



Programmatic Trading

What is it? Why should you care?



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EXTRA!! EXTRA!!

10/20/12

US Programmatic Ad Spend Tops \$10 Billion This Year, to Double by 2016

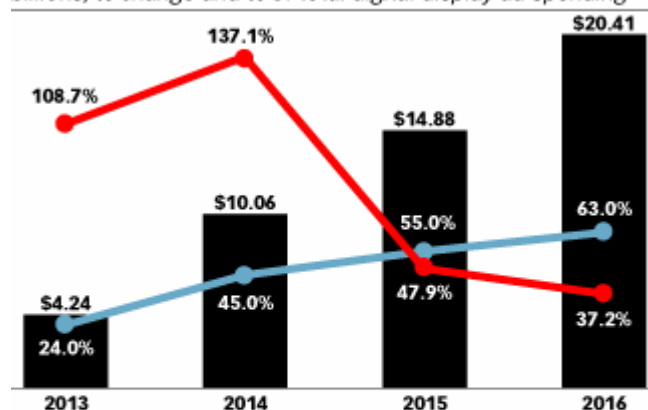
Automated ads will account for nearly 50% of US digital display market in 2014

Oct 16, 2014

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US Programmatic Digital Display Ad Spending, 2013-2016

billions, % change and % of total digital display ad spending*



■ Programmatic digital display ad spending
 ■ % change ■ % of total digital display ad spending*

Note: digital display ads transacted via an API, including everything from publisher-erected APIs to more standardized RTB technology; includes advertising that appears on desktop/laptop computers as well as mobile phones and tablets; *includes banners, rich media, sponsorship, video and other

Source: eMarketer, Oct 2014

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www.eMarketer.com

US Programmatic Digital Display Ad Spending, by Transaction Method, 2013-2016

billions, % change and % of total programmatic digital display ad spending

	2013	2014	2015	2016
Real-time bidding (RTB)*	\$4.16	\$9.25	\$11.01	\$11.84
—% change	106.6%	122.6%	19.0%	7.5%
—% of total programmatic digital display ad spending	98.0%	92.0%	74.0%	58.0%
Programmatic direct**	\$0.08	\$0.80	\$3.87	\$8.57
—% change	317.5%	848.4%	380.7%	121.6%
—% of total programmatic digital display ad spending	2.0%	8.0%	26.0%	42.0%

Note: includes advertising that appears on desktop/laptop computers as well as mobile phones and tablets; *includes programmatic ads that are transacted in real time, at the impression level; **includes all programmatic ads that are transacted as blocks of inventory using a non-auction-based approach via an API
 Source: eMarketer, Oct 2014

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www.eMarketer.com

US Real-Time Bidding (RTB) Digital Display Ad Spending, by Channel, 2013-2016

billions, % change and % of total RTB digital display ad spending

	2013	2014	2015	2016
Open exchange*	\$4.07	\$8.14	\$8.48	\$8.52
—% change	-	99.9%	4.1%	0.5%
—% of total RTB digital display ad spending	98.0%	88.0%	77.0%	72.0%
Private marketplace**	\$0.08	\$1.11	\$2.53	\$3.31
—% change	-	1,235.5%	128.0%	30.9%
—% of total RTB digital display ad spending	2.0%	12.0%	23.0%	28.0%

Note: includes advertising that appears on desktop/laptop computers as well as mobile phones and tablets; *includes ads transacted through a public RTB auction in which any buyer or seller can participate, also known as open auction or open marketplace; **includes ads transacted through an invitation-only RTB auction where one publisher or a select group of publishers invite a select number of buyers to bid on its inventory
 Source: eMarketer, Oct 2014

