ExchangeWire
Insights & Attitudes

In association with

Scibids

Solving UK Marketing Challenges with AI

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Contents

Executive summary

Digital marketing needs fresh thinking in a category that is critical to its future — how we decide who sees an ad and when. The challenge, of course, increases with scale: as programmatic media markets grow and as advertisers rely on the open web to deliver more returns, precise decision-making becomes more critical, especially as privacy regulation continues to expand. Artificial intelligence (AI) is becoming an independent solution that advertisers are seeking to incorporate into their ad stacks to fuel differentiation and growth.

With all of this momentum, Scibids commissioned this Insights & Attitudes report with ExchangeWire to learn more about how UK advertisers are using AI as it relates to their existing ad stacks, alongside how they are preparing for the deprecation of cookies, thinking about success metrics, and reacting to other market trends and challenges. It also considers a new perspective for the industry, one that takes into account externalities that are affecting not only the digital advertising ecosystem, but the global environment and economy as a whole.

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A helpful perspective for reading this survey is to consider the concept of "Virtuous Advertising," which was developed by Remi Lemonnier, co-founder and president at Scibids when he unveiled the initial findings at ATS London in June of this year.

Virtuous Advertising considers that marketing organisations will come under increasing pressure to deliver efficiencies for their brands because they will increasingly be held accountable, not only to efficient business practices, but to a consumer base increasingly mindful of how our activities affect the health of the planet, and that of privacy. This overall respect for "resources" is Virtuous Advertising and AI can help achieve that respect.

This survey uncovers critical considerations on the minds of digital marketing decision makers as they confront how best to grow their business in an environment whose complexity compounds daily. AI is transforming industries worldwide, and digital marketing is no exception. Today, more than ever, digital marketing needs fresh thinking in a category vital to its future — how we decide who sees an ad, when, and on the basis of what data?

"**More than half of respondents report being neutral or having no confidence that their marketing stacks are delivering adequate scale and performance, there is substantial opportunity to address big concerns and enable measurable growth.**"

— **Remi Lemonnier**
Co-founder and President, Scibids

This challenge was hard enough when the considerations were solely metrics-driven and digitally native. As our survey reveals, today decision makers are confronting compounding externalities like privacy regulation, human resource expertise, environmental impact of digital marketing, a fragmented technology landscape, and a volatile macro-economic climate.

In all this, the question becomes: where in the marketing stack do these interests and considerations unite? And how can they be optimally combined to generate business growth and the greatest return for advertisers?

We think that well-engineered AI, purpose built for the mounting challenges facing digital marketing, provides the enabling path. With this survey, we've sought to listen to the community, report back on key findings, and offer ideas on how we can all thrive together.
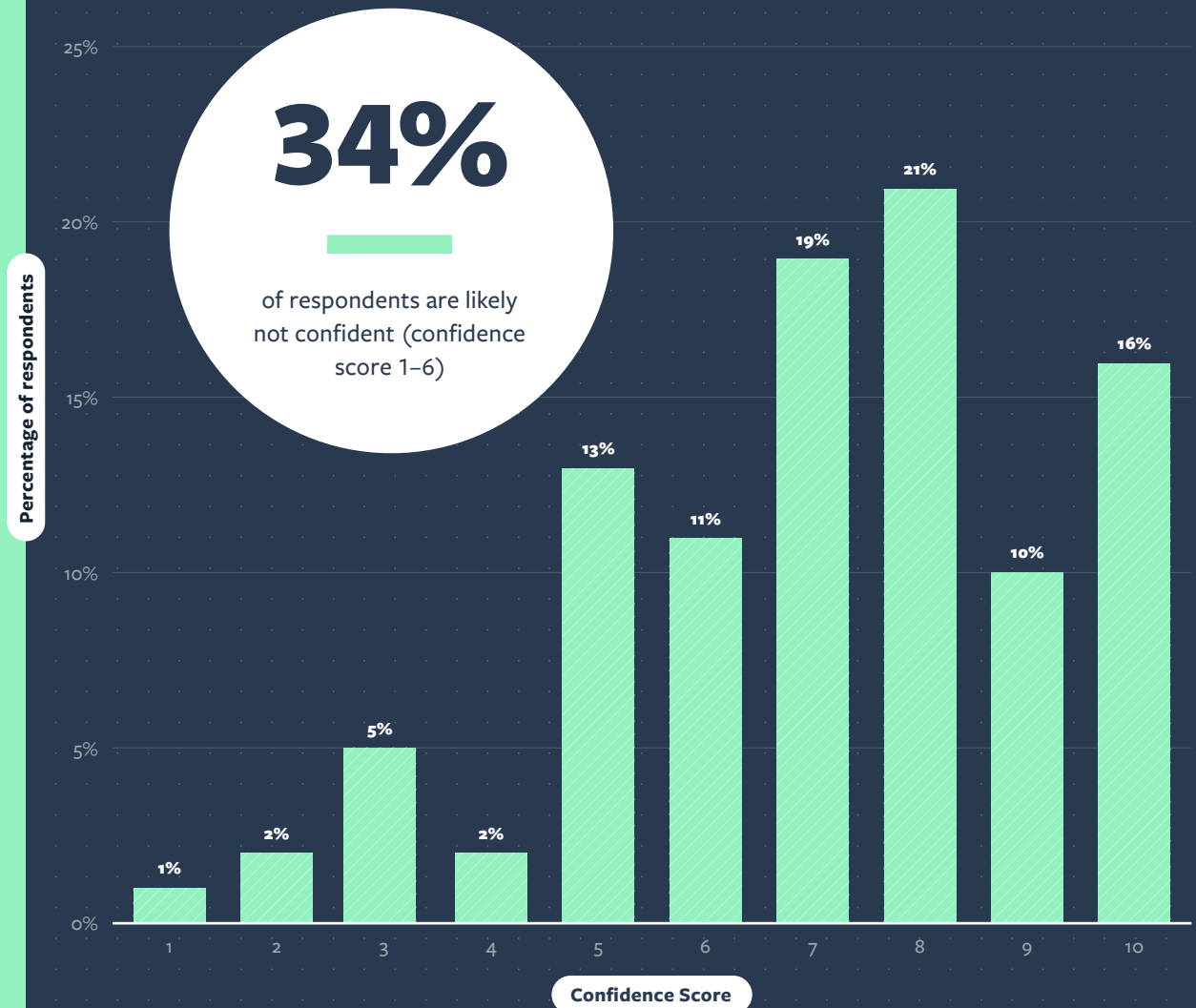
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Confidence in current marketing stack

UK agencies and brand marketers are reasonably confident that their existing digital marketing stack is providing them with adequate scale and performance today, with an average confidence score of 7.1 out of a maximum 10.

Using the net promoter score (NPS) metric, 26% of UK market participants are highly confident (confidence score 9–10), while 34% are likely not confident (confidence score 1–6).

Lemonnier writes, "Most UK execs are neutral about the performance of their marketing stacks. More than half of respondents report being neutral or having no confidence that their marketing stacks are delivering adequate scale and performance, there is substantial opportunity to address big concerns and enable measurable growth. Given the concerns on business objectives outside of brand performance, like the environment and the efficient use of resources, AI must be considered here as a way to provide performant media buying against multi-KPI scenarios advertisers care about while delivering results."

