



DIGIDAY

The Rise of Creative in a Programmatic World

How new ad formats and
data-informed creative are giving
new life to display brand advertising

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WELCOME

In the past few years, the focus of the mobile advertising industry was firmly on increasing the efficiencies and quality of media buys.

Great platforms have already been developed helping marketers navigate increasingly complex ecosystem of mobile inventory, making it easier for them to find the right audiences for their campaigns. But with all the amazing development of media buying technologies, the messages placed in this mobile inventory haven't changed much. Marketers appeared to have forgotten their old mantra, "the right message for the right audience".

A recent "State of the industry" study, conducted with Digiday, shows a strong desire in marketers to change that.

High quality creative with relevant messaging is increasingly a high priority for marketers, and a majority of those surveyed consider the message at least as important as the media they buy.

More importantly, they feel that the creative and the media plan must be developed together as a part of a common and coherent strategy. Quite literally putting their money where their mouth is, more than half reported an increase in 2015 budgets dedicated to creative resources.

However, to commit even more of their budgets to creative, marketers must see several issues solved. Top of the list is better user experience of display ads, closely followed by the quality and ease of ad serving. The two are closely related, and getting ads to preload or load faster will go a long way in terms of user experience. Closer integrations between

media buying and creative platforms will further increase the quality of ad experience and bring serving closer to being seamless.

These integrations won't only help with ad serving; they might also make media buying even more efficient through creative intelligence.

Understanding how different creatives perform on different inventory and optimizing both the media buy and the creative based on such insights is the number one feature marketers are looking for when it comes to the platforms they use to build display ads.

So what is preventing advertisers from investing more in creative? In most cases it's a lack of both creative resources and products on the market that bring true scale, making it viable in terms of ROI. Which is a clear signal that the time of programmatic creative is now.



Matevz Klanjsek

Co-founder & CPO, Celtra

 @hyperhandsome

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SUMMARY

As marketers move away from a click-centric worldview and look increasingly at engagement, they're holding their breath to see if new high-touch ad formats will deliver. This new breed of display ads provides a more robust user experience while still adhering to the standards that drive programmatic exchanges.

"We can't design our campaigns for site visits," said Scott Symonds, director of media at AKQA. *"We must have the impact we're seeking within the banner, and rich media gives us a big palette with which to do it."*

Whether they're brand marketers, agency creatives or in-house CMOs, today's industry operatives are keeping a close eye on new ad products. To see why, Digiday, with our sponsor, Celtra, canvassed the innovators pushing display advertising forward. Several hundred marketers discussed the latest trends in creative optimization, which features are important to them now (and will be critical in the future), and what's in store for ad messaging as automation tools become more sophisticated and widespread.

Key Findings

- For nearly all marketers (92%), **creative messaging is more important than ever**, even within digital display ads.
- For more than ¼ of marketers, **brand advertising** already accounts for two- to three-fifths of their digital display budgets.
- Year-over-year, display budgets dedicated to **building creative** are growing.
- For ⅔ of respondents, **not having enough creative resources** is preventing true scale for the production of dynamically optimized creative.
- More than half of marketers (58%) report having **insufficient operational resources** to execute dynamically optimized creative campaigns.
- When it comes to new display ad formats, marketers are looking for **improved user experience and greater scalability**.
- One-quarter of marketers **need to allocate more of their budget or resources** in order to explore dynamic creative optimization.

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CREATIVE MATTERS WHEN IT COMES TO DISPLAY

No one would argue that placement is important; agencies will always be immensely concerned with where their display ads are being served. For a long time, this has overshadowed creative messaging, especially given a display ad's limited real estate.

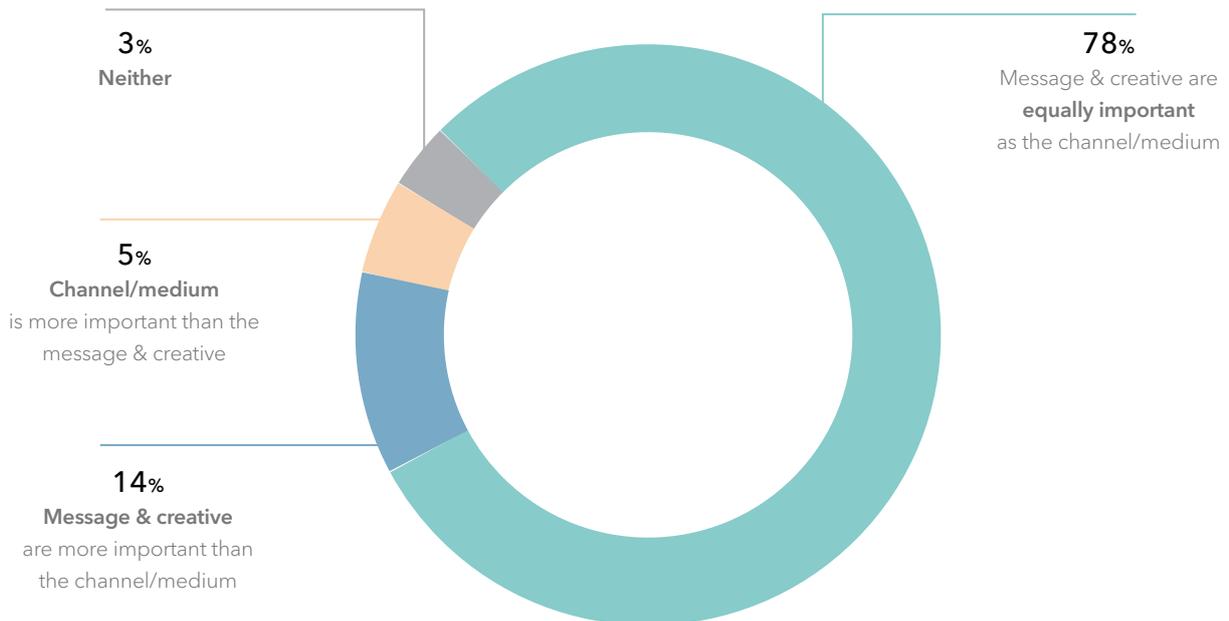
This is no longer the case.

