



Internet Advertising Bureau UK

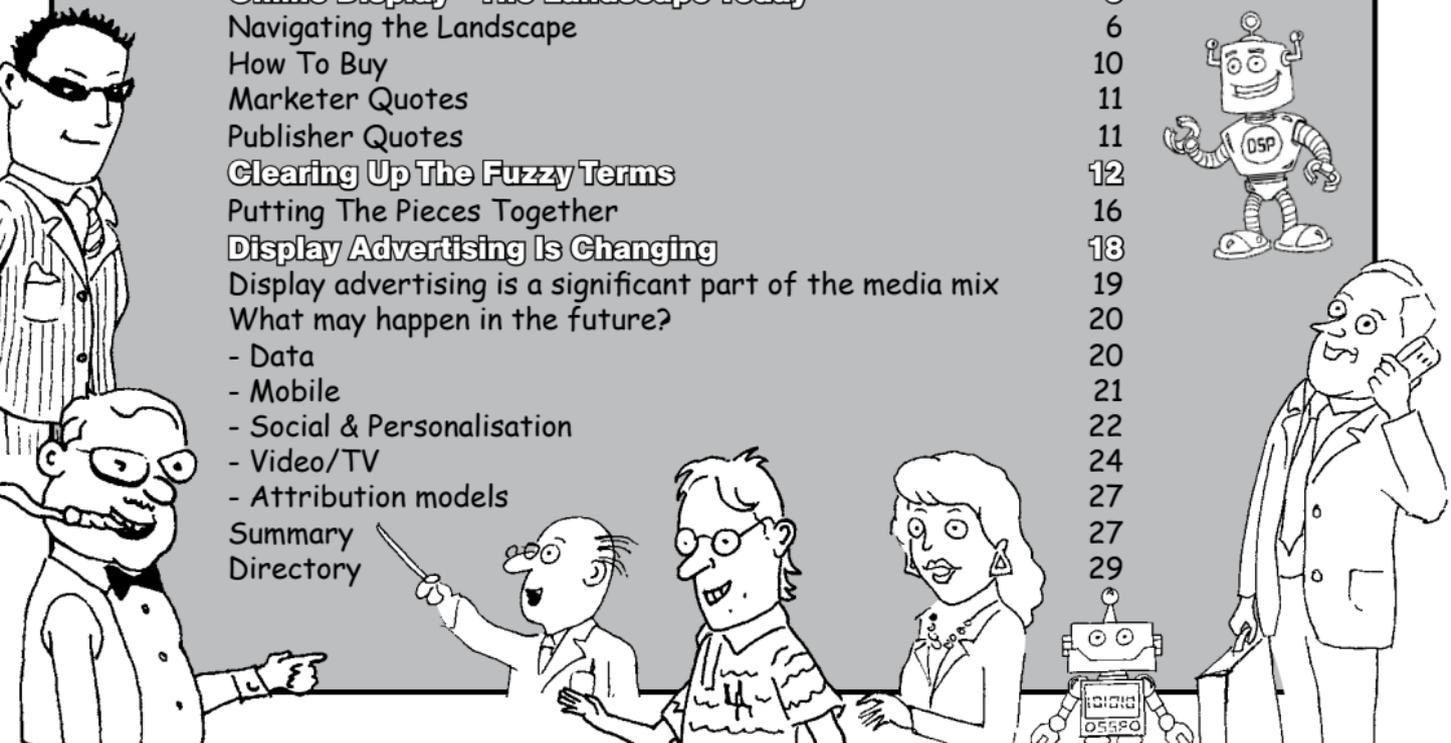
# THE GUIDE TO DISPLAY ADVERTISING



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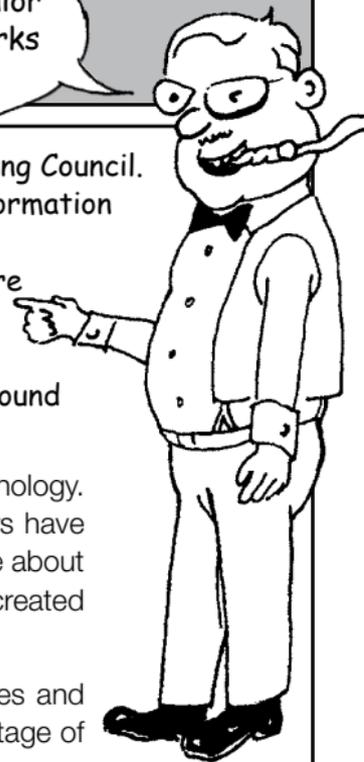
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# Introduction

Amit Kotecha, Senior  
Mobile and Networks  
Manager, IAB



Welcome to the first in a series of handbooks by the IAB Display Trading Council. The last two years has seen the display ecosystem go through a transformation that has been talked, blogged and presented about extensively. This transformation has been down to one thing, an industry striving for more efficiency. Display advertising has always taken a large percentage of ad spend. However the industry has always felt it was under achieving. This was mainly down to the way it was traded and the inefficiencies around trafficking which it grew up with.

Over the last two years we have seen these inefficiencies tackled by technology. As with anything new (particularly in digital) the innovators and early adopters have established themselves and we are now in a place where the early majority are about to step in. There is a lot to learn though in this space, which is why the IAB created the Display Trading Council. ([www.iabuk.net/displaytradingcouncil](http://www.iabuk.net/displaytradingcouncil))

This handbook takes the first of many steps to educate advertisers, agencies and publishers about the ever evolving display ecosystem and how to take advantage of the exciting opportunities available for display advertising.

