H1 2022

Advertising Performance Benchmark Report

Tuning in to the signals advertisers value most

sovrn

Introduction

In today's complex world of digital advertising, it is difficult for publishers to access current, accurate, and reliable benchmark data related to ad performance. Yet without that data, it's impossible to truly understand how performance stacks up against the competition.

The Sovrn Data Collective, comprising more than 6,000 independent publishers generating over 25 billion daily page views across 60,000 websites, uniquely positions Sovrn to provide granular ad performance insights to the industry at large. This report, designed to help publishers optimize their advertising strategies, shares these learnings with you.

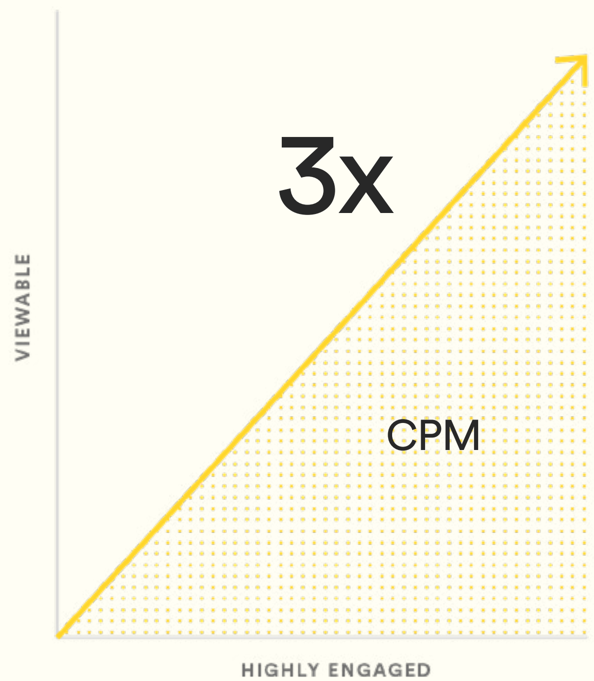
The first section offers a snapshot of advertising performance in the first half of 2022, including insights from the last quarter of 2021, to uncover how ad spend was impacted by factors such as global uncertainty, geography, industry, and seasonality. To arrive at these key findings, we analyzed CPM (cost per mille) data across 136,000 ad units, to get a view of trends across the industry.

The second section combines this data with Sovrn Signal's engagement and audience insights to determine which factors most affect the rates buyers were willing to pay for inventory and how rates changed over time for different segments of the market.

Publishers can use this report as a quick reference guide to see how their site(s) compare to industry averages, understand performance trends over time, and map how these trends relate to their site(s) and apply which factors impact CPM to evaluate and adjust their advertising strategy.

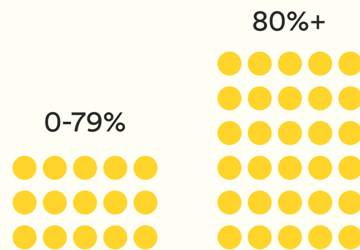
Key Takeaways

We've cut through the noise to help you understand how your ad performance stacks up against the competition.



CPMs triple with highly viewable and engaged ads

CPM by Content Consumption



2x
CPM from users consuming 80%+ of content

The Cookie Conundrum

71%
greater CPM with cookies

61%
of all bid requests now include UIDs

H1 2022 Uncertainty

Ad spend ↓

- Global economic uncertainty
- War in Ukraine
- Lingering pandemic

Powered by Sovrn Data Collective

60,000+
Websites

49B+
Ads served
(last 30 days)

25B+
Page views per day

400M+
Active Consumers

Source: CPM data across 136,000 ad units, tracking ~ 2B impressions/day

CPM Trends

January - June 2022

The first half of 2022 was a challenging time worldwide. The effects of the pandemic were still being felt, with new Covid variants leading to new waves of infection. The war in Ukraine was a shock to the world and continues to create geopolitical tensions. The resulting effects on energy and food trade have been felt globally, leading to economic slowdowns and rising inflation.

With this macroeconomic backdrop in mind, let's look at how these global movements impacted advertising spend and, consequently, publisher earnings in key markets and sectors. We begin by providing an overview of average CPM per month by market, starting in Q4 2021.

