



Boosting Campaign Efficacy in Europe

AI Solutions for Digital Advertisers

Discover how innovative approaches in the digital advertising space are unlocking new growth potentials for brands and agencies.

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AI, through its high-precision targeting and measurement capabilities, brings unparalleled accuracy in audience targeting and campaign impact.

— Yang Han, CTO at StackAdapt

Executive Summary

Public interest in artificial intelligence (AI) has perhaps never been stronger.

Though both consumer and B2B applications of AI have been on the market for many years, the emergence of generative tools such as ChatGPT, Stable Diffusion, and Midjourney have thrust the field into the limelight.

In turn, intrigue towards machine learning (ML) and AI has had a truly dramatic impact on public markets. By April 2023, excitement around AI had driven a USD\$4tn (£3.3tn) surge in tech stocks, more than six times the combined market cap of the seven largest publicly-traded media companies.

To that end, in this Insights & Attitudes report, produced in association with StackAdapt, we examine how AI tools are being used by agency and brand marketers across Europe, the impact of these solutions upon performance, and how their usage is set to evolve over the next five years.

Specifically, we explore:

- 1 Practical applications of AI and ML within advertising
- 2 How the use of AI is affecting marketing performance and ROI
- 3 Effect of AI-based targeting on advertising waste
- 4 Benefits and challenges associated with ML and AI in advertising
- 5 Evolution of AI adoption

AI is imminently set to become a critical component within European advertising. From targeting to content generation, chatbots to analytics, the use of AI will be near ubiquitous by the end of next year. This growth is fuelled by the results brands and agencies alike have already observed via the use of AI.



87%

reported improved performance and ROI through use of AI solutions in digital advertising campaigns.

Key Findings

99%

Almost all of surveyed agency and brand marketer professionals across Europe stated that AI has had a positive impact on advertising growth and efficiency, with none noting a decline in efficiency associated with the use of AI solutions.



The use of AI-powered tools within digital marketing is set to be endemic within Europe by the close of 2024, with **at least 95% of respondents set to use AI in programmatic advertising platforms**; audience targeting; automated content generation; chatbots; and predictive analytics within the next 12 months.



Data privacy and compliance was cited by European agency and brand professionals as the leading challenge in implementing AI strategies within digital advertising, with 64% citing this as an issue. This was closely followed by the technical complexity of AI integration (62%).



Overall, **high-quality targeting was the most-commonly cited benefit** of applying ML and AI solutions to digital advertising campaigns. This was closely followed by increased customer engagement and assistance in determining the best ad placement on the page.



Where European digital advertising professionals are currently using AI-based targeting, this is leading to widespread reduction in advertising waste, with **80% reporting that use of these solutions had reduced advertising waste to some extent**.



Overall, the use of artificial intelligence solutions has had a markedly positive impact on advertising campaigns across Europe, with **87% reporting the use of AI improved performance and return on investment (ROI)**.



AI is set to play a highly important role within multiple facets of digital advertising in the coming years, with **AI deemed to have at least a moderate impact by 90%+ of respondents for all surveyed factors**.

Use of AI Tools and Platforms

The use of AI-powered tools within digital marketing is set to be endemic within Europe by the close of 2024, with at least 95% of respondents set to use AI across all surveyed areas within the next year. Moreover, the majority of brand and agency marketers are currently using AI for audience targeting (63%) and within their programmatic advertising platforms (55%).

FIGURE 1

Use of AI-Powered Tools and Platforms

Europe 2023, % of Respondents

Currently using Planning to use it within the next 12 months No plans to use

Programmatic advertising platforms



AI-powered audience targeting



Automated content generation / dynamic creative optimisation



Chatbots for customer interaction



Predictive analytics for campaign optimisation



95%

of respondents are set to use AI in programmatic advertising platforms by the end of 2024.

Impact of AI on Advertising Campaigns

Overall, the use of artificial intelligence solutions has had a markedly positive impact on advertising campaigns across Europe.

87%

of respondents reported that the use of AI in marketing improved performance and ROI.

90%

of respondents in both France and the UK reported an improvement in performance / ROI through the use of AI solutions.

