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WHITEPAPER POSTVIEW

The Post-view Advertising Impact explained:
Branding meets Performance-Marketing

The Reach Group
Digital Performance

ABOUT THE REACH GROUP

The Reach Group provides cross-channel, user-centered performance marketing and an intelligent use range with technology balanced along the entire customer journey. Campaigns are optimized for advertisers in the fields of e-commerce and media as well as for agencies in all digital channels on detailed user models. The product portfolio is composed of the core areas of Performance Marketing, Relations as well as Media and Brand. Performance Marketing combines the core competencies of performance display, dynamic retargeting, affiliate marketing as well as SEO, SEA and social media advertising. With Relations, The Reach Group covers the ever increasingly important activities of inbound marketing from content creation to community management. With the area of Media & Brand The Reach Group will be able to plan and control additional cross-media digital campaigns for customers.

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INTRODUCTION

Post-view describes a form of tracking and accounting in the online marketing industry that measures the advertising impact of display banners. Post-view transforms traditional display marketing into data-driven performance marketing. Although most participants in the market understand the basic approach of the post-view methodology, there is often a lack of detailed knowledge, which is essential for an effective analysis of this technology in conjunction with other online marketing disciplines. As with any accounting model, marketing managers pose the question of measurability, the advertising impact and the overlap with other advertising channels in this context, and in part this has been a very controversial discussion.
We are attempting to address those questions specifically in this white paper. As a result of the complexity of the display channel – and in view of the fact that we wanted to convey both sides of the argument on post-view as well as the associated background information – it was not possible for us to provide amore concise description than this without falling short of a complete presentation of the material and the facts. We therefore also address associated topics such as the customer journey, as this can illustrate the way in which display advertising supports performance campaigns, for example. At the same time, background information such as the way a tracking filter works and an explanation of new technologies like fingerprint tracking form part of this white paper.

PART I: FUNDAMENTALS OF POST-VIEW TRACKING

Since there is as yet no standard definition of post-view tracking in the advertising industry, terms like view-through tracking, post-impression tracking, conversion tracking (Facebook) and even view-through metric (Google) also appear, along with the abbreviation „PV“, all of which will be referred to as the post-view tracking process hereafter.

When an advertising banner is shown to an individual user, that user can make one of two direct decisions: to click on the advertising banner or not. In some cases, a recipient who did not click on the advertising banner visits the advertiser‘s website independently at a later date. On the basis of the user‘s prior visual contact with an advertisement, which is measured by post-view, this visit can be recorded as assisted by post-view.
If the consumer then converts by buying something in the advertiser‘s online shop, for example, this purchase is referred to as a „post-view conversion“. The amount that the user spends is described as the „post-view sales“. The conversion is therefore allocated to the corresponding campaign because there was direct visual contact previously. If this is not used as a pure metric and in contrast to traditional display campaigns, accounting is typically based on performance, on the basis of CPO/CPL and therefore purely according to the service provided, i.e. according to sales actually concluded by the customer.

1. The link between Branding and Performance Marketing

As already outlined, results can be measured by means of post-view advertising in a similar way to direct marketing, as in traditional display marketing, following (visual) contact, although with a larger base of data and tracking of the individual contacts themselves. Depending on the objective, companies can choose between performance and branding advertising or can combine the two. The latter is referred to as display performance marketing. If the focus is on economic targets, performance marketing campaigns are more appropriate, whereas branding marketing pursues psychological advertising objectives that will support performance subsequently. While, in the context of traditional branding advertising, measurability can usually only be achieved through complex market research surveys, success can be monitored immediately with post-view, making customer responses directly measurable. The way a consumer perceives and deals with the information in an ad is based in part on automatic processes. In particular, the mere exposure effect must be considered in this context: this describes the influence of casual, unconsciously perceived and unremembered stimulus processing. According to this theory, a considerable proportion of the impact of advertising lies in rather casual perception that takes place with little attention. It has been demonstrated that this type of perception may affect subsequent buying behaviour. Unconsciously perceived advertising makes the brand seem more familiar. The marketing company Tomorrow Focus Media considers the

influence of branding advertising in the purchase process in its study „Good Buy Branding“.[1] Tomorrow Focus Media was able to conclude that perception, information behaviour and the decision to buy were affected significantly by visual contact with online
advertising. It was possible to increase both the brand familiarity and the brand image by up to 11.6 %.
The search activity of the participants in the study also increased (more on this in a subsequent section). The number of search terms associated with the product that were entered in search engines was 44.8 % higher among participants who had contact with the advertising than among those who had not seen this campaign. The results regarding the purchase process were also clear. Participants who had contact with the branding advertising for the product bought it 39.8 % more frequently. Not only should the use of post-view therefore be seen in the overall context of other channels (e. g. vouchers, SEM affiliates, etc.; see the next sections), but it also shows a powerful positive impact on sales and brand activity through its influence on the consumer.

2. How can Post-view be measured?

Usually a cookie is installed to measure post-view when there is visual contact with an ad and a conversion pixel records and tracks defined targets as far as the client is concerned. When the user sees a post-view advertising banner on a website, a cookie is saved in the background on his or her end device.
When the advertiser‘s website is visited, a technical connection can be established between the pixel accessed and the cookie, making a correlation between the advertising banner, visual contact and the user technically possible. Later in the white paper we will go into the technical requirements of cookie-less tracking (by fingerprint, for example), as it will be used in the future.
The Reach Group uses so-called view cookies. These have a lower priority in the existing cookie filters and as far as advertising clients are concerned, with the result that they cannot be overwritten by any click cookies that are present. This avoids cannibalisation of click cookies by view cookies. Service types that generate a click have priority in sales attribution (see the customer journey section).

