

# THE STATE OF PROGRAMMATIC ADVERTISING



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LONDON  
RESEARCH

London Research, set up by former Econsultancy research director Linus Gregoriadis, is focused on producing research-based content for B2B audiences.

We are based in London, but our approach and outlook are very much international. We work predominantly, but not exclusively, with marketing technology (martech) vendors and agencies seeking to tell a compelling story based on robust research and insightful data points.

As part of Communitize Ltd, we work closely with our sister companies Digital Doughnut (a global community of more than 1.5 million marketers) and Demand Exchange (a lead generation platform), both to syndicate our research and generate high-quality leads.

Please get in touch if you think we can help.  
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## TRUTH

TRUTH is TMG's global media planning and buying offering. TRUTH is a different and more client centric way of briefing, planning, buying and delivering all types media. We do this by offering a truly transparent single view of campaigns – delivering the right consumers, in the right environments at the right budget.

We operate under a single fully disclosed fee and your advertising spend will reach their intended destinations fully intact.

No unwelcome surprises. No black boxes. No grey areas. Nothing but the truth.

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[hello@truth.agency](mailto:hello@truth.agency)

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## Foreword – by TRUTH



Since the birth of the commercial internet, adtech providers, ad networks, self-serving agencies, slow-moving industry regulators, adblockers and inaccurate data sources have all made things increasingly difficult for advertisers and users to get the best experience.

Because this conversation is happening everywhere in our industry (and it is not just limited to digital media), we chose to conduct this research in partnership with London Research to add some qualitative insights, and to quantify opinion relating to the state of programmatic advertising.

We feel that advertisers need to connect with their users in the right environments at the right time with the right message, while users need to be treated with respect and delivered an advertising experience they can benefit from. It feels that with so little revenue in the programmatic pathway reaching publishers, the stakeholder that is being let down the most is the consumer. We want to be part of the thinking and the movement to redress this balance.

It used to be the case that media buying agencies competed on service and insight rather than price, but as price came more to the fore, a race to the bottom began. The agency market began to consolidate, and the power of buying media was concentrated into the hands of the few.

This has led to agencies devolving their services to third parties, meaning they have less control of the route to market their campaigns take via programmatic media pathways. Less control has meant exploitation by others, and more third parties joining the chain.

As the third-party supply chain has grown, so has the level of mistrust within the ecosystem.

Even the language adopted by the industry has created complexity and confusion.

At TRUTH, we believe there needs to be a reset.

- A reset that enables publishers to believe in the strength of their brands and get paid on time by advertisers.
- A reset where the middlemen (taking significant commissions) are either removed from the ecosystem or incorporated into a single manageable and transparent offering.
- A reset where advertisers can trust once again the delivery systems they employ to deliver their valuable brand message to consumers.
- A reset where consumers get a fairer value exchange for consumption of advertising.
- A reset where a trading platform for advertising is highly secure and where both consumers and advertisers' data is protected and used in isolation.
- A reset where the right things are tracked, recorded, verified and presented.

The need for this reset is industry-wide and is being called for from all angles.

This research has been undertaken to give advertisers the chance to share their voice and their frustrations, and to give the industry the opportunity to work better.

Help us bring a better, fairer, advertising experience for all to the internet.

It's about time we all took care of it and we feel that the research presented here will bring you to similar conclusions.

**Adam Graham**  
CEO, TMG plc

**Mary Keane Dawson**  
CEO, TRUTH

**Adam Hopkinson**  
COO, TRUTH

## Executive summary

Programmatic is a term that describes a range of platforms, tools and services that have made digital advertising more automated and data-driven. While advertisers and agencies have reaped the benefits of a more targeted and scientific approach to display advertising activities, ad tech companies have proliferated, with question marks raised about the value being added by agencies and third parties at different stages of an increasingly complicated and sometimes murky process.

Many brands have now lost faith in the transparency and honesty of the display advertising ecosystem, and have concerns about the proportion of their ad spend that translates into media seen by the consumer. These issues are exacerbated by well-documented instances of ad fraud, and the damage to brands caused by association with inappropriate and sometimes even disturbing content.

This research — based on interviews with senior marketers at well-known brands and a global survey of more than 100 senior executives with responsibility for ad buying — highlights the crisis in confidence that is undermining the programmatic advertising industry.

Key findings from this research include:

- **A lack of value chain transparency.** Almost eight in ten respondents indicate they have worries over levels of transparency in programmatic advertising (79%), while only a small minority (14%) strongly agree they have a good understanding of the proportion of their budget that makes it to the consumer. Thirty-nine per cent of advertisers surveyed regard lack of visibility on third parties as one of their biggest industry concerns.
- **Low levels of trust in agencies.** Many advertisers perceive a lack of agency transparency (42%) as a top-three concern, an issue that is regarded as the second biggest headache for advertisers. More than a third of respondents (36%) to the survey cite 'medium' or 'quite low' levels of trust in their digital media agencies, while more than a quarter (27%) say they have felt compelled to use media agency services that are not in their best interests.
- **Inconsistent measurement is undermining the industry.** Around half (49%) of survey respondents cite a lack of consistent metrics and measurement as one of their biggest concerns. The industry still has its work cut out to ensure consistency of standards and metrics, and that these are agreed and adhered to.

- **There is light at the end of the tunnel.** Despite concerns about lack of transparency and issues such as ad fraud and brand safety, advertisers are confident that there are ways of addressing the industry's challenges. More than two-thirds of respondents (70%) say they are taking action to improve their confidence in programmatic advertising, and more than three-quarters (77%) agree that a cleaner supply chain will release time and money for better advertising and innovation. A range of measures are being taken by brands — both internally and in co-operation with agency and ad tech partners — to bolster management of programmatic ad buying.

### Methodology

This research is based on interviews with senior marketers at well-known brands, and a global survey of 102 senior executives with responsibility for ad buying at large companies with annual revenues of at least \$50 million a year. The survey, which was conducted in November 2017, was completed by members of Digital Doughnut's 1.5 million-strong community of marketers and digital professionals.

### Acknowledgements

London Research and TRUTH would like to thank all those who completed the State of Programmatic Advertising survey and, in particular, the following people who were interviewed for this report.

#### Heidi Diamond

Strategic planning and integrated marketing consultant, ViscoSoft

#### Emma Jenkins

Marketer, formerly CMO at giffgaff and Sofa.com

#### Mibbie Majors

Media planning manager, SAS

#### Pete Markey

Marketing director, TSB Bank

#### Rory Paterson

Global head of programmatic and martech, Expedia

#### Deborah Thompson

Head of digital marketing, Easylife Group

# 1 Programmatic advertising: waking up to the reality

Despite the widely appreciated benefits of programmatic, advertisers are becoming increasingly disillusioned with the lack of transparency in the value chain, combined with other concerns such as inconsistent measurement, ad fraud and brand safety. The ability to target and optimise effectively is seen as the greatest benefit of programmatic, cited by 61% of brands surveyed. The lack of consistent metrics (49%) is the top concern for advertisers.



