EVR Advertising

A marketer's guide to

PROGRAMMATIC

From the '90s to Now

Digital marketing has come a long way since the first banner ad debuted in 1994. Who knew this little ad for AT&T would be the seedling that would spawn an over $100-billion industry in the U.S. alone? And there's no end in sight. 2022 was the first year global digital ad spend crossed the $600 billion mark, and it is forecast to reach over $820 billion for 2025 (source: Oberlo). The growth of these digital ad formats has been fueled by the ever-increasing amount of time the average American spends online, allowing marketers to create more personalized online experiences for (and with) their unique audiences.

DID YOU KNOW?

Internet users in the U.S. will surpass 320 million by 2025.

Source: Statista

Have you ever clicked your mouse right HERE?   YOU WILL

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What Is Programmatic?

Programmatic media buying utilizes software to automate the buying and selling of digital advertising inventory. Whether purchased through an exchange or a demand-side platform, the programmatic process uses data now available from a variety of first-, second- and third-party sources to create one-on-one interactions based on consumer behaviors, purchase histories and interests. It is able to determine what ad content is relevant to a particular user and serve advertisements where and when they are most likely to convert. As a result, digital advertising buys provide increased efficiency and higher ROI.

- **Demand-side platform (DSP)**—Used by advertisers to place bids and purchase programmatic inventory from multiple ad exchanges or SSPs.

- **Ad exchange**—Where digital inventory from several ad networks or publishers is purchased and sold programmatically. Advertisers define their own price, as impressions are auctioned off using real-time bidding. We liken it to the NYSE with robots.

- **Ad network**—A media company that sells inventory across a variety of publisher sites to advertisers at a predetermined price. They work directly with publishers to help them sell inventory that they have not sold directly.

- **Supply-side platform or sell-side platform (SSP)**—Used by web publishers and digital out-of-home (DOOH) vendors to manage and sell their advertising space across multiple ad exchanges and DSPs.

- **Publisher**—Media companies that release their inventory to the open exchange to be purchased through an ad network, ad exchange or direct.
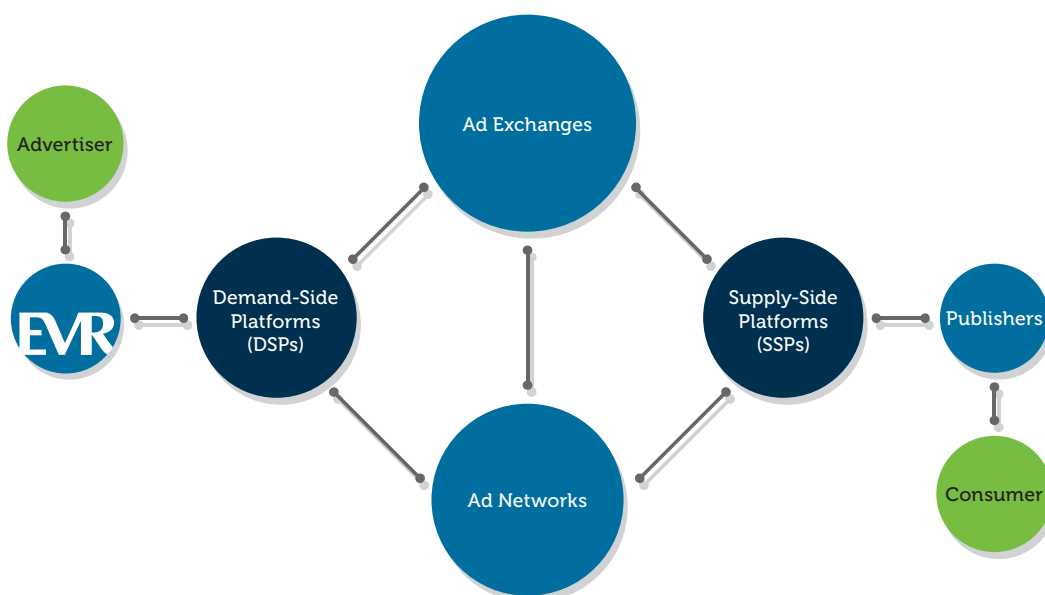
Buyer Beware

There are many ways to buy digital media, and they all have the potential to give you the results you're seeking. As with any major endeavor in business, start by identifying your goals. Then, personify your audience (and don't skimp on the details). Next, take a step back and decide if you have the capabilities and resources to jump into this on your own or if it's more reasonable for you to hire an agency partner to do it for you.

