



State Of The Industry



THE DEFINITIVE AD FORMAT SCORECARD

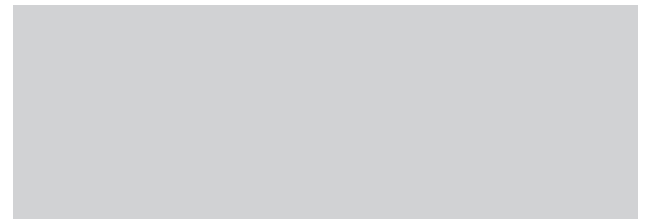
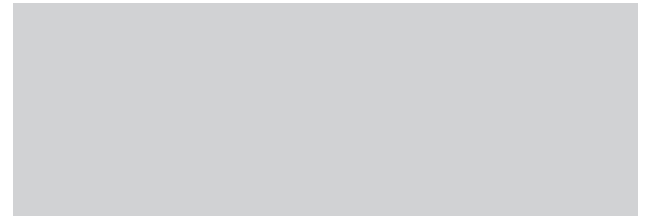
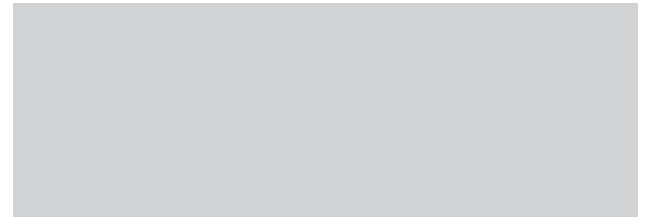
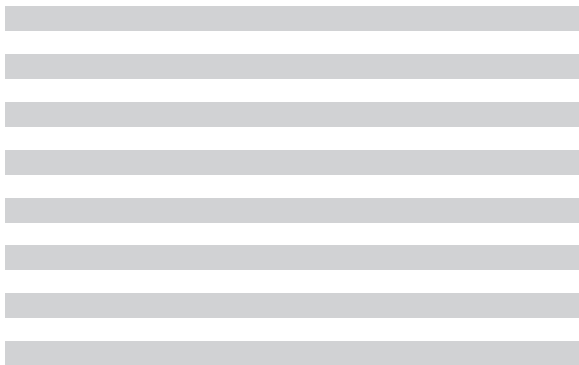
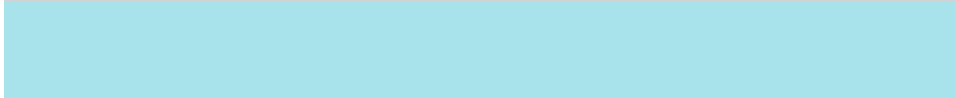
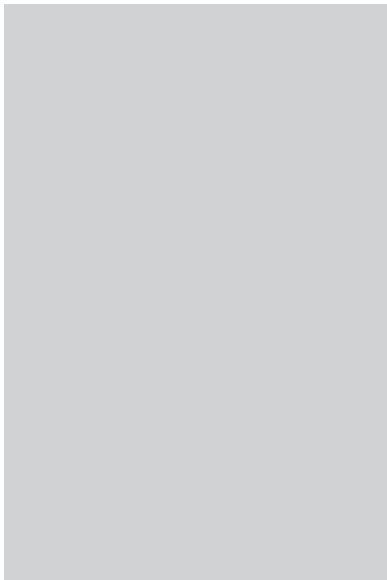


TABLE OF CONTENTS

- 01** Introduction
- 02** For direct response, context matters
- 03** Spreading the good word
- 04** Pardon the interruption
- 05** Which format wins?
- 06** Conclusion

INTRODUCTION

Most publishers avow that user experience is their top concern this year. Looking across the web at the numerous publisher site redesigns, it's hard to argue.

But at the center of any conversation about user experience is digital advertising. As the pages go sleeker and more user-friendly, publishers and advertisers alike are rethinking what kind of ads they're serving and how those ads could better serve their audiences.

For this study, we asked 250 US publishers and other media professionals to score ten of today's dominant ad formats across a variety of key attributes, from user experience to return on investment. In the process, we uncovered what role each plays in the current digital ecosystem and how publishers and their buy-side counterparts can deploy them even more effectively.

FOR DIRECT RESPONSE, CONTEXT MATTERS

There's a dichotomy in advertising as old as the industry itself. On one side are ads that aim to tell a story, shape opinions and create positive associations with the brand. On the other side are more targeted messages that aim to elicit a direct response. Each ad format has a bias toward one over the other. But on what basis?

For a long time, digital, with its all-consuming quest for the the click, was naturally positioned as the new agent of direct response. Does this assumption hold true today?

