

nanigans

Global
Facebook Advertising
Benchmark Report
Q3 2014



About Nanigans

Nanigans develops world-class advertising automation software that enables performance marketing teams to take control of their digital advertising in-house.

Since 2010, Nanigans has been chosen by the world's largest ecommerce, gaming, and other internet companies such as eBay, Wayfair, and Wooga. Offered through a SaaS model, Nanigans Ad Engine™ features direct-to-publisher media buying, sophisticated workflow automation, predictive optimization, deep data integrations, and real-time business intelligence tools.

About This Report

This report is representative of more than 300 billion Facebook® ad impressions delivered by customers leveraging Nanigans advertising automation software. It includes ad spend on both Facebook desktop and Facebook mobile, and excludes Facebook Exchange.

The vast majority of Nanigans customers are direct response advertisers at ecommerce, gaming, and other pure play internet companies. Many leverage Nanigans' ROI-based bidding algorithms, which focus on reaching high value and high ROI audiences (e.g. those who make purchases) and typically cost more to reach. As such, the data in this report should not be used as a proxy for the overall Facebook marketplace.

The data in this report should not be compared to any prior or future benchmark reports due to variations in the dynamic nature of the data set each new quarter.

Advertisers see stronger performance on Facebook in Q3 2014 despite rising per impression costs

This report highlights key trends seen by companies leveraging Nanigans advertising automation software to manage and scale their performance marketing campaigns on Facebook.

Key Takeaways

- ✓ Facebook's three main direct response ad units dominated with Unpublished Page Post Link Ads, Mobile App Install Ads, and Domain Ads accounting for 95% of total ad spend.
- ✓ Ad budgets on mobile continue to trend upward, representing 62% of total spend.
- ✓ Global CTRs continued to rise across social and mobile, increasing 195% year-over-year to an average of 0.56% in Q3 2014.
- ✓ CPCs declined quarter-over-quarter to \$0.53, and rose 30% year-over-year.
- ✓ Effective CPMs and CTRs increased in Q3 2014, while average CPCs dipped slightly, indicating that demand for and performance of Facebook advertising continues to grow. Despite higher effective CPMs, advertisers are still able drive more engagement and clicks at lower costs.



