SCIBIDS

ESSENTIAL GUIDE TO:

AI-LED MEDIA BUYING

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Intro

Matt Nash, UK Managing Director, Scibids

Artificial intelligence (AI) has existed for over 70 years, but really only began to reach mainstream prominence in late 2022 with the emergence of ChatGPT. Nevertheless, the technology has long been an intrinsic part of our everyday lives – working in the background within our mobile devices, computers, search engines, and streaming services, to name just a few examples.

It has also been a major feature in a number of famous pieces of literature, TV, and film, including *Do Androids Dream of Electric Sheep?*, *I, Robot*, *Ex Machina*, *Humans*, *M3GAN*, and many more. So, it is fair to say the concept of AI has been out in the world for a long time, too.

Having powered real-time bidding within the programmatic ecosystem for many years, AI has had a similar trajectory within the world of digital advertising, albeit over a slightly shorter period of time. This journey has culminated in where we find ourselves today, with AI now capable of helping advertisers achieve their goals across the programmatic ecosystem – whether that is to inform activation, creativity, or measurement.

Of the many potential applications of AI within digital advertising, media buying is the area where it is set to have the most significant and positive impact. Through its ability to customise KPIs to suit the advertiser's needs, AI technology can drive programmatic campaigns toward achieving the business outcomes that really matter to brands.

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Unfortunately, many advertisers are not taking full advantage of AI to customise and automate their buying

strategies. Despite more than 90% of them feeling they are well or fairly-well informed about the opportunities for customisation within programmatic, research conducted by Scibids found that just half of brand marketers believe they are making full use of the available DSP customisation features.

This is mostly due to a lack of data science expertise. Without this, advertisers are likely not unlocking critical customisation opportunities in their digital media campaigns.

We have put together this guide to break down how exactly AI can power media buying and, ultimately, elevate the knowledge of every marketer.

In this guide, we will:

- Take a look at the history of programmatic media buying
- Explore AI's role in that history
- Explain why it should matter to advertisers
- Dive into how the AI technology actually works

Let's Start From the Beginning

Remi Lemonnier, Co-Founder, Scibids

Before delving into AI's role in programmatic, it is important to explore how we reached this point.

The first digital display ad surfaced way back in 1994 when AT&T ran a banner on hotwired.com. The three-month campaign managed to capture the attention of users, and boasted a clickthrough rate of a staggering 44% – far and away above what advertisers can expect today.

This would eventually give rise to a number of ad networks and servers in the mid-1990s, including the birth of DoubleClick in 1995, to satisfy the demand from advertisers looking to get in on the banner game.

About a decade later, the industry as we now know it would begin to take shape when ad exchanges arrived on the scene. And they were closely followed by DSPs and supply side platforms (SSPs).

These developments – and the arrival of real-time bidding that came along shortly after – meant that the activation and optimisation capabilities available to advertisers grew to levels that could only have been previously imagined.

Developments like real-time bidding meant that targeting and optimisation capabilities grew to levels that could only have been previously imagined.

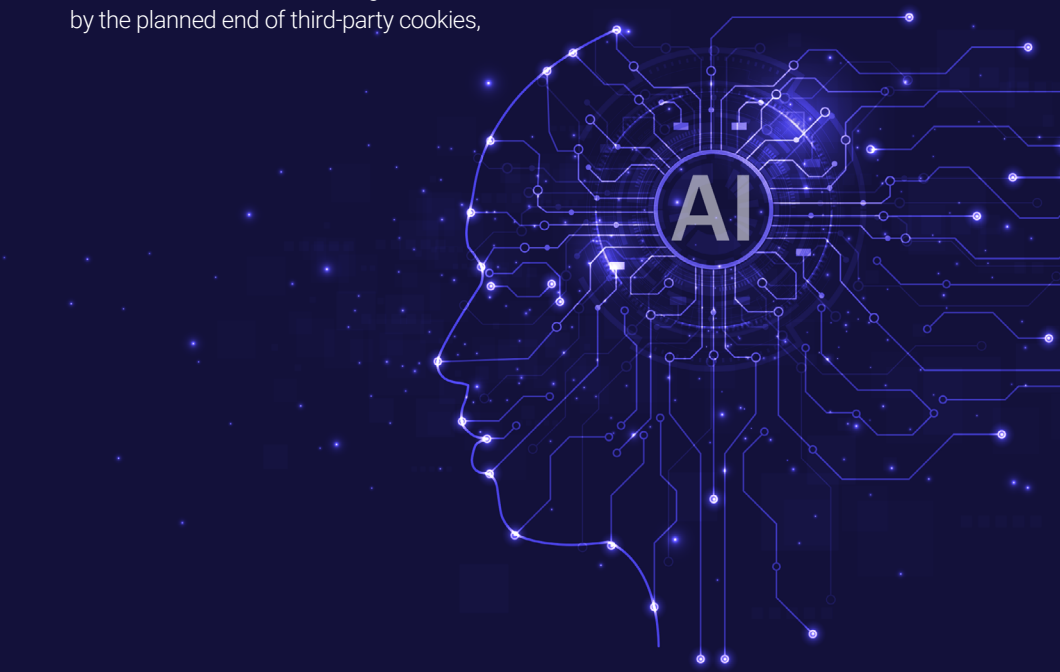
Simple key performance indicators (KPIs), such as clicks or website visits, were defined, and advertisers began to optimise toward achieving the maximum results based on those KPIs.

