



# Online Display Advertising:

## Its Quantified Effect on Organic Down-Funnel Activity

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**A CBS Interactive White Paper**

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# Proving the Real Value of Online Display Advertising

Dick Reed, CEO | JUSTMEDIA 



“Banner advertising to technology decision makers does not work.”  
Really? How many times have I heard those words in the last ten years?

Since the earliest days of web marketing, the industry has suffered because of an incomplete picture of the effects of the basic banner advertisement on the business IT decision maker.

Back in the day, the industry counted clicks and CTRs (click-through rates). But, the numbers were so low many marketing executives used that as a rationale to stop spending. Nobody could prove a return on investment. CPL (cost per lead) programs ruled. In recent years we have allocated significant additional value to performance data by including post impression engagement on our clients' websites. But still we have doubters...what happens if someone is not ready to visit a client's site, or does not hit our tagged pages, or they frequently delete their cookies? We know most IT pros would not do what we want them to even if threatened with imminent system shut down.

So back in late 2009, in a media buying climate dominated by “cost per lead” thinking, I challenged my good buddies at CBS Interactive to help me prove a theory. I was convinced that visitors who saw my client's display ads would be more likely to become a quality sales prospect than those that didn't. I also believed those visitors would be more stimulated to engage with content we had posted on the publisher site where our ad campaigns were also running. And, I was certain that current tracking technologies were not giving a complete picture of the vital positive role being played by online display ads within the media mix.

CBS Interactive could do this. I knew their business intelligence and analytic tools were capable of cross-populating data from both online display ads and the engagement metrics for any campaign on their sites. It simply needed stable sets of client data and enough measured activity across multiple clients to provide us with a solid case. CBS Interactive has access to both.

The study described in this paper is a result of that research. I'm delighted to have kicked off the discussion, and I'm even more delighted with what's been proven.

Read and enjoy. Then tell me still that online display advertising does not work....

**Dick Reed**

CEO Just Media, Inc.



## To Be Bought, You Need To Be Considered. To Be Considered, You Need To Be Known.

Numerous studies show that advertising works. However, it has always been difficult to prove the value of such advertising in more concrete terms. In the real world of banner ads and rich media, ads appear or are given prominent page placement, but after visitors are exposed to them, what meaningful results do they really produce? Do the ads just build awareness, or do they truly change the behavior of the audience that has been exposed to them? And more specifically, do they drive funnel engagement and increase sales?

These are critical questions for marketing strategists. Advertisers need to know what they're getting for their money. Measuring click-through rates only goes so far, since a simple count of responses doesn't mean much given that only 1-2% that are exposed are actually clicking. The best possible scenario would be to determine: Did viewers of advertising actually move further down the sales funnel? What role did advertising play in that movement?

CBS Interactive conducted a Meta study of numerous campaigns over the past couple of years that address these questions.

### Study Methodology

A fundamental premise in the art of marketing communications and sales is that potential customers pass through stages of awareness and engagement before making a purchasing decision.

To measure the impact of online display advertising on the behaviors of people potentially involved in such a process, it would be necessary to have a content-rich environment and the ability to track people from a state of early awareness to final purchase.

CBS Interactive is in a unique position of having all the necessary ingredients to conduct this research. We have a significant audience of registered site visitors, content-rich web sites and client customer relationships that allow us to track visitor behavior all the way to an online product purchase. CBS Interactive has its proprietary business intelligence and analytics tools that leverage our sites, premium content, and engaged user base.

This study taps data from two different sources:

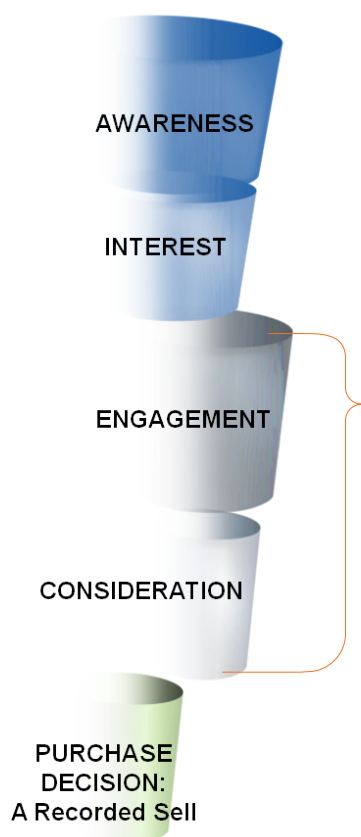
- ZDNet – used to analyze down-funnel activity around consideration and engagement.
- CNET – used to analyze point-of-purchase implications with selected advertisers' proprietary websites where online sales occur.

