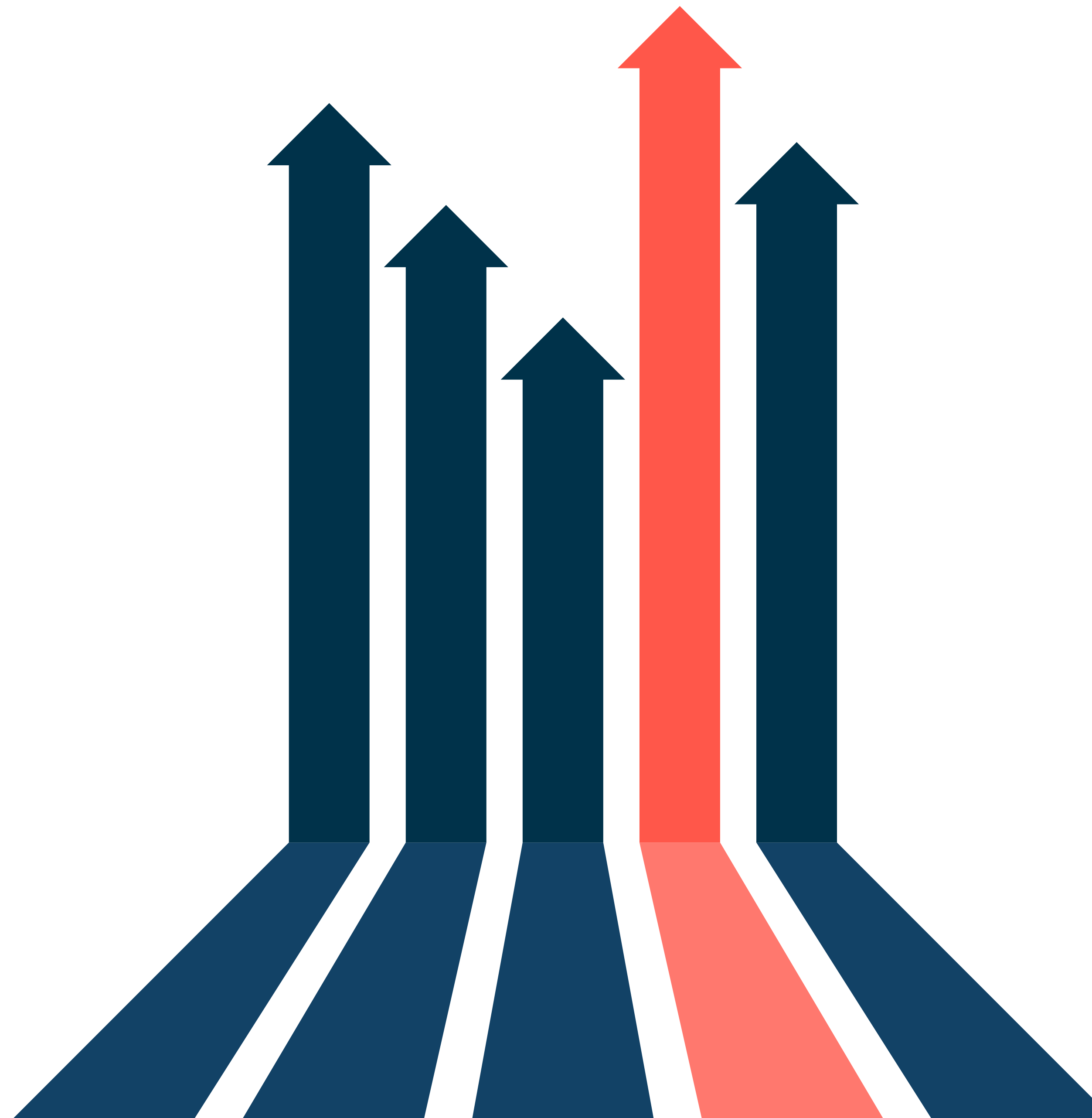


Perfecting Your Supply Path:

The expansion of SPO
in programmatic

NOVEMBER 2021



Perfecting Your Supply Path

Study objectives and design

Field date

June 2021

Participation

n=200 U.S.
brands and
agencies

IAS partnered with IPSOS to survey U.S. digital media experts who buy digital ads programmatically. The goal was to better understand perceptions of programmatic advertising, particularly supply path optimization (SPO).

This study describes how media experts are using SPO to increase the effectiveness and efficiency of their programmatic advertising campaigns across formats and environments.

Research Outline

01

**Programmatic
advertising benefits
and challenges**

Pg. 4

02

**Supply path optimization
perceptions, strategies,
and adoption**

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03

**Supply path
optimization benefits
and challenges**

Pg. 24

04

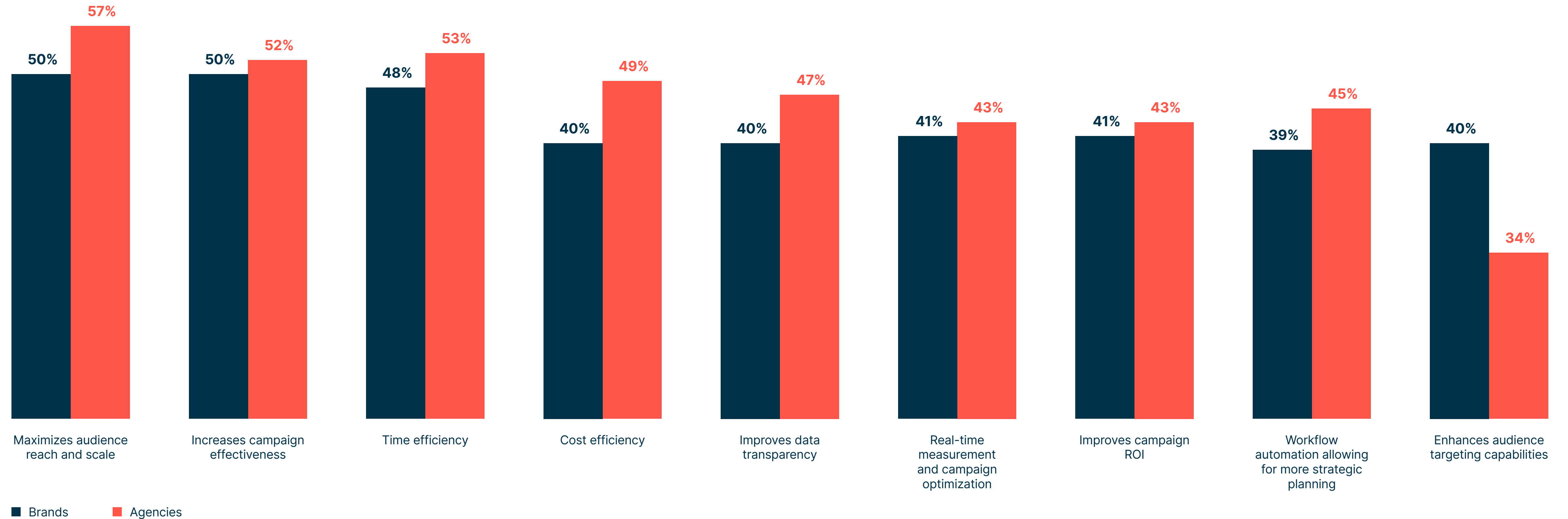
Key Takeaways

Pg. 28

1 Programmatic advertising benefits and challenges

Brands and agencies view the expansive reach of programmatic as its top benefit, but they also worry about diminished levels of transparency when using automation technologies for their campaigns.

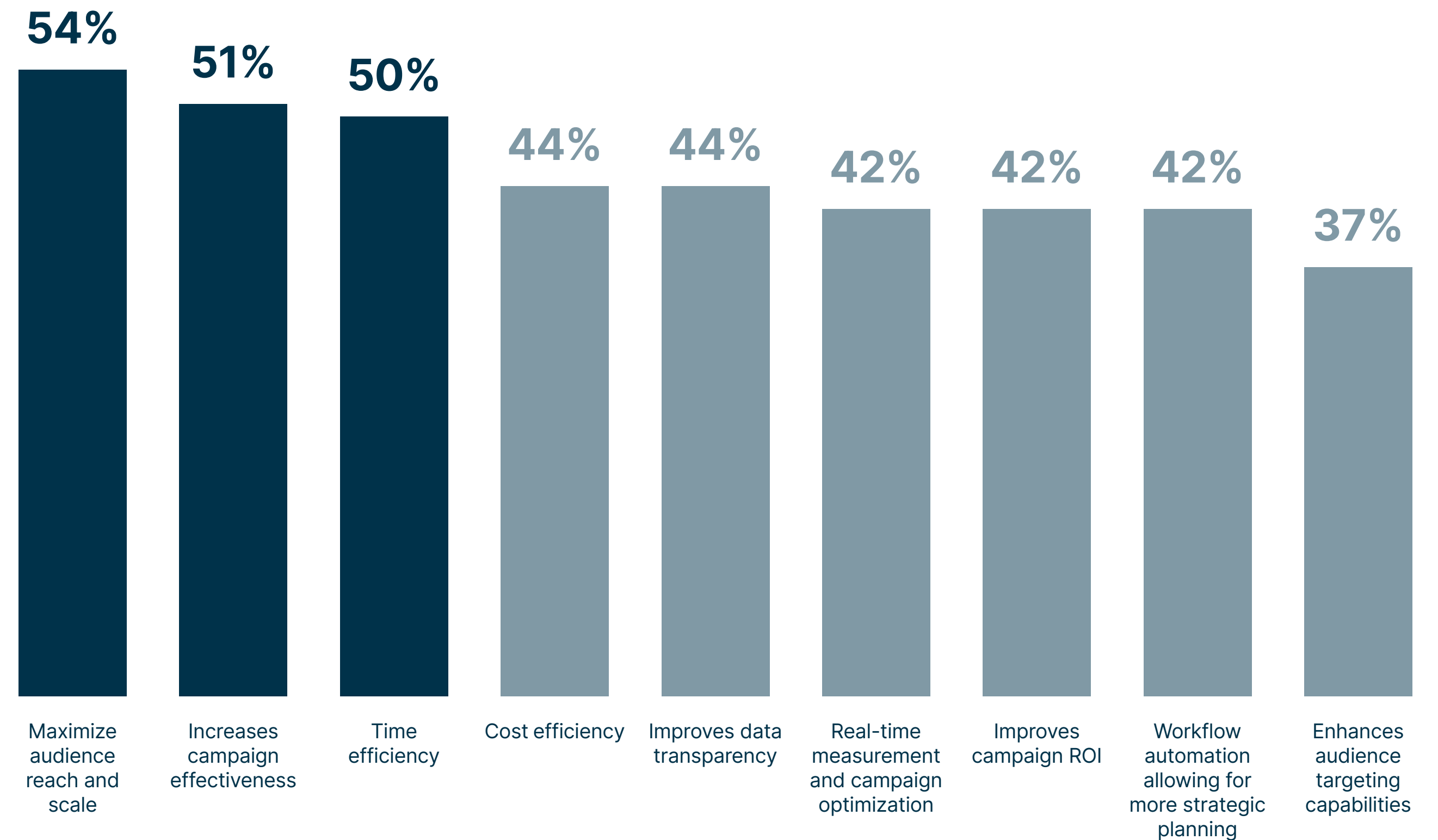
Agencies attribute greater benefits to programmatic ads than brands



Q. In your opinion, what are the main benefits of programmatic advertising?

However, **campaign reach, effectiveness** and **time efficiency** rank as top benefits for both brands and agencies

54%
of ad buyers say maximizing audience reach and scale is the primary benefit of programmatic advertising



Q. In your opinion, what are the main benefits of programmatic advertising?

Media quality issues are the top challenges in programmatic advertising for marketers

46%

of ad buyers named **'increased brand risk'** the primary challenge with programmatic advertising

