2020 DIGITAL ADVERTISING TRENDS:
PREDICTIONS FOR PUBLISHERS
Introduction

The digital advertising industry is gaining clarity on which technologies and business models truly signal trends to watch in 2020, rather than passing fads. Many of the trends identified in Lineup Systems' 2019 digital advertising trends whitepaper have become game changers in the industry landscape.

Publishers and advertisers alike will face significant transitions this year, from new data privacy regulations to the growing popularity of voice technology. Streaming video and audio, programmatic advertising, and subscription models will continue to gain ground and present exciting opportunities to reach audiences.

While there’s no denying that these evolutions in digital advertising will usher in complex challenges, those in the industry who can find creative ways to lean into the disruption will have a chance to build stronger relationships with their customers in the coming year — and drive revenue for their businesses.
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AI Will Deliver ROI for Publishers and Advertisers

Increasing numbers of companies are turning to AI and machine learning to deliver better user experiences. In the context of the publishing industry, AI works by segmenting behavioral data, analyzing audiences, and detecting trends to predict how successful a piece of content will be before it’s published.

In 2018, 21% of sales leaders relied on this technology, and that number is set to grow to 54% this year¹.

News UK is among a growing list of publishers that has seen impressive engagement through its application of AI during a year-long project. JAMES, the company’s “digital butler”, uses machine learning to personalize news for readers, which has resulted in 70% of readers clicking on suggested stories and a 49% decrease in subscription cancellations².

The New York Times uses AI to sell premium advertising space based on what it calls “perspective targeting”, a term the publication uses to describe the emotions that various articles evoke³. Bookwire, a European e-book distributor, uses the technology in advertisements that recommend similar titles based on customer preferences. The Washington Post and Axel Springer have also seen increased readership and sales thanks to AI⁴.

“Any tool a publisher can use that leads to a more personalized experience for the reader ultimately impacts the advertiser as well,” said Sarah Hartland, Marketing Manager and editor of Lineup Systems’ industry blog, the Newsroom. “Relevant content and advertisements keep readers coming back, which means, over time, publishers build more accurate audience data. That’s great for a publication in terms of its readership, but it’s also something brands really rely on.”
Publishers Will Jump on the Voice Search Train

Voice technology claimed a stronghold in the marketplace in 2019, and its momentum is set to continue this year. Currently, 65% of smart speaker owners between the ages of 25 and 49 speak to their devices at least once a day, and 52% of all smart speaker owners are interested in receiving promotional information from brands through this channel. By 2022, 55% of households are estimated to own smart speakers — a 42% increase from 2018. Voice searches are expected to make up half of all online searches, and voice is set to become a $40-billion channel⁵.

“There’s a lot of potential surrounding voice technology, and how to monetize it is the next challenge,” said Lineup’s Sarah Hartland. “It’s very positive that publishers are having discussions around voice even if they haven’t quite nailed down how it’s going to generate revenue.”

Knowing that voice technology will become the primary way the next generation of consumers will search for and buy products means publishers must prepare their web content to rank for organic voice search. Voice queries are longer than traditional text-based searches, but publishers should follow the same SEO best practices to seamlessly integrate voice into their content marketing mix.

“It’s quite possible that during 2020 a robot would be able to read you an article from a publication in a human sounding way. That’s very exciting,” Hartland said.
Short Term Data Privacy Pain Will Lead to Long Term Gain

Data privacy regulation is becoming increasingly complex. In addition to Europe’s General Data Protection Regulation (GDPR), publishers and advertisers must now also familiarize themselves with the ePrivacy Regulation and the California Consumer Privacy Act (CCPA)—the latter effective on January 1, 2020.

While the details of these consumer privacy laws vary, they all attempt to curb companies’ unauthorized use of personal data for financial gain. This means that publishers and advertisers alike must tap into optimism and creativity as they work to diversify their revenue streams and more clearly articulate their value to consumers in exchange for opt-in consent.

“Because many of the current data management platforms (DMPs) were built for managing third-party audiences, and publishers can no longer rely on third-party data, they have to find or build new DMPs and consent management platforms with first-party data in mind,” said Tiffany Kelly, Digital Product Manager at Lineup Systems. “It’s a learning curve.”

The industry is also looking to contextual targeting as part of the solution to its data privacy regulation woes. Unlike audience-based targeting, contextual targeting reduces the need to use personal data to reach people and has resulted in purchase intent increases of up to 63%.

