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# Dream vs. Reality: The State of Consumer- First and Omnichannel Marketing

In partnership with MediaMath

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# 1. Executive summary

This report, published by Econsultancy in partnership with MediaMath, is based on a global survey of more than 400 digital professionals involved in online advertising, carried out in April and May 2018. The research covers key trends in the digital advertising sector, and highlights the growing requirement for a consumer-first approach to marketing activities to underpin both respect for individuals' privacy and commercial success of the business.

## **Industry professionals understand the need to take a consumer-first approach to marketing... but many companies are still falling short**

The research shows that the commercial importance of focusing on the consumer experience first is broadly understood, though many companies are failing to adopt best practice. An overwhelming 91% of responding businesses recognize the importance of putting the customer first in all their marketing efforts, but a majority (51%) say they don't fully do so.

The failure to adopt a consumer-centric, omnichannel approach can cause a range of problems which can compromise the consumer experience and undermine advertising effectiveness. For example, meaningful measurement and attribution of marketing impact across channels is virtually impossible without an omnichannel approach. The research confirmed that seven in 10 (70%) organizations that don't take an omnichannel approach to their advertising lack the ability to accurately attribute their online advertising spend to offline channels.

## **Advertisers are held back by lack of adtech and martech integration**

The research has found that many brands are prevented from offering the best possible customer experience because of disconnected technology systems, a problem that hampers their attempts to engage customers and prospects with relevant and effective advertising.

More than nine in 10 (92%) advertisers agree that integrated technology and data allow for seamless and effective advertising, but this level of integration is a reality for only a minority of responding companies.

Almost two-thirds (63%) of advertisers and an overwhelming 96% of agencies and technology providers believe that advertising and marketing technologies are insufficiently integrated.

The need to have a single view of the customer was rated top when it comes to the benefits of having an integrated technology-related stack, above more process-related benefits such as consolidated reporting and centralized workflows.

An increasingly fundamental requirement for advertisers is the ability to target the right type of advertising to the right customers and prospects in real time. The *ability to dynamically segment audiences* is the most desired capability for companies when it comes to improving the advertising experience for consumers. Two-thirds (67%) of respondents rank this as one of their top-three choices for desired capabilities over the next five years.

## **The GDPR is an opportunity for change**

A key goal of the European Union's General Data Protection Regulation (GDPR) is to give consumers transparency into and control over how personal data is collected and processed, meaning that it is a legal requirement as well as best practice.

The regulation has had at least 'some impact' on the marketing practices for 82% of advertisers and 86% of agencies and adtech vendors, according to our survey.



That said, while the new privacy law represents a massive opportunity to put consumer needs front and center of marketing and advertising, less than half (46%) of advertisers ‘strongly’ agree that they have a privacy-compliant identity solution in place.

### **Digital advertising continues to play a vital role in businesses, with brands committed to increased investment while seeking greater efficiency**

Digital advertising helps companies to fulfil a range of business goals, from the most obvious need to generate revenues and decrease costs, to supporting objectives such as increasing brand awareness and influencing consumer opinions.

This research shows that the focus for advertisers is increased advertising efficiency, with well over half of advertisers (59%) and around three-quarters of agencies and technology providers (76%) citing this as a top-three priority.

The desire for greater efficiency has fueled the growth of programmatic advertising. According to the advertisers surveyed, 45% of digital ad spend – on average – is spent programmatically.



## 1.1. Methodology

There were 446 respondents to our research request, which took the form of a global online survey fielded in April and May 2018.

Information about the survey, including the link, was emailed to Econsultancy's user base and promoted via social media. The incentive for taking part was access to a free, advance copy of this report just prior to its publication on the Econsultancy website. Third-party panels were used to supplement the sample size.

The sample comprised advertisers (72%), agencies involved with media planning and buying (17%), and technology vendors (11%). Detailed breakdowns of the respondent profiles are included in the [Appendix](#).

If you have any questions about the research, please email Econsultancy's Head of Commercial Research Services, Monica Savut ([monica.savut@econsultancy.com](mailto:monica.savut@econsultancy.com)).

## 1.1. About Econsultancy

Econsultancy's mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programs, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

[Subscribe to Econsultancy](#) today to accelerate your journey to digital excellence.

Call us to find out more:

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- **New York:** +1 212 971 0630
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## 2. Foreword by MediaMath

### **Consumer-first marketing in 2018 and beyond**

It's a great time to be a marketer.

The practice of marketing is moving ever closer to becoming more intelligent, customer-friendly, efficient and effective. We now have the technology in place – demand-side platforms, data management platforms, martech systems, artificial intelligence – to customize communications at scale across touchpoints.

This is not technology for technology's sake, but technology that can finally make marketing that everyone loves. That's right, *loves*. Marketing that consumers love because it informs and delights while being respectful. Marketing that marketers love because it helps drive real business outcomes with transparency and control. Marketing that every value-adding participant in the ecosystem loves because it creates opportunities for service providers, content creators, technologists and so much more. More importantly, marketing can also be a force for good. It can create economic value and spur virtuous cycles of innovation – for consumers and brands, and for the agencies, consultants, media, technology and data that connect them.

### **It's time for marketing to grow up**

You don't have to be a CMO to know that there's a disconnect between the vision of what marketing is capable of and its current reality. As a consumer, the gap is evident as well.

Consumers are barraged by increasingly annoying, intrusive, irrelevant or over-bearing ads. There is a growing concern that their attention and personal data are being exploited by bad actors, while they are given little or no say in the matter. Meanwhile, the proliferation of media touchpoints means marketers are being forced to manage increasing complexity in their marketing activities, yet continue to have limited tools to efficiently execute and measure its impact. The result is an alarming level of distrust and tension in the industry, massive waste of time and resources and a general stifling of innovation.

The problems are clear, but fortunately the solutions are near at hand. That being said, making the vision a reality is not easy.

### **The gap between the promise and the reality**

Our research with Econsultancy finally quantifies this disconnect. Their survey of more than 400 marketers from around the world shows how the industry is recognizing a consumer-first approach to marketing, but still struggles to execute it.

For instance, 92% of respondents agree that integrated tech and data allow for seamless, effective advertising, yet 63% of advertisers and 96% of agencies believe that their adtech and martech are insufficiently integrated. And that's just one of the interesting facts we discovered that quantify the disconnect.

### **What to stop, start and continue**

Digital marketing has been around for more than 25 years, and programmatic for more than 10. It's time for a change, one that will enable everyone involved in the making or consumption of marketing to enjoy and benefit from both the process and the outcomes.

To build the third generation of digital marketing, we must move beyond legacy infrastructure, expose the bad actors in the supply chain and eradicate the notion that consumers are a means to an end. This report shows that we have a real opportunity to unite our whole industry around new technological standards, commit to ever-increasing transparency and control, and respect



consumers' privacy, while striving to consistently delight and inform them. We must acknowledge as fact that marketing must deliver for all members of the ecosystem.

This is how we can make marketing everyone truly loves – from consumers to marketers and everyone in between.



**Dan Rosenberg**  
**CMO/CSO**  
**MediaMath**

## 2.1. About MediaMath

MediaMath helps leading global marketers deliver personalized digital advertising across all connected touchpoints.

Over 9,500 marketers in 42 countries use our enterprise software every day to launch, analyze and optimize their digital advertising campaigns across display, native, mobile, video, audio, social, digital out of home and Advanced TV formats.

Founded in 2007 as a pioneer in programmatic advertising, MediaMath was recognized by Forrester in 2017 as a Leader in both the Demand-Side Platform and Data Management Platform categories.

MediaMath has offices in 16 cities worldwide and is headquartered in New York City.

To learn more about how MediaMath helps innovative marketers delight their customers and drive real business outcomes, follow us at [@mediamath](https://twitter.com/mediamath) or visit [www.mediamaath.com](http://www.mediamaath.com).

### 3. Context: the digital advertising landscape

Although in the last year, the digital advertising industry has garnered the most news around challenges of privacy and consumer data protection, the contribution of this industry to the global economy is undeniable.

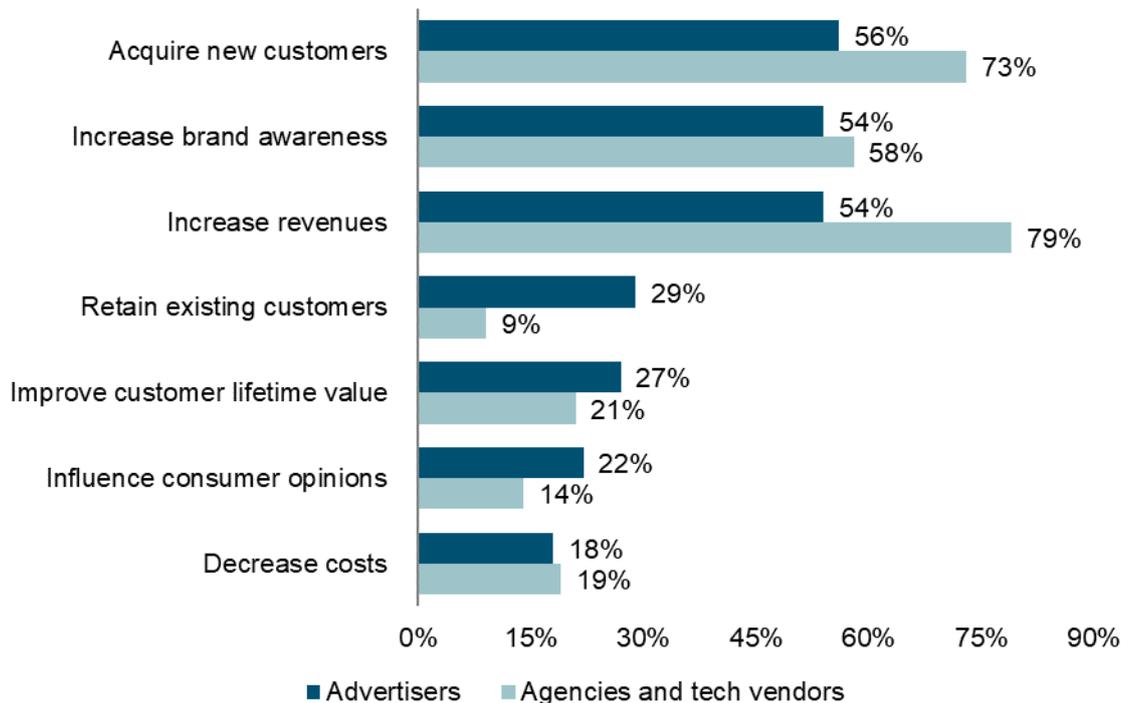
Digital advertising plays a vital role in helping companies fulfil a range of business goals, from the most obvious need to generate revenues and decrease costs, to supporting objectives such as increasing brand awareness and influencing consumer opinions.

Furthermore, a study published by IHS Markit last year on the economic contribution of online advertising in Europe found that the industry adds €526bn to the EU economy each year, with 6m jobs in the EU supported in some form by digital advertising.<sup>1</sup> Meanwhile, in the US, the ad-supported internet ecosystem was found to have generated \$1.121 trillion for the US economy in 2016, according to an IAB study, *The Economic Value of the Advertising-Supported Internet Ecosystem*.<sup>2</sup>

While the focus of this report is around the need for businesses to prioritize the user experience, the broader context of the commercial imperative should be very much kept in mind.

#### Digital advertising objectives

Figure 1: What are your (or your clients’) primary objectives for online advertising?



Advertisers: 290  
Agencies and tech vendors: 103

Methodology note: Respondents could select up to three options.

<sup>1</sup> <https://www.iabeurope.eu/policy/data-protection/research-report-the-economic-contribution-of-online-advertising-in-europe/>

<sup>2</sup> <https://www.iab.com/news/ad-supported-internet-brings-1-trillion-u-s-economy-doubling-contribution-since-2012-according-iab-study/>



Figure 1 shows the top objectives for digital advertising, from the perspective of both advertisers and the agencies and technology companies that support them. While advertisers give similar weight to the importance of customer acquisition (56%), brand awareness (54%) and revenue growth (54%), agencies and technology providers lean very much towards the fundamental commercial necessities of increased revenues (79%) and new customers (73%) as the overriding considerations.

