

# DISPLAY ADVERTISING

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DIGITAL STRATEGY

**marketing** hacknight

## OVERVIEW OF TOPICS

- The “Old Way” advertising worked
- The Digital Way
- Changing display media landscape
- Hyper targeting in display advertising
- Introduction to CPC vs CPM media buying





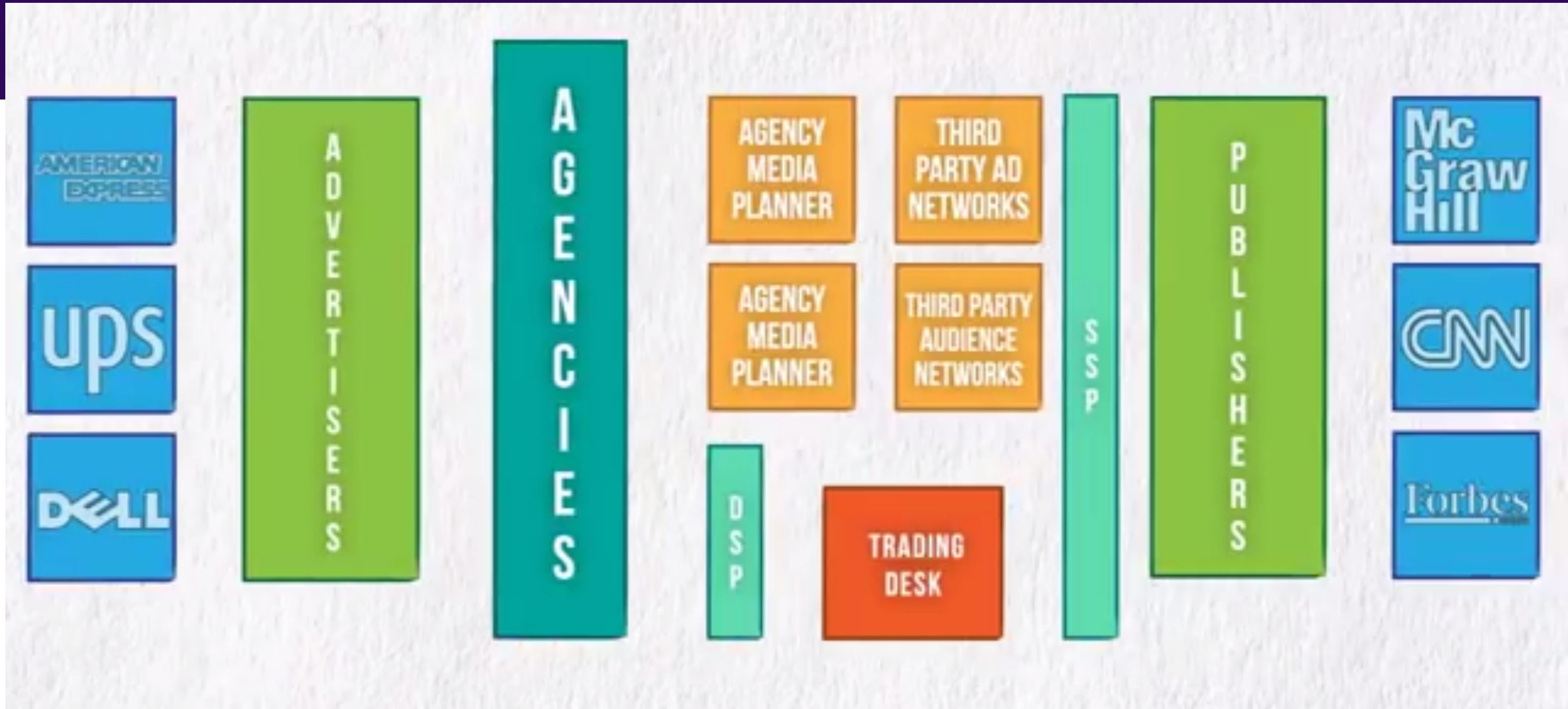
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## HYPER TARGETED DISPLAY

- Track users on your site or use data you have to build a data profile for those user
- Multiply the data using a data profiler or data aggregator
- Build a media buy targeting users vs. locations
- Track and optimize



# TARGETING THE NEW DIGITAL WAY

- Geographic targeting – IP address
  - Mobile targeting – Geo location on smartphone + apps
- Content targeting based on page content
- Browsing history targeting based on affinity
- Pixel tracking data – more direct data

## CPM / CPC / CPA

- Ad spend is measured in impressions and clicks
- The rate at which clicks occur per impression is click through rate (CTR)
- When media is purchased it is negotiated as CPC, CPM and CPA.
  - Adwords uses CPC but most display is bought on CPM
- Let's work the math....



# CPM / CPC / CTR

|       |         |     |         |     |         |
|-------|---------|-----|---------|-----|---------|
|       |         |     | CTR     |     | CPC     |
| CPM = | \$ 3.99 |     | 0.33%   |     | \$ 1.21 |
|       |         |     |         |     |         |
|       |         |     |         |     |         |
|       |         |     |         |     |         |
|       |         |     |         |     |         |
| CPC = | \$ 1.21 | CPM | \$ 4.00 | CTR | 0.33%   |
|       |         |     |         |     |         |
|       |         |     |         |     |         |
|       |         |     |         |     |         |
|       |         |     |         |     |         |
| CTR = | 0.333%  | CPM | \$ 4.00 | CPC | \$ 1.20 |
|       |         |     |         |     |         |
|       |         |     |         |     |         |

## Formulas

The formula for calculating CPM based on CTR and CPC is:

$$\text{CPM} = 1000 \times \text{CTR} \times \text{CPC}$$

The formula for calculating CPC based on CTR and CPM is:

$$\text{CPC} = \text{CPM} / (1000 \times \text{CTR})$$

The formula for calculating CTR based on CPM and CPC is:

$$\text{CTR} = \text{CPM} / (1000 \times \text{CPC})$$



# Questions?

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