

# Programmatic, Data & Technology

## Global Survey & Report Wave 4



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# About this Document

The aim of this research is to build a picture of the programmatic approaches and data being used by multinational companies.

Fieldwork was conducted in Q4 2019 and Q1 2020. 48 individuals from 37 companies took part, representing approximately US\$ 76 billion in marketing investment. The intention from the study was to focus on two types of respondents: those with global responsibility for media and programmatic and those with responsibility for the Asia-Pacific region.

This is the fourth wave of research WFA has done into programmatic. Where possible we have provided period-on-period comparison, but the findings are composed of different respondents and bases and should be treated with caution.

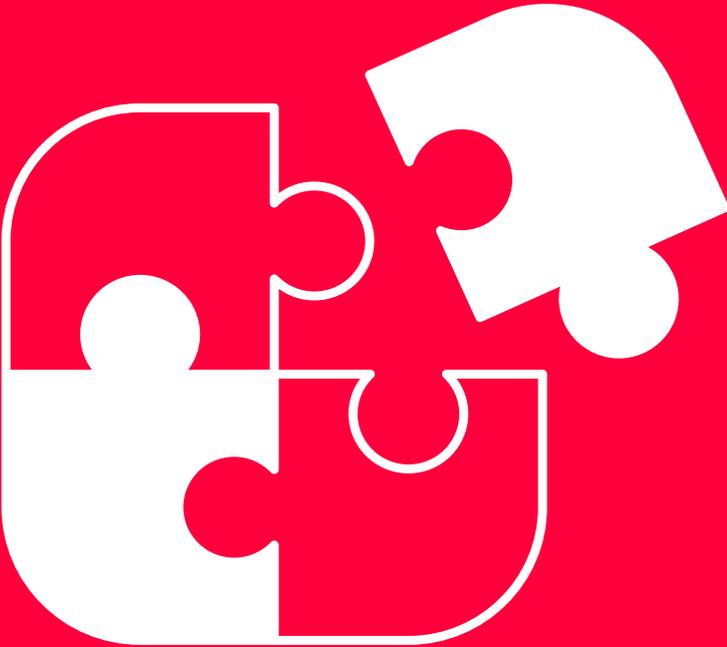
## **IPONWEB**

The real-time advertising technology and infrastructure company, contributed to the design of the survey and the interpretation of the results in this report.

# Executive Summary

- Agency Trading Desks (ATDs) hold their ground, with 74% of respondents using this programmatic model. But the growth area is independent providers and in-house or hybrid (managed service) models, now used by a considerable 84% of respondents.
- Levels of respondents with non-disclosed trading desk operating models are tumbling as clients are rejecting the concept of agency as Principal, or reseller of inventory, and choosing to work on a more transparent basis out of concern for pricing and data ownership.
- WFA members are spending 41% of their total digital media investment through programmatic channels – a significant increase on where we were in 2016 (16%). A growing share of this will be directed to private exchanges and marketplaces.
- In an increasingly regulated and privacy-centric world, first-party data and consumer consent are fast becoming the new currency. First party data strategies are being developed rapidly and are increasingly business critical for members. First party data is business critical for the execution of Audience Targeting for 79% of respondents.
- Applications of Machine Learning are currently nascent among clients, but tactics such as this, combined with bespoke real-time bidding strategies and creative personalisation are set to grow in coming years.
- Resourcing and cultural barriers remain a challenge for brands' Data Driven Marketing practices, with respondents struggling to recruit data scientists and connect data silos.
- Looking at APAC in particular, it's noteworthy that programmatic technology is more likely to be agency licenced and executed in this region. But this should not be interpreted as a proxy for data utilisation. All data asset types are being better utilised by APAC-based respondents than global.

# Programmatic Models & Partners



## Agency Trading Desks (ATDs) hold their ground. But global clients equally likely to be concurrently leveraging independent providers and in-house or hybrid (managed service) models

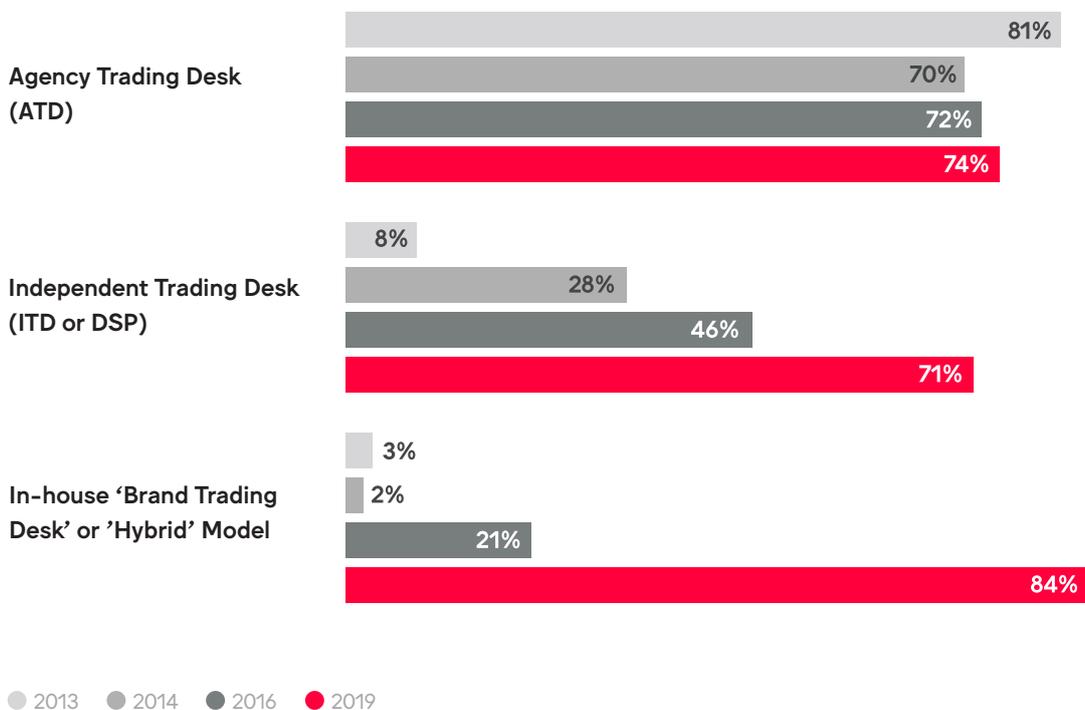
The share of WFA members using ATDs as either their only/principal model or as their model for select markets/regions, remains un-changed period-on-period. In spite of the transparency concerns, the ATD continues to be a highly practical way of buying media programmatically for global clients.

But among the clearest findings from this research is that Independent Trading Desks (ITDs) and in-house or hybrid (managed service) models continue to be considerable growth areas.

