# MGT 6311

# WEEK 2 Transcripts

## Lesson 2.1: Trends in Display Advertising and Spending

>> Hi, welcome to the module on Display Advertising. In the previous module, we emphasized key differences between traditional and digital marketing, highlighted important changes in consumer behaviors, revisited core strategic concepts in models and ended with a framework for digital strategy. Now that we have a solid foundation, I'll begin to dive deeper into the various channels associated with digital marketing, including this module dedicated to the topic of display advertising.

So in this first lesson I wanna talk about the spending side of display advertising and how marketers are currently allocating funds across this channel. So I'll provide insights into understanding digital's position, in the broader context of media spend. Create familiarity with digital ad spend across various digital specific channels, and share insights related to programmatic's growing role in digital advertising.

When we look at the channels marketers are leveraging within the US for advertising by market share we see trends indicating the traditional channels, so TV, print, radio, and outdoor. They're all declining while digital is increasing. TV has had a long standing position of being far and away, the channel leader in advertising spin.

As noted, however, digital is overtaking TV, and projected to be significantly greater with the next few years. This doesn't necessarily indicate that what marketers are doing is correct, but it does highlight the channels that marketers believe to be most significant and most valuable, in terms of ad spend.

Within digital, we observe ad spending trends indicating marketers are, in aggregate, favoring certain digital channels over others. As a percentage of total digital ads spend we see investment, and mobile, and social increasing the most which makes perfect sense with respect to aligning with where consumers are spending their time.

The first display ad was purchased and displayed by AT&T back in 1994, quite a lot has changed since that time. If you've been around digital marketing or the advertising industry in recent years, you've heard certain terms and concepts regularly and programmatic is one of these terms. Programmatic ad buying is the use of software to buy digital advertising, it is not, however, the complete automation of the ad buying process.

So traditionally, you would have manually prepared insertion orders or add tags, which can be menial, but labor intensive. With programmatic ads humans have more time for the optimization and improvement of ads. The system will not only launch your campaign but it will also monitor your ad spend to look for areas of improvement and that's a key point here, thus providing distinct efficiencies related to the alternatives.

Naturally, we see an increase in programmatic ad-buying to better realize these efficiencies. Although I don't intend to take a deep dive into programmatic, I did want to bring it up for familiarity as well as to reinforce the notion that technology and artificial intelligence continues to expand in digital marketing even in the realm of display advertising.

This concludes the lesson on display advertising spending trends. In the next lesson, I'll talk about goals related to display advertising and some of the important considerations we want to contemplate when assessing and activating this digital marketing channel.

## Lesson 2.2: Goals of Display Advertising

>> Now that I've provided a brief overview of display advertising spending trends, I want for us to consider the appropriate goals related to using display advertising. In this lesson, I'll highlight key display advertising goals and discuss limitations and situational considerations associated with display advertising. Display advertising has the potential to serve multiple marketing goals.

Keep in mind, however, that when customers do not have familiarity with a brand, they may be unlikely to engage or interact. In the case of display advertising, this lack of involvement might translate to not paying attention to the content in the ad or clicking on the ad. So at a high level, however, there are aspects of display advertising that make it a channel conducive to supporting underlying business goals.

These include building brand awareness, increasing share of voice, creating consumer demand, informing consumers, building brand loyalty, and driving response in sales. This is certainly not an exhaustive list of goals but rather a guide for us to consider how we might best utilize display advertising in a practical manner moving forward.

Keep in mind that ideally we want our prospective customers that see our display ads to engage with them and ultimately click-through to our site. With that said, we now know it's highly unlikely this will be the case a majority of the time. So it begs the question, what click-through rate is acceptable?

What would you think if you could obtain 1 in 10? Meaning, 1 in 10 people who actually see your ad will click-through it. What if that number was 1 in 100, would that be acceptable to realize a 1% click-through rate? And let me take it a step further and ask, what if it was only 1 in 286?

So this chart indicates average click-through rate, or CTR, across various industries for both Google Search Network and Google's Display Network. Based upon word streams analysis of 3 plus billion in Adwords spend, the average click-through rate is 1.91% on the Search Network but just 0.35% on the Display Network.

