ExchangeWire
The business of media, marketing and commerce

Industry Review

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2023

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Contents

Foreword

What are the trends that will seize both industry attention and investment in 2023?

Rachel Smith
CEO, ExchangeWire

Following a post pandemic year of recovery and transition, standardisation, privacy, and an increased focus on environmental impact are all making headlines this year. These factors, combined with current economic headwinds mean that big decisions, and getting them right, matters more than ever.

In ExchangeWire's Industry Review 2023, a range of industry-leading agencies, publishers, and brands share their views on the direction the market is heading over the next 12 months.

We've defined the themes that are making the worlds of media, marketing, and e-commerce think, create, and innovate in 2023.

01 Privacy

A top-tier topic for the last several years, privacy remains at the heart of industry discussions. How can the issue of targeting ads in a privacy compliant way be resolved? The importance of building connections with an increasingly data-conscious public is paramount. It's time for innovation, a way for the industry to detach itself from identifiers and embrace aprivacy-first audience.

While regulatory bodies have started to bare their teeth in the privacy arena, it would be good to see ad tech take the lead and pre-empt further action by bringing better solutions. More effective communication of the advertising/data/content value exchange is a good start.

Key questions:

- How can new strategies be developed to ensure a mutually beneficial relationship between consumers and advertisers?
- What platforms are excelling for privacy?
- What does a mutually beneficial relationship between brands and publishers look like?

02 Sustainability

The media industry should be looking at sustainability as a priority. Well-meaning panel sessions and promises of a greener tomorrow are all well and good, but large-scale action is what's required. Our industry's impact can't be understated: One million ad impressions have the same carbon footprint as a return flight from London to Boston.

To change this needs cooperation. An industry-wide push to sustainability could create a new look ecosystem that is transparent and price-controlled. Collaborative action needs to be accessible and equitable, but most of all it needs to be fast.

Key questions:

- What are companies actually taking into account when considering sustainability issues?
- Do we need to consider new metrics and credentials to attach to campaigns?
- Is net zero an achievable goal and how do we get there?

In ExchangeWire's Industry Review 2023, a range of industry-leading agencies, publishers, and brands share their views on the direction the market is heading over the next 12 months.

03

The Economy

There's an understandable air of caution around the industry in 2023, thanks to well-documented macroeconomic headwinds. Reports from the first half of the year have been encouraging — generally telling a tale of an industry that is continuing to grow, but at a slower pace.

As a 'wait-and-see' approach prevails and short-term performance is prioritised over long-term planning, some brands will try to stand-out in a quieter market by making a splash, while others focus on fundamentals and quick ROI. Time will tell if economic necessity leads to a focus on quality.

Key questions:

- How is the economy shaping ad spend?
- How can marketers make the most of their budgets and maximise opportunities?
- How can smaller businesses prosper as the industry seeks value?

04

Redefining what's next

At the end of 2022, generative AI made a huge impact on the media landscape, leading to as many sensationalist headlines as overnight LinkedIn experts. Both the excitement and concern around the rapid development of AI have to be taken seriously, and there's little doubt of the potential for a great deal of change in the industry as a result of its use. If it doesn't turn on us first...

Web3 continues to find a new, practical footing in the media and marketing worlds, with blockchain-based ad exchanges and NFT-based loyalty schemes. OOH and audio continue to be hotbeds of innovation in terms of both creativity and measurement.

Key questions:

- How will emerging areas like AI and retail media reshape the industry?
- Will the future of the industry be defined by Web3 technology?
- What innovations will we see in dOOH or audio?

05

Measurement and attention

It's time to move on from the old 'right person, right time, right message' cliche to rethink what real impact and real efficacy means, for marketing and advertising.

It's also time for new forms of measurement. AI and machine-learning models are helping drive innovation in metrics, growing the market for contextual and attention-based solutions.

Key questions:

- Will 'attention' become the new 'viewability'?
- Should we continue to trade on impressions if we want to understand the real value of an ad?
- In a privacy-first world, do we have to redefine the metrics for advertising success?

Privacy

01

Privacy

The Future of Ad Tech Lies in Privacy-Enhancing Technologies (PETs)

Piotr Banaszczyk
CEO, Clearcode

CLEARCODE

A brief history of privacy in ad tech

In the early days of programmatic advertising, ad targeting was limited to the context of the webpage and information about the user from the user-agent string (e.g. an IP address for location).

Then, companies started utilising web cookies to identify individuals across different websites.

These cookies, known as third-party cookies, grew in numbers and were soon being used to identify and track millions of users across the Internet. This ability to identify individuals across the web gave rise to behavioural ad targeting, as well as audience and campaign measurement, frequency capping, and attribution.

News outlets started to get wind of this data-collection activity and started publishing stories about how companies that people had never heard of have been tracking web users from website to website.

It wasn't long before governments started to take notice. The European Union was one of the first governments to act and put into force its Privacy and Electronic Communications Directive (aka ePrivacy Directive) and General Data Protection Regulation (GDPR) in 2002 and 2018 respectively to protect user privacy and data.

But the biggest privacy changes were yet to come.

In 2017, Apple released the first version of its Intelligent Tracking Prevention (ITP) feature to prevent cross-site identification — the very process underpinned by third-party cookies.

In the years that followed, Mozilla introduced a similar feature to its Firefox web browser and Google announced that it too would be shutting off support for third-party cookies in Chrome, which is expected to happen in 2024.

On top of that, Apple has introduced changes to how its Identifier for Advertisers (IDFA) can be accessed on iOS devices, with Google set to implement similar changes to its Google Advertising ID (GAID) in its Android mobile operating system in the near future.

Fast forward to 2023 and the ad tech and programmatic advertising industries are in a situation where approximately 50% of global traffic is already unaddressable with traditional identifiers, according to ID5's 2022 State of Digital Identity Report.

The privacy landscape in 2023

The privacy landscape in 2023 has been shaped by two main forces: government regulations designed to protect user data; and changes by tech companies like Apple, Mozilla, and Google to how their devices, operating systems, and software collect personal data.

As a result, these developments have negatively impacted the effectiveness of programmatic advertising by limiting companies' abilities to identify individuals.

From these two central changes, many new solutions have emerged and we now find ourselves with a handful of alternatives to power the key programmatic advertising processes that we've been relying on for over a decade.

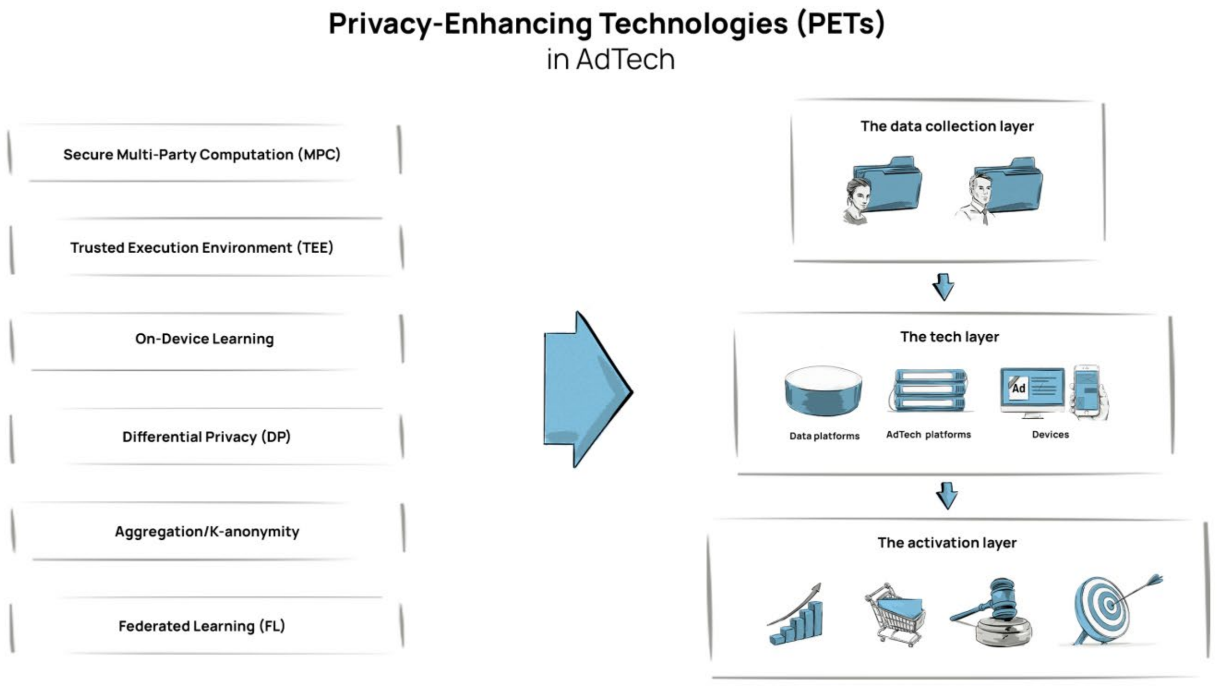
The key alternatives to third-party cookies and mobile IDs include universal IDs and ID graphs, Google's Privacy Sandbox, contextual targeting, and the IAB Tech Lab's Seller Defined Audiences (SDA).

On top of that, new solutions like data clean rooms have emerged to allow two parties (e.g. an advertiser and a publisher) to match their data sets together and run key programmatic advertising processes without either party receiving access to the other party's data.

There are also self-serve ad platforms that allow publishers to provide advertisers with direct access to their ad inventory and audiences, enabling them to avoid sharing their data outside of their organisation and saving money on fees and commissions paid to third-party ad tech companies.

Some of these alternatives and solutions are focused on running key programmatic advertising processes in a more privacy friendly way, while others aim to identify individuals in a similar, but more limited way to third-party cookies and mobile IDs.

