



The Connatix Guide to Contextual Targeting:

How the Power of Context Will
Fuel the Cookieless Future



Long before the first digital banner ad appeared on a website, there was contextual targeting. The strategy to place ads next to relevant content has been used by print and broadcast media for decades, so when the Internet became mainstream in the late 1990s, advertisers applied the same strategy to these “new media” channels. Since then, the rise of Big Data, the mobile internet, and more sophisticated behavioral targeting technology pushed contextual targeting into the background. Until now.

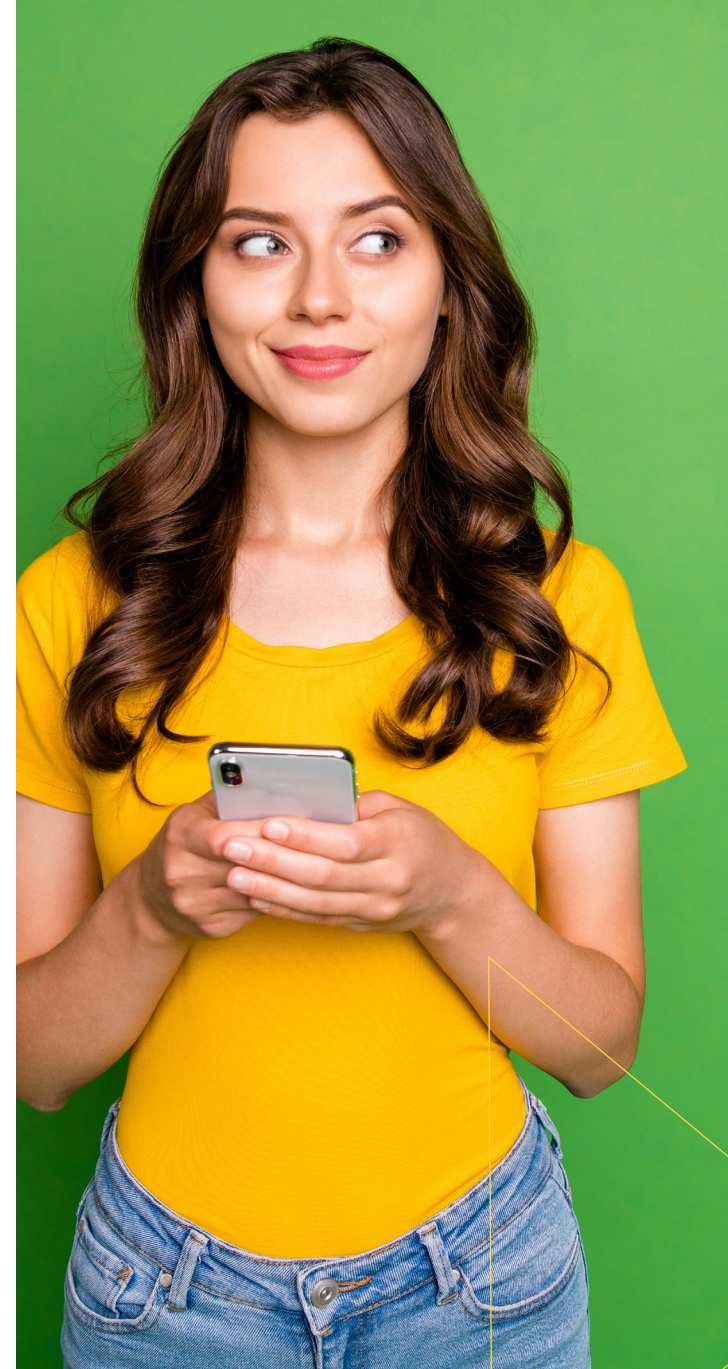
The long, 20-year reign of behavioral targeting is ending and contextual targeting is making a comeback. In this guide, we'll demystify contextual targeting by providing answers to the following questions:

What is contextual targeting?

