

nanigans

Global
Facebook Advertising
Benchmark Report

Q2 2015



About Nanigans

Nanigans advertising automation software powers the world's leading in-house performance marketing teams. Offered as Software-as-a-Service, Nanigans features programmatic media buying, predictive revenue optimization, and real-time business intelligence across today's most valuable social and mobile channels.

About This Report

This report is representative of 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.

For reporting purposes Nanigans categorizes Facebook ad types to align with broad direct response marketing objectives as follows: *Unpublished Page Post (All)* includes Link, Photo, Video, and Multi-Product Unpublished Page Post Ads. *Mobile App Install (All)* includes standard (image) and Video Mobile App Install Ads. *Domain* includes External URL Ads delivered on the right-hand side on Facebook desktop. *All Other Ad Types* includes other ad types such as Page Post Ads and Desktop App Install Ads.

The vast majority of Nanigans customers are direct response advertisers at ecommerce, gaming, and other internet and mobile 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 may not necessarily be a proxy for the overall Facebook marketplace.

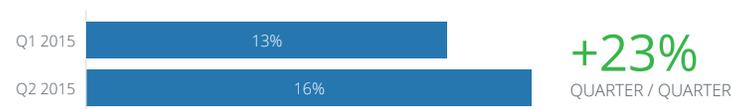
Facebook advertising CTRs and video spend hit new highs, while CPCs drop globally in Q2 2015

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

Key Takeaways

- ✓ Video continues to attract greater portions of Facebook ad spend, with video enabled units accounting for 16% of total spend in Q2 2015. This is up from 13% in Q1 2015—a quarter-over-quarter share increase of roughly 23%. In June, video ads captured their highest share of Facebook ad spend ever observed through Nanigans software, at 22%.
- ✓ Mobile video has been particularly attractive to advertisers on Facebook, with 21% of total global mobile ad spending going toward the format in Q2 2015, compared to 15% the previous quarter. This growth is even more pronounced among gaming advertisers, with mobile video capturing 19% of mobile spend last quarter, before jumping to 36% in Q2 2015.
- ✓ For the fifth-straight quarter, Facebook ad CTRs hit a new high in Q2 2015, reaching 0.88%. Meanwhile, advertiser costs on a per-click basis dropped slightly—from \$0.53 in Q1 to \$0.46 in Q2—the lowest global Facebook CPC observed since Q4 2013. This may be in part due to non-U.S. Facebook advertising, which is often less expensive than U.S. inventory and constituted a larger share of advertising activity among Nanigans customers in Q2 2015 as opposed to the previous quarter. With CTR continuing to trend upward and CPA costs coming down, the trend underscores how advertisers on Facebook are seeing strong ROI from the channel as it grows globally.

Video Share of Ad Spend - Global

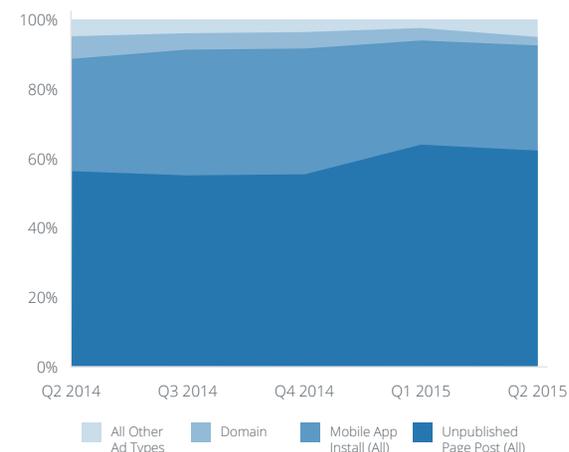


Video Share of Ad Spend - Mobile



Composition of Spend by Ad Type - Global

Advertisers leveraging Nanigans software primarily have direct response goals, and dedicated the majority of budgets to Unpublished Page Post Ads, Mobile App Install Ads, and Domain Ads. These three ad categories represented 95% of spend through Nanigans in Q2 2015.





