

AdTech 2023

# Top Five Trends To Drive Revenue

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# What's In This Whitepaper

AdTech in 2023: A Year of Caution



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Contextual Targeting



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# Contributors

This whitepaper wouldn't have been complete without the timely and comprehensive insights from the following AdTech industry leaders. We thank you for your time and contribution.



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2022 has been a year of upheaval and enlightenment for the global AdTech industry, where Big Tech and Big Media have tried to figure out (yet again) their revenue strategies and the best ways to succeed. While some big tech companies have done an about-face on advertising - Netflix launched its ad-supported model and Apple is reportedly building its own Demand Side Platform - others have thrived by being data-focussed and emphasising customer retention. The Trade Desk reported 31% revenue growth in Q3 2022, a prime example of how companies can drive revenue growth in tumultuous times.

With the ads industry going through challenges fuelled by policies around identity, measurement and privacy, top media businesses must go back to the blackboard to rethink their revenue strategies and be more responsible and accountable about how they connect with their customers. Added to that, the looming recession that could impact ad spend and the decisions big tech makes now can impact the industry not only in 2023 but in the long term as well.

## **AdTech in 2023: A Year of Caution**

The winter of 2022 looked bleak for Big Tech. Dismal earnings reports followed by massive layoffs across the board did not leave a lot of positive sentiment in the market. Several reasons have been attributed to the slowdown in growth: a global slowdown, a rise in interest rates and the war in Ukraine, to name a few. And 2023 does not look much better.

*2023 will be a year of great uncertainty for our industry, one that's already infamous for being dynamic. Julie Mitchelmore, from A+E Networks, referred to 2023 as a "Permacrisis" - a lethal, confusing combination of recession, layoffs, war, supply chain trouble and post-pandemic times. Perhaps the way to describe our immediate future will be as having "seismic activity" of various kinds. In uncertain times, one has to pay close attention to where the fault lines lie. No matter what activity we see in 2023, our industry is of great importance and relevance and uniquely tied to every person on the planet like no other. That will not change, no matter the challenges we face in the immediate future.*



**Anand Gopal, COO**  
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Whatever adjustments companies make to their growth strategies, the next year will be a year of reckoning for global AdTech. On the plus side, parts of the global advertising industry continue to look strong. We believe the following five trends will significantly impact the movement of ad dollars and have a resultant impact on publishers.

*Next Up: Trend No.1*

## Trend No. 1

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# Being Privacy-first: Focus on First-Party Data and Contextual Targeting

When on a fine summer's day in April 2021, Apple launched its App Tracking Transparency (ATT) initiative, no one could have estimated the havoc it would cause in the world of media and tech. Additionally, with the new privacy regulations like GDPR, CCPA, and COPPA, the restrictions imposed on data collection, and the depreciation of third-party cookies, the programmatic advertising industry is in for an overhaul. According to a McKinsey report on 'The demise of third-party cookies and identifiers,' 'the \$152 billion US digital advertising industry will lose access to most third-party data, which has powered programmatic advertising.'

### Where Do We Stand in A Cookie-less World?

With the sun setting on third-party cookies and ATT's impact, 2023 will see a definite shift toward contextual targeting and a heavy reliance on first-party data. Publishers sitting on rich first-party data will have more avenues to monetise their content effectively. The rest will either have to rely more on walled gardens like Google or ask users to explicitly sign up to build their first-party data. Conversely, advertisers will have to focus more on building the consumer experience, encouraging users to naturally consent to sharing their data.

## Future of Alternate Identifiers

With the gradual phasing out of third-party cookies, will the market see a surge in other tracking technologies? Google says no. David Temkin, Director of Product Management, Ads Privacy and Trust, Google, said, ***“we’re making explicit that once third-party cookies are phased out, we will not build alternate identifiers to track individuals as they browse across the web, nor will we use them in our products.”***

As such, there is no immediate clarity on potential replacements for third-party cookies. While there is talk of privacy-focussed technologies like the Tor Network or browser fingerprinting gaining traction, it is clear that it will take some time for third-party cookies to be entirely replaced by a new, more privacy-oriented technology.

