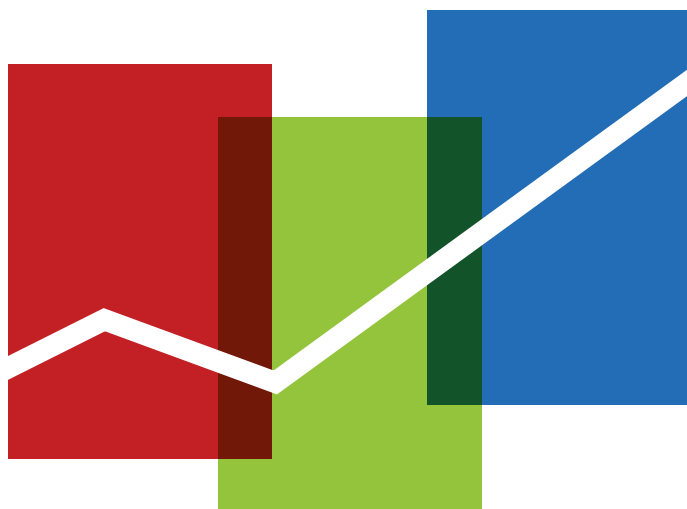


LESSONS LEARNED

in Digital Advertising



INTRODUCTION

While advertising has evolved tremendously with the advent of new digital technologies, its goal today is much the same as it has always been – to elicit feelings, emotions, perceptions and actions that ultimately increase sales and build brand loyalty. Finding ways to do this in the most efficient manner is vital, and being able to quantify a return on a marketing investment is a must. As digital advertising continues to grow in importance and sophistication, so does the need for *guiding principles about how to get the most out of this medium*.

Through comScore's extensive, global research in the digital advertising space, we've identified key *Lessons Learned in Digital Advertising* that help shed light on the current state of the industry and guide us on a path toward more effective planning, stronger evaluation and overall improved results for media buyers and sellers.

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Key Lessons Learned

- 1.** Clicks are at best an incomplete – and at worst a misleading – metric.
- 2.** Cookie-based targeting and measurement can lead to inaccurate campaign planning, execution and evaluation.
- 3.** Viewability, brand safety and non-human traffic measurement can provide much-needed transparency in an increasingly opaque, programmatic world.
- 4.** Industry benchmarks can help media buyers and sellers set campaign delivery expectations.
- 5.** In-flight optimisation of campaign delivery can have powerful brand-building and ROI impact.
- 6.** As the media environment fragments, campaign and audience measurement must adopt a unified, Multi-Platform view of the consumer.

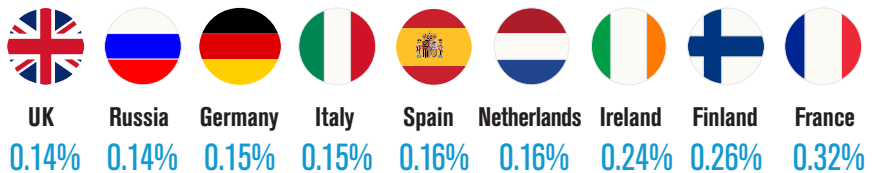
***1. Clicks are at best an
incomplete - and at worst
a misleading - metric.***

WHITHER THE CLICK

In the early days of digital advertising, many relied on the click-through rate (CTR) as a means of gauging advertising effectiveness. The click gained its popularity for three core reasons:

1. **It is a simple, fast and inexpensive metric**, making it easy for media buyers to evaluate campaigns and for media sellers to prove their worth – as long as it is a relevant measure of advertising effectiveness.
2. **Search advertising's dominance** helped popularise the click-through rate as a direct response measure of success.
3. **The novelty of display ads** in the early days of online advertising meant that many more people were likely to click on an ad than they are today.

Today, in fact, Google DoubleClick reports that CTRs on display ads in a campaign are extremely small, with CTRs in selected European markets ranging from 0.14% in the UK to 0.32% in France. *That's only 1.4 to 3.2 clicks per one thousand impressions!*



Source: Google DoubleClick, February to April 2014.

Click-through rates across static image, flash and rich media formats.

While the click on a display ad is still being used by some as a measure of campaign effectiveness, comScore and other industry research has proven time and again there is no significant, positive correlation between clicks and key effectiveness measures of advertising, such as sales lift.

IF NOT THE CLICK, THEN WHAT?

