Programmatic Advertising

How To Optimize For The Next Generation Of Digital

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Tech-Talk Webinar

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Beeswax
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Programmatic Advertising — How To Optimize For The Next Generation Of Digital
1994

The Genesis of Digital Advertising

Have you ever clicked your mouse right HERE?

44% CTR!
2000

Ad Networks Take Shape

24/7 RealMedia

BrightRoll

Advertising.com

ValueClick
2007

The Advent of Programmatic

RIGHTMEDIA

ADECN

DoubleClick Ad Exchange
Mobile Breaks $10B

Mobile Ad Spending
US, 2012-2016

2012: $4.85 billion (13.2% of total digital ad spending)
2013: $10.67 billion (24.8%)
2014: $19.15 billion (38.5%)
2015: $31.40 billion (52.9%)
2016: $46.12 billion

Source: eMarketer, February 2019 (see below for notes and methodologies).

www.emarketer.com
2016

Video Breaks $10B

Video Ad Spending
US, 2013-2017

Source: eMarketer, February 2019 (see below for notes and methodologies).

www.emarketer.com
“Programmatic is Eating the World”

Programmatic Digital Display Ad Spending
US, 2017-2021

Source: eMarketer, October 2019
And It’s Only Getting More Complex

- Video
- Audio
- Display
- Mobile
- Digital OOH
- CTV / OTT
- Linear
- Native
Optimization:
The Key to Success in the New Era of Programmatic
op·ti·mi·za·tion
/ˌäptəˈzäSHənˌäptəˌmīˈzäSHən/
noun

“Finding an alternative with the most cost effective or highest achievable performance under the given constraints, by maximizing desired factors and minimizing undesired ones.”
So Why is Optimization So Important?
The Value of Optimization

1. Business Outcomes > Proxy Metrics
2. Incrementality
3. ROAS
Outcomes > Proxies
Optimize Towards True Goals

CTR / VCR
Viewability/ Time-in-view
CPA / CPI

ROAS / LTV / OFFLINE INCREMENTALITY
Drive Incremental Performance

Don’t Pay For Organic Actions
ROAS
Show Me the Money

Precision = Results
The Way Forward:
A New Approach to Optimization
The Optimization Landscape

Standard Strategies

Shared optimization algorithms that are great for upper-funnel
The Optimization Landscape

**Standard Strategies**
Shared optimization algorithms that are great for upper-funnel

**Bid Modifiers**
Adjust bids against any RTB input to drive results
The Optimization Landscape

- **Standard Strategies**: Get all the features of a traditional DSP on Day 1
- **Bid Modifiers**: Adjust bids against any RTB input to drive results
- **Bring Your Own Algorithm**: Upload multivariate models directly to the bidder
Nothing Exists in a Vacuum

The Importance of Multivariate Modeling
Key Factors that Power Optimization
The who, the where, the when, and the $$$

**THE WHO**
- **User Data**
  - How valuable are your customers?

**THE WHERE**
- **Inventory Factors**
  - How valuable is the inventory?

**THE WHEN**
- **Time Decay**
  - How long has it been?

**THE $$$**
- **Price Data**
  - How much is every impression worth?
**Users as Segments**

- **User Classification:** "Good"
  - Bidding Strategy: Bid always
- **User Classification:** "Bad"
  - Bidding Strategy: Bid never

**Users as Scores**

- **User Classification: Score 1.67 for offer ABC**
  - Bidding Strategy: Increase bid by 67%
- **User Classification: Score 0.21 for offer ABC**
  - Bidding Strategy: Decrease bid by 79%
## Multivariate Inventory Factors

Set bid prices based on a specific, verified inventory source

<table>
<thead>
<tr>
<th>Platform</th>
<th>Exchange</th>
<th>domain</th>
<th>value</th>
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<tbody>
<tr>
<td>iOS</td>
<td>Rubicon</td>
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<td>cnn.co.uk</td>
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<td>4.50</td>
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</table>
# Time Matters!

Adjust your bid price based on engagement recency

<table>
<thead>
<tr>
<th>User</th>
<th>Time Decay</th>
<th>Bidding Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="User" /></td>
<td>Visited 5 minutes ago</td>
<td>Increase Bid Price by 48%</td>
</tr>
<tr>
<td><img src="image2.png" alt="User" /></td>
<td>Visited 2 days ago</td>
<td>Decrease Bid Price by 23%</td>
</tr>
</tbody>
</table>
Real World Example

**User is worth** 3.1 X average.

A user with 3 past purchases just put $150 worth of goods in their shopping cart.

**Recency is worth** 2.4 X average.

This same user appears in a programmatic auction 7 minutes later.

**Site/Exchange/OS combo is worth** 1.1X average.

They appear on a low quality site, in an urban geolocation, on an iOS device.

**Likelihood of conversion**

Based on historical data, a $6.24 bid is warranted.

0.0622% for conversion.
Auction-Level Data

- Wins
- Bids
- Conversions

First-Party Data

Real-World Insights

Collect & Model Data
Combine data sets and build multivariate models to predict optimal bid price

Upload Model
Upload your model

Traffic Campaigns
Get results

Create a Feedback Loop
Key Takeaways

1. Programmatic is More Complex Than Ever
2. Great Data and Optimization is Key
3. Flexible Tech Can Help You Win
Programmatic Advertising—How To Optimize For The Next Generation Of Digital

Please submit any questions you have and we’ll do our best to address them! All registrants will be receiving a follow-up email with a link to view the on-demand materials.

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