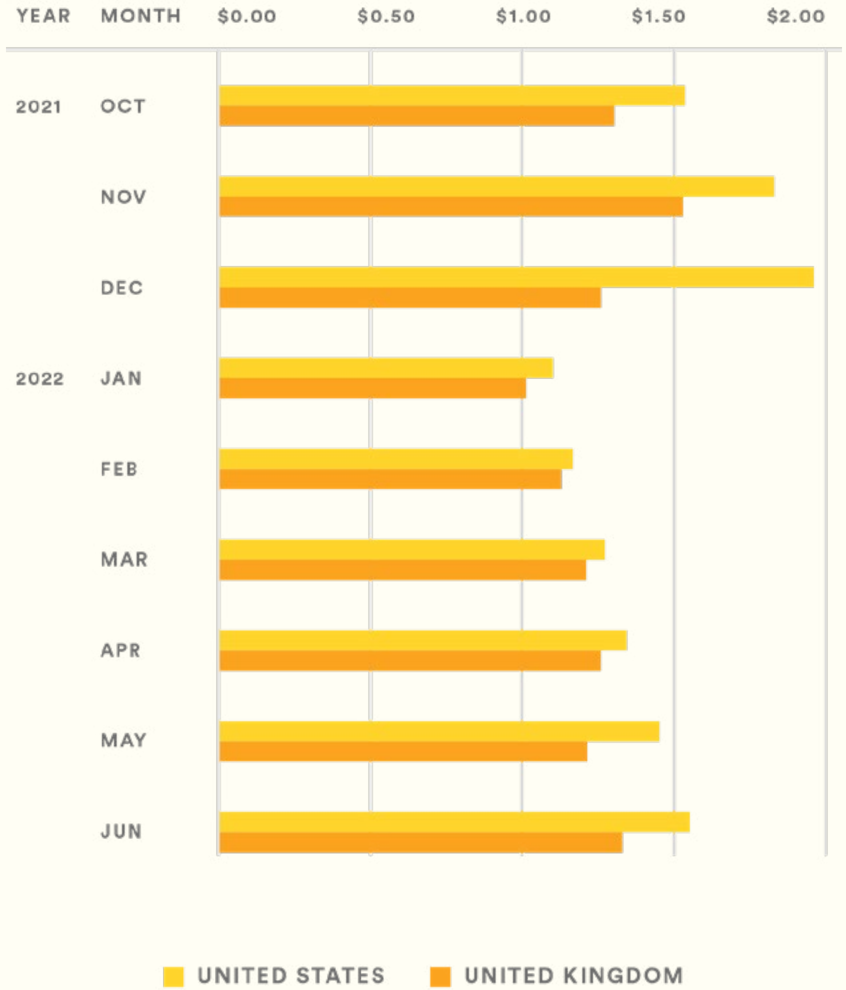
AVERAGE CPM PER MONTH BY KEY MARKET

YEAR	MONTH	US	MOM CHANGE	UK	MOM CHANGE
2021	OCT	$1.56	–	$1.30	–
	NOV	$1.83	17.20% ↑	$1.53	17.7% ↑
	DEC	$1.94	6.16% ↑	$1.29	-15.43% ↓
2022	JAN	$1.11	-42.87% ↓	$0.94	-26.88% ↓
	FEB	$1.23	11.43% ↑	$1.18	25.13% ↑
	MAR	$1.31	6.19% ↑	$1.24	4.82% ↑
	APR	$1.35	3.34% ↑	$1.26	1.97% ↑
	MAY	$1.40	3.32% ↑	$1.13	-10.53% ↓
	JUN	$1.54	9.78% ↑	$1.26	11.6% ↑

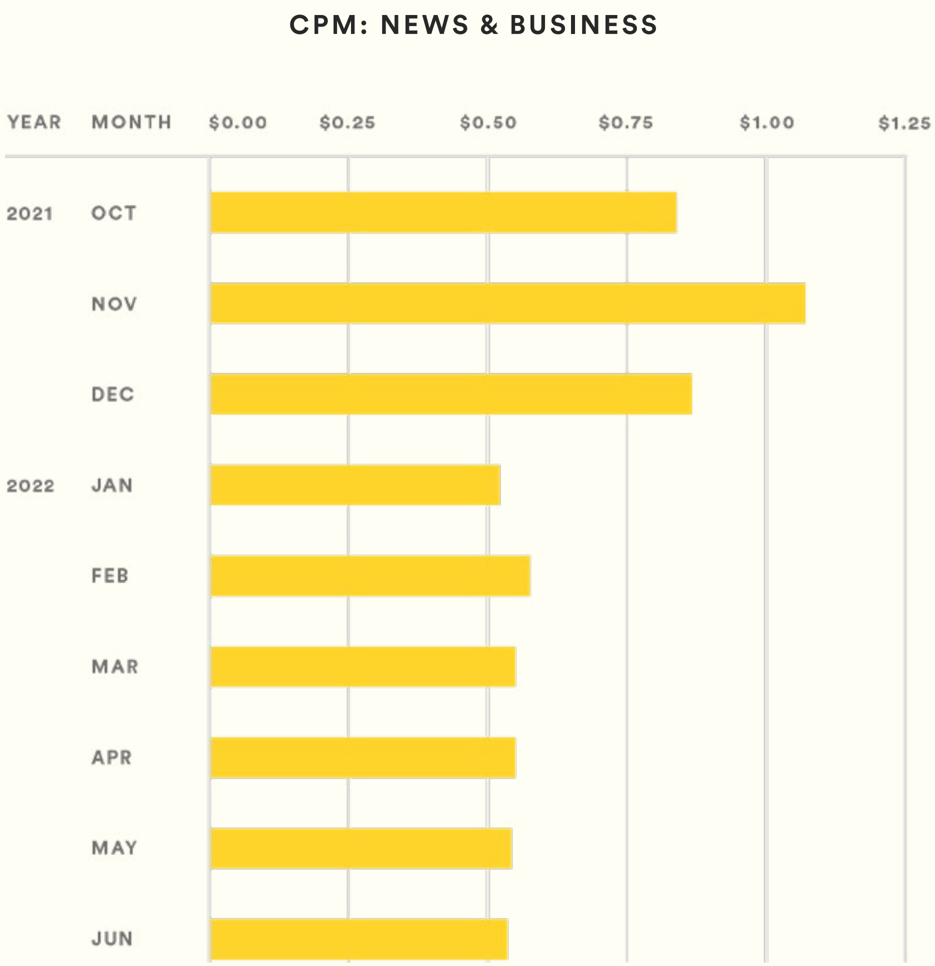
From the CPM by Country by Month chart we can see a seasonal increase in CPM in the run up to the end of 2021 with a drop off into early 2022 that was comparable to 2021. CPM recovery in 2022 is, however, slower than expected, particularly for the US.

The UK saw better performance in the first half of 2022 compared to the first half of 2021. Given the world was still mid-pandemic in 2020-21, we've focused on the end of 2021 and the trend we've seen over the first half of 2022.

CPM BY COUNTRY BY MONTH



CPM by IAB Categories



During H1 2022, content on news and business sites was dominated by updates on the Russia-Ukraine war and subsequent effects on the financial and business markets. Advertisers were wary of appearing alongside negative news and thus adjusted their spending habits versus Q4 2021.

