

For: Marketing
Leadership
Professionals

Media Buying's Evolution Challenges Marketers

by Jim Nail, May 22, 2014

KEY TAKEAWAYS

Technology's Advance Obscures Media Buying

Almost half of the marketers that responded to the ANA survey expressed concern about transparency of media buys, and that concern has grown in the past year. New buying practices, questions about ad placement and targeting data, emerging agency revenue models, and a complicated technology ecosystem fog marketers' windshield of decision-making.

Programmatic Buying Still Belongs In The Realm Of The Theoretical

More than half of the marketers surveyed confess they don't understand programmatic buying well enough to use it to buy and manage campaigns. This realistic self-appraisal opens the door for training and education to build the bridge to new media buying practices.

Business-Aligned And Customer-Centric Metrics Challenge The Status Quo

The use of data and sophisticated analytic techniques to more closely tie marketing spend to sales is ascendant, eclipsing traditional brand and audience measures. Analytics that reveal the customer's path to purchase have become a new measurement imperative.



Media Buying's Evolution Challenges Marketers

A Joint Survey With The Association Of National Advertisers Exposes Adoption Challenges Of New Media-Buying Technologies

by [Jim Nail](#)

with [Luca S. Paderni](#), [David M. Cooperstein](#), and [Samantha Merlivat](#)

WHY READ THIS REPORT

The rise of digital media and the increasing use of new, automated, impression-by-impression platforms for planning, buying, and measuring all forms of media have upended traditional marketing and media buying processes. Forrester teamed with the Association of National Advertisers (ANA) to field a survey of more than 150 senior marketers to better understand how marketers in charge of important media budgets are coping with this evolution and its impact on the transparency and measurement of media buys. Originally presented at the ANA Media Leadership Conference on April 1, 2014, the survey results tell us that marketers are slow to embrace the benefits of new media buying approaches like programmatic buying and advertising trading desks. Read this report to understand the current state of media buying and what we can expect to happen as digital technologies transform the business over the next three years.

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Forrester collaborated with The Association of National Advertisers to field the 2014 ANA/Forrester Evolution Of Media Buying Survey in February 2014 and used that research in writing this report.

Related Research Documents

[How Software Is Eating Video Ads And, Soon, TV](#)

February 18, 2014

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July 22, 2013

[The Future Of Digital Media Buying](#)

September 7, 2012



ADVERTISERS TRAIL THE PACE OF DIGITAL INNOVATION IN MEDIA BUYING

The digital-driven changes affecting media buying have occurred in a compressed few years, compared with the prior decades, which saw, at best, incremental change. So it's not surprising that in the wake of this rapid change, marketing leaders have questions and concerns about how best to harness these new capabilities and what this change means for the traditional roles of advertisers, media companies, and agencies. To answer these questions, Forrester and the ANA fielded the 2014 ANA/Forrester Evolution Of Media Buying Survey to 153 active ANA members to understand the levels of adoption and concern in three areas:

1. **Media transparency.** Do these new tools and practices give advertisers a deeper understanding of their media buys, or do they obscure understanding? Do marketers believe that new practices help their agency partners do a better job on their behalf?
2. **Programmatic buying.** How actively are advertisers embracing this type of buying, and in which media? Does it enable them to take a more direct role in media and reduce the role of their agencies?
3. **Metrics.** How aggressively are advertisers deploying new data and measurement practices? How is the fundamental approach to measurement changing as a result?

