



Roadmap to Relevance

United Kingdom



THE SETTING

Introduction

Today's consumers care more about privacy than ever before, meaning marketers globally must look to ensure that the campaigns they deliver not only meet their goals, but also consumers' preferences.

Tightening restrictions on privacy, data handling, the loss of third-party cookies and changes to mobile device IDs, such as IDFA (identifier for advertisers) on IOS devices and AADs (Android advertising ID) are all rapidly approaching. With this in mind, UK advertisers' top roadblocks to meeting campaign goals and engaging consumers are data centric. The same is true for addressable video which is fast growing its share of marketer's budgets. Though typically served in what has always been cookieless environments, video has its own unique set of challenges when it comes to the application of audience data to help marketers achieve relevance.

At the end of 2020, Xandr released its third annual Global Relevance Report exploring the challenges and opportunities marketers face when looking to improve the online ad experience for consumers. In this companion report, we take a closer look at the findings from UK respondents, looking to better understand how advertisers locally are activating, prioritising and thinking about data when it comes to digital video, both display and CTV, offering a Roadmap to Relevance in 2021 and beyond as we collectively navigate the impending identity changes within this space.

Executive Summary

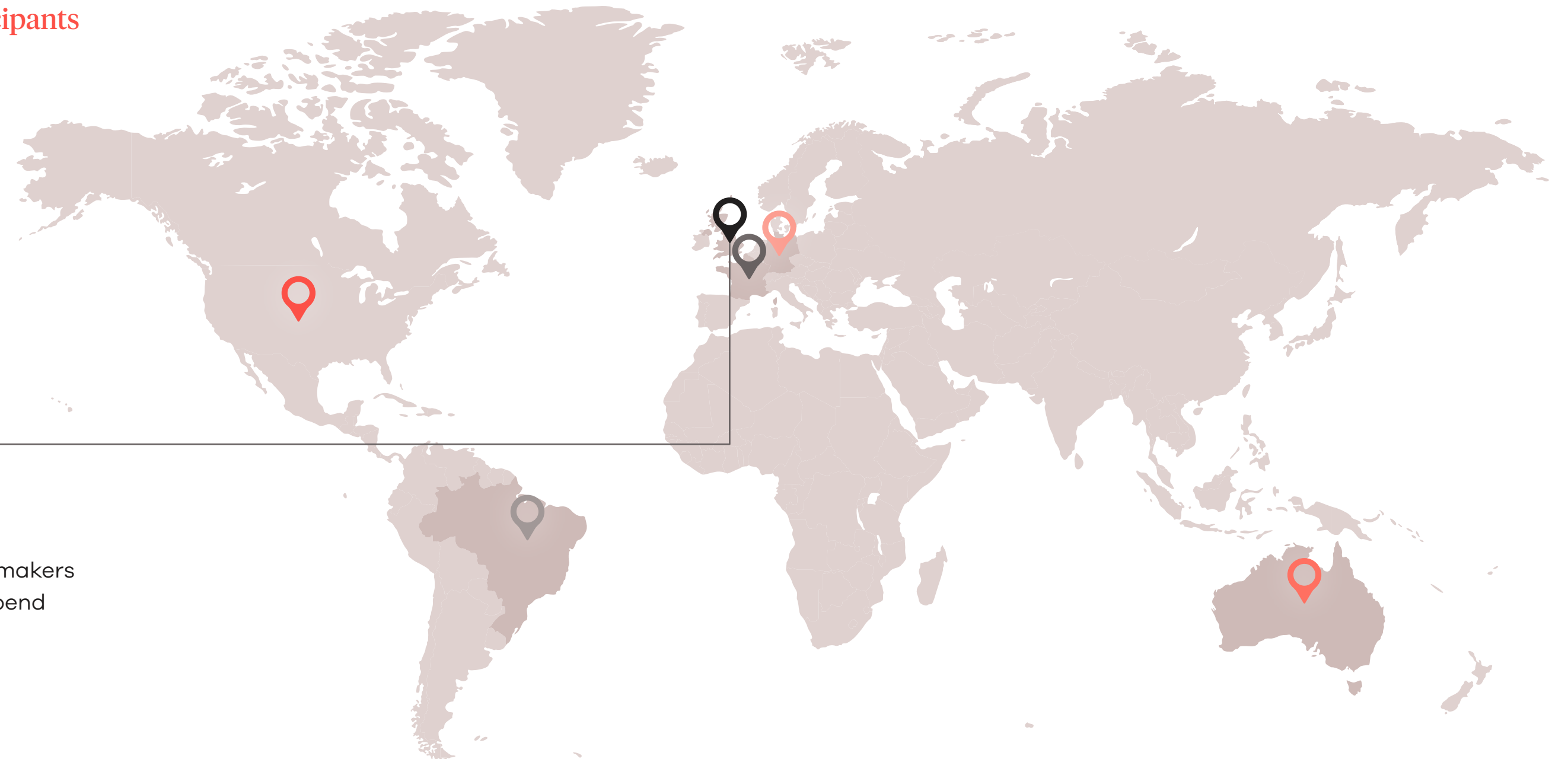
- 1.** The ability to create a better ad experience is closely associated with changing consumer media habits, consumer privacy and data use.
- 2.** Privacy regulation and the deprecation for the third-party cookie will transform how advertisers approach data partnerships, analytics and performance measurement.
- 3.** Given the increasing importance of layering all available data sets, especially first-party data, advertisers recognise the benefits to hiring in-house data scientists and also working with data partners in open ecosystems.
- 4.** Performance evaluation and proof of ROI is important for measuring effectiveness but also delivering relevance.



