



Evolution of a Market – Impressions to People

Developing an Effective PMP Strategy

May 2016

AUDIENCE IS EVERYTHING

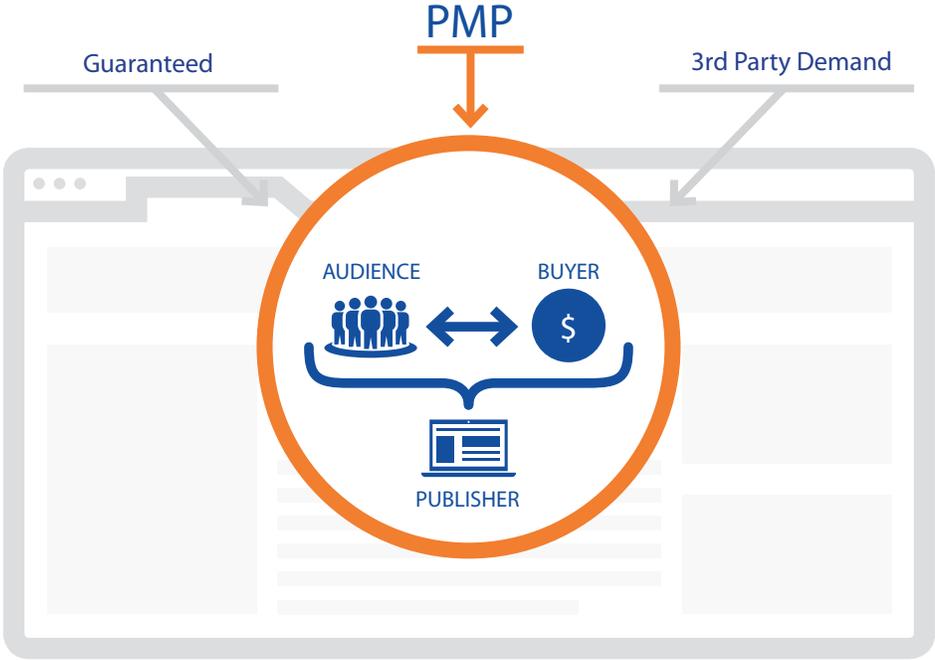
In the U.S. only 28% of forecasted 2016 total digital advertiser spend is expected to be executed using data-enabled media buying¹. However, digital media is evolving to become a predominantly people-based marketplace which will require both buyers and sellers to adopt the essential technology needed to transact in this method across both direct and indirect channels. In our three-part series, we will explore the advantages and challenges that arise when trying to manage audiences holistically across the three “buckets” of demand: guaranteed deals, Private Marketplace (PMP) and 3rd-party demand. In part one, “How to Best Manage 3rd Party Demand,” we explored the best ways for publishers to manage an increasingly noisy ecosystem of indirect demand partners. In part two, we focus on the challenges that publishers face in executing a successful PMP strategy.

Private Marketplace deals (PMPs), trapped somewhere between the guaranteed world of an impression based buy and the complete opportunistic buys of programmatic, have long been on the “wish list” of many publishers as one channel in a larger revenue strategy. Many roles and jobs have been created to establish a robust PMP offering, however this hasn’t always translated into success. Indeed, it is a common occurrence to hear PMPs dismissed as everything from “underwhelming” to “a complete waste of time.” This is largely because of one key factor: the technology deficit that makes executing a successful PMP strategy difficult for both buyers and sellers.

Publishers cite three common pain points with respect to developing and scaling an effective PMP strategy. First, PMP deals are notoriously difficult to plan. Deals are frequently created that simply do not scale. Second, once numerous deals have been onboarded by a publisher, they are a continuous challenge to manage. Some deals can come into conflict and it can be difficult to intelligently decide which deal should have priority. Finally, the sales strategy for creating new PMPs all too often involves re-visiting the same prospects or passively waiting for buyers. We examine each of these challenges in turn and describe the best of breed tools and techniques that solve them.

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Sonobi Jetstream approaches this new class of technology as a holistic audience solution to allocate and prioritize individual users across guaranteed, PMP, 3rd party demand.
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Planning a Successful PMP Strategy



The ability to proactively plan and organize PMPs into a successful revenue strategy is nonexistent.