“We have to recognize this shift as a positive thing because it ultimately impacts audience quality,” said Lineup’s Sarah Hartland. “Nuances like double opt-ins and cookies can be a pain to figure out, but will ultimately lead to some exciting long-term benefits around industry leadership, audience loyalty, and data quality.”

Bonus

Are you uncertain about what a cookie-less future means for your business? Lineup Systems sheds some light on third-party cookies and data, and gives four tips on how to navigate this shift in the digital advertising landscape.
Political Spend on Digital Will Skew Advertising Patterns

Political ad spend is set to reach a record $6 billion in 2020, up 14% from the $5.25 billion spent during the 2018 midterm elections, and up 38% from the 2016 presidential campaign year, according to Kantar’s Campaign Media Analysis Group. While broadcast television still remains the primary advertising vehicle for presidential hopefuls, digital media will see the most significant increase in spend, with a projected $1.2 billion price tag—nearly double the $650 million spent in 2016.9

“Publishers will see greater benefits because they’ll have the opportunity to sell more inventory. For advertisers, it might be more difficult because they’ll be competing against political digital marketers with budgets potentially in the millions of dollars,” said Lineup’s Tiffany Kelly.

Indeed, by September 2019, presidential candidates had already spent a cumulative $60.9 million on Facebook and Google ads compared to $11.4 million on television.10 Toss-up states such as Arizona, Florida, Michigan, North Carolina, Pennsylvania, and Wisconsin will continue to see even greater advertising activity than most.11 This means publishers will need to account for unusual advertising patterns in 2020 and refrain from setting strategies based on data from an election year.

“Every year, advertisers discuss the trends of the year and publishers look at advertising revenue overall. You can’t really do that as accurately in an election year, because advertising revenue across the board is going to be inflated,” Lineup's Sarah Hartland said.
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Podcasts Will See Increased Programmatic Spend

The podcast advertising market is estimated to grow to $1.6 billion by 2022. Programmatic advertising, which uses AI to deliver ads to the right people at the right time, currently accounts for 42% of all podcast advertising. These ads are inserted into podcasts upon download rather than being pre-recorded, and their prevalence is expected to increase with investments in the platform such as Spotify’s programmatic strategy.¹²

“Publishers are now opening up their podcasts to allow buyers to purchase ads programmatically through demand-side platforms (DSPs),” said Lineup’s Tiffany Kelly.

Given that podcasts draw a captive audience, with most listeners tuning in for at least 90% of a show’s duration, this evolution in advertising signals good news for media buyers.¹² Podcast listeners are open minded toward ads — 78% say this is the case because they know that ads support the platform. In addition, 54% of listeners are more likely to consider a brand after hearing a podcast ad.¹³ With this in mind, advertisers can be confident in the role podcasts will play in their business going forward.

Because 46% of podcast listeners are between the ages of 18 and 34, publishers also have an opportunity to reach a younger demographic by including this platform in their content strategy—a move many have made over the past 18 months. Most notable is the success of The New York Times’ podcast The Daily, but NPR, Slate, Vox, The Washington Post, and several Canadian and U.K. media outlets have also launched podcasts as a strategy to further solidify their brands into their audiences’ regular routines.¹²

Bonus
The growth potential of podcasts is undeniable. Learn more about how to harness this platform with tips from Lineup Systems.
The Streaming Video Bubble Will Continue to Grow

Video will continue to dominate the digital advertising market in 2020. Currently, 74% of American consumers above age 13 watch streaming or online video at least weekly, and 41% are daily viewers. Watch time on Netflix, Hotstar, Voot, and other platforms is at an all-time high, and is expected to grow with the recent launch of the Disney+ streaming service.\(^\text{15}\)

“\textbf{We’re just starting to see how big this bubble is going to get},” said Lineup’s Sarah Hartland. “\textbf{We’re not in danger of it popping — yet.”}\(^\text{16}\)

This trend means that video will continue to deliver results for advertisers. Knowing that 82% of direct-to-consumer shoppers take action after they see an ad on connected TV or over-the-top TV, these platforms will see increased advertiser investment in 2020.\(^\text{16}\) In terms of programmatic ads, real-time bidding, video header bidding, and similar solutions will remain key players in the market, making it easier for advertisers to reach target audiences.\(^\text{15}\)

