

# Optimizing Online Advertising

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## Agenda

- Introduce the next generation of web analytics
- Introduce new concepts of predictive reach/frequency and conversion rate profile
- Show how to determine the optimal impression volume
- Provide advanced intelligence on ad campaigns

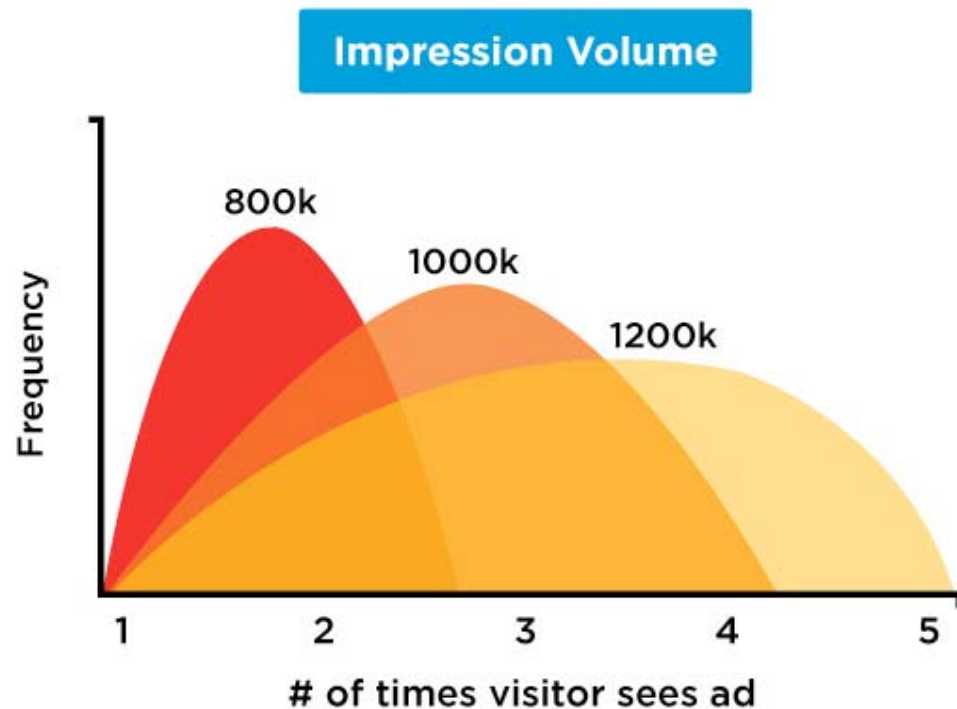
## GENERATIONS OF WEB ANALYTICS

Web Analytics	Advantage over Previous Generation	Metrics	Main Limitation
1st generation	Basic traffic and response counting	Basic, non-monetized averages (e.g. click through rate)	Revenue not tied to traffic, No ROAS
2nd generation	Tied revenue to traffic, Know which sites/pages/keywords performing better	Basic monetized averages (e.g. cost per order, ROAS)	Don't have definitive life-span of campaigns
3rd generation	Deeper understanding of conversion metrics (beyond traffic) telling when to end or how far to extend campaigns; Site Balancing	Marginal revenue; profit maximizing impression volume	Requires advanced econometric and statistical modeling capabilities

## 3rd GENERATION WEB ANALYTICS FROM ADSERV

### Predictive Reach & Frequency

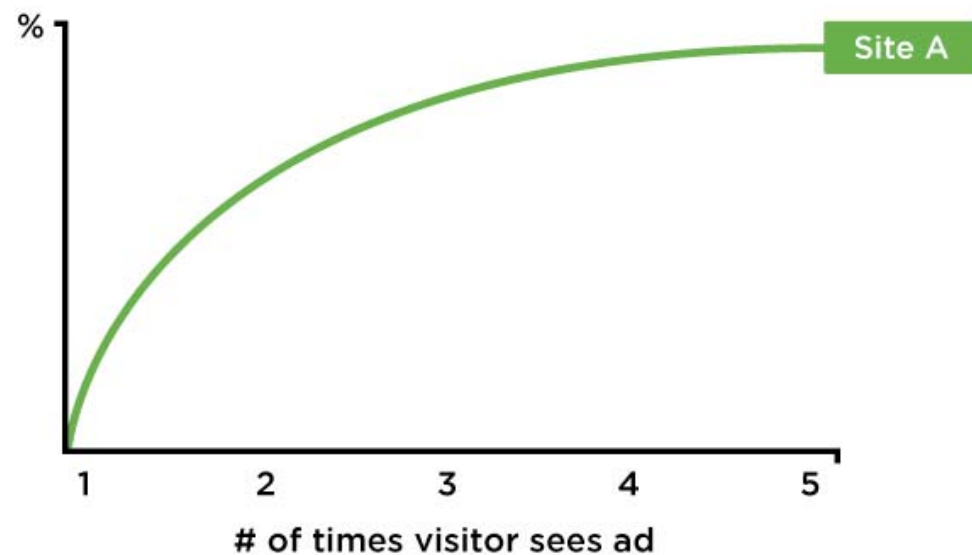
- Understand and predict reach and frequency for any impression volume
- Different sites will have different results



