Nico Neumann

analytics-whisperer.com

THE UNIVERSITY OF MELBOURNE
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MELBOURNE BUSINESS SCHOOL

How Wrong Audience Targeting And AI-driven Campaigns Undermine Brand Growth

Research Partners and Supporters – A Big Thank You

Catherine Tucker
Sloan Distinguished Professor

Willem Paling
Director, Customer & Growth Analytics

Luke O'Brien
EVP/ Managing Director North America

**Programmatically-bought advertising is typically known for 3 things:**

1. Automating buying processes [sort of]

2. Enabling the targeting of 'audiences'

3. Machine learning/ AI optimized campaigns

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Left Article

ad exchanger
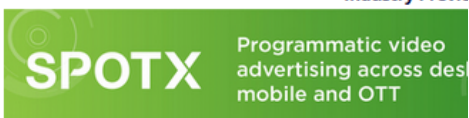
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Pandora Reorgs Business And Plans To Reinvest Savings In Ad Tech

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Inaccurate Segments May Be Costing Advertisers Billions

by AdExchanger // Friday, December 22nd, 2017 – 1:50 pm

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"Data-Driven Thinking" is written by members of the media community and contains fresh ideas on the digital revolution in media.

Today's column is written by Chris Kelly, founder and CEO at Survata.

We've all read the doom-and-gloom news about programmatic problems, from YouTube's brand safety issues to brand advertisers culling their spending and companies like Chase maintaining performance with drastically reduced ad placements. We've seen death prognostications of programmatic as the future of digital marketing, then even the death to the death of programmatic predictions. Dizzying.

**Chris Kelly
CEO at Survata**

Data-Driven Thinker

Right Article

ad exchanger

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Which TV Players Could Be In The Market To Acquire Ad Tech?

Zeta Global Buys Sizmek DSP And Rocket Fuel DMP Assets For $36 Million

»

When Did Flawed Data Become OK?

by AdExchanger // Tuesday, September 11th, 2018 – 12:05 am

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"Data-Driven Thinking" is written by members of the media community and contains fresh ideas on the digital revolution in media.

Today's column is written by Michael Mallazzo, director of marketing at Narrativ.

The data that powers the bulk of programmatic ad spend can only identify if a user is male or female about 50% of the time, according to an impeccably thorough report by Nico Neumann at Melbourne Business School.

In the eternal quest to figure out which "half of my ad budget is wasted," we may want to start here. Neumann's team estimates

**Michael Mallazzo
Director of Marketing
Narrativ**

Data-Driven Thinker

AUDIENCE DATA TYPES

1st party - My own customers. My data.

2nd party - Your customers. You share the data with me.

3rd party - Someone else's customers; don't know who.

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PROSPECTS & MAIN SOURCE OF GROWTH

We had a closer look at 3rd party audiences and validated these using 1st party data.

Results:

16-90% accurate

What does *accuracy* mean?

We need to consider audience results *with* and *without* targeting.

Results (vs. no targeting):

0-123% improvement

COST-BENEFIT ANALYSIS

Digital ad costs:

— **Ad serving, verification and agency of record**

Programmatic campaign costs:

— **DSP, SSP, trading desk and 3rd party data**

➢**Banner ad: extra costs for targeting of 151%**

GAIN:

123%

LOSS:

151%

BENCHMARKING POTENTIAL

Gender: 50% correct identification by chance

➢**Maximum possible improvement: 100%**

Same logic applies to many popular audiences:

➢**Advertisers want *scale* when selecting audiences**

➢***Scale* means the attribute is found frequently**

3rd PARTY AUDIENCE ISSUES

Unknown data quality; often inaccurate

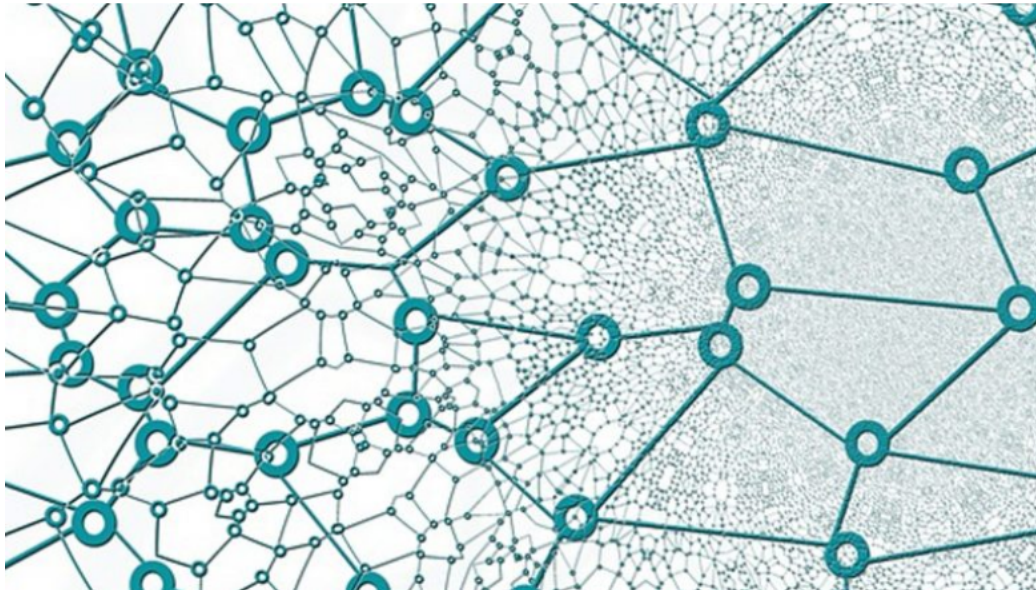Cost-benefit ratio is often poor: negative ROI

Also consider:

➤ Where is the data coming from? Data leakage?

➤ Do I really need the targeting attribute in theory?

Artificial Intelligence: The Next Frontier Of Programmatic Buying

KRISTINA GOLDBERG
March 20, 2018, 6:30 pm

Artificial Intelligence (AI) and machine learning are on the verge of revolutionizing programmatic media buying, and the reason is simple: In today's marketplace, AI has the ability to do far more than humans can handle on their own. Machine Learning, a broad area of computer-aided decision making, has been used in many aspects of marketing for years.

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How programmatic is evolving as machine learning kicks it up a gear

BY PARTNER ON 2 JUNE 2017   ⏳ 4 MIN READ

Mark Torrance, chief technology officer at Rocket Fuel, talks about a role that combines his interests in big data, machine learning, and user interface design.

We love machine-learning/ AI campaigns because they always look so great in our analytics dashboards and attribution models.

However, they often just fool the attribution systems. In particular, for targeted campaigns.

Algorithms blindly connect dots. They fit curves and find correlations & associations.

Measurement = baseline + ad effect

Targeting affects this part:
Find people who are most
likely to convert

Example: Joe and Jane differ in their conversion probability, independent of ads

Joe's conversion   = 0.5 + ad effect

                         = 0.5

Jane's conversion = 0.1 + ad effect
(no targeting)

