

Given the highly variable relationship between the metrics, before even campaign setup, marketers need to define the the goal of their campaign and determine the corresponding Key Performance Indicators (KPIs) that the campaign will be measured against. One essential factor in achieving maximum performance is optimization. Campaigns are optimized by analyzing which properties perform best for the metric and prioritize these publishers when setting up a campaign. Performance can be impacted by multiple factors including audience reach, level of engagement, app quality, app category, or even the placement of the ad on the screen.

Optimizing towards CTR involves running a campaign where clicks are highest – either intentionally or by accident. Games and entertainment apps, for example, tend to have the highest click rates so placing an advertisement on these types of properties would produce the best results for this metric. When campaigns were optimized towards CTR, the measure performed up to 38% better than without optimization. However, this increase in CTR also had a dramatic impact on SAR, which decreased by up to 69% for these campaigns.

Impact on Campaign Metrics When Optimizing for CTR

● Change in CTR   ● Change in SAR

Retail
+40%

-69%

Restaurant
+33%

-54%

Auto
+16%

-46%

Impact on Campaign Metrics When Optimizing for SAR

● Change in CTR   ● Change in SAR
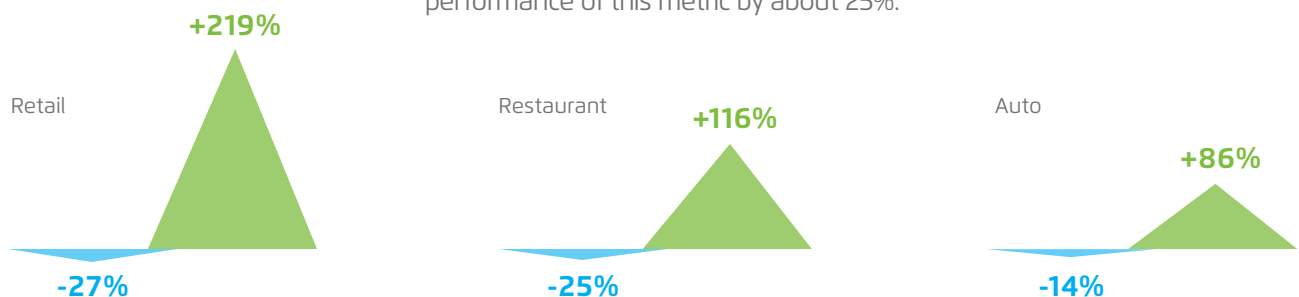
The positive impact when optimizing for SAR is even more extreme. The publishers who perform best for secondary actions tend to be properties with a highly engaged audience such as navigation and weather apps. So, while it may take more consideration for a consumer to click on an ad to take them out of these properties, the value of reaching these consumers is clear. When optimizing a campaign towards SAR, actions such as calls, directions, and clicking through for more information can increase by over 200%. While SAR optimization also has a negative impact on CTR, it is slightly less extreme, only decreasing the performance of this metric by about 25%.

Retail
+219%

-27%

Restaurant
+116%

-25%

Auto
+86%

-14%

EVALUATING THE METRICS: CTR, SAR, & SVL

One thing is clear from the data: considering how touchscreens encourage accidental clicks and the impact supply mix can have on CTR, it should not be used as the lone measure of success. By looking across multiple, controlled campaigns, the study provided some clear learnings about each of the different metrics.

Click Through Rate (CTR)
CTR can be an initial indicator of awareness and consideration, and is easy to capture and quantify, especially on large scale campaigns where driving brand awareness is more important than immediate conversions. However, the weaknesses in this measurement are clear. When looking across campaigns, there was not much significant variance in this metric, especially within the same category. Even more notable is that CTR seemed easily influenced by factors outside the campaign design making it a less reliable metric for measuring the true impact of a campaign.

Secondary Action Rate (SAR)
Like CTR, SAR can be easy to capture and interpret. It is also a better indicator of purchase intent for certain verticals – for example, a person who looks up directions to a retail store is likely looking to visit and purchase. The dramatic impact that optimization has on this metric also shows how valuable it can be to focus campaign design on publishers who provide engaged traffic. However, it's less useful for categories with a long consideration process where consumers may not be engaging immediately with a business.

Store Visitation Lift (SVL)
SVL is by far the best indicator of purchase intent as it measures actual traffic lift post ad engagement rather than higher-funnel engagement. It does require enough scale and baseline visitation to deliver significant results and doesn't capture online commerce activity. Finally, SVL needs to be analyzed relative to initial visitation patterns (brands with a higher natural visitation will show a smaller percentage change in visitation patterns).

