DEFINING BRAND SAFETY:

EXECUTION CHALLENGES

A report commissioned by the Trustworthy Accountability Group
and Brand Safety Institute

Introduction

In the first part of the series, Defining Brand Safety, over two dozen companies contributed to the definition of Brand Safety. The term "Brand Safety" describes the controls that companies in the digital advertising supply chain employ to protect brands against negative impacts to the brand's consumer reputation associated with specific types of content, criminal activity, and/or related loss of return on investment.

The four areas of highest responses based on our quantitative survey in Defining Brand Safety that contributed to the foundation were:

1) Association with Criminal Activity

2) Content Association and Adjacency

3) Brand Partners

4) Data Privacy and Security

In the interviews for Defining Brand Safety, respondents discussed the challenges executing Brand Safety initiatives. Two areas emerged from the majority of buyers and intermediaries as significant challenges. One was content adjacency, especially content adjacency issues with social and user generated content (UGC) platforms.

The other challenge was buyer and marketer education and organization was severely lacking and in turn led to the creation of the Brand Safety Institute, BSI, an organization devoted to identifying and training brand safety personnel operating in the digital advertising supply chain.

For Marketers and Agency Buyers we also identified the business ownership of Brand Safety initiatives itself as a gap. In our interviews with marketers and buyers, we found a wide range of internal structures partially and fully devoted to Brand Safety issues.

"With all marketers, it is simply a maturation process. I believe every marketer will arrive at the same conclusion that we reached, which is Brand Safety is everything. If marketers get this wrong, everyone loses. Brand Safety is a task which is never over, because it's dynamic and multifaceted. As such, you need to build an infrastructure that ensures that you're able to respond immediately when something new happens. "

- Lou Paskalis,
SVP, Enterprise Customer Engagement, and Investment Executive, Bank of America

To understand these challenges and the investments being made, we talked with a number of marketers and agency buyers to understand their strategy, organization and the latest execution challenges surrounding content adjacency.

Key Takeaways

• Marketers that invest seed money in strategic Brand Safety resources are not only safer, some are in the black from make goods enabling it as a revenue center in the short term.

• Marketers that own the strategy of Brand Safety, find greater, more transparent collaboration with Agencies because they are driving the risk tolerance discussion.

• Large Agencies that devote Brand Safety resources to a centralized organization or Brand Safety Center have a more cohesive message for clients on the rapidly changing subject of Brand Safety. They also realize a cost savings.

• Content adjacency issues on social and UGC publishing platforms are still a challenge; calls for accelerating the development of the 4A's Brand Safety Floor and IAB Tech Lab's Content Taxonomy in 2019.

• The number one risk in 2019 will be Data Security/Privacy. Number two is Brand Partners.

Brand Safety Ownership, Strategy VS. Tactics
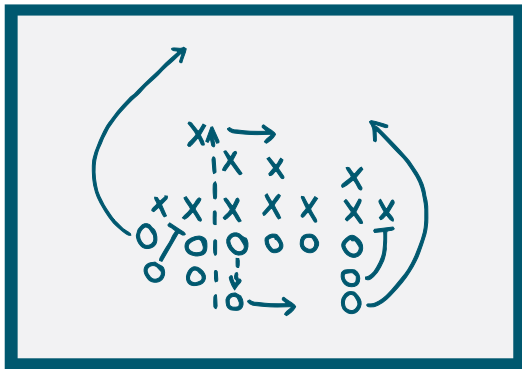
VS

Marketers in the last 18 to 24 months have been focusing on in-sourcing or in-housing. Many are in the midst of not just a Brand Safety transition, but a digital business transformation with resources being brought internal to their operation. These transformations are organic and market driven, impacting both Marketers and their Agency partners. Content publishers with offline media assets have been transforming and retooling their operations for 25 years. In that time, the question of build or buy is inevitable.

These decisions are sometimes articulated as strategy versus tactics and where labor resources devoted to each resides. For example, tactical execution can be thought of as a manufacturing labor or in the case of the digital advertising supply chain, buying media, creative execution, and technology development resources. Many marketers will outsource these areas or buy vendor solutions with some exceptions.

However, many marketers traditionally outsourced Brand Safety strategy and executive oversight as well. This has had market and in some cases legal consequences in the name of transparency. Recently, the pendulum to bring that strategy back in house has begun to swing with some surprising results.

