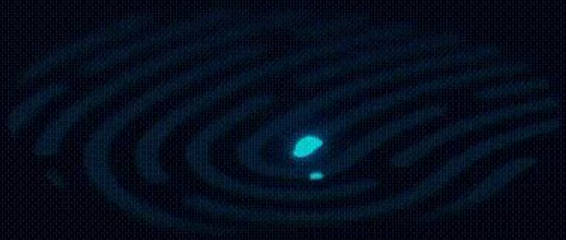


mediaschneider



Advertising
Technology.



Agency Perspective

DEX23 TALK Advances in Data & Identity

September 6th 2023

Contents

What we will cover today

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2nd party data

Contextual Advertising

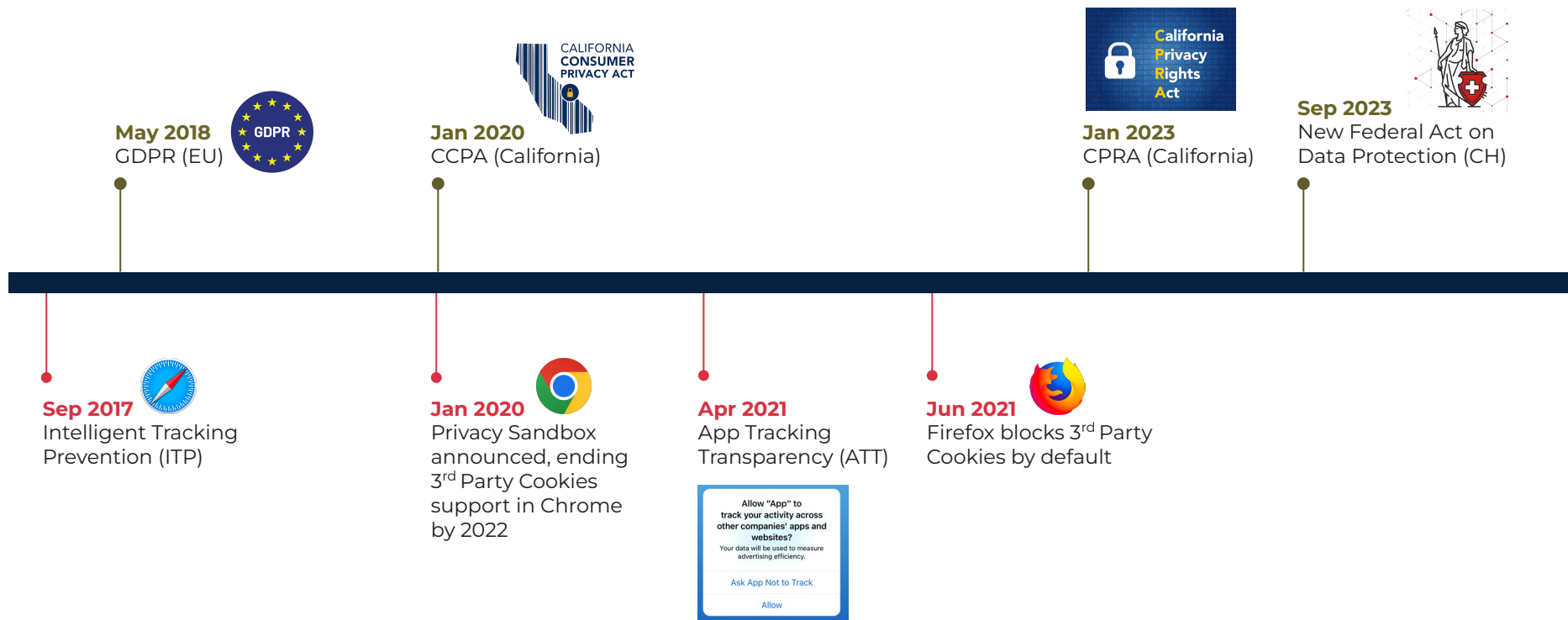
Interest-based targeting

Food for thought

Conclusion

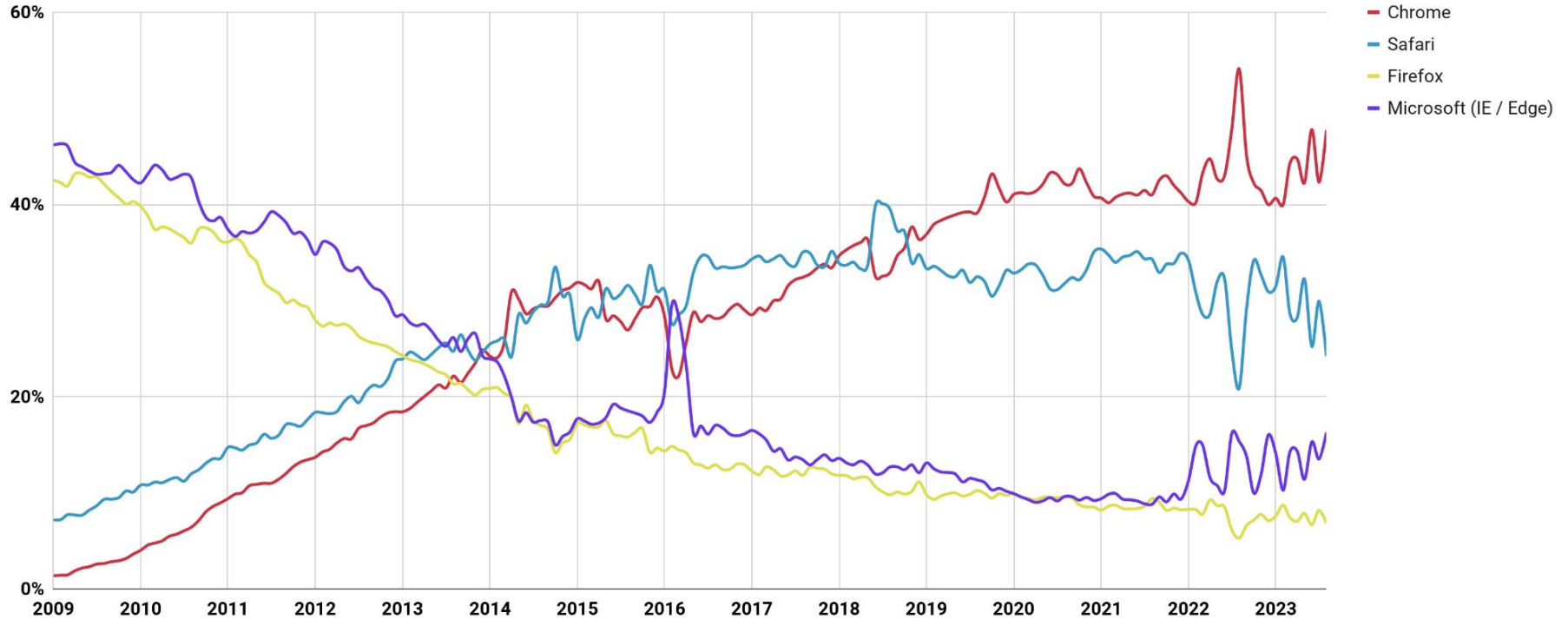
A glance back

Major legal and technical restrictions



Chrome became the dominant browser

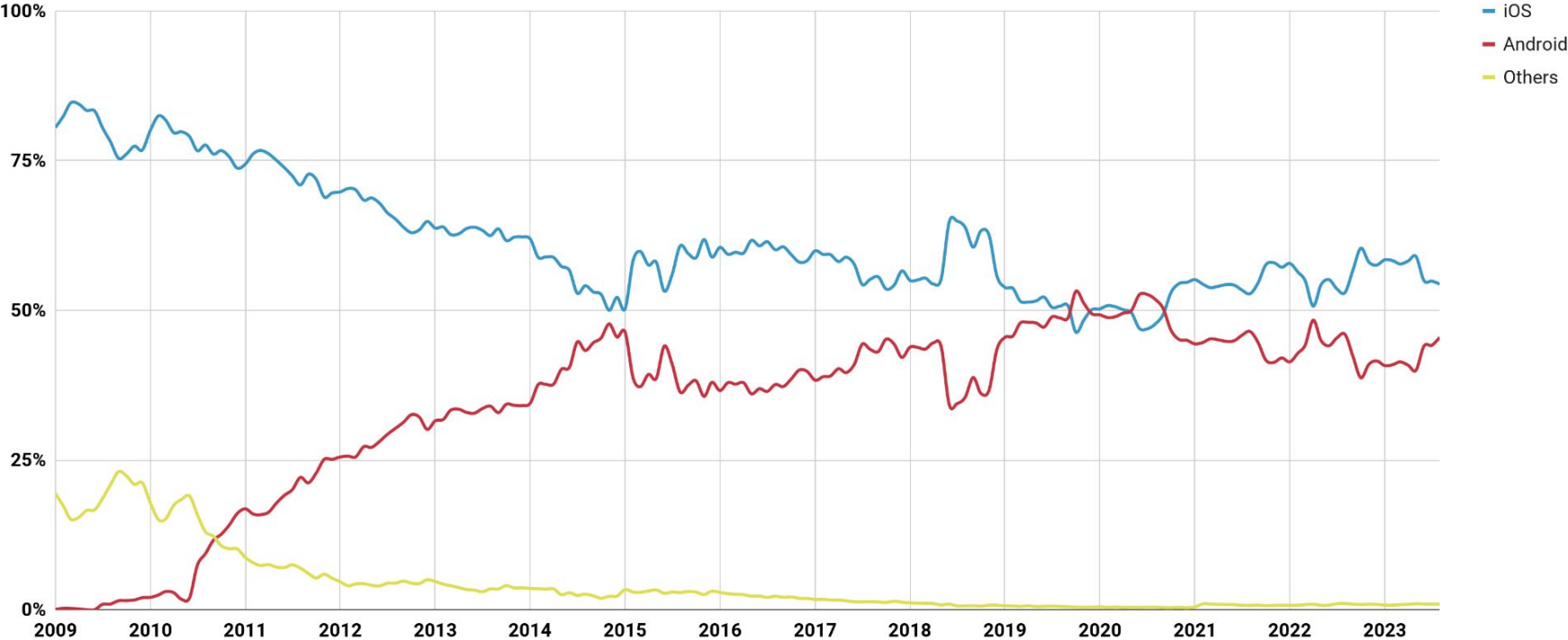