CTR

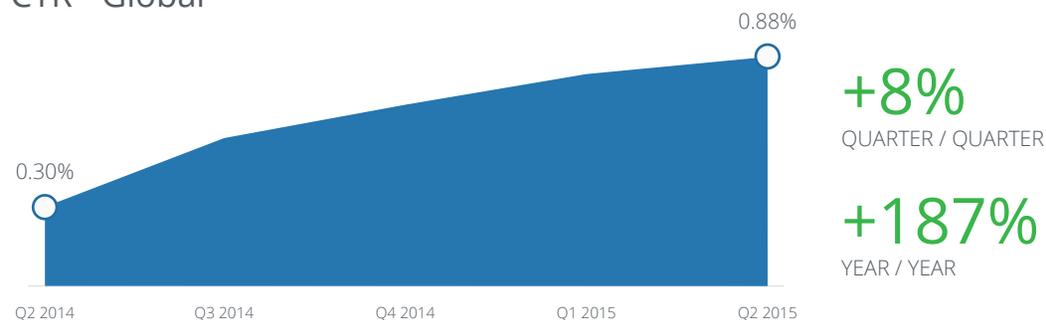
Click-through rate

Global Facebook ad CTR showed moderate growth in Q2 2015, maintaining the strong engagement rates across desktop and mobile. Nanigans has reported previously. Average CTRs in Q2 were 0.88%, up 8% from Q1 2015 and up 187% from Q2 2014.

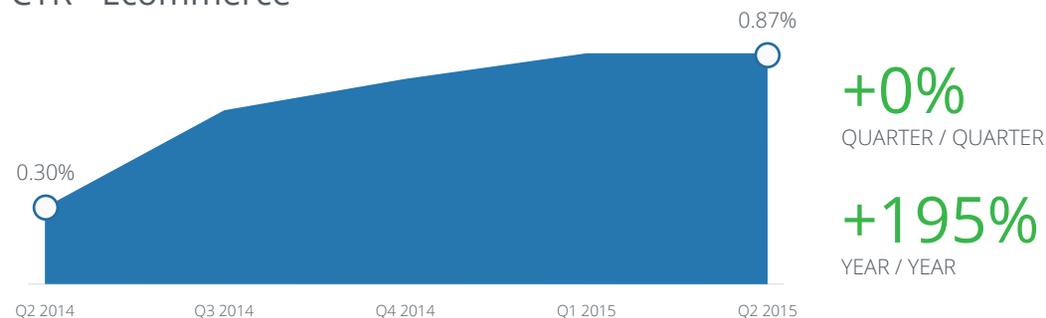
At 0.87%, ecommerce advertisers using Nanigans experienced no change from the CTR reported in Q1 2015. However, the figure still constitutes a 195% year-over-year increase for the sector, and remains the highest CTR observed across ecommerce advertisers in the history of this report series.

After a 9% CTR drop in Q1 2015, gaming advertisers using Nanigans saw CTRs hold steady in Q2, remaining at 0.65%. Representing a 10% year-over-year increase, engagement rates in the gaming vertical are holding at levels that have remained relatively consistent over the past several quarters.

