

# The Programmatic Guide

FOR MODERN MARKETERS, PUBLISHERS, AND MEDIA PLANNERS





## Let's revisit the (good) old days of advertising.

It used to be that if you were an advertiser, you would simply work with your agency to define the creative strategy, see a handful of creative ideas (knowing they were pushing you their favorite all along), tell them how much you wanted to spend, and what your goals were (maybe).

The agency would then spec out a short list of identified publications (offline and online), you would discuss pros and cons of each, and then place insertion orders that met your criteria (or just felt right). You'd wait. And, while of course there was math involved and a lot of smart thinking, success was more about brand recall and brand association (net positive) and less about ROI (wasn't even a term) back in the day.

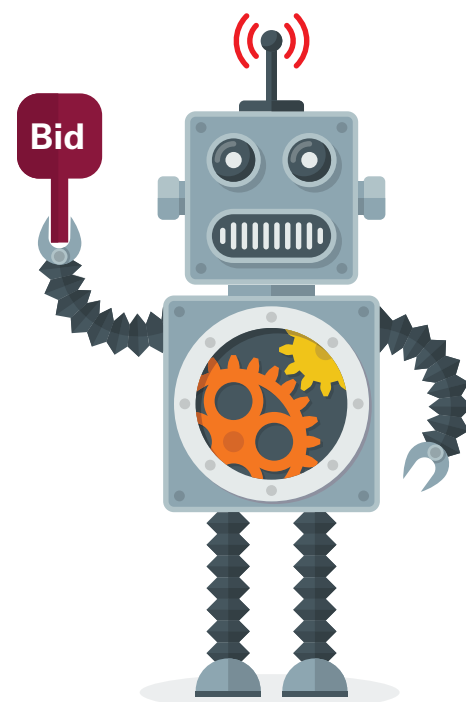
Over the course of the last decade, however, the process and accountability for marketers and advertisers has vastly shifted. Whereas marketing used to be known as an OPEX (it costs the business money) function, it has now become a key channel for monetization and revenue accountability. So, while that has become a tremendous advantage for businesses and marketers, it has also shifted marketers (and advertisers) to be technology and data driven experts, along with being brand champions and storytellers.

### Enter the rise of programmatic advertising and data intelligence.

In 2013, the International Data Corporation (IDC) predicted that spending on RTB (real-time bidding) display advertising—one form of programmatic buying—would accelerate at a 59% compound annual growth rate through the year 2016, making it the fastest growing segment of digital advertising.

They were right.

**It has also shifted marketers (and advertisers) to be technology and data driven experts, along with being brand champions and storytellers.**



Additionally, eMarketer predicts that in the US alone, programmatic ad spending will be over \$20 billion in 2016, more than double the amount seen in 2014. In the UK, programmatic ad spending is expected to increase to over \$4 billion in 2016, up from just under \$3 billion in 2015.

Moreover, according to Gartner Research, programmatic techniques and technologies are transforming the advertising marketplace, and automated media buying and selling systems are challenging agencies and capturing a significant share of the value in a majority of digital media transactions.

The reason for this shift is that not only could technology finally deliver the accountability to the marketer but also that there was vast inventory that has shifted TV spend (and radio, print) to online channels. TV and video inventory, specifically, have contributed to the exponential growth of digital media and the need for programmatic approaches to delivery and measurement associated with the business outcomes supporting these formats.

Innovative delivery and content is THE currency in advertising and only programmatic platforms can deliver the value to the advertiser to ensure the return on these immersive media formats. That movement happened quickly and brands had to still find a way to connect and with the accountability being included, could finally measure success based on more than recall or click through rate (CTR).

Programmatic advertising provides for repeatable, automated advertising that allows for exponential success and accountability, which is precisely what advertisers historically were missing and continually seek.

## So, what is programmatic advertising?

We define it simply as “Automated advertising buying coupled with machine learning.” However, there are no shortages of definitions of the term programmatic advertising.

“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.”

—**Digiday**

“Programmatic advertising helps automate the decision-making process of media buying by targeting specific audiences and demographics.”

—**Marketing Land**

The first definition helps explain it in very simply terms whereas the second helps explain what it does.



### ROI Q&A

**Question:** “Why should you care?”

**Answer:** “Advertising is expensive, especially if you spend money where it is ineffective. Programmatic Advertising has closed the gap on performance and helps advertisers realize consistent return on ad investment.”