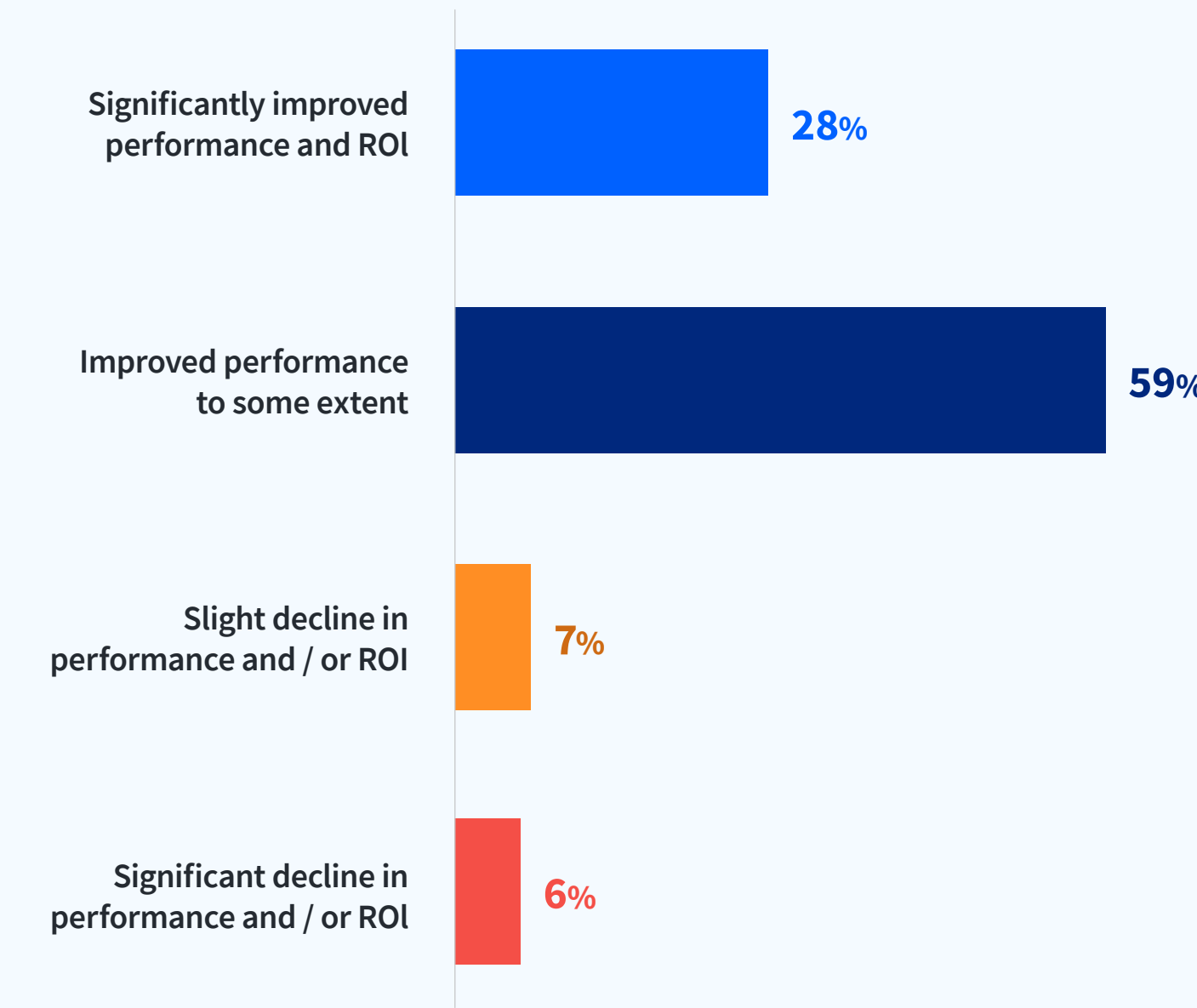
46%

of those surveyed in Spain reported that the use of AI had significantly improved performance and ROI.

FIGURE 2

Impact of AI Adoption on Advertising Campaigns

Europe 2023, % of Respondents



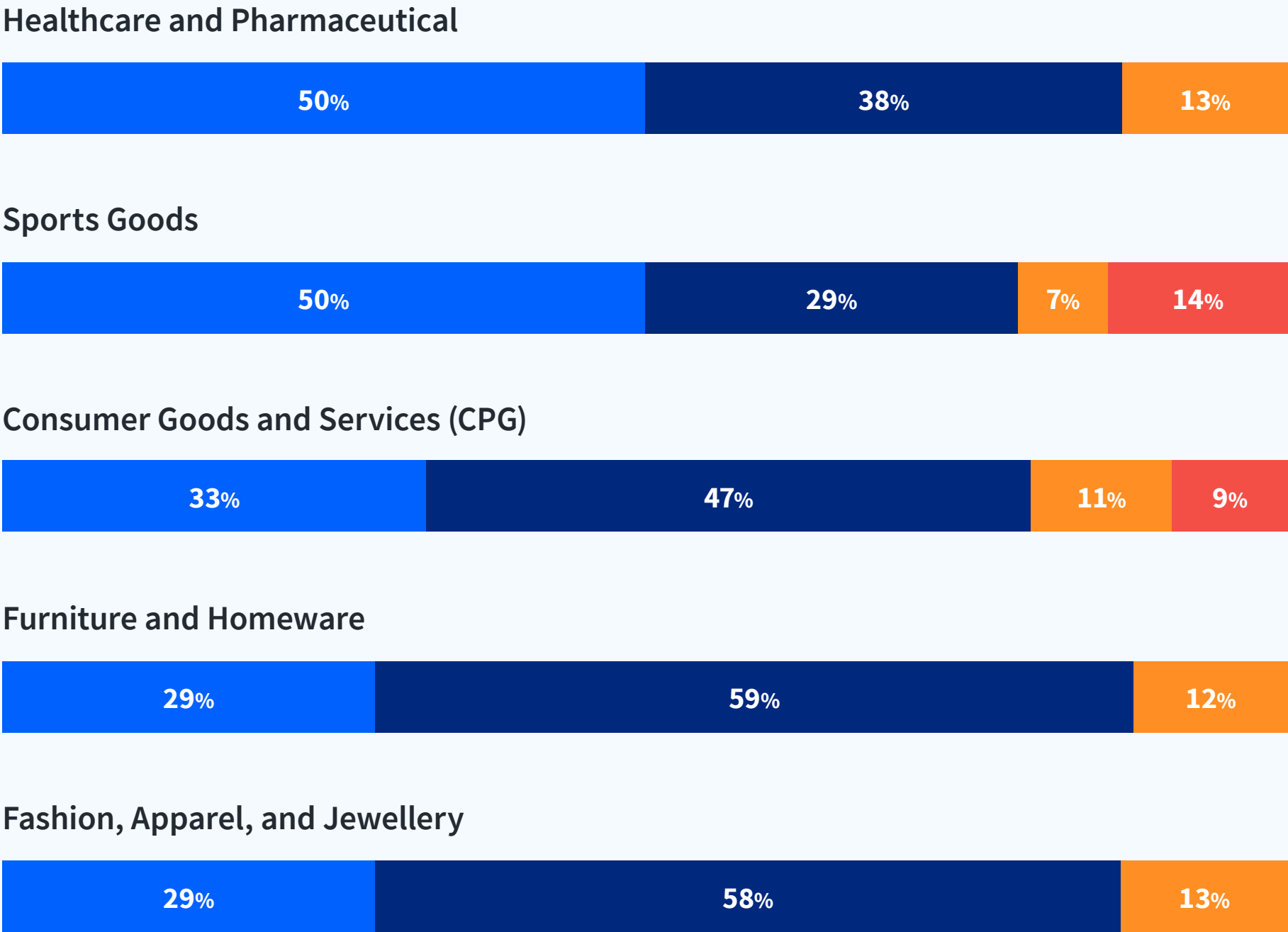
04 — Impact of AI on Advertising Campaigns

FIGURE 3

Impact of AI Adoption on Advertising Campaigns

Europe 2023, % of Respondents, Top 5 Sectors

- Significantly improved performance and ROI
- Improved performance to some extent
- Slight decline in performance and/or ROI
- Significant decline in performance and/or ROI



Personalisation

Where European brand and agency professionals are using AI for customer experience and personalisation, they are seeing above-average gains in performance and return on investment.

90%

of respondents are observing improvements to performance and ROI when using AI powered audience targeting.

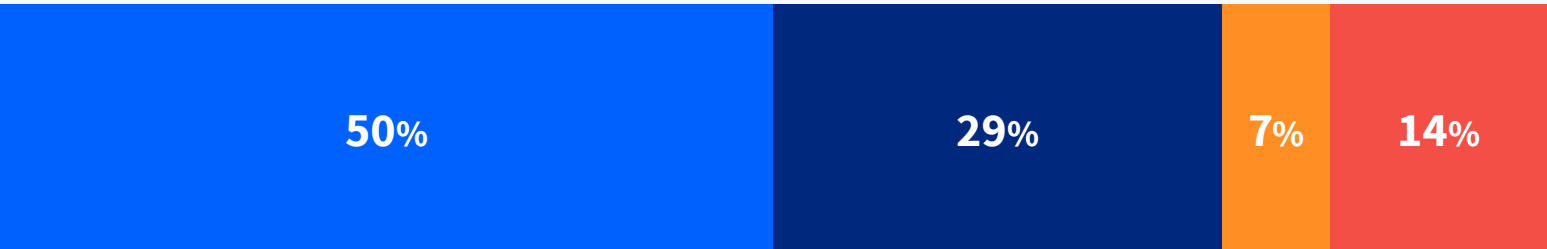
FIGURE 4

Improvements to Digital Advertising Performance Through AI-Powered Personalisation

Europe 2023, % of Respondents

- Significantly improved performance and ROI
- Improved performance to some extent
- Slight decline in performance and/or ROI
- Significant decline in performance and/or ROI

AI-Powered audience targeting



Chatbots for customer interaction



Evolution In Usage of AI Solutions

Corresponding with our findings on the current usage of AI solutions in digital advertising, the use of these solutions across Europe is set to proliferate rapidly over the course of the next 3–5 years. Only 2% of those surveyed stated that the use of AI is set to decrease over this period.

