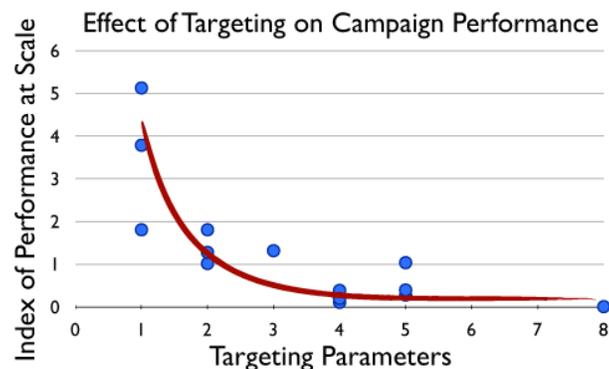


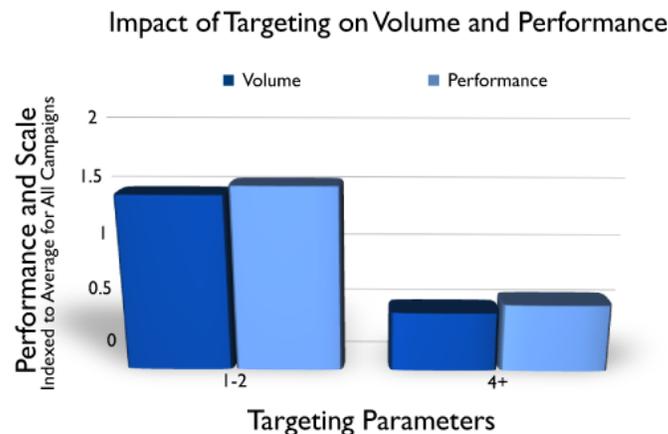
Targeting vs. Scale - It Doesn't Have to be a Tradeoff

The abundance of granular targeting options available to digital display advertisers today is both a blessing and a curse. Advertisers can now plan and buy highly customized audiences. But "hyper targeting" impedes campaign reach and the volume of conversions. What are the trade-offs? And is there a way for advertisers to get performance at scale?

To answer these questions, DataXu's Advanced Analytics Group studied 14 campaigns across industry verticals including Auto, Software, Finance, and Education. These campaigns were based on agency media plans that featured varying levels of targeting, including by site, context, demographics, location, and consumer behavior.



The data¹ indicates that campaigns with more targeting in the media plan not only produce a lower volume of conversions, but also worse CPA performance. Indeed, fewer targeting parameters (1-2) drove 3X better scale and 2.7X better performance than campaigns with more parameters (4+).



Key take-aways:

- For campaigns with few targeting parameters on the media plan, action volume was 47 percent above goal, and CPAs were 55 percent above goal.
- For campaigns with many targeting parameters, action volume was 50 percent below goal, and CPAs were 40 percent below goal.

"As this data shows, 'over targeting' can prevent the advertising message from reaching a significant portion of the advertiser's potential audience. Media plans with specific, rigid targeting constraints can't adapt to the increasingly dynamic nature of consumer behavior, and ignore large groups of potentially profitable customers who are a less obvious match," said Sandro Catanzaro, VP of Analytics & Innovation at DataXu.

These findings may be counter-intuitive for advertisers who have made significant investments in developing customer segments that drive their media plans. However, these plans require continuous manual optimization based on results. New data-driven targeting technologies make it possible to extend beyond these segments to automatically discover a greater pool of new audiences and improve performance - all in real time.

The results of the study underscore why digital advertising is undergoing a tectonic transformation that necessitates changes in the way advertisers plan, buy and optimize campaigns. At DataXu, we believe that automated technologies are more flexible and better equipped to handle the millions of decisions needed to find and engage the digital consumer. The ability to continuously analyze, bid and optimize on individual impressions across over 100 different consumer, creative and context parameters delivers campaigns at a lower price, greater scale and better performance.

¹Methodology: The horizontal axis represents the number of targeting parameters in the media plan for each campaign. The vertical axis represents a 'Performance at Scale' index, based on the campaign's ability to deliver both volume and performance. Campaigns score high on the 'Performance at Scale' index when action volume exceeds goal, and Cost Per Action ("CPA") price is lower than goal.

DataXu's MarketPulse explores the data that defines today's digital advertising marketplace. Stay tuned for future insights from DataXu.

About DataXu. DataXu provides the leading media management platform for digital display advertisers. This powerful technology makes millions of decisions a second to deliver the right ad to the right person at the right time - at the right price. For more information, please visit www.dataxu.com, check out our [blog](#), or contact us at marketpulse@dataxu.com.