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In terms of the different types of programmatic advertising, according to the Interactive Advertising Bureau (IAB)—which is an industry organization geared toward ensuring standards across the advertising ecosystem—there are two types of programmatic buying (the process in which you’re buying advertising):

### 1. Programmatic Direct

Also known as Premium Programmatic Advertising, this is an automated technology-driven method used for buying, selling, or fulfilling advertising. It provides for an Automated Guarantee Systematic automation of sales process. No insertion order (IO) or master services agreement (MSA) covered within the partnership.

### 2. Programmatic Real Time Bidding (RTB)

Two types of RTBs are Open Auction (audience targeting) and Private Marketplace Deals—which require a private marketplace and allow for fixed pricing and data overlays. We are beginning to see more and more of this type of programmatic advertising being used every day.

So, as the business requirement grew to connect marketing and advertising to revenue, measurement strategies became critical to success. To that end, programmatic tactics started as an accountable way for advertisers to get the best bang for their buck using media arbitrage as a way to increase ROI on lower funnel acquisition efforts.

Technically speaking, programmatic is supported by industry protocol called Open RTB (real-time bidding). This is on the buy side of advertising. Meaning, that in real time, advertisers can bid on inventory and place media based on algorithms defined to provide the best return based on goals and spend.

The protocol and standards associated are maintained also by the IAB. The IAB also provides numerous training and thought leadership opportunities for the industry.

## Why does programmatic matter?

The shift to programmatic tactics means a few things for marketers and the industry as a whole. In essence, it has validated and delivered against the need for data-driven, and accountable ROI-based media delivery. Additionally, it has enabled an efficient method for publishers to monetize core inventory.

That said, some advertisers have struggled with premium inventory falling outside of the standard programmatic categories and are still being required to fulfill unique and exclusive campaign needs.

Regardless, the entire programmatic category is seeing increased spending across the board due to its predictive yield and ROI for marketers and publishers alike, not to mention easy insertion processes and lower barriers to entry for most advertisers.

### PREFERRED YIELD

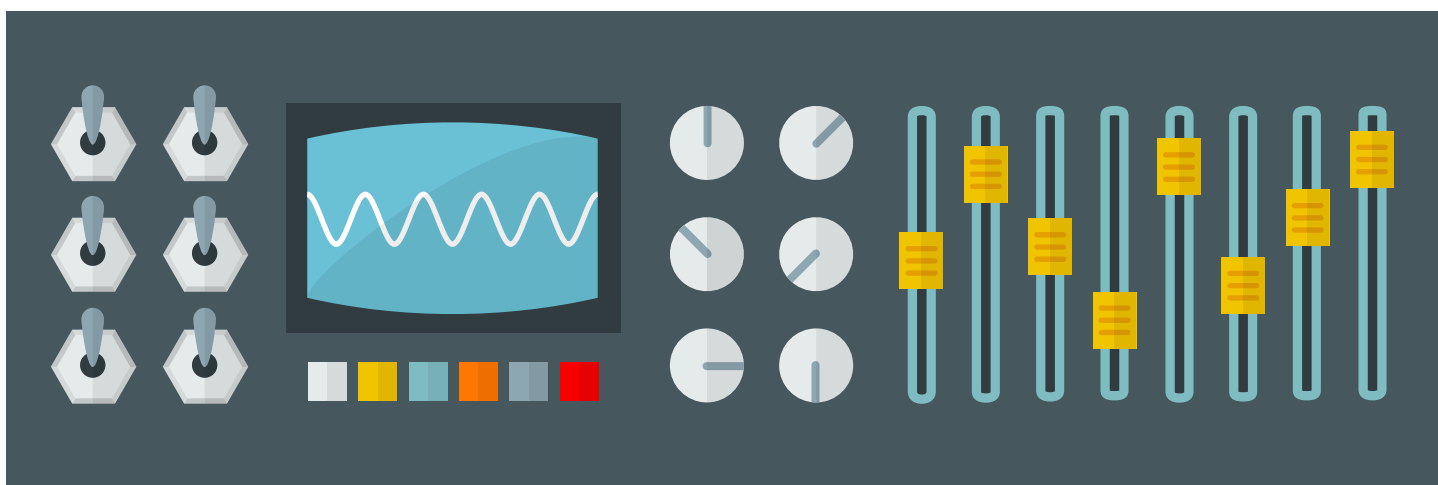
This is the maximized revenue you want to see based on the advertising delivered. Advertisers will practice yield management as a technique to maximize the revenue generated through various ad units and insertion strategies.



### PREMIUM INVENTORY

This is prime real estate, the space on a given website that the publisher has denoted as being the most optimal for ad placement and as such will charge a higher cost. One example of this could be the Above the Fold space.





