



Moving Beyond Click-Thru to Measure the Effectiveness / Efficiency of Internet Advertising

DTC Perspectives Conference

October 2008

nielsen



IAG

Reaching Consumers today requires expanding measurement for evolving consumer touch points extending beyond TV



Mobile



Cinema



Internet Video



Internet Ads
Web Sites



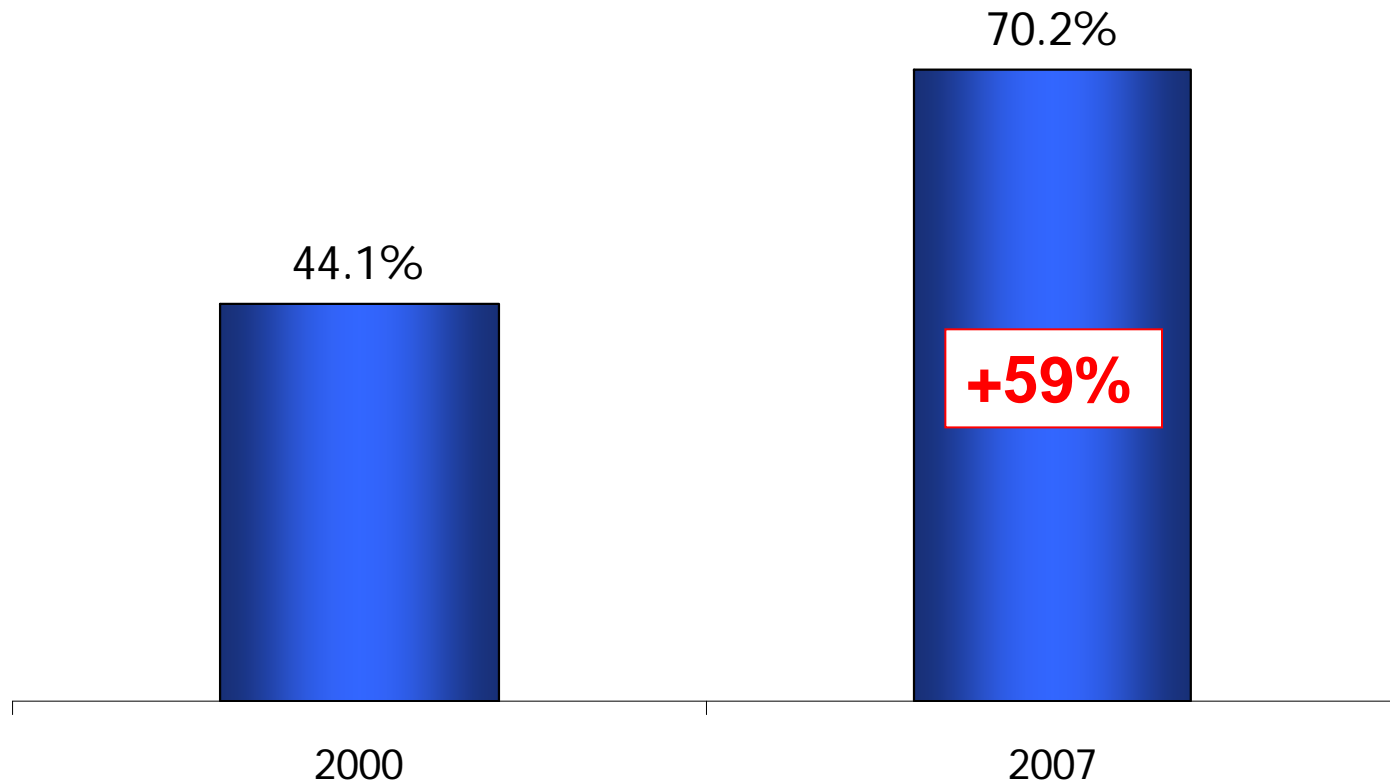
VOD



Internet usage in the U.S. has grown substantially over the past 7 years



% Penetration Internet Usage in the U.S.







Times are Changing

ADVERTISING | OCTOBER 13, 2008

Ad Pullback Doesn't Spare National TV

By SAM SCHECHNER and SUZANNE VRANICA

AUGUST 7, 2008

GM Presses Ad Agencies on Costs

As Suffering Detroit Looks for Savings, Local Media Are Feeling the Pinch,

By SUZANNE VRANICA

OCTOBER 10, 2008, 3:20 P.M. ET

CBS Cuts Full-Year Profit View On Declining Ad Spending

Advertising Age[®]

Advertisers Ready for Age of Austerity

P&G, GM, Coke, Nissan and A-B Look to Tighten Their Belts

By [Jack Neff](#)

THE WALL STREET JOURNAL

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ADVERTISING | OCTOBER 22, 2008

Network Audience Keeps Eroding

Upswing in Delayed Viewing on DVRs Isn't Likely to Offset Prime-Time Declines

By SAM SCHECHNER

P&G, Unilever Slash Ad Spending

Story Looks Especially Bleak for Magazines As Package-Goods Giants Respond to Rising Commodity Costs

By [Jack Neff](#)

Broadcast TV Ad Revenue Falls 4% as Auto Pulls Back

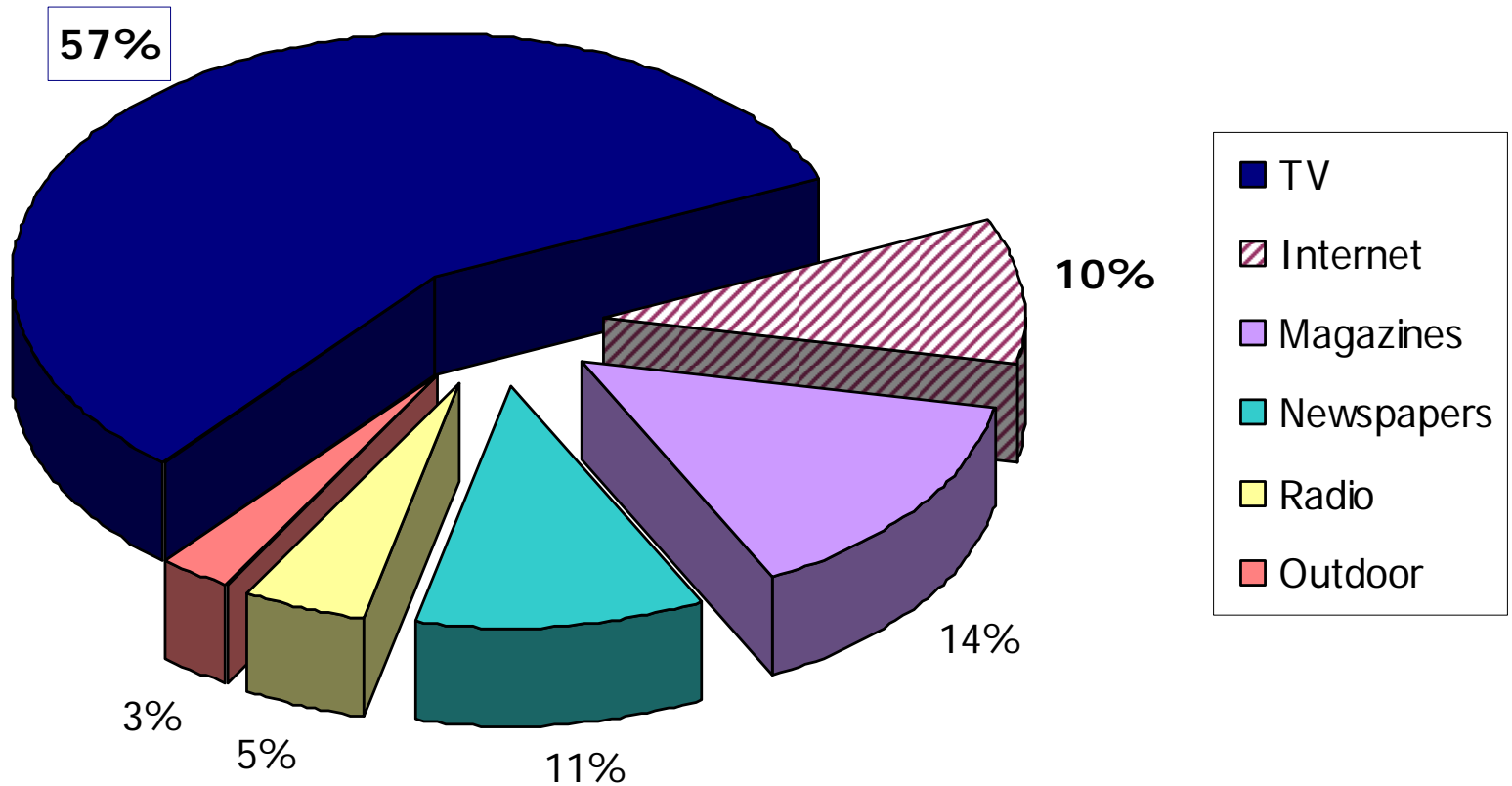
17 of Top 25 Ad Categories Reduced Spending in Q2

By [Brian Steinberg](#)

TV Ad Spending is still KING!



% Share of Ad Spend in U.S. 1st Half 2008



Source: Nielsen Monitor-Plus / Nielsen Online AdRelevance*



Advertising Age®

Big Pharma Will Up Web Ad Spending by 25%

Expected to Spend \$1.3 Billion Online by 2008

By [Gavin O'Malley](#)

Distributors, Networks Push for More Ads in TV Shows Online

Current Models Not Earning Enough to Pay High Business Costs

By [Michael Learmonth](#)

Top 100 Advertisers Shifted \$1 Billion To the Web Last Year At The Expense Of TV And Newspapers

by [Erick Schonfeld](#) on June 23, 2008

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Turn On, Tune Out, Click Here
TV Viewers Cut Cable's Cord; Here's What They're Watching Online Instead
By [NICK WINGFIELD](#)

ADVERTISING | OCTOBER 8, 2008

Honda Taps Sony to Ramp Up Its Ad Strategy

By [EMILY STEEL](#)

In an unprecedented move for Web advertising, Honda is buying all the online and mobile advertising space sold by Sony Pictures Television for a week starting Wednesday to promote the launch of its Honda Fit.

