

A DIGITAL DIGEST

Q4 // 2014

PROGRAMMATIC PULSE

WHAT MARKETERS REALLY THINK
ABOUT PROGRAMMATIC

(with as little jargon as a jargon-y report can allow)



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01

THE 2-MINUTE SUMMARY OF OUR FINDINGS:

CHALLENGES AND OPPORTUNITIES LIE AHEAD AS PROGRAMMATIC ADVERTISING SOARS



Programmatic Advertising Defined: There is some debate about the exact definition of programmatic advertising. For the purposes of this report, we broadly define programmatic as the systems, rules, and algorithms used to automate and optimize the purchase and delivery of data-driven, targeted, and relevant ads to consumers.

Prognosticators, from Forrester to Business Insider, agree that we are on the cusp of an explosion in demand for programmatic advertising in digital ad sales.

Digital media buying through real-time bidding platforms (a key component of programmatic buying) will rise to over \$18.2 billion in 2018, up from \$3.1 billion in 2013, according to a recent BI Intelligence forecast.

There are a host of questions around deploying and optimizing programmatic advertising, especially for the brands whose spend is driving its rapid ascent. The programmatic advertising Pulse Study was undertaken to investigate how marketers at Fortune 500 companies are navigating the emerging field of programmatic advertising, and which key factors drive and inhibit current and future adoption and usage of programmatic. From this comprehensive exercise, we have identified key themes, a series of issues, and best practices.

When we asked marketers what one word would best describe how they felt about programmatic advertising TODAY, we got a good snapshot of their current states of mind. They are largely optimistic, but this optimism is hedged by a host of issues and concerns. Between these two extremes, we found a rich vein of insight into the issues that define programmatic today. These include the following top line findings:

Three of every four marketers are using programmatic today. While approximately 75% of marketers we surveyed are currently using programmatic, almost a third of them have been doing for less than a year. Additionally, over 25% of marketers surveyed are currently NOT using programmatic, although about half of these respondents indicated that they intend to do so in the near future.

Room to learn, even among practitioners.

Among those who use programmatic advertising, we saw an interesting split: three in four are firmly grounded in the ins and outs of programmatic, either as practitioners or strategists, while one in four indicated that they need continued education on its use.

“Every company seems to have its own way of explaining [programmatic], what it means which makes it extremely difficult as an advertiser to want to jump into programmatic. It took some time and lots of research before I felt comfortable getting my toes wet.”

Robyn Phelan,
Senior Marketing Manager,
Palms Casino Resort's

PALMS
LAS VEGAS

Experience matters. In order to get more insight into our aggregate findings, we segmented our respondents into groups based on their current usage of programmatic and a self-assessment of their own understanding of programmatic. The resulting dichotomy - between savvy users, who “get” programmatic, and unsavvy users, who are still learning how to deploy programmatic best - provided a host of significant insights across key aspects of programmatic, including spend, organization, technology use, and partnerships.

Targeting and performance are key drivers of adoption today, competitive dynamics less so.

Ranking the importance of the various factors driving their use of programmatic advertising today, respondents revealed a clear, consistent hierarchy. Targeting across devices, improved performance, data and insights, and cost efficiencies emerged as the most important factors. Interestingly, competitive dynamics ranked at the bottom of potential issues.

Measurement of results, data integration, site quality and brand safety, and resource limits top issues inhibiting programmatic today.

Respondents had a lot to say about things that make them think twice about shifting more dollars over to programmatic. Measurement of results and data integration emerged as two the most important factors inhibiting usage of programmatic today, followed closely by site quality and brand safety and lack of internal resources to manage.

How programmatic is managed today varies immensely. Best practices have yet to emerge in the management of programmatic efforts. Among respondents, there is a relatively equal distribution between dependency on agencies, in-house efforts, and dividing management between both agency and in-house resources.

But (internal) resource allocations seem destined to evolve. While the use of programmatic advertising has had minimal impact on staffing to date, this seems likely to change: over 30% of respondents are evaluating resources to better support their efforts, 7% have reallocated internal resources to the effort, and 36% felt there would be internal organization and staffing changes due to programmatic in 2014-15.

Tactical issues keeping marketers up at night.

The majority of marketers' issues going forward are focused on the tactical application and evaluation of individual programmatic marketing campaigns. Issues such as transparency, fraud, availability of quality inventory, cost, and ROI were noted as key areas of concern.

Spend to grow. The vast majority of respondents predict that their spend on programmatic will increase next year; 19% expect significant positive change.

Living in a programmatic world. Respondents widely agreed that a majority of digital media buying would be done programmatically in the future and that programmatic would expand into areas beyond online display advertising. More interesting still is that many of the executives we surveyed widely supported the notion that programmatic would expand beyond digital media to TV in the near future.

THE 8 THINGS YOU CAN TELL YOUR BOSS TODAY

(and look like a hero)

- ☐ Three of every four marketers are using programmatic today.
- ☐ Targeting and performance are key drivers of adoption today, competitive dynamics less so.
- ☐ Measurement of results, data integration, site quality and brand safety, and resource limits top issues inhibiting programmatic today.
- ☐ How programmatic is managed today varies immensely.
- ☐ Programmatic is forcing organizations to reallocate their resources.
- ☐ Tactical issues such as transparency, fraud, availability of quality inventory, cost, and ROI are keeping marketers up at night.
- ☐ Programmatic spend will continue to grow for the foreseeable future.
- ☐ Programmatic is more than display.

About the authors



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Dax Hamman is the Chief Product Officer, and Founding Member at Chango and is based in Denver. Prior to Chango, Dax founded and led the global iCrossing media group, developing the concept of 'performance display', an innovative planning strategy that drove significant ROI from display advertising for some of the world's largest and coolest brands.

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BEN PLOMION
VP MARKETING

Ben is VP of Marketing at Chango and is located in NYC. Prior to Chango, Ben led the digital media practice at GE Capital and re-energized owned, paid and earned media initiatives across the company's multiple businesses.

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ABOUT THE RESPONDENTS:

FOR THOSE OF YOU WHO LOVE THE FINE PRINTS

The Programmatic Advertising Pulse Study is based on exhaustive primary and secondary research conducted in Q3 of 2014, including an online survey and detailed, in-person interviews with senior brand marketers at Fortune 500 companies.

The research was done jointly with Brand Innovators.

Online survey:

From September 2nd through September 17th, 2014, we conducted a 35- question online survey. A random drawing for one of two \$500 Amex gift cards was offered as incentive to complete the survey. In total, 232 respondents from multiple industries in the US, Canada and UK markets completed the entire survey.

Executive interviews:

We held a series of in-depth, one-on-one interviews with key marketing executives at several Fortune 500 brands to supplement our quantitative findings with qualitative perspectives that the survey couldn't have captured.

Our survey respondents are a diverse group of professionals from a wide range of companies and industries.

Companies:

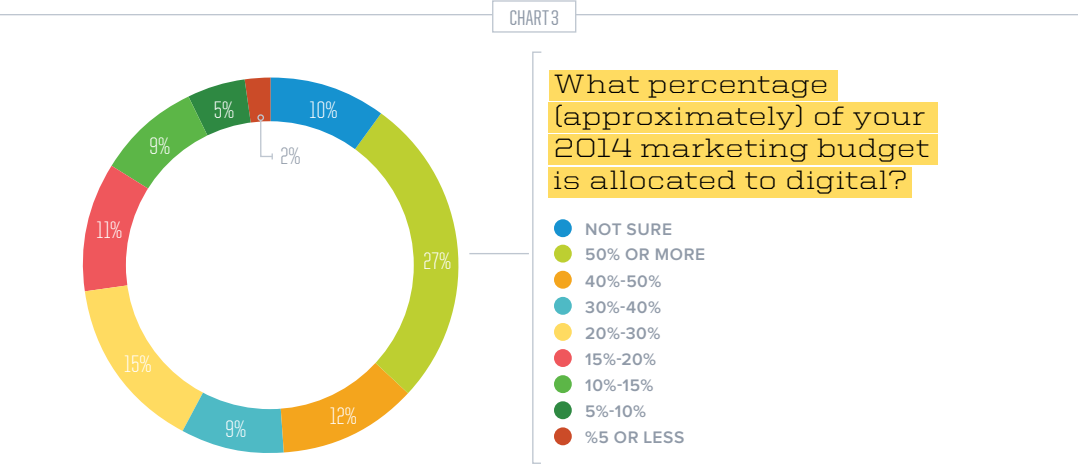
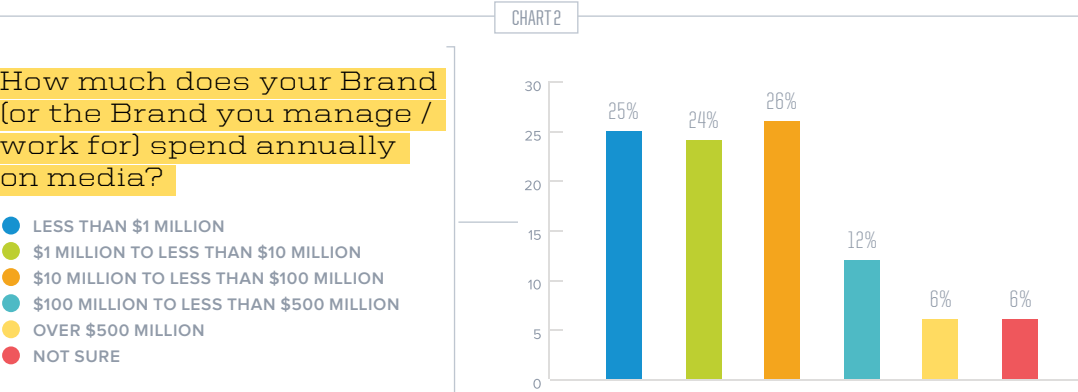
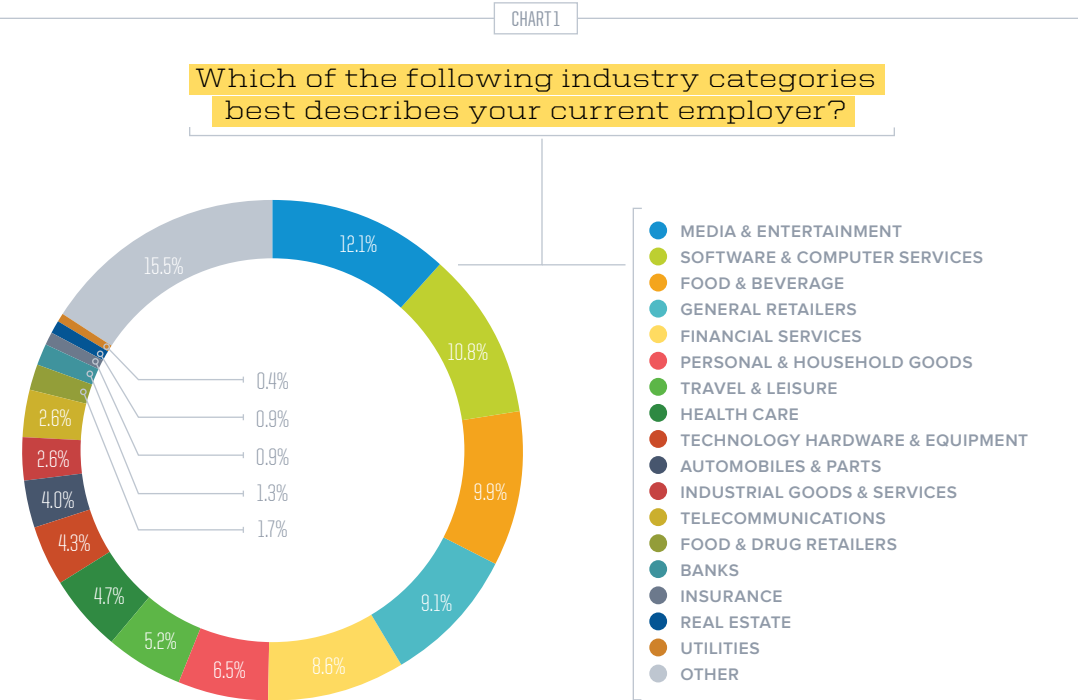
Although convenience sampling was used, the resulting group includes a diverse range of small, medium and large brands as measured by:

- Industry:** Over 17 industries were represented in our survey, from media (12%) and software (11%) to automotive (3%) and real estate (1%) (*Chart 1*).
- Overall Media Spend:** Spend ran the gamut from small (\$1 million or less) to large (over \$500 million). Some 44% of respondents spend \$10 million or more annually on media, and 24% spend \$10 million or more (*Chart 2*).
- Digital Allocation of Media Spend:** 46% of respondents spend at least 30% of their marketing budget on digital; 27% spend 50% or more. Some 56% of respondents spend 30% or less of their marketing budgets in digital, but only 7% of respondents spend 10% or less of their marketing budgets on digital (*Chart 3*).

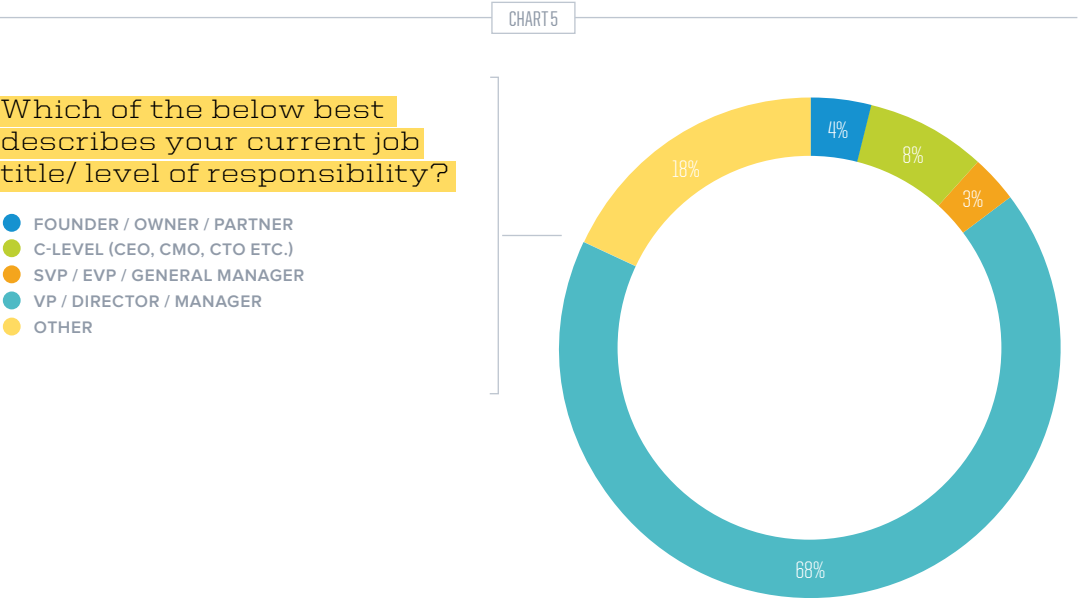
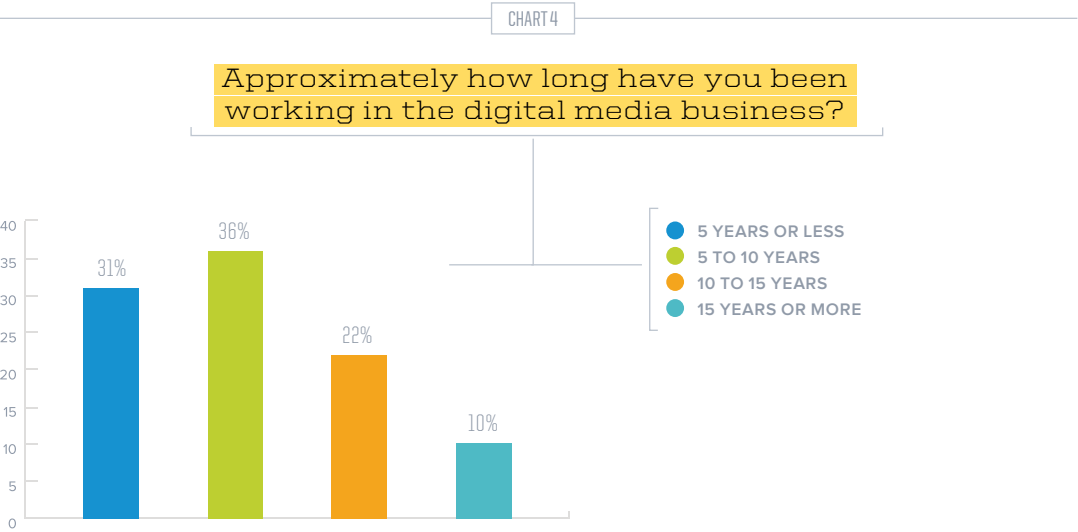
Respondents:

In general, the marketers we surveyed are a seasoned representative group as measured by:

- Tenure:** Almost 70% of respondents have been in the digital media business at least five years; 30% have been in the business a decade or longer (*Chart 4*).
- Role:** 68% of respondents are at the level of VP, director or manager, and 15% are in senior management. Almost 80% of respondents have marketing as their key area of responsibility (*Chart 5*).



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding



ADDITIONAL RESEARCH

CHANGO-DIGIDAY
STATE OF THE
INDUSTRY
RETARGETING
REPORT, Q2 2014
bit.ly/1nNQXQp

CHANGO-DIGIDAY
RETARGETING
BAROMETER,
Q4 2013
bit.ly/GU5ald

CHANGO
RETARGETING
BAROMETER,
Q2 2013
bit.ly/GU5ald



HOW PROGRAMMATIC LOOKS TODAY: WIDELY USED IF NOT ALWAYS UNDERSTOOD

“In the marketing and advertising landscape, no two people should get the same message; rather they should receive messaging based on who they are, what they do and what will resonate with them most. Programmatic is a strong avenue to supplement and execute our strategy. We believe they can help us reach scale while executing a very segmented strategy - all in real time.”

Michael Chauliac,
CMO, Poppin

poppin.

Despite widespread adoption - three of every four marketers we talked to are currently using programmatic – significant challenges to adoption and continued usage remain.

Adoption is widespread if uneven

While approximately 75% of marketers we surveyed are currently using programmatic, almost a third of them have been doing so less than a year. Additionally, 25% of marketers surveyed are currently NOT using programmatic, although about half of these respondents indicated that they intend to do so in the near future (Chart 6).

Room to learn, even among practitioners

Among those who use programmatic advertising, we saw an interesting 75/25 split: three in four are firmly grounded in the ins and outs of programmatic, either as practitioners or strategists, while one in four indicated that they need continued education on its use (Chart 7).

Working programmatic into the mix

Our research seems to indicate that programmatic has obtained status as a fixed tool in the marketer's bag of tactics: over 50% of respondents who currently use programmatic advertising say it is always considered, if not used, for campaigns. Almost 35% rely on their agency for guidance (Chart 8).

Experience matters

We segmented our respondents into groups based on their current usage of programmatic and a self-assessment of their own understanding. The resulting dichotomy - between savvy marketers, who “get” programmatic, and unsavvy marketers, who are still learning how to deploy programmatic best - provided a host of interesting insights, especially as it related to budget allocation and partnerships. While the majority (60%) of savvy users always consider using programmatic advertising, unsavvy marketers are heavily dependent on their agencies for guidance (Chart 9). This has in no way dulled their appetite for programmatic in 2015: 72% of unsavvy marketers see their use of programmatic advertising increasing somewhat, and 28% see its use increasing significantly (Chart 10).

Lack of tenure characterizes the unsavvy

Two underlying issues with unsavvy marketers may be related to tenure: of those unsavvy about programmatic, 46% have been in the industry fewer than five years (Chart 11), and 40% have been with their current companies for two years or fewer (Chart 12).

Except when it comes to goals

Despite the wide experience gap among practitioners, it is interesting to note that top line goals broadly align for both savvy and unsavvy users: retargeting/acquisition (75% overall) and branding (72% overall) are indicated as primary by both. Interesting still is that many of the executives we surveyed widely supported the notion that programmatic would expand beyond digital media to TV in the near future (Chart 13).

FURTHER
READING

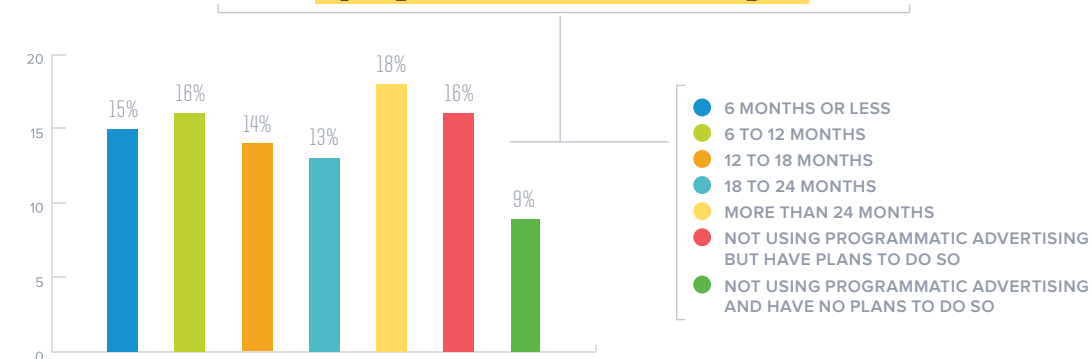
EXPLAIN IT
LIKE I'M EIGHT:
PROGRAMMATIC

bit.ly/1pqh0bs

Ad Age

CHART 6

How long has your company been using programmatic advertising?