"A lot has been made of the ubiquity of display ads and the challenge of banner blindness," said Vik Kathuria, global chief media officer at Razorfish.

To give new lift to display's efficacy, most marketers are placing a new emphasis on substance: A majority of respondents (78%) believe a display ad's message or creative was just as important as the channel or medium through which it's served. While agencies were never completely ignoring creative, it's never been more crucial than it is today.

Even more interesting, when respondents did have a preference of one over the other, they were more likely to say that message and creative were more important than channel and medium.

What's more important to brand display advertising performance: creative message or placement?



Marketers agree: For display ads, the message is just as important as the medium.

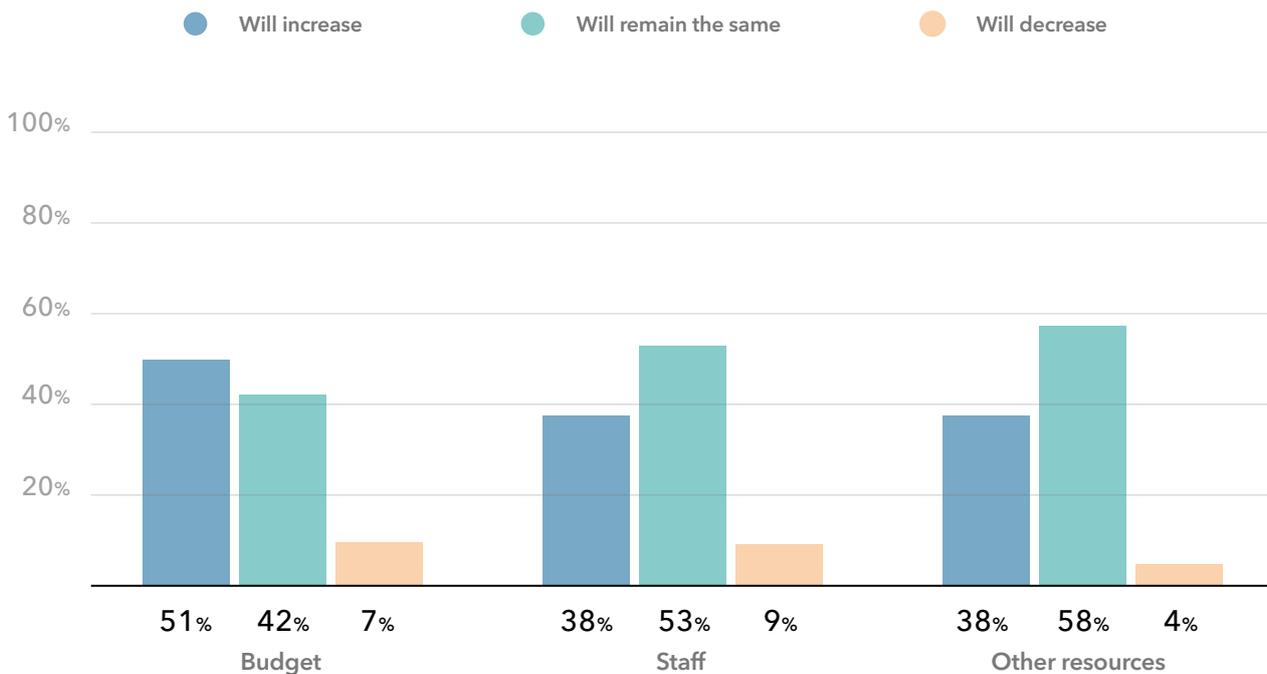
Money can make a compelling argument, and the way 2015 budgets seem to be aligning tells a clear story: About half of respondents plan to increase the portion of their display budgets devoted to creative resources.

This is especially good news given that insufficient budgets were the biggest challenge to successful

brand display advertising (according to 22 percent of respondents).

With more money diverted toward creative capability, we can expect the display ads of the future to be much more relevant and therefore more engaging than the static banner ads of old.

How will your investments in creative resources for display change in 2015?