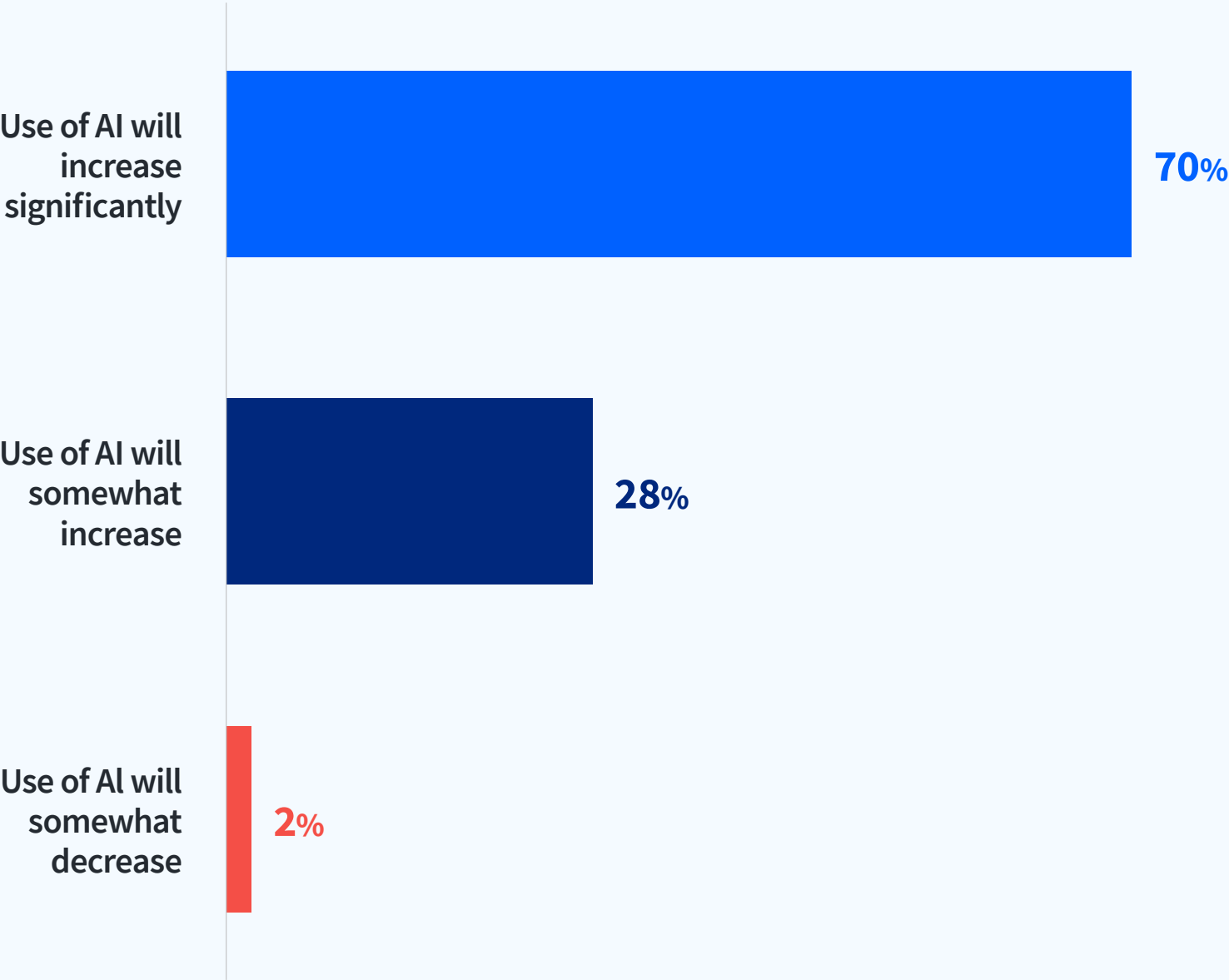
70%

of respondents stated that the use of AI will increase significantly in the next 3–5 years.

