

QUICK-GUIDE

One vs Two Retargeters

Why One Retargeter is Better Than Two

criteo.



ONE VS TWO RETARGETERS

When Criteo conducted our “State of Ad Tech” research, we found that retargeting and display ads were often the number one marketing tactic.

That’s probably no surprise. Most performance marketers know the effectiveness of dynamic retargeting. Hyper-relevant ads that target web visitors who have expressed interest can generate extremely high ROI while offering trackability and control.

This is usually done through a retargeting partner. And, since marketers usually start by using one retargeting partner, there’s often one key question:

Should I be using only one retargeting vendor or should I be using multiple retargeting solutions?



The Publishing Landscape

Retargeting vendors bring different approaches and different abilities to the table. Back in the early 2010s, it was entirely possible that a specific retargeting vendor would bring unique or exclusive access to publisher inventory – and thus users.

However, after the RTB (real-time bidding) revolution, only a small number of vendors have truly unique inventory and truly unique users. Most vendors use the RTB Exchanges for most, if not all, of their ad inventory. Those exchanges are open to many bidders and therefore don't represent exclusive or incremental inventory or users.

It is possible for a retargeting vendor to have preferential inventory, outside of RTB exchanges. "Criteo Direct Bidder" is a nice example of that advantage.



RTB Exchanges

The open RTB Exchange is a great thing: it allows any advertiser to bid competitively on showing an ad to a given, specified user. Dynamic retargeting takes advantage of this ability to precisely determine the value of showing your ad to a given user and bidding accordingly. When your retargeting vendor wins RTB auctions – and shows your ads – you earn more sales at your targeted ROI.

When you use one retargeting solution, all of your bids are coordinated and aligned to drive maximum ROI. Your retargeting vendor understands how the value of each subsequent ad display decreases, provides just the right frequency for each user, and makes sure the user experience is optimal.



The Multiple Retargeter World

Things start to become a bit complicated when two retargeters are assigned access to the same user. There are two primary problems that occur when marketers decide to use two retargeters.

Bid Collision in Action:



1 Bid Collision

Because most retargeting ads are sold via an RTB exchange, both retargeters are going to bid (on your behalf) for that user. We call this bid collision. It's as bad as it sounds: by using your budget to bid against yourself, you are simply going to pay more for the same ad impression.

Since both retargeters are using the same exchange, your bids end up going against one another and you have to pay the maximum price of all the bids submitted your behalf.

2 Frequency Blindness

It is critical that each user be shown just the right number of ads – and that each ad be accurately valued. Frequency blindness occurs when retargeter 1 doesn't know how many ads were shown by retargeter 2 and vice versa. Even worse, users are likely to be over-exposed and have a bad experience with your brand. Finally, the bids submitted by either retargeter don't reflect the true value of the ad impression because the retargeter bidding doesn't have full visibility into the number of ads already shown.

What the Data Says

So, we know that bidding against yourself can only destroy value. After all, do you set up two accounts to bid on eBay or other online auctions? However, how do we calculate the actual degradation in ROI that comes from **bid collision** and **frequency blindness**?

To answer this question, Criteo convened a cross-functional team of experts in RTB auctions, data science, and marketing effectiveness. We created a simulation model that allows us to investigate the change in value created for an advertiser when moving from one to two - or even three - retargeters.

Our model also allowed us to determine the specific effect of both **bid collision** and **frequency blindness**.



What We Did

- Conducted a simulation of over 150 Million advertising displays, looking at a world with one retargeter vs. a world with two retargeters (or even three retargeters).
- Determined how much value each option would deliver for an advertiser.
- Adjusted various parameters, such as the split of displays between retargeters one and two, in order to understand how changes to the system affect the reduction in ROI.

What We Learned:

-22%

reduced advertiser ROI by moving from one retargeter to two retargeters

-8 ppts

ppts of this reduction is from bid collision

-14 ppts

of this reduction is from frequency blindness

-30%

reduced advertiser ROI by moving from one retargeter to three retargeters

-12 ppts

of this reduction is from bid collision

-18 ppts

of this reduction is from frequency blindness

50/50

Value destruction is highest when the split of ad exposures between two retargeters is closest to 50/50 -frequency blindness is maximized in that case. However, even a more modest intrusion, such as a 75/25 split, still witnessed 70% of the value destruction as the worst case.

Less is More

Just as moving from one to two retargeters destroys advertiser value; moving from two to three retargeters destroys additional value.

New Value

When value is formally "destroyed" it moves from advertiser value to publisher value. So when advertisers use multiple retargeters, and pay more for the same impressions, it is the seller of the ad inventory who ultimately profits from the overlapping bids.

Advice For Marketers

- 1 If you are using one retargeter, great! Keep using one best-in-class solution.
- 2 If you are using two retargeters, take a hard look how to test down to one.
- 3 Split the cookie pool into A and B populations and apply one retargeter to the A group and one retargeter to the B group, keeping total spend per cookie the same across A and B populations and then measuring all sales (not attributed sales) in each population.



About Criteo

Criteo (NASDAQ: CRTO) is the advertising platform for the open Internet, an ecosystem that favors neutrality, transparency and inclusiveness. 2,700 Criteo team members partner with over 18,000 customers and thousands of publishers around the globe to deliver effective advertising across all channels, by applying advanced machine learning to unparalleled data sets. Criteo empowers companies of all sizes with the technology they need to better know and serve their customers.

Ready to get started? Get in touch.

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