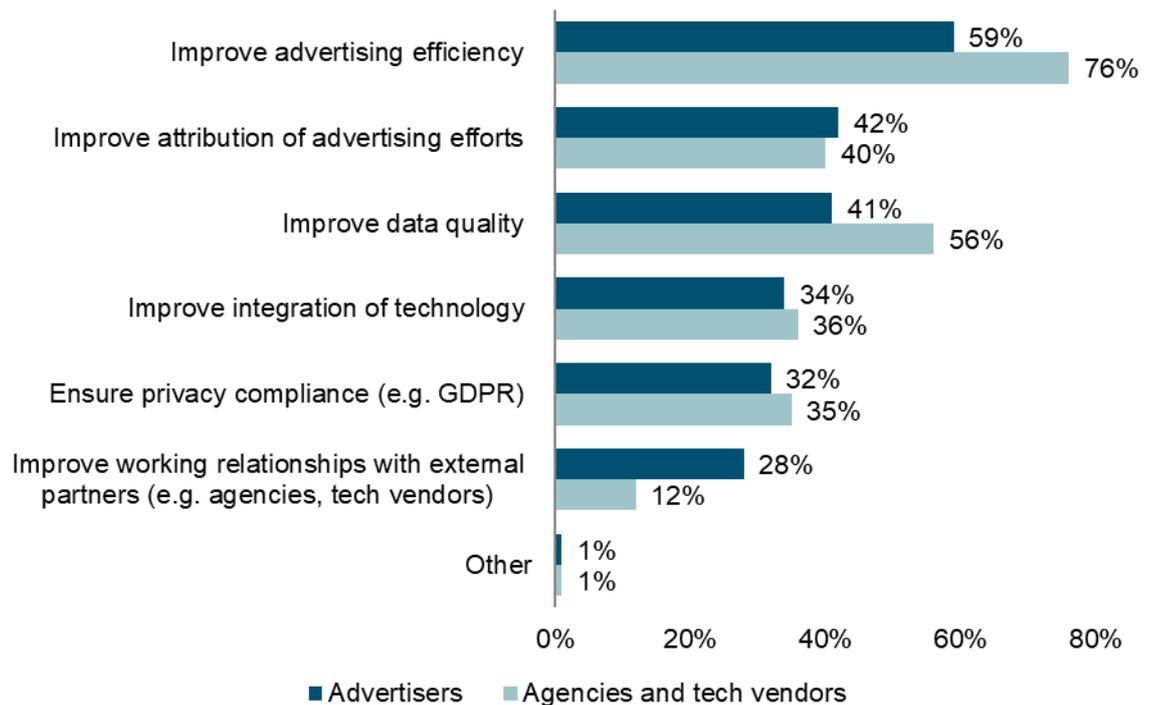
Reflecting its vital contribution to business, the digital advertising sector continues to grow at a fast pace. In the US alone, online advertising spending reached \$88bn last year, a 21% increase from 2016 and a new high, according to the IAB Internet Advertising Revenue Report, conducted by PwC.<sup>3</sup>

### The growth of programmatic

This research shows that the main objective for advertisers is increased advertising efficiency, with well over half (59%) of advertisers and around three-quarters (76%) of agencies and technology providers citing this as a top-three priority (Figure 2).

It is this quest for greater efficiency that has fueled the growth of programmatic advertising, with automated trading and algorithm-driven targeting of ad units reducing wastage and increasing return on ad spend.

Figure 2: For the year ahead, what are your (or your clients’) main priorities for online advertising?



Advertisers: 283  
Agencies and tech vendors: 97

Methodology note: Respondents could select up to three options.

<sup>3</sup> [https://www.iab.com/wp-content/uploads/2018/05/IAB-2017-Full-Year-Internet-Advertising-Revenue-Report.REV2 .pdf](https://www.iab.com/wp-content/uploads/2018/05/IAB-2017-Full-Year-Internet-Advertising-Revenue-Report.REV2.pdf)



According to the advertisers surveyed as part of this global research, 45% of ad spend – on average – is spent programmatically, though other studies suggest this figure could be significantly higher in some markets. Research published by eMarketer this year estimates that \$46bn will go to programmatic advertising in the US this year, amounting to 82.5% of all digital display ads.<sup>4</sup>

Despite its many advantages, programmatic advertising is not without its challenges, with well-documented concerns about transparency through the value chain, ad fraud and inconsistent measurement coming to the fore in recent months.<sup>5</sup> The recent enactment of the GDPR has also caused confusion in the marketplace, resulting in a reduction in demand for programmatic ads in Europe.<sup>6</sup>

These are problems that the industry must continue to address to support the continued evolution of programmatic advertising, and an opportunity to create an online environment that is ultimately better for both the consumer and the advertiser.

<sup>4</sup> <https://www.emarketer.com/content/more-than-80-of-digital-display-ads-will-be-bought-programmatically-in-2018>

<sup>5</sup> <https://martechtoday.com/programmatic-problems-fixing-broken-market-211718>

<sup>6</sup> <https://digiday.com/media/gdpr-mayhem-programmatic-ad-buying-plummets-europe/>



## 4. Putting the consumer first

In order to remain competitive, modern-day businesses need to provide experiences that delight their customers by going beyond their expectations. Marketers need to be able to deliver those experiences consistently and coherently across all the appropriate channels, on- and offline, in privacy-compliant ways.

But there are a lot of moving parts – including technology, data and processes – that need to be operating in harmony for marketers to create advertising that both respects and engages the consumer. From siloed data to last-touch attribution models, many marketers don't have the tools to do this efficiently and effectively.

This report explores the extent to which companies are prioritizing the consumer in the context of their marketing and advertising activities, and the challenges that they are facing.

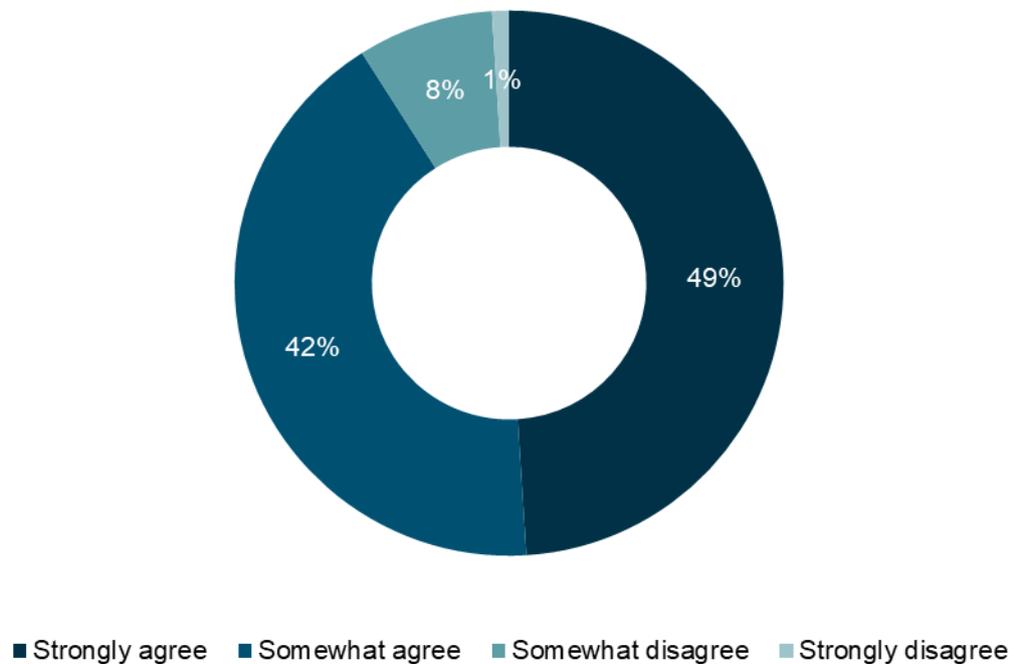
### Everything revolves around the consumer

Our survey certainly showed that the consumer-first view of the world is now dominant in business. An overwhelming 91% of respondents agreed that they put the customer first in all of their marketing efforts (*Figure 3*).

The results also showed that companies are highly aware that being truly consumer-first means it is imperative to join up communications across multiple channels. More than nine in 10 (92%) respondents agreed that omnichannel advertising produces better results than a fragmented approach, and a similar percentage (94%) agreed that efficient online advertising is generally tailored to each stage of the customer journey (*Figure 4*).

### Advertisers

Figure 3: 'We put the customer first in all our marketing efforts' – agree or disagree



Respondents: 270

However, thinking and doing are not the same thing. The research also found that while almost all companies recognize what is required, there is still a significant number that have yet to match up to these requirements.

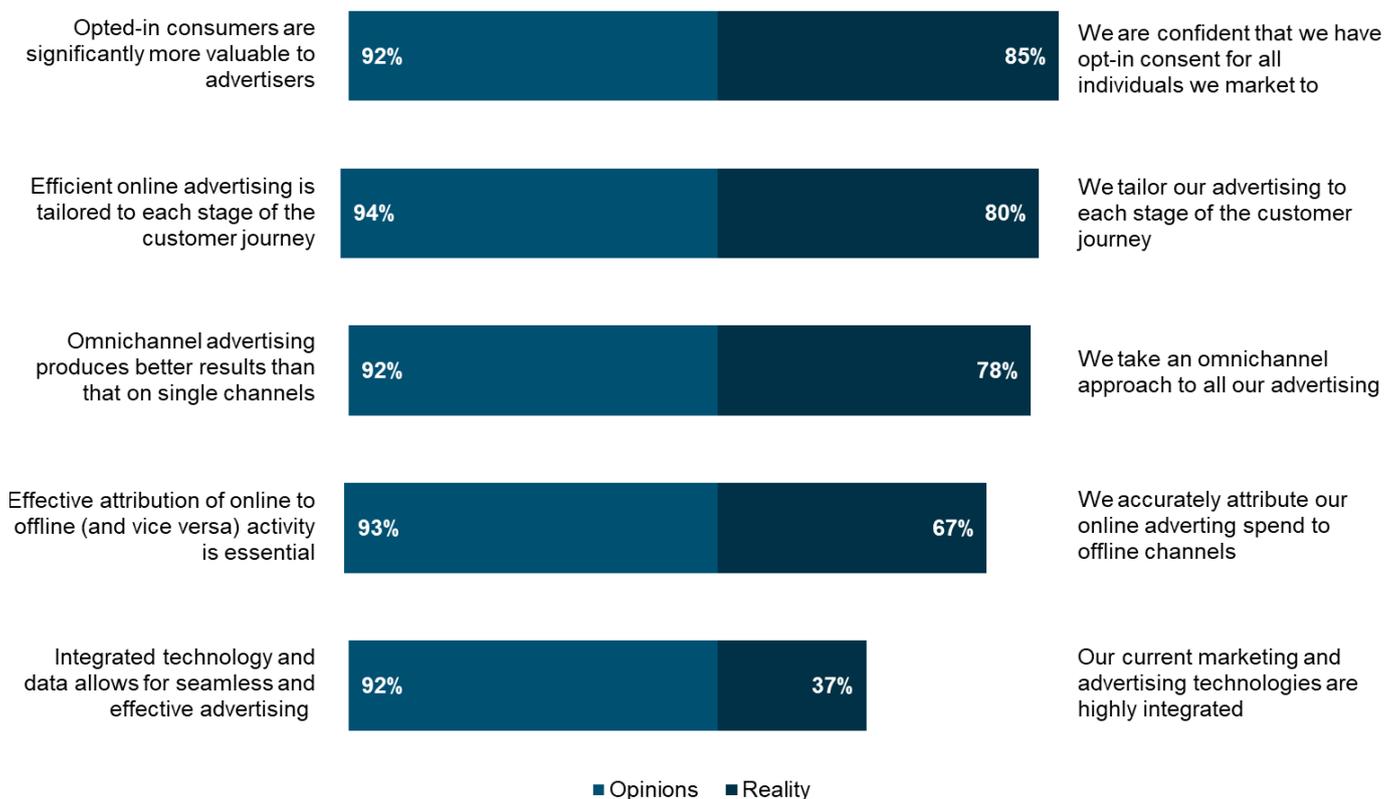
So, while almost everyone we surveyed recognized the importance of putting the customer first in all their marketing efforts, a majority (51%) of companies say they don't fully do so (Figure 3).

What are the potential reasons for this apparent dissonance? Lewis Rothkopf, MediaMath's General Manager of Media and Growth Channels, says: *"For one thing, marketers in many cases still struggle to define what 'omnichannel' means – there's a general recognition that consumers have changed and that they need to be addressed appropriately, sequentially, throughout the purchase funnel, but it is sometimes challenging to determine the right mix of channels to accomplish that goal. Additionally, existing tools for omnichannel execution can be challenging to use, and sometimes don't offer the ability to address all required consumer touchpoints."*

He added: *"The solution starts with integrated technology through which marketers can activate audiences across all channels seamlessly in addition to optimizing campaigns from one place, targeting, managing creative and understanding campaign effectiveness. Marketers must also ensure they are taking an audience-first approach to media, instead of making assumptions about specific supply by source or channel."*

## Advertisers

Figure 4: Opinions versus reality – proportion of respondents agreeing with statements



Respondents: 270



## The divide between offline and online persists

Attribution – the ability to establish how much influence each touchpoint along the customer journey had in the final purchase decision – has long been a goal of marketers, because it represents a crucial step in being able to optimize spending and, therefore, maximize return on advertising investment. But while technology has been joining up digital channels to make attribution across the online part of the customer journey easier, adding true offline attribution continues to be a massive challenge for companies that are not focused on the bigger, omnichannel picture.

Unsurprisingly, 93% of respondents to our survey agreed that effective attribution across online and offline activity is essential (*Figure 4*). But once again, a gap is evident. Only two-thirds (67%) of respondents said they could accurately attribute their online advertising spend to offline channels.

Further analysis of the data revealed that companies taking an omnichannel approach to their advertising campaigns are more than twice as likely to accurately attribute their online spend to offline channels as those that don't (78% vs. 30%). There is a strong correlation between the failure to adopt an omnichannel approach and the lack of ability to carry out effective attribution, as seven in 10 (70%) organizations without an omnichannel approach also lack the ability to accurately attribute their online spend to offline.

## Better data about fewer people – the potential impact of the GDPR

While the GDPR and its implications are covered in more detail in the next section, one perhaps unforeseen result of the recent implementation of the GDPR has been to remind companies how valuable it is to be able to prompt customers to opt in to receive communications. It's far easier to create a single view of a customer across the entire business – previous transactions, membership of loyalty programs, advocacy on social media – if you know your customers.