Even though most of these alternatives are an improvement on third-party cookies and mobile IDs from a privacy standpoint, there is still a lot more companies can do to adapt to a privacy-first world.



Privacy-enhancing technologies and techniques can be applied to and utilised in all layers in programmatic advertising and AdTech.

Adapting to a privacy-first world

If the previous three decades of programmatic advertising have focused on mass data collection, then the following decade should be focused on adopting privacy-enhancing technologies and techniques to reduce the amount of data that's collected and protect the data that is collected.

While alternatives like universal IDs seem to be the clear winner at the moment, I agree with Ciarán O'Kane's point that "the obsession with finding a replacement for IDs and third-party cookies shows we have not moved with the times," as stated in a recent article on ExchangeWire.

The future of ad tech will revolve around privacy, with innovation being a key driver of new growth and opportunities.

We've already seen companies incorporate innovative solutions like privacy enhancing technologies (PETs) into their platforms and processes, and I believe we'll see more companies follow suit.

Privacy-enhancing technologies are focused on reducing the amount of data that is collected, maximising data security to protect a user's privacy, and minimising the amount of data that needs to be processed. All of these three areas can go a long way in helping companies adapt to a privacy-first world.

There is a massive opportunity right now for all parties in the ad tech and programmatic advertising industries to build new solutions or update existing ones to incorporate these innovative and privacy-focused technologies and techniques into their businesses to prepare for and, more importantly, survive the new era of ad tech.

As an industry, we failed to take privacy into consideration when creating new technologies and processes in the early days of ad tech, which has put us in the position we're in now.

As we move forward into this ever-changing privacy-first world, we need to learn from the mistakes of the past and avoid repeating them.

Adapting to this new privacy-first world will take some getting used to and we all know that when it comes to adopting something new, ad tech moves at a snail's pace, with companies not willing to move until there's a strong reason to or until scale can be achieved. However, this mindset must change.

The motto "evolve or die" has never been more relevant than it is now ■

50%

of global traffic is already unaddressable with traditional identifiers

Privacy

Rounding the Corner of Cookie Deprecation

Camilla Child
Director, Commercial Strategy, The Telegraph

After years of announcements and delays, it finally appears that wholesale third-party cookie deprecation is around the corner. Although this has understandably caused consternation across the advertising landscape, it also represents a real opportunity for the industry to rebuild its processes and refocus on good practices.

The priority must be to build trusted, direct connections with individuals, and to treat their data respectfully.

Data clean rooms will be key for brands to fully unlock the opportunities of privacy-centric advertising. TMG has been working with InfoSum since 2019, running data matches with brands to help them more accurately target, model, and gain a deeper understanding of their current and future customers. Cookies never enabled such accuracy and were not designed to do so. The privacy-centric future is an exciting opportunity and needs to be embraced.

Balancing the Paradox of Privacy

Dino Myers-Lamptey
Founder, The Barber Shop

In the wake of the AI revolution and the advent of Large Language Models (LLMs), the interplay of content, privacy, authenticity, and deception has risen to the forefront of critical discussions.

The paradox of privacy lies in our intrinsic desire for protection, which often conflicts with our appetite for tailored content, enticing deals, and engaging platforms. The crux of the issue is our limited understanding of the data we surrender and the ramifications of this exchange. Sequestered networks demand unrestricted access as an entry fee, then monetise relentlessly. While advertisers' insatiable hunger for data is daunting, it's the covert actions of unscrupulous data predators that truly merit our vigilance.

We must strive for a balance that enables advertisers, the lifeblood of the free and veracious web, to access necessary data while ensuring our ultimate control over personal detail dissemination. A practical resolution is within reach. Advertisers typically seek basic demographic data and insights into user preferences, linked to an email and a universal login. By centralising and democratising this data, we can make it readily accessible to advertisers while outlawing any additional data requisition. This approach fosters a rejuvenated, trust-based relationship between consumers and advertisers, paving the way for more straightforward regulatory oversight of non-compliant entities.

Sustainability

02

Sustainability

The Three Sustainability Lenses

Laura Collins
Managing Partner, Media Excellence, Omnicom

Sustainability is undeniably a hot topic, and something we're seeing brands ask more about when it comes to working with new vendors. As we often see when something like this is so front-of-mind, agencies and ad tech alike are racing to release their latest offering to the market, with Scope3 integrations abound and noble intentions to make carbon calculators part of every media plan.

At OMG we look at all of our sustainability efforts through one of three lenses: our own operations as a business, how we support our clients, and the work we do with our partners. Being able to accurately measure the impact across these three areas is vital to lasting change, but there are still gaps and a lack of consistency that the industry needs to address. Initiatives like Science-Based Targets and Ad Net Zero provide accredited pathways and frameworks, and uniform guidance for our behaviours as an industry. But the missing piece of the puzzle is standardised media partner data that can feed into bespoke tools which allow us to plan, and openly and accurately report on the impact of media investment.

Once we've standardised carbon measurement in the same way as more established practices, the whole industry can come together to reverse the devastating impact we have already collectively had on our planet. We have all been part of the problem, and we must all together be part of the solution.

Moving on From "Green Media Products"

Laura Wade
Global Head of Sustainability Strategy, EssenceMediacom

In 2023, the "green media products" that dominated 2022 headlines will be replaced by a greater understanding from the industry that these products were the first small step rather than the final solution to achieving a sustainable media buy.

As new points of metrics start to gain traction, such as ESG (Environmental, Social, and Governance) scores, navigating where to focus and what to implement will be critical. Everyone in the advertising ecosystem will need to understand the impact of their external products and internal policies in equal measure. Finite statements and claims will be replaced with a more conscious acknowledgement that there are large gaps in data and established practices that need to be addressed.

ESG scores need to be overlaid on top of a clear reduction strategy. Robust and credible reduction comes from radical transparency of the supply chain, which requires new levels of pre-competitive collaboration so consistent data points and benchmarks can be determined and made accessible to all for implementation at scale.

The quick wins of 2022 will make way for the harder-fought systems change that may not be transparent for another year or so. As an industry, we will need to commit to this challenge with ambition and resource.

The Greatest Challenge of the Century

Harriet Kingaby
Co-chair, Conscious Advertising Network

If Cannes was anything to go by, 2022 was the year that sustainability broke through to the advertising mainstream. Ad Net Zero gathered pace, Greenpeace stormed the beaches, the Purpose Disruptors reminded us of our advertised emissions, and Clean Creatives' 'F List' named and shamed our toxic relationship with fossil fuel industries. Meanwhile, the Conscious Advertising Network launched our climate and sustainability manifesto — signposting advertisers and agencies to embrace Net Zero, challenge briefs, and defund (/stop making) climate disinformation for high carbon industries.

All good progress, but not enough real action. We're getting to a point where actual scientists are saying we need big change to keep this planet livable — frankly, more hot air isn't going to help. Only two Cannes Lions winners focused on climate issues, agencies continue to prioritise fossil fuel clients over talent retention, and no one except eBay and Love Island seem to care about the circular economy (not a sentence I ever thought I'd write).

As advertisers, we're sitting on the tools to stimulate a green industrial revolution, make the circular economy a household reality, and build brands which consider people and planet as a stakeholder. As David Ogilvy said "We sell things or else", so let's get to it, with the brands and future we want to see.

New green claims regulations are going to be a gamechanger. No longer can we rely on vagaries or greenwash to get our point across. Precision, clarity, and a willingness to embrace compelling storytelling that simplifies complexity will be key tools in our arsenal. This is going to require courage, but the brave will be rewarded with awards. We'll also need to look outwards and lean into our creativity. Even with the best of intentions, simply decarbonising media and production isn't going to solve the climate crisis. The best and brightest minds trained on mainstreaming heat pumps, public transport, or electric vehicles just might (just no more briefs about making insulation sexy, please).

To fix climate change, we need to move from good intentions to data-driven action and effectiveness with our planet as a stakeholder. Who knows — it might be the greatest creative challenge of the 21st Century.

The Economy

03

The Economy

Modern Advertising: Improving Efficiencies, Reducing Costs, and Building a New Culture

Advertisers in 2023 face challenges driven by a difficult economic environment, high inflation, and a cost of living crisis affecting consumers. Brands need to rethink the way in which they communicate with customers.

The changes in consumer behaviour make it mandatory to have flexible, nimble marketing machines for fast reaction times, while CFOs push for increased accountability. Every penny counts for both the customers and brands. Every adjustment performed in time could save or gain money for either party.

Despite the UK's digital ad spend showing some resilience (2022 IAB/PwC), there are strong headwinds, and for the first time since 2009, Q4 contracted by 5.8% in 2022 (AA/WARC). Advertising has become increasingly complex, with too many manual processes, walled gardens, and media channels fuelling entropy. The exponential growth of advertising platforms is further exacerbated by the impending deprecation of third-party cookies. Some of these challenges are discussed below:

The need for management software

One issue that advertisers face is the lack of software to manage workflows. Finance teams have ERP systems, sales teams have CRMs. Media teams still use spreadsheets and emails. This makes it impossible to access real-time, transparent results and reduces efficiency due to unnecessarily long interactions and implementation processes. To address this, advertisers need to use software that can manage their workflows effectively.

The complexity of the advertising ecosystem

The advertising ecosystem is extremely complex, with over 10,000 solutions available, thus limiting the actions that people can perform in a given time. While hiring might seem the solution, additional headcount is not always feasible due to cost constraints. There needs to be streamlining of processes and workflows.

Opacity and low data access

The complexity of the industry also generates opacity and low data access, as each solution provides its reports using its own "language", making it difficult to understand what is happening. This lack of accessibility also reduces collaboration and agility, with brands considering in-housing as a solution. However, according to the recent ISBA "State of in-housing report 2023," only 40% of respondents achieved better agility with in-housing.

