

OMNICHANNEL: BUILDING FOR THE FUTURE STATE OF ADVERTISING

MiQ + DIGIDAY



Introduction

The omnichannel programmatic promise

Even as late as 2008, programmatic advertising felt like a novelty. A desktop phenomenon, only a select group of advertisers used it, snatching up display and search inventory through a limited number of ad networks. No one anticipated that it would soon spread to a vast ecosystem of platforms, formats and environments.

But the world changed. Phones got smart, TVs got connected, iPods gave way to Spotify, bus-stop shelters sprouted video screens – and the programmatic pipes were hooked into everything. Just like that, programmatic was no longer a curiosity, but the dominant mode of digital media buying.

"The future of supply is programmatic and the future of demand is tangible outcomes," said Rebecca Rosborough, CMO at MiQ. "So combining that with the fact that almost all screens and channels can be bought programmatically, it means advertisers can't afford not to consider an omnichannel approach. They have to seize the opportunity now to utilize those different channels and platforms to truly serve connected experiences for their consumers."

Marketers have already learned an array of lessons from evolving and expanding their approach to programmatic, and some have adapted more swiftly than others. But most have a great deal of ground to cover before their strategies are genuinely omnichannel.

To better understand where omnichannel programmatic strategies stand, in March and April 2020, Digiday and MiQ surveyed 140 brand and 51 agency marketers across the United States, the United Kingdom, and Canada, gauging their current practices and plans for programmatic buying. We also spoke to agency and technology experts to get a sense of the most significant pain points and most promising tactics.

Overall, we found that marketers see a real opportunity within omnichannel approaches to improve their targeting, even if coupling that with efficiency and accuracy is a challenge for some programmatic teams.

- Omnichannel programmatic strategies, our findings tell us, will move marketers forward to a more ideal future state in which the data they surface from one platform informs spending patterns on others.
- Omnichannel will also allow marketers to target more people more efficiently and on more platforms and, potentially, improve cross-platform measurement and attribution.
- Striking that balance will require an increased use of technology, new and strengthened partnerships with technology providers and tech-savvy agencies and, educating internal teams on omnichannel practices.

We also found meaningful distinctions between US, UK and Canadian practices in the omnichannel programmatic space.

- UK marketers tend to deploy one buying team across multiple programmatic platforms, as do Canadian marketers; US buyers are more inclined to use separate, platform-specific buying teams.
- US buyers are diving into CTV more aggressively than UK buyers, and much more aggressively than Canadian buyers.
- Canadian buyers expect measurement and attribution to become easier as channels expand. The UK concurs, but US buyers suspect the opposite.
- US marketers have the most immediate near-term plans to embrace technology tools and partnerships.

Leaders and lag:

Omnichannel programmatic at present

One area in which marketers struggle with omnichannel operations is that of basic organizational structure. Some advertisers are leading, and some are lagging in terms of how sophisticated and effective their teams and strategies have become. Among the lagging examples, our respondents are talking about budgeting complexities, fragmented teams and silos.

