

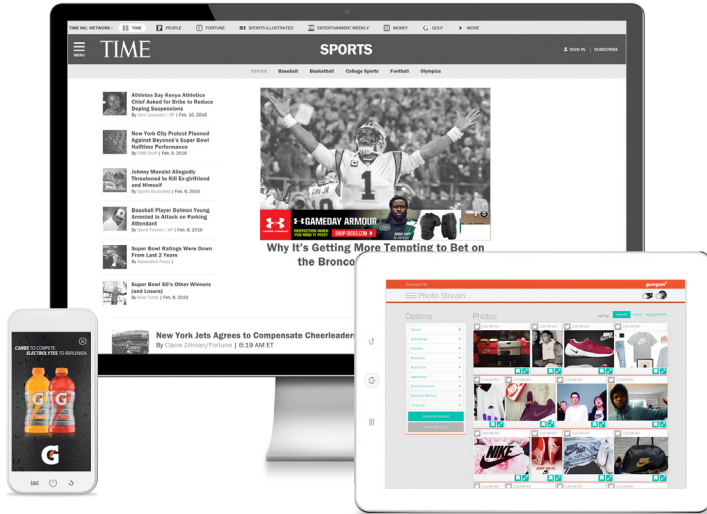
IN-IMAGE ADS

PUBLISHER'S EDITION



DIGIDAY





ABOUT US

GumGum is a leading computer vision company with a mission to unlock the value of every online image for marketers. Its patented image-recognition technology delivers highly visible advertising campaigns to more than 400 million users as they view pictures and content across more than 2,000 premium publishers.

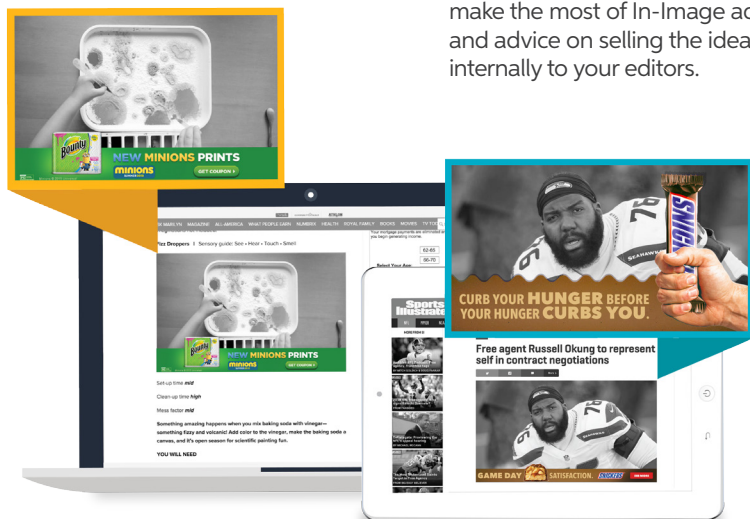
Founded in 2007, GumGum invented the In-Image advertising category and is used

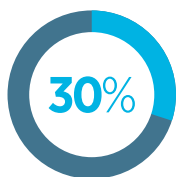
by some of the majority of Fortune 100 companies. GumGum ads consistently achieve an 81% viewability rate and deliver 10 times better engagement than traditional display options, while still prioritizing high-quality inventory, brand safety, and user experience. The company also offers GumGum V.I., a real-time visual listening platform that helps brands identify and activate online pictures relevant to them, as well as engage their top influencers on social media.

HERE'S THE 2-MINUTE SKINNY ON IN-IMAGE ADS X

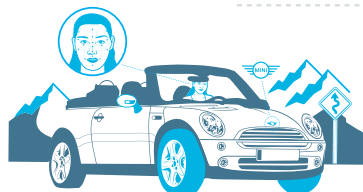
In-Image ads have been around since 2009, consistently delivering industry-shattering results like 81 percent viewability for the progressive publishers that use them. But given the challenges facing traditional digital placements – banner blindness, ad blocking – they're more appealing than ever to publishers looking to reach their readers efficiently and unobtrusively.

By using cutting-edge technologies to place the right ads in the right pictures to the right people at the right time, they're more effective than ever. And given that articles with images receive 94 percent more views than those without, it's a wonder everyone isn't using them. So we're going to make it easy over the next few pages with background on the technology, tips and tricks to make the most of In-Image ads, and advice on selling the idea internally to your editors.





