DIGIDAY

WTF is programmatic advertising?

From the editors at Digiday: An essential guide to the acronyms and underpinnings of modern digital advertising systems

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01.

WTF is programmatic advertising?

01.
programmatic advertising

What is programmatic ad buying?

"Programmatic" ad buying typically refers to the use of software to purchase digital advertising, as opposed to the traditional process that involves RFPs, human negotiations and manual insertion orders. It's using machines to buy ads, basically.

Why does programmatic advertising matter?

Efficiency. Before programmatic ad buying, digital ads were bought and sold by human ad buyers and salespeople, who can be expensive and unreliable. Programmatic advertising technology promises to make the ad buying system more efficient, and therefore cheaper, by removing humans from the process wherever possible. Humans get sick, need to sleep and come to work hungover. Machines do not.

Programmatic advertising technology promises to make the ad buying system more efficient, and therefore cheaper, by removing humans from the process wherever possible.

So robots are replacing people? Great.

Yes and no. Technology is being used to replace some of the more menial tasks that humans have historically had to handle, like sending insertion orders to publishers and dealing with ad tags, but they're still required to optimize campaigns and to plan strategies. Programmatic technology will probably mean fewer ad buyers in the world, but it could also allow both marketers and sellers to spend more of their time planning sophisticated, customized campaigns instead of getting bogged down in bureaucracy.

Is programmatic buying is the same as real-time bidding, then?

No, it's not. Real-time bidding is a type of programmatic ad buying, but it isn't the only one. RTB refers to the purchase of ads through real-time auctions, but programmatic software also allows advertisers to buy guaranteed ad impressions in advance from specific publisher sites. This method of buying is often referred to as "programmatic direct."

Is programmatic "the future of ad buying"?

Probably, yes. It's impossible to tell what portion of advertising is now traded programatically, but it's definitely on the rise. Some agencies now say they're eager to buy as much media as possible through programmatic channels, and some major brands have even built out in-house teams to handle their programmatic ad buying as they spend more of their marketing budgets that way. At the moment, it's mainly online ads that are traded programatically, but increasingly media companies and agencies are exploring ways to sell "traditional" media this way, including TV spots and out-of-home ads.

Programmatic technology will probably mean there are fewer ad buyers in the world, but it could also allow both marketers and sellers to spend more of their time planning sophisticated, customized campaigns instead of getting bogged down in bureaucracy.

Jack Marshall
February 20, 2014

02.

WTF is real-time bidding?

02.
real-time bidding

The price of impressions is determined in real time based on what buyers are willing to pay, hence the name "real-time bidding."

Everyone's talking about real-time bidding. What is it?

Real-time bidding refers to the buying and selling of online ad impressions through real-time auctions that occur in the time it takes a webpage to load. Those auctions are often facilitated by ad exchanges or supply-side platforms.

OK. So how does it work?

As an ad impression loads in a user's Web browser, information about the page it is on and the user viewing it is passed to an ad exchange, which auctions it off to the advertiser willing to pay the highest price for it. The winning bidder's ad is then loaded into the webpage nearly instantly; the whole process takes just milliseconds to complete. Advertisers typically use demand-side platforms to help them decide which ad impressions to purchase and how much to bid on them based on a variety of factors, such as the sites they appear on and the previous behavior of the users loading them. Zappos might recognize that a user has previously been on its site looking at a specific pair of shoes, for example, and therefore may be prepared to pay more than Amazon or Best Buy to serve ads to him. The price of impressions is determined in real time based on what buyers are willing to pay, hence the name "real-time bidding."

Why does it matter?

Historically, advertisers used websites as a proxy for their ads. If they wanted to reach sports fans, they would buy ads on a sports-related site, for example. The advent of RTB has enabled them to target their ads to specific users instead, per the Zappos example above.

RTB is the same as programmatic advertising, right?

Wrong. RTB is a type of programmatic advertising, but not all programmatic advertising uses RTB. Some "programmatic" or technology-driven ad platforms let publishers sell their inventory in advance for a fixed price, as opposed to auctioning it off. This is sometimes referred to as programmatic direct or programmatic guaranteed.

Why is real-time bidding good for advertisers?

