The Missing 98%

Why display advertising isn’t receiving the credit it deserves for inbound phone calls
Display advertising is expected to increase by 38%, growing to more than $37 billion in 2017.

One reason for this is the assumed impact that display advertising has on a consumer’s path to purchase. For example, a $50,000 premium display advertising buy can reach millions of targeted consumers with rich media, video or location-based messaging.

Television has long been seen as the best medium to influence consumers about new products and services and to build brand loyalty. However, as consumers continue to use digital devices (particularly smartphones) to consume media, advertisers are shifting investment to display advertising.

**Overview**

As if we need more evidence that consumers are glued to their digital devices, a 2015 report from Kleiner Perkins Caufield Byers shows that 48% of media consumption now occurs on a PC or mobile device.¹ By 2016, it is expected that digital media consumption will exceed media consumption on television, radio and print combined.

Display advertising, including banners and videos on the web and in-app will exceed $27 billion this year, and is expected to grow 38% to more than $37 billion in 2017.²

Despite the increasing investment in display advertising, major challenges remain with the medium. One challenge is fraud – a 2014 report from the Association of National Advertisers contends that 11% - 23% of all display ads are served to “bots”, and fraud will cost advertisers $6.3 billion globally.³

A second challenge is viewability. In other words, are display ads actually seen by consumers? A recent report from industry publication AdAge noted that “nearly half of all display ads are never actually seen by humans.”⁴

But perhaps the greatest challenge with display advertising is the
inability to properly measure or attribute consumer actions or purchases to advertising exposure. An October, 2015 study by Digiday confirms this observation. In surveying nearly 200 mobile marketers from brands and agencies, the study found that measurement and attribution were the largest challenges facing these marketers.

Effective measurement and attribution of display advertising campaigns, if done right, is likely the solution to viewability and fraud. By identifying specific publishers or tactics that aren’t converting, advertisers can simply opt-out of poor performing tactics.

**What types of purchases are display advertisers hoping to influence?**

The advertising technology ecosystem has historically focused on tying display ad exposure to e-commerce purchases, or other online actions such as filling out a lead form or visiting a product web page. However, for most advertisers, the goal of a display advertising campaign is offline, such as an inbound phone call or in-store purchase.

Programmatic display advertising is the fastest growing category within display. Below is a chart of the top spenders for programmatic buying, organized by industry. The retail industry is the largest spender at $3.71 billion. Just 7.2% of US retail sales will come via e-commerce in 2015. The other top spenders – CPG, financial services, telecom, automotive – depend upon inbound phone calls and in-store purchases.

In the October, 2015 Digiday study of mobile marketers, 66% of those surveyed stated that an inbound phone call or in-store purchase was a goal of their marketing efforts.
Do display advertising campaigns make the phone ring?

Inbound phone calls are a particularly important revenue stream for advertisers in industries such as financial services, insurance, travel, telecom and local services. Click-to-call commerce, when a consumer makes a phone call from a mobile Web page or app and makes a reservation, appointment or purchase, will exceed $1 trillion this year.

However, this begs two questions. First, how much click-to-call activity occurs directly from display advertising units? The answer to this question is “not much”. Whereas a paid search campaign that uses call extensions may see call-through rates as high as 20%, Marchex research has shown that it can take an average of 500,000 impressions from a display ad with click-to-call functionality to generate a quality phone call. (A quality phone call excludes accidental phone calls and other low-value phone calls.)

Second, and more importantly, does display advertising influence consumers to make a phone call in the future? The answer to this question is a resounding “yes”. Data from beta customers of Marchex Display Analytics shows that it can take an average of 8,000 impressions from a display ad to influence a phone call within 2 weeks.

In other words, display ads influence 60 times more phone calls than they do a direct click-to-call. On average, we find that approximately 2% of phone calls occur directly from display ads or landing pages, and the rest occur in the days or weeks following exposure.

Unfortunately for advertisers, very few of these phone calls ARE traced back to a display campaign, which leads to display marketers missing 98% of inbound phone calls using traditional analytics methods. This can prevent marketers from reallocating investments towards top-performing display advertising campaigns. According to Zoe Meeran, Director at OMD, “The true value of display is not accurately represented in a last-touch attribution model. We need to understand the impact on offline channels to assign display the credit it deserves.”
Giving display advertising the credit it deserves

BIA/Kelsey estimates that consumers will make nearly 30 billion phone calls from traditional display ads in 2015, and nearly 25 billion from landing pages, accounting for 55% of all phone calls to businesses from smartphones.7 With click-to-call commerce estimated at $1.12 trillion in 2015, this means that more than $600 billion in telesales goes unattributed today.8

Data from beta customers of Marchex Display Analytics shows that, on average, by including attribution for inbound calls, cost per conversion for that display campaign is reduced by more than 45%*. In addition, in-flight attribution data allows for ongoing optimizations with the potential to dramatically improve the return on investment. These can include insights on time-of-day, publisher and user experience.

