2020 Relevance Report

Global Relevance Roadmap
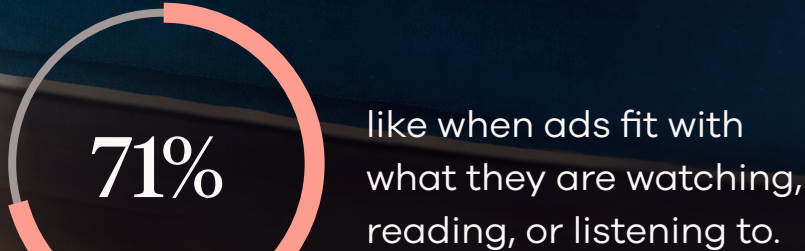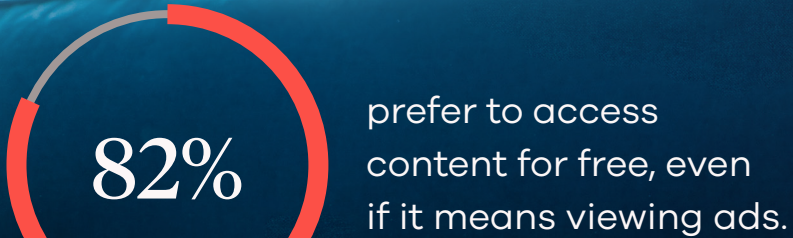
Introduction

Around the world, consumers value relevant advertising. Improving the ad experience for consumers is both an opportunity and a challenge for advertisers today. In response to this dynamic, we decided to explore how advertisers globally are ensuring that the campaigns they deliver are meeting their goals and consumers' preferences.

For the past two years, Xandr's annual Relevance Report has proven that US audiences generally prefer a free, ad-supported media experience and they recognize that advertising can be beneficial, especially when it delivers new information in a non-intrusive way.

We know that data informs how advertisers meet a consumer need at the right moment in time. The challenge is figuring out how to leverage data in a most effective and compliant way.
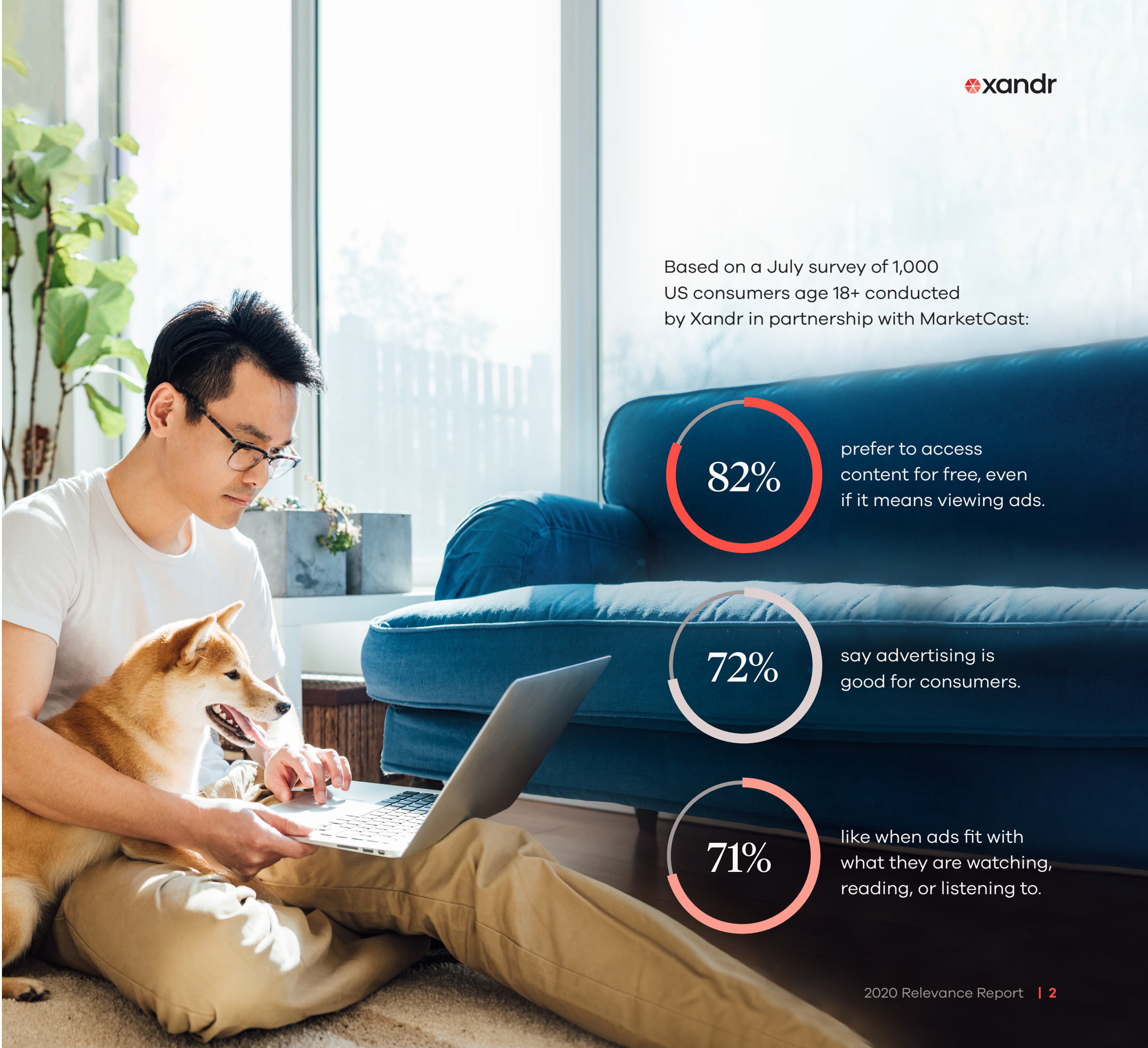
Based on a July survey of 1,000 US consumers age 18+ conducted by Xandr in partnership with MarketCast:

82% prefer to access content for free, even if it means viewing ads.

