

The OPA White Papers

Internet Metrics: The Loyal Audience

Volume 1, Number 1

A special series from the

 **online publishers** association

Executive Summary

The growing body of advertising research clearly demonstrates that online advertising is effective. It raises awareness, conveys advertisers' messages, and enhances brand perceptions. Additional research illustrates that increasing exposure frequency results in even greater advertising impact. However, despite all of the research proving the efficacy of the medium, the metrics to support buying decisions are still not firmly in place.

Total Reach (monthly cumulative site audience or "unique visitors per month") has been the dominant comparison metric for the past five years. Unfortunately, it does not meaningfully inform advertising planning, buying or selling decisions, and may even mislead planners if used improperly. This paper uses custom analyses to make better use of existing measurement data for advertising planning purposes and provides some guidelines for thinking about the advertising planning process. As you will see, alternative statistics calculated from the existing audience measurement data offer a more appropriate understanding of the relative strengths of competing media packages.

The contents of this white paper show that:

- Total Reach is not the best measure of a site's advertising value since advertisers typically buy only a portion of the available inventory.
- The majority of a site's inventory is generated by Loyal Users, who visit the site frequently.
- Frequency of site visits can be helpful in choosing sites that can best achieve advertising objectives.
- Increasing online advertising exposure frequency to five or more impressions increases the branding value of online campaigns.
- Demographic profiles based on site traffic (rather than on Total Reach) provide a more informed view of a site's advertising opportunity.
- A site's Loyal Users, who are most easily reached with advertising, generally provide more desirable demographic profiles, and enable advertisers to achieve frequency objectives quickly.

In short, online media with loyal audiences provide rich advertising opportunities by both delivering reach and driving exposure frequency among desirable demographic targets.

Background

Audience measurement metrics in traditional media are designed to help advertisers understand how many people will have an opportunity to see an ad. Television offers “average minute audience” as the primary metric for assessing a program’s advertising potential. Radio is reported in terms of “average quarter-hour ratings,” providing an estimate of the number of people listening at any point in time and, by extension, the number of people likely to hear an ad during that period. Magazines are evaluated in terms of a title’s “average issue audience,” providing an estimate of the number of people with an opportunity to see an ad in the publication. Each of these measurements provides an estimate of the number of different people with an opportunity to see a single ad placement.

Frequency objectives are met by purchasing ad placements across multiple television programs, magazine titles, radio stations or networks or across time.

The Internet poses a special challenge for audience measurement because there is no program, there is no title, and the medium is indifferent to quarter-hour time slots. Instead, advertisers purchase individual impressions as needed. The metrics to support buying decisions, however, are not firmly in place today.

Total Reach – The Reigning Internet Metric

The most widely quoted metric on the Internet is 30-day cumulative Reach (“Total Reach”), an estimate of the number of different people who have viewed at least one page on a particular site over the course of the measured month. Each of the major ratings companies publishes rankings of sites and properties monthly, basing those rankings on Total Reach. Unlike in other media, however, the primary audience measurement metric, Total Reach, is not an estimate of the number of people with an opportunity to see an ad placed on the site. Rather, Total Reach is a measure describing the site’s overall ability to attract any viewer *at least once* during the month, with no indication as to the quality or advertising value of those viewers, or of the site’s ability to deliver that audience for an advertiser. The dominant driver of ad exposure potential is the size of the ad buy, itself, only then followed by the characteristics of the audience at the site.

The Obsession with Total Reach

Reach was selected as the primary metric by PC-Meter¹ in January 1996 with the release of the industry’s first metered Internet ratings. The challenge was to identify a measure of audience exposure in the then new medium. Time-specific programming did not apply as in television, rendering average minute audience on the Internet a curious but unhelpful statistic. There was no notion of an “issue” or publication cycle as in print. On some sites, content was updated continuously and on others, rarely.