PART II: THE ARGUMENTS IN FAVOUR OF POST-VIEW

Despite occasional scepticism about post-view, most advertising clients use this technology as a measurement tool in their marketing mix, and that trend is growing. They have grasped that just looking at an advertising message can trigger the impulse to buy and no direct action is required on the part of the recipient. There are numerous arguments in favour of using post-view: the effect in promoting sales is demonstrable and the significance of visual contacts is uncontested not only in traditional advertising impact theories.

The discussions, references to studies and data provided in the sections below are intended to explain why marketing professionals also back post-view and to clarify frequently unmentioned and misunderstood facts about display campaigns.

1. A digression into the world of Offline Marketing

If we look at the global advertising market, most of the advertising turnover is still generated in traditional media (TV, print, mailshots and outdoor advertising). The brands use these media to achieve branding effects in order to increase perception of a brand/product and, above all, with the intention of bringing about specific actions on the part of the recipients. They do this because it works, but without exactly understanding the connection between seeing and perceiving the advertising message and the subsequent purchase, as there is no equivalent to click, view or even conversion tracking as a measuring tool. If visual contact with advertising did not have any impact on people‘s purchasing behaviour, as some critics contend without being able to substantiate their doubts, there would be no advertising industry at all. An attempt is made to make merely looking at advertising and the impulses it triggers in individuals or groups of buyers measurable with methods such as vouchers, discount cards and selective geographical targeting. In contrast to traditional advertising, online display ads with post-view provide measurable responses and transactions with consumers.

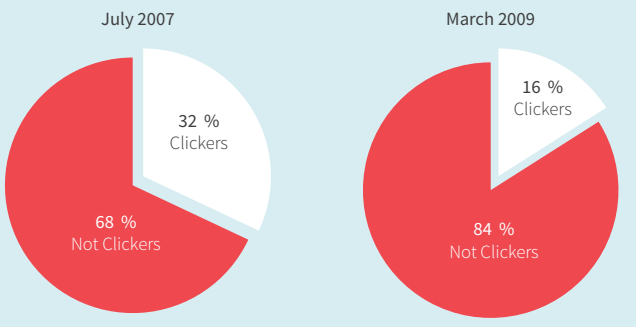
2. The Click as a measuring tool and metric is too one-dimensional

A few years ago, clicks became the standard method for tracking objectives in digital advertising because they could be counted, but not because they should fulfil that role. John Lowell, Starcom USA, Research & Analytics, explains in this connection: „A click neither generates sales nor increases the value of the brand. Online advertising is

certainly not there to generate clicks, but to improve sales or at least to keep the brand in mind“. There are numerous excellent studies on this topic. One of the best known is the „Natural Born Clickers“ study by comScore and Starcom MediaVest dating from 2009.

The study[2] shows that the percentage of people clicking on banner ads is declining all the time (from 32 % to16 % between 2007 and 2009 alone). In 2014, the percentage of clickers is reported to have reached a new historical low. It is established that 85 % of all clicks measured are generated by just 8 % of the population. Those users who still click at all are in a lower income bracket and are between 35 and 44 years of age. Only 3 % of clickers are among the so-called heavy clickers who click on advertising four times a month or more. Moreover, the study shows that over 90 % of visits to websites of advertisers come from non-clickers. The click as a base currency has therefore long since served its purpose and is a one-dimensional and incomplete way of seeing reality. Focusing on the click rate of a campaign, particularly in the area of post-view ads, is therefore inadequate. In 2012, Nathan Woodmann[3] compiled more data on the behaviour of 200,000 „clickers“ in an interesting article. It emerged that frequent clickers (and, as mentioned previously, these are only a fraction of actual internet users) fit into the following pattern: they surf between midnight and 3 a. m. using Internet Explorer or Mozilla Firefox as their browser and their areas of interest are online streaming, software and news. People who never or hardly ever click prefer to surf in the afternoon through to the evening using Chrome or Safari as their browser and look at entertainment and music platforms. How many brand decision-makers would choose to book on the non-erotic sites visited by the target group of (frequent) clickers? Campaigns with exclusive click optimisation are too rigid in the targets they set, the wrong environments are optimised and often do not reach the desired target group. The conclusion of the three Tomorrow Focus Media studies[4] „Branding Advertising Online“, „Die Zukunft der Online-Display-Werbung“ („The future of online display advertising“) and „Aus und Vorbei – Der Klick aus User-Sicht“ („Over and out – The click from the user‘s perspective“) puts it very succinctly: „The click is dead“ and „The click is no longer accepted as a currency!“ This is confirmed by the perspective of consumers as users: „85 % of Germans never click!“

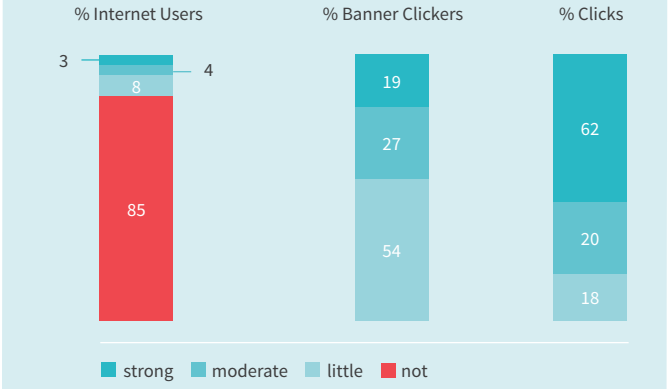
The number of clickers (US Market) has halved within just 2 years



Source: Comscore Natural Born Clickers, USA, 2009

By contrast, campaigns with post-view are optimised for users and buying behaviour, as the aim is to conclude a sale or complete another defined transaction. The Reach Group is already working with significantly more complex data and user models than would be possible at all in click campaigns because of a lack of data quality and scope. There is no need to „optimise“ for websites that may receive lots of clicks but are often sub-standard. The target groups that are reached are those that were defined in advance or that actually make purchases and lead to achievement of the target. An exploration of the topic of big data can be found at the end of our white paper. Here, too, the fundamental conclusion of the Tomorrow Focus Media studies was that, despite click rates of an average of 0.08 % in Europe, a figure that is falling all the time, it can be demonstrated that banners have a positive impact on the consumption patterns of users.

