Chapter 1
Return on Investment of Display Advertising:
Google Ads vs. Facebook Ads

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ABSTRACT

This research compares the effectiveness of display advertising using Google Ads and Facebook Ads, regarding the outcomes both in digital interaction and conversion metrics. The business manager's perception of profitability is also studied and compared with digital analytics. The authors selected the case of a specific company and researched the attraction of consumer attention of display advertising using both tools in two different markets – Portuguese and Argentinean. The authors conducted digital analytics of the outcomes of advertising campaigns and analyzed an interview with the manager of the studied company. Findings illustrate that Facebook Ads is the most profitable platform for the company, and Argentina is the market that generates higher return in this tool, comparing with the Portuguese market. However, both platforms complement each other in different conversion metrics. Manager's perceptions may not be aligned with the evidences of digital analytics, leading to incorrect decisions.

INTRODUCTION

Nowadays, with the increasing demand of the consumer, there is a huge need for companies to adapt their communication to new market trends, and nothing better than the development of display advertising, based on graphic and visual advertising on websites and social networks (Choi, Mela, Baseiro & Leary, 2019). Digital advertising also made marketing results more measurable and created the possibility of getting the results of various campaigns, as the return on investment, in real time, and thus to take stra-

tegic actions (Bayer, Srinivasan, Riedl & Skiera, 2020). Online display advertising has a wide variety of metrics that can be analyzed: Conversions, Cost / Conv. and CTR (Aslam & Karjaluoto, 2017).

Google Ads and Facebook Ads currently represent the top of the hierarchy of online advertising channels, with the goal of overcoming the traditional advertising methods (Bourgeois, 2016). It is known that, on certain occasions, the cost per conversion is lower in Facebook Ads than in Google Ads and for the level of conversions the number is higher. However, Google Ads may obtain more interesting results due to the fact that the search is carried out using keywords, the high volume of these searches, the segmentation opportunities and tracking tools (Popa, Tarca, & Sasu, 2016). Google Ads has been a major player in digital advertising (Bayer et al., 2020). In 2016, a forecast was made that 85% of this market would be represented by Google Ads (Bourgeois, 2016). Therefore, because several authors discuss this duality between the two platforms and because the existing knowledge is very general, the central objective of the present research is to contribute to that discussion, measuring the impact of display advertising campaigns using Google Ads and Facebook Ads on the ROI of a selected case study.

BACKGROUND

Display Advertising

Display advertising can be represented through several aspects, such as text inserted between news paragraphs; image, more usually in banner format that can be rectangular, vertical or horizontal with static, animated or flash image; video that ends up arousing a greater interest to the viewer, as it is more dynamic; and rich media, which deals with the compilation of images, sound and animation, that is, interconnecting all other elements with just a mouse over the ad, for example. A banner is then a small rectangle that contains the mentioned elements with a hyperlink associated with another Internet page, the purpose of which is to attract users to click and go directly to the desired website (Choi et al., 2019). In this way, it is possible to obtain an exact answer about the results of the display campaign, which is advantageous for the company. Display advertising contributes to the company achieving its marketing objectives (Bayer et al., 2020).

However, although display advertising increases the possibility of attracting a consumer, 55% of the ads may not be shown (Ghose et al., 2016). This type of traffic corresponds to the interactivity between advertiser and search engines (publishers), in which the former pays a respective amount to the latter in order to place visual ads on other websites spontaneously (Muthukrishnan, 2009).

The functioning of these online advertising systems consists usually of four elements, that is, the advertiser, the editor or publisher, the consumer and the time (Chappelle, Manavoglu, & Rosales, 2014). Thus, there are two types of online advertising: paid search and advertising on online display (Aslam & Karjaluoto, 2017). This latter is the topic of this research. While in search mode advertisers pay to the publisher based on the visualization of their ads or clicks with the aim of placing them at the top of search engines when researching the specific theme of that advertising through keywords, in display, they reach their target essentially through visual advertising, involving the promotion of banners, videos and other digital contents (Aksakalli, 2012). In the display market, creativity in the construction of ads is an increasingly important factor in this digital market (Namin, Hamilton & Rohm, 2020), with video bringing a great growth opportunity to this market segment (Florès, 2014). Thus, a display ad fosters a brand's research activity, bringing returns to the company (Ghose et al., 2016). In terms of performance,

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