¹ PC-Meter was later renamed Media Metrix. The author of this White Paper was co-founder and general manager of PC-Meter L.P. at the time of the first ratings release.

Cable television provided some guidance when, as a new medium in its day, it faced some of the same challenges encountered by the Internet. Cable networks gravitated toward 30-day cume audience estimates to illustrate their overall potential to reach audiences. Impractically, however, the only way an advertiser could ever actually reach the cume audience was to advertise on the network 24 hours a day for an entire four-week period.

Further, in 1996, online advertising was grossly underdeveloped; indeed the debate at the time centered on whether or not advertising should even be a part of the Internet. The few ads present were permanent parts of the page design and were not easily rotated. The demand for Internet measurement was driven by the need to promote the sites: to consumers to visit, to internal managements for support, and to the capital markets for further investment. Total Reach proved to be the metric best suited for this purpose; it provided an often flattering measurement of a site's audience potential and it quickly became the adopted standard.

Eroding Relevance of Reach

Since then, however, online advertising has matured substantially. *Direct response marketing* found a home on the Internet early on, but *display advertising* quickly gained solid footing. Ad serving technology dramatically changed the landscape, with the independence of ads from pages being complete and absolute. Advertisers now purchase however many impressions they like independent of the size of the site, paying more attention to the site's audience composition or editorial fit than to its Total Reach. Indeed, it is quite normal for two sites with very different Total Reach to provide the same number of advertising impressions for a given campaign. Therefore, the pertinent question is "Who will be reached and with what frequency given my campaign?" rather than "How many people will be exposed to at least one page during the month in which my campaign runs?"

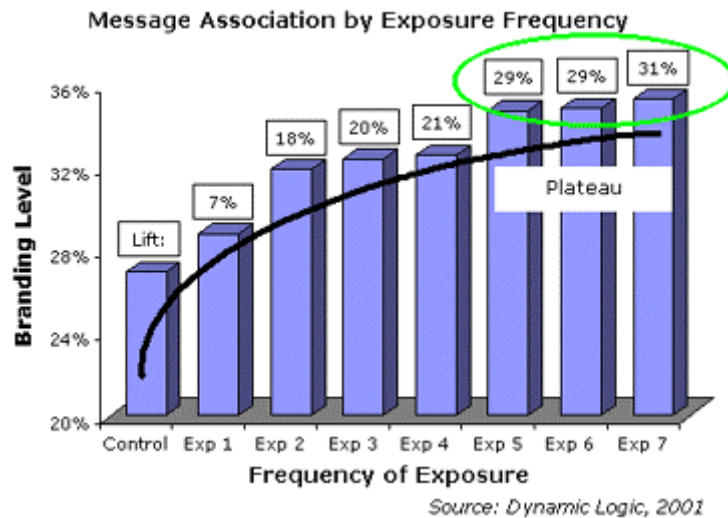
Frequency Counts

Many studies have shown that even a single online advertising exposure produces favorable results. But Dynamic Logic has taken that thinking further. In a review of many of its studies, they found that the branding value of online advertising continues to increase from one to five exposures. Across the studies included in Dynamic Logic's analysis, a single ad exposure raised Message Association by 7%. Three exposures raised the metric by 20%, and five exposures raised it by 29%.

"While historical research has shown that the CTR [click through rate] declines with additional exposures, the new Dynamic Logic research adds to a body of evidence that the branding value increases with additional exposures."

Beyond The Click: Insights from Online Advertising Research
Volume 1, Issue 8
Dynamic Logic

Full report available at: http://www.dynamiclogic.com/beyond_1_8.php



Readers are encouraged to read the complete report, including the insightful comments of Dynamic Logic's analysts.

Given the value of delivering an ad to the same user multiple times, it is essential to evaluate a site's ability not only to attract users, but to keep them. A site with a million one-time visitors, for example, may not be as useful to an advertiser as a site with 100,000 visitors who each return ten times. In the case of the latter, an advertiser can achieve frequency objectives to get his or her message through.