Efficiency. Thanks to real-time bidding, ad buyers no longer need to work directly with publishers or ad networks to negotiate ad prices and to traffic ads. Using exchanges and other ad tech, they can access a huge range of inventory across a wide range of sites and cherry-pick only the impressions they deem most valuable to them. That cuts down the number of impressions wasted on the wrong users but also minimizes the need for costly and unreliable human ad buyers.

I've heard RTB is screwing publishers. Is that true?

Some major publishers are wary of RTB because they feel it enables advertisers to pay them less for their inventory. Increasingly, however, they're becoming more comfortable with it as exchanges and supply-side platforms enable them to control the minimum prices at which their inventory is sold, often called price floors. This enables publishers to open their ads up to an auction, but to set a reserve price that must be met in order for a transaction to take place.

Thanks to real-time bidding, ad buyers no longer need to work directly with publishers or ad networks to negotiate ad prices and to traffic ads.

Jack Marshall
February 17, 2014

03.

WTF is an ad exchange?

03.

ad exchange

Exchanges enable advertisers to easily buy ads across a range of sites at once, as opposed to negotiating buys directly with specific publishers.

Ad exchanges are supposedly more transparent than networks because they enable a buyers to see exactly what price impressions are being sold for.

What is an ad exchange?

An ad exchange is a digital marketplace that enables advertisers and publishers to buy and sell advertising space, often through real-time auctions. They're most often used to sell display, video and mobile ad inventory.

Who buys from ad exchanges?

Virtually anyone can buy from an ad exchange provided the ad exchange allows it. Advertisers and agencies typically use demand-side platform or their own bidding technologies to do so, but ad networks and other entities also buy ads from exchanges.

Great. But how do they do that?

Basically, an ad exchange is just a big pool of ad impressions. Publishers tip their ad impressions into the pool hoping someone will buy them. Buyers then pick which impressions they wish to purchase using technologies like demand-side platforms. Those decisions are often made in real time based on information such as the previous behavior of the user an ad is being served to, time of day, device type, ad position and more.

So why do ad exchanges matter?

Exchanges enable advertisers to easily buy ads across a range of sites at once, as opposed to negotiating buys directly with specific publishers. It's a more effective and efficient way to buy and sell advertising.

Wait, isn't that what ad networks do?

Well, yes. But ad networks typically aggregate inventory from a range of publishers, mark it up and sell it for a profit. That's their business model. Ad exchanges are supposedly more transparent than networks because they enable a buyers to see exactly what price impressions are being sold for. In fact, many ad networks now buy their inventory from exchanges, and as a result, some say DSPs resemble ad networks more than exchanges.

What's a private exchange? It sounds sleazy.

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 into an "open" exchange and letting anyone buy them, a publisher might instead wish to offer them to a handful of its favorite advertiser clients, or an agency it has a close relationship with. It might also wish to cut off access to networks and other third parties that could sell those ad impressions.

What's the difference between a supply-side platform and an exchange?

Not much. The technologies are similar, but they're used for slightly different things. Publishers typically use SSPs to "plug in" multiple exchanges, as opposed to working with just one. It's a way to open their inventory to as many potential buyers as possible, in the hope that more competition for their ads will result in them selling for higher prices. Just as ad exchanges aggregate impressions, SSPs are used by publishers to aggregate exchanges.

Who powers these exchanges?

Major ad exchange operators include Google, The Rubicon Project, OpenX, AppNexus and Yahoo. Various ad tech companies offer publishers the ability to create private exchanges.

Who polices them? It sounds like the Wild West.

It is a little bit. Exchange operators are responsible for the impressions they allow into their marketplaces, they allow access to buyers. The problem is that billions of ad impressions flow through exchanges every day from millions of publishers, so it's almost impossible to keep to track of who's selling and buying what. That means buyers can never be exactly sure where their impressions might show up. And sellers can never be entirely sure who's buying them.

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Jack Marshall
January 20, 2014

04.

WTF is data management plaform?

04

data management platform

What is a data management platform?

In simple terms, a data management platform is a data warehouse. It's a piece of software that sucks up, sorts and houses information, and spits it out in a way that's useful for marketers, publishers and other businesses.

This sounds like a database. Is it more?