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Figure 1: Confidence in scale and performance of marketing stack

34%

of respondents are likely not confident (confidence score 1–6)

Percentage of respondents

Confidence Score

- 1: 1%
- 2: 2%
- 3: 5%
- 4: 2%
- 5: 13%
- 6: 11%
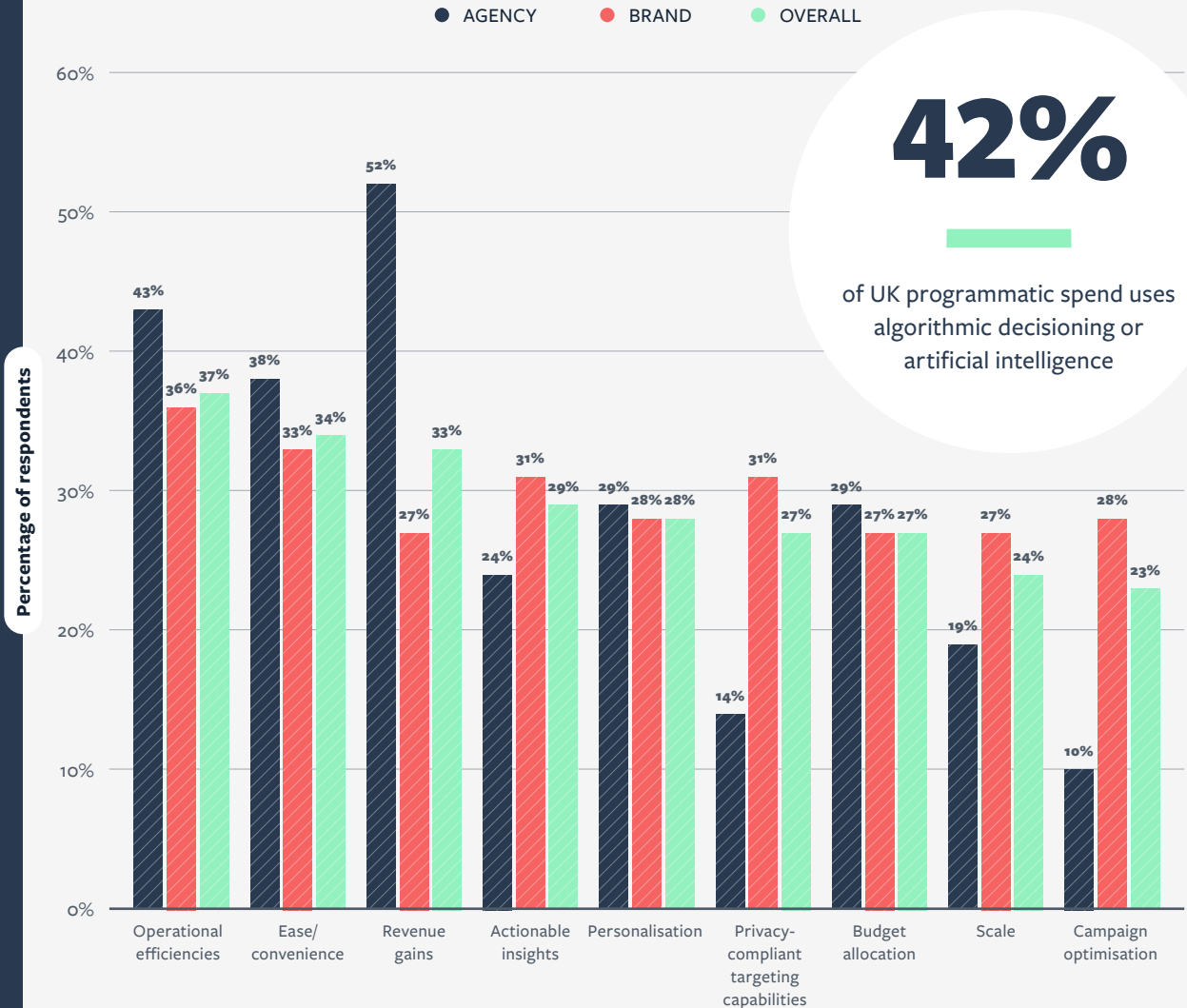- 7: 19%
- 8: 21%
- 9: 10%
- 10: 16%

Use of AI in marketing

Respondents have indicated that approximately 42% of UK programmatic spend uses algorithmic decisioning or artificial intelligence. Agencies are generally using algorithmic/AI systems more than brands, with 47% of their programmatic spend using AI, compared to 30% on the advertiser side.

Overall, operational efficiencies, convenience, and revenue gains are cited as the most common factors driving the use of algorithmic decisioning and/or AI in digital marketing, while scale and campaign optimisation are less prominent factors.

However, there is a stark contrast in the drivers behind the use of AI between brands and agencies. Revenue gains are the driving factor in agency use of AI, with privacy-compliant targeting and campaign optimisation less favoured. Meanwhile, privacy-compliant targeting is among the leading factors behind UK brand use of AI.

Figure 2: Factors behind use of algorithmic decisioning/AI for marketing — by company type

● AGENCY ● BRAND ● OVERALL

42%

of UK programmatic spend uses algorithmic decisioning or artificial intelligence

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One consideration here is the type of AI used: an off-the-shelf algorithm for ad decisioning provides standard lift for all users, while advanced, sophisticated AI provides differentiated outcomes that grow proprietary data sets.

Matt Nash, MD UK, Scibids, explains, "There is a difference between an off-the-shelf algorithm and one that leverages sophisticated AI to build fully customisable algorithms that continually learn and enhance the media buying process in favour of an advertiser's unique business outcomes and KPIs. When advertisers use their proprietary data for advanced optimisation, they're truly building a competitive advantage that is used only for their campaigns!"