FIGURE 5

Evolution of AI Usage in the Next 3–5 Years

Europe 2023, % of Respondents



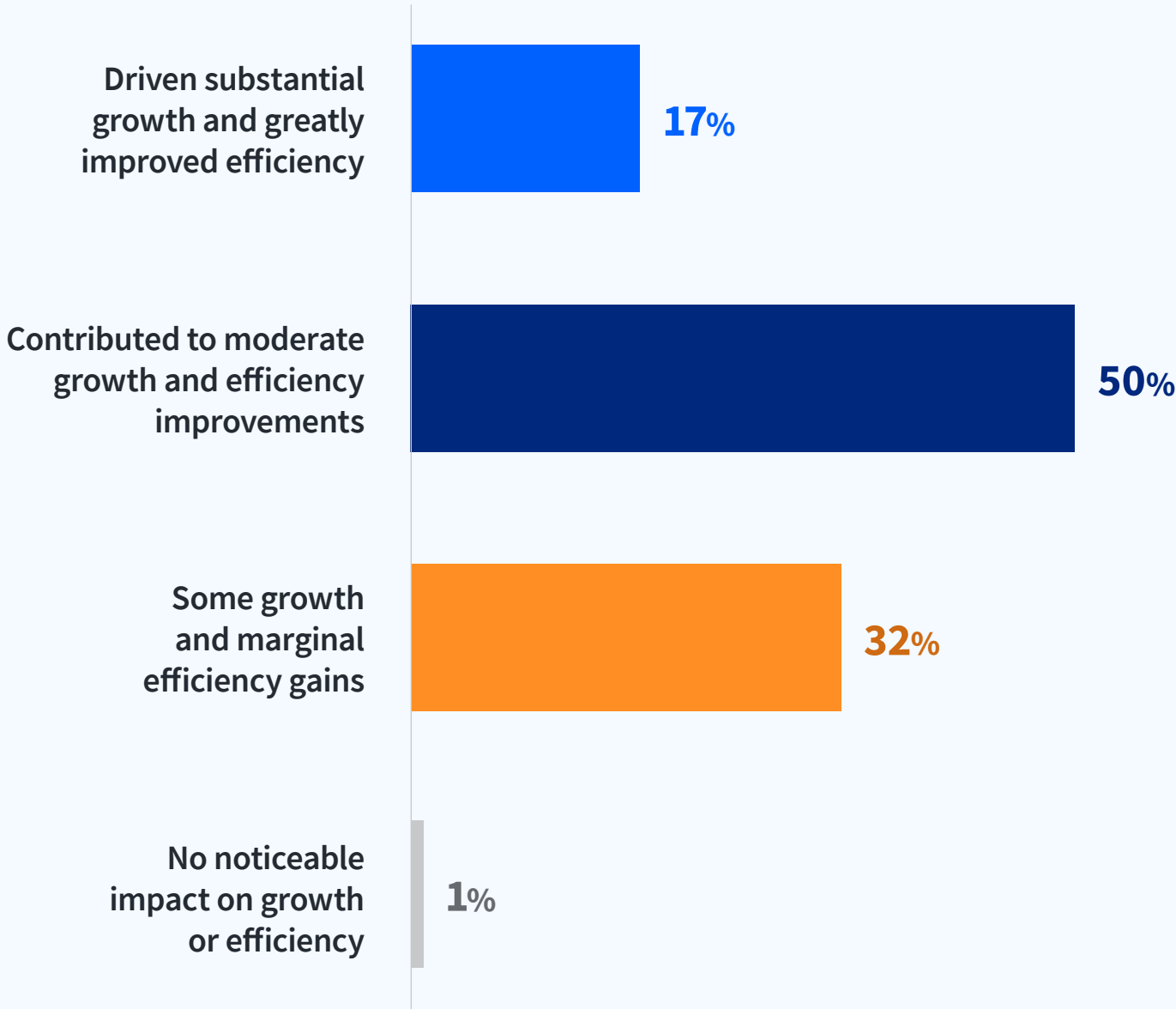
AI Impact on Advertising Efficiency

Almost all (99%) of surveyed agency and brand marketer professionals across Europe stated that AI has had a positive impact on advertising growth and efficiency, with none noting a decline in efficiency associated with the use of AI solutions.

FIGURE 6

AI Impact on Advertising Growth and Efficiency

Europe 2023, % of Respondents



67%

of respondents reported moderate to substantial growth and efficiency improvements.

Reduction of Advertising Waste Via AI-Based Targeting

Where European digital advertising professionals are currently using AI-based targeting, this is leading to widespread reduction in advertising waste. Nearly one-third (29%) reported that the use of AI-based targeting had significantly reduced waste, however a minority (14%) reported that using such solutions had actually increased their advertising waste.

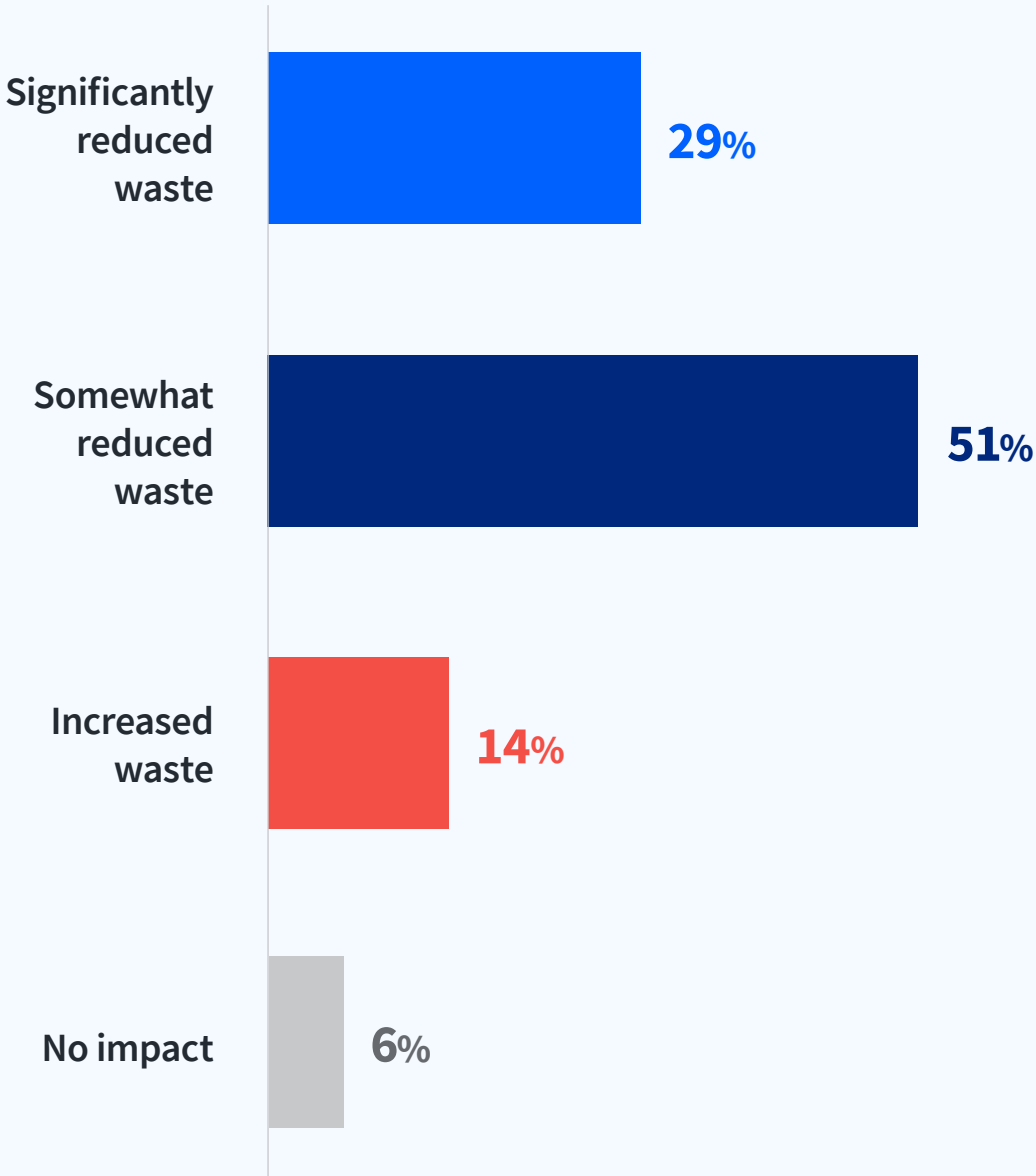
80%

of respondents reported that use of AI-based targeting reduced advertising waste to some extent.