We asked the marketers we interviewed what their budget for 2019 looks like and how much they were allocating to Brand Safety. For purposes of qualifying this investment, we did not ask for COGS (Cost of Goods Sold) expense forecasts as that is more indicative of the size of their marketing budget spend overall. An example of this spend is advertising verification vendors and this percent

of CPMs represent a COGS portion of the overall spend of a buyer and are not necessarily correlated to the investment made by a company in Brand Safety initiatives. Of the Marketers we interviewed, their fixed cost investment in Brand Safety resources averaged between $500,000 and $1,000,000 annually. These resources are responsible for the strategic oversight of Brand Safety initiatives.

Short-term ROI on Brand Safety

Of the marketers interviewed , there is an emerging trend to identify an ROI against Brand Safety costs. These marketers report being in the black with net positive financial results. The marketers who responded cited make-goods as a direct line item that offset the seed money of these strategic investments in Brand Safety subject matter experts internally. While this is not a long-term benefit as it means the suppliers of digital advertising services and inventory are constantly having to offer make-goods and not improving, the short term implications are beneficial to establishing the foundation of Brand Safety oversight in-house.

Centralized vs Decentralized Brand Safety Capabilities

While some marketers have distributed the Brand Safety strategy into their own buying teams where they have in-housed ad buying, those resources still require the same educational foundation and subject matter expertise in Brand Safety as a central Brand Safety executive or team.

One area that has seen direct Brand Safety oversight is data governance. As marketers wrestle with the new realities of privacy policy fragmentation and consumer perception, marketers are putting a much greater emphasis on data governance as part of the Brand Safety equation with some moving data science resources under the Brand Safety umbrella. Many marketers who handle explicit, first party consumer data cite the risk of getting this wrong is too great.
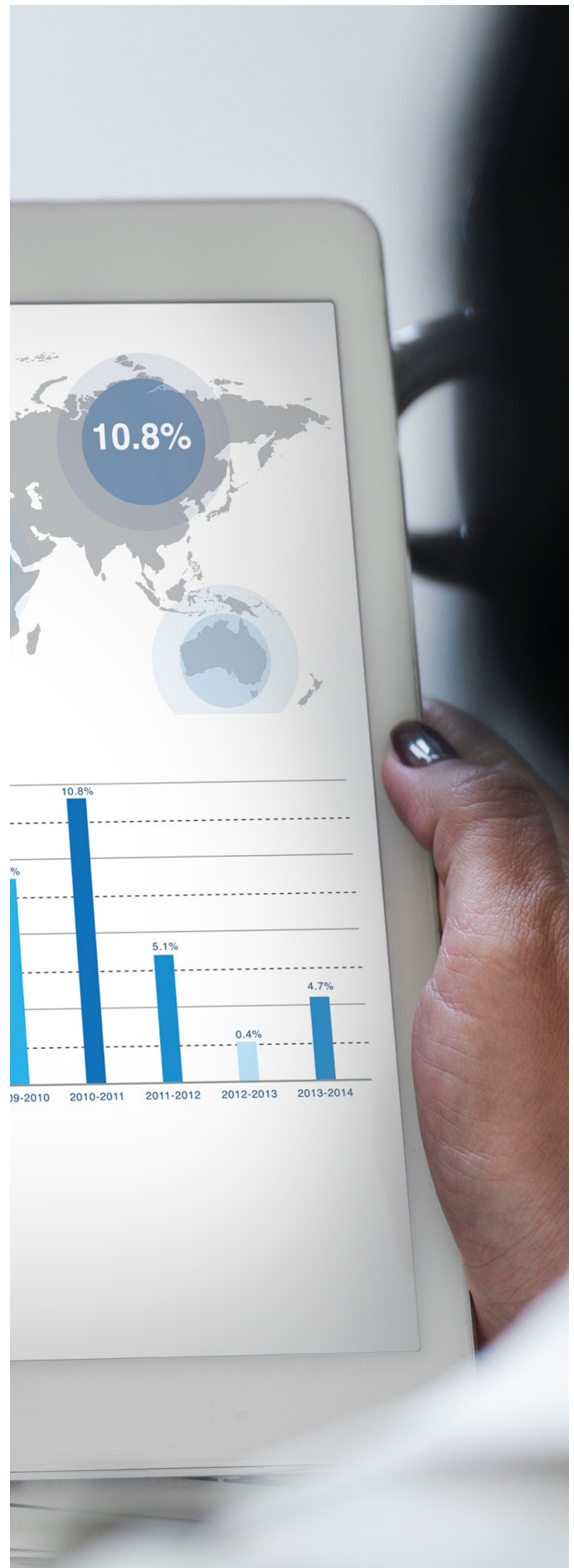
Agency Partnerships for Brand Safety

The move to embrace Brand Safety strategy internal to Marketers is embraced by their Agency partners as well.