THE SETTING

Methodology

Xandr partnered with Advertiser Perceptions to conduct 15-minute online questionnaires in leading global advertising markets. This report focuses on the survey results from the 140 UK participants from media agencies and brands.



UK

140

Sep 1 – Sep 16 2020

Sampling Criteria

- › Digital video/CTV decision makers
- › \$250k+ digital video/CTV spend
- › 50/50 agency/brand split

THE SETTING

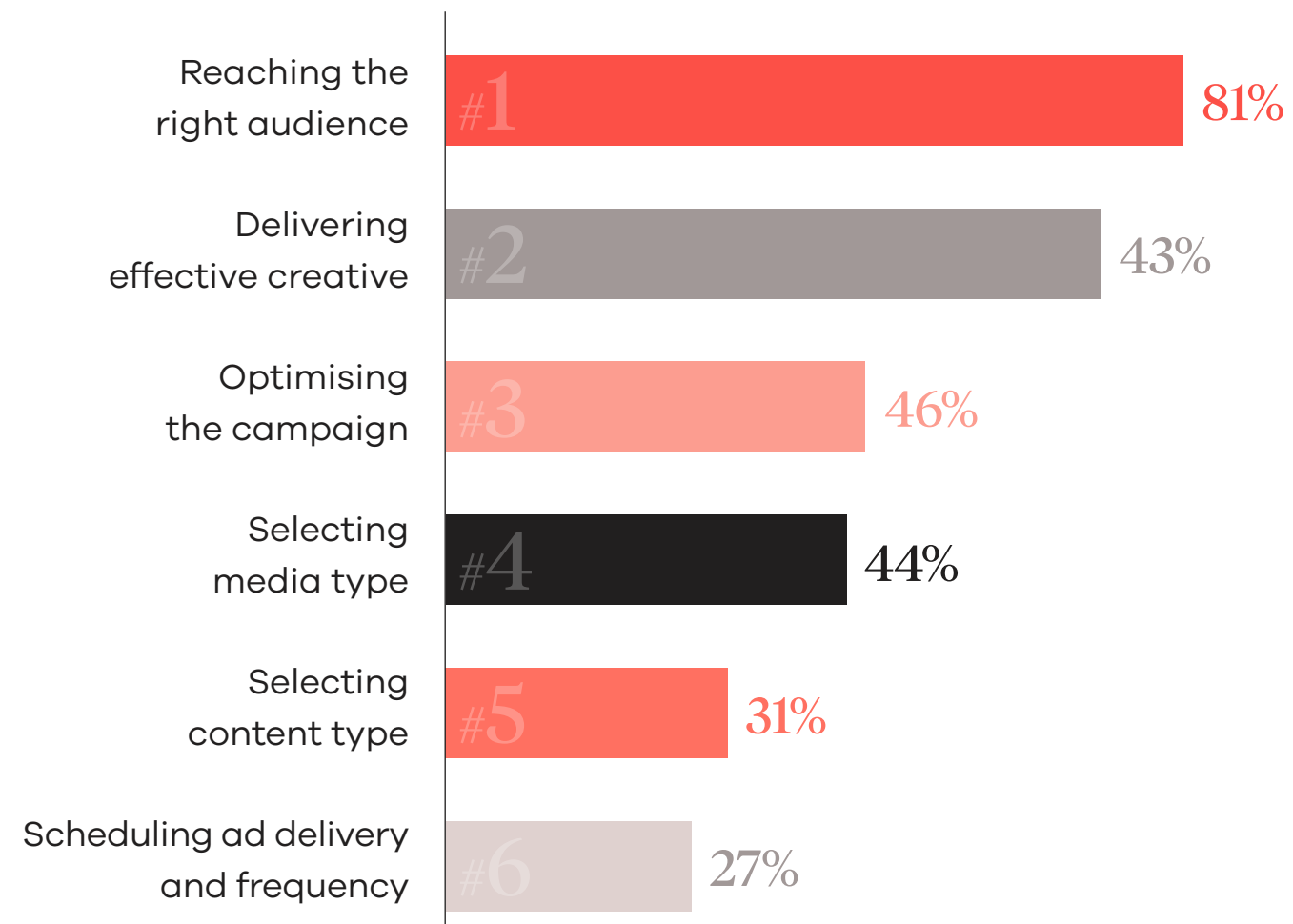
Market Landscape

81% of UK respondents ranked ‘reaching the right audience’ within their top three most important steps to delivering relevant video ad experience for consumers. However, from GDPR to the data silos of walled gardens, UK strategists have had to navigate a myriad of hurdles in recent years to ensure this.

