

TAKE 5:

WHAT ARE CPM, CPC, CPL, CPA, CPS & CPI MEDIA BUYING MODELS?

Introduction

Digital is full of acronyms, and six that you are likely to hear most often are CPM, CPC, CPL, CPA, CPS and CPI. Here are brief definitions for each.

● CPM

CPM stands for cost per thousand Impressions (the M is the Roman numeral abbreviation for 1,000.) CPM is one of the most common ways of buying digital media. You essentially pay for every time your ad loads on a page or in an app. It's a simple way to buy, but is coming under increasing scrutiny because the client is charged for the impression whether or not a consumer actually sees it. If, for example, the ad appears below the browser window and the user never scrolls down, the advertiser still pays.

● CPC

CPC stands for cost per click advertising. Here the advertiser pays when a click is made on an ad. Some advertisers prefer to buy CPC versus CPM because they believe they only pay when someone is interested enough in the message to want more info. Some CPC programs are very effective, but there is a potential for fraud if a company deliberately uses bots or some other technique to drive clicks not initiated by a real person.

● CPL

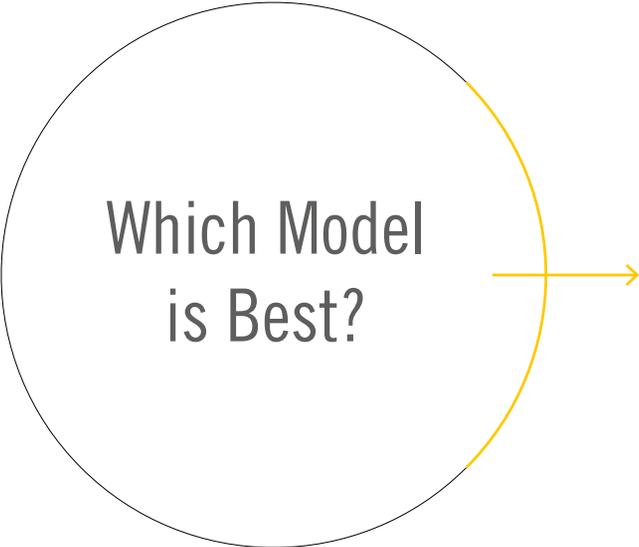
CPL is short for cost per lead, meaning that the advertiser pays when a lead form is completed and submitted. CPL is common in B2B marketing, where it is unlikely that someone will make a purchase immediately. It can be a very effective way to buy, though there is some risk of fraud if bots are programmed to fill in leads automatically.

● CPA or CPS

Cost per acquisition or cost per sale. Here the advertiser pays only if a purchase is made. This is relatively low-risk way to buy media because the advertiser only pays when revenue is driven. But many media companies won't sell media this way because they must assume all of the risk in the ad buy. If no one buys, they make no money.

● CPI

In mobile app marketing, CPI refers to media programs where the advertiser pays for every installed app. Lots of app marketing is purchased CPI, because it is a fast way to drive installs. But the quality of installs driven varies by media vendor. Some CPI vendors are extremely reputable, and work hard to find users that will likely use an app. Others use incentives like giving a user free "gold" for a game in exchange for their downloading an app. These "incentivized installs" tend to be of low quality. In addition, there are also very disreputable companies that drive installs with bots.



Which Model is Best?

There's no easy answer. It depends upon your objectives, target, and what your media partners are willing to do for you. The most important thing is to have high quality, unbiased third-party-verified information about the results each vendor drive, whichever form of media buying you choose.

Ultimately, most advertising vendors reverse engineer a CPM from whatever buying model you choose. If, for example, your campaign is good at driving clicks, you'll find more advertisers willing to take CPC because it reverse engineers into a good CPM.

Most companies ultimately want to drive revenue from their advertising. You need to understand the revenue results of every effort, regardless of how you pay for it.

