# Display Advertising



Task I

Overview of the Display Ads industry

Task 2

Business operations in the industry

Task 3

How are online display ads bought and sold?



## **Historical Note: Banners**

Banners seem to be the oldest standard format in use.

The first "banner ad" was launched by AT&T on Oct 27, 1994 on Hotwired, the web version of Wired.



Part of the <u>AT&T "you will" ad</u> campaign

## **Display Advertising**

#### Struggling Rural Colleges, Towns Find Fates Intertwined

As America's rural colleges struggle with falling enrollments and local flight, they are realizing how their own futures are intertwined with the broader community.



 There's an Antidote to America's Long Economic Malaise: College Towns (Dec. 12)

#### Bring Back Jobs From China? In Shenzhen, They Aren't That Worried

Donald Trump's threat to compel Apple and others to manufacture more at home should strike fear into Shenzhen, where the



world's tech gadgets are made. Yet executives here aren't worried by Mr. Trump.

#### Stock Futures Edge Up as Dow Nears 20000

Futures pointed to a small opening gain for the Dow



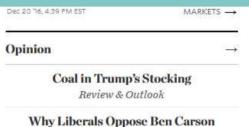


Myanmar's Right-Hand Cars Feel Wronged by State Ban



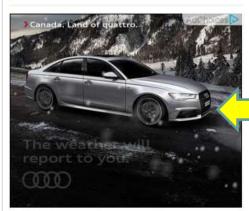
Trump's Israel Envoy Pick Helped Fund Settlers





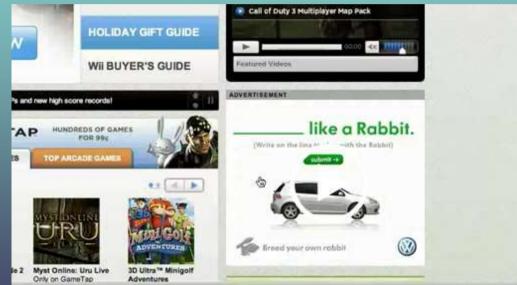
By Jason L. Riley | Upward Mobility

The Case for a Rules-Based Fed By John B. Taylor | Commentary



## **Examples of interactive banners**







#### Telegram app cracks down on IS propaganda channels

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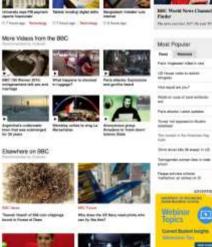












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Share this story was come 

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This is an example of the BBC website. How many ads do you find on this webpage?







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Both ads from SAS. This is a behavioral targeting ad. It is becoming popular to have two ads on the same page.





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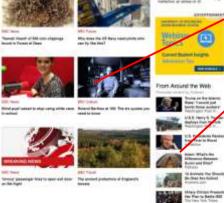


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This is an ad from University of Rochester Business School. It is a retargeting ad.



They are also ads, even though they look like real content. This is called native ad.





**BBC News** 

'Toenail Hoard' of 500 coin clippings found in Forest of Dean



**BBC** Future

Why does the US Navy need pilots who can fly like this?



**BBC News** 

Blind pupil asked to stop using white cane in school



**BBC Culture** 

Roland Barthes at 100: The six quotes you need to know Raqqa activists criticise 'ineffective' air strikes on IS



UNIVERSITY OF ROCHESTER, SIMON BUSINESS SCHOOL

## Webinar Topics



Current Student Insights Admissions Tips

VIEW SCHEDULE >

#### From Around the Web

Promoted content by Outbrain



Trump on the Islamic State: 'I would just bomb those suckers' Washington Post Vi...

U.S.S. Harry S. Truman

## Native Ads

Native advertising is a type of advertising that matches the form and function of the platform upon which it appears.

It is hard for consumers to distinguish between content and native ads.

#### More Videos from the BBC



Divorcees are 'nut priminate.



Breed down barrely 28 otto missing after dam burst



other taugh in six seconds









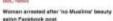
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fair arm chooped off in **Bould Aretics** 

attacks to children?















Blind pupil asked to stop using white same in school



Andreas Gursky: The bigger the better?





Russia tourist suffers oold attack in India's Varansel



BBC Fiture

Why does the US Navy need pilots who cars fly like this?





Current Student Insights



**Ted Cruz Challenges** President Obarra to Dobets on Syrian ...

THE RESERVE !







