

HOW TO SURVIVE BLACK FRIDAY

11.24.14

BY JACKIE GOLDSCHMIDT
& TRAVIS STOWE

Intro

Black Friday has expanded. Shoppers have become smarter. So how can you ensure programmatic success to start the holiday season? AppNexus has analyzed the trends around Travel Wednesday, Thanksgiving, Black Friday, Cyber Monday, and the entire end of November. We've also provided what we think are some crucial recommendations to help your campaigns flourish during this critical time of year.

Background

This year, research indicates that retailers may be seeing their busiest Thanksgiving-related sales in years as an increasing number of shoppers plan to make holiday purchases early in the holiday season.

In preparation, advertisers are making major investments, particularly in programmatic, and we want to arm them with the information to get the best return on investment from Digital.

The insights included in this report represent data derived from the programmatic buying and selling of media. Today, nearly 50% of display media spend flows through programmatic and we expect to see close to \$2 billion in ad spend running through AppNexus in 2014. AppNexus also transacts 40 billion impressions a day, giving us a unique perspective on the programmatic industry. Because a majority of programmatic buying is used for direct response campaigns (as opposed to branding), the data we capture yields immediate granular information related to pricing, targeting, creative units, day parts and much more.

Quick Synopsis: Holiday Buying Strategies

4 — BUYER RECOMMENDATIONS

- 4 — Educate your advertiser about holiday marketplace trends to communicate upcoming changes in performance.
- 5 — Pace. Pace. Pace your campaigns such that you are not required to overspend during the Thanksgiving period. Focus on spending in the beginning of the month and shortly after the midway point of the month.
 - 6 — Increase bidding price approximately 56% to ensure sufficient delivery at the end of November.
 - 6 — Deals lock in pricing throughout the holiday season. Increase spend in the first week of December.
- 7 — Minimize buying during Thanksgiving week when prices spike for an always-on campaign or performance-based campaign that is not Thanksgiving specific.

8 — THANKSGIVING WEEK BUYING RECOMMENDATIONS

- 8 — Bid higher during Thanksgiving Week into Cyber Monday.
- 9 — Deals drive a guaranteed price to advertise Thanksgiving-related promotions or campaigns.
- 9 — Generate creatives that specifically reference holiday promotions.
- 10 — Focus on leisure-related content such as online communities, games, recreation and lifestyles for lower prices.
- 12 — Capitalize on the valid late-night impressions increase during Thanksgiving week. Buy between 10 pm and 4 am EST (7 pm to 1 AM PST).

Educate your advertiser about holiday marketplace trends to communicate upcoming changes in performance.

Spend will increase dramatically between the beginning of October and end of November. Between October 1 and the end of November, daily spend through RTB on the AppNexus platform increases roughly 65%. This spend not only indicates an increase in bids by current buyers and campaigns, but also an increase in the number of buyers and campaigns engaged in RTB.

An increase of spend signifies an increase of demand. Keeping supply (inventory) constant, an increase in demand results in higher prices.

Through November, increase in RTB demand outpaces the increase in supply, resulting in higher CPMs and CPAs across programmatic.

On AppNexus, we saw a 30% increase in demand, but only a 4% increase in supply. See figure 1.2.

Figure 1.1

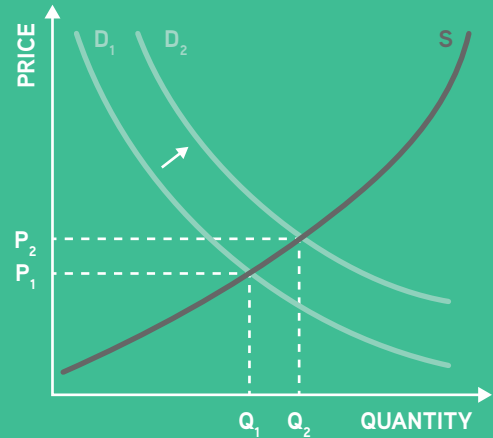


Figure 1.2

PERCENT CHANGE VS PREVIOUS TIME PERIOD

	OCTOBER 2ND HALF	NOVEMBER 1ST HALF	NOVEMBER 2ND HALF	DECEMBER 1ST WEEK
DEMAND METRICS				
SPEND	17%	-3%	30%	-2%
CPM	25%	7%	19%	-3%
SUPPLY METRICS				
AVAILS	4%	-7%	4%	-5%

Pace. Pace. Pace your campaigns such that you are not required to overspend during the Thanksgiving period. Focus on spending in the beginning of the month and shortly after the midway point of the month.