## Focus on Contextual Advertising

Contextual advertising and hyper-personalised ads will be key to building relationships between brands and their customers. According to the Contextual Advertising - Global Market Trajectory & Analytics report, the global market for contextual advertising is expected to reach US\$335.1 billion by 2026. While the contextual advertising market in the US was estimated at \$57.1 Billion in 2021, China is expected to reach \$45.4 billion by 2026. A study by GumGum, a US-based artificial intelligence company, revealed that ‘most contextual ads received 43% more neural engagement and 2.2 times better ad recall.’

In a post-GDPR world, where first-party data takes precedence, an advertising model based on contextual advertising is a solution that advertisers and publishers must take seriously.

## Industry Speak

*With the sun setting on third-party cookies, the game for publishers has already changed. Today, building on and harnessing first-party data is a survival strategy for publishers. They are actively enriching their data by asking people to log in or gating content to get people to support their websites. They are creating customer data platforms (CDPs) to store and harness their data. For publishers, first-party data is going to be a differentiator.*



**Jayesh Easwaramony**  
Founder of Spectra Global

The new reality is that there will be a certain percentage loss of identifiers across the ecosystem. And the new identifiers will not fill that gap right away. Eventually, the industry will evolve in a way that is more mindful and privacy-oriented by design. Brands will have to figure out better ways of targeting within the constraints of policy and regulations.

## Voiro Take

*We will see publishers and brands trial different solutions to overcome the loss of third-party cookies: Activating CDPs, clean rooms, unique identifiers, or a combination of these technologies. We expect that 2023 will determine which combination will work. However, irrespective of the solution, we will see publishers and brands working closer than ever, providing a tailor-made experience for each user and seeing a better ROI on advertising spends.*

## Trend No. 2

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### Ad Dollars Move to CTV

Today, the television is the single biggest smart screen that brings a family together. With increased digital penetration and technological advancements, the TV-watching experience has evolved significantly. "Today, TV is a smart device with an intelligent operating system. It is a dialogue device where you can command your TV to do certain things. Televisions today come with content discovery, a recommendation engine, and functionalities to give viewers something beyond just a viewership experience. So, TV has hardware, an operating system, an app store and WiFi. ***"Everything that happened to a phone 15 years ago is happening to the TV right now. How we interact with TV is completely going to change,"*** says Vikram Chande, General Manager and Sales Lead at Samsung India.

The popularity of CTV as a medium can be seen in the numbers. According to a survey conducted by Leichtman Research Group, '82% of U.S. TV households have at least one internet-connected TV device'. This list includes CTV sets or separate set-top-box devices, connected video game systems, and connected Blu-ray players. Another study reveals that YouTubers in the U.S. prefer to watch video content on CTV, with 62 % saying they access OTT on TV. The mobile phone is a distant second choice at 9 percent.

In fact, analysts believe that CTV advertising will weather these economic headwinds better than other verticals in these uncertain times. According to eMarketer's report, the CTV ad spend in the US will 'more than double' by 2025, crossing \$30 billion.

## Challenges in CTV Ads Ecosystem



Ad Fraud



Highly Fragmented  
Market



Measurement

CTV is the next big thing for television content and advertising. However, brands and content owners must look at offering a premium experience and adapt to the ever-changing landscape of consumer behaviour.