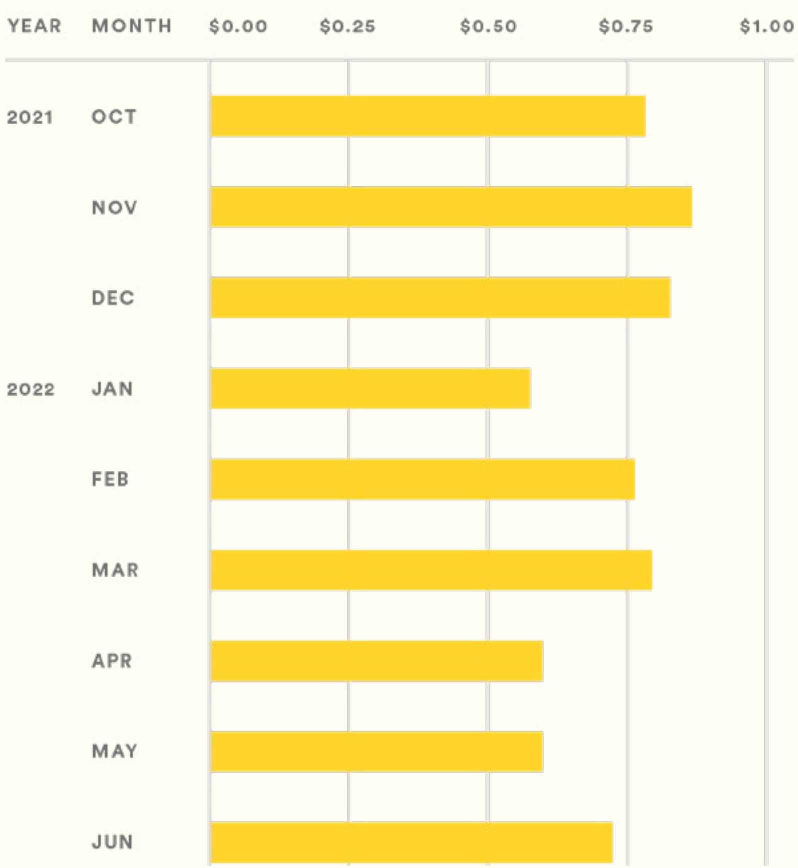
This resulted in a ***downward trend*** for CPMs on news and business sites.

CPM: AUTOMOTIVE

Supply chain challenges and economic slowdown impacted the availability of key components required for manufacturing during H1 2022 — especially for auto manufacturers. As a result, advertisers reduced the amount of advertising for products that could not be delivered.

Q1 CPMs were higher than Q2 on average in this sector which is atypical.

CPM: TRAVEL



In contrast, demand for flights and accommodation recovered as countries began to open their doors to tourism. Advertisers worked hard in H1 2022 to capture consumer attention and entice them to book that next trip.

As a result, unlike other sectors, ***rates in Q1 and Q2 were in line with Q4***, indicating that the world is opening up following the pandemic.

Advertising in the lifestyle, arts, and hobbies sector was ***not significantly impacted*** by economic factors in H1 2022. CPMs reflected typical seasonal trends in Q1 to Q2.

👋 How do your CPM trends compare?

If they're lower than average, consider increasing your floor pricing, if they're higher, consider lowering it. Evaluate how this influences the demand for your ad inventory and ultimately, whether you can earn more revenue.

Factors influencing CPM

Programmatic advertising is projected to account for **91% of all display spend** in the US in 2023. However, not all ad requests are equal.

Advertisers evaluate and optimize each ad request against a myriad of variables before deciding how much to bid. The level of emphasis placed on each variable comes down to the individual buyer and their targets.

That said, there is a common group of factors that consistently have an outsized impact on CPM rates. In this report, we break these into three key areas:

01 **Ad attributes:** Did a user see the ad? Were they engaged? Did they interact with the ad?

02 **Page attributes:** The environment in which the ad was served; was it high or low quality?

03 **User attributes:** Who is the visitor? Are they addressable? Are they part of my target market?

In this section we looked at data from June 2022 to give a snapshot of how these different factors influenced CPM.

Ad attributes

Ad buyers use past performance measures from purchased inventory to predict the likelihood of future outcomes. Viewability (the likelihood that an ad will be visible) is the de facto standard for evaluating performance. Simply put, if an ad doesn't have a chance to be seen, it doesn't have a chance to drive impact.

Unsurprisingly, greater viewability corresponds to higher CPM captured by publishers. With average viewability currently around 52%*, inventory with higher viewability scores captures an outsized portion of advertiser spend.

Increasingly, buyers are looking to move beyond viewability to a more granular measure of attention. While optimizing for viewability can help to maximize the ***likelihood*** an ad will be seen, it doesn't mean it will ***actually*** be seen or drive engagement.

