

Commentary: “Half My Digital Advertising Is Wasted...”

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In 1994, the first digital banner ad was launched, and the digital media revolution was born. What followed has been an extraordinary transformation of ways to connect with, entertain, inform, and engage consumers, with digital media disrupting every aspect of the advertising, media, and marketing ecosystem. Advertising formats have exploded. Worldwide digital media spending of \$300 billion has surpassed television media spending (eMarketer 2020). Over-the-top streaming services and ecommerce are growing exponentially, fueled by data and digital media.

There have been many positive benefits from this revolution. Creativity has expanded beyond the constraints of the 30-second TV ad, with new ways of expressing brand benefits and points of view. Anything discoverable can now be found instantly through search engines. Shopping for new products has never been easier or more frictionless through ecommerce. And we can connect with people and engage the consumers we serve in novel and entertaining ways we never thought possible.

But there has been a dark side to this revolution—most notably, massive inefficiencies resulting in media waste, outright fraud, and issues of brand safety as documented in Gordon et al. (2021, hereinafter Gordon et al.). As digital media grew, the marketing industry faced the inconvenient truth that it was operating in a nontransparent, murky, and sometimes even fraudulent digital media supply chain. Marketers and industry associations have taken steps to clean up this supply chain through multiple initiatives, but much more needs to be done to ensure it is truly efficient and effective.

More than a century ago, marketing pioneer John Wanamaker said, “Half my advertising is wasted; the trouble is, I don’t know which half.” At the time, newspaper advertising was the dominant form of media for marketers—over time, radio and TV broadcasting became dominant. When the digital media revolution began more than 25 years ago, marketers had high hopes that digital media would solve the persistent problem of advertising waste that has plagued the industry since the

advent of mass marketing. With digital now the dominant form of media, substantial waste still exists, but there are approaches for addressing inefficiencies. This commentary provides an overview of the key problems facing marketers today and recommends possible solutions.

Viewability

Viewability means the opportunity to see an ad. Did the ad make it onto the screen where human eyes can see it? Having a common standard for assessing digital ad viewability is important for conducting business transparently and comparatively across platforms. However, for many years, each platform created its own viewability metric, which was used to set payment terms for advertising. For example, Facebook considered an ad viewable and therefore “billable” for payment as soon as one pixel entered the screen, while YouTube considered an ad billable only after the entire ad was shown. Not having a standard meant Procter & Gamble (P&G) and other marketers wasted time and money trying to understand, analyze, and explain the differences between various viewability metrics claiming to be the right metric for each platform.

In response, the Media Ratings Council (MRC) proposed a common viewability standard for digital ads in 2014 (MRC 2014). Display or banner ads would be considered viewable when 50% of pixels were on the user’s screen for .5 seconds. Videos would be considered viewable when 50% of the video was on the user’s screen for 2 seconds.

Although this standard had been developed and validated through thousands of studies and millions of dollars spent in research, digital platforms and publishers were slow to adopt, fearing that it would change how billable payment terms were determined and therefore potentially reduce revenues.

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Advertisers knew it was a minimum standard and, despite flaws, were willing to accept the standard in order to conduct business on a level-playing field across platforms and publishers. P&G set the expectation that all agencies, media suppliers, and platforms needed to adopt the standard and demanded that viewability be measured by a third party and accredited by the MRC. The Association of National Advertisers (ANA), which includes more than 2,000 marketing companies, also demanded compliance. Eventually, digital platforms and publishers developed systems to implement third-party viewability measurement and agreed to get MRC accreditation.

With this common standard and transparent third-party measurement implemented, substantial waste was exposed. P&G found that the average view time for digital ads was approximately 1.7 seconds, little more than a glance. We realized that we were spending far too much money on static digital display ads, which consumers were skipping past with little to no engagement. Consequently, we shifted substantial spending away from static digital display ads and into more effective media, including television. Although today we do not waste time debating viewability standards, we do know that one of the key sources of waste in digital media continues to be lack of viewability.

What can be done? Every marketer should insist that every digital platform and publisher provide third-party, MRC-accredited viewability measurement. From that measurement, marketers can analyze the view time for digital ads to ensure they are being seen and are effective in driving awareness, engagement, and sales. If not effective, media money can then be shifted into more effective vehicles.

