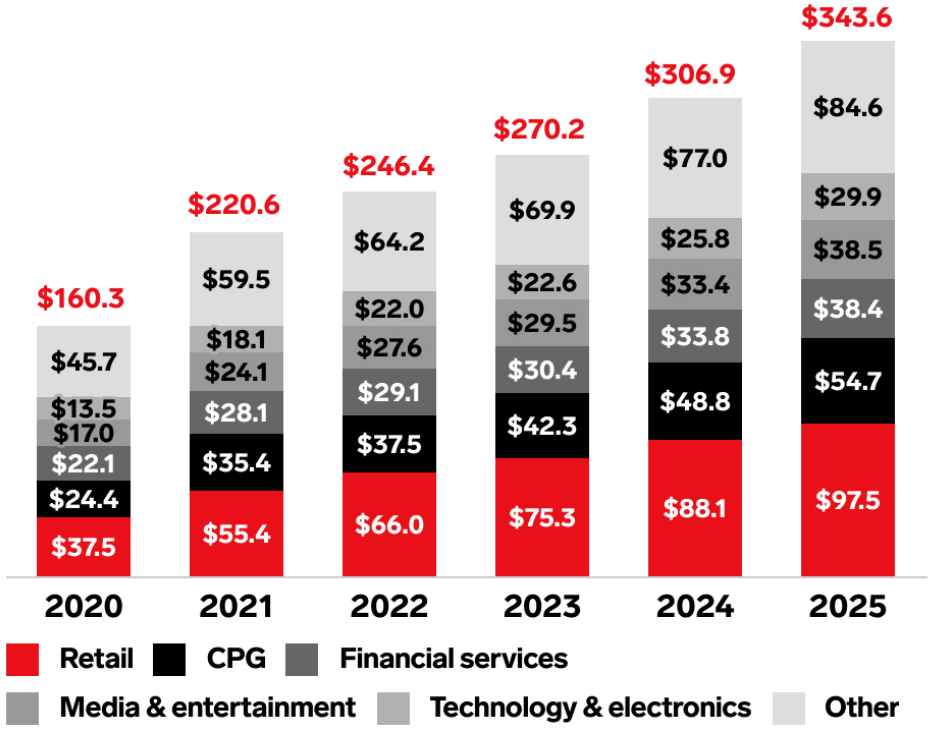
Display Advertising

Retail and CPG Continue to Be the Largest Buyers of Digital Ads

billions in US digital ad spending, 2020-2025



Note: includes advertising that appears on desktop and laptop computers, as well as mobile phones, tablets, and other internet-connected devices on all formats mentioned; numbers may not add up to total due to rounding
Source: Insider Intelligence | eMarketer Forecast, Dec 2023

What is display ad?

When you search on Google, you see ads which are known as "search ads."

When you browse online (e.g., browsing YouTube, Wall Street Journal, Gmail etc.), you see adds known as "display ads."

Online Display Advertising Landscape

Historical Note: Banners

Banners seem to be the oldest standard format in use.

The first “banner ad” was launched by AT&T on Oct 27, 1994 on Hotwired, the web version of Wired.

Part of the AT&T “you will” ad campaign

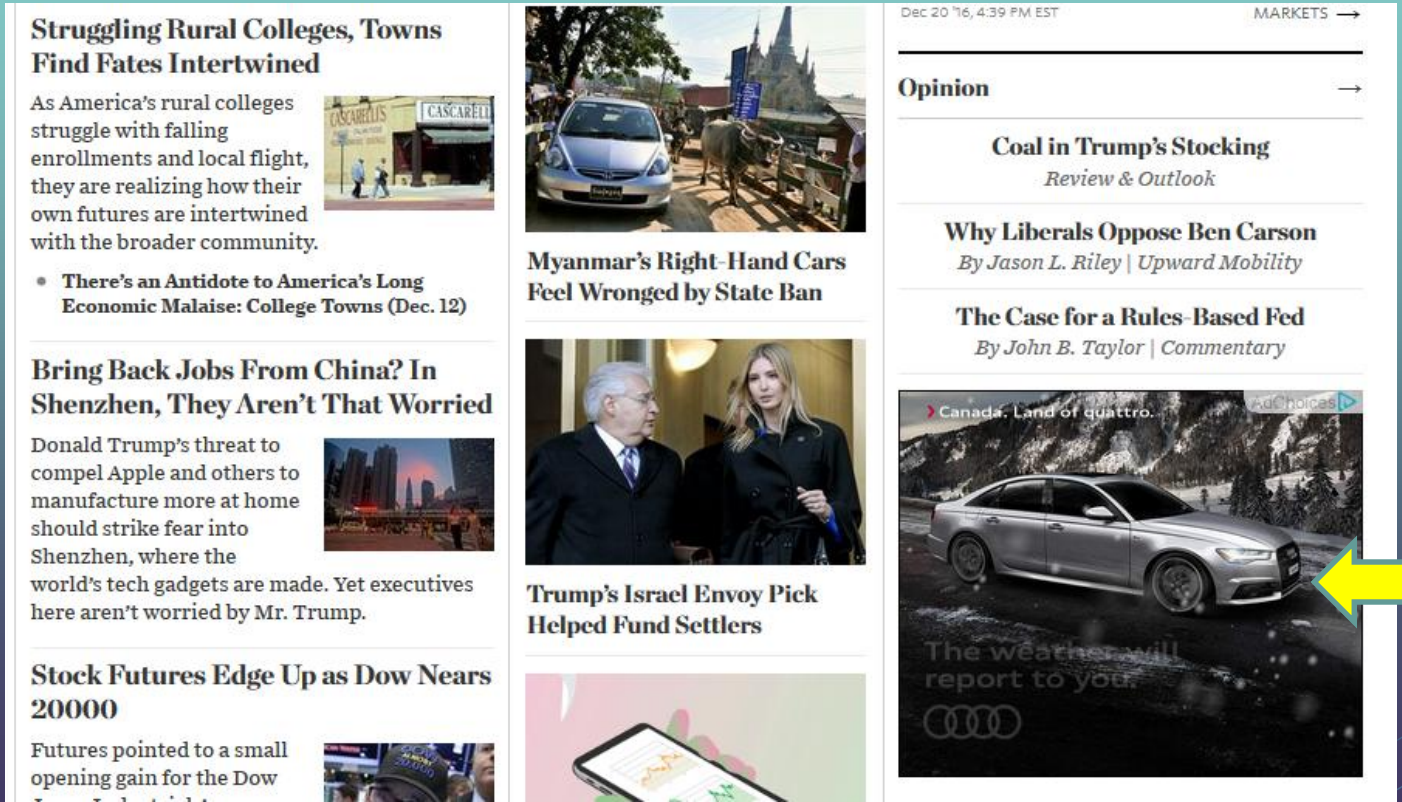
The AT&T You Will Campaign

Each ad presented a futuristic scenario beginning with "Have you ever…" and ending with "…you will. And the company that will bring it to you: AT&T.“

At that time, there were about 30 million people on the Internet.