Inefficiency without culture

Efficiency is the most important word in the vocabulary of a media person, but achieving it is

Salvatore Internullo
Chief Growth Officer, MINT

MINT

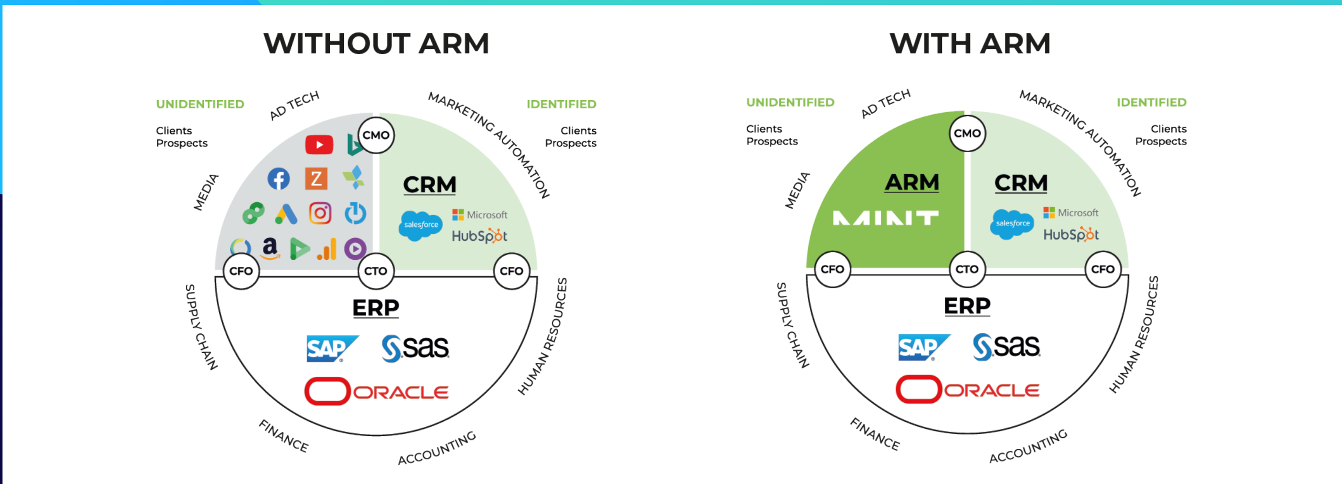
difficult, particularly when facing competition, saturation, and the deprecation of cookies. This leads many brands to try new, untested platforms, increasing the complexity of their ecosystem. Culture is also part of the problem, as the same ISBA report shows cultural elements of an in-housing setup are essential for its success. High clarity of vision and the ability to communicate it internally are mandatory.

Fortunately, solutions exist to mitigate or even eliminate these problems.

Advertising Resource Management (ARM) as a solution

The solution to these challenges is Advertising Resource Management (ARM), a category of marketing technology helping organisations consolidate their resources,

> "With MINT, I can confidently plan my campaigns, optimise my media mix, and activate all our channels in a simple and centralised way. The capitalisation of these campaigns and their performance also allows me to improve campaign after campaign, and to try new strategies."
>
> **Gianmarco Mottolese**
> Head of Digital Marketing, Eataly North America



processes, workflows, and information into a single system to better support advertising operations. ARM connects all advertising resources across internal and external processes, providing a single source of truth and streamlining operations.

Achieving governance

ARM achieves governance through simplicity, with automation integrating all necessary platforms across all channels, providing a single collaborative platform for all the information on your campaigns. Automation also normalises data, ensuring you see and understand what is important to you, providing superior data integrity compared to a manual equivalent. This data builds advertising equity over time, a single source of truth for all advertising and campaign information, owned by the brand itself.

Achieving transparency

ARM achieves transparency by centralising processes, from a single market to a global HQ, allowing for real-time access to data, automatically consolidated and normalised. This provides an unprecedented level of governance, with the benefit of easily finding best practices between countries.

Achieving efficiency

ARM achieves efficiency by improving agility and reactiveness, making it easier to react to the variations within a campaign. With a centralised platform for all data, AI can provide cross-channel suggestions, allowing for quick identification of budget shifts that could improve a multichannel campaign. Pairing that with a culture shift that comes from access to transparent data in a collaborative environment, allows companies to be more efficient and, ultimately, successful.

Advantages of ARM

The advantages of ARM are significant. Brands have difficulty achieving the right levels of governance, transparency, and efficiency in their advertising efforts, resulting in higher operating costs. ARM platforms provide unification and central orchestration, infused with automation and AI, to push the boundaries of what can be achieved by a given team.

Freeing up time pushes the boundaries of decision-making, allowing for more in-depth, efficient strategic thinking with the additional availability mixed with the easiness of trying, testing, and understanding the data coming from new platforms and channels in a short amount of time. They then make this data available and understandable for everyone, fostering a culture shift towards collaboration.

Conclusion

In conclusion, advertisers are facing significant challenges in 2023. These are making it even more difficult and expensive for them to keep their processes under control, with collaboration between brands and media agencies seeing additional pressure, preventing marketers from leveraging budgets to their full potential. Fortunately, solutions exist that can mitigate or even eliminate these problems.

ARM provides unification and central orchestration, infused with automation and AI to push the boundaries of what can be achieved by a team. By freeing up time, ARM pushes the boundaries of decision-making, allowing for more in-depth strategic thinking from additional availability mixed with the ease of trying, testing, and understanding the data coming from new platforms and channels in a short amount of time, fuelling a change towards a mindset common amongst the most successful companies.

Ultimately, ARM solutions are answer to democratising data access and its understandability while reducing the complexity of running an advertising campaign, acts that reduce costs and improve decision-making — increasing the resulting efficiency and empowering human thinking ■

The Economy

How to thrive beyond recession: Own your tech

The pandemic caused an unprecedented spike in online traffic, with US retail e-commerce revenue surging 28% in 2020. But as the digital landscape levels out and recession continues to loom, the ad revenue generated from quick and easy fixes that once worked; like legacy media partners and managed service providers (MSPs); will peter out. As the economy changes, so too should companies' ad infrastructure — sooner rather than later.

Working with a SaaS technology partner instead of MSPs allows businesses to manage their own ad platform, better equipping them to thrive during times of economic downturn. Unlike MSPs, tech partners are built for long-term growth, offering better customer experience, and an unimpaired and reliable stream of ad revenue, which can help foster new business as revenue in other areas declines. With an existing 35% drop in average cart sizes, now is the time for retailers to invest in ownable ad infrastructure.

How the status quo is failing

The pandemic's e-commerce boom bolstered the widespread success of MSPs and other out-of-the-box solutions, like media networks, SSPs, and DSPs. In perfect conditions, like 2020's immense volume of online traffic, it's unsurprising that these legacy media partners were able to offer retailers a decent profit, which is why many publishers still hesitate to evolve past these solutions.

But the truth is that these solutions aren't built for the businesses they serve but for their own profit, which is generated off the backs of their retail partners. On every front, the legacy media partners that dominate the market today fail to help retailers thrive, no matter the macro environment.

- **They take ad revenue.** Most MSPs have a shared-revenue model. While it's essential that businesses invest in a high-quality ad platform to achieve long-term growth, losing chunks of revenue to a parasitic third-party is not a necessary step to get there.
- **They monopolise advertiser relationships.** Legacy media partners often act as a liaison between a business and its advertisers, controlling who advertises on publishers' platforms and how. Not only can this lead to poor UX, but it can also mean less favorable ad revenue for retailers.
- **They aren't good for SEO.** Structurally speaking, MSPs aren't doing retailers any favors, either. A byproduct of client-side ad tags can include lower SEO rankings, which means less traffic and fewer eyes on publishers' websites — and in turn, fewer advertisers who want to work with them.

James Avery
Founder and CEO, Kevel

- **They don't prioritise privacy.** First-party data is a valuable commodity, even more so as third-party cookies and low-quality data gradually phases out. What publishers might not know is that when working with MSPs, their one-of-a-kind, first-party data can be hosted on other networks, putting it at risk of helping their competitors.
- **They don't prioritise customers.** More downsides of client-side ad tags can include slower loading times, annoying pop-ups, or most severely, malware or PII-leakage — all factors which negatively impact the user experience. If consumers are having a bad time, so are publishers. Conversion rates drop by a factor of 2.11% for every additional second of load time.

> "Our community of more than 80 million monthly users is our biggest stakeholder and respecting their privacy has always been our top priority. With Kevel, we built the largest interactive ad platform on the internet that's engaging, profitable — without selling users' data."
>
> **Natascha Chamuleau**
> Chief Advertising Officer, WeTransfer Advertising

kevel

Owning Their Ad Infrastructure Saves Businesses Thousands

Revshare means paying vendors more as your company grows. With a baseline infrastructure investment, publishers aren't penalized for growth.

SaaS technology partners help retailers:

Keep revenue
SaaS pricing means retailers are encouraged to grow

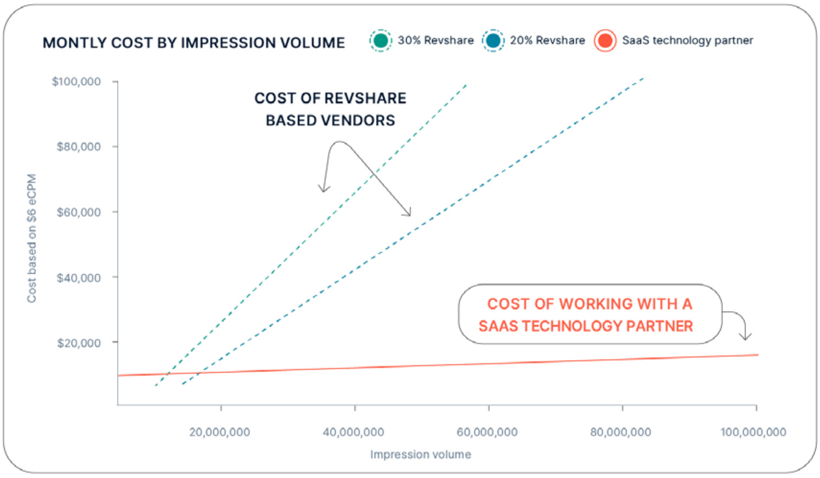
Manage advertiser relationships
Publishers can rest easy with full control of their ads. No more ugly UX. No more low-quality ads. No more middleman fees.