72% say advertising is good for consumers.

71% like when ads fit with what they are watching, reading, or listening to.

THE SETTING

What Makes a Relevant Video Ad Experience Today?

With so much time spent across screens, and no shortage of content to choose from, consumers are met with many different brand messages each day. The ability to improve advertising is closely associated with being able to reach audiences effectively and compliantly.

With increasing pressure to justify return on ad spend, advertisers leverage their data and technology solutions to drive not only relevance but also ROI. Most US advertisers have made an investment in data within the past year, it is necessary to validate the cost of newly acquired data assets and tools as well.

The stakes have never been higher. For that reason, we expanded the scope of our relevance research. In addition to the US, we surveyed advertisers across markets in France, Germany, the UK, Brazil and Australia. Our 2020 Relevance Report offers a roadmap for delivering relevant and effective video advertising today.

"One main message, and wherever possible tailored to a customer who is actively in the market for said solution."

US Marketer, VP+

THE SETTING
Methodology

Xandr partnered with Advertiser Perceptions to conduct 15-minute online questionnaires in the US and leading global advertising markets.

US
- 200
- Aug 7 – Aug 21 2020
- Sampling Criteria
  › TV or digital video decision makers
  › $1m+ digital video spend
  › $1m+ TV spend
  › 50/50 agency/brand split

France
- 140
- Sep 1 – Sep 16 2020
- Sampling Criteria
  › Digital video/CTV decision makers
  › $250k+ digital video/CTV spend
  › 50/50 agency/brand split

Germany
- 140
- Sep 1 – Sep 16 2020
- Sampling Criteria
  › Digital video/CTV decision makers
  › $250k+ digital video/CTV spend
  › 50/50 agency/brand split

UK
- 140
- Sep 1 – Sep 16 2020
- Sampling Criteria
  › Digital video/CTV decision makers
  › $250k+ digital video/CTV spend
  › 50/50 agency/brand split

Australia
- 140
- Sep 1 – Sep 16 2020
- Sampling Criteria
  › Decision makers
  › $100K+ digital video/CTV spend (brand)
  › $250K+ digital video/CTV spend (agency)

Brazil
- 140
- Sep 1 – Sep 16 2020
- Sampling Criteria
  › Decision makers
  › $100k+ digital video/CTV spend
  › 50/50 agency/brand split
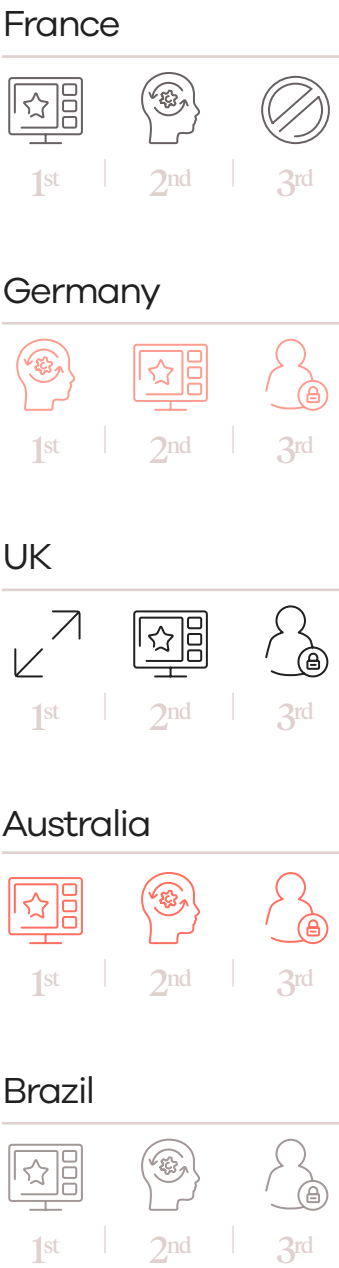
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THE SETTING

Market Landscape

Around the globe, advertisers cite creating a better ad experience for consumers as a top challenge facing the industry today. This is driven by changing media consumption habits and consumer privacy concerns.

Interestingly, in the UK, inadequate measurement tools ranks as the chief concern while ad blocking is considered one of three top challenges by advertisers in France.

Across markets, brand safety and ad fraud are least likely to be considered a top challenge. This suggests improvements in these areas industry-wide but also the current expectation that video advertising partners will make brand-safe content available in a secure and transparent way.

Top three industry challenges facing global markets today

France

1st	2nd	3rd

Germany

1st	2nd	3rd

UK

1st	2nd	3rd

Australia

1st	2nd	3rd

Brazil

1st	2nd	3rd

Key

Creating a better ad experience for consumers   Inadequate measurement tools   Ad blocking