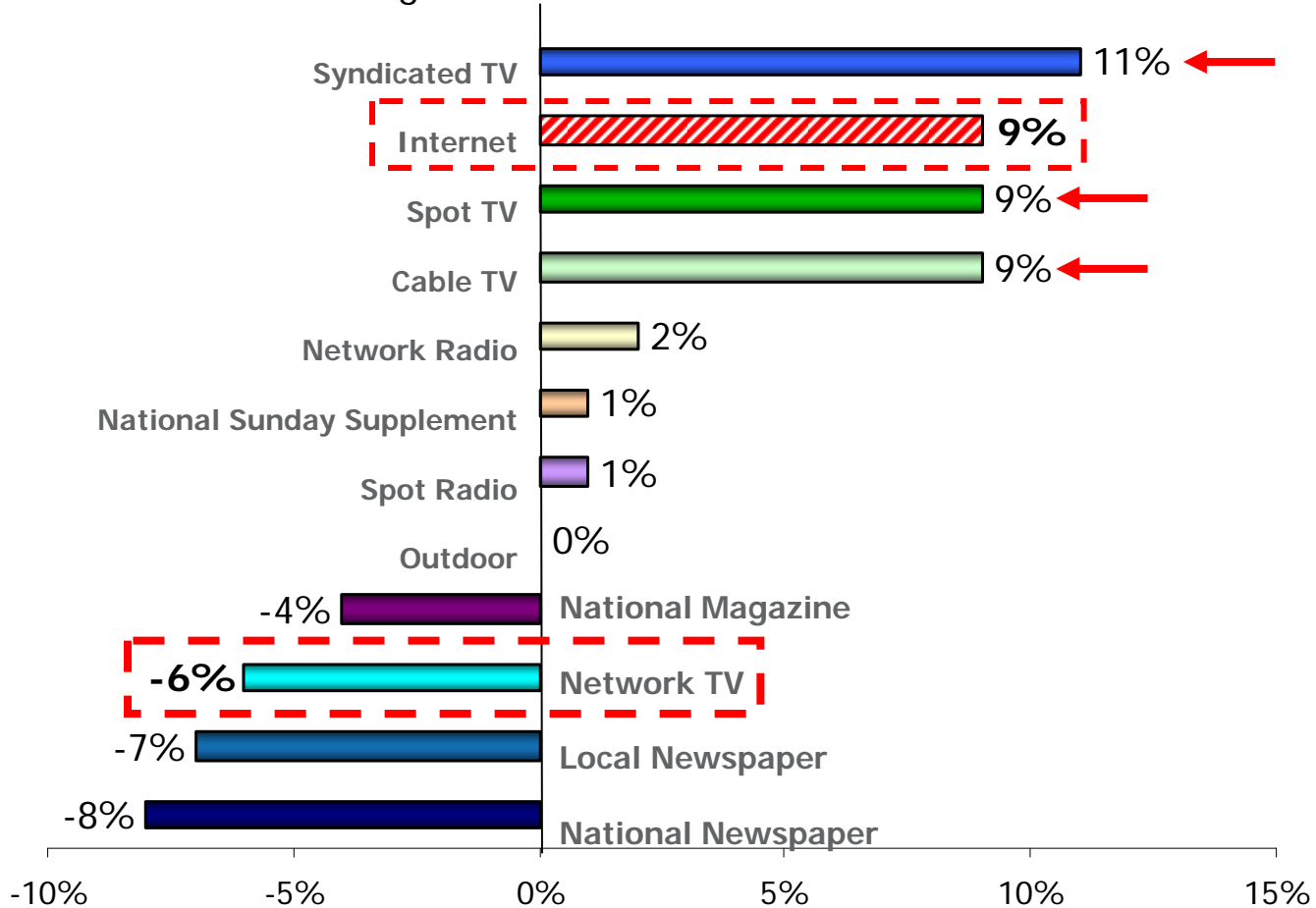
GM Roars Forward Into Digital Ad Channels

Changes at Dedicated Media Shop Lay Groundwork for Auto Giant to Shift Spending to Encompass Multiple Online Channels

Online Ad Spending is Increasing at a Rapid Rate (at the expense of traditional media)



