

Why data-driven media buying strategy is here to stay

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In spite of the evolution of advanced marketing technologies, the heavy fragmentation of online users continues to pose an enormous challenge for online media buyers. The rigorous task of getting the right message to the right audience at the right time and in the right place can only be achieved through greater insights into audience data using a sophisticated real-time targeting strategy. The new wave of change, propelled by the emergence of Demand-Side Platforms, Sell-Side Platforms, Ad Exchanges, Real-Time Bidding, and Data Mining Companies, will force key stake holders to redefine their business model in order to stay competitive in this fast-moving industry. Media agencies and ad networks will have to defend their share of the industry's revenue pie by providing the extra value for brands and employ data-driven strategies that will guarantee their continuity.

Furthermore, the task of planning, executing, and managing has over the years become a rocket science for media agencies and marketers due to the complex fragmentation of target audiences and the growing need to eliminate campaign budget waste.

With the arrival of exchanges, a new level of simplicity and efficiency was brought to the media buying scene

In spite of the challenges, ROI-oriented marketers that are more focused in making the bottom line look sexier are capitalising on these evolving trends by integrating an audience-centric approach in their online campaign strategies. They are employing expert knowledge to identify opportunities and enhance campaign performance throughout the concept, design, planning, execution, and reporting phase of their online marketing campaigns.

Audience data is king

In the last couple of years, the online ad industry was overwhelmed by the emergence of Demand-Side Platforms and Real-Time Bidding. They represent a new age of online media consumption that was set to render the traditional online media buying models powerless and possibly force ad networks and agencies out of business. Despite their breakthrough, about 81% of US media agencies still buy online advertising through an ad network, according to a 2010 eMarketer and STRATA survey. However, many analysts believe that Exchanges and DSP's, are the next big things.

In the future all digital media will be biddable

In another development, the recent acquisition of Admeld for \$400 million by technology giant Google should send a strong message to the rest of the industry. Also, its acquisition of DoubleClick Ad Exchange in 2007 and its entry into the display ad market clearly signifies a reinforcement of the company's position in this industry.

As media buying trends evolve, the traditional media buying model continues to crumble with more and more large brands switching to direct media buying from inventory owners in real-time bidding market places. Despite their continued dominant role, ad networks that intend to stay competitive and thrive in this fast-moving market should become more audience driven, ready to adapt their business models, partner with technology companies and integrate across multiple platforms in order to be able to meet the growing demands of a new era of marketers that place a higher value on audience data rather than inventory.

The new Era of Ad Exchanges and Real-Time Bidding

Marketers' quest for greater control, transparency, and insight into how and where each ad dollar is spent led to the birth of

Demand-Side Platforms that should enhance accessibility and simplify interface in Real-Time. DSP's help buyers and sellers capitalise on RTB. Instead of inventory, RTB enables marketers to buy audiences they consider important on an impression by impression model in a real-time environment.

Furthermore, it enables the customisation of ads with great contextual relevance to the user at the moment of delivery. This results into greater user experience, higher brand impact that should promote deep relationships over time, and increase engagement that can produce desired campaign results, and hence impact marketers total advertising ROI.

This fundamental wave of change is the future of online media consumption.

Publishers in the Ad Exchanges

DSP's are a win-win situation for marketers and publishers. Publisher's unsold inventory that failed to go through direct sales could be a 'gold mine' in an exchange environment depending on the user characteristic and moment of bidding. The so called remnant inventory that often goes unsold could return the greatest possible revenue for publishers.

Ad Networks

Despite the challenges resulting from evolving trends in media consumption, ad networks however continue to play a significant role owing to their higher audience penetration as a result of their extensive reach of large groups of websites. Nevertheless, they will need to adapt their business models to the current realities of online media trading and integrate across multiple platforms with advanced targeting techniques that advertisers deem important.

Media Agencies

Agencies are facing tougher times due to the rise of DSP's. They will have to "defend their seat at the table". For media agencies, adapting to the current realities of an evolving data driven market in which consumers are in control will be crucial to their survival. This will require a critical reassessment of their business models and the provision of extra value in order to be able to compete with more transparent and simplified platforms that enable brands to buy audiences in real time using minimum resources that can produce greater impact. Furthermore, their success will depend on the extent to which they integrate the latest data driven technologies and the implementation of an integrated communication strategy that will foster engagement for their clients. Moreover, they will need to transform in order to remain relevant. Only then, will they be able to secure and maintain their share of the industry's revenue pie.

Finally

The too often discussed issues of scale and performance still remain unresolved. For some reason, scale maybe an important aspect for an advertising campaign, but performance is now the overriding objective most advertisers are keen to achieve.

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