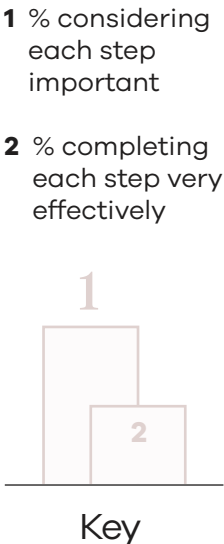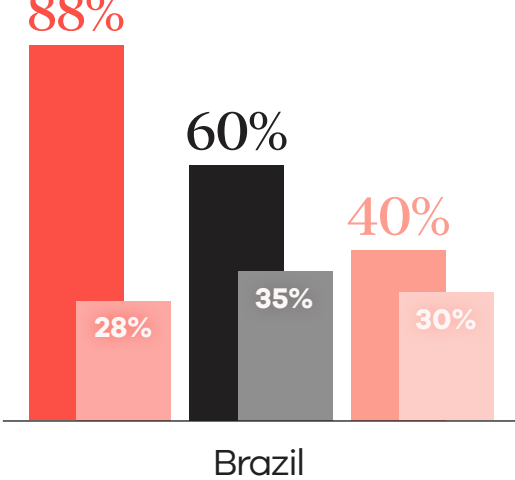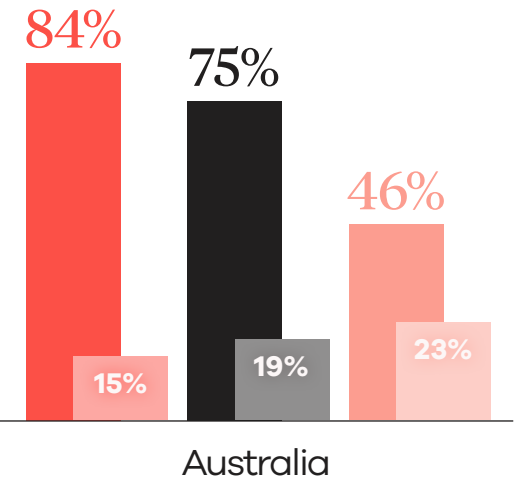Fragmentation and changes in consumer media habits   Consumer privacy concerns
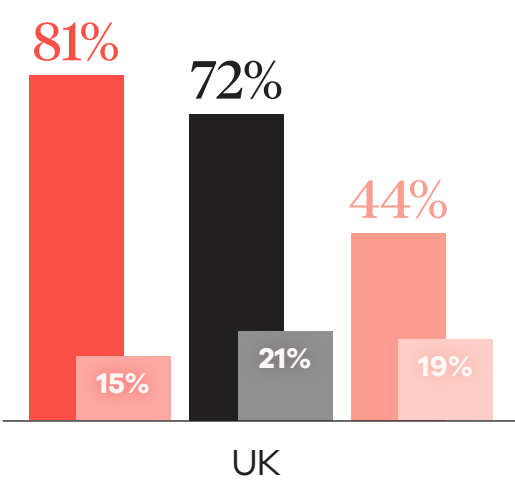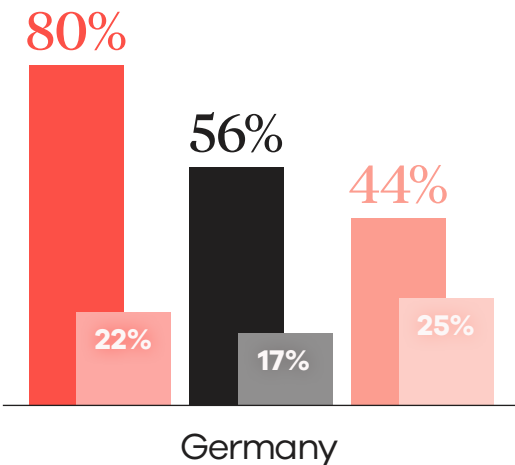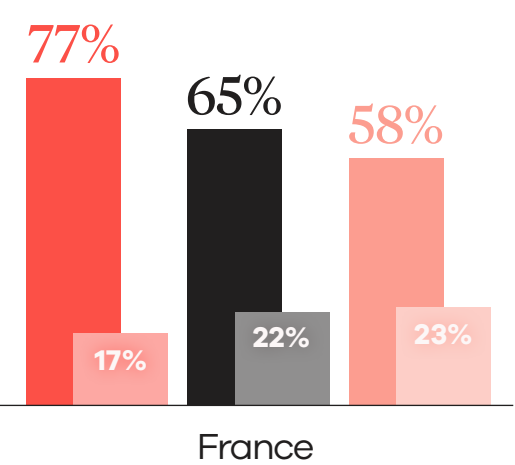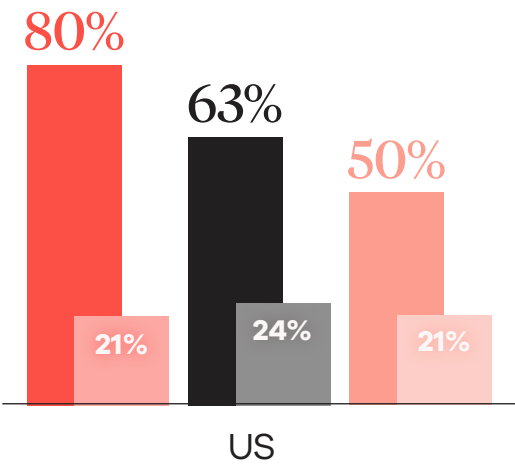
Market Landscape

**Most important steps to delivering a relevant video ad experience
and the percentage completing each step very effectively**

#1 Reaching the
right audience

#2 Delivering
effective creative

#3 Selecting
media type

US — 80% 21% | 63% 24% | 50% 21%

France — 77% 17% | 65% 22% | 58% 23%

Germany — 80% 22% | 56% 17% | 44% 25%

UK — 81% 15% | 72% 21% | 44% 19%

Australia — 84% 15% | 75% 19% | 46% 23%

Brazil — 88% 28% | 60% 35% | 40% 30%

1 % considering
each step
important

2 % completing
each step very
effectively

Key — 1 / 2

Creating a better ad experience for consumers can be accomplished by making ads more relevant.

Delivering relevant video advertising starts with reaching the right audience, but it doesn't end there. Selecting appropriate media types and delivering effective creative are also key to making campaigns more relevant. The former requires flexible and automated planning for a world in which audiences are converging across screens. The latter also demands flexibility. Advertisers report creative versioning, or switching campaign creative in-flight, has become a greater priority since the COVID-19 pandemic.

When we look to the future of video advertising, it's about using data to understand when, where, and how to reach consumers amid shifting media habits and an endless availability of content.

Investing in Data Today

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While reported expertise varies across regions, most advertisers are confident in their knowledge of using data to create a more relevant advertising experience. For advertisers today, the priority is to enter into effective data partnerships and then invest in talent.