The ad predicted a number of innovations including GPS navigation, Wi-Fi, tablet computing, smartwatches, distance learning etc.

Display Advertising



Struggling Rural Colleges, Towns Find Fates Intertwined

As America's rural colleges struggle with falling enrollments and local flight, they are realizing how their own futures are intertwined with the broader community.

- **There's an Antidote to America's Long Economic Malaise: College Towns (Dec. 12)**

Bring Back Jobs From China? In Shenzhen, They Aren't That Worried

Donald Trump's threat to compel Apple and others to manufacture more at home should strike fear into Shenzhen, where the world's tech gadgets are made. Yet executives here aren't worried by Mr. Trump.

Stock Futures Edge Up as Dow Nears 20000

Futures pointed to a small opening gain for the Dow

Myanmar's Right-Hand Cars Feel Wronged by State Ban

Trump's Israel Envoy Pick Helped Fund Settlers

Dec 20 '16, 4:39 PM EST

MARKETS →

Opinion →

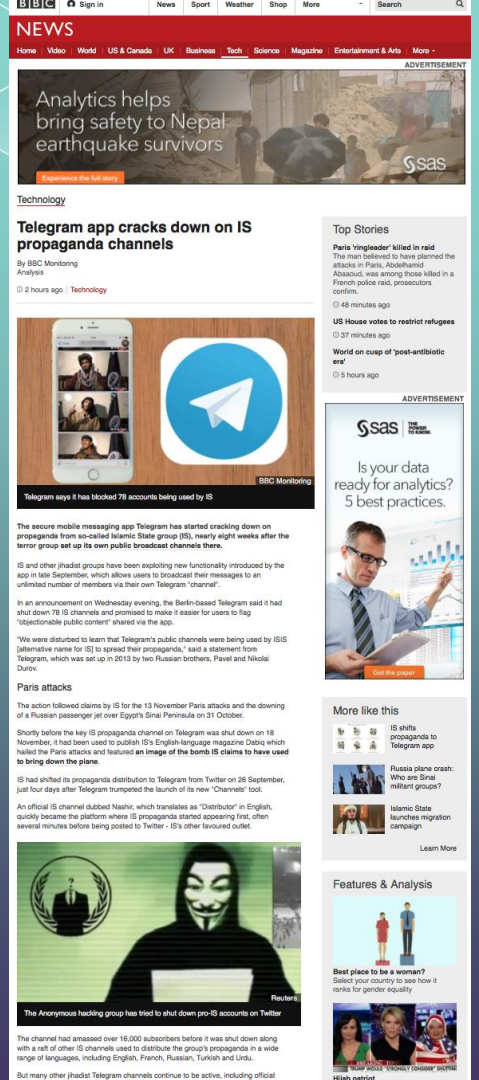
Coal in Trump's Stocking
Review & Outlook

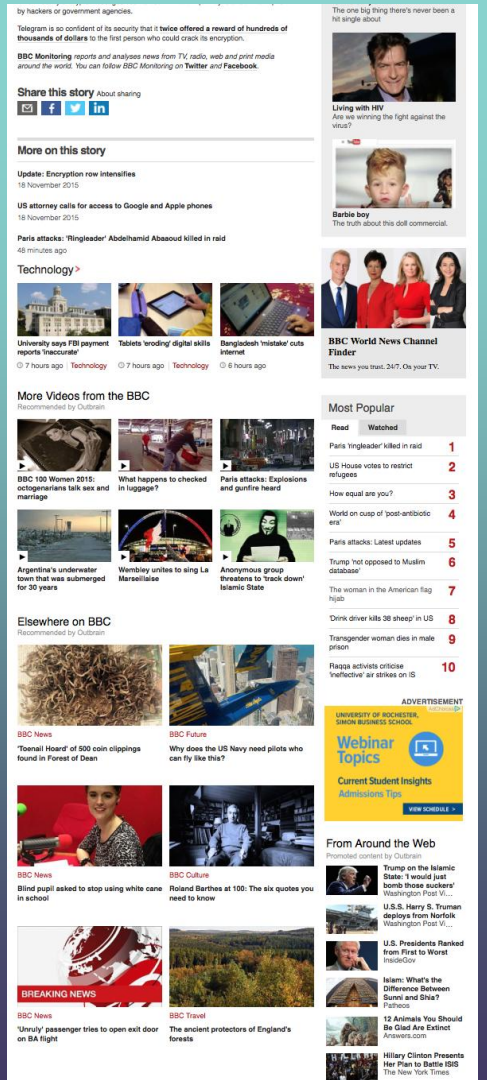
Why Liberals Oppose Ben Carson
By Jason L. Riley | Upward Mobility

The Case for a Rules-Based Fed
By John B. Taylor | Commentary

Examples of interactive banners

Pringles – Click





This is an example of the BBC website. How many ads do you find on this webpage?

BBC News

'Toenail Hoard' of 500 coin clippings found in Forest of Dean

BBC Future

Why does the US Navy need pilots who can fly like this?

