



WEBSPECTATOR



WS RESEARCH LABS

INTRODUCING TIME AS AN EFFECTIVE AD METRIC



JAN 2014

Research conducted using GTS: Guaranteed Time Slot.
GTS is an (MRC) Media Rating Council Accredited metric.

Copyright © WS RESEARCH LABS - Santa Monica, California



02

- 03 / INTRODUCTION
- 04 / THE VIEWABILITY CHALLENGE
- 06 / CASE STUDY
- 11 / KEY FINDINGS
- 12 / ABOUT **WEB**SPECTATOR

The world has seen digital media become an undisputed critical element of every advertiser's marketing mix. According to the Interactive Advertising Bureau (IAB), internet ad revenues reached \$20.1 billion hitting, historic high for half-year 2013, up 18% over the same time in 2012. Display and mobile-related advertising have reached an excess of \$9 billion, representing 45% of the current market.

Just as the market sees remarkable growth in terms of the volume, the digital advertising landscape itself has experienced great progress from new ad formats, placement strategies, delivery systems and ad technology.

However, the digital media & advertising industry has not kept pace with the complexity of these changes and has been slow to adopt suitable new metrics, namely to measure viewability, as old-school metrics like impressions and clicks continue to hold on to their seat at the table. This has prevented brands from maximizing their audiences and publishers for making the most of their inventory, pushing industry adoption of new metrics that go beyond whether the ad reached its desired target and load on the "right" part of the page.

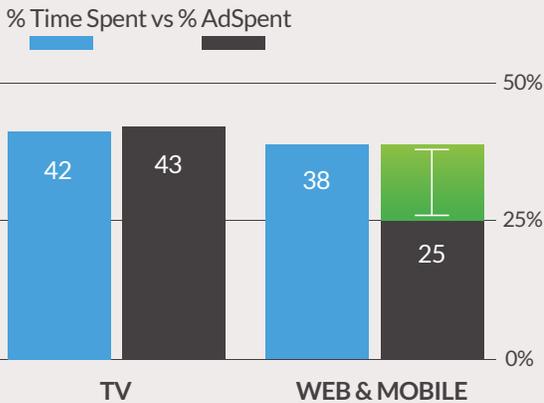
Consequently, marketers have been limited in their ability to understand how online advertising works, especially when compared to other media channels, such as TV. This lack of understanding has resulted in reluctance to further commit more advertising budget to the digital advertising space. Marketers, publishers and ad networks require more transparency and greater accountability as it relates to online ad delivery.

Addressing this challenge, the IAB, the American Association of Advertising Agencies (4As) and the Association of National Advertisers (ANA) launched the Making Measurement Make Sense (3MS) initiative.

3MS aims to improve, standardize and simplify digital media measurement, publishing guidelines and research to help address issues surrounding ad delivery, measurement and validation.

Recent ad technology developments create new metrics to assess actual brand exposure "time spent", whenever and wherever engagement happens. This begs the need to rethink what "viewability" actually means, why it matters, and how to both deliver and measure it.

This descriptive research focuses on the effects of the newly Media Rating Council accredited metric Guaranteed Time Slot (GTS) as an efficient, time-based advertising metric that measures the effective time spent viewing ads, video or any media component.



According to the Interactive Advertising Bureau (IAB), internet ad revenues reached \$20.1 billion at half-year 2013, accounting for over 54% of \$37 billion 2012 full-year revenues. The growth champion has been mobile whose revenues have soared to \$3 billion in the first half of 2013, representing a triple-digit growth of 145%, from \$1.2 billion in the same period last year.

“Digital has steadily increased its ability to captivate consumers and then capture the marketing dollars that follow,” said Randall Rothenberg, President and CEO, IAB. “Mobile advertising’s breakneck growth is evidence that marketers are recognizing the tremendous power of smaller screens. Digital video is also on a positive trajectory, delivering avid viewership and strong brand-building opportunities.”

Albeit this exponential growth, according to KPCB Research the US market still holds an open \$20 billion opportunity for internet and mobile ad spent, based on the relationship between time spent in media vs. advertising spending.

Most analysts agree this gap will be increasingly filled by some of the brand advertising dollars traditionally spent on tv.

