

How to maximise the return from your online display advertising

As it has matured, we have learned that online advertising can improve awareness and brand perceptions. For a medium where frequency levels can be capped, it is worth noting that the first exposure is the most effective, so aiming for reach among your target is a useful objective to set. Improvements on most key brand measures tend to stabilize after around four exposures.

There are many factors which affect an ad’s ability to perform well online. Placing the ad on a relevant site can make a big difference for some categories, and the amount of clutter on the site can affect most performance measures. Beyond these aspects, the creative itself has a huge influence on the ad’s ability to perform, with the best ads sharing some key characteristics.

Introduction

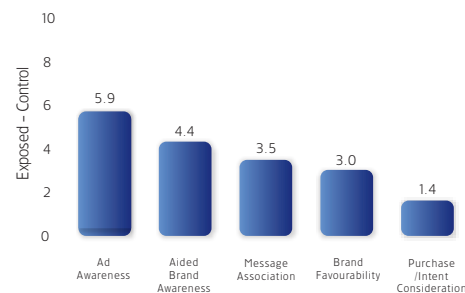
In the last decade there has been, and continues to be, a lot of speculation about what the web can realistically bring to marketing. Here we focus not on speculation, but on what we have learned.

How the medium works

Online advertising achieves more than just driving behavior via click-through. In thousands of research studies comparing exposed to non-exposed respondents of various campaigns, online advertising has demonstrated its ability to drive key brand metrics – brand and advertising awareness, message association, brand favorability and purchase interest.

Further, when used in a multimedia campaign, online advertising can enhance brand awareness, ad awareness, intended communication and favorable brand opinions.

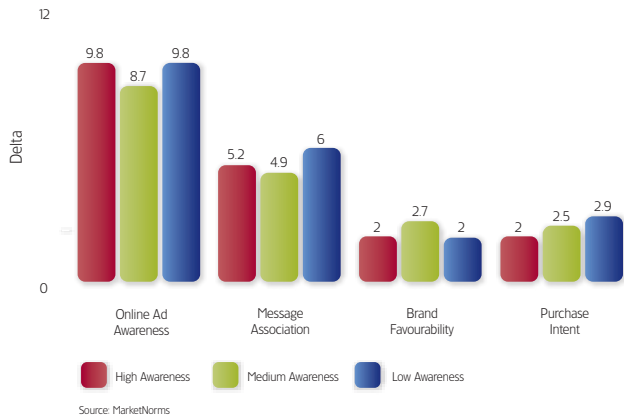
Incremental effect of internet on Brand Metrics within multimedia campaigns
Average Percentage Point Increase over Unexposed (Control) Baseline



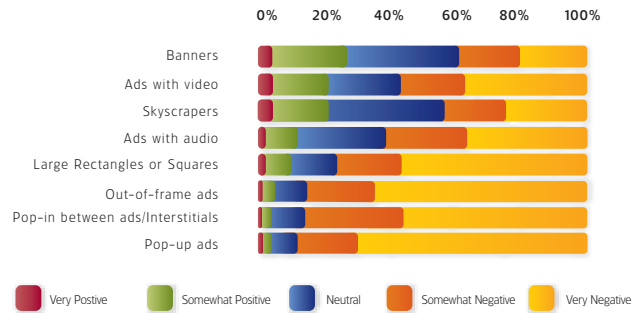
Brand Status

Online advertising works regardless of how well known the brand is. Average ad performance is similar for well known and lesser known brands for most key brand metrics, although the indications are that it is easier to generate purchase intent for less well known brands. This is consistent with our offline learning.

Brand status



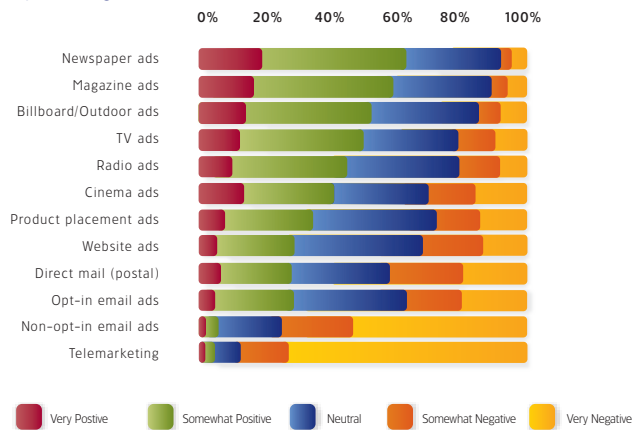
Opinions on online ad formats



How popular is the format?

