



ebiquity

Data-driven insights

Navigating a Changing Media Market

Michael Karg, CEO

April 2017



Communication

Optimization

Value

Intelligence

Marketing

Today's discussion:

1. HOW IS THE MEDIA LANDSCAPE CHANGING?

2. HOW IS THIS IMPACTING OUR CLIENTS?

3. WHAT SHOULD YOU DO ABOUT IT?

4. WHAT DID WE LEARN FROM THE ANA STUDY?

The digital ecosystem increasingly leaves brands exposed to significant risks; now is the time for marketers to take action

EXECUTIVE SUMMARY OF TODAY'S DISCUSSION

1 The marketing ecosystem is increasingly complex, with significant pain points now emerging

2 Massive value is at stake from today's "broken" digital marketing ecosystem – up to \$37bn of worldwide marketing budgets are potentially being wasted on poor digital marketing performance

3 Now is the time to take action – start by understanding your brand safety exposure – as the window of opportunity is narrowing and the risks of inaction are growing

4 Becoming best in class takes time, but starts by reviewing your media ecosystem, building a long-term data & tech strategy, and putting the building blocks in place for a transparent media supply

5 Use your 'buying power' to influence your trading partners and help change the industry



The background features a dark blue field with a network of white nodes connected by thin blue lines. Some nodes are labeled with terms like 'Communication', 'Optimization', 'Intelligence', 'Marketing', 'Value', 'Effectiveness', 'Advertising', 'Measurement', 'Advice', 'Reputation', and 'Digital'. Overlaid on this are five horizontal stripes: a light gray stripe at the top, a yellow stripe, a light gray stripe, a dark gray stripe, and another light gray stripe at the bottom. The main title and list items are centered within these stripes.

Today's discussion:

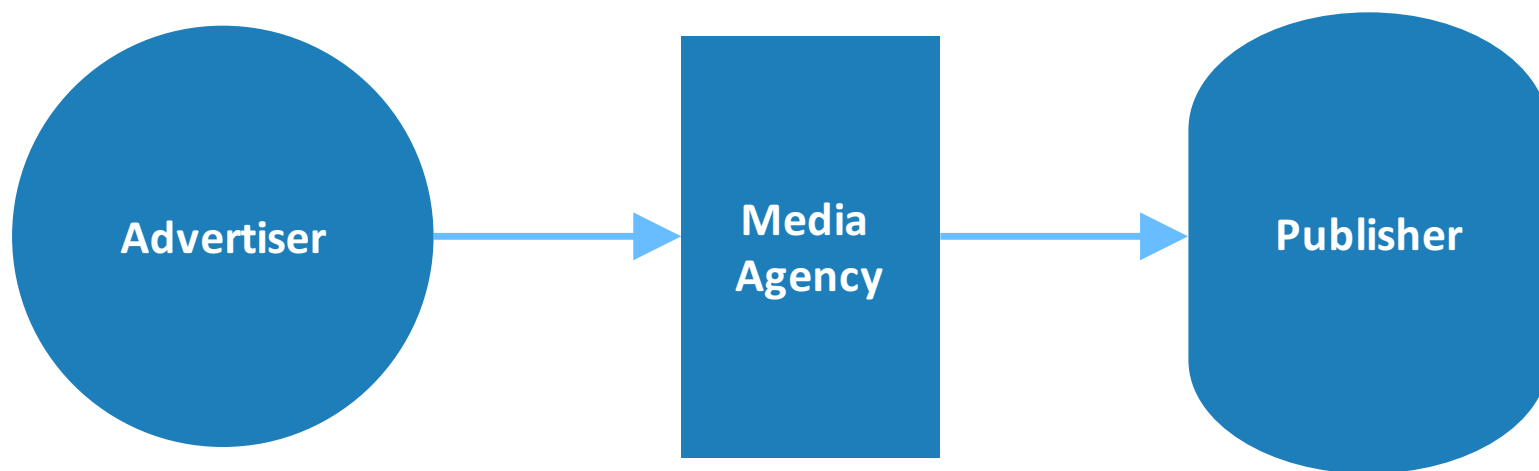
1. HOW IS THE MEDIA LANDSCAPE CHANGING?

2. HOW IS THIS IMPACTING OUR CLIENTS?

3. WHAT SHOULD YOU DO ABOUT IT?

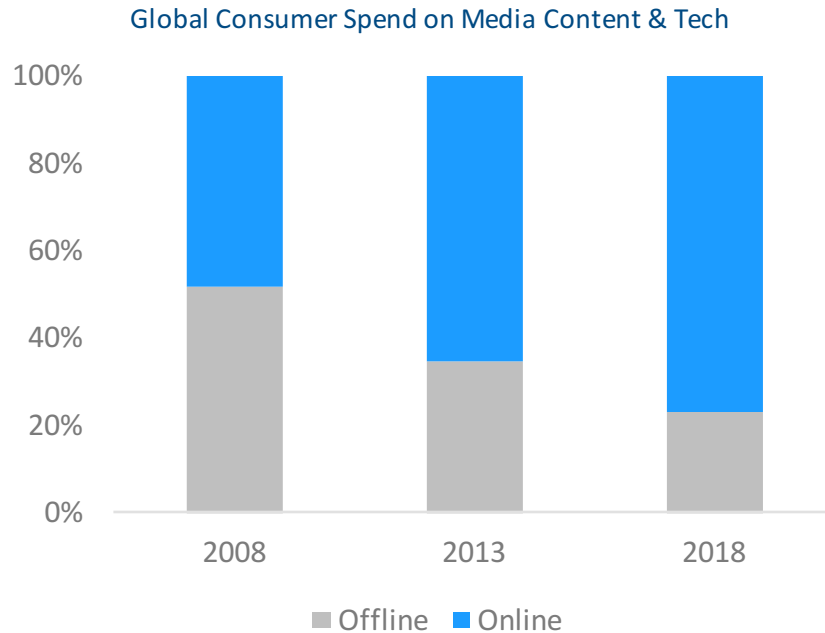
4. WHAT DID WE LEARN FROM THE ANA STUDY?

It used to be quite simple...

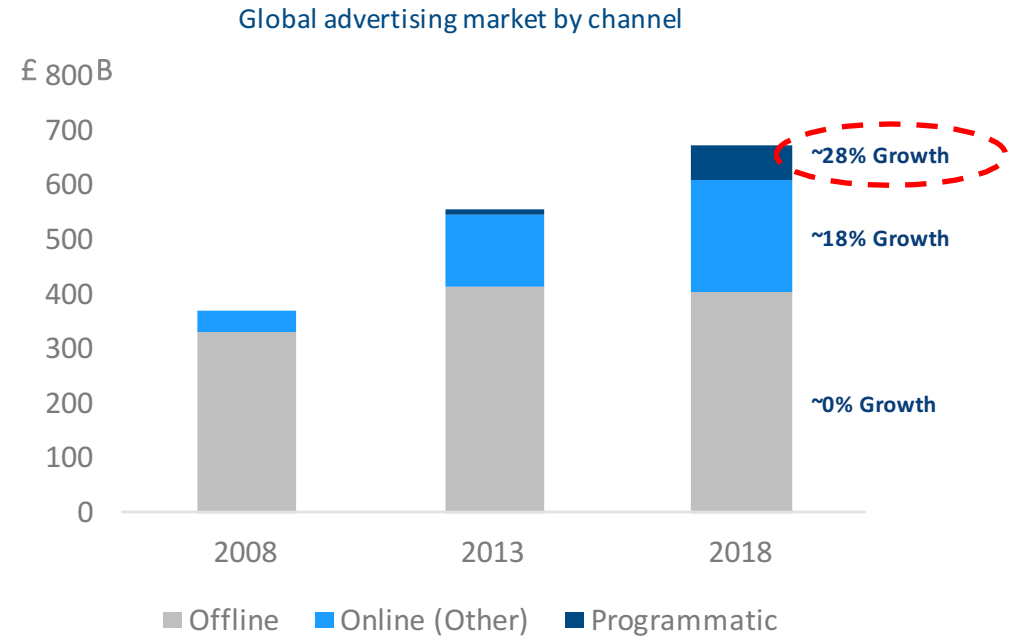


The ecosystem is being challenged by a radical shift not just to digital, but also to programmatic buying

CONSUMERS ARE SHIFTING ONLINE...