In fact, according to comScore, the TV advertising landscape is changing, driven by the migration of consumer viewing habits to digital platforms by a tech savvy audience that values on-demand and on-the-go TV consumption.

This complex marketplace has posed new challenges for advertisers and agencies, whose overarching goals remain unchanged: maximize persuasive effectiveness and reach, and optimize frequency to garner the greatest ROI from their TV ad dollars.

Since eyeballs move faster than ad dollars, it’s in the digital media & advertising industry’s interest to clarify the path for brands to make the most of their audiences and publishers to make the most of their inventory, adopting metrics that go beyond whether the ad reached its desired target and loaded on the “right” part of the page.

Yet, while outmoded, clicks present an easily quantifiable metric. They can help gauge the path from an ad served to an actual purchase, or from the ad to another point in the consumer’s process of researching a purchase. But ads are ubiquitous in the digital world and click-throughs are rare. Still digital ads offer genuine depth and breadth of information for consumers, not to mention that they can be a powerful means of branding.

In fact, one needs to think more about ads in digital media the way we think about ads in broadcast media and as such, think less about clicks, and more about the amount of time the consumer spends with an ad.

No matter where an ad loads on a page, is it next to the content your target audience most values? Is the ad out of sight as soon as your target consumer hits the scroll bar, or does it remain in view? And most importantly, how much time does it spend in your target’s eyesight and are they interacting with it? And what does that time mean for the brand and for the publisher?

Viewability is important. Time viewing advertising is a valuable factor. Time spent with the ad and the content adjacent to it becomes a metric both publishers and advertisers can safely relate to.

The Media Rating Council (MRC) is expected to soon lift its advisory against transacting on viewable impressions. Once this happens, one can expect to see an industry sea change: marketers and media buyers clearly want to be assured they're buying inventory that is actually "visible" to their target audiences. But this is just one step in a very long march towards more impactful and measurable branding in digital environments. The other is the emergence of a new "time spent" metric that measures exactly how long an individual views an ad.

The Media Rating Council (MRC) bestowed its accreditation on the new "Guaranteed Time Slot" (GTS) digital display advertising metric for WebSpectator for publishers. The GTS enters the market as the first MRC accredited online display advertising measurement system that provides an efficient, time-based advertising metric to measure and monetize the effective time a person spends immersed in an advertisement.

Introducing time as a new dimension for digital media offers a rare value proposition that benefits both publishers and advertisers alike.

It offers publishers an agnostic network that increases the value of their inventory, and grows all-important revenues by monetizing the verified exposure time spent with the ads on their sites.

At present, there is still far too much waste involved in transacting merely on impressions served, and brand advertisers face very real challenges in demonstrating budget efficiency and ROI on their digital campaigns, without a verified "pay for what you get" metric.

While buying and selling inventory based on viewability and "time spent" metrics will certainly drive more value for brand advertisers and bottom line revenues for digital publishers, it also pushes the entire industry forward to make sure the ads that are being served load properly and are visible.

In this new paradigm one should expect to see "time" become as important a metric as viewable impressions, and highly complementary to the traditional click through, revealing clear new benefits for the web, and moreover for mobile and social ad monetization where traditional ad metrics struggle .

In this context, the present document questions the value on time as an effective metric for publishers and advertisers, based on the research findings on a client use case where the Guaranteed Time Slot (GTS) accredited metric was put to the test.

Introducing time as a new dimension for digital media offers a rare and highly valued proposition that benefits both digital publishers and advertisers alike.

