



# **Digital Ad Engagement: An Industry Overview and Reconceptualization**

**Conducted by Marissa Gluck, Radar Research**

## **Acknowledgment**

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## **Executive Summary**

Nearly two decades into the growth of online advertising, “engagement” is still one of the most used, yet least understood terms. Even as the industry agrees there is a need for simple, universal definitions, the term remains historically rooted in metrics such as click through rate. Today “engagement” has become a catchall for a variety of interactions, and sellers have begun to use the concept as a basis for pricing. Lacking a single definition, the IAB has attempted to untangle the multiple, competing definitions of engagement. Essentially, digital advertising engagement falls into three major buckets: cognitive, physical, and emotional. Ultimately the ambiguity of the term has rendered it less useful than more concrete, descriptive definitions of types of interaction.

The IAB believes the lack of clarity on the definition of engagement is not going to be easily resolved. Rather, the industry needs to move beyond the ambiguity of the term and agree upon more tangible, descriptive forms of audience interaction. Towards that end, this paper provides a broad conceptual framework for engagement. It is a starting point towards evolving the idea of engagement into something more concrete over time. Additionally, the relationship between engagement and effectiveness is still not well understood. Once the industry understands what engagement consists of and how to define its core metrics, it can begin to systematically build knowledge on how different forms of engagement can drive effectiveness.

## **Introduction**

In the complicated argot of digital advertising, the concept of “engagement” is perhaps the least understood while simultaneously one of the most overused. Publishers, advertisers and agencies all cite engagement as a crucial variable in the success of ad campaigns, yet there is no industry consensus on exactly how to define engagement. Definitions tend to be ambiguous, and too often engagement is used as a catchall for multiple behaviors.

Over the past decade, there have been multiple attempts to define engagement as the industry struggles to move past the click through rate. In the spring and summer of 2012, the IAB retained Radar Research for a comprehensive research project, in an attempt to provide an initial framework for engagement.

While in the past there have been several attempts to provide a simple definition for engagement, in practice, these simple ideas are highly complex to deploy and use as a form of currency in the same way that click through and conversion rates can be. Over six years ago, the Advertising Research Foundation began the hard work of defining engagement. In 2006, ARF revealed its definition: “Engagement is turning on a prospect to a brand idea enhanced by the surrounding context.” ARF, as well as others, has been on a long journey to refine the definition and establish metrics for measuring it.

Armed with the understanding that it was highly unlikely IAB members would agree upon one single, universal metric to define engagement we could at least try to get the industry to speak the same language and build a framework to think about engagement.

Radar Research conducted over thirty interviews with key stakeholders from a broad range of companies, including publishers, advertisers, agencies, ad networks, measurement vendors and rich media firms. Additionally these companies spanned the range of advertising platforms, from display to mobile to rich media. To interviews attempted to address the following questions:

- What is the value of defining ad engagement?
- What is the history of attempts to define engagement?
- What is the difference between engagement and effectiveness?
- How do social media impact engagement metrics and the ability to measure engagement?
- What kinds of tools are available to measure engagement?
- What are the challenges to better defining engagement?

Ultimately, it became clear that finding a single, universally agreed upon definition of engagement is futile. The online advertising industry needs to move beyond defining “engagement” as it develops more nuanced and descriptive terms to report on performance. Perhaps we need to strike the word entirely from discussions in favor of more precise terminology. Essentially, when industry executives talk about “engagement” most of the time, they are simply describing types of interactions, ranging from softer metrics such as brand awareness through more concrete metrics such as conversions.

## **Untangling the Multiple Meanings of Ad Engagement**

With so much ambiguity attached to the term, it is helpful to begin to parse out what exactly executives mean when they talk about engagement. Offline media has long used the term engagement to measure how television and radio ads capture the attention of their audience. For online media, there are several issues that arise: what are the metrics used to define engagement? How is it measured? Are the methodologies scalable? Can we define engagement as a concept versus a currency? And perhaps most importantly, is there any value to the concept of engagement? One rich media vendor alone tracks 150 discrete metrics for its advertisers. With so many potential metrics, how can advertisers and publishers make sense of “engagement”? This paper will attempt to address these questions, as well as create a framework for rethinking engagement.