In theory, DMPs can be used to house and manage any form of information, but for marketers, they're most often used to manage cookie IDs and to generate audience segments, which are subsequently used to target specific users with online ads. With the rise of ad tech, advertisers now buy media across a huge range of different sites and through various middlemen, including DSPs, ad networks and exchanges. DMPs can help tie all that activity and resulting campaign and audience data together in one, centralized location and use it to help optimize future media buys and ad creative. It's all about better understanding customer information.

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Got it. But this sounds a lot like what a DSP does.

A DMP is used to store and analyze data, while a DSP is used to actually buy advertising based on that information. Information is fed from a marketer's DMP to its DSP to help inform ad buying decisions, but without being linked to another technology, a DMP can't actually do much. On the publisher side, DMPs can also be linked to supply-side platforms and other technologies that can help them sell their ads for more. In those cases, the DMP is storing publisher information on its readers.

They still sound similar. Why are DSPs and DMPs separate, then?

Have you seen the Lumascape? But that's for a "WTF Are VCs Doing?" feature. Like many areas in advertising technology, the lines between DMPs and DSPs are beginning to blur. A growing number of DSP providers now offer their clients DMP technology too. Those companies say it's easier and more efficient for marketers to use one platform instead of two. The counter to that argument is that standalone DMPs make marketers' data more portable, making it easier to feed into a wide range of DSPs.

Who uses DMPs?

Agencies, publishers and marketers all use DMPs. Agencies use the technology to collect and analyze the data collected from their client campaigns, which is sometimes pooled across multiple clients to create vast and rich datasets. In an attempt to take closer control of their data, some clients have begun licensing their own DMP technologies and managing those platform themselves. Meanwhile, a growing number of publishers are also making use of the technology as a way to help them better understand their reader information and extract more value from it as a result. Think of how The Wall Street Journal's user information is valuable for an financial-services ad campaign targeting high-net-worth individuals.

What are the major DMPs?

Vendors that sell DMP technology to the digital media world currently include Adobe, Krux, Lotame, Aggregate Knowledge, BlueKai, CoreAudience, Knotice, nPario and X+1. Some of those providers also offer DSP technology.

Agencies, publishers and marketers all use DMPs. Agencies use the technology to collect and analyze the data collected from their client campaigns, which is sometimes pooled across multiple clients to create vast and rich datasets.

Jack Marshall
January 15, 2014

05.

WTF is a supply-side platform?

05.
supply-side platform

What is a supply-side platform?

A supply-side platform is a piece of software used to sell advertising in an automated fashion. SSPs are most often used by online publishers to help them sell display, video and mobile ads.

SSPs are most often used by online publishers to help them sell display, video and mobile ads.

That sounds a lot like a demand-side platform to me...

That's because it is. A supply-side platform is basically the publisher equivalent of a DSP. Where DSPs are used by marketers to buy ad impressions from exchanges as cheaply and as efficiently as possible, SSPs are designed by publishers to do the opposite: to maximize the prices their impressions sell at. Similar technology powers both SSPs and DSPs.

SSPs allow publishers to connect their inventory to multiple ad exchanges, DSPs, and networks at once.

OK, that makes sense. So how do SSPs actually work?

Well, like everything in ad tech, it's complicated. The simple answer is that SSPs allow publishers to connect their inventory to multiple ad exchanges, DSPs, and networks at once. This in turn allows a huge range of potential buyers to purchase ad space — and for publishers to get the highest possible rates. When an SSP throws impressions into ad exchanges, DSPs analyze and purchase them on behalf of marketers depending on certain attributes such as where they're served, and which specific users they're being served to. The idea is that by opening up impressions to as many potential buyers as possible — often through real-time auctions — publishers can maximize the revenue they receive for their inventory. Because of this, SSPs are sometimes referred to as yield-optimization platforms

So why do SSPs matter?

Increasingly, marketers don't want to pay costly human ad buyers to negotiate with salespeople over media pricing. They'd rather use technology to purchase their ads more efficiently. The problem for publishers, however, is that this programmatic selling risks driving the value of their inventory down. SSPs were created in part to help combat this and also to help publishers more efficiently aggregate and manage their relationships with multiple networks and ad buyers.

I've heard they give publishers more "control" over their inventory. What does that mean?

