

Programmatic Trading: an improvement over Manual Buying?

Automating the media buying process did not only made it more efficient, less labor-intensive and more transparent - but it also introduced a lot of new features like real-time data and lots of optimizing options to this process. Online Real-Time-Bidding (RTB), the first generation of Programmatic Trading is now completed with Private Market Place (PMP) arrangements and extended to offline media. But has it really improved the way we plan, buy and apply media to our marketing goals ? It has! And we are quite pleased to tell you how:

Guaranteed vs RON

In past times and still today on selected premium inventory, online media was bought on site level: media buyers ordered ad positions on designated websites within one ad network or with one publisher against ratecards. Each ad network/publisher was handled separately. Advertisers knew exactly on what site their ads would be presented to the users, expecting to reach their prospects by showing up in the right spot on these premium sites they selected. Rates depend on the sites prestige and presumed audience profile from user surveys.

Real-Time Bidding has demonstrated that buying in an open exchange certainly pays off in lower cpm rates, optimizing your media spend over a wider range of sites. In rare cases where advertiser need guarantees on designated sites, Private Market Place deals will fulfill these requirements within the Programmatic Platform.

Audience vs Site based Targeting

Advertisers acquire views on these sites and know exactly where their advertisements are presented to all users, also those that are not part of the target audience. Reach is also limited to that range of sites.

Programmatic Trading is geared to find the target audience in a very wide range of approved/selected sites at the best available position against the lowest price. There are no limits to the reach of any campaign, unless desired, and more over: it has become possible to reduce wasting the media budget and only pay for ads that are actually presented to target audience.

A far more efficient use of the budget!



Real-Time Optimization

Instead of applying predefined targeting- or bid strategies, Programmatic Trading allows for real-time optimizations based on the initial KPI's. DSP and DMP platforms are able to apply optimization algorithms and intelligence based on data collected with each and every single view. Ads are served only to the right audience and at the lowest price. Automated Trading will ensure the most optimal execution of the campaign you had in mind or reach the audience you were actually looking for under the best conditions.

Data

Manual selections rely on historical data, surveys and assumptions on user behavior.

The true value of Programmatic Trading originated from its ' ability to collect, process and apply a lot of data to optimize campaigns in real-time. Data on users' behavior & profiles, site analytics, ad size, site, profiles and time/day performance...an enormous amount of data provides insight in the history of a campaign and/or is applied to forecast its' future. Handling data intelligently is key to Programmatic platforms.

Efficiency : buying workflow, roles

After a Media Planner presents his/her media plan, a media buyer will start his/her negotiations, reserve designated media, send the IO followed by the Ad Management team to supply the advertisements to the publishers. The campaign is started and managed by the publisher. Reporting is done by the publisher and manually processed by the media planner into a campaign report after the campaign has been executed.

This entire workflow is automated and actually improved with real-time analysis and optimization when Programmatic Trading was introduced. Also a lot of duplication of work caused by synchronizing systems, manual reporting and detailed analysis from multiple sources is eliminated from the workflow.

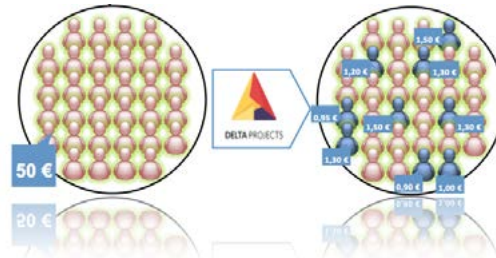
Everything together Programmatic Trading results in a 33%* decrease on employee's time spent buying/execution and leaving media planners and marketers a lot more time on media strategy and analysis instead of tedious processing activities.

* Source : The Boston Consulting Group, 2013



eCPM

The way inventory is priced is another main difference between direct buys and automated trading: In direct buys all impressions are bought in one large buy on a designated set of webpages. In RTB and PMP models, ad campaigns are bidding on individual impressions, one at a time.



In stead of applying a fixed CPM price for a large pool of website visitors with mixed quality as not all website visitirs will match your target audience criteria at the same level.

RTB is bidding for each individual view resulting in a dynamic CPM price composed of all the individually won bids : the effective CPM (eCPM).

This eCPM is a true, real value of reaching the target audience.

Transparency

Before RTB , Media Agency's main task was to optimize the media spend by negotiating discounts on dai-ly- or CPM rates for a site or a set of sites with one network of publisher. A Media Agency would receive a standard MediaBureau discount on the media spend, financing the Media Agency's fees for media strategies, planning, buying, execution and reporting and other discounts based on the economy-of-scale by combining media buys from its's customer portfolio.

Programmatic Trading introduces transparency to this process by offering a clear overview of net media spend, agency- and technology fees. Consequently, Programmatic Trading has also become a topic on the agenda of in insourcing strategies with advertisers.

The true value of a media agency is evolved to media strategy, planning, applying programmatic technology for execution and analysis. Consultancy has become a lot more dominant replacing media buying in the services portfolio.

Programmatic Trading has changed the way media agencies buy and publishers sell media. Changing from bulk- to audience buying, from premium rates to bidding on exchanges, from managing campaigns to real-time optimization..the media landscape has changed. For the better, because transparency and

