Sizmek benchmarks report 2014

Breaking boundaries: Engagement gone global
Introduction

By Michael Froggatt
Principal Research Analyst, Sizmek

Seismic is one word to characterize the change that shaped digital marketing and advertising technology in 2013. If you time traveled in ad tech from 2010 to today, you would hardly recognize the landscape. One look at any LumaScape slide will show how the ad tech water is both muddied (SSPs taking on exchange capabilities, for example) and more fragmented (the plethora of new point solutions for everything under the sun). With a 15-year history pioneering digital firsts in online advertising around the world, Sizmek is redefining how digital campaigns are planned, executed and measured. We may have a new name – Sizmek (formerly DG MediaMind) – but we’re bringing our digital legacy to a new open ad management stack for the most sophisticated and impactful multiscreen digital campaigns out there.

Now in its fifth year, Sizmek Benchmarks are considered the industry standard in engagement benchmarks and they have been featured in leading publications and research organizations, including Ad Age, eMarketer, Wall Street Journal and the IAB, where Sizmek has been instrumental in contributing to ad performance measurement standards worldwide.

This year, we’re looking back over the last five years of Sizmek Benchmarks, picking our best recommendations and highlighting the 2013 trends in the key regions worldwide. For those of you expecting an 80 page report full of the nitty-gritty metrics by format, unit size and vertical, we’ve split the bulk of the charts out into a separate Data Book available for download here.

Here are the three main digital advertising trends of 2013:

- **Engagement increased globally for rich media** as advertisers, agencies and publishers embrace standardized high-impact formats (examples include the IAB’s Rising Stars and Sizmek Blocks)
- **HTML5 emerged as an important asset** in the advertiser’s arsenal, breaking boundaries with new creative elements and expanding potential reach to mobile devices that don’t support Flash
- **Interactive video gained steam in mature markets** (North America, Europe and Australia) and is poised to go global in 2014

Last year, in our Complexity Index we showed that campaigns grow more complex with every additional tag, point solution or creative element. But complexity does not necessarily mean advertisers are meeting their goals when it comes to reach or higher engagement. Yes, spending more can result in meeting campaign goals, but there is also a point of diminishing returns where money spent is money wasted. There are technologies available now that limit the complexity of a campaign but enable the same level of, or more, sophistication.

Our goal is to give advertisers more (sophisticated) bang for their buck.

A visualization of complexity versus sophistication; a sophisticated campaign reaches the same goals with less effort. Source: Sizmek Research, Nov 2013

Complexity doesn’t necessarily increase an ad’s performance. Consumer engagement with ads still largely depends on reaching the right audience, at the right time, with the right creative. Our job is to put the right tools within the marketer’s grasp, ensuring that advertising hits the trifecta every time with just the right amount of sophistication.
Digital display benchmarks

Showing value through physical engagement
In February of 2014, the IAB released a set of guidelines for measuring engagement, “Defining and Measuring Digital Ad Engagement in a Cross-Platform World.” The report is an attempt by the IAB and industry participants to define the murky term of engagement (tossed around in advertising across all media and formats, not just digital) with something that is useful for advertisers. According to the IAB:

Engagement is “a spectrum of consumer advertising activities and experiences – cognitive, emotional, and physical – that will have a positive impact on a brand.”

Even though the Sizmek Benchmarks refers only to digital advertising over the web and on a screen, they refer specifically to the ‘physical’ and behavioral aspect of engagement: ads that a user can see and/or manipulate that can be recorded and tracked. With that as a baseline, we can identify the core engagement metrics that we track within our Sizmek MDX platform. Although the definition may be new, the metrics comprising measurable engagement are largely the same: Clicks, click-through rates (CTR), interactions and interaction time all make up core web-based measurements of engagement.

These metrics become even more important as the industry adopts viewable impressions as the standard currency over served impressions. Last year, we featured our own viewability solution in the benchmarks and showed that removing ads that were never seen increased engagement results significantly and illustrated the true value of seen digital ads.

This year, we’re focusing on the regional trends and digital engagement metrics that make our benchmarks the measuring stick by which the rest of the industry compare their digital campaigns worldwide.

Methodology: Sizmek Research analyzed more than 25 unique formats, more than 3,500 unique unit size combinations, 2 million individual ads and 913 billion impressions served via the Sizmek MDX Platform during 2013. The ads ran in 22 individual verticals, 47 countries and every inhabited continent in the world.

Standard banners
Standard banner CTRs stayed largely the same worldwide. Mature markets like North America, Europe and Australia and New Zealand hovered around a tenth of a percent, while emerging markets were slightly higher. In a year where bots, click fraud and audience fraud made headlines, no news here is, in fact, good news.

