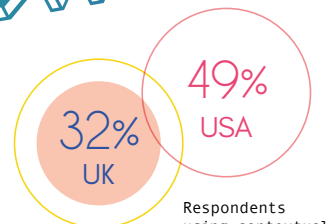


CONTEXTUAL ADVERTISING: THE NEW FRONTIER

TOP FINDINGS



Respondents using contextual targeting every single time in their online targeting.

THE STATE OF CONTEXTUAL TARGETING IN 2018

One of the most important takeaways from the report is that contextual advertising has evolved and now includes more advanced forms of semantics analysis and also computer vision. Computer vision is an academic term that describes the ability of a machine to receive and analyze visual data on its own, and then make decisions about it. That can include photos and videos, but more broadly might include "images" from thermal, or infrared sensor, detectors and other sources. Without computer vision, a marketer simply cannot comprehend the full content of the page. For example, an image featuring kittens playing might be a good place to advertise a cat food brand – or an image of a tropical beach might be a good place to advertise vacation rentals in the Bahamas.

Our research found that 25% of those from the US (and 37% of UK business respondents) were not using any targeting in their online advertising. Contextual targeting was the most widely used form in the US, being used by almost half (49%) of respondents, followed by demographic (46%), geo-location (44%) and behavioral (25%).

However, it was clear that for most firms, targeting is cumulative. In both the US and the UK, roughly two thirds of respondents (61%) said they wouldn't consider using contextual targeting on its own in the future. The research also showed that 28% of respondents use contextual targeting all the time to do that.

We all know how it all started. The online advertising industry's obsession with audience, and the corresponding diminution of the importance of context. Fast forward to present day – the era of data protection and emerging new technologies, and contextual targeting is experiencing a rebirth.

GumGum, in association with The Drum, did a survey of senior executives to explore the current state of contextual advertising to understand how it's seen by advertisers and agencies.

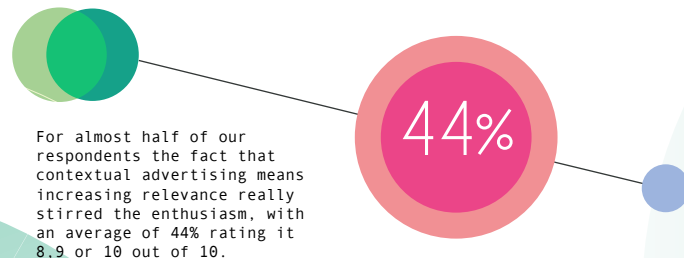
The report surveyed 116 senior executives in the UK and US with responsibility for digital advertising within their company.

The Drum Studios

in association with gumgum

WHAT DOES CONTEXTUAL ADD TO THE TARGETING MIX?

On both sides of the Atlantic the technique's main virtue was seen for its ability to increase the relevance of advertising. Respondents from both the US and the UK were most impressed with contextual targeting's ability to increase the relevance of advertising. Both also gave second place to its ability to improve the user experience. Then views diverged, US respondents being noticeably more impressed with the way contextual targeting improves campaign planning and brand perception than their UK counterparts.



BRAND SAFETY

Of all the issues with online advertising, brand safety is perhaps the most frightening for marketers.

Our research shows marketers are still approaching brand safety with extreme caution. When asked whether the advertisers who pulled their advertising from YouTube in the wake of The Times investigation in 2017 had made the right decision – in the UK that figure was 79%, and in the US it was 65%.

THE CHANGING TARGETING MIX

Our research certainly suggests there's an upturn in investment in contextual advertising.

61% had kept spending on contextual constant last year, and 24% had increased it. Next year 31% said they planned to do more.

Around two-thirds of companies in both countries (70% in the US and 64% in the UK) agreed that change was being driven by technological factors ("changes in the ways advertising can be targeted to consumers").

US respondents on Contextual Advertising spend



COMPUTER VISION

A key change in the ability of contextual advertising to target customers is the rise of semantic technology, allowing machines a far deeper understanding of the contents of a page, both words and images. This enables advertisers to create much more sophisticated links between the content and the advertising.

Machine learning and artificial intelligence are at the forefront of what contextual targeting will be able to deliver in the future. Our research showed that 66% of those in the US are already using contextual targeting based on images, which is an area that has only recently been automated.

Agency interviewees suggest the discrepancy between UK and US attitudes to GDPR is a simple question of timing. GDPR and EU legislation (which grants individuals more control over how firms gather, store and use their personal data) may not be top-of-mind for US companies at the moment but because commerce and data move freely across international borders, many firms in the US and across the globe will need to conform to its guidelines. Or will they? Of course, it could force companies to take a closer look at their data infrastructure, much more so than they would otherwise.

THE NEXT FRONTIER

Images are the next frontier for ad targeting. Having access to such granular data is of course extremely valuable from both an insight and a targeting perspective. The brain processes visual information 60,000 times faster than text. In an environment where marketers are all in a race to capture people's attention in a fragmented space, the instant recognition of an image can be a powerful tool. A compelling image combined with consumers' specific contexts, likes and dislikes, makes for a particularly powerful marketing arsenal.