



Research Paper #4

Performance Display ads turn viewers into clickers

How today's display ads are engaging, targeted and complementary to search marketing.

criteo.

January 2014

Contents

Foreword by Jonathan Wolf, Chief Product Officer, Criteo.....	1
Executive summary.....	2
Introduction.....	3
The basics: what is Performance Display advertising?.....	4
The study: why, how and what.....	5
Finding #1: Performance Display ads are viewed and clicked. On a massive scale	
Seeing ads.....	7
Clicking on ads.....	8
Audience renewal.....	10
Finding #2: Clickers are the right people at the right time. And they mean it	
Clicks are in target.....	13
Better than in target, in market.....	16
Finding #3: Performance Display plays nice with others, especially Search	
Reach extension.....	18
Focus on big tickets.....	19
Media spend optimization.....	20
Beyond direct response.....	21
Conclusion.....	23
Sourcing and methodology.....	24

Project Management: Florent Maillard

Graphic Design: Valentine Leboucq

Special thanks to:

Alexandra Pelissero

Bertrand Krug

Céline Neuman Touboul

Diane Chambrillon

Gilles Giudicelli

Jennifer Hofer

Jonathan Wolf

Lise Bissonnette Janody

Michaël Pelot

Patrick Wyatt

Pierre Passard

Thomas Volpi

Foreword by Jonathan Wolf, Chief Product Officer, Criteo



Performance Display has come of age. It is increasingly an automatic part of the annual marketing plan, alongside search and television. In part this reflects the scale that it can now deliver. For example Criteo, one of the leaders in this industry, reaches over 800 million unique users each month.

But Performance Display is about much more than scale. It is certainly not about bundling together audiences, and addressing them in the old “spray and pray” fashion. Rather, it uses state-of-the art technology to individually target exactly the right users for an advertiser, and show them an individually personalized message at the best possible time.

All this matters only because Performance Display delivers measurable sales. People don’t only click on Performance Display ads, they purchase. And marketers can directly relate sales to individual clicks from Performance Display ads, and ensure they hit their target Cost Of Sales. Our 4,000 clients know this, they value this, and we believe it is part of the reason why 90% of them remained loyal in each of the last three years¹.

There are, however, a few recurring questions we get from our clients and which, until recently, were left partly unanswered:

- **How incremental is Performance Display to the other marketing channels that I use?** Does it bring me users that I couldn’t otherwise reach, or am I simply paying twice for the same people?
- **What sort of people click on Performance Display ads?** Are these the same people who are my target customers?
- **It seems obvious that an ad that generates a click onto my website is more valuable than one that generates no response, but some people tell me that I should only worry about viewers.** What does the data show?
- **How long should I let my Performance Display ads run?**

This white paper answers the above questions, and more. It contains an unprecedented depth and breadth of insights into who Performance Display clickers really are, how many they are, and what they do online. We tried to keep its content compact and actionable so you can easily build its learnings into your future advertising strategies.

We believe your advertising teams, your marketing experts, your brand ambassadors—and particularly your CFO—will thank you for taking a few minutes on this.

¹ - 90% retention rate in each of the last three years, as of June 30, 2013 (Source: Criteo)

Executive summary

This paper explores the development and success of Performance Display advertising, drawing on an extensive field study performed in partnership with Nielsen and Mediametrie.

In the past, display was perceived as having a poor ROI, limited scale, and as being largely irrelevant to consumers. The rapid technical development in Performance Display advertising has significantly increased its effectiveness.

This paper demonstrates that, during the study:

1 Performance Display has a large and unique audience:

- Criteo campaigns reached 850m unique users in September 2013¹— more than Google Search network, ranking as the second largest display ad ecosystem after Google Display Network
- At least **19.4% of internet users clicked on at least one Criteo ad** during the fieldwork²
- 72.9% of the clickers clicked less than 3 times during the same timeframe²

2 Clickers on Performance Display are more valuable than the average internet user:

- **Older** (over-indexing on 35+ years old internet users)²
- **Richer** (over-indexing on those with an annual income over \$75,000)²
- Lower in the purchase funnel

3 Search and Performance Display work well together:

- **65%** of display clickers have not clicked on a Search ad in the same vertical²
- Users who see Performance Display make **51%** more Organic Search clicks²

1 - comScore MMX, September 2013, worldwide measure. Number of unique users exposed to one or more Criteo banners. Age: 15+
2 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

Introduction

Even more than other online phenomena, display advertising has changed dramatically in the last few years.

Not so long ago:

- Online display ads were impersonal at best, and often missed the mark.
- Advertising managers were begging their organization's C-level decision makers for online ad budget, using data that was rarely compelling enough to justify the time spent on the conversation.
- The ROI (Return on Investment) of online display ads was way below that of other direct response channels such as Search, so was difficult to defend.

Times have changed:

- Advertising strategists now enjoy the measurable benefit of real-time intelligence injected into tactical ad plans.
- Where an advertiser's target audience has historically been indifferent to (even sometimes annoyed by) irrelevant, interruptive online display ads, they now click and convert more than ever. Advertisers are seeing a 0.51% click-through rate on average¹—up to 2% for industries like real estate who are doing personalized retargeting—compared to an average of 0.10% for classic display ads².

- Engagement is at an all-time high for the most active advertisers.
- The online ROI for Performance Display, as measured by standard tools, is on par with that of Search. Thus making it easier to convince C-Level decision-makers.

How did this happen? The purpose of this white paper is to tell that story. Using real-world, behavior-based, third-party data, we will show how Performance Display advertising has evolved. We'll interpret the data within the context of our collective experience, showing you why some of the largest companies in the world are onboard.

But first, let's take a step back and go back to basics.

1 - Source Criteo: in 2012, in the USA, the average Criteo display CTR was 0.51%.

2 - Source Pointroll: in 2012, the CTR for standard display (excluding rich media and video) in North America was 0.10%.

The basics: what is Performance Display advertising?

Though display advertising has changed drastically over the last few years, the difference between yesterday's display ads and the new generation of display, also known as Performance Display, is not immediately apparent to the untrained eye. Before we go further, we'll define the basic concepts and offer a quick example.

What has NOT changed between 'classic' display and Performance Display?

The size of the ads: Performance Display doesn't owe its success to larger ad units. Rather, it is based on IAB-compliant ad units. As a result, it has achieved unprecedented scale. Not more bells and whistles, either: Performance Display is based on tried-and-true technologies, and is respectful of user experience. It doesn't try to grab users' attention using invasive techniques such as interstitials.

