

# The state of digital media targeting:

Driving performance while protecting privacy

DIGIDAY | Wiland





The world of digital media targeting is changing quickly. The growing awareness surrounding consumer data privacy is pushing marketing teams to abandon tried-and-true marketing tools that rely on third-party cookies and mobile ID tracking. Accurate segmentation of audiences, validating campaign performance and measuring ROI have all become more complicated, and more important, than ever.

In response to this evolving advertising landscape, brands and agencies are adapting their digital media targeting tactics. Marketing teams realize they must continuously reassess their targeting methodologies to ensure they reach the right audiences through the right channels in ways that respect user privacy. As they seek efficient and effective targeting solutions beyond third-party cookies and walled gardens, brands and agencies are also examining their own internal budgeting and staffing priorities and experimenting with new ways of doing business.

To uncover how these organizations are navigating the challenges and opportunities of this new environment, Digiday and Wiland surveyed 80 agency (40%), brand (31%) and publisher (29%) executives. This report highlights what they told us and (with the help of insights from digital media targeting experts) explains how companies are approaching internal strategy and external partnerships to improve targeting across the entire media ecosystem.

## What's in this report

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[Top targeting challenges and pain points for advertisers in 2022](#)

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[Skills, resources and tools needed to tackle targeting challenges](#)

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[Assessing budget allocation, measurement and ROI across different marketing channels](#)

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[Exploring the tradeoffs of speed, scale and accuracy in digital campaigns](#)

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[Steps companies are taking to advance their current and future digital media targeting strategies](#)

# Targeting in a privacy-first world

A significant majority (71%) of in-house teams currently play a role in media buying and targeting. Brand respondents reported that in-house digital media teams (33%), external digital media teams and agencies (29%) and a hybrid of both (38%) are responsible for their decisions at present.

## Who oversees targeting for brands

### Q What teams are responsible for your digital media buying and targeting?

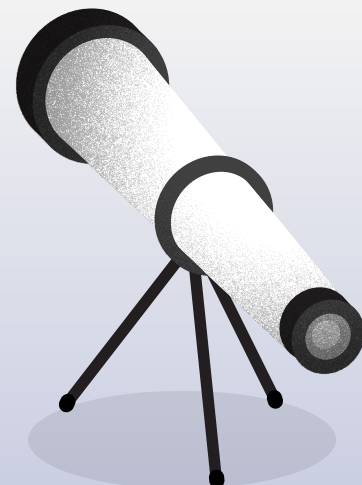


Change appears to be coming, though. More than half of the brand respondents said that they intend to shake up their media buying and targeting team structure in 2022. Among those that intend to make changes, a greater percentage indicated that they will outsource more work (40%) versus bringing more work in house (16%).

This result may signal a shift towards external or hybrid teams after years of in-housing of media buying. Such a shift would be in line with the recently observed trend of brands delaying plans to [move certain services in house](#) in favor of outsourcing to agencies for cost and practicality reasons.

## Shifting team structures

### Q Are you considering changing your organization's current media buying and targeting team structure in 2022?



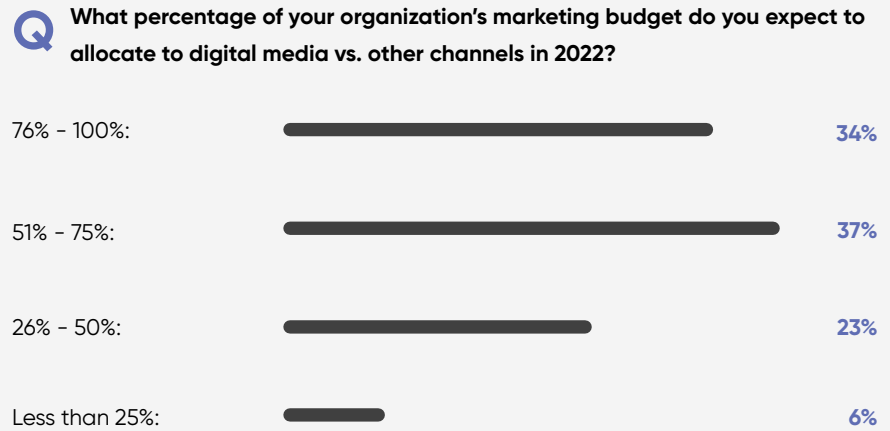
In-house teams and their external partners are working from an increasingly digital playbook. A majority of the survey's respondents allocated as much as half or more of their marketing budgets to digital media in 2021, with 36% allocating 76% to 100% and 28% allocating 51% to 75%.