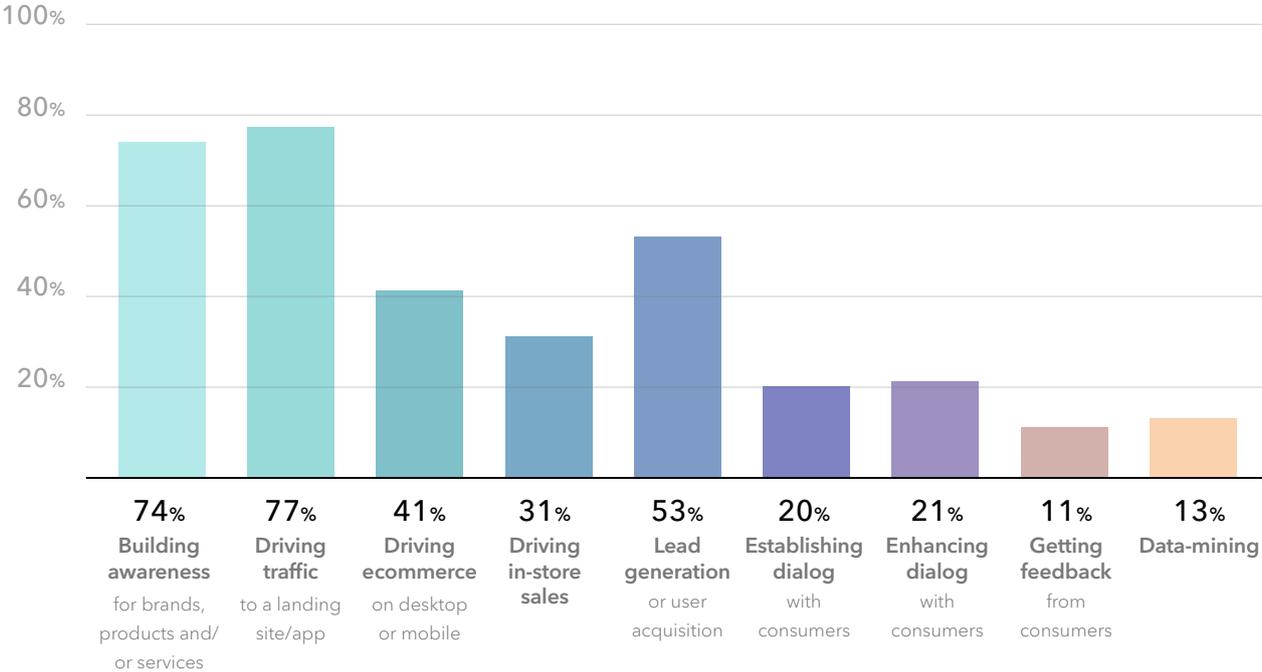
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BRAND ADVERTISING TURNS TO DISPLAY

This heightened creative focus signals a shift in marketers' use of display ads beyond the objectives they traditionally supported.

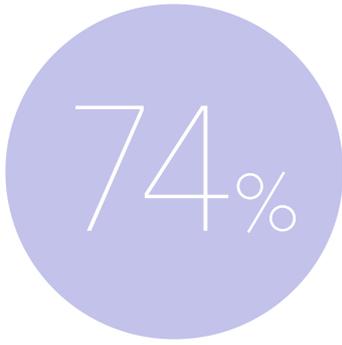
Little more than half (54%) reported using display ads for lead generation and acquisition purchases. Much more popular (according to 77% of respondents) were mid-funnel uses such as driving traffic to a brand's site or app.

What are your main objectives for display campaigns?



But the most prominent new development has been the use of display ads to build brand awareness. An overwhelming 74 percent of marketers are employing the ads in this way.

This is compounded by the fact that, for more than one-quarter of respondents (27 percent), brand advertising consumes 41 to 60 percent of their overall display budgets.

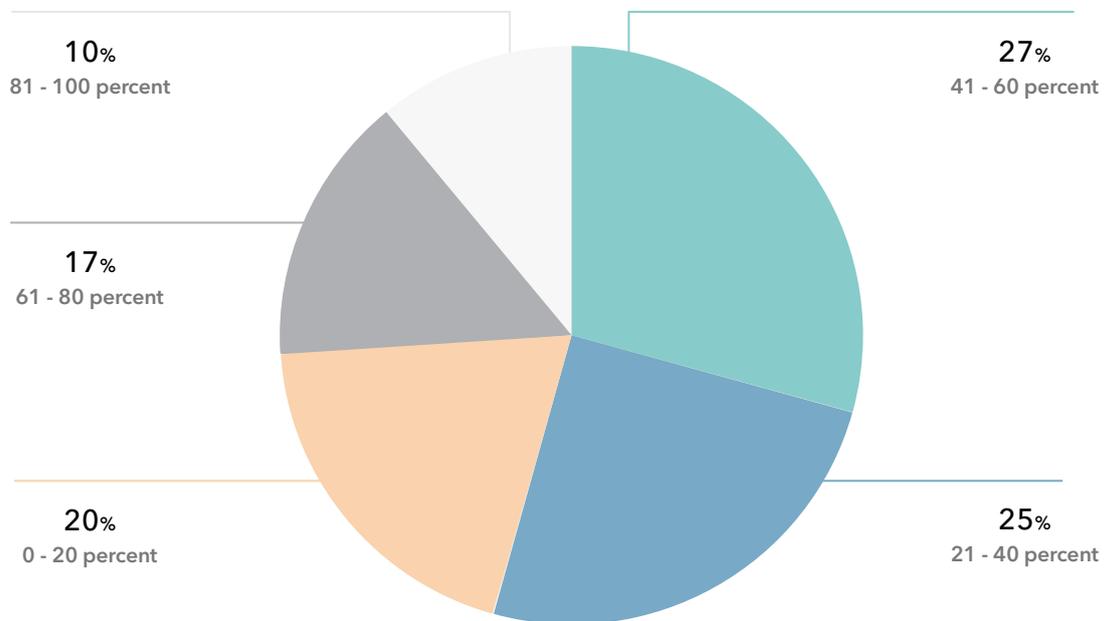


of marketers are now using display ads to build brand awareness.

Symonds feels this allocation should be even higher. *"We don't get the level of investment that we should in terms of digital advertising assets to create high-*

quality rich experiences," he said. *"It's also what's holding back mobile."* The days of display as primarily a conversion tool are over.

How much of your digital display budget goes toward brand advertising as opposed to DR?