In addition to opening up inventory to a large range of potential buyers, SSPs also offer the ability for publishers to set "price floors," which dictate the minimum prices for which their inventory can sell to specific buyers, or through specific channels. Some publishers would rather run house ads than sell impressions for next to nothing, for example, while others might be willing to sell ads to a new advertiser for less than an existing one, as a way to introduce them to their site. SSPs can also be used to dictate which advertisers can and can't purchase inventory.

Increasingly, marketers don't want to pay costly human ad buyers to negotiate with salespeople over media pricing. They'd rather use technology to purchase their ads more efficiently.

What about human sales teams? They still exist.

Absolutely. SSPs are most often used to sell inventory that human sales teams have failed to sell. Increasingly, however, media owners are using the data collected from their SSPs to determine whether human salespeople or programmatic trading returns the greatest margins, and to make business decisions based on that information. Some publishers are also beginning to use SSPs to traffic campaigns sold direct by their salespeople. In that instance, an SSP isn't involved in the sale of the inventory, but simply helps in the serving and tracking of it.

What are the major supply-side platforms?

Vendors that currently sell SSP technology include Google, OpenX, PubMatic, Rubicon Project, AppNexus, Right Media and AOL.

Jack Marshall
January 22, 2014

06.

WTF is a demand-side platform?

06.
demand-side platform

I keep hearing about demand-side platforms. What are they?

A demand-side platform is a piece of software used to purchase advertising in an automated fashion. DSPs are most often used by advertisers and agencies to help them buy display, video, mobile and search ads.

OK. So why do they matter?

Historically digital ads were bought and sold by human ad buyers and salespeople, who are expensive and unreliable. DSPs help make that process cheaper and more efficient by removing humans from parts of the process, as well as the need to negotiate ad rates and to manually fax ad insertion orders..

Historically digital ads were bought and sold by human ad buyers and salespeople, who are expensive and unreliable.

Got it. But how do they actually work?

It's complicated. The short version is that DSPs allow advertisers to buy impressions across a range of publisher sites, but targeted to specific users based on information such as their location and their previous browsing behavior. Publishers make their ad impressions available through marketplaces called ad exchanges, and DSPs automatically decide which of those impressions it makes the most sense for an advertiser to buy. Often the price of those impressions is determined by a real-time auction, through a process known as real-time bidding. That means there's no need for human salespeople to negotiate prices with buyers, because impressions are simply auctioned off to the highest bidder. That process takes place in milliseconds, as a user's computer loads a webpage.

Wait, isn't that what ad networks do?

Yes, to an extent. DSPs incorporate much of what ad networks have previously offered, including access to a wide range of inventory and targeting capabilities. But DSPs say the advantage of using their offerings instead of ad networks is the ability to buy, serve and track ads using one central tool, and to optimize campaigns more easily as a result. It's all about the data, they say. Ad networks typically mark up the media they sell, too, whereas DSPs started life charging a simple fee for facilitating a transaction.

But DSPs say the advantage of using their offerings instead of ad networks is the ability to buy, serve and track ads using one central tool, and to optimize campaigns more easily as a result. It's all about the data, they say.

So DSPs are replacing ad networks?

Sort of. The days of the traditional ad network model might be numbered, but that doesn't mean ad networks are dead. In reality, the lines between ad networks and DSPs are simply disappearing. Threatened by the rise of DSPs and ad exchanges, almost all ad networks now offer some sort of DSP-like product or real-time bidding capability. Meanwhile, many companies that started life as DSPs are beginning to look a lot like ad networks, buying up inventory, repackaging it, and reselling it to advertisers at a premium. According to many in the industry, DSPs are simply the next generation of ad networks.

Publishers are making more of their inventory available through exchanges, and many advertisers would rather purchase ads using DSPs because it's more cost efficient to do so

If DSPs are buying ads now, what does that mean for human ad buyers?

It means there will be fewer of them. Publishers are making more of their inventory available through exchanges, and many advertisers would rather purchase ads using DSPs because it's more cost efficient to do so. However, human input will always be required to help optimize campaigns and formulate ad strategies. It's at the transactional level that fewer humans will be required

Clients report that they still look to agencies for strategy and consultancy but are beginning to look to other third parties, including DSPs, to help them actually purchase their ads.

