# Theorem 2018 Mid-Year Market Trends and Insights Report



# ✓ About Our Data

Theorem's Trends & Insights Reports are based on in-depth market research and the utilization of our Market Panel. Theorem's Market Panel is comprised of a wide range of agency, publisher, and ad tech stakeholders across the digital ecosystem. Members are from large integrated agencies and smaller independent firms, and fulfill a range of roles from entry-level associates all the way to senior-level titles such as directors, department heads, and presidents.

Theorem is continuously looking to grow and expand our panel for market-facing surveys such as our trends reports and for client specific projects. If you are interested in becoming a member of our panel, please email us and let us know. Our panelists are rewarded for their time and all responses are aggregated and anonymized, only to be seen by members of Theorem's strategy team.





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# Looking at the Current Position of the Digital Media Market and Understanding Trends and Changes as we Reach Mid-Year 2018

### The market is constantly evolving,

making it even more important for publishers to stay ahead of trends and changes and to meet advertisers expectations in order to stay relevant. This report will look at the key topics, trends, and areas of change in the digital media market, including a forecast of budget spend across platforms and ad formats, an outlook on digital audio, the current state of brand safety, fraud, and data transparency, and emerging technology in the digital market.

### Report consists of information from:



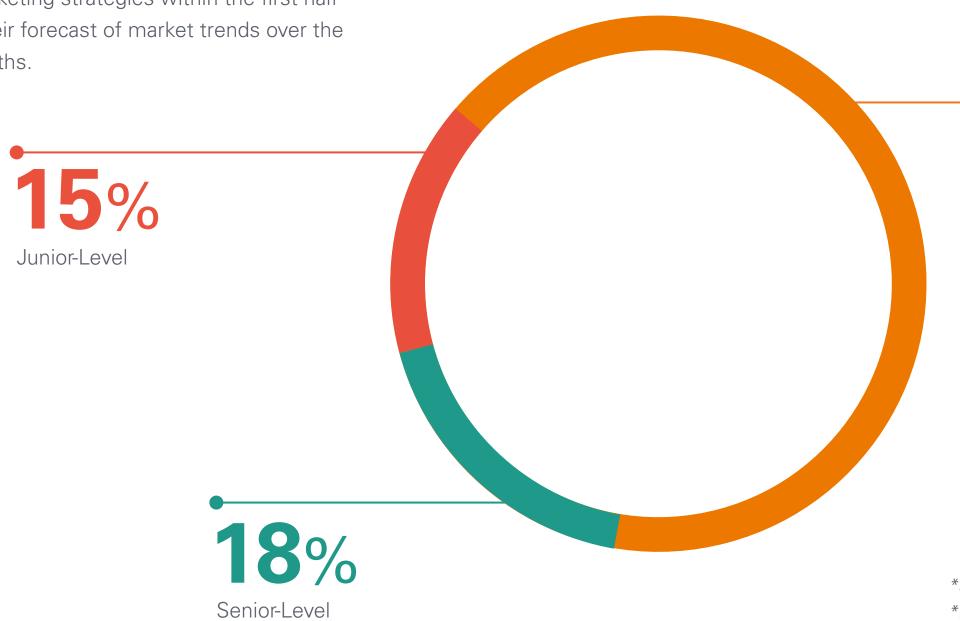
In depth market research on the most up to date reports in the industry, to stay on top of what is currently taking place in market.



Bespoke survey with agency panel, to understand needs and concerns directly from advertisers.

# Panel Overview

Theorem media analysts spoke to 30+ digital media industry professionals to get an understanding of their digital marketing strategies within the first half of 2018, and their forecast of market trends over the next 12-18 months.



**67**%

Mid-Level

\*Senior level – GM, Directors, Vice President, President \*Mid level – Supervisors, Managers, Senior Managers,

Senior Analyst, Senior Planner, Senior Strategist

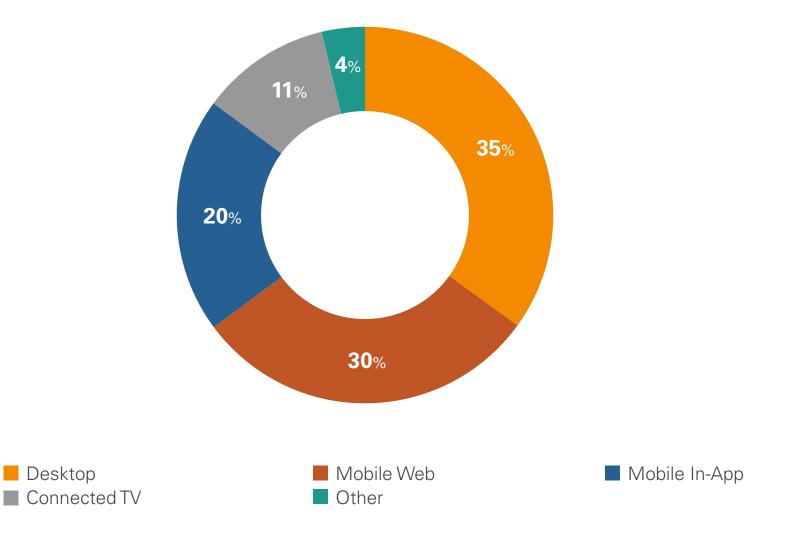
\*Junior level – Analyst, Planner, Associate



### As Audiences Continue to Shift to Mobile, Ad Dollars are Forecasted to Follow

However, advertisers will optimize their spend depending on a campaign's goals/KPIs and performance.

### **Forecasted Budget Spend: Channels**



Q: In the next 12-18 months, in which of the following channels will you be allocating your digital advertising budget?

Mobile is growing, and it is becoming the screen of choice. Video and mobile are becoming easier with the rise of LTE, and this is where people's eye balls are going. It is shifting away from desktop and into mobile.

### **Senior Manager, Product Marketing**

We like to optimize based on what is performing best. We'll buy more scale on mobile based on viewability factors and people are on mobile more than desktop. We will launch with a 50/50 split between mobile and desktop and then optimize based on performance.

### **Manager, Digital Investment**

When we have partnerships with other digital publishers, we usually make sure that a majority of the spend is going towards mobile because that is where our clients' targeted audiences are. We want to make sure we show up where our targeted audiences consume media.

