

How Is The Promise Of AI-Driven Media Turning Out?



Paul DeJarnatt, Vice President, Integrated Client Solutions

More and more, walled gardens and ad tech platforms want the advertising world to shift towards AI-driven buying models. Since “AI-driven” is a *slightly* overused term these days, let me define what I mean by “AI-driven” in this piece.

Current AI-driven models are black boxes that require you to aggregate numerous settings into a single campaign where decisioning is made by an AI in near-real time. These settings include campaign budget, data points like conversions, audience targeting, geographies, and other elements that make up campaign structures in today’s digital media landscape. Basically, hand over control to the platform and it will deliver better results with less effort.

The Promise And The Results

The reasons to lean into AI-driven campaigns are very tempting:

1. Campaign setup becomes far simpler when you can simply brief an AI once and let it handle the details. No more thinking about campaign settings, orders, lines, ad groups, placements, or any other platform-based hierarchical control mechanism.
2. The promised gains are dizzying. A 27% increase in conversions¹? A 22% increase in ROAS²? Reality rarely matches the hype, but even one third of those promised returns would make most advertisers lean in.
3. Optimization happens through conversation and prompts, not hours spent in data aggregation and analysis. While not a part of many AI-driven products like Advantage+, nearly every platform has offered up a vision of querying campaigns the same way you work with your favorite LLM today. Freeing up time for teams to spend on *understanding* the data rather than manipulating it has been the goal for many years now.

The reality is far less exciting. In our own testing at NOVUS, we have found head-scratching decisions from the AI that have not generated business for clients, including strange copy and landing page combinations, subpar inventory, and creative that doesn’t quite hit the mark. In some platforms, like Google, buyers and agencies still maintain some control and can turn off some of these automated features to keep the AI focused. In other platforms, the control mechanisms are less robust.

Performance is another mixed bag. We have seen sales volume gains, but within the same cost per sale range as our manual campaigns. This is a net positive, but not hype-worthy. ROAS may improve, but volume drops, which is the same pattern we see in our manual campaigns.

In early rounds of testing AI in programmatic campaigns, we have seen more substantial improvements, to the tune of 50% increases in CTR. While results off to an excellent start, we are also less likely to truly see or understand the decisioning. This introduces risk.

What Happens When AI Has Less Data?

It is bound to happen. At some point, there will be a gap in data. A tag will break. A negative news story will run. The site will go down. There will be a supply shortage. Your site will be the target of a bot attack. A regulation will change or a compliance team will change a privacy policy. In some ways as challenging as a catastrophic event, there will be some sort of challenge in the conversion path that is hard to diagnose and creates a slow drag on sales.

It has happened for some of our clients already. And when it happens, the AI-driven campaigns really struggle to adapt in both the short and long term. In the short term, there are wild swings in bids and pacing. In the long term, those data anomalies are not scrubbed from the data set, so the algorithm's decisions for weeks following a disruption are skewed.

After one particular data anomaly, a performance client's search campaigns have yet to return to normal performance levels weeks after the anomalous event.

AI Is Good For Performance, Black Boxes Are Bad.

It is early days for the AI-driven media world. As rapidly as change is happening in today's world, I still believe that these advances are beneficial (and inevitable).

However, before we adopt the technology, we need to have 3 key factors clearly built into the platforms:

1. Transparent, granular reporting: We need to see what inventory, audience, creative, geography, etc. were used so we have a clearer understanding of what is driving performance.



2. Manual intervention options: We must be able to provide input into AI-driven campaigns to allow us to override data anomalies (Google already allows this in some campaign setups), redirect budget to particular audiences or geos based on business needs, or generally make any tweaks we see fit. Having manual campaigns running alongside AI-driven campaigns, which is what most advertisers and agencies do today, defeats the purpose in the long run.

3. More stability: Providing manual input, new targeting parameters, or creative changes needs to be handled in a way that doesn't launch campaigns into a chaotic learning mode that disrupts performance.

What Action Should You Take?

- Test AI-driven campaigns and calibrate the settings made available to you. Just because they are not perfect doesn't mean you should fall behind on understanding their impact on your business.
- Think critically about the promised performance gains and temper your expectations.
- Push your agency to apply pressure to Google, Meta, and your DSPs, or do so directly if you have a direct relationship. Challenge them to make the improvements we need to see as an industry, and then we can reward them with more budget.