Why is contextual targeting regaining popularity?

What are the benefits of contextual targeting?

What is the technology behind today's contextual targeting?





74%

of consumers are likely to remember an ad if its message relates to the content around it*

What is contextual targeting?

The concept of contextual advertising is simple: Advertisements are matched up with webpages, based on the content of that page. For example, ads for sneakers are placed on websites dedicated to fitness. This example illustrates that the most important factor in contextual targeting is *relevance*. As a consumer browses the web, they're shown ads that are deeply relevant to the content they're viewing and are more likely to make a purchase.

Since the Internet has a seemingly infinite number of pages, advertisers can work with publishers to get very specific about matching ads and page content by identifying keywords, categories, topics, language and even location. Again, the higher the content relevancy, the higher the chances that a consumer will click the ad and make a purchase.

For example, if you're an automaker, you might want to show your ad on any page that appears to focus on "Cars," "Car reviews," and "Car maintenance." Or you can take the category approach and show your ad next to content in the "Sports & Leisure" or "Family" categories.

As website publishers are constantly trying to attract more users, page content has become increasingly visual. [According to a study conducted by Cisco](#), consumer Internet video traffic is now 81% of global consumer Internet traffic, up from 72% in 2016.

The rise of video presents an exciting opportunity for both publishers and advertisers interested in running contextually targeted campaigns. With the right technology, dozens of data points can be



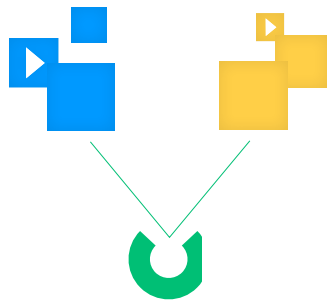
43% more engagement, 2.2 times ad recall and increased purchase intent when ads are contextually relevant*

extracted from a video and that data can be used to create more accurate, impactful campaigns.

As video continues to dominate the web, publishers who limit their content to static images and text are missing the chance to truly understand their users and provide them with the most relevant content and advertising. Brands who create video ads and place them near relevant content are more likely to entice users who engage with their content and, ultimately, become customers.

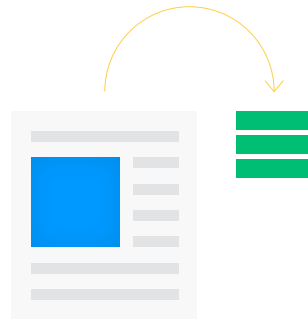
The more the system understands the true context of a video and the page surrounding it, the better the ad matching. Here's an example of how a cooking video might appear on the Food page of a news site. As you can see, the publisher can extract many data points from this video, which they can use to attract relevant advertisers.

Here's how contextual video targeting works:



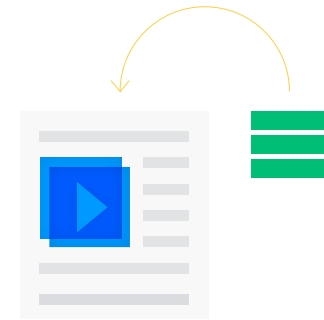
1

A crawler scans the web and categorizes pages based on context and semantics. More advanced contextual solutions are able to scan video content in addition to page content.



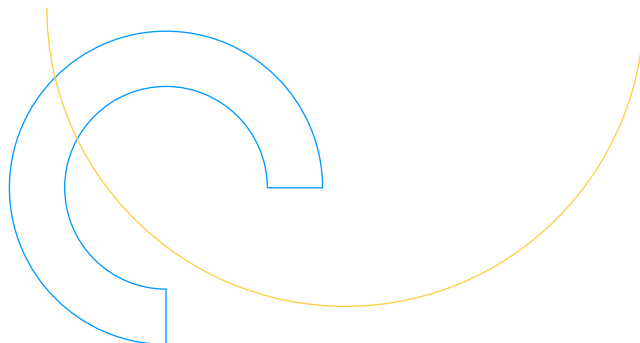
2

When a user visits a page, the page and video contextual information is sent to an ad server to request an ad.