What has changed happens behind the scenes.

Performance Display injects intelligence into ad targeting: it feeds on user intelligence to

cherry-pick which users to target in priority, and at what cost. For example, consider an advertisement for a Paris hotel. When surfing the net, a web user who recently booked a flight from New York to Paris and who will soon be boarding, will see a personalized ad promoting a choice of Paris hotels according to the flight, as well as any other information that can be used for optimization in this situation.

Performance Display also injects real-time intelligence into ad creatives, which are generated dynamically based on known or assessed user purchasing intent. As a result, it shows each specific user the products that they are most likely to purchase at this specific moment.

The advertising industry has seen a steady increase of Performance Display ad clicks when based on personalization¹. This is not true for display ads in general; classic banner ads have a decreasing CTR according to third party sources².

Performance Display is all about exposing the right product, to the right user, at the right time.



1 - Source Pointroll: in 2012 (entire year), the CTR for standard display (excluding rich media and video) in North America was 0.10%. During the same period, in the USA, the average Criteo display CTR was 0.51%.

2 - "Lessons Learned - Maximising returns with Digital Media", comScore, December 2009. "There are 50% fewer clickers now than in July 2007."

The study: why, how and what

With such remarkable results, why commission a third-party study to measure user click behavior relative to Performance Display advertising?

The context

Prior to our studies, the conventional wisdom in our industry was heavily influenced by research undertaken by comScore in 2008¹, which asserted that:

- Two-thirds of internet users did not click on any display ads over the course of a month.
- The demographics of clickers were skewed toward a younger audience aged 25 to 44 and earning less than \$40,000 per year.
- Only 16% of internet users accounted for 80% of all clicks.

In early 2012, we undertook our own research and demonstrated the following:

- The audience who clicks on timely, relevant ads is extremely valuable².
- There are significant synergies between Search Marketing and Online Display advertising, resulting in increased conversions and improved advertising ROI³.

However, critical questions remained unanswered:

- How many people click on Performance Display ads?
- Who are these clickers? What are the demographics of this audience?
- Are the people clicking on Performance Display ads the same people who click on Search ads?
- How does Performance Display advertising impact media spend?

That's what we wanted to find out, so from September 2012 through May 2013, the Criteo research team partnered with Nielsen, one of the world's most respected third-party research experts, to measure user engagement inspired by Performance Display ads. This was the first time an independent third party had globally measured engagement generated by this new kind of advertising.

This study represents the industry's first scientific measurement by a trusted third party of the Performance Display ad phenomenon. While previous analyses measured only classic, static, untargeted display advertising, this study examines and describes data specific to Performance Display ads, delving into the behavior of the people who click on the ads.

1 - "How Online Advertising Works," comScore, December 2008.

2 - "Measuring the Value of Users Who Click on Online Display Ads," Criteo, June 2012. "The more browsers click, the more they buy".

3 - "Search and Performance Display: Better together," Criteo, September 2012. "Users who have seen such ads click on Natural (non-paid) branded search results 28% more frequently than do non-exposed visitors."

How it worked

- Criteo inserted Nielsen tags in all ads displayed globally in September and October 2012.
- These tags allowed Nielsen to measure clicks as a Key Performance Indicator and analyze user paths by studying the US and European participants' entire browsing patterns during that time. (This was the first time clicks were able to be measured as a KPI in a study like this.)
- Nielsen reconciled their records of user clicks with existing data such as demographics, search engine engagement, and ecommerce sites visited.
- The study sample consisted of 220,000 monthly US panelists and 22,000 monthly French panelists, carefully selected to be representative of these countries' respective online populations.
- All of this was also measured along the marketing funnel (in France) comparing upper and lower funnel campaigns.
- A state-of-the-art control group ensured no demographic or online behavior bias.
- Main results were made public by Criteo and Nielsen in April 2013.

What was measured

- Number of clickers
- Number of clicks per person
- Clickers' profiles
- Clicks to ecommerce sites via Criteo, SEO and SEM
- Clickers exclusive to Criteo
- Search engine queries
- Ecommerce sites visited

Within these verticals

- Automobile / Moto / Boating
- Classified Ads
- Computing / High Tech
- Culture / Media / Tickets / Leisure
- Fashion / Luxury
- Home Improvement / Gardening / Interior Design
- Mass Merchant
- Real Estate
- Sporting Goods
- Telecommunication / Internet
- Travel

The findings

The following pages reveal the lessons we learned through this study, and explain the three reasons the ROI of a strategic online ad campaign increases when incorporating Performance Display advertising.

Finding #1

Performance Display ads are viewed and clicked. On a massive scale.

Performance Display advertising has become a massive global media solution. This is not a minor blip on the radar screen of the advertising industry, it is an idea whose time has come. And although still relatively new, we've already seen a significant shift in how users engage with advertisers from initial ad exposure through conversion.

This trend is supported by a general increase we've witnessed in advertisers' ad spend in all performance-based channels, whether it be Search, Affiliate Networks or Performance Display – more than doubling from 11% to 27% between 2008 and 2011 alone¹. The lesson is clear: more and more advertisers are willing to pay for performance, not just views².

We'll take a look here at three pieces of the advertising puzzle: exposure, clicks, and then a quick look at the audience breakdown. Both exposure and clicks are important due to the visual nature of display advertising, exposure to ads has value regardless of whether the user takes immediate action (clicks) or not. This is similar to the value of billboards: brand recognition builds up over time and contributes to an eventual response.

Seeing ads

One of the signs proving that Performance Display has become big is the visibility it provides to its advertisers. It now has reached orders of magnitude comparable with major advertising channels as Social or Search. To underscore the scope of this massive exposure, consider this:

- In September 2013 alone, according to comScore MMX³, Criteo campaigns reached 849.7 million unique users worldwide.
- This was 53% of all internet users³.
- As a comparison, the Google Search Network gathers 543.2 million unique users⁴.
- In other words, more than half of everyone online during September 2013 saw a Performance Display ad. (This is a conservative number because it only accounts for display ads from Criteo.)

