SIMPLE STRATEGIES FOR
SUSTAINABLE MARKETING

coegi

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A GROWING IMPERATIVE FOR CHANGE

The digital advertising industry has faced challenges in effectively embracing and addressing growing environmental concerns. Some of these challenges stem from the ever-evolving list of media channels and its contribution in successfully reaching consumers. In addition to the tangible waste created by consumers' increasing frequency of ecommerce purchases, the very act of advertising online contributes to the carbon cost of the internet in ways we're only just beginning to understand.

While it may not be accurate to say that the industry has held itself hostage under the comfort of tradition, there have been key factors slowing down our progress towards minimizing our industry's carbon emissions. We've identified the following:

- Short-term perspectives driving economic incentives and focus
- Lack of awareness, consideration, regulatory pressure, and accountability
- Dynamically changing landscapes and technological complexities
- Industry fragmentation leading to limited collaboration
- Few industry measurement standards and metrics

And so, if we no longer want to be submissive to this imposed supporting role preventing us from positive change, we need to lean into what the cool kids call "main character energy" by asking ourselves:

How do we overcome the industry's imposed status quo in order to effectively understand sustainability and translate our decarbonizing ambitions into actual results?
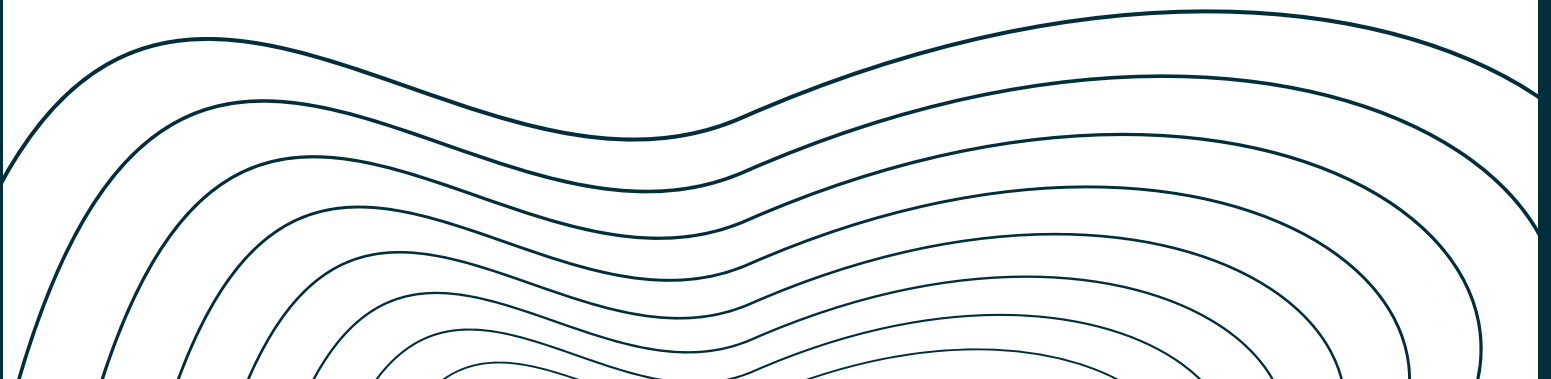
MARKETERS TAKE ON SUSTAINABILITY

BUILDING A PATH TOWARDS SUSTAINABLE TRANSFORMATION

The fundamentals of sustainability aren't anything new. What is new is the momentum that's been observed and proven by IAB Europe's State of Readiness – Sustainability in Digital Advertising Report. According to their reporter, our willingness to change in order to build a more sustainable future is echoed as "a key focus for the digital advertising industry." We are choosing to lean into the reformative momentum positively contributing to the global sustainability agenda. Bringing up a second important question: **how do we build a map guiding us down a feasible path towards reducing emissions in an impactful and meaningful way?**

The process of creating a plan for more sustainable marketing practices requires several considerations:

1. **Understanding where to start to make the greatest impact**
   - How do we effectively collaborate across the entire value chain?
   - How can we sift through the noise and inconsistencies found in sustainability and climate data performance reports?
   - How do we properly identify new opportunities from emerging climate issues?
2. **Determining which transformation engine to put in place**
   - What reporting standards and metrics can we rely on?
   - Which strategies should we weave into our operations, products, and services?
   - What tools and partnerships should we entrust to help us quantify benchmarks and greatest areas of opportunity?
3. **Funding the journey**
   - How do we decide how big our investments and structured implementation efforts should be?
   - What are the emerging paid capabilities, solutions, and technologies that deserve our immediate consideration?

