# Retargeting 201

In-App, Social, and Video

Introduction

We all know that shoppers don't buy on any one channel or device. And most of the time, they don't buy when they initially visit your website, either.

In our Retargeting 101 eBook, we covered the basics of how retargeting works and why it's so important for your marketing strategy. Retargeting ads can reach your shoppers with relevant recommendations, re-engage website visitors, and generate higher-value sales.

With advanced retargeting technology, powered by machine learning, you can do that across other channels, creating a seamless experience for each shopper.

In this eBook, you'll learn:

How machine learning powers advanced retargeting technology

How retargeting works for apps, social media, and video

How to measure campaign success
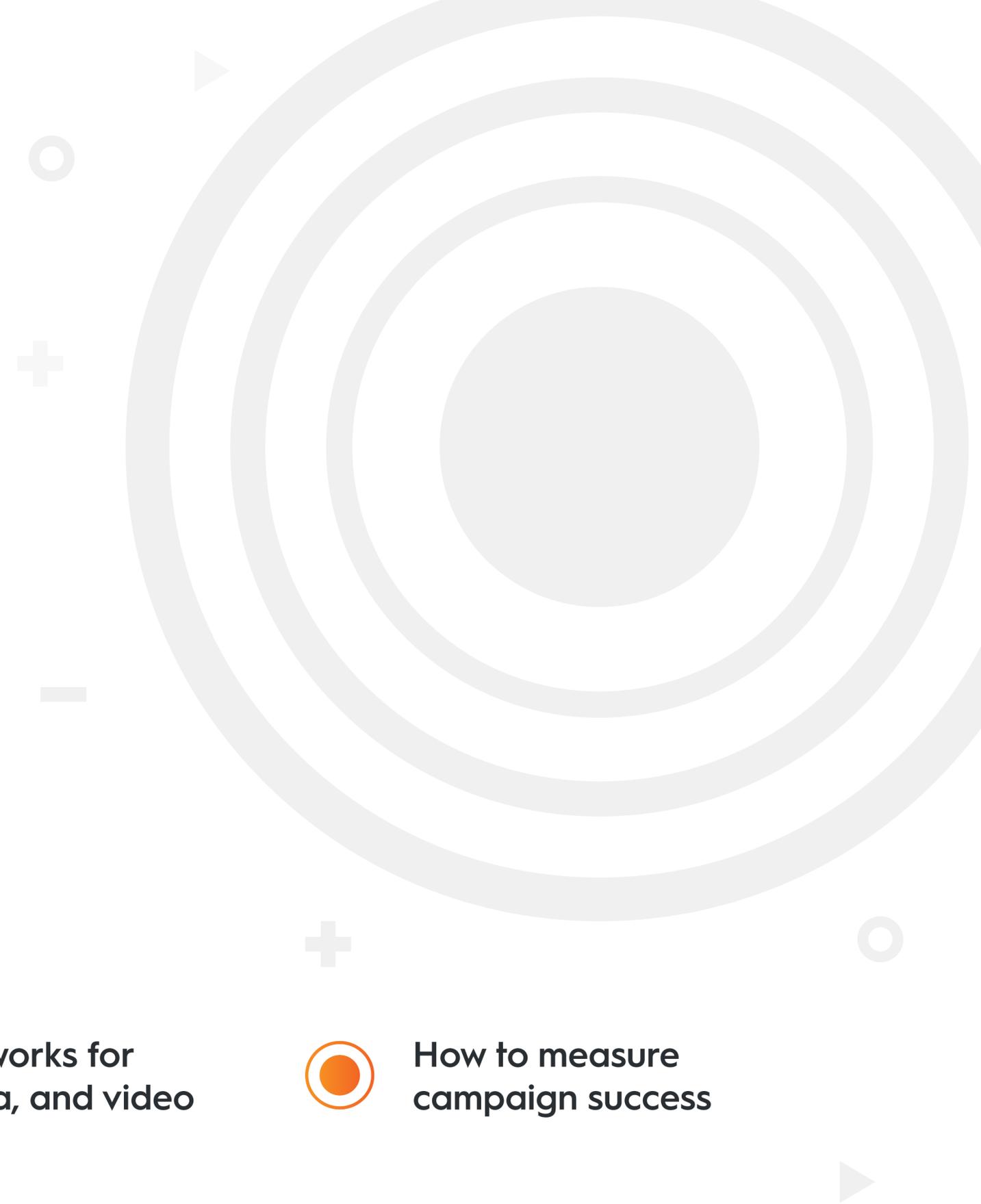
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A Retargeting Refresher

Let's break down exactly what happens during a retargeting campaign:

1. Shopper views product on your website.

2. He leaves your site to read the news.

3. And then he browses social media, where retargeting continues. He clicks on the ad.

4. He's brought back to your store to complete his purchase.
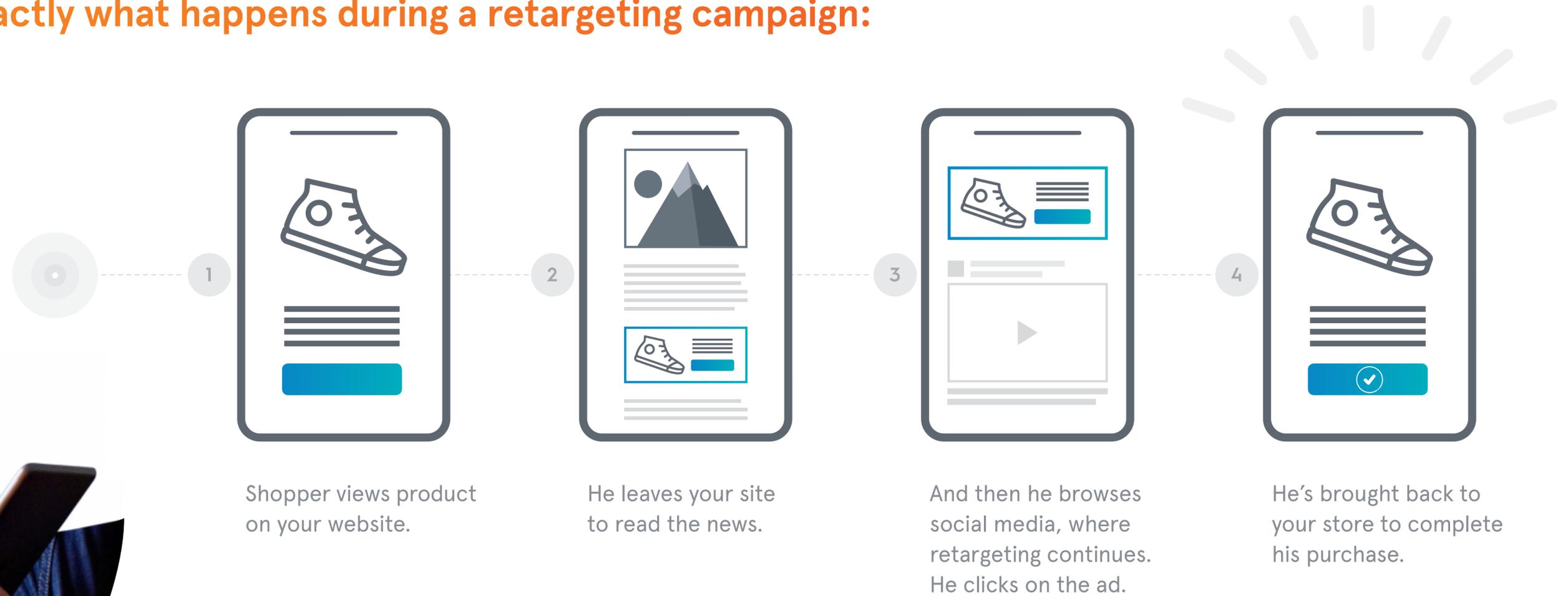
Retargeting helps build the shopper relationship after a shopper has left the website. By serving personalized recommendations and deals at each touchpoint, companies can ultimately drive conversions from visitors who may have otherwise forgotten about the product.

Why Machine Learning Matters for Retargeting

You're probably wondering, what does machine learning have to do with dynamic retargeting? The short answer: Everything.

Most marketers know that data is the foundation for good campaigns. But data alone isn't enough. The one thing that retailers really need to activate all that data is machine learning technology, purpose-built for shopping.

Between identifying patterns, optimizing ad layouts, and enhancing suggestions, machine learning is essential to maximizing the effectiveness of your retargeting campaigns. Shoppers today are inundated with offers competing for their attention across every channel, from mobile web to in-app, in-store, and online.

Retailers need machine learning to stay ahead more than ever, and that's why the technology is what makes dynamic retargeting so, well, dynamic.

Four Ways Machine Learning Can Help You Stand Out

1.

Usable real-time data

Data means nothing without context. With machine learning, marketers can define which types of data they want the machine to automatically collect, as well as what types of "lessons" the machine learning algorithms should learn, thus providing context for different types of data.

When it comes to dynamic retargeting, machine learning detects patterns and trends over large data sets, which then informs the algorithm's real-time decisioning. As a result, the machine can predict what types of ad content and design will engage shoppers based on what it's learned across all shoppers and their behaviors.

2.

Deeper shopper insights

Machine learning helps identify target buyers, understand past and present interactions, and predict what shoppers will need and do next in order to optimize offers.

A retargeting campaign backed by machine learning can even analyze whether a shopper liked a certain type or style of ad, and decide what to show on the shopper's next engagement. This allows marketers to create more personalized experiences for shoppers based on the insights gathered from their data.

3.

Enhanced product recommendations and dynamic content

Machine learning's ability to learn from spending habits, shopper behavior, and market trends enables highly relevant ad content for each and every touchpoint.

With these insights, the retargeting campaign generates suggestions for complementary items (like an ottoman to go with the couch you just got), instead of pushing an item a shopper just bought

4.
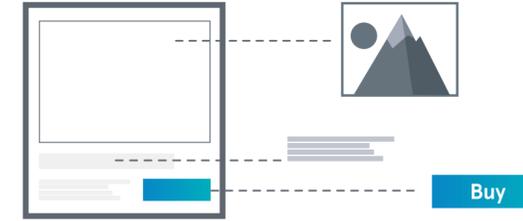
Eliminate redundancy and optimize budgets

Machine learning has the potential to make retargeting more precise and cost effective.