Teams and platforms face complexities

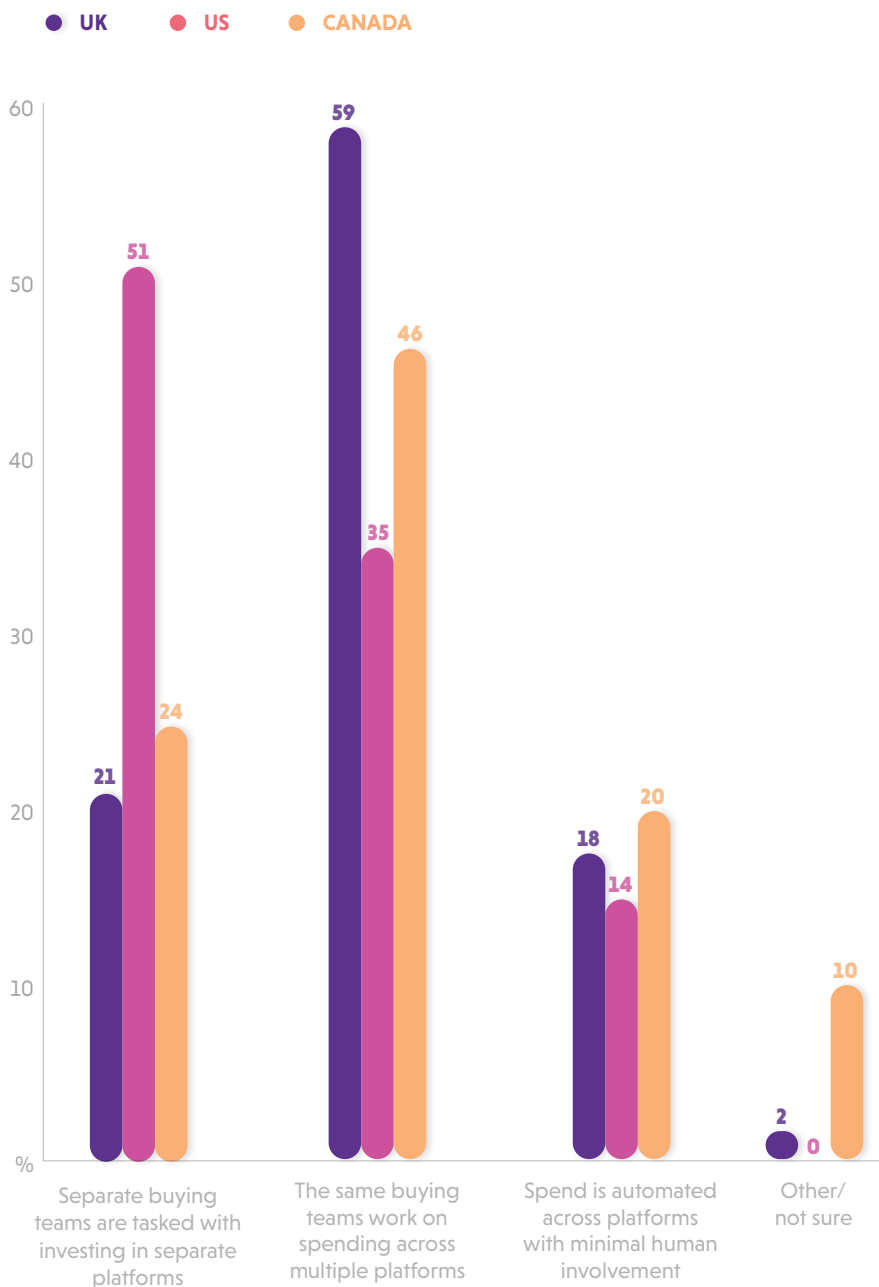
In our survey, 51 percent of US brand and agency marketers told us that separate buying teams within their organizations were tasked with investing in separate platforms. The numbers were a bit different in the UK, where 59 percent of respondents said the same buying teams work across multiple platforms. And Canada was somewhere in-between the US and UK; 46 percent of Canadian respondents said that the same buying teams work on spending across multiple platforms, while only 24 percent said separate teams work on separate platforms.

Jason Furlano, svp of programmatic at MiQ's Toronto office, said he frequently encounters brands who wish to be more omnichannel but remain mired in one or two platforms. "I met with one large CPG company that only worked with Google and Facebook," he said.

"I'm still finding that companies are executing [omnichannel programmatic] in a very siloed format," he said. "They're looking at digital-out-of-home, or they're looking at OTT or connected television, and then mobile or desktop activation. And they're actually executing predominantly through separate teams at agencies. They're executing across a variety of channels, but it's not connectivity focused on omnichannel in the true sense of the word."

In general, budget and investment may be a factor when it comes to programmatic complexity. For example, US marketers invest in more platforms than their counterparts in the UK, or in Canada. We can compare the three regions in the following chart.

On an operational level, which best describes your team's approach to programmatic buying?



