

## **Course Notes: IAB Europe “An Introduction to Programmatic Advertising”**

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### **Course Summary & Learning Objectives**

This course is designed to be an introduction to programmatic advertising for Publishers, Agencies and Advertisers. It serves to explain what programmatic advertising is, why it is growing and how it can be used. It builds upon and leverages the work of the IAB Europe Programmatic Trading Committee, including research into market drivers (Behaviours and Attitudes study) and pan-European Market Sizing.

Having completed the course delegates will be able to:

- Understand key market drivers for programmatic advertising
- Define programmatic advertising in the context of their business and market
- Understand and correctly use key programmatic terms (DSP, DMP, SSP etc)
- Identify some of the major programmatic providers and correctly position them within the industry ‘ecosystem’
- Understand the various programmatic models that exist for their business
- Show awareness of current industry trends including future challenges and opportunities
- Explain to colleagues and stakeholders why (or why not) programmatic advertising is important to their business in the year ahead

### **Tutor notes on course delivery**

This course is designed as a live and collaborative experience and is therefore best delivered as a full-day classroom program (9am to 5pm).

It is expected that delegates will come from across the IAB stakeholder community and the course works best for a mixed class of Publishers, Agencies and Advertisers of between 20 to 40 delegates. This allows for participants to share their experience and ensures a breadth of discussion around the group exercises.

The room should be laid out in classroom style, with the tutor at the front. Presenters will need a laptop and projector/screen to present as well as a minimum of two flipcharts. If the flipcharts are not the adhesive type, it's also a good idea to have some blu-tack so that some content can be put on the walls for later reference. There should be sufficient space for 4-6 breakout groups with 5-7 people in each. These groups will also need access to flipchart paper and pens.

Ideally, the room should also include a large dry-erase whiteboard on which the tutor can build the programmatic ecosystem. PowerPoint slides are provided to reinforce this content, but it is best introduced as a live session where the tutor can field questions and provide clarification. Guidance is provided on how to do this.

Suggested course timetable:

8.30am	Registration and coffee
9.00am	Introduction and warm up exercise
9.30am	Setting the context: A brief history of digital marketing
10.15am	Why it matters: The rise and rise of programmatic
10.45am	Industry overview: What it is and how it works (whiteboard session)
12.00pm	LUNCH
12.45pm	Review and reinforce the morning content
1.30pm	How to get started: Business readiness and programmatic models
2.45pm	BREAK
3.00pm	Key industry themes for the year ahead
4.00pm	Exercise: Rocket science, algorithms and AI
4.45pm	Exercise feedback, course wrap-up and close
5.00pm	Finish

These notes are intended to guide delivery of the course, but as course tutor you are ultimately responsible for achievement of the learning outcomes. For simplicity, script suggestions are in shown italics.

All images used in the slides have been provided by the course author or sourced from a Google image search labelled for re-use with modification.

### **Tutor introduction & warm up exercise**

As the course is intended for a mixed audience of IAB stakeholders, it is important for the tutor to assess the level of programmatic knowledge 'in the room' so that the course content can be tailored effectively for each class. The introduction and warm up exercise is designed to achieve this.

The tutor should open with an introduction that includes the following:

- A personal introduction that explains who you are, where you work, where that business fits in the programmatic industry and how you came to be involved with programmatic.

- An introduction to the course objectives, learning outcomes and content; what will be covered, what is expected of the delegates and some tips on how they get the most from the day.
- An introduction to IAB Europe and the work of the Programmatic Committee, identifying the whitepapers and other resources available on IABEurope.eu

*Example Tutor Introduction:*

*Good morning and welcome to the IAB Europe Introduction to Programmatic Advertising. My name is [insert name], [position], [affiliation].*

*[Brief tutor bio]. This course is designed for marketers, agencies and publishers and it will help me tailor the course content if you can let me know which part of the industry you come from (show of hands across Marketer, Agency and Publisher).*