STEP 1: Who will be doing the work?

- **In house—**You feel confident that you have the hang of this and want to execute it yourself. Even though you're keeping it in house, you will still be collaborating with a vendor, whether the website itself or a DSP that will allow you to leverage its technology. Either way, your internal staff will design artwork, execute, optimize and report on each campaign.

- **Agency—**If this all sounds great but your head is spinning a little bit...consider outsourcing. A good agency will be like an extension of your own team, and they will handle the contract negotiations, creative execution and optimizations. Agencies work with and have typically built relationships with a variety of vendors, so they can identify the right one for your project.

STEP 2: Who will supply the inventory?

- **Direct—**You are targeting a unique audience and have a pretty good idea of where they are spending time online. You don't want to stray from a concise list of websites. You can choose to buy space directly through those sites, but keep in mind that this could end up being more expensive versus a broader buy.

- **DSP—**You want to cast the wider net but still want to tackle it yourself. It's a crazy world of demand-side platforms out there, so do your research and identify one that excels in your specific vertical and campaign goals. Finding the right DSP could mean the difference between a successful campaign and a sunk cost, as they complete the buy on your behalf. Choose wisely, young Jedi.

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The Right Audience at the Right Time

Buying digital inventory is only beneficial for your brand if you can create meaningful one-to-one interactions with your audience. Programmatic brings in layers of available data sources to develop your ideal audience based on parameters you set in advance. There are numerous ways to target your audience, but the most effective buys tend to have a combination of three to four of the items. Keep in mind, while it is important to reach your target audience, you don't want to get so heavy in your targeting you drive up your CPMs or leave out someone who could be an influencer of your product.

The most common audience tactics include:

- **Behavioral**—Based on what people do online, how they act and what they actively engage with, both online and offline.

- **Contextual**—Based on the type of content people are engaging with and searching for online.

- **Cross-device**—Reaching users across all devices within a home, including desktop, mobile and tablet.

- **Customer match**—Serving ads to users who are within your customer database, giving the option for personalized messaging depending on what stage of the funnel they are in.

- **Geotargeting/geofencing**—Targeting users who have entered a specific physical location and then serving them an ad after they leave.

- **Retargeting**—Serving an ad to users who have previously engaged with your content or site to reinforce your message.

- **Website/app**—Serving ads to users on specific websites or apps that relate directly to your product or service. These can be set in advance and include an "allowlist" option or a "blocklist" option to exclude any you do not want.

Power in Numbers

Data is one way to amplify the variables you use to reach prospective customers and enhance your targeting tactics. There are three different types of data you can leverage for your campaigns.

- **First-party data**—Data your company is able to provide. An example of this is email addresses from customers who have opted in to receiving communications from you. When available, first-party data is always best, as it is straight from the source and you will know exactly when it was last updated. Though this type of data is typically the hardest to gather, you'll want to lean into this, as Google plans to stop the use of third-party cookies by 2024.

- **Second-party data**—Someone else's first-party data that was sold to another vendor. You purchase this data directly from the company who owns it—there is no intermediary.

- **Third-party data**—The easiest to get, but requires the most caution. Third-party data is information collected by a company and then shared with additional parties who have no relationship with the user of the data. When using third-party data, it is important to vet sources and understand where your data is coming from and how recently it was updated, as well as to ensure all individuals opted in. However, as mentioned above, Google is looking to part ways with third-party cookies, so you should not focus too much of your efforts here. Popular third-party data providers in the programmatic space include (but are not limited to) Experian, Nielsen, Acxiom, Datalogix, Adobe and Bluekai.

DID YOU KNOW?
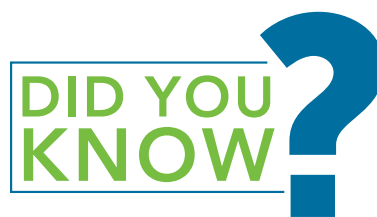
There are two main types of data:

Deterministic—Leverages data that is more identifiable so you know who the end user is. This includes online log-ins or customer IDs.

Probabilistic—Matches many different online signals to build a user profile. These matches may result in a 70–95% accuracy rate.

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What Does Success Look Like?

Before starting any new project, it's imperative to define your goals. Having your goals clearly laid out will allow you to not only determine the success of your project at the end, but make adjustments along the way if necessary. Programmatic allows a granular level of targeting that you miss with other channels. This feature is one of the reasons programmatic spend continues to rise.