### Digital media budgets in 2021

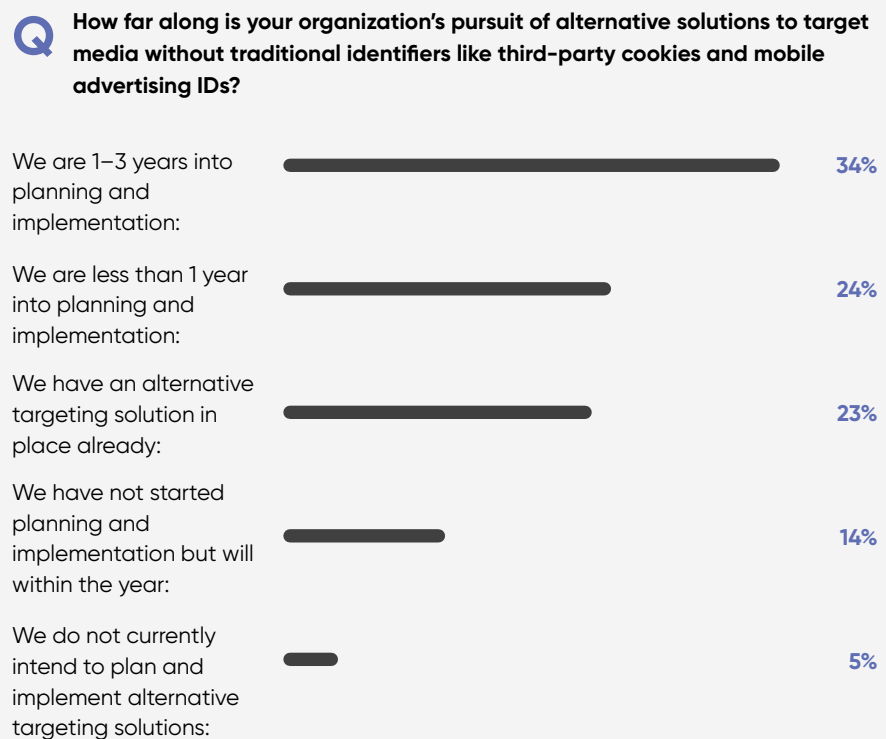


In 2022, our respondents foresee a further shift in budget toward digital media: 37% plan to allocate 51% to 75% of their ad dollars to digital. This growing investment in digital will require marketers to reevaluate their media targeting strategies to ensure they are effectively reaching consumers in a privacy-compliant manner.

### How digital media budgets are shifting



These budgetary moves are occurring in the context of a shifting privacy landscape. A majority of respondents are currently in the process of implementing alternative targeting solutions in response to third-party cookie deprecation and the loss of many traditional identifiers – 34% are one to three years into planning, and 24% have started planning within the last year. Smaller numbers of participants reported having a fully realized alternative targeting solution in place (23%) or intending to start planning this calendar year (14%).



Over the past few years, marketing teams have decreased their reliance on third-party cookies and other traditional identifiers by integrating and testing identity solutions to create addressable audiences that are compliant with new privacy regulations like General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA). The advertising and publishing industries are actively pursuing privacy-compliant methods for reaching the right audiences, such as doubling down on [first-party and contextual data strategies](#), integrating proprietary ID tech solutions, using [data clean rooms](#) and [developing custom algorithms](#).

Michelle Harness, division vice president at Wiland, said that the primary challenge for companies in 2022 is ensuring that they are able to find their target audience and approach their media mix in the most effective and privacy-compliant ways while staying within their ad budgets.

"2021 was the year of contextual advertising, which is a strategy that generally works. Nevertheless, a lot of brands would still benefit from having a direct targeting strategy," said Harness. "When our team talks with agencies and platforms, they tell us that they want to use deterministic methods of media targeting to be sure they are reaching the people who will actually respond to their ads."

Accurately measuring and comparing the effectiveness of multiple targeting methodologies – deterministically addressable and otherwise – will be crucial for media buying teams that are tasked with delivering superior campaign performance.

"Bottom line, anything that is not addressable is not directly measurable," said Will Clayton, senior vice president of digital product management at Wiland. "Unless a targeting alternative is proven to be as measurable as a cookie-based solution, it's not a viable alternative."

Clayton added that the heart of effective addressable media moving forward will be the ability of websites to establish or reestablish relationships with their customers to create authenticated logins. This acquisition and use of permissioned first-party data to drive better media targeting outcomes and marketing personalization will be crucial for future success.

**"Bottom line, anything that is not addressable is not directly measurable."**

– Will Clayton, senior vice president of digital product management, Wiland

The survey bears out the trend toward addressable media targeting. Nearly half of the respondents reported that 51% to 75% of their advertising strategy relies on addressable targeting versus direct placement or contextual targeting.

### How companies are targeting

**Q** What percentage of your advertising strategy relies on addressable targeting (versus direct placement or contextual targeting)?