Of the Agency holding companies we interviewed, all have Brand Safety as part of their operations. Each holding company or agency interviewed had Brand Safety either centralized or distributed amongst their market activation buying teams. As with Marketers, the fixed costs invested were isolated and did not include COGS (Cost of Goods Sold) such as advertising verification vendors. This percent of CPMs represent a COGS portion of the overall spend of a buyer and are not necessarily correlated to the investment made by a company in Brand Safety initiatives.

Of the agencies we spoke to, all reported having annual fixed costs between $3 and $7 million dollars for Brand Safety. The amount was generally correlated to the size of the company's spend. What is unique is whether the spend was centralized or distributed into decentralized buying structures.

Some agencies reported that while they spend a good amount of budget in Brand Safety, subject matter expertise via hires or education, it is divided internally between consulting services and media activation teams. In some holding company organizational structures, the Brand Safety budget identified does not take into account all buying divisions because decentralization at the holding company level has given inconsistent controls oversight. However, inconsistent Brand Safety centralized controls oversight did not create any identifiable Brand Safety attribution gaps in the scope of our interviews but that doesn't mean gaps do not exist.

One area consistently identified in our interviews with Agencies was how execution can be simplified if Marketers came to the table with a strong command of Brand Safety strategies, their risk tolerances, and sometimes their own white lists of approved supply channels. Agencies identified good relationships with Marketers who had a strong command of Brand Safety topics and their strategy easily laid out. Agencies indicated Marketer understanding of their own risk tolerance and strategy at the table led to more transparent and collaborative dialogue for both parties.

One particular data point both Marketers and Agencies cited was that the Marketers who in-sourced some programmatic ad buying had a far greater understanding of Brand Safety issues that contributed to their Brand Safety strategy and subject matter expertise overall. Then when the Marketer returned to the Agency for scale, the transaction and execution in the partnership was much healthier.

However, Agencies did say that many Marketers will bring just a white list to the conversation as their Brand Safety strategy then ask for unreasonable performance goals against that list. In those circumstances, the Agencies find themselves in an awkward position wanting to be helpful, but realistic with the goals the marketer has laid out. This is indicative of the Brand Safety education gap that exists for many and closing that gap can lead to a healthier dialogue between the marketer and their agency.

Brand Safety subject matter experts, encompassing a wide area of issues potentially impacting a brand's reputation, are still too few. Marketers are in-housing strategy more and more, in the process taking over some operations while they learn on the go. As they do this, they are getting much more comfortable with their knowledge and how to use their agency partners more effectively by not abdicating strategic oversight of their advertising. Agencies are reacting to this transformation meeting clients where they are in the transformation.

Simple Execution + More Transparency

Content Adjacency

In the interviews for Defining Brand Safety, content adjacency or content analysis was identified as the most difficult of the four major issues to execute at the time. This was in part because of the lack of tools in existence and market guidance. Marketer and Agency buyers both cited the need for better controls as to whether their ads were appearing next to content that was considered unflattering in the association of their ad adjacency or proximity to the content. A few examples were given, further differentiating content types and sources. These included news, entertainment, social and user generated content publishers.

The controls processes by which content is created and distributed plays large in the safety and transparency of ads placed next to appropriate, predetermined content types. The respondents we spoke to said that while content classification would be helpful, the social and UGC platforms were especially problematic.

Since the publication of Defining Brand Safety, the American Association of Advertising Agencies (4A's) released a couple of tools. One is the Brand Safety Floor. "The Floor" is a fairly binary description of avoidance categories that was included in the latest Addendum to the Ad Verification Guidelines released by the Media Ratings Council (MRC) and IAB Tech Lab. The targeting at or around those categories is also very similar to the IAB Tech Lab's Content Taxonomy.

The challenge that publishing companies face in adoption of these protocols can range based on the resources and content types. Ideally, publishers will label the content they distribute in a way that conforms to these protocols from the 4A's and IAB Tech Lab. It should be recognized that most small publishers do not have the resources to quickly label content in this manor and social and UGC platforms do not necessarily have the ability to police and label all the content being passed into their system in an efficient way.

It is still recommended that the adoption of these content labels be done at the publisher level and be done as quickly as possible in 2019. Technologies exist that will analyze the context of the content. These technologies vary and an independent benchmark to the effectiveness of natural language processors against these standards labels is in store.

Currently, Marketers and Agencies are buying social and UGC platforms knowing the content adjacency risks. Depending on the brand and the risk tolerance, some have throttled spend in some channels. However, all respondents report they have seen an uptick in engineering development and client support to provide quality controls and assurance. Additionally, our respondents report that the scale of the audiences in social and UGC channels is still too great to ignore and that they are expecting rapid acceleration of the trade bodies content labels issued guidelines and measurement in 2019.

Looking Ahead

All agreed, 2019 will be a critical year for a larger marketplace pivot on Brand Safety for Marketers in particular.   First on the list is the continued training and education of Brand Safety subject matter experts, especially among Marketer and Agencies this will help alleviate the transparency mistrust that exists as more Marketers become accustomed to Brand Safety challenges first hand. Ironically, Marketers who in-source some programmatic and other tactics might help themselves in crafting a larger Brand Safety strategy and risk tolerance that can be used to execute larger Agency supported buys. Those Marketers who invest in the strategy and resources will potentially find their investments covered by the make-goods attributed directly to the Brand Safety team's oversight.

While there is no evidence to suggest large Agency holding companies who decentralize Brand Safety oversight and execution perform worse than centralized activity and guidance, it's clear that at a minimum cost controls and client messaging can be had with better internal governance. The investment in a centralized group can lead to the establishment of a Brand Safety center of excellence and should be considered.

All respondents in our follow up interviews ranked the Brand Safety categories in order of importance for 2019. The number one risk identified for 2019 was Data Security and Privacy followed closely by Brand Partners as the top concerns. These two categories were ranked above Association with Criminal Activity and Content Adjacency issues. Respondents identified Association with Criminal Activity as very important considering Fraud is still being tracked but solutions such as buying TAG certified channels and the work supply chain companies have been making in collaboration with law enforcement has been encouraging to many.   The darkening cloud over consumer data privacy and security is forcing supply chain companies to rethink data activation and controls. Additionally, Marketers are putting flags on brand partner companies that have a negative consumer reputation with their data.

2019 will be a year of accelerated transformation for marketers and agencies and will result in healthier structures and education to address Brand Safety issues in the long term.

About The Author

Scott Cunningham, is owner of Cunningham. Tech Consulting and is Founder of the IAB Tech Lab. He has worked with TAG since its inception in 2014 and was author if the IAB's LEAN principles around User Experience in digital advertising and publishing. His publishing and technology experience expands over 20 years prior to his industry work. He can be reached at scott@cunningham.tech. www.cunningham.tech

Special recognition goes to Neal Thurman, Co-Founder, BSI, who contributed to the paper. Mr. Thurman brings significant experience in the digital advertising supply chain from leadership roles working with the McGraw-Hill Companies, Vox Media, and NBC Sports Digital as well as having served as the Managing Director of the digital agency MediaSphere.

About the Trustworthy Accountability Group

The Trustworthy Accountability Group (TAG) is the leading global certification program fighting criminal activity and increasing trust in the digital advertising industry. Created by the industry's top trade organizations, TAG's mission is to eliminate fraudulent traffic, combat malware, prevent Internet piracy, and promote greater transparency in digital advertising. TAG advances those initiatives by bringing companies across the digital advertising supply chain together to set the highest standards. TAG is the first and only registered Information Sharing and Analysis Organization (ISAO) for the digital advertising industry. For more information on TAG, please visit tagtoday.net.

About the Brand Safety Institute

The Brand Safety Institute was founded to support education on and the practice of Brand Safety in the Digital Advertising Supply Chain. Through a program of research, education, and certification BSI offers knowledge, tools, best practices, and a community of peers to the individuals charged with championing the cause of Brand Safety. For more information on BSI please visit brandsafetyinstitute.com.