## Why Does Engagement Matter?

Even without a universally accepted definition of engagement, there is the widely held belief that engagement is an important component of online advertising. “Leave it out and you miss an important diagnostic tool,” says Scott McDonald, SVP of Market Research at Conde Nast. In general, most industry executives agree that engagement includes an ad’s ability to breakthrough to capture a consumer’s attention, and hopefully drive an attitudinal change. While the industry has a vague idea of what engagement should mean (like the Supreme Court definition of pornography, they know it when they see it), determining how to measure engagement is still very much in flux.

## Lack of Industry Consensus

Almost without exception, when asked directly to define engagement, every single interviewee answered, “It depends.” There is no industry consensus on what exactly “engagement” means and most publishers and agencies allow the concept to be defined by the advertiser based on campaign goals. According to Deep Focus CEO Ian Schafer, engagement is “any meaningful interaction between consumer and brand.”

Schafer, echoing the answer given by most executives, says it is up to the brand to define their Key Performance Indicators (KPI’s). Bill Clifford, CRO at SessionM, offered a similar description of engagement, defining it as “active participation with a brand message [as opposed to] passive.” In other words, Clifford looks for intent: “Is the consumer choosing to interact with the brand for some period of time and paying attention?”

Moreover, there is often a conflation of editorial and advertising engagement, with the assumption that the two are inextricably linked. Yet as one executive said, “involvement with ads and content is inherently in conflict.” As explained by the New York Times’ VP, Research & Development Operations, Michael Zimbalist “one man’s engagement is another man’s distraction.” Brands constantly compete for attention with the editorial content that surrounds them.

## Ad Engagement Historically Focused on Click Through Rate

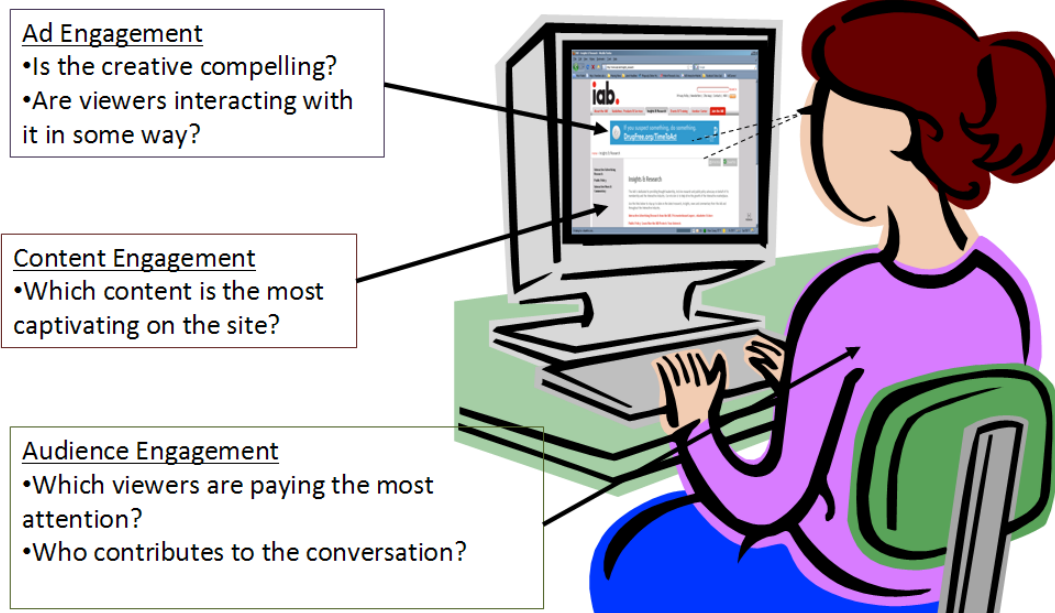
The digital ad industry is still struggling with the legacy of the click as a metric of engagement. Digital ad sales teams, competing against traditional media, touted the accountability of online advertising as its major advantage. Often, that meant using the lowest common denominator metric of click through rate (CTR) as the arbiter of campaign success. “Clicks are the result of engagement,” explains ComScore’s SVP, Corporate Development Kirby Winfield. “But engagement is bigger than clicks.” Similarly, Sean Bruich, Head of Measurement Research at Facebook agrees, “Clicking is a visible indication that someone saw an ad, but it’s not the only measure and not the most important [one].”

