

Reaching Full Potential

Examining attitudes to programmatic
across the global advertising ecosystem

September 22, 2015

The future is programmatic. From buy side to sell side, a full two-thirds of the global advertising ecosystem are already using programmatic; and virtually all market participants agree that it will be increasingly more important in the years to come.

But even as programmatic stands poised to make global history, its benefits remain relatively obscure to those positioned to gain the most by it. Operational transparency must be increased and knowledge gaps plugged.

From increased emphasis on viewability metrics to reducing latency in video advertising, the demand is for programmatic progress; and the demand is for knowledge, transparency, and quality.

Achieve this and the opportunity is vast.

September 2015



CONTENTS

Section 1.0

Introductions

- 04 Methodology – A Truly Global Study
- 06 AppNexus Introduction
- 07 WARC Introduction

Section 2.0

Findings

- 08 Programmatic – The Headline Act
- 10 A Rational Choice
- 13 Do first; Understand later
- 16 Maturing and Consolidating
- 18 Viewability – Bring it on!
- 19 The Impatient Video
- 21 Executive Summary

Section 3.0

Appendix: Regional Insights

- 22 Global Agreement
- 23 APAC Focus
- 26 North American Focus
- 27 Europe Focus

Section 4.0

The People Behind the Study

- 28 About AppNexus and Circle Research



METHODOLOGY – A TRULY GLOBAL STUDY

The march of programmatic continues. With every passing month, the volume and value of programmatic advertising grows at an astonishing clip. Magna Global estimates that the global programmatic market will increase from \$29.3 billion in 2015 to \$61.9 billion in 2018, representing a growth rate of almost 21 percent¹. Notwithstanding this robust rate of growth, market participants continue to harbor serious concerns.

These concerns often take the form of questions: “Will the bubble burst?” “Does the advertising ecosystem trust, appreciate, or even understand programmatic?” “Will programmatic reach its full potential or do barriers exist – whether currently or in the near future – that may hold it back?” “And just who exactly are these so-called ‘programmatic players’?” “What does the ecosystem really think of them?”

In 2014 we examined why and how programmatic was growing across Europe. We uncovered a wealth of benefits gleaned from improved targeting. That said, we encountered very low levels of understanding, low adoption amongst advertisers, and an ecosystem rife with mistrust.

This year, in a comprehensive **global study**, we continued to expand upon last year’s findings and introduced new themes into the mix. In June 2015, Circle Research, in association with AppNexus, WARC DDMAlliance, IAB Singapore, and IAB Australia with support from multiple IAB bodies across Europe, conducted an online survey of **more than 1,200 professionals** involved in advertising. This survey, **spanning three continents and involving advertisers, publishers, and advertising technology companies**, is the first ever study to ask these key programmatic questions to the global ad tech industry.

Truly global study: 1,232 responses from Europe (542), North America (488), and APAC (202)

Covering the entire ecosystem: Advertisers (372), Media Buying Agencies (109), Advertising Agencies (257), Agency networks (48), Publishers (292), and Ad Tech companies (154)

¹ <http://www.inma.org/blogs/mobile-tablets/post.cfm/programmatic-forecast-for-2015-advertising-world-domination>



Those who took part together transact **over \$100 billion of advertising spend** – both digital and traditional – at some of the world’s largest advertising organizations:

Aol.LinkedInPubMaticMicrosoftXaxisTubeMogulHAVAS

This is the report based on the global research findings. **Regional focus reports for Europe, North America, and APAC are also available.** If you would like to receive further reports and commentary from AppNexus, please **register** for News at: <http://www.appnexus.com/en/subscribe>, follow us at @AppNexus, or visit our blog at <http://blog.appnexus.com/>.





APPNEXUS INTRODUCTION

We Exist to Create a Better Internet.

AppNexus is a technology company whose cloud-based software platform enables and optimizes programmatic online advertising. Our technology helps advertisers get the most out of their campaigns, publishers get the most out of their content, ad tech companies get the most out of their insights and data, and internet users get full, democratic access to the digital world.

AppNexus exists to create a better Internet. In order to realize this mission, we've set our sights on building technology that can make digital advertising better, since ads are the circulatory system of the Internet. They fund most of the great content we're used to getting for free – from music, journalism, and film to games and

instant information. They provide the means to innovate, investigate, and entertain.

The 2015 AppNexus Trust Survey represents a key investment in our core mission. Together with our partners in Europe and APAC, we surveyed over 1,200 participants in the global programmatic market to better understand how they view the promise and future of digital advertising. We believe that all market participants benefit from a candid and comprehensive discussion of what works – and what doesn't work.

We all have a role to play in creating a better Internet. The questions that this report posed, and the answers it produced, go a long way in informing that process.





WARC INTRODUCTION

TBD



2.1

PROGRAMMATIC – THE HEADLINE ACT

Programmatic has come a long way. Not long ago it was considered by many as the salvage yard of advertising – a convenient means by which to dispose and re-purpose low-cost, low-value remnant inventory separate from overall advertising strategy. It was something of a niche interest; a garage hobby for as-yet unproven start-ups. Indeed, a mere 25% of the global advertising ecosystem thought that it was imperative for an agency to possess knowledge of programmatic just five years ago.

Five years later, the picture could hardly be more different.

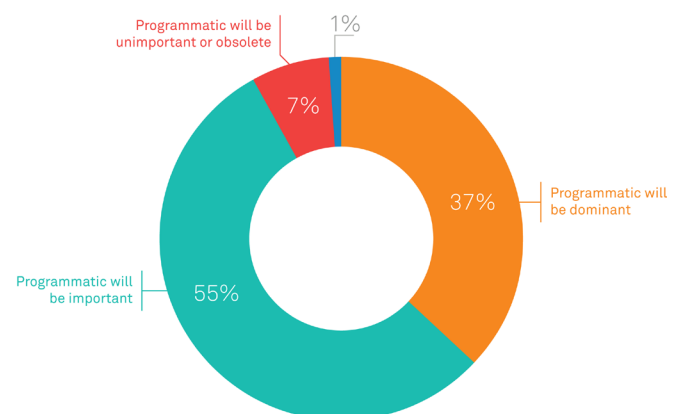
The view of programmatic as advertising’s ‘poor cousin’ is out of date. If you’re involved in advertising, chances are you’re among the **two-thirds (67%) of market participants who now use programmatic.**

In fact, this figure may actually be an underestimate. While just under half of advertisers (47%) and two thirds of advertising agencies (64%) report that they use programmatic, nearly all media buying agencies are doing so (92%). If the advertisers and agencies who claim not to be using programmatic are running campaigns via media buying agencies, could it be that their ads are being placed programmatically – and that they simply don’t know it?

