# gumgum

# Navigating the Age of Uncertainty

## How to Future-Proof Your Marketing Strategy

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# State of the Industry

## Even though things might look the same, the status quo remains on shaky ground.

> The advertising industry is being held hostage by an uncertain future.

The prospect of a world without third-party browser cookies has captivated the industry and driven meaningful investment in finding alternatives, many of which are in-market today. Google's decision to block third-party cookies in Chrome promised to deliver the final blow in the cookie's long demise and propel the industry toward rapid adoption of these alternative methods.

But things have not turned out that way. While the pending demise of cookies was dramatic, it at least provided a clear guide for the future of the industry. But at the time of this writing, in September 2022, even that prospect has become uncertain, thanks to a number of critical factors:

- **Looming regulation:** Privacy regulations continue to develop across multiple fronts, with new constraints on targeting and standards for consent being implemented at the state, federal, and international level.

- **Delays**: Google has now delayed the deprecation of third-party cookies in Chrome twice, pushing the timeline out further each time. Some industry observers have begun to wonder whether cookies are actually going away.

- **False starts**: Google's own proposals for cookie alternatives, the Federated Learning of Cohorts (or FLoCs) as well as the interest-based Google Topics, have met with tepid reactions from advertisers and, in some cases, direct rebukes from regulators.

- **Slow traction for alternatives**: Many of the alternative "universal" IDs have broad integration but very little organic market traction. Google cited this slow development as a reason for delaying cookie deprecation.

# State of the Industry



While the endurance of the cookie has left an appearance of the status quo in place, it is a superficial one. Right beneath the surface, the foundations of digital media are continuing to shift. Look even a few years into the future, and it's evident that the entire enterprise of audience targeting is under the microscope, and held in a state of suspended animation. If we look at the big picture, it's becoming clear that, at a fundamental level, whether with cookies or without, the advertising industry is going to need to embrace change in its methods for targeting.

> **With such uncertainty hanging over the industry, betting on the status quo - or an easy replacement for it - is a risky strategy.**

Now is a time for marketers to become deeply acquainted with their own targeting methods, the advantages and challenges for each, and develop a new understanding of their resilience in the face of rapidly developing standards and regulations.

# Methodology Mix in the Near Term

## What to Consider When Picking a Method

- As a first step, one of the most important changes for marketers to embrace is to begin thinking about their strategy in terms of targeting methods rather than channels.

- Most marketers are accustomed to thinking in terms of channels: digital, mobile, linear TV, CTV, out of home, etc. But the major changes underway in advertising are less about the channels themselves than they are about the methods of targeting that can be applied within them.

- **By methods, we mean the basic approaches to targeting with data. In the broadest sense, we break those down as:**
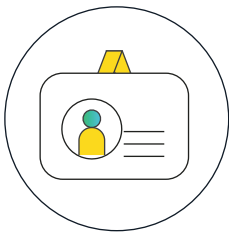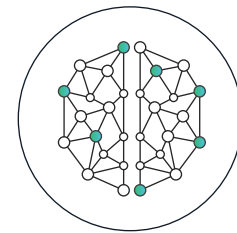
**Deterministic definition:**
A direct data match based on known, pseudonymous or anonymous identity, usually with the help of a third-party graph such as a "universal ID". Notable examples include UID2.0 and RampID
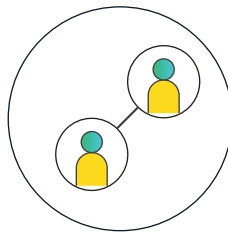
**Probabilistic definition:**
Algorithmically generated lookalike segments based on a source file of first-party data - e.g., FLoCs and Audience Match

**Contextual definition:**
Targeting based on data about the content around the ad rather than data about the person viewing it, for example GumGum's contextual targeting solution, Verity™, and Grapeshot.

- Most brands already employ a mix of all of these methods across their programs, but simply aren't accustomed to seeing things this way.  As changes loom over the advertising landscape, marketers will need to become more intentional and strategic about how they employ them, and that means gaining a new appreciation for their strengths and weaknesses.

# Methodology Mix in the Near Term

## Pros and Cons to Different Methods
### Deterministic:

### Advantages

✓ **Nothing is more accurate than a direct match:** One of the most attractive parts of deterministic methods like UID 2.O, ID5 and RampID is that they are based on direct, certain matches, finding the exact person you are looking for.

✓ **Cross-device built in:** Cookies identify a browser, not even a device or a person or a household. The same person could use many browsers, or the cookies in the browser change, and so that same person changes over time. With deterministic IDs, they last, and they're across all browsers and all devices, so you would know something about that person, no matter where you see them, connected TV, the web ... wherever.