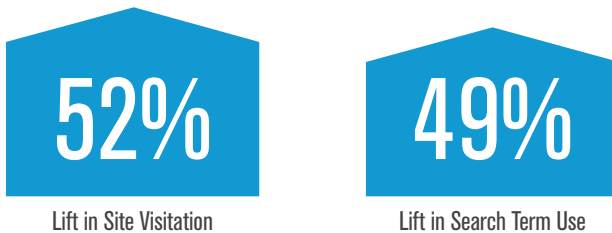
Does the fact that so few people click on ads mean that online advertising does not work? *The answer: a resounding “No”!* Instead, it points to the simple, yet powerful fact that relying solely on a CTR is incomplete and often misleading. Fortunately, there are a variety of other metrics that can be used to demonstrate the impact of online advertising.

comScore conducted a series of seminal studies in 2009 and 2010 titled *“Whither the Click?”* that proved digital can be a powerful and effective means of brand building. The studies showed that display ads are able to lift key behavioural metrics – such as site visitation, the number of branded search queries, and both online and offline sales – all despite very low CTRs.

More recent comScore research has revealed that the relationship between online advertising and brand building continues to hold true today. A recent series of comScore Action Lift™ studies conducted in Western Europe (namely the UK, Ireland, France, Italy and Spain) revealed the following positive campaign results in the face of minimal CTRs:

- 52% average lift in visitation to the advertiser’s site among those who were exposed to the campaign compared to matched audiences not exposed to the campaign.
- 49% average lift in the number of branded search queries among those who were exposed to the campaign compared to matched audiences not exposed to the campaign.

Online Advertising Drives Lift in Brand-Building Measures



These results confirm that even when CTRs are minimal, online advertising has the potential to significantly impact consumer behaviour.

Source: comScore Action Lift Normative Data for Europe, 2014.
Data are reported, on average, up to 4 weeks post-exposure.

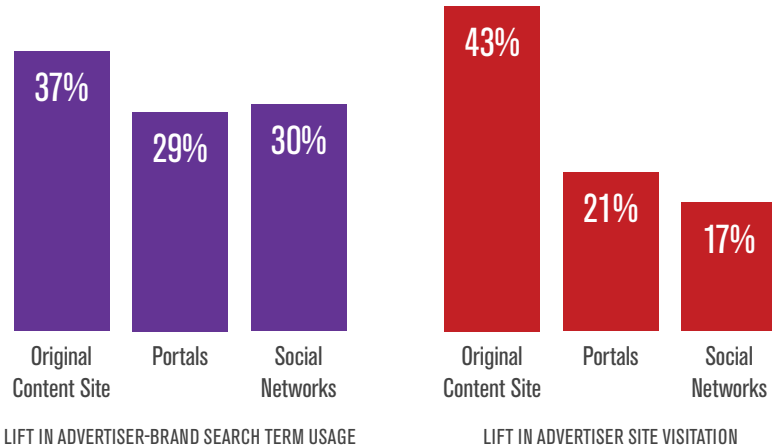
CONTEXT MATTERS

The publisher environment in which the ad units are seen also plays a role in impacting consumer behaviour. A comScore study conducted in conjunction with the *UK Association of Online Publishers (AOP)* found that advertising on original content sites, which includes publishers such as newspapers, magazines and TV/radio broadcasters, can be measurably more effective versus other online environments.

In the study, UK consumers exposed to ads on original content sites were most likely to visit the advertiser site and search for the advertiser's brand when compared to those exposed to the same ad units in either portal or social networking environments:

- Original content sites saw the largest lift, 37%, for advertising-exposed consumers over the control group in usage of branded search terms.
- Original content sites also saw the largest lift, 43%, for exposed consumers over the control group in visitation to the advertiser's site.

Advertising on Original Content Sites Outperforms Portals and Social Networks



Source: comScore and UK Association of Online Publishers, The Value of Trust, 2012.

2. Cookie-based targeting and measurement can lead to inaccurate campaign planning, execution and evaluation.

COOKIE DELETION & TARGETING

One of the greatest promises of the Internet is the ability for advertisers to target with extreme precision and deliver a tailored message to their customers. Cookie-based targeting certainly helps to deliver on this promise and is a core reason why cookie targeting has become such a popular digital strategy. However, solely cookie-based planning and evaluation isn't always the best approach.

WHY SOLELY COOKIE-BASED MEASUREMENT CAN BE SUB-OPTIMAL.

High Cookie-Deletion Rates

Cookie deletion is a reality that has created challenges for accurate measurement of digital audiences and accurate targeting of advertising.