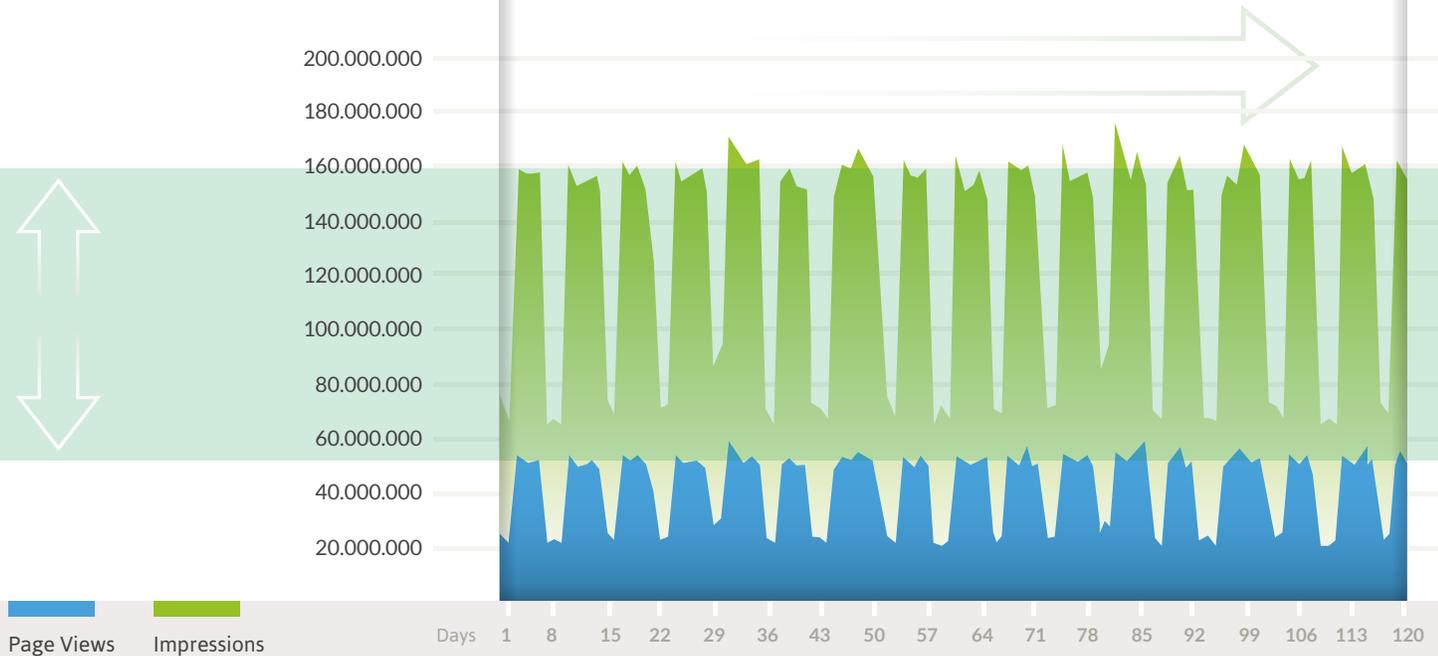
This data illustrates a property with the following daily averages:
42.85 million page views
128.56 million impressions
 over **127** seconds visit duration.

As recent advertising technology developments introduces new time-based advertising metrics to the industry, it becomes relevant to study the potential impact of such metrics. In this context, this illustrative case study serves as descriptive research on the adoption of one specific metric: GTS-Guaranteed Time Slot metric. The object of the study is a leading national online media publisher and covers the issues and findings of such adoption by comparing specific key performance indicators using proprietary data from two sequential quarters.

The baseline for measurement, comes from analytical data retrieved by the property owner over the last twelve weeks prior to the new metric introduction, for the following kpi's: page views, impressions and average visit duration.

Chart 1

Daily Page Views and Impressions:
 Quarter # 1 : 120 days



Daily peaks over 160 million impressions, handling on a yearly basis an excess of 15.64 billion page views and 46.92 billion impressions.

