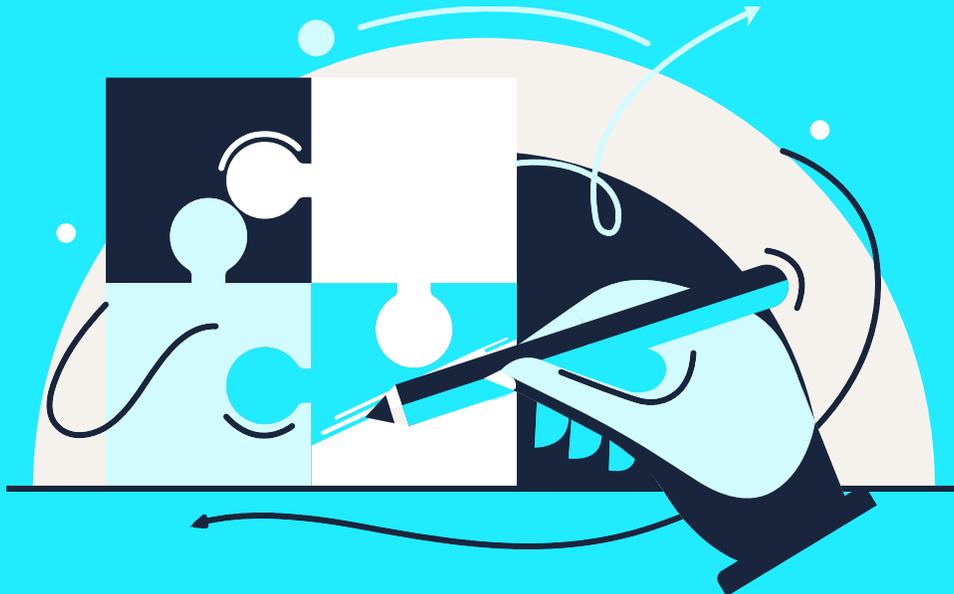




# THE 3 P'S OF DIGITAL ADVERTISING



Programmatic, Paid Search, and Paid Social





## There's never been a better time to embrace digital advertising.

According to a recent survey by Optimum, [the average American spends over 10 hours online](#). This means expanding your nonprofit's digital marketing efforts is of the essence. Targeted digital ads are today one of the most effective ways to reach more of your most likely supporters.

Despite its potential, digital advertising can feel intimidating for small and mid-sized nonprofits. To help, this guide aims to demystify digital advertising while offering some tactical takeaways that your nonprofit can begin leveraging today.

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# PROGRAMMATIC ADVERTISING:

## What it is and how it works



Programmatic advertising is the automated process of buying digital ad space. Unlike traditional ad sales where advertisers negotiate directly with sellers, programmatic ad buys use algorithms — not humans — to make decisions and fill inventory.

The distinction between ad sales and ad buys is important. With programmatic, marketers and advertisers drive the process, not sellers.

In practice, this means logging into an ad management tool and clicking a few buttons — first to set criteria around who the ad should target, then to upload the ad, and finally, to complete the bid.

**Real-time** bidding is the mechanism that helps power programmatic advertising on the backend. As a split-second auction, real-time bidding determines which ad(s) will appear on a web page while the page loads. Whoever pays the most gets their ad placed.

Programmatic pricing works on a cost per mille (CPM) basis, with advertisers typically paying \$6 to \$12 to display an ad 1,000 times.

# Programmatic campaign types

Programmatic advertising currently drives over 90% of digital display ad spending in the United States.

Here are a few of the most popular programmatic campaign options:

## Site retargeting

Site retargeting is the most common type of programmatic advertising campaign. With site retargeting, people who visit your website (and meet your targeting criteria) encounter relevant ads as they browse other sites on the web.

The goal is to drive these visitors back to your website to advance them through the sales funnel, whether that means donating, becoming a member, or registering for an event.

## Email mapping

Also known as CRM Retargeting, this form of programmatic advertising reaches people on your email list through the use of third-party data vendors. By leveraging cookies associated with an email address, these vendors help organizations match offline data with online activities.

