M9

Answers to your top programmatic questions

You asked, he answered. Mi9's Jon Devereux gives us his advice on forecasted trends, suggestions for ad spend, and the do's and don't all things programmatic.

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Question One:

# Any thoughts on trends to look out for coming out of Lockdown?

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In terms of overall market trends, we are still seeing significantly more supply relative to demand, which I believe presents a buying opportunity for some industries. This is driven largely by a few industries remaining offline such as Airlines, Travel and Tourism and an increase in site traffic looking for News updates.
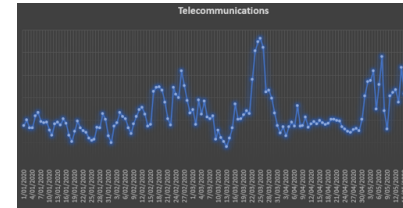
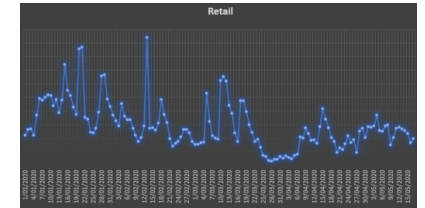On the other side retail,
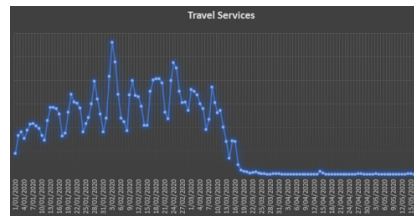
Travel Trend Graph
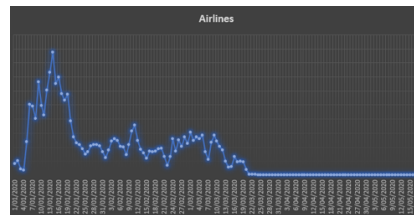
Airlines Trend Graph

mostly Retail (eCommerce), and Telecoms have weathered the storm well, with spend either near or exceeding pre-COVID-19 levels.
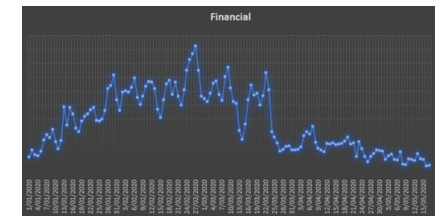
Telecommunications Trend Graph

Retail Trend Graph

Financial spend across the market remains subdued, which looks like an opportunity for a bank to fill the void and take a larger than normal share of voice in the market.

Financial Trend Graph

In terms of ad tech trends, I think a key focus remains data solutions in a cookie-less world. As the crackdown on third-party cookies continues, we are seeing ad exchanges such as Index Exchange partner with data platforms such as LiveRamp to provide solutions which pass user ID markers in the bid request rather than relying on traditional client-side stored cookies.

With data being such an integral part of programmatic buying and other initiatives such as header bidding and brand safety tools in a more mature and stable place, it feels like a more robust solution for data is going to come to the forefront of the industry, which I believe is a good thing as cookies were never really a great solution to begin with!

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Question Two:

Hi Jon, what is the best way to collect customer feedback on programmatic ads? How do you suggest analysing the collected?

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There are a few ways this can be interpreted; from a publisher perspective the feedback would pertain to the quality of the ads and the impact to user experience on the site. I think realistically in this scenario feedback will be reactive, rather than proactive, and likely negative due to a bad user experience.

A proactive approach on the publisher's part makes sense here, no obnoxious pop-up ads, and no low quality or scam advertising. Despite what it may seem to the layman site browser, here in New Zealand all publishers I've worked with take ad quality and user experience very seriously, there is a constant battle on the publisher side to block scam, unpleasant and illicit ads, naturally the people that are making ads to scam are using tricks to circumvent category blocks imposed by publishers, so publishers need to use a number of manual checks to try and catch the ads as quickly as possible.

From a brand perspective regarding the efficiency of an ad, the data after an ad is seen or clicked is your best bet, having a site well tagged up to record conversions and inform what creative drove the most ROI. Attribution gets a bad rap, because it is impossible to get an absolute result, for example; if you try and attribute ROI based on post-impression, sites that serve more impressions are more likely to be attributed the last-view and will look better in the results.