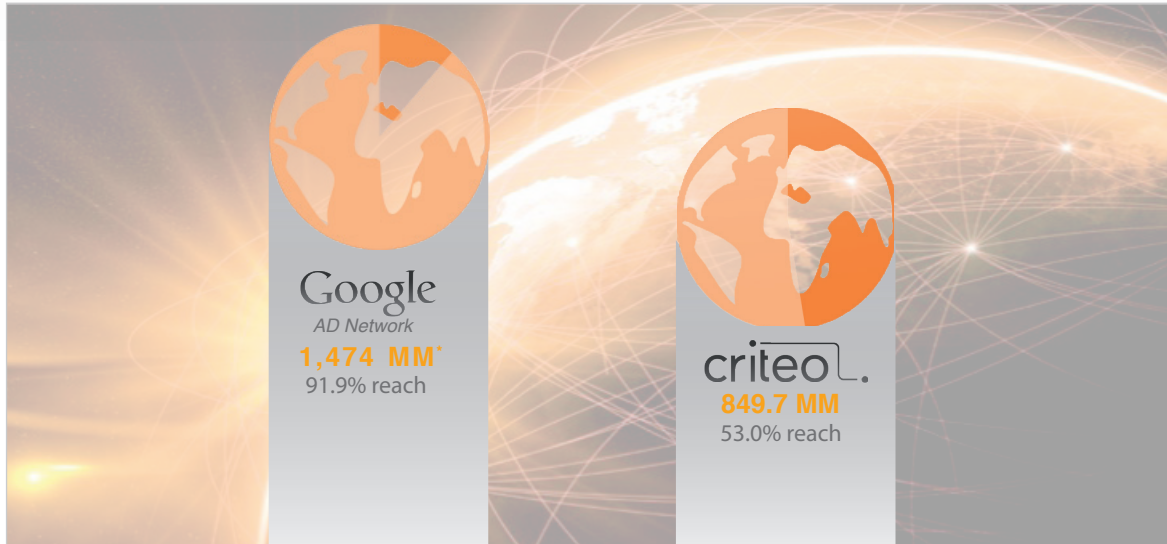
1 - Source: IAB US, 2012

2 - Source: According to PWC, in 2012, Performance-driven online advertising had a 67% market share, compared to only 31% for CPM advertising.

3 - comScore MMX, September 2013, worldwide. Number of unique users exposed to one or more Criteo banners. Age: 15+

4 - A group of search-related websites where your ads can appear, including Google Search sites and Search sites that partner with Google to show ads (Search partners).

Figure 1: Using Criteo as an example, Performance Display is now a one-to-one marketing channel at a large scale¹



According to comScore MMX , Criteo exposed **849.7 million unique users** in September 2013, worldwide.
*comScore MMX, September 2013. Includes Google.com, Google Display Network and Google Search Network.

Clicking on ads

The click remains the only “undebatable” proof of the link between exposure and sales. This is part of what has made Paid Search and Performance Display so successful. On the other hand, even though many sales occur after simple exposure, the real causality of post-view attribution remains generally unproven, or requires case-by-case, custom studies.

During the course of this study:

- 19.4% of Internet users in France—almost 8.5 million people—clicked on at least one Performance Display ad. This compares closely to the 26.6 million who clicked on SEM ads during the same time period².
- 330,000 users clicked on Performance Display ads every day throughout the study in France. This is equal to 1 out of every 7 people living in Paris in just 24 hours³.
- In the United States, a more advanced analysis allowed to show that internet users are more willing to click on Performance Display banners at some specific moments. During weekdays for instance, these time slots are essentially before and after working hours (7-9am and 7-9pm). During weekends, the peak times are between 11am and 12pm.

1 - comScore MMX, September 2013, Worldwide measure. Number of unique users exposed to one or more Criteo banners. Age: 15+

2 - Nielsen and Mediametrie/NetRatings, France, 2012 and 2013, full methodology detailed on page 24

3 - Source: INSEE, January 2010 census.

Figure 2: Time slots for Performance Display clickers compared to average internet users, during weekdays¹.

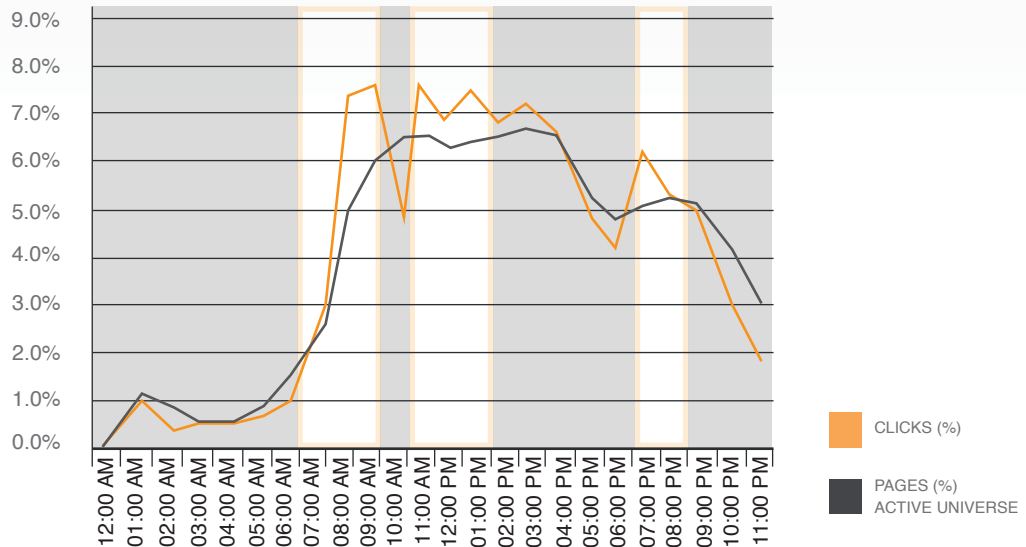
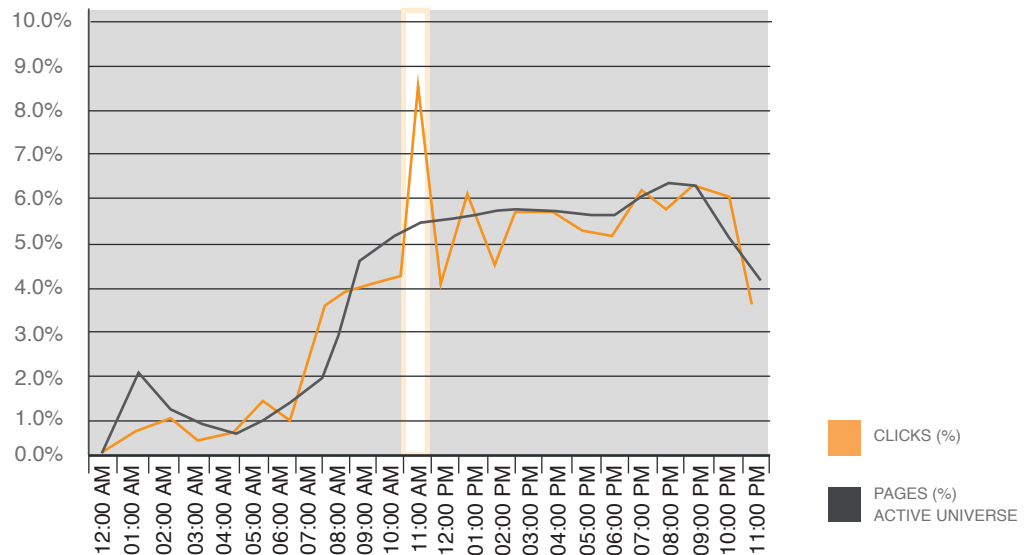


Figure 3: Time slots for Performance Display clickers compared to average internet users, during weekend days¹.



