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Reinventing Advertising Products and Services for Growth

Introduction

The unstoppable shift from print and linear pay TV to online media and entertainment is having a marked effect on the advertising business. The decline of traditional advertising vehicles (pay TV, newspapers, magazines, radio) and the rise of new ones such as online fixed and mobile video that provide consumers with instant access to content is forcing all parties in the media and advertising value chain to investigate alternative business models and evaluate innovative emerging technologies to support it.

The increasing demand for online content and the power of social in advertising is strengthening the position of the digital giants in the online advertising industry. These digital disruptors have brought innovation to advertising in offering advanced targeting, vast audiences, process automation, and transparency of results.

Traditional broadcasters and publishers still own a considerable share of the advertising market with the advantages of editorial trust, the "halo effect," and emotional immediacy. But they need to get a better understanding of how they can extend their reach, innovate, and acquire scale. Most importantly, they need to assess how to leverage the digital giants' ad tech capabilities and rich audience data sets and include search and social ad products in their media mix.

This paper explores the advantages of Accenture's Intelligent Advertising offering, which includes the Accenture Multimedia Advertising Platform (AMAP) and how it helps the advertising sales organizations of broadcasters and publishers to streamline workflows, enhance effective data-driven targeting, and gain greater market relevance to offset the existing digital giants' duopoly.

As part of its proposition to media companies for, as Accenture puts it, "Reinventing Product and Services," Accenture has a vision of how traditional advertising businesses must transform their business, operating model, platform, and skills to succeed. It is well underway in supporting clients in traditional businesses, with large advertising inventories, to adopt a leaner, more data-driven approach to transform their core business backed by automation — identifying strategically aligned initiatives to grow core revenues and incubating new digital businesses that have the potential to become growth engines.

Situation Overview

Traditional media companies face a very challenging time. Audiences are migrating to digital properties. Much of their investment is sunk into a declining core business, and investment priorities are split between core businesses and new and unproven digital business models. The priority for traditional advertising sales organizations is to make the engine behind their core advertising business digitally fit.

Audiences Are on the Move

OTT represents the "digital eclipse" for the media and entertainment industry, affecting business models across the full value chain, from content creation to distribution. According to IDC's worldwide pay TV forecast, total (consumer) spending (linear TV and video on demand or VOD) is expected to slow down and eventually decline at a CAGR of 1.3% from $239.8 billion in 2017 to $224.1 billion in 2022. Online video adoption, on the other hand, has been accelerating in the past few years and continues to do so. According to IDC's Worldwide New Media Market Model, the number of online video users (streaming and downloading of video online) worldwide is expected to grow from 5.2 billion in 2017 to just over 6.5 billion by 2022.

Users have shifted decisively to online (mobile) content viewing, watching VOD or real-time video on personal devices and on the go. The rollout of 5G will further drive mobile media consumption, accelerating the use of innovative technologies such as virtual reality (VR) and augmented reality (AR) to, for example, augment sports viewing and/or gaming to a new level of experience.

Like the TV and video business, print publishing has gone through the same major changes. Although it might be an exaggeration to say "print is dead," there is no question that digital transformation has permanently changed the print media industry. Consumer behavior and expectations are driving this change, and younger generations (millennials and Generation Z) are accustomed to instant access to global content anywhere and on any device.

Advertising Budgets

The persistent shift from print and linear pay TV to online media and entertainment is increasingly affecting the advertising business. Worldwide traditional pay TV advertising spending (nearing $210 billion in 2018) will remain flat in the coming years. Global print advertising spending, totaling $82 billion in 2018, is expected to further decline at a CAGR of 4% to 2022. The media consumption behaviors of the newer generation will continue to negatively impact traditional platform content viewing in favor of new vehicles such as online (mobile) video, forcing all parties in the media and advertising value chain to investigate alternative business models and evaluate innovative emerging technologies to support it.

Demand for mobility will remain key for users and this is why advertising spend has been increasingly shifting from desktop to mobile-browser-based content and mobile applications. That said, as mobile saturation is nearing, we are starting to see these high growth rates for mobile advertising gradually slow down toward 2022 and beyond (see Figure 1).