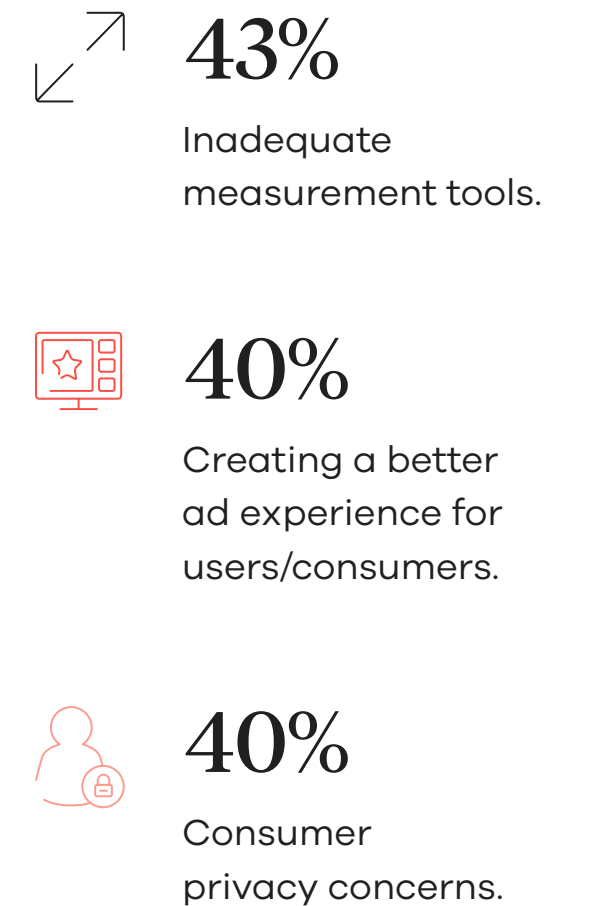
Reaching the right audience with a relevant message also means meeting them at the point where they are most engaged. The average UK consumer today has access to more than nine connected devices¹, which has led to a change in the way people consume ‘big-screen’ content. With the digital landscape constantly evolving, driven by consumer eyes and preferences, advertisers are having to adapt their marketing strategies to keep pace. This is also whilst navigating the changes to the data landscape as the deprecation of the third-party cookie looms and the impact of tighter regulation begins to bite. So, how can brands find their target consumer across multiple devices in an increasingly complex and fragmented ecosystem?

