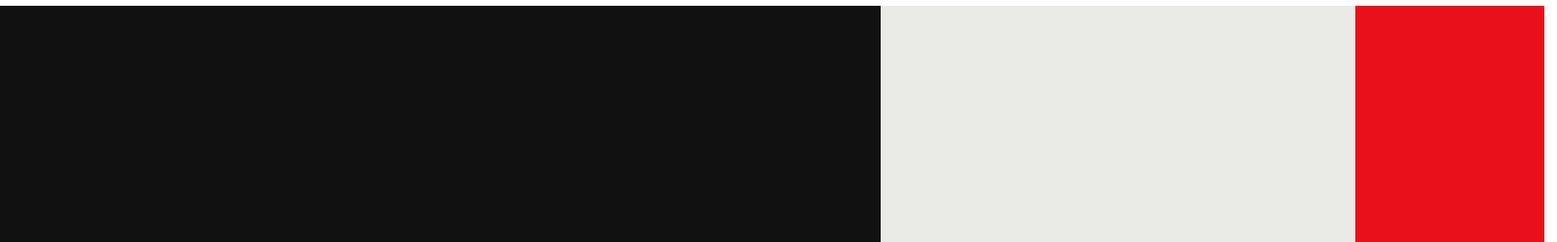# The Daily: The rise of attention metrics, Apple and Microsoft vs. Google search, and YouTube's unskippable ads

Audio

On today's episode, we discuss which attention metrics are real, which are still in development, and where identity and addressability will be by the end of the year. "In Other News," we talk about how much Microsoft and Apple can encroach on Google's search turf and YouTube debuting unskippable 30-second ads. Tune in to the discussion with our analyst Evelyn Mitchell and Kunal Nagpal, chief business officer of InMobi.

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Episode Transcript:

Marcus Johnson:

Hey gang, it's Thursday, May 25th. Listeners, welcome to the Behind the Numbers Daily an e-Marketer podcast made possible by InMobi. I'm Marcus. Today's fact, there once was an NFL

team called the Steagles. This is actually true. In 1943 American football teams, the Pittsburgh Steelers and the Philadelphia Eagles both lost so many players who were serving in World War II, they joined together to become the Steagles for a season. The team actually finished the season with a winning record at five wins, four losses and a draw, a tie. It was the first time the Eagles had ever had a winning record since their founding in 1933, 10 years before this happened. This is actually true. This is not like a praying [inaudible 00:01:44] before they used to be called... they were the Steagles for a year.

Anyway, today's real topic is a conversation between Insider Intelligence's senior analyst covering digital advertising and media Evelyn Mitchell. And Chief Business Officer of InMobi, Kunal Nagpal, where they discuss the rise of attention metrics. I'll see you folks in the second half of the show to talk about Apple and Microsoft challenging Google and YouTube debuting unskippable 30 second ads.

Evelyn Mitchell:

Thanks so much, Kunal, for joining us today. I'm really pumped to chat with you.

Kunal Nagpal:

Thank you for having me.

Evelyn Mitchell:

Oh. Yeah, of course. And let's just, let's kick it off strong. So let's talk about publishers. They are in a tight spot at the moment. Revenues the latter half of 2022 weren't stellar, and then the first quarter of 2023 was kind of a mixed bag and some are reading those tea leaves to mean we're coming out of the woods of economic uncertainty. But longer term, what do you think will differentiate the winning publishers?

Kunal Nagpal:

Yeah, I think the way you put it is the right way. They went through a bit of a drought back in last year and then they are seeing some green shoots. But to be honest, they're all pretty clear that this is a fundamental shift in the way they have to rethink their business. This isn't just your usual one-to-one mapping or correlation to the economic activity. It's also how the buyer side is adapting in the world of Adtech. If Google's going to be more inward looking and if Amazon's going to plan for its own world first, that does take away a lot of the revenue that should have flown and could have flown and was flowing into the third party ecosystem. The

thinking about that, like what does it mean for us now? And the answer is different if you are a super premium publisher like a New York Times versus if you are like a utility app provider. But regardless, everybody's talking about that.