Expertise level

	Beginner	Intermediate	Advanced	
Brazil	1%	36%	63%	#1
France	7%	33%	60%	#2
Germany	5%	41%	54%	#3
UK	8%	44%	48%	#4
US	7%	51%	41%	#5
Australia	9%	58%	33%	#6

Beginner   Intermediate   Advanced
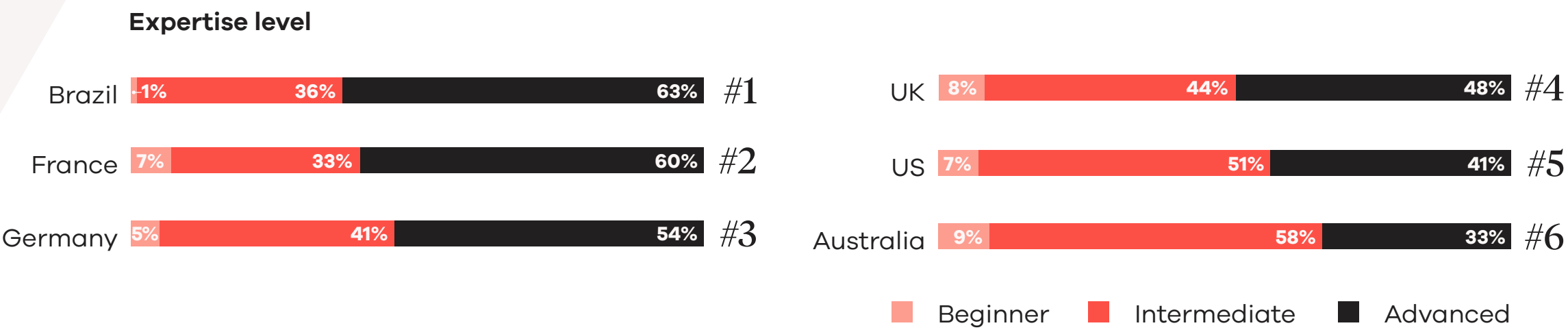
Within the last twelve months...

UK: 97%, 46%, 65%, 35%
Brazil: 94%, 54%, 46%, 32%
Australia: 88%, 50%, 50%, 39%
France: 88%, 55%, 48%, 35%
Germany: 86%, 49%, 55%, 26%
US: 79%, 50%, 35%, 30%

Made any investment in data   Hired a data scientist
Invested in data partnerships   Acquired a customer data platform

A Changing Privacy Landscape

In the US, the top challenges regarding the use of data today are identifying audiences across screens and ensuring that data is compliant with consumer data privacy initiatives.

Data security, accuracy, and compliance are key challenges across the global markets surveyed. Nearly two thirds of US advertisers think that consumers are at least moderately familiar with current and upcoming data privacy regulations. Our July survey of 1,000 US consumers proved that data privacy is top-of-mind. Only 4% said they don't think about data privacy at all.

Advertisers across the Atlantic are not quite as convinced. With GDPR (General Data Protection Regulation) introduced in Europe over two years ago, advertisers in the UK, France, and Germany may consider regulations less top-of-mind to consumers today. According to research conducted by Integral Ad Science, one third of UK consumers say they are unaware of data privacy rules that regulate the collection and use of their personal data.

Consumers are at least moderately familiar with data privacy regulations (% agree)

US — **64%**
France — **38%**
Germany — **50%**
UK — **49%**
Australia — **44%**
Brazil — **39%**
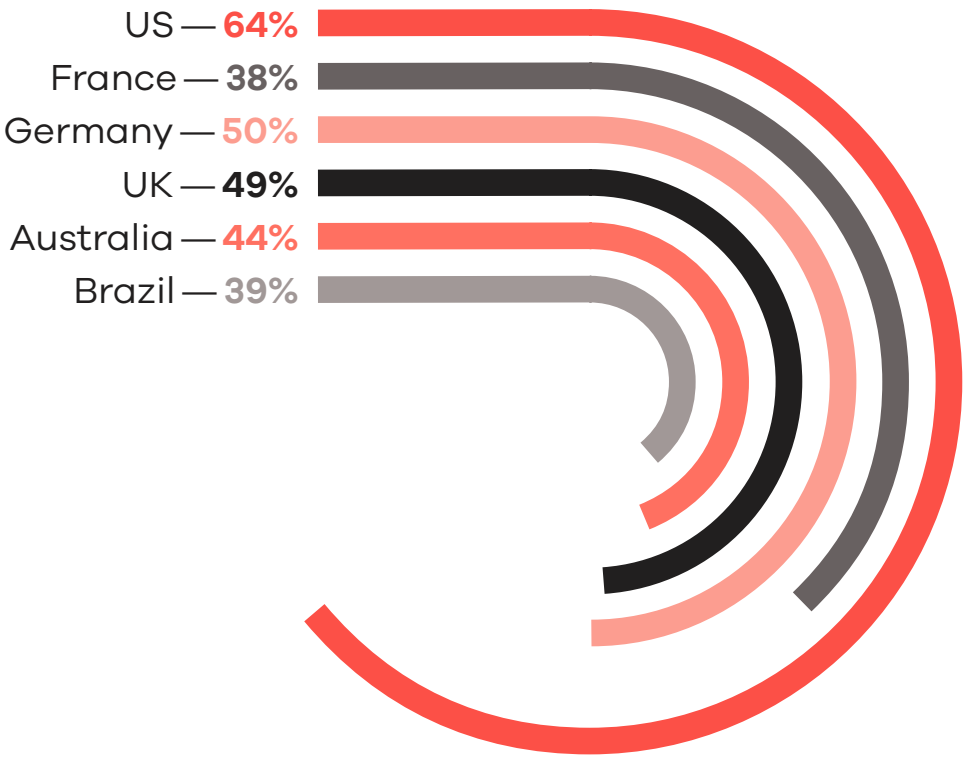
60%
of Australian advertisers say data accuracy is a top challenge.

59%
of Brazilian advertisers say data accuracy is a top challenge.

51%
of German advertisers say ensuring data compliance is a top challenge.

