# Road to Programmatic

## An IAB Europe White Paper

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# 1 Introduction and Executive Summary

## Introduction

In the first six months of 2015, programmatic advertising has been at the centre of discussions across the advertising industry. From Advertising Week in London and Interact in Berlin to the Festival of Creativity in Cannes, it has been never been far from the headlines. Indeed, at IAB Europe the small Programmatic Trading Task Force formed in 2014 with a handful of members is now a full Committee with a significant membership across the European market.

Where in the first IAB Europe Programmatic White Paper the focus was on defining programmatic and explaining why it was the subject of so much discussion, this White Paper provides an analysis of the decisions facing advertisers, agencies and publishers in considering how to capitalise on the programmatic opportunity and address the accompanying challenges.

The Road to Programmatic is intended to be a reference for stakeholders wanting to know more about programmatic strategy, offering guidance from industry experts on the data, technology, operating models, and related issues that affect and determine opportunity, risk and success. Here, IAB Europe aims to deliver a comprehensive set of information that will be relevant for different stakeholder groups and enable the empowerment and consensus required for a profitable road to programmatic

Since the first white paper IAB Europe has delivered webinars, conference presentations, workshops and a market sizing to aid to the development of understanding of programmatic. IAB Europe would like to extend its thanks to the Programmatic Trading Committee members whose energy and dedication have made this possible.

## Executive Summary

In 2015, the media and advertising business in Europe remains complex, inefficient and often combative with tensions between advertisers, agencies and publishers increasing rather than declining as the economy improves. Although programmatic is often criticised for adding to that complexity and frequently only talked about in terms of automation and cost reduction, this paper demonstrates how it has the potential to overcome inefficiencies of delivery, fragmentation of audience and lack of understanding to unlock hidden value in the data held by advertisers and publishers alike. It shows how programmatic can foster greater collaboration, thus moving the focus from the cost of the media to the value of the audience.

The Road to Programmatic explores the operational models of agency and agency trading desks, independents and independent trading desks, programmatic services, client in-house and hybrid. It demonstrates the different levels of expertise and involvement required of the different stakeholders for each approach. This enables advertisers, agencies and publishers to develop their strategies and maximise value.

The paper illustrates the importance of a fundamental understanding of the target audience and how to use audience data with programmatic tools to develop successful strategies, be they with either brand or performance objectives. It reminds the reader that both companies and consumers benefit when relevant advertising and content is delivered at the right time, in the right place and to the right person. Measurement of success needs to include attribution so that each element of the digital marketing mix is able to be quantified and valued. Measurement also needs to be expressed in terms that are relevant across all media channels and IAB Europe’s Blueprint on Online Audience Measurement and Ad Effectiveness Metrics and KPIs is referenced to this effect.

Ultimately the real value of programmatic is reached when it enables insight, collaboration and results and serves as a strategic tool for the future.

# 2 Scenarios for Decision Making

## 2.1 Decision Tree

The decision trees on the following pages are intended as a guide for buy-side and sell-side stakeholders to evaluate whether programmatic is suited to their business and to decide which operational model is appropriate.

# Decision-making Tree for a Buy-side Programmatic Trading Strategy

**Is your business suited to a programmatic trading strategy?**

- I am a digital first business with lots of first party data. How do I use this to my advantage? ✓
- I am an established global advertiser with millions of consumers. How do I increase their engagement with my brand? ✓
- I don't have a large advertising budget so can't afford blanket coverage. How do I reach the people most likely to buy? ✓
- Our consumers are moving to mobile. How do we achieve scale and consistency across screens? ✓
- Effectiveness of TV, search and social has been reduced by media fragmentation. What's next? ✓

**Business is suitable for a programmatic trading strategy**

**Which programmatic trading operational model is best suited to your business?**

- My business doesn't have an integrated agency support or in-house digital team'
- My business wants to focus on one aspect of demand generation
- My business needs quick results without needing to understand how they are delivered
- My business manages integrated operations across channels without easy access to first party data
- My business values the speed of results and the understanding of what works and why
- My business is comfortable negotiating and managing strategic partner relationships
- My business is a growing 'digital first' operation from consumer acquisition to sale
- My business has rich first-party data and the resources to analyse and apply this to marketing activity
- My business has the resources and management commitment to build for the long-term opportunity
- My business is able to attract and retain the right talent

## PROGRAMMATIC PRODUCT

Buy defined products like in Ad Network model

+ Quick to start and easy to switch
- Limited transparency and control

### BRANDING / PERFORMANCE OBJECTIVES

+ Pay for leads, sales and actions for performance objectives
+ Pay for actions related to branding objectives e.g. brand awareness
- Vendor takes risk but control and any upside of campaign

### RE-TARGETING

+ Provider may have specialised tech to maximise ROI
- Siloed optimisation on last step of purchase process

### AUDIENCE BUYING

+ Vendor may have large proprietary audience data pool
- Quality of Audience data hard to validate

## PROGRAMMATIC SERVICE

Outsource operations

+ Quick to start with good transparency and control (depending on contract)
- Limited learning

### AGENCY OR AGENCY TRADING DESK

+ Integration across all channels, established service model
- Understanding agency fees and media margin

### INDEPENDENT TRADING DESK

+ Specialised agency sometimes with own tech
- Siloed channel-optimisers,
- Understanding agency fees and media margin

### MANAGED SERVICE BY TECHNOLOGY VENDORS

+ Know their tools best
- No unbiased view on technology opportunities
- Does Provider earn on fee only or also on media margin?

## IN-HOUSE

Build team, licence or build technology

+ Highest transparency and control building internal core competence
- Slow to start with higher fixed costs and limited scope to change

### BUILD TEAM

+ All know-how integrated into organisation
- Hard to find talent, risk of siloed view on market

### SOURCE DSP AND DMP

+ Good choice of tools available
- Own team needs to keep up to speed with new tools

### BUILD COMPETENCE IN-HOUSE

+ Good connection of CRM, sales, consumer service
- Significant training effort to bring outside knowledge in

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# Decision-making Tree for a Sell-side Programmatic Trading Strategy

**Is your business suited to a programmatic trading strategy?**

- I regularly have inventory that remains unsold ✓
- I have buyers that want to trade with me programmatically ✓
- I want to use audience data to increase revenue ✓
- I want to improve the efficiency of my ad operations ✓
- Monetising on mobile is problematic ✓

**Business is suitable for a programmatic trading strategy**

**Which programmatic trading operational model is best suited to your business?**

### NETWORK PRODUCT

(Pass inventory to a third party network for them to sell direct or programmatically

+ Relatively simple to orchestrate and low cost, with minimal channel conflict

- Limited transparency and control

### IN-HOUSE

Take control of the technology and strategy

+ Build a differentiated long term strategy that minimises channel conflict

- Requires time and financial investment to get right

### OUTSOURCE TO AN SSP

Engage an SSP to manage programmatic sales on your behalf

+ Quickest way to begin true programmatic trading

+ Relatively simple to orchestrate with better transparency and control than a network

- Potentially higher costs than the network model with less transparency or control than in-house operations

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## 2.2 Operational Model

With a growth figure of 111% in 2013[1] programmatic advertising has increased in importance over the past two years and risen from being delegated by client-side marketers to the specialist media traders working on their advertising, to having a central role in every online brand strategy.

The results of research carried out amongst global CMOs towards the end of last year by AudienceScience in conjunction with the IAA and WARC[2], showed that 46% of all advertisers and 56% of large advertisers (spend £40m+) believe that a deeper in-house knowledge of digital advertising technology will be the most important factor in bringing them digital advertising success.

That transition, however, is not without its challenges. Programmatic is inherently complex, as the digital advertising world is far more fragmented than search or social. The move from buying Media to buying Audience is a conceptual shift and the scale and speed of data and transactions involved can be mind-boggling. Capitalising on the opportunity to engage a potential consumer, before they declare intent and where and when it is relevant to do so, requires advertisers to rethink the way they use digital advertising and for most that requires a rethink of the operational model.

### Traditional Media Buying

The 'marketing lunch' may be fading into history, but much of the way digital media was bought and sold until recently owes more to this era than the Internet. Campaigns are planned out months in advance, media is bought to cover the expected audience and duration and the campaign is set up and run with only limited options for 'in-flight optimisation'. The operating model has barely changed in decades; with the marketer briefing the agency, whose media buyers then execute the plan. The agency value-add in this world is clear – better media rates and a team of specialists to do the campaign legwork.

In the old world, media is a commodity and digital advertising is a game of scale.  In a programmatic world, this changes. Audience becomes the focus, and therefore the quality of data and insight around that audience is paramount. For much of the performance market, financial scale has now

[1] IAB Europe Programmatic Market Sizing Study (September, 2014), IAB Europe - http://www.iabeurope.eu/news/iab-europe-values-european-programmatic-market-21bn-2013
[2] The Shifting Digital Landscape White Paper, Audience Science - http://demand.audiencescience.com/whitepaper/shiftingdigitallandscape

given way to the breadth of data insight and the agility to use it effectively. For branding campaigns, while publisher relationships and price negotiation still matter, buyer success depends more on the ability to efficiently reach and engage the target audience, than to reduce the cost of media.

Unfortunately, the tendency to treat media as a commodity and the role of procurement in the advertiser / agency relationship means that we are going into the programmatic era with an operational model focussed on driving down cost without due regard to maximising the value of each impression. As a result, many marketers are faced with a choice between a model they understand, but don't fully trust or venturing into new programmatic models that they don't yet fully understand.

## Programmatic Operational Models

Before deciding on an appropriate operating model for programmatic, it is important to consider a starting point. The 'decision tree' in section 2.1 is intended as an outline guide to evaluating an appropriate 'road to programmatic'. If an advertiser is a digital-first business, where consumer acquisition online is the core business process, they probably have built that capability in-house. However, if it is a large scale traditional advertiser they probably have a multitude of different approaches across brands and countries supported by many different agencies and have probably spent the better part of the last 20 years trying to marshal and manage data with limited success. The aim of this paper is not to propose a 'right' answer, but to outline the possible operational models and some of the questions to ask as stakeholders embark on their journey or progress to the next stage.

The challenge in selecting the best fitting operational model for an advertiser comes from the complexity of a fast-evolving landscape can be evaluated by first answering two questions:

1. **Who should be involved in delivering the programmatic solution?**
   In-house teams, a managed service by an agency or technology provider or the provider of a packaged product?
2. **Which business model of that provider is the right fit?**
   A simple and fairly risk-free product model or a more complex but fully transparent service model?

Before looking at the breadth of partners that support advertisers in their programmatic setup, lets first look at the second question of the business models those partners can offer.

When buying media programmatically, there are essentially two business models to choose:

a) Programmatic Products
b) Programmatic Services

## Programmatic Products: pay for results but have less control

Programmatic products were the first offers on the market. The vendor combines media inventory, technology, data and experts into defined outcomes. Core examples are re-targeting networks or audience buying. The buyer sends an insertion order, paying a cost per thousand/ mille (CPM), cost per click (CPC) or cost per acquisition (CPA) for a defined outcome, whether that is bringing back users to the advertiser's site that abandoned the shopping process (re-targeting), reaching users of a defined audience profile i.e. men aged 20-59 in-market for a car (audience buying) or delivering leads (cost per acquisition buying).

The vendor delivers that outcome, buying untargeted impressions on CPM and converting them into the desired outcome. If the vendor is successful, they pay less for the raw media than the advertiser pays to them for the final product: the vendor keeps that margin. But the vendor also carries a risk.

It is typical for the product model, that the vendor does not disclose all components of the media buy. They take the risk of converting impressions into outcomes and have as much control as possible on which media to buy, which data to apply, which algorithm to use and in the case of retargeting also often, which creative to use.

Some people call this model 'arbitrage'. However unlike the original concept of arbitrage in financial markets, the programmatic product vendors do not only buy and re-sell impressions but add data and technology and often take a conversion risk.

The core benefit of programmatic products is the ease of buying them, the low risk and often very good results they provide. There are no upfront costs and often also no commitment, so the advertiser can shift budgets as the products perform.

The core disadvantage that some advertisers see is the lack of control. The vendor does usually not disclose which media they bought for which price and how they optimise. Some vendors may allow the advertiser to deploy ad verification tools in the buy to control brand safety, but as in any typical product, the buyer has limited control about how the product is produced.

### Programmatic Services: pay for all components of the programmatic setup and get full control

For advertisers who want to take full control, the service model may be a better fit. Here the advertiser pays separately for the media inventory bought, the technology, third party data and the team of experts bringing it all together. This model is like the traditional agency model, where media costs are a transparent pass-through that can be audited and a fee is paid for the service. Now advertising technology (demand side platforms - DSPs, verification tools, potentially a data management platform - DMP) and third party data costs become significant additional cost components, but in a true disclosed service model, those costs are passed through transparently as well.

Despite a lot of discussions about automation in programmatic advertising, it can take significant time and effort to manage programmatic campaigns, as the choice of options on inventory, data and optimisation strategies is much higher and the vast amount of data require both technology and humans.

The true programmatic service model gives the marketer control and accountability on the technology choice as well as access to all of the reporting and performance data. The service provider then delivers the expertise to get the most from the technology. There have been several high-profile examples of major consumer businesses adopting this model where their agency provides the staffing and services support, which is why the World Federation of Advertisers (WFA) has at times referred to this as the brand trading desk – a dedicated agency resource wrapped around the clients chosen technology.

The advantage of the disclosed programmatic service model is obvious; the advertiser has full transparency and control. However, there are also some disadvantages. With ownership comes full accountability for all of the fixed costs in the process.

Advertisers have learned in search that it takes more man-power to spend a Euro than in traditional display, even though search is only one to two vendors, few advertising formats, few targeting options and brand safe placements. But the volume of data and the ability to micro-manage campaigns means that optimisers have to be always-on, otherwise they waste budget. In programmatic there are many more levers to pull, and as in search it does not work for most tactics just to put the bid-manager into auto-control.

A consequence of taking control is that the advertiser is involved or at least needs to understand which technologies are used (DSP, DMP, verification tools), which media buying strategies are deployed (open exchange, private marketplace deals) and how the campaigns are executed.

Another consequence of taking full control is that the advertiser does not benefit from the audience pools that programmatic product companies or agency trading desks have built. The advertiser also carries both the risk and reward of optimisation: media and third party data is mostly paid for on CPM, tech licence fees on CPM or percentage of media spend and the employment of specialist teams. Whether that combination delivers the desired results is the advertiser's risk – but the advertiser also benefits from all the optimisation outcomes.

When it comes down to who does the work, there are five current operating models in the market:

- Agency
- Independent
- Programmatic Services
- Client in-house
- Hybrid

These models are explored in turn through the rest of this section

### The Agency and Agency Trading Desk Model

If an advertiser is already using an agency to handle its digital advertising, it's a logical place to start the programmatic journey. However, not all agencies were quick to see the changes that programmatic would bring and there are considerable differences in levels of understanding and operational scale. The early adopters within the client community found in the early days of programmatic that they sometimes knew more about the technology and its implications than the agency team working on their account. However, over the last three years the agency world has moved quickly to keep up with changes and then move ahead of them. As a result, the majority of agencies will now offer a robust programmatic model and levels of knowledge are far higher than they once were.

Within the major agency groups, programmatic capabilities were first built inside agency trading desks (ATDs). These allowed the agencies to invest at scale to achieve the necessary operational agility and apply what they learned as the market developed for the benefit of all clients. These are now highly evolved programmatic businesses, delivering campaigns across industries and countries. As technology and skills reach critical scale, programmatic expertise is flowing back into their related media and creative agencies and the account management teams that most marketers will deal with. As a result, the agency model remains the fastest and easiest route to programmatic for many businesses. With access to a multiplicity of trading partners, an agency trading desk provides a managed service that will control the whole process.

Agency trading desks are owned by the world's largest marketing services companies, buying and selling online advertising space on behalf of a large number of advertisers. Outside the real-time auctions that form part of programmatic, they continue to buy media space in bulk, and therefore are able to negotiate lower prices from media owners bringing together the best of the traditional and programmatic approach.