Where UK brands and agencies are using algorithmic decisioning and/or AI for less than 20% of their programmatic media spend, complexity is the leading factor preventing further use of these tools.
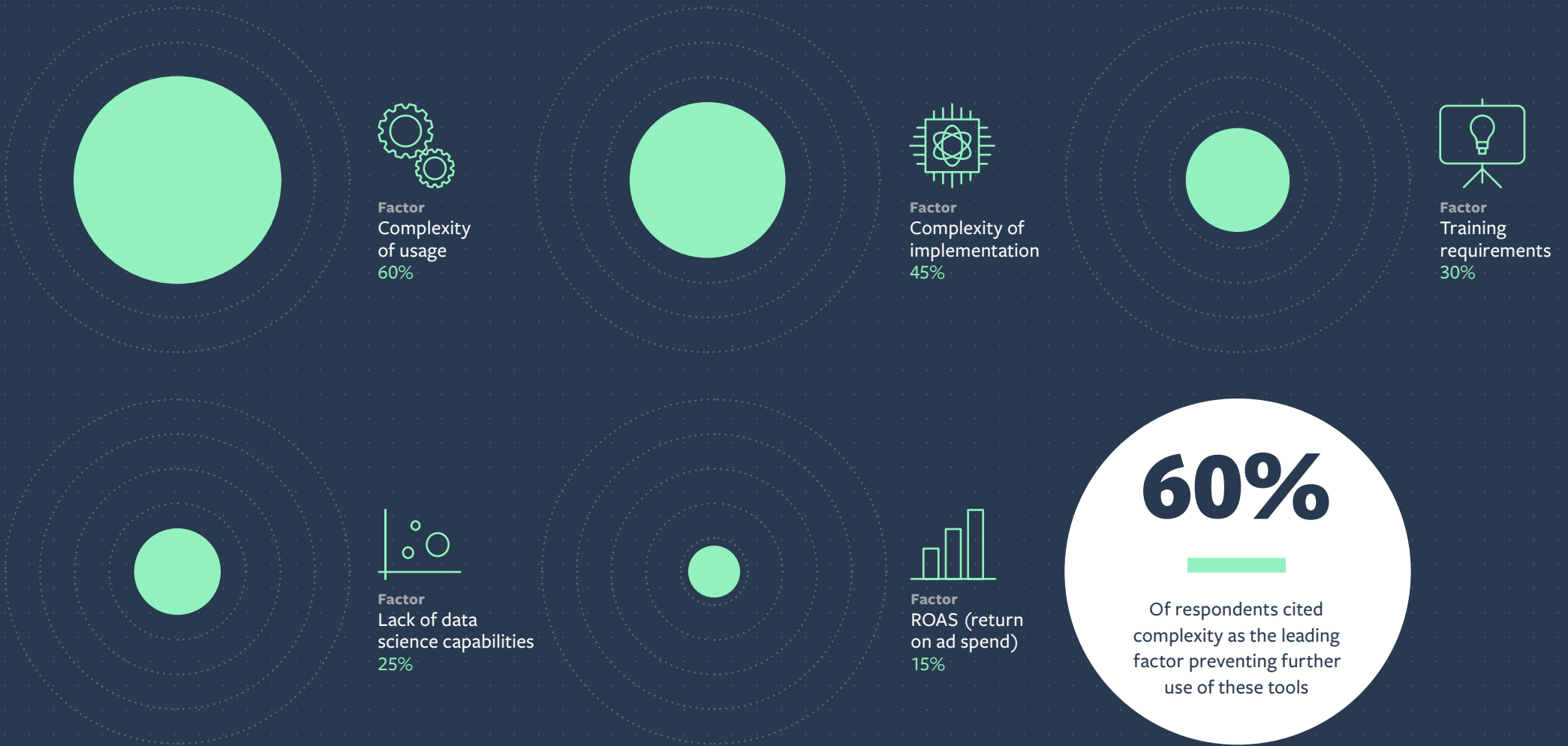
Louisa Jones, Sales Director UK, Scibids, explains key considerations for overcoming these concerns regarding complexity: "When considering AI, it is crucial to focus on automation that allows traders to be effective. AI designed to compute optimal media prices with all available data will outpace and outperform human guesswork. Because it increases the quality of insights that professionals can leverage, it provides clear paths to scaling efficiencies across more media opportunities, thus allowing us to use the human touch more effectively. When people are equipped with the right tools for a job, they can do that job more effectively instead of feeling outsmarted. Sophisticated turnkey AI that seamlessly plugs into campaign workflow forms a major part of overcoming fears around complexity and training requirements for AI, which is key to scaling digital media investments."

> "**AI designed to compute optimal media prices with all available data will outpace and outperform human guesswork. Because it increases the quality of insights that professionals can leverage, it provides clear paths to scaling efficiencies across more media opportunities, thus allowing us to use the human touch more effectively.**"
>
> — **Louisa Jones**
> Sales Director UK, Scibids

Overall, UK agencies and advertisers are in agreement with the statement "specialised, customisable decisioning AI holds promise to increase spend levels while returning needed performance", with an average agreement rating of 7.2 out of 10. Unsurprisingly given that a greater proportion of their programmatic spend uses algorithmic decisioning, UK agencies (7.7) agree with the statement more strongly than brands (6.4).

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Figure 3: Factors preventing use of algorithmic decisioning / AI

Factor
Complexity of usage
60%

Factor
Complexity of implementation
45%

Factor
Training requirements
30%

Factor
Lack of data science capabilities
25%

Factor
ROAS (return on ad spend)
15%

60%

Of respondents cited complexity as the leading factor preventing further use of these tools

Contextual signals

Domain on target percentage, attention, and topic membership derived from Chrome are the leading contextual signals being explored by UK agency and brand professionals.

Agencies are notably more bullish on the prospects of Google's Topics, with 38% examining the API compared to just 14% of surveyed brands. Meanwhile, there is a substantial proportion of brands (42%) who are uncertain as to which contextual signals are being examined prior to identifier deprecation across web and mobile.

38%

Of agencies are examining Google's Topics API

14%

Compared to just 14% of surveyed brands

> "In today's privacy-focused climate, this means no longer relying on cross-site tracking and personal identifiers for ad decisioning."

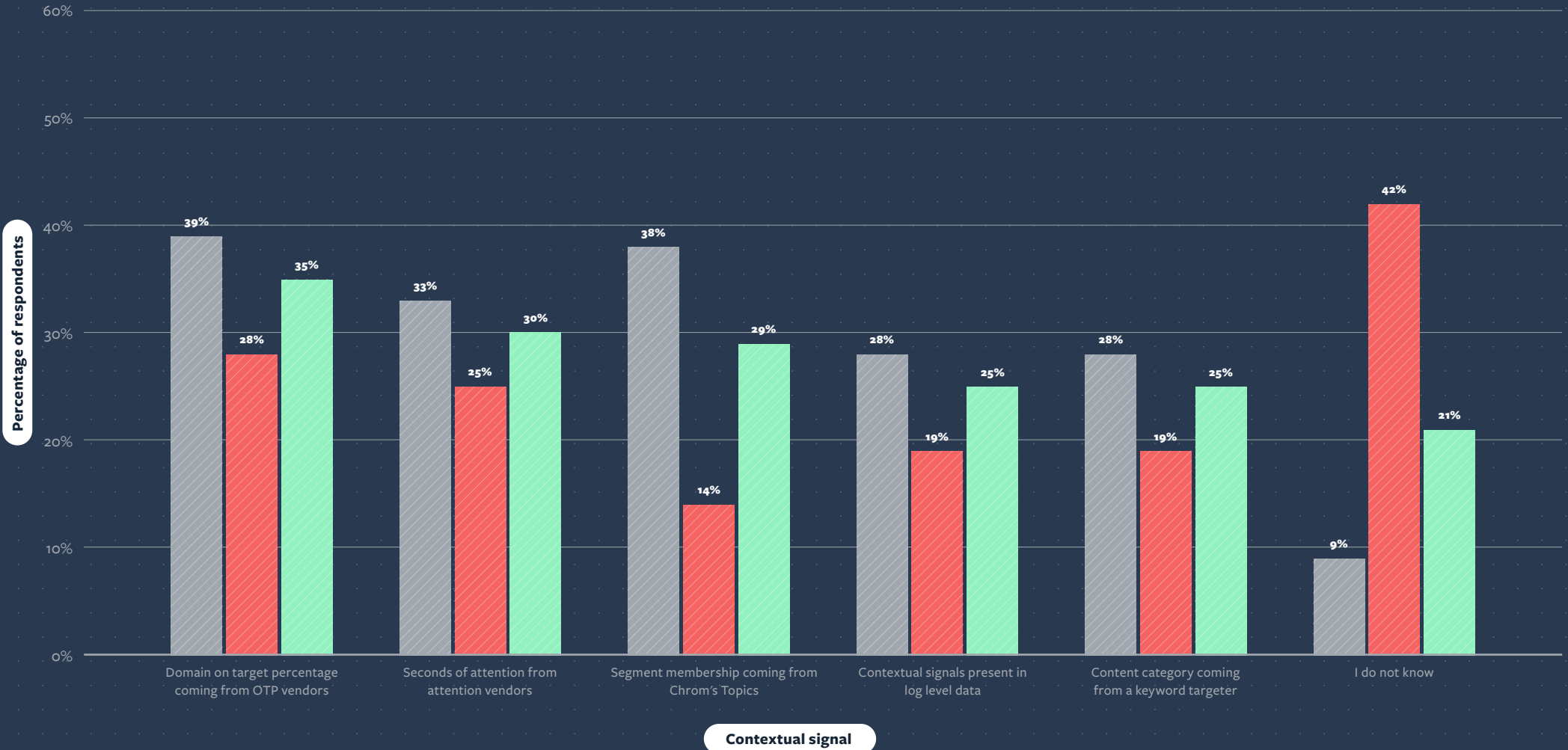**— Remi Lemonnier**
Co-founder and President, Scibids

