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Global Media Intelligence Report

THE GLOBAL MEDIA INTELLIGENCE REPORT

Where Math Men Meet Mad Men

eMarketer forecasts that total digital media ad spend in the United States will grow from $42.3 billion in 2013 to $61.4 billion in 2017. Given this tremendous growth, marketers are trying to take advantage of this opportunity and what it could mean for their stakeholders, but are mired in so much data that they are unsure of what action to take.

As a result, major advertisers and agencies are demanding cross-channel visibility, actionable insights, and real-time information to make informed decisions to increase their overall media efficiency. This includes the ability to plan, target, engage and measure across all aspects of their online media campaigns. The goal of every marketer is to be able to utilize one unified platform to get one view of “their” customer.

This report covers key insights into cost, customer engagement and reach, and channel influence, as seen by the industry’s leader in information services and analytics. The report also adds new metrics around video network and mobile performance, along with vertical audience targeting and the resulting lift in user conversion rates. The goal of this report is to inform marketers on industry trends in Q3 2013 so that they can better optimize their media planning and buying going forward.

About the Report

The Neustar Aggregate Knowledge Global Media Intelligence Report answers key questions, like:

- Which channel delivers clicks and conversions at the lowest cost?
- Which channel is the most efficient at reaching new users not seen on other channels?
- Which channel has the highest quality users that can be marketed to consistently?
- What channels are most undervalued in a last-touch model?
- How did advertisers leverage video networks to increase reach?
- Is mobile driving more impressions or clicks?
- What is the value of targeting top performing audiences within a vertical?
- What attributes drive higher conversions within a vertical?

Neustar Aggregate Knowledge (AK) has the data that Fortune 500 advertisers and agencies need to keep up with the explosion of digital channels and more efficiently spend their media dollars. In Q3 2013, over $415 million of media was bought based on insights provided through AK’s Media Intelligence Platform™ (MIP).
EXECUTIVE SUMMARY

In today’s corporate world, CMOs are taking on new tasks overseeing everything from data to product innovation. It’s not just about integrated-marketing programs,” said Caren Fleit, a senior client partner of executive-recruiting firm Korn/Ferry. “It’s about transforming how business is done.” She added that CMOs must move beyond simply being the voice of the customer to handling “enterprise-wide leadership, driving change and being connected very directly to business results.”

To meet this challenge head-on, CMOs are looking for a unified marketing platform from which to view all of their online activities and campaigns in one place, so that they can answer questions around business results from a top level and campaign results from a lower level. Thus, they need a platform to bridge the online and offline worlds, leverage valuable first-party data, and manage cross-device identification to truly deliver a 360 degree view of the customer journey.

Neustar Aggregate Knowledge (AK) brings together media and audience data on a single platform so marketers can make decisions based on real-time information and analysis. Cross-channel visibility across exchanges, networks, portals, and social delivers command and control for marketers to adjust media spend on the fly to ensure the highest efficiency.

This report delivers key channel findings from AK’s analysis across approximately 140 billion ad events, 60 billion impressions, and 32 million conversions.

Some key trends seen in Q3 2013 include:

- Networks and exchanges show the greatest cost advantage this quarter, continuing the trend of delivering CPM, CPA, and CPC lower than the indexed average
- Social continues to deliver reach efficiency, performing 58% better than the next-best channel (exchanges)
- Social’s ability to deliver high-quality users not seen on other channels continues with above-average performance for all quarters of 2013
- Social continues to perform above the indexed average and networks demonstrate above-average funnel attribution for the first time
- Video network usage is on the rise, with impressions growing 15%, clicks increasing 73%, and click revenue growing by 48%
- Mobile campaigns drove a 288% increase in impressions, but generated 11% less clicks, and a decrease in click revenue of 77%
- Targeting top performing audiences leads to an increase in user conversion rates of 300% in Retail, 410% in Auto, 590% in CPG, and 970% in Telco
COST INDEX

A Channel's Cost in Relation to Driving Impressions, Clicks, and Conversions

Costs evaluated by this index include CPM, CPC, and CPA. While costs across all channels in Q2 were relatively in line, the landscape in Q3 changed dramatically. Exchanges and networks continued to demonstrate efficiency in costs and may be a good option if the focus is solely placed on reaching an audience at a low cost. Portal costs jumped in Q3 which may point to an increase in higher-value buys (i.e. home page takeovers, high-value placements) targeted at driving brand awareness versus driving conversions.

Costs in Q3 show improvement across all channels except portals. Networks show the greatest cost advantage and social costs drop below the indexed average for the first time.

INSIGHTS
REACH EFFICIENCY INDEX
A Channel’s Efficiency in Reaching New Users, Coupled with Exclusivity and Cost

Social and exchanges were the biggest drivers of reach in Q3, with social performing 58% better than the next-best channel.

