

Private marketplaces: How publishers can get ready for a programmatic future

By [Jaco Lintvelt](#), issued by [Incubeta](#)

29 May 2013

Premium publishers around the world are faced with a set of very unique challenges that they are trying to overcome. There has never been such dramatic growth of advertising technology and automated [advertising platforms](#) as publishers are experiencing today, and the main aspect that is driving this growth is Real-Time Bidding technology.



What is programmatic selling?

Dina Zelikson, digital program manager at Bluestem Brands really sums it up nicely in her recent post on [Adexchanger.com](#) "On the supply side, programmatic marketing is linked to ad monetisation and ad serving, driven by the goal of maximizing yield. The retiring of the static daisy chain has propelled publishers - and the ad industry - into the nascent phase of RTB and programmatic buying. The challenges of this early phase are all too familiar: publisher frustration with decreasing CPMs, paralleled by advertiser frustration with view ability and ad clutter."

New business models:

Publisher's businesses models were technically influenced since the first day that the first [ad exchange](#) was established in 2007 and there has been no looking back since. CPM deals are making room for performance marketing orientated business deals in internationally developed countries and industries. This includes CPL, CPC and CPA pricing models which are mostly used for performance marketing disciplines such as programmatic media buying and affiliate marketing.

Publishers remain the important content providers of the industry and they are the ones securing the first party data and valuable audiences for advertisers by creating engaging, interactive and relevant content. Publishers with high quality audiences should be getting paid for that whether that inventory is auctioned in a marketplace or being sold by the direct sales force.

Innovative publishers like the [Wall Street Journal](#), [Hearst Digital Media](#) and [La Place Media](#) therefore opted for private marketplaces to support the efforts of the sales force. They have invested in the right tools and technology to enable real-time bidding, audience targeting, and yield management to optimise their revenue management.

These publishers started working towards finding viable ways to offer inventory more efficiently and effectively to media agencies and agency trading desks they work with. This immediately enabled them to generate revenue on premium display budgets, but also budgets that were dedicated to the performance space.

In other markets such as [Germany](#) adoption has been slower as the dynamics of the market are just completely different, but confirmation was there that some inventory is being traded programmatically. [Brazil](#) has also shown positive early growth signs towards real-time bidding which means that publishers are slowly, but surely making some impressions available to buyers via the programmatic channel.

What are the benefits of private marketplaces for publishers?

According to [comScore](#) five trillion display ads were served in 2012 alone so operational overheads plays a big role. A private marketplace can streamline operations whilst receiving support and account management from the technological partner who assists with any shortcomings when it comes to optimisation and setups.

Big international brands such as [Ford](#) have invested heavily in programmatic media buying as they could see a lot of value in running performance campaigns and they have shifted some of their online budgets quite drastically. Publishers don't want to be in a situation where they can't accept media spend from big clients such as Ford due to the fact that they don't make at least a portion of their inventory available via some sort of marketplace, whether it is [DoubleClick AdX](#) with its new Private Auction function, Rubicon Project, Improve Digital or AppNexus.

Private marketplaces also offer publishers the much needed real-time reports and insights, control options over data, prices and inventory and a unified platform where other demand side platforms can plug into if they want to transact with the specific publisher. Publishers can dictate how they want to transact with buyers and have options available such as preferred or direct deals. Publishers can then sell their display, video, mobile and in app inventory from the marketplace directly to selected buyers with ease.

What publishers can do to prepare for a programmatic future

Brian Lesser, CEO of WPP's agency trading desk [Xaxis](#) said in a recent [interview with Adweek](#) "Premium publishers should go about their monetisation strategy through a combination of private marketplace and programmatic reserve".

Whilst that is great advice it is a very aggressive strategy for many publishers that are new to the space. Having a private marketplace in conjunction with a data management platform/partner is a great first step for publishers that want to start focusing on securing programmatic demand.

Brian Lesser also mentioned a very valid point: "We're not going to encourage a premium publisher to participate in open exchanges because it devalues the inventory, and doesn't provide control of what advertisements go up against their content."

Publishers are experimenting in different ways with many adjusted strategies e.g. setting up different tiers of inventory and using different pricing strategies. A very important aspect of getting programmatic right is also to make sure that a holistic approach is used and that the programmatic channel and direct sales do not function in isolation. Scott Spencer, product

manager at Google, says in an interview with Adexchanger that there is a great need to determine how the one channel is performing against the other.

Head of Programmatic Trading and Yield Optimization at [The Telegraph](#) Lara Izlan mentioned the following in an [interview](#): "we began by offering a private marketplace run-of-site product priced competitively with our direct sales rates. Following feedback and requests from our partners, we introduced premium first party audience segment packages, and premium channel group packages." The point here is that publishers must be proactive and start somewhere to make sure they are generating valuable learnings and insights, and that is the best place to be right now.

Evolved landscape and native advertising

Due to the possibilities that programmatic buying offers, publishers need to embrace the approach of "How can I sell the advantages of programmatic trading to agencies to highlight the value of my audience and data". Native Advertising is also a very big buzzword in the industry at the moment and publishers are embracing it as a new execution to offer advertisers. [James Green](#), chief executive officer of Magnetic, mentioned that [Native advertising](#) units can be booked and placed via a private marketplace in the future if the setup is correct.

A change in thinking and different mind-set will ring forward opportunities that programmatic trading offers to publishers. There's great examples of how publisher's direct-sales team use the information they find in their own marketplaces about the buyers to get more insights into how to sell smarter.

Audience data and ownership:

Data driven marketing and first and third party data about consumers will become the currency of media trading in the future and will dictate the way in which campaigns are planned. [Michael Ossendrijver](#), product and business development director at DQ&A speaking at ProXXI in Brazil which covered predictive media mentioned that media agencies will have to allow data to influence their campaigns to generate satisfying results in the future. The publishers that are able to highlight the added value of their data to agency trading desks or partners will be the most successful in their revenue management.

Get in the game:

In many markets the future is now. I have always been a firm believer in learning from other companies, countries or industries, so my advice to any publishers will be to research and evaluate a private exchange solution through a partner to be ready for when the entire industry reaches a real-time advertising tipping point.

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