

The Seller's Guide to Success With Automation

“ Programmatic is the place to be. There are very few categories growing so rapidly and I expect that it will take over and become the new standard. In a couple of years, we won't call it 'programmatic' -- we'll call it 'advertising.’ ”

– Director of Programmatic Advertising at Major Media Company

“ To move the programmatic business, both sides need to be more transparent about what they are looking for to increase budgets. As more budget comes into the industry, more and more publishers will be comfortable about opening up more inventory.”

– Programmatic Director, Major Publisher


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TABLE OF CONTENTS

Introduction	3
a. Rapid Rise in Automation	
b. Keys to Driving Future Success with Automation	
Benefits of Automation in Media Selling	6
a. Incremental Revenue and Yield	
b. Enhanced Efficiencies	
c. Maximized Access to Buyers	
Current Barriers to Success	9
a. Understanding Where to Go Next	
b. Internal Misalignment	
How Rubicon Project Can Help	12
a. End-to-End Automation Solutions	
b. Data and Insights	
c. Expertise and Education	
Conclusion	15

INTRODUCTION

RAPID RISE IN AUTOMATION

Buyers today are demanding more efficiency, intelligence, and transparency in executing their advertising campaigns to reach consumers.

According to the Boston Consulting Group, publishers who properly leverage automated selling can “outperform the market and improve overall profitability.”¹ However, as reported by AdExchanger Research, buyers and sellers are not on the same page. Specifically, buyers feel that sellers are behind in offering premium inventory, as buyers cited inventory quality as the #3 biggest challenge that programmatic faces.² In *Automation: Your Media Buying Compass*, the brand leaders we interviewed observed greater functional efficiencies when using programmatic as a channel for media buying, which translated into transparency and improved media quality for the brand:



“The thing that marks our approach to programmatic is that we are looking to drive effectiveness. We feel if we drive the effectiveness of advertising, we can drive ROI. We’re not looking at buying more cheaply; we’re looking at how we buy more strategically and increase relevancy with our strategic customer audience.”

– Senior Media Director, Leading Consumer Packaged Goods Company³

Buyers and sellers are aware that in 2015, programmatic – the automated, technology-driven means of selling and fulfilling advertising demand – is expected to take over the majority (55%) of digital display ad volume purchased.⁴ In the past six months alone, \$25B in media spending has been made available as leading organizations and top-tier brands have called for media agency reviews.⁵ In 2015, a small number of brands, like Nestle, have made commitments to buy almost all of their ads via programmatic channels. This decision has driven a total of \$15B in web programmatic and increasing mobile penetration.⁶

“Programmatic inventory is opening up,” stated Gawain Owen, digital lead at Nestlé UK and Ireland. “We have programmatic display, programmatic video and people are now talking about programmatic television, programmatic out-of-home and programmatic print.”⁷

And, the demand for programmatic is expected to continue rising. This year alone, US programmatic digital video ad spending is expected to grow by 212.2%, with an additional 76.4% growth planned for next year.⁸ Additionally, in 2015, US programmatic ad spending in mobile is expected to surpass desktop for the first time, taking over 56% of programmatic ad expenditure.^{9,10}

However, despite all indications that the demand for automation is significant and growing, some sellers have not yet taken full advantage of the opportunities therein. Our research suggests that the key barriers associated with both adoption and moving more premium inventory to programmatic are the complexities associated with navigating the landscape from initial setup to growth of programmatic sales and the internal misalignment that can exist between automated and direct sales teams.

In an effort to better understand these realities, Rubicon Project led research among leaders of major media companies to capture the attitudes, beliefs and experiences of sellers. As a follow-up to our in-depth interviews, and to quantify our learnings, we conducted a short survey with a broader group of media sellers.

Let's learn more about the benefits and challenges we uncovered in an effort to help guide sellers to success with automation.

KEYS TO DRIVING FUTURE SUCCESS WITH AUTOMATION

In our research, three primary benefits of automation in media selling emerged as rationale for publishers to move more inventory - including traditionally "premium," direct-sold inventory - towards programmatic. First and foremost, automation offers sellers an incremental opportunity for revenue growth. Second, sellers can maximize access to buyers and therefore increase incremental demand since automation allows them to open their inventory to a much larger pool of buyers. Lastly, as these transactions and relationships continue to grow, publisher organizations experience the benefits of broad efficiencies.

Despite these benefits, publishers still often underestimate the success that can be achieved using automated systems to sell their inventory, potentially leaving millions of dollars on the table. Our research suggests that there are two primary challenges - internal and external - to effective adoption of automated selling.