Some Unique Visitors Count More than Others

Total Reach remains a measure of a site's overall ability to attract an audience, but it does not differentiate between "Loyal Users," who visit the site frequently, from "Fly-by Users," who view a page or two never to return. Notably, both types of visitors count equally in the Total Reach measure. In practice, however, the Loyal User will be exposed to many more ads, while the Fly-by may see only one ad during the course of a month. As evidenced by their behavior, Loyal Users have a stronger relationship with the site and have developed a trust, confidence and familiarity with the media brand. Loyal Users can be more desirable advertising targets, generally providing more desirable demographic characteristics and the ability to be reached repeatedly to achieve frequency objectives.

Loyal Users generate most of a site's inventory, and are the most likely to be reached in an advertising campaign.

Loyal Users Dominate

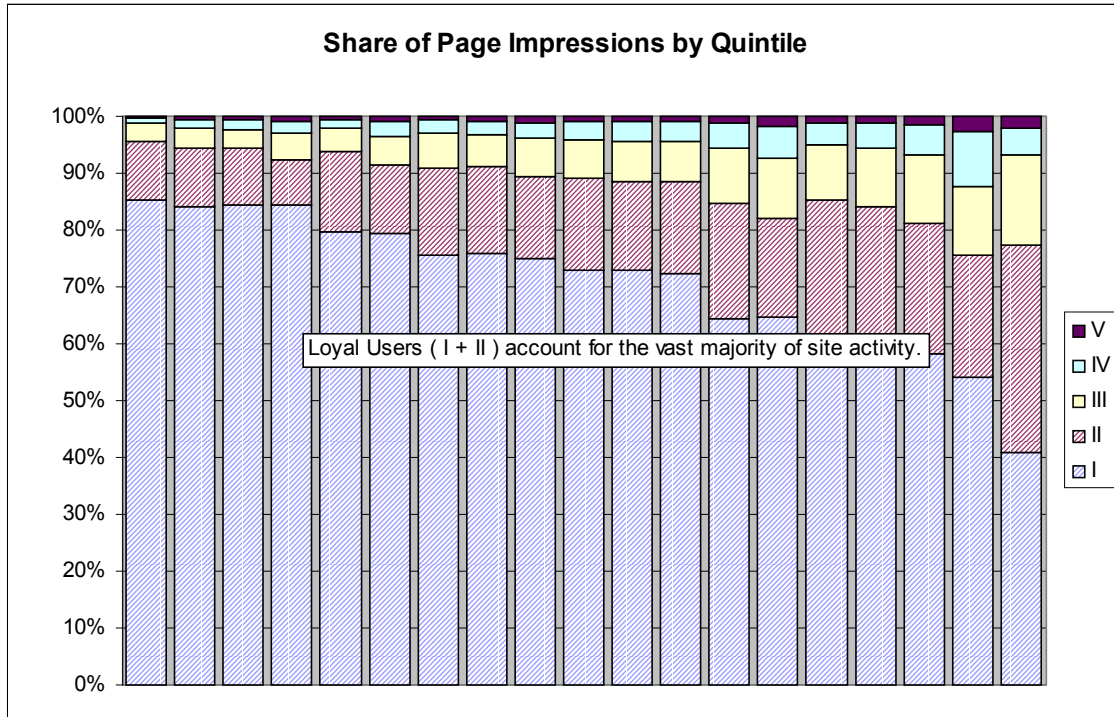
In a special analysis conducted by Jupiter Media Metrix for the Online Publishers Association, audiences for each of nineteen selected OPA member sites were arrayed from heaviest to lightest site users and divided into five groups of equal size, or *Quintiles*, a standard media research technique.

On average, the heaviest twenty percent of monthly visitors (I) accounted for 64.5% of all the page impressions. The top two quintiles (I + II), which we can call the Loyal Users, accounted for 85% of all page impressions. That means that the vast majority of the advertising on these sites is being seen by their Loyal Users.