BBC News

Blind pupil asked to stop using white cane in school

BBC Culture

Roland Barthes at 100: The six quotes you need to know

Raqqa activists criticise 'ineffective' air strikes on IS **10**

ADVERTISEMENT

AdChoices

UNIVERSITY OF ROCHESTER, SIMON BUSINESS SCHOOL

Webinar Topics

Current Student Insights

Admissions Tips

VIEW SCHEDULE >

From Around the Web

Promoted content by Outbrain

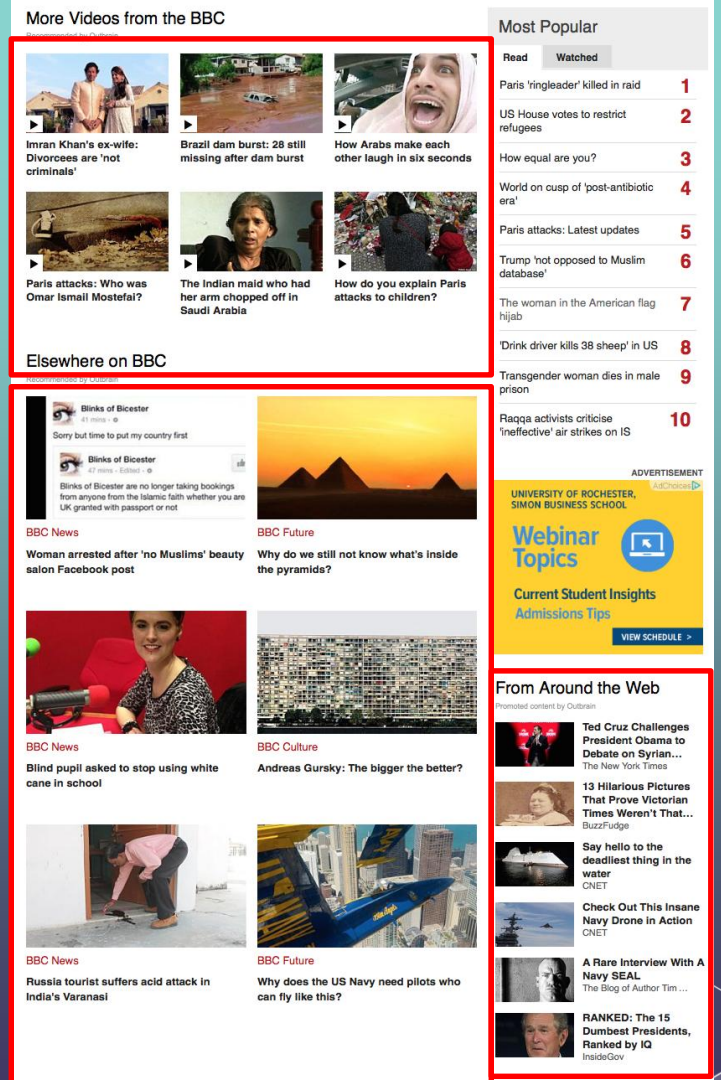
Trump on the Islamic State: 'I would just bomb those suckers'
Washington Post Vi...

U.S.S. Harry S. Truman

Native Ads

Native advertising is a type of advertising that matches the form and function of the platform upon which it appears.

It is hard for consumers to distinguish between content and native ads.

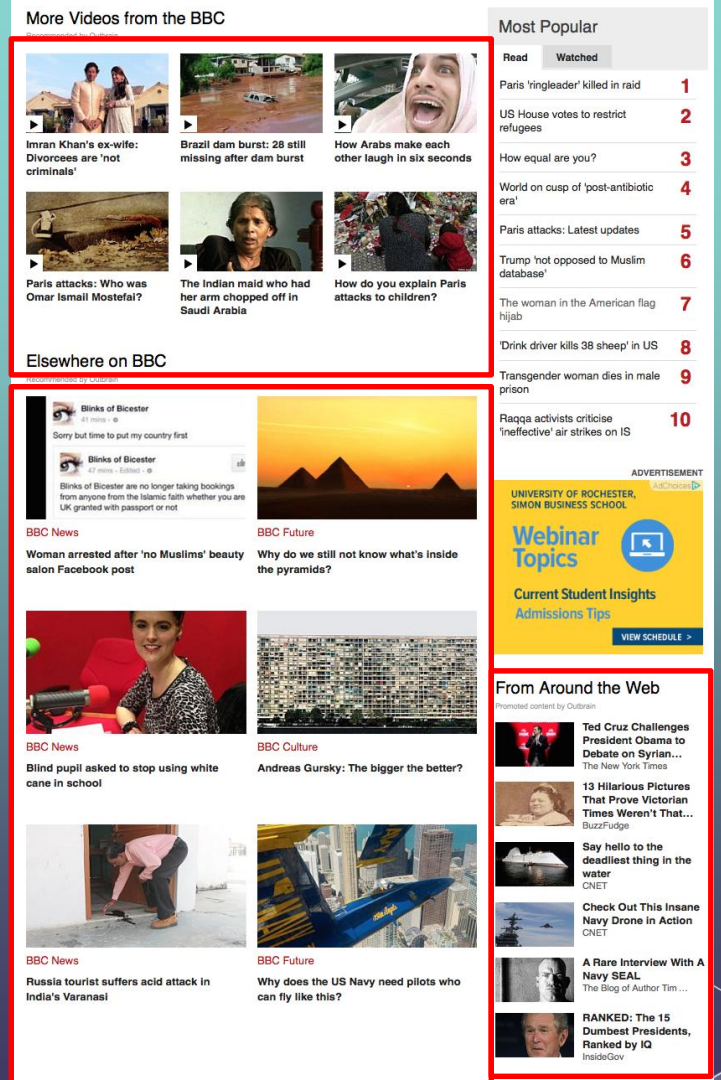


Native Ads

Advertisers face a trade-off between ad clicks and brand recognition.

Publishers need to strike a balance between ad clicks and the platform's trustworthiness.

For policy makers, concerns that native advertising confuses customers prompted the U.S. Federal Trade Commission to issue guidelines for disclosing native ads.



Are Display Ads DEAD?