For more information about the Display Trading Council please contact Amit Kotecha - [amit@iabuk.net](mailto:amit@iabuk.net)

## The advent of Networks and Real Time Bidding

Martin Kelly,  
Co-founder & CEO at  
Infectious Media Ltd

The trading of media was a simple concept for offline media channels. High barriers to entry meant that buying TV, print, outdoor and radio advertising was reserved for a few large companies and consolidation of media channels over time made the number of relationships needed relatively small. Having standardised ad formats simplified the process further by creating an easily understandable trading commodity in which a creative agency could use a single execution across multiple properties. In the same way that a page could be comparatively priced and run in the times and the Guardian, a 30 second tv spot could be the same on TV and Sky.

From the inception of the internet, it was clear that it was going to be a transformative medium. Traditional media owners such as the national newspapers and magazine groups spread their presence online along with new media owners such as Yahoo! and MSN. Standard formats for banner ads emerged along with panel based planning tools and display seemed to be going the way of offline media until the industry realised that as the internet grew and anyone could start their own website with very little investment that there was a huge amount of supply and not enough demand.



It was at this point that the ad network came in to existence. Networks were greatly helped by the standardisation of ad formats that took place via the IAB (**[www.iabuk.net/resources/standards-and-guidelines/iab-display-ad-standards-2010](http://www.iabuk.net/resources/standards-and-guidelines/iab-display-ad-standards-2010)**), meaning that common formats could now be traded across multiple sites. The ad network aggregated supply from hundreds of smaller publishers giving them a way to monetise their inventory without the need for a sales force and gave media owners with a sales force a way to sell their own unsold inventory on a 'blind' basis. For the buyer in a fragmented supply side market it provided the opportunity to buy at scale from a single point which only a few of the largest media owners could manage alone. Over time, ad networks developed strong data capabilities and using their publisher base as a data source, built behavioural segments to increase performance, especially for direct response activity.

It was at the height of the ad network phenomenon in 2005 that Right Media was born as the first global ad exchange. The idea being that an ad exchange would be a marketplace for buyers to seamlessly connect with sellers to buy their inventory on an auction basis. However, the real technology innovation for the advertiser was the ability to set buying rules which pick only the ad impressions that matched the target buying criteria whilst rejecting those that didn't.

This one-by-one audience targeting was revolutionary and had not been previously possible either in an online or offline environment. This innovation was widely adopted by ad networks initially who quickly saw the benefit of buying in this manner.

As the concept caught on, a large wave of consolidation occurred with Right Media being purchased by Yahoo, DoubleClick by Google (and more recently a significant stake being taken in AppNexus

by Microsoft) that predated the arrival of Real Time Bidding (RTB) in early 2010. RTB furthered the initial ad exchange concept and created two new categories of business the Demand Side Platform (DSP) and Supply Side Platform (SSP), the purpose of which is to enable companies to trade in real time and plug in to each other to create a liquid market. Buyers using a DSP can now access many thousands of publishers via SSPs and buy in real time powered by algorithms that reference advertiser data to make decisions. Conversely publishers using an SSP can sell their inventory in real time and have access to a huge amount of buyers across the globe (many more than they can maintain through their physical sales team) with the ability to set rules that ensure they carry the brands that they want to and control pricing through floors.

RTB has two main benefits, the first of which is workflow related. Trading through a platform reduces the administrative and therefore cost burden that is associated with traditional buying techniques. The second benefit concerns performance. Through RTB an advertiser can now target the audience they want to at zero wastage rather than bulk buy on sites that might (or might not) contain the audience they are looking for. This technique is known as 'audience buying' and is further enhanced by the ability to dynamically generate creative executions in real time. Now every thousand impressions bought can be treated differently with a thousand uniquely customised adverts.

RTB has been widely adopted in the UK and indeed globally with more than 11.5bn impressions available each month in the UK alone and all major publishers selling some of their inventory in this manner alongside their traditional sales force. On the buy side, real time has been widely adopted by all demand side players, ad networks, agencies, specialist traders and even by brands themselves. Current estimates put RTB at a 10% share of the display market in the UK, with forecasts going as high as 50% of display share in the next 5 years.

# Online Display

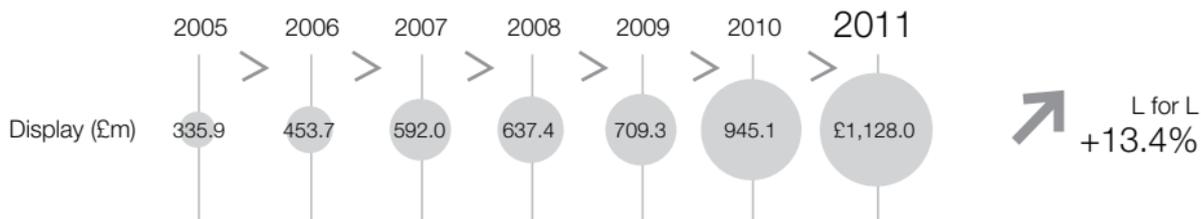
## - the landscape today

Hannah Luckie,  
B2B Marketing Manager,  
ValueClick

This is an exciting time for display. Currently it is one of the fastest growing online channels with online marketing as a whole beginning to eclipse more traditional media. That, combined with the 4 screen approach to media buying (IPTV, mobile, tablets and online) and with the surge of new formats and social media, all eyes are on display.



### Growth of the Display market



Audience response also seems to favour display advertising online. The IAB and ValueClick's Consumer and Online Privacy Research in 2012 found that:

- Only 19% of the internet audience did not notice advertising on the internet
- Only 14% of the total internet audience did not find that advertising on the internet could be useful

So, we are at the stage where marketers truly recognise its value. However perhaps it isn't that easy for marketers to currently navigate the landscape in order for them to get the best from their campaigns.

### Navigating the Landscape

Whilst the display ecosystem may seem complicated, it hasn't intrinsically changed since its inception.

Essentially it is this:

A marketer **buys** online display **inventory** in order to reach their **target audience** with their **advertising creative** to achieve their **objectives**.

However, this simple concept has continuously evolved to the point where today each aspect presents considerations for marketers.



