

Did your ad work?

The ABC's of People-Based Testing



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Introduction

Let's say you're a digital marketer. (And if you're reading this, there's a good chance you are.)

You're prepping for an important ad campaign, and you've got several different pieces of creative ready to go. With the help of your tech partners, you deploy several highly-targeted ads across social media platforms and publisher sites, reaching viewers on desktop, mobile devices, and connected TVs. When all is said and done, you appear to have achieved your target reach with your chosen demographics just as you reached the end of your budget.

But that doesn't mean all your ads were effective. It's entirely possible that only one or two pieces of creative resonated with consumers, while the rest rubbed them the wrong way. And even if you've poured huge sums of money into cutting edge

targeting tools, those investments may not have been too useful if your ads themselves were ineffective. Unfortunately, those duds just drained you of time and resources, preventing your campaign from achieving its full potential. Maybe with the right combination of ads, your modestly effective campaign could have been a smashing, brand-defining success.

In today's multi-platform environment, it's not enough to assess whether a given campaign reached its target audience. The savviest brands and agencies go out of their way to figure out which parts of a campaign worked, rigorously testing their ads with real consumers before launching their full campaigns. The advantage of this approach is clear: Done properly, such ad testing could set campaigns up for more widespread success.

In February 2018, we surveyed 213 brands and agencies, to find out how common ad testing really is, as well as which tactics see the most use and how those efforts are affecting today's digital campaigns. Here's what we found.

Respondent Snapshot

1

Only 4 percent of marketers said they're not doing any ad testing whatsoever. And the vast majority said they'll do more ad testing this year than they did in 2017.

2

They're still not doing as much testing as they'd like, and most of them blame this on their tight creative production budgets.

3

More and more marketers have been implementing less expensive, better-targeted ad testing using dynamic creative optimization (DCO). This software uses specific viewer data to create personalized ads.

How do you know if an ad worked?

A hefty plurality of respondents (37 percent) said they most frequently assess an ad's effectiveness based on the number of conversions it's able to drive. Only 23 percent said they're more inclined to assess changes in brand awareness. Total sales (17 percent), engagement (15 percent) and clicks (7 percent) also made the list of top gauges of success.

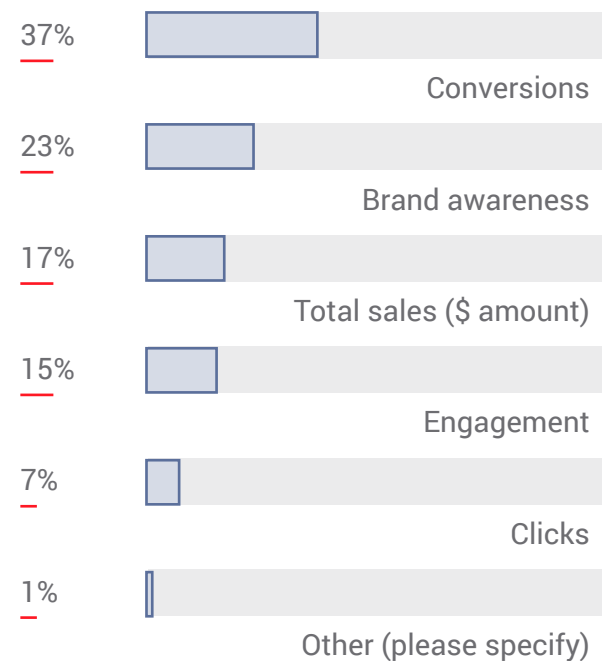
But who is even responsible for measuring these results? How much testing should you do, and how can you implement effective ad tests without breaking the bank in production costs? Most importantly, how can you make sure your tests aren't feeding you misleading insights?

As it turns out, there's no firm consensus: Some industry pros think agencies should handle testing, while some think it should be brought in-house. Some test only two ad

variations for any given campaign, while some test three. Most marketers say their ad testing efforts are being hampered by insufficient budgets. There's a whole lot of uncertainty out there, and nobody's quite sure whether their testing efforts are providing them with accurate and sufficient information.