This enables you to serve targeted ads to people you've transacted with who haven't visited your website recently.

## Geofencing

Geofencing is a highly targeted form of location-based programmatic advertising. Instead of specifying a city, state, or country (as you might with site or CRM retargeting), geofencing targets people who were in a specific location on a specific date.

These dates can be in the future or in the past, but retroactive geofencing is typically limited to 60 to 90 days since the cookies that tracked them at that location eventually decay.

# Programmatic challenges and limitations

There are three main limitations to programmatic advertising, none of which outweigh the benefits:

## Viewability

Many website ads appear “below the fold” and aren’t seen unless a visitor scrolls down. While not ideal, it does contribute to programmatic’s affordability.

## Ad blockers

The growing use of ad blockers is a closely related second. With YouGov estimating: “two in five consumers don’t use any form of ad blocker or anti-tracking service on phones or web browsers,” meaning around 60% of Americans have used the technology at least in some way.

The good news is, many news sites force visitors to disable ad blockers to view content.

## Banner blindness

Lastly there’s some evidence that banner blindness — the conscious or unconscious tendency to “ignore” obvious ad placements — makes display ads less worthwhile.

The good thing about this one is that there are creative solutions to the problem. Here are a few ways to ensure that your ads make the most of the opportunity.



# What makes programmatic special?

Three factors give programmatic advertising an edge over traditional ad sales:

1

## Volume

An overwhelming majority of websites with ad inventory fill it through programmatic, so the potential reach is high while costs remain relatively low. Plus the ability to follow people around means organizations can sustain multi-touch exposure with various audience segments at scale.

2

## Targeting options

Programmatic targeting is flexible. There are many different ways to define and refine audience criteria by layering first-party data with third-party data sources:

- With site retargeting you can cross-promote different programs or services based on visitor behavior.
- With email mapping you can serve ads to new people while excluding or serving different ads to current supporters or members.
- With geofencing you can target people who visited a location where your right type of person tends to congregate.

3

## Ad unit options

Banner ads may be the most common type of display ad, but there are many ways to present your message to make it pop:

- Use video ads (also called pre-roll) to display 15–30 second clips that play before the main video content loads.
- Use native ads (units designed to look like non-ad content on the page) on news sites to earn more trust and attention with unique formats.

# PAID SEARCH:

## What it is and how it works



**Hint: It's a lot like paying to skip the line.**

Also known as **search engine marketing (SEM)**, paid search refers to text ads that show up at the top of a search engine's results page.

With paid search, your text ads will display before any unpaid (i.e. organic) search results.

Unlike programmatic, which relies on a CPM model, clicks determine the cost of paid search pricing...at least in part.

The **pay-per-click (PPC)** model means advertisers don't pay for their ads to show, they only pay when someone clicks on one.

Payment models aside, paid search shares several characteristics with programmatic: the advertiser drives the process, chooses settings, and places a bid.

But as a walled garden controlled by the search engine, and not a third party like an ad exchange, the similarities between paid search and programmatic end there.

# The long-tail keyword and indirect intent strategy

Success with paid search depends largely on how one navigates two important concepts: long-tail keywords and indirect intent.

**Long-tail keywords** refer to longer, more specific search phrases that typically have less search volume than short ones. For instance, searching for a broad term like “hats” will yield significantly more results than a phrase like “extra large wool hats.”

Fewer results may sound like a bad thing, but finding meaningful niche keywords that others may have overlooked is the key to identifying more opportunity with less competition.

The other way to spot opportunity is through **indirect intent**, which refers to any search query that identifies a potential customer.

When someone searches for something like “donate to an animal shelter near me,” it’s considered direct intent. The person is looking for a local animal shelter and will likely click on one of the first ones on the search engine response page (SERP) that matches their criteria.

But when someone searches for a term like “how to take care of a lost puppy,” their intent is indirect. They may not be looking for a shelter to donate to at that moment, but they’re engaged in similar questions. There’s less intent, but there’s also more opportunity.

As a result, bidding on long-tail keywords is usually less expensive and more impactful.