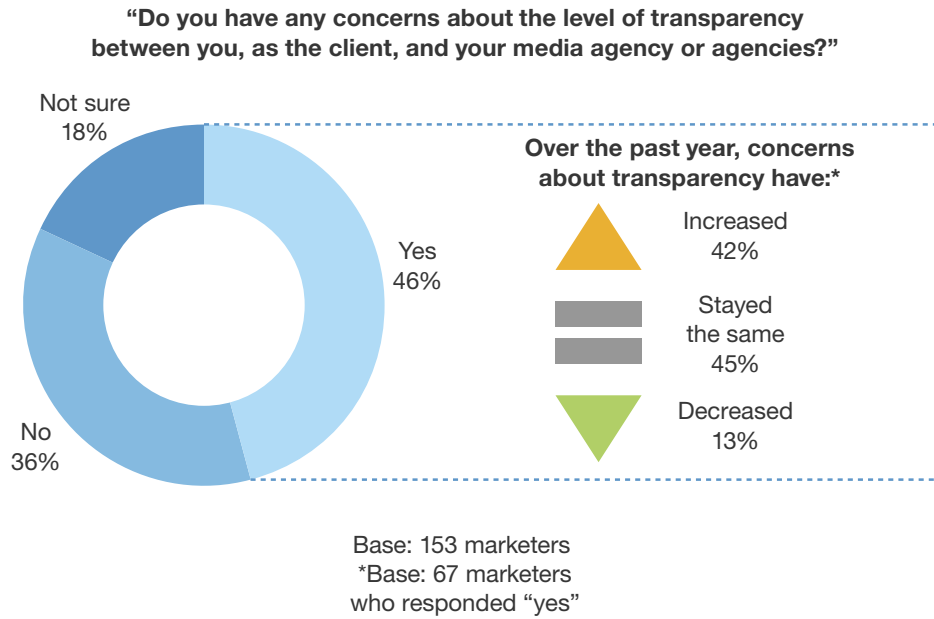
Digital Media Innovation Calls Transparency Into Question

Among the Association of National Advertisers marketers surveyed, 46% expressed concern about the transparency of their media buys in today's complicated media environment — and 42% of those noted increasing levels of concern in the past year (see Figure 1). To understand the drivers of this concern, we probed three dimensions of media transparency that are much discussed in the industry today: technical issues that may result in overstated impression reports; marketers' comfort with not having a fixed set of media properties determined in advance; and new agency revenue models that may include undisclosed financial arrangements with media firms (see Figure 2). All three showed significant levels of concern, as:

- **Viewability tops advertisers' concerns, while ad fraud and privacy generate less concern.** Fully half of the advertisers surveyed cited concern about the fact that on many sites, ads may be placed "below the fold" and not seen by visitors who don't scroll down to where the ad appears. Speaking at the ANA Media Leadership Conference, Aaron Fetters, director of the insights and analytics solution center for Kellogg, vividly illustrated why this is such a concern when he showed how the consumer packaged goods (CPG) firm was able to increase sales effectiveness of its online ads 68% by boosting viewability from 50% to over 70% of the ads.¹ At the same time, potentially bigger issues like click fraud, bots, and piracy, which unscrupulous online sites employ to grab revenue, showed up significantly lower in survey results.

- **Advertisers miss the reassurance of a media flow chart.** Proponents of technology-mediated buying tout the fact that it makes buys more transparent. Advertisers can see impression by impression how their ad campaigns are delivered, compared with the traditional survey-based profile of a media outlet's audience. In reality, marketers have a different opinion, as two of the largest concerns cited by respondents are not knowing where their ads are running and not having visibility into the data used in targeting.
- **Advertisers aren't sure if new agency models are in their interest.** More than half of respondents noted a high level of concern over the possibility that agencies may receive a rebate from the media sellers. Not only could this be considered "double dipping," as clients already pay agencies for media buying, but media rebates to the agency create at least the perception of a conflict of interest: Is the agency choosing the media placement solely based on its judgment of the fit for the assignment or because it's more profitable for the agency?
- **The multilayered ecosystem is driving complexity and higher transaction costs.** Today, programmatic buying entails an alphabet soup of new classes of vendors to execute a buy: data management platforms (DMPs), demand-side platforms (DSPs), supply-side platforms (SSPs), exchanges, and trading desks. While this didn't rank among the top concerns, nearly 50% of respondents rated their concerns about this complexity as well as about agency trading desks at between 5 and 7 on a 10-point scale. As more advertisers adopt programmatic buying and learn these complexities and as issues like viewability move toward resolution, this is likely to rise to become a top concern. This array of vendors, each taking a fee, drives up "nonworking" dollars in the media budget, encouraging consolidation into marketing clouds from Adobe, IBM, and Oracle to squeeze out these costs.

