

adroit DIGITAL

Data that works. Audiences that matter.

*Transformative performance
from the power of the Shopper
Cooperative*



Programmatic 101

pro·gram·mat·ic

/ˌprɒgrəˈmætɪk/

adjective

of the nature of or according to a program, schedule, or method.

"a programmatic approach to change"

- of the nature of program music.

But what do we mean when we use this term in Ad Tech?

TWO KEY COMPONENTS OF PROGRAMMATIC MARKETING:

1) **AUTOMATION** of processes that were formerly manual, e.g.:

- Real Time Bidding (RTB): using algorithms to buy and sell ad impressions
- Workflow automation: reducing friction & increasing efficiency for buy & sell side
- Insertion Order/Billing automation: least developed, but still promising

2) **DATA DRIVEN**: leveraging data to decide which ad impressions to buy, at what price, on the basis of goal-based optimization or audience reach

Two modes of buying and selling programmatically

- **OPEN RTB**

- “Remnant” ad impressions (anything not sold by a direct sales force) are exposed to auction, sold to highest bidder
- Bid request and response must occur in less than 100 milliseconds
- Many-to-many marketplace, second price auction
- Benefits to buyers: scale, second price, opportunism

- **Private Marketplace (PMP)**

- Leverages same “pipes” as Open RTB but uses Deal IDs as the key
- “Walled garden,” 1 publisher to 1 or more advertisers
- Deal IDs usually involve price floors
- If unsold via PMP, ad impression moves to Open RTB
- Benefits to buyers: brand safety, determinism

Some Key Takeaways on Private Marketplaces

- For Buyers and Sellers alike:
 - Programmatic “pipes” are necessary but not sufficient
 - Human interactions and relationships still matter
 - PMPs can foster new relationships between buyers and sellers
 - Sharing data (KPIs and actual and relative performance) can make a huge difference in the efficacy of the buy
 - Banding together as shared co-ops is on the rise (buyers = first party data consortiums, sellers = publisher groups)
 - Viewability can be addressed via PMP, at a CPM premium