Targeting based on simple rules

Geo-targeting

Target by country, state, city, IP address

OS / Browser / Devices

Segment based on technology

Day and time

Specify display times to the minute

Price can also be targeted

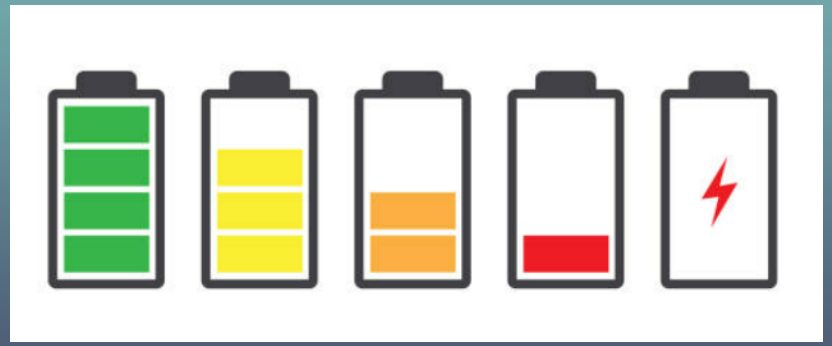
Firms offer different consumers different prices based on their personal situations (e.g., geolocation, search history, purchase history).

Do you use a MacBook or a PC?

Mac vs. PC

The Wall Street Journal investigated claims that Orbitz, a popular online travel agency, was showing higher prices for hotel rooms to Mac users compared to those who used a Windows PC.

Uber charges you higher prices when your battery is low, because it knows you cannot afford to wait!



Display has the largest share >50% of digital ad spending

Digital Ad Spending Worldwide, by Format, 2022-2026

billions and % change

	2022	2023	2024	2025	2026
Digital ad spending					
Display*	$316.67	$355.77	$397.57	$441.27	$485.58
Search**	$228.16	$247.49	$274.18	$299.71	$324.61
Classified	$18.31	$18.59	$19.16	$19.64	$20.01
Other***	$4.35	$4.91	$5.05	$5.37	$5.62
Total	**$567.49**	**$626.86**	**$695.96**	**$765.98**	**$835.82**
% change					
Display*	8.1%	12.3%	11.7%	11.0%	10.0%
Search**	10.1%	8.5%	10.7%	9.3%	8.3%
Classified	0.1%	1.5%	3.1%	2.5%	1.9%
Other***	8.5%	12.8%	2.9%	6.2%	4.7%
Total	**8.6%**	**10.5%**	**11.0%**	**10.1%**	**9.1%**

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; *banners (static display), rich media, sponsorships, video (including advertising that appears before, during, or after digital video content in a video player); **paid listings, contextual text links, and paid inclusion; ***email, mobile messaging, and lead generation*

Source: eMarketer, Oct 2022

279254 eMarketer | InsiderIntelligence.com

Display used to fall behind search

US Digital Ad Spending, by Format, 2010-2016
billions

	2010	2011	2012	2013	2014	2015	2016
Search	**$12.00**	**$15.10**	**$17.58**	**$19.76**	**$21.73**	**$23.32**	**$24.45**
Display	**$9.91**	**$12.33**	**$14.98**	**$17.67**	**$20.69**	**$23.13**	**$25.21**
—Banner ads	$6.23	$7.55	$8.68	$9.60	$10.27	$10.87	$11.29
—Video	$1.42	$2.00	$2.93	$4.14	$5.75	$6.99	$8.04
—Rich media	$1.54	$1.65	$1.82	$2.03	$2.38	$2.69	$3.03
—Sponsorships	$0.72	$1.12	$1.56	$1.90	$2.28	$2.59	$2.86
Classifieds and directories	**$2.60**	**$2.58**	**$2.60**	**$2.71**	**$2.81**	**$2.88**	**$2.95**
Lead generation	**$1.34**	**$1.52**	**$1.71**	**$1.90**	**$2.09**	**$2.17**	**$2.20**
Mobile messaging	**$0.25**	**$0.25**	**$0.23**	**$0.23**	**$0.22**	**$0.21**	**$0.20**
Email	**$0.20**	**$0.21**	**$0.22**	**$0.23**	**$0.24**	**$0.24**	**$0.24**
Total	**$26.29**	**$31.99**	**$37.31**	**$42.50**	**$47.77**	**$51.95**	**$55.25**

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones and tablets on all formats mentioned; data through 2011 is derived from IAB/PwC data
Source: eMarketer, Sep 2012

144427 www.eMarketer.com

Display vs. Search

	Display	Paid Search
Users/consumers	Passive	Proactive
	Near top of the funnel	Near bottom of the funnel
Contents	Image, Video, Animation	Text
Pricing mechanism	Cost per thousand impressions (CPM)	Cost per click (CPC)
	Auctions + real-time bidding (RTB) Or direct buy at fixed CPM	Auctions + offline bids
Advertising objectives	Brand awareness Re-engaging	Lead generation Direct marketing
Placement	Publishers' websites	Search engine result pages

How are Display Ads Bought & Sold?

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Direct Buying: Large buyers can purchase directly from large publishers. For instance, if you plan to order 1 million impressions to US users on the New York Time's finance related pages in July, you can contact the publisher directly and negotiate a deal with it.

Feasible to only large publishers and advertisers. Small firms cannot afford the transaction costs. Publishers are often unable to clear their entire inventory through direct buying.

How are Display Ads Bought & Sold?

Ad Networks: There are several display ad networks that act as intermediaries between advertisers and publishers, serving display ads through their networks --- You do not contact directly with publishers.

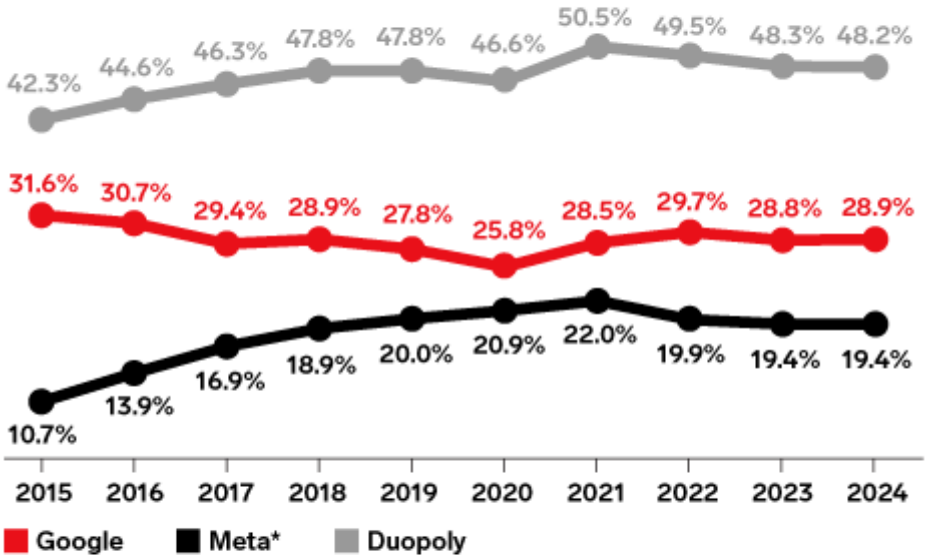
Top Ad Networks include:

Google
Facebook
Mediavine
Apple Advertising

We take Google AdSense as an example to see how ad networks work!