### **Media Supervisor**



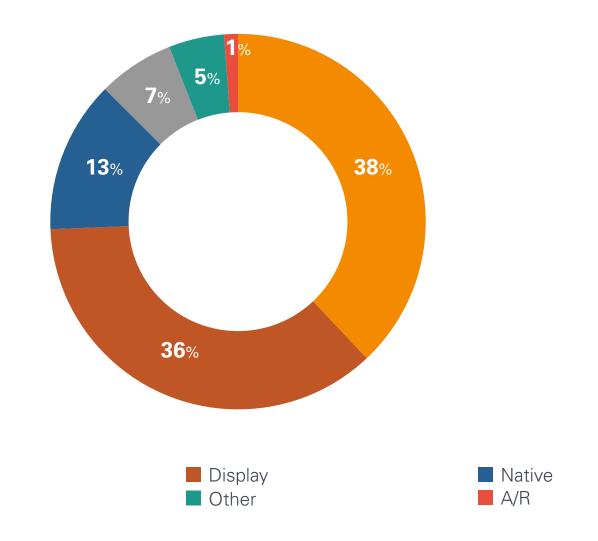
### **Budgets Favor Video & Display Ad Formats**

Video

Audio

While display is viewed as a "tried and true" ad format, video is emerging as a 'go-to' awareness tactic and is showcasing a proven ability to return stronger performance and engagement metrics.

### **Forecasted Budget Spend: Ad Formats**



**Q:** In the next 12-18 months, what percentage of your budget will be allocated toward each ad format?

Essentially we're focusing on cost efficiency and reach where we can, which is why we use display mostly. With video, a lot of brands I work on are focused on awareness; video really helps to get a message across in a little bit of a longer format.

### **Digital Trading Supervisor**

Though display still seems to be the main focus, we have noticed that video is starting to become the leader of digital advertising. It's convenient and becomes much more for engaging to the consumer.

### **Media Analyst**

The brands that I work with, the majority of budget is going towards branding and awareness so video tends to drive more retention and it is a way for advertisers to get a message out to audiences. Display sometimes has banner blindness so we use display for audiences or users we know that are in market for a product or have been to a site already. Video is more engaging, with more time to connect with potential audiences or a core audience.

### **Programmatic Strategy Manager**

### Video and Display are Viewed as "Must Haves" on a Media Plan

Formats such as A/R are viewed as too niche and are utilized more by "big budget brands". Video and display have historically performed well, can be purchased programmatically, and offer the scale and "full funnel attribution" that marketers demand.





Video is the most important for us because results have shown YoY that they are more impactful for driving sales. It tends to be the best performer overall.

### **Strategy Supervisor**

I ranked augmented reality the lowest because it serves a purpose in very few cases. It applies to big advertisers, but not small-to-midsized advertisers. It may be good for an advertiser like Samsung but not so much for others.

### **Manager, Digital Investment**

Video is definitely a must have because it is more engaging and it really fits in with the current mode of how people are consuming media.

### **Associate, Digital Partnerships**

Q: Please rank the following ad formats that you require when creating a media plan with publishers.

With recent data privacy issues, increased ad costs, and questionable return on investment, advertisers have paused their spend with Facebook, seeking out other channels for better returns.

Recently, Adidas paused their video ad buys on Facebook and are reviewing whether to cut its spending altogether due to concerns that audiences aren't engaging with their ads on a regular basis. While Facebook may have massive scale, if Adidas feels that the ads that they are placing on Facebook are not driving sales, they will turn to other channels.1-3





Facebook

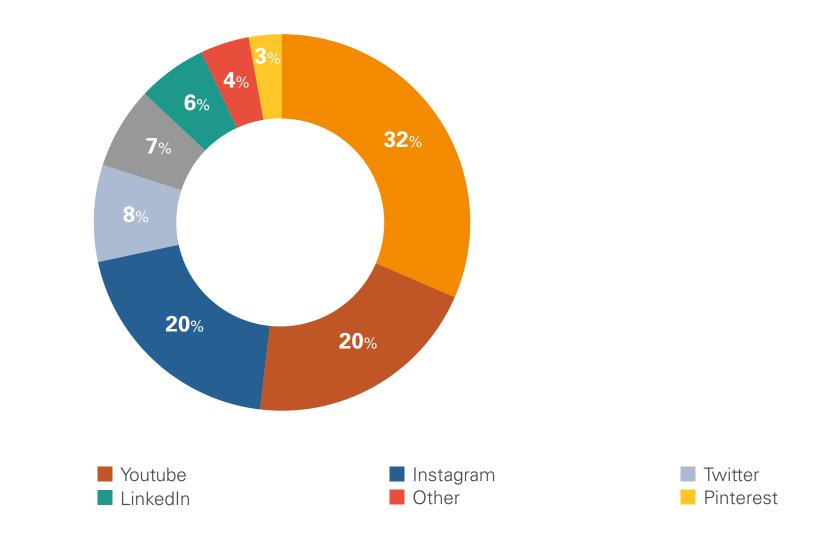
Snapchat

# Forecasted Budget Spend

### While There May Be Concerns within Facebook, Forecasted Ad Spend is Still Strong

With a vast amount of inventory, the ability to continuously innovate their offering, and a massive audience reach, our panelists will still lean on Facebook.

### **Forecasted Budget Spend: Social**



Facebook and Instagram get the most budget because they have the scale, targeting, and performance that we are looking for. The other platforms haven't figured it out yet. We do a lot of DR (direct response) and the other platforms are not conducive to this KPI yet. They are also the most affordable channels.

### **Associate Director, Media Strategy**

Advertisers are putting a complete hold on their spend with Facebook due to GDPR, privacy, and cost. Price is rising significantly and publishers are not convinced that the ROI is there. We use Facebook, but do it in a very brand safe way, and combine our own data with the brand's data. So, we do it through our own platform and not Facebook's. We are very cautious and aware of where the data is coming from.

Sr. Manager, Product Marketing

Q: In the next 12-18 months, what will the breakdown be of your budget spend across the following social channels?

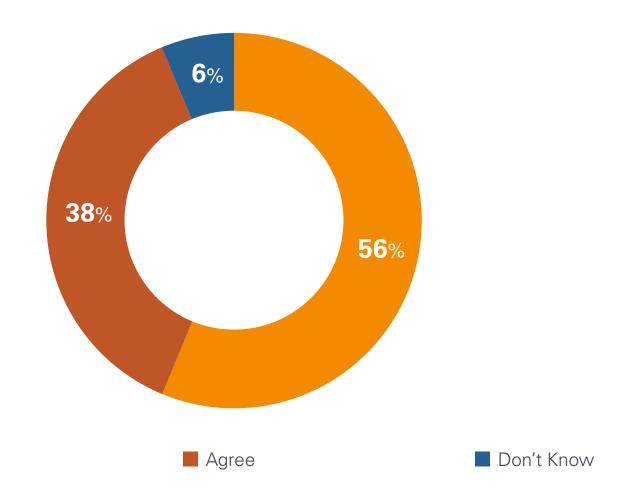


Disagree

# Data that is Available on Platforms such as YouTube & Facebook are Too Valuable for Advertisers to Completely Turn Away From

According to our panelists, there will be minimal long-term effects that stem from recent brand safety and data transparency issues between these two platforms. Spend will continue to favor "the Duopoly" but with more controls and regulations in place.