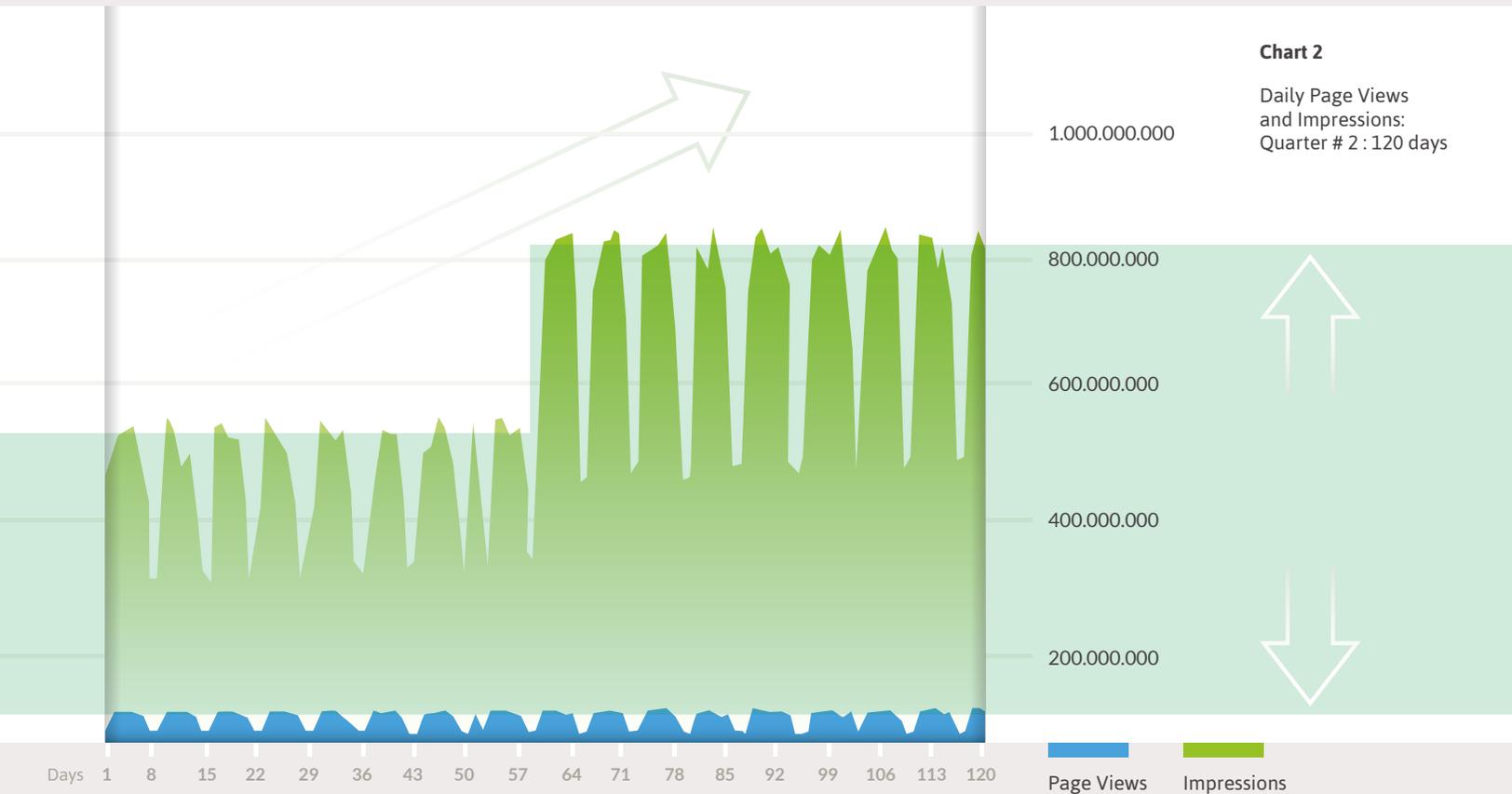
Considering the baseline quarterly data, the research focused on the sequential quarter after the new metric introduction to study the following questions:

1. What is the impact on property inventory, namely available impressions?
2. What is the impact on CPM and total Ad Revenue for Remnant Inventory?
3. What is the impact on CPM and total Ad Revenue for Premium Inventory?
4. What is the impact on CPM and total Ad Revenue from website optimization?

The object property's advertising strategy focuses on maximizing income from two classic revenue streams: "direct sales" of premium locations for higher margin branding campaigns and "remnant sales" of remaining inventory through 3rd party ad exchange platforms. This methodology was kept unchanged except for the introduction of GTS on all ad placements, to serve second print ad demand. Following the introduction of GTS the key question was inventory volume and behavior. Does the GTS drive inventory?

1 GTS DRIVES INVENTORY?

YES
IMPRESSIONS GREW 3X



Although page views remained steady, at previous levels there was an immediate increase of daily impressions, reaching peaks in excess of 500 million impressions over the first four weeks, 3 times higher than the previous peak daily impressions - 160 million.