Unfortunately, the overemphasis on click through rate has meant the ad industry has been hoisted by its own petard. Even as click through rates have declined, the metric continues to hold sway in the industry, as it was canonized as currency early in digital advertising's history. While there may be some value to CTR, overall the industry has struggled to move past click through to find a more meaningful metric to assess engagement and measure campaign success. "The tyranny of the click means engagement is resurfacing. Marketers need deeper measurement of what happens to their message," says Forbes Media's Chief Insights Officer Bruce Rogers.

## "Engagement" Applies to Three Distinct Phenomena

One of the challenges in trying to define engagement is that the word is used to talk about three different phenomena, as alluded to earlier. There can be engagement with the advertising, the editorial content, or the audience:

### Engagement Can Describe Three Distinct Phenomena



- Ad Engagement
  - Is the creative compelling?
  - Are viewers interacting with it in some way?
- Content Engagement
  - Which content is the most captivating on the site?
- Audience Engagement
  - Which viewers are paying the most attention?
  - Who contributes to the conversation?

## Engagement vs Effectiveness

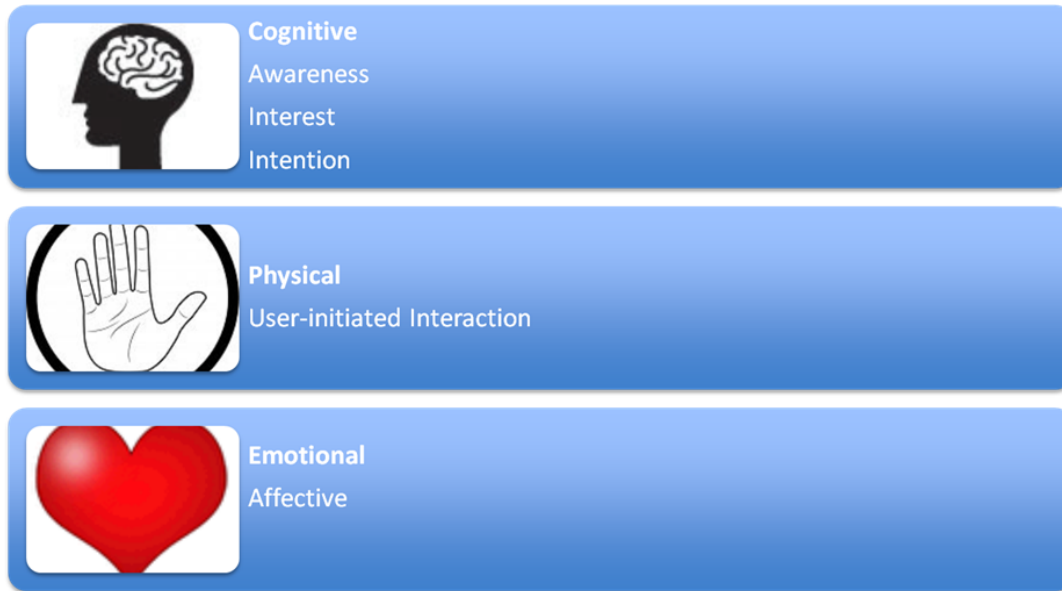
Another challenge is the commingling of engagement and effectiveness. Too often, in conversation, it was clear interviewees were referring to effectiveness metrics when discussing engagement. When trying to parse the difference between two, engagement was increasingly seen as a antecedent to effectiveness, though the correlation between the two is still unknown and in need of further research. For measurement company Moat CEO Jonah Goodhart, there are important distinctions between the two terms. “Engagement implies involvement, or a connection,” explains Goodhart. “Effectiveness achieved some goal, but the two could be the same thing at times if attention was the goal.”

“Engagement is necessary to have effectiveness,” says ShareThis VP of Product Barry Grant. “You can’t have effectiveness without engagement, but you can have engagement without effectiveness.” Facebook’s Head of Measurement Platforms & Standards Sean Bruich agrees: “Engagement is an important precursor to effectiveness but it isn’t an end result.” At Hulu, Bryon Schafer, Director of Research & Sales Strategy views engagement as an intermediary measure: “it doesn’t get at things like relevance, it’s a softer measure.”

Echoing this sentiment Rudy Grahn, VP of Analytics at Optimedia, cites the “punch the monkey”-type of advertising that often results in high interaction rates (and by proxy, engagement) but potentially low conversion. To be able to establish a useful framework for engagement, the industry need to differentiate between the two concepts.