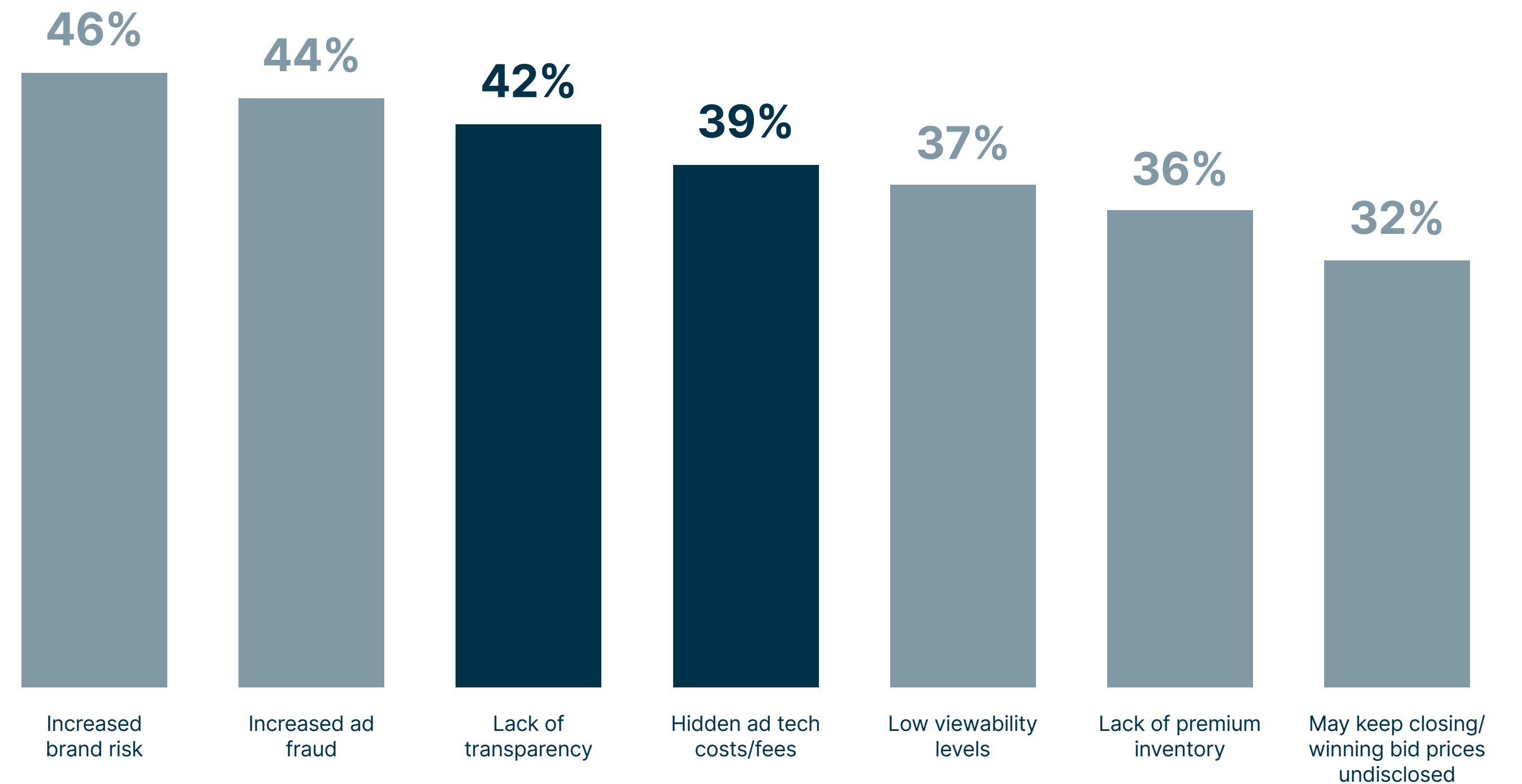
44%

of ad buyers named **'increased ad fraud'** the primary challenge with programmatic advertising

Lack of **programmatic transparency** and **financial visibility** remain top of mind for industry experts

42%

of ad buyers say lack of transparency is the primary challenge with programmatic advertising



Q. In your opinion, what are the primary challenges with programmatic advertising?

Media budgets prove the benefits of programmatic advertising outweigh the risks

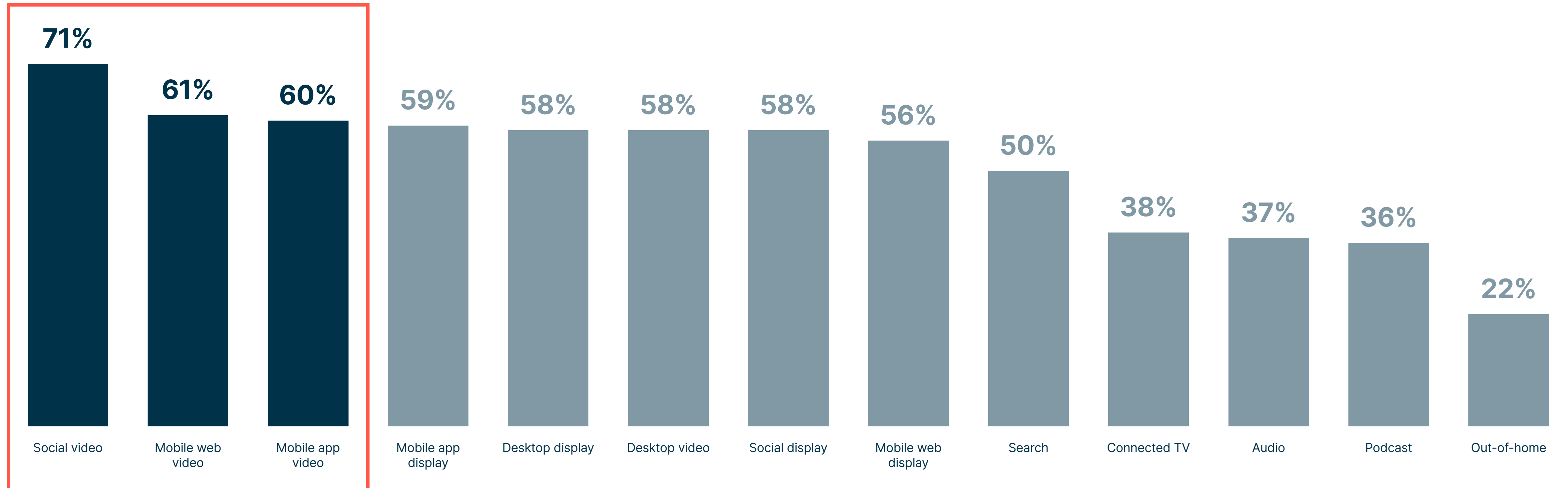
Despite challenges with media quality and transparency, ad buyers are still allocating the majority of their media budgets to programmatic advertising.

In fact, **80%** of respondents stated that roughly one-third or more of their advertising budgets are transacted programmatically.

52%

of ad buyers say half or more of their advertising budget is transacted programmatically

Video ads dominate programmatic buying, especially in mobile and social environments

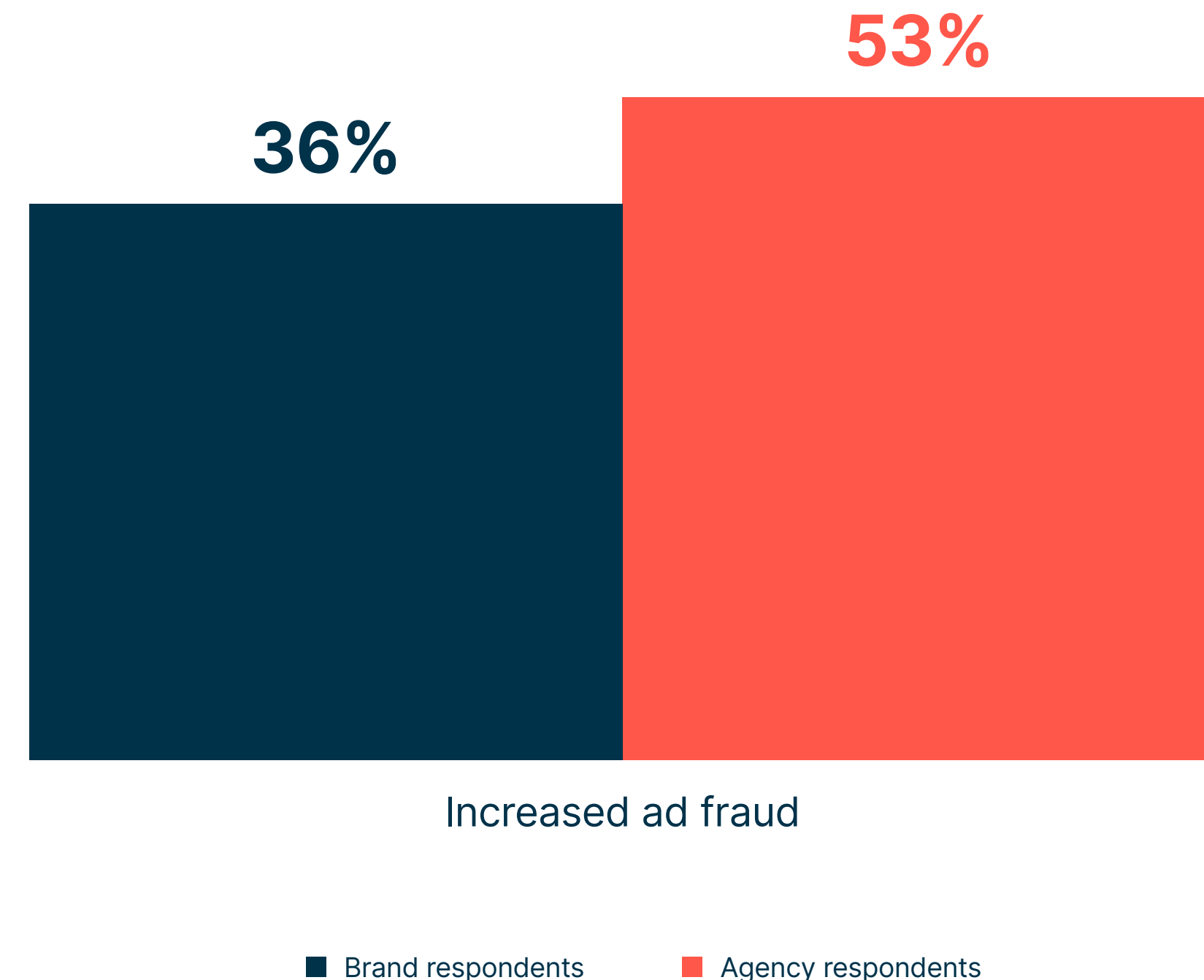


Q. Which of the following advertising formats is your company currently purchasing via programmatic technology?

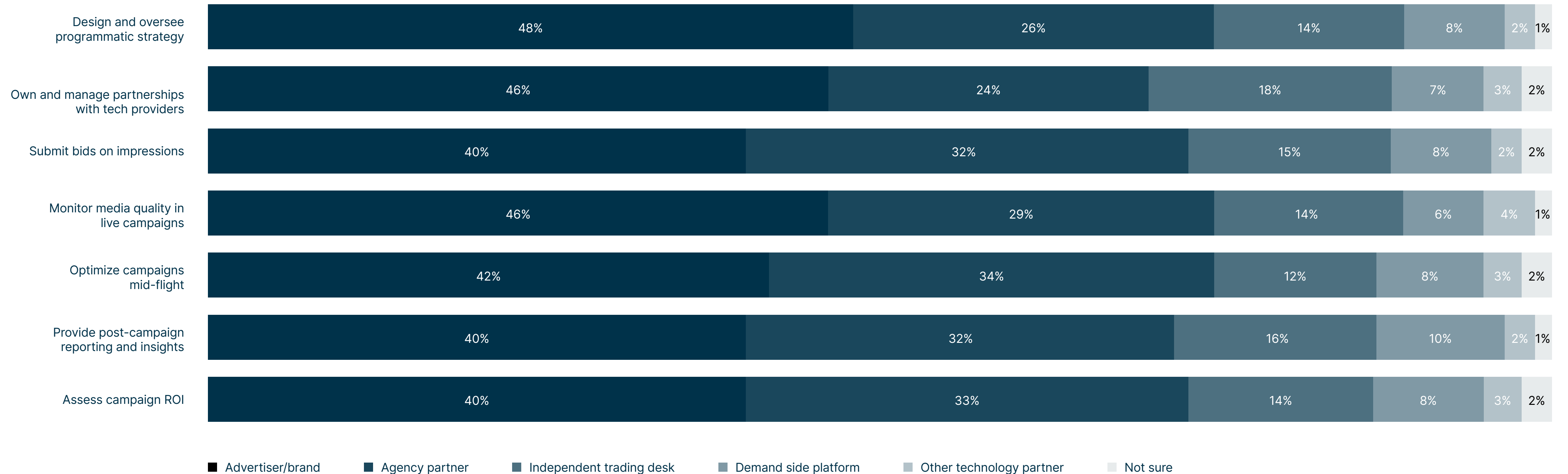
Media experts agree on top challenges in programmatic, but agencies are more concerned with **increased ad fraud** than brands

While there is broad agreement about the challenges of programmatic advertising, increased ad fraud is one area where brands and agencies have different perspectives.