Additionally, native advertising has adopted programmatic techniques and tactics and continues to grow because advertisers are able to see returns on these unique and/or custom placements and can dynamically adjust and deliver added value to a brand based on learned characteristics. Without an automated process, these highly contextual ad units would not be able to see the return they are now and advertisers would be less willing to invest in unique content programming.

In a nutshell, programmatic advertising aligns media with brand lift metrics for real ROI and only spends money where it will be effective.

Media professionals still need to be experienced and have an understanding and idea for where it might be best to reach audiences. That said, programmatic advertising can help advertisers best optimize on the fly and bid appropriately on the right inventory when it is available so that they can best manage their return and/or value of their media spend.

That's the true value of moving to a programmatic media strategy: The ability to automate insertion strategies and get the most value from them.

## What programmatic means for marketers and ad agencies.

For marketers to fully embrace a programmatic advertising program, ensuring the right combination of tech and content is key. Either via agency partners or directly, the tech to help manage the volume and variations of audience segments is critical. Additionally, planning cannot be under invested or under estimated.

### To that end, ask the following questions:

1. What are your specific goals for acquisition, retention, and nurturing campaigns? Who will manage and how will they be measured?
2. Do you have the people and systems to obtain these metrics and have the ability to refine them and iterate?

### KEYS TO PROGRAMMATIC ADVERTISING SUCCESS

- Premium Content
- Creative Execution
- Technology Platform(s)
- Operational Support Organizationally
- Execution/Measurement
- Testing and Optimization



3. Where will data informing the campaign come from?
  - 1st party (Which ones? Who manages? How will you ingest data?)
  - 2nd party (Who? How? What?)
  - 3rd party (Who and how will you test for accuracy and modeling?)
4. What does repeatable success look like and how will you operationalize for continued program growth?
5. Do you have the right team in place to manage and assess success? If not, who do you need and where do you get them?
6. Do you need or have the right partners? Assess them based on their technical strength as well as background in media execution.

Advertising agencies must be technology-focused today—at least they should be. Agencies are key influencers and technology system integrators with the ability to recommend and evaluate platforms on behalf of the brands they represent and/or on behalf of their own business to garner even more strategic insights pre-buy.

Agencies are required to add value and ensure brand success by not only conceptualizing key campaign creative, but also by monitoring and tweaking performance to meet business objectives—or hopefully exceed them.

#### **Agencies specifically need to address:**

1. What is their capability in house (tech and services) for management of enterprise advertising? How about experience with programmatic buying and optimization?
2. How do they manage performance and who do they do it for?
3. How do they best work with clients and what are their expectations for a winning campaign?
4. Do they have the right tech stack to make it happen?

Tech stacks are key as are the right resources in the agency to do the work. Historically, agencies were creative. With the rise of programmatic spend, they've become technologists. This provides a unique opportunity for companies to build the best advertising technology—such as a data management platform (DMP)—capabilities to be successful with full integration into the ecosystem for better media execution partnerships.

#### **INTUITION + INSIGHTS**

Programmatic advertising will not replace good instincts and insights that only experienced media planners at brands or agencies possess, but it can make ROI richer and faster.



#### **DMP Q&A**

**Question:** “How does data management factor into advertising?”

**Answer:** “Data management and DMPs help to organize the most complete, actionable, accurate audience segments for the best targeting available through all channels.”



## Getting started with the right teams and processes.

Good organizational design and staffing is key for any organization, but as marketers have adopted (in rapid order) data driven processes, the requirements for marketers and the talent in marketing organizations has dramatically shifted.

As programmatic advertising affords a unique advantage for advertisers, it doesn't reduce the need for experienced resources either internal to a brand, or via agency partner. Planning is still critical for success as it is important to have a clear view on what success looks like, what the right inventory strategy should be, and what the creative and/or campaign execution should look like.

Creative teams in essence need to be bolstered with analytics and business intelligence/measurement experts now to ensure the business objectives of campaigns can be realized. The addition of data scientists to marketing organizations is the key difference in organizational design and structure as items like programmatic advertising have grown in popularity.

### **So, what does success look like?**

Ultimately marketers and advertisers (using programmatic tactics or not) are obligated to serve the customer experience. Not only do their customers demand it, it's better business. As marketers, we champion the customer experience and are in many ways responsible for this within organizations. Advertisers are held accountable to the same goals, also having the need to prove campaign success and value to the business bottom line.

To that end, success is contingent upon the ability to manage a great customer experience—where they are on their terms and on their devices—in an automated fashion which helps a business be more ROI positive. Efficiency delivering great experience is the goal. Profitability is even better.