# Paid search challenges and limitations

Here are three challenges marketers may encounter with paid search:

## Reach / Frequency

When it comes to volume, paid search is the inverse of programmatic.

Your ads are only available while someone searches for specific keywords. You can only retarget (with programmatic) if someone clicks your ad but doesn't convert.

## Limited to text ads

There's not much opportunity for visual communication or brand identity and storytelling with paid search.

Ads are text-only, so keyword targeting and copywriting must align with your audience to earn clicks.

## Competitive keywords are expensive

If you're trying to reach an in-demand audience segment, chances are

many others are too. This drives up the CPS (cost-per-click), which can become prohibitively expensive depending on your target audience.

Even though you only pay for clicks, you still have to bid the price you're willing to pay.

And nonprofits who have access to the Google Ad Grant will sometimes find it difficult to compete in a space where everyone has a similar budget (\$10,000 per month to be exact).

## What makes paid search special?

One of the main limitations of paid search — reach and frequency — is closely related to its biggest strength: **real-time intent**.

With paid search, you're only promoting your organization when people search for a specific thing (e.g. animal shelters), but searches like these demonstrate direct intent.

They signify that these people could become supporters.

If these potential supporters click your ad, there's a ton of opportunity for segmentation and re-targeting with programmatic, including bidding on different search terms to personalize ads for each audience segment.

If they don't, you'll still benefit from building top-of-funnel awareness with the right keywords.

# PAID SOCIAL:

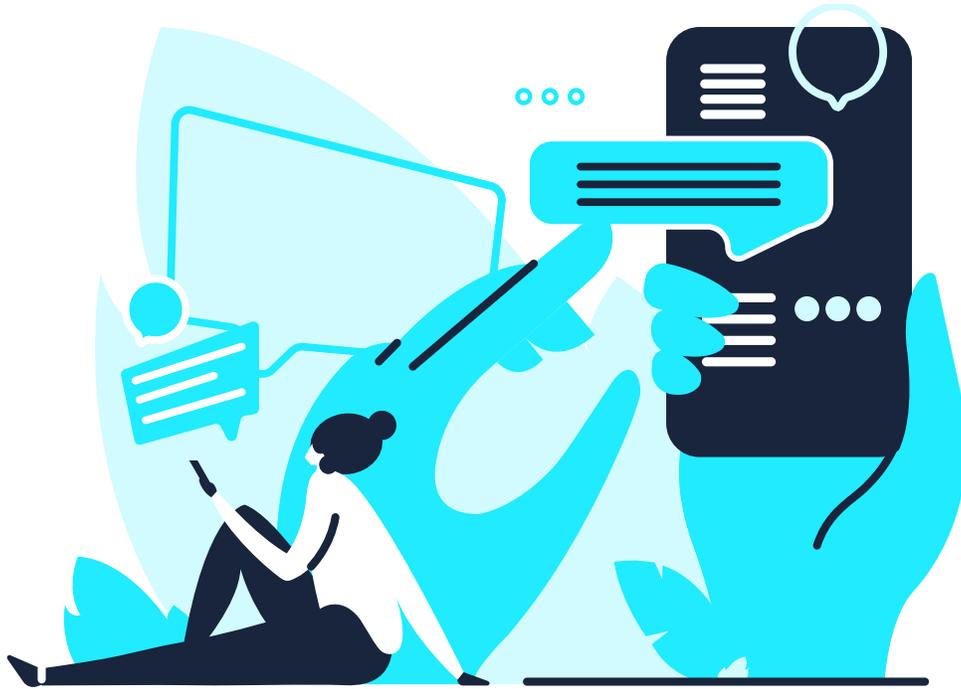
## What it is and how it works



**Paid social refers to buying ad inventory on social media platforms, typically “native” ads that show up in each platform’s newsfeed.**

Like programmatic and paid search, paid social doesn’t involve sales calls or human negotiations. Instead, marketers use paid social to:

- **Target people using the platform’s data.** Many marketers leverage proprietary user data provided by the social media platform. This can include demographics like job title, location, and interests.
- **Bring their own data to the table.** Much like email mapping, paid social enables marketers to upload their own data to target individuals they’ve already transacted with (website visitors, email lists).
- **Leverage lookalike audiences.** Some marketers combine first-party data with a social network’s proprietary data to reach similar users. This method assumes the platform can produce audience segments similar to your own, which usually requires volume to succeed.