In the case of Criteo Dynamic Retargeting, our programmatic video and display ads are tailored using machine learning and automatically delivered to shoppers throughout their path to purchase. With predictive bidding, machine learning also ensures that each ad is served to relevant touchpoints in that path to purchase.

Personalizing content, cadence, and offers for each individual ad are just a few of the ways you can use machine learning to help drive revenue. Now let's take a look at how machine learning powers dynamic retargeting across in-app, video, and social media channels.

App Retargeting

In the United States, 71% of mobile sales happen in-app, and advertisers with a shopping app generate 68% of transactions on mobile devices.

App users typically browse more products, add more to their shopping baskets, and convert at a higher rate. Not only that, the App product page view-to-buyer conversion rate is 3x that of mobile users.

It's not easy to keep app users engaged. In one report, app analytics firm Localytics found that around 1 in 4 people abandon apps after one use.

Your app can be amazing. But if your users forget about it, all of that effort goes to waste. This is where app retargeting technology can really help.

How App Retargeting Works

Kim
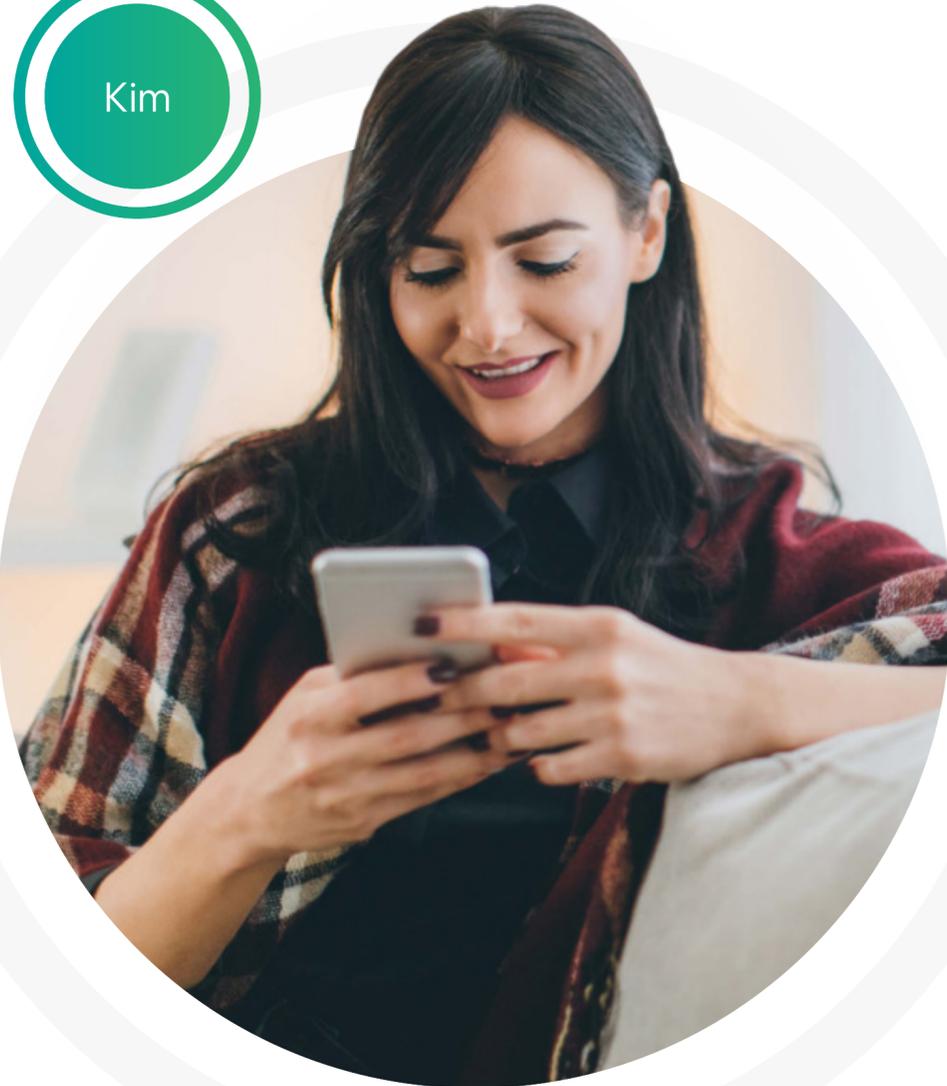
1 Imagine a shopper named Kim is searching for a double room for two adults, for one night in San Francisco.

2 As Kim browses your app, intent data is captured at each event level. Kim finishes browsing, but gets distracted and starts playing a gaming app. If the gaming app is part of your retargeting partner's publisher network, the retargeting process continues in real-time.

3 Kim's purchasing intent is calculated, the impression is purchased, product recommendation determined and design of the ad occurs, all in real-time. The ad is displayed reflecting hotels that Kim viewed, plus new recommendations based on items such as availability and pricing.

