



PROGRAMMATIC BUYING: THE BIG PICTURE

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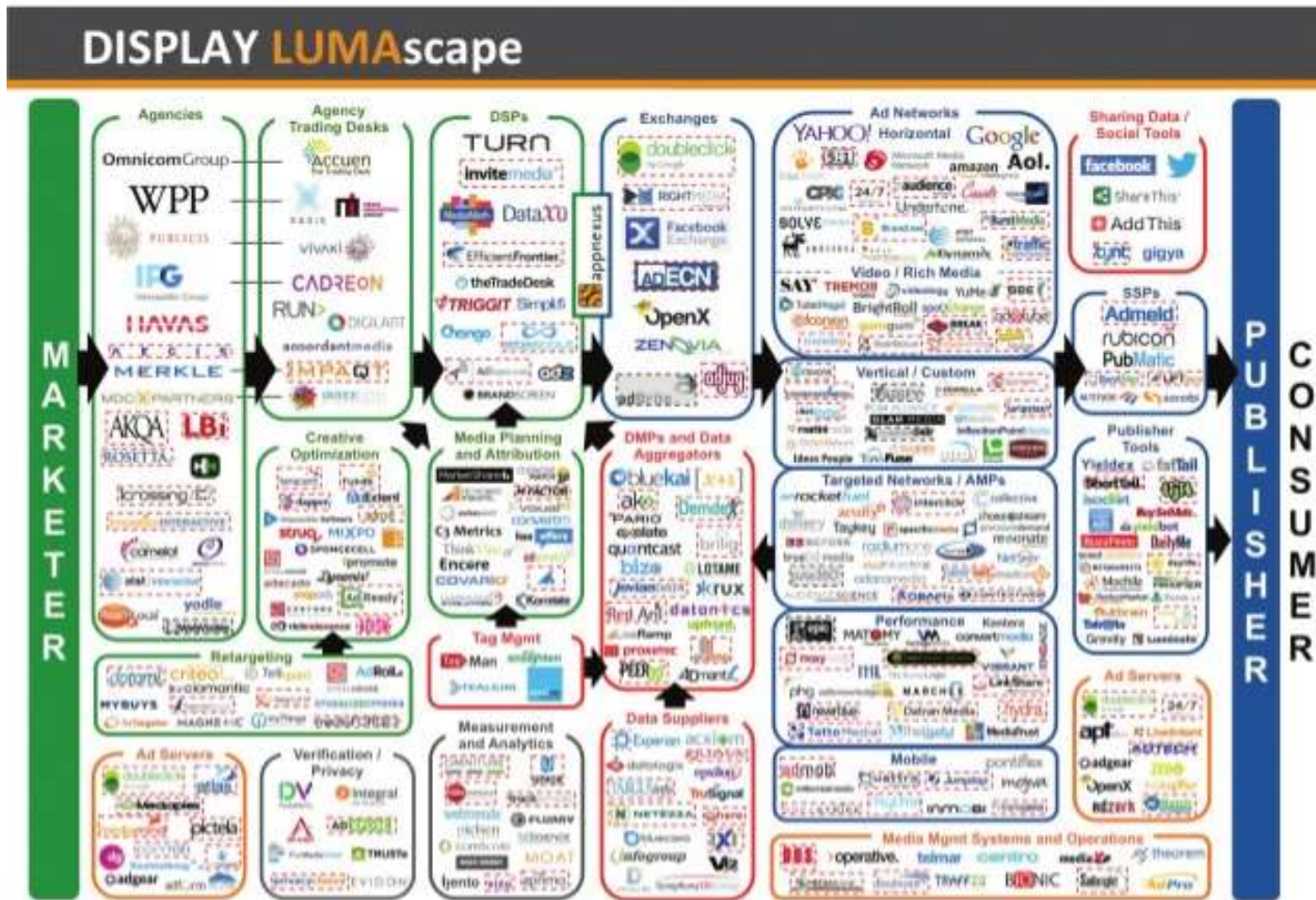
**Mega-Conference
February 25, 2014**

OUTLINE

- What exactly is programmatic buying?
- Why should I care?
- What are the Pros and cons?
- How do I use for audience extension?
- What are other newspapers doing?



WHAT IS PROGRAMMATIC BUYING?



