How to Steal Your Prospect's Attention with Contextual Advertising

This transcript was lightly edited for clarity.

Chris: Today, my guests are Philipp (Eckerle) and Alex (Golubowitsch) from PubGrade. They are the managing directors and cofounders. PubGrade is an advertising network using contextual ad targeting. PubGrade serves ads across a network of more than 1,200 journal and other websites. So, what we're talking about today are display ads and contextual display. Alex, explain a little bit what we're talking about. What do we mean by contextual advertising?

Alex: Great, Chris. So, thanks for having me and Philipp on the show. Contextual advertising, in doing that, what we actually try is to maximize the relevance of the place an ad shows up towards the actual campaign goals an advertiser has. So, in life sciences especially, the products that are being sold and marketed and the branding campaigns that are run, they have a very, very special audience, and some of them are really niche, small. There's probably just a few hundred or thousand researchers out there.

What we try to do is by creating a significant match between the actual product being sold or the cornerstones of the service being offered and the surroundings for the ad to actually show up, as in the actual ad unit on a scientific publisher for example, publisher's website. We think we really maximize the chance of meeting, even for niche advertisers, of meeting the right audience and the prospects for their products.

Chris: Let me describe a little bit what's going on. So, we're trying about banner placements to a large degree, right?

Alex: Yeah, exactly. So in digital advertising or digital display advertising, which is what we do, it's all about the ad unit or the placement as you said. You can refer to the actual banner as an ad, or creative, or a banner. So, most websites these days have integrated advertising into it in order to monetize. In the past, there was a tendency to really clutter pages with two, three, four, five, six different ad units. While today people are starting to realize, and the industry is starting to support this industry. I'm referring to the advertising industry here. So, they really start focusing on having one or two very well-placed ad units on their site as opposed to cluttering ads all over the place and really distracting people.

So these placements, talking about scientific publishers, obviously have a chance to really grab the reader's attention for quite a long time in places. If you look at a full text of a scientific publication, and if the reader really engages with that publication and you manage to make sure that the ad unit stays in view over time, then you can really end up (with double quotes "steal") a significant amount of attention from that prospect, and really have a chance to leave a trace and leave your marketing message with the person. Even if it's a really, really small niche, you really have a chance to meet relevant people you would otherwise probably never get hold of.

Chris: Right. So there's two things here. We're talking about ad placement next to journal articles in a publication. Right?

Alex: Mm-hmm.

Chris: And the magic, as I think you pointed out there, is keeping it visible as they go through the publication rather than having it scroll away from them. Is that right?

Alex: Exactly. So, that is one aspect. You can refer to that as the viewability aspect. It's a simple question whether the ad has been in view at all. And then the next question is, for how long has it been in view? Believe it or not, there's companies out there raising statistics that actually say that 50% of the ads displayed, and bought, and sold across the Internet have never even been in view for at least a second. So, the whole problem is, first of all, where does my ad show up? Does it even show up at all? Does it show up long enough in order to really have a chance to be noticed?

Chris: Right. Let's talk about the context. So, Philipp, tell me about what makes it contextual. We are talking about placing ads next to journals, but what's the link between the two?

Philipp: Yes. The aim of advertising is probably to address the right people with your message. Context actually offers you a way to derive suitability of potential audience on a website. So, when we are looking at a journal, for example, we probably know what kind of scientists are reading such a journal in general, but as Alex already pointed out, most of the scientists are working in niches and do need specific products and services. Hence, what most of the advertisers then want to do is addressing on a very granular level potential customers with their different kind of products. That's why we actually are not looking into what a complete journal is about, but rather what a single article is about.

So, we analyze scientific articles across journals, and then can actually slice and dice into the corpus of the different articles and derive what they may be about in terms of research areas, diseases they deal with, techniques, methods used, etc. Then later on, we can match this with the requirements of our customers in terms of who they want to reach.

So let me give you an example. If you are an antibody provider, you probably want to reach prospects that are using antibodies in their day-to-day business as well. So, on a very low level of contextual targeting, you could say, "Your advertising should be in the right place next to articles that deal with antibodies and specific applications, methods, techniques, that are associated with antibodies." So that's actually where it all starts.

After having a good knowledge through text-mining of scientific articles, we can get very, very granular in sorting out the right ads next to these articles. Not only looking into product types, but through combining relevant diseases, products used, applications, and methods and techniques used.

Chris: Right. This is different from AdWords. You could place a Google AdWords, if someone were searching, but this is a different context in which someone is receiving your ad, because it's at a different place in the buyer journey. Right?

Philipp: Yes, that's correct. Well, actually you know somebody typing something into Google is implicitly giving a strong signal that they have a need for at least information related to what they are looking for and typing into Google or another search engine. In many cases, people also want to buy something. That's why actually AdWords and search marketing is great in terms of grabbing the attention of people who are looking for a specific product if you have this product and could satisfy their needs.

So, that's actually very close to a transaction, and that's probably why Google is making a lot of money as well with that, because it's a great tool and it's close to a transaction. So you should be there actually. With display advertising, you could actually address people in different stages of the buying journey. You could also be very close to a transaction depending again on the context. So where you meet the people with your display ad next to a scientific article, it can be many different stages.

It can be somebody looking for a specific product that has successfully been used and published in an article. So that would already be very close to a transaction, but it could also be somebody who is just starting research and gathering information and data. Hence, you may want to be there and be present to present your brand, and products, and services very early to kind of prime those people and tell them, "Hey, if you are in this and that area, we have something you should know about."

Then actually also the message and the content of the ad will most likely be very different to AdWords. In AdWords, you have those little lines of text. What we see in display ads next to scientific articles is typically a lot more complex in terms of what people try to transport as a message. With three lines of text, you can probably not transport that your product has a couple of unique selling points and is a lot more innovative than, for example, a competitor product or a technology that has been in place for several years if you are having a new innovative technology that could replace that.

So besides the level of details that you can give in display and the difference in the stage of the buying journey, probably the aspect of proactively reaching out to people is different to AdWords as well. So if somebody is typing something into Google, you are more or less reacting to that with an ad. If you have the right keywords in your Google AdWords tool, and with display ads, for example, in scientific journals, you can actually proactively reach out to people with a message although they may not have asked for something. So, we could say you could generate a need that somebody maybe has not realized that they could have in the future.

Chris: Right. Exactly, and I like what you're saying there. It can cover many other stages of the buying journey. There's not always, of course, purchase intent when someone is looking at an article. So, what types of ads, and by that I mean what kinds of offers are companies making when they're essentially looking at customers early in the buying stage? Obviously,

you're not going to try to come at them with a "Buy this product" right away necessarily. What do you see in that regard?

Philipp: Well, that's probably also a question towards me as I'm dealing a lot with the customers. So, we see many different type of advertising. So we still see companies who kind of do these type of leadership campaigns if they can afford that. So they say everybody starting their research, or no matter actually where they are in the buying journey, should know about me, and my brand, and my products. So that's what we still see. What is probably most suitable for this type of advertising is having content-rich messages in the banner instead of, "Hey, buy this. This is for free and this is the best stuff."

So, we see or we saw, actually throughout the last 12 months a lot of information that was sitting on the website created through content marketing. I guess you know, Chris, it was a pretty big wave of content marketing and still is, and it is great. But we also saw many companies now having a lot of content sitting on their website, and not receiving a lot of traffic. Hence, they turn to us and ask, "I have this webinar related to using this kind of method for researching around this and that disease, and it's great. How can I get more people watching this webinar that I have on my website?"

Then obviously we can start generating contextual targeting together with them to find scientific articles that deal with that topic, and then having their banner only next to articles that exactly match this topic. That has been working quite well for many companies. What also has been working pretty well is having, let's say, interactive things like pathways that you can browse and where you may have products behind the pathway map. So somebody reading a publication that deals with a certain pathway, and in addition deals with the right products that an advertiser is looking at, or is trying to promote and sell. Then actually, telling those people, "Hey, we have this type of interactive pathways on the website," has been working pretty well.

Chris: Nice. So I'm going to come back to Alex here to ask about the overall value of a display network for a scientific company, and beyond maybe driving traffic to their content, and of course, hopefully, at some point, converting those, grabbing an email address from them when they interact with your content. What else should people be thinking about?

Alex: Well, for the most part, what it does or the network aspect does, it really makes the whole process a lot more effective. The challenge is that digital advertising as a tactic...if a company works with 5 to 10 probably relevant publishers or would like to work, and then

they have probably like a handful of associations that would be relevant as well. It's really hard to get those campaigns running, to consolidate reporting and all these kinds of aspects, to update targeting or to even have some sort of equal targeting across all of those platforms. So, the advantage of a network in that context is that if PubGrade is fully integrated with the individual publishers, you can really use the same targeting method across all of them. So instead of talking to 10 different journal associations, you basically have a single setup process, have very granular targeting, and you also have consolidated reporting at the end of the day.

So, we feel that this takes away a lot of the month-to-month work. Product managers, for example, have when trying to work with this channel.

Chris: Just looking ahead in the future, how has the technology for doing contextual and display advertising changing? What do you think it's going to be like in the future? What do you see coming down the road?

Alex: Well, there's definitely a lot of things on the horizon right now. I tried to outline earlier that generally in display advertising, in the past, there has been way too little attention towards the quality of an actual ad unit to the actual viewability of that ad unit. So this all goes down along the lines of, "Do I clutter my page with five ads units or do I have a single, highly viewable ad unit that can generate a lot more money, and for all parties involved, really increase the success of booking that individual placement?"

The other aspect, of course, is getting to a point where you can even measure at all, as an advertiser, whether your ad has been seen, for how long it has been seen. So there is tendencies to completely move away from the current model where the "success" of a campaign goes back to the click rate. Where a couple of companies on the market, really advertising technology providers, trying to totally move away from clicks and into the way that TV advertising has been sold for ages now. So instead of measuring a campaign by how many clicks it has received, there is a strong tendency to allow advertisers to buy 10, 20, 30 seconds of dedicated attention of a very targeted slice of the audience. So that's one aspect. The tactic is complicated. Display advertising is complicated to manage, especially in our industry.