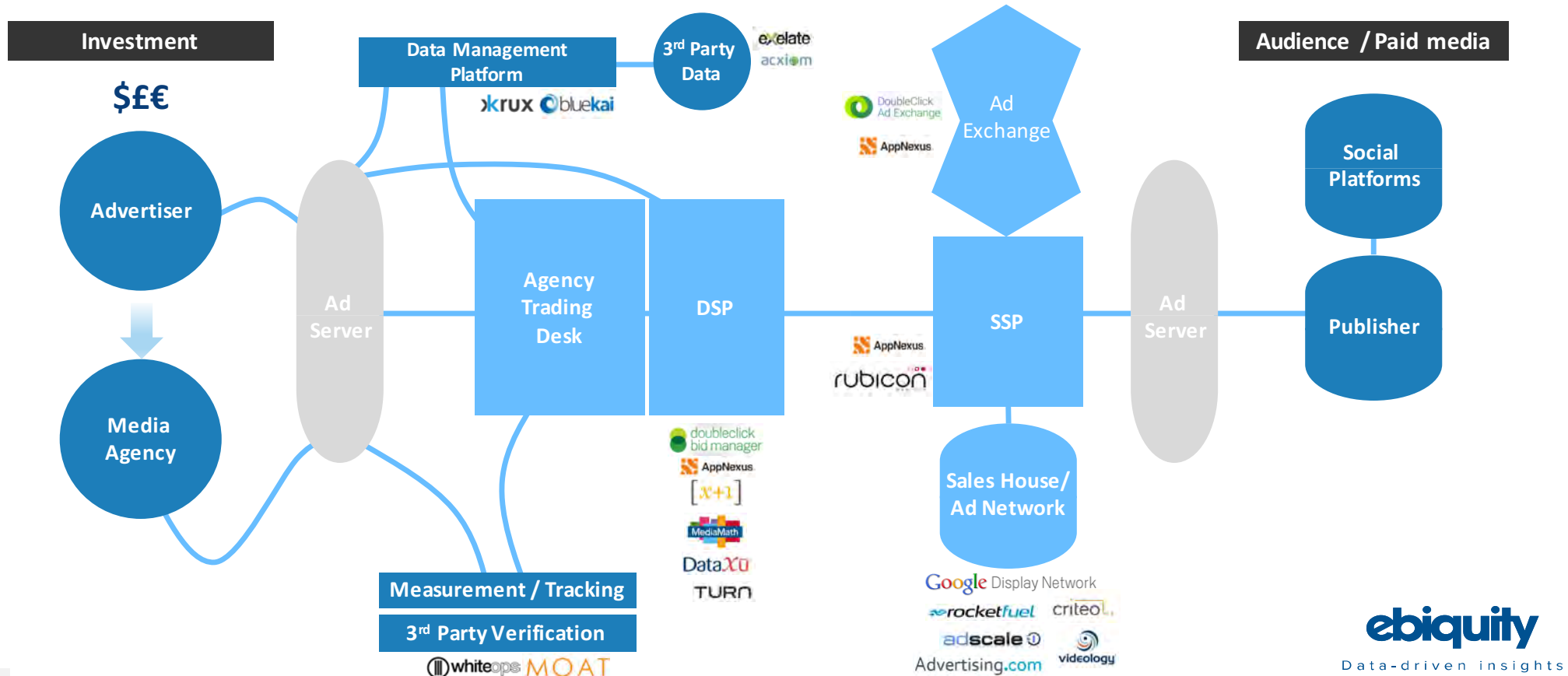


...AND AD DOLLARS ARE FOLLOWING



There are now significant complexities that didn't exist just a few years ago...

THE DIGITAL PROGRAMMATIC ADVERTISING ECOSYSTEM





The background features a dark blue field with a network of white nodes connected by thin blue lines. Some nodes are labeled with terms like 'Communication', 'Optimization', 'Intelligence', 'Marketing', 'Value', 'Analytics', 'Performance', 'Measurement', 'Advice', 'Digital', 'Reputation', and 'Effects'. Overlaid on this are five horizontal stripes: a light gray stripe at the top, a dark gray stripe, a light gray stripe, a yellow stripe, and a dark gray stripe at the bottom. The four discussion points are centered within these light gray stripes.

Today's discussion:

1. HOW IS THE MEDIA LANDSCAPE CHANGING?

2. HOW IS THIS IMPACTING OUR CLIENTS?

3. WHAT SHOULD YOU DO ABOUT IT?

4. WHAT DID WE LEARN FROM THE ANA STUDY?

Transparency is at all-time lows



Data-driven insights

THE WALL STREET JOURNAL.

Advertisers Should Reexamine Agency Relationships, ANA Says

Trade group said marketers should require media agencies to be fully transparent



PHOTO: PHOTO BY FOX PHOTOS/GETTY IMAGES

THE WALL STREET JOURNAL.

Ad Business Full of Nontransparent Practices, Study Finds

Association of National Advertisers finds there is a 'fundamental disconnect' in advertiser-agency relationship

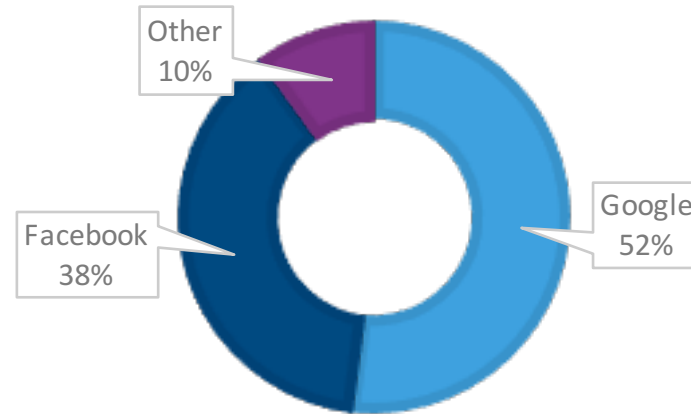


The ANA found that agencies were given cash rebates by media companies based on the amount they spent on advertising. PHOTO: REUTERS

Media ownership (and power) is being concentrated

It is increasingly winner takes all

SHARE OF GROWTH IN US DIGITAL AD SPEND



Source: Morgan Stanley Research (Q1'16 vs Q1'15)

