

NDA in partnership with Xaxis

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Programmatic Expectations: What brands are demanding in 2023

Predicting the Unpredictable

To date, the 2020s have been a time of turbulence and unpredictability for UK marketers. Following the unprecedented disruption of the pandemic years, the past 12 months have seen geopolitical tensions, supply chain blockages, domestic political dramas and a once-in-a-generation cost of living crisis forcing marketers to adapt their strategies to these extraordinary times.

As we approach 2023, the uncertainty for marketers looks set to carry into next year and beyond. The media landscape is expanding, diversifying and fragmenting. Environmentally-conscious consumers are demanding more sustainability from brands. Regulators and tech platforms continue to rewrite the rules on how customer data can be used to target and measure ad campaigns.

Against this backdrop of uncertainty, what forecasts, if any, can we make about the programmatic advertising marketplace in 2023? How are brands adapting to the increasingly complex and confusing landscape? What sort of support are they demanding from their programmatic media partners?

Xaxis, in partnership with New Digital Age, recently invited a panel of digital marketing experts to share their forecasts for the year ahead and their thoughts on four of the hottest topics facing the industry: sustainability; omnichannel marketing; the role of machine learning and the rise of 'attention' as a marketing metric.

This report gathers highlights from the discussion, including analysis and predictions from Boots, Tripadvisor and Hilton, from agencies MediaCom, Mindshare and Wavemaker, and from IAB UK.

I hope you find these expert insights useful in helping you future-proof your programmatic strategy for the year ahead.



Zuzanna Gierlinska,
Managing Director.
Xaxis UK



The Panel



Chloe Nicholls,
Head of Ad Tech, IAB UK



Jem Lloyd-Williams,
CEO, Mindshare UK



Justin Pearce,
Editor, New Digital Age (chair)



Justin Reid,
Director of Media, Destinations, Hotels and Growth, Tripadvisor



Katie Lee,
Chief Operating Officer, Wavemaker UK



Ollie Shayer,
Omni-Media Director, Boots



Richard Bettinson,
Senior Director; Media & Insight, Hilton



Satin Reid,
Managing Director, MediaCom UK



Stuart Hall,
Managing Partner, Product and Partnerships, GroupM UK



Zuzanna Gierlinska,
Managing director, Xaxis UK

2023: Ready for Anything?

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- Satin Reid, MediaCom UK

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Satin Reid, Managing Director of MediaCom UK, believes that the pandemic years have toughened up the UK marketing community and strengthened its ability to deal with uncertainty.

“We’ve now worked out how to manage short-termism and volatility much better than we ever have before. The challenge is that things aren’t going to get better anytime soon. We’re going to be living with unpredictability for some time,” said Reid.

“One big lesson learned from the past few years is that consumer behaviour changes so quickly in response to new situations. From a marketer’s perspective, whenever consumer behaviour changes, there’s a massive opportunity for brands. In crazy times like these, following consumer behaviour closely is probably a smart thing to do,” she added.

Justin Reid, Director of Media, Destinations, Hotels and Growth at Tripadvisor, agreed that the experience of recent years had seen marketers adapt to accept uncertainty as the new normal.

Reid said: “Whatever we’re facing now, it’s nowhere near as frightening as the early days of the pandemic. The current economic uncertainty might result in a 10% reduction in travel sales but, in 2020, we were facing a 95% reduction in revenue. We’re in a much better position today.”

Reid added that another factor clouding marketers’ view of the future was the difficulty



of basing any form of projection on consumer data gathered during the pandemic years.

“Normally you’d have at least three years of data to help you plan for a new year, but there’s been so much change recently that we can’t extrapolate on that data to be an accurate predictor of what’s going to happen next. As we approach 2023, it’s about being as agile as possible. In the short term, I expect the time frame of marketing strategies to reduce from 12 or 24 months to something closer to three months,” he said.



Ollie Shayer, Omni-Media Director at Boots, added: “There’s definitely a lot of uncertainty around Q1. We’ll start to see the true effects of the cost of living crisis then, when the post-Christmas power bills and credit card bills start to arrive.”