The agency trading desk model is also good for advertisers that do not have a large amount of, or need for, first party data; as the agency trading desks have built their own data models and have access to extensive third party data resources. Advertisers with significant, proprietary data have expressed concerns over whether that data is used exclusively for their own campaigns or is fuelling audience segments that are shared across agency clients. The issue is less debated than it once was, but in selecting an agency partner it is important to understand and make clear in the contract all issues relating to data ownership and usage.

The transparency concern has also been raised by organisations such as the World Federation of Advertisers (WFA), where it is unclear to marketers working with some agency trade desks how the campaign is being managed, where the budget is being invested and how much of the total spend is on 'effective media' vs. technology and services. Agencies have responded to this in a number of ways and so it is important for the marketer to find a model that is appropriate for them; reflecting their level of understanding, data and technical capability.

As programmatic moves from being a line-item on the plan, to the majority of the plan the advertiser's understanding of the agency model becomes more important. It is relatively easy to run a performance based campaign based on a black-box product approach to media buying, as the results will speak for themselves. It is far harder to deliver brand activity in this way, as it will rely on more complex key performance indicators (KPIs), audience insight, measures of viewability and positive context.

Agencies now operate non-disclosed product models, fully transparent service models and hybrid models, so advertisers have choice to find the most appropriate model.

### Independents and Independent Trading Desks

As with every past marketing innovation, there were some in the industry that saw the potential for the new technology before everyone else. In the programmatic world, these are independent specialist agencies and trading desks. Many started life offering programmatic expertise to both client-side marketers and agencies as the new technology first emerged. They operate in a similar way to the agency trade desks, offering advertisers a managed service that can take control of the whole process, but can be more experimental with the technology and strategies they use as they operate as a smaller, more agile business. On the other hand they may lack the global footprint and broad cross-market and cross-client learning that others may offer.

The main difference is that independent trading desk ownership does not lie within a media/marketing agency so there is no possibility of conflict of interest within the wider agency group. It is unlikely an independent trading desk will have the same kind of global media trading agreements to fulfil, or be working with such a wide range of potentially competing clients. However, because of their independence, they are much less likely to have access to large, global deals with media owners and so the cost of media may at times be higher. They are also specialists in one part of the digital landscape and it may be harder to integrate programmatic activities running through an independent with the wider marketing mix. However, there are some excellent examples of independents delivering ground-breaking innovation and doing a particularly good job of leveraging the clients other data and insight to deliver results.

Many independents have invested in building their own technology rather than licensing a third party development, which can give them more control and flexibility that can be passed onto clients. At the same time, this can make them slow to adapt when technologies improve around them and they cannot invest to keep pace.

Because they tend to be smaller businesses than the major agencies, the client will often find themselves in a stronger position to demand greater transparency across the operation and have a custom solution for their business.

### Programmatic Service Model

The programmatic service model uses a different approach to the agency model, in that an advertiser sources the different components and suppliers required to carry out programmatic buying independently. They contract directly with the technology vendors and use a range of service providers for campaign delivery. This creates operational overheads within the client business that must be weighed against a higher level of choice and control; the ability to evaluate different options based on their own needs and preferences; and access to some of the best of breed technology solutions and partners.

However, using a number of different suppliers can mean that there is a lack of integration across the end-to-end programmatic solution. When things go wrong it can be difficult to identify the cause and difficult to resolve.

Although a popular concept, the programmatic service model has been slow to take shape. This is primarily because of the lack of skills and expertise across the market. Technology may sit at the heart of programmatic, but it requires knowledgeable users to get the most from the technology. The great majority of the available expertise resides either in the agency world or with the technology companies.

The weakness for the programmatic services model is really the availability and usage of data, through a fully integrated data management platform. A fragmented programmatic model may be best for transparency and control, but it leaves a number of unanswered questions around how to capture, manage and apply the data from each stage of the campaign process. It addresses many of the unique needs to a large and active advertiser but it does not go all the way.

### Client In-house

The term ‘bringing programmatic in-house’ is one that has recently been widely used and can refer to different degrees of advertiser operating digital ad buying internally. It can sound as though advertisers are cutting all suppliers, partners, and agencies and managing the whole process, including technology and media buying themselves. However, it is typically not this clear cut.

The reason the in-house option has sprinted up the agenda for global advertisers is partly because of concerns with current models, and partly because there are now alternative options making it more feasible. For example, an Enterprise model allow advertisers to run their entire digital advertising programme using one platform which they pay a technology fee for, with support from the system's client service team – much like advertisers similarly use software as a service (SAAS) solutions such as CRM, web analytics and email service providers. All of these SAAS services are contracted by advertisers, but access can be provided to agencies as required to meet the client's strategy.

The 'client in-house' operating model option is best suited to advertisers that have the significant global digital spend and for whom consumer acquisition or direct to consumer sales are core. That makes the up-front cost of people and technology a long-term investment in sustained competitive advantage. That advantage is derived from the impact that programmatic has on the advertising itself, as well as the visibility, control and flexibility that the advertiser then has to adjust and adapt its approach to meet market opportunities. It's an advantage that is built on large amount of real-time data, and so lends itself to the digital-first, data rich businesses that are perhaps already running search and social in-house. Indeed the synergies with these operations can be significant.

The challenges of in-house are not to be underestimated though. Technology is not standing still and an in-house team does not have the same opportunities to test out new tools and working models as an agency. Indeed, the drive to an integrated 'marketing cloud' seen in many in-house functions could result in less technology choice than other models as a 'group standard' is chosen for all marketing technology over specific advertising and programmatic needs. The isolated nature of the clients' campaign operations may also limit their ability to attract, retain and develop the best people and continue to learn from others as they would if working inside the agency ecosystem.

### Hybrid Model

The options described above can also be merged in a hybrid model. Many programmatic solutions reflect more than one category – for example an advertiser can have an in-house real-time bidding (RTB) team, who manage an independent or agency trade desk. This means they don't 'hand over the keys' entirely, and maintain control while retaining flexibility.

Programmatic is developing quickly, and while the agency model remains the preferred approach for many, the hybrid model is actually likely to be the most dynamic over the next few years. There is no 'one size fits all' and so the industry is likely to see continued experimentation with programmatic models, as clients explore new working relationships and technologies. Although 'transparency' has featured heavily in discussions through 2014, the increasing use of hybrid models will move the industry forward in 2015. Marketers are likely to continue to experiment in specific areas, perhaps around performance, or retargeting while continuing to gradually evolve the way they build their brands programmatically. In times like these, it is not transparency per se that matters, but the ability of the parties involved to have access to the information and to *understand* how to apply it. Essential in that process is asking the right questions for the business.

## Choosing the Right Solution

No one likes being forced to make a choice when they don't feel that they have enough information to make a good decision. This is particularly true in programmatic, where the evidence of the compelling benefits of the approach are mingled with headlines around brand safety, viewability and fraud that can make it seem like direct control is the only safe and effective way to proceed.

The best approach to defining the appropriate operating model is to start with smart questions. Here are five suggested starting points:

1. Do I truly understand where my business is starting its programmatic journey – our data, capabilities, reasons for change and desired outcomes?

2. Can the businesses I am thinking of working with explain how they make money – are they a technology or media company, or some mix of the two?

3. Is my organisation happy to 'pay by results' or do we need a granular understanding of where the money is spent?

4. Do I have the budget, people and resources to make the change that I think is ideal, or can I get it if the business case is strong enough?

5. How will I measure progress and how do we know when we have arrived?

## 2.3 Toolkit Selection

### 2.3.1 Buy-Side Toolkit Selection

Here, two key tools available to buyers are explored; demand side platforms and data management platforms, the former focused on accessing inventory and the latter on managing data to inform the buying strategy.

### What is a Demand Side Platform (DSP)?

A demand side platform (DSP), is technology used to purchase advertising in an automated way. It allows advertisers and agencies to manage online media campaigns by facilitating the buying of auction-based media, including; display, mobile, video, social, and native as well as audience data across multiple inventory and data suppliers in a centralised management platform.

As the market has evolved, so has the DSP ecosystem. Many DSPs now categorise themselves as 'Trading Solutions' or 'Marketing Operating Systems' as their function is broader than the title suggests. DSPs are not only used to purchase advertising inventory but serve, track, and optimise campaigns, analysing the data generated to provide detailed insights. They aim to make the ad buying process more cost-effective and efficient by removing many of the manual parts of the process such as negotiating rates and issuing insertion orders. They work by matching audience data with inventory from multiple publishers to serve ads that target consumers at the optimum time and with the relevant creative. The technology uses targeting and optimisation algorithms to establish the value of any given impression, and automatically places appropriate bids to minimise the cost of each ad placement. In addition they can employ machine-learning capabilities to optimise ad spend over time, based on the best converting inventory, context, and audience segments for the advertiser.

### How Does a DSP Work?

Publishers make their ad impressions available through marketplaces called ad exchanges. An ad exchange is a big pool of ad impressions, and publishers release their ad impressions into the pool making them available for purchase. DSPs then automatically decide which of those impressions it makes the most sense for an advertiser to buy based on information such as their location, time of day, device type, ad position, and previous browsing behaviour.  Private exchanges are used by publishers to more carefully control who can buy their inventory, and at what price. Instead of throwing its ad impressions out into an 'open' exchange and letting anyone buy them, a publisher might instead wish to offer them to a handful of pre-approved advertisers, agencies or suppliers. They are also referred to as Private Market Places (PMP). The price of impressions is often determined by a real-time auction, through a process known as real-time bidding. That process takes place in milliseconds, as a user's computer loads a webpage.

### Are All DSPs the Same?

No, not all DSPs are the same. Even the definition of a DSP is continually changing in response to the needs of the marketplace, and there is a continued move from vendors to the vision of a single platform approach to programmatic buying. Popular analyst reports evaluate each platform against almost 50 different criteria.

In addition to the basic concept of automated ad buying, bringing efficiency and scale, technology is increasingly able to power cross-channel strategy, remove silos between channels, and optimise every interaction across all addressable media.

### One DSP or a Multiple DSP Strategy?

Some companies choose to partner with just one DSP but some will use more than one specialist DSP for the same campaign. The single DSP approach offers a shorter learning-curve and real operational efficiencies, but may not offer the full functionality of working with several specialists, where each is designed to do one thing, such as mobile or video buying, extremely well. Where a multiple DSP approach is used, care must be taken not to create competition between them in bidding for media, or the campaign will drive its own inflation as the algorithms bid against each other for the same audience.

There are generalist and specialist DSPs within the ecosystem. Generalists operate across all channels (display, mobile, and video), whereas specialists tend to focus on one channel, for example mobile or video. Both have strong market propositions.

Programmatic mobile has grown extremely fast over the last two years (see section 5.2) and has spawned specialist mobile DSPs. These technologies are built purely with mobile in mind and often have more comprehensive access to inventory and reporting capabilities that address the challenges of tracking media performance on mobile devices.

Video DSP technologies offer precise, sophisticated, brand safe targeting alongside guaranteed video views, audience and site selection and even data-driven segmenting. Inventory is a key differentiator among DSPs in the video sector.

## Key Considerations for Choosing a DSP

Some key considerations for choosing a DSP are outlined below.

***Firstly, business focus and strategic alignment:***

- **How does the DSP make money?** In a crowded ad tech market there are many business models available. Some DSPs are purely a technology provider that will provide training and support but no manpower to deliver campaigns. Others offer a fully managed service, built on their own tech while others lead with manpower operating across a range of preferred technology partnerships. In every model, it is also important to understand if the DSP is making a margin on media to fund these services, or if they are independently costed. A pure technology company typically operates on gross margins of 15% or less. Media businesses will show margins of 40-50%.

- **What is their customer service like?** Understand who will be working on the account, where their offices are located, and what support will be needed for the size of the team. Local market support is usually very important especially if the level of experience in-house is moderately low. It's worth checking what the support costs are and how they are tiered as some DSPs charge for support beyond a basic level. The company should be confident that the chosen provider has the right cultural fit with their company and will invest time in making the relationship work.

***Secondly, technology capabilities:***

- **What technologies does the company already use, e.g. an ad server, data management platform (DMP), dynamic creative optimisation (DCO), tag management solution, attribution provider, brand safety, CV tools etc.?** If there are technologies and providers already used as part of marketing activity then the company should not change everything at once. The company should consider what technologies they already work with and plan on working with and understand the integrations in place with each of the DSPs being considered. The biggest problems that occur when rolling out new platforms is finding out that another technology provider cannot work in a sustainable or manageable way with current partners. This should not be underestimated and should be explored extensively when selecting a DSP, particularly if a number of partnerships are already in place.

- **What unique functionality does each DSP have that is relevant to the advertiser campaign requirements? What is the product strategy moving forward?** These are important questions to ask. There will be varied answers to these questions so consider if the answer is actually important to the objectives. Understanding the product roadmap is something that should be weighed up when entering into a DSP partnership as it will provide visibility on what may be available in the short to medium term.

- **Another area of difference between DSPs is the data they have access to and more specifically the level of insights and reporting.** The use of data to provide high quality reporting and insights is dependent on many factors so understanding what is available, what is important , and how it is generated is key. The importance of data is well documented and there are a few things that need to be considered. The question to ask is; what access is available and what is needed? This can range from wanting access to very granular log level data, the ability to feed into other technologies or accessing them through APIs or through an interface. It is important to understand who ultimately owns the data and how is it used by the DSP. Does it benefit others or does the advertiser retain complete ownership?

***Plus, specific operational factors:***

- **What are the campaign KPIs? Are they direct response or branding? What is the primary objective for the campaign?** It may sound obvious, but when an advertiser is starting the process of deciding which DSP or DSPs they intend to work with, understanding the clear goals of the campaign will inform their decision making. There are performance metrics that will be common with all DSPs, but some will be stronger at delivering against specific goals. This is something that is very hard to determine before starting to use a DSP and is one of the reasons advertisers start looking to use more than one provider. There are other metrics that an advertiser may want to measure activity against for example; completion rates, gross rating points (GRPs) or viewability – and some DSPs may be stronger than others in each of these areas.

- **Which markets is the company running in?** Different DSPs have integrations with different inventory sources (supply side platforms / exchanges) and data providers. If there are local market providers that are important to the campaign objectives they should be considered. There is a lot of inventory and data available to DSPs but there are local differences when looking at less common markets.

- **What is the budget?** Obviously, when thinking about planning marketing activity the advertisers needs to have an idea of budget. This will help to evaluate the commercial side of any DSP arrangement and decide whether it makes sense to use a managed service or a self-service model. DSPs have different recommended spend volumes in different markets to ensure they achieve the best performance from their proprietary algorithms so this is also something that should be considered.

- **The mix of media an advertiser is planning to run may affect what they require from a DSP, e.g. mobile specific, video, display, social or native?** DSPs started with a focus on display advertising but as programmatic has grown in both mobile and video, naturally there are DSPs that have been developed specifically for these channels or have evolved from companies that specialised in these areas before programmatic took off.

***Lastly, brand safety is a key topic to address.*** Brand safety measures are tackled differently by each individual DSP. Some DSPs build internal safe guards into their technology. Others integrate third party brand safety providers alongside their own vetting of inventory providers.

The strict vetting procedures DSPs have in place to protect brands can be used in conjunction with blacklists, whitelists, and third party brand safety suppliers. Always ask whether the DSP has been accredited by industry trade bodies and look for their seal of approval.

IAB Europe, the World Federation of Advertisers (WFA) and the European Association of Communications Agencies (EACA) have a work stream focused on quality topics, with the aim of improving the digital advertising environment. Brand safety, non-human traffic, viewable ad impressions and reach of intended target groups are a key focus alongside ad formats, site environments and creativity. The European Digital Adverting Alliance (EDAA) and the UK specific Digital Trading Standards Group (DTSG) seals are other examples of initiatives to create best practice in brand safety. Accredited companies agree to open up their processes and undertake annual audits with independent auditors. There are different levels of EDAA certification, speak to the trade bodies about the audit process and understand what exactly it is that the seal is endorsing.