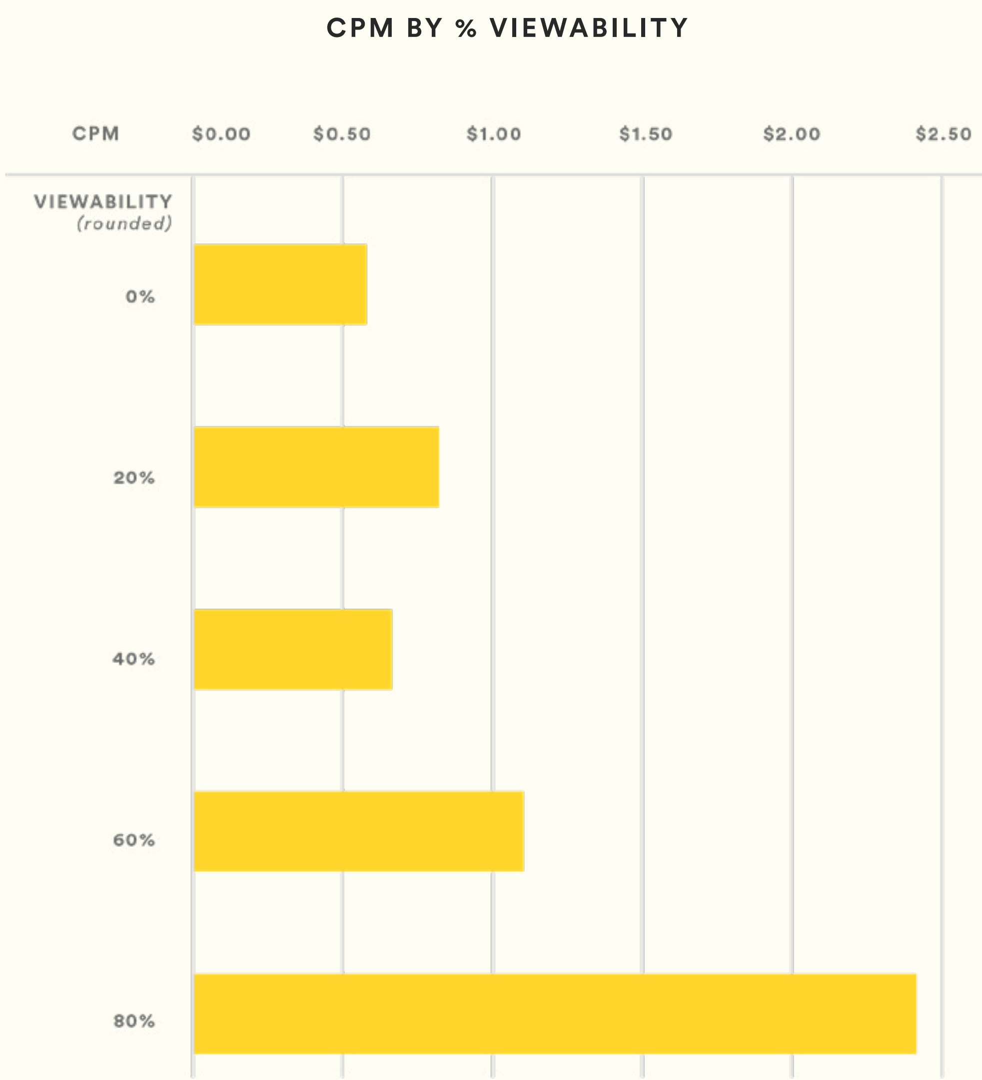
**based on Sovrn Signal Benchmarks data*

Under IAB principles, an ad is "viewable" if 50% of its pixels are visible in the browser window for one continuous second. We can probably all agree that one second isn't enough time to effectively convey a message, especially if only half the ad is in view.

The longer an ad is visible, the greater the chances it will be seen — and command higher CPMs. But that viewable time must also be high quality, while the user is actually engaged with the content — otherwise it's less likely to make an impact.

Buyers recognize this fact and are beginning to optimize their bids toward user engagement (or attention).

In the next set of charts, we'll showcase how viewability, attention, and CTR influence CPMs.



The higher the viewability, the greater the CPMs, showing that highly viewable inventory is preferred by buyers.

