

A Guide to Modernized Contextual Advertising

Part of IAB Canada's "Moving Towards Cookie Independence Series"



IAB Canada Committee Industry Paper

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IAB Canada – Modernized Contextual Advertising

Introduction

Rapid developments in the online advertising eco-system over the past several years, and the impending demise of the third-party cookie, have put a renewed spotlight on contextual advertising as a tried-and-true method to reach audiences online. Consumers expect privacy protections and regulators around the world demand higher standards. As a result, contextual advertising has (re)emerged as a viable privacy-first method to reach consumers with highly relevant messaging. Evolved over the years to incorporate Artificial Intelligence and other advanced technology, contextual advertising offers dynamic, signal-based ad inventory at scale.

This industry paper has been developed by IAB Canada as an integral part of the “[Moving Towards Cookie Independence](#)” series with the support of our Contextual Advertising working group. It is designed to explain how contextual advertising works, and how brands can use technical solutions to reach their audiences in this exciting, revitalized way as an essential part of the cookieless tool kit.

Contextual Advertising Defined

Digital marketing was originally built on the concept of contextual advertising. Long before the emergence of third-party cookie-based data, contextual advertising was the single most effective way to reach consumers online in a meaningful and appropriate way. By way of keyword tagging content on a page as well as the content category of the website itself, contextual advertising was bought and sold on the premise that an ad could be delivered alongside material appropriate to an advertiser’s product and service as well as the message of the ad. Many suggest that this keyword matching approach paved the way for building the infrastructure of the internet we have today, before cookies took the place of page content tags.

Tagging content as keywords on a page was once an arduous manual task. Today, with the help of advanced tech solutions like AI, the process is highly automated, driving inventory in real time at scale.

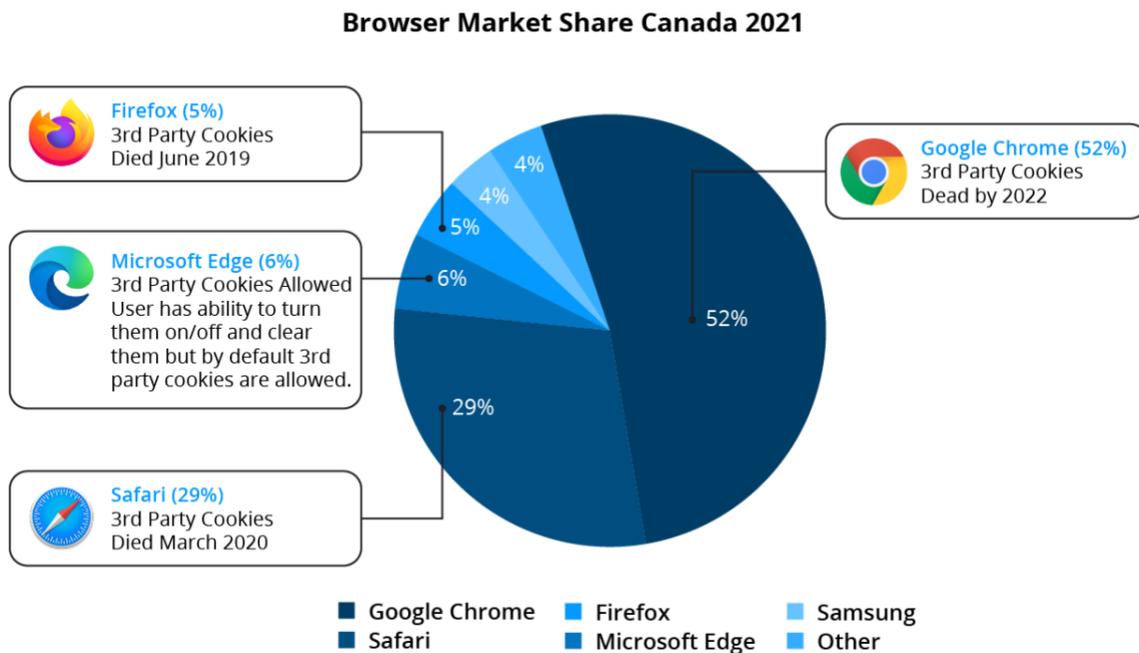
Leveraging machine-based learning to better understand the content and its context located on each page of a site, as well as engagement metrics such as time spent, actions taken and which devices are being used, has proven to be a major game-changer.

