

XAXIS



**Certainty in uncertain times:
how programmatic media
helps brands drive impact in
a turbulent market**



A Uniquely Challenging Q4

After the pandemic-based disruption of the past couple of years, 2022 started off at a more steady pace and industry spend forecasts were buoyant. However, the positive performance from H1 was unfortunately short lived as the second half of this year took a nosedive and, with it, the hope of a more regular, more predictable Q4.

Instead, the ad industry is looking at a year-end that's arguably one of the most challenging and complex that marketers have ever had to deal with. A combination of geopolitical pressures, economic turbulence, and the unusual complication of a FIFA World Cup with the first England game commencing on Black Friday, challenges even the most seasoned advertiser to effectively plan and execute their crucial Q4 media budgets.

Couple this with the fact that marketers are being forced to operate at the sharp end of the economic upheaval and the challenge is clear. Budgets are being placed under extra scrutiny and marketers face an additional pressure to deliver both efficiency and performance from their media investments.

The big problem advertisers face is that, this Q4, 'business as usual' isn't an option. Shifts in consumer sentiment and consumer behaviour mean the media strategies that would have delivered for brands in the past are no longer appropriate. Many, challenged with deciding their best route forward, are becoming more short term in their outlook as a result.

At Xaxis, as part of GroupM, we work with a wide range of brands and agencies to make programmatic media more effective and efficient. From our cross-sector vantage point, we can see the impacts the current level of uncertainty is having on media activity right now.

Drawing on this perspective we felt it would be useful to offer some timely advice to help advertisers navigate the turmoil. So we've compiled this special report, with expert insights from Xaxis senior executives, brands, agencies, platforms and industry bodies, to provide a snapshot of this current media landscape and offer a route forward for advertisers considering their next move.



Zuzanna Gierlinska,
Managing Director.
Xaxis UK



Nervousness and short-termism are dominating marketers' thinking

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- Jon Mew, Chief Executive of IAB UK



“Clients are asking us for agility, flexibility, speed of thought, and surety of action. They’re telling us that they can’t afford any mistakes.”

- Jem Williams, UK CEO of Mindshare



Despite the current turmoil, it would be wrong to be pessimistic about the state of the digital advertising industry as we approach the end of 2022.

Interestingly, based on the anecdotal evidence gathered for this report, the outlook on overall ad spending in Q4 is still strong. The lessons of the pandemic seem to have been learned and brand advertisers realise that those which maintain media presence during tough times will be among the first to bounce back. Likewise, post-pandemic, marketers are aware of the need to be reactive, acknowledge current events and offer relevance, utility and support via their marketing communications.

However, when asked for his impressions of the marketplace right now, Jon Mew, Chief Executive of industry body IAB UK, told us: “We’re seeing a strange mixture of caution and optimism. The key thing we’re hearing from our members right now is uncertainty. Given the wider economic outlook, there’s not much clarity on what marketers are planning and there’s less visibility than normal on what budgets are going to be.”

Zuzanna Gierlinska, Managing Director at Xaxis UK, believes this lack of clarity is giving rise to more short-term thinking in media plans: “We are seeing more late sign-offs for campaigns and we’re also seeing clients changing the shape of campaigns at the last minute. Q4 is obviously a massive period for retail businesses, but the pressures on consumer spending mean that brands are really having to re-think the sort of campaigns they’re launching.

“The typical glossy Christmas campaigns brands would have planned just six months ago are now being judged inappropriate with the intensified cost-of-living pressure on consumers. That’s resulting in very short-term campaign planning to try and stay in tune with consumer sentiment.”

Factors compounding the uncertainty

Ollie Shayer, Omni-Media Director at Boots UK, believes the situation facing marketers this Q4 is truly unprecedented: “It’s a perfect storm in many ways. There’s never been a World Cup at this time of year and it’s resulting in record levels of inflation in linear TV advertising.

“That extra level of noise in the marketplace means that we’ve had to think really hard about how we reach our customers in the most efficient way. Doing the same as we normally would at this time of year wouldn’t work this time. We’ve also been looking at the role our first-party data can play in getting ready for Christmas.”

Joe Wilson, Senior Director Global Accounts at Xaxis, offered an international perspective on the short-termism being seen in media planning. He said: “A lot of clients are being hit by supply-chain issues, whether that’s due to the conflict in Ukraine, a shortage of semiconductors, or fluctuations in exchange rates. Media is becoming more tactical than strategic because situations and budgets are changing week to week. We’ve all had to become a lot more reactive and adaptive, rather than long-term and strategic.”