But a number of emerging techniques and softwares might just change things, bringing down costs and giving marketers more confidence in the power and potential of ad testing.

How do you most often measure ad effectiveness?



Who's checking the work?

Most brands put the onus on the agencies: 36 percent said they rely on media agencies to test ad effectiveness, while 21 percent said they relied on creative agencies. Another 24 percent used an in-house marketing or analytics team, while 19 percent used a third-party analytics partner.



Ad testing 101: The A/B test

Marketers generally favor the “A/B” approach.

You’re likely familiar with A/B testing. It follows a basic experimental design: First, you take one group of viewers and expose them to the “experimental” ads you want to test. Meanwhile, your “control” group of viewers is shown one of your existing ads—a placebo, essentially. If one outperforms the other, you’ll know to put more of your budget behind that overachiever.

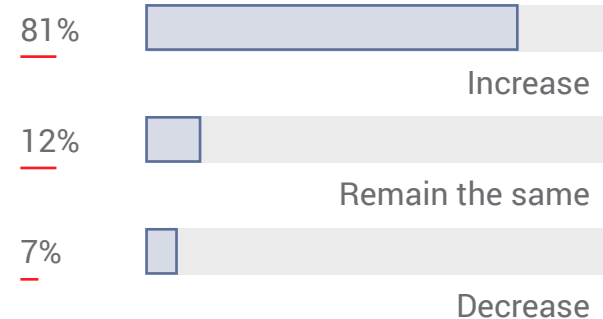
Armed with the knowledge of which ad is more likely to help the brand, marketers can then shift more impressions to the higher-performing ad and apply what they’ve learned to future creative productions.

Digital marketers like A/B testing. A lot. As a matter of fact, 81 percent of respondents told us they plan to

do more creative A/B testing this year than they did in 2017. Forty-one percent said they usually test two variations of an ad, but even more (44 percent) throw in a third.

A healthy majority of respondents (58 percent) said the biggest benefit to be gained from A/B testing was increased targeting efficiency: It makes it easier to vet and get the right ads in front of the right audiences.

How do you expect the amount of creative A/B testing you do in 2018 to change from 2017?



Keeping A and B separate

Any A/B testing effort aims to weed out all the lucky strikes, arriving at a statistically significant snapshot of whether or not an ad is effective. For that to be possible, marketers need to make sure there's no overlap between the experimental and control groups. And that's much easier said than done.

Even if you're familiar with the different types of testing available to marketers in 2018, you might not realize where they're falling short.

Impression-based creative rotation testing

Sounds like a mouthful, but it's actually pretty simple. And because of its simplicity, it's the most commonly used type of ad testing; 44 percent of marketers currently use the technique.

How it works: For any given impression, the tester serves an ad at random from two or more ad options

chosen by the marketer for a given creative rotation test.

Limitations: Since creative rotation testing can't distinguish between individual users, by the end of the testing period users have often seen both ads, making lift detection impossible. This makes it more difficult to say with conviction which ad actually led to the desired results.

Cookie-based testing

Thirty-two percent of marketers currently use a cookie-based approach, making it the second-most popular testing method.

How it works: Since cookies allow websites to track users' actions during any given browsing session, marketers can assign a cookie to a control or experimental group. This allows for more highly targeted testing.

Limitations: There's nothing stopping

users from wiping their cookies or changing browsers or devices. Once the cookie is gone, a user from the control group can accidentally be reassigned to the experimental group, or vice versa. And a user that's active on two devices could be shown both the experimental and control ads as well. So the validity of the results becomes compromised.

Neither impression-based nor cookie-based testing can maintain the integrity of the control and experimental groups because they aren't great at keeping track of individual, unique users. Which brings us to...

People-based ad testing

Fifteen percent of respondents now prefer a "people-based" ad testing approach—and that number of advance practitioners has been growing.