### Industry Speak

*Today, most TVs come with WiFi capability that you can just connect to the internet and start streaming right out of the box. We are at the cusp of a revolution happening in the smart TV space. Five years back, terms like 'cord cutters' or 'cord shavers' were only spoken about. Today, many people are not even consuming cable TV content anymore in a given month. CTV offers a deeper connection with the consumer, making the experience of watching television more wholesome. It's more than an impression, an app, or a piece of hardware.*



#### **Vikram Chande**

General Manager & Sales  
Lead, at Samsung India

## **Voiro Take**

*CTV will see a rise in partnerships across the content value chain. TV ad buying methods will make a decided move towards being more data-driven and shed their legacy deals. This will be displayed in agencies opening up budgets to CTV buys and a rise in cross-channel measurement companies simplifying the use of automatic content recognition (ACR) and clean rooms to provide advertisers with data transparency in their ad campaigns.*

## Trend No. 3

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### Direct Sales to Drive Revenue Growth

With the focus on first-party data, direct selling has once again become a talking point as a key pillar in driving revenue strategy. Direct sales is a tried and tested method of maximising ad revenue. And with contextual advertising becoming increasingly important today, building on the consumer experience to attract top dollars is important.

The Internet has enabled a direct relationship between brands and their audiences, where, via multiple campaigns, brands get their story across and build great consumer experiences. With direct sales, media organisations can build direct relationships with agencies or brands to drive sustained ad spend to solve a problem, not just deploying or giving returns on an item. Direct sales can help drive a certain type of spend and give advertisers a deeper relationship with consumers. And publishers realise the value of direct sales today, more than ever. A DoubleVerify survey, "Post-cookie Questions: What Publishers and Advertisers Are Thinking About the New Digital Advertising Era," found that 88% of publishers are looking to sell direct and rely more on their premium first-party data to make their inventory more attractive to advertisers.

With access to the right technology stack, it is possible to scale a self-serve, direct selling program. Today, AdWords is the best self-serve product, making it easy for advertisers to spend money and publishers to monetise their audiences. The larger, more aggressive and revenue-focused publishers will work with a hybrid sales plan combining direct sales, open auctions, and self-serve.

## Industry Speak

*Direct sales has always been a key pillar to revenue strategy for any publisher and will continue to be so. In direct sales, a lot of alignment needs to be done with all the stakeholders, especially the client. Ultimately the client and the brand managers who are working across the advertiser ecosystem are the ones who are looking at how they want to maximise their media mix in terms of their KPIs. Through this channel, publishers can educate brands on the new media mixes available and build on their revenue strategy. There will be more focus on direct sales channels going forward because a lot of advertisers and brands today want to have a deeper insight into the type of media and the partner they work with.*



### **Vikram Chande**

General Manager and Sales  
Lead, at Samsung India

## **Voiro Take**

*Publishers who can crack the direct game will be able to truly unlock every channel of revenue and their associated benefits. The advantage of direct sales lies in its premiumness and its top-dollar, white-gloved relationship with top-tier buyers who want solutions over inventory. And programmatic's key benefit is its efficiency. If done right, a hybrid strategy can give publishers access to both the depth and breadth of the revenue game. Deeper relationships with key buyers can build long-lasting relationships and create wins for advertisers, agencies, publishers, and consumers.*

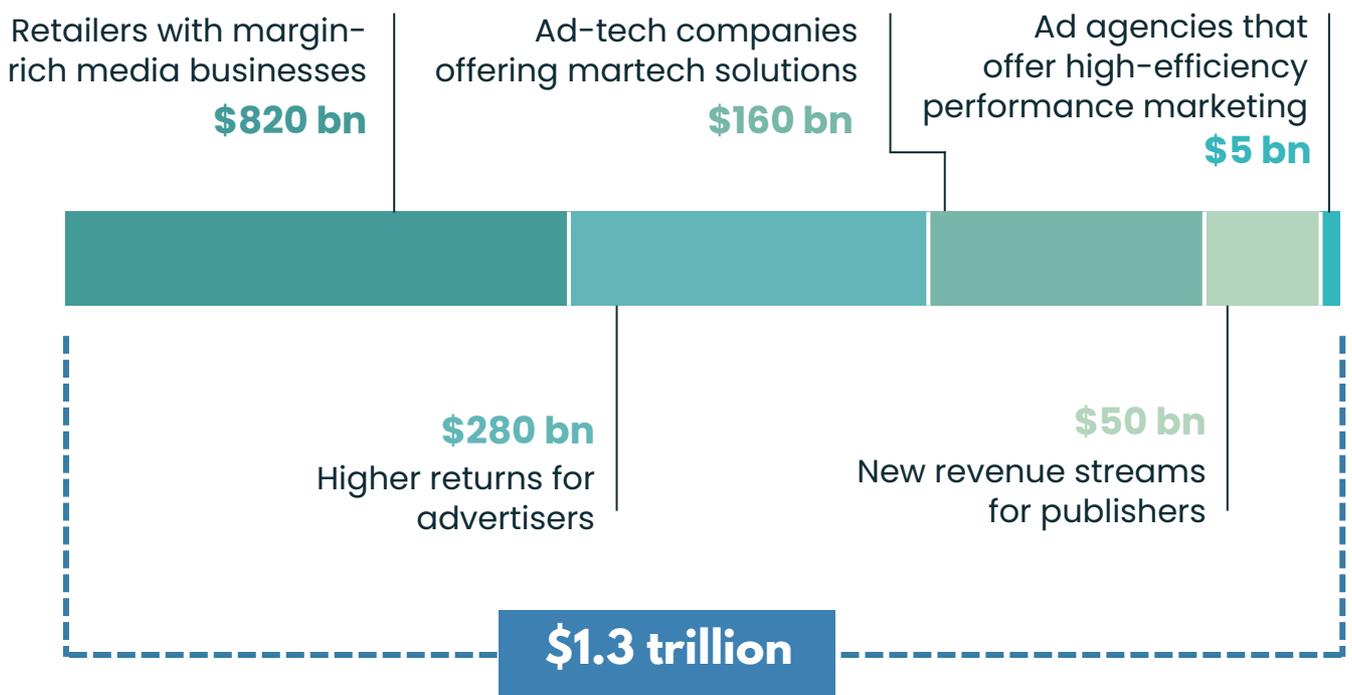
## Trend No. 4

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### Scaling Revenues through Retail Media Networks

If one catchphrase is taking the ad tech industry by storm, it is 'retail media networks.' The digital transformation of the retail media space was an ongoing phenomenon before Covid-19, but the pandemic accelerated the growth of the e-commerce sector to the extent that the digital footprint of a brand and its relationship with the customer took centre stage in revenue strategy discussions.

Retailers today are either focusing on building retail media networks (RMN) in-house or optimising their RMN strategy. According to a McKinsey report, the enterprise value of retail media in the U.S. is expected to reach \$1.3 trillion by 2026, with \$100 billion going to RMNs in terms of ad spend annually. And everyone has a stake in this over-a-trillion-dollars pie.



Source: [Commerce media: The new force transforming advertising](#)

The actual value of retail media networks is that it provides advertisers data on the customer’s journey across different categories as well as an omnichannel reach. Dave Yang, Regional Head of Brand Engagement at GrabAds, explained in an interview why advertisers should focus on retail media networks and how to get the top value from their ad dollars. *“Retail media networks are in a unique position to offer advertisers valuable shopper data and corresponding ad placements across several different categories and consumer journeys, on and offline. This means an advertiser can cover a lot of ground within a retail media network’s owned properties whether they want to target a profile across multiple points in their purchase journey or bridge the omnichannel gap.”*

## Industry Speak

*The native growth in retail media has been driven by the rich first-party data publishers own. It's a smart and intuitive model with immense possibilities. What works for retail media networks is there is high intent and one can measure returns immediately. The differentiator for retailers will be how they harness their first-party data and reach out to customers throughout their buying journey.*



**Abhigyan Shekhar**

Business & Revenue Leader

## **Voiro Take**

*The online retail industry has seen unprecedented growth in the last two years. This is because retailers have rich first-party data, which can play a key role in last-mile sales. By using this data, retailers can enhance the user experience, maximise objectives, and account for accurate attributions. RMNs are undoubtedly poised for tremendous growth in this era of booming E-Commerce.*

## Trend No. 5

# Exploring Revenue Opportunities through In-game Advertising

While still at a nascent stage, the gaming market has caught the interest of advertisers because of the opportunities it offers in terms of attention-based marketing. The Interactive Advertising Bureau (IAB) has also developed revised guidelines to define the measurement framework for advertising within games.