A Changing Privacy Landscape

Advertisers in Brazil feel similarly — only 39% consider consumers to be at least moderately familiar with data privacy regulations. Still, nearly three-in-five advertisers think the recent implementation of LGPD (Lei Geral de Proteção de Dados), Brazil's version of GDPR, will have a significant impact on their advertising. While consumers in Brazil may not be extremely familiar with LGPD, research from GlobalWebIndex finds that 83% do worry about how their personal data is being used by companies.

Following the lead of GDPR in Europe, the US is enacting data privacy regulations at the state-level. With these state-mandated data privacy initiatives, consumers have more regulations to be aware of compared to the single sweeping legislations that we see in Europe and Brazil. CCPA (California Consumer Privacy Act) went into effect in the US and nearly three-in-four US advertisers say CCPA will have a significant impact on their video advertising over the next six months. The only event that will be more impactful is the loss of third-party cookies.

The deprecation of third-party cookies will have a very significant impact on video advertising according to advertisers across regions. Third-party cookies have historically been the backbone for ad targeting, optimization, and measurement. With their demise, new and more reliable solutions will emerge.

48%
of UK advertisers say data accuracy and ensuring data compliance are top challenge.

44%
of French advertisers say data security is a top challenge.

41%
of US advertisers say ensuring data compliance and identifying audiences across screens are top challenges.
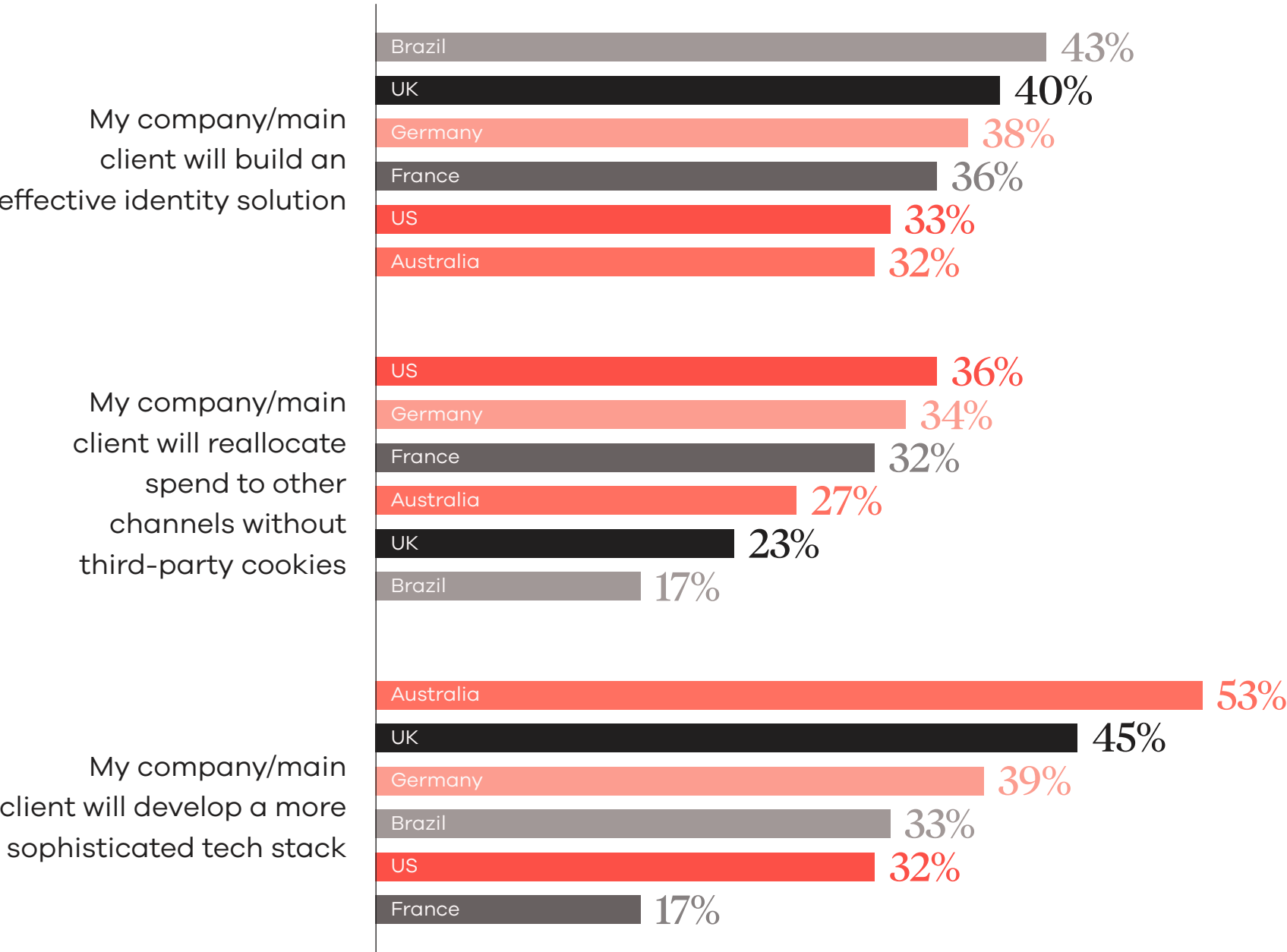
Solving for Identity

Next year, Apple will put into effect the default opt-out of its device identifier, IDFA (Identifier for Advertisers). Just over half of US advertisers recognize this too will significantly impact their video advertising. International advertisers, who were surveyed after the announcement that Apple would delay this privacy measure to 2021, are less likely to consider it an immediate concern.

Contextual data will be the immediate answer to a world without third-party cookies and device-based identifiers. Advertisers say they will increasingly rely on contextual data to inform their video advertising strategy and at least one-in-four say their video platform partners must offer advanced contextual targeting. Advertisers will need accurate and precise contextual targeting so an ad fits with what the consumer is watching. Still, contextual data is not the single solution.

Identity solutions offer a comprehensive view of the consumer based on scaled probabilistic and/or deterministic data. Despite the perceived benefits, few advertisers report currently investing in proprietary first-party identity graphs to power an identity solution.

