PROGRAMMATIC BUYING

THE ITALIAN MARKET

ITALIAN PROGRAMMATIC ADVERTISING IS A €482 MLN MARKET

Il Programmatic advertising (Fonte: Osservatorio Internet Media, cfr. Nota metodologica)
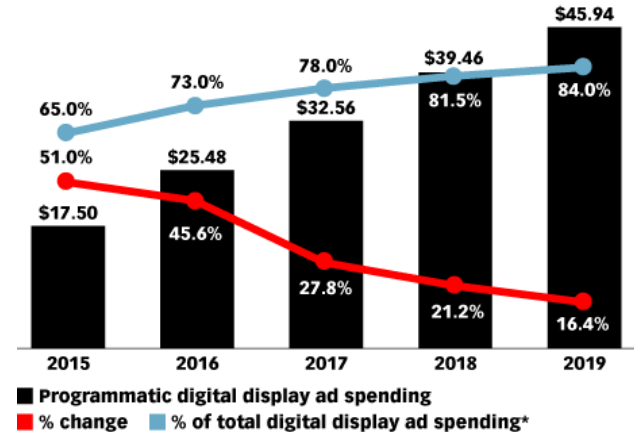
AND IN MOST ADVANCED MARKETS

In US the share of programmatic purchases made via open exchanges is declining, while the share transacted via programmatic direct is growing.

This year, programmatic direct will represent 56.0% of programmatic display spending, while 44.0% will be bought via real-time bidding (RTB).

US Programmatic Digital Display Ad Spending, 2015-2019

billions, % change and % of total digital display ad spending*

	2015	2016	2017	2018	2019
Programmatic digital display ad spending	$17.50	$25.48	$32.56	$39.46	$45.94
% change	51.0%	45.6%	27.8%	21.2%	16.4%
% of total digital display ad spending*	65.0%	73.0%	78.0%	81.5%	84.0%

Note: digital display ads transacted via an API, including everything from publisher-erected APIs to more standardized RTB technology; includes native ads and ads on social networks like Facebook and Twitter; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; *includes banners, rich media, sponsorships, video and other
Source: eMarketer, April 2017

225350   www.eMarketer.com

WHY THIS GROWTH?

1. Ad Buying Efficiency

Programmatic uses software and technology to automate the ad buying and selling process with the speed and scale that humans can't achieve manually.

2. Ad Targeting Relevancy

Programmatic offers advertisers the ability to incorporate large amounts of data, sometimes from multiple sources, to serve users with ads that are more likely to be relevant based on psychographic, demographic, behavioral and intent signals.

THE DEFINITION

PROGRAMMATIC BUYING

Programmatic Buying is the process of executing media buys in an **automated fashion through digital platforms** such as: **supply-side platforms** (**SSPs**), **exchanges** and **demand-side platforms** (**DSPs**).

This method replaces the traditional use of manual RFPs, negotiations and insertion orders to purchase digital media.
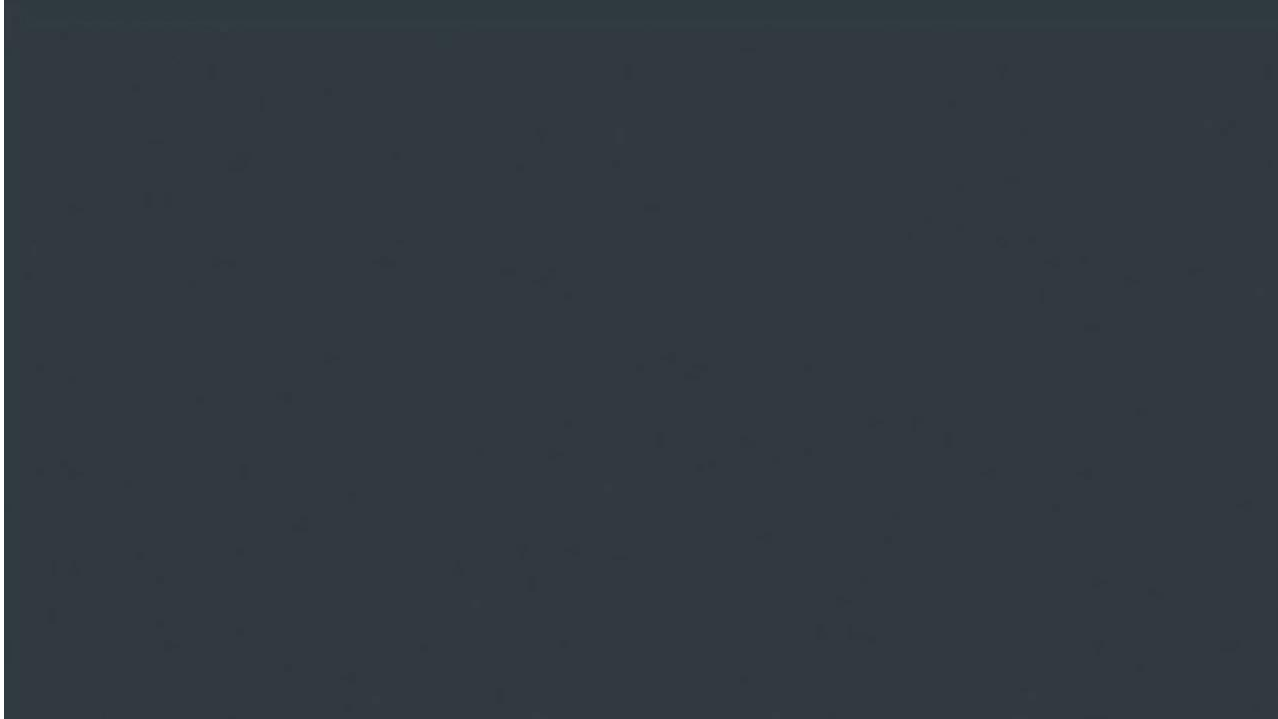
Programmatic is not a media channel but a **method to buy media.**

THE ECOSYSTEM

PROGRAMMATIC
THE EVOLUTION OF DIGITAL ADVERTISING (IAB)

THE ECOSYSTEM
Programmatic Arena

PROGRAMMATIC ARENA (SIMPLIFIED)

AGENCY TRADING DESK

Agency Trading Desks

groupm

CADREON

accuen

vivaki

dentsu AEGIS network

Holding company-created division to execute audience buying strategies, both direct and programmatic.
The organization usually manages programmatic media typically using DSPs and other audience buying technologies
• Place ads based on target audience
• Manage bids, placements, and targets

DEMAND SIDE PLATFORM (DSP)

Demand Side Platforms (DSP)