It is important to have visibility to be able to make informed decisions. Understanding how inventory is being screened provides the opportunity to exercise a level of control over inventory sources and what is and is not acceptable. Blanket vetting procedures across all suppliers may mean losing out on valuable inventory pools from suppliers who already have strict measures in place and meet the highest industry standards. The risk here is losing out on valuable unique inventory that can impact on audience penetration and performance.

### Summary

Rather than looking specifically for a DSP, which is only one part of a more sophisticated puzzle, it can be helpful to think about it in the context of the wider communications strategy and allow the strategy to drive technology choices. However, there are some broad themes that it is useful to address with shortlisted vendors:

- **A long-term solution:** technology evolves rapidly. As such, a technology partner needs to provide a solution that allows for customisability, modularity, and flexibility. This enables users to build solutions tailored to their unique business needs.

- **Data control and activation:** the technology of choice should allow open integration of data management and media execution capabilities. It should utilise first-party data such as CRM, point-of-sale, and social data; combine it with second and third party data, and activate that data in real-time to produce targeted and effective digital marketing campaigns.

- **Support:** implementation of programmatic technology is not a quick or simple process. Client service and ease of use should be considered alongside the capabilities of the technology. There is no point having rich functionality if the team in place cannot capitalise upon it.

- **Education:** a DSP provider should provide users with educational resources to help them understand the array of technological solutions on offer and provide much-needed clarity in the programmatic ecosystem.

- **Collaboration:** the ad tech ecosystem is complex, so a DSP should collaborate with other companies in the marketing supply chain, allowing their clients to efficiently execute their digital media plans in ways that balance the powerful tools and potential with simplicity and ease of use. It should connect users to the best-of-breed partners and technologies within the media, technology, and data industries.

### What is a Data Management Platform (DMP)?

A data management platform (DMP) can combine online behavioural data, socio-demographic data with offline data to create a single, centralised hub of consumer intelligence. With all offline and online data in one place, questions such as the following can be asked: who are the company's most valuable consumers, and how do they behave in both the digital and physical worlds?

With a DMP, instant access to actionable feedback provides a solid basis for testing new strategies and new tactics. The data may paint a picture that confirms intuition; empowering marketers to make further refinements. Or the data may be surprising, leading marketers to take a different course of action. Either way, they know that their insights are based on facts, resulting in new marketing confidence and more decisive action.

**Working together:** the DMP informs the decisions that are implemented through the demand side platform (DSP), in the context of a full data strategy. Because data gathering and insight is increasingly a collaboration between buyers and sellers, this whitepaper deals with data in more depth in section 4, but the DMP is noted here as an essential part of the data driven marketer's toolkit.

## 2.3.2 Sell-Side Technology Selection

### What is a Supply Side Platform (SSP)?

A supply side platform or sell-side platform (SSP), is a programmatic advertising technology platform for publishers, which enables them to optimise the monetisation of their inventory and maximise yield, whilst protecting their reader experience and consumer data.

In order to sell their websites' advertising inventory programmatically, publishers require a technological interface to establish the connection to the auction. In the exact same way, stock exchanges in various countries are powered by technological platforms, such as OMX.

An SSP is connected to multiple demand sources, which include DSPs, ad exchanges and advertising networks. However, as the acronym suggests, SSPs service the supply side – the publishers.

### The 'Traditional' SSP

Historically, the SSP has served to manage and optimise *secondary* revenue streams, monetising inventory a publisher does not sell through (usually) premium direct ('IO-based') sales activity. It is a platform that serves to provide publishers:

- turnkey connection to a broad mix of buyers, e.g. programmatic demand sources such as DSPs, ad networks, and trading desks;
- optimisation capabilities that ensures the highest price is attained from each impression monetised; and
- is integrated with internal business management systems (e.g. the primary ad server)

In addition to connection with external demand sources, other 'non-premium' publishers'-specific sales might be incorporated in the SSPs optimisation, as might be the case when a publisher is writing 'direct' performance deals with cost per click (CPC), cost per action or cost per acquisition (CPA) advertisers. Further, in recent years, data has become an important element to almost all digital marketing, as such partner integrations have been required, integrating with publisher or buyer data management platforms (DMPs), retargeting firms. Beyond that, there are myriad other connections, such as connectivity with rich media vendors.

### Looking Forward

However, as the size of the European programmatic trading market increases (€2.1bn in 2013)[3] the role of the SSP is beginning to change. This growth of programmatic is changing publishers' sales strategies. Similarly, it is changing the roles of the various platforms they have relied on for monetisation.

So, 'table stakes' for an SSP, historically, has included: buy-side connections; campaign and revenue optimisation and related analytics to

[3] IAB Europe Programmatic Market Sizing Study (September, 2014): http://www.iabeurope.eu/news/iab-europe-values-european-programmatic-market-21bn-2013

monitor and manage performance; and connectivity into related third-party systems and service providers. In itself, that is a complicated footprint. However, looking forward this will become more complex. As publishers consider an SSP for *today's* market there are several additional important considerations. These include business focus and priorities; account services team and approach; platform scope and vision and strategic alignment with the publisher when programmatic becomes the core of the business rather than an add-on.

Publishers no longer just have a growing number of impressions to manage, they now need to factor in the different formats of these impressions and the multiple screens where these impressions are delivered. SSPs help publishers scale in this increasingly complex environment.

Private marketplaces (PMP) also known as private exchanges allow publishers to establish a closed environment where they can nurture preferred advertiser relationships by offering those advertisers first look at certain inventory under previously negotiated terms. PMPs have grown in popularity in Europe during the last three years and are many publishers preferred method of selling their inventory programmatically.

Some SSPs are unveiling automated guaranteed functionality. Automated guaranteed deals are for directly sold or “guaranteed” inventory and therefore distinguished from traditional programmatic real-time bidding or private marketplaces that involve bidding on individual impressions. While automated guaranteed is still in its infancy, several industry projections anticipate this market to grow quickly in the coming years.

### Are All SSPs the Same?

There are two categories to consider:

### 1. Technology Oriented SSPs vs. Service Oriented SSPs

**Technology orientated SSPs** are based on a software as a service (SAAS) model. They provide publishers with a platform, enabling them to manage their inventory within a private exchange and according to a bespoke set of business rules. Publishers are able to set the rules of the private exchange, from the most basic – selecting and prioritising ad buyers, adjusting prices, and using deal IDs (a universal identifier using numeric keycodes referring to pre-negotiated pricing terms) – to the more advanced, such as exclusivity of an advertiser in an advertising funnel. Technology SSPs allow publishers to maximise their revenue while maintaining complete control over prices within a brand safe advertising environment.

**Service orientated SSPs** manage the inventory selling process and optimisation on behalf of publishers. They provide a generic programmatic selling system in which publishers' inventory is monetised according to pre-defined rules, often with little customisation available.

### 2. SSPs using Server-to-Server Integration and SSPs using Waterfall Process

**Server-to-server SSPs** auction an impression to every potential demand source simultaneously in real-time. The SSP then identifies the best offer made and automatically serves the appropriate advert. This process reduces the risk of inventory wastage and the associated revenue loss, gaining the maximum price for each impression.

**Waterfall SSPs** differentiate demand by waterfalling or daisy-chaining the auction process. They first send an impression to a few ad buyers who are likely to pay higher prices and then, if the floor price isn't met, redirect the impression down to the next level of buyers with lower floor budgets. This process is repeated until the impression is finally sold, or goes to waste. This process prevailed before open real-time bidding (RTB) standards were drafted by the IAB, and is still used by some SSPs.

Apart from these two main distinctions, SSPs can also be differentiated according to various criteria such as their media offerings (display, mobile and video), the ad formats they offer, or their multi-device capabilities.

### One SSP or a Multi-SSP Strategy?

As far as premium inventory is concerned, publishers typically choose a single technology-oriented SSP in order to capture the highest value from every impression. Using a single SSP that simultaneously sends a bid request to all relevant ad buyers leads to increased auction competition and monetisation efficiency.

When a publisher chooses to work with multiple SSPs, it can result in ad buyers seeing the same impression offered several times, at different prices. This has a negative impact both on the publisher's brand and on its yield optimisation.

Nevertheless, it is still common practice for publishers to monetise their inventory by media category, making use of distinct SSPs for each of these categories. For example, they may use one SSP for display and another SSP for video inventory.

### Key Considerations for Choosing an SSP

When selecting an SSP, publishers have to keep in mind their core interests:

**Control:** An SSP should enable publishers to take full control of the programmatic process. Leveraging a full suite of customised tools, publishers should be able to have control over ad buyers, inventory flow and metrics such as time of day, landing page, position on the page, and ad format. Ultimately, an SSP should protect a publisher's main assets: its users and its brand.

**Transparency:** An SSP should provide publishers with full transparency into the auctions, buyers, bid density, and pricing on all media buys. Turning this transparency into insights will then help publishers develop new strategies according to market demand signals.

**Value creation:** An SSP's technology should be agile enough for publishers to translate their traditional media kit into programmatic advertising. The higher the granularity of business rules that a publisher can implement in its programmatic strategy, the higher the valuation of its inventory.

**Sales channel management:** An SSP will increasingly be a hub where publishers can manage various monetisation channels, running direct buys, where they keep an existing relationship with buyers, alongside indirect, while maintaining a consistent yield.

**Business focus:** As programmatic advertising has grown, some SSPs have evolved and will continue to do so. Publishers are well advised to see strategic alignment in their SSP, where the technology and services is focussed on helping them achieve their business goals and not simply the revenue goals for the SSP.  At the end of the day, an SSP should be, *by definition*, sell-side biased, but those at the forefront are expanding the definition to focus not just on seeking to effectively compete with buyers to 'win' but to collaborate with them so that both can win.

**Account services:** Further, while programmatic is an *automated* approach to advertising sales, the services component of any SSP is as important as the technology they provide to their clients. As the yield challenge becomes more complex, the SSP can become a trusted partner that helps bring demand to the publisher as well as fulfilling it.

**Platform scope and vision:** Perhaps most importantly, as programmatic advertising has become more important to a publisher's bottom line, it is no longer really a 'secondary' or remnant channel. Real-time bidding (RTB) exchanges gave way to private exchanges. With that came programmatic direct and so-called 'programmatic premium' – effectively standard direct sales business executed via the more efficient programmatic 'pipes.' This translates to a programmatic business that is *as important* and potentially *more valuable* delivering higher margins than a publisher's direct sales. In short, *programmatic is premium*, and it must be managed as such.

With this dynamic, no longer can the SSP sit in the second chair behind the primary ad server. When evaluating SSPs, a publisher is well advised to consider the provider's current capabilities, development roadmap, and ultimate platform vision. Any SSP today can be in a position to manage direct sales in a manner consistent with 'traditional' ad servers, including the requisite campaign management capabilities and inventory management suite. It could also take pricing capabilities beyond simple bid-floor management, dynamically creating/enforcing price barriers and discount rules to govern the many competing sales models the publisher has going. More importantly, the most advanced will have an optimisation approach that can tackle the sales 'channel management' challenge – balancing open market RTB, private exchanges, programmatic direct, negotiated business, standalone cost per click (CPC) and cost per acquisition (CPA) deals, and so on.

In this world, a publisher needs to evaluate each impression on its own merit, against all possible ways to monetise it, considering inventory constraints and campaign specific delivery requirements, and make the right supply/demand matching decision in real-time.

Beyond this, the 'right' SSP should also have an eye towards the future. Even the most knowledgeable of digital media players still has little visibility into the truly long term changes programmatic will bring to so-called traditional media channels. Media sales as a discipline is changing, and those changes are important and durable. With every step taken down the programmatic path, a seller is putting in to place the principles, processes, and practices that will guide their business for the next several decades. As such, their programmatic solution provider should have a similarly advanced long-term vision.

## 2.4 Inventory and Sourcing Methods

With a draft operating model and an understanding of the buyer and seller tools; the next step is to consider the various types of media inventory available and how they can be accessed programmatically.

There are various inventory 'types', IAB Europe and IAB US define four key types of inventory as outlined below.

### 1. Automated Guaranteed

Traditionally, programmatic buying is used to source demand when a media owner has not sold it directly already. . However, 'automated guaranteed' or 'reserved' complements direct sales, and is trafficked alongside direct demand in the publisher's ad server via the automated reserved technology solution. Therefore, the media cost of automated reserved campaigns is aligned with direct sales CPMs, and is frequently higher due to the increased value generated from the programmatic transaction. The buyer and seller have a direct relationship, therefore both parties have greater transparency than is possible in open market real-tie bidding (RTB). Conceptually, an automated reserved buyer should be able to negotiate for all inventory a media owner has available for fulfillment in its publisher ad server. In reality, today's inventory availability is lacking due to tight integrations between the automated reserved technologies and other systems in the programmatic stack.

### 2. Unreserved Fixed Rate

An unreserved fixed rate transaction is typically facilitated by a media owner's supply side platform (SSP). An SSP generally manages all non-direct sold demand from a publisher, typically at a lower priority, and rate, than these campaigns in the publisher's primary ad server. Therefore, media costs for unreserved fix rate transactions often fall beneath those of automated reserved buys.

The media owner and buyer transparency is still very high compared to other models, but the addition of the SSP creates dependency on the capability of this platform to surface information about the transaction to both parties. Due to the SSP's position in the publisher ad server prioritisation queue, potential inventory availability is limited by the media owner's openness to send traffic to the platform. It should be noted that automated reserved solutions are in their early stages, compared to unreserved fixed rate deals, meaning that the inventory volume transacting over unreserved fixed rate currently exceeds that of automated reserved.

### 3. Invitation-Only Auction

Typically, an invitation-only transaction is facilitated by a media owner's Sell Side platform (SSP). Because an SSP generally manages all non-direct sold demand from a publisher it is typically at a lower priority, and rate, than these campaigns in the publisher's primary ad server. Additionally, because unreserved fixed-rate transactions are usually associated with a volume commitment from a buyer, a media owner usually prioritises unreserved fixed rate demand above invitation-only auctions. However, this is not always the case, as frequently media owners will market a 'first look' invitation-only auction.

Usually this tactic only works on very high quality, owned and operated inventory. The level of transparency is very high, but the auction dynamics in SSPs create complexity in terms of surfacing inventory and pricing information to both buyers and sellers that may or may not be realised by each platform. Potential inventory availability is limited by both the position of the invitation-only auction within the SSP priority system and the placement of the SSP in the publisher's ad server. However, because an invitation-only auction includes many buyers, where an unreserved fixed rate transaction includes just one, more inventory is exposed to this transaction model than unreserved fixed rate at present.

### 4. Open Auction

An open auction transaction is usually facilitated by an SSP, with a lower priority than demand sold directly in a publisher's ad server. The open auction includes almost all buyers, so the prioritisation will be lower than the other models, which by definition have more direct relationships between the buyers and sellers. Since the open auction is usually the lowest priority, the lowest rates are charged as, generally, some demand is better than no demand and the level of transparency is very high.

However, the inherently indirect relationship between buyers and sellers in the open market means transparency into inventory and the number of intermediaries in a transaction is dependent on the reporting capabilities for demand side platforms (DSP) and SSPs involved. Potential inventory availability is the lowest of all models, due to the priority position within both publisher ad server and SSP systems. The open market receives 'what is left' after direct sales, automated reserved, unreserved fixed rated and invite-only auctions. However, since adoption of programmatic transaction models varies widely across media owner and market, the open market has the most programmatically enabled supply today.

### The Future: Potential and Reality Converge

Despite industry predictions that the majority of inventory will be traded programmatically within the next few years, there remains in many markets a gap between the potential and the reality. Technology and commercial models support full programmatic availability of all digital media and the efficiency and effectiveness of these tools is improving rapidly. However, media owners with strong businesses built on direct sales are wisely managing the evolution to programmatic media sourcing with some caution. The shift requires strong technology capability, third party integrations and evolved internal sales and ad operations human capital.

