

Using Demand Side Platforms to Find Your Most Profitable Customers

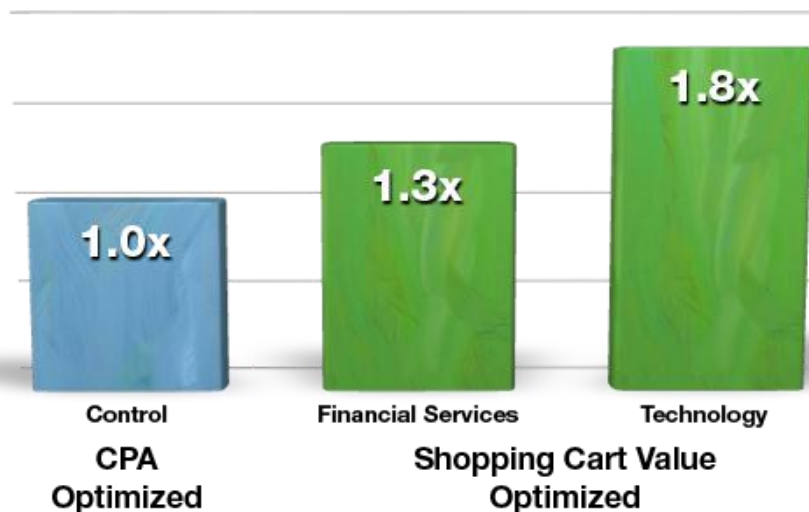
Demand side platforms are giving marketers the power to radically improve their customer acquisition strategies. These solutions have brought dramatic efficiencies and increased return on ad spend through programmatic buying on ad impressions that are most likely to convert, based on an advertiser's specific metrics. However, many advertisers rely on cost per acquisition (CPA) as a preferred metric of success. But not all conversions are created equal, and the value of a customer can vary greatly.

Sophisticated marketers are looking for ways to find not just new, but more *valuable* customers. Valuable customers are the ones who spend more or buy more profitable products. So we asked: "Can DSPs leverage programmatic buying to find more valuable customers?"

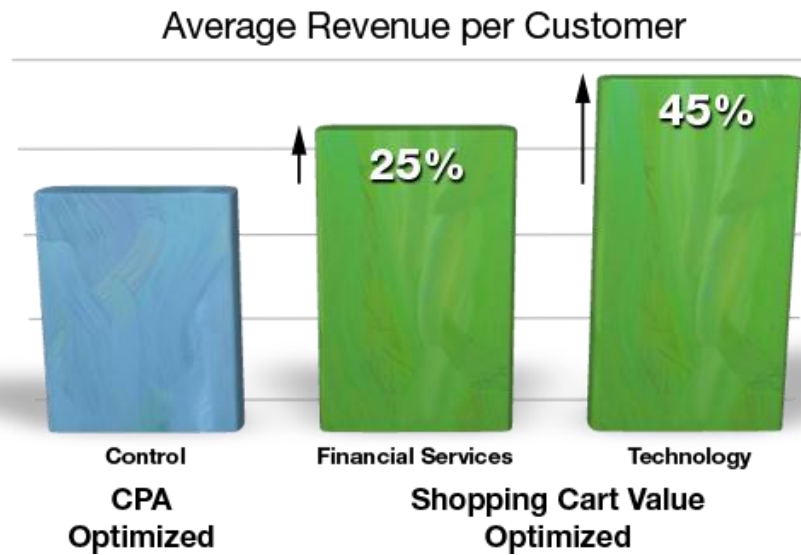
Next-generation demand side platforms, like DataXu's DX2, leverage advertiser data to create a custom algorithm that not only decides which ad placement is most likely to convert, but also which ad placement is most likely to drive the highest revenue. To illustrate how this works in practice, the DataXu Advanced Analytics Group reviewed the spend data and value of customer purchases from recent campaigns for companies in the financial services and technology industries to measure the impact of shopping cart value optimization - which considers the value of a customer's purchase, in real-time.

The analysis (below) shows that campaigns optimized for shopping cart value spiked compared to DataXu's standard cost per acquisition (CPA) optimized campaigns; delivering a **30% better return on ad spend** for the financial services vertical, and an **80% better return** for the technology vertical.

Return on Advertising Spend



The DX2 platform uses dynamic decisioning to increase budget toward converting customers likely to spend more money, and reduce budget on those likely to spend less. The analysis (below) also shows that campaigns optimized on shopping cart value converted 25%-45% more high value customers than standard CPA optimized campaigns.



“The Pareto Principle holds that 80% of a company’s revenue typically comes from 20% of their customers,” stated Sandro Catanzaro, VP of Analytics and Innovation at DataXu. “Yet many advertisers make the mistake of equally chasing all of them. Advertisers focused solely on CPA are likely wasting a lot of money converting lower value customers. Today’s sophisticated marketers are looking beyond simple conversions and reallocating much of their spend to convert higher spending and more valuable customers.”

[DataXu’s MarketPulse](#) explores the data that defines today’s digital advertising marketplace. Stay tuned for future insights from DataXu.

About DataXu. Headquartered in Boston, DataXu provides the only cross-channel Demand Side Platform (DSP) for display, video, and mobile advertisers. This powerful technology makes millions of decisions a second to deliver the right ad to the right person at the right time - at the right price. For more information, please visit www.dataxu.com or check out our blog at www.dataxu.com/blog.