## There Are Three Major Categories of Engagement

# There are three major forms of engagement



Essentially, digital advertising engagement falls into three major buckets: cognitive, physical, and emotional. There is a large body of academic and psychological research that aligns with these three categories, dating back to Benjamin Bloom’s taxonomy of learning domains in 1956 (cognitive, psychomotor and affective).

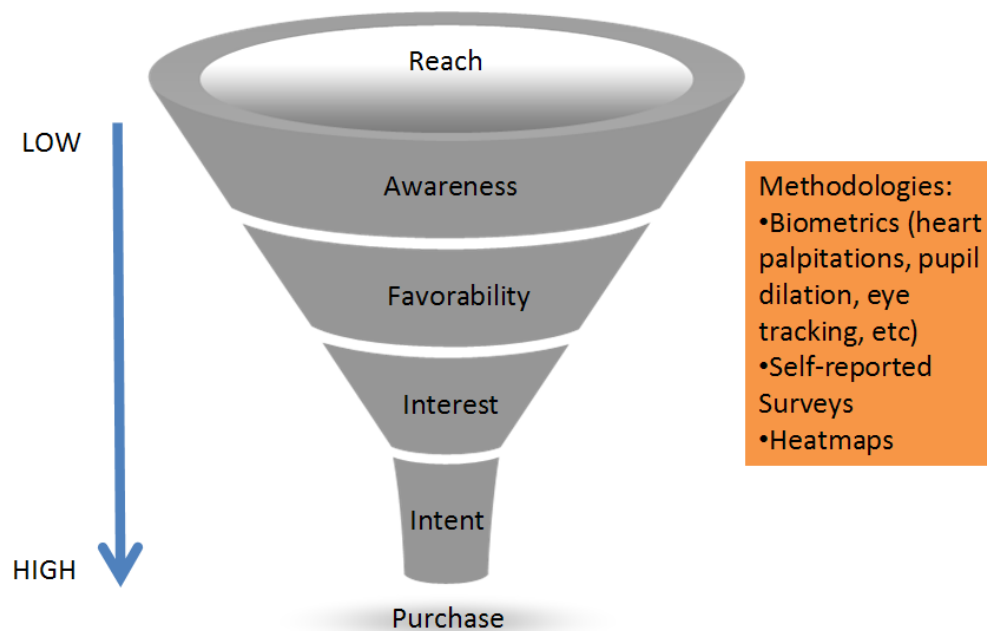
Cognitive engagement measures attention metrics such as awareness, interest and intention. The accountability of digital media allows brands to track physical interactions with ads. And perhaps the least understood category is emotional. While emotional engagement is often confused with cognition, we believe it’s important to make a distinction between the two. Unlike cognitive engagement, which merely measures attention, emotional engagement attempts to measure affect: how did the ad make a viewer feel? Did they like the ad? Did it stir up any sentiment, positive or negative? The “fuzziness” of this category makes it much harder to not only define but also measure.

One refrain repeated often in interviews is that engagement is a user-initiated action, such as a mouseover, click to play video, or filling out a form. Many of the physical interventions have been available for years, but the increase in rich media advertising (including videos and games) has opened up an almost infinite array of potential consumer actions. In other words, anything is possible in digital advertising today, creating highly specific, customized campaign metrics.



## Cognitive Measures of Engagement Rely Heavily on Proxy Metrics

# Cognitive and Emotional Engagement Metrics



Before the advent of digital media, engagement was often used interchangeably with brand measurement, and to a certain extent still is. The traditional marketing funnel of awareness, favorability, interest and intent are also ways of measuring a consumer's engagement with a brand.

The two most common ways of measuring these metrics are biometric analysis (typically done in a lab setting) and brand surveys, while heatmaps are emerging as a third methodology.