If US buyers are working with aggressive spend, grappling with a greater number of programmatic platforms and buy-ins, and perceiving a more complex ecosystem in their daily omnichannel marketing efforts, these factors will contribute to their responses around complexity, team and platform fragmentation.

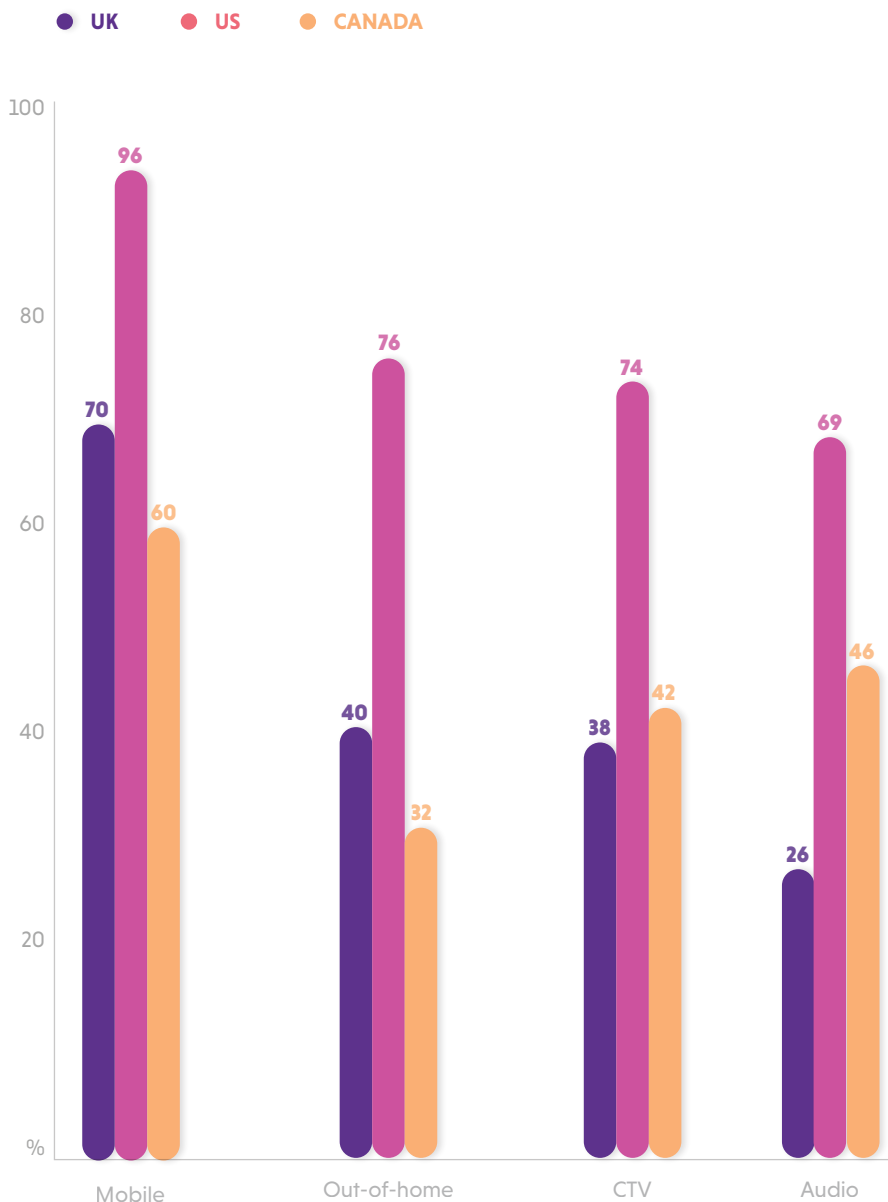
Conversely, experts in both the UK and Canada said they have observed a lesser volume of programmatic investment across fewer platforms, likely due to budget limitations and the developing nature of their markets. When those buyers said they expect measurement to get easier, it's likely the case that the complexities of the marketplace are tracking with engagement.

