

# nanigans

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Global  
Facebook Advertising  
Benchmark Report

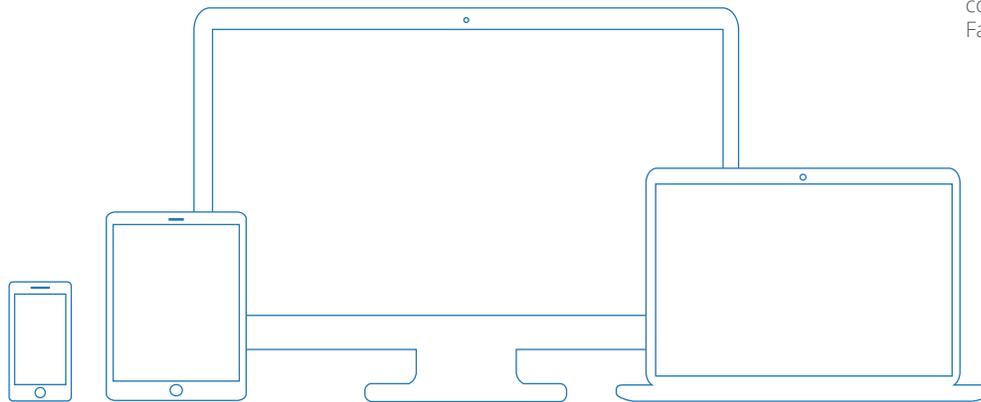
Q4 2017



# About Nanigans

Nanigans arms marketing teams to drive incremental revenue with the most powerful and transparent cross-channel buying platform.

Sophisticated commerce advertisers currently optimize more than \$700M in annual ad spend through the Nanigans platform. Nanigans is headquartered in Boston with offices in New York, San Francisco, London, and Singapore. For more information on Nanigans, please visit [nanigans.com](https://nanigans.com).



## 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 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) that typically cost more to reach. Current and historical data in this report was compiled using an updated reporting methodology, which takes into account ads targeting multiple countries at once. As such, the data in this report should not be compared with prior reports and may not necessarily be a proxy for trends in the overall Facebook advertising marketplace.

# Facebook video and dynamic ads power a strong Q4 2017 for ecommerce and game marketers

## 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.

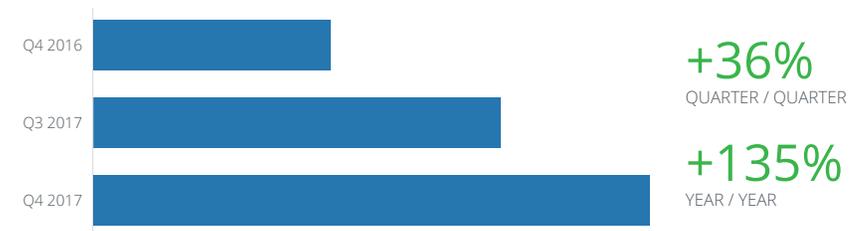
### ECOMMERCE MARKETERS GROW FACEBOOK AD SPEND AND CONTINUE SCALING WITH DYNAMIC ADS

Across Nanigans' ecommerce advertisers in Q4 2017, overall Facebook ad spend grew by 28% quarter-over-quarter and by 69% year-over-year. Such increases can be attributed to the advertising pressures of the holiday season and the continued growing use of dynamic ads to target more shoppers with more tailored ads.

When comparing data from the same advertiser set, spending on dynamic ads increased 75% quarter-over-quarter, with a massive year-over-year rise of 296%. Dynamic ads' share of ecommerce ad spend grew by 36% over the past quarter, from 42% to 57%. The year-over-year increase was much higher at 135%, jumping from 24% in Q4 2016.

The use of dynamic ads by ecommerce companies has been on the rise for at least the past two years, but spending surged dramatically in Q4 2017. Ecommerce marketers continued to utilize dynamic ads to reach customers with targeted promotions based on users' online behavior, including add to carts, site visits, and purchases over time.