FIGURE 7

Change in Advertising Waste By AI-Based Targeting

Europe 2023, % of Respondents



08 — Reduction of Advertising Waste Via AI-Based Targeting

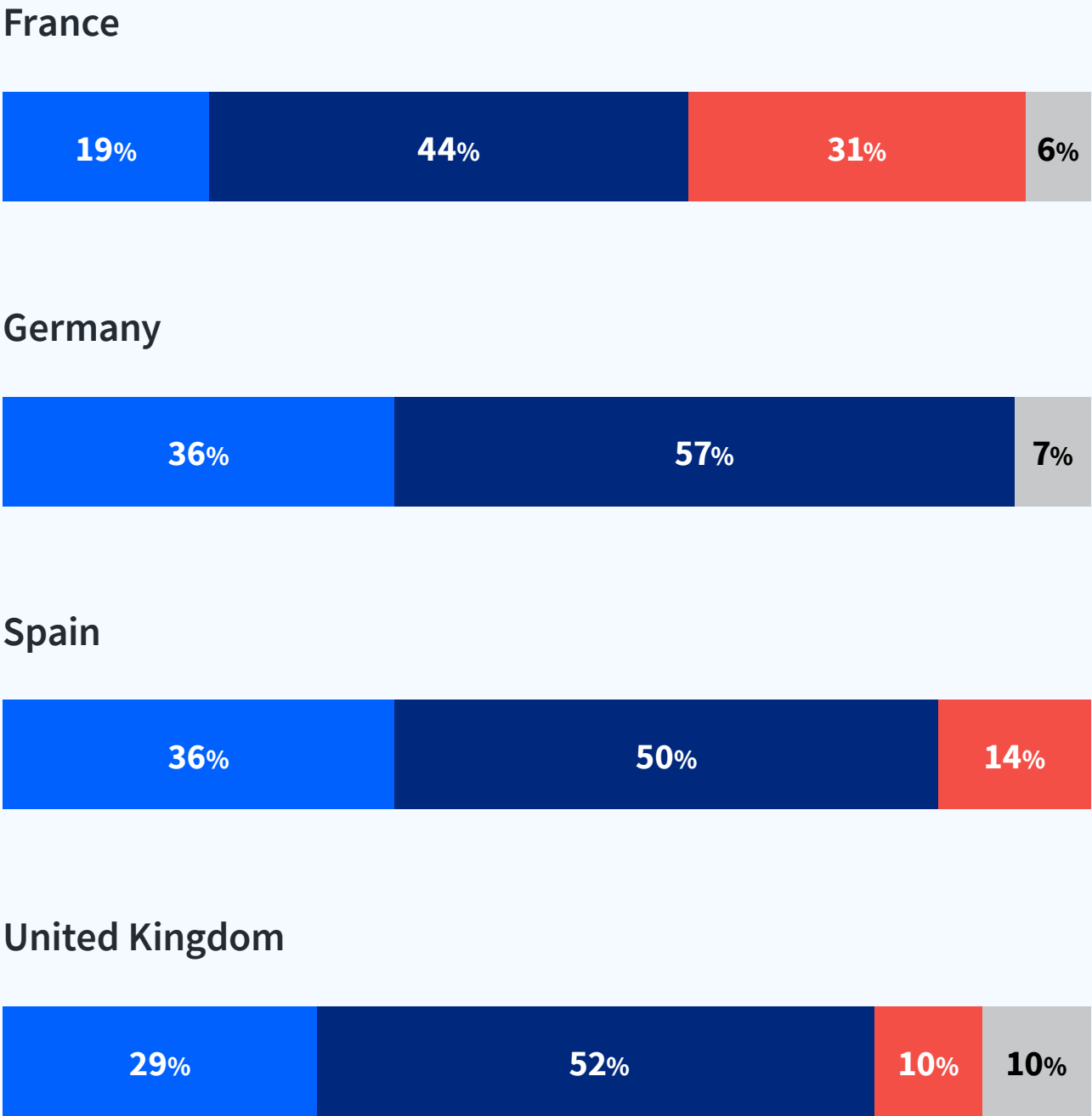
FIGURE 8

Change In Advertising Waste By AI-Based Targeting

Europe 2023, % of Respondents, By Market

- Significantly Reduced Waste
- Somewhat Reduced Waste
- Increased Waste
- No Impact

Though 31% of respondents in France reported an increase in advertising waste, the majority of respondents deemed AI-based targeting solutions somewhat or significantly effective at reducing advertising waste across all surveyed markets.



93%

of respondents in Germany reported that AI-based targeting solutions had reduced advertising waste to some extent.

The effectiveness of AI-based targeting solutions in reducing advertising waste also varied substantially according to the sector in which the brand or agency operates.

All respondents operating in the automotive, education, travel & tourism, and telecommunications sectors reported that AI-based targeting solutions had reduced advertising waste. A minority of those surveyed in the healthcare and electronics sectors told a more cautionary tale of no effect, or an increase, in advertising waste.



Telecommunications was designated as the #1 sector for reduction of advertising waste through use of AI.



AI, through its high-precision targeting and measurement capabilities, brings unparalleled accuracy in audience targeting and campaign impact.