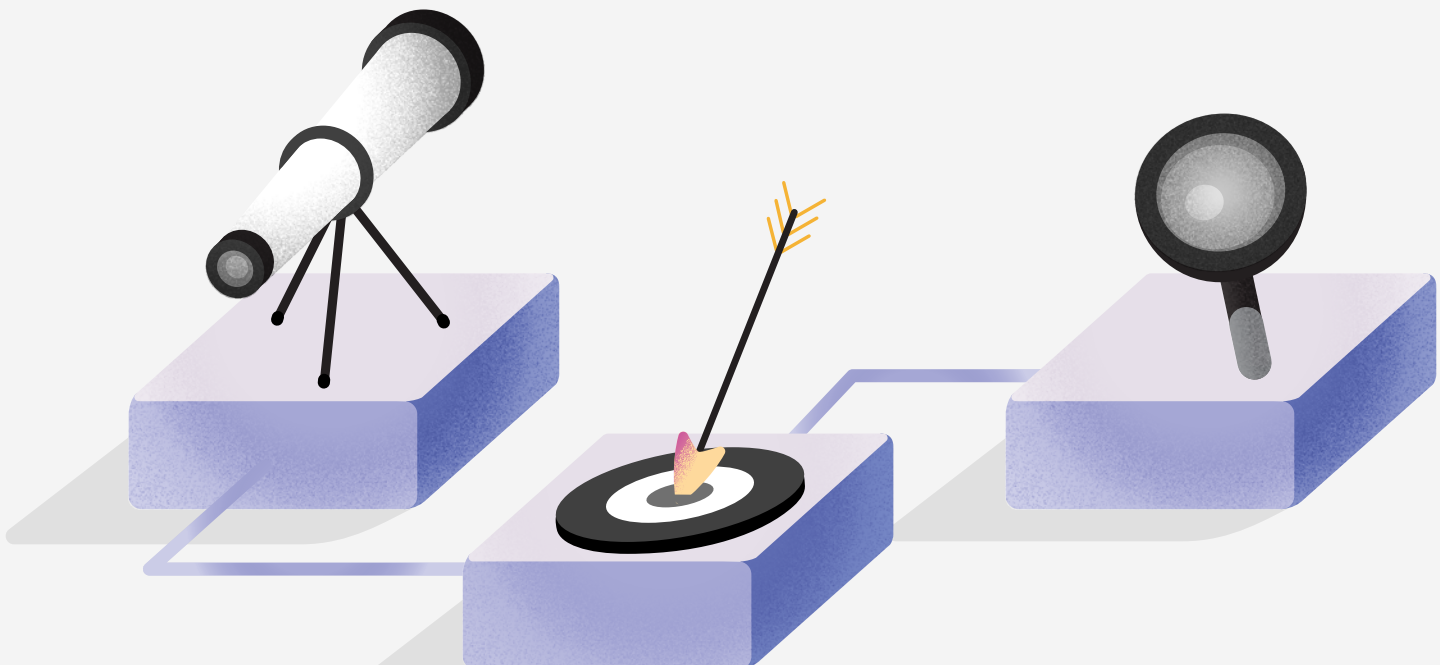


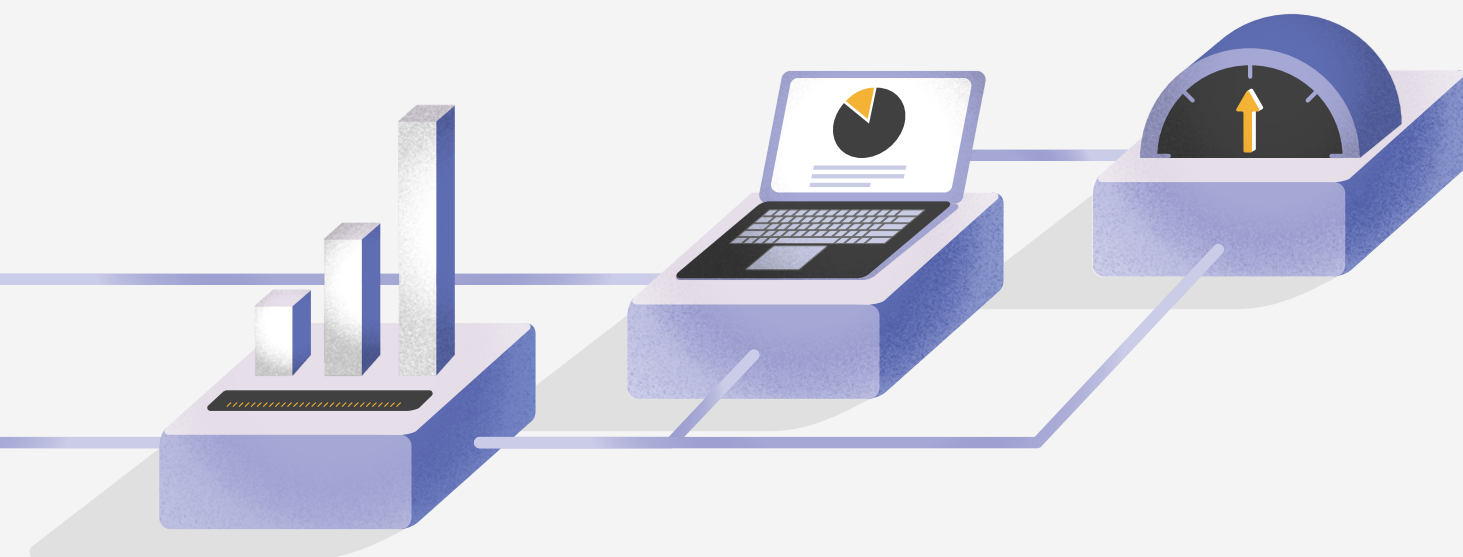
# Skills, resources and tools: How teams are equipped for digital media targeting

As they pursue their digital media targeting strategies, survey respondents are hoping to achieve a clearer view of attribution (71%), drive customer retention and loyalty (66%), and gain a better understanding of customer journeys (65%).

## Achieving targeting outcomes

**Q** Which of the following digital media targeting outcomes are important to your organization? Select all that apply.





For agencies, the first step in building an effective targeting strategy is the development of a comprehensive understanding of the client and their customers. And that's still an exercise rooted in human experience and relationships.

"The best success comes from having dedicated people at agencies who know their clients and have a good understanding of their marketing plan and product," said Harness at Wiland. "We've seen success drop off for our agency clients when talent that had expertise with a specific account left the agency."

Success is also about building dynamic teams that can work effectively in a changing marketplace. Brady Gadberry, senior vice president of product management at Wiland, said that, as an example, recent supply chain issues have impacted clients' product inventory and thus their ad spend.

"Clients have had to pull back on advertising in some areas and push advertising in others," said Gadberry. "Teams have to know their customers and what's happening within their own product mix, and also be able to adapt and redirect strategy to fit new and changing circumstances."

James Hardy, executive director of digital transformation at media and telecommunications brand Virgin Media O2, said that being able to adapt targeting strategies to changing environments requires a commitment to testing new solutions.

"There must be a budget for testing and experimentation with partners to explore new channels and new advertising

methods," said Hardy. "At Virgin Media O2, we run 'moonshots' to test advertising techniques and channels with products to see if they can acquire more customers in innovative ways."

A marketing team's tech stack also comes into play. As the anonymous signals attached to third-party cookies disappear, media planning and buying teams are approaching technology and data partners to identify alternative signals that indicate unique individual qualities like propensity to purchase. There isn't going to be a one-size-fits-all solution, though – tech partners, publishers and brands are working together to develop and test privacy-first identity solutions that will allow for more accurate and scalable consumer targeting.