- **1ST PARTY COOKIES.** 28% of Internet users in Europe delete their website server cookies, often called first party cookies, per month and they do so *an average of 4 times during the month.*
- **3RD PARTY COOKIES.** 37% of Internet users in Europe delete their ad server cookies, often called third party cookies, per month and do so *an average 6 times during the month.*

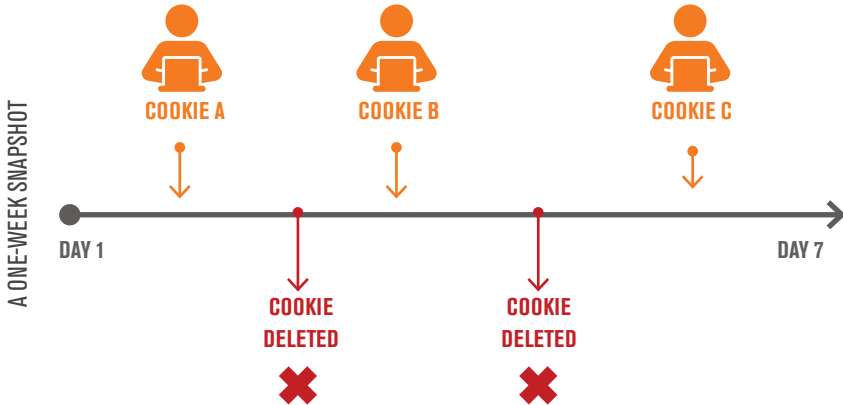
A server-centric measurement system that uses only cookies to measure the size of a site's visitor base will typically overstate the true number of monthly unique visitors by a factor of up to 2.4X.

Source: comScore Custom Analysis, 2014.

COOKIE DELETION & CAMPAIGN EVALUATION

When it comes to campaign evaluation, these high levels of cookie deletion can wreak havoc on results provided by ad or website servers.

How a Solely Cookie-Based Solution Accounts for Reach & Frequency.



The site reads 3 distinct cookies, which means this 1 visitor is counted 3 times.

With reach and frequency reporting, for example, the use of a solely cookie-based ad measurement solution can generate a **3.5X overstatement of reach and understate frequency to the same degree.**

COOKIES MEASURE COMPUTERS, NOT PEOPLE

In addition to challenges with cookie deletion, the fact that cookies are not people can also make it difficult to ensure the correct person is actually being served the ad:

- **SHARED COMPUTERS IN A HOUSEHOLD.** comScore panel data shows that 48% of European Internet consumers use multi-user machines. This means that a cookie cannot accurately identify who is on the computer at any given point in time. As a result, relying on cookies alone to measure demographic delivery of a campaign can result in misattribution of the ad exposure.
- **COOKIE DATA CAN BE INACCURATE OR BECOME OUTDATED.** Demographic data for cookies comes from a variety of sources – such as registration, inference or modeled data. As a result, the quality of the data varies and can have a negative impact on a campaign's ability to accurately reach its intended audience.

comScore validated Campaign Essentials™ (vCE®) and validated Media Essentials™ (vME™) leverage the person-based comScore panel as a core component of its methodology to verify the actual delivery of campaign impressions to a given target audience in addition to measuring the campaign's reach, frequency and GRPs.

This gives media buyers and sellers a more accurate picture of campaign delivery than relying on cookies alone.

3. Viewability, brand safety and non-human traffic measurement can provide much-needed transparency in an increasingly opaque, programmatic world.

VERIFYING CAMPAIGN DELIVERY

For many in the online advertising space, programmatic audience buying has been heralded as the ideal solution to current ecosystem challenges – with its ability to reduce costs while potentially enabling improved targeting accuracy and ROI.

However, with this *shift from high-touch, direct buying to low-touch, automated transactions it can be difficult to discern the quality of campaign delivery* as it relates to viewability, brand safety and non-human traffic. Having access to campaign delivery data in real-time can provide much-needed transparency to the market and offer significant benefits to media buyers and sellers.



VIEWABILITY



BRAND SAFETY



**NON-HUMAN TRAFFIC
(NHT)**

comScore vCE defines viewability in line with the Media Rating Council's (MRC's) definition, which states that 50% of the display ad's pixels must be viewable in the user's browser for at least one second.

