

PROGRAMMATIC MEDIA BUYING

FOR B2B

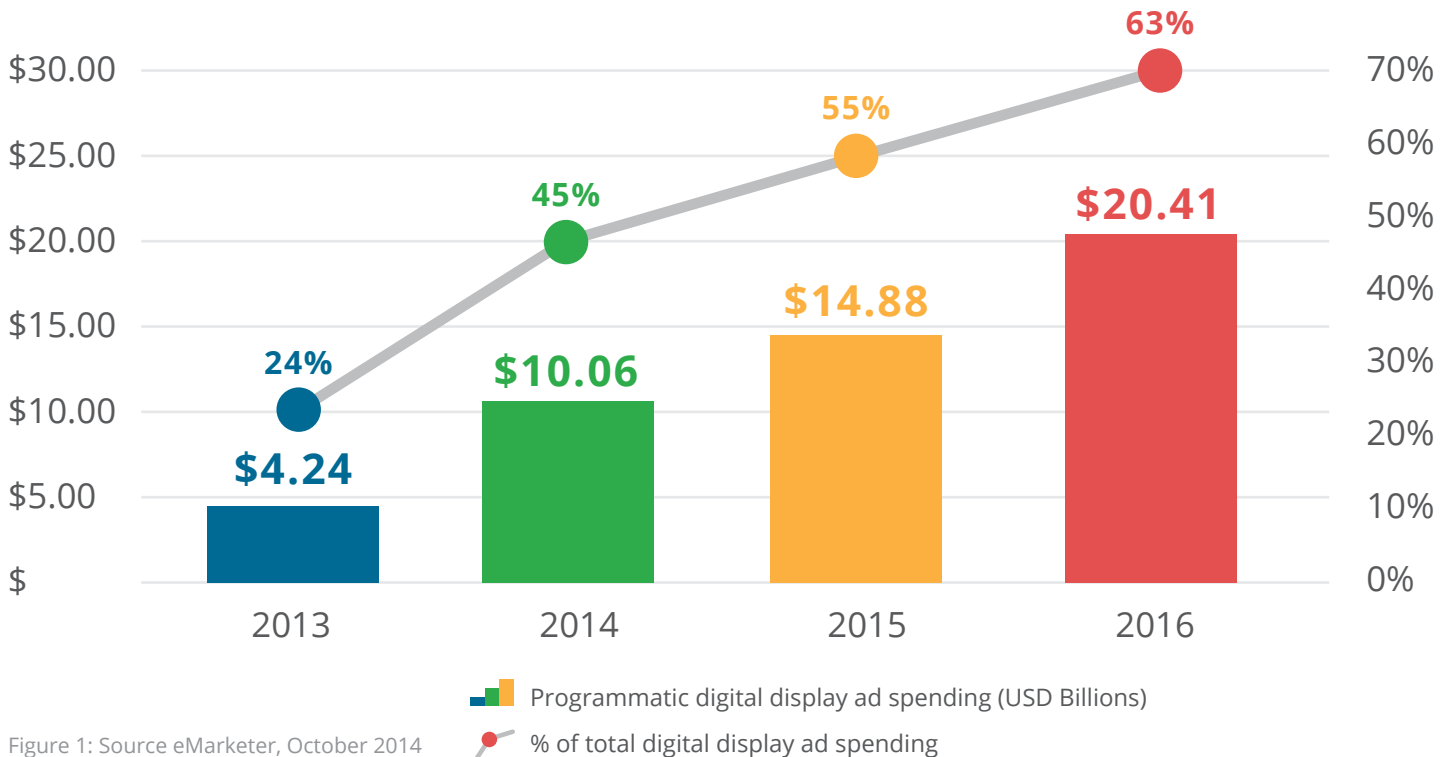
INTRODUCTION

Are you using automated methods to buy media? If not, you should know that you are falling behind. Programmatic advertising is exploding and companies from all industries and of all sizes are taking advantage of it. Until recently, programmatic was used only to display advertising through desktop view (mostly website banners), but now it has found its way to almost every type of touch point and channel – including video, mobile, and social media.

What is programmatic buying?

Programmatic is the practice of buying and selling of advertising inventories using technology and computer algorithms in order to automate the process. Programmatic allows hyper-granular targeting and bidding on each individual user, thus holding the potential to greatly improve the ROI of advertising campaigns.

