ExchangeWire *deep dive*

The business of media, marketing and commerce

The Future of Contextual Targeting

In association with **fifty.**

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INTRODUCTION

The deprecation of third-party cookies affects all aspects of programmatic ad buying as we have known it – personalisation, audience targeting, tracking and measurement, frequency capping, and more. As such, the advertising world has had to rapidly adapt. Whilst some have developed alternative IDs, two post-cookie alternatives have emerged as the most popular amongst much of the industry – first-party data-based and contextual targeting.

First-party data has become more valuable than ever, with some in the industry dubbing it "the new oil", and it's easy to see why – it's collected directly from a webpage in real-time, meaning that it can deliver far more accurate insights than those provided by second- or third-party data. And since it's collected by the site owner based on the consent preferences of each user, first-party data solutions offer comparatively more privacy than the third-party cookie did.

However, first-party data is not a perfect cure-all. At present, relatively few companies have access to enough first-party data to make effective use of a first-party data solution, meaning that those who benefit most from its rising value are big publishers, brands, and walled gardens, with smaller and more recently-established players missing out. Then there's the uncertainty of just how privacy-centric first-party data solutions really are – questions remain over the efficacy of cookie consent banners (or pop-ups) in gaining meaningful consent from website users, with many sites accused of using 'dark patterns' to mislead users into handing over more information than they really want to. And whilst first-party data promises more accurate insights, this accuracy is dependent on users being addressable – that is, remaining logged-in to a website, a condition which is seldom met at any scale today.

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Contextual, meanwhile, has seen a resurgence since the demise of the cookie was announced, with some touting this period as the "rebirth" of the targeting method. Recent research found that 52% of UK and US marketers plan to up their investment in contextual targeting over the next two years and 86% of media owners expect the method to become more prevalent. The merits of contextual precede the death of the cookie – it has long been known that contextual works across all formats and channels (unlike cookies, which were exclusively digital browser-based), can outperform cookies across CTRs, VTRs, CPL, CPC, and viewability benchmarks, and offers built-in brand safety. Its immense scalability is a key benefit, but what really puts contextual ahead of competing post-cookie offerings is that it is inherently privacy-preserving, relying on identifying the content on a page rather than the user behind the screen. With regulation only expected to increase, this is a vital distinction that has, and still will, draw the attention and investment of advertisers. And because it doesn't rely on any information about the user, contextual doesn't require swathes of first-party data or user consent to work, making it a viable option for brands and publishers with little or no first-party data (as well as a parallel tactic alongside first-party targeting for larger agencies, brands, and networks).

Considering its scalability, universality, and the fact that it has privacy at its core, it is of little surprise that contextual has become the first-choice post-cookie solution for many in our industry. However, despite its many benefits, it would be remiss to say that traditional contextual targeting is perfect. Because it is designed to deliver ads based on an analysis of the content of a webpage, the solution depends far too heavily on assumptions about the users visiting. As a result, contextual targeting is naturally less precise than first-party and other solutions.

Neither solution is perfect: first-party data lacks scale and treads a fine line with privacy, whilst contextual is short of precision. Yet, despite their individual shortcomings, first-party data is still incredibly valuable, and contextual still holds a lot of promise for the post-cookie landscape. We believe that combining the two where possible (or using an effective proxy for first-party data) can enhance both and help brands and publishers reach more potential customers with greater accuracy by addressing the following challenges.

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UNDERSTANDING THE AUDIENCE

In order to effectively reach prospective customers, advertisers have to be able to understand who they're actually looking for. Traditional contextual falls short on providing audience understanding for advertisers because it is predicated on assumptions about a consumer's interests and preferences based on the content of the page they're visiting rather than on measurable insights.

Let's take the example of a person visiting the website of a film publisher and being presented with a banner ad for a company that offers screenwriting workshops. Whilst this sounds like a logical pairing — it's not unreasonable to assume that many budding screenwriters are interested in reading up on the current film scene — this process does not guarantee that the company will reach their target audience. This is because there are a number of possible reasons why this reader has decided to visit this page: it could be that they are a casual cinema-goer who just wants to browse reviews before deciding what to watch; or perhaps they are interested in filmmaking, but from a visual or sound design perspective, and aren't as concerned about the ins-and-outs of a script.