Over half of agencies say programmatic technology elevates the risk of encountering ad fraud in digital campaigns, while only 36% of brands share that perspective.



While media experts place more onus on advertisers for programmatic advertising activities, there is room for further alignment between brands and agencies



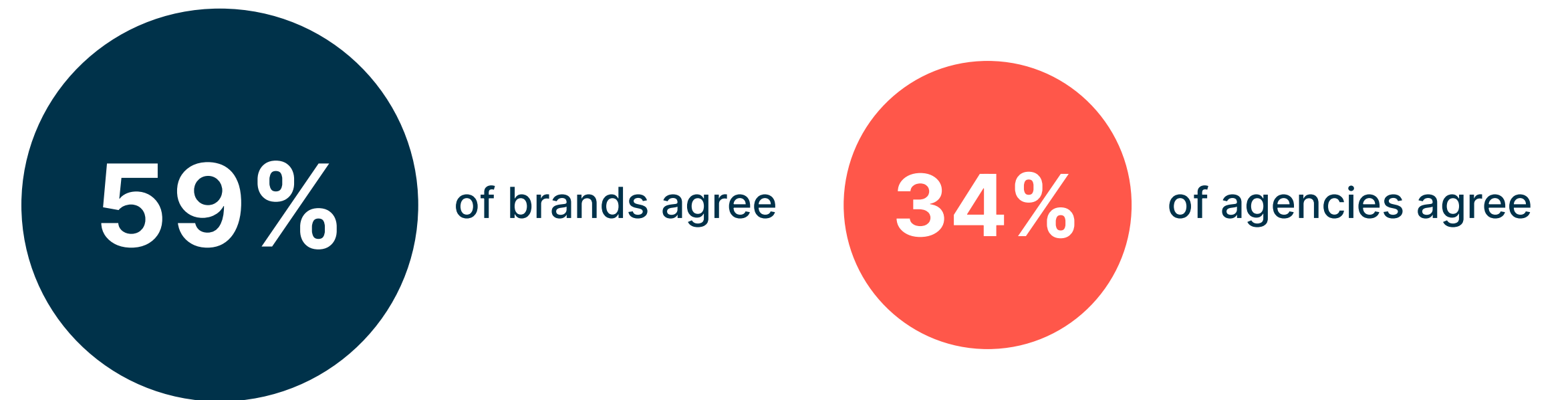
Q. Who is most responsible for the following programmatic advertising activities for your company?

Brands and agencies do not see eye to eye when it comes to who should take responsibility for **monitoring media quality**

Nearly 6 in 10 brands see themselves as responsible for media quality monitoring. Only one-fifth of brands see media quality monitoring as the role of an agency partner.

By contrast, nearly 4 in 10 agencies say media quality is theirs to monitor, while only one-third believe it is the role of the brand.

BRANDS ARE RESPONSIBLE FOR MONITORING MEDIA QUALITY



AGENCIES ARE RESPONSIBLE FOR MONITORING MEDIA QUALITY



2

Supply path optimization perceptions, strategies, and adoption

In order to maximize efficiency, the majority of ad buyers are either implenting or planning to implement a supply path optimization strategy in the next 12 months.

Supply path optimization explained

1 As more budgets continue to flow to programmatic advertising, ad buyers are increasingly pushing for greater media quality and transparency

2 Expanded access to programmatic has meant there are multiple paths to the same ad inventory, resulting in increased complexity

3 This is where Supply Path Optimization (SPO) comes in

4 SPO streamlines the number and quality of paths used to gain access to relevant inventory

5 Ad buyers gain the ability to identify the right channel to bid and win inventory with cost efficiency and transparency

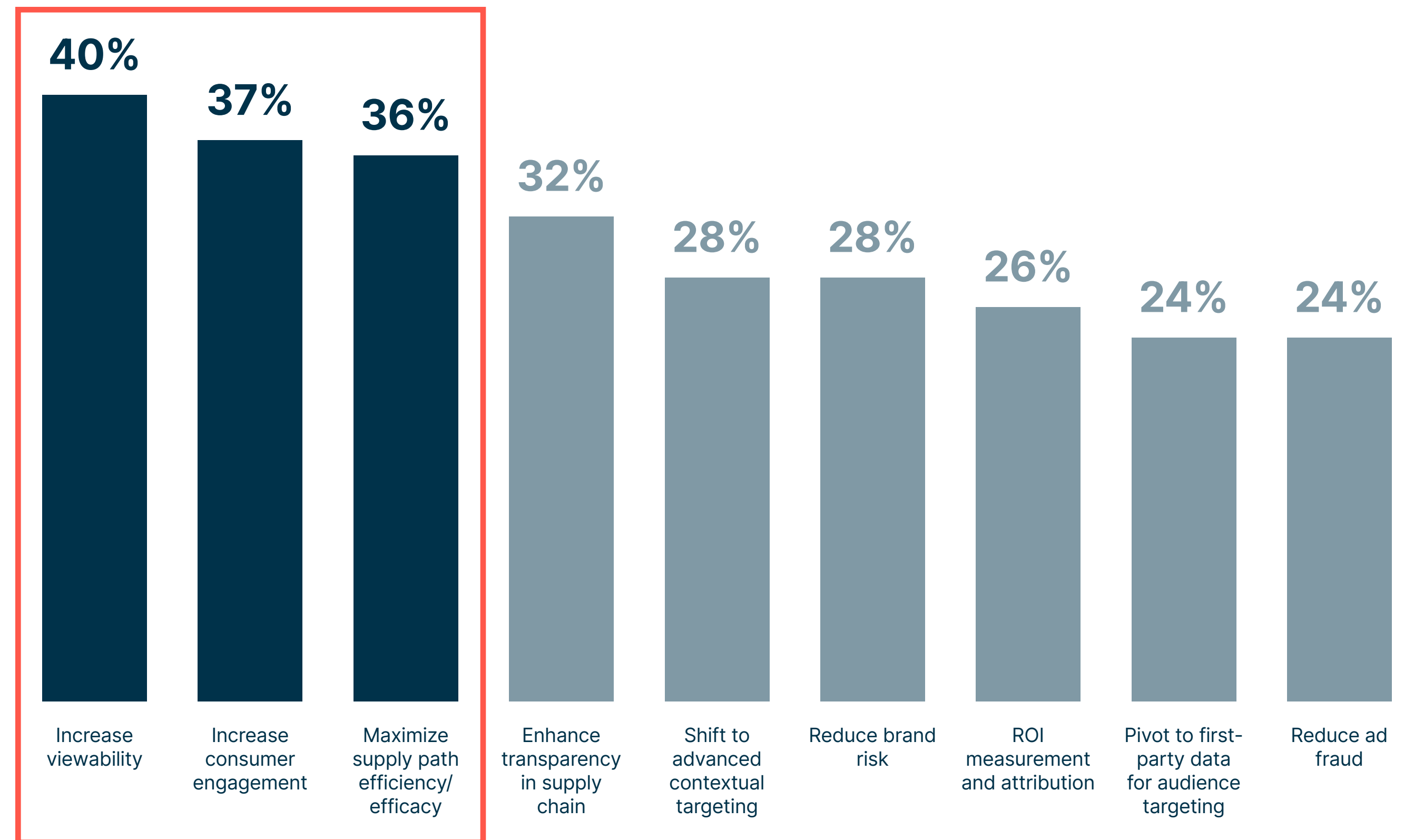
60%

**of ad buyers are currently
implementing a supply path
optimization strategy**

Marketers agree **maximizing supply path efficiency** is a top priority, next to viewability and engagement

36%

of ad buyers say maximizing supply path efficiency will be a top programmatic advertising priority in the next 12 months

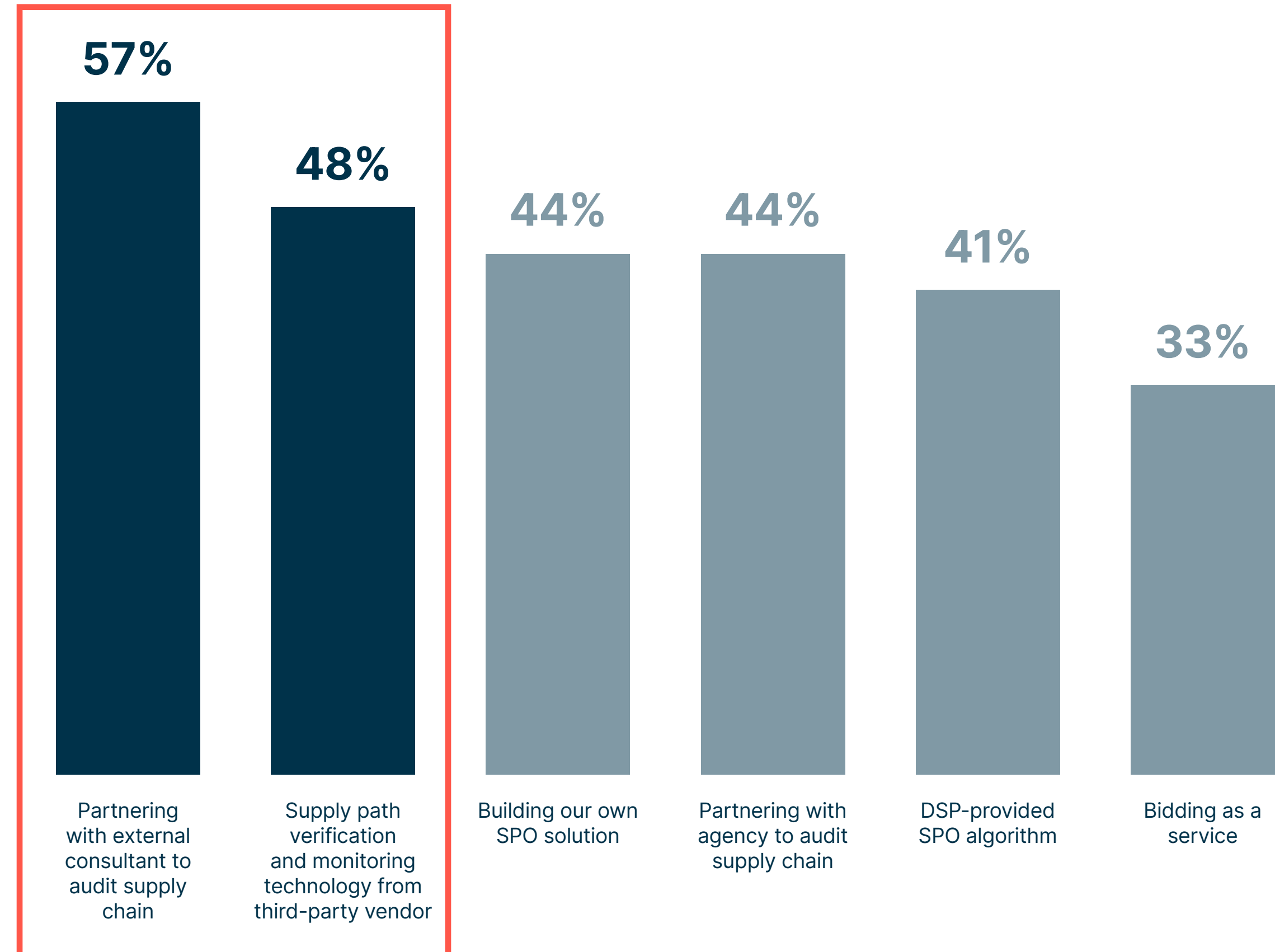


Q. Which of the following will be the top three programmatic advertising priorities for your company in the next 12 months?

