



A FIELD GUIDE TO  
**PREMIUM  
PROGRAMMATIC**

MEMO BOOK

*Notes from an emerging ecosystem*



# TABLE OF CONTENTS

## **PART 01.**

Premium: The Buzzword Of The Moment

What We Thought We Knew

## **PART 02.**

Just What Is Premium Anyway?

Premium's Habitat: Where Data, Placement, And  
Ad Type Meet

## **PART 03.**

The Programmatic Natives – And Why They're Important

The New Programmatic Team: Bring On The Creatives

## **PART 04.**

The Mobile Question

## **PART 05.**

Last Notes Before Departure



## PART 01.

# PREMIUM: THE BUZZWORD OF THE MOMENT

**“PREMIUM PROGRAMMATIC.”** You can’t glance at any industry trade without seeing that term. It’s supposed to represent the next frontier in digital advertising: where programmatic buying and selling extends a white-gloved hand to high-end publishers’ inventory.

Premium programmatic would satisfy buy-side demands for even more automation while also soothing sell-side frustrations with the fiscal race to the bottom that real-time bidding (RTB) has touched off.

Set an under-defined phenomenon like premium programmatic in front of researchers like us and you’ll set off all their taxonomic instincts. So we talked to 10 buy-side programmatic experts about the premium marketplace. What we found was startling.

Confusion surrounding this new entrant went as deep as its very genus and species. Depending on whom you ask, words like “premium” and “programmatic” have implications for pricing, deal structure, expectations about viewability and verification, and even specific ad and inventory placements. If the industry is to chart a course forward, we must first know the landscape.

Our goal was to find out just what industry experts think premium programmatic is and what it isn’t. What are the buy-side frustrations? What are the benefits? Where is premium programmatic, whatever it is, headed, and what is its full potential?



## PART 01.

# WHAT WE THOUGHT WE KNEW

Heading from our temperature-controlled lab to the sweltering urban jungle where we would be conducting our field research, we began to notice that some of our initial assumptions were falling a bit flat.

The Interactive Advertising Bureau's definition links "premium programmatic" with "automated guaranteed." But our research revealed that that definition is only a starting point. It turned out that buy- and sell-side industry professionals consider "premium programmatic" to be a more complicated beast.

Second, the common understanding has positioned premium programmatic as a way to harness RTB's (real-time bidding) power to sell "high-class" inventory. That understanding proved insufficient, too.

Third, the premium programmatic environment turned out to have more people in it than we'd been led to believe. Reports that automation had led to a mass human exodus from the process were overstated.

Given its recent appearance on the scene, premium programmatic is a phenomenon in flux. So, delving into the comments we'd collected during our observations and conversations, we set out to describe premium programmatic as it really is, not as we'd predicted it would be.



## PART 02. JUST WHAT IS PREMIUM ANYWAY?

“Premium” is a word used to describe a specific set of high-value inventory, on the sell-side in particular. Colloquially, for example, it is used to describe inventory from prestigious publishers such as *The New York Times*. Yet opinions vary about the true nature of premium inventory.

Some of our research subjects equated premium with placement: inventory from a well-known and quality brand publisher. Christopher Murphy, managing director, programmatic at OMD, said the difference between non-premium and premium is the difference between a “generic brand versus a name brand.” Adam Cahill, founder of agency Anagram, defined premium inventory as “an environment that I would be proud to see a brand on.”

But most of the programmatic experts we talked to found that definition constricting. “An impression isn’t premium or valuable to us because it appeared on *The New York Times* or something like that,” said Christina Yoo, associate programmatic media director at essence.

ARRIVED ON THE  
12:10 AT CENTRAL STATION.  
DESCENDING INTO THE CITY.

“PREMIUM IS IN THE  
EYE OF THE BEHOLDER?”



## PART 02. JUST WHAT IS PREMIUM ANYWAY?

Adam Heimlich, head of programmatic at Horizon Media, believed “premium” was simply a buzzword coined to preserve the brand name value that publishers had spent decades, and sometimes centuries, building. The context and the native demographic audience profile still matters, according to these publishers.