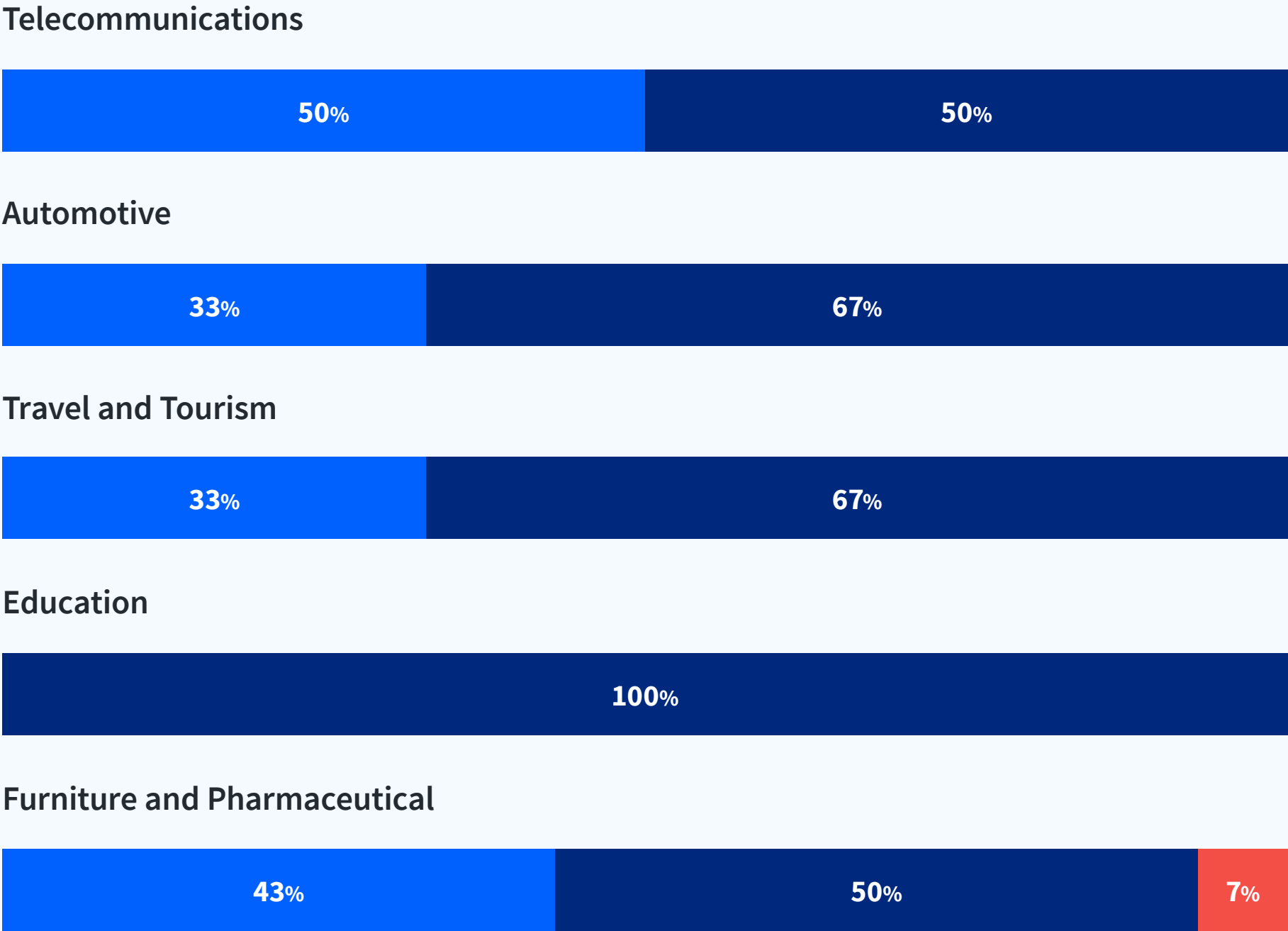
— Yang Han, CTO at StackAdapt

08 — Reduction of Advertising Waste Via AI-Based Targeting

FIGURE 9
Change in Advertising Waste By AI-Based Targeting

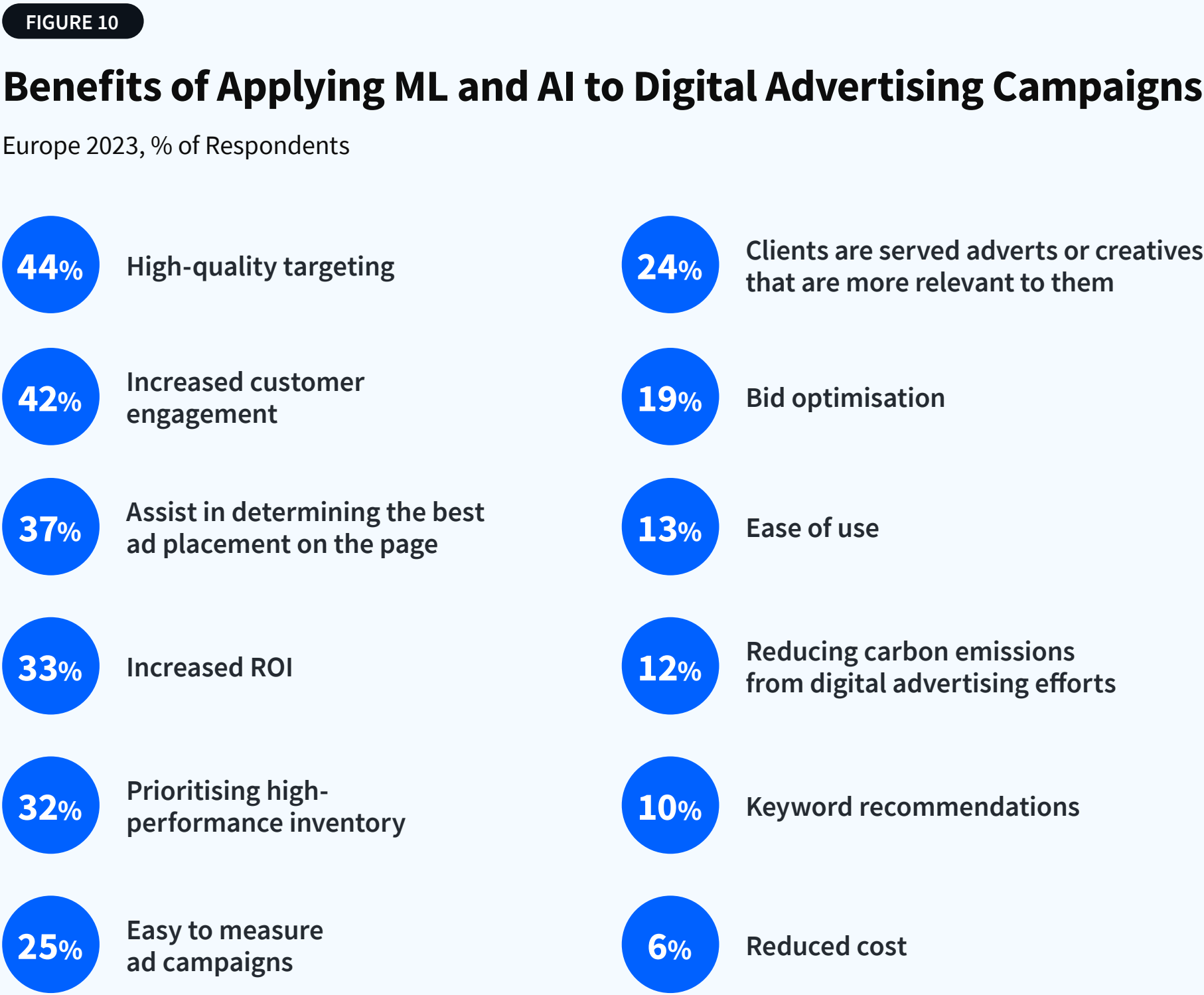
Europe 2023, % of Respondents, By Sector

- Significantly Reduced Waste
- Somewhat Reduced Waste
- Increased Waste



Benefits of Applying ML and AI to Digital Advertising Campaigns

Overall, high-quality targeting was the most-commonly cited benefit of applying ML and AI solutions to digital advertising campaigns, followed closely by customer engagement and determining the best ad placement.

