

Advertisers Continue To Rely On Ad Network, Publisher Site Placements

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More marketers investing in upfront ad buys than impression-level inventory

According to March 2011 research from business audience marketing platform Bizo, almost half (48.8%) of US marketers will increase their online display advertising budget this year, a percentage echoed in findings from Econsultancy and SAS.

Overall, eMarketer estimates online display ad spending will account for 39.4% of total US online ad spending this year, or \$12.3 billion.

Determining how much to allocate to display is only the first step for marketers; deciding how to dole out ad dollars among inventory providers can prove more difficult.

Findings from ad network ValueClick Media showed media buyers choose inventory providers based on key criteria like ad targeting and return on investment (ROI).

According to the study, 84% of US marketers rated campaign performance and ROI the top consideration for choosing display ad providers. Two-thirds of respondents said audience targeting capabilities and price were also important factors.

Newer display ad sources like ad exchanges and demand-side platforms (DSPs) often provide the most robust audience targeting capabilities. And because many also have real-time bidding (RTB) capabilities, advertisers are able to secure cost-effective inventory at the impression level.

Still, only 9% of US marketers will spend 25% or more of their digital advertising budget on DSPs this year, with 12% spending that amount on ad exchanges.

Meanwhile, 43% will spend a quarter or more of their online ad budget on ad networks, and 36% will spend similar amounts on publisher-direct placements.

Direct-to-site placements and ad network inventory are often more expensive than impression-level ad buys on DSPs and exchanges, which could require more overall budget for similar amounts of inventory.

It is worth mentioning that all respondents were ValueClick advertisers—and therefore were advertising on at least one ad network, while they may not have been using DSPs or other ad sources.

This could account for some of the budget allocation to ad networks as advertisers continue to invest in their current efforts.

DSPs and exchanges may appeal to advertisers requiring advanced targeting, like retargeting and psychographics. However, the majority of US marketers (66%) look for demographic and behavioral targeting capabilities as robust on ad networks as they are on DSPs and exchanges.

DSPs and ad exchanges have a cost-efficiency advantage, but until they can offer unparalleled ROI and audience targeting, advertisers are likely to stick with upfront buys on ad networks and publisher sites.

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