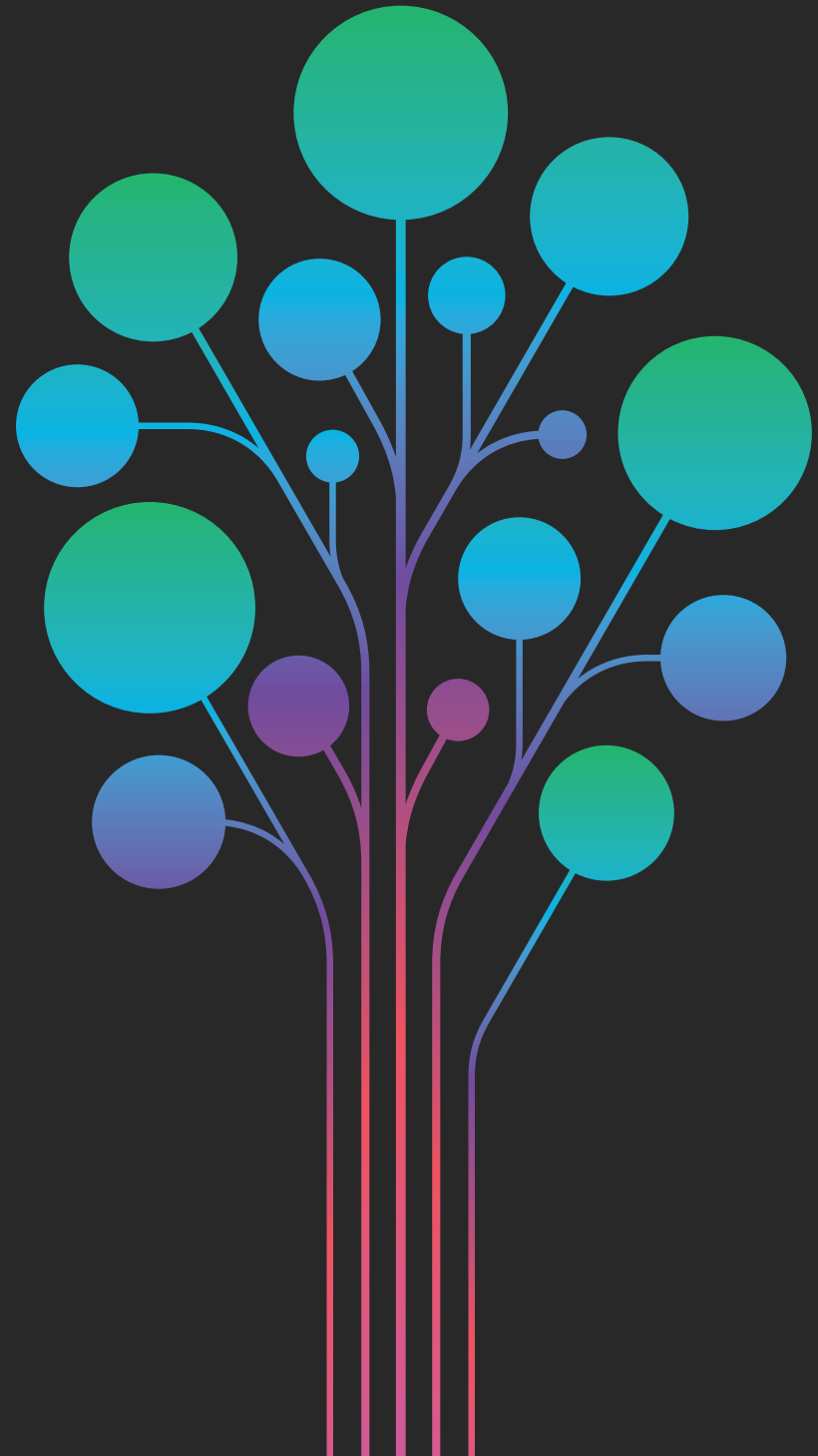


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WTF

IS DYNAMIC
ADVERTISING?



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Introduction

The whole point of advertising is to put the right message in front of the right person at the right time: The Fort Lauderdale tourist gets an ad for gator repellent while the ski bum tweeting about fresh powder in Telluride sees an offer for a new parka.

Digital platforms and publishers, swimming Scrooge McDuck-style in pools of customer data, have the ability to do this like never before. Custom creative, targeted messaging, and personalized delivery, are all possible via display search and social. The industry, in its infinite terminological wisdom, has filed all of this under a single umbrella— Dynamic Advertising.

But just WTF is it? Keep reading and learn how this marriage of data and creative fits into display advertising, search and social. We'll explain the how's and why's of this buzzword and the tech making it happen.

So, WTF is dynamic advertising?