This, too, was recognized by the vast majority of our survey respondents. It's striking that 85% were confident they had opt-in consent for all individuals to whom they market (*Figure 4*). However, the survey was carried out before the GDPR deadline. While many marketers welcomed the GDPR as an incentive for companies to ensure the quality of their data, some estimates suggested the re-registering process could result in up to four-fifths of customers choosing not to continue their marketing relationships.

Whether an opt-in is legally required in different circumstances varies and is debated. Nevertheless, an undisputed goal of the new EU legislation is for consumers to have greater transparency and control around how personal data is collected and processed, in addition to an easy way to opt out of marketing, including advertising.

## The fundamental need for integrated martech

Behind all this is the question of technology. Once again, our survey showed almost universal agreement (92%) that one of the crucial ingredients of seamless and effective advertising is having integrated technology and data (*Figure 4*).

The impact on advertising also showed when we asked respondents to list the benefits of having an integrated technology stack (*Figure 6*). Having a *single view of the customer* was rated top, above more process-related benefits such as *consolidated reporting* and *centralized workflows*.

But here the gap between those who understand the issue and those actually addressing it is even more stark. Only around a third (37%) of advertisers agree that their marketing and advertising systems are highly integrated, while only a tiny proportion of agencies and technology providers (4%) say this is the case for their clients (*Figure 5*). The importance of integrated technology in order to serve the needs of both the business and the consumer are covered in more detail in *Section 6* and *Section 7* of this report.



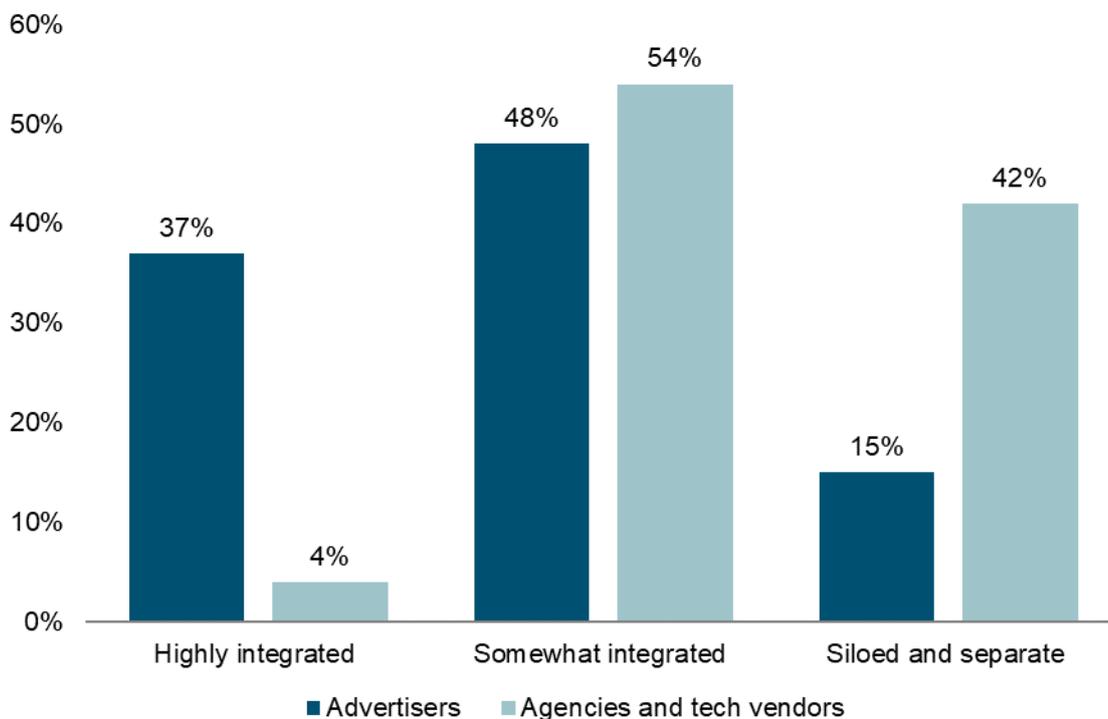
A related and increasingly fundamental requirement for advertisers is the *ability to dynamically segment audiences*, a capability shown in *Figure 7* to be top of the wish list for companies when it comes to improving the advertising experience for consumers. Two-thirds (67%) of respondents rank this as one of their top-three choices for desired capabilities over the next five years. The ability to target the right type of advertising to the right customers and prospects in real time or close to real time is fast becoming a must-have capability for businesses seeking to put the consumer first – both in terms of delivering relevant messages *and* complying with privacy controls.

*Section 8* looks at the role of artificial intelligence to improve online advertising performance, including its potential for even more effective segmentation thanks to its ability to harness more data variables like mood and weather.

It can be seen in *Figure 6* that *reduced data loss and latency* ranks lowest when it comes to the perceived benefits of integrated technology. This is interesting given that one of the benefits of dynamic segmentation through an integrated platform is that it enables audiences to be activated more quickly and seamlessly in media. Also, any loss in data, which can occur when data management is siloed from media buying, decreases the accuracy of audience segments, which can lead to suboptimal instances of consumers being shown an ad for something they already bought.

Meanwhile, a *standard, shared identity space that reduces web latency* ranks last in the pecking order of importance when it comes to the improvement of the customer experience in advertising (*Figure 7*), again suggesting that advertisers may be neglecting problems which could come back to haunt them in the longer term.

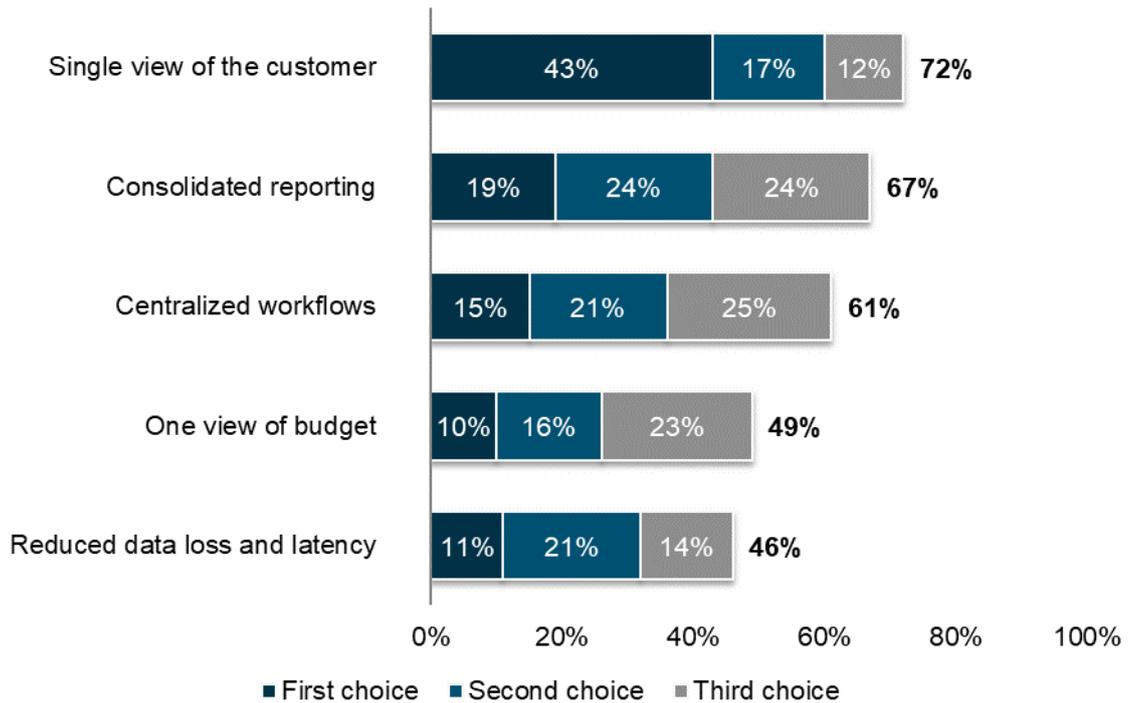
Figure 5: How integrated are your (or your clients’) current marketing and advertising technologies?



Advertisers: 265  
Agencies and tech vendors: 82

Advertisers

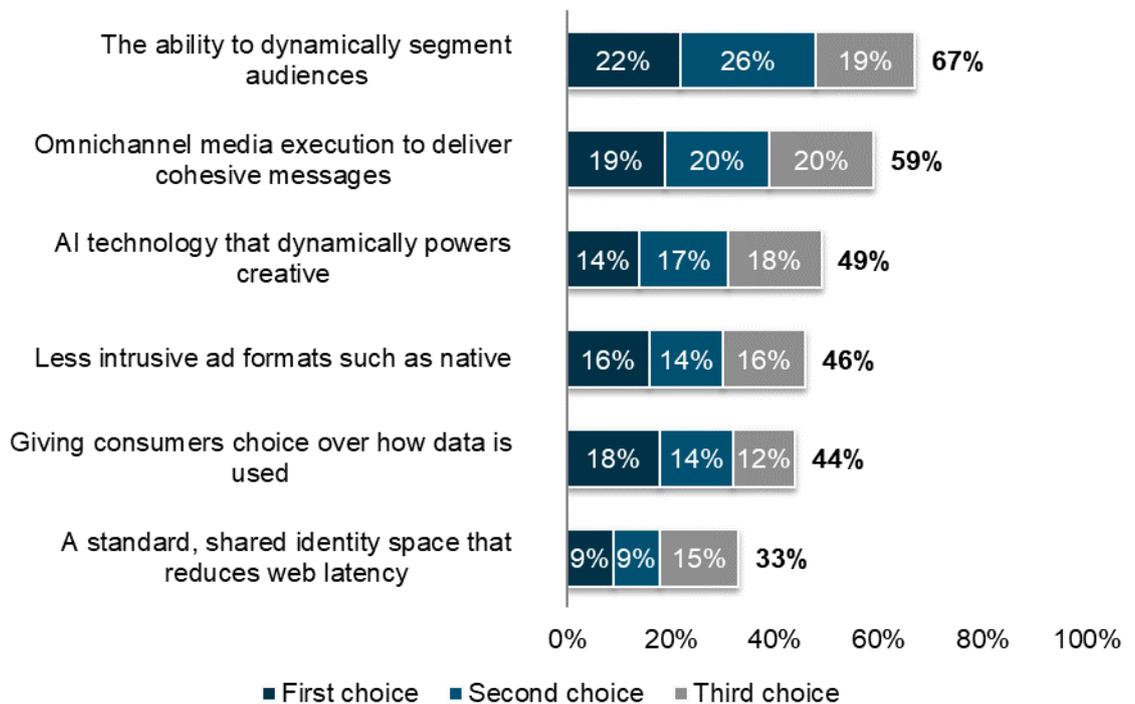
Figure 6: Please rank the following benefits of using integrated technology in order of importance for your organization.



Respondents: 263

Advertisers

Figure 7: Over the next five years, what would help improve the customer experience in advertising? Please rank the six options in order of importance.



Respondents: 258



## 5. The GDPR: the game-changing opportunity

In most European jurisdictions, brands or agencies seeking to store or access information (such as a cookie) on a device are still required to obtain the user's consent under the ePrivacy Directive (the 'cookie law').

The GDPR, which came into effect in May 2018, allows for further processing of personal data on the basis of legitimate interest or consent, and also heightens the requirements for companies that are operating on the basis of consent. In addition, any part of the digital supply chain storing data on a person's health, sexuality, politics, religion or other 'special categories' of data needs explicit consent under the GDPR.

Crucially, the digital marketing industry has recognized that consumers must have greater control over their personal data. All permissions should not only be recorded, but consumers must also be allowed to check what they have given consent to and withdraw that permission at a later stage, should they so wish.

There is clearly a requirement for consumers to feel more in control of their data and be kept informed about what it is used for. If behavioral targeting is being deployed, it needs to be highlighted and, likewise, if consumers are going to be tracked across different devices, this needs to be made clear, too. Hence, the Information Commissioner's Office (ICO) has been at pains to point out that privacy notices must be written in plain English to inform the public what is being done with their data, why it is being used in this way and how they can object.<sup>7</sup>

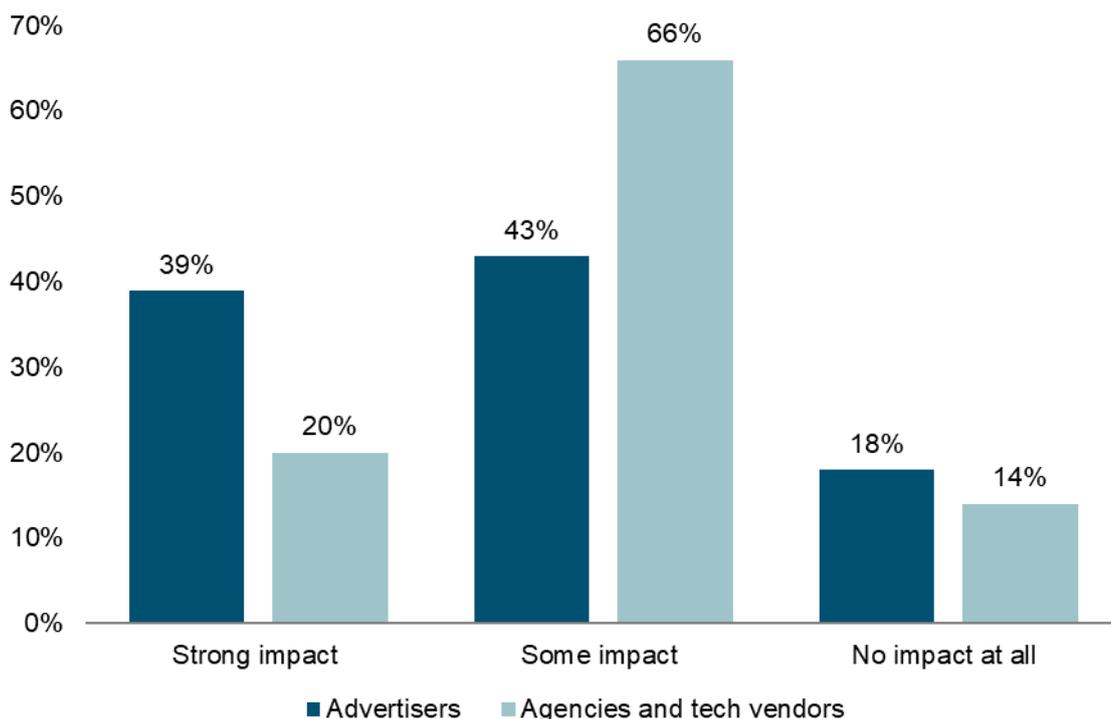
Customers also have the right to have data corrected or deleted, and so it is impossible to imagine how this could be achieved without focusing on the consumer with campaigns, websites and apps that have privacy built into them by design. Transparency is not only necessary at the beginning, when consent is sought, but throughout the entire process, allowing consumers to exercise their new data rights at any stage.

