

Beyond Clicks And CPMs: A Look At ‘Engagement’-Based Ad Deals

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May 11, 2009 7:56 AM ET

CPMs are the default standard for buying display, and paid search ads get measured in clicks. But when it comes to valuing a social-media sponsorship, “advertorial” content on a magazine site or even a virtual-world campaign, **there’s a growing consensus that neither of those metrics is good enough.**



Click-throughs aren’t great for ads on social networks, for example, because most people are there to interact with the content—not click on a link that will take them to some advertiser’s site. And with an [oversupply](#) of inventory and [easily dismissed](#) ad units dragging down CPMs, **publishers are pushing for an alternative currency that attributes more value to their audiences.**

That’s where “engagement” comes in—and there are a variety of ways to try to achieve it. Facebook has its [Engagement Ads](#) that try to entice users to interact; Hearst’s digital division is letting advertisers pay to “engage” with *Seventeen* and *CosmoGIRL* readers by answering their questions; and video-ad firms like VideoEgg and ScanScout offer “cost per engagement”-based buys. Meanwhile, publishers’ sales teams are increasingly serving up stats like time spent, return visits, and even the number of times a brand gets mentioned in the comments, **as proof of why advertisers should pay more for their inventory.**

The problem is that other than “time spent,” there aren’t any real standards around engagement. That’s partly because all these sites offer different ways for users to interact with their content, but also because each advertiser’s goal will be different. **“There’s a consensus that engagement is going to be how we hold online advertising accountable from now on, but we’re still grappling with how to tie it back to real business results,”** said James Kiernan, VP and group client director for P&G at Mediavest. “Like, how many ‘engagements’ does it take to drive purchase intent? How do we tie it back to sales?” We spoke with some companies to find out which metrics they’re using to broker their engagement-based deals.

—**Time spent, the “go-to” metric:** “That’s the primary statistic that advertisers look for with our games,” said Neal Sinno, VP of business development at advergaming firm [Arkadium](#). “We can also tell them who’s playing, how many times they’ve played and things like whether they emailed a game to their friends—**but they really want to know how long their target is seeing the brand images for.**” Arkadium powers the casual games section for sites like [myLifetime.com](#) and AARP.com.

—**Offer a new way to interact with users:** Hearst launched Q&A sections on *Seventeen* and *CosmoGIRL* in April; advertisers can buy standard banner ads or come in as an “expert” and answer readers’ questions. A brand like Clearasil can buy an expert spot in the beauty section, for example, and pay for overall engagement (**in this case, the percentage of users that ask or answer a question**), but also on an impression basis. “They can say, ‘we want 100,000 people to see the entire Q&A thread,’ or even get the Q&A as part of a buy across the whole network; the bottom line is that they’re adding value to the audience’s conversation,” said Matt Milner, Hearst Magazines Digital Media’s VP of social media.

—**Tie engagement to a purchase:** IM-based virtual world [IMVU](#) is reportedly bringing in about \$1.7 million in revenue per month, 90 percent of which comes from the sale of virtual goods ([via Virtual Worlds News](#)). And it’s just starting to do branded merchandise deals with advertisers. **“There’s no reason that a legit brand couldn’t sell at least 100,000 items over several months,”** said IMVU’s VP of business and finance Kevin Dasch. “But we can also give them real-time stats about the number of times a user wears their item, the amount of time they spend looking at their page, as well as the number of groups that have popped up around them on our network. We try and bundle those stats with some standard banner impressions, **so advertisers can measure their spend in the ‘traditional’ way, but also get comfortable with this kind of engagement.**”

Kiernan called other options, like in-game ad units, “very engagement oriented,” since advertisers only pay once a player views the ad at a predetermined angle, for a minimum amount of time. “We’re still buying on a CPM, but it’s a more accountable CPM,” he said. **Kiernan added that the majority of buys were still made on a CPM or CPC basis—with engagement metrics bundled in as an add-on.** Meanwhile, Publishers Clearing House is tracking the number of people that enter their contests via networks like Facebook, MySpace and Twitter. “We’ve generated about 9,000 contest entries from a pool of about 1,500 fans across various networks,” said Alex Betancur, GM and VP of PCH Online. “That’s 9,000 opportunities to present them with magazine offers—which is how we define engagement.”

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