Duopoly Net Digital Ad Revenue Share Worldwide, 2015-2024

% of total digital ad spending



*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Google includes YouTube advertising revenues; Meta includes Facebook and Instagram ad revenues; excludes spending by marketers that goes toward developing or maintaining a Facebook and/or Instagram presence; excludes revenues reported under Meta's Reality Labs segment; *paid advertising only*

Source: eMarketer, Oct 2022

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eMarketer | InsiderIntelligence.com

How are Display Ads Bought & Sold?

At its simplest level, the Display Network works as follows:

Stage 1: Publishers with websites or apps join AdSense and become part of Google's Display Network. They agree to allow Google to place ads on their websites and/or apps.

Stage 2: Advertisers set up Display Network campaigns in Google Ads and tell Google where to place their ads via targeting methods such as keywords, placements, or remarketing (discussed in detail below).

How are Display Ads Bought & Sold?

Stage 3: As users browse websites and apps, Google places ads on the websites or apps (called “placements”). Users see these ads as they browse websites, apps, YouTube, and Gmail.

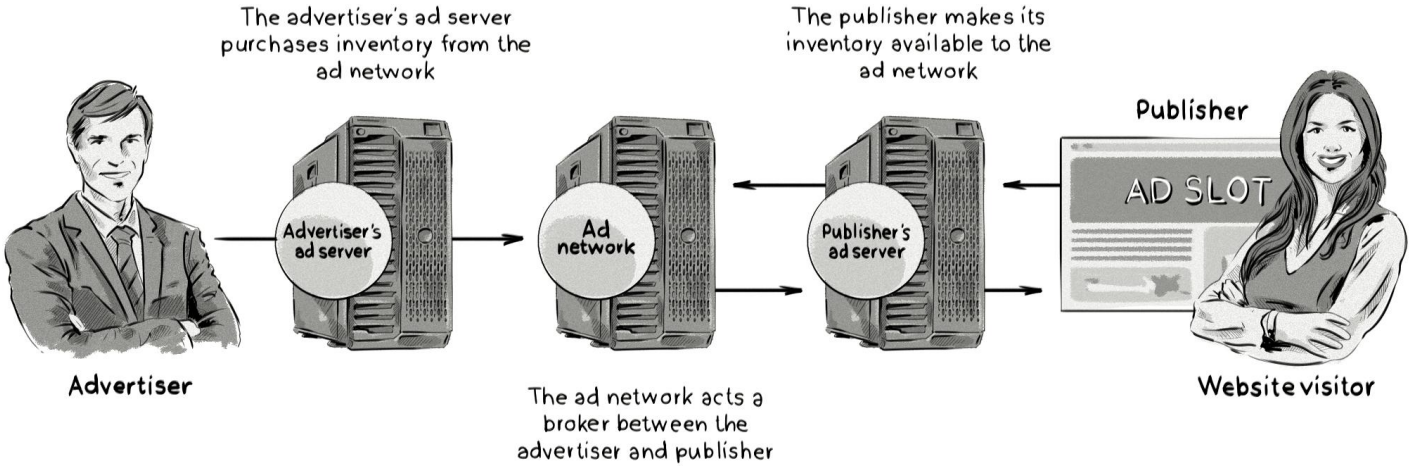
Stage 4: Advertisers compete to get their ads on placements (websites and/or apps) in the Google Display Network by bidding per click and/or by impression. As mentioned earlier, Google switched from second-price auctions to first-price auctions.

How are Display Ads Bought & Sold?

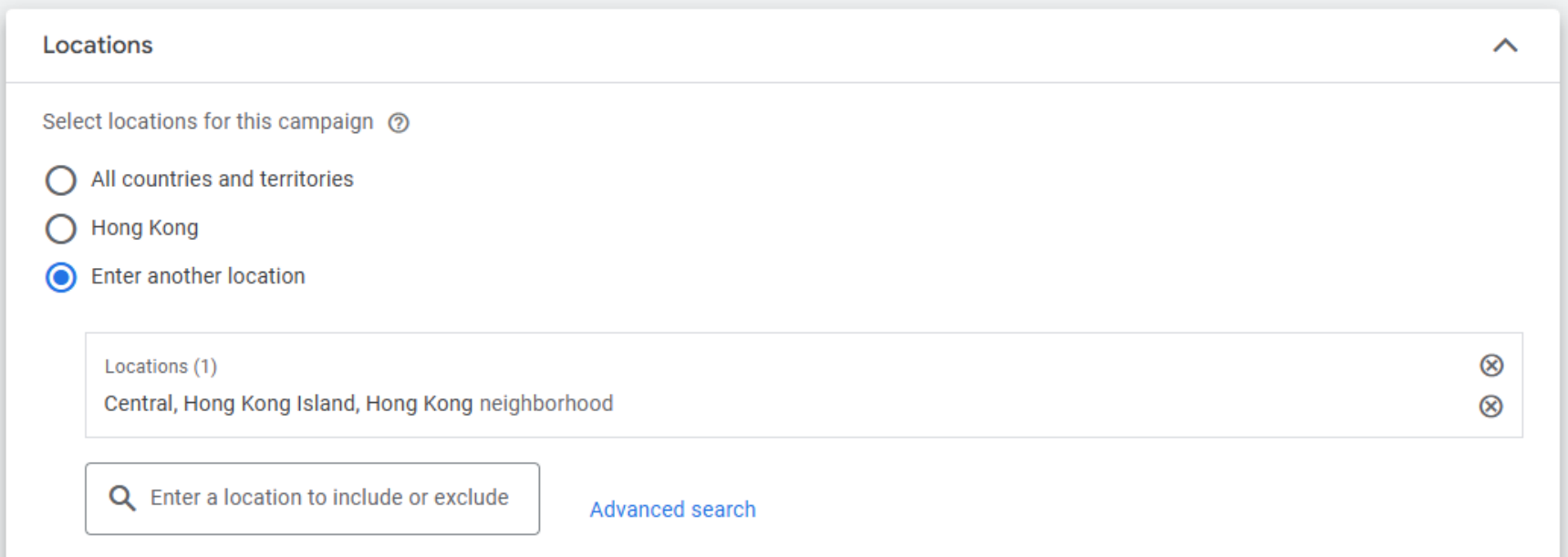
Stage 5: When a user clicks on or views an ad, Google makes money off the click/impression and splits this with the publisher of the website and/or app.

