

nanigans

Global
Facebook Advertising
Benchmark Report

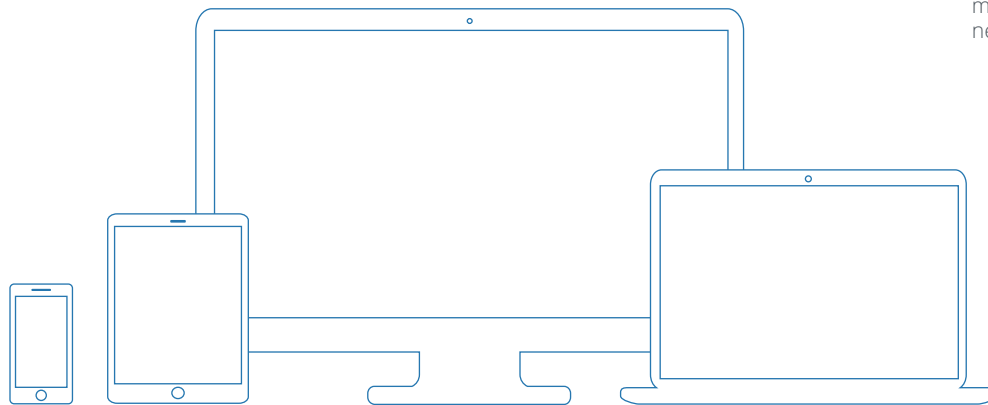
Q1 2016



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 for their companies. 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 both Facebook desktop and Facebook mobile, 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. In Q1 2016, 95% of spend from these direct response advertisers was allocated to four Facebook ad products: Unpublished Page Post Ads, Mobile App Install Ads, Domain Ads, and Dynamic Product Ads.

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.

Q1 2016 delivers higher return on Facebook ad spend for retailers, and sees continued global growth in video ads

KEY TRENDS

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

VIDEO COMMANDS HIGHER MOBILE AD SPEND

Marketers continue to invest more in video ads on Facebook—especially on mobile—to achieve their direct response performance objectives. In North America, 26% more mobile ad spend was allocated to video formats in Q1 2016 compared to Q4 2015. In the Asia-Pacific market, the quarter-over-quarter spend share increase was even higher at 45%. Overall, the share of mobile ad spend to video formats grew across all major verticals, with gaming exhibiting the largest increase.

VIDEO SHARE OF MOBILE AD SPEND

North America



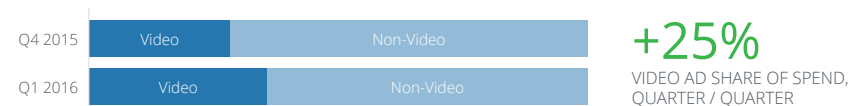
Asia-Pacific



GAME DEVELOPERS LEAD IN VIDEO AD GROWTH

Advertisers in the gaming vertical showed the highest rate of growth in spend on video ads. Game advertisers were early adopters of video for driving **higher returns** for mobile app install ads, and in Q1 2016, more than 35% of ad spend went to video. This growth represents a 25% increase in share quarter-over-quarter, and a 122% increase from Q1 2015.

GAMING AD SPEND: VIDEO VS. NON-VIDEO



RETAILERS GENERATE HIGHER RETURNS

Despite CPMs rising over the past year for ecommerce advertisers, the top ecommerce companies using Nanigans advertising automation software are still seeing strong returns on their Facebook investments.

Thanks in part to the continued adoption of Carousel and Dynamic Product Ads, since the start of Q1 2015 average order value and return on ad spend both climbed by double digit percentages year-over-year, on a same-advertiser basis.

Meanwhile, same advertiser purchase rates increased an average of more than 170% since Q1 2015.