Heavy Clickers represent only a very small section of users (German Market)



Source: Comscore Marketing Solutions, Germany, 2010

3. The impact of Post-view on the search channel

Some of the much-documented impacts of display ads on the area of SEM are that people who have previously seen ads identify much more strongly with the brand (including subconsciously) and click significantly more frequently on the ad of the brand concerned in search engines. ComScore[5] was able to identify an uplift of 52.3 %. As brand terms are frequently the most cost-effective part of an SEM campaign, this underlines the positive impact of the display ads.

In a study dating from 2009[6] by the international online marketing agency iCrossing for a large national travel brand, parallel placement of display ads and click ads led to an increase in CTR of 14.9 % and a reduction in CPC costs of 11.2 %. In its study, iCrossing also investigated the impact of placing display ads on the natural search and access figures for the website. Display ads should contribute to better perception and more buying impulses outside search engines, too. It was possible to confirm this in the study, as natural searches increased by more than 13 % and the traffic on the website in general increased by 2.5 %. But brands with a heavy proportion of retail sales also benefit clearly from running a post-view display campaign: comScore also discovered that, after branding advertising had been seen, visits to the shops of the brands concerned rose by around 22 %.

As the above examples indicate, entire budgets in the marketing mix should not be directed simply at the „last click“ of the SEM, as display campaigns make a considerable advance contribution to this channel.

4. A / B Studies can create clarity and trust

In order to address the central issue of the verifiability of a post-view campaign further, it has been shown in the past that an A / B test can be revealing under the right conditions.

The Reach Group has run several such A/B test scenarios in recent years. The set-up was always similar: over a period of four weeks, on the one hand real banners were placed for a brand, while on the other hand banners with no branding or reference to the shop / brand. It can be assumed that the user group that bought something in the shop without having previously seen the real banners very probably would have made their purchase with no advertising contact. The tracking behind the banners was exactly the same, as were the environments and the number of users reached.

In order to measure the relationship in terms of percent between sales and post-view conversion, you merely have to look at the delta between these two results:

Group A with real banners	15 million ad impressions – € 100,000 PV sales in shopping baskets
Group B with fictitious banners	15 million ad impressions – € 10,000 PV sales in shopping baskets

This shows that the user group with the fictitious banners would have spent € 10,000 in the shop even without any direct advertising influence from the banners, but users who did have contact with the advertising spent 10x more in the shop. The percentage of additional turnover thanks to post-view advertising for the shop in this example was considerably high and exceeded the chance effects of the masked campaign. In order to counteract the „take-away effect“ of sales, the CPO may be lowered by 10 %, for example. These tests prove unequivocally that views (and specifically not just clicks) make a significant contribution – clearly measurable in this example – to the desired transaction.

PART III: THE ARGUMENTS AGAINST POST-VIEW TRACKING

At first sight, the use of post-view tracking seems uncontentious. However, this performance-heavy model is often the subject of criticism. The main argument against post-view tracking is that, in contrast to clicks, there is no direct link between displaying an ad and visiting a website. This view ignores any traditional model of advertising impacts that depicts measurable responses to advertising on the part of the person to whom it is addressed. One approach here may be to look at the customer journey, which we will examine in detail in a subsequent section of this white paper.

1. Cookie Stuffing / Cookie Dropping

There is often a confusion or mix-up of the term post-view with the forms of deception known as cookie stuffing or cookie dropping. They refer to installing a tracking cookie without displaying an advertising banner. No advertising service is therefore provided and click cookies are placed to „capture“ sales of usually major brands.

As described previously, this is not post-view but a method of deception without any advertising service provided; all they have in common is the installation of a tracking cookie. As a result of the continually improving security measures of all market participants, the increased use of tracking filters and the high transparency demands on partners and publishers, this type of deception is in rapid decline.

2. The lack of attribution Models

Although many advertisers and agencies recognise the advantages of post-view accounting in the media mix, they frequently have no appropriate model or mechanisms to assess post-view activities in isolation from other channels or to separate them out at all. There are, however, some methods and technical options that can be used to solve this apparent problem by means of tracking filters and/or the evaluation of the individual customer journey. Information about the significance and possible applications of these can be found in the corresponding sections.

3. Over-long Cookie lifetimes & weighting

In the initial period (2006 – 2008) of post-view tracking, there was still no difference in prioritisation between a view and a click cookie in many cases. In the eyes of most market participants, therefore, a post-view cookie could simply be overwritten by a higher value click cookie. This has not been the case for years now because view cookies have a lower value.

The question as to the appropriate time window in which to record a post-view transaction should also be addressed at this point. The post-view time window is defined as the period between the visual contact with an advertising banner and the actual transaction. 30 days was established as the industry standard for this a few years ago.

The Reach Group believes there is no „magic formula" or secret recipe for the ideal time window in general. The figure should be set individually for each campaign and depends on the product and brand being advertised. As a rough rule of thumb: if products requiring explanation are being advertised with post-view tracking (e. g. cars, mortgages, insurance policies, financial products), the cookie lifetime should be over 10 days – but less than that for simpler products such as clothes, books or downloads, provided that branding or a new product launch are not the priority.

The Reach Group recommends that its clients only work with a limited number of trustworthy partners. Attempts at self-regulation, such as the code of conduct of the BVDW[7], help to select appropriate partners in advance. This regulation sets out market standards for placement of a post-view campaign that must be observed by the signatories to it, such as a restriction to a maximum of three advertising slots within an IAB advertising format for multi-merchant advertising. Approaches such as placing ads in environments that are illegal under German law, for example, or the use of adware are prohibited.

PART IV: SOLUTIONS & OPTIMISATION

Crucial for efficient online marketing is the interaction and combination of various tools. In the following section, we would therefore like to discuss effective and important areas that should always be included in the optimal management of a post-view campaign or which may require some explanation.