In-house/hybrid approaches were at the margins of WFA's membership in 2014. Five years later and this is the lead approach, used by 84% of respondents in total.

GRAPH 1

**Question:** What is your current programmatic trading model? Single answer



### IPONWEB INSIGHT

Brands and agencies need to gain visibility across disparate platforms and partners to obtain oversight of key metrics, investment, and optimization efforts. The shift towards the independent trading desks and (in Western countries) in-housing programmatic technologies reflects the growing need of brands to take control and ownership of their buying and data strategies. A trend likely to continue to gather pace.

## Levels of clients with non-disclosed trading desk operating models tumbling

57% of respondents claim to have a ‘disclosed’ operating model with their trading desk. And while a third of respondents to this question in 2016 had a non-disclosed arrangement with their trading desk, now there are no respondents operating on this basis. This represents a sizeable shift.

Effectively these clients are rejecting the concept of agency as Principal, or reseller of inventory, and choosing to work

on a more transparent basis out of concern for pricing and data ownership. However, the analysis from ISBA in the UK tell us that even brands operating on a disclosed basis (all advertisers participating in ISBA’s study operated in this way), can expect to be exposed to unattributed costs in their supply-chain of up to 15%.

### IPONWEB INSIGHT

As the ecosystem shifts to a first party data footing over the next two years, ownership of both data and the relationships between the buy and sell sides will become more important, and key to activating brand data strategies. Companies moving to more transparent models, accompanied with clear data and technology control and ownership policies, will be well positioned for the continued evolution of the programmatic ecosystem.

### ISBA

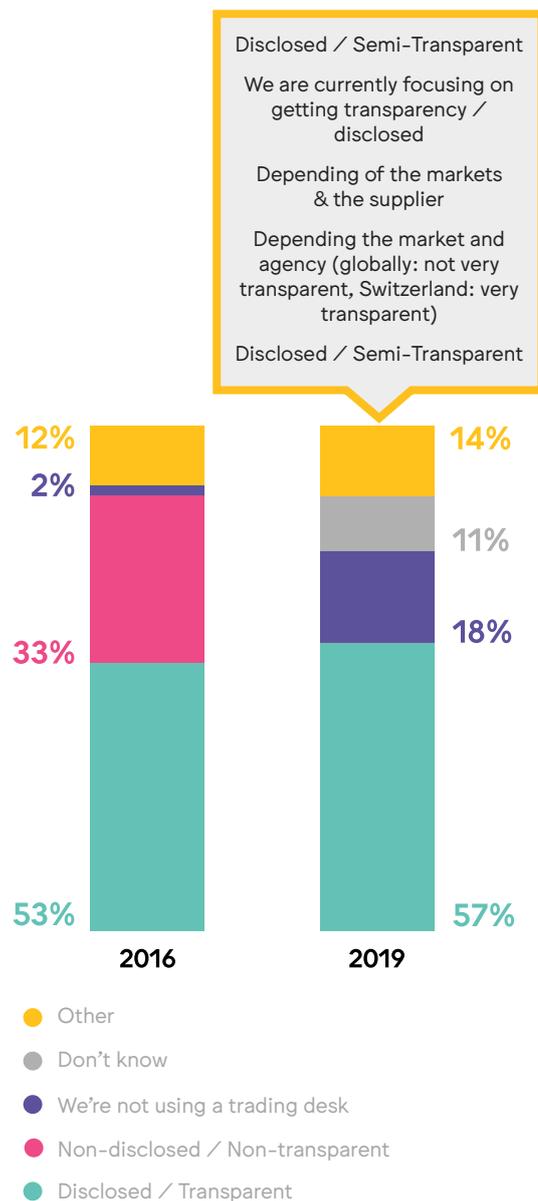
#### PROGRAMMATIC SUPPLY-CHAIN ANALYSIS

ISBA (UK) & PwC recently conducted a seminal investigation into the transparency of the programmatic supply-chain of 15 UK advertisers. This analysis concluded that publishers received 51% of advertiser spend on average (49% went to intermediaries). The mainstay of intermediary costs was due to contracted fees (DSP, agency, etc), but there was a 15% “unknown delta” which could not be attributed. This was typically a combination of: post-auction bid shading; post-auction financing arrangements; foreign exchange translations; inventory reselling between tech vendors, etc.

GRAPH 2

**Question:** How would you describe your trading desk operating model?

Single answer (Question first included in 2016 survey)



## ‘Improved transparency’ is the main motivation behind current programmatic models, but this varies enormously when considering the different types of programmatic model

For 70% of respondents, improved transparency was the reason behind their choice of programmatic model. Followed by Data Strategy (63%) and Ease of Control/ access (63%).

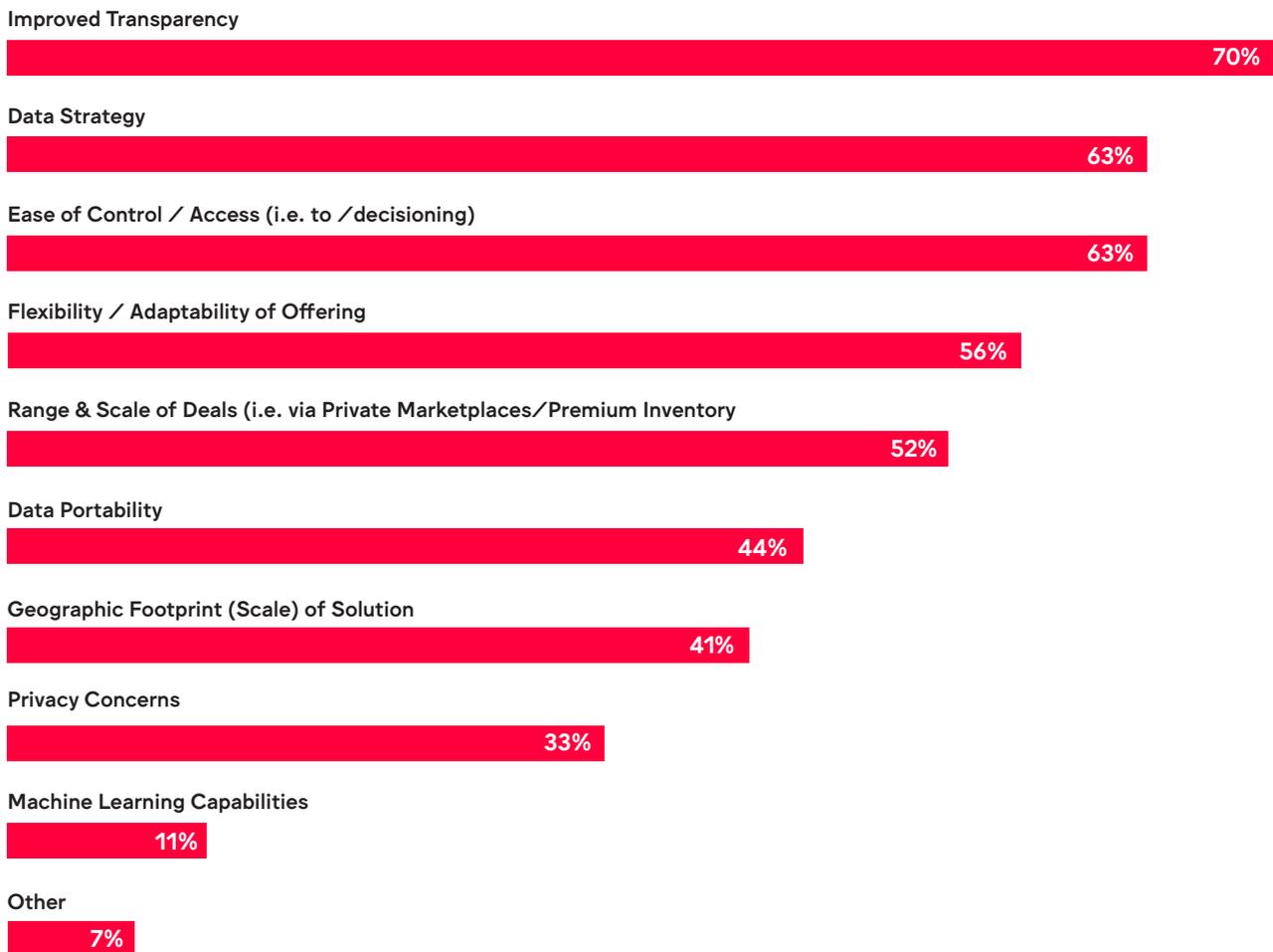
These numbers acquire more meaning when read from the lens of the primary model used by respondents. The range and scale of deals on offer is the main factor (60%) for choice of model for ATD users while, predictably, transparency is the main motivator for independent trading desk users.