61%

of senior client-side executives interviewed for this research see targeting and optimisation as a top-three benefit of programmatic advertising.

Programmatic advertising has brought the advertiser's dream of reaching the right person with the right message at the right time significantly closer. In the United States alone, eMarketer has estimated that nearly four of every five dollars spent on digital advertising were transacted programmatically in 2017, totalling almost \$33 billion. But while programmatic has successfully hoovered up advertising budgets and enabled more data-driven automation of digital display at scale, it has also raised concerns around transparency, fraud and brand safety.

In January 2017, at the US IAB Annual Leadership Meeting in Florida, Marc Pritchard, chief brand officer for Procter & Gamble (P&G), the world's biggest advertiser, gave the digital marketing industry what he described as 'a wake-up call' to clean up a supply chain he deemed 'murky, non-transparent and even fraudulent'. A few weeks later, YouTube was hit by a brand safety scandal when The Times newspaper reported ads from high-profile advertisers — including the UK government — appearing next to extremist videos.

Furthermore, in September, a report by the Chief Marketing Officer Council and Dow Jones found that 43% of marketers had experienced problems with viewability, and 22% had seen examples of their advertising appearing next to compromising content, or being served to an incorrect or inappropriate audience.

The narrative of excitement giving way to a lack of confidence in the industry is echoed by Emma Jenkins, an experienced marketer who has worked as CMO at giffgaff and Sofa.com. She describes seeing programmatic advertising as 'super-exciting at first', with its ability to improve a brand's advertising incrementally. "It was less of a blunt tool than traditional advertising. You can base the messaging of your next campaign on what happened in the previous one," she says. "It gave us the ability to go to bespoke audiences to tell the brand story with the creative.

"It also reduced wastage, since the rest of online advertising is so much spray-and-pray. We were spending huge amounts of money, but I felt like a lot of it was wasted, there was a lot of bot traffic. Programmatic just seemed smarter."

Other marketers have picked up on programmatic advertising's ability to operate at speed. "I like the speed to market; quick success, quick failure," says Pete Markey, marketing director, TSB Bank. "You're able to learn at pace, but you've also got the machine doing the thinking for you, at a pace that is vital in responding to the changing world of digital.

"And I like the fact that it should be more targeted, more effective, more efficient, and therefore — if it's working well — it should be driving a greater commercial return for you."

### Keeping the faith

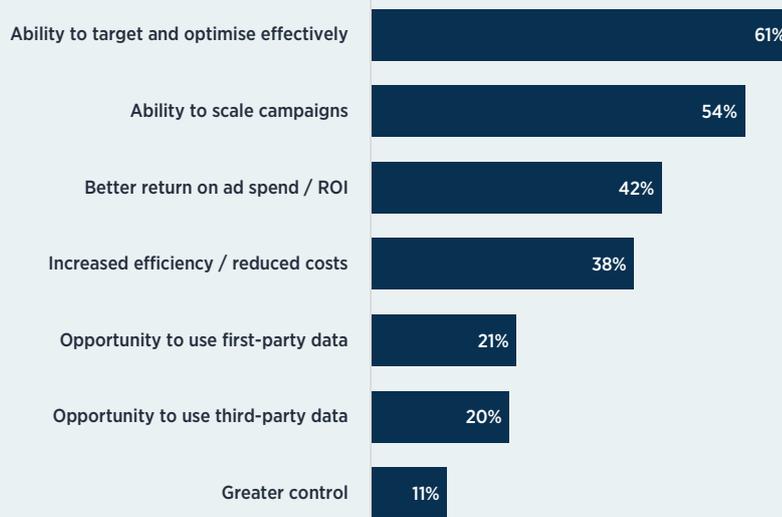
It is clear from our survey that, despite diminishing confidence in digital advertising, there remains a strong faith in programmatic's core promise of one-to-one marketing at scale.

The majority of senior client-side executives interviewed for this research (61%) see **targeting and optimisation** as a top-three benefit of programmatic advertising, while the **ability to scale campaigns** (54%) is another commonly cited advantage (*Figure 1*).

However, programmatic advertising's struggle to meet advertiser expectations is highlighted by the fact that only a minority cite improved **return on investment** (42%) or **cost savings** (38%) among the main benefits.

Tellingly, only around one in ten marketers see **greater control** (11%) as a key selling point, showing the work that is still required to convince brands that they can be masters of their own programmatic advertising destiny.

**FIGURE 1**  
What do you regard as the greatest benefits of programmatic advertising?  
Respondents could check up to three options



Advertisers regard the ability to target and optimise effectively as the greatest benefit of programmatic advertising.

### Information is power

Marketer frustrations over the limitations around measurability of programmatic advertising success – including the 'black box' nature of programmatic systems discussed in the next section of the report – are evident in the responses to our survey (Figure 2).

Top of the list of concerns for senior executives working for brands, and one of the key challenges that P&G's Pritchard is committed to addressing, is the **lack of consistent measurement and metrics** to judge the performance of programmatically-delivered advertising across different media and platforms. Around half of respondents (49%) cited this as a top-three concern.

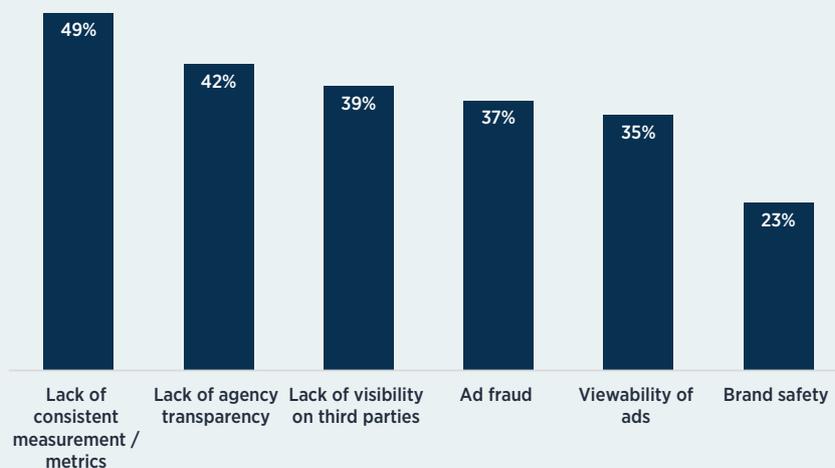
Many client-side executives also raise concerns over

**poor visibility** of the activities and value added (or indeed not added) by agencies and third parties (42% and 39%, respectively), and indicate they have significant fears over the related issue of **fraud** (37%).

**Ad viewability** (35%) is among other areas seen as in need of a collaborative solution, with Pritchard calling for adoption of a common standard as part of his 'action plan'.

While **brand safety** issues tend to generate much of the negative media coverage surrounding programmatic advertising, the survey indicates that within the industry itself, it is not seen to be as important an issue as other concerns. Less than a quarter (23%) of respondents cite brand safety as one of their greatest three fears around programmatic ad delivery.