Consolidate data and ad serving solutions
Better consolidation can make for a more personalized customer experience.

Prioritize data transparency
Owned ad platforms means working with higher-quality, first-party data.

Prioritize customers
Server-side ads = faster speeds and better looking pages.

Improve UX
With full control over their content, ads are faster and more cohesive than ever.



How SaaS technology partners are different

- **They keep their revenue.** Good tech partners offer transparent pricing models based on usage, not success, making for a reliable income stream that actually encourages growth.
- **They manage their own advertiser relationships.** Retailers who have their own ad platform directly control their relationships with advertisers, cutting down latency and boosting efficient turnaround.
- **They can consolidate their data and ad serving solutions.** Already-built solutions can help publishers streamline their data and ad serving solutions, allowing them to build out their own targeting options that their customers will love.
- **They can prioritise data transparency.** When working with a legacy media partner, there's no guarantee that data is ethically-sourced or always accurate — like in the case of Facebook's misreported metrics or the Amazon Alexa controversy.
- **They can prioritise customers.** Retailers who own their infrastructure utilise server-side ads. Unlike with client-side ad tags, this means faster loading times, total control over how ads look and are delivered, and the ability to curate UX per customer.
- **They have better UX.** Server-side ads lets publishers build cohesive, better looking ads with faster loading times than MSPs.

How SaaS technology partners support changing priorities

Whether it's a big tech stack or new ad infrastructure, businesses should invest in what works for them and their priorities. But when these priorities can change as quickly as the world around them, especially for non-essential or secondary businesses, it can be hard to find the right solution.

So, is now really the time to invest in owning an ad platform? Yes. Right now, retailers can get ahead of anticipated economic downturn and prove ad revenue ROI while there's still time to capitalise on existing online traffic — and at a swifter cadence than alternative solutions, which sap revenue with predatory pricing models, and could take years to prove ROI.

Even as the broader economic landscape declines, there's still substantial growth projected for ad revenue year-over-year. Forbes estimates global advertising revenue growth rates will range from 5% to 5.9% for 2023, making ad revenue a worthy investment.

Conclusion: It's never too late to own your ad platform

Owning their ad platform is the first step businesses can take to show that they care beyond the bottom line, which will in turn, improve their bottom line. An unwillingness to sacrifice quality user experience or privacy, and a willingness to build something that lasts are the keys to not just surviving bad times, but thriving throughout them ■

The Economy

Clean your room!

Giovanni Brusetti
Director, Digital Marketing & Products, Kenvue

The past few years saw a boom in martech tools, new channels, plus blockchain, and AI smoke and mirrors. Advertisers got lost and were left wondering where to focus.

I see a tendency to go back to the basics, clean up marketing operations, and gain new efficiencies in constantly challenging digital marketing and budget-constrained environments.

I see two big areas of focus:

1. Excellence in execution: as examples, today, only 50% of media campaigns have correctly enabled brand safety in-platform settings. There are similar statistics around the lack of campaign naming conventions. I see more focus on getting the basics of execution right with tools like Adfidence, CreativeX, or Vidmob, which then not only help advertisers find budget efficiencies, but also help internal processes like ops and data and analytics.
2. Marketing resource management (MRM): workflows spanning content production, media planning, budget planning, digital asset management, and ecommerce data syndication are just a few of the marketing execution processes that already benefit from automation and, to a certain extent, from AI. Via MRM, martech, brand, finance, and media teams can seamlessly collaborate more efficiently, freeing up time for strategising and optimising.

Clean your room so you can have more fun playing!

Keep Pace with Changing Behaviours

Celine Saturnino
COO, Total Media

So far, 2023 has been laced with economic uncertainty with forecasts and headlines providing a very mixed picture of both the near term and longer-term view of the UK economy.

Whilst inflation remains at its highest point for nearly 40 years, the Bank of England has now provided a more positive forecast of “modest but positive growth”, a stark change to the previous guidance that the UK would enter the longest recession on record. Regardless of recent positivity, such fluctuations in forecasting, together with the impact of the cost-of-living crisis create a climate of uncertainty and for the first time in 2023, consumer confidence dipped in March (YouGov).

The world of advertising is very much mirroring the narrative of the wider economy with the IPA Bellweather report quoting total UK marketing budgets to be optimistic at an individual company level although the market outlook was less positive. The implications of this are variable across the industry with several advertiser categories taking a cautious approach to the year — pulling back spend and focusing on short term performance activities. In this market digitally focused activities remain favourable with the ability to be flexible, make immediate changes to investment plans and to easily measure ROI.

However, in a time where many people are forced to adjust their spending habits under the cost of living crisis, it is important for brands to keep pace with changing behaviours. Innovation in pricing strategy and optimising the customer experience will yield benefits in staying relevant to consumers and increasing return on ad spend. While it can be all too easy to rely on what has always worked to drive performance, now is the time to identify opportunities to reach your audience in new and interesting ways, challenge the market, and do things differently to maintain long term brand health.

Redefining what's next

04

Redefining what's next

AI: Profoundly Impacting Advertising

Advertisers in 2023 face challenges driven by a difficult economic environment, high inflation, and a cost of living crisis affecting consumers. Brands need to rethink the way in which they communicate with customers.

The changes in consumer behaviour make it mandatory to have flexible, nimble marketing machines for fast reaction times, while CFOs push for increased accountability. Every penny counts for both the customers and brands. Every adjustment performed in time could save or gain money for either party.

The last few years have been an intriguing time for the world of digital marketing. The challenges have continued to grow — whether it be regulation, disparate technology stacks, or the approaching deprecation of third-party cookies — but so has the revenue. In the UK, we can expect digital ad spend to exceed the £26bn mark in 2023. Globally, digital advertisers are on course to spend an estimated USD $307bn (£245bn), over 60% of the entire advertising budget.

Advertising remains the lifeblood of global commerce, and artificial intelligence (AI) is set to profoundly impact its future.

The recent attention on ChatGPT has transformed our collective understanding of AI. From obscure, futuristic code buried somewhere in our devices and social media feeds, into an urgent question of how to gain a competitive edge in business. However, AI is already making significant waves in the digital marketing industry. For example, Scibids recently commissioned a survey that interviewed 252 senior brand marketers from across the UK, in which almost half of respondents highlighted that they are already applying AI technology to their targeting (48.8%), measurement (48.4%), and data application (44.8%).

Indeed, AI-powered technologies have enabled marketers to collect, analyse, and interpret vast amounts of data, uncovering valuable insights into customer behaviour and preferences. While this has revolutionised the way marketers create and deliver personalised experiences to their target audiences, this is by no means the extent of AI's capabilities.

Marketers need to understand that AI is a broad field with several subsets. For example, machine learning is a category of AI which largely involves the use of trained algorithms to optimise advertising campaigns, as well as personalise content and recommendations. Meanwhile, natural language processing refers to algorithms that can analyse customer feedback and sentiment, automate customer support, and develop chatbots and virtual assistants, and is one of the subsets used by ChatGPT. Likewise, computer vision is used for image recognition, facial recognition, and visual search. There are other subsets, but it's the machine learning subset which is largely leveraged by the ad tech ecosystem for fighting fraud, improving targeting and optimising marketing strategies.