Interestingly, for those who have committed to the in-house or hybrid track, improved transparency is equally balanced with data strategy (both at 81%).

The definition and delivery of a clear and aligned data strategy is all-important in a data-driven world. It’s understandable that some clients would find this easier to ‘own’ and control with an insourced approach.

GRAPH 3

**Question:** Based on your principal current model, which are the most important reasons to you?  
Multiple answer



**Question:** Based on your principal current model, which are the most important reasons to you?  
Multiple answer

**Top 3 Most Important Criteria**

**Agency Trading Desk (ATD)**

**Independent Trading Desk (ITD) or DSP**

**In-house 'Brand Trading Desk' ('Hybrid')**



**IPONWEB INSIGHT**

Advertisers need to fundamentally rethink their approach to data collection, ad tracking and targeting in order not to run afoul of laws and public opinion while also obtaining needed transparency into their media buying. Brands should begin shifting to first party data strategies, focusing on both consumer privacy and data utilization within the boundaries of governmental regulation, while working with trusted partners (agency, independent or in-house teams) to maximize the efficacy of both consumer and media data assets.

# Programmatic Investments



## Significant increase in programmatic spending from WFA members in 2019, with growing shares directed to private environments

On average, WFA members are spending 41% of their total digital media investment through programmatic channels – a significant increase on where we were in 2016 (16%).

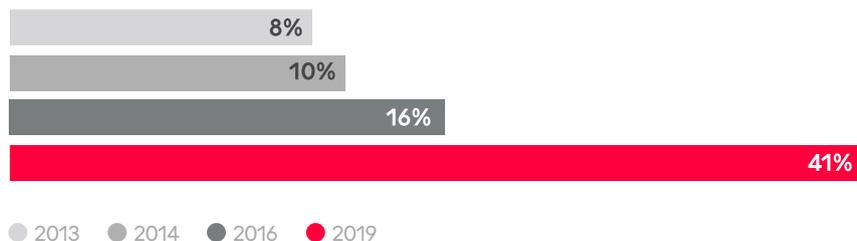
While large numbers, these are modest compared to the total reported market figures. eMarketer projects that programmatic will represent more than 85% of total digital ad spending this year.

WFA's membership, while diverse, tends to be more geared towards brand and video budget – areas previously more resistant to programmatic penetration. But that's changed. Video, social, mobile and native investments, along with dollars directed toward PMPs and Private Exchanges (e.g. 'Programmatic Guaranteed'), will likely fuel continued growth.

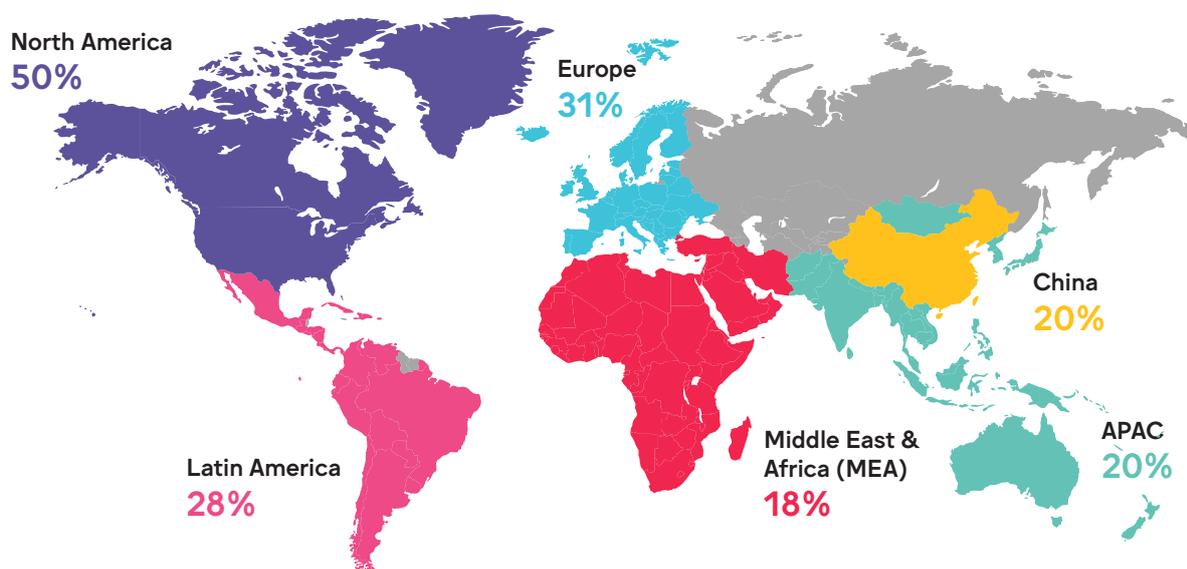
GRAPH 5

**Question:** Approximately what share of your total digital media investment is bought programmatically? **Multiple answer**

### World Average



### Regional Average



Private Exchanges (invite-only auctions) have increased in use among WFA members and are used by all respondents. In contrast Open Marketplace (OMP) auctions are on the decline, used by just over half (52%) of respondents in 2019.