Performance Display engages target users all day long and especially during the time slots before and after working hours (7-9 am and 7-9pm on weekdays).

1 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

Audience renewal

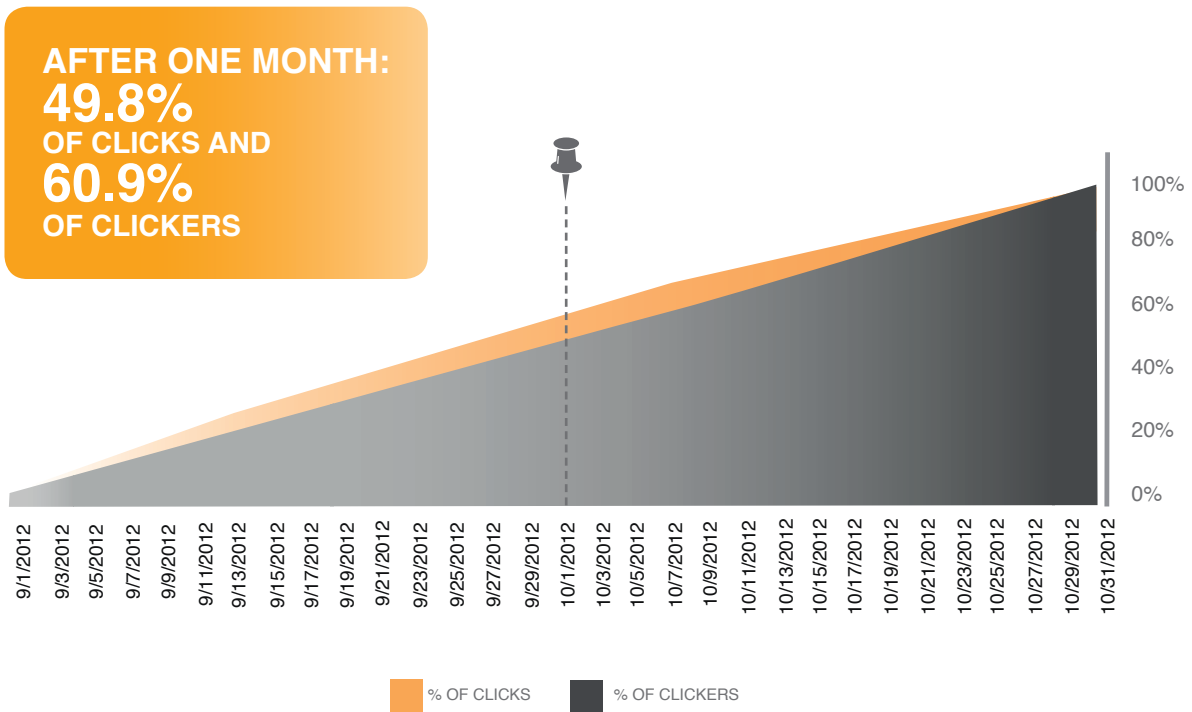
These clickers are not one static group of the same users repeating their clicks and visits over time. We saw an increase in the number and percentage of new users each month during the study, resulting with a cumulative curve straighter than usual: 39% of the clickers clicked in October, but did not click in September. According to Bertrand Krug from Nielsen-Mediametrie//NetRatings, “In two months, the curve representing the accumulation of unique clickers over time turned out to be much more linear than what is seen for most online reach and frequency

measures, thus strongly suggesting that beyond this timeframe, the potential pool of unique clickers may be even higher than 19.4%.”

This is important to advertisers because a progressive audience reach—rather than a finite group of repeat users—indicates the potential for audience growth by way of an increase in unique visitors, which ultimately corresponds to a continuing market expansion.

Performance Display draws from a large pool of users.

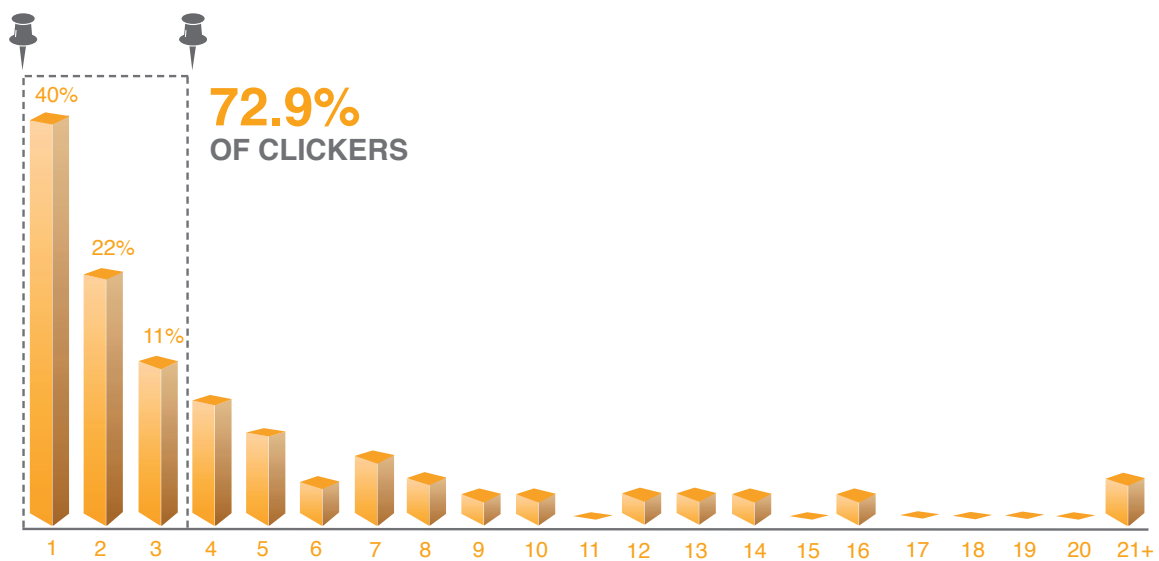
Figure 4: Accumulation of unique clickers over time¹



1 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

As a result, it is no surprise that in 2 months, most internet users who clicked on Performance Banner Ads (72.9%) clicked 3 times or less. 40% of the clickers clicked only once in two months, and only 27.1% of the clickers clicked 4 times or more.