Stage 6: If the user clicks on the ad, the user then leaves the website and lands on the advertiser landing page, where he either converts or does not.

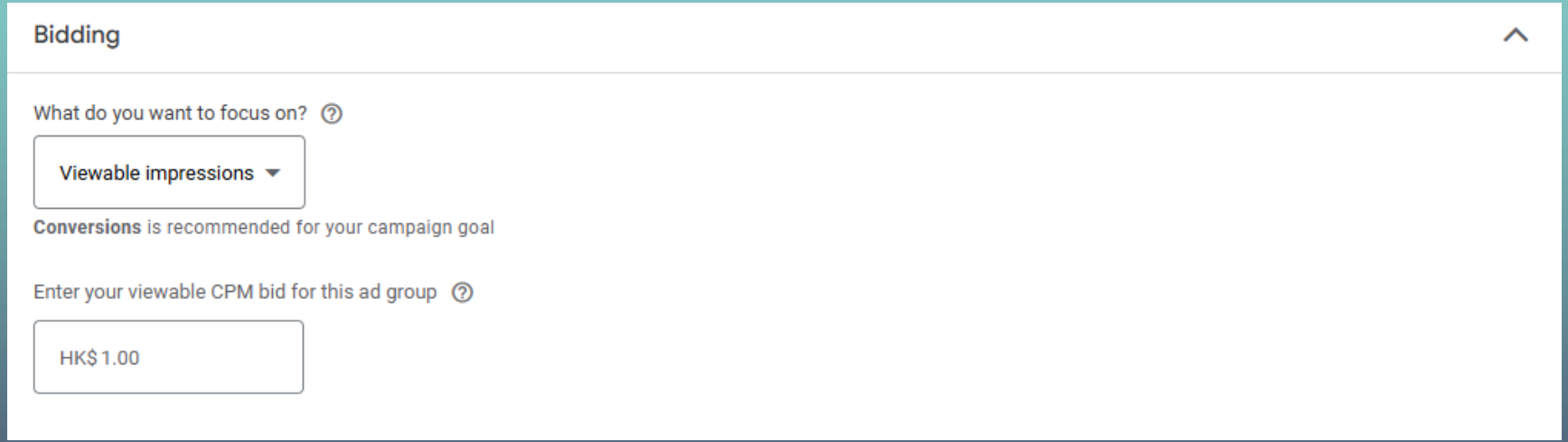
It is also common for advertisers and publishers to hire agencies to help them (e.g., optimizing the bid, providing data analytics)


The advertiser's ad server purchases inventory from the ad network
The publisher makes its inventory available to the ad network
Publisher
AD SLOT
Advertiser's ad server
Ad network
Publisher's ad server
Advertiser
Website visitor
The ad network acts a broker between the advertiser and publisher

Select Your Location

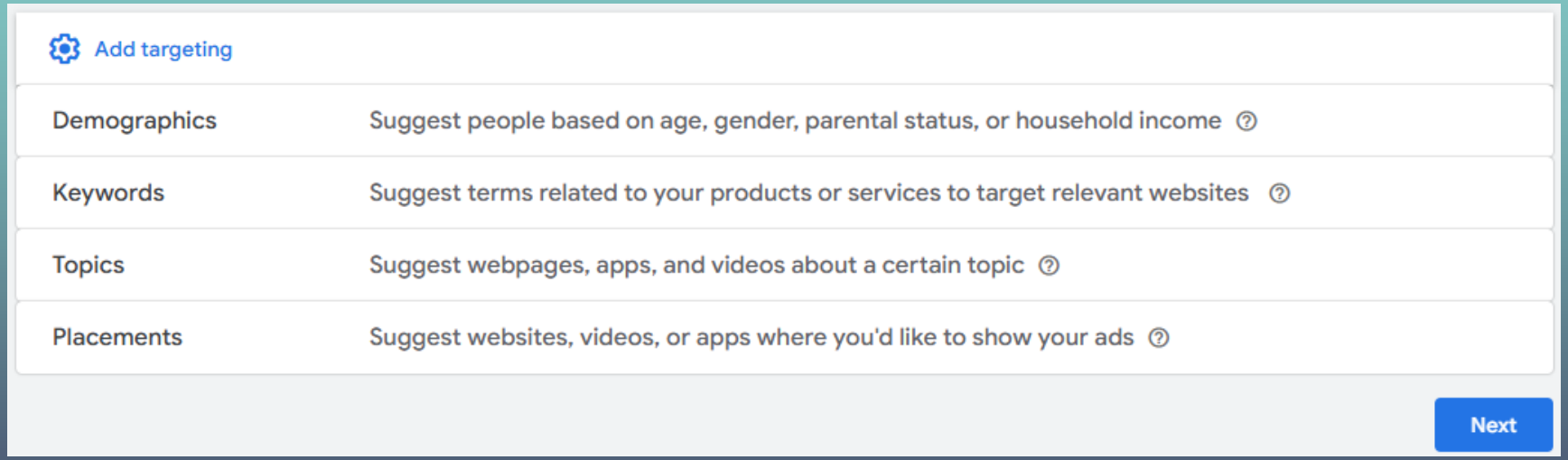


Set Your Bids



CPM = Cost per thousand impression (mille)