Of course, added pressure on brands usually means added pressure on their agency partners too. Jem Lloyd-Williams, UK CEO of Mindshare, confirmed this to be the case: “Clients are asking us for agility, flexibility, speed of thought, and surety of action. They’re telling us that they can’t afford any mistakes. They need their campaigns to be on time, on budget and to deliver the intended outcome, and they want that 100% of the time.”

How, then, do brand advertisers and their agencies deliver the agility, the efficiency and the certainty that they need so badly right now?



Programmatic: the perfect tool at the perfect time

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- Ollie Shayer, Omni-Media Director, Boots UK



“Programmatic allows you to inform your creative strategy with data, then proceed on a test-and-learn basis, delivering continuous improvements and efficiencies, and cutting wastage to a minimum.”

- Zuzanna Gierlinska, Managing Director, Xaxis UK



Gierlinska of Xaxis highlighted that programmatic media offers a range of benefits that are especially timely and valuable to brand marketers at the moment.

“If flexibility is what you need, programmatic media provides you with the ability to change direction and strategy almost in real time. It doesn’t require long-lead times and there isn’t necessarily the commitment or upfront requirement to pre-buy media.

“For me, though, it’s programmatic’s ‘in-flight’ capabilities that are crucial. Once a campaign is underway, the ability to optimise to the best-performing environments and the best creative executions makes programmatic an incredibly powerful tool right now.

“Programmatic allows advertisers to inform their creative strategy with data, then proceed on a test-and-learn basis, delivering continuous improvements and efficiencies, and cutting wastage to a minimum. I think that sort of continuous learning and incremental improvement and being able to pivot on the fly is exactly the right strategy for brand marketers at the moment.”

Gierlinska added: “With marketers under more pressure and scrutiny to make their campaigns perform, knowing that you can optimise your campaigns as results come in provides you with added confidence at a time of uncertainty. You need to be able to pull all the levers available to you at the moment and programmatic enables that.”

Shayer of Boots agreed, saying: “Programmatic media has probably never had a bigger role to play for advertisers than right now. Having a strong approach to programmatic and leveraging your first-party data will be critical for brands, not only from a performance perspective, but also from an awareness and consideration perspective.”

Tried and tested

For clients who find it difficult to secure their first-choice inventory this Q4, programmatic can help devise an alternative route to their target audiences. Stuart Hall, Managing Partner for Products and Partnerships, Group M (UK) explained: “Take the World Cup, for example. The majority of premium slots will be already booked up by official sponsors. But, how much YouTube content is there around the World Cup? How much other publisher content is available on the open web? If you want access to all of that and you want it in real time, programmatic is your gateway.”

Hall pointed to how Out of Home (OOH) advertising had a really hard time during the pandemic, but programmatic OOH was one of the first channels to bounce back strongly: “There are long lead times with traditional OOH, but with programmatic OOH your lead time can be about four or five days, letting you devise campaigns and get

them out the door within a week if necessary. The ability to ratchet budgets up or down in different geographical areas at short notice was also a major bonus of programmatic as we emerged from lockdown.

“I think complexity is going to increase before it decreases in the world of media, but the direction of travel is absolutely clear. Everything’s going programmatic. It’s inevitable.”

Jon Mew at IAB UK agrees that the pandemic helped make the case for programmatic media in a historic and emphatic way: “For the first time ever, we saw a divergence in the behaviour of GDP and ad spend. For the last 40 or 50 years, whenever the economy grew, so did ad spend, and vice versa. That didn’t happen during the pandemic, the economy shrank and ad spend didn’t. That was primarily down to digital media and programmatic, which let advertisers respond to events as they presented themselves.”

Brands tune in to programmatic

Phil Duffield, VP UK, The Trade Desk told us that he is seeing more brands leaning into the opportunities available through programmatic, while others are still on a learning journey. He commented: “It’s up to us as an industry to help them understand the opportunity that programmatic brings, not just as an executional layer but what it can deliver in-flight. Programmatic is uniquely placed to offer the flexibility and immediacy advertisers need right now.”