As media owners differ in their approaches to build, buy or partner these functional areas, we see varying deltas between what's 'available' and what 'could be available' in programmatic buying today. However, buyers such as Interpublic Group have declared goals of 50% of all digital media being procured programmatically by 2017[4], that delta looks like narrowing quickly as adoption and sophistication of the programmatic technology evolves.

### Market Differences

The following outlines some key differences between developing and mature markets.

**Developing Markets:** Due to relative market maturity and lower levels of buyer/seller confidence, these tend to be more 'closed' markets, with less transparency provided by sellers in their real-time bidding (RTB) activity.  For more 'premium' buyers, transparency is enabled via deal IDs rather than being broadcast within RTB ad calls.

- Regarding sales practices, there is greater emphasis on cost per click (CPC) and performance budgets, representing both the role of programmatic to the seller (remnant) and the mix of buyers in the market (fewer brand / premium players).

[4] IPG to Automate 50% Of Media Buying, Expand Programmatic, MediaDailyNews: http://www.mediapost.com/publications/article/205836/ipg-to-automate-50-of-media-buying-expand-progra.html

- Within the publisher yield stack, programmatic is often used as a remnant filler, with little upstream integration into the main direct sales pipeline.

- General access to inventory is more limited, and much of what is put out into the market is 'blind' or 'semi-blind' – meaning little information about the publisher's site and specific placement attributes is shared.

However, conditions and practices are changing rapidly. Developing markets are looking to more mature regions, learning and adapting quickly to premium programmatic sales practices.

**Mature Markets:** The activities of more mature programmatic markets very much reflect the beginnings of what programmatic can mean for digital media overall in the future. Increasingly, publishers are relying on a single system to manage and optimise all sales – balancing the various sales channels through which buyers are sourcing inventory – direct sales, programmatic direct, private marketplaces (PMPs), deal IDs, ad networks, demand side platforms (DSPs), trading desks, etc.

Given the direct integration that occurs between the supply side platform (SSP) and demand side platform (DSP), these constitute 'invitation-based' relationships. With that level of integration, depending on SSP capabilities, programmatic premium sales can be managed. With that comes: a considerable level of product transparency; specific inventory targets and guarantees; more precise negotiated prices and/or publisher price controls.

Again, depending on the capabilities of the SSP, these kinds of direct integrations give buyer and seller greater flexibility, as the line between negotiated IO-based deals and programmatic begins to blur. The seller is able to optimise holistically, regardless of sales channel, and the buyer is able to access the inventory on offer however they see fit (whether through RTB at one end of the spectrum, or a faxed IO at the other end of the spectrum). In some cases, in fact, some publishers are allowing *correct booking* access to some or all of their advertising inventory through the intermediary capabilities of an SSP.

For both buyer and seller, this more mature programmatic market state carries two primary benefits, not to be underestimated – operational efficiency and higher returns:

- For the media seller, this gives them access to the widest possible set of buyers and the most diverse mix of demand. With the right supply/demand optimisation, that translates directly to the highest possible sales revenue and inventory yield.

- For the media buyer, they in turn have a constant view into the broadest possible supply and (virtually) infinite options to overlay user data to reach the consumers they are after. This translates to more accuracy in hitting their target audience; more control over reach and frequency objectives; and ultimately, higher campaign return on investment (ROI).

## 2.5 Thinking Cross-Channel and Cross-Device in a Programmatic World

As noted in section 2.2 single media schedules are a thing of the past and today advertisers need to use an array of media channels to connect with their targets groups and create consumer touchpoints. Audience data therefore needs to be more consistent across all channels to make reliable comparisons between channels as well as to evaluate the net results achieved across all channels used.

IAB Europe has formulated a set of goals and recommended actions for online audience and ad effectiveness metrics and KPIs to attract further brand advertising investment into digital channels across Europe. This IAB Europe Measurement Blueprint [5]includes recommendations for cross-channel comparisons.

Key recommendations outlined in the Blueprint on deliverable metrics are:

- Online audience measurement should integrate with and enhance other established metrics, such as net reach, frequency and GRP levels
- Online audience metrics should be reported individually by PC/Laptops, Tablets, Smartphone devices and Connected TVs both for web or in-app
- Audience metrics should be combined whenever feasible with data identifying the impact on achieved brand KPIs, such as awareness, brand affinity, and purchase intent with the aim, for example, to

[5] IAB Europe Blueprint on Online Audience Measurement and Ad Effectiveness Metrics and KPIs - http://www.iabeurope.eu/research-and-papers/iab-europe-blueprint-online-audience-measurement-and-ad-effe

measure and describe the fuller consumer journey across the media landscape

- Results should primarily be compatible with other domestic media currencies, and secondly with online audience surveys across markets
  - For example, target definitions should be compatible by demographic and/or lifestyle segments and have consistent survey universe definitions (and weighting) across media channels
- Exposure measurement should take into account the viewability of display or video ads to deliver realistic opportunity to see (OTS) outcomes

## The Role of Identification

As digital advertising increases its ability to deliver a more relevant experience based on interests and preferences, the hidden foundations of audience identification become increasingly apparent. Identification (and IDs) underpin the capabilities of this more evolved digital ecosystem, by providing the lynchpins to initiate, link and customise interactions along the consumer journey. Unfortunately, we're no longer in a world where the desktop web cookie will suffice.

Now the consumer journey is an interwoven track of touchpoints that occur across numerous channels (including web, app, social, email, in-store and offline) and devices (desktop, mobile, and now the internet of things). For example, without a common means of identifying audiences on mobile web and mobile app, it is not possible to understand how the audience interacts with at different touchpoints which limits the potential for providing a seamless consumer experience.

The challenge for those thinking cross-channel and cross-device is to work around the industry's infamous 'data silos. That means understanding identification in the context of EU privacy law, and the technological solutions on offer to a sufficient level to be able to appropriately consider in-house identification strategies and the right complementary vendor solutions.

Cross-channel and cross-device programmatic strategies rely on two complementary approaches to identification. Deterministic device IDs are based on a one-to-one relationship with the user (like cookies and device IDs), offering accuracy and longevity, but lacking in coverage and commonality. Statistical device IDs work off the statistical probability of uniqueness for any single device, and are typically used for linking audience activity across channels and marketing technology players (where similarities in a user's device characteristics can be recognised) and across household devices (based primarily on IP address).

However far advertisers and publishers wish to take their own identification resolution strategy, they should have visibility of those of their partners.

## Moving on from Last-Click Attribution to Reflect the Multi-Screen Consumer Journey

In the interwoven journey, each touchpoint makes its own contribution to make to the final conversion, but the simple metrics of last-click attribution – on which much of the industry still relies – are insufficient to measure this impact.

Last-click attribution only recognises the final touchpoint before conversion, and this approach typically allocates less importance to high-funnel activity such as prospecting than to lower-funnel activity such as retargeting. Engaging consumers throughout the entire journey – before, during, and after purchase – should be the goal of any marketing campaign. By recognising the unique contribution of every touchpoint regardless of channel, advanced attribution makes this a real possibility.

Embracing a more advanced form of attribution that determines the proportional credit each individual touchpoint deserves has a number of benefits for marketers. Firstly it can drive brand awareness and consumer engagement by helping marketers to understand the influence of each marketing activity on the consumer’s decision to purchase. Secondly advanced attribution can provide an overview of the whole marketing ecosystem, allowing marketers to understand the interaction and impact of touchpoints between distinct channels – for example, the effect online advertising has on offline sales. Finally advanced attribution can be used to inform real-time decision-making and media buying by understanding the value of each impression.

Different types of advertising are more suited than others to engaging consumers and driving action at different stages of the sales funnel. Video advertising, for example, is a powerful tool for increasing brand awareness among consumers who have never encountered a brand before. It is a high-impact format that familiarises consumers with a brand creating early-stage demand. Alternatively, mobile is the ideal channel for reaching consumers at the mid-funnel product research stage, as smartphones are often used to compare and review products. Finally, social is useful for maintaining a close relationship with existing consumers and building brand loyalty by offering special offers or early access to new products.

Advanced attribution creates a synergy between interactions in different channels and means marketers can deliver on the promise of a seamless consumer experience from channel to channel and device to device, both online and offline. Today's marketers can benefit from taking a single-platform marketing operating system approach to the consumer journey. Marketing technology empowers marketers to adopt a truly cross-channel strategy, remove silos between channels, and optimise every interaction across all addressable media to deliver finely targeted ad messages to consumers at all stages of the path to purchase.

## Programmatic Makes a Cross-Channel Approach even More Important by Rewarding Ads that Really Work

Programmatic is a fundamental evolution in the approach marketers take to optimise budgets across the whole advertising ecosystem. Programmatic automates real-time decision-making and media buying, assessing the value of each particular impression based on its role in the conversion path and determining whether to bid and by how much. Put simply, programmatic rewards ads that work and allocates budget to high-performing impressions, meaning it is vital that marketers can measure the performance of ads across all channels, devices, and levels of the sales funnel.

Combining attribution technology with programmatic can provide marketers with a solution to cross-channel measurement. This approach allows all digital touchpoints to be mapped out and assigned a value based on the impact that each instance of brand exposure has on consumer behaviour. It can have a significant impact on cross-channel success by informing each and every bid decision, increasing efficiency by bidding on impressions that are likely to lead to the desired outcome – whether performance or brand related. This ensures that the correct marketing mix is being directed to the right consumer.

Marketers that wish to benefit from better insight into the ROI of campaigns across channels, improve results, and justify greater marketing budgets will benefit from adopting a single-platform marketing operating system that simplifies the often complex processes faced by marketers.

## Future Trends

Over the coming year the focus will shift from the inefficiency of last-click attribution towards the development of more sophisticated attribution models that can measure the impact of impressions across all channels. Selecting the right technology is key in switching from last-click to advanced attribution. The key for marketers will be developing multi-platform attribution models that align with their unique business goals, and programmatic platforms will need to be flexible enough to work with any advanced attribution partner.

While several of the major technology providers are creating their own advanced attribution solutions, these may not be the best option for all marketers. These types of companies leverage the power of their own data and data stack, and as a result can be seen as inflexible in their approach, with a focus on their own ‘walled garden’ environment and little compatibility with the open web.

Independent technology providers, on the other hand, are able to work agnostically across the entire ecosystem, providing solutions that can be customised to marketers’ individual attribution needs. Marketers will increasingly utilise marketing operating systems to leverage advanced attribution data to efficiently inform every bid decision and spend. From one central platform, marketing operating systems allow marketers to implement custom attribution models into real-time decision making, understand the proportional impact of different media pathways, and quantify the relative contribution of different marketing tactics.

Advances in cross-device tracking and targeting will also play a key role in the development of attribution. We will begin to see the cookie gradually being replaced by new targeting solutions from large media companies, publishers, exchanges, and third-party providers. Bridging technology will emerge to seamlessly integrate distinct solutions for the purposes of targeting, attribution, and analytics – recognising users across cookie or cookie-less channels and devices.

# 3 Data

In section 2 this White Paper touched on the value of a Data Management Platform (DMP) for the buyer, but data is increasingly important to all parties in the digital advertising industry. As marketers start to use data to drive efficiency and effectiveness, they increasingly value publishers' data. This data gives context, audience insight and thus drives the value of audience impression. But data, whether big or otherwise, needs to be gathered and managed carefully to deliver true value. In this section we look at where data comes from, how it is being used and what issues this raises for those considering programmatic models.

It is important to note that where personal data is collected and processed, the data controller will need to obtain consent, a contract or clearly identified legitimate interest in order to legally process the data. All parties should ensure that they adhere to EU privacy law.

First we should define some data terms:

**First Party Data**

**Advertisers** have transactional CRM data, whether online or offline, from people who have made purchases at physical stores or via an e-commerce site; from sales leads; and from people who have interacted with their call centre. Advertisers also have data regarding user behaviour on their website and campaign performance data from email, display, video, mobile, direct mail, TV, print, and other media. First party data is often gathered through tag management where small data files are put on each web page or email as a pixel. This pixel tracks user interaction and when synchronised in real-time with the DMP provides a new level of visibility of activity on the site. Once this data has been gathered, the system allows a marketer to transform the information by segmenting transaction values from a shopping cart into a set of marketer-defined boxes. Transforming the incoming data enables the later processes of segmentation and targeting to be faster and easier, by standardising the raw event data into more usable information to begin with. Taken together, first party data represents a massive amount of marketing information that's frequently left untapped but in programmatic, it is often the starting point for gaining insight into ideal audiences.

**Publishers** have their own first party data and can use this to create a personalised experience for each and every user – ensuring users receive a personally relevant and meaningful experience. To do this, it's important to understand what a user is coming to a publisher site for: what are the tasks they are trying to achieve, which products they are engaging with, and what that means in terms of their interest. From a publisher (or media owner) perspective, they look at all

Publisher's take into consideration many facets of user's behaviour; their search activity on the site, site content, social interaction e.g. blogs and likes, publisher apps, engagement with ads on the site and publisher emails. Publisher's asses the relevance of the different interactions in order to deliver a personalised experience for the user, for example surfacing content that is more likely to engage.

## Second Party Data

Second party data is making use of someone else's first party data, for example a publisher's audience data. Second party data enables a marketer to augment their first party data with a new data set, enabling the advertisers to enrich the knowledge about their audience at scale.

Second party data has strong advantages, although it may not drive performance at the same rate as retargeting or first party data. Second party data also provides information about audience behaviour and the consumer journey, for example if a user is in the top decile of users visiting a sports website over the last two weeks, the advertiser would know they are really a sports fan – they would not just be someone who stumbled across a sports article. Similarly, someone who visits a search engine and searches for 'buy new HDTV' is clearly in market for a new TV with the intent to purchase.

So publisher data can be classified in a number ways:

- **Interest level data:** a user is interested in sports, music, entertainments)
- **Intent level data:** a user has demonstrated their purchase intent, they are in market now for a specific product)
- **Other audience data:** registered demographics, geographics
- **Demographic data:** this predominantly comes from users as they register with the publisher
- **Search retargeting data:** users who have searched for a particular keyword or set of keywords
- **Mail insights targeting:** users who have received emails from specific commercial domains.

- **App usage data:** users who over-index on engagement with certain apps; not only if a user has downloaded that app, but how and when are they actually using it
- **Social data:** users who have liked, shared or reblogged specific brands or subject areas.

This data might be collected in a number of ways:

- Declared (through a registration process)
- Direct (through actions the users has carried out)
- Implied / Inferred (from actions that a user has carried out)

### Third Party Data

In-house information is important, but its value increases dramatically when blended with audience data from third party providers. With a data management platform, first party data helps to highlight valuable audiences, then third party data can be overlaid to develop an understanding of attributes, behaviours, and content consumption. For example, a DMP can show, from second party data, where visitors engaged or converted, and from third party data helps to illustrate factors such as economics, family position and stage of life.

### How Advertisers can use Data Effectively

Today CMOs are using data visualisation tools to better understand the consumer journey. They're more directly in tune with campaign performance. Today's tools and techniques mean that advertisers don't need to be a technical expert in order to create a more rewarding consumer experience.

Data management platforms hold a wealth of anonymous data about prospects and consumers. This information can be used to deliver a more tailored message, one that engages the audience precisely because it is relevant and useful. Relevance starts with smart audience segments, so advertisers can target consumers with messages and promotions that are more likely to engage, and therefore more likely to convert. Advertisers can also look at where audiences are in their consumer life cycle to determine what to say to them, through which channel, and when. At the same time, advertisers can make data-driven decisions about exactly where to place those ads, optimising the allocation of their advertising spend.

For example, as a mobile network carrier, an advertiser might want to reach its opted-in subscribers with renewal messages across multiple channels. A DMP can help to segment these 'renewal' consumers further, perhaps based on how long they've been with the carrier. Or a DMP can enable you to access second and third party data to help to promote smartphones to relevant audiences such as gadget lovers. Thinking beyond display ads and online video, a DMP can be used to optimise websites for individual visitors. A home page should be dynamic, with content that's tailored to what a centralised database knows about returning and new consumers. And as visitors browse a site or sees one of an advertiser's ads on another site, the brand has the data required to define a consistent, targeted experience across all communications.