#### SHARE OF ECOMMERCE AD SPEND ON DYNAMIC ADS



## GAME MAKERS CARRY ON INVESTING IN FACEBOOK'S VIDEO ADS

Gaming companies have traditionally been the heaviest investors in Facebook video ads, since the video format lends itself so well to promoting games and apps. But over the last year, gaming's already high share of spend on Facebook video ads (54% of total Facebook ad spend in Q4 2016) increased by 61% to 87% of total Facebook ad spend in the vertical in Q4 2017.

It's clear that game developers are finding success and adopting video ads at greater scale than marketers in other industries. A whopping 87% of all gaming Facebook ad spend goes to video ads, whereas the global average across verticals stands at 46%. Other sectors are not as far along on the video ad adoption curve, so the potential for massive growth in video advertising remains. Online retailers, for example, currently allocate an average of 20% of Facebook ad spend to video formats.

### SHARE OF GAMING AD SPEND ON VIDEO ADS



## GAME MARKETERS ARE GETTING MORE STRATEGIC WITH FACEBOOK'S VALUE OPTIMIZATION

Halfway through 2017, Facebook introduced its *value optimization* feature to help advertisers more effectively focus campaigns on anticipated purchase value. From Q3 to Q4 2017, the percentage of ad spend dedicated to Facebook value optimization grew from 1% to 17% among game advertisers.

Value optimization tends to result in lower CTRs, higher CPCs, and higher CPMs than ads being measured by app installs and off-site conversions. Yet the share of gaming ad spend leveraging value optimization increased dramatically quarter-over-quarter (growing by over 1,600%) while the percentage of ad spend going to app installs increased by only 14%. The share of ad spend optimized solely for off-site conversions decreased by 19%. This signals strong early adoption of Facebook's new optimization technology among game developers and indicates that it's delivering meaningful ROI despite higher costs and lower top-line engagement metrics.

### SHARE OF GAMING AD SPEND USING VALUE OPTIMIZATION





## CTR

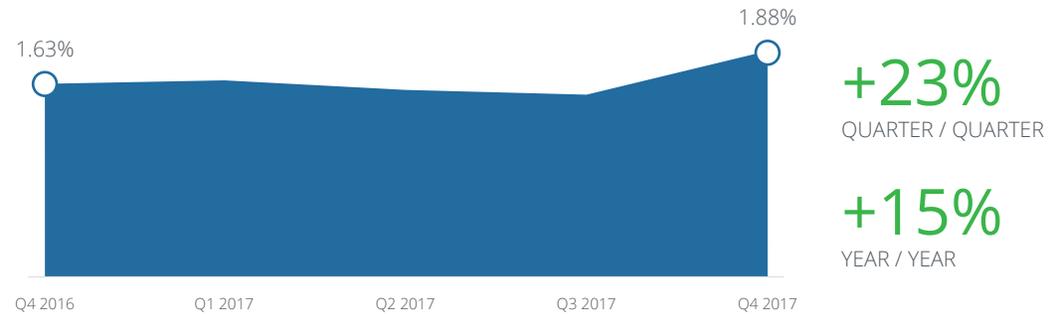
Click-through rate

After dropping slightly from Q2 to Q3 2017, global click-through rates on Facebook rebounded in Q4. The average of 1.88% represents a 23% increase quarter-over-quarter and a 15% increase year-over-year. A significant contributing factor to this rise is likely the effectiveness of dynamic ads at delivering clicks at scale across Facebook's user base.

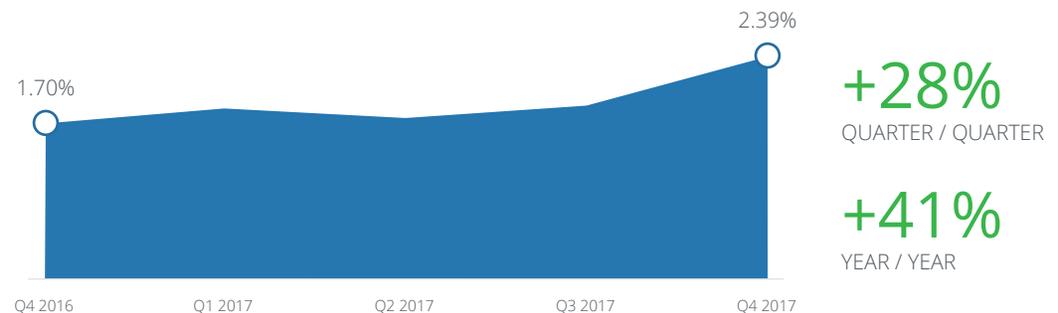
In the ecommerce sector, marketers saw a substantial jump in CTRs in Q4. The average CTR of 2.39% exceeds the global average of 1.88%, and represents a 28% quarter-over-quarter increase and a 41% year-over-year increase. This growth is likely due to the active and competitive holiday shopping season at the heart of every Q4.