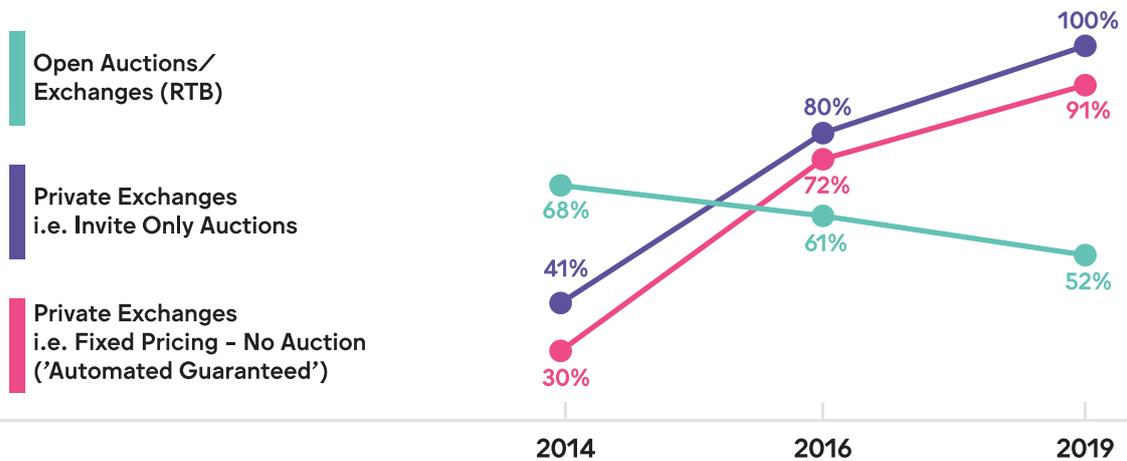
While Private Marketplaces are not immune from fraud, brand safety and transparency issues they are considered safer than OMP, which is naturally attractive to brands. What's more, PMPs help to ensure reliable and consistent inventory volumes and pricing.

GRAPH 6

**Question:** Please indicate which of the following you use and whether these represent increasing, decreasing or remaining consistent across buying channels. Single answer (Question first included in 2014 survey)



GRAPH 7

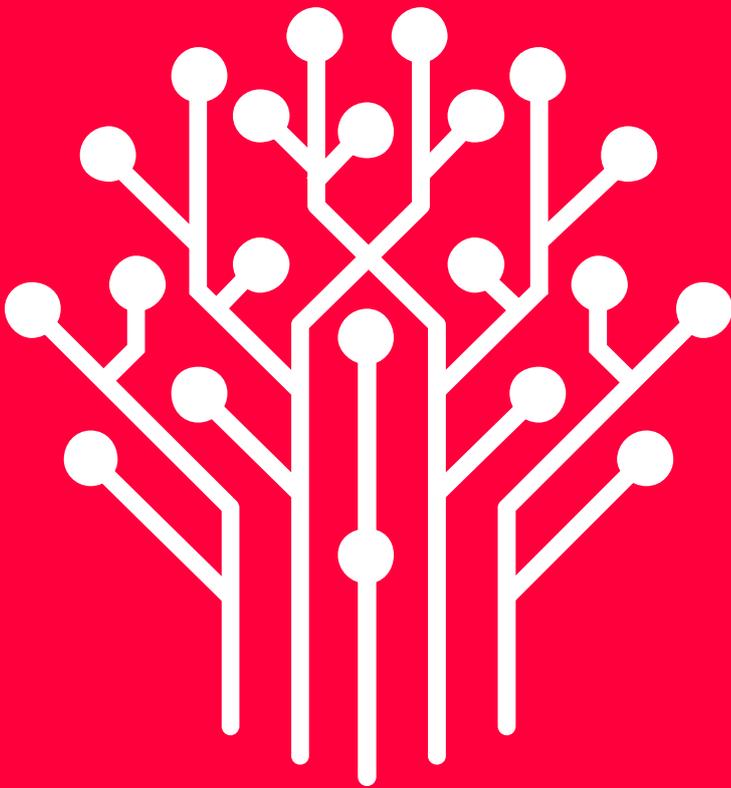


Displayed: Sum of % "Increasing use" and "Consistent use"

## IPONWEB INSIGHT

Increased focus on supply-path transparency and brand safety, along with privacy regulation, has resulted in media buyers' renewed interest in (and willingness to pay a premium for) direct transactions with preferred publisher partners. These are executed via PMPs or bespoke supply curation tools and commercial arrangements. A separate study conducted by BidSwitch, a subsidiary of IPONWEB, saw 53% YoY growth in Private deals and 79% in Public deals for 2019, with eCPMs 2-3 times higher than inventory sold across the open exchange. These findings confirm that buyers are increasingly flocking to private buying environments, despite the higher costs, to secure their access to premium, brand-safe supply.

# Programmatic Data & Technology



## First party data strategies being developed rapidly and are increasingly business critical, especially for audience targeting

The programmatic ecosystem is one which is highly dependent on third party data (and third party cookies) and it's unsurprising that this data is being better utilised by respondents than other data assets. Overall, 44% of respondents say that third party data is fully or significantly utilised compared to 28% for first party.

This will change rapidly in the coming years. Google recently announced that the Chrome browser will not support third party cookies as of 2022 and, at a stroke, heralded the phased end to audience targeting, attribution, conversion measurement – at least all of this activity outside of the walled-gardens.