**"Teams have to know their customers and what's happening within their own product mix, and also be able to adapt and redirect strategy to fit new and changing customers."**

– Brady Gadberry, senior vice president of product management, Wiland

# Advancing segmentation

Factors influencing how respondents select audience segments for their campaigns are split across the board. While conventional wisdom suggests that decisions around segmentation are primarily influenced by a DSP or other platform's ease of use (44% of respondents selected this option), a data provider's reputation for quality and data ethics (60%), the ability to customize audiences using platform tools (59%) and the cost of audience (56%) scored higher as key factors driving their decisions.

Creating audience segments to target begins with advertisers knowing who their customers are and (perhaps more importantly) which customers drive revenue. Historically, companies have analyzed benchmarks like average order value, lifetime value and even negative engagements like email subscriber opt-outs. Once advertisers have an understanding of their customers, they can then use additional data sources and predictive analytics to identify more like-minded customers in an effort to build segments for acquisition campaigns.

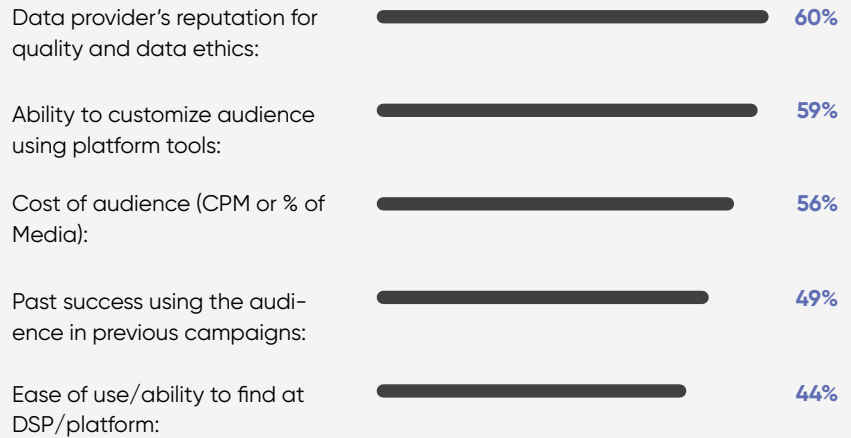
Amir Malik, head of growth marketing at Accenture Interactive, the marketing services business of consultancy giant Accenture, said that creative thinking, a data-driven strategy and a clear view of the customer are all important for effective segmentation.

"Teams also need an understanding of the full customer lifetime value, beyond the cost per acquisition, to then pinpoint audiences that are high quality," said Malik. "In the telecommunications sector, for instance, this is relevant for orders to completion and profitability of the product and customer. We're also looking at what attributes and patterns we can discern from that pool of customers to feed our targeting strategy."

Deciding how to build or select segments depends on what companies are trying to accomplish with their targeting

## Factors influencing audience segment selection

**Q** What factors are influencing your selection of audience segments for your digital campaigns? Select all that apply.



efforts. One approach is providing audience criteria to a third-party technology partner whose analytics solutions can be used to build a segment around that criteria.

Gadberry at Wiland indicated that determining how to segment varies greatly by client.

"A nonprofit organization, for example, will typically have a good understanding of who their customers are, because as donors they have a direct relationship," said Gadberry. "We're able to leverage very specific data from that kind of direct relationship to understand and inform really great targeting."

For clients that operate in certain markets like CPG, relationships might not be as direct, so individualized data isn't as accessible. In these cases, Gadberry said that the best approach is to acquire additional spending and psychographic data to aid in segmentation.

"A brand's access to data influences the targeting strategy, and the targeting strategy influences the creative and marketing channels the brand will use," he said. "Determining how to segment depends on access and what depth of data there is with a client. What's great is that there are a number of high-quality data sources and new tools to help reach audiences with a high degree of relevance."



# The cross-channel equation: Assessing budget, measurement and ROI

Measuring media targeting effectiveness and ROI requires comparative testing methodologies – whether it’s conducting A/B tests of creative, analyzing response by channel, or comparing response of a segmented audience with that of the general population. Most importantly, accurate lift measurement across channels depends on addressability, and addressability depends on reliable audience data.

“For advertisers who focus on collecting customer data, understanding that information, and then applying it iteratively in marketing campaigns, it’s possible to connect the dots that lead to accurate measurement and attribution,” said Clayton at Wiland.

Hardy at Virgin Media O2 said that measurement is a critical component for his team when it comes to deciding how to adjust campaigns mid-flight and post-flight.

“The insights garnered through measurement are used in several ways, but for in-flight campaigns, targeting needs to be instantaneous based on changing customer behavior and journeys,” said Hardy. “This is achieved through the real-time feedback loop of signals measured in our in-house-built predictive models – including propensity, churn and lifetime value – that sit within the Google Cloud Platform. These are then pushed back out to our activation channels for quick and responsive action. For follow-up campaigns,

measurement is key for our teams to get a true understanding of the campaigns, as well as to learn and iterate for better targeting in the future.”

As marketers navigate measurement obstacles and opportunities around digital media targeting, they are also faced with the challenge of deciding which marketing channels to prioritize. This is especially true as connected TV (CTV) and addressable video gain traction.

CTV adoption by consumers has [grown significantly during the pandemic](#) and, in turn, has become an essential marketing channel that is seeing [increased ad investment](#). Clayton at Wiland said that because CTV can be measured, it has become a go-to channel for performance-focused marketing teams.

“With CTV, marketers have the data. It’s just a question of finding a partner or mechanism to use that data effectively,” said Clayton. “CTV presents a great transition from brand dollars into more performance and measurable dollars.

“And once you become addressable and measurable, you fundamentally become cross-channel,” added Clayton. “You are more protected from issues like ad fraud, because your targeting ties back to something real, which anonymous third-party cookies could never do.”