Browser market shares in Switzerland¹



¹Source: StatCounter: Browser Market Share Switzerland, August 2023, <https://gs.statcounter.com/browser-market-share/all/switzerland>

iOS widely used in Switzerland

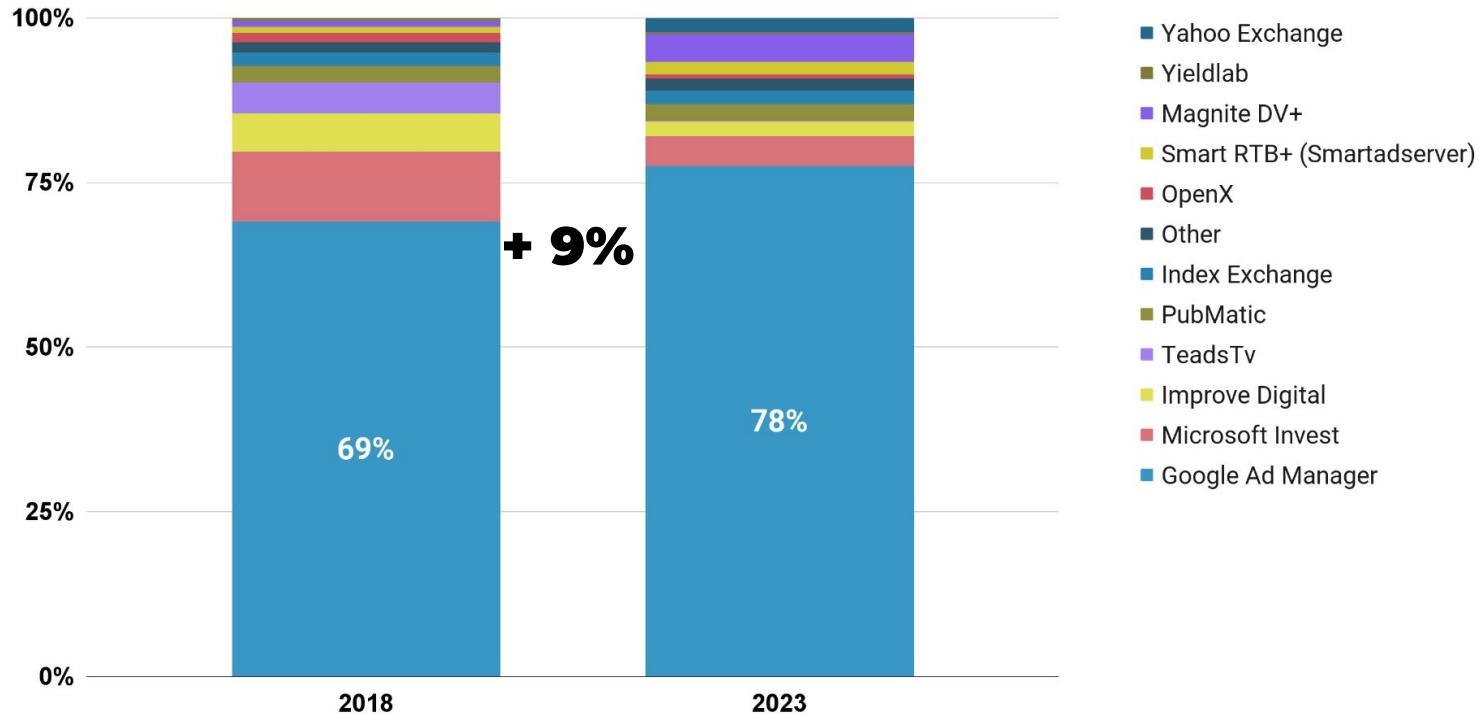
Market share of mobile operating systems in Switzerland¹