Check Out This Issane Havy Drone in Action



The Blog of Author Ter-RANKED: The 15 Dumbest Presidents.

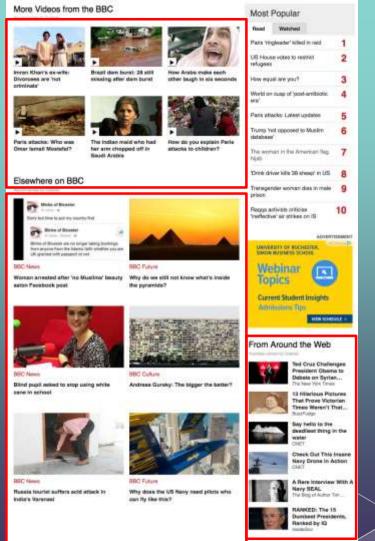


## Native Ads

Advertisers face a trade-off between ad clicks and brand recognition.

Publishers need to strike a balance between ad clicks and the platform's trustworthiness.

For policy makers, concerns that native advertising confuses customers prompted the U.S. Federal Trade Commission to issue guidelines for disclosing native ads.



## The first native ad (1901)

## What Will Become of China?

None can foresee the outcome of the quarrel between foreign powers over the division of China. It is interesting to watch the going to pieces of this ancient but unprogressive race. Many people in America are also going to pieces because of dyspepsia, constipation, blood, liver and stomach diseases. We are living too fast, but strength, vigor and good health can be retained if we keep off and cure the above diseases with Hostetter's Stomach Bitters.

## Targeting based on simple rules

## Geo-targeting

Target by country, state, city, IP address

### OS / Browser / Devices

Segment based on technology

## Day and time

Specify display times to the minute



## Discussion

In addition to these simple targeting rules (geo-targeting, OS / browser / devices, day and time), which other targeting rules can you think of?







Firms offer different consumers different prices based on their personal situations (e.g., geolocation, search history, purchase history).

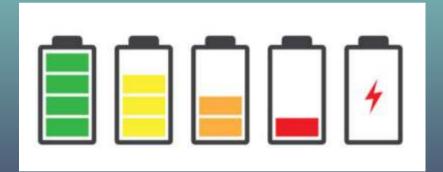
## Do you use a MacBook or a PC?

#### Mac vs. PC

The Wall Street Journal investigated claims that Orbitz, a popular online travel agency, was showing higher prices for hotel rooms to Mac users compared to those who used a Windows PC.

Uber charges you higher prices when your battery is low, because it knows you cannot afford to wait!





## Display has the largest share >50% of digital ad spending



	2019	2020	2021	2022	2023
Display	\$70.06	\$81.38	\$92.53	\$100.71	\$107.91
—Video	\$36.01	\$42.58	\$49.02	\$53.99	\$58.39
—Banners and other*	\$25.94	\$30.20	\$34.23	\$37.12	\$39.70
—Rich media	\$5.28	\$5.44	\$5.85	\$6.00	\$6.10
—Sponsorships	\$2.84	\$3.16	\$3.44	\$3.60	\$3.72
Search	\$53.73	\$63.90	\$73.31	\$80.43	\$87.15
Lead generation	\$2.59	\$2.84	\$3.05	\$3.15	\$3.24
Classifieds and directories	\$2.19	\$2.34	\$2.49	\$2.53	\$2.56
Email	\$0.49	\$0.55	\$0.61	\$0.65	\$0.68
Mobile messaging	\$0.28	\$0.28	\$0.29	\$0.29	\$0.29
Total	\$129.34	\$151.29	\$172.29	\$187.77	\$201.83

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices on all formats mentioned; \*includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets

Source: eMarketer, February 2019

T10056

www.eMarketer.com

## Display used to fall behind search

## US Digital Ad Spending, by Format, 2010-2016 billions



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones and tablets on all formats mentioned; data through 2011 is derived from IAB/PwC data Source: eMarketer, Sep 2012