FURTHER
READING

THE MISUNDERSTOOD
PROGRAMMATIC
PROMISE

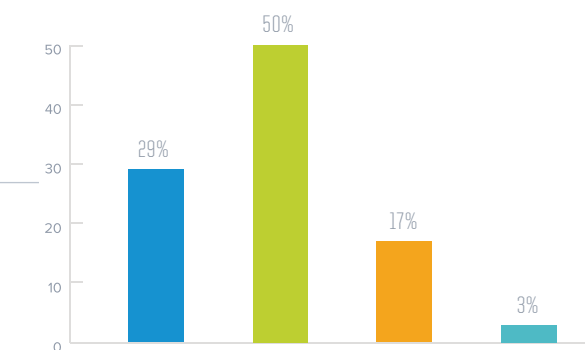
bit.ly/1z7B7q3

**Ad Ops
ONLINE**

CHART 7

Which of the following statements BEST describes how programmatic advertising finds its way into your campaigns today?

- I AM A PRACTITIONER - I HAVE USED IT TO EXECUTE CAMPAIGN
- I AM A STRATEGIST - I UNDERSTAND ITS USE, BUT DON'T EXECUTE CAMPAIGNS DIRECTLY OR WITHIN MY TEAM
- I AM A NOVICE - I GET THE CONCEPT, BUT NEED TO LEARN MORE BEFORE I CAN USE IT
- I AM A NEOPHYTE - WHILE I HAVE HEARD OF THE PRACTICE, I REALLY DON'T UNDERSTAND IT/ HAVE NO DIRECT EXPERIENCE WITH IT



FURTHER
READING

5 REASONS MORE
BRANDS ARE BUYING
DIGITAL ADS IN-HOUSE

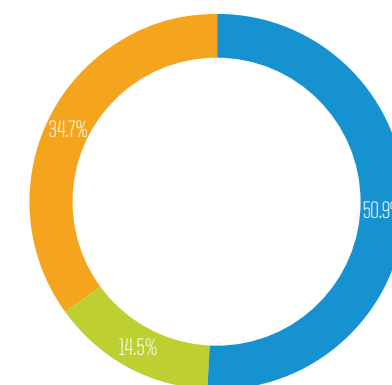
bit.ly/1o98zle

**iMEDIA
CONNECTION**

CHART 8

Which of the following statements BEST describes how programmatic advertising finds its way into your campaigns today?

- BOTH WE AND OUR AGENCY ARE SAVVY, SO PROGRAMMATIC IS A TACTIC THAT IS ALWAYS CONSIDERED IF NOT USED
- OUR AGENCY IS NOT SO SAVVY ABOUT PROGRAMMATIC, AND WE ARE OFTEN THE ONE WHO SUGGEST ITS USE IN A CAMPAIGN
- WE'RE LEARNING FAST, BUT DEPEND ON OUR AGENCY TO TELL US WHEN PROGRAMMATIC IS A GOOD IDEA



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

Chango

FURTHER
READING

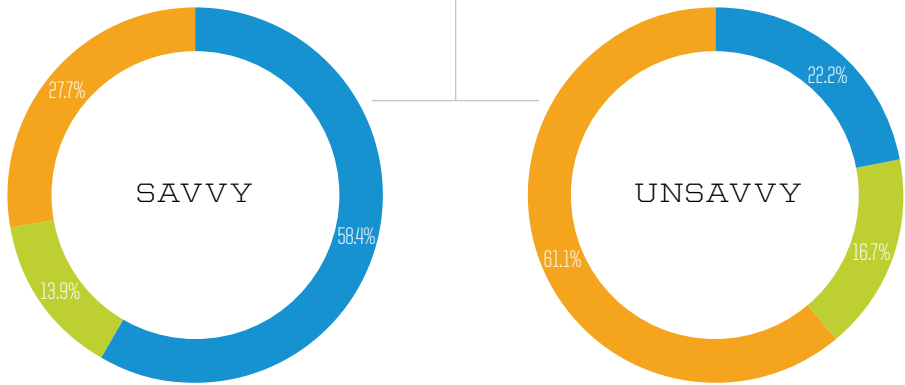
PROGRAMMATIC:
THE AGENCY
STRIKES BACK

bit.ly/1rsITAZ



CHART 9

Which of the following statements BEST describes how programmatic advertising finds its way into your campaigns today?



- BOTH WE AND OUR AGENCY ARE SAVVY, SO PROGRAMMATIC IS A TACTIC THAT IS ALWAYS CONSIDERED IF NOT USED
- OUR AGENCY IS NOT SO SAVVY ABOUT PROGRAMMATIC, AND WE ARE OFTEN THE ONE WHO SUGGEST ITS USE IN A CAMPAIGN
- WE'RE LEARNING FAST, BUT DEPEND ON OUR AGENCY TO TELL US WHEN PROGRAMMATIC IS A GOOD IDEA

FURTHER
READING

THE PROGRAMMATIC
ADVERTISING REPORT

read.bi/ZCjEpC

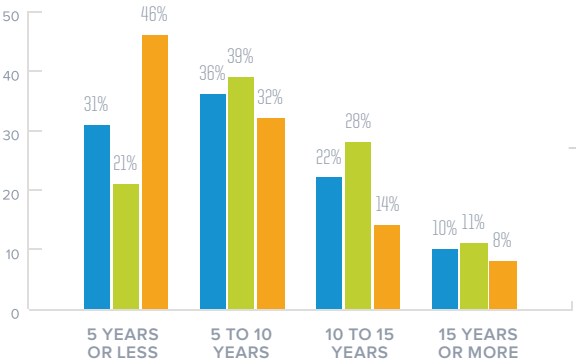


CHART 10

You indicated that you have had limited interactions with programmatic advertising to date. Thinking ahead to the end of 2015, do you see your own use of programmatic advertising:

- INCREASING SIGNIFICANTLY
- INCREASING SOMEWHAT
- STAYING ABOUT THE SAME
- DECREASING SOMEWHAT
- DECREASING SIGNIFICANTLY
- NOT SURE

CHART 11



Approximately how long have you been working in the digital media business?

- ALL
- SAVVY
- UNSAVVY

All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

Chango

FURTHER
READING

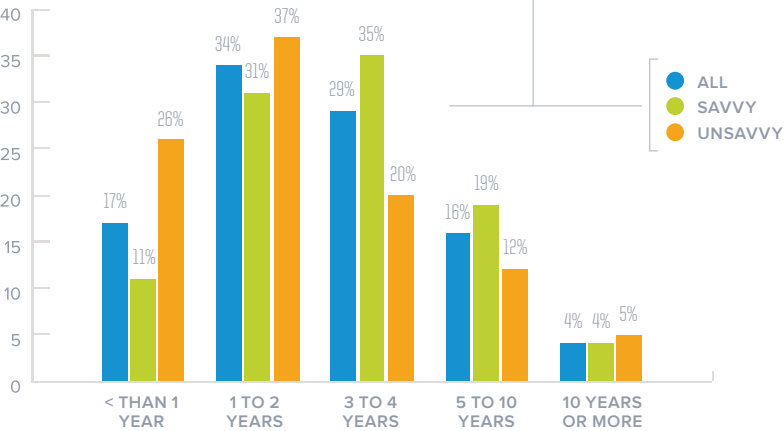
DATA GEEK OR
STORYTELLER?
TODAY'S CMO MUST
EXCEL AT BOTH

bit.ly/1xOO6sn



CHART 12

Approximately how long have you been working for your current employer?



FURTHER
READING

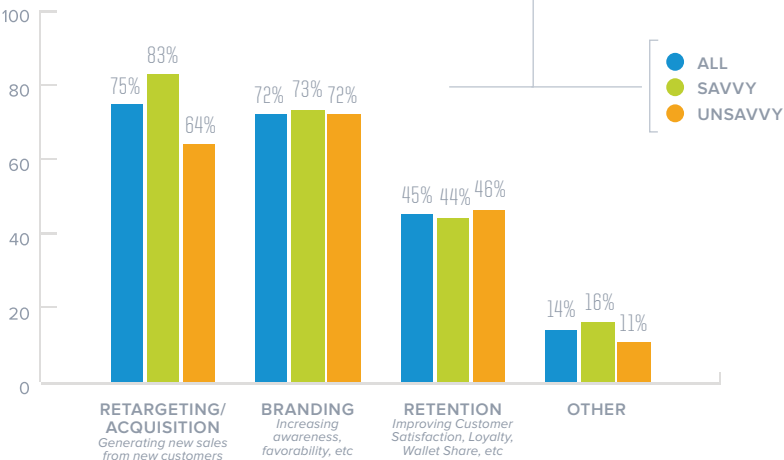
IT'S TIME FOR
MARKETERS TO ADOPT
A PROGRAMMATIC
MINDSET

bit.ly/1Choe9o



CHART 13

What goals are you trying to achieve via programmatic advertising today? Select all those that apply.



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

Chango



PALMS
LAS VEGAS

THE MARKETER'S VIEW:

AN INTERVIEW WITH PALMS CASINO RESORT'S ROBYN PHELAN

"If you have a limited budget, like I do, you have to find ways to see the highest return while spending little dollars efficiently. programmatic advertising allows you to do that."

Robyn Phelan,
Senior Marketing Manager,
Palms Casino Resort's

PALMS
LAS VEGAS

Palms Casino Resort's Senior Marketing Manager provides recounts of several success stories and digital tips that can only be described as the 'jackpot' for her digital marketing team.

A lot of marketers must be very envious of your job. What is your favorite casino game, and does the office get regular spa treatment?

As a local, you really try to avoid the tourist attractions. However, when I do make it out of my house and "into the wild" I love playing Roulette. I don't get fancy with my bets and just stick to red, black, even or odd, and typically walk away with winnings. Vegas treats its locals very well, and there isn't a week that goes by without being invited to a concert or event with complimentary admission and beverages.

What's your role at Palms Casino Resort and what does your team look like? Is there a particular skill your team looks for in your fellow marketing co-workers?

The Ecommerce Department at Palms Casino Resort consists of four team members. Because we are such lean team, we need individuals who are able to work on their own, but also as a team. Multi-tasking is also a huge plus! The best thing about working with such a small team is that you need to be willing to dabble in something you are not familiar with, which means you are always learning something new.

Can you discuss your biggest marketing challenges during your time at Palms Casino Resort? Or in other words, what keeps you up at night? (Other than the loud cheers of a guest winning the jackpot.)

When I started at Palms Casino Resort in May of 2012, the Ecommerce Department was a team of two who handled the website, all paid advertising including SEO/SEM, affiliate marketing, social media, email marketing, etc.

Needless to say we were busy people who needed to prove the importance of online advertising and digital marketing in order to grow our team. For interactive/digital marketers, the biggest challenge is getting people who are accustomed to traditional advertising to believe in online advertising. It is a battle I face every day, but one of my favorite things to do because of the data I have to support my cause. Numbers make people happy.

What has been your biggest learning as a programmatic advertiser?

