

ONLINE MEDIA DAILY commentary

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Commentary

Get What You Pay For And Pay For What You Get...Or: How I Learned To Stop Targeting And Love The Results

by Mason Wiley, 6 hours ago

"Finish all your dinner," my Mom used to tell me. "Or you can't be a member of the clean plate club." Not wasting food earned me not only membership in that private collective, but also the reward that went with it, namely dessert.

Anyone raised by Depression-era-born parents was indoctrinated with the notion that waste is bad. Turns out that was good preparation for business. Executive leadership, like Mom, abhors waste of any kind. Unfortunately, online advertisers always find that some amount of waste is always inevitable.

Under the long prevailing cost-per-thousand (CPM) model of buying advertising, online marketers have to pay to reach prospects. The major problem here is: whose numbers do you trust? Evidence has emerged that page views cited by online publishers as a proxy for impressions are overstated, to say the least. And what's a page view worth, anyway? There is no guarantee that an ad is even seen. Heat map research shows that Web surfers, acting as their own internal TiVo, are pretty darn good at ignoring those online banners you spend your good money to place.

So as an online advertiser you do what advertisers have always done to improve their odds: you target. The Internet allows for not just the classic demographic and psychographic targeting but also behavioral and contextual targeting. Sure, it can help reduce paying for ad impressions that go nowhere. But this hyper targeting is giving consumers the heebie-jeebies and giving law-making bodies around the country a spanking new privacy issue to sink their teeth into. And in the end, even with all those fancy targeting schemes, you still end up paying to reach people not the least bit interested in what you have to sell. You spend a ton of money on online impressions that aren't impressive at all.

Fortunately, paying for the chance to maybe find a customer is not the only game in town. Now you have the choice to pay only for those ads that drive a customer to make a purchase, fill out a lead form, watch a video clip, or take some sort of conversion or engagement action. It's called cost-per-action (CPA).

CPA is risk-free and waste-free by definition. Eliminating clickers who do not convert, CPA delivers incremental new customers with predictable ROI. What's more, it's not dependent on targeting. So, consumers don't get hot and bothered about their privacy being invaded.

In fact, for savvy marketers, CPA can make targeting irrelevant. Using CPA, they can cast a wide net across the Internet universe (IU) and have their best prospects self-identify by responding. At that point, the advertiser can unleash all their best-practice CRM tactics to build prospects' relationship with the brand and convert them into a lifetime customer.

The fact that I work for a CPA ad network might make you think that I am overly biased and therefore not credible. No way! But you don't have to listen to just me. Listen to Bill Gates. Not only is he a proponent of CPA, he has predicted this form will eventually "change the economics of the search advertising market." Or listen to Google VP of Search Product & User Experience Marissa Mayer's public pronouncement that "CPA is the holy grail of targeted advertising." CPA has fans.

Apparently, fans are making waves. More forward-thinking advertisers are adding CPA into the online media mix and getting their feet wet slowly. CPA means advertisers have premium inventory as well as all the transparency they've enjoyed with CPM. Combined with the economic benefits of CPA's risk-free model, advertisers are more bullish now about testing it.

CPA is -- finally -- recession proof! With large and small retailers dealing with economic slowdown, CPA keeps products top of mind with consumers without breaking any bank. It's always

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As senior vice president of marketing, Wiley comes to Hydra Network with more than 20 years of experience in marketing, brand-building, and sales. His diverse career includes developing a television campaign that repositioned Arnold Schwarzenegger from rich Hollywood movie hero to heroic political outsider.

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true, too, that only one metric in advertising matters: sales. CPA, along with its cousin cost-per-engagement, will be the single driving force of online advertising in the years to come with costs that are tied to results and that deliver full accountability and, best of all, control.

It's a win-win. Give CPA a shot. If nothing else you get guaranteed membership into the clean plate club!

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