### Challenges

❗ **Based on strength of first-party data:** The viability of deterministic methods depends on how much data a brand has to match in the first place. By the strict definition of a 1-1 match, it is only possible to find the people you already know. New IDs like UID 2.O, RampID, ID5 and others provide a framework for finding new addressable audiences through common attributes.

❗ **Authentication is difficult:** At the root of every deterministic match is a value exchange in which a person agrees to provide their information, usually a name, address, and email address. That value exchange is usually part of a direct economic transaction, like signing up for a newsletter, a subscription, or having something delivered. At the end of the day, there are only so many opportunities to obtain consent and authenticate the data.

❗ **High degree of regulatory contingency + risk:** New privacy standards and regulations take direct aim at how marketers are allowed to leverage personal data for targeting. Since most deterministic targeting methods rely on consented personal data, there is a great deal of uncertainty about the viability of these models in even in the short term.

# Methodology Mix in the Near Term
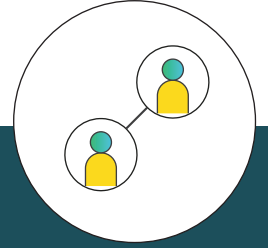
## Pros and Cons to Different Methods
## Probabilistic:

### Advantages

**Great for prospecting:** Probabilistic methods, such as FLoCs, Lookalike Audiences and Audience Match, are particularly useful for finding prospects and acquiring new customers.

**Easier to scale:** Probabilistic models provide an intelligent way to scale marketing spend and reach new audiences.

**A form of cookieless ID:** Probabilistic IDs synthesize and resolve multiple data points to arrive at a confident prediction that certain devices, behaviors, and signals are generated by the same person.

These IDs must be careful to not cross the fine line into "fingerprinting," which is prohibited by several industry bodies.

### Challenges

**Dependent upon strength of first party data asset:** Lookalike and cohort models are great ways to expand the target audience and reach new customers, but their accuracy is often dependent on the quality and size of the original customer file.

**Opaqueness in probabilistic models:** Probabilistic models are predictions with various degrees of confidence and uncertainty, but the composition of those models are usually not transparent to marketers using them.

**High degree of regulatory contingency + risk:** Like deterministic methods, probabilistic methods are firmly in the cross-hairs of ongoing regulatory developments. This makes over-reliance on them a risk factor heading into the future.
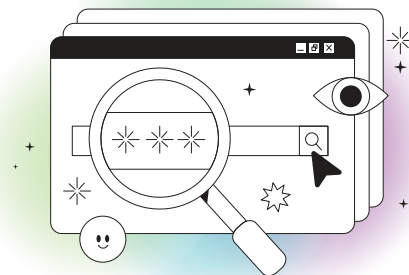
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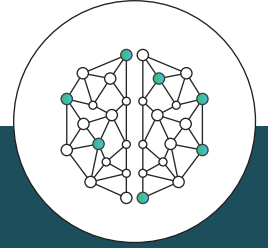
## Pros and Cons to Different Methods
### Contextual:

### Advantages

**Independent of audience targeting:** Contextual targeting is fundamentally different from deterministic and probabilistic audience targeting in that it does not use any identity or behavioral data to operate. Instead, contextual data relies on a deep understanding of the content around the advertisement.

**More accurate proxy for relevance**: The editorial context of an advertisement is often a stronger signal of intent and interest than audience segments. People are multifaceted, and are likely to express their different interests in different contexts. Targeting the person without an understanding of the context can lead to the wrong kind of experience.

**Brand safety built in:** Marketers leveraging audience targeting must apply brand safety technology as an added layer on top of their buy, whereas with context, brand safety is built into the method itself.

### Challenges

**Requires new ways of thinking:** Contextual means thinking about targeting in a radically different way. Marketers are not accustomed to working within contextual parameters. Traditional audience thinking might say "I'm trying to reach parents" but contextual would dictate something more specific, i.e., ("I'm trying to reach people shopping for kids toys.") Embracing contextual means shifting perspective to this new way of thinking.

**Misperceptions about scale:** There's a misperceived notion that the best contextual targeting is the one that enables the most scale. That's not always the case, and the opposite can actually be true. Good contextual technology might limit scale in favor of accuracy and relevance, depending on campaign objectives.

**Confusing provider landscape:** It's hard for advertisers to know which contextual companies are good at what they do and distinguish between the offerings out there, because contextual is now a buzzword, and everyone says they have it, and they do it, and they built it. Separating the wheat from the chaff is hard (though the next section hopes to make it easier).