More than half of respondents (52%) said that they are able to measure the success of their digital targeting with moderate accuracy, while one-third (33%) said they are able to measure results with a high degree of accuracy.

## Measuring targeting effectiveness

**Q** How accurately can your organization measure the results of your digital media targeting?



# The pursuit and trade-offs of speed, scale and accuracy

As marketing teams aim to build effective digital media targeting strategies, three factors are frequently cited as top of mind.

Based on a weighted ranking scale, respondents said that accuracy is most important to them in their digital campaigns, followed by scale second and speed last.

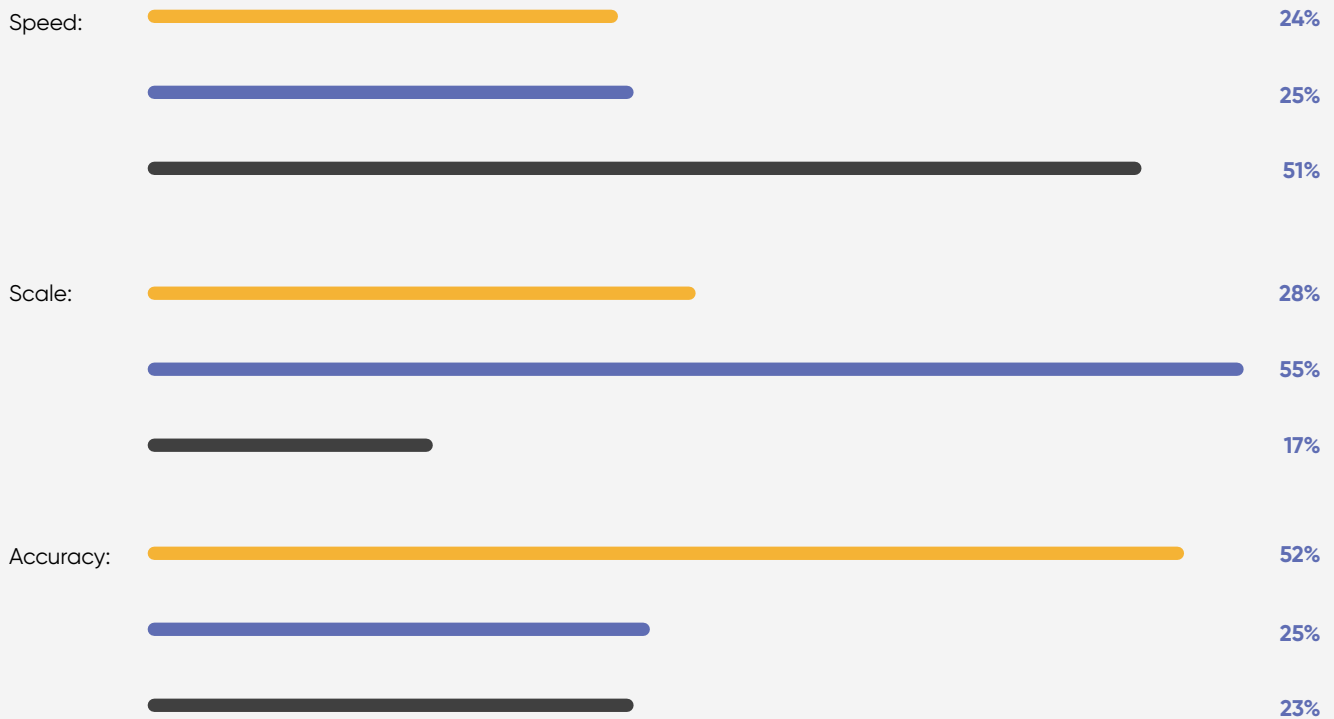
**Speed:** quickly finding and activating pre-built audiences directly at their platform of choice

**Scale:** finding sufficiently large targetable audiences to drive impression KPIs

**Accuracy:** finding or creating well-targeted audiences that deliver the highest response rates

## Assessing speed, scale and accuracy

**Q** Which of the following dimensions of media targeting are the most important to you in your digital media campaigns? Please rank your choices, with 1 being most important, 3 being least important (percentage order: most important to least important).