The method is rooted in combining numerous data sources on persistent and deterministic IDs, across multiple channels and devices, to develop unique consumer "identity graphs" matched back to an individual person.

While people-based tests require much more data and technological sophistication than either cookie or creative rotation tests, they're also a lot more accurate and faster to achieve statistical significance. This method guarantees that users only see one type of ad (either the control or one of the experimental assets) during a full test.

As with any ad test, the marketer's goal is to reward the most effective ads with the most impressions. And when control and experimental groups are kept truly divided, the marketer can pull pristine insights from a testing campaign and allocate resources accordingly. As a result, conversions tick up faster.

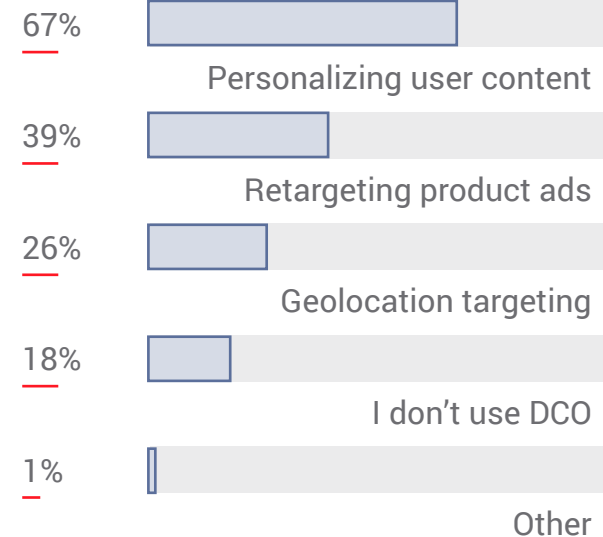
Putting all that testing to work

The more detailed and nuanced an A/B testing campaign gets, the more potential insight it surfaces. Dynamic creative optimization, or DCO, is one of the most promising tools that marketers have been using to put that nuance to work.

DCO is programmatic ad software that can, in real-time, choose which template and assets to show for an ad, for which audience. In the past 12 months, respondents used it to create personalized ad content for viewers (67 percent), to retarget users with product ads (39 percent) and to target based on geolocation (26 percent). Only 18 percent of respondents had never used DCO.

Usage in all those areas increased when respondents were asked how they anticipate using DCO over the next twelve months, with one exception: That 18 percent of users who haven't used it drops to 10 percent who don't expect to use it by then.

In the last 12 months, how have you used dynamic creative optimization (DCO)?



Another barrier is cleared

For brands and agencies that aren't doing any ad testing—or that use it less than they'd like to—there's one overriding concern: cost.

Seventy-five percent of marketers cited budgetary constraints on creative production as the biggest factor preventing them from doing more ad testing.

DCO goes a long way in helping to solve the budget problem by automating and scaling creative variation production to a degree previously unachievable, and often unaffordable. By working from a template to assemble multiple combinations of assets, each is programmatically tested to find the most effective permutation. The era of manually building scores of creative assets is over, and with it goes a source of lost time and budget.

Conclusion

Ad testing is meant to solve a very specific problem: Marketers are tired of launching their ads into a void, crossing their fingers and hoping for a boost in conversions. But a number of widely used ad testing techniques dodge the question by failing to keep track of the individual on the other side of the screen.

As a result, people-based testing techniques are slowly but surely catching on, making it far easier for industry pros to identify real effectiveness and impact to put more

media budget behind. Meanwhile, dynamic creative optimization is minimizing marketers' budgetary constraints, allowing them to test creative at greater scale, and deploy it with more personalization.

Knowledge is power, and by effectively identifying which ads are making an impact and which are a waste of users' attention, the road to a higher ROI is paved. These tools go a long way in pointing marketers in the right direction.



To Learn More About People-Based Testing Visit
[MakeThunder.com](https://www.makethunder.com)