✓ Kim clicks on the ad and is deep-linked back into your app to complete the booking.

Criteo's App Retargeting Solution: Powered by Network and Scale

Customer Value

Drive conversion ④

③ Increase product views

② Encourage frequent visits

① Retain new visitors

Time
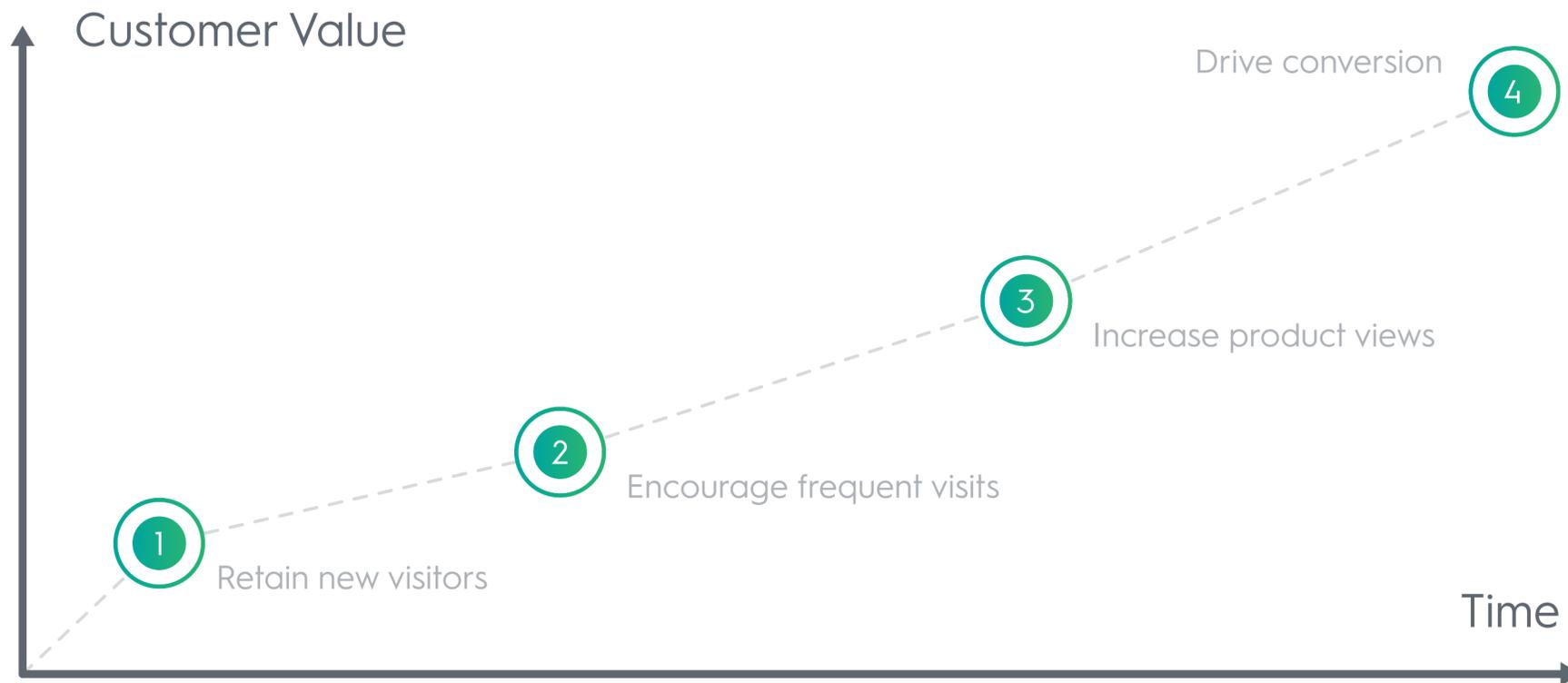
App retargeting through Criteo Dynamic Retargeting has been built to reengage your app audience and keep you connected to your most valuable users.

Criteo's app retargeting solution leverages the power of Criteo Dynamic Retargeting, a proven technology which wins over 90% of all A/B competitive head-to-head tests.

+30%
Retention rate

+62%
Frequency of visit

+224%
Products browsed per user

+38%
Conversion rate

Source: Criteo study comparing the behavior of exposed and non-exposed users to App Advertising on a representative sample of 14m app users.

Criteo App Retargeting offers:

Powerful performance.

Not only does Criteo's app retargeting solution bring shoppers back, but once engaged, they're 30% more likely to return and shop within the app – without further encouragement.

Maximum reach.

Criteo's app retargeting solution delivers personalized dynamic ads that perfectly scale to all ad sizes across more than 555k mobile apps.

Real-time relevance.