## Campaign Insights

When using data to build better consumer relationships, the opportunities for insight are significant. As marketing campaigns are executed, across both online and offline channels, the results can be added to the data 'story'. Each campaign adds substance to the story and instructions for the next effort, creating an upward spiral of better and better performance. Of course, even underperforming messages or audiences can provide guidance for future campaigns.

As data-driven marketing efforts mature, marketers need to make sure to analyse this data story and its associated costs. Although cost per impression continues to decline, thanks to an exploding supply of ad inventory, the cost of audience data is not following suit. When an advertiser executes a look-alike campaign, where they find new audiences that fit the profile of good consumers, the data management platform can report the data cost as a percentage of cost per impression, enabling the advertiser to see which third party data providers are driving the most value. They can then optimise their next campaign by culling out the data providers that did not perform well. The DMP should show the return on investment (ROI) of the whole campaign, as well as the ROI of each of the smaller segments in the campaign. Some surprising results may occur, like a data provider that yielded a lot of impressions but a low ROI. This information can be used to create better performing audiences for the next campaign.

## Understanding the Consumer Journey

In today's multi-screen world, the odds that two consumers will follow the same route to purchase from an initial brand encounter are slim. However, even though communication pathways have grown more sophisticated, the consumer journey hasn't really changed all that much. Consumers still pass through four key stages: brand awareness, consideration, intent, and, assuming all goes well, conversion.

Today, thanks to the value and efficiency provided by programmatic marketing, marketers are able to design strategies for countless possible outcomes, and to deliver the best possible results whatever path their consumers follow. By understanding how each stage along the consumer journey functions, and by using the appropriate programmatic tactics and benchmarks to reach desired audiences at each stage, the smart marketer is better equipped than ever to deliver optimal results.

- **Awareness:** At this stage, the advertiser's primary goals might include introducing audiences to the brand, increasing site traffic, or finding prospective consumers with some purchase intent. For most brand awareness campaigns, the desired audience will be quite large. With the availability of high-quality inventory, new ways to protect the brand, and the technology to optimise campaigns toward specific goals, real-time bidding (RTB) has become an efficient way to engage consumers through this initial awareness stage, providing access to the reach and scale needed to drive awareness. Tactics such as look-alike modelling, which allows an advertiser to expand its target audience based on characteristics of converted consumers, can be useful. Supporting such efforts with a brand-lift survey can help to highlight which audiences found the brand most favourable, pointing to the most valuable impressions and improving the quality of audience segmentation.

- **Consideration:** Narrowing the audience segments with broader branding tactics used during the awareness stage can help to increase consumer consideration. Content, predictive, and behavioural targeting can be used to enhance audience segments. Content targeting matches the content of an ad to the content of a web page the audience is viewing for more relevant messaging. Predictive targeting during the consideration stage will allow marketers to refine their desired audience based on data gathered during the awareness stage; behavioural targeting will help to highlight which audiences are most likely to show interest in the brand.

- **Intent:** By signalling interest in a brand, with site visits or other advanced actions, prospects can be categorised in the intent stage. The goal during this stage is to turn interest in a brand into desire for purchase. To achieve this, a combination of behavioural targeting and retargeting can be used. Retargeting works by delivering ads in succession, which serve as reminders that greatly increase the chances of a conversion. While predictive targeting, behavioural targeting, and retargeting are all effective tactics individually, a strategy that combines all three will yield the best results, helping a marketer to nurture the consumer relationship.

- **Conversion:** Finally, the audience reaches the last and most important stage. Once a conversion is made, real-time bidding allows audiences to be appropriately segmented and deploy relevant follow-on advertising. Using multi-touch attribution (MTA), which brings together information from the consumer journey, marketers are better able to understand how and why consumers engaged with their brand along the journey, and thereby refine their audiences and strategies and implement tactics such as behavioural targeting, content targeting, look-alike modelling, site extension and dynamic creative optimisation (DCO).

## Understanding Data to Drive New Consumers

Marketers can use look-alike modelling, a data management platform (DMP) to employ third party data to discover audiences with similar attributes as existing consumers, enabling an advertiser to expand its reach effectively.

As a DMP finds more compatible segments, the marketer ends up with an audience sizable enough to execute against in digital marketing efforts. Look-alike modelling works best if the DMP has a large ‘digital footprint’. A platform that has pre-populated more third party data providers will uncover more look-alikes, giving the marketer better, more profitable options when it comes to purchasing media.

## Five Data Points every Advertiser should look at

Over the past ten years, digital advertising has matured from an imprecise practice of ‘seeing what works’ to a highly targeted system of matching the right audience with the right ad. Below are five tips for using data to build more profitable consumer relationships:

1. A data management platform (DMP) offers greater potential than siloed systems like CRM to understanding the consumer information that already exists across the organisation. As it is consolidated into one place it is important to make sense of it and gain new confidence in marketing decisions. It remains to be seen whether this is a standalone DMP or part of an integrated ‘marketing cloud’.

2. Third party data can be blended with first party in-house and second party publisher data to provide a complete picture of an advertiser’s

consumers, answering a wide range of questions about audience attributes and behaviours.

3. Smart audience segmentation can help to improve marketing performance. Consumer relationships can be enhanced by delivering tailored, consistent messages across all channels.

4. Look-alike modelling is a method of finding audiences who share attributes with an advertiser's existing consumers or other desired audiences. Understanding of audience segmentation can pave the way for expanding marketing reach.

5. Data-driven actions deliver fact-based insights. At the same time, marketers want to keep an eye on data costs to make sure they're seeing the results required.

A more accurate understanding of audience can drive improvements across all campaigns—including TV and print. While marketing intuition will never be obsolete, marketers can also rely on a modern marketing platform to guide strategies and actions.

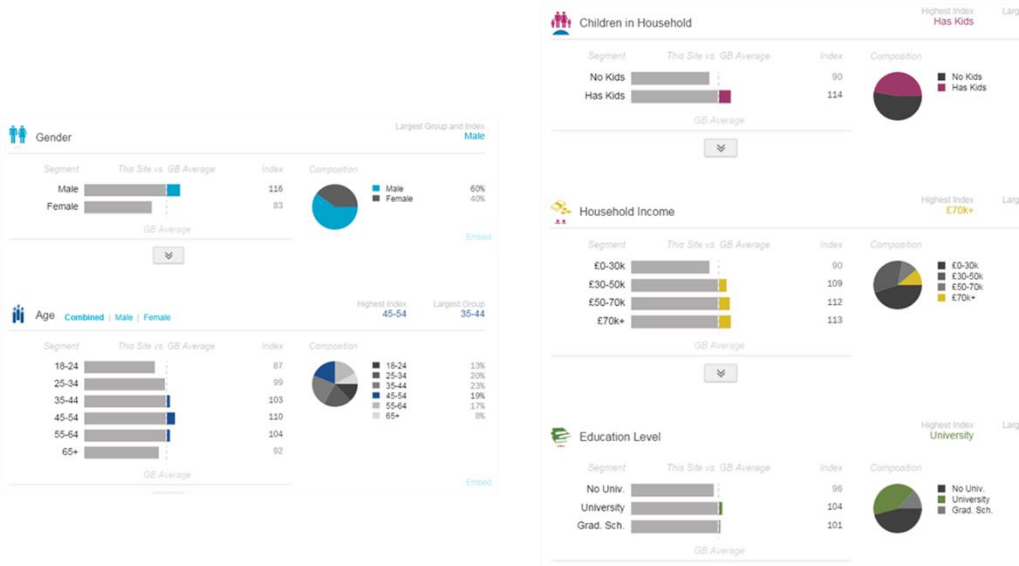
## Look at Data Beyond the Click

While real-time bidding (RTB) mechanics are reminiscent of those of the search auction, it's important to remember that display campaigns may not get the same number of clicks as search campaigns. In a given month, only 16 percent of people click on display ads[6] even though they may be exposed to multiple display ads in a single online session. The difference with display is that this low percentage of clickers doesn't have anything to do with display ads' effectiveness, it simply indicates that clicks are not the best measure of value for these ads. When people visit content sites, they're actively engaged and don't intend to click away to visit another site. This means that even an interesting display ad may not be enough for someone to click away immediately. Instead of clicking in the moment, a person who sees an ad will often search for the product the ad mentioned or visit an advertiser's website later on. Display ads simply take longer to have an impact as consumers respond to them at their own pace.

[6] Gian Fulgoni, "Who Will Rid Us of This Meddlesome Click." - http://www.comscore.com/Insights/Blog/Who_Will_Rid_Us_of_this_Meddlesome_Click

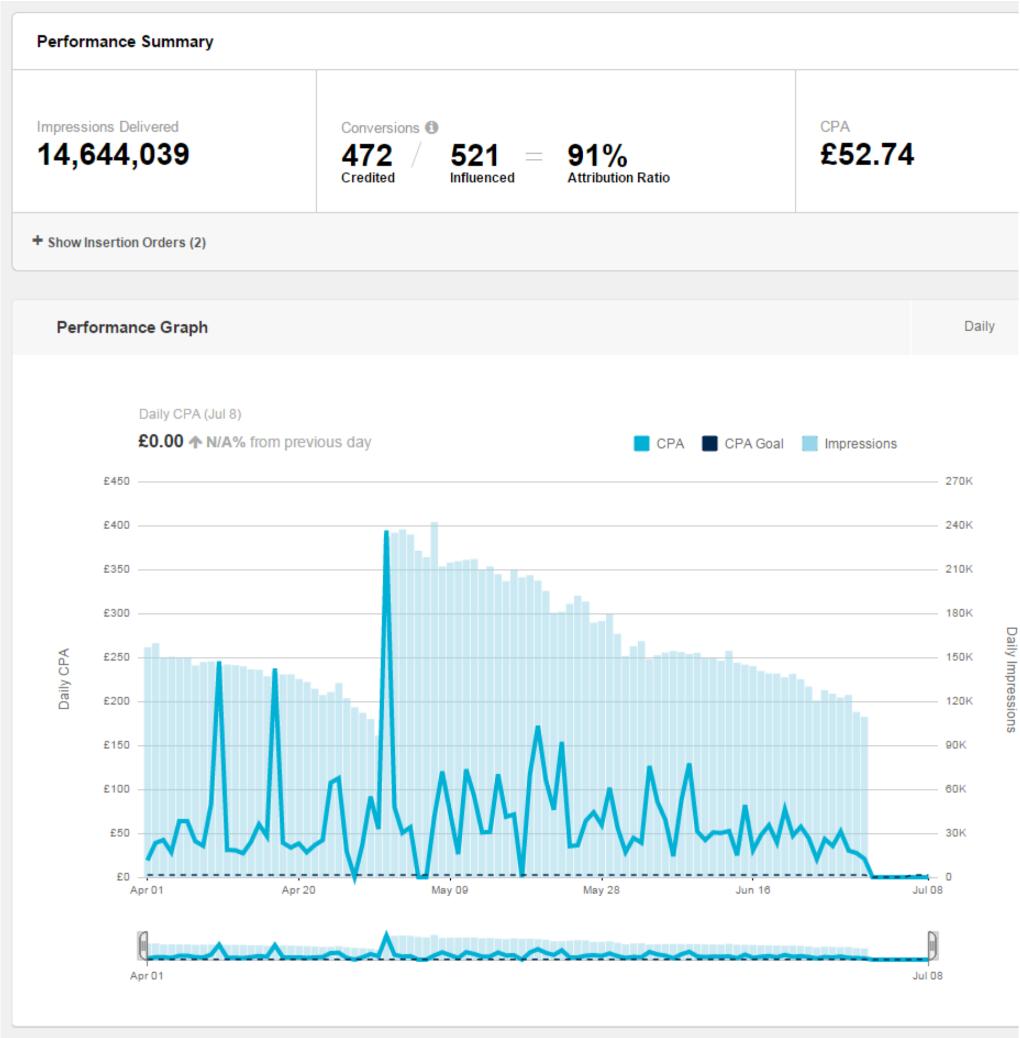
## Using Programmatic Technology to Evaluate the Metrics that Matter

### Understanding Audience



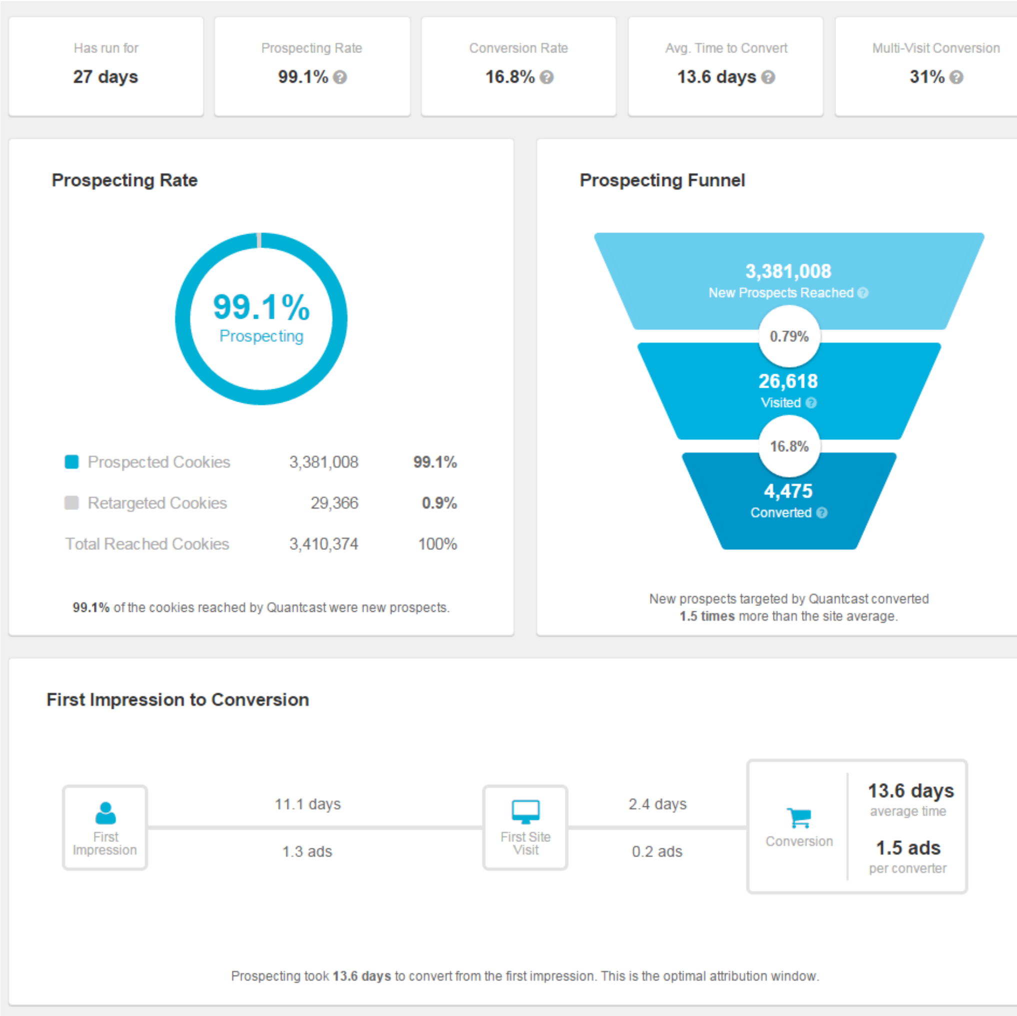

This chart allows an advertiser to understand who their audience is and tailor offers and promotions to the relevant audience, and understand which audience responded to their media campaigns.