The biggest struggle that I experienced with programmatic advertising is getting a concrete definition from publishers. Every company seems to have its own way of explaining what it means which makes it extremely difficult as an advertiser to want to jump into programmatic. It took some time and lots of research before I felt comfortable getting my toes wet.

FURTHER
READING



**PALMS CASINO
CASE STUDY**

bit.ly/1wbs421

Chango

What advice would you give to a marketer who is just getting started with programmatic buying?

If you have a limited budget, like I do, you have to find ways to see the highest return while spending little dollars efficiently. Programmatic advertising allows you to do that.

And how about the positives, do you have a major success story you can share?

In the summer of 2013, I created a Pinterest contest called "Vegas Summer Wishlist" which asked consumers to create a board and pin images that answered questions such as "My go-to Vegas cocktail will be ____." and "I hope to get star struck by ____ at Palms Casino Resort." By activating Facebook, Twitter, and Instagram to support this campaign, we saw an overall social growth of 3% during the contest timeframe. Due to the success of the campaign, we were awarded "Best Social Execution of 2013" by the Las Vegas Digital Media Awards.

Which services or 'tools' do you use to measure those campaigns? If you could name your top three metrics, what would they be?

At the end of the day, we are interested in one thing: conversions. Or in other words, "Heads in Beds" and "Butts in Seats." In order to track these conversions, we use a third party ad-serving platform for all paid advertising, social media analytics tools, marketing automation providers, Google Analytics, and work very closely with a brand safety/viewability partner to ensure that all of our ads are being seen and not being shown around adult or gaming content.

Palms Casino Resort must have a lot of impulsive visitors who are interested in booking quickly and on a whim. How does your team act as quickly as your guests, and how do you get to them before losing their attention?

The way you get customers to choose your brand over another is by building a relationship with them. You don't want to start communicating with them once they show interest in Vegas, but instead, start that conversation early on so you are top of mind when they begin planning for their trip. By utilizing social media, email marketing, and SMS we are able to communicate with our customer on a daily basis, even if they are not considering a trip to Vegas in the near future. Once they start showing that interest, we then add display and video advertising to the mix to complete the circle of communication.

How will programmatic advertising play a role? Are you currently or planning on exploring real-time bidding products, such as Twitter tailored audiences, programmatic video, or FBX News Feed to fuel branding and engagement with your resorts?

programmatic advertising is the way of the future. Who doesn't want to hit the right person at exactly the right time while spending your limited budget efficiently? It is very important that we stay ahead of the curve and definitely plan on exploring the different programmatic units available.

How important is mobile advertising to Palms Casino Resort? Do you currently have a mobile strategy? If so, please elaborate.

Each month, we see an increase in our mobile traffic with a decrease in our desktop traffic. People do a lot of research on their phones before making a purchase, and it is extremely important to be top of mind during the consideration phase. By utilizing a cross-platform partner, we are able to follow customers from desktop to tablet to mobile to see their path to conversion. Roughly 56% of our current customers are shown an ad on their mobile devices and then going to desktops to make purchases, which shows the importance of being relevant in that channel.



KEY OBJECTIVES:

TARGETING & PERFORMANCE ARE KEY, COMPETITIVE DYNAMICS LESS SO



KEY INHIBITORS:

DATA INTEGRATION FROM MULTIPLE SOURCES AND DEVICES REMAINS A CHALLENGE

FURTHER READING

WHY PROGRAMMATIC MARKETING IS THE FUTURE

bit.ly/1u0AAhA

DIGIDAY

“With programmatic solutions being offered by a majority of publishers, we find this an attractive and efficient way to target our consumers and reduce waste in an ever-splintering media landscape.”

Ellen Liu,
Director of Media,
Clorox



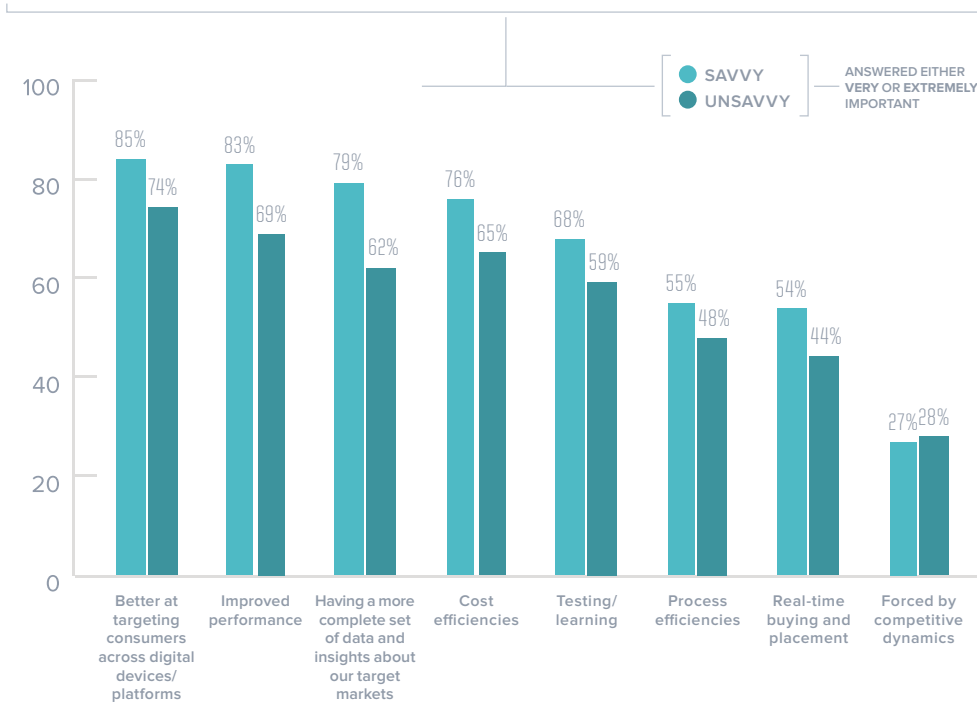
Ranking the importance of the various factors driving their use of programmatic advertising today, respondents revealed a clear, consistent hierarchy. Targeting across devices (80% overall), improved performance (78% overall), data/insights (72% overall), and cost efficiencies (72% overall) emerged as the most

important factors. Interestingly, competitive dynamics (28% overall) ranked at the bottom of potential issues. Perhaps not surprisingly, savvy marketers put more importance on the main factors driving usage of programmatic advertising than did their unsavvy colleagues (Chart 14).

CHART 14

Please rank the importance of each of the key factors in DRIVING your use of programmatic advertising today.

[Not at all important, Slightly important, Moderately important, Very important, Extremely important]



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Percentages may not add to 100% due to rounding

Chango

“Retargeting will be the norm and become so natural we wouldn’t even realize it. The mediums of websites, mobile phones, tablets, will all know us so well as individuals that they will filter ads to us that are likely to influence us to take action.”

Naaz Fatima-Butt,
Web Product Lead,
Intuit



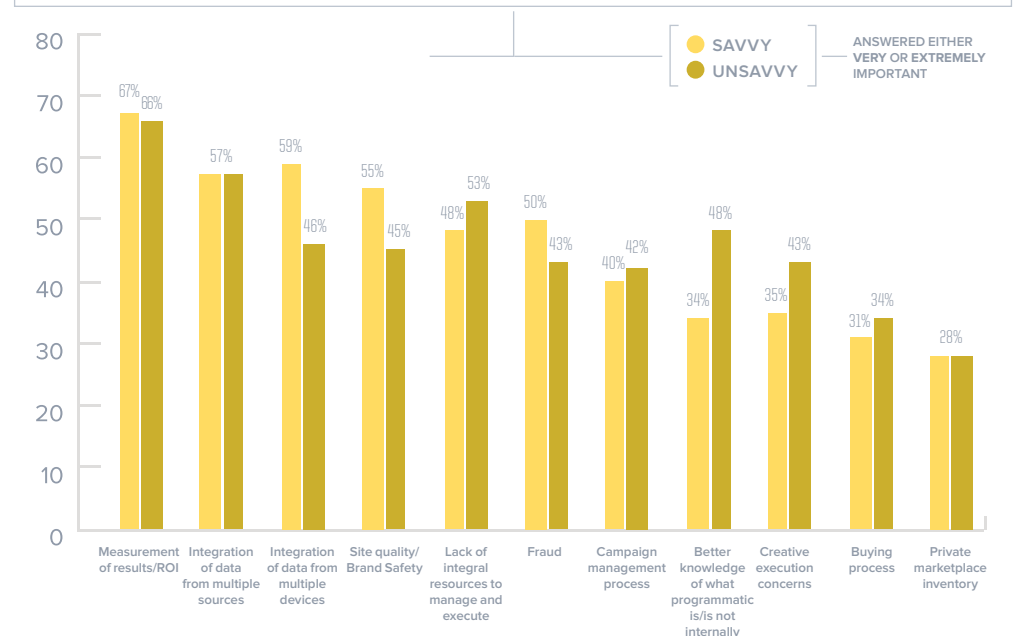
Respondents had a lot to say about things that make them think twice about shifting more dollars over to programmatic. Measurement of results (67% ranked very/extremely important) and data integration (57% ranked very/extremely important) emerged as the most important factors inhibiting usage of programmatic advertising today. A majority of respondents also indicated that issues such as site quality/brand

safety (51% ranked very/extremely important) and lack of internal resources to manage (50% ranked very/extremely important) are also significant barriers. Less pressing but still important were issues such as fraud and creative execution (47% & 37% ranked very/extremely important, respectively). Unsavvy marketers also rank a lack of internal resources and education as an inhibiting factor to programmatic usage (Chart 15).

CHART 15

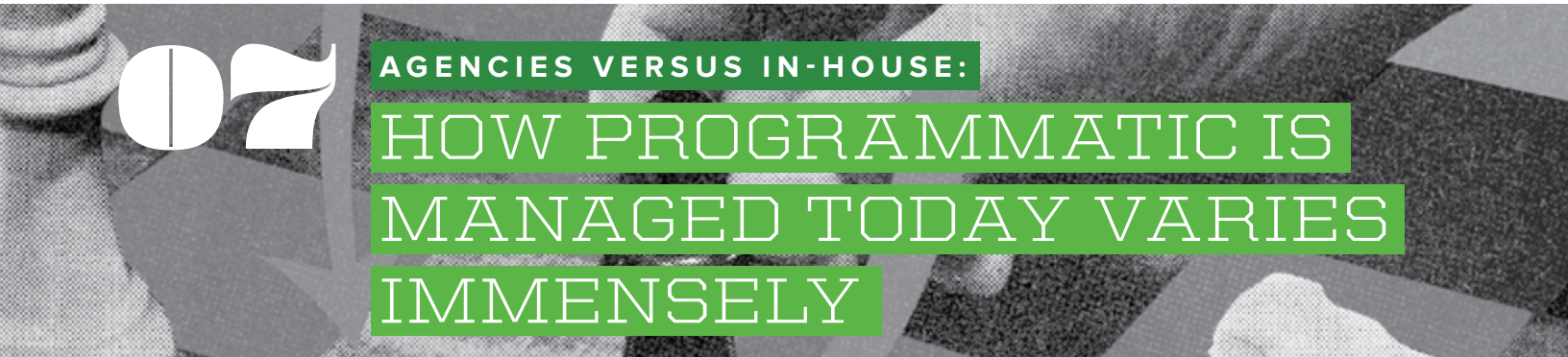
Please rank the relative importance of the following issues as they relate to INHIBITING your ability to use Programmatic Advertising to date

[Not at all important, Slightly important, Moderately important, Very important, Extremely important]



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

Chango



“What started as a small trend has now become a mainstream rally across the company. More and more Disney franchises are experimenting with real-time bidding and seeing its benefits, in terms of reach and efficiency.”