Figure 5: Breakdown of Performance Display clicks by frequency¹



**CLOSE TO 3 OUT OF 4
INTERNET USERS CLICK
3 TIMES OR LESS**

1 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

Takeaway #1

Performance Display is now a major marketing channel.

Considering the significant extent of exposure and engagement, it's clear that Performance Display ads have become a major marketing channel—on a par with established channels such as Social and Search.

At this point, many advertisers are wondering, “Who cares? What do these clickers do for me? Can you prove they’re my target audience?”

These are all important questions, to which Nielsen provided detailed answers.

Finding #2

Clickers are the right people at the right time. And they mean it.

Regardless of how many views and clicks an ad gets, it's more important to make the right connections. As almost any advertiser can attest, engaging the wrong audience with expensive online advertising has a painful, negative impact on ad spend ROI. You want to avoid engaging users who are not likely to turn into customers.

So continuing on from our look at the Performance Display ad audience in the previous section, it's encouraging to see that during our study, Performance Display ads not only reached advertisers' intended audiences, but that the audiences responded purposefully, or with intent. Our research yielded strong indirect evidence that an overwhelming majority of users don't click on ads by chance.

Clickers are in target

Users who click on Performance Display ads proved to be the right target audience for advertisers.

From a previous Criteo study, we already knew¹ the following:

- Clickers buy 3x more often than non-clickers.
- Almost half of regular buyers click on Criteo ads alone.
- 20% of users are responsible for 50% of clicks and sales.
- The more users click, the more they buy.

Now, based on Nielsen's current findings, we also saw that users clicking on Performance Display ads were on target and had a strong spending power.

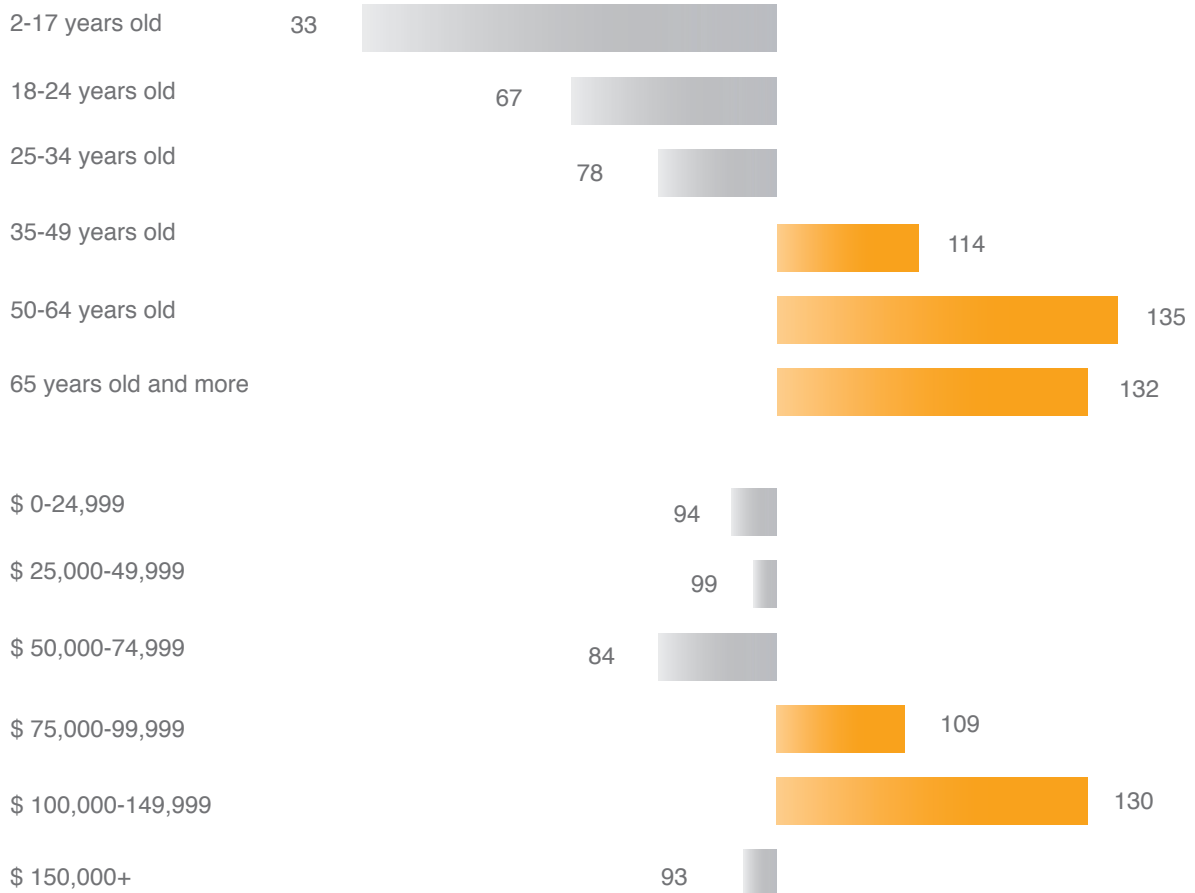
Audience breakdown

Clickers retained by Performance Display are more mature and upscale than average. Our study showed that Performance Display ad clickers are in higher age and income brackets—so have more spending power—than classic display ad clickers have according to comScore². In the US for example, according to Nielsen, internet users clicking on Performance Display ads are skewed towards those over 35 years old and with an annual income over \$75,000. Results found in France were consistent with the US findings.

1 - "Measuring the Value of Users Who Click on Online Display Ads," Criteo, June 2012.

2 - "How Online Advertising Works," comScore, December 2008.

