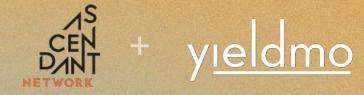
UNLOCKING AI FOR CREATIVE GENERATION AND OPTIMIZATION

An Ascendant Network benchmark study In partnership with Yieldmo



Overview and Methodology

Al will drastically change how marketers build, execute and optimize their campaigns. The traditional approach of developing a brief based on a human truth or consumer insight, building campaign assets and media plans from that brief, launching and then reading results weeks or months later will be completely disrupted by large language models & neural networks that find nonlinear relationships in data, generate images and text in seconds and respond to human interaction to optimize efforts in real time.

Every brand must find the right approach to AI that maximizes marketing performance. Marketing leaders must balance the need for brand safety with the quest for business outcomes—they need to identify, implement and operationalize an approach that empowers the brand to get the best results by streamlining processes and the development of creative variations without sacrificing brand consistency and safety.

METHODOLOGY

Ascendant Network, in partnership with Yieldmo, conducted interviews in August 2024 with agency and brand advertising executives to understand how they are using AI for marketing, focusing on the applications of AI for creative generation and campaign optimization. We also conducted desk research to identify industry trends and third-party research to support the narrative.

This white paper identifies how senior-level marketers are:

- Using AI for creative development and campaign optimization today—and how they hope to in the future
- **Measuring** the impact of AI on their creative process
- Using education and their partner network to manage the **challenges** of incorporating AI into the creative process
- 4. Balancing the desire for creative innovation with the need for **brand safety**



Executive Summary

Marketers are growing more comfortable using AI for a variety of tasks related to the creative process.

In Ascendant Network's 2024 benchmark research, we found that marketing organizations are taking concrete steps to test AI for creative generation and campaign optimization, focusing on creative ideation/generation, search marketing/SEO and translation/localization. And nearly two-thirds of the executives we spoke to said they feel comfortable allowing machines to test a limited number of pre-approved creative assets and optimize for creative and media performance.

Marketing leaders firmly believe AI will transform the creative process. Their biggest expected wins include:

- speed to market
- the ability to test creative variations faster and more easily
- cost efficiencies from re-allocating staff or bringing work in-house

How will they get there? By being strategic about experimentation, educating staff and encouraging executive buy-in, and having a strong network of outside partners that can smooth the transition.

But marketers are also realistic about their progress. None of the leaders we interviewed feels comfortable allowing AI to create many creative and media variations and test and optimize them in real time. They are also worried about maintaining brand safety, and the importance of human oversight. And in industries like pharma and financial services, regulatory hurdles will require a more cautious approach.

Five AI Use Cases for Creative Generation and Campaign Optimization

What marketing

Al Use Case	Current Status	Future Potential	leaders say
Ideation & Brainstorming	Tools assist individually but not at scale.	Wider ideation support across functions through integrated AI systems.	"I like the idea of AI unlocking brainstorming and being able to use it in the moment. When you're brainstorming and putting keywords and ideas into ChatGPT, it unlocks thinking." —Head of insights, entertainment industry company
Content Generation	Focusing on initial capabilities such as landing pages, but humans lead.	Faster content production by automating routine tasks to free up creativity.	"A lot of the work that you have four or five different people doing now can be streamlined and done by one machine or one great AI brain." —SVP marketing and media, personal care products company
Audience Targeting	Leveraging data for digital targeting now.	Deeper personalization by leveraging growing volumes of first-party customer data.	"When you think about all the different creative variations that are needed in order to meet a consumer and have a personalized experience, that for us is really important." —SVP digital transformation, personal care products company
Campaign Optimization	Testing is limited to creative development.	Broader testing of campaigns through Al-driven experimentation.	"The more exciting use of AI is the ability to test more iterations of creative and be more expansive in trying out different ways to attract customers." —Head of insights, entertainment industry company
Automated Emails	Initial use in a few verticals, primarily for customer support.	Expanded automation of common email formats to improve experiences.	"We've been doing dynamic email content through a partner. They're able to do one-to-one personalization." —SVP digital transformation, personal care products company



Marketing leaders are growing more comfortable with AI

Nearly 7 in 10 marketers are using AI in their marketing strategies this year, up from 61% last year, according to the 2024 Influencer Marketing Hub AI Marketing Benchmark Report.

Executives interviewed by Ascendant Network are equally positive about embracing AI for marketing. Although they are at different stages of preparedness—some quite advanced, others just starting to learn—there's a palpable sense of urgency to get personally comfortable with AI.