Ad buyers look to **external consultants** and **supply path verification technology** for SPO efforts

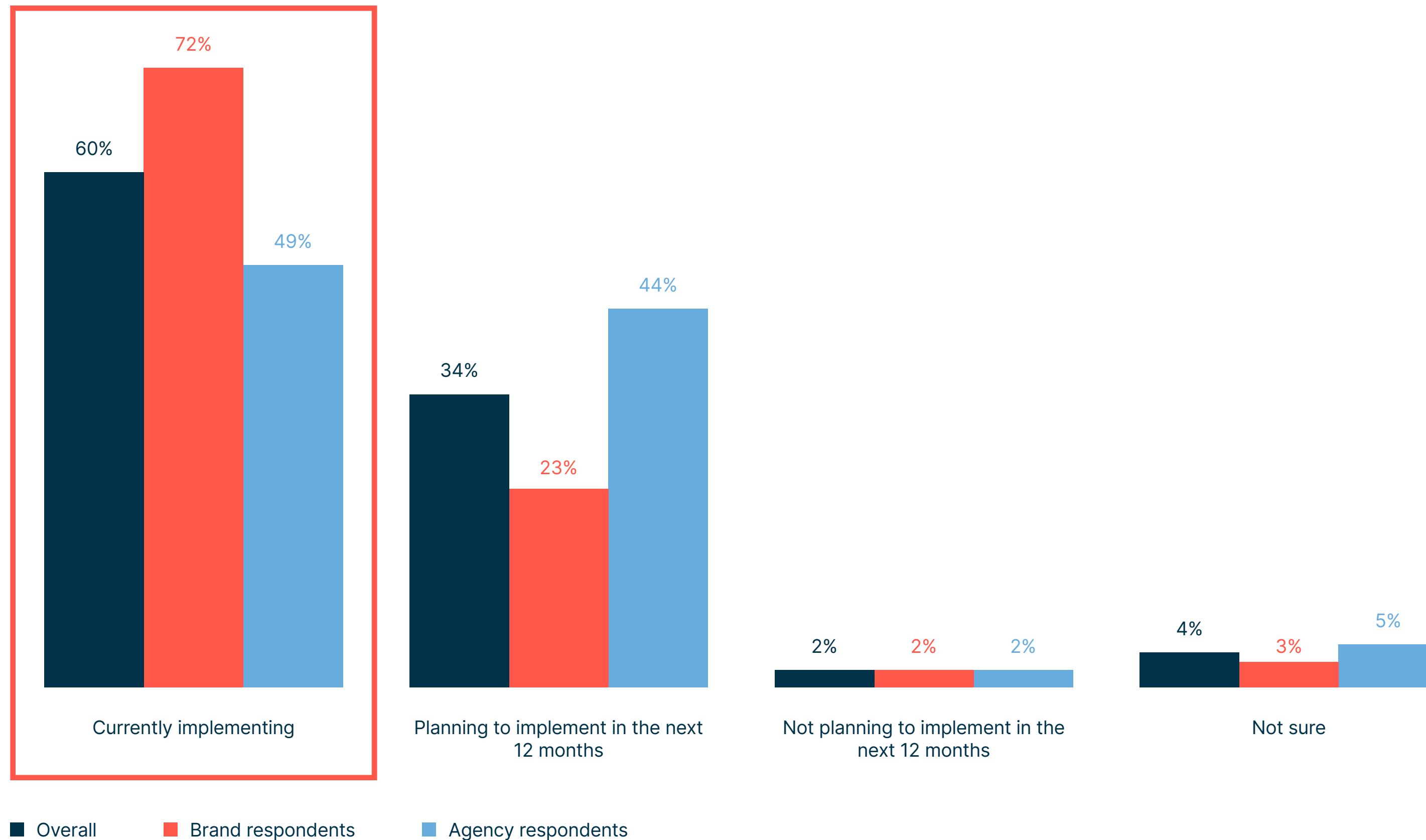
57%

of ad buyers partner or plan to partner with external consultants to audit their supply chain



Q. What type of third-party services or technology solutions is your company implementing or planning to implement that facilitate supply path optimization?

Brands are ahead of agencies with implementing SPO strategies



72%

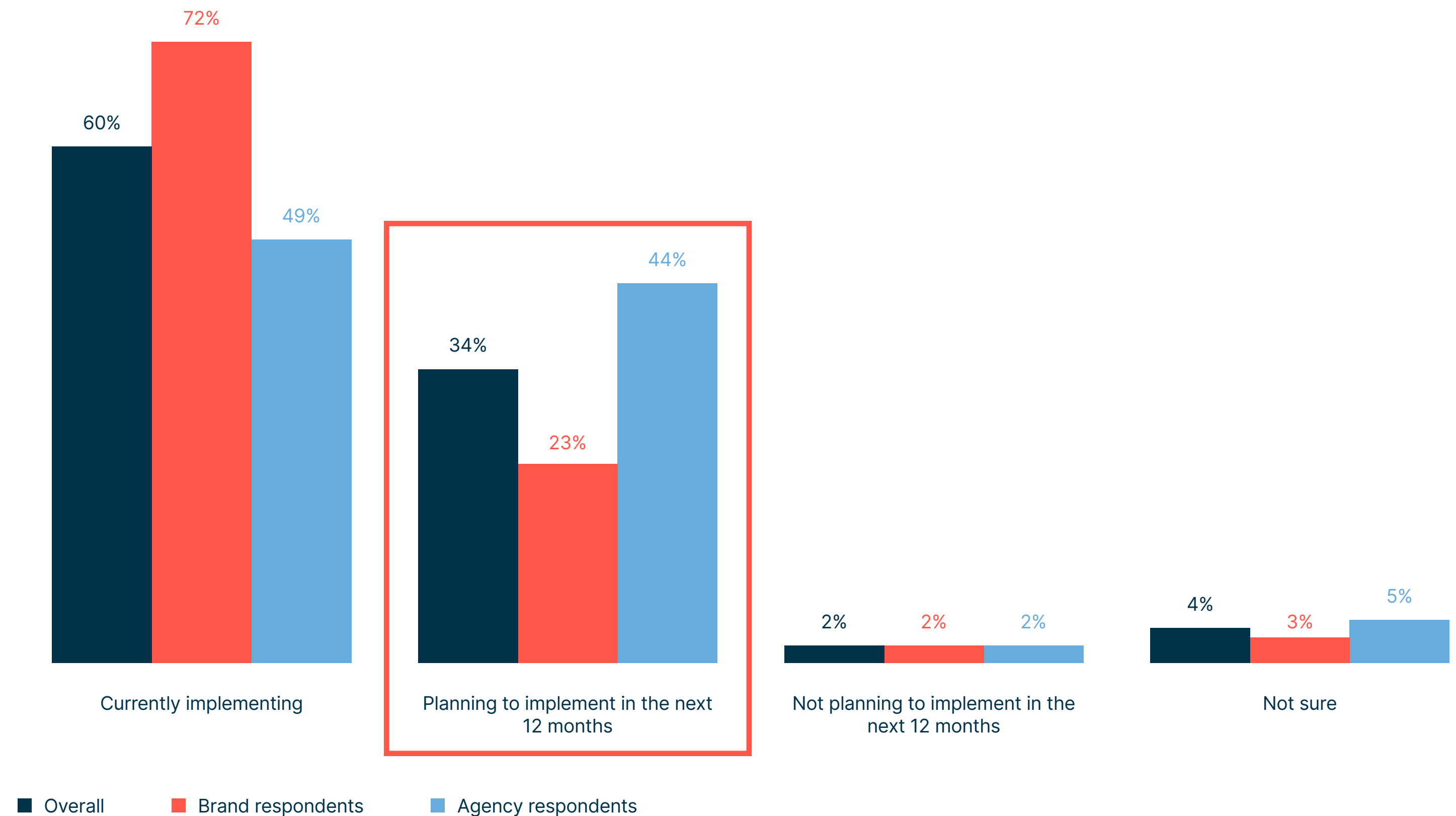
of advertisers are currently implementing supply path optimization tactics

49%

of agencies are currently implementing supply path optimization tactics

Q. Is your company implementing a supply path optimization strategy?

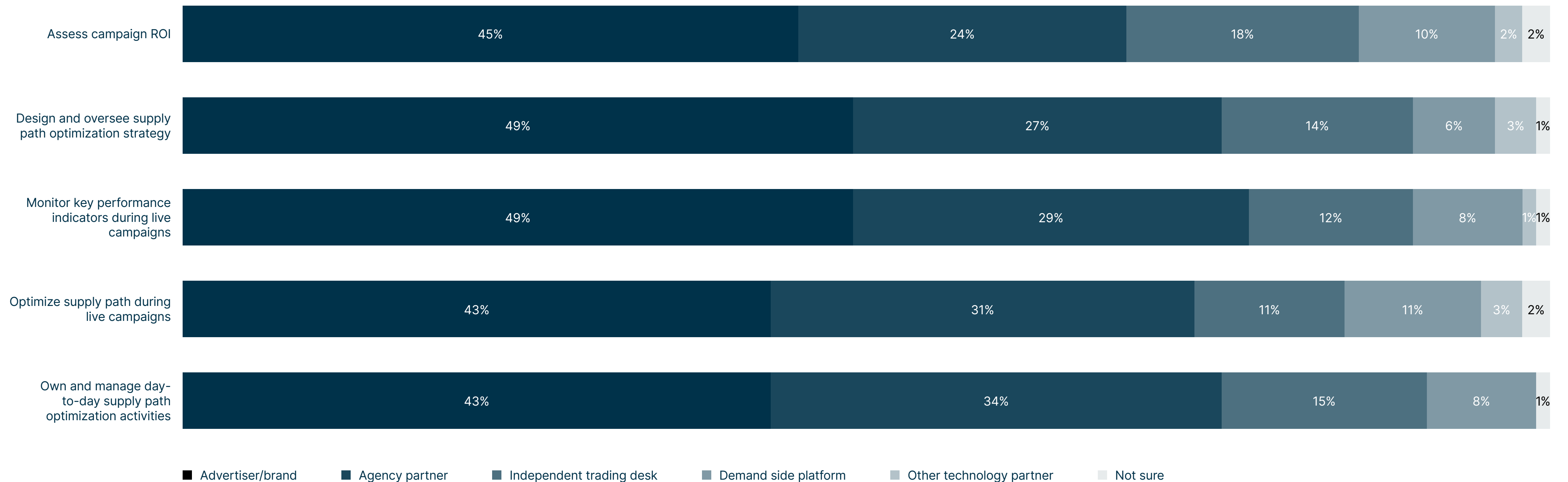
However, agencies recognize the importance of SPO and plan to implement strategies over the next year



44%
of agencies plan to implement a supply path optimization strategy in the next 12 months

Q. Is your company implementing a supply path optimization strategy?

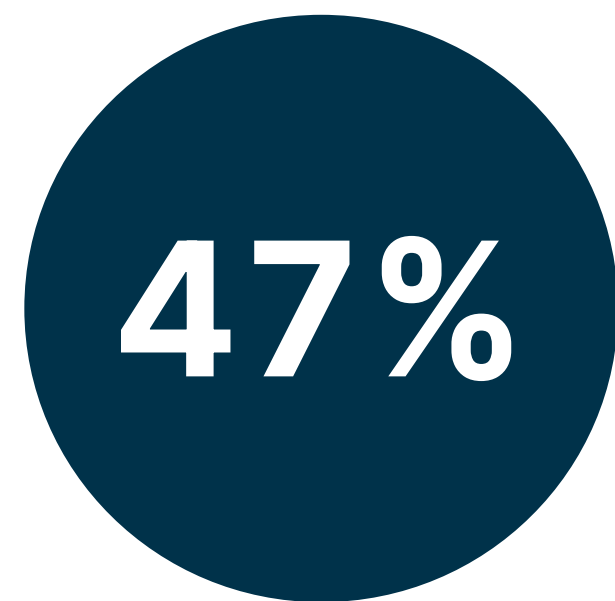
Media experts place higher responsibility on brands for SPO, despite a general divide



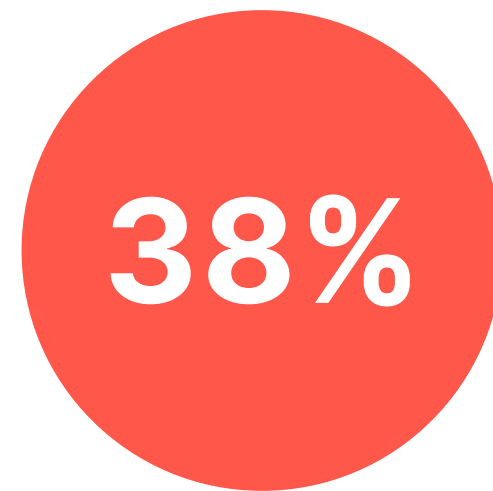
Q. Who is most responsible for the following supply path optimization activities for your company?