### Spend Away from Facebook & YouTube



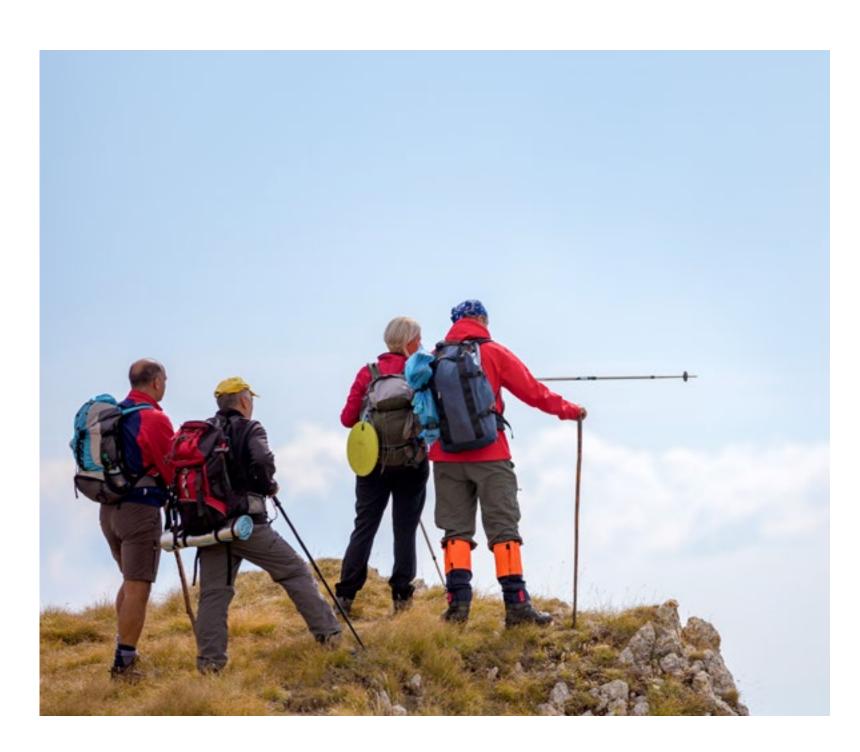
**Q:** In your view, an advertiser will look to allocate more of their budget on platforms other than YouTube (Google) and Facebook due to recent brand safety and data transparency issues.

YouTube & Facebook are such big players in the field that it would take A LOT for us to take money away. Even last year, we paused YouTube for a week or two, and then went back into it. We are more stringent of the brand safety parameters that we are pulling in on our end (i.e. category blocking). Those are two major players and I can't see us forsaking all of that data because of transparency issues.

### **Senior Analyst, Programmatic**

...We really try to emphasize to our clients that brand safety controls can be put into place on platforms such as YouTube and that we can also implement third party safety software like MOAT or DoubleVerify. We get this question from a lot of our clients, but we feel confident that we are putting our clients in a safe position.

### **Media Manager**



As Facebook and Google continue to take the lion's share of digital ad revenue, publishers are seeking other avenues for monetization.

The New York Times has 55 newsletters, covering a variety of topics. These newsletters display the coverage and depth of the Times, enticing audiences to become subscribers. This tactic has resulted in the Times generating a digital subscriber base in the millions. Other publishers such as The Washington Post, The Atlantic, and Slate are offering subscriber benefits which include exclusive access, perks, and benefits with a subscription.

First Media, the publisher of 'So Yummy' has been utilizing social channels such as Instagram Stories to get their viewers to subscribe to their newsletter. The results have been a 2.3% swipe-through rate and account for 10-15% of the newsletter's subscribers.

The Players' Tribune is looking to expand on their current video efforts, by placing an emphasis on long-form and episodic content. 'TPT' has built a new office in Los Angeles where they will look to head up entertainment development and production, with the goal of doubling their staff by the end of the year. 4-6

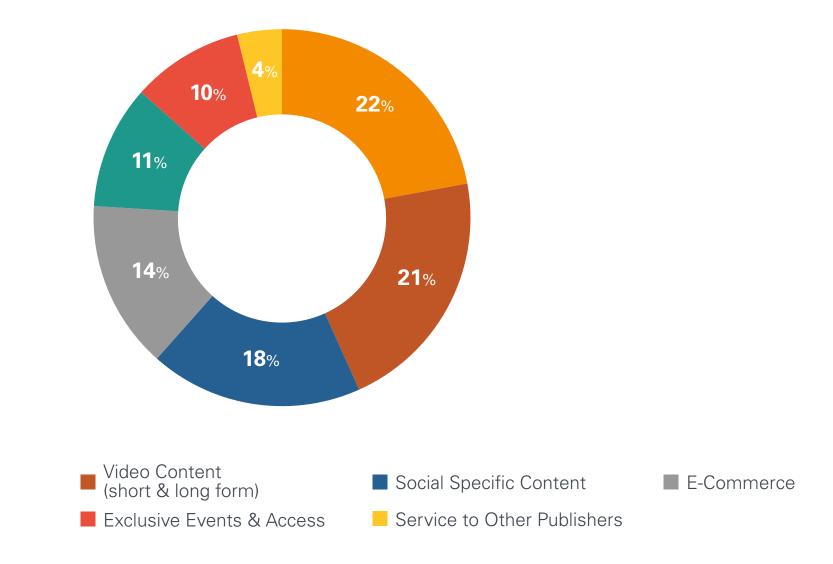
Subscriptions

Paywalls

# Forecasted Budget Spend

### 22% of Our Panelists Foresee Subscriptions To Be a Revenue Stream that Publishers will Begin to Prioritize

Additionally, as the industry moves to being more video focused and mass audiences are engaging within social platforms, revenue strategies are forecasted to evolve here as well.



With subscriptions, I am starting to see publishers move towards where they have premium content like 'The Atlantic' and 'The New York Times'. The top publishers like these will be able to command a subscription.

### **Senior Manager, Product Marketing**

I think the development of content will be most prioritized. For example The New York Times partnered up with 'Anonymous Content' for their film and TV rights as a way to expand their overall platform.

### **Media Supervisor**

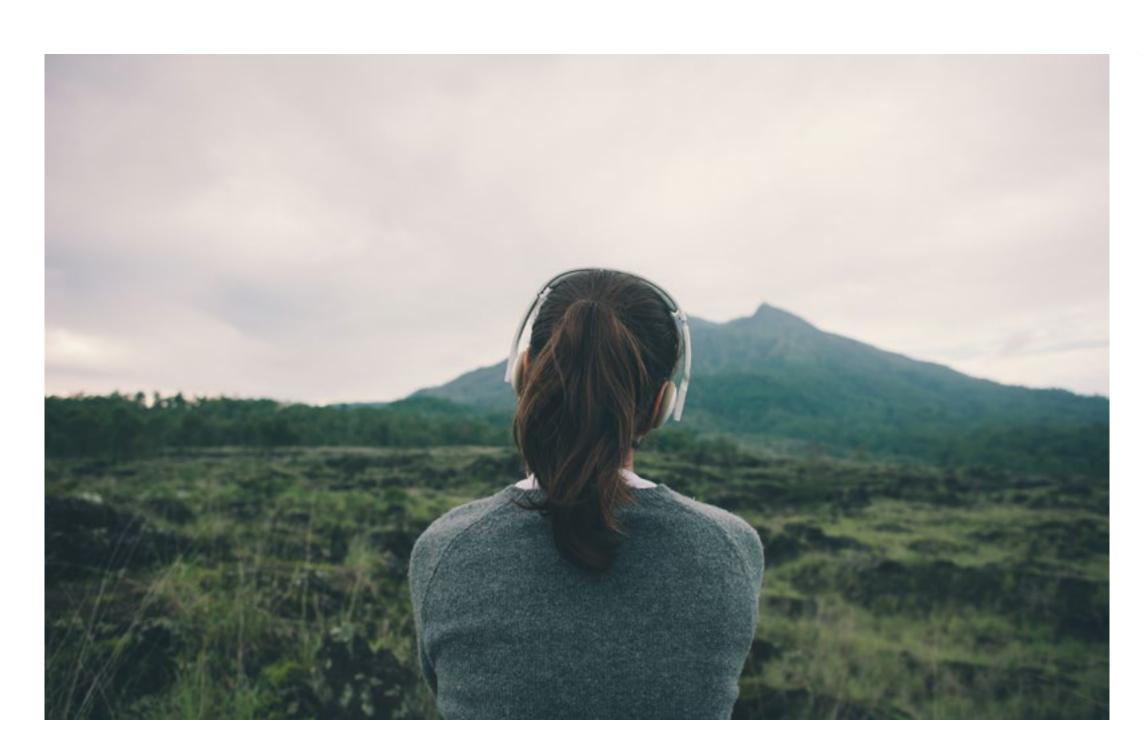
I don't think it is a secret with where social is going. We see tons of these big companies with dedicated channels on Snapchat, Instagram, etc. Their social offering is more robust with people engaging here, so it makes sense to invest here.

### Sr. Programmatic Analyst

Q: In your view, which of the following revenue streams, outside of ads, do you foresee publishers prioritizing / developing?

# Digital Audio

# Digital Audio



While advertisers may still be spending a majority of their ad budget on platforms such as YouTube and Facebook, they are exploring and testing other channels in which they can reach new audiences and revenue-generating opportunities

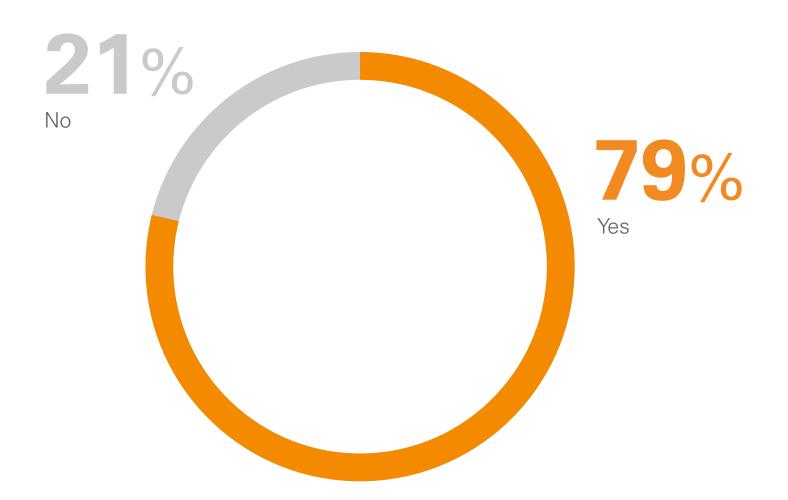
One of these new channels is within digital audio, which has seen ad revenue spend grow to \$1.6 billion in 2017, after generating \$1.1 billion in 2016, according to the IAB. The two biggest players in this market are Pandora and Spotify. Additionally, US podcast advertising revenue is expected to grow more than 110% by 2020, to \$659.0 million. <sup>7-8</sup>



### 79% of Our Panelists State that Digital Audio is Currently a Part of Their Ad Strategy

As digital audio inventory has become available programmatically, marketers are adopting it into their strategy and testing it out.

### **Digital Audio Strategy**



We are including audio, but we are just trying it out. Until we see proven success, audio will be a small part of the plan. As it rolls out in DSPs, we will continue to try it out. If it does well, we will continue.

### **Senior Programmatic Analyst**

Digital audio needs to be a part of your strategy. More people are listening to digital audio over traditional radio, but I think it depends on the product/service. It will be a unique strategy that we will have to figure out how it fits.

### **Account Director**

Digital audio has increased for us. We work a lot with Spotify and Pandora, and one of the reasons that it has increased is because it has grown programmatically and we are able to buy in a self-service platform. In my view, the value of audio overall is that it has a strong reach across the key audiences we are trying to engage with.

### **Digital Trading Supervisor**

**Q:** Currently, is digital audio a part of your advertising strategy?

# Digital Audio

In 2016, Spotify led the charge in making their ad inventory available programmatically. Recently, Pandora threw their hat into the programmatic mix with the purchase of AdsWizz in March 2018. Other digital audio players such as SoundCloud and iHeart also have inventory available programmatically. Now, add Google to the programmatic digital audio mix.

DBM's programmatic audio solution will be integrated with supply from Google Play Music, Spotify, SoundCloud, Pandora, and podcast publisher TuneIn. Where Spotify once had a unique offering in the digital audio market, their competitors have taken note and are adapting accordingly. <sup>9</sup>

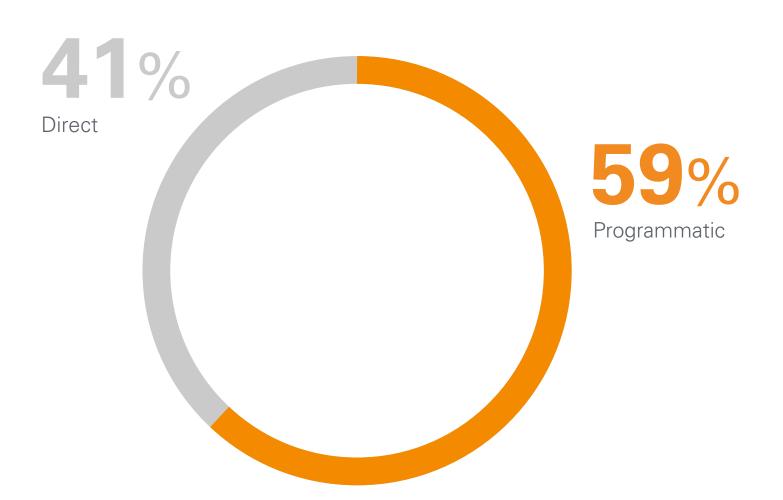




# 59% of Our Panelists State that in the Next 12-18 Months, Their Audio Budget Will Be Spent More So Programmatically

Direct audio buys will still be required for custom, event-specific, or sponsorship buys. For all other types of digital audio inventory, if it can be put in a programmatic environment, that is where marketers prefer to buy.

### **Programmatic vs. Direct**



When you buy direct, there is certain spend required by the respective partner. But with programmatic buys we can work around those minimums while still achieving a client's goals

### Vice President, Media

Buying programmatically allows you to make sure you are refining messaging to certain audiences and can control the different bidding levers.

### **Vice President, Media Strategy**

Rule of thumb - if it can go programmatic it will. Unless there is something custom. For example, we hired an actor to do voiceover for a podcast. If it is not custom it will 100% go programmatic.

### **Senior Analyst, Programmatic**

**Q:** In the next 12-18 months, how will you split your audio budget between direct and programmatic buys?



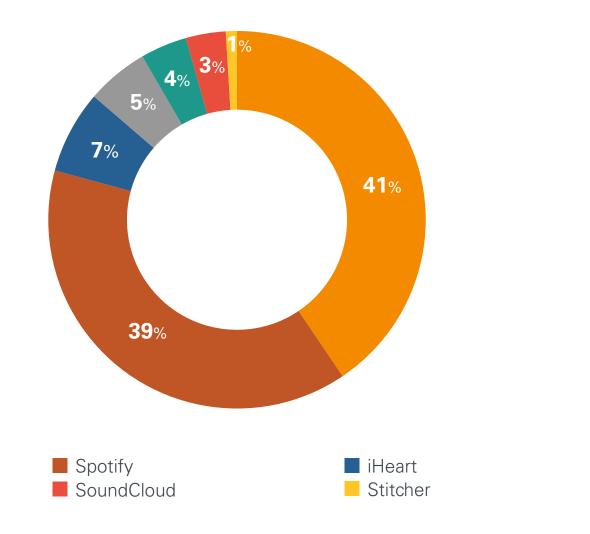
Pandora

Other

### Pandora and Spotify Account for 80% of Our Panelists' Forecasted Spend

Pandora is perceived to have audience segments that are "older" while Spotify connects more so with "Millennials" or "Gen-X" audiences.

### **Forecast of Digital Audio Spend**



Q: If digital audio is a part of your strategy, how do your foresee spend being allocated In the next 12-18 months, within the following digital audio platforms?

We have sort of an older-skewing audience, and the older audiences are more likely to be on Pandora than Spotify. Spotify is really a 'Gen-X'/ Millennial platform.

### **Global Manager, Strategy**

Spotify is a little bit more innovative with younger generations/millennials. If we had more of an older audience we would skew towards Pandora. Really it comes down to the audiences on the platforms.

### **Digital Trading Supervisor**

They are the top two streaming audio platforms out there. Pandora & Spotify align with our audience and their behaviors, but it will depend on where our audiences will be, looking ahead. More preference for Pandora but Spotify is making gains on their free users and how advertisements can be built around them, presenting more of an opportunity.

Vice President, Media

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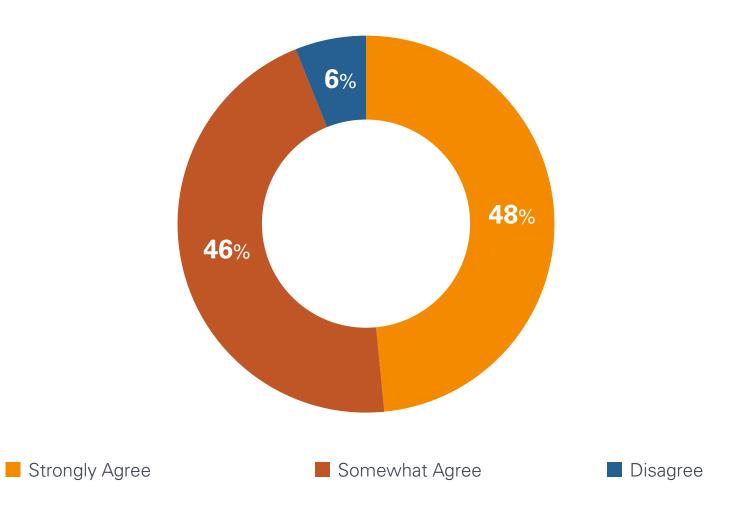
Ad Network



### Performance Metrics Need to Better Align to an Advertiser's Goals and Objectives

Once "audibility" is more clearly defined, it can provide advertisers with the strategic direction that they demand to better understand how to optimize their digital audio campaigns.

### **Further Investment in Digital Audio**



Q: Do you agree with the following: "Once audibility is understood and there is a proven way to measure performance, there will be a much stronger shift in investing towards digital audio platforms."

Right now, the reason there is not a ton of interest in testing is because when you ask digital audio channels what KPI's they can measure against, it still feels very traditional and in development. Advertisers want more data to work with than what is currently being offered to ensure that their investment is making an impact. This is what is making it hard for an agency to sell the audio piece.

### **Senior Manager/Paid Media Strategist**

I think that there is a strong future in audio, but the problem of not being able to measure things like engagement is an issue. Once that is solved, advertisers will be a lot more inclined to invest here as engagement is such an important part of understanding audiences.

### **Media Manager**





Brand safety issues have been in the spotlight as of late due to reoccurring issues on video platforms such as YouTube. In response, YouTube launched a 'Community Guidelines Enforcement Report', releasing brand safety initiatives from Q4 2017. The Google-owned video platform stated that they pulled down 8.3 million videos during that time frame as most of these videos were spam or 'people attempting to upload adult content'. YouTube states that 6.7 million of those videos were auto-detected from a machine-learning system that they have built.

Additionally, agencies such as UM and GroupM are adding Chief Brand Safety Officers to their teams to lead the charge in ensuring that the right precautions, partnerships, and safety protocols are being observed and followed. 10-11



### There is No "One Size" Fits All Solution for Ensuring Brand Safety

60% of our panelists have a high level of concern when it comes to brand safety with marginal optimism for a true solution. However, what's critical going forward is how both publishers and advertisers come together for a solution in the short-term.



Despite the many efforts being taken to prevent brand safety issues, the nature of tech and digital advertising is that there is always a way around it. Many publishers and DSPs attempt to do all they can to combat brand safety issues, but with the ever evolving space of digital, I'm not sure if there can ever be a real solution with out sacrificing something else (i.e. access, user experience, etc.).

### Media Supervisor

My company takes this very seriously. We want to protect our brands. There is so much dangerous content out there and it is so easy to create and publish. Therefore, it is crucial to have protection here so our brands are not put into harms way.

Senior Manager, Product Marketing

It is very difficult to be 100% brand safe, especially because most of the transactions happen in real time. There are publishers that have been traditionally brand safe, but then the next day they can post something that is controversial and your content can be seen as not brand safe. Look at what happened with Logan Paul. There is a lot less control, but I think the industry understands this as an issue and are [leveraging] technology capabilities to counteract these concerns and frustrations.

### Programmatic Strategy Manager

As brands/publishers, we are a big part of the reason that we are where we are, in terms of data and safety. We have allowed digital to become the wild west. We reaped what we sowed. It is up to us to work together and determine what is right and wrong to stay in business.

General Manager, Digital

**Q:** On a scale of 1-10 (1 not being too concerned, 10 being extremely concerned) how concerned are you with current brand safety issues that have taken place in the digital market?



# **Currently, There are Best Practices/ Guidelines in Place to Ensure Brand Safety**

The expectations for publishers are to be transparent and honest with their available inventory, compliant with current regulations, and to work with a third party ad verification partner.

Publishers need to ensure that they have some kind of third party vendor making sure that ads are showing up in a brand safe environment. Nothing controversial should be present. In the briefs we provide, it is clear where our ads should not be showing up. We work with liquor brands so making sure it does not show up where there is an audience of under 21 is vital. Also, making sure that our ads don't show up next to a news article about a drunk driver accident, that would be an issue.

### Media Supervisor

Ensuring human traffic validation. If we are buying impressions on a publisher, I want all of those to be a human and not a BOT. I assume a pre-bid is included in their SSP, prior to auctioning on the impression and knowing that it is a human by utilizing MOAT, DoubleVerify or IAS.

Manager, Strategy & Investment

Being transparent down to the placement level so that we can see on the backend where our ads are being served. Not just the site, but the actual page level to see what content we are aligning with, and gauging certain categories that we may not want to appear next to (and any specific news articles). We want to be able to shut them off and not run against them.

### Associate, Digital Partnerships

I expect that publishers are not running my ads against content that is not safe, like porn, drugs, etc. I also expect them to enable blocking tags. We run on a lot of news sites so it can be hard to avoid. Additionally, making sure that their content is as "clean" as it possibly can be.

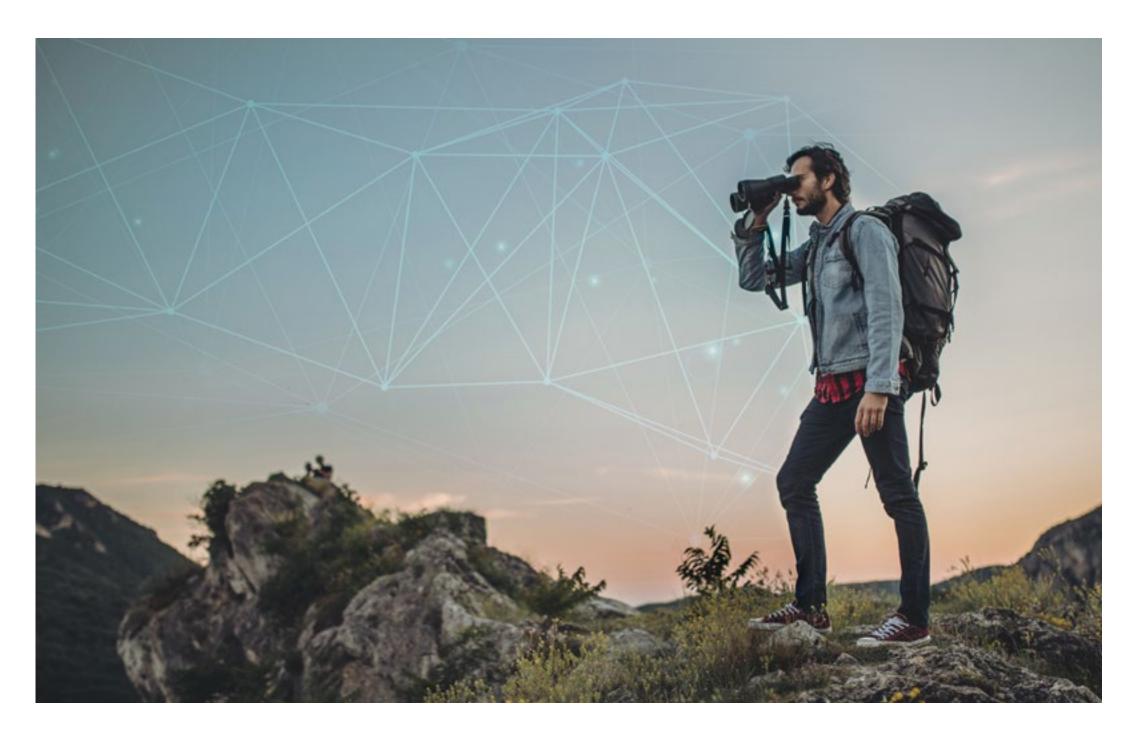
Associate Director, Media Strategy & Operations

**Q:** In your view, what are the expectations that you have for a publisher to ensure that they are providing a brand safe environment for advertisers?



Since being introduced to the digital market in June 2017, ads.txt, has been implemented by more than 2 million publishers. The purpose of this line of code, across the digital ecosystem, is to authenticate inventory that is available on authorized ad re-sellers, eliminate any domain spoofing, and identify fraudsters on the open exchange. Paired with ads.cert, this is a two-factor authentication process that can be utilized within programmatic buying.

With a solution in use for both desktop and mobile web platforms, a proposed solution for ads.txt within mobile in-app was recently released by the IAB. The hope here is to provide the same kind of cleanup and verification for third-party app store ecosystems as it does on the open exchange. <sup>12</sup>

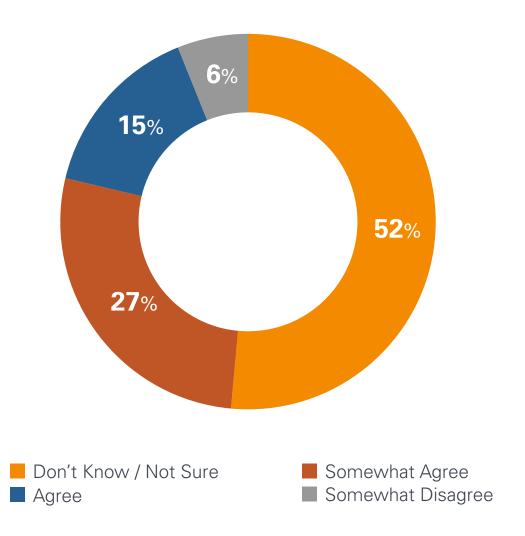




### Adoption throughout the Market is Critical for ads.txt to be Successful

52% of our panelists are not sure or don't know if ads.txt will be the 'sole solution' to the ad fraud/spoofing problem. The general feeling is that bad actors will always look to be ahead of the curve so the fight against fraud will be an on-going concern.

