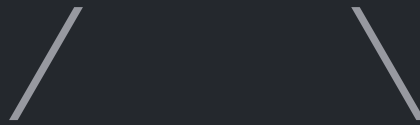# TIPi GROUP

PREDICTING THE 2020 PAID MEDIA LANDSCAPE

Key insights from our 'Shaping the Future' Breakfast Q3 2019

On 26th September, we held our latest Shaping the Future Breakfast, focused on the changing state of the Paid Media landscape and our predictions for 2020.

Erika Mendes, Head of Biddable at ROAST, kicked off the day with a presentation on The Rise of Machine Learning, AI and Automation.

This was followed by a session with **Matt Lines, ROAST's Display Director,** who tested some unruly assumptions about the display and programmatic industry.

The final presentation was given by **John Barham, ROAST's Managing Director,** who explored Amazon's growth strategy and asked what its expansion meant for brands operating outside the realm of retail.

To round off the morning, talking to the likes of Amazon, Google and Mercedes-Benz Vans, **James Chandler, Chief Marketing Officer at the IAB,** discussed the rise of in-housing and the impact it was having on changing the nature of relationships between agencies, brands and media owners in our panel discussion.

Erika Mendes
Head of Biddable at ROAST

THE RISE OF MACHINE LEARNING, AI AND AUTOMATION

The landscape of our digital world is changing, and with this change machine learning, AI and automation are becoming more sophisticated. Yet, the role AI and automation can play in business is still unclear in the minds of many – we hope the summary of Erika's talk below can shed some light on the subject.

WHY IS AUTOMATION IMPORTANT?

In a nutshell, automation (AI, machine learning and deep learning) saves time, improves efficiency and decreases costs for advertisers. User behaviour is changing and with it, search patterns and volumes are increasing – 15% of Google searches we see each day are new[1]. New technology, including smartphones and voice search, are also affecting the way users interact with search; websites are larger and more dynamic than ever before. Lastly, there are also more players in the market, therefore, finding more efficient methods becomes paramount for lowering business costs.

USER CASE FOR AI AND AUTOMATION
What does it mean for brands?

It goes without saying, all progress in technology brings with it benefits and risks. Within the context of AI, brands benefit through time saving; data informed decisions that could once take weeks or months to analyse, now take seconds. AI also drives efficiency, through its capacity to identify both top and bottom performing areas. It also drives accessibility to digital media, eliminating a barrier to entry for small firms with neither the budget, nor the manpower of their larger competitors.

On the flip side, there are also risks associated for brands using AI. These include customer frustration with the likes of chat bots, a natural decrease in innovation if a brand is relying too heavily on AI, and ultimately the reality is that human supervision is still needed; brands that rely too heavily on automation must be prepared for the errors that will be made and could potentially decrease their brand's appeal.

What does it mean in digital and paid media terms?

From Tik Tok to EyeQuant, machine learning is a lever for tools which can facilitate time saving and increased efficiency for digital brands. Moreover, brands can make use of AI in Paid Media to target consumers more effectively, such as responsive search ads and Facebook dynamic creatives, which use machine learning to generate optimised combinations for an audience.

DEVELOPMENTS IN AI AND AUTOMATION – WHAT IS THE FUTURE?
Recent AI developments in Paid Search

Ad Strength: Measures the relevance, quantity and diversity of your ad copy.
Exact Match Keywords: Machine learning was injected into keyword-to-query matching with the inclusion of same meaning words in close variants of exact match keywords.
Smart Bidding: The manual bidding option is now buried below a growing list of machine learning-driven bidding strategies.
AI-powered Insights (Recommendations): Highlight performance changes and competitive pressures, all delivered with machine learning.

[1] https://searchengineland.com/google-reaffirms-15-searches-new-never-searched-273786

What trends do we see developing in the new year?

User Experience: Using UX to better understand the user's interaction with landing pages.

Visual Search: Millennials are here, and they want visuals, and it's not just them. 21% of advertisers believe visual search is the most important trend for their business in 2019 and 45% of retailers in the UK now use visual search[2].

Voice Search: In this sector there is massive opportunity to stay ahead of competitors, with only 17% of marketers having or planning to optimise for voice search within the next 12 months[3].

Visual and Voice Search: Early adopters who redesign their websites to support visual and voice search are set to increase digital commerce revenue by 30% by 2021[4].