Quintile	Percentage of Audience	Percentage of Page Impressions
I	20.0%	64.5%
II	20.0%	20.3%
III	20.0%	9.7%
IV	20.0%	4.3%
V	20.0%	1.2%

Source: Jupiter Media Metrix, February 2002
Leading Content Sites

This also means that the remaining 60% of the audience, the non-Loyal Users, account for only 15% of the page impressions and advertising. The lightest quintile (V) is essentially not at all addressable, as only 1% of an advertising campaign's impressions will be distributed to that group.



Source: Jupiter Media Metrix, February 2002, Leading Content Sites²

Loyal Users consistently account for the vast majority of site traffic and advertising exposure across all sites.

Loyal Users are the Most Addressable Audience

In practice, most advertising impressions will be delivered to Loyal Users. That turns out to be good news: Loyal Users have developed an affinity, trust and confidence in a site through regular usage, provide clarified demographic characteristics appealing to advertisers, and are available for advertising with sufficient frequency to achieve meaningful advertising performance.

There are several analytical approaches that can help the industry understand the advertising opportunity afforded by Loyal Users making use of the current audience measurement data.

1. Demographic Composition of Traffic
2. Gross Activity Measures
3. Emerging Reach & Frequency Planning Tools

Demographic Composition of Traffic

Planners frequently examine the demographic composition of a site, or portion of a site, to assess the fit between the advertising objective and the site's audience. A common mistake, however, is to look at the demographic composition of the monthly Unique Visitors or Total Reach. That analysis will provide a

² See Appendix.

diluted view of the advertising opportunity since it is the Loyal Users who will consume the vast majority of the advertising impressions. Instead, demographic analyses should be focused on the Loyal Users (those who will actually see the advertising), or better yet, on the demographic distribution of the traffic itself. The distribution of pages viewed by demographics is effectively the distribution of the *advertising* units by demographics. Thus, a planner can know how much of his or her advertising investment will reach target demographics.

There are often major differences in the demographic composition of a site's Total Reach versus that of the page impressions. Assume, for example, that a planner is evaluating a site in terms of its fit for a Financial Services advertiser. The agreed media target is persons over 50 years old, with annual household income over \$75,000/year. For the site below, only 15% of the Total Reach audience meets the media target. However, the media target consumes 27% of the page impressions on the site – the highest concentration of any other candidate site! That means that 27% of the advertising impressions are likely to be seen by those within the media target as well.

A Leading Financial Site		
	Total Reach Composition	Page Impression Composition
Kids 2-17	3%	2%
Teens 12-17	3%	2%
Persons 18+	97%	98%
Males 18+	64%	65%
Men 18-34	17%	9%
Men 35-54	34%	31%
Men 55+	13%	25%
Females 18+	32%	33%
Females 18-34	12%	11%
Females 35-54	15%	11%
Females 55+	6%	11%
HHI \$75k+ & P50+	15%	27%

Source: Jupiter Media Metrix, February 2002

In another example, choosing Males 18-34 as the target, ranking sites by the percentage of Total Reach composition would miss key advertising opportunities and grossly understate the value of key media. Men 18-34 consume over 60% of the page impressions and advertising on ESPN.com. Evaluating the Total Reach composition alone would understate the site's value to a M18-34 media plan.