To understand what's going on in pictures and what's around them, In-Image ad technology uses a mix of real-time behavioral targeting, semantic page analysis, and image recognition.



Thanks to image recognition, In-Image ads can deliver highly customized ads to specific pictures, like a 'Witches of East End' ad campaign that looked for eyes in editorial pictures and turned them green.



In-Image advertising, when executed properly, requires only a 20 to 30 percent fill rate to generate substantial added revenue.



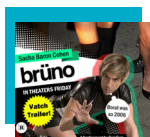
GumGum's patented image recognition technology not only detects text, people, and objects in photos, but also scenes, logos, and soon, car makes and models.



Not all in-vendors are created equal; find out why you need to go with a vendor who provides custom creative that matches the quality and tone of your brand.

IN-IMAGE AD

Not all in-vendors are created equal; find out why you need to go with a vendor who provides custom creative that matches the quality and tone of your brand.



2010 FEBRUARY

In-Image ads start serving ads related to the content of images.

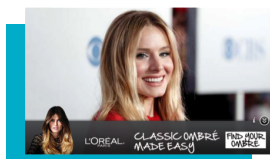


2013 FEBRUARY

"Canvas," a high-impact image takeover ad, debuts with Maybelline.

SEPTEMBER

A campaign for 'Witches of East End' utilizes image recognition to place green eyes over the faces in images.



2016 SEPTEMBER

GumGum allows advertisers to target trending images and content online.

HISTORY OF IN-IMAGE ADVERTISING

2009 JUNE

The world's first In-Image ad is for Universal Pictures' 'Bruno.'



2012 MAY

In-Image ads go programmatic.



2014 MAY

Image recognition is used by L'Oréal to serve an In-Image ad that matches the content of a specific image.

JUNE

Levi's runs the world's first rich media In-Image campaign programmatically.

2015

Embedded video players run inside In-Image ads for the first time ever.





HOW GREAT ARE THESE GLASSES?

Powered by our core image recognition technology, GumGum unlocks the value of connected images, and delivers highly visible campaigns and rich insights to marketers. GumGum reaches over 400 million unique visitors per month across billions of images on premium websites.

In addition to giving publishers a new way to monetize their images while maintaining a relevant user experience, we give advertisers the ability to reach highly targeted audiences at scale in a brand-safe environment.

THE DO'S AND DON'TS OF IN-IMAGE ADS

We live in a visual culture. From the rise of Snapchat to the ubiquity of emojis, it's clear that words are out and images are in. With images taking center stage, publishers are turning to In-Image advertising to build revenue by putting marketing messages in the places where eyes are truly focused. There's just one problem. Like all the good things in life, you have to do In-Image right, or it could go very, very wrong.

DO

Look for relevant images to place your ads on. If the images and content are contextually relevant, it's more likely that the audience will respond to the ad without feeling like it's an intrusion.

DON'T

Forget to take in all the context. A picture of skiers hitting the slopes is a great place for a winter wear ad . . . unless that skier was later caught in a catastrophic avalanche.





DO

Look for a vendor who provides custom creative that matches the quality and tone of your image. Your editorial team curates quality images of #goals-worthy celebrity outfits and only the finest wardrobe malfunctions; make sure your In-Image vendor is taking just as much care creating the ad creative to go with them.



DON'T

Go with a sloppy vendor who sources all of their ads from an ad network. Ugly creative can devalue your images and turn off your audience. They're here to drool over Angelina's limited edition Louboutins, not dry heave over an image of toenail fungus.



DO

Choose an In-Image provider who knows news and pop culture inside out. A smart machine knows the difference between Bernie Sanders and Bernadette Peters and matching your ad with the right face can make a much bigger impact.

“ A smart machine knows the difference between Bernie Sanders and Bernadette Peters.”



DON'T

Choose a provider who can only promise to place your ad on pictures of people. Bernadette may be a polarizing figure, but she's probably not going to be a major player in the upcoming election unless someone takes a wild swing with their VP nomination.



“Good creative should be like slipping on a glove, not trying to squeeze into your favorite jeans from high school”

DO

Find a provider who serves ads that fit your images. Good creative should be like slipping on a glove, not trying to squeeze into your favorite jeans from high school.



DON'T

Let someone cram a 970×250 billboard ad into the much smaller frame of your image. Come on, people! We learned shapes and sizes back in kindergarten. Any provider that hasn't mastered this yet probably needs to take a remedial course.