Figure 1 Concerns About Media Transparency Increase



Source: 2014 ANA/Forrester Evolution Of Media Buying Survey

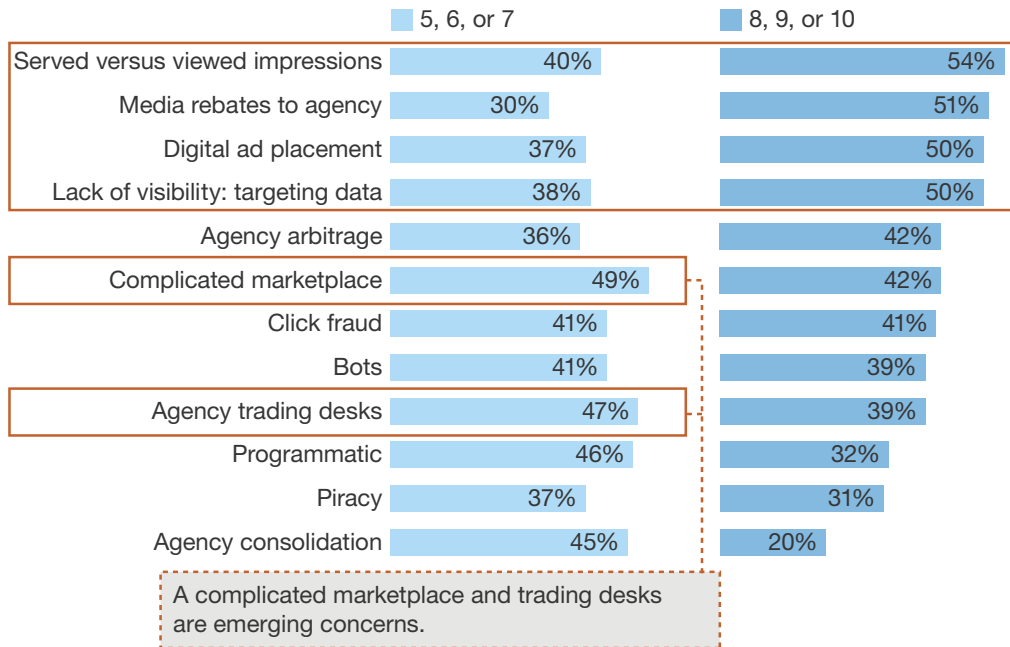
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Source: Forrester Research, Inc.

Figure 2 Advertisers Question Transparency Of Ad Placements, Agencies, And Technology

Transparency of ad placements and agencies are among advertisers' top concerns

“How concerned are you about the following issues?”
 (Responses on a scale of 1 [not concerned] to 10 [very concerned])



Base: 49 marketers with concerns about transparency

Source: 2014 ANA/Forrester Evolution Of Media Buying Survey

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Source: Forrester Research, Inc.