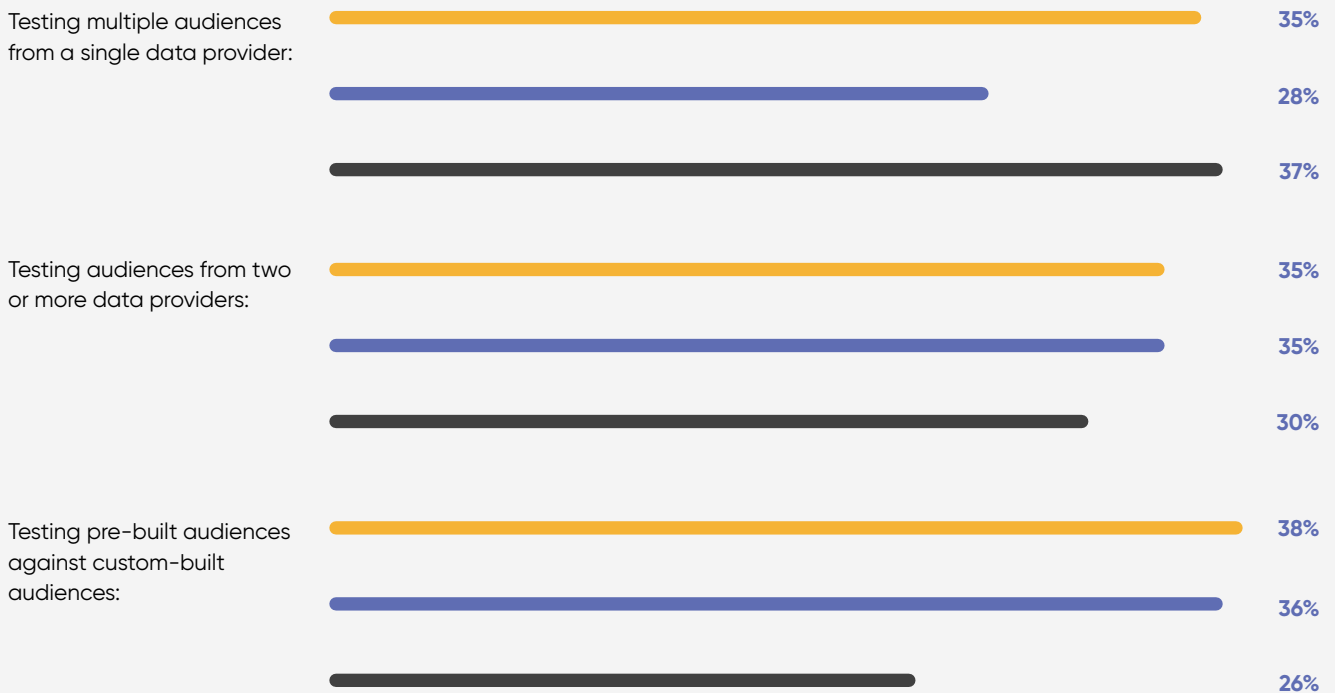


Brands and agencies take different paths to finding their own balance of speed, scale and accuracy. Survey respondents were evenly split in their priorities when it comes to activating digital audiences although the number one priority for more than half was accuracy.

Testing multiple audiences from a single data provider, testing audiences from two or more data providers and testing pre-built audiences against custom-built audiences all received consideration as the most important priority. These results show the extent to which media buyers are willing to adopt multiple audience selection and testing approaches.

### Audience selection methodologies

**Q** When activating digital audiences for campaigns, which of the following selection methodologies are you most likely to use? Please rank your choices, with 1 being most important, 3 being least important (percentage order: most important to least important).



To develop a cohesive media targeting strategy, marketers are required to choose the factors that are most important to their campaign goals – and to accept the tradeoffs that necessarily accompany the benefits. For example, accuracy can suffer somewhat as scale increases; and the time it takes to validate media targeting accuracy can mitigate the speed of campaign deployment.

For luxury bag brand Caraa, for example, [pivoting their targeting strategy](#) to focus on first-party data is a calculated strategy that puts accuracy ahead of scale. First-party data is inherently more difficult to collect and harder to scale – but in the brand's opinion, the accuracy and quality of the customer information they've amassed offsets any concerns about speed and scale.

That's not true, of course, with mass market product marketing. "If you're working with a company that sells tissues, they're looking for a mass market – people with noses. For them, scale is most important because precision and accuracy matter less," said Gadberry. "For a more niche type of product, precision might be the only thing that matters. What's important for advertisers and agencies is having the ability to fit the audience segment to the problem they're trying to solve for a particular brand."

Hardy at Virgin Media O2 said that his team, which uses customer data platform Zeotap, has used first-party data in a privacy-first targeting strategy intended to build audiences

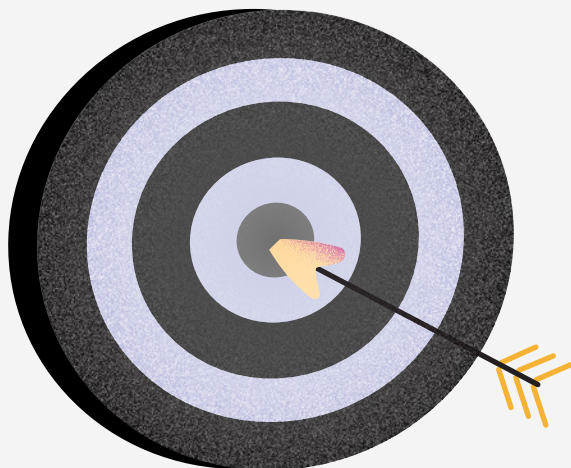
for suppression of existing customers. Excluding current brand loyalists lets Hardy's team maximize the brand's media budget without wasting acquisition campaign dollars on customers they've already acquired.

"The persistent nature of email addresses and other personally identifiable information (PII) used in coordination with automated integrated pipes ensures our database of customers is continually updated," said Hardy. "This is all enabled by our privacy framework, which pairs marketing preferences with customers. We realized that this data in the digital media space can go so much further, and we will use our existing customer data in lookalike audience use cases as well."

In an effort to reach segmented audiences and increase brand awareness in key target groups, real estate brand Re/Max is also using highly accurate customer data for [addressable television targeting](#). As a response to decreased cable TV subscriptions and increased audience fragmentation associated with the cord-cutting trend, the brand launched an aggressive addressable TV campaign to reach specific target audiences.

"[A recent spot was] a national buy, but we were literally able to target one house, skip the next three, target the next four, skip the next five – whatever it might be based off of different attributes, different behaviors, different signals across these channels," James Schwartz, vice president of marketing and media strategies at Re/Max, told *Digiday* in 2021.

Re/Max's marketing team analyzed consumer data points from social media, online searches and mobile apps to segment audiences and inform their targeting strategy. According to Schwartz, data touchpoints like the number of trips a consumer took to a hardware store and shopping habits within a certain area helped Re/Max decide if that consumer was selling their home or not. The brand could then target those consumers with ads explaining how a real estate agent could help.



**“The wealth of permissioned first-party data available for analysis and audience modeling in a data cooperative enables superior digital media targeting.”**

- Michelle Harness, division vice president, Wiland

# The future of digital media targeting: Evolving current strategies

The pursuit of effective, privacy-compliant media targeting is garnering greater attention, leading to use of both proven and new solutions. For example, while contextual targeting allows a large number of impressions to be served in a short period of time with a certain degree of accuracy, brands and agencies are seeing the benefits of more accurate deterministic targeting enabled by collaborative first-party data partnerships.