Tool for trading desk (advertiser)
- A piece of software used by traders (advertisers) to buy advertising placements with real-time bids
- Benefit of DSP for Advertisers
  - Central access to publishers, networks, exchanges, SSPs
  - Targeting/control options
  - Robust reporting
  - Automated optimizers (targeting/ads)
  - Brand protection (white list, content, viewability)
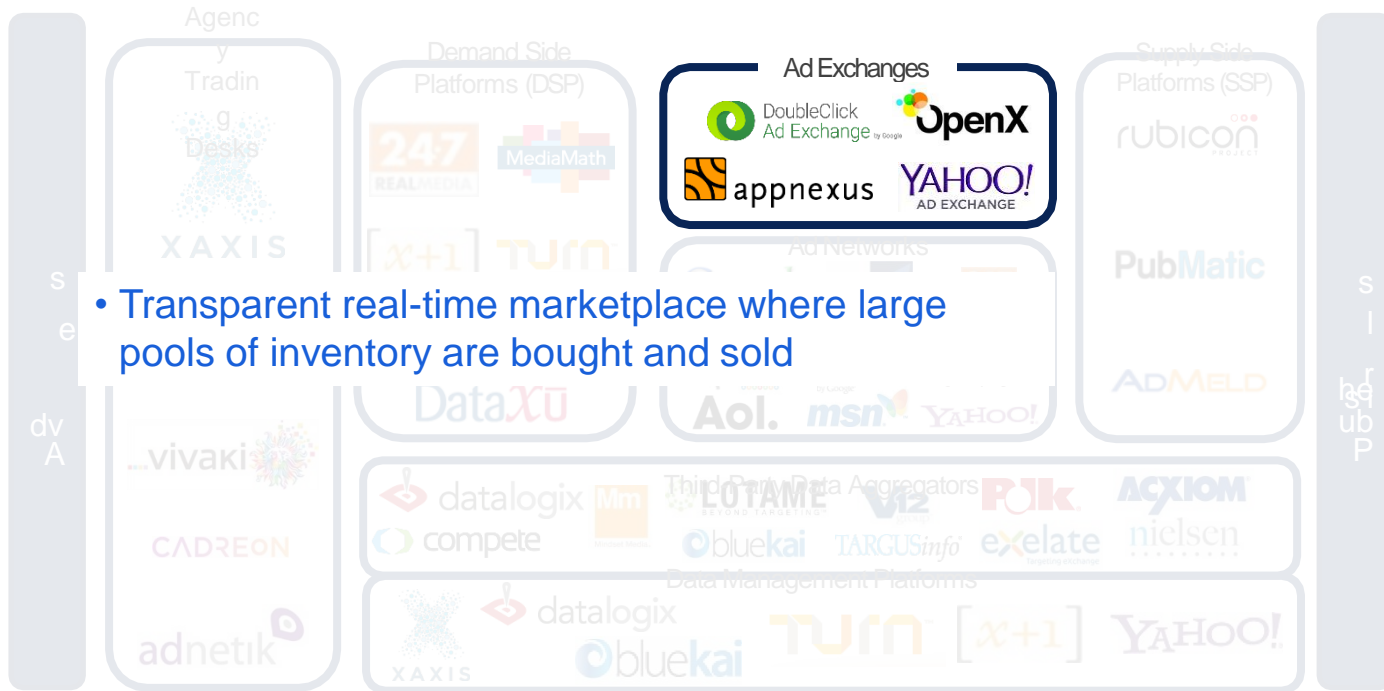
SUPPLY-SIDE PLATFORMS (SSP)

Tool for publishers
- A piece of software used by publishers to sell advertising in an automated fashion
- Benefits of SSP for Publisher
  - Access to advertisers, networks, ad exchanges, DSPs
  - Automated yield management
  - Robust reporting
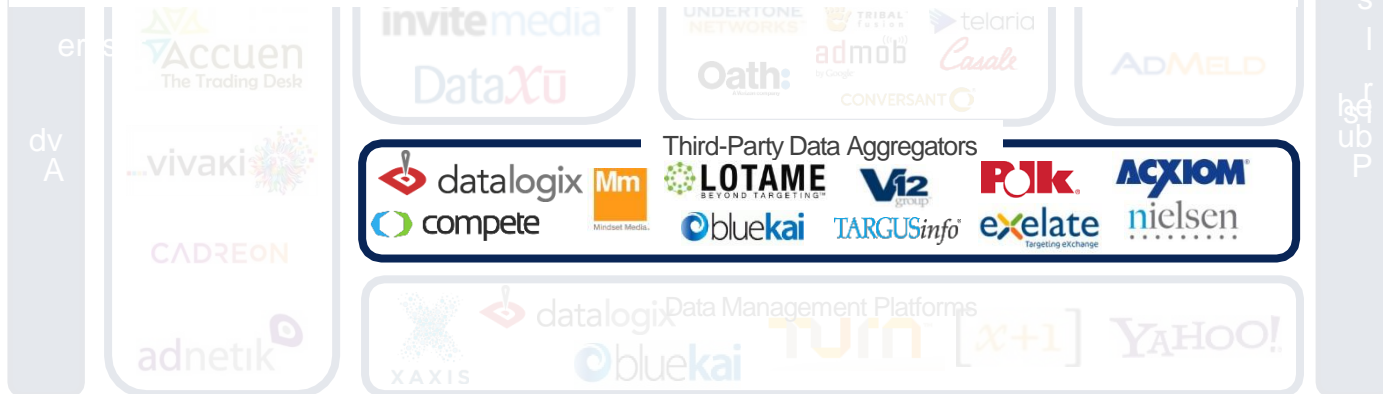 - Block advertisers
  - Price floors

Supply Side Platforms (SSP)

rubicon

BrightRoll

adform

DoubleClick Ad Exchange

FreeWheel

AD EXCHANGES

Ad Exchanges

DoubleClick Ad Exchange by Google · OpenX · appnexus · YAHOO! AD EXCHANGE

- Transparent real-time marketplace where large pools of inventory are bought and sold

THIRD-PARTY DATA PROVIDER

- Third-party data is information that's collected by an entity that doesn't have a direct relationship with consumers.
- This often comes in the form of cookie information they can use to target and track specific users. This data is often "plugged in" to a demand-side platform to help it decide which ad impressions it should buy from exchanges.

DATA MANAGEMENT PLATFORMS

Data for both advertisers and publishers
- A data warehouse that houses information and spits it out in a way that's useful for marketers and publishers
- Benefit of DMP for Advertisers
  - Data to develop and target specific targets
  - Target specifications applied across large source

DOMANDE?

THE ECOSYSTEM

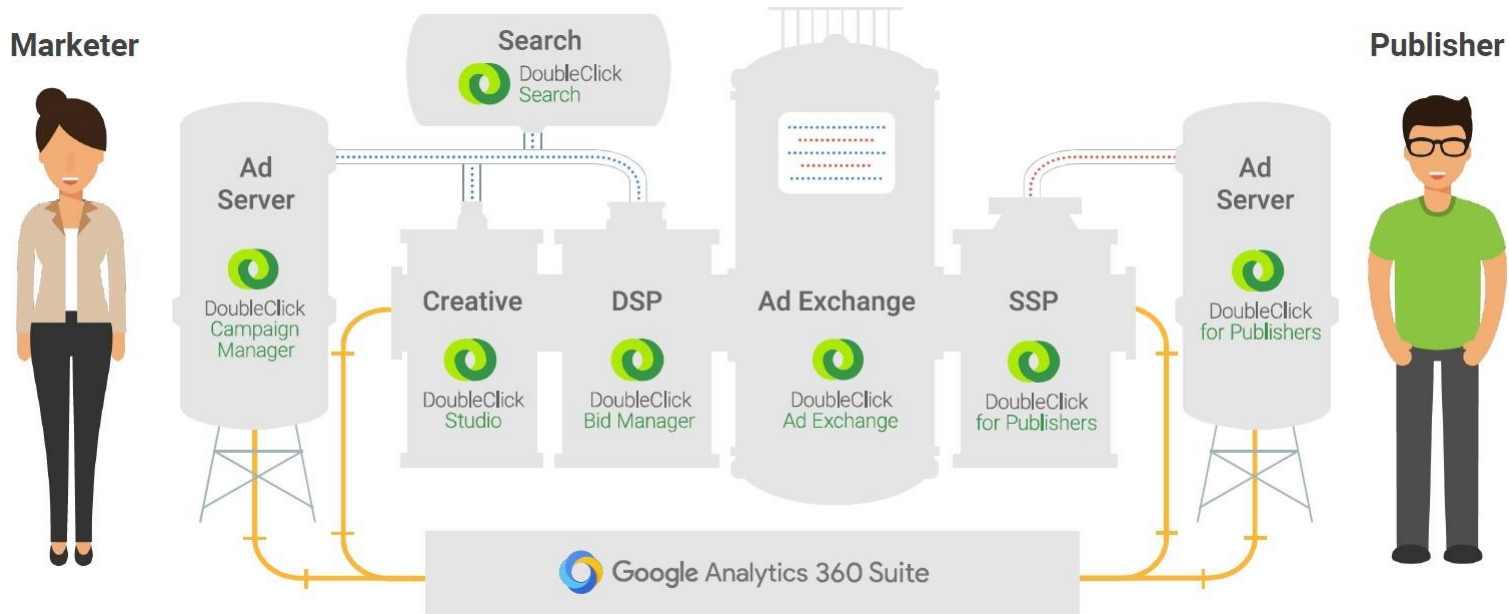## Tech Stack

PROGRAMMATIC INDUSTRY-LEADING STACK

An Ad Stack consists of various Ad Tech components that compose the paid digital advertising chain