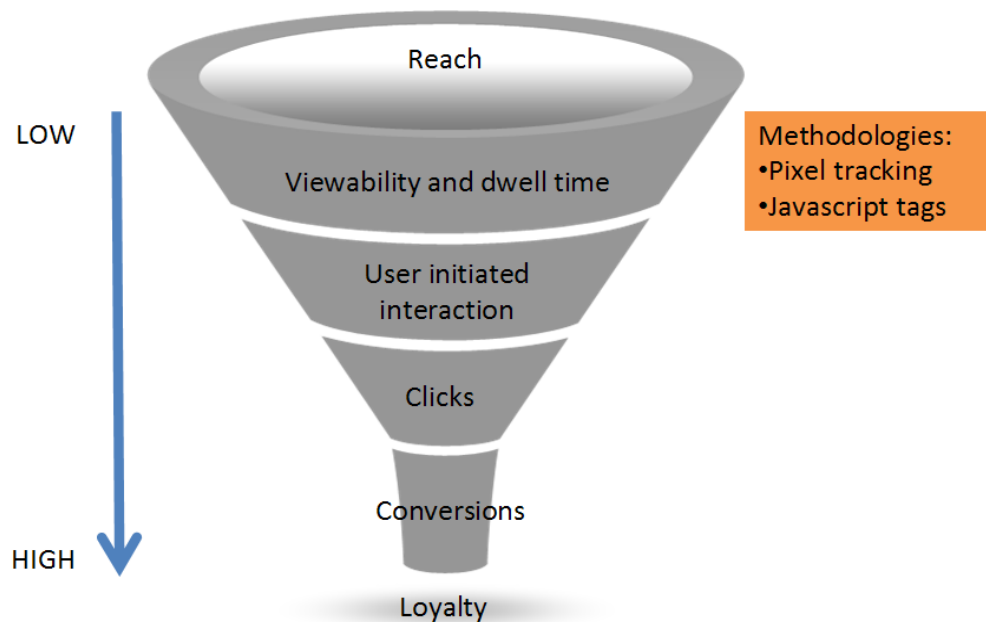
- **Biometrics.** While biometrics study unconscious physical reactions such as heart palpitations, pupil dilation and eye tracking, the expense and rigid laboratory conditions make it unrealistic to scale these kinds of studies.
- **Surveys.** Likewise, while surveys scale better than biometric analysis (see: IAB Ad Effectiveness paper), survey results are self-reported and may not accurately represent consumer engagement. However, the lower cost and ease of deploying surveys online have made it the industry's preferred method of measuring brand engagement.
- **Heatmaps.** A third way of measuring cognitive engagement currently gaining traction is digital heatmaps. Heatmaps provide detailed data visualizations of visitor

activity, allowing marketers to see where on a page or ad he or she was fixated on, usually based on cursor movement. The assumption is where the cursor goes, so does a visitor's eye.

Like any form of measurement, there are biases inherent in all of these methodologies. While biometrics and heatmaps track unconscious responses to advertising, scaling these methodologies is a challenge. Likewise, it is generally accepted that reducing survey bias is crucial to getting an objective view of consumer response. Yet marketers don't always have the tools to accomplish that.

### Deluge of Physical Engagement Metrics Can Be Overwhelming

## Physical Engagement Metrics

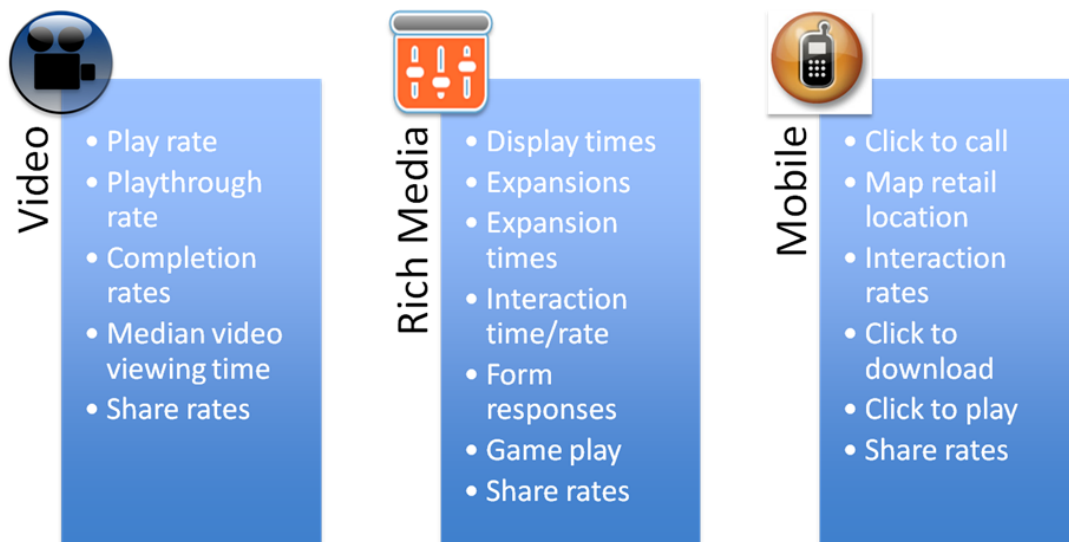


More often than not, when discussing engagement, digital ad executives were referring to physical metrics, or some kind of user-initiated interaction. At this point, it's premature to distinguish between physical interactions done via mouse versus touchscreens, though that may be a future area of investigation.

