



Evolution of a Market – Impressions to People

Cost per Viewable Person – The Metrics that Matter

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Introduction

HOW THE IMPRESSION-BASED MARKET CAME TO BE

For almost two decades, the ad server has been the most important technology in digital advertising. It has been instrumental in standardizing and managing ad inventory and creative, ultimately allowing ad views to be bought and sold more efficiently.

Originally, online ad spots were sold on a monthly basis, designed to closely replicate the print advertising model. HotWired is credited with delivering the first banner ad, way back in 1994. Shortly afterwards, CNET introduced rotating ads, dividing their monthly inventory into thousands of pieces, which they started to sell individually. Other publishers, using in-house engineers, replicated this process. This was the beginning of modern online publishing, and the newest advertising medium was born.

As 3rd party ad serving technologies, like Netgear, Focal Links and later, DoubleClick started to emerge, ad serving capabilities soared. Standards were defined along the way, influenced by the way the buyer wanted to purchase inventory. Eventually, the CPM was settled on as the standard media unit. This required the publisher to be able to break their inventory up into units of 1,000 packaged by size, page, and content. The ad server allowed publishers to source this inventory and report on delivery, and it provided advertisers creative management tools and closed-loop reporting.

Today, while continuous advances in technology and strategy dramatically improve our ability to deliver the right ad to the right person, we continue to use the impression as our key delivery currency. In 2016, we use the CPM model approximately 80% of the time across all media, and 100% of the time for guaranteed buys. Although revolutionary in the 90s, the limits of the impressions-based market are starting to be reached.

Thanks to the evolution of technology, the advertising

industry has started to effectively harness the power of data to effectively leverage petabytes of information on a daily basis.

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Data science has become a primary driver of our industry, and the rise of "the quants" – mathematicians turned technologists and business leaders – is having a profound impact throughout our ecosystem.

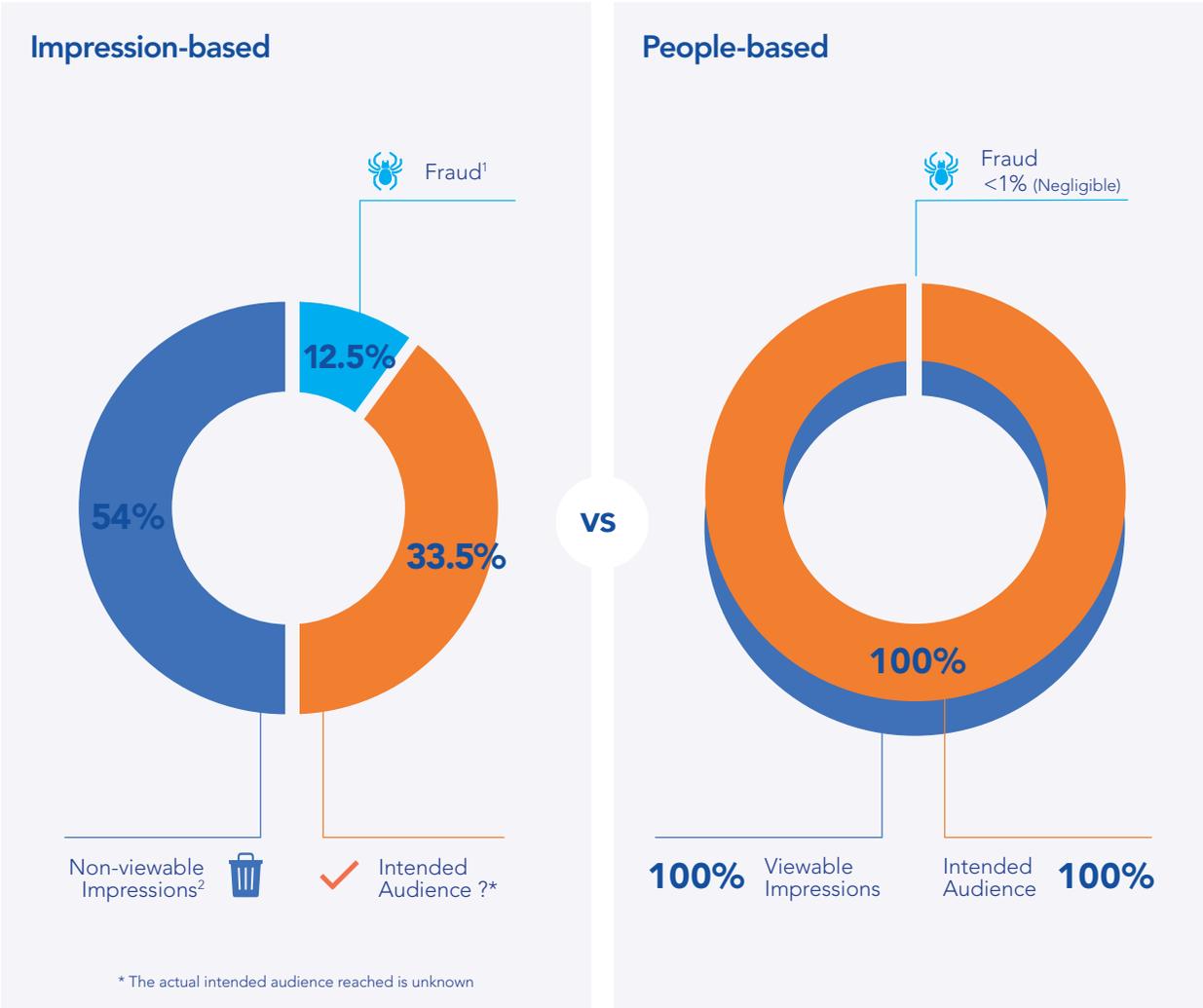
As a result, the ability to understand how people are consuming content across multiple channels is unparalleled in the history of marketing, as is the ability to reach these people in the exact context an advertiser wishes. The question becomes: if we can identify individual people, why are we still advertising using methods and mechanics that are 20 years old? Put another way, why are we still planning and transacting impression-based media campaigns, which are still largely bound to a dull site list and four ad sizes?