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NEW OBJECTIVES CALL FOR NEW AD PRODUCTS

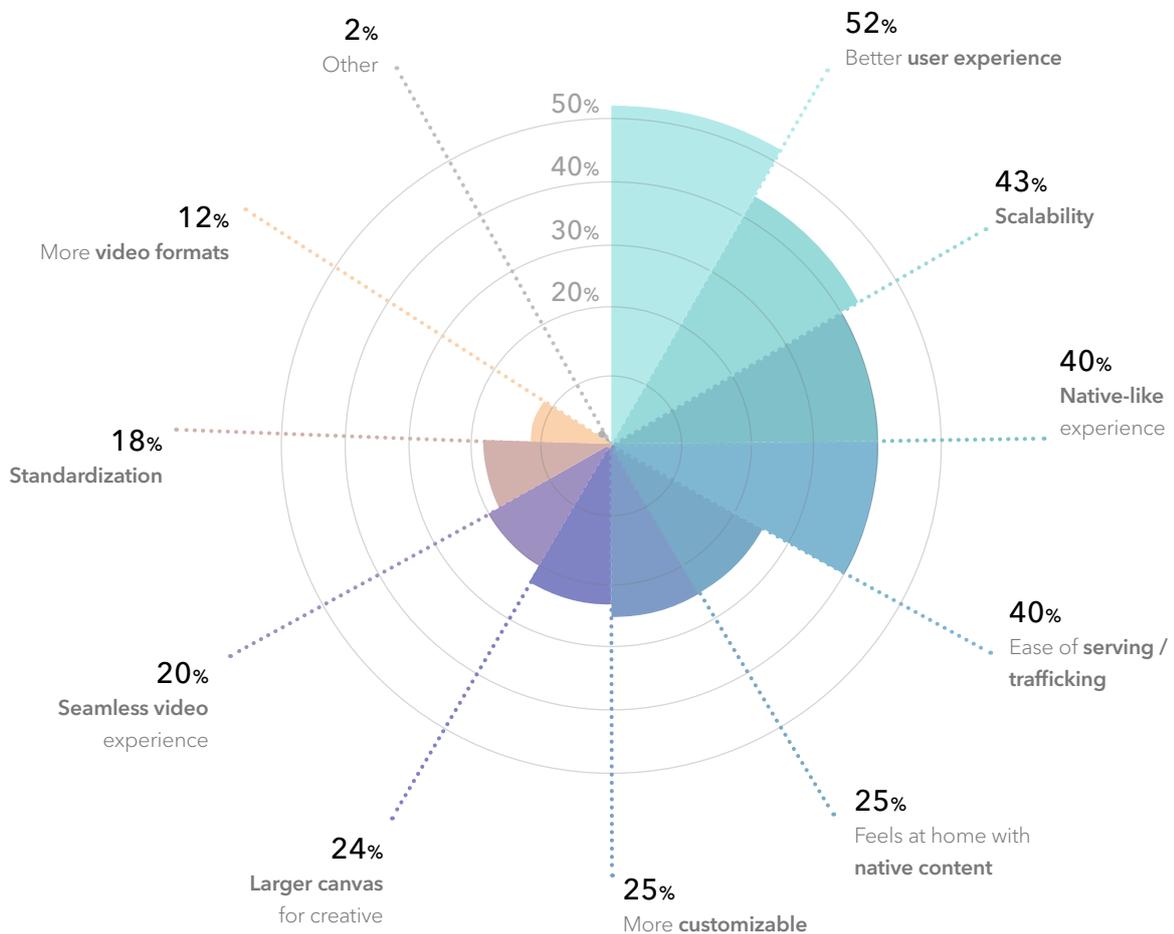
It's no secret that different formats accomplish vastly different goals. As the role of display advertising is redefined, and programmatic has dramatically changed the landscape, marketers need their display options to emphasize on relevance. That's where immersive, data-powered HTML5 creative comes in.

"Rich media has an awful lot of functions," said Symonds. *"For an entertainment client, it can expand*

and have full video. For automotive clients, you can start configuring a car in-banner. For CPG, it might be games, a way to create context around a brand with a quick in-banner experience."

At the top of their wish list, marketers say that display ads should improve user experience. This was considered one of the most important features of new display formats by 52 percent of respondents.

What capabilities are most important for a new display ad format?



For most marketers, new display formats must improve the user's experience.

Going (and Staying) Native

The success of display advertising at scale depends on its adherence to the native experience. An ad can be as interactive or high-touch as possible, but if it feels too foreign in each unique environment – whether on a publisher's site or a consumer platform – some of its effect will be lost.

Rich media display ads, such as IAB Rising Stars, *"provide a richer canvas and the ability to really tell stories,"* said Kathuria. *"That's been a big focus for brands like Nike."*

Brand advertising has always played a crucial role in the marketing life cycle. Now, with $\frac{3}{4}$ of marketers turning to creative display for this function, these new formats have a very bright future.

Following closely behind was scalability (42 percent). If display ads are going to get more interactive or creatively complex, they must meet certain standards to ensure maximum reach.

Finally, in a programmatic environment where placements are bought in bulk – and the same ads are expected to plug into a variety of slots – 41 percent are focused on servability.