Jem Lloyd-Williams, CEO of Mindshare UK, argued that a shift in mindset could help marketers navigate the current mood of uncertainty. “I think it’s as important to focus on the things that haven’t changed in the marketplace as much as the things that have,” he said. “For example, television advertising is in rude health at the moment. TV audiences are up across all demographics and people are consuming great content. Advertising is capable of linking that content to brilliant brand experiences which, in

turn, drive awareness and sales. That paradigm hasn't changed. What has changed, however, is that consumers' way of navigating the TV options available to them has been transformed. For me, strategy should be based on the things that haven't changed, while tactics should adapt to the bits that have."

Offering his forecasts for the new year, Stuart Hall, Managing Partner, Product and Partnerships at GroupM UK, commented: "There's a direct correlation between uncertainty in the market and the size of ad budgets. My guess is that, after a surprisingly strong Q4 for the ad market in 2022, brand advertisers are going to hold their breath a little in Q1 2023. I think factors like inflation and interest rates will lead to a bit more caution from brands earlier in the year. I also think the momentum of the eco movement will continue to ramp up and that could have major impacts on how our industry operates."

Zuzanna Gierlinska, Managing Director of Xaxis UK, said that in times of uncertainty, programmatic becomes an indispensable tool for marketers.

"At times like these, there's more pressure than ever on marketers to make the right decisions and deliver tangible results. Programmatic allows you to inform your creative strategy with data, then proceed on a test and learn basis, delivering continuous incremental improvements and efficiencies and cutting wastage to a minimum," she said.

Wavemaker UK's Chief Operating Officer, Katie Lee, added: "The ability to react to the world as it changes around us has become absolutely essential for marketers. With economic turbulence predicted to extend throughout 2023 and beyond, any brand advertisers that fail to leverage the power of programmatic risk falling behind their competitors."



Talking About Sustainability

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- Justin Reid, Tripadvisor

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The sustainability of digital advertising is under more scrutiny than ever before.

Every digital transaction requires energy, creating a tiny carbon footprint. The digital marketing and programmatic advertising industry conducts billions of transactions every day, meaning that its annual carbon footprint now rivals that of the aviation industry.

In response, brand advertisers are looking for efficiencies in their media buying that not only deliver better performance, but also reduce the environmental impact of their campaigns in a real and measurable way. However, with so many short-term pressures to deal with, is there a danger that issues of sustainability will fall off the list of marketers' priorities in 2023?

Lloyd-Williams thinks not. He said: "Despite everything the world has had to deal with over the past few years, environmental concerns and consumer calls for more sustainability from brands haven't dropped off at all. If anything, those calls have become louder than ever. One big problem, though, is that the lexicon of sustainability is unbelievably complex and, once we start talking 'digital sustainability' things get ten times worse!"

When asked what the industry needed to do to move us forward, Lloyd-Williams suggested: "Sometimes brands accused of 'greenwashing' aren't trying to be disingenuous or nefarious, they're just confused about what they need to do. Some sort of standardised language around the issue would be useful."

On the issue of sustainability, Shayer said: "It can be difficult to understand where to even begin with media sustainability as a brand. What should we be doing? How much should we be doing? From a media buying perspective, where do we find suppliers with genuine credentials around sustainability?"

"With our efforts to create more sustainable products, it's easy for a CFO to understand the effects, the costs and how that activity is aligned to our broader corporate social responsibility policy. By comparison, the environmental impact of online media is a more complicated concept to try to explain. There needs to be more education around the subject."

Chloe Nicholls, Head of Ad Tech for industry trade body IAB UK, explained that her organisation is working on a major initiative to provide the common language around sustainability that online media practitioners need.

"Once a CFO understands that sustainability can mean, for example, reducing the level of ad fraud in your media buys, it becomes easier to get them on board. Either way, there's going to be huge focus and pressure on our industry to move forward on these

issues and, while there are some really interesting technological solutions emerging, the language in this space is still nascent, which makes progress difficult. In response, the IAB has an online glossary around sustainability and digital media to provide standardised language and terminology for the industry. The glossary should be a step forward in reducing the level of complexity around sustainability,” said Nicholls.