Likewise, when attributing based on post-click you usually end up with unfavourable looking data, for example the data might say it takes $200 of ad spend to generate one lead for a product worth $20. This understandably makes agencies and marketing departments reluctant to use it as a source of measurement, but personally I still see value in using this to drive decisions on where to upweight spend based, rather than default to CPC or CTR which might look great at a $1.50 CPC, but means a lot less in reality. In fact, there's often an inverse relationship between high clickthrough rates and conversions, i.e. most people who buy via ads online do so because the ad is relevant to them and rarely click ads otherwise, whilst there is a subset of people who click a lot of ads with no intention of converting.

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Question Three:

What are your thoughts on public knowledge of programmatic marketing… do consumers understand how it works? Is this or isn't this a problem?

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Great question, for an average user not in the industry it's very low, most don't realise ads are bought and sold on exchanges similar to stock markets. They are aware their data is being used in some capacity, but I think most misunderstand what's available and in what capacity their data being used, this creates a level of mistrust that I believe is unwarranted.

The reality is all data is hashed, anonymous data with no personally identifiable information that gets grouped into large pools. While there's absolutely cause for concern with the amount of data certain entities possess internally and the potential risks to individuals that poses, the information that gets grouped into large pools. While there's absolutely cause for concern with the amount of data certain entities possess internally and the potential risks to individuals that poses, the way I see data being used in day-to-day programmatic advertising is far off what the average layman believes is going on. Other problems include things such as users believing a publisher deliberately uploaded a rude or scam creative for money when the reality is all New Zealand publishers work hard to prevent ads that could hurt their brand or users.

From a marketing perspective I still hear a lot that digital ads are less premium, with the decision to focus spend on more traditional channels. Obviously I have skin in the game but personally it seems disingenuous how people can be happy to take a hazy, vague and inferred stat about the number of people that saw a non-digital ad at face value, but completely discredit the reams of data available around nearly every aspect of digital ads.

To say digital is a less premium environment would suggest Netflix is less premium TV or Amazon is less premium shopping. I see digital as the new norm, and a digital environment can be premium just as a non-digital environment can be second-rate.

Question Four

With the current landscape, what are people not wanting to advertise around?

For us, and from what I have heard of other publishers here and in Australia, the main blockers are any COVID-19 related news. Some buyers for government will specifically target towards COVID-19 news, but most advertisers want to avoid it. Most buyers have extensive blocklists in place for their clients which are always on, using platforms such as IAS, DoubleVerify or Grapeshot to categorise page risk levels. In terms of what industries are spending, most Retail and Telecoms are above previous levels, making use of eCommerce opportunities which programmatic advertising excels at, while Finance, Autos, Travel and Tourism are still lagging, understandably.

Question Five:

Is there a solution to the problem of... "I have already brought the shoes, but they continue to follow me - I don't need that ad anymore". How does advertising know when to stop?

Technically it is possible, in the same way an advertiser adds you to a list to target to after viewing the shoes, they can add you to another list after you land on the thank you page of the purchase to exclude you from future targeting.

As to why they do not, that is subjective depending on the advertiser, in the case of shoes or online retail, I would imagine it is less effective for eCommerce stores to remove you after purchase. The fact that you've made a purchase on their site makes you significantly more likely to re-purchase than a random

user, you've probably already got an account, card details saved, and trust them enough to deliver the goods etc.

Most eCommerce shops use dynamic banners now that rotate what goods they are advertising, so it is less likely they will continue to serve the same shoes but continue to serve you shoe ads on the assumption you're still more likely to buy another pair than a random individual.

That said, there is still room for improvement, for example data science could be done to figure out exactly how long between shoe purchases the average user makes on the site, if the average user buys a pair of shoes every 16 weeks there may be better results downweighing spend for a few weeks to prevent wastage and ramp up spend again as you approach the 16th week.

Likewise with subscription-based services it would make sense to significantly reduce spend on users you know are already subscribed.

I get a lot of ads from services I'm subscribed to which just feels like wasted ad spend, and in some cases the ad has even reminded me to cancel the subscription. I cannot comment on why they do not, it could be lack of knowhow, or an unwillingness to share that data with their agency out of security/privacy concerns, as an example. I do think the industry has a lot of room for improvement in the data science and optimisation space.

