

A POCKET GUIDE TO

PROGRAMMATIC BUYING

RADIUM ONE[™]
WE KNOW YOUR NEXT CUSTOMER.

R A D I U M O N E TM

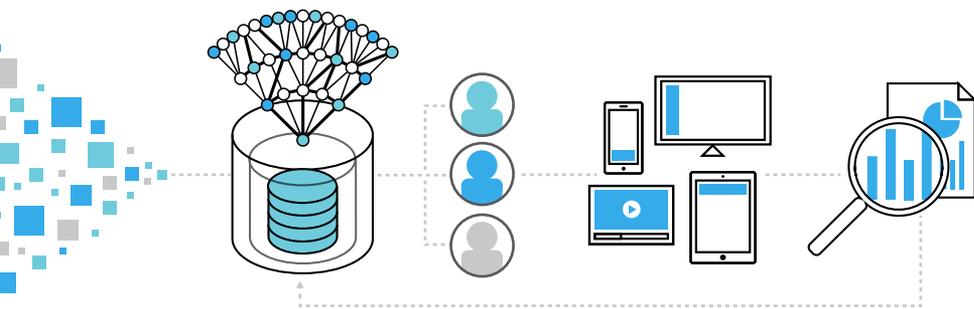
RadiumOne builds software that automates media buying, making big data actionable for brand marketers.

RadiumOne uses programmatic advertising to connect brands to their next customers by incorporating valuable first-party data about behaviors, actions and interests demonstrated by consumers across web and mobile touch points.

Headquartered in San Francisco, RadiumOne has offices across North America, Europe and Asia-Pacific.

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PROGRAMMATIC BUYING 101

Programmatic digital advertising buying is growing exponentially, as the benefits and opportunities expand to more screens and platforms. This term "programmatic," when used in advertising, refers to automation of ad buying and selling. This guide provides marketers with everything they need to know to get the most out of investing in media through programmatic ad buying.

What is programmatic buying?

Programmatic buying uses software and automated processes to purchase and run digital advertising campaigns in real time. Within programmatic buying, there are two main sub-categories: Real-time bidding (RTB) and programmatic direct. RTB is a method of buying inventory from exchanges through online auctions (similar to financial markets), and is the fastest growing method of buying digital media. Programmatic direct allows advertisers to buy guaranteed ad impressions from specific publisher sites and execute via programmatic technology.

How big is programmatic buying?

Programmatic buying will account for 46% of all digital media spending in 2015, according to a survey among ad execs by Perceptions Group.*

What are the alternatives?

There are three categories of alternatives:

- Custom integrations with publishers
- Manual execution of direct buys from publishers
- Buying from ad networks

Outside of customer integrations, programmatic buying is the most efficient and effective option for buying digital media.

THE ANSWER TO YOUR CHALLENGES

Media buyers face a host of challenges in managing paid media. These challenges fall into four categories:

1

Optimizing Performance

It is difficult to identify the right audience effectively.

2

Streamlining Processes

The entire process of buying digital media is difficult. Everything from planning, negotiating, executing, and measuring can be inefficient.

3

Applying Data Intelligently

Data is very complex. Marketers need to know which data sources to use and how to combine them in order to create meaningful audience segments.

4

Measuring Impact Across Devices

As more attention and budgets have moved to mobile, it has become increasingly complex to measure where a media buy will have the largest impact today and in the future.

Programmatic buying can tackle each of these challenges simultaneously, providing an efficient solution for media buyers.

WHY PROGRAMMATIC BUYING RULES!

Programmatic buying promises to reach the right people at the right times in the right places with the right messages for the right prices.

There's ample reward for advertisers who get it right. Programmatic buying is efficient and cost-effective for capturing audience attention. As a result, it can outperform any other means of buying digital advertising.