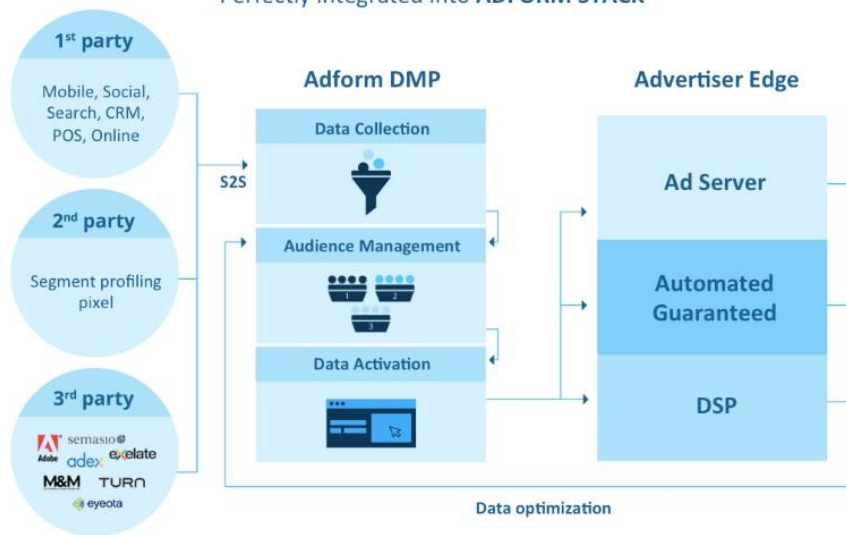| ADSERVER (Agency Side)	DEMAND SIDE PLATFORM	(WALLED GARDEN INVENTORY)	SELL SIDE PLATFORM	ADSERVER (Publisher Side)	ANALYTICS / DMP
Google	Google	YouTube	Google	Google	Google
adform	adform		adform	adform	
Sizmek	amazon advertising	amazon advertising		Sizmek	
	xandr		xandr		
	Adobe				Adobe
	theTradeDesk				
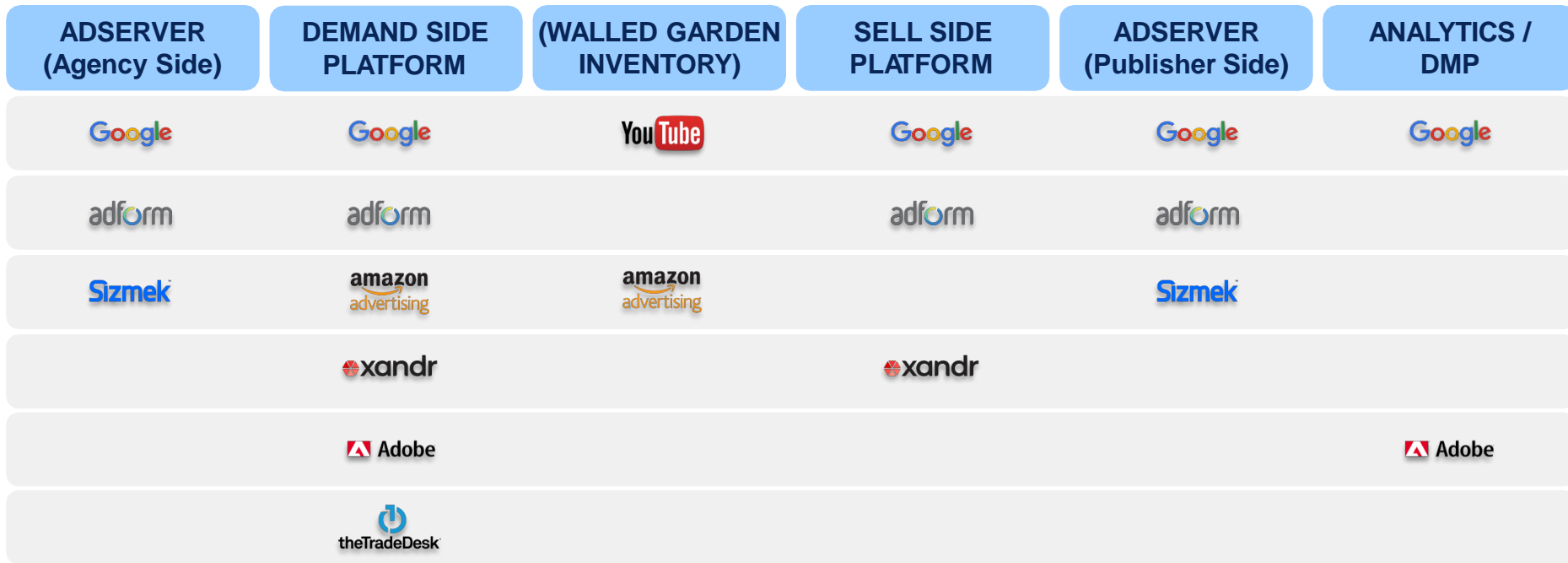
GOOGLE DOUBLECLICK TECH STACK

ADFORM TECH STACK

AMAZON TECH STACK

amazon

**DSP
Amazon Ad
Platform**

Amazon Data

Supply
Amazon.it
(SSP + Header
Bidding)