Figure 6: Demographics of Performance Display clickers in the US index against all online users (average = 100)¹

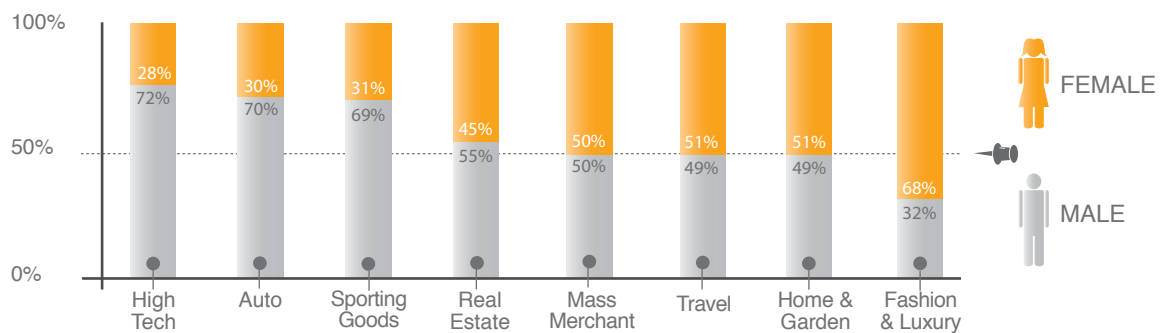


“Internet users clicking on Performance Display ads are skewed towards those over 35 years old and with an annual income over \$75,000.”

1 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

Industries such as High Tech, Automotive Manufacturing, and Sporting Goods are famous for targeting slightly more men than women. Interestingly, more than 70% of the internet users clicking on Performance Display campaigns coming from these advertisers are male, according to Nielsen. On the other hand, Home and Garden, Fashion, and Luxury advertisers have many more female clickers than male clickers. The fact that clickers are consistent with advertisers' core targets serves as additional proof that clicking on Performance Display ads does not happen as a coincidence.

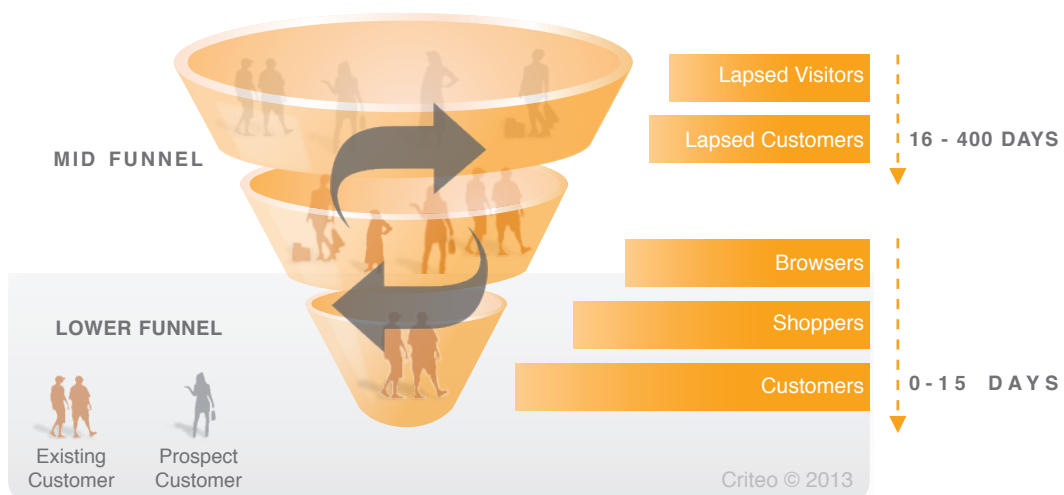
Figure 7: Demographics of Performance Display clickers by industry ¹



More than 70% of internet users clicking on High Tech and Auto Performance Display campaigns are males. Clickers are consistent with advertisers' core targets.

Even users new to the brand who might have been merely browsing with no real intent to purchase (these are the upper funnel clickers) matched the advertiser's target audience definition. These were not random people the advertiser was just hoping to appeal to.

This of course is due to the fact that Performance Display ads are targeted to a potential audience using demographic and behavioral data. This is where the ads' intelligence goes to work. Even people who have not shopped or shown interest in the specific product or service are likely to engage because the advertiser is using a strategy that leverages big data.



1 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

Better than in target, in market

In terms of targeting, ROI always speaks better than demographic profiles or engagement. And advertisers love that ROI. The latest figures¹ show that Performance Display's return on ad spend is equal, if not superior, to Paid Search's. In other words, a CPC driven advertising solution providing a high ROI drives in-market clickers.

During the third quarter of 2012, according to FEVAD², the average conversion rate was 2.5% in France. During the same period, a Performance Display solution like Criteo generated an average conversion rate of 5.02%³ for all advertisers. It is the first significant figure proving that those internet users who click on Performance Display ads are more in market than average clickers.

As marketers know, it's not just about numbers. All the views and clicks in the world don't do any good if the viewers and clickers are bored or lost or wrong. But the data showed that users demonstrated an increased intent when clicking on Performance Display ads within an industry also using SEM advertising.

Nielsen's findings also describe how users clicking on Performance Display ads are in market. One can take for granted that internet users' search behavior is a relevant engagement indicator, and one sign that a user is in market is that he makes more searches than average for a specific industry. During the study, within each industry, Performance Display ad clickers clicked on 35% more Paid Search results than non-Performance Display ad clickers. And more importantly, they performed 51% more Organic searches in that same vertical than a matching control sample of non-clickers. This shows that those clicking on Performance Display ads are mostly active prospects, not simply curious or random users. They are what we consider to be intentional clickers with a specific goal.

"On average, searchers who click on Performance Display ads do

+51%

more Organic Search clicks and +35% more Paid Search clicks, resulting in a significant increase in natural search."

1 - According to Kenshoo, in 2012, the average return on ad spend was \$7.49. It is \$12.96 according to Criteo's clients.

2 - FEVAD is the French e-commerce trade association.

3 - Source Criteo, 2012 (same region and same period as FEVAD, Q3 2012)

Takeaway #2

Performance Display ads target the right people.

Performance Display ads appeal to advertisers because they reach the right people who are in the right mindset. This, so far, has been the Holy Grail of online advertising. Users benefit from this user-centric advertising strategy because they get what they want faster and easier. It's a classic win-win that has a significant positive impact on ad spend ROI.

Interestingly, CPC display and especially its more sophisticated flavors remain relevant and effective. And SEO will always be appealing because the value of a free ad is so high.

So how should advertisers choose between SEM, SEO and Performance Display ad campaigns? They shouldn't. In the following section, we share what we've learned about the synergies between the three.

Finding #3

Performance Display plays nice with others, especially search.

We've learned that the effectiveness of SEM and SEO is increased when running Performance Display ads. We've seen before that using Criteo along with SEM provides a great incremental value. But it also creates more synergies than cannibalization. One of the more unexpected results from the Nielsen study was the relationship between SEM, SEO and Performance Display ads. When used together, we saw three great synergies: extension, intention, and optimization of advertisers' media spend.