By assuming that everyone who visits a particular website does so because they share the same interest (i.e. reading a film publication because they're interested in screenwriting), traditional contextual essentially targets based on a one-size-fits all approach. This totally disregards the divergences and nuances that create the various subsets that exist within a wider audience group, resulting both in wasted impressions for the brand whose ad is displayed and missed opportunities to put more suitable companies in front of their potential customers.

This problem can be resolved by incorporating more audience insights into traditional contextual targeting. Doing so requires a greater quantity of more granular data, but advertisers shouldn't be put off if they don't have access to first-party data, as social data (information taken from the public domain, not private accounts) can be used to the same effect. By analysing more consumer information, advertisers will be able to identify and define audience subsets, enabling them to tailor separate messaging so that they can build different campaigns specifically for different groups. By understanding that their audiences consist of clusters of interconnected but nonetheless distinct cohorts, advertisers will be able to deliver bespoke campaign messaging that drives higher engagement on the right pages.

Looking beyond the initial target audience

At present, the broad nature of many traditional contextual targeting solutions serves to entrench the perception that an audience is a homogenous group united by one or two identical interests. As we've explained above, this impedes advertisers' ability to capture the attention of prospective customers through personalised campaigns. But it also prevents them from exploring further to find people who may be interested in a brand but who don't fit within the criteria assigned to the target audience.

Let's take our example of a target audience for a screenwriting workshop a step further. By examining the affinities and interactions of the wider pool of web users who display an interest in film, the company will be able to narrow down who would likely be most interested in the workshop. But they will also come across other web users who share other, related interests with the target audience. In this case, the initial target users may also display an interest in things like theatre, musicals, or literature by following or interacting with the social pages of entities within these spheres (such as those of a production company, a publishing house, or an actor, director, or novelist). As these people have interests and affinities in common with the initial target audience, they may also be interested in screenwriting, and thus could be ideal prospects for the workshop operator.

By incorporating social data, advertisers can refine their contextual strategy to reach beyond the target audience to potential customers who they would not otherwise have been aware of. Brands will be able to identify audiences that sit outside their standard consumer base and truly prospect.

## Reaching the audience in a privacy-compliant way

Being able to tell where your desired audience will be found online is a fundamental need for brands and publishers, and the fear of losing this capability is part of the reason why some in the industry are reluctant to give up third-party cookies and alternative IDs. Traditional contextual predicts where part of an audience will be, but as we've established above, these predictions are based on broad assumptions, and too often result in targeting that is imprecise and sub-optimal.

The industry can enhance traditional contextual solutions by combining the natural language processing (NLP), semantic analysis, and other techniques many of them already employ with the deeper insights garnered by gathering and analysing audience data. Doing so will equip the solutions to not just assess the details of a webpage, but to determine whether the right web users are actually visiting it, and therefore where an ad will be most effectively placed. And all of this can be done in a completely privacy-compliant way, requiring neither a cookie nor any other kind of ID to work.

With the addition of audience insight, traditional contextual can become more effective at putting the right ad in front of the right user without compromising on the vital privacy-preserving quality that makes contextual so important as we approach the post-cookie era.

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KEY LONG-TERM TRENDS

The deprecation of third-party cookies and implementation of landmark legislation, such as Europe's GDPR, the California Consumer Privacy Act (CCPA), and China's Personal Information Protection Law (PIPL), have already forced significant changes to the mechanics of online advertising. With cookies set to go for good once Chrome stops supporting them at the end of next year, and more regulation on the way, further shifts are inevitable. Here, we give our perspective on three key long-term trends as the industry prepares for targeting in a post-cookie landscape.
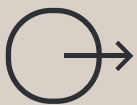
A false dawn: Alternative IDs are on borrowed time

Perhaps to insulate themselves as much as possible from the fallout of the cookiepocalypse, some in the industry have developed their own IDs to take the place of the tracking technology and continue targeting in a similar way.

Whilst these may fill the gap in the short term, the move is ultimately misguided, because IDs are destined for the same fate as the third-party cookie: it is only a matter of time until regulators from across the globe clamp down on them. This is something which Google clearly realised when they announced that Chrome will not support universal IDs after the cookie deadline, saying they "aren't a sustainable long-term investment" in the face of tightening regulation.