SLIDE	SCRIPT	NOTES
<p><b>N.B.</b> Numbering differs from the full-version of the document</p>		
SLIDE 3	<p><i>By the end of today's course you will be able to:</i></p> <p><i>Define programmatic advertising in the context of their business and market</i>  <i>Understand key market drivers for programmatic advertising</i>  <i>Understand and correctly use key programmatic terms (DSP, DMP, SSP etc)</i>  <i>Identify some of the major programmatic providers and correctly position them within the industry 'ecosystem'</i>  <i>Understand the various programmatic models that exist for their business</i>  <i>Show awareness of current industry trends including future challenges and opportunities</i></p> <p><i>Explain to colleagues and stakeholders why (or why not) programmatic advertising is important to their business in the year ahead</i></p>	
SLIDE 4	<p><i>Here is the agenda for the course:</i></p> <p><i>9.00am Introduction and warm up exercise</i>  <i>9.30am Setting the context: A brief history of digital marketing</i></p>	

10.15am *Why it matters: The rise and rise of programmatic*  
 10.45am *Industry overview: What it is and how it works (whiteboard session)*  
 12.00pm *LUNCH*  
 12.45pm *Review and reinforce the morning content*  
 1.30pm *How to get started: Business readiness and programmatic models*  
 2.45pm *BREAK*  
 3.00pm *Key industry themes for the year ahead*  
 4.00pm *Exercise: Rocket science, algorithms and AI*  
 4.45pm *Exercise feedback, course wrap-up and close*  
 5.00pm *Finish*

*This course was developed by IAB Europe the voice of digital business and the leading European-level industry association for the digital advertising ecosystem. IAB Europe works with National IAB's as well as major Publishers, Agencies and Advertisers to set standards and further understanding of how digital advertising can best be used. Since 2014, the IAB Europe Programmatic Trading Committee has produced a series of research reports, white papers and case studies that have informed the development of this course. All of these materials are available to access on the IAB Europe website [www.IABEurope.eu](http://www.IABEurope.eu).*

SLIDE 5 - A brief history of digital marketing...

**Setting the context: A brief history of digital marketing**

The objectives for this session are as follows:

- Highlight changes in consumer behaviour that are changing marketing and in turn fuelling the adoption of programmatic.
- Use the 'virtuous cycle' model of Publisher, Agency and Advertiser relationships to show how the status-quo has been disrupted by those changes to consumer behaviour and how Publishers, Agencies and Advertisers are struggling to adapt.
- Position programmatic as a logical consequence of these changes

SLIDE 6

*Wayne Gretzky was one of the greatest ever ice hockey players, and when asked about the secret of his success he used to say that it was about skating to where the puck is going, not where it's been. However, it is just as dangerous to arrive too early in this situation as it is too late and the real secret to success is great timing – arriving at just the point where you make a difference. To do that, you need to understand the pace at which the game is moving, or to stretch the analogy you need to understand how the marketing and media industries are changing in order to ensure a winning strategy. It's worth therefore taking a brief look over our shoulder at recent history, before looking in detail at programmatic.*

*It's no secret that digital is the must win frontier for most publishers, agencies and brands. Consumers expect to interact with you digitally and increasingly that means mobile rather than desktop. But the retail and media landscape has changed*