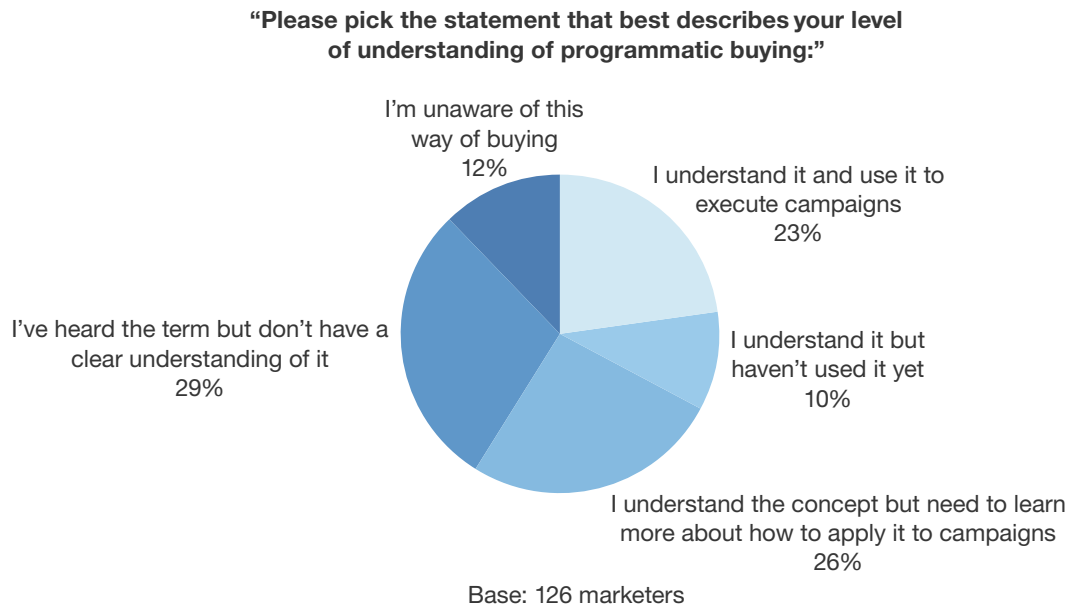
Programmatic Buying Needs More Education

Despite increasing talk in the industry and an explosion of new programmatic buying technologies and vendors, adoption is still at a very early stage. Marketers understand the concepts well enough to know that the potential to lower media cost is not the most important benefit. The survey results also show that marketers are aware of their lack of knowledge and are open to filling this gap as:

- **More than half of marketers express a need to learn more.** Slightly fewer than one-quarter of the marketers surveyed reported understanding programmatic buying well enough to use it today, with another 10% saying they understand it well enough but haven't used it to buy ads yet (see Figure 3-1).
- **Programmatic buying begins to expand beyond online display ads.** For those using it today, online display is by far the most common media purchase, with a strong showing of online video, social, mobile, and search (see Figure 3-2).
- **Advertisers rank effectiveness ahead of cost efficiency.** While programmatic buying's real-time bidding mechanism is often associated with driving down media cost-per-thousand (CPM) rates, advertisers cite real-time optimization and better targeting as the two leading benefits of programmatic buying, edging out reducing media cost (see Figure 4-1). At the ANA conference, Mark Kaline, Kimberly-Clark's global director of media, licensing, and consumer services, presented his learnings over two-and-a-half years of programmatic buying, noting, "Cost savings is the Trojan horse that gets you past the gate of procurement and others, but it quickly gives way to targeting, optimization, and data usage for driving value."
- **Few advertisers are ready to bring media buying in-house.** Only 28% of respondents cite buying direct from the media as a benefit (see Figure 4-2). As a result, just 28% say they are boosting in-house capabilities to manage programmatic buying (see Figure 5). John Montgomery, North American chief operating officer of GroupM, encouraged clients attending the ANA conference to hire programmatic experts and develop closer collaboration with their agencies while leveraging agencies' scale and experience, stating, "Advertising is now a data-driven business mediated by creativity and instinct."

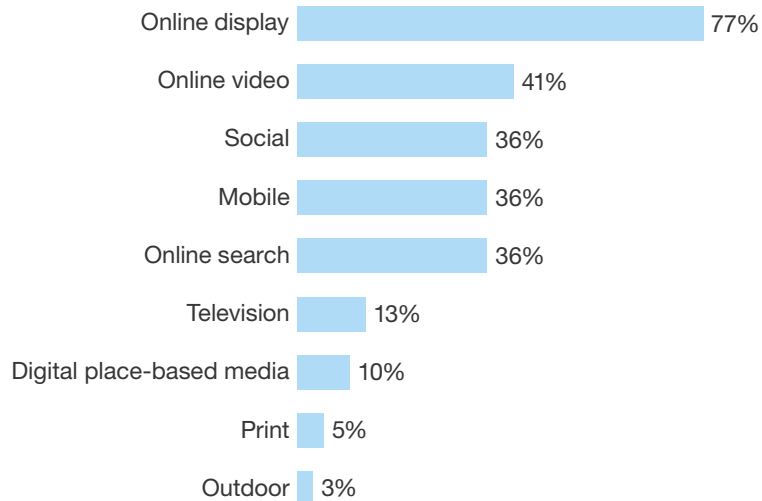
Figure 3 Programmatic Buying Is Still At An Early Stage

3-1 | Programmatic buying isn't well understood



3-2 | Programmatic buying expands beyond online display ads

"In what media have you done programmatic buying in the past year?"



