WHITE PAPER

THE BASICS OF PROGRAMMATIC

How Tech Marketers Can Use Automated Digital Advertising
Programmatic 101 for Tech Marketers

It’s Not a Question of If We Need Programmatic, but a Question of How We Need to Approach It

What is Programmatic?
In the world of digital advertising, programmatic is a way of buying and selling media using automated technology. In many cases, programmatic media is bought and sold in auction-like environments that operate much like the stock market.

Programmatic technology leverages online and offline data to continuously optimize ad campaigns based on performance over time. It holds distinct opportunities for tech marketers in the form of improved media buying and precision targeting - not just with display, but across a variety of channels including tablet, mobile, social, native, and even traditional mediums such as TV and radio.

By 2016, 67% of US digital ad spend was programmatic.

Programmatic will continue to claim more of advertisers’ digital ad spend. eMarketer predicts 72% of all digital ad spend will be programmatic in 2017.

Programmatic is a wonderful tool that puts a lot of analytics and a lot of buyer needs into the same hands.

- Paul Caine
  Global CRO, Bloomberg

4 Types of Programmatic Transactions

Programmatic media transactions are often facilitated by a few different ad-tech solutions which sit between an advertiser and ad inventory on a publisher’s site. These ad-tech partners allow for one or a combination of four types of programmatic transactions.

The four types of programmatic transactions are:

1. Open Auctions
2. Invitation-only/Private Auctions
3. Unreserved Fixed Rate/Preferred Deals
4. Automated Guaranteed/Programmatic Guaranteed

These transactions can best be differentiated by two key factors: 1) how the price is set and 2) the type of inventory.

Common Terms for Transaction Types

<table>
<thead>
<tr>
<th>OPEN AUCTIONS</th>
<th>INVITATION-ONLY/PRIVATE AUCTIONS</th>
<th>UNRESERVED FIXED RATE/PREFERRED DEALS</th>
<th>AUTOMATED GUARANTEED/PROGRAMMATIC GUARANTEED</th>
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<tbody>
<tr>
<td>+ Real-time bidding (RTB)</td>
<td>+ Private exchange</td>
<td>+ Private access</td>
<td>+ Programmatic premium</td>
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<tr>
<td>+ Open exchange</td>
<td>+ Private marketplace (PMP)</td>
<td>+ First right of refusal</td>
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<td>+ Open marketplace</td>
<td>+ Closed auction</td>
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TYPE OF INVENTORY

- RESERVED
- UNRESERVED

HOW PRICE IS SET

- FIXED
- AUCTION-BASED
How Programmatic is Different

Buying For People Instead Of Places

In the early days of digital, advertisers bought inventory from publishers and hoped the right audience showed up.

With better data and targeting options available, B2B advertisers can now buy interactions with their audience across the web — on and off major publisher sites — whereever an audience actually spends its time.

Data ingestion and activation allows for programmatic buying to target precise audiences. For B2B, that means:

- Algorithmic prospecting is a reality
- Feedback is perpetually processed to continually optimize campaigns
- Learning is always happening as performance data becomes available
- Live data that is always collecting, analyzing and updating
It’s Not Only People that Matter, but also Channels & Devices

Programmatic advertising is deployable across multiple channels and devices, allowing advertisers to reach their audiences as they switch between applications and screens throughout the day.

Advertisers employing programmatic need to develop a strategy to hit consumers, IT professionals and business executives with targeted ads based on the sites and screens they frequent.

Typical consumption patterns show consistent mobile usage throughout the day, while desktop activity peaks at 8 PM**. Tablet and programmatic TV consumption increase in the evenings.

The largest group that browses the Internet solely on mobile devices consists of young adults and women.

– Pew Internet and American Life Survey

Average Time Spent on Devices/Day

Programmatic Must-Have: Cross-Channel & Cross-Device Advertising

The B2B customer journey spans various channels, and programmatic enables advertisers to combine, for example, display and video ads for better outcomes.

15-25% reduction in consideration time when programmatic display is paired with video, for items that have over a month of typical consideration time in the purchase path.

- Adam Markey,
  DataXu Director of Product Management

As the Director of Product Management for DataXu, Adam Markey manages omni-channel marketing campaigns and analytics across mobile, video, and social. DataXu is a programmatic marketing platform.

B2B advertisers can plan programmatic ads across all devices where customers will consume content — including mobile, desktop and TV — to cater to their specific place in the customer path to purchase.

Digital natives switch their attention between media platforms (i.e. TVs, magazines, tablets, smartphones or channels within platforms) 27 times per hour, or about every other minute.

Programmatic and Account-Based Marketing (ABM)

Account targeting has made B2B marketing more efficient, but traditional ABM relies on IP and static title data, hindering marketers’ ability to identify the true buying team within accounts.

DWA has pioneered an advanced approach that combines programmatic tools and intent data to improve account-based marketing - allowing marketers to better understand and target a collective team of buyers, from product researchers, to influencers, to final decision makers, within the larger organization.

Improved targeting allows advertisers to understand which accounts are most interested in a particular solution, and guides marketers in crafting messages that resonate with the collective buying team during various stages of their journey.

— Bob Ray, Global CEO, DWA
Building Your B2B Programmatic Framework

4 Stages to Bring it All Together

1. Data Development
   With programmatic, you have access to billions of data points through DSPs, particularly when ABM is employed.

2. Programmatic Funnel
   You can use data to help position consumers in the right place within the funnel.

3. Analytics/Reporting
   Gain insight on campaign outcomes and refine ads using real-time data.

4. Creative
   Develop specific creative based on target audience, where they are in the funnel, what devices they use, and which channels they frequent. Create different ads for different combinations of user behaviors/patterns.
B2B Programmatic Best Practices

1. UNDERSTAND THAT TRANSPARENCY, CONTROLS AND PRICING ARE RELATED.
   Although the programmatic environment is improving, some transaction types are more transparent and have better controls than others, yet are more expensive. "You get what you pay for" certainly applies.

2. KNOW THE DIFFERENCES IN INVENTORY AND WHAT TO EXPECT.
   Direct, private and open exchanges do not offer the same types of inventory, and some is by invitation only. You may need to select inventory from different exchanges to achieve your goals.

3. THE INDUSTRY HAS TAKEN STEPS TO IMPROVE BRAND SAFETY AND FRAUD, BUT BUYERS MUST STILL BEWARE AND KNOW WHAT TO LOOK FOR.
   Transparency is improving; however, you should do your research on non-human traffic, unviewable ads, and how to get your ads shown only on sites that support an audience and content in line with your campaigns.

4. PICK THE RIGHT PARTNER.
   Evaluate platforms and vendors, and align with those who share your values (transparency, controls, pricing, and target audiences). Pick partners who will assist with strategy and technology infrastructure development.
About DWA

DWA is a global media and marketing agency for technology companies. With its feet in media and its head in data and analytics, DWA has a fascination with the art and science of engaging people. That’s why you’ll find us at the intersection where media, technology and strategic marketing meet. Operating from eight offices around the globe covering North America, EMEA and Asia Pacific, DWA offers a range of programs such as programmatic media, marketing automation, account-based marketing and content marketing consulting - all for over 150 of the world’s best technology companies, including Cisco, Citrix, Box and more.

To learn more about DWA, visit www.dwamedia.com.

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