- **Buying:** There are now multiple buying points for marketers. Many will buy through their media agency, who will also deal with all of their offline marketing spend. Some may have their own DSP which will allow them to buy media through technology using Real Time Bidding (RTB) in a way similar to how search marketers work.

Each campaign can have multiple buying points (publisher direct, networks, exchanges, SSPs), with some having as many as 15. These are blended to achieve the full delivery of the marketer's objectives.

- **Inventory:** Whilst this is still space on a website, the amount of inventory available today is vast and can be used in different ways, for different reasons. An example may be a marketer who chooses to run a branding campaign across premium, Top 100 sites, or a marketer with more direct response objectives may choose to place their advertising on more niche, long tail sites which may result in higher click-through rates or conversions.

Different inventory is available through different buying points, which is why many campaigns use more than one in order to achieve their objectives. Many marketers keep a close eye to ensure that these multiple buying points don't result in duplication of audience reach.

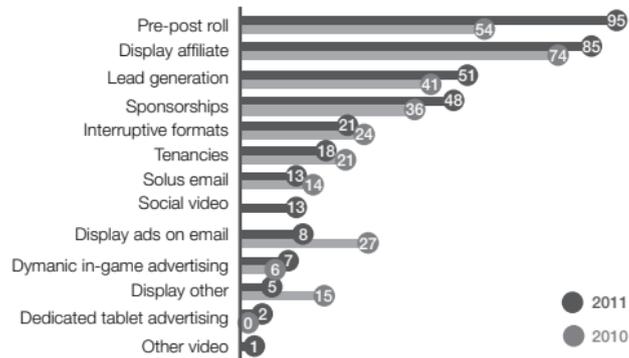
- **Targeted audience:** This used to refer to traditional segmentation which could be done through demographics such as age, gender, geographical area etc. Audiences can also be targeted based on their interests like fashion, automobiles, finance, entertainment etc. Marketers still use these methods to target their audience online, however the large quantities of data which can now be amassed, analysed and applied to campaigns means that marketers are able to target their audience based on their behaviour.

Behavioural targeting is now used extensively across online display. There are multiple different offerings available – most will use anonymous user data and form an algorithm to predict their behaviour, thus allowing them to show users the most relevant ads. At this stage, most marketers buy behavioural targeting solutions based on technology; however we are beginning to see more marketers buying with the quality of data in mind.

The most popular form of behavioural targeting is re-targeting which is prolifically used by marketers. Those marketers who are concerned with the reputation of their brand will take a careful approach to this, keeping user experience front of mind.

- Advertising creative:** Creative agencies and online marketing companies have been quick to address the fact that engaging creative will always remain crucial to the success of display campaigns. There are now multiple different creative options for marketers and whilst the banner still reigns (with a growth of £150 million from 2010 to 2011), growth has also been shown in numerous other formats.

Growth of Display - split by format

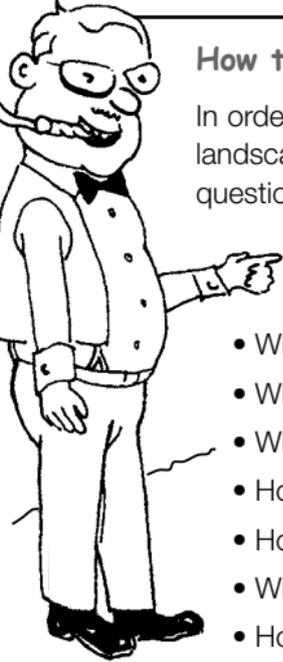


Video has seen sharp growth and many marketers are now using it, particularly travel marketers and also those wishing to integrate online with their television campaigns (14% of consumers liked ads that reminded them of other media, e.g., TV ads [according to the 2012 IAB/ValueClick Consumer and Online Privacy research]).

- **Objectives:** As the medium has progressed, marketers' objectives have become more intricate. Measurements of success can come in many forms and alongside changing objectives have evolved new metrics to reflect this. Campaigns can be measured on a cost per: thousand (CPM), click (CPC), action (CPA), view (CPV), download (CPD) dependant on what type of campaign it is and what the marketer is looking to achieve. That said, despite the measurement metric, most marketers will now look to track back to an effective cost per action, eCPA (which can also include their branding campaigns).

Marketers across all sectors have found ways to fulfil their marketing objectives using online display, which is why there has been such strong year over year growth. The next phase of growth will come from marketers finessing the new display ecosystem which will, inevitably increase returns, therefore increasing investment.





## How to Buy

In order for marketers to finesse their online display advertising, education is key. Yes, the landscape is still a bit daunting but marketers will not go wrong if they ask the following questions of any supplier:

- What unique inventory can you give me so that I am not duplicating spend?
- What unique data can you give me so that you can target my customers better?
- What technology are you using and how are they different from other companies?
- How will you protect my data so that it does not get used to benefit my competitors?
- How will you ensure the protection of my brand online?
- What transparency can you offer me on where my advertising is running?
- How are you going to optimise my campaign?
- What different creative formats can you offer me to improve my campaigns?
- What reporting will you give me so I can measure performance against other channels?
- What reporting will you give me so I can improve my last campaign?
- What are you doing to innovate?

## Marketer quotes

“Traditional’ digital display plans are well oiled and have only been enhanced by improvements in audience targeting (and re-targeting), better use of data and slicker buying models. We all benefit from delivering ads with improved relevancy as this can only help reduce noise in what is an increasingly saturated channel.

The bigger changes in our display plans are the wider adoption of social and mobile placements to ensure we are where the customer is and the corresponding development required to user journeys, platforms and content to complement these.”

**Nick Odermatt, Senior Digital Marketing Manager, Barclays**

“The only constant is change - this saying is especially true in digital marketing. The display landscape alone has seen the emergence of ad exchanges and real-time advertising, the maturation of Facebook and the social graph, and the ever-evolving mobile advertising ecosystem in the past few years alone. Get under the skin of those seemingly separate trends though and the fundamental truth is that, more than ever before, data management is paramount. Those advertisers that best understand and manage data moving forward will succeed. Those that don’t will struggle to survive.”