## Understanding Performance



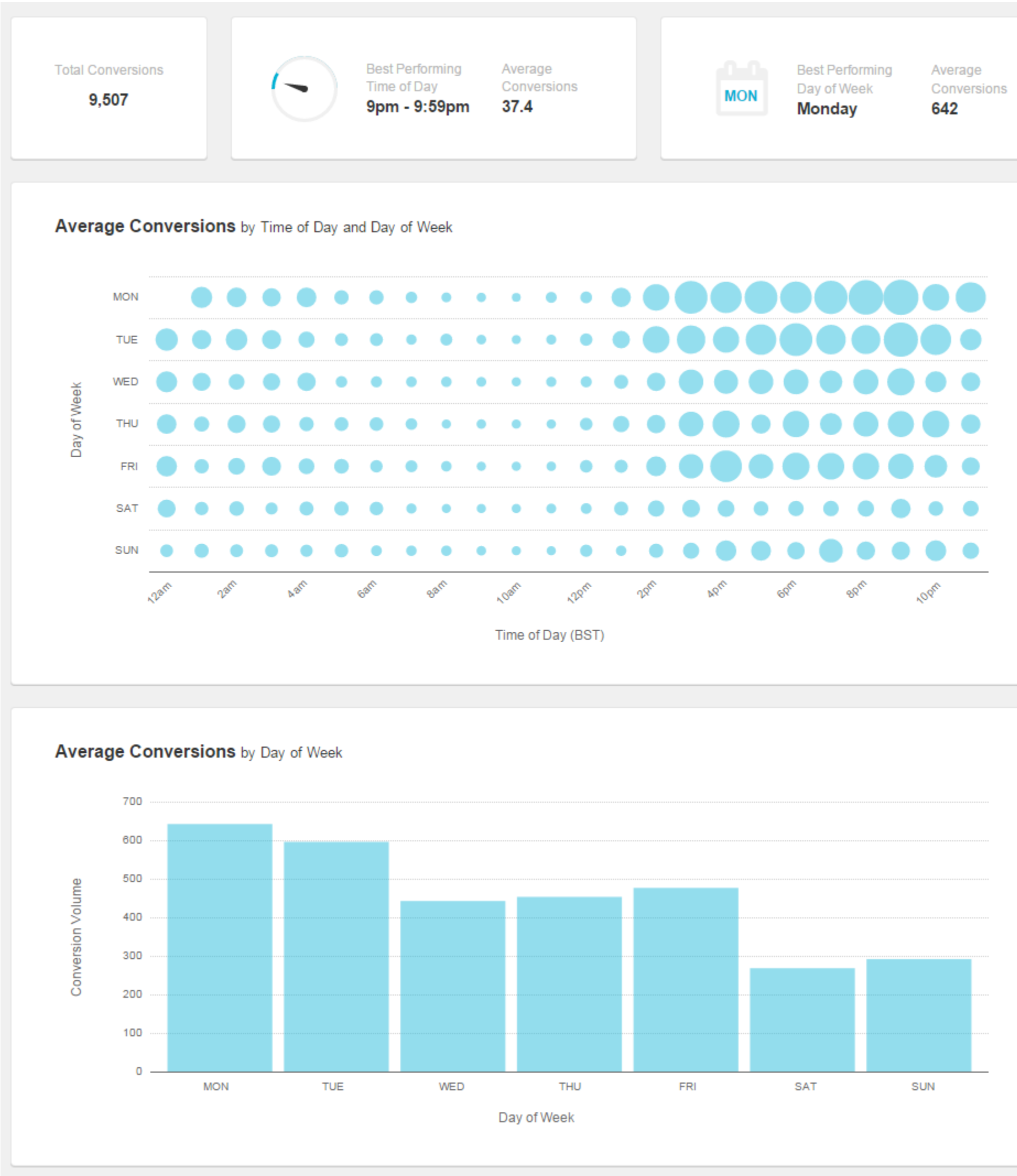

Real-time data can now be used to understand key performance indicators. The chart on the left shows delivery of the campaign against a specific budget as well as performance by day against the campaign goals, where that is cost per action (CPA), return on ad spend (ROAS) or click through rate (CTR).

## Prospecting Insights



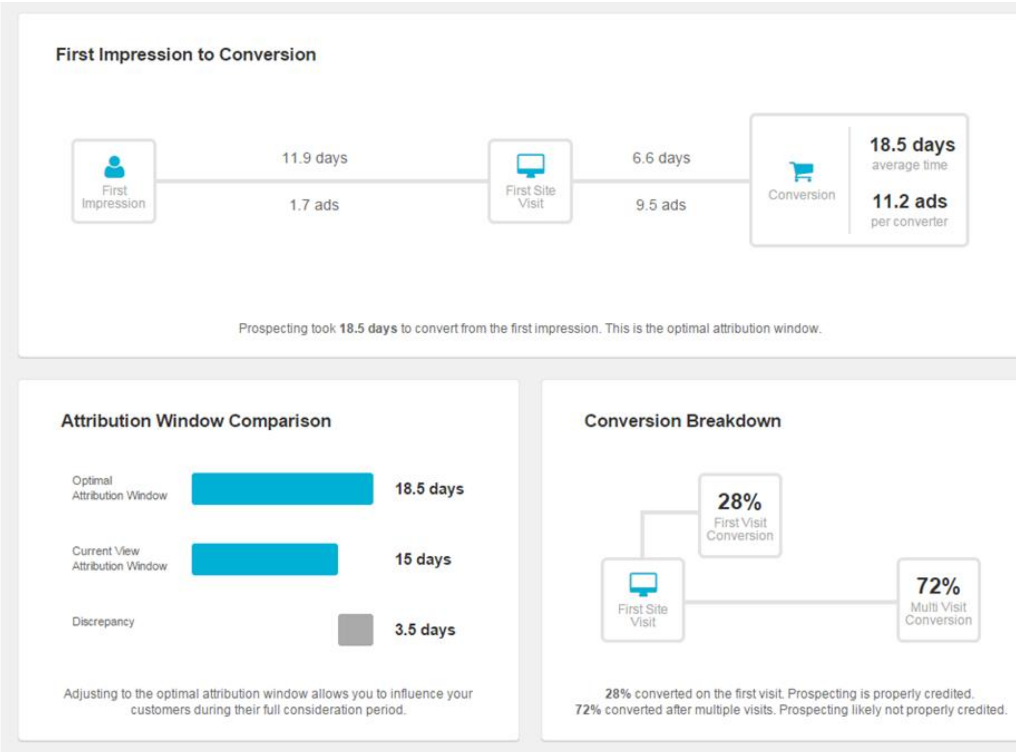

This chart allows the advertiser to clearly define which consumers are genuinely new to their site (new prospects) and which have already visited the site in the past. Marketers can track how many new consumers were targeted, how many of them went on to visit the site and then eventually converters. This can then be compared to the average site conversion to show lift.

## Time of Day




Through real-time tracking and measurement advertisers are able to see exactly what day and what time of day the campaigns drive the most consumers to convert. This also provides the advertiser with valuable information about their consumers and when they are most receptive to advertising, which can help inform their media planning.

## Time to Convert




- When a user is first exposed to a display ad,
- How many ads it takes to drive them through consideration to visit the advertisers site,
- What percentage of those users convert as soon as they visit the site
- What percentage leave the website and need to be exposed to several more ads in order to return to the website and complete the action. This can help advertisers define their advertising cookie windows, frequency and split of prospecting activity versus retargeting activity in order to deliver the most effective ad campaigns.

## Questions to Consider when Evaluating a Successful Campaign

Understanding the consumer journey is critical to optimising display campaign performance. While looking at conversions and site visits will help to unlock more pieces of the conversion puzzle, there are also other factors that should be considered.

Below is a list of questions that marketer's should consider in order to understand whether they are getting the most out of their display advertising campaigns:

| Questions to ask | Why it matters | Metrics and insights to consider |
|---|---|---|
| Am I reaching new prospects with my campaign? | Expanding audience is critical for driving incremental conversions to ultimately grow business. | **Prospecting Reach Rate**<br>Measures the percentage of new people reached |
| Am I reaching the right audience? | It's easy to reach a lot of people with cheap ad inventory or other spam tactics, but this most likely a waste of marketing budget. | **Prospecting Visit Rate**<br>To see if a good job of targeting the right people has been done, measure how many new prospects visited the site. |
| Are my prospects qualified? | If the prospects are qualified, they are more likely to convert on the site. | Measuring the rate of visitors to converters will inform if the marketer did a good job of qualifying their prospects. |
| Do my prospect require retargeting? | If site visitors don't convert on their first visit, there is an opportunity to reach them again with retargeting. Do you know your visitors' behaviour and how much retargeting you should be doing? | **First Visit Conversion Ratio**<br>Of all the people who converted, what percentage converted in one visit versus multiple visits? A low percentage indicates that you should increase your retargeting efforts, and a high percentage indicates that you should reduce your retargeting efforts. |

| | | |
|---|---|---|
| How long did it take my prospects to convert? | The period of time it takes from a prospect's first impression all the way to conversion is called a 'lookback window'. If it took most people 20 days to convert then the marketer should set its lookback window to at least 20 days, or even longer. | **Time to Convert**<br>The period of time between a consumer's first touchpoint with the ad campaign(s) all the way up to the actual conversion. |
| How many touchpoints were needed? | To maximise efficiency and help determine ad frequency, look at how many ads were served before and after the site visit. There's no need to run 10 ads when you only two are needed. | **Total Touchpoints from First Touch**<br>Determine the number of impressions that were served per user before the conversion event, before the site visit (prospecting) and after the site visit (retargeting). |

# 4 Further Strategic Considerations

## 4.1 Quality

The path to programmatic brings greater efficacy and efficiency to online advertising, but for true impact there must also be due consideration of the quality of media being transacted upon. In programmatic trading, media quality is a concern to both the buy and sell side. For the sell side, there is a need to offer high quality inventory to advertisers increasingly looking for quality marketplaces. While for the buy side, the concern is that their advertising is placed in brand safe, viewable environments that are free from fraudulent (non-human) traffic.

The diagram below outlines the four quality segments that IAB Europe has identified within its Brand Advertising Committee.

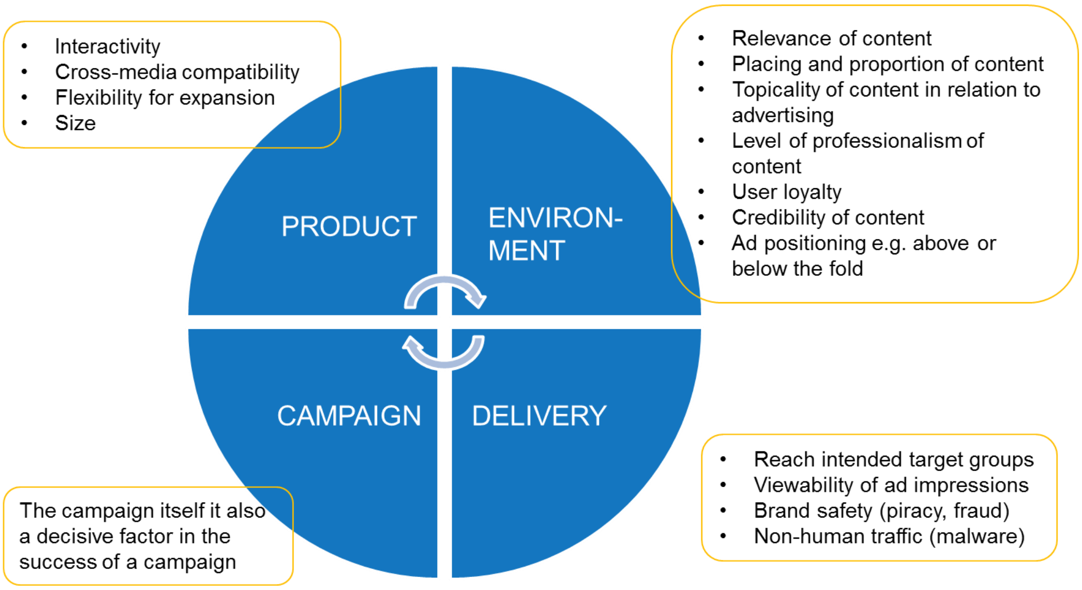



*Diagram 1 – IAB Europe's Quality Topics*

The following section explores the topics within the delivery segment including viewable ad impressions, non-human traffic and brand safety. IAB Europe is working with the World Federation of Advertisers (WFA) and the European

Association of Communications Agencies (EACA), as previously mentioned in section 2.3 to address these topics on a European level.

## Viewability

Viewability is a key component of media quality and with the need to shift advertising currency from served impressions to viewable impressions; viewability is quickly becoming a key factor in determining quality.

IAB Europe's Measurement Blueprint notes that 'definitions used for key metrics, such as exposure or impressions need to be tightened to avoid eroding advertisers' confidence in the data. Measuring the viewability of served impressions will be a vital step towards delivering realistic exposure levels. Specific efforts should be made to overcome any technical difficulties measuring the viewability of display or video ads.'

As greater programmatic spend moves into mobile and video formats it is becoming increasingly important to be able to verify and measure more aspects of a media plan. There is a need to be able to offer viewability reporting across display, mobile and video to allow like-for-like comparison across multiple channels.

The Media Rating Council (MRC) in the US first lifted its advisory on transacting on viewable impressions in 2014 and the organisation has released standards for viewability measurement. Whilst standards and guidelines are now in place for display, mobile, rich media and video, there remains discussion as to what defines viewability in the marketplace and how it is measured. IAB Europe has outlined the European position in the Viewable Impressions White Paper[7] published in February 2015.

Viewability is defined as an ad having the opportunity to be seen by a human. Measuring viewability depends on more than simply the location of the ad and how much of it is in view. It is also dependent on the timing of the viewing. To tackle location, time and size, two methodologies are available:

- Page Geometry - assesses the position of the ad relative to the viewer's screen
- Browser Optimisation - analyses changes in ad processing speed when the ad is on or off the screen.

[7] IAB Europe Viewable Impressions White Paper (February, 2015) - http://www.iabeurope.eu/research-and-papers/iab-europe-viewable-impressions-white-paper

There is growing demand for up to 100% of traded programmatic media to be viewable but significant measurement challenges remain, particularly in video and mobile. The limitations of current technology prevent all served impressions from being fully measurable. For example, many high impact placements, such as page takeovers and other custom placements are still not consistently measurable. So it must also be taken into consideration that unmeasured impressions should not be assumed to be non-viewable impressions.

Another factor to consider when looking to improve media quality through viewability, is that measurement vendors produce campaign level viewability data that can vary between vendors due to different measurement methodologies. If buyers and sellers in the programmatic space agree on a single measurement vendor ahead of time, they are likely to avoid costly, labour-intensive, manual processes of reconciling different sets of viewability data. Agreeing on a single vendor ensures greater accuracy in reporting and eliminates the need to reconcile data from multiple sources.

## Non-Human Traffic

Viewability is a key step towards attaining quality media. Another step is to exclude fraudulent inventory (non-human traffic). Depending on the inventory source, nearly half of all impressions are not in view.

Non-human traffic is a costly issue affecting the entire online advertising industry, but recent industry proactivity, like the efforts of the JICWEBS led anti-fraud working group in the UK, and the wide availability of tools to manage the threat have greatly mitigated the risk.

Within the programmatic space, ad fraud is widely discussed and the perception of the presence of non-human traffic far exceeds the reality.

Firstly, what counts as fraudulent activity needs to be clarified. Fraudulent activity can be defined as the deliberate practice of attempting to serve ads that have no potential to be viewed by a human user, which typically online this is carried out through the use of bots. The IAB in the US has laid out its view on what comprises fraudulent activity in their Anti-fraud Principles and Taxonomy[8].

[8] IAB Anti-Fraud Principles and Proposed Taxonomy - http://www.iab.net/media/file/IAB_Anti_Fraud_Principles_and_Taxonomy.pdf

There are effective methods to identify fraudulent activity in online campaigns and inventory. By applying both big data and session-based signal analyses, anti-fraud technologies can use historical learning and real-time signals to make a decision about the existence of non-human traffic on a given web page.

