

Effective Display Advertising: Improving Engagement with Suitable Creative Formats

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The agony of choice for banner ad options /// Advertisers create ad campaigns with display ads in multiple creative formats. They may target and retarget consumers with product-based messages or price incentives. They may also use simple static formats such as GIF or JPG-based display or simple Flash formats with animation, but no interactivity or rich-media formats that offer both interactivity and animation. The latter uses elements such as sound, video, floating images, takeovers, and so on. As a result, online advertisers have the non-trivial job of jointly assessing the effects of ad design elements available in a large number of such formats; as they decide on budgets, message objectives, and consumer targeting. Now there is evidence that ad size, location, and creative elements such as color, interactivity, and animation may all independently influence banner ad engagement. But what are their joint effects? For example, are product-based messages or price incentives more suitable for animated and static ads? Or which ad formats and messages are more effective for retargeting, the tactic of tracking visitors to the company's site, and then serving ads to them once they visit other sites? Also, long-term effects of display ads might differ with formats.



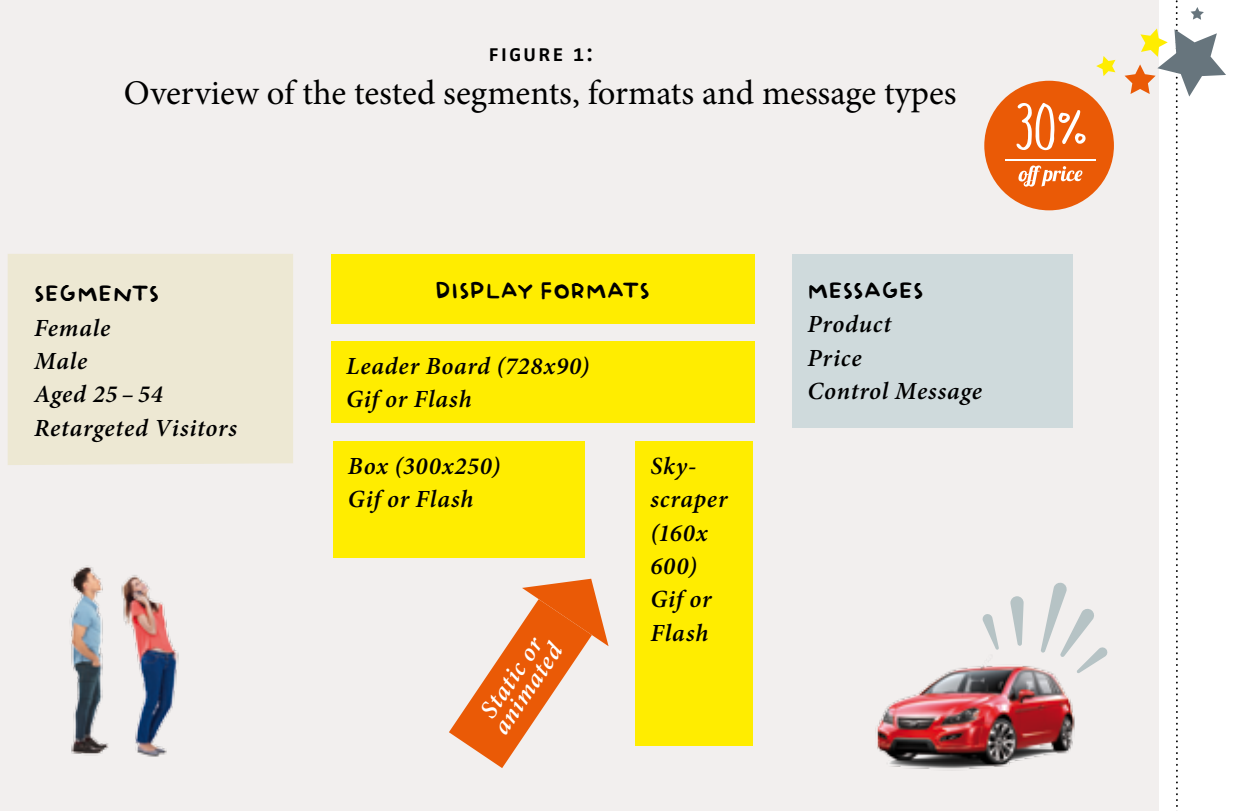
{ Box 1 }

STUDYING THE EFFECTS OF FORMATS, CONTENT AND TARGETING OVER TIME

In a recent study, we considered how the effects of creative format, message content, and targeting/re-targeting affected the performance of digital ads over time. We acquired panel data from a major U.S. retailer for a period of 154 days, in an industry that provides home products and services. The data was a selection of daily ad impressions and their associated clicks, which we analyzed by consumer segments, by ad format and by either price or product-based messages. Figure 1 shows the four targeted segments. One was behavioral (retargeted customers) and three were demographic

(male, female, aged 25 – 54). We further employed two ad formats – Flash (animated) and GIF (static). Flash ads appeared as a sequence of (~ 4 – 8) time delayed images, with the last identical to the static GIF image. Flash ads not only included colorful, attractive animation but also delivered a longer message than GIF versions. Also, there were three standard size orientations for the ads. The retailer deemed ads as price messages if they mentioned price or price discounts; and product messages if they conveyed product attributes without reference to price.

