

Cookieless Strategies With a Dash of AI:

Taking a Bite Out of Contextual Targeting

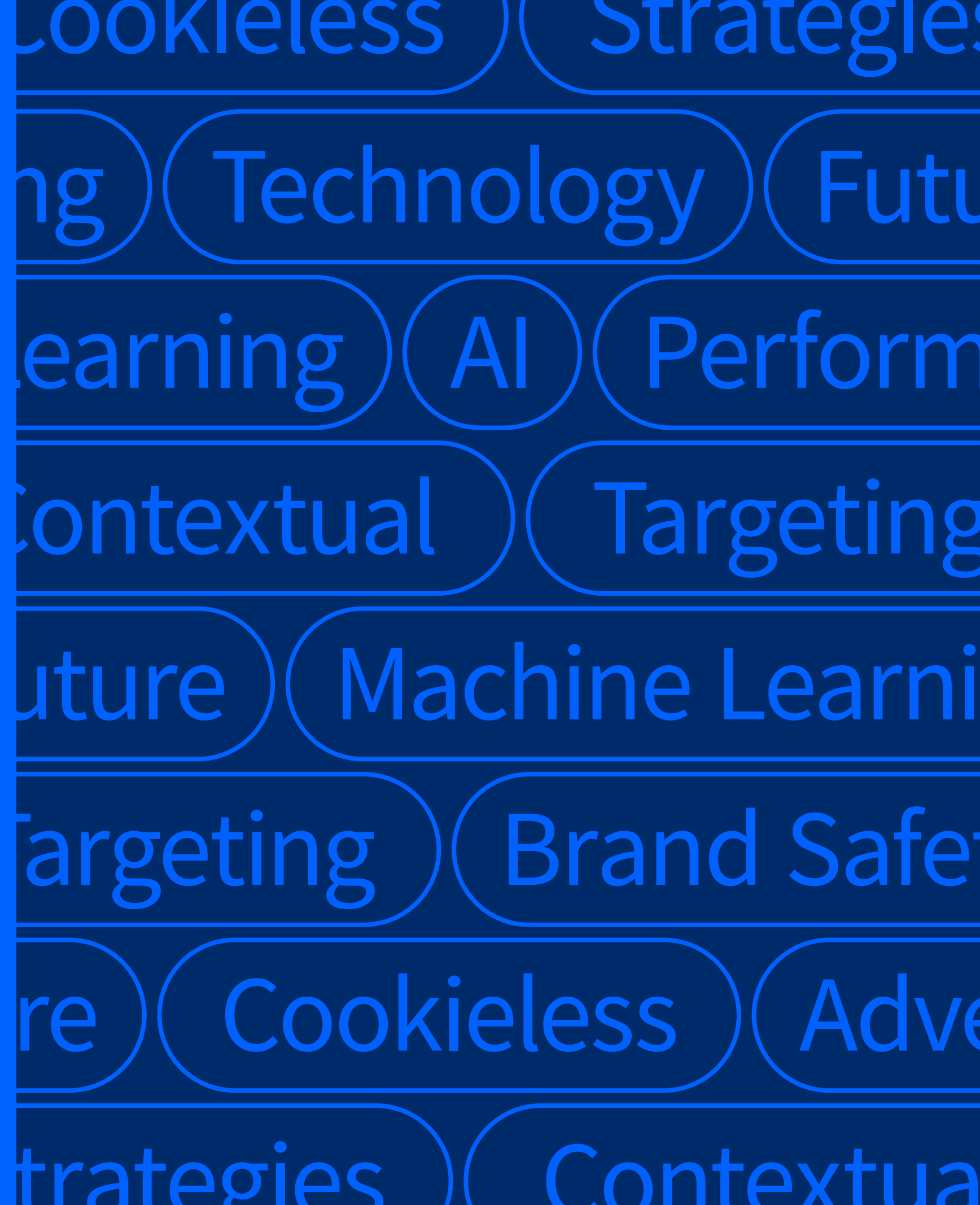


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Learn how contextual targeting is providing an opportunity for advertisers and marketers to take control of their campaigns and drive successful, effective results. These insights will help you identify how to tackle cookieless digital environments and leverage contextual advertising strategies for your digital campaigns.

Disclaimer:

To assess this opportunity, StackAdapt, in partnership with ad industry business intelligence firm Advertiser Perceptions (www.advertiserperceptions.com), conducted a survey in Q2 of 2022. The survey included over 100 agency and brand advertising decision makers across the UK with over £400k total annual advertising spend in programmatic digital advertising. The result was a research-driven report that measures the preparedness of advertisers for cookieless advertising and how you can capitalise on the contextual advertising opportunity.

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INTRODUCTION

The State of The Cookie

As the programmatic landscape evolves, more limitations are placed on the environments in which cookies exist. With the increased adoption of privacy-related regulations, such as the General Data Protection Regulation (GDPR), cookies are the focal point of discussion for programmatic campaigns. In fact, this study found that **78% of advertisers are making preparation for the cookieless future an important or critical priority.**

Contrary to the popular misconception that cookies will soon crumble into the data abyss, there are many instances where cookies will continue to remain relevant. This includes 1st-party

data collection and tracking, where consent is given, and a number of other 3rd-party tracking mechanisms that are highly regulated.

What about the rest? In the environments where a cookie cannot be placed or tracked, are advertisers left without targeting capabilities? The answer is no and contextual targeting is back on the agenda.

Contextual advertising solutions have resurfaced as one of the preferred methods of reaching the right audience, at the right time, and in the right context. **71% of advertisers surveyed believe that contextual targeting will be more important in a cookieless environment,** according to this study.

INTRODUCTION: THE STATE OF THE COOKIE

Contextual advertising is evolving, thanks to innovations in machine learning and AI. Traditional contextual advertising leverages keywords and phrases that are applicable to your campaign and then assigns rules so your ads can be accurately aligned with the right content. Now, advertisers have the ability to target not just keywords, but in and out-of-context phrases on a webpage. This enables them to unlock a more personalised and efficient targeting method.