Denotes acquired company

Denotes shuttered company

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ADVERTISING EXCHANGES

- Facilitate transactions between buyers and sellers, typically when advertisers want to reach a specific audience.
- Public: Open, mostly low-value inventory
 - Google Ad Exchange, Right Media, OpenX, AppNexus
- Private: Closed, keep tighter rein on inventory sold
 - White list of acceptable advertisers
 - Floor price
 - Deal ID: pre-negotiated deals
- Programmatic Direct
 - Guaranteed inventory

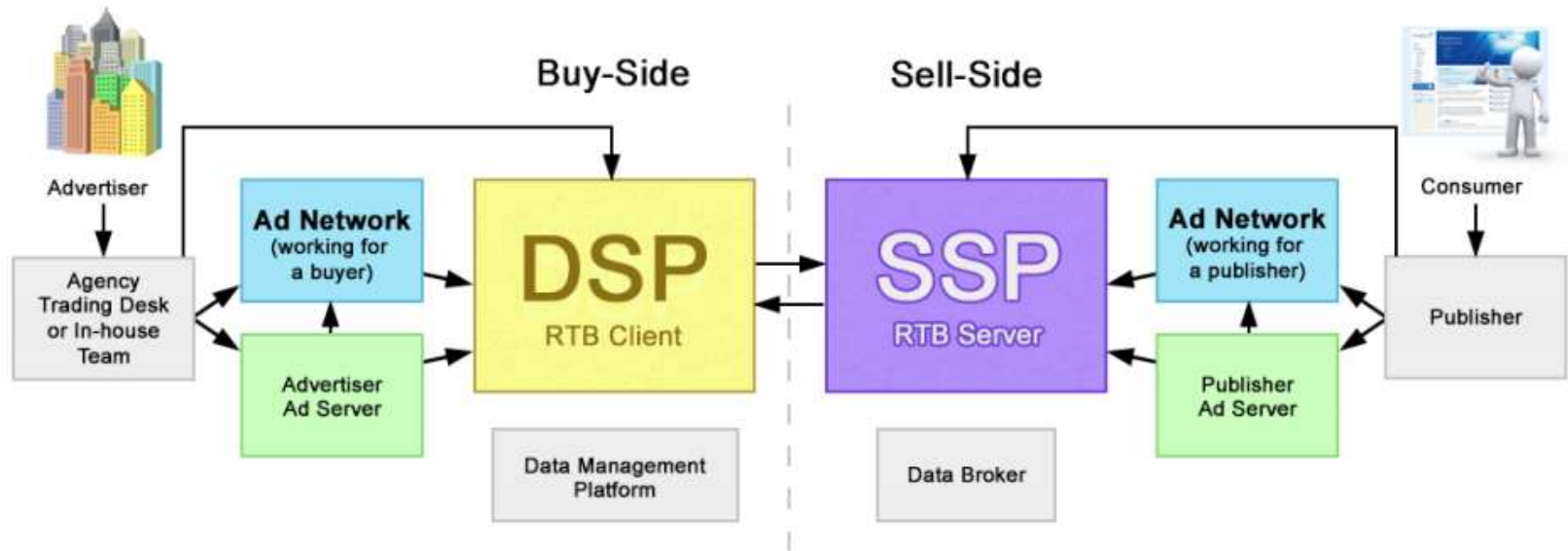


DSPs AND SSPs

- Buying Impressions
 - Trading Desks
 - Demand –Side Platforms
 - DataXu, AppNexus, InviteMedia, MediaMth
- Selling Impressions
 - Direct to Exchanges
 - Supply-Side Platforms
 - Rubicon, PubMatic, AdMeld
- Data Management Platforms (DMP)
 - Audience data overlay for better targeting