**Matthew Turner, Director, Online Sales and Marketing, BSkyB**

## Publisher quotes

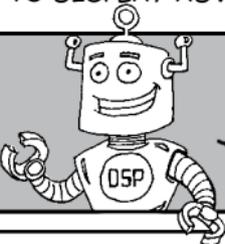


“In the first ten years of this decade The Guardian saw unprecedented change moving from 9th largest UK newspaper to a top 5 digital news brand globally. In the last two years we’ve seen even more change than the previous 10. We’ve doubled our reach, launched new products in mobile, tablet, and social, and invested heavily in the US, performance optimisation, audience targeting, exchange trading, and most importantly big beautiful branding opportunities.”

**Tim Gentry, Revenue Directory, Guardian News and Media**



## Clearing up the fuzzy terms



Greg Williams, Co-Founder,  
VP - EMEA Business  
Operations at MediaMath

Today's display landscape is dramatically different from the past. In the early internet era, search and other mediums outpaced display in terms of technological advancement. Display needed to evolve to compete with its share of voice on the plan. As such, by 2005, the changes had begun and the model of advertisers working with publishers in a simple ecosystem began to change. What has emerged was a series of disruptive businesses and technologies that changed the way media was bought and sold. As a consequence to that, new jargon has developed. Terms like: ad networks, ad exchanges, data exchanges, real-time bidding have taken over our industry and have become part of everyday conversations. Much of the time these terms are discussed by people that have very little understanding of what they actually mean. To clear up confusion the definitions below provide a summary of the important terms within the display landscape.

**Ad Exchanges** - Online auction based marketplace that facilitates the buying and selling of inventory across multiple parties ranging from direct publishers, Ad Networks and Demand Side Platform (DSP). These automated marketplaces enable sellers to monetise inventory via acceptance of the highest bid from buyers. *Who Uses: Advertisers, Agencies, Ad Networks, DSPs, and Publishers.*

**Ad Networks** - An online advertising service provider, often with proprietary technology, that helps marketers run display advertising campaigns across various sources of online inventory, including direct Publishers and Ad Exchanges. *Who Uses: Advertisers, Agencies to reach audiences, Publishers to sell remnant inventory.*

**Ad Server** - A computer that delivers and tracks advertisements independent of the website where the ad is being displayed. Use of an ad server helps establish trust between an advertiser and publisher since the statistics can be maintained by an objective third party. *Who uses: Advertisers, Agencies, DSPs, Ad Networks, Publishers.*

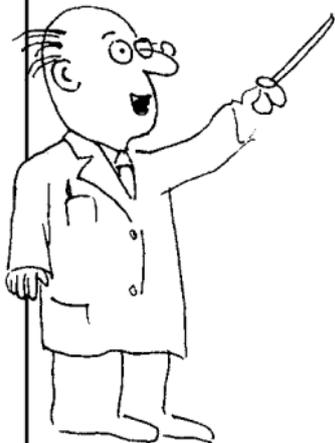
**Agency** - An advertising agency is a company that represents other companies by providing advertising related services such as planning, creating, buying and tracking an advertisement on behalf of their client.

**Data Exchanges** - Online auction marketplace where advertisers acquire 3rd party data that helps them better reach their target audiences with display. Data Exchanges were created as marketplaces where Online Data Providers could sell their data directly to DSPs and Ad Networks. *Who Uses: Ad Networks, DSPs.*

**Data Management Platform (DMP)** - Platforms that allow advertisers, agencies, publishers and others to control their own first-party audience and campaign data, compare it to third-party audience data, and give the ability to make smarter media buying and campaign planning decisions via behavioural targeting or extending audiences via lookalike modeling. Advertisers and agencies generally utilise DMPs in order to buy more effectively while publishers typically utilise DMPs in order to segment their audiences and sell more effectively.

**Demand-side platform (DSP)** - An advertising technology platform which allows marketers to manage their online media campaigns by facilitating the buying of auction-based display media and audience data across multiple inventory and data suppliers in a centralized management platform.

*Who Uses: Agencies, Marketers, etc.*



**Holding Company** - Four major international groups, Omnicom, WPP, Interpublic and Publicis Groupe, that each control a large number of different operating agencies across the globe.

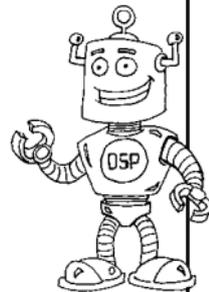
**Online Data Providers/Data Aggregator** - The definition of an “Online Data Provider” is broad and includes a number of players and data types, such as companies like Experian (Financial data), Nielsen (demographics and psychographic data) and OwnerIQ (purchase history). *Who Uses: Advertisers and their agencies, Ad Networks, DSPs, Data Exchanges.*

**Publisher** - A web property providing content for consumers using the internet. Business models range from subscription services to advertising monetisation. Publishers that choose to monetise their site with advertising have a choice to sell their inventory through direct, remnant or automated RTB channels. *Who uses: Publishers, Advertisers via direct channels, Agencies via direct channels, Advertisers, Agencies, DSPs, Ad Networks via remnant and automated channels.*

**Real-time bidding (RTB)** - RTB is a protocol that enables the valuation and bidding on individual impressions in real time. The buying takes place over online media exchanges – basically media marketplaces – which connect sellers (publishers) and buyers (advertisers).