Remi Lemonnier
Co-founder and CEO, Scibids

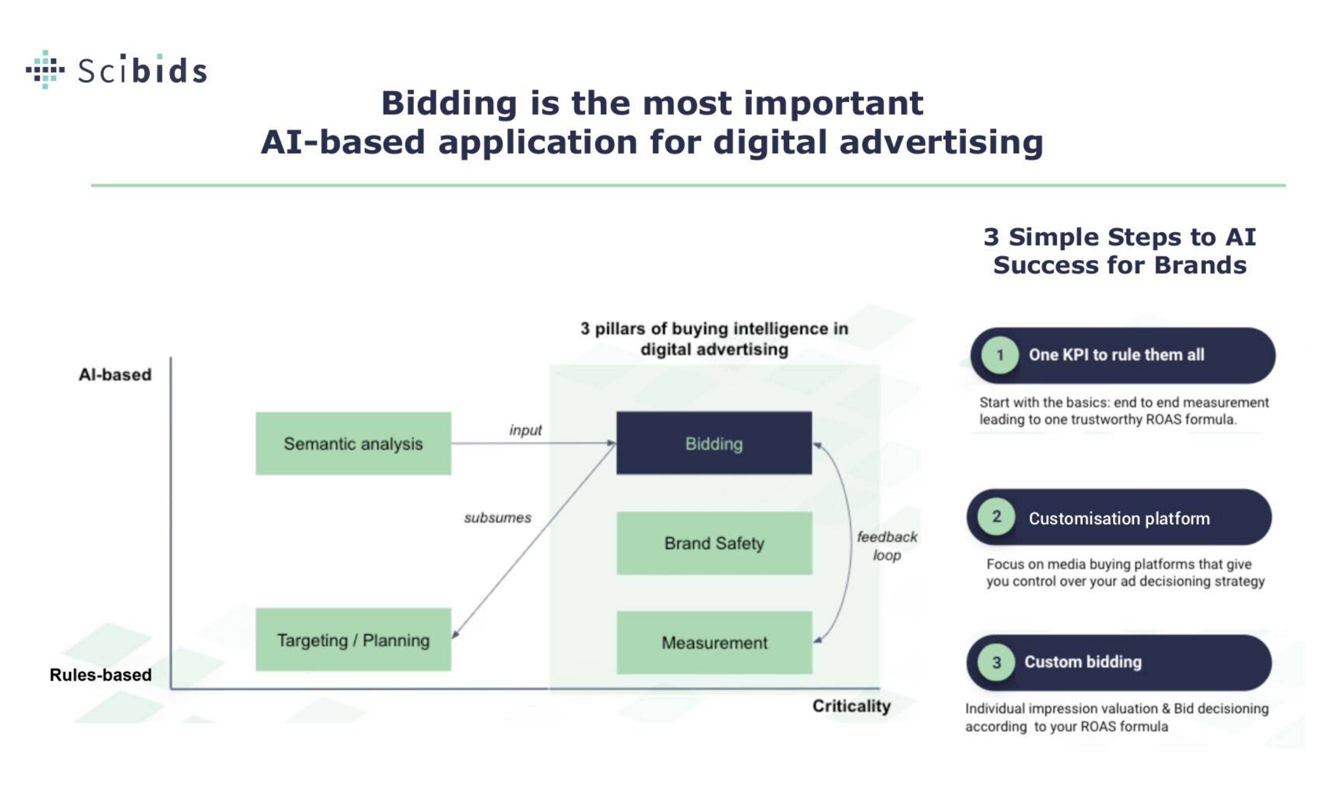
Scibids

Marketers need to understand that AI systems need to be trained before they can perform specific tasks. This is why it's important for marketers to ask: who is training my AI, and for what purpose or outcome? Training is a critical step in the development of AI models, as it involves teaching the system to recognise patterns and make predictions based on data. The training process typically involves feeding large amounts of data into the system, which the system uses to learn and make predictions.

Therefore, the quality and quantity of the training data are essential factors that can affect the performance of the AI system. The more data and the higher

"At a broad level, AI is freeing up people in operational roles and trading teams, helping them to be more strategic in their thinking."

Chris Turner
Partner — Head of Programmatic Services UK and Digital Investment EMN at EssenceMediacom UK.



quality of the data, the better the performance of the AI model is likely to be. Once the AI system has been trained, it can be deployed to perform specific tasks and make predictions on new data. However, AI models may need to be retrained periodically to ensure that they continue to perform accurately and effectively, especially in rapidly changing environments.

When it comes to programmatic media buying, AI needs to be trained to deliver performance, ensuring spend is 100% optimised towards maximising ROAS. Bidding or ad decisioning AI needs to be purpose-built, customisable, and dynamic. It also needs to be able to add learnings from past campaigns to future campaigns, and consistently create new opportunities for automation and improving campaign scale.

One of the most significant impacts of AI on digital marketing therefore is automation. At Scibids, we define AI as the automation of non-trivial tasks that traditionally required human intelligence, based on a learning system fed with data. This includes the data entry, analysis, campaign setup, and reporting that comes with media buying. The ability to automate tasks frees up marketers and traders to grow the scale and performance of their campaigns while focusing on more strategic initiatives, whether it be improving customer experiences or selecting appropriate business data to train algorithms and optimise toward critical outcomes accordingly.

At the same time, algorithms need to make media-buying efficient and scalable without using PII for targeting. That is why our AI technology was built, to raise expectations in the performance of digital marketing while also respecting consumers. By leveraging the customisable infrastructures of demand side platforms (DSPs), and making use of non-user-specific semantic and contextual metadata, Scibids pioneered the privacy-first custom bidding category.

Indeed, there remains a large opportunity for marketers in leveraging AI's capabilities for programmatic buying. Only half of respondents in our recent survey believe they are making full use of the available DSP customisation features. Indicatively, only 23% of respondents are utilising AI for this purpose. If those digital marketers who responded 'no' here wish to keep their customers close, then they will need to embrace AI's golden age.

As more and more digital marketers wake up to the untapped opportunities of AI, the technology will be a driving force in the future of digital marketing. From automating repetitive tasks to delivering hyper-personalised experiences, AI-powered technologies will continue to redefine the way marketers approach their work. Moreover, as AI continues to evolve, it will be exciting to see what new possibilities and opportunities it unlocks for the digital marketing industry ■

Redefining what's next

Unparalleled Opportunities in prDOOH

In today's content-rich world, digital out-of-home (DOOH) is one of the most well-received advertising mediums. Research conducted by Sightline shows that consumers welcome DOOH advertising, often saying it adds to their experiences, prompts engagement with brands, and increases their propensity to make a purchase. Furthermore, DOOH scores 6% higher than TV for brand perception, 7% higher than online for trustworthiness, and 50% for social media memorability.

A study conducted for Xaxis by DPAA, the global digital out-of-home marketing association, found that marketers are comfortable integrating the new capabilities of DOOH into wider digital media buys. These capabilities include new forms of audience targeting, enhanced screen interactivity, and the ability to buy inventory through programmatic platforms.

Harness the power of data

Programmatic DOOH (prDOOH) aims to blend the best of both DOOH and programmatic buying. Marrying contextual targeting with first-party data enables brands to use prDOOH to achieve greater personalisation, at scale, in a way that mirrors and complements an online strategy.

To properly take advantage of prDOOH, simplicity is key. Start by tapping into the insights that you already have (e.g. first-party data) and then measure your current campaign's performance against traditional demographic buying-based models. By starting with existing data, brands can unearth which audiences have responded well to certain ads, made purchases, and more, thus creating a powerful feedback loop.

Combine this data and insight with third-party audience data sources accessed by your demand-side platforms (DSPs), in order to create a single access point for all the data required to maximise your opportunities to engage with customers by capturing their attention with relevant messaging.

Using more advanced data types enables advertisers to activate audiences with greater precision than ever before.

Employ data-driven strategies

There are many data-focused strategies brands can employ, but three leaders in this space are first-party data, trigger-based contextual targeting, and dynamic creative optimisation (DCO).

First-party data is a powerful tool — particularly when it comes to prDOOH advertising. Brands should use existing insights first, then

Dom Kozak
Head of Programmatic
JCDecaux UK

JCDecaux

layer additional data and targeting strategies on top. If you're aiming to retarget consumers you can use matched online and offline audiences integrated into your DSP to manage frequency and reach. This is one of the most effective ways to connect with consumers, regardless of their location or how they're consuming content

Trigger-based strategies involve using real-time third-party data to inform your buying decisions and/or creative. The classic example is integrating weather data, but over the past few years, many brands have turned to more culturally relevant data such as news, sporting events, and popular TV content.

By aligning your prDOOH strategy

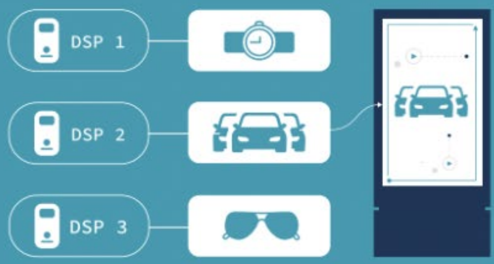
> "The digital advertising ecosystem is evolving beyond channels and data. Driving that change is increased education and knowledge around planning and activation. The ability to extract all the data and insights from channels in the media mix and know where the best-performing campaigns sit enables one to optimise very quickly in the programmatic world."

Phil Duffield
VP UK, The Trade Desk

Programmatic DOOH (prDOOH) provides digital marketers with unparalleled opportunities to engage audiences in **premium, brand-safe environments to** increase brand awareness, consideration, **and market share.**

The integration of programmatic technologies and **DOOH enables digital** marketers to reach target audiences **with personalised, relevant, data-driven,** measurable outdoor marketing.

Today, prDOOH can be bought through your preferred DSP for quick activation, optimisation, and omnichannel planning.



with consumers external interests you further increase relevancy and are more likely to capture consumers' hearts and minds.

Dynamic creative optimisation (DCO) in prDOOH uses first- and third-party data, content, and context to automatically optimise performance within your technology stack faster and at a more granular level than it's possible to do using traditional DOOH. Injecting live data analytics, near real-time testing, and optimisation into DOOH via programmatic results in hyper-relevant creative and location targeting.

A DCO-produced creative will not only show information based on say geolocation or be triggered by environmental conditions – other factors will feed into the decisioning process. For example, the ad may also include the best offers and most suitable imagery and creative elements for the most prevalent target audience(s) in a specific location. Additionally, because the campaign is running in a DSP, using pre-defined rules to determine which impressions to bid for in the campaign delivery is even more precise.

Think omnichannel

In January this year (2023), Research by JCDecaux and MTM revealed that, on average, people who buy programmatic digital out of home (prDOOH) are also involved in planning and buying at least four other channels. However, only just over half (54%) of prDOOH buyers are always directly involved in the planning and/or buying of one or more non-OOH channels. This highlights that although there has been a strong movement towards integrating OOH teams and digital/programmatic teams, there is still a way to go. By not integrating prDOOH into an omnichannel strategy, marketers are missing an opportunity to bring together online and offline.

As a budget owner, you need to know that you are spending budget at the right time in the right place to drive your desired outcomes. However, with research showing that, for example, combining social media and OOH can boost sales by 6% versus social media alone, it is vital that every marketer understands how and when every channel in the media mix is being activated to maximise results.

The ability to use privacy-compliant, anonymised mobile IDs to target and retarget consumers makes prDOOH a valuable part of the omnichannel marketer's toolkit. Parameters for targeting can be set around audience concentration, geofenced areas, offline behaviours, environmental conditions, and proximity to a point of interest.

Where prDOOH has an edge over online channels is that audience behaviours offline serve as more precise signals of interest and intent. Online, audiences navigate a myriad of websites that are not always directly correlated to a core, actionable, interest. Comparatively, audiences at physical gyms, for instance, are more clearly signalling their interest in health and fitness. Leveraging programmatic technology, marketers combine the most accurate sources of online intent data and easily target consumers showing elevated levels of intent in close proximity to DOOH screens near gyms, ensuring they reach their intended audience.