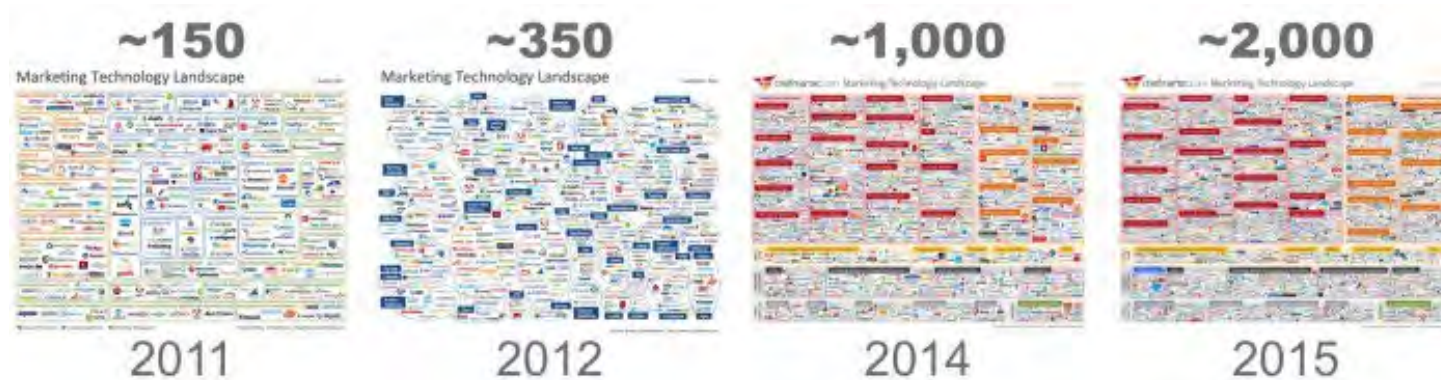
Please note: the information presented on these slides was prepared by Ebiquity and is strictly confidential. Third parties must obtain written consent prior to use.

The tech ecosystem is **exploding**



Data-driven insights

In just the last few years the number of MarTech companies has multiplied dramatically



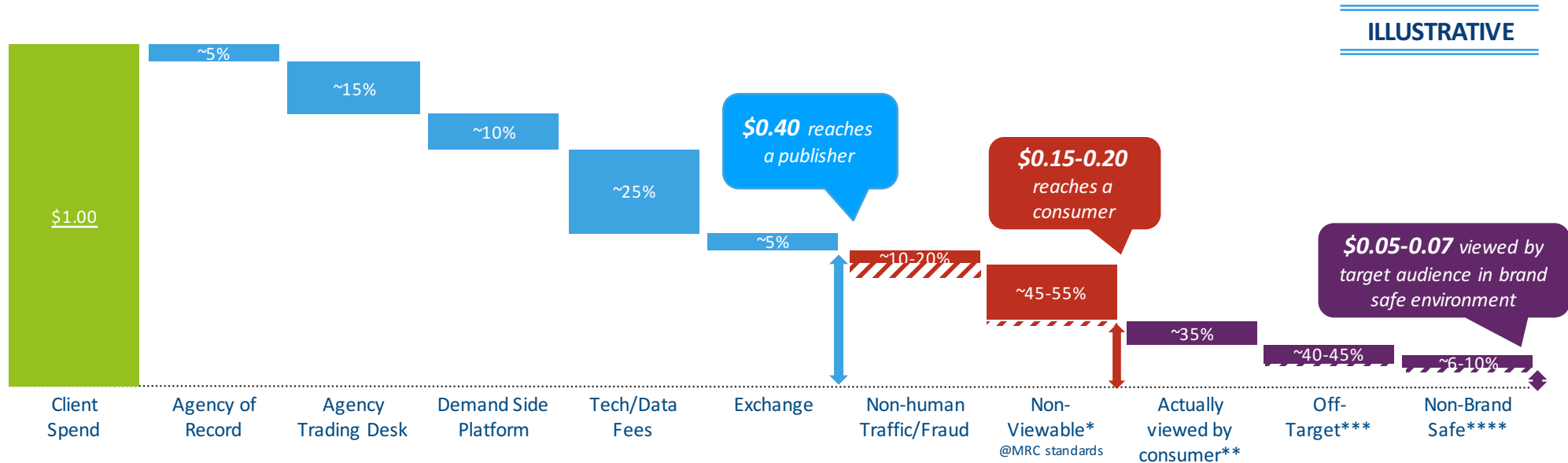


And now stands at over ~3,500+

With the vast ecosystem comes
loss of quality control and loss of margin

Take programmatic media, where 95c of every \$1 in media spend may be lost in some cases

In programmatic digital media trading, we have observed cases where only circa 15c of every 1\$ reach a real audience



Sources: WFA: WFA guide to Programmatic Media: What Every Advertiser Should Know about Media Markets survey of industry experts (Oct 2014); ANA/WhiteOps (17% programmatic bot traffic); Distil Networks (22.7% bot); Integralad science (7.1%-display, 8.9%-video) *Sources: meetrics (45%); integral ad sciences (49.6%); Google (56%); ComScore (54%); Ebiquity analysis Note: Net of valid traffic; viewability defined using MRC Standard 50% @ 2 seconds-for video ads; IAB standard 50% @ 1 second for display ads **Sources: 2016 Aimia:Lumen panel based on 5012 main format impressions (1396 DMPU, 1241 Billboard, 1739 MPU, Leaderboard 636) ***Sources: Nielsen Online Campaign Ratings (May 2014) (40%); Comscore Validated Campaign Essentials 2012-13 global study (June 2013) (43%) ****Sources: IntegralAd Science H2 2016 Media Quality Report (9.8% global brand risk for all programmatic digital video ads, 9.5% US programmatic display) Note: all figures are illustrative only as there is significant variation from client to client (e.g. depending on how optimised clients are using ad fraud prevention technology), between regions/countries globally, formats, etc

ebiquity

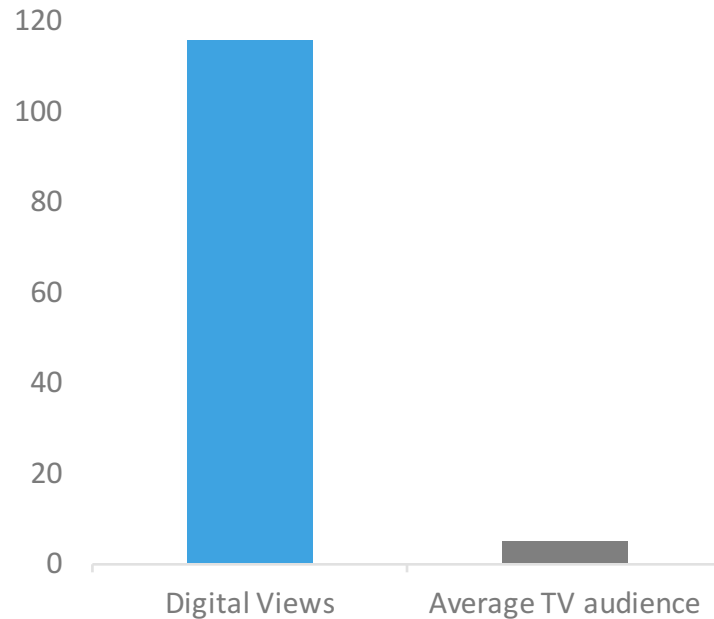
Data-driven insights

Please note: the information presented on these slides was prepared by Ebiquity and is strictly confidential. Third parties must obtain written consent prior to use.