3x greater CPM with 80%+ viewability

61% increase in CPM from highly visible inventory

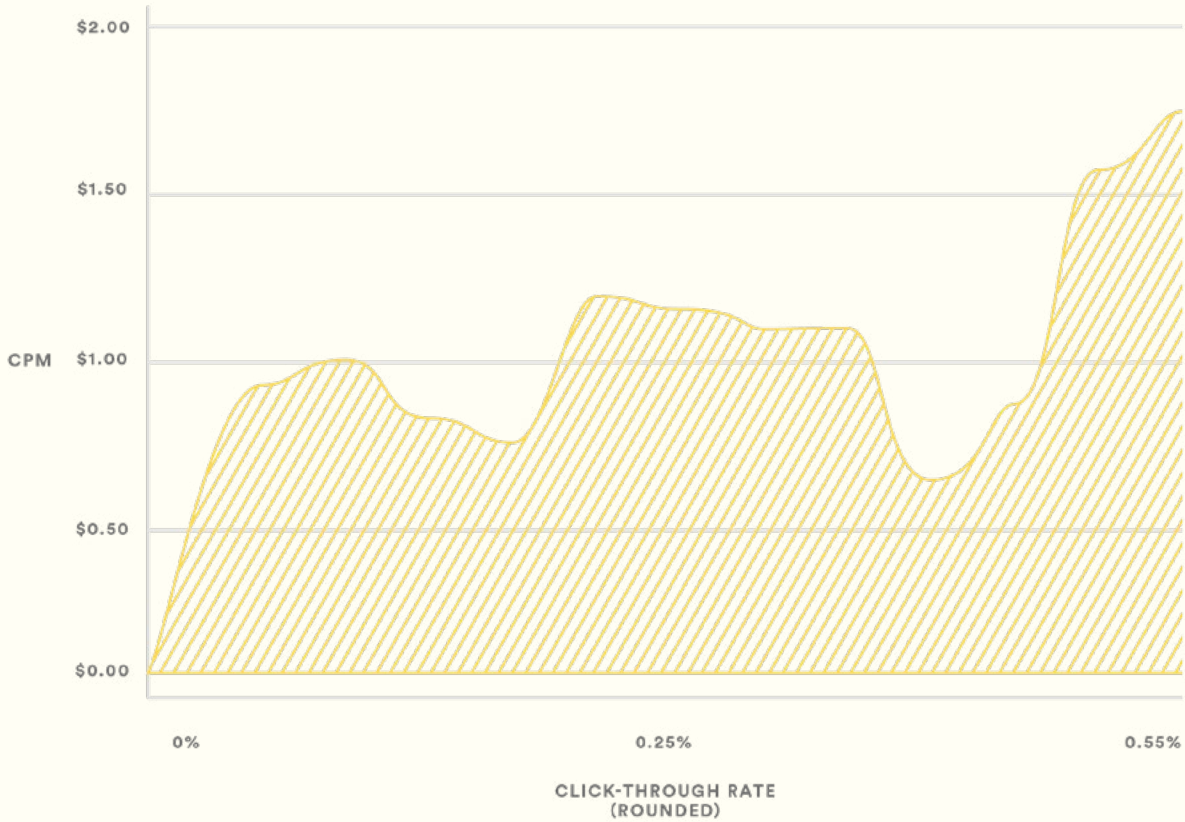
CPM BY AVERAGE VIEWABLE ENGAGED SECONDS

Sovrn's proprietary attention metric, engaged time, combines viewability with 45 distinct on-page user interactions – including page scrolls, mouse clicks, keyboard activity, and more – to measure both 1) when an ad has the chance to be seen, and 2) when a person is actively engaged with the content. The result is a truer measure of a reader's attention. Our data suggests that engagement or attention drives higher CPMs.

85% CPM increase after 12 seconds of engaged time

2x CPM increase after 16 seconds of engaged time

CPM BY CLICK THROUGH RATE



Proxies for attention allow ad buyers to optimize toward a specific outcome — like a download, a purchase, or a website visit. For better or for worse, this last measure has become the de facto evaluation metric for digital campaign performance, through the ubiquitous CTR.

The higher the CTR, the more landing page visits per 1,000 ads purchased. It should therefore come as no surprise that CTR has a significant impact on ad spend.

39% average CPM increase*

**each click per 1,000 impressions*

Page attributes

Advertisers want to reach visitors in the right environment at the right time, therefore much attention is given to selecting the right websites and page sections for creative placements.

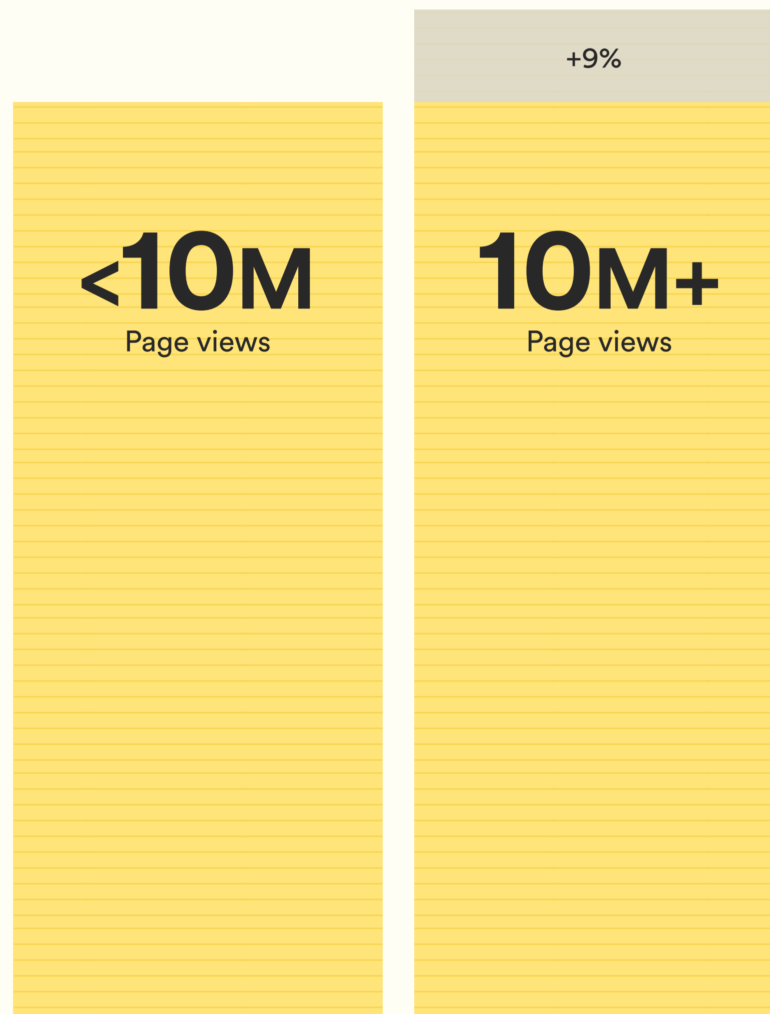
Site traffic was once an accepted proxy for site quality. The theory was that sites with higher monthly page views must be delivering higher quality content and a better user experience, and therefore buyers were willing to pay more for an ad placement.

However, the data doesn't support that idea. We saw no correlation between the volume of site traffic and the amount of attention that a publisher's content captured. Publishers capture the same level of user attention per page view regardless of the traffic volume. That said, there is a slight bias from ad buyers toward high-traffic sites, but this is a marginal difference compared to other areas covered in this report.

Simply put, site size doesn't matter as much to buyers as conventional wisdom would suggest. Page content is a more meaningful variable that drives greater variance.