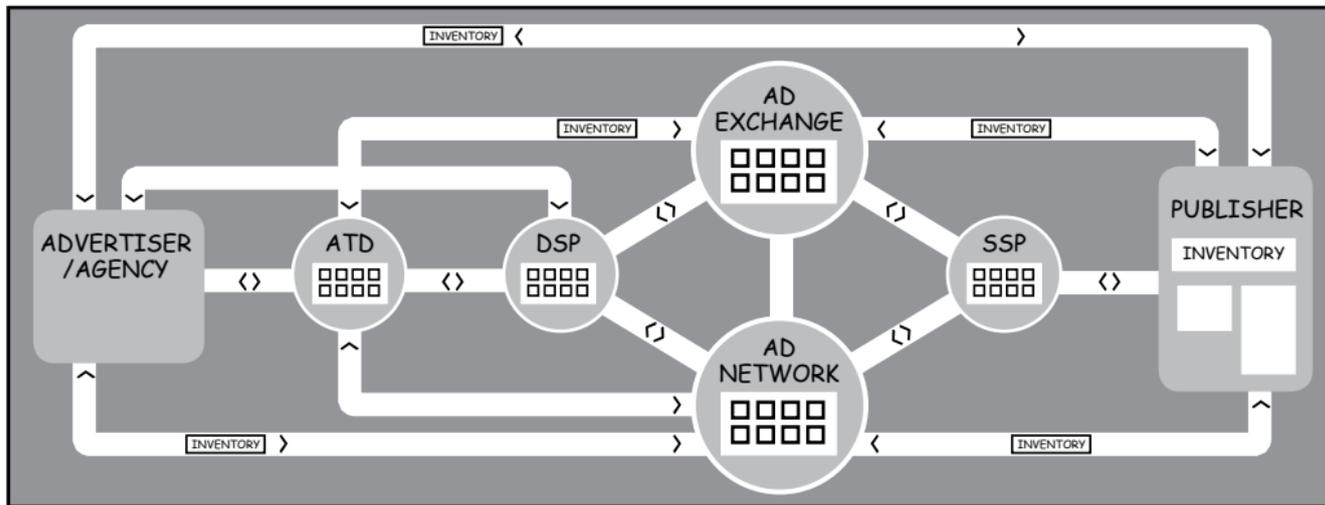
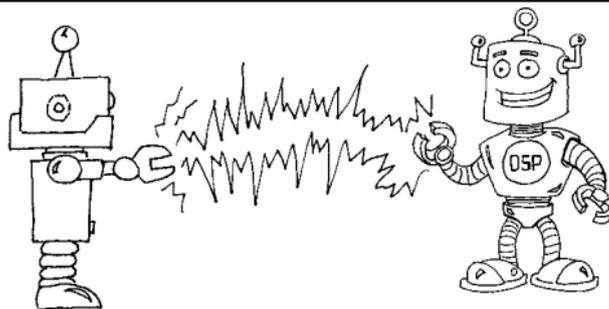
**Supply-side platform (SSP)** - An Advertiser technology platform which represents the suppliers of online ads (Publishers) SSPs give publishers the ability to increase their website advertising revenues by engaging with multiple demand-side channels (Ad Networks, Ad Exchanges and DSP's) through a single vendor. *Who Uses: Publishers.*

**Trading desk** - An agency branch trading entity known as the expert operators in their use of new technology. These entities can be independent or operate within an agency holding company. This group of people (known as traders) play the day-to-day campaign management role. *Who uses: Agency holding companies, operating agencies, advertisers.*



## Putting the pieces together

While each of the terms above provides their own functions the display ecosystem requires that they also work together. The graphic below provides an overview of how each function operates with others.



**Demand Side** - Advertisers and agencies now have options in how they access display inventory. They are able to work with publishers via direct buys just as they always have. They can also work with ad networks to access aggregated publisher inventory in the same manner.

Alternatively, they now also have the ability to access the automated markets using DSP platforms in a self-service manner. For the agencies and advertisers that prefer to allow experts to manage campaigns for them, trading desks are also available.

**Supply Side** - Publishers now have expanded options as well. They have the ability to sell inventory ad space to publishers directly or sell it in bulk to ad networks. They also have the ability to supply it to the automated markets utilising advertising exchanges. In other cases publishers also have the ability to enhance yield and monetisation capabilities utilising a SSP.

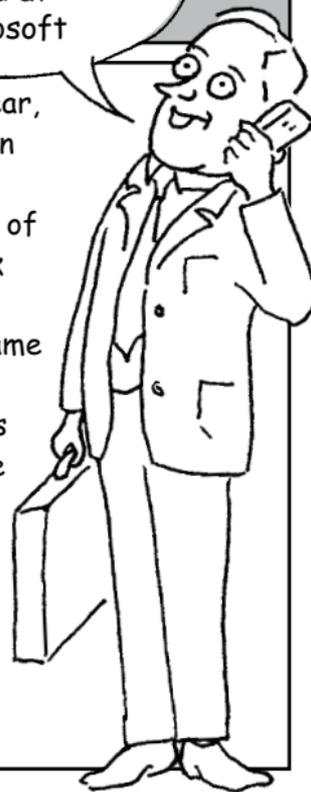
As you can see from the graphic above, this supply chain is extremely complex with everyone working with everyone. The most important thing to remember in this ever evolving ecosystem is that **1)** it is constantly changing **2)** it is critical to educate yourself, and **3)** it is essential to educate others.



# Display Advertising is changing

Scott Burford,  
Media Procurement  
Lead at  
Microsoft

The revenue generated by digital advertising continues to grow each year, but until recently there was little in the way of innovation or automation driving this. Moreover, where there have been attempts at innovation they have been accompanied by challenges. For example the emergence of retargeting has seen fewer impressions being bought as marketers look to pinpoint specific customers. This pinpoint delivery has unfortunately only seen marginal rate increases whilst the publishers still need the same cash flow to operate their businesses - and with consumers still averse to paying £1 to access newspaper sites, maintaining editorial quality has become ever more challenging. The genie can't be put back in the bottle however. As an industry we need to look closely at how we value both context and audience, to step away from commodity pricing that will in the end destroy the premium publishers that deliver the premium inventory the advertiser seeks. Marketers must realise they have a vested interest in keeping the eco-system healthy, because to undermine it will damage their long term marketing plans.