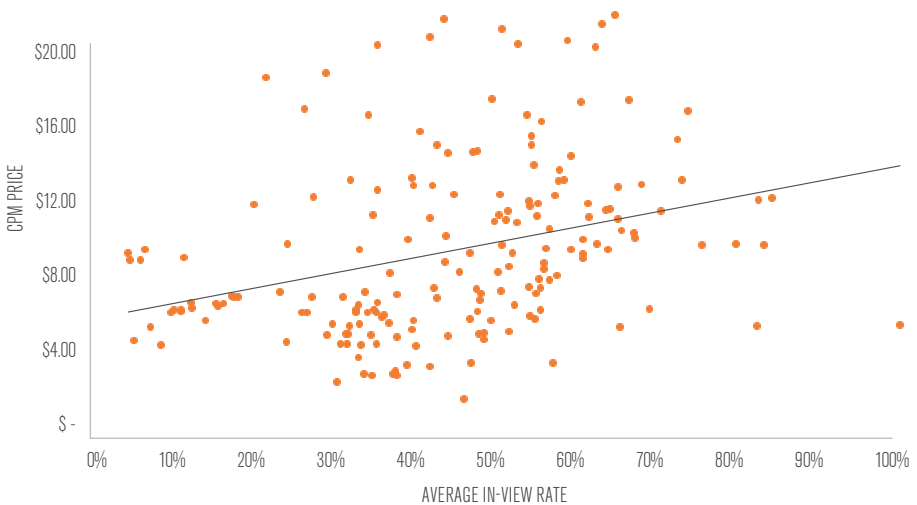


VIEWABILITY

If an ad is not seen, then it cannot possibly do its job of eliciting a feeling, emotion or action related to a brand or product. An ad must do more than make an impression on a webpage in order to make an impression on the consumer. This is why quantifying the in-view rate for ad impressions is such an important component of campaign verification.

Viewability data can help to bring greater alignment between impression price and impression value. *A comScore analysis found that currently there is little correlation between in-view rates and CPMs.* This means that some advertisers are paying too much for low-quality impressions with low in-view rates and others are not paying enough for high-quality impressions with high in-view rates. Access to viewability data can help the market correct these inefficiencies over time and bring greater transparency to the digital advertising economy.

Correlation of In-View Rates & CPM Price



Source: comScore Custom Analysis, U.S., Q2 2014.

BRAND SAFETY

While topics of viewability and in-target performance often dominate discussions around campaign delivery, ***brand safety is another important component of quality delivery that cannot be overlooked.*** Having an ad appear next to questionable content not only detracts from the brand message but can also have a negative impact on brand perceptions. For example, if an ad for a fast food restaurant runs next to a health news story about a study linking fast food to heart disease, the impact of the ad is likely to be more harmful than positive.

With vCE, advertisers can set up custom blocking and alerting to manage the delivery of campaign impressions in accordance with the brand's value. Advertisers can also leverage a pre-defined comScore list, which removes delivery to adult content sites and sites featuring hate speech.

In-Flight Data Helps Increase ROI



Alerting allows clients to know about issues quickly, preventing waste



Blocking prevents issues from occurring in the most sensitive areas



When campaigns are actively managed, real ROI increases



NON-HUMAN TRAFFIC

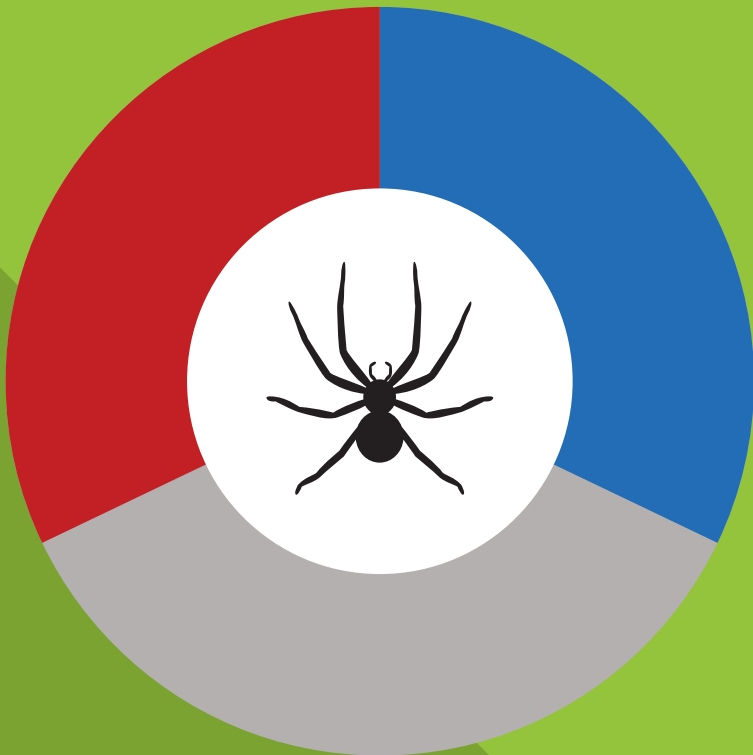
Invalid web traffic – often referred to as non-human traffic – can wreak havoc on campaign delivery and diminish the value of digital as a successful advertising medium. Specifically, non-human traffic can decrease viewability rates, dilute site audiences and drive up impression counts. *Being able to verify that campaign impressions are delivered to humans - not spiders or bots - is critical to accurately gauging campaign effectiveness.* This type of transparency helps to ensure that advertisers get the most out of their digital investments and that quality websites, networks and exchanges realise the full value of the audiences they deliver.