Considering the property has an average visit duration of 127 seconds, GTS introduction started immediate monetization of second print ads in slots of 20 seconds verified exposure. This new inventory was met by previously unserved demand, illustrating time as an untapped asset all properties own.

GTS TEST SETTINGS:

1 GTS: 20 sec exposure

From 2nd print on

ROS: Run Of Site

ATF & BTF: Above & Below The Fold

Property monetization derives from the two different ad revenue streams: “direct sales” and “remnant sales”.

“Remnant Sales” are not the key revenue stream, but they were the primary focus to learn how GTS inventory could impact the property’s market value.

On the 3 months prior to GTS adoption, the average CPM for remnant sales averaged \$0.44 with a minimum \$0.42 and a maximum \$0.47. For the purpose the research ad operations metrics were kept the same - floor prices, caps, targeting - for above and below the fold placements.

CPM VALUE REMAINS STEADY

2 IMPACT ON REMNANT CPM?

Chart 3
Average Monthly CPM



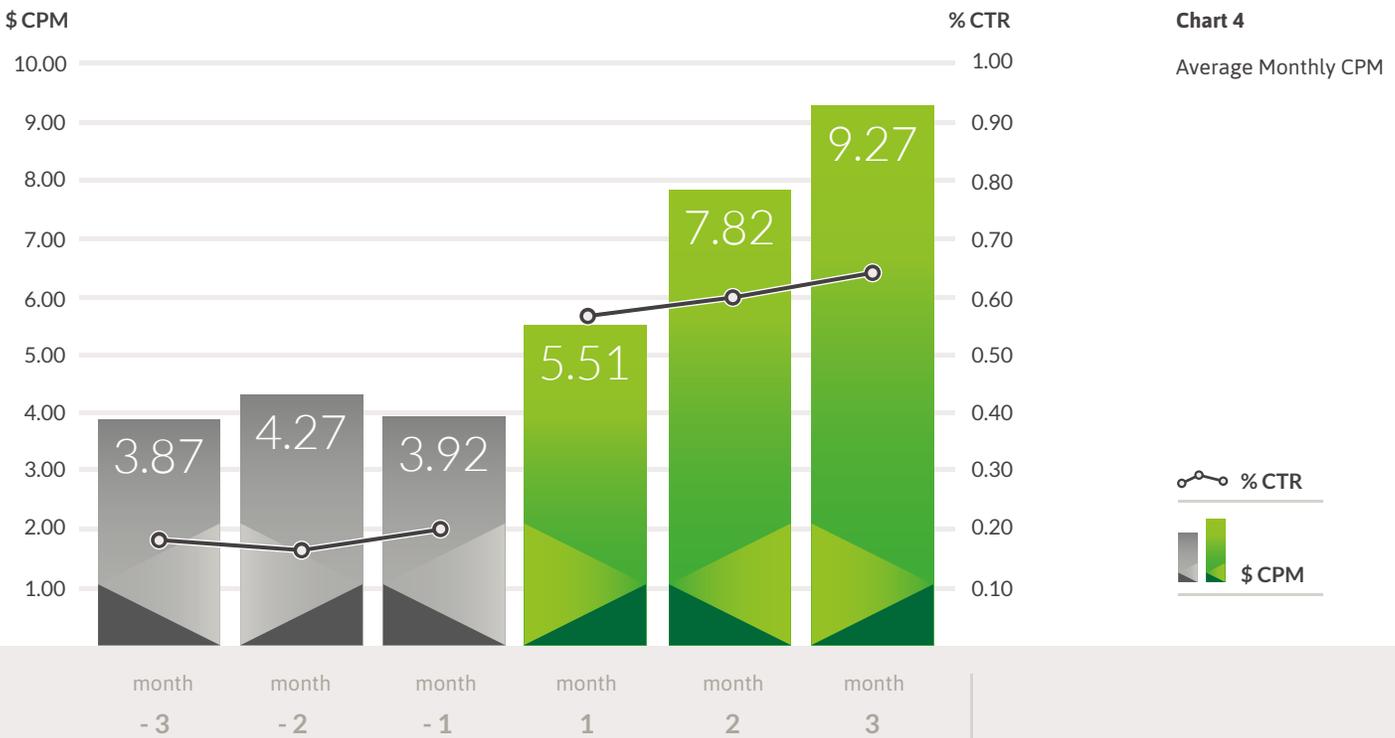
Ad revenue sees dramatic increase due to new inventory