## Paid social priorities for nonprofits

Social media platforms have reams of data on their users that becomes available to anyone who advertises on their networks.

For nonprofits, we recommend focusing on the following platforms:

### Facebook / Instagram:

Many B2B brands think Facebook and Instagram are only effective when advertising to consumers. In truth, when done right, Facebook and Instagram are often the highest performing for nonprofits and offer the best bang for your buck. Even if you don't invest in building a following, you can still drive results using paid ads.

### LinkedIn:

While it may not offer the same return on investment, LinkedIn remains a viable option worth exploring for anyone targeting professional audiences.

# Paid social challenges and limitations

Here are three challenges marketers commonly face with paid social:

## Complexity

The downside of all that data is there's lots to figure out. Between nuanced targeting options and ad units, paid social is often more complex, more time-intensive, and more volatile.

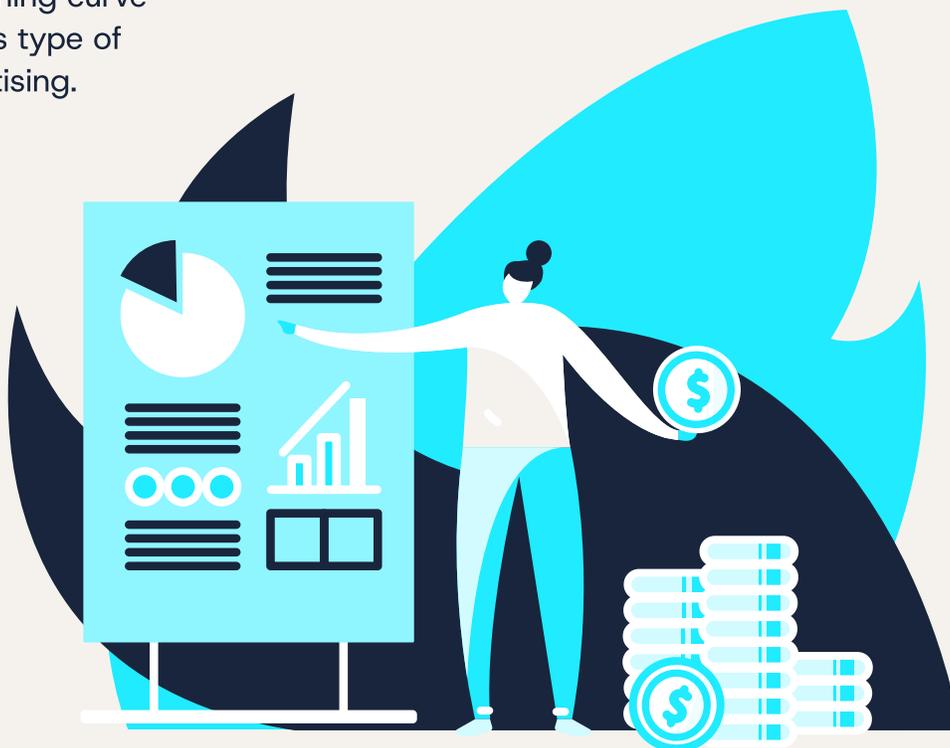
The rules and best practices also change often, so there's an ongoing learning curve unique to this type of digital advertising.

## Cost

The upfront investment to show ads on social platforms may be more expensive, but the cost-per-acquisition (CPA) is often cheaper when ads perform well. Still, there is some risk involved if you pay a lot and the ads don't convert.

## Separate "Walled Gardens"

Each social platform has its own quirks and they don't talk to each other. You usually need to manage them separately, although you can streamline the process by using a tool that pulls results across channels.



