



Digiday Programmatic Media Summit

Scottsdale, Arizona
November 14–16, 2018

Programmatic advertising is maturing, but it isn't getting any simpler. And as publishers generate more of their revenue from automated selling, their challenges with it are becoming increasingly pronounced. Concerns around transparency and efficiency persist, while Europe's GDPR and new data privacy laws in California have resulted in further complexity and less data to work with. Publishing executives gathered in Scottsdale, Arizona to discuss challenges and opportunities in programmatic advertising for the year ahead.



WHAT WE LEARNED

There's no "one size fits all" model for programmatic sales

As more advertising is transacted programmatically, publishers are constantly tweaking their ad sales structures and the ways their ad sales teams are compensated. That won't change any time soon, but attendees agreed there's no optimal structure for programmatic sales groups. Some publishers still rely on standalone programmatic sales teams that sit alongside direct sellers, while others are taking a more integrated approach.

- For many publishers, the organization of their sales groups should reflect the needs and demands of their clients. If clients prefer to work with publishers in a specific way, publishers should set themselves up to accommodate those needs, rather than looking at other publishers for a "best practice."
- When it comes to compensation, multiple publishers said for now they see an upside to compensating both direct salespeople and programmatic salespeople for automated sales. "We do double comping. The business is moving to use automation where the incremental costs are exceeded by the gains. We did the math, and it's okay to pay two people on one dollar because eventually, it's going to get a lot more of those dollars," one attendee said.

"Brand safety" is hurting revenues

Automation has its downsides as well as its advantages, and one of them is advertisers using an increasingly heavy-handed approach to avoiding buying ads alongside news and other content. Many attendees said they've experienced increased sensitivity to news content and to "brand safety" in the past year, but argued that advertisers are missing out on opportunities or paying more for their media because of it. It's also having a significant impact on publishers' revenues, particularly if their content is heavily news-driven.

- One challenge for publishers is once their sites have been labeled a certain way by a brand safety vendor, it's tough to get it changed or even to understand why they were labeled that way in the first place. "If something is being flagged as hard news, then you're all of a sudden being bucketed in this category that is going to get less revenue. And when you try to

- **Reality check:** Programmatic talent is still hard to find and to retain – particularly as competition for it mounts from vendors and platforms, which may have more money to throw around. Publishers should factor that in when figuring out their sales orgs. The reality is that great direct salespeople with a detailed knowledge of the nuances of programmatic advertising and technology are not easy to come by.
- That said, there's no reason that direct sellers can't at least be versed in the basics of programmatic and the opportunities it may present. Salespeople out in the market who aren't at least able to explain the potential benefits of programmatic buying to clients could be leaving money on the table. Forbes tries to train its direct sales team to be able to answer basic programmatic questions like which SSPs it works with and what inventory is able to be purchased across the board, for example.

THE BOTTOM LINE

There's no silver bullet for structuring programmatic sales teams. Publishers must figure out what works best for their own businesses.

get someone on the phone to understand why, it's difficult to get an answer," said Nicole Goksel, senior director of digital revenue operations at Tribune Media.

- In some cases, buyers are even derailing their own programmatic direct deals by using brand safety technology that isn't particularly sophisticated, or they're blocking terms that are of specific interest to the audiences they're trying to reach. "We had a situation a few weeks ago where a buyer had 'celebrity' on the block list. With Condé Nast, a lot of our content might have 'celebrity' in it," said Condé Nast's head of programmatic and data, Sarah Nagle.

THE BOTTOM LINE

Publishers need to hold clients' hands to understand what they might be sensitive to and why, and how they're blocking their exposure to it.

WHAT WE LEARNED

GDPR compliance remains a mystery

Europe's General Data Protection Regulation came into effect in May, but virtually no attendees said they've finished implementing their provisions for it and working through contracts.

- **Reality Check:** Nobody really knows if they're GDPR compliant, because nobody knows what GDPR compliance is. There's no precedent to use as a benchmark, meaning publishers are in the dark about whether or not their measures will suffice. In some instances, publishers are simply doing business as they were prior to the regulation's introduction, and they haven't faced repercussions yet. "We almost need someone to get in trouble to set an example for the rest of us to know what not to do," one publishing executive said.
- Even those publishers who believe they're "finished" implementing their GDPR measures said they aren't particularly convinced the solutions they have in place mean they're compliant. "It feels to me today like 99 percent of the setups out there are not fully compliant and are fake opt-ins," one attendee said. Another said they haven't really seen a negative impact on CPMs since GDPR, likely because people are agreeing to an opt-in that's not clearly explained to them.