This raises an interesting and larger question: If many advertisers don’t realize that their advertising is being placed programmatically, **do advertisers need to be made aware of what programmatic is?** While it might be tempting to say that a fundamental grasp of programmatic is unnecessary – after all, for advertisers it’s the results and not the methods that count – the prevalence of programmatic suggests otherwise. In order for advertisers to flourish in future years, rigorous understanding of the subject is utterly paramount.

Programmatic is set to be here for the long haul. Only 8% of the ecosystem believes programmatic will have a small role to play in digital advertising in the future; the majority think it will be important. Already one-third of advertisers believe **programmatic will be the dominant force in digital advertising in the years to come (37%).** The former “garage start-up” attitude towards ad tech is now an anachronism.

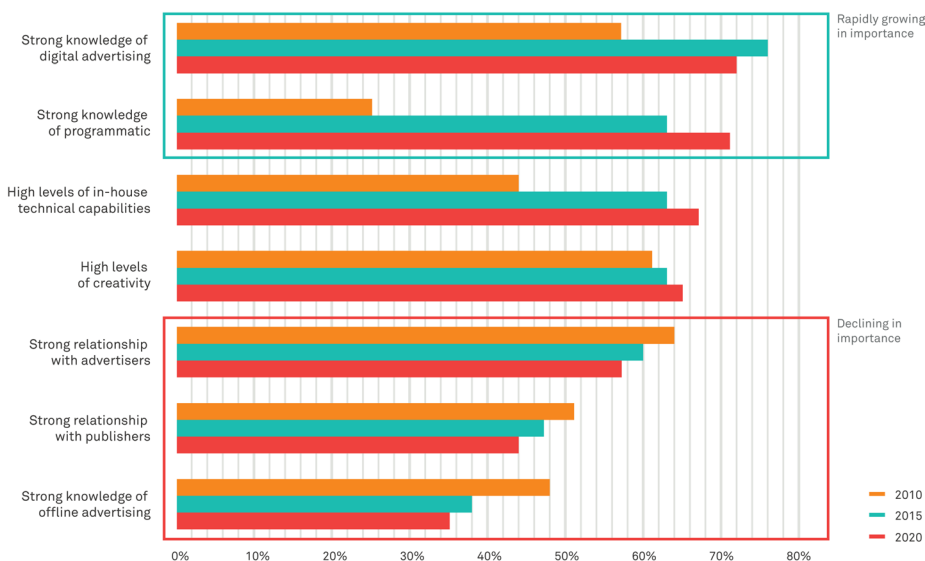
Figure 1
Future of Programmatic in Digital Advertising



With programmatic steadily growing in prominence, an agency can no longer afford to be unfamiliar with the technology. Nearly three-quarters of the ecosystem (71%) now recognizes **knowledge of programmatic** as one of the most important capabilities that agencies will need to possess in five years' time.

To put that into better context, only 65% of respondents believe that high levels of creativity will be important. Once something becomes more important than creativity itself, you know it's become a pretty big deal.

Figure 2
Capabilities That Agencies Need To Possess



71% of the advertising ecosystem now recognizes **knowledge of programmatic** as one of the most important capabilities that agencies will need to possess by **2020**



Moreover, knowledge of programmatic should no longer be placed on the back burner; it's a skill set that agencies need in the here and now.

63% of survey respondents quoted strong knowledge of programmatic as being necessary for agencies to possess in 2015.

The pressing need for programmatic literacy also needs to be reflected on the sell-side where certain publishers risk getting left behind. While the majority of publishers (61%) do now offer programmatic inventory, that still leaves 39% (more than one in three) publishers who are not yet on board. Now that

programmatic capabilities form an integral part of media buyers' and agencies' arsenals, **can any online publisher afford not to be offering – and for that matter, learning – programmatic?**



2.2

A RATIONAL CHOICE

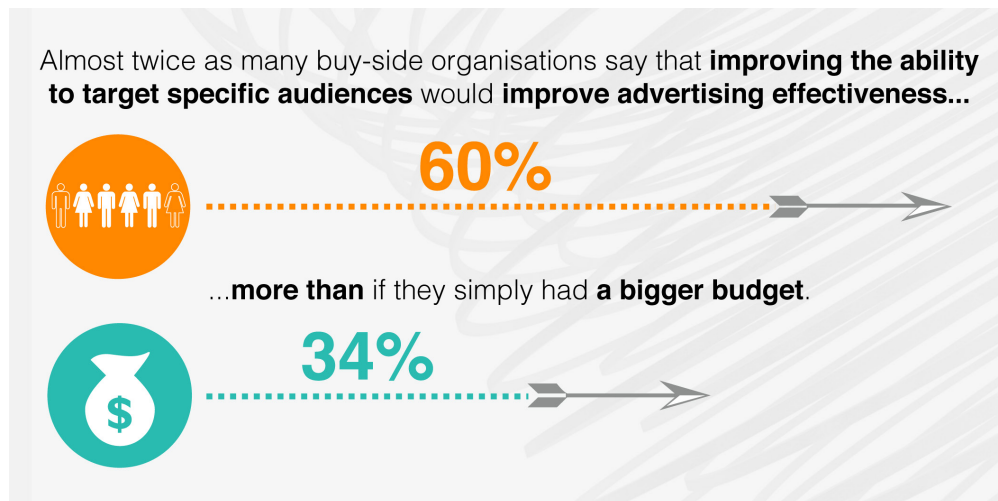
Programmatic is undoubtedly on the rise... but why? When asked to associate words with 'programmatic,' respondents mentioned three words in particular:

- Automated (67%)
- Real-time (66%)
- Targeted (63%)

If a marketer was to write the ideal definition of programmatic, he or she could hardly come up with a better list.

Firstly, the perceived benefits of the top association—automation—are significant. **One in five buy-side organizations (19%) spend more than five hours every day on repetitive tasks like tracking and reconciling information for a single campaign.** Virtually all buy-side organizations (93%) agree that automating these repetitive tasks would be beneficial. With programmatic heavily associated with automation, the benefits to buy-side agencies are pristinely clear.

Yet the benefits of programmatic stretch far beyond mere efficiency savings to the 'golden bullet' of advertising: segmented targeting.



Both buy-side and sell-side respondents agree: success and targeting are intrinsically linked. For the buy side, targeting is what makes advertising more effective. Almost twice as many buy side

organizations state that improving the ability to target specific audiences would benefit a campaign more than simply having a bigger budget (60% vs. 34%).