This worked for a time, and a number of advertisers were happy with it. However, the market quickly realised there were a number of problems.

The first problem was quality. Bots were created to game the system and the well-known issues around fraud, viewability, and brand safety and suitability were born. Companies such as DoubleVerify were created to tackle those issues by monitoring, filtering out or blocking fraud and ads serving alongside unsuitable content.

Secondly, there were issues around manual optimisation. When campaign optimisation was manually constrained, it lead to reduced scale and lower performance, while having to also contend with problems with user recognition and, of course, privacy. We have witnessed the latter being tackled by the planned end of third-party cookies, as well as regulatory intervention through GDPR and CCPA, for instance.

These problems have been addressed by a range of solutions, but there was one area that the industry could not quite solve.



Intelligently Powering Your Media Buying

In 2016, Scibids was founded with the view of using AI to help advertisers optimise their media buying toward the results that really matter by harnessing the customisation options offered by DSPs.

AI is not new within advertising technology, having long been behind some of programmatic's key elements, such as creative optimisation, fraud detection, and attribution modelling. However, Scibids identified that the most impactful use of AI would be in bidding and ad decisioning.

Every day, advertisers are making billions of decisions around their digital ad campaigns, deciding whether to bid or not, and how much to bid on the impression opportunities they have. AI technology makes this process more efficient and effective – and technologies like Scibids AI can take this a step further, also enabling measurement and optimisation to be correlated with bidding.

Non-custom KPIs tend not to correlate with the real objectives of advertisers. Usually, these objectives are focused on generating as many sales as possible through their own definitions of Return on Ad Spend (ROAS) or Q-CPM. Because of this, we believe that custom bidding will eventually grow to represent the majority of all programmatic media buying.

PokerStars Benefits From $2.5 Million in Media Efficiencies

Online poker cardroom PokerStars launches hundreds of YouTube campaigns every year, each requiring extensive team resources to plan, monitor, and optimise. It needed a way to make this process more efficient, without compromising performance, so the business turned to Scibids.

Over the course of a year, Scibids managed and optimised 207 YouTube campaigns for PokerStars, utilising its AI technology to implement more than 90,000 optimisations across these campaigns.

207
Youtube Campagins

$2.5M
Media Effeciencies

66.62%
Average Uplift

Scibids was able to generate $2.5 million in media efficiencies and give back more than 50 employee working days to PokerStars, while delivering an average uplift of 66.62% across campaigns versus the DSP-optimised benchmarks.

Overall, for every $1 invested in Scibids, PokerStars generated $5.33.

Why Should You Care?

Nadia Gonzalez, Chief Marketing Officer, Scibids

Though we have explored why AI and customisation were introduced into the world of programmatic, the question still remains: why should you care when DSPs already offer their own optimisations without any additional solutions plugged in?

Well, those standard optimisations work for some advertisers, but not for the more complex activations.

Advertisers with a lot of proprietary first-party data typically employ large analytics teams that make sense of what the data means for their sales, inventory and customers. However, it makes little sense for them to have all this data and not utilise it in their media buying process. Unlocking the data to better connect an advertiser's sales and media teams requires going beyond the standard KPIs, but these advertisers often do not have the data science resources to build the necessary AI-powered algorithms and take advantage of the custom bidding features within DSPs. And, if you're not putting the data, data science, and engineering into the custom bidding feature correctly, you will not get good results.