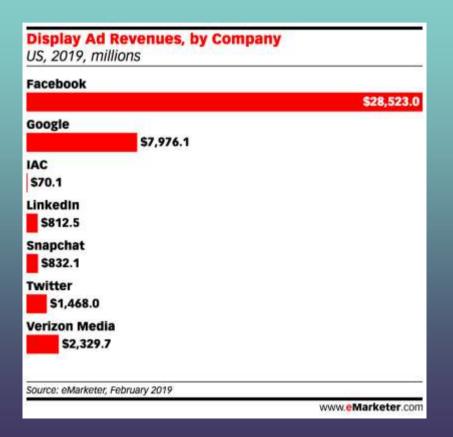
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www.eMarketer.com

# Display vs. Search

	Display	Paid Search
Users/consumers	Passive	Proactive
	Near top of the funnel	Near bottom of the funnel
Contents	Image, Video, Animation	Text
Pricing mechanism	Cost per thousand impressions (CPM)	Cost per click (CPC)
	Auctions + real-time bidding (RTB) Or direct buy at fixed CPM	Auctions + offline bids
Advertising objectives	Brand awareness Re-engaging	Lead generation Direct marketing
Placement	Publishers' websites	Search engine result pages

## Facebook accounts for the majority of display ad revenue



Facebook: ~40%

Google ~12%



## The Basic Idea



# Display ads are mainly sold in one of two ways

#### 1) Direct buying from publishers

Bulk ad purchase that specifies the price and quantity, as well as the time frame and targeting criteria Premium Space

Guaranteed contract

Future market

# Display ads are mainly sold in one of two ways

#### 1) Direct buying from publishers

Bulk ad purchase that specifies the price and quantity, as well as the time frame and targeting criteria Premium Space Guaranteed contract Future market

#### 2) Real-time bidding (RTB) through Ad Exchange

A platform running an auction to determine which advertiser buys an individual impression in real time (~100 milliseconds) Remnant space Non-guaranteed Spot market

## **Direct Buying from Publishers**

"200,000 impressions to US users on the New York Time's finance related pages in July"

"All impressions on the EPSN homepage on Sept 21"

"300,000 impressions on Yahoo! to a retailer's existing customers in April"

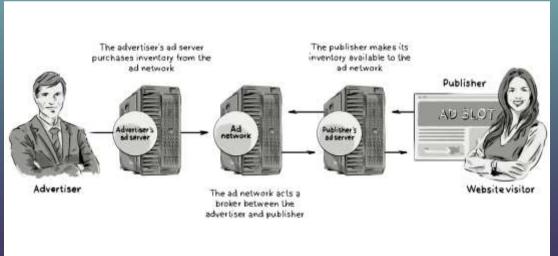
## Question

Among the major social media platforms (Facebook, Instagram, Twitter, LinkedIn, Pinterest), which one charges the highest for display ad (i.e., charges the highest CPM)?

## **Ad Networks**

Ad networks purchase remnant inventory across many publishers and resell to advertisers at a premium.

An essential vehicle for monetizing the Long Tail of the Internet. Provide small and mid-sized online publishers with more advertising revenues.



## Ad Networks: Issues

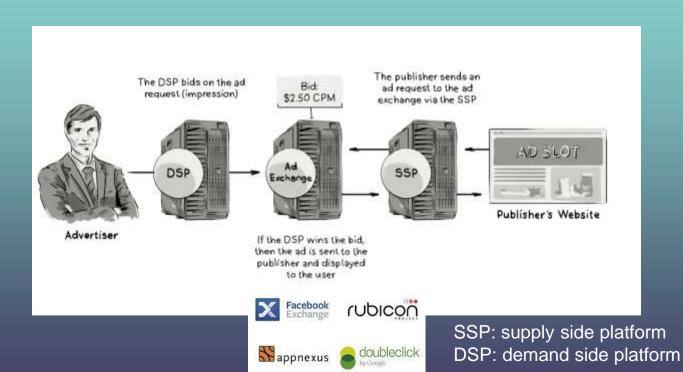
Many <u>ad networks</u> with competing business models.

Lack of transparency.

Fixed CPM — all impressions cost the same regardless of value.

Need efficiency!