While intimidating, it's critical for marketers to frame these factors positively as opportunities rather than negative challenges to jump start the transformative process. Proactivity is your key towards responsibly building a roadmap in a way that's thoughtfully and intentionally crafted based on your sustainability goals.

WHY MARKETERS SHOULD CARE

The sustainable advertising movement stands to improve the wellbeing of the planet by leveraging the industry's immense power to help consumers translate environmental concerns into action. This is supported by these findings from the IAS 2022 UK Sustainability & Advertising Study:

- **94%** of consumers believe that brands should play a role in advocating for environmental causes

- **76%** of consumers are more likely to have a favorable view of brands that advocate for environmental causes

- **39%** of consumers plan to choose brands that have sustainable practices

As we start to reimagine the advertising ecosystem, it's become clear that greener advertising is good advertising. By making this a priority, marketers can:

☑ **Align their strategies with consumer expectations**

☑ **Gain a competitive advantage**

☑ **Achieve cost savings**

☑ **Ensure regulatory compliance**

☑ **Foster long-term sustainability**

☑ **Enhance brand reputation**

Ultimately, caring about greener sustainable advertising is not only beneficial for the environment but also for the bottom line and long-term success of the brand.

WHAT'S AT STAKE

The long road towards this shared responsibility across media channels, marketing efforts, and general business practices when it comes to environmental responsibility is still very bumpy. There are potential risks to consider as we move towards sustainable transformation:

- **Operational changes and costs:** Sustainable marketing performance is becoming a barometer of overall corporate success. Per BCG: "Failing to build climate and sustainability into a company's strategy and day-to-day operations will result in the loss of capital, customers, and talent—and likely create regulatory issues as well." We need to assess the financial implications and develop a sustainable business case to justify the operational changes needed to our stakeholders.
- **Balancing sustainability and marketing objectives:** There is a high likelihood of having to navigate trade-offs while trying to strike a balance between sustainability goals and efficiently achieving marketing objectives. We must be intentional about how these efforts might cause us to compromise our overall marketing effectiveness or revenue generation.
- **Relevance and consumer perception:** By making the mistake of being overly ambitious in our commitments, marketers could commit the unintentional act of "greenwashing" due to our inability to deliver on this sustainability pledge. In turn, this negatively impacts credibility while further damaging consumer trust in our ability to deliver on commitments. We must ensure that our sustainability efforts aren't coming at the expense of genuine and transparent business conduct.
- **Complexity and measurement:** Measuring the environmental impact of marketing activities consistently and accurately can be challenging due to data limitations and varying methodologies. Developing robust measurement frameworks and cross-industry collaboration is needed in order to track and report on our progress effectively.
- **Internal alignment and buy-in:** You may encounter resistance or lack of understanding from individuals or departments that prioritize other goals or may be hesitant to change established processes. Building alignment when transitioning to a greener ecosystem by using accurate, granular emissions data accompanied by actionable insights will foster a culture of sustainability across the organization that are critical for successful implementation.
- **Competitive landscape:** Be aware that competitors may be making similar efforts. Staying ahead in the sustainability arena requires continuous innovation, differentiation, and demonstration of authentic commitments to sustainability.

IMPACTFUL & ACTIONABLE TAKEAWAYS

CARBON-CONSCIOUS APPROACHES

For the first time, success is not only important for the evolution of the advertising ecosystem but is also essential for the promotion of a healthier planet and a decarbonized economy. According to a report by Scope3, "'Climate Risk' website emissions are as much as twice the industry average. Eliminating spend on these domains can save 33.5k mt of CO2e." We must consider the entire lifecycle of a campaign, its many contributors, and the endless possibilities of touch points.