+57%

RETURN ON AD SPEND

+171%

PURCHASE RATES

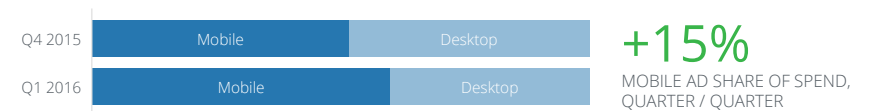
+17%

AVERAGE ORDER VALUE

ECOMMERCE ADVERTISERS GO MOBILE

Ecommerce marketers are allocating a growing portion of their overall ad budgets to mobile inventory. In Q1 2016, over 60% of ecommerce Facebook ad spend was targeted to mobile users, representing a 15% increase quarter-over-quarter.

ECOMMERCE AD SPEND: MOBILE VS. DESKTOP





CTR

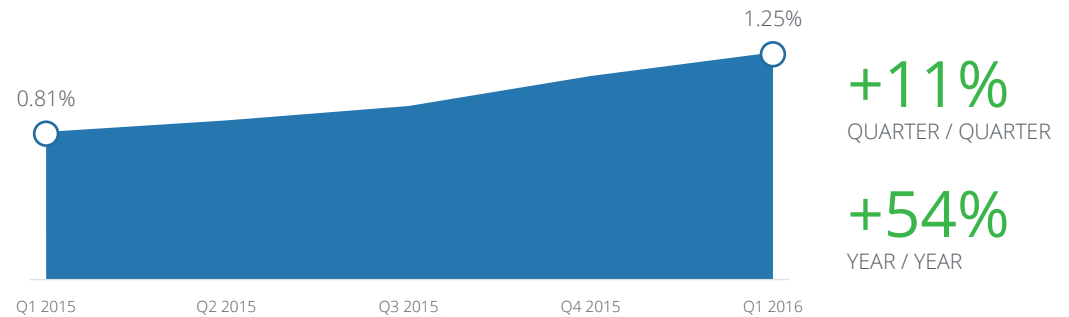
Click-through rate

Global Facebook ad click-through rates rose by 11% in Q1 2016, reaching 1.25%. For the eighth-straight quarter, the latest average CTR is the highest ever observed since Nanigans began conducting these reports in Q3 2013. Q1 2016 CTRs represent an increase of 54% year-over-year.

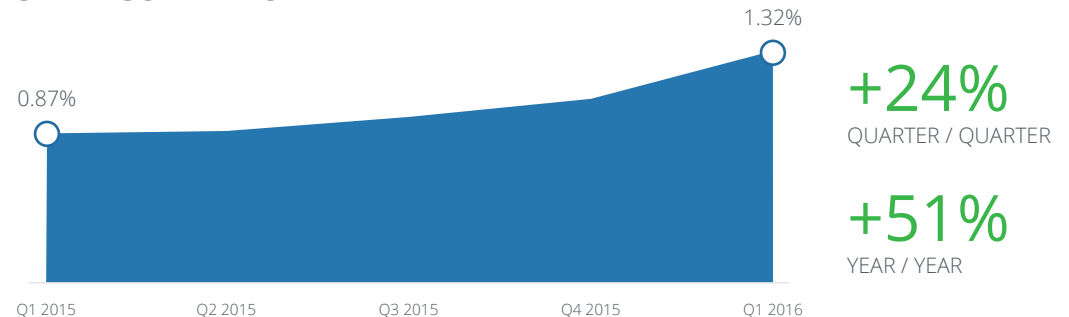
CTRs among ecommerce advertisers jumped 24% in Q1, the largest increase for the vertical since Q3 2014. The current CTR high of 1.32% mirrors the trend of online retailers continuing to invest in highly engaging ad types including video, carousel, and dynamic product ads.

Game advertisers saw 4% higher CTRs compared to Q4 2015. At 0.84%, the latest average CTR sets a new record for the vertical, surpassing the high of 0.80% in Q4 2015. International growth and the continued adoption of video and carousel mobile app install ad units are likely contributors to the sector's 29% year-over-year increase in CTR.