Through Criteo Shopper Graph and Criteo Engine, Criteo's app retargeting solution continuously organizes and analyzes insights from over 1.2 billion active monthly shoppers each year. By recognizing shopper habits like previously viewed and purchased products, sites visited, and interaction, the Engine uses real data to drive the most sales.
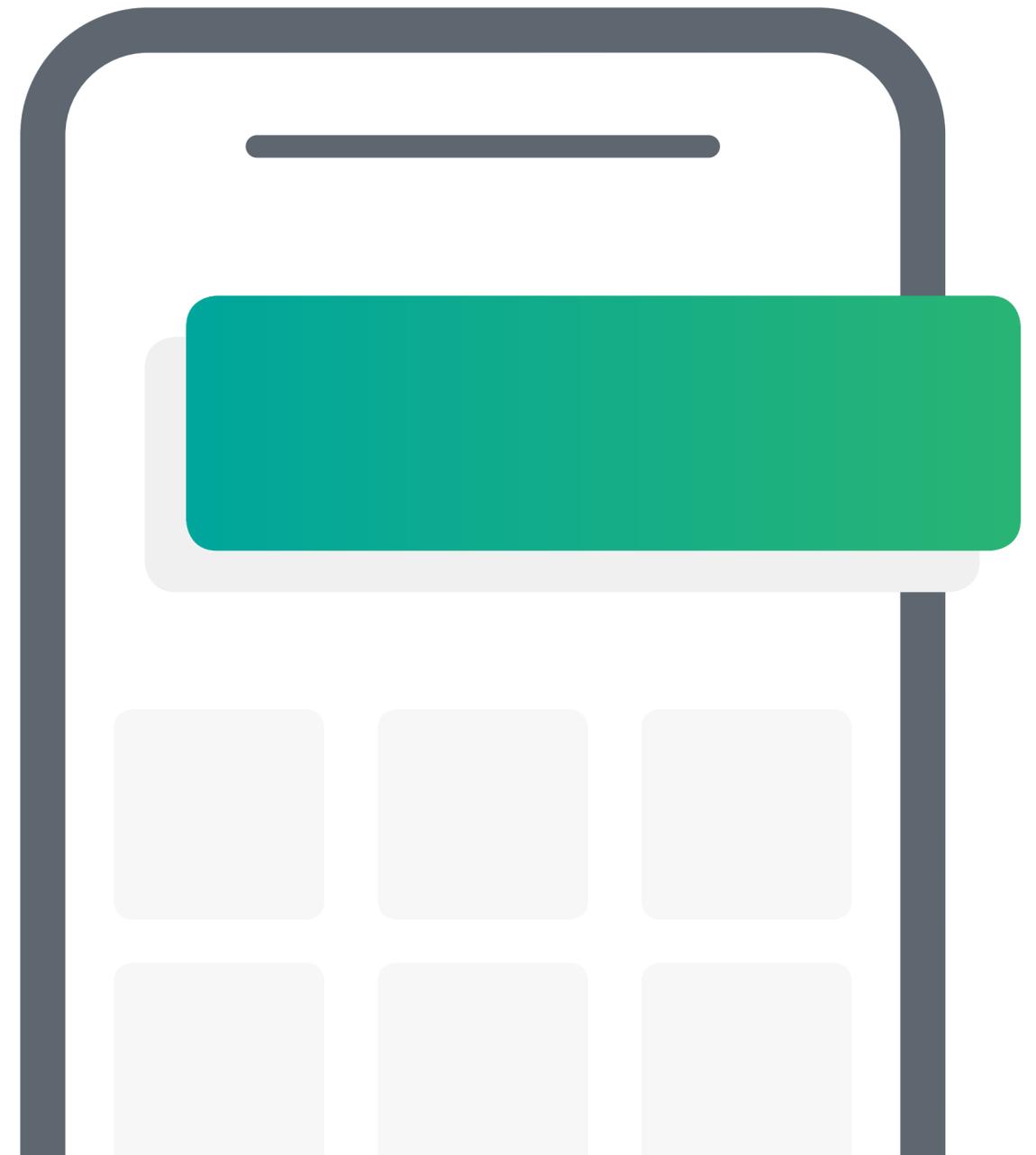
![cheapOair logo]

App Retargeting Success Story - CheapOair

CheapOair is one of the most popular US travel websites consistently ranked among the top five online travel agencies by Experian Hitwise, CheapOair wanted to stay in front of travel buyers by reaching and converting consumers in-app on their mobile devices. By leveraging App Advertising, CheapOair improved both the efficiency and scale of its mobile performance marketing efforts.

Within two months of implementing App Retargeting, CheapOair saw increases of

65%
in in-app clicks

37%
in in-app sales

196%
YOY sales growth

App Retargeting Brings Shoppers Back to Convert

App users are some of the most valuable shoppers a brand can have, but only if they keep coming back to use your app. With app retargeting, you can drive engagement across the entire app usage lifecycle. Whether it's re-engaging inactive users or driving repeat sales from your best shoppers, app retargeting helps you encourage shoppers to return to your app and ultimately convert them into buyers.

Social Media Retargeting

On average, <u>people worldwide are spending 135 minutes per day on social media</u>, so it's no surprise that to marketers, social media is a critical part of a shopper's path to conversion.

It can be a challenge however, to efficiently coordinate marketing to a shopper on both the open web and in a closed platform such as a social network, so connecting your campaign between social media and non-social platforms is extremely important.