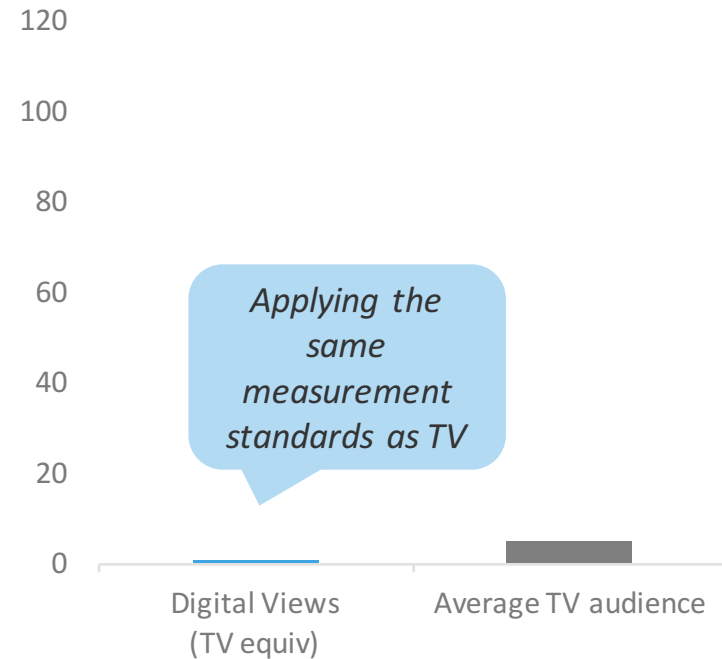
Measurement is inadequate, or inconsistent at best,
across digital platforms

ESPN's world cup views demonstrates how reliance on simple metrics can be misleading

ESPN WORLD CUP DIGITAL VIEWS VS TV AUDIENCE



TRANSLATED INTO LIKE-FOR-LIKE AUDIENCE METRIC



An increasing share of digital spend is facing significant measurement challenges, especially in mobile & video

FORMATS WITH LIMITED 3RD PARTY VERIFICATION:

AMOUNT OF POTENTIALLY NON-VERIFYABLE SPEND:

Non-disclosed mobile app

~\$107B global ad spend (almost half of all digital spend)

VAST 3.0 video player content

~\$10.5B global ad spend

Source: Statista (video spend \$21B); eMarketer (mobile spend \$134B); Ebiquity Analysis (~50% of video is Vast 3.0, ~80% of mobile is non-disclosed app)

Please note: the information presented on these slides was prepared by Ebiquity and is strictly confidential. Third parties must obtain written consent prior to use.

ebiquity

Data-driven insights



The background features a network diagram with white nodes and blue lines on a dark blue field. Horizontal stripes in light gray, dark blue, and yellow are overlaid. Faint text labels like 'Communication', 'Optimization', 'Intelligence', 'Marketing', 'Value', 'Analytics', 'Performance', 'Measurement', 'Advice', 'Digital', 'Reputation', and 'Effects' are scattered around the network.

Today's discussion:

1. HOW IS THE MEDIA LANDSCAPE CHANGING?

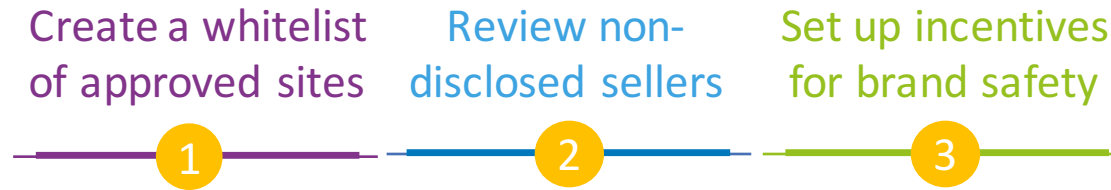
2. HOW IS THIS IMPACTING OUR CLIENTS?

3. WHAT SHOULD YOU DO ABOUT IT?

4. WHAT DID WE LEARN FROM THE ANA STUDY?

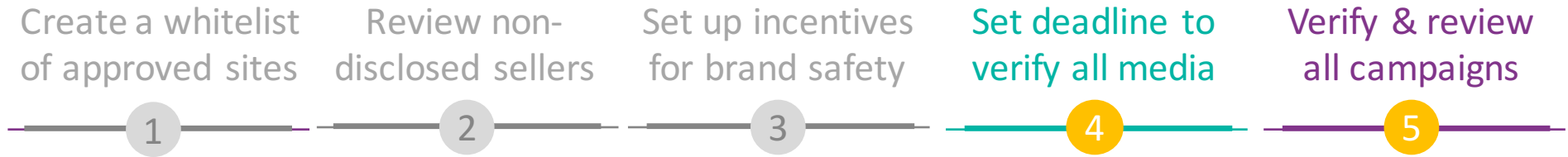
Get to grips with **brand safety**

The Ebiquity 'Playbook' for taking back control of your digital ecosystem:



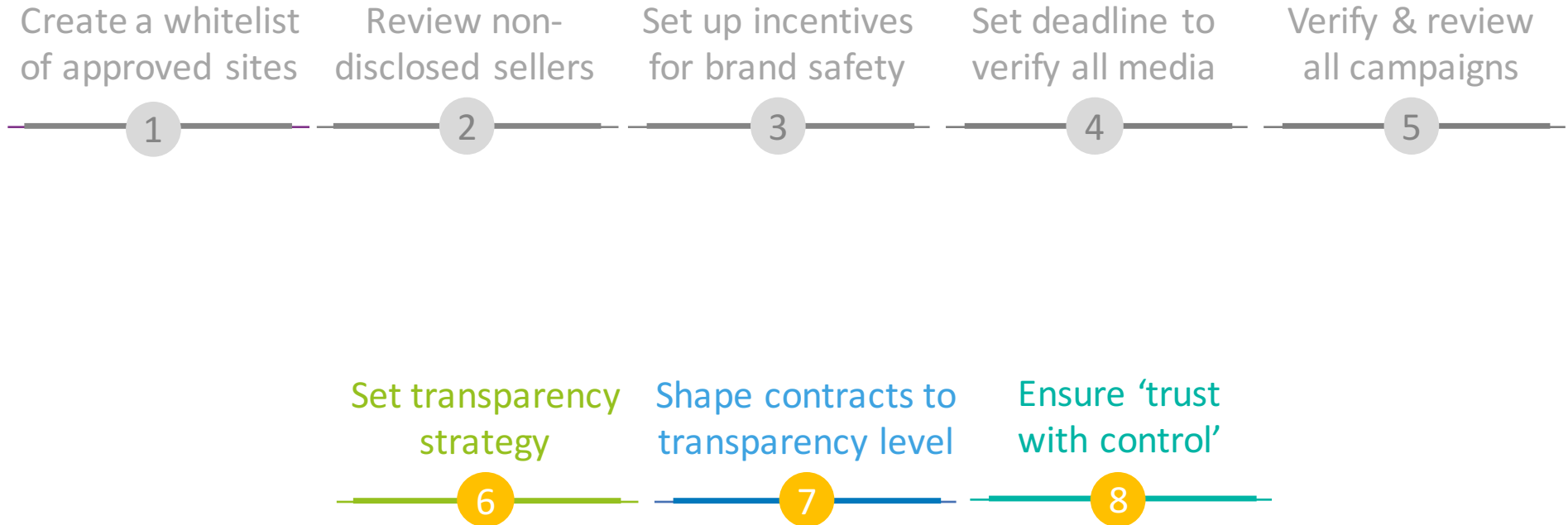
Ensure full application of 3rd party verification

The Ebiquity 'Playbook' for taking back control of your digital ecosystem:



Establish your **transparency principles**

The Ebiquity 'Playbook' for taking back control of your digital ecosystem:

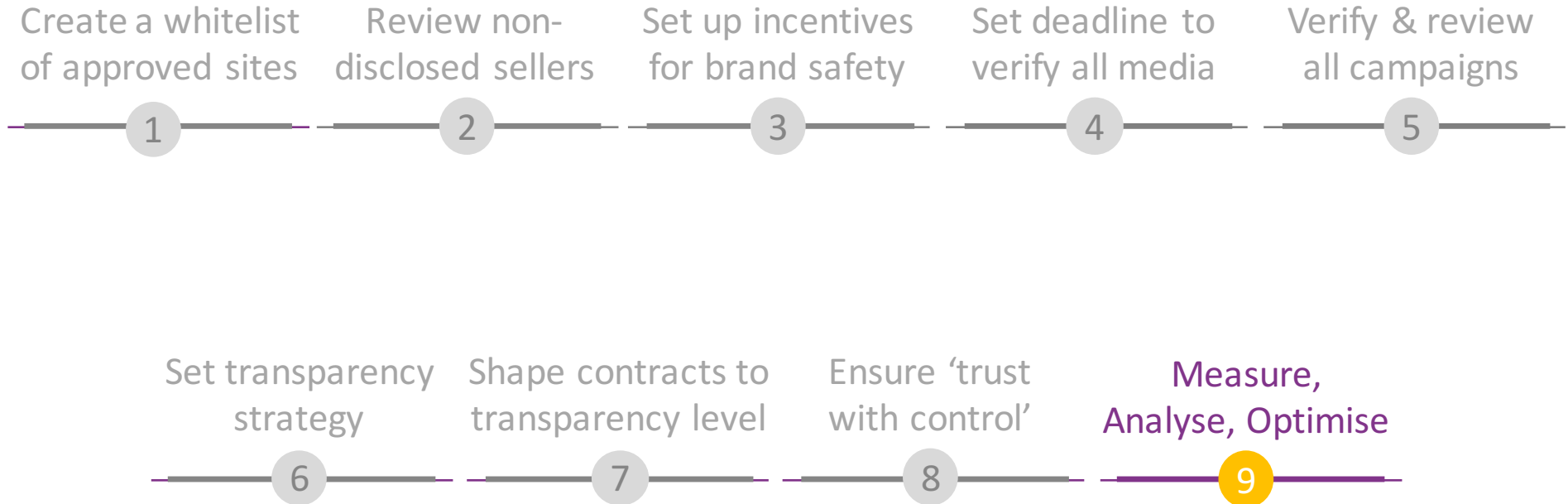


Focus not just on measuring, but on **measuring well**



Data-driven insights

The Ebiquity 'Playbook' for taking back control of your digital ecosystem:



Push for ambitious standards and ask yourselves if your metrics go far enough

SAMPLE INDUSTRY-STANDARD METRICS

>50% of video in view for 2+ seconds

>50% of display ads in view for 1+ second

Impressions to measure reach

Cost-per-action to measure leads

EBQ RECOMMENDED METRICS

>75% in view for 5+ seconds

>70% in view for 3+ seconds

Unique viewable reach

Attributed cost per conversion

ebiquity

Data-driven insights

As we shift to bidding environments, we must place an increased focus on quality in media measurement

FACTORS IN TRADITIONAL MEDIA MEASUREMENT

- **Delivered vs Bought**
- **Other added value (e.g. training, testing)**

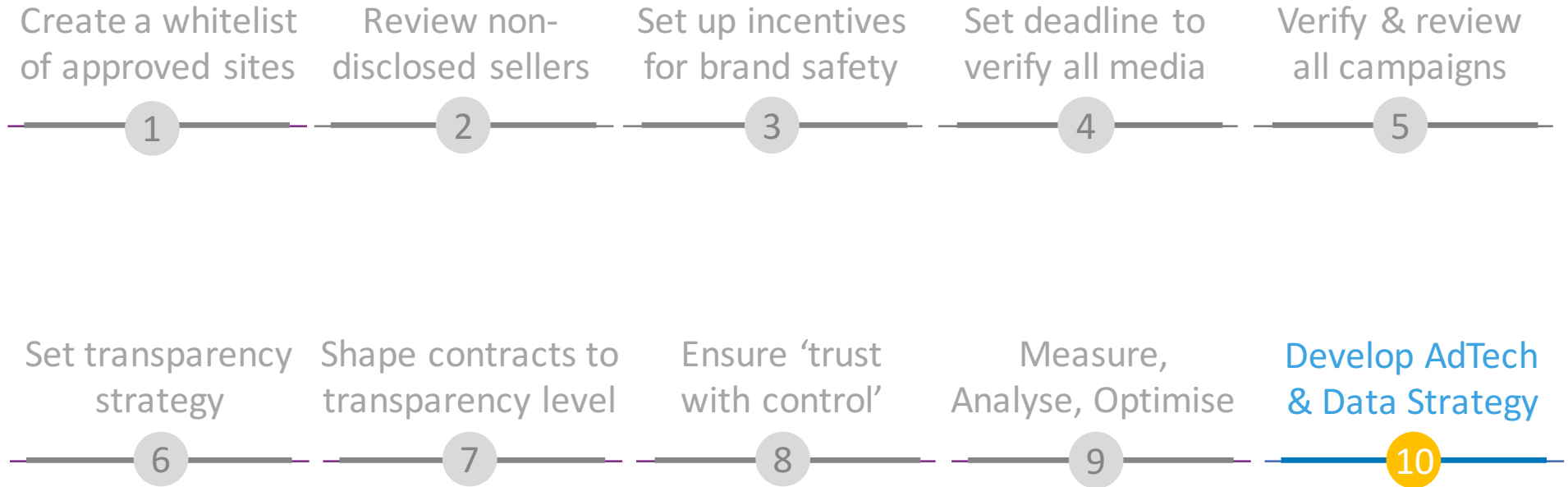
Focus on optimising
cost vs quality

FACTORS IN PROGRAMMATIC MEDIA MEASUREMENT

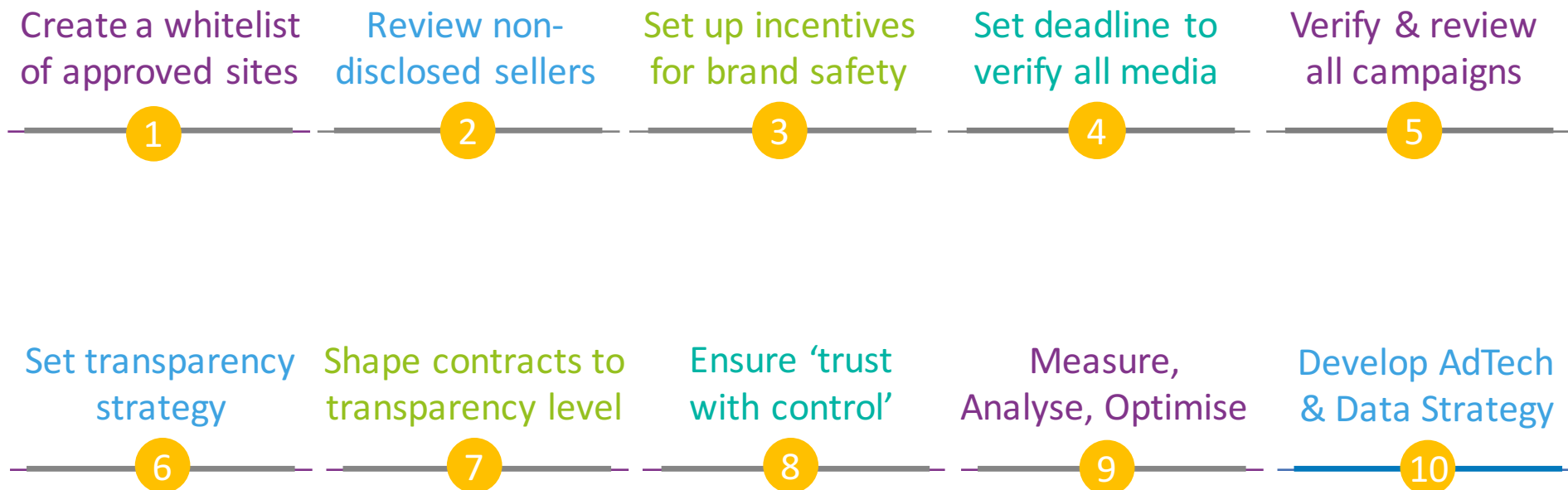
- **Broad set of KPIs**
- **CPM/CPC variations across programmatic, Search, Paid Social, etc.**
- **Technical fees**
- **Transparency problems**
- **Brand Safety, Fraud, Viewability factor**