Where results from these contextual signals are available, UK marketing professionals are reporting that these are performing the same, or better, than traditional identifiers. Notably, only 2% of respondents are reporting that these contextual signals are performing significantly worse than conventional identifiers, representing a positive shift in the run-up to identifier deprecation across Chrome and Android.

Only 25% of respondents are using the contextual signals present in the bid request (log level data), which is one of the most scalable privacy-preserving signals on the web today. Lemonnier explains why the market should look toward increasing this proportion, writing, "At Scibids, from the beginning we built our technology on these large pools of non-user-specific semantic data created by users during the ordinary course of their browsing. It's the most privacy-preserving signal we have today on the web — moreover, it's scalable and free! So while we explore shiny new objects like Topics API or attention, we should not forget the valuable tools right in front of us.

"I believe that getting this right is existential — implementing privacy-respecting advertising cannot be done by constantly accumulating more new targeting capabilities, but by finally making the most of contextual data through more sophisticated methods, like AI. In today's privacy-focused climate, this means no longer relying on cross-site tracking and personal identifiers for ad decisioning."

Figure 4: Use of contextual signals

● AGENCY   ● BRAND   ● OVERALL

Percentage of respondents

Contextual signal

Contextual signal	AGENCY	BRAND	OVERALL
Domain on target percentage coming from OTP vendors	39%	28%	35%
Seconds of attention from attention vendors	33%	25%	30%
Segment membership coming from Chrom's Topics	38%	14%	29%
Contextual signals present in log level data	28%	19%	25%
Content category coming from a keyword targeter	28%	19%	25%
I do not know	9%	42%	21%

Defining marketing success

In-platform reporting is generally the most prominent method used for defining and measuring marketing success, being used by 58% of the UK market overall.

Agencies have a significantly stronger preference for ad server reporting via deduplication, with this being used by 63% here compared to 25% of advertisers. Attribution specialists are being utilised to supplement in-platform and ad server reporting, but not as a mainstay at this point.

63%

Of agencies use ad server reporting via deduplication

25%

Compared to just 25% of advertisers

In association with: Scibids

"**Siloed solutions will be short lived, and in order to justify future investments in advertising technology, data analytics must be extracted across the full ad stack and utilised in the buying process.**"

— Julien Hirth
Co-founder and GM, Scibids

In the context of the scarcity of data, there is a need for advertisers to understand what remains to better help them understand the value of each advertising context against KPIs and outcomes that really matter to them. In order to reach this understanding, Julien Hirth, co-founder and GM, Scibids, proposes that non-siloed analytics solutions will be critical, writing, "Interoperability is the key for measuring marketing success as third-party cookies are deprecated and additional complexity is introduced into the marketplace. Furthermore, Siloed solutions will be short lived, and in order to justify future investments in advertising technology, data analytics must be extracted across the full ad stack and utilised in the buying process to make the best use of the data that is available. AI can help advertisers take existing success metrics and make them actionable and as effective as possible in the buying process."

Figure 5: Defining and measuring marketing success

● AGENCY   ● BRAND   ● OVERALL
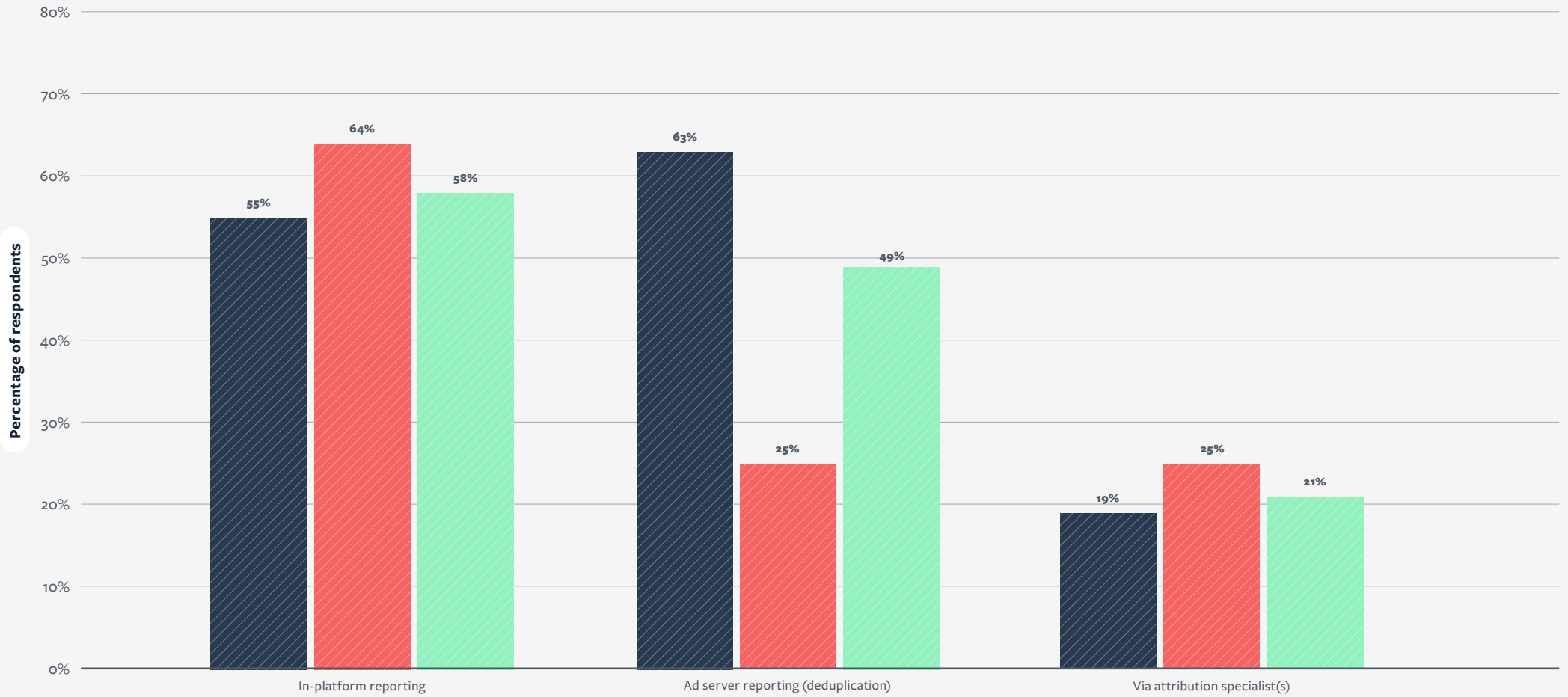
Specific business metrics, including but not limited to return on investment (ROI), offline sales data, and attribution data, are generally being used to define ad decisioning, with 75% of respondents answering in the affirmative here. While this is the case across both brands and agencies, a larger proportion of brands (39%) are not using business metrics to inform ad decisioning.