This white paper would not have been possible without the commitment of the CBS Interactive Business Intelligence team who had the determination and dedication to uncover these compelling insights – Matthew Sweer, Senior Product Manager and Ladan Nafissi, Director of Business Intelligence.

ZDNet provides the most comprehensive information to help leaders make the right business technology decisions. Coverage from more than eighty veteran bloggers and editors, a community of millions of active IT leaders and leading vendor resources provide for a 360° conversation. Coupled with TechRepublic, the largest peer-to-peer networking site for IT leaders, it's an unparalleled business social networking environment of dedicated and influential technology professionals.

CNET is the #1 source for information about technology and consumer electronics, and is the most trusted tech media source for news, reviews, and downloads, with nearly 36 million unique visitors.\*

Its visitors are early adopters and highly informed consumers, and a large number of brands rely on CNET for technical and consumer electronics information, including Best Buy, Costco, The New York Times, USA TODAY and others.



This research analyzed the behavior of site visitors by tracking them through several different advertising scenarios. In all cases, each study involved dividing visitors into two groups: those exposed to advertising and those who were not exposed. Their behavior was tracked and then correlated to a sales funnel with different levels of engagement. This research involved two phases of analysis:

- **Phase 1** – analyze the impact of advertising on visitors moving through the sales funnel.
- **Phase 2** – analyze the impact of advertising on completed sales.

### **Phase 1 – How Online Advertising Moves Visitors Down the Sales Funnel**

To understand how advertising affected the behavior of site visitors, CBS Interactive's Business Intelligence team conducted several analyses based on different types of advertising. This section describes the results of two of these analyses. Both analyses focus on activity in the "Engagement" and "Consideration" portions of the sales funnel.

## Online Display Advertising Analysis

In this analysis, visitors to ZDNet were categorized as having either been exposed or not exposed to display advertising from an internationally recognized technology manufacturer. Each group was then tracked for activities that placed them in the “Engagement” and “Consideration” segments of the sales funnel.

It is important to note that in this case, as in all the other cases described in this whitepaper, the advertising did not direct visitors to content. **Visitor activity measured in this study is organic, non-directed down-funnel activity.** The table on the following page summarizes findings for this analysis:

Display Ad Summary Results			
Item	Not Exposed	Exposed	What This Means
Total Visitors	3,656,176	272,368	Represents the total visitors on the site at the time of this study, broken down by exposure status.
Percentage of Engaged Visitors	0.004%	0.014%	<b>Exposed visitors were 3.5x more likely to view abstracts from the advertiser.</b>
Percentage of Prospects – Moving Down-Funnel into “Consideration”	10.67%	26.32%	<b>Measured as content downloads, prospects were 2.6x more likely to consider content from the advertiser.</b>
Content Viewed per Prospect	1.22	1.47	<b>Prospects viewed 21% more abstracts than non-exposed prospects.</b>

This study showed that visitors exposed to this advertiser’s campaign were **3.5x more likely to become “engaged”** with that advertiser’s content. Furthermore, prospects engaged more fully by consuming more content. And, they were **2.6x more likely to move down-funnel** and enter the “Consideration” segment of the sales funnel.

This data also suggests there is a compounding effect of visitors working their way through the sales funnel. If advertising increases the number of visitors at an “up-funnel” stage of the engagement cycle, there will be more interested people who are becoming more intensely engaged further “down-funnel.” This effect is seen more explicitly in the next analysis.