Other technological advances like Automatic Content Recognition (ACR) now widely deployed, allow for any device that contains an ACR file to support exposure to ads that may resonate, and align to, the content being viewed at any given point in time. Layer in dynamic ad insertion (DAI), and the possibilities for automated and highly accurate communications strategies are endless.

It is no surprise that the automation and innovation is the area of contextual advertising that coincides with the dawn of a privacy-first era. Contextual advertising is having a special rebirth moment as the original darling of online media placements. All eyes are on context!

Moving Towards Cookie Independence

- The online advertising eco-system is changing. Over the past two years we have seen rapid third-party cookie deprecation. Browsers are responding to increased regulatory pressures to address consumer privacy rights and all arrows point to the end of the third-party cookie.
- Advertisers need privacy-first solutions to communicate with their audiences at scale while preserving the ability to measure success and optimize against metrics like frequency of ad exposure and reliable attribution models.



Source: StatCounter April 2021



- Global efforts, such as Project Rearc, have been working hard to re-architect the infrastructure for online advertising and from these efforts we find ourselves with three core methods to reach addressable audiences:

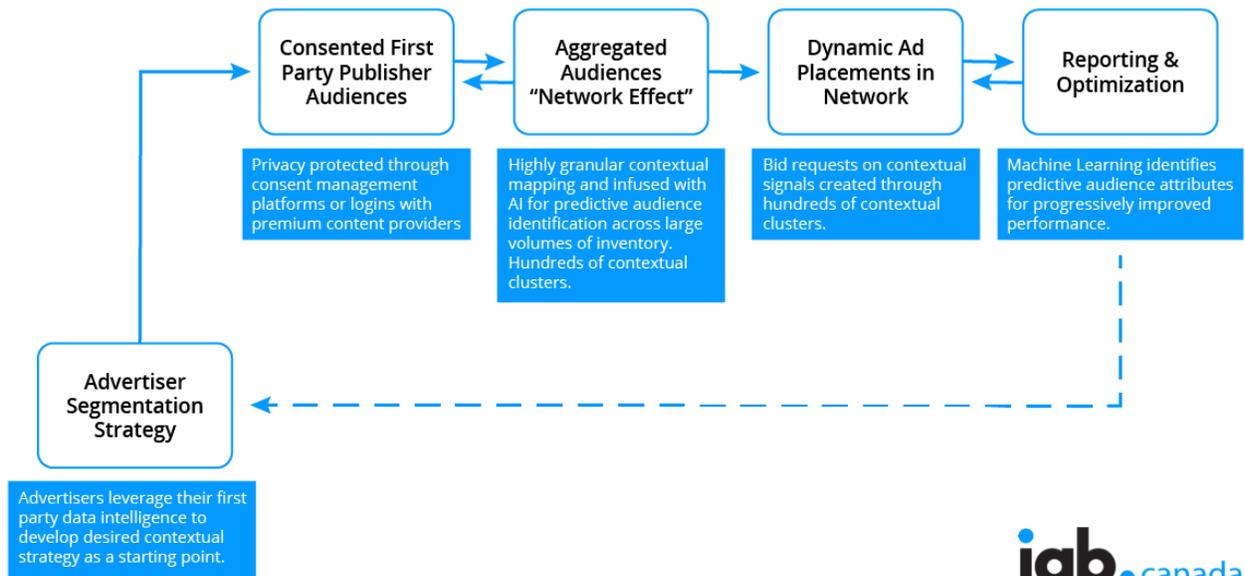
Universal IDs Industry Estimates 30% Maximum total Audience	Contextual Signaling Industry Estimates 80-90% of addressable audience	Cohorts Industry Estimates 80-90% of addressable audience
Individual IDs for: <ol style="list-style-type: none"> 1. Consented, authenticated 2. Consented, Inferred 	<ul style="list-style-type: none"> • Mapping First party data to predictive contextual models • Using standard taxonomies • Dynamic contexts 	<ul style="list-style-type: none"> • Aggregated groups of 1,000+ segments • Transient/dynamic

- It is important to note that all three methods will make up the portfolio of opportunities for advertisers to reach audiences in a post-cookie eco-system. Papers covering cohort advertising and universal IDs will be part of the “Moving Towards Cookie Independence” series of papers and will be published in the resources section of the IAB Canada library.