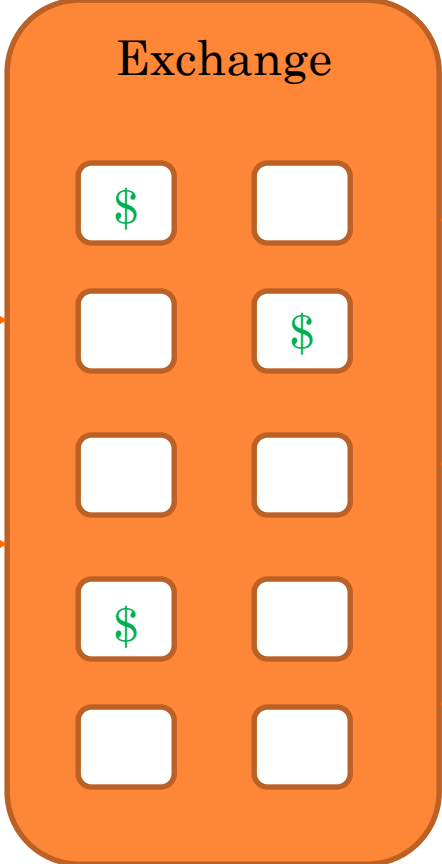
REAL-TIME BIDDING





DSP

Trading Desk



SSP

Pub A

SSP

Pub B

SSP

Pub C

DMP



- Around the world in 20 food photos from the past week
- Interview: Joe Obegi of Joe's Cable Car on the restaurant's looming closure, burgers and a changing city
- Bob Simontacchi replaces Scott Howard at Brick & Bottle

The Mommy Files

United Arab Emirates introduces law requiring moms to breastfeed



Golden State Warriors

David Lee to sit out tonight vs. Utah

6:45 PM



Arts & Not

Haring retrospective headed here

6:05 PM

Select a Blog

CUSTOMIZE YOUR HOMEPAGE

BAY AREA

[Weather](#) | [Obits](#) | [Elections](#) | [Lottery](#) | [Traffic](#) | [Live Views](#) | [Arrests](#)



California flu deaths mount

Another 52 influenza-related deaths reported on Friday.

[More »](#)

[Photo](#)

- Cops snag tree-burner in S.F. park
- Woman fleeing boyfriend not guilty of DUI
- Court upholds broadening of right to see grandchild
- At-risk S.F. General patient found nearby
- Abused woman praised for bravery

[MORE BAY AREA](#)

ENTERTAINMENT

[Daily Dish](#) | [Horoscope](#) | [Comics](#) | [Movies](#) | [Music](#) | [Things To Do](#) | [Games](#) | [Click City](#)



Dave Chappelle in top form

Dave Chappelle is performing in S.F., and he's back in top...

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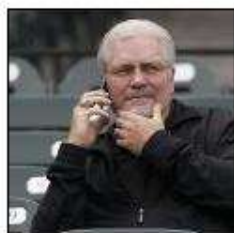
[Photo](#)

- 'Labor Day': Good actors, labored plot
- Bay Area spots to watch the Super Bowl
- Inside Skrillex's extreme pop reinvention
- 'That Awkward Moment' is flawed but entertaining
- Oscar-nominated shorts are an intriguing array

[MORE ENTERTAINMENT](#)

SPORTS

[49ers](#) | [Giants](#) | [Raiders](#) | [A's](#) | [Warriors](#) | [Sharks](#) | [College](#) | [Preps](#) | [Tickets](#)



Giants won't go after starters still available

Sabeen happy with rotation, he says at FanFest media day.

[More »](#)

- Posey puts on 10 pounds - of muscle
- Report: Niners lineman arrested for intoxication
- Oregon cornerback pleads guilty to menacing
- Good version of W's shows up vs. Clippers
- Position breakdown: Seahawks, Broncos

[MORE SPORTS](#)

2. California drought: State's water deliveries to be halted
3. 62-year-old lingerie model shows sexy has no age limit
4. SF Giants notes: Belt's beard, Posey's weight gain and more
5. Listen when Patch lays off hundreds of employees on a conference call
6. "Evidence exists" Chris Christie knew about bridge closings
7. The evolution of cheerleading