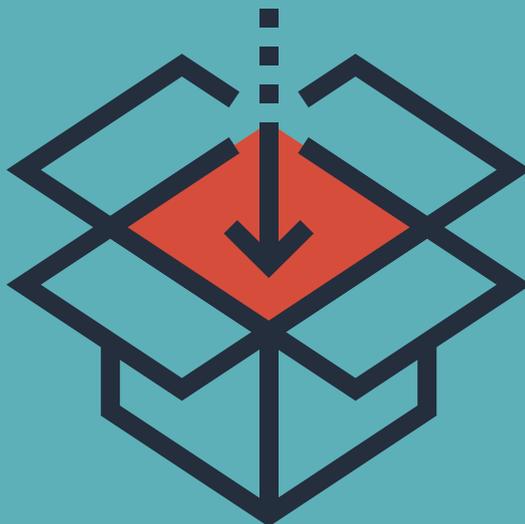
**FIGURE 2**  
What are your greatest concerns about programmatic advertising?  
Respondents could check up to three options



The absence of consistent measurement, agency transparency and visibility on third parties are the top three concerns for advertisers.

# 2 The 'black box' problem and the need for greater transparency

There is a broad consensus among advertisers that they want more visibility on where their programmatic display budget is going, with major questions marks about the 'black-box' activities of agencies and third-party technology companies. Around four in five advertisers (79%) are concerned about the level of transparency in the industry. A similar proportion (77%) agree that a cleaner media supply chain would free up money for better advertising and innovation.





Agencies want to sell their services, they want to do new stuff and improve their credentials, but they've sometimes been coy with the truth.

Key among the concerns that have emerged around programmatic advertising is the 'black box' nature of the technology, making it hard for marketers to audit their investments properly, and making them vulnerable to overclaiming from agencies that aren't necessarily expert in measuring outcomes themselves.

"There were big claims against short delivery from agencies. They were quick to sell programmatic in, but cracks can appear quickly when you start doing it," Jenkins says. "Agencies want to sell their services, they want to do new stuff and improve their credentials, but they've sometimes been coy with the truth."

She adds: "They're not used to brands asking too many questions, and I think that's changed. Media agencies are getting a wake-up call. I think that will be good for everyone, but it will be painful for the agencies in the short term... Things are more and more complex; it's harder for brands to get their arms round the technology. Brands have tended to see programmatic as a black box, but they need the ability to audit it."

Deborah Thompson, head of digital marketing at catalogue retailer EasyLife Group, has been using programmatic for retargeting and other types of lower-funnel advertising. She describes problems with transparency and attribution as significant reasons for not using programmatic for campaigns centred on awareness.

"That's where those challenges of transparency and attribution have been more acute," she says. "Transparency [is problematic] because understanding the complex landscape and getting confidence that we're paying the right amount for the placements we're getting is difficult. And attribution [is an issue], because higher up the funnel, you face scepticism from your bosses; they're not really sure that the benefit you're claiming is not due to all the channels, mainly offline."

"The figures presented by agencies are very seductive and seem wonderful, but because we don't fully understand the whole string of intermediaries that have had commission at some point in the process, and all the technological aspects, there's always a bit of scepticism when comes the time to sell awareness-led display to the finance director or the managing director."

TSB's Markey highlights the risk that programmatic becomes disconnected from how marketers buy their other media. "When you're planning a campaign, there's a danger of your ability to target your audience in the right way being compromised, in terms of how your programmatic is working versus your other media, because at points they can have slightly conflicting goals," he says.

"This is because reaching the right audience at the right time and in the right way isn't always the same as the goal of effectiveness and efficiency that programmatic sometimes drives."

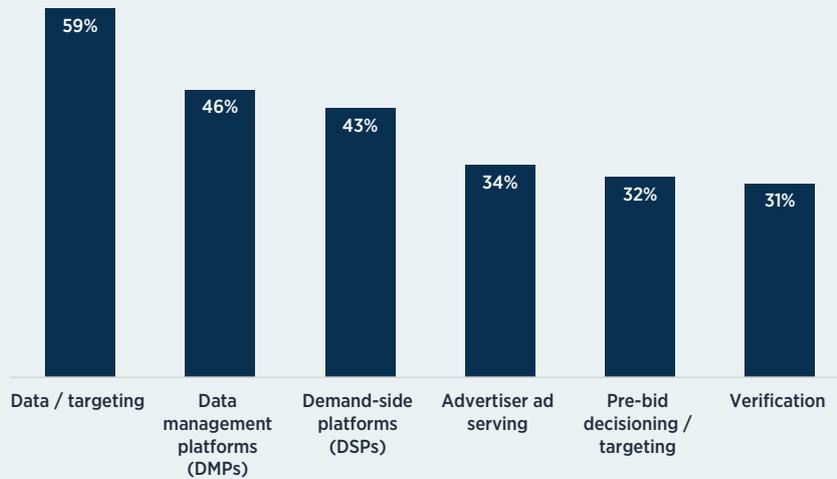
"That's particularly pronounced for us because we've got our programmatic with a specialist agency and our other media buying through network agencies, so we're having to work constantly with those agencies to make sure the media is planned and executed in a joined-up way."

### The programmatic ecosystem

The term 'programmatic' describes a range of platforms, tools and services that have made digital advertising more automated and data-driven. The IAB Programmatic Fee Transparency Working Group is a group of IAB members that has co-operated to help cast a light on the complexity of the many players and technologies in the programmatic ecosystem<sup>1</sup>.

Over the last few years the range of ad tech services being applied to programmatic advertising – as well as the number of companies in the marketplace – have proliferated, making it difficult to keep track

**FIGURE 3**  
Are you using any of the following types of technology as part of your programmatic advertising?



Data-driven targeting tools (59%) are the most commonly cited type of programmatic advertising technology, followed by DMPs (46%) and DSPs (43%).

of the different players involved in programmatic transactions and the value actually added by these services.

Figure 3 shows the extent to which survey respondents say they are using different types of technology as part of their programmatic advertising, including **data/targeting technology, data management platforms (DMPs), demand-side platforms (DSPs)** and **verification tools**.