GRAPH 8

**Question:** How do you rate your current utilization of your data assets?

### 1<sup>st</sup> Party



### 2<sup>nd</sup> Party



### 3<sup>rd</sup> Party



### Campaign Log Data



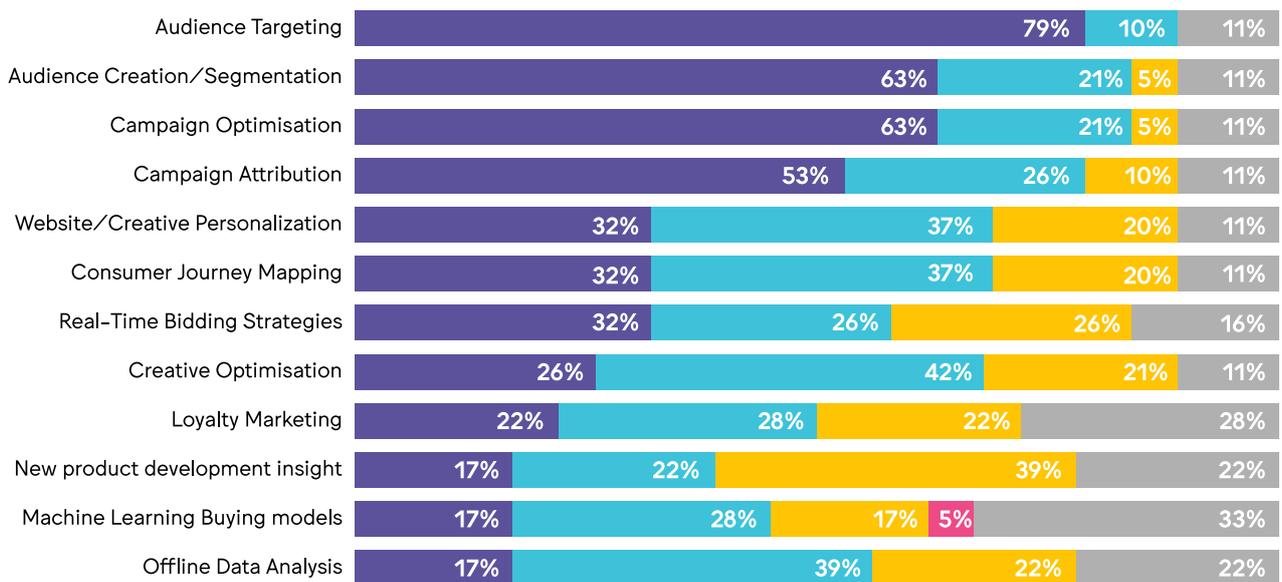
● Fully utilised   ● Significantly utilised   ● Moderately utilised   ● Not so utilised   ● Not utilised at all

In an increasingly regulated and privacy-centric world, first-party data and consumer consent are fast becoming the new currency. Indeed, for those already making use of first party data, there are some clear ‘Business Critical’ use cases.

- Audience Targeting – first party data business critical for 79%
- Audience Creation/Segmentation – first party data business critical for 63%
- Campaign Optimisation – first party data business critical for 63%

GRAPH 9

**Question:** When you are using your 1st party data, how important are the following?  
Single answer



● Business critical    
 ● Important, but not critical    
 ● Not important    
 ● Not important    
 ● We don't use

## IPONWEB INSIGHT

First party data is becoming the critical ingredient for clients for all key phases of programmatic operations, from audience targeting and segmentation to optimisation to measurement and attribution. In this environment, to bolster brands’ own first party data assets, partnerships with trusted publishers who are open to first party data sharing through initiatives like private data clean rooms potentially become more important than ever.

## Applications of Machine Learning currently nascent among clients, but this may represent untapped opportunity

In the earlier WFA Guide to Programmatic Media, we wrote that “if the advertiser’s trading operation is better equipped than its competitors, it is in a strong position to win. It is the uniqueness of the advertiser’s approach in regards to targeting the right segments, using the right bidding algorithms and measuring the right things, that provides the edge.”

Machine Learning (ML) is currently nascent among respondents, with just 17% saying that these buying

models are business critical for them (with first party data) and one third saying that these are not used at all. There are similar responses for Real-Time bidding strategies.

As brands seek to better differentiate themselves from the competition, and create competitive advantage, it’s expected that more WFA members will seek out tactics such as ML, creative optimisation, and Real-Time bidding strategies.

### IPONWEB INSIGHT

Making sense of massive amounts of programmatic data and constantly shifting supply paths requires sophisticated and purpose-built machine learning applications, guided by human intelligence. As a consequence, ML is emerging as one of the most critical disciplines within ad buying today and one of the most promising ways brands and agencies can differentiate their buying strategies from the competition to drive superior business outcomes and create long-term strategic value.

In the future it may be that the most successful brands in programmatic will be those able to utilise bespoke bidding algorithms based on signals available in the advertising bid-stream (combined with first party data, CRM and website data) to curate and score programmatic supply based on a brand’s own specific performance goals.

## Platforms provide a solution to the cookie-less world but present visibility problems for 58%

Two converging forces are radically changing the ecosystem: privacy and the walled garden protectionist agenda (which is ostensibly based on protecting the privacy of Garden users).

It's unsurprising, then, that the biggest three challenges identified by respondents for utilizing data are macro, ecosystem and regulatory in focus:

- Visibility into Walled Gardens – 58% of respondents;
- Consumer privacy/sensitivity – 47% of respondents;

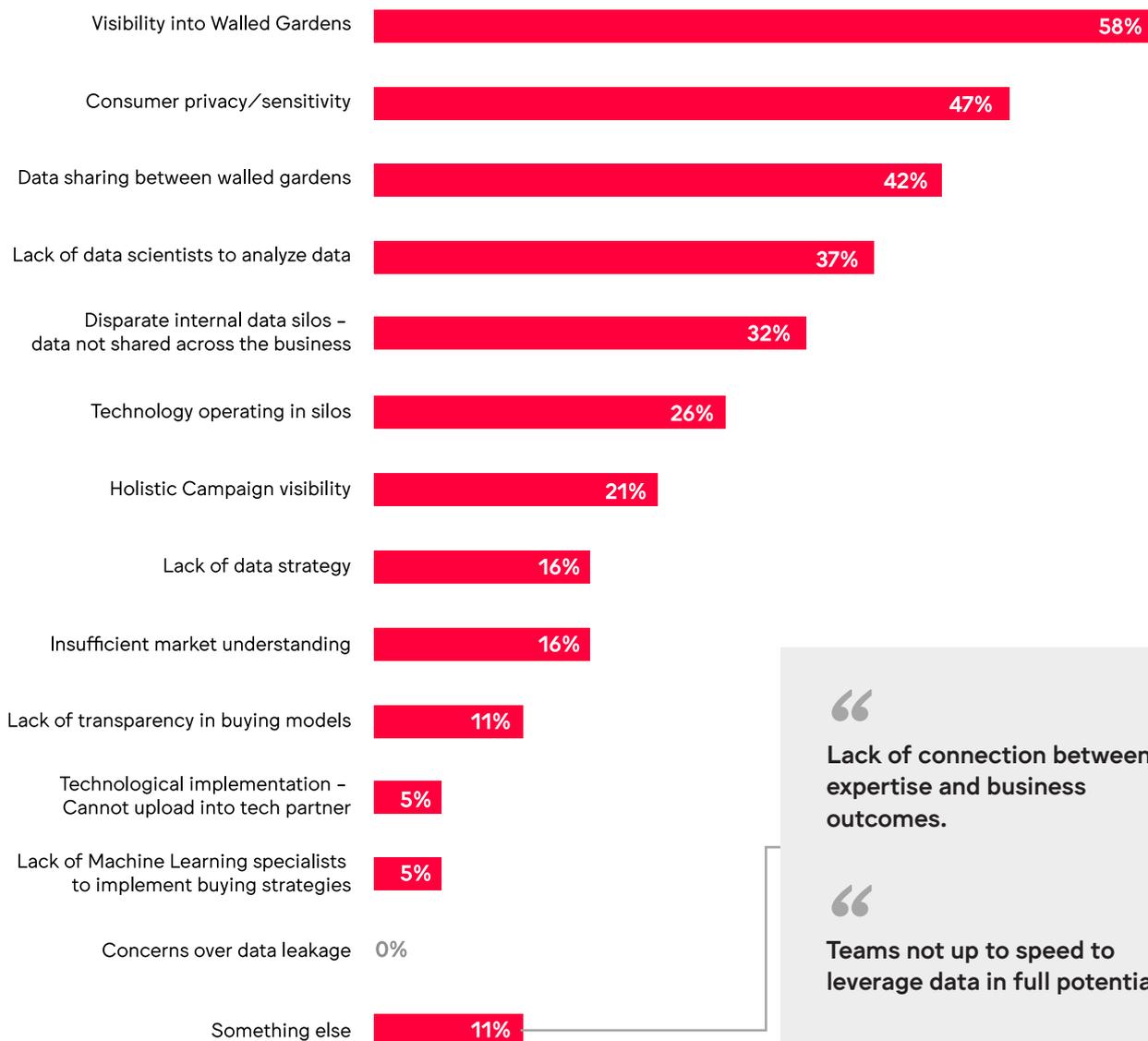
- Data sharing between walled gardens – 42% of respondents.

