

Neustar Aggregate Knowledge

# Global Media Intelligence Report

2013 Year in Review



# Global Media Intelligence Report

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## THE GLOBAL MEDIA INTELLIGENCE REPORT

Today's marketers face an increasingly complex marketing ecosystem. Online channels continue to grow and marketers must keep up. This, coupled with the tsunami of data that marketers have on their customers, demonstrates the need to connect the dots in order to create a complete portrait of the customer and ensure they get the right message at the right time. Marketers are, in a sense, having to become their own detective.

Every year, 75 million U.S. consumers change phone carriers, 45 million change phone numbers and 2.1 million change their names. With publicly available information decreasing every year, marketers are having trouble keeping up. CMOs are wielding larger media budgets every year and are expected to show a return in value on every marketing dollar spent; however, they lack the tools necessary to quantify their results.

Gone are the days of marketing to many and hoping that you hit the right audience. Here are the days of connecting siloed data (across offline and online channels), increasing customer and media intelligence, and leveraging this intelligence to create a personalized dialogue that ensures engagement. Building a comprehensive marketing plan across phone calls, texts, web searches, website visits, customer service calls, etc. has created challenges of its own. However, all of these interactions are generating a million little clues for marketers to improve their customers' experiences by delivering offers and messages that are right for them.

The goal of this report is to inform marketers about industry trends in 2013 so that they can better **optimize their media planning and buying**. The report covers key insights into cost, customer engagement and reach, and channel influence, as seen by one of the industry's leaders in information services and analytics. The report also looks at key metrics around impressions and actions by campaign type, online and offline channel influence, and offline first-party customer data performance compared to advertiser average.

### About the Report

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

- Which channel delivers clicks and conversions at the lowest cost?
- Which channel is the most efficient at reaching new users?
- Which channel is most undervalued in a last-touch attribution model?
- Which channel is influencing more online vs. offline conversions?
- What is the value of using offline first-party customer data online?
- What is the value of targeting top performing audiences within a vertical, and what were the audience attributes that drove higher conversions?



Neustar Aggregate Knowledge 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 Q4 2013, over \$390 million of media was bought based on insights provided through the Neustar Aggregate Knowledge Media Intelligence Platform™ (MIP).

## EXECUTIVE SUMMARY

### 2013 Year in Review

Online and mobile ad spend in the United States is projected to grow from \$36.8 billion in 2013 to \$62.8 billion in 2017, according to eMarketer. As spend on digital media (versus traditional media) continues to grow, so does the need to better allocate media budgets across those channels, inventory providers, or campaigns that work. But, how do marketers quickly and easily sift through millions of datapoints to get to the actionable insights they care about? This is where Neustar comes in.

The Neustar Aggregate Knowledge MIP enables top advertisers and agencies to increase the value of every dollar spent because they are making decisions based on real-time information, identifying areas of overlap and wasted spend, and reallocating dollars to things that work, ensuring that they not only reach their current customers more efficiently but also find more potential customers with a higher propensity to convert.

Approximately 86% of marketers surveyed in a recent CMO Club\* study said that customer data stuck in silos is preventing them from running multichannel campaigns and personalizing their customers' experiences. To solve this challenge, advertisers are looking to centralized marketing solutions that identify, verify and score their best customers, deliver real-time and predictive media and audience insights, and connect it together for easy execution.

This report delivers key channel findings across 2013 to inform marketers' future buys. The data analyzed covered approximately 145 billion ad events, 61 billion impressions, and 10.5 million conversions.

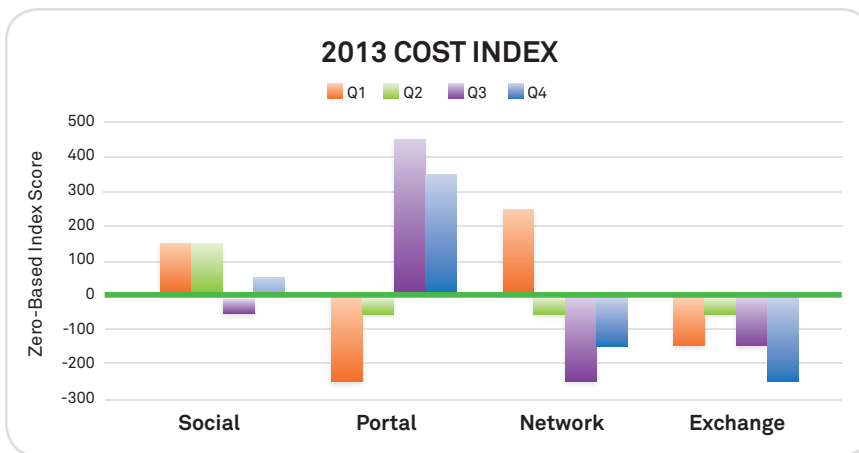
Some key trends seen in Q4 2013 include:

- Exchanges demonstrate the best cost efficiency, indexing below the industry average throughout the entire year
- Social continues to deliver reach efficiency, performing 197% better than the next-best channel (networks)
- Social continues to reach high-quality users, performing 52% better than the indexed average
- Social, portals, and networks demonstrate above-average influence in the upper funnel
- Social and exchange online campaigns influence more online conversions while portal campaigns influence more offline conversions
- Offline first-party customer data performs 31x to 64x better than the advertiser average across clients in the Education, Retail and Telco verticals
- Targeting top performing audiences leads to an increase in user conversion rates of 220% in CPG, 500% in Retail, 560% in Education, 920% in Auto, and 1400% in Telco

# Global Media Intelligence Report

## 2013 COST INDEX

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



*Throughout 2013, exchanges proved to be the most cost-efficient channel, indexing below the industry average every quarter.*

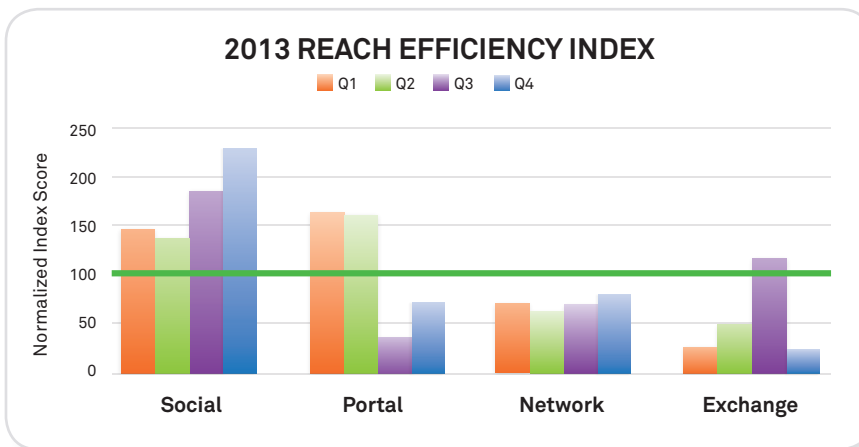
## INSIGHTS

Costs evaluated by this index include CPM, CPC, and CPA. Portal costs were above the indexed average in the second half of 2013, which may point to an increase in higher-value buys like homepage takeovers. Exchange's costs remained below the indexed average throughout all of 2013, and marked a 67% decrease from Q3 to Q4. This indicates that exchanges are becoming more efficient at driving engagement, and may be a good option if your campaign focus is on reaching a large audience at a low cost.



## 2013 REACH EFFICIENCY INDEX

A Channel's Efficiency in Reaching New Users, Coupled with Exclusivity and Cost



*Social performed above the indexed average for reach efficiency for all of 2013, outperforming the next-best channel (networks) by 197% in Q4.*

## INSIGHTS

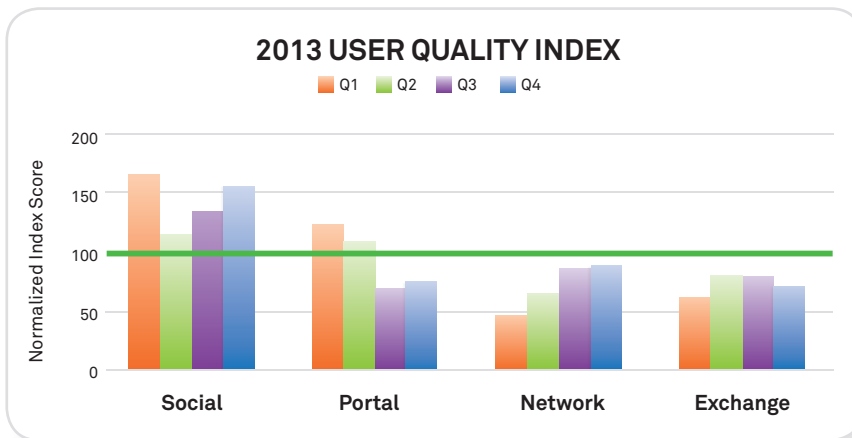
Social is the only channel that performed above the indexed average for reach efficiency for all of 2013. This further confirms social's ability to deliver exclusive users on a consistent basis. All channels except exchanges showed an improvement in Q4. Exchanges saw a dramatic decrease in reach efficiency of 79% from Q3 to Q4, which may point to exchange's inability to reach new users.

Marketers wanting to reach new customers efficiently should consider running more campaigns on social given its above-average ability to reach exclusive users not seen on other channels.



## 2013 USER QUALITY INDEX

A Channel's Ability to Reach a User That Can Be Marketed to Consistently



*Social's ability to deliver high-quality users continues with above-average performance for all of 2013. In Q4, social performed 52% better than the indexed average.*