Chris Wojciechowicz,
Digital Acquisition
Manager, Disney



As the shift to programmatic buying has accelerated in the past year, there has been a good deal of hypothesizing about how brand marketers are managing these programs, and how much they depend on their agency partners for help. When asked about their current execution, marketers had much to say:

Working with agencies

Working with an agency partner is the most popular approach (39%) for managing programmatic efforts. Almost 50% of savvy users execute through their agency. While 51% of unsavvy marketers execute all in-house (Chart 16). Among our respondents, there seems to be some correlation between spends and how a company manages programmatic. Companies that spend less on digital media are more likely to execute programmatic in-house (Chart 17). In general, agencies are doing a solid job here: 54% of marketers overall who execute programmatic exclusively through their agency are satisfied with their agency’s performance. However, this satisfaction is markedly different between savvy and unsavvy marketers: in contrast to 63% satisfaction with agency performance among savvy users, 74% of unsavvy marketers are unsure of their agency’s performance (Chart 18).

One in three are keeping things in-house

A full 33% of those surveyed are executing all programmatic efforts in-house, and the majority (60%) in this group have always done so (Chart 19).

Taking a hybrid approach

Twenty-eight percent of respondents split efforts between agency and in-house resources. Interestingly, most who take this hybrid approach also keep key areas such as Google search (63%), Facebook Audiences (60%), and display media (49%) in-house (Chart 20).

Working with ad-tech companies

Fifty-five percent of respondents have built in-house or partnered with a third party for a data management platform (DMP). Of those marketers who are unsavvy, 58% have not considered using a DMP. Forty-five percent of total respondents have built in-house or partnered with a third party for a demand-side platform (DSP). Of those who are unsavvy, 61% have not considered using a DSP (Chart 20-21).

Staffing allocations at a tipping point

While the use of programmatic advertising has had minimal impact on staffing to date, this seems likely to change: over 30% of respondents are evaluating resources to better support their efforts; 7% have reallocated internal resources to the effort (Chart 23).

FURTHER
READING

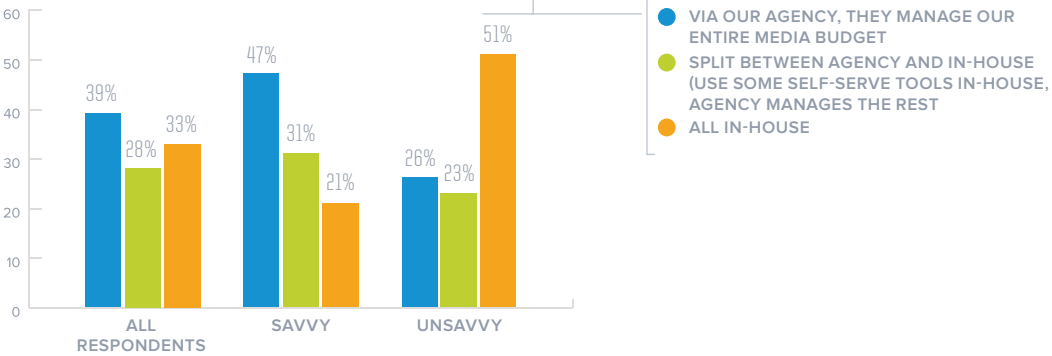
WHY MORE BRANDS
ARE BUYING DIGITAL
ADS IN-HOUSE

bit.ly/1vr1oDn



CHART 16

How are you executing your programmatic efforts today?



FURTHER
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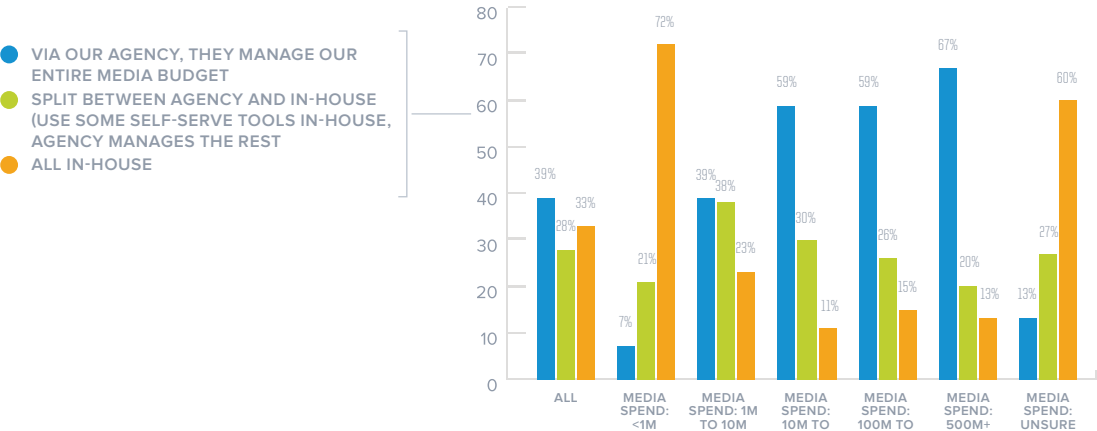
WHY NETFLIX AND
KELLOGG TOOK
PROGRAMMATIC
IN-HOUSE

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CHART 17

How are you executing your programmatic efforts today?



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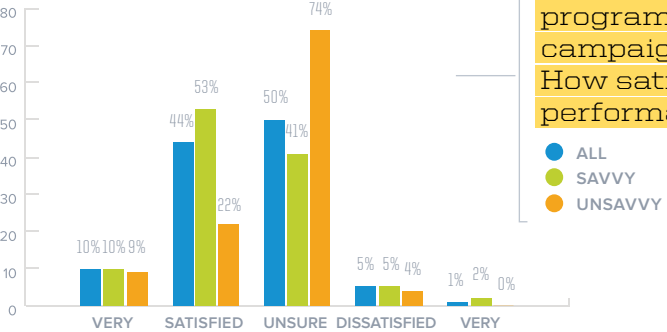
ADVERTISERS TAKING
PROGRAMMATIC
IN-HOUSE IS
SHORT-SIGHTED

bit.ly/1ETRbw5



CHART 18

You indicated that you are currently executing your programmatic advertising campaigns via your agency. How satisfied are you with their performance so far?



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

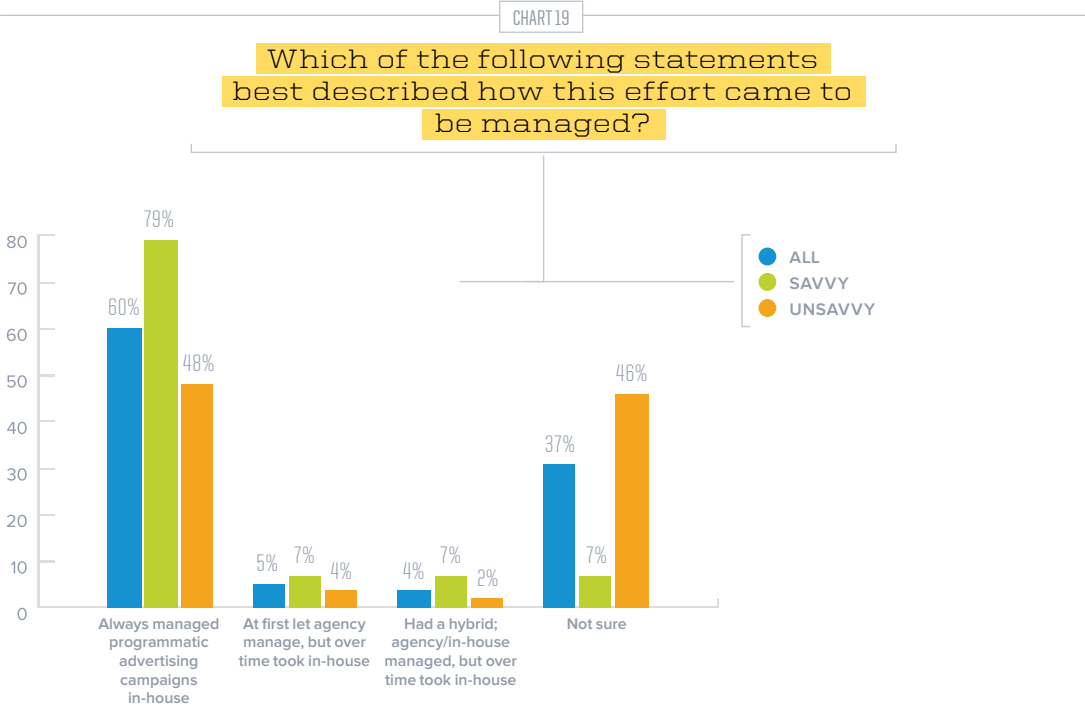
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MARKETERS 'TAKING PROGRAMMATIC IN-HOUSE' GETS REAL