And this is true, but the advent of RTB also places value on a nomadic audience that can be tracked and targeted across sites.

“Programmatic used to just mean RTB,” said Heimlich. This typically equated with remnant inventory from unsold impressions – inventory that often carried a very low price tag. The notion of premium programmatic is meant to change that.

“‘I want to do programmatic’...used to mean ‘I want to cherry-pick impressions off your site,’” by purchasing them according to behavioral profiles or cookie data, RTB-style. “That scared all the premium publishers because they don’t know how to monetize that way.”

Publishers, who had been able to simply sell a broad audience defined by reader survey data, were no longer able to define their own value. So these publishers “expanded the definition of programmatic to neutralize the power of RTB” by introducing things like private marketplaces and programmatic direct.

“Premium programmatic,” according to Heimlich, is essentially an attempt to preserve legacy revenue streams from before the new digital realities altered their financial models. “Premium publishers are using [it] to create the illusion of scarcity to protect premiums that the RTB marketplace has proven are not worth it.”

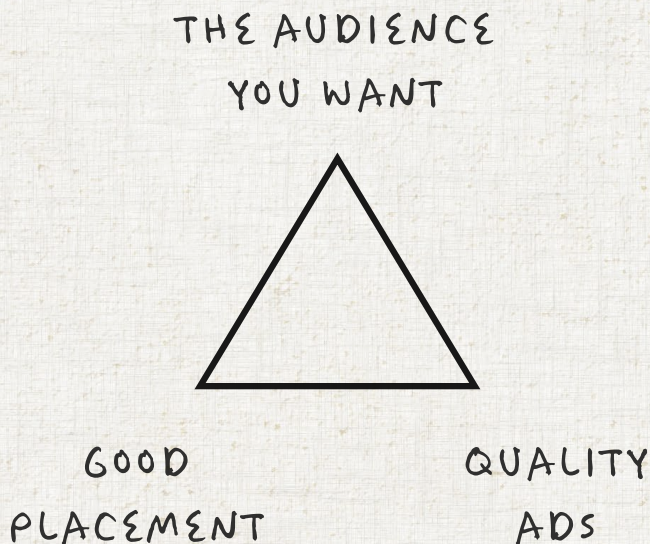
So it was clear what premium is not. But then what exactly is it?



## PART 02.

# PREMIUM'S HABITAT: WHERE DATA, PLACEMENT AND AD TYPE MEET

As we talked to our interviewees, a theory emerged: "Premium" means delivering to advertisers the audiences they want. Pulling that trick off successfully means accounting for the following three elements. Call it the sacred trinity of premium, and keep in mind that each of these things is necessary for premium, but not sufficient:



CRUCIAL QUESTION.

IF SELL-SIDE IDEA OF  
"PREMIUM" AS: HIGH  
PRICE POINTS PLUS  
OLD-SCHOOL NOTIONS OF  
CONTEXT (NAME BRAND  
PUBLISHER) IS INAD-  
MISSIBLE, THEN WHAT  
IS PREMIUM AFTER ALL?

According to Cahill, premium involves "combining something you know about the user with the environment." In other words, audience plus context. Merry Smith, media buyer, at Big Communications, said that premium is a combination of a "premium position" – brand-safe, above-the-fold – with exposure to the "right eyeballs." In other words, good placement plus audience. Jud Soderborg, director of biddable media at House of Kaizen, said that "viewability" and an ad's "real estate" or "location" are crucial. In other words, placement plus quality.



## PART 02.

# PREMIUM'S HABITAT: WHERE DATA, PLACEMENT AND AD TYPE MEET

“An impression is premium or valuable because it’s tied to a certain user that we would like to speak to,” Yoo said. “Wherever that person is, wherever they are on the Internet, that’s what makes them valuable to us, not the fact that it appears on a certain site.” That said, Essence keeps a close relationship with direct sellers at all of the comScore Top 50 publications, Yoo admitted.