## INSIGHTS

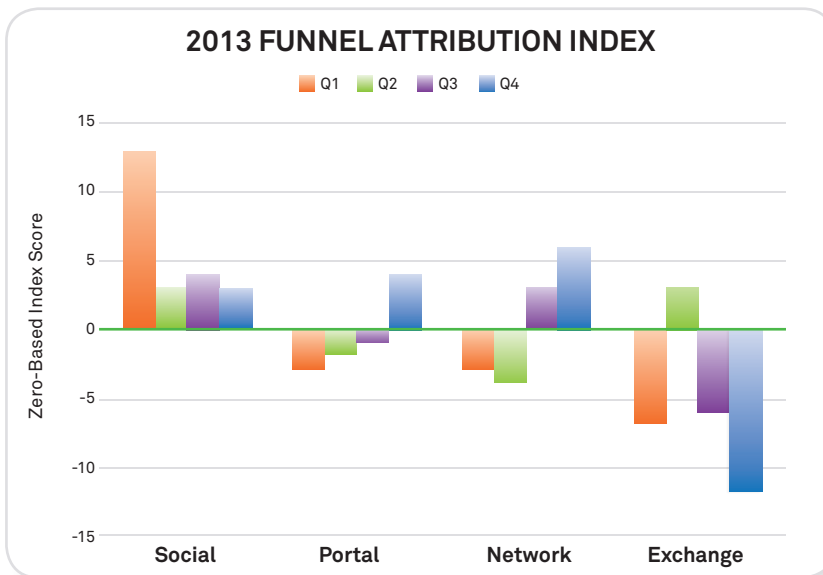
The next step beyond reach efficiency is to look at a channel's ability to deliver high-quality users. Social is the only channel that performed above the indexed average for user quality for all of 2013. In Q4, all channels improved at reaching high-quality users except exchanges, which may indicate that they are good at retargeting but drive very little exclusive reach.

Social performed 52% better than the indexed average in Q4. This could be due to the type of users found on social. They tend to log in, remain logged-in, visit many pages, and engage on a more regular basis than users seen on other channels.



## 2013 FUNNEL ATTRIBUTION INDEX

The Likelihood That a Channel Influenced a Conversion in the Upper Funnel



*In Q4, social, portals and networks performed above the indexed average. Exchanges delivered a significant amount of conversions, but were not seen in the upper funnel.*

## INSIGHTS

Funnel attribution provides a more granular look at upper-funnel activity versus a pure last-touch attribution (LTA) model. Social, portals and networks were present in the upper end of the funnel in Q4, which indicates that marketers wanting to drive brand awareness should consider running more campaigns on these channels. Exchanges were present in the lower end of the funnel, delivering a significant amount of conversions, but were not seen in the upper funnel.

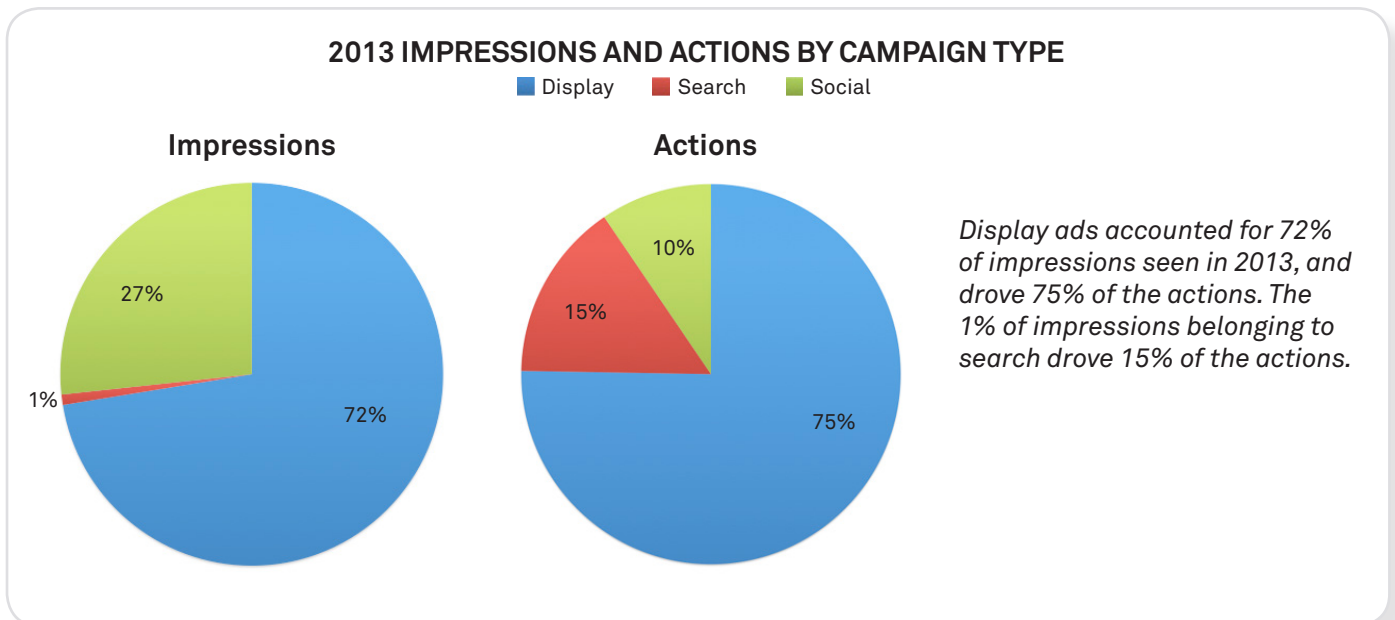
This points to the fact that while exchanges are attractive for their low cost and often get credit in a last-touch model, they do not consistently demonstrate influence on the conversion itself.