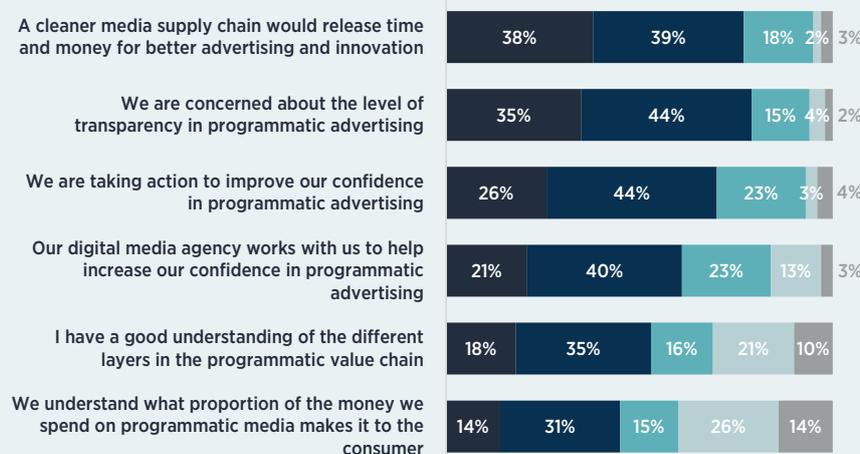
It is evident from our research that concerns over value chain transparency in programmatic advertising are holding back the development of the space, and it is in the interests of most involved – not just those laying out the money – to ensure fears are addressed. Almost eight in ten respondents indicate they have worries over **levels of transparency in**

**programmatic advertising** (79%), and only a small minority (14%) strongly agree they have a good understanding of **the proportion of their budget that actually makes it to the consumer** (Figure 4).

The technical and operational complexity of programmatic advertising makes life especially difficult. Only 18% of respondents strongly agree they have a **good understanding of the different layers in the programmatic value chain**, while almost three quarters (71%) evidently have, at best, only lukewarm perceptions of visibility in real-time bidding (Figure 5).

If greater transparency and a cleaner supply chain can emerge from the current murkiness prevalent in programmatic advertising, however, more than three-quarters of respondents (77%) expect this to **release time and money for better advertising and innovation**.

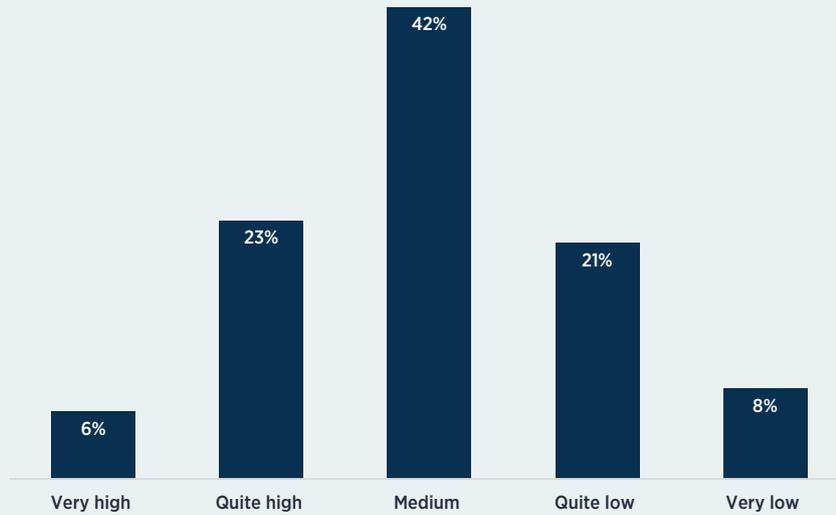
**FIGURE 4**  
Do you agree or disagree with the following statements?



79% agree they are concerned about the level of transparency in programmatic advertising, compared to only 6% who disagree.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

**FIGURE 5**  
How do you perceive the level of transparency in the real-time bidding value chain?



*Only 29% of respondents regard the level of transparency in the real-time bidding value chain as 'high'.*

This echoes the claim by P&G's Pritchard that a cleaner supply chain will reveal aspects of advertising that are not working or annoying customers, such as excess frequency, and thus reduce waste and improve customer experience. While there will not necessarily always be a direct flow of cash from any savings to ad research and development budgets, it is logical that greater confidence in programmatic ad outcomes will encourage greater investment in media bought that way.

The issue of transparency is already encouraging exploration of next-generation techniques to improve visibility into campaign results, such as by employing blockchain-based accountability.

#### **Being proactive – how marketers are improving the world of programmatic**

Another positive takeaway from the research is that many marketers are being proactive in trying to get a better handle on the inner workings of the programmatic ad systems and services they spend money on.

More than two-thirds of companies surveyed (70%) agree they are **taking action to improve their confidence in programmatic advertising**, while many report they are challenging agencies – the target of much current scepticism – to make their activities less shrouded. Among respondents, 61% indicate **their digital media agency works with them to increase confidence** in the effectiveness of programmatic ad spend.

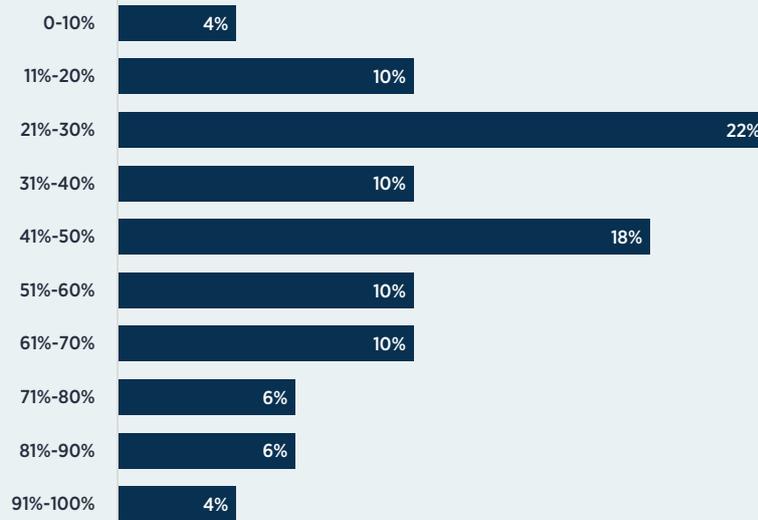
Furthermore, anecdotally, many marketers indicate they are taking steps internally to educate and strengthen their in-house skills and knowledge – whether via training, or merely a greater dedication to research and experimentation.

Commonly-cited measures being taken to bolster management of programmatic ad buying include:

- Challenging agencies and other partners to improve reporting and be more open.
- Tightening up partner evaluation.
- Investigating industry best practices.
- Committing to campaign experimentation and improvement.
- Widening supplier and technology research.
- Optimisation of suppliers and simplification of technology layers.
- Cross-referencing and benchmarking programmatic ad metrics with other forms of buying.
- Boosting internal expertise through hiring, training and consulting.
- Clearly assigning internal management responsibilities.
- Sharing learnings effectively throughout the organisation.

**FIGURE 6**

How much of your programmatic ad spend do you believe goes to publishers (as opposed to ad tech companies)?



On average, advertisers believe that 45% of programmatic ad spend goes to publishers (as opposed to technology companies).

### The publishers' slice of the programmatic pie

The question of how much of the programmatic spending pie should be directed to publishers is an age-old discussion that the industry has long promised to settle. Recent research by Infectious Media published in November 2017 has found that accessing the supply chain through agencies is a significant issue for advertisers, with 66% of brand advertisers regarding the issue of publisher relationships to be 'completely' or 'very' challenging<sup>2</sup>.