So stated differently, roughly 1 in 52 people click on a paid search ad while 1 in 286 click on a display ad. Although it's not surprising to you that the click-through rate on display ads is very low, it begs the question of why marketers use display ads and in what instances it make sense to do so.

Take a few moments and give some thoughts to this. What are some goals that a brand or organization might have where it can make sense to use display advertising? For example, does it matter if it's a B2B company versus a B2C company? What about if the company is well known, such as Under Armour, IBM or Caterpillar, versus less well known, and/or small to medium-sized businesses?

And at what stage of the buyer's journey are display ads likely to be clicked? Although they're not necessarily perfect answers to these questions, it's important we align our goals with expected consumer behaviors. So this concludes the lesson on display advertising goals. In the next lesson, I'll talk about display ad formats and capabilities that we can leverage to help increase the likelihood of consumer engagement and click-through.

## Lesson 2.3: Display Ad Formats, Position, and Capabilities

>> Display ads can be shown via websites and most social media properties. The format of these ads, the size and type, are a function of the site displaying the ad. So in this lesson, I will provide insight into the various ad formats and capabilities, as well as talk about ad networks, and the role they play within the digital marketing ecosystem.

I presume everyone has seen numerous display ads while browsing the web and interacting with social platforms. As we can see in this example, Kroger supermarket and Vitafusion vitamins have display ads on the Food Network's website. In principle, marketers wanna have their ads displayed on sites that have some contextual relevance to the products and services they are providing.

Also take note there are different types of ads that are available for use online, and these include banner ads, which are images or animations displayed on a website for advertising purposes. And they can be static or include rich media, like video or other interactive technology such as Flash, HTML5, JavaScript, and so forth.

Another ad type is the pop-up and pop-under ad. These ads open in a separate smaller window, either above the webpage or under the webpage, as their names suggest. These use to be more common than they are today, because users have begun to leverage technologies that prohibit this behavior.

But there's still an option for the advertiser. Interstitial banners are ads that are shown when a user is clicking from one page to the next. You’re likely to see these used in situations where users reading a multi page article online, but they can used in other situations as well.

Floating ads typically cover all or most of the webpage, and either disappear after a few seconds or have a close button in one corner of the ad. And wallpaper ads are used to take over or change the background of a webpage. In most instances, these wallpaper ads are not clickable.

They're used merely for branding purposes. Wallpaper ads are used to take over or change the background of a webpage. In most instances, these ad types are not clickable, thus they are used merely for branding purposes. That said, it's not uncommon to see banner ads used in combination with a wallpaper ad.

Such that the consumer is provided multiple ads on the same page. You can actually click on the banner ad to visit the advertiser's website. The type of ads a marketer chooses, whether it's a floating ad, interstitial ad, a standard banner ad, etc, should be grounded in their business goals and expected consumer behaviors.

Notice I'll continue to reinforce this point about consumer behavior, because that's who we're trying to reach. And all of this may change from one publishing site to another. As I referenced earlier, in addition to placing display ads on websites, we can also have them display on social networking sites such as Facebook and Twitter.

In this instance of using social platforms, we do not have the contextual relevance like we do for stand alone websites, but we're often able to better target consumers through these sites using demographic, behavioral, and geographic data. For example, Facebook has indicated they collect nearly 100 different data points on consumers.

And marketers can leverage this data to better segment and target potential customers. To make it easier for website publishers to accommodate display ads, the industry has created certain standards sizes which are measured in pixels. Display ads dimensions are listed in the format of width times height. The person creating ads can build them to conform to these standards, such that they can be published appropriately.

And websites that are opened to advertising can format their webpages to accommodate ads that fit these layouts. Digital advertisers want to be conscientious of key goals such as the likelihood their ad will be viewed once presented on a webpage, as well as metrics such as dwell duration. Dwell duration is the length of time the user remains exposed to an ad after first engaging with it.

In principle, vertical ad units are most likely to be viewed more regularly and for longer periods of time as the user navigates around a webpage. Therefore, it's important to design and implement ad sizes that are most likely to achieve your advertising goals while also balancing the expense associated with the various ad sizes.

Contrary to popular belief, placing ads at the very top of the page is not necessarily the optimal ad placement position. Rather having the ad placed just above the fold is generally most optimal based upon recent research. In case you were wondering, a display ad is considered viewable when 50% of an ads pixels are in view on the screen for a minimum of one second.