Many online ad formats are received positively. However, Dynamic Logic’s AdReaction Study (2005) showed that non opt-in e-mail (Spam) is almost as unwelcome as telemarketing. Both are viewed negatively by over 75 percent of U.S. consumers. By contrast, Web site ads have far greater acceptance.

Opinions on general ad formats

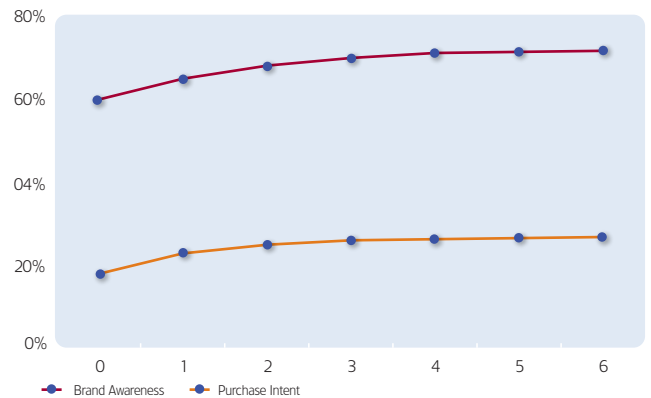


Nevertheless, there is another hierarchy within Web site advertising formats. Pop-up and pop-under ads and those that pop in between loading pages are particularly disliked, as are ads that have animation that move over the page (out of frame).

Coverage

From a cost-effectiveness standpoint, the first impression is the most effective; the most cost-effective exposure frequency is one. While this is true for many media, this is particularly relevant in the online world, where frequency caps can be set. However, the ability of online advertising to generate brand awareness and purchase intent tends to stabilize at around four exposures.

Optimal exposure frequencies

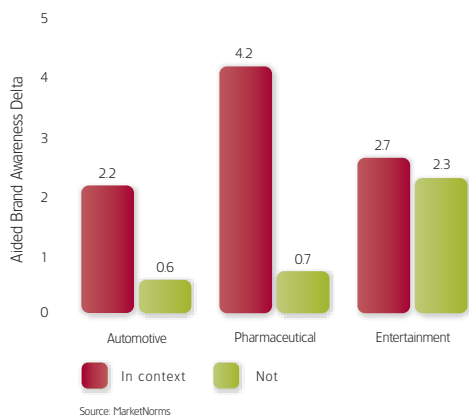


Context

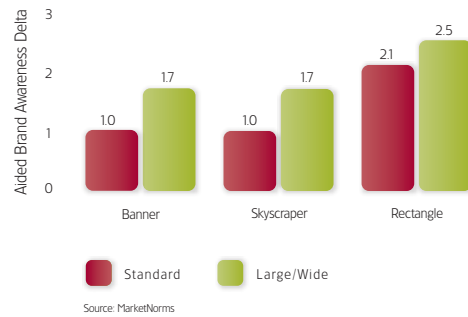
The nature of the Web site on which the ad is featured has little or no impact on the ability of an ad to generate brand awareness. However, for some categories, notably Automotive and Pharmaceutical, context is hugely important in driving purchase intent. Being in context may simply be a surrogate for being in the market (or having a given condition/disease in the case of pharma). This is not true for all categories, however. Entertainment ads for TV shows and movies tend to appeal to a wide audience and, thus, the in-context argument does not apply.

Is context important?

Purchase Intent



The role of ad sizes, CPG example aided brand awareness



Clutter also affects ad performance. In a study conducted jointly by Dynamic Logic, NielsenNetratings, and Double Click, clutter was shown to negatively affect brand favorability, message association and click through rates.