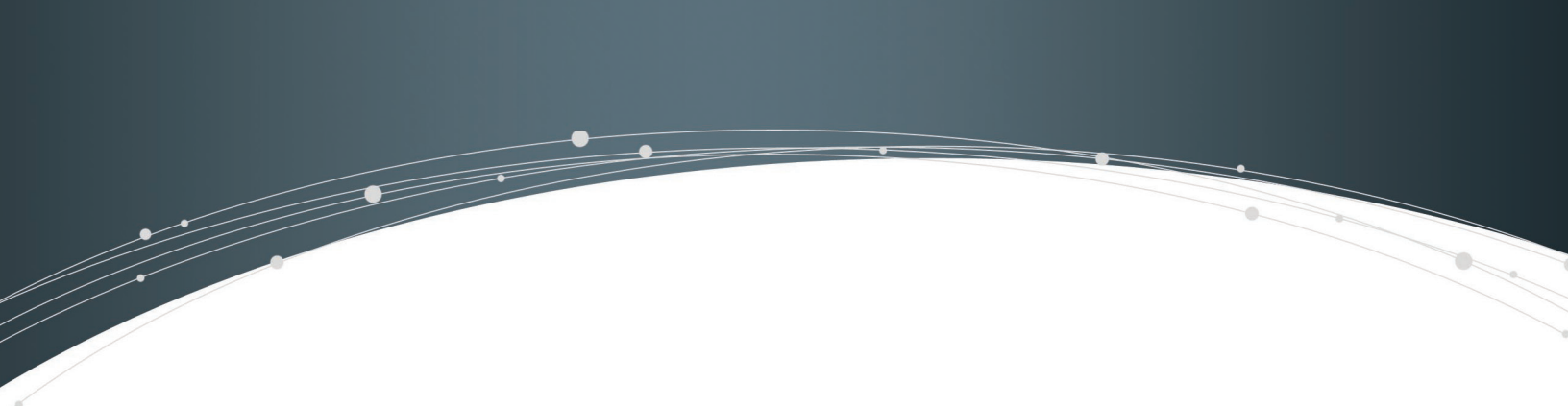


## ZDNet Tech Blueprint Analysis

The analysis just described was based on behavior around traditional online display advertising. This next analysis was conducted on exposure to the ZDNet Tech Blueprint advertising program.

The Tech Blueprint ad program allows marketers to own a content category with strong, integrated brand advertising that surrounds relevant content. This relevant content can include news, blog items, white papers and other material, all related to an important category where a marketer wants to be recognized as a leader in that particular category. For site visitors, Tech Blueprint provides them with a topically relevant and streamlined experience and gives them the tools to make informed decisions around technology that matters most to them, when it matters most—during the buying process. The following table summarizes results from a technology manufacturer's Tech Blueprint program:

Tech Blueprint Summary Results			
Item	Not Exposed	Exposed	What This Means
Total Visitors	3,828,561	404,673	Represents the total number of visitors on the site at the time of this study, broken down by exposure status.
Percentage of Visitors Engaging with Any Advertiser Content	6.18%	14.86%	<b>The advertiser saw a 140% lift in engagement among exposed visitors with all of their content, not just content related to the topic of the sponsored page.</b>
Percentage of Visitors Engaging with Topical Content	0.63%	0.99%	<b>This shows that exposed visitors are almost 60% more likely to engage with the sponsored topic in general.</b>
Percentage of Visitors Engaging with Topical Advertiser Content	10.86%	13.02%	<b>Engaged visitors in the topic were 30% more likely to engage with the advertiser's content. Exposed visitors showed increased general interest in the topic and increased favor for the advertiser.</b>
Percentage of Prospects: Moving Down-Funnel into Consideration	13.57%	24.72%	<b>Prospects were 82% more likely to download topical content from this advertiser.</b>



This Tech Blueprint study showed a broad increased awareness, interest and engagement in all of the advertiser's content, not just those related to the specific topic. It also displayed an increased engagement with the topic as a whole. The increased engagement in the topic **avored the advertiser by 30 percent**. Lastly, prospects were **82 percent more likely to move down-funnel**, and download the advertiser's content within that category.