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Question Six:

How small can your audience be if you do programmatic? Can any site do it?

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Anyone can do a basic level of programmatic with Google's AdSense, which as I understand has no minimum requirement but lacks a lot of the core features such as being able to set your own floor prices and set up Private Marketplace (PMP) deals. Many Sell-Side Platforms (SSPs) such as Rubicon, Index Exchange and PubMatic might be open to setting you up with an account, even if your impressions are on the lower side. In my experience the main reason exchanges don't want to onboard smaller publishers is the disproportionate support they tend to require relative to revenue, if you can commit to a service level agreement where you don't take up too much time I see no reason why they wouldn't set you up with an account. Just reach out to them, onboarding is as simple as loading creative tags to your site or into your ad server.

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Question Seven:

How much importance do you place on social media ad spend vs programmatic marketing?

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I think both are important, depending on your goal. Social media ad spend is still programmatic in that you're buying on a social media platform's exchange as opposed to a publisher's exchange, most social network exchanges will be heavily weighted (or limited) to their own platform, whereas most programmatic exchanges will allow you to buy across almost all big publishers globally, for example if you ever wanted your ad on the cover of the New York Times.

You can also use programmatic to buy New Zealand publisher data which might perform better than the data on global exchanges.

Social media has greater capacity for customer retention which can pay dividends in the long run if you invest in it. It also has a lower barrier to entry as you do not need a Demand Side Platform (DSP) to do the buying, creative is easier to build, and data to buy against is already bundled in the platform.
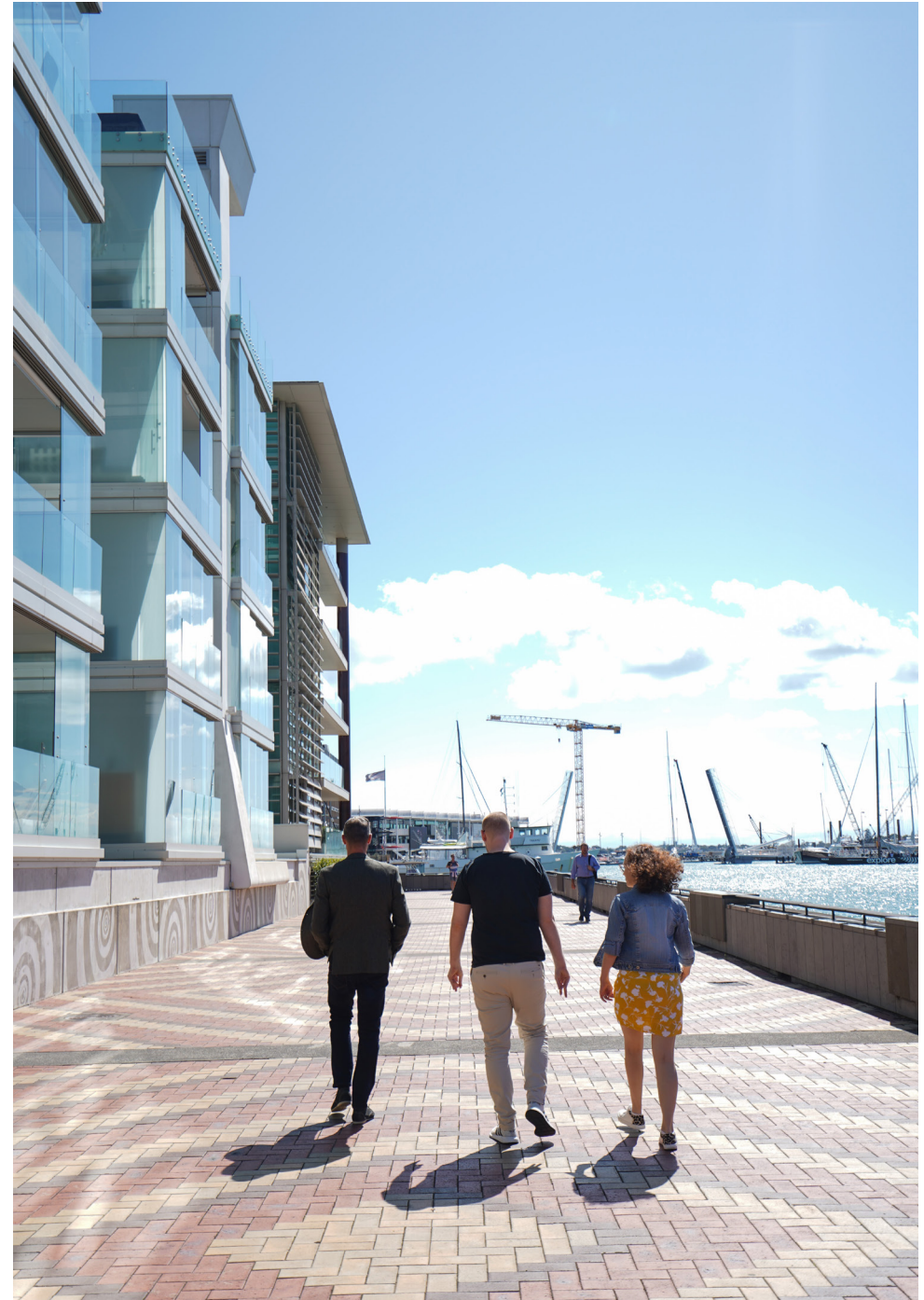
Question Eight:

Is there a minimum spend needed to benefit from including programmatic marketing?

It really depends on the objective, I think programmatic really shines in conversion based objectives, I've seen campaigns with good targeting, and smart planning, effectively print money where $5 of programmatic spend can generate $10 of revenue, obviously that's also going to be very dependent on the product being pitched and the quality of the creative, but it's absolutely possible to get great results with very low amounts of spend.

From a brand awareness perspective, it is a bit more subjective, programmatic has the ability to frequency cap impressions per user which could help you reach the widest audience possible, if you wanted to raise awareness of your product.

If you look at spend from a game theory perspective, targeting unique users is optimal, in that you can assume if a person did not convert after the first impression there's only a 50% chance they will convert after the second impression, with every subsequent impression where they haven't converted increasing the probability they're just not interested.

In that light targeting someone else who has not seen the impression still has a 100% chance of converting making them a more attractive option for ad spend, most agency people I have spoken to are in agreeance that reach and frequency limitation trump data overlays in terms of performance. That said, with smaller budgets where you can still have a frequency of 1 per lifetime, it makes sense to further optimise the audience you are targeting with data overlays on top of tight frequency caps.

Question Nine:

# Do you use different software for different placements, ie website vs billboard?

I haven't personally run any Out-Of-Home ads programmatically, but I understand a number of display platforms such as Rubicon Project are beginning to support it alongside other formats such as connected TV and Audio streaming. From what I've heard the tech for some of these products are still in its infancy though, with only private marketplace deals available and no Open Market available for billboards yet. It is likely most platforms will support most placements though.

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Question Ten:

What are some Kiwi businesses that are using programmatic marketing in a big way that we might not have noticed?