Here are six innovative approaches to test now to be more carbon-conscious:

1   **Form a Holistically Supportive Transformation Engine**

2   **Establish an Understanding of Your Baseline Emissions**

3   **Choose the Right Measurement Partner**

4   **Build Your Roadmap Toward Sustainable Transformation**

5   **Ensure Your Existing Tech is Minimizing Waste**

**6**   **Experiment with Attention and Engagement Metrics**

1. Form a Holistically Supportive Transformation Engine

Leader enablement, people engagement, and executional certainty will set your path to governance and oversight backed by rigorous processes and reporting.

Sustainability transformation requires the execution of an in-depth analysis addressing initiatives holistically. Only then can you embed ESG (environmental, social, and corporate governance) across all functions and departments while successfully delivering real change.

Guaranteeing your success in achieving a sustainable future requires setting aside competitive differences. By accepting the need to embrace proven solutions and best practices, you can ensure the longevity of business interests in the face of increased environmental and social pressure.

Leveraging technologies like AI can be a helpful way to enhance decision making and improve operational performance during this reformative time.
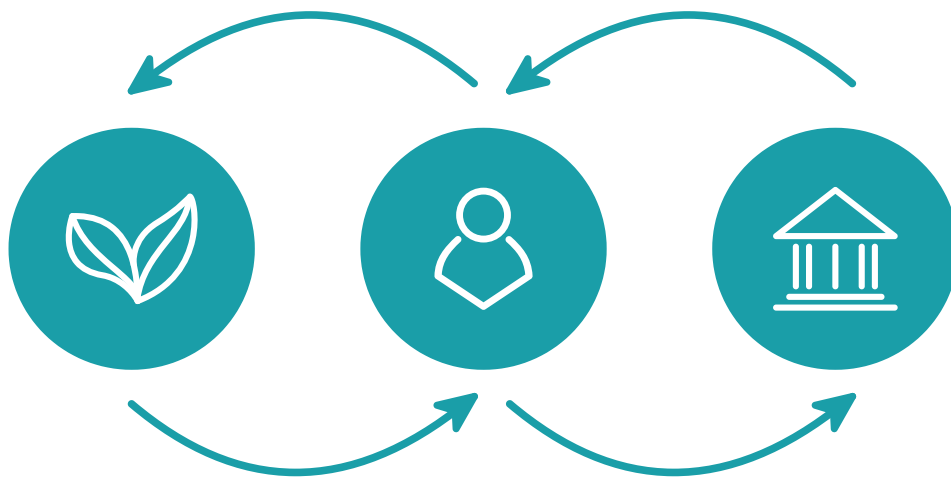
2. Establish an Understanding of Your Baseline Emissions

Looking at the data through a number of lenses is important given how different factors impact emissions. The benchmarks included in the Scope3 report consider the full spectrum of emissions factors including:

- Ad selection emissions from servers and cloud computing; analytics; network traffic; storage; data providers; and vendor overhead
- Media distribution emissions from: content management systems (CMS); content delivery networks (CDNs) and hosting services; delivery vehicles and postal services.
- Consumer device emissions produced during view
- Creative distribution emissions from creative delivery, including transfer, and all vendors involved

In the long run, establishing benchmarks can boost your campaign results. By factoring in carbon emissions, you're making decisions while reducing the carbon footprint of your campaigns and reaping the performance benefits.

Before you can set goals to reduce, you have to understand how your current approach measures out.

Emissions data is the foundation to building your roadmap towards sustainable transformation.
- This is the first step toward developing effective strategies to reduce your greenhouse gas (GHG) emissions with accurate measurements.

Making progress to decarbonize relies on our ability to know how much carbon emissions actually are released from our digital advertising.
- To do this, find a partner who can help chart a direct path that outlines which advertising initiatives actually impact emissions and identify places that initiate reduction in a meaningful way.