% Change: 1st Half 2008 vs. 1st Half 2007

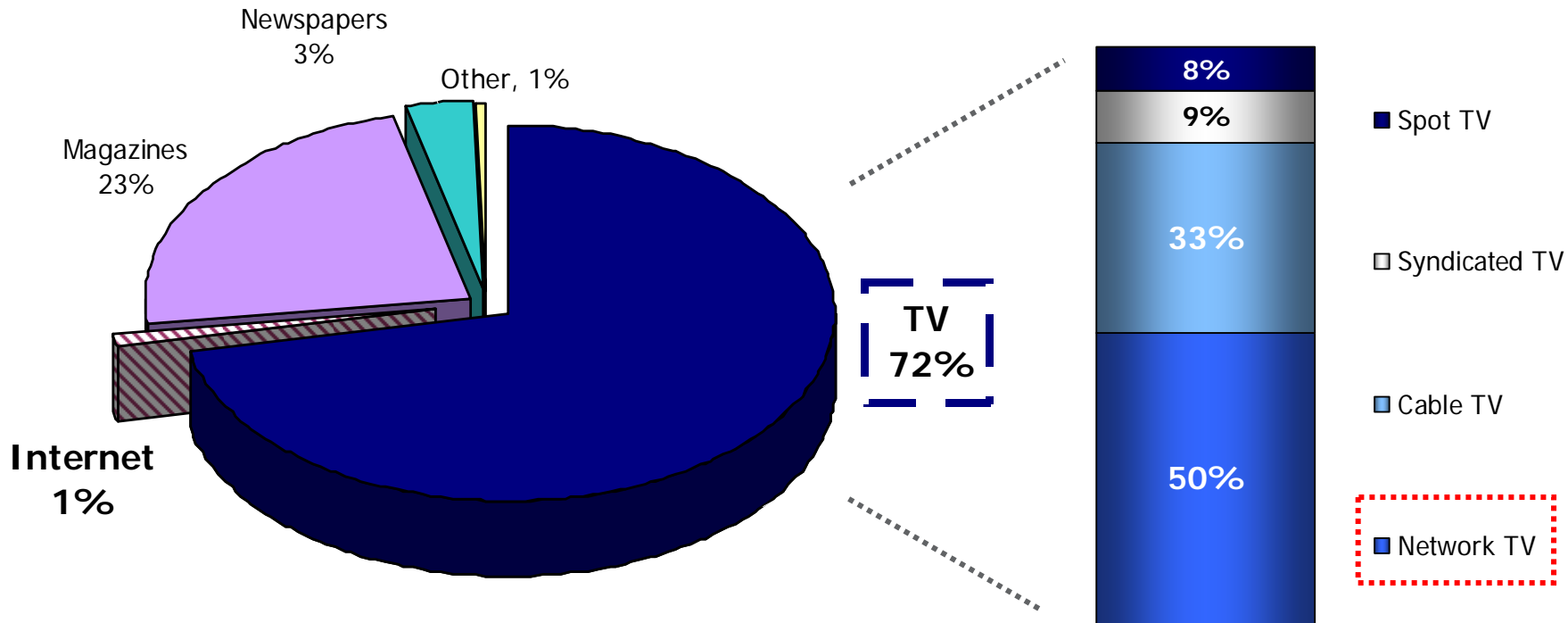


Source: Nielsen Monitor-Plus / Nielsen Online AdRelevance*

In terms of DTC, TV Ad spending still dominates the media mix

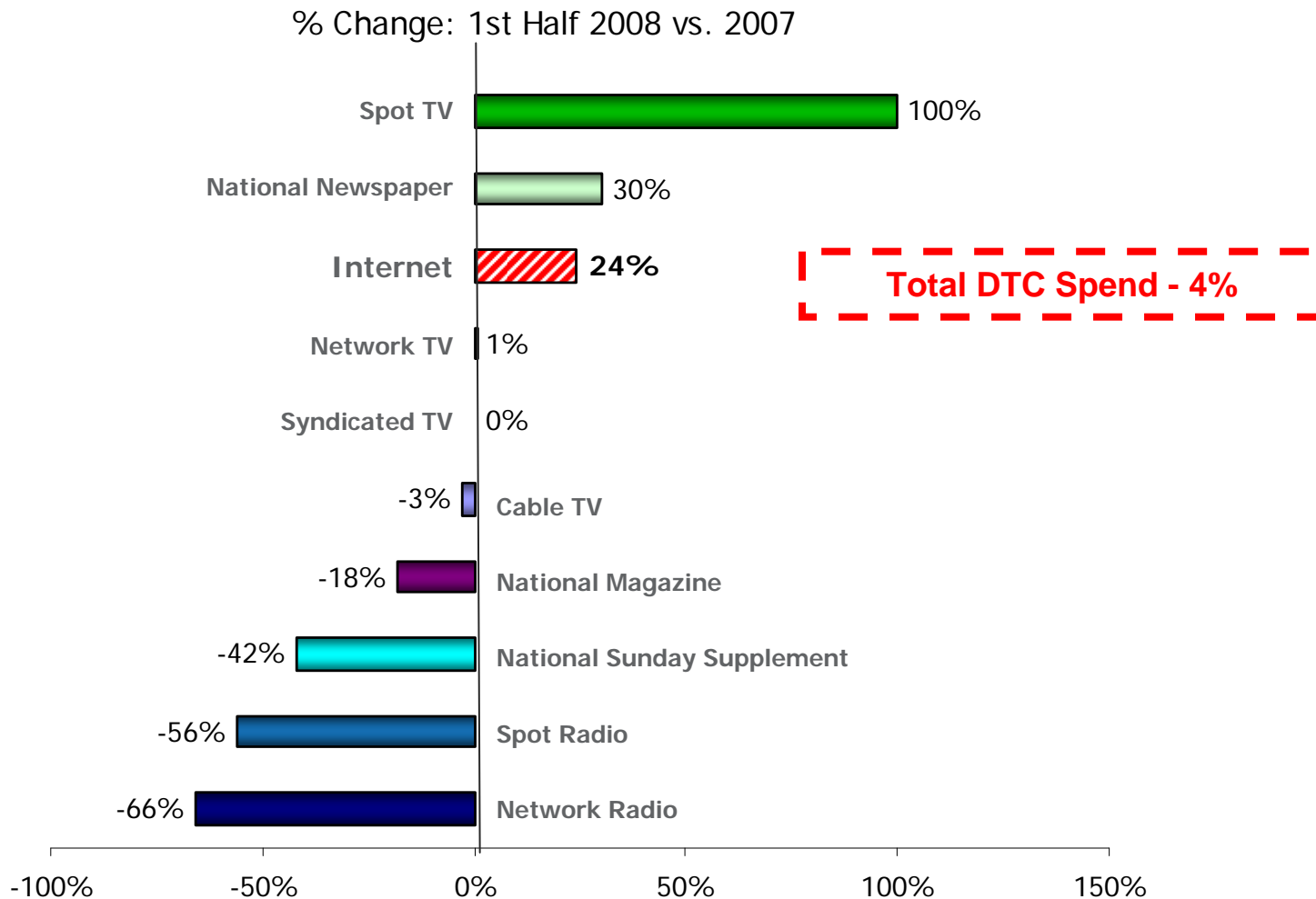


% Share of Ad Spend in U.S. 1st Half 2008



Source: Nielsen Monitor-Plus / Nielsen Online AdRelevance*

However, DTC Online Ad Spending is Increasing



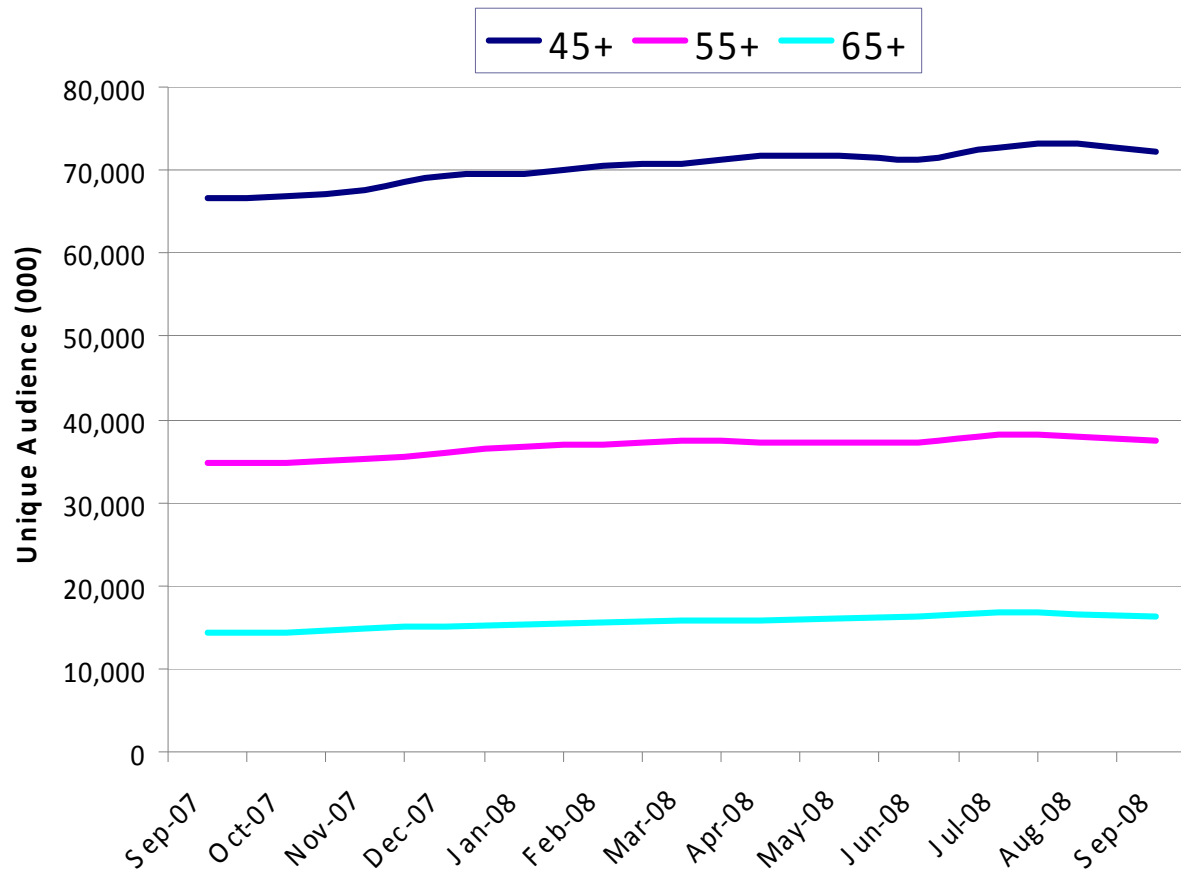
Source: Nielsen Monitor-Plus / Nielsen Online AdRelevance*

Top Sites by DTC Ad Spend



Prescription Medications	
	Estimated Spending
Yahoo! Mail	8,387,700
WebMD	7,989,800
MSN Homepage	7,643,400
MSN Windows Live Hotmail	6,710,900
FOXNEWS.COM	4,692,700
MSNBC	4,620,100
MSN Health	4,418,800
Yahoo! Homepage	4,342,800
MedicineNet.com	2,788,400
iVillage	2,038,400
CNN	1,944,700
MSNBC Newsweek	1,944,100
MayoClinic.com	1,889,300

65+ is Fastest Growing Segment of the Online Audience



Age	% Change
<18	1%
18-24	-5%
25-54	4%
55-64	4%
65+	13%



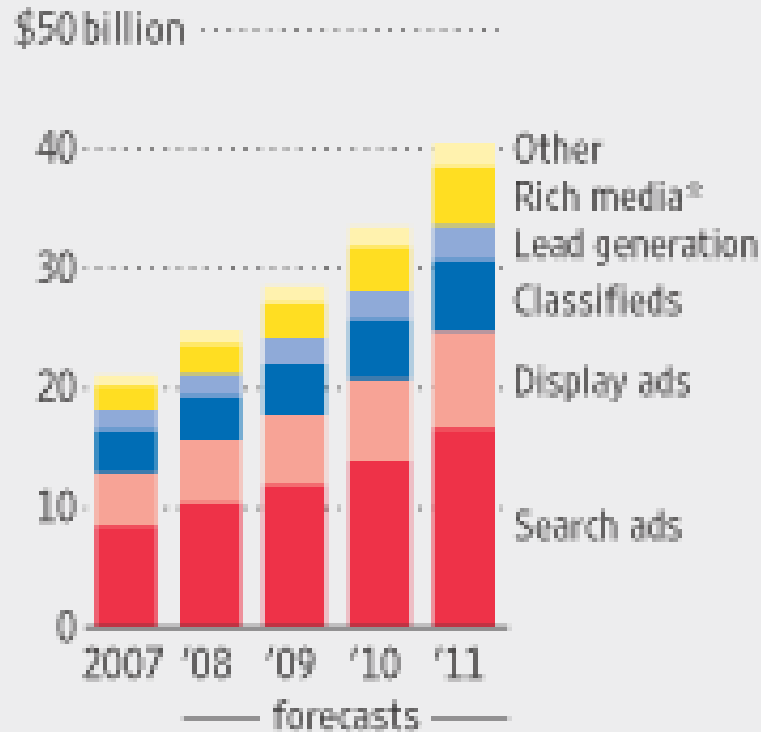
What's Driving the Rapid Increase in Online Ad Spending?



Online Advertising is more than Search



U.S. online advertising spending, by format



*Includes video

Source: eMarketer

Creative and Media Choices for Online Advertising are Expanding



- **Display**
 - Static
 - Animated
 - Flash
 - Interactive
 - Expanding
 - Interstitial
 - 100 x 600
 - 600 x 100
 - 250 x 350
 - Page takeovers
- **Video**
 - In-stream

However, consideration to inherent differences with TV is necessary



Traditional TV Ad

- 15+ seconds long
- Usually displayed at 27"+
- Full motion video
- Full Audio
- Full screen
 - No competing concurrent content or messaging

Standard Display Ad

- Unknown exposure length
- Displayed at 2" or less
- Animated, low frame-rates
- Either limited or no audio
- Portion of screen
 - Competing concurrent content or messaging

The same applies to the type of Online Advertising executed



Search

- Targeted to audience who is seeking specific information
- Evaluation is based on direct response / click-thru
- Paying for click-thru not awareness

Display / Rich Media

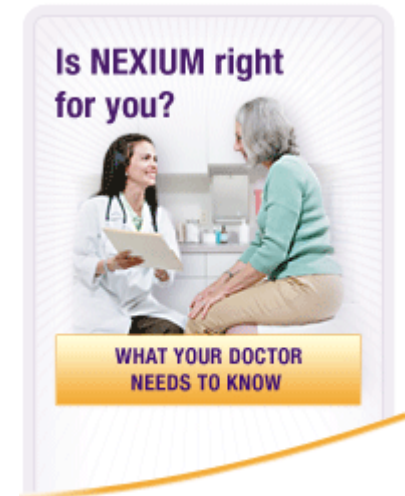
- Targeted to drive awareness; audience is NOT actively seeking information
- Click-thru (behavioral) not as relevant for effectiveness measurement
- As a result of awareness efforts, Display may then feed search