## 2013 CAMPAIGN BREAKDOWN BY TYPE

### Campaign Types That Drive Impressions Versus Actions



## INSIGHTS

The campaign breakdown by type provides insight into where digital marketing dollars were spent in 2013, as well as which campaigns drove the most actions based on the impressions seen.

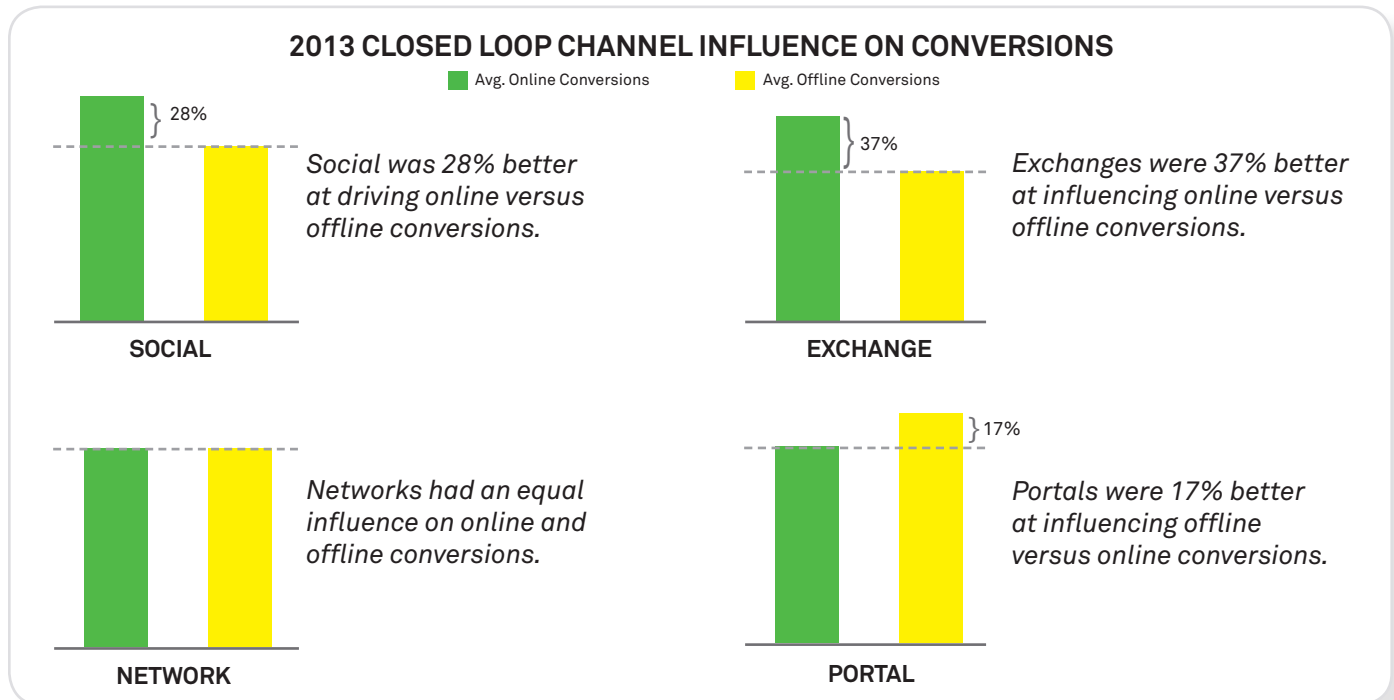
The bulk of the online media spend went to display ads, which accounted for 72% of all impressions seen across display, search and social in 2013, and drove 75% of the actions. Search, which accounted for only 1% of all impressions, drove an impressive 15% of the actions, indicating that users exposed to ads while searching for a product are more likely to engage with ads for that product.

Social attracted a significant portion of digital marketing dollars, accounting for 27% of impressions, but drove only 10% of the actions. This points to social influencing sales versus driving online actions or conversions.



## 2013 CLOSED LOOP CHANNEL INFLUENCE ON CONVERSIONS

### Online Channel Influence on Online and Offline Conversions\*



## INSIGHTS

Closed-loop channel influence represents online and offline conversions that could be attributed to an online ad seen within 30 days prior to conversion. It provides insight into whether a channel performed better at driving online or offline conversions.