Figure 3
How to Improve Effectiveness of Advertisements

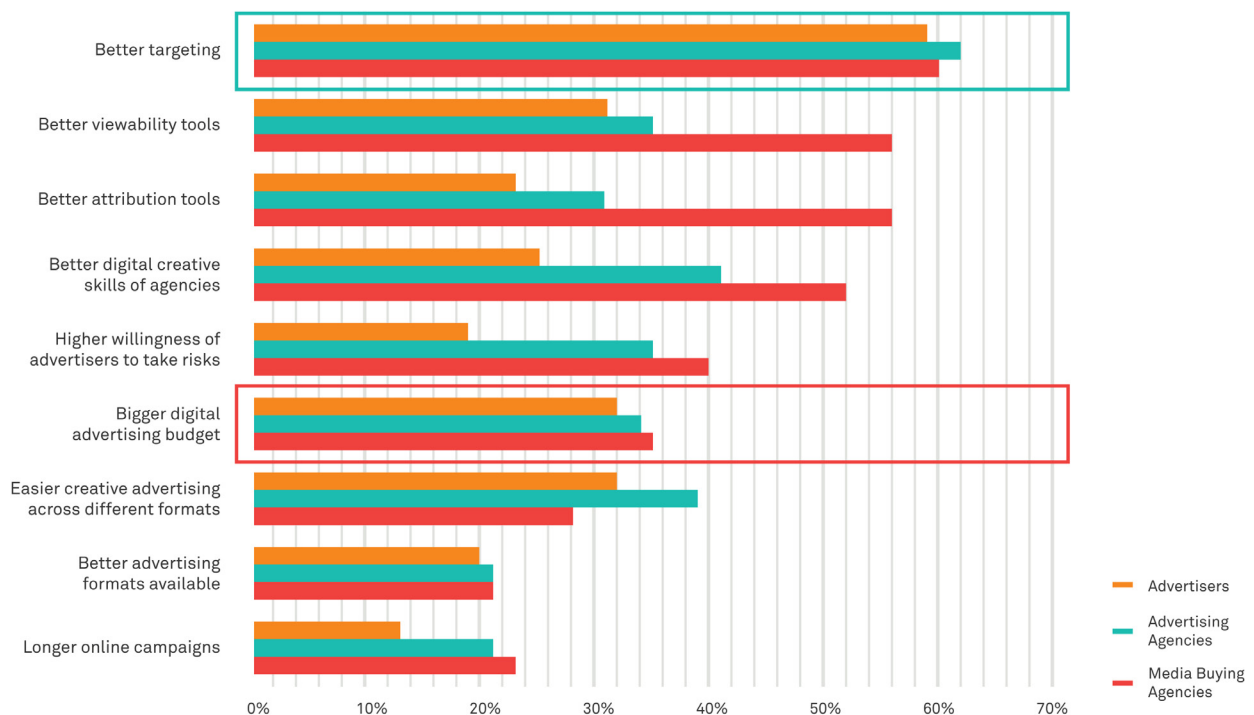


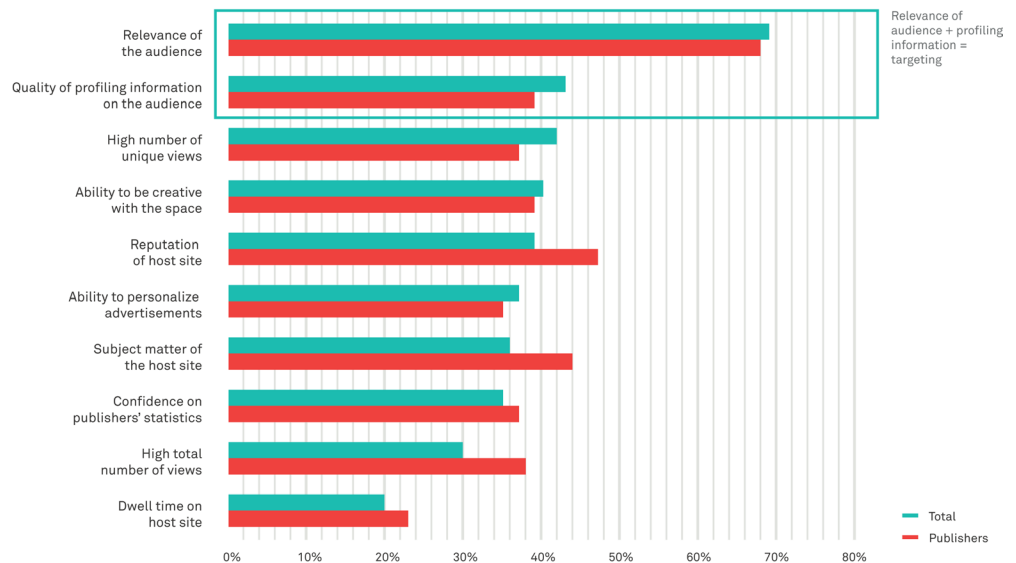
Figure 4
What Makes Digital Property More Valuable

And for the sell side, targeting is what makes property attractive; sellers quote ‘relevance of audience’ as being the biggest determiner of digital advertising property value.

Respondents from across the ecosystem were in strong accord: the ability to target specific audiences is the number-one consideration that makes a visual advertising campaign effective.

Targeting is more important than high visibility, more important than creativity, more important even than having a large budget. **It’s not how many people see an ad that matters; it’s who sees it.** With targeting being synonymous with successful advertising, and programmatic being synonymous with targeting, it’s no wonder that programmatic is entering the mainstream.

On the flip side, it’s also interesting to note the words that respondents did not associate with programmatic. While there are strong associations between programmatic and its functional features (automated, real-time, targeted), **there is very little ‘emotional’ engagement.** While programmatic is not considered ‘dangerous’ (only 7% report it to be), neither is it deemed ‘safe’ (12%) or ‘trusted’ (15%). This suggests that much of **the industry**



is still grappling with its feelings about programmatic; features are still becoming increasingly understood. A strong, opinionated consensus has yet to emerge.

As we shall see, this lag may owe to a lack of understanding within the ecosystem about how programmatic works. While the problems programmatic can solve are being communicated, that doesn’t necessarily translate into how well the actual processes and methodologies involved in programmatic are being explained. If the ecosystem truly wants to communicate that programmatic is a long-term, trustworthy solution, then the industry needs to educate the market around not only why they should appreciate programmatic, but also about why they should trust and use it.