Following GTS adoption, the observed quarter saw an average \$0.46 CPM with a minimum \$0.44 and a maximum \$0.49. This CPM average denotes a 4.5% increase over previous quarter, which can be attributed to the market adaptation to the performance of the viewable impressions guaranteed by the GTS. Total ad revenue saw a dramatic increase over the monitored quarter. The undisclosed additional ad revenue cannot be solely attributed to CPM valuation but to additional inventory being served, as illustrated in Chart # 2. Additional inventory of verified exposure is also the reason why average quarter CTR level grew 3x from 0.19% to 0.60%.

“Direct Sales” account for over 60% of the property’s ad revenue, making it the most sensitive area for potential impact. The property has an experienced direct sales team that cover an extensive range of regional and national clients and verticals. The current market value for “direct sales” is an illustration of this coverage, averaging a \$4.02 CPM on the previous quarter.

3 IMPACT ON PREMIUM CPM?

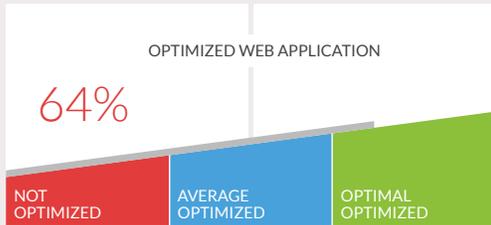
DRAMATIC INCREASE **87%**
Average month CPM



Following GTS adoption, the observed quarter saw a dramatic 87% increase of average monthly CPM (\$7.53), ranging from \$5.51 to \$9.27. These positive results can be largely attributed to the sales team being increasingly comfortable selling the GTS. As a verified and effective time-based metric, the GTS translates into a new premium ad product for ATF/BTF placements, demanding higher market valuation. Although this was clear for the sales team, optimal GTS pricing also depended on market adherence. The increasing CPM valuation illustrates the effort to measure price sensitivity, which remained steady above \$9.

These positive results can be largely attributed to sales team being increasingly comfortable selling the GTS.