INSIGHTS
In Q3, social and exchanges performed above the indexed industry average in reach efficiency, confirming each channel’s ability to reach exclusive users at an efficient cost. Portals show a dramatic drop in reach efficiency this quarter, while networks improved over Q2. Marketers who want to grow their reach by finding new users to market to should consider allocating more marketing dollars to campaigns run on social, given its ability to reach exclusive users above the indexed industry average throughout all of 2013.
USER QUALITY INDEX
A Channel’s Ability to Reach a User That Can be Marketed to Consistently

Insights
The next step beyond reach efficiency is to look at a channel’s ability to deliver quality users. Social alone continues to perform above the indexed average in Q3, delivering a unique audience and having the ability to market to them on a consistent basis. Networks and exchanges move closer to the normalized average, indicating they might be doing a better job at allowing advertisers to consistently target users. Portals declined in Q3, which may point to a lack of repeat visitors or inconsistent logins across the board.

Social’s ability to deliver high-quality users continues with above-average performance for three quarters in a row.
FUNNEL ATTRIBUTION INDEX

The Likelihood That a Channel Influenced Conversion in the Upper Funnel

Social continues to demonstrate upper funnel influence, while networks perform above the indexed average for the first time.

INSIGHTS

Funnel attribution provides a more granular look at upper-funnel activity versus just looking at a pure last-touch attribution (LTA) model. In Q3, social continues to perform above the indexed average for all of 2013 and shows a significant improvement since last quarter in influencing conversions. This quarter, networks emerge as being present in the funnel more often, demonstrating a marked increase in influencing conversions further down the funnel. Exchanges were present in the lower end of the funnel and saw negative results, showing that while it may be a low-cost option, it does get undue attribution credit in a last-touch model.
VIDEO NETWORKS

Impressions, Clicks and Click Revenue Growth

Q3 data shows that video ads are driving not only an increase in impressions, but more importantly, clicks and click revenue. This indicates that the use of video as part of a marketer’s media mix is increasing, as well as the revenue that the channel generates.

As marketers look for new channels to increase investment, video networks may be a place to look to gain both eyeballs and conversions.
MOBILE

Impressions, Clicks and Click Ratio Across Mobile Campaigns

Impression growth coupled with a decline in clicks and impression-to-click ratio signals a reluctance to convert on mobile.

INSIGHTS

Impressions for mobile ads show a dramatic rise in Q3, demonstrating that marketers are spending more on mobile to drive awareness and reach more users. However, the decline in clicks and impression-to-click ratio shows that mobile ad viewers are seeing ads, but not necessarily taking the next steps in converting. As marketers engage with users on mobile devices, they may need to set realistic KPI’s ahead of time, recognizing that mobile today is great for brand awareness or reach campaigns, but not for action-driven or conversion campaigns.
TOP PERFORMING AUDIENCES AND ATTRIBUTES (RETAIL)

User Conversion Rates for the Retail Vertical

The performance lift from targeting top audiences was 300% above the campaign average for Retail. This means that successful marketers can recognize substantial performance lift by running campaigns targeted at top audiences versus targeting audiences in general.

Key attributes that drove the conversion lift for the Retail vertical included: purchase history of apparel, department store items, specialty goods, and sporting goods.
TOP PERFORMING AUDIENCES AND ATTRIBUTES (AUTO)

User Conversion Rates for the Auto Vertical

The performance lift from targeting top audiences was 410% above the campaign average for Auto. Attributes that delivered the performance lift for Auto included:
- Education
- Income
- History of making many or large purchases

INSIGHTS

The performance lift from targeting top audiences was 410% above the campaign average for Auto. This means that successful marketers can recognize substantial performance lift by running campaigns targeted at top audiences versus targeting audiences in general.

Key attributes that drove the conversion lift for the Auto vertical included: education, income and a history of making many and/or large purchases.
TOP PERFORMING AUDIENCES AND ATTRIBUTES (CPG)

User Conversion Rates for the CPG Vertical

INSIGHTS

The performance lift from targeting top audiences in CPG was 590% above the campaign average. This means that successful marketers can recognize substantial performance lift by running campaigns targeted at top audiences versus targeting audiences in general.

Key attributes that drove the conversion lift for the CPG vertical included: demographics, the presence of children, and purchase history across categories.
The performance lift from targeting top audiences was 970% above the campaign average for Telco. This means that successful marketers can recognize substantial performance lift by running campaigns targeted at top audiences versus targeting audiences in general.

Key attributes that drove the conversion lift for the Telco vertical included: third-party segmentation models and purchase history across categories.
### Cost Index

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### Funnel Attribution Index

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APPENDIX

Methodology

For the Neustar Aggregate Knowledge (AK) Media Intelligence Report, data was compiled from a representative sample of its customer base. This includes 60 billion impressions, accounting for 45 percent of AK’s total impression volume across approximately 140 billion ad events.

The methodology for data collection, analysis, and reporting consisted of multiple steps. Data was collected through the AK “pixel” (or “tag”), which was then ingested by the AK MIP using AK’s proprietary Summarizer technology. A team of data scientists then worked with the platform, querying the AK MIP for channel-based performance and cost data, as well as targetability, overlap, and exclusive reach metrics. Raw event data was also reviewed for converting users to see whether or not those users had seen an ad on a particular channel (or combination of channels) further upstream, providing additional insight beyond that exposed by last-touch attribution.