2.3

DO FIRST; UNDERSTAND LATER

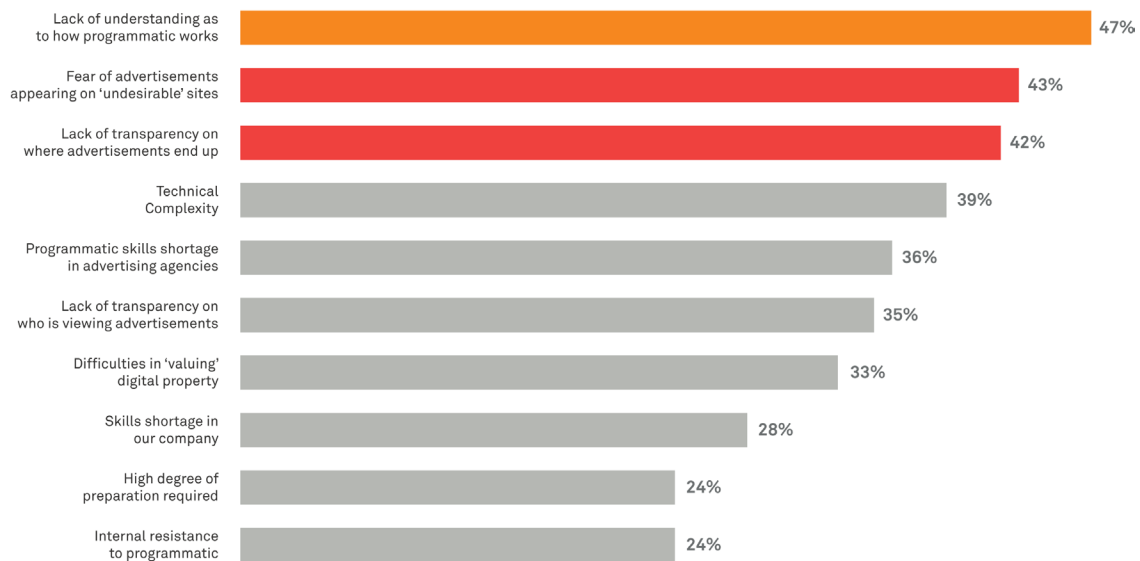
Use of programmatic is very high and growing. However, a concurrent understanding of what programmatic actually is, and the nuances of how it works, are far from universal. **Nearly half of the ecosystem (44%) understands very little or nothing about how programmatic works.** This is particularly acute among advertisers (63%), agencies (48%) and publishers (47%).

This lack of understanding is remarkable in and of itself; but perhaps even more astonishing is the lack of knowledge about programmatic runs concurrent with a high usage of it (67%). Discrepancies like these point to a likely conclusion: a significant segment of the

ecosystem (29%) is **actually using programmatic despite knowing very little about it.**

This lack of understanding manifests itself in all kinds of different ways. One obvious way is in daily operational challenges. If you don't understand something, it's hard to plan accurately for a whole range of requirements—from plugging skill set gaps and meeting training needs to internal strategy and reporting. As a result, 'lack of understanding as to how programmatic works' is the largest challenge to overcome before advertisers can effectively adopt and wield the technology (47%).

Figure 5
Challenges to Using Programmatic



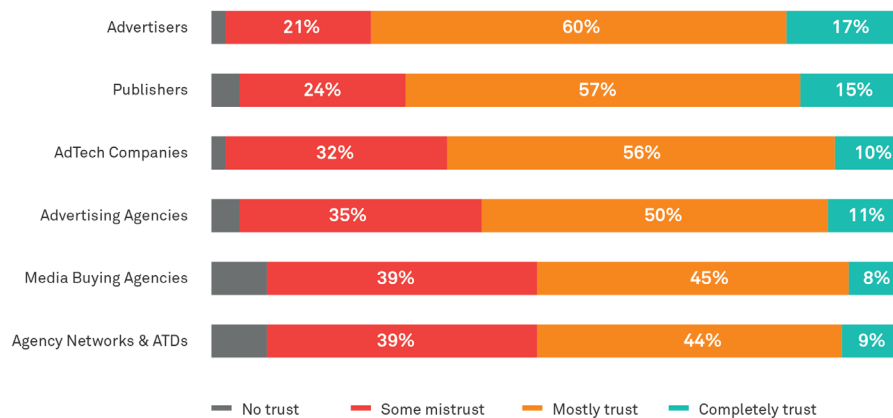
Lack of understanding also reduces overall trust. Only 14% of advertisers say that they are totally confident in knowing how effectively their digital campaigns perform. In contrast, more than one in four advertisers have a lot of uncertainties.

Other manifestations of this fundamental lack of understanding are more subtle. On the surface, many **advertisers who have not yet adopted programmatic believe that lack of budget is restraining them (35%)**. However, in reality, an advertiser using programmatic does not require any additional budget. Programmatic is about methodology and technology – not a channel in and of itself. It can be achieved through a re-allocation of resources as opposed to creating a separate budget— a point that, by contrast, isn't lost on media buying agencies (not a single media buying agency quoted lack of budget as a barrier). Here is an example of a 'phantom' barrier conjured up by sheer incomprehension.

While all the data and market sentiment certainly implies that programmatic is poised for strong growth, greater education throughout the market can serve as a catalyst for programmatic to reach its full potential.

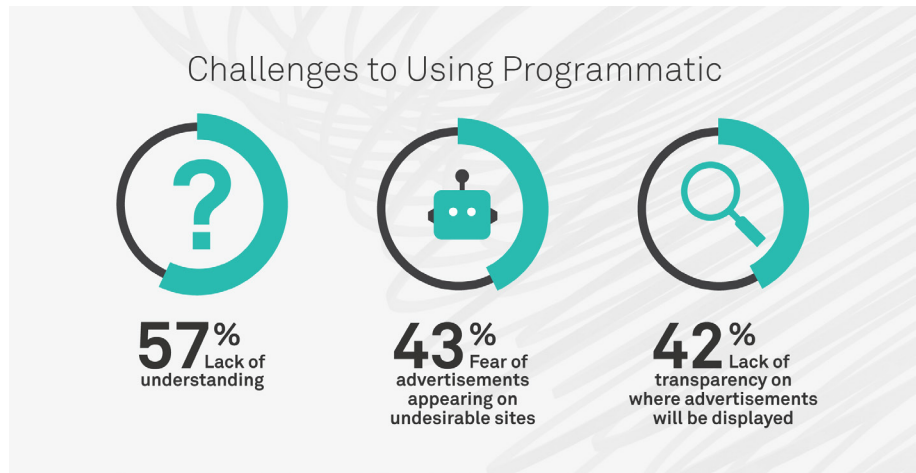
To better address the need for education, there needs to be a consequent effort to provide greater operational disclosure. When it comes to understanding day-to-day practices behind programmatic, nut-and-bolt issues like identifying key stakeholders, who gets paid what, or where ads get shown, **only 8% of respondents describe their relationship as being fully transparent; 57% think it's not transparent**. While respondents placed greater faith in advertisers and publishers, they expressed less trust for the in-between players, in particular agency networks and media buying agencies.