CTRs for game advertisers increased by 3% quarter-over-quarter, averaging 0.63%. Despite the slight quarterly uptick, Q4 CTRs are down 27% year-over-year. The CTR drop-off can be attributed to game marketers transitioning to video ad formats that typically have lower click engagement. However, video ads have proven to be a successful vehicle for in-app purchases and game downloads.

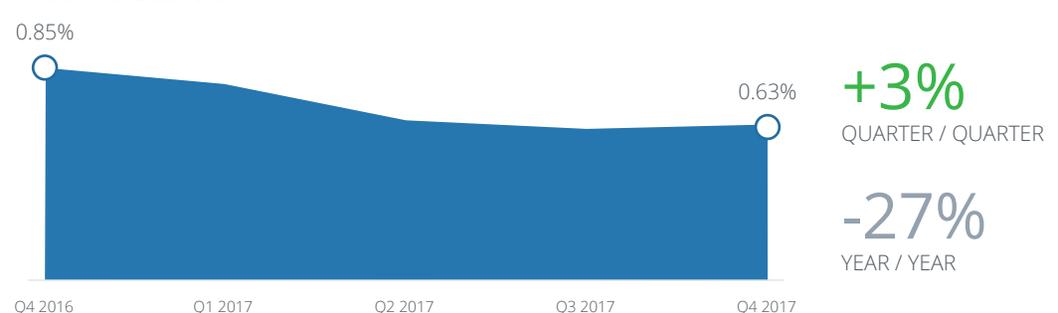
### CTR - GLOBAL



### CTR - ECOMMERCE



### CTR - GAMING





# CPM

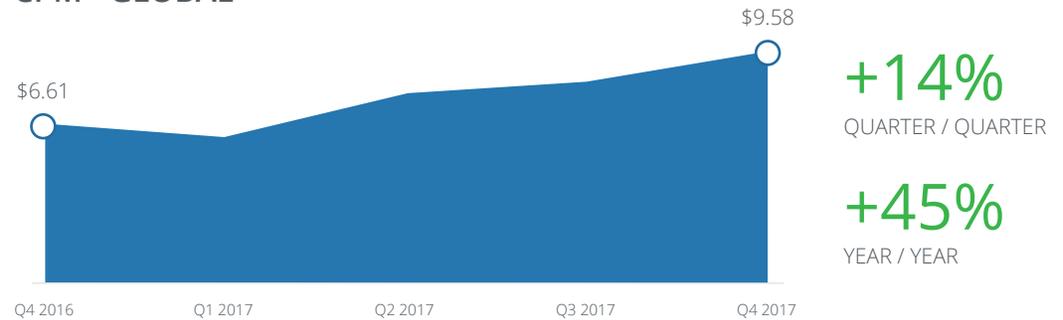
Cost per 1,000 impressions

Across all advertisers using Nanigans, CPMs increased 14% in Q4 2017 to an average of \$9.58. This growth continues a longer term trend of rising CPMs. On a year-over-year basis, global CPMs for Q4 were up 45%.