PROGRAMMATIC MEDIA PLANNING

BUYING MEDIA DIRECTLY

The OLD SCHOOL

MARKETER

WANTS
TO REACH
IT DECISION
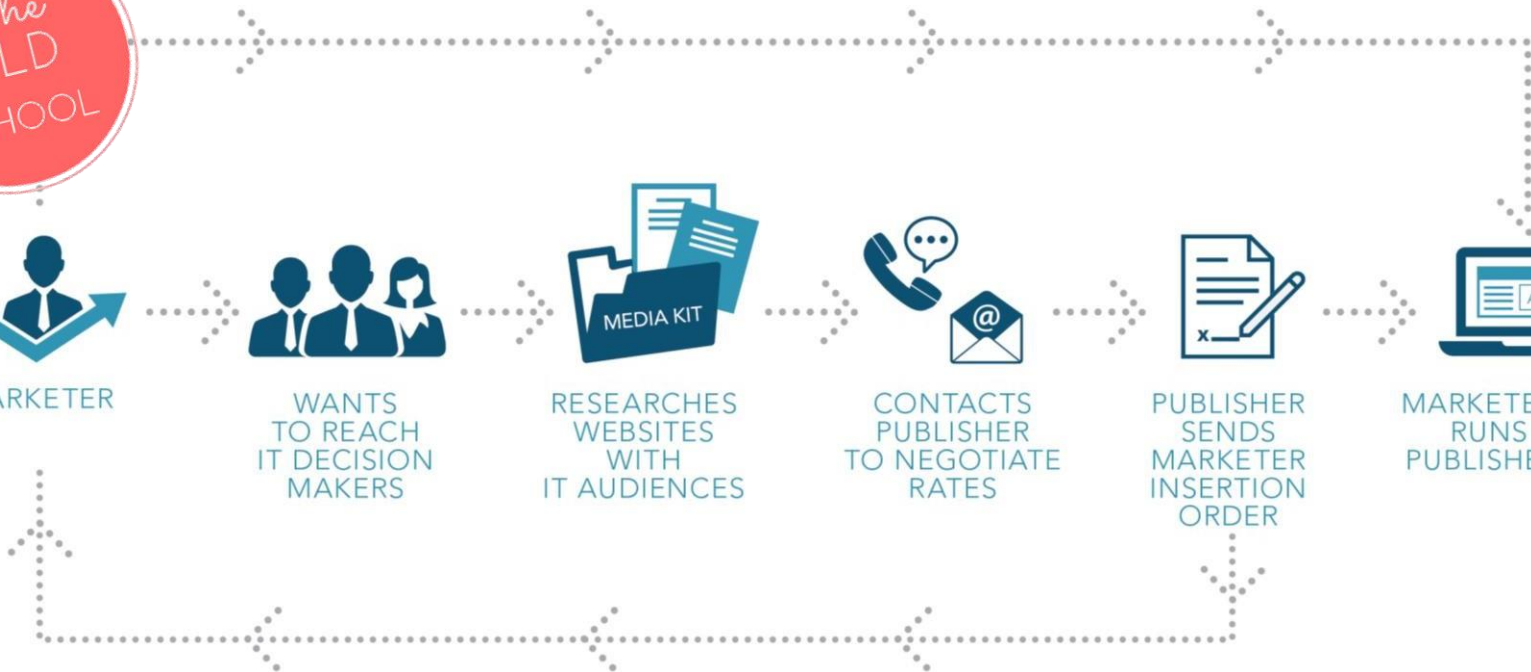MAKERS

MEDIA KIT

RESEARCHES
WEBSITES
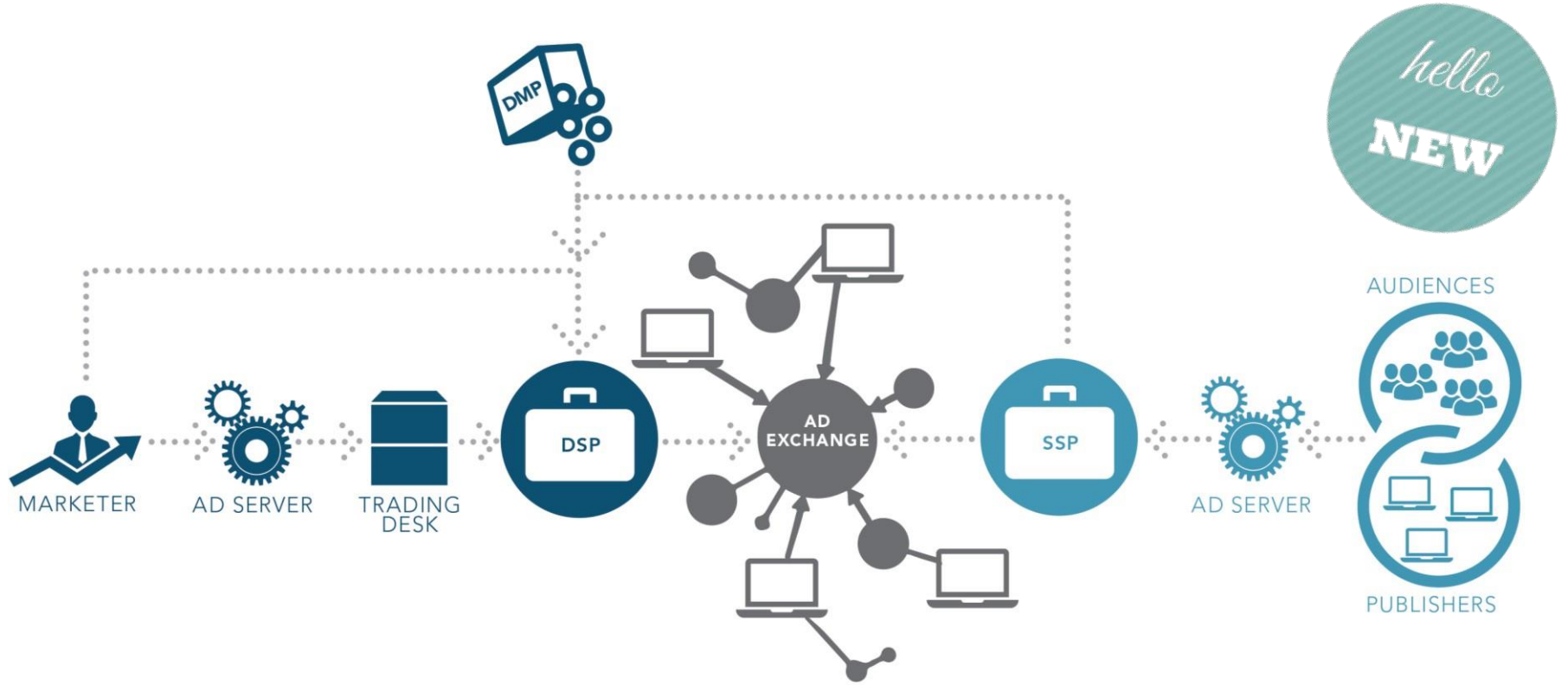WITH
IT AUDIENCES

CONTACTS
PUBLISHER
TO NEGOTIATE
RATES

PUBLISHER
SENDS
MARKETER
INSERTION
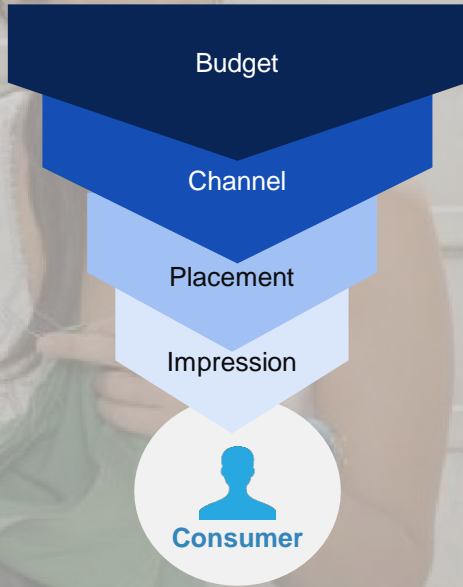ORDER

AD

MARKETER'S AD
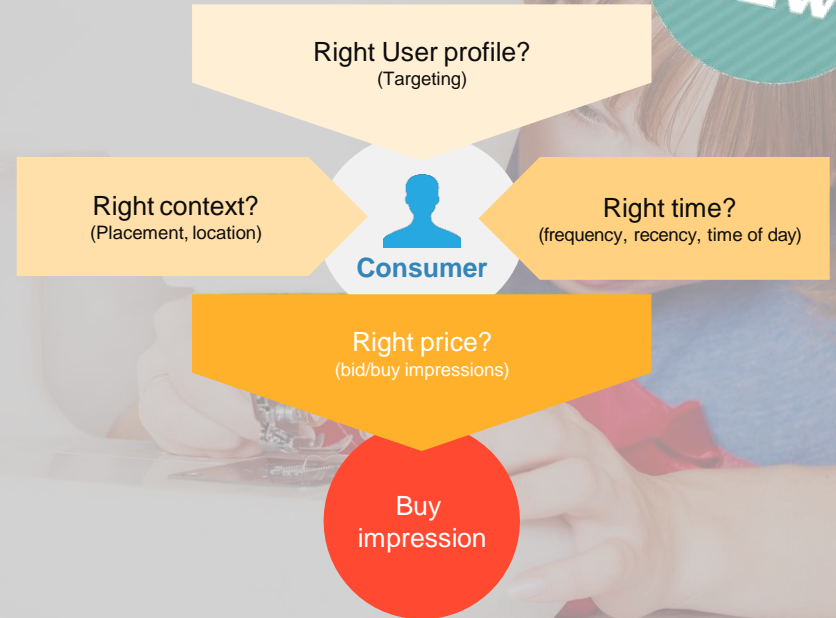RUNS ON
PUBLISHER SITE

BUYING MEDIA PROGRAMMATICALLY

DIGITAL PLANNING: WHAT IT'S CHANGING

The OLD SCHOOL

hello NEW

Budget

Channel

Placement

Impression

Consumer

Right User profile?
(Targeting)

Right context?
(Placement, location)

Consumer

Right time?
(frequency, recency, time of day)

Right price?
(bid/buy impressions)

Buy impression

DIGITAL PLANNING: WHAT IT'S CHANGING

INSERTION ORDER
Buy media placement to reach affinity

Bulk impression buy on website,
based on affinity to audience.
Broadcasting same message to everyone…

Publisher controls:
- Which pages we buy
- Which users we reach

PROGRAMMATIC
Targeting precision and inventory transparency

Buys individual user contacts.
Based on data on that user
Specific personalized message.