Figure 6
Level of Trust in Different Parts of the Ecosystem



This lack of transparency presents a significant obstacle to programmatic. After lack of understanding, the top two challenges related to programmatic are ‘fear of ads appearing on undesirable sites’ (43%) and ‘lack of transparency as to where advertisements will end up being displayed’ (42%).

These concerns are also more prevalent among advertising agencies and media buying agencies than they are for end clients. This ‘fear factor’ may partly explain why **many agencies are currently choosing to use ad tech companies to manage their campaigns for them, rather than executing programmatic themselves.** Whether or not increased knowledge of programmatic will lead to greater ownership of programmatic by agencies will be interesting to observe.



In summary, programmatic is undoubtedly important and going through extremely strong growth. That said, as the market matures, issues of trust will be brought to the forefront and increased operational disclosure will be vital for enabling programmatic to reach its full potential.



2.4

MATURING AND CONSOLIDATING

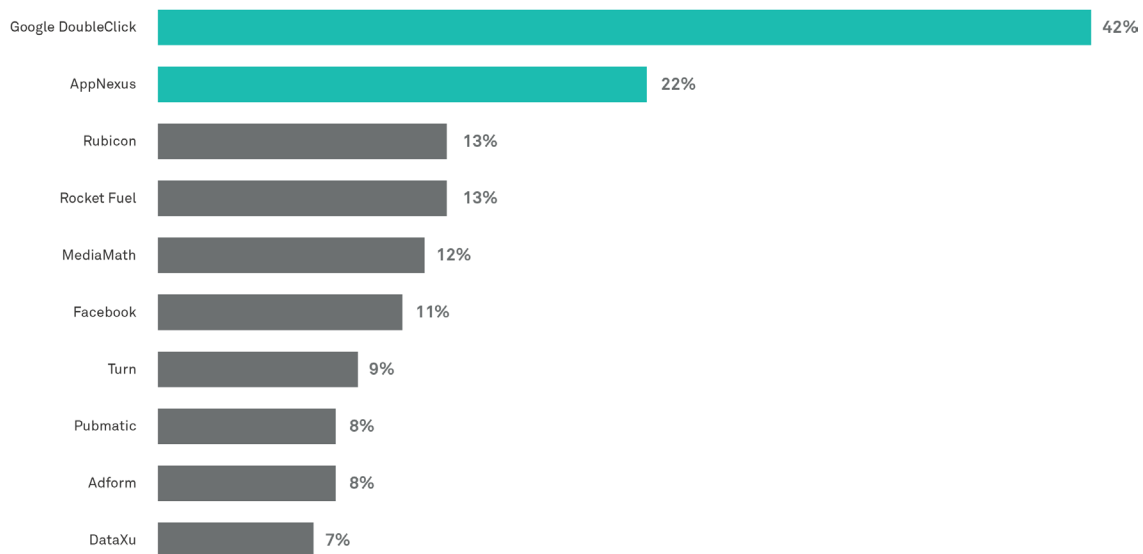
All growing pains aside, programmatic is set to soar further and faster over the coming years. And as market value continues to rise, competition for a piece of the action will be ferocious.

While respondents view the industry as highly-fragmented, there is ample **evidence of growing maturity and consolidation**. In our survey, we asked participants from North America and Europe to **spontaneously name as many**

programmatic technology companies as they could². The answers demonstrate heightened awareness of an elite group.

The leader in awareness is **Google DoubleClick** (42%). Following in clear second place, and spontaneously mentioned by more than one in five respondents, is AppNexus. Eight other organizations then follow with between 7-13% spontaneous awareness.

Figure 7
Spontaneous Awareness of Programmatic Technology Companies



² To remove any bias, any responses collected through promotion of the survey by AppNexus have been excluded from these results



The prominence of Google DoubleClick is firmly cemented, with the highest spontaneous awareness scores for every audience across the survey spectrum. But DoubleClick aside, the recognition of other companies varies by audience.

While advertisers overall have lower awareness levels of programmatic companies in general, their focus on the consumer drives Facebook into second place. Meanwhile, and perhaps driven by a lack of internal knowledge necessitating outsourcing, advertising agencies put Rocket Fuel in second place.

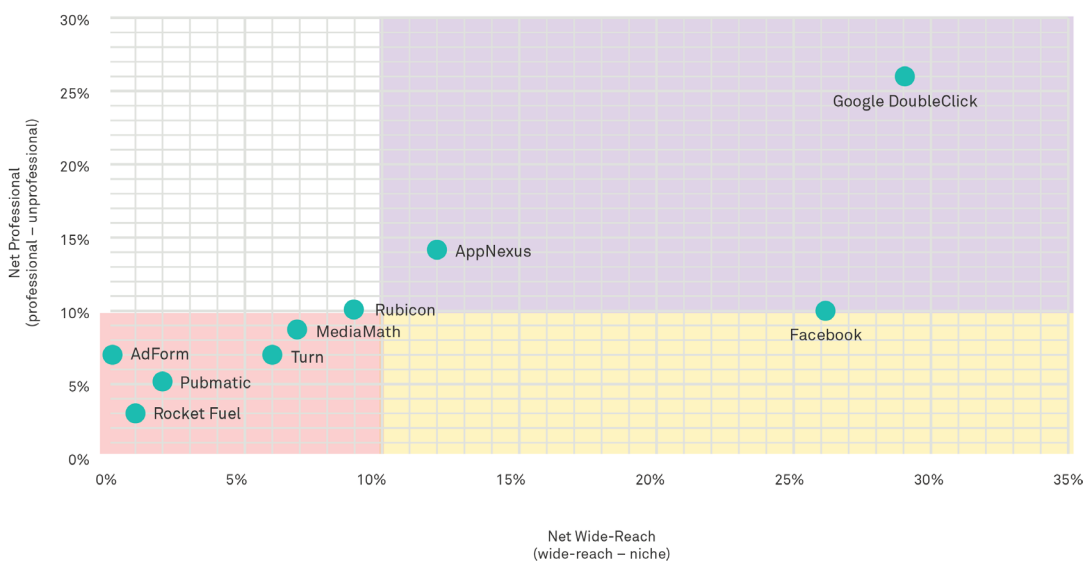
Meanwhile, those closest to the ad-tech world, like media buyers and publishers, list AppNexus as their second most prominent organization, with MediaMath and Rubicon coming in third place for each respective audience.

Overall, while awareness levels vary by audience, the market shows considerable maturity, with **Google DoubleClick consistently retaining the top position across all organization types and AppNexus always appearing within the top four (and usually top three).**

Slowly but surely, the long-fragmented programmatic market is consolidating itself.