	Total Reach Composition	Page Impression Composition	Page Rank
Males 18-34			
ESPN	36.8%	60.3%	1
NFL INTERNET GROUP	27.5%	45.8%	2
SPORTSLINE.COM SITES	27.0%	41.4%	3
HOTJOBS.COM	19.2%	40.0%	4
CNET	25.0%	35.9%	5
HOMESTEAD.COM	22.2%	35.3%	6
MONSTER.COM	26.4%	34.6%	7
MTV.COM	24.6%	33.8%	8
CNN.COM	23.8%	32.3%	9
Yahoo Finance	25.2%	31.1%	10
Yahoo News	25.7%	30.8%	11
GOOGLE.COM	22.7%	29.6%	12
YAHOO.COM	20.5%	29.2%	13
ABC NEWS	19.2%	28.1%	14
WEATHER.COM	21.9%	27.7%	15

Source: Jupiter Media Metrix, February 2002

While some opportunities may be missed, the other side of that coin is that bad choices can be made if the wrong metrics are used. For example, if the media target were Males 18-34, IWIN.com might make the cut with 19% of its Total Reach making the target. However, only 7.6% of the page views are actually consumed by the media target, making it a far less efficient choice for this demographic target than many others.

	Total Reach Composition	Page Impression Composition
Males 18-34		
IWIN.COM	19.0%	7.6%
QUICKEN.COM	16.8%	7.1%
GO.COM	19.0%	8.7%
COOLSAVINGS.COM	10.1%	5.0%
IVILLAGE SITES	10.6%	5.4%

Source: Jupiter Media Metrix, February 2002

The general pattern is that demographic skews demonstrated in Total Reach composition will be magnified when viewing Page Impression composition. Still, Page Impression composition is the best available estimate for where the advertising will fall, as it is driven by the Loyal Users who represent the

majority of the site’s activity. The leading Internet audience measurement companies can provide these views today, either through their standard interfaces or via custom tabulations.

Gross Activity Measures

Gross Activity Measures are alternative metrics that aim to describe the overall level of activity on a site. If Total Reach counts the number of unique visitors without regard to differences in usage levels, gross measures account for the overall usage without regard for the number of uniques. There are some surprises here, as some sites thought to be small measured in terms of Total Reach actually generate substantial traffic and advertising inventory. The leading measurement companies can provide these statistics as well.

Gross Page Impressions/Gross Page Requests are measures frequently quoted from log servers representing the overall traffic level at the site without regard to unique visitors or Total Reach. Gross Page Requests is a proxy for inventory and can be calculated from server logs or estimated by the audience measurement companies for competitive comparisons.

In the tables below, comScore has provided the Top Fifteen lists within the comScore-defined News & Information category, ranked on Unique Visitors and on Gross Pages Viewed. The rankings can be substantially different and tell a different story. Univision.com, for example, ranks 50th on this list in terms of Unique Visitors but ranks 8th in terms of Total Page Views.

Unique Visitor Sort	Unique Visitors	Rank	Gross Minutes	Rank	Gross Pages Viewed	Rank
News/Information	87,564,618		7,029,373,166		4,353,631,683	
cnet.com	25,997,477	1	523,514,429	2	394,533,370	2
cnn.com	19,493,135	2	1,135,886,253	1	492,101,997	1
msnbc.com	16,668,950	3	441,950,697	3	244,393,257	4
weather.com	13,055,186	4	253,374,435	5	261,766,814	3
time.com	12,155,362	5	98,872,586	10	59,906,445	9
nytimes.com	7,502,597	6	206,000,560	7	106,286,454	7
abcnews.com	6,500,716	7	68,429,840	14	29,725,680	18
usatoday.com	5,818,534	8	156,237,271	8	106,942,216	6
marketwatch.com	5,697,393	9	215,546,686	6	132,927,229	5
ew.com	4,849,116	10	32,379,419	22	23,601,024	23
washingtonpost.com	4,014,258	11	89,175,409	12	58,362,737	10
cbs.com	3,577,167	12	52,242,719	16	41,696,430	13
nationalgeographic.com	3,203,592	13	20,866,003	33	21,988,571	25
forbes.com	2,974,628	14	22,067,941	30	19,133,168	28
accuweather.com	2,863,288	15	49,447,596	17	31,531,804	16

Source: comScore, News & Information Category, Ranked, March 2002, U.S.