Static Display Ads



Banners and Buttons	Recommended Maximum Initial Download File weight	Recommended Animation Length (Seconds)
468 x 60 IMU - (Full Banner)	40k	:15
234 x 60 IMU - (Half Banner)	30k	:15
88 x 31 IMU - (Micro Bar)	10k	:15
120 x 90 IMU - (Button 1)	20k	:15
120 x 60 IMU - (Button 2)	20k	:15
120 x 240 IMU - (Vertical Banner)	30k	:15
125 x 125 IMU - (Square Button)	30k	:15
728 x 90 IMU - (Leaderboard)	40k	:15

Source: IAB




Static Display Ads

Rectangles and Pop-Ups	Recommended Maximum Initial Download File weight	Recommended Animation Length (Seconds)
300 x 250 IMU - (Medium Rectangle)	40k	:15
250 x 250 IMU - (Square Pop-Up)	40k	:15
240 x 400 IMU - (Vertical Rectangle)	40k	:15
336 x 280 IMU - (Large Rectangle)	40k	:15
180 x 150 IMU - (Rectangle)	40k	:15
NEW 300x100 IMU - (3:1 Rectangle)	40k	:15
NEW 720x300 IMU - (Pop-Under)	40k	:15

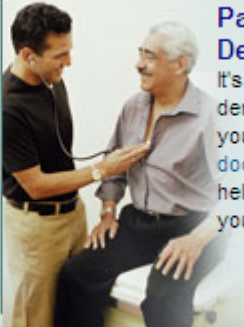
Source: IAB

Skyscrapers	Recommended Maximum Initial Download File weight	Recommended Animation Length (Seconds)
160 x 600 IMU - (Wide Skyscraper)	40k	:15
120 x 600 IMU - (Skyscraper)	40k	:15
300 x 600 IMU - (Half Page Ad)	40k	:15

Source: IAB



How Does Enbrel® (etanercept) Work?
ENBREL is a type of protein called a tumor necrosis factor (TNF) blocker. Learn more.



Partner with a Dermatologist
It's a good idea to see a dermatologist if you suspect you have psoriasis. This [doctor discussion guide](#) can help you make the most of your visit.



ADVERTISING

TOPAMAX
(topiramate)

Migraine
Prevention

Find Out
How Topamax
Helped Them

WATCH REAL
PATIENT VIDEOS

Animated Banner Ads (Leaderboards)



[Medication Guide](#)
[Prescribing Information](#)

Animated Banner Ads



Animated Banner Ads – (Skyscraper)



In-Stream Video Ads – NCIS (CBS.com)



CBS Shows Video HD Gallery Watch & Chat Schedule

NCIS

Tuesdays 8:00pm ET/PT

Home Video FansForums Recaps Photos Cast About

NCIS
Capitol Offense
Season 8 Episode 3

The NCIS team becomes entangled in the world of Washington politics when a distinguished Senator turns to Gibbs for help in solving the murder of a young, female House officer.

Related Videos
14 of 20 Results

- NCIS Capitol Offense
- NCIS Hearford
- NCIS Smart Push
- NCIS Season 8 Recap

00:25 | 01:02

NCIS
Capitol Offense
Episode 3
Full Episode (43:53)

The NCIS team becomes entangled in the world of Washington politics when a distinguished Senator turns to Gibbs for help in solving the murder of a young, female House officer.

CBS Shows Video HD Gallery Watch & Chat Schedule

NCIS

Tuesdays 8:00pm ET/PT

Home Video FansForums Recaps Photos Cast About

00:25 | 01:02

NCIS
Nine Lives
Episode 1
Full Episode (43:20)

The hunt for a man's murderer puts Gibbs on a collision course with an old friend, FBI Agent Fornell.

CBS Shows Video HD Gallery Watch & Chat Schedule

NCIS

Tuesdays 8:00pm ET/PT

Home Video FansForums Recaps Photos Cast About

00:25 | 01:02

NCIS
Nine Lives
Episode 1

The hunt for a man's murderer puts Gibbs on a collision course with an old friend, FBI Agent Fornell.

Viva VIAGRA
www.viagra.com 1.888.4VIAGRA

Video will play in 3 seconds.

Video will play in 3 seconds. 00:58 | 01:02

In-Stream Video Ads - Fringe (FOX.com)



Will Return to Regular Programming in 11 Seconds

FOX Wednesday, October 22nd
Watch Full Episodes ▾ Shows Schedule Community Sign In Sign Up

Fringe | Tues 9PM | Visit The Official Site
The Cure (HD), Season 1, Ep 6 Rating ★★★★★ - 36 | Rate & Review

Presented by

both available in the deodorant aisle
Experience go fresh >

Will Return to Regular Programming in 11 Seconds

FOX Wednesday, October 22nd
Watch Full Episodes ▾ Shows Schedule Community Sign In Sign Up

Fringe | Tues 9PM | Visit The Official Site
The Cure (HD), Season 1, Ep 6 Rating ★★★★★ - 36 | Rate & Review

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Experience go fresh >

Will Return to Regular Programming in 11 Seconds

FOX Wednesday, October 22nd
Watch Full Episodes ▾ Shows Schedule Community Sign In Sign Up

Fringe | Tues 9PM | Visit The Official Site
The Cure (HD), Season 1, Ep 6 Rating ★★★★★ - 36 | Rate & Review

Presented by

both available in the deodorant aisle
Experience go fresh >

Will Return to Regular Programming in 6 Seconds

FOX Wednesday, October 22nd
Watch Full Episodes ▾ Shows Schedule Community Sign In Sign Up

Fringe | Tues 9PM | Visit The Official Site
The Cure (HD), Season 1, Ep 6 Rating ★★★★★ - 36 | Rate & Review

Presented by

both available in the deodorant aisle
Experience go fresh >

Will Return to Regular Programming in 4 Seconds

Synergy with TV / Internet Execution

FOX Fringe







How is the effectiveness of Online Advertising measured today?

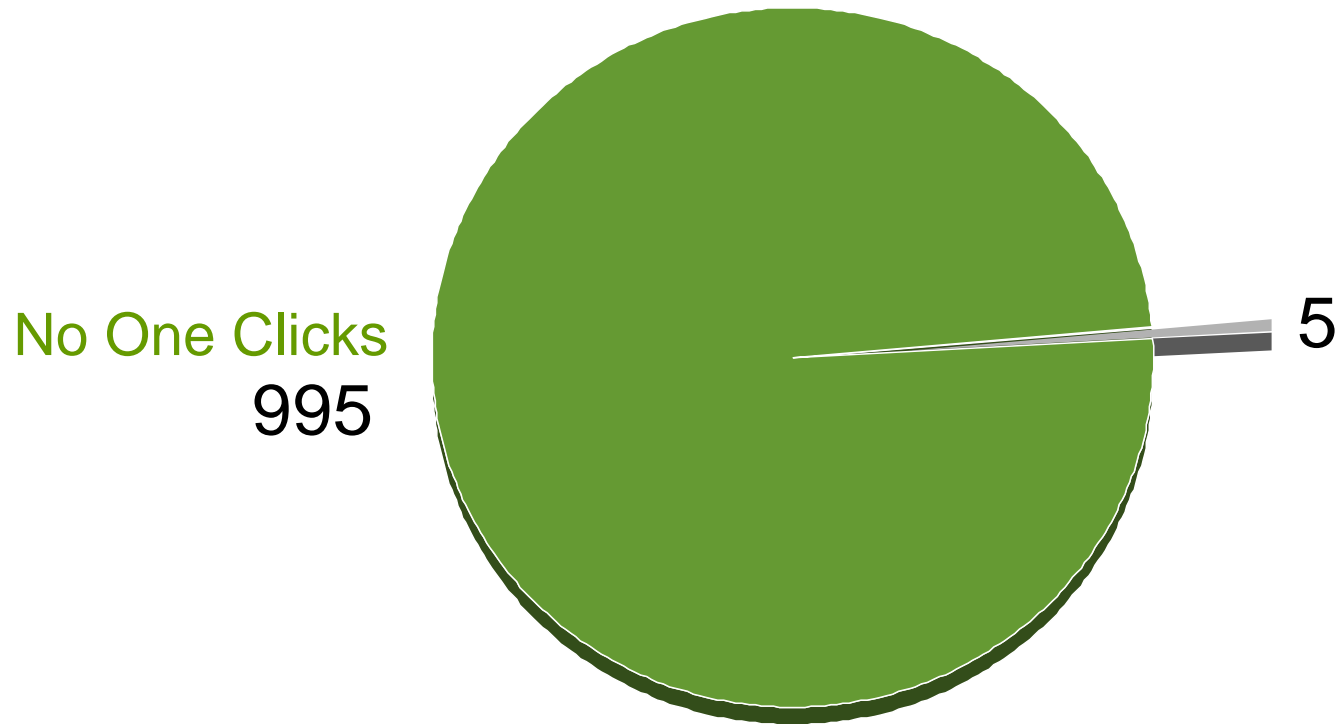


Click-Through Measurement



If a 1,000 people are exposed to an internet ad ...