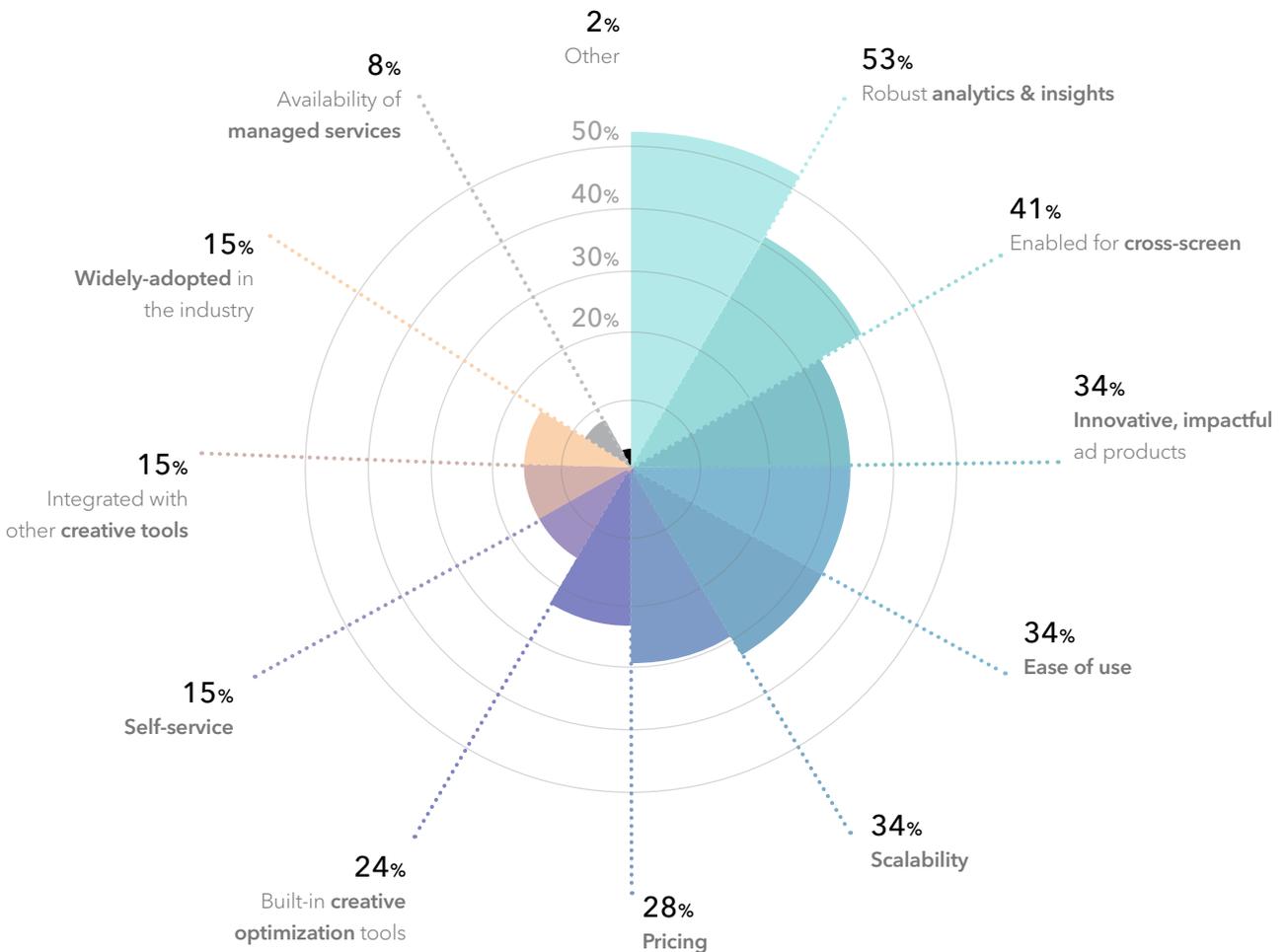
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THIS WILL TAKE SOME SHARPER TOOLS

As advanced as programmatic has become, it is now time to start focusing on the creative aspect - bringing media and creative back together; harnessing the data to inform better creative and deliver a meaningful and relevant message to the right user while automating real-time optimization. But compelling, creative ads with a strong relevant message still don't build themselves. Marketers rely on specific technologies for building, optimizing and analyzing their creative. To make the most

of these tools, especially when it comes to new formats, innovation is in high demand before greater adoption is possible. Practitioners have several clear expectations. First, according to 40% of respondents, cross-screen capability is a must for any display ad-building platform. Second, for 35%, the platform must be easy to use. Finally, it must support innovative, impactful products and formats. Fortunately, these technologies are available, and we can already see marketing's vanguard players adopting them.

What are the most important capabilities of the tools you're using to build display ads?





7 WITH MORE DATA COMES MORE OPTIMIZATION

Compatibility, convenience and format support are obvious choices when it comes to getting a job done. How about when a campaign is already in the field? Or when it's closed?

That's when robust real-time analytics and insights come into play. More than half (53%) identify measurement tools as their greatest platform requirement. Which makes sense: As display ad

**Q: What do we mean by
"optimizing creative"?**

A: Using a platform or technology to drive better results by adapting creative elements of a campaign according to data signals for greater relevancy.

objectives move beyond direct response, nuanced perspectives on performance gain importance. This focus on analytics is also leading to a stronger interest in creative optimization. When asked, 91% of respondents said that adapting a creative message to temporal, geographic and demographic factors was at least somewhat important to them.

It's already becoming a more common practice: 42% of marketers are currently able to creatively optimize their campaigns, at least occasionally. Another 22% are able to do it on a regular basis.

"For clients like TR Price and H&R Block, tax season's around the corner," said Kathuria. "When that happens, we're optimizing on a daily basis. It's what we have to do."

Expect creative optimization to experience even greater adoption. In 2015, 60 percent of marketers expect to include creative optimization as a standard component of their display ad plans.