As SPO strategies are implemented, brands and agencies disagree on who is responsible for SPO activities

BRANDS ARE RESPONSIBLE FOR DAY-TO-DAY SPO ACTIVITIES

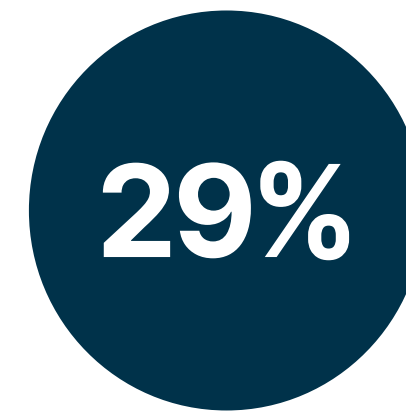


of brands agree

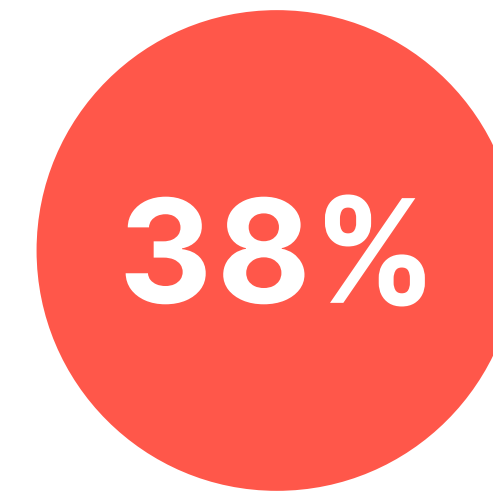


of agencies agree

AGENCIES ARE RESPONSIBLE FOR THE DAY-TO-DAY SPO ACTIVITIES



of brands agree



of agencies agree

Despite unclear ownership, the majority of ad buyers value third-party services and technology for SPO

60%

of ad buyers **currently implementing** third-party services and tech solutions for supply path optimization



95%

of ad buyers **currently implementing** or **planning to implement** third-party services and tech solutions for supply path optimization in the next 12 months

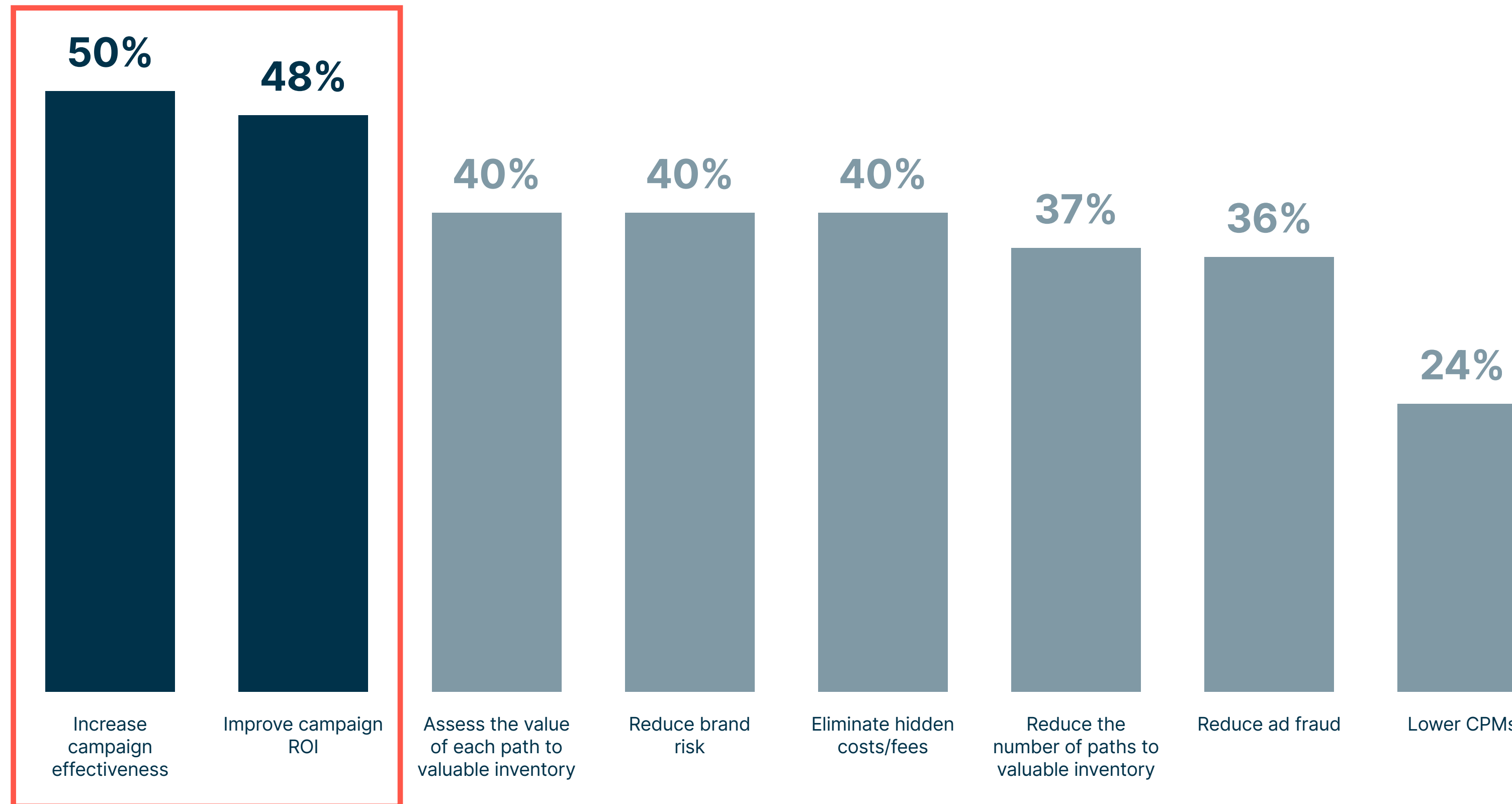
3

Supply path optimization benefits and challenges

Nearly all media experts are already implementing or planning to implement third-party services or technology solutions.

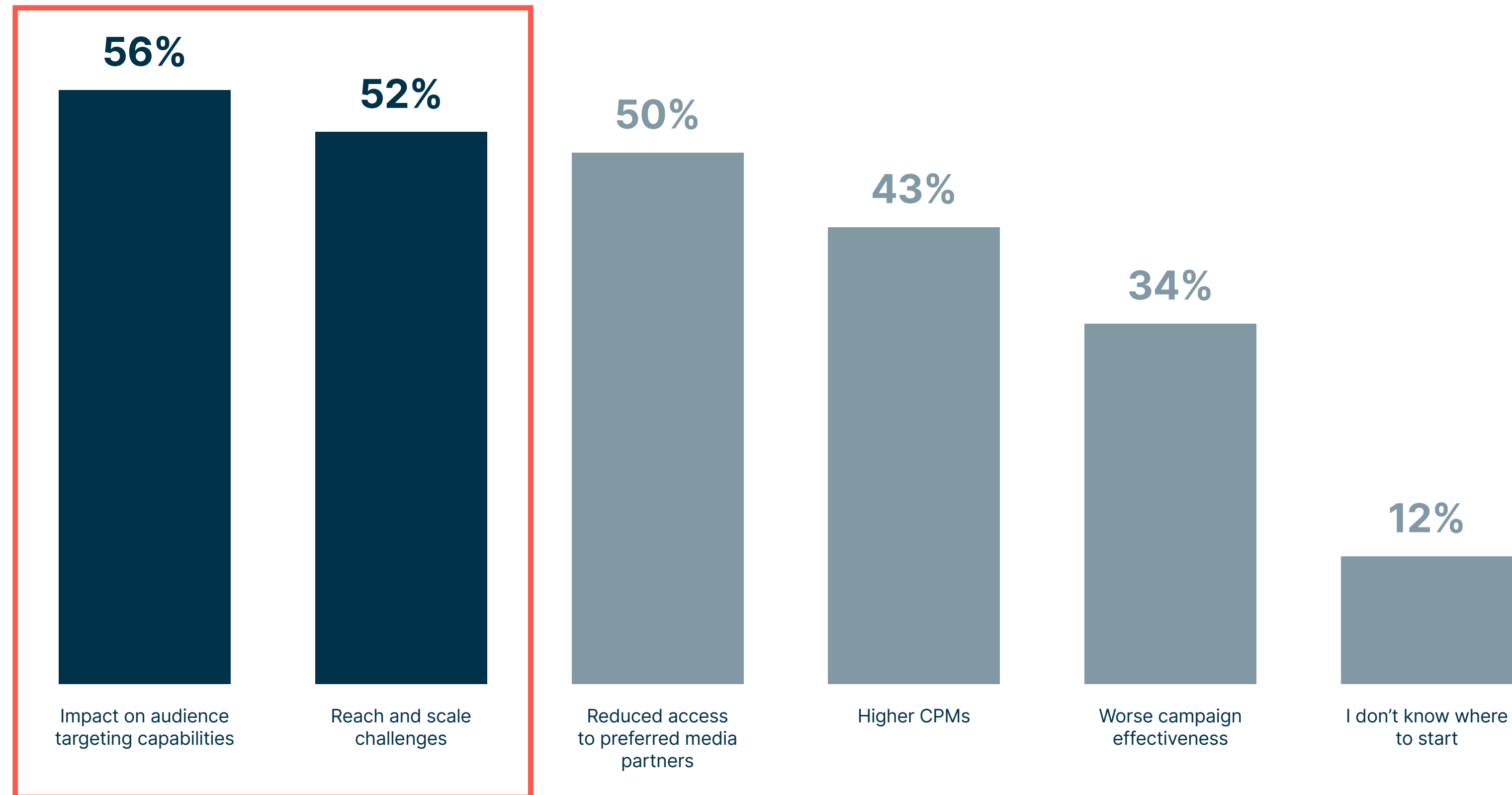
These technology solutions will help ad buyers analyze all the possible paths for purchase to gain access to relevant inventory more efficiently.

Media experts view **increased campaign effectiveness** and **ROI** as the top benefits of implementing an SPO strategy



Q. In your opinion, what are the primary benefits of implementing a supply path optimization strategy?

The majority of media experts are concerned about SPO strategies hurting audience targeting, reach, and scale



Q. In your opinion, what are the main concerns with implementing a supply path optimization strategy?

Nearly all ad buyers are satisfied with their SPO strategies, suggesting the **benefits far outweigh the challenges**

96%

of ad buyers are **satisfied or very satisfied** with their supply path optimization strategy

0%

of ad buyers are **dissatisfied or very dissatisfied** with their supply path optimization strategy

PERFECTING YOUR SUPPLY PATH

4

Key Takeaways

KEY TAKEAWAYS

1 Programmatic is the undisputed choice for buying top ad formats

Most ad buyers are executing half or more of their advertising budget using programmatic technology, especially video in social and mobile environments.

71%

of ad buyers currently buy social video ads programmatically

61%

of ad buyers currently buy mobile web video ads programmatically

52%

of ad buyers say half or more of their advertising budget is transacted programmatically

KEY TAKEAWAYS

2

Media experts agree about programmatic advertising benefits and challenges

Brands and agencies view the expansive reach of programmatic as a top benefit, but they also worry about diminished levels of transparency.

54%

of ad buyers say maximizing audience reach and scale is the primary benefit of programmatic advertising

42%

of ad buyers say lack of transparency is the primary challenge with programmatic advertising

3

KEY TAKEAWAYS

Ad buyers are implementing SPO strategies and the results are highly satisfactory

As more budgets flow to programmatic advertising, media experts are embracing Supply Path Optimization for identifying low cost, transparent buying channels.

60%

of ad buyers are currently implementing supply path optimization strategies

96%

are satisfied or very satisfied with their supply path optimization strategy

50%

say increasing campaign effectiveness is the main SPO benefit

4

KEY TAKEAWAYS

Digital media experts are already expanding their SPO toolkits

Nearly all media experts are already implementing or planning to implement third-party services or technology solutions.

These technology solutions will help ad buyers analyze all the possible paths for purchase to gain access to relevant inventory more efficiently.