Forrester Research forecasts that programmatic will eventually capture the bulk of all digital eMarketer, by the end of 2016, programmatic buying will hold the majority of the digital ad spending market in the US:



Those who are proactive in adopting this technique will be best positioned to take advantage of its growth. However, this 'leap' into the future comes at a price, as programmatic can be complicated and costly if done inefficiently. That is why we, at inSegment, would like to introduce you to some of the best practices in the field. We believe they can set you on the course to success in your programmatic efforts.

BEST PRACTICE #1: **Have an internal champion**

There's one thing that everyone with programmatic experience seems to agree on – it requires a big shift in thinking within the marketing department of the company considering it.

For example, programmatic requires a high degree of "loosening" – sitting back and allowing computers to do their job without human intervention (this is covered in more detail later in this document). This might come as a big shock to performance-obsessed marketers who want to keep things under tight control. The same applies to management, especially in companies where executives keep a close eye on every aspect of the business. It is important to have someone internally who concurrently acts as an advocate of the practice and keeps an eye on how it is used.

Even with companies that work with external partners (agencies), having someone serve in a similar capacity is invaluable. This person would not only act as a change agent, supporting the internal shift in mentality, but also serve as the point-of-contact for the external partner(s) and the authority on decisions pertaining to the programmatic efforts of the company.

74.2%

Share of advertising professionals who consider programmatic when planning a campaign

Advertising Age, 2014

23%

Percentage of client-side marketers who claim to both understand and have used programmatic in practice

Forrester/Association of National Advertisers, 2014

BEST PRACTICE #2: Understand the basics

There is no other type of advertising that comes close in allowing such high levels of scalability and granularity at the same time. In programmatic this is achieved through the use of algorithms, which makes the field seem complicated and inaccessible.

However, the basics are simple enough to be grasped by non-technical marketers. Understanding these basic concepts is immensely important for those who want to engage in programmatic advertising. The initial steps of the process:

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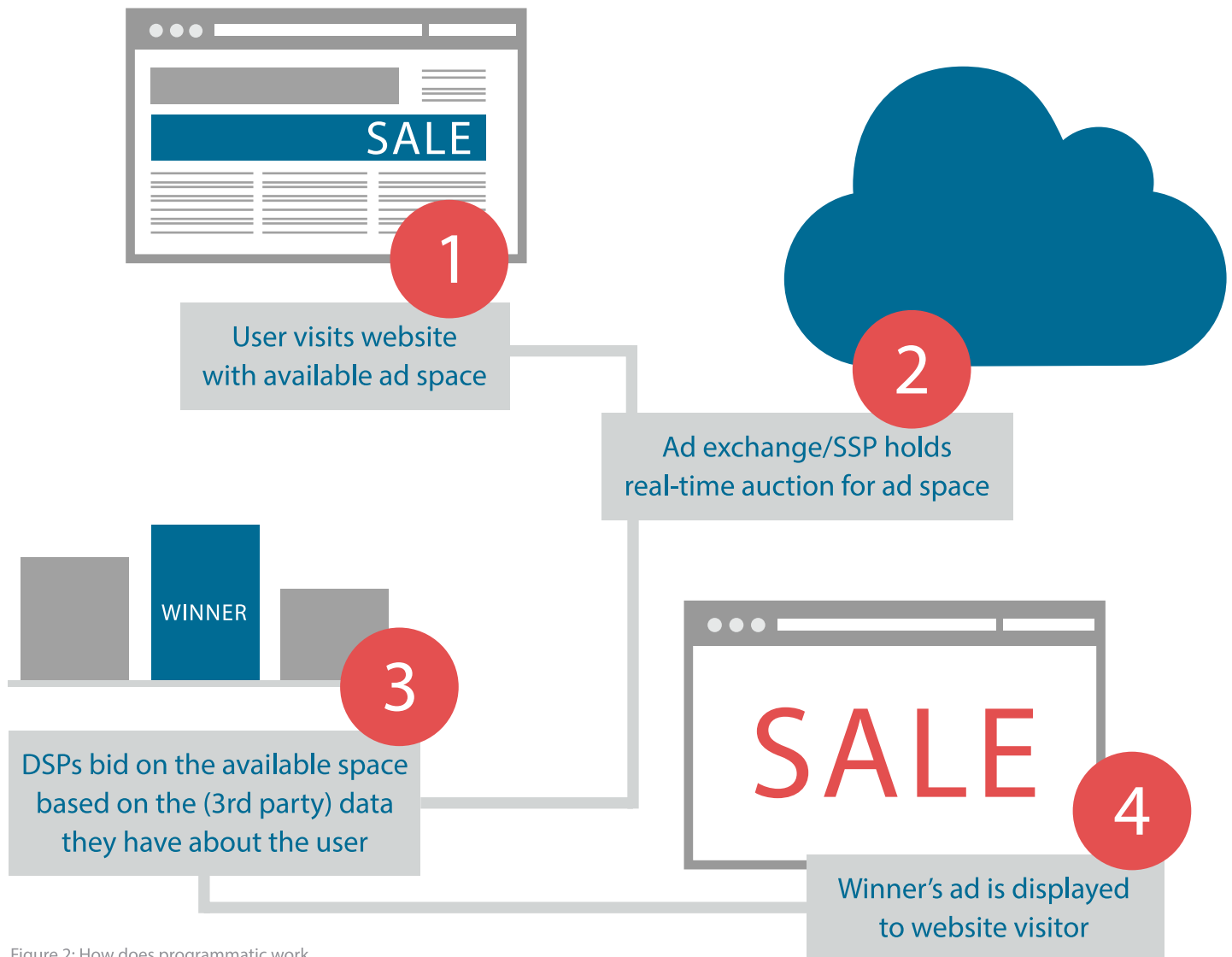