Clearly the GDPR, then, has had a big impact on data-driven, digital marketers. As controllers of data under the GDPR, advertisers are focusing on building accurate, compliant data sets that allow them to build a more transparent relationship with customers.

This could be why advertisers are nearly twice as likely as agencies and adtech vendors (39% compared to 20%) to reveal that the GDPR has had a 'strong impact' on them (*Figure 8*). Across the board, though, the new regulation has had at least 'some impact' for 82% of advertisers and 86% of agencies and adtech vendors. So, while advertisers might have felt the impact most strongly, the general impact across the advertising supply chain is far-reaching.

<sup>7</sup> <https://www.econsultancy.com/blog/69256-gdpr-how-to-create-best-practice-privacy-notices-with-examples>

Figure 8: To what extent has data privacy regulation (e.g. GDPR) had an impact on the ways in which you (or your clients) advertise online?



Advertisers: 269  
Agencies and tech vendors: 83

### Opportunity to build in privacy by design

New privacy rules represent a massive opportunity to put consumer needs front and center of marketing and advertising. A separate research study<sup>8</sup> recently found the GDPR split marketing into two camps – 55% have taken a marketing-first approach and the remaining 45% have concentrated on a legal-first approach. While the latter is a cautionary tale of checking off points with lawyers, the former is more about putting customer rights at the heart of everything an organization does to build a better relationship with customers based around greater transparency.

This is sorely needed. In its latest Annual Track<sup>9</sup>, the ICO sought the public’s opinion on what they think about how their data is used, and their awareness of information rights. Only 16% believe businesses are transparent with their use of data and a mere 14% felt in control of their data. A majority were fearful data would be used for spam emails, unsolicited phone calls or could make them prone to hackers. This is referred to by the ICO as the ‘data-sharing tension’.

### The privacy achievement gap

The arrival of the GDPR means that it is crucial for marketers to be able to demonstrate they have sought permission for each way personal data is to be used. However, again, there is a clear gap between what digital marketers know they need to achieve and what they feel they can demonstrate.

When asked if their organization has a privacy-compliant identity solution, less than half (46%) ‘strongly’ agreed they did (Figure 9). Although a further 42% ‘somewhat’ agree, that still means fewer than half of marketers are completely satisfied they are compliant when it comes to privacy

<sup>8</sup> <https://www.digitaldoughnut.com/report/d53b743f-75ab-4b6e-9251-ecofc96f474e>

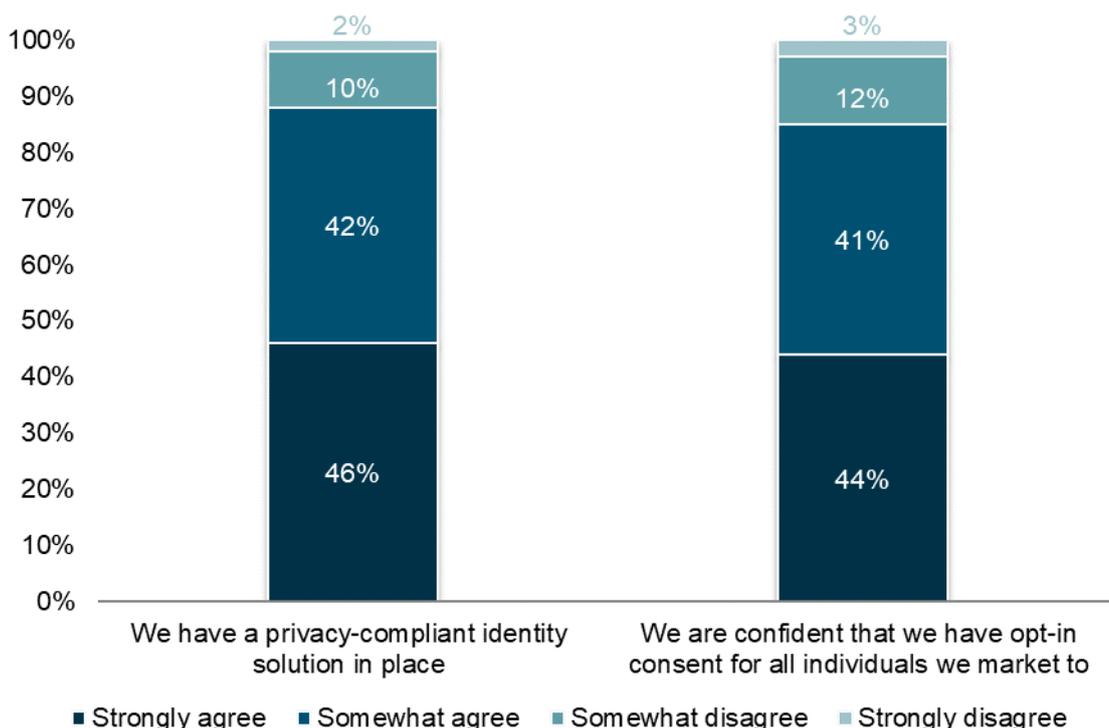
<sup>9</sup> <https://ico.org.uk/about-the-ico/research-and-reports/information-rights-research/>

in digital marketing. Some 12% disagree somewhat or strongly, which is in effect a confession from one in nine marketers that they know they are not compliant on privacy.

It is a very similar story when marketers are asked if they are confident they have a compliant opt-in system for all individuals they market to. Again, less than half (44%) believe they definitely do and 41% somewhat agree. This means that fewer than one in two marketers are satisfied they are compliant in how they have asked for opt-in consent, that they have recorded it, and that they offer the possibility for it to be withdrawn at a later stage. Furthermore, 15% of respondents admit they are not compliant on opt-ins.

## Advertisers

Figure 9: Please indicate whether you agree or disagree with the following statements.



Respondents: 270

## The need for a unified approach

The digital advertising supply chain – including agencies and technology vendors – needs to be working in harmony so that consumers benefit from a more relevant experience while advertisers enjoy better ROI.

Supply chain co-operation is particularly important in the context of the GDPR. Advertisers have to look beyond their own teams to ensure that consent is properly recorded and processed, which means going further than their legal advisers and seeking partnerships within the advertising ecosystem.

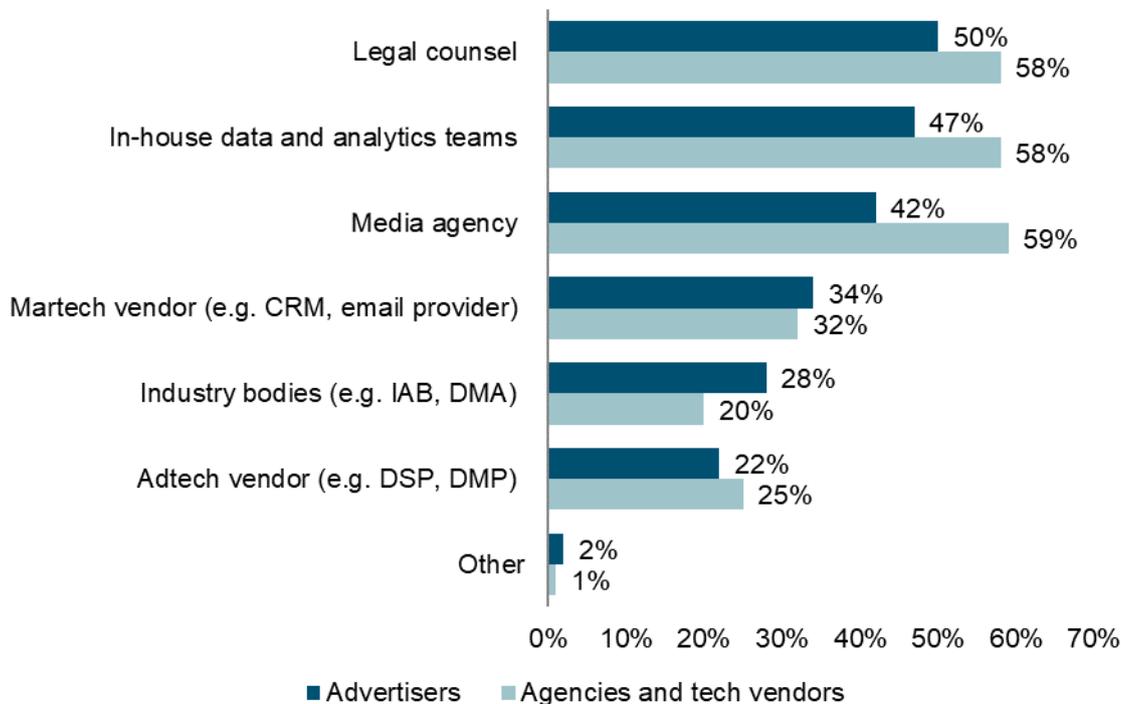
Yet, when advertisers, agencies and adtech vendors were asked with whom they had worked on data privacy compliance, a very clear picture emerges. As one might expect, legal counsel came out on top (*Figure 10*), although one may have expected that more than a mere 50% of advertisers and 58% of agencies and adtech vendors would seek legal advice.

Working with in-house data teams and a media agency were the next two most popular answers, particularly for agencies and tech vendors who were as likely to seek conversations with these teams as they were to consult a lawyer.



However, partnership work takes a dramatic dip when other vendors and industry bodies come into the equation. Advertisers are nearly twice as likely to have consulted a lawyer on privacy as they are an industry body, such as the IAB or DMA. The same was true for consultations with adtech providers.

Figure 10: Which of the following partners have you (or your clients) directly worked with on data privacy compliance?



Advertisers: 262  
Agencies and tech vendors: 81

This lack of a unified industry approach, based around a patchwork of partnerships, is clearly not in keeping with the requirement for consent to be holistically managed so it can be utilized throughout the digital marketing supply chain. Both advertisers and agencies and adtech vendors reveal the GDPR has had a major impact on them and yet less than half are strongly confident they have compliant opt-in and privacy measures in place.

It begs the question, with such a lack of partnership, how can digital marketers ensure their data and adtech systems are working together seamlessly to deliver insight-driven, tailored advertising campaigns?

One initiative that marketers should be aware of is the IAB Europe Transparency and Consent Framework<sup>10</sup> which aims to help all parties in the digital advertising ecosystem “ensure they comply with the EU’s GDPR and ePrivacy Directive when processing personal data or accessing and/or storing information on a user’s device, such as cookies, advertising identifiers, device identifiers and other tracking technologies”.

<sup>10</sup> <http://advertisingconsent.eu/>

## 6. The puzzle of technology integration

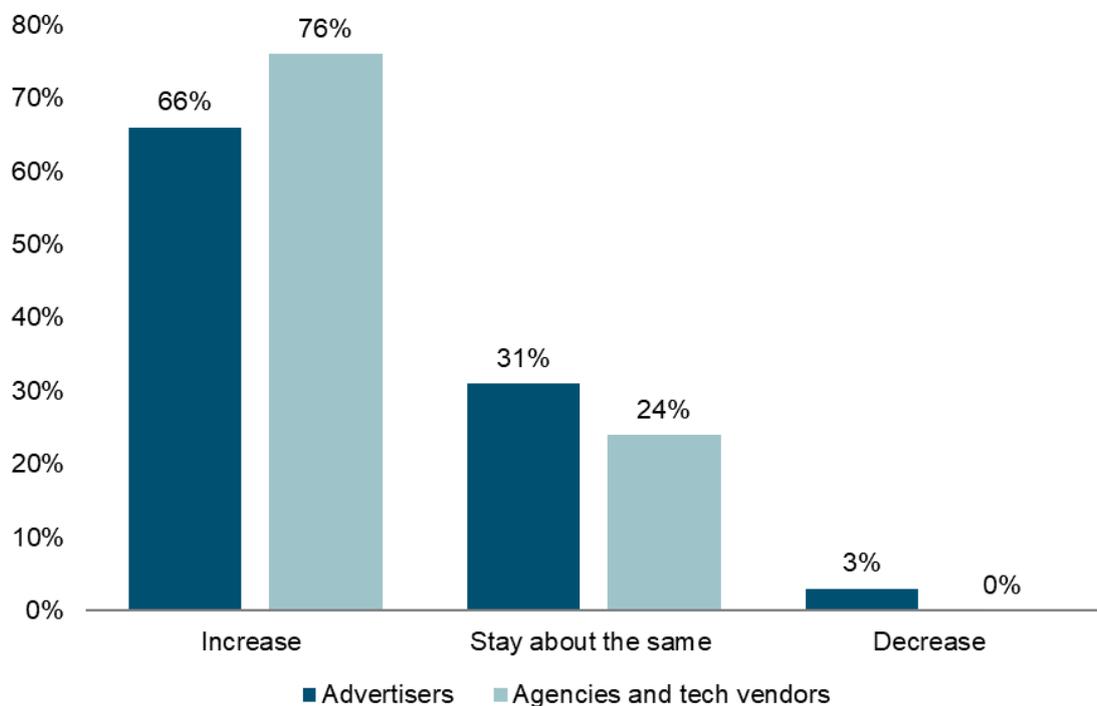
The enormous growth of online advertising over the last few years has been enabled by the rate of technological advancement in the industry. The scale and depth of what is now possible in online advertising, from formats to trading, relies on a patchwork of technologies that have changed the face of digital advertising and what it means to be a marketer.