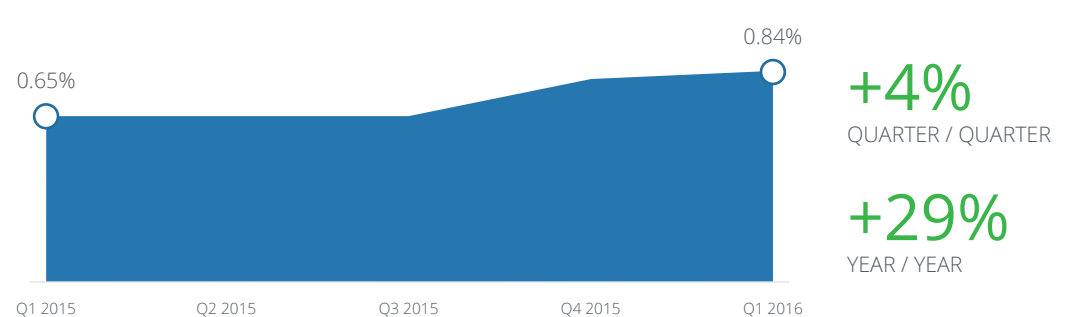
CTR - GLOBAL

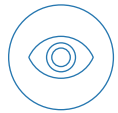


CTR - ECOMMERCE



CTR - GAMING





CPM

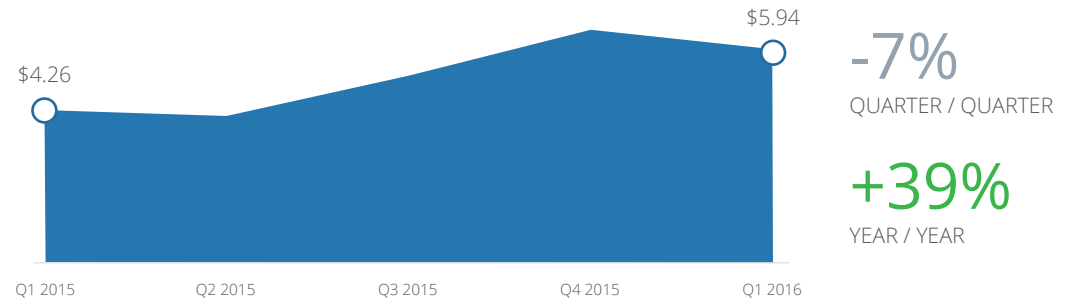
Cost per 1,000 impressions

In Q1 2016, global Facebook CPMs decreased 7% after the holiday quarter to reach an average of \$5.94. Over the long-term, increases have slowed with CPMs rising 39% from Q1 2015—the lowest year-over-year growth Nanigans has observed since starting this report series in 2013. In aggregate, direct response advertisers are experiencing less dramatic and more predictable increases in CPMs on Facebook. As CTRs continue to climb at higher rates, advertisers are better positioned to cost effectively convert users at scale.

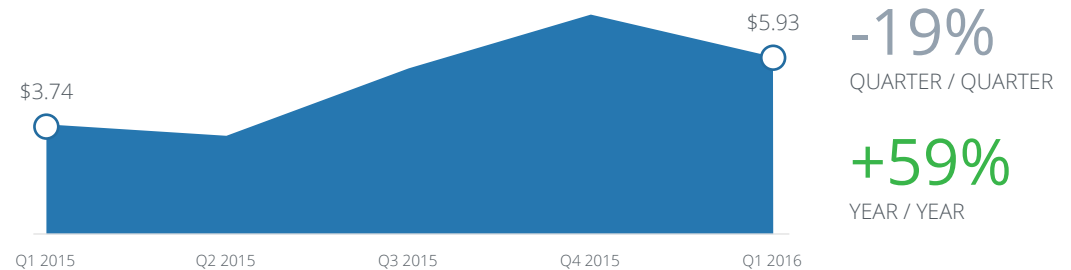
For ecommerce advertisers, CPMs dropped 19% quarter-over-quarter to \$5.93. This post-holiday drop follows the previous year's trend, when CPMs decreased 24% in Q1 2015.