The other thing is, as a publisher, I'm also seeing how the third party cookie is going away. If I have a [inaudible 00:03:46] presence, the device identifier is going away if I'm on the app and what does that mean for me? And in some ways those are actually opposing forces. While you may have demand softness, if you will, on the first point of Google and Amazon retracting a little bit, the other side is in the absence of an identifier, whether it's a cookie or a device ID, if I do this well, I actually can claw back a lot of my power for the purpose of targeting and measurement and attribution because now nobody else has that identifier to plan that.

Previously DSPs used to plan for that. They were always looking at that identifier to use frequency capping, for example. Right? But when you take that away, I now have the sole understanding at the level of discreetness that I can then show up to the buyer side and say, "Here's how you could buy my audience." Right? So it's an interesting world, but I think the publisher definitely have the upper leg if they can execute well from here onwards on their side.

Evelyn Mitchell:

Yeah, absolutely. A topic on this front when it comes to addressability and really making your inventory more appealing to buyers is attention. Attention metrics have been gaining traction over the last few years and in a way they kind of allow advertisers to leverage the publisher's content in a new way to make their campaigns more effective. But as with anything in digital advertising, there's a lot of hype which can sometimes make it really challenging for advertising stakeholders to determine whether they want to invest in something like attention metrics. So can you talk me through what's real and what's still in development in the attention space?

Kunal Nagpal:

Yeah, think about why attention even matters right now. And I won't quote the client that we work with, they were at a conference maybe a month ago and they said, "Look, I pay 60% off my campaign money in these different deck lenders who are guaranteeing me this and assuring me that for your ability of this and completion rate of that." And that's getting out of control, especially from the money spent and ensuring a campaign is annoying. But then if I

look at the world of web, there are three or four ads on any given screen. And so I know that at least somewhere between 50 and 70% of the quote-unquote attention actually is going away. The user's not looking at four ads at the same time. And so 6% of the money went to vendors for 50%, at least, of ads that were not seen.

What am I doing here? So attention is important. It's real. The need is real. The tech also is fairly developed. If anything, I think the industry needs to not make the same mistake that we did with viewability where we debated and discussed the methodologies for two, three, four years before IB came in and said, "Actually, let's standardize. Let's make a standard application of your ability." So you may be a DV, or a mode, now on by Oracle, but you all need to come back to this one way of the buyer interacting with your technology. And I think that needs to happen with attention really rapidly because we need it. The research is very real. Honestly in our world, it turned backed a little bit less, cause on a mobile app screen, there's only one ad at a time, but you can't deny the value of showing an ad to somebody whose phone is actually in your face versus if a phone is on the table upside down, right? It's intuitive. We need attention to become a currency dial.

Evelyn Mitchell:

That makes sense. And hopefully this standardization conversation does pick up steam. Just to go back and for any one of our listeners that need a reminder, DV is DoubleVerify, I-A-S, Integral ad science just to spell out those acronyms because goodness knows we have plenty of acronyms in this space. So what do you see, what new opportunities are you really excited about in the attention space? As you mentioned, this is a really exciting space and it has real potential value for advertising stakeholders across the buy and sell side. So what are you looking out for next?

Kunal Nagpal:

We are really trying to get agencies to not hitch their bandwagon to one or two names, but to really go and test out with all the players out there. They all have varying degrees of the same idea of how to measure tension, but you got to test them out. You got to make them also come to your needs versus a bit of a academic approach. At a company level, because we are in-app specialists, there is no solution out there today that works for in-app. And so we are quite excited to work with some of these sort of newer age platforms like your Adelaide and Lumens of the world in building the solution for the in-app space. In-app space is a closed ecosystem. It requires an SDK. Even with an SDK, you sort of don't get all the permissions that

you can get on the open web world. So how do we overcome that through a mix-up a deterministic and a probabilistic modeling setup is what we are really excited about. And I think by the end of this year we should have something that would really benefit the broader industry.

Evelyn Mitchell:

Okay. So we'll keep an eye out for that. Are there any particular applications of attention metrics in digital advertising that you think are especially smart or especially promising?

Kunal Nagpal:

Well, I think of attention metrics as either/or. You can use it as a currency to understand if somebody even watched your creative, or you can actually use it for campaign performance improvement. If I have a more attention grabbing creative, my campaign performance will be higher and therefore you start separating the true value of that campaign, and the creative. Think of it this way, [inaudible 00:09:19] recently came out with an in stream versus out stream guidelines. It's the same idea, at least analysis, it's the same idea that if I have true in stream, then I'm more valued as a publisher. So if I have more attentive creative slots, then I am more valued as an FSV or DSP. Right? So I've shown why therefore I deserve to get a little bit of a premium versus sort of middle of the run campaign that run all the log.