Although we have seen vast improvements in targeting, personalization and ad effectiveness, the speed of change has allowed the technology landscape to become wildly complex. Any attempt to map out companies and subsectors within martech and adtech reveals a mass of point solutions and enterprise technology stacks vying for a share of the opportunity to improve the effectiveness and experience of online advertising.

The latest version of a well-known martech landscape<sup>11</sup>, by chiefmartec.com editor Scott Brinker, shows a 27% increase in the number of vendors compared to last year, highlighting the ongoing proliferation of new technology providers despite a high level of consolidation within the industry. The IDC expects spending by CMOs on marketing technology to exceed \$32bn this year, and studies are showing that spend on martech is correlated with success in many cases. For example, a recent study by the Association of National Advertisers (ANA) concluded that companies that are spending the most on marketing technology are also the top performers.<sup>12</sup>

Figure 11 shows a focus on technology investment, with two-thirds of advertisers and a full three-quarters of agency and technology providers committed to increased tech-related digital advertising spending this year.

Figure 11: In 2018, will your (or your clients') spending on digital advertising technology go up or down?



Advertisers: 276  
Agencies and tech vendors: 90

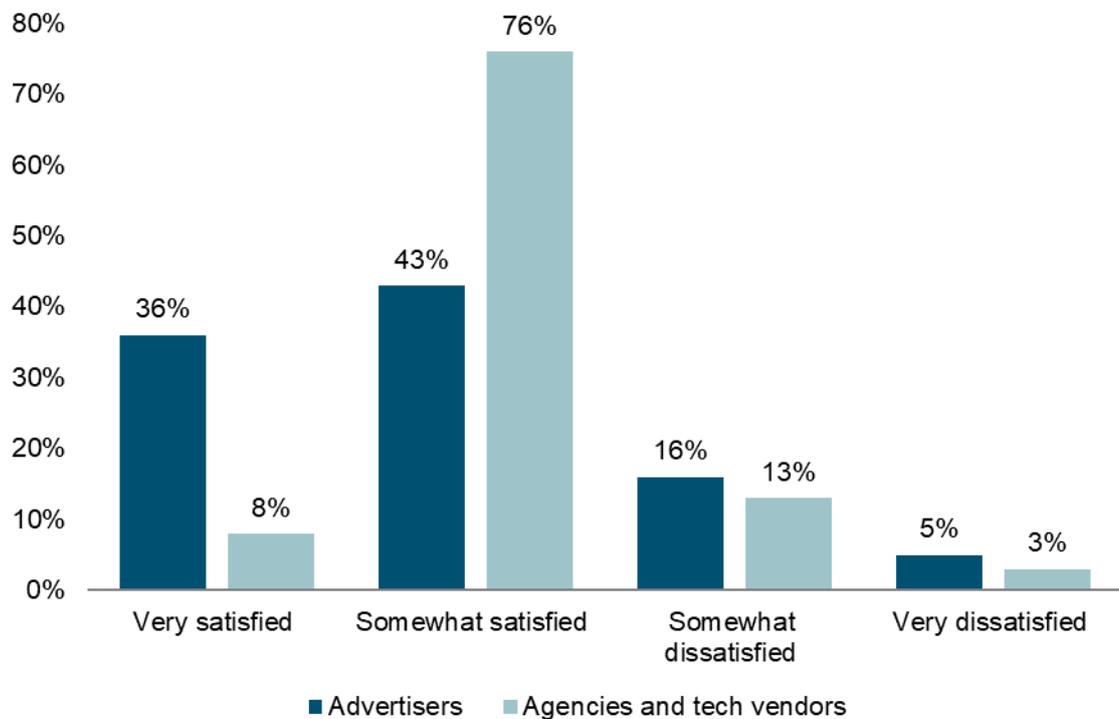
<sup>11</sup> <https://chiefmartec.com/2018/04/marketing-technology-landscape-supergraphic-2018/>

<sup>12</sup> <https://services.google.com/fh/files/misc/report-mit-smr-the-data-driven-transformation.pdf>

## Satisfaction with technology

Though correlated, spend alone is evidently no guarantee of success or satisfaction with tools. Only 36% of advertisers are 'very satisfied' with their current tech (*Figure 12*), and a significantly lower percentage of agencies and adtech vendors (8%) believe their clients feel the same way.

Figure 12: How satisfied are you (or your clients) with your (or their) current marketing and advertising technologies?



Advertisers: 265  
Agencies and tech vendors: 82

More important to the success of marketing and advertising technology than the level of spending is the level of integration between tools. *Figure 4* in *Section 4* showed that 92% of respondents agreed that integrated technology and data allow for seamless and effective advertising, but this level of integration is a reality for only a third of responding advertisers.

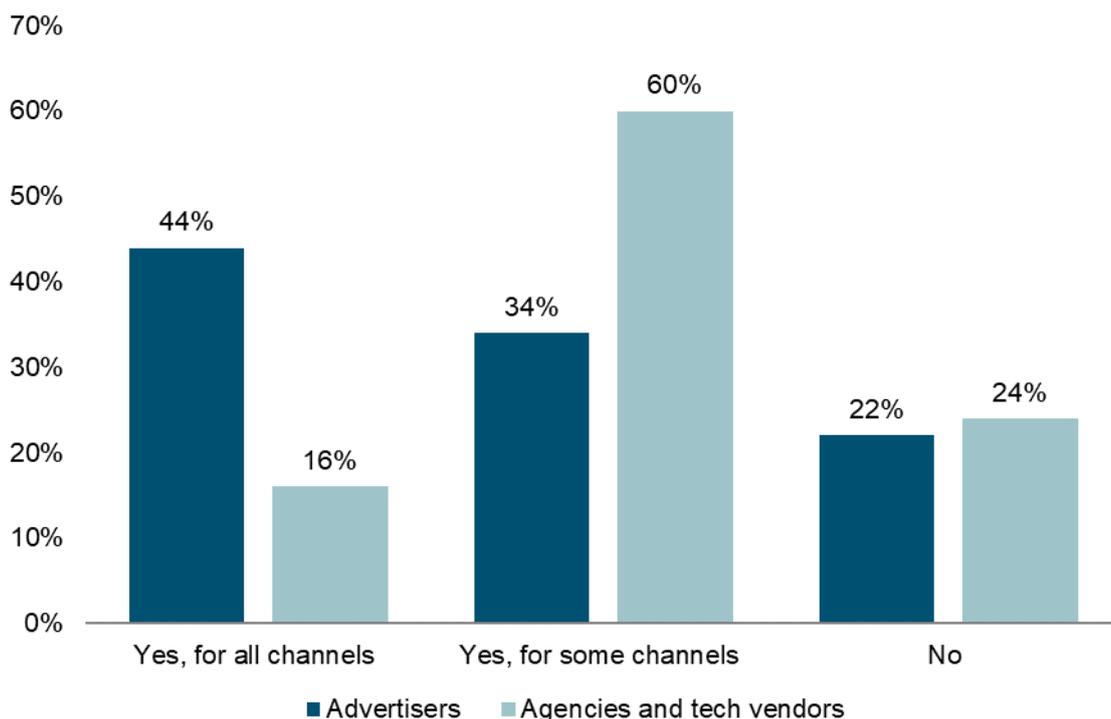
One of an array of problems caused by a lack of integrated data and technology is difficulty carrying out effective marketing attribution, both in terms of digital-only channels and the bigger overall, omnichannel picture, including offline marketing.

## The integration challenge

This integration challenge is no surprise when considered in the context of the martech landscape. Marketing needs are evolving at such a rapid pace that point solutions are a tempting fix for CMOs that are under pressure to test new approaches or formats. But this creates a jigsaw of technologies that don't always fit neatly together.

*Figure 13* shows that 44% of advertisers use point solutions over a single vendor suite for all channels, and a further third (34%) use these solutions for some channels.

Figure 13: Do you (or your clients) use point solutions to manage individual channels in your (or their) paid media mix?



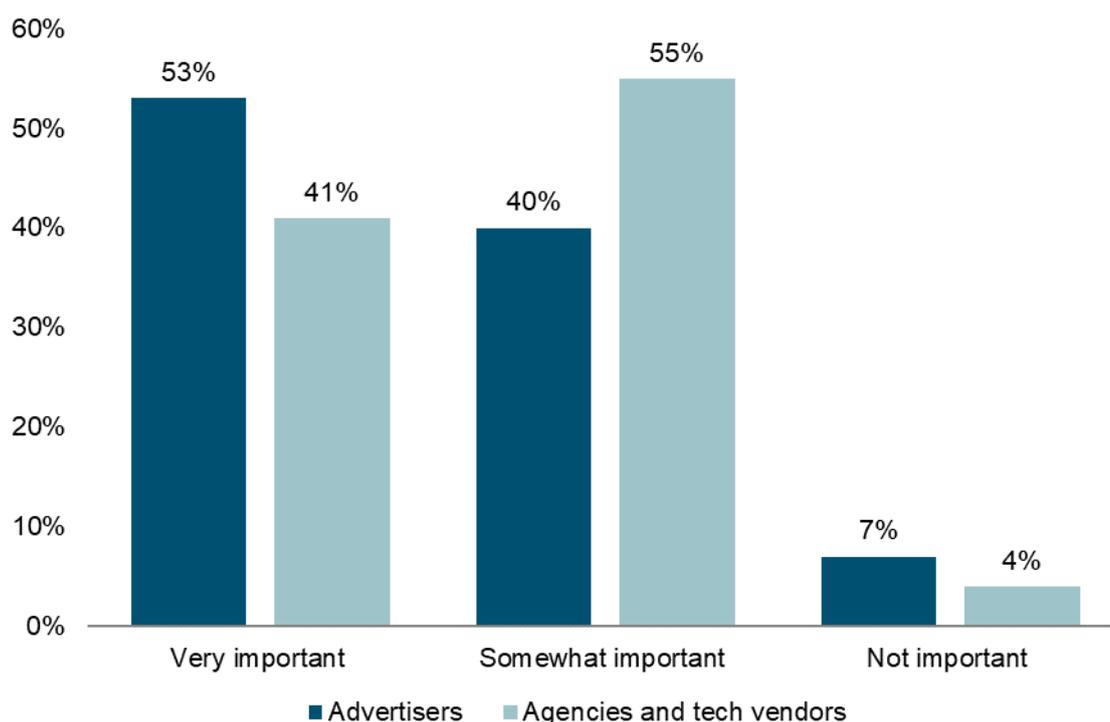
Advertisers: 272  
Agencies and tech vendors: 88

This jigsaw is evidently presenting a challenge for many respondents to this research; there is widespread recognition of the need for integration, regardless of whether marketers are currently achieving it. *Figure 14* shows that more than half (53%) of advertisers see integration of tech across paid, owned and earned media as ‘very important’, with only 7% seeing it as ‘not important at all’.

The customer experience imperative which is the main finding of this research relies on effective integration so that the sum of chosen platforms is stronger than its parts, with consistency across the end-to-end customer journey. A 2017 Econsultancy and Google study of marketers in North America – *Customer Experience is Written in Data* – found that ‘leaders’ were 1.5 times as likely as ‘the mainstream’ to have an integrated marketing and advertising technology stack.<sup>13</sup>

<sup>13</sup> <https://econsultancy.com/reports/the-customer-experience-is-written-in-data>

Figure 14: How important is it for your (or your clients') technology to be integrated across paid, owned and earned media?