These are indeed significant challenges to data utilisation. Much of the status quo can continue within the Walled Gardens, in fact, but within an increasingly closed environment. It's anticipated that measurement, analytics and frequency capping will increasingly take place within proprietary platform systems with no scope for removing data and where transparency on the quality of the signals may be limited.

GRAPH 10

### Question: What do you see as the biggest challenge when utilizing your data?

Top 3 multiple answer



“

Lack of connection between expertise and business outcomes.

“

Teams not up to speed to leverage data in full potential.

## IPONWEB INSIGHT

The digital advertising ecosystem's tried and true digital practices (of targeting, attribution and frequency capping) will require a serious rethinking as these are now all under serious pressure to adapt to a privacy-first world. The industry needs to remain focused on finding the right model to deliver relevant digital advertising to consumers in a fashion that is privacy-safe and fair and transparent to the buy-side and its partners.

### Resourcing and cultural barriers remain a challenge for brands' Data Driven Marketing practices

Beneath the first three challenges faced by respondents in the pursuit of data utilisation, it's interesting to note that the next three are very much micro, company-specific and cultural in focus:

- Lack of data scientists to analyse data – 37%;
- Disparate internal data silos – data not shared across the business – 32%;
- Technology operating in silos – 26%.

Getting the right people in place is likely to assuage some issues but this is a challenge in and of itself. Data scientists are in high demand and it's easy to see why. The training of a data scientist involves a foundation in computer science, modelling, statistics, analytics and mathematics. In addition, it's required to communicate findings to business leaders in a way that can influence how an organization approaches a business challenge. It's rare for one person to have this competency and the role is often divided into two: a data scientist and a commercial insight lead.

## IPONWEB INSIGHT

A unified view of customer data and marketing touch-points creates huge competitive advantage, but siloed data and tech platforms continue to act as a limiting force and intelligence blind spot for most major brands. This is why you see many of the world's biggest and most sophisticated advertisers undertake massive digital and data transformation programs, often in coordination with agencies and vendors. Each business is as unique as the data it creates and the outcomes it seeks to generate, which is why a one-size-fits-all approach rarely works. It's important that brands own the high-level vision for their data- and privacy-first marketing strategy, but feel comfortable tapping external talent sources to close critical gaps and drive better results.

# Spotlight on APAC



## Undisclosed trading desk operating models remain common in APAC

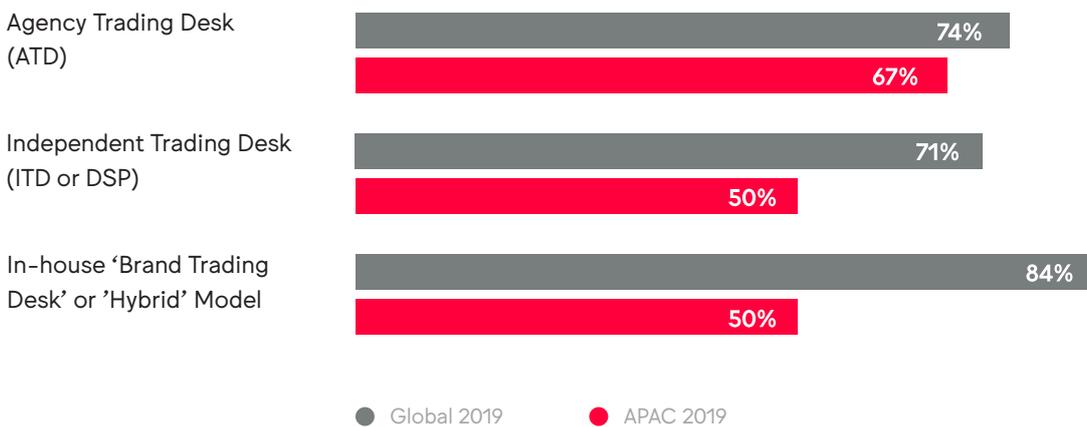
In-house and hybrid models, which in some circumstances can be a conduit to more transparency, are growing in APAC, with half the respondents claiming to be operating one of these models.

Arguably the industry's focus on transparency has been more prolific in the West. Certainly the work from advertiser associations such as ANA (US) and ISBA (UK)