"We have seen that annual digital ad spending in Canada is approximately 10 percent of US spending," said Jia Zhou, display activation director in Essence's Toronto office. "However, the share of programmatic spending in Canada is about the same as the US — the appetite to buy and optimize programmatically is similar. Given the smaller budgets, ensuring that investment is optimized efficiently is front and center."

Ryan Storrar, Essence's svp and head of activation for the EMEA region, has observed similar dynamics in the UK. "We still see a split between the ambition of programmatic enablement and what is technically available in-market at scale," he said. "Many existing solutions are largely programmatic in name only, without delivering any true measurable benefit in terms of media effectiveness."

Population specifics also impact investment in the UK, according to Jenny Hubbard, head of programmatic for Merkle, in London: "The nature of the density of population naturally lends itself to the fact that you can expect to see a larger investment in the US market from advertisers as opposed to the UK."

Percentage of advertisers allocating a moderate, large or majority portion of their monthly programmatic budget (categorized by platform)



Data silos challenge the programmatic promise

In our survey, 68 percent of Canadian buyers said they sometimes or frequently struggle with siloed data.

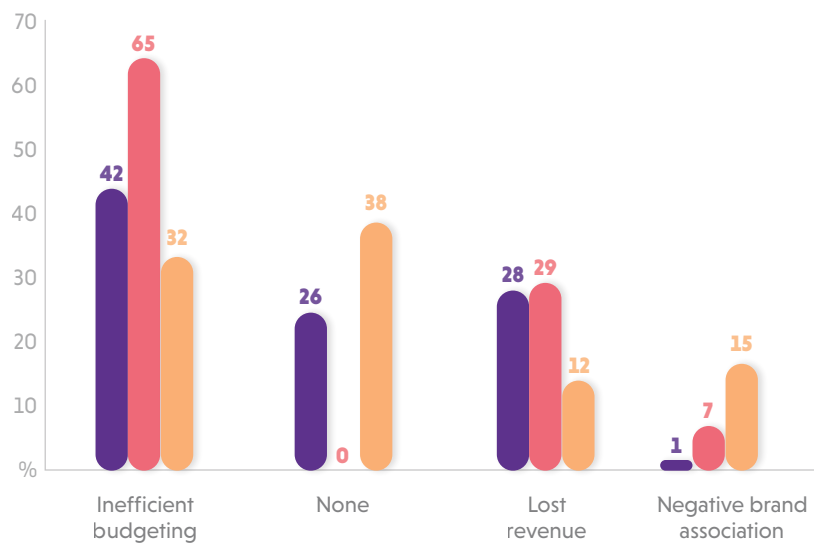
As for the US, where we have just observed that marketers tend to be investing in more programmatic platforms, 100 percent of US buyers said they struggle with siloed data.

In the UK, meanwhile, 55 percent of UK buyers said that siloed data was a notable challenge — a bit less than the Canadian sample.

Targeting and attribution challenges stem from data silos

To date, when your organization has inefficiently targeted the same consumers across multiple programmatic platforms, what negative consequences have resulted?

● UK ● US ● CANADA



Silos affect data, and siloed data can affect targeting and attribution.

In our survey, of the UK buyers who said they struggled with data silos, 55 percent said they sometimes or frequently experienced inefficient targeting across platforms. In the US, 67 percent of buyers — 100 percent of whom said they struggle with some degree of siloed data — said that those silos have sometimes or frequently caused them to target the same individuals across multiple platforms. The Canadian number — 44 percent — was lower.

"It's actually been quite difficult to get a standardization of targeted capability," said Andrew Goode, evp and head of programmatic at Havas Media Group, based in the UK. "You can do more targeting," he added, but complexities abound. "I think a lot of people see the 'programmatic' moniker, and they just assume that 'yeah, this is great. I can do everything.' And that's often not the case."

A clear majority of US respondents — 63 percent — said they sometimes or frequently experience unsatisfactory measurement and attribution as a result of data silos.