The New Metric - People

Ultimately, marketers seek to communicate with their consumers, providing useful information in carefully selected environments, and impressions have simply been a means to an end for doing so. The problem is, they tend not to be an efficient means. Similarly, publishers would like to do more than sell blocks of impressions – a publisher’s true magic comes from providing desirable audiences in useful contexts, creating a stage where advertisers and audiences can interact and communicate. Put another way, it is the intersection of the right person in the right context, on a quality site, that creates the optimal advertising experience. Impressions are only marginally effective at delivering this.

Where the Market is Heading

100% people-based market, direct to publisher, with no intermediaries, and essential technology to plan and deliver on a true audience basis guaranteed.



Cost Per Viewable Person – A Better Metric

While the CPM model has served us well historically, ad serving technology has now evolved to the point of enabling a new and better currency for online advertising, the cost per viewable person, or CPVP. This model creates exponential improvements over impression-based transactions for publishers, advertisers and consumers.

Publisher Benefits

- **Scarcity:** When a site's inventory is a collection of unique consumers – not simply a collection of impressions – the value of each member of that audience increases significantly. This creates scarcity of a site's most valuable asset, the people who visit it, even outside of peak times. Remnant impressions pile up, but accrue little value; in a people-based ecosystem, every viewer is relevant and has value. There are no remnant consumers.
- **Enhanced Offering:** The value of scarcity is enhanced further when audience is combined with engaging content and a consumer-friendly media experience. The concept of guaranteed, viewable audiences across all channels, such as mobile, video, and native, is tremendously powerful and incredibly valuable. CPVP quantifies this value for both the publisher and the brand.

Brand Benefits

- **People-driven Messaging:** People-based marketing offers advertisers guaranteed access to their unique audience, and enables communication with consumers based on their particular relationship with a brand. Imagine, for example, being able to show a different message to someone based on whether they are a prospective, new or longstanding customer. People-based buying moves advertisers beyond the ability to simply show a site visitor an ad, and instead allows them to develop a comparatively deep relationship with a valued consumer.
- **Greater Efficacy of Media Investment:** Media plans represent, at best, a proxy of an audience. People-based planning and buying creates certainty around consumer reach with zero waste. The ability to reach a target audience in a high quality, contextually relevant media environment; on known media brands with voice; through managed reach and frequency, creates exponential improvement on media investment.

