

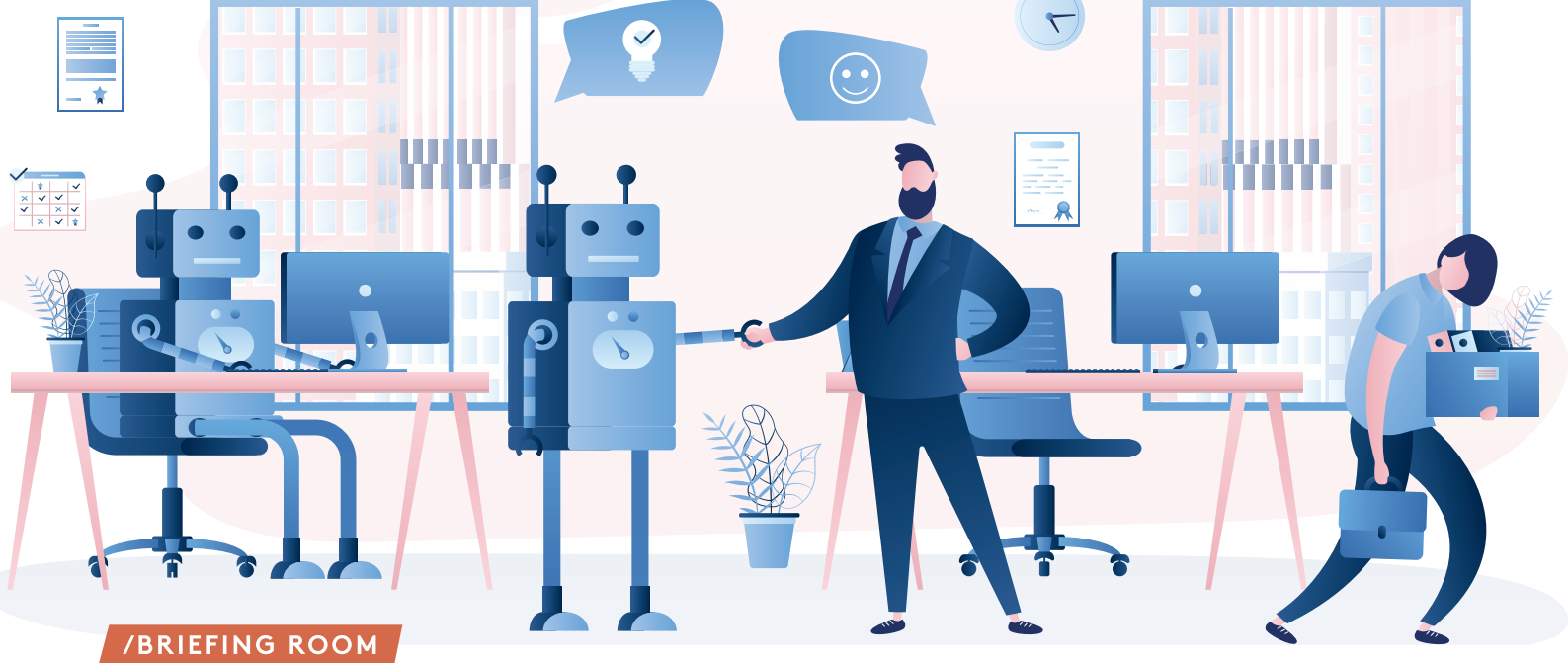
MEDIA IMPACT REPORT

Could ChatGPT Take Over Advertising?

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Could ChatGPT Take Over Advertising?

