

Reaching the Right Audiences Online: Early Findings from Nielsen Online Campaign Ratings

Marketers, especially brand advertisers, need a simple and consistent way to measure the combined reach of TV, the web and mobile advertising to determine marketing ROI. It all comes down to a few simple questions: How many people saw my ad? How many times? Who are they? Getting accurate answers has its challenges depending on the medium. Online, with underlying technology that's unlike any other medium, can more effectively control who gets served what ad. But, despite these technological advances, understanding the demographics of the people behind all those page views presents a new set of questions.

Since its launch in mid-August, Nielsen Online Campaign Ratings™ has been tracking the day-to-day performance of numerous online campaigns from some of the world's largest advertisers. Early results indicate that there is definite room for brands to improve their media buys. Through Nielsen's analysis of campaigns that have run to date, three key findings have emerged:

- 1** Some online publishers appear better positioned to deliver desired audiences.
- 2** Advertisers have much to gain from further improvement in reaching their intended demographic audience and driving accountability on delivery.
- 3** High campaign impressions don't necessarily result in high reach.

Opportunities for Publishers

Nielsen research shows that many online campaigns are struggling to reach the advertisers' desired audiences, but some web publishers are beginning to separate from the pack. In analyzing the early results from Nielsen Online Campaign Ratings on relative campaign performance by publisher, Nielsen has identified several strategies that are likely to help

publishers establish confidence in a world of increasing advertiser expectations:

- 1. Know your user.** Websites with accurate user data and a high level of user authentication are best able to meet advertiser expectations. This is just common sense – if a publisher knows precisely who the user is, they're able to deliver the right advertisement. On the other hand, if the publisher (or network) has a weak understanding of the users, they are likely to deliver poor results.

Some publisher business models are just naturally well-suited for this. For example, websites like ESPN, Facebook, The New York Times, The Wall Street Journal, Yahoo, and others all have high quality registration data and relatively high levels of user authentication.

- 2. Prove (and improve) your advertising effectiveness.** Reaching the right audience is not enough – publishers must prove the effectiveness of the advertising running on their websites. Just think of the complexity facing advertisers. As more and more forms of advertising emerge on the web, marketers are left puzzling over which format works best for their particular need and budget. When is a sponsored tweet more cost-effective than a Hulu pre-roll? Are 10 banner ad exposures worth more or less to a brand than a mention in a friend's social media newsfeed? These are the questions that confront advertisers, and publishers who provide trustworthy data on effectiveness are likely to separate themselves from the competition. Once you initially measure the effectiveness of your ad units, experiment to create increasingly more effective units or placements.

- 3. Think media mix.** Most major brands spend a lot more on TV today than they do on the web. Smart publishers recognize this and work hard to show advertisers how their website works with the established TV campaign to build reach or frequency, or enhance overall campaign effectiveness. As a whole, however, the Internet makes it quite difficult for advertisers to know how the web and TV (not to mention other media platforms) work together. New metrics and new forms of analysis are required to help advertisers build their understanding of cross-platform marketing. Those who embrace this are

substantially better positioned than those publishers who remain committed to the idiosyncratic web-only metrics.

Opportunity for Advertisers: Efficiency and Accountability

Online advertising has long promised advertisers that it would eliminate waste and deliver audiences better than traditional media. While search advertising provides both efficiency and accountability, there's significant room for improvement on both counts with display and video campaigns. Most campaigns on the web today are not bought on the basis of demographics, but characteristics such as age and gender are foundational to brand strategies and media buys on TV, radio, etc. These metrics are crucial to understanding how media works across platforms to drive brand results. Our early learnings suggest that, while some individual websites perform very well on this basis, nearly all campaigns deliver many, many impressions to consumers who are not valued by the brand. We expect Nielsen Online Campaign Ratings will help brand advertisers better

understand the web, as well as make it more accountable.

In a recent study, Nielsen Online Campaign Ratings measured a campaign for a beauty care brand that was hoping to improve its image among younger women (Figure 1). The advertiser designed a campaign focused on women 18-34 and ran 213 million impressions across 14 websites and ad networks for a six week period. Nielsen analysis showed that 33 percent of these impressions reached the desired audience (W 18-34), while 40 percent of the impressions were served to men. Clearly, these figures were disappointing to the advertiser. They never expected the campaign to deliver more impressions to men than their young female audience!

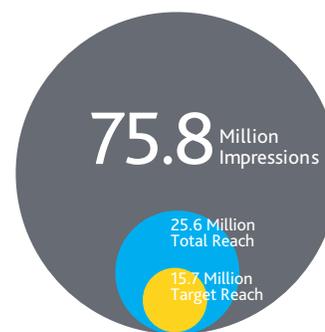
Unfortunately, this is not an isolated case. Looking across dozens of campaigns spanning hundreds of websites, the results show that the web consistently delivers millions of impressions – if not tens of millions of impressions – to the wrong people. Advertisers focusing on narrow audiences (that is, the intended audience is only one gender, or an age group with less than a 20 year span) only about 35

percent of the impressions actually reach the intended group. That's 65 percent waste. For very broad audiences (such as all adults) 72 percent of impressions are delivered to the right group.