A basic prerequisite for the launch of a post-view campaign is the pixel required to make the post-view impacts and conversion measurable. Existing ad servers (such as Google DoubleClick, Adtech or Adition) can be used for this process – most display providers (including The Reach Group) use their own conversion pixels. The route via existing affiliate cooperation agreements (both public and private networks) may also be regarded as effective and can save time as the essential requirements are often already in place and all leading networks can display post-view transactions explicitly.

1. Cookie vs. Fingerprint? The current Situation

The concept of cookies was originally developed by Netscape Communications and implemented in what was then, in 1994, the most widely used browser, Netscape Navigator. Cookies enable data to be saved on the local computer of an internet surfer and allow that information to be read at a later date. Only the data or cookies put in place by an advertising service provider can be read by that provider. In contrast to the widely held assumption, it is therefore impossible either to access cookies of other providers or websites, or to check which cookies are present on a user's computer in the first place.

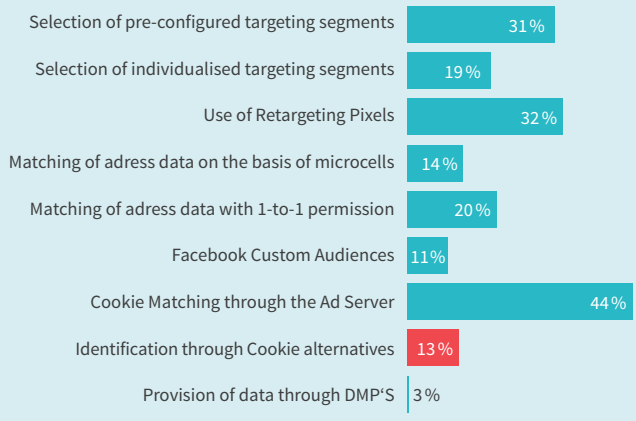
For the online advertising industry, the cookie on a consumer's computer quickly developed into a practical identification feature.

A unique number was allocated to the users and it was possible to check whether a user had already seen an advertising banner over a more extended period too, and if so how often. Users could then be sorted into target groups and – as today in retargeting – targeted again if the appropriate cookie was present. Unfortunately, saving the cookie locally on the user's devices has one significant disadvantage: users can delete the cookies themselves. BITKOM has shown, for example, that 54 % of all internet users, in other words more than one in two, has already deleted or actively blocked cookies[8]. As a result of the one-sided discussion about cookies and data privacy in the media, the proportion of the population group that deletes or blocks cookies has been increasing for years and, according to statista[9], amounted to 27.37 million internet users in Germany in 2013. That is the majority of internet users here.

Of particular significance is the fact that 20 % of all cookies installed are already being deleted every day or at the end of a browser session and, according to a model proposed by the agency uniquedigital[10], up to 75 % are deleted within 30 days. This is a veritable „cookiegate" for a data-driven industry that uses cookies to identify users and how to appeal to them. These figures suggest how imprecise cookie-based tracking must have become in 2014.

But there is an alternative to cookie tracking which is gaining in importance. The online marketing industry was forced to take account of its cookie problem in 2013 when the Mozilla Foundation announced that the new version of the internet browser Firefox would no longer accept so-called third-party cookies automatically, as is already the case with Apple's Safari browser.

Implementation of data-driven strategies in Germany in 2014



Source: Digital Dialog Insights, Germany, 2014

To explain further: first-party cookies are cookies that are placed directly by the domain that is currently being visited, for example by spiegel.de when you are visiting spiegel.de.
Third-party cookies are data from other companies such as ad servers and advertising providers that are loaded by sites visited by the user - in other words, cookies put in place by third-party providers.

The Reach Group coined the term post-cookie era in an article[11] on this topic in Germany. With a market share of 39.3 % of Firefox users in Germany (as of April 2013), the blockade would have had serious consequences for the traceability of users, the payment of commission claims and the compliance with cookie-controlled frequency capping. Mike Zaneis, Vice-President of IAB (Interactive Advertising Bureau), therefore compared the planned change to a „nuclear first strike" against the online advertising industry on Twitter.[12]

In the meantime, using so-called fingerprint tracking has come to be regarded as a reliable tracking model of the future because the advantages are obvious: in contrast to cookies, fingerprints are no longer saved locally on computers but by the provider in a database. Users themselves therefore have no access to them. A way of „deleting" them must be provided by the industry organising the storage. However, the opt-out is more complex in this case and can only be carried out selectively for each provider. The proportion of users who make use of this option will therefore be in the low single figure percentage range. According to Digital Dialog Insights 2014[13], identification by means of cookie alternatives such as fingerprinting is currently being used by just 13 % of those surveyed.

The fingerprint is a unique mark (as far as this is possible) that identifies a user. This mark consists of various pieces of data that can be collected via browsers. This includes, for example, screen resolution, browser version, operating system, system language and much more. These are saved together and numbered. If an ad server then comes across a user with an identical configuration, it assumes that it is the same user whose „fingerprint" it has already saved.
If the user changes his or her screen resolution, the ad server accor-

dingly sees it as a new user because the personal fingerprint used for identification is different because of the change in the resolution. Of course, in reality the fingerprint consists of more features so that very precise identification is possible at user level, provided that the parameters do not change, as described above. This, in conjunction with saving the fingerprints on servers and an unlimited shelf life, at least in theory, are the key advantages compared to cookie-based tracking.

2. How Tracking filters work („Cookie Filters")

Derived from cookie tracking, which remains widespread, tracking filters are often incorrectly referred to as „cookie filters" as they regulate placing of cookies and their prioritisation by channel. In order to illustrate how tracking filters work, let us assume that the sample online shop „RedFashion" uses two affiliate networks to cooperate with publishers that advertise its products.