A lack of consensus on this topic among marketers is evident when considering their responses to the question of how much advertising spend they believed was finding its way into the pockets of publishers (Figure 6). Responses were spread across every possible answer, from 0%-10% to 91%-100%,

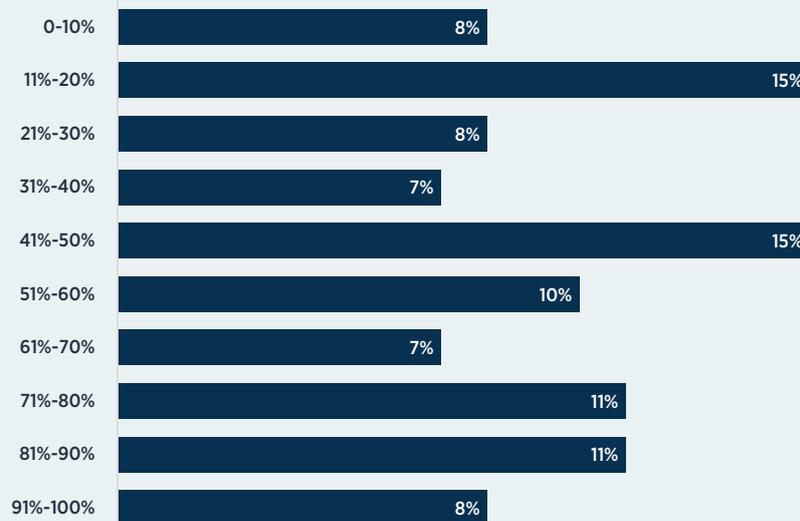
but in general leaned towards the conclusion that a majority of spend ends up being diverted to ad tech companies within the ecosystem.

The most common answer was just 21%-30% – in line with recent claims by P&G's Pritchard that as little as 25% of the company's media spend reaches the consumer – though the average is 45%.

Advertisers were also asked how much budget they believed *should* go to publishers (Figure 7). The average response here is 48%, suggesting that publishers should be getting more. However, the small difference here suggests that brand advertisers do not – as a group – necessarily feel that publishers are getting a particularly bad deal.

**FIGURE 7**

How much of your programmatic ad spend do you believe *should*\* go to publishers (as opposed to ad tech companies)?



On average, advertisers believe that 48% of programmatic ad spend should go to publishers rather than tech companies.

# 3 The trust gap widens as traditional agencies struggle to adapt

There is a significant trust deficit in the way that brands perceive their agency partners, with more than a third (36%) citing only medium or low levels of trust in their digital media agencies. More than a quarter of brands using an agency (27%) say they have felt compelled to use services that don't have their best interests at heart. Despite this, most advertisers continue to rely on agencies for their programmatic advertising, and many of those doing this in-house are planning to outsource their activities.



36%

of advertisers cite 'medium' or 'low' levels of trust in their digital media agency.

Agencies have been very eager to present programmatic ad buying as a step-change in display advertising return on investment, but the issues facing the industry have surfaced some awkward questions for them to deal with.

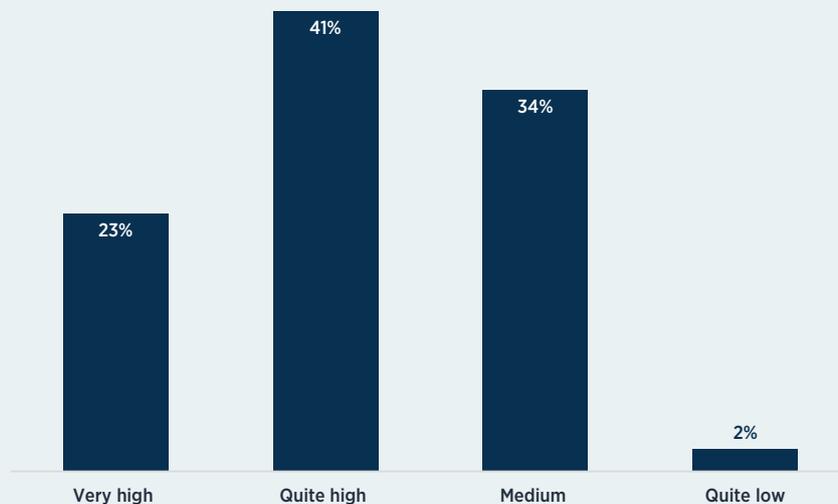
It is clear the agency pitch has now lost much of its gloss. There is generally a more pragmatic and realistic perspective on the technology's capabilities, along with greater awareness of the risks.

Still, the disconnect between marketers and information on programmatic spending outcomes is anathema to the digital media world's core promise of accountability, and there is clear pressure on agencies to find ways to recover and engender greater confidence among brands.

More than a third of respondents (36%) to the survey cite 'medium' or 'quite low' **levels of trust** in their digital media agency (*Figure 8*), and, somewhat damningly, a sizeable proportion (27%) say they have been compelled to use media agency services that **don't necessarily align with their best interests** (*Figure 9*).

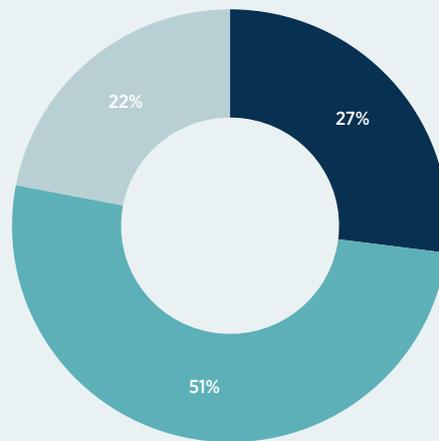
This research is consistent with Infectious Media's study that also shows the extent of the misgivings about the role of agencies in the sector, with more than half of marketers (53%) calling them 'untrustworthy' because of concerns about financial disclosures and inaccurate measurement of performance.

**FIGURE 8**  
How do you rate your level of trust in your digital media agency?



Only 23% of advertisers rate their level of trust in their digital media agency as 'very high'.

**FIGURE 9**  
Have you ever  
felt compelled to  
use media agency  
services that don't  
necessarily align  
with your best  
interests?



*More than a quarter of brands (27%) have felt compelled to use media agency services that don't necessarily align with their best interests.*

● Yes  
● No  
● Don't know

### Ownership of programmatic - the perennial in-house versus agency dilemma

A knock-on effect of the scepticism felt towards agencies is that some marketers are taking their programmatic advertising activities in house.

Heidi Diamond, a consultant who is currently directing strategic planning and integrated marketing initiatives for US sleep products manufacturer ViscoSoft, notes concern that because media agencies are so big, individual brands can get lost.

"Some of them are so massive, there are a million different people, and I don't know if they're getting the best instructions. I don't want to leave my advertising in the hands of some kid just out of school who got a job at a media agency. I like having it under my thumb so I can see and understand what's happening, and I can give directions to those who are going to execute it."

Mibbie Majors, media planning manager at business analytics software and services vendor SAS, runs her programmatic advertising in-house for historical reasons.