Where specific business metrics are being used to inform ad decisioning, the overriding majority (87%) of respondents are reporting that this is meeting expectations of spend volume and ROI, with a similar proportion seen across both brands (81%) and agencies (89%).

Meanwhile, where business metrics are not being used to inform ad decisioning, uncertainty on how to utilise business metrics to inform ad decisioning (36% of respondents), and lack of necessity (44% of respondents), were cited as the main reasons for not doing so. Expense and complexity of matching these up was also cited by a minority (8%). Silvia Sparry, Chief Transformation Officer, GroupM Nexus, details how marketers should address this uncertainty: "To alleviate uncertainty around how to utilise business metrics to inform ad decisioning, advertisers must identify their key business objectives — in this day and age, sustainability should be a priority. While there are many commercial metrics advertisers need to focus on, they must prioritise insights available from data sets such as sales data and warehouse stock level data. Focus on these data sets, and then partner with a company that can ingest that data and produce performance metrics that are a blend of metrics which can codify into the AI to optimise."

Moreover, advertisers that lack advanced data science and engineering capabilities should plan to leverage AI to bring business metrics into the buying process. For more advanced buyers, AI can be used to tailor media buying strategies for advanced business outcomes.

In association with: **Scibids**

Figure 6: Are specific business metrics being used to inform ad decisioning?

● AGENCY ● BRAND ● OVERALL
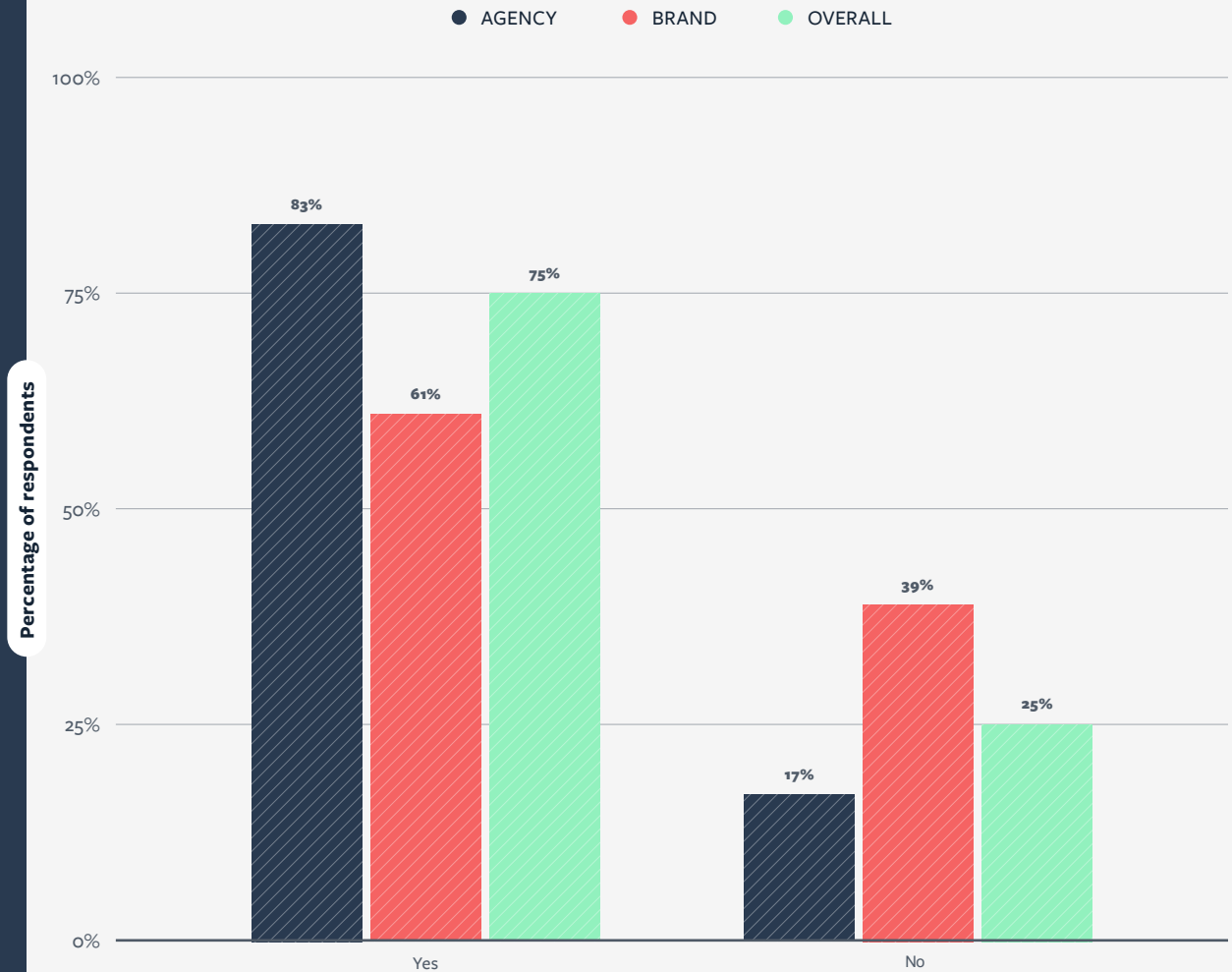
Importance of market trends and challenges

Reducing carbon emissions was the most important market trend cited by respondents, though all trends received near-equal ratings, indicating a strong level of awareness to industry trend among UK participants, along with a high level of specificity according to the individual company. The rise of retail media and the ability to leverage attention metrics in ad decisioning were ranked as equally important to reducing carbon emissions by UK agencies.