Target Your Users



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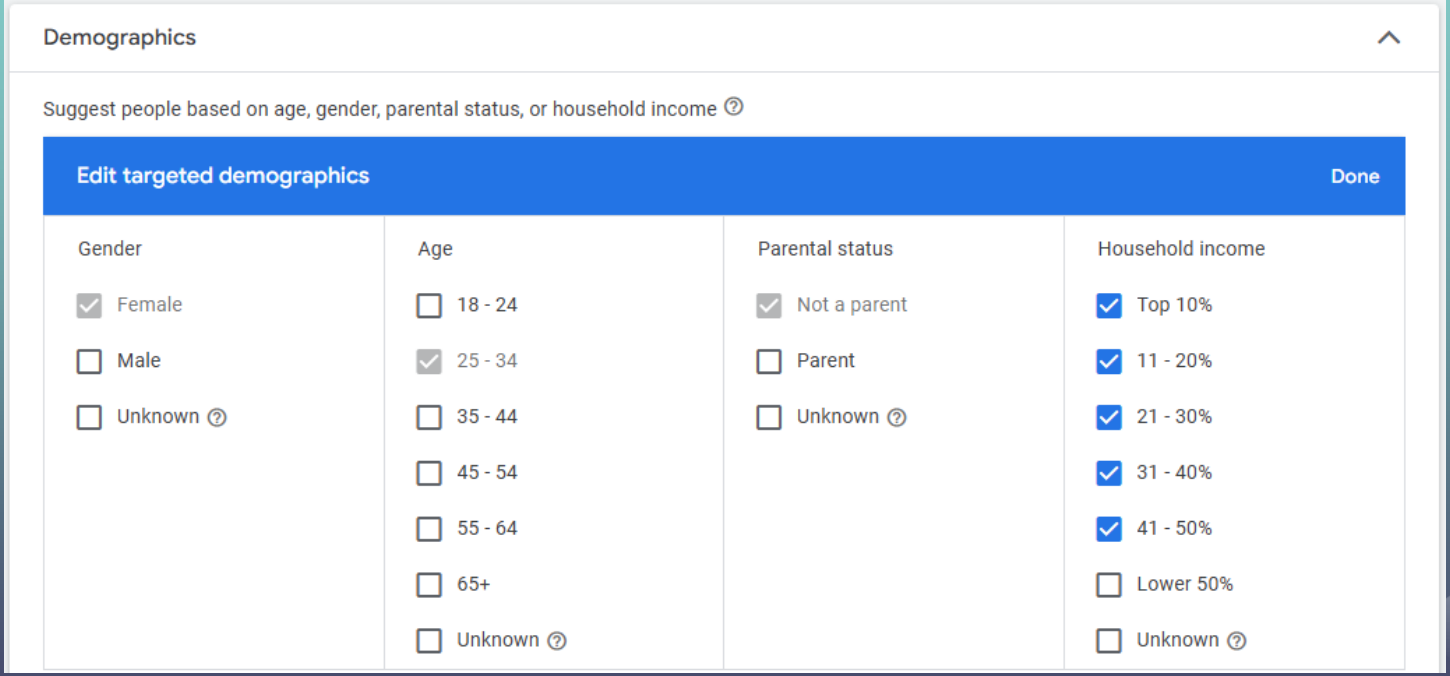

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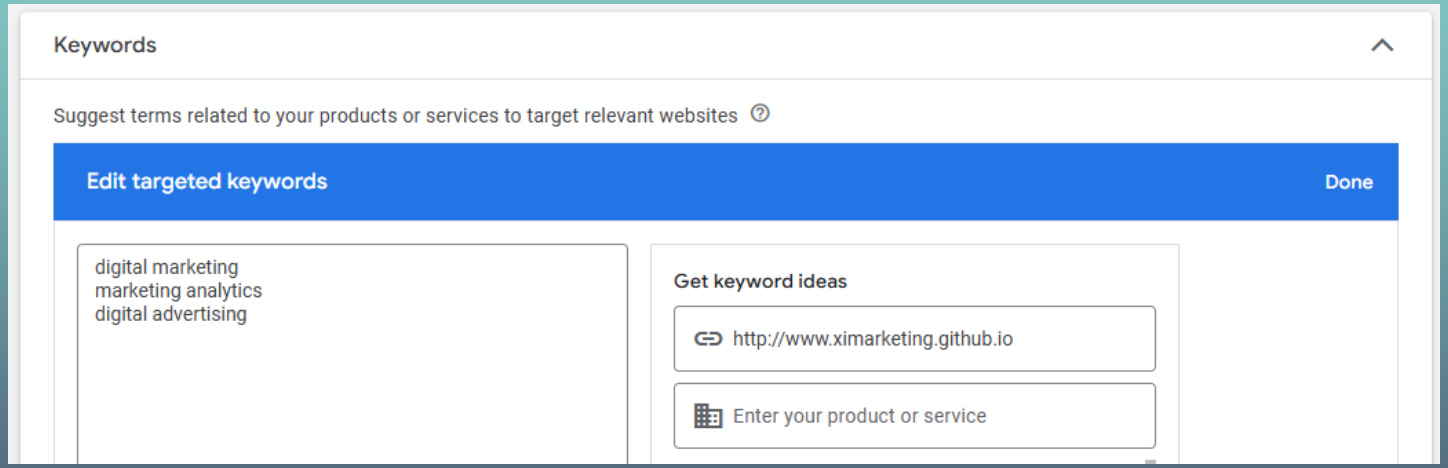
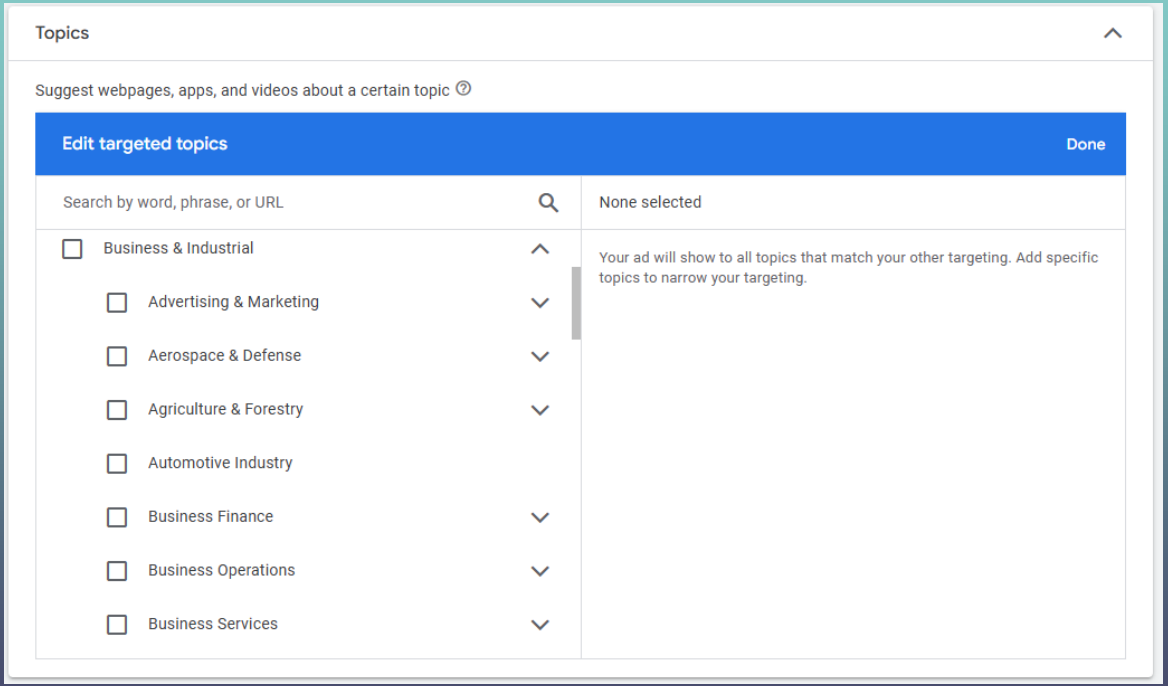