¹Source: StatCounter: Mobile Operating System Market Share Switzerland, August 2023, <https://gs.statcounter.com/os-market-share/mobile/switzerland>

Less diversity and more concentration

Exchange distribution by media spend on Display & Video 360¹



¹Source: Mediaschneider Data Warehouse (origin: Display & Video 360), reporting period 2018-01-01 to 2018-12-31 and 2023-01-01 to 2023-08-31, includes over 1bn ad impressions. Note: YouTube spendings excluded.

Solutions



Types of data: from zero to 3rd party data



Zero party

Voluntarily shared



1st party

Collected via consumer's interaction with its properties



2nd party

First-party data sold with permission to another business (partnership)



3rd party

Information collected by entities unrelated to the user's direct interaction

Self-reported

Direct relationship, not shared

Individual data, consented, low volume, high accuracy

Indirect, shared

Aggregated, high volume, low accuracy

Zero and 1st party data: considerations

An advertiser's point of view

Before collecting data, define which data you need to collect

Only collect customer data that you intend to use

Be open and transparent, why you collect customer data and how it will be used

Offer value in exchange for data

Building customer trust

Take privacy seriously

How to leverage 1st party data

Field-tested approaches Mediaschneider uses with clients



Google Analytics 4

← Churn Probability >90%

This Audience includes people that are very likely (>90%) to churn.

Include users when:

Churn probability

And

+ Add condition group to include

Add group to exclude

Configure prediction

User range

Most likely to churn
Top 20% of users

Least likely to churn
Bottom 20% of users

Custom
Customize user range

90 to 100 percentile

Prediction window

In the next 7 days

Prediction summary

This summary only considers the predictive metric. Any additional condition filters will also impact the audience size.

Churn probability over user percentile

Average probability 0.975

Users in selected range	Users expected to churn
14,741 10% of all users active in last 7 days	14,366 11% of all users expected to churn

Cancel Apply



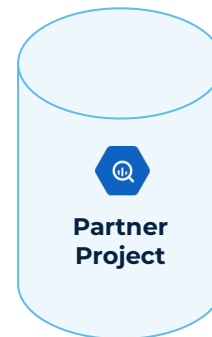
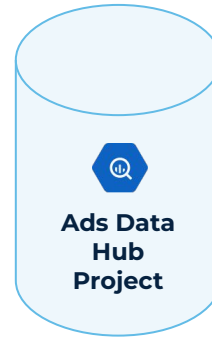
Ads Data Hub