Chart 1: 2013 Standard Banner CTR, by region

Looking ahead, standard banners are still going to be a staple of every digital campaign. Despite the proliferation of rich media, HTML5 and video, Sizmek runs far more standard banner impressions than any other format. The reasons are numerous, but in particular, standard banners are a cost effective top of funnel branding vehicle, while innovations like delivery groups, enhanced targeting and improved analytics ensure that they will remain relevant in the next generation of digital advertising.
**Rich media**

Compared to the previous year, rich media saw an increase in click-through rates worldwide in 2013. This could be attributed to several factors, but the widespread adoption and standardization of compelling, industry-wide formats such as the IAB Rising Stars and Sizmek Blocks are encouraging advertisers to push their creative boundaries and realize the true potential of rich media.

According to our data, rich media click through rates (CTR) increased significantly in 2013. Click through rates shot up 72% in North America, 131% in Australia and New Zealand, 59% in Europe and 485% in East Asia. In these mature advertising markets, agencies and advertisers were able to put their creative muscle behind Flash rich media formats. The emerging markets of Latin America, Middle East & Africa and South Asia also all increased in CTR, but since their click-through rates were already high, growth was more muted.

The interaction rate ranges from a high in Europe (5.92%) to a low in North America (1.46%). Impressions with any interactions can be looked at as a proxy for unique interaction rate – it essentially counts the impressions that had any interactions and divides it by the total impressions served. That is why the interaction rate (counting every interaction) is always higher than impressions with any interactions.

Dwell rates are similar to impressions with any interactions in that they only count one instance of dwell for each impression served, but our platform automatically tallies the amount of time spent dwelling on an ad. A dwell can include anything from a mouse hover or other interaction, a video start and play or expansion. The dwell timer starts and continues as a user hovers over an ad or plays a video.

Rich media with expansions also performed very well. We saw an increase in interaction rates, impressions with any interactions and dwell metrics for rich media with expansions over general rich media for all regions. Expandable formats are often featured in rich media templates like the IAB Rising Stars and Sizmek Blocks, and they are used to create an immersive experience that seem to pop out of the page.

While the click-through rate is known as a legacy indicator of success metrics, it’s still an important factor for calculating total engagement. Even the IAB acknowledges that the click must be included in any estimation of engagement, despite best efforts to move away from the reliance on it. Sizmek measures a click as an interaction and only counts valid click-throughs to a designated landing page or link for our CTR.

Interaction and dwell, staples of physical and behavioral engagement metrics, are also recorded for every rich media impression served by the Sizmek MDX platform. These figures can vary widely depending on the creative – we’ve seen interaction rates for select campaigns upwards of 50% – but for the benchmarks we exclude any ad that had an impression with any interaction rate over 30%. This is to normalize the data and exclude any blips in the data used to calculate the benchmarks.

The interaction rate ranges from a high in Europe (5.92%) to a low in North America (1.46%). Impressions with any interactions can be looked at as a proxy for unique interaction rate – it essentially counts the impressions that had any interactions and divides it by the total impressions served. That is why the interaction rate (counting every interaction) is always higher than impressions with any interactions.

Dwell rates are similar to impressions with any interactions in that they only count one instance of dwell for each impression served, but our platform automatically tallies the amount of time spent dwelling on an ad. A dwell can include anything from a mouse hover or other interaction, a video start and play or expansion. The dwell timer starts and continues as a user hovers over an ad or plays a video.

Rich media with expansions also performed very well. We saw an increase in interaction rates, impressions with any interactions and dwell metrics for rich media with expansions over general rich media for all regions. Expandable formats are often featured in rich media templates like the IAB Rising Stars and Sizmek Blocks, and they are used to create an immersive experience that seem to pop out of the page.
Generally, incorporating expandable elements increases interaction and dwell rates by at least a few percentage points. And with the easy-to-implement templates, they’re more cost effective than ever.

Incorporating expandable elements increases interaction and dwell rates by at least a few percentage points.

**Chart 4: Expandable Banner engagement metrics, by region**

Source: Sizmek Research, 2014

**Chart 5: Expandable Banner expansion metrics, by region**

Source: Sizmek Research, 2014

In the above chart, you may notice that the average expansion durations are longer than some of the dwell durations. This is due to many factors, including pushdowns and 1x1 ads that expand or float on the page but aren’t necessarily dwelled on as long as they’re expanded. Sizmek refers to these ads as multi-size and they may not fit within a specific unit size.

