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How Radio Can Benefit From Digital Advertising's Cookie Apocalypse.

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BIA forecasts digital media ad spending will grow from 46.1% of the \$137.5 billion to be spent targeting local audiences in 2021 to 52.4% of the \$176.3 billion to be spent in 2025. The lion's share, of course, is vacuumed up by the duopoly of Google and Facebook but new privacy policies are causing marketers to reallocate advertising budgets. "More than \$200 billion spent in the mobile ad industry will be disrupted," according to Analytic Partners CEO Nancy Smith.

Digital's advantage in ad targeting suffered a major blow when the tech titans decided to change key elements in identity graphs used in targeting. Support for third party cookies by Google and Apple now requires users to opt-in for ID for Advertisers (IDFA). Google's decision impacts search and Apple's change disrupts social, Facebook in particular, where mobile accounts for more than 90% of its ad revenue.

In what some call the "cookie apocalypse," marketers are evaluating their digital targeting options, eyeing alternative identify graphing solutions from The Trade Desk, LiveRamp and others. But other targeting options under consideration,

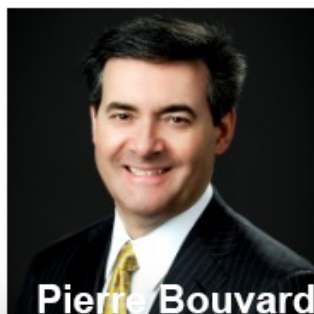


like contextual and first-party publisher data, give radio a chance to win back lost ad dollars. This is how local radio groups can win with their audio platforms combining broadcast, streaming and podcasting," BIA Managing Director Rick Ducey tells **Inside Radio**. "Audio is cool on Madison Avenue and radio groups can use this, and their ability to use first-party publisher data from streaming and podcast platforms, contextual targeting with their broadcast platforms to be much more competitive with the duopoly."

While the tracking cookie is dying, the U.S. economy is roaring back to life as the nation reopens, making brands more eager to open their wallets and mix up their marketing plans. "So the carnival is just about to open, yet we have a storm of instability and uncertainty in the digital space," says Borrell Associates CEO Gordon Borrell. "It's enough to send ad buyers screaming back to the old faithful shelters of print and broadcast media."



But what's ahead will be less of a dollar shift and more of a relationship shift, Borrell predicts. "Buyers are on the hunt for someone who can help them sort out better solutions. The phenomenon is more along the lines of, 'Let me talk to a real person about my marketing.' They've got questions – mostly about digital – and radio sellers should be prepared to answer them. That's the opportunity that this storm offers."



Pierre Bouvard, Chief Insights Officer at Cumulus Media/Westwood One, expects more national marketers will conclude that targeting ads by harvesting invasive consumer data has a minimal impact on sales. "The silver lining of the elimination of cookies and mobile IDs is that major advertisers will come to realize how little targeting really matters to sales," he says. "The remedy for major national brands? Focus on the two major drivers of sales: ad creative and reach."

A Nielsen Catalina Solutions study of 500 consumer packaged goods campaigns found creative drove almost half of return on ad spend followed by reach at 22%. Targeting accounted for 9% of sales lift. Bouvard notes that Procter & Gamble Chief Marketing Officer Mark Prichard found that the greater they targeted ads, the faster sales dropped.

'The Sizzle Is Streaming And Podcasting'

It is iPhone users that are affected by Apple's move and the number of consumers opting-in for IDFA varies by demo, content type and other factors. The larger universe of Android devices and mobile apps is much less impacted. "Within mobile spending, we expect to see a shift from targeting iPhone to Android devices," says Ducey.

Meanwhile, radio's digital assets are beginning to shine in a bull market for audio investments by marketers and agencies. And it is "audio" in a holistic sense that local buying teams are focused on – Ducey says some have even instructed their buying teams to not use the word "radio" anymore. "Radio fits well into the audio narrative but the sizzle is streaming and podcasting," he says. "Radio broadcasters ramping up in these areas can start to compete with their own first-party data at scale, and that is a material advantage in their ability to be competitive in mobile."

With Advertiser Perceptions reporting that most podcasting investment comes from digital budgets, Bouvard hopes to see mobile digital funds reallocated to podcasting. "Podcast represents all the growth in ad supported audio. This is the place for brands to go," he says. And as marketers figure out what works best in a cookieless ad world, he suggests they would be wise to align the target consumer with specific radio formats. "Target the context, not the person," he says. – *Paul Heine*