So DSPs are replacing agencies, then?

According to some, yes. DSPs now frequently work directly with advertiser clients, effectively replacing agencies when it comes to buying media. Clients report that they still look to agencies for strategy and consultancy but are beginning to look to other third parties, including DSPs, to help them actually purchase their ads.

What are the major demand-side platforms?

Vendors that currently sell DSP technology include Google's Invite Media, MediaMath, Turn, DataXu, X+1, and many others. Some DSPs are focused on specific channels, such as mobile or video. Some agencies operate their own buying platforms, often knows as trading desks, using technology licensed from some of the companies above.

07.

WTF is programmatic TV advertising?

07.
programmatic TV advertising

WTF is programmatic TV advertising?

Programmatic TV advertising is the data-driven automation of audience-based advertising transactions. It inverts the industry standard, in which marketers rely on show ratings to determine desirable audiences for their ads. Instead, with programmatic tech, marketers use audience data to pipe advertising to optimal places.

Programmatic TV advertising is the data-driven automation of audience-based advertising transactions.

My head's already spinning Practically, what does that mean?

It means more specificity. Rather than relying on ratings for specific shows or channels, marketers can use programmatic tech to reach a more specific subset of consumers, like men with a $50,000 income who own an Android device. They don't care if that ad shows up on X Factor or the X Games, as long as the target audience is watching. Most TV audience targeting today is not quite that advanced, however, which is one reason why programmatic TV is still in its infancy.

Real-time ad transactions don't gel as well with the TV marketplace, where supply is limited and sellers are looking to secure future commitments.

How does programmatic TV advertising differ from what's happening on digital platforms?

Real-time bidding and auctions are commonly associated programmatic advertising. They work well on digital platforms, where supply is bountiful and buyers rule the market. Real-time ad transactions don't gel as well with the TV marketplace, where supply is limited and sellers are looking to secure future commitments. For now, at least, programmatic TV buys aren't conducted through the same real-time auctions powering programmatic ad sales online.

What's the incentive for TV networks or cable providers to embrace programmatic?

Buyers and vendors argue that a lot of TV inventory today is undervalued, and that more specific audience targeting will help boost that value. Some TV executives don't buy it, worried programmatic will commoditize and devalue their inventory. Ultimately, networks with a robust business aren't motivated to change the way they sell. Lower-tier cable networks with a lot of inventory to sell will adopt programmatic a lot faster than a network like FOX.

How quickly is the market adopting programmatic TV advertising?

Not terribly quickly, yet. Buyers and sellers are familiarizing themselves with the landscape, but less than 1 percent of TV inventory has been sold programmatically this year. That could jump to as much as 3 to 5 percent in 2015, forecasted a panel of industry experts at a recent Advertising Week panel. What's holding the market back, they said, is a lack of trusted data jointly accessible to brands, agencies and media partners.

Who's the big winner here?

Brands and agencies stand to benefit from more targeted TV marketing, and undervalued cable networks could bolster their ad revenue, but the biggest winners are likely to be the tech vendors facilitating these transactions: companies like Google, Turn and TubeMogul. Whoever makes the most widely-used set of programmatic TV ad technologies could capture a substantial slice of a $70 billion market.

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Eric Blattberg
October 13, 2013

08.

WTF is programmatic direct?

08
programmatic direct

Someone just told me 2015 is going to be The Year of Programmatic Direct. I readily agreed. WTF did I agree to?

Programmatic direct is a way to automate direct ad buys for set campaigns.

Programmatic direct is a way to automate direct ad buys for set campaigns.

OK, but is that any different than programmatic guaranteed?

No, not really. You could say programmatic direct encompasses both guaranteed and non-guaranteed contracts.

What about programmatic premium?

Um, depending on who is speaking.

"Premium is in the eye of the beholder."

Joe Pych.
NextMark, CEO

And programmatic reserved?

This is awkward, but it's the same.

That's so confusing.

Yes, this is ad tech.

So this is different than real-time bidding?

Yes, it is. Guaranteed ad buys don't involve an auction. Think of it like Wall Street. The spot markets involve real-time bidding, but the majority of trading takes place with guaranteed buys. That's what's going on here.