**Ads.txt: Solution Against Fraud** 



Q: In your view, ads.txt will be a viable solution in the industries fight against ad fraud.

There will always be ways to increase fraud. It might work in the beginning, but as people find ways around ads.txt, fraud will increase back up again. It is only a matter of time before people find a way into a back door.

### **Associate, Digital Partnerships**

I think with every effort to limit or eliminate ad fraud there is always going to be malicious parties that are going to find a way around it. I do think it is a good step in the next direction, but it does require all publishers to accept that format or to really have a way to limit ad fraud. It will make a dent, but there are publishers that won't do it and there will be malicious parties out there who will find a way to circumvent this solution, for their own benefits.

### Vice President, Media

I think it is a great step forward from where we had nothing. Although, it will be hard to stop no matter how hard we try. I think we need to see a higher rate of adoption from publishers as well.

### **Senior Programmatic Analyst**





GDPR (General Data Protection Regulation), is a regulation in EU law, that focuses on data protection and privacy for all individuals within the European Union. This regulation mandates that any company within the EU will have to provide users with better access and awareness to how their data is being used.

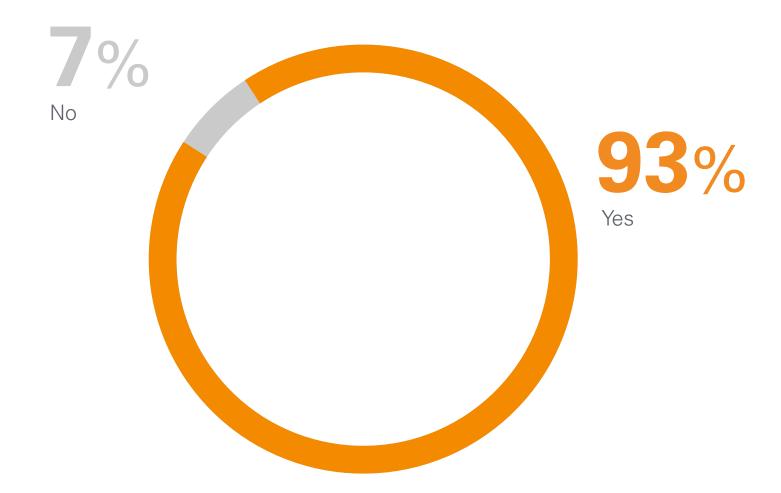
In the US, The Los Angeles Times, Chicago Tribune, and Orlando Sentinel - all owned by tronc media company - shared a message on their sites that they would not be available to most European countries, as they were not compliant with GDPR. Companies not compliant with GDPR can be fined up to 4% of their revenues or two years worth of profits. 13-15



# Stronger Data Privacy Regulations in the US will Be Enforced but Won't Be as Strict as GDPR

Over time, tighter regulations in the US market will be implemented as data privacy and transparency across the internet has been a long standing issue.

### **US Regulations Similar to GDPR**



**Q:** Do you foresee the US digital ad market making regulations similar to the EU and GDPR?

Once GDPR becomes more publicized, I think it is a matter of time, before it comes to the US in some capacity. Consumers weren't aware of how much data was actually being collected on them and just thought about being on Facebook and seeing our friends' pictures. They don't really realize how everything is being used.

### **Senior Analyst, Programmatic**

There is so much data out there, the US needs to adapt and put regulations in place to ensure that people holding data are not completely abusing this by selling data and using it where they shouldn't be. The US digital ad market will at some point bring some regulations to the wider market.

### **Media Supervisor**

Our legislators will eventually catch on and be surprised with what is actually being captured and measured. There will be some sort of regulation, hopefully not as stringent and strict as GDPR, but it is only a matter of time.

### Manager, Strategy & Investment



### When It Comes to Data Privacy, Both Publishers and Advertisers are Expected to Act in the Best Interest of the Consumer

Ensuring that the right protocols, procedures and best practices are being carried out falls on the shoulders of both publishers and advertisers.

I think that a publisher's responsibilities are very similar to an agency or brand's role. If you are a publisher and you have a database of subscribed consumers, or have any PII captured on site, it is really important that this data is hashed and encrypted, so that you have a solid system in place to make sure hackers are not able to easily access data.

Global Manager, Strategy

For both sides, responsibilities are the same. Everyone is collecting data. It is on everyone to ensure that consumer data collection is being handled with the same level of urgency and priority. The same protocols need to be ensured and handled no matter who it is, publisher or agency/brand. Whoever is holding it, using this data, they need to follow the same standards.

Senior Manager, Product Marketing

The role is to be upfront with the consumer on what data is being collected and how it is going to be used. Also allowing individuals to confirm or opt out of that collection or sharing of that data.

Vice President, Media

Q: In your view, what is the role of advertisers and publishers when it comes to ensuring consumer data privacy?



# Market Demand: Provide Data that is More Deterministic than Probabilistic

Expectations for publishers are to provide meaningful audience segments that are granular and aligned to the campaign goals of an advertiser.

It is about aligning audiences with the strategies of each of the advertisers. If [an advertiser] has specific audience targets for a campaign, we need to make sure that relevant audiences are being targeted. By refining this targeting and ensuring that we are delivering the most relevant ads to the most relevant audiences, we can take these learnings and make the appropriate adjustments based on the data that we are collecting.

### Associate Director

Publishers want so many audiences they get lost in how they categorize people, and inevitably those segments won't perform well because they are so broad. That's why Google, Yahoo, and Amazon are strong - because they have deterministic data. It is declared. We can see what audiences have purchased.

Senior Analyst, Programmatic

Granularity is key because the granularity of the way you have audiences segmented allows insights into who audiences are. For example: segment of moms. There are various types of moms. Those variations are more interested in certain products than others. Moms in urban areas vs. moms in rural areas. They will have different purchase behaviors. If you only have one segment of moms, you won't know how to target each individual segment. How they bucket certain users is extremely important.

### Programmatic Strategy Manager

Publishers often try to put consumers in different pools (whether it be food/travel/fashion) and they really need to listen to the brands and their campaign goals to build out segments that will be effective.