Reach extension: 65% of internet users clicking on Performance Display ads did not click on SEM links within the same industry.

No matter how valuable the audience addressed by Performance Display may be, it has limited value if it is already addressed by other direct response channels such as Search. What we saw is that, far from cannibalizing Search campaigns, Performance Display reaches users that Paid Search does not. Even though Google itself may be the largest website, it should not lead to the misperception that everyone is exposed to Paid Search ads, or clicks on them. The reasons for this are:

1. Not all Search queries trigger ads. Many queries do not represent valuable real estate for advertisers, and therefore no one places ads on them.
2. Among users exposed to Paid Search ads, some do not click at all.

As a result, the aggregate audience reached by Paid Search is significantly inferior to that reached by Google.

In France, for instance, even though 94.3% of internet users visit Google at least once per month¹, only 58.3% actually click on Paid Search ads². This would leave at least 41.7% of the online population uncovered by Paid Search. Performance Display makes it possible to reach some of these users.

According to comScore, in terms of audience, 48.5% of the users exposed to Criteo ads worldwide in September 2013 did not engage with the Google Search Network. In other words, using Criteo along with SEM solutions provides a great complementary and incremental value³.

It is no surprise that according to Nielsen, in terms of engagement, **65% of internet users in France who clicked on Performance Display ads did not click on SEM links within the same industry.** They tended to choose one or the other. This exclusivity is great for advertisers because it extends their reach to audiences who respond to different types of ads without having to worry wasting ad spend on a user clicking both types.

“65% of internet users clicking on Performance Display ads did not click on SEM links within the same industry”

1 - comScore MMX, September 2013, France. Age: 6+

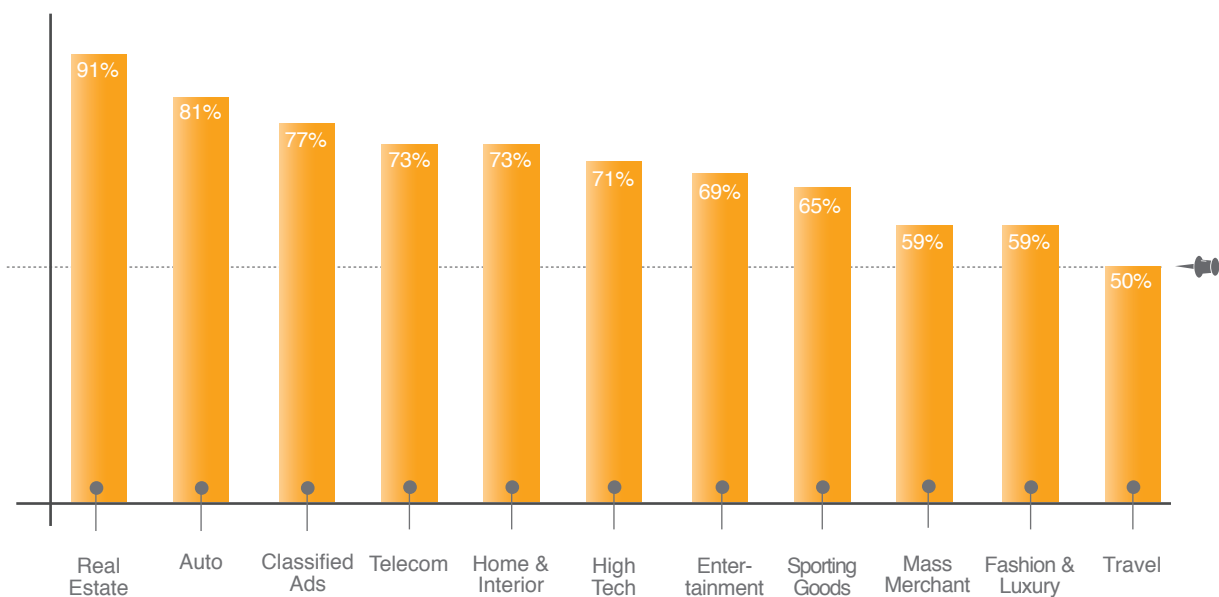
2 - Nielsen and Mediametrie/NetRatings, France, 2012 and 2013, full methodology detailed on page 24. 26.6 million unique users clicked on Paid Search Links in a two month period. In other words, it cannot be more in just one month.

3 - comScore MMX, September 2013, worldwide measure. Number of unique users exposed to one or more Criteo banners. Age: 15+

Focus on big tickets

Performance Display ads showed an increased intent on expensive “big ticket” products the most. During the two-month study, 91% of internet users clicking on real estate display campaigns, and 81% of those clicking on automotive display campaigns, did not click on SEM ads. Not only does Performance Display allow advertisers to engage internet users not addressed by Paid Search, it brings even more incremental internet users to industries with the highest sales transactions.

Figure 8: Share of Performance Display clickers who didn't click on Paid Search ads from the same vertical¹



Clickers exclusive to Performance Display are over represented in higher-involvement product categories.

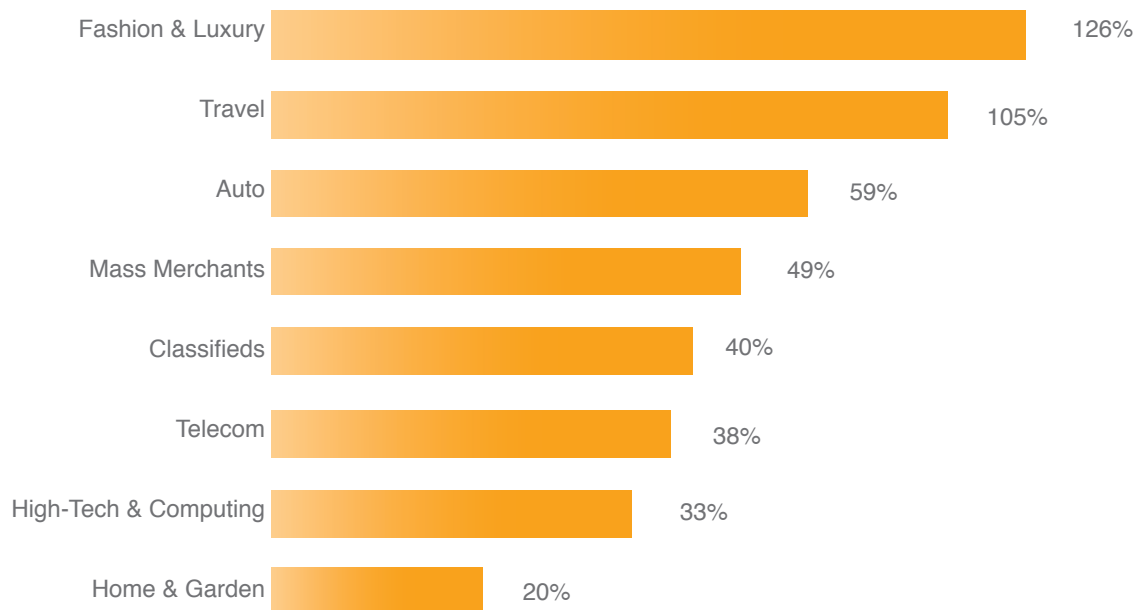
1 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