New vehicles such as online video are forcing all parties in the media and advertising value chain to investigate alternative business models and evaluate innovative emerging technologies.

Figure 1
Worldwide Digital Advertising Spending by Platform
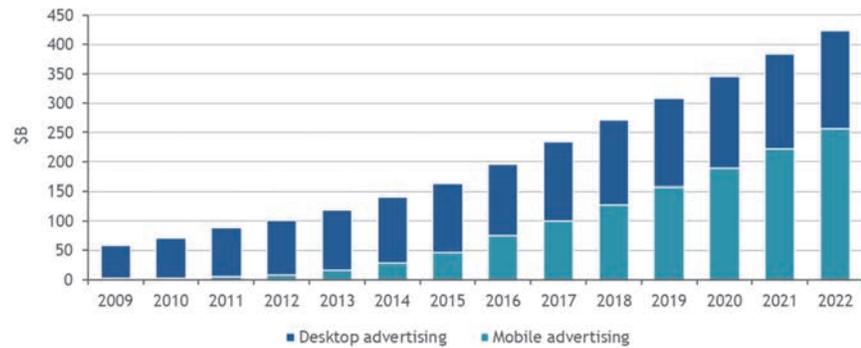
Source: IDC, 2019

There is little doubt about social media's impact on the advertising space. Social networks have been gaining in importance as an advertising platform since the mid-2000s. While social media was initially used by brands to simply connect with audiences, social platforms, and channels, they now serve to build brand awareness, acquire new customers, introduce new products and services, interact and retain current customers, and deliver promotions. One of the fastest-growing customer acquisition methods is influencer marketing, leveraging the voices and social networks of individuals to get messages to customers. It is one of the key drivers behind the ever-growing importance of social in advertising and why IDC expects social to continue to be the main ad channel spend in the years ahead — growing from $101 billion in 2017 to $231 billion in 2022.

Media buying agencies are showing greater interest in buying cross-channel, cross-media inventories to increase the effectiveness of campaigns across time and device.

New Types of Advertising Capabilities

Media buying agencies are showing greater interest in buying cross-channel, cross-media inventories to increase the effectiveness of campaigns across time and device, following consumers' digital lives. This clearly motivates traditional publishers to mix linear, digital, social, and search inventories to increase value for investors and boost their own revenues.

Media buying agencies are migrating to digital platforms to take advantage of advanced targeting, audience size, process automation, and transparency of results. To be competitive, all players in the market must meet these criteria — and more. Aside from leveraging the power of social media, it is mandatory to get a better understanding of end-user behavior and contextual insights — what the end user likes, when and where. It enables players to better reach the audience and with greater accuracy. In addition to this higher level of effectiveness, there is an increasing need for automation and efficiency in the (digital) ad buying and selling cycle. This is why the future of advertising will be driven by programmatic advertising platforms to enable programmatic desktop and mobile display and video advertising, as well as programmatic TV and radio. According to IDC's Digital Advertising Market Model, worldwide programmatic display and video advertising spend is expected to grow from $31 billion in 2017 to $108 billion in 2022, growing at a CAGR of 19% (see Figure 2).

Figure 2

Worldwide Display and Video Advertising, Programmatic vs Non-Programmatic
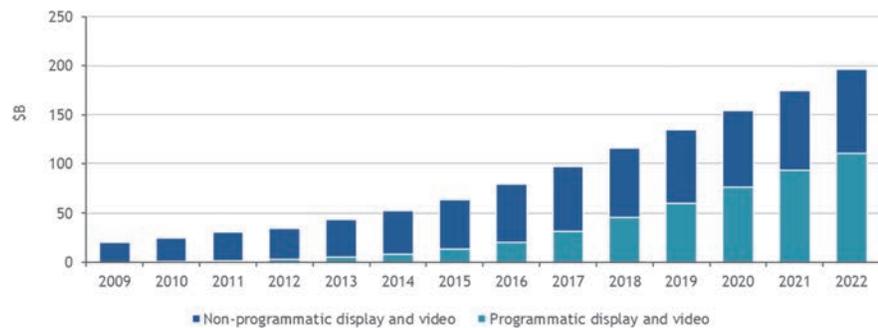
Source: IDC, 2019

Given the shift to online content and the power of social in advertising, it is no surprise that the duopoly of Google and Facebook in online advertising will continue to pose a huge challenge for broadcasters and publishers as they heavily rely on these hyperscalers' services. This leaves less room for competitors and restricts the market from opening up in terms of data sharing, lower pricing, and other developments that would better divide the content monetization flow from advertising.