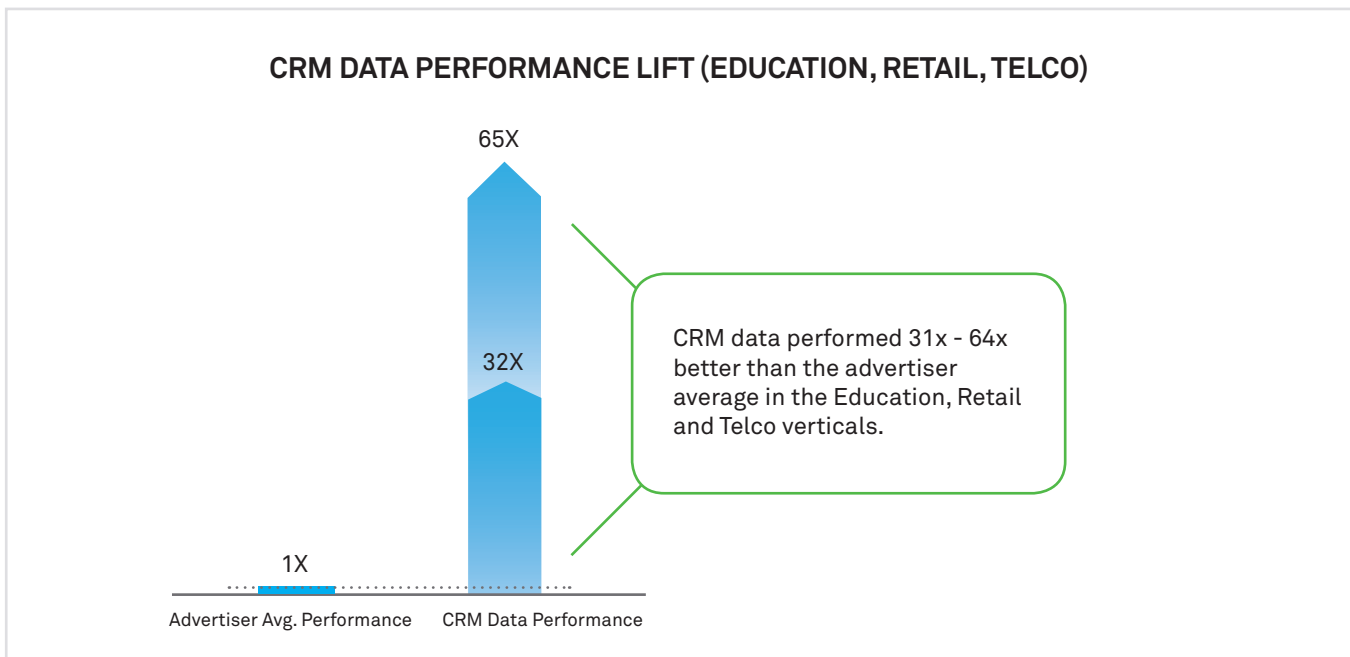
This client example shows that social influenced conversions both online and offline, but was much better at driving online conversions. This could be because social users tend to be tech-savvy and are more inclined to purchase online rather than in store. Exchanges, which are generally seen in the lower end of the funnel and reach users when they are ready to convert, also had more influence on online conversions. Portals, on the other hand, influenced more offline conversions, suggesting that users exposed to ads on portals may be more traditional and prefer to go into a store to complete their purchase. Networks show an equal influence on both online and offline conversions.



\* Client example

## Q4 2013 CRM DATA PERFORMANCE LIFT

### CRM Data Performance Versus Advertiser Average



## INSIGHTS

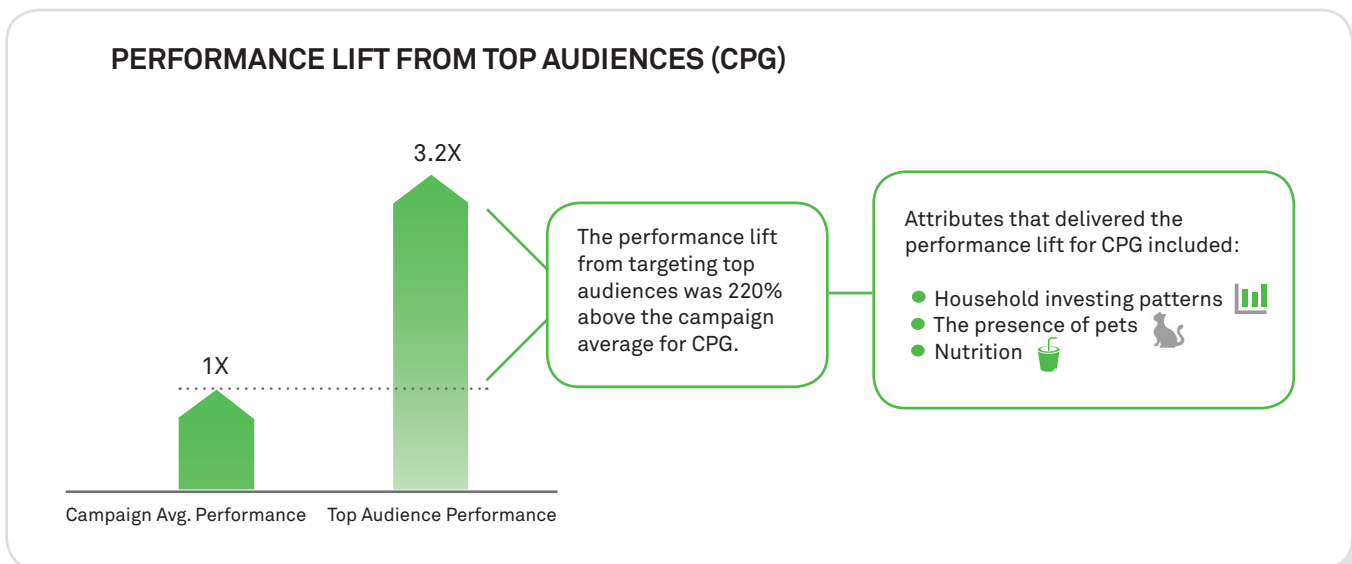
Offline first-party CRM data can be used to improve online campaign results. Based on data from multiple clients across the Education, Retail and Telco verticals, CRM data performed 31x - 64x better than the advertiser average in Q4.