The two leading organizations – Google DoubleClick and AppNexus – also share two common associations. We asked participants to associate words with the organizations they were aware of. Google DoubleClick and AppNexus were the only ones to emerge with both **net-wide reach and professionalism above 10%³.**

Figure 8
Associations with Programmatic Technology Companies



³ Net values calculated from 'wide-reach - niche' and 'professional - unprofessional'. DataXu was not tested.



2.5

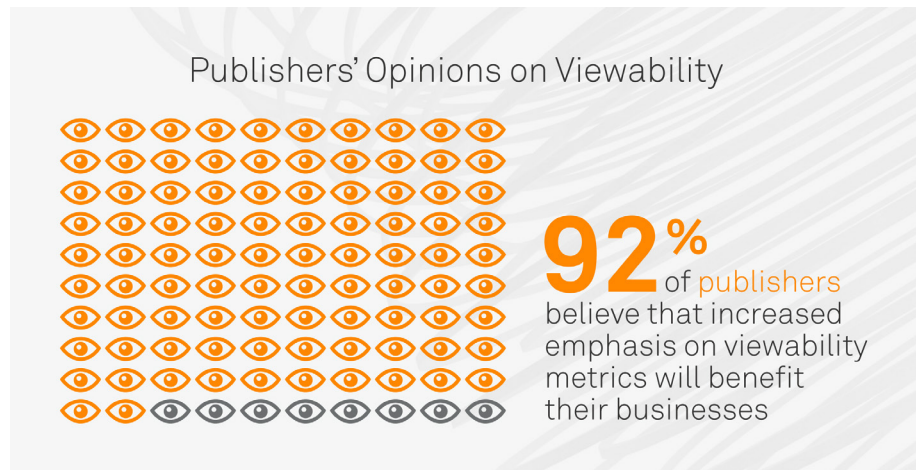
VIEWABILITY – BRING IT ON!

As the market consolidates and demand for quality and transparency gains momentum, market participants place heightened emphasis on viewability metrics.

Rather than simply charging for each advertisement placed, viewability metrics require that an ad must be visible on-screen for a set period of time before it is deemed to have been, effectively, ‘viewable’.

This metric, intended to provide buyers with reassurance that their advertising campaigns are being deployed effectively and remove ‘unfair’ charges for non-viewable ads, is (unsurprisingly) regarded as a positive feature across buy-side audiences. A landslide majority of buy-side respondents believe that viewability metrics will benefit their businesses (97%). However, the ecosystem expressed concern that publishers – who may risk seeing reduced revenues as a result of these new practices – might not feel similarly.

Luckily, those fears are unwarranted. **Nearly all publishers (92%) believe that increased emphasis on viewability metrics will benefit their businesses.**



The resounding majority of market participants throughout the ecosystem stipulate that programmatic should provide quality, effectiveness, and transparency. This is a mandate. An emphasis placed on developing clearly-defined viewability metrics would ensure that the mandate was met—and that programmatic would continue unimpeded in its adoption.



2.6 THE IMPATIENT VIDEO

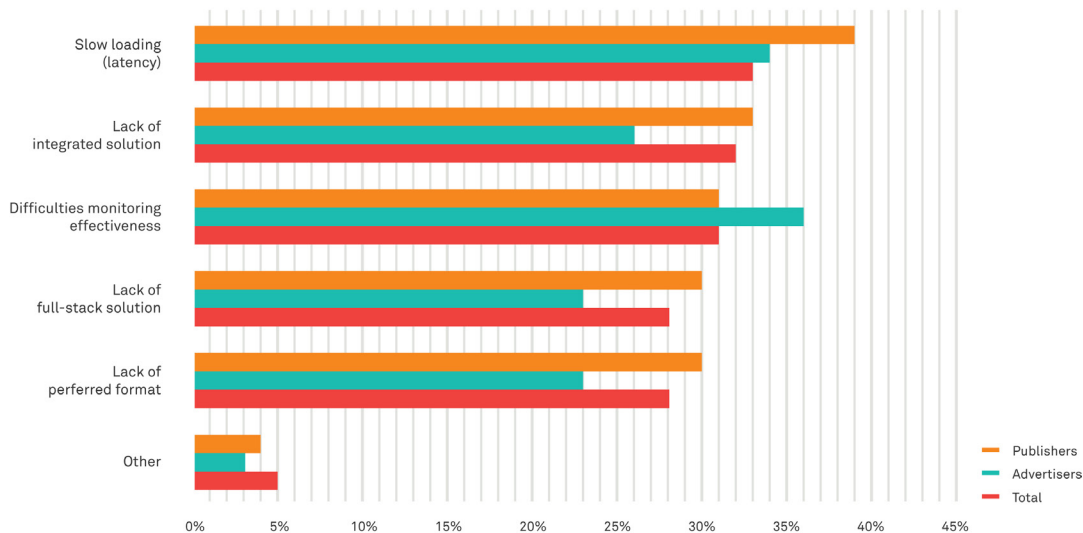
As programmatic continues to become increasingly popular, different formats will rise to the foreground. Already, over three-quarters of programmatic adopters (76%) are also using the technology for mobile advertising. Lagging slightly behind (at 61%) is the use of programmatic video.

This statistic should not come as a huge surprise, especially given the struggles programmatic has grappled with in the past when it comes to video advertising. Much

has been said already about the challenges of providing integrated video solutions and appropriate video formats. For media buying agencies and agency trading desks, these are the two top considerations standing in the way of programmatic video adoption.

That being said, advertisers and publishers tend to have their eyes elsewhere. Being closer to the consumer, these organizations **concern themselves more with user-experience and in particular with slow loading times (latency).**

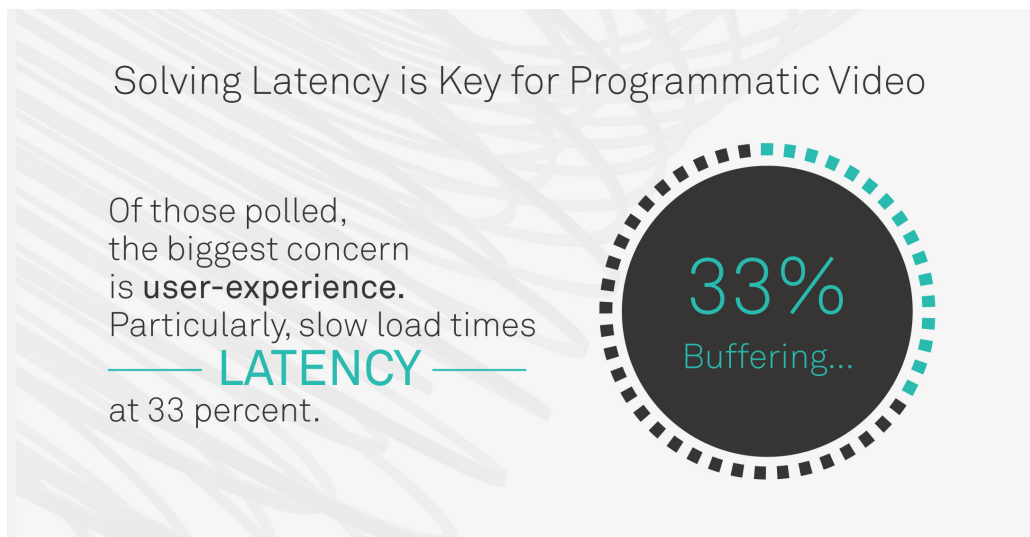
Figure 9
Challenges to Programmatic Video