FIGURE 1:
Overview of the tested segments, formats and message types



Main results of the study /// Animated formats are superior to static formats in most settings. Our research confirms that they can improve engagement because they can generate higher recall, attract user attention, and create favorability for the advertised brand. Yet, static formats can still be effective for price ads and retargeting. Most interestingly, we found that retargeted ads are effective only if they offer price incentives.

Animated ads outperform static ads /// Animation was found to improve engagement in any advertising setting. We found that Flash ads generate higher average clicks than equivalent GIF ads. These results are consistent across all consumer targets. Specifically, we found Flash ads across the retargeted, male, female, and age segments to be 11.8, 10.4, 16.9 and 12.6 times (respectively) more effective than similar GIF ads.

Flash ads are superior in the long-term /// In traditional advertising, carryover for (animated) TV ads was approximately 2.5 times that of static print advertising. We found the same principle to work on websites. Flash banner ads have significantly higher carryover rates than GIF ads across all consumer segments and size-orientations. The increase in carryover rates is roughly three to five times greater when one uses animated ads rather than static ads across target and format. Animated ads simply have the power to engage consumers for longer periods. Another way to assess our results was to compute their wear-out effect. The average number of days it took for the ads to lose 90% of their effectiveness ranged from five to nine days for Flash ads, and two to three days for GIF ads across the four segments.

Price messages work better than product-related messages /// Figure 2 reports the effects of display ads by themes, across formats, sizes, and among differing consumer targets in the Flash format. We see that price ads are more effective than product ads within the Flash format, in all sizes and target segments, which builds upon prior evidence that price incentives can motivate engagement. Product ads are nonetheless still effective in the male, female and age segments across all size orientations; and though these effects differ marginally, they are on average highest among targeted females, who retailing studies predict are more likely to be engaged shoppers than men.

The special case of retargeting /// Figure 2 also shows that product ads are ineffective among retargeted consumers. On the other hand, the study also showed that price ads in similar Flash format are effective even among retargeted consumers. And while, on average, Flash formats are more effective than static formats, static GIF price ads for retargeted customers perform almost equally well as Flash ads.

Recommendations for the selection of display ad formats

- > **Use Flash rather than GIF** /// As for formats, one universal recommendation is to use Flash formats rather than static GIF options. As for size, our results are less homogenous because size effects vary only slightly with segments.
- > **Be aware that retargeting seems to work in limited settings only** /// When retargeting consumers, price trumps product-related messages. Price incentives could be useful in making ads more effective by addressing consumer willingness to pay. It is also worth noting that previous findings by the researchers Lambrecht and Tucker found that retargeted ads are on average largely ineffective, unless the consumers' preferences for previously viewed products are well defined and they have a detailed view of what product they wish to purchase.

CLICK! ✨

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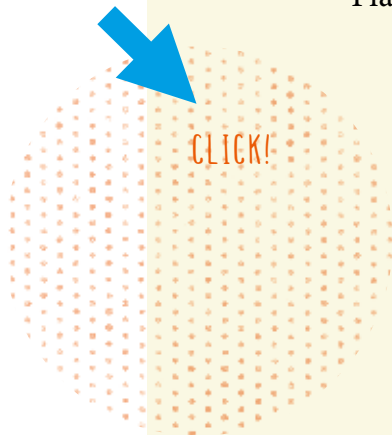
The tactic of serving blanks can distort simple measures of campaign effectiveness, such as click-through rates.

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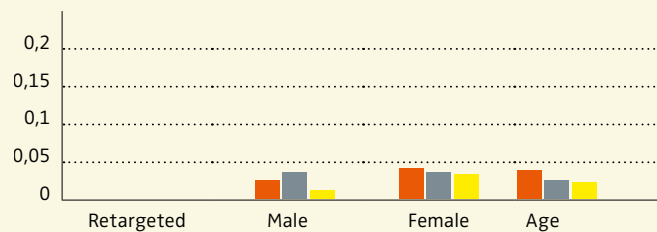
CLICK! ✖

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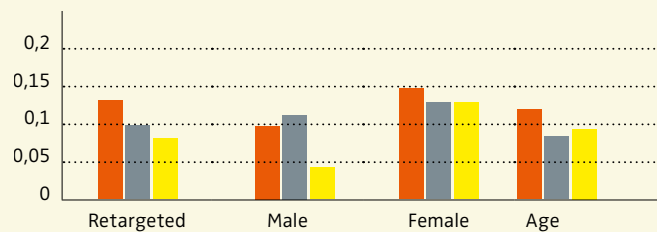
FIGURE 2:
Flash price banners perform better than Flash product banners



MEAN EFFECTS OF PRODUCT ADS



MEAN EFFECTS OF PRICE ADS



FLASH FORMAT

(160x600)

(300x250)

(728x90)

> **Interpret click through rates cautiously** /// Another finding from our study is also worth noting: Blank impressions distort click-through rates. Our retailer's campaign targeted U.S. consumers, and therefore the ad server sent blank impressions to non U.S. consumers. Nevertheless, some of these consumers still clicked on blank images, usually out of curiosity, but also unintentionally. We kept track of these clicks and they turned out to be substantial in number and significant. While these clicks have no managerial interpretation in terms of ad content, they do show how the tactic of serving blanks can distort simple measures of campaign effectiveness, such as click-through rates.

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FURTHER READING

Bruce, Norris I.; Murthi, B.P.S.; Rao, Ram C. (2017):
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