



nanigans

Global
Facebook Advertising
Benchmark Report

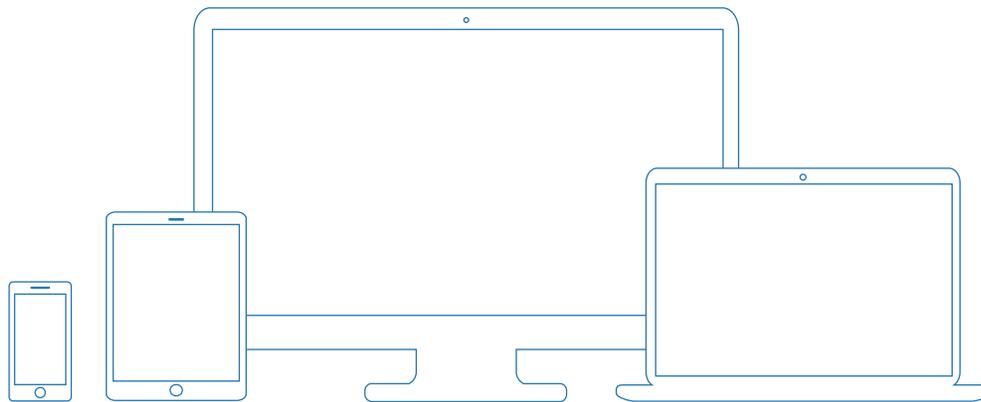
Q4 2016



About Nanigans

Nanigans advertising automation software empowers in-house marketing teams to grow the revenue impact of their digital advertising.

More than \$600M in annualized ad spend is managed through Nanigans software by commerce companies worldwide that rely on Nanigans as a strategic lever of customer growth and revenue generation. Offered as Software-as-a-Service, Nanigans features multichannel programmatic media buying, predictive revenue optimization, and real-time business intelligence across today's most valuable digital 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 Facebook desktop, Facebook mobile, and Facebook Audience Network, and excludes Facebook Exchange and Instagram.

The vast majority of Nanigans customers are direct response advertisers at ecommerce, gaming, and other Internet and mobile companies.

The majority of these direct response advertisers 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.

The holidays delivered higher return on ad spend on Facebook in Q4 2016

KEY TRENDS

This report highlights key trends seen by companies leveraging Nanigans advertising automation software to grow the revenue impact of their direct response ad campaigns on Facebook.

RETURNS GROW ALONGSIDE PURCHASE RATES

Ecommerce advertisers using Nanigans in Q4 2016 achieved significantly higher returns compared to Q4 2015, across a same-advertiser set.

During the competitive holiday advertising season, return on ad spend (ROAS) increased an average of 33% year-over-year, while purchase rates also grew 68%.

ECOMMERCE RETURN ON AD SPEND



ECOMMERCE PURCHASE RATES



AS SHOPPERS GO MOBILE, ADVERTISERS GO MOBILE

Desktop advertising remains vital for online retailers, but mobile continues to capture a growing share of Facebook ad spend. Across a same-advertiser set of ecommerce companies using Nanigans, mobile ad spend grew 23% year-over-year in Q4 2016. This trend follows an acceleration in [mobile-first or mobile-only consumer shopping habits](#), which have positively impacted downstream returns.

ECOMMERCE MOBILE AD SPEND

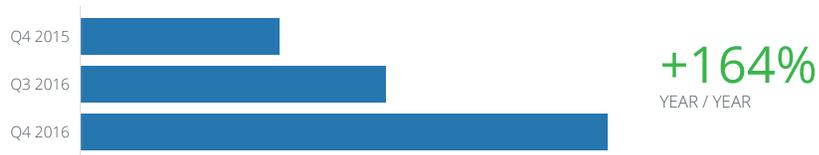


DYNAMIC AD ADOPTION CONTINUES TO SKYROCKET

Facebook's dynamic ads—from single and multi-image to mobile app install formats—continue to provide advertisers with a powerful way to promote individualized ads based on customer behavior.

Across Nanigans advertisers, the share of all Facebook ad spend that was allocated to dynamic ads increased 164% from Q4 2015.

DYNAMIC AD SHARE OF TOTAL AD SPEND



MOBILE VIDEO ADS HIT AN ALL-TIME HIGH

In North and South America, advertisers targeting mobile audiences on Facebook turned to video ads more than ever before in Q4 2016. 18.9% of mobile ad spend in the Americas was allocated to video ad formats, representing a 20% quarter-over-quarter increase.

This growth reflects the value advertisers can drive using video to attract and convert customers on mobile. Game advertisers in particular increased spending on video, while lead generation advertisers also dedicated larger budgets to the format, contributing to the quarterly increase.