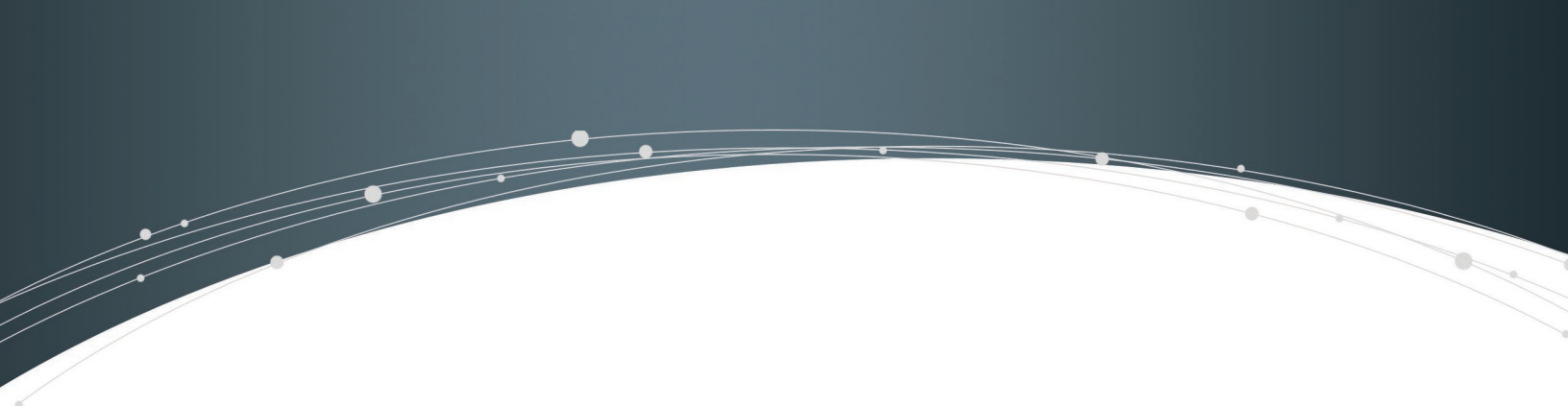
This analysis also demonstrates how advertising moves visitors through the sales funnel. As mentioned earlier, there is a compounding effect – increasing the number of visitors “up-funnel” yields more “down-funnel” activity. The raw numbers in the Tech Blueprint analysis show how powerful this effect can be.

## The Compound Effect of Online Display Advertising

If we pretend that there was no online display advertising, then those individuals in the “exposed” group of the Tech Blueprint page analysis would have behaved the same as those in the “not exposed” group. We can use this principle to show just how powerful the compound effect of exposure is on subsequent stages of the sales funnel.

Consider the following analysis, which applies the “not exposed” engagement rates to the “exposed” group of Tech Blueprint page visitors. We look at the raw engagement rate numbers for the group as if it had not been exposed to advertising, and then we can see how significant an impact the advertising actually had on those visitors.

Revealing The Compound Effect of Advertising			
Item	Modeled Behavior	Actual Behavior	What This Means
Total Visitors	404,673	404,673	
Percentage of Visitors Engaging With Topical Content	2,549	4,016	Exposing this group to advertising provided more visitors engaging with the topic – a 160% lift.
Percentage of Visitors Engaging With Topical Advertiser Content	276	523	The incremental visitors within the topic, coupled with the higher rate of engagement with the advertiser, provided more visitors at this level of the funnel – a 190% lift.
Percentage of Prospects - Moving Down-Funnel into Consideration	37	129	The higher rates of moving down-funnel combined with the prior gain in visitors yielded increased considered prospects – a 350% lift.



With each level of deeper and more topic-specific engagement, the number of visitors increased by a larger factor when exposed to advertising. This shows that advertising drives proportionately larger numbers of prospects as they move further down the sales funnel. It also shows that in this case, the Tech Blueprint page resulted in a **350 percent lift in the number of prospects downloading advertiser content**, and that increase is due entirely to the existence of the advertiser sponsored page.

This is an important revelation for marketing strategists because it shows a clear path to more effective lead generation. It also raises an interesting question – given that the end point of the sales funnel is a purchase decision, and that advertising increases the number of people moving through the sales funnel, can we show a direct link between online advertising and product sales?

## Phase 2 - How Online Display Advertising Drives Sales

The results thus far have clearly shown that advertising has a powerful effect on moving sales prospects further down-funnel. The topic “lift” created by sponsored pages also suggests that some kinds of advertising create new prospects that would not have otherwise been available.

To see if this trend continues all the way to the purchase decision, CBS Interactive took a closer look at two advertisers who also sell products online. Note that the products in this analysis are consumer electronics products, whereas the earlier “down-funnel” analyses involved enterprise computing solutions. Although the sales cycles are different, the way visitors engage to make a purchase decision is similar. The data also shows a similar pattern between advertising and levels of engagement in the sales funnel.