## Glossary of Terms

### 1st Party Data

Simply put: This is your data. It's the data that you have collected from the actions or behaviors of visitors to your website combined with data in your customer relationship management (CRM) systems, social media data, subscription data, or multi-channel data gleaned from mobile sites or apps.

### 2nd Party Data

This is essentially someone else's first-party data that you can use to help achieve your marketing goals. For example, you can form a mutually beneficial relationship with another company whereby you each share your respective first-party data.

### 3rd Party Data

This data is consolidated from websites and social media platforms other than your own. Third-party data helps marketers reach a wider audience, and when used in conjunction with a campaign, can help reach more diverse and targeted audience groups.

### Above the Fold

Back in the day this term used to refer to what was on the top half of a folded newspaper—a printed newspaper. Today it refers to the sections of a website that can be seen by viewers without having to scroll. As such this space is a premium and will cost more.

### Ad Exchange

Think of this as the programmatic grocery store where advertisers, marketers, and publishers go to buy and sell ad inventory. They will oftentimes buy and sell via an automated process such as Real Time Bidding (RTB).

### Ad Impressions

This KPI reflects how many times a given ad is delivered by an ad server to a user's browser. Buyers rely on this metric to ascertain more information on a given website like how many visitors and how popular it is.

### Available Inventory

Quite simply it is as the name implies. It is the amount of ad inventory a given publisher makes available to other publishers, advertisers, and marketers.

### Ad Server

If the Ad Exchange is the grocery store, an Ad Server is the shelf for it is the place, or better still, the technology that stores the ads. An Ad Server also delivers and puts a given ad on a website for example in addition to generating reports on the ads themselves.

### Ad Size

This refers to the height and width of a given display ad. Right now there are nearly 100 different ad sizes online, give or take a small, medium, or large.

### Audience Buying

This is Marketing 101 as it is essentially segmentation. Audience buying allows a publisher or marketer or advertiser to hone in on precisely the right target based on demographics or other factors.

### Automated Guaranteed

With aliases such as programmatic direct, programmatic premium, or programmatic guaranteed, Automated Guaranteed is all about reserved advertising inventory and the sale of it between a seller and a buyer with the automated part referring to the fact that instead of a manual process it is done via automation.

**Daisy Chain**

According to digitalmarketing-glossary.com: “A daisy chain is a chaining of ad-networks used to optimize ad revenues. In daisy chaining, a floor CPM or flat fixed CPM is assigned for each ad network. The ad network with the higher agreed CPM is number one in the daisy chain flow. Daisy chains are used for remnant inventory or small website inventory.”

**Deal ID**

Matching buyers and sellers, a Deal ID or Deal Identifier is created using a string of characters. It is used in a private marketplace setting only with rules that are mutually agreed upon up front.

**Cost Per Thousand (CPM)**

Much like Audience Buying, CPM is right out of the Marketing 101 dictionary, only in this case it refers to the cost per 1,000 impressions or views of a given ad.

**Data Management Platform (DMP)**

A DMP is a centralized platform that ingests, organizes, and segments an advertiser’s first-party and third-party mobile and desktop audience data assets in one place for audience creation, analytics, and execution.

**Demand Side Platform (DSP)**

A DSP provides for the automatic buying of ads—video, search, display, or mobile. It is software that helps you find the right audience, how many impressions to buy, and connect with the right publishers—all in real time.

**Minimum Buy**

Just as the name implies, this refers to the process where publishers and/or their partners require an advertiser to spend at least a certain amount to buy ad space on their website or other location.

**Premium Inventory**

This is prime real estate, the space on a given website that the publisher has denoted as being the most optimal for ad placement and as such will charge a higher cost. One example of this could be the Above the Fold space mentioned previously.

**Private Marketplace**

Also known as Private Exchange, Private Auction, or Closed Auction, this is an invitation-only exclusive RTB auction whereby a given publisher offers its inventory of online ads for purchase to a very specific group of advertisers.

**Real Time Bidding (RTB)**

RTB or Real Time Bidding is a type of programmatic ad buying whereby ads are put up for auction one impression at a time, which can provide very specific targeting and metrics. A downside to RTB is that very often the buyer is buying the ad space blindly with no knowledge of where the ads will be run and by whom.

## About Oracle Marketing Cloud

Modern Marketers choose Oracle Marketing Cloud's data-driven solutions to create engagement, orchestrate experiences, connect data, and optimize online interactions that attract and retain ideal customers. These Modern Marketing solutions connect cross-channel, content, and social marketing with data management and activation along with hundreds of pre-integrated app and data partners. Leading brands use our award-winning expertise and technology to deliver personal experiences on a proven system that marketers love and IT trusts.

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