One of the frustrations voiced by executives is the vast and dizzying array of metrics that can be used to evaluate engagement (and in turn, performance). Using javascript tags and pixel tracking, almost any physical interaction (either deliberate or not) can be tracked. As the industry moves away from ad impressions served towards "viewable impression" standards in

order to provide brands with a more accurate impression count, viewability becomes one of the most basic metrics to assess opportunities for engagement (See the IAB/ANA/4A's initiative Making Measurement Make Sense). Today we count "served impressions" as recorded by ad servers. Often, ad units are not in a viewable space to the end-user or fail to fully load on the screen – potentially resulting in substantial over-counting of impressions. Viewable exposures are increasingly the norm across other media and better address the needs of brand marketers. While viewability doesn't necessarily result in engagement, it's a building block for more sophisticated metrics.

## Engagement Moves Beyond the Click



One of the ironies of engagement is that while the concept is ill defined, there are innumerable interactions that can be tracked and fed into the concept of engagement. While this chart is not comprehensive, we can begin to understand how these interactions can help the industry move beyond its overreliance on click through as a salient measure.

Certainly, time spent with an ad factors into engagement, though optimal duration is still unknown. As Angela Reynar, Senior Director of Category Insights at Yahoo defines engagement, dwell time is crucial when combined with attention. "It should be notice plus a duration metric," says Reynar. Stephanie Fried, VP of Research at Vevo agrees that time spent is an important proxy for engagement. "The amount of things consumed is less useful than time. The consumer should be actively consuming content and getting excited. Time spent is a proxy for attention and emotion," says Fried.

In addition to time spent with an ad, rich media allows advertisers the creative freedom to build multiple functionalities into the unit. While this allows brands to create more immersive advertising experiences, it also prevents the industry from agreeing to a standard definition for an intangible concept such as engagement.

“In the past, we were defining [engagement] as one-off cases,” says Goodhart. “Today we have new metrics and we’re beginning to roll them out at scale. But we need to have benchmarks.” With every advertiser looking at their own campaign goals, there are no comparative benchmarks for success. If an advertiser wants to lift awareness and is using time spent or mouse hovers as a metric of measurement, how does that advertiser know how well the unit is performing overall and in comparison to others in its category?

### **Cognitive vs. Physical vs. Emotional Engagement**

Perhaps one way to view engagement along these three dimensions – the cognitive, emotional and the physical – is to think about how each maps to overall campaign goals. Increasing cognitive engagement aligns to strategic goals such as improving awareness of a brand or a consumer’s likelihood to purchase. Raising emotional engagement may align with increased favorability and loyalty.

In contrast, physical engagement is more closely related to the design of the creative. Is the advertiser encouraging consumers to request a dealer quote for a car or asking them to configure their own model in a particular unit? Does a brand want consumers to share a video or play a game? The creative tactics in the ad typically dictates the physical engagement, whereas cognitive engagement supports the purchase funnel.

### **Social Media Impact on Engagement Still Unknown**

The growth of social media is deeply impacting how audiences discover news, share content, and connect to brands. There is a strong belief in the potential of social media to impact the purchase funnel, lift awareness and create stronger relationships with consumers. “Sharing is a measure of resonance,” explains Hulu’s Schafer. “[Consumers] watched and comprehended and thought it was significant enough to pass it on.” There has also been a fundamental shift in marketing strategy as brands begin to realize they must produce content that is interesting, or entertaining, or informational to consumers to resonate with them.

# Social Media Introduces Even More Metrics to Engagement Concept



Yet while marketers reasonably suspect that social media fosters ad engagement, there is almost no data to prove that. The value of a “like” is debatable, particularly as marketplaces crop up that allow brands to buy “likes.” “There is no correlation between the number of likes you have and the number of people talking about a brand on Facebook,” says Deep Focus’ Schafer. Likewise, another agency executive, referring to organic “likes” said “We’re happy when we generate them, but not sure how to value them. They have less predictive value than tried-and-true awareness and interest.”