MOBILE VIDEO AD SPEND, THE AMERICAS





CTR

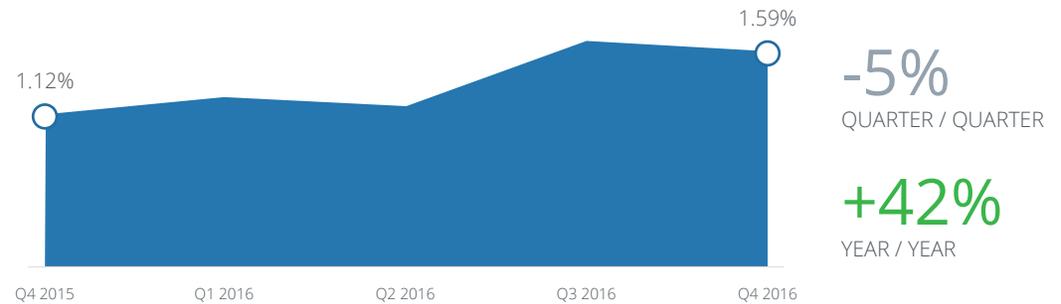
Click-through rate

Globally, aggregate CTRs decreased just 5% quarter-over-quarter, but remain close to the record high levels of Q3 2016. The broader trend in global CTRs continues to progress upward, with Q4 2016 figures up 42% year-over-year.

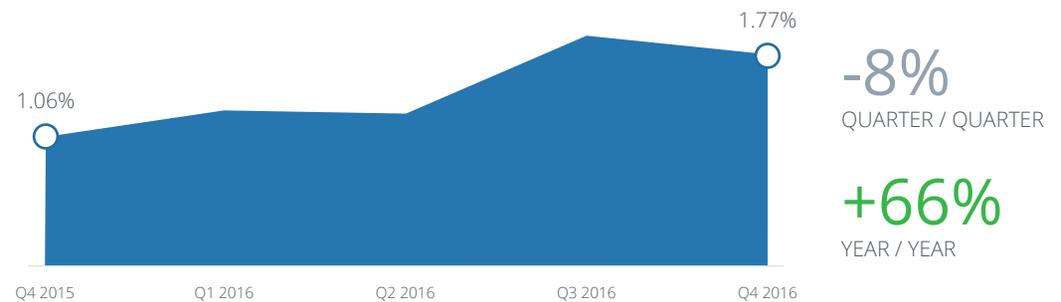
Despite higher return on ad spend and purchase rates, ecommerce advertiser CTRs dipped 8% in Q4 2016. However, at 1.77%, the latest average remains historically high and up 66% from Q4 2015.

For game advertisers on Facebook, CTRs in Q4 2016 were largely flat quarter-over-quarter, rising 2% to an average of 0.86%. Year-over-year changes were more substantial, with the average CTR up 8%.