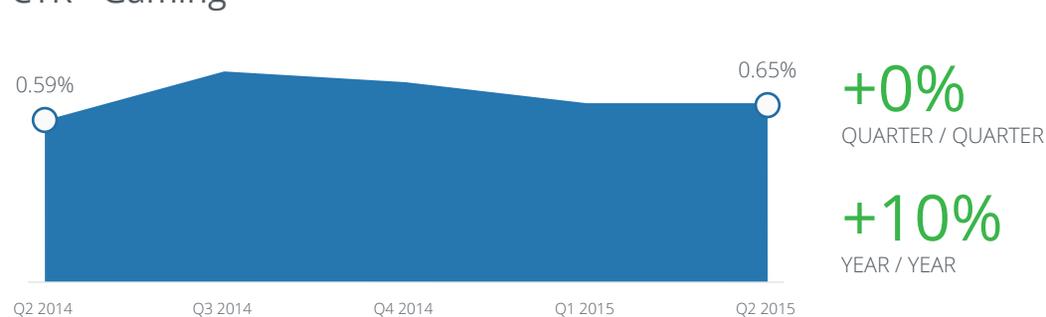
CTR - Global



CTR - Ecommerce



CTR - Gaming





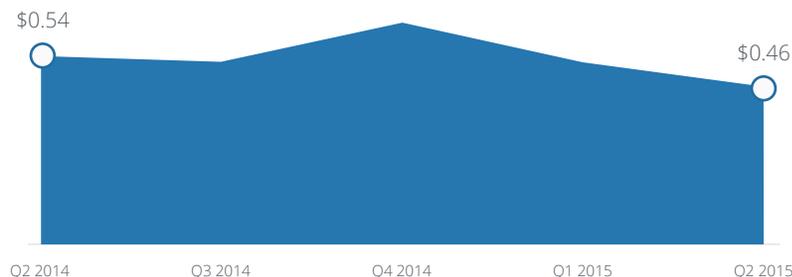
CPC

Cost per click

The cost of Facebook advertising on a per click basis dipped modestly quarter-over-quarter. Globally, Facebook CPCs decreased by 13% since Q1 2015, from \$0.53 to \$0.46. This latter figure is slightly below recent global CPCs, which have remained between \$0.50 and \$0.54 since Q1 2014, aside from the expected jump during the Q4 holiday season.

This trend carries over to the ecommerce and gaming sectors, which posted Q2 2015 CPCs which were less expensive than previous quarters. In the case of ecommerce advertisers, CPCs dropped 11% quarter-over-quarter to \$0.38—the lowest CPC observed for the vertical since at least 2013. Meanwhile, CPCs for gaming advertisers using Nanigans software decreased by 21% in the same period from \$0.80 to \$0.63—still a 26% year-over-year increase.