When we asked how knowledgeable they feel, the executives we interviewed gave themselves an average grade of 72%.

Across the marketing industry, knowledge of AI for marketing is on the upswing. In a 2024 <u>study of business executives by the Marketing AI Institute</u>, 61% said their understanding of AI was "intermediate," up from 54% last year. Only 23% considered themselves beginners in the recent study, down from 35% in 2023.

However, there's still plenty of room to grow. AI is developing so rapidly, it's difficult to keep up. Only 16% of executives in the Marketing AI Institute study considered themselves "advanced" in their knowledge—a good benchmark to keep in mind when worries about AI keep executives up at night.

"We are prepared in some ways, and then I guess in other ways, like everybody, not prepared."

—President, performance agency

"The more you learn, the less you feel like you know. We understand [generative AI] at a high level, but another giant question is how to actually implement it in any particular area."

—Insights executive, financial services company

How knowledgeable do you feel about AI for marketing?



Average rating on a scale of 0% (not at all) to 100% (extremely)

Source: Ascendant Network interviews with senior marketing leaders



Creative ideation and generation are two of the top use cases for generative Al

Creative development was one of the earliest identified use cases for AI in marketing, and it remains at the top of the list for marketers today.

In a 2023 <u>study</u> by the World Federation of Advertisers, 74% of respondents were already using AI for content generation and 55% for content ideation.

In our interviews, executives shared numerous ways they are currently using AI in the creative process:

- Creative ideation/brainstorming
- Creative storyboarding
- Content generation
- Testing creative variations
- Translation and localization
- Generating audiences
- Sentiment analysis and clustering

Optimizing creative is an area of strong interest for marketers. Advertisers surveyed by Yahoo! believe optimization is the area where AI will have the largest ad-related impact, particularly for cost efficiencies (cited by 75% in a June 2024 <u>study</u> with Advertiser Perceptions) and incremental performance (66%).

Another use case that bubbled up among the leaders we interviewed was search marketing and landing page optimization. 62% of the leaders we interviewed said they are using AI to create keyword lists for search advertising or to develop landing pages for search. And in a somewhat meta example of AI being used to make content that will be more appealing to AI, some said they are using AI to generate website content that can be easily digested and displayed in AI answer engines.

"for PDP development, asset development, creating campaigns"

"AI copy testing, subject line testing, in-body testing"

"we've got a giant SEO undertaking under way"

"to create landing pages for SEO"

"creative storyboarding for internal purposes"

How are senior marketing leaders using gen AI for marketing?

"generating audiences"

"to translate and

localize assets"

"to build search ad copy at scale, and in a very fast way"

"the SEO landing pages; we needed a lot of content to help rank highly in Google"

"to localize and translate assets"

"to take one ad and create half a dozen variants using generative AI and test and optimize them"

"audience creation and development"

"to create tons of search copy"

Ascendant Network interviews



Marketers believe AI will help them produce creative variations more quickly, reducing costs and improving efficiency

"Efficiency" is one of the first words business executives typically mention when they're asked about the biggest benefits of AI.

So, it's not surprising that the marketing leaders we spoke to have similarly high hopes for using generative AI to develop copy, images, website content and videos more quickly and to produce and test creative variations at reduced costs. Nearly every executive used the word "efficiency" or "efficient" when asked to describe the greatest opportunities they see from AI.

As one brand-side exec told us, AI "should provide efficiencies. It should shorten timelines and resources needed from the agency, smartly and intelligently automating a lot of processes."

What's underpinning those beliefs are projections by analysts about the productivity gains that will result from AI. By 2029, generative AI will do more than 40% of the work of marketing roles, IDC estimates. To develop its forecast, IDC modeled 24 key marketing roles in five categories of work and then estimated the portion that generative AI could handle in the next 5 years.

When leaders talk about efficiency, it often comes in the same breath as goals like "reduce headcount" or "cut costs." We heard the same in our interviews.

- "Cost is a major factor, because we only have a finite budget, and [AI] would allow us to do more. Photo shoots are costly. I definitely think the personnel on the productions could be reduced."—SVP, digital transformation, personal care products company
- "Production, optimization, transcreation, localization, adaptation of assets—I think that could all be streamlined."—SVP, marketing and media, personal care products company

It's also true that the impact of aligning toward efficiency will weigh heavily on agency partners. Several of the brand-side executives we spoke to brought up the idea that agency resources could be reallocated or even reduced once AI becomes a more steady partner to the creative process.