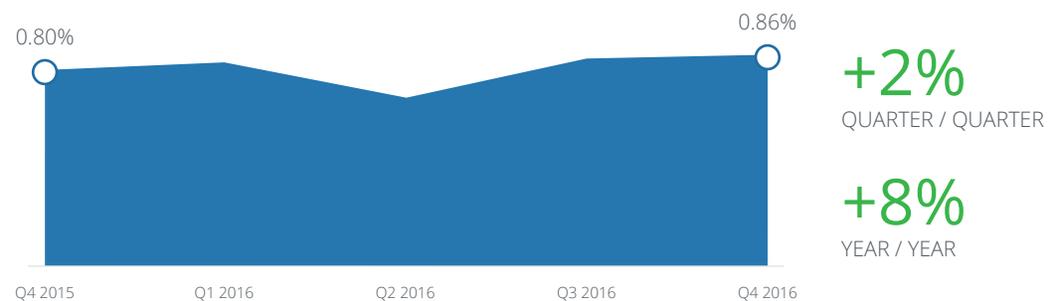
CTR - GLOBAL



CTR - ECOMMERCE



CTR - GAMING





CPM

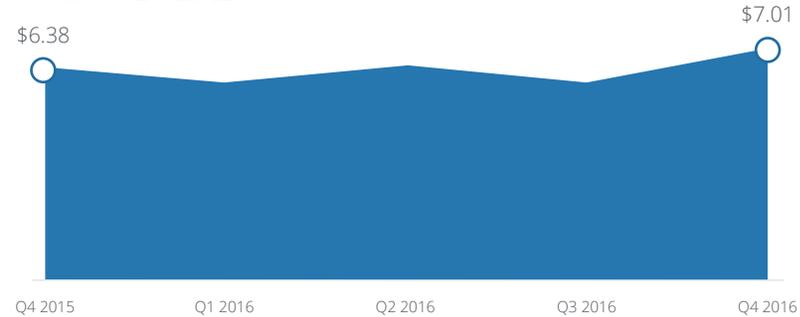
Cost per 1,000 impressions

Across all advertisers using Nanigans software, CPMs reached \$7.01 in Q4 2016, up 18% from the prior quarter. This latest increase during the competitive holiday advertising season is less substantial than the 24% quarterly increase in CPMs observed in Q4 2015. This underscores a larger trend of slowing CPM growth on Facebook, with global CPMs up only 10% year-over-year. This figure represents the lowest year-over-year increase in three full years of Nanigans reporting, and the second-straight quarter of growth falling under 20%.

Ecommerce advertisers in particular experienced a 46% quarter-over-quarter increase in average CPMs. Now at \$7.24, ecommerce CPMs are only slightly lower—down 1%—than those seen in Q4 2015. The minor year-over-year decrease may be attributed to lower CPMs for Facebook's carousel ads, which are one of the top formats leveraged by ecommerce advertisers.

Much like CTRs, CPMs in the gaming vertical remained largely unchanged on both a quarter-over-quarter and year-over-year basis. Currently averaging \$4.75, CPMs have held between \$4 and \$5 since Q2 2015, while exhibiting only minor quarterly changes since Q4 2015.

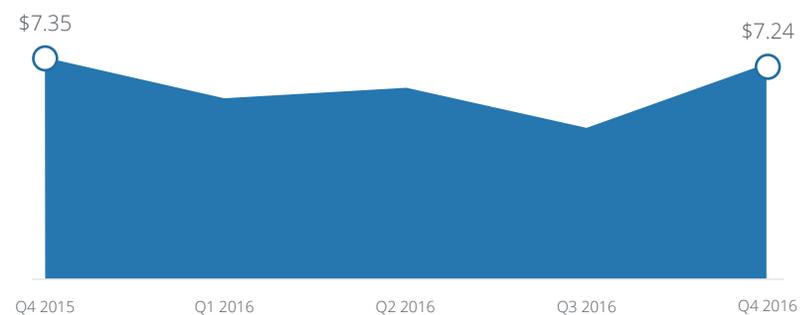
CPM - GLOBAL



+18%
QUARTER / QUARTER

+10%
YEAR / YEAR

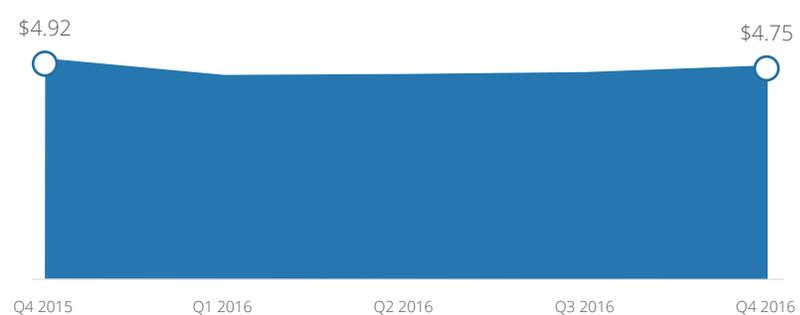
CPM - ECOMMERCE



+46%
QUARTER / QUARTER

-1%
YEAR / YEAR

CPM - GAMING



+4%
QUARTER / QUARTER

-3%
YEAR / YEAR



CPC

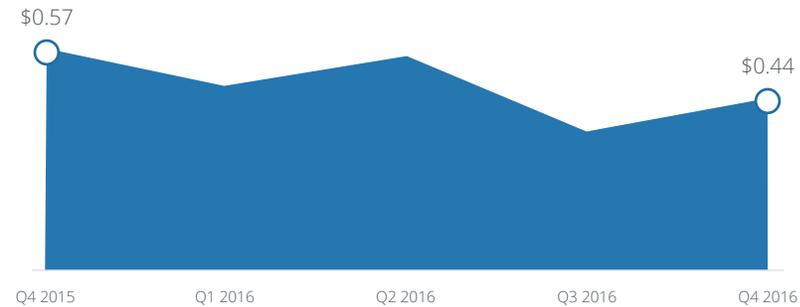
Cost per click

Global CPCs on Facebook hit \$0.44 in Q4 2016—up from \$0.36 in Q3, but down 23% year-over-year. This trend underscores a long-standing pattern of CPCs remaining within a relatively narrow range, due to CTRs largely outpacing any CPM increases. Generally staying between \$0.40 and \$0.55 over the past three years, global CPCs have not exceeded \$0.60 since Q4 2014, and actually hit their lowest point observed in Q3 2016.