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**Of all these three, contextual is the only method that is truly independent from behavioral or personal data, and therefore future-proofed against the uncertainty that hangs over other methods.**

### SPOTLIGHT: THE ROLE OF FIRST PARTY DATA

- First-party data has emerged as a critical input for many of the cookie alternatives floating about in the marketplace.

- The viability of both deterministic and probabilistic models depends greatly on how much of their own data marketers can bring to the table.

- The trouble is that many brands, as well as many publishers, do not have a built-in value exchange with their customers that would justify and facilitate the exchange of that data.

- The ability to authenticate and obtain consent is limited, and the practices of federating or syndicating that consent are hotly disputed.

- Contextual does not require consent because it does not deal with personal or behavioral data.

# Making the Most of Contextual
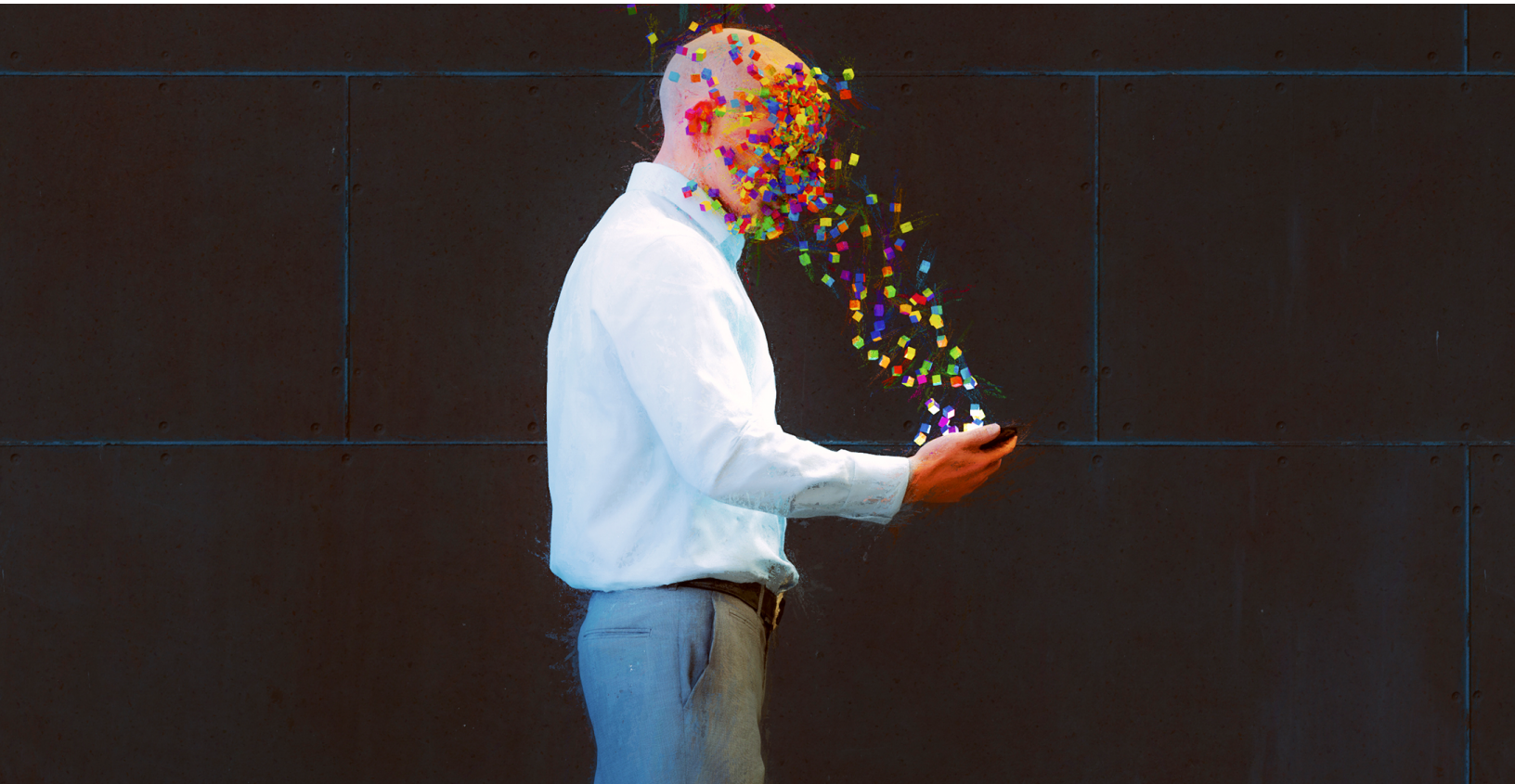


The new audience targeting methods discussed in the previous page offer clear benefits. But their greatest flaw is that they ultimately still rely on personal data, putting them on shaky ground as the regulatory climate continues to evolve.