vCE uses a triple detection technology to measure non-human traffic across both audiences and campaigns. The comScore panel is a particularly important component because to know what is *non-human*, you need to know what is *human*. The comScore 2-million-person panel uniquely distinguishes human behaviour from non-human activity. This helps detect non-human traffic that census-level tools, such as tags, bots and spiders, alone cannot detect.

comScore defines *non-human traffic* as traffic to a website that is generated – either intentionally or unintentionally – by non-human sources.

comScore Triple Detection Technology

WITHOUT A LARGE GLOBAL PANEL, COMPREHENSIVE NON-HUMAN TRAFFIC MEASUREMENT IS NOT POSSIBLE.



AD TAGS



SITE BEACONS



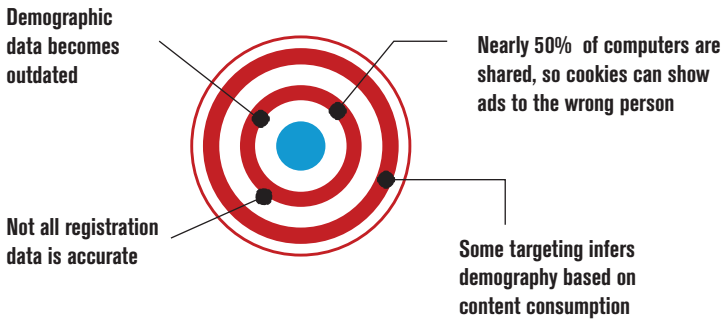
HUMAN PANEL

4. Industry benchmarks can help media buyers and sellers set campaign delivery expectations.

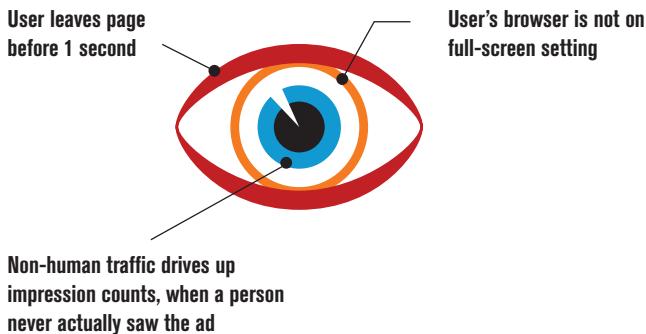
SETTING CAMPAIGN DELIVERY EXPECTATIONS

With digital being heralded as the most measureable and targetable medium, there is a prevailing belief that every ad impression should be able to hit its target audience with precision and every ad should be viewable to the target consumer. In reality, however, that's not the case. There are some simple – although not necessarily obvious – reasons why:

In-Target: 100% is not Realistic



In-View: 100% is not Realistic



IF 100% ACCURACY IS NOT NORMAL, THEN WHAT IS?

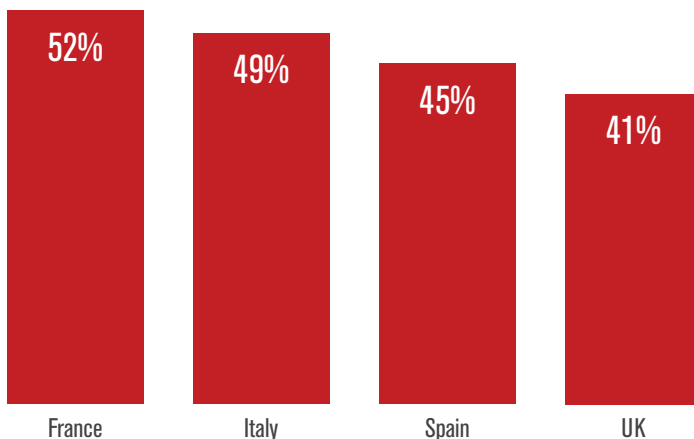
Unfortunately, there is not a simple answer to this question, since there is no such thing as a normal campaign. Industry benchmarks, however, can be used to help set delivery expectations and provide a powerful indicator of relative campaign performance. At comScore, we have amassed learnings from *measuring billions of campaign impressions around the globe* and these learnings can help guide the industry.