Let's investigate several brief time periods between October and November when prices tend to decrease.

Figure 2.1 reveals that prices decrease somewhat for a short period of time in the beginning of November, mid-November and the beginning of December.

We recommend that this is where you should focus your spend.

Decreases in price correspond with decreases in overall spend as shown in figure 2.2. Between November and early December, buying at the beginning of each month and shortly after the month's midway point tends to yield lower prices.

Figure 2.1

Average CPM October–November 2011–2013

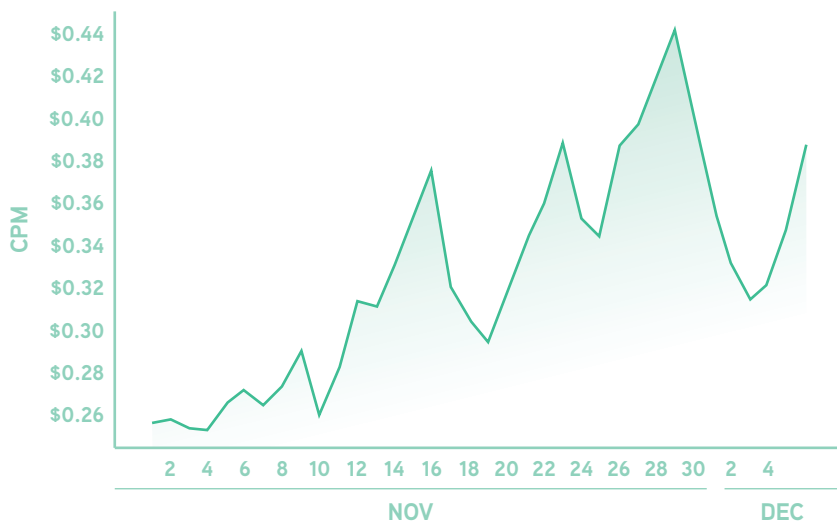
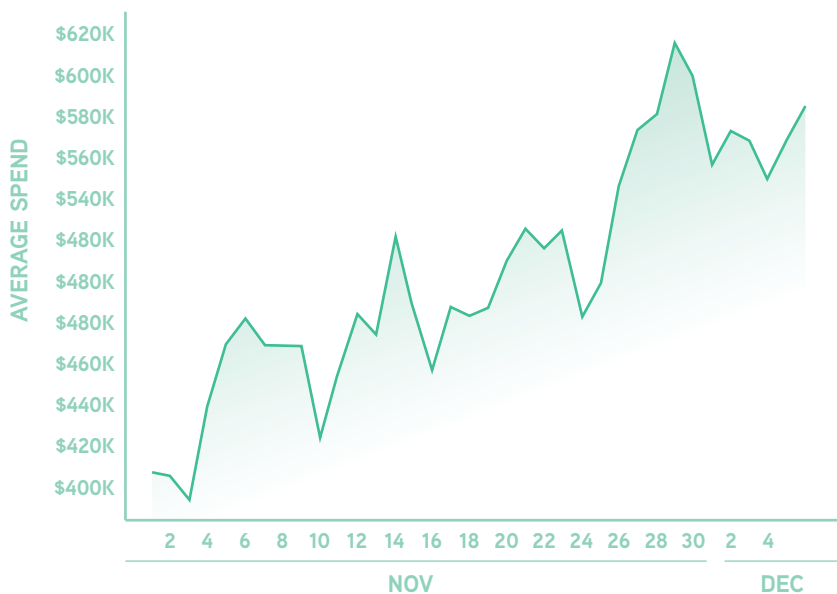


