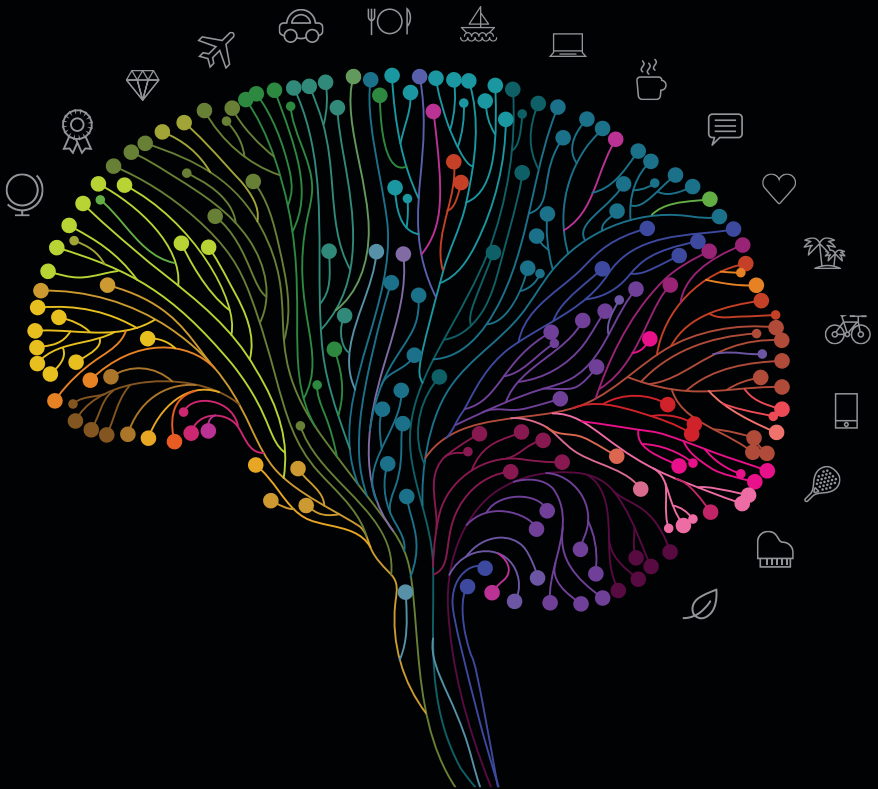




AI and Advertising: Personalized Ads for Everyone




The next big leap in digital advertising will make every brand message interactive and personalized. Brands will rely less on talking to huge audiences, or even to smaller, carefully targeted segments. Instead, they'll talk directly to *us*.



A carmaker, for example, will show you exactly the models that already interest you, and are within your price range, too. The car ad will point you to the nearest dealer and let you know if your dream car comes in baby blue.

“ Soon, instead of a few variations, a brand will have a million personalized versions of an ad, dynamically presented to a million different people,” says Emi Gal, CEO of Teads Studio (<https://teads.tv/studio/>), a leading innovator in enhanced, interactive video advertising.



The key to this great advance is deep learning, a branch of artificial intelligence (AI) that uses algorithms to mimic the human brain's neural networks, allowing ad delivery networks to recognize and act on abstract patterns. Thanks to deep learning, digital ads are becoming far more relevant (and much less annoying) to consumers, and therefore extremely effective for advertisers. People surveyed in a January 2017 Teads study ranked interactive video ads as the least intrusive video ad format—which means consumers are more likely to respond to them.

Dynamically-assembled ads

“The ad of the future will be like a self-assembled LEGO structure, which magically assembles itself, based on a number of characteristics,” Gal says.

Like a toy chest full of those colorful building blocks, tomorrow’s advertisers will have all of a brand campaign’s assets—logos, images, text, video, guidance color, language, plus all of the data from every related brand campaign—ready to put together, on the fly.

Using these diverse elements, AI will flawlessly assemble the right creative approach, for the right person, at the right time—and in real time—based on data and the behavioral profile of the individual consumer. In the end, a brand won’t have just one version of a video ad, or even two or three. Rather, it’ll have a unique version of the ad for *every consumer*.