Gierlinska added: “My hope for our industry is that we don’t simply go down the route of ticking the box with offsetting. That isn’t the solution we should be setting our ambitions on. Instead, from a programmatic perspective, we need to actively lean into reduction. We need to serve fewer impressions to reduce the load on ad calls and limit the volume of data collection and storage. However, this kind of action will only come if brands lean in and hold their media partners accountable, otherwise all the tree planting in the world won’t fix the problems we’re creating.”



The Omnichannel Opportunity

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We've only scratched the surface on the opportunities Omnichannel could open up

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- Richard Bettinson, Hilton



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Closing the loop with consumers across different touch point experiences has been shown to increase the amount that they spend with us

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- Ollie Shayer, Boots



Omnichannel media planning is not a new concept but, given the unpredictable landscape facing brand marketers in 2023, an omnichannel approach to media activation is becoming essential to provide advertisers with the responsiveness and flexibility they need. Our panel agreed that omnichannel would be a key area of focus for brand advertisers in 2023.

Richard Bettinson of Hilton said: “We’re definitely spending more on omnichannel and there are a few different factors driving that. Firstly, our understanding of the audience is better. Technology is improving all the time, meaning that we can target the same customer across different channels in quite a sophisticated way. Secondly, we’re seeing more media partners and publishers play more in the omnichannel space. Finally, I think marketers are increasing their focus on deepening the relationship with existing customers and targeting them with messaging using a range of media channels.”

Bettinson added: “The omnichannel space feels really exciting at the moment and I think we’ve only scratched the surface on the opportunities it could open up.”

Gierlinska emphasised that demand for omnichannel activation had accelerated this year, highlighting a number of key factors driving the momentum.

She said: “We’ve seen a phenomenal 140% growth in omnichannel activation at Xaxis this year. Key drivers of this have been the heightened demand for solutions to address the ever-increasing media and audience fragmentations as well as the efficiency and effectiveness of centralising media buying through a single point of entry and optimisation. Given the short-term nature of the media market over the last



six months, omnichannel activation has proven itself to be a simplified and agile way to keep on top of changing media budgets. In addition, we have real examples of omnichannel campaigns significantly reducing redundant impressions with in-flight cross channel optimisation, which not only delivers significant cost savings but also has a positive effect of reducing the carbon footprint of media. I think omnichannel will have a really interesting role to play in helping brands deliver their business outcomes next year.”

Nicholls also noted a marked increase in the adoption of omnichannel media strategies, which she said raised new issues for her organisation.

“I come at it with a slightly different viewpoint,” she said. “For the IAB, our focus is on the emerging digital channels that have moved into the programmatic space. How do we continue to support our members’ activity on those channels



and make sure that we have the correct guardrails in place? We have our gold standard accreditation for digital media companies, but how can that be adopted in CCTV, in audio, in digital out-of-home? Concerns around ad fraud, brand safety, data and consent become even more complex as we add channels into the mix.”

Hall said that, as with sustainability, the language around omnichannel was far from standardised, meaning that the phrase often referred to different things for brands, publishers, agencies and holding companies.

He added: “Across GroupM agencies, we’ve always planned and bought media across multiple channels for our clients. The difference we mean by ‘omnichannel’ is that not only do you plan and buy across a multitude of channels simultaneously, while your campaign is live you are accessing performance data across each media channel and have the ability to in-flight adjust targeting, spend and the weighting between each channel. That sort of optimisation can be incredibly effective.”

Lloyd-Williams discussed how the willingness of clients to pass back performance data to their media buyers is crucial to the success of omnichannel optimisation.

He said: “It’s difficult for some businesses to be open with their data, often due to concerns around GDPR, but I think that’s the thing that really unlocks the power of omnichannel. Without it, you’re optimising against something that may or may not be happening. From the moment we started working with KFC, they’ve given us point of sale data, practically on the hour, and to be able to see the real-time impacts of media investments is incredibly powerful.”

