



The Age of Intelligent Advertising

Monetising media beyond the ad server

*How do we better monetise our ad inventory?
How do we harness the proliferation of mobile?
How can we drive more competitive advantage from our data?*

These questions are facing media providers in the rapidly growing and dynamic industry of digital advertising. New mediums offer huge opportunities, however the shifting landscape presents its challenges as legacy systems continue to hinder insight and innovation, inventory management becomes increasingly complex, competition grows quickly and the next disruption is just around the corner.

New Zealand's leading online marketplace, Trade Me was formed in 1999 and features sales for new and used goods as well as automotive, real estate, employment and online dating. As the largest online marketplace in the country that is well ahead of global giants eBay and Amazon, Trade Me is in an enviably competitive position.

Hayden Lee recently took some time to discuss how Trade Me is modernising to continue to stay ahead of its competitors. Hayden's previous role was the Head of Advertising Strategy & Operations for APN Digital, and he now leads Advertising Product and Operations for Trade Me. Hayden was a key early adopter for SAS® Intelligent Advertising and helped pave the evolution of the product.

What are the biggest changes – and challenges – that you see in the digital advertising market?

When I think about the future of digital advertising, it's clear we need true innovation that is no longer bound by old and existing paradigms. Every time we've had a disruption in a medium, there has been significant loss in revenue for many publishers. The disruption from print to desktop caused a massive loss of around 22:1. That is, for every dollar gained in digital, \$22 was lost in print. And we are now in the middle of the second disruption where audiences are moving towards mobile devices. Tentative figures for this are around 10:1 for established desktop publishers. So what will the next disruption bring? Think smart wearables.

- Trade Me has 3.4 million member accounts (that's 78% of New Zealand's population)
- At any given time the site has 2.5 million ad listings
- Over 1.93 million people visit Trade Me every month

What we need is a paradigm shift on how we think about ads and advertising. It's not so much about the medium, device or beautiful pictures. It's about being useful and providing a service that is relevant to people.

Personalised relevant native location-based real-time advertising on a self-service platform is that next step. The trick is going to be getting that at scale without being Google or Facebook.

The other issue I see is that big data has become a buzzword. There is a significant challenge in harnessing actual intelligence from all the noise present in big data, and then designing and executing receptive advertising packages based on that insight.

The final major issue I see is navigating public perception about online advertising being intrusive. With the technology available now, online advertising can be done with integrity and relevancy to users. Relevancy helps all involved in this attention economy – there is a very short glimpse of user attention available, and only relevant ads will capture that attention and make it worthwhile for all parties.

What role do you see analytics playing in addressing these challenges?

Analytics is all about SMART ads. The advantage digital has over all other mediums is that it is fully measurable. But that is of course a double-edged sword. On the one hand, we have clear accountability on engagement; on the other hand that accountability has reduced its value! This always blows my mind. Advertisers only want to pay for direct engagement (click-throughs) yet forget the element of branding which they happily pay for in all other mediums – go figure?

So we need a scientific perspective in digital – we are all digital scientists really. We can measure almost everything so we need to have a more agile and entrepreneurial outlook where we are not afraid to try new things, but ensure we have the discipline to gather accurate data to measure its impact and learn from it. And be honest of our findings – that's very important.

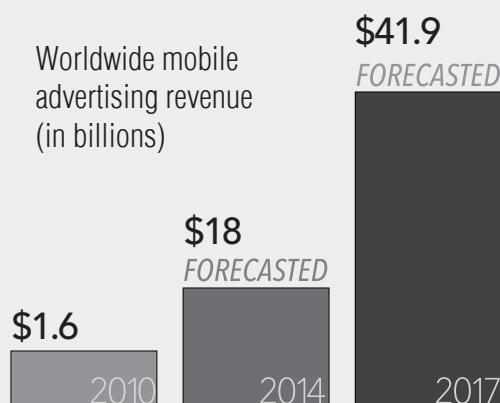
The one significant piece that I see currently missing is closing the loop from a user viewing the ad through to acquisition. Interestingly, what we find here is that our click through rate is significantly higher in mobile but the acquisition rate is lower. We have higher acquisition rates on desktop so what we've found is that people are being exposed to ads on mobile where they are more receptive to it. And then following through to acquisition on desktop.

It all comes down not to devices, but to moods or mind sets. A single user has many different mind sets throughout the day. When they are searching for a particular product, there is clear intent and there is less value in showing them a bunch of stuff not relevant to their search. But when they're lying back browsing on their tablet, they are more receptive to discovering new things. So we need to tailor to mind sets.

How does cloud fit into the picture?