Ecommerce advertisers experienced a low in CPCs last quarter at \$0.26, thanks in part to increased ad spend going to Facebook Audience Network. However, the competitive holiday season's effect on CPCs pushed averages back up to \$0.41. While up 58% quarter-over-quarter, Q4 2016 CPCs represents a 41% decrease from the \$0.69 high observed one year prior.

Game advertisers did not see significant quarterly changes in average CPCs in Q4 2016. A 2% quarter-over-quarter increase brought the average up \$0.01 to \$0.55. CPCs in the vertical have remained stable over the past year, with only an 11% year-over-year difference.

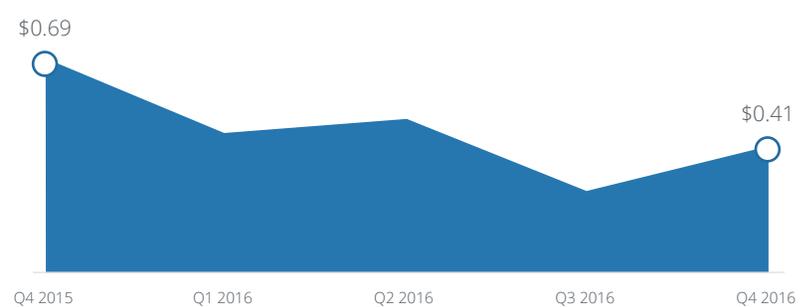
CPC - GLOBAL



+24%
QUARTER / QUARTER

-23%
YEAR / YEAR

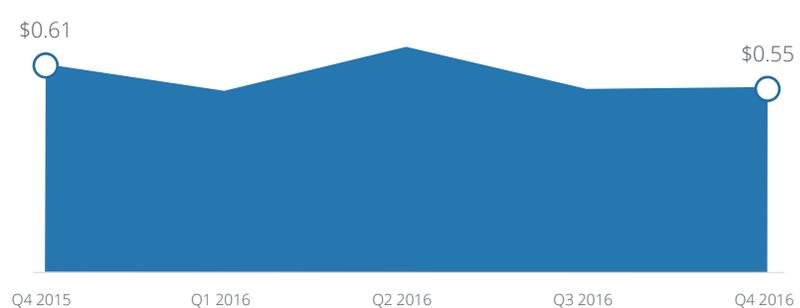
CPC - ECOMMERCE



+58%
QUARTER / QUARTER

-41%
YEAR / YEAR

CPC - GAMING



+2%
QUARTER / QUARTER

-11%
YEAR / YEAR



Geographic Trends

International performance insights

The Facebook advertising ecosystem can vary from region to region, and marketers should always tailor their performance goals and strategies for each geographic market. To give advertisers insights on global trends, Nanigans analyzed campaigns targeted to specific countries in Q4 2016.

To ensure statistical significance, country spend, clicks, and impression data are grouped into geographic regions—1) The Americas; 2) Europe, Middle East, and Africa (EMEA); and 3) Asia-Pacific (APAC). Each region accounts for tens of millions of dollars of Facebook ad spend through Nanigans.

In Q4 2016, the minor decrease in mobile's share of Facebook ad spend is primarily due to ecommerce advertisers comprising a larger share of total ad spend compared to the prior quarter. While mobile ad adoption is accelerating among online retailers, these advertisers target customers on desktop at higher rates than most others.

Note: U.S. campaigns currently represent the majority of spend by advertisers using Nanigans.

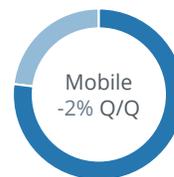
AMERICAS

CTR: 1.87%
+0% Q/Q

CPC: \$0.49
+12% Q/Q

CPM: \$9.22
+13% Q/Q

MOBILE VS. DESKTOP



■ Mobile, 77% ■ Desktop, 23%

EMEA

CTR: 0.79%
+1% Q/Q

CPC: \$0.49
-2% Q/Q

CPM: \$3.89
-1% Q/Q

MOBILE VS. DESKTOP



■ Mobile, 78% ■ Desktop, 22%

APAC

CTR: 1.74%
-8% Q/Q

CPC: \$0.21
+50% Q/Q

CPM: \$3.64
+38% Q/Q

MOBILE VS. DESKTOP



■ Mobile, 88% ■ Desktop, 12%

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Make an Introduction

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 Marketing Partner