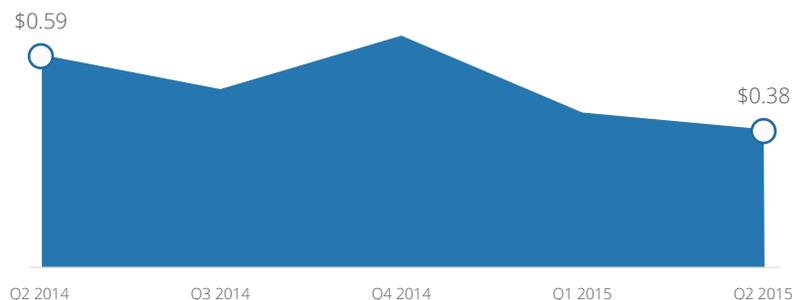
CPC - Global



-13%
QUARTER / QUARTER

-16%
YEAR / YEAR

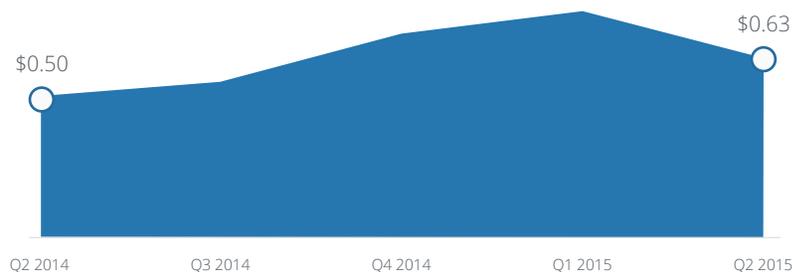
CPC - Ecommerce



-11%
QUARTER / QUARTER

-35%
YEAR / YEAR

CPC - Gaming



-21%
QUARTER / QUARTER

+26%
YEAR / YEAR



CPM

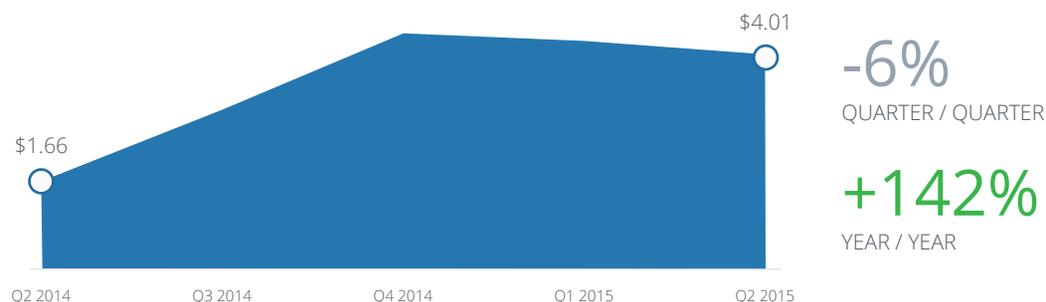
Cost per 1,000 impressions

CPMs on Facebook desktop and mobile ads held fairly steady, dropping a collective 6% quarter-over-quarter from \$4.26 to \$4.00 in Q2 2015. Across the ecommerce and gaming industries, impression-level costs declined a bit more steeply. Ecommerce CPMs dipped by 11% from \$3.74 to \$3.30, while gaming CPMs shrunk by 22% from \$5.17 to \$4.10.

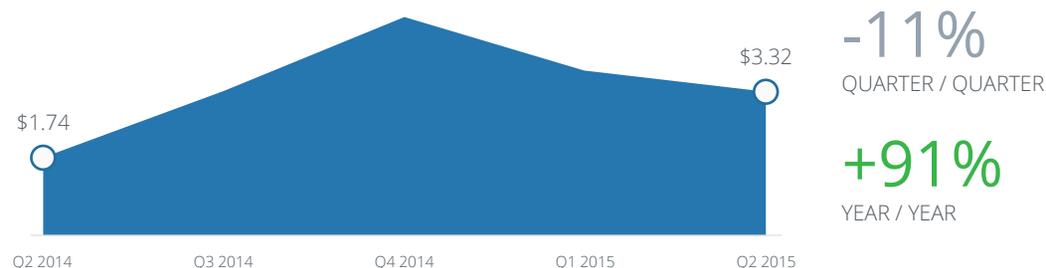
It's worth noting that despite these CPM decreases, this cost metric remains higher on a year-over-year basis. Overall, CPMs have increased by 142% since Q2 2014, and ecommerce and gaming CPMs have grown by 91% and 39% respectively.

These year-over-year jumps are driven partly by the reduction in right-hand side ad inventory, a change Facebook began rolling out last summer.

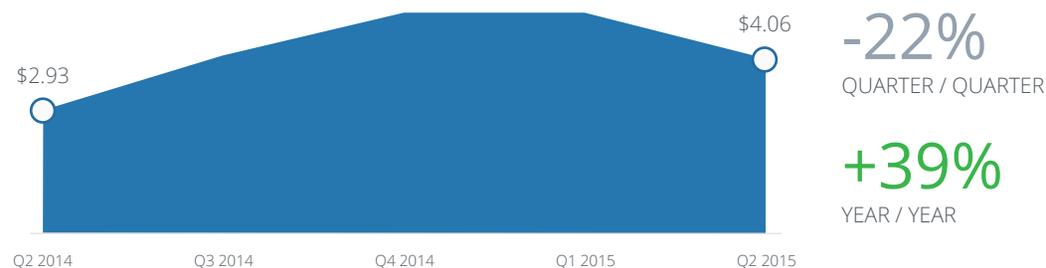
CPM - Global

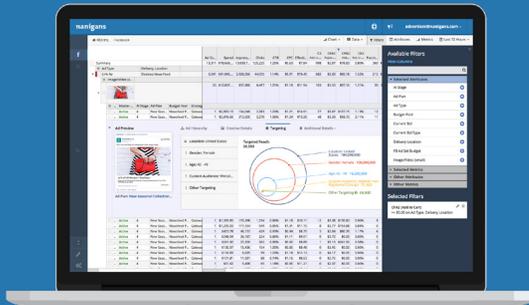


CPM - Ecommerce



CPM - Gaming





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