By **Robert Travis**, Director, Digital Media Strategy

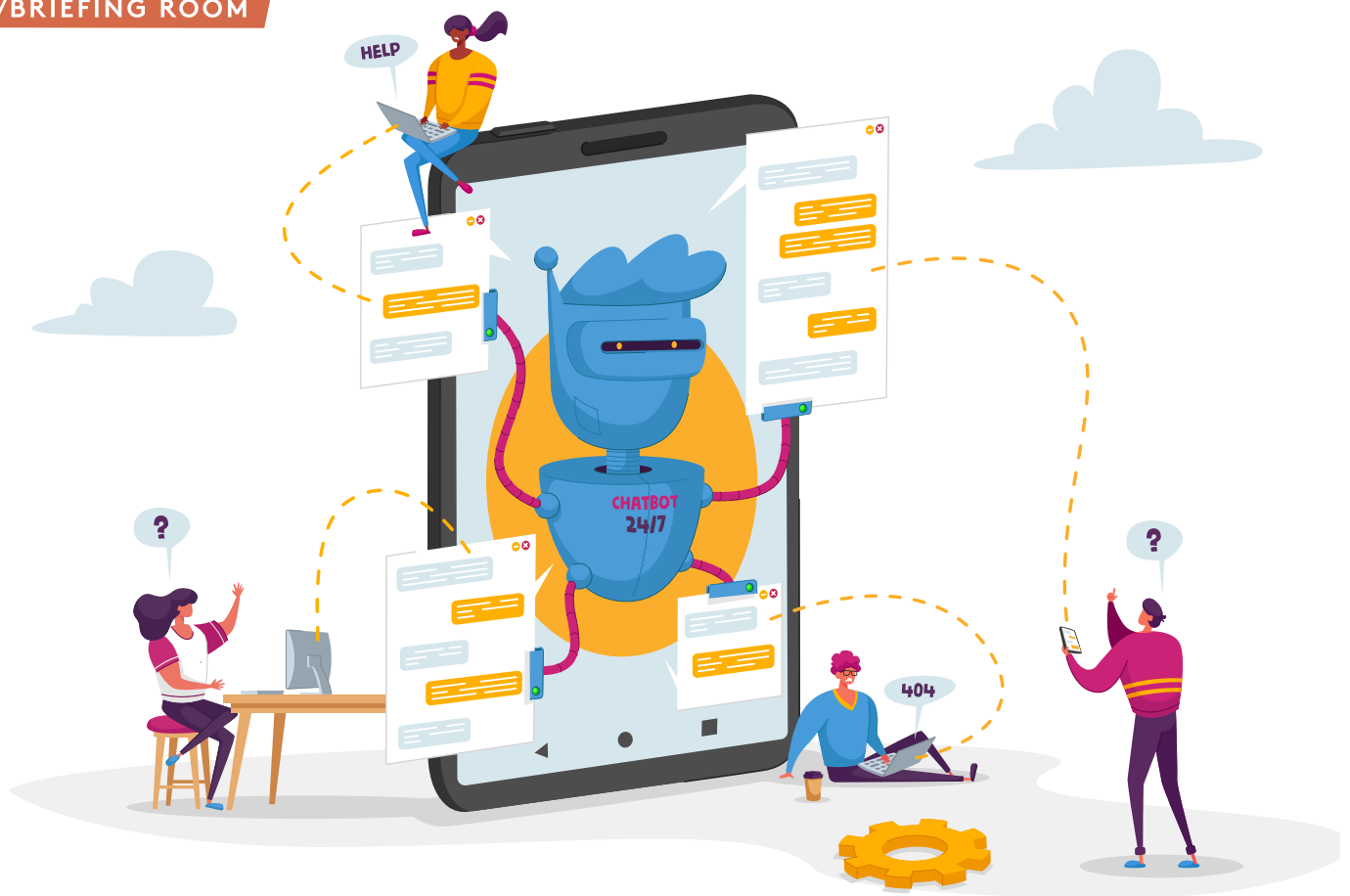
ChatGPT by OpenAI is the latest in AI tech and is all the buzz from college students to tech giants such as Apple, Google, and Microsoft. With more than 100 million users to date, it's only a matter of time before the super-powered chatbot impacts our lives...for better or worse. In this article, we explore what ChatGPT is and its potential impact on the world of digital media.

Artificial intelligence—two words that have been buzzing more than usual thanks to the latest advancement from California-based non-profit, OpenAI. Their latest prototype aptly named ChatGPT has taken the internet, and its users, by storm and shows no signs of slowing down. ChatGPT's rapid adoption has already shattered records, and at this pace, it won't be long before it evolves into an interface that changes the world as we know it... or takes it over. Did somebody say "Skynet?"

What is ChatGPT?

ChatGPT (short for generative pre-training transformer) is an AI chatbot powered by a language model with more than 175 billion parameters, enabling it to translate and respond to inquiries in a conversational manner. Said otherwise, ChatGPT is a scary good combination of Google Search and Siri, powered by an AI that perpetually learns as it goes. However, instead of throwing a bunch of results at you like traditional search engines, ChatGPT provides actual responses to inquiries and iterates on your query in a format comparable to WhatsApp or any other messaging interface you're familiar with.