What follows is a three-part roadmap that will help advertisers break down the challenges they face and identify possible solutions in order to achieve relevance in digital video in the new privacy first world.

Most important steps to delivering a relevant video ad experience for consumers



Top three industry challenges facing the UK



¹ Statista Research Department, Jan 2021

DATA & IDENTITY

Delivering Relevant Video Ad Experiences in a Privacy First Landscape



To date, UK advertisers have relied heavily on third-party cookies to ensure their messaging is seen by the right audiences. 93% of advertisers surveyed across the UK say they have at least an intermediate knowledge for using data to drive relevance among consumers but, the path to finding the required audience, is about to completely transform.

Precision in finding the right viewer will continue to rely heavily on data utilisation and the ability to establish consumer identity across devices. By being able to monitor everything from frequency to attribution, identity is foundational to most digital ad strategies.

In response to today's privacy-first digital landscape, advertisers are transforming their approaches to:



Analytics



Performance Measurement

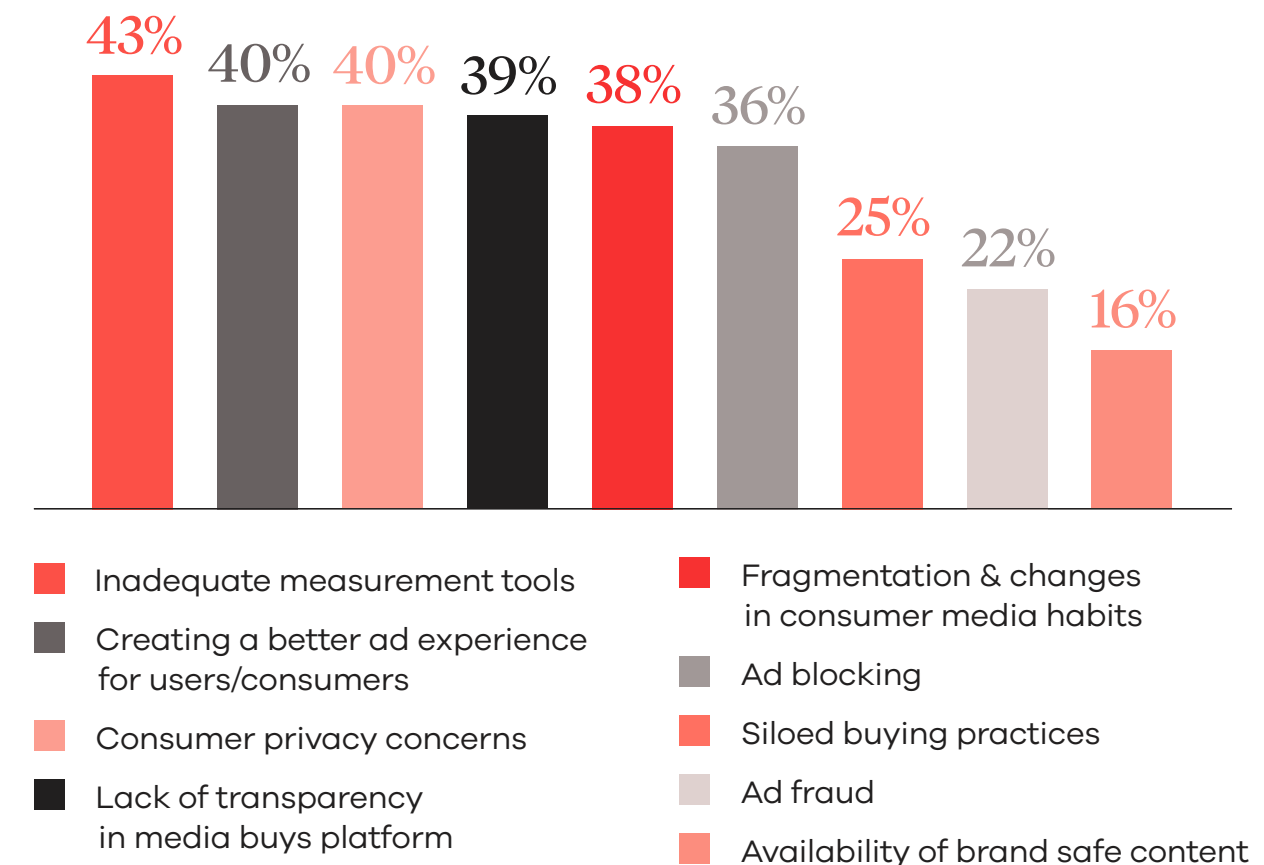


Data Partnerships

Reaching the right audience

81% of respondents ranked reaching the right audience in their top three most important steps to delivering a relevant video ad experience to consumers, with delivering effective creative and optimising campaigns following closely behind. Yet despite clear objectives, only half of advertisers believe they are able to effectively connect with their desired target audience of video campaigns.

UK respondents top challenges (full list)





An over reliance on cookies, however, has led to misaligned campaign incentives and suboptimal practices in the digital advertising industry. Consumers felt they were 'followed' around the internet by campaigns promoting products or messaging they had previously expressed an interest in, resulting in poor consumer experiences. However, cookies have long been the lifeblood of digital advertising, used by brands as a way to understand and maximise the value of their marketing spend as it allowed for targeting of granular audiences.