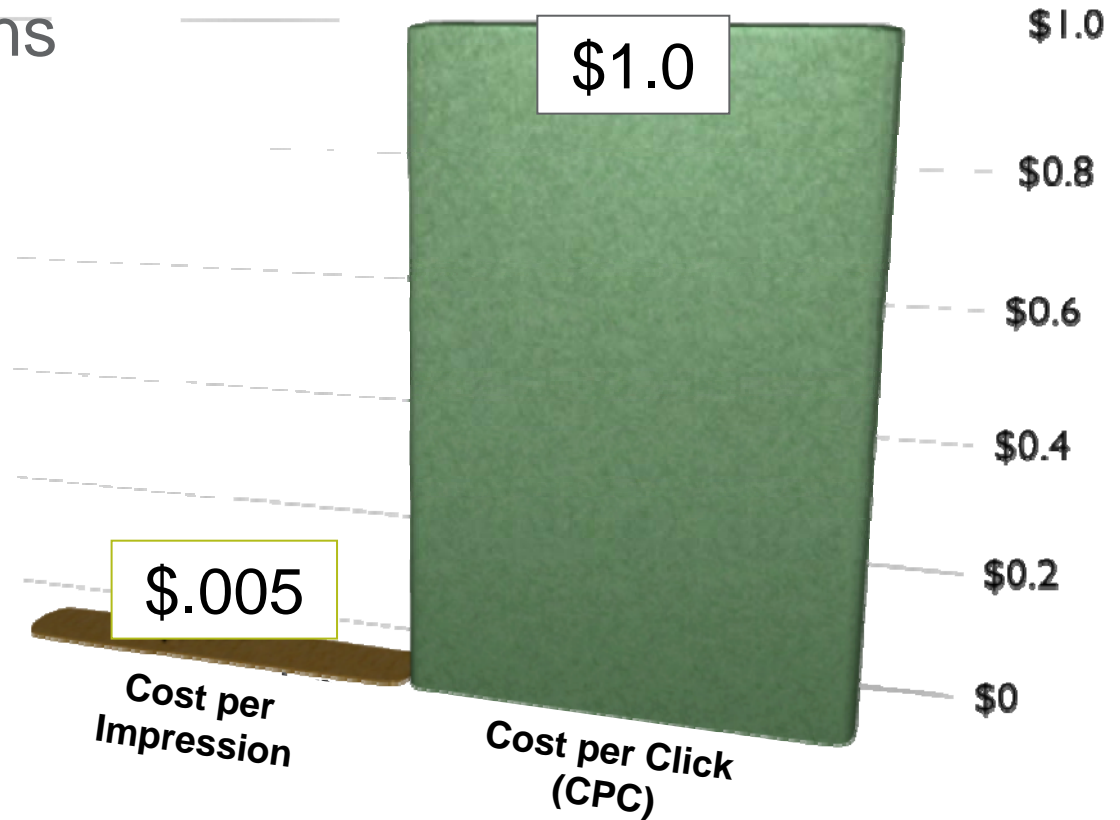
= .005 CTR (click-through rate)



Click-Through Measurement



- Budget \$25,000 (media cost)
- 5 million Impressions
- @ .005 CTR
- $CPC = \$1.0$



This low CTR is not enough to measure online ad effectiveness



- **Site Intercept**

- Immediate Recall / Awareness
- Survey Inside the environment

- **Exposed vs. Control**

- Comparison of awareness to un-exposed
- Doesn't test retention

- **Non-Panel based**

- No Cross Platform TV & Internet Exposure



Awareness studies may work well for publishers and agencies but advertisers still question:



- **Is immediate recall an adequate measure?**
 - Did the ad have an opportunity to make an impression?
- **Are the results realistic?**
- **How do I compare these metrics across platforms?**



New tools are now available ...



Understand **Online Ad Effectiveness** beyond Traditional Measures



- **Day-after-Recall**
 - Awareness measured by retention
 - Survey Outside the environment
- **Panel-Based**
 - Single source to Cross Platform TV & Internet Exposure
- **Established Norms**
 - TV Engagement and Ad Effectiveness



Evaluation is Similar to How TV is Measured



Creative

Isolate Creative Strength

**Compare Cut-Through vs.
Diagnostic Measures
(recall vs. copy efficiency)**

**Back Strongest Performing
Creative**

Media

Isolate Specific Sites

**Endemic vs. Non-Endemic
(targeting)**

**Understand Frequency's
Impact on Effectiveness
(flighting)**

nielsen TV Ad Effectiveness Measurement

IAG



1. Program airs



2. Ad airs within program



3. Audience watches within 24 hours



4. IAG Measures day-after recall of the ad



Live Viewing



Recorded and Viewed within 24 hours

Online Ad Effectiveness Methodology



- Site or Agency responsible for trafficking internet ads, adds NIAG OpenTag to the traffic instructions DART (DFA) integration



- From single tag we know:

Site
Page
Exposure Date
Placement Type
Creative Name

Online Ad Effectiveness Methodology



- NIAG Panelist visits a website and is exposed to an NIAG-tracked ad



- Panelist visits RewardTV.com to take TV Survey (6,000 daily)
- Panelist completes surveys on TV and Internet Ad viewed

Nielsen IAG surveys web users from our propriety panel of over 2.5M members, limiting the surveys to people exposed to the ads

Example of Internet Ad Survey



General Recall

In an advertisement you may have seen on the Internet, what happened after a silver SUV appeared along with a computer mouse on a light blue background?

- Adjustable inch marker slid along a ruler, causing the SUV's seats to go back and forth
- Musical notes of different sizes popped up inside the SUV carrying data about the sound system
- Images of packages and boxes dropped down and filled up the inside of the SUV's cargo area
- X-ray hit the hood making it transparent and revealing the inner workings of the SUV's engine

Brand Recall

What was this an Internet advertisement for?

- Toyota Sequoia
- Chevy Tahoe
- Ford Expedition
- Nissan Armada

Message Recall

According to this Internet advertisement, why should you consider purchasing a Toyota Sequoia?

- It is all-new and has sliding second-row seat to make third-row passenger entry easier
- It is getting great reviews and its easy-to-remove seating gives greater storage options
- It is the best value in its class and its swiveling seats makes family travel more rewarding

Likeability

How much did you like this advertisement?

- I liked it a lot
- I liked it somewhat
- I am neutral about this advertisement
- I disliked it somewhat
- I disliked it a lot



Call to Action Question for DTC Ads



Intent to
Talk to
Doctor

Having seen this commercial how likely are you to ask your doctor about this medication?

- Definitely will
- Probably will
- Maybe
- Probably not
- Definitely not

Metrics to quantify which ads and sites drive effective recall and action



For every person exposed to your internet ad...

Creative Cut-Through Rate

Brand Cut-Through Rate

Message Cut-Through Rate

Appeal Rate

Intent Rate

Efficiency metrics to quantify which ads and sites drive recall and action at the lowest cost



For every person exposed to your internet ad...

Cost Per Brand Recaller



Cost Per Message Recaller



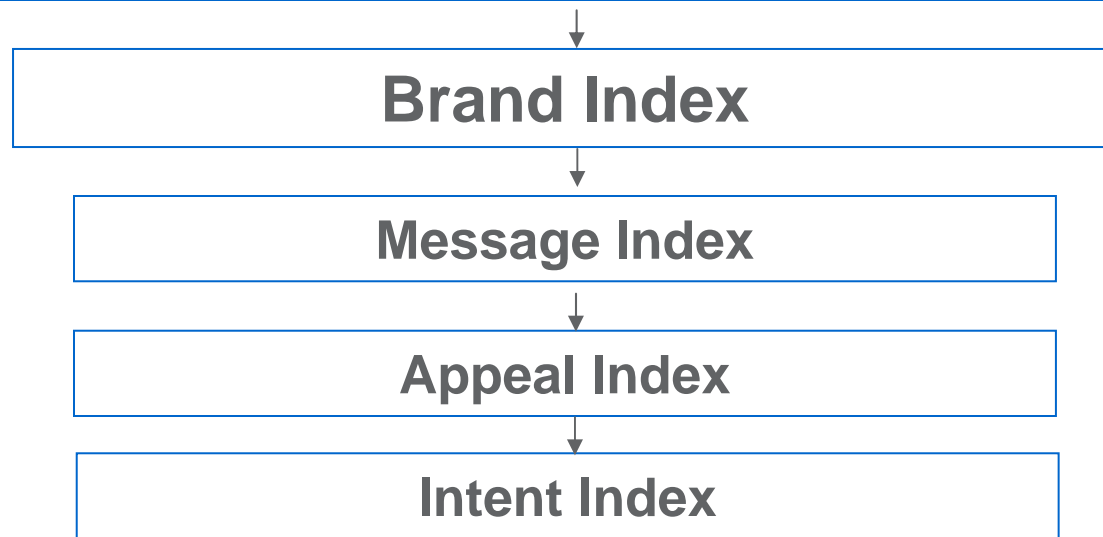
Cost Per Action Impression

Metrics to compare the impact across media platforms



Among those people exposed to your ads across media platforms (comparison based on identical methodology measured in the same survey environment)...

Memorability Index





Sample Application – Measuring the Effectiveness / Efficiency of an Online Ad Campaign



Case Study Specifications



- **Data Coverage:**

- Internet / TV Campaign Dates: 1.1.08 - 8.10.08
- Demo: Adults age 18+
- Ad Count: 10; Site Count: 40

- **Brand Norm:**

- Represents all Brand A Internet ads measured by NIAG from 1.1.08 – 8.10.08

- **TV Comparison Data:**

- Represents all Brand A TV ads measured by NIAG from 1.1.08 – 8.10.08

Like TV ads, performance of online ads for the same campaign can also vary widely



	Total DFA Impressions	Effective CPM	Brand Cut-Through Rate
Creative A	6,292,661	\$7.55	33%
Creative B	3,411,190	\$8.11	32%
Creative C	4,491,549	\$7.27	30%
Creative D	5,379,781	\$7.94	29%
Creative E	23,871,604	\$5.28	24%
Creative F	47,790,511	\$10.98	23%
Creative G	24,311,437	\$5.07	23%
Creative H	3,862,134	\$7.04	14%
Creative I			14%
Creative J	136,150	\$10.00	
Total	119,547,017	\$7.98	25%
Brand Norm			18%

Key Takeaways – Creatives A & B had the strongest Brand Cut-Through Rates among this brand’s Internet ads.