Evelyn Mitchell:

Yeah, absolutely. I mean there are so many, I think touchpoints throughout the planning and activation and optimization processes where attention data can provide another vector of... that'll will allow, that will allow advertisers to increase the effectiveness of their campaign, whether from that creative, even the inception of the creative itself, and then through to deciding exactly where that creative will be shown to the consumer and the strength of a particular property-

Kunal Nagpal:

A hundred percent.

Evelyn Mitchell:

... and a particular device. Yeah. I am really interested to see how as attention metrics are standardized and adopted across the ecosystem, how that then will be integrated with how

folks leverage their understanding of their consumer's journey, and how we can make things even stronger in that respect.

Kunal Nagpal:

And honestly, again, this is sort of more relevant for the web world, but soon for in-app and CTV side as well. But there are too many properties, too many URLs I think exists out there today for the sole purpose of advertisement, not for content. And this can help clean that or at least push that cleaning effort a lot more to say that I do not want to advertise on a page that has 10 ad slots. That makes no sense. I do not want to waste my money on it. I think there are many, many byproducts of that. Viewability sort of got us some way attention, I think gets us another two leaps ahead.

Evelyn Mitchell:

Absolutely. Yeah. Hopefully this will also help weed out made for advertising services-

Kunal Nagpal:

A hundred percent.

Evelyn Mitchell:

... as well, because those are-

Kunal Nagpal:

At least I'm hoping.

Evelyn Mitchell:

Exactly. We're all hoping for that. Even consumers, I think we're all tired of them. All right, we have time for one last question here and we'll kind of bring it full circle to a couple of things you mentioned up top. So we're about to head into Q3, at which point Google's privacy sandbox APIs will be made generally available on Chrome. Privacy Sandbox for Android is in beta. But my research suggests that the industry is kind of losing momentum on solving the identity resolution and addressability challenge. That's not to say that there hasn't been progress and that there won't continue to be progress. It's just that folks are kind of... they're lacking a deadline that they trust to come to pass on that front, which makes prioritization of preparation for the post hooky post ad ID world a little bit more challenging. So my question

for you is where do you think that we will be with identity and addressability by the end of this year?

Kunal Nagpal:

Yeah, I think like you said, up until the point, you hit the point of existential crisis, there's a little bit less motivation to actually do things. And if you keep punting that time waiting for the crisis to happen, that's literally what has happened over the last two years. But I think we are here now, and my bet is by end of this year, we would have, as industry, sorted out at least two aspects. The first aspect is it is not a conversation of deterministic v probabilistic alternative IDs. We need to stop that debate and I think we'll stop that debate by end of this year where we'll say you need both. Deterministic is obviously high fidelity, but probabilistic is when you get scale. And if you're having models built smart enough, you will know how to not waste money on probabilistic only set up, but you need both.

You can't live with either/or. The second aspect that I [inaudible 00:13:10] come to fruition is last I checked, there were 72 different universal identifiers. That has got to stop. There's nobody who wants 72. I would argue that even 10 pushing it. But then the world is complex, different regional sort of new cultural nuances kick in. So I would hope if we whittle that down to 10 to 15, my bet though is it'll be down to 20. We'll lose 52 of those 72 for sure. And I think that's a really good thing to happen for us.

Evelyn Mitchell:

Yeah, I hope so. I think that'll make it a lot easier for everyone to even approach this space. Right now, it's like a daunting task to weed through all of these different providers and understand how they fit together, or not, and whether your tech could support them, or not. It's just... there are a lot of questions. But I think what's funny is you and I, we've had a couple of conversations over the past few years and the very first time I spoke to you, I brought up that very question of there are so many identity providers in this space, what do we think is going to happen? And I think you said the same thing about it will get whittled down eventually, and we're still waiting for that to happen. So hopefully the industry really gets on it because I agree with you. I think it'll be really helpful in solving the challenge.

Kunal Nagpal:

Honestly, we did whittle down from like 150 odd.

Evelyn Mitchell:

Right. I know. We've made progress. We're approaching on the end of this road hopefully. Well, this has been fantastic, Kunal. Thank you so much for chatting with me today.