Third-Party Measurement of Audience Reach and Frequency

For media to be efficient, ads need to reach the intended audience at a minimum frequency (Gordon et al.). P&G proprietary research on daily essential hygiene, health, and cleaning products demonstrates that for a brand ad to effectively communicate its intended message, a consumer needs to view that ad at least one time a week to register awareness of the brand's message. At most, an ad generally needs to be viewed three times a week to lead to purchase. Ad frequency of more than three times a week is generally considered wasteful.¹

In the digital media world, measurement of media reach and frequency was not commonplace for many years; if it was done at all, it was dependent on self-reporting from digital platforms and publishers. This was a major concern for advertisers, as it was the equivalent of "the fox guarding the henhouse." In 2017 at the Interactive Advertising Bureau Annual Conference, P&G called for third-party, MRC-accredited measurement verification of audience reach and frequency for all digital players. The

ANA joined the call for compliance. After initial resistance, the digital platforms developed third-party measurement systems, and they are now increasingly committing to submit to MRC audits and accreditation to verify that the systems for measuring reach and frequency are reliable. This commitment is evident even in the largest platforms, termed "walled gardens" because they control audience data about billions of people, which, for consumer privacy reasons, they understandably do not share.

As these measurement systems have become established, substantial waste has been discovered. P&G found that brands were serving the same ad to the same person multiple times. This duplication wastes money and annoys consumers. In fact, a recent study by HubSpot indicated that 7 of 10 consumers say digital ads are annoying (An 2020). That leads to digital ad blocking: up to 21.1% of the U.S. population and 25.8% of U.S. internet users now claim to use ad blocking tools to avoid viewing advertising completely (He 2019). To mitigate these problems, P&G brands attempt to place limits on ad frequency within every digital publisher and platform. Unfortunately, many digital players, especially the "walled gardens," provide no access to consumer data for privacy reasons. For the most part, reach and frequency can be measured and optimized only within each individual walled garden, whether by MRC-accredited third parties or having their own first-party reporting audited by the MRC. However, any excess frequency can only be discovered after the waste has already occurred through third-party reporting. And until audits are completed to verify the accuracy of the measurement, we cannot be certain of the reliability of the reported results.

What can be done? Marketers should establish clear reach and frequency targets for digital media to avoid annoying excess frequency and wasted spending. Marketers should always insist on third-party, MRC-accredited measurement of audience reach and frequency from digital media providers. The analysis of that measurement can reduce waste by reducing excess ad frequency.

Ad Fraud

Gordon et al. note that ad fraud continues to be a major source of digital media waste. Ad fraud occurs when ads are not served to consumers, but instead are served to "invalid traffic," often called "bots" that mimic human online activity on fraudulent sites where payment for ads goes to criminals. Digital ad fraud is estimated to be as high as 20% of all digital media spending based on multiple studies. It is rampant because criminals prey on big money—especially in inefficient, nontransparent systems with multiple touch points from many suppliers.

Digital media providers are responsible for detecting invalid traffic to either eliminate it or reimburse advertisers for fraudulent ad activity. In 2017, P&G, with support from the ANA, called for standard, third-party audits of digital media providers to ensure that fraud is being properly handled. Most publishers are conducting these third-party audits. However, the most dominant digital players do not, citing privacy reasons. Instead,

¹ https://www.marketingscience.info/wp-content/uploads/2016/01/Institute-and-CNCB-Synergy-White_Paper.pdf

they provide first-party audits, reporting that invalid traffic is almost nonexistent. Although this may be true, we worry that media money is still wasted on ad fraud because these big players are essentially “grading their own homework.”

What can be done? Marketers should continue to call for third-party, MRC-accredited validation of anti-fraud on all platforms and publishers, including the big digital platforms. Until that happens, we cannot be certain that marketers are not wasting money on fraudulent ads. At the same time, publishers can adopt best practices from the Trustworthy Accountability Group, the leading global certification program fighting criminal activity and increasing trust in the digital advertising ecosystem.

Waste from Lack of Transparency

Persistent lack of transparency throughout the media supply chain is one of the main causes of digital waste and inefficiency. Ideally, advertisers would have sufficient information to buy media in real time and reach people on a more personalized basis, without annoying excess frequency and at a cost that creates value for all. Unfortunately, advertisers do not have sufficient information and are generally subject to what a media agency leader once bragged about when pitching the agency’s capabilities to P&G: this person said they had achieved “information asymmetry”—whoever has the most information has an advantage. And year in, year out, media providers have the most information when it comes to buying and placing media—leading to waste through excessive ad frequency as well as persistent media price inflation.

