



3 COMPELLING WAYS TO COMBAT CHALLENGES IN ADTECH



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Cyber & Digital

COMBAT CHALLENGES IN ADTECH

The Advertising Technology (AdTech) industry is going through a period of significant technological and regulatory change, which is expected to amplify in the post-Covid world as consumer demand spikes to normal levels.

Although there have been big advances in the AdTech space, the industry is facing significant challenges that we predict will shape its development in 2022.

Some of these include:

- ◆ **Becoming more transparent:** with the existence of privacy legislation, such as the European Union's General Data Protection Regulation, the Californian Consumer Privacy Act of 2018 and Virginia Consumer Data Protection Act, amongst others, organisations are required to respect consumer privacy throughout their operations;
- ◆ **Improving accuracy of insights:** developing richer customer profiles to better understand the habits and buying preferences of potential consumers; and
- ◆ **Delivering better user experiences:** on the basis of the two factors above, the emphasis will be on driving forward an authentic and personalised engagement.

HOW TO COMBAT THESE CHALLENGES

Having extensively served clients in the AdTech industry, we've collated three recommendations that AdTech organisations can implement to combat the challenges identified above.

#1 DEVELOP STRONGER CONSUMER INTELLIGENCE

Users are demanding increased transparency and choice over how their data is used. Responding to these sentiments, the internet community has announced a variety of privacy-enhancement mechanisms, the most significant of which is the removal of support for third-party cookies.

For example, earlier this year, Google announced plans to phase cookies out of Chrome by 2023. Placing Chrome on a similar path as Safari and Firefox, this move suggests that 87% of the current browser market will be adopting greater privacy protection.

These changes fundamentally shift AdTech business models, which rely on building user profiles and recommendations from information collected via cookies.

Reducing this reliance and looking at alternative data sources will imply spend, which we believe aligns with tailwinds facing the industry. The use of artificial intelligence (AI) for example, combined with information derived from businesses' existing customer relations management ('CRM') data, social media interactions or device and platform-based identifiers should be deployed more widely to develop user insights beyond traditional cookie-based methods.

To address informational drought, organisations should also re-evaluate their data pipelines and expenditure to develop better data gathering and segmentation procedures.

However, at the same time, the use of such tools should be made transparent to website users and processes need to be secure as per prevailing standards and, to avoid bias, confirmed through an independent evaluation or [Algorithmic Impact Assessment](#).

#2 EMBED ACTIVE FRAUD MANAGEMENT, DATA SECURITY, AND PRIVACY

According to [eMarketer](#), global ad-fraud has cost the industry \$6.5 to \$19 billion in recent years. By establishing an active and end-to-end fraud management process, AdTech organisations can avoid falling into this pitfall by:

- ◆ **Building an anomaly detection process:** unusually high click-through rates, high bounce rates, and/or spikes in web traffic could indicate fraud. Machine learning also help in identifying states of metrics that seem different to the traditional normal;
- ◆ **Use fraud detection software:** such software can detect bots, scripts, malicious competitors, and manual click agents to avoid your advertisements from being seen by fraudsters;
- ◆ **Associate your campaign with verified websites:** create a whitelist of genuine websites for ad campaigns and ask vendors for filtration of their inventory based on your whitelist. Equally, suspicious metrics such as an unusually high conversion rate or higher spatial position without clicks, a multitude of ads per page, a recently registered domain, or sparse page content could indicate fraudulent websites consuming ad spend;
- ◆ **Analyse metrics based on IPs and geographies:** build processes to analyse IP logs frequently to understand the recurrence rate of each address; multiple such recurrences within a short time period could indicate that it is used by a fraudster. Segmenting further by geography can also help to reveal and avoid locations perpetuating fraud in future.

Organisations must also build strong security and privacy around their data, especially those collected from third parties and used for the purposes of advertising.

Privacy can be ensured through proper consent collection (by conducting appropriate due diligence on a vendor) or through techniques such as anonymisation. The latter is particularly useful, as it could allow ad companies to identify users who may have logged into different channels without revealing any PII (personally identifiable information).

Equivalent security measures include trusted environments to hold data, private-public key infrastructures, and encryption for data at rest and in transit. Building a thorough security characteristic within an ad-infrastructure also ensures that the impact from a possible data leak is minimised and that trust in the organisation is maintained by the consumer.

#3 COMBAT AD-BLINDNESS THROUGH GOOD USER EXPERIENCE

Ad-blindness further dampens conversion rates as ads have lower visibility across all channels and user segments. According to statistics on [Ad Blocker Usage](#) from Backlinko, about 43% of internet users report using ad-blocking tools. The five highest cited reasons for such a figure are that “there are too many ads”; that “many are annoying or irrelevant”; that “many are intrusive”; or that they “take too much screen space”; and that “they sometimes contain viruses or bugs”.

The top three in the list above point to a lack of appropriate customer segmentation by preferences when displaying ads, mismatching content and target, and the fact that too many ads are displayed in a browsing session, in a race to attain conversion.

Organisations now need to focus on landing an impression prior to any converting.

As research in the past has demonstrated, consumers are willing to receive useful information in exchange for free and good content; therefore, a shift in emphasis towards driving non-intrusive and personalised engagement can distinguish the winners from the losers.

The best ways to ensure this are:

- ◆ **Placement and format:** displaying the ad on the peripheries of the main content – on the right or top of the screen – instead of interlacing it with the main content. Static ads have also been found to be less intrusive than those auto playing with sound, those that pop up without notice, or those that “stick” on screen as the user scrolls up or down;
- ◆ **New and engaging content:** create material that really highlights product or service differentiators (e.g., keywords to rank in search) and voice them in the language of the target consumer. Knowing segments well is the key to messaging and gathering such intelligence should be a priority moving forward; and
- ◆ **Distribute effectively:** choose one or two marketing channels that best target your consumers, instead of approaching them via several means. Whilst the latter strategy may improve visibility, it may also push the perception of the organisation into “irrelevant” or “annoying”, as we’ve mentioned above.

THE ANSWER IS DATA

The AdTech industry is going through a period of great change brought on by a need to become more transparent with data, to improve the accuracy of insights, and to deliver a better overall user experience. The currency to resolve all these challenges is through data; specifically data security and data privacy and the analyses performed on it.

By expending on developing better consumer intelligence, adopting fraud management, data security, and privacy standards, and by prioritising an authentic engagement, organisations can ensure that they are best placed to tackle such challenges.

DEVELOP BETTER DATA GATHERING AND SEGMENTATION PROCEDURES.

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