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MediaPost

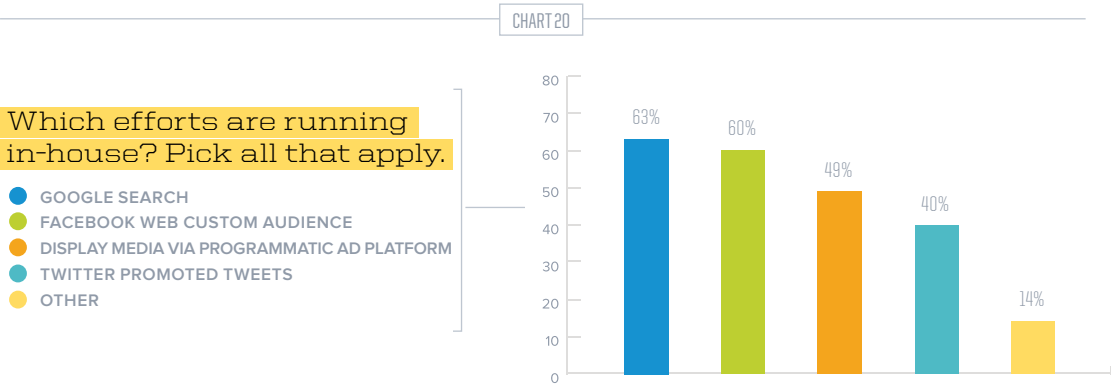


FURTHER READING

PROGRAMMATIC AD BUYING: A TACTICAL PRIMER

mklnd.com/1yzk4vU

Marketing Land

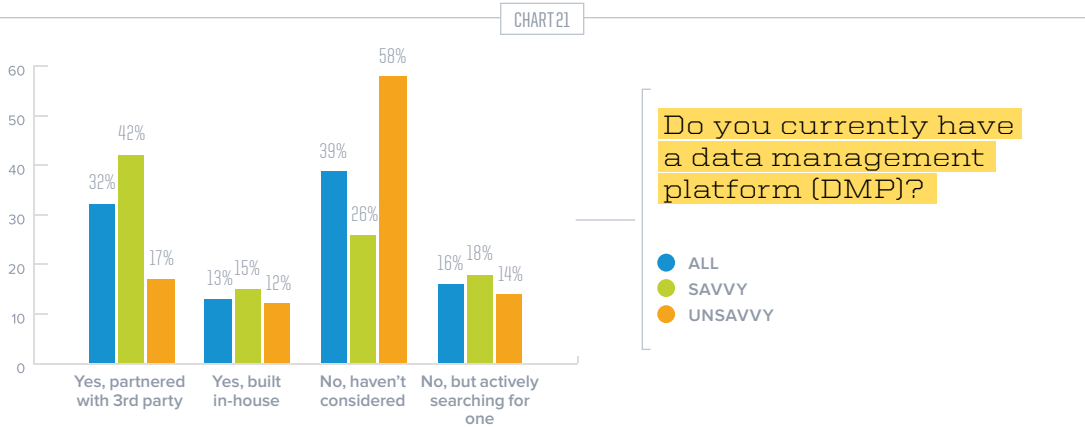


FURTHER READING

WTF IS A DATA MANAGEMENT PLATFORM?

bit.ly/1dtX5a1

DIGIDAY



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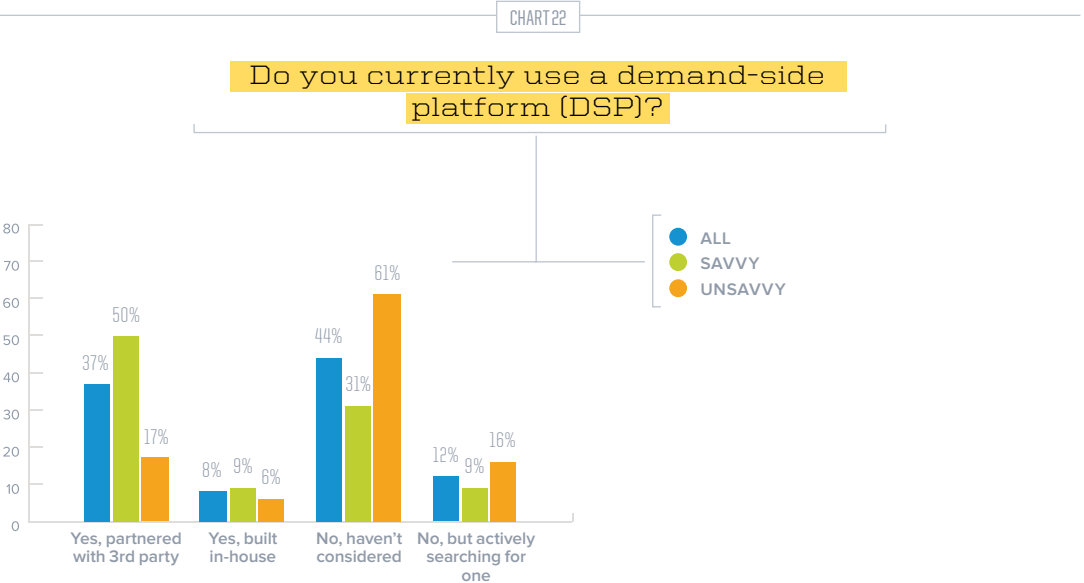
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FURTHER READING

WHAT IS A DEMAND SIDE PLATFORM (DSP)

bit.ly/1ChoK7f

Quora

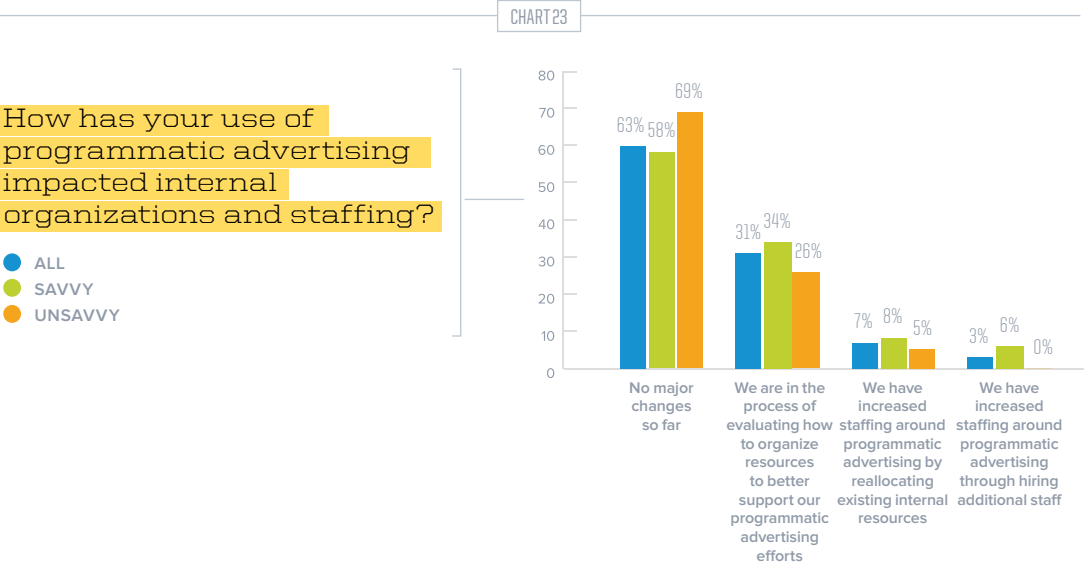


FURTHER READING

PROGRAMMATIC BIDDING BUY, BUY, BABY

econ.st/1u0B731

The Economist



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

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THE MARKETER’S VIEW:

FRESHDIRECT

Hungry For More Customers! FreshDirect Goes Programmatic – An Interview with Digital Marketing Manager, Andrea Chan-Diliberto

What is your role at FreshDirect, and what does your marketing organization look like? If your team had a motto, what would it be?

I am FreshDirect’s Digital Marketing Manager and run new customer acquisition efforts across all online channels. This includes display advertising, SEM, affiliate marketing, social media, email and strategic digital partnerships.

Our marketing organization is called the Consumer Group to reflect our passion for optimizing the customer experience and relationship. Our motto would be “Think Fresh. Learn Fast. Execute and Repeat.”

FreshDirect is new to programmatic, what got you most excited at the potential of programmatic advertising?

Leveraging the most innovative tools and market research is key to maximizing ROI. Programmatic advertising enables us to use behavioral or intent-based learnings to buy the right media to drive our business forward.

Tell us a bit more about the “online grocery shopping” experience, how do you provide online users with a convenient grocery shopping experience online as compared to in store?

FreshDirect is dedicated to making great, high-quality, fresh food easy to get. Our team of food experts is incredibly passionate and knowledgeable about food. The FreshDirect direct sourcing model allows customers to get fresh-from-the-farm foods faster than our competitors – both online and off. Additionally, FreshDirect’s team of chefs and bakers cook thousands of meals. Everything is brought right to customers’ doorsteps by our friendly deliverymen and women.

Do you have a major success story you can share?

FreshDirect recently launched Popcart, the first web technology in the U.S. that instantly turns any online recipe into deliverable groceries. Developed and powered by Foodily, Popcart allows consumers to browse any recipe – across more than 150+ million food websites and blogs – and seamlessly integrate the ingredients right into a shopping cart. Popcart represents yet another way FreshDirect is innovating and making shopping for food easier.

”

“Programmatic advertising enables us to use behavioral or intent-based learnings to buy the right media to drive our business forward.”

Andrea Chan-Diliberto, Digital Marketing Manager, FreshDirect 

Your current campaign for Philadelphia has a unique storytelling aspect to the creative; what’s particularly interesting is how you tie in a genuine branding story with a direct-response offer. Can you tell us a bit more about the campaign and your goals?

The theme of our current campaign is “Tell Your Grocer You Met Someone Online.” It’s a playful way to engage consumers who have not yet tried FreshDirect and encourage them to “break up” with their traditional grocery shopping routine and all the downsides that come along with it.

What would be your food of choice in a food fight?

Coming from first-hand experience – peas! Of all the food my toddler has thrown at me, a handful of peas always seems to hit me right on target!



THE FUTURE:

PROGRAMMATIC
ADVERTISING

We also asked our respondents some questions about what they thought 2015 held for their programmatic efforts, specifically in key areas such as budget allocation and staffing.

Spend to grow

The vast majority of respondents (74%) see their spend on programmatic increasing next year; 19% expect significant positive change. While only 2% think spending may decrease, 13% of respondents were unsure how spend would change. Not surprisingly, this number was higher (23%) among unsavvy respondents (Chart 24).

Staffing to evolve ...

The majority (64%) of respondents overall felt there would be no internal organization or staffing changes due to programmatic. However, 26% of total respondents believe more staff will be reallocated to programmatic, and 10% believe more staff will be hired. It is important to note that in all cases, savvy marketers' answers exceed the overall average (Chart 25).

”

“We believe our role has several facets in programmatic, as with all new opportunities - to filter potential partners and vendors, to invest in tools and the development of a service practice around the tools, and to educate our clients on how the opportunity can help build their business. And then, of course, to steward client investments for maximum impact.”