3

Based on contextual targeting parameters set by the brand, the ad server matches the contextual information to the targeting and serves a relevant ad to the end user.



Why is contextual targeting regaining popularity?

The power of digital advertising is the ability to target groups of people based on specific characteristics, interests and behaviors. As we mentioned earlier, the first digital ads primarily used page content and context to attract customers. But web developers soon discovered that placing a tiny piece of code, (called a “cookie”), on a user’s browser would enable them to track every page that a user visited. The tracking cookie provided advertisers with a constant flow of specific audience information they could use to find new customers and encourage them to buy their products.

The invention of third-party tracking cookies has had an enormous impact on the Internet over the past 20 years, helping online advertising evolve into a multibillion dollar industry. But this amazing success for

According to a survey conducted by Deloitte, nearly half of U.S. consumers feel they have little to no control over their personal data.

advertisers has come with a cost to consumer privacy. As Internet users became more tech-savvy, they also became more protective of their personal information and their browsing habits.

Major browser companies and government entities have been compelled to respond to consumers’ demand for more privacy, control, and transparency over their online profiles. Both Apple and Google have announced and enacted plans to phase out cookies, paving the way for more consumer-friendly forms of advertising that are less intrusive and more aligned with consumer choice.

Here's a timeline of major milestones leading to the end of third-party cookies:



2016

The European Union passes the General Data Protection Regulation (GDPR). The regulation treats cookies as personal information and requires businesses to inform visitors about cookies and tracking technologies on their websites.



2017

Apple announces that it will begin blocking third-party cookies on its Safari browser.



2018

In the United States, California enacts the Consumer Privacy Act (CCPA). Among other things, this law grants California consumers the right to know, the right to delete, and the right to opt-out of the sale of the personal information collected by businesses.



2020

Google announces its intention to block third-party cookies on Chrome web browsers by 2022 via its Privacy Sandbox initiative. They have since moved this deadline to late-2023.



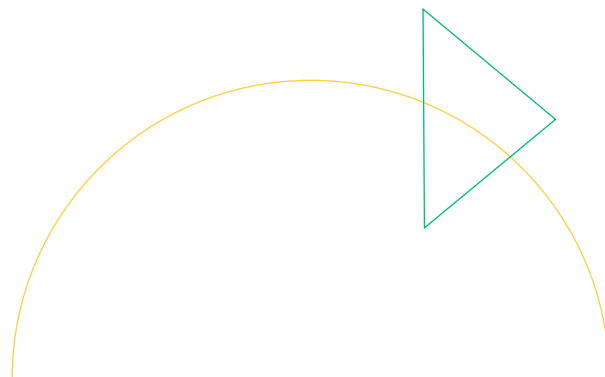
2021

Apple expands their cookie limitations to mobile devices by giving iPhone users the choice to opt-out of being tracked by third parties while using apps. According to Flurry Analytics from Verizon Media, [96% of U.S. users opted out of app tracking](#).

Since Google enjoys [66.6 percent of the global desktop internet browser market share](#), their announcement to eliminate tracking caused many in the advertising industry to declare the death of the cookie. Without third-party cookies, advertisers will lose the ability to build cookie-based audiences. They'll no longer be able to serve ads across the Internet to users who have visited their websites or serve ads based on someone's browsing behavior.

Now, marketers need to find new, innovative ways to reach consumers online and this is where contextual targeting comes back into the picture. Since contextual targeting does not download any software (such as cookies) to the user's computer, it does not rely on obtaining a consumer's personal details to serve ads, making it a very attractive option as advertisers prepare for a post-cookie world.





What are the benefits of contextual targeting?