Advertisers looking to stand out should take note that 78% of online video viewers will consume ads in exchange for free content. Educational content is also a hot ticket item, with consumers paying closer attention to ads that run during these videos.\(^\text{14}\) Six-second YouTube bumper ads that run prior to videos will become more prevalent in 2020 as well, since Google has reported that these ads are more effective than their 30-second counterparts.\(^\text{15}\)

“We’ll likely see an expansion of the industry with more players entering it, and eventually they’ll drop off and we’ll have a few main players front and center once again,” Hartland said.
Streaming Audio Will Become More Measurable

In 2020, digital audio will surpass radio in terms of listener market share for the first time ever. With weekly audio listeners spending more than 16 hours each week on this platform, and 67% of Americans listening to online audio regularly, this is a trend both publishers and advertisers must watch. In the first half of 2019 alone, the audio industry saw more than 507 billion on-demand streams.

The digital audio landscape is ripe for active consumer engagement, and increased programmatic advertising will deliver brand safety advantages for publishers as well as better reach for advertisers going forward. As the industry evolves, players such as Ad-Juster (recently purchased by DoubleVerify) are working to improve the measurability of audio ads for both parties with innovative reporting solutions.

“DoubleVerify is a trusted source in the industry for measurement trends,” said Lineup’s Tiffany Kelly. “They acquired Ad-Juster to reach the total market—both buyers and sellers of digital advertising.”

A statement from DoubleVerify CEO Wayne Gattinella said the acquisition will “create a holistic measurement and analytics solution across the entire digital ecosystem,” with AdJuster as a tool for sell-side publishers and DoubleVerify for buy-side advertisers. However, because the audio industry has yet to adopt a gold standard in reporting, publishers and advertisers must take time to understand the data that each new tracking and measurement product delivers, and may also need to perform custom calculations when producing reports.
Personalization Will Become Increasingly Innovative

Personalization will be front and center in the digital advertising landscape in 2020. At least 90% of online advertisers will use the tactic this year, and fully personalized websites will see a significant uptick by 2021. More importantly, consumers not only welcome this shift, but 51% actually expect brands to provide them relevant suggestions at the outset of any communication. An even greater 80% say they would be more likely to purchase from a company that delivered a personalized experience.

“Advertisers have known for a long time that personalization has a huge impact on the effectiveness of their messaging,” said Lineup’s Sarah Hartland. “Now, publishers are starting to realize how important it is for subscriptions and providing value to advertisers. If publishers can provide a personalized experience, people will pay for that experience, and in turn, the quality of their audience and the level of first-party data they have will attract premium advertisers.”

Hearst is one example of a publisher that has recently rolled out targeted, personalized ads—in a print product, nonetheless. Hearst piloted the project, called MagMatch, in U.S. subscriber copies of Elle magazine. The publisher used first-party data to track readers’ online activity, then served them with ads for an anti-aging skincare brand, StriVectin, in the print magazine.

“We’re always looking for ways to make one-to-one connections with consumers...[and] harnessing the power to target and personalize the insert took a great campaign concept to the next level,” Alison Yeh, Chief Marketing Officer at StriVectin, told AdWeek.
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Publishers’ Creative Subscription Offerings Will Grow

The direct-to-consumer model has had a profound impact on the retail industry through subscription boxes, and publishers can easily apply the drivers behind this success to their own businesses in 2020.26

Subscriptions are curated to consumers’ preferences, which helps mitigate the overwhelm and buyers’ remorse that endless choice can cause. In addition, once consumers develop a specific pattern of interaction with a brand, they’re more likely to continue the behavior, especially if it’s enjoyable (think receiving your favourite magazine in the mail every month). Finally, consumers are willing to pay for superior customer experiences, such as the increased personalization that subscription models offer compared to one-off purchases.26

These benefits have not been lost on publishers, who are taking inspiration from the subscription box model and creating new subscription offerings for their products. For example, The New York Times offers a kids’ print subscription in an effort to get children away from screens. The Financial Times bundles its print and digital content for a flat fee,27 and The Seattle Times is among several media outlets that sell subscriptions on Groupon.28

Other publishers are enabling consumers to customize their own subscription bundles with video, podcasts, and curated content like arts or sports news. This trend means the publishers that will see success in 2020 will be those that make the effort to understand how customers want to consume their content, and then deliver on that information.27
Publishers will Band Together to Compete with Walled Gardens

Technology giants Amazon, Facebook, and Google are expected to collect 63 cents of every U.S. advertising dollar spent by 2020.29 “While these walled gardens will continue to be scrutinized, they’re not going anywhere, so publishers have to learn how to be competitive,” said Lineup’s Sarah Hartland.