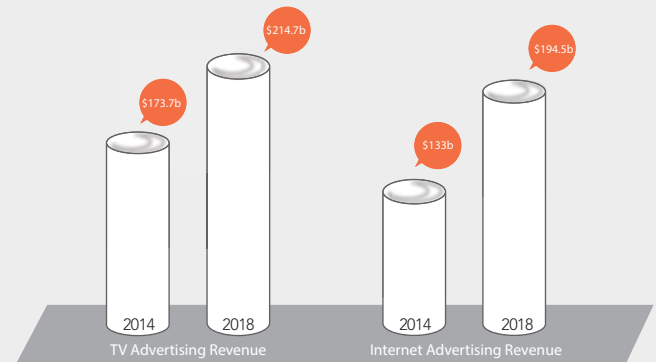
Cloud is now the default when it comes to ad servers. Not just due to the unpredictable demand for site content and the ability for the cloud infrastructure to scale, but also due to the enormous processing power required to analyse the results and forecast inventory on demand. It's just not feasible to have that sort of infrastructure onsite. The advantage with SAS Intelligent Advertising is that it also utilises Akamai as a CDN to enable very quick creative delivery no matter where in the world the user is.

Why mobile technology matters



Sources: Gartner Says Mobile Advertising Spending Will Reach \$18 Billion in 2014, Gartner, January 2014.

Internet advertising is closing the gap on TV advertising



Source: Global Entertainment and Media outlook 2014-2018, PwC, Informa Telecoms and Media

That shift from what was essentially a clunky and inefficient system to SAS made the end-to-end process – from the sales query to checking inventory in real-time, through to processing the booking and reporting at the end – much more effective and efficient.

Hayden Lee, Advertising Product and Operations Manager



The journey for TradeMe with SAS Intelligent Advertising for Publishers

Prior to joining Trade Me, I proposed and led the project to move APN News & Media to SAS. We were then one of the first customers for SAS Intelligent Advertising worldwide. With prominent high-traffic media sites like nzherald.co.nz, it was imperative to have a reliable, secure and efficient ad server. I do not regret that decision – it was untested and so very new at the time but having trialled the system, I was confident this was the right step forward.

For both Trade Me and APN, that shift from what was essentially a clunky and inefficient system to SAS made the end-to-end process – from the sales query to checking inventory in real-time, through to processing the booking and reporting at the end – much more effective and efficient.

Trade Me has changed quite significantly since the move to SAS. The previous system did not have many fans in the sales team and getting buy-in from management for a new system wasn't particularly difficult either. We were moving from an expensive product that was difficult to use to a more affordable, unified platform which is constantly evolving to meet our needs.

Trade Me is by far the leader in data in New Zealand. No other publisher has data on the same scale that we do and that's our competitive advantage which we would never put at risk. So a key factor in moving to SAS was the guarantee that this data remains our own and is properly secured. It's a little unnerving when you think of some of the other providers where they do have interests which are not always aligned with your own and they have the ability to tap into that data without you knowing when or what they are doing. We take our customer's privacy very seriously so it was important to have a product that came with the strict security levels we required.

Another shift has been enhancing the relevancy of the ads for the end customer. We are able to better harness data around the user and match that with what our advertisers are looking for. Delivering relevant ads that customers are more likely to

engage with, and which actually improves engagement rather than be received as intrusive is the key. We're also able to use the data we get from customer behaviour to drive insights and communicate that to the sales team to allow them to discuss that with their clients and help design effective campaigns.

What advice would you give to others in the industry?

The main thing is to be brave. If considering an ad server move, largely throw out everything that you currently have and redesign the implementation for the new system. Things change too rapidly for you to stay with the same approach and you can't move forward swiftly by building on top of a legacy system. That was one of our learnings. SAS was not meant to operate the same way as our previous provider so we realised that we couldn't try and make it function that way. It should be implemented the way SAS designed it and since we realised that and made the tweaks, feedback from the sales team has been very positive.

Where to from here?

The really neat thing with SAS Intelligent Advertising being a relatively new player in the ad serving market is that we've been able to work with R&D to provide regular feedback on how we use the system and how it needs to function to suit our business. It's been a very positive experience to be able to have that direct influence on how the product evolves and see real results with the new iterations.

As it keeps evolving and improving, the product will become even more successful at Trade Me. Even though sales teams can already check live inventory while out with a customer, when we introduce SAS Visual Analytics we'll transform how we tell the story to clients. It will make it that much more exciting for sales teams and customers.



Learn more about SAS Intelligent Advertising:
sas.com/iq-iap



THE
POWER
TO KNOW.