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www.eMarketer.com

MAGNA GLOBAL's New Programmatic Forecasts

Global Programmatic Spend to Reach \$53bn by 2018

Programmatic will Account for 42% of Global Display-Related* Ad Spend this Year

- Digital media buying is being revolutionized by programmatic buying technologies. Over the 35 countries analyzed by MAGNA GLOBAL, media inventory transacted through programmatic methods will reach **\$21 billion globally this year (+52%** compared to 2013), of which \$9.3bn will be transacted through Real-Time Bidding (RTB) methods.
- Growth will remain strong over the next four years, with an average annual growth rate of 27%, to reach **\$53bn by 2018**. The main drivers behind this growth will include the opportunity to reduce transaction costs on both the buying and selling side, the opportunity to monetize a broader spectrum of digital media impression (the "long tail"), and the opportunity to leverage consumer data at scale to improve the efficiency of ad campaigns.



The Digital Advertising Paradox



Traditional
Media



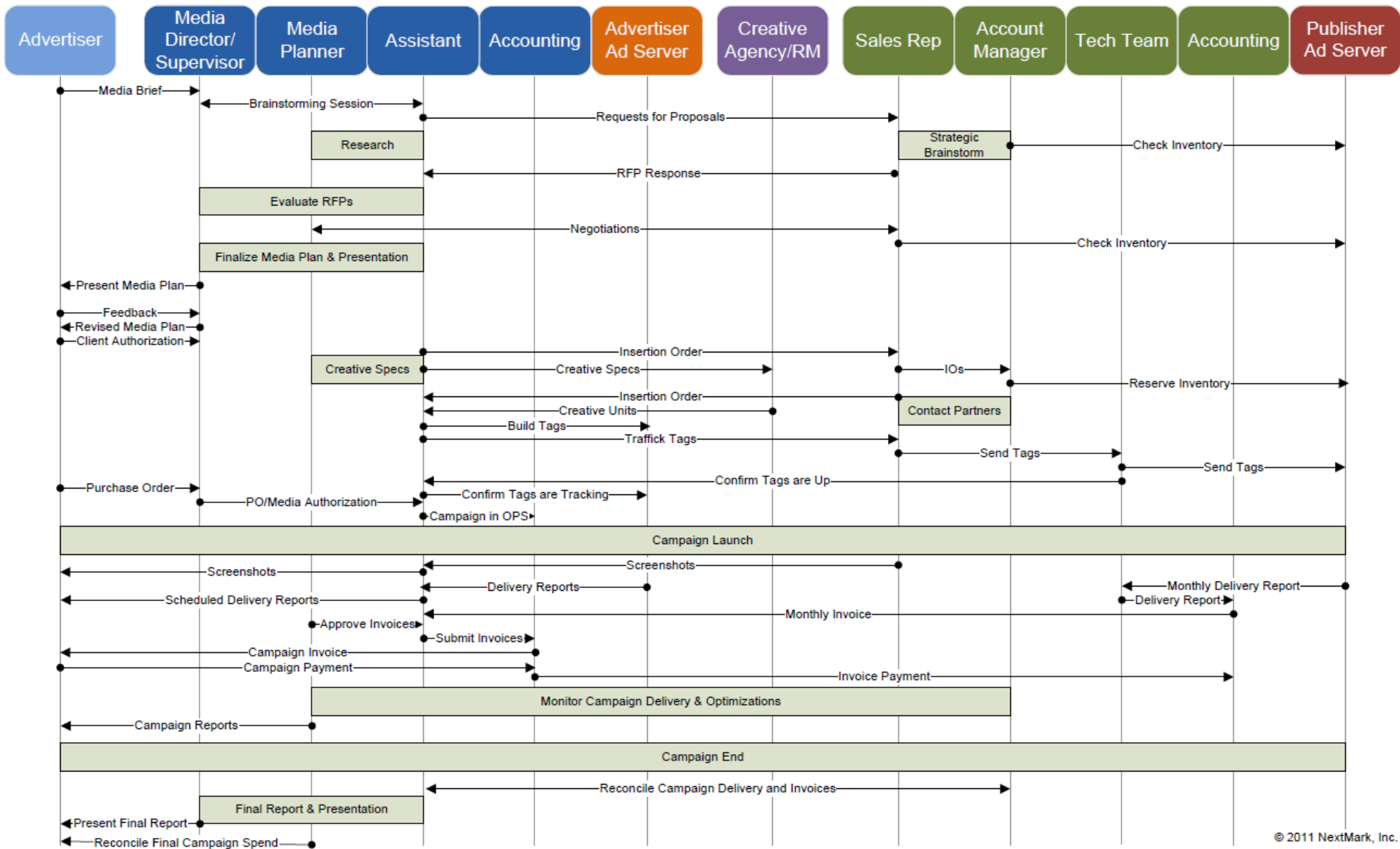




Same
method of
Advertising
trading



Typical Online Display Media Order Process



Typical Online Display Media Order Process

We trade in **BULK**

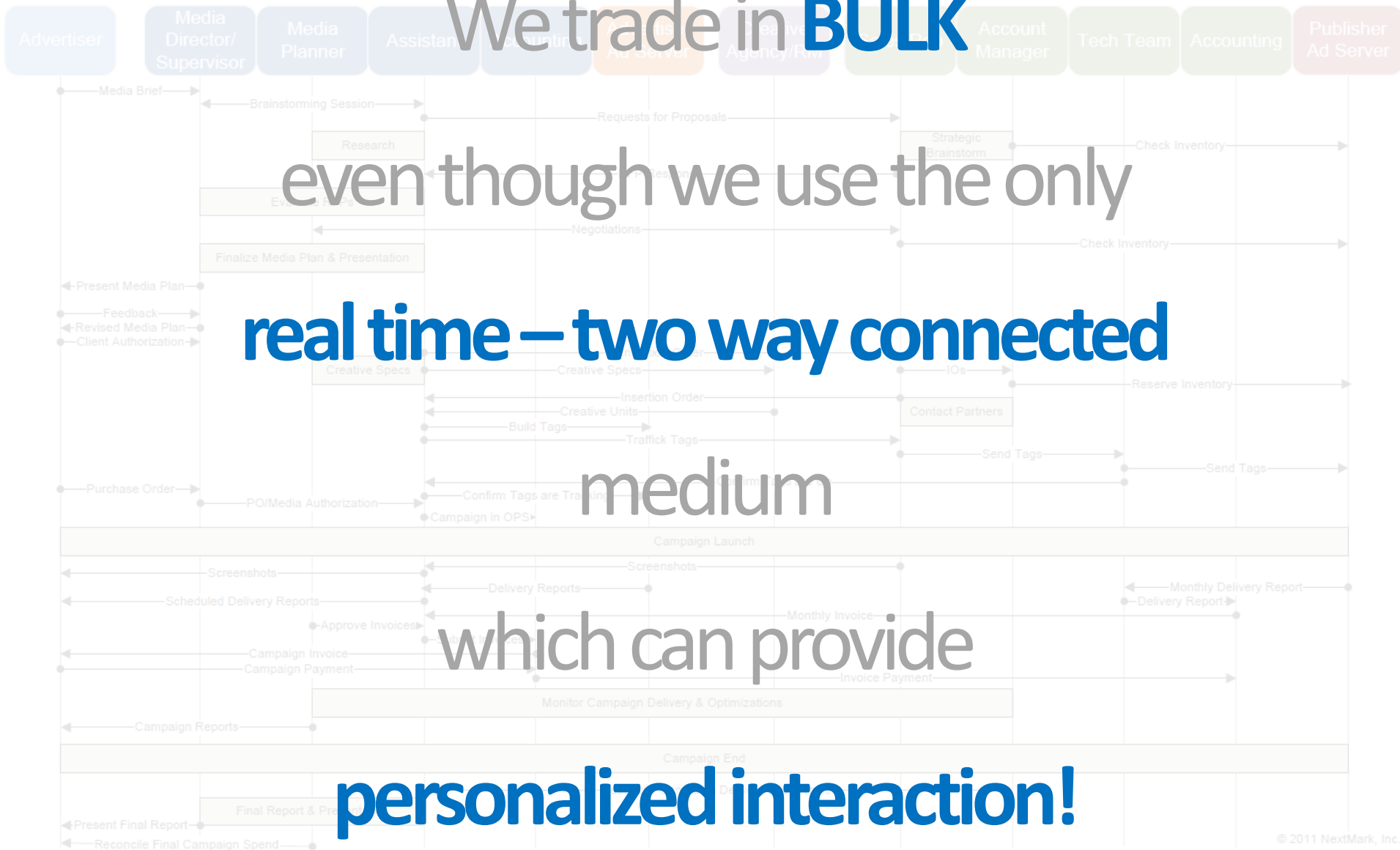
even though we use the only

real time – two way connected

medium

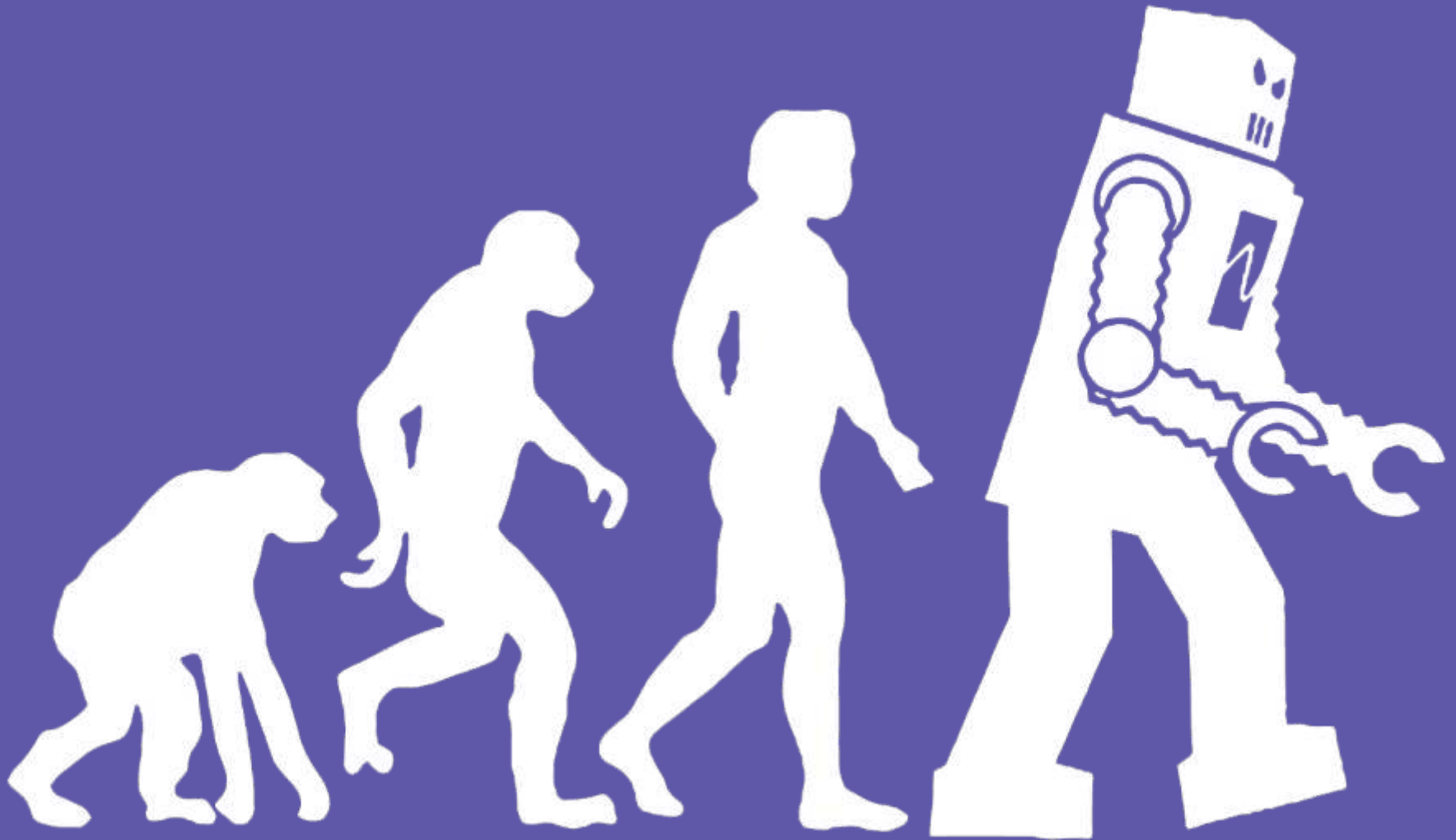
which can provide

personalized interaction!



Vive la (R)evolution!

Programmatic clarified & explained...



Let's start with a definition