Lloyd-Williams of Mindshare also believes that the time is right for more brands to be exploiting the potential of programmatic: “In the right hands, with the right partners, and the right preparation, programmatic performs brilliantly. In recent months, we have delivered some excellent campaigns in collaboration with Xaxis. Programmatic has evolved into an incredibly-useful media suite of tools and lots of our clients are becoming very sophisticated in how they leverage it as part of their wider omnichannel strategy.”

Executing an omnichannel strategy, of course, holds a number of challenges for marketers, but, given the current situation, the opportunities associated with omnichannel demand to be explored.

The Omnichannel Opportunity

“Rather than executing siloed media channel buys, with siloed performance and optimisation strategies, being able to buy through a single point of entry, holistically across multiple channels, and then optimise to which channel is delivering the best outcomes, is massively important.”

- Zuzanna Gierlinska, Managing Director, Xaxis UK



“Omnichannel campaigns are beginning to peak right now. Brands are recognising the opportunity to invest in different channels and be able to optimise across the ones performing best for them.”

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“The ability to manage and execute omnichannel campaigns is a core part of how we should be utilising programmatic today.”

- Ollie Shayer, Omni-Media Director, Boots UK



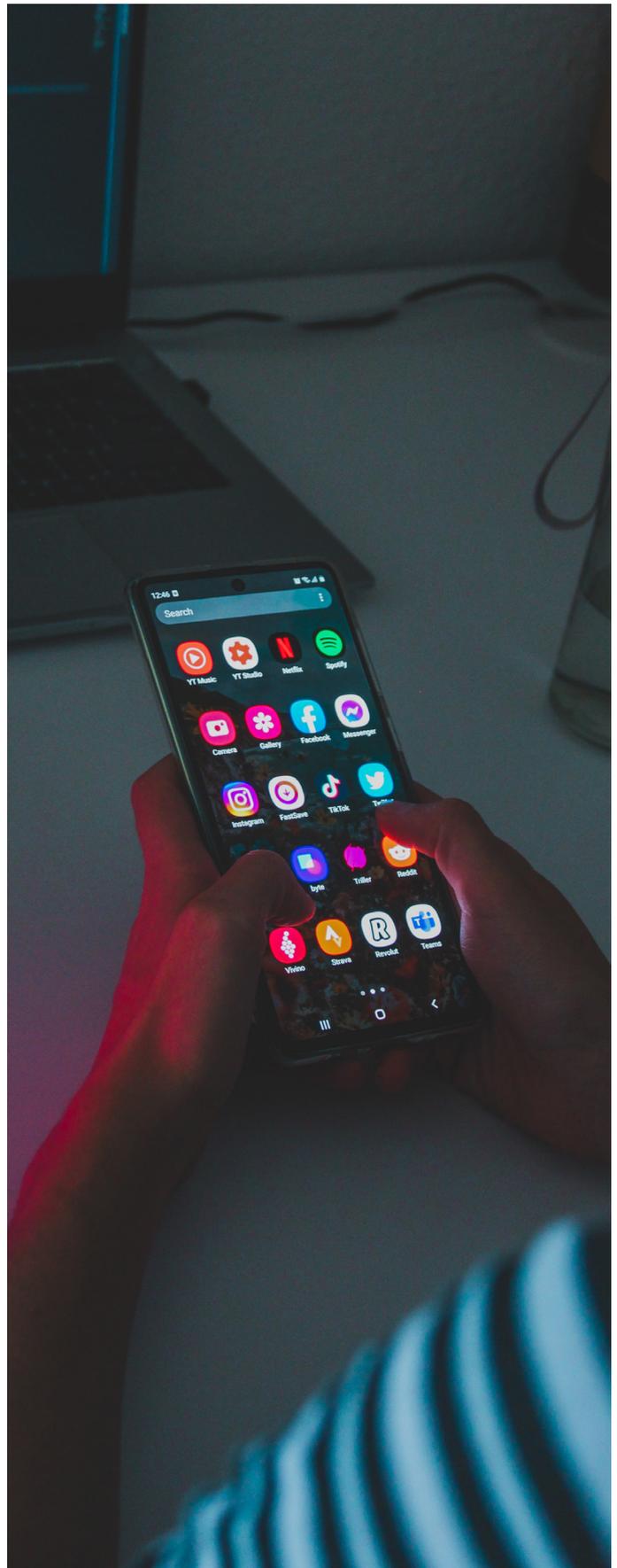
With audiences distributed across more channels, platforms and devices than ever before, advertisers need to integrate a wide variety of consumer touchpoints into their digital media strategies, but they need to do so intelligently and efficiently. Given the compounded pressures of Q4 2022, marketers looking to maximise the impact of their activity should be enacting a smart omnichannel strategy.