### Digital Media Planner

**Q:** In your view, how can publishers make meaningful audience segments for advertisers? How do you think advertisers want audiences segmented?

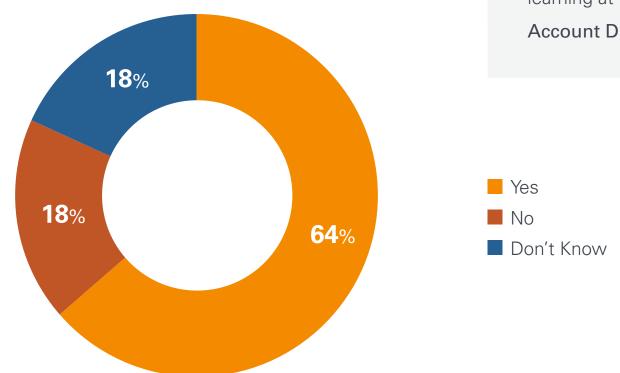
# 100 1010 Emerging Technology in the Digital Market

## Emerging Technology in the Digital Market

### 64% of Our Panelists are Exploring or Using **Automation Technologies**

Minimizing time consuming tasks and eliminating "human error" within reporting and programmatic work streams are where machine learning tools and technology are being utilized.

### **Are You Currently Utilizing Automation Tech?**



Yes, more so machine learning [than Al] technologies within programmatic. This allows us to sift through performance and data segments to help us figure out what is driving the best performance.

### Manager, Digital Investment

More machine learning than Al right now. We're looking into ways to automate things, making our processes, better, faster, stronger. From my experience there are more priorities in machine learning at the moment.

### **Account Director**

We actually have something proprietary that is built. It is essentially a customized decision tree that is integrated with our DSPs, and traders are able to leverage these in customized fashions based on goals and campaigns, etc.

### Manager, Strategy and Investment

We are looking into solutions to automate optimizations across various social platforms as well as other marketing mediums (i.e. programmatic or search) to increase campaign performance as well as to reduce the "human labor" required and automate campaign reporting and insights.

Vice President, Media

**Q:** Currently, is your agency looking into automation technologies, such as Al and Machine learning?

### 100 1010 01

# Emerging Technology in the Digital Market

As the industry continues to seek out a solution for a more transparent and efficient supply chain, one proposed solution that has been discussed is within blockchain technology.

In June of 2018, IBM iX and Mediaocean announced the launch of a 'blockchain consortium'. This partnership also involves well known agencies, advertisers, and publishers such as Unilever, Kellogg, Pfizer, Kimberly Clark-Corp, and IBM's Watson Advertising.

Utilizing this partnership, the proposed solution is to provide an in-depth, efficient, and actionable view of the supply chain by producing a clear picture of an advertiser's media dollar transactions, from purchase order through to payment.

Following this pilot, the market will be anxious to learn whether or not blockchain can be a single source of truth and drive more quality and transparency into the digital ecosystem. <sup>16-17</sup>



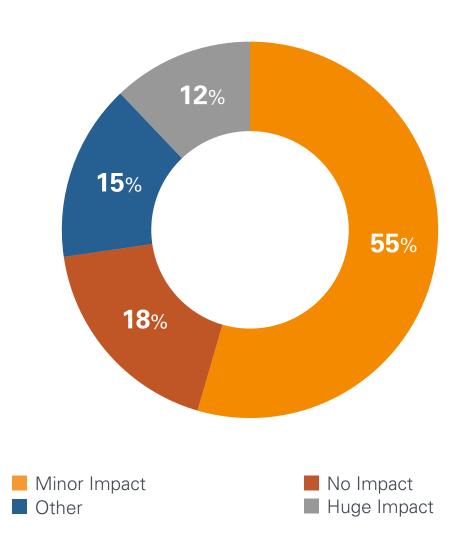
### 100 1010 01

# Emerging Technology in the Digital Market

### Blockchain is a Technology that is in its Infancy but its Potential Can't Be Disregarded

Within the next 12-18 months, 55% of our panelists feel that it is too soon to fully see any major adoption of blockchain technology.

### Impact of Blockchain



Q: In the next 12-18 months, what kind of impact do you foresee technology such as blockchain having on the digital media market?

It is a complex solution that at its core is very solid and makes a lot of sense, but it's very rooted in technology and back-end systems which will make it take longer to be globally accepted.

### **General Manager, Digital**

Minor impact for a couple of reasons. I don't think advertising is going to be the first market that is going to figure out how to use blockchain in the best way. Finance is really where the innovation and adoption will come from first. I also think that from my perspective, what it can provide is a more transparent view into every step in the buying and selling process.

### **Manager, Strategy and Investment**

It requires adoption from a multitude of parties, from all sectors of digital media and marketing to adopt this as an industry standard. I think it is a technology that can increase the validity of campaigns and the placements where we have said to make a purchase. It can clear the air on who is an actual user and who is really a BOT or "bad actor."

### Vice President, Media



# Key Findings & Takeaways



While our panelists forecast that mobile is where a majority of their budget will be allocated, they also reveal that optimizations will be made based on how a campaign is performing, so they can spend more on the channel that presents the best opportunity to effectively reach their targeted audiences.



Brand safety is top of mind and a market wide concern. While there are no long-term solutions (currently) in solving this problem, there are short-term best practices that BOTH publishers and advertisers can adhere to.



Video is viewed as one of the most engaging ad formats due to its ability to capture an audience's attention. As awareness and engagement tactics become a priority for advertisers, video is perceived as the best format in providing both.



With recent scandals in regard to data transparency (Facebook) and brand safety (YouTube/Google), ad dollars are still forecasted to favor these platforms due to their massive audience reach and targeting capabilities.



With data privacy issues under the public spotlight across the globe, there is a demand amongst consumers to have a better understanding on how their personal information is being leveraged across the internet. Throughout the US, there are expectations that stricter policies and protocols will be established.



Automation technology, specific to machine learning tools, are being tested and further researched to help in the management, execution, and delivery of manual, time consuming tasks such as campaign reporting, optimization, and programmatic work flows.



There is still a great deal of education that the market requires in order to fully understand blockchain technology and the role it will play. While this will take time, the potential is there for blockchain to be a solution for the transparency and verification issues that have plagued the digital market.

### **About Theorem**

Theorem delivers managed services, backed by deep domain expertise, proven processes, proprietary technology, and automation tools that help our clients improve quality, streamline efficiencies, and increase the speed of their go-to-market strategies. Our team is made up of digital media strategists, technologists, designers, developers, analysts, and advertising operations experts, who help our clients monetize assets more effectively, increase operational efficiencies, and drive increased revenues.

### **Contact US**

For more information about Theorem or to Join our Market Panel, contact the following:



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