Today's advertisers have the opportunity to champion consumer data privacy. By maximizing the use of first-party data and engaging with the right partners, advertisers can get a more holistic view of the consumer. In so doing, they will create more relevant ads and also drive greater ad effectiveness.

Because of major browsers phasing out third-party cookies...

My company/main client will build an effective identity solution
- Brazil 43%
- UK 40%
- Germany 38%
- France 36%
- US 33%
- Australia 32%

My company/main client will reallocate spend to other channels without third-party cookies
- US 36%
- Germany 34%
- France 32%
- Australia 27%
- UK 23%
- Brazil 17%

My company/main client will develop a more sophisticated tech stack
- Australia 53%
- UK 45%
- Germany 39%
- Brazil 33%
- US 32%
- France 17%

Step 1: Reach the Right Audience

US advertisers estimate that their video ads are not relevant to one-in-three consumers they reach.

The road to relevance begins with reaching the right audience. Across most regions, at least half of advertisers are using precise targeting to deliver more relevant video ads, and in France and Brazil, it's nearly two thirds. Germany, where just 48% are using precision targeting to make ads more relevant, proves to be the exception. This is likely because advertisers in Germany are comparatively least satisfied with the targeting aspect of their video ad strategy. Across all other markets, at least three-in-five advertisers report being at least moderately satisfied with their targeting precision.

Still, a completely audience-based approach is not yet widely accepted. In the US, just less than half of those responsible for both TV and digital video report they are currently enabling data beyond traditional age and gender demos to create more relevant advertising. From a budget standpoint, 55% of video ad spend is allocated toward audience-based buying, and 45% to traditional demo buys, but that share is not expected to increase significantly within the next year. This is true across international markets as well.

64%
of French advertisers are using precision targeting to make ads more relevant.

55%
of US video ad spend is allocated towards audience-based buying.

46%
of German advertisers are less than satisfied with the targeting aspect of their video ad strategy.

RELEVANCE ROADMAP

Step 1: Reach the Right Audience

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The challenge to activating buys on audiences instead of on traditional demos is that there is still room to improve on the data sources available at the buying phase.

While most advertisers consider the data they use for buying to be good, few consider it excellent. Data that does not meet the standard for excellence can result in a cascade of errors; incorrect assumptions made around data inputs leads to inaccurate targeting, optimization, and reporting.

Advertisers are not entirely sure of the best approach for improving their ability to reach the right audience, but integration of first-party data is key. Nearly all the advertisers we surveyed noted that their data (or their client's) is more important than other data sources like third parties or media partners. Being able to apply first-party data to find the right audience is generally considered more important than using deterministic data and enabling data beyond age or gender demos. This is especially true for advertisers in Brazil.

Advertisers are marrying first and third-party data sets to reach the right audience. They need partners that can help them integrate data effectively and compliantly across content and media types. That is why we see that when considering their tech solutions today, advertisers across all markets prefer open ecosystems to walled gardens. Ultimately, they favor the flexibility that an open ecosystem affords over the turnkey solutions of a walled garden.

Step 2: Optimize the Campaign

Across markets, three-in-five advertisers ensure relevance by using data for campaign optimization.

While advertisers need accurate and reliable data inputs to reach the right audience, they also need outputs that can be leveraged to improve the ad experience for consumers. Advertisers expect access to persistent data collection that can connect ad exposures to campaign outcomes, and they recognize that the technology they use plays a significant role.

Advertisers want access to back-end results and audience insights that can drive more effective campaign optimization, which has a leading impact on relevance.

Currently, few advertisers are very satisfied with their ability to optimize campaigns successfully and they consider the data sources presently available for in-flight campaign optimization to be less than excellent.

Today's marketplace demands speed and agility. Advertisers select their video platform partners based on reporting of audience insights and automated campaign optimization. In considering their video inventory supply path, access to reporting data for optimization is a leading concern, especially for the European markets. In France, Germany, and the UK, reporting data is more important than access to premium inventory and fee transparency.

Video completion rate and viewability are the two KPIs most likely to be measured against and optimized for but advertisers demand flexibility as they continue to expand their strategies to include CTV and the lines between television and digital video become increasingly blurred. Advanced customization for campaign optimization is a leading consideration when advertisers select their video platform partner.

Advertisers very satisfied with ability to optimize based on back-end results

22%	21%	19%	18%	17%	14%
Brazil	US	France	Australia	Germany	UK
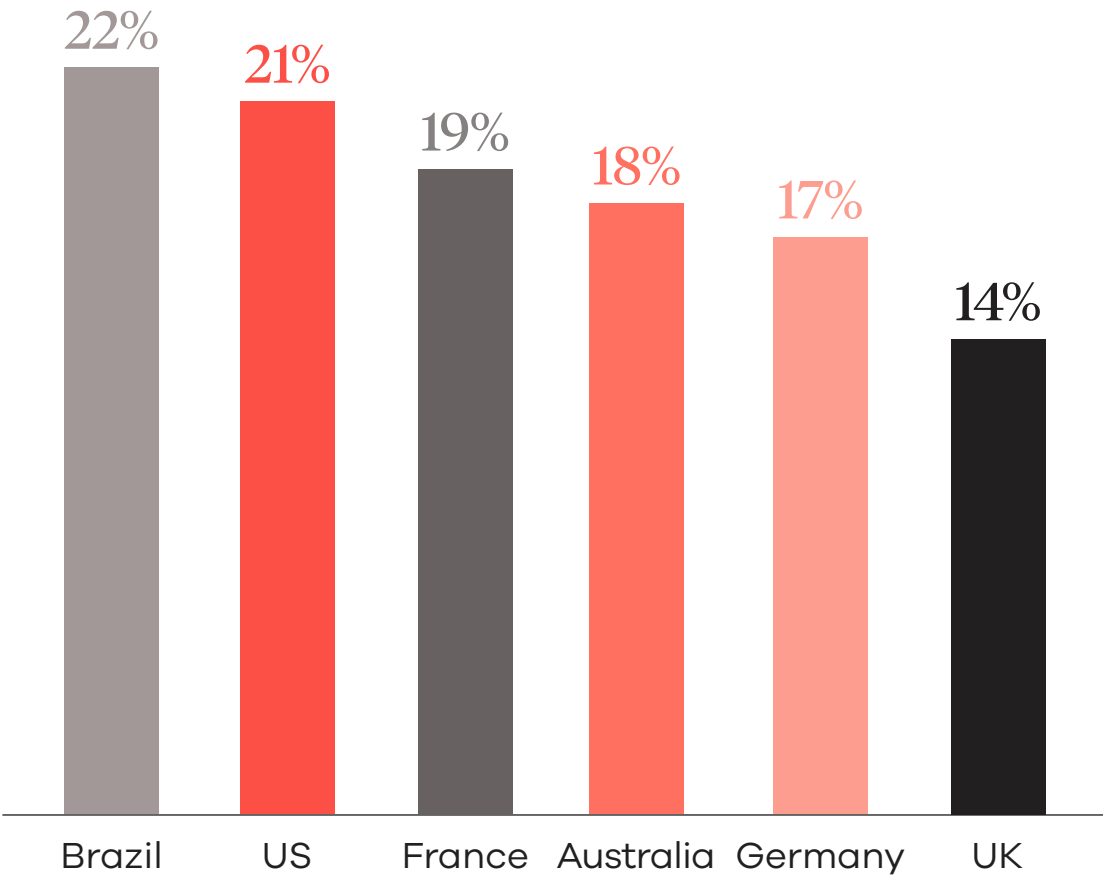
58%