CPMs for game advertisers dropped slightly quarter-over-quarter, down 9% to \$4.47. Factors likely at play in this decrease are the expansion of Facebook's Audience Network inventory and the geographical growth of Nanigans' customer base. The latter contributes to an overall higher share of gaming ad spend going to markets outside North America, where average CPMs tend to be lower.

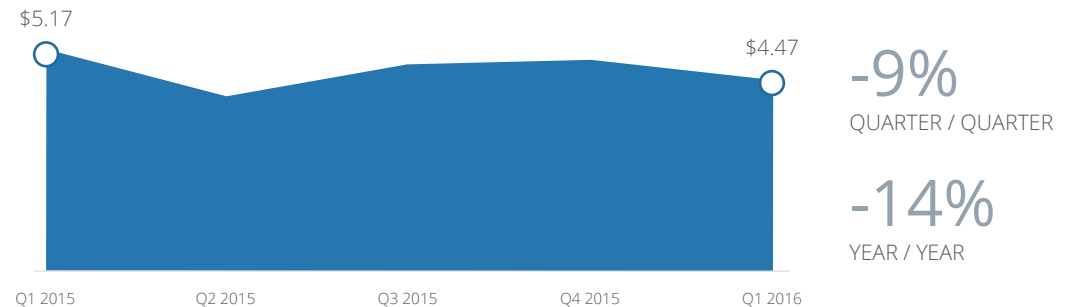
CPM - GLOBAL



CPM - ECOMMERCE



CPM - GAMING





CPC

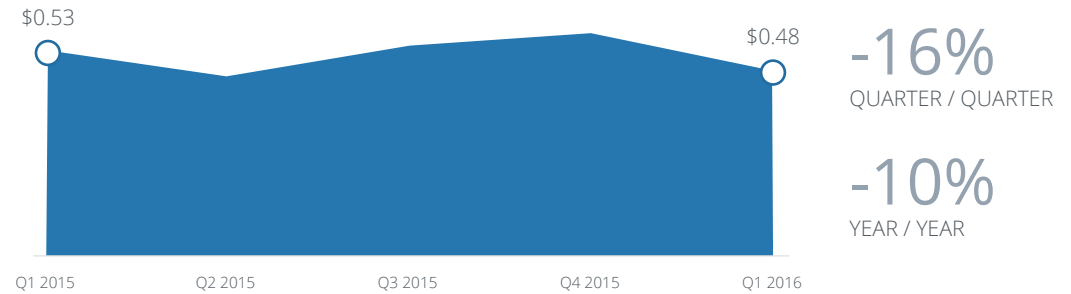
Cost per click

Increasing CTRs and the seasonal decline from higher Q4 holiday CPMs led to a 16% quarter-over-quarter drop in average CPC during Q1 2016. Year-over-year, the decrease was less dramatic, at 10%. Underscoring the relative stability of costs on a per-click basis, the current average of \$0.48 is largely on par with the \$0.46 global CPC observed in Q2 2015.

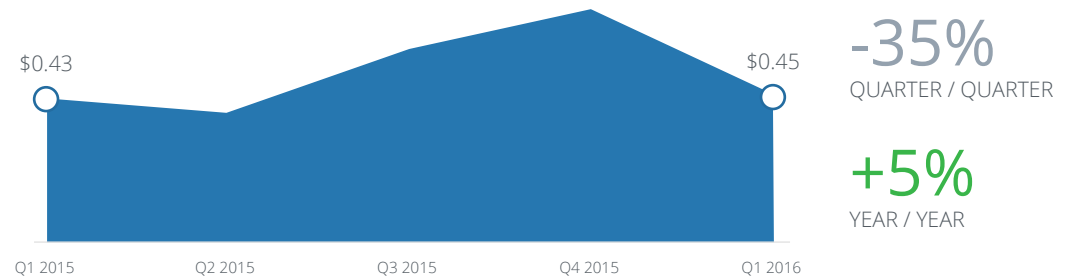
A 35% quarter-over-quarter CPC decrease for ecommerce advertisers brings the vertical's aggregate CPC to \$0.45. This change is reflective of expected trends following the highly competitive Q4 holiday shopping season for retailers. This quarter's decline mirrors that of the previous year, when CPCs dipped 32% after Q4 2015.