Shayer added: “Closing the loop with consumers across different touch point experiences has been shown to increase the amount that they spend with us. Likewise, on the retail media side of our business clients are asking for the ability to run campaigns cross-channel and measure that effectively. Omnichannel is becoming a standardised demand and technology is allowing us to deliver on that. The potential of omnichannel is really exciting, but brand concerns around data sharing mean that there’s a role for trusted intermediaries to play in facilitating that.”

Lee agreed that omnichannel planning and activation is the key to advertisers getting the best outcomes from their media budgets in 2023.

She said: “The fragmentation of the media landscape, the changing behaviour of consumers, the potential for sudden economic shocks and changes in the marketplace: there are so many moving parts for marketers to cope with at the moment. An omnichannel strategy provides the heightened level of flexibility and responsiveness that advertisers need right now.”



Advertising in the Age of AI

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Custom algorithms are becoming a key tool in helping brands utilise their own first-party data in smart ways

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- Ollie Shayer, Boots



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Omnichannel activation has proven itself to be a simplified and agile way to keep on top of changing media budgets

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- Zuzanna Gierlinska, Xaxis UK



While many things remain unpredictable about the year ahead, our panel agreed that artificial intelligence (AI) would be a leading tool in driving more effectiveness from programmatic advertising strategies. There was also a consensus that the use of custom algorithms was moving into the mainstream.

Shayer offered his own experience of AI. “We’re very lucky to have a fantastic data science team in house and a significant amount of consumer data,” he said. “It’s becoming far simpler to build custom algorithms that we can then use with our partners to identify different elements of our audience - find out who our customers are, what they’re searching for at any moment, on what device, how frequently they make a purchase and so on. Custom algorithms are becoming a key tool in helping brands bring their own first-party data to the party and utilise it in smart ways.

“AI-based algorithms also allow us to look at things like the impact of weather patterns on offline and online sales. We can then combine those insights with weather forecasts to help adjust our media investment or even the creative itself. As we move forward, there’s definitely a lot more we could be doing with AI.”

Nicholls noted that over the last four or five years the use of AI by marketers had advanced significantly. She said: “By working with trusted data scientists, brands have been able to demonstrate the predictive or analytical power of AI. Given the complexity of the marketplace and the length of time it would take human analysts to uncover the same sort of insights, I think the use of AI is going to keep getting bigger .”

Rather than focus on the more visible uses of AI, Justin Reid believes the technology has a much more effective role to play for brands behind the scenes.

“Some people associate AI with virtual chat bots and gimmicky things like that but that’s not how we are using it. For us, it sits in the background optimising the customer experience, optimising our data and enabling us to be more targeted and gain more intuition about what our customers might do next,” said Reid.

Gierlinska said that a key consideration in working with AI is the necessary sophistication you need to set up and train the algorithms. She added that one unintended consequence is AI bias, where diverse, niche audiences that potentially have a lot of value could quickly be optimised off a brand’s media plans.

“Where we’ve seen the need for increased human intervention around AI is on the

media execution side of things,” she said. “Typically, the AI will gravitate towards and favour large data sets. In the example of media this usually means campaigns are optimised towards mainstream media in large urban environments like major cities. The problem being that smaller niche or specialist sites or smaller geographical locations can become excluded, causing issues for your diversity & inclusion strategy.”



Is 'Attention' Still a Metric Worth Pursuing?

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I worry that metrics like attention might be leading us to look through the telescope from the wrong end

- Jem Lloyd-Williams, Mindshare UK

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If a CMO is confused by the value of attention, it's sure as hell going to confuse a CFO

- Justin Reid, Tripadvisor

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‘Attention’ has gained a lot of momentum as a metric this year, as brands look for cookieless measurement solutions. Beyond the industry buzz, does optimising your media investments towards higher levels of attention make sense?

Only sometimes, according to Satin Reid.