95%

are implementing/planning to implement third-party services or solutions for supply path optimization

57%

currently partner/plan to partner with external consultants to audit their supply chain

48%

currently implement/plan to implement third-party supply path verification and monitoring technology

KEY TAKEAWAYS

5

Brand-agency role alignment is an area for opportunity within programmatic & SPO

Media experts are divided regarding the party responsible for programmatic advertising strategies and activities.

Additionally brands and agencies do not see eye to eye when it comes to the party most responsible for monitoring media quality nor do they agree on who should take the lead in most SPO tasks

Looking ahead to Quality Path Optimization

Shifting from cost *cutting* to cost *effectiveness* for high quality inventory

Given SPO's rapid expansion and adoption, there is a growing need to shift from mere cost cutting to cost effectiveness for high quality inventory, or **Quality Path Optimization (QPO)**.

QPO goes beyond SPO to identify the most effective channels for purchasing high quality inventory at the most efficient cost.

Tips for a successful supply path optimization strategy

1

Monitor Global Insights

Ensure high performance per market

- Keep track of global and market-level media efficiency
- Leverage market insights to inform global strategies
- Leverage global relationships for local efficiency

2

Inform Strategic Relationships

Leverage quality & financial data in partner negotiations

- Understand where spend is going and use the data to negotiate with partners
- Ensure you are getting the most out of the publishers with whom you spend the greatest amount of budget

3

Benchmark Campaign Performance

Analyze data to set realistic programmatic goals

- Create quality and financial benchmarks for programmatic strategy
- Work with your partners to optimize based on those benchmarks

Total Visibility™

Verify media quality and quantify value to optimize programmatic supply paths

Are you paying more for low quality?

Total Visibility, our industry-first solution, provides full programmatic supply path transparency with real-time and impression level financial reporting to help advertisers optimize their media spend.

Financial transparency layered with industry leading viewability, brand suitability and bot mitigation technologies gives advertisers the control to verify their media quality, quantify the cost of flagged media and optimize active campaigns to unlock premium performance at efficient pricing.

Transparent Spending

Measure, in near real time, the financial impact of media flagged for issues related to Viewability, Brand Safety, and Invalid Traffic (qCPM).

Reduced Media Waste

Identify the waste and optimize the pathways of live campaigns to obtain the highest quality media.

What
you
get

Exclusive Video Access

Take advantage of our exclusive video coverage and shift spend to optimize video impressions.

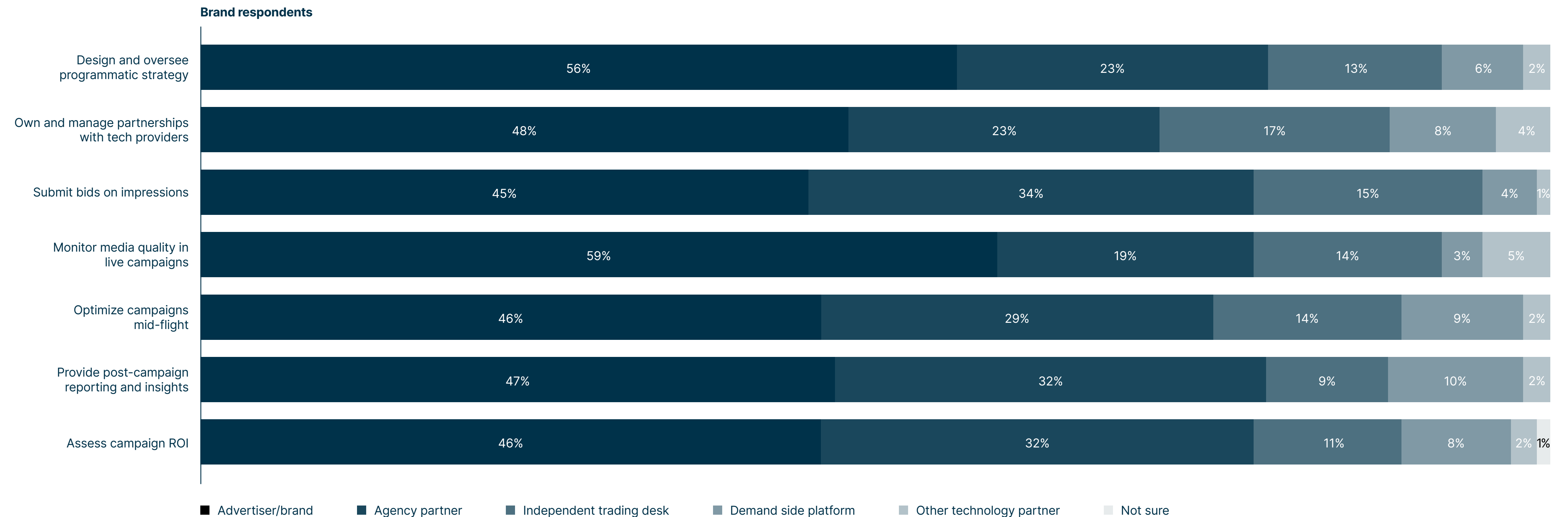
Ease of Use

One tag that provides granular supply path reporting from DSP to resellers.

GET STARTED

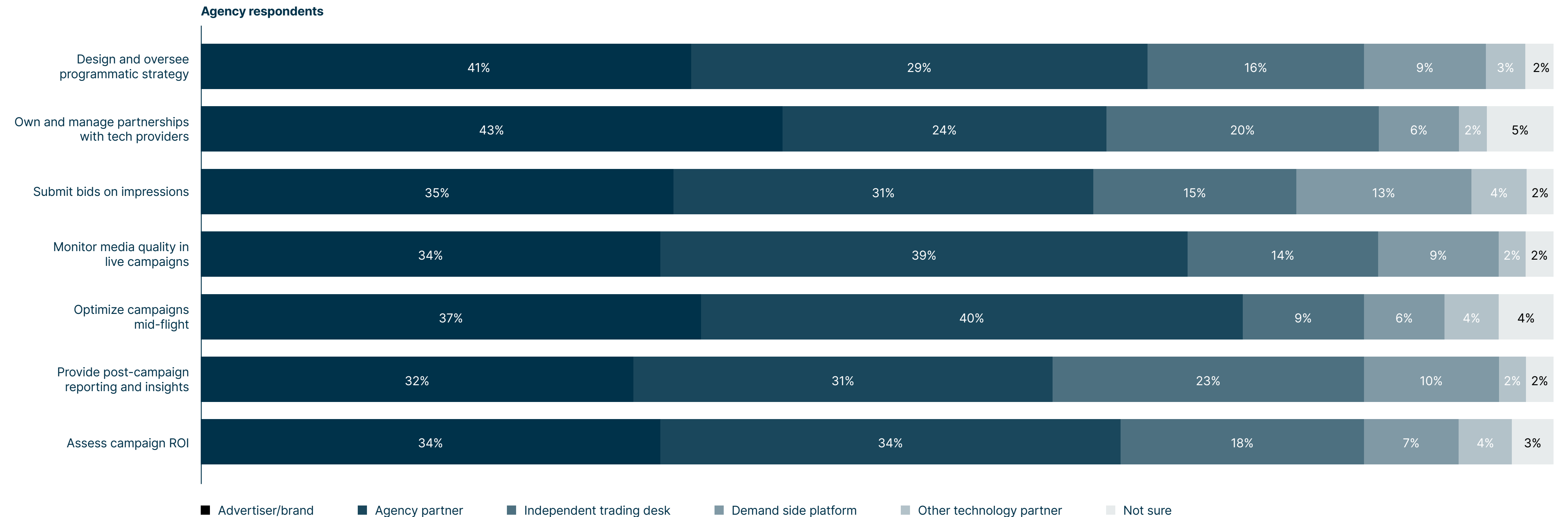
APPENDIX

Brands mostly agree that all aspects of the programmatic strategy should be controlled by the advertiser



Q. Who is most responsible for the following programmatic advertising activities for your company?

Agencies are divided on who should control all aspects of the programmatic strategy

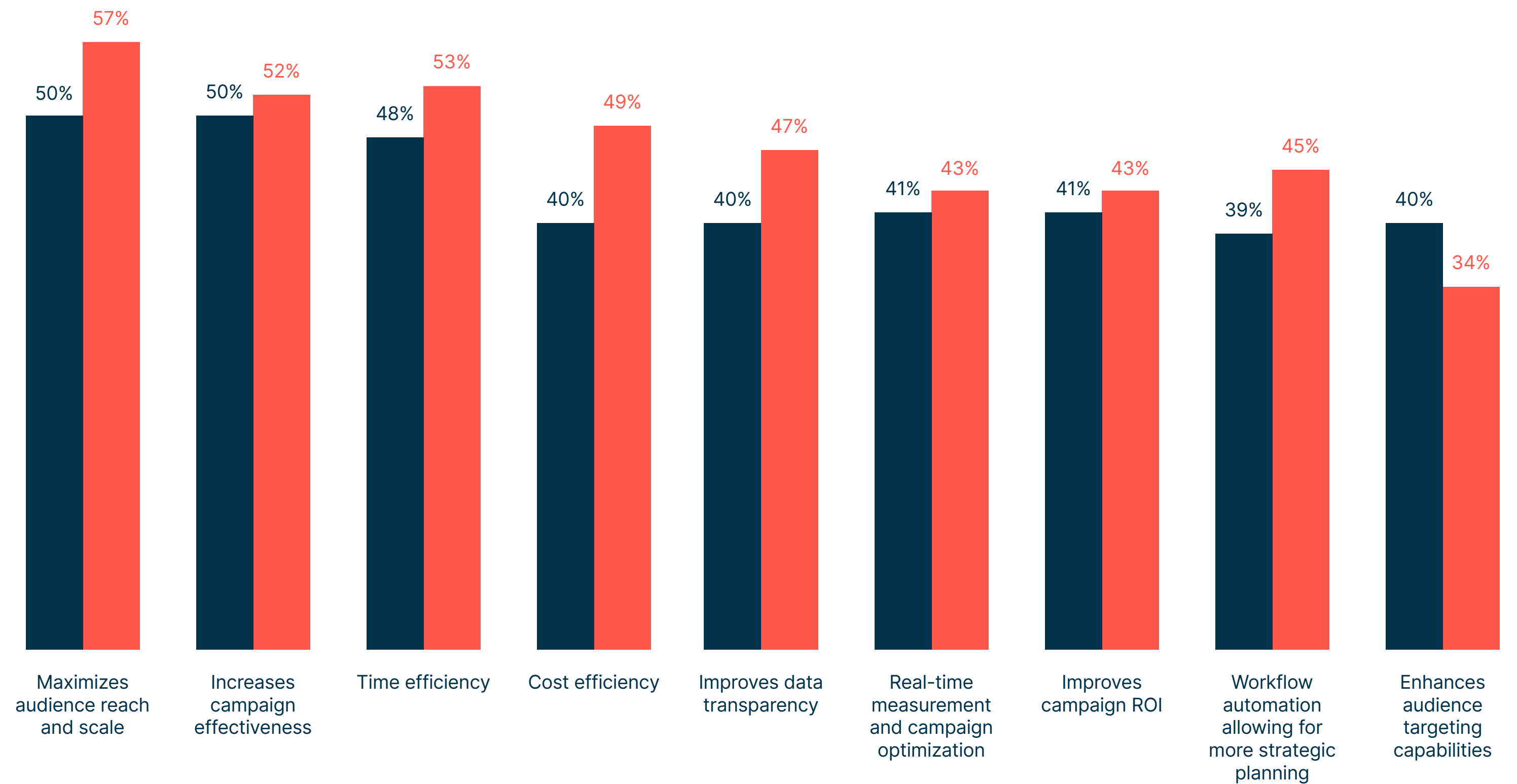


Q. Who is most responsible for the following programmatic advertising activities for your company?

Agencies demonstrate more confidence in the advantages of programmatic than brands. However, both agree on top benefits.