Ah, RTB is about the remnant, low-quality ad space and programmatic direct is about the high-quality stuff?

Not really. They're just different ways of buying ad space. "Premium is in the eye of the beholder," said Joe Pych, CEO of NextMark, an ad buying tech provider.

OK, this is for the majority of ad buying?

Yes, most ad buying is not done in an auction like RTB. The thought behind programmatic direct is to take the automation mechanisms that were popularized by RTB and apply them to the typical ad buying process.

It's the same technology?

Some think it should be, others think RTB tech isn't right for a market with completely different dynamics. Needless to say, the opinions are often colored by what their companies do.

What's the advantage of doing that?

Ad buying is horribly inefficient. One estimate is that $10,000 of overhead goes into the standard ad buy. As they say in tech, that doesn't scale.

Ah, it's replacing salespeople.

Maybe. It might replace ad operations people more. Ad buys in digital are more than buyer and seller. They involve ad ops to make sure the campaign actually runs. There are clear efficiencies that can be gained in taking a lot of the back-and-forth headaches out of the process.

This must be huge.

No. Programmatic direct is a tiny sliver of the programmatic market, which is still a small part of the digital ad market, which is … you get the point. Still, a lot of people see potential in it. "There's a north star," said Pych. "But you'd think we're closer than we are."

Is this something media agencies will do? Or trading desks?

Either.

Is this different from private exchanges?

It is. The private marketplace gives more power to the ad buyer to choose whether it wants the inventory.

Sounds like more of a feature than a product.

Bingo. Well, that's not fair, it could turn out that way. Jeremy Hlavacek, vp of programmatic at The Weather Company, sees it this way: "It requires the rethinking of a lot of ad tech infrastructure. If we use more automation, we're saying [ad serving] needs to be rethought."

"It requires the rethinking of a lot of ad tech infrastructure. If we use more automation, we're saying [ad serving] needs to be rethought."

Jeremy Hlavacek.
The Weather Company,
vp of programmatic

Brian Morrissey
March 24, 2014

08.
programmatic direct

Who is pushing this?

There are specialized vendors like iSocket, NextMark, Shiny Ads and Adslot. Google has this option. Rubicon and other existing yield management platforms offer this.

Too few buying systems are able to send orders to programmatic guaranteed provider systems.

Are big publishers adopting this?

Yes. Yahoo announced it would open up inventory through this method. Other major publishers are dabbling in it.

What's the holdup?

Oddly enough, the sellers are ahead of the buyers here. Too few buying systems are able to send orders to programmatic guaranteed provider systems. Plus, the influx of automation is roiling all sides of the media buying system. For instance, media agencies and trading desks are set up to fight over programmatic direct budgets. For publishers, using automation in this way requires retraining sales teams and possibly reorganizing ad ops. And then there's Google and other major platforms that have their own agendas.

Where can I learn more?

Check out the Interactive Advertising Bureau's overview of programmatic. It likes to call this "automated guaranteed."

Wait, another term?

Yes, this is ad tech.

09.

WTF is viewability?

09.
viewability

So I keep hearing about viewable impressions and "viewability." WTF is going on?

Viewability is an online advertising metric that aims to track only impressions that can actually be seen by users. For example, if an ad is loaded at the bottom of a webpage but a user doesn't scroll down far enough to see it, that impression would not be deemed viewable. Viewability is designed to let advertisers pay only for the ads that users could possibly see.

Viewability is designed to let advertisers pay only for the ads that users could possibly see.

That's totally reasonable
Is this seriously an issue?

Actually, it is. Depending on whom you believe—and everyone has a dog in this fight—up to 54 percent of ads aren't viewable.

According to the IAB, marketers are becoming increasingly frustrated that they're paying for ad impressions nobody ever sees.

Holy cow
So over half my online budget is being wasted?

That depends who you ask. According to the IAB, marketers are becoming increasingly frustrated that they're paying for ad impressions nobody ever sees. The trade body wants the entire industry to shift from an impressions-served standard to an impressions-viewed standard, which it says will help eliminate wasted ad dollars. Some major ad networks have already begun to offer their customers the ability to pay only when their ads become viewable, including Google, Undertone and others. But according to some ad execs, non-viewable ad impressions are already priced into the cost of display inventory. Switching to viewable impressions will simply inflate media costs, they say, so the net cost will be the same for advertisers anyway. Google itself told Digiday it expects viewable impressions across its network to sell for more than non-viewable ones.