An internet surfer then clicks on the ads for the shop on various websites. Both ads are tracked by different affiliate networks. The user therefore has a tracking cookie from each network on his computer. If the user then visits the store and makes a purchase, both affiliate networks would claim the sale or having arranged it because of the tracking cookies present. The store has to deal with the classic case of a duplicate. One of the sales would then have to be cancelled by the webmaster because in reality there is only one sale, which has technically been recorded twice.

With a tracking filter that would be installed between the clicks on the ads, this virtual duplicate sale could be prevented. The tracking filter records the user's advertising contacts and channels and determines when which tracking pixel has been displayed in accordance with the advertiser's specifications. Under the classic „last-cookie-wins" principle, the tracking pixel of the network that has the most recent user contact is displayed on the store's confirmation page. The network with the first advertising contact comes away with nothing in this case.

As described, the way in which the tracking filter works can be controlled by the advertiser. The last-cookie-wins principle outlined in this example is outdated and is only used as an illustration here because of its simplicity. The use of new attribution models that can be implemented with a customer journey is more effective here. We will examine this in more detail in the next section.

3. The course of the customer towards a purchase – the Customer Journey

The customer journey describes the course and the contact points of a recipient from the first brand contact to conclusion of a purchase or a defined action. It serves to explain customer behaviour and provides a way of making the optimal budget allocation in marketing. Advertising clients can therefore see when and by means of which advertising strategies a potential client has been in contact. This enables so-called attribution models to be drawn up to evaluate the data collected.

The predominant model in online marketing to date has been referred to as „last cookie wins" or the „last click model". This means that the most recent advertising contact or the last action cookie is assigned to a purchase or an action and the partner concerned is paid. The distribution of budgets and evaluation of individual advertising strategies is carried out in a correspondingly one-dimensional way. Despite large technical innovations, this model can still be regarded as the dominant one. However, it is being replaced by more sophisticated evaluation models, in particular the use of the so-called customer journey, which explain and illustrate the involvement of other advertising strategies such as post-view in the purchase process and outcome.

An attribution model based on customer journey tracking reveals an enormous amount of interaction between the various channels, in contrast to the traditional last click model. This provides evidence that visual contact with display ads influences the purchase decision of a consumer and, hence, purchases that come about via search engines are assisted or even instigated in this way. Readers of the entire white paper will be aware that we have already mentioned studies that reach the same conclusion.
Whereas the last-cookie-wins model would have allocated a budget and therefore a significance exclusively to the purchases made via search engines because they are at the end of the contact chain, the customer journey shows that part of the sale that came about in the search engine channel was generated by the interaction of display ads or their previous appeal to the user. This leads to a rethinking and adjustment of budget allocation to the other channels – and to the fact that payment must be made for these if a success-based payment method is being used, as the search channel was involved in the sales.

Depending on the attribution model, a company can, of course, reach entirely different assessments of the impact of specific campaigns and channels. This depends largely on how the model was designed, which and how much data is included in the customer journey or whether, for example, the various strengths of the advertising impacts over time is considered (direct, short-term and long-term impacts). However, all models have in common the fact that they can at least present a better picture (because it is more inclusive and precise) of the impact and effectiveness of individual channels and strategies. The contact point immediately before the purchase is no longer the only factor considered, as it is in the last-cookie-wins principle, and there is therefore no exaggeration of the value of any advertising with which the user came into contact shortly before the purchase.

This means that, in the course of an assessment of activities by means of a customer journey, the value of display and therefore of post-view ads becomes apparent. While many companies focus purely on siphoning off sales, display performance campaigns initialise newly created demand potential, which subsequently leads to purchases or the achievement of specific goals. In particular, using a customer journey shows that the click is no longer a relevant assessment criterion for the impact of online display advertising. Even without clicks, namely through visual contacts and therefore branding, there is a significant influence on other channels. The use of the customer journey is therefore recommended for modern online marketing to arrive at an effective evaluation of the advertising activities of a company that is as close to reality as possible. The effort involved should not be spared: a broad and comprehensive base of data leads to more effective media decisions, a more appropriate allocation of budgets and – thanks to the correct evaluation of initialising advertising strategies like performance display – to exploiting the maximum sales potential of the brand.

4. Measures to optimise the advertising impact by means of Targeting

Targeting is regarded as the key technology in developing the target group appeal and is rated in the current FOMA trend monitor[14] as the most relevant topic for the online advertising industry. Through the use of targeting it is possible to control advertising in a more effective way using various parameters. Reaching a pre-defined target group is optimised and scattering loss is minimised.

A banner is delivered with a specific targeting on the basis of data. The cookies or fingerprints stored on the user's computer are used to record the data. In this way, it is possible to evaluate numerous parameters. The challenge when using targeting options is to exploit the wealth of data available in an effective way and to use different targeting in accordance with the campaign objective. The various ways of running a display campaign should be weighed up in order to identify which strategies are suitable for the specific objective of the campaign. The campaign objectives must therefore be defined in advance and must be measurable, so that continuous optimisation is possible during and after the campaign. The introduction of an effective channel performance measurement and optimisation system is crucial in this context. It is important that the analysis is not too one-dimensional and suitable metrics are used to assess the performance of the campaign. Particularly when it comes to strategies intended to increase familiarity and which are therefore located in the first stage of the customer journey, push-driven channels such as display and post-view show high efficiency gains and a wide reach, although the direct increase in performance is usually smaller. These factors can be measured using complex heuristic methods. Monitoring performance in increasing familiarity or in branding campaigns is therefore a challenge (as it is in offline advertising). A one-sided analysis of sales based on the last-cookie-wins principle is not suitable for this.

In the course of the customer journey, the amount of data that can be used for display advertising increases, making it possible to address the target group more precisely. The reach of the campaigns usually become smaller because of the more precisely defined targeting and the impact on performance becomes more direct.

Various targeting options will now be described in detail.