First, as publishers have begun to explore quantifying the impact of their experiences with programmatic selling, they have encountered challenges with adopting programmatic technology in selling their inventory, making it difficult to identify where to go next. Specifically, the human and technological resources required for success can be significant and are often underestimated at the outset.

Second, a natural strain between direct and programmatic sales teams can emerge when there is no plan for going to market with an integrated value proposition. Sales compensation models must be redesigned to remove points of friction between programmatic and direct sales teams.

Those sellers who have had success with automation in recent years have discovered ways to overcome these barriers by capitalizing on the benefits of automation and, thus, expanding the total size of the opportunity for their business.



"Our programmatic team brings our direct team on programmatic calls and we ask clarifying questions of the buyer so that our direct team has transparency on key questions, like what budget the sale is coming from. This gives the direct sales team a better overall understanding, and we want them to learn. It is baby steps, but it helps."

– VP of Programmatic Sales at Major Media Publisher



87% OF SELLERS WE SURVEYED IN OUR RESEARCH EXPECT THE PERCENTAGE OF THEIR OVERALL DIGITAL CAMPAIGNS TO INCREASE OVER THE NEXT 12 MONTHS.



65% OF SELLERS WE SURVEYED IN OUR RESEARCH FELT THAT AUTOMATED / PROGRAMMATIC SYSTEMS COULD WORK FOR THEIR TYPICALLY HAND-SOLD, RESERVED DEALS FOR THEIR MOST IN-DEMAND INVENTORY AND AUDIENCES.

Overall, our research aims to bring awareness to the key benefits of selling programmatically and offer insight into how organizations can overcome the most common barriers by utilizing partners with the best resources and expertise to help sellers drive their businesses forward.

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- 10 - eMarketer, US Programmatic Ad Spend Tops \$10 Billion This Year, to Double by 2016, <http://www.emarketer.com/Article/US-Programmatic-Ad-Spend-Tops-10-Billion-This-Year-Double-by-2016/1011312>, October 16, 2014

BENEFITS OF AUTOMATION IN MEDIA SELLING

INCREMENTAL REVENUE AND YIELD

The publishers we spoke to see automation as an opportunity to address buyers' needs and maximize revenue. Supporting our findings, a recent study by AdExchanger Research identified that programmatic is "no longer just a way to sell 'remnant' inventory, programmatic is providing a new monetization method for more of publisher's inventory." Specifically, AdExchanger Research reported that the percentage of publishers with more than 40% of their revenues in programmatic increased by +8% from 2014 to 2015.¹¹



Image credit: Gettyimages.com

"What attracted us to [programmatic] was that you had an always on, open market solution that provides a scalable yield and a more accurate picture of the inventory available."

– Director of Programmatic Advertising at Major Media Company

Our research indicates that the publishers who have successfully achieved their goals in automation are those who are effectively embracing both traditional and programmatic sales channels. The publishers we spoke with indicated that their biggest measure of success was the incremental revenue they have been able to achieve since incorporating automation.

"[The shift to automation] was really all about revenue growth...there is huge growth opportunity."

– Director of Monetization at Major Media Company

As more and more buying types and ad formats are supported through automated technologies - from automated guaranteed to header bidding to custom ad formats, Rising Stars units and native - and across all devices and screens, the traditional waterfall methods of selling are not keeping pace.

Rubicon Project believes that by moving more inventory towards programmatic, sellers will enable the real-time decision making needed to truly maximize yield on a per impression basis and make selling all kinds of inventory through automated solutions invaluable to their seller organizations.

¹¹ – AdExchanger Research, The State of Programmatic Selling, 2015

ENHANCED EFFICIENCIES



"Demand is flowing to programmatic, so as brands and agencies move to automated buying, publishers must too. Programmatic buying allows brands to achieve efficiencies in workflow and better leverage their data and analytics."

– General Manager Digital Properties at Major Publisher

The term "efficiency," is either celebrated or abhorred depending on where you are in the media ecosystem. For advertisers, efficiency can imply paying less for the same amount of impressions. For sellers, efficiency can mean having to bend to the demand of buyers and reduce costs. However, these are simply lagging misperceptions.



"For us, programmatic has been all incremental, so that's how we measure success. However, there are also intangible benefits [of programmatic] like demonstrating how forward thinking you are, which keeps you top of mind to your customers."

– Director of Programmatic Advertising at Major Media Company

Efficiency does not have to be a "bad thing" for sellers. Because automation allows buyers to obtain richer data and insights into what is working, for the sellers who deliver strong audiences and results, the opportunities to acquire more buyer spend are endless.