Since emissions data underpins how we calculate the carbon footprint of our entire ecosystem, it's essential to gather and report on this data.
- This is the only way to ensure that as an industry we're focusing our efforts and attention in the right place. We need to avoid focusing on the wrong metrics, relying solely on heuristic methods and assuming that everything is one size fits all.

3. Choose the Right Measurement Partner

Picking the right measurement partner is just as important as the establishment of an accurate baseline informing the steps you will take towards sustainability marketing transformation.

A great solution for that can be found through a partnership like IAS and GoodLoop. They enable the seamless tracking and viewing of end-to-end carbon emissions across all digital ads alongside other crucial metrics such as brand safety, fraud, and viewability. This will allow you to closely monitor and reduce the environmental impact of your digitals ads throughout your entire campaign lifecycle.

Here is their checklist for measuring ad emissions:

- ☑ **Use of an open-source methodology**

- ☑ **Coverage for all three scopes of GHG emissions**

- ☑ **Assessment for every part of the ad life cycle**

- ☑ **Application of programmatic supply graphs for each country-channel combination**

- ☑ **Localize daily grid mix data**

Scope3 is another company that publicly shares their methodology and data while demonstrating a commitment to transparency and continuous improvement. They open the doors for us to embrace new standards making sure our actions are environmentally responsible and ultimately lead to a more secure future.

4. Build Your Roadmap Towards Sustainable Transformation

Every part of the ad campaign journey, from set up to impressions, contributes to an ad's total emissions. Knowing the exact source of emissions is important since each portion has proven to have a different impact.

The four parts of that journey are:

Ad Selection:
Controlled by Publishers & SSPs, the supply path from the inventory ad slot includes scope 1, 2, and 3 emissions for each party per impression.

Creative Distribution:
Agencies & brands own this part of the path. The total emissions associated with the creative distribution for an impression includes data transfer and all vendors involved.

Media Distribution:
Publishers are responsible for the total emissions of an impression associated with media delivery including the corporate emissions, data transfer, emissions and power grid intensity.

Consumer Device:
This includes their own personal and individual use of mobile desktop, or TV emissions during consumption.

Pinpointing these emissions hotspots at each step makes it easier to know what type of behaviors might need to be changed and whose areas of remittance that falls within.
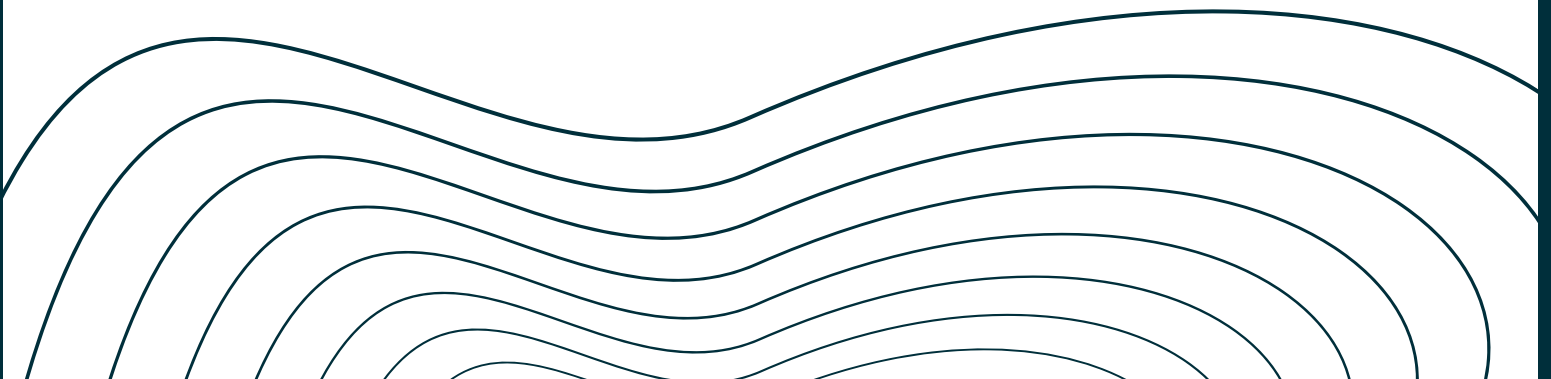
5. Ensure Your Existing Tech is Minimizing Waste

It's important to keep in mind that minimizing carbon waste requires an ongoing commitment to continuous improvement.