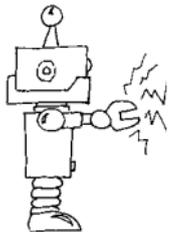
## Display advertising is a significant part of the media mix

Online advertising now accounts for almost 30% of all ad spend in the UK. This is broadly in line with the internet's share of media consumption. The technology change means marketers can target users by device, platform or location and overlay 1st, 2nd or 3rd party data to maximise the return. In the short term this is creating a very confusing picture with niche players vying with one another for attention, all making similar claims. The market is already consolidating, bringing clarity and opportunity for the savvy marketer who has a command of the art of the possible.

Here are our tips to cut through some of the confusion to make your planning more effective and make your marketing share work harder:

- The ad tech eco-system is large and complex, stay focused on the bigger picture. Look at eco-system maps (there are a few around) but don't stare too long or you'll go slightly mad.
- Data will be the key strategic asset, make sure your own (first party) data is available to your digital marketers. Consider where you need to partner to enable further targeting and audience segmentation.
- Encourage your current partners to be more creative and validate brand safety by only working with partners who can prove their credentials.
- Understand the real time ad exchanges – they are mostly being used on a rifle shot basis to re-target users but this is already evolving and their role will broaden.

- Encourage new formats across mobile, in apps and standard display – if the formats on offer don't give marketers what they want then the publisher may well - run unique formats or be in the process of deploying new ones such as the IAB Future Formats Awards, [www.iabuk.net/ffawards](http://www.iabuk.net/ffawards).
- Focus on creative executions that engage the end user – too many creatives are rushed to hit deadlines and then disappointment ensues from lower than expected engagement – targeting is only half the battle.



### What may happen in the future?

Predictions of the future often evoke visions of flying cars and robots ruling the world, however there may be a shift in outlook as we begin to see a humanisation of the web. Below are the realistic developments we expect the industry to adopt over the next three to five years.

### Data

Quite how the collection and use of data will evolve is a highly charged debate. Whatever the outcome, data is a critical component of digital advertising that will only grow in importance. It is vital to delivering relevant advertising that will engage consumers. As an industry we need to ensure we strike a clear 'value exchange' with the consumer. We need to earn trust, respect privacy and make it transparently clear what this 'value exchange' is so that consumers can make an informed decisions to participate.

There is a very real possibility of a major data breach in the next few years which will be a catalyst for widescale change. This may be the pivotal point for organisations and institutions who embody trust to be empowered by the end user and become the centralised guardians of all data.

## Mobile

There is an argument that display on mobile will never be truly successful – the smaller screen size damages brand/product messages and therefore undermines user impact, etc., etc. In reality the potential for marketplace distribution and the opportunity that mobile presents is enormous. Already more smartphones are shipped than PCs - 10% of media consumption is on a mobile phone yet the platform accounts for just 1% of ad spend. As was the case with PC media spend, this is expected to catch up rapidly over the next five years. That 10% is also likely to grow significantly.

Four out of every five mobile media minutes are spent inside apps, according to comScore – so this opens the door to the growth of in-app advertising. We see that as a major growth market over the coming years with far more avenues for interaction than the browser of today. By 2013 mobile will no longer just be tacked on to a media plan with whatever money is left. With mobile usage so prevalent, and with the creative opportunities the smartphone opens up, it will need to be one of the key components of the plan – if trends continue then we can expect mobile media (including tablets) to exceed traditional desktop use by 2014.



## **Social & Personalisation**

As the web continues to humanise, feedback – in the form of recommendations, ‘Likes’ and general interaction between consumers about products and services – will continue to grow in importance and challenge the marketer. How this feedback is weaved into and accommodated by campaigns will be fascinating; authenticity in both the message and the brand promise will be crucial.

The development of widgets on/in adverts may gain some traction if the end environment is built in the right way, but it is difficult to see this becoming popular for the mass market. Having said that, we can certainly see the continuing development of rewards and incentives to click and recommend products in social environments, as part of an on-going attempt to build communities.

Social is only one element of a broader trend that began life on the publisher side. It was borne out of a desire to personalise content by being more aware of the context surrounding the consumer when they are choosing/using products and services. This context exists across four key dimensions that are real time, living states that change and shift as we go about our everyday lives.

### **The four dimensions that influence our behaviour are:**

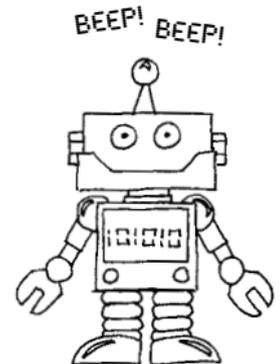
**Emotional** - The emotional state of the consumer will influence the decisions they make and the services they’re looking for. For example the music consumers select when they’re happy may be different from that which they select when they are less so.

**Social** - Who is physically in the same space with the consumer and who are the consumer's active virtual social connections. Watching a sports game or a movie with friends is a different experience to watching it alone or connected to others remotely for a shared viewing experience. Equally, the context of what the consumer's friends do is also a powerful signal that provides a trusted source of influence that may be incorporated into any given decision.

**Environmental** - Where the consumer is, the device they're using, the time of day, the temperature, their direction of travel, the current weather and so on are all factors that play a role in influencing both the consumer's decision and inferring the intent of their actions. Searching for "sushi" on a mobile device at lunchtime while walking down a street in the centre of town will likely be for a different purpose than if the consumer were to make the same search for it sat at home in the evening on their main home computer.

**External** - There are a broad range of external factors that offer further contextual signals that may influence the consumer's actions and decisions. For example, a significant societal issue (like the recession) or a nationwide campaign on childhood poverty, or global warming etc., may make me consider different choices about the activity, actions and content I pursue.