9% higher CPM for sites with 10M+ monthly pageviews vs >10 million

CPMs BY PAGEVIEWS



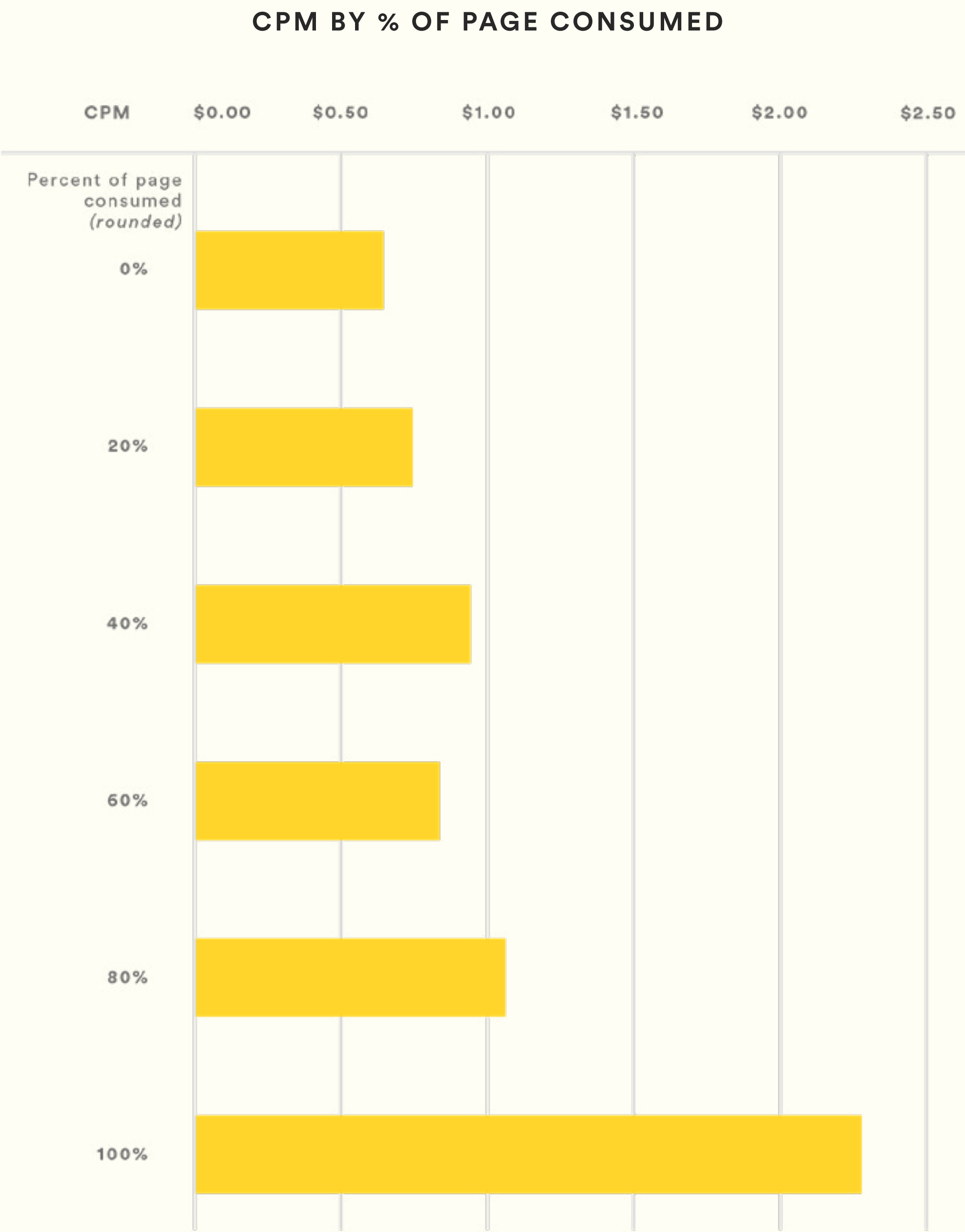
We then reviewed how CPM compares across the IAB's Tier 1 contextual categories. The table on the right hand side indicates how CPMs vary by category. The top categories — automotive, science and hobbies and interests — attract the highest CPMs compared to business, sports, and family and parenting, which attract the lowest CPMs in June 2022.

5.2x (+/-) CPM between highest and lowest contexts

AVERAGE CPM BY IAB CONTEXTUAL CATEGORY

CATEGORY	CPM
AUTOMOTIVE	$1.53
SCIENCE	$1.33
HOBBIES AND INTERESTS	$1.09
FINANCE	$1.05
HEALTH AND FITNESS	$0.93
PETS	$0.90
EDUCATION	$0.88
ART AND ENTERTAINMENT	$0.73
NEWS	$0.71
LIFESTYLE	$0.70
TRAVEL	$0.65
TECHNOLOGY	$0.60
POLITICS	$0.54
FAMILY AND PARENTING	$0.47
SPORTS	$0.41
BUSINESS	$0.29

CPM data represents a snapshot in June 2022 pulled using Sovrn Signal.



While context may be a useful variable for page level optimization, time appears to be less so.

Higher dwell time (the time the user has the page open) and page engagement (the time the user is active on the page) does not translate to higher CPMs.

Interestingly, however, scroll depth (which measures the percentage of a given page that is viewed) does seem to have a notable impact.

2x greater CPM from users consuming 80%+ of content

Combined with the strong correlation between ad engagement and CPM, this would seem to indicate that positioning ads to capture user engagement is a key factor in driving higher ad revenue.

User attributes

For ad buyers, ensuring ads reach the right user has always been the holy grail. Over the past few decades, digital advertising — and more specifically, programmatic advertising — has enabled microtargeting of users with a granularity that was previously unfathomable.

Recently, however, privacy headwinds are making addressability (and, by extension, attribution) an ever-evolving challenge. Solving these issues without losing the ability to identify and target core prospects is top of mind for advertisers, as they plan for life without the comfort of third-party cookies.