5 KEY INPUTS FOR PROGRAMMATIC BUYING



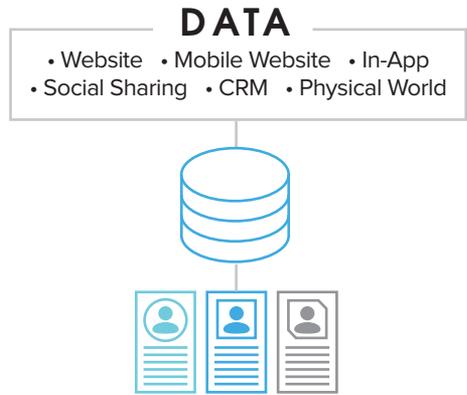
HOW IT WORKS

Programmatic buying involves smart process management. Luckily, you don't need a programming background or computer science degree to manage it. You simply need a way to manage each individual process and how they relate to one another.

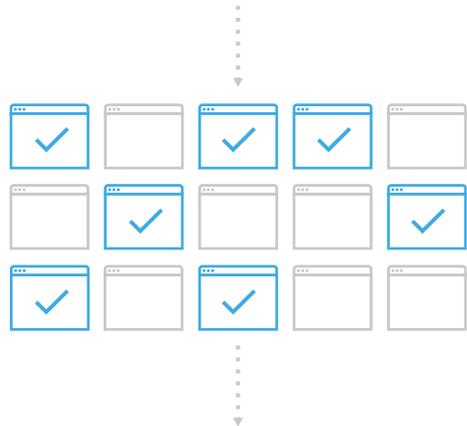
The inputs for programmatic ad buys are your goals combined with the audiences that you must reach in order to realize them. From there, a programmatic buying platform can manage the processes for you.

SIX PROCESSES AUTOMATED BY PROGRAMMATIC BUYING:

1 Managing Segments:
Understand all audience data and use it to maintain segmented audience lists of addressable prospects.



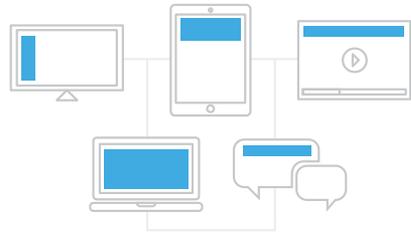
2 Identifying Inventory:
Locate the inventory that's the most likely to get prospects to take action among all the billions of available impressions.



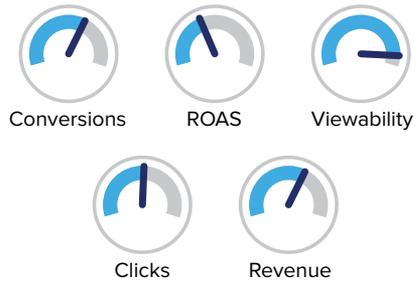
3 Brokering Transactions:
Determine the price of the inventory to be acquired and, if the price is right, purchase the inventory.



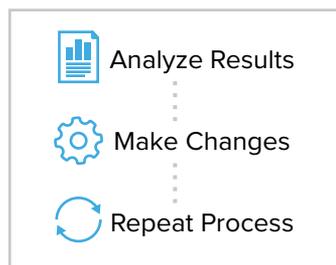
4 Ad Serving:
Show ads in the right format and size across all the inventory that's been acquired.



5 Measurement:
Measure results after audiences are exposed to digital ads. Compare what happened to the goals that were set.



6 Optimization:
Determine what, if anything, needs to change in order to get better results in the future. Make the necessary changes and repeat.



As you can see, the inputs for programmatic buying are goals and audiences. The end result is audience attention, which gets measured and optimized.

GET AUDIENCE ATTENTION

Programmatic buying finds receptive audiences that will pay attention and respond to your ads. The platform you choose should also have a reliable cross-device view of your target audience so it can predict which impressions, across all devices, will attract the most audience attention.

Advantages of programmatic buying over other means of buying digital ads:

#1 Finding Receptive Audiences

#1 Inspiring Audiences to Take Action

#1 Driving Paid Media Performance

DRIVING EFFICIENCY AND COST SAVINGS

Each programmatic buying process drives efficiency in paid media. Here's an example of what each buying process looks like **without automation** versus **with automation**.