Brand execs are aware of the delicate balance between making efficiency gains and cutting agency resources. As one leader put it to us, "There is going to be a natural resistance to fully letting go on the agency side, and I understand it. These people are creatives, and to be able to let go of what they do and unleash some of that onto the machine to do it for them at a lower cost devalues them a lot. It's getting hard to balance that line and not devalue the creative resources on the agency side, but also to realize gains in efficiencies."

It's worth mentioning that we did hear about other expected gains that didn't explicitly imply cost-savings, including:

- Personalizing content via dynamic targeting.
- Enhancing creative ideation via tools that support real-time brainstorming.
- Autonomously testing thousands of creative variants to maximize performance objectives.
- Gaining insights by distilling patterns from large data sources.

But efficiency was by far the biggest aspirational goal.

"We worked with an agency to help us generate SEO landing pages. The agency was more efficient because they used generative AI, versus someone else that would use a more human-crafted approach. I would estimate that the cost was one-third less for the same amount of content."

—VP marketing, automotive industry company

"Usually it takes two or three weeks for our agency to come back with a storyboard. But if the storyboard is not going into market, and it's just basically a catalyst, a thought starter, it should take 24 hours. So we're compressing the timeline, and the efficiency that's being built into the processes is a benefit."

—Head of media, pharmaceutical company



Strategic experiments are starting to replace random ones

As marketers move from experimentation to implementation of AI in the creative process, they are also becoming more sophisticated at planning their activities and measuring the results.

In our interviews, we heard that some companies are taking rigorous approaches to experimentation such as AI review boards and councils that approve creative experiments and vet the results, or lab-like setups that track deployment of AI-based tools and the activities they are being used for.

When it comes to measuring results, marketing leaders are leaning into an array of techniques, with the goal of benchmarking AI creative against non-AI creative based on metrics such as the amount of time to develop the creative, the staffing or resources it takes to produce the creative, the performance of the creative and most importantly, the ROI.

"A big piece for us is always making sure we have a control group. We're able to look at incremental lift [from Algenerated creative] and understand the test versus the control. Engagement is obviously going to be an important KPI. We're going to look at standard CRM type metrics, open and clickthrough rates, whether revenue is generated off of our communications, are people engaging more with that content versus not?"

—SVP digital transformation, personal care products company

"We're looking at the impact of gen AI-produced creative in channels that have lower-funnel conversion metrics so we know if that creative drove a better performance lift than another one. And then we also look at time to develop the ad versus the other one."

—VP media, financial services company

5 ways to measure the results of AI-led creative generation and campaign optimization:

- Track experiments via an "experimentation lab"
- **Test** creative in lower-funnel performance channels where lift can be measured
- **Measure** reduction in time to produce creative
- **Compare** production cost vs. performance of creative assets, to determine ROI
- Analyze engagement and CRM metrics (views, opens, clickthroughs) for the fuller picture



But it will take some time before marketers are comfortable letting machines take over creative functions

Marketers are eager to explore the possibilities of using AI in the creative process. But they're not ready to take their hands off the steering wheel yet.

Nearly two-thirds (62%) of the executives we spoke to said they currently feel comfortable allowing machines to test a limited number of pre-approved creative assets and optimize for creative and media performance—a strong indicator of the AI maturity level of the people we spoke to. But still, no one said they were willing to let machines handle this work in real time.

Human oversight and involvement will be important for marketers even as they continue to experiment and push the boundaries of creative development and optimization.

"I'm seeing much better [creative] quality and a significant increase in quantity. But what I'm not seeing yet is the need to cut heads, because there's still a lot of thinking that has to be done regarding how to develop the campaign and how to feed the ideas to the machine. A human has to review all of these things."

—CMO, technology company

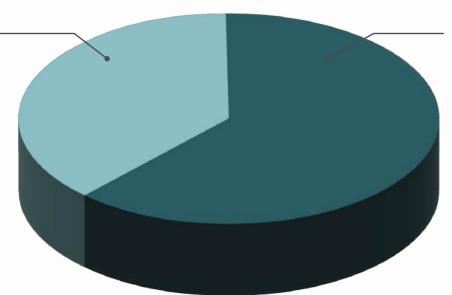
"I would want to have some confidence that the results are high enough quality that I feel comfortable taking the human out of the loop. It would be a matter of doing a lot, seeing a lot of great results and then getting confidence that it doesn't need as much supervision."