For many advertisers, experimenting with a new approach can be risky – especially when the behavioral strategy seems to be working and cookie deprecation feels like a far off point in the future. But there’s evidence to suggest that cookies are already losing their effectiveness. [Some companies are starting to reduce their reliance on cookies and still see business uplift.](#)

In a cookie-less world, leveraging content, creative, and customer experience can be even more powerful and effective than tracking users around the Internet. Creating contextual campaigns is an opportunity for advertisers to add more value to the customer’s journey by generating more engaging content that really connects with consumers and affects their decisions.

[According to Deloitte’s Global Marketing Trends 2022 Report](#), 61% of high-growth brands are shifting to a first-party data strategy while only 40% of negative growth brands are doing the same.

Here are six things to consider as you strategize your next contextual campaign:

Put Privacy First

We’ve already reviewed that contextual advertising is a more privacy-friendly strategy. Another facet of a non-invasive approach is that it enables brands to look at how to develop a long-term relationship with their customers versus tracking their day-to-day whims. By engaging within the consumer’s area of interest, brands can evaluate different data strategies that respect consumer privacy.

Create Real-Time Relevance

Behavioral advertising finds people based on their searches and online browsing habits,

According to the Ipsos Global Trend Report for 2021, an average of 70% of respondents across 25 countries surveyed, said that they prefer to buy from brands they believe reflect their own principles. In the United States, 66% of consumers preferred brands that align with their values.

but the ad appears after the user has taken these actions. Contextual has the ability to place the right ad into the right place before the consumer has come to the page, so the advertiser doesn't miss out on a whole group of customers in their moment of interest.

Use Deep Content Analysis

Today's contextual advertising technology has evolved exponentially since those early days of the Internet. Now, artificial intelligence (AI) and machine learning can scan text, images, video and audio to understand the full context of a webpage. Advertisers can go far beyond keywords and inclusion lists to find the most relevant content, revealing opportunities for their campaigns to increase reach. (We'll talk more about how AI has enhanced contextual targeting in the next section).

Leverage First Party Data

Advertisers who possess first-party data on their customers are sitting on a goldmine. They can analyze recent transactions and learn which webpages and contextual categories the user visited before making a purchase. Then, the advertiser can use that first-party data to build lookalike audiences to reach consumers that are likely to buy without using third-party cookies.

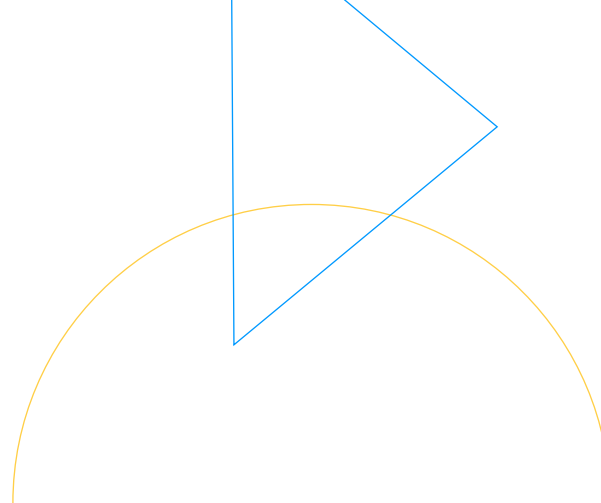
Increase Brand Suitability

As consumers are demanding that brands align with their values, companies are becoming more sensitive to ensuring placement of their ads around appropriate content. Contextual advertising offers an additional layer of brand protection because it gives marketers more control over their

campaigns without sacrificing reach. With new developments in machine learning, the advertiser simply selects content criteria and reduces the chances that an ad will appear in an unsuitable environment.

Flexible Creative Optimization

Contextual targeting enables advertisers to show the most contextually relevant products for every web page in real time. Ads can be placed dynamically based on a variety of factors, such as location, commerce signals, contextual relevance, or popular products.



What is the technology behind contextual targeting?