Slow loading times are widely known to impact user behavior negatively. Radware claims a mere one-second delay can cause an 11% reduction in page views and 16% lower customer satisfaction⁴. Google even uses loading time as one of the metrics to determine search result rankings. For publishers and advertisers, both of whom want high traffic and

excellent user satisfaction, demanding quick loading times must be a top priority.

As such, **latency will become the new buzzword in programmatic video** as organizations seek to satisfy an increasingly demanding consumer – one without the time to wait.



⁴ <http://www.radware.com/Products/FastView/>



2.7

EXECUTIVE SUMMARY

Programmatic has truly arrived. Already used by two-thirds (67%) of digital advertisers and seen as having a vital part to play in all future digital advertising (92%), programmatic is ready to make history.

The reasons are compelling. In an advertising world where success is driven by ability to reach the most relevant audiences, programmatic is synonymous with segmented targeting. Both buy-side and sell-side respondents are firmly aligned on this point: programmatic can deliver more efficient and more effective advertising campaigns.

But in order for programmatic to reach its full potential, there are hurdles to overcome. One particularly significant hurdle is the overall lack of understanding and transparency across the ecosystem. More advertisers and agencies use programmatic than ever before – but don't fully as yet understand how it works. In short, there are underlying, valid concerns that require immediate address: the need to educate advertisers and agencies on who is involved in a programmatic campaign, what they get paid, and where the ads get placed online. In order to allay these workaday fears and drive programmatic forward, increased operational disclosure is imperative.

Another key takeaway is the name-brand value of both Google DoubleClick and AppNexus. Each of these organizations stands apart at the top of spontaneous awareness tables. Likewise, respondents see each as having a wide reach and a professional approach.

These organizations in particular are in unique positions to drive programmatic forward into an era of immense potential and of high growth, particularly in meeting demands for advertising quality, effectiveness, and transparency.

But how to be more qualitatively effective and transparent? Two keys to unlocking this opportunity reside in the increased use of viewability metrics and improved programmatic video advertising. The vast majority of the ecosystem (including publishers) see viewability metrics as a positive development, while advertisers and publishers clamor resoundingly for reduced latency in video advertising.

Provided these challenges are met head on (and they already are), it's safe to say that all roads lead to programmatic.

We hope you've found this report useful and thought-provoking. To register for future reports, please go to: <http://www.appnexus.com/en/subscribe>.



APPENDIX: REGIONAL INSIGHTS

GLOBAL AGREEMENT

There are many industries in the world where location still has a strong influence on business practices. There are others where behaviors, attitudes, and opinions are coalescing around a single narrative: programmatic advertising is one of these.

Throughout North America, Europe and APAC, the marketing ecosystem is in strong agreement:

- The most important factor in a visual advertising campaign is the ability to target specific audiences
- The top three benefits of using programmatic are better targeting, ability to adjust campaigns in real-time and better tracking of advertising success
- Programmatic will play an important or dominant role in the future of digital advertising (90%+ in all geographies)

However, even the world of digital advertising is not yet homogenous and despite these strong similarities there are some key areas of difference.



APAC FOCUS

The March of Mobile

APAC is currently a less mature programmatic market than North America or Europe, but one that is highly dynamic and growing rapidly. Additionally, it is pioneering uses of programmatic in mobile that other regions have yet to apply fully.

Mobile is undeniably huge in APAC. Take China for example. Back in 2012 the number of mobile Internet users in China surpassed users with laptops⁵. By 2014, a full two-thirds of consumers in China were clicking on at least one mobile advertisement per month⁶. As a result, nine in ten organizations practicing programmatic advertising in APAC (90%) use it for mobile advertising. In comparison, only two out of three organizations in North America and three out of four in Europe leverage mobile assets in their advertising.

Lack of Knowledge Driving Fears

While the practice of programmatic advertising throughout APAC is strong, many of its practitioners have lingering reservations and fears. Nearly half of those yet to adopt programmatic in APAC say they face resistance from their clients (43%) and that the most commonly quoted challenge is the risk of appearing on undesirable sites.

Most likely, this wavering sense of trust in programmatic has its roots in a knowledge gap. A lack of understanding as to how programmatic works is the second-most prevalent challenge facing successful adoption of programmatic for advertising – a challenge that stems especially from client resistance.

Programmatic shows huge potential in APAC but education is needed to provide clients with the knowledge and reassurance to embrace the technology with confidence.

⁵ http://www.digitalstrategyconsulting.com/intelligence/2012/11/china_mobile_users_vs_laptop_a.php

⁶ Based on <http://www.nielsen.com/ph/en/insights/news/2014/asian-mobile-consumers.html>



THE EXPERT VIEW

Given that APAC is still hesitant in its adoption of programmatic (certainly in comparison to North America and Europe), we took it upon ourselves to reach out to a select group of industry experts to elicit their views on the state of the market and what the future may hold.

The Need for More Transparency

“It’s no surprise that some clients are anxious about programmatic as the market is not completely transparent. Traditionally, programmatic has been outsourced to an agency, trade desk or managed service provider where it’s been like a black box. The marketer will say ‘here’s my money, this is what I’m targeting and these are my KPIs I’m trying to hit.’ The outsourced partner will then come back a while later and tell the marketer how the campaign performed, but not necessarily where all of the advertisements landed or where they spent the client’s money. This delivers inadequate clarity on pricing and detail on performance.

“Obviously, advertisers want to know where their dollars are going and which ad dollars yield the highest return. But more than this, it’s also about us being able to take programmatic data and leverage it across other channels such as CRM. That’s why we need more transparency; we need the wholesale ability to leverage data from programmatic and have it span the entirety of organizations.”

– Raj Beri, Chief Operating Officer
Adadyn

Knowledge Holds the Key to Growth

“North America and Europe are currently more mature programmatic markets than South East Asia, but this is changing.