Kelly Parker, CEO at Wavemaker UK, said: “The media channels and marketing strategies that got you where you are today are unlikely to be the things that get you where you want to be tomorrow. Applying an omnichannel approach and a test-and-learn mindset to your media investment has become crucial. You need to prove the effectiveness of the media you want to test and scale and you need to be able to take your team and stakeholders on that journey.”

Gierlinska of Xaxis agrees that programmatic has a key role to play in helping brands successfully execute omnichannel media strategies: “We’ve seen phenomenal results from clients leaning into omnichannel. Rather than executing siloed media channel buys, with siloed performance and optimisation strategies, being able to buy through a single point of entry, holistically across multiple channels, and then optimise to which channel is delivering the best outcomes, is massively important. An effective omnichannel media strategy unifies and orchestrates your efforts to make sure everything works together to exceed the sum of its parts.”

Duffield of The Trade Desk revealed that one of his core focuses is to deliver a platform that’s truly omnichannel in nature. He said: “For me, omnichannel campaigns are beginning to peak right now. Brands are recognising the opportunity to invest in different channels and be able to optimise across the ones performing best for them. We’re seeing growth in spending on a more diverse mix of channels, such as connected television (CTV), digital out of home and digital audio.

“There are still some people who see programmatic as just an execution tool when, in truth, there is so much more to it. We’re spending a lot of time with our clients and our agency partners to show them the power of programmatic as a strategic tool across all channels and how it can help deliver ROI. We show them the different channels we can activate in, how they interact and how their first-party data can be leveraged on top of that to deliver something really powerful.”

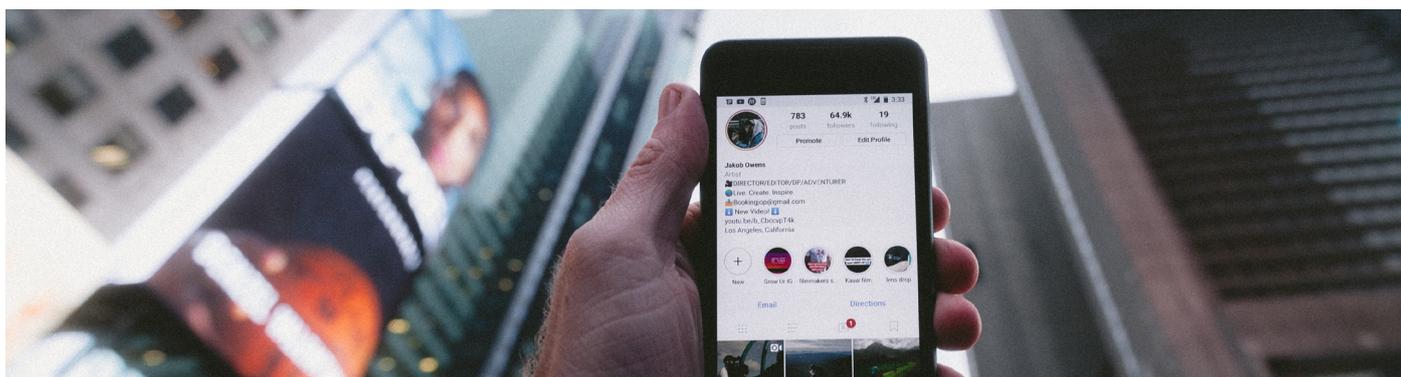


Omnichannel thinking

Sonya Arthur, Managing Partner at MediaCom, believes that omnichannel is still a work in progress across the industry. She said: “I think the concept of a dynamic, programmatically-led omnichannel campaign is still quite a big sell. There is still work to do before the average campaign is delivered across a multi-platform programmatic solution. To help deliver this we need to have conversations with clients and partners to demonstrate how omnichannel thinking delivers cost efficiencies for brands and improved relevance for audiences.”

Lloyd-Williams at Mindshare agrees that omnichannel may not be the right answer to every brief, but argues that at a time when consumers are less predictable than ever before, understanding the role that multiple channels can play in the consumer journey is key to the success of most campaigns. He said: “I think omnichannel thinking is the key. The delivery of messages via the programmatic pipes is, to a certain extent, the easy part. It’s about putting people at the heart of everything you do and being selective in the partners that you invest with.”