> **The only method that continues to stand the test of time is contextual. Once thought of as a method of the past, new innovative technologies are helping contextual re-emerge as a critical tool for delivering relevant advertising online.**

However, like many things in ad-tech, there are nuances to the contextual technologies that are available. Some still only rely on keywords, others are able to understand the content on the page at a much deeper and sophisticated level. This makes it challenging for advertisers to understand how to choose a provider they trust.

# Making the Most of Contextual

**Here's how to spot the differences and ensure you're taking advantage of what contextual data can do.**

What marketers understand as "contextual targeting" has ranged historically, covering a wide spectrum of capabilities. Even today, the term is applied to a broad set of methods ranging in sophistication, and the differences matter.

## ✓ Does it work at the property-level or the content-level?

- One of the most critical distinctions in the contextual space is whether it is targeting at the level of the property (i.e, website metadata) or whether it is targeting at the level of content.

- Property-level targeting has been around for a long time and is not particularly differentiated. For contextual to be effective in today's personalized content experience, it must go beyond property-level analysis to understand specific content in detail, whether that be images, text, or video.

## ✓ Does it rely on keywords, or does it employ semantic understanding?

- A lot of contextual targeting is based on text, specifically on identifying individual keywords. Ironically, a lot of what counts as contextual depends on taking words out of context.

- It's critical to understand everything in semantic context - the entire paragraph or sentence, rather than individual words.

- Thanks to developments in natural language processing and AI, semantic analysis is now part of certain contextual solutions, but it is not commonplace.

## ✓ Can it analyze images, audio and video?

- The most compelling online experiences - and most valuable online inventory - is not in text but in images, audio and video. That content is invisible to many contextual providers.

- For contextual to become a truly omnichannel method, it must include the ability to interpret audio, images and frame-by-frame analysis of videos.

## ✓ Does it enable creative analytics and optimization?

- Contextual intelligence is more than just a targeting parameter; it can be the basis for dynamically optimizing creative to be more situationally relevant.

- Creative optimization represents a vital arena for improving marketing efficiency, particularly as data-driven media planning and buying becomes table-stakes.

## ✓ Does it have third-party accreditation:

- Every variety of measurement and targeting methods are accredited by industry bodies charged with maintaining common standards for exchange.

- Most contextual targeting solutions have not been accredited.

## ✓ Is contextual a focus for the company?

- As the industry has faced the prospect of losing cookies, contextual has enjoyed a new surge of interest and investment. It has also provided an incentive for many companies to hype their contextual capabilities, even if they are simply whitelabeling other solutions.

- Doing contextual the right way (i.e., meeting the above criteria) requires focus, innovation and institutional intelligence.
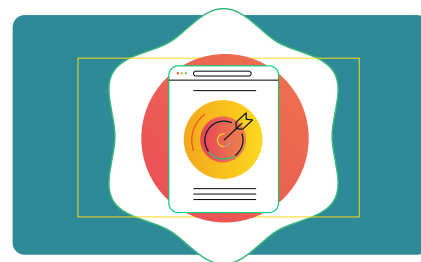
# Making the Most of Contextual

**Keywords only** ✖

**Verity™ content-level analysis** ✔

### The Most [Killer] Beauty Looks from the 2022 Grammy awards

**Keywords**
[killer]

Even during this uncertain time, there's one thing we can expect from the Grammy Awards killer hair and makeup. This isn't the Oscars. It's not even the more laid-back Golden Globes. This is when musicans and celebs go all out and experiment with new looks they haven't tried before. Even during a mostly remote show, The Grammys beauty for 2021 is no different. There's no subtle no makeup here — just bold, look-at-me bauty. And we live for it.

### The Most Killer Beauty Looks from the 2022 Grammy awards

**Content Categories**
[celebrity style]
[beauty]
[makeup & accessories]

**Page Safety & Sentiment**
[safe overall]
[none of the 9 categories detect]
[neutral tone]

**Keywords**
[hair]
[makeup]
[Grammys]
[beauty]
[celebrity]

one thing we can expect from the Grammy Awards killer hair and ...en the more laid-back Golden Globes. This is when musicans and ...w looks they haven't tried before. Even during a mostly remote ...no different. There's no subtle no makeup here — just bold,

## SPOTLIGHT: THE IMPACTS OF KEYWORD BLOCKLISTING

- Keywords don't always work in practice because of the uniqueness of human language, where words have double meanings and different connotations depending on their use.