"If we are going to address the climate crisis, we can't afford to make bad decisions because we lack the granular data to make good decisions"

— **Brian O'Kelley**
Co-founder and CEO of Scope3

However, while reducing carbon emissions was cited as the most important market trend, respondents were less sure about what tools to use to achieve this, with a substantially higher number of 'unsure' responses compared to the other market trends. Brian O'Kelley, co-founder and CEO of Scope3, details why such tools are critical to reducing the market's carbon footprint: "If we are going to address the climate crisis, we can't afford to make bad decisions because we lack the granular data to make good decisions. Our industry can now measure the carbon emissions of every ad impression across the supply chain and we can factor these emissions into campaign decisions we make."

Efficient media buying is required to reduce server loads and therefore the carbon footprint of generating an ad, thus demonstrating that creating better advertising performance is not only a fiscal responsibility, but now an environmental responsibility as well.

By contrast, participants were more sure of how to capitalise upon the rise of retail media. Generalist IT and marketing firms such as Citrix, HubSpot, and Salesforce joined the likes of e-commerce incumbent Shopify, while Criteo's efforts to pivot from retargeting to retail media are bearing fruit in the UK market as participants are citing the firm here.

Figure 7: Importance of market trends

● AGENCY   ● BRAND   ● OVERALL

Importance rating

Trend	Agency	Brand	Overall
Reducing carbon emissions for advertising	7.4	6.6	7.1
The rise of retail media and the use of retail media solutions	7.4	6.1	6.9
Ability to leverage attention metrics in ad decisioning	7.4	6.1	6.9
Reducing dependencies on behavioural targeting/ user profiling to drive performance	7.2	6.1	6.8
Introducing more sophisticated buying tools to improve scale of spend and performance	7.3	5.9	6.8
Moving away from CPA (an average value per transaction) to embrace ROI	7.2	6.0	6.7
Embracing MTA (multi-touch attribution) or incrementality measurement	7.2	5.8	6.7

UK agencies and brands are again aligned on market challenges, with scarcity of expertise cited as the most pressing challenge, followed closely by incorporating available insights into the digital advertising decision-making process and the lack of consumer trust in advertising.

Again there was relatively little difference in importance rating between each of the challenges, indicating strong awareness of these challenges within the market and demonstrating the need for partners to offer multifaceted solutions.

Commenting on how technology solutions can address this shortfall in expertise to the benefit of firms' human capital, Lemonnier writes "When a whole industry cites scarcity of expertise as their main challenge, it means that every manager has to be extremely careful to give their team the tools they need to ensure that their work is more meaningful, insightful and does not become their whole life.

"Now, to be clear, as much as I like AI, it will never automate most of what industry experts can do. It is merely a tool, but it is a very important one if put in the right hands. AI is better than humans at a few specific tasks, like computing optimal prices to respond to bid requests and making data actionable. But maybe more importantly, AI is also able to increase the quality of insights for humans to leverage and elevate our work, thus allowing us to use the human touch more effectively."
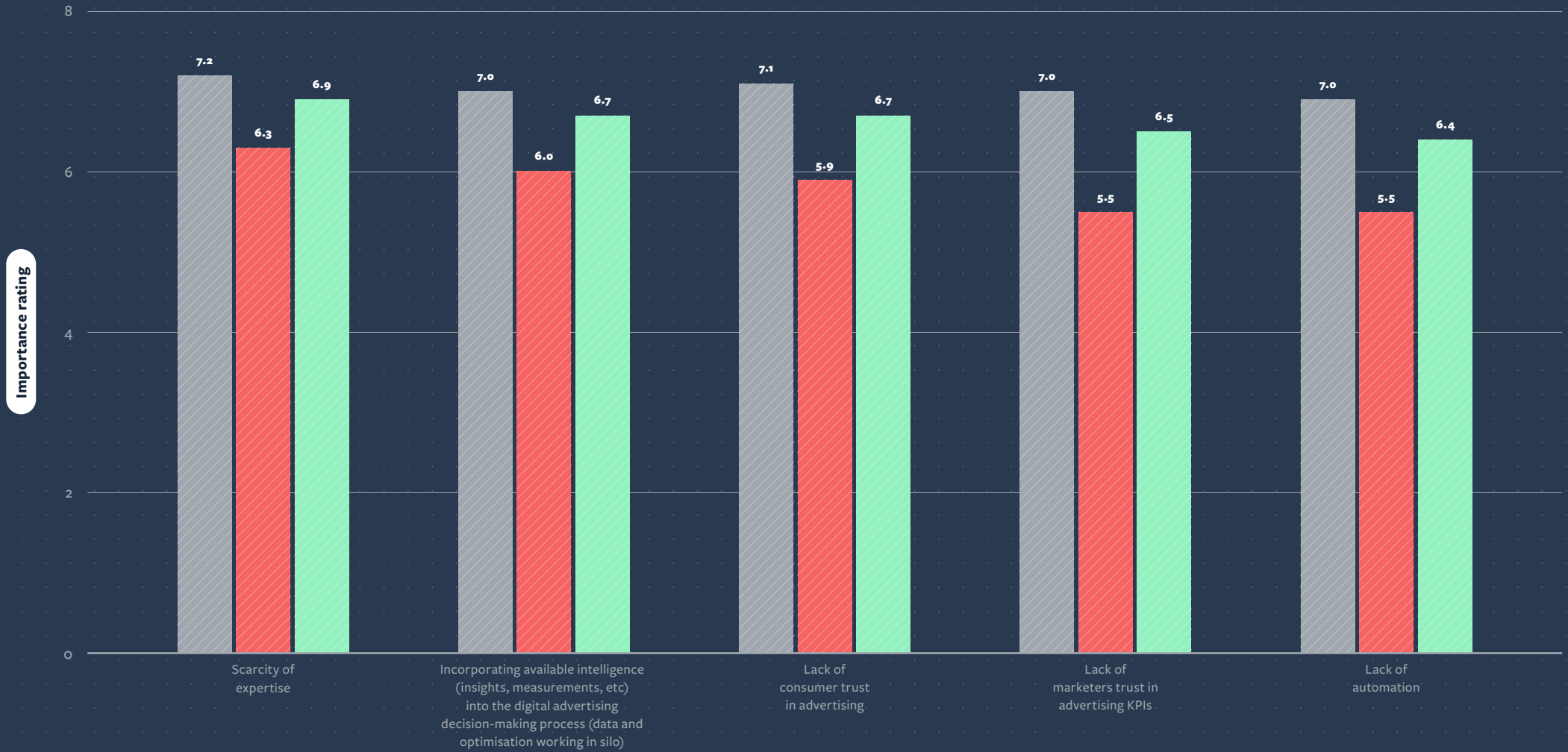
"As much as I like AI, it will never automate most of what industry experts can do. It is merely a tool, but it is a very important one if put in the right hands. AI is better than humans at a few specific tasks, like computing optimal prices to respond to bid requests and making data actionable."