Alongside these goals, it's crucial to identify your key performance indicators (KPIs), as they will dictate what your campaign should be optimizing and how you might be charged. Programmatic algorithms are meant to optimize and learn based on your KPIs. Defining these correctly early on can have a dramatic impact on your campaign performance. KPIs can be impressions, clicks, downloads, video views, etc. For example, if your primary KPI is form submissions, then the algorithm will optimize delivery toward ads that are yielding the most submissions, even if others may be delivering more impressions or clicks.

Below are a few pricing models for buying digital:

- **CPM**—Cost per (thousand) impressions
- **CPC**—Cost per click
- **CPA**—Cost per acquisition
- **CPCV**—Cost per completed view
- **DCPM**—Dynamic cost per (thousand) impressions
- **CPiV**—Cost per incremental visitor

Success is ultimately measured by your return on investment (ROI). You can get all the clicks you could dream of from a banner ad, but if you're spending more money than those downloads are generating, you will want to readjust your spending. Be thoughtful about your ad placements and make sure you're not giving away too much to top-of-the-funnel (ToFu) customers.

With a call to action (CTA), such as a form submission, you're targeting customers in the bottom of the sales funnel (BoFu). This is the narrowest part of the funnel and comprised of people who are actively interested in what you have to offer and are perhaps comparing their options before taking the leap. How will you make yourself stand out? Sharing interesting information, a discount, a free trial, etc. in exchange for a filled-out form seems like a good trade…hello, first-party data!
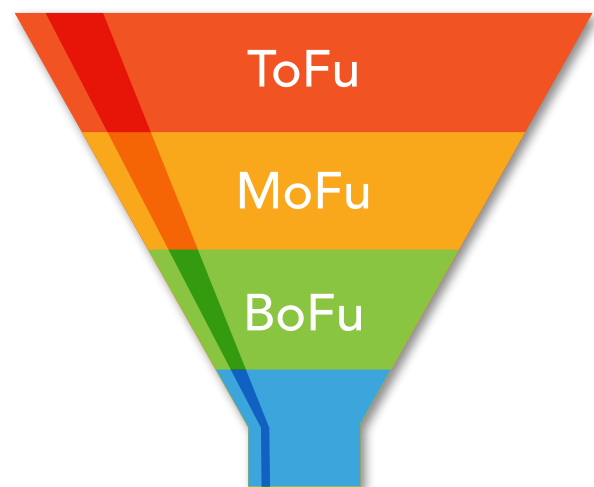
MEASUREMENT TIP:

Start from the bottom up. By setting a strong customer or conversion goal, you can ensure your company will be able to yield the results you need. Optimize click and conversion rates to adjust on the fly!

Dream It, Do It

Creative can make or break the success of a campaign. Studies have shown that creative drives 65% of sales uplift in digital versus 35% in traditional. Programmatic allows you to reach the right customer, but if you do not have engaging or appealing creative, they will not be inclined to interact. With programmatic, there are a variety of different creative tactics that can be implemented. When determining which ones to use, it is best to refer back to your KPIs, as each creative execution has its strong suits when it comes to delivering on these goals.

Some of the most popular creative executions are:

- **Display banners**
- **Video** (pre/mid-roll and OTT/CTV)
- **Native**
- **Rich media**

Remember, the more outside the box and interactive the creative, the better results you will typically see. Interactivity has been shown to increase engagement by 300%. In addition, eye-tracking studies show ads created for the mobile experience generate four times more attention versus the standard 300x250 banner ad. A focus on A/B testing with both creative elements and landing page CTAs can improve returns as the campaign progresses. This important work will deliver the optimal mix of dynamic targeting, key messaging and conversion.
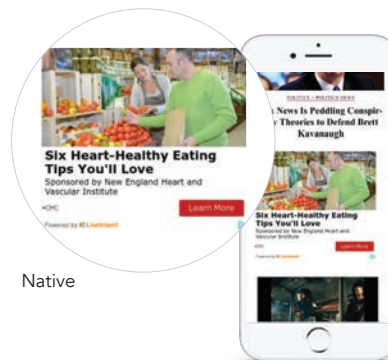