IN-TARGET BENCHMARKS

In Europe, comScore vCE Benchmarks revealed overall average in-target rates range from 52% in France to 41% in the UK. This means that across all campaigns in the normative data set, 52% of the impressions reached the intended target audience in France and 41% reached the intended target in the UK. In vCE, target audience is categorised based on the primary target selection, which is self-designated during campaign setup.

% In-Target Overall



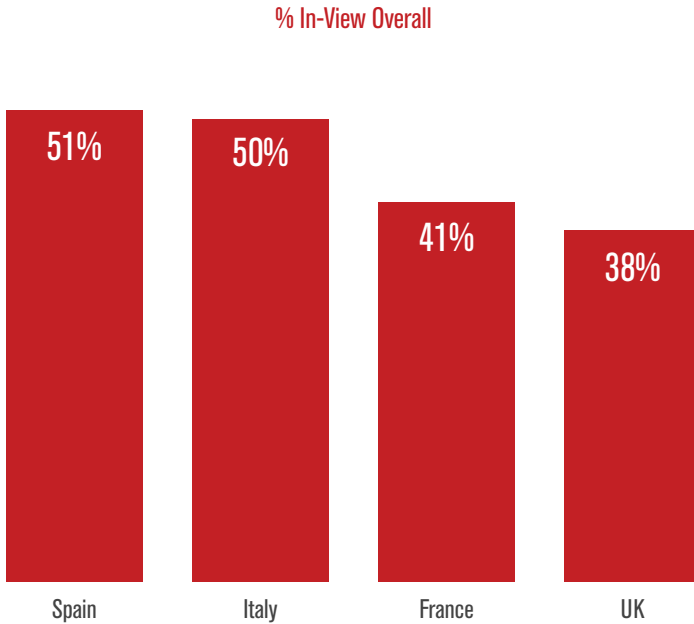
The most important cause of variation with in-target delivery is the composition of the target itself. The more targeting variables used, the harder it is to reach the target. It is also important to note that impressions that land outside of the target audience may also deliver value to the campaign by reaching and influencing other consumers. Thus, not all impressions that fall outside of the target should be viewed as wasted impressions.

Source: comScore vCE Benchmarks, Q2 2014.

The global vCE norms database comprises data from more than 200 billion impressions over the course of a 21-month rolling period.

IN-VIEW BENCHMARKS

comScore vCE Benchmarks revealed in-view rates in Europe that ranged from 51% in Spain to 38% in the UK. This means that in most markets more than half of ad impressions did not deliver the opportunity to be seen.



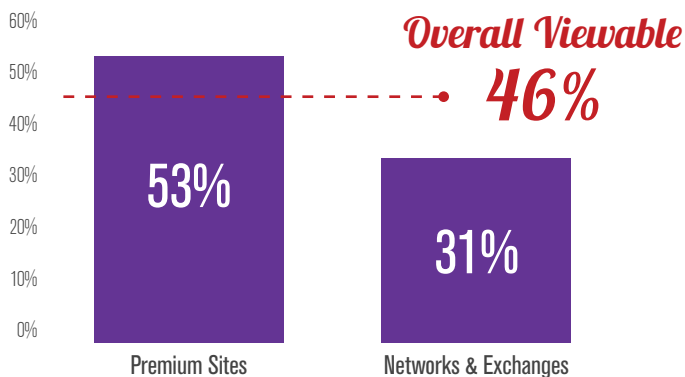
Source: comScore vCE Benchmarks, Q2 2014.

The global vCE norms database comprises data from more than 200 billion impressions over the course of a 21-month rolling period.

IN-VIEW RATES VARY BY PLACEMENT TYPE

It is not uncommon to see significant variance in viewability rates across campaigns, publishers and placement types, which is why it is important to evaluate viewability and to set delivery expectations with proper context in mind. As an example, a recent comScore analysis found that premium sites tend to deliver higher viewability rates than non-premium sites, but significant variance exists even among these two groups. The wide viewability ranges suggest that regardless of the publisher type, there are some members of the sell-side market who are delivering very strong in-view rates and others who are falling short.

% Ads Viewable by Placement Type



Source: comScore vCE, 2012-2013, Global.