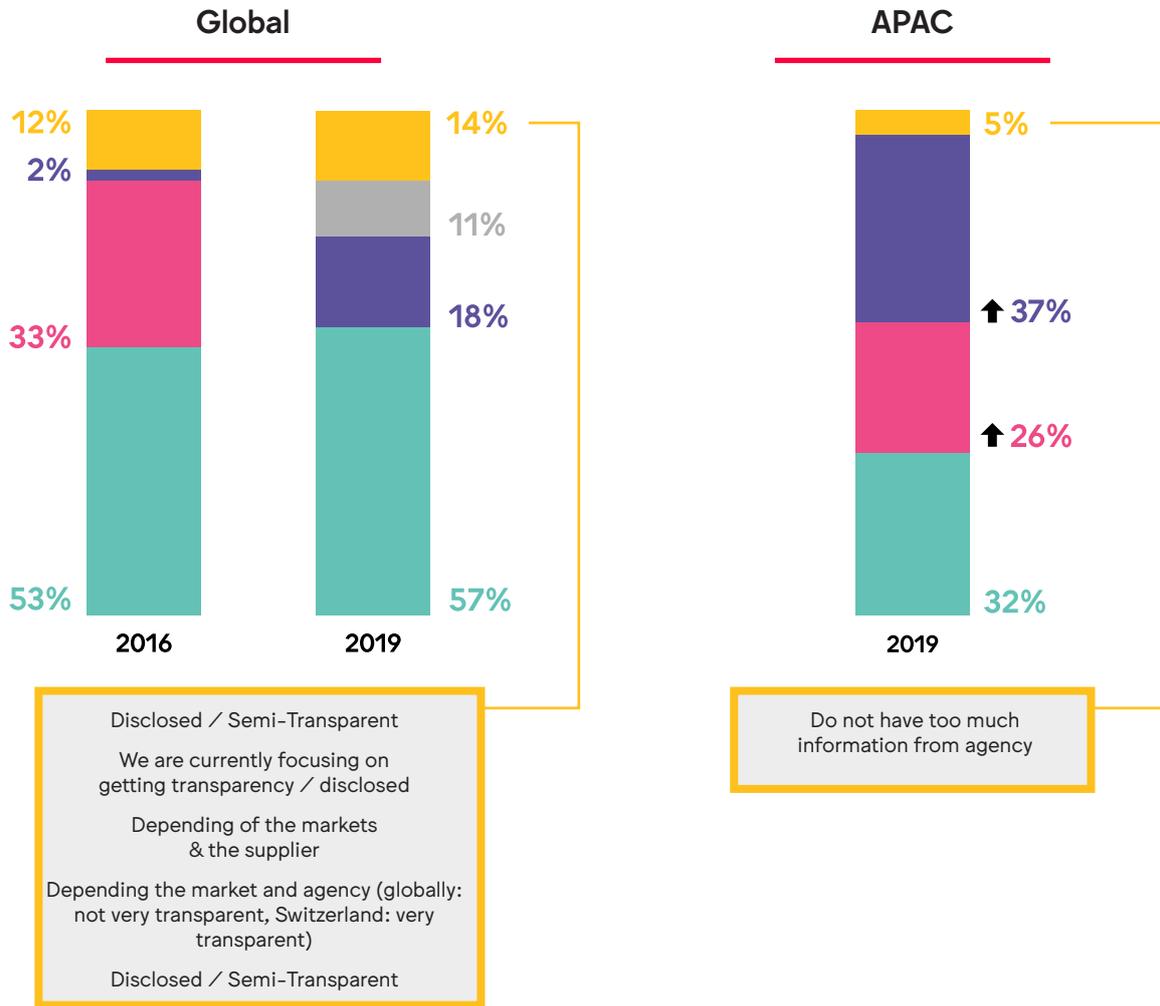
to provide template contractual terms, has resulted in more clients adopting 'disclosed' relationships with their ATDs. The same level of scrutiny is perhaps not applied evenly worldwide. Just 32% of APAC-based respondents claim to have a disclosed relationship with their programmatic partners, closely matched with those who are non-disclosed.

GRAPH 11

**Question:** What is your current programmatic trading model? Single answer



**Question:** How would you describe your trading desk operating model? Single answer (Question first included in 2016 survey)



- Other
- Don't know
- We're not using a trading desk
- Non-disclosed / Non-transparent
- Disclosed / Transparent

↑ ↓ Arrows indicate a significantly higher/lower value vs. Global 2019 (Confidence interval 95%)

## IPONWEB INSIGHT

Like in other regions, the push for brands in APAC should be toward full transparency and full disclosure. As more budgets shift to programmatic channels and platform-based buying, brands need to understand where their working media is going as well as where in the supply chain value is being created (for a fee) and by whom. Brands should be evolving their relationships with trusted partners to evaluate these value creators together to assess which ones are responsible for driving better outcomes and which can be removed.

## Tech more likely to be agency licenced and executed in APAC...

And while in-house and hybrid operating models are growth areas in APAC, the propensity for marketers to take-up these models is currently not as great as among those in global roles. Half of the APAC-based respondents to this survey are using in-house or hybrid approaches compared to 84% of global respondents.

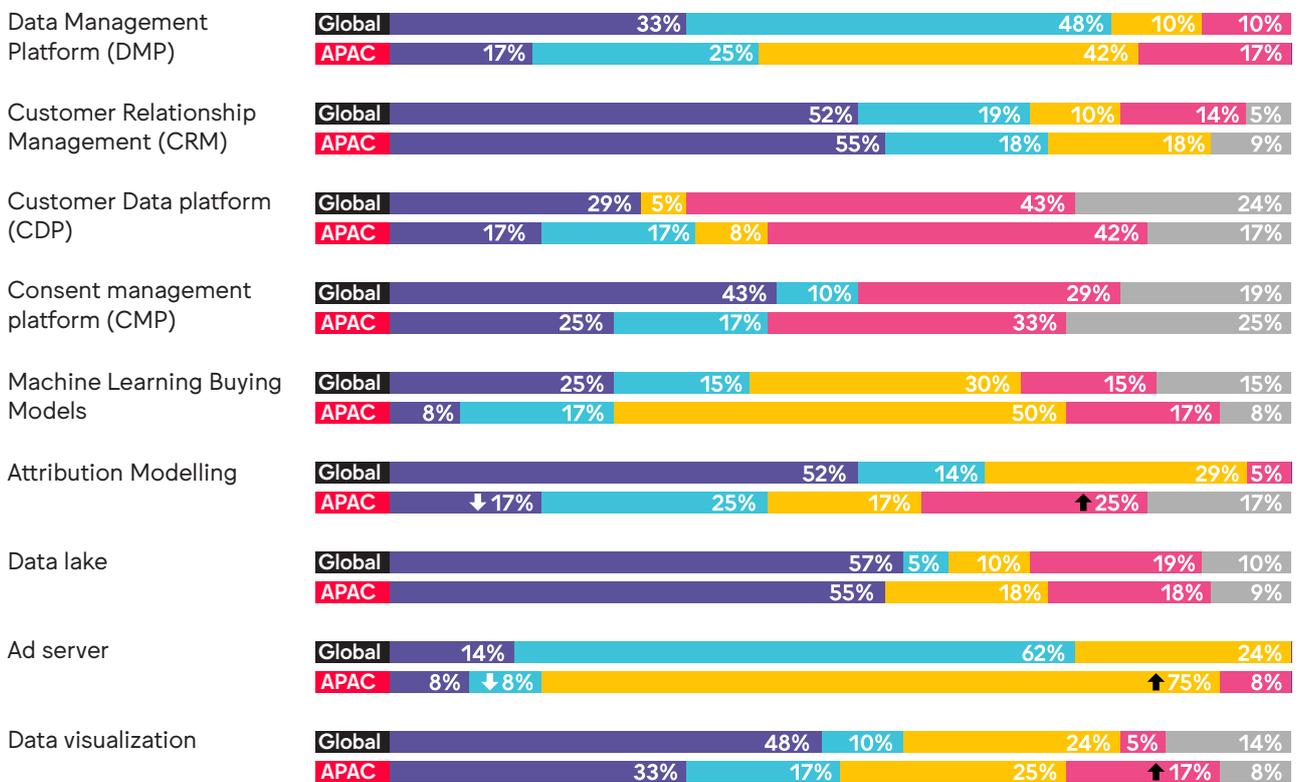
Equally, the tools of the trade for executing data-driven marketing activity (including DMP, Ad Server and others), are more likely to be licenced and executed by agencies (on the behalf of clients) than for those in global roles.

