PROGRAMMATIC AND AUTOMATION – THE PUBLISHERS' PERSPECTIVE

SUMMARY

The terms "**programmatic**", "**automation"** & "**RTB**" evoke a lot of confusion in the marketplace, meaning different things to different people. This paper aims to provide clarity, from the publishers' perspective, by outlining four main ways of transacting "programmatically" today. It provides a clear framework for distinguishing between them and highlights other factors commonly associated with each "programmatic" transaction. Given how quickly the marketplace evolves, comments and feedback are welcome.

WHAT IS PROGRAMMATIC?

Programmatic buying and selling of digital advertising inventory, including real-time bidding (RTB) has been growing over the past couple of years and has the potential to transform how we buy and sell ad inventory. While RTB has historically been associated with remnant inventory, this technology is now increasingly being applied to a wider range of inventory. The RTB pipes are now being used to conduct different types of transactions (for example fixed-rate deals) which creates misunderstanding. There has been confusion in the marketplace over terminology with a number of terms being used interchangeably such as: "programmatic," "RTB," "programmatic direct," "programmatic premium," "programmatic guaranteed," "automation," "e-business," and more.

This paper has identified four discrete types of "programmatic" transactions - **Automated Guaranteed**, **Unreserved Fixed Rate**, **Invitation-Only Auctions**, and **Open Auctions** (see pg. 3 for definitions).

	Type of Inventory (Reserved[1], Unreserved)	Pricing (Fixed[2], Auction)	Participation (One Seller-One Buyer, One Seller-Few Buyers, One Seller-All Buyers)	Other Terms Used in Market	Other Considerations
Automated Guaranteed	Reserved	Fixed	One-One	Programmatic guaranteed Programmatic premium Programmatic direct Programmatic reserved	
Unreserved Fixed Rate	Unreserved	Fixed	One-One	Preferred deals Private access First right of refusal	• Prioritization in the ad server • Deal ID • Data usage • Transparency to buyer • Price floors
Invitation-Only Auction	Unreserved	Auction	One-Few	Private marketplace Private auction Closed auction Private access	
Open Auction	Unreserved	Auction	One-All	Real-time bidding (RTB) Open exchange Open marketplace	

Source: Interactive Advertising Bureau 2013

1. Reserved Inventory is advertising space on a publisher's site that is put aside for a specific advertiser for an agreed price
2. Fixed Price is any arrangement where the buyer & seller agree on a flat price that the buyer pays rather than the highest bidder in an auction environment

Mapping The Programmatic Terminology

These four types of transactions can be visually mapped based on two key criteria - how the price is set and what type of inventory is being transacted.

Source: Interactive Advertising Bureau 2013
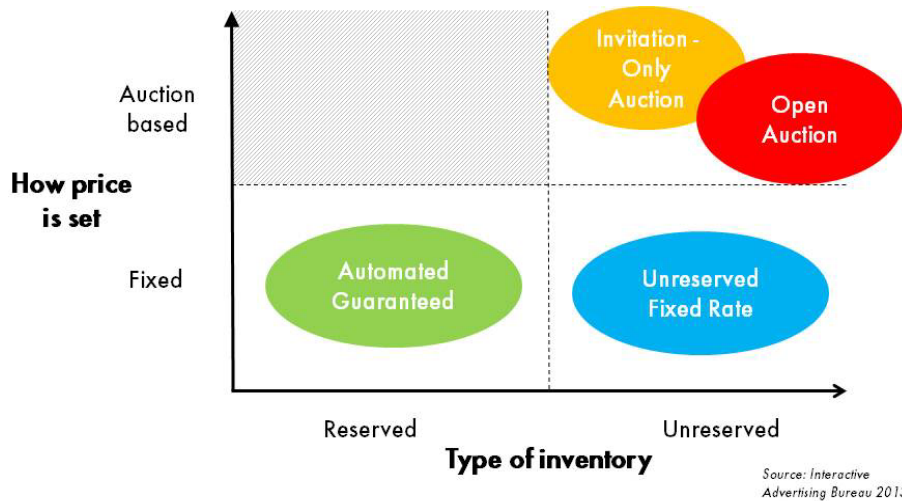
OTHER CONSIDERATIONS

Prioritization in the Ad Server

Automated Guaranteed sales have the highest priority within programmatic transactions equal to direct sales. Typically Unreserved Fixed Rate deals sit above the auction though can also sit within or below the auction. Most publishers place their Invitation-Only Auction above the Open Auction in priority though some don't participate in the Open Auction at all. Publishers can also give certain buyers priority in access to inventory (often called "first look").