Like I said before, we're in a visual world now. Even as I type this, you're probably wishing I'd just use a carefully chosen string of emojis instead. It's not enough to just slap ads on top of images. As a publisher, you need a partner who takes just as much care creating, sourcing and placing ads as you do creating, sourcing, and selecting your images.

DO YOU READ ME, HAL? WHEN AD-TECH COMES TO LIFE: A ROBO- CONVERSATION

**BY PHIL SCHRAEDER,
CFO AND COO,
GUMGUM**

All tech is not created equal. That's why you need to forget what you think you know about In-Image advertising and focus on the tech behind it. Technologists will break your brain with the details, but it really comes down to smarts. Smart tech means smart ads, so we let our tech speak for itself. Meet our boy Henry and so-called competitor Hal —





HAL: A new mother. I will put the ad for baby formula on the image.

HENRY: Whoa, whoa, whoa, lil' buddy! I think you mean a nude mom. I measured the percentage of skin in the image and checked which body parts are showing and just . . . walk away from it, dude.

HAL: Mothers feed children. [Places ad.]

HENRY: Wait, don't! You're not seeing the bigger picture — you are literally not seeing the bigger picture. Take the ad off.

HAL: The headline says she is a new mother. I have put an ad on the image appropriate for mothers.

HENRY: I mean, you're right? And you're wrong. You've stepped into a gray area. It's not worth bringing the brand and advertiser along with you.

HAL: I am operated by a third party. The brand and advertiser are not my master.

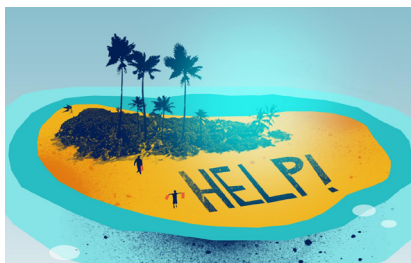


HAL: A picture of a woman. Women buy cleaning products. I will put an ad for dish soap on this image.

HENRY: OK, that's misogynist on a million levels. Also, that's Gigi Hadid. Did you run through your library of celebrity images? Do you even have one? Like, for this campaign I'm working on, I'm supposed to put the ad for Zayn Malik's album on pictures related to him, so that's what I'd use here. Zayn's her current boy toy.

HAL: I do not know Gigi Hadid. I do not know Zayn Malik. [Places ad of dish soap.]

HENRY: It's not about you. Everyone else knows who Gigi Hadid is. Even I know who she is, and I'm a machine.



HAL: A tropical island. I will put an ad for a vacation in the Bahamas.

HENRY: Did you read past the headline? It's an article about castaways who were rescued on a deserted island.

HAL: There is water and palm trees, such as is found in the Bahamas.

HENRY: Yes, I see those too, and you're technically correct — but if you scan the article, you'll find that it's reporting a story about castaways. Putting an ad for an island getaway doesn't really work with it.

HAL: [Places ad.]

HENRY: Mhmm-kay. Let's see if we can get at this another way. Hal, do you read?

HAL: I do not wish to discuss that.

HAL: I have placed the ad.

HENRY: Are you serious? That's a 728×90 ad, and you just smashed it on top of a 400×400 image. Not cool.

HAL: But . . . I have placed the ad?

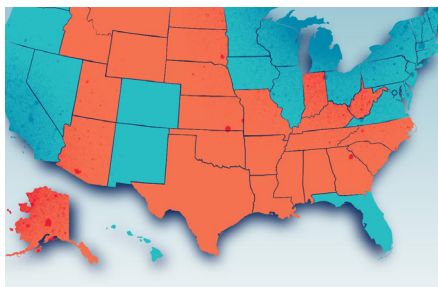
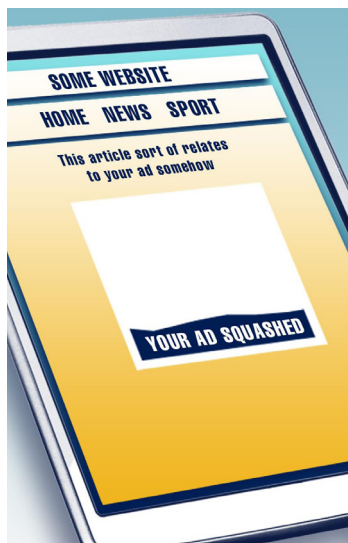
HENRY: No way, Hal. It's distorted. It looks like crap. You have to think about the advertisers. They want their stuff to look good.