Need guidance on how to write a specific piece of code? Done. Procrastinated on your history homework and need three pages on Napoleon's conquests in MLA format by tomorrow? Easy. Curious about how to break into someone's house without being detected? Sketchy, but certainly within ChatGPT's wheelhouse. Thankfully, OpenAI implements a number of security protocols such as content filtering and manual human reviews to keep responses as accurate and safe as possible. These protocols prevent ChatGPT's AI from veering toward illicit territories, or the line of logic that resulted in



Judgment Day, AKA the day in the *Terminator* movie franchise when the self-aware Skynet AI thought “hmm... this place would be a lot better if there weren’t any humans around,” and started cranking out giant, former governors that deliver quippy catchphrases.

While ChatGPT is currently classified as a “Free Research Preview,” early results indicate it is on course to become something far more significant. It took a mere five days for ChatGPT to reach one million users, a milestone that took Facebook 10 months and Instagram one month to achieve. In two months, ChatGPT hit 100 million users—89% faster than TikTok (nine months) and 97% faster than Instagram (two and a half years), making it the fastest-growing consumer application in history according to a recent report from UBS.

Today ChatGPT, while impressive, is still limited in some capacities. The massive dataset powering the AI dates back to September 2021, so it’s not operating on any sort of “real-time” data. Furthermore, the current iteration is prone to inaccuracies in certain instances such as complex

math equations and historical references of people or events. That said, tomorrow’s ChatGPT will be a completely different entity in terms of its capability and application in real-world scenarios.

Imagine an AI that can provide actual customer service instead of cookie-cutter bots that render a few generic responses before connecting you with a human. Or an AI that can analyze the stock market and global news around the clock to autonomously make calculated investments that maximize return. These and other very realistic future-state possibilities got us thinking about a few “what if” scenarios involving ChatGPT, specifically in the world of digital media.

What If...ChatGPT Could Develop Creative?

The next most logical evolution for ChatGPT will be toward visual elements. Similar to how you can Google search for specific images, ChatGPT will soon be able to put its spin on creating a broad array of visual assets ranging from banner ads to PowerPoint decks to websites, all to your exact specifications.

Moreover, the technology already exists. DALL.E 2, another brainchild of OpenAI, can render original art and imagery from a textual description by combining concepts, attributes, and artistic styles. For example, a DALL.E 2 search for “a 3-D render of humanoid robots drinking coffee” resulted in four highly accurate options to choose from. The same image search on Google resulted in hundreds of results, but none felt as accurate as what DALL.E 2 provided. It’s also worth noting that the four DALL.E 2 options were nowhere to be found in the Google results page. DALL.E 2 also comes with a feature allowing you to share an image and the AI churns out a batch of variations.



What If...ChatGPT Could Run Paid Media Campaigns?

Once ChatGPT joins forces with DALL.E 2 to master imagery, it’s only a matter of time before it expands even further to the point of autonomously building and running paid media campaigns. With a few simple prompts, ChatGPT could identify your ideal audience, accurately predict (not estimate) the return on your media budget, deliver its AI-generated ads to said audience, track performance, optimize where necessary, and produce detailed reporting in any cut you could think of.

What If...ChatGPT Could Run a Global Media Agency?

Fast forward a few years and ChatGPT could sit at the helm of the world’s largest and most successful digital media agency. Sure, it’s not as doom and gloom as Skynet, but in the context of today’s digital agencies, it certainly has the potential to be. Imagine an agency that never sleeps, never needs a day off, never misses a deadline or performance benchmark, is omnilingual, and can facilitate any marketing task or activation you can think of in mere moments instead of multiple business days. This amount of autonomous potential would dramatically impact the world of digital advertising as we know it and could render human-based media agencies obsolete. Yikes.

Replacing Humans is Not in the Immediate Future

Fear not, for any sort of digital dystopian future is still a long way off. ChatGPT and similar AI technologies are years away from achieving what industry experts call “Artificial General Intelligence,” or the ability of an AI to learn intellectual tasks that humans can along with all the contextual nuances that make us...human. And while we all love advancements in technology, a part of us still prefers realistic (or at least simulated) human interaction. See social media, Zoom, FaceTime, etc. This means the human element within places such as media agencies is a premium that will be in high demand for many years to come. The best agencies in the world, such as Rain the Growth Agency (wink, wink), can find the sweet spot between art and science; art being the expressive executions of an agency while science aids in the logistical X’s and O’s and how-to’s. Technology will continue to advance and evolve the science, but we humans have been, and will continue to, be responsible for nurturing and guiding the art.