The sky is the limit for rich media. Ad delivery technology is now streamlined to empower the advertiser’s creative vision, allowing for the full potential of sophistication without adding to complexity.
**HTML5**

One of the most important changes in digital advertising during 2013 is the shift towards more mobile friendly formats using HTML5. However, HTML5 hasn’t met the same level of global adoption as Flash for a variety of reasons, including browser compatibility, slow publisher adoption and low levels of creative/developer experience. As a result, the only regions that met the threshold for benchmarks for HTML5 standard banners were North America, Latin America, Europe and Australia.

HTML5’s ‘any screen’ promise widens the potential audience of the ad that can increase overall brand reach. The increase in potential audience positively impacted the CTRs recorded over flash and static image standard banner ads served by region for the year.

Chart 6: **HTML5 Standard vs Flash/Static Banner CTR, by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Flash/Static</th>
<th>HTML5</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>0.08%</td>
<td>0.11%</td>
</tr>
<tr>
<td>Latin America</td>
<td>0.12%</td>
<td>0.38%</td>
</tr>
<tr>
<td>Europe</td>
<td>0.11%</td>
<td>0.18%</td>
</tr>
<tr>
<td>Australia</td>
<td>0.06%</td>
<td>0.18%</td>
</tr>
</tbody>
</table>

Source: Sizmek Research, 2014

Expect engagement rates for HTML5 to increase in 2014 as the industry adopts rigorous creative and publishing standards that ensure seamless multiscreen delivery.

While more versatile in a conventional sense, HTML5 Rich Media lacks the widespread and easy-to-use variety of templates available for Flash. As a result, advertiser adoption, while ramping up, was minimal in 2013. In addition, the overall engagement numbers were lower than rich media, but expect that to change in 2014 as creative templates are added and adopted by advertisers looking for seamless, multiscreen delivery and device agnostic campaigns.

Chart 7: **HTML5 Polite Rich Media CTR, by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>% CTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>0.29%</td>
</tr>
<tr>
<td>Latin America</td>
<td>0.27%</td>
</tr>
<tr>
<td>Europe</td>
<td>0.05%</td>
</tr>
</tbody>
</table>

Source: Sizmek Research, 2014
**Video**

Sight, motion and sound: video is the holy grail of visual advertising and it leaves a lasting impression on consumers. Sizmek has a strong heritage in video, helping to lay the groundwork for both in-stream and interactive. Last year, we served a significant amount of in-stream video in every market, and expanded the markets for interactive video (formerly VPAID) to six out of seven markets (everywhere but East Asia).

**Chart 8: In-Stream Video CTR, by region**

![In-Stream Video CTR Chart](image-url)

Source: Sizmek Research, 2014

Interactive in-stream was relatively new in 2012, and the US was the only region where we ran a measurable amount of campaigns. In 2013, we expanded interactive video into Latin America, Europe, the Middle East & Africa, Australia and South Asia. While interactive video may experience a lower click-through rate than pure in-stream, advertisers see the value of interactive video in its complete user experience and ability to track. Interactive video creates a completely immersive brand experience, pulling in the best practices of both rich media and video advertising.

**Chart 10: Interactive Video Metrics, by region**

![Interactive Video Metrics Chart](image-url)

Source: Sizmek Research, 2014

One quirk in the data for interactive video is the ability for ads to allow multiple ‘video start’ events. This left us with a start rate in Australia that actually exceeded 100% to 105.1%. Those Aussies sure love to restart their videos ads!

**Chart 11: Interactive Video Completion Metrics, by region**

![Interactive Video Completion Metrics Chart](image-url)

Source: Sizmek Research, 2014

In 2014, we expect to continue the rapid growth of interactive video and its impact on the industry. In addition, since the IAB added interactive video formats to its Rising Star portfolio, advertisers will ramp up adoption globally. Sizmek is incorporating all of our tools to give advertisers a leg up on video in 2014, including the best publisher partners, a cutting edge video ad designer, upgraded analytics (such as Dwell for video) and video verification.
Conclusion and looking ahead

At Sizmek, we expect that almost all digital ads will have some sort of dynamic element in 2014, whether it’s auto-optimization via Dynamic Creative, delivery groups, targeting or advanced analytics. In addition, we expect the three main trends highlighted earlier to accelerate through the rest of the year: increasing engagement for rich media and interactive formats, HTML5 broadening audiences and flattening device delivery, and explosive growth in interactive video.