Interactive and conversational ads

Why is interactivity important?

Consider research conducted by Teads Studio, which involved one test group watching an ordinary video ad and another watching an interactive video ad. The interactivity increased ad brand recall by an astounding 385 percent.

Just as we now walk into a store and talk to a sales rep, soon we'll interact with AI-implemented ads through speech and gestures to refine our options and make a purchase. That ad from the carmaker, for instance, might let you click to sign up for a test drive or download a customized digital brochure.

We'll be able to do this with a wide range of ads, no matter where or how they're served, with or without video. Consumers are already being groomed to communicate with intelligent apps and devices. Smartphones and wireless speakers featuring virtual assistants such as Apple's Siri, Amazon's Alexa, and the Google Assistant demonstrate how AI can not only process spoken queries and commands, but engage users in conversations that feel increasingly natural.

AI ads will encourage us to ask them relevant questions: "What's the price?" or "Can I get heated seats and satellite radio?" These ads will deliver intuitive responses, automatically.

We're almost there...

There's a concept in technology called Moore's Law, formulated by Intel cofounder Gordon Moore in 1965, which essentially says that the computing power of chips will double every 12 to 18 months. Moore has been proven right so far, and this continued exponential growth will have a tremendous impact on AI technology.

“If the trend continues—and there is no sign that it won’t—we’ll have computers that are pretty much on par with humans in terms of computing power by 2025,” Gal says.

Computers already can detect objects and faces in images and videos, with a lower error rate than humans. Deep-learning algorithms can even detect our four-legged friends, identifying cat images in 10 million YouTube videos—all without human guidance. Imagine the possibilities when AI focuses on people.

New AI systems gather massive amounts of relational data that feeds the algorithms, which allow brands to dynamically optimize and improve the creative execution of an ad to boost campaign performance. AI will not only target traditional attributes such as age and income, but ads will be delivered based on previous interactions and shopping behaviors, plus emerging patterns such as real-time inventory and even the weather. “With access to data and the ability to learn, AIs will make ads ever more effective and cost-efficient,” Gal says.

Get ready—now!

Marketers and advertisers must become data-wise today, while preparing for customized, AI-driven ads in the future. They need to develop sound data strategies and invest in data management platforms (DMPs) to handle the ever-expanding mountains of big data that AI requires.

Consider the three sources of the massive amounts of consumer information:

- Third-party data—Accumulated across the web by large corporate “data sourcers”
- Ad-network data—Collected by content publishers to build histories of their site visitors
- First-party data—Gathered by advertisers themselves—emails, phone numbers, purchase histories, etc.

A DMP has several functions, but its primary task is to connect and correlate these three data sources. Ideally, advertisers will use these connected dots to build a 360-degree profile of every consumer. That information, in turn, can be used to build the personalized, interactive ads that target individual consumers based on their unique attributes and interests.

Advertisers also need to reevaluate how to measure campaign success. Current key metrics for digital ads are impressions, completion rate, and clickthrough rate. The last two of those will become less meaningful. “In a world of machine learning and AI, people will never arrive at the advertiser’s website,” Gal explains. “They’ll book a test drive, for example, *within* a video, using a chatbot. Clickthrough and completion aren’t as relevant anymore.” Impressions will remain important, but the key measurements will be engagement rate and time spent viewing an ad. “In a personalized, interactive, AI-based advertising world,” Gal says, “most interactions will happen *within* an ad.”

Cooperation among teams will drive success

The future of dynamic, AI-fueled advertising will require a close collaboration between creatives and engineers, with creative and algorithmic thinking both reinforcing and building upon each other.

“The greatest success will come from teams that combine creative people—poets, writers, and designers—with engineers,” Gal says. “And AI is only as good as the data that you feed it.”

Everybody deserves ad messages that reflect their unique personalities and interests. And these ads are coming sooner than you might imagine. “I hope we use this new AI technology to make every single ad relevant to the people watching it—which benefits both the advertisers and the individual consumers,” Gal concludes.



REINVENTING VIDEO ADVERTISING

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