of advertisers in France say access to reporting data for optimization is a key concern with their video inventory supply path.

Step 3: Measure Effectiveness

Only one-in-five US advertisers are very satisfied with their end-of-campaign measurement data.

With increasing pressure to justify return on ad spend paired with rigid reporting metrics and a convoluted supply chain, it is difficult for advertisers to prove marketing impact on business outcomes.

Advertisers are not very satisfied with current measurement solutions but there is no clear path forward.

Over two thirds of US advertisers agree that the development of in-house proprietary data solutions is less important than industry-wide standards that can support the convergence of television and digital video. The concern is that increasing investments in data will lead to even greater fragmentation.

While a lack of standard cross-screen measurement may challenge converged video advertising strategies, it is not generally considered a major obstacle in the effective use of data. Advertisers are making do with what they have. Germany and Australia are the exceptions. Advertisers in these two markets say lack of standard cross-screen measurement is a leading challenge that prevents them from using data effectively.

The demise of thirty-party cookies and device-based identifiers will move the conversation forward. Advertising must be able to prove its worth and attribution, or the ability to associate ad exposures to real-life actions or KPIs, will become even more important. In the US, nearly two thirds of advertisers are looking for data that ties to lower-funnel metrics and trusted consumer identity data to draw deeper insights. Multi-touch attribution is also considered the most effective method for demonstrating success.

Advertisers very satisfied with measurement solutions

US	France	UK	Brazil	Germany	Australia
23%	21%	17%	17%	16%	11%
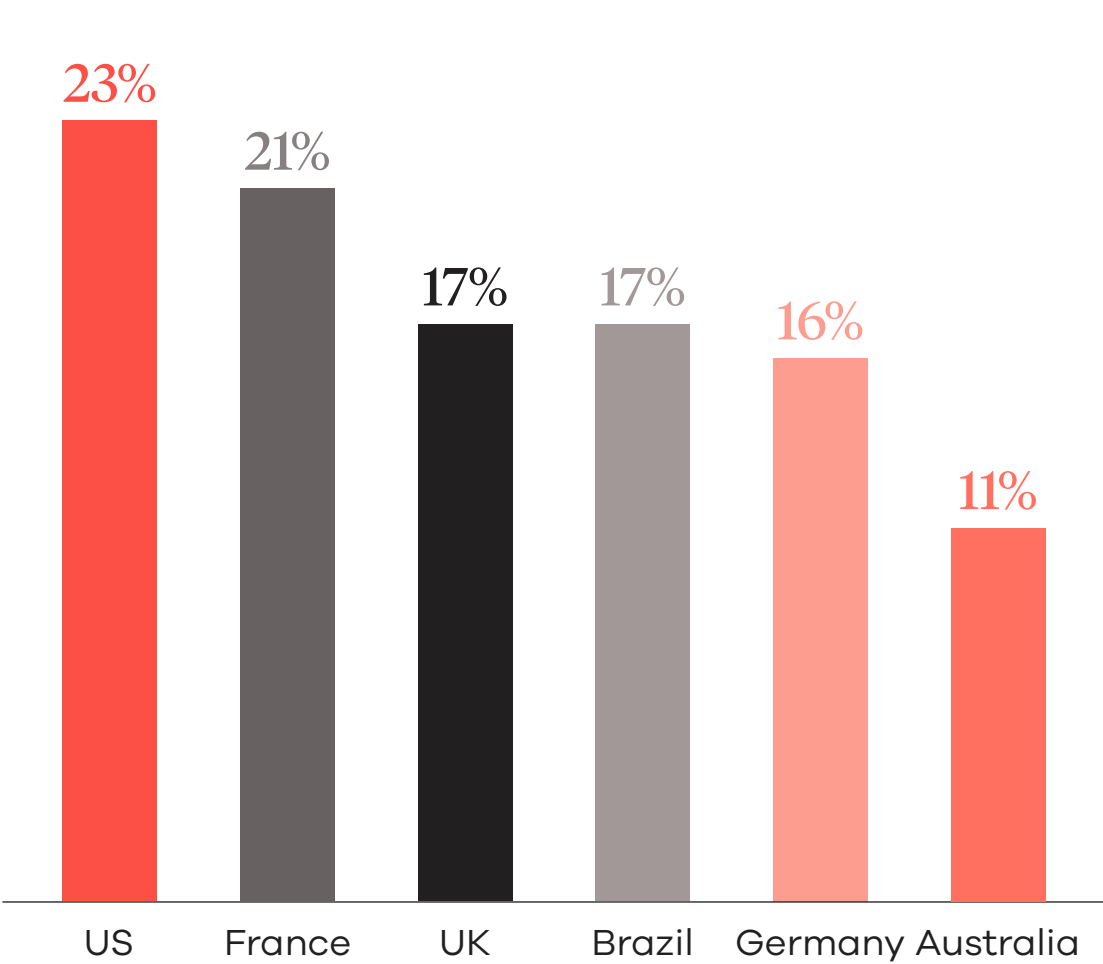
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of US advertisers are looking for data that ties to lower-funnel metrics and trusted consumer identity data to draw deeper insights.