Base: 39 marketers whose firms have done programmatic buying in the past year (multiple responses accepted)

Source: 2014 ANA/Forrester Evolution Of Media Buying Survey

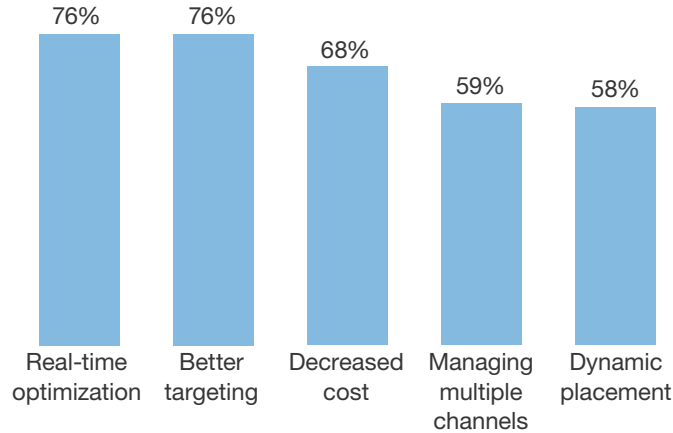
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Source: Forrester Research, Inc.

Figure 4 Marketers Embrace Programmatic To Improve Campaign Performance

4-1 | Programmatic's top benefit: effectiveness

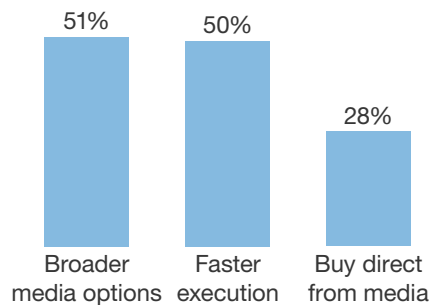
"In general, how important are the following potential benefits of programmatic buying?"
(Responses of 8, 9, or 10 on a scale of 1 [not important] to 10 [very important])



Base: 91 marketers

4-2 | Few see direct media buys as a benefit

"In general, how important are the following potential benefits of programmatic buying?"
(Responses of 8, 9, or 10 on a scale of 1 [not important] to 10 [very important])



Base: 92 marketers

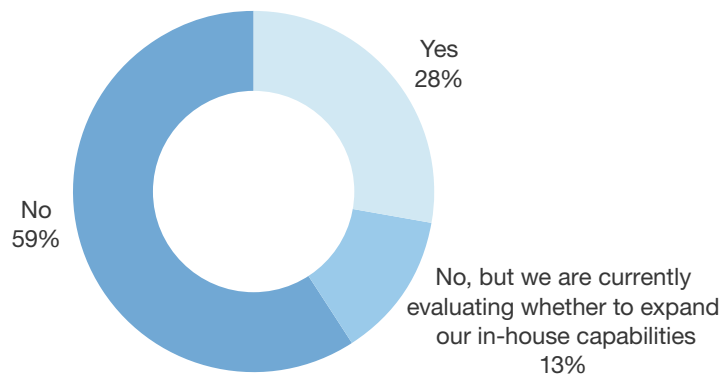
Source: 2014 ANA/Forrester Evolution Of Media Buying Survey

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Source: Forrester Research, Inc.

Figure 5 Some Advertisers Build In-House Capabilities

“Have you expanded your in-house capabilities to manage/oversee or implement programmatic buying?”



Base: 39 marketers whose firms have done programmatic buying in the past year

Source: 2014 ANA/Forrester Evolution Of Media Buying Survey

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Source: Forrester Research, Inc.