“Programmatic buying is the **process** of executing **media buys** in an **automated** fashion through **digital platforms** such as: exchanges, trading desks, demand-side platforms (DSPs) and supply-side platforms (SSPs).

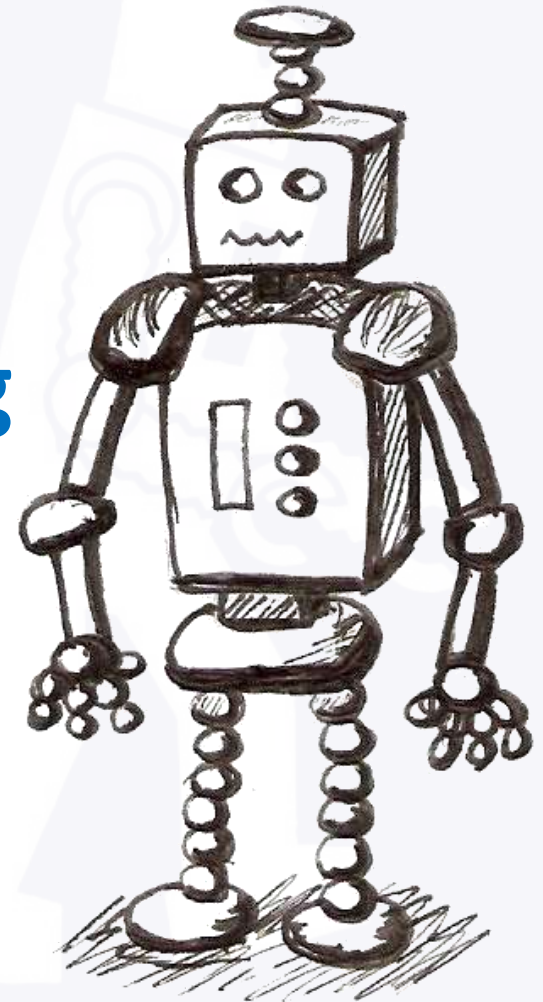
This method replaces the traditional use of manual RFPs [Requests For Proposal], negotiations and insertion orders to purchase digital media.”

(Business Insider, September 2012)

The Core Revolution:

Automation

of media buying and selling
(through technology)