Kunal Nagpal:

Thank you for having me.

Marcus Johnson:

Folks, time for the second half of the show. Evelyn is sticking around to help us tackle these stories. Today in other news, Apple and Microsoft challenging Google on search, and YouTube debuts Unskippable 30 second ads.

Story one. Evelyn, you just wrote an article titled "Apple and Microsoft are encroaching further onto Google's search turf." You note Microsoft's early bet on conversational search will pay off in growth. Seeing its US search ad revenues get a 9% boost this year. You point out that's more than three times as fast as Google. Apple, their ad revenues will reach 5 billion in 2023. Five years ago, Apple was making a little more than a billion dollars a year. But Evelyn, the most important sentence in your article on Apple and Microsoft encroaching further onto Google's search turf is what and why.

Evelyn Mitchell:

The most important sentence is, it's actually kind of two sentences, but one point, that Google will remain the biggest player in search for the foreseeable future, unless another player, be it Samsung or Apple, disrupts the delicate balance of agreements that keeps Google as the default search engine on most smartphones and browsers.

Marcus Johnson:

Plot twist.

Evelyn Mitchell:

Yeah, I think it's easy these days to focus the conversation on AI and all that's going on there with the Microsoft versus Google battle. And AI is certainly important, but it's just also key to keep your eye on the competitive dynamics that have given rise to Google's dominance in the first place. And the fact that those are still in play right now, even as the AI battle ensues.

**Marcus Johnson:**

Talking about the default, so Samsung said that they're going to keep Google, right? So we're wasting on what Apple has to say about whether they're going to keep Google as the default search engine on their phones. That contracts up next year.

**Evelyn Mitchell:**

Yeah, it should be next year. And even the Samsung news, that's good news for Google, but it's also these contracts are finite. They're not indefinite forever. So the next time Samsung reevaluates its contract with Google, Google will be in the same position where, I mean, Samsung devices have a much lower penetration compared to iOS and Android devices in the US, and globally. So it's a little bit less important I guess for Google. But yeah, it's still it. It's an iterative process and we'll see how Google fairs next time.

**Marcus Johnson:**

Yeah, story two. YouTube debuts unskippable 30 second ads to target brands TV dollars, writes Garrett Sloan of Ad Age. The 30 second ads only play when someone is watching on a TV. Mr. Sloan explains that the 30 second spots are only open to brands that buy into YouTube Select, its most engaging content, and the ad package for brands that participate in upfront deals. But Evelyn, the most interesting sentence in Mr. Sloan's article on YouTube, debuting Unskippable 30 second ads for TV is what and why.

**Evelyn Mitchell:**

Well, you just said it.

**Marcus Johnson:**

Yes.

**Evelyn Mitchell:**

So I know, you win.

**Marcus Johnson:**

I do win.

**Evelyn Mitchell:**

Well, it's really that piece about that this ad format is only open to brands that buy into YouTube Select. And there are, you already mentioned the components of that product that make it special, so I won't repeat them now. But I think it's interesting because there is this broader debate, or maybe not a debate, but conversation in the industry around reach, and TV's kind of diminishing ability to achieve advertiser's mass reach goals because linear TV is declining in terms of viewership. And then on the streaming side, although streaming viewership is on the rise, there are more ad-free players in that space. So the ad surface area that advertisers have to work with on streaming is lower. So overall TV, converge TV, including linear and CTV as a reach medium, that power is dwindling. So having something on YouTube that is kind of like a TV experience for advertisers is going to be really interesting and may push the conversation around where YouTube fits in the TV ecosystem to a new level.

Marcus Johnson:

Yeah, YouTube says it now has 150 million monthly viewers on TV screens. One other announcement in that piece, a company also just launched Pause ads, like the ones offered by the other folks. Disney, Roku, Amazon, NBC, Universal. That's what we've got time for. For this episode, Evelyn, thank you so much for hanging out today.

Evelyn Mitchell:

Thank you, Marcus.

Marcus Johnson:

Thank you as well to Kunal, who joined us in the first half. Thank you to Victoria who edits the show, James, who copy edits it, and Stuart who runs the team. Thanks to everyone listening in. We'll see you tomorrow hopefully for the behind the Numbers Weekly Listen. This New Marketer podcast made possible by InMobi.