Key Challenges to Future-Proof Advertising

As the media industry seeks ways to stay afloat in the face of digital disruption, the need for broadcasters and publishers to investigate alternative business models and evaluate innovative technologies becomes increasingly self-evident.

- Advertising sales organizations must balance the needs of their existing advertising business, which generates much of their revenues, with the need to experiment and invest in unproven digital advertising businesses.

- As in every digitally transformed market, the importance of data will continue to grow massively. For all players in the media and advertising ecosystem, data has become a valued asset and not just in the online media business. To capitalize on the increasing amounts of data, advanced analytics and innovative technologies such as artificial intelligence (AI) and machine learning (ML) are increasingly used in the segmentation of target groups and to improve ad process performance.

- Another key challenge for broadcasters in the digital ad market is to shift their products from a media-specific to a multimedia approach. With the proliferation of mobile and smart devices, audiences have become more fragmented and need to be reached through multimedia campaigns and by disrupting the existing siloed approaches of traditional versus digital media.

Automation through programmatic advertising is mandatory to help reduce cost of sale and make advertisers more agile and flexible.

- Building on a multimedia approach it is key to leverage audience targeting across all media formats and devices. Dynamic ad insertion (DAS) and dynamic creative optimization (DCO) technologies can be applied to enable advertisers to swap out ad creatives in linear, live, or video-on-demand content and leverage the deep audience insights that target each viewer specifically.

- Automation through programmatic advertising is mandatory to help reduce cost of sale and make advertisers more agile and flexible in planning and delivering marketing campaigns, and being able to pick and choose in an automated, self-service manner.

- One of the new business models evaluated by media companies to challenge the online Google-Facebook duopoly has been the emergence of consortia in which competing traditional media groups across various platforms agree to share audience segments to enable cross-publisher targeting.

- Effective targeting will be key for media companies shifting from a content to an audience focus, but it will not be enough. Automation needs to flow from front to back end and be enabled through integration with horizontal business applications and programmatic networks.

It is Not Only About Technology

Although all these advanced technologies can enhance the efficiency and effectiveness of the advertising processes and platform, it is key to understand that applying these technologies is not enough. It is more a case of defining the digitally focused advertising business value and business objectives which can then be translated into value drivers and smart KPIs. To create a clear overview of how advertising business values are mapped to measurable KPIs, media companies can make use of an advertising value tree.

Figure 3
Accenture Advertising Value Tree
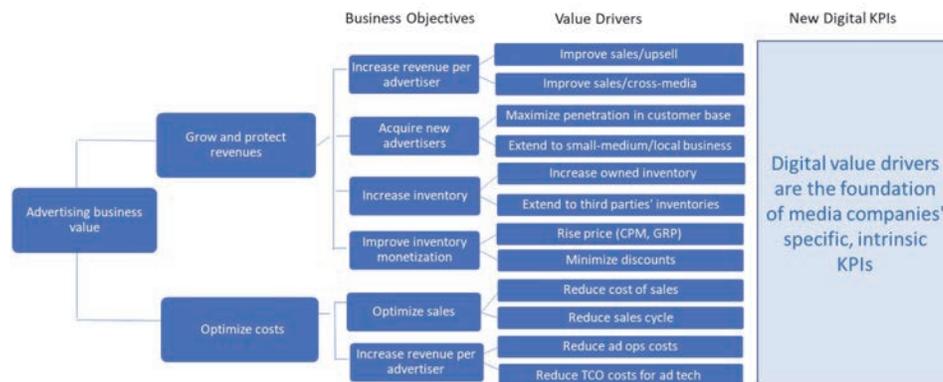
Source: IDC, 2019

Applying these technologies is not enough. It is more a case of defining the digitally focused advertising business value and business objectives that can then be translated into value drivers and smart KPIs.