"We do everything in house," she explains. "We're client, buyer and agency all in one. We've been doing things that way since the company started. We've always done our media buying in house."

For her too, the benefits of this approach are increased transparency and control. "We use different vendors to buy programmatic, but we know what's best for our business and which way of optimising is best," she explains. "We're going to be our own best advocates for optimisation. We have more transparency about the fees we're paying, and it gives me more confidence seeing what's happening in real-time and being able to go in and make changes."

Rory Paterson, global head of programmatic and martech at Expedia, says the company now operates programmatic buying through a 'hybrid' model, employing both a specialist agency and an 11-strong team of in-house staff.

Eliminating global inefficiency was a key motivation for building up this in-house resource, says Paterson.

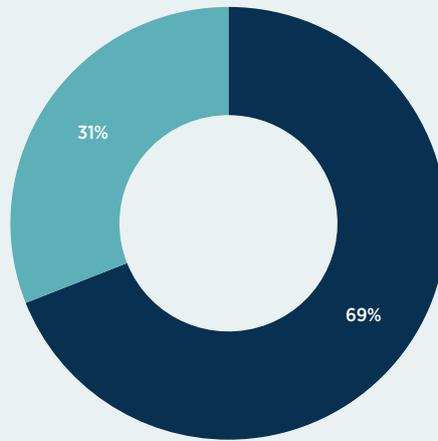
"One of the major driving factors was centralisation", he says. "When we looked at our previous set up on a global multi-brand basis we had a multitude of agencies, many different technologies and various commercial agreements; huge amounts of cross-over and wastage, resulting in some rather poor economics."

"We looked at the value we could create by essentially centralising into a core technology, one set of governance, principles and standards around the organisation and then applying that to all markets and key online travel agency brands. This has paid massive dividends from a performance, control, transparency and commercial perspective."

But while marketers appreciate the benefits of bringing programmatic in-house, there is recognition of risks too.

"I can see the logic to doing it, from a control perspective, if you feel your agency isn't adding the value," says TSB's Markey. "But I feel you'd need to be pretty confident that you can attract the talent and also that you've got the technology to be able to do it. And I think that's particularly important given I see the world of programmatic just continuing to advance."

**FIGURE 10**  
Do you run your programmatic advertising predominantly in-house or through an agency?



*Less than a third (31%) of advertisers surveyed currently run their programmatic advertising predominantly in-house.*

● Through an agency  
● In-house

“The question for businesses like ours is whether we’re willing to put the investment behind bringing it in-house or whether it’s better to work with an agency who would be doing the investment on our behalf, so we benefit from being at the very front of the queue, rather than having to play catch-up.”

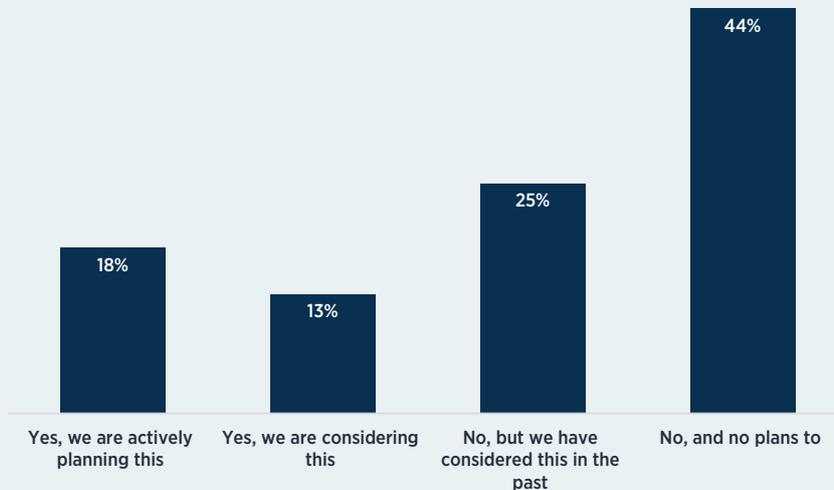
The challenges of delivering on programmatic advertising are laid out in full view when considering the high proportion of marketers that are open to a refresh of how they operate in the space.

A majority (69%) of respondents currently use an agency to run programmatic ad buying (Figure 10). However, among these companies, nearly a third (31%) are considering or actively planning to **bring programmatic buying in house** (Figure 11). A majority

(56%) have plans to do so in the pipeline, or have explored insourcing previously.

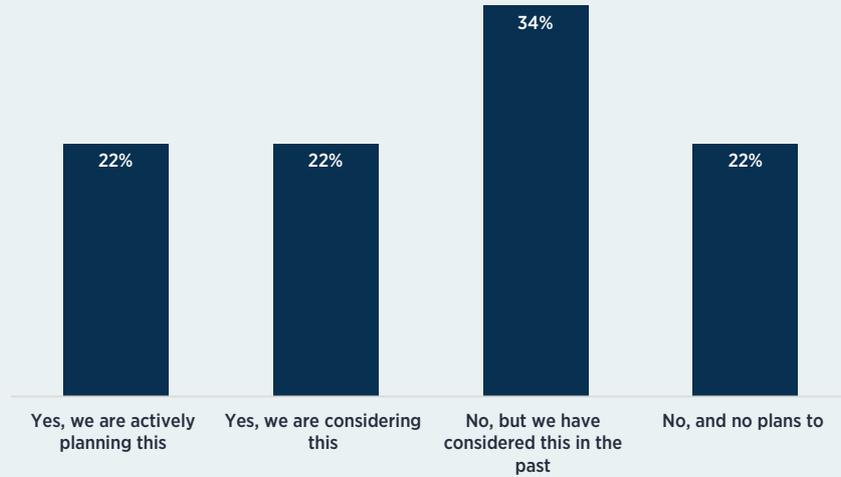
The drivers for a change in the status quo are transparency, efficiency and speed. Other themes cited by respondents are the need to become more ‘joined-up’ and in control, whether by gaining closer access to programmatic ad platforms their campaigns are running through, or by ensuring closer alignment between spend and strategy at a time when brands are under pressure to make every pound or dollar they spend count.

**FIGURE 11**  
Are you planning to take your programmatic buying in-house?



*Just under a fifth (18%) of those using agencies for their programmatic advertising are actively planning to take this in-house, and a further 13% are considering this.*

**FIGURE 12**  
Are you planning  
to outsource your  
programmatic  
buying to an  
agency?



*44% of companies currently running their programmatic advertising in-house are actively planning to outsource this activity to an agency, or are considering doing so.*

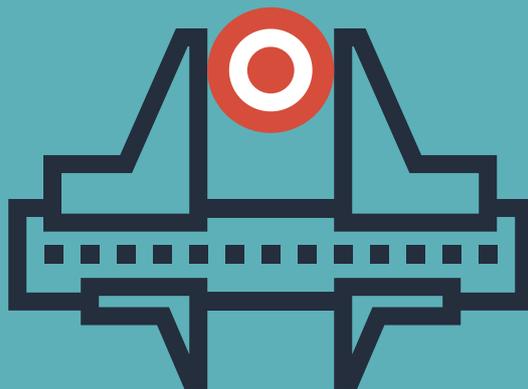
### Control is a two-edged sword

At the same time, it is clear that a switch to in-house buying brings its own challenges and limitations, particularly for smaller businesses that do not have the same clout when acquiring talent.