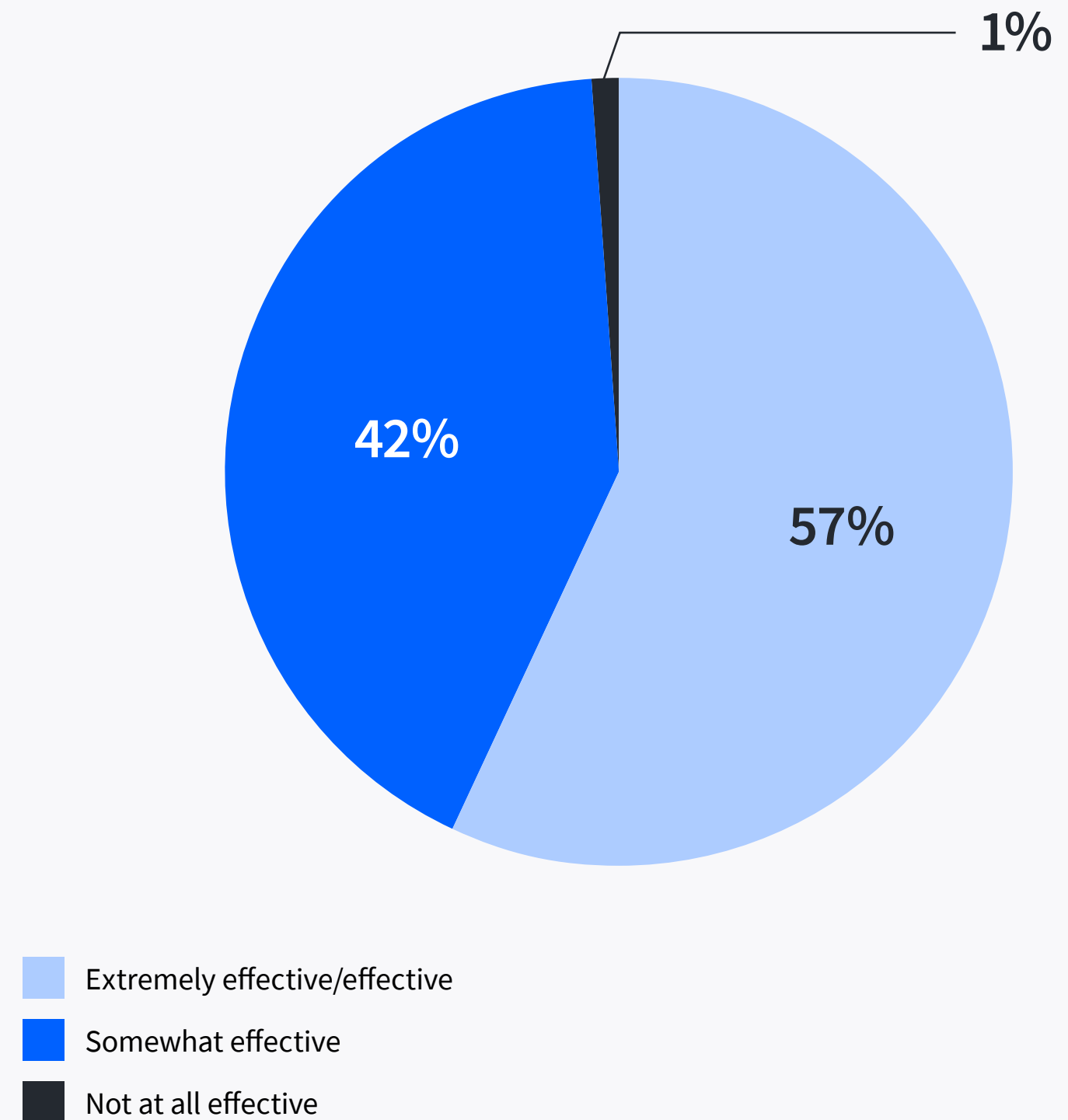
Contextual targeting has emerged as the cookieless targeting tactic that will not only fill the void that cookies have left in the digital pantry but has also earned its place as a high-performing tactic for modern marketers. When asked, 99% of the marketers we surveyed were confident that digital advertising would remain at least somewhat effective without the use of the 3rd-party cookies.

The time to embrace contextual advertising is upon us, and here are the reasons why you should consider turning this tactic on sooner rather than later.

Nearly all advertisers believe that digital ads will maintain some level of effectiveness after the phase-out of cookies.

Effectiveness of Digital Ads in a Cookieless World

Percent of Respondents



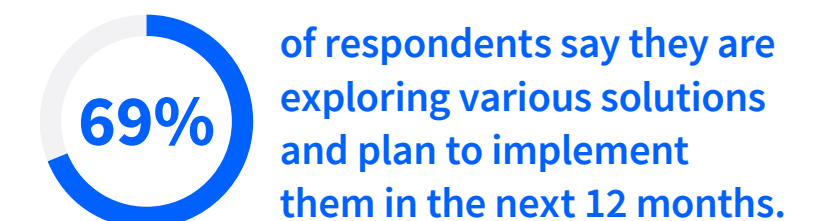
THE TIME FOR CONTEXTUAL IS NOW

The Time for Contextual Is Now

Advertisers are embracing the need for advanced targeting options, and **71% believe that contextual targeting will be more important in a cookieless environment.** There is no doubt that cookieless advertising is becoming more widespread, and advertisers consider these innovative strategies a priority.

With growing limitations on the use of 3rd-party cookies, UK advertisers are facing challenges in audience identification, targeting and optimisation. Regardless, advertisers are also presented with opportunities. There are opportunities to better leverage 1st-party data, contextual targeting, artificial intelligence, and machine learning to deepen relationships with their customers.

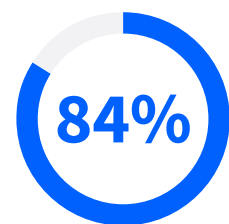
Agency advertisers are anticipating the rapid shift to new targeting methodologies and placing significant emphasis on finding solutions to address the cookieless future, with 78% citing important or critical priority. Brand marketers are taking charge of their campaigns, and agencies now have an opportunity to match the need for speed that is becoming apparent.



Although advertisers understand that contextual strategies must be implemented, the majority are still in the exploratory phase. **Only 28% of advertisers have actually implemented solutions, with the majority of respondents citing that they are exploring potential solutions.**

This is a step in the right direction, but in advertising, speed is of the essence. To lessen the time to activation, advertisers must start testing solutions now. As contextual targeting solutions rely on the context of the page a user is reading, it requires an appropriate amount of testing to determine the most engaging and relevant keywords. Additionally, if a solution has machine learning and AI-driven capabilities, the sooner a campaign can launch to establish appropriate success metrics, the better.