## Ad Exchange



## Real-Time Bidding (RTB)

Ad exchanges run auctions to determine which advertisers buys an individual impression in real time (<0.1 seconds)

Real Time Bidders bid on individual impressions in real time as they arise using computer algorithms

("programmatic buying")

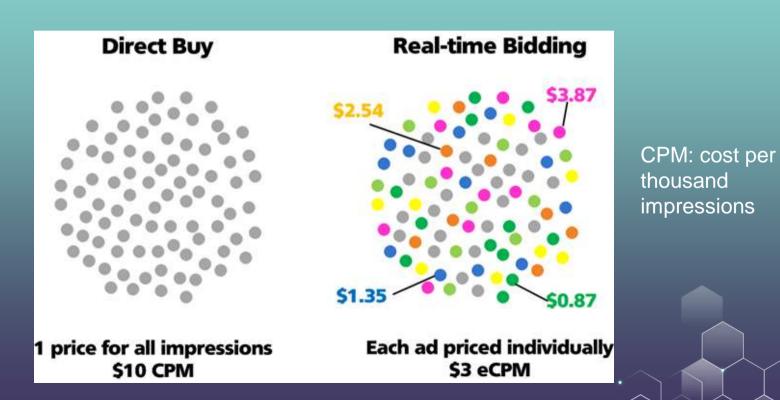
Usually second-price auction.



## The Rise of Programmatic Advertising



## Direct-Buy vs. RTB



# Ad Network and Ad Exchange



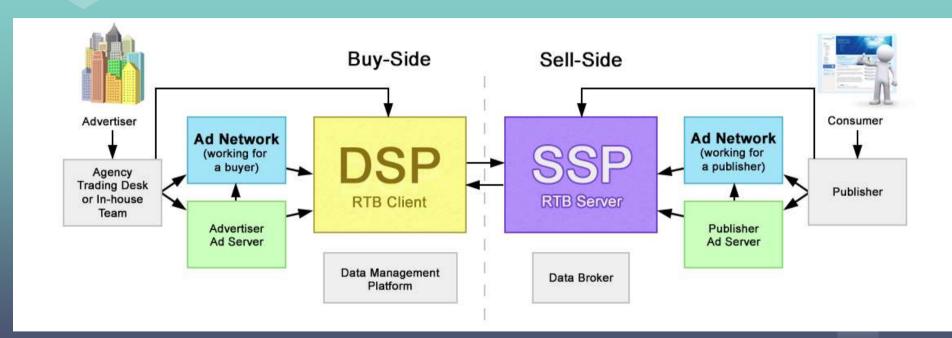
### **Players in the Space**

Demand Side Platforms (DSPs) enable advertisers to

- 1) Use real-time bidding technology
- 2) Purchase inventory across multiple ad exchanges
- 3) Get analytics on campaign performance

Supply Side Platforms (SSP): Inventory management for publishers that allow them to access multiple ad exchanges per auction

### The Ecosystem of display ad





### **Discussion**

What are the advantages and disadvantages of RTB?



### Takeaways

Online display advertising continues to grow. Why?

Consumers shifting time online

Increasingly to mobile

Online ads market minimizes transaction cost

Market is complex but brings together advertisers & publishers

like never before



# **Content Marketing**

Content marketing is the process of creating high-quality, valuable content to attract, inform, and engage an audience, while also promoting the brand itself.

Content marketing principles directly apply to SEO, display ads, social media campaigns, and can be more broadly applied.

### Why content marketing?

Reputation: establish self as a thought leader in your industry.

Search: Prospects & customers find your answers to their questions online.

Reach: Long run benefit of improving reach at lower cost with library of great content.

Social media: Create value for customers to foster intimacy & retention.

### Content marketing rests on...

### Research & planning

Know your objective & establish Key Performance Indicator (KPI)
Know your audience
Know your topic

### Content creation

Articles, images, infographics, videos, etc.

### Content diffusion

Paid & organic impressions via social, search Complete the loop: Track KPI & update best content

# Content research example





# Personas: The foundation of content marketing

Personas are a method of market segmentation wherein we collect a combination of qualitative and quantitative data to build archetypes of the members of our target audience

### 2 components:

Segment elements (demographics, needs, objections)
Humanizing elements (photo, name, personal details)

Why create personas?

Foster customer-centrism

What topics, medium, content depth, tone are relevant?

Is content ratio in line with importance of each persona?

Remind us that we are 'weird': our customer is different

3-6 personas is ideal

### Segmentation elements of personas

Demographics: geographic location, age, gender, income and (possibly) ethnicity.

### Lifestyle:

For B2Bs: What kind of company do they work for? Job title/area of responsibility?

For B2Cs: What kind of car do they drive? What do they do for fun?

Goals: What motivates them? Do they want to look better?