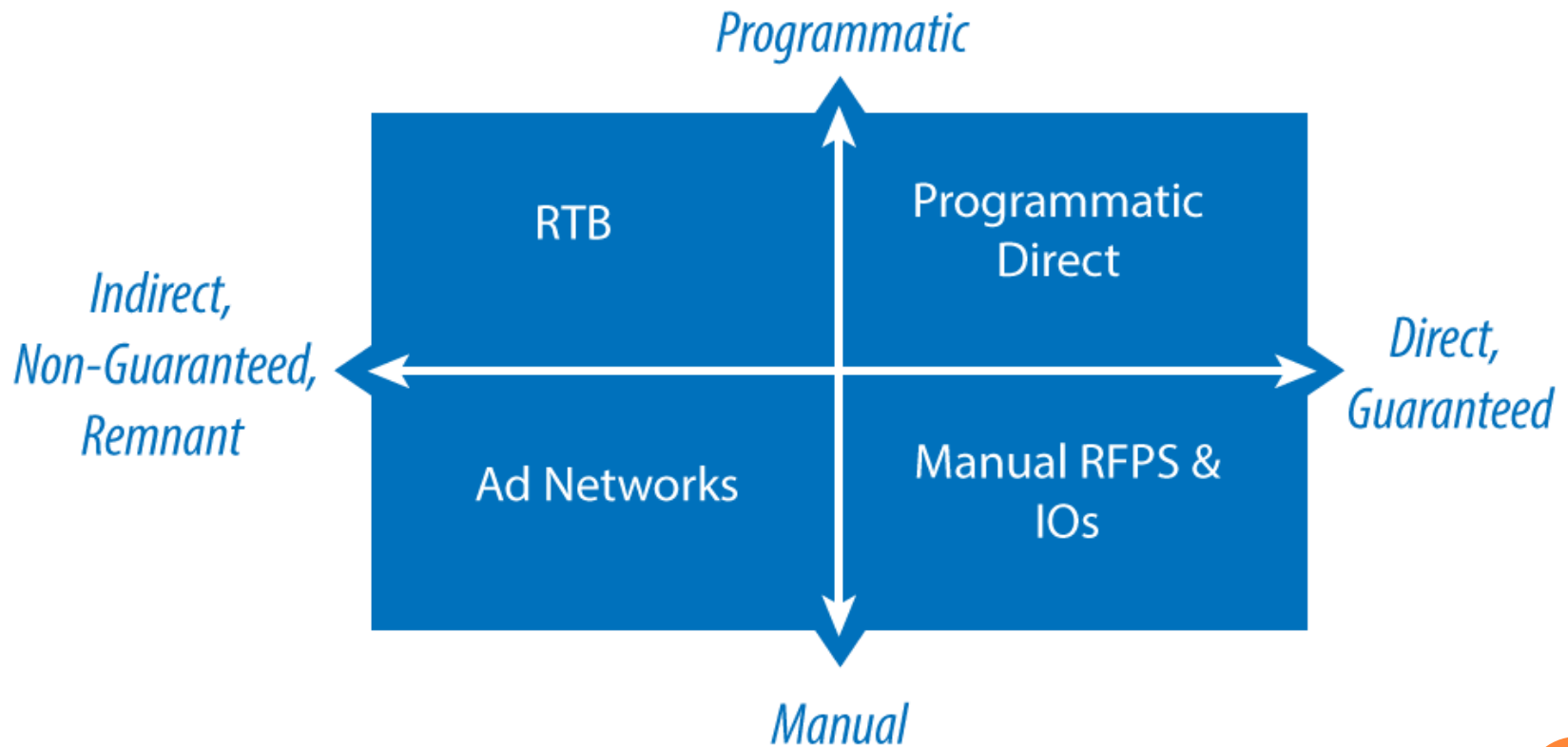
FragranceNet.com

AdChoices

THINGS TO DO

MOVIES

PROGRAMMATIC DIRECT



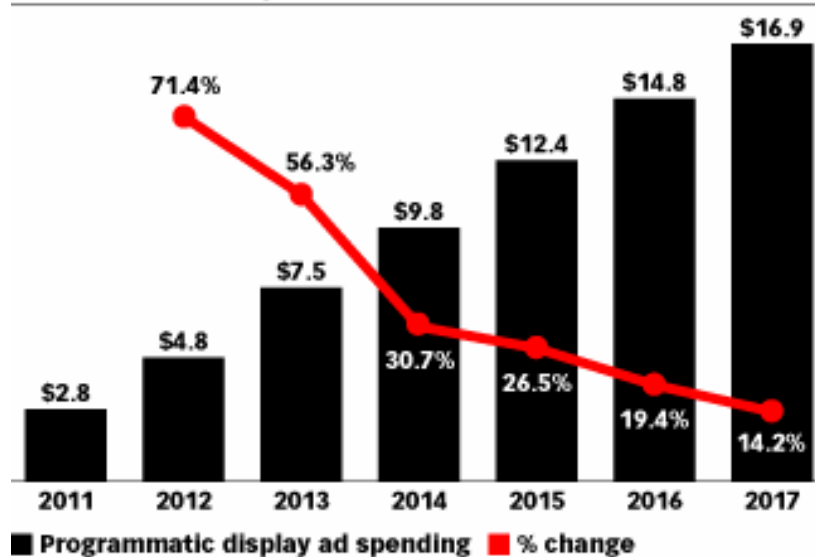
PROGRAMMATIC DIRECT



WHY SHOULD I CARE?

