

PROGRAMMATIC

WHO'S USING IT, HOW AND WHAT THEY'RE BUYING, WHAT THEY WANT, AND WHAT THEY'RE CONCERNED ABOUT.

If digital advertising had a word of the year, 2014's might well be "PROGRAMMATIC". But underneath all the buzz, what's really going on? To find out, we asked marketers, agencies, and publishers what they really think about programmatic — and how they're putting it into practice.

UNDERTONE VIEWPOINT

Programmatic trading is the new normal—as you'll see below, 8 out of 10 buyers and sellers actively employed it in 2014. And while programmatic's roots were in enhancing the efficiency and effectiveness of standard display ads, market demand for mobile, video, and creative high impact formats is helping to raise the bar. Advertisers want more programmatic advertising format options and a variety of ways to transact them.

This raises intriguing questions. Can the programmatic space address its longstanding challenges with quality and brand safety? This is a must, according to the buy-side. Has the time finally come for automated guaranteed? Yes, if combined with quality inventory and format choices. Is the market satisfied with current platforms, or does it want more choices? We think the latter.

As we enter 2015, all of that remains to be seen. However, one thing is clear: programmatic is infusing every part of the digital advertising space.

(ALMOST) EVERYBODY'S DOING IT.



HAVE EXECUTED DIGITAL ADS PROGRAMMATICALLY IN THE LAST YEAR.

If it seems like everyone's talking about programmatic, it's for good reason: **more than 80% of buyers and sellers are transacting programmatically**. Not unexpectedly, the demand side identified **performance, better targeting, and efficient pricing** as the top reasons for using programmatic. A bit more surprising is the fact that **operational efficiency**—the original goal of programmatic—now falls much lower on the priority list: just **37% of agencies** and **43% of marketers** identified it as reason for using programmatic.

IT'S NOT JUST BANNERS.

TYPE OF ADS BEING BOUGHT/SOLD PROGRAMMATICALLY, BY THOSE WHO ARE USING PROGRAMMATIC:



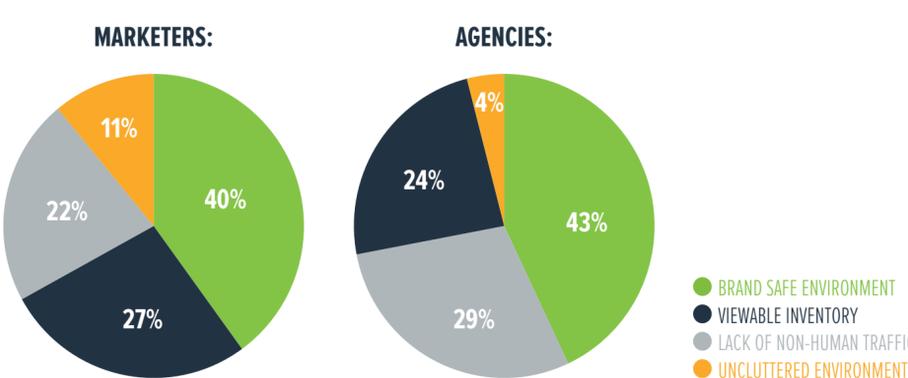
DEFINITIONS

High Impact: any ad format beyond standard IAB units, including large-canvas custom units and IAB Rising Stars

Native: a story-form ad customized to match look and feel of the publisher's site

Programmatic is finally moving beyond display. Marketers and agencies are going beyond the banner, buying a variety of ad products programmatically, and publishers are doing their best to supply all of them. There's a strong market for programmatic mobile, pre-roll, and high impact; native also may be just emerging as a programmatic option. In summary: if an ad unit exists, there's programmatic demand for it. But as brand dollars move from display to larger, more brand-focused units such as high impact, quality inventory becomes more crucial than ever.

THE #1 SAFETY/QUALITY CONCERN WHEN BUYING INVENTORY PROGRAMMATICALLY IS...



“FOR ME, THE JURY IS STILL OUT ON USING PROGRAMMATIC FOR BRAND-ORIENTED ACTIVITIES.”
—AGENCY RESPONDENT

“I BELIEVE WE WILL SOON DO ALL PROGRAMMATIC, BUT FRAUD AND AUDIENCE IDENTIFICATION TOOLS MUST INCREASE. IT'S ALL ABOUT PERFORMANCE, NOT BEING SAFE.”
—MARKETER RESPONDENT

Again, as brand dollars flow into programmatic, we see that brand safety is top of mind: **71% of agencies and 65% of marketers rank brand safe environments as their first or second priority when buying programmatically**. **Viewability** comes close on its heels; **66% of marketers** ranked it as their first or second priority, equating its importance with that of brand safety. Marketers are thinking not only of their brands, but also with their wallets; they want good environments for their ads, but it's equally important to them that their impressions aren't wasted by never being seen.

PROGRAMMATIC BUYING ISN'T JUST OPEN AUCTIONS, AND IT'S NOT ONE-SIZE-FITS-ALL.

MARKETERS AND AGENCIES TRANSACT PROGRAMMATICALLY IN A VARIETY OF WAYS.



“LOOKING FOR A MID-TIER APPROACH TO PROGRAMMATIC. RIGHT NOW, PROGRAMMATIC IS DOMINATED BY THE LOW, LOW CPM AUCTION BUSINESS, BUT THE MID-TIER, PRIVATE EXCHANGES AREN'T AS AVAILABLE.”
—PUBLISHER RESPONDENT

Everyone knows that a lot of programmatic buying takes place via open auctions—but there's much more to it. A large amount of marketers and agencies are turning to automated guaranteed models. This could be due to concerns over safe, quality inventory, and/or limits in the availability of high impact ad units, on the open auctions.

ADVERTISERS AND PUBLISHERS WANT CHOICE, NOT CONSOLIDATION.



“WE HAVE YET TO FIND A PARTNER THAT CAN SATISFY ALL NEEDS: SAFE, EFFICIENT AND GOOD CUSTOMER SERVICE.”
—AGENCY RESPONDENT

When it comes to programmatic, we're still in the phase where the **majority want more options**—including not just ad units or ways to transact, but even the number of partners they work with.

Methodology: The study was fielded online from October 21 – November 3, 2014. The sample included marketers, agency members, and publishers representing leading U.S. advertisers and media properties from a diverse array of industries. 754 responded: 425 agency members, 170 marketers, and 159 publisher contacts. Respondent incentives included gift cards, charitable donations, and a first look at the results.