Premium is defined by Ad Metrix as having an average CPM above USD \$5.00 and an average monthly ad revenue of \$100,000.

5. In-flight optimisation of campaign delivery can have powerful brand-building and ROI impact.

IN-FLIGHT OPTIMISATION ELIMINATES WASTE

Evaluating effectiveness is a critical part of any digital media campaign. If you do not evaluate what is working and what is not, you risk missed opportunities and loss of investment. Although post-campaign evaluation is critical, waiting until the end of a campaign to conduct such an analysis can result in wasted ad impressions and reduced ROI.



Kellogg's is an example of a global advertiser that has benefited from in-flight optimisation. To maximise effectiveness, Kellogg's monitors its digital campaigns using vCE and comScore Brand Survey Lift™. Data from these tools provide a variety of key performance indicators at the individual publisher, placement and creative level, such as: % of Impressions In-Target, Targeting Index, Frequency of Exposure, Viewability, Lifts in Branding Metrics, and CPM/eCPM.

Keeping a close eye on the in-flight performance of these metrics enables Kellogg's to make swift modifications and reallocations of media investments.

Kellogg's In-Flight Analysis for Brand X

Media Partner	Avg. Frequency	Impressions In-Target	Impressions In-View	Lift in Awareness	CPM
1	3.5	24.5%	83%	5.74	\$2.44
2	3.0	16.9%	91%	0.55	\$9.08
3	8.4	23.5%	71%	0	\$8.62

Benchmarks in a computer dashboard are used to ensure a consistent and systematic approach to improving delivery of a media plan:

GREEN signals on-target or optimal delivery at the specified media partner (i.e. publisher).

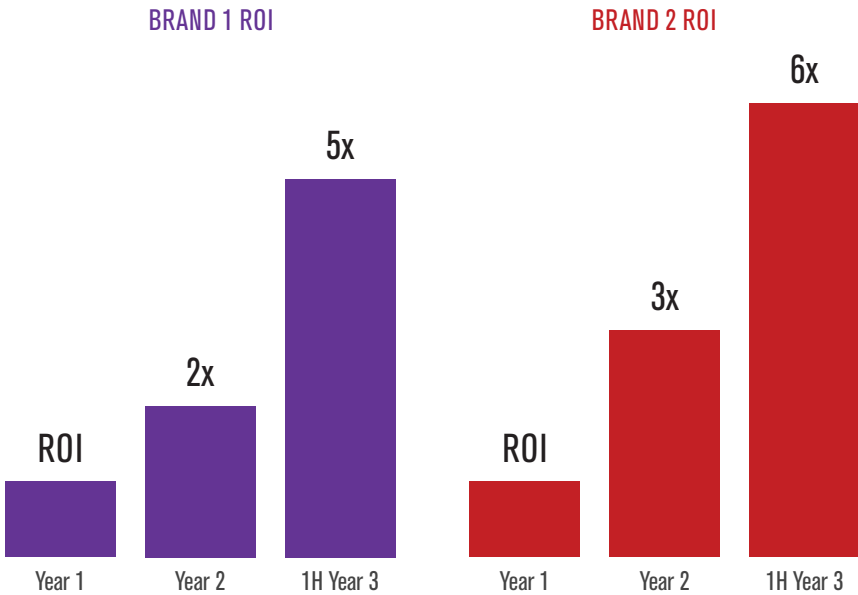
ORANGE signals caution and potential need for improvement.

RED signals the need for further analysis and improvement.

Source: comScore and Kellogg's case study, 2012.

IN-FLIGHT OPTIMISATION PAYS OFF

Market mix modelling results for two Kellogg's brands – which leveraged comScore data for in-flight optimisation – showed an increase in ROI for digital advertising of 5X and 6X.



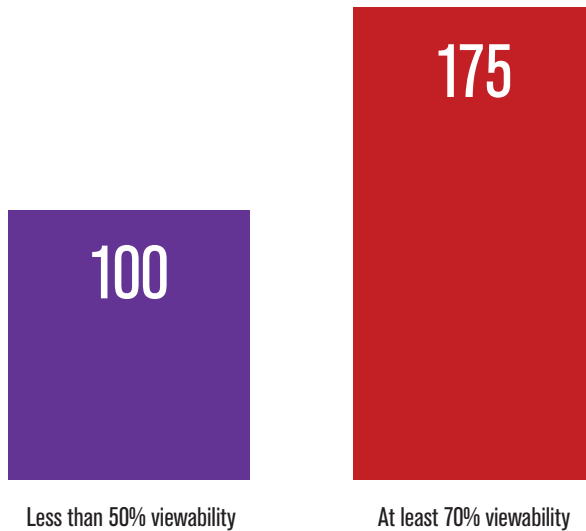
Source: comScore and Kellogg's case study, 2012.