5. Technical Targeting

In technical targeting, the user's hardware and software components are recorded. The technical aspects of the target group are therefore the focus used to optimally design delivery of the advertising. Technical targeting includes bandwidth targeting, geo-targeting, browser and operating system targeting, time targeting, provider targeting, targeting by screen resolution and frequency capping. Thus, for example, bandwidth targeting can be used to ensure that the ad does not take too long to load and browser targeting guarantees that the ad is displayed correctly.

In addition to guaranteeing the optimal presentation of the ad, it is also possible to address the pre-defined target group by means of technical targeting. With geo-targeting, campaigns can be placed regionally by recording the IP address. Time targeting involves chronological regulation of the ad being displayed. An analysis can be carried out in advance of when the majority of the target group is surfing online and the campaign can be designed accordingly.

By using this technical data, The Reach Group was able to optimise the way a campaign for a large office consumables shop operates, for example. The campaign had initially been running without restrictions for data enhancement and it then emerged that shop visitors were significantly more likely to place an order on Monday mornings than at the weekend. The time of delivery was optimised accordingly and adjusted to the real customer behaviour.
Another example of the effective use of technical targeting is the deliberate appeal to users of competitor products by internet service providers with the help of browser and provider targeting. It is also possible to control the number of times an ad is shown to each user. Frequency capping can be used to determine how often a user is shown a banner within a specific period. This too helps to avoid scattering loss in running the banner. It also counteracts the possibility of the user rejecting it because it prevents the ad being displayed too often. This is essential when it comes to retargeting in particular.

6. Environment Targeting

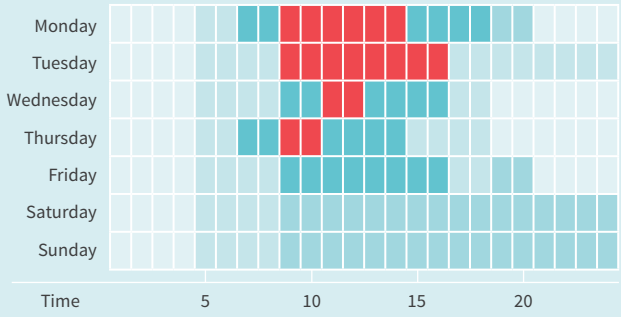
In conventional environment targeting, the content of the websites is examined and the assumption is made that the target group will also be found on websites with similar content. It is thus possible to book specific environments in a targeted way. The usual practice here is to define channels with several websites – in addition to specific websites – to achieve the greatest possible reach. Thus, for example, a car manufacturer defines the automotive channel before running a campaign. This means that, in addition to traditional car portals, news and consumer portals with cars as a sub-heading will fall into the relevant channel. Brand and image transfer also play a large part in traditional media planning by environment, in particular in making so-called „premium placements“ in high quality advertising media.

7. Language-based Targeting

Language-based targeting is an umbrella term for placements on the basis of linguistic elements. This includes search word, content, semantic and native language targeting. Search word targeting records which search terms a user has entered and adapts the banner ad accordingly. If, for example, a user enters the search term „car“, a car brand will then be displayed on a banner. Content targeting, on the other hand, displays the ad when previously defined words appear in the text of a website.

In semantic targeting, the ad is displayed when words with multiple meanings are used and an analysis of the whole text allows the correct meaning to be assigned. An example would be the word „golf“ as a sport and a model of car (and, in German, a geographical term). As with environment targeting, the aim of this targeting is to identify thematically appropriate websites. Native language targeting identifies the browser language of the user and displays ads in the corresponding language.

Sample illustration of Time Targeting



Source: The Reach Group company presentation, Germany, 2015

8. Behavioural Targeting

In behavioural targeting, the browser behaviour of the internet user is documented and, among other things, a record is kept of the sites that the user has visited and which ad banners he or she has seen or clicked on. By means of the internet user‘s behaviour, interests and preferences are identified and corresponding advertising is displayed. Tracking of the user‘s behaviour is also carried out by saving cookies or by means of fingerprints, while a distinction is made between first-party behavioural targeting and third-party behavioural targeting. In first-party behavioural targeting, the website operator uses the data that is collected on its own website, while third-party behavioural also includes targeting data that is generated outside the operator‘s own site.

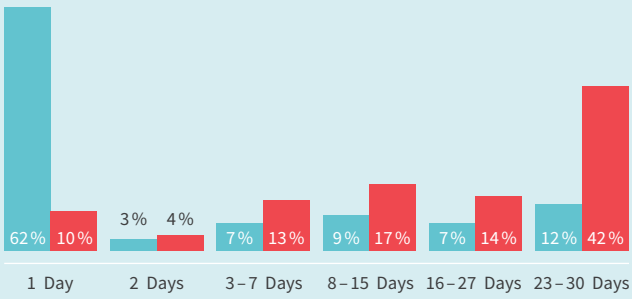
9. Retargeting

A particular form of behavioural targeting is to address users directly by means of retargeting. In what is probably the best known form, users who visit the advertiser's website but have not made a purchase are marked (the purchase cancellation rate can be up to 95 % depending on the shop).

With the aid of the marking, it is then possible to recognise users when they surf the internet and to run advertising in a targeted way. Since the users already know the product or the website, they can be categorised as highly pre-qualified, which means that the conversion rates for retargeting are higher than in traditional display strategies. The disadvantage of this targeting lies in the fact that only users who have already visited the brand's website or shop can be addressed. This demand must first be generated through other channels, however, and interest must be triggered by post-view display campaigns, for example. There are numerous ways of designing ads for retargeting. In the simplest version, static retargeting, the consumer is shown a simple graphic banner for the brand or the online shop. In segmented retargeting, at least one graphic banner or product suggestion is used from the product category visited. With the aid of a product data feed, the advertising banner can be designed dynamically. This means that the user sees precisely the product that he or she viewed or clicked on previously, and the retargeting is personalised. It is also possible to show the consumer related products or cross-selling products. As with all display advertising, the contact frequency with the user must be controlled so that the ad does not seem too intrusive or even has a negative impact on the brand. According to Digital Dialog Insights 2014, retargeting is one of the standard strategies used by those surveyed, with a usage rate of 32 %. Despite a usage rate of a third of decision-makers for this tool, it is safe to assume that there is still a large potential for this to increase.