The protocol for automation is called

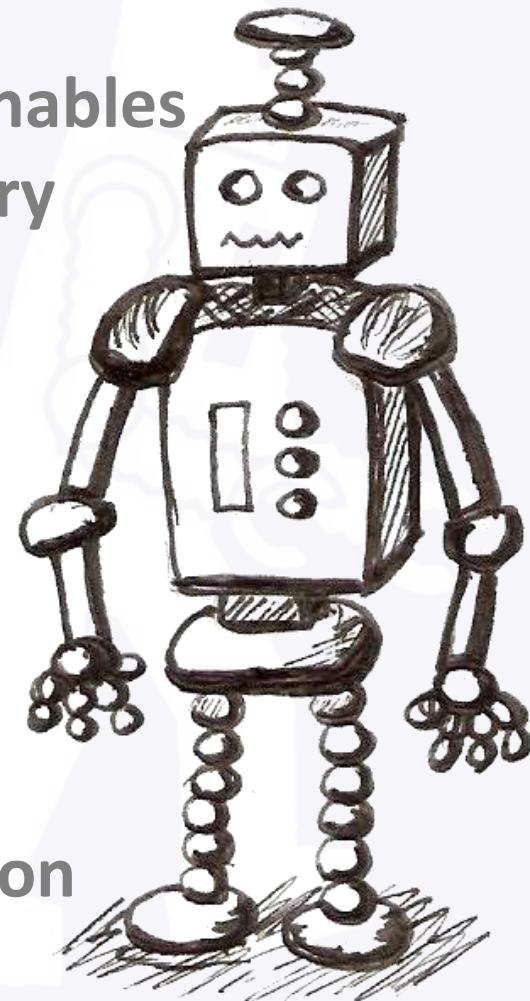
RTB = Real Time Bidding

An online advertising technology that enables you to trade display advertising inventory

- impression-by-impression
- in real-time
- on an auction basis

& Data

Affecting the valuation of each impression



The underlying evolution

From Media Planning

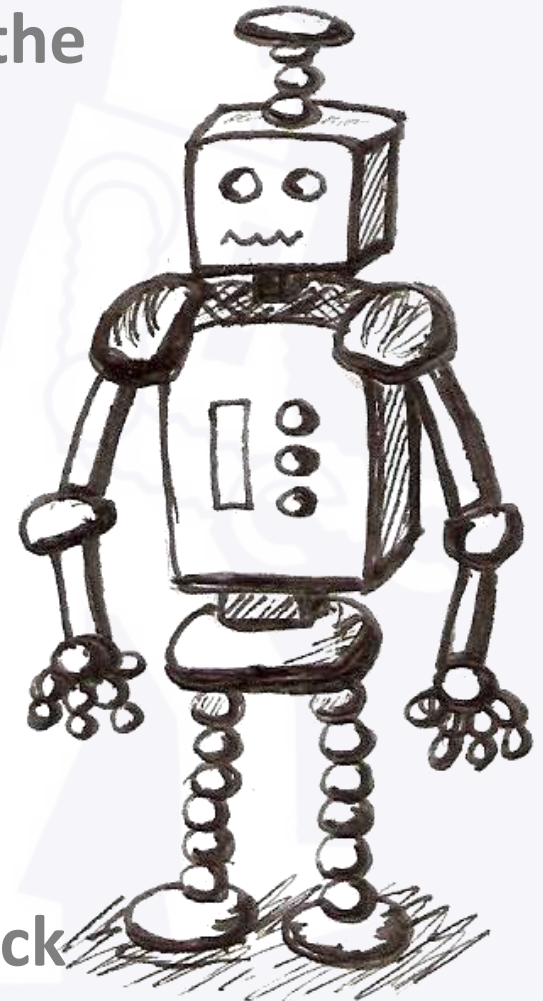
Attempt to reach the right person with the right message at the right time