Figure 2: How does programmatic work

Marketplaces and types of auctions

- **Real-time bidding (RTB):** refers to the process of conducting a per-impression auction for a given ad space. It happens in the time it takes to load the page where the ad will be displayed. Real-time bidding is the basis of programmatic advertising.
- **Programmatic direct:** removes the auction element, but keeps all other aspects of programmatic buying. Thus, the ad space is guaranteed and negotiated directly between the seller (publisher) and the buyer (usually a DSP, see below), while incorporating the advanced targeting and measurement that both make programmatic so efficient.
- **Open auction:** is a public RTB process in which any seller and buyer can participate.
- **Private marketplace:** occurs when one (or more) publisher(s) may choose to organize an invitation-only RTB platform where they will invite only a select number of buyers.

Agents

- **Demand-side platforms (DSP):** allow buyers to gain access to a multitude of advertising inventories and control and monitor their campaigns from a centralized location.
- **Supply-side platforms (SSP):** help publishers (especially large ones) keep track and manage their advertising inventories effectively.
- **Ad exchanges:** are the places where buyers (through their DSPs) and sellers (through SSPs) meet. These platforms facilitate the process through the use of automation and auctions.
- **Data management platform (DMP):** are data warehouses that store huge amounts of (anonymous) data about users. DMPs add value by using the information provided by SSPs to help buyers improve their targeting and performance.



BEST PRACTICE #3: Plan strategy according to business goals

Marketers need to pay very close attention to their strategy, because experimenting with programmatic can turn out to be very costly. The best practice in relation to this is to align the programmatic initiative to the overall business strategy and not just to short-term advertising goals. Moreover, the comparison with business goals allows companies to have a better understanding of ROI.

Example:

Cost Per Action (CPA) is often used as a universal measure in digital advertising, including programmatic, however, its efficiency as a guide is not always reliable. Here are some cases in which other KPIs might be more relevant:

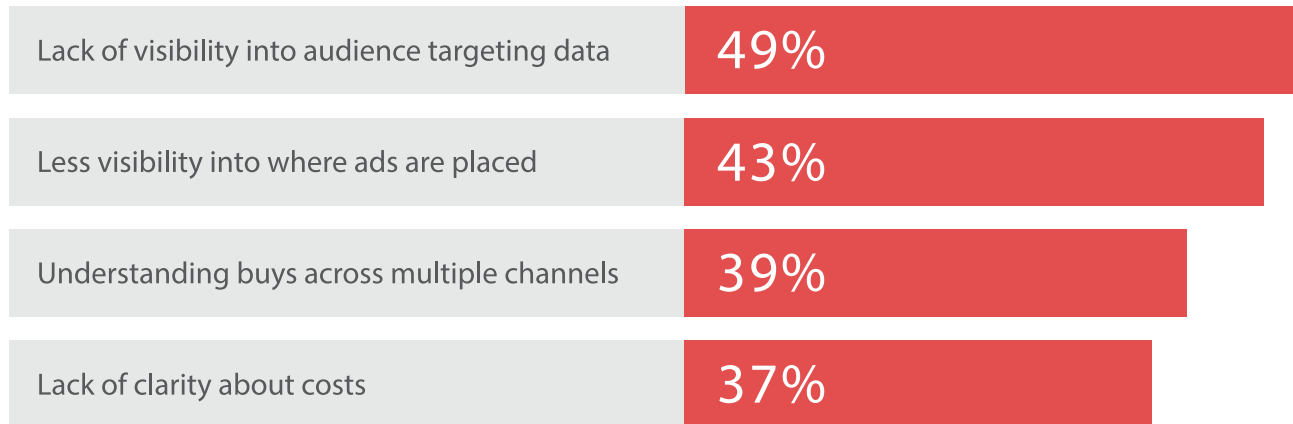
- **The business model is built on customer engagement and retention** (e.g. most subscription businesses): CPA might be low for such campaigns, but the business might still be seeing little benefit – comparing and optimizing against a metric such as Customer Lifetime Value (CLV) would be much more relevant in these cases.
- **Entering a new market:** CPA may appear high, but there is no way to include the effect advertising campaigns have on improving brand awareness. One way to take this into account is to look at the financial effect future customers will have.

In general, tying programmatic campaigns to the overall business strategy and metrics has the potential to greatly improve ROI. This is not just an exercise in manipulating statistics, but a real business instrument, which allows managers to achieve the best results for their companies.



BEST PRACTICE #4: Provide and demand transparency

Biggest barriers to programmatic buying



It is not uncommon for businesses engaging in programmatic buying to employ the services of multiple DSPs in order to guarantee they get the best possible return on their investment.

No matter whether a business decides to work with just one or with multiple partners, they always have to make sure they provide and receive in return the highest level of transparency. That way, all parties in the relationship get to benefit from free-flowing information.

With transparency, businesses understand how their campaigns are structured and make sure they get the best result for their money. Additionally, it allows them to provide feedback on the structure of the campaign (especially important considering they are the experts on the topic) and avoid simple (yet costly) mistakes.

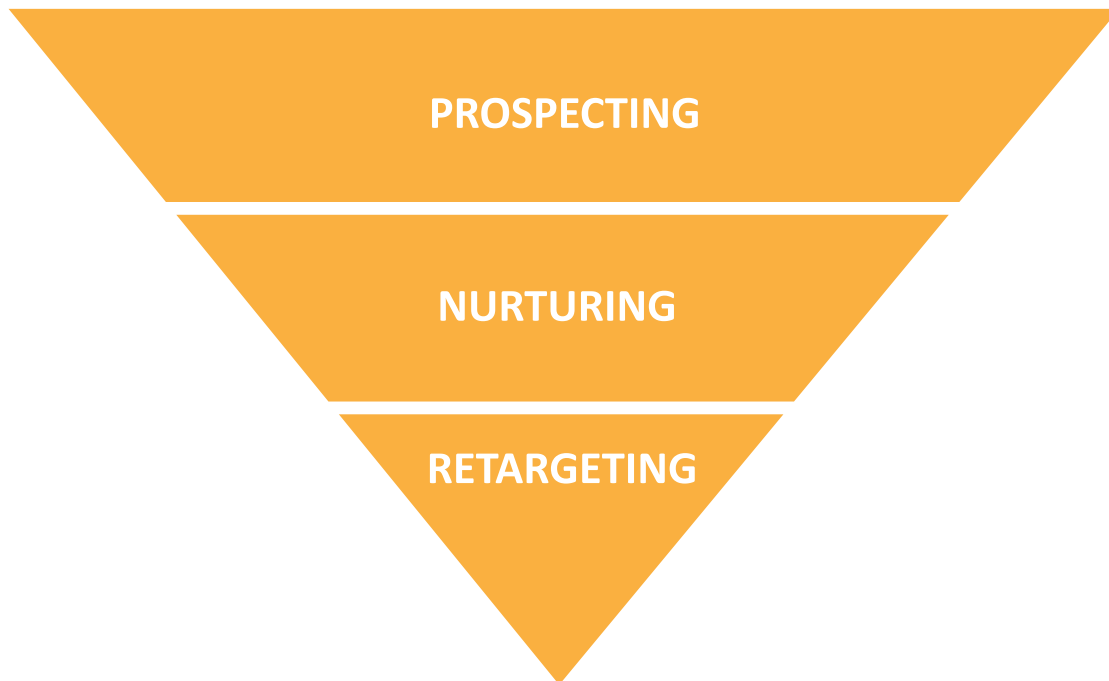
For agencies and DSPs, getting timely (once a week) information from their clients means they can optimize their campaigns and achieve better results. Even when working with multiple partners, it is better to provide transparent information about the performance of each. Thus, each agency/DSP can try to improve their performance in an effort to stay competitive. The overall result for the client is that they get the best result possible.