— **Remi Lemonnier**
Co-founder and President, Scibids

Figure 8: Importance of market challenges

● AGENCY ● BRAND ● OVERALL

Importance rating

	Scarcity of expertise	Incorporating available intelligence (insights, measurements, etc) into the digital advertising decision-making process (data and optimisation working in silo)	Lack of consumer trust in advertising	Lack of marketers trust in advertising KPIs	Lack of automation
Agency	7.2	7.0	7.1	7.0	7.0
Brand	6.3	6.0	5.9	5.5	5.5
Overall	6.9	6.7	6.7	6.5	6.4

However, while agency and brand marketers showed strong awareness of market challenges, they were less sure about which tools to use to address these hurdles.

Email marketing solutions were commonly cited as ways of addressing lack of trust, on both the consumer and marketing side, within the industry, while AI solutions and metrics were cited as ways of addressing all challenges.

Despite this uncertainty, agencies and brands are on average considering "build or buy" strategies for acquiring the necessary technology to address each of these issues. Three quarters of surveyed participants who rated scarcity of expertise as a challenge are planning on in-housing technology to help them address this skill gap, while participants were more split on whether to acquire or construct technology to address the lack of consumer trust in advertising, with 55% looking to this while 45% are not considering build or buy strategies at this time.

55%

Of participants are looking to acquire or construct technology to address the lack of consumer trust in advertising.

Figure 9: Consideration of "build or buy" strategies for acquiring necessary technology to address market challenges

⬤ CONSIDERING "BUILD OR BUY" STRATEGY   ⬤ NOT CONSIDERING "BUILD OR BUY" STRATEGY

75.0%	Scarcity of expertise	25.0%
68.9%	Incorporating available intelligence into the digital advertising decision-making process	31.1%
71.2%	Lack of automation	28.8%
55.0%	Lack of consumer trust in advertising	45.0%
60.7%	Lack of marketers trust in advertising KPIs	39.3%

Percentage of respondents

80% 60% 40% 20% 0% 20% 40% 60% 80%

Market challenge

In association with: **Sci**bids

Generally, brands are less likely than agencies to be considering building or acquiring technology solutions to address market challenges. However, incorporating available intelligence into the digital advertising decision-making process proves an exception to this, indicating that UK brands are becoming increasingly more confident with interpreting their data and optimising their marketing output accordingly.

Meanwhile, UK brand marketers are generally not looking towards acquiring technology to address the lack of consumer trust in advertising, with less than one-third indicating they are planning this. With resource pressures increasing amidst the rise in inflation and expected economic downturn, Nadia Gonzalez, CMO, Scibids, details how technology providers should maintain an open approach for marketers: "Technology providers, specifically those offering AI and algorithmic decisioning solutions, should focus on being an agnostic partner that helps agencies, brands, and ecosystem partners do more for their media budgets. By doing so, decisioning companies such as Scibids can help partners bring their differentiated assets to the ad decisioning process, creating differentiated results for long-term competitive advantages."

Figure 10: Consideration of "build or buy" strategies for acquiring technology to address market challenges

● AGENCY ● BRAND

- Scarcity of expertise — Agency 86.0%, Brand 52.4%
- Incorporating available intelligence into the digital advertising decision-making process — Agency 68.9%, Brand 72.2%
- Lack of automation — Agency 71.2%, Brand 58.8%
- Lack of consumer trust in advertising — Agency 55.0%, Brand 35.3%
- Lack of marketers trust in advertising KPIs — Agency 60.7%, Brand 50.0%

Percentage of respondents

Market challenge

In association with: **Scibids**

Despite being implemented over four years ago, GDPR continues to loom heavy in UK agency and brand professionals' mindsets, being rated as the joint-most impactful privacy change to operations, performance, and marketing efforts.

It is therefore telling that upcoming privacy changes within Google's mobile ecosystem, namely the rollout of privacy sandbox and expected subsequent deprecation of Android Ad ID, are rated as potentially having the same level of impact, and more so by UK agencies. Interestingly, similar changes which have already taken place on the Apple platform were rated as the least impactful, though it is important to stress that all changes received relatively similar impact ratings across the UK industry.
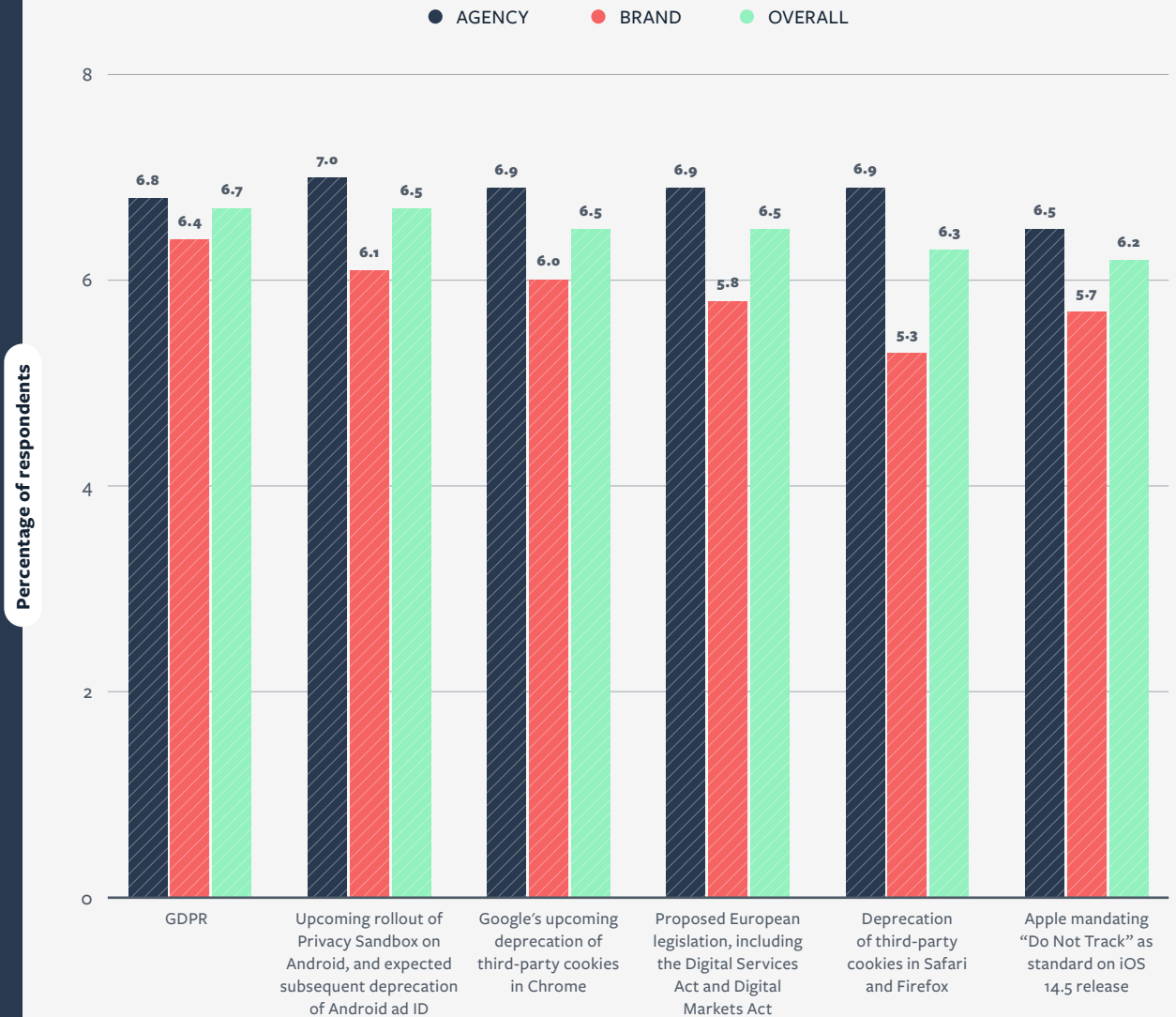
38%

According to the study, approximately 38% of UK agency and brand marketing budgets are managed programmatically.[1]

37%

Survey respondents indicated that approximately 37% of UK media spend relies on behavioural targeting and cross-site tracking.