The road ahead

None of this is to say that there aren't challenges at play, especially in navigating the landscape between the traditional OOH/DOOH and programmatic worlds. Our research showed that progress is being made with the most popular digital combinations (not including DOOH) being prDOOH plus display (66%), CTV (61%), in-app (60%), programmatic audio (53%), and video (50%).

As data continues to redefine what, exactly, is possible, industry-wide scalability and attribution are two concerns at play. That said, with so many avenues to explore in the prDOOH space, now's the time to push the limits of what's possible ■

Redefining what's next

Redefining Custom Algorithms as a Technology for CMOs

Custom algorithms are of no interest to CMOs. They are too far down the operational chain to be worthy of any attention. But their potential is being wasted. It is time to redefine custom algorithms as the technology that removes the loss in translation of the marketing vision when moved into execution.

The CMO's remit is wider than it has ever been, including everything from brand strategy development through to creative frameworks, from pricing models to scenario planning, through to retail versus traditional media approaches. Each of these components have separate strategies, being delivered by separate teams, delivering varying levels of impact. A CMO's marketing vision needs to capture all these elements, but the technological vehicle for the delivery of this vision in its entirety is missing. Everything is managed systematically as best as it can be, but a vision is only as good as its' execution, and the lack of technological integration between varying systems and components has meant the result is often distorted and inconsistent.

What CMOs have been missing is the ability to bring their vision together into one place and fully execute it from top to bottom. Custom algorithms are the technology that can make this happen.

It may seem crazy to suggest that custom algorithms already need a brand refresh, but considering how they have been put exclusively into the "optimisation" box, it is a clear and simple argument for us at 59A to make. If custom algorithms continue to stay below the eyeline of CMOs and be made up of purely downstream components, their full potential will never be realised. This is something I touched upon during a Q&A with ExchangeWire back in January 2022, and I'm still very much of the belief that ad tech has been far too focused on the buying aspect, with not enough attention placed on the art and science of planning. There are many recent examples of this, Google deploying generative AI within ad campaigns being one of the latest. "Generative AI is unlocking a world of creativity" Google declared; how ironic that one of the biggest tech giants missed the open goal of creativity in planning through the power of technology.

Custom algorithms do not need to be limited to in-platform optimisation, and as we have shown through thousands of campaigns at 59A, this technology (when wielded correctly) creates significant advantages. Through layering multiple data sets and translating them into custom algorithms, 59A are programming various systems with thousands of unique datapoints that do not reside within buying platform ecosystems. We categorise this data into eight distinct themes:

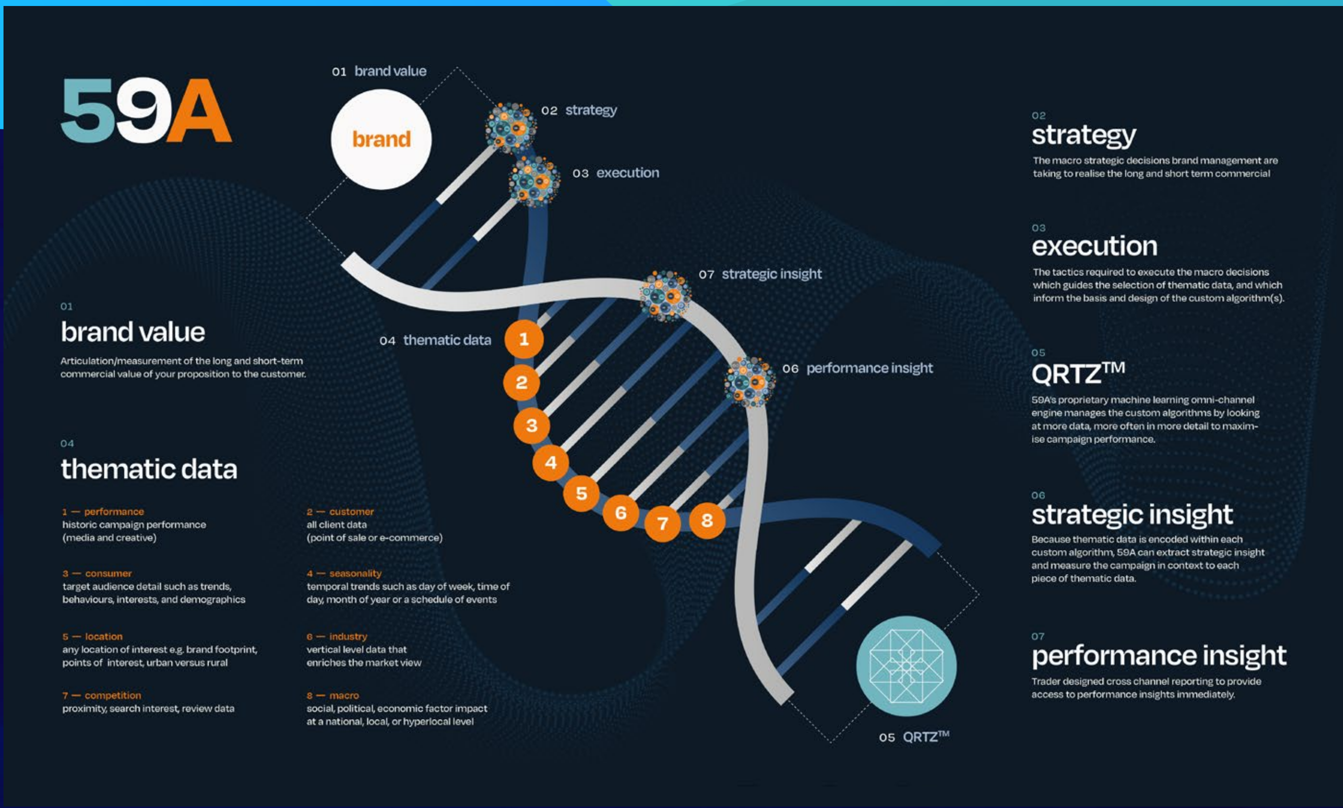
1. **Performance**
   Historic campaign performance (media and creative)
2. **Customer**
   All client data (point of sale or e-commerce)
3. **Consumer**
   Target audience detail such as trends, behaviours, interests, and demographics

Laurie Wright
Chief Strategy Officer, 59A

59A

4. **Seasonality**
   Temporal trends such as day of week, time of day, month of year or a schedule of events
5. **Location**
   Any location of interest (e.g. brand footprint, points of interest, urban versus rural)
6. **Industry**
   Vertical level data that enriches the market view
7. **Competition**
   Proximity, search interest, review data
8. **Macro**
   Social, political, economic factor impact at a national, local, or hyperlocal level

These algorithms can be enriched further with business-level data, such as the impact of evolving regional pricing models, or the metadata and respective performance of creative approaches over time. We can also look at the makeup of custom algorithms through the varying lenses CMOs put their marketing strategies under: brand versus performance, or in store versus DTC versus retail media. Suddenly, we are exploring the power of custom algorithms far beyond an optimisation tool and into the realms of marketing strategy design and decisioning.



At 59A, we are collaborating with marketing and advertising leaders to leverage this technology at the early planning stage, tinkering with the weightings and priorities of various datapoints to create market-disrupting algorithms and seeing incredible results.

Here are some examples of how custom algorithm technology can work:

A custom algorithm can uncover various locations as key priority areas for a brand. Let's say, hypothetically, that these locations are minority-majority ethnic areas. Through comparing custom algorithm evaluation to demographic data, a CMO can take this insight and deliver more representative creative in those locations with a view to creating a stronger brand-consumer relationship.

For an internationally renowned FMCG brand, there are several considerations to a marketing approach. Being relatable in the context of an audience's key values is important, but when it comes to in-moment purchasing, it is more about accessibility and ease of purchase. Therefore, prioritising location data alongside range and levels of stock is more critical to driving success in both media and creative than raising awareness of a new credential.

To drive success in retail media, a retailer must not only be considerate of its own position relative to the consumer, but also the position of the brand they are promoting. Creating true integration between both these businesses through shared data intelligence within a custom algorithm will create a more harmonious approach to resonate with consumers.

There has never been a better time to disrupt the industry. The biggest tech companies are slowing. They aren't able to see or act fast enough to capitalise on the biggest opportunity out there as they're still, just like many others, focusing ad tech capabilities on creating more and more efficiencies at the buy stage.

The purpose of anything is not defined by what it is, but rather what it does. At 59A, we are redefining the capability of the custom algorithm and showing the industry its true potential: the ultimate delivery method for a fully integrated marketing vision. Moving custom algorithm technology up the chain and into marketers hands is the biggest opportunity for brands to disrupt the market and move themselves into the next stage of growth ■

Redefining what's next

Switching Focus from Media to Customer Journeys

Gemma Spence
Global Vice President,
VMLYR

Retail media is the big story in media globally, and the most lucrative revenue stream for retailers and ad tech today.

That's the main driver behind the retail media boom. The retail media opportunity is truly huge, with profit margins of up to 70–90% for the retailers with near shelf digital media. Retail media is creating data-driven opportunities and the lion's share goes to retailers, of course. And brands can drive category growth by winning consumers in the right context and partnering with major customers.

With the cookie-less world on the horizon, brands need first-party data to target specific consumer segments at scale. The challenge is that, in 2023, we still have an incredibly fragmented ecosystem that includes thousands of "opportunities" for impact and purchase. Retailers are now media channels. And media channels are now retailers. It gets even more complex because retail media tends to exist within "walled gardens", and beyond the walls, advertisers are preparing for a cookie-restricted future.