Advertiser controls:
- Which pages we buy
- Which users we reach

PROGRAMMATIC BUYING MODELS

PROGRAMMATIC BUYING MODEL

AUDIENCE GUARANTEED	PUBLISHER	PRICING	BUYERS	TACTICS
Publisher Data match with Audience Data				
DATA				
GUARANTEED	1 publisher	Direct deal, fixed price	1 buyer	AWARENESS
PREFERRED DEAL	1 publisher	Direct deal, fixed price	1 buyer	AWARENESS PERFORMANCE
PRIVATE AUCTION	1 publisher	Auction based, floor price	Multi publisher	AWARENESS PERFORMANCE
OPEN MARKET	Multi publisher	Auction Based	Multi publisher	AWARENESS PERFORMANCE

REAL TIME BIDDING

CPM3 = € 1,50

CPM2 = € 1,20

FLOOR PRICE
CPM = € 1,00

CPM1 = € 0,80

REAL TIME BIDDING

REAL TIME BIDDING
Second Price Auction

CPM3 = € 1,50

Second price auction CPM = € 1,21

CPM2 = € 1,20

FLOOR PRICE
CPM = € 1,00

CPM1 = € 0,80
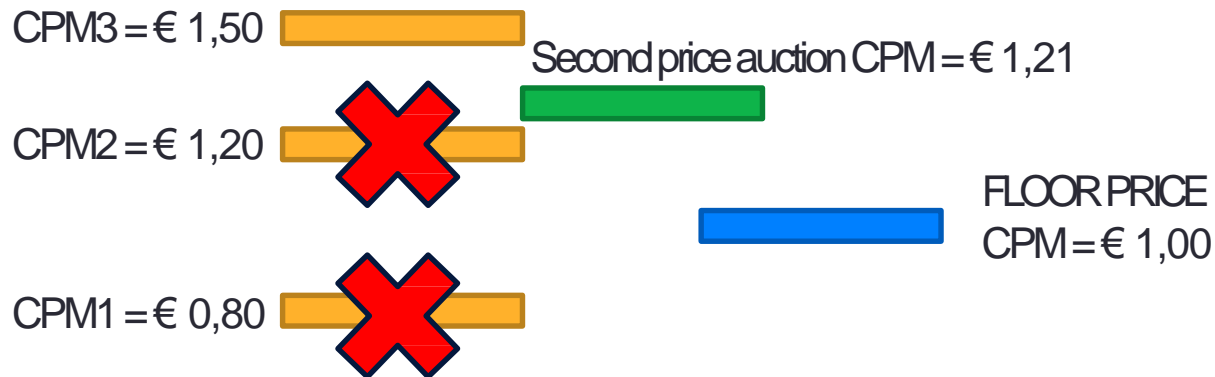
Il buyer 3 vince l'asta ed acquista lo spazio al costo di €1,21 CPM

REAL TIME BIDDING
First Price Auction
(aka Header auction)

First price auction CPM = € 1,50

CPM3 = € 1,50

CPM2 = € 1,20

CPM1 = € 0,80

FLOOR PRICE
CPM = € 1,00
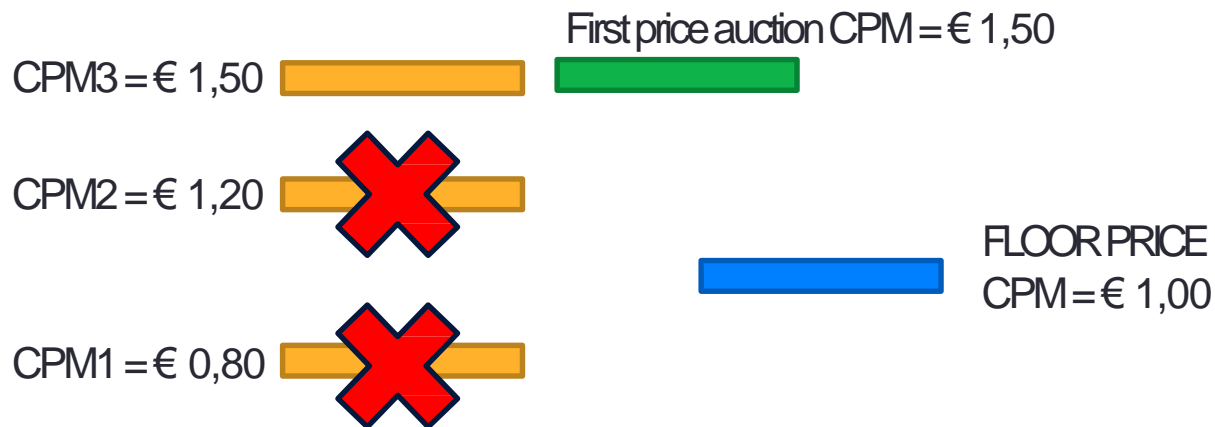
Il buyer 3 vince l'asta ed acquista lo spazio al costo di €1,5 CPM

Waterfall Auction vs. Header Auction
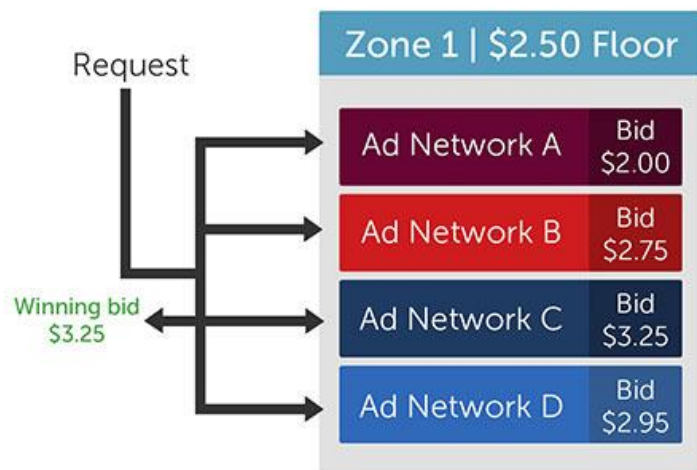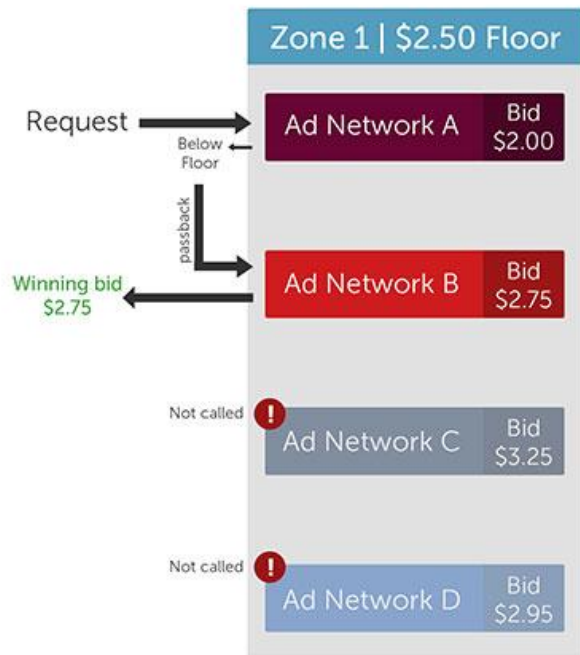
BENEFITS

ADVANTAGES OF PROGRAMMATIC BUYING (2/2)

INCREASED REACH

Incremental reach optimization thanks to cross-publisher frequency cap
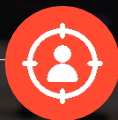
ADVANCE SEGMENTATIONS

Better targeting precision, e.g. Audience, Geolocation, Frequency, Pacing

BRAND SAFETY

Brand safety tools and strategies

DOMANDE?