Metrics Become More Quantitative And Sophisticated

With the advent of programmatic buying, marketers aren't yet abandoning familiar audience and brand metrics, but with more data and computing power available, they are embracing measures that go beyond campaign delivery to prove the customer and business impact of their efforts in three areas:

- **ROI tops marketers' priorities.** Given all the industry talk about making marketing more accountable for results, it's not surprising that respondents cited ROI metrics as their most important measure (see Figure 6-1). What is perhaps surprising is the resilience of brand metrics cited as important by two-thirds of marketers, while just half say that engagement metrics are important.
- **Path-to-purchase becomes a key measurement goal.** Marketers, of course, want to know the contribution that each channel makes to their overall campaign results (see Figure 6-2). But almost an identical percentage — three-fourths of respondents — cited understanding consumers' paths to purchase as a key factor in measuring multichannel campaigns.

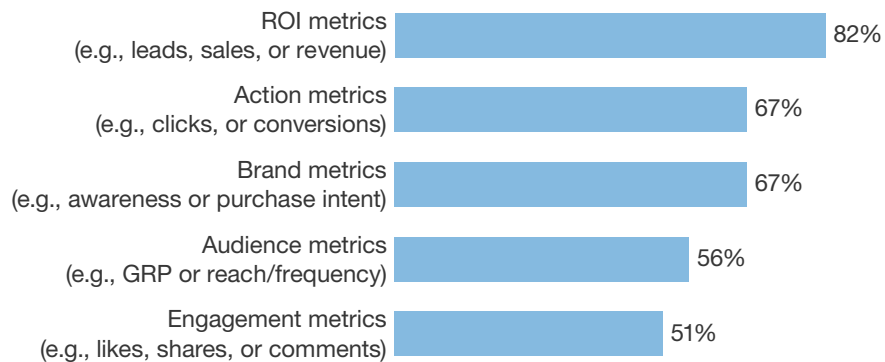
- Marketers embrace sophisticated marketing mix and digital attribution models.** When asked about specific measurement tools, marketers took an “all of the above” approach, with more than 50% saying they used each tool we asked about (see Figure 7). But marketing mix models topped the list, with 74% using them and 58% increasing their reliance on them. Attribution is the fastest-growing tool, with 70% citing increasing reliance on it.

Figure 6 Beyond Results, Marketers Measure The Customer Journey

6-1 | ROI metrics dominate

“How important are each of the following metrics for measuring the overall impact of your media efforts?”

(Responses of 8, 9, or 10 on a scale of 1 [not concerned] to 10 [very concerned])

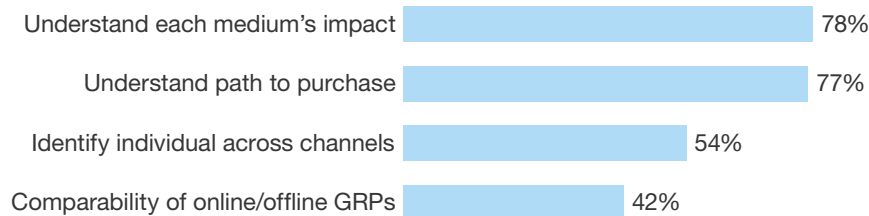


Base: 86 marketers

6-2 | Path-to-purchase is a priority

“How important are the following factors in measuring campaigns across multiple media?”

(Responses of 8, 9, or 10 on a scale of 1 [not concerned] to 10 [very concerned])