Medium Rectangle
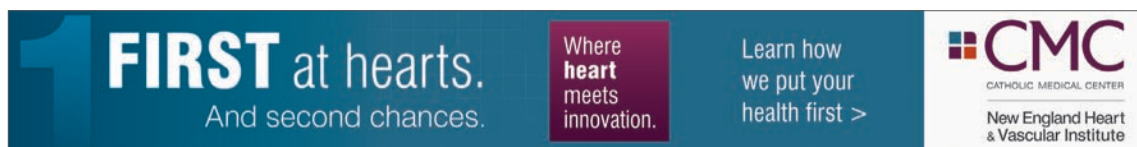

Video

Native

Mobile Display

Leaderboard

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Safety First

Brand safety is a hot topic for any company running digital media in today's atmosphere. Because of this, there are a variety of tools and services that have been developed to help combat and track fraudulent traffic and unsafe websites/content. Some of the most common fraudulent practices are:

INVENTORY QUALITY ISSUES

- **Non-human traffic (invalid traffic, or IVT) and low-value human traffic**—Publishers have 12% IVT on average; however, premium publishers typically have less than 2%.

COMMON PRACTICES THAT DECEIVE REPORTING METRICS

- **Domain spoofing**—When publishers, ad networks or exchanges alter the nature of their traffic to resemble legitimate websites.

- **Invisible impressions**—Impressions that are not actually seen by people because they are hidden behind ads or website content.

- **Ad injection malware**—Overlays another ad over your ad so it appears you have received an impression count, but no one will see your ad.

- **Poor user experience (UX)**—The banner is hard for a customer to understand or navigate. A lack of CTA or poor UX on the landing page can also result in less engagement.

- **Mobile in-app quality**—Ensure the app provides a functional user interface and is easy for users to engage with the content provided or they will bounce off quickly.

THE MOST COMMON VENDORS AND PRACTICES UTILIZED WHEN IT COMES TO BRAND SAFETY PRACTICES ARE:

- **MOAT—**Provides viewability metrics to vendors for advertisements. The standard companies aim to reach is 60% viewability.

- **IAS—**Helps ensure that advertisements are appearing on brand-safe websites and all traffic is valid and not fraudulent.

- **Double-Verify—**Similar to IAS, works to ensure that advertisements are appearing on brand-safe websites and all traffic is valid and not fraudulent.

- **Ads.txt—**Allows publishers to declare who is authorized to sell their inventory. This information can only be posted to a domain by a publisher's webmaster, helping make it valid and authentic.

- **Google Campaign Manager—**Web-based ad management system that allows advertisers and agencies to serve, verify, target and report on digital campaigns. This can be used to check viewability rates and websites on which advertisements are appearing.

DID YOU KNOW?

Ad fraud could hit $50 billion by 2025 if marketers ignore vital safety filters.

Source: Statista

MOAT

IAS Integral Ad Science

DV DoubleVerify

iab. TECH LAB

Campaign Manager

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Bonus Round

Digital is always changing, and it is important to stay up to date with these changes. This not only includes new regulations and standards but also new uses for old technology. This is what the industry has seen with programmatic. What started as a way to buy display banners has now turned into a way to buy video, TV, audio and more.

Some of the top extensions of programmatic buying at this time are:

Over-the-top (OTT)—"Cord-cutters" are growing more and more popular, meaning individuals are ditching their cable providers for a more affordable streaming service, such as Netflix, Hulu, Amazon Prime, YouTube TV, etc. While we have not seen this complete shift yet, it is definitely trending that way. Currently, 55% of OTT sessions are 30+ minutes, and 75% of OTT viewers are 18–49 years old. A key advantage of OTT advertising is the ability to bundle it into your programmatic buy and include the same level of granular targeting as your regular display buy.

Programmatic audio—Spotify and Pandora are not new platforms, but they have now released their inventory to be purchased through programmatic buys, allowing for buys that are more comprehensive. This means you can apply the same level of targeting of your display and video ads to your audio ads, as well. Similar to OTT, you can either include this in your programmatic buy or go directly to a vendor.

Programmatic TV—There are now several vendors in the field that are offering a service to programmatically buy traditional cable and broadcast TV placements. This allows buyers to utilize a dashboard to "bid" on dayparts using a CPM versus unit rates. Due to this strategy, buyers are able to bid more aggressively against the competition and save money where applicable. In addition, the platform allows you to see real-time insights on what is running and provides you the option to allow or block certain TV programming.

Addressable TV—Purchased through a cable provider, addressable TV leverages the third-party data discussed earlier in the offer. Through this practice, you are able to add a level of detailed targeting to your traditional TV buy. This type of buying allows you to serve the right advertisement to the right person at the right time. This means that you and your neighbor could be seeing two different ads at the same time based on what your interests are.

Ready to find the perfect partner to amplify your brand?

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