Today's ad buyers today are already doing without third-party cookies in certain environments. However, Google Chrome's "late 2024" deadline for cookie deprecation has advertisers sweating, as Chrome accounts for a hefty **two-thirds of the browser market.**

As expected, third-party cookies are still the dominant user level targeting mechanism for buyers:

71% greater CPM with cookies

AVERAGE CPM

$0.96

Chrome

$0.56

Safari

This co-existence of environments — with and without third-party cookies — does provide some interesting insight into the potential impact of cookie deprecation . For publishers, whether the cookie is here to stay or not, there is a great deal of opportunity today to better understand their audience, control their data, and ultimately drive revenue from their readers by exploring the value alternative browsers, such as Safari, can bring.

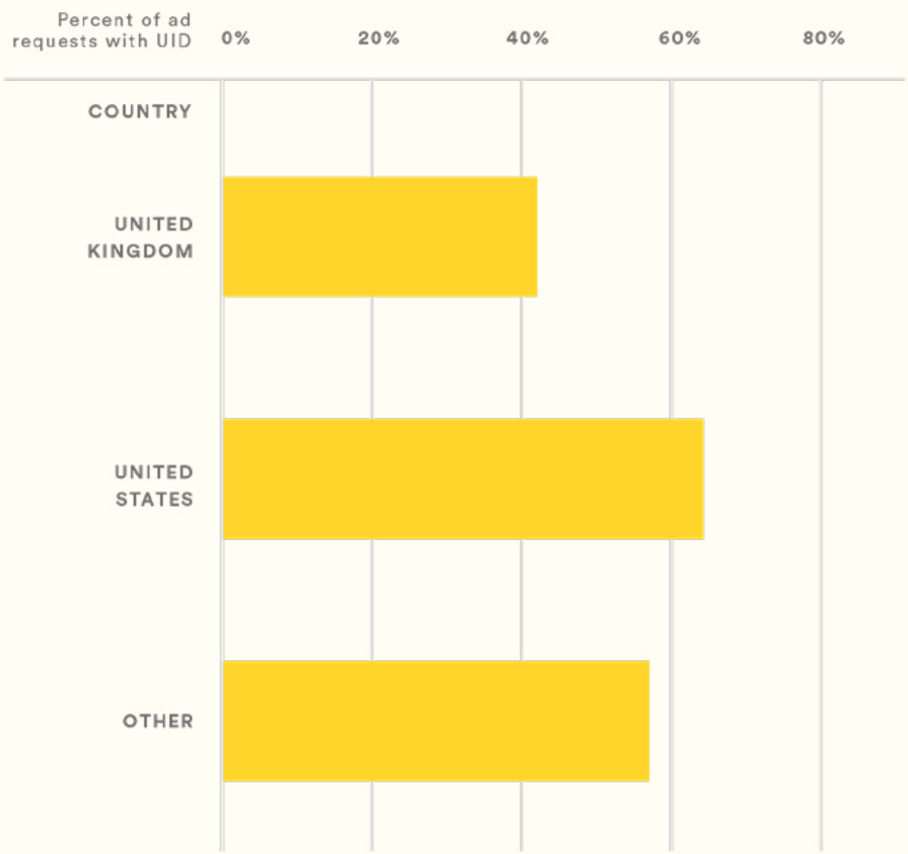
Universal IDs (UIDs) have been touted as possible alternatives for buyers looking to continue identifying and targeting users in a world without third-party cookies. So it's no surprise to see their adoption grow over the past few months.

61% of all bid requests now include UIDs

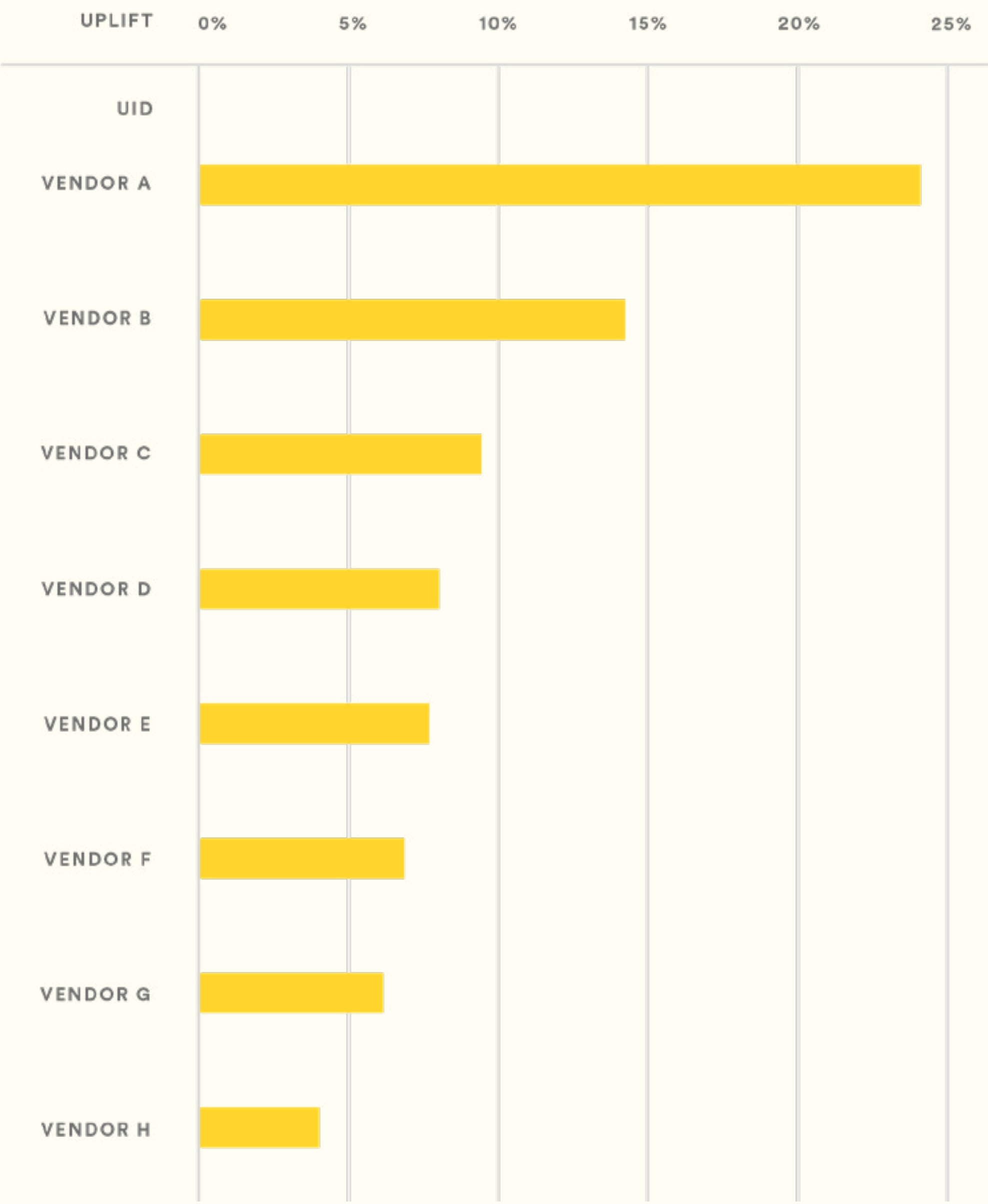
This is a substantial increase from 12 months ago. Adoption varies by market, with US rates slightly above the UK and the rest of Europe.