The increased performance lift from CRM audiences suggests that CRM data should be used for reaching current customers online, improving audience segmentation and reach extension.



## Q4 2013 TOP PERFORMING AUDIENCES AND ATTRIBUTES (CPG)

### User Conversion Rates for the CPG Vertical



## INSIGHTS

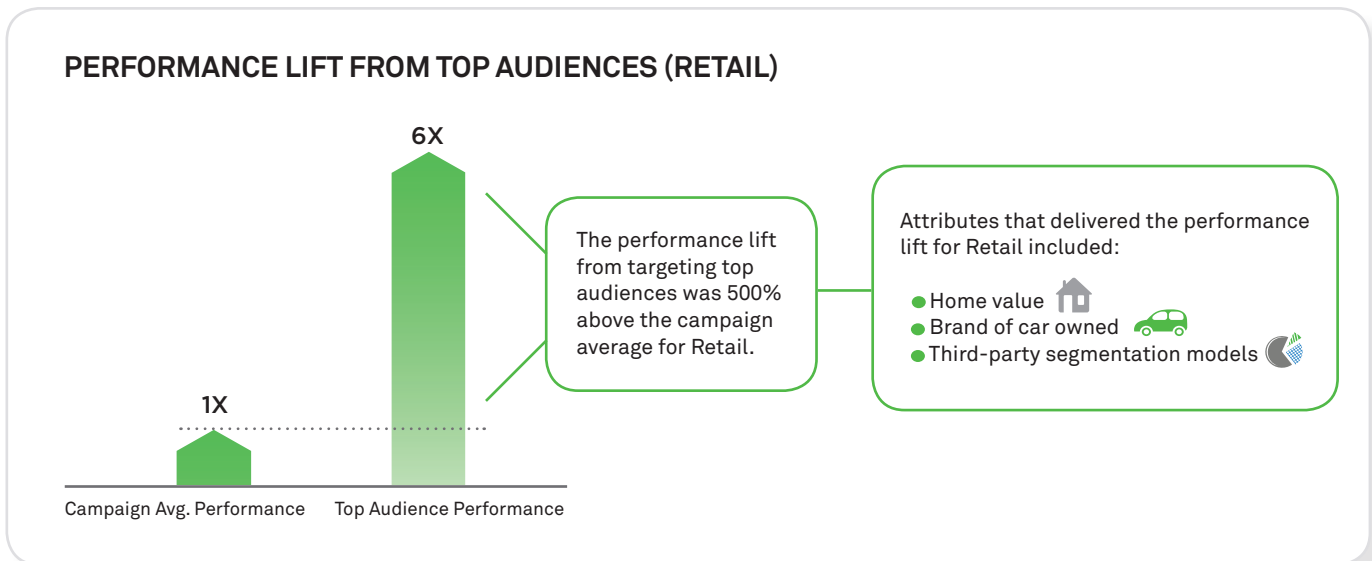
The performance lift from targeting top audiences in the Consumer Packaged Goods (CPG) vertical was 220% above the campaign average. This means that successful marketers can recognize substantial performance lift by running campaigns targeted at top audiences versus targeting audiences in general.

Key attributes that drove the conversion lift for the CPG vertical included: household investing patterns, the presence of pets, and nutrition.



## Q4 2013 TOP PERFORMING AUDIENCES AND ATTRIBUTES (RETAIL)

### User Conversion Rates for the Retail Vertical



## INSIGHTS

The performance lift from targeting top audiences in the Retail vertical was 500% 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.

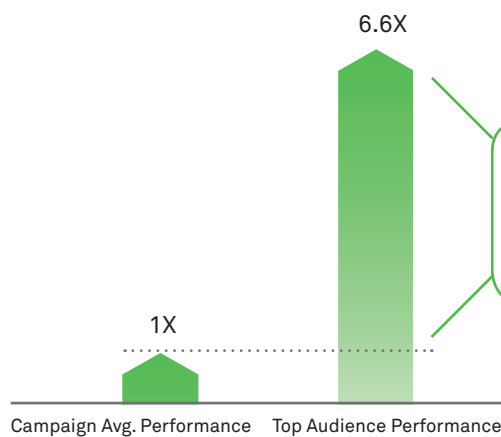
Key attributes that drove the conversion lift for the Retail vertical included: home value, brand of car owned, and third-party segmentation models.



## Q4 2013 TOP PERFORMING AUDIENCES AND ATTRIBUTES (EDUCATION)





### User Conversion Rates for the Education Vertical

#### PERFORMANCE LIFT FROM TOP AUDIENCES (EDUCATION)



The performance lift from targeting top audiences was 560% above the campaign average for Education.

