

# UPDATING THE PROGRAMMATIC PLAYBOOK

STRATEGIES FOR TRANSITIONING FROM DISPLAY TO STREAMING

# Introduction

Programmatic for premium video is much more complex than for display ads, thanks to multiple demand channels, a different ad experience, and a finite pool of inventory. The strategies used for programmatic display do not carry over to premium video. A better understanding of the process, the factors influencing ad decisioning, and the need for speed are paramount for success in transacting programmatically in streaming environments.






This paper explores the differences between programmatic for premium video and display, the factors important in the ad decisioning process, and actionable steps to win premium video auctions.



# Ad Serving in Premium Video Is Much More Complex Than Display

While the concept of programmatic as an automated buying process applies to both display and premium video, the need to fill the entirety of a stream makes streaming much more complex.

With streaming premium video content, ad engagement is high, inventory is limited, and the choreography of ad breaks matters.

	DISPLAY/DIGITAL	PREMIUM VIDEO
 Ad Engagement	Low	High
 Inventory	Infinite	Finite
 Ad Experience	Single Ad	Ad Pod/Full Stream
 Importance of Live	Negligible	High
 Programmatic % of Ad Spend	91% <sup>1</sup>	21% <sup>2</sup>

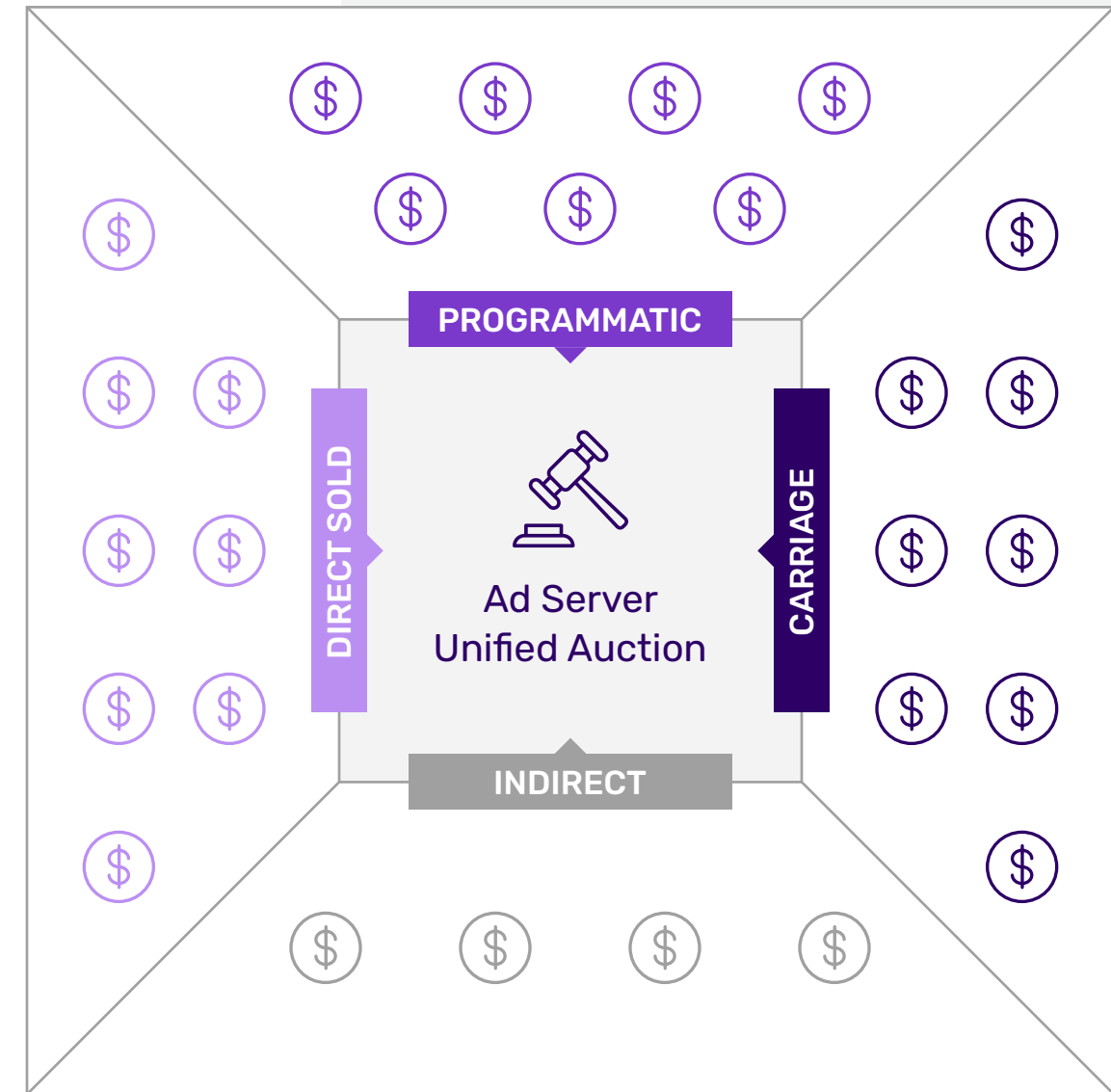
1. eMarketer forecast, June 2024 for programmatic digital display.