As social media takes up more time of a user's day, it's important to stay at the forefront of their attention. Social media retargeting works by connecting you with shoppers who have already visited your site on social channels while incorporating shopper behavior from the open web.

Let's look at a real-life example of how it works.

Let's say Jennifer is browsing your website. As she moves through initial search, listings, product view, and basket, her intent data is captured at each level.

Jennifer finishes browsing, but gets distracted and leaves your website to browse on Facebook, either on her desktop or mobile phone, where the retargeting process continues in real-time.

Jennifer's purchase intent is calculated, the product recommendation determined and dynamic design of the ad occurs in real-time. The ad is displayed reflecting the products Jennifer viewed, plus new discoveries based on items such as availability.

Jennifer leaves Facebook and goes to the Washington Post, where the retargeting process continues.

A few hours later, Jennifer checks her Instagram, where she sees the ad, clicks, and is deep-linked back into the product page of your website or app to complete her purchase.

Criteo Dynamic Retargeting for Facebook and Instagram

The right retargeting partner can help you create one unified, cross-channel experience for shoppers and drive more sales than a siloed retargeting approach. Our unique ability to connect the dots between social platforms, premium publishers and ecommerce sites can help you gain a granular understanding of each shopper's complete web journey, not just their journey through social media.

Criteo Dynamic Retargeting for Facebook and Instagram can help you extend your reach for unmatched performance on Facebook and Instagram:

- Expand product discovery with personalized product recommendations that inspire shoppers with previously unseen products, reflecting current interests and tastes.

- Stand out and drive more engagement with Active Elements, adding dynamic, personalized text and graphics on top of ad images.

- Increase ROI on Facebook and Instagram with precise bidding and connecting with shoppers only when they are most ready to buy.

Current clients using Criteo Dynamic Retargeting on Facebook and Instagram see an average of

12%

sales uplift across all their retargeting campaigns.

With personalized and dynamic creative, social media retargeting is a powerful formula for driving not just sales, but finding new customers as well.

La Redoute

Success Story – La Redoute

By adding Facebook Dynamic Ads to its existing Criteo Dynamic Retargeting campaigns, French fashion e-tailer La Redoute was able to convert 10% more customers and triple conversion rates. Their integration with Facebook Dynamic Ads and ability to capture purchase intent across shoppers' journeys helped La Redoute reach customers when they were most likely to convert, generating 28% of incremental sales from new product discoveries, at 49% lower cost of sale.

Social Retargeting and Reach

With nearly 3 billion combined monthly active users on Facebook and Instagram, it's obvious that businesses can see a massive benefit from integrating social media retargeting into their marketing strategies.

Video Retargeting

Shoppers spend a third of their time online watching video content.[1] People engage with video across all devices, which is why video advertising is increasing 40% year-over-year.

Cisco forecasts that in two years' time, more than 80% of internet traffic will be video-based. For marketers, video retargeting is a crucial way to reengage with customers. Not only is the consumption of video increasing – it's also a highly engaging advertising format.

55%
of people watch online videos daily.

33%
of time online is spent watching videos.

64%
of people are more likely to purchase after watching video ads.

80%
rate of recall on video ads.

How Video Retargeting Works

Ben

1. A shopper, let's call him Ben, visits your site and looks at a variety of products. Ben's shopping behaviors are captured at each event level using tracking pixels. He leaves your site, and starts to browse the internet.

2. As Ben moves through different websites or even into different apps, the video retargeting process continues in real-time. His purchase intent is calculated, video inventory is purchased, relevant product recommendations are determined and the personalized video ad is generated and served, all in real-time. Ben's video ads could show up in-stream, out-stream, or in-app, depending on where he is browsing.

3. These video ads display products that Ben's shown interest in, and new product discoveries that he might like. If, for example, Ben had been browsing a travel booking site, the video ad might include new discoveries based on factors including his preferences and the item's availability.

✓ Having been enticed by a personalized video ad containing products he's interested in, Ben clicks on the ad and is deep-linked back to your app or website to complete the purchase.

Personalized Video Ads with Criteo Dynamic Retargeting

Criteo Dynamic Retargeting delivers video ads targeted at individuals based on their behavior and shopping intent.

Using Kinetic Design, a feature of the Criteo Engine, Criteo Dynamic Retargeting generates 20-second video ads featuring a branded intro and outro, relevant product recommendations from your live catalog, and an accompanying music track – all delivered in real-time and at a scale only Criteo can offer.