	<p><i>fundamentally over the last decade so expectations of these interactions are no longer in the control of the publisher or the brand, they are implicitly shaped by the way consumers interact with Facebook, Google, Amazon and Apple.</i></p>	
<p>SLIDE 7</p>	<p><i>Research by IAB Europe shows just how quickly the ‘puck’ is moving in media and digital marketing. If I am honest, some of these numbers surprised me when I joined the industry as display advertising was not a major part of the marketing mix for the brands I worked with. Marketing journalists had consigned the banner ad to history and all the attention was on Search and Social. But display advertising is in good health and actually growing faster than search. This is down to a number of factors:</i></p> <p><i>In Europe, a single platform accounts for about 90% of consumer searches, and 92% of those consumers never go beyond the first page*. If you search for “programmatic advertising” you get ~1.5million results but most people will only see the 10 natural search results and the 7 ads on the page. Searching for something more mainstream like “cheap holiday” you get 222million results but most people will only see the 9 natural search results, 7 ads and 3 news stories. As a result keyword inflation in some markets is rampant and it gets harder and harder to tap into consumers declared intent.</i></p> <p><i>Social Media was supposed to allow brands to get closer to their consumers, interacting in ways that pre-empted the need for Search. However, no matter how proactive brands have been, the truth is that few consumers actually choose to engage brands on Social Media and that (in the words of Forrester – Marketing Week Jan 2015) “Facebook’s shift from free organic reach to paid reach...means that Facebook has abandoned the social marketing it always promised brands”. Social Media has become a display platform, where paid advertising in many formats (banner, native etc) is the new normal.</i></p> <p><i>Lastly, new ways of managing audience data, packaging media and managing the transaction (primarily programmatic advertising) allow display to become as targeted, flexible and accountable as the formats that were supposed to replace it.</i></p> <p><i>As a result, display advertising is resurgent across Europe, creating demand from buyers and sellers to find a better way to do it.</i></p>	<p><i>*<a href="https://www.quora.com/How-many-Google-searchers-go-to-page-two-of-their-search-results">https://www.quora.com/How-many-Google-searchers-go-to-page-two-of-their-search-results</a> <a href="http://gravitateonline.com/2011/04/12/2nd-place-1st-place-loser-seriously/">http://gravitateonline.com/2011/04/12/2nd-place-1st-place-loser-seriously/</a> <a href="http://www.protofuse.com/blog/first-page-of-google-by-the-numbers/">http://www.protofuse.com/blog/first-page-of-google-by-the-numbers/</a></i></p>
		<p>Give students a high-level overview of key points from the study and direct them to access the full resource here:  <a href="https://www.iabeurope.eu/research-thought-leadership/resources/iab-europe-adex-benchmark-study-h1-2016-november-2016/">https://www.iabeurope.eu/research-thought-leadership/resources/iab-europe-adex-benchmark-study-h1-2016-november-2016/</a></p>
	<p><i>Online advertising grew 13.4% to €18.6bn for the first half of 2016 from €16.4bn in H1 2015 and is expected to continue double-digit growth for the full year of 2016.</i></p> <p><i>Display advertising growth continues to outpace search; display grew by 18.2% and search by 13.3%. Display reached nearly €7bn in H1 2016 representing 37% of total</i></p>	

online advertising whilst search accounts for 47%.

*In Central and Eastern Europe display experienced a 27.1% growth, the highest of all formats, suggesting an improvement in targeting, formats and data strategies for brand advertising.*

*Mobile display grew by 61.3% and mobile search by 57.3%. Mobile display was particularly prominent in the CEE region where it experienced a growth of more than 100%.*

SLIDE 8

*This slide illustrates the interdependent relationship between Consumers, Publishers and Advertisers. The Consumer wants content (News, Entertainment etc), but in most cases is not prepared to pay the full cost of that content. So the Publisher uses their relationship with the Consumer (audience) to attract Advertisers that are willing to pay the Publisher to promote their products and services to the Consumer. This is the basic foundation of the media and advertising industry; applying to digital in just the same way it did for TV, Radio and Print before it. There are a few exceptions – like Netflix or the BBC that don't rely on advertising, but they are the exceptions.*

SLIDE 9

*When the cycle is balanced, the publisher makes enough money to cover the cost of producing great content and make a profit; the Consumer gets access to great content and the Advertiser is able to reach their target audience. But there are big changes happening in each of these areas that creates imbalance in the cycle. Many of these changes are being driven by Digital Disruption.*

*This graphic was created by the Boston Consulting Group to show the rate at which digital disruption is affecting different industries. Publishers in the room will recognise that the media industry is at the very forefront of this change as printed media gives way to web and mobile content; changing the very basis of competition and sustainability. However, it is notable that the major advertisers in most markets are well on their way and most of the marketers in the room will recognise that this impacts more than just the way you advertise, but in many instances fundamentally changes what and how consumers buy.*

**+22 SLIDES**

SLIDE 11 -  
What it is and how it works

**Overview: What it is and how it works**

The objectives for this session are as follows:

- Introduce the programmatic ecosystem and define key terms : RTB, Exchange, DSP/SSP/ DMP, Data provider, 2<sup>nd</sup> price auction mechanic