Groups such as Source and the Ozone Project are forming to stand up to the tech oligarchy. Source is comprised of 16 companies including publishers like News Corp that are working together to provide ad buyers and sellers with an alternative to the walled gardens.30 Similarly, as Bedir Aydemir, Head of Audience and Data at News UK told Lineup, the Ozone Project is a collaboration between publishers that was born out of the GDPR.

“The Ozone hits more unique [views] per month in the U.K. than Google or Facebook—it’s over 40 million per month now. And that’s not across 10,000 websites, that’s across 10,” Aydemir said.

Unions between smaller ad tech players provide brand safe environments that deliver better value for both audiences and advertisers. As these partnerships flourish and brands reduce their spend in the walled gardens, the digital advertising landscape will become increasingly diverse and publishers will have more opportunities to drive smarter campaigns to audiences.31

The key to success in this new world is to provide customers with data ownership and portability, which the walled gardens don’t offer. Independent ad tech can find advantages in its willingness to be transparent and offer customization.32

Bonus
Learn more from Lineup Systems about how antitrust investigations into Google provide an opportunity for publishers, and how sales teams can set themselves apart from big tech. Or, read Lineup’s take on the pros and cons of Facebook News.
Stay Up to Speed

Digital advertising is a rapidly-evolving industry, but publishers and advertisers can leverage trends and technology in 2020 by working with an expert media partner like Lineup Systems to determine the best use of their business’ dollars and ensure the greatest impact for their customers.

Here are a few media outlets to follow to keep up with digital advertising news and trends throughout the year:

- Lineup Newsroom
- What’s New in Publishing
- AdExchanger Talks
- Adweek Podcast
- The Digiday Podcast
- The MadTech Podcast by ExchangeWire
Sources

1. Salesforce State of Sales, 3rd Edition
2. Google News Initiative, “AI-driven engagement at The Times and The Sunday Times”
5. Dialogtech, “26 Voice Search Stats Marketers Need to Know in 2020”
6. Digiday, “Everything you need to know about Europe’s data privacy regulations”
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10. Digiday, “Digital is the testbed: Why the 2020 election is focused on online advertising”
15. BRID.tv, “Online Video: Powering the Digital Market Landscape in 2020”
16. telaria and hulu, Emerging Alliances: How CTV/OTT and DTC brands are upending traditional paradigms for performance-minded marketers
17. eMarketer, “Digital Audio Advertising: Exploring Opportunities in Streaming Audio, Podcasts and Smart Speakers”
20. ClickZ, “DoubleVerify adds publisher-side capability with acquisition of Ad-Juster”
24. Printweek, “Hearst rolls out personalised print ads”
25. AdWeek, “Hearst Magazines Will Target You in Print Based on What You Read Online”
26. Forbes, “Why Subscription Boxes Are Here to Stay”
27. FIPP, “It’s nearly 2020 and print publishing still matters: How print and digital can build better subscriber experiences”
31. Martech Today, “As walled gardens grow, the open web closes ranks”
About Lineup

Lineup Systems caters to many of the biggest, most iconic and innovative media organizations in the world. Our first-of-its-kind media sales solution, Adpoint, is credited with transforming media companies by helping to increase revenue, improve productivity and reduce costs. From our first two customers at our founding ten years ago, we've grown into the dominant force in media sales software solutions.

As an organization, we empower media companies with the systems and tools they need to sell more and increase efficiency across the board. And we understand how to do this because Lineup was started by a team that needed exactly that.

In the early 2000s, our founder and CEO Michael Mendoza was the global IT director of Metro International, the same innovative media conglomerate that shook the world up with the concept of the ‘free newspaper’. Wholly dependent on advertising revenue, Metro struggled to find a system that would help Metro’s sales teams proactively generate more sales.

Determined to move beyond clunky technology and expensive infrastructure, Michael and his Metro team decided they’d build their own proprietary software solution.

That solution was Adpoint.

Adpoint was so transformative for Metro that Michael launched it to the global media market under newly created Lineup Systems in 2009.