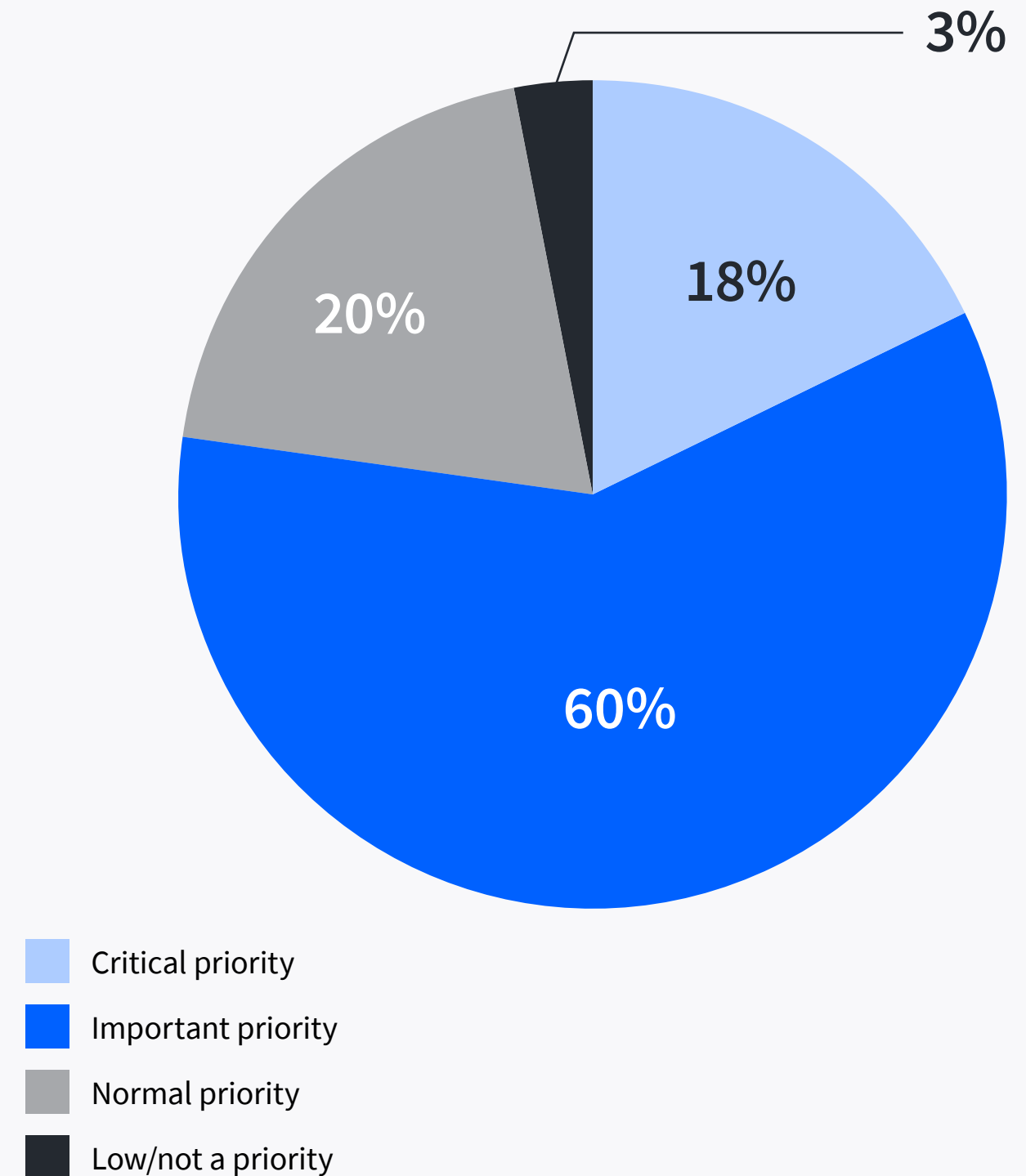
The takeaway is simple: the sooner you implement contextual strategies, the better off your campaigns will be. In many cases, contextual targeting has demonstrated higher performance than targeting tactics. If used in conjunction with audience and behavioural targeting, you will be equipped to perform in all environments, cookies or not.



84% of respondents said they were using both behavioural and contextual targeting.

Three-in-four advertisers make preparation for the cookieless future an important or critical priority.

Priority Placed on Finding Solutions to Address the Cookieless Future
Percent of Respondents

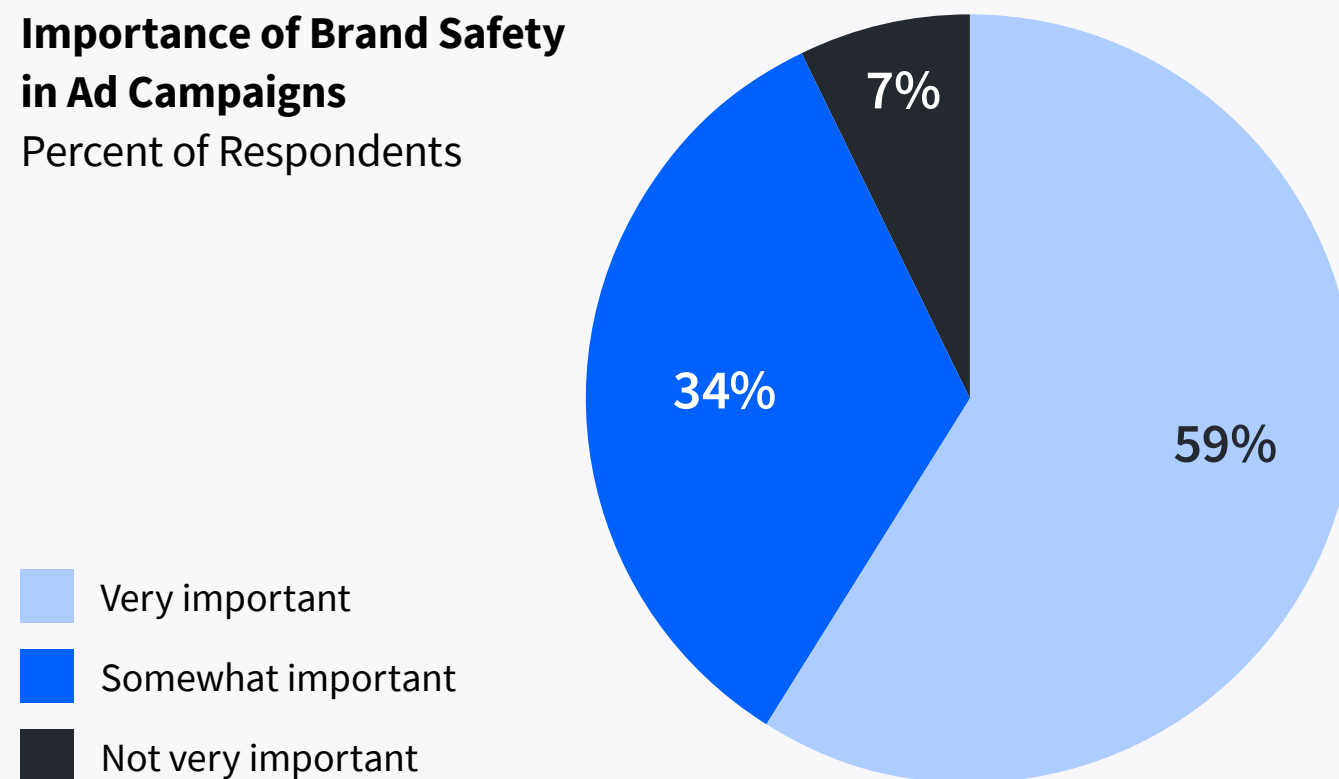


The Efficiency of Contextual Advertising

Brand safety is top of mind for all advertisers and marketers because the holy grail of programmatic is performance married with brand safety. Nearly all advertisers affirm that contextual targeting aligns with brand safety at least most of the time. This creates the perfect scenario for advertisers: They can adopt contextual advertising without fear of the unknown.