Underpinning the advertising value tree should be a data-driven operating model that leverages advanced analytics and AI to streamline and decouple ad operations (served by multiple legacy monolithic capabilities) from marketing and sales operations. Doing so increases velocity, enables faster and better decision making, and reduces costs.

Essential to such an agile structure is the adoption of a cloud architecture that enables broadcasters and publishers to decouple from legacy, traditional operations, easily scale, and innovate at a faster pace. In addition, such a fundamental altering of the status quo requires the right level of change management and support to establish a renewed work culture and work force with the right skill sets, data-driven expertise, and outcome-based attitude.

Value Proposition of a Data-Driven, Intelligent Advertising Platform

Accenture may be best known for its high-level expertise in strategy and consulting services, but it has also been heavily expanding its in-house technology and operational services, particularly in the media advertising vertical, combining its platform capabilities and skill sets in consulting, services, and software.

Accenture's Intelligent Advertising is part of a practice that has more than 2,000 employees in 40 cities across 22 countries, reinventing products and services for media companies. Accenture has more than 20 years' experience in the digital video business, operating its video services in 70 countries. Its value proposition is built around three orchestrated waves of transformation that it calls the "S-curve," aimed at maximizing value from slow-growing or declining core businesses and building the capabilities to enter new, fast-growing businesses.

First, a data-driven approach is taken to transform advertisers' core business by investing in automation-powered efficiencies. This improves the effectiveness of the core businesses and releases funds for investment to drive new advertising products. Second is an investment in strategically selected initiatives to grow the core business. Third, advertisers can use the new capabilities of the core business to incubate disruption to test and build new digital advertising products.

At the heart of its advertising practice and platform services is Accenture's Multimedia Advertising Platform (AMAP), introducing process automation, streamlined workflows for advanced data-driven targeting, and transparent outcomes. Below are some of the key characteristics of AMAP and how it meets the needs and key ad tech challenges of traditional ad sales organizations:

- **Data monetization.** AMAP is a data-driven platform and is highly focused on AI and advanced analytics to infuse intelligence in areas such as sales forecasting; audience qualification, clustering, and forecasting; and inventory management and optimization.

- **Product, pricing, and quoting.** AMAP provides an AI-supported CPQ engine for advertising, able to easily configure ad products/price lists for any media and automate proposal/order management for cross-media campaigns.

- **Multimedia.** AMAP is a multimedia advertising platform that enables broadcasters and printing publishers to implement a multimedia ad sales solution to support both traditional and digital in one platform.

- **Omni-channel.** All types of sales channels (direct, self-service, programmatic premium, RTB) are supported in AMAP, which enables sales channel orchestration and optimization.

- **Configuration and customization.** AMAP works with Force.com technology to enable easy configuration and customization to better address client-specific requirements and improve workflow management, process rule automation, security, and scalability.

- **API focus.** AMAP provides all the necessary APIs to integrate TV ad scheduling, ad serving, and DMP solutions, as well as buying tools and DSPs.

- **Integration architecture.** Via its APIs, AMAP provides an integration layer exposing predefined connectors for the main ad tech components (ad servers, SSP, DSP, DMP, TV traffickers) as well as legacy systems (ERP, DW, billing).

Accenture's Intelligent Advertising practice leverages its business consulting expertise to guide advertising sales organizations in deploying AMAP to achieve targeted business outcomes, making use of the platform's modularity and customization capabilities to provide the best fit for each specific customer. To better understand and assess specific advertising services requirements, Accenture uses the advertising value tree (see Figure 3), taking the key advertising value drivers into consideration.

Accenture's advertising sales and delivery data-driven automation can be offered as a standalone service but can also be part of its operating business model transformation services suite. These transformation programs can all be offered "as a service" to customers that want a full-fledged end-to-end service offering but do not have the resources or skill sets to manage or invest in this in-house.