Wait a minute
Is this another way for buyers to put pressure on sellers?

In a word: yes.

Is there a set standard for what constitutes a viewable ad?

The main problem with switching to a viewability standard is that there's still a lack of consistency around what a "viewable impression" actually is and what technology could measure its viewability. The IAB defines a "viewable" impression as one that's at least 50 percent visible for at least one second, but vendors offering viewability solutions use various different methods and technologies to establish whether impressions meet those criteria or not. As a result, the Media Ratings Council advises that it's still too early to transact on viewable impressions until these discrepancies are understood and accounted for.

Switching to viewable impressions will simply inflate media costs, they say, so the net cost will be the same for advertisers anyway. Google itself told Digiday it expects viewable impressions across its network to sell for more than non-viewable ones.

So what will a shift to viewability mean for marketers, if and when it happens?

It's hard to predict the impact it will have on the market, but in theory, the performance of marketers' display ad campaigns should increase, since they will only pay for impressions being served to real people. The cost of those impressions might increase as a result, however, as noted above.

And publishers get screwed.

Some publishers are worried a shift to viewability will have a negative impact on their ad revenues since they will probably be left with fewer impressions to sell. If their impression supply is cut in half, they need to be able to charge twice as much for inventory to maintain their revenues, and there's no guarantee that will happen. From a design perspective, viewability will probably force publishers to move more of their ad units higher up the page, which could have a detrimental effect on user experience in the process.

It all sounds very uncertain.

It is. Nobody quite knows what effect viewability will have on the market. It represents a significant shift in the way online media is sold and also has implications for cookie tracking and attribution. Nobody can be quite sure how viewability will impact the wider online ad market until it becomes commonplace.

Wow, what if newspapers and magazines had to live up to those standards?

Carnage.

Jack Marshall
February 27, 2014

10.

WTF is deal ID

Someone mentioned deal ID in a meeting, and I nodded my head. WTF is it?

Deal ID, or deal identifier, is the unique number of an automated ad buy.

Terrific! Who cares?

Well, deal ID has emerged over the past two years as an important part of programmatic ad buying because it is used to match buyers and sellers individually, based on a variety of criteria negotiated beforehand.

What kind of criteria?

It can include the minimum price the advertiser is allowed to bid, type of ad units, section of the site, among others. You can pretty much tie it to anything.

Deal ID, or deal identifier, is the unique number of an automated ad buy.

Why is that important?

It's critical that both buyers and sellers have flexibility, otherwise programmatic ad buying won't include the full spectrum of ad deals that are often packages. Think of it as taking the best of auction buying and combining with the best of direct buying.

You meant to say "in theory."

Of course. This is ad tech.

Give me an example of deal ID in action.

Say Condé Nast has a deal with Interpublic agencies working for Chrysler. In the open market, Condé isn't into exposing inventory from its sites because it might undercut direct sales. Deal ID will allow it to cut a deal with IPG to allow it to see and bid on inventory from Condé sites that match auto shoppers.

So wait, I thought real-time bidding was all about auctions.

It can include the minimum price the advertiser is allowed to bid, type of ad units, section of the site, among others. You can pretty much tie

Brian Morrissey
March 17, 2014

10.

deal ID

it to anything.

Sounds like it involves humans.

Yes, sometimes robots need humans. And sometimes publishers want the efficiency of programmatic ad buying with the negotiations of humans.

Deal ID has been called the automated version of the insertion order.

Does this have to do with private exchanges?

Yes. Private exchanges allow for publisher control and direct connections with buyers, and deal ID is an added functionality that makes it easier to set up rules for deals

Is this just about remnant inventory?

Hello, "non-premium", please. And no, it is not. Deal ID should allow for publishers to specify the types of inventory available to different types of advertisers. It gives them more control, so it should give them a process for including their better inventory.

Sounds like what regular person-to-person ad deals do.

Deal ID has been called the automated version of the insertion order.

I thought insertion orders were the enemy.