Brand Cut-Through Performance by Creative Type



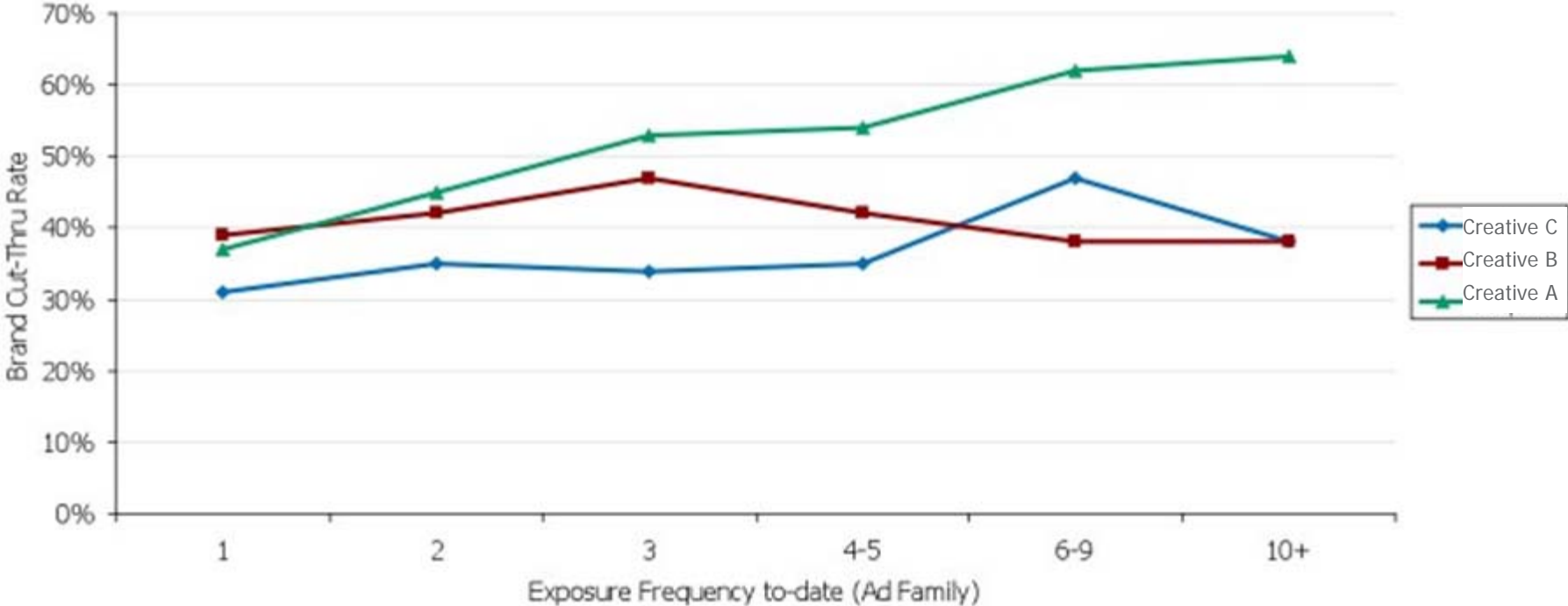
	Creative A	Creative B	Creative C	Creative D	Creative E	Creative F	Creative G
120x600						16%	
160x600	15%	22%	25%	11%	20%		19%
300x250	29%	46%	31%	39%	23%	20%	26%
300x600					18%		
728x90	23%	34%	31%	29%	27%		22%
Total Brand Cut-Through Rate	24%	32%	29%	30%	23%	14%	23%

Key Takeaways – The 300x250 versions of Creatives A, B & D generated the highest Brand Cut-Through. Conversely, the 160x600 version was the least effective.

Increased frequency benefited Creative A most with steady brand cut-through gains as the # of exposures increased.



Internet Brand Cut-Thru Rate by Internet Exposure Frequency





Impact of Endemic vs Non-Endemic Websites

	Total DFA Impressions	Effective CPM*	Brand Cut-Through Rate	Message Cut-Through Rate	Intent Rate
Endemic Sites	12,545,085	\$23.10	35%	8%	15%
Non-Endemic Sites	107,001,932	\$6.20	30%	9%	6%
Endemic Index vs. Non-Endemic Sites			117	89	250

Key Takeaway** – Brand Recognition and Intent for this advertised brand was **higher for ads placed on Endemic vs. Non-Endemic websites.

***NOTE:** this is not always the case. The investment on Endemic sites is not always worth the premium vs. behavioral/re-targeting – other ways to reach same individuals.*

Traditional Measurement of Performance

Behavioral



							Behaviour		
Site Classification	Site Name	Last Week On-Air	Site Count	Ad Count	Avg CPM	Impressions	Click Through Rate	Cost Per Click	Cost Per Conversion
Endemic	Yahoo.com	3/1/08	10	1	\$4.00	20,000,000	0.50%	\$0.80	\$3.20
Non-Endemic	MySpace.com	1/1/08	1	1	\$3.50	30,000,000	0.25%	\$1.40	\$5.60
Non-Endemic	ESPN.com	2/1/08	35	5	\$10.00	150,000,000	0.60%	\$1.67	\$6.67
Non-Endemic	RealNetworks.com	4/1/08	11	1	\$2.25	125,000,000	0.20%	\$1.13	\$4.50
Endemic	Autos.MSN.com	3/25/08	15	2	\$6.00	17,000,000	0.35%	\$1.71	\$6.86
Endemic	ESPN Autos.com	1/1/08	2	1	\$3.50	47,000,000	0.25%	\$1.40	\$5.60

Based on traditional evaluation, Yahoo delivered the strongest medium with the lowest cost per conversion for this campaign.

Cost per click = Media cost / (Impressions * click thru rate)

Example: $(\$4.00 * 20,000) / (20,000,000 * .005)$

A more comprehensive evaluation of efficiency by combining effectiveness measures with behavioral measures (CPM and Impressions)



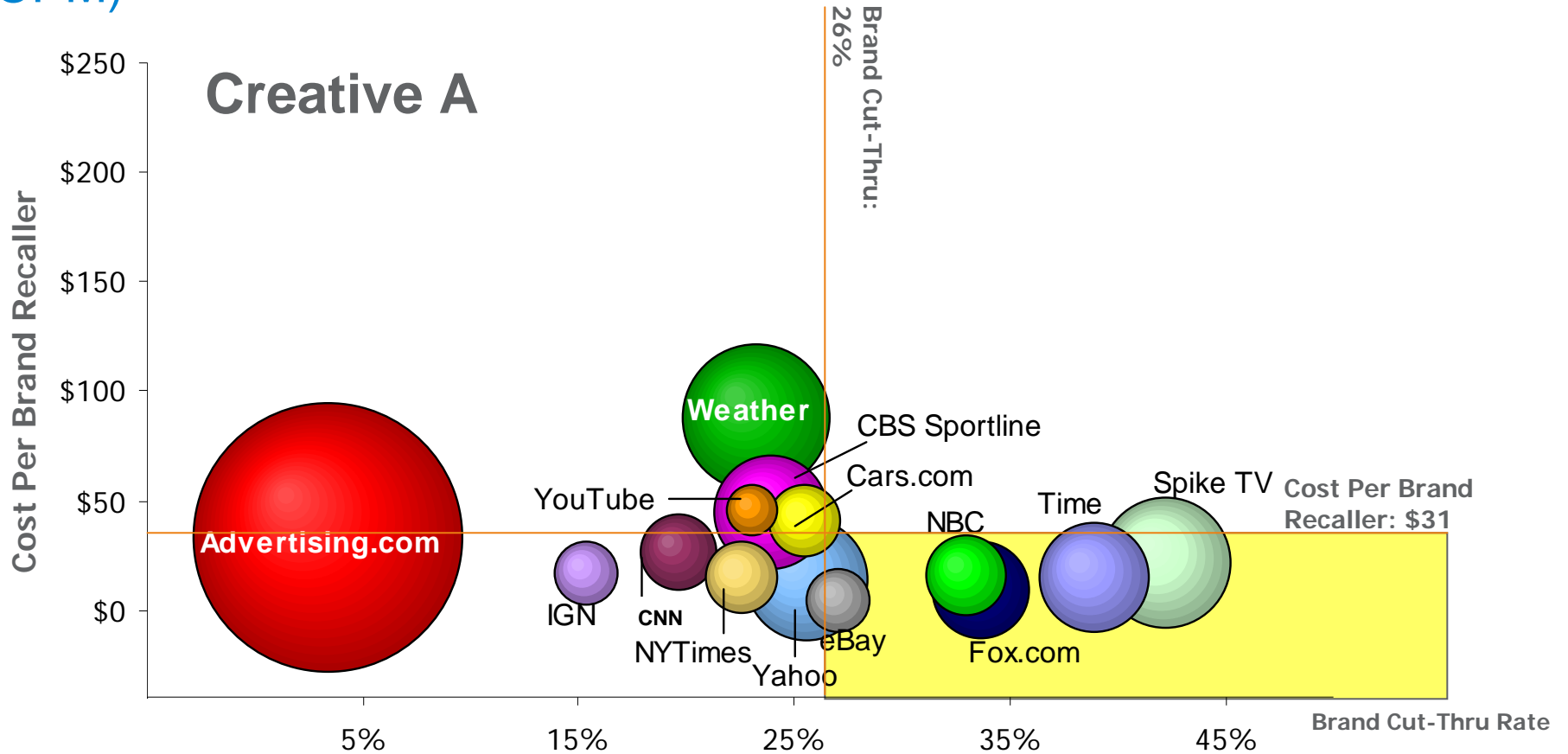
Site Classification	Site Name	Brand Cut-Through Rate	Cost Per Brand Recaller
Endemic	Yahoo.com	7%	\$ 0.06
Non-Endemic	MySpace.com	14%	\$ 0.03
Non-Endemic	ESPN.com	6%	\$ 0.17
Non-Endemic	RealNetworks.com	10%	\$ 0.02
Endemic	Autos.MSN.com	8%	\$ 0.08
Endemic	ESPN Autos.com	7%	\$ 0.05

However, when brand cut-through is incorporated in the evaluation, MySpace is more effective and efficient media if the goal for this campaign is awareness.