Attributes that delivered the performance lift for Education included:

- Household size 
- Length of residence 
- Household composition 
- Current education level 

## INSIGHTS

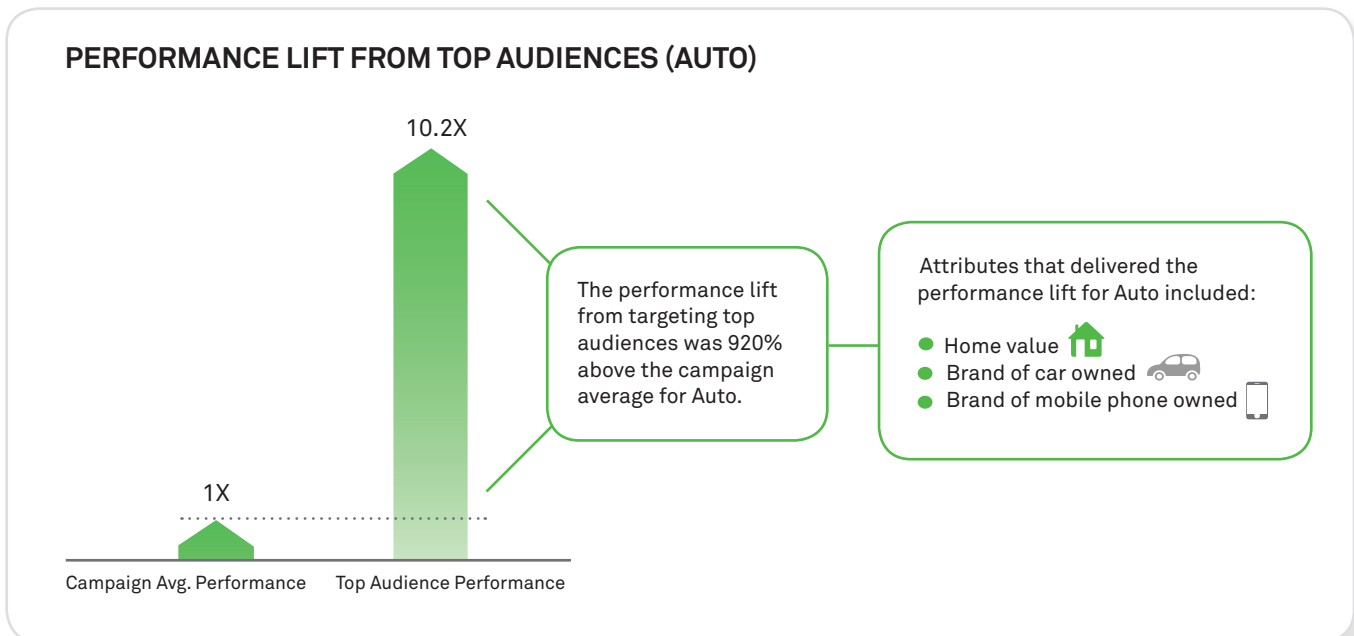
The performance lift from targeting top audiences in the Education vertical was 560% above the campaign average. This means that successful marketers can recognize substantial performance lift by running campaigns targeted at top audiences versus targeting audiences in general.

Key attributes that drove the conversion lift for the Education vertical included: household size, length of residence, household composition, and current education level.



## Q4 2013 TOP PERFORMING AUDIENCES AND ATTRIBUTES (AUTO)

### User Conversion Rates for the Auto Vertical



## INSIGHTS

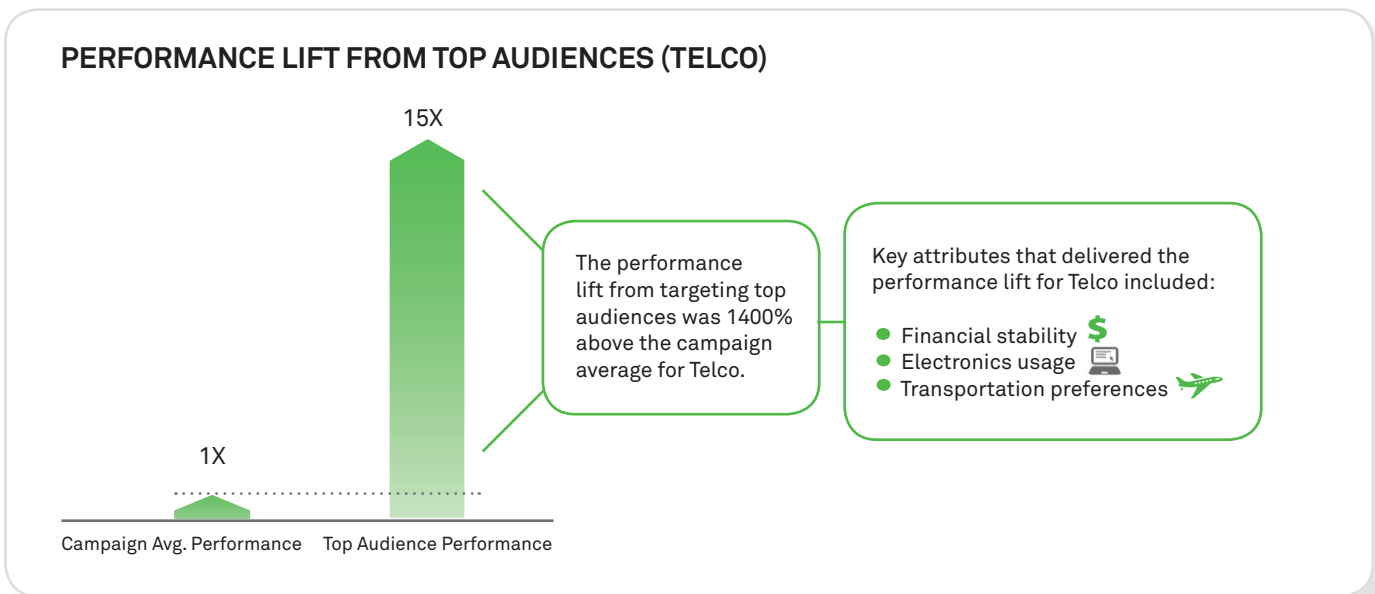
The performance lift from targeting top audiences was 920% above the campaign average for Auto. This means that successful marketers can recognize substantial performance lift by running campaigns targeted at top audiences versus targeting audiences in general.