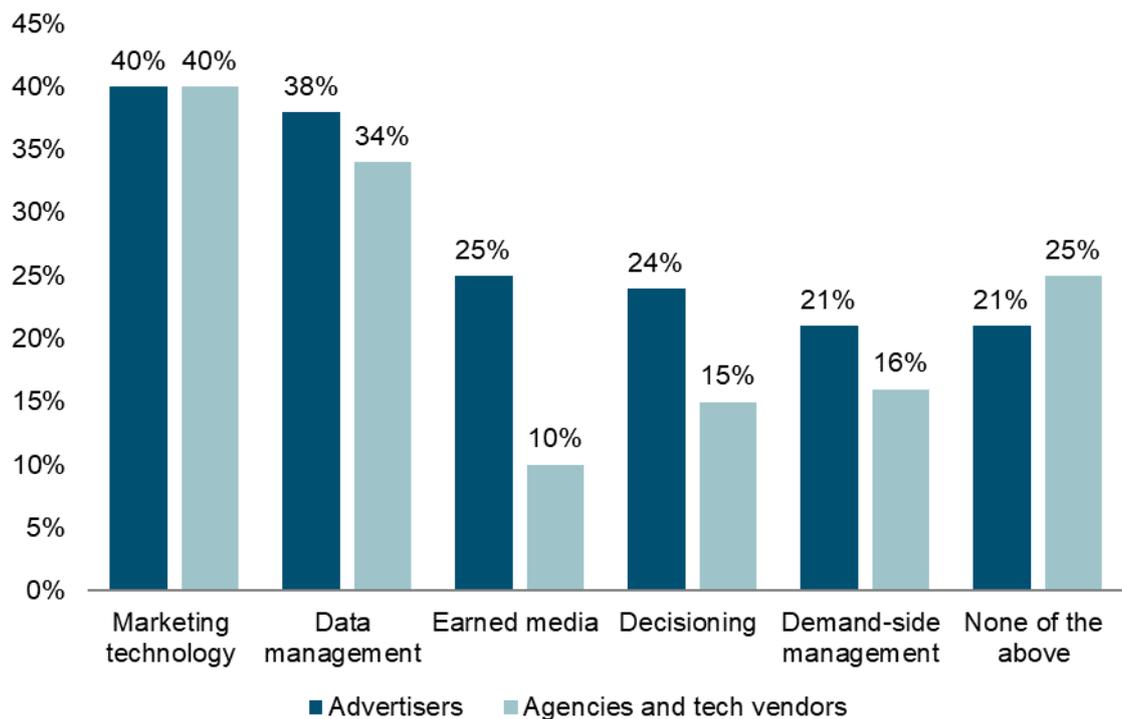
Advertisers: 265  
Agencies and tech vendors: 82

### Technology layers

Respondents were also asked which layers of their marketing stack are most integrated (Figure 15), and where they are planning to integrate in the future (Figure 16). For advertisers, *marketing technology* (40%) is most likely to be integrated into the stack, followed by *data management* (38%). Agencies agree with these top two options in lower proportions, but a full quarter of agency respondents answered *none of the above*, indicating that they have a more negative view of the level of tech integration within their clients' businesses, perhaps due to greater expertise and a wider view of what 'good' looks like.

A significantly lower proportion of agencies see their clients' earned media technology as integrated (10% vs. 25% of advertisers). The differing agency and advertiser results here may again show the broader view agencies have of the extent of integration possible, widening the gap between the benchmarks of the two groups against which their responses are measured.

Figure 15: Which layers of your organization's (or your clients') stack are most integrated?



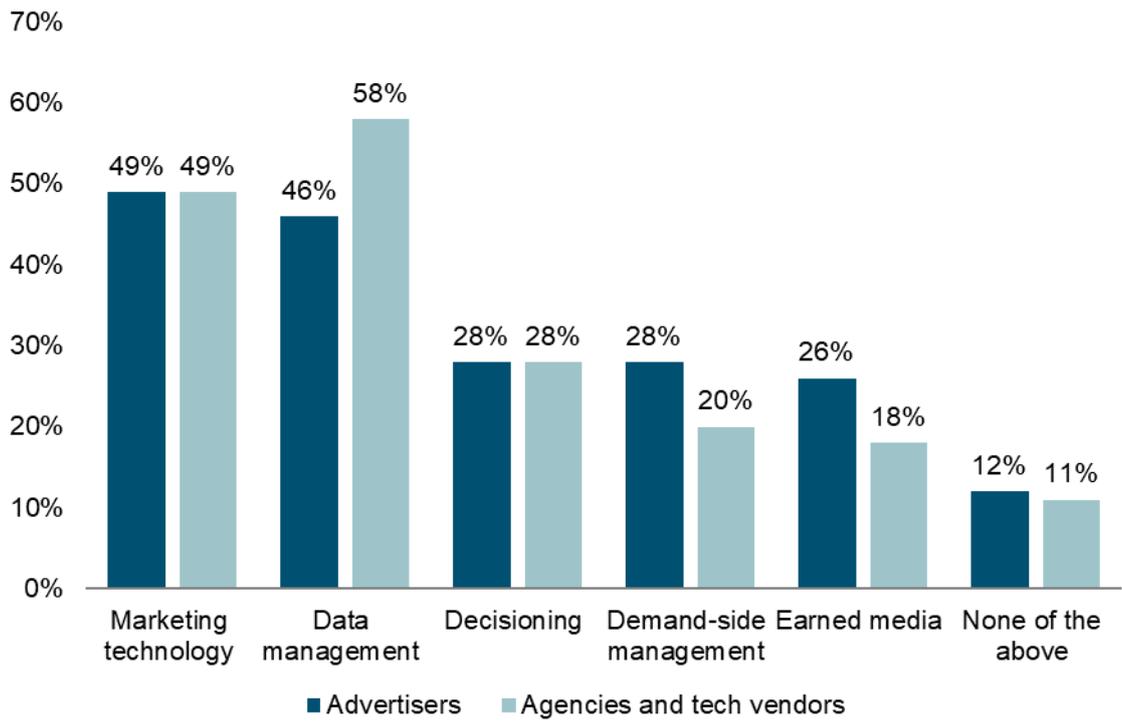
Advertisers: 264  
 Agencies and tech vendors: 80

Agencies also disagree in their response as to what integration is planned among their clients. The clear priority here is *data management*, selected by almost 60% of agencies, compared to 46% of advertisers. Almost half (49%) of both advertisers and agencies selected *marketing technology*.

Despite the widespread acknowledgement of the importance of integration, and the intention to further integrate, the path to achieving it is not an easy one. Fully integrated marketing stacks may take upwards of a year to create and, with pressure on marketing teams for results, a drawn-out implementation process that has a negative impact on short-term performance will not be welcomed.

The time and resources taken to integrate tech may also not seem worth it to marketers who are experimenting with new media formats and platforms that disappear as soon as they arrive. Some point solutions ride this short-lived wave before a new development renders them obsolete. This also explains the still increasing number of point solutions on the market despite full-stack solutions buying up specialists to add to their offering. Yet, in the long-term, integrating their stacks will help marketers improve efficiency, consumer experience and, ultimately, results.

Figure 16: Which layers does your organization (or do your clients) plan to integrate?

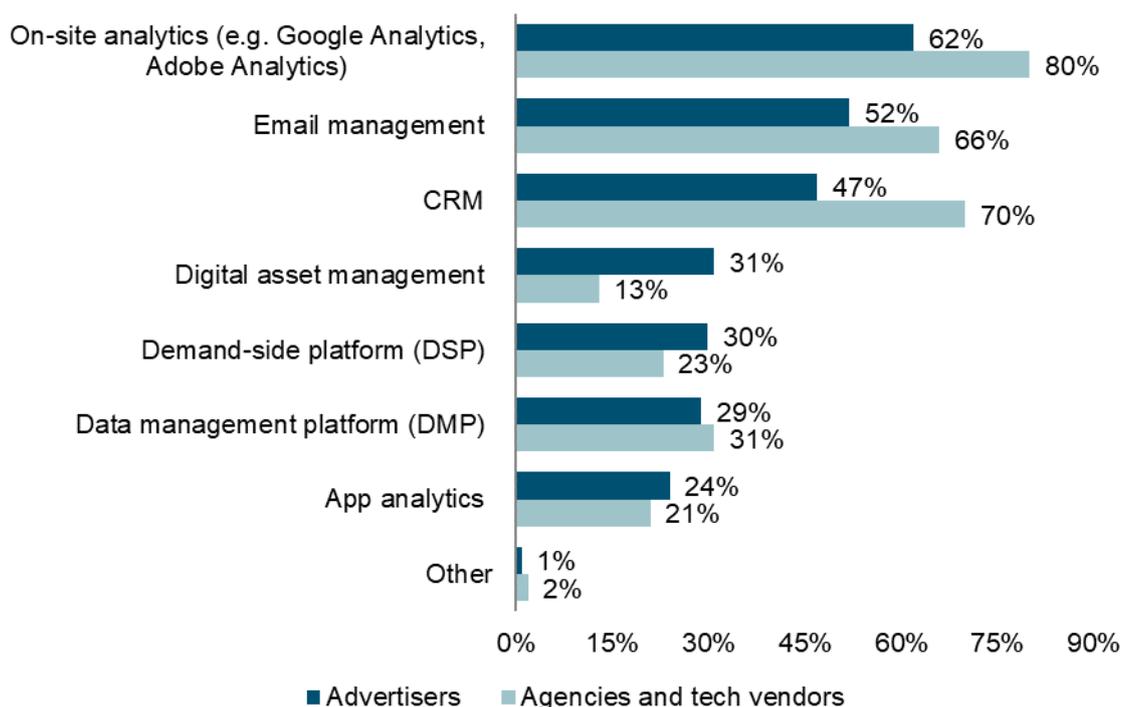


Advertisers: 261  
 Agencies and tech vendors: 80

## 7. The quest for advertising efficiency

For a truly integrated approach, all channels and their related technologies need to be working in harmony. *Figure 17* shows that *on-site analytics* (62%) are most likely to be integrated into online advertising strategies, with *email management* (52%) and *CRM* (47%) following. Used by less than a third of respondents are more recent additions to the advertising technology arsenal: *demand-side platforms (DSPs)* and *data management platforms (DMPs)*, cited by only 30% and 29% of advertisers respectively, illustrating the upside potential for marketers to adopt these tools.

Figure 17: Which of the following technologies do you (or your clients) use as part of an integrated online advertising strategy?



Advertisers: 275  
Agencies and tech vendors: 91

### The benefits of DSPs

These relatively newer technologies emerged out of a need to increase advertiser control and transparency over ad trading and data collection and curation, allowing more streamlined and efficient workflows. Demand-side platforms allow advertisers to access multiple publishers, exchanges and networks through one centralized hub, automating the bidding process across a huge reach of inventory.

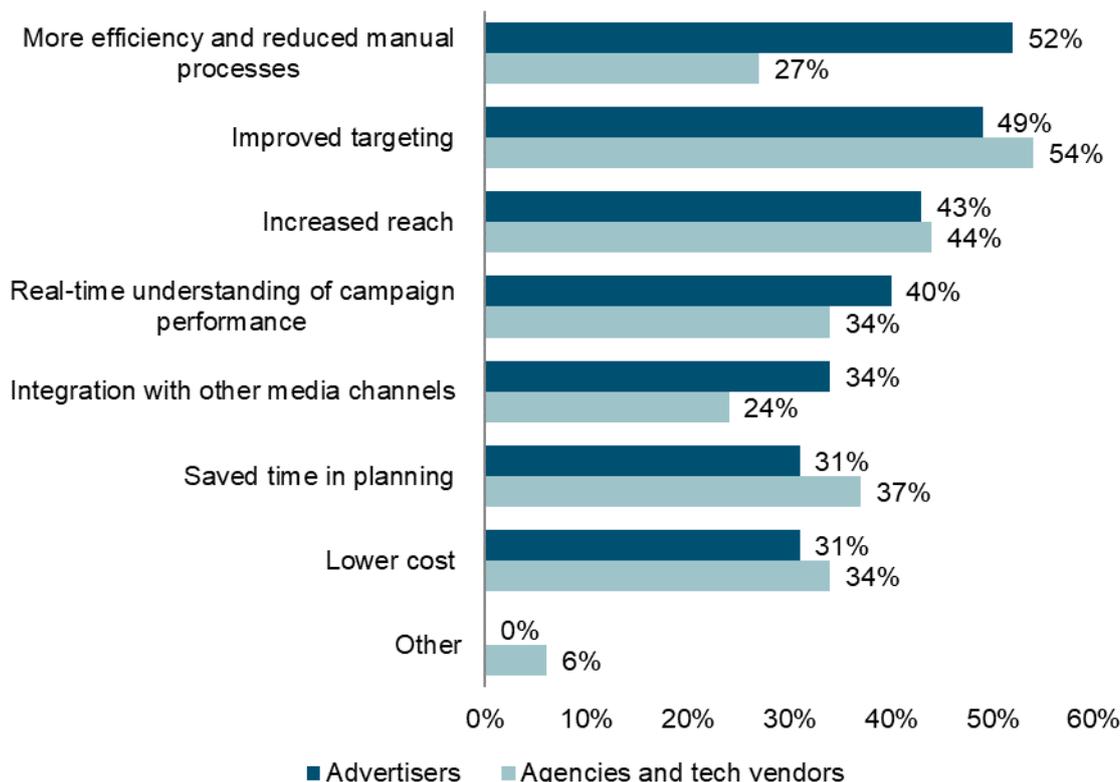
This advantage is highlighted in *Figure 18*. More than half (52%) of advertisers selected *more efficiency and reduced manual processes* as a benefit of working with a DSP. In automating the trading process and enabling bidding on inventory in real time, the use of a DSP can be a huge time-saver for advertisers who seek to optimize bidding daily for ad space based on a growing number of targeting variables.

*Improved targeting*, seen as a benefit by 49% of advertisers, is the greatest advantage of DSPs when seen through the lens of agencies (54%). DSPs differ in the number of publishers, exchanges, networks and publishers they can access, particularly from region to region, and, therefore, in the targeting options available to advertisers and the reach they can provide. With

opportunities to engage with consumers rising as digital channels and platforms proliferate, reach has become an important metric for marketers as they try to balance volume with precise targeting. More than four in 10 advertisers (43%) and agencies and technology providers (44%) selected *increased reach* as a key benefit of working with DSPs.