For now, we’ll have to do things the “old-fashioned way” while leading developers like OpenAI push artificial intelligence forward and ensure Judgment Day, digital or not, remains a figment of our imagination and not a reflection of our reality. No pressure!



Image: AP News

/NOTEPAD

Department of Justice Sues Google

By **David Gelt**, Director, Paid Search & YouTube

In late January, the U.S. Department of Justice (DOJ), in conjunction with the Attorneys General of eight states, filed a civil antitrust lawsuit against Google, alleging Google has monopolized the digital adtech stack. Digging deeper into the allegation, the DOJ claims that Google has engaged in 15 years of conduct neutralizing and eliminating competitors, forcing advertisers to leverage its products.

These accusations should not come as a surprise to those familiar with Google's full product suite. Beyond the dominant Google search engine and massively popular YouTube platform, both of which are vitally important for any advertiser in the digital age, Google also drives massive revenues through its Google Ad Manager, AdSense, AdX (previously called DoubleClick Ad Exchange) and Display & Video 360.

With Ad Manager - including AdSense and AdX, the leading source of selling programmatic inventory, and DV360, the leader in buying programmatic inventory, Google finds itself as the key middleman in an industry that saw over \$120 billion in spend in 2022. Additionally, Google adds a 5% fee for any non-Google demand-side platform (DSP) buying AdX's inventory. The DOJ's complaint targets this policy specifically arguing that strategic acquisitions over the last 15 years have forced adoption of Google's tools, limits competition and have allowed Google to earn 30% of the advertising dollars spent on its platforms.

Google Combats Complaint

Google's response is dual-faceted. First, Google's Vice President of Global Ads, Dan Taylor, has argued that competition is continuing to increase, and that Google's control of the marketplace has diminished. According to eMarketer, Google captured 28.8% of all U.S. digital ad revenue in 2022, down from a peak of 34.7% in 2017. Microsoft's recent acquisition of ChatGPT, as well as the rise of TikTok help support this claim. While this argument may carry weight with the general public, it does not speak to the specific policies the DOJ has called out in its claim. Outside of Google's response, it can be noted that The Trade Desk, Criteo and Amazon's DSP business have all seen strong growth in the last two years as well, which directly compete with Google's programmatic suite.

The second part of the Google defense hinges on what Taylor calls "attempting to rewrite history." Google's acquisition of DoubleClick in 2008 and AdMeld in 2011 have come under DOJ scrutiny, referenced as key moments in Google's rise to programmatic dominance. Google notes that both those acquisitions were reviewed by federal regulators at the time, and both were approved.



A Wide Range of Potential Outcomes

While it's impossible to predict how this will play out in court, the outcome is sure to make an impact across the advertising industry. If Google is successful in arguing that there is no monopoly, investment in Google's programmatic capabilities will continue to be at the forefront of marketers' minds. Winning this case could open the floodgates for Google to push the envelope even further. While they haven't indicated that yet, a judgment in their favor could empower them to make it even harder for competitors to access Google's wide array of programmatic inventory, which could be a drag on efficiency and make precise targeting and sound strategy even more important.

On the flip side, Google being forced to break up their programmatic empire could trigger a metaphorical earthquake in the programmatic landscape. With this change would come an inevitable shifting of real-time auction dynamics, leading to improved CPMs across the board for advertisers. And as we all know in this industry, where efficiency lies, the dollars aren't far behind. With our Google Premier partnership, close ties with The Trade Desk, as well as a wealth of information from measurement and market research partners, we'll be sure to be at the forefront of any developments.

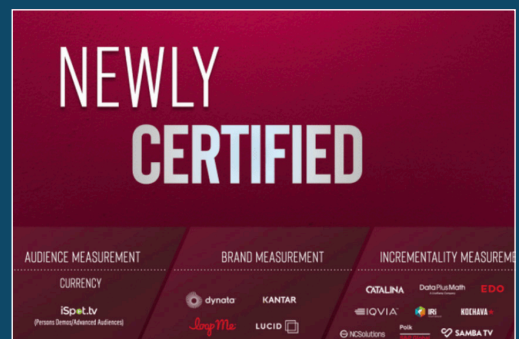
This is the second time since 2020 that the DOJ has charged Google with violating the Sherman Act. The other case, centered around Google Search's massive market share in the search space, is set to go to trial later this year. We'll continue to update you as more details around both cases emerge.