Spending Forecast

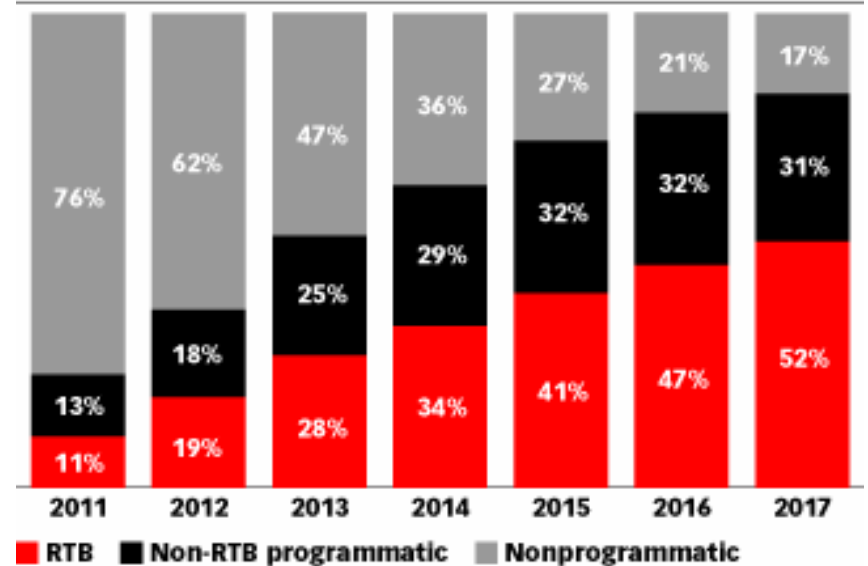
US Programmatic Display Ad Spending, 2011-2017
billions and % change



Note: includes both RTB and other programmatic/automated platforms for banner, social and video ads on desktop and mobile devices
Source: MAGNA GLOBAL as cited in press release; eMarketer calculations, Oct 14, 2013

Share Forecast

US Display Ad Spending Share, by Type, 2011-2017
% of total



Note: read as 28% of display-related spending was through RTB in 2013; numbers may not add up to 100% due to rounding
Source: MAGNA GLOBAL as cited in press release, Oct 14, 2013



EMERGING CATEGORIES

Video

- Google Ad Exchange: 200% inventory growth/300% revenue growth
- Forrester: 71% growth to \$1.1 billion

Mobile

- Projected to grow 38% worldwide in 2014
- Publishers have data advantage



ADVERTISERS: PROS AND CONS

○ Pros

- More efficiency (buying across multiple sites)
- Ability to layer more data into ad buys
- Increased transparency
- Focus more resources on creative

○ Cons

- Not guaranteed
- Low quality inventory, shady traffic
- Clients going direct, bypassing agencies



PUBLISHERS: PROS AND CONS

○ Pros

- Increase efficiency
- Tools to optimize yield on inventory
- Exposure to non-traditional advertisers
- Higher CPMs?

○ Cons

- Possible migration of direct to RTB
- Potential for declining CPMs
- Data leakage
- Need to acquire yield management expertise
- Sales force disenfranchised
- Focused primarily on display



AUDIENCE EXTENSION

1) Self-service

- 1) Manage all bidding and optimization
- 2) Fees: \$.10 - \$.15 CPMs

2) Managed service (DSP)

- 1) Third-party handles all scheduling, optimizing, analytics
- 2) Fees: \$.50 - \$1.00



WHAT ARE NEWSPAPERS DOING?



The Washington Post

The New York Times

adhance
media

THE WALL STREET JOURNAL.



WHAT NEWSPAPERS ARE DOING

○ CNHI

- Data to enhance value proposition
- Holistic approach: networks, open and private exchanges
- Three staff members
- Doubling of CPMs for remnant inventory

○ Recommendations

- Find the courage and just do it.
- Build the right team
- Be on top of this on an ongoing basis.
- Be willing to set floors, do projections and be OK with it.



RECOMMENDATIONS

- Get in the Game
- Tightly control inventory
- Be consistent with pricing
- Find a partner willing to help
- Hire mathematicians
- Scale matters, particularly for quality inventory



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