Components of Contextual Advertising

Contextual advertising was once a one-way communication play. Publishers with refined first party data management tools would create fairly sophisticated contextually relevant ad placements bespoke to advertisers’ needs. Where contextual relevance could be defined narrowly and with some degree of permanence, today’s world calls for a dynamic, fleeting re-definition of “context”.

Today with the myriad of available data points stemming from publisher first-party data which allow us to infer everything from user behaviors (including their general location, platform and more) to the rich first-party advertiser data that is becoming more and more sophisticated, the notion of context has changed dramatically. When the two sets of data are anonymized and paired through “signal mapping”, it’s technically, a match made in heaven.



Brands as first-party data owners, can now develop highly sophisticated segments with refined contextual audience requirements across screens/boards (OOH, Mobile, Connected TV, OTT) while publishers can form alliances that allow for scale and advanced AI implementations to gain insights into attention metrics and predictive models around receptiveness to receiving a particular message in custom defined context.

Thanks to the help of technology and the advancement of platforms that are now more digitally interconnected than ever, context offers up several new ways of targeting that can incorporate:

- Location – mobile or desktop
- Weather – conditions in real time and anticipated
- Intent – through predictive models on the first-party end
- Behaviour – predictive models to sort out probable actions and tendencies across various contexts
- Time of Day – day parting is a long-standing staple of contextual targeting strategies
- Engagement – through technology that is able to understand active or passive audience context

Contextual Advertising Formats

Contextual advertising currently exists in several formats and continues to innovate and evolve. Though not a new concept in marketing and advertising, contextual advertising in the digital realm means that there is an opportunity to extend reach across different platforms, types and audiences – without entirely altering how we think about a communication strategy. For instance, an outdoor brand may place an ad in content that is specific to areas of interest like: camping, hiking, canoeing, and through data analysis/data feedback, learn that these audiences are also found to have a high propensity to consume content that includes dog grooming, documentary series, photography and cooking. As seen in this example, an opportunity is created to extend reach and integration against new audiences as a consideration set. Placing meaningful communications in expanded highly relevant environments allows for powerful emotional connections between brands and consumers. Using machine-learning to expand the definition of synergies through “logic” is an extremely powerful tool to securing highly addressable reach online.

With several formats available to reach consumers in contextually relevant ways, the possibilities for integrated communications planning are limitless.

Following are some exciting formats available that can help amplify contextual strategies:

- **Editorial/Sponsorships:** when an individual reads an article about nature, an assumption can be made that they might also be responsive to being exposed to an ad that relates to the outdoors.
- **Audio Advertising:** taking the opportunity to analyze the content being discussed (think: podcast) or genre of music, and aligning the content to the ad itself. Sound and its correlation to content is also continuing to evolve in this space, creating an opportunity for a brand to own sounds (i.e.: the sound of a carbonated beverage opening).
- **Location (Out of Home):** leveraging probabilistic data in a way that allows for dynamic ad insertion based on location (i.e.: in a mall setting versus at a restaurant versus waiting for public transit), while also layering in (in the moment) customization of content based on daypart.
- **Cohort Advertising:** aligning an ad to a group of individuals that have a similar experience (i.e.: aligning content to those who have adopted a pet). This method is largely being driven by the Google Privacy Sandbox initiative entitled FloC, as a viable privacy-safe method to reach addressable audiences. More on this topic in the Cohort-based Advertising Guide to follow.
- **Event:** aligning content to an event experience (i.e.: attending a concert that offers up differing tiers of tickets, which can then be aligned to differing tiers of creative messaging).

- **CTV/OTT:** aligning ad creative to the content being consumed on Connected TV (CTV) or Over-the-top (OTT) screens. This space is also starting to record images to target against, in addition to the content itself, with the integration of T-commerce (television commerce).
- **Sentiment or Positive Targeting:** understanding whether there is a positive or negative undertone to an article and then targeting based on the tone (or sentiment) of the content.
- **Semantic Targeting:** providing the ability to target audiences based on key words of interest to a brand, and with the assistance of AI-driven insights a deeper understanding in the content of a page (beyond keyword attributes), determining the way in which the content is being consumed.