In a major study, intelliAd and Munich Technical University examined whether retargeting actually leads to a reactivation of consumers. 15.5 million user journeys, 25 million user interactions and over 3,000 conversions were analysed in detail for this purpose. The conclusion was that the frequency of sales at a late stage is above average when retargeting is used. The average conversion time for customers of a shopping provider was just 24 hours in the test case and very few sales were made thereafter. When retargeting was used however, many users were still successfully encouraged to make a purchase 23 – 30 days later. intelliAd comments in this connection: „This conclusion too supports the reactivation effect of retargeting“[15]. Retargeting is also associated with support behaviour that is virtually as effective as that of newsletters, i.e. assistance with conversions.

Time interval for conversions in Retargeting



Source: IntelliAd, Germany, 2012

Another form of behavioural targeting is predictive behavioural targeting, which, in addition to the surfing behaviour of the user, also includes data e. g. from surveys and registrations and thus draws up a profile of the target group for the advertiser. This is also done with the aid of statistical forecasting procedures.

10. Visibility Tracking & viewable impressions

Whenever the visibility of ads has to be recorded and measured, the topic of visibility tracking soon comes up. By means of visibility tracking, it is technically possible to determine where on the website an ad appears, based on X-Y coordinates in combination with the screen resolution the user employs. The second term,“viewability“, is used to describe the next large step forward in the assessment of online campaigns. With the aid of viewability it should be possible to assess campaigns by their visibility and to pay for them on this basis over the long term. Although this metric has existed for a few years, it has only been driven forward recently by leading companies in the online industry and in future, once some of the other technical issues have been resolved, it may become a standard for branding campaigns – and therefore also an important performance indicator for post-view. It will change digital advertising for the long term and affect advertisers, publishers and technical service providers in equal measure. It must be possible for the measurement of viewability to be carried out by several participants in the market; in other words, the marketers

must create a technical basis and media agencies or advertisers who use their own ad servers and must have the option of activating and monitoring measurement of visibility easily.

Until now, advertisers have accepted low viewability in performance campaigns, as long as the results (the conversions) were as required. But with the possibility of dynamic media buying through real-time bidding, more and more high-quality mid and long-tail inventories are being developed now. As has been described repeatedly in the previous sections, the click is increasingly losing importance as a measurement criterion and digital base currency. Viewable impressions and long-term visibility measurements provide an additional metric here and make conversions predictable. A combination is therefore equally effective in both branding campaigns and post-view or performance campaigns. Essentially, however, it should be stated that immediate hundred-percent visibility cannot be achieved. Eye tracking studies show that, although the top section of a website (referred to as „above the fold" or ATF for short) is viewed most closely, 76 % of users scroll away from it and 22 % even go to the end of the page („below the fold" or BTF). Depending on scrolling speed, even advertising that is placed in the immediately visible area of a website may nevertheless appear as invisible in evaluations. In a large study[16] (100 million impressions, 35 campaigns) dating from October 2013, Quantcast examined viewability in great detail and reaches the conclusion that even a rate of over 75 % direct viewability can hardly be achieved.

At the end of March 2014, the Media Rating Council in collaboration with the Interactive Advertising Bureau (IAB) therefore established the following standard[17] for the US market: For a duration of at least one second – two seconds for in-stream video advertising – at least 50 percent of the ad must have been visible in the user's browser window; only then does the ad accessed qualify as a visible and billable ad impression. With this 50/1 rule, visibility becomes a metric in online media planning and is turned into hard currency for the first time by the ad impression. Technical problems such as the widespread use of iFrames still make measurement of visibility impossible at the moment in large parts of the web. Measurement of the duration of an ad is, however, possible and is set to assert itself in future.

The results provided by tracking methods such as ad visibility and heat map processes (a heat map visualises the areas of a website on which the visitor has predominantly clicked, for example, and the areas in which the visitor's mouse cursor tends to remain) offer the opportunity to analyse and evaluate awareness and branding campaigns on the basis of the relevant KPIs for the first time. In our view, this is a further step in the right direction, away from misleading impact indicators like the click rate.

11. Risks and recording problems from today's perspective

The biggest problem in recording visibility is the iFrames mentioned above. Embedded iFrames are small HTML websites that are used by almost all market participants to place advertising banners on websites and to prevent the loading times of their own page from being affected by external content – currently in over 80 % of all advertising banners delivered. The delivery of ads is restricted to a previously defined banner size when using iFrames and they act entirely independently. An iFrame is therefore an enclosed system that cannot change its size independently, for example. The consequence is that ad banners, which are sometimes delivered encapsulated in several iFrames, can no longer return data about visibility. An evaluation of visibility is technically no longer possible. An alternative would be to use direct JavaScript on websites. However, this presupposes a high level of trust and is not realistic because of the loading time problem mentioned above.

The IAB came up with a possible solution in May 2013 with the first version of its SafeFrame Technology[18], which, among other things, is intend to enable all market participants to measure and record visibility. SafeFrame banners are placed on websites in exactly the same way as normal iFrames. However, direct access to the website concerned is possible by means of interfaces. This direct communication enables visibility to be measured. Whether this technology will win through and soon become used as standard cannot yet be determined for certain. Development and registration of ad duration, on the other hand, is a criterion that can be represented in the near future with no technical restrictions.