# What makes paid social special?

**In some ways, paid social is like the inverse of paid search.**

**It's not about finding the right keywords — it's about making a compelling impression.**

**Here's what makes paid search special.**

## **Highly engaging**

Paid social is generally the highest performing channel in terms of engagement with ads. Whether it's due to daily social media use or because people can comment on ads directly, click-through-rates and other engagement metrics are typically much higher than paid search or programmatic.

## **Novel ad units**

Every ad is "native" with paid social. Whoever sees your ad can take a number of actions including liking it, following your account, or commenting on it directly. This is most true for Facebook and Instagram, where novel ad options include stories, image carousels, auto-play videos, and lead ads. By enabling organizations to collect leads without forcing people to leave the platform to fill out a form, this type of ad unit removes unnecessary friction.

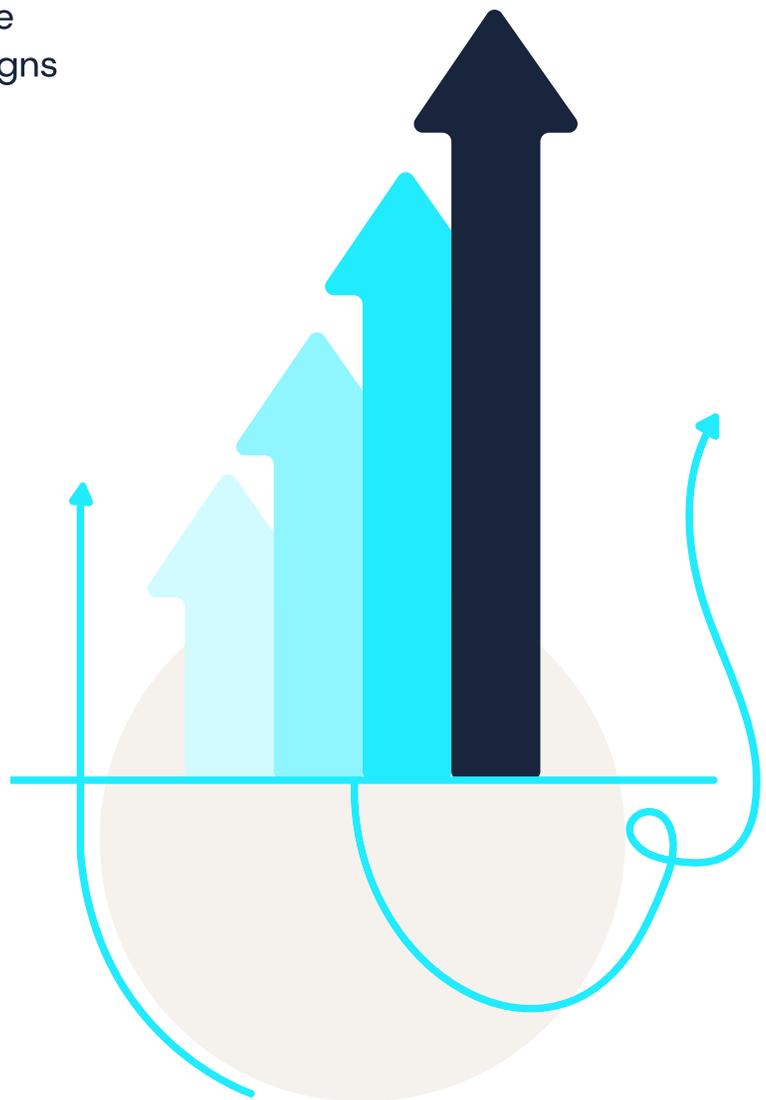
## **Targeting options**

Like paid search, one of the limitations of paid social also presents one of its greatest potential rewards. Given the vast amounts of data these platforms collect on users, advertisers who can figure it out stand to connect with target audiences at a much higher rate.

## Digital advertising isn't nearly as scary as some might think

If you're not sure how to get started or you're looking for an easy way in, we recommend experimenting with **display ads** and **site retargeting** as your first mission.

They're the most straightforward to set up, and with the right tools in place, you can eventually integrate email marketing and social campaigns into the same dashboard — when you're ready, of course.





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