The true value of a PMP is that it opens up a direct line between a buyer and their audience through the marketplace that the publisher provides. But how does a buyer know where their audience will appear? Conversely, how does a publisher know which users are valuable to certain advertisers?

The unfortunate answer is that frequently neither side knows the answer to these questions. Typically the buyer and the seller will organize around the context of the site, in the hope that the audience will show up. However, neither side knows whether the PMP will scale until the deal starts executing. This results in an unacceptable waste of manhours and frustration on both sides as neither are satisfied with the results.

For a PMP curation strategy to be scalable, both sides must be able to forecast the opportunity so that the right buyers are connected to the right sellers before a single deal is negotiated. This necessitates a single marketplace that provides the essential technology to both sides so they can effectively forecast, communicate and negotiate as determined by the scale of an audience-based opportunity.

"We are currently running numerous deals and even though each one only takes a few minutes to set up, 90% of them fail to reach an interesting level of scale:"

-Moguldom Media Group

Executing, Maintaining and Prioritizing Deals

It is not uncommon for a publisher to attempt to manage a few hundred deals at a time. In an environment not informed with data, the most obvious question is also the most valuable: how much value is being created versus how much time is being spent? There are several practical problems that are associated with this type of PMP strategy. First, how many concurrent PMPs can run before they begin cannibalizing each other? Running conflicting PMPs that continue to vie for the same audiences could result in a user being sourced to a less valuable PMP than it should have been. This means that PMPs must be prioritized relative to each other. But which ones? This points to the need for effective deal intelligence be made available to the publisher.

An effective deal intelligence tool must solve three problems. First, it must help the publisher understand which deals will come into conflict with each other. It is perfectly acceptable (and potentially lucrative) to sell two different “first look” deals as long as those deals address non-overlapping audiences. Second, the tool must understand the relative value of deals that do come into conflict, both in CPM and in overall spend. Finally, the tool must allow you to appropriately prioritize all of the deals in the system so that they follow the intelligence discovered in the first two parts. Without effective insight provided by the right deal intelligence tool, a publisher can do little more than guess.



Evolving a Passive PMP Strategy to an Active One

Increasing Marketplace Visibility Between Buyers and Sellers



Many publishers have made strong investments in a sales force to generate PMP business. The promise of creating a customized marketplace, with unique access and liquidation, is one that is compelling to both sides of the market. Often this currently involves conversations with the endemic buyers as well as a substantial time investment, or worse, a passive strategy where a publisher will wait for a buyer to approach them. This doesn't have to be the status quo and with the right tools publishers can turn this waiting game into an intelligently guided search for curated and unique demand.

For instance, there is a tremendous amount of information coming through the indirect bidstream. Information like which brands are attempting to reach users, and how much they are willing to pay, is readily available for a publisher to analyze, provided they have the right toolset. This information can be used for evolving an endemic brand's current spend profile, but it can also be used to discover new opportunities for a publisher and advertiser to connect. With the right tools, new deals can be struck that move beyond using content as an audience proxy and instead graduates to putting the audience at the center of the media transaction.

"PMPs are currently not meeting their full potential, but we feel the work we are doing now will put us way ahead of the curve once programmatic takes off."

-Keith Candiotti, NY Daily News

Conclusion

Private marketplaces, although a step in the right direction, have remained an underwhelming contributor to both sides of the market. However, with the right technology, both publishers and marketers can efficiently identify, negotiate and deliver media campaigns that place the individual user at the center of the media transaction.

Sonobi Jetstream

Sonobi Jetstream is a programmatic technology that is built to change the business of digital advertising, and create a holistic marketplace to deliver digital advertising experiences built to serve exact audiences. It creates the direct pipes to enable planning, negotiation, and delivery between the two most principal parties across the standard types of deal executions in today's media marketplace including Guaranteed, Private Marketplace, Exchange/Open Market—while enhancing each channel to meet the needs of traditional media buying and campaign initiatives.



REFERENCES

1 Cowen and Company, "Annual Ad Buyer Survey III: 2015 Outlook" and Magna Global Jan 12, 2015

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