AI expertise will enable you to fully harness the feature and do more advanced, effective, and efficient media buying.

If you want to get the most out of your programmatic advertising, you do not want to be tackling custom bidding alone. You are going to need AI combined with technical expertise to have the custom algorithms that bid based on the KPIs that make the most sense to the business.

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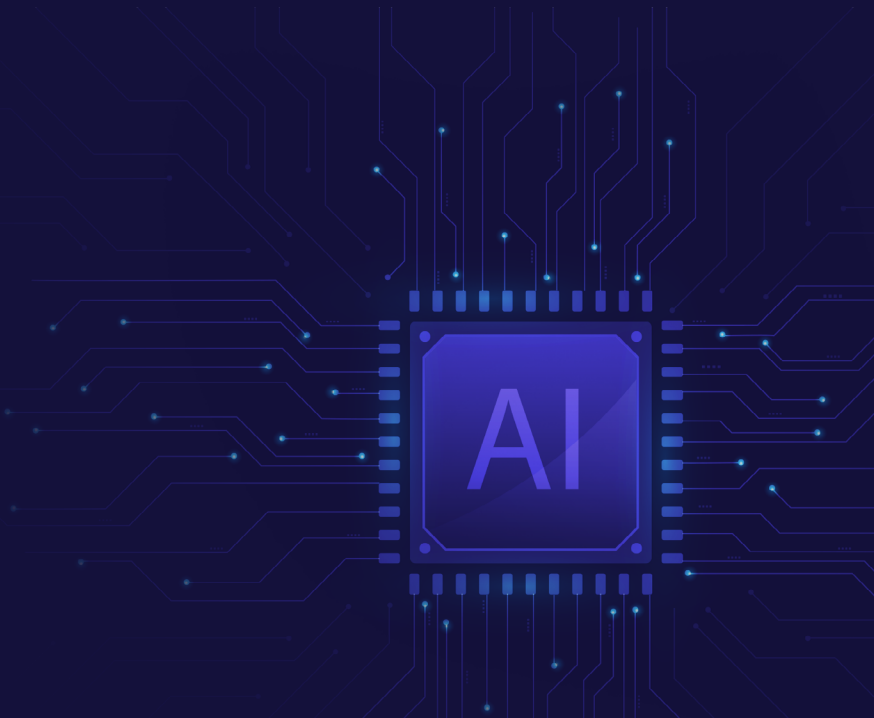
Getting the Most Out of Custom Algorithms

Importantly, even when using AI technology, the people and the data behind it have an equal part to play in making sure it is working to the best of its ability.

AI must be trained. And it must be trained by a combination of quality data and people who can make sense of that data. People within your team need to know the data, know the business, and know which data could unlock more opportunities, more conversions and, ultimately, more results.

Any business – whatever the vertical – that has the AI, data, and people in place will be able to harness the full capabilities of custom algorithms.
Every vertical has its own needs, and will have different approaches to upper and lower funnel activity. The AI learns in different ways to adapt to these needs and ensure that a business is getting the results it desires.



Charlotte Tillbury Reduces Customer Acquisition Costs

Luxury cosmetics brand Charlotte Tilbury was faced with the same challenge as many other businesses focused on selling high-value goods – growing its media spend would also grow its cost per acquisition (CPA) to undesirable levels. So, the brand needed to find a way to maintain its media spend, but drive better outcomes.

Charlotte Tilbury turned to Scibids to build bespoke models to inform DV360 custom bidding infrastructure with accurate conversion weightings, which were refreshed every time a new DV360 report became available.

Through A/B testing, the custom bidding IOs with Scibids' AI were found to outperform the control IO CPA, reducing CPA by 29%, doubling viewable reach, and tripling the conversion rate on remarketing tactics.