Figure 2.2

Average Spend on RTB October–November 2011–2013



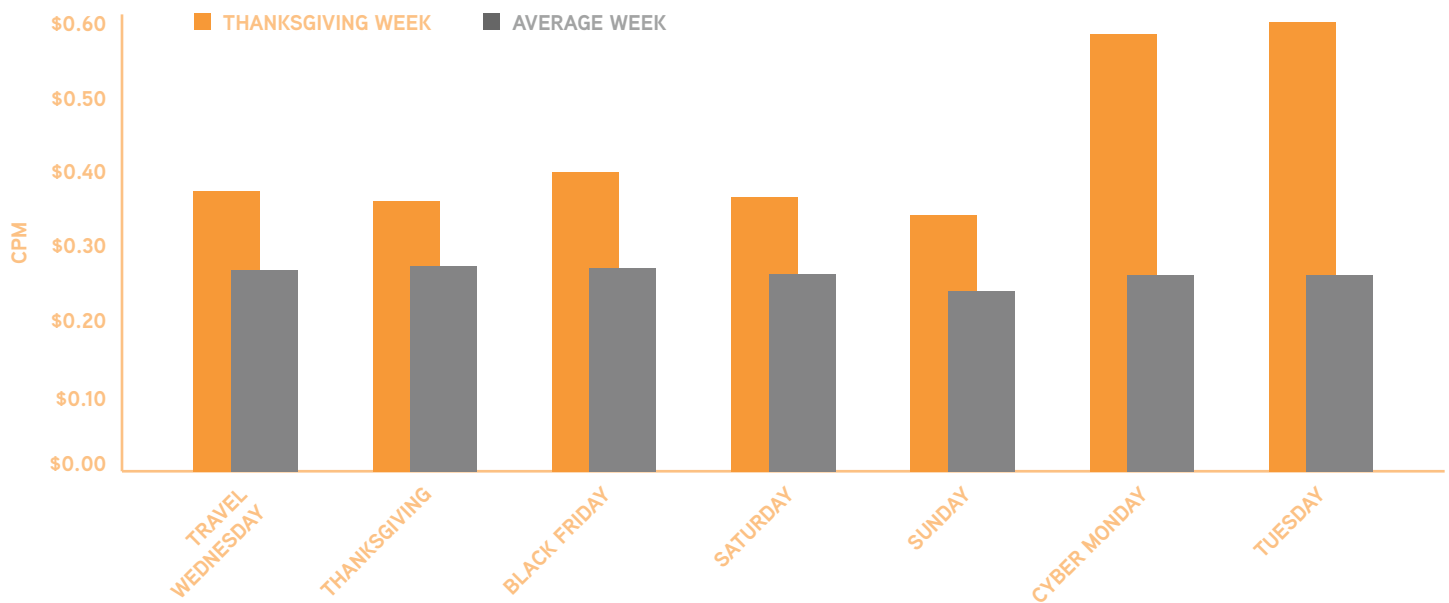
Minimize buying during Thanksgiving Week when prices spike for an always-on campaign or performance-based campaign that is not Thanksgiving specific.

During Thanksgiving week, CPMs rise 17% above the October and November average. Meanwhile, CPAs increase an average of 24%.

Campaigns not geared towards Thanksgiving specific promotions will see the best performance if they decrease spending during Thanksgiving week.