### Industry Speak

*In-game advertising is just one of the many ways that a brand can be present in gaming and e-sports. However, the metrics for measuring success are still limited and the ROI is difficult to measure. That said, brand lift studies and data about the time on site are available, for example. In general, players tend to ignore or not notice ads during a game. The more powerful forms of in-game advertising require more intensive collaboration with game publishers and developers and a creative strategy to ensure that the stories are told effectively.*



### Yves Bollinger

Director Digital Strategy & Innovation  
at DDB Düsseldorf and FTW Germany  
**in an interview at DMEXCO 23**

Despite conceptions about how advertising can disrupt the gaming experience, 41% of U.S. gamers do not mind watching in-game ads to earn rewards. That the gaming market is a treasure trove of untapped opportunities for advertisers lies in the fact that Netflix is showing a keen interest in pandering to gamers through its platform. In a recent interview with Vox, Co-CEO Reed Hastings said, *“Talk to us after we’re a big leader in games. We have a lot of investment to do in games.”*

## Factors Driving In-game Advertising Boom

Untapped market of 3 bn players



High audience engagement



Evolution of immersive gaming



5G & metaverse opportunities



## **Voiro Take**

*The gaming industry will be under a lot of pressure to monetise the audience that has been captured in the last couple of years. In-game advertising will be an obvious and easy step into advertising for most gaming platforms. However, to make it a sustainable, long-term business model, more innovative ways of advertising will be needed. Brands will approach popular streamers just like influencers on Instagram or YouTube. Gaming platforms facilitating brand-user collaboration will become more popular amongst streamers and users.*

## Conclusion

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In times of uncertainty, ad spend is the first thing that will be impacted, and experts expect a slowdown in ad revenue growth. According to GroupM, the global advertising revenue will grow 5.9% in 2023, a less optimistic estimate of 6.4% that it made in June. In its report, *This Year Next Year: Global 2022 End-of-year Forecast*, the media investment company said, *“Looking ahead to 2023, we expect global advertising to grow 5.9%, with strong gains in connected TV, retail media and fast-growing markets like India. But barring an escalation to the war in Ukraine or another pandemic-sized global disaster, we expect growth to climb in 2024 to 6.2% before returning to a trend of decelerating mid-single-digit growth through 2027.”*

With the industry headed for choppy waters, stakeholders need to find their niche and stay relevant to their audience. Innovation in tech and adapting quickly to changing market dynamics will be key in deciding who survives and who gets left behind. We expect that publishers in 2023 will succeed only if they can:

### Be Data-focused

At a time when marketers are going to be extremely cautious about how they spend their ad dollars, publishers must focus on being data-driven and build on their premium audience to attract top ad dollars. An omnichannel approach combined with building a better customer experience will be a key driver of revenue growth for any organisation, big or small.

## **Focus on Strengths**

The biggest mistake anyone could make, whether it's advertisers or publishers, is to be wasteful when the market is going through so much chaos. It's not only prudent but essential to find your USP, be it in terms of the tech you provide or the services you offer, and focus on optimising to drive revenue.

## **Build on Customer Retention and Sustainable Practices**

Customer retention will be key in determining the true value of companies. Publishers and advertisers must figure out what their audience wants and go all out to ensure they stay relevant to their customers. Understanding the customer data landscape and building on first-party data is essential for a brand to become integral to a customer's journey.