With the third-party cookie being deprecated as well as the shift to new cookieless environments such as CTV, UK marketers cite concern over inadequate measurement tools as their top challenge in the new era; with the ability to create a better ad experience for consumers and privacy concerns a close second. Now, as we prepare for change, it is the perfect time to address these issues and find more effective ways of working.

Obscuring the digital landscape

Advertisers weighed how significantly marketplace issues would affect their own video strategies.*

#1

44%

Deprecation of third-party cookies

Shift from tried-and-true, browser-based measurement strategies & KPIs.

#2

35%

GDPR/UK GDPR

Following Brexit, the UK is developing legislation very similar to GDPR.

#3

21%

Apple IDFA opt-in policy

*The following question was presented 'Over the next 6-12 months, which of the following will have the most significant impact on your (company's/main client's) video advertising strategy?'

PART ONE

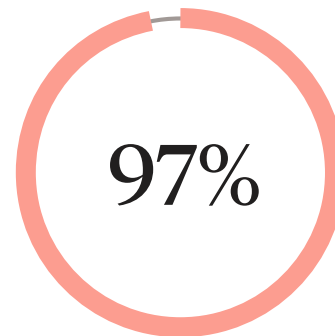
The Way Forward Through Identity (& Data)

Among the advertisers we surveyed, phasing out cookies has meant 97% have made investments in data plans over the last 12 months. For the majority, this is hiring a data scientist or specialist with others making investment in data partnerships or consultancies.

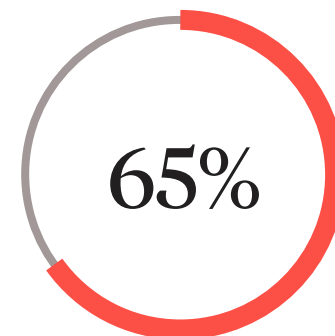
For most advertisers, the way forward is grounded in big data — data sets that are massive, varied, and generally subject to regulation for their acquisition, use, storage, and transfer. Whether via in-house solutions, new data partnerships, or a combination of both, strategists are revising their approach for the new landscape. Working across partners and data sets will be essential to building functional audiences for video campaigns.