- Using historical information
- Buying in bulk
- Post Campaign Evaluation

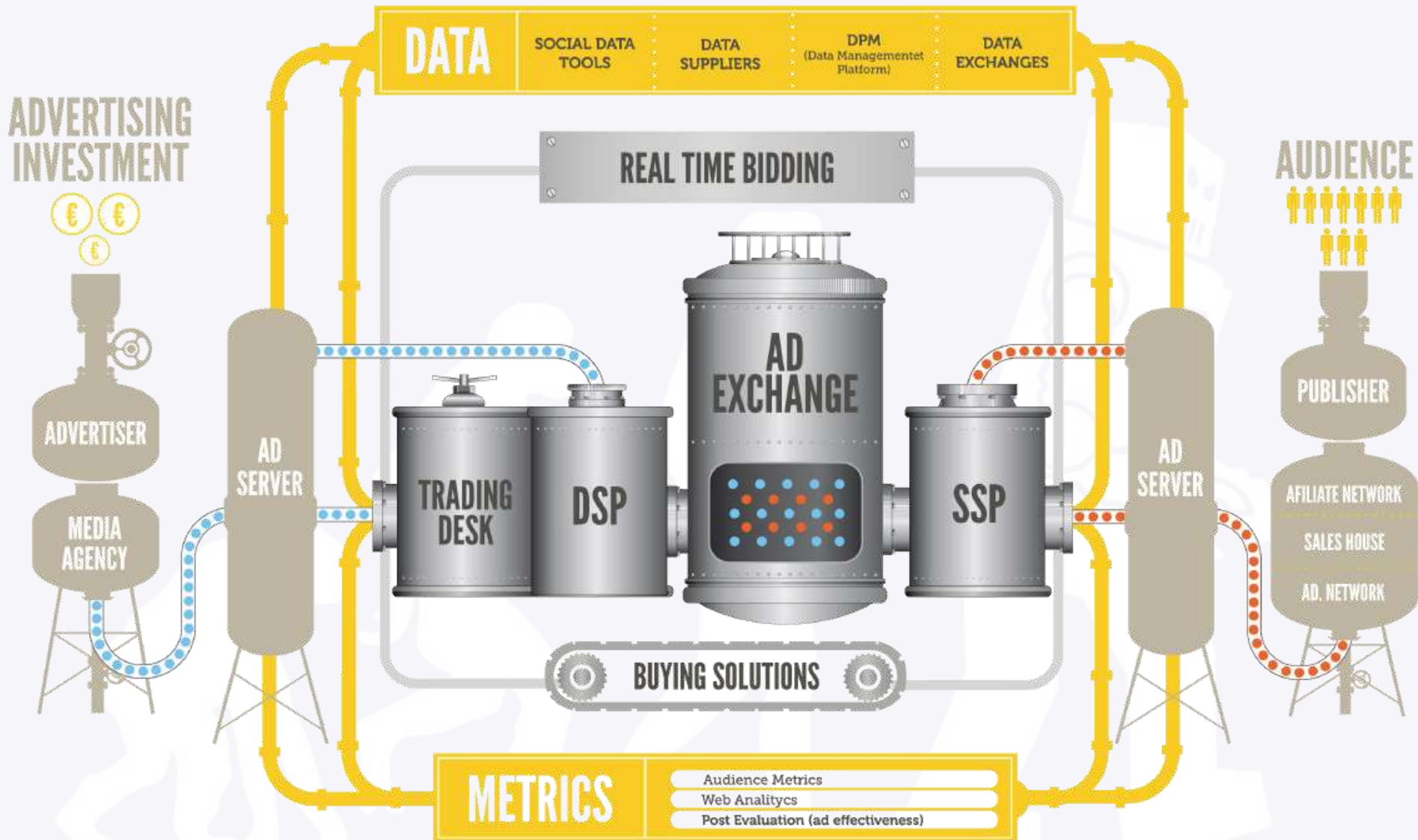
To Audience Planning

Evaluate each impression in real time against the desired audience profile

- Using real time information
- Post impression evaluation & feedback

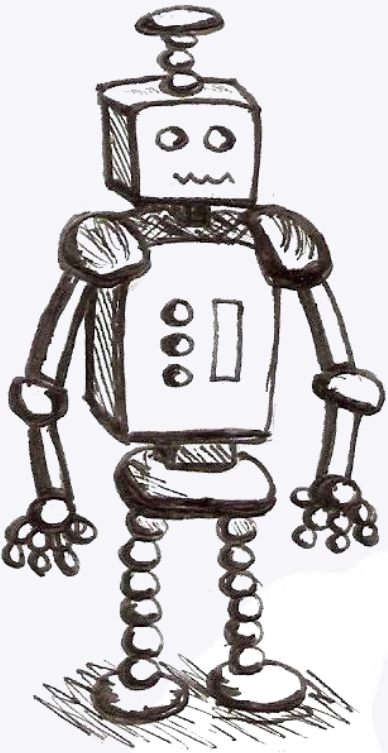


PROGRAMMATIC BUYING ECOSYSTEMS



One to One

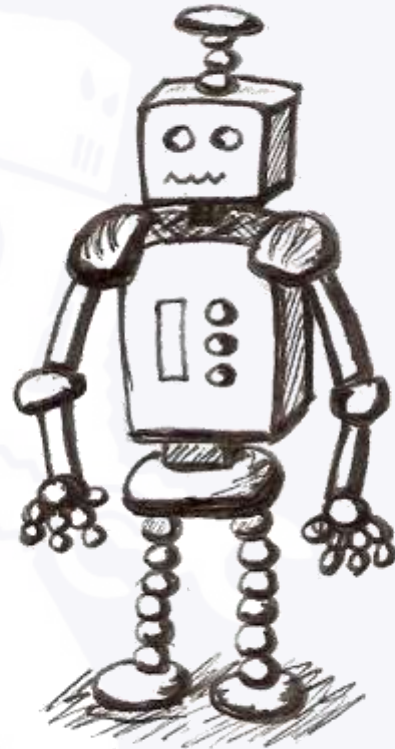
Non RTB – **Direct Deals**
Automates Traditional Direct Sales
Longer Commitments
Audience Buying



Buyer

Few to Few

Known as **Private Marketplace**
Non RTB & RTB
Both parties know each other
Extension of Traditional Direct Sales
Automated Trading
Audience Buying



Seller

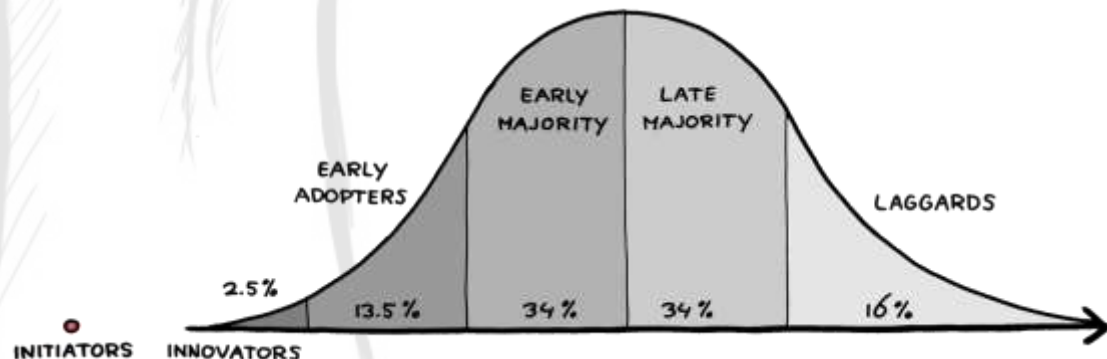
Many to Many

Known as **Open Ad Exchange**
RTB
Parties don't necessarily know each other
Automated Trading
Audience Buying

More than an open bidding exchange...

Final thoughts

- › The **Programmatic (R)evolution** is already here & you can't afford to let it pass by!
- › It's **technology disrupting** our **traditional business models** as has happened before in other domains (e.g. airlines, hotels etc.)
- › It's **not making humans redundant**, it's automating trivial tasks freeing up more time for **creativity**
- › **Leveraging Data** is core to this new trading paradigm
- › **Don't reinvent the wheel** – use it to build value
- › Be an active player!



Thank You!



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