Key attributes that drove the conversion lift for the Auto vertical included: home value, brand of car owned, and brand of mobile phone owned.



## Q4 2013 TOP PERFORMING AUDIENCES AND ATTRIBUTES (TELCO)

### User Conversion Rates for the Telco Vertical



## INSIGHTS

The performance lift from targeting top audiences in the Telco vertical was 1400% 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 Telco vertical included: financial stability, electronics usage, and transportation preferences.





## APPENDIX

### Q1 -Q4 2013 Index Data Tables

Cost Index					Reach Efficiency Index				
Channel	Q1 Score Index	Q2 Score Index	Q3 Score Index	Q4 Score Index	Channel	Q1 Score Index	Q2 Score Index	Q3 Score Index	Q4 Score Index
Social	150	150	-50	50	Social	145	134	182	229
Portal	-250	-50	450	350	Portal	162	161	34	70
Network	250	-50	-250	-150	Network	68	57	68	77
Exchange	-150	-50	-150	-250	Exchange	25	49	116	24

User Quality Index					Funnel Attribution Index				
Channel	Q1 Score Index	Q2 Score Index	Q3 Score Index	Q4 Score Index	Channel	Q1 Score Index	Q2 Score Index	Q3 Score Index	Q4 Score Index
Social	165	114	134	152	Social	13	3	4	3
Portal	124	110	70	74	Portal	-3	-2	-1	4
Network	48	67	86	88	Network	-3	-4	3	6
Exchange	64	82	81	73	Exchange	-7	3	-6	-12

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## APPENDIX

### Methodology

For the Neustar Aggregate Knowledge Global Media Intelligence Report, data was compiled from a representative sample of its customer base. This includes 61 billion impressions, accounting for 55 percent of Neustar Aggregate Knowledge's total impression volume across approximately 145 billion ad events.

The methodology for data collection, analysis, and reporting consisted of multiple steps. Data was collected through the Neustar Aggregate Knowledge "pixel" (or "tag"), which was then ingested by the Neustar Aggregate Knowledge MIP using the proprietary Summarizer technology. A team of data scientists then worked with the platform, querying the Neustar Aggregate Knowledge 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. The analysis focused on core display campaigns, excluding search, site tracking, retargeting, and email campaigns.

Data represented in this report covered over 900 different inventory providers across key vertical industries such as Auto, Beverage, CPG, Education, Finance, Media, Retail, and Telco.



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## APPENDIX

### Glossary of Terms

- **Ad Event:** The delivery mechanism (envelope) for the impressions and audience data that Neustar Aggregate Knowledge counts and reports on.
- **Advertiser Average:** Total actions / total users reached; focused on standard display across an advertiser's entire media mix.
- **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 media 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.
- **Click Revenue:** Revenue driven from clicks.
- **Conversion or Action:** A record that a user has performed a particular action (purchase, acquisition, etc.).
- **Converter or Converting User:** A user who performs a conversion or an action.
- **Cost Index:** A comprehensive cost measure, encompassing eCPA, eCPC, and eCPM.
- **CPA:** Cost per one conversion or 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).

## APPENDIX

### Glossary of Terms (Continued)

- **eCPM:** The effective CPM of the media (total media cost/total number of impressions x 1,000).
- **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:** Last Touch Attribution, the current industry standard, 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. The Neustar Aggregate Knowledge 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 web sites that want to host advertisements. The key function of an ad network is aggregating ad space supply from publishers and matching it with advertiser demand.
- **Online Event:** All Neustar Aggregate Knowledge traffic seen on a particular operating system or web browser.

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## APPENDIX

### Glossary of Terms (Continued)

- **Operating System:** A collection of software that manages computer hardware resources and provides common services for computer programs.
- **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:**  $(\text{Top Audience UCR} - \text{Advertiser Average UCR}) / \text{Advertiser Average UCR}$ .
- **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. Neustar Aggregate Knowledge 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](http://www.neustar.biz) or [www.aggregateknowledge.com](http://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.

All data contained in this report is proprietary and owned by Neustar Aggregate Knowledge. Any and all data that you wish to use or redistribute needs prior written consent.



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