Ad size

There are many types of ad sizes used online, but most can be separated into three groups:

- **Banners**, which appear horizontally (typically at the top of the page). There are two predominant sizes, standard banner and leaderboard (super-banner)
- **Skyscrapers**, which appear vertically (typically along the right hand margin of the page). There are two major sizes, standard skyscraper and wide skyscraper
- **Rectangles**, which are much more square shaped than the more classically rectangular banners and skyscrapers. The two most prominent sizes are the medium rectangle and large rectangle

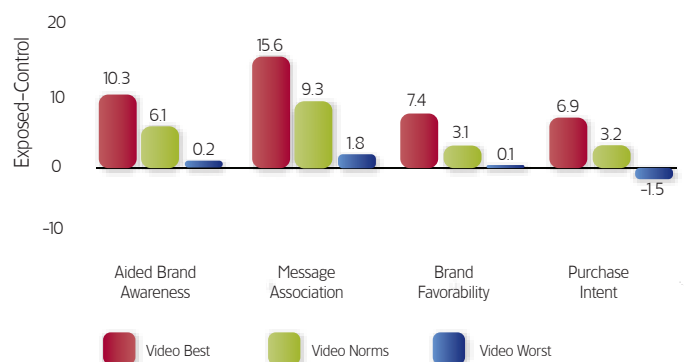
When considering ad size, bigger is better. Looking at ad shapes, rectangles tend to perform better, because they do not frame the content like the more ignorable ad shapes such as skyscrapers.

Creative

In assessing effectiveness, the creative itself is more important than other variables such as frequency of exposure and category. An analysis of over 2,500 online campaigns showed that the quality of the creative was the biggest explanatory factor distinguishing between strong and weak ads. Just taking video ads, the difference in performance between those with highest ad awareness (top 20 percent) and those with lowest ad awareness (bottom 20 percent) is marked.

Most noticed video ads have biggest effect

Most and Least Noticed Video Ads

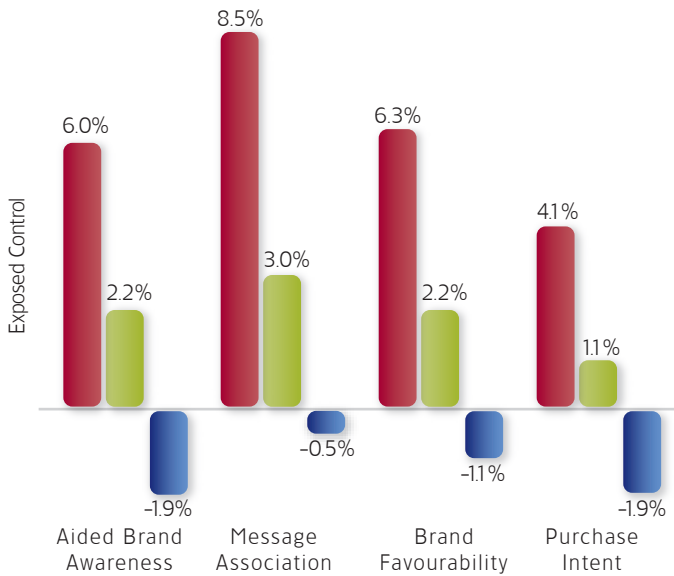


Note: Most/Least noticed defined as top/bottom 20 percent sorted by Online Ad Awareness delta
Source: Dynamic Logic's MarketNorms through Q3/2006, Video N= 108 campaigns, n= 125,733 respondents

Looking at static ads alone, while the numbers are smaller, it is again clear that the more noticeable the ad, the greater its influence.