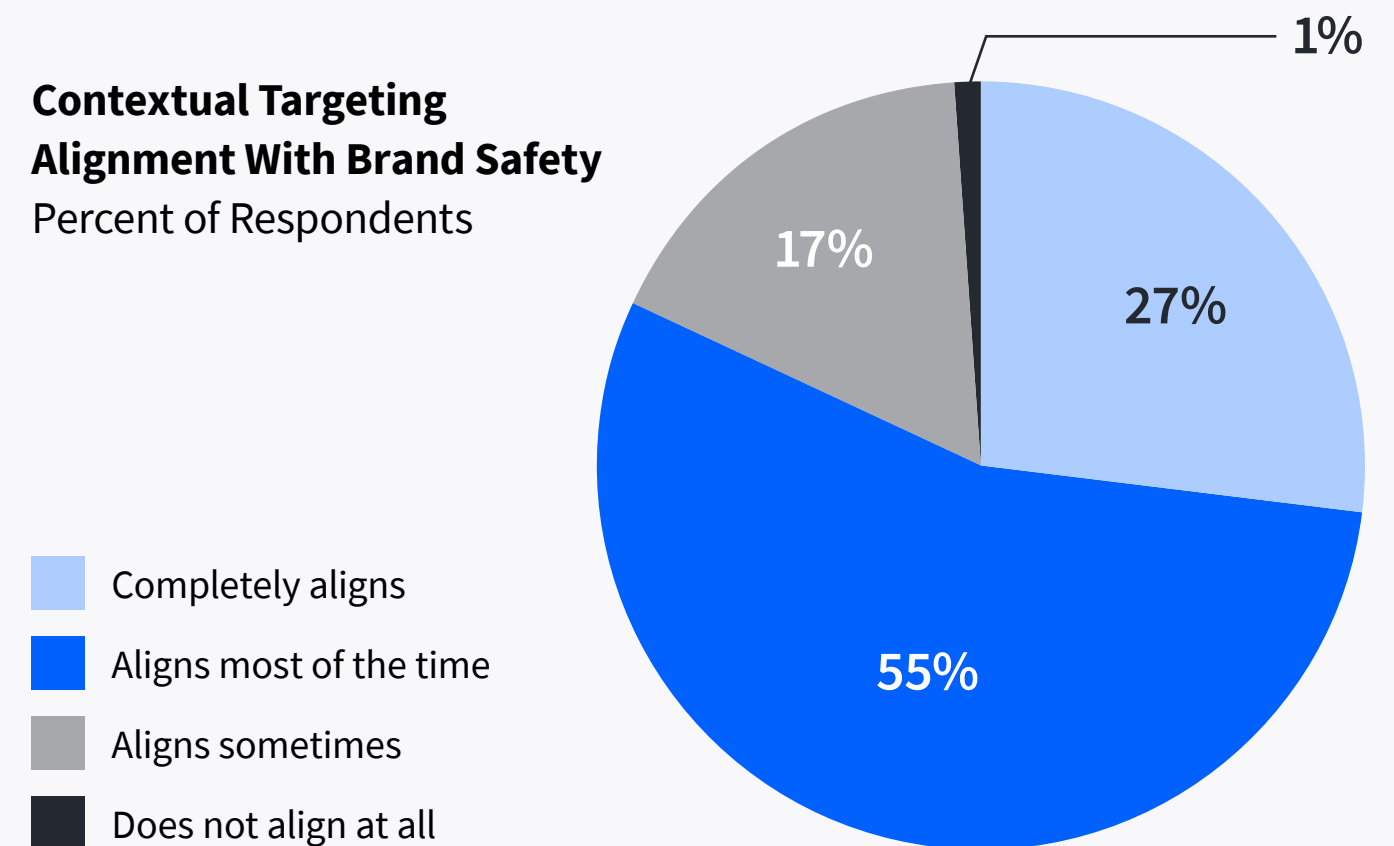
93% of respondents believe brand safety is important in their ad campaigns.

Importance of Brand Safety in Ad Campaigns
Percent of Respondents



82% of advertisers believe that contextual targeting aligns with brand safety at least most of the time.

Contextual Targeting Alignment With Brand Safety
Percent of Respondents



EFFICIENCY OF CONTEXTUAL ADVERTISING

Effective campaigns that are brand safe and highly targeted, produce efficient results. By introducing machine learning and AI into the mix, advertisers have a perfect recipe for success. With a highly automated approach to contextual, advertisers can trust the platforms they are leveraging for their campaigns to handle the heavy data lift.

One of the biggest challenges for UK advertisers is to target the right audience properly and measure the accuracy of their campaigns. However, the increased use of machine learning and AI in contextual targeting allows ads to be served in highly relevant environments. Since ads are served within a relevant context, at a specific moment in time that is relevant to the user, there is little room for misalignment.

Serving ads to the wrong audience and targeting accuracy are the top concerns of a cookieless future.

Challenges a Cookieless Future Will Present to Digital Advertising

Percent of Respondents

Ads are being served to incorrect audiences

48%

No ability to verify targeting accuracy

45%

Contextual advertising is difficult to measure

38%

Concerns about brand safety

35%

It's difficult to select keywords that will ensure campaign success

35%

There is no control over frequency capping

34%

Targeting isn't granular enough

31%

Poor past performance

24%

Respondents agree that contextual advertising plays a big role in ensuring digital remains effective in cookieless environments. This is a strong indication that the need for contextual strategies is growing as quickly as cookieless environments are becoming prominent. Advertisers surveyed listed increased ad engagement (46%), aligning with interests (39%) and ease of implementation (38%) as the top 3 benefits of contextual advertising, supporting the notion that contextual targeting can be as successful and efficient as audience targeting.

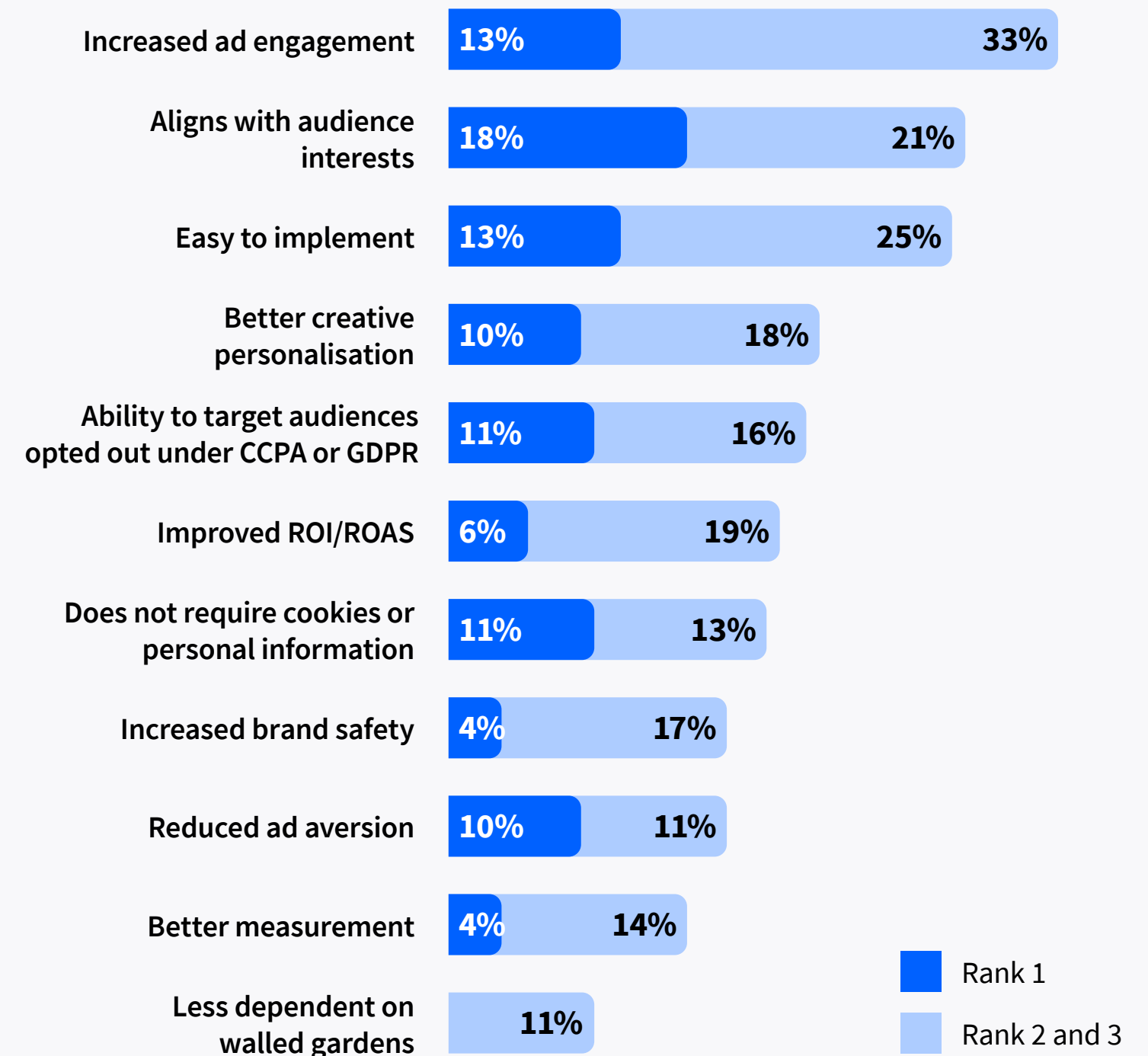
Reporting is a challenge marketers and advertisers feel they are facing. There is uncertainty around whether contextual advertising allows for targeting accuracy and granularity in reporting. Thankfully, technology partners have put in the work to ensure that programmatic platforms can report accurately on contextual campaigns.