HOW TO APPROACH

Inventory

BRAND SAFETY

AD VERIFICATION

Monitoring of Fraud, Geo safety and brand-safety

VIEWABILITY TRACKING

Measuring and Optimization

WHITELIST

Buy only against hand-picked sites (from the right seller)

BLACKLIST

Global Blacklist constantly updated

DISPLAY PROGRAMMATIC SUPPLY

- Italy is a Premium Programmatic Market:

  - Premium Inventory (newspaper websites, main broadcasters, verticals, portal, ecommerce, ..)

  - Premium Formats (expand, masthead, native, skin…)

- High availability of Programmatic Inventory

- Consolidated presence of Programmatic Guaranteed

VIDEO PROGRAMMATIC SUPPLY

- The most common used partners are Freewheel and Doubleclick Adexchange

- There are a couple of owned SSPs as Teads and Smartclip, perfectly integrated in the main DSPs

HOW TO APPROACH

Data

DATA: AUDIENCE BUYING
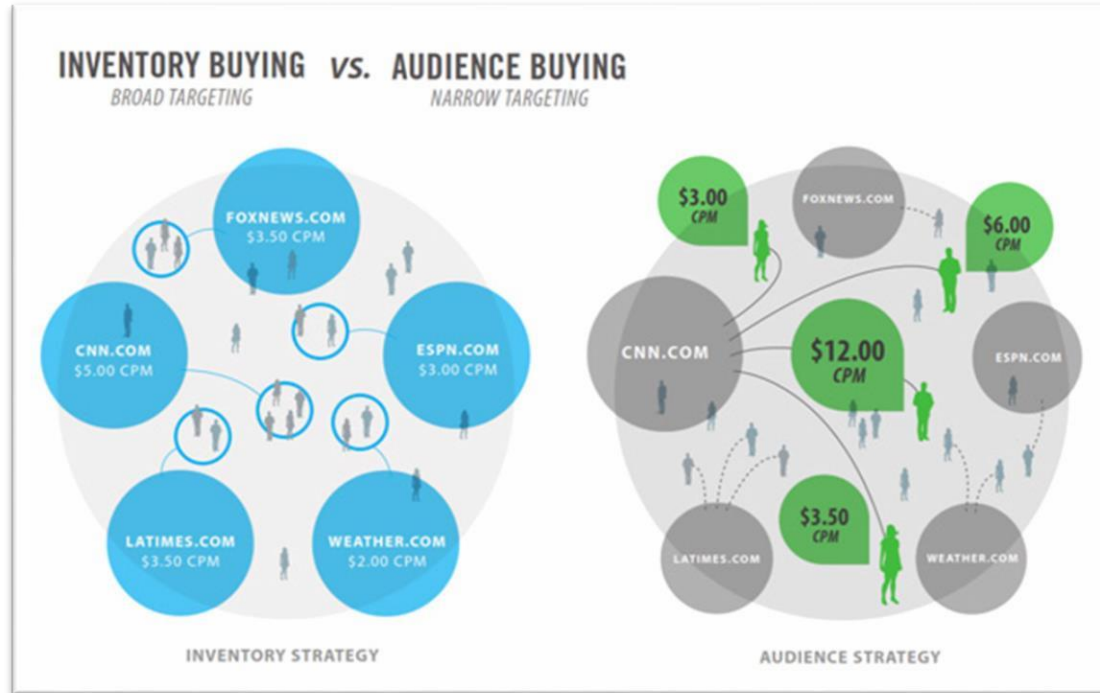
DATA: TYPOLOGY

1st Party

Data created and owned by the source.

Largely collected from pixel's placed on advertiser or publisher's site

Primarily used for retargeting /remarketing

2nd Party

Sharing of 1st party data to another party directly or via DMP

Exclusive agreements to resell data measured directly to other partners

Agreements often negotiated via rev-share or flat fee

3rd Party

Data collected by a third party used to inform a buyer's knowledge of users

Widely available to purchase in the marketplace

360° DATA ACTIVATION ON MEDIA PLAN

ASSESSMENT

STRUCTURING

ACTIVATION

Online

Offline

1° party data

[m]core LIVE PANEL

Google amazon

2° party data

adsquare TVTY

experian ZEOTAP

3° party data

Collection

Segmentation

Analysis

Planning

MEDIA

UX

Programmatic

Search

Social

Content
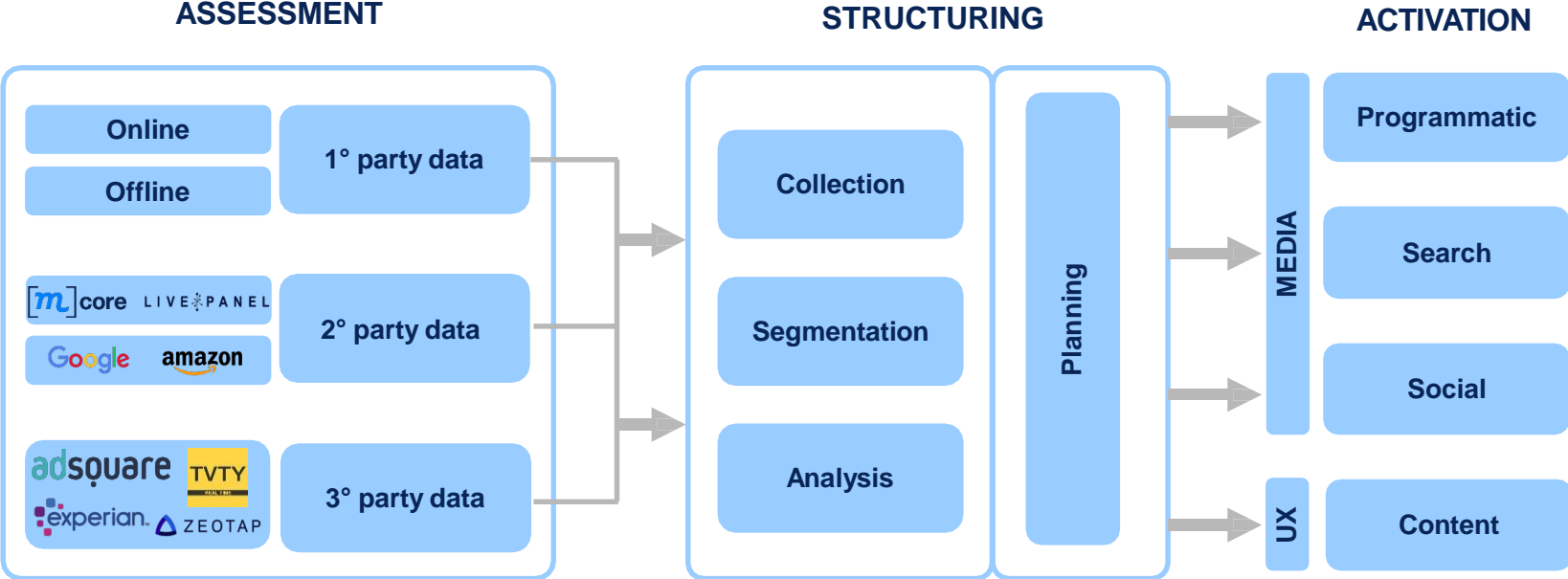
DATA ACTIVATION ON PROGRAMMATIC

To get the better performance from programmatic,
it's all about using and applying DATA

PROSPECTING		RETARGETING	
2nd P DATA	**3rd P DATA**	**1st P DATA (Pixel Based)**	**1st P DATA (External Sources)**
Behavioral & In-Market (DSP & mCore)	Behavioral & In-Market	DSP Pixel Collection (Funnel Steps, Recencies)	Analytics Audiences (Qualified traffic)
Vertical Categories (DSP)	Keywords & Semantic		DMP (Digital Properties data) (Qualified traffic)
Look Alike Models (DSP & mCore)	GeoTargeting & Triggers		CRM (Offline data)

AMAZON DSP

amazonadvertising

AMAZON DSP: DATA AND DELIVERY

Through Amazon DSP, activating campaigns on & off Amazon network and it's the only way to use Amazon data