Moreover, alternative IDs can be completely undermined by technology providers – last year, Apple (who have made privacy a key brand pillar) introduced Hide My Email, a feature which allows users to generate fake email addresses (linked back to the original) to prevent the website owners and advertisers they give them to from being able to track them. Although not widely adopted (yet), the feature is a clear example of Big Tech's ability to render ID-based targeting redundant, and it's very possible that we'll see similar initiatives in the future. As Fifty's Head of Productisation Alex Hawkesworth has pointed out, technology providers have the power to fight back against the advertising industry's failure to respect the privacy of users in the pursuit of profit.

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Return to sender: Authentication levels will be slow to increase

We're already seeing more publishers implement logins. Some worry that this trend will pave the way to the abandonment of advertising in favour of a paywall or subscription service, whilst others tout logins as the foundation upon which the advertising ecosystem of the future will be built.

The fact is, by 2020, only a median of 2% of web traffic was authenticated. Even in a world where the majority of websites have implemented some form of login, the likelihood of people choosing to log in or stay logged in to every website they visit is low. Those who can enjoy the benefits of logins are currently limited to larger publishers and 'walled gardens' like GAMA (Google, Apple, Meta, and Amazon; formerly GAFA) in particular. Whilst this is both the product and perpetuation of a power imbalance within digital advertising, it is also a result of there being a recognisable value to users being logged into these companies' properties, a value exchange which very few other sites can claim to offer.

The failure to convey that personalised advertising can benefit web users (evidenced by the finding that 63% of consumers believe that sharing their data creates more value for marketers than it does for them) continues to dog the industry; this, combined with consumer distrust, has fuelled high opt-out levels and created a landscape where people are reluctant to share information. Unless publishers and brands successfully communicate the value that creating an account will provide, efforts to authenticate users via logins will be unlikely to bear fruit.

" **63% of consumers** believe that sharing their data creates more value for marketers than it does for them

Creativity, context, and commerce: back to the future

Decades of targeted advertising using the third-party cookie has led to a dearth of creative planning across web and mobile compared to the brand-led approach used for TV and OOH.

However, the shift to contextually-powered advertising will force change here, fuelled further by the development and implementation of tools that can design and direct creative to the people it will resonate with most. FiftyAurora, for instance, combines audience insights with the technology used in traditional contextual to enable marketers to target at scale to reach their desired audiences with greater precision and uncover subsets of their consumer bases that require bespoke messaging.

Moreover, the new privacy-focused age will give renewed attention to the full sales funnel, rather than hounding consumers already interested in a given item, or (worse still) who have already left the sales funnel. ID-free technology solutions able to leverage semantic analysis and customer CRM data, such as FiftyAurora, alongside timely media interaction, are better equipped for this new age than simple cookie mimics in terms of scale and range of channels.

Gone will be the days of the bland ad unit following you around the web, earnestly extolling the virtues of a product you have already purchased. The paint-by-numbers approach will be replaced by a complex masterpiece, and creative advertising powered by rich contextual data will lead to a redefined relationship between brand and user. We will see an evolution from personalised advertising to humanised advertising.

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FIFTYAURORA: ENHANCED CONTEXTUAL TARGETING FOR THE POST-COOKIE AGE

As we've established, we believe that combining traditional contextual targeting methods with first-party data (or an effective substitute like declared social data) can enhance the power of both and create a strong solution for the cookieless era. Here, Fifty Head of Productisation Alex Hawkesworth elaborates on how FiftyAurora uses audience insights to power next-level contextual targeting in a completely privacy-compliant manner.

How does Aurora resolve the current issues with traditional contextual targeting?

Current contextual targeting focuses only on the content of a webpage or media item, which can be a limited proxy for understanding the audience you hope to reach. And understanding audiences is the key of any advertising – something we have lost sight of with constant tracking of consumers. FiftyAurora overcomes this downside as it is powered by our human insight platform, allowing Fifty to deeply understand the audience and its subgroups as well as analyse their content preferences, interests, and other real world signals like location or gender.

By understanding an audience first we can use this analysis to model the relevant topics, categories and webpages that a campaign should be targeting for a specific audience, rather than being limited by an unclassified keyword list.

Our deep human understanding allows FiftyAurora to extend desired audience targeting beyond the central topic or interest of the campaign to include adjacent or unlinked topics that also engage the audience, thereby increasing audience reach without diluting audience relevance.