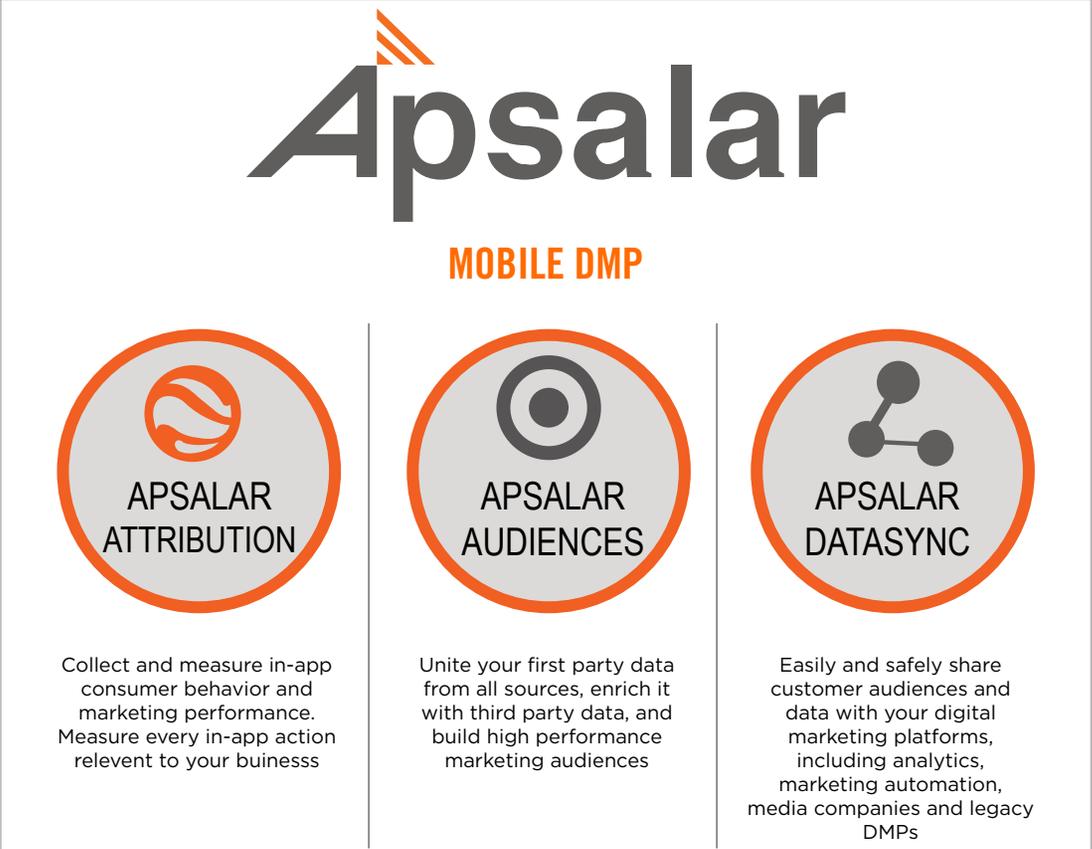
ABOUT TAKE 5

The Take 5 series is designed to help senior marketers learn more about data-driven customer marketing by creating short educational pieces that can be read and absorbed in less than five minutes. The main content of each Take 5 is 600 words or less to stay focused and brief. The Take 5 series will also be available as a collection – a primer on data driven customer marketing.

Visit
www.Apsalar.com/Resources
for more Take 5 content!

ABOUT APSALAR

Apsalar, the leader in mobile data management, helps direct marketing brands get better marketing effectiveness by providing a mobile data management platform that delivers a true understanding of customer behavior in apps and across other marketing channels.



Apsalar
MOBILE DMP

- APSALAR ATTRIBUTION**
Collect and measure in-app consumer behavior and marketing performance. Measure every in-app action relevant to your business
- APSALAR AUDIENCES**
Unite your first party data from all sources, enrich it with third party data, and build high performance marketing audiences
- APSALAR DATASYNC**
Easily and safely share customer audiences and data with your digital marketing platforms, including analytics, marketing automation, media companies and legacy DMPs

The Apsalar Mobile DMP enables brands to measure marketing effectiveness, enhance, manage, enrich and segment profiles to build audiences, and easily and safely connect to other marketing partners so brands can confidently share their data and audiences.