                      = 0.1

Correlation Fallacy
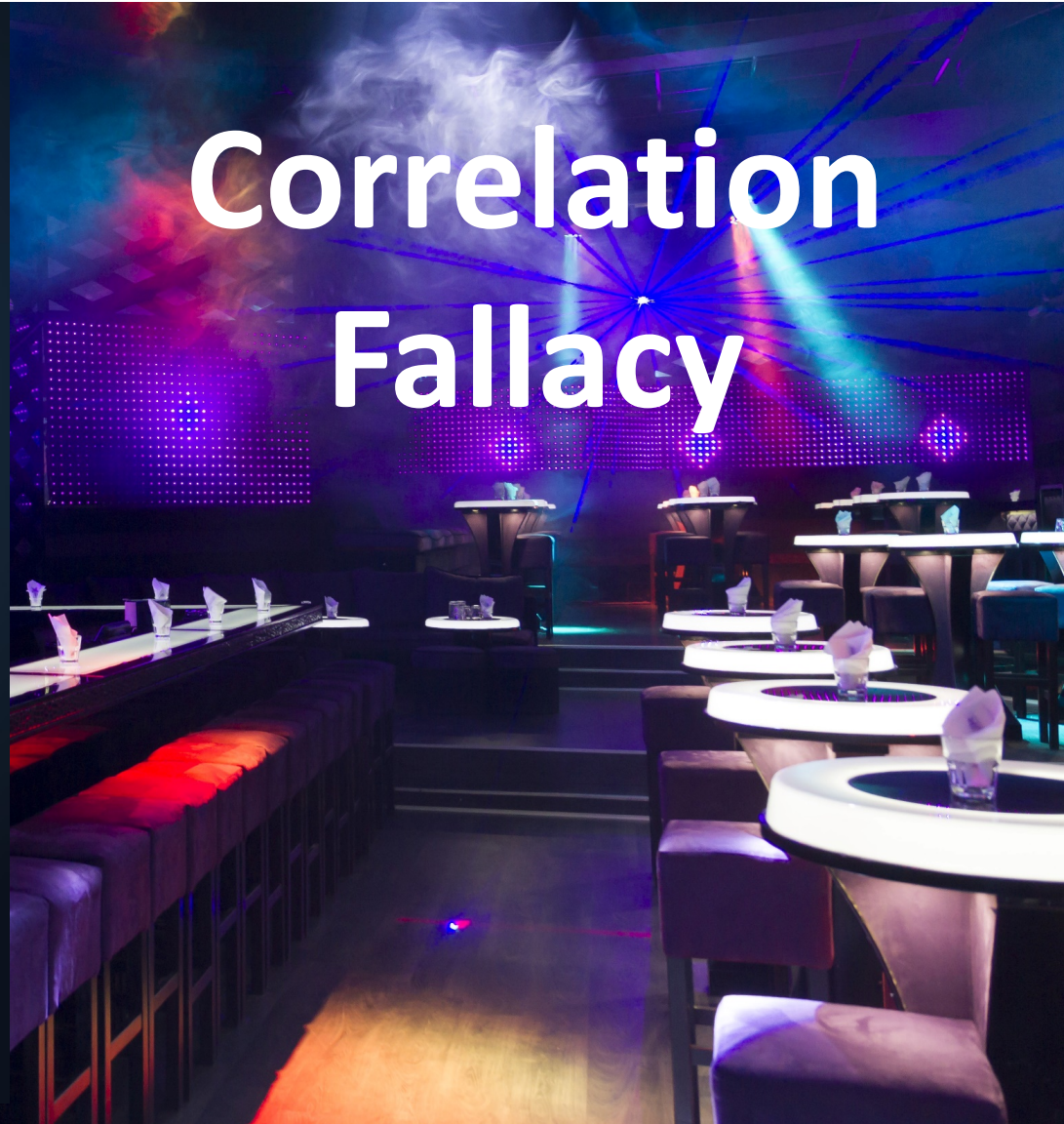
ATTRIBUTION CASE STUDY IAG

4 month retargeting campaign auto insurance:

➤ **Last-touch attribution:** **1767 sales**

➤ **Algorithmic attribution model:** **1676 sales**

➤ **True impact (proper experiment):** **-26 sales**

MOBILE

When Procter & Gamble Cut $200 Million in Digital Ad Spend, It Increased Its Reach 10%

Unilever is also reevaluating its budget

By Lauren Johnson | March 1, 2018

Pritchard continues to evaluate P&G's digital spend.
Getty Images

What sounds great on paper may not work in reality.

Mass-marketing (branding/ prospecting) campaigns without targeting and audience-data create better ROIs in many situations.

Always wear your business hat and put yourself in your customer's shoes.

Questions?

Get in Touch!

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or
analytics-whisperer.com