And this is defined by the Media Rating Council. Most display ads are static ads, meaning they do not contain any form of animation or sound associated with them. Having multiple senses engaged tends to be more effective, however.

>> My beauty, my drama.

>> As we can see here, L'Oreal has incorporated video with sounds into their ad, as well as a call to action to shop now.

Naturally, the intention is to better capture the viewer's attention, create a more impactful brand impression, and to realize a click through for the ad. One ad tactic that can increase engagement is dynamic creative optimization, which allows marketers to serve distinct sets of ad created based upon audience-targeted data.

Advertisers can determine the most relevant ad creative down to the individual viewer level. And identify the best performing ad creative accordingly. As demonstrated in these examples, you can see this in action. Within the NFL ad, we see team helmets depicted that are localized to the market where the ad is placed.

Yes we wanna use a Dallas Cowboys helmet, for example, where the Dallas marketplace is, it's more likely to be relevant. In the Walmart example, we see products being targeted to people having or taking care of children. If we can glean demographic data that allows us to know someone has a young child, we can cater the offerings accordingly.

Finally, in the Priceline ads, we see them differentiating based upon geographic location. The core structure of the ads are the same, but the city name, airport code, and background images are specific to certain regions. Again, what this does is allows the marketer to create a framework for the ad, and then have certain elements of the content served up dynamically based upon target audience insights.

Contextual ads are shown based upon a webpage's ad copy and the ads associated tags to create a symbiosis of relevance. This occurs in part because of the advertisers effort associated with their ad, but also a function of the ad network, which manages the websites where ads can be published.

I'll discuss ad networks further in just a bit. In this example from Trip Advisor, we see an ad for Marriott for their Courtyard location in Boston. Which makes sense, because the webpage is for the Museum of Fine Arts located in Boston. Here we see an example of what's called retargeting.

The Scheller College of Business is serving up a banner ad on the third party motorauthority.com website. Based upon the fact that I have visited the sheller.tech.edu website's MBA program pages. What happens behind the scenes is that when the motorauthority.com website page is being loaded, there's a check on the visitor's device.

Whether it be a laptop, phone, tablet, etc., to determine whether or not they have visited certain other websites. That match against the ad inventory they could serve up. If there is a match, the corresponding ad is served and the user is re-targeted. This activity is captured through cookies on the user's device.

So if the user has disabled cookies, or recently cleared their browser cache, the system will not be able to re-target them and will serve up a more generic ad. Although not a perfect system, the good news for marketers is that the vast majority of consumers do not disable cookies on their devices.

Re-targeting can also be leveraged on social websites, such as Facebook. This slide demonstrates another example of re-targeting. Here, we see overstock.com serving up two banner ads on Facebook, one in line and one on the right side. Although these are not the exact products I was looking at, they are in the category of products I was looking at, which were large area rugs.

We also see autotrader.com serving up an ad, on the bottom right, that has the exact vehicle I looked at on their website, when searching for a truck for my nephew. If we take a step back from digital ad formats and capabilities, to think about how these ads get distributed, across an array of websites, applications and social channels, it's important to understand the role of ad networks.

A digital ad network serves as an intermediary between advertisers and the websites that have opted into the ad network. They provide value in numerous ways, including helping advertisers publish their ads at scale, meaning across numerous sites, ensuring ads are delivered to sites that align with the advertisers' target audience behaviors and demographics.

They manage pricing, help geo-target ads based upon the user's location when needed. And provide useful analytics such as the number of views, how many times the ad was clicked, and the time of day the ad was seen and/or clicked. They are not to be confused with an ad exchange, which is where unsold advertising space is placed by publishers, and then bid on by advertisers.

So this concludes the lesson on display ad formats, position, and capabilities. In the next lesson, I'll cover the various payment models and tracking data available to marketers when using display ads.

## Lesson 2.4: Payment Models and Tracking

>> Display advertising is generally not free, and there is several approaches related to how we pay for these ads. We also wanna familiarize ourselves with the types of data we correct related to display advertising. In this lesson, I'll share with you the various payment models that are commonly used in display advertising.