WHICH FORMATS HAVE THE MOST DIRECT RESPONSE POTENTIAL?

Rank	Non-publishers	Publishers
01	Search/Text	Content Discovery
02	Rich Media	Rich Media
03	Sponsored/Native	Interstitial
04	Content Discovery	Sponsored/Native
05	Static Display	Search/Text

THE AD FORMAT GLOSSARY

Ad format names can be confusing, mainly because different people use different terms to refer to more or less the same ones. Here's a breakdown of the ten we studied here to help you understand the results:

ADHESIVE/IN-SCREEN

Ads that appear as permanent overlays over the content of a page, typically at the bottom of the screen.

CONTENT DISCOVERY

Placements that mirror editorial image/headline slots and drive to branded content.

IN-ARTICLE VIDEO

Autoplaying video ads that appear in a web page's content stream.

IN-IMAGE

Ads that appear within the boundaries of an image, usually occupying the lower-third or -fifth.

INTERSTITIAL

An ad page that appears as a separate page after you click a link and before you arrive at your destination.

PRE/POST/MID-ROLL VIDEO

Video ads that appear prior to, mid-stream, or following an online video.

RICH MEDIA DISPLAY

Display advertising that includes motion, interactive or video elements.

SEARCH/TEXT ADS

Text-centric ads composed of a headline, description and link (e.g. AdSense).

SPONSORED/NATIVE ARTICLE

Editorial-style content that lives on a page and matches that site's aesthetic.

STATIC DISPLAY

Display advertising without motion, interaction or video elements.

Ask anyone but a publisher, and they'll say this direct response function is best served by search and text ads (think AdSense). These formats have the advantage of pulling in search data, providing a window into consumer intent. Understanding, and anticipating, that intent is critical for any digital advertiser looking to move the needle with consumers.

Publishers sing a different tune. They top their direct response list with content discovery placements rather than search and text. This format calls on context just like search and text ads, but it calls on the publisher's own content to provide the context to do so rather than an outside source like search behavior. This is a strength that publishers can better leverage when discussing pricing.

Interstitial ads, though derided for being intrusive, got high marks from publishers for direct response. Gianluca Milano, Sr. Director, Premium ad Experiences at AOL Platforms, thinks it all comes down to size. "Advertisers are looking for larger canvases than 320x50 inventory to effectively deliver their message, so there is certainly demand for these type of interstitial experiences.

"From a publisher standpoint, interstitials typically drive higher performance and yield higher premiums compared to 320x50 expandable inventory, where users have to engage in order to receive the larger canvas. Similar to what we saw on desktop, we expect this shift to change over time as we see larger canvas ads move inline within the stream of content. Inline placements are less interruptive to the consumer experience as they offer a better value exchange between consumers, publishers, and advertisers."

And it's not only size that matters. Anything that allows an advertiser's message to stand out seems to have an advantage, a fact made clear by rich media's second-place finish in this category.

SPREADING THE GOOD WORD

WHICH FORMATS HAVE THE MOST BRAND AWARENESS POTENTIAL?

Rank	Non-Publishers	Publishers
01	Sponsored/Native	Rich Media
02	Pre/Post/Mid-Roll	Sponsored/Native
03	Rich Media	Pre/Post/Mid-Roll
04	Interstitial	Video Overlay
05	Content Discovery	Interstitial

While there are some clear, common criteria publishers and non-publishers alike have set for good direct response formats, they differ more sharply when it comes to brand awareness.

Most respondents agreed that sponsored content and native articles topped the list of effective formats for lifting brand awareness. These context-heavy, integrated executions have clear advantages. But when we asked publishers specifically, rich media formats edged out sponsored content and native as the prime brand play.

Matt Minoff of Meredith thinks this might come down to a question of skill rather than an industry-wide trend. “Not everyone is good at creating branded content,” he noted. “So, if they’re not good at it, then the effectiveness of it may not be very good either. Or maybe their audience is not as responsive to it. Or maybe they haven’t created good native format. There’s a wide variety of reasons why they may feel like rich media is very easy to execute.”

A recent example from Heineken explains why. Ads that are too flashy tend to serve mainly as distractions, but Heineken’s latest rich media effort included a prompt to download an interactive mobile game, offering value while simultaneously putting the beer maker’s brand front and center. Publishers have seen standout successes like this, and they make them believe in the potential of rich media.

Either way, more involved, often visual formats were preferred across the board for spreading the good word about a brand. Conversely, formats that underperformed when it came to brand awareness included some of the least dynamic and visual options in the ecosystem.

Search/text and static display were the rock-bottom formats in this category. Building a brand calls for a “hype man,” not a wallflower.

If there's a direct response and brand awareness dichotomy in advertising at large, the split is between audience (e.g. behavioral, demographic) and contextual data (e.g. content category, keywords) when it comes to targeting. In terms of these results, there was a clear bias toward using audience data.

Contextual targeting was a majority favorite among non-publishers for campaigns using search/text, content discovery, and sponsored/native articles. But in every other format respondents favored audience data, or in a few rare cases a hybrid of the two, for targeting campaigns.

Unless a campaign is hinged on specific content, audience data will most likely carry the day. This approach holds with common wisdom, but it also neglects the potential of more visual ad formats to create adjacency through context.

"I think this will depend on the publisher model," says Jeffrey Turner, senior director, product strategy for the HuffPost Group. "If more demand is coming programmatically, audience will beat out contextual. However, publishers producing more original content and running sophisticated native/sponsorship programs will still require a high saturation of contextual."

This line of thinking is gaining some headway among publishers. Most reported that they favored a split approach, utilizing both context and audience data, for in-image campaigns. But publishers should be even stronger advocates of contextual data, especially since it can help turn their content into an even stronger value when coupled with their audiences.

Minoff suggests that while audience data is the domain of digital goliaths like Facebook and Google, publishers can gain an edge by embracing context.

DATA DILEMMA: AUDIENCES VS CONTENT

Data Type	Non-Publishers Data Bias	Publishers Data Bias
Adhesive/In-screen	Both	Audience Data
Content Discovery	Contextual Data	Contextual Data
In-article video	Audience Data	Audience Data
In-image	Audience Data	Both
Interstitial	Audience Data	Audience Data
Pre/Post/Mid-Roll	Audience Data	Audience Data
Rich Media	Audience Data	Audience Data
Search/Text	Contextual Data	Contextual Data
Sponsored/Native	Contextual Data	Both
Static Display	Audience Data	Audience Data

“What they lack is contextual relevancy, and that’s where publishers have the ability to really provide solid results for advertisers. So, while first-party data and audience data is critically important, I don’t think it’s the end all be all.”

In-image, for instance allows advertisers to leverage context in much the same way content discovery (which topped the list) does.

For example, Crest’s in-image campaign for its 3D White Strips tied the product to one of the internet’s favorite (and most ubiquitous) things: images of smiling celebrities. All those glistening teeth provided a clear context, reminding consumers of their own less-than-perfect grins. The lower-fifth ad then integrated a buy button, sending shoppers straight to Crest’s site.

PARDON THE INTERRUPTION

No discussion of ad formats is complete until it factors in the user. Given the looming cloud of ad blocking, publishers have put user experience under the microscope. They face a clear choice: make it a core component of their strategy or risk losing a significant chunk of their revenue, to say nothing of their prestige.

So how do they keep their users happy while serving enough ads to keep the lights on? To keep the reader on-page, publishers toe a thinning line between high impact ad formats and the more run-of-the-mill display fare that doesn't upstage the main attraction: content.

That means minimizing the use of formats that place themselves directly between the audience and that content. Interstitials, for obvious reasons, were ranked highest for interruptivity. Other common culprits follow closely behind:

video overlays, adhesive or in-screen formats, and pre/post/mid-roll video ads. Anything that delays the real mission of a user was considered highly interruptive.

Unsurprisingly, respondents' choices for the least interruptive formats tended to be the least flashy: static displays ads and search/text. While these formats are certainly less interruptive, like the quietest person at a house party, they're also the least likely to get noticed.

And that's key: No one should aim for the bottom of this list. While interruptive advertising has garnered an overwhelmingly negative response from the trade press and consumers alike, it's important to remember that advertising that goes unnoticed is advertising wasted. Some polite interruption is crucial says Matt Minoff.

“All publishers try to strike that balance between giving the advertiser the ability to get in front of the user while maintaining the highest quality user experience that we can. It is more interruptive to the user experience because you’re basically blocking someone from getting to their content. As long as you’re balanced, it works.”

Ad formats that landed squarely in the middle of the list are the most likely to hit that sweet spot. In-image and rich media get the balance right, providing enough value to advertisers (and the publishers selling placements) without reducing the publisher’s value to their audience through consistent interruption. The goal is to court attention without being invasive.

WHICH FORMATS HAVE THE MOST BRAND AWARENESS POTENTIAL?

Rank	Non-Publishers	Publishers
01	Interstitial	Interstitial
02	Pre/Post/Mid-Roll	Pre/Post/Mid-Roll
03	In-article video	In-article video
04	Adhesive/In-Screen	Adhesive/In-Screen
05	Rich-Media	Rich-Media
06	In-Image	In-Image
07	Content Discovery	Content Discovery
08	Sponsored/Native	Sponsored/Native
09	Static Display	Static Display
10	Search/Text	Search/Text

FOUR THINGS YOU DIDN'T KNOW ABOUT IN-IMAGE ADS

Banner blindness, ad-blocking, small mobile screens. Like it or not, the growing challenges to the online advertising business model are numerous. Meanwhile, quality content isn't getting any less expensive to produce. So what's a besieged publisher to do? In-image ads are a good place to start. Here's why:



Phil Schraeder
CFO/COO, GumGum

01

In-image ads are visible.

Pictures are often the first thing that anyone sees in an article. It's no wonder — eye tracking studies have shown that users focus more energy and attention on images than anything else. And according to the Content Marketing Institute, articles with images receive 94 percent more views than articles that have no pictures. This makes them an ideal place for ads, because they'll be seen. In fact, in-image ads have an 81 percent viewability rate, which is about 52 percent more than standard ad placements.

02

In-image ads help publishers create more ad inventory.

It's hard to be more contextual than placing a relevant ad right into an image, and in-image ads execute this efficiently and intelligently. To understand what's going on in pictures and what's around them, in-image ad technology uses a mix of real-time behavioral targeting, semantic page analysis (keywords, captions, text), and image recognition (faces, hair color, objects). Then it serves relevant ads — say, for a local dealership offer in a picture of a car headlining a story about the best summer road trips — into the photo.

03

In-image ads are contextual

In-image ads put marketing messages in a new location that's in front of readers' eyes, which enables them to be seen. What's more, since they're located in a completely new, "found" space, in-image ads are essentially new inventory, and don't have to fight for precious real estate on a page. Publishers don't have to choose between a sponsored story or an IAB ad for that right rail ad unit because in-image doesn't take away inventory from other sources. It's truly incremental revenue.

04

In-image ads are cross-platform.

Most content is consumed on mobile devices, which have smaller-than-desktop touchscreens that immediately reduce space for advertising. In-image ads are designed responsively. That means they'll reconfigure and resize themselves appropriately no matter the platform or screen size. In other words, if an editorial picture is resized and fits on a mobile screen, the in-image ad will follow it.

WHICH FORMAT WINS?

This is all valuable insight, but ultimately, publishers are keen to know which formats bolster their bottom lines.

Video and rich assets are the strongest players when it comes to driving up the CPM price tag, along with any sort of custom content or creative work. Publishers agreed: sponsored/native articles, pre/post/mid-roll video, video overlay, and rich media top their list of revenue-driving formats.

Even the venerable New York Times has embraced the native ad model. One execution included a reported piece on the sorry state of women-only prisons in the US done in partnership with Netflix. The OTT powerhouse has since partnered with The Atlantic and The Wall Street Journal to produce similarly inspired pieces, including a feature on “cocainenomics” to promote its show, “Narcos.”

With these, advertisers are paying a premium for attention that they couldn’t otherwise court. Their rise signals a shift in the

digital advertising ecosystem. Deeper engagement rather than quantity of eyeballs seems to carry the day both for advertisers and publishers.

The rise of these formats also constitutes a de facto win for the consumer. The heavy file weight of video and rich media means that publishers can only offer a limited number of placements before user experience is impeded (and their own site potentially crashes). The result is a less cluttered experience with more attention paid to context, something that consumers routinely demand and advertisers need to stand out.

On the other hand, those formats that don’t require advertisers to trade out their usual placements (those that normally take up right-rail or banner real estate) give publishers the option to increase the revenue potential of their site as a whole by selling totally new slots. Of course, the issue of balance between clutter and cash remains.

CONCLUSION

So maybe there's no publisher panacea, no single ad format that solves every problem and covers every base. The only way to win the game is to find a balance between all the available options to meet often complex business objectives, not to choose one format to rule them all.

If the spectrum goes from highly visual formats to largely text-based ones, these findings show that the former are the most effective drivers of brand awareness. They're also the formats that allow publishers to command the biggest price tags. And while text is the least interruptive, it borders on unnoticed.

The power of contextual data is another clear takeaway. Regardless of whether a format is text-based or purely visual, those powered by context reign supreme in matters of direct response. After all, it helps to know what someone

is looking for (and what they're looking at) when you're trying to move them toward a sale, and publishers should know their own strength in having this information about their audiences.

And while user experience is clearly important, publishers should strive to balance the highly visual and engaging formats advertisers desire with the type of low-clutter experience that consumers increasingly demand. Formats like in-image nail that blend.

To weather the storm, publishers will need broker a peace between the warring interests of their audiences and their advertising partners. But it all starts with discerning which formats work in each situation to engineer an Eden out of what today feels an awful lot like Pandemonium.