An innovation-led approach to help clients not only reduces costs by optimizing cost structures but also guides media companies on how to increase revenues.

Accenture's innovation-led approach has proven to be effective in helping clients not only to reduce costs by optimizing cost structures but to increase revenues through innovative solutions. In some proven business cases, there has been a revenue uptake of 10%–20% through improving inventory monetization, enhancing knowledge of "merchandise," and increasing yield and control discount. The increased revenues consisted of a higher CPM, sell-through rate increases, the elimination of free-of-charge advertising, and uncontrolled discounts, as well as attracting new types of customer base segments.

From a cost reduction angle, achieved administration automation accounted for a cost reduction of 20%–35% and established business objectives to realize operations automation showed cost reductions of 10%–15%. From a more granular level, these automation enhancements included benefits such as headcount reduction, a higher level of process standardization to enable job rotation, higher scalability for rapid volume growth, flexibility to support organization changes, and ultimately reduced costs per advert.

Successful Customer Cases

Accenture's Intelligent Advertising offering has been supporting a variety of businesses in the media and entertainment ecosystem, ranging from publishers, media and advertising companies, and broadcasters such as telco operators and cable operators. The following successful customer cases demonstrate Accenture's proven technology and services capabilities that have helped different types of players in the industry to address their key challenges in this competitive market.

- **Building a consortium.** To offset the digital giants' duopoly in this ongoing shift from linear TV to OTT video, a consortium of television publishers founded OpenAP to simplify audience-based media buying, collaborating with Accenture. Launched in 2017, OpenAP was founded to make it easier for advertisers to reach unified custom audience segments across TV publishers by delivering consistency and standardization with secure segment sharing and independent measurement. Members of OpenAP include Fox, NBCUniversal, Viacom, and Univision.

- **Embracing data-driven advertising.** Accenture was selected as the technology and consulting partner of a European media company to guide it on its transformation journey to adopt new digital models, incorporating both traditional and digital ad business. Leveraging the power of advanced data analytics and AI, Accenture enabled this customer to collect data from any internal or affiliate digital property and enrich it with first-party data. By building qualified microsegments (based on factors such as age, gender, and interests) it enabled the media company to monetize all this data through highly targeting B2B and B2C digital advertising actions.

- **Leveraging the power of AI and ML.** For another European media company Accenture provided its Data Monetization Engine, which is part of its AMAP offering. Leveraging the platform's ML algorithms, the media company was able to enhance forecast accuracy and increase the ability to qualify users, enabling it to justify high premium pricing and reinforce its leadership position.

- **From telco to media player.** Accenture helped a key African telco operator shift its telco advertising approach to that of a sophisticated digital media company. Based on AMAP the telco operator achieved full automation of its sales processes including targeting, opportunities, and campaigns all managed through an optimized workflow. This gave it new revenue sources that were previously not accessible, such as audience segment targeting and programmatic selling.

Conclusion

There is considerable scope for traditional ad businesses to be more value driven. But they need to transform, remove silos, and generate a better understanding of audiences across all channels and digital touch points. Then, they can apply those insights to design and deliver relevant and personalized content and services, for both consumers and advertisers.

Accenture's strength and value proposition lies in its ability to integrate its consulting, software, and services capabilities into an end-to-end services approach.

Accenture Intelligent Advertising is capitalizing on media companies' transition to digital and online advertising by leveraging its Intelligent Advertising platform to help traditional advertising sales organizations to reinvigorate their offerings.

The Accenture Intelligent Advertising's business strength lies in combining its data-driven advertising platform with its capabilities and expertise in services, ranging from technology delivery to high-level consulting services that are needed to guide traditional media companies in acquiring the new culture, skill sets, and operating model required for transformation.

Accenture provides the components needed to deliver intelligent, next-generation advertising platform expertise and services securely and at a global scale with a local touch, targeting different media players in the ecosystem. Accenture's strength and value proposition lies in its ability to integrate its consulting, software, and services capabilities into an end-to-end services approach to help its clients on every step of their transformation journey.

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