Conclusion

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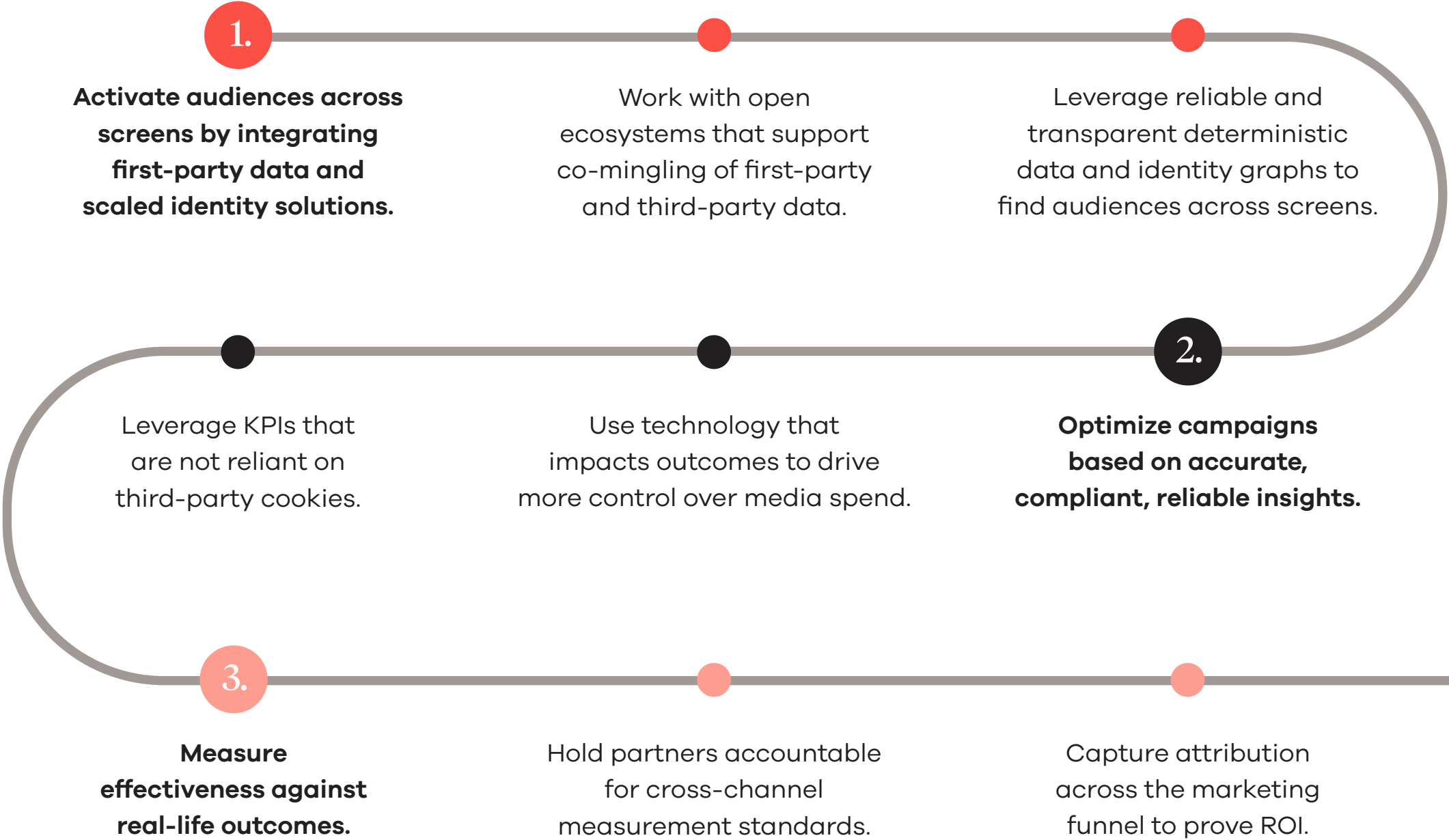**The roadmap for relevance is employing accurate, compliant data at each step of the campaign, but that cannot be done without best-in-class assets and tools.**

Advertisers need access to brand-safe, premium inventory and contextual placements that make sense. Increased visibility and transparency into the inventory path is especially important for advertisers today and advertisers understand the overall value and efficiency in finding technological synergies. All of which supports the benefit of an integrated DSP-SSP solution. If content is king, data is queen.

There are many different factors to consider when following a data-driven approach to advertising. By prioritizing data privacy and compliance, advertisers are rightfully putting consumers first. The result is more relevant advertising that is delivered in a trusted and transparent way. By entering into strategic partnerships and making smart investments in data, advertisers can make advertising better and more effective.

Roadmap for driving relevance in 2021 and beyond

1.
Activate audiences across screens by integrating first-party data and scaled identity solutions.

Work with open ecosystems that support co-mingling of first-party and third-party data.

Leverage reliable and transparent deterministic data and identity graphs to find audiences across screens.

Leverage KPIs that are not reliant on third-party cookies.

Use technology that impacts outcomes to drive more control over media spend.

2.
Optimize campaigns based on accurate, compliant, reliable insights.

3.
Measure effectiveness against real-life outcomes.

Hold partners accountable for cross-channel measurement standards.

Capture attribution across the marketing funnel to prove ROI.

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