Deal ID

Deal ID has become a fairly ubiquitous term used in the programmatic space. A Deal ID is an additional parameter that is passed in a bid request/bid response. In addition to things like timestamp, URL, IP address, cookie info, etc. many platforms now also have the ability to pass the Deal ID on with transaction. Deal ID is a unique string of characters that are used as an identifier for buyers and sellers. The buyer and seller will decide what that unique string of characters is defining. Depending on what platform you are using this could include things like priority, transparency, floor pricing, or data. A deal ID can usually be applied to any of the tactics that are executed through RTB pipes.

Data Usage

Programmatic buying allows the inclusion of many data sources to inform targeting and optimization decisions. It allows the buyer to show one ad impression to one anonymous viewer in one context. In the current programmatic landscape, the most common data used is leveraged on the buy side. Buyers layer both third-party data, as well as advertiser first-party data, onto campaigns. In addition, some publishers offer their first-party data. Growth in publisher offered first-party data is projected, as publishers are eager to provide, as well as obtain, value for their data and demonstrate both the value in their contextual environment and their audience. Issues around programmatic transactions and data usage will be covered in more detail in future pieces.

Transparency

Transactions can be carried out at different levels of transparency from blind all the way through to fully transparent URL. Publishers can also offer different buyers different levels of transparency. The following is a range of possible options

- Top Level Domain (example: publisher.com, news.publisher.com)
- Section Targeting (example: publisher.com/sports)
- Full URL (example: publisher.com/sports/NFL/Giants/article1235.html)
- Masked URL (example: www.publishermarketplace.com)
- Blind – No information is passed. Advertiser does not know where they are buying inventory.

Price Floors

Publishers are able to set a rate below which they are not willing to sell the inventory or exclude certain buyers. This option is only really relevant for auction based transactions.

DEFINITIONS

"Automated Guaranteed"

This type of transaction most closely mirrors a traditional digital direct sale. The deal is negotiated directly between buyer and seller, the inventory and pricing are guaranteed, and the campaign runs at the same priority as other direct deals in the ad server. The programmatic element of the transaction that differentiates it from a traditional direct sale is the automation of the RFP and campaign trafficking process. Negotiation through to fulfillment can be, should the publisher desire, completed within the technology platform providing the automated reserve functionality.

"Unreserved Fixed Rate"

Transactions that fall into this category exist within an exchange environment, but have pre-negotiated, fixed pricing (CPM, CPC, etc.) Typically, Unreserved Fixed Rate deals sit at a higher priority than the Open and/or Invitation-Only Auction. A deal of this type typically is necessitated by advertiser demand for a more predictable offering within the exchange space.

"Invitation-Only Auction"

This auction type is very similar to an Open Auction except a publisher restricts participation to select buyers/advertisers via Whitelist/Blocklist. A publisher may choose to not participate in an Open Auction and only run an Invitation-Only Auction. It is important to note that an Invitation-Only Auction is an auction and buyers will be expected to bid on inventory. A publisher may choose to expose different information such as transparency or data, through the use of Deal IDs or Line Items to add value to this select group of buyers while participating in this tactic.

"Open Auction"

An Open Auction is the Wild West of auctions. A publisher will generally allow any and all buyers to participate in accessing their inventory through this tactic. Usually there is no direct relationship with the buyer. Publishers may choose to use Blocklists and floor pricing to prevent advertisers from gaining access. On the advertiser side they are often unaware of what publisher they are buying on. DSP's usually present a list of exchanges/SSPs to the buyer that they automatically opt into. Buyers may not know or care that they are buying a publisher's inventory. Because of this, publishers can participate in the Open Auction on a blind basis.

Learn More at iab.net/programmatic
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