And also talk more about the tracking capabilities of online ads. Multiple payment models exist, but the most common are the CPM and CPC types. In the CPM model, the advertiser pays per ads in groups of 1,000 impressions. Pricing depends upon several variables, including popularity of the site. The sites with more traffic tend to charge more compared to those with lower traffic volume, how targeted the site is.

So think about a site that might be very specific to a certain industry or demographic versus generic sites. And overall competition for ads on the site. It's also worth pointing out that rich media ads such as the L'oreal example we saw earlier generally cost more than standard ads.

The CPC model is based upon cost per click, thus the advertiser only pays when the ad impression is actually clicked. This model has become more common in recent years within display advertising. As marketers realize, overall click-through rates are relatively low for display ads compared to some other channels.

CPA or cost per acquisition is a model where payment is made based upon an action taken after the user has clicked the ad and visited the advertiser's site. This acquisition moment may be defined as actions such as filling out a form, actually purchasing a product, signing up for an email newsletter or downloading a document.

A CPA model is rarely used for display marketing given the reliance upon an acquisition moment occurring on the advertiser site, which is not controllable by the publisher. A display advertising payment model used by some smaller sites is the fixed cost model also known as flat rate approach. In this scenario, the website owner offers a fixed amount of advertising space for a fixed fee based upon a period of time such as a month.

Typically a site that drives very high volume will utilize a CPM model, because they can. While other, less volume-heavy sites may offer a CPC or alternative model. As I mentioned in the previous module, one of the key benefits of digital advertising versus traditional advertising is access to various types of data and insights.

These are just some of the examples of data that can be collected from banner ads. Some of which may or may not be relevant to the advertiser. Marketers should consider their goals and objectives and then determine what data they need to make informed business decisions and to control the publication of their ads accordingly.

This concludes the lesson on payment models and tracking data. In the next lesson, I'll provide examples of display creative best practices.

## Lesson 2.5: Display Ad Creative Best Practices

>> Although display ad click through rates tend to be very low, as we've discussed, there are ways to improve the likelihood of user engagement, just like we saw on the L'Oreal example. The following examples are representative of display ads that contain interactive elements that are intended to increase this engagement.

This display ad from Pringles contains a call to action that requires the viewer to click on the ad to explore it further. Using the content, love can be complicated, in combination with the imagery of a woman with a Pringles can covering her hand being proposed to, the ad intends to explore the viewer's curiosity.

Through a series of interactions, the purpose of the ad is to create a positive emotional response. In this case humor, or at least attempted humor, can keep the user engaged with the ad for a longer period of time and hopefully create a positive association with Pringles. Some of the content is arguably edgy and just silly, but clearly the marketing team is attempting to leverage these elements to their advantage.

Targeting their core consumers, which index heavily male, the marketers of Volkswagen are also leveraging an interactive component in this display ad. They've created a gas pedal in the ad, along with supportive copy, asking the user to hit the gas. As you can see, nothing super impressive occurs, but there's some animation, along with sound, to further engage the user's senses.

By encouraging this engagement, the marketer wants to create an emotional connection to the user that generates curiosity, excitement, and possibly even a sense of power. In this ad from Tok & Stok, they are engaging the consumer by creating a customizable experience with the ad, which revolves around their products.

Their value proposition is that you can save money by investing a little time to assemble the product. Through the ad, they allow the user to select the time amount, and then provide an example of what can built in that time, along with the price. Let's see another quick example.

Thus, they are empowering the user to interact and seek out options, all the while reinforcing the Tok & Stok brand. In this ad created by Burger King, a mixture of playfulness and humor are combined to engage the user. Notice that the ad is encouraging the user to take control, which might manifest in creativity or just plain silliness.

Let's give it a shot. Either way, the playful aspect of this ad lends itself to deeper engagement and brings the brand to the forefront of the customer's mind. Lipton created this ad to provide an element of entertainment to the user once they've selected a letter. Just like the previous ads, they are engaging the user, and hopefully creating a positive emotional response that bolsters brand perception, while also ensuring the brand is top of mind.

In many instances with larger consumer packaged goods brands, the goal is customer retention. Such that the next time they are in a purchase situation where the product is available, the customer will be more likely to recall and consider the product. This concludes the module on display advertising. In the next module, we'll continue to address digital marketing channels by covering search advertising.

See you soon.