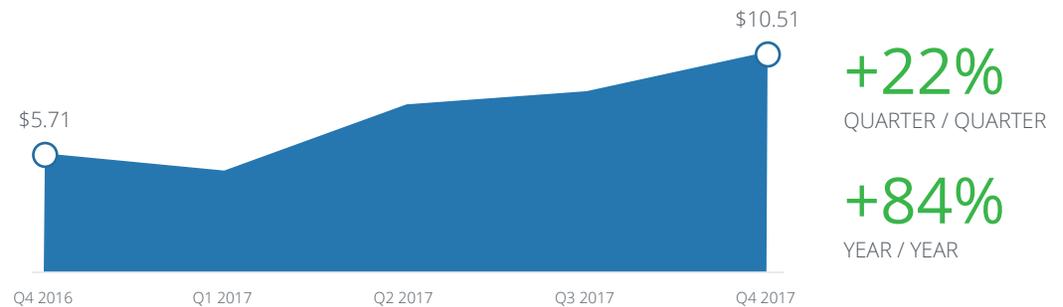
Online retailers saw CPMs reach \$10.51, a quarterly increase of 22%. This figure exceeds the global average of \$9.58 and represents year-over-year growth of 84%. Marketplace competition in the Q4 holiday shopping season typically brings elevated CPMs to ecommerce advertisers in particular, although this quarter's 22% increase was more moderate than the comparable jump of 46% seen between Q3 and Q4 2016.

CPMs were also on this rise in the gaming sector, and have been on a steady climb over the past two years. CPMs in the gaming space grew 22% from Q3 2017 to an average of \$9.43. Year-over-year growth was 37%. A major contributor to this trend has been the dramatic rise in video advertising among game marketers. Video ads on Facebook tend to command higher CPMs, but can also deliver stronger returns on a revenue basis when compared to static image ads.

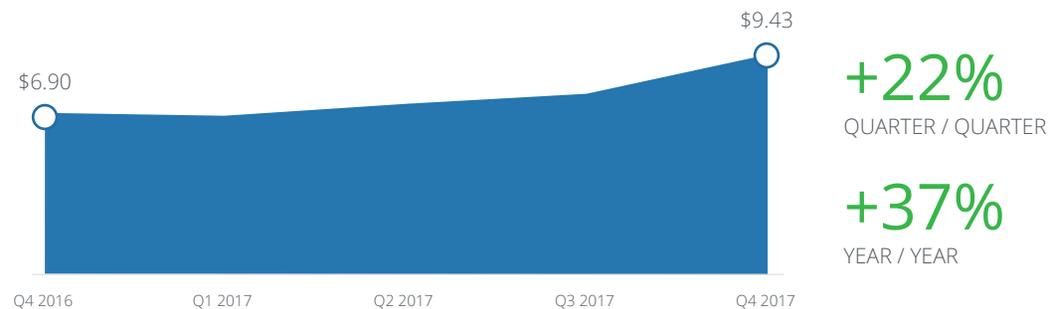
## CPM - GLOBAL



## CPM - ECOMMERCE



## CPM - GAMING





## CPC

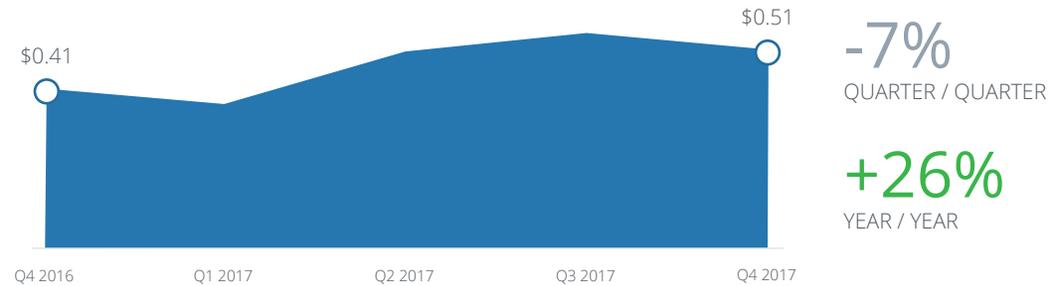
Cost per click

Costs on a per-click basis dropped slightly by 7% quarter-over-quarter in Q4 2017 to a global average of \$0.51. This CPC number is 26% higher than averages seen a year ago in Q4 2016.