2. FreeWheel Video Marketplace Report: The Expansion of Streaming, 1H24.

# Multiple Demand Channels Feed Ad Decisioning

Typical digital/display ads begin and end with programmatic as it makes up 91% of transactions.<sup>1</sup>

In the streaming premium video ecosystem, **only 21% of ad slots are filled by programmatic demand.**<sup>2</sup> Additional channels including direct sold, indirect channels, and carriage deals add to the complexity, making the ad server's unified auction of paramount importance.



1. eMarketer, forecasted December 2023.  
2. FreeWheel Video Marketplace Report: The Expansion of Streaming, 1H24.

# The Ad Server Decisions Quickly Based on a Few Factors



The streaming ad serving process takes **less than a second**.

When a buyer is “in the auction room” for the ad server’s unified auction to decide the best ads for the entirety of the stream, a few factors come into play:



**Placement**

Guaranteed or non-guaranteed placement



**Campaign Pacing**

Above, at, or below



**Pricing**

Fixed or floor



**Targeting**

Behavioral or contextual



**Business Rules**

Competitive separation, frequency, technical specs

The ad decisioning process is fast and any delays will decrease the chances of winning. Participating and the likelihood of winning the unified auction can be improved with a few best practices, covered in the next section.

# Strategies for Winning the Unified Auction

Just 22% of valid bids are won in programmatic streaming environments.

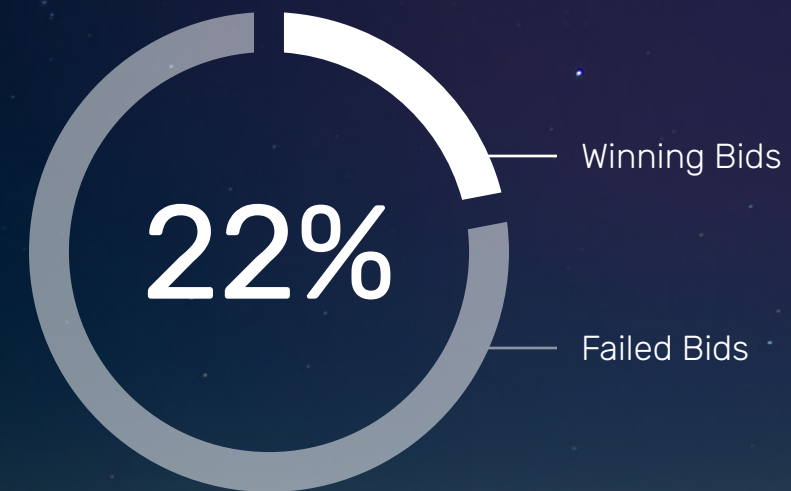
It is harder to win bids in premium video environments because of the finite amount inventory that must compete with other demand channels while upholding competitive separation and advertiser exclusivities expected in premium advertising environments.