Though advertisers enjoy improved efficiency as a result of using a DSP, a significantly smaller proportion (31%) said their use *saved time in planning*. Planning media spend remains an important skill that can be assisted by technology and automation, but still requires the direct time and focus of advertisers and agencies to ensure the media mix is optimized and campaigns are effective as a result.

Figure 18: What are the benefits of working with DSPs?



Advertisers: 77  
Agencies and tech vendors: 70

### DSP challenges

As the advertising ecosystem changes, challenges arising as a result of technology usage ebb and flow in prominence for marketers.

In the context of working with DSPs, *transparency* is selected by the largest proportion of advertisers (49%) as a challenge (Figure 19). The digital advertising industry has been marred in the past by budget disappearing into black box ad networks and impression arbitrage, further complicated by a lack of agency and service provider disclosure around where client budget is being spent. Advertisers are now demanding transparency from their agency and ad technology partners, about where their money is going, where ads are being placed, and the sources of third-party data based on which ads are being targeted. As such, DSPs that offer full transparency are now becoming part of the solution, while DSPs that rely on black-box arbitrage are gradually falling by the wayside.

The integration issue discussed in the previous section comes to light again in Figure 19, selected by 39% of respondents as a challenge of working with a DSP, while a similar percentage (38%) see

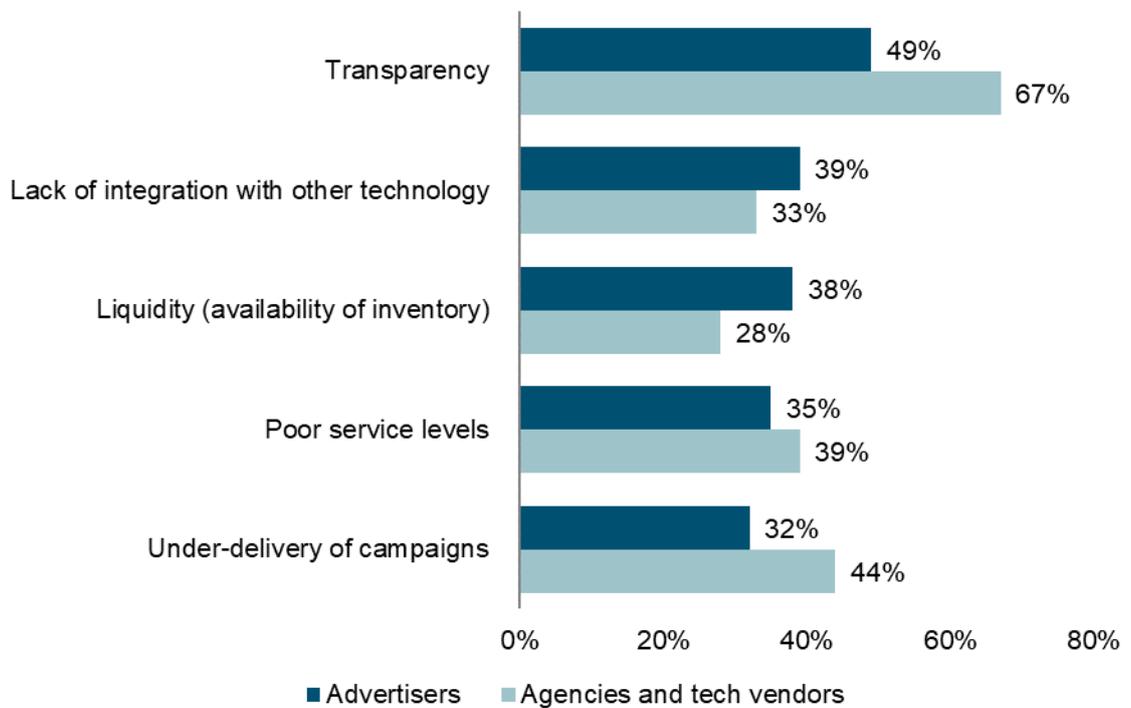


*liquidity (the availability of inventory)* as a challenge. These options are related in that limited liquidity leads some advertisers to utilize more than one DSP to create the reach they are looking for across quality inventory, which doubles the integration challenge.

For advertisers and agencies alike, the marketing and advertising technology landscape is constantly evolving and improving. Those advertisers that are using this technology to gather and align their customer data, creating a single view of that customer across touchpoints, and then applying this view to optimize all aspects of their experience are reaping the benefits of the wealth of technology available. Those agile enough to adapt as this technology changes will emerge as the leaders in their field.

A concluding takeaway from *Figure 19* is the need for brands, their agencies and tech vendors to work together to address a number of challenges that are holding back the industry, from transparency and poor service levels, to liquidity and tech-related challenges such as integration. The three parties working together in what is often called a ‘triumvirate’ model often sees the agency managing week-to-week and operational activities with the technology provider while the latter manages campaigns on the brand’s behalf. The benefit is often increased knowledge-sharing, goal alignment and operational effectiveness.

Figure 19: What are the challenges you (or your clients) face working with DSPs?



Advertisers: 77  
Agencies and tech vendors: 70

## 8. The AI opportunity

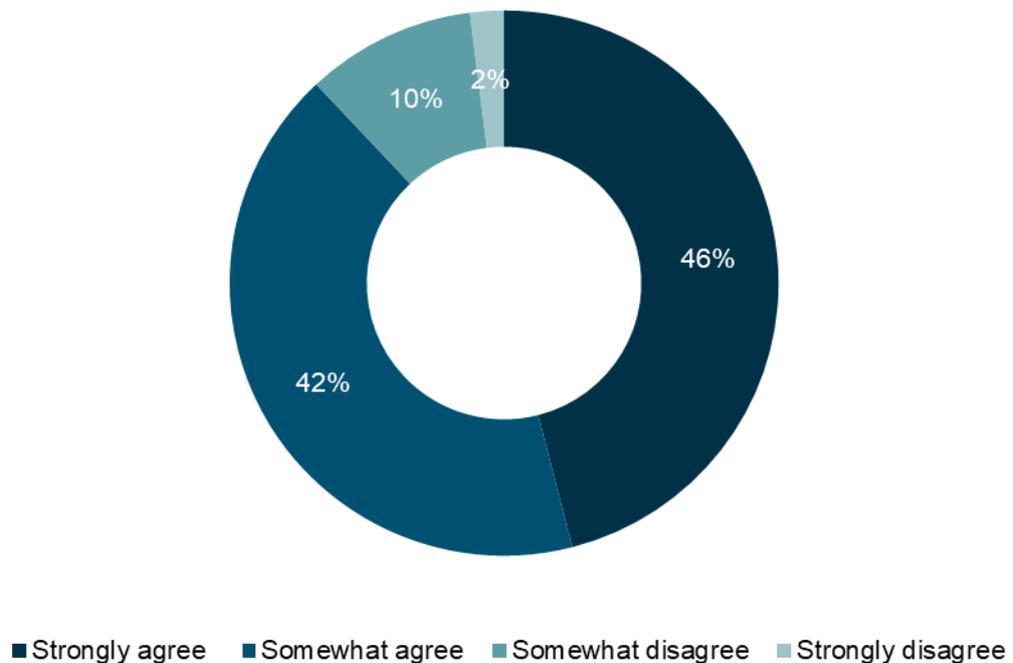
One of the most significant challenges faced by marketers is the proliferation of channels consumers now use. As potential customers reach brands in countless different ways, how can marketers ensure consistency in brand messaging?

Artificial intelligence (AI) provides a foundational element to the solution. The increasing complexity of the landscape and sheer volume of data and touchpoints, requires AI to enable marketers to synchronize data across channels, derive actionable insights from consumer interactions, serve more relevant content to their audiences and adjust programmatic campaigns on the fly, all while ensuring privacy compliance.

As can be seen from *Figure 20*, the opportunities presented by AI are well understood by marketers, with 88% agreeing that the technology will allow them to become more effective (including 46% who strongly agree that this is the case).

### Advertisers

Figure 20: 'Artificial intelligence will allow marketers to become more effective' – agree or disagree

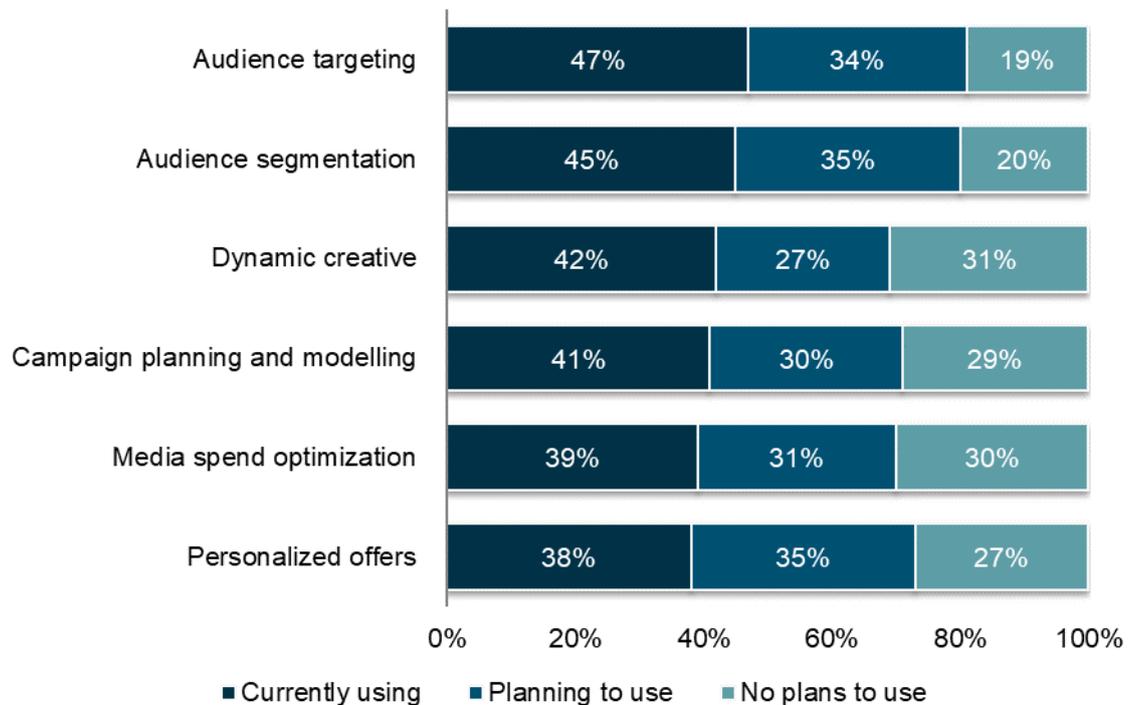


Respondents: 288

There are various use cases for AI that can make marketers more effective, once they have their data in order. *Figure 21* shows six different ways marketers are planning to, or are already using AI, in their online advertising efforts.

## Advertisers

Figure 21: For the following applications, are you using or planning to use artificial intelligence in your online advertising?



Respondents: 260

Of all the options given, marketers were most likely to be using AI for *audience targeting*, with 47% of respondents selecting it. This was closely followed by *audience segmentation* (45%) and *dynamic creative* (42%).

### Audience targeting

More than four-fifths (81%) of those surveyed are either planning to, or are using, AI in *audience targeting*. Technologies that use AI allow marketers to target consumers who have demonstrated a need for a product based on their interests and past behaviors, rather than on static factors or demographics such as age or location. Smarter technologies that use machine learning will improve in performance over time, ultimately bringing greater return on ad spend.

### Audience segmentation

AI also offers great gains in the ability to segment audiences. According to *Figure 21*, marketers are most likely to be planning to use AI for *audience segmentation* or *personalized offers*, with 35% selecting each of these.

As the digital ecosystem becomes more complex, the ability to move consumers in and out of audience segments in real time so that it is possible to serve the most appropriate content offers a considerable competitive edge. Speed is key; with spending decisions made within minutes or hours of browsing a product, it is crucial that a consumer is served with the most appropriate kind of content at exactly the right time.

As was seen earlier in the report, the *ability to dynamically segment audiences* was most often selected as the most important action for helping to improve the customer experience in advertising over the next five years, with 67% of respondents selecting it as first, second or third choice (*Figure 7*).

## **Dynamic creative**

Dynamic creative enables experiences that will better resonate with audiences. *Figure 7* also showed that nearly half (49%) of respondents to the survey selected *AI technology that dynamically powers creative* as a top-three option to help improve the customer experience in advertising. According to *Figure 21*, two-thirds (69%) of advertisers are planning to – or are using – *dynamic creative* in their campaigns.

In order to make the most of the potential offered by AI, it is imperative that marketing teams get their data houses in order. In many organizations, data exists in silos, making it impractical or impossible to derive any meaningful insight from it.

In an omnichannel world, marketers cannot afford to sit on their potential treasure troves of data. Investing in an infrastructure that allows data held by different teams – finance, customer care, product – to talk to each other allows your business to take full advantage of AI technologies, and could surface some deeper insights.

Finally, with over 600m devices running ad blockers, marketers have a responsibility to ensure that the programmatic advertising they run is relevant to the consumer. Harnessing the capabilities offered by AI technology can let marketers do that in many different ways.