INDUSTRY BENCHMARKS BY VERTICAL

The study provided solid benchmarks for performance on the xAd platform for CTR, SAR, and SVL in each industry. All the performance benchmarks below were individually optimized for performance (ie. each result was achieved by fully optimizing for this metric alone) and are representative of performance for well-known, national brands.

Because of the importance of visitation frequency in understanding SVL, the study also considered post-exposure visitation rate in order to guage the full impact of the campaign. This is important to view alongside SVL for perspective because when the natural visitation rate is lower, it's easier to create a lift. For example, while auto has the highest visitation lift by far, the actual change in visitation rate is much lower than retail or restaurants.

Category	CTR	SAR	SVL	Exposed Conversion Rate
Retail	0.77%	11.43%	14.05%	9.50%
Restaurant	0.73%	9.32%	16.92%	6.03%
Auto	0.66%	8.76%	69.53%	0.40%

*Exposed Conversion Rate is the rate that consumers visit a business after being exposed to an ad

INDUSTRY PERFORMANCE

Retail

The strong performance of the retail campaigns in this study is a clear indicator of the importance of mobile advertising for this vertical. Retail purchasers are heavy mobile users and highly receptive to mobile advertisements. The use-case for mobile in retail hits multiple touch-points. Mobile can be used for brand-building and information gathering, as a tool for creating engagement through secondary actions, and to drive consumers to physical locations. Retail campaigns are also the most impacted by optimization. The short conversion cycles and desire from the consumer to evaluate multiple options prior to purchase means that a highly focused campaign can have a big impact on results.

Restaurant

The restaurant category also has a short conversion window like retail and consumers rely on their devices for everything from reviews to reservations to directions. However, it is also heavily reliant on need-state (ie. people are more engaged when they're hungry) so marketers can expect slightly lower performance benchmarks when looking at restaurant campaigns as compared to retail. The good news for this category is that there are frequent conversion opportunities. For peak performance, marketers should consider optimizing campaigns around meal times when demand, and therefore performance, is likely at its highest.

Auto

The role of mobile for auto is largely around brand building and information-gathering. Auto purchases are infrequent and require a lot of consideration. This means that a consumer is not likely to respond as immediately to a mobile advertisement for a new car and therefore marketers can expect slightly lower levels of immediate engagement as compared to retail or restaurants. However, there is still plenty of room to reach these users, providing them with tools for an informed decision, increase lot visitation, and ultimately influence their purchase.

WHAT THIS MEANS FOR MOBILE MEASUREMENT

Mobile is quickly becoming an essential part of every marketing plan. In order to quantify the true ROI of a campaign, marketers need to rethink what they consider success. By relying on CTR alone, they are missing the full impact of what really matters for their campaigns– engagement and conversion. Overall SVL seems to be the best measurement for mobile ad effectiveness as the vast majority of commerce activity is still happening at physical business locations. Once in-store, of course it is up to the associates and general in-store marketing techniques to convert these users into a sale.

Consumers use their devices differently for retail, restaurants, and auto transactions. Retail users have the most immediate response to mobile advertisements, restaurants needs varies throughout the day, and auto purchases require significantly more time and consideration. These different needs lead to different performance standards. Campaign design should start with this understanding and leverage the benchmarks provided in this report. Once the goals are identified, the KPIs need to be clearly defined, even prior to campaign setup, in order to optimize towards that metric to heighten campaign performance.

The Mobile Ad Measurement study also evaluated what campaign parameters – including creative type, creative design, and the role of proximity – impacted SVL. The results of these tests can be used to determine the optimal campaign design for an effective advertising program in each vertical. These results are detailed in a subsequent whitepaper, Mobile Ad Measurement: Campaign Design for Driving In-Store Visits.

FOR MORE INFORMATION

About xAd

xAd is the global location marketplace bringing together buyers and sellers with ad targeting solutions focused on driving in-store traffic and sales. The company is uniquely focused on capturing in-store visitation behaviors for ad targeting, insights, and measurement solutions. The first to visualize real-time foot traffic, xAd customers include 1.5 million advertisers - including direct brand relationships, agencies, ad networks, and other demand side media companies. Connect with xAd at xad.com, Facebook, Twitter and LinkedIn.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

About Placed

Placed, placed.com, is the leader in location-driven insights and mobile ad intelligence. Measuring billions of locations across the world's largest opt-in mobile location panel, Placed provides the most complete understanding of consumers' offline behaviors. Connecting the physical and digital worlds, Placed gives brands, agencies, publishers and ad networks the ability to target location at scale, measure the offline impact of mobile ads, and deliver actionable insights into consumer behavior. Founded in January 2011, Placed is headquartered in Seattle and is backed by Madrona Venture Group and Two Sigma Ventures.

Additional study details and findings can be found at xAd.com/location-labs For questions or to provide feedback, please contact us at 888.234.7893 or requests@xAd.com