Optimizing the message to temporal, geographic or demographic factors is important to nearly all marketers.

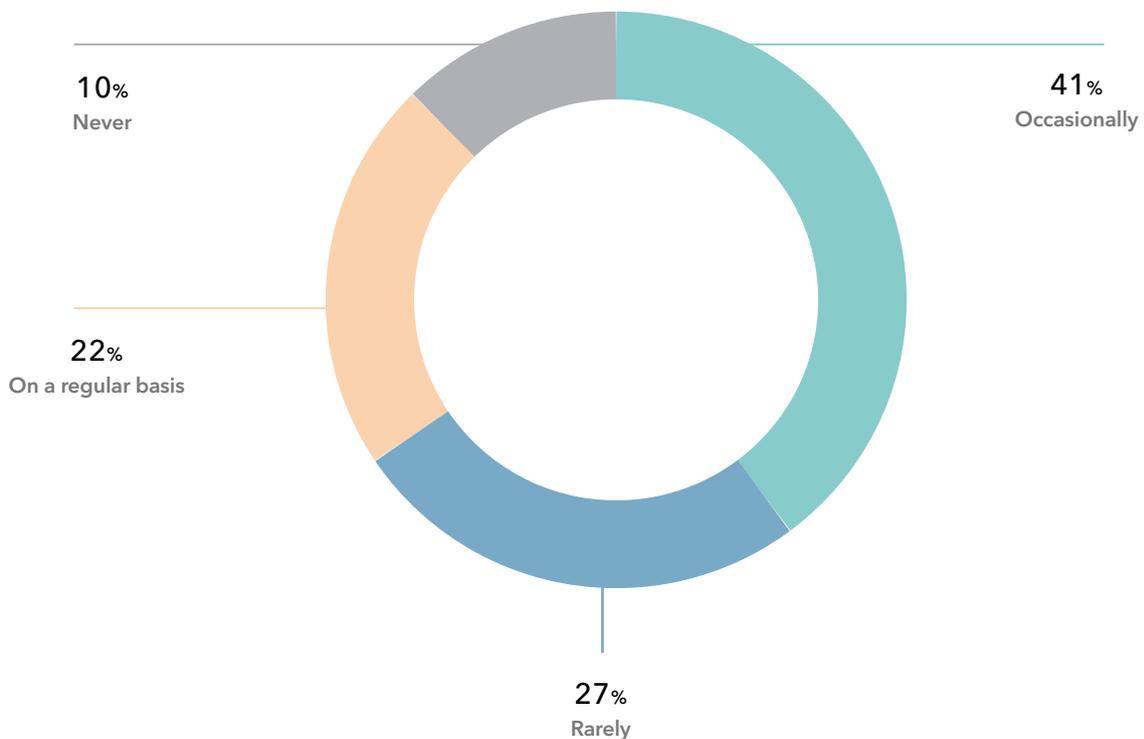
Barriers to Optimization

With so much technology available, why are some marketers failing to optimize their creative campaigns?

- For 66% of marketers, **lack of creative resources** is preventing them from achieving true scale.
- More than half of respondents (58%) have **insufficient operational resources**.

More money allocated to brand display ads and the growing demand for programmatic creative technology will significantly contribute to moving past these roadblocks.

How often do you use data signals to adapt creative messages in your ads?*



*Data signals such as time of the day, location, day of week and other audience data.

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THE CHALLENGE OF OPTIMIZATION

When they are optimizing, 62% of marketers are using specific tools to optimize most of their campaigns.

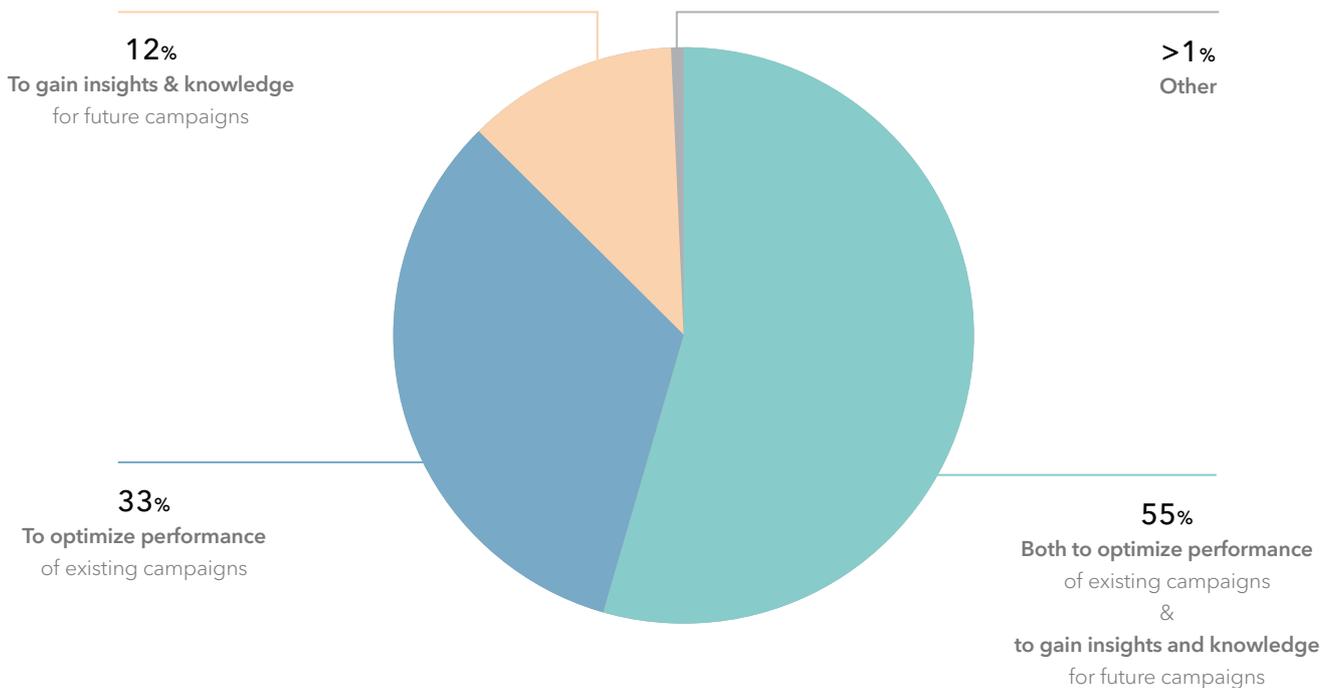
They're just as likely to be optimizing creative both before a campaign begins (using findings from previous campaigns) and on-the-fly during a campaign's run (tinkering with performance to overcome hurdles and take advantage of opportunities as they arise).