54%

of ad buyers say maximizing audience reach and scale is the primary benefit of programmatic advertising



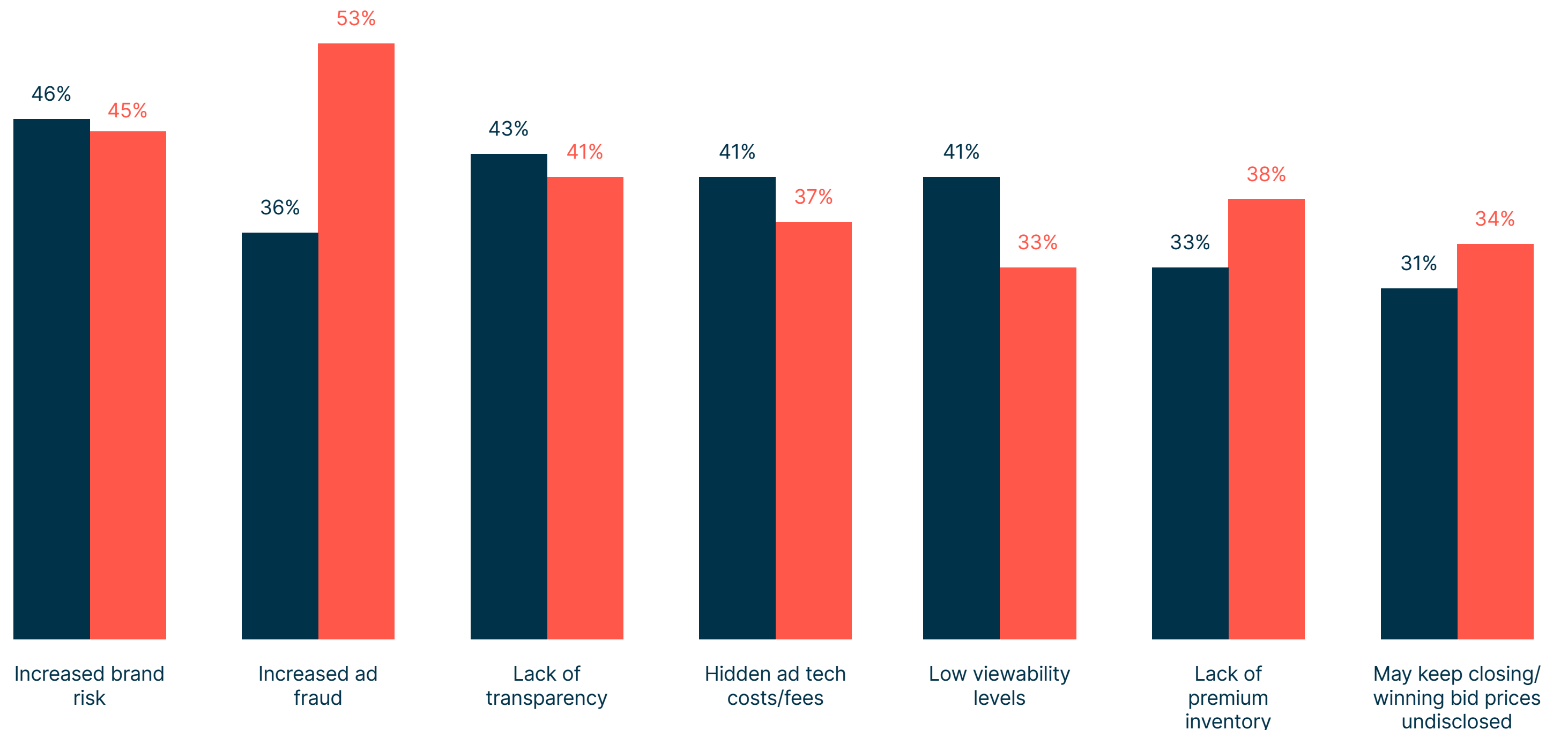
■ Brands ■ Agencies

Q. In your opinion, what are the main benefits of programmatic advertising?

Brands and agencies view threats to media quality and lack of transparency as the top challenges of programmatic advertising

42%

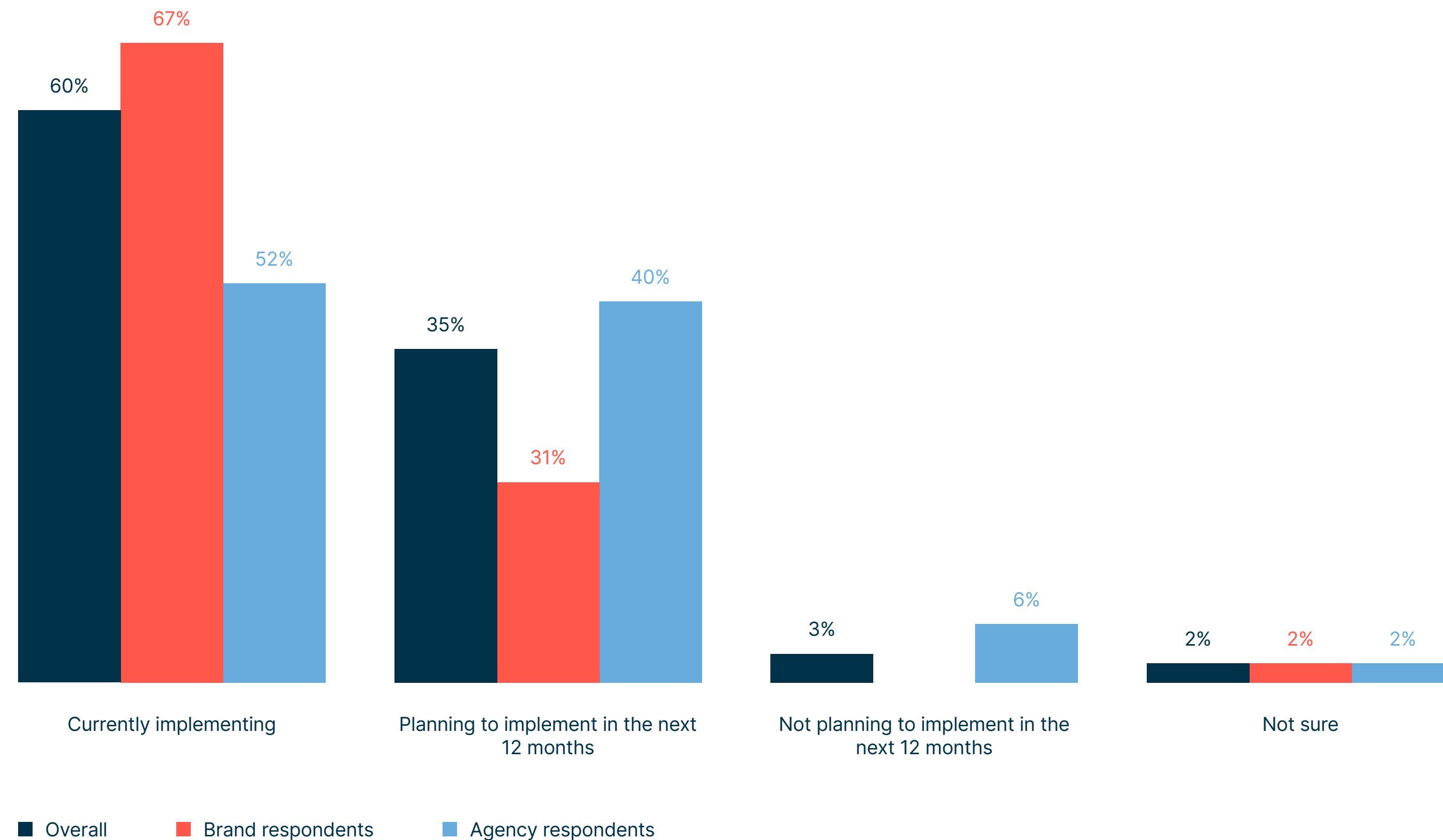
of ad buyers say lack of transparency is the primary challenge with programmatic advertising



■ Brands ■ Agencies

Q. In your opinion, what are the primary challenges with programmatic advertising?

Two-thirds of brands and over half of agencies say external partnerships and third-party solutions are already part of their SPO toolkit

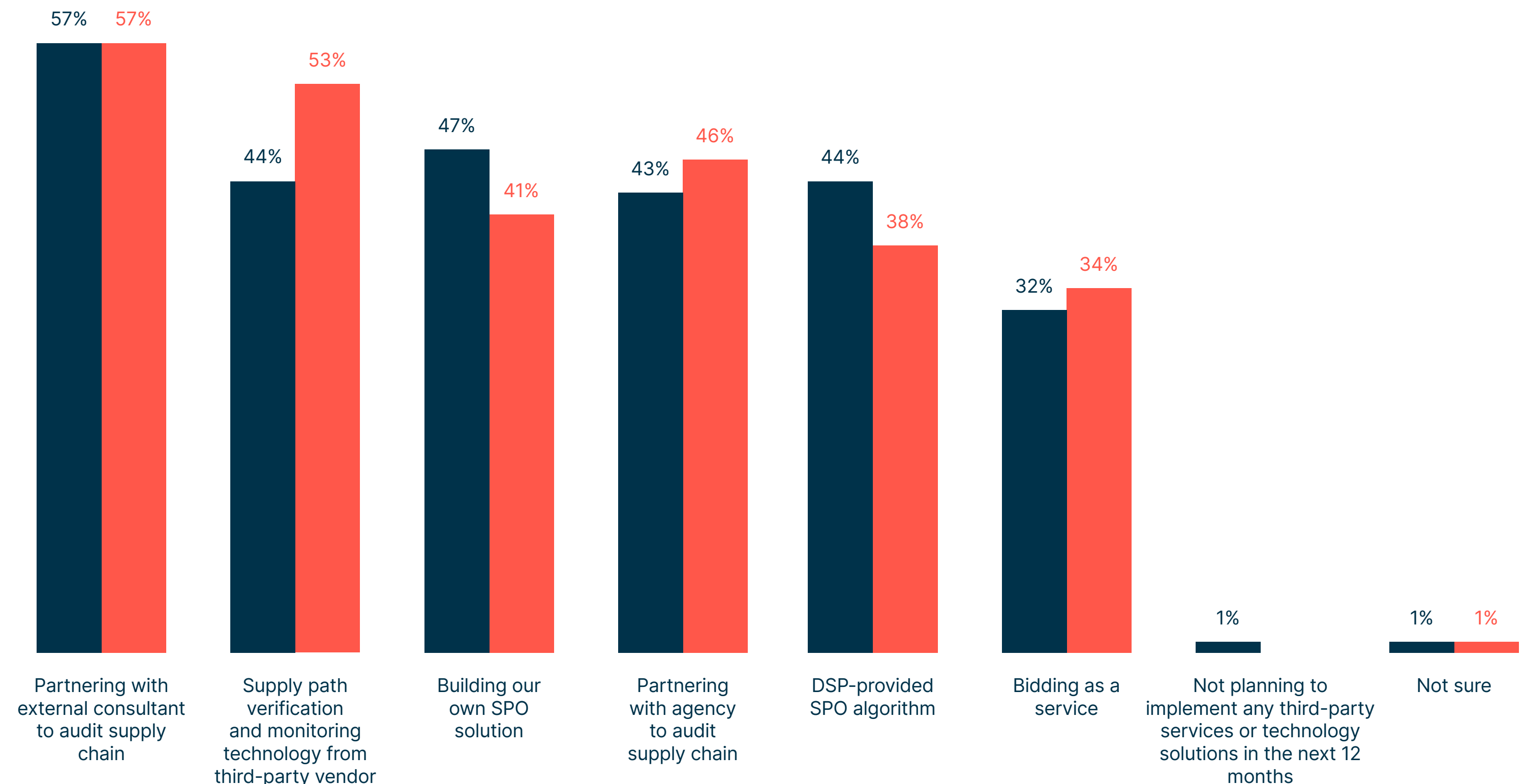


95%
of ad buyers are currently implementing or planning to implement third-party services or solutions for supply path optimization

Q. Is your company implementing third-party services or technology solutions that facilitate supply path optimization activities?

