



Inspiring Excellence  
in Communications  
Worldwide<sup>SM</sup>

## Where Math Matters: IAA Insights from Dmexco, 2015

Cologne, September 16 & 17, 2015

Just as Carat were publishing an optimistic outlook for advertising expenditure this year and next with a prediction that spend will grow by 4 per cent this year to hit \$529bn and a further 4.7 per cent in 2016, the IAA team headed to Cologne, Germany for Dmexco - the global digital advertising event - to meet many of those organizations helping to forge that growth.

This year's dmexco theme was 'bridging worlds,' and it was hard to find many of the 350 exhibitors, 500 speakers or 43,000 visitors not embracing big data, programmatic and a 'mobile-first' marketing future.

From this relatively homogenous position, the stories that emerged were more about how to maximise and verify the technology to the benefit of consumers and brands; themes that will be explored further at the IAA's World Congress in Abu Dhabi in April next year.

### The Surge of Mobile

We all love the Lumascapes that have helped us all make sense of the complexity of the digital evolution.

We heard from **Terence Kawaga**, Media/Tech Industry Advisor at LUMA who was confident that the big impending changes to the landscape were to be in the mobile arena: 'Phones know where you are, who you are and what you want to accomplish,' he stated.

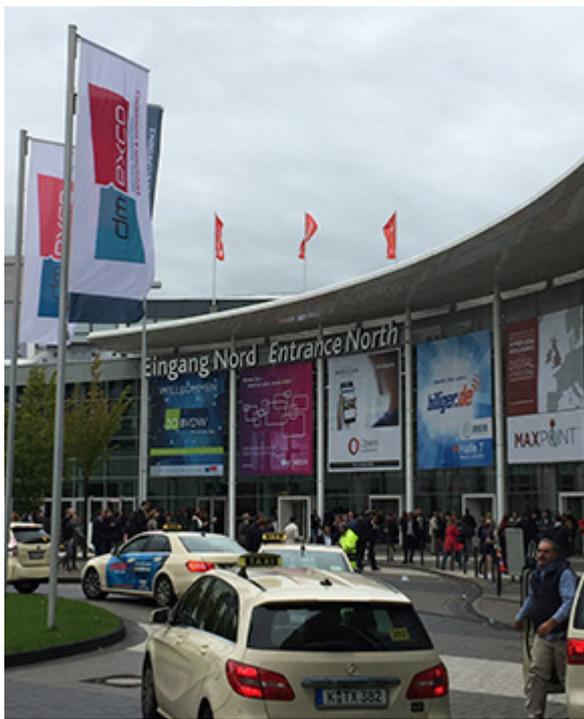
And as consumers increasingly play out their lives on mobile, it's easy to understand why.

At Dmexco this year, a plethora of programmatic mobile solutions were on show. We spoke to **Ragnar Kruse**, Co Founder and CEO of Smaato, who predicted over lunch that new tech would finally mean that globally next year mobile would be larger than desktop in advertising spend.

Today in the US it only accounts for 8% of media spend despite accounting for 24% of consumer time-spent.

The challenge for mobile has always been tracking users in a cookie-less environment. Companies like Sizmek are using 'probabilistic' and 'deterministic' algorithms to match mobile device ID's to desktop users with a 80-90% accuracy, according to Mike Ciprio, Global General Manager, Programmatic.

Maybe Ragnar might be right and 2016 might finally be the 'year of mobile'.



A record 43,000 attendees this year's Dmexco

## The Challenges of Ad blocking

But whilst tech can help track across devices and offer increased targeting, ad blocking technology has the potential of fundamentally changing the advertising landscape.

Dmexco came just 24 hours after the launch of Apple's iOS 9 operating system, which allows developers to build apps that block ads in its internet browser Safari.

Ad blocking, is threatening the way publishers make money, a model which in the past was implicit: publishers produced content consumers wanted to read in exchange for advertising.

**Ben Barokas**, the Founder and Chief Executive of Sourcepoint and a former Google executive, described the battle between ad blockers and the media

industry as "war."

But for others it was less straightforward. **Babs Rangaiah**, VP-Global Media Innovation and Ventures at Unilever hedged his bets on the main stage stating that it was unclear "what effect that'll [ad-blocking] have on all this."

## Meaningful conversations with consumers through content

Perhaps the more important question to ask is why are people blocking ads?

**Jon Chase**, Chairman of EACA Media Agencies Council, in a seminar session off the main stage at Dmexco reminded us 'Technology is delivery, but don't forget the consumer' and **Yannick Bolloré**, Chairman and CEO of Havas referred to the importance of 'meaningful connections with consumers.'

**Scott Cunningham**, General Manager at IAB Technology Laboratory recommended in one of the seminars at Dmexco that publishers "experiment with consumers who have it installed" to try to discover what type of content relationship they should offer to stop consumers ad blocking.

Indeed content marketing and delivery continued to be a hot topic at Dmexco. There seemed to be increasingly emphasis on faster, more visual, 'bitesize' and shareable content creation and curation.

We were shown engaging ad units, like Teads' 'Outstream' products or Inskin's rich media and video formats surrounding the website content and designed to be impactful, but non-intrusive.