PROPERTY OPTIMIZATION AFTER GTS: **64%**

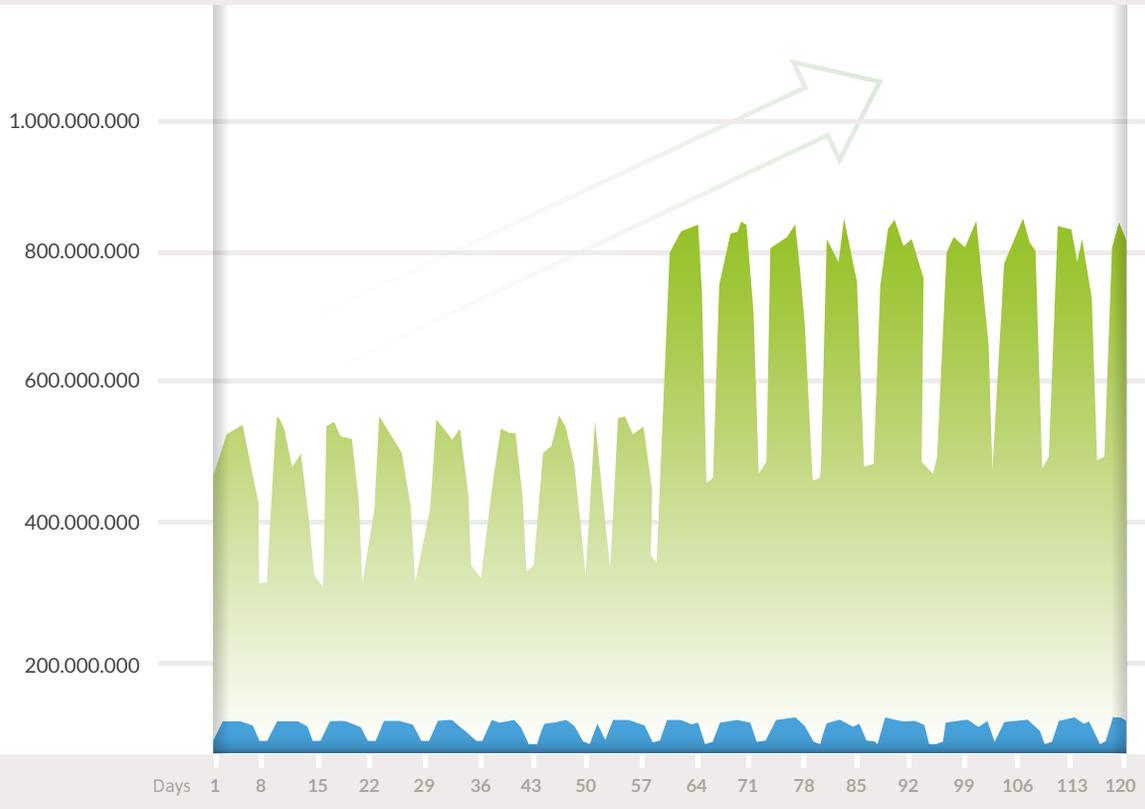


4

IMPACT OF DESIGN OPTIMIZATION?

Previous research results validate the maintenance or strengthening of the properties key performance indicators. Total quarter ad revenue saw a dramatic but undisclosed increase, much due to the availability of additional time-based inventory on top of traditional inventory. Considering the property layout was designed for traditional advertising, during research a final question was raised concerning the potential impact of property layout re-design to maximize ad in-view time.

Chart 5
Daily Page Views and Impressions:
Quarter # 2 : 120 days



It was now clear the potential to move from “page-view oriented design” to a rich web application, focused on content relevance and user engagement, which is specially relevant for native mobile and social applications.

GTS adoption saw the property reach daily peaks in excess of 500 million impressions over the first weeks. This was achieved with the inherent property design. Soon it became clear that optimizing ad placements to increase in-visibility would most likely translate into higher exposure times and thus higher inventory and revenue.

This hypotheses was in fact verified over the following weeks after two re-design iterations resulting in sustained daily peaks over 800 million impressions, 1.5x higher than previous weeks (500 million) and 5x higher than the baseline (160 million).

GTS - Guaranteed Time Slot.
Adoption by the object property was proven beneficial to all measured key performance indicators.

Based on the findings of this descriptive research key questions were validated:



GTS increases property “time-based” inventory on top of current “click-base” inventory.

Maintaining similar page view volume, overall impressions grew immediately 3 times.

1

GTS adoption has a positive impact in CPM and CTR value for “remnant inventory”.

Although CPM values increased, total ad revenue experienced dramatic increase due to new available time-based inventory being served. Additional inventory was also the reason why average quarter CTR level grew 3x.

2

GTS adoption has a direct positive impact in CPM and CTR value for “direct sales” inventory”.

GTS is a verified effective exposure metric that makes every ATB/BTF placement premium, commanding higher market valuation. Direct sales team pricing optimization managed to increase CPM by 87%.

3

Property design optimization leads to impression organic growth.

Time is an asset all properties already own. However current design does not benefit time as key advertising metric. Optimizing the object property for in-view ad placements resulted in an overall impressions increase 5x, which is specially relevant for mobile and social native applications.

4



ABOUT WEBSPECTATOR

WebSpectator is the world's only real-time connected mobile and web advertising metric, ad server and ad exchange that measures and trades the effective exposure of ads, videos or any media component.

The company's new industry metric, Guaranteed Time Slot (GTS), is available through WebSpectator's free analytics tool to help publishers increase inventory, yield and revenues and advertisers increase budget efficiency and ROI, using new metrics, analytics and business insights for ad exposure time, engagement and viewability.

WebSpectator technology was named a "Cool Vendor" for Media in Gartner's Cool Vendors 2012 report.

If you would like to learn more about the company, please visit www.webspectator.com, on Twitter @webspec, or via LinkedIn.

For further information please contact

100 Wilshire Blvd, Suite 2000
Santa Monica CA, 90401
United States
(+1) 310 566 0340
info@webspectator.com