What's it all for?

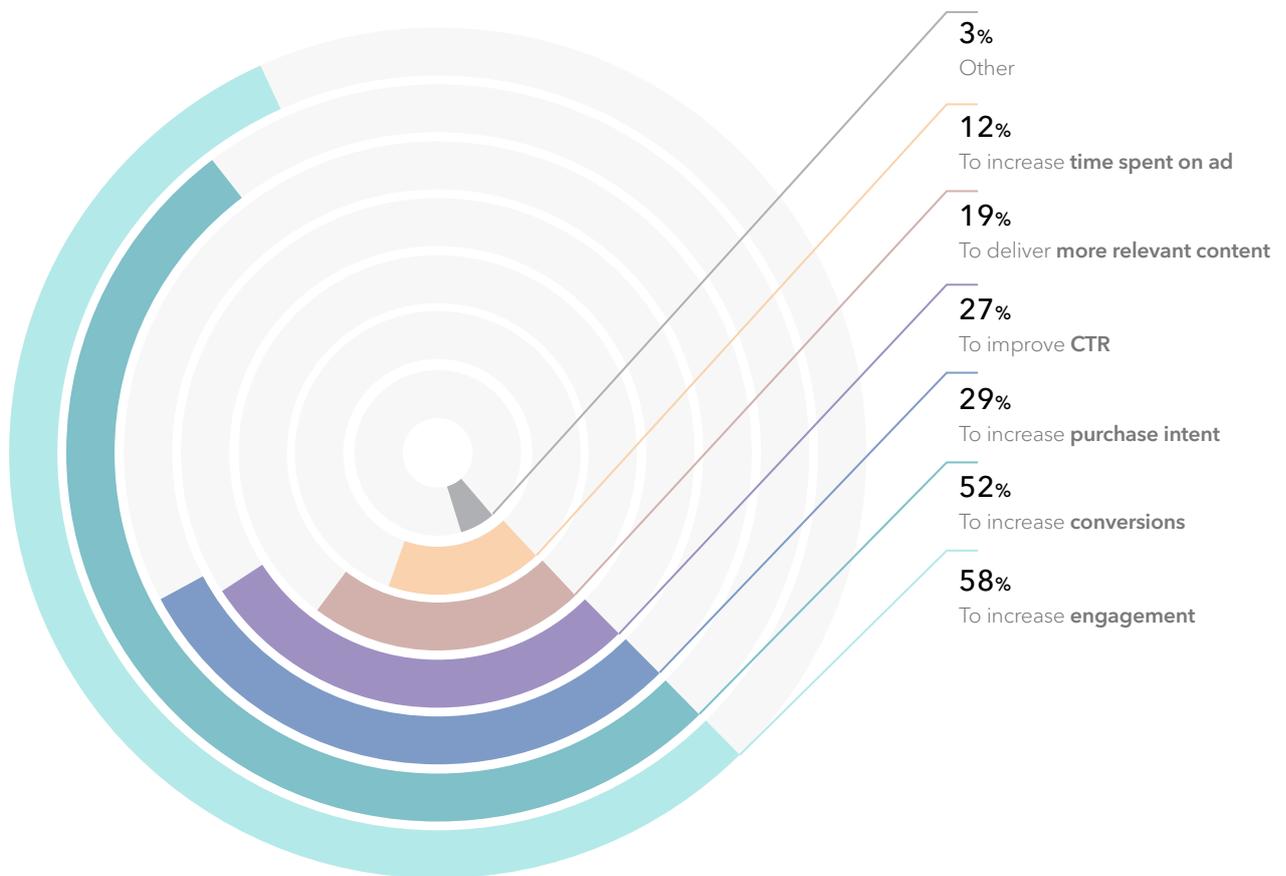
Increasing engagement – an objective aided by new display ad formats – is the main reason for most marketers' use of optimization (59%). This is followed closely by increasing conversions (52%).

If nothing else, this again signals that display can accommodate multiple objectives, from awareness to direct response.

Why do you use creative optimization?



When optimizing creative campaigns, what are your primary goals?



The features that are most important to marketers regarding optimization technology should be familiar themes by now: robust analytics and insights (72% of respondents), ease of use (71%) and scalability (57%). These are important to marketers across the board.

But marketers have not gone all-in on dynamic creative optimization, or DCO. In fact, 42% of respondents prioritize A/B testing over DCO. Just ¼ rely equally on both.