AMAZON DATA

Lifestyle
In-Market
Demographic
Search
Views
Purchases
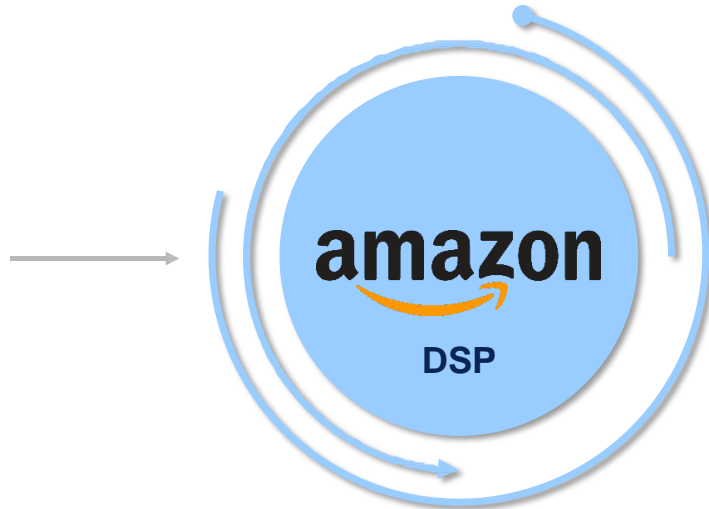
Delivery on Amazon (and Amazon's properties -IMDb, App Amazon)

Delivery outside Amazon

TO ACTIVATE YOUR STRATEGY ON & OFF AMAZON

Client sells on Amazon.it (Endemic) and has a landing page on Amazon.it

- ✅ Targeting
- ✅ Delivery on Amazon.it and Amazon's properties (IMDb, App Amazon)
- ✅ Delivery all over the web

Client doesn't sell on Amazon / Client sells on Amazon.it but has a landing page outside Amazon.it

- ✅ Targeting
- ❌ Delivery on Amazon.it and Amazon's properties (IMDb, App Amazon)
- ✅ Delivery all over the web

Amazon can choose to decline the client/campaign (ex. a competitor product)

RETARGETING & DEA (ENDEMIC)

Using the ASIN (Amazon Standard Identification Number code) you can create a cluster, retarget your audience*, track conversions and activate DEA, Dynamic eCommerce Ads

DEA STANDARD

The content is generated automatically by the platform

DEA CUSTOM

you can choose the full content (image, copy and call to action)

Retargeting is activable only with physical creative materials and no imps/click trackers or full redirect

AVAILABLE METRICS

STANDARD

CTR

VTR

CPA

CPC

TRAFFIC

AMAZON

DPVR
(Detail Page View Rate)

ATCR
(Add To Chart Rate)

PURCHASES

SALES

ROAS

Purchases, Sales and ROAS data are available after 14 days (days window for returns)

PROGRAMMATIC STRATEGIES & TACTICS

STRATEGIES FROM HIGH REACH TO HIGH INTENT
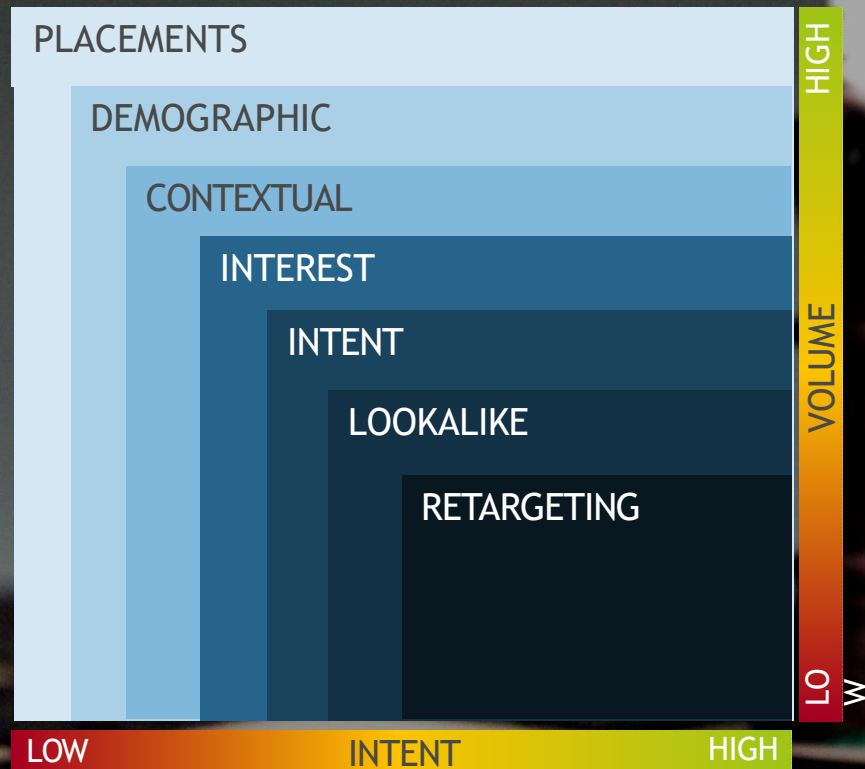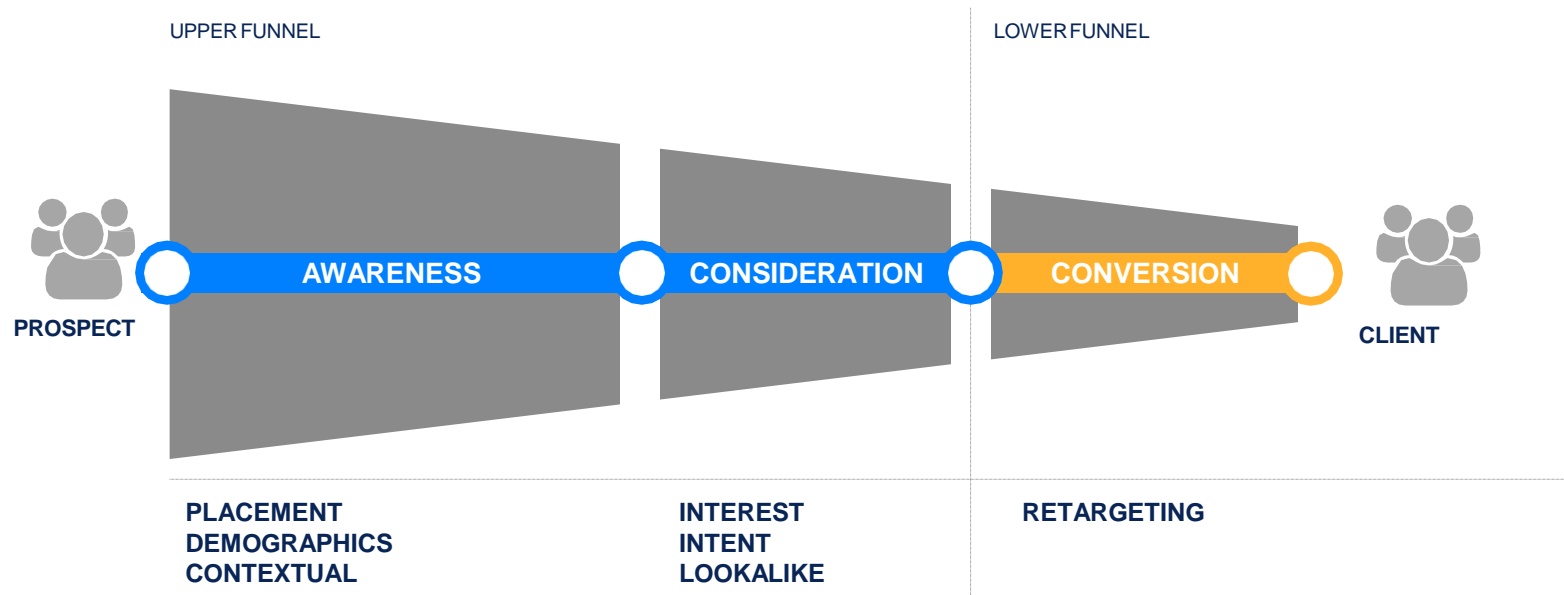
A CROSS-FUNNEL APPROACH BRANDING CAMPAIGNS

UPPER FUNNEL

PROSPECT

AWARENESS

REACH MAXIMIZATION

Through cross publisher frequency cap

INCREMENTAL REACH

e.g. LTV through online video campaign during TV flights

FREQUENCY BOOSTING

Increase frequency on the most performing targets

MEDIA MIX

Impactful ad format
(e.g. Masthead)
Video pre-roll

BENEFITS

Improve targeting precision
Increase reach
Daily budget optimization

A CROSS-FUNNEL APPROACH
PROSPECTING CAMPAIGNS

UPPER FUNNEL

PROSPECT

CONSIDERATION

CONTEXTUAL

To reach users in relevant contexts

INTEREST/ INTENT

Users who shown interest in a specific product category; Users who are actively searching products and considering buying it

LOOKALIKE

Target users who are similar to your existing visitors and customers

MEDIA MIX

Display Desktop & Mobile
Native Adv

BENEFITS

Reach potential customers while they're actively browsing, researching or comparing products.