Figure 4.1

Average CPM Thanksgiving Week vs. Average Day / October–November 2011–2013



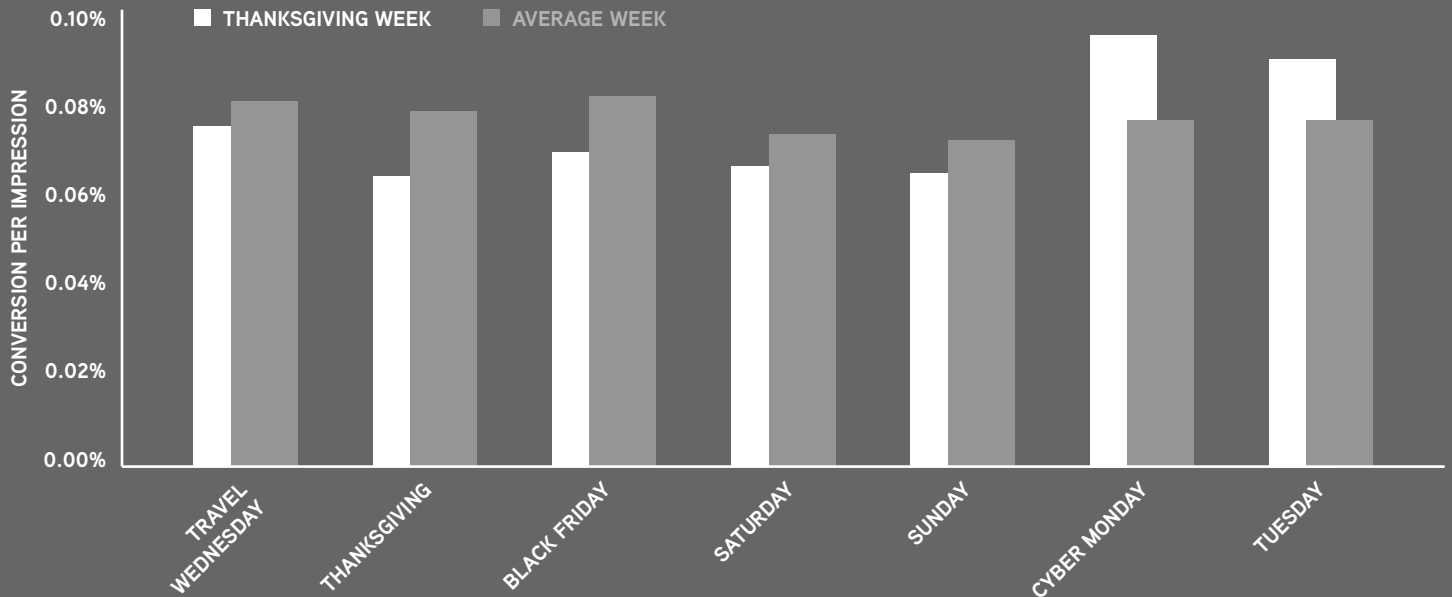
Bid higher during Thanksgiving Week into Cyber Monday.

Campaigns geared towards Thanksgiving-related promotions will have to bid significantly higher CPMs and CPAs in order to win inventory. Expect the highest conversion rates on Cyber Monday and the following Tuesday.

Although Cyber Monday and Tuesday require higher prices per conversion—an average \$.60 for CPM and \$.65 for CPA—they deliver the highest conversions per impression.

Figure 5.1

Average Conversion Rate Thanksgiving Week vs. Average Day / October–November 2011–2013



Deals drive a guaranteed price to advertise Thanksgiving-related promotions or campaigns.

Deals provide advertisers not only a way to keep their ads highly visible, but they're also a way to lock in better pricing during peak spending periods.

"Use deals to get your ads in a better place in the publisher waterfall," says Marc Angelico, Account Director at AppNexus. "They will lock in better performance."

Deals can be a powerful tool for incremental budgets.

"Deals allow you to avoid cannibalizing the always-on strategy," Angelico added.

Generate creatives that specifically reference holiday promotions.

Your standard, "always on" creative may have continued success during the holiday season, but focusing your call-to-action on the holiday or special event taking place will provide a boost in performance for your campaign.

Focus on leisure-related content such as online communities, games, recreation and lifestyles for lower prices.

Thanksgiving week creates higher CPMs for several major content categories with a variety of fluctuations. Average CPMs for the food category primarily increase on Thanksgiving Day.

The CPM of Arts and Entertainment increases about 30% during Thanksgiving week.

Internet and Telecom prices increase on the day before Thanksgiving and Black Friday, leveling out over Thanksgiving weekend.

Of all high-spend categories, Online Communities remains the most stable in price. This may result

from an increase of time spent by vacationers on leisure sites, which leads to an increase in supply for those categories.

The Gaming category also remains relatively stable in price, despite increases in CPM on Thanksgiving and Black Friday, likely due to an increase in average daily spend.

Buyers who focus spend on days when category-specific prices are relatively lower or buy categories with overall smaller jumps in price can expect to balance spend against the Thanksgiving price fluctuations.

