



# The Ascendancy of Data-Driven Advertising



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This is an edited version of IRI's Growth Insights [C-Suite Conversations](#) with Michelle Hulst, chief operating officer of The Trade Desk, a technology company offering a media buying platform built for the open internet. Hulst spoke with longtime colleague Jennifer Pelino, senior vice president of omnichannel media in IRI's Media Center of Excellence, about market evolution, data-driven advertising, the transition from linear to connected television, retail media platforms and more.

## IRI: Data-Driven Advertising

**Michelle Hulst:** There has been a lot that's changed, and definitely the past 12 to 15 months of the pandemic have been very challenging for marketers, but the pandemic has also accelerated a lot of the changes that we've seen. And now, as markets start to reopen, we see advertisers realizing that the way that they're going to drive business growth is to really double down on data-driven advertising. So we saw companies hit the pause button initially when everything hit, and now they're really starting to look at it. And they're asking, "OK, now that things are starting to reopen, how do I reach the consumers that I really want to reach in the most effective way possible?"

## IRI: Pandemic Changes

**MH:** The pandemic had a lot of consumers trying new products. That's fantastic. But as advertisers, you want to understand what's happening, where those consumer shifts are occurring. And if you are a brand that's being tried now, you want to understand who's trying you and how you can reach them to encourage them to come back and purchase again. They got a taste of your brand, and now you want to make them brand loyal.

Also, we saw a scramble from advertisers to understand those big, big shifts in consumer behaviors. What are the trends that the pandemic helped spur but now are carrying on from a consumer standpoint going forward? Even outside of CPG, we see it. As an example, consumers are changing to more digital forms of engaging with brands. That is something that was sparked by the pandemic but now is a consumer trait that's here to stay.

## IRI: New Data Regulation Impact

**MH:** If we were to go back and redesign data-driven advertising today, we wouldn't have designed it based on a cookie, because there are inherent flaws in that. At The Trade Desk, we really looked at how we could use this moment to upgrade the overall experience for consumers, for publishers and for advertisers.

We launched Unified ID 2.0, which is an industrywide effort to replace the way that data-driven advertising occurs today with one based on consent-based IDs. It's like a common currency that everyone can align on, and it's interoperable with other folks' IDs as well. Advertisers can work with partners they're working with right now, and with the IDs that they're aligning on, and have confidence that those are going to be interoperable with Unified ID, too, so that they can work across all of the media types and have that connectivity. Connectivity is really key, especially when you're thinking about things like reach and frequency as an advertiser.

## IRI: Universal Approach to Identity

**MH:** There will be consented IDs, and there are also going to be a whole host of other kinds of identity solutions. The question we should be asking as people in the industry, whether it's publishers or advertisers and partners, is what's the confidence level that I'm reaching the actual person that I want with my advertising? That is where I see identity as a spectrum of levels of confidence. These consent-based IDs probably are going to deliver a very high level of confidence that you're reaching the person on the other side. And I think there will be other identity solutions that will help fill in that picture, where maybe the confidence levels go down slightly. But overall, when we think about all the challenges that we have with cookie-based solutions, we are in such a better situation with the solutions that we're working on today. I'm really excited about what that future holds from an identity standpoint.

## IRI: Retail Media

**MH:** Most retailers recognize the value and the power of their shopper data. We see those retailers working with us and other companies like IRI to make that data available so that their suppliers can reach their consumers and market more effectively to them in a secure, privacy-friendly way. We also see purchase-based data as being central to driving efficacy and ad campaigns. CPGs and other advertisers really want to understand if the advertising resulted in more sales, and that type of data can help them do so.

## IRI: Streaming and Connected TV Advertising

**MH:** We saw on our platform that there was a tipping point that was hit this past year, which was the number of U.S. CTV households exceeded 87 million and our cable subscriptions dropped to fewer than 80 million. It allowed a lot of advertisers to really see the value of data-driven advertising across all types of media, not just display advertising, or areas where they were comfortable. It really helped expand that universe and bring the same tools that we see in programmatic to TV. We also saw that it wasn't just the millennials who are watching CTV. eMarketer had a stat recently that 77% of adults aged 45 to 54 have adopted CTV. So it's here, and the brands realize that if they're not advertising on CTV that they're probably going to be missing out on audiences.

We did a study with iSpot.TV looking at data across various campaigns and found that 67% of the households reached on CTV were unique. As an advertiser, you can't just rely on linear anymore, or you're going to miss out on all of these different audiences. All the things that come with that huge consumer shift to CTV unlock all of the tools that we've been able to see on other parts of digital in the past. You can apply data-driven advertising across TV at scale. You have flexibility in your TV advertising campaigns to allow for control on reach and frequency, which is critical.

## IRI: Tying the Speed of Data to Advertising

**MH:** As an industry, the more we can focus on getting the right data – purchase-based data is the holy grail for a lot of advertisers – we'll be able to get that into platforms where you can make quick decisions and determine whom you're reaching from an audience standpoint. We're starting to see acceleration in retail partners, and making their data available to advertisers for that use case is really critical. As is the ability to then get feedback and results using that data to optimize and pivot if needed. There is no shortage of desire from the market to shorten that time frame, to accelerate the speed as much as possible. And that is definitely something The Trade Desk is working on.

## IRI: Brand Considerations

**MH:** I think we should as advertisers be testing identity solutions and doing it now. There's so much upside that we've seen in advertisers that start converting their first-party data into, in our case, UID2s, and then starting to transact on those throughout the ecosystem.

If you have first-party data, continue to focus on capturing that and on converting and starting to transact on it. If you don't have first-party data, or it's limited, work with folks who have proxy first-party data that you can leverage. In the case of CPGs, work with retail data to help your data-driven advertising. And then, I can't emphasize enough, CTV. Make sure it's incorporated robustly into your planning, your campaigns and your media spend. I think you're really missing out on core consumers if you don't have that. And again, you can apply all these great tools, whether it's related to reaching the right audiences or measuring the effectiveness of your advertising across that medium, as well as all the others. You get a really good picture of how your whole campaign is working.

## IRI: Importance of Advertising

**MH:** Consumers are now making decisions. They weren't spending necessarily, and now they're spending ... and you better believe that advertising is helping drive those decisions. For marketers, it's definitely important to double down on advertising and make sure that when you are, you're spending on the stuff that's actually effective. 

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