"Attribution was already a struggle before some of these growing tactics such as digital out-of-home, audio and CTV even came into the marketplace," said Digitas vp of programmatic Rahil Berani, based in the US. "There is too much fragmentation in the way attribution is approached, and some aspects of digital media haven't been able to build out a true attribution model."

In the UK, where there's less omnichannel investment (and therefore less omnichannel data), the numbers are significantly lower; only 35 percent sometimes or frequently struggle with measurement and attribution problems due to data silos. Canadian marketers are on the same page as UK buyers: 35 percent struggle with measurement and attribution.

The US, then, is contending with much tougher measurement problems than the other regions we surveyed — and those discrepancies bear out further as we analyze marketers' expectations for the future.

While UK, Canadian and US marketers all said they expect targeting to get easier, we see a separate mindset when it comes to attribution. In the UK, 79 percent of buyers said they expect the expanding number of programmatic channels to make attribution easier. Likewise, 62 percent of Canadian buyers expect attribution to get easier.

The US was another story: 57 percent of these marketers said they expect attribution to get harder as the programmatic landscape expands. A mere 12 percent said they expected attribution to get easier.

And so, if it is central to the promise of omnichannel programmatic that marketers will be better able to understand their data in a more holistic way, to get to that goal, experts tell us, teams — regardless of geography — will have to add more skillsets and experience into the mix.

"It definitely varies client by client — really understanding what their goals are on how to properly staff a team to help achieve that goal," said Berani. "For the most part, we empower our teams to be a jack of all trades, understanding the nuances and the wherewithal to activate and execute across all types of media."

Silos drive budget inefficiencies as well

As we've just considered, in all three regions we surveyed, a majority of marketers told us they struggle with targeting the same consumers across multiple platforms rather than making sure the platforms work in harmony. And there are consequences that emerge from that, especially when it comes to allocation.

In our survey, US, UK and Canadian marketers cited inefficient budgeting as the most common negative consequence of the inefficient targeting that stems from siloed data — though the incidence varies in different markets.

In Canada, 32 percent said they'd experienced inefficient budgeting as a result of data silos.

When it comes to the bullish investment our respondents described in the US, a hefty 65 percent majority of US respondents said that they'd sometimes or frequently experienced inefficient budgeting across programmatic platforms.

And, in the UK, 42 percent said they'd struggled with inefficient budget allocation.

For marketers, mastering omnichannel programmatic is solving challenges

Complexity and challenges abound, but for marketers who are utilizing the abundance of data at their fingertips and developing an increased mastery of omnichannel programmatic approaches, the omnichannel outlook is positive.

In our survey, 77 percent of US respondents told us that, as a result of the expanding number of platforms, targeting would likely get easier. This was in line with the expectations of UK buyers (74 percent said targeting would likely get easier) as well as Canadian buyers (64 percent).

While our sources do acknowledge that attribution is more challenging due to the sheer quantities of data now available — a problem that US buyers may encounter more than those in other markets, given that they're working across a wider range of platforms — experts also said that there is now more opportunity for avoiding cross-platform duplication and making sure that data streams inform one another across programmatic platforms.

"You are dealing with huge amounts of data," said Goode, at Havas, in the UK, and once that data is mastered, he said, "attribution is potentially easier."

Katie Anderson, programmatic media manager at PMG, said she anticipates an environment in which marketers increasingly refocus their attribution efforts as consumers shift to emerging and expanding channels like OTT, out-of-home and audio.

"The measurement aspect [has changed]," said Anderson, who is based in the US. "As we're able to buy these channels in a consolidated programmatic buy, we're going to see things like OTT, TV, out-of-home and audio — things that have been very siloed upper-funnel awareness channels — play a really different role in the consumer's path to conversion."

Simply put, the way forward is for marketers to master their data — and their omnichannel programmatic ambitions — instead of allowing themselves to be buried under the myriad elements of expertise that are required. And the way forward in that direction, as we will explore in the chapter that follows, will require partnering with tech providers and agencies — seeking out tools and education, and expanding to new platforms and environments with a less wasteful budgeting strategy.