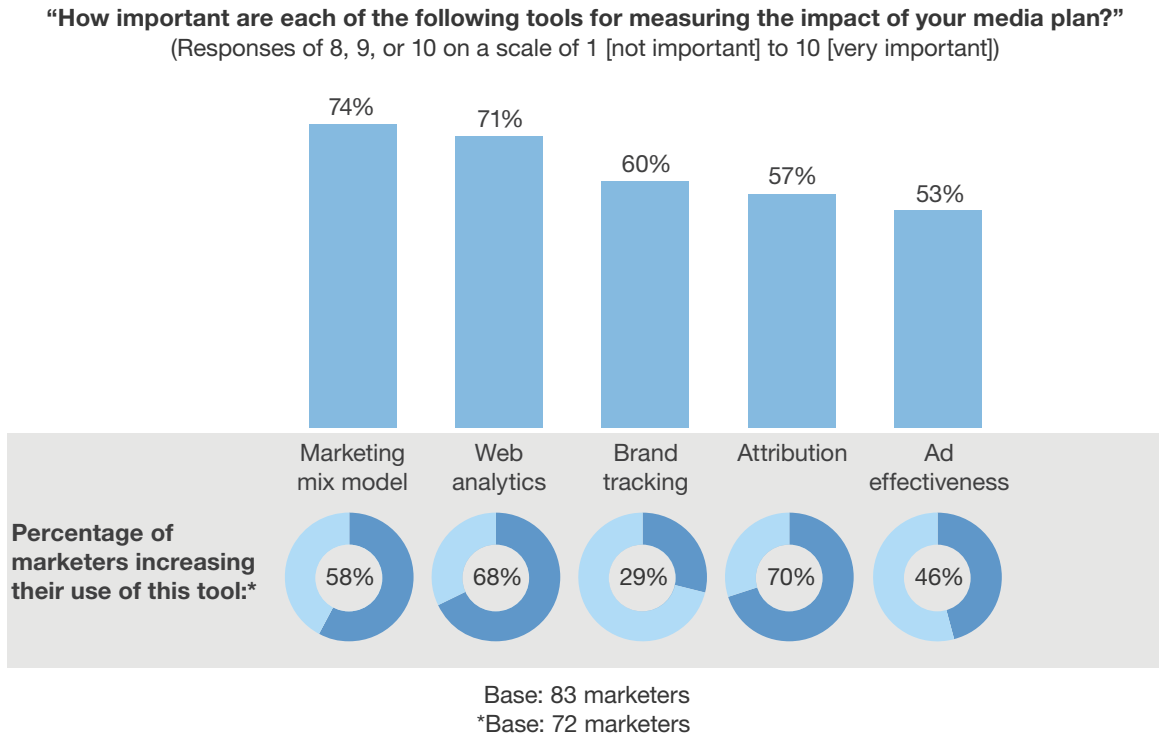
Base: 83 marketers

Source: 2014 ANA/Forrester Evolution Of Media Buying Survey

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Source: Forrester Research, Inc.

Figure 7 Quantitative Measures Surpass Traditional Metrics



Source: 2014 ANA/Forrester Evolution Of Media Buying Survey

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Source: Forrester Research, Inc.

RECOMMENDATIONS

MEDIA-SAVVY MARKETERS WILL RESHAPE THEIR MEDIA BUYING PROCESSES

Marketers and media buyers understand that the coming changes can no longer be postponed or avoided. In the next three years, all stakeholders in the media buying process must face the advent of a fully addressable ad inventory future and plot a new course by changing processes and relationships that were established more than 50 years ago. To get the most from this transformation, marketing leaders must not only reshape their own organizations but also play an active role with external partners and by confronting wider industry issues, as:

- **New viewability standards will put buyers back in control.** The industry-standards-setting body Media Ratings Council recently announced that it has accredited 11 vendors' viewability methodologies and lifted its previously issued advisory against negotiating on viewability.² The viewability standard for digital display advertising, originating out of the industrywide initiative Making Measurement Make Sense (3MS), calls for 50% of pixels to be in view for 1 second. Advertisers and agencies should quickly adapt their contractual terms and conditions to incorporate this new standard for acceptable impressions.