Shayer of Boots believes that since the pandemic and the gradual return of in-store shopping, having a strong approach to omnichannel retail is increasingly important: “Programmatic plays a big role in reaching customers both offline and online, and helping to drive them to either location. The ability to target customers in different ways, such as proximity messaging via digital out of home or CTV, or alternatively through things like digital display and mobile ads, opens up new possibilities for marketers. The ability to manage and execute omnichannel campaigns is a core part of how we should be utilising programmatic today.”



Outcome-Driven Media Plans De-Risk Programmatic Investment

“In a recession, people want far more reassurance about where their money is being spent. They want commitments and guarantees. Buying against outcomes, specifically if they are guaranteed, provides certainty. And certainty in times of uncertainty is extremely valuable.”

- Joe Wilson, Senior Director Global Accounts, Xaxis



Outcome-driven media means planning and optimising campaigns against success metrics that connect directly with your business goals. This methodology transforms the actual value and, just as importantly for marketers, the demonstrable value of programmatic campaigns by linking their success directly to business performance.

From guaranteed outcomes against media metrics such as Cost per Completed View (CPCV) to custom outcomes powered by advanced marketing science and AI, marketers are increasingly looking to deliver against multi-metric KPIs.

Wilson of Xaxis believes this trend is understandable: “We are entering a time in our industry where there’s a big focus on observation and measurement of media performance. In the past that has been siloed and disjointed, requiring an econometrics team to bring it altogether for you. Measurement and attribution are becoming more sophisticated, which, in turn, enables more sophisticated outcome modelling. We’re starting to see brands increasingly buy inventory against bespoke metrics. So when holding companies and agencies are pitching for clients, they’ll pitch not only in terms of media rates, but also in terms of how they can tie ad spend back to the business objectives of the brand.”

“In a recession, people want far more reassurance about where their money is being spent. They want commitments and guarantees. Buying against outcomes, specifically if they are guaranteed, provides certainty. And certainty in times of uncertainty is extremely valuable.”

Expanding on how Xaxis, as a pioneer of outcome-driven programmatic, is empowering brands to deliver against their business goals, Zuzanna Gierlinska said: “We first consult with brands to understand what their level of digital maturity is in regards to their data access, i.e. what level of sophistication they have in being able to leverage their own first-party data, and ingest and apply other data models into what they’re doing. That really defines the sort of outcome they can tap into.