Figure 6.1

CPM of Content Category

Thanksgiving Week vs. Average Week / October–November 2011–2013 / Weighted by Average Spend

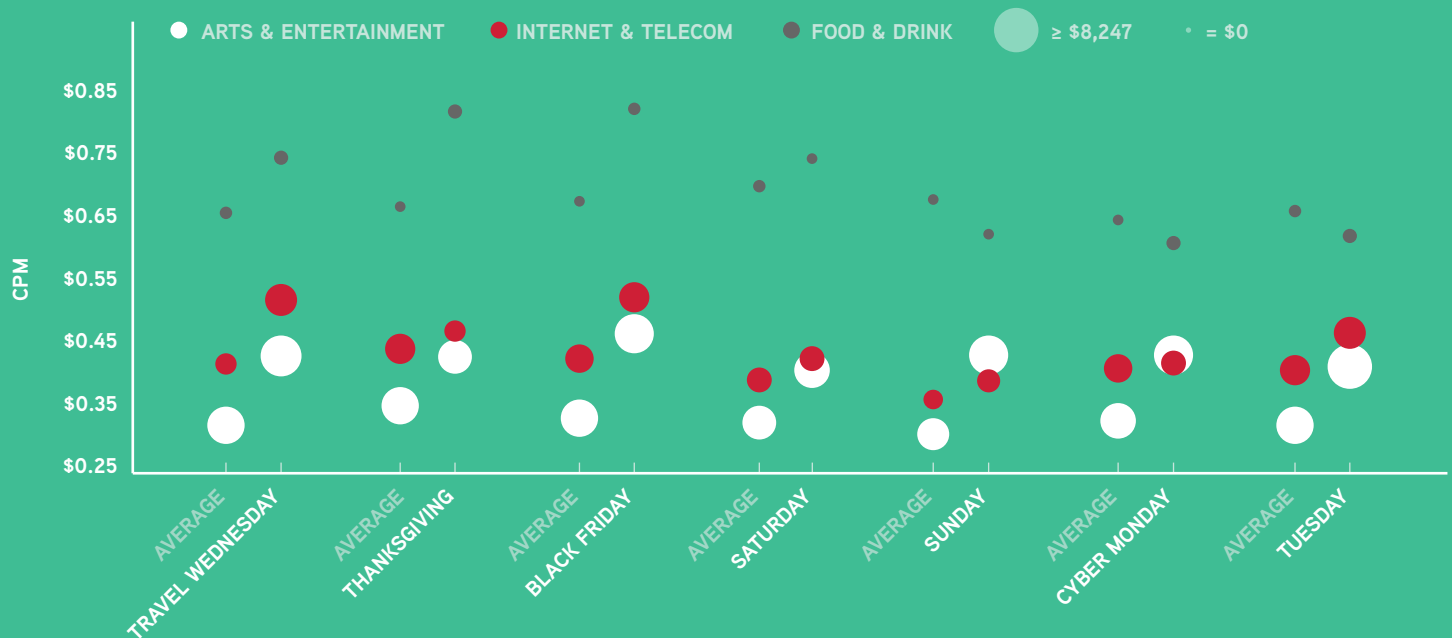


Figure 6.2

CPM of Content Category

Thanksgiving Week vs. Average Week / October–November 2011–2013 / Weighted by Average Spend