In digital media, marketers face a great deal of information asymmetry, as the “walled gardens” control audience data about billions of people, which they do not share for consumer privacy reasons. Media pricing rates are generally not negotiated up front, because media is bought through an auction within each individual major digital platform. Through the ANA, marketers have asked for some form of data in order to transparently compare media choices across platforms. Marketers have asked for a data signal when an individual has seen an ad, in order to avoid serving too many ads to the same person. All requests have been denied due to privacy reasons. Consequently, marketers cannot be certain that we are getting the best value across alternatives, and we cannot be certain that we are not serving too many ads to the same person.

What can be done? Marketers want a level playing field, where all players—digital and TV alike—participate in a cross-platform data measurement system to enable reaching consumers without excess ad frequency at a price that creates value. Although work has been done at the industry level to create a framework for such a system, it has been a slow process as there is little incentive for any of the media providers to implement this system because it reduces their “information asymmetry” advantage. Marketers should demand that validated pilots are implemented and ready to scale across the industry within the next year.

However, even if cross-platform measurement is implemented, it is unlikely to truly level the playing field because digital platforms have amassed such vast amounts of consumer data. That is why P&G is taking more control by buying more digital media through programmatic media buying across multiple ad exchanges available outside the major digital platforms. These ad exchanges allow automated, real-time buying across a marketplace of thousands of sites and publishers. In China, for example, nearly 90% of P&G media spending is digital, and more than 80% of that is programmatic. In the United States, programmatic spending is growing in double digits and is nearly P&G’s largest digital media investment. We do not want to be dependent on a few and prefer to work with the many. So, P&G’s preferred media providers are those with programmatic capability. It levels the playing field among thousands of media companies, enabling more to participate and to compete on effectiveness and value, not information asymmetry.

Waste from Harmful Content

Harmful online content is another prevalent form of digital media waste. Harmful content includes posts, videos, and commentary that is not appropriate for brand advertising, such as violence, terrorism, nudity or pornography, hate speech, and denigrating or discriminatory content. Unacceptable content continues to be available online and is still being viewed alongside brand ads. It is bad for the consumer experience and it wastes billions of dollars in advertising because people pay little or no attention to ads that are next to shocking or harmful content. Those people who do notice the ads often lose trust in the brand because they associate that brand with the harmful content.

Progress has been made with the digital platforms, with agreement on common definitions for reporting through the Global Alliance for Responsible Media (GARM), but enforcement is challenging. Marketers need common metrics, such as the number and percentage of hateful content that exists on each platform and how much is eliminated before it is seen. Marketers need third-party auditing to objectively verify results. And marketers need ways to buy media so they can be certain that brands advertise in safe places, never on or near bad content—such as how YouTube worked with P&G to establish “safelisted” channels proven by a third party to be virtually free of bad content. As always, we fully support freedom of expression across a wide spectrum and recognize there is gray area on what constitutes hateful content, but we expect digital platforms to eliminate content that is plainly offensive to most.

What can be done? In addition to GARM, marketers from the ANA and World Federation of Advertisers are meeting regularly with digital platforms to review commitments, plans, and timetables for eliminating harmful online content. But while reviews make a difference, marketers have been astonished to find that this problem still exists. Eliminating harmful content should be “table stakes” for any media company—whether a broadcaster or digital platform—and needs strict enforcement. Can we self-regulate? Yes, but that is not where we want to spend time. All

marketers need to insist that digital platforms urgently apply content standards properly so we can spend time together on creating value. History has shown that when industries cannot sufficiently self-regulate, governments could step in. In fact, we are already seeing governments around the world doing just that. So, it is time for the platforms to get moving to eliminate harmful content.

“Half My Advertising Is Wasted...”

John Wanamaker’s famous quote about advertising waste is still valid today, more than a century later. The difference is, today we have a greater understanding of that waste along with potential solutions for eliminating it. Advancements in viewability standards, third-party measurement of audience reach and frequency, anti-fraud actions and audits, cross-platform transparency, and eliminating harmful content are helping marketers identify sources of waste, eliminate wasteful spending, and improve effectiveness. More progress is dependent on working together across the entire media supply chain—marketers, agencies, media platforms, and providers—to address persistent inefficiencies. With all of the brainpower, creativity, and technology available in the industry, marketers hope to find “which half of digital media is wasted” and make the digital media industry efficient and effective at driving growth and value creation.

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