HAL: The . . . advertiser? I do not talk to the advertiser.

HENRY: It's OK. I work with them directly so I know what they want. I'm not just pulling this ad off a server willy-nilly.

HAL: I am sorry.

HENRY: Don't worry about it, buddy. Why don't we try some of my custom creative? I made them especially for this type of image. They'll look great.



HAL: I am going to put a motorcycle ad here.

HENRY: But why? It's a political site with an electoral map.

HAL: I am programmed for 100 percent In-Image ad coverage.

HENRY: But motorcycles are probably irrelevant to most readers of this particular site.

HAL: Who is the reader? [Places ad.]

HENRY: [Looks on with dismay.] The reader is who quality publishers and brands care about.

HAL: The reader sounds useful.

HENRY: Well, the Internet is built around the reader or user.

HAL: No. The Internet is built for my ads.

HENRY: Riiiiight — but no. Seriously, Hal. What about putting ads on just 20 to 30 percent of the images? That's what I do. You still help the publisher that way, and you don't irritate readers or editorial teams. You don't want to piss anyone off, do you, Hal?

HAL: [Places ad below the fold of hyperlocal news site.]

HENRY: You'll put an ad on anything, won't you?

HAL: [Places ad for grill set on image of burning building.]

HENRY: Aaaaand scene.

SEVEN THINGS YOU DIDN'T KNOW ABOUT IN-IMAGE ADS

BY PHIL SCHRAEDER, CFO AND COO, GUMGUM

Banner blindness, ad blocking, small mobile screens — like it or not, the growing challenges to the online advertising business model are numerous. Meanwhile, quality content isn't getting any less expensive to produce. So what's a besieged publisher to do? In-Image ads are a good place to start.

Here's why:

They're highly visible.

Pictures are often the first thing anyone sees in an article. It's no wonder: Eye-tracking studies have shown that users focus more energy and attention on images than anything else. And according to the Content Marketing Institute, articles with images receive 94 percent more views than articles without pictures. This makes them an ideal place for ads, because they'll be seen. In fact, In-Image ads have an 81 percent viewability rate, which is about 52 percent more than standard ad placements.

They create new inventory for publishers.

In-Image ads put marketing messages in a new location that's in front of readers' eyes, which

enables them to be seen. What's more, since they're located in a completely new, "found" space, In-Image ads are essentially new inventory and don't have to fight for precious real estate on a page. Publishers don't have to choose between a sponsored story or an IAB ad for that right-rail ad unit because In-Image doesn't take away inventory from other sources. It's truly incremental revenue.

"IN-IMAGE ADS HAVE AN 81% VIEWABILITY RATE, ABOUT 52 PERCENT MORE THAN STANDARD AD PLACEMENTS."

**THINGS AREN'T
ALWAYS HOW THEY
LOOK-EVEN FOR
IN-IMAGE!**



They give precious real estate back to the editors.

By making use of highly viewable locations like the bottom of pictures, In-Image ads help publishers return real estate that was previously dedicated to ads back to the editorial department. Space set aside for ad units in the right rail or banners can once again be used for articles, “most popular” promo modules or slideshow thumbnails.

They know their place.

It's hard to be more contextual than placing a relevant ad right into an image, and In-Image ads execute this efficiently and intelligently. To understand what's going on in pictures and what's around them, In-Image ad technology uses a mix of real-time behavioral targeting, semantic page analysis (keywords, captions, text) and image recognition (faces, hair color, objects). Then it serves relevant ads — say, for a local dealership offer in a picture of a car in a story about the best summer road trips — into the photo.

**“IN-IMAGE ADVERTISING
REQUIRES ONLY A 20 TO
30 PERCENT FILL RATE TO
GENERATE SUBSTANTIAL
ADDED REVENUE.”**

They don't overstay their welcome.

Needing as little as a 20 percent fill rate to create incremental revenue that moves the needle, In-Image ads don't have to run 24/7, making them less intrusive than all those pop-ups, banner ads and takeovers that have caused a full-fledged reader rebellion in the form of ad blockers.

They're cross-platform.