“Xandr has a unique position here as we sit across the ecosystem whilst not operating as a walled garden. We are a trusted partner to most premium publishers and with that are in a good place to surface this insight to our buyers in a safe and effective manner.”

Karan Singh
Commercial Director, Xandr




97% have made investments in data plans over the last 12 months.



65% of respondents say their organisation has brought on a data scientist in the last year.





“Xandr’s suite of curation tools solve for this by allowing agencies and marketers to build their own marketplaces. It’s here that marketers can curate first-party data from multiple websites into a single deal ID, ensuring scale and reach to meet their desired audience.”

Harvin Gupta

Solutions Engineering Director, Xandr

All marketers surveyed recognise the value of first-party. However, there are significant challenges when it comes to activating at scale, against each publishers' individual data sets. The risk is fragmentation and increased complexity for traders who can't just target one single audience segment but instead need to target multiple deal IDs.

One smart solution to this that marketers are increasingly adopting is curation, which allows them to build custom marketplaces with inventory from multiple sellers, package this into a single deal ID to be consumed in the DSP, allowing for more precise targeting at scale.

Further to this, ensuring data is compliant is cited as the top challenge marketers face in the privacy focused world. To combat this, publishers can use deals such as traditional Private Marketplace or Programmatic Guaranteed to help buyers find their desired audience. This means it is important that they work with a tech stack that has a really well built out deals platform and whom they can trust with their most valuable asset — their audience data. Deals need to be quick and easy to set up, allowing for rich targeting on the sell side such as key values passed in by the publisher and provide data for troubleshooting.

Top 3 challenges faced regarding data use:

#1

Ensuring it's compliant with privacy regulation.

#2

Ensuring it's accurate.

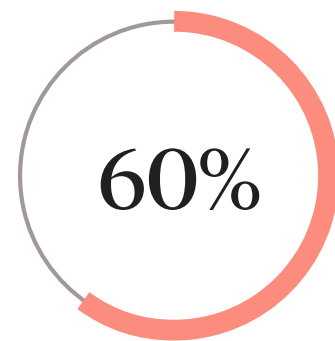
#3

Poor data quality.

PART TWO

Evolution of Data Partnerships

While we can all agree that publisher first-party data will grow in importance as we head towards the death of third-party cookies and greater regulation, other types of data partnerships will also need to change and evolve as the industry embraces the new privacy first paradigm.



of respondents lean more heavily on contextual data for their video ad strategies in 2021.

The proliferation of content, siloed platforms, and marketplace regulation see 60% of respondents leaning more heavily on contextual data for their video ad strategies in 2021. However this is not the contextual solutions of old, these solutions have been continually evolving and advertisers are now benefiting from enhanced performance and reduced reliance on the cookie.

Next generation contextual technology relies on content descriptors and other information about a web page that allows advertisers to reach their desired audience without the need for ID based targeting. Contextual partners help brands find relevance online by using AI to deliver advanced contextual ad targeting to uncover relevant audiences when they are most likely to be receptive to brand messages without the use of personal data and in real time.

Xandr’s investment into this area and the ease of integration means a host of these partners are only available via our open API (application programming interface) driven platform. They have been tried, tested and proven they get great results, making them a viable alternative to cookie-based approaches.

“There are some very innovative identity solutions now available, allowing businesses to achieve their goals. Choosing the right tech partners will be crucial to optimising these offerings though, as not all brands or even agencies are positioned to build more sophisticated tech stacks. The first step is to understand your own capabilities and then find a partner who can build on and compliment these.”

Karan Singh
Commercial Director, Xandr

How advertisers rate the data in their stacks



First-party data and ad tech partner data rated most consistently as more effective in delivering relevance.