This means staying informed about technological advancements and industry best practices related to energy efficiency and sustainability. By regularly reviewing and updating your tech infrastructure and operational processes, you can ensure that your digital ad lifecycle minimizes carbon waste and contributes to a greener future.

High viewability is essential and a low-hanging fruit that helps you minimize your emissions. With this in mind, we identified the following tactics delivering at a 90 - 100% viewable inventory:

Channels with nearly 100% viewability:

- Connected TV
- Streaming Audio

For other channels without 90-100% viewability:
(e.g. Display, Native, Social, Online Video)

- Approach viewability as another campaign targeting parameter
- Utilizing partners such as MOAT, DoubleVerify, IAS, or Quality Alliance, you are able to set the viewability percent the ads will serve. We at Coegi utilize this targeting rail as a best practice to ensure we are running on premium inventory and not wasting impressions.

AN ASIDE:
Viewability is directly correlated with CPM (the higher the viewability > the more premium the ad inventory > the higher the CPM), so the additional cost will need to be accounted for when media planning.

6. Experiment with Attention and Engagement Metrics

While robust and accurate emissions data is foundational to sustainable advertising, it is ultimately the actions that are taken with it that will drive change.

Just as metrics like viewability, ad fraud, and attention have been folded in with performance metrics, carbon must also be taken into consideration. While reaching consumers can be simple, we now have to clearly identify WHAT is working.

- With the unpredictability of performance outcomes, we need to be proactive in measuring omnichannel media quality to drive consistent impact in today's fragmented media landscape.

- High-attention, low-emissions PMPs combine Scope3 emissions data and attention data to identify high-quality inventory that offers the greatest probability of attention and below-average carbon emissions.

By optimizing to look beyond what viewability can offer, you can prioritize "attention time" as your primary metric which offers a more definitive view on who actually saw an ad. This will help you maximize your consumer engagement while also reducing carbon emissions.

- According to WARC, "Attention is often regarded as a more precise metric than viewability, as it determines exactly who actually consumes an ad in the real world. Leveraging this indicator can have additional environmental benefits and, if used properly, will not jeopardize overall campaign results."

- According to their study, implementing "attention time" optimization successfully could potentially include:
  - Eliminating between 20% to 25% of the highest carbon-emitting domains
  - Decreasing unnecessary advertising where "attention time" is insignificant
  - Placing online ads in destinations where messaging and locational context align

CONCLUSION

Despite the many challenges and possible risks, there is growing awareness and recognition of the need to address the environmental impact of the digital advertising industry. A lot of progress has been made by brands, agencies and publishers alike to at least begin measuring the scope of their carbon footprints. Efforts are being made by industry associations, organizations, and individual companies to promote sustainability, develop best practices, and adopt greener technologies.

This movement is opening the door for advertisers to reevaluate the way they operate and refocus on building a future that continues to create value for advertisers while supporting their goals and efforts to do less harm to the environment. The more conversations we have about the measurement standards surrounding our carbon footprints in regards to the many different digital advertising stakeholders, the easier it will be for our industry to establish benchmarks and thresholds to ultimately reduce its impact on the environment.

WHY COEGI

Coegi fuels digital transformation using expertly-crafted, adaptable marketing solutions to help you transform what's possible for the future of your brand.

We bring together marketing solutions across all digital media to meet your unique business goals. As an independent agency, we provide a nimble approach to planning and execution that allows us to learn quickly, pivot intelligently, and keep you ahead of trends.

Programmatic	Paid Social	Strategic Services	Influencer
Display	Facebook	Research	Facebook
Online Video	Instagram	Planning	Instagram
Native	Twitter	Strategy	Twitter
CTV/OTT	LinkedIn	Audits	LinkedIn
Streaming Audio	Snapchat	Technology	Snapchat
DOOH	Pinterest	Vetting	Pinterest
Paid Search	TikTok		TikTok
	NextDoor		

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