Campaign Data



Google Ads



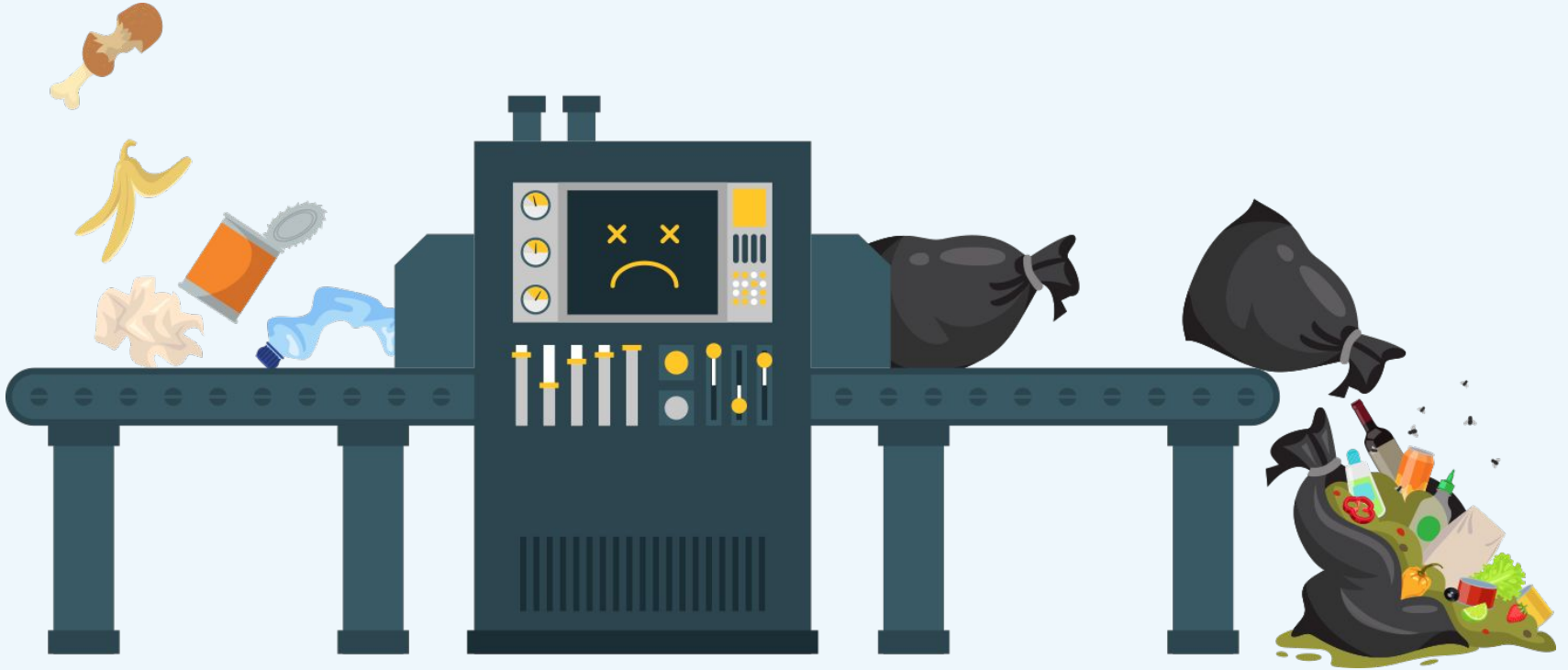
Client Data (CRM)

HubSpot



One last thought on zero and 1st party data

GIGO Principle: **G**arbage **I**n, **G**arbage **O**ut



2nd party data: considerations

Form partnerships with other companies to exchange data that users have cleared for certain purposes

Definition

- Another company's first-party data that's up for sale
- Example: car dealership selling data to an auto parts chain

Benefits

- Enhances understanding of prospects and customers
- Expands marketing reach to similar audiences
- Direct acquisition gives a competitive advantage

Drawbacks

- Integration challenges from varied data standards
- Scarce data-sharing partners
- Trust concerns, highlighted by Cambridge Analytica and regulations like GDPR & CCPA



Contextual Advertising: back to the future?

No identifier needed, advances through AI

Contextual targets ads based on the user's browsing environment (website content, keywords, location, device type). Users see ads **relevant** to their **content** while maintaining privacy.

Drawbacks

- Inaccurate keyword analysis, insufficient real-time optimization
- Rise of “content farms” – spammy, AI-generated news sites that divert significant ad revenue.
- Has a limited reach, as ads appear only on related sites.

AI's role in Contextual Advertising

- Machine learning and natural language processing improve contextual targeting.
- Potential to understand beyond text – audio, videos, apps.
- It should be a component of a broader strategy.