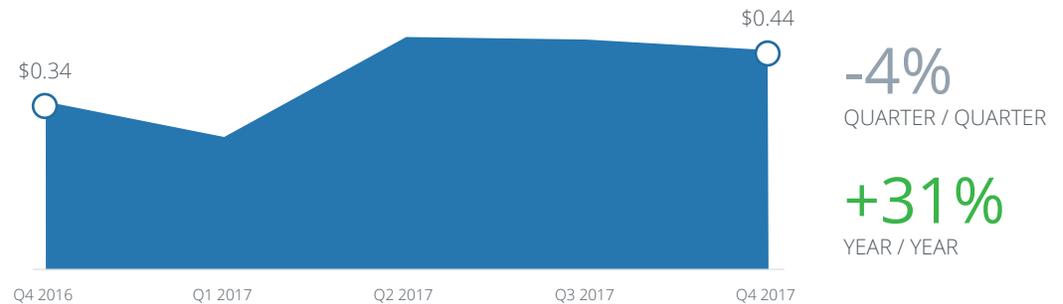
Ecommerce advertisers on Facebook experienced CPCs averaging 4% lower than those seen in Q3 2017. This quarter's average stands at \$0.44. On a year-over-year basis, ecommerce CPC averages increased by 31%.

Across game marketers, the upward trend in CPCs continued, with a Q4 average of \$1.50. This average is up 18% quarter-over-quarter and 86% year-over-year. Widespread adoption of Facebook's app event optimization among game advertisers factors into the trend. App event optimization makes direct response goals like in-app purchases a priority. While this strategy can result in higher costs on a per-click basis, it is highly effective in driving the purchasing activity that profit-driven game advertisers care about most.

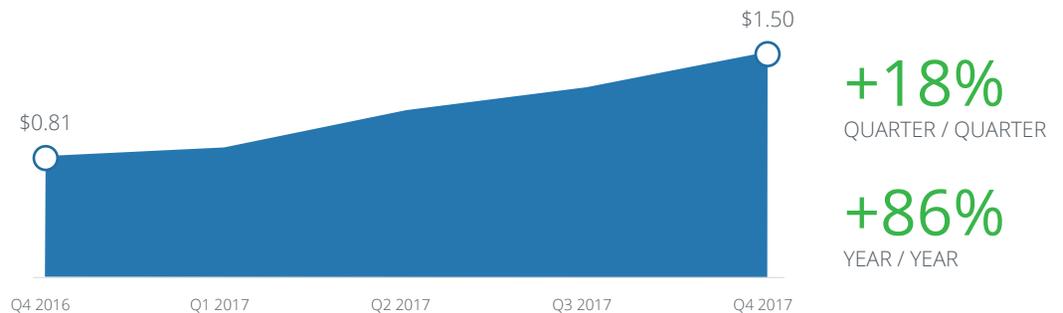
### CPC - GLOBAL



### CPC - ECOMMERCE



### CPC - GAMING





# 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 2017.

To ensure statistical significance, country spend, clicks, and impression data is grouped into geographic regions—1) North America\*; 2) Europe, Middle East, and Africa (EMEA); and 3) Asia-Pacific (APAC).

*\*U.S. campaigns currently represent the majority of spend by advertisers using Nanigans.*

*\*\*Combined Delivery indicates ads targeted at combined delivery locations instead of specifically desktop or mobile devices. This targeting technique enables Facebook to optimize across desktop and mobile placements based on an advertiser's performance objective.*



## ① NORTH AMERICA

CTR 2.32%  
+20% Q/Q  
CPC \$0.52  
-9% Q/Q  
CPM \$12.00  
+9% Q/Q



■ Mobile, 66%  
■ Desktop, 13%  
■ Combined Delivery\*\*, 21%

## ② EMEA

CTR 1.37%  
+15% Q/Q  
CPC \$0.70  
+11% Q/Q  
CPM \$9.51  
+27% Q/Q



■ Mobile, 75%  
■ Desktop, 14%  
■ Combined Delivery\*\*, 11%

## ③ APAC

CTR 1.92%  
+5% Q/Q  
CPC \$0.15  
+4% Q/Q  
CPM \$2.92  
+10% Q/Q



■ Mobile, 46%  
■ Desktop, 2%  
■ Combined Delivery\*\*, 52%

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Contact Us

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 Marketing Partner