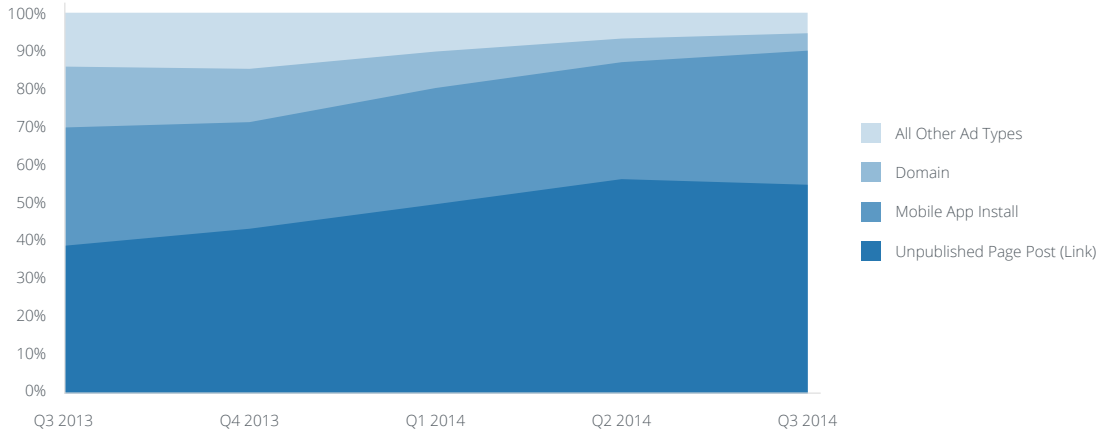
Spend

Ad type & channel

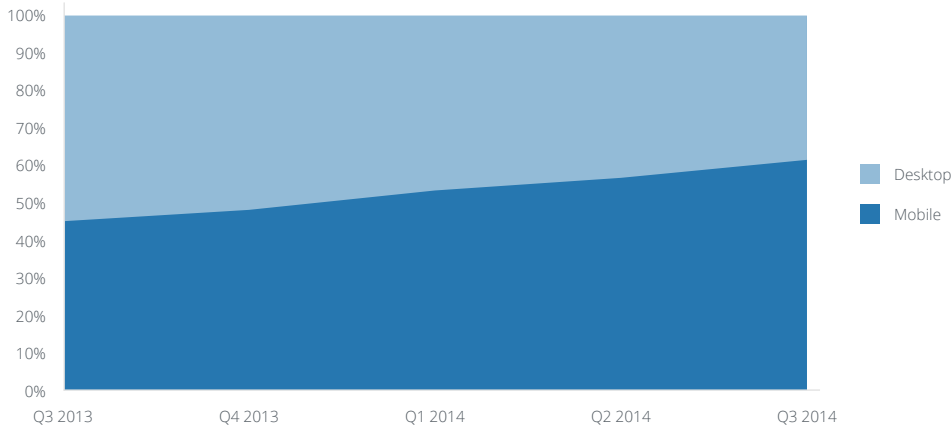
Among Nanigans direct-response customers, Unpublished Page Post Link Ads, Mobile App Install Ads, and Domain Ads continued to dominate Facebook advertising spend. These three performance-based ad types combined accounted for 95% of the total spend that advertisers ran through Nanigans software in Q3 2014.

Reflecting the trend of advertisers increasing spend on mobile, 62% of spend in Q3 was allocated to reaching users on their mobile devices.

Composition of Spend by Ad Type



Composition of Spend by Channel





CTR

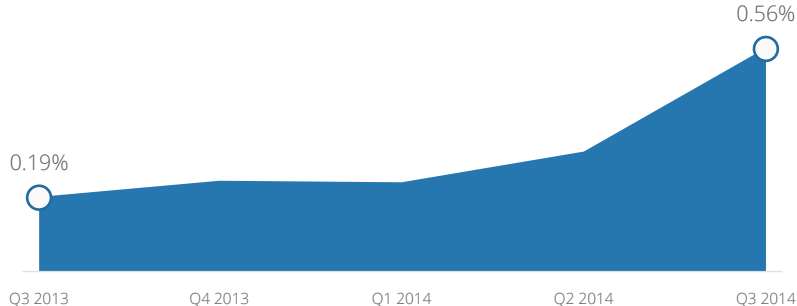
Click-through rate

In Q3 2014, CTRs for Facebook ads continued to climb, a sign that Facebook users are engaging with advertisers' messages at ever-increasing rates.

Among Nanigans customers, average CTRs for Facebook desktop and mobile ads were 0.56%, up 85% from Q2 2014 and up 195% from Q3 2013.

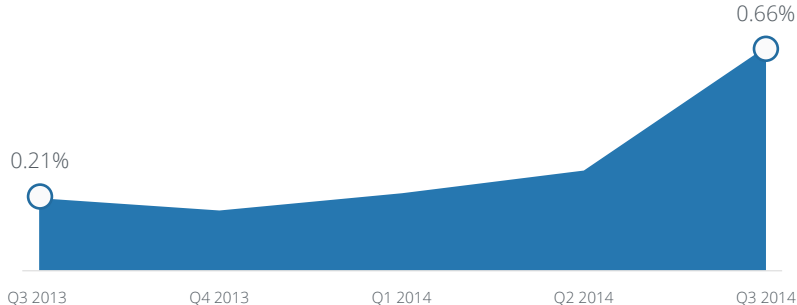
For Nanigans ecommerce customers, average CTRs rose 207% year-over-year and 123% quarter-over-quarter. Customers in the gaming industry also saw a significant increase in CTRs, up 298% year-over-year and 30% quarter-over-quarter.

CTR - Global



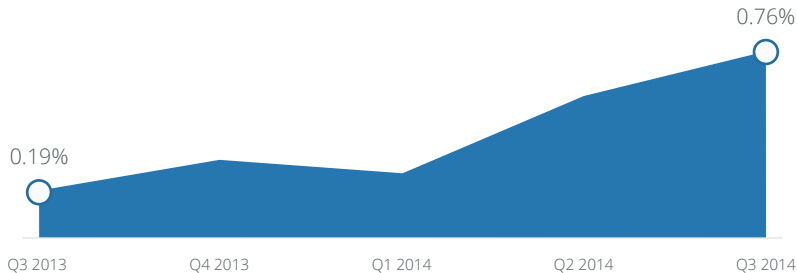
+195%
Year-over-Year

CTR - Ecommerce



+207%
Year-over-Year

CTR - Gaming



+298%
Year-over-Year



CPC

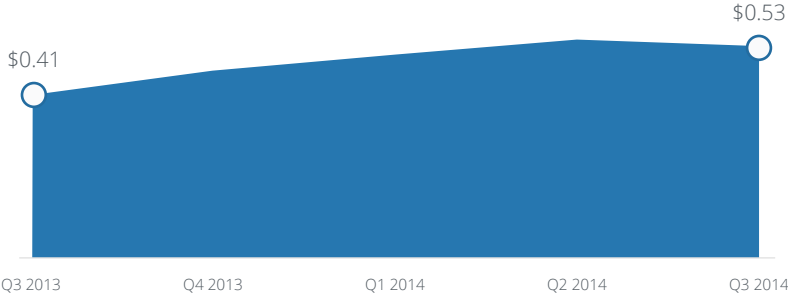
Cost per click

In Q3 2014, the average CPC for Facebook ads dipped slightly compared to the previous quarter, but increased 30% from Q3 2013.