Our video ads can be shown in-stream, out-stream, or in-app, reflect your brand, and are personalized for each and every shopper through powerful product recommendations while data from Criteo Shopper Graph allows us to ensure that the buying journey is seamless and accurate for each shopper, no matter what route to purchase is taken.
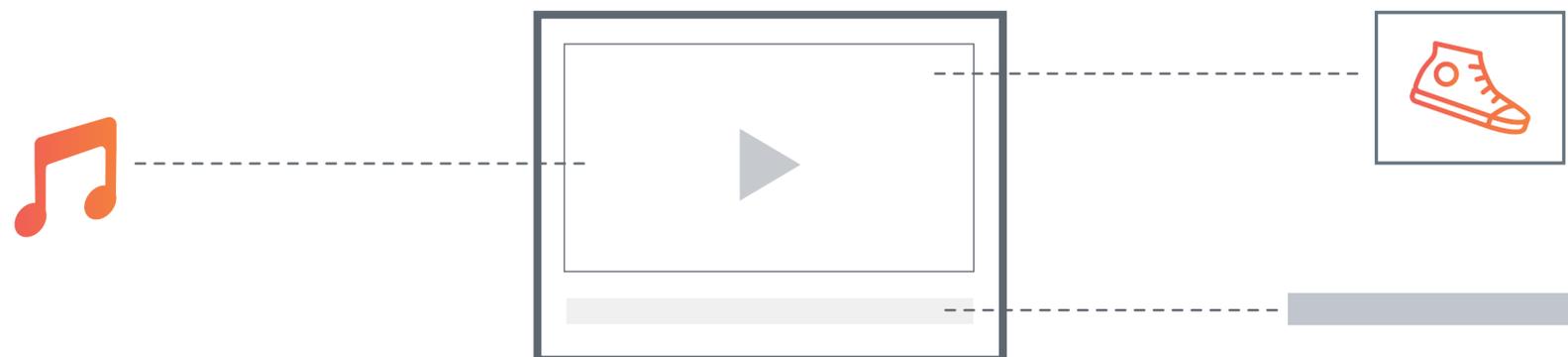
- Showcase relevant products that link directly to their respective product pages.

- Gain instant access to new video inventory and audiences without the hassle and expense of video production, through dynamic generation of video ads using your product data feed and brand guidelines.

- Drive measurable performance from a traditionally brand-oriented format, and generate a clear ROAS with transparent cost-per-click pricing, and reporting.

Video Advertising Success Story – bonprix

Using Interactive Video with Criteo Dynamic Retargeting, German fashion retailer bonprix was able to retarget shoppers in a completely new ad inventory channel.

According to Stefanie Millow, International Project Manager for Online Marketing at bonprix, Criteo's dynamically generated video ads helped the retailer generate sales, connect to shoppers and increase brand awareness in a fresh and innovative way, with no extra effort required.

Video Advertising for Maximum Engagement and Conversions

With the percentage of time people spend watching online videos only increasing, advertisers can get ahead of the game by implementing video advertising into their marketing strategies now.

Criteo Dynamic Retargeting allows you to dynamically generate customized, branded videos personalized to shoppers no matter where they are in their shopping journey. Without the costs of production, you can now encourage engagement through video using relevant products and a previously unattainable level of personalization on-demand.

Measurement

There are two key performance indicators (KPIs) typically used when measuring performance on marketing channels:

CPS

Cost per Sale

Campaign costs divided by number of post-click Sales. CPS = Campaign costs/ Number of post-click sales.

ROAS

Return on Ad Spend

How much gross revenue is realized for every dollar spent on advertising (dollars sold / dollar spent).

For retailers with fixed margins and overhead, it may be most useful to use a COS/ROAS target, because you would want to measure the campaign costs against how much revenue was generated by the products sold.

Other Useful KPIs

After you've established your primary KPIs, you can consider some additional KPIs that marketers commonly use to measure campaign effectiveness. Some are used to measure awareness while others for performance:

AWARENESS METRICS:

Reach
The percentage of your cookied audience your campaign is influencing.

Cost Per Thousand Impressions (CPM)
A standard reporting metric and pricing model for digital advertising. If you buy 10,000 impressions at a $2.00 CPM, it would cost $20.

Clicks
The number of clicks on your ad.

Click-Through Rate (CTR)
The percentage of users who clicked your ad from the total impressions. If you had 1000 impressions and 10 clicks, your CTR is 1%.

PERFORMANCE METRICS:

Conversion Rate (CR)
The rate at which buyers or leads convert to the next stage, whether through a purchase or a subscription.

Click-Through Conversion Rate (CTC%)
The percentage of users who see your ad, click, and convert.

View-Through Conversion Rate (VTC%)
The percentage of users that see your ad, do not click, but return later to your site to convert.

Efficiency vs. Scale

These KPIs shouldn't be measured in a vacuum.

Your number one focus as a digital marketer should be managing cost, but if your budget is too low, you may not see any results from your campaign.

That's what we call "efficiency vs. scale."

A campaign that walks the line between scale and efficiency is the best campaign you can run. You need to look at a variety of factors, including operational costs, margins, shipping costs, and many others, to come up with a realistic ROI goal — one that will enable you to get in front of as many high-value users as possible with the right ad at the right time.

Establishing Attribution

When it comes to retargeting campaigns, click-through attribution provides a clear indication of an ad's impact on the final sale.

The next piece of the puzzle is figuring out to look at progress to those goals. Basically: which marketing activities will count towards the goal you set?

With view-through attribution, sales for a product you advertised may increase during the associated ad campaign, but seeing an ad doesn't indicate purchase intent as much as clicks to sales.

While impressions do play a role in the buyer's journey, relying too heavily on them may inflate the impact those impressions had on conversions.