Most noticed static ads have biggest effect

Most and least noticed static ads

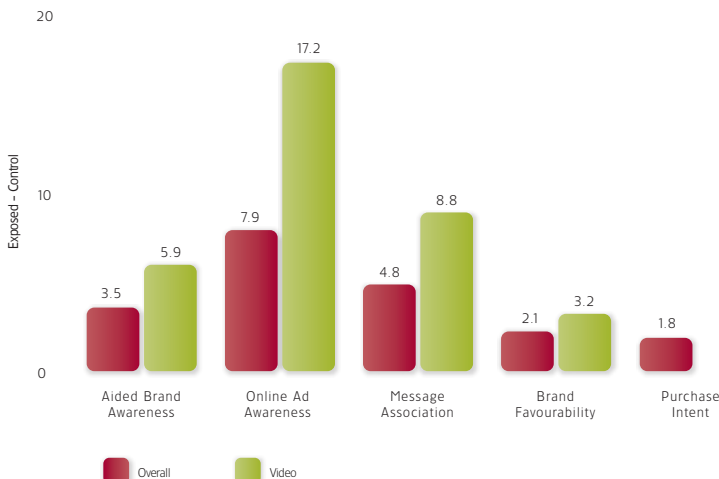


Source: Dynamic Logic's Market Norms approx 250+ campaigns

■ Static Best ■ Static Norms ■ Static Worst

Creative units containing video elements perform up to two times better than other online advertising campaigns on measures of awareness, message association, brand favorability and purchase intent.

Ads containing video elements tend to outperform the average
Overall Vs. Video



Source: Dynamic Logic's MarketNorms Q4/2006

The best performing rich, online media ads (non-static ads) have striking similarities to the best TV ads:

- The creative is inextricably linked to the brand (in some instances a constant component of the ad — when con-

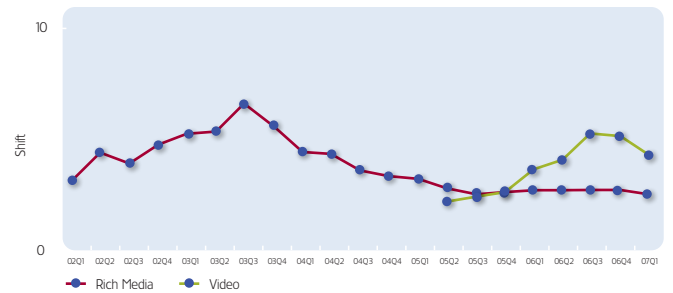
sumers may only be exposed to one frame of an ad, it makes sense to include the brand in all frames)

- They are enjoyable and entertaining
- They engage the viewer. In many instances this creates an interactive experience that takes advantage of the interactive nature of the web, such as linking to recipes, joining in discussion groups or downloading a coupon
- However, viewers should never have to interact with your ad in order to see your brand or message — click through rates are simply too low
- Communication is kept simple

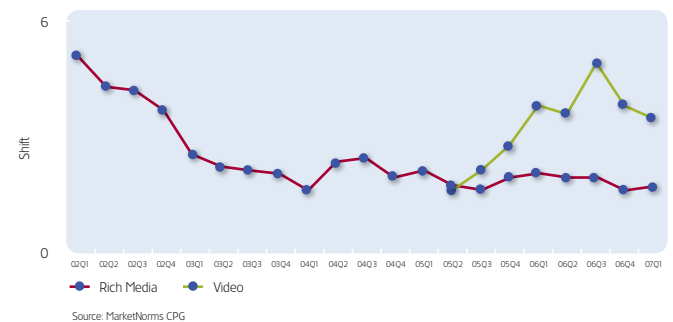
The value of novelty

- The effectiveness of online advertising is affected by the speed with which new developments become commonplace. Over time, as the novelty of rich media has worn off, we have seen a lessening of its impact and persuasive ability. Video is becoming more popular as an online ad format, but its performance is likely to decline over time as well, as the novelty subsides.

Rich media and video: aided brand awareness



Rich media and video: purchase intent



Source: MarketNorms CPG

It is clear that, online at least, there is value in using the latest technologies.

Information cited in this document is drawn from Market-Norms®, Dynamic Logic's database of online advertising in the U.S. and Europe.

Knowledge Points are drawn from the Millward Brown Knowledge Bank, consisting of our databases of 50,000 brand reports and 40,000 ads, as well as 1,000 case studies, 700 conference papers and magazine articles, and 250 Learnings documents.

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