While the value of likes is still unknown, industry executives suspect there is greater value in sharing. “Liking something is easy and doesn’t show much,” says Vevo’s Fried. “Sharing something with someone is more like putting a stamp on something. Sharing shows what they care about and represents who they are, which has a lot to do with engagement.”

As with other physical interactions there are few industry benchmarks for brands to use to gauge their successes or failures in social media. “Social today is not the same thing today as it will be next month,” says Univision’s SVP of Interactive Research & Ad Traffic Dan Murphy. Additionally, without better sentiment analysis tools, it is difficult for marketers to know if the brand buzz is positive or negative. Even for ad sellers who have developed a cost per engagement model, while social metrics are tracked and analyzed, they are not factored into pricing models yet.

## Engagement as Pricing Currency Still Nascent

Even as the industry fails to agree to a universal definition of engagement as a concept, there are multiple ad sellers pricing inventory on a cost per engagement basis. Each of these vendors is applying their own standards to define engagement as a form of currency, hoping to bring greater accountability to online advertising. For instance, one ad seller counts an engagement as a mouse rollover on a unit plus a 3-sec countdown before beginning to play the ad. Another ad seller has defined cost per engagement as video plays for a certain amount of time. And still another looks at viewing time by quartile, adding yet another metric to the reporting boondoggles.

In some cases, these pricing examples appear to be re-packaging conventional cost per view models under a new (excuse the pun) banner. One agency executive said his firm only buys inventory on a cost per engagement basis, due to the greater transparency the models allow. However, while the industry has indicated it welcomes a cost per engagement model, the lack of agreement on defining engagement continues to hamper acceptance. "Right now engagement is used as a sales adjective," says one publisher executive. "We can say we have an engaged user base but it's not used as currency."

### **Is There Such a Thing As Too Much Engagement?**

Without a standard definition of engagement, it's difficult to determine how much engagement is enough. Additionally, more research is necessary to determine the correlation, if there is indeed one, between attention and effectiveness. However, marketers need to determine what role engagement should play in their overall marketing goals. For more direct response-oriented advertisers, high engagement could be a detriment to increased effectiveness. If an engagement metric becomes a commonly accepted pricing currency (as mentioned, still a long way off), brands need to assess how it would align with their key performance indicators, if at all.

### **Conclusion: Defining Engagement Faces Myriad Challenges**

Nearly two decades into the growth of digital advertising, engagement is still a prevalent buzzword without a single definition. While the industry agrees there is a need for greater clarity, there is no agreement on how or who should determine the definition, however a framework is suggested for better understanding engagement. Several ad sellers have tried to take the lead by creating their own definitions and using that as a pricing model. Others believe that advertisers need to define engagement rather than publishers or vendors. "There needs to be a seminal moment. No single massive spender has taken the lead," says Forbes' Rogers. "P&G needs to plant a definitive flag in the sand."

Measuring cross media engagement is another challenge for brands, and one that is becoming increasingly important as consumers live in a multi-screen, multi-platform world. How digital media engagement compares and aligns with TV, radio and print is another question open to investigation. Even within digital media platforms, differences in usage and behavior

will continue to confound the industry. For instance, defining a visit (and subsequently dwell time) may be more difficult on tablets and mobile devices as consumers shift from app to app to mobile web sites. Likewise, as alluded to earlier, understanding how mouse and touch interactions differ may also affect engagement.

Ultimately, the lack of clarity on the definition of engagement is not going to be resolved soon but the lack of definition requires systematic rethinking to give meaning to “engagement” metrics. As mentioned previously, engagement is too often a catchall term for a variety of metrics. Even as stakeholders attempt to create currencies around the idea of engagement, the concept of engagement remains nebulous. The industry needs to move beyond the ambiguous terminology of engagement, and agree upon more concrete, descriptive forms of interaction. Engagement is dead. Long live engagement.

## Companies Interviewed

Brand Keys  
Break.com  
Yahoo  
ShareThrough  
Forbes  
Hulu  
Brightroll  
Pictela  
Tapjoy  
ComScore  
Wildtangent  
Martini  
xAds  
Vibrant Media  
Optimedia  
CondeNast  
Sapient  
Vevo

SessionM  
Google  
ShareThis  
Microsoft  
Turner  
Univision  
Pointroll  
Starcom  
Moat  
Nielsen  
DraftFCB  
New York Times  
Weather.com  
Buzzmedia  
Say Media  
Facebook  
Mediacom