

frequency

THE KEY TO BETTER LOCAL AD CONVERSIONS: Omnichannel Media

In-depth research shows combining media products dramatically outperforms single channels for local advertisers

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EXECUTIVE SUMMARY:

Omnichannel Drives Results

We are bombarded with marketing messages every day. By some estimates, the average American is exposed to an astonishing 4,000 to 10,000 ads per day. That means all customers are increasingly selective about what they really see and take action on, and all marketing messages are in a fierce competition to be in the right place at the right time.

To better understand how marketers can cut through all this noise and optimize their media mix in local advertising, Frequence set out to **study the effects of omnichannel media on conversion rates and cost per conversion**. Frequence analyzed thousands of local advertisements (by channel and industry) and billions of impressions to determine the best media combinations for advertisers that want to reach a local audience.

The findings are conclusive:

- ▶ **Combining media products** (an omnichannel approach) leads to much **higher conversion rates** (in some cases up to 3x) for advertisers compared to running a single media product at a time, particularly for local ads.
- ▶ The **right media mix** also results in cheaper conversions, in some cases **reducing the cost per conversion by 50%**.
- ▶ There is an optimal distribution of impressions across display and video. The optimal split appears to be 70-75% display ads and 25-30% video to yield a boost in conversions by up to 25% compared to display only.
- ▶ There are differences in conversion rates by industry, but **all industries see a lift with an omnichannel approach** to media buys.
- ▶ Users that **view a video impression before a display** impression from a single advertiser showed an **increased conversion rate of 16%**.

THE BOTTOM LINE:

Individuals are more likely to take action on ads if they receive the same message across multiple channels.

This document explores what factors influence conversion rates and cost per conversion, the conversion rates by industry and the overall implications of these findings for advertisers.

Understanding the Optimal Marketing Mix Model

The survey analyzed thousands of ads and billions of impressions to determine the best media combinations to reach a local audience.



We live in an omnichannel world. We use our phones and tablets while watching TV, we check email and shop while on a Peloton, and we interact with screens in all parts of our lives. So it makes sense that advertisers looking to reach consumers would take advantage of an omnichannel approach to their marketing.

Omnichannel marketing focuses on delivering a consistent, personalized experience for shoppers across all channels and devices. The guiding principle of omnichannel marketing is that it's shopper-based, not channel-based.

But does an omnichannel approach work for local advertising or is a combination of single campaigns better? And does combining media products lead to higher conversion rates and lower cost conversions for advertisers compared to running a single media product at a time?

To answer these questions, Frequency conducted a controlled research study for nine months from August 1, 2021 to April 31, 2022 that analyzed thousands of advertisements and billions of impressions to determine the best media combinations for advertisers that want to reach a local audience. The survey looked at advertisers that ran only display campaigns versus advertisers that ran a combination of display, video pre-roll and CTV/OTT campaigns.

The goal was to determine an optimal distribution of impressions across the products (the best marketing mix), and understand if an individual is more likely to convert if they receive impressions from a single product or multiple products. Our goal was to learn where brands should invest their marketing dollars.

Research Methodology

Frequency conducted a controlled research study of local advertising for nine consecutive months from August 1, 2021 to April 31, 2022. The survey analyzed 32,000 local advertisements and 2.2 billion impressions to determine the best media combinations for advertisers that want to reach a local audience.

For this survey local advertising is defined as ads targeting audiences close to the location of a business with messages reflecting the local market.

The survey looked at advertisers across eight key verticals (auto, education, entertainment, home improvement, media, politics, retail and services) that were using large enterprise media companies for distribution. The survey measured conversion rates and cost per conversion from advertisers that ran only display campaigns and advertisers that ran a combination of display, video pre-roll and CTV/OTT campaigns.

Conversion rates and cost-per-conversion calculations are the results of an aggregation of our advertisers that ran single or multi-products. All display-only advertisers were aggregated together, video advertisers were also consolidated, and video and display advertisers were analyzed together.

The analysis used household conversions which are defined to be any device in a household that converts to the advertisers' website after an impression is shown to any device in that household. This methodology used IP addresses for conversions rather than just a single device ID, which is helpful for CTV conversions because most people don't convert on their smart TV devices but on separate devices within that household.

After aggregation of similar advertisers and filtering of outliers, the analysis calculated the conversion rate and the cost per conversion. The survey connected a conversion to a set of impressions that a user has seen in the past from an advertiser. On a user-level, a conversion is connected via a cookie ID and advertiser. It is not always clear which impression was the converting factor. However, in first-touch impressions where a user sees a video and display impression the survey measured if they were more likely to convert by seeing one of those types of impressions first.

Impressions and conversions are accounted for via log files and the analysis filtered conversions when IDs were missing. The survey results also filtered outlier advertisers in our analysis by taking the middle 90% of advertisers by conversion rates to accurately represent what an average client might see. Conversions with missing IDs can't be attributed to anyone and can't be determined if an impression was responsible for that conversion.