How Brands Feed Off Big Super Bowl Energy Without Being in the Game
[AdWeek]



Google CEO promises new A.I. features are coming to search 'very soon' amid competition from ChatGPT
[CNBC]



NBCU Certifies iSpot And VideoAmp As Ad Currencies For Advanced Audience Guarantees
[MediaPost]



/UPDATES

The Big Game Ads That Turned Viewers Like Me Into Big Softies

By [Steve Miller](#), Client Development Director

America's marquee football contest occurred at the perfect time for all of us as the nation grapples with economic challenges, more mass shootings, UFOs, and constant updates of devastation around the world. Only a handful of Big Game advertisers accurately "read the room" so to speak, and they saw how desperately we needed a distraction from all the negativity early 2023 has brought.

It's no surprise that viewers who participated in [USA Today's Ad Meter](#) for 2023 embraced the positive, endearing storylines of the top-3 ranked advertisements. I found it particularly interesting that this year's No.1 and No.3 ads revolved around the realities of pet ownership. I flashed back to college, where I was taught that an advertisement's general message needs to be anchored around at least one of these six things in order to be compelling:

- Adorable animal(s) or child(ren)
- Celebrity
- Nostalgia
- Fear tactic
- Humor
- Sex appeal

Many Big Game advertisers are overly dependent on celebrity appearances and nostalgic callbacks, and this year was no exception. Others attempted a humorous approach. Fear tactics are extremely niche, and sex appeal has been canceled and replaced with inspirational or empowering messages, for example, the No. 2-ranked NFL spot called ["Run With It."](#) I believe the two brands that featured adorable household pets connected the best with the dog owners watching the game.

The Farmer's Dog, a first-time Big Game advertiser, took first place with a minute-long spot called ["Forever"](#) featuring a chocolate Labrador and its human companion growing up together and experiencing many of life's milestones together. At one point a sequence of flashbacks from the dog's perspective successfully conveyed that the love is mutual, and thus sealed the fate of this beautifully authentic piece of marketing content. USA Today also noted that this is the first "sentimental" ad since 2015 to land at No. 1, which was a Budweiser ad about a lost dog. Amazon was another top dog, finishing No. 3 on the Ad Meter list, and it did so without needing to



feature Alexa in a spot called [“Saving Sawyer.”](#) The main character, a dog assumed to be Sawyer, experiences a range of emotions and behavioral shifts as the members of his family all resume

in-person work and school after many wonderful days together at home. As things return to normal, Sawyer’s life is turned upside-down and he begins to act-out (understandably) as a result. The 90-second story ends with a nice twist despite a kennel being purchased. The same ads were also highly regarded by [AdAge](#) and [iSpot](#), but in reverse order. Surprisingly, neither spot cracked [Adweek’s](#) top-10 list.

With the price for 30-seconds of ad time in the Big Game rumored to have exceeded \$7 million, I believe Amazon and The Farmer’s Dog invested double or triple the going rate for meaningful storytelling. I admire the conviction these brands

showed to let each story develop genuinely while allowing our tear ducts enough time to fill up for that collective “I’m not crying, you’re crying” moment.

Noticeably absent this year was Rocket Mortgage. That’s right—after winning Ad Meter each of the last two years, it’s hard to believe that the Detroit-based lender wouldn’t bid for a three-peat. At the end of the day, I didn’t find myself missing their elaborate sales pitches. Instead, I found myself yearning to get home and give my Boxador a treat and a big hug, and I can thank two brands for reminding me of how precious those daily victories are.

LAST YEAR VS THIS YEAR	
2022	2023
112.3MM reported viewers across all NBC properties, linear and digital	113.0MM reported viewers across all FOX properties, linear and digital
\$720MM (iSpot) in in-game advertising	\$757MM (iSpot) in in-game advertising
\$5.5MM cost of a :30 spot in Super Bowl LV	\$7MM cost of a :30 spot in Super Bowl LVI
64% had celebrities in their creative	72% had celebrities in their creative
8 automotive spots	4 automotive spots
17 first time advertisers	9 first time advertisers

Sources: Adweek, iSpot, Nielsen (via Axios), NPR, Vivvix

Need More Guidance?



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