For traders dealing via programmatic channels, there are anti-fraud targeting segments that can be applied to campaigns that target away from fraudulent inventory before the ad buy/sell transaction takes place. Agencies and marketers can further exclude fraud from their programmatic campaigns by leveraging integrated blocking technology that stop ads from ever serving on fraudulent pages.

Although the industry is working hard to eliminate fraud from all sides of online advertising, detecting whether traffic is fraudulent is not straightforward, and fraudsters are continually innovating and finding new ways to prevent detection.

## Brand Safety

After applying pre-bid targeting segments for viewability, and ensuring to block for ad fraud, programmatic spend will already be more effective and the quality of media far improved. However, even a fraud-free campaign with excellent viewability can be compromised by problems, such as unsavoury images and inappropriate content. To run the most effective campaigns whilst ensuring best media quality, there is a need to think beyond viewability and non-human traffic, and to address brand safety factors as well.

Every advertiser will have its own interpretation of the type of content they deem appropriate or not.

Due to its subjectivity, brand safety and the tools available to address it need to be customisable to fit a brand’s requirements. This subjectivity in brand safety means that as an industry we are unable to reach a consensus on a brand safety standard against which the market can operate.

Campaign targeting can help to reduce the risk of advertising appearing alongside inappropriately aligned content that can result in off-brand associations and even regulatory concerns. Brand safety blocking and pre-bid targeting can be customised by content category (violence, illegal downloads, alcohol content, hate speech, offensive language, illegal drugs or adult content) as well as risk threshold (low, moderate, high risk).

### Summary

The potential of programmatic advertising can only be maximised when a comprehensive approach is taken to address media quality - viewability, non-human traffic and brand safety are intrinsically linked, but they are still only parts of a larger media quality equation, as outlined in diagram 1 on page 47. Attention must be paid to the sequence in which these issues are managed and the tools that are used. The current situation is such that variations in these factors can substantially affect the measured outcome and perceptions of campaign performance. Those trying to manage media quality are well advised to work closely with their technology and media partners, and are encouraged to make it a search for agreed definitions and measurement criteria, rather than an absolute truth. After all, the true power of content verification and viewability comes not from being 'right' but from being able to work with partners to improve campaign performance and this often means collaborating around the same standards.

## 4.2 Programmatic Mobile

Mobile advertising has several unique capabilities that lend themselves well to reaching and engaging with relevant audiences to enable advertisers to achieve their objectives. Increasingly, challenges around the difficulties in executing campaigns at scale with appropriate tracking are viewed as being surmountable, and the scale that can be achieved makes mobile an unmissable opportunity for any advertiser wanting to engage with its target audiences.

Here are some considerations for marketers to reach and engage audiences in the increasingly mobile world:

### 1. Audience Profiling

The beauty of mobile devices for marketers is that they can gain insight into how people move throughout the day and can measure consumer-brand engagements in more detail than ever before. For example, noticing someone appearing at airports on Mondays and Fridays on a regular basis increases the likelihood that they are a business traveller.

Mobile devices come loaded with capabilities that enable much more involved experiences. The list includes a touch screen, GPS, an accelerometer, a gyroscope, a compass, a camera and a microphone. Between them, these allow an advert to understand where someone is, what direction they are facing, what angle the phone is being held at and whether they are moving or not. Plus audio and visual input can be captured, and the experience can be controlled using touch as opposed to a keyboard or a mouse. There are many great examples of ads that have provided real utility to users, and therefore have driven great performance in moving brand metrics.

Due to the very personal nature of the mobile device, there are even higher sensitivities around data collection and use for advertising in mobile than there are in other channels. Different countries have widely varying stances on mobile data when it comes to privacy so advertisers must ensure that their partners are adhering to local privacy law.

### 2. Geo-targeting

Hyper-local information paves the way for better targeting and creative optimisation, as marketers can now use beacon technology to target a consumer as soon as they walk into a specific area, enabling advertisers to be more accurate in terms of real-time and relevant communications. This is particularly powerful at driving footfall, and results can be enhanced with incentives such as vouchers or discounts. This has been talked about since the early days of WAP phones but is now surprisingly easy to deliver and effective.

It is also possible to work with data management platforms (DMP) who maintain stock availability such that the geo-fences are dynamic and only show ads in close proximity to outlets who are currently holding stock of specific items.

Advertisers need to consider the regularity with which they use geo-targeting however. Targeted messaging that produces hyper-relevant information will engage consumers and build loyalty, but as soon as consumers see messaging as spam, advertisers risk losing them for good. By combining precise location with time and context, such as demographic information and time of day, marketers can deliver highly relevant messages to the right person at the right time and in the right place. Perhaps more importantly, they can stop and start delivering them dynamically to reflect user behaviour and changing context.

### 3. Native Advertising

The power of native advertising rests in the fact that ad units are designed to blend with the surrounding environment seamlessly. By requiring just images and text snippets - which can be combined and assembled programmatically by a publisher on a per impression basis to integrate with the form and function of their sites or apps - access to mobile advertising has become more accessible.

Advertisers benefit from being able to use the standardised text and image assets without having to create multiple different advertising units, and publishers profit from the flexibility of ad assembly to find the best advertising experience for their users and the most effective formats for their consumers. One only has to look across social media platforms and any number of other content environments to see how the same image and text assets can be assembled into a multitude of different formats - recommendation widgets, in-feed units, sponsored links and content tiles, for example.

With the push towards standardisation of the real-time bidding (RTB) specifications for native advertising and large publishers offering self-serve access into their native marketplaces – either directly through their own user interfaces (UIs) or though API tool providers - native advertising is facilitating ease of bookings across the mobile programmatic space and offering advertisers immersive ways to engage consumers with increasing efficiency.

It is important to ensure that native advertising or sponsored content is clearly identifiable from surrounding editorial content, as required by EU law in the E-Commerce Directive.

### 4. Tracking Performance

Mobile has struggled in the past with perceptions that tracking is more difficult or less effective, due to the absence of cookies. However, it is possible to track activity on mobile that no other channel can track, including:

- **App downloads / engagements:** Typically, these are recorded by a number of mobile tracking companies who are able to track activities from most ad networks and demand side platforms (DSPs). This means that advertisers need only integrate a single SDK into their app, enabling the tracking companies to monitor all aspects of measurement of performance.
- **Web tracking:** Tags from the big desktop ad servers are used in order to track performance of display campaigns to drive performance on websites. These can drive scale and great performance, particularly when running ads on tablets.

- **Real-world impact tracking:** It is possible to track the impact of ads on consumer behaviour in the real world. Whether this be determining a ‘visit-rate’ to specific locations, or a stage further and understanding whether purchase activity has taken place (which can rely on beacon technology or coupon tracking).

Whilst these mobile specific tracking metrics are able to give insight into the performance of a campaign within the mobile channel, marketers can gain a more in-depth view into the consumer journey by using data platforms which can evaluate interactions across a number of channels. In turn, this will allow marketers to relate campaigns back to the bottom line and drive sales by allocating the right budget to the right channel, and optimising campaigns in real-time.

## 4.3 Programmatic Video

High-performing digital video campaigns are increasingly key to building brands, especially as video consumption continues its rapid shift from television to digital sources. As advertisers try to find and engage their video audiences wherever they happen to be watching: on their phone, tablet, PC, or TV, programmatic technology becomes as relevant here as it has been in desktop and mobile for several years.

However, video advertising inventory is still in short supply and programmatic technologies maturing. Here are some strategies to get the most from this part of programmatic in video:

- **Focus efforts on where the audience is spending their time**
  Seeding a video programmatically helps lay the groundwork for viral sharing. Today, videos such as the popular Old Spice commercials are often mistakenly assumed to have achieved viral status purely through organic growth on YouTube and Facebook. In fact these campaigns ran programmatically, using the distribution method to generate more growth after seeing an initial positive organic reaction. Choose the high-impact publishers to be associated with and secure guaranteed placement on their site or app. Through a private marketplace (PMP), marketers have pre-negotiated access to prominent video inventory with top publishers—and their audiences—generally not available in open auction environments.

- **Focus advertising on inventory that's performing well**
  Programmatic video can be optimised in-flight – it provides flexibility for media planners to highlight compelling content, and discover unforeseen sectors of resonance for audience expansion. Marketer's should start with a list of their top inventory and refine it while the campaign is running. By creating a white list of handpicked URLs or mobile apps that are meeting the goals of the campaign, results can be improved while reducing effective cost per mille (eCPM).

- **Eliminate undesirable inventory**
  Develop a black list to prevent ads from appearing on certain URLs or apps. For example, exclude competitors' websites and apps, publishers whose views don't sync with the brand, or sites that don't meet the publishing or editorial standards—to protect the integrity of the brand while improving the ROI of the campaign.

- **Frequency controls**
  Every ad has an ideal frequency. Under-delivery will fail to build strong brand awareness in the consumer's mind, while over-delivery can turn those extra ad impressions into a negative brand association due to fatigue and annoyance. Managing a video campaign through a real-time media platform will enable advertisers to quickly learn the optimal frequency for a campaign, but also deliver that optimal number through RTB and the enforcement of universal frequency caps.

- **Target campaigns by time of day and geography**
  Audiences move seamlessly from desktop to smartphone to tablet throughout the day—and knowing when to reach them on which device can be critical to the success of a campaign. A day-parting strategy might, for example, target smartphone and tablet users with in-app video ads during the evening hours and target desktop users during daytime hours. Performance can be driven by removing low-performing geographic regions from the target audience.

### Integrated Campaigns: Video's Effect on Other Channel Performance

While video alone is not a 'lower funnel' performance driver, it can still boost the performance of other mid- and lower-funnel channels, such as display and search. By monitoring performance lift on display and search through tracking tags on an advertiser's site, it is possible to optimise user targeting on video. This means showing more video ads to the types of users who are known to convert more often via search and display *after* video ad exposure. In RTB language, this means bidding higher for specific users so that the ad message remains top of mind for the consumers who are most likely to be influenced.

Audience-related insights gained from one channel -- display or search, for example -- can shed new light on how to go about reaching the audience with video. For example, an advertiser running a direct response campaign saw a significant lift in conversions when it paired video and display. The advertiser found that running one highly effective video cost less than the multiple display and search ads that would have been required to achieve the same results.

## 4.4 Understanding the Value Chain

In 2014 the World Federation of Advertisers (WFA) Guide to Programmatic included a 'waterfall' diagram showing how advertiser's budgets flow through the programmatic ecosystem from their pockets to the pockets of the site owners on which their ads appear.

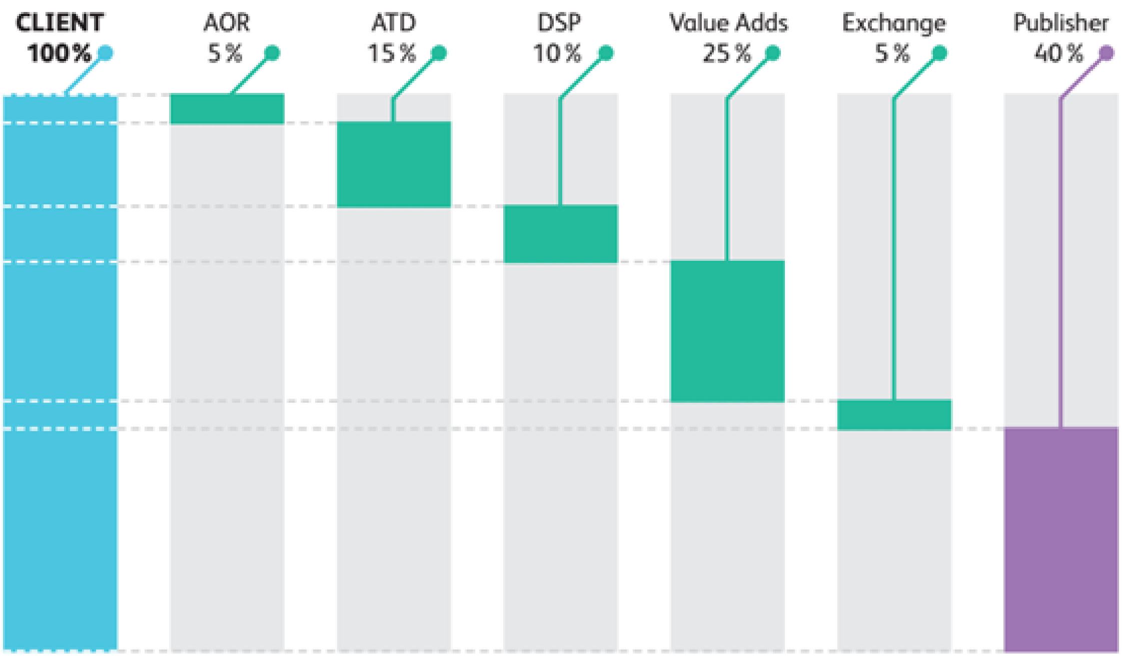



*Diagram 2 - WFA Money Flow Diagram*[9]

[9] WFA Guide to Programmatic Media, World Federation of Advertisers (2014) - http://www.wfanet.org/media/programmatic.pdf

Traditionally, a publisher would expect to see between 80-90% of the money on any campaign, but as programmatic technology makes targeting more efficient there is a shift in the value chain. The technology and services discussed in this whitepaper are not without costs, with both buyers and sellers investing in technology to enable them to operate programmatically. The WFA report sparked an industry debate as many marketers were unaware of the changes in value chain. Those discussions added some useful context to the visual and are worth being understood by advertisers and publishers before they finalise their programmatic approach.

Firstly it should be noted that the WFA money flow illustration is just that, a hypothetical breakdown of how money can be allocated in a programmatic campaign. It is missing the most important metric, which of course is the campaign outcome. After all, the marketer's job is not to fund the publisher but rather to make the most effective use of their budget to drive the desired outcome. If the 'working' media spend through programmatic is less than through traditional buys, but because of better targeting and relevance the advertising delivers greater results for the same or lower level of overall spend, then the marketer is doing their job. The change in the spend mix is a concern for the publisher, but for the advertiser it reflects the best use of technology to drive campaign performance.

However, if the campaign results are not exceeding the traditional campaigns then the marketer is not making effective use of the programmatic technology and the money being diverted away from working media is effectively wasted.

From the publisher's perspective, the potential halving of their income per impression is not sustainable, especially when combined with their own costs to deliver programmatically if using a supply side platform (SSP) (not shown in the WFA illustration). In this paper we have talked about the adoption of programmatic models and this is certainly one of the more influential factors on publisher strategy – with data being used to enhance their value-add and in-house programmatic teams to reduce costs and take direct control of their programmatic direction.

Some stakeholders are intrinsic to programmatic trading and it can't take place without them. This doesn't mean that there are not methods of reducing costs across them, but a demand side platform (DSP) or an exchange / SSP for example are typically needed if trading is to take place. There is also compelling evidence that a 'build your own' strategy for the key transactional technologies in programmatic will increase costs and reduce flexibility.

For the buyer, it is important to understand the value each stakeholder brings. Every partner will argue that they bring value, but not all are essential to every business or every individual campaign. For those that are, the cost of their service cannot outweigh the value that they bring to the transaction. As noted earlier in this white paper, these core technologies can make money in many different ways and understanding this is a vital first step in programmatic.

There is immediately identifiable room to improve clarity and understanding in trading relationships across the aptly named 'value-adds' partners that provide verification, measurement, analytics, data, viewability, media planning, attribution, and so on. It's not to say that these innovations are unnecessary or don't add value, they do, but there is a relevance to particular trading conditions that needs to be considered and can provide a cost efficiency if addressed correctly.

### Is the Service Required?

Taking a very basic example; a trusted premium publisher with a single ad unit above the fold offering only O&O supply, with a long standing trading relationship with the buyer. Is there really a requirement for viewability here, or in fact many of the brand safety features that the buyer may be applying to all their programmatic partners regardless of their individual trading situations? The broad answer to this is no, but the question then becomes what method does the tech and / or service provider have in place to target its offering specifically where it's needed as opposed to providing it in an unnecessary blanket method? If the tech and / or service provider doesn't have a scalable solution and instead requires a more manual solution, or no solution at all, then advertisers should not be paying for their shortcomings. This needs to be negotiated out, and advertisers should look for a solution that does, or at the very least get timings for when they will address it that they can be held to.