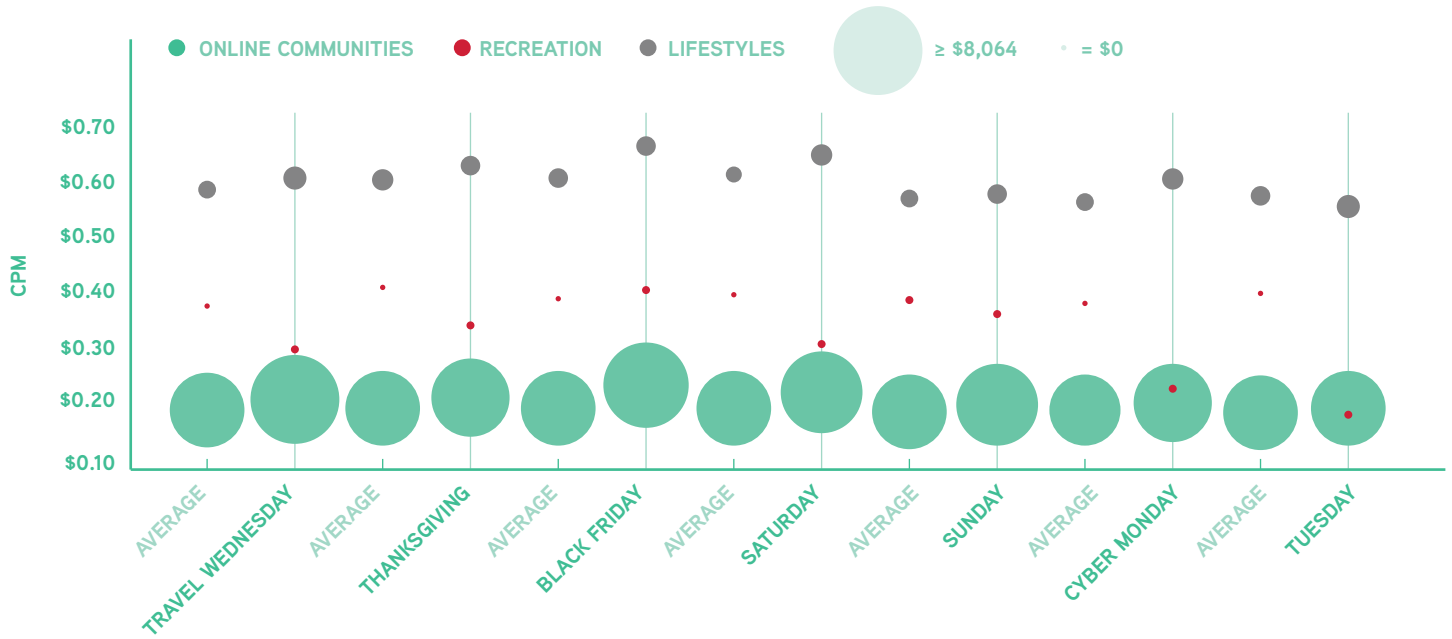
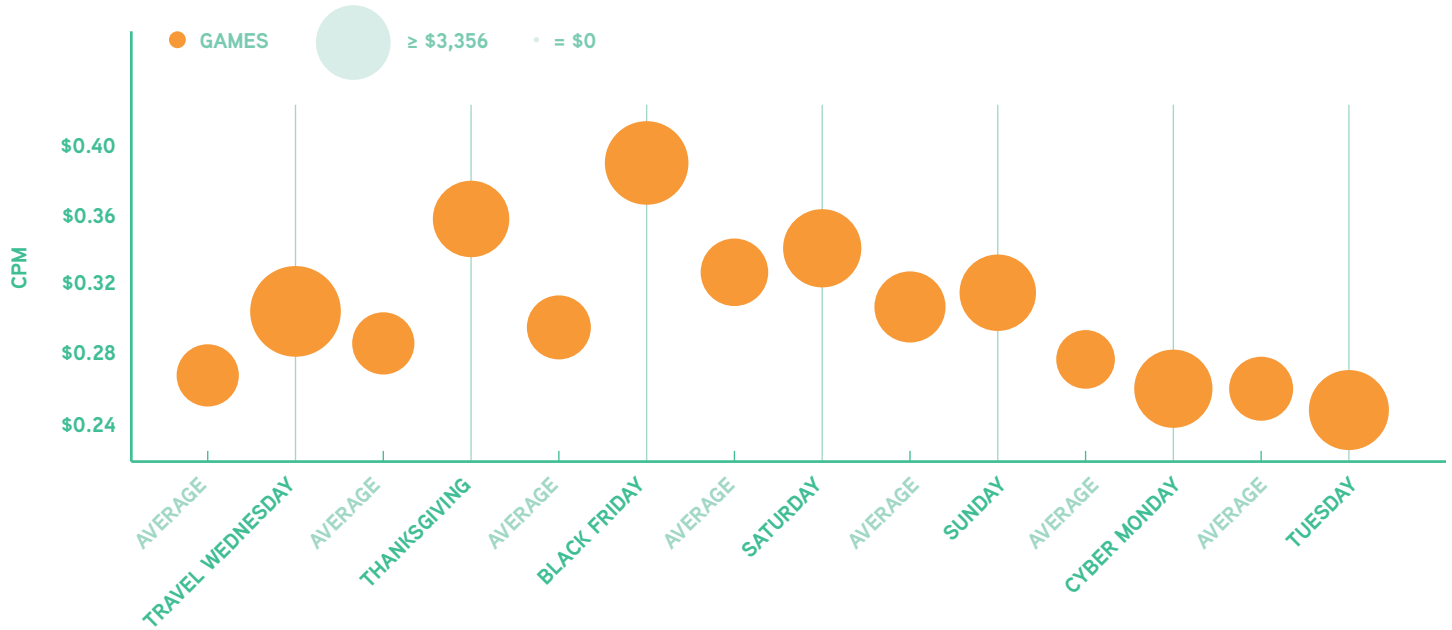


Figure 6.3

CPM of Content Category

Thanksgiving Week vs. Average Week / October–November 2011–2013 / Weighted by Average Spend



Capitalize on the valid late-night impressions increase during Thanksgiving week. Buy between 10 pm and 4 am EST (7 pm to 1 AM PST).