In association with: **Sci**bids

Figure 11: Impact of privacy policy changes

● AGENCY   ● BRAND   ● OVERALL

Percentage of respondents

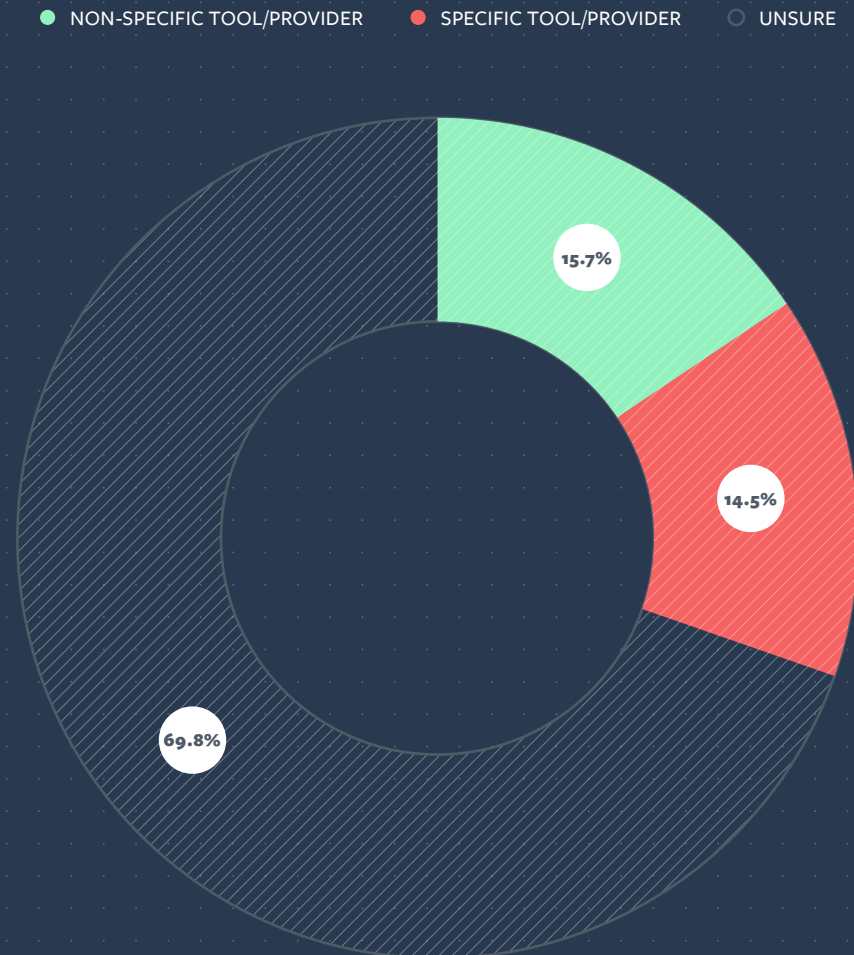| Change	AGENCY	BRAND	OVERALL
GDPR	6.8	6.4	6.7
Upcoming rollout of Privacy Sandbox on Android, and expected subsequent deprecation of Android ad ID	7.0	6.1	6.5
Google's upcoming deprecation of third-party cookies in Chrome	6.9	6.0	6.5
Proposed European legislation, including the Digital Services Act and Digital Markets Act	6.9	5.8	6.5
Deprecation of third-party cookies in Safari and Firefox	6.9	5.3	6.3
Apple mandating "Do Not Track" as standard on iOS 14.5 release	6.5	5.7	6.2

Barring GDPR, where the majority of respondents demonstrated they were already complying with the regulation, respondents were again less sure about how to adapt to the surveyed changes to privacy policies.

Specifically, 70% of respondents were unsure of how to adapt to upcoming privacy policy changes, while only 15% were able to name a specific tool or solutions provider. Harriet Cunningham, sales director UK, Scibids, comments, "In terms of trying to paint a clear picture from an end-client perspective, the most voluminous data source is going to remain by far the logs from the DSP. You will need AI to make this actionable while maintaining privacy-friendly media buying practices."

Concerningly, respondents cited shifting over to the Google ecosystem following "do not track" being implemented as standard on Apple iOS, and are unsure of how to respond to the upcoming rollout of Privacy Sandbox on Android. Training and assessment of available data is therefore vital here, and it is encouraging that many within the industry are citing increased research and training budgets to reflect this.

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Figure 12: Solutions for dealing with upcoming privacy policy changes

● NON-SPECIFIC TOOL/PROVIDER   ● SPECIFIC TOOL/PROVIDER   ○ UNSURE

15.7%

14.5%

69.8%

Acknowledgements

This Insights & Attitudes report features thought leadership from:

- **Julien Hirth,** co-founder and GM, Scibids
- **Louisa Jones,** sales director UK, Scibids
- **Remi Lemonnier,** co-founder and president, Scibids
- **Matt Nash,** MD UK, Scibids
- **Harriet Cunningham,** sales director UK, Scibids
- **Nadia Gonzalez,** CMO, Scibids
- **Brian O'Kelley,** co-founder and CEO of Scope3
- **Silvia Sparry,** Chief Transformation Officer, GroupM Nexus

ExchangeWire and Scibids would like to take this opportunity to thank the surveyed participants.

SAMPLE & METHODOLOGY

The original quantitative findings in this Insights & Attitudes report was derived from a survey of 100 agency and brand marketer professionals in the United Kingdom. Data was collected from 29th April to 2nd May 2022.

- **64%** agency; 36% marketer
- **74%** head of business/C-level
- **41%** managing or generating £100m+ budget/revenue

Scibids

ABOUT SCIBIDS

Founded in Paris in 2016, Scibids is the independent global leader building artificial intelligence to make marketing more effective. Scibids AI supports strategic business outcomes for brands by building customisable algorithms for powerful ad decisioning that does not require user tracking and profiling. Scibids AI is enabled within leading demand side platforms, helps unify the ad stack by activating planning and measurement data, and delivers measurable ROI for a long-lasting competitive advantage. Scibids works across the digital marketing ecosystem, is used by thousands of brands and embraced by their media agencies worldwide.

For more information, please visit **www.scibids.com**

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