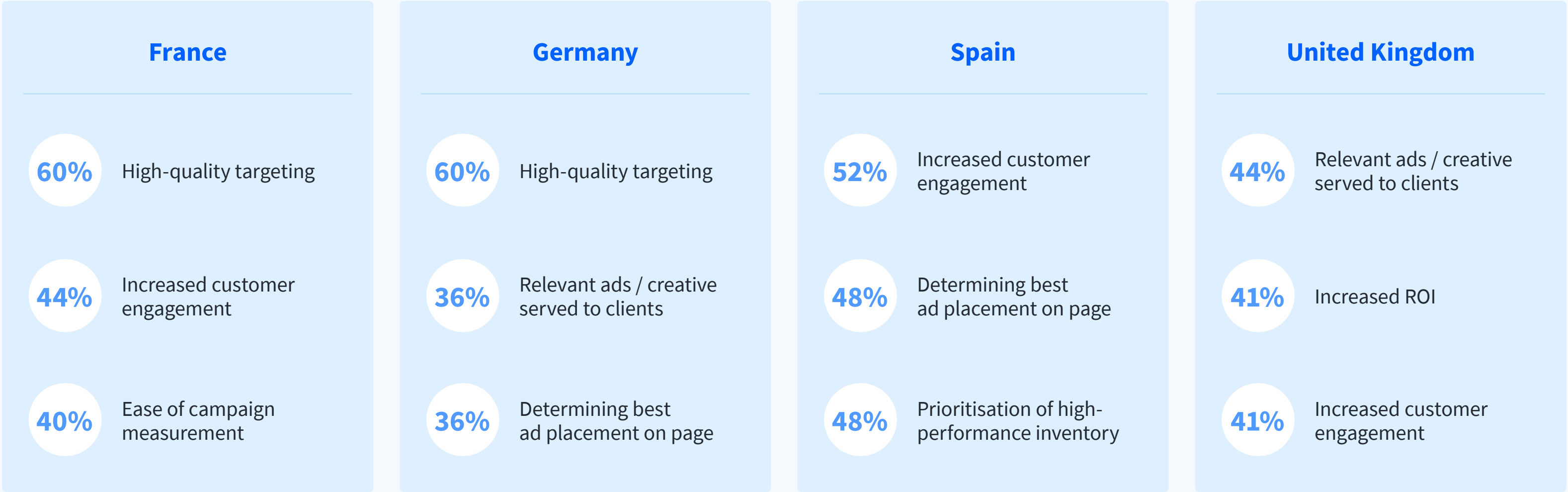


09 — Benefits of Applying ML and AI to Digital Advertising Campaigns

FIGURE 11

Top Three Benefits of Applying ML and AI to Digital Advertising Campaigns

Europe 2023, % of Respondents, By Market



Importance of AI Within 3–5 Years for Digital Advertising Factors

AI is set to play a highly important role within multiple facets of digital advertising in the coming years, with AI deemed to have at least a moderate impact by 90%+ of respondents for all surveyed factors.

97%

stated that AI will be important to some extent in programmatic advertising dominance.

53%

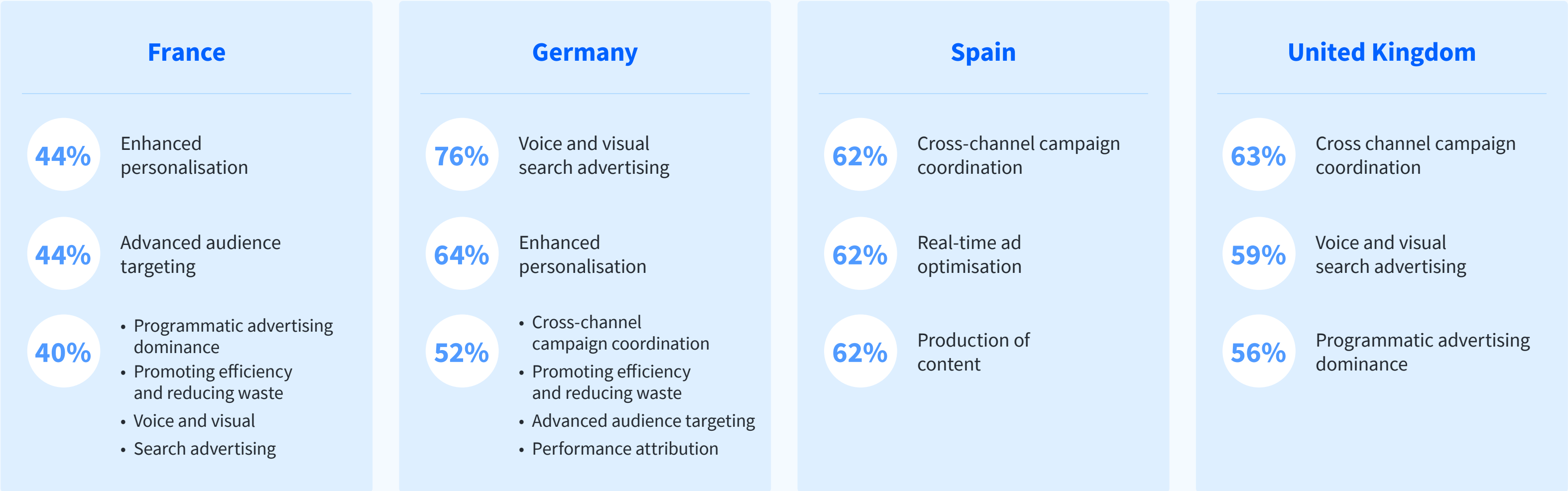
Over half (53%) stated that AI will be critically important for both cross-channel campaign coordination and within voice and visual search advertising (51%), with the latter likely driven by the advent of AI-powered text-to-image models.

10 — Importance of AI Within 3–5 Years for Digital Advertising Factors

FIGURE 12

Proportion of Respondents Deeming AI to Be Critically Important Within Digital Advertising Factors

Europe 2023, % of Respondents, Top Factors By Market



10 — Importance of AI Within 3–5 Years for Digital Advertising Factors

FIGURE 13

Proportion of Respondents Deeming AI to Be Critically Important Within Digital Advertising Factors

Europe 2023, % of Respondents, By Sector

Digital advertising factor	Automotive	B2B goods and services	Consumer goods and services, CPG	Education	Electronics and technology	Fashion, apparel, and jewellery	Financial services	Furniture and homeware	Healthcare and pharmaceutical	Real estate	Sports goods	Telecommunications	Travel and tourism
Cross-channel campaign coordination	33%	51%	60%	50%	62%	63%			88%		71%		
Advanced audience targeting				50%	62%					50%			60%
Enhanced personalisation	33%	51%					52%						
Real-time ad optimisation	33%									50%		43%	
Programmatic advertising dominance								65%					
Performance attribution				50%								43%	
Promoting efficiency and reducing wastage					62%								
Lowering carbon emissions associated with digital advertising	33%												