### Double Counting

This should also be extended to services being paid for by both sides. It's not unheard of for the same service to be paid for twice at different points in the sales / technology chain. For example brand safety is something taken seriously by all stakeholders and there are benefits to all for using it. The buy-side may use it to buy with confidence, protecting brand image and ensuring placement on high quality engaging content. Meanwhile the sell-side might use it to identify and prove to buyers its most premium opportunities or in taking steps to greater transparency. However if both are using it independently there is a high chance of both incurring a cost. A situation could and does easily occur when a publisher already uses brand safety to ensure its supply meets its standards, then likewise a buyer may insist on applying the same or similar brand safety for a particular client or indeed all of its buying because it also buys across publishers that don't.

It can be far from an easy process to identify this, and then have the conversation to negotiate how it will be resolved and implemented, but it's certainly a worthwhile one with regard to reducing margin.

## Consolidate Services

Having identified which solutions add value and where they need to be applied the next step should be to consolidate services where possible. There are many advanced services in market that will argue their relevance and even necessity in the ecosystem. As a specialist they may provide a service to a higher level than others who may provide it as an add-on to an existing broader tech. A broader system/service could offer financial economies of scale that outstrip the value garnered from multiple specialists. Choosing a vendor that offers brand safety, viewability, attribution and audience verification will likely be cheaper than using multiple vendors with individual specialisms. Unifying services in this way should provide a saving where distinct services will likely inflate the cost, particularly if minimum revenue commitments are in place which is where most cost savings are to be gained.

## Payment Model

More attention to what fees are calculated against could also go some way to alleviating what some have described as the 'technology tax'. Typically fees will be calculated as a percentage fee based on revenue but its good practice to question if this is the most prudent way of doing things. On the surface this seems fine, they make more money as the advertiser makes more money, but the investment to this increase isn't always balanced. Focusing on two different sized ad placements can show a disparity in this investment which supports the argument for paying on an impressions basis as opposed to a percentage of revenue. A 468x60 format commands a lower CPM than larger brand building formats such as the IAB Europe Brand Builder[10]and IAB Rising Star ad formats. An advertiser is paying a higher price for a larger piece of advertising real estate, and a publisher is being compensated for giving away

[10] IAB Europe PC and Tablet Brand Builder formats - http://www.iabeurope.eu/files/3713/9530/9256/IAB_Europe_Brand_Builders_Ad_Formats_Descriptions.pdf
IAB Europe Mobile Brand Builder formats - http://www.iabeurope.eu/files/7114/3083/8067/IAB_Europe_Mobile_Brand_Builders_Ad_Format_Recommendation.pdf

prime editorial space. However, in most cases the cost of the 'value-add' service doesn't increase based on the value of the ad placement so why should a higher fee be taken? In some cases it may make more sense to pay based on an impression basis than as a percentage of revenue, this could be significant based on where the business is likely to grow.

## Summary

In conclusion publishers can continue to add value through their understanding and analysis of buying behaviours and their ability to deliver a more tailored offering for advertisers as digital advertising evolves towards a programmatic ecosystem.

# 5 Current Adoption of Programmatic Advertising

The previous sections outlined some key considerations for developing a programmatic strategy for buy-side and sell-side stakeholders. It is important to also look at what strategies are currently adopted and how stakeholders currently view programmatic advertising.

IAB Europe's Attitudes towards Programmatic Advertising survey asked brand advertisers, agencies and publishers about their adoption of and attitudes towards programmatic advertising. The survey received responses from over 1,000 industry stakeholders and the full results will be published by the end of July 2015.

The purpose of the following section is to provide an overview of buy-side and sell-side stakeholders in 'advanced' programmatic markets. Advanced markets are defined as those markets that are mature in terms of programmatic adoption and includes: UK, Netherlands, France, Denmark, Sweden, Norway, and Finland.

The majority of stakeholders in these markets are from companies of up to 100 employees and are responsible for budgets or revenues of between €1 and €10 million.

## Current Adoption and Strategies

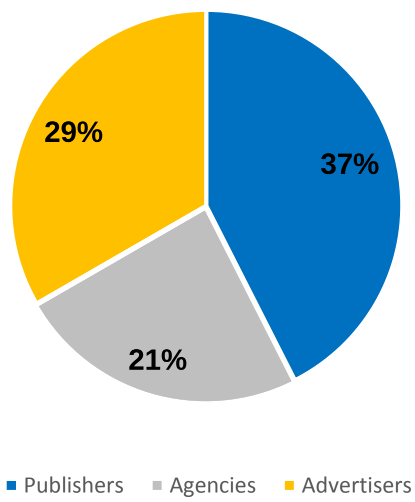
Almost three quarters of all stakeholders in the 'advanced' markets cite that less than 40% of their digital advertising revenue is currently traded programmatically. Whilst these markets are advanced in terms of programmatic adoption, the survey findings suggest that there is still a lot of potential to be fulfilled in terms of moving digital advertising trading to programmatic mechanisms.

The sell-side are developing in-house strategies and are trading programmatically in-house more than any other stakeholder in the advanced markets; currently 61% of publishers state that more than 81% of their programmatically traded display advertising revenue is in-house.

On the buy-side then, the budget holders are more likely to outsource, for example half of advertisers are outsourcing more than 81% of their programmatically traded display advertising investment.

Indeed in-house is a strategic consideration for stakeholders; of those who don't already have an in-house strategy, 29% of advertisers are considering one; 21% of agencies and 37% of publishers (see chart below). It is important to note that 66% of agencies already have an in-house strategy suggesting they are building up programmatic capabilities in these markets.

***Chart 1: Stakeholders considering bringing programmatic in-house***




There are a number of considerations for developing an in-house programmatic strategy, such as budget and staffing. 60% of advertisers considering an in-house strategy cite that they have sufficient budget to invest in programmatic technologies and 40% believe they have enough budget for the staffing requirements. 40% are unsure whether they have sufficient budget for staffing suggesting they may need more education on the actual requirements.

Agencies seem a bit more prepared with 88% of those considering in-house citing they have the required budget for developing their programmatic offer, and 65% say they have the required budget for staffing.

87% of publishers have the required budget to develop their programmatic inventory strategy, however just under 50% have the required budget for staffing and just over 40% are still unsure. Again, more education on the requirements for developing a programmatic strategy in terms of resources may help these stakeholders to evaluate whether they can invest further.

The motivations for an in-house strategy of the buy and sell side are outlined below.
Transparency of campaigns and control of data are important to advertisers and the key reasons for these stakeholders to consider an in-house strategy.

By considering an in-house strategy, agencies want to increase their operational control and be able to better access audience insights to enhance their understanding of the consumer.

Publishers cite integration of audience data into their trading processes and more efficient sales and ad operations processes as their key reasons for an in-house strategy.

It is clear that by bringing programmatic trading in-house all stakeholders hope to gain control of data and processes.

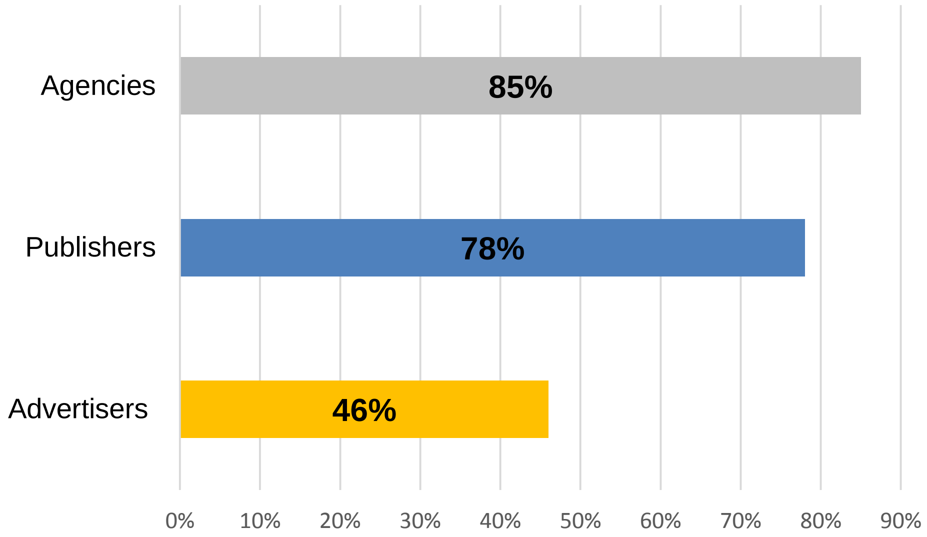
### Attitudes towards Programmatic Advertising

Stakeholders in the markets defined as 'advanced' cite targeting efficiencies, control and driving down costs or maximising media value as key reasons for investing in programmatic. Both advertisers and agencies state targeting efficiencies are their top reason, with advertisers citing lower cost of media as their second and agencies increased granular control of media as their second reason. It is clear that the general opinion of programmatic on the buy side is that it can bring about efficiencies in both targeting and costs and control.

Publishers' priorities are to maximise value of their media and secondly gain trading efficiencies. Interestingly 55% of publishers in these markets want to make their premium inventory available at scale to enable brand advertising budgets to shift into digital channels.

Over three quarters of agencies and publishers in these markets place programmatic in their top five or as their top priority.

***Chart 2: Stakeholders that place programmatic in their top five or as their top priority***




## Future of Programmatic Investment

The survey asked about barriers to adoption of programmatic and hiring and training the people with the right skill set was the key barrier for all stakeholders in the advanced markets. This again points to the need for more education in the market. However despite this programmatic trading investment and revenues are set to increase over the next 12 months and in fact 31% of publishers see an increase of more than 51%; 28% of agencies and 13% of advertisers also see an increase of more than 51%.

## Summary

Having explored these advanced programmatic markets there is still great potential for programmatic trading with the majority of digital advertising investment still traded via manual processes. However the future looks positive with all stakeholders citing an increase in trading via programmatic technologies. The strategies for programmatic trading differ across the stakeholder groups as the sell-side lean more towards in-house and the budget holders outsourcing the majority. Agencies are also building up in-house capabilities. An in-house strategy is seen as favourable by the buy-side and sell-side stakeholders for control, transparency and efficiencies. As outlined in this white paper, the business should assess which strategy is most suited for their business and the decision tree in section 2.1 can be used for this.  Whilst the industry is positive about the future of programmatic trading, there still remains some barriers to overcome, notably ensuring the right skills are developed.

*Please note – the full report exploring all stakeholders and less advanced markets will be published later in July.*

# 6 Conclusions and Recommendations

This white paper has explored the many facets of programmatic and shown how it has the power to unlock audience and engagement, efficiency and revenue.

IAB Europe's final recommendations to keep in mind when travelling the 'Road to Programmatic' are detailed below:

- Start by thinking about audience and objectives so that programmatic can act as a strategic tool
- Find out which programmatic operational model is best suited to the company
- Think about how the data strategy fits – it is essential to have complementary trading and data strategies
- Decide how to follow the consumer journey and how to feedback the information from consumer to refine the strategy
- IAB Europe's White Paper on Viewable Impressions[11] sets the scene for companies wanting to trade on viewability – watch out for more developments in this space
- Consider using ad formats, e.g. IAB Europe's Brand Builders[12], which lend themselves well to programmatic methods and anticipate more cross-media campaigns

[11] IAB Europe Viewable Impressions White Paper (February, 2015) - http://www.iabeurope.eu/news/iab-europe-publishes-viewable-impressions-white-paper

[12] IAB Europe PC and Tablet Brand Builder formats - http://www.iabeurope.eu/files/3713/9530/9256/IAB_Europe_Brand_Builders_Ad_Formats_Descriptions.pdf
IAB Europe Mobile Brand Builder formats - http://www.iabeurope.eu/files/7114/3083/8067/IAB_Europe_Mobile_Brand_Builders_Ad_Format_Recommendation.pdf

- With predictions anticipating nearly 1 billion smartphones in Europe by 2020[13] make sure that mobile is a key consideration when developing a strategy

- As digital video increases in scale and takes a greater share of total video consumption so the opportunity to engage with programmatic video increases

- To increase learning ask the experts and engage with IAB Europe and the local IABs across our network

[13] Source: IHS Technology

# 7 White Paper Contributors

IAB Europe would like to thank the authors from the following companies and associations who took the time to contribute to this White Paper.

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# 8 Glossary

### Ad Exchanges*

Online, often highly automated auction-based marketplaces that facilitate the buying and selling of inventory across multiple parties ranging from advertisers, direct publishers, ad networks and Demand Side Platforms (DSP).

### Blacklist

A list of blocked items, terms or URLs to be used against the delivery of an advertising campaign.

### Data Management Platform (DMP)*

Platforms that allow advertisers, agencies, publishers and others to control their own first-party audience and campaign data, compare it to third-party audience data, and give the ability to make smarter media buying and campaign planning decisions via behavioural targeting or extending audiences via lookalike modeling. Advertisers and agencies generally utilise DMPs in order to buy more effectively while publishers typically utilise DMPs in order to segment their audiences and sell more effectively.

### Demand Side Platform (DSP)

A technology platform with a bidding algorithm. Using a DSP, buyers (advertisers, trading desks, agency trading desks) are able to centralise their media buys with the programmatic purchase of digital inventory using a unified platform across various SSPs, ad exchanges, and ad networks. A DSP is designed to bid the optimal CPM for a particular impression in real-time, incorporating the calculated value of the inventory against the campaign goal(s). A DSP works in the interest of a buyer. In many cases a DSP offers additional services such as centralized billing.

### Look-alike Modelling

The process of finding users who resemble other users, for example a brand's existing customers or converting users, based on their online behaviours and known attributes.

### Pixel

A tracking or retargeting pixel is a small piece of code contained in a single clear pixel on a website or specific ad unit that drops a cookie on the user's browser. That cookie is used for tracking purposes.

### Private Marketplace (PMP)

A unique set of biddable inventory (differentiated placements or data) that is not available in its full transparency in a general RTB auction. PMP inventory is packaged within a publisher's SSP and offered to selected buyers/bidders. A buyer can use a deal ID (a universal identifier/numeric keycode) to gain access to and bid on the specific PMP inventory.

### Programmatic

An automated process for advertisers to buy media and an automated process for media owners to sell ad inventory (including display, mobile and video).

### Real-Time Bidding (RTB)*

RTB is a protocol that enables the valuation and bidding on individual impressions in real-time. The buying takes place over online media exchanges – basically media marketplaces – which connect sellers (publishers) and buyers (advertisers).

### Supply Side Platform (SSP)

A technology platform that makes it possible to sell automated online media to different parties. Using an automated yield optimiser, the algorithms in an SSP ensure that the publisher receives the highest turnover per impression. An SSP is connected to multiple demand sources which include DSPs, ad exchanges and advertising networks. An SSP always works in the interest of a publisher. In many cases an SSP also offers additional services such as commercial agreements with ad exchanges and centralised billing.

### Site Extension

The process of looking at the pages of a site that the audience has been active on, to gain understanding of site visitors so that they can be retargeted more effectively.

### Trading Desk*[14]

An agency branch trading entity known as the expert operators in their use of new technology. These entities can be independent or operate within an agency holding company. This group of people (known as traders) play the

[14] Please note – terms marked with a * are from the IAB UK Jargon Buster - http://www.iabuk.net/resources/jargon-buster

day-to-day campaign management role. Who uses:  Agency holding companies, operating agencies, advertisers.

### Whitelist

A list of approved items, terms or URLs to be used against the delivery of an advertising campaign.

## About IAB Europe

IAB Europe is the voice of digital business and the leading European-level industry association for the digital advertising ecosystem. Its mission is to promote the development of this highly innovative sector by shaping the regulatory environment, investing in research and education, and developing and facilitating the uptake of business standards. Together with its members – companies and national trade associations – IAB Europe represents over 5,500 organisations.

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