Media spend optimization

When users frequently see a relevant display ad, they have a better idea of what they are looking for. As a result, their use of search is likely to result in more specific queries¹. The more specific a search query is, the higher the chances of it returning relevant pages in the natural search results. As a consequence, users are more likely to click on natural search results the more specific their query is. These, of course, have the great advantage of being free. When Paid Search clicks are increased by 35%, Organic Search clicks are increased by 51%. This significantly optimizes advertisers' overall media spend.

On average, Organic Search clicks are increased by 51%

Figure 9: Uplift in Organic Search by industry²



1 - "Search and Performance Display, Better Together," Nielsen and Criteo study, September 2012.

2 - Nielsen and Mediametrie//NetRatings, France, 2012 and 2013, full methodology detailed on page 24

This is consistent with Criteo's previous research with Nielsen. In a series of studies carried out between 2011 and 2012, we found that people exposed to Performance Display ads, whether they clicked or not, were significantly more likely to search brands or perform "refined" queries (e.g. brand + name of the model, as opposed to generic queries) than people not exposed to Performance Display ads.

Beyond direct response

Before becoming the efficient direct response solution described in these pages, Performance Display was and remains a visual advertising solution. One should remember here that with a higher than average 0.51% CTR, for every one click, there are about 200 dynamic, personalized ads displayed — all targeted to users who have been identified as the most willing to click.

Previous Criteo/Nielsen studies¹ showed that internet users exposed to Performance Display not only have a higher purchase intent (+54%), brand favorability (+38%) and brand awareness (+21%), but they're also more likely to make brand recommendations (+29%). This proves that the pay-per-click Performance Display solutions do offer advertisers a real branding effect, which is simply not valued in direct-response media buying.

Delivering a proven impact on KPIs such as branding—and making it happen on a global scale—allows Performance Display to compete with more classic channels such as TV.

1 - Source: Nielsen//Netratings, Aggregated results of 5 ad Effectiveness studies between 2010 and 2012 in the US, Germany, France and the UK. Verticals: Retail (Apparel, Consumer Electronics) & Travel. Results displayed here apply to the campaigns' respective target audiences.

Takeaway #3

Performance Display works great with search marketing.

Not only is Performance Display advertising an effective standalone marketing channel with measurable ROI, but it's been proven to generate significant synergies with other channels, like Search. Performance Display improves the effectiveness of advertisers' overall media spend.

Conclusion

Regardless of the ever-changing landscape of technology, one thing remains constant: advertisers must reach customers effectively.

From the guy dancing around with a sign on the street corner, to the blimp floating over the stadium, to the adorable baby in the TV commercial, advertisers' goals are the same: get the target customers' attention, convey information and motivate action.

Because today's Performance Display ads leverage Big Data to reach the right audience at the right time, we're seeing a significantly more effective approach to online advertising.

The ultimate result is that viewers are turning into clickers who are turning into customers.

USERS' CLICKS ARE INTENTIONAL

Users clicking on Performance Display ads are in target and in market.

GLOBAL AUDIENCE IS MASSIVE

Almost 20% of internet users in France clicked on at least one Performance Display ad during this study.

SEARCH RESULTS ARE ENHANCED

Performance Display ads increase effectiveness of SEO and did not overlap with SEM efforts.

Sourcing and methodology

Nielsen and Mediametrie//NetRatings:

Nielsen and its French joint venture Mediametrie//NetRatings (Mediametrie) partnered with Criteo on a study designed to measure clickers' profiles, behaviors and value for advertisers. Tracking was set up on all Criteo campaigns and custom, panel-based data was gathered for two major Criteo markets: France, where Criteo was founded, and the United States.

Every day for two months (September and October 2012), Nielsen collected all laptop and desktop web actions, excluding internet applications, of 22,000 panelist users in France, and about 180,000 in the US. Nielsen tracked each click on a Criteo ad banner during this period with 99.8% accuracy (Criteo figures compared to Nielsen figures).

The study included an advanced analysis of search (in France only) and surf behavior for these panelist users broken down by industry, acquisition campaigns and lower funnel campaigns. This was the first time Nielsen's standard methodology had been used for measuring and analyzing clickstream behavior, identifying source of traffic and SEO/SEM

Control group: Nielsen constructed a state-of-art control group based on sessions volume, pages viewed volume and demographics.

FRANCE

Source: Mediametrie//NetRatings (Nielsen)—Custom research—All locations—Internet Applications Excluded—Online users 2+ —France—Period: September to October 2012—Copyright Mediametrie//NetRatings-Nielsen

USA

Source: Nielsen—Custom research—All locations—Internet Applications Excluded—Online users 2+ —USA—Period: September to October 2012—All rights reserved by Mediametrie//NetRatings

comScore MMX:

Audience measurements from comScore MMX are sourced in September 2013, Worldwide, Age: 15+. The comScore panel is composed of 2 million panelists globally. All display impressions delivered by Criteo in September 2013 were tracked at a proxy level by these panelists. The data represents the number of unique users exposed to one or more Criteo banners.

About Criteo

Criteo is a global leader in digital Performance Display advertising, working with over 4,000 e-commerce companies around the world. Criteo has over 700 employees in offices across the US, Europe and Asia, serving more than 40 countries.

For more information: www.criteo.com

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television, and other media measurement, online intelligence, mobile measurement, trade shows, and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA, and Diemen, the Netherlands.

For more information: www.nielsen.com

The logo for Criteo, featuring the word "criteo" in a lowercase, sans-serif font. A horizontal line extends from the top of the letter 'o' to the right, then turns 90 degrees downward and then 90 degrees to the right, ending in a small circle. The entire logo is rendered in a bright orange color.