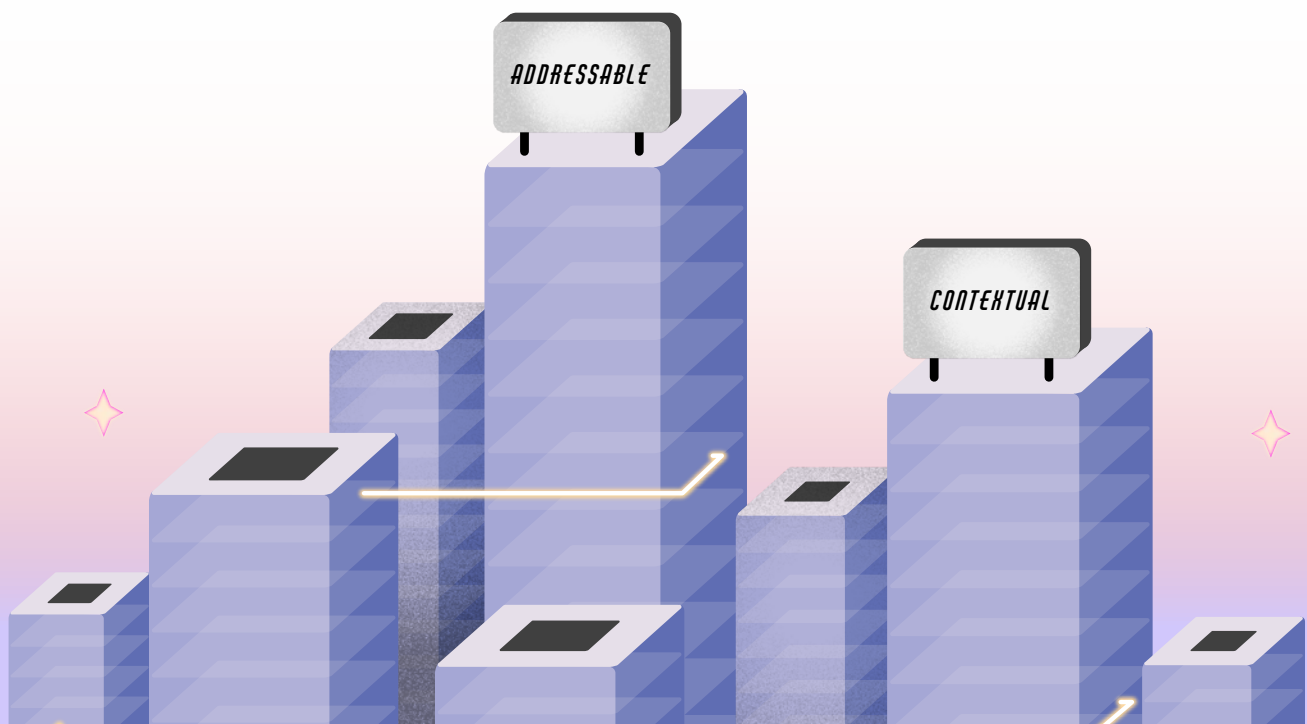
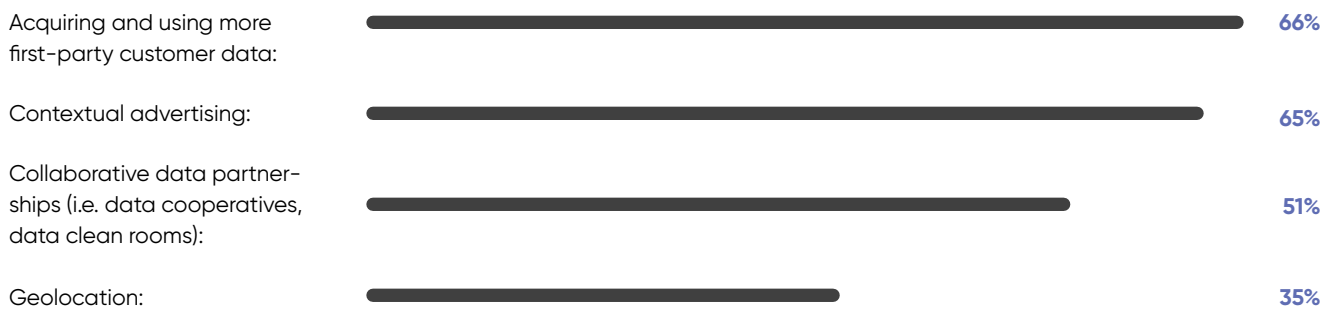
Organizations are entering into innovative data collaborations to strengthen their privacy-first ad targeting. Disney, for example, recently launched a [data clean room solution](#) with a library of more than 1,000 first-party segments. The solution is already being used by Omnicom Media Group, Drivetime and others.

Brands that participate in cooperative databases may find a distinct advantage in their ability to target advertising more accurately. "We see clients' return on their advertising investments increase immediately upon their joining our cooperative database," said Harness. "The wealth of permissioned first-party data available for analysis and audience modeling in a data cooperative enables superior digital media targeting."

In 2022, survey respondents plan to prioritize using and acquiring more first-party customer data (66%), contextual advertising (65%) and collaborative data partnerships such as data cooperatives and clean rooms (51%).