Matt Kain, EVP, Starcom, MediaVest Group's



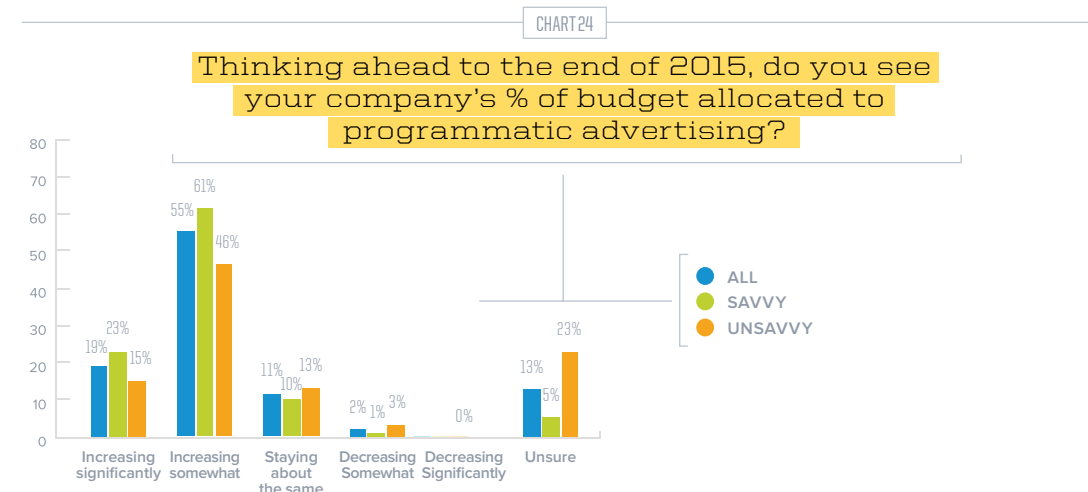
... As will partnerships

Respondents are split fairly evenly on whether they will outsource programmatic advertising or bring it in-house in the future. When asked how they see programmatic advertising affecting internal organizations and staffing overall in 2015, a slim majority (52%) indicated they will outsource more and more of programmatic to agencies and partners; the remaining 48% plan to bring more and more of programmatic in-house. Interestingly, these respective views seem to be driven by different priorities. For those who think they will bring programmatic in-house in the future, cost efficiencies (63%) and complete data sets (51%) are the key drivers. For those who think they will outsource programmatic in the future, cost (61%), competencies with programmatic (55%), and ad tech (55%) are the primary factors (Chart 26-28).

FURTHER
READINGPROGRAMMATIC'S
FUTURE USE PAINTS A
BRIGHT PICTURE

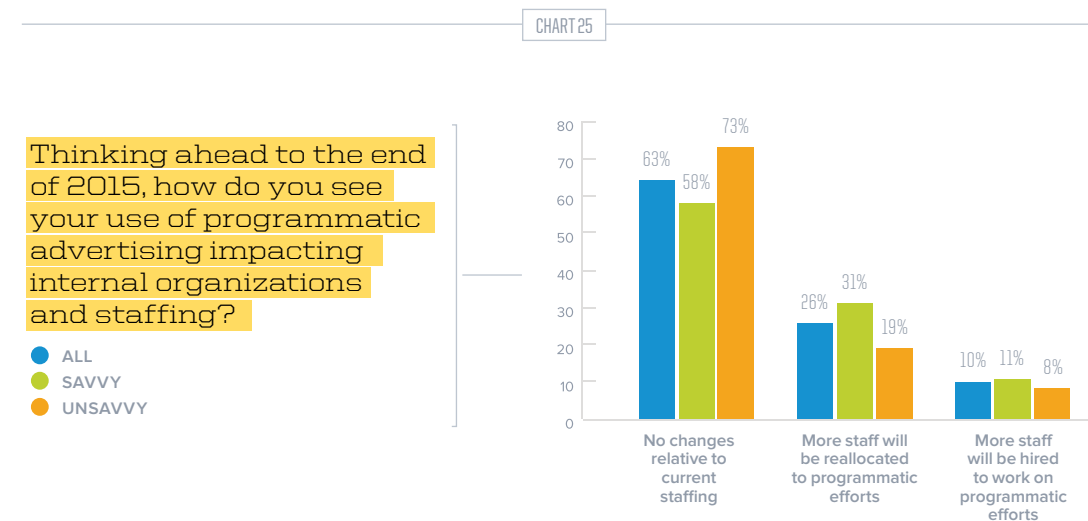
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FURTHER
READINGTHE PROGRAMMATIC
WORLD OF THE FUTURE
THROUGH THE EYES OF
THE CONSUMER

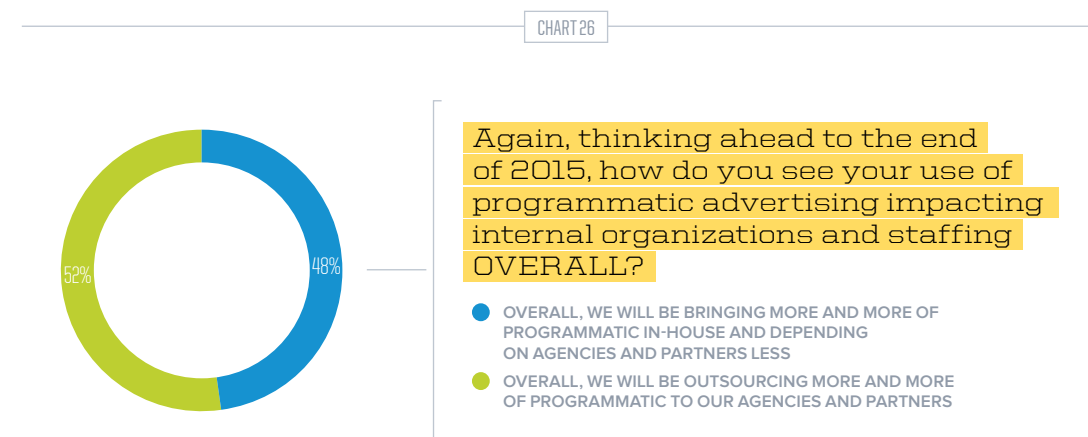
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12 ahead

FURTHER
READINGPOLL: MAJORITY OF
CMOS LOOK TO BUY
PROGRAMMATIC ADS
DIRECTLY, BYPASSING
AGENCIES

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Ad Age



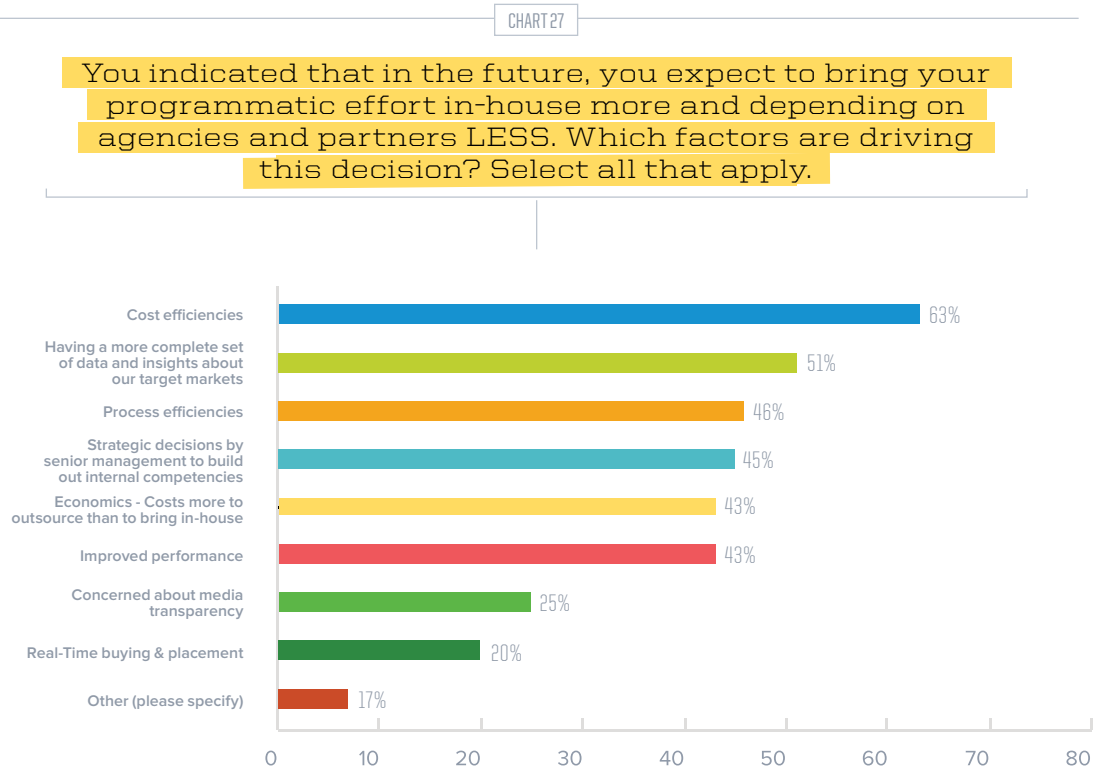
All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
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READING