Other Factors that Contribute to “Context” in Advertising

Understanding environments and technographics will become increasingly more important to optimizing contextual advertising strategies. Advertising to an individual while they are moving, will call for specific rules and ad serving preferences – for example, audio advertising may be more appropriate for such instances. Additionally, understanding more about the context of the ad beyond the content itself, like ad size, ad placement, dayparts, emotion of consumer, user sentiment profiles, and average length of ad on screen, becomes an integral next step toward gathering actionable insights that can help optimize media investments.

Effective Creative for Contextual Advertising

Comparable to native advertising, special considerations must be given to designing effective creative for contextual ads. A clear connection between the segment attributes and the desired contextual environments is required to carry through creative impact. Remember, context is more than just the content a consumer is engaged with. Context extends to weather conditions, sports or music events happening at that same time, holidays and other external factors. Using creative in context is a multi-dimensional approach and the creative strategy must be as dynamic as the environment within and outside of the actual physical ad placement.

Advanced uses of environmental context already exist in areas like audio advertising where the theatre of the mind can be leveraged to match appropriate tones and moods matched to special occasions like “game day” or daily behaviors like “in transit and most likely commuting” etc.

Key Considerations for Organizing First Party Data

While publishers work on understanding their audiences to offer up high value inventory in the post-cookie world, advertisers are well advised to do the same. Without the ability to rely on

third party cookies, having an advanced analysis of CRM, owned media audiences and other first party data sources is critical to stand out from the competition.

Following are some key areas that help drive more sophisticated segmentation strategies that are context-signal ready:

- Consent Management Strategy – in a world with tightened regulations, ensuring the most advanced compliance with privacy laws is imperative.
- Establish clear definitions around segments – leverage tools like the [IAB Tech Lab Audience Taxonomy](#)
- Size of audiences – viable segments and their durability - how often will the dynamics in any given segment remain constant
- Create communications strategies – based on each segment that incorporates historical data and funnel activities
- Understand the movement of an audience segment – what signals interest to move to intent, or intent move to final purchase action
- Data Management Platforms and Customer Data Platforms – are they able to “plug and play” with the various new approaches to cookieless advertising
- Contextual mapping (broad to sophisticated) - against segment characteristic(s)
- A/B testing
- Consider proxy to ecommerce or last mile data inputs – how will your success be measured
- Partner requirements – evaluation of partners must be based on several criteria outlined below

Privacy Compliance

Contextual signaling protects IDs as part of its future-proof proposition to marketers. While the use of first-party data that is aggregated and anonymized for the purposes of advertising, is one of the most secure methods of privacy-first advertising, it is important to provide appropriate transparency and consent options to the intended audiences. The most effective strategies will be the ones that leverage the broadest first party data stores to align them to contextually relevant content.

Ensure the data being used for the purposes of segmentation mapping to the eco-system does not contain personally identifiable information (PII). Where the first-party is using first-party data that may be deemed PII, the first-party must obtain meaningful consent.

Advanced consent management platforms (CMPs) are ready with the latest privacy compliance mechanisms to protect first party data. Ensure the CMP being used is leveraging the latest best practices and that it works seamlessly with the three approaches in the post-cookie world.

Refer to [IAB Canada's Consent Management Platform Guide](#) for more information on this critical piece of ad tech.

Before partnering with any vendors offering contextual audience solutions, ensure that the vendor is also in compliance with privacy regulation and that the entire supply chain is operating under the highest standards.

Brand Safety

Brand safe content that is non-fraudulent, viewable and low risk in terms of context, does not always translate to brand suitability. Contextual advertising leverages the existing industry-developed tools to help protect brands from exposure that falls outside of brand aligned content areas.

Refer to [IAB Canada's Brand Safety and Viewability Guide](#) which outlines best practices that also apply to contextual advertising. The guide was updated in March 2021, and continues to be updated as new developments arise.

Challenges Industry Needs to Tackle

While the industry works on two core areas of the new supply chain: addressability and accountability, there are some pressing requirements that are in early testing. Contextual advertising that does not involve user IDs will need to develop models around important metrics that media investors demand.

- Measurement & Attribution
- Frequency Capping
- Accuracy of placement of content and ad alignment
- Standards around cohorts/sample sizes etc.

Based on the scale of inventory that is currently being converted into contextual or cohort-based addressability, the outlook on delivering across these metrics looks promising.

5 Key Takeaways

- Contextual advertising has been significantly upgraded through AI and machine learning
- Contextual advertising is a privacy-by-design approach to advertising that will play a major role in the cookieless eco-system
- Standards are being developed that will help drive scale, brand safety and measurement capabilities across all platforms
- Context is more than a website, it includes offline factors as well as a myriad of mediums like sound and video
- Industry initiatives are tackling outstanding requirements and through predictive modelling, will resolve most of the metrics needed to invest comfortably at scale.

Buying Contextual Advertising Today

Most publishers offer robust contextual advertising. This will only increase with the newer technologies that are available today. Contextual advertising will be available at scale programmatically from reliable consortiums and networks that are working together to provide advanced AI-based and fully dynamic contextual inventory.

REARC outputs will help to standardize taxonomies and create a much more reliable supply of contextually signalled inventory. Ad tech vendors are stepping up and developing incredible predictive modeling and granular context solutions that are being refined each day. Ask your publishers about their AI and machine learning efforts in this space.

IAB Canada will continue to update the Programmatic Media Landscape as well as the Publisher Media Kit to include service providers that are either offering contextual advertising inventory or enabling publishers to do so.

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TRITON
DIGITAL

X
X AXIS

Getting Involved

If you would like to contribute to the IAB Canada Contextual Advertising working group or have suggestions on content for this document, please contact us at committees@iabcanada.com

Glossary of Terms

Term	Definition
ACR	Automatic content recognition (ACR) is an identification technology that recognizes content played on a media device or present in a media file. Devices containing ACR supports recommendation-type content actions like contextually relevant (mapped as such) ads.
Artificial Intelligence (AI)	Intelligence demonstrated by machines that mimic cognitive functions that humans associate with other human minds such as learning and problem-solving.
Authenticated Audiences	Individuals authenticated through deterministic means such as logins, emails, phone numbers or other identifiable means.
Cohort Based Advertising	Advertising that is targeted to a set of users grouped together because of a common identifier. A cohort can be anything: from users in a certain location to users who purchased a specific product or service within the same period.
Consent Management Platform	The company or organization that centralizes and manages transparency for, and consent and objections of the end user.
Content Taxonomy	A standardized classification using titling, folder organizing, tagging, and any other way of organizing content to facilitate consistent and reliable communication across the eco-system.
Contextual Advertising	Contextual advertising is a form of targeted advertising where advertisements appear on websites or other media, based on the content of a publisher using AI and or other

	language elements to match likely interest and engagement with the advertisements.
Customer Data Platform	A collection of software which creates a persistent, unified customer database that is accessible to other systems. Data is pulled from multiple sources, cleaned and combined to create a single customer profile. This structured data is then made available to other marketing systems.
Data Management Platform	A centralizing platform to collect, organize and activate first, second- and third-party audience data from any source, including online, offline, mobile, and beyond.
First-Party Data	Information collected directly from publisher or brand audience or customers. It includes but is not limited to behaviors, actions or interests demonstrated across owned media channels like website(s), social media or app(s). It includes all CRM data.
Machine Learning	A type of AI that focuses on the development of computer systems with the ability to change when exposed to new data.
Semantic Targeting	Target audiences based on keywords of interest to a brand that can be enhanced through AI and machine learning to provide predictive contexts tied back to positive actions driving expanded keyword lists.
Universal ID	A user identifier created by ad-tech to provide a shared identity to identify the user across the supply chain without syncing cookies.

Tools & Standards for Contextual Advertising

IAB Tech Lab [Content Taxonomy](#)

[DataLabel.org](#)

Continued Reading

IAB Canada:

[The Age of Hyper Informed Contextual Advertising](#)

IAB UK:

[Harnessing the Power of Contextual Advertising](#)

[What Happens when Contextual Targeting Lacks Context](#)

IAB US:

[Context + Creative: The New Power Couple of Digital Advertising](#)