WITHOUT AUTOMATION vs. WITH AUTOMATION

Segments based on...	
a few dimensions	vs. unlimited dimensions
static information	vs. dynamic information
weeks or months old data	vs. real-time data

Inventory identified based on...	
human scope of options	vs. universe of all impressions
human opinion	vs. calculated propensity & algorithms to reach goals
historical performance	vs. real-time feedback

Transactions brokered via...	
human negotiation	vs. algorithmic price discovery
fax/email insertion orders	vs. without an IO
bills in the mail	vs. electronic payment

WITHOUT AUTOMATION vs. WITH AUTOMATION

Ad serving implementation...	
by traffickers	vs. without trafficking
in an agency ad server	vs. by a demand-side platform
by sharing ad tags with publishers	vs. tagless

Measurement...	
in the ad server	vs. in the demand-side platform (DSP)
for human analysis	vs. for machine learning, too
lag between insights and action	vs. actionable

Optimization...	
limited in scope	vs. applicable to every process
mostly delayed	vs. mostly in real-time
mostly human intervention	vs. mostly machine intervention

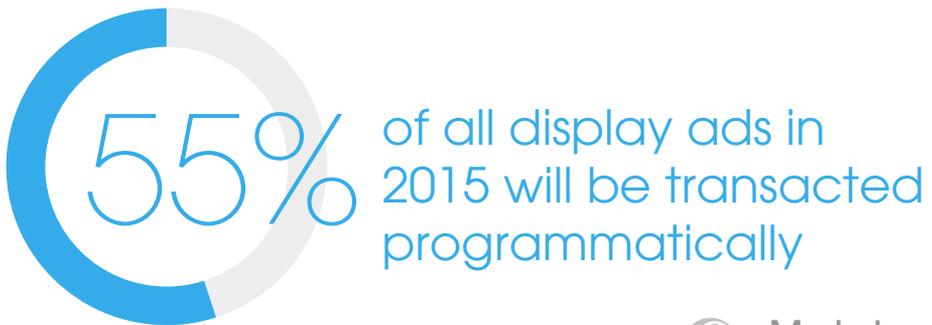
As you can see from these examples, programmatic buying is largely about process reform. For some, efficiency and cost savings are the primary drivers for using programmatic buying. For others, it's finding receptive audiences. In practice, all these benefits go hand in hand to drive performance.

THE PROGRAMMATIC BUYING MOVEMENT

Advertisers large and small are moving en masse into programmatic buying.

Some advertisers have been very public about their programmatic buying intentions. Procter & Gamble wants to buy 70-75% of its U.S. digital media programmatically¹. American Express has explored the theoretical idea of buying 100% of digital display programmatically². Many more advertisers are quietly building out their programmatic strategies behind the scenes.

Programmatic buying is more than a trend, it's a necessity. In 2015, 55% of all display ads and 28% of total video ad spending in the US will be transacted programmatically, according to eMarketer³. Also, eMarketer projects that mobile will take 56% of all programmatic ad expenditure³. With programmatic investments growing in every area, advertisers should seek out a programmatic buying platform that can support a cross-device, cross-channel approach.



1. AdAge: <http://po.st/PGProgrammatic> 2. AdAge: <http://po.st/AmexProgrammatic>
3. eMarketer: <http://po.st/USProgrammaticSpend>

THE SWISS ARMY KNIFE FOR MANAGING PROGRAMMATIC PROCESSES

In order to be effective with programmatic buying, you need platform tools to automate the different processes. This takes two types of platforms:



Data Management Platform (DMP)

1. Managing Segments



Demand-Side Platform (DSP)

2. Identifying Inventory

3. Brokering Transactions

4. Ad Serving

5. Measurement

6. Optimization

MANAGING SEGMENTS WITH A DMP

At the most basic level, the DMP is just a database and software sitting on a server. It helps programmatic buyers manage segments.

In order to perform this critical function, the DMP must ingest data, organize the data into segments of addressable prospects, and keep the segments current. Thus, the DMP is a place to prepare and condition all the streams of audience data coming in and create segments from the data for the DSP.

How DMPs Manage Segments

- 1 Ingest Data
- 2 Organize Data into Segments of Addressable Prospects
- 3 Keep the Segments Current

THE ROLE OF A GOOD PROGRAMMATIC DSP

Like the DMP, the DSP is simply software sitting on a server. It helps programmatic buyers manage five processes. Goals are communicated to the DSP and the DMP tells it which segment or segments to target. Then, the DSP uses a set of algorithms to execute all its processes.



In **IDENTIFYING INVENTORY**, it connects to the APIs of supply sources to understand the universe of available impressions.



In **BROKERING TRANSACTIONS**, it can participate in open auctions, private auctions, and automated direct deals.



It handles **AD SERVING** automatically without any ad tags or need for trafficking.



It's always **MEASURING** the impact of its efforts.



It continuously considers measurement metrics as part of its **OPTIMIZATION** process.

Remember, you don't need a programming background or computer science degree to manage programmatic buying. The DMP and the DSP manage it for you. You simply need to configure a few things and provide a little oversight. The DMP and DSP automate the rest.

MYTHS AND REALITIES

Programmatic technology has advanced quickly and significantly. For some, concerns from just a few years ago about programmatic buying are clouding their excitement for the technology's present, advanced state. To ease the concern, here are six myths of programmatic buying and the actual, present-day realities behind them.

MYTH vs REALITY

Myth 1:

Only remnant inventory is available to programmatic buyers.

Reality:

There is ample premium programmatic inventory available to advertisers. The volume of premium inventory varies by programmatic partner.

Myth 2:

Only banner ads can be acquired programmatically.

Reality:

You can typically acquire all types of media placements programmatically. Your choices will depend largely on the inventory sources that your programmatic partner can access.

Myth 3:

It's difficult to measure programmatic buys.

Reality:

Depending on the key performance indicators of a campaign, programmatic ads can be measured through all the standard metrics that you're used to and can include rich insights. (Some examples include: CPC, CPM, CPI.)

MYTH vs REALITY

Myth 4:

My programmatic partner will profit from my data.

Reality:

This varies on the business model of your programmatic partner. You can avoid this by working with a partner, like RadiumOne, that does not sell any data, a client's or proprietary, to any 3rd party vendor.

Myth 5:

My content and data will be vulnerable in a programmatic system.

Reality:

Your content and data is protected so long as your programmatic partner can monitor and flag any questionable sites and users. For example, RadiumOne has a dedicated team to ensure that client data is safe and secure as well as ensure that no false impressions are being served.

Myth 5:

All programmatic partners are the same.

Reality:

A lot of differences exist between programmatic buying partners. Some of the differences include different approaches to data collection, data management, and access to cross-channel devices.

There's far less to worry about with programmatic buying than you may think. The right partner will provide premium inventory, all types of media, and measurement you're used to. They won't sell your data. Rather, they'll protect it through active monitoring.

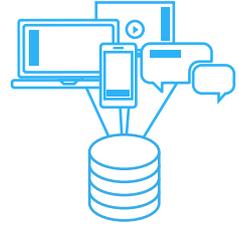
In addition to these things, there are three primary features to look for.

TOP 3 FEATURES OF A PROGRAMMATIC PARTNER

At a minimum, your programmatic buying partner should have the following three features:

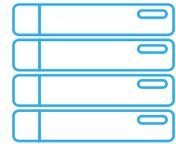
1) **Integrated Data Management Platform (DMP) and Demand-Side Platform (DSP)**

If your DMP and your DSP are separate systems, then your data and your delivery are separated. This will slow down the responsiveness of your campaigns. Your DMP and DSP should be one system.



2) **Proprietary Data and Premium Inventory**

You need a partner with access to premium inventory and who can generate rich first party data on your behalf. Unique data applied to the best inventory will set your marketing efforts apart.



3) **Entry and Insights into Multi-Channel Advertising**

Don't settle for a programmatic partner that can only help you reach audiences in one channel. Successful digital advertising requires engaging with consumers on any device and through any display, social, video, or mobile channel based on a single view of the consumer.



GET STARTED

Programmatic buying solves many challenges associated with media buying. It can simultaneously streamline processes, apply data intelligently, and measure impact across devices. However, the most important reasons to pursue this approach are as follows:

Attention

Programmatic buying finds receptive audiences that will pay attention and respond to your ads.

Efficiency

Programmatic buying reforms inefficient processes to save you time.

Cost Savings

Programmatic buying reduces media waste to save you money.

Performance

Since programmatic buying helps you efficiently, cost effectively capture audience attention, it can outperform any other means of buying digital advertising.

The team at RadiumOne would be glad to walk you through every step of the way. Please contact your local RadiumOne team by sharing your details at sales@radiumone.com.

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