What Local Conversion Rates Tell Us

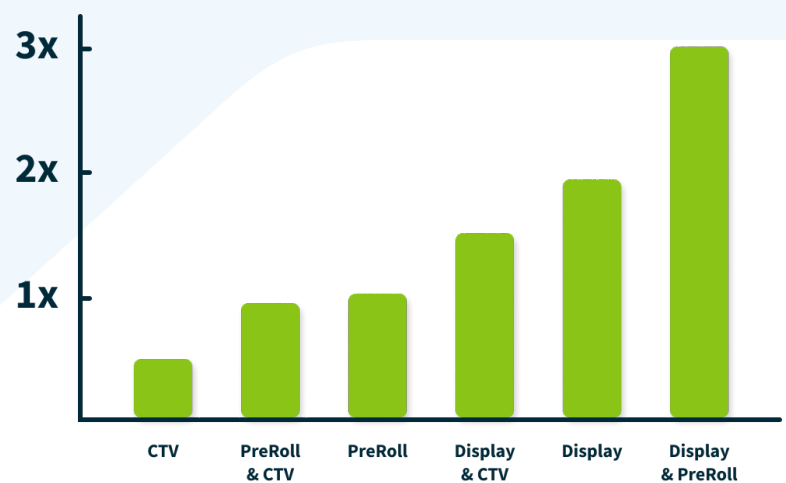
Analyzing thousands of ads and billions of impressions over the last year in local advertising, the survey was able to measure different media combinations for advertisers. The household viewthrough conversion rates and the household click conversion rates were telling.

Advertisers that combine display and pre-roll video vastly outperformed ads that were just on display, pre-roll video, or connected TV alone, and all have far better conversion rates than any single channel on its own.

Combining display and pre-roll video or pre-roll video and CTV can provide a massive boost in conversions. On average:

- ▶ Combining pre-roll video with a display campaign increases the conversion rate by 3x
- ▶ Combining CTV with a display campaign increases conversion rates by 14%
- ▶ Combining CTV with a pre-roll video campaign increases conversion rates by 28%

Adding video to a display campaign **increases the conversion rate by 3x.**



Household Conversion Rates

The same-day conversion rates of users who saw more than one impression on multiple channels were also dramatic. Consumers who saw a display ad and a pre-roll video ad had a .43% conversion rate, whereas consumers who saw only a display ad had a .166% conversion rate and consumers who saw a pre-roll video ad had a .15% conversion rate.

(Note: Results exclude CTV/OTT here because conversions are more difficult to accurately measure at a user level).

Consumers who saw a display ad and a pre-roll video ad had a **2.8x increase in conversions** rate compared to those who saw multiple video ads only, and a **2.6x increase in conversions** rate compared to consumers who saw multiple display ads only.

What Cost per Conversion Tell Us

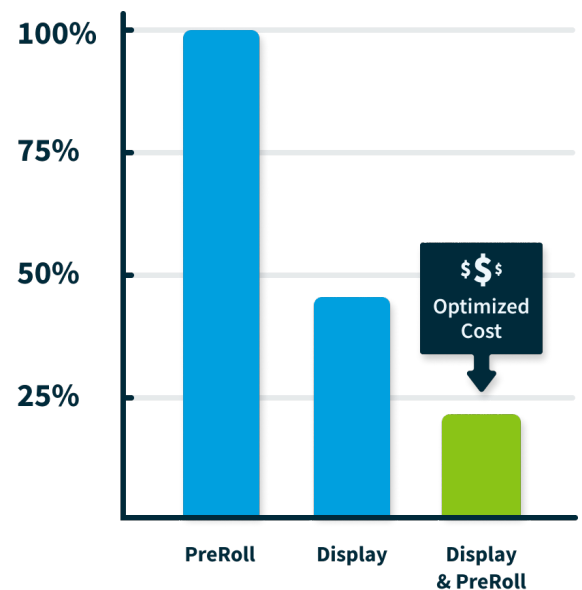
Combining display and pre-roll video ads or combining pre-roll video and CTV ads can also provide a dramatic improvement in the cost per conversion.

Adding channels to campaigns also drops the cost per conversion dramatically. Simply adding video to a display campaign can reduce the cost per conversion by nearly 50%.

The cost per conversion for CTV is highest when that channel is not paired with any other, suggesting CTV is best used in an omnichannel approach.

By adding pre-roll video to display, the cost per conversion is **reduced by nearly 50%**.