In terms of value, however, UIDs are not yet a direct cookie replacement. Environments which feature both third-party cookies and UIDs see little to no impact on revenue earned. In environments where no third-party cookies are available, however, UIDs are beginning to close the gap — albeit slowly.

UID USAGE BY COUNTRY



UPLIFT DELIVERED BY INDIVIDUAL UID



10-25% of the value of third-party cookies is captured by UIDs*

*in environments where a match was possible, but not available

It's also worth noting that not all UIDs seem to drive the same level of lift. This is expected, due to the buy-side adoption necessary to drive the value in each specific UID. Data from leading demand-side providers (DSP) shows a 5x variance in uplift based on the individual UID employed.

In environments that do not support third-party cookies, such as Safari and Firefox, where traffic had a UID match, it saw a 71% uplift in CPMs. This demonstrates there is a huge opportunity for publishers to monetize audiences using cookie-less browsers. In the programmatic advertising marketplace, increasing the supply of addressable audiences could influence how buyers both place value on and pivot their spend to reach a greater target audience.

Conclusion

The report indicates that CPMs are impacted by region, subject matter, and viewability and engagement metrics. Each plays a part in the publishers' ability to optimize their sites for revenue growth.

We found that, despite a myriad of external global events, CPM seems to have returned to the usual patterns of seasonality in the latter half of H1 2022 while still flatter overall than what we would expect to see. For the second half of 2022, there remains a significant amount of uncertainty impacting global ad spend, driven by macroeconomic concerns and a softening of consumer spending, plus lingering affects of the Covid 19 pandemic and the ongoing war in Ukraine.

In order to maximize their ad revenue uplift for the rest of the year, publishers should keep a close eye on how they are capturing attention and audience engagement across ad, page and user attributes and adjust accordingly.

Ad attributes

The more engaged the reader, the higher the CPM. Publishers should consider how to measure engagement and package their inventory for buyers to understand this value.

User attributes

While third-party cookies still lead the way in performance, UIDs are playing a growing part in driving CPMs. The more publishers and advertisers explore this approach, the better the results for both buyers and sellers. Publishers should be exploring today the opportunities that alternative browsers offer to unlock more revenue from their existing audiences.

Page attributes

Publishers should consider where their ad is positioned on the page to match what buyers are seeking and not just which page is available for targeting. Our analysis shows that there is a great variance based on context, and this changes based on multiple factors including seasonality and global events. How does your site compare with the industry benchmark indicated in the report? If they are lower, consider increasing your price floors to test how this impacts your revenue.

Schedule a Signal demo today

This report outlines how CPMs are influenced at an industry level. If you're looking for more granular comparison for your site(s), along with more ways to unlock advertising revenue, our Signal data tool can help you measure, compare, and monetize your user engagement.

About our research

To arrive at these key findings, we utilized the data from Sovrn Signal, our publisher data tool. Signal allows publishers to benchmark their ad performance against both a wider and more granular view of the market, leveraging the 60,000+ global sites working with Sovrn. Signal captures viewability, CPM, engaged time (a proprietary attention metric), and click rate from a publisher's page. We used this data to look back at CPM across all of our Signal publishers for the last three quarters.

In addition to CPM, this data includes information about each domain and page, such as contextual category and site size, helping us to compare similar sites across all of our publishers. It also tracks the engagement on the domain, at both the page and placement level, giving us insight into how users interact with the content and ads on the page.

Having this granular data over a long period meant we could analyze the data in two ways. First, we looked at the long-term trends over broad categories, charting the effect of wider global events and economic pressures on ad spend across different countries and contexts. Second, we took each individual metric and looked at its relationship with CPM, determining which metrics buyers really value when they are competing for inventory.

About Sovrn

Sovrn provides products and services to thousands of online publishers to help them understand, operate and grow their business. Sovrn is headquartered in Boulder, Colorado, with offices in New York, San Diego, London, and Lugano, Switzerland.

With thousands of customers deploying advertising, affiliate marketing, and data products across more than 60,000 websites, Sovrn reaches over 400 million active consumers generating 25 billion page views every day. Sovrn has been a leader in online publisher technology since its founding and has been recognized by IAB, JICWEBS, and TAG for its role in combating fraud and promoting pro-transparency initiatives.

Sovrn is dedicated to helping content creators do more of what they love, and less of what they don't.

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