Rubicon Project's perspective is that automation provides buyers with an opportunity for a higher percentage of media dollars to go towards working media, which also means the potential for higher yield for publishers. These automated systems also enable sellers to tap into efficiencies gained through direct integration with the publisher's ad server. Being able to use 1st party data to build and sell segments through automated channels, and then leveraging the direct connection to manage universal frequency caps (FCAPs), pacing and discrepancy management in real-time can improve overall performance for sellers while also dramatically reducing waste.

And, according to Rubicon Project, efficiency means a reduction in manual effort to execute a direct sold buy. Automation can eliminate the forty plus steps, including all manual efforts, spreadsheet manipulations and live phone calls, that are required to execute a guaranteed buy from the RFP process through to fulfillment. Post-campaign analysis is also made easier through automation. Where in the past it could take sellers a forty-hour workweek to sift through campaign results, advertiser wrap reports are now easily obtained within platform dashboards.



78% OF SELLERS WE SURVEYED IN OUR RESEARCH SPEND 5-10 HOURS PER WEEK PULLING AND CREATING POST CAMPAIGN OR ADVERTISER WRAP REPORTS FOR EACH INDIVIDUAL CAMPAIGN.

MAXIMIZED ACCESS TO BUYERS

As cross-platform targeting and attribution technologies improve, publishers can unlock demand from even more buyers in two ways: first, the technology allows them to offer inventory to a fresh and large pool of potential buyers; second, the insights enable buyers to better understand the value of current results and, thus, increase strategic spend in areas that best deliver.

Connecting publishers to buyers in a one-to-one or one-to-many capacity within private marketplaces allows for both increased efficiency and a transparency in cost, which increases the value and, therefore, the scale of buyer interest in programmatic.



"The main motivator [for moving to programmatic] is to fulfill what buyers want...other motivators are secondary by quite a ways."

– Programmatic Account Manager at Major Publisher

Buyers range in where they are in adopting programmatic, but they are actively testing, adapting and growing spend. Brands are often buying across multiple channels (direct, agency, agency trading desks, DSPs, etc.) and sellers who are limiting the number of channels they sell to are left out of the evolving media landscape.



"Once the agencies start using richer, more interactive mobile formats that are more suitable for branding activities, that is something that will lend itself to more [premium] programmatic activity."

– Programmatic Account Manager at Major Publisher



"I would never put all my eggs in one [channel] basket because I could miss out on CPM elsewhere and competition between partners is important...we want partners that perform the best, have the best demand sources and work best for buyers."

– VP of Programmatic Sales at Major Media Publisher

CURRENT BARRIERS TO SUCCESS

While automation in media selling has provided a number of benefits to the publishers who effectively leverage it, it has also created some perceived challenges.



Image credit: Gettyimages.com

Conversely, Rubicon Project's recent research study of automated buying found that automation alleviated a number of external conflicts for buyers and led to benefits including improvements in targeting customers and greater efficiency in media investments.¹²

<http://content.rubiconproject.com/michaelwehner/automation-media-buying-compass>

It is this contrast in experiences that suggests that there is still sizeable opportunity for publishers to maximize the benefits associated with automation. At a macro level, there are two key internal challenges to publishers' success with automation.

UNDERSTANDING WHERE TO GO NEXT

First, one of the key barriers we heard in our research was the complexity involved in various aspects of transitioning sellers' inventory to automation. As an AdExchanger Research study found, a general complexity across the ecosystem exists given the breadth of technology vendor partner opportunities being presented to sellers.¹³

Once vendor partners are selected, and despite the implications of the word "automation," there can be a tremendous amount of expertise, labor and support required to shift inventory into automated solutions. Many publishers underestimate the scale and scope of the human capital required to effectively transition inventory and, thus, choose partners with customer service teams that lack the necessary expertise and resources to support success for sellers. Additionally, some publishers fail to first, estimate the amount of time and labor required to get up to speed with new selling models and systems and second, ensure that they are getting all the data and insights they need from those systems in order to best understand and manage their business.

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13 - AdExchanger Research, The State of Programmatic Selling, 2015



35% OF SELLERS WE SURVEYED IN OUR RESEARCH CITE AUTOMATION NOT WORKING FOR PREMIUM INVENTORY.



"Oftentimes, there's a lot of work setting up channels for buyers to purchase programmatically. There can be a lot of back and forth, especially in private market deals."

– Sr. Manager of Programmatic at a Major Media Group

While the goal of automation is to make transactions more efficient and streamlined, there is an inherent level of complexity in laying the foundation and getting the pipes ready for business to flow smoothly through this channel, especially when looking at premium inventory. This makes partner selection a crucial point in achieving success.



"What can be a little surprising is how much the presence of people and a hand touch is needed. It is not totally automated and definitely requires human support as well."

– Director of Programmatic Ad Operations

Because of the complexities identified, savvy sellers shared the importance of finding partners willing and able to provide the necessary expertise, resources, education and overall support needed to ease the transition and drive success for sellers.

INTERNAL MISALIGNMENT

The second challenge in achieving success with automation is the natural conflict that can emerge when a new sales channel is developed within an organization. Publishers we spoke to told us that tensions often emerged between direct and programmatic sales teams when they began their journey with automation. While Rubicon Project believes that years of demonstrating success with RTB have eased this tension, it has resurfaced as publishers have begun selling traditionally higher priced, including custom, inventory through private marketplaces and automated guaranteed.

In our research we learned that this internal misalignment is often a result of lack of education or understanding as to how programmatic can offer incremental opportunities to serve clients and generate revenue. And, we heard that these misconceptions are further substantiated when - organizationally - the direct and programmatic teams still operate in a disparate fashion with disconnected strategies, incentives, functional structures and day-to-day operations.



"The biggest reservation or fear is that the programs people are selling in a direct fashion will shift to programmatic. So, we do a lot of education to help our direct sales teams understand that we will always need them, and that programmatic should only be incremental to direct sales."

– Sr. Manager of Programmatic at a Major Media Group



33% OF SELLERS WE SURVEYED IN OUR RESEARCH CITE THEIR DIRECT SALES TEAM LOSING REVENUE AS BARRIERS PREVENTING THEM FROM SELLING MORE INVENTORY VIA AUTOMATED/PROGRAMMATIC SYSTEMS.

Publishers that were successful at minimizing internal conflicts between direct and programmatic sales teams reported that they had the support and buy-in from their senior leadership and started with a business strategy that outlined an integrated value proposition, one that allowed for direct and automated strategies to co-exist. However, those efforts can be for naught if the direct and programmatic incentives are not also completely tied to an integrated internal strategy. Specifically, organizations need to find a way leverage and/or share revenue targets and sales incentives across both direct and programmatic teams in a manner that fosters collective versus combative selling efforts.

HOW RUBICON PROJECT CAN HELP

Automation in selling is continuing to present a significant business opportunity for publishers. However, in order to fully capitalize on that opportunity, sellers must align their sales strategies, invest in resources and educate their teams so that they can go to market with a unified value proposition. And, when sellers are optimizing for the highest value in an automated, intelligent fashion, yield is maximized.



Image credit: Gettyimages.com

RUBICON PROJECT REMAINS COMMITTED TO BEING A RESOURCE TO PUBLISHERS IN A NUMBER OF WAYS:

END-TO-END AUTOMATION SOLUTIONS

No matter the size of the buyer or how they want to buy – directly or via DSPs, agencies or the latest technical breakthrough – Rubicon Project’s Seller Cloud evolves with all buyers so that they can concentrate on what is most important to their business. We know that the programmatic landscape is going to continue to evolve and that brands will test and adopt new buying strategies and technology, so we are committed to ensuring that sellers can maximize their access to brands despite the complexities in buying behaviors.

Similarly, no matter how publishers and app developers want to sell – from Guaranteed Orders to Private Marketplaces to Open Auction to Tag Based buying – Seller Cloud enables them to optimize revenue across their direct and indirect sales channels. Our Ad Engine technology also enables sellers to manage audience extension and performance buys in one integrated platform. We know that sellers will ultimately choose the best mix of sales models and technology for their business and, therefore, we believe in providing every option - across display, mobile, video and native - so that sellers can choose based on what works instead of what is available.



83% OF SELLERS WE SURVEYED IN OUR RESEARCH CITE CUSTOMERS ARE USING RUBICON PROJECT’S ORDERS PLATFORM TO GAIN ACCESS TO NET NEW BUYERS.



81% OF SELLERS WE SURVEYED IN OUR RESEARCH ARE USING RUBICON PROJECT’S ORDERS SOLUTIONS FOR PRIVATE MARKETPLACES AND AUTOMATED GUARANTEED TO INCREASE OVERALL YIELD FOR THEIR INVENTORY AND AUDIENCES.

DATA AND INSIGHTS

Rubicon Project provides a combination of robust data, insights and performance analytics tools along with experienced, hands-on account teams to ensure that sellers have the knowledge and resources they need to make smart decisions about automated selling. These offerings include reports and insights that help sellers uncover hidden opportunities, identify new customers and find additional sources of revenue.