## 3rd GENERATION WEB ANALYTICS FROM ADSERV

### Conversion Rate Profiles

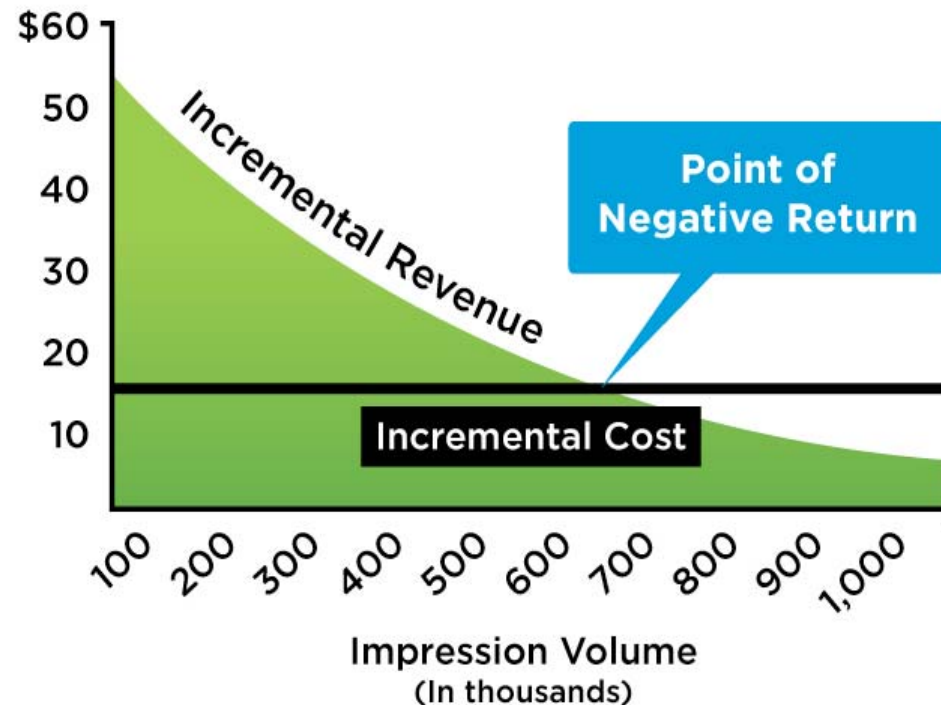
- Conversion rates increase with the number of ads seen, but at a *decreasing* rate
- Conversion rate profiles will be different for different sites



## 3rd GENERATION WEB ANALYTICS FROM ADSERV

### Combine Predictive Reach & Frequency with Conversion Rate Profiles

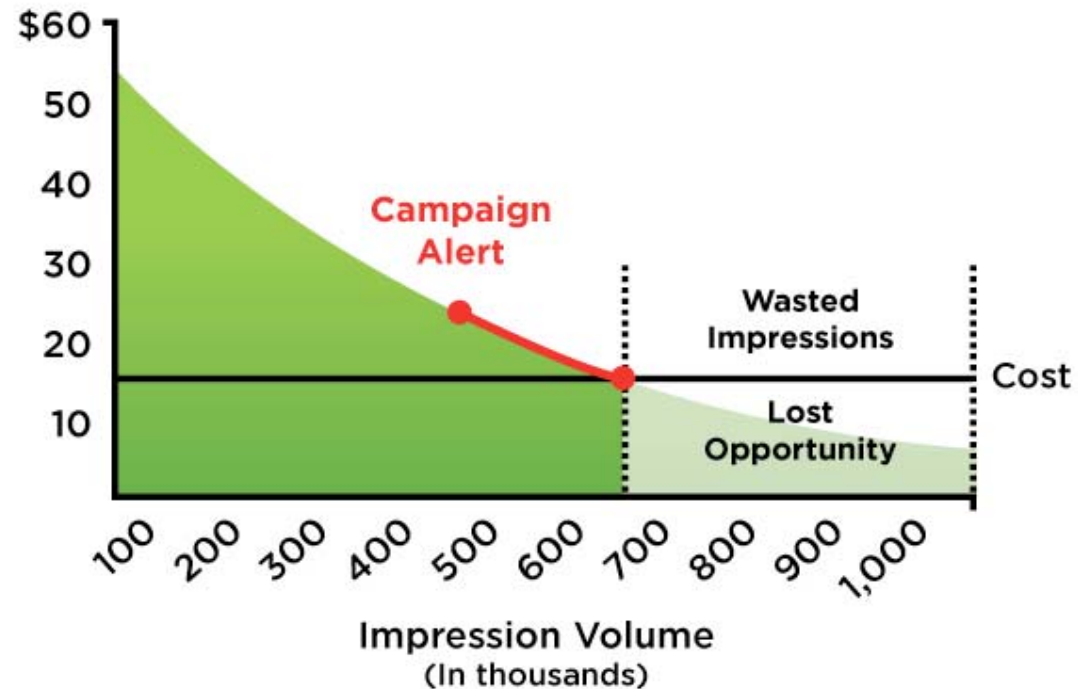
- Predictive models identify incremental revenue by impression volume
- Locate impression volume that maximizes profit from ad spend (where two curves intersect)
- Estimate profit impact of various impression volume scenarios