72%

of the ad technology that my company/my agency uses has a significant impact on campaign outcomes.



64%

say an integrated DSP-SSP solution can create a competitive advantage for their company or clients' media plan.

PART THREE

Open Systems Beat Closed

“Limiting access to premium quality content by operating within one or two walled gardens can reduce reach and lead to less transparency. There would be a lack of differentiation and advertisers would find it hard to stand out from the crowd or outperform the market.”

Harvin Gupta

Solutions Engineering Director, Xandr

74% of UK respondents agreed an open ecosystem, which enables them to transact with all media owners, across all formats, and allows them to use first-party and third-party data assets freely is preferential to a walled garden with turnkey solutions.

Today, table stakes for data partners are expansive and when it comes to considering a video platform to partner with, 83% of UK advertisers cite this as an extremely important/important consideration when making their selection with the ability to achieve scale (82%) and user data privacy (78%) following closely as top differentiators. Without transparency from programmatic partners, campaigns are unable to achieve scale without risking brand safety and cost efficiency.

Advertisers are best positioned to reach the right audience across an open internet ecosystem where they are able to transact with all media owners, across all formats, leveraging both first-party and third-party data assets.

The benefits of an open environment outweigh even the tried-and-true turnkey solutions provided by walled gardens — and they go far beyond campaign metrics.

Performance evaluation and proof of ROI are important for measuring effectiveness but also delivering relevance. While relevance and audiences are top of mind, strategists are predominantly optimising on proxy KPIs like video completion rate. Brand lift, sales lift, and other attribution metrics fall far below par in practice. Advertisers will need partners who can help them determine how to select and evaluate their KPIs as data and identity strategies continue to evolve.



~ 1/2

of UK respondents believe integrating data sets would most improve their ability to reach the right audience effectively.