Pages Viewed Sort	Unique Visitors	Rank	Gross Minutes	Rank	Gross Pages Viewed	Rank
News/Information	87,564,618		7,029,373,166		4,353,631,683	
cnn.com	19,493,135	2	1,135,886,253	1	492,101,997	1
cnet.com	25,997,477	1	523,514,429	2	394,533,370	2
weather.com	13,055,186	4	253,374,435	5	261,766,814	3
msnbc.com	16,668,950	3	441,950,697	3	244,393,257	4
marketwatch.com	5,697,393	9	215,546,686	6	132,927,229	5
usatoday.com	5,818,534	8	156,237,271	8	106,942,216	6
nytimes.com	7,502,597	6	206,000,560	7	106,286,454	7
univision.com	969,847	50	91,080,929	11	75,545,661	8
time.com	12,155,362	5	98,872,586	10	59,906,445	9
washingtonpost.com	4,014,258	11	89,175,409	12	58,362,737	10
foxnews.com	2,128,857	20	152,217,778	9	44,336,810	11
latimes.com	2,668,186	17	57,110,195	15	43,227,984	12
cbs.com	3,577,167	12	52,242,719	16	41,696,430	13
wunderground.com	1,946,957	23	269,819,691	4	37,393,431	14
fool.com	2,700,076	16	40,769,130	19	35,969,340	15

Source: comScore, News & Information Category, Ranked, March 2002, U.S.

Gross Pages Viewed offers insight into the site’s inventory, but planners trying to meet frequency objectives need to characterize whether or not the site’s audience is visiting with sufficient frequency to meet the advertising frequency objectives.

Frequency Sort	Unique Visitors	Pages Per Unique Visitor
News/Information	87,564,618	49.7
univision.com	969,847	77.9
indiatimes.com	552,357	41.5
cnn.com	19,493,135	25.2
techtv.com	1,110,624	24.1
boston.com	1,238,787	23.5
marketwatch.com	5,697,393	23.3
maximonline.com	934,409	22.2
webgreed.com	1,342,117	21.8
newsmax.com	525,241	21.3
foxnews.com	2,128,857	20.8
weather.com	13,055,186	20.1
dallasnews.com	863,436	19.7
wunderground.com	1,946,957	19.2
hightimes.com	506,359	18.8
teenpeople.com	534,757	18.6

Source: comScore, News & Information Category, Ranked, March 2002, U.S.

After filtering for demographic concentration or editorial fit, understanding the frequency opportunity of the site will help assess whether or not a buy would be able to deliver against frequency objectives.

Emerging Internet Reach and Frequency Planning Tools

Reach and Frequency Planning Tools will be explored more fully in a future OPA-sponsored White Paper. These tools are just now starting to come online with several ad serving and media measurement companies investing resources recently. These tools will enable media and agencies to anticipate the number and demographic composition of an audience reached, and the frequency with which that audience is reached, given different media packages.

Summary

To meet the needs of advertisers, new uses of the existing measurement data are required. Total Reach (or monthly Unique Visitors) is not a helpful measure when evaluating a site's advertising potential. Understanding the demographic composition of the site's traffic, or that of its Loyal Users, is far more helpful in insuring advertising performance. Clarifying the frequency opportunity of a site will help set expectations for achieving the campaign's overall objectives. The existing measurement companies can provide the data for these analyses; all that remains is to use them wisely.

Appendix

Quintile Analysis – Selected Media Sites

Distribution or Percentage of Total Site Page Impressions (Page Requests) by Unique Visitor Quintile.