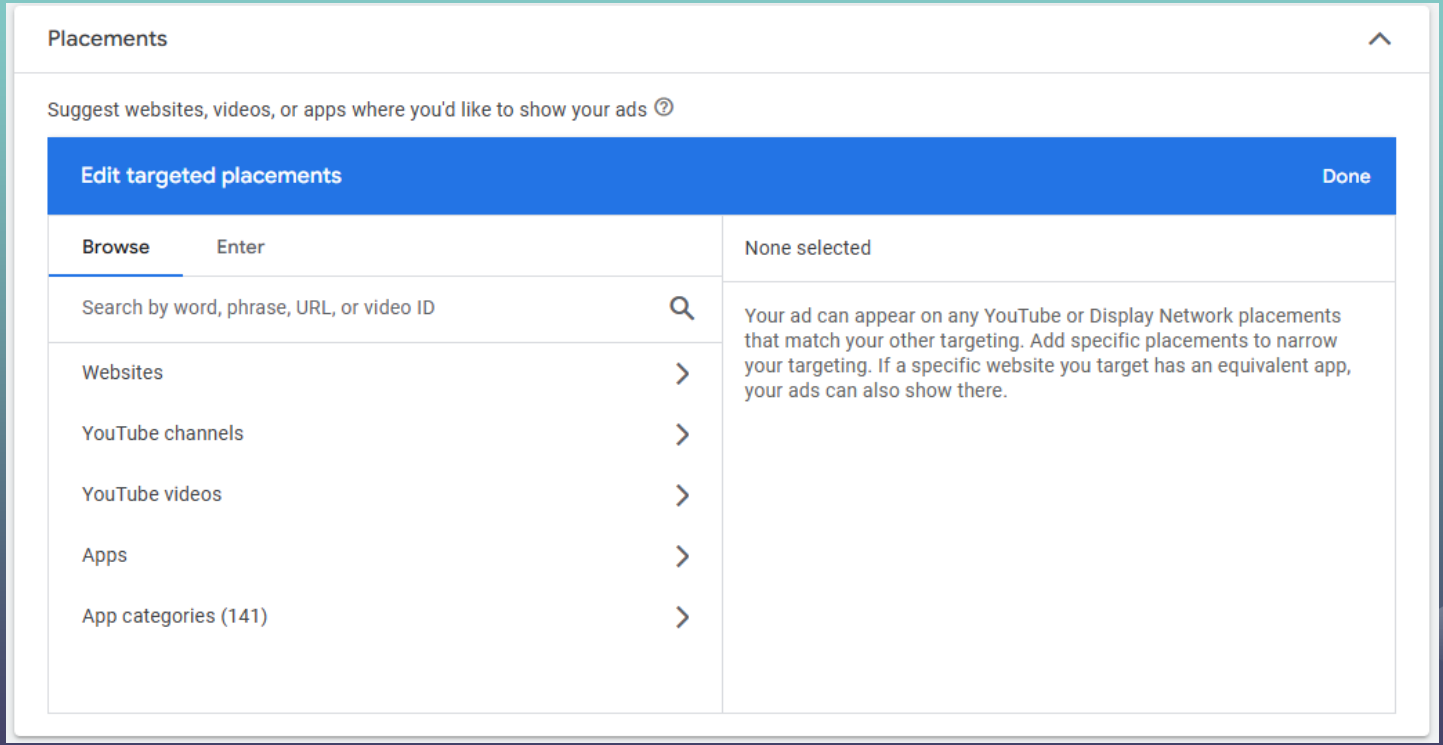
Your ad only appears on pages which match these keywords

Target Your Users



Your ad only appears on pages which match these topics

Target Your Users



Target Your Users

If you know the placements you want to run on and you are sure that they are in the Google Display Network, then you can add them as URLs (domains). For example, both CNN.com and Entrepreneur.com run Google ads, so you can click Enter multiple placements at the bottom and then add them.

Click Fraud

How to Combat Click Fraud?

Course Project

Choose a company/brand and analyze its DM strategy, including:

Its website (from an SEO perspective)

Online sentiment (How users talk about the brand online? E.g., user reviews on platforms such as TripAdvisor/Amazon; online discussions on platforms such as Twitter/FB).

Is the company's official social media accounts (e.g., Twitter/IG/FB/YouTube) well managed?

Competitor Analysis and Consumer Analysis

Course Project

Get your presentation ready by Nov 24 [Monday]. You will present on either Nov 24 [Monday] or Nov 27 [Thursday].

The order of presentation will be drawn randomly.

Submit your project report by Nov 28 [Friday].

Course Project

Any questions?