THE ROAD AHEAD

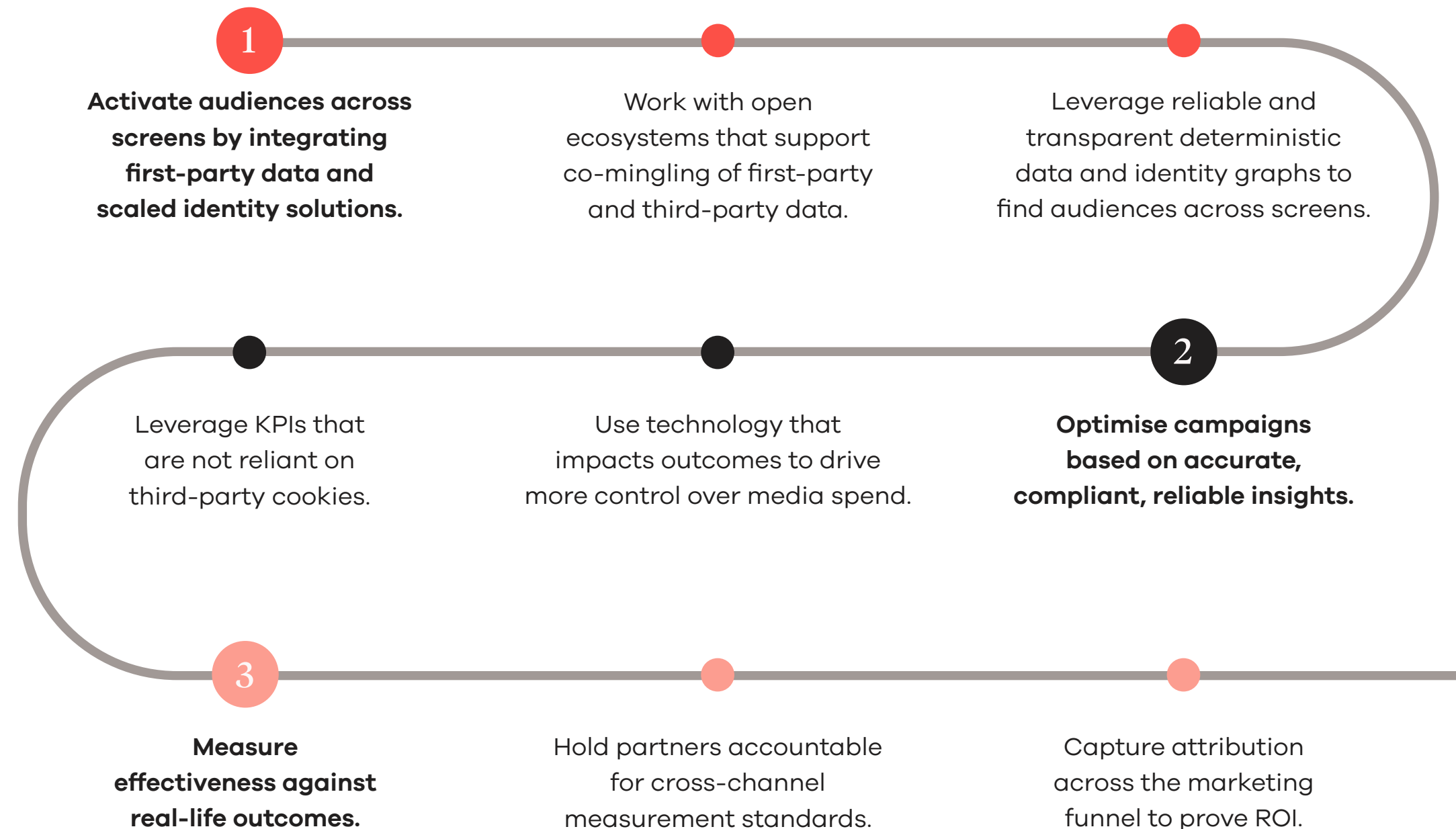
Conclusion

The roadmap for relevance is centered around employing accurate, compliant data at each step of the campaign, but that cannot be done without best-in-class assets and tools.

By prioritising this, advertisers are rightfully putting the consumer first. To thrive in the new world, advertisers will need access to brand-safe, premium inventory with advanced contextual targeting. For them, increased visibility and transparency into the supply path will be especially important as they continue to understand the overall value of their media spend. All of these spotlights the benefit of an integrated DSP-SSP solution that eliminates multiple supply path intermediaries, such as Xandr's.

A lot of the same identity challenges exist when it comes to the application of audience data used within the digital video landscape and how to navigate this new future may seem daunting. It is, however, an opportunity for all of us to be a part of the next evolution of digital advertising. The increased awareness of consumer privacy controls is going to continue to grow as will the popularity of digital video among consumers. While the questions around the future of identity are far from answered, it is certain that however the future plays out, strategies for both video on desktop or CTV should evolve around a dedication to develop solutions that create better, more relevant experience for consumers online, while continuing to support the open internet and fund free, high-quality content through advertising.

Roadmap for driving relevance in 2021 and beyond



THE ROAD AHEAD

Xandr are Here to Help



Collaboration between the buy and sell-side of the ad ecosystem is crucial for the future of identity. Xandr's position in the market means we are well placed to help facilitate these relationships.



The right data partners can provide additional value. We've invested a lot of time into bringing new and innovative cookieless solutions onto our platform. We encourage our clients to test these now, and offer the resource and expertise to help execute these tests.



As a trusted partner to most premium publishers, Xandr is able to facilitate inventory and data deals that allow buyers to transact against publishers' first-party data assets in a privacy safe way.



Every industry and market will have their own set of challenges when it comes to relevance and identity. Xandr's global presence means we are successful in supporting our global clients with the right expertise and solutions at a local level.

While the move forward into the cookieless world may appear a daunting task at first, it is an opportunity for all of us to be a part of the next evolution of digital advertising.

Find out more about Xandr's multipronged approach to identity by contacting your local Xandr representative today.

www.xandr.com





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