“We have a very clear view on attention. You have to understand the value of plays in targeting, based on the type of campaign you are running. We have lots of evidence to show that when we focus on attention as a metric, it drives effectiveness. We’ve also got examples of campaigns where you don’t need to have high attention to produce the desired impact. It’s a question of context, rather than viewing attention as a must-have metric for every campaign,” said Reid.

Lloyd-Williams warned that the focus on attention could lead advertisers to overlook the importance of creativity in advertising.

He said: “It’s useful to focus on driving higher attention for certain tasks. The industry seems convinced that attention is diminishing, thanks in part to the popularity of short-form platforms like TikTok. However, I don’t think that means we should all be producing shorter ads. That feels like a race to the bottom. For me, we’re living in a golden age of media, a golden age of television, a golden age of brand building. If I’m being totally honest, the creativity of advertising hasn’t always kept up. I worry that metrics like attention might be leading us to look through the telescope from the wrong end.”

Lloyd-Williams also questioned the link between attention and buyer intent: “I’ve watched the new John Lewis three times. I’m an inquisitive human being, so the ad gained my attention and Google knows it did. Unfortunately, I also have no intention of shopping at John Lewis,” he said.

Shayer added: “It’s a bit like viewability. You need to know what you are trying to achieve by pushing for more attention. Where does high attention deliver better value for you than lower levels of attention? How does that change in relation to brand campaigns and performance campaigns? Attention is still an area that we would like to figure out a bit more.”

Justin Reid argued that while attention could help drive you towards your key performance indicator (KPI), it shouldn’t be regarded as a KPI in itself.

He said: “I attended an IAB conference recently and a panel of CMOs were asked about attention metrics. They all said, ‘We don’t care. Show us ROI.’ I think the last thing our industry needs is another metric that isn’t standardised or well understood. If a CMO is confused by the value of attention it’s sure as hell going to confuse a CFO.”

Gierlinska said she believed attention had more value as an indicator of behavioural change than it did as a media metric.

She said: “We recently worked on a project trying to ascertain if attention and the intent behind it actually changed behaviour. The question is how can we harness attention to drive change and, in the near future, can we develop an algorithmic approach that enables us to influence behaviour at scale?”

While attention may not be high on the priority list of CMOs right now, our panel agreed that the metric had significant value when used to optimise campaigns in pursuit of more tangible KPIs. Understanding the outcomes of increased attention, however, is complex and often requires the support of trusted media partners.



Partner With Xaxis

Xaxis is the best-in-class programmatic managed service partner for brands looking to generate sustained business growth while future-proofing their programmatic marketing strategies.

Our purpose is to make advertising more valuable to brands. We do this by transforming media investment into business outcomes. Core to this is how we step forward for people and planet with our unwavering commitment to responsible and sustainable media investment.

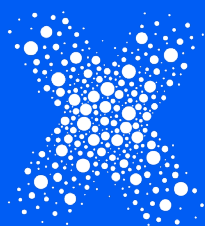
Our continued investment in marketing science excellence and AI subject matter experts ensures that we are at the forefront of mitigating bias and targeting DE&I representation across our media investment.

We are market makers with Unmissable, GroupM's omnichannel solution, which drives proven media efficiency and business outcomes through a single point of entry across the breadth of digital channels. Unmissable leverages a geo-first, privacy-centric targeting approach, future-proofing marketing plans against the deprecation of cookies. A key performance lever of Unmissable is the ability to remove redundant impressions with inflight cross-channel budget optimisation which, in turn, ensures we deliver more effective ads while reducing the campaign's carbon footprint.

From January 2023 we are moving from positive intent in sustainability to positive action, with a reduction-first strategy. We are building on our capabilities in strategy, AI and supply operations to intentionally improve our emissions profile and shine a light on better, lower carbon media choices. Xaxis leverages advanced technology and data partnerships for the purposes of optimisation and investment preferencing to drive positive change and meet our emissions goals.

Contact us today to find out how we can partner to accelerate your business in 2023 and provide you with the ability to deliver agile, consumer-responsive marketing programmes.

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