In today’s world, complexity and fragmentation are real and costly issues for digital advertisers. Our own study last year found that complexity in digital advertising increased by 31% for average campaigns and even more for those digital trailblazers pushing the technology behind their campaigns to the limit. These are based on real campaign attributes, from the variety of ad formats, creative versions and tags (both third party and conversion tags) used by advertisers in their digital campaigns. Sizmek’s open technology platform enables advertisers to use the best partners available in media, development and creative at a single management point, simplifying complexity while unlocking the benefits of sophistication.

When it comes to performance and delivery trends in 2014 and beyond, standard banners are still going to be the foundation of nearly every digital campaign in the Sizmek MDX platform. We still run far more standard banner impressions and campaigns than any other format. The broad reach guarantees its value for branding and innovations like delivery groups, enhanced targeting and improved analytics ensure that we’re moving standard banners into the next generation of digital advertising.

The industry is moving past thinking of rich media for splashy and one-off campaigns to persistent, on-going campaigns that drive both reach and branding objectives. Sizmek believes every digital campaign can benefit from rich media’s sophisticated features, and is streamlining the ad delivery technology to the point of getting out of the way of the advertiser and their agency’s creative vision.

HTML5 is new to the benchmarks for 2013. HTML5 standard banners knocked it out of the park, performing markedly better than their flash counterparts as a result of fewer default impressions delivered to mobile and non-flash friendly environments. HTML5 rich media hit a couple snags as advertisers dealt with the new canvas available to them. However, expect that to change in 2014 as creative templates are added and standards from the IAB and others are implemented at scale, enabling advertisers to run seamless multiscreen and device agnostic campaigns.

Video will continue to drive digital spending in the entire industry. According to eMarketer, digital video growth is expected to outpace every other digital format in the US at 39.5% in 2014. A good example of this is advertisers chasing the full branding potential of sight, sound and motion online. In addition, the technology enabling interactive video is reaching viable maturity, helping advertisers to create a completely immersive brand experience, pulling in the best practices of both rich media and video advertising.

Methodology

Sizmek Research analyzed more than 25 unique formats, more than 3,500 unique unit size combinations, 2 million individual ads and 913 billion impressions served via the Sizmek MDX Platform during 2013. The ads ran in 22 individual verticals, 47 countries and every inhabited continent in the world.
Lessons learned and best practices

At Sizmek, we’ve been doing digital advertising for a long time, and during that time we learned a lot of lessons and best practices. This year we’ve conducted a ‘literature review’ of past research reports and collected some of the most important trends.

1. Benchmarks, spread across billions of impressions and millions of campaigns and ads, are largely static. Standard banners are one example – we’ve seen steady click-through rates in the benchmarks by region: hovering around 0.1%. However, size does matter: In our second half 2009 Benchmarks, we note that an increase in 50,000 pixels in a standard banner ad resulted in nearly a 0.044% gain in click-through rates. In that benchmark, we also uncovered that 300x250 (still by far the most popular ad size) accounted for a majority of both standard banner and rich media impressions.

2. Dwell, a proprietary metric only available on Sizmek MDX and covered in depth in a previous Benchmark Report, is a powerful measurement of engagement. It truly takes rich media analytics beyond clicks and interactions, which can be easily gamed and manipulated by fraud perpetrators.

3. In a previous Benchmark, we analyzed our Dynamic Creative (DC) solution for the first time. We found that Dynamic Creative increased CTR by 73% and the conversion rate by 40%. Since that initial research, which was done as part of the beta and testing phases of our early dynamic features, we’ve improved upon both the scale and optimization algorithm. We have case studies where engagement (measured by CTR, interaction rate and dwell rate, among others) increased nearly 500%!

4. In the 2011 Benchmarks, we unveiled the proprietary, MRC accredited Adjusted Unique metric, a ground breaking algorithm to filter out duplicate cookies and show true reach. We found simple cookie counting campaigns that lasted between 15-to-60 days essentially over counted users by a multiple of 2 to 3. By using our proprietary Adjust Unique metric, Sizmek automatically accounts for duplicate cookies by factors like location, frequency and timing, showing the true reach of digital campaigns.