We've talked about how privacy policies, brand safety initiatives and more accessible data have fundamentally changed the ad tech landscape, clearing a path for contextual advertising to make a comeback. But the technology behind today's contextual targeting is much more sophisticated than in 1998. Back then, contextual targeting had no ability to deeply analyze metadata and recognize video content. There was no mechanism to enrich first-party data or data from other sources and marketplaces. And, most significantly, there was no artificial intelligence (AI) fueling contextual targeting.

Over the past decade, AI and machine learning technology have advanced contextual targeting, giving advertisers the ability to scale their capabilities at a more affordable cost. This deeper level of analysis can identify the subject matter and sentiment on each page.

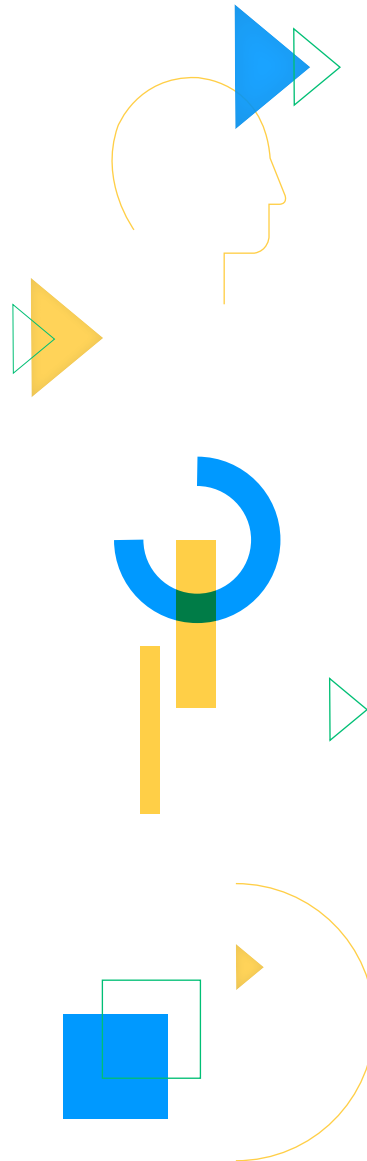
Here is a short primer for understanding the capabilities and complexities of how modern contextual targeting recognizes and analyzes content:

Deep Learning

A subset of machine learning, deep learning uses algorithms meant to function in a manner similar to the human brain. Using neural networks that mature as the system acquires more data, deep learning combines what it already knows with new data to make inferences and predictions that continuously improve outcomes.

Natural Language Processing (NLP)

This is a type of AI that is used to understand and interpret text and speech. Using NLP, the technology can look at video content to identify relevant contextual categories. It can go far beyond looking at metadata, which may miss some aspects of the content. The most common application for NLP is translating audio into text so that it can be analyzed for context and sentiment.



Computer Vision

While NLP can be quite accurate, it may not always provide a full understanding of the action on the screen (e.g. a video with little or no dialogue). But NLP can be combined with computer vision to recognize and analyze images within videos, giving an overall picture of what the video is about. With computer vision, advertisers can get specific data on the people, locations, items and brands contained within a video.

Knowledge Graphs

Often paired with various types of AI and machine learning, knowledge graphs bridge the gap between data points and real-world meaning. Interlinked data maps continuously draw connections to put ingested nodes into context for more accurate targeting and to distinguish uncertainty (e.g. does “Amazon” refer to the company or the rain forest?).



Combining multiple AI techniques and audience data provides a more complete understanding of the context, across multiple media forms, so that advertisers can serve the most relevant and engaging messages without ever touching cookies. Unlike behavioral targeting, contextual targeting has the ability to create a world where every advertisement is relevant to its audience, maintains a higher level of brand alignment, and respects digital privacy. ■



This paper and the accompanying research were brought to you by Connatix, the next-generation video technology company. We empower publishers and advertisers to deliver successful video experiences to audiences at scale. Make the most of your video strategy with our first-in-class capabilities – [reach out today](#).