Building the future state for omnichannel programmatic

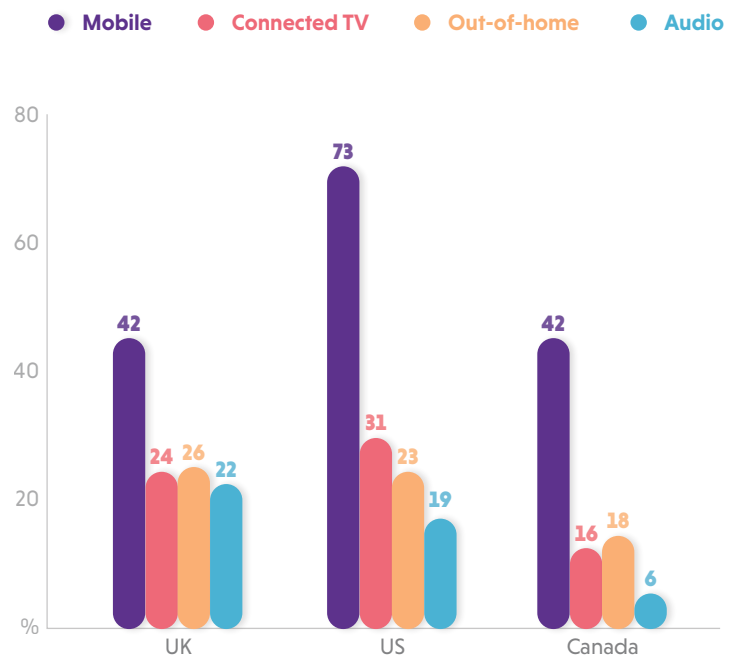
Buyers are doubling down on mobile - especially in the US

In the US, 77 percent of brand and agency marketers told us they were currently spending a large amount or the majority of their programmatic budget on mobile. The US is the only region where a majority of respondents said their spend can be described as anything more than moderate.

"Mobile continues to be the backbone for our consumers," said Berani, at Digitas, "and it continues to grow year over year as the platform of choice for consumers. We want to continue emphasizing how to better activate and leverage mobile web and mobile app in our overall media activations. If 80 percent of viewership is happening through mobile, we need to listen to what the consumers are telling us."

Consumers live, work and play in a mobile and connected world. And, unsurprisingly, our survey tells us that the vanguard among omnichannel programmatic marketers are leaning-in to both environments — mobile and CTV.

Percentage of advertisers planning to allocate a large amount or the majority portion of their monthly programmatic budget in one year (categorized by platform)



Perhaps at a lesser intensity, mobile still is also the platform of choice for UK buyers, as it is for Canadian buyers. As that spend proceeds apace, expectations are similar when we look to the future. Mobile will be the platform of choice in all three regions.

- Going forward, in the UK, 42 percent say they'll be spending a large amount or the majority on mobile — identical to current numbers our respondents told us for the amounts in question.
- The number is the same in Canada: 42 percent — this marks an 8-percent increase over current allocation for large and majority amounts of intended spend.
- In the US, the number is 73 percent, a 4-percent decrease from current large- and majority-allocation spend according to respondents.



Connected TV is set to command more omnichannel programmatic strategies

Our research also tells us that marketers plan to spend substantially on CTV in the immediate future, and this trend will be more robust in the US.

In our survey, 47 percent of US programmatic marketers cited CTV as the platform with the second-most growth potential — 7 percent even placed it first — by far the biggest showing after mobile, which 61 percent cited as the platform with the most growth potential.

According to the experts we spoke to, these numbers may in fact understate US buyers' plans. Programmatic executives at more high-profile, tech-savvy agencies — i.e., those partnering with the most prominent and forward-thinking brands — said they're seeing enormous growth in CTV investment. "We've seen 100 percent growth in some CTV budgets from 2019 to 2020," said Berani, the US expert at Digitas.

Anderson, at PMG, in the US, noted one reason the overall CTV ecosystem is growing there is that it's: "hit that point where all of the connections are there in

terms of the technology and being able to integrate that into buys."

