Advertising 2030
Four scenarios of the future
Advertising 2030
The panelists

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## Starting point
Advertising is facing the dawn of a new era

### Budgets have shifted
- Within ten years, the TV ad share has **decreased by 20%**
- Digital has more than **doubled**

### Programmatic prevails
- Automated processes **replace** human skill in ad placement
- **65%** of global digital ad spend will be traded programmatically

### Ad tech is further taking off
- Advertising is moving more and more **toward technology**
- Global ad software market reached **$16 billion**

### Advertising becomes targeted
- **Data** and digital consumer **insights** are enablers for targeting
- Targeted ads promise **twice as high returns**

### Consumer expectations rise
- Consumers want ads to offer a **clear added value**
- Advertising needs to be either highly **relevant or entertaining**
Protagonists
Five archetypes of stakeholders will exceptionally shape the future advertising landscape

**DPCs***
- Are important actors also in advertising
- Benefit from tech competencies and data ownership
- Act as content aggregators with high reach and direct access to consumers

**Media companies**
- Create relevant content and provide an attractive ad environment
- Went through a digital transformation process
- Need advertising as an important revenue stream

**Agencies**
- Are traditionally key pillars of the advertising market
- Own competencies from creativity to the transaction of media space
- See their traditional business models tackled by ad tech competitors

**Advertisers**
- Are the payers in the ad ecosystem
- Increasingly internalize ad skills, especially in technology
- Become more independent of formerly indispensable partners

**Consumers**
- Are the recipients of advertising
- Have higher expectations towards attractive advertising
- Expect advertising that is equally entertaining, informative and proactive

*) DPCs: digital platform companies
Drivers

The scenarios are based on a comprehensive set of underlying drivers that will potentially shape the future of the advertising industry.
This leads us to four extreme yet plausible scenarios along two key dimensions:

1. The Transactional You
   - Low Creativity
   - Mass Marketing
   - Personalization
   - Reach
2. The Creative You
   - High Creativity
   - Mass Marketing
   - Relevance of Creativity
3. The Entertained Masses
   - Relevance of Creativity
   - Mass Marketing
   - Personalization
   - Reach
4. The Fragmented Masses
   - Low Creativity
   - Mass Marketing
   - Relevance of Creativity
   - Reach
The scenarios
### The Transactional You

In our first scenario data is key to predictively target consumers with highly relevant ads on the right channel at the right time.

#### Global DPCs
- DPCs control **money flows** and **access to consumers** for product sales and advertisement.
- They benefit from their **vast user bases, data pools** and holistic ad tech stacks.

#### Creativity
- Advertising content is designed to be **informative** rather than appealing.
- Mass-appeal **inventory** is no longer crucial for driving marketing success.

#### Data & Technology
- **Data** is the dominant factor.
- **Technology** and **analytics** drive predictive targeting.
- Use of data is not restricted by **regulations** or **privacy** concerns.

#### Consumers
- Get precisely targeted with **customized campaigns**.
- Can protect themselves from being targeted only by subscribing to **paid content**.

#### Market Conditions
- **Media companies** come under pressure as advertising largely decouples from media.
- **Agencies** disappear; creativity and content massively lose significance.
The Creative You
In this world human creativity is the source of highly efficient campaigns that perfectly meet individual consumer preferences

**Creativity**
- Advertising uses **creative, emotional formats**
- Ads rely on **high-quality content**. Media companies take on the creative role

**Data & Technology**
- Technology runs the **selection of media and individualizations** based on deep data analytics
- Real-time **AI-based adaption of communication** plays an important role

**Consumers**
- Campaigns perfectly meet individual consumer **preferences**
- Personalized entertainment creates strong **relationships** between consumers and brands

**Market Conditions**
- **Agencies** are no longer relevant
- **DPCs** have become advertisers’ primary partners

**Advertisers**
- **Direct distribution** of individual products generates proximity to customers and brand loyalty
- **In-house customer data** allows to initiate personalized campaigns

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## The Entertained Masses
In our third scenario creativity is the foundation of high-quality campaigns with extensive reach and attractiveness

### Creativity
- Strong focus on **creativity** and **reach**
- **Creative brand building** clearly exceeds transactional marketing

### Data & Technology
- Strict **regulatory frameworks** inhibit collection, aggregation, and exploitation of consumer data
- Consumers prefer **not to share** data

### Consumers
- Consumers **enjoy exciting ad experiences**
- They face a low level of **personalization**

### Market Conditions
- Because reach and size matter, the media landscape consolidates
- **DPCs** have lost their competitive edge in terms of data and tech
- **Agencies** control the money flow

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**Media Companies**
- They are the most important **interface with consumers**
- Deliver **reach** to advertisers by creating highly attractive premium content

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The Fragmented Masses
In the final scenario buying decisions are triggered by brand power

**Creativity**
- Human creativity is less important
- Data and AI dominate the creative process

**Data & Technology**
- Privacy regulations limit personalized campaigns
- Messages are leveraged by AI
- Technology is commodity

**Consumers**
- Consumers get addressed by aggregating specific niches
- DPCs and media companies are relevant gateways to consumers

**Market Conditions**
- Media world is fragmented
- Tech stack of DPCs is necessary to address ads to microsegments
- Agencies’ intermediary role diminishes

Advertisers
- Advertisers have established strong brands by creating brand messages for specific segments
- They benefit from low creation costs despite the multitude of messages
In conclusion, four extreme yet plausible scenarios illustrate the potential future of advertising:

**Aggregating specific niches** is key to achieving **reach and relevance**. Human creativity is less important, data and AI dominate the creative process.

Creativity is the foundation of high-quality, **blockbuster campaigns** with **extensive reach** and attractiveness but low personalization.

**Data** and analytics allow for a predictive targeting of consumers with highly **relevant**, **transactional** but less appealing ads.

**Human creativity** is the source of highly efficient campaigns that perfectly meet **individual consumer preferences**.