CPCs for ecommerce advertisers decreased 16% from Q2 2014, but rose 16% over all year-over-year.

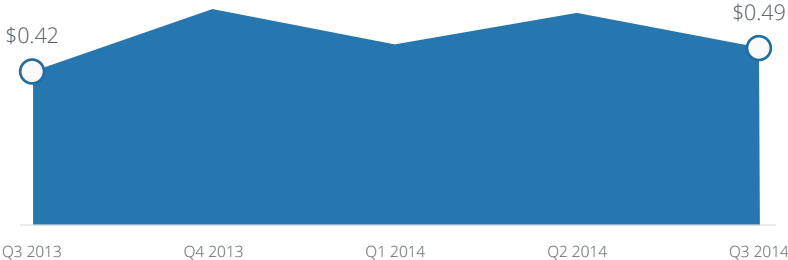
Gaming companies, which spend heavily on mobile advertising compared to desktop, saw CPCs rise slightly quarter-over-quarter to \$0.55. Year-over-year growth in CPC was 63% from Q3 2013.

CPC - Global



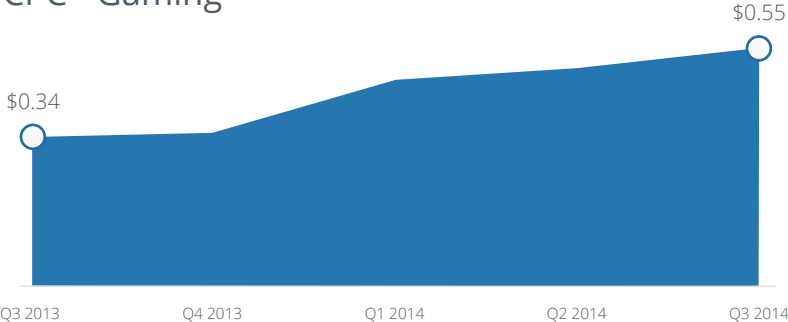
+30%
Year-over-Year

CPC - Ecommerce



+16%
Year-over-Year

CPC - Gaming



+63%
Year-over-Year



CPM

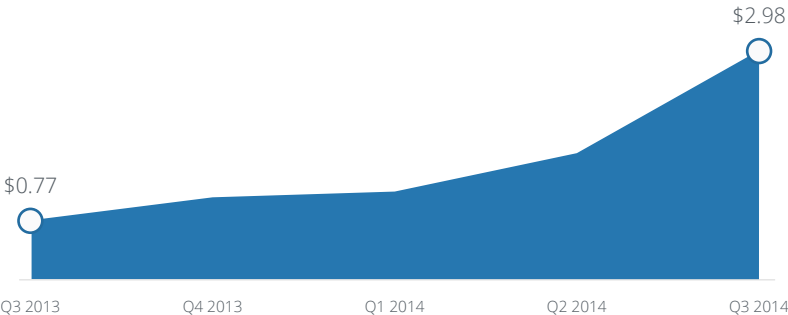
Cost per 1,000 impressions

Average CPMs on Facebook desktop and mobile combined increased 80% from Q2 2014 to \$2.98 among Nanigans customers.

CPMs should not be viewed as a siloed metric, as the prior data on CTR and CPC demonstrate that despite these higher effective CPMs, advertisers are still able drive more engagement and clicks at lower relative costs. Refer to Page 3 for more explanation.

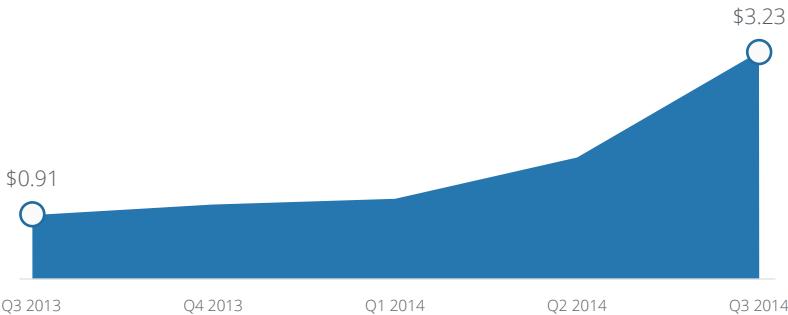
Ecommerce advertisers saw a CPM increase 255% year-over-year, and gaming advertisers saw a CPM increase of 548% this quarter compared to Q3 2013.