For the second straight quarter, CPCs among game advertisers declined slightly, dropping 13% to reach \$0.54. The continual growth of game ad spend on high-engagement Facebook ad types has helped increase overall CTRs, while traditional mobile app install ad CPMs have trended lower for the vertical over time.

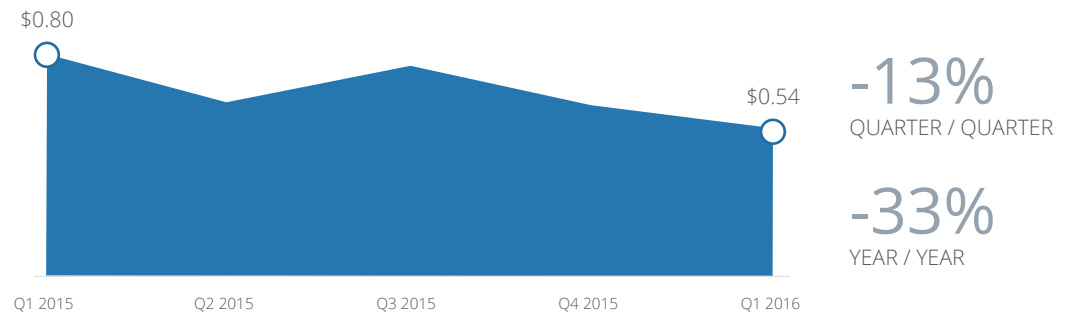
CPC - GLOBAL



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 Q1 2016.

To ensure statistical significance, country spend, clicks, and impression data is 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.

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



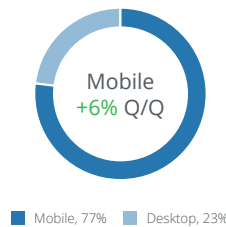
1. AMERICAS

CTR: 1.4%
+12% Q/Q

CPC: \$0.57
-10% Q/Q

CPM: \$8.08
+1% Q/Q

MOBILE VS. DESKTOP



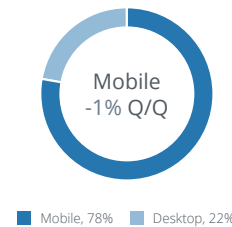
2. EMEA

CTR: 0.7%
-4% Q/Q

CPC: \$0.55
-12% Q/Q

CPM: \$3.91
-15% Q/Q

MOBILE VS. DESKTOP



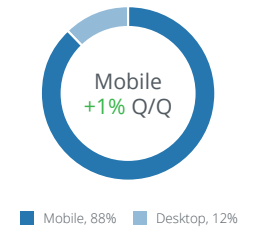
3. APAC

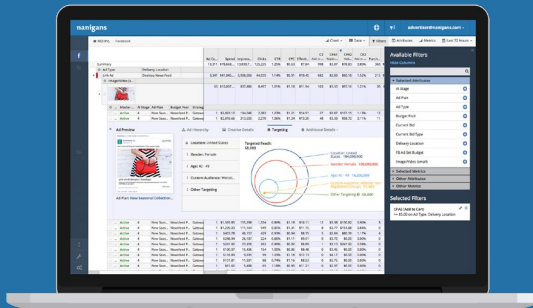
CTR: 1.6%
+26% Q/Q

CPC: \$0.18
-30% Q/Q

CPM: \$3.04
-12% Q/Q

MOBILE VS. DESKTOP





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

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