This type of campaign targets the context in which users are browsing. Since the user is already highly interested and engaged in the content, ads that are aligned with the context are more likely to be appealing and relevant to the audience. And, with the right reporting in place, it becomes very easy to test and optimise campaigns for the most relevant ad placements.

Contextual targeting's top benefits are increased engagement, aligning with interests and ease of implementation.

Top Benefits of Contextual Targeting

Percent Ranking 1-3

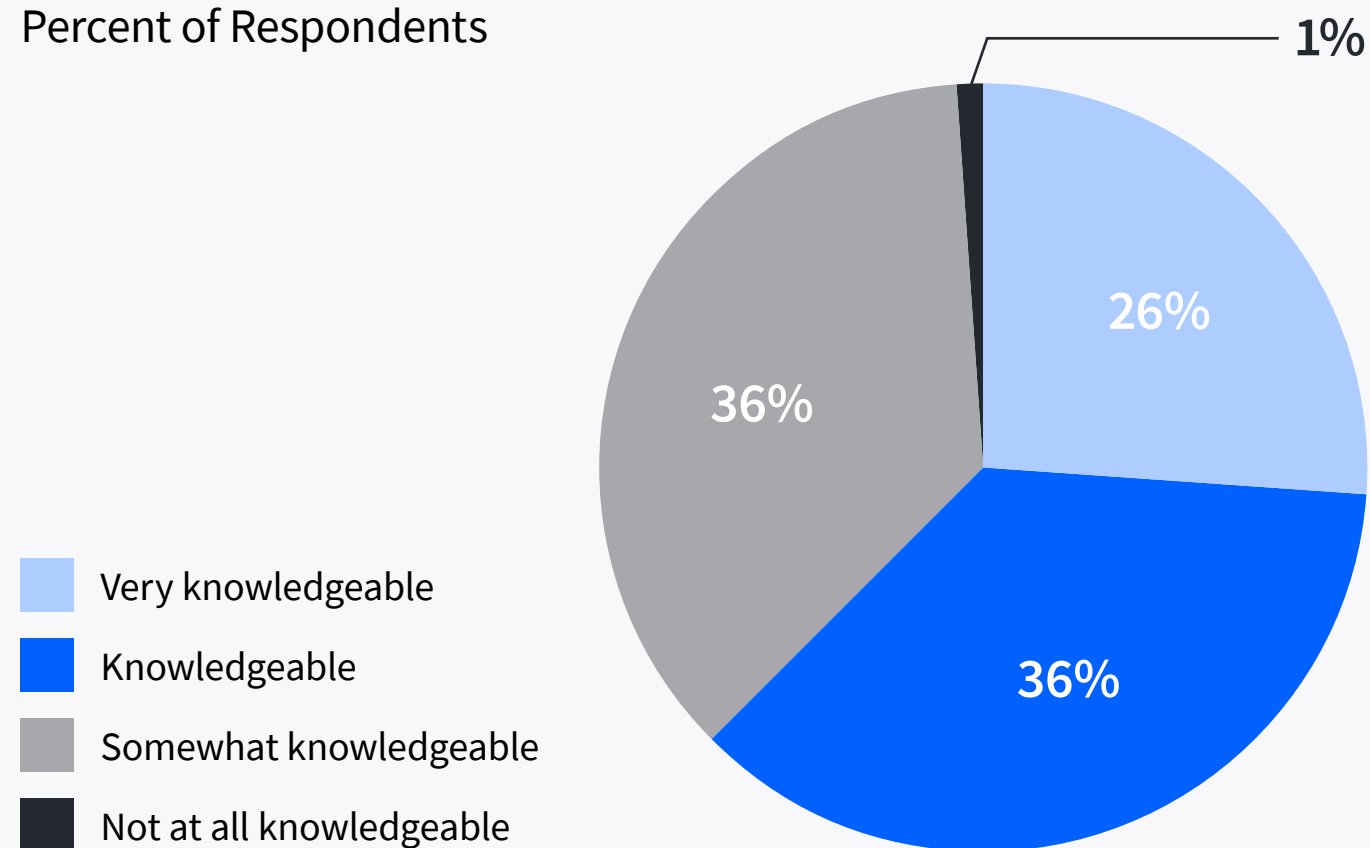


Machine Learning and AI in Contextual

Machine learning and AI aren't new concepts in the advertising world. Nearly all advertisers surveyed are reporting some knowledge of machine learning and AI. In fact, 88% of the respondents are already using machine learning and AI technologies or planning to use them in contextual advertising within the next 12 months.

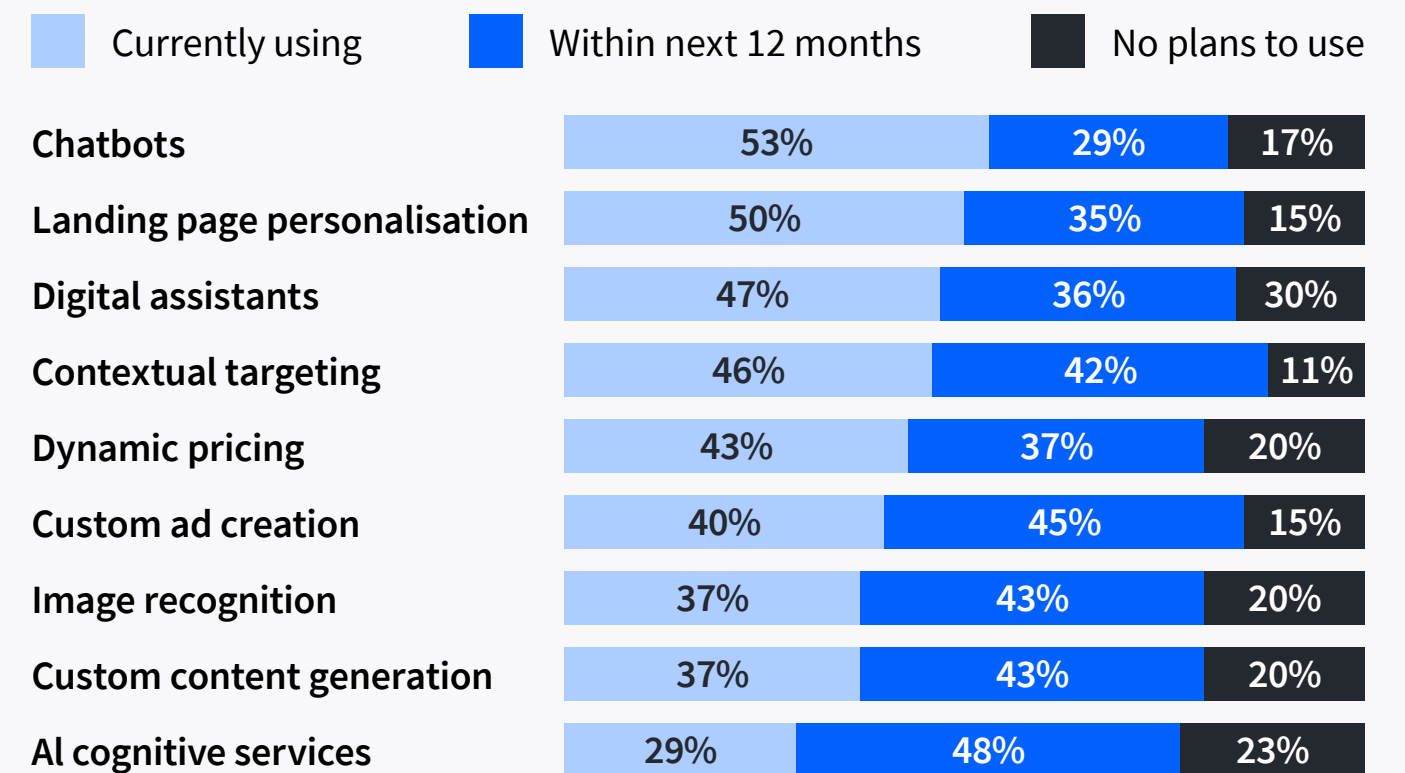
Nearly all advertisers report at least some level of knowledge of machine learning and AI technologies.