A CROSS-FUNNEL APPROACH
RETARGETING CAMPAIGNS

LOWER FUNNEL

CLIENT

CONVERSION

RETARGETING

Re-message users that have already engaged with the client's website but not yet taken action

MEDIA MIX

Dynamic Creatives
Display standard

BENEFITS

To reach users who already shown interest in your products and serve them customized message through dynamic ads.
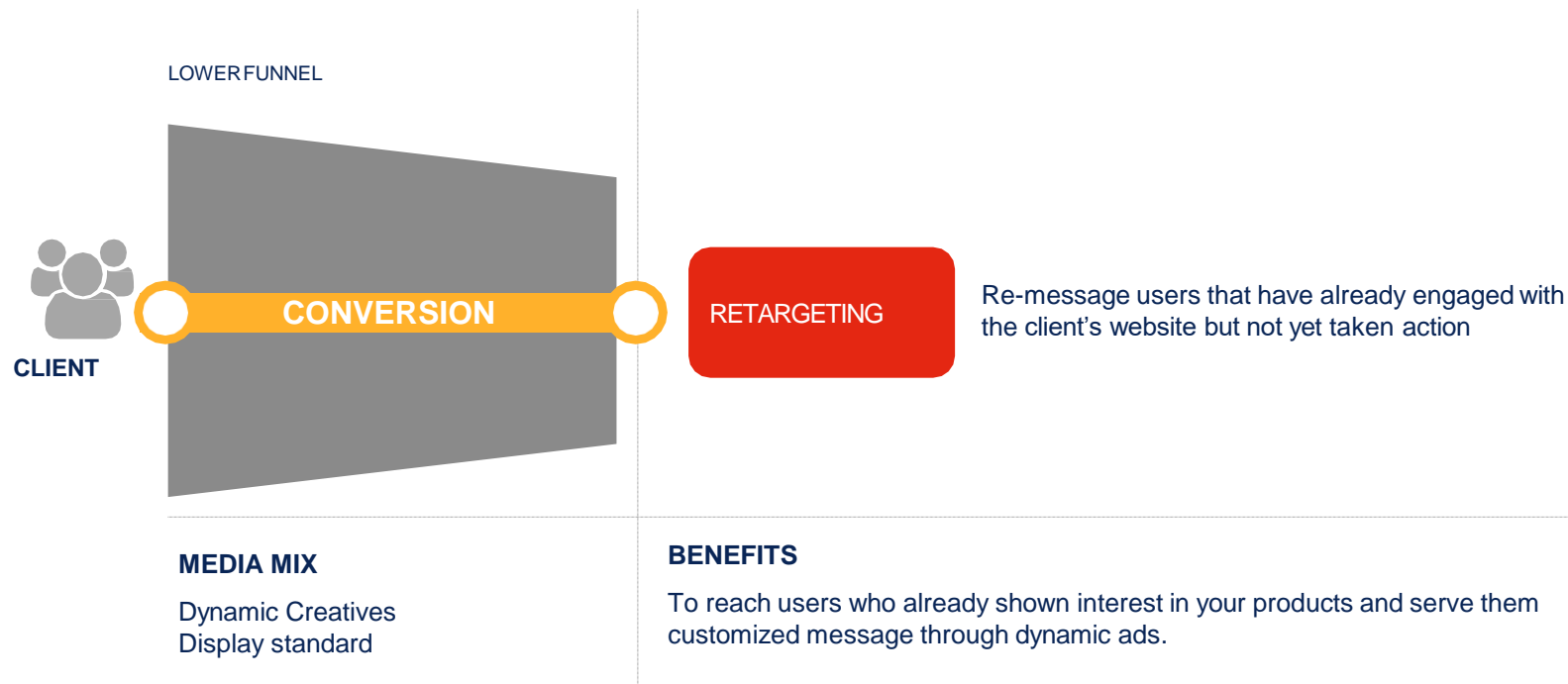
ALGORITHMS &
ARTIFICIAL INTELLIGENCE

A.I. – OVERVIEW

WHAT IS ARTIFICIAL INTELLIGENCE?

Artificial Intelligence is machines' ability to **consume data, make predictions, and perform actions** to achieve desired outcomes.

HOW TO USE A.I. IN ADVERTISING?

AI enables advertisers to integrate **more data and intelligence** into every action than ever before.

Common uses include: audience modeling, dynamic creative optimization, multi-metric analysis, and predictive modelling

ALGORITHMS – A BRIEF CLASSIFICATION

2ND PARTY ALGORITHMS

Off-the-shelf algorithms from ad tech vendors that take a **one-size-fits-all** approach to buying impressions and optimize results

- Owned by tech vendors
- Black-box that can't be finely tunes
- Can't be customized to advertiser's goals
- Works only with dsp data
- Can optimize "just" through conversions

1ST PARTY ALGORITHMS

Custom set of **tailored rules** that are **dynamically generated** on a **per-campaign basis** to deliver outcomes aligned to a **specific business's goals**

- Owned by AGENCY or client
- Can be dynamically fine-tuned
- Specifically designed for advertiser's goals
- Can be powered with multiple source of data
- Can trace and optimize business objectives

amazon advertising   theTradeDesk   xandr   Display & Video 360

ALGORITHMS – TO BID OR NOT TO BID?

JUST CONSIDERING THE "SIMPLE" SCENARIO…

WEBSITE = corriere.it

PLACEMENT = ID1812381

CREATIVE = 300x250

DEVICE = Mobile

OS = Android Jelly Bean

MONTH = July

HOUR = 3.00 pm

DAY = Saturday

ENVIRONMENT = Mobile Web

AUDIENCE = Sport

SIMILAR TO = Converters

LOCATION = Milan

RECENCY = 13 days

EXTIMATED PRICE = 1,1€ CPM

FREQUENCY = 2 Exposures

+ OTHERS

**DSP DATA IMPUTS…
X MILLIONS TIME
IN A SINGLE DAY!**

**TO OPTIMIZE "STANDARDS" KPIs:
CTR, CPC, CPA, CPD, etc…**

ALGORITHMS – TO BID OR NOT TO BID?

...NOW LET'S COMPLICATE THINGS A LITTLE BIT!

...AND LET'S CONSIDER ADVANCED & CUSTOM KPIs

DSP DATA IMPUTS

MULTIPLE SOURCE OF DATA

DWELL TIME

FOOTFALL VISITS

SPECIAL EVENTS

CART SIZE

OFFLINE SALES BEHAVIUORS

SEASONALITY

GOOGLE SEARCH VOLUMES

EVENT WEIGHT

CUSTOMER LIFETIME VALUE

WEATHER

PUBLIC / CLIENT's DATABASE

BRAND SAFETY RULES

PREDICTED AD-FRAUD

PREDICTED VIEWABILITY

PREDICTED CONTENT-SAFETY

CONTEXTUAL SAFETY RULES

ROAS

CUSTOM QUALIFIED VISIT

SITE ENGAGEMENT SCORE

PURCHASE INTENT