Personalization

(and its discontents)

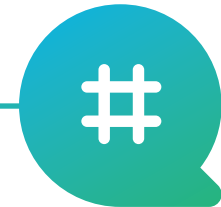
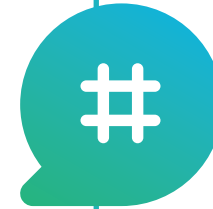
Before we dive into the tech and the practices it's probably smart to ask a simpler question. Is this even a good idea? After all, as advertisers have mastered retargeting, segmenting, and persistent ID tracking consumers have started to push back. "Stop stalking me." It's a familiar refrain from potential consumers who have started to feel like maaaaaybe advertisers know them just a little too well.

It's a legitimate fear for marketers. Get too close, and you might just end up seeming creepy.

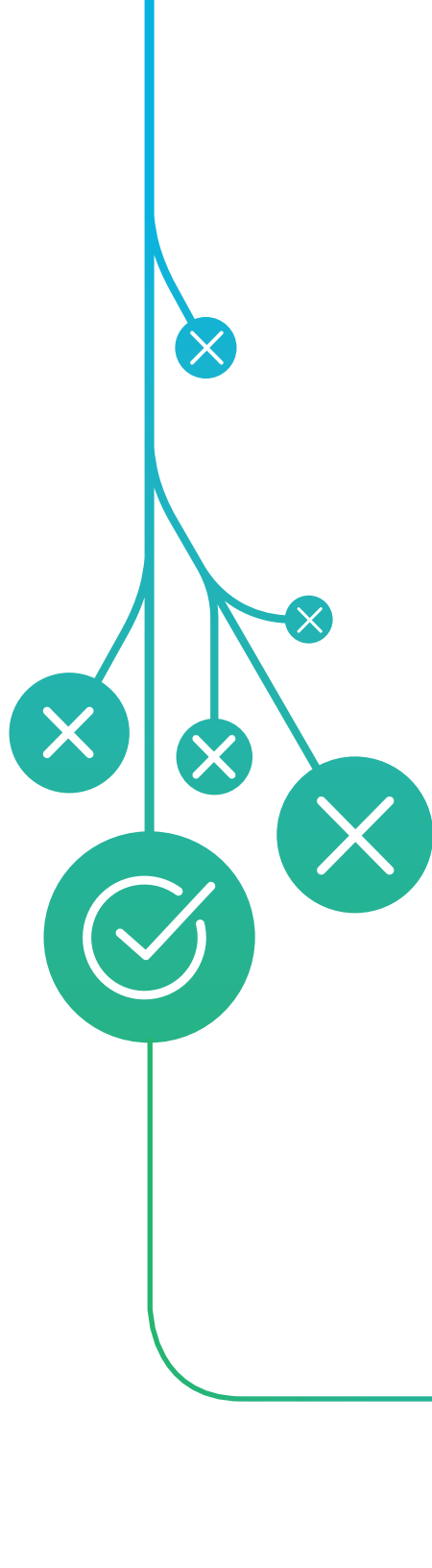
But there's good news. Despite a vocal minority who feel ads have become too invasive, the vast majority of consumers ([71 percent, per Forrester](#)) are happy to see advertising tailored to their needs and shopping habits. That's one point higher than marketers themselves!

While a small slice of the consumer population might object to targeted, personalized ads, consumers overall are more annoyed by irrelevant ads, said Maggie Hyer, a consumer behavior analyst at Bloomberg Markets. "Common wisdom is that people hate being tracked, but when you look at the data instead of the social media chatter, it's clear that what turns most people off isn't feeling targeted, it's all the irrelevant tone-deaf communications they get from brands daily," Hyer said. "It's the untargeted stuff that makes people tune you out."

In other words, "You might see a few tweets about it, but they still buy."



“ You might see a few tweets about it, but they still buy.”



Making display a smarter play

Display advertising has taken a beating in recent years as consumers increasingly begin to tune out banners and other standard display units. Click through rates on standard display have dropped from 2 percent in 1995, when display products debuted, to [less than one percent in 2015](#). While some of that decline can be attributed to traffic fraud and structural viewability issues, it's still hard to deny that people just aren't clicking like they used to. A recent study by Adobe found that 63 percent of consumers [found most display ads they encountered irrelevant](#).

"The problem," according to Hyer, "is that we need to focus less on hitting everyone with a big message, and more on hitting potential consumers with messages that apply to their current situation. Location, habits, interests, even weather can come into play. People want ads that are useful, not needlessly invasive."

Digital platforms and publishers, sitting as they are on a Jed Clampett sized oil-geiser of customer data, are in a position to make this happen. Along with their DMP partners, publishers are increasingly able to use this data to create targeted ad experiences on their pages.

Thanks to the rise of pixel tracking, persistent ID creation, and publishers offering a logged in state, advertisers are now able to reach specific audience members with greater specificity. Combining this with mobile location and conditional data can further hone the types offers customers see.