12. Potential for improvement trough Display Performance (Big Data)

Data is regarded as the most important raw material of the information age. Data-driven tools are always regarded entirely positively by experts. Martin Sorrell, CEO of WPP, says in this context: „Information once stood for power. Today, power comes from the ability to analyse data and use it." According to the IDC study "Data Universe"[19], however, only half a percent of the data that exists worldwide is being

analysed and used. Methods of addressing existing customers in a differentiated way are particularly appealing (60 %). In general, however, equally high potential is attributed to optimisation strategies that target other phases of the customer journey, such as procedures for purchase optimisation at 47 % and retargeting shopping basket drop-outs at 39 %. Especially in the first part of the customer journey, high media budgets are usually required, for which high efficiency gains can be achieved as a result of data-driven optimisations, especially in push channels such as display and video, despite low performance increases.[13]

Big data is an umbrella term for the extensive, mass compilation and evaluation of data from various sources. The quantity of data collected in this way led to the creation of the term. The use of data by the advertising industry is referred to as data-driven advertising or programmatic buying. The data collected can be used for optimisation algorithms, for example, to increase conversions or employ targeting in a more specific way. As a result, campaign planning moves away from purely environment-based to target-group and user-specific control and planning, based on data and targeting. The solutions for the collection and evaluation of data are quite varied in this context and have been used successfully for years by The Reach Group in the post-view field. In the use of both targeting and of other data it is ultimately a matter of increasing the relevance of the advertising for the consumer, in other words showing ads that are as need-orientated or individual as possible and thereby increasing the advertising impact. Ad placement optimised in this way is consequently more effective and efficient than non-specific placement of ads.

For example, The Reach Group applies a „machine learning algorithm“ that creates customer profiles to optimise performance campaigns. Non-personalised user data is saved every time ads are displayed on the net and is progressively enhanced in the course of the customer journey. The data acquired is compiled and analysed statistically for links with desirable events (e. g. sales, clicks, interactions). The optimisation factors here include previously visited websites, times of day and weekly trends, but also technical data such as country, browser language or the achievement of specific targets such as completion of a purchase. The user profile compiled in this way is assigned to a user cluster and when the own ad tags are opened again a decision is taken about which ad to show the consumer based on the internally calculated likely eCPM and on the values of the individual data points.

The eCPM describes the income anticipated per 1000 displays and is therefore a metric that makes it possible to compare campaigns with different accounting types and to run them in an optimal way.

This means that every consumer has an individual and dynamic eCPM at any time on any website and for any campaign available on the net. Only with this optimisation is it possible to run post-view campaigns effectively on the basis of CPO / CPL.

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Glossary

	CONCEPT	DEFINITION
1	AD IMPRESSION	ACCESS OF ADVERTISING FROM AN AD SERVER
2	AD SERVER	SERVERS FROM WHICH AND VIA WHICH AN AD IS DELIVERED
3	AD TAG	PROGRAMMING CODE ON A WEBSITE THAT ESTABLISHES THE CONNECTION TO THE AD SERVER
4	ADVERTISER	ACTS IN THE ONLINE ADVERTISING INDUSTRY AS AN ADVERTISER (ALSO KNOWN AS A MERCHANT)
5	AFFILIATE MARKETING	COLLABORATION BETWEEN AN ADVERTISER AND A PUBLISHER (AFFILIATE)
6	AFFILIATE NETWORK	CREATES THE PLATFORM FOR TRACKING AND BILLING BETWEEN ADVERTISERS AND PUBLISHERS
7	CHANNEL	SPECIFICATION OF THE TARGET GROUPS IN CORRESPONDING ENVIRONMENTS (WEBSITES)
8	CONVERSION	CONVERSION OF A VISITOR TO A WEBSITE INTO AN ACTIVE ACTION - A PURCHASE, FOR EXAMPLE
9	COOKIE	WEBSERVERS CAN SAVE INFORMATION IN A COOKIE
10	COST-PER-CLICK	FORM OF ACCOUNTING IN WHICH THE COSTS OF A CAMPAIGN ARE DETERMINED BY THE „CLICK“ METRIC
11	COST-PER-LEAD	FORM OF ACCOUNTING IN WHICH THE COSTS OF A CAMPAIGN ARE DETERMINED BY THE „ADDRESSES“ METRIC
12	COST-PER-ORDER	FORM OF ACCOUNTING IN WHICH THE COSTS OF A CAMPAIGN ARE DETERMINED BY THE „PURCHASE“ METRIC
13	CLICK-THROUGH-RATE	METRIC THAT SHOWS HOW MANY USERS HAVE CLICKED ON AN AD AS A %
14	E-CPM	EFFECTIVE COST PER THOUSAND (MILLE) CALCULATION: TOTAL NUMBER OF AD IMPRESSIONS X 1000
15	FREQUENCY CAPPING	LIMITATION OF THE CONTACT FREQUENCY OF AN AD FOR A USER
16	LEAD	AIM OF COLLECTING CUSTOMER DATA TO MAKE FURTHER CONTACT (VIA NEWSLETTERS, FOR EXAMPLE)
17	LONGTAIL	DESCRIBES THE MULTITUDE OF SMALL AND MEDIUM-SIZED ONLINE SHOPS/ADVERTISERS
18	PRIVATE NETWORK	AFFILIATE NETWORK OPERATED BY AN ADVERTISER OR AN AGENCY ONLY
19	PRODUKTFEED	FILE WITH PRODUCTS AND ATTRIBUTES OF AN ONLINE SHOP (OFTEN USED FOR RETARGETING)
20	PUBLISHER	MAKES THE REACH AVAILABLE TO THE ADVERTISER/MERCHANT
21	RTB	REAL-TIME BIDDING REFERS TO THE AUCTION-BASED PURCHASE OF AD IMPRESSIONS
22	SEM	ONLINE MARKETING ACTIVITIES (SEO, SEA) THAT ARE LINKED TO SEARCH SERVICES
23	CPM	INDICATES THE COST FOR 1000 DISPLAYS OF AN AD BANNER
24	TRACKING	LOGS THE USAGE BEHAVIOUR OF A USER WHEN SURFING

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