5. Throughout 2012 and 2013, viewability was one of the top issues in ad tech. The IAB, ANA and 4A’s made progress toward moving digital transactions from the served impression to a viewed impression that measures ‘the opportunity to see.’ The idea is to provide comparable metrics to TV and radio GRPs to lower the barriers for more ad spending in digital media. Sizmek ran a beta test of its viewability solution in September 2012 and we published the results in our 2012 full year Benchmark report which showed that almost 38% of rich media ads never had the opportunity to be seen. For advertisers where viewability was a key concern, we recommended the ad formats with the highest viewable rates, including Commercial Breaks (also called interstitials), Billboards, Filmstrips and Wallpaper ads. In November 2013, Sizmek received the Media Rating Council (MRC)’s accreditation for viewability. For 2014, Sizmek is continuing to invest in its viewability tech to improve the baseline recordable rates across all formats and will be expanding it to both in-stream and interactive video.
### Sizmek Metric Definitions

<table>
<thead>
<tr>
<th>Metric</th>
<th>What does it measure?</th>
<th>How should it be used?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impressions with Any Interaction Rate</td>
<td>The number of impressions with at least one interaction out of the total number of served impressions. Impressions with multiple interactions are accounted for only once. Interactions are defined as clicks, opening (expanding) a panel, Flash movie replay, video mute, video sound on, video pause, full screen video mode start / pause / end or other user-defined interactions.</td>
<td>To quantify how many of the served impressions were interacted with.</td>
</tr>
<tr>
<td>Interaction Rate (IR)</td>
<td>The total number of interactions out of the total number of served impressions. Impressions with multiple interactions are accounted for multiple times. Interactions are defined as clicks, opening (expanding) a panel, Flash movie replay, video mute, video sound on, video pause, full screen video mode start / pause / end or other user-defined interactions.</td>
<td>To quantify the extent to which served impressions were interacted with.</td>
</tr>
<tr>
<td>Dwell Rate</td>
<td>The number of impressions that were dwelled upon out of all impressions. Dwell is defined as an active engagement with an ad. It includes positioning the mouse over an ad, user-initiation of video, user-initiation of an expansion, and any other user-initiated Custom Interaction. Unintentional Dwell, lasting less than one second, is excluded.</td>
<td>This proprietary Sizmek metric measures what portion of impressions were intentionally engaged with. Used to quantify the share of impressions that attracted users to actively engage with an ad.</td>
</tr>
<tr>
<td>User Average Dwell Time (Seconds)</td>
<td>The average duration of a Dwell. For impressions that were dwelled upon, this metric sums the duration of the following user-initiated actions: The amount of time in which a mouse was positioned over an ad, user-initiated video duration, user-initiated expansion duration and the duration of any other user-initiated Custom Interaction. Unintentional Dwell, lasting less than one second, is excluded.</td>
<td>For impressions that were dwelled upon, this proprietary Sizmek metric measures the average duration of active engagement. Used to quantify how engaging an ad is to users who were initially attracted to actively engage with it.</td>
</tr>
<tr>
<td>Click Through Rate (CTR)</td>
<td>The number of impressions that resulted in clicks out of served impressions. A historic metric that is used primarily for Standard Banners.</td>
<td>For Standard Banners, serves as the only measure of the ads’ effectiveness.</td>
</tr>
<tr>
<td>Avg. Video Duration (Seconds)</td>
<td>The average duration, in seconds, of the video assets that played in the ad. This metric includes user-initiated and auto-initiated videos.</td>
<td>To quantify the duration of the video that played in an ad.</td>
</tr>
<tr>
<td>Started Rate</td>
<td>The number of times the video assets started out of served impressions with video. This metric includes user-initiated and auto-initiated videos.</td>
<td>To quantify the number of times videos in ads started playing.</td>
</tr>
<tr>
<td>50% Played Rate</td>
<td>Of the video assets that started playing, how many of them played up to 50% of the video's duration, out of started video impressions.</td>
<td>To measure the proportion of started videos in which the video played at least 50% of its total duration.</td>
</tr>
<tr>
<td>Fully Played Rate</td>
<td>Of the video assets that started playing, the portion of videos that played their full duration.</td>
<td>To measure the proportion of started videos in which the video played to its full duration.</td>
</tr>
<tr>
<td>Impressions with Any Panel Expansion Rate</td>
<td>The number of impressions with at least one panel expansion out of served expandable impressions. This metric measures user-initiated expansions.</td>
<td>To quantify how many of the expandable served impressions had expansions.</td>
</tr>
<tr>
<td>Total Expansion Rate</td>
<td>The total number of panel expansions out of served impressions. This metric measures user-initiated and auto-initiated expansions.</td>
<td>To quantify the extent to which expandable served impressions were expanded.</td>
</tr>
<tr>
<td>Avg. Expansion Duration (Seconds)</td>
<td>The average time a panel was expanded. This metric measures auto-initiated and user-initiated expandable banners.</td>
<td>To measure the time that the user spent with the banner expanded on the screen.</td>
</tr>
</tbody>
</table>

### Appendix
For all of the data tables and more, please contact research@sizmek.com and check out the Sizmek Benchmarks: Data Book!