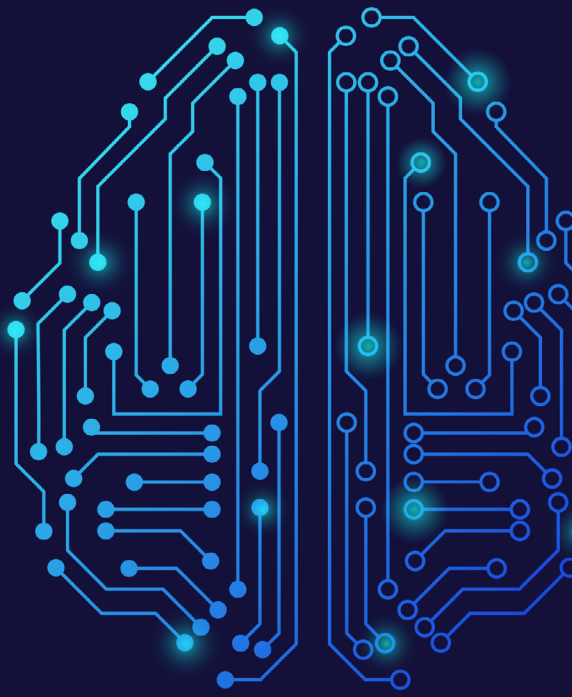
↓29%

Reduction in CPA

Time to Pay Attention

The impact that AI-powered custom algorithms can have on the programmatic ecosystem becomes even more evident when DoubleVerify's acquisition of Scibids is considered, growing on the pair's work building the DV Algorithmic Optimizer, which harnesses custom AI to supercharge attention metrics.

Customisable AI is not only here to revolutionise ad decisioning; it is here to redefine the verification space. For advertisers, this means maximising business outcomes across all of their programmatic addressable paid media and continuous optimisation to drive efficiency and effectiveness.



Leading Oral Care Brand Achieves 52% Cost Efficiency

The aim of online advertising is to boost awareness for a leading CPG brand's oral care products and, ultimately, drive sales, which tend to happen offline.

Due to this, the brand often has to approximate the impact of its advertising campaigns, opting for a quality CPM (qCPM) formula – which looks at fraud rate, viewability, and frequency – to measure this outcome.

Having defined this formula, the brand looked to Scibids to maximise impressions relating to qCPM at the most efficient cost. An A/B test was carried out, dividing the campaign into qCPM optimisation without custom bidding AI technology, and qCPM optimisation with Scibids' AI.

Over the course of the test, Scibids was able to drive a 52% reduction of qCPM, enabling overall spend growth and a twofold unique reach increase.

↓52%

Reduction in qCPM

Let's Get Technical

Matt Bushby, Head of Customer Success UK, Scibids

We hope that the need to use customisable AI within your media buying has now become abundantly clear. However, you may still have questions around how it all works and if you will have the capabilities to implement it.

Within programmatic buying, there are millions of combinations of datasets that are impossible for any human to navigate. AI steps in to crunch all of that data, find correlations, and return an actionable output.

Scibids' technology does that to see what is driving the media metrics that brands are working toward, plugging in the standard programmatic data, as well as attribution data, revenue data, attention data, and more. The AI looks at the full funnel, not just analysing the conversion event, but also looking at all of the events that have led up to that and establishing how they have all contributed to performance. These findings are used to both figure out what the right price is for impressions and to provide insights that can be applied to future campaigns. The AI can do a lot of the tasks that a human cannot do at speed or scale, and it can also provide the insights for humans to understand and help them consider what they want to do moving forward.

Scibids AI looks at all of the events that contributed to performance

Ultimately, the AI is analysing datasets at scale to help drive performance. It is analysing bidstream data, and third-party data from clients. It is crunching the numbers, doing it at scale, and doing it regularly to provide better results off the back of whatever media metrics there may be.

Icelandair Improves ROI Tenfold, Significantly Driving Down Cost Per Booking

Icelandair, the flag carrier of Iceland, worked with Scibids and digital media agency Brainlabs on its programmatic campaigns, with the aim of maximising online flight bookings at the lowest possible cost.

Utilising Scibids' AI, Brainlabs ran a test across 11 markets to assess the impact of the technology on Icelandair's digital ad efficiency. Following the successful test, Scibids' technology was applied across the airline's entire programmatic spend.

Scibids integrated into Icelandair's DSP seat via Google's DV360 Custom Bidding product.

As a result of the integration, Icelandair achieved a 70% decrease in cost per flight booking, representing a 10x ROI boost.

10X

ROI Boost

How Can I Start Using the Technology?

Scibids' custom bidding technology is straightforward to set up, and can immediately begin to provide results for your business. However, while the technology is easy to set up, we recommend implementing a rigorous testing programme, one that considers different media goals and campaign types.