These four dimensions are joined together and under-pinned by a rich pool of historical evidence about previous actions, which can serve to highlight a likely, although not certain, outcome for any given decision or choice.



The connection of these different dimensions of context has been impossible in the past, as not only did we lack the ability to accurately capture and interpret our current state in real time, we also lacked the ability to join them all together and analyse them as a collective. In a world of socially connected experiences, big data, cloud computing and natural user interfaces this really starts to change.

We are still some way from this being a reality, but the beginnings of the technology are already starting to emerge. However, the real hurdle in addressing this new level of personalisation will be fixed firmly in our society's ability to address the privacy concerns that are inherent in the success of this approach. This will be a long road, requiring significant work on behalf of advertisers, brands and consumers to open and maintain a transparent, trusted dialogue.



### **Video / TV**

The collision of linear TV and the web based OTT (Over the Top) services like Netflix or Video on Demand (VOD) sites will create a single addressable market where all devices, including the home TV become, connected IP devices. Multi-screen consumption will become the norm creating opportunities beyond the commercial break that has been the bedrock of linear TV and has been aped with pre-roll within the early VOD services available today.

Games consoles are becoming increasingly dear to our hearts. In fact, there are more installed games consoles in UK homes now than any other IP connected device – 60% of Sky's VOD views come directly through Xbox. We should look at consoles more as a computer in the living room than simply a gaming device.

The enthusiasm that drives a user to engage with a new game and invest hours at a time in it is an opportunity for all brands. As consoles become a general entertainment platform and usage broadens to the whole family then this applies even more so.

In fact, some devices have developed quickly from their gaming roots to become an entertainment platform. In the last 12 months, Xbox LIVE for example had grown the entertainment library to include more than 60 voice controlled applications and more than 200,000 premium movies and TV shows. In the UK, entertainment apps on the Xbox LIVE console such as MSN Video, Muzu.tv, Screenrush, and Crackle already offer advertising as pre roll before content.

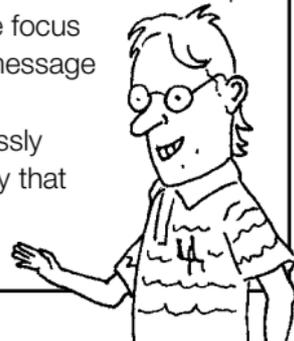
We may even see the dawn of a new golden age of the creative. The natural user interface innovation, of the type seen with Kinect, will see us moving away from flat display type ads to voice and gesture interactivity with advertising. A YouGov survey in May 2012 confirmed that a fifth of consumers want to be able to click on TV ads to find out more about products. Innovations like NUads™ that Xbox LIVE is bringing to TV create engaging and actionable experiences. Advertisers will be able to take the traditional 30-second spot and re-purpose it on Xbox LIVE. This will offer them the scarcest thing in television advertising today – engagement – and a way to move consumers down the purchase path in the living room.

Combining 'Smart' TVs and consoles opens the door to huge progress for display in this environment. Connected TVs are on the rise, but we see screen resolution as a key consideration – at some point we'll come to the conclusion that a certain number of pixels is just right to operate websites and fit in with our pattern of digital interaction. So, display advertising should have a place on the home TV – bigger space to play with, more creativity and social settings when you engage with it.



Microsoft Pixelsense

With the proliferation of screens over the years Microsoft has often talked to its 'three screens and a cloud' strategy. Looking further ahead there's the potential as screens become super-thin, ultra-cheap, even possibly 'disposable' and so abundant that they'll disappear from our consciousness. We'll stop noticing them and the focus will solely be on the message they carry - requiring advertising to seamlessly engage users in a way that befits the context.



## Attribution models

How we assess the value of advertising is unlikely to alter drastically in the short term apart from achieving higher yields for 'viewable' adverts. In the longer term however there is growing consensus that we need agreement on model(s) that track the whole purchase funnel and not just the 'last mile' of acquisition. There are initiatives which may gain momentum including the use of TV techniques like GRP which captures reach and frequency by audience - Nielsen's Online Campaign Ratings seeks specifically to bridge the gap between online and TV measurement by providing a GRP metric for online audiences. We also expect cost per view to have more traction over the coming years as a higher quality measure of video engagement.

However, we first have to resolve the viewable ads debates and clicks will still be used as a measure of performance. But they are likely to hold less power in the new online world. What is important here is that everyone in the industry puts aside their own interests to agree on better means of attribution measurement. Without better models, online will struggle to command brand marketers' spend. Until that happens good quality publishers will continue to struggle with yields.

## Summary

Display advertising is changing. New devices, a better command of data and technology, and changing media consumption in consumers will conspire to create and drive that change. The relationship between brands and consumers is changing, more than ever the brand promise will have to match the product experience. The Mad Men never had it this good.