- **Marketers, agencies, and publishers must now tackle outright ad fraud.** GroupM's Montgomery shared a sobering statistic: Piracy is a \$10 billion dollar industry. With viewability on the path to resolution, the industry should next look to root out the bots, click farms, and piracy that deliver fake impressions and undermine campaign effectiveness. Just as email service providers developed tools and standards to ostracize spammers, programmatic platforms and media companies should take the lead to define legitimate practices and blacklist firms that don't meet this standard.
- **Advertisers and agencies must renegotiate their relationships.** Programmatic buying fundamentally changes the media marketplace, making 50-year-old practices obsolete. Clients must engage their agencies in discussions around how their respective roles will change, where the agencies can add the most value in these new processes, and what fair compensation is. Procurement teams can play a constructive role, going beyond a simple drive-down-cost approach to bring their experience in contract terms and process management to create strong, mutually beneficial relationships with other critical suppliers.

WHAT IT MEANS

MEDIA BUYING WILL GET HARDER BEFORE IT GETS EASIER

Make no mistake: These changes are a shock to all the stakeholders who are accustomed to long-established, known, efficient processes that are about to be made obsolete. At first, media buying will get harder as media companies, agencies, and clients struggle with new processes and incorporate new intermediaries with supporting technology services. As media buying's evolution accelerates, these growing pains will ease as:

- **Advertiser demands for a less-complicated ecosystem drive consolidation.** Programmatic buying promises to automate many time-consuming steps in media buying but today engulfs buyers in a complex ecosystem. Seeking to trim execution time, marketers will favor vendors that offer either multichannel capability or flexible models. Already, Videology has integrated Nielsen data to facilitate joint TV/online video planning, while Mediaocean's Connect platform integrates media suppliers, data providers, and ad servers into a broad advertising workflow solution. Point Solutions' future is extinction or being acquired by a larger marketing cloud player like Adobe.
- **Display advertising inventory shrinks, and media companies make more money.** Media companies have defended their current ad placement practices, saying they need to create more inventory to increase their revenue. In reality, they have created an oversupply of inventory that has driven down prices. The new viewability standards will evaporate demand for below-the-fold placements, but campaign results will improve, as they will no longer be dragged down by unviewed ads. These increased results will justify any higher rates that

result from a smaller inventory pool. And with online media accepted as an essential way to reach today's consumers, advertisers can't simply walk away. In fact, advertisers' greater confidence that digital ads will deliver their messages to real people will likely draw new advertisers and more dollars.

- **Marketers learn the power of first-party data — and streamline data efforts.** Digital media has unleashed a data tsunami that has overwhelmed marketer's ability to use it effectively. While big data solutions bring greater order to the array of structured and unstructured sources, marketers will quickly learn that relatively few bits of data have value for their needs of identifying, prioritizing, and targeting high-potential prospects. With the focus on understanding the consumer path-to-purchase identified in this survey, they will increase efforts at collecting and aligning touches that customers have at their owned web, social, and mobile properties and de-emphasize second- and third-party data sources. The result: smaller data sets that drive higher performance as brands make offers and messages more relevant at each step of the decision.

SUPPLEMENTAL MATERIAL

Methodology

The 2014 ANA/Forrester Evolution Of Media Buying Survey was conducted online in February 2014 among a sample of 153 client-side marketers and looked at current and projected trends in media transparency, programmatic buying adoption, and metrics. Respondents were drawn from ANA membership and have an average of 17 years of experience in the marketing/advertising industry.

ENDNOTES

- ¹ Source: Aaron Fetters, director of Kellogg's insights and analytics solution center at the ANA Media Leadership Conference, April 1, 2014.
- ² The Media Ratings Council (MRC), a standards-setting body for measurement of all media, first issued an advisory against transacting on viewable impressions in November 2012, declaring, "The ability to consistently measure whether impressions are viewable is a challenge that must be overcome by most of the vendors before finalizing a new online advertising currency definition." After working with various industry bodies on standardizing definitions and methodologies, the MRC announced on March 31, 2014, that it was lifting its advisory, noting, "The limitations on viewability measurement that initially led MRC to issue its Advisory have been largely ameliorated today." Source: "MRC Industry Communication: Viewable Impression Advisory Update," Media Rating Council, March 31, 2014 (http://mediaratingcouncil.org/033114_MRC%20Viewable%20Impression%20Advisory%20UpdateFINAL.pdf).

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