Focus on quality

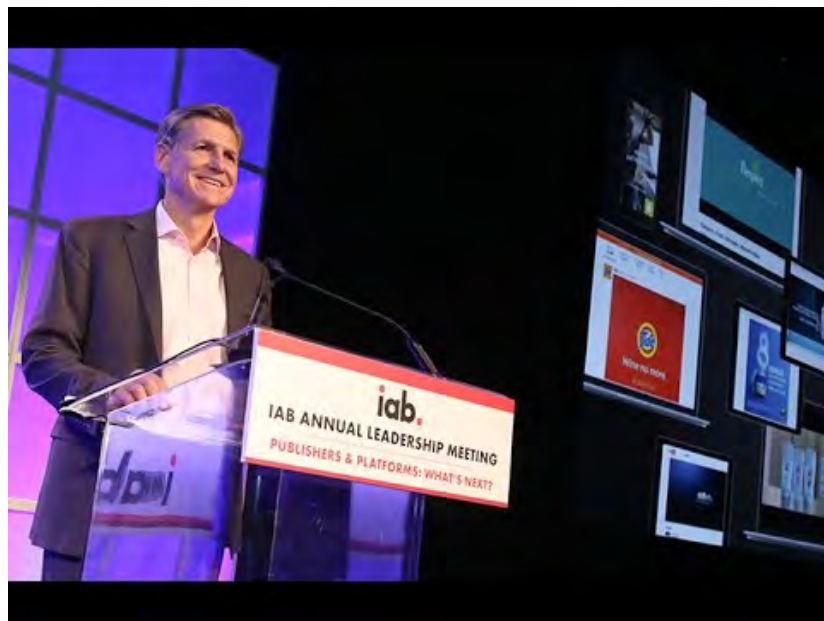
The Ebiquity 'Playbook' for taking back control of your digital ecosystem:



To review...



Lastly, advertisers can use buying power to **force change**



“Getting to a clean, productive media supply chain is the level playing field we all want and need.”

Marc Pritchard, P&G

P&G’S ACTIONS

1. Adopting one viewability standard
2. Implementing accredited 3rd party measurement verification
3. Getting transparent agency contracts
4. Preventing ad fraud

ebiquity

Data-driven insights



The background features a dark blue field with a network of white nodes connected by thin blue lines. Some nodes are labeled with terms like 'Communication', 'Optimization', 'Intelligence', 'Marketing', 'Value', 'Analytics', 'Performance', 'Measurement', 'Advice', 'Digital', 'Reputation', and 'Effects'. Overlaid on this are four horizontal stripes: a light gray stripe at the top, followed by a dark blue stripe, a light gray stripe, and a yellow stripe at the bottom. The text is centered within these stripes.

Today's discussion:

1. HOW IS THE MEDIA LANDSCAPE CHANGING?

2. HOW IS THIS IMPACTING OUR CLIENTS?

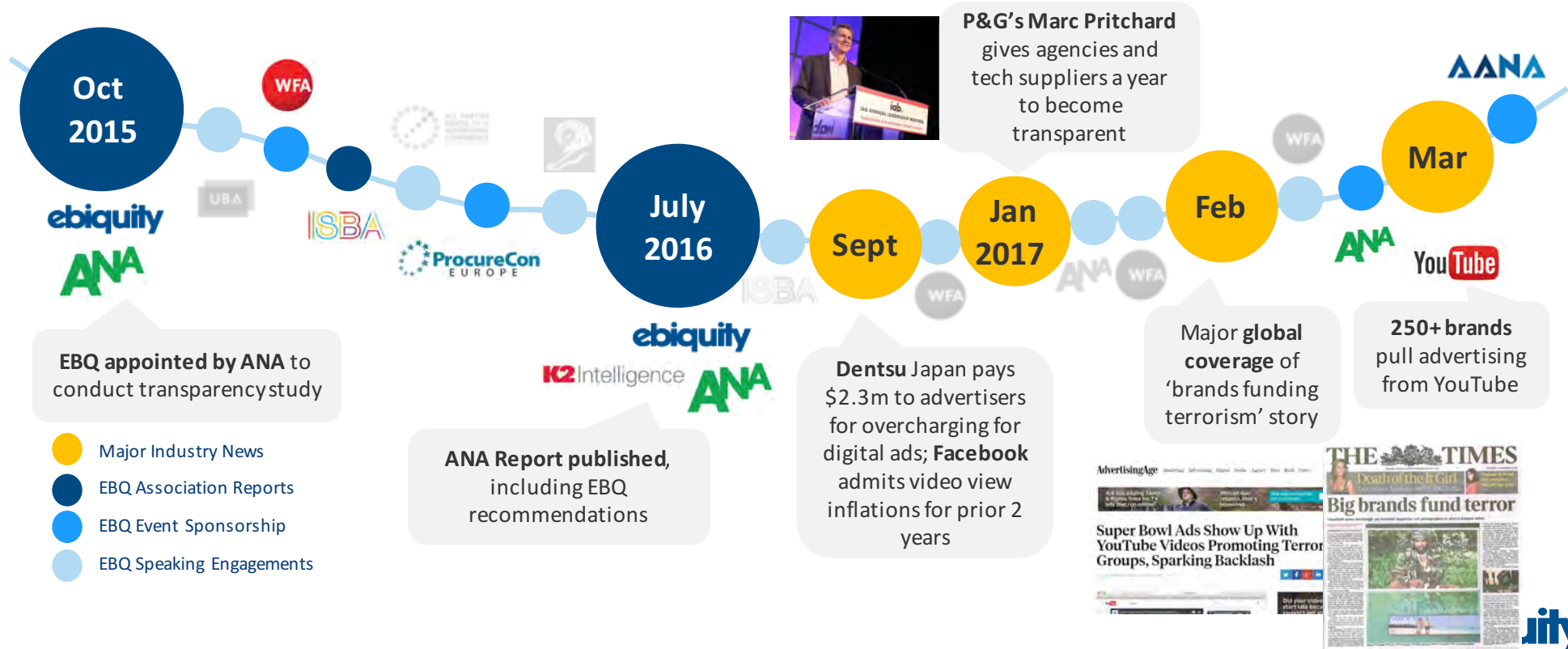
3. WHAT SHOULD YOU DO ABOUT IT?

4. WHAT DID WE LEARN FROM THE ANA STUDY?

We have been partnering with advertiser associations globally...



