

# Technology innovation drives growth in performance marketing, says Efficient Frontier

Submitted by: Carrot Communications

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Technology innovation such as ad exchanges, demand-side platforms (DSPs), predictive modelling and automated bidding tools are driving the growth of the performance marketing sector. These are the findings from a new guide to performance marketing (<http://www.efrontier.com/research/whitepapers/a-guide-to-performance-marketing1>), from digital marketing performance company, Efficient Frontier (<http://www.efrontier.com>).

According to the guide, ad exchanges signal a fundamental shift for advertisers in buying exposure to specific audiences, rather than media space, paying the value of each individual impression served. Demand-side platforms allow advertisers to manage multiple ad exchanges, and it simply wouldn't be possible to manage the volume of data manually without automated bidding technologies. It is only by using technology that performance campaigns can be scaled up or down: in the time it takes a consumer to request a web page or type a search term, their request is analysed, bid for at the appropriate level based on that analysis, and a relevant ad served. The ability to automate this process marks a fundamental shift in advertising: ads based on specific user data, rather than broad demographics, and paid for by their performance.

Perhaps the most significant technology innovation is that of predictive modelling (<http://www.efrontier.com/innovation/predictive-modeling>), developed by Efficient Frontier, that allows advertisers to predict, with high accuracy what the most effective campaign components will be (such as the highest-performing keywords or ads); the outcome of a campaign; and return on investment, which lets advertisers choose their optimal return versus spend levels. Budgets and desired ROI can be pre-set, with no unpleasant surprises in store.

The guide also examines innovation in performance marketing such as location-based searches or contextual advertising; and social media, emerging as a key driver in the sector and still offering a highly targeted, but relatively low cost option to advertisers. It lists some of the key trends that will shape the future of performance marketing, including:

- Integration of search and display
- The increasing importance of Facebook
- Cross-platform campaigns and location-based targeting
- Move away from banners to performance ads
- The importance of attribution analysis, and understanding the route a customer takes from first search to sale
- Better performing landing sites, to allow the brand site to perform at the best level
- Increased transparency, led by Google's insistence that ad partners reveal the cost of campaigns to clients - a welcome move

For more information and to download a free copy of the guide to performance marketing, visit <http://www.efrontier.com/research/whitepapers>.

About Efficient Frontier

Efficient Frontier is a leader in online performance marketing managing search marketing, display and social media campaigns for advertisers and agencies around the world. Efficient Frontier currently manages more than \$1 billion in annual marketing spend on behalf of their clients globally. Founded in 2002, Efficient Frontier pioneered the application of modern portfolio theory for search engine marketing and today combines its core predictive modeling algorithms and bidding technology with comprehensive strategic and tactical value-added services. The largest and most sophisticated advertisers and agencies partner with Efficient Frontier to achieve and sustain optimal campaign performance and growth in highly complex and competitive marketplaces. The company is headquartered in Sunnyvale, California, with offices in New York, the United Kingdom, France, Germany, and India, and technology licensing partnerships in Japan, Hong Kong and Australia. Efficient Frontier is a privately held company with funding from Redpoint Ventures and Cambrian Ventures. For more information, please visit [www.efrontier.com](http://www.efrontier.com) and subscribe to the Efficient Frontier blog at [blog.efrontier.com](http://blog.efrontier.com).

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