CPM - Global



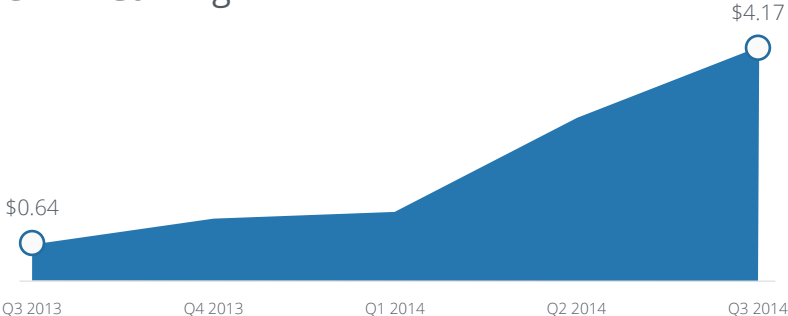
+284%
Year-over-Year

CPM - Ecommerce



+255%
Year-over-Year

CPM - Gaming



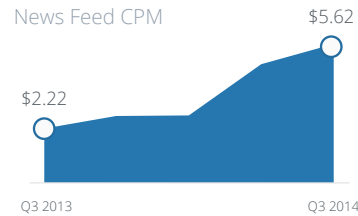
+548%
Year-over-Year

Why CPMs Increased in Q3 2014

Nanigans attributes the increase in effective CPMs to four main factors:

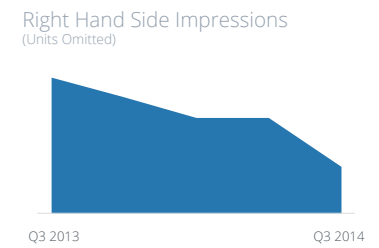
① Increased News Feed Ad Demand

Overall higher advertiser demand in the News Feed has led to higher CPMs in News Feed inventory.



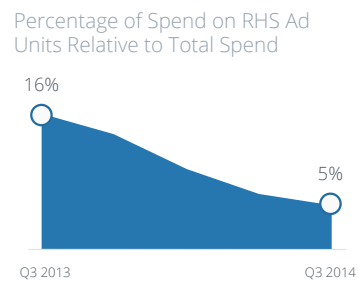
② Larger Right Hand Side Ad Units

The newly introduced larger Right Hand Side (RHS) ad format has resulted in fewer available RHS ad impressions, leading to a higher overall CPM. Q3 2014 RHS ad impressions dropped 50% quarter-over-quarter and 65% year-over-year.



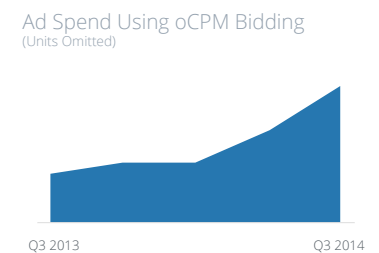
③ Decreased Right Hand Side Ad Demand

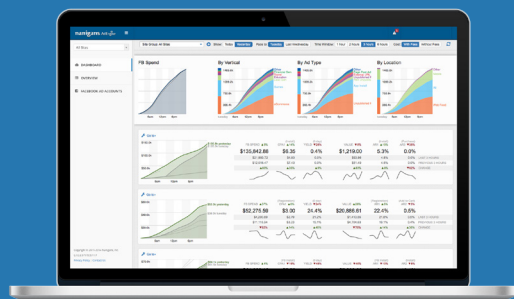
RHS ad inventory declined as a percentage of total spend. Because RHS CPMs are 10-20X lower than News Feed CPMs, less spend on RHS leads to overall higher CPMs. Despite decreased demand, advertisers leveraging the redesigned RHS ad units saw improved performance with CPCs down 53% from Q2 2014. Lower demand is likely due to the transition period in which some advertisers were slow to adopt the new format. With the better performing larger ad units now comprising the majority of spend on RHS inventory, demand is expected to increase in Q4.



④ Increased oCPM Bidding

A 38% quarter-over-quarter increase in Facebook's Optimized CPM (oCPM) bidding indicates that advertisers are leveraging Facebook's improved targeting optimization and bidding to reach more valuable audience segments, but at lower CPCs.





Nanigans empowers marketing teams to take control of their media buying in-house with best-in-class advertising automation software. A leading Facebook Strategic Preferred Marketing Developer (sPMD), Nanigans is chosen by the world's top ecommerce, gaming, and other pure-play internet companies such as eBay, Wayfair and Wooga.

Contact Us

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