Knowledge Level of Machine Learning and AI Technologies
Percent of Respondents



Almost half of advertisers use machine learning and AI technologies in contextual advertising.

Usage of Machine Learning and AI Technologies
Percent of Respondents



MACHINE LEARNING AND AI IN CONTEXTUAL

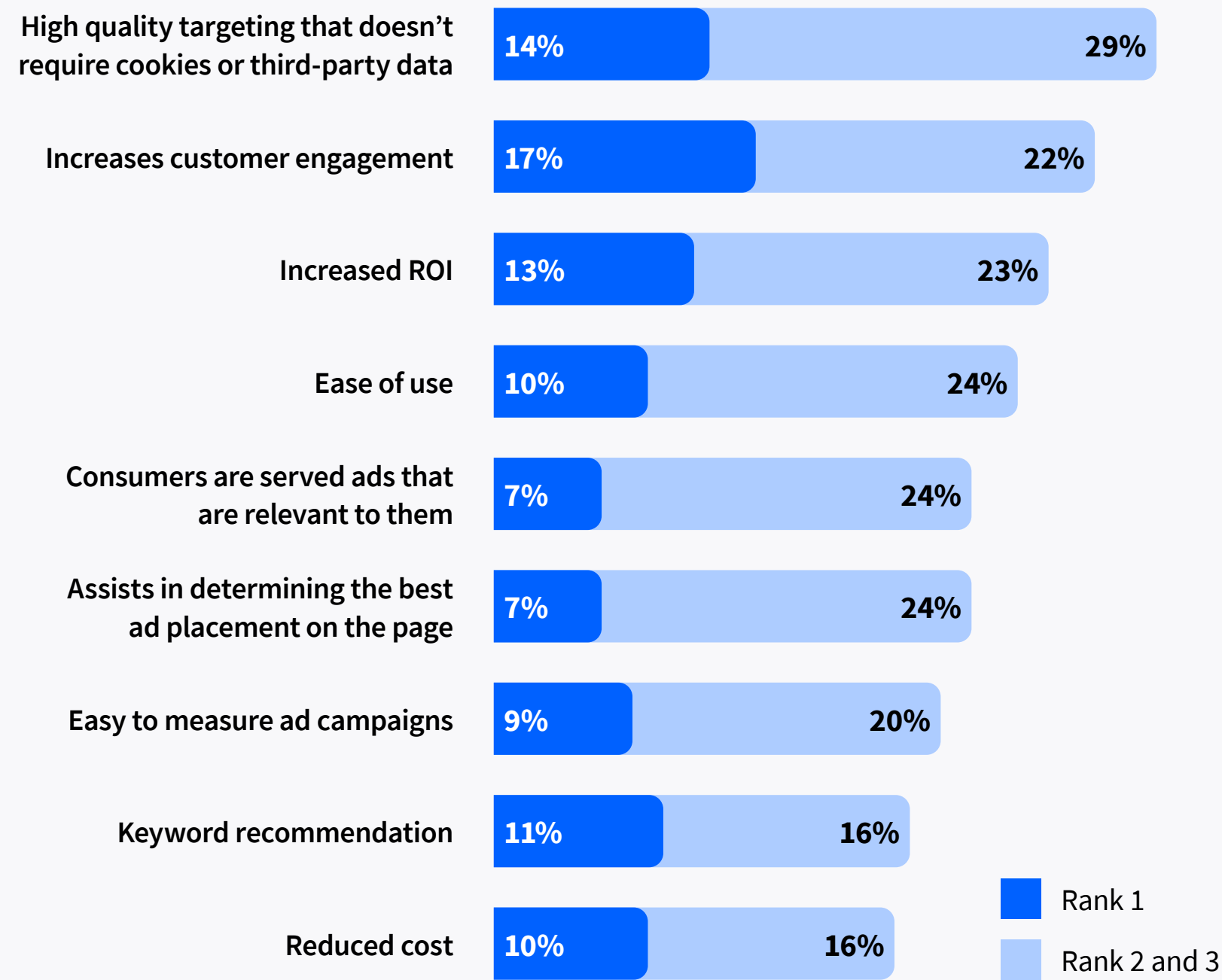
Respondents agree the top 3 benefits of machine learning and AI is the high-quality targeting, increased customer engagement and return on investment.

Leveraging a platform that puts a priority on the right technology to drive high-performing contextual ads will ensure the best possible performance and high campaign success. Starting your contextual campaigns early provides the best opportunity to take advantage of these benefits.

High quality targeting and increased customer engagement are the top benefits of machine learning and AI to contextual targeting.

Top Benefits of Machine Learning and AI to Contextual Targeting

Among Those Currently Using Contextual Targeting and Currently/Plan to Use Machine Learning and AI, Sorted by Rank 1-3



KEY TAKEAWAYS

Key Takeaways

The need for contextual advertising is clear, and the benefit of machine learning and AI is widely recognised. So what should digital marketers do to get started? Take a bite out of cookieless advertising, sooner rather than later.

We have summarised key actions you should take to ensure you are well-equipped to integrate contextual solutions in your media plans.