**Challenge #1: Lack of a common identifier across online and offline**

When a consumer views a display advertisement in a web browser, and then later purchases a product online with that same browser, it is relatively easy for marketers to measure this interaction using “cookies”. However, what happens if the consumer instead makes a phone call to that business from their smartphone? To connect an ad exposure to this offline sales event, there needs to be a single key.

**Challenge #2: Cross-screen attribution**

Consumers view ads on PCs, smartphone and tablets on multiple browsers and in-app. They make phone calls from smartphones and landlines. To connect sales to online ad exposure across web and in-app, the consumer needs to be tracked across the desktop web, mobile web and mobile apps.

**Challenge #3: Latency**

Matchback data for in-store purchases is one way that marketers connect digital and offline behavior, but this data is not available for phone calls. Further, matchback data is often difficult for marketers to get on a regular basis. According to Samantha Sowinski, Associate Media Director at iCrossing, “In order to optimize our display campaigns, we require matchback data while a campaign is running.”

*Assumes 100% credit attributed to display
Turning offline attribution into a competitive advantage

Display advertising is an increasingly important space for marketers – it’s no longer an option to test and experiment. At the same time, when marketers have inbound phone calls as a goal, the lack of attribution remains a major concern. We expect that early adopters of technology that provides attribution for phone calls will have a major advantage in the marketplace.

Resources for display advertisers

Marchex Display Analytics (Beta) provides an industry-first view-through metric for inbound phone calls, enabling digital marketers to measure the ROI of programmatic campaigns by connecting offline phone calls with display impression data. The reports are delivered real-time, providing marketers with actionable intelligence to shift towards display tactics that work.

For more information, or to sign-up for our beta please visit:
http://www.marchex.com/display-analytics/

About Marchex

Marchex is a mobile advertising analytics company that connects online behavior to real-world, offline actions. By linking critical touchpoints in the customer journey, Marchex’s products enable a 360-degree view of marketing effectiveness. Brands and agencies utilize Marchex’s products to transform business performance.

Marchex Call Analytics

Marchex Call Analytics, a real-time mobile advertising platform that measures sales and consumer intent from mobile, click-to-call campaigns.

Advertisers such as Time Warner Cable and agencies such as Resolution Media use Marchex Call Analytics to measure and grow mobile sales.

Marchex Call DNA

Marchex Call DNA is the only conversational analytics technology that automatically classifies, scores and visually maps every phone automatically, even for advertisers that do not use call recording.

Advertisers such as ADT Home Security and T-Mobile use Call DNA to measure and optimize click-to-call campaigns.

Marchex Call Marketplace

Marchex Call Marketplace is a click-to-call advertising network that enables advertisers to generate high-quality phone leads directly from mobile Web and in-app ads across hundreds of top publishers and apps.

Advertisers such as State Farm Insurance and Intercontinental Hotels Group use Marchex Call Marketplace to reach and acquire new customers.

Please visit www.marchex.com, blog.marchex.com or @marchex on Twitter (Twitter.com/Marchex), where Marchex discloses material information from time to time about the company, its financial information, and its business.
Marchex Institute

JOHN BUSBY, Senior Vice President of Consumer Insights & Marketing

John Busby is Senior Vice President of Consumer Insights & Marketing at Marchex. Since 2010, John has run the Marchex Institute, a consumer insights group that publishes findings on mobile advertising, call analytics and online-to-offline commerce. The Marchex Institute also provides custom research and consulting services for key customers on their mobile and call-ready advertising campaigns. Previously, John served as Vice President, Product Engineering. Prior to joining Marchex in 2003, he held various product and program management roles at InfoSpace’s consumer and wireless divisions, Go2net and IQ Chart.

John has a bachelor’s degree from Northwestern University.

SUNDI RAMAN, Principal Product Manager of Media Analytics

Sundi Raman is Principal Product Manager in Marchex Media Analytics team and is responsible for online to offline analytics product strategy and execution for display and video channels. A veteran in software industry, Sundi Raman has held various Product, Program and Software development roles. Prior to Marchex he was with Microsoft Skype team responsible for partner integration and product strategy to bring complementary value added product/services to market.

About the Marchex Institute

The Marchex Institute is a team of data scientists and senior analysts that deliver customized reports and insights for clients of our Call Marketplace and Call Analytics products. These findings inform business decisions and measurably boost ad campaign returns. The Institute’s insights and analyses have landed headlines in The Wall Street Journal, USA Today, Forbes and other national media outlets.

3. [http://www.ana.net/content/show/id/botfraud](http://www.ana.net/content/show/id/botfraud)
8. [2015 Click-to-Call and Mobile Performance Report](http://pages.marchex.com/mobile-report.html)