—VP marketing, automotive industry company

How comfortable are marketers with implementing gen AI for creative development and campaign optimization?

I am not at all comfortable applying gen AI on any scaled marketing campaigns

38%



0% I am very comfortable letting machines create many creative & media variations and test and optimize them in real time

Source: Ascendant Network interviews with senior marketing leaders

I am comfortable letting machines test a limited number of pre-approved creative assets and optimizing for creative and media performance

62%



Brand safety is a major concern, but companies are learning how to balance innovation with control

Brand safety is a big reason why marketers aren't yet comfortable letting an AI manage creative output or campaign optimization without human oversight. They worry that AI will introduce problems that they won't be able to catch or control until it's too late.

The top concerns we heard in our interviews were:

- Accidentally violating industry regulations
- Publishing content or advertising that is offensive, biased or discriminatory
- Publishing content or advertising that infringes another company's copyright
- Misrepresenting the brand / not following brand guidelines
- Introducing confusing or conflicting messaging

While none of the executives we spoke to claimed to have solved all of the issues, we did hear a few signs of progress:

- **Use AI to monitor AI**. One executive told us their company is using an AI-based brand safety monitoring tool to review AI-created assets and determine things like whether the correct font and style are used, if an item of clothing appears "off" in some way, if the brand logo is displayed correctly and if the background lighting is correct.
- Hold humans responsible for the final output. "If an asset goes out that is not on brand or is offensive or somehow not right, ultimately, that comes back to the marketer who pushed it out," another executive told us. "That person still has to [be responsible] regardless of whether a person or AI creates the ad."
- Test under controlled circumstances before rolling out creative. "Make sure whatever routine you're running works before you scale it," one leader said. "That's what it comes down to; your ability to prove something before you roll it out, and have the right business rules in place to make sure that it doesn't run awry."





Education, executive buy-in and strong partners are crucial to achieve successful gen AI implementations

Education is critical to successful AI outcomes; 67% of business executives feel a lack of education is a barrier to AI adoption at their company, according to the Marketing AI Institute.

In our interviews, the need for more education was abundantly clear. Some marketing organizations have started regular training sessions, while others are still letting staff and teams educate themselves. An experimental mindset is good, but marketers should by now be moving toward a more structured way of educating and training teams on how to use gen AI effectively and toward a common goal.

An important factor in the push to educate is the support of the c-suite. The leaders we interviewed spoke of varying levels of support for AI initiatives within the executive ranks. But executive buy-in is critical for future success; 32% of executives surveyed by the Marketing AI Institute said their CEO owned AI implementation, while 31% said it was the CMO.

Tech suppliers and agencies also play an important role helping marketing orgs that need to establish gen AI policies and build frameworks for developing and optimizing their creative.

The marketing leaders we spoke to said they rely on a range of partners, including their creative agencies, media agencies, tech suppliers (Microsoft, Salesforce), consultants and digital publishers (Meta, Google).

These companies can support educational initiatives by demonstrating how to use AI tools or guiding staff through implementation of a new technology.

One marketing organization told us of a recent educational event attended by 150 analytics and marketing staffers, where they learned about the internal large language models that the company was building and received training from tech suppliers.

"More than a year ago, we put in a cross-organizational council that includes CIO, legal, commercial—so it's not happening in pockets. We got in pretty early on to make sure there were more communication and controls in place because there's a lot of sensitive data being used."

—President, performance agency

Al transformation benchmarks: How does your marketing organization stack up?

10% Org is achieving wide-scale adoption of AI

19% Marketing team has an Al roadmap for the next 1-2 years

26% Org offers marketing AI education/training

29% Org has an AI council

34% Org has generative AI policies guiding the use of AI for text, images, video, etc.

36% Org has a generative AI ethics or responsible AI policy

41% Org is piloting a limited number of AI projects with narrowly defined use cases

49% Org is learning how AI works and exploring use cases/technologies

Note: 51% of respondents worked in B2B; 37% both B2B and B2C, 10% B2C Source: Marketing AI Institute and Drift, "2024 State of Marketing AI Report"

"We've created a task force to work across the whole organization, and part of the responsibility is educating marketers on just what gen AI is or is not. Another role is to coordinate and to capture use cases across the enterprise so we can then roll those up to the council and figure out how to prioritize them."

—VP media, financial services company



Marketers in regulated industries face extra hurdles and must be more cautious in applying gen AI for marketing creative

For marketers in industries like pharma and financial services, regulatory and compliance roadblocks stand in the way of fully deploying generative AI in the creative process.