We recommend the implementation of A/B testing, and running the technology versus a control of what you were doing before, then seeing the uplift from that. However, it is key that these tests receive a significant enough spend to be able to conclude how successful a custom AI-powered campaign has been.

Furthermore, although we have tried to answer the burning questions in this guide, do not be afraid to ask more. What use cases are right for my campaigns? Have we optimised towards ROAS, efficient reach or YouTube? How does the AI work? What does it do? What datasets can I plug? What can't I plug in? Being inquisitive will go a long way towards also being successful.

Conclusion

In the past, bidding algorithms were limited in their scope and capabilities. Often, optimisations had to be performed manually, despite the increased scale. As the off-the-shelf capabilities of DSPs slowly developed, the opportunities for more automation grew before eventually being taken to the next level by AI platforms such as Scibids. Being able to customise the DSP settings creates an environment where more data can be analysed, activated, and optimised through true automation.

Customizable AI is the key to unlocking the full power of datasets

Moreover, using AI to drive more relevant results, based on the business outcomes they are looking to achieve, should be the focus for all businesses – whether that's utilising the technology through media optimisation, creative, workflow enhancements, etc. The technology is there to drive better results in the same way that the introduction of the wider programmatic ecosystem did once upon a time.

Indeed, programmatic has moved on and needs more complex technologies to improve it. And customisable AI will be what powers those technologies for years to come.

Now, armed with the knowledge provided by this guide, it is time to begin exploring how AI solutions can help make full use of the available DSP customisation options.

Glossary of Terms

A/B Testing – A methodology that involves experimenting with two versions of a creative asset to see which performs better.

Ad Decisioning – The process of deciding whether an ad placement should be bid on and, if so, how much of a bid should be made.

Ad Exchange – A digital marketplace that facilitates the buying and selling of ad placements.

Ad Fraud – Falsely inflating impressions, clicks, or conversions to generate revenue.

Attention Metrics – Actionable metrics used to gauge user exposure, interaction and engagement with an ad, that serve as proxies for business outcomes across the marketing funnel.

Attribution – The process of identifying which actions contributed to a consumer reaching a specific outcome.

Audience Activation – Serving ads to the consumers that are most likely to convert.

Brand Safety – Protecting a brand's reputation by putting measures in place to prevent ads from appearing in undesirable locations.

CCPA – California Consumer Privacy Act – Californian privacy law on data protection.

ChatGPT – OpenAI's natural language AI chatbot.

Clickthrough Rate – Percentage of people who clicked on an ad that they were served

Conversion Event – Campaign-specific events representing the desired business outcome.

Conversion Rate – Percentage of people that reach the desired business outcome.

CPA – Cost Per Acquisition – Metric that measures the aggregate cost of a consumer completing an action.

Custom Bidding – Tailoring the bidding algorithm to align more closely with the business outcomes that actually matter to a business.

Data Science – The analysis and interpretation of data..

DSP – A demand side platform is a technological platform allowing buyers to handle the purchase of inventory on ad exchanges.

DV360 – Google's DSP (previously Doubleclick Bid Manager).

GDPR – General Data Protection Regulation – European privacy law for data protection.

Impression – Every time an ad is served.

IO – Insertion Order – agreement between an advertiser and a publisher to run an ad campaign.

KPIs – Key Performance Indicators – How the success of a campaign is measured.

Media Buying – The purchasing of ad space.

Performance – The effectiveness of an ad campaign.

Q-CPM – Qualitative CPM – custom metrics used in branding campaigns to measure the effectiveness and the quality of an ad campaign.

Real-Time Bidding – A form of programmatic buying and selling of ads in real-time via an auction.

Retargeting – Serving ads to consumers who have already engaged with the brand.

ROAS – Return on Ad Spend – a measure comparing the total amount invested in the ad buying process to the total amount of revenue generated by these ads.

ROI – Return on Investment – a measure comparing the total amount of money invested in media to the total amount of revenue generated by this investment.

SSP – A supply side platform is a technological platform that allows publishers to handle the sale of their ad inventory on ad exchanges.

Third-Party Cookies – A way of tracking user behaviour across the web.

Verification – Confirming that ads have had the opportunity to be seen, by real people, in a brand suitable environment, in the intended geography.

Viewability – A metric that aims to establish whether an ad has had the opportunity to be viewed by a consumer or not.