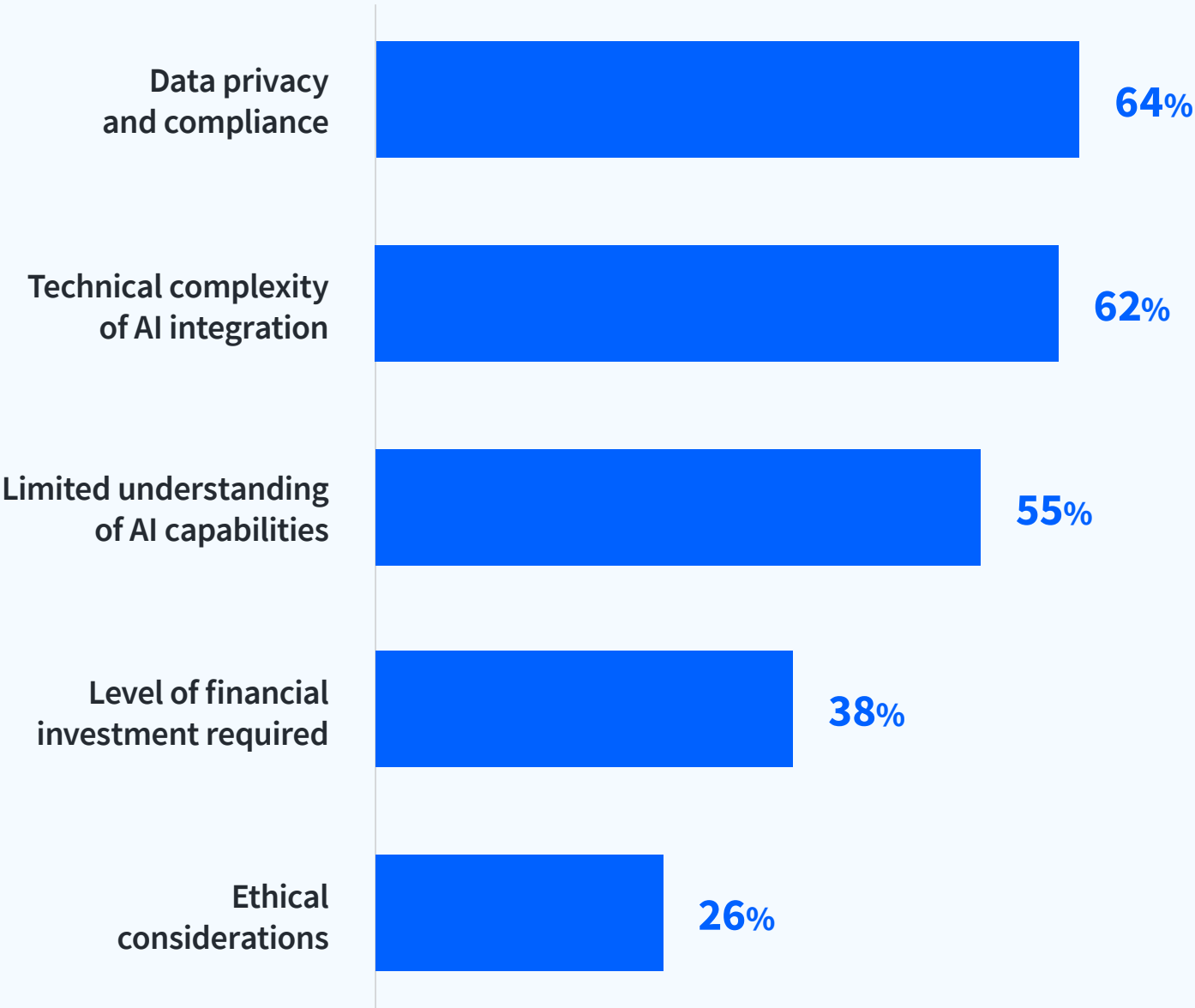
Challenges In Implementing AI Strategies

Data privacy and compliance was cited by European agency and brand professionals as the leading challenge in implementing AI strategies within digital advertising, with 64% citing this as an issue. This was closely followed by the technical complexity of AI integration (62%), indicating that more work needs to be done to both educate and reassure brands on how they can deploy AI/ML solutions, whether directly or through the use of partners, effectively in the post-cookie age.

FIGURE 14

Challenges In Implementing AI Strategies

Europe 2023, % of Respondents



11 — Challenges In Implementing AI Strategies

FIGURE 15

Challenges In Implementing AI Strategies

Europe 2023, % of Respondents, By Market

Benefit of applying AI and ML to digital advertising campaigns	France	Germany	Spain	UK
Data privacy and compliance	72%	40%	74%	70%
Technical complexity of AI integration	64%	80%	41%	63%
Limited understanding of AI capabilities	32%	72%	56%	59%
Level of financial investment required	48%	32%	33%	37%
Ethical considerations	32%	8%	26%	37%

The German market proved atypical in terms of challenges associated with deploying AI and ML strategies.

Here, 80% of respondents cited technical complexity as a challenge, followed closely by limited understanding of AI capabilities. Only 40% of respondents operating in Germany cited data privacy and compliance issues as a challenge.

79%

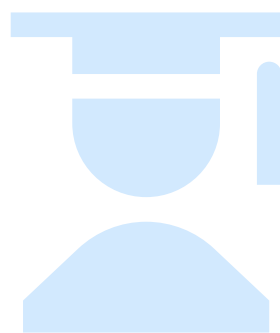
of respondents cited limited understanding of AI capabilities as akey concern for those operating in the sports goods sector.

11 — Challenges In Implementing AI Strategies

There was also substantial variation in the challenges associated with implementing AI strategies according to the sector in which the respondent operates within.

100%

of respondents in the *education* sector cited potential data privacy and compliance issues as a challenge.



79%

of brands and agencies in the *sports goods* sector cited limited understanding of AI capabilities as a key concern.



0%

of those surveyed in the *travel and tourism* industry cited limited understanding of AI capabilities as a key concern.



The Agency AI Paradox: Performance Versus Waste

There is an inverse relationship between performance gains associated with the use of AI, and reduction of advertising waste, depending on whether an agency is independent or is part of a holding company.

All surveyed European agency professionals working within a holding company reported improved performance and ROI in their advertising campaigns through the use of AI tools. However, only 18% of independent agencies reported significant gains, with a similar proportion (16%) reporting declines in performance and ROI.

FIGURE 16

Impact of AI Adoption on Advertising Campaigns

Europe 2023, % of Respondents, By Sector

- Significantly improved performance and ROI
- Improved performance to some extent
- Slight decline in performance and/or ROI
- Significant decline in performance and/or ROI

Independent



Part of holding company



45%

of respondents at agency holding companies reported significantly improved performance and ROI through the use of AI.

12 — The Agency AI Paradox: Performance Versus Waste

FIGURE 17

Impact of AI Adoption on Advertising Campaigns

Europe 2023, % of Respondents, By Sector

Significantly Reduced Waste Somewhat Reduced Waste Increased Waste No Impact

Independent



Part of holding company



Despite holding group-tied agencies reporting greater growth and ROI gains through the use of AI, 40% are reporting increased waste associated with AI-based targeting, compared to only 3% of independent agencies.

Though this is an interesting paradox, it is still important to note that, overall, 90% of independent agencies and 60% of holding group-tied agencies still noted a reduction in advertising waste via the use of AI tools.



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StackAdapt is a multi-channel 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, inventory, and publisher partners.

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Acknowledgements

ExchangeWire and StackAdapt would like to take this opportunity to thank the surveyed participants.

Sample and Methodology

Original data within this report is derived from a survey of 104 media professionals working within a brand or agency within Europe.

Data was collected from 6th September 2023 to 15th September 2023.