AD

Dynamic creative optimization

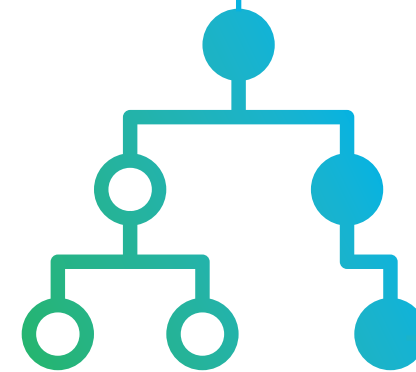
(A/B testing on steroids)

At the heart of dynamic advertising is dynamic creative optimization. Having customer data is all well and fine, but unless you have a team of designers working around the clock to produce bespoke creative then there are limits to how personalized you can be. Dynamic creative optimization seeks to solve that problem in part by taking the Mad Libs approach to creative insertion. DCO platforms don't just serve a variety of different ads, they actually build those ads based on the consumer's data.

"It's one of the places where you'll see the most value from automation" said Susan Borst, deputy director of mobile at the IAB. "No agency could produce that much micro-targeted creative, but with the right algorithm you can get very surgical, almost to the individual level, with what you serve."

Instead of building hundreds of bespoke and highly specific ads by hand, an optimization algorithm assembles each ad from a pre-established set of base parts. A decision tree accounts for everything from the customer's gender, age, and shopping habits to their location, season, and local weather conditions to assemble an ad that targets not just an individual, but ideally the specific moment that individual is in.

This creative recipe can then be optimized based on the results of each interaction so the collection of custom ad recipes is improved. Think of it as A/B testing on steroids.



“With the right algorithm you can get very surgical.”



Social comes to life

When it comes to spinning personal data into marketing gold, social platforms have the best spinning wheel. Consumers volunteer heaps of information about their preferences, interests, location, and lifestyle just by building a profile and platforms continue to collect data on every behavior, click, and view as long as we stay logged in. With all this data social platforms are uniquely positioned to deliver on dynamic personalization.

“Platforms like Facebook know a lot about intent,” said Lucille Callan of the IAB’s programmatic council. “They don’t just take in the information you explicitly provide, they also collect data on how you behave within their walled garden. It creates a very accurate picture that they can sell to the ad platforms.”

With massive top-of-funnel audiences, platforms provide a unique opportunity to drag large numbers of consumers further toward purchase with personalization. A top-of-funnel customer may have seen an ad for lawn furniture in the fall, but an ad targeted to that individual at the beginning of spring and on a sunny day is more likely to push them into the consideration phase. These ads can even take the added step of eliminating uncertainty by directing consumers to the store where the product can be found, either online or IRL.

Making search dynamic

If Facebook knows our demographic details better than any other, then Google has its nose pressed to glass watching our day-to-day habits. The search giant, and to a lesser extent its search competitors, have a bird's eye view of what consumers are looking at—and for—online.

Much of this searching is done in a logged-in state, so organic and paid search results can be tied directly back to a single discrete identity. Google quite literally knows who you are, and what you're looking for, making it easy for marketers to meet you where you're already heading.

"An ad platform can ingest the intention data that Google spits out about your habits, your clicks, previous searches and interests, and give you a pretty good map of the kind of things you're looking to buy," said Bloomberg's. "More importantly, they know the kinds of things you're likely to buy online, versus the kind of things you look for in physical locations."

With that in mind, Hyer says, advertisers can serve offers that point to an online store or, if more appropriate, a brick-and-mortar locale depending on product availability and the consumer's habits.

Search audiences that don't convert based on dynamic campaigns can also be reentered into more traditional retargeting campaigns enhanced with personalized creative. Each interaction only provides more data with which to hone the creative into a glistening retail spear ready to pierce the consumer's beating wallet.

They know
the kind of
things you
buy online...



...versus the
things you
buy in stores.





Dynamic futures

It's easy to think of dynamic advertising as a one-way street.

Platforms process consumer information and spit out an ad based on its analysis. In reality, targeting works both ways. Not only does the creative match the potential buyer, it also considers data from the potential seller.

"Algorithms can be tweaked to serve models and products that are in-store now" said Davina Charteris of deputy VP of social strategy at GroupM. "It can actually be used for inventory management if you optimize it to move inventory that's overstocked."

Dynamic advertising also allows brands to break the cycle of redundant advertising. With ad-waste at an all-time high the last thing a brand needs is to retarget a loyal consumer with an ad for a product they just bought. Dynamic creative allows campaigns to be more agile.

"If she just bought the coat... switch out the creative and start pitching the boots that that look cute with that coat," said Charteris. A strategy that involves dynamic ads pitching complementary products and services can greatly enhance customer retention and loyalty among likely shoppers.

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