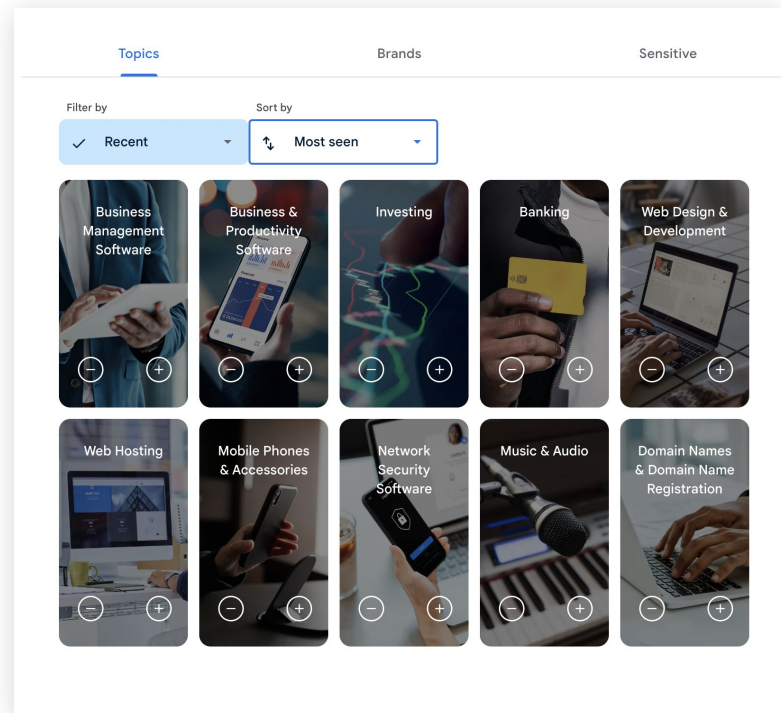


Interest-based targeting

Are there promising alternatives to 3rd Party Cookies?

Example: Topics API

- Allows websites to serve relevant ads without compromising user privacy.
- Avoids covert tracking techniques like browser fingerprinting.
- Offers better user privacy than third-party cookies.
- Still in development. Fully launch expected in 2024.



Food for thought



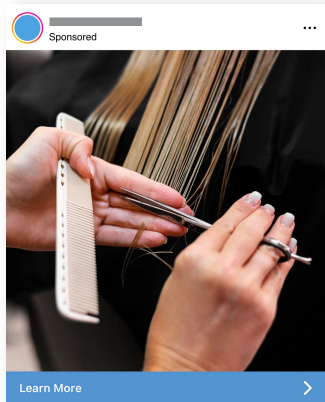
Is targeting worth it?



The increase in performance needs to offset the additional cost¹

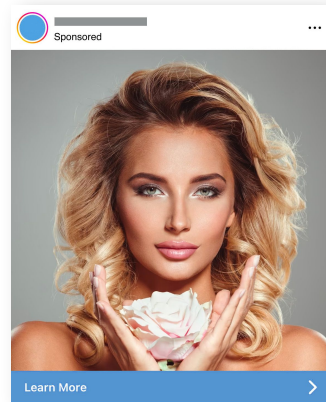
A (fictional) example

A hair salon in Zurich is planning a campaign on **Instagram** with a budget of **CHF 2'000** to acquire new customers. Location targeting Zurich and a radius of 20 km.



Strategy A

No additional targeting
⇒ est. audience size: 1.1M
CPM CHF 4.00



Strategy B

Interest "Hair & Beauty" and women
⇒ est. audience size: 75K
CPM CHF 10.00

Strategy A

500'000 Impressions
Average Frequency 0.45
Conversion rate: 0.03%
Result: 150 conversions

Strategy B

200'000 Impressions
Average Frequency 2.67
Conversion rate: 0.18%
Result: 135 conversions

The **additional cost** of targeting is often underestimated and overlooked!

¹Ahmadi, I., Abou Nabout, N., Skiera, B., Maleki, E., & Fladenhofer, J. (2023). Overwhelming Targeting Options: Selecting Audience Segments for Online Advertising. International Journal of Research in Marketing. Available at <https://www.sciencedirect.com/science/article/pii/S0167811623000502>



Conclusion

Conclusion

Legal and technical restrictions are here and are likely to increase

Proven solutions have emerged

Most promising solution for advertisers: leverage your zero and 1st party data

Focus on data quality

Make a cost benefit analysis regarding targeting

Thanks!



Moritz Schneider

CEO

m.schneider@mediaschneider.com

mediaschneider



Advertising
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Mediaschneider AG & Hoy AG

Zollikerstrasse 141 | 8008 Zürich

+41 44 387 52 72 | www.mediaschneider.com