Cost Per Brand Recaller = Media cost / (Brand Cut through*Impressions)

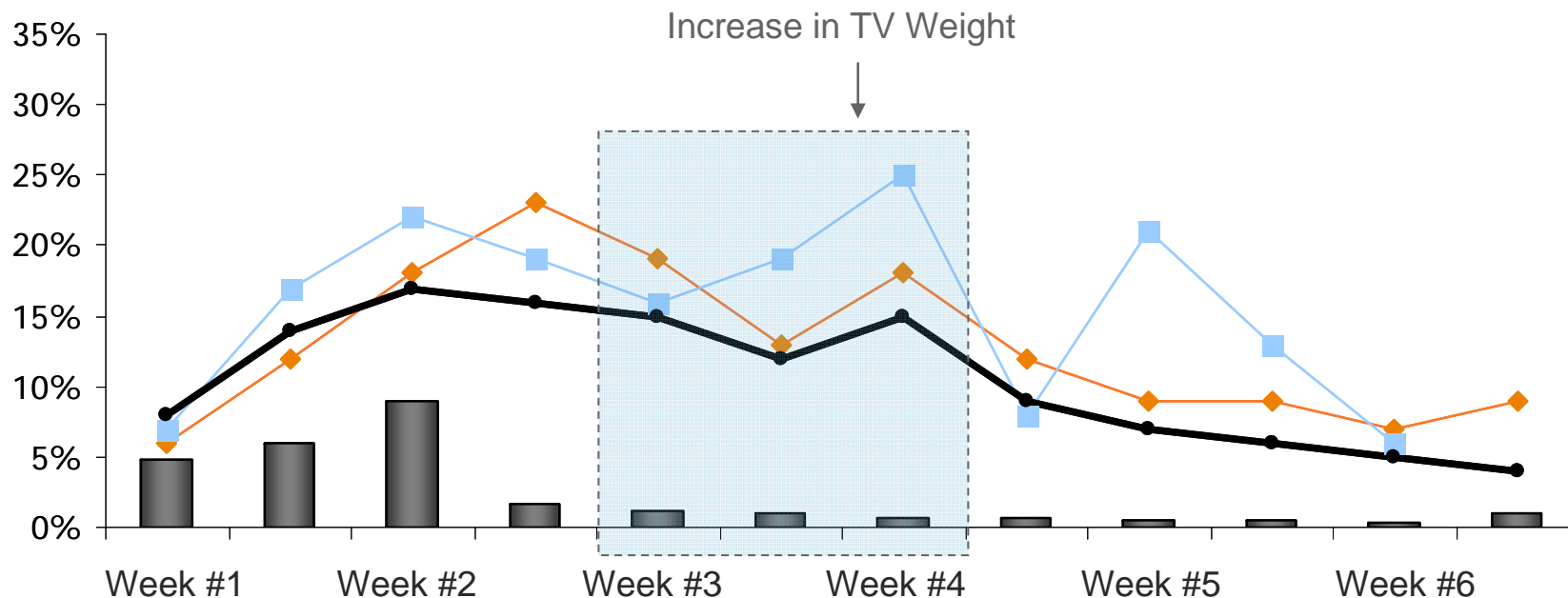
Example: $(\$4.00 * 20,000) / (.07 * 20,000,000) = \0.06

Media Performance by Cost Per Brand Recaller (CPM)



Key Takeaway – Spike, NBC, Fox and Time.com were the **most effective and efficient websites** for the campaign backing Creative A

TV plays a significant role in producing aware consumers therefore, impacting the response to Online advertising



Key Takeaways – As the weight behind the Internet campaign declined, so did Brand Cut-through. However, a spike in performance was recognized when weight on TV resumed -- implying a potentially higher level of sensitivity to media weight than TV ads.

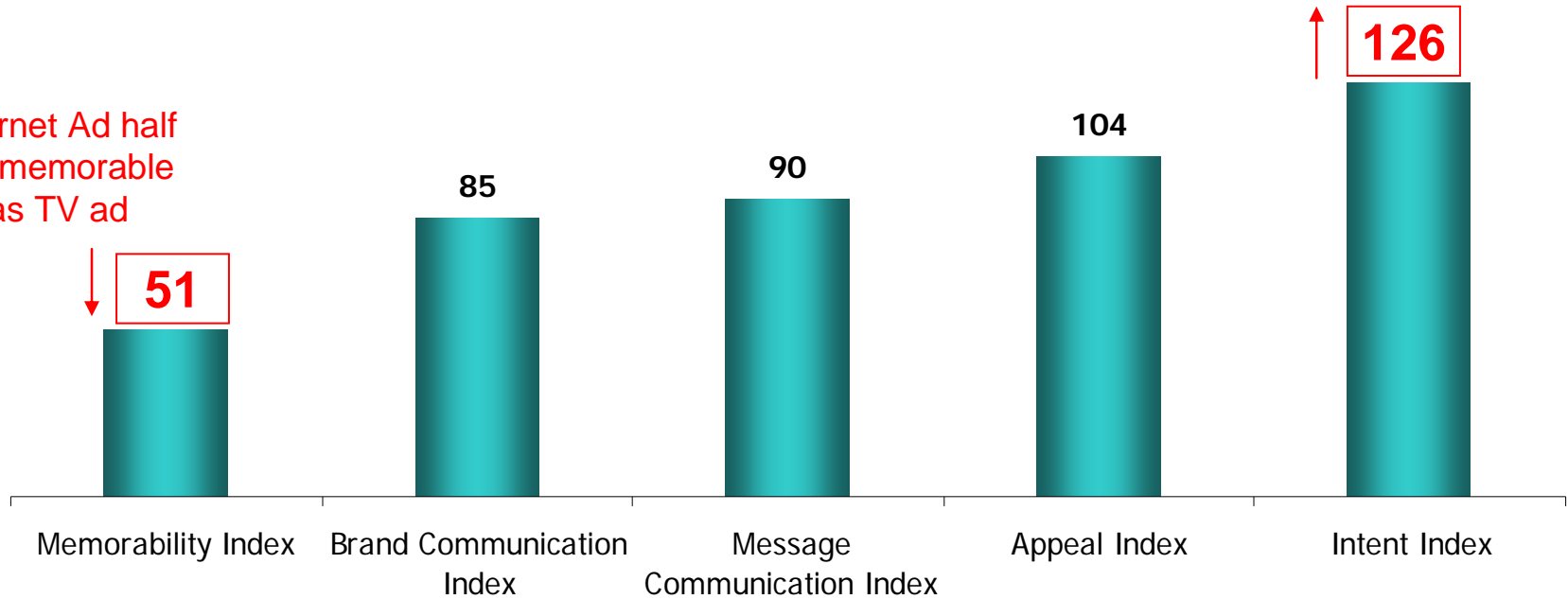
Cross-Media Evaluation - Internet vs. TV



Internet Ad Performance Indexed to TV Ad Performance

■ Internet Ad vs. TV Ad

Internet Ad half
as memorable
as TV ad

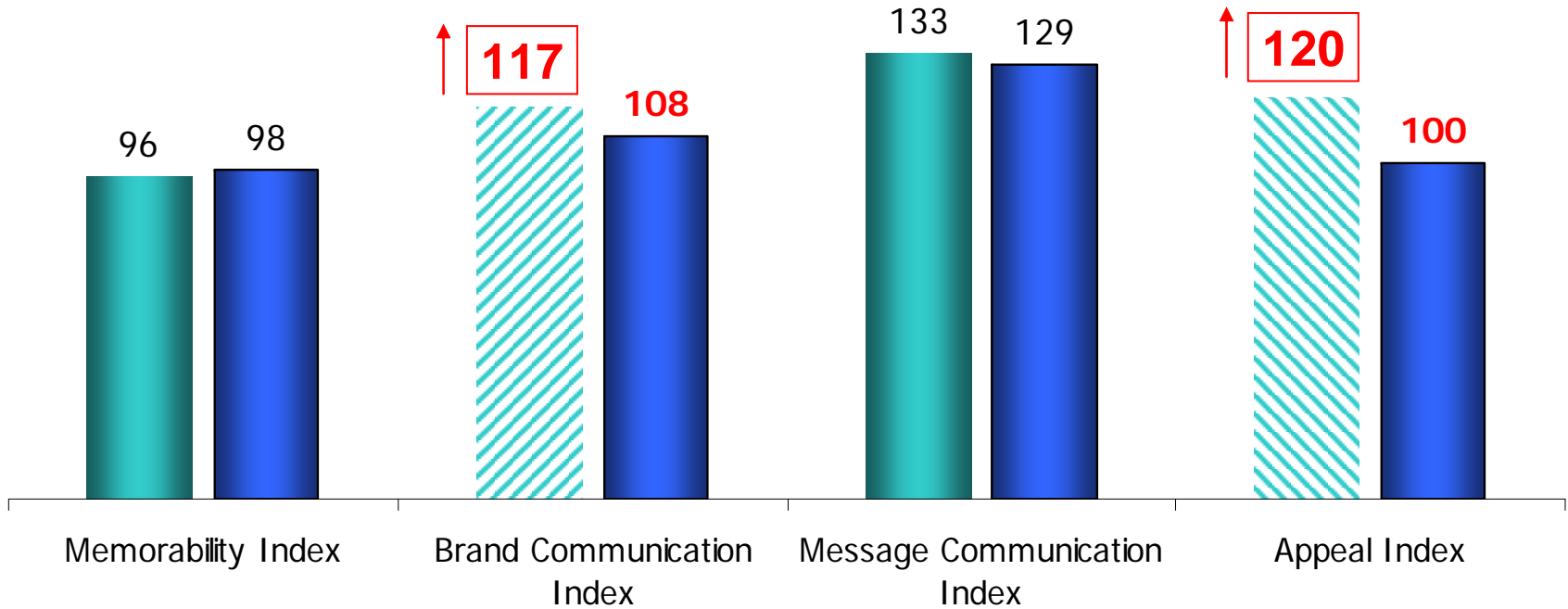


*Key Takeaways – Overall, this brand's **online advertising was less recalled than its TV advertising.** However, the online ad generated greater levels of intent.*