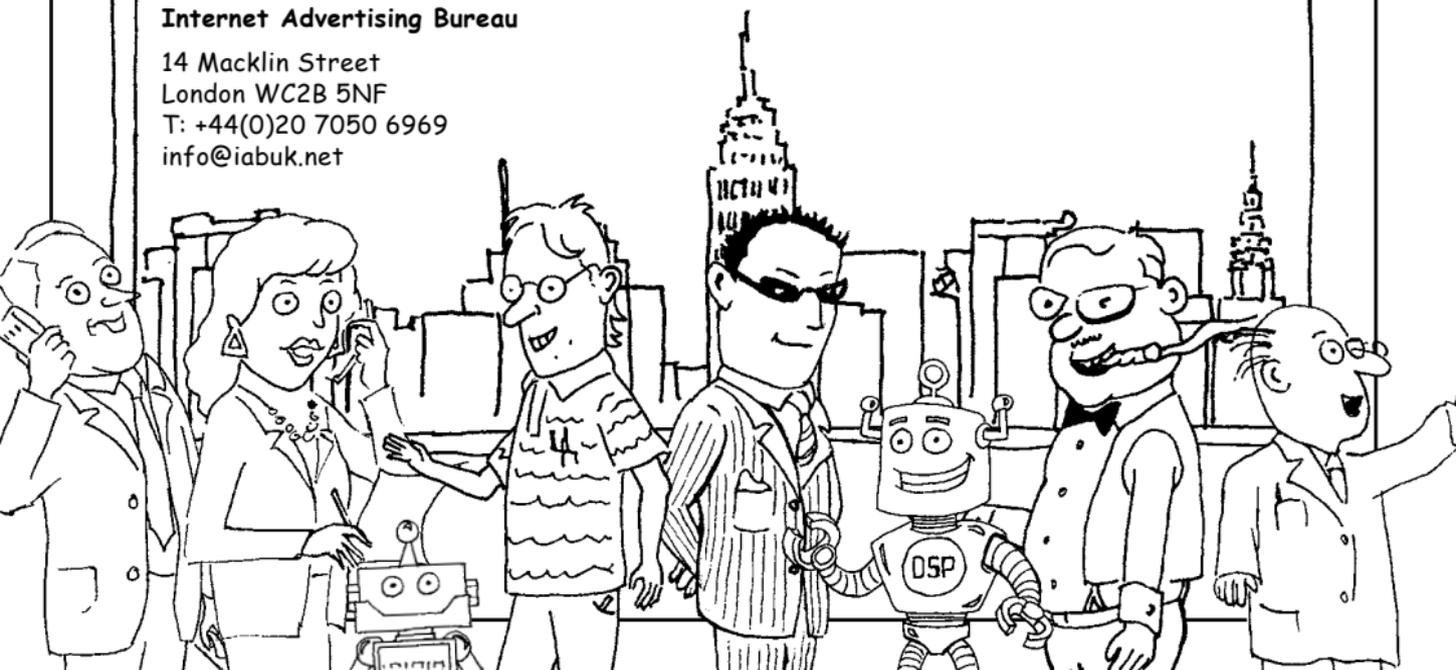
# IAB Display Trading Council



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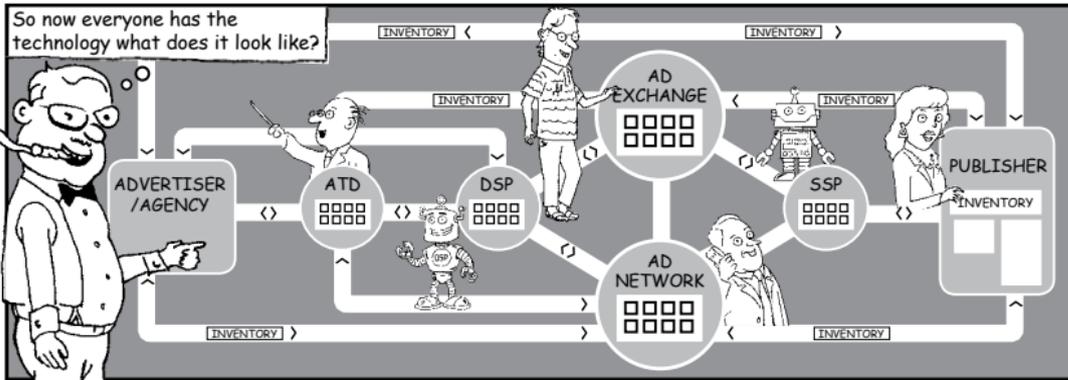
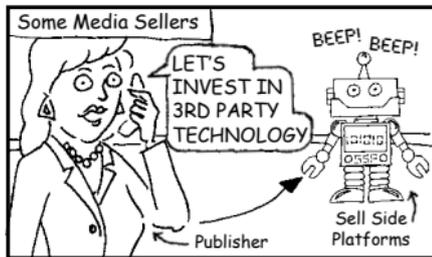
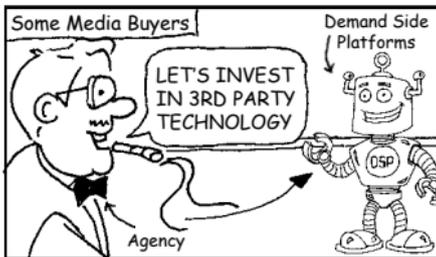
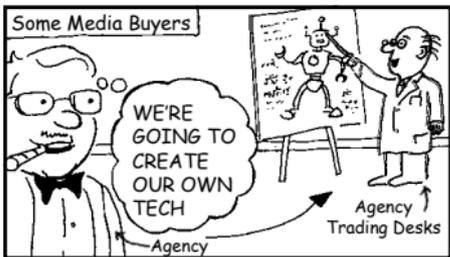
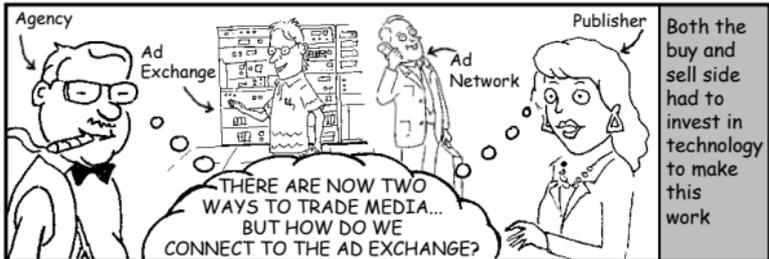
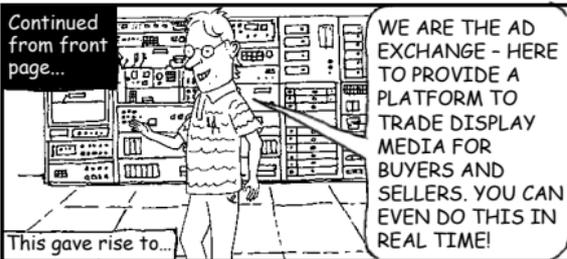
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