BEST PRACTICE #5: Combine all types of buying in the overall strategy

No auction is better than the other. In order to reach maximum effectiveness and to be able to place your creativity in front of all types of customers, you have to integrate various marketplaces in your strategy.

The most effective marketers integrate RTB in open and private marketplaces along with programmatic direct inventories in their campaigns. This powers the ability to execute campaigns with different end goals: identifying new audiences (prospecting), building trust with an audience (nurturing), or reaching existing audiences (retargeting).

BEST PRACTICE #6: Run campaigns along the entire funnel



Another important thing programmatic experts do is to run their campaigns along the entire funnel – from prospecting, through nurturing and into the retargeting stage. This way of buying media generates multitudes of data and greatly increases the speed by which the algorithms used 'learn' and improve their efficiency.

Splitting the funnel into stages and dividing these between different DSPs usually turns out to be inefficient and costly as it deprives each individual partner of the 30,000 foot view of the landscape in which their campaigns take place.

BEST PRACTICE #7: Use programmatic for testing

Due to its high speed and high scale, programmatic is great for testing every aspect of digital media campaigns. Savvy marketers know how to use all the 'big data' that is created in the process of programmatic buying.

Using programmatic to test creative is the most obvious way to apply this practice. Overall messaging, as well as minor details such as colors, buttons, etc., are excellent targets for this kind of test. Since context is very important to the success of any programmatic campaign, seeing how various creative assets work in different contexts is also important.

However, programmatic is also excellent for experimenting with strategic aspects. For example, companies can 'relax' their criteria when targeting audiences in order to discover new customer segments, which they have not been aware of so far.

BEST PRACTICE #8: Trust the machine...

Relying on machine learning is the basis of programmatic buying. There is no alternative to computing power in this type of marketing due to its high-speed and high-volume nature. That is why it is important for marketers to liberate themselves from their instinct to always fiddle with campaigns and let computers do their job.

Interrupting a campaign with manual input prevents algorithms from learning and improving their performance, thus hurting subsequent runs of the same campaign. Additionally, humans' propensity to over-rely on instincts can be especially damaging. Another benefit of trusting the algorithms is their ability to discover new information, as we already discussed in the previous section. However, this can only be achieved if marketers are ready to relax their criteria and allow for the learning to happen.

52
quadrillion

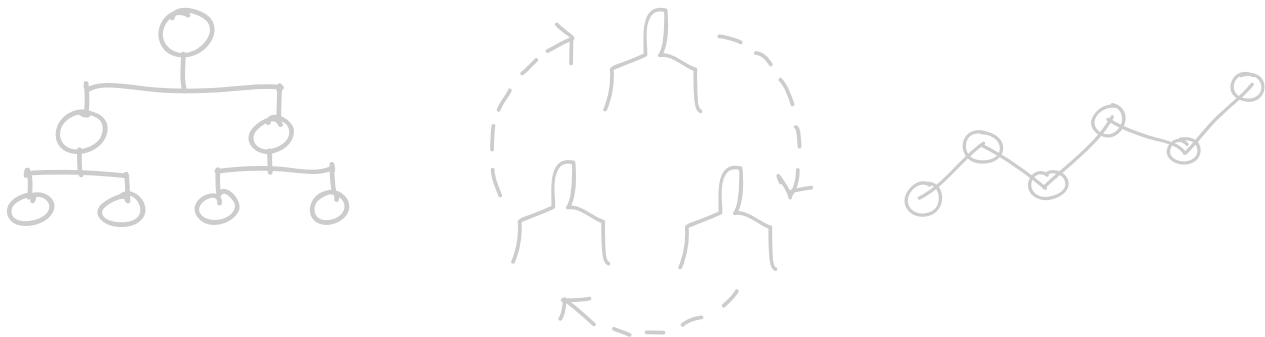
(52 with 15 zeros) Number of buying options available on INFUSE (inSegment's DSP).