Automated Data Visualisation: With the development of machine learning, we expect to see more user-friendly data automated visualisation platforms and widgets that are arranged and interpreted through machine learning, providing a wealth of new insights, increasing productivity in the process.

As Ben Jones, Global Creative Director at Google said, "machine learning is meant to work with creativity, not to replace it". Agencies and companies must figure out how to use them, which requires assigning tasks and translating their output into something useful.

[2] https://www.businesswire.com/news/home/20180829005092/en/New-Research-ViSenze-Finds-62-Percent-Generation#.W4eYrWp5Mrc.linkedin
[3] https://www.searchenginejournal.com/72-of-marketers-have-no-plans-to-optimize-for-voice-search/323065/#close
[4] https://www.gartner.com/smarterwithgartner/gartner-top-strategic-predictions-for-2018-and-beyond/

Matt Lines
Display Director at ROAST

DEBUNKING DISPLAY

Matt took a look at some common assumptions people have about Display and provided an informed perspective on each myth case by case.

DOES ADVERTISING FOLLOW ME AROUND?

Modern day advertising is often viewed by consumers as a bombardment; ads can be repetitive and obtrusive[5] and there is no shortage of them[6], consolidating the opinion amongst many consumers that ads are following them around.

Moreover, the word is out about cookies. Internet users are tired of aggressive retargeting. This creates a pertinent challenge for anyone working in Display, quite simply because cookies have become an essential part of the ad serving and media buying process.

REMEMBER THIS?

Matt turned to the words of Sir John Hegarty to summarise the importance of memory in advertising: "It's very difficult buying something you can't remember". He related this to cookies, describing them as one of the best tools we've ever had to track the end-to-end process of memory across the web.

Designed to create a seamless user journey, something as simple as adding an item to your basket without checking out was impossible before cookies. Ad serving, media buying and retargeting have grown out of this to make cookies one of the best tools to manage brand uplift and memory at an individual user level. In short, cookies have underpinned the argument for the effectiveness of Display and are a vital part of the way we plan and buy digital media.

IN THE FACE OF CRACKDOWN

Apple have rolled out Intelligent Tracking Prevention, limiting the use of cookies across Safari browsers, and likewise, Google are (reportedly) planning to limit the remit of third-party advertising cookies. The rules of the game will change for those working in Display. Advertisers may now need to prepare for the day when we won't be able to rely on cookies. But what is important for now? And what may we need to replicate in a world without advertising cookies?

KEY TAKEAWAYS

Develop an ad serving strategy
Strengthen publisher partnerships
Retarget responsibly

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[5] A Public Trust paper by the Advertising Association covering both offline and online advertising found that 45% of people are annoyed by the repetition and obtrusiveness of ads (https://www.iabuk.com/sites/default/files/public_files/AA_Public_Trust_Paper.pdf)
[6] From the same study by the Advertising Association, 35% were irritated by the volume of ads.

John Barham
Managing Director at ROAST

AMAZON ADVERTISING – NOT JUST FOR RETAIL?

Will Amazon break the Google and Facebook duopoly? John Barham, ROAST's Managing Director tackled the most debated question on the platform. He also explored what the future of the digital media landscape could look like.

THE POWER OF THE DUOPOLY

As impressive as Google and Facebook's respective ad platforms are, the encroachment of Amazon as a new player establishing its own online ecosystem is good for a lot of advertisers. More competition in the market will mean more variation, more options and more mechanics to buy media. Any significant new entries to this space will be welcome.

FROM RAGS TO RICHES

Amazon as a company has grown from an online bookseller, to a true digital behemoth – acquiring companies such as IMBD, Audible and LOVEFILM along the way. Recent additions to their portfolio include Eero (Wifi router technology) and Sizmek, the latter significantly bulking out their adtech stack and capabilities. Add to these the now established household names in the "battle for the living room" of Amazon Echo[7] and Fire TV[8]. Their acquisition strategy is interesting to say the least and is set to see their global share of ad spend reach 8% by 2023. As Amazon slowly accumulates these assets and creates its own internet ecosystem, it is widening its reach and exploring new environments to target users. Their ad serving capabilities and their capacity to act as a gatekeeper or controller on served ads will increase as they consolidate their position as a one-stop shop alongside Google and Facebook.