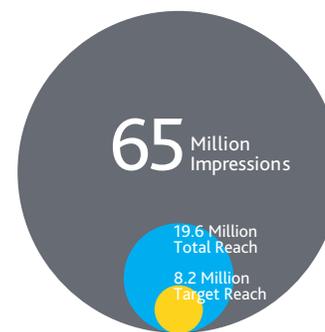
Figure 2

Impressions vs. Reach for Online Campaigns

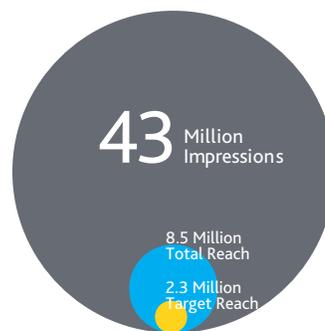
Auto Manufacturer Desired Audience
Adults 25-54



Packaged Food Brand Desired Audience
Women 25-54



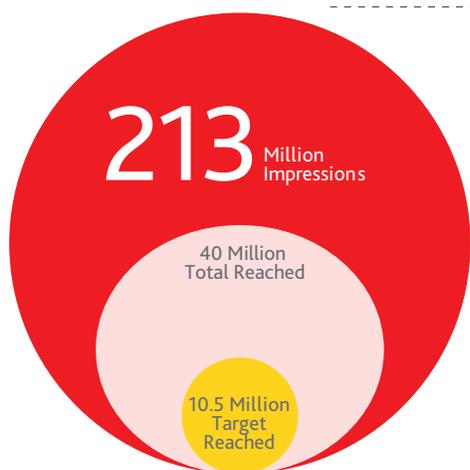
Beverage Brand Desired Audience
Men 21-34



Source: Nielsen

nielsen

Figure 1 Big Impression Counts Don't Mean High Reach
Beauty Care Brand Desired Audience Women 18-34



213 million impressions reached 40 million people. Only 10.5 million people in target.

Source: Nielsen

nielsen

Table 1

	Audience Reach Percentage	
	Online*	American Idol
Broad Audience (e.g. Adults 18-54)	72%	55%
Narrow Audience (e.g. Women 18-34)	35%	11%

Source: Nielsen

*Online results exclude Facebook campaigns

However, despite the considerable waste, the web holds its own with TV. For the first time, Nielsen Online Campaign Ratings provides the opportunity to compare delivery across the web and television on the same metric. While it is premature to deliver broad, generalized learnings, it's instructive to compare these early data with results from popular television programs. As noted in Table 1, the web does in fact deliver the audience more efficiently than a program like American Idol whose broad audience virtually guarantees delivery outside of the intended group.

Opportunity for Advertisers: Measuring Reach

As Internet usage continues to increase, the U.S. online audience is looking more and more like the U.S. population. As such, people feel it should be just as straightforward to build reach with online campaigns as it is to reach specific demographics on the web.

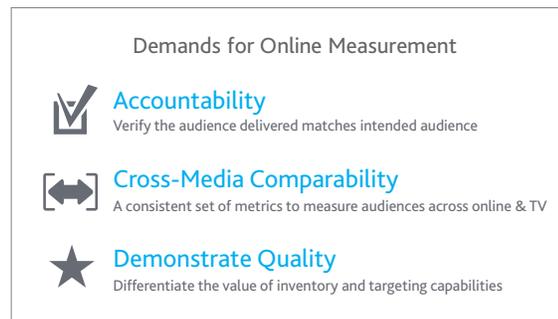
Online campaigns are typically measured in tens of millions, if not hundreds of millions of impressions, but these huge numbers can be misleading. When you reduce the impressions by those actually reaching the desired audience, and then account for how many times any one individual sees a given advertisement, these valuable reach numbers are reduced.

In the same beauty care product campaign referred to earlier, the 213 million impressions tracked-to-date seems to be at a level that could generate significant

reach. In reality, the campaign overall hit slightly more than 40 million people across all demographic segments—a 13.6 percent reach. However, when you zero in on women 18-34, the campaign reached only 10.5 million women, bringing the effective reach down to small single digits. Brand advertisers expect more in this technology-driven medium.

So, Where Do We Go From Here?

As brand advertisers continue to increase their reliance on online media, their demands from media companies, online publishers and ad networks will only grow. We are entering a new phase of the industry's development wherein quality (i.e. the ability to reach the desired audiences) will increasingly be rewarded, and others will be left behind. These same brand advertisers understand that consumers are living in a cross media world, so they are seeking ways to support their brands across all media. Access to tools that lend greater accountability to the online advertising market will benefit the industry, giving more confidence to brand advertisers, and allowing leading publishers to finally demonstrate their true value.



Nielsen Online Campaign Ratings: How it works

Nielsen Online Campaign Ratings measures the true audience of an Internet ad campaign by combining Nielsen panel data with aggregated, anonymous demographic data from online data providers. Using this innovative approach, Nielsen is able to measure Internet advertising campaigns of nearly any size, running nearly anywhere on the web.

About This White Paper

The data and insights in this white paper are compiled from a range of Nielsen resources. For more information, contact your Nielsen representative.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, please visit www.nielsen.com.

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