There are a variety of reasons why this is the case. First, there's a lack of operational resources. This is bound to recede as budgets increase. The same can be said for a lack of creative resources. The third challenge isn't solved as easily. Respondents reported that often,

campaigns are simply too small (45%) and there isn't enough client interest (43%) to merit the devotion of resources to creative optimization.

"Brand advertising could be anywhere from 30 percent all the way up to 70 percent," said Kathuria. *"It's a wide range that goes back to campaign objectives. So Patrón versus Nike, it's going to vary greatly by client and campaign."*

Still, the need for a dynamic customization platform is strongly felt in the industry.

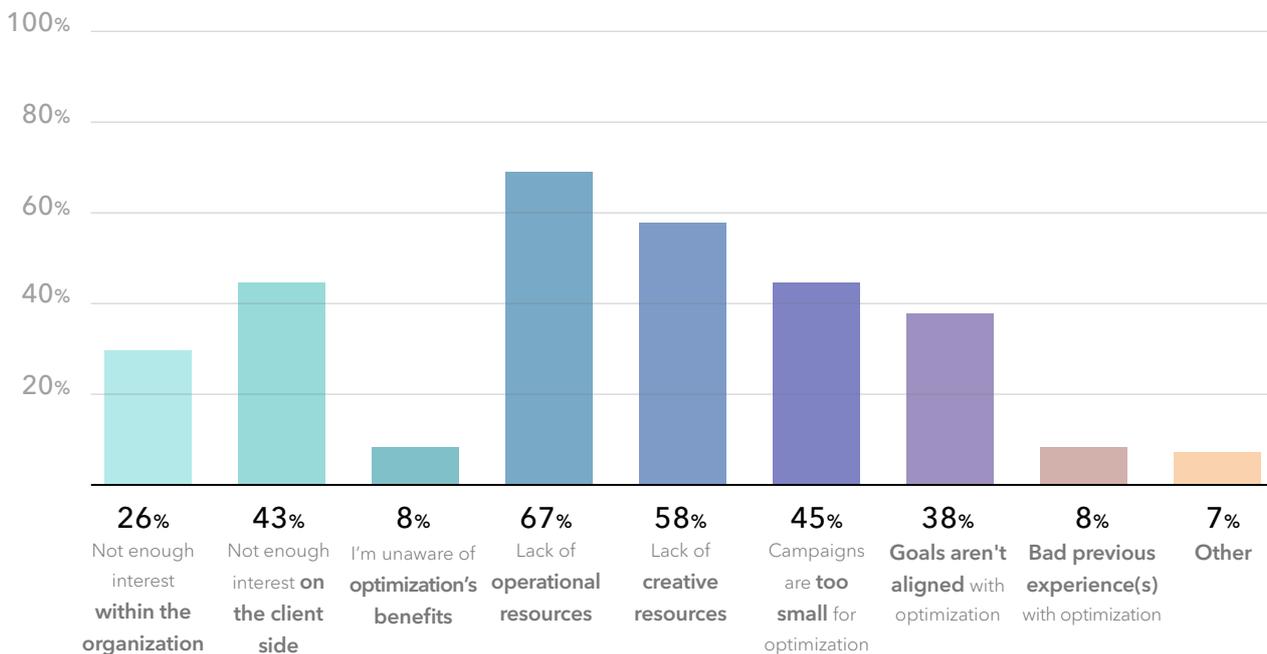
"It's hard to do manual production and hardcode ten versions of an ad," said Symonds. *"We need to get more dynamic."*



It's not about making 100 ads; it's about having templates so it's componentized so you can change the message focus quickly.

– Scott Symonds, AKQA

What are your top challenges when optimizing display creative?



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CONCLUSION

Our research shows that more marketers are turning to display ads to tackle multiple objectives, including building brand awareness once thought to be beyond display's capability. To reach their objectives, more attention to message and creative execution is a growing part of their campaign equations.

Still, there's room for improvement, particularly in terms of awareness. It's not enough to have new, high-impact interactive formats that support a diversity of applications.

“ Awareness investment in digital has been very small, but toolsets for general awareness advertising are much better than they used to be.

– Scott Symonds, AKQA

With display playing a larger and larger role in brand advertising campaigns, the ability to optimize and adapt is essential. The old “set it and forget it” strategy no longer works.

“We have too many clients trying to use a broadcast mentality with digital when it’s actually a post-broadcast, much more targetable platform,” said Symonds. *“We shouldn’t be creating one-size-fits-all ads; we should be segmenting and tailoring and being more CRM-focused.”*

To operate effectively in a media environment witnessing the overhaul of display ads, today's savviest marketers are looking at programmatic creative to overcome challenges at every step, from ad-building to optimization. As others follow suite, the gains to the industry will be immediate – and, of course, measurable.

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METHODOLOGY

A sample of 379 digital media and marketing professionals participated in this study through a combination of convenience and snowball sampling. Of these respondents, 28 percent were from media agencies and 18 percent were from creative agencies. 78 percent were at the director level or higher with diverse responsibilities, including marketing, media planning and operations and analytics. Surveys were distributed by email, site placement and social media from November 3, 2014 to November 21, 2014.

Industry survey by Celtra, powered by Digiday



Celtra Inc., empowers agencies, media suppliers and brand leaders alike with an integrated, truly scalable cross-screen HTML5 technology for brand advertising on smartphones, tablets and desktop. Celtra's platform, AdCreator 4, is built to run large-scale and complex campaigns. It is a single platform for streamlined ad creation, performance optimized serving and consolidated reporting with common metrics across all screens.



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