Much as Disney's acquisition of Maker's Studio a year ago, News Corp's \$90m purchase of Unruly announced during Dmexco highlights the attractiveness of technology companies who seem to understand how to target and create content that their audiences want.

## Viewability and Measurement

Indeed **Charlie Lockett**, Associate Director at Mediacom who looks after the Sky account from the UK, made the rather sobering observation that 'We can all agree that it's [the ad] only worked if someone's seen the message.'

This raises the critical issues of viewability and measurement within the industry, which were widespread topics of discussion in Cologne.

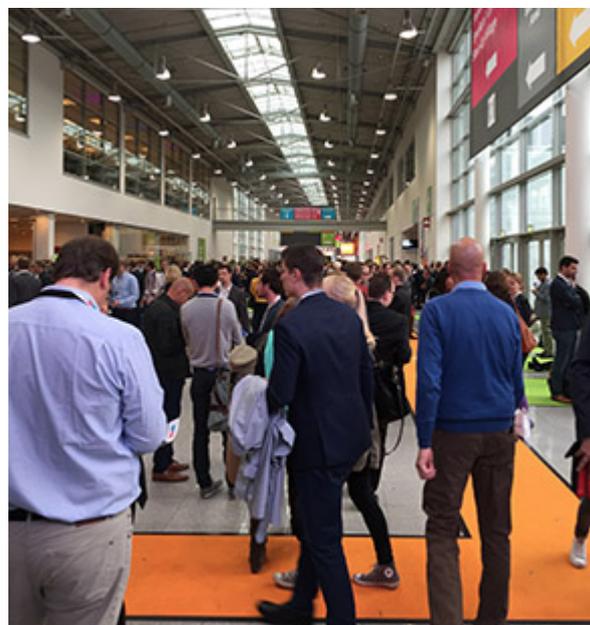
Speaking to **Steve Chester**, Director of Data and Industry Programmes at Internet Advertising Bureau (**IAB UK**), he confirmed to us that 'Viewability is the opportunities to see,' yet simply measuring that 50% of an ad is in-view a second (the IAB standard) is surely unsatisfactory for an industry built on accountability.

It's universally accepted that a maximum of 65% of all ads are even in view in the first place and eye-tracking tests conducted by The Vision Network in the UK have proved that less than half of those even able to be seen are in fact viewed at all, as evidenced by **Will Nicholson**, Managing Director of TVN.

Furthermore **Mike Ciprio** from Sizmek admitted "Most brands will discount their CPM knowing that a certain amount of their inventory is not going to be viewable. If you want guaranteed viewability you pay a huge premium."



Jose de Cabo, Co-founder at Olapic, Jon Chase, Chairman of EACA Media Agencies Council and Michael Lee, Managing Director of the IAA at the opening VIP reception



Over 350 exhibitors packed the 4 Halls of Dmexco

**Steve Doyle**, Chief Commercial Officer from Inskin was amongst others in asking for more evolved and standard measurement since organisations are coming up with their own terms for viewability. He had learnt recently, for example, that Unilever track viewable video and display ads differently to Group M, who track their media.

Interestingly, **Babs Rangaiah** of Unilever in an earlier session agreed that inconsistent metrics across platforms, and common metrics such as CPM, or the cost per thousand impressions, stand in the way of efficient marketing and measurement

**Steve Chester** agreed that 'We need vendors to sing from the same hymn sheet and measure in the same way.'

A part of the inconsistency comes from the fact that measuring non-standard activity is lacking as these formats become more and more prevalent.

## Trustworthiness of data

Transparency of the media output and online fraud are perhaps now the key questions, as we ask ourselves, 'How trustworthy is the data we have?'

**Chris Morgan**, Vice President Sales at Moat, touched upon the dangers of ad fraud, robots and other malware when proposing that we become an industry that should demand precision since 'Brands need to be able to reach consumers in the environment that they choose to.'

When we caught up with **Jonathan Oliver**, Global Head of Innovation at Microsoft he agreed "that wherever you have got potential to measure trustworthy data, you're got the potential to market."

**Wes Nichols**, Co-Founder and CEO of Marketplace stressed that marketers are under an increasing amount of pressure not only for media accountability, but also that investment's relationship to actual business performance.

And being able to answer those questions is in direct relationship to the availability of valid data from technology partners.

Marketshare are a company where 'math matters' and who work directly with clients and their data to look at the long-term brand and offline effects from their digital marketing campaigns.

With an estimated 55% of media budgets disappearing to the so-called '**ad:tech tax**'\* of intermediaries that littered Dmexco, let's trust that math really does matter to brands in the long-run.

See you in Abu Dhabi in April 2016 as we explore these themes and others at the 44th IAA World Congress.

For more information on the IAA World Congress please contact Michael Lee, Managing Director of the IAA at [michael.lee@iaaglobal.org](mailto:michael.lee@iaaglobal.org)

For latest news about the IAA, our upcoming events around the world and much more visit us at

[www.iaaglobal.org](http://www.iaaglobal.org)

*\*Thomas O'Donnell, Head of Advertising Strategy (Gumtree) at eBay Inc.*