- The over-reliance on keyword blocklists has led to a number of unintended and damaging consequences.

- Relying on keywords penalizes essential publishers like news outlets for reporting on tough issues, incentivizing bland content instead.

- Contextual methods based on semantic analysis do not make these mistakes and have a better track record of rewarding quality content.

# Building a Bridge with Attention Measurement

## Attention Measurement Will Close the Loop on Contextual Performance

**For it to become a key pillar for the future of media, marketers will need better and more reliable ways to measure the effectiveness of contextual targeting and its role in driving campaign success.**

Today, we can tell that contextual targeting works in general thanks to a solid body of historical campaign evidence, and at the campaign level, we can establish a correlation between contextual and overall performance.

Marketers seek to go deeper, and develop a more direct and detailed appreciation for how contextual contributes to success. For that method to be resilient amid the uncertain future, contextual measurement cannot rely on the traditional behavioral metrics that determine the success of audience targeting.

Instead, that more granular form of understanding of performance will come from developments in the realm of attention measurement, which, like contextual, is based entirely on what happens around the specific content in the specific session in which an ad appears.

Measurement of attention can help bridge audience targeting and contextual targeting by interpreting signals agnostic to both.

**A recent study by Playground XYZ (now a part of GumGum) reached compelling findings that show the impact of attention measurement as a key validator of contextual relevance:**

**94%** The context an ad is delivered in has a large bearing on the attention it receives with the top-performing context receiving 94% higher Attention Time than a baseline. By controlling for other factors we are able to posit that this large increase signals that a context-advertisement alignment / match has taken place.

**8%** Brands cannot expect that the top-performing context will stay consistent across multiple creatives or campaigns. **Only 8% of the time will a brand have the same top-performing context for all their creatives.** This points to a need for brands to be able to better measure and understand the impact of contextual targeting at a creative level.

**93%** There is a large opportunity to optimize contextual delivery to maximize the Attention Time the campaign receives**. By targeting the top-performing IAB Tier 1 and Tier 2 contextual categories for that creative the brand could increase Attention Time by 93% and 132% respectively.**

- **The detail and transparency afforded by attention measurement levels the playing field between contextual and audience targeting methods.**

- **With attention measurement, contextual methods reveal themselves to be as accountable to outcomes as any other.**

- **This level of accountability will be essential as marketers look to scale contextual methods in what promises to be, at the time of this writing, a future of slow or negative economic growth.**

- **When every dollar counts, contextual methods prove themselves to be an efficient and effective path.**

# A Fork in the Road

In the race to carve out a post-cookie advertising ecosystem, two distinct approaches are emerging.

On the one side, there is traditional audience targeting espoused by probabilistic and deterministic methods, allowing advertisers to directly match users across multiple devices. On the other is contextual targeting, placing ads that are relevant to the environment they appear within, without the need for any PII.

Both approaches are going to play an important part in the future of our industry and shrewd advertisers will already be adopting a mixture of both. Ultimately though, because audience targeting still relies on the use of personal data, it will face potential roadblocks as the regulatory environment around privacy continues to shift.

That will make contextual advertising, which completely avoids the gray areas around data privacy, all the more critical to targeting strategies. But with contextual solutions in the market varying in sophistication and accuracy, advertisers will need to keep abreast of the latest advances in the space, particularly the potential of content-level analysis, if they want to access the full gamut of what contextual targeting can deliver.

# About GumGum

GumGum is a contextual-first global advertising technology company that captures people's attention, without the use of personal data. We believe that a digital advertising ecosystem based on understanding a consumer's active frame of mind rather than behavior builds a more equitable and safer future for consumers, publishers and advertisers alike. Founded in 2008, GumGum is headquartered in Santa Monica, California and operates in 19 markets worldwide.

**If you'd like to know more about what contextual can deliver for your brand, contact us at:**

contextualadvertising@gumgum.com

## See GumGum in Action - View our Case Studies

**view SAP study** +

**view KFC study** +

**view MINI study** +

**view Vodafone study** +

Software company SAP leveraged GumGum's high impact, Desktop Skins unit to increase brand awareness and improve brand consideration.
Learn More +

GumGum put its contextual intelligence technology, Verity™, to the test in a lip-smacking campaign for KFC's Gravy Burger Box Meal.
Learn More+

MINI approached Wavemaker and GumGum for a standout campaign, to boost brand awareness and consideration of the car.
Learn More +

Vodafone leveraged GumGum's contextual intelligence platform, Verity™, to increase purchase intent around the Samsung Galaxy Z Flip 3.
Learn More +