## Top-of-mind targeting tactics

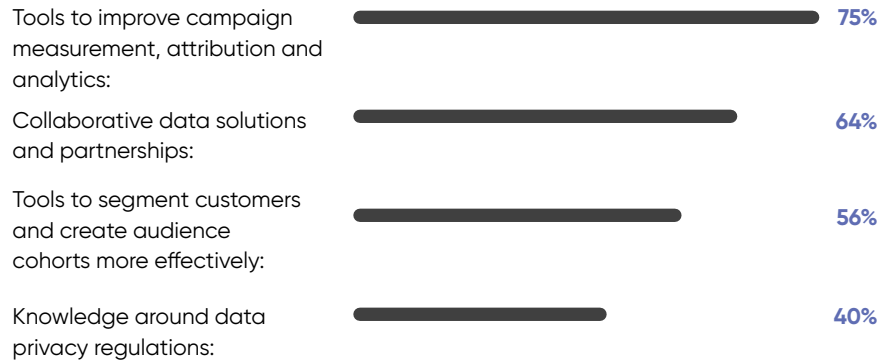
**Q** Which element(s) do you plan to prioritize the most over the next 12 months as you advance your organization's media targeting strategy? Select all that apply.



Survey respondents also plan to invest in resources such as tools to improve campaign measurement, attribution and analytics (75%), collaborative data solutions and partnerships (64%) and tools to more effectively segment customers and create audience cohorts (56%).

### Investing in new resources

**Q In what resources does your organization plan to invest over the next 12 months? Select all that apply.**



As marketers refine their digital media targeting strategies, customer acquisition and engagement are top of mind. Nearly half of survey respondents plan to focus equally on achieving these priorities through their digital media targeting this year.

### Engagement versus acquisition

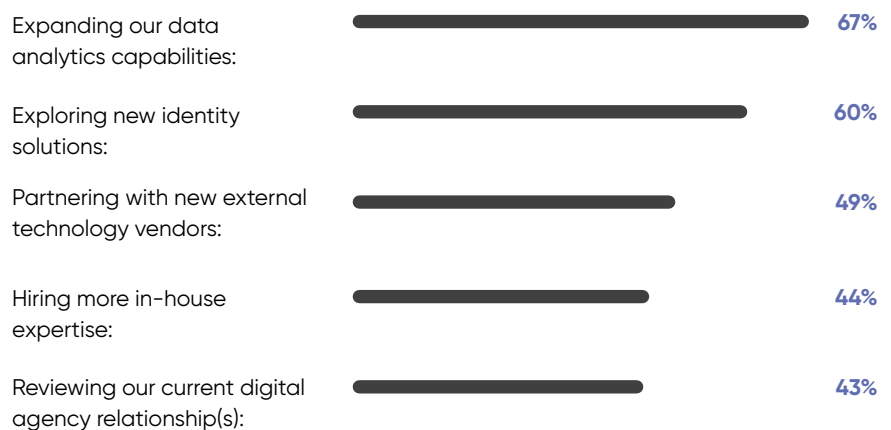
**Q How will your organization's digital media targeting in 2022 prioritize engaging current customers versus reaching new prospects?**



To improve their overall digital media targeting strategy, respondents plan to expand their data analytics capabilities (68%), explore new identity solutions (60%) and partner with new external technology vendors to optimize targeting approaches and capabilities (49%).

### Future targeting approaches

**Q What steps are you planning to take to improve your organization's media targeting strategy over the next 12 months and beyond? Select all that apply.**



# Targeting takeaways

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As companies seek to improve their digital media targeting in 2022 and beyond, working with third-party technology vendors and data partners that can enhance existing data sets, improve analytics and improve audience segmentation will be critical. Brands and agencies are seeking partners that they can trust and partners that can validate success with measurable results – two qualities that ultimately reinforce one another.

“The client should feel that their technology or data partner is part of their team and cares about their success,” said

Harness at Wiland. “Companies will look past the technology and want to know that their data partner is able to help them achieve their business objectives.”

Moving forward, marketing teams will need to tailor their messages to ever more specific customer segments while still maintaining the privacy of the consumers who make up those segments. The following steps will help brands and agencies achieve success while striking the optimal balance of speed, scale and accuracy that is most appropriate for their unique campaign objectives:

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## Develop a robust understanding of the customer base.

Brands that have a detailed understanding of how their customers engage and spend with them can make good use of a third-party data partner to translate that knowledge into high-response prospect audiences. From there, the brand can improve campaign performance by developing messaging that caters to people who spend and behave like their existing customer base.

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## Build trusted collaborative data partnerships.

Brands can't go it alone. Most don't have sufficient data for large-scale prospecting without using data cooperatives, data clean rooms and other collaborative solutions. Collaborative data partners are enabling brands to unlock and expand upon the potential of their CRM data.

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## Constantly test and iterate.

Marketing teams need to ensure that ad creative that performed well with an audience segment one week garners the same or better results the next week. Media placement frequency, time of day and other variables should be tested and compared in order to optimize campaign performance. Different audience segments should be tested against one another for response rate and other metrics.

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## Remain agile amid a changing environment.

With consumer behavior constantly changing, long standing beliefs about a core customer segment may also need to change. Data must prevail over assumptions. This data-driven approach will also need to be applied to reaching new customers. Being able to adapt quickly to new opportunities with the help of a trusted data partner will be fundamental for achieving long-term digital media targeting success.



## About Wiland

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Wiland is a leading provider of high-performance marketing audiences that enable relevant connections at scale across all digital and offline channels. Wiland operates the largest independent cooperative database in the U.S., helping thousands of leading brands and organizations use first-party data to optimize their return on marketing investment. Wiland's superior audiences, enhancement data and business intelligence solutions form a comprehensive suite of products that solve today's greatest marketing challenges. Since 2005, Wiland has assembled the brightest minds, the best technology and the most extensive individual-level spending data in order to deliver a competitive advantage to its clients. Beyond fueling the success of thousands of organizations, Wiland serves as an industry innovator of targeted marketing solutions that have their foundation in consumer data ethics and privacy protection.

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