IMPROVED VIEWABILITY RATES DRIVE SALES LIFTS

As it relates to viewability alone, Kellogg's realised a 75% increase in sales lift by increasing its viewability rates on campaigns by 40%.

DIGITAL SALES LIFT INDEX

Indexed to 100 for less than 50% viewability of impressions

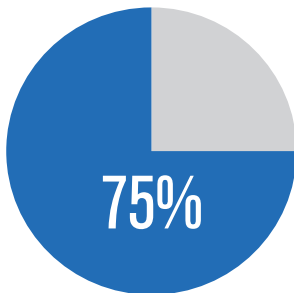


6. As the media environment fragments, campaign and audience measurement must adopt a unified, Multi-Platform view of the consumer.

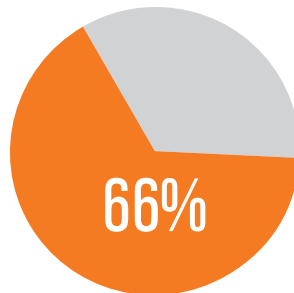
MULTI-PLATFORM MAJORITY

Increasingly, audiences are consuming content across a variety of screens, platforms and devices – and as eyeballs are moving to multi-screens so are advertising investments.

Multi-Platform consumers – those that access content across desktop computers and mobile devices such as smartphones and tablets – account for a growing share of audiences in markets across the globe. For example, in June 2014, Multi-Platform users accounted for 75% of the online population in the UK and 66% in Spain, underscoring the importance of understanding the behaviour of this new digital majority for both media sellers and buyers.



UK



SPAIN

comScore MMX Multi-Platform uses person-level measurement to reveal the unduplicated accounting of audiences across desktop computers, smartphones and tablets to give media sellers and buyers a comprehensive view into consumer behaviour in today's fragmented digital world.

Source: comScore MMX Multi-Platform, June 2014, UK and Spain.

MEASUREMENT IS CRITICAL

Not only is measurement of consumers and their cross-media habits critical to realising the potential of the new digital landscape, but media buyers and sellers also need to understand how their advertising is reaching and impacting consumers across screens. Indeed, a unified, unduplicated accounting of media consumption and advertising delivery will facilitate smarter media buying, selling and evaluation.

In order for online advertising campaigns to achieve optimal impact, provide the opportunity for real-time optimisation and be fully comparable to TV, campaign measurement of audience delivery needs to be scalable and granular. This will enable faster and more reliable in-flight reporting that will open the door for more efficient evaluation across channels and a better understanding of the value of digital relative to traditional media, like TV.

Looking forward

The rapid pace of change in the digital ecosystem over the past several years has been unprecedented – and it doesn't seem to be slowing any time soon. The industry's continued evolution means that media buyers and sellers must stay at the forefront of innovative thinking in order to maintain a competitive edge. Undoubtedly, sound measurement and research is critical to this process.

The lessons discussed in this booklet provide a framework for how trusted, independent data and insights can help guide practitioners down a path toward success. Access to such data can reveal when a served ad impression has been validated, when a target audience has been reached, and when online advertising is working.

Ultimately, this transparency and clarity will help digital reach its full potential as an advertising medium – providing a true win-win for all members of the ecosystem.

Contact us today to learn more.

www.comscore.com/LessonsLearned

COMSCORE SOLUTIONS FOR MEDIA BUYERS & SELLERS



comScore **validated Campaign Essentials™ (vCE®)** is a holistic ad and audience delivery validation solution that provides deep campaign insights, in-flight reporting and daily alerting.

- Used by **media buyers and sellers**
- Enables in-flight campaign management and optimisation
- Evaluates audience delivery, viewability, brand safety, geographic delivery, engagement and non-human traffic
- Behavioural segment reporting
- Reports data by publisher, placement and creative
- Enables increased campaign effectiveness and decreased waste



comScore **validated Media Essentials™ (vME™)** is a comprehensive measurement solution that evaluates ad inventory across a site or network of sites for strategic pricing and packaging.

- Used exclusively by **media sellers**
- Measures ad inventory across a site or network of sites
- Evaluates viewability, engagement, geographic delivery and non-human traffic
- Reports data by ad slot, site section and creative size
- Enables increased revenue by maximising high-value inventory