Why? Context offers brand safety, which offers value.

Dwight Ringdahl, SVP, technology at RhythmOne, expressed the same sentiment. “If I want to get to a person looking for Nike,” he said, “I don’t care if we find the user on CNN, as long as we find the right person.” In other words, “if we are looking for a registered Target user showing intent to buy Nike, we can find them wherever they are browsing the Internet, and the result is maximum ROI on media spend.”

We’ll note that despite their insistence that “premium” means audience, our experts almost exclusively spoke of established, well-known, credible information sources. So then, in both cases, a combination of quality, brand-safe context and audience targeting is key to a well-rounded definition of “premium.”

What’s crucial to zeroing in on the right audience? Data, of course. The necessity of excellent data was a recurring theme in our conversations with programmatic experts. James Murphy, VP, programmatic at RhythmOne, talked for example about the importance in premium of “using meta data to optimize [demand partner] requests going out or responses going back to the [sell-side platform].” Without excellent first- and third-party data and the analytics to crunch it with, you’re not even in the premium programmatic ballpark.





## PART 02. PREMIUM'S HABITAT: WHERE DATA, PLACEMENT, AND AD TYPE MEET

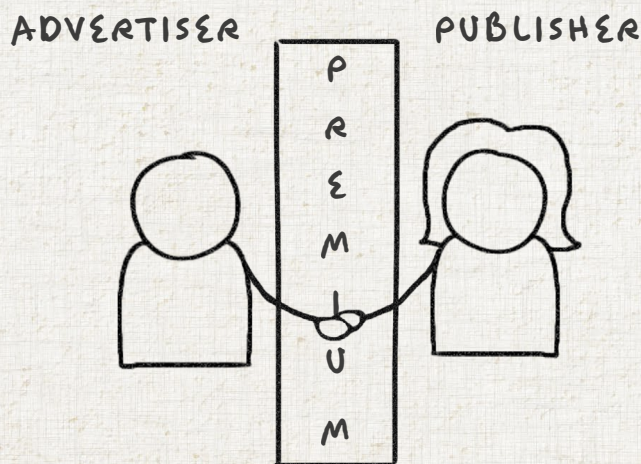
A final corollary element in premium is the transparency of the buying process.

For Ringdahl, premium also has implications for viewability, verification, and brand safety. In a premium transaction, there are as few layers as possible between buyer and seller. That way, he said, “we have a much clearer view of impression quality as it is easier to detect anomalies such as spoofing domains and block bad traffic.”

Stephanie Tom, programmatic operations supervisor at Essence, took that idea even further. She said that at the core of premium programmatic is a “direct, one-to-one partnership with a publication.” Please, no third parties standing between agency and publication, gumming up the works.

SO PREMIUM =  
WHITE GLOVES?

BUYERS WHO PAY  
FOR PREMIUM EXPECT  
TO GET AS CLOSE AS  
POSSIBLE TO SELLERS.





## PART 03. THE PROGRAMMATIC NATIVES - AND WHY THEY'RE IMPORTANT

The more we talked to our research subjects, the clearer it seemed that premium programmatic describes not specific inventory, but rather a service. When an agency delivers a desired audience to a client, that's a premium service. And when a publisher does the same for an agency, that's a premium service too.

"For us, premium programmatic is being able to work with the top publications out there in really sophisticated ways," said Tom. That could mean using publishers' first-party data to target ads or refine an agency's existing audience parameters. "The data that a publisher makes available can be really valuable."

So the risk of human obsolescence in programmatic is overstated. Automation changes planners' jobs, but doesn't eliminate them. Likewise, selling is not just about context, but applying publishers' first-party data in a way that makes sense for buyers.

Service work is people work, which is one reason people are sticking around. Someone's got to crunch all that data and devise all those targeting segments. Quantitative analysts are more in-demand than ever, RhythmOne's Murphy noted, because media planning is not just about negotiation and placement; it is also about interpreting the data that programmatic generates.

Publishers "need to make sense of" data and turn it into "something sellable," said Cahill. "And that's all storytelling... No one's going to know that stuff's there unless people are out sifting it."