As can be seen in *Figure 12*, a higher proportion of in-house practitioners are currently considering or planning to switch in the opposite direction, by **outsourcing to an agency** (44%). Tapping into agency access to new capabilities and technologies is among the motivating factors.

# 4 Lack of standards and inconsistent measurement plague industry

Advertisers such as Procter & Gamble are seeking solutions to the problems afflicting digital advertising, including a single viewability standard to help restore confidence in measurement. Meanwhile, almost two-thirds of advertisers (64%) say they are prioritising brand safety, and more than half (56%) agree they are working to eliminate ad fraud. Almost half of respondents (45%) indicate that they have already adopted some form of third-party accredited measurement verification.





“The IAB is a good base, but it’s up to the industry to put more stakes in the ground.”

All the marketers interviewed for this report support the call by P&G’s Pritchard for a single viewability standard and third-party accredited measurement verification. TSB’s Markey argues that viewability standards are very useful in restoring the trust that sits behind the choices advertisers are making.

“Standards can be very helpful and they give you a common reference point. They provide a confidence that you’re buying and getting the right stuff,” he says.

At SAS, Majors uses the IAB standards<sup>3</sup> as her benchmark, but she argues that standards are not just the responsibility of industry bodies. “The more we ask suppliers to uphold the IAB standards, the better it will be for everyone” she says. “The IAB is a good base, but it’s up to the industry to put more stakes in the ground. Big brands are doing a great job pushing this on behalf of everyone. But we’re still trying to get to the point of maturity that TV is at.”

Jenkins too applauds Pritchard’s initiative around standards, saying it is making a huge difference to the industry. “When a major player stands up and says ‘enough’, other brands will stand up as well. P&G does a lot of analysis so they know what they’re talking about.”

But she also warns that focusing too much on standards can be dangerous. “Standards are really important. When you’re operating at scale, they help set expectations,” she says. “But you’ve also got to make sure they don’t affect the advertising itself. Success for me isn’t getting my ads out there to meet industry standards. Real success is winning hearts and minds, but when you get real creativity it can bang its head against standards. Lots of brands have the hunger for innovation, so the challenge is to set standards for pricing and trading and viewability, but not stymie creativity in the process.”

Expedia’s Paterson agrees there is still a ‘lot of work to do’ on standardisation of metrics, but brands can protect themselves by ensuring KPIs are tied closely with their organisation’s objectives.

“The way we measure gives us comfort that we’re doing the right thing,” he says. “We measure everything on a dynamic, incremental return-on-ad spend basis.”

“If you can’t correlate activities to a tangible, preferably financial, output, there will be valid concerns about investments. We take some comfort in the fact that we are naturally optimising away from fraudulent inventory and traffic as a result of our conversion-based KPIs, while applying technology and human analysis to both fraud and brand safety.”

**FIGURE 13**  
Please indicate whether you agree or disagree with these statements.



*Just under two-thirds (64%) of advertisers say they are prioritising brand safety, while 56% agree they are working to eliminate ad fraud.*

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

**Desire for trust**

Our survey shows that many marketers would welcome tightening up of standards when it comes to programmatic ad-related measurement.

As noted in *Figure 2*, a lack of **consistent measurement and metrics** constitutes advertisers’ biggest concern over programmatic buying. This is despite a sizeable proportion of respondents (45%) indicating they have already adopted some form of **third-party accredited measurement verification**, essentially to audit data on programmatic campaigns (*Figure 13*).

A majority (52%) of respondents say they are **looking to adopt a single viewability standard**.

**Ad fraud** and the prevalence of bot traffic is another issue that has gained increased attention, with various initiatives being explored by the industry to address it. The IAB’s Tech Lab, for instance, has formed a blockchain working group to study ways to improve accountability in media purchasing.

More than half of respondents (56%) indicate they are working to **eliminate ad fraud** in some way.

The question of **brand safety** – another big talking point around programmatic – is less cut and dried than that of ad fraud, though it is a very significant and current problem.

Mars, Cadbury, Lidl, Deutsche Bank and Adidas are among a group of brands that recently removed advertising from YouTube after discovering that their ads were being displayed next to indecent and predatory comments on videos of children.

The issue of content found appearing next to videos promoting extremist views is also well documented. While all marketers agree they don’t want their advertising appearing next to – and therefore funding – extremist activity, they acknowledge the difficulty of controlling every single placement.

“You’ve got to put enough checks and balances in place. We don’t want our brands funding terrorism, but we can’t control where they’re going all the time,” Jenkins sums up.

TSB’s Markey cites conversations he had in his previous role at UK insurance provider Aviva.

“If someone had come to your company’s website and got a quote for car insurance, and then they’d gone on to YouTube, they might have triggered seeing one of your ads alongside some less-than-great content, but it’s only triggered by certain conditions, and as a client you can’t be there testing all those different conditions,” he says.

“You’ve got to be very clear with your media agency about what is and isn’t acceptable, and also have the right level of control in place that says under no circumstances can this sort of situation arise.”

EasyLife’s Thompson takes a slightly different view. While she too is adamant her brand must not be associated with illegal, extremist or abusive content, she cites the recent example of parenting site Mumsnet, which saw advertisers raise concerns over their ads appearing next to posts containing swearing.

“If the targeting is working, and the audience does hang out on websites that use colourful language, I’m sure they’re bright enough to know that an ad is an ad. What will prove the value of the placement is the performance, and if that’s where our audience hangs out, and they end up seeing the ad and acting on it, I’m not so touchy about it. I’m more pragmatic about things.”

64%

of marketers agree that  
they are prioritising  
brand safety

“The problem is more the PR; brand safety has been such a hot topic. It’s the bad PR that would make me stay clear, the fear of being talked about for the wrong reasons.”

Expedia’s Paterson says, as a marketer, “you have to understand and respect your organisation’s appetite for risk”.

“We have very clear principles and ever-evolving white and black lists of keywords, content and domains. However, being pragmatic, the technology does sometimes fail, you see that not just in digital, but in other media channels too. I’m not excusing it, but I don’t think the industry has reached 100% brand protection, it’s something we as advertisers need to keep striving for.”

For Diamond, brand safety is another argument in favour of taking programmatic in-house. “If an agency is utilising programmatic on my behalf, we set up very specific criteria that they have to be responsible for monitoring, and ensuring the sellers meet them. And that’s why I like having it in-house, so that I can monitor it myself.”

This is a point also made by Majors at SAS. “Brand safety is not a problem for us, because we run against a strict whitelist. It reduces scale, but it helps me sleep at night. It’s also about partnering with the right technology companies and having the confidence in those partners to know we’re in the right places.”