The methodology for vertical industry performance consisted of an analysis of the top audiences for each vertical, which was made up of at least 15% of the total volume for that vertical. The analysis focused on core display campaigns, excluding search, site tracking, retargeting, and email campaigns.

Data represented covered over 550 different inventory providers across key vertical industries such as Telco, Finance, Media, Beverage, Retail, Auto, and CPG.
APPENDIX

Glossary of Terms

- **Ad Event:** The delivery mechanism (envelope) for the impressions and audience data that AK counts and reports on.

- **Attribution:** Credit, typically given to an ad for leading a user to a subsequent conversion.

- **Average Frequency:** Amount of times a user sees an ad within x period of time within y channel.

- **Channel:** Electronic mediums used for communication such as blogs, social networks, web portals, etc.

- **Click:** A record that a user has clicked on a specific advertisement or message.

- **Conversion/Action:** A record that a user has performed a particular action (purchase, acquisition, etc.).

- **Converter or Converting User:** A user who performs a conversion/action.

- **Cost Index:** A comprehensive cost measure, encompassing eCPA, eCPC, and eCPM.

- **CPA:** Cost per one conversion/action.

- **CPC:** Cost per one click.

- **CPM:** Cost per 1,000 impressions.

- **CPUU:** Cost per unique user.

- **eCPA:** The effective CPA of the data (total data cost/total number of conversions).

- **eCPC:** The effective CPC of the data (total data cost/total number of clicks).

- **eCPM:** The effective CPM of the media (total media cost/total number of impressions x 1,000).
APPENDIX

Glossary of Terms (Continued)

- **eCPUU**: The effective CPUU of the data (total data cost/number of unique users).
- **Exchange**: Technology platform that facilitates the bidded buying and selling of online media advertising inventory from multiple ad networks.
- **Exclusive Reach**: The size of audience reached that was not seen on any other channel (i.e., seen only on ad network and not on social, exchange, or other).
- **Frequency**: Amount of times a user sees an advertisement.
- **Frequency Cap**: Maximum number of ad impressions served to a user per day.
- **Funnel Attribution**: A complete view of credit given to every touch point prior to and including a conversion (from first touch to last touch).
- **Impression**: A record that an ad was shown (clicked or not).
- **LTA**: The current industry standard for attribution. Last-touch attribution gives full attribution to the most recent ad event (either the most recent click, or if there are no clicks then the most recent impression).
- **MTA**: Multi-Touch Attribution refers to attribution models that extend credit beyond the last touch. AK’s MTA solution is a time-based, multi-touch attribution model that provides credit to all ad events in a user’s history, with more credit going to ads closest to the conversion point.
- **Network**: A company that connects advertisers to websites that want to host advertisements. The key function of an ad network is aggregation of ad space supply from publishers and matching it with advertiser demand.
- **Online Event**: All AK traffic seen on a particular operating system or web browser.
- **Operating System**: A collection of software that manages computer hardware resources and provides common services for computer programs.
APPENDIX

Glossary of Terms (Continued)

- **Portal**: A website that brings information together from diverse sources in a uniform way.

- **Quality User**: A user that was seen multiple times on a single channel within a specified period of time. Because the user is seen again, this generally means that their likelihood to click or convert is higher than a generic user who is seen only once and then never seen again. This qualification is used to eliminate the poorest quality users that are the most difficult to target or track in the future.

- **Reach Efficiency**: Impressions x CPUU x exclusive reach.

- **Social**: Includes any company that drives campaigns directly through a social media channel or website that is focused on enabling users to be part of a community.

- **Stack Rank**: Ranking several metrics against each other to determine a scoring value.

- **Unique User**: De-duplicated count of individual users seen across a channel, operating system or web browser.

- **User Quality Index**: Represents the ability to consistently market to quality users.

- **User Conversion Rate**: (Top Audience UCR – Advertiser Average UCR) / Advertiser Average UCR.

- **Web Browser**: A software application for retrieving, presenting, and traversing information resources on the World Wide Web.
Global Media Intelligence Report

About Neustar

Neustar, Inc. (NYSE: NSR) is a trusted, neutral provider of real-time information and analysis to the communications services, financial services, retail, and media and advertising sectors. Neustar applies its advanced, secure technologies to help its clients promote and protect their businesses. Aggregate Knowledge, a Neustar service, combines both media and audience data to allow advertisers and agencies to reach the highest performing customers in a single media intelligence platform. More information is available at www.neustar.biz or www.aggregateknowledge.com.

DISCLAIMER

Only inventory providers with a meaningful amount of impressions are included in this report. When selecting items for inclusion in the report, the data science team selected metrics that were clear and meaningful. Granular measures were broken down along many categories, which resulted in a large amount of data. Rather than reporting all of this data, the team chose to highlight those measures that give meaningful insights into the data set as a whole.

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