At Criteo, we optimize towards Post-Click metrics because a click is a clear indicator that the ad was seen and helped influence the shopper. We use a default 30-day post-click attribution, meaning a sale that occurs within 30 days of a shopper clicking on a banner will be counted towards your goal.

Banner Click

Same Day

Product View

18 Days Later

Social Visit / Ad

21 Days Later

Product Page + SALE
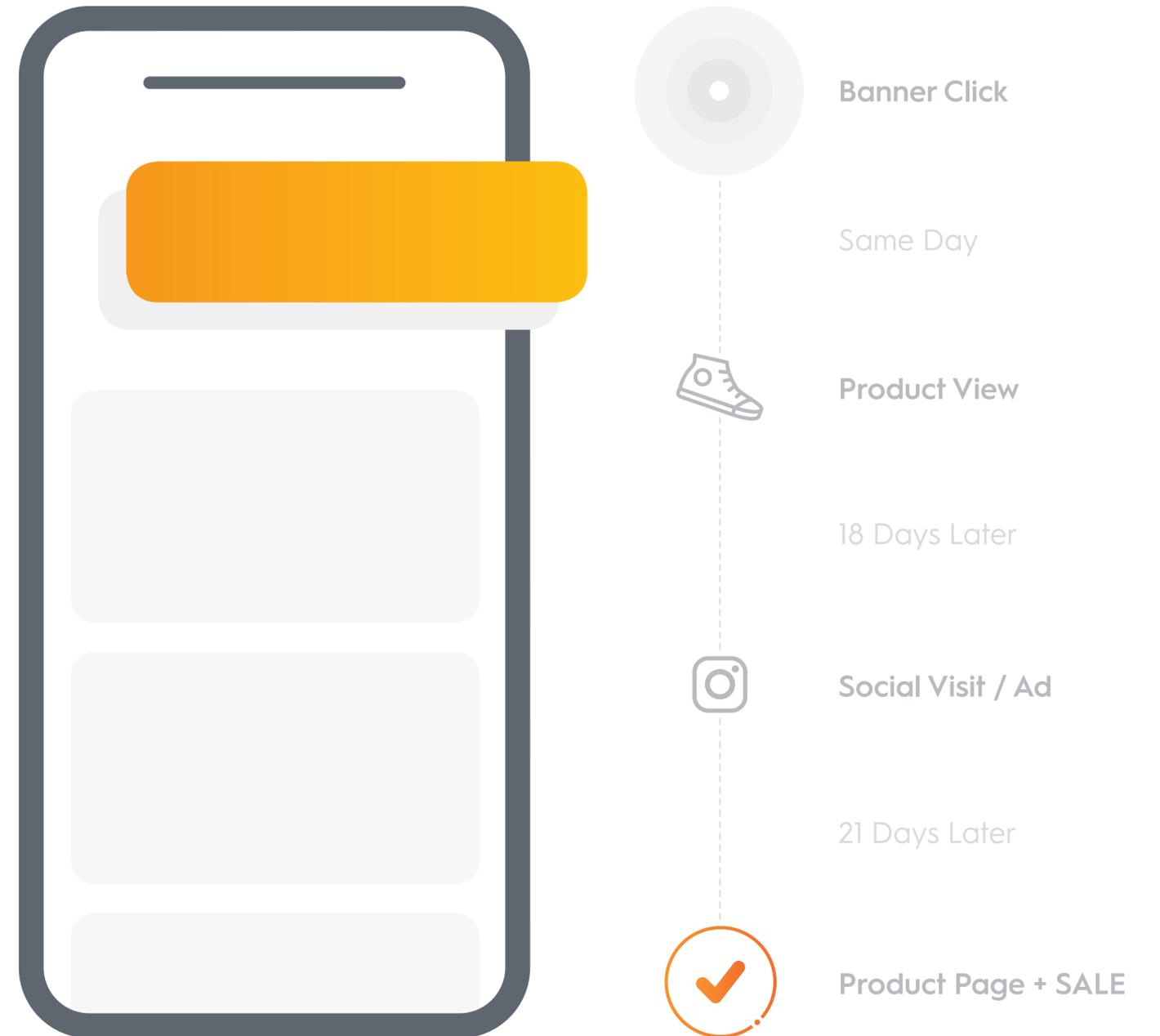
The Pretzel-Shaped Purchase Journey

●●●●●●●●

The purchasing journey is pretzel-shaped. People interact in roundabout ways with your product and brand via social media, mobile apps, video and offline.

It's hard to break through the digital noise today, too. That's why personalization is the foundation for any marketing campaign.

By optimizing your retargeting campaign and running ads across every different channel – and building a comprehensive attribution model – you can ensure that personalized, omnichannel experience for every individual shopper.

[1] Harley, Garth (2016, May 24) "31 Must Know Video Marketing Stats"
http://hyperfinemedia.co.uk/infographic-31-must-know-video-marketing-stats/

About Criteo

To learn more about how the Criteo Commerce Marketing Ecosystem drives sales and profits for thousands of brands, retailers, and publishers worldwide, visit Criteo.com/about.

criteo.