Most content today is consumed on mobile devices, which have smaller-than-desktop touchscreens that immediately reduce space for advertising. In-Image ads are designed responsively, making them cross-platform. That means they'll reconfigure and resize themselves appropriately no matter the platform or screen size. In other words, if an editorial picture is resized and fits on a mobile screen, the In-Image ad will follow it.

They're safe.

There's no need to worry about an ad showing up in a picture accompanying a sensitive news story or inside an inappropriate picture. Thanks to cutting-edge technologies such as image recognition, photo or article mismatches can automatically be filtered out before ads go in them.



**NOT THE
TALK!**

**THE ADS GO WHERE?!
TEACHING YOUR ED-
ITORS THE BIRDS AND
THE BEES OF NEW
FORMATS**

It's time for "The Talk." Yes, that one — the one about the birds and the bees and the incremental revenue squeeze. You've watched your publication grow from a scrappy upstart to an influential news source. Your audience has broadened. Your revenue blossomed. Thanks are due, in large part, to your editorial team.

But in order for your business to continue to grow, changes must be embraced. Advertisers and consumers alike want more for less. To reach your full potential, all sides will have to embrace new solutions, and that might mean testing tools, like In-Image advertising, that will make your editorial team nervous.

It's natural for them to be apprehensive. But it's your job to talk them through the industry's big changes. Remember, that's what you signed up for when you went product-side. Luckily, we've prepared this simple guide to help you put their fears to rest.

"Running a successful site is so labor intensive! I don't have time to spend tagging and categorizing images in the CMS so that ads serve correctly."

Gently stroke your editors' hair in a soothing, repetitive motion. Whisper softly into their ears: "Real In-Image advertising relies on sophisticated image-recognition technology and page context. We would never ask you to work your precious hands to the bone because these"—clasp their hands tightly and reassuringly—"THESE are your instruments, your paint brushes, your sculptor's chisel! We would never imperil them with tedious ad tagging!"

"What about user experience? We've worked to build a sophisticated audience. I don't want them to be turned off by an ad."

Ask your editorial team to close their eyes and envision a peaceful tableau. It could be a deserted beach; a beautiful, sun-dappled forest glen or a set of perfectly edited posts lined up in the CMS — nirvana! Remind them that In-Image advertising, when executed properly, requires only a 20 to 30 percent fill rate to generate substantial added revenue. Ask them to pepper their imaginary landscape with a few pieces of tasteful signage, seamlessly integrated into the scenery rather than blaring on top of it. Have them meditate on this less-than-terrifying scene until their anxieties melt away.

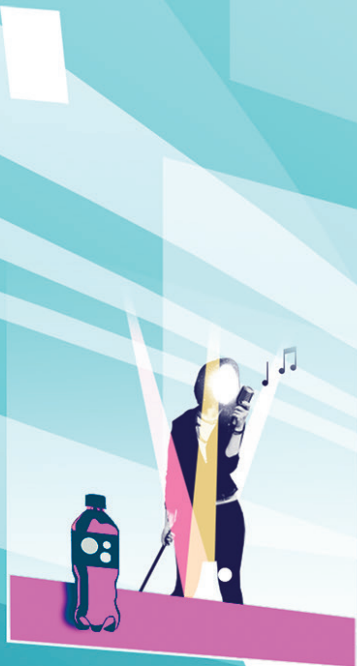
"I lived through pop-ups and flashing banner ads. Display ads are ugly and interruptive. I don't want them smashed on top of this carefully curated photo of the 'Amazing Race' cast."

Pour your editors a cup of chamomile tea (renowned for its relaxational properties) and encourage them all to sip freely as you explain. True In-Image advertising bears little resemblance to the boorish display ads of yesteryear. While some pretenders have tried to approximate In-Image by cramming standard 728"x90" ad units into tiny image slots, the real deal is considerably more elegant. Creative for genuine In-Image is custom-designed to complement, rather than simply cover, standard image formats.

"We're a serious news organization! I don't want an ad for Disney cruises running against a photo of Somali pirates."

Buy your editors a delicious treat, like a cupcake or bourbon, and remind them that neither do the advertisers. In fact, true In-Image ads are guided by proprietary image-recognition technology. By scanning not just the image but the context of the page it sits in, a smart In-Image provider can prevent an embarrassing mismatch of ad and content. Remind them that their fears are valid and that everything is going to be OK. Everything . . . is . . . going . . . to . . . be . . . ooooooaaaaay.





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