OPPORTUNITIES FOR ADVERTISING

Amazon is increasingly seeing growth across their Display and Video elements of their ad portfolio. The power of branding is clear here and when combined down the line with the power of ecommerce data and consumer behaviour, Amazon will have a very powerful combination for its display set up to put to the consumer.

First-party data will also come to be a powerful asset to be used to buy display ads either on site or off site. This is especially poignant in the context of Amazon's acquisition strategy, where Amazon's assets will collect first party data covering everything from PPC to AdTech Stack and social platforms – Bebo and Twitch being the notable acquisitions in this space.

CHECK YOUR STOCK

Amazon is here to stay, moreover its inventory is growing and isn't set to stop. From buying Bebo to the recent release of Echo Frames, it will be critical for advertisers to familiarise and stay abreast of these developments and key milestones in their tech infrastructure.

[7] Amazon Echo and Alexa enjoys 70% of smart speaker share
[8] Fire TV is the #1 streaming media platform

IN-HOUSING – WHERE ARE WE NOW?

The morning closed with another fantastic panel hosted by guest moderator James Chandler, Chief Marketing Officer for the iAB UK. The theme of the panel was to look at where in-housing is now and how clients, agencies and media owners have either embraced or questioned its real long-term value.

So, who were our panellists?

James Chandler (Moderator)
Chief Marketing Officer at iAB UK

Graeme Carlisle
Tech Lead at Google Marketing Platform

Ellie Lathrope
Business Development Manager,
Advertising Sales – Health & Beauty at
Amazon

Rebekah Barclay
Brand Marketing Manager at Mercedes-
Benz Vans

Ben Vine
Digital Marketing Consultant

Gareth Owen
Managing Director at TIPi Group

The upshot is that the subject of in-housing has gone back and forth – with some pretty negative narratives – mostly towards agencies. Trades called it the end of the traditional media agency and client relationship, and the beginning of a different era with the duopoly that is Google and Facebook now able to court brands directly and add greater value...

Ben Vine, a digital consultant who has worked with numerous brands, and being an ex-agency man himself, pointed out that the need for this holy trinity of brand, media owner, and agency still exists, as clients still need to understand the data they hold so much of. Agencies, by introducing better structure and relationships with media owners, will be able to help brands in understanding how to extract the right insights and deliver maximum value. Gareth Owen, Managing Director of TIPi Group validated this, explaining that as long as agencies provide expertise, the right resource, and a trusted perspective, they will always add value.

"YOU CANNOT BOTTLE CREATIVITY"

Clients need their agencies to be innovative and agile, and this was agreed by Rebekah Barclay, Brand Marketing Manager at Mercedes-Benz Vans, who explained that whilst in-housing was "all well and good", agencies were still needed to provide specialist expertise, and creativity that they couldn't bring in house. James, from the iAB UK, put it perfectly saying that "you cannot bottle creativity".

The constant thread that ran right the way through this panel was that agency relationships have to add value; across tech, data, and marketing. They need to innovate, and build healthy ecosystems, and relationships with media owners that enable them to "truly build seamless partnerships".

Amazon have dedicated teams for agencies as they work across so many products and data sets that they recognised the need to support agencies in order to deliver more value for brands. They see a future that can only really exist with agencies playing a key role, working with the likes of Google to ensure third-party data is utilised to help inform and drive brand performance.

The general consensus, was that sacrificing innovation and creativity is not an option for brands. Ultimately automation and machine learning will achieve greater cost efficiencies, allowing agencies to work alongside brands to deliver greater creativity.

Wrapping up it was agreed that if in-housing was an option for certain brands, in order to deliver maximum value - a hybrid model looked to be the most viable option. Having agency people in-house was favoured, providing specialist advice on tech, and media relationships, as agency/network trading relationships with media owners is still hugely valuable for brands. Considering this, and the fact that performance-related fees are now very much part of agency contracts, allows for greater clarity on all sides of the relationship – clarity being an issue that ignited the argument for in-housing a few years back.

"IN-HOUSING CAN BE VERY SUCCESSFUL"

"In-housing can be very successful", Ben explained, as marketing data, and strategy becomes more automated it becomes easier to manage. The reality for brands is that they now need to take stock of how much automation is forcing a change in the structure of their teams. They also need to develop new areas they need to move into; in relation to data science – with flexible resource. Looking at the right models (hybrid or otherwise) for greater efficiencies.

Essentially, it's the relationships that agencies and media owners build to better service brands which will add greater value, as this is no longer a linear relationship.

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