Communication and transparency are key

Many attendees started the week complaining their biggest challenge with programmatic ad selling is transparency. But in town hall conversations and working group sessions, a consensus arose that many of those pain points could be alleviated simply with better communication. That means better communication with internal teams, with technology vendors and partners and, most importantly, with agencies and clients.

- Multiple publishers said clients could extract more value from their programmatic buys if they were more transparent about their campaign goals. Often buyers will simply optimize to simple metrics like price and viewability, which could ultimately be hurting their campaign performance. New York Media's head of programmatic revenue Jeremy Fass said publishers should push buyers for more information in order to give publishers the opportunity to help them optimize to the right metrics. "I love when marketers come to us and say they are trying to drive net-new site visits. We can optimize around that," he said.

- Some publishers, such as The Washington Post, still have many of their programmatic tools disabled. It still has Google's ad exchange in non-personalized mode and doesn't allow third-party ad serving in Europe, according to Jason Tollestrup, the company's vp of programmatic strategy and yield.
- **The silver lining:** Although it's been a headache to deal with, some attendees said GDPR has helped significantly raise the profile of programmatic advertising within their companies, and in some cases has resulted in greater resources being dedicated to it as others in the company have begun to see it as a more significant revenue opportunity.

THE BOTTOM LINE

Publishers should ensure they have GDPR measures in place, but can't really be confident at this point that they're 100 percent compliant.

- Attendees agreed that publishers should also push their vendors for more transparency and communication. If publishers are better able to understand the auction dynamics among ad tech firms — such as the factors they consider when bidding for and allocating inventory — then publishers will be better equipped to put their best foot forward in terms of presenting their inventory. Additionally involving ad tech firms in communications with advertisers could help to facilitate programmatic deals and remove roadblocks to executing those deals. "I think we're not including the platform enough [in communications with clients]. If you're using a DSP to run a campaign, why couldn't a rep from that DSP be on the email thread?" said one attendee.

THE BOTTOM LINE

Publishers can benefit by pushing their partners for more information.

SPEAKER HIGHLIGHTS

The New York Times' Jay Glogovsky explained how the newspaper publisher has consolidated its programmatic business to create less confusion for advertisers. His key points:

- Having programmatic managed by three different teams created conflicts of interest and misaligned goals.
- The Times cut its number of programmatic partners from 40 to eight and cut partners that won't meet its revenue share requirement.
- Unifying its sales team and trimming its programmatic partners are making it easier for the publisher to be transparent with ad buyers.

Meredith's Chip Schenck pushed publishers to share more information with advertisers. His key points:

- Agency trading desks and DSPs withholding information from publishers creates information asymmetry that works against publishers in negotiations.
- Sellers are getting better about sharing auction metrics, like CPMs and impression counts, with advertisers, but they need to do a better job of sharing the insights behind those numbers to differentiate their inventory.
- Publishers need to promote new levers for advertisers beyond pricing, such as repackaging, exclusivity and customization, to change how auction metrics affect advertisers' spending behavior.

Tribune Media's Nicole Goksel highlighted how programmatic's complexities complicate publishers' sales efforts. Her key points:

- Publishers don't know the secret sauce that companies are using when buying their inventory and whether those decisions are being made by the advertiser, the agency trading desk or the DSP.
- When Tribune Media worked with fewer SSPs, it was easier to get partners to explain sudden revenue drops.
- Header bidding has led to Tribune Media working with more SSPs, which requires its sales team to stay more on top of those companies to understand performance and ensure optimizations are being made.

OVERHEARD

"The traders are just the most junior folks at the agency. They're really just order takers. So we're trying to learn who do we need to go to when."

—Anonymous publisher.

"The way Google's algorithm works, I think they have more control than publishers will admit."

—Anonymous publisher.

"From conversations we've had with clients, there are only a few clients who have successfully taken programmatic in-house. And what they've really taken in-house is tech contacts and managing their own data."

—Anonymous publisher.

"I expect [our sales team] to not just know about header bidding but to know what are the different SSPs you can buy."

—Rebecca Solorzano, vp of programmatic operations at Forbes.

"We're debating how to build our sales team for programmatic. We can utilize our existing sales team, but is that leaving money on the table? Or we can build out a programmatic sales team, but does that create confusion in the market?"

—Jeremy Fass, head of programmatic revenue at New York Media.

"Whoever has the lowest revenue share is the SSP we'll gravitate towards using."

—Anonymous publisher.

"Google did admit that open and private are essentially the same thing now, and the only difference is the preferred aspect."

—Anonymous publisher.