With USD $160bn (~£127.1bn) in the game, ad tech providers will be introducing martech solutions to help companies as media empires connect disparate data sets and tap into potential for success. Brands will also need systems that automate processes and work at speed, and an open and unbiased platform that covers digital operations, digital shelf, and media. Brands require integrated teams from leadership to design to delivery, that obliterate the old lines between marketing, sales, agency, and retailer – and those teams need to have instant access to relevant data. And brands need partnerships in place, and a buying engine that can execute at scale and respond with agility.

A helpful reframing of retail media in 2023 is to think about it not as media at all. Instead, brands should consider the experience of a placement or activation, and not just focus on a single moment, but points in a customer journey, which build towards a transaction that allows for addressability and consumer attention to be the focal point.

AI and Zero-Party Data, the new super powers!

Debs Gbadamosi
CEO, Brand Advance
Group

As AI comes into sharp focus, its role in attention metrics will be vital.

The ability to supercharge loose proxies like viewability into exact measures like AI-based eye-tracking to record actual gaze and focus, will give a new dimension to the way we value consumers.

Contextual targeting will also get a new lease of life, as marketers find alternatives for the cookieless future. While contextual targeting has a been a staple for reaching under-represented audiences with protected characteristics, the overlay of attention metrics will mean even more validation for including often forgotten, but value consumers in the targeting mix.

Hover rates, exposure time. and mobile touch rates, will all pay an important role in understanding the way niche publications retain the attention of their readers.

On the topic of the cookieless future, zero-party data may prove to be a big win for the ad industry. Moving from assumptions about consumer behaviour to self-declared preferences will dramatically improve personalisation tactics.

Zero-party data will also be an excellent way to move from purchase intent signals to ready-to-buy statements from in-market consumers.

Together with AI, zero-party data helps analyse understandings about our audience's interests, behaviors, and preferences, and we can use that information to deliver more relevant and personalised experiences.

AI also plays a crucial role in the uptick in visual search, augmented and virtual reality. They bring new methods of engaging consumers, into a marketeers toolkit. Giving a new value exchange to users is an easy win and one to watch from brand exploration point of view.

Overall AI as a tech-enabler for attention metrics is a game changer and one that all publishers large and small will benefit from. Coupled with zero-party data, the future of consumer-centric marketing is set to get a well needed boost.

Tackle the Martech Problem

Kerry Dawes
MarTech Director,
Digitas UK

As innovation continues to accelerate with accessible AI, over 11,000 martech tools on the market, and customers taking control of their data, it is imperative that organisations finally get to grips with delivering a consistent and relevant experience to their consumers. Connecting the customer journey, brand touch points, and messages is now essential if brands want to meet their customers' expectations.

In McKinsey's 2021 Next in Personalisation report, 76% of consumers said they get frustrated by businesses that do not offer personalised experiences. Increasingly, consumers have less patience for brands that don't respect their data, or that use it in a way that is ineffective and irrelevant. For example, by sending loyal customers offers that are exclusively for new customers rather than offers that feel considered, relevant, and frictionless.

To create a truly seamless experience for their customers, brands need to tackle the martech problem. Bringing together their marketing, advertising tech, and data to enable their teams to deliver those seamless, cross-channel experiences. This not only involves the hardware, but also taking a holistic view to ensure that there's a customer centricity in how your teams operate, how performance is measured, and how businesses are organised. This will be key looking ahead.

Innovations to Overcome Audio Challenges

Tom Coare
Head of Audio, OMD

One of the key themes we are expecting to see in digital audio during the next 12 months is the development of products that help advertisers build a better understanding of how consumers move around streaming ecosystems.

Bauer's new app Rayo joins Global's Global Player as a platform that consolidates the wide array of audio content produced by leading UK radio groups. Having a volume of listening from popular radio brands in one place gives advertisers more robust, scalable data to work with and allows us to build more engaging campaigns using dynamic creative optimisations across all these touchpoints.

Similarly, Spotify's Podcast Audience Network offers new insight into how users consume podcast content across their network, informing advertisers who want to efficiently reach audiences in all their favourite content verticals.

The fragmented digital audio marketplace, and the sheer breadth of content available to consumers, has often made scalability a problem for advertisers and limited its strategic potential, but innovations like these are beginning to help us overcome that challenge.

Measurement, attention and context

05

Measurement, attention and context

Advanced Contextual: Delivering Futureproof Success

Since programmatic advertising first emerged, cookies have been integral to the whole ecosystem. Next, we became over-reliant on some very specific cookie-driven tactics – namely, profiling and people-based targeting. All of which explains, in brief, where we find ourselves today.

Since programmatic advertising first emerged, cookies have been integral to the whole ecosystem. Next, we became over-reliant on some very specific cookie-driven tactics — namely, profiling and people-based targeting. All of which explains, in brief, where we find ourselves today.

However, it's only when headlines began to be dominated by the threat of widespread cookie deprecation that we were reminded of this. Targeting, measurement, frequency capping — all of the things that essentially made real-time bidding attractive in the first place seemed under threat, with all of them losing efficacy when data signals are disrupted.

Until the status quo was challenged, the predominance of profiling and people-based IDs, like cookies, was in many ways a logical development. It was the easiest option, everyone else was doing it, and it worked. But as third-party, as well as first-party cookies (plus other data signals from location to IP) are increasingly blocked by browsers, persisting with those methods alone now seems more and more illogical.

Measurement and attention in the age of signal loss

In 2023, we've seen the debate shift from browsers and regulators looking solely at third-party to first-party cookies too: January's €390m (£340m) GDPR decision against Facebook suggesting opt-in for first- as well as third-party may be required evidences this. As does Apple's Safari browser's increasing moves to block A/AAA domain records, alongside CNAME being used covertly for third-party targeting.

In short, the current state of play is not all about one individual data signal — cookies are part of a wider trend of signal loss. It could even be the defining trend of this decade in advertising, not least in how we respond to it.

Much has been written on the topic, but in terms of how people on the ground are specifically responding right now, not that much is known. With this in mind, in January, Nano Interactive surveyed 150 UK brands and agencies to find out how they are adapting right now – and the findings include attention, measurement, AI, and contextual targeting.

All attention on measurement

Even if it hasn't always received as much attention, campaign measurement is affected by signal loss, just like targeting. As part of our survey of the UK buyer community, therefore, we measured distribution of — and satisfaction with — various metrics, including attention.

At a high level, we can see that attention metrics mark the evolution of viewability. But if a viewable impression counts as soon as half of a creative is in view for a second, attention can incorporate several different factors. Time in view and page quality could be just two of these, which together form a more nuanced measure of engagement in context. In terms of buyers' view on attention, Nano found that:

- People see newer metrics like

Niall Moody
CRO, Nano Interactive

> "It's no surprise that signal loss and users taking control of their personal data are having a major impact. For advertisers, there is already a shift in how we target and measure campaigns. Rigorous testing of personal identifier-free tactics and advanced, nuanced metrics are key to combatting risk to scale, effectiveness and brand relevance."

Alex Glover
Programmatic Product Partner
Brainlabs

attention as a genuine alternative to more established metrics like click-through rate (CTR) and cost per click (CPC)

- When presented with a list of ten different metrics, 57% say attention is best to report and optimise against
- But — one in three said tools need to improve for attention metrics to be usable
- Notably also, larger advertisers over-indexed for positivity towards attention, with only 21% showing negative sentiment towards attention metrics. For these respondents, their most used adjective was 'valuable'.

AI meets targeting, advertising in general

Saying 2023 has seen a resurgence of interest in artificial intelligence (AI) may be one of the biggest understatements of the year. But while we have seen numerous guides on how to get the best results from ChatGPT, insights on how exactly media buying will be affected by AI are still wanting.

Therefore, in our research, we asked brands and agencies which areas they thought would be most affected by AI. More than half highlighted targeting in their responses. This was closely followed by campaign optimisation, then workflow streamlining, creative solutions, and, finally, budget optimisation.

On contextual targeting, respondents agreed even more strongly that AI could have transformative effects, as it continues to fill the gap left by signal loss. Arguably, it has done so already, particularly in the last year. However, next-generation contextual targeting may still be a relatively new concept, and not yet always well understood.

When Gartner made the case for four technologies now set to transform digital advertising last August, it was early to this renewed interest in AI. Gartner also predicted that "the suppression of personal data for marketing alongside the rise of AI to assess contextual response anonymously is altering the data foundations of advertising and content marketing."

As cookies decline, contextual thrives

Perhaps it's no major shock, but the research showed cookie decline is the top concern for the biggest advertisers right now, followed by environmental impact and social responsibility credentials.

On a related note, the largest buyers surveyed also suggested that 2023 would see an 8% swing from audience targeting to contextual. If this were reflected across the entire UK buyer market, according to IAB Ad Spend data, it would mean an increase of around £770m in contextual spend.

Especially among larger advertisers and media buyers, the UK market is beginning to see a rebalancing from people-based methods, towards cookie-, profiling- and identifier-free targeting. When we asked agencies and brands why they had increased contextual spend, they told us:

- "Because once we know our audience it feels like a safer way to get a healthy ROI on investments."
- "Demos are becoming increasingly harder to reach."
- "We're opening to wider global markets."

Trust and safety, global scale, return on investment — qualities which were all once a given with people-based targeting and are all now increasingly challenged in the age of signal loss.

But our research also suggests that there is hope for advertising success, even without cookies underpinning the whole structure. That hope is with the help of advanced contextual targeting, which is both overturning the negative public perception of people-based targeting and delivering futureproof success for clients ■

Measurement, attention and context

The Evolution of the Attention Economy

With the proliferation of digital platforms and an abundance of information, attention has become a scarce and valuable resource.

Here, we will explore the evolution of the attention economy in advertising, highlighting its benefits and pitfalls. Furthermore, we will emphasise the importance of placing the consumer at the centre of the advertising ecosystem and how contextual targeting can effectively address the issue of ad clutter.