NOT TAKING
PROGRAMMATIC
IN-HOUSE IS SHORT-
SIGHTED

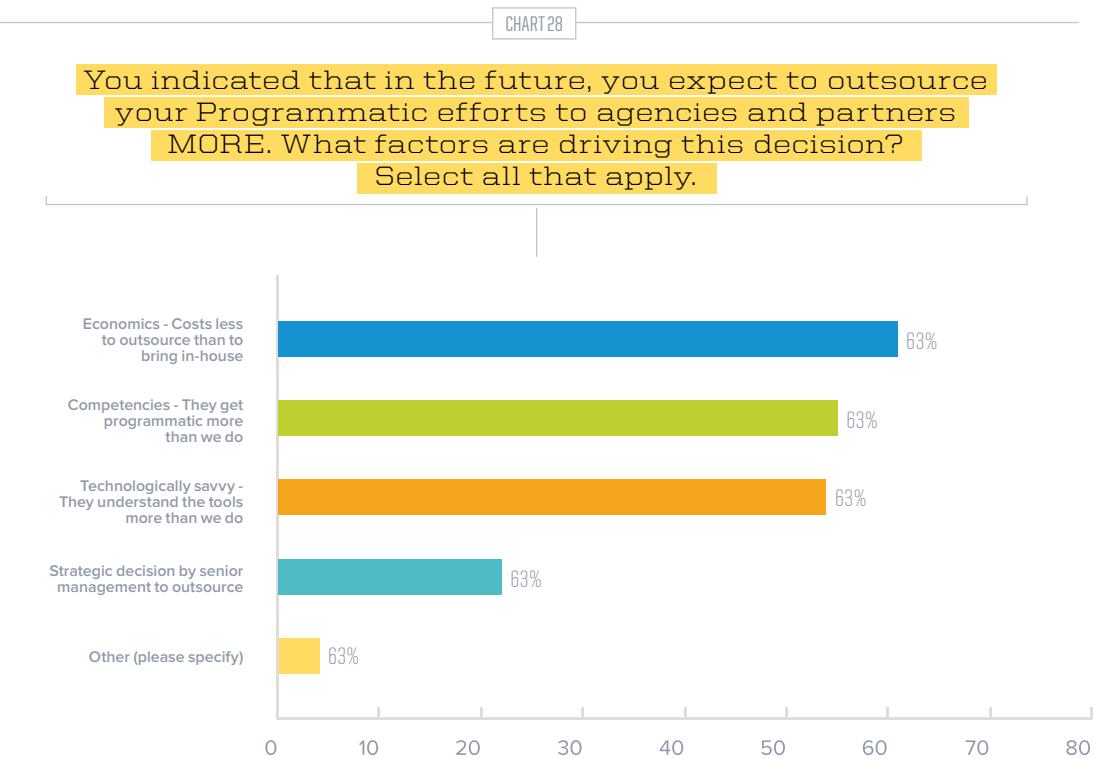

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READING

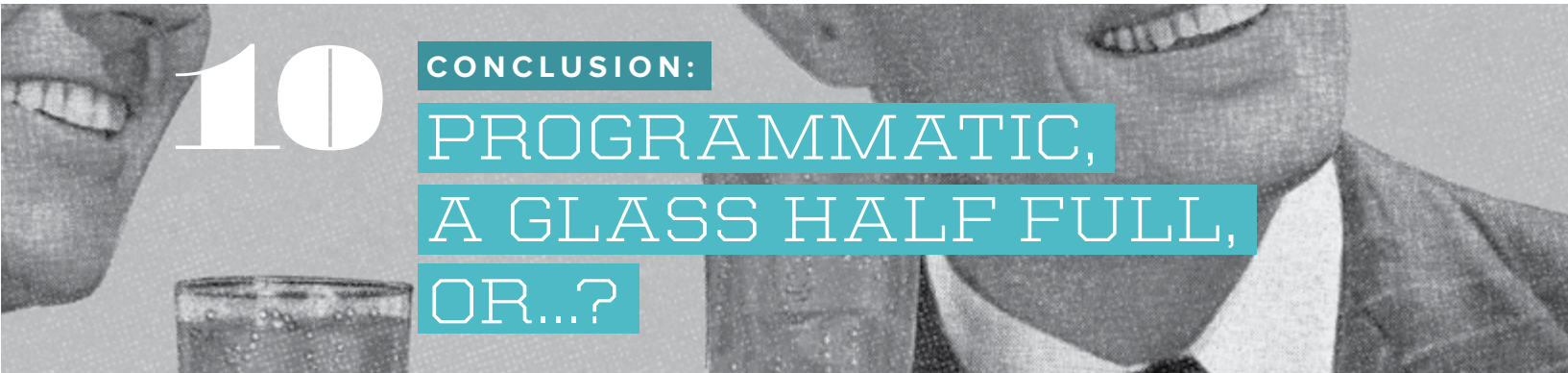
WPP'S SORRELL:
IN-HOUSE AD BUYING
IS A "TEMPORARY
PHENOMENON"

on.wsj.com/1z7CeWP



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

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In general, respondents view 2015 and beyond as positive for programmatic. They offered words such as “exciting” and “promising” when asked to describe their outlook on programmatic advertising (Chart 29). That said, issues around tactical deployment of programmatic campaigns remain, signaling a need for an industry-wide focus on sharing best practices and resolving issues, such as fraud and transparency.

Living in a programmatic world

Respondents widely agreed (70% agree/strongly agree) that a majority of digital media buying will be done programmatically in the future. A clear majority (75%) agree/strongly agree that in the near future, programmatic will expand into areas beyond display advertising. More interesting still is that many of executives we surveyed widely supported the notion that programmatic will expand beyond digital media to TV (67% agree/strongly agree) (Chart 30).

“It’s about those eyeballs I want”

When asked to indicate what they viewed as the main value of programmatic, the number one

answer (by a wide margin) was effectiveness/buying only the audience they want to see an ad (45%). Data collection and getting a comprehensive view of the target audience (25%) followed in importance. Finally, cost savings (16%) and automation/process efficiencies (14%) were indicated.

Tactical issues abound

Although most marketers have an “all in” belief in the future of Programmatic, significant issues remain. When asked the open-ended question “What programmatic marketing issues keep you up at night?” most of the top issues – including transparency, fraud, availability of quality inventory, cost, and ROI – indicate numerous concerns in terms of the tactical application and evaluation of individual programmatic marketing campaigns (Chart 31).

From this, we can broadly surmise that the next several months will be a critical learning period for both current and future users of programmatic, all of whom have committed to an increased focus on programmatic in the coming years.

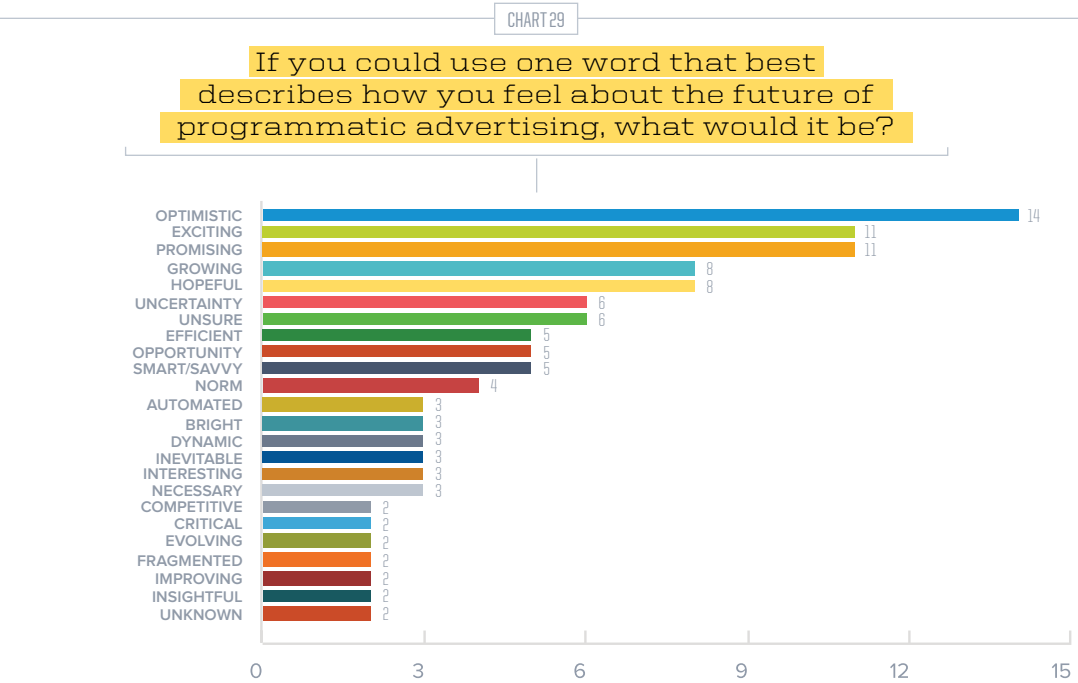
“Programmatic and RTB gives your impressions the best opportunity to be seen by your target audience, at the exact moment when your messaging is most impactful.”

Ellen Liu, Director of Media, Clorox



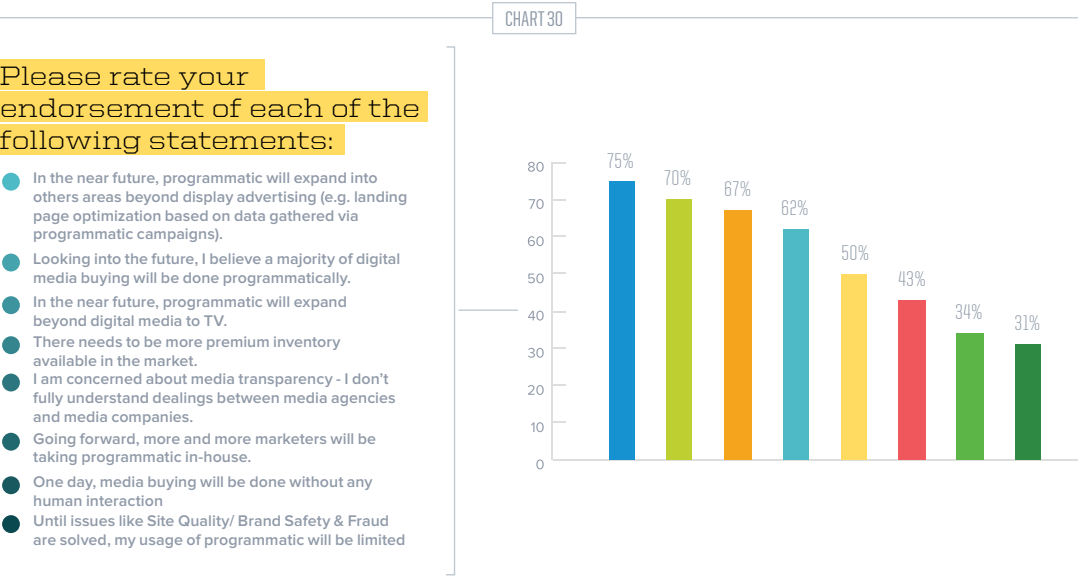
FURTHER READING

WHAT IS PROGRAMMATIC ADVERTISING AND IS IT THE FUTURE?
onforb.es/1p96fvN



FURTHER READING

TV PROGRAMMATIC: THE BEST OF ALL POSSIBLE WORLDS?
bit.ly/11jmWiM



FURTHER READING

AS A MARKETING EXEC, WHAT KEEPS YOU UP AT NIGHT?
mkInd.com/1yzIhmS



All questions based on survey of 232 marketers in the US, Canada and the UK, Q4 2014
Percentages may not add to 100% due to rounding

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FURTHER READING

Explain it like I'm eight: Programmatic
bit.ly/1pqh0bS

It's time for marketers to adopt a programmatic mindset
bit.ly/1Choe9o

Programmatic ad buying: A tactical primer
mkInd.com/1yzk4vU

Poll: Majority of CMOs look to buy programmatic ads directly, bypassing agencies
bit.ly/HZCYo3

Explain it like I'm eight: programmatic
bit.ly/1z7B7q3

Why programmatic marketing is the future
bit.ly/1u0AAhA

5 reasons more brands are buying digital ads in-house
bit.ly/1o98zle

Why more brands are buying digital ads in-house
bit.ly/1vrIoDn

What is a Demand Side Platform (DSP)
bit.ly/1ChoK7f

WPP's Sorrell: In-House ad buying is a "temporary phenomenon"
on.wsj.com/1z7CeWP

Why Netflix and Kellogg took programmatic in-house
bit.ly/ZY3eIX

Programmatic bidding buy, buy, baby
econ.st/1u0B731

What is programmatic advertising and is it the future?
onforb.es/1p96fvN

TV programmatic: The best of all possible worlds?
bit.ly/11jmWiM

The programmatic advertising report
read.bi/ZCjEpC

Advertisers taking programmatic in-house is short-sighted
bit.ly/1ETRbw5

Programmatic's future use paints a bright picture
bit.ly/1p95RNO

The programmatic world of the future through the eyes of the consumer
bit.ly/1D9Btv4

Data geek or storyteller? Today's CMO must excel at both
bit.ly/1x0O6sn

Marketers 'taking programmatic in-house' gets real
bit.ly/1sCAd0a

As a marketing exec, what keeps you up at night?
mkInd.com/1yzIhmS

OTHER RESOURCES

Marketing Attribution For The Masses: What Marketers Really Need To Know
bit.ly/1w32Eoa

State Of The Industry Retargeting Report
bit.ly/1nNQXQp

Twitter Tailored Audiences Handbook
bit.ly/1fZhYOy

The Facebook Exchange Handbook: Everything the marketer needs to know about FBX
bit.ly/GYrqRh

NOTES

Consider it your tool belt for programmatic advertising



The How-to Issue:

everything marketers should know 'how-to' do

PROGRAMMATICMIND.COM

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