The survey responses emphasise the level of nuance in marketers’ attitudes towards tackling brand safety. The issue clearly has mindshare, but is not necessarily seen as the most pressing problem to resolve.

A sizeable majority (64%) of marketers indicate they see **brand safety** as a priority (*Figure 15*). However, as per *Figure 2*, a lower proportion of respondents cite brand safety (23%) as one of their greatest concerns around programmatic ads than other headaches such as ad fraud (37%) and lack of standards (49%).

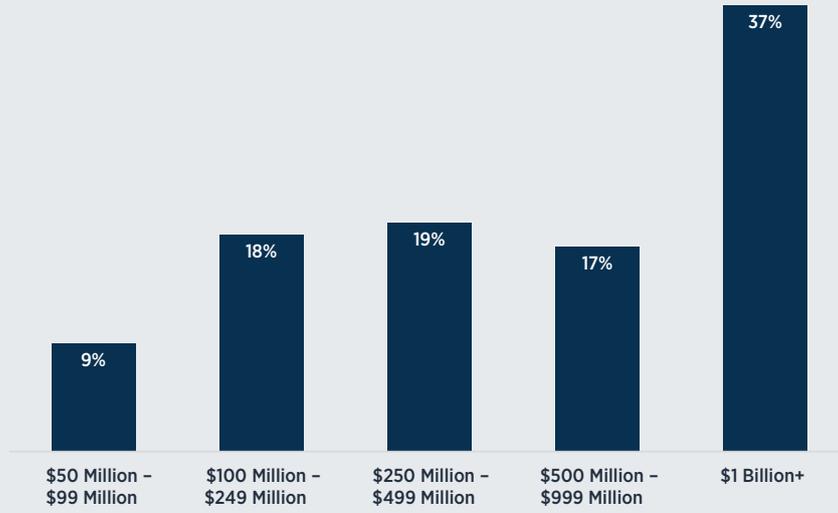
It is clear from this research that the digital display advertising industry has now reached a tipping point, with issues such as brand safety, ad fraud and lack of transparency seriously undermining the credibility of programmatic. The onus is now on all those in the industry to fix these problems so that programmatic can deliver on its original promise of targeted advertising delivered transparently and cost-effectively, with a compelling return on investment.

# Appendix

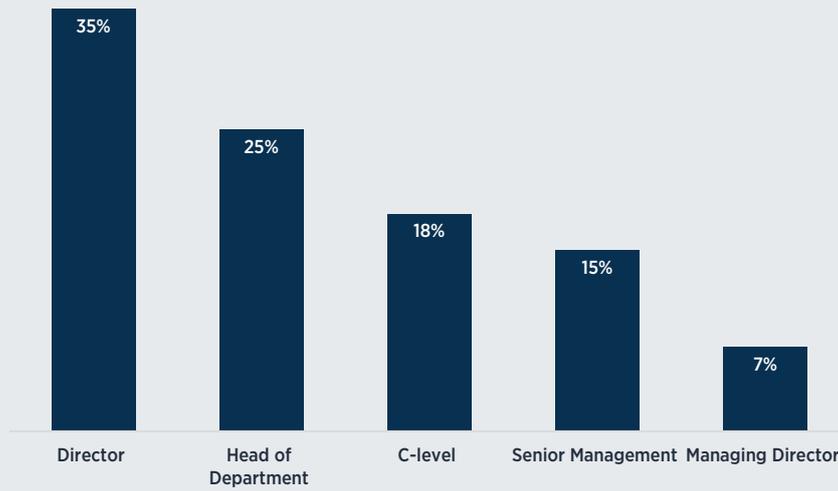
## Profile of respondents

This research is largely based on a global survey of more than 100 senior executives with responsibility for ad buying at large companies with annual revenues of at least \$50 million a year.

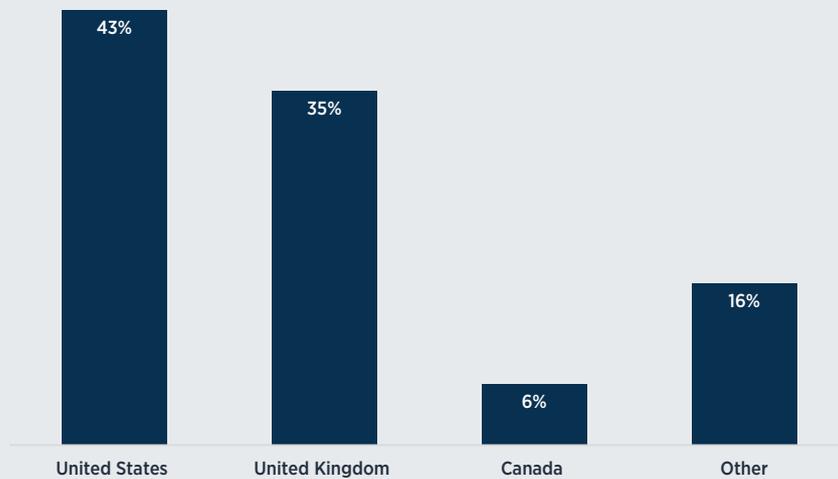
**FIGURE 14**  
What were your company's annual revenues in the last financial year?



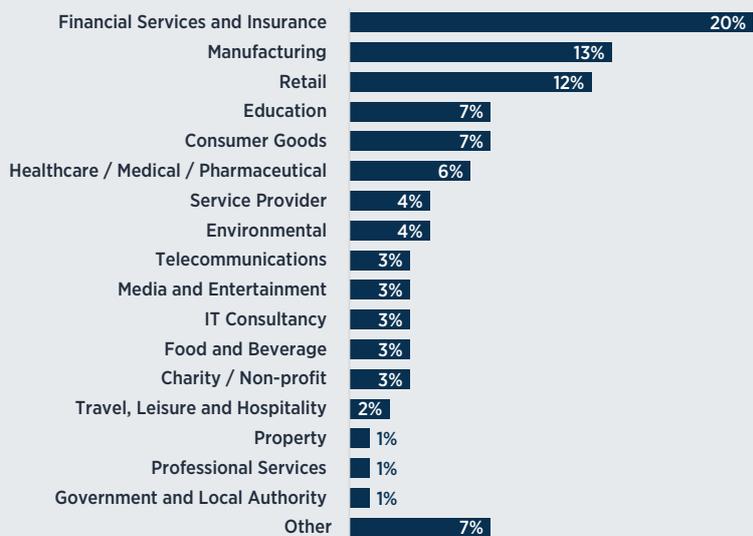
**FIGURE 15**  
What is your level of seniority within the business?



**FIGURE 16**  
In which country are you based?



**FIGURE 17**  
In which business  
sector does your  
company primarily  
operate?



# Get in touch

TRUTH

If you would like to work with a more transparent digital media agency, please get in touch with TRUTH.

✉ [hello@truth.agency](mailto:hello@truth.agency)

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