...with a goal of influencing the dialogue around media transparency issues, helping create industry-wide momentum



Sources: Internal; Various press (including WSJ)

Please note: the information presented on these slides was prepared by Ebiquity and is strictly confidential. Third parties must obtain written consent prior to use.

Our ANA work has focused on five strategic actions that advertisers should take to maximise ROI



1

Set up strong **internal governance**

2

Own and manage your data

3

Shape **contracts** to clearly define the nature of your relationship and level of transparency

4

Ensure **audit rights**

5

Define a **code of conduct** to support the day-to-date relationship of the contract

Where have we seen success?

SUCCESS FACTORS

Strong internal champions to push the agenda to the top

Using **moments of leverage** (e.g. pitches, renegotiations) as catalysts for change

Having **trusted partners** as co-pilots to steer the change

Sound legal advice with the right specialisation and expertise



Wrapping it all up again...

SUMMARY OF TODAY'S DISCUSSION

1

The marketing ecosystem is increasingly complex, with significant pain points now emerging

2

Massive value is at stake from today's "broken" digital marketing ecosystem – up to \$37bn of worldwide marketing budgets are potentially being wasted on poor digital marketing performance

3

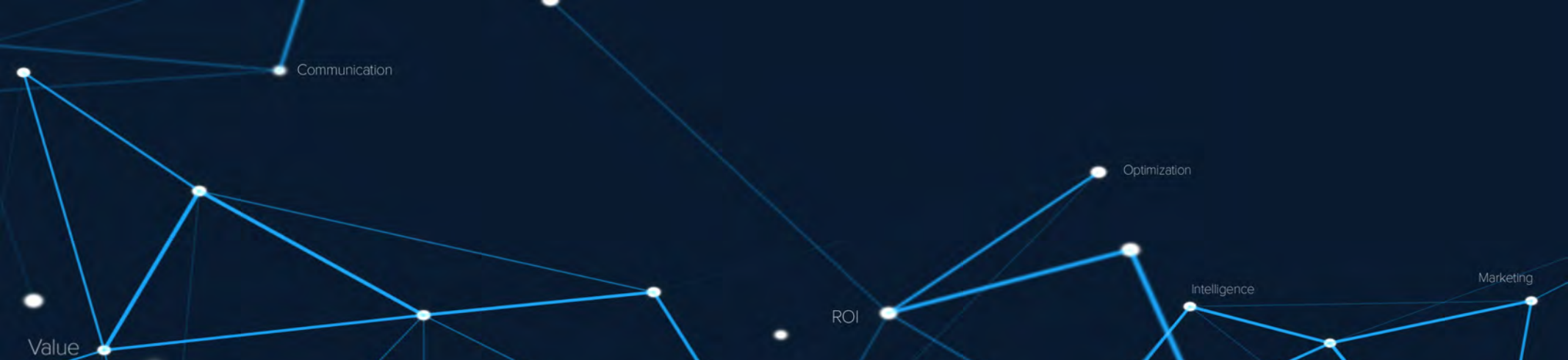
Now is the time to take action – start by understanding your brand safety exposure – as the window of opportunity is narrowing and the risks of inaction are growing

4

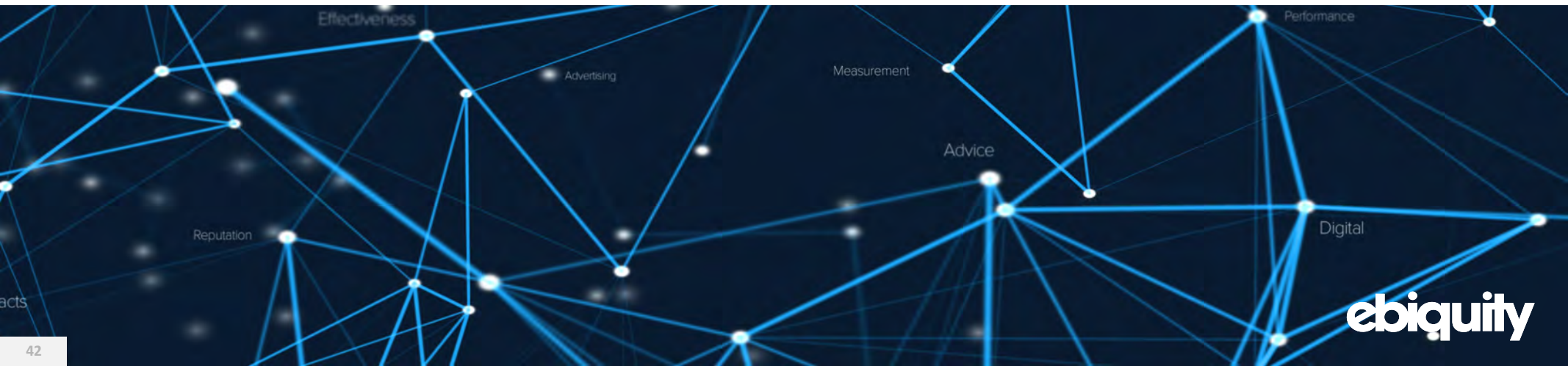
Becoming best in class takes time, but starts by reviewing your media ecosystem, building a long-term data & tech strategy, and putting the building blocks in place for a transparent media supply

5

Use your 'buying power' to influence your trading partners and help change the industry



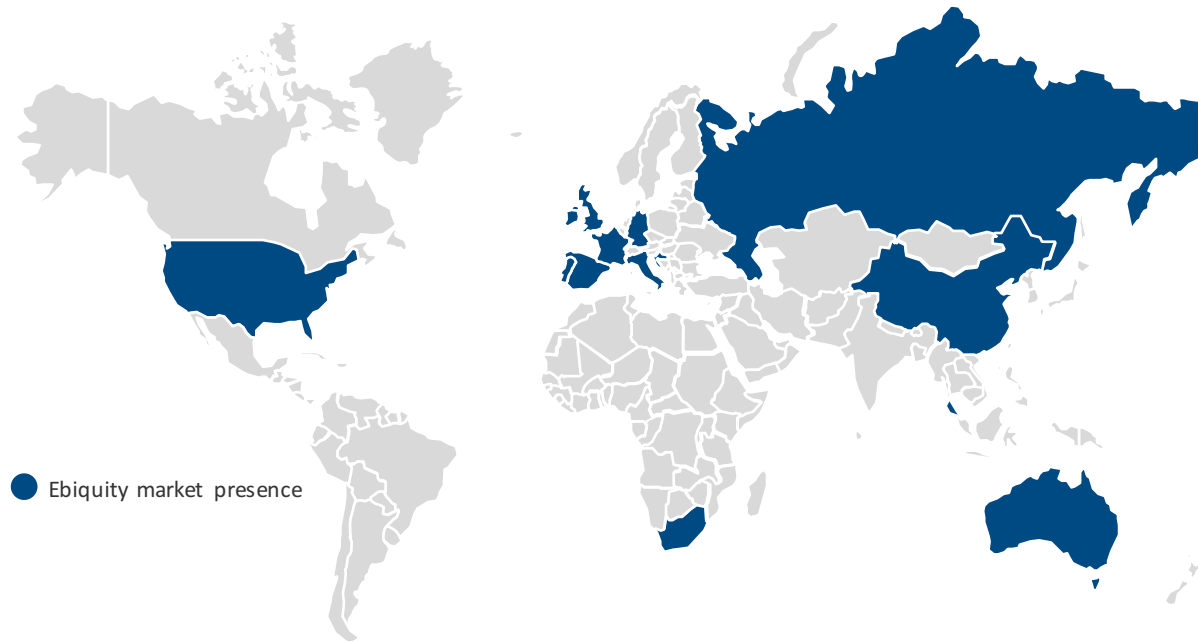
Thank You



Ebiquity is a world-leading,
technology-enabled, independent consultancy,
specializing in marketing and media analytics