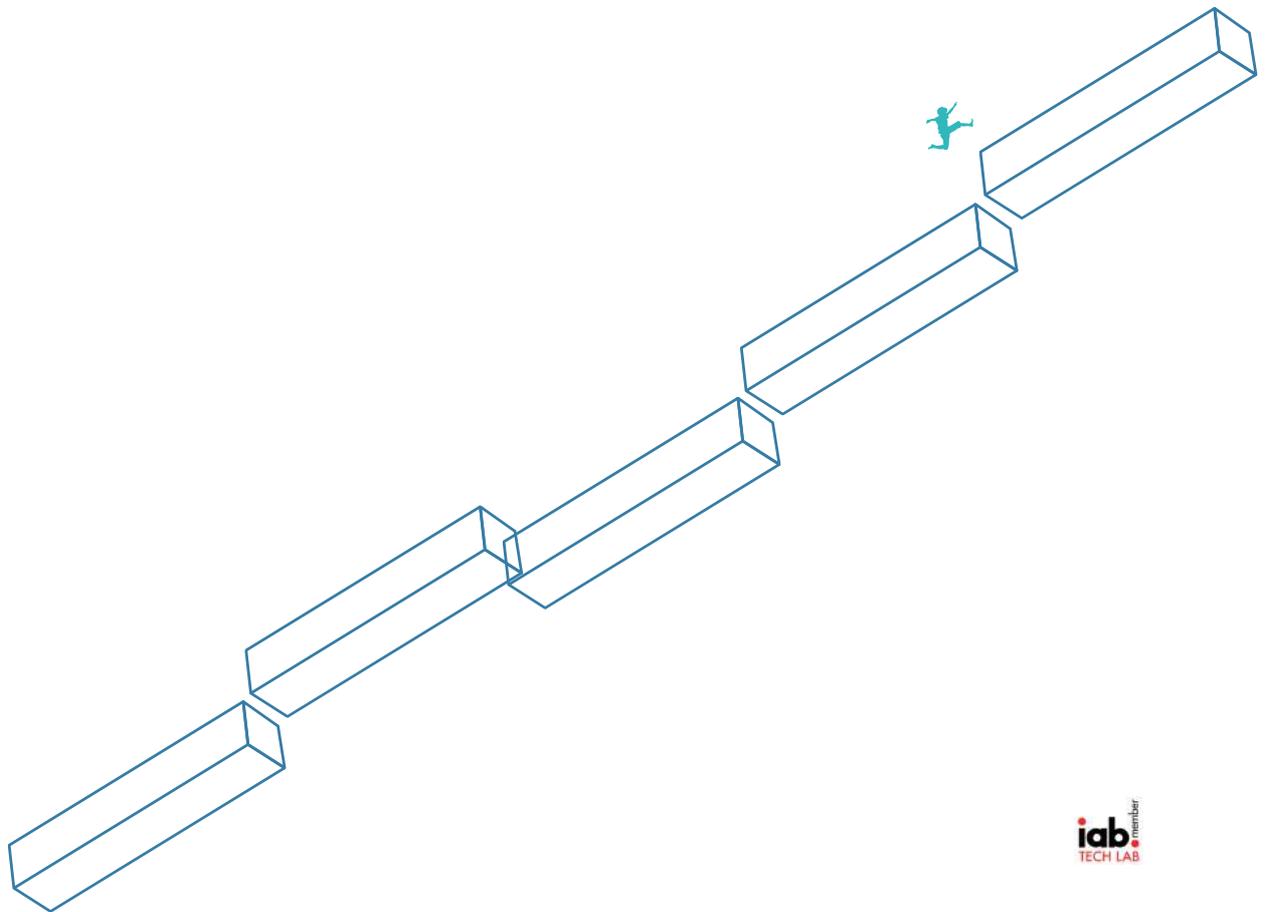
## **Innovate to Create Opportunities**

Amy Williams, Founder and CEO Good-Loop, said, *"You can just survive 2023 and still get kicked in 2024, or you can pick the one thing you want to innovate and just get it done."* Innovation, whether in terms of technology, product, services, or how you connect with customers, will be a key differentiator for organisations, big or small. It can mean the difference between making it big or losing out on revenue opportunities.



## Who Are We

*Voiro builds a technology product focused on publisher profitability. Our Order Management System significantly automates ad operations, manages all the data needed to make revenue-generating decisions, and keeps costs low. Interested in building a more profitable ads business? Talk to us today.*



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