## 3rd GENERATION WEB ANALYTICS FROM ADSERV

### Emphasis on Marginal Revenue Versus Budget

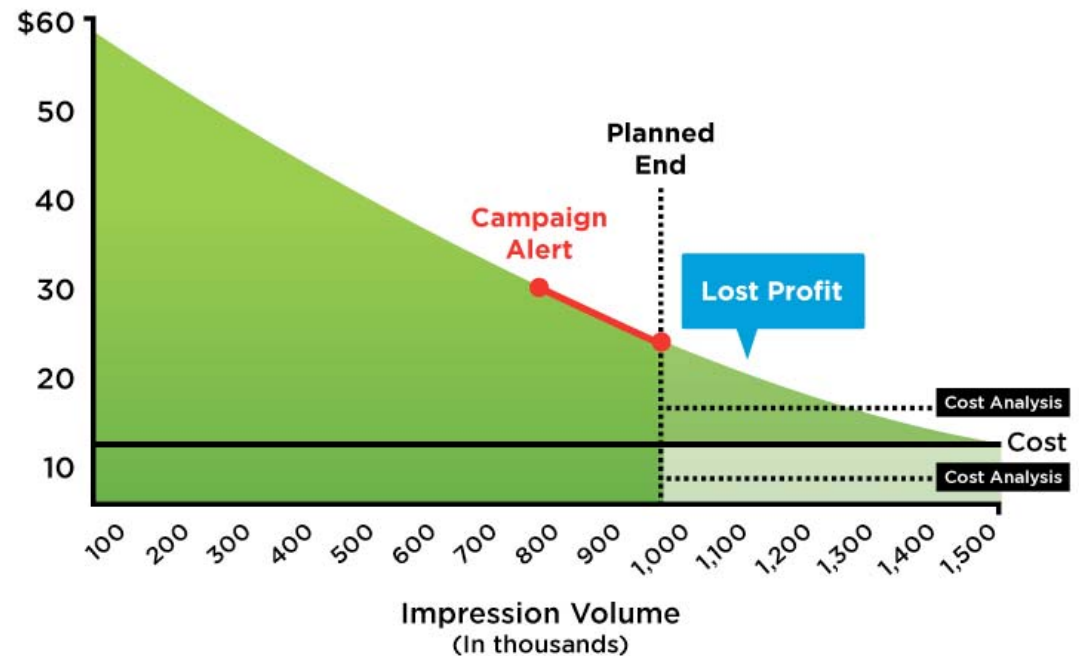
- End campaigns early that have reached point where ad cost exceeds expected revenue
- Alerts planner that campaign is nearing point of maximum profit
- Begin new campaigns ahead of schedule to maintain profit stream



## 3rd GENERATION WEB ANALYTICS FROM ADSERV

### Emphasis on Marginal Revenue Versus Budget

- Extend campaigns beyond purchased impression volume (planned end) when still performing profitably
- Alert sent to media planners that campaign should be extended
- Cost scenario analysis predicts profitability based on higher and lower costs for additional impressions



## BENEFITS OF 3rd GENERATION WEB ANALYTICS FROM ADSERV

- More detailed understanding of ad spend performance
- Higher revenue on total ad spend by reducing wasted impressions and inventory
- Higher revenue by increasing impression volume of profitable campaigns
- Possibility for more rapid cycling of campaigns
- Enables more compelling arguments for expanded ad spend budgets
- Client defined reporting schedule

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