		<ul style="list-style-type: none"> <li>• Introduce and position some of the key technology providers</li> <li>• Explain the process of a programmatic transaction between buyer and seller</li> <li>• Define Programmatic Advertising by market maturity and focus: <ul style="list-style-type: none"> <li>○ Automation</li> <li>○ Acceleration</li> <li>○ Transformation</li> </ul> </li> <li>• Create a common understanding across the group about where programmatic advertising fits within the modern marketing mix.</li> </ul> <p>This section of the course is delivered in two parts. The ecosystem description is best done on the whiteboard or flipchart as it allows the tutor to build the system up, comparing the way things work now with how they were before programmatic. The Definitions are addressed by the powerpoint.</p>
SLIDE 12		<p><b>WHITEBOARD SESSION</b></p> <p>Drawing the ecosystem allows the tutor to build up the complexity and answer questions as they go. Below are the speaker notes for this section alongside the proposed drawing stages.</p>
		INTRODUCTION
	<p><i>The programmatic industry can be quite complex and uses a lot of jargon. For this session, we are going to look at the role for each of the major technologies and explore how the actual transaction works between the media seller and the media buyer.</i></p>	
		START TO BUILD

So our ecosystem starts with the Publisher on one side and the Advertiser on the other. The Publisher runs a number of web pages, on which they sell advertising. In a traditional media sale the publisher would offer a package of ads across their sites or on specific pages priced at a CPM (cost per mille/thousand). They would have control on which ads appeared where and managed the process. However as digital inventory grew, big publishers had many more advertising opportunities than their sales team could sell in such packages and many small publishers began operations without a sales team. Ad-networks sprung up to buy the unsold inventory and sell it on, making a profit in the process by helping to match supply and demand. Life got a bit more complicated as networks grew and multiplied so that eventually adverts went through a 'waterfall' of the direct sales team, to a lead network to eventually multiple networks trying to find a buyer. This slowed down adserving and page load times, resulting in a poor user experience and a poor price for the publisher. What they really needed was a way to sell to all potential buyers at once.

The Advertiser is typically represented in this transaction by their media agency, who negotiated with the big publishers and the networks to build a media plan, buying specific ad locations in the hope the audience would show up, click and convert. As the amount of available inventory ballooned media plans became ever more complex and what the buyers really wanted was an opportunity to buy the target audience when they showed up, and only when they showed up.

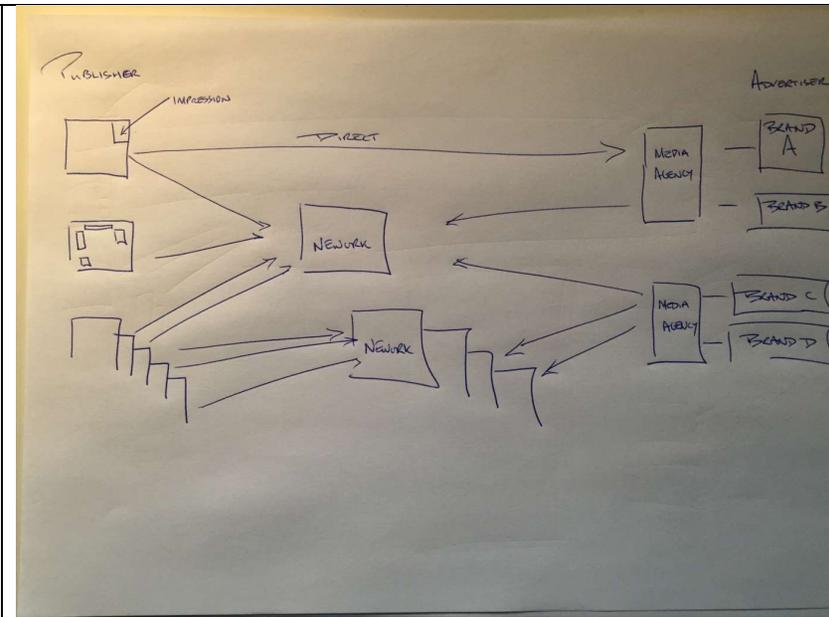


Fig. 1 – Larger version at the end of the document

**+69 SLIDES**

SLIDE 14

Go back to the flipcharts from the first exercise and review these with the delegates, checking that all questions have been answered and testing to see if their definition of programmatic has changed/evolved as part of the course.

SLIDE 15

Close by reviewing the principal learning objectives for the course. Ask delegates for any issues arising. Close the session.

Fig. 1