These companies must move much more slowly in this area than others because they risk violating FDA rules or banking/lending rules that restrict how their products and services can be marketed. They also typically have stricter legal reviews that can slow progress.

The hurdles exist for both Al-generated creative as well as campaign optimization with Al. That means that tools like Meta's Advantage+ Creative, which automatically optimizes images, video and text, are not fully available to marketers in regulated industries. As one exec told us, "90% of the core visual is exactly the same. But even then we are not allowed to use it because our compliance said that they need to see every single iteration of the creative and be able to approve it before they go to market."

Despite the restrictions, companies in these industries are still pushing ahead and testing AI use cases. For instance, among pharma companies surveyed by Reuters Events and Elsevier, 80% are using AI to engage healthcare providers, with content creation the top use case.

The leaders we spoke to are similarly exploring ways to test and learn about AI creative. Some are generating creative for intra-company cases, such as using generative AI tools to create images that can be used in internal marketing content. Others are using AI to storyboard or prototype external-facing creative but then use typical human-led processes to finalize the actual creative.

The silver lining for those in regulated industries is that they can watch and learn from what other verticals are doing, and if and when the regulatory hurdles are lowered, these companies will be well positioned to make full use of Al's creative generation and campaign optimization powers.



"Our search agency used ChatGPT to build search ad copy at scale. That gets us 70% there, but humans have to go in and add our own guardrails and make sure all the claims are right, so we adhere to fair banking regulations."

—VP media, financial services company

"We're already experimenting with [AI-generated creative], but it's not going into the market. It will never see the light of day until our legal teams are vetted and comfortable with anything that is put out."

—Head of media, pharmaceutical company



Making the most of AI for creative generation and optimization: 6 action steps



As the saying goes, "walk the talk." Test-drive AI tools and subscribe to newsletters to stay up to date on the latest developments.



Measure for success

Benchmark AI creative against non-AI creative, focusing on metrics such as the amount of time to develop the creative, the staffing or resources it takes to produce the creative, the performance of the creative and the ROI.

Identify near-term creative use cases

Apply AI to a specific marketing need. Many of the executives we interviewed are using AI to improve aspects of their search marketing or for landing page optimization. Others are focusing on email marketing.



Bridge brand safety concerns

Al creative tools are getting more sophisticated, but they aren't perfect yet, so keep a human in the loop and establish guardrails from the start, rather than waiting to impose them after something has gone wrong.

Set goals for increased output and efficiency

AI has the potential to generate creative variations more quickly and at reduced cost. Setting specific output and efficiency goals will make it easier to demonstrate progress.



Educate teams and remove roadblocks

Host educational summits and lunch-and learn sessions. If your company has an AI council, make a case for marketing to not only have a seat at the table, but help lead the council. However, AI councils should avoid acting as rollout roadblocks and instead focus on fostering experimentation and testing.



About Ascendant Network and Yieldmo

ABOUT ASCENDANT NETWORK

Ascendant Network is home to three selective communities of senior change agents (typically VP to C-suite) spearheading today's marketing and retail r/evolutions and leading the rise of commerce media. Its mission is to advance the professional development of exceptional leaders. Content, community and partners are curated by its powerful Digital Ascendant Council and RMN Ascendant Councils (Americas, Europe). Its twice-yearly community events are not run-of-the-mill conferences; each one brings together 100+ transformative executives from the nation's most progressive companies to share, connect and tackle industry problems. Its closed-door/no-press forum is deliberate — it supports candid sharing and relationship-building among the industry's "who's who." In short, it's a community of the most influential marketing, retail and commerce media leaders.

ASCENDANT NETWORK PROACTIVELY CURATES DIVERSE, COMMUNITIES:

54% of keynotes/openers and 57% of all speakers are female. 47% of participants are female and 58% are diverse.

FOR MORE INFORMATION ABOUT ASCENDANT NETWORK, PLEASE FOLLOW US ON LINKEDIN OR EMAIL HELLO@ASCENDANTNETWORK.COM.

ABOUT YIELDMO

Yieldmo is an advertising platform that helps brands invent creative experiences through tech and AI, using bespoke ad formats, proprietary attention signals, predictive format selection, and privacy-safe premium inventory curation. Yieldmo believes all ads should be human-centered, tailored, and provoke users' emotions and actions. Yieldmo helps brands deliver the best ad for every impression opportunity, merging creative and media for proven results.