Integrating into a seller's existing systems and dashboards is key to easing the process for sellers. Whether the integration is via direct API integrations that enable larger, very sophisticated sellers to ingest and analyze rich data in real-time or easy-to-use, customizable reports and dashboards for more hands-on sellers, Rubicon Project provides a comprehensive suite of tools and reports that enable publishers and app developers to maximize yield across inventory, audiences and buyer channels.

Those who cited success with automation learned to leverage the data and insights provided by the platform. However, as we learned, the process of getting the platform up and running can be complicated and requires time and expert resources. For sellers, having a platform partner that remains with them through every step of the journey is crucial to success.



"Customer service plays a huge role [in programmatic]."

– Programmatic Account Manager at Major Publisher

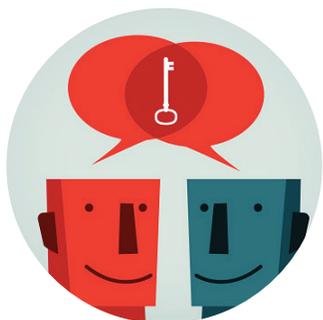
EXPERTISE AND EDUCATION

The role education plays in breaking down barriers was heard loud and clear in all of our research. Everyone we spoke with felt that education is a huge impetus for achieving success as the industry moves towards automation.



50% OF SELLERS WE SURVEYED IN OUR RESEARCH CITED THIRD PARTY RESEARCH OR CASE STUDIES PROVING THAT PROGRAMMATIC SALES DELIVER INCREMENTAL YIELD WHEN COMBINED WITH DIRECT SALES AS A RESOURCE THAT WOULD BE MOST USEFUL IN SUPPORTING INCREASED ADOPTION OF PROGRAMMATIC IN THEIR ORGANIZATION.

Rubicon Project will continue to invest in educational resources that sellers can use to on-board their direct sales teams.



Rubicon Project's services and account teams are available for live consultations, and work with qualified sellers throughout both the initial onboarding process and as they test and adopt new automated applications, like automated guaranteed.



Sellers can find a number of advertising automation white papers, demo videos, case studies and best practice guides on the Rubicon Project website: content.rubiconproject.com



Rubicon Project is committed to hosting and participating in industry events where trends in advertising technology, buyer demands and new business models are openly discussed. For instance, at Rubicon Project's annual invitation-only Automation Summit, Rubicon Project discusses current trends that impact both buyers and sellers and the future of digital advertising while also providing open dialogue from a thought leadership point-of-view.



"Educate the entire organization on the differences and the potential revenue growth that is out there. Even people on the programmatic side of things need to better understand the direct sales side of things. There are still some roadblocks that don't need to exist."

– Director of Monetization at Major Media Company

CONCLUSION

Driven by the demands of buyers, and operating in a marketplace that is continuously shifting towards innovative technologies, sellers are moving more and more inventory and deal types towards programmatic channels. And, across the board, our research indicates that growth in automation is expected to continue rising over the next 12 to 24 months.

This move towards programmatic is supported by three primary benefits that automation in media selling enable:



**INCREMENTAL
REVENUE AND YIELD**



ENHANCED EFFICIENCIES



**MAXIMIZED ACCESS
TO BUYERS**

However, as with any industry that is technical, innovative and ever evolving, automated selling also presents sellers with two key barriers to adoption:



**CONFUSION AND COMPLEXITY
FROM THE INITIAL ADOPTION
PHASE TO GROWTH STAGES**



INTERNAL MISALIGNMENT

In effort to continue breaking down barriers, Rubicon Project is committed to easing and enhancing the transition to automation by being a resource to its publishers in three primary ways:



**OFFERING
END-TO-END
AUTOMATED
SOLUTIONS**



**PROVIDING THE SUPPORT
SELLERS NEED TO ACCESS
AND INTERPRET DATA
AND INSIGHTS**



**DELIVERING
CONTINUOUS
EXPERTISE AND
EDUCATION**

METHODOLOGY & SAMPLE

The qualitative research was conducted by TFQ Perspective in August 2015 through in-depth interviews. All findings were blinded and aggregated, but any quotes were approved for use by the participants.

The interviews involved a total of ten (10) participants who are responsible for developing, leading and/or managing all programmatic efforts for digital media at their respective publisher organizations.

In exchange for their time, participants were offered co-marketing opportunities at upcoming media related events.

Additionally, our qualitative research was further validated with a 66 person online survey generated through TechValidate that was live in field for two weeks in September 2015.

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