BEST PRACTICE #9: ...BUT combine data with manual input

The great scalability of programmatic works both ways – it has the potential to greatly multiply positive findings, but mistakes can be very costly. So the most skillful experts always keep a close eye on their operations in order to be able to take action if something goes amiss.

Leaving it to the algorithms doesn't mean marketers cannot keep a reasonable degree of control without affecting the process of machine learning. For example, in a B2B environment, campaigns can be customized to stop running on weekends or avoid certain channels, such as Facebook, altogether.

We have already mentioned the benefits of testing all aspects of programmatic campaigns, however we should clarify that experimenting with various elements that are known to be unproductive is a waste of money – and with programmatic each such failed trial can be very costly.



BEST PRACTICE #10: Find reliable partners

Not all DSPs are created equal. In fact, there is a huge degree of variability among them all, including how sophisticated, transparent, and ultimately how effective they are. When choosing a DSP, marketers should always consider the following aspects:

- **Inventory:** The number of publishers offering ad space is almost infinite, and most large DSPs have established relationships with the biggest and most attractive ad exchanges, however it is always good to know beforehand what access your potential partner can provide.
- **Optimization:** Does the platform offer scalability? Is it based on line items or does it allow dynamic and exible allocation of resources for best results?
- **Targeting:** What level of targeting does the DSP offer? Is it possible to use cookies to retarget across the whole breadth of the inventory offered by the DSP?
- **Data:** Do they have access to 3rd party data overlays? Without additional 3rd party data, any campaign is bound to be much less effective, costing companies valuable resources in running learning cycles.
- **Platform costs:** These tend to be variable based on how much a client is ready to spend. Most DSPs include their fee in the CPM costs, and agencies add their compensation on top of this number.
- **Support:** For marketers who are just getting started with programmatic, support will probably come from a partner agency, helping with setting up their campaigns. It is also important to know what level of support the DSP has to offer and if there is additional price associated with it.
- **Reporting:** Marketers rely on data in order to optimize their programmatic campaigns. Extensive, granular, and timely reports, which can be exported in one format, suitable for further analysis, should be one of the leading concerns when choosing a partner. Finally, while all these technical details are important, businesses should also be interested to learn about the efficiency of their potential partners.
- **What is your win rate?** This is the ultimate measure when it comes to the performance of a buyer-side platform. All advances in the use of technology, algorithms, and 3rd party data amount to better win rates for the end buyer.



Conclusion

Programmatic is quickly becoming the norm in digital advertising buying. It opens a whole new world of opportunities for businesses of all sizes.

At the same time, programmatic can be daunting to the inexperienced observer. Even worse, if done incorrectly, it can turn out to be extremely expensive, producing low ROI. That is why we collected the best advice on getting started. The practices presented in this whitepaper are a good starting point that will save companies from making the worst blunders.

The real programmatic success is the result of a complicated process, which takes serious effort. It is extremely important to find at least one trustworthy partner who can help you avoid the underwater rocks.

If you are interested in programmatic buying and would like to explore ways in which it can help your business, please do not hesitate to get in touch with inSegment. We would be happy to provide advice and help you get started with your programmatic campaign. Please contact us at info@INFUSEmedia.com.



ALEXANDER KESLER BIO:

Alexander is a visionary B2B digital marketer with over 15 years of experience. Focusing on solutions for B2B demand generation, digital marketing, ABM, Intent and AI driven lead generation, among others, Alexander embraces innovation and turns concepts and methodologies into products and marketing programs that drive ROI.

As Founder and President of INFUSEmedia, a data-driven B2B Demand Generation Network, Alexander leads a global team that executes campaigns across all industries and company sizes. He leverages his market knowledge and industry expertise to help his team deploy a suite of innovative programs and campaigns that deliver revenue growth for over 400 clients of INFUSEmedia.

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FURTHER READING

We have collected a number of resources that can help you delve deeper into the subject:

Forrester/Association of National Advertisers, 2014

Survey of marketing professionals [Infographic]

[View here](#)

Google / DoubleClick

Programmatic: The Evolution of Media Buying

[Download here](#)

Rocketfuel

10 Questions about programmatic buying... and the answers marketers n

[Download here](#)

Rocketfuel

11 Best Practices for Programmatic Advertising... and the setup tips mark

[Download here](#)

BrightRoll

Getting Started with Programmatic: A Digital Video Primer

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