Anderson also noted that the 2020 global pandemic would likely drive CTV growth.

"It's the first crisis where linear TV is not seeing a spike," she said. "People are going to mobile, they're cross-pollinating on their phones while they're watching TV, and everything's connected to the internet."

When it comes to how widely this budget growth is otherwise occurring among our respondents, the answer is, about one quarter of US buyers said they're planning to spend significantly on the approach, and an additional 64 percent anticipate a moderate amount of spend on the platform.

Investment plans are more conservative in Canada, where 16 percent of marketers said they'll be spending a large amount on connected TV; 24 percent will be spending a moderate amount.

"We're seeing an appetite for CTV advertising in Canada," said Essence's Zhou, "but the supply is still low. We're keeping an eye on [CTV's] development, especially ad-supported CTV apps."

As for UK marketers, 28 percent said they'll be spending a moderate amount on CTV one year from now, and 24 percent said they'll be spending a large amount or the majority.

For Goode, at Havas, in the UK, "CTV was, for me, one of my largest growth areas last year from a programmatic perspective. Someone fired the starting gun last year and everyone's racing now to have those CTV solutions from the broadcasters."

Advertisers across in other regions will do well to plug into these emerging practices, identifying partnerships that can help them onboard new steps for accessing the CTV audience.

Those that learn quickly stand to claim new market share first.

Technology and partnerships will unlock omnichannel programmatic's future

To capitalize on the omnichannel promise, to create more efficient teams, less siloed data, more reliable targeting and attribution and align budgets with optimal outcomes — all these parts of the future omnichannel will unlock — marketers will need expertise and tools.

At present, approaches vary.

In our survey, when it comes to increasing omnichannel proficiencies, Canadian marketers are doing much of the work within their walls. Thirty percent said they plan to improve internal training, 28 percent said they'd up their investments in existing channels and 22 percent said they'll add new hires. Only 24 percent favor increased technology tools and partnerships. And — notably — a 46 percent plurality said it has no current plans to take any new steps to increase proficiency.

Plans for external partnerships and tech tools are more robust in the UK.

There, 41 percent plan to boost omnichannel proficiency by increasing their use of tech tools in partnerships, and 36 percent will increase their training of existing personnel. Meanwhile, 32 percent will make new hires to support omnichannel strategies, and 31 percent will invest in new programmatic channels.

In the US, technology and partnerships dominated future thinking.

When asked about their most important strategies for expanding omnichannel capabilities, 60 percent of US respondents cited increased use of technology tools and partnerships. Again, we can note that, in our survey findings, US buyers have bigger budgets on average — we can infer that they are investing in new tools and partnerships accordingly.

For all, as our experts tell us, the way forward will take increased alignment with resources that can drive skills and tools in the omnichannel space.

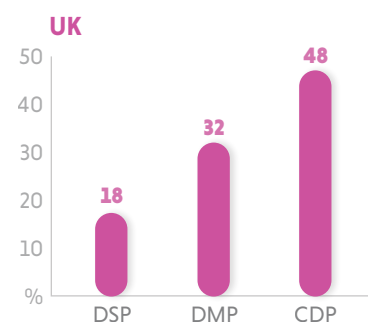
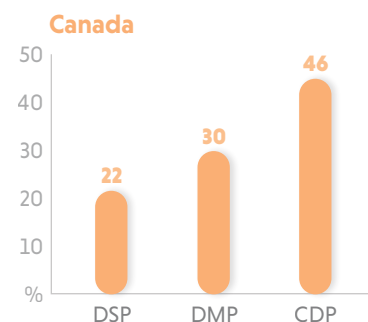
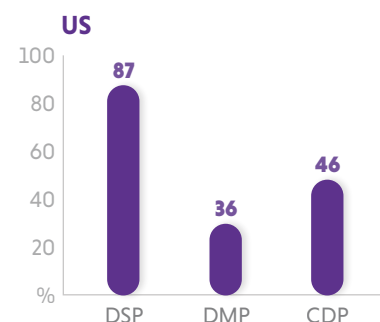
"They've certainly got to be looking outside their own walls if it's going to be anything more complex than relatively simple solutions," said Goode.