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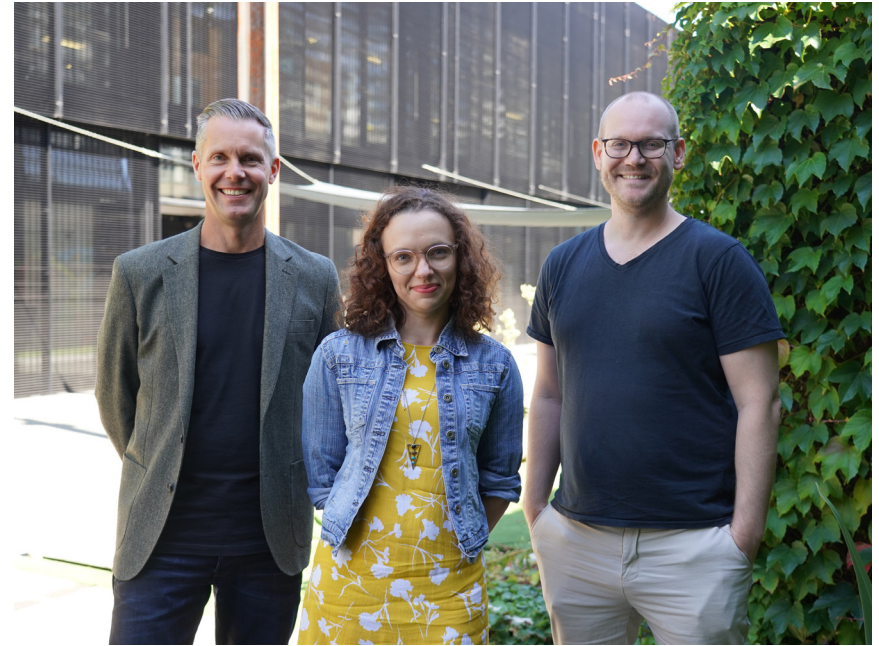
The majority of Kiwi business are buying programmatically as their bread and butter digital ad spend, I can't think of a specific campaign that really wow'd me, though I think that is largely in part due to tech limitations, programmatic has rapidly taken over traditional digital buying but a large part of what it offers is significant efficiency gains to existing methods rather than revolutionising the playbook.

I think as connected TV, mobile and out of home programmatic tech continues to grow we'll start to see some really cool stuff; programmatic is still in its infancy and a lot of the work to date has been getting the foundations in place. I do think there is significant room for improvements in the Data Science space, as per Question 5 there still seems to be a lot of wasted spend that could be optimised using data insights.

Question Eleven:

What does the stopping of website cookies mean for it?

I am optimistic the fallout will not be as severe as some headlines might be making it out to be, there are a few solutions such as LiveRamp who are working with Index Exchange to bundle unique identifiers into programmatic bid requests such that cookies are not needed to identify users for targeting, solutions like these are already being rolled out.

Outside of that with Google's Ad Manager servicing most publishers worldwide I would not be surprised if they roll out a first-party data solution integrated into publisher ad servers just as Chrome turns off third-party cookies. In the worst-case scenario, where the tech is not ready in time, buyers are still able to leverage New Zealand publisher first-party data via Private Marketplace deals so it's unlikely to significantly disrupt the industry and would likely benefit New Zealand publishers in the short-term.

Question Twelve:

If I want to start looking at programmatic in my offering where do I start?

As a buyer, all in one solutions where the exchange has their own platform are your best bet as they will have the lowest barrier to entry, LinkedIn, Facebook, AdWords all have the ability to buy programmatically allowing you to build and upload your own creative as well as overlay their own data to target the audiences you want. The caveat to these is they tend to dumb the process down a bit too much, things can become opaque and you may end up paying more per impression than you could otherwise get.

Another option would be to reach out to a New Zealand agency. There are a number of smaller 'boutique' agencies in New Zealand who can buy on your behalf, most of which will have existing relationships with publishers and a good understanding each publisher's offering and where to get the best value.

If you wish to monetize your site there are a number of platforms in the APAC market such as Rubicon, PubMatic, AppNexus and Index Exchange. I would suggest reaching out to them to see if you can get an account set up.

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Question Thirteen:

How is Microsoft different in their approach compared to where you've worked in Auckland like NZME or Mediaworks?

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To be honest they are all very similar, all publishers are aligned on bolstering the quality of their inventory through initiatives such as increasing the viewability of their ads, lowering the latency or time to load of ads, whilst maintaining user experience.

Due to the real-time exchange nature of programmatic, it's a competitive space, there's a lot of information available to agencies such as how viewable the ads are, the brand safety quality of the inventory, average clickthrough rates of ads and the cost for each click on an ad, so publishers need to juggle how they can maximise things like the impact of their ads as well as the scale and quality of their audience, while also mitigating the risk to user experience.

One difference working at Mi9 is that Microsoft is an important partner we represent in the local market, so we don't have full access to, or control over, the product development pipeline. In that sense we have to identify and assess local opportunities for them to consider alongside global opportunities in larger markets. They are receptive and supportive, but it can mean our time to market may be longer then New Zealand publishers who have their own in-house product and editorial teams and ability to direct their priorities day-to-day.

We hope you enjoyed!

Visit our website for more information.

www.mi9.co.nz

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