External consultants and supply path verification technology the most popular solutions for supply path optimization

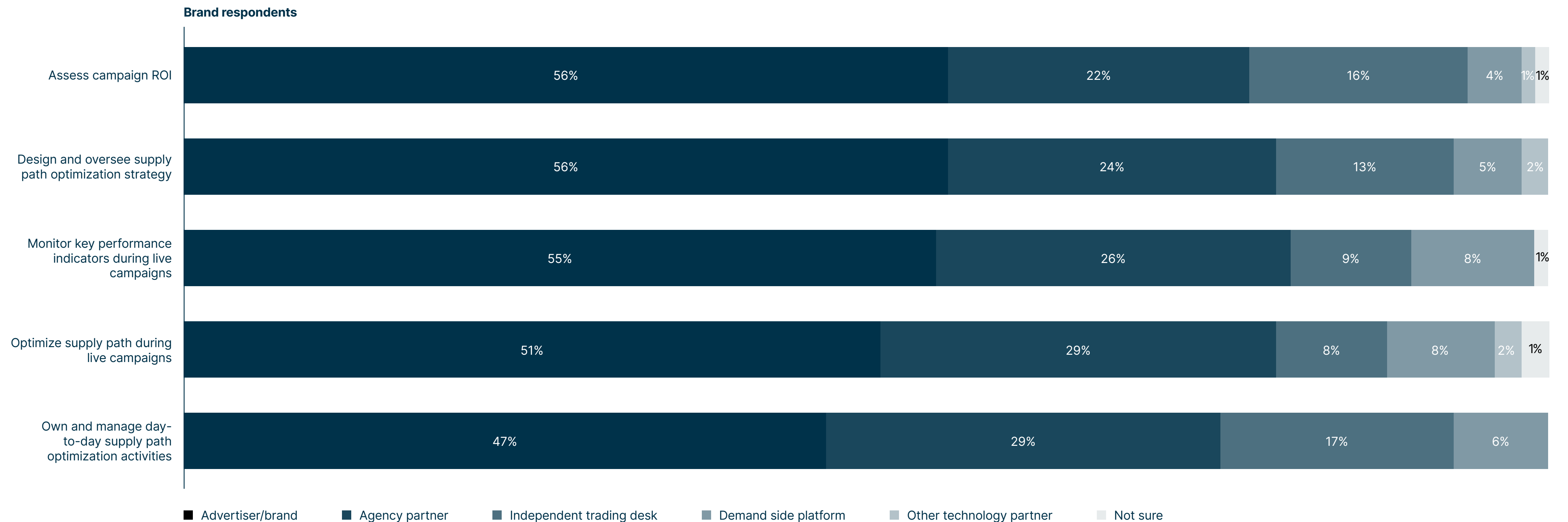
57%
of ad buyers partner/plan to partner with external consultants to audit their supply chain



■ Brands ■ Agencies

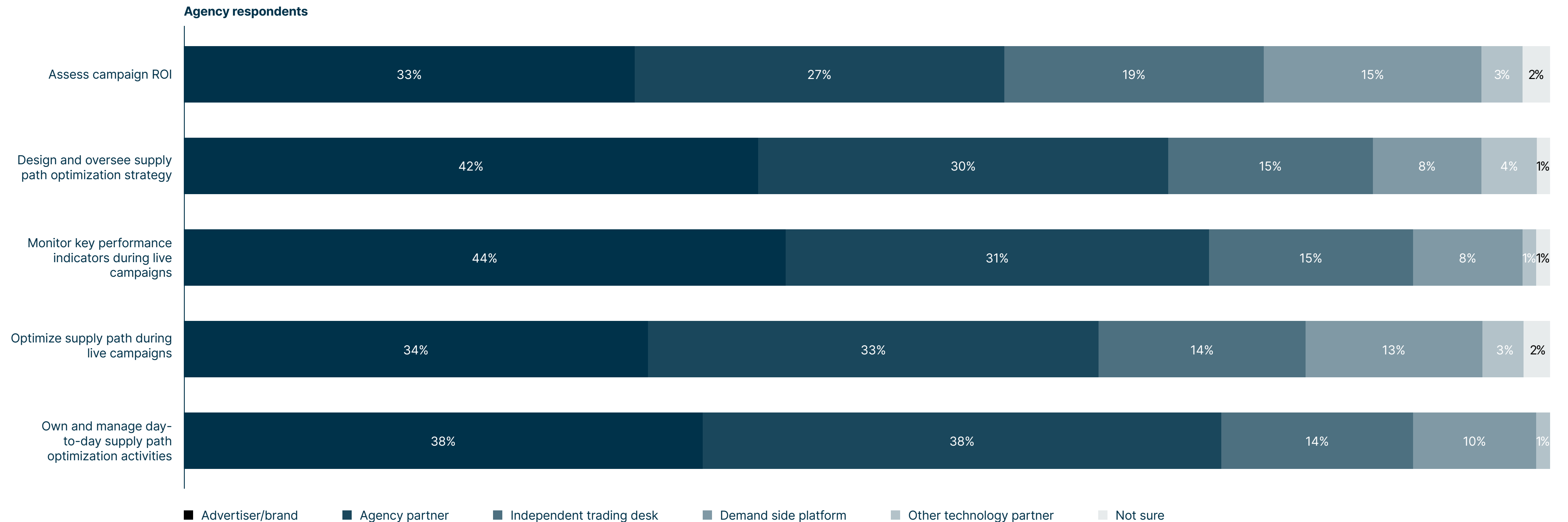
Q. What type of third-party services or technology solutions is your company implementing or planning to implement that facilitate supply path optimization?

Brands consider themselves the most responsible for supply path optimization activities



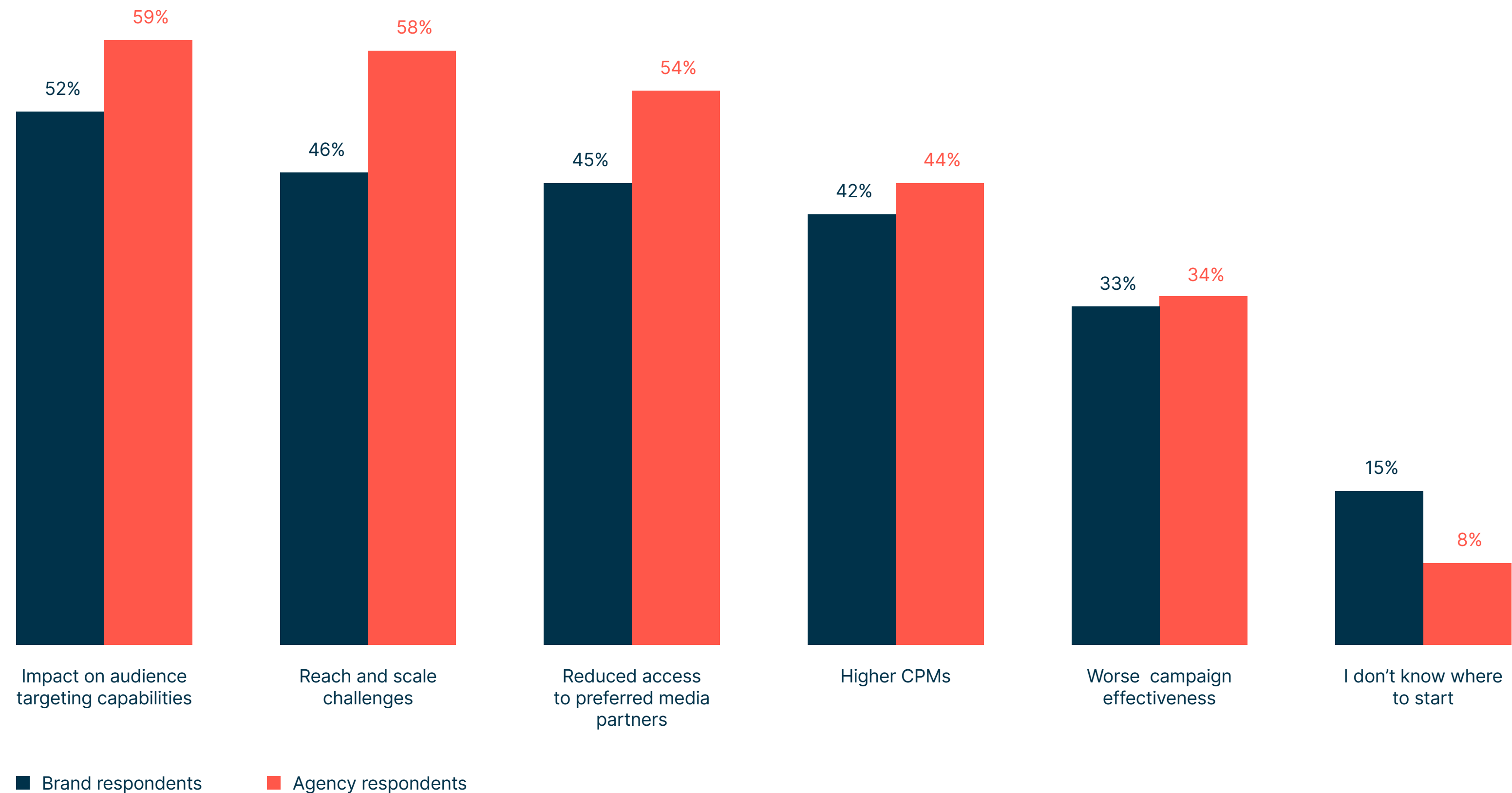
Q. Who is most responsible for the following supply path optimization activities for your company?

Agencies are divided on who is most responsible for supply path optimization activities



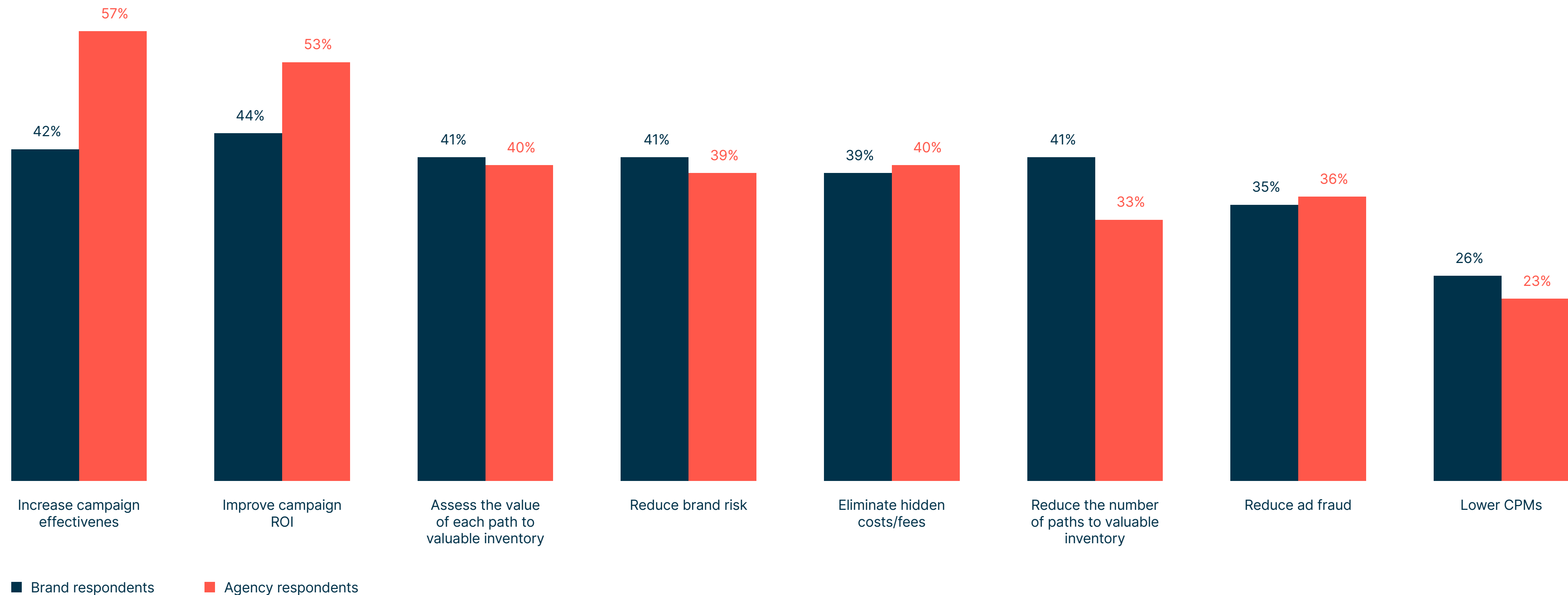
Q. Who is most responsible for the following supply path optimization activities for your company?

The majority of media experts share concerns over SPO strategies impacting audience targeting and scale



Q. In your opinion, what are the main concerns with implementing a supply path optimization strategy?

Media experts view **increased campaign effectiveness** and **ROI** as the top benefits of implementing an SPO strategy



Q. In your opinion, what are the primary benefits of implementing a supply path optimization strategy?