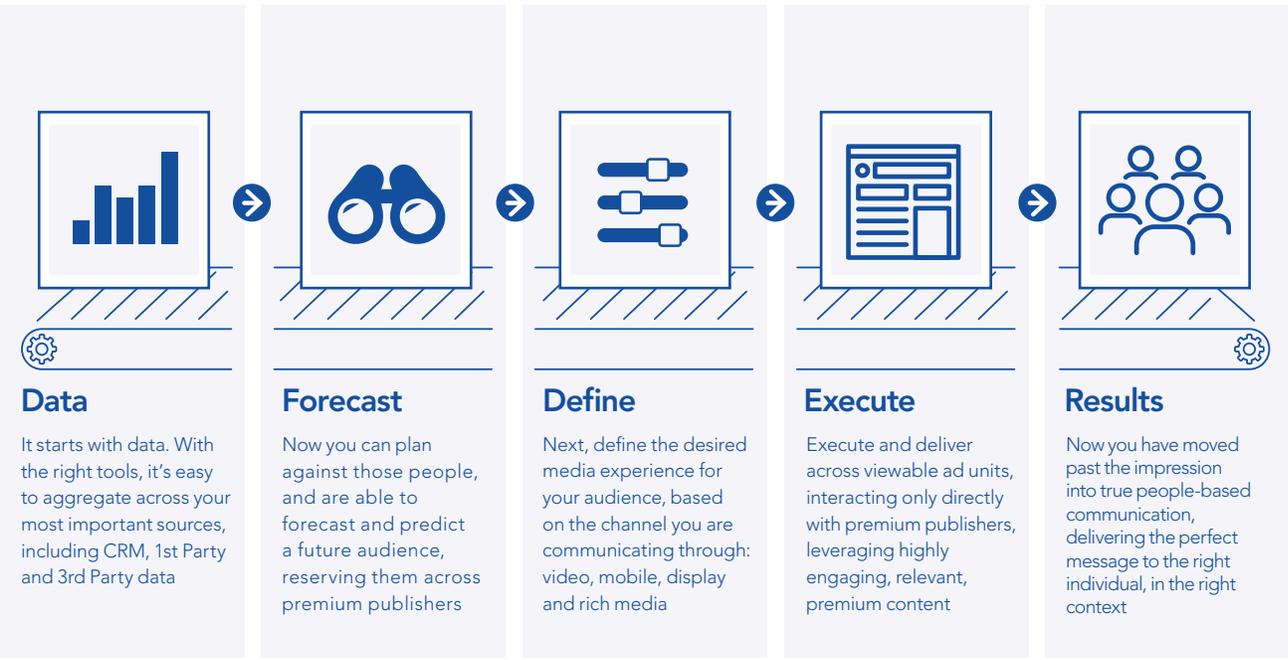
Consumer Benefits

- **Marketing as a Service:** With the right technology and data, which enable hyper-relevant messaging, the consumer experience is improved as they are provided valuable communication from trusted advertisers.
- **Improved Consumer Experience:** When new economics such as CPVP are introduced, the need for traditional "spray and pray" media approaches are eliminated. This ensures a better experience for consumers, who do not wish to be inundated with irrelevant advertising. Brands can focus on creating an optimal media experience for their customers, resulting in a richer, non-intrusive media experience, leaving them much less likely to control their experience on their own, using ad blockers.

People-based Marketing – Embracing the March of Progress

People-based marketing does not entirely replace the value of the impression. However, leveraging CPVP instead of CPM does greatly enhance the value of any ad view, by guaranteeing that advertisers can reach specific individuals in desired contexts, providing just the right message. Just as MP3s allow us to carry hundreds of CDs worth of music in our pocket at all times, or advances in processing power allow our phones to be ever better voice-driven personal assistants, people-based marketing represents a profound evolution towards a new and more powerful advertising experience.

So How Do You Manufacture a People-based Media Campaign?



"Advertisers today face the difficult task of implementing truly people-based media at scale across multiple premium publishers. As the industry continues to evolve away from tonnage and CPM efficiencies and toward high-quality, transparent, and measurable audience targeting, advertisers and publishers are faced with meeting this challenge together head on."

- John Lee, EVP & Chief Strategy Officer, Merkle

Ultimately, the activation of high quality, audience-driven communications represents the best path forward for truly allowing a brand to have a customized media experience with their desired audience. The technology and data to support this model have only just arrived, and the ability to reach a specific cross-section of an audience, in a guaranteed fashion, is also new. However, these advances represent the realization of goals that we've been driving towards since the very first banners started rotating across the World Wide Web two decades ago. But while impressions have served us well historically, people-based marketing represents the new path forward.



REFERENCES

- 1 Source: "The Bot Baseline: Fraud in Digital Advertising." White Ops, Inc. Association of National Advertisers December 2014.
- 2 Source: "Digital Future in Focus U.S. 2015." comScore. March 2015.

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