## Segmentation elements of personas

### Pain Points

What challenges do they face and how does that make them feel? How can you help overcome challenges or resolve problems to make their daily life or workday better?

### **Information Sources**

Do they search online? Read magazines or newspapers? Talk to people in person?

### Humanizing elements of personas

Humanizing elements:

Name & photo

Customer may be different (e.g., gender, race, ethnicity) than you

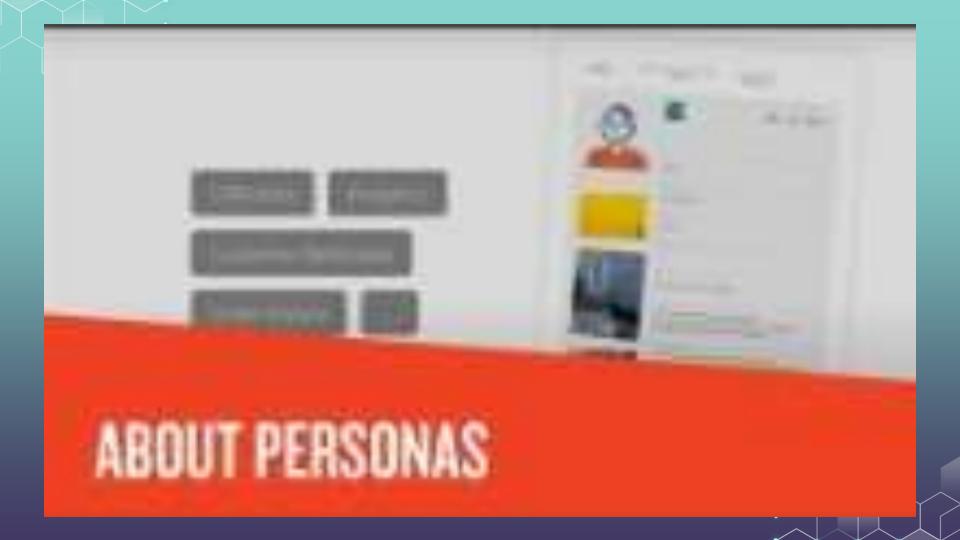
Hobbies

Add real quotes from customer interview

Why? Create empathy for customers

Not 'extraneous' information: Only include elements that are relevant to customer identity

Do we care if persona owns a dog? Yes, for pet clients (and possibly travel). No, for most B2B clients.



# Steps to creating a persona (part I)

1. Define your goal (e.g., sales, leads, social engagement)

### 2. Brainstorm hypotheses for:

Needs: Jot down objection, need, desired experience for any consumer

Attributes

Demographics: Age, gender, location, education, family, job title

Psychographics: Values & goals

# Steps to creating a persona (part II)

### 3. Validate hypotheses with research

personas

```
Interviews (existing & prospective customers, salespeople)
Social listening (who follows you? what are they saying?)
Hootsuite
<a href="https://moz.com/followerwonk/">https://moz.com/followerwonk/</a>
Click <a href="here">here</a> for an example
<a href="https://klear.com/">https://klear.com/</a>
Site analytics (e.g., Google Analytics)
Traditional market research (e.g., surveys)

4. Build Personas: Combine validated hypotheses into 3-6
```

#### **DEMOGRAPHIC** information:

- Age 46
- \$103,000 annual salary
- BSN from UC Davis
- MHA from Walden University (online degree)
- Married, two kids
- Worked in a large hospital system in CA after nursing school

organization and team

- Her VALUES AND GOALS: . Son is a junior in high school and her daughter will be a freshman next year: family
- prioritizing their finances to pay for college · Prides herself on staying on top of emails and being responsive to all levels of her
- Strong advocate for work-life balance in the office but often works several hours in the evening except for Friday and Saturday
- Attends church regularly
- Encourages her staff to grow professionally

#### THE EXPERIENCE SHE WANTS when seeking out IHI products or services:

- . Wants to be able to read comments and feedback on the IHI programs in the way that she reads Yelp reviews of restaurants
- Would like to conduct a "chat" when she is deciding whether or not to sign up for a program
- Wants to be recognized as a "fan" of IHI even if her attendance level is not what we consider high. She was an enthusiastic OS participant when she got her MHA in 2009.

#### THE PROBLEMS she has that IHI solves:

maintaining quality and it's very complex."