- I Heaviest 20% of Monthly Unique Visitors
- II Next heaviest 20% of Monthly Unique Visitors
- III Middle 20% of Monthly Unique Visitors
- IV Next lightest 20% of Monthly Unique Visitors
- V Lightest 20% of Monthly Unique Visitors

	Digital Property	NYTimes Digital	WSJ Interactive	CIMedia Cities	Washington Post	Salon.com	USA Today Sites	Knight Ridder	ESPN	CBS MarketWatch	CNET Networks	Tribune Interactive	MSNBC	Average	Weather.com	Space.com	CondéNet Sites	Bankrate.com	MSN Slate	Forbes.com
I	85.3%	84.1%	84.3%	84.4%	79.8%	79.5%	75.7%	76.0%	75.0%	72.9%	72.9%	72.2%	64.5%	64.6%	57.2%	56.6%	58.3%	54.1%	40.9%	
II	10.3%	10.2%	10.1%	8.0%	14.0%	11.9%	15.3%	15.2%	14.5%	16.0%	15.8%	16.4%	20.3%	17.3%	28.1%	27.4%	22.8%	21.6%	36.5%	
III	3.1%	3.6%	3.2%	4.6%	4.2%	5.0%	6.0%	5.6%	6.5%	6.9%	6.9%	6.9%	9.7%	10.8%	9.8%	10.3%	12.2%	11.9%	15.8%	
IV	1.1%	1.6%	1.8%	2.2%	1.4%	2.6%	2.5%	2.5%	2.9%	3.1%	3.6%	3.6%	4.3%	5.5%	3.8%	4.5%	5.3%	9.7%	4.9%	
V	0.2%	0.4%	0.6%	0.8%	0.6%	1.0%	0.6%	0.8%	1.0%	0.9%	0.9%	0.9%	1.2%	1.8%	1.1%	1.2%	1.4%	2.7%	2.0%	

Source: Jupiter Media Metrix, Custom Analysis, February 2002

About the Author

Steve Coffey, the author of this white paper, is president of Coffey & Associates, a media and marketing research consultancy with a broad range of media and marketing clients based in New York City. An industry-respected specialist in research methods, strategy and analysis, Mr. Coffey co-founded Media Metrix in 1995 and was responsible for the research, design and implementation of the service. He developed the company's Reach & Frequency planning system in 2002. Mr. Coffey also launched Nielsen's in-home scanning panel in 1989, as well as a panel company in Mexico City in 1993, and a single-source magazine measurement service, also for Nielsen, in 1991. He is a frequent public speaker and academic lecturer, has published articles in the Journal of Advertising Research, ESOMAR Proceedings, and the Journal of Interactive Advertising. He holds a Masters degree in business from Columbia University in the City of New York. Mr. Coffey currently serves as a consultant to the OPA on its research initiatives.

Contact Information:

Steve Coffey
COFFEY & ASSOCIATES
77 Seventh Avenue, Number 16J
New York, NY 10011
Email: steve@scoffey.com
Phone: (212) 633-1005

About The OPA White Papers

The OPA White Papers are edited by Michael Zimbalist, executive director of the Online Publishers Association. For questions about the series or to submit an idea for a future paper, please contact:

Michael Zimbalist
Executive Director
Online Publishers Association
500 Seventh Avenue, 8th Floor
New York, NY 10018
Email: michaelz@online-publishers.org
Phone: (646) 698-8071

About the Online Publishers Association

Founded in June 2001 by some of the Internet's leading content brands, the Online Publishers Association (OPA) is an industry trade organization dedicated to representing high-quality online publishers before the advertising community, the press, the government and the public.

OPA is committed to producing groundbreaking research into online advertising and media consumption with the goal of advancing the online publishing industry. Through credible research and ongoing communications, OPA seeks to establish and promote the Internet as an effective advertising medium for marketers and a sustainable media business for publishers, thereby ensuring the continued availability of quality content to serve the public good.

Current members of OPA are: Bankrate.com, CBS MarketWatch, CNET Networks, CondéNet, Cox Enterprises, ESPN.com, Forbes.com, Knight Ridder Digital, Le Monde Interactif, MSNBC.com, New York Times Digital, Salon Media Group, Slate, SPACE.com, Tribune Interactive, USATODAY.com, Wall Street Journal Online, Washingtonpost.Newsweek Interactive and weather.com.