## 9. Conclusion

In summary, marketers surveyed for this report – representing brands, agencies and tech vendors – share a vision for a more consumer-focused approach to digital advertising that ultimately benefits both the individual and the brand.

There is a broad awareness and understanding that consumers require a seamless experience, with their needs and expectations foremost in every advertiser's mind.

But while the industry acknowledges the importance of a holistic and cohesive customer experience, the reality of their approach is still far removed from the truly consumer-first vision for which they are striving.

Many companies are hindered in their attempts to provide the most relevant digital advertising experiences because of a reliance on a patchwork of point solutions rather than an integrated technology platform, an issue that sabotages their attempts to connect their marketing activities.

Meanwhile, the GDPR introduced earlier this year has forced the industry as a whole to acknowledge that the privacy of individuals is sacrosanct, although – worryingly – many companies surveyed for this report are still struggling to ensure that they are compliant.

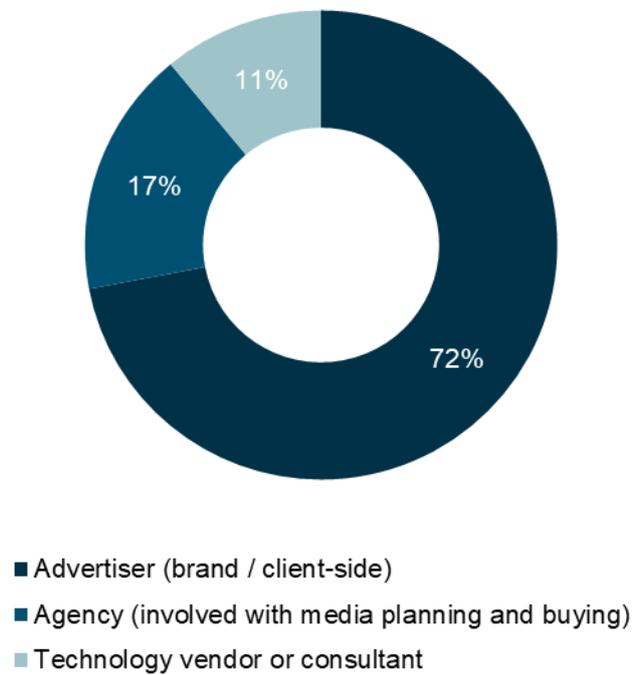
It is vital that brands, their agencies and digital advertising technology vendors continue to cooperate to address the challenges that the industry faces, including around data privacy, technology integration, transparency, and much more.

If marketers can deliver on putting consumers at the heart of all decision-making, digital advertising will continue to play a vital role in helping companies fulfil a range of business goals, while delighting consumers and continuing to be an engine of growth for the global economy.



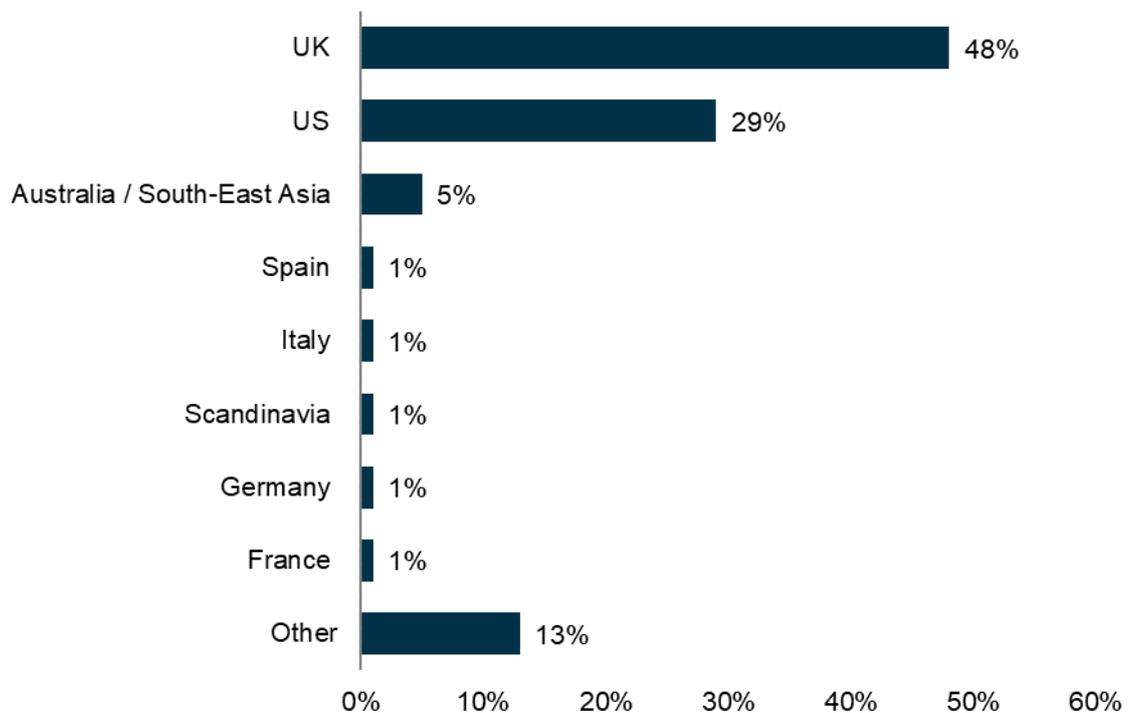
# 10. Appendix: respondent profiles

Figure 22: Which of the following best describes the company you work for?



Respondents: 446

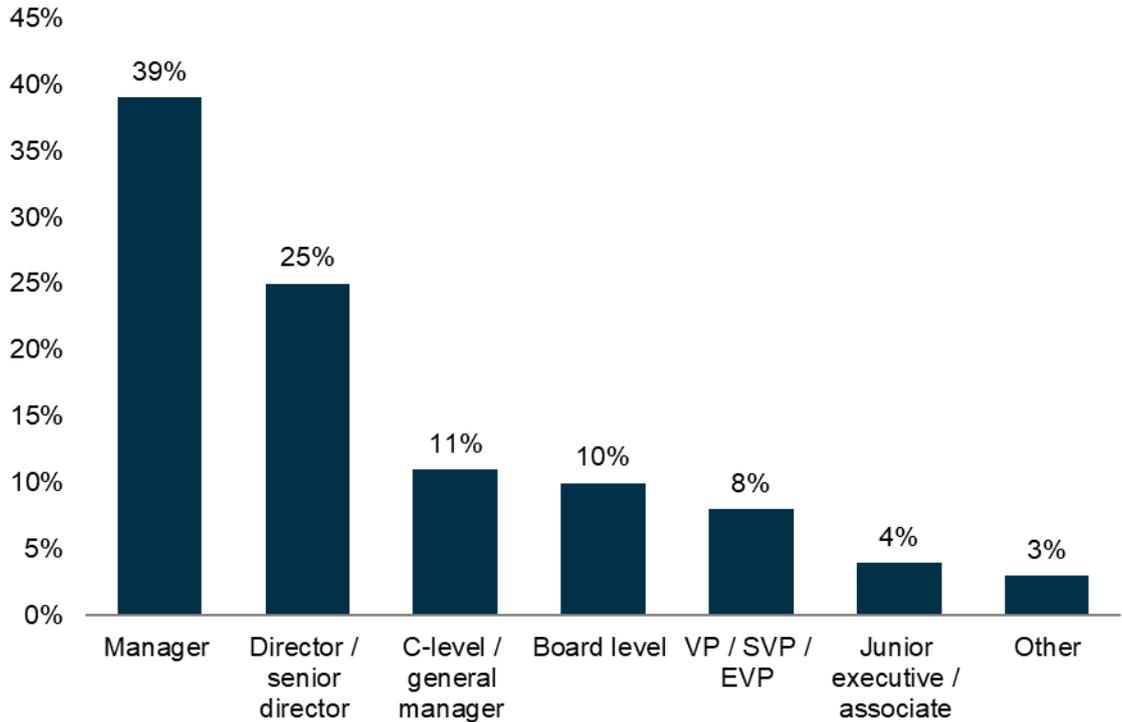
Figure 23: In which country / region are you based?



Respondents: 446



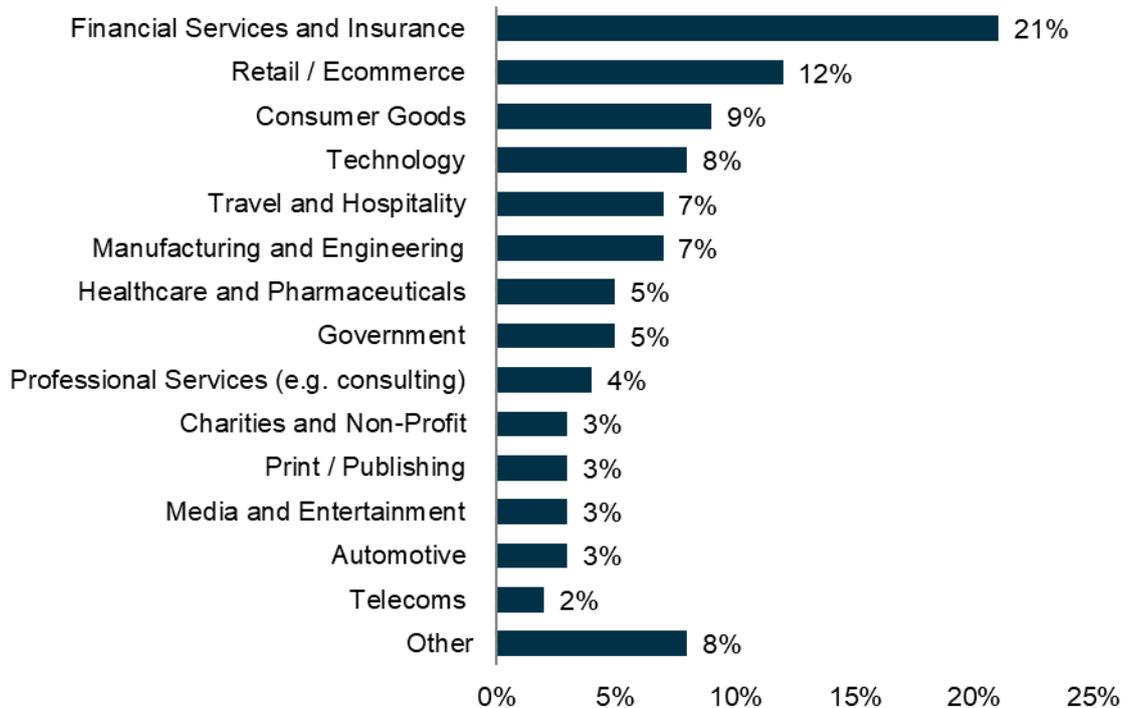
Figure 24: What best describes your job role?



Respondents: 432

Advertisers

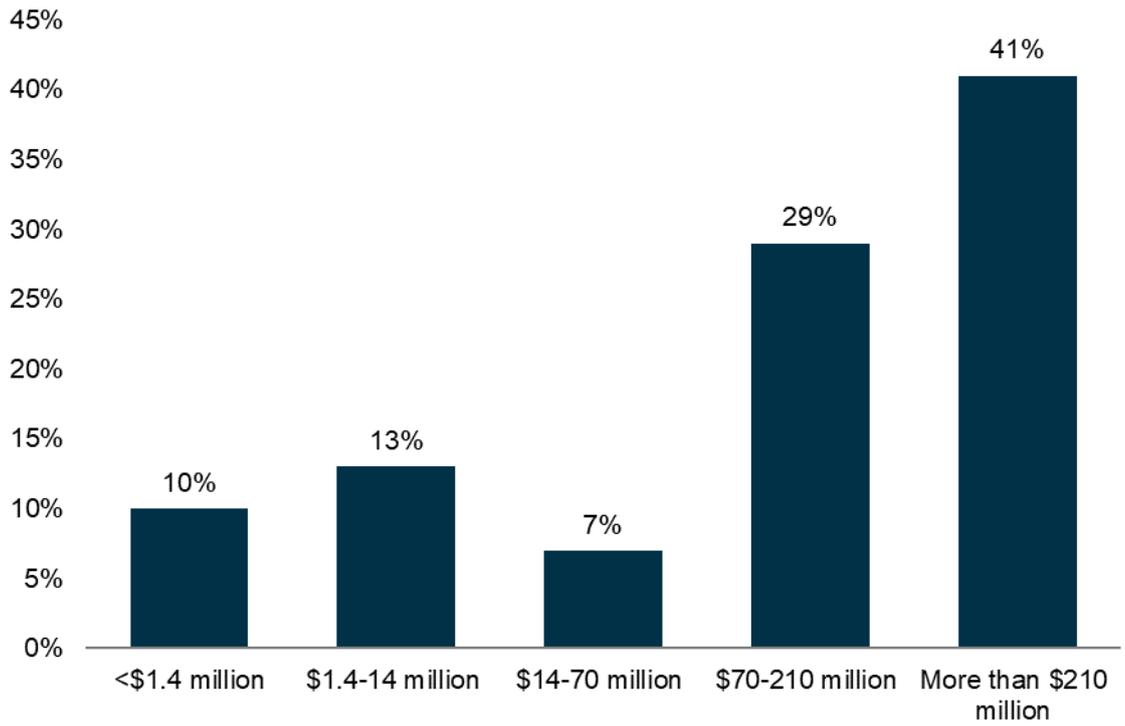
Figure 25: In which business sector is your organization?



Respondents: 311



Figure 26: What is your annual company revenue?



Respondents: 396