- . "I need to balance cost cutting with
- "Getting adoption of best practices is slow and not uniform." . "I would love to be seen as more of a 'go-
- to' leader within the larger organization."



#### Diane Director, BSN, MHA Director of Critical Care at Terre Haute Regional Hospital in Terre Haute, IN

#### Their ROLE AND LEVEL SENIORITY in detail:

- . Reports to VP of Patient Care Services.
- Administrative responsibilities for a 32 bed
- ICU unit, 35 bed CVICU unit, and 4 cardiac inpatient units.
- Has budgeting power for 300 FTE staff ICU

#### ONE DAY in the life:

- · Attends lots of face-to-face meetings
- . Conducts office hours in ICU to give nurses and physicians time with her during the week.
- · Handles a significant amount of paperwork related to regulation and compliance
- . Has to be "on call" for scheduling and staffing issues at any hour of the day

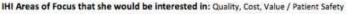
#### Her main INFO SOURCES and WATERING HOLES:

- SCCM enewsletter
- ICU Director magazine Office hours in departments
- Hospital cafeteria
- After work socialization with department staff on a monthly basis
- Informal chats with former colleagues in CA hospital system
- . IHI Quality Innovators LinkedIn group, Hasn't posted yet; looks through ICU-relevant posts.
- Member of AACN

#### Her most COMMON OBJECTIONS to IHI's products or services:

- . Needs cost cutting guidance; doesn't know if Bedside to Balance Sheet is for her
- . Wants more content on culture change that could enhance process improvements Needs more material on how to get senior
- leadership behind her efforts; mobility in the ICU was treated as an experiment in the eyes of the VP of Patient Care, not a way forward.
- RNs only get \$500 a year in pro. development funds for non-degree programs; puts IHI content out of reach for her staff.

Persona example: Institute for Health **Improvement** (provides education to health practitioners)



IHI Rings she would engage in (by %): Innovate (5%), Demonstrate Results (15%), Build Capability (75%), Disseminate Knowledge (5%)

IHI programs she has attended/resources used: OS courses, Rethinking Critical Care seminar, Survey Design W+A, WIHI broadcasts on ICU subject matter

### Kraft Mac & Cheese: Thumbnail persona

### Julia

Woman, age 33 in Des Moines, Iowa Busy mother of 2 boys ages 9 and 13 Divorced, earning \$40K



Values & Goals: Support academically successful & physically active boys Needs: no-fuss, budget meals for young children

Objections: nutritional value of mac & cheese

Experience wanted: quick meal prep and variety

Somewhat active on Facebook & Pinterest

# Klear.com confirms that our (Twitter) audience tilts young & female



# Klear.com's analysis of follower interests confirms 'motherhood' as important



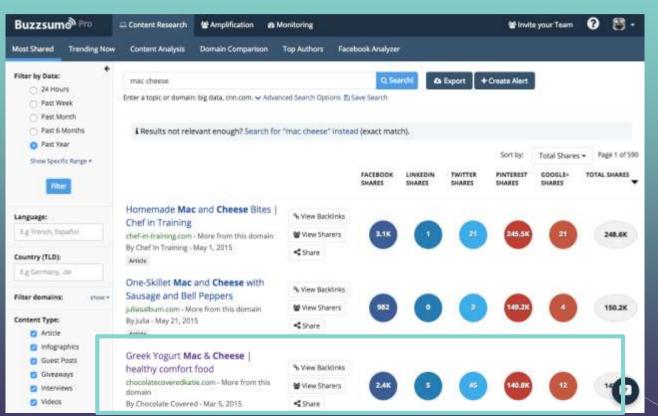


### Research and identify hot topics

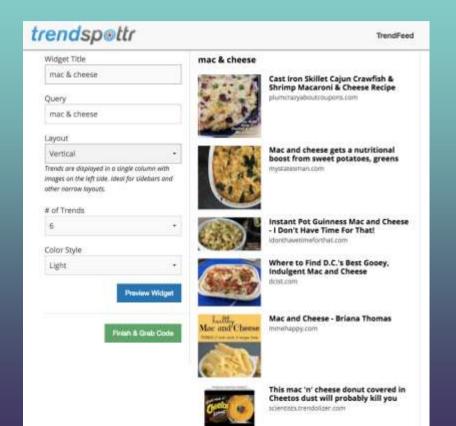
Identify popular topic, questions, terms
Keyword research tools like Google Trends, Google
Keyword Planner, Answerthepublic, Ubersuggest
Search autocomplete tools (e.g., YouTube, Google)