Three strategies for winning the ad server's unified auction are covered in the following sections:

- 01 Minimize Hops
- 02 Avoid Ultra-Specificity
- 03 Meet Technical Requirements

1. FreeWheel aggregate analysis of programmatic bids, U.S., Q2 2024.

## Programmatic Auction Success Rate<sup>1</sup>



Winning Bids

Failed Bids

# Minimize Hops

Speed is everything and timing out before getting to the ad server's unified auction will lead to a bid fail.

When it comes to being able to participate in the ad server's unified auction, the way advertisers access the supply matters. In general, the shortest and most direct path will lead to a higher likelihood of being able to participate.



## Identify Your Path to Supply

Buyers need to respond within a specified timeframe to be able to participate in the ad server's unified auction. Identify the path to supply to uncover potential delays. Each additional hop to supply is a delay to reaching that supply.



## Get as Close to Supply as Possible

Delays can prevent access to the unified auction. While direct sold has immediate access to the unified auction, programmatic buys are delayed with each additional hop to reaching that supply. Therefore, it is important to get as close as possible to the supply.



There is **5X more latency** when bid requests go through an ad server to a separate SSP vs. an ad server with a natively built SSP.

# Avoid Ultra-Specificity

Don't be too specific because inventory is not infinite like it can be with display.

1. Comcast Advertising analysis of addressable campaigns, 1H 2024.
2. FreeWheel aggregate analysis of programmatic bids, U.S., Q4 2023.
3. FreeWheel, MediaScience in-lab study on frequency, November 2023, n=140.

## Target a Large Enough Audience

Audience targeting is a substantial benefit enabled by dynamic ad serving in streaming environments. If audience targets are too granular or layer too many attributes, the pool of available reach is limited.

Buyers should work with partners that have access to accurate and robust [identity data](#) to accurately identify the amount of supply that can be executed for a specific audience.



Campaigns typically target audience segments that make up **at least 10%** of the geography.<sup>1</sup>

## Be Mindful of Frequency Caps

Frequency caps can provide a better viewer experience while also reducing excess waste. **1 in 4 programmatic campaigns have frequency caps applied.**<sup>2</sup> However, making frequency caps too restrictive or duplicative to supply-side guidelines can lead to lower win rates and diminish the chances of meeting campaign goals.

Advertisers should understand frequency caps already set by the publisher and utilize post-campaign reporting to evaluate and optimize future buys.



**Up to three** frequency in a stream is not harmful to the viewer experience and increases brand recall.<sup>3</sup>



# Meet Technical Requirements

Creative guidelines are more stringent in streaming and below-floor bids will not be accepted. Don't lose out due to technicalities.

1. FreeWheel aggregate analysis of programmatic bids, U.S., Q2 2024.

## Meet Creative Specifications

Publishers maintain a high-quality viewing experience through specifications that ensure the creative is consistent with the surrounding content.

Often creative failures occur in CTV environments due to VPAID creative being submitted when only VAST is accepted. Creative incompatibility accounts for billions of bid failures every quarter and is completely avoidable by following creative standards or pre-ingesting creative.

For more on creative standards and other factors that impact programmatic campaign success, download this [FreeWheel checklist](#).



**1.4% of bids** are lost due to creative incompatibility.<sup>1</sup>

## Bid At or Above the Floor

The floor price represents the minimum price that can be offered for available inventory. Strategies employed for digital/display to garner the lowest cost will not work for streaming because inventory is finite and highly valued. Bidding below the floor will not yield a winning auction and will end up being a wasted bid.



**Billions of bids** are wasted due to being below floor.<sup>1</sup>

# Conclusion

Programmatic for streaming premium video works differently than for the digital/display content it was originally created for. Winning an auction is harder, and the finite amount of inventory available means the stakes are higher to fulfill impression goals. The key to understanding how to buy programmatically in premium video is knowing how the ad server works and implementing strategies to compete with multiple demand channels.

Winning a programmatic auction(s) gets an advertiser “in the room” for the final auction, the ad decisioning process. This is where speed matters and being as close to the supply as possible is important.

Advertisers increase their opportunity to win the auction with less stringent frequency capping and audience segments with adequate incidence levels.

Take advantage of creative pre-approval processes and bid at or above the floor to ensure bids are competitive.

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A COMCAST COMPANY