KEY TAKEAWAYS

Prioritise Implementation

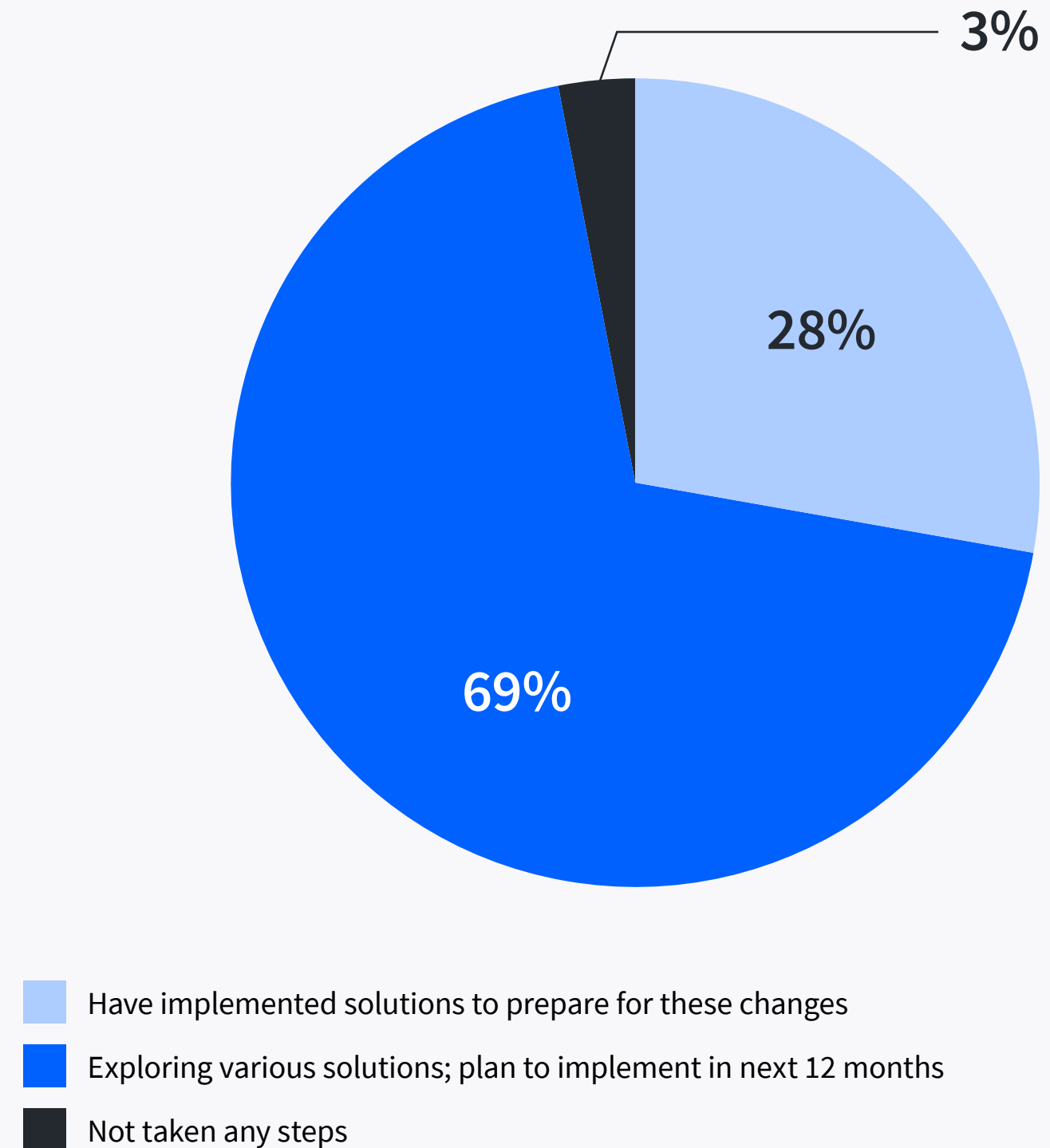
Advertisers and marketers understand the need for contextual advertising adoption, yet there is a gap between that acknowledgement and speed to market. With such a dominant trend in prioritising this tactic, widespread usage is expected.

Only 28% of advertisers have implemented contextual solutions, and 69% are exploring various solutions to implement in the next 12 months. This gap in implementation could be the single biggest challenge when trying to ramp up quickly with new targeting strategies. Programmatic advertising is dependent on testing, and the sooner you can test and optimise contextual targeting, the better off your campaigns will be in the long run.

Only 28% of advertisers have implemented solutions.
A majority are exploring potential solutions.

Preparing for the Cookieless Future

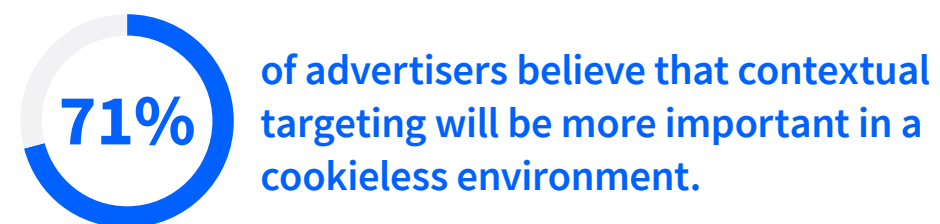
Percent of Respondents



KEY TAKEAWAYS

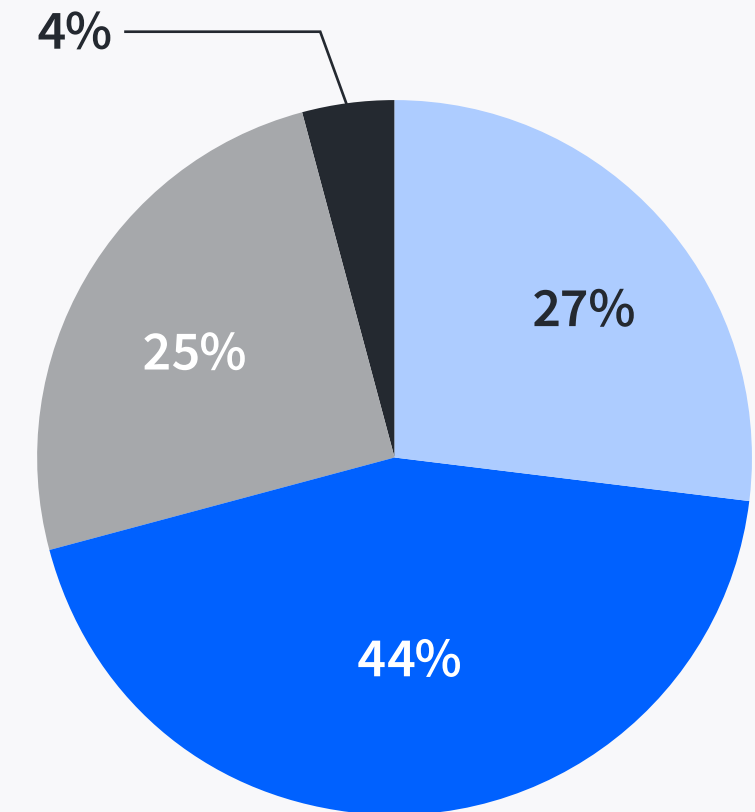
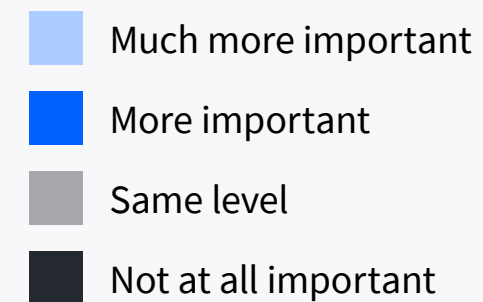
Advertisers need to prepare for any digital environment, cookieless or not. The best way to ensure a seamless transition is to reset and implement contextual strategies now. Over two-thirds of advertisers agree that contextual targeting will be more important in a cookieless environment, meaning the competition will be high.

