



2nd part - CPM or CPC, the first tough decision in RTB models

- 2nd Part -

*Welcome back to our 3 articles trilogy...in this second part we will focus on the **CPM method** and we will give you all the information you need to get the best from this bidding model.*



What is CPM?

CPM stands for **Cost Per Mille** meaning that you pay “X” for thousand impressions. CPM is based on pure bid. In this model, you need to focus on getting as **many clicks as possible**. This is more like a mass click method to get to the biggest audience possible. CPM **needs more attention and management than CPC**.



How CPM works ?

CPM is based on pure bid (**the higher your bid goes, the higher your position is**). In this model, you need to focus on structuring well your bid to achieve a higher ad position but you will also have to create **high-quality banners** in order **to appeal to your target audience** and drive them towards your offer. **i.eg.** Is better to get 3 clicks and 3 conversions than to get 10 clicks and 2 conversions.

How CPM works inside Traffic Factory?

Inside our platform, **your page view position will be determined by your bid**, so consider that, **the higher you go**, the better the chance to be on the **first-page view position**. If your bid has the same bid amount as multiple competitors ' campaigns, the first who set the bid will get it. Let's say that the first bidder reaches his budget limit(s) before receiving all impressions of the position, the second bidder will receive the unused traffic that remains!

Keep in mind that spots like **pop-under and pre-roll** are only displayed **once a day** in our network, which means you can only target a single position (1). With pre-roll, if you set a **frequency cap shorter** than the first top bidder, you may get some **leftover impressions**.

CPM model also gives you the opportunity to increase volume potential by controlling re-impression and its price.



CPM Strengths & Weaknesses?

CPM is good as a **short-term or long-term strategy**. This model will show you fast results, statistics, and a clear position evolution just a few minutes after campaign activation. **Playing with your bid** is the only way to optimize ad position. This bidding option is easy to understand but requires **more management to control prices, positions, conversions, etc...**

CPM model offers you more options like set a **banner distribution rate**, a **custom frequency cap**, and a **re-impression option**. With **CPM** you will also be able to use the **reservation option** which is a **flat rate deal** that guarantees the position(s) you reserve. (*keep in mind this is a - **First come First Serve service** -so be sure you will always be on time*) Reservation tool works only with CPM campaigns.

CPM Tips?

- **CPM is not influenced by CTR** so try to impact your final customer with your creatives to maximize your potential of conversion.
- Create **attractive banners** to maximize the traffic flow.
- You can **use this model as a fast testing tool** in order to see which banners are interesting for CPC campaigns.
- Used mostly for **branding, convert free trials and collecting mail** purposes.

to be continued...

GLOSSARY

RTB: Real Time Bidding.

CPC: Cost Per Click.

CPM: Cost per thousand impressions **or** technically Cost Per Mille.

eCPM: Effective Cost Per Mille. ***(Ad Spend x 1000) / Ad impressions***

CTR: Click-through rate (CTR) is the number of clicks per one hundred impressions.