Chris: I think it's interesting what you just said about comparing it to television advertising. I think I understand this. I mean I certainly understand what you're explaining.

If I'm an advertiser, of course, I want people to click, but there is also an aspect of just visibility for branding purposes or...?

Alex: Yeah, exactly. That is one of the mysteries. One of the real mysteries is what really is the value of an ad impression when there was no click? I think it's very likely unfair to say there is no value at all, but it's very hard to measure. There may be a couple of constellations software-wise that you can use to try and get a feeling for that. But that would really require to use like a lot of different platforms and really, really deep integrations into your own website, which is a problem we also see of course. There is, in some cases, just too little measuring of the actual behavior of people that a campaign brings in on the destination website.

So if people pay five, six-digit amount per year to drive traffic on to the website through display advertising, it's really necessary to follow up with the way they behave on their own website, and get a feeling for individual actions they take. And for example, value that you could assign to each of those actions in order to get a bit closer to a feeling for the extra return of investment of a digital advertising campaign.

Chris: Right. And even short of following them into your website to see what they eventually do, from an analytical point of view, let's say if I were doing an ad and I weren't getting the number of clicks I expected, knowing how much time someone had a chance to click would be an important metric, right?

Alex: Yeah, exactly. In the end, the number of clicks to a large extent goes back to the quality of the creative. This is something where an ad network themselves can only give advice. They, of course, cannot enforce certain messaging or strategies in improving that. So, it's a general problem that the advertising industry is struggling with, is proving ROI. It is possible, but it really requires sophistication on so many levels. It requires sophistication towards the message in a creative, the layout of the creative, the places and the efficiency of the way I buy media for my ad to be placed. That's why we focus on targeting. For the few hundred bucks I have to run display advertising, how would I spend them?

I really need the chance to optimize all along the chain of influences that really determine in the end whether the campaign is effective or not. So, how do I reduce the number of irrelevant people I actually buy with my budget? How do I maximize the amount of time these people actually see my ad? Given what I know about them, in our case, primarily being the context or the scientific research they consume, how can I maximize the potential

overlap between the problems the people are trying to solve and my actual offering? Especially in our industry, there's so many levers you can pull to improve, and so much effort actually to make this perfectly measurable.

This is one thing that people always hold against digital display advertising. At the same time, I think the main advantage is that you even have the chance to pick people with a very specific, very, very niche interest, and freely define what these people are reading about, and then really maximize the chance of getting in touch with those people.

Philipp: Yeah. I think Alex just made a really good point. And the question for many of our advertisers is, "Do I even have a chance in any of the channels that are out there in marketing no matter if it's online or offline to meet new potential customers?" Many, many times, that's very, very difficult for our advertisers because they are probably serving the whole world with their products. But in every country, there may only be like one university or lab where two people sit that potentially would buy this certain product or use the service or instrument. They know they can go to conferences, but it's also quite expensive. If you would need to travel around the world for meeting 150 people in different places, then you have AdWords obviously, what typically is recommended to do anyway.

But then again, you may have a lot of competition there with the larger companies may be bidding a lot more than you can bid to get to the specific spots that are relevant, because nobody is really clicking on page 10 and then clicking on an ad there. So, for many customers, especially for the smaller ones, we just offer a new way to reach out to specific people in a niche.

That's probably an important aspect there of what we are trying to do and achieve. Then for the larger clients that we work with, that traditionally have been doing a lot of display advertising anyway and have a lot of budget for that, we're obviously making the campaigns just more effective, and maybe also more efficient in terms of what Alex just pointed at, booking with different publishers, having different POs, etc.

So when you compare that to the business to consumer world and the developments there, display advertising is currently undergoing an enormous wave of automation. And the times when you contact different people for booking different campaigns on different websites, I would say is definitely going to end in the future, and everybody is trying to book through platforms and aggregators. So having the reach into the community, having the possibility to proactively go out to people with a message, having a very granular

targeting available to satisfy the very life science specific needs and for specific products is important.

Then obviously also having an ad that is prominently placed and grabs enough attention and time and view. So, these are the factors I would consider to be really relevant, and what I actually recommend customers to do is typically really look at the website, what kind of ad zone would they be buying? Would they see this ad, or would they scroll away from the ad? Do they think the placement there, just booking is granularly enough targeted for the specific product and niche they try to target? Yeah, so that's the main aspect, I would say, in current developments there.

Chris: I think this has been really helpful for people to understand how to use contextual advertising to identify and target a very relevant audience. Then also to think about, in that context of where they might be when they're looking at a scientific journal, for example, what types of advertising or offers would make sense. Then also thinking about the analytical aspect of it to learn and improve your campaigns and your offers and so on to get the most for your dollars. So, Philipp and Alex, I want to thank you very much for taking the time to explain all this to us today.

Philipp: You're welcome, Chris. Thanks to you as well.

Alex: Thanks a lot, Chris.

Philipp: Looking forward to meeting you again.

Chris: Yeah. I hope we'll see you at the ACP-LS meeting in October.

Philipp: I guess so, yeah.

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