Identify what keywords and tactics are most beneficial for your campaigns, and use these strategies in tandem with audience targeting for a well-rounded approach. For example, 5 out of 6 advertisers plan to use contextual targeting in conjunction with behavioural targeting and over three quarters plan to use geolocation data with contextual.



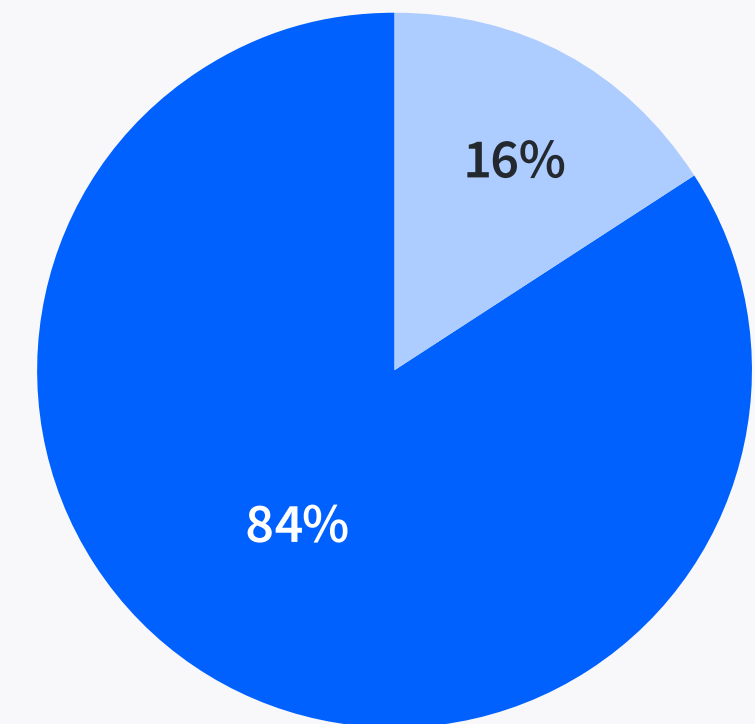
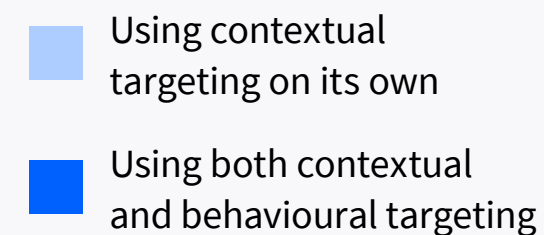
Importance of Contextual Targeting in Cookieless Environments

Percent of Respondents



Use of Contextual Targeting in Conjunction with Behavioural Targeting

Percent of Respondents



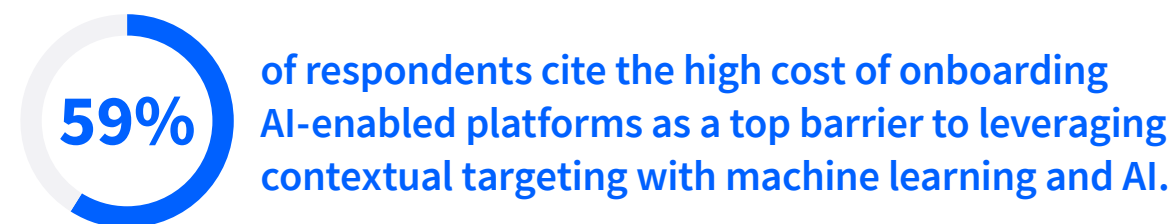
KEY TAKEAWAYS

Identify Areas for Learning

The best way to get ahead of industry changes and implementation ramp-up periods is to invest time in learning and development. Finding time to educate your media buyers on how they can be successful in cookieless environments will be the difference between campaigns continuing to perform with ease and a dip in performance.

Programmatic platforms that leverage machine learning and AI should not be viewed as a barrier, but rather as a benefit—as they offer highly relevant and accurate targeting capabilities. If the unknown surrounding the technology is seen as a challenge, this can be easily overcome with education and the right technology partner.

Having the right training can make all the difference when implementing a new platform, tactic or strategy. Access to resources and onboarding materials are critical to success, and having the right partner to lean on for this training is crucial.



Transparency, cost and education are the top barriers of applying contextual powered by machine learning and AI.

Top Challenges of Machine Learning and AI to Contextual Targeting

Among Those Currently Using Contextual Targeting and Currently/Plan to Use Machine Learning and AI, Sorted by Rank 1-3

High cost of onboarding AI-enabled platforms



Limited transparency into how it works



Lack of internal training/education



Lack of control



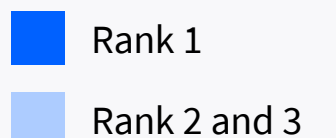
No buy-in from the management



Difficult to use



Do not understand the technology



KEY TAKEAWAYS

Lean on the Right Partner

Programmatic platforms that provide contextual strategies, including those that leverage machine learning and AI are the best resources in times of uncertainty. They understand how to use the features available, and the best way to learn and ramp up.

Respondents agree that programmatic advertising platforms like demand-side platforms (DSPs) are excellent for learning—with 55% of respondents citing that DSPs are a top resource. MarTech and measurement partners are also cited as top resources for guidance on how to approach cookieless environments.

It is highly beneficial for advertisers and marketers to lean on their programmatic platform producers

for information and support not only for contextual but for all digital advertising strategies.

Your technology provider should be a partner when it comes to understanding nuances in the industry, and how to foster success. Typically, DSPs will have expertise in all areas of digital advertising, including the channels that work well, the data providers that should be leveraged and the formats that yield high engagement. Tapping into this knowledge set for programmatic solutions is the best way to break into the contextual space efficiently.

MarTech, measurement partners and programmatic platforms are the top resources for guidance to address a cookieless future.

Resources to Address the Cookieless Future

Percent of Respondents

Martech partners

71%

Measurement partners

58%

Programmatic advertising platforms like DSPs

55%

Industry trade organisations

54%

Ad networks/exchanges

46%

Advertising agencies (marketers only)

26%

Advertisers (agencies only)

25%

KEY TAKEAWAYS

Execute Cookieless Tactics

The findings in this report indicate that it's time to execute cookieless tactics in your digital campaigns. As you prepare for advertising in cookieless environments and determine what strategies to implement for success, consider the following:

- While nearly all advertisers prioritise finding solutions for the cookieless future, the majority have not implemented any solutions.
- Most advertisers believe contextual targeting will be more important in cookieless environments.
- A commonly cited benefit of contextual targeting is alignment with audience interests.
- Contextual targeting aligns with brand safety, a critical advertiser consideration.
- Nearly all advertisers have some knowledge of machine learning and AI technologies.
- There is a significant opportunity to provide greater transparency into how AI-driven targeting works and more education and training.





CONCLUSION

Introducing Contextual Advertising to Your Digital Strategy

Based on our research, it is clear that cookieless is upon us and contextual advertising has already established itself as a prime tactic for success. The best way to prepare is to implement contextual strategies now and learn how they complement your other audience tactics for high performance.

About StackAdapt

StackAdapt is a self-serve programmatic advertising platform used by the most exceptional digital marketers. This state-of-the-art platform is where some of the most progressive work in machine learning meets cutting-edge user experience. Ad buyers plan, execute, and manage data-driven digital advertising campaigns across all devices, leveraging proprietary data, inventory and publisher partners.

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