For example, 81% of respondents in global roles say that their DMPs are either client licenced and executed, or client licenced and agency executed. This compares to just 38% for those in APAC roles.

A similar trend can be observed across other technologies with the most pronounced trend taking place within Ad Servers, which are 75% agency licenced and executed by agencies for APAC respondents. This is just 24% of those in global roles.

GRAPH 13

**Question:** Which of the following tools and techniques do you use? Single answer



● Client license & execution ● Client license & agency execution ● Agency license & execution ● Not used at all ● Don't know

### IPONWEB INSIGHT

These findings may be due to the disparate nature of the APAC market. With so many different countries, languages and cultures, and with brands using such a variety of buying platforms with countless deal IDs, advertisers may depend on their agencies more to help make sense of the tangled nature of relationships in the region. However, as transparency, privacy and regulatory concerns increase in APAC, brands in this region may seek ways to take more control of their technology and data, as we've seen elsewhere in the world.

## APAC data assets tend to be better utilised than elsewhere in the world

But the state of technology ownership should not necessarily be interpreted as a proxy for data utilisation. The results to this survey suggest that all data asset types (first party, second party, third party, campaign log) are being better utilised by APAC-based respondents than global.

This is particularly true of first party data for which 54% of APAC respondents say is fully or significantly utilised.

Just 28% of respondents with global responsibility say the same.

APAC is already a mobile-led region, and with the continued growth of mobile, TV and audio traffic – all of which do not need third-party cookies – the region is potentially in a better position than others to succeed in a first-party world.

GRAPH 14

**Question:** How do you rate your current utilization of your data assets? Single answer

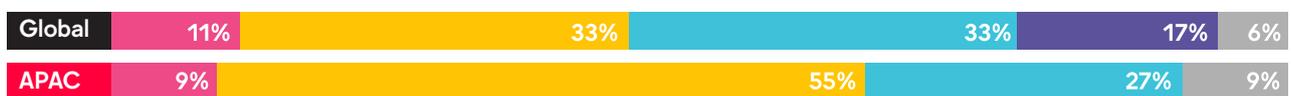
### 1<sup>st</sup> Party



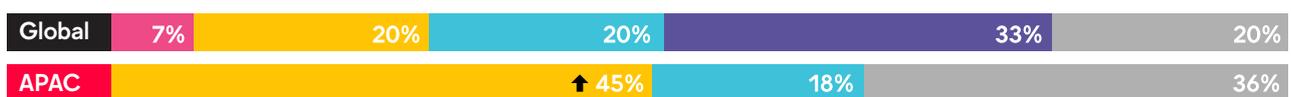
### 2<sup>nd</sup> Party



### 3<sup>rd</sup> Party



### Campaign Log Data



● Fully utilised   ● Significantly utilised   ● Moderately utilised   ● Not so utilised   ● Not utilised at all

## IPONWEB INSIGHT

As the digital advertising market evolves away from a third-party footing, APAC brand's focus on first party will be to their benefit as they are poised to invest in and develop first-party data strategies and technologies. Many APAC brands are reliant on their agencies and are not heavily invested in technology ownership, enabling them to take advantage of all opportunities as their data strategy evolves and customers move from offline to online in emerging markets.

# Key Conclusions & Recommendations

- Brands should consider pursuing greater visibility and control across disparate trading platforms and partners to streamline campaign oversight and gain control of key metrics, investment, and optimization efforts.
- A ‘disclosed’ programmatic model with ATDs is a start-point, but consider that this does not necessarily equate to complete transparency, as we’ve seen via the recent ISBA/PwC study. To be clear, this is often not for nefarious reasons but is a feature of the current programmatic market (e.g. foreign exchange, etc).
- Whatever the programmatic model adopted (ATD, hybrid, ITD, etc), the contract with your partners is a key resource in the pursuit of transparency. This needs to be updated regularly (annually).
- Log-level data is a key ingredient in the effort to understand the transactions taking place in an advertisers’ supply-chain. Advertisers should ensure that their contracts insist on there being a separate DSP ‘seat’ for each client, and that log level data be readily available.
- Increased focus on supply-path transparency and brand safety, along with privacy regulation, has resulted in media buyers’ renewed interest in direct transactions with preferred publisher partners. These are executed via PMPs or bespoke supply curation tools and commercial arrangements. Advertisers should consider how they can take advantage of these deals, maximising them ahead of Open Marketplace transactions where possible.
- First party data is becoming the critical ingredient for clients for all key phases of programmatic operations. In this environment, partnerships with trusted publishers who are open to first party data sharing potentially become more important than ever.
- In an increasingly commoditised world, Machine Learning and bespoke bidding algorithms are some of the most promising ways brands and agencies can differentiate their buying strategies from the competition. Clients should consider asking their programmatic partners how they leverage these tactics to help them achieve their advertising goals.

Please note that the recommendations included in this document are merely meant as suggestions or proposals. They are not binding in any way whatsoever and members are free to depart from them.



**World Federation of Advertisers**  
London, Brussels, Singapore

[www.wfanet.org](http://www.wfanet.org)

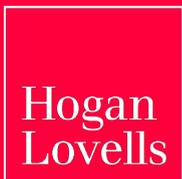
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Note: All WFA benchmarks, survey results, agendas and minutes are reviewed by Hogan Lovells International LLP, our competition lawyers

#### WFA Competition law compliance policy

The purpose of the WFA is to represent the interests of advertisers and to act as a forum for legitimate contacts between members of the advertising industry. It is obviously the policy of the WFA that it will not be used by any company to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition. The WFA carries out regular checks to make sure that this policy is being strictly adhered to.

As a condition of membership, members of the WFA acknowledge that their membership of the WFA is subject to the competition law rules and they agree to comply fully with those laws. Members agree that they will not use the WFA, directly or indirectly, (a) to reach or attempt to reach agreements or understandings with one or more of their competitors, (b) to obtain or attempt to obtain, or exchange or attempt to exchange, confidential or proprietary information regarding any other company other than in the context of a bona fide business or (c) to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition.