DIGITAL BRAND ADVERTISING

- Growth with premium price realisation!

Thomas Schnoor
Managing Director nugg.ad Nordics

IAB Finland
Helsinki, November 29, 2012
PREMIUM PUBLISHER CHALLENGES

TOO MUCH UNSOLD INVENTORY (ADSPACE)

GOOGLE, YOUTUBE, FACEBOOK PRICING STRUCTURE

DEMAND SIDE PLATFORMS (DSP) AND REAL-TIME BIDDING

STRUCTURAL CHANGES IN BUYING PATTERNS ONLINE – FROM VERTICALS TO AUDIENCES

EMERGING OF LARGE ”BLINDED” AD NETWORKS
SIGNIFICANT PRESSURE ON AD PRICES

To be competitive, media has basically two options:

a) Reduce ad prices!

b) Enrich premium inventory!
PREMIUM ONLINE PUBLISHERS NEEDS TO LEARN FROM TV & PRINT TO EMBRACE BRAND ADVERTISERS
WHAT BRAND ADVERTISERS ARE USED TO ADVERTISING IN TV & PRINT

- REAL TARGET GROUPS
- HIGH REACH
- PREDEFINED FREQUENCY
- MEASURABLE BRAND IMPACT
- HIGH QUALITY ENVIRONMENT
THE PROBLEM

traditional

Branding

digital

Direct-Respond
THE PROBLEM

traditional

Branding

digital

Direct-Respond
## THE OUTCOME

### Share of Internet Ad Spend of Total Ad Spend (%)
**Leading Brand Advertisers, U.S. 2011 ($ mio.)**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Total Ad Spend</th>
<th>Internet Ad Spend</th>
<th>Internet % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;G</td>
<td>$4,189</td>
<td>$100</td>
<td>2%</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>$2,797</td>
<td>$148</td>
<td>5%</td>
</tr>
<tr>
<td>Verizon</td>
<td>$3,020</td>
<td>$242</td>
<td>8%</td>
</tr>
<tr>
<td>Ford</td>
<td>$1,517</td>
<td>$142</td>
<td>9%</td>
</tr>
<tr>
<td>GSK</td>
<td>$1,395</td>
<td>$32</td>
<td>2%</td>
</tr>
<tr>
<td>J&amp;J</td>
<td>$2,061</td>
<td>$59</td>
<td>3%</td>
</tr>
<tr>
<td>Unilever</td>
<td>$1,294</td>
<td>$33</td>
<td>3%</td>
</tr>
<tr>
<td>GE</td>
<td>$1,575</td>
<td>$69</td>
<td>4%</td>
</tr>
<tr>
<td>Sears</td>
<td>$1,700</td>
<td>$24</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Source: Bain, Forrester, AdAge, KPCB*
WHAT WENT WRONG

ASkörper BRAND MARKETERS:

WHICH METRICS ARE MOST VALUABLE FOR BRAND BUILDING CAMPAIGNS?

Sources: Bain/IAB “Building Brands Online” 2010, Morgan Stanley, ComScore
WHAT WENT WRONG

Percent of respondents

WHAT THEY WANT

Sources: Bain/IAB “Building Brands Online” 2010, Morgan Stanley, ComScore
WHAT WENT WRONG

WHAT THEY WANT

WHAT THEY GET

Percent of respondents

ASSENGING BRAND MARKETERS:

WHICH METRICS ARE MOST VALUABLE FOR BRAND BUILDING CAMPAIGNS?

WHAT THEY GET

WHAT THEY WANT

Conversion rates

Recall

Sources: Bain/IAB “Building Brands Online” 2010, Morgan Stanley, ComScore
50 YEARS OF BRAND ADVERTISING THEORY SUPPORTS THAT BRAND BUILDING REQUIRES:

- REAL TARGETGROUP DEFINITION + (EFFICIENT TARGETING)
- BROAD REACH & ABILITY TO CONTROL THE FREQUENCY CORRIDOR
- A REPORTING PLATFORM THAT CAN REPORT UPLIFTS IN BRAND METRICS
Classical behavioural targeting
Predictive behavioural targeting
REAL TARGET GROUPS LIKE TV & PRINT

<table>
<thead>
<tr>
<th>BEHAV. TARGETING</th>
<th>PREDICTIVE TARGETING BY USING QUESTIONNAIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affinities</td>
<td>Socio-demographic variables</td>
</tr>
<tr>
<td></td>
<td>Buying intent/product interests</td>
</tr>
<tr>
<td>Automotive</td>
<td>Men</td>
</tr>
<tr>
<td>Insurance</td>
<td>Job title</td>
</tr>
<tr>
<td>Finance</td>
<td>Education level</td>
</tr>
<tr>
<td>Travel</td>
<td>Buying int. FMCG</td>
</tr>
<tr>
<td></td>
<td>Buying a car</td>
</tr>
<tr>
<td></td>
<td>Business travel</td>
</tr>
<tr>
<td></td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>No of kids in HH</td>
</tr>
<tr>
<td></td>
<td>Age 20-39</td>
</tr>
<tr>
<td></td>
<td>Income 800K+</td>
</tr>
<tr>
<td></td>
<td>Early adopters</td>
</tr>
<tr>
<td></td>
<td>Early adopters</td>
</tr>
<tr>
<td></td>
<td>Early adopters</td>
</tr>
</tbody>
</table>
BRAND ADVERTISING PBT NETWORKS IN DENMARK, FINLAND & NORWAY BUILDING REACH

### DANISH, FINNISH & NORWEGIAN PBT NETWORKS

**PBT Network:** EkstraBladet, eBay Classified, Bilbasen, BT, sporten.dk, lokalavisen.dk, SBS TV (kanal 4,5 & 6), Jyske Medier Aller Media A/S and Borsen.dk

**PBT Plus Network:** Berlingske.dk, Jyllands-Posten.dk, Politiken.dk, Business.dk, epn.dk, AOK, I byen.dk etc.

**Jubii PBT Network:** Jubii, Lauritz.com, Yahoo.dk, CPH.dk, TV3 Viasat, onside.dk, Rejseplanen, Pricerunner.dk, DMI.dk, Kogebogen.dk, Proinvestor etc.

**FINLAND - AdQ (Fonecta) PBT Network:**

**FINLAND - Klikki PBT Network:**

**NORWAY - ABC Startsiden PBT network**
BRAND ADVERTISING IN A REAL WORLD

Case
Objective with campaign:

- Increase BRAND AWARENESS
- Increase sales
CASE STUDY
nugg.ad DATA DRIVEN BRAND OPTIMISER

ONLINE ONLY CAMPAIGN:
PBT Network, 6 Mio. Al's display ads, 5 weeks

PRODUCT:
nugg.ad DATA DRIVEN BRAND Optimiser

MEASUREMENT:
TNS Gallup Access internetpanel & Click Stream
CASE STUDY
THE RESULTS

AIDED BRAND AWARENESS

<table>
<thead>
<tr>
<th></th>
<th>Pre-test</th>
<th>Mid-test</th>
<th>Post-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>TNS Gallup measurements before, during and after campaign</td>
<td>12.6</td>
<td>28.2</td>
<td>31.2</td>
</tr>
</tbody>
</table>

+ 148%

GROWTH IN SALES DEVELOPMENT

<table>
<thead>
<tr>
<th></th>
<th>Before campaign</th>
<th>During and after campaign</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales figures by De Cecco</td>
<td>23%</td>
<td>69%</td>
</tr>
</tbody>
</table>

+ 200%
Finnish case: Starkki
Data driven brand optimiser
Starkki | Campaign description

**Campaign target**
- Data driven optimising on Brand Awareness

**Things about the campaign.**
- The product is a brand new website.
- The campaign period was rather long.

**Target group.**
- Run of Network & and data driven brand optimisation

**Campaign volume**
- Approx. 20 mill. ad-impressions RON/cpm **NOT** optimised
- 2 mill. ad-impressions data driven optimisation

**Periode**
- From week 25 – 34 on the klikki.com PBT network.

nugg.ad ist ein Unternehmen von Deutsche Post DHL
Starkki | Brand Measurement

In the survey we ask about:

a. Recall.
b. Brand sympathy (Likeability)
c. Purchase Intention

1. **Control group**
   Users who have not been exposed for the campaign.

2. **Test group**
   Users who have been exposed for the campaign.
RON compared to pretest, shows no impact on awareness and sympathy. A little decrease in purchase intension.

Control Group = 2612, Test Group = 1314
Starkki | Brand Awareness (pretest vs. optimised campaign divided on frequencies)

Brand Awareness: "Do you know Starkki?"
Onko Starkki.fi sinulle tuttu verkkokauppa?
Effect measured on frequencies
(shows users who have answered "yes").

Control Group = 2612; 1-2 = 224; 3-4 = 120; 5-7 = 122; 8+ = 320

AI frequencies from 1-7 shows an increase in awareness. Greatest are the one measured on the frequency between 5-7 with 67%. With frequencies higher than 7 shows a wearout-effect.
Starkki | Brand Sympathy
(Pretest vs. branding opt. divided by frequencies)

Brand Sympathy: "Pidätkö Starkki.fi verkkokaupasta?"
Effect measured on frequencies
(Shows the users who have answered "yes")

- Brand Sympathy has the highest effect on 3-4 impressions. 8 impressions or more results in a decreasing effect.

Control Group = 2302, 1-2= 196; 3-4 = 102 ; 5-7=98; 8+= 288
Starkki | Purchase Intention (Pretest vs. branding opt. divided by frequencies)

Purchase Intention: "Oletko kiinnostunut ostamaan tai oletko ostanut tuotteita (puutarhatuotteita yms.) Starkki.fi -verkkokaupasta?"
Effect measured on frequencies
(Shows users who have answered "yes")

- Control Group Pretest (no Campaign Contact)
- 1-2
- 3-4
- 5-7
- 8+

All frequencies show an increase. Highest are the one with 38% from 5-7 impressions. Again we see the wearout-effect on high impressions.

Control Group = 2479; 1-2= 208; 3-4 = 111 ; 5-7=111; 8+ = 306
Starkki case: Conclusion

• The optimal frequency for Brand Awareness, Sympathy and Purchase intension are between 3-7.
• Frequencies from 8 and higher are wasted.
• No branding effect measured on RON/CPM
• Data driven optimisation increases impact on Brand Awareness with 67%!
MANY BRAND ADVERTISERS IMPROVE THEIR BRAND IMPACT WITH NUGG.AD ACROSS EUROPE

Find many more cases on our website www.nugg.ad
PREDICTIVE BEHAVIOURAL TARGETING:

1. ENRICH YOUR PREMIUM INVENTORY
2. BRAND METRICS PERSPECTIVE JUST LIKE TV & PRINT
3. WORK WITH REAL TARGET GROUPS (NOT SIMPLE USAGE DATA)
4. BUILD REACH & CONTROL FREQUENCY
5. MONETIZE YOUR OWN INVENTORY! (PROTECT YOUR BUSINESS)
6. FOCUS ON VALUE RATHER THAN PRICE
THANK YOU!

FOLLOW US:

twitter.com/nuggad

facebook.com/nuggad

www.nugg.ad

EUROPE’S AUDIENCE EXPERTS.

1.1 Bn. active profiles

15.000 profile updates per second (peak)

40 Bn. predictions per month