Save More When You Use Both

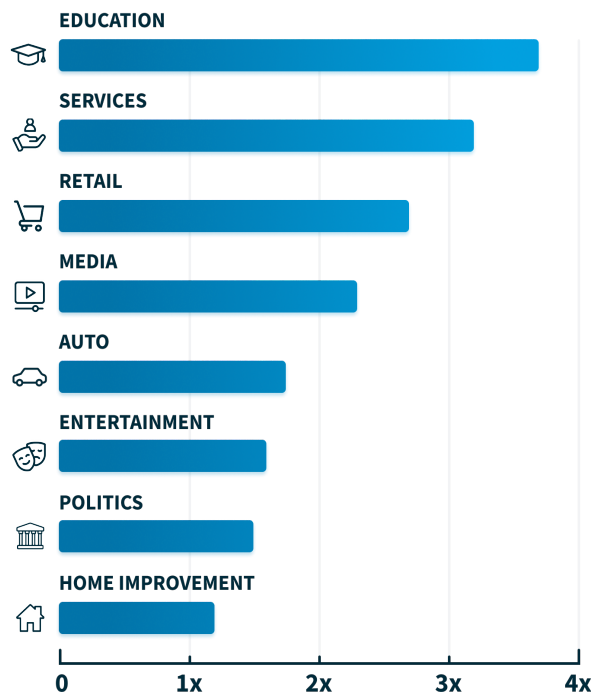


Cost Comparison By Product

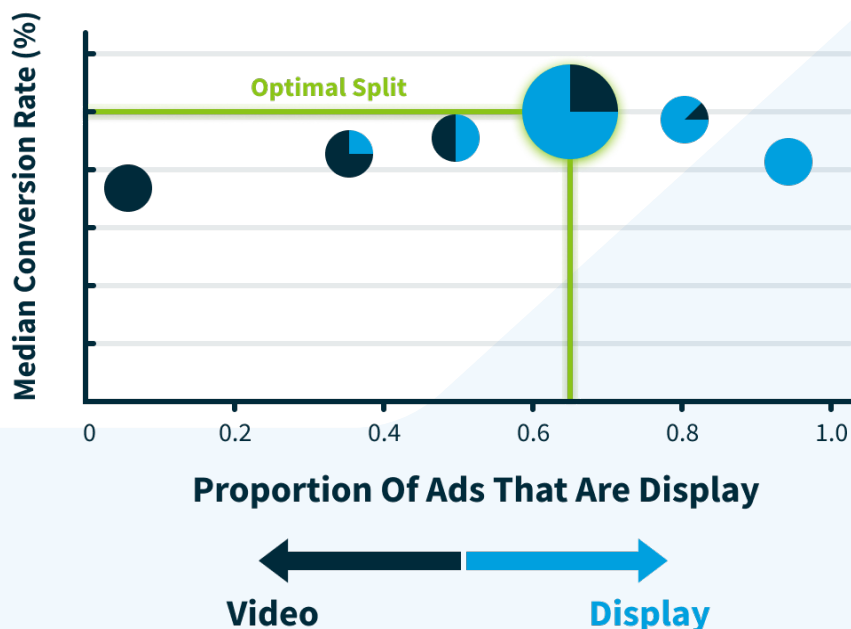
Conversion Rates by Industry

To understand how different local industries convert by channel, the analysis also looked at conversion rates across eight key verticals: auto, education, entertainment, home improvement, media, politics, retail and services. Conversion rates were comparable across display and pre-roll video (the outliers were entertainment and media which doubled in conversion rate when running pre-roll video versus display). When combining video and display however, there were dramatic improvements across the board in conversion rates:

The biggest improvements were in **education** and **services** which saw a more than **3x improvement** in conversion rates with an omnichannel media approach.



Optimal Distribution Across Media for Advertisers



So how can you best allocate impressions for multi-channel campaigns to maximize conversions? For example, should it be 50% display and 50% video pre-roll video and CTV or is there some other ratio that provides the best results?

The optimal split appears to be 70-75% display ads and 25-30% video to yield a boost in conversions by up to 25% compared to display only. Additionally, users that view a video impression before a display impression from a single advertiser showed an increased conversion rate of 16%.

The optimal split appears to be **70-75% display ads** and **25-30% video**.

IMPLICATIONS FOR ADVERTISERS:

The Right Media Mix Is Essential

The findings from this research quantify what we've instinctively known about advertising in a local market: an omnichannel strategy and the right media mix pays dividends, regardless of your industry, product or location. There is a winning combination of media that yields the best conversion rate and cost per conversion.

Here are strategies every local advertiser can use for best results:

Combine media products to boost conversion rates.

Combining display and pre-roll video in an omnichannel approach to media buys leads to much higher conversion rates, in some cases as much as 3x that of display or video alone. Individuals are more likely to take action and convert if they receive the same media message across multiple channels.



Buy omnichannel to decrease conversion costs too.

Combining display and video can reduce the cost per conversion by as much as 50%.



Think 75/25 when distributing impressions across media.

The optimal split appears to be 70-75% display ads and 25-30% video. This combination yields a boost in conversions by up to 25% compared to display only.



Consider a video-first strategy when targeting customers.

Users that view a video impression before a display impression from an advertiser showed an increased conversion rate of 16%.



Don't second-guess your ad strategy by industry.

All industries see a dramatic improvement when using an omnichannel strategy. The biggest improvements were in education and services which saw a more than threefold improvement. All industries saw a meaningful lift in conversion rates when adopting an omnichannel strategy.



About Frequency

Frequency is a leader in local advertising sales automation. Unlike other workflow software, Frequency is the most complete system on the market, connecting all aspects of digital advertising—sales, operations, and reporting—from beginning to end. We create smart, focused campaigns based on performance data from thousands of local and national media campaigns to level the playing field and make programmatic ad buying possible for smaller local businesses.

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