True. But insertion orders are flexible. The buyer and seller can easily agree on many parameters of an ad deal.

Why is this needed?

Because it gives buyers and sellers flexibility while combining that with the dynamic pricing of real-time bidding.

Is this bad for publishers?

No, it shouldn't be. Deal ID can be used by publishers to differentiate deals to a buyer's objectives. It's an improvement to a blind auction, that's for sure. According to Casale Media, deal ID buys can command three times what the open market does.

Who is using deal ID?

Demand-side platforms like Turn, Invite and Mediamath. And private exchanges like those offered by Google, Pubmatic and The Rubicon Project and, soon, AppNexus.

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Is this just for banner ads?

No, video supply-side platform LiveRail and video ad exchange SpotXchange are pushing this as an option for publishers using its tech to sell video ads. It's moving to mobile too.

Hallelujah, this is the ad tech we've been waiting for!

Not so fast. There are deal ID detractors. Some — and they have their own biases here — claim that deal ID is flawed because it is still trying to retrofit the technology used for live auctions (RTB) with the very different dynamics of direct buys. AppNexus CEO Brian O'Kelley called it a "screwdriver and a nail." Of course, AppNexus has since said it would build Deal ID functionality.

Why is nothing straightforward and simple?

Sorry, this is ad tech.

Brian Morrissey
March 17, 2014

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WTF is header bidding

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header bidding

WTF is header bidding?

Header bidding, also known as advance bidding or pre-bidding, is an advanced programmatic technique wherein publishers offer inventory to multiple ad exchanges simultaneously before making calls to their ad servers (mostly DoubleClick for Publishers). The idea is that by letting multiple demand sources bid on the same inventory at the same time, publishers increase their yield and make more money.

"Header bidding is a much cleaner and better tech integration between revenue partners, ad tech companies and publishers compared to what's going on currently," said Yieldbot CEO Jonathan Mendez.

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Yieldbot, CEO

Sounds complicated. How is this any better than how things work now?

For publishers, true programmatic efficiency is a bit like alien life: It's probably out there, but no one's actually seen it. Instead, publishers have managed their programmatic yield by daisy chaining sources in a waterfall structure: Publishers offer impressions in one sales channel, and if buyers don't bite, they push them down to other, less valuable channels until some-one makes a bid. The system works, but it's highly fractured and inherently inefficient. Publishers say the system leaves money on the table.

"You lose a lot of inventory to that process," said John Potter, CTO of Purch, which has implemented header bidding in its programmatic strategy.

What do publishers get out of this?

The biggest benefit that header bidding offers to publishers is greater yield. Adding just a single header bid source can increase yield by 10 percent, according Potter. More, by combining their inventory into a single server-side supply, publishers can sell inventory on a per-impression basis, giving them more transparency into how much their impressions are actually worth.

"The entire idea of this system is to eliminate the need for pushing inventory back and forth, which is inefficient and wasteful," said Technorati CEO Shani Higgins.

Weren't the supply-side platforms (SSPs) supposed to solve all this?

They were. The problem is that behind every SSP is a business that's competing with all the other companies offering SSPs, a situation that has fragmented demand sources. One notable side effect of header bidding adoption is that it puts pressure on Google's DoubleClick for Publishers ad server, which, through its dynamic allocation feature, lets AdX—but no other exchange—see and bid on every impression.

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Shani Higgins.
Technorati, CEO

Header bidding seems like a good deal. What's the catch?

Beyond being a complicated setup to implement, the biggest issue with header bidding is what it can do to publishers' page load times. Each SSP tag that a publisher plugs into its page is yet another potential source of added page latency. It's a significant risk these days. Publishers are already larding their pages with third-party ad tags, which have slowed down Web pages and forced alienated readers to install ad blockers.

"The only tech issue is all that stuff you're putting in your header," said Yieldbot's Mendez. "The effectiveness of everything publishers do is predicated on how fast they are."

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Still doesn't seem ideal.

It isn't, but few publishers today are in any position to let inconvenience prevent them chasing more revenue. "From the publisher perspective, it's a better way than what they're doing now," said Technorati's Higgins. "It's not perfect by any stretch."

Richardo Bilton
August 18, 2015

digiday.com