“An important component for enabling this change is education. In APAC, two things are going on simultaneously. Firstly, organizations involved in programmatic are reaching out to their clients to actively inform and educate them about programmatic. This means that programmatic has to speak the language of marketers. We need to use very clear, targeted metrics and report results in a way that ties these back to a client’s business. CtrlShift has been leading this effort in SEA for our clients.

“In addition, both marketers and publishers are currently hiring people from top tech organizations to work within their organizations and build in-house programmatic teams. Very soon these organizations will have people who understand the technology from the inside out.

“As a result, clients in the future will be far more savvy when it comes to programmatic than they are today. Increasing this client knowledge will definitely help to propel programmatic in APAC.”

– Ganga Chirravuri, Chief Information Officer
(CIO), CtrlShift



The Programmatic Future of APAC

“We firmly believe all media will be digital and all digital media will be bought programmatically. Most of our devices are already connected, and other channels such as outdoor and print are already being traded programmatically. It is only a matter of time before all media is traded programmatically.

“Right now we’re just scratching the surface when it comes to investment in programmatic. The market is going to mature and we’re going to see fewer but stronger players emerging. Rather than having lots of players trying to differentiate nuanced solutions from each other, a few big names will grow even bigger.

“I think programmatic in APAC will outgrow other regions from a business perspective, since the market opportunity is huge. China is the second-biggest digital market in the world and Japan is the third-biggest. Plus we’re seeing huge growth opportunities in South East Asia and India with Australia already leading the way. I think APAC will be the number-one programmatic market in maybe three or four years’ time.”

– Rohan Philips, Vice President
of Product & Strategy, Xaxis

Raising Quality Through Viewability

“When it comes to viewability it’s not good enough to just introduce some very basic measures; we also need to be on guard against machine fraud. There are some machines that can give the impressions of an ad being viewed when it was never actually seen by a human being. This is the big challenge for viewability: making sure only human views are measured and not machine views.

“Conquering this challenge and putting more emphasis on viewability metrics is undoubtedly a very good and important thing. We don’t want to be in the business of charging advertisers for something that wasn’t ever viewed. That’s not sustainable behavior and it’s not good for business in the long run. If the viewability is not there, then the ROI from the ad spend will suffer and that’s damaging to everyone. In the long run, better viewability will benefit the entire industry.

“As of right now, viewability has not fully caught on in APAC. But I think it’s definitely growing in momentum. We ourselves are implementing a lot of viewability metrics but buyers typically aren’t yet demanding it in this part of the world. Ultimately it will be when buyers start demanding viewability that this will really pick up pace.”

– Swapnil Shirvastav, Vice President
of Ad Tech, Times Internet

The Mobile Continent

“In some APAC markets like the Philippines and Indonesia, the traditional PC/laptop route is being bypassed. Instead, programmatic is going straight to mobile.

“The move to mobile is being driven by demand from clients. As a marketer, it’s essential to make sure that you’re on the same device as your target audience and for many organizations in APAC that means being on mobile. As a result, some clients are no longer interested in running a PC campaign: the majority of their audience is primarily on mobile so that’s where they’re focusing. Digital is becoming increasingly mobile and programmatic will be certain to follow.”

– Taekyu Kim, APAC Programmatic Sales,
Microsoft



NORTH AMERICA FOCUS

A Numbers Game

Compared to its regional counterparts, North America tends to view advertising as more of a ‘numbers game’. After ‘relevance of audience,’ the second-most important factor for determining the value of a piece of digital property in North America is a high number of unique views followed closely by strong viewability metrics. In contrast, Europe and APAC see the quality of profiling data available on a given audience segment as being more important.

This emphasis in North America suggests that the region has the lowest confidence levels when it comes to knowing the performance metrics of a given advertisement. Fewer than one in ten buy-side players in North America (9%) are fully confident they know how effective their advertising campaigns are.

Agencies Need to Up their Game

The focus on quantity and subsequent lack of confidence in advertising effectiveness may stem in part from a gap in technical expertise. Only one in ten marketing professionals across North America claim to understand programmatic in its entirety (compared to over one in four in Europe).

Unless we bridge this knowledge gap, we may end up with a severe shortage of skills in agencies. While ‘strong knowledge of digital’ and ‘strong knowledge of programmatic’ are ranked currently as the third- and fourth-most important skills respectively for an agency to possess, these will be the clear number-one and -two skills required by 2020.

These gaps in skill set need to be plugged, and quickly; or else agencies in North America – the renowned home of marketing – may find themselves struggling to keep up in the global programmatic future.



EUROPE FOCUS

Programmatic Dominance

Europe is a leading practitioner of digital and programmatic. Two-thirds of the European advertising ecosystem (66%) state that digital is crucial to their marketing activities and nearly half (43%) think that programmatic will be dominant in digital advertising in the years to come (a higher percentile than in either North America or in APAC).

Importantly, the primary driving forces behind Europe's move towards programmatic advertising are not generally cost-based. Rather, the reasons behind the shift reside in qualitative performance and the ability for personalized audience targeting.

Creative Personalization

Apart from the sheer quality of the data on a particular audience segment, the second-most influential factor in determining the value of a piece of digital property in Europe is its ability to provide better targeting of an individual consumer.

Next in line after these two determinants, the European ecosystem believes that improving digital creative skills will increase the effectiveness of digital advertising as a whole.

It's also interesting to note that Europe is the only region in the study where creative skills were ranked as one of the three most important factors that agencies will need to possess in five years' time.

With the digital advertising market maturing, Europe is setting its sights on personally-targeted advertising campaigns with the added capacity of engaging audiences creatively. Naturally, programmatic methodologies lie at the heart and center of these goals.



ABOUT APPNEXUS

AppNexus is a technology company whose cloud-based software platform enables and optimizes programmatic online advertising. Its enterprise technology platform maximizes yield and campaign performance for sellers and buyers of online inventory. As the world's leading independent ad tech company, AppNexus is led by the pioneers of the web's original ad exchanges. Headquartered in New York City with 23 global offices, AppNexus employs more than 1000 of the brightest minds in advertising and technology who believe that advertising powers the Internet. For more information, follow us at @AppNexus or visit us at www.AppNexus.com.

ABOUT CIRCLE RESEARCH

Circle Research is the specialist B2B market research consultancy. Our mission is to uncover hidden truths about your target market and then help you translate these into marketing and commercial success.

Accredited to ISO20252 standards, we work globally and our clients include half of the Top 10 B2B Superbrands. To find out more, visit www.circle-research.com.

For further details on this report, please contact
Graeme: graeme.cade@circle-research.com