Another disadvantage of traditional contextual solutions is that they rely upon simple signals like the presence of a keyword match regardless of the overarching context of an article. This means that there is always a level of wastage – pages that include the relevant keywords but are not likely to be read by the audience. In contrast, FiftyAurora is able to use complex topical classification of audience media consumption patterns to exclude any inventory not relevant or read by a target audience.

Overall, FiftyAurora provides brands and publishers with an evolution of Contextual audience targeting – a solution that uses essential audience insights to improve performance and scale while avoiding wasted spend.

What kinds of data does Aurora use, and how does Fifty ensure the safety of this information?

FiftyAurora audiences contain no personal data or IDs. We use large-scale aggregated web and social data to build our human insights and audience understanding, and take significant steps to ensure that any intelligence we derive from this is fully separated or air gapped from the targeting that we provide to clients. FiftyAurora matches the topic relevance of a page against the topics derived from insight aggregated tribe data rather than ever directly targeting the members of that insight audience.

In order to help brands to more effectively use their first party data outside of ID limited environments while maintaining compliance and protection, we have developed the Secure Data Exchange (SDX). SDX incorporates the highest levels of digital security and completely removes any concerns about data leakage or inference as it models CRM into the Fifty insight platform without preserving the original seed.

What is Fifty's SDX, and how does it work alongside Aurora to help advertisers and publishers adjust to a privacy-first world?

SDX is a Strongroom technology (building further on the data privacy of clean rooms like Infosum or Snowflake) and Fifty strongrooms are virtual machines whose processes and data are not accessible to anyone (including Fifty) outside of them. They maintain data privacy and security by employing strong encryption techniques at every stage of the process and remain totally isolated through confidential computing.

So the SDX instance is isolated (in fact, in the case of any changes or updates, Fifty have to create an entirely new virtual machine) but programmed to only receive files in an encrypted format, process them, and extrude a single output – this means it is able to securely receive and handle hashed CRM.

SDX matches the hashed emails into the Fifty data set and processes it to produce a Fifty study derived from the customer data and its taxonomy in isolation. The output from SDX is unique in that the seed (the CRM and the matched data) is destroyed through a process called crypto shredding (and so is unrestorable by any means) before the strongroom exports the remaining study. This ensures that we provide both complete security of client data and the deep insight and human understanding that our clients have come to expect.

This methodology preserves the insights aligned with the original taxonomy of the data and allows the client to safely translate their consumer records into new learnings and a completely scalable non-ID dependent prospecting tool.

The combination of FiftyAurora and SDX enables Fifty to provide value to all advertisers and publishers in the privacy-centric era – Aurora allows us to act as the proxy for consumer data where companies lack it. And those that have strong first-party data can rely on Fifty to supercharge it.

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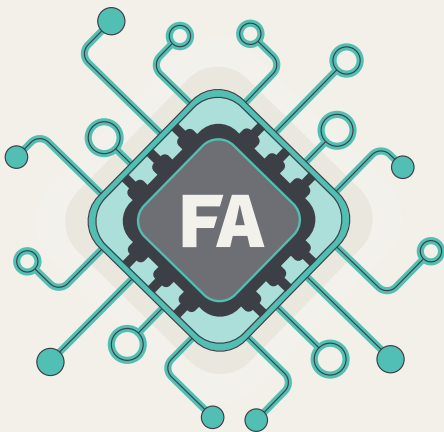
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ABOUT FIFTY

Fifty uses AI, technology and data to help brands understand their customers and power advertising to best engage them. At our core sits the Fifty platform, which makes sense of complex audience datasets and develops them into tribes, an impactful and insightful customer segmentation interface with applications across all marketing functions. FiftyAurora is our brand new, ID-free, privacy-first solution that provides effective audience targeting by projecting a map of where an audience will be, rather than needing to track them everywhere.

Visit www.fifty.io to learn more.

ABOUT EXCHANGEWIRE

ExchangeWire provides news and analysis on the business of media, marketing and commerce with a specific focus on data and technology. We offer actionable market intelligence on the trends and innovations that are shaping the media, marketing and commerce industries.

We're always interested in any technology and business-related news globally, and in particular across EMEA and APAC. Relevant companies are encouraged to get in touch. We're also interested in hearing from PR people working with companies in any of the areas named above.