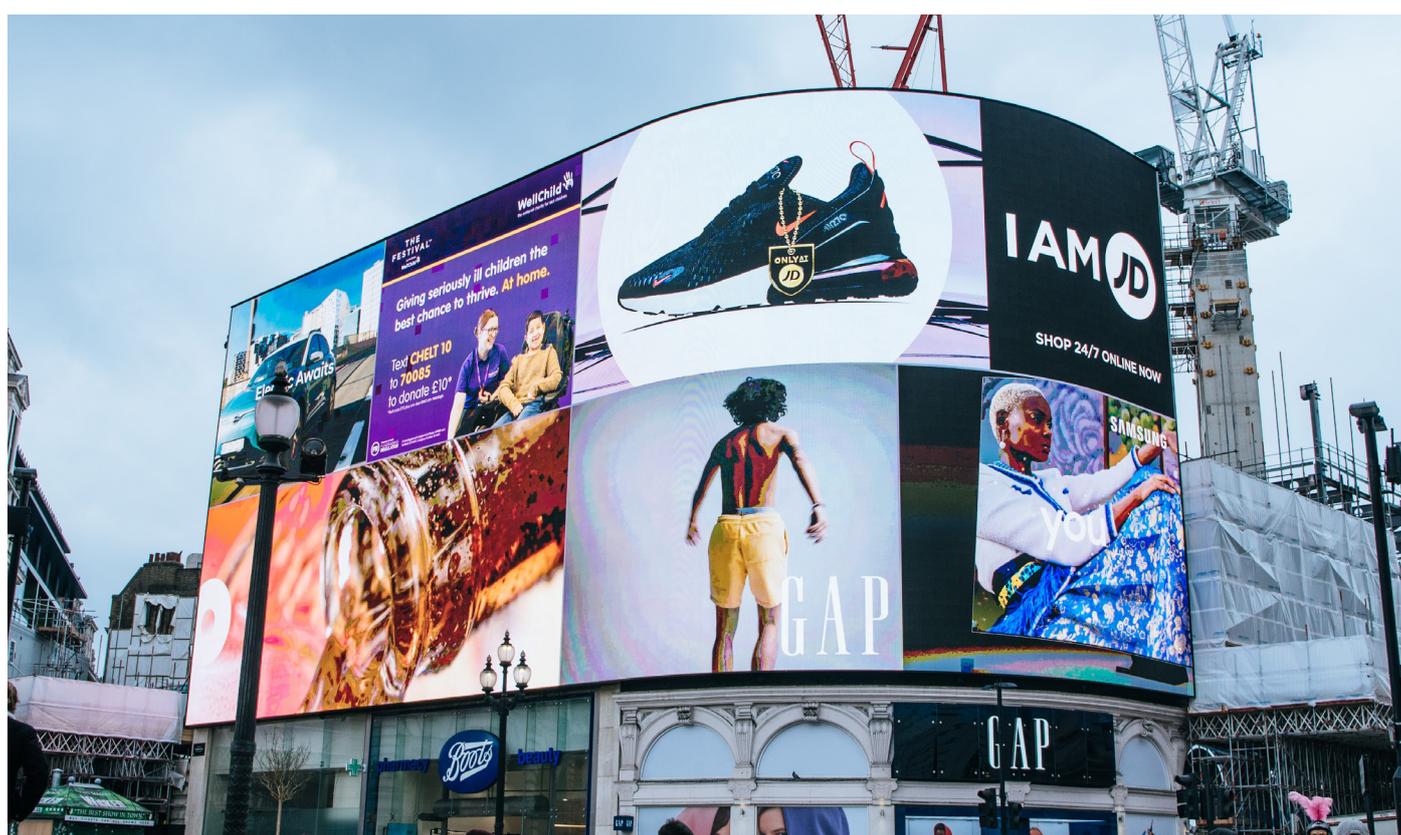
“At Xaxis, we sit down and work with clients to understand what kind of outcome they are able to generate today and how we can build a strategy to address that. At the same time, we look to put them on a maturity path, to help them on that developmental journey, so that over time they can move beyond just media outcomes and start to drive real-world business outcomes such as offline sales.

De-risking media spend

Shayer of Boots agrees that advancements in data modelling have enabled advertisers to buy media against a broad range of outcomes: “Depending on what you want to buy against, you obviously want to ensure that you’re getting the right outcome. With a pure performance play, knowing that you’re reaching an agreed level of performance gives you confidence. Being able to know that your inventory will be served out in a guaranteed way is also really important. The worst thing that can happen is that you create a brilliant campaign, built with relevancy, reaching your customer base, and then you’re not able to deliver it for whatever reason.”

“As a multichannel retailer, we have access to very, very strong data now on both our online and offline performance, and we can determine the effect that media has on those. Beyond that, we’ve also been looking closely at the impacts media can have across the entire customer journey. So, ‘outcomes’ might mean more consideration or brand uplift, rather than simply ‘video views’ or some other basic metric.”

Commenting on the trend towards guaranteed outcomes, Duffield of The Trade Desk said: “When economies come under pressure and inflation is growing, marketers will look for reassurance. ‘Guaranteed outcomes’ is one specific way of buying that ensures marketers make their KPIs. That’s very powerful at times like these.”



How Xaxis can help

Xaxis makes advertising more valuable for brands and their customers by transforming media into outcomes.

We do this by leveraging amplified intelligence (a combination of AI & marketing science), 10+ years programmatic experience and expertise and market-leading technologies and platforms which we bring together in new ways to build holistic solutions.

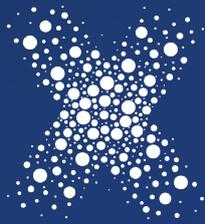
We offer a suite of omnichannel and cross-channel cutting edge media products that deliver targeted, engaging, brand-safe campaigns optimised against business goals.

Whether your requirements focus on guaranteeing media outcomes or the co-creation of bespoke, data-powered outcomes you are in expert hands. We will guarantee your investment by developing truly accountable commercial models that demonstrate measurable results and prove the value of every programmatic investment.

Contact our Client Leadership team today to find out how we can partner to drive your business growth and support you in maximising the opportunity of this Q4.

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A huge thank you to everyone who contributed their thoughts for this report:

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