ABOUT US

We have 900 employees across 20 offices in 14 markets—generating over £83M in revenues in 2016



ABOUT US

We support our clients by helping them drive better media and marketing investment decisions with three core practice areas



Media Value
Management (MVM)

Helping clients to increase
efficiency and **transparency** in
their media performance



Marketing Performance
Optimization (MPO)

Enabling clients to decide where
to **allocate** and how to **optimise**
marketing investments

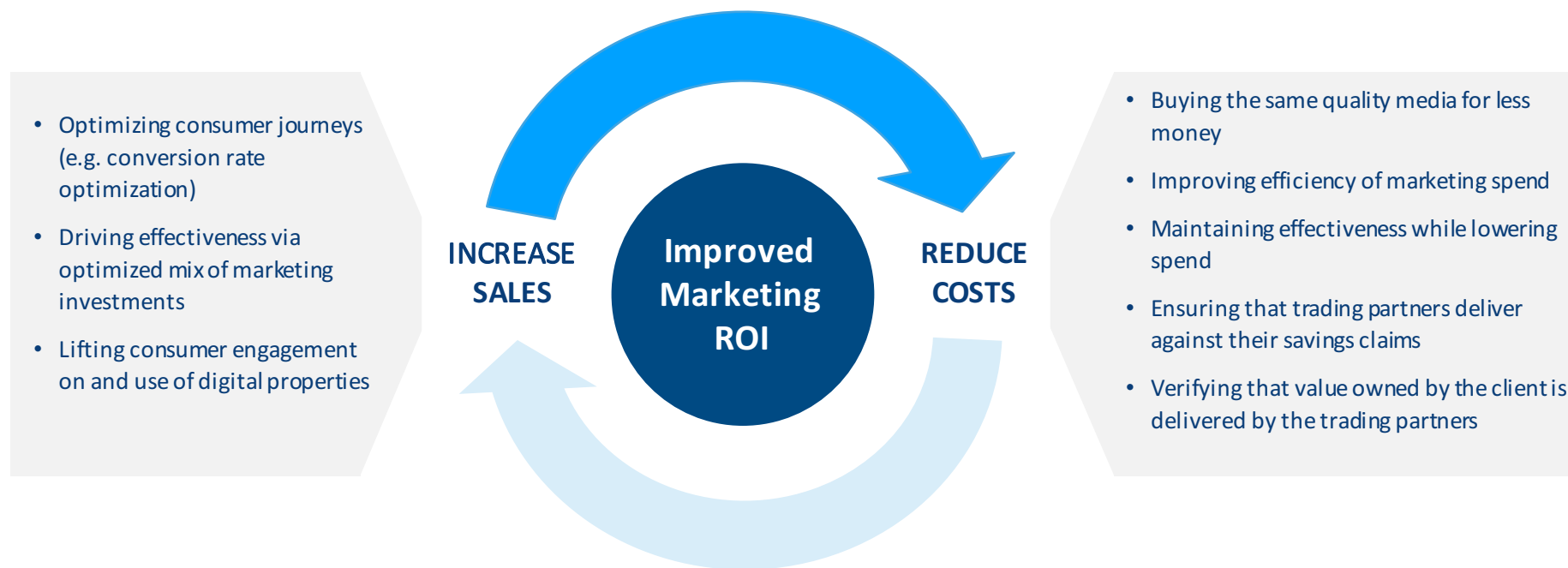


Market
Intelligence (MI)

Providing clients with a **clear**
picture of their own and their
competitors' advertising

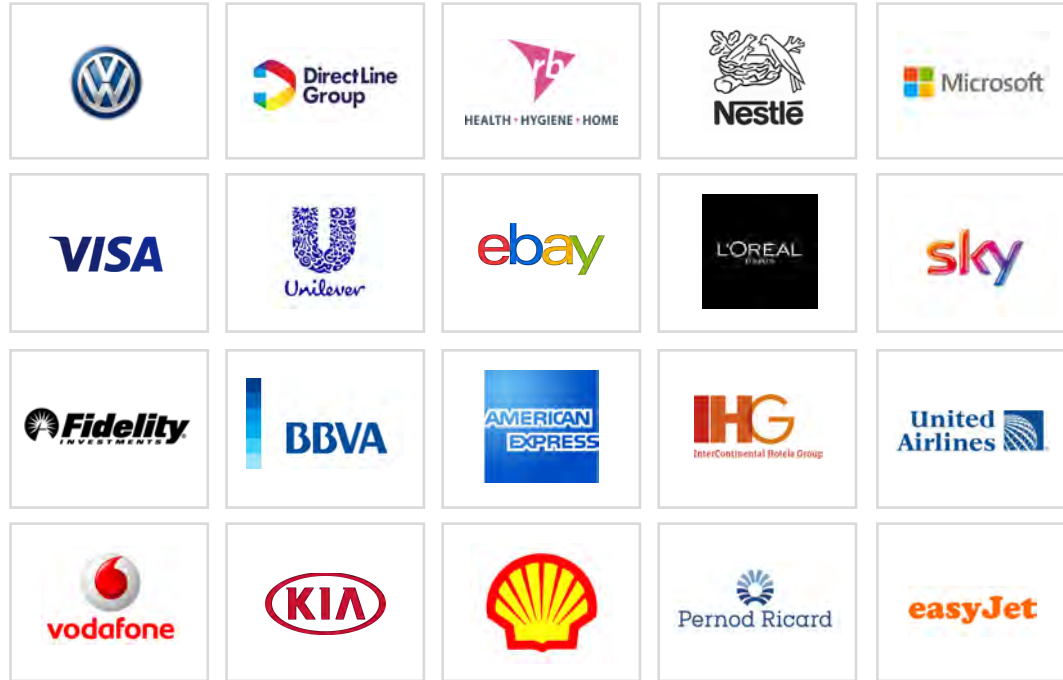
ABOUT US

We drive higher returns for our clients by helping them increase sales or reduce costs— with a typical ROI of five to ten times our fees



ABOUT US

Our clients include some of the world's biggest brands



ABOUT US

Our key differentiators are...

Truly
independent

Deep subject-matter
expertise in Marketing
and Media

Entry into 80 of the
world's top 100
global advertisers

Global scale, local
expertise

ebiquity

Data-driven insights



Business Strategy
Innovation
Marketing
Product
Management
Analysis
Data
Business
Management

ebiquity

Data-driven insights



Michael Karg, PhD
Group Chief Executive Officer, Ebiquity

ebiquity

Experience

Prior to taking the helm at Ebiquity, Michael was CEO International for Razorfish, the digital business transformation agency of Publicis Groupe, and held senior international leadership positions with both Razorfish and Digitas over a 15-year career.

razorfish.
DIGITAS

A native of Austria, he has been based in Boston, Paris and London. He advised clients globally across industries on marketing and digital strategies, worked closely with technology partners, and led the integration of acquired businesses.

Michael holds a degree in Finance and Accounting and a doctorate in Management from the University in St Gallen, Switzerland and was a visiting Fellow at Harvard University from 1999 to 2000. Michael is a member of the Board and Chair of the Compensation Committee of Travelzoo Inc.