■ You Tube	mac & cheese ca	Q
↑ Home	mac and cheese casserole mac and cheese cartoon mac and cheese can i have some please mac n cheese casserole mac n cheese can i have some please mac and cheese cake mac n cheese cat mac n cheese cat mac and cheese cat commercial	Trending
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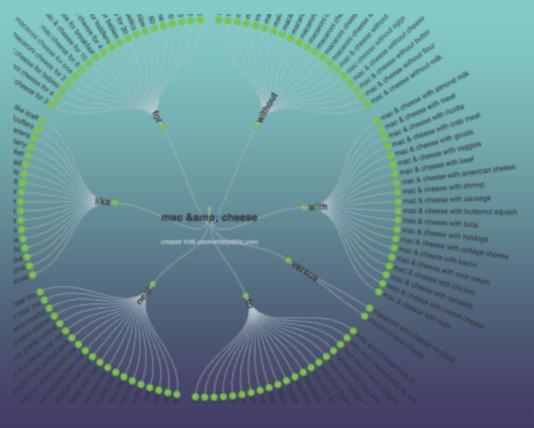
### Using Buzzsumo to create trendy content



### Using Trendspottr to create trendy content



### **Answer the Public**

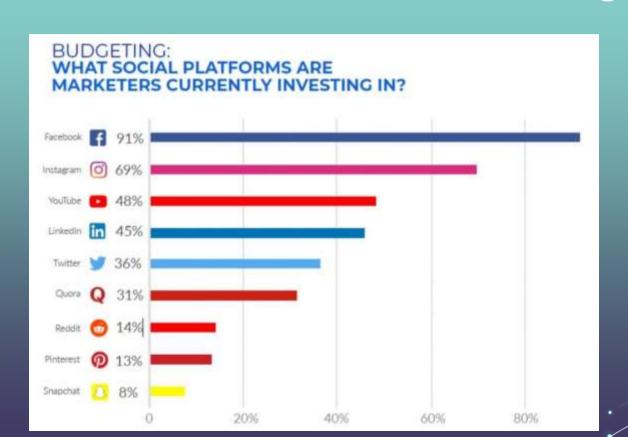


# Great yogurt recipe for Julia





### Facebook dominates social media advertising market



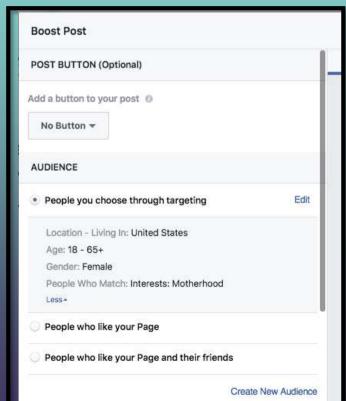
## Why going beyond organic?

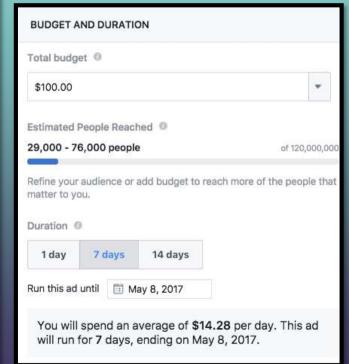
Organic reach: free distribution of page posts to fans.

Decline of organic reach on Facebook (16% in 2012, 6% in 2014, 2% in 2018)

Competition from larger social network & greater sharing.

# Buying Facebook ads: define target segment & get the reach/cost tradeoff













# QUESTION

Why do people buy fake clicks/likes?



## **Course Project**

Choose a company/brand and analyze its DM strategy, including:

Its website

Online sentiment (How users talk about the brand online? E.g., user reviews on platforms such as TripAdvisor/Amazon; online discussions on platforms such as Twitter/FB).

Is the company's official social media accounts (e.g., Twitter/IG/FB/YouTube) well managed?

Competitor Analysis and Consumer Analysis

#### DANIEL WELLINGTON

WATCHES JEWELRY GIFT SETS SMARTWATCH CASE SUNGLASSES WATCH STRAPS COLLECTIONS

**\* steel**series

**Gaming Gear** 







Any questions?