### Sales Analysis #1

This analysis involved a wireless service provider. As in earlier analyses, CBS Interactive worked in partnership with the advertiser to collect data through one of its web sites where the advertiser was running display advertising (in this case it was the wireless category on CNET). CBS Interactive divided visitors into those “exposed” and those “not exposed” to the display advertising. These groups were tracked for their engagement with advertiser content and their subsequent online purchases at the advertiser’s online store. This analysis revealed the following points:

- Exposed visitors were **2.5x more likely to engage** with advertiser content than non-exposed visitors.
- This advertising-driven increase in engagement with advertiser content came at the expense of engagement with competitor content.
- There was a **50 percent lift in sales** among prospects.



## Sales Analysis #2

The second sales analysis involved a national software publisher. This analysis was similar to the previous one – exposed and not exposed visitors were tracked for their engagement with advertiser content and their purchases of the advertiser's products. Data was collected from traffic on the CNET Downloads site where this advertiser ran ads. The following table shows the results of this analysis:

Engagement and Sales Analysis			
Item	Not Exposed	Exposed	What This Means
Total Visitors	29,062,533	41,597,369	Represents the total visitors on the site at the time of this study, broken down by exposure status.
Engaged Visitors	20,620	378,282	<b>Exposed visitors were 13x more likely to engage with advertiser content.</b>
Prospects who went to the Advertiser's Web Site	274,904	2,231,202	<b>Prospects were 5x more likely to go to the advertiser's web site. This lift of 464% provided an incremental 1.8 Million visitors to the advertiser's web site.</b>
Number and Percentage of Confirmed Sales by Prospects From CNET Downloads to the Advertiser's Web Site	1,668	7,927	<b>While conversion to sale is lower, due to the incremental prospects, there is a 475% increase in incremental confirmed sales.</b>

This sales analysis clearly shows that advertising not only increases the level of engagement with advertiser content, the effect carries through to a sales purchase – the final intersection point in the sales funnel.

This analysis revealed another interesting fact: the advertiser ran several different online display ads. Site visitors exposed to a combination of different ads were more likely to make purchases than those who viewed only a single ad. Specifically, those exposed to two ads were **150 percent more likely to make a purchase. Exposure to three ads increased the chances of a purchase by more than 250 percent compared to the group that saw two ads and 425 percent over those exposed to only one ad.** This clearly shows that if some advertising produces results, more advertising produces bigger results.



## Conclusions: Online Display Advertising Has a Quantified Impact on Down-Funnel Activity and Sales

The results revealed by these studies clearly demonstrate that exposure to online display advertising leads visitors to engage more deeply with advertiser content and to increase the likelihood of a purchase. The data in these studies show how advertising increased activity in the Engagement, Consideration, and Purchase Decision areas of the sales funnel. In all cases, exposure to ads:

- **Increased engagement (viewing abstracts).**
- **Increased consideration (downloading advertiser content).**
- **Revealed a compounding effect such that exposure to advertising had proportionally greater impact on actions taken deeper in the sales funnel.**

The overall topic lift factor revealed in the Tech Blueprint analysis is significant because it highlights how advertising generates new sales prospects by increasing awareness and interest. All of these results provide clear indications that online display advertising was responsible for creating down-funnel momentum. Several additional trends were also discovered:

- **Exposure to advertising increases interaction with all available advertiser content (outside of the specific topic and product being advertised).**
- **Advertisers gain a greater share-of-voice, which provides them with a competitive advantage and reinforces prospects' "investment" in the advertiser.**
- **When specific sales results were examined, ad-exposed groups showed nearly 3x greater sales than non-exposed groups, and advertising created a lift in sales up to 230 percent.**
- **Exposure to multiple ads greatly increased the likelihood of a sale.**
- **In some product categories, sales attributable to ad exposure occur extremely quickly, in many cases within 24 hours.**

These studies conclusively show that online display advertising directly increases viewer engagement, which in turn produces larger numbers of qualified, committed prospects and increases actual sales. Online display advertising not only improves the bottom line, but increases the return on advertisers' investments in all marketing, content, and sales related efforts.

This research is only the beginning. Let's keep the conversation going and work together to push the boundaries on what's possible with effective and quantifiable advertising. For more information about this white paper, please contact me. I look forward to hearing from you.

### Wayne Silverman

Vice President of Sales and Group Publisher, CBS Interactive (B2B)  
wayne.silverman@cbsinteractive.com | 646.472.3971