Compared to the average week, valid impressions markedly increase in the evening and early morning hours of Thanksgiving week.

Figure 7.1 clearly indicates that a higher percent of impressions take place at night during the holiday season.

Impressions particularly increase during the night before Thanksgiving. This trend likely stems from consumers on Thanksgiving vacation increasing time spent online in the evening. Fewer overall impressions occur in the early afternoon as vacationers relax and spend time with family and friends.

However, impressions spike in the morning on Cyber Monday as consumers check sales and

make purchases online. Cyber Monday morning may represent an ideal time to target for Cyber Monday-related promotions.

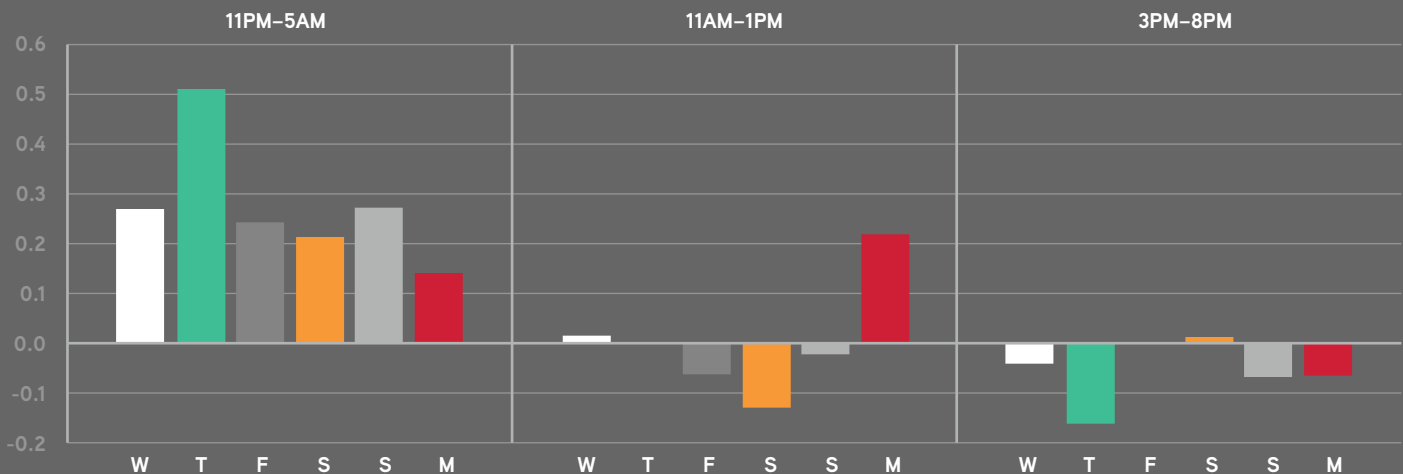
These are the data supported suggestions, but advertisers should pursue creative day-parting ideas that arise during the holiday season to capitalize on the different actions consumers may be taking.

“Look for interesting dayparts,” says Jonathan Mars, Team Lead, Trading Solutions, at AppNexus. “You’re waiting for a plane, you’re on a train, you’re waiting in line at Target at midnight, it’s an hour before the game starts, or maybe it’s halftime.

“These are huge opportunities,” Mars continued.

Figure 7.1

Percent Change in Hourly Impressions Holiday Week vs. Ordinary Week



Conclusion

The holiday season can be scary for advertisers. Performance may fluctuate, and prices are going to rise. It's up to you to be proactive.

However, Thanksgiving, Black Friday and Cyber Monday provide ample opportunity to spend and drive conversions for your advertisers. It's a fantastic opportunity to be creative, test the marketplace, and drive compelling insights for your advertisers.

Prepare well so you can take advantage of a challenging marketplace. AppNexus is committed to helping you tell the best stories. Engage us to conduct real tests as we look forward to making Q4 a joint success.