The attention economy: A paradigm shift in advertising:

The attention economy refers to a system in which attention is the most sought-after currency. In this era of constant distraction, advertisers face the challenge of capturing and retaining the attention of consumers amidst the overwhelming flood of content and advertisements, so much so that a recent Lumen study suggests that only six out of 100 ads are actually visible for a second or more. As a result, attention is emerging as a crucial metric for evaluating ad effectiveness. This paradigm shift has led to a revaluation of traditional advertising practices and a greater emphasis on engaging and relevant content.

Benefits of the attention economy in advertising:

Enhanced ad relevance: By focusing on attention, advertisers are compelled to create more engaging and relevant ads. This shift encourages the development of creative and captivating campaigns that resonate with the target audience, leading to increased ad effectiveness and consumer satisfaction.

Improved ad performance: Research has shown that higher attention volume leads to increased ad awareness. By prioritising attention, advertisers can optimise their campaigns to capture and maintain consumer attention, ultimately driving better ad performance.

Greater efficiency: In the attention economy, advertisers are encouraged to target their efforts on consumers who are more likely to engage with their ads. This shift towards precision targeting allows for more efficient use of advertising resources, reducing wasteful ad spending, and maximising return on investment.

Pitfalls of the attention economy in advertising:

Intrusive and disruptive ads: In the race for attention, some advertisers resort to intrusive and disruptive ad formats that negatively impact the user experience. Pop-up ads, auto-play videos, and excessive ad clutter can frustrate consumers, leading to ad avoidance behaviours such as ad-blocking.

Ad fatigue and desensitisation:

As consumers are exposed to an increasing number of ads, there is a risk of ad fatigue and desensitisation. When bombarded with repetitive and irrelevant ads, consumers may develop ad blindness, ignoring or actively avoiding advertisements, thus diminishing their effectiveness.

Placing the consumer at the centre of the advertising ecosystem:

To address the pitfalls of the attention economy and create a more consumer-centric advertising ecosystem, it is crucial to prioritise the needs and preferences of the target audience. By placing the consumer at the centre, advertisers can build trust, establish meaningful connections, and deliver value. Several key strategies can help achieve this goal:

Personalisation and contextual targeting: Tailoring ads to individual preferences and delivering them in the contextually relevant environment can significantly enhance the consumer experience. Contextual targeting, which considers factors such as website content, user behaviour, and interests, ensures that ads are more aligned with consumers' interests, reducing ad clutter and improving relevance.

Transparency and privacy: Respecting consumer privacy and being transparent about data collection and usage are paramount in the consumer-centric advertising ecosystem. Advertisers should adopt privacy-first practices, complying with regulations and giving consumers control over their personal data.

Content quality and brand reputation: Brands should focus

Andy Ashley
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SMARTFRAME

on producing high-quality content that provides value to consumers. By aligning their messaging with the interests and values of the target audience, brands can foster positive associations, trust, and long-term loyalty.

Interactive and non-intrusive ad formats: Engaging consumers through interactive and non-intrusive ad formats can enhance the user experience. By allowing users to participate actively, providing interactive elements, and avoiding disruptive tactics, advertisers can create a positive and memorable interaction.

Contextual targeting: Removing ad clutter and enhancing the consumer experience:

Contextual targeting plays a pivotal role in placing the consumer at the centre of the advertising ecosystem. By analysing the content and context of web pages, advertisers can deliver ads that are more relevant and aligned with consumers' interests. This approach reduces ad clutter by ensuring that ads are displayed in appropriate and engaging contexts, improving the overall user experience. **With 69% of consumers more** likely to engage with contextual ads, new solutions that offer better, more personalised experiences will likely increase this number. Contextual targeting also offers an alternative to relying solely on user data, addressing privacy concerns, and fostering a more consumer-friendly advertising environment.

The future advertising ecosystem

The evolution of the attention economy could reshape the advertising landscape, emphasising the importance of capturing and maintaining consumer attention. While this shift brings numerous benefits, such as enhanced ad relevance and improved performance, there are pitfalls to be mindful of, including intrusive ads and ad fatigue. Placing the consumer at the centre of the advertising ecosystem is crucial to address these challenges.

By adopting consumer-centric strategies, including personalisation, transparency, content quality, and non-intrusive ad formats, advertisers can create meaningful connections with their audience. Contextual targeting further enhances the consumer experience by reducing ad clutter and delivering ads in relevant contexts. By embracing these principles, advertisers can navigate the attention economy successfully and build a more engaging, respectful, and effective advertising ecosystem ■

69%

of consumers more likely to engage with contextual ads

Measurement, attention and context

A Blank Canvas for Measurement

Ciaran O'Kane
CSO, ExchangeWire

Last click-attribution has been the go to for media buyers for the last decade. Google, Amazon, and Meta have benefited greatly from sitting at the bottom-of-the-funnel. To a lesser extent, retargeting became the media tactic du jour for programmatic buyers.

With the advent of platform privacy — specifically ATT on iOS — we now have serious blind spots across the media and marketing landscape.

It has forced the industry to over-index on Chrome, a 30% visible part of the open internet. It works on a spreadsheet, but not in reality.

Could a new post-ID/cookie approach in multi-touch wean buyers off a broken system?

First-party data, contextual, attention, and statistical modeling could be the new framework to infer user behavior and attribute conversion, helping to build a privacy-first measurement for the data-driven buyer.

There is a blank canvas for measurement. Legacy models no longer work. And with Google's impending cookie deprecation, it's going to get a lot messier.

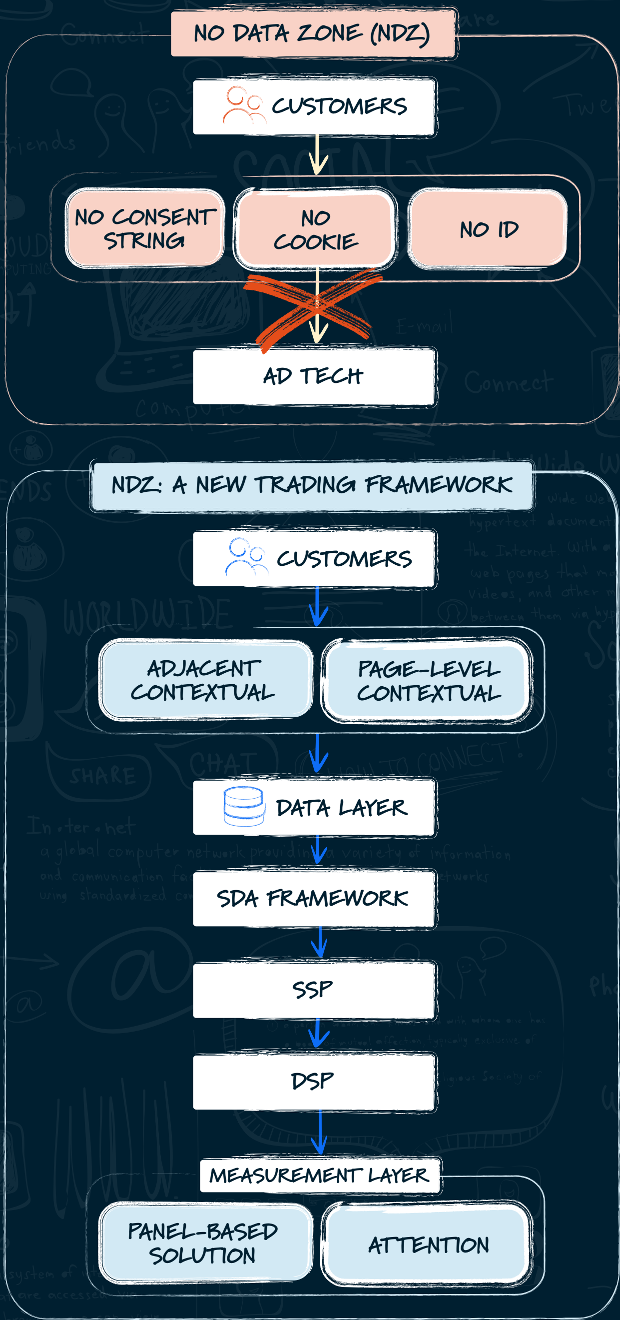
Who is going to emerge from ad tech to plug the gaps for marketers and agencies in the most important area of ad tech?

TheMadTechSketch by ExchangeWire

Welcome To The No Data Zone (NDZ)

Programmatic is ignoring the NDZ completely. Billions of impressions are undervalued and client marketing spend is being misallocated to fit a broken ID-matching model.

Traditional ad servers are undervaluing the NDZ, prioritising instead inventory with an ID signal. Publishers are losing money, and marketers are over-indexed to an ever shrinking "addressable" audience.



Adjacent contextual (AC) can include the likes of weather, trending social issues and anything that enhances page-level context. The most interesting area in AC is "hybrid contextual targeting", overlaying search, social, attention and location on page-level context. Huge opportunity for ad tech.

Page-level context will be table stakes for future targeting. This is a highly-commoditised area of ad tech.

Data-management platforms (DMPs) have been building contextual segments, but the buy-side cannot trade against the signal. Lost audience. Lost revenue.

Seller Defined Audiences (SDA) is a technical specification released by the IAB Tech Lab that allows publishers to monetise their audiences without needing to use a unique ID or reveal a user's identity to advertisers.

SDA will evolve to become the framework for NDZ. DSPs need to start looking at this signal. Marketers are ignoring the most affluent customer segment on the planet – the Apple user.

SDA can replace the broken economic model of ID matching. That won't work in the NDZ.

Attention will become the framework to measure the efficacy of advertising spend on the open web.

Despite TrustPid's obvious issues, it can become an effective panel-based solution with a decent sized opted-in base to model off.

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