Impact of Dual Exposure - TV & Internet



- Internet Ad: Internet & TV Exposed vs. Internet Only Exposed
- TV Ad: TV & Internet Exposed vs. TV Only Exposed

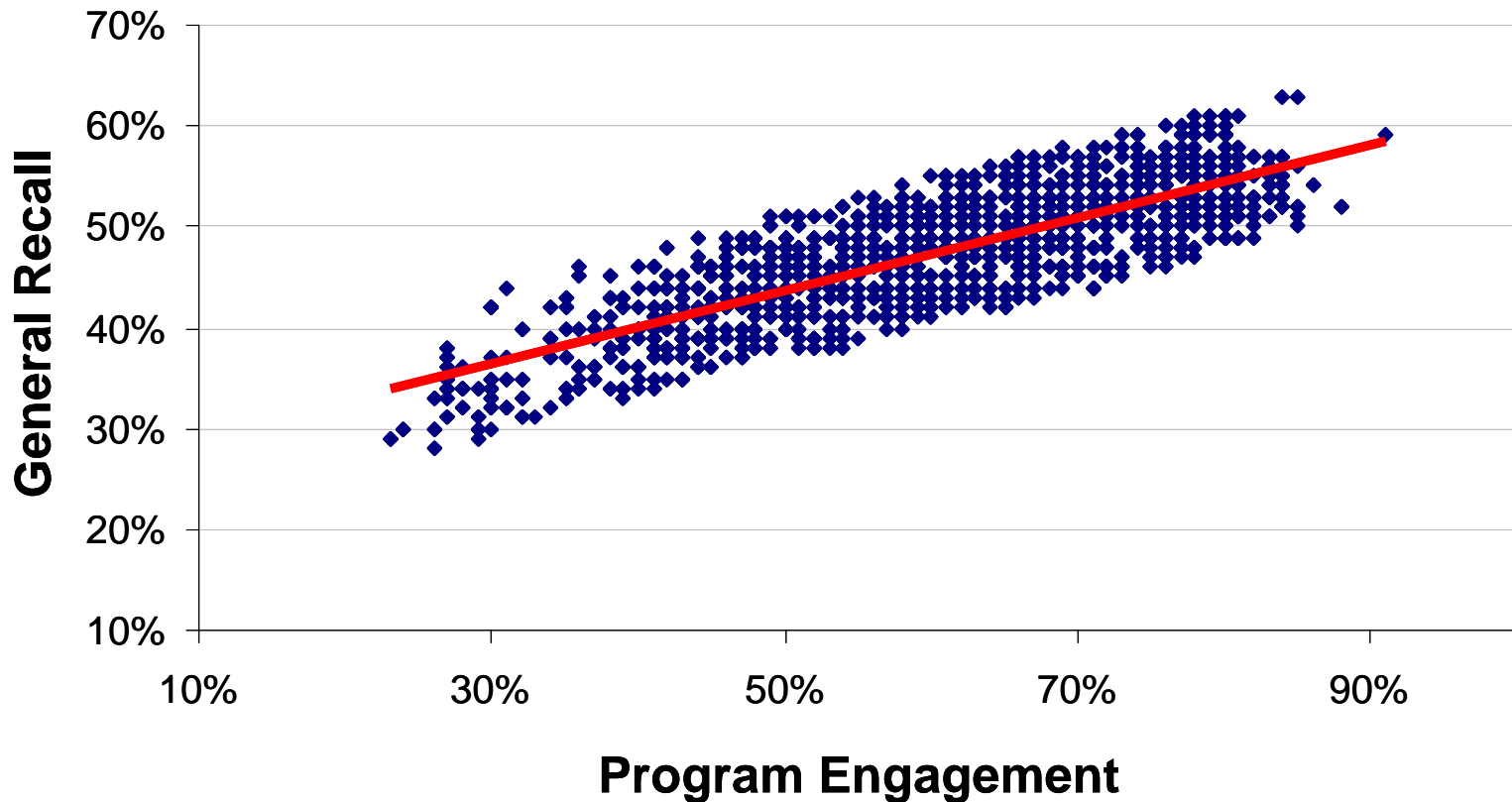


Key Takeaways – Overall, this advertiser benefited from advertising online and offline. It realized a **particular lift in branding and appeal** when comparing response among viewers who were exposed to the creative across both platforms vs. online exposure alone.

Viewer Attentiveness to full episode programming on Network websites can also be compared to its attentiveness on TV



Nielsen IAG has proven that when viewers are paying more attention to a program, they will also pay more attention to the ads that air within them.





For most shows, viewers have been **more attentive** to full episode programming on **Network websites** vs. airings on **standard TV**

	Network Website In-Stream Video	Network Standard TV	
Program	Program Engagement	Program Engagement	Online vs. TV
Program 1	83%	69%	+ 14
Program 2	89%	79%	+ 10
Program 3	89%	79%	+ 10
Program 4	87%	77%	+ 10
Program 5	61%	52%	+ 9
Program 6	81%	75%	+ 6
Program 7	85%	79%	+ 6
Program 8	84%	78%	+ 6
Program 9	82%	76%	+ 6
Program 10	85%	80%	+ 5
Program 11	82%	80%	+ 2
Program 12	86%	85%	+ 1
Program 13	85%	84%	+ 1
Program 14	80%	80%	+ 0
Program 15	76%	80%	- 4



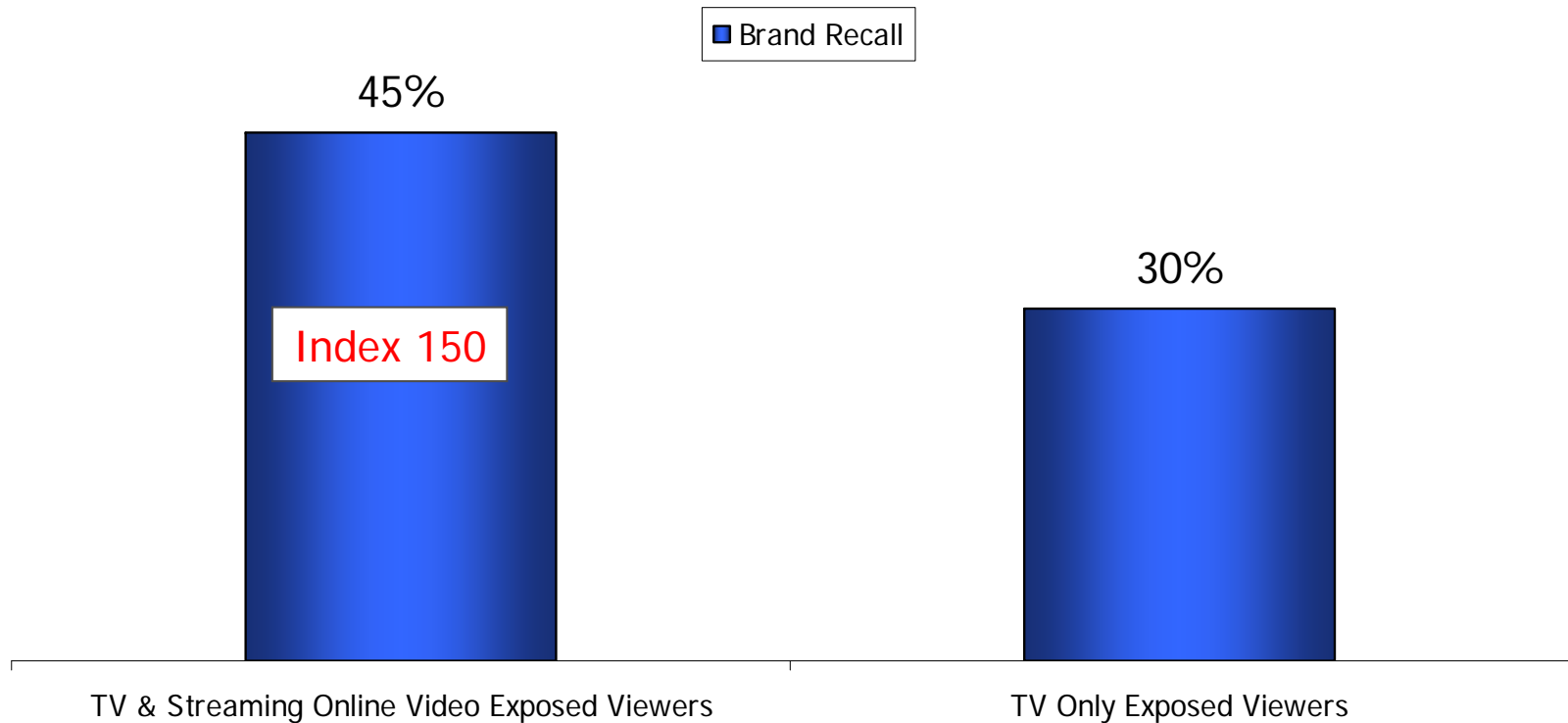
Ads for these CPG and Auto brands in this network's full episode online achieved **significantly higher Brand Recall** compared to those *same executions* airing on standard television.

Brand	Platform	Brand Recall
CPG Advertiser	Network Website Streaming Programs	43%
	Television (Like Ads Only)	15%
Index of Network Website to Television (Like Ads Only)		287
Automotive Advertiser	Network Website Streaming Programs	66%
	Television (Like Ads Only)	29%
Index of Network Website to Television (Like Ads Only)		228

This Brand's TV advertising has been considerably more effective among viewers who were **also exposed** to the ads during Network Website streaming programming



Impact of Cross Media Exposure (Online Streaming Video & TV) on TV Ad Performance





In Summary...



To optimize the Online Ad investment and respond to ROI pressures, need to move beyond click-thru and other traditional measures



- Apply effectiveness and efficiency metrics that identify the best combination of ads and websites that will **drive recall and action at the lowest cost**
- Evaluate the efficiency of website selections by **combining effectiveness measures with CPM and Impressions**
- Finally, leverage the opportunity presented by **cross-media promotion to optimize the performance benefits of your online campaign**





Thank You!!



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