According to our research, when they are looking, buyers are more often looking to partnerships rather than in-house technology — i.e., technology providers or tech-savvy agencies.

"For a small business, an agency is there as a resource, and they are invested in these areas," said Goode. "There's a holding company to invest heavily into, as a growing sector of the market."

Marketers are already using certain technologies, of course. In our survey, 87 percent in the US told us they were already using a DSP, 46 percent said they were already using a CDP and 36 percent said they were using a DMP. Technology use was slimmer in the UK, as it was in Canada.

Percentage of marketers using DSPs, DMPs and CDPs



There are also approaches that marketers said they would like to be taking that they're not taking as of yet.

In the UK, 31 percent wanted additional internal training, and 21 percent wanted to make new hires.

In the US, desired approaches mostly involve adding new staff.

Our survey found that 66 percent of US marketers would like to be making new team hires who possess omnichannel programmatic expertise.

Seventeen percent said they would like to have additional training in omnichannel approaches for their existing personnel.

These numbers were less robust in Canada, where 16 percent wanted additional training, and 14 percent wanted new staff. Canadian buyers appear to be an outlier in this regard.

Education and partnerships are critical to the omnichannel promise

The needs for education, team skills, tools and partnerships are linking factors in all regions we studied. It is proficiency and investment in these areas that will drive omnichannel growth. Despite specific differences in omnichannel proficiency from market to market, programmatic marketers tell us they are looking at the landscape through a similar lens.

Experts across regions tell us that, to enact programmatic strategies at scale and with a wide-reaching effect, education is the key to moving from multichannel to omnichannel. At present, most teams simply don't know how to grapple with the expanding landscape and understand — or measure, or integrate — the plethora of incoming data.

"You need to have an intimate understanding of the ever-increasing complexity of what, as an industry, we're coming up with," said Goode at Havas, in the UK. "It's something that we have to be able to tackle if we're going to make sense of this massive, complex ecosystem that we've created."

"We've opened Pandora's box," he added. "We like it, and now we've got to make it work."

Experts also tell us that there are only two significant entities capable of doing the educating: agencies and tech providers.

"The technology providers themselves have certainly got a part to play," said Goode. "We encourage them to help provide education in as nonpartisan a way as possible. And agencies always have an option and a responsibility to consult and educate clients."

With all this in mind, it's incumbent upon technology providers and tech-proficient agencies to step in and teach buyers how to tackle omnichannel approaches. Without this crucial step in play, buyers still lagging on approaches to the omnichannel programmatic promise are likely to remain in comfort zones or fail to take advantage of an expanding spectrum of programmatic channels and environments because of disorganization and silos.

This is an avoidable fate.

Programmatic buyers now find themselves at an inflection point, with crucial questions to answer: Will they pursue a truly omnichannel programmatic strategy? Can they ensure that their teams have the requisite expertise to make this possible? Or will they steer clear of the additional complexity of the programmatic ecosystem, falling back on established channels and missing the opportunity to master their data fully?

For omnichannel overall, the future state turns on tech providers and agencies stepping in and providing education and expertise. And buyers also need to seek it out for themselves.

Brands across all regions have an unprecedented opportunity to create connected ad experiences across a rapidly growing ecosystem of programmatic platforms. By mastering cross-platform targeting and measurement, and growing their proficiency across channels, they can finally invest, target and measure in a harmonic, efficient fashion. That's the real promise of omnichannel programmatic.

About MiQ

We're MiQ, a programmatic media partner for marketers and agencies. We connect data from multiple sources to do interesting, exciting, business problem-solving things for our clients. We're experts in data science, analytics and programmatic trading, and our team of people are always ready to react and solve challenges quickly, to make sure you're always spending your media investments on the right things in the right places.

Headquartered in London, MiQ operates globally from 18 offices located in North America, Europe and APAC.

You can find out more here: wearemiq.com