## PART 03. THE PROGRAMMATIC NATIVES - AND WHY THEY'RE IMPORTANT

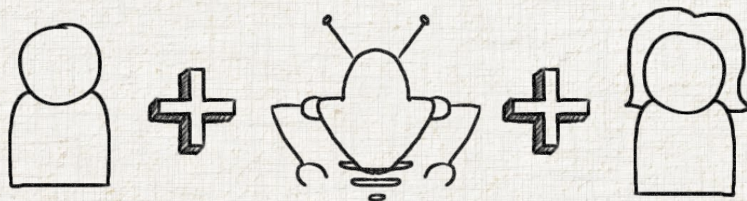
The sales process will also remain people-intensive.

"There's no advantage for Horizon, which has hundreds of media planners, to automate [a direct buy]," Heimlich said. Sales "is a people-intensive business." He added, "It goes very much against the grain to say, 'We're going to automate this and give you less service.' What are they paying us for?"

"I think it's a myth that programmatic means you just push a button and machines do stuff," said Yoo at Essence. "If that were the case, I wouldn't have a job." Human interaction is crucial when her team is "negotiating for prices and deal types." The campaign planning stage is "when you really come up with a strategy" and "should be something that happens between human beings."

For Tom, human-to-human transactions "will [n]ever really go away if it's a truly collaborative process."

Brian Nadres, director of programmatic media at The Media Kitchen, said, "We still like to reach out and talk to somebody [about a deal], especially knowing that sometimes setting up these deals can go awry."



ROBOT APOCALYPSE  
AVERTED: MACHINES  
SUPPORT HUMANS;  
THEY HAVE NOT  
REPLACED THEM.



## PART 03.

# THE PROGRAMMATIC NATIVES - AND WHY THEY'RE IMPORTANT

So, in various areas of the programmatic process, humans are here to stay. Our preliminary field observations suggest that the relative breakdown of human activity to automation works like this:

In the first stage of a campaign, the buy- and sell-side teams work together to define KPIs, audience targeting needs, data availability and reporting requirements. This is also when negotiation, contract completion, and setup occur. This work, our interviewees tended to agree, will always require the human element – work that requires a “Rolodex, or the modern equivalent of a Rolodex,” in Heimlich’s words.

In the second stage, the machines take over. Bidding, buying/selling and ad serving proceed through usual programmatic processes: “Once the deal is done and up and running, the ongoing pieces of it are automated,” said Cahill. This is where, as Stephanie Tom said, “there is an element of setting and forgetting to it.”

In the third stage people step in again, analyzing data to learn from it and to adapt future campaigns. In Yoo’s experience, “A person is keeping an eye on that and looking very closely at the metrics to make sure that the machines are doing what we would like them to do.” “Set it and forget it” has its place but, she said, “You still have to make sure that there is a human being with a brain making [the important] decisions.”



## PART 03. THE PROGRAMMATIC NATIVES - AND WHY THEY'RE IMPORTANT

Conclusion: Premium programmatic brings with it an expectation of value. Value may be defined differently from audience to audience, but everyone agrees that it means connecting brands with specific consumers in a quality environment through an automated buying process. It's up to the discerning advertiser, and his or her media team, to define what's worth paying a premium for.

At the same time, premium programmatic isn't really a revolution at all. It's rather an evolution, elaborating established automated processes that have long been functioning in advertising.

THE HEAT IN THIS CITY  
IS INSUPPORTABLE. MUST  
WEAR MORE BREATHABLE  
SHIRTS IN SUBWAY.



## PART 03.

# THE NEW PROGRAMMATIC TEAM: BRING ON THE CREATIVES

What about creatives? We'd heard dark stories about the threat that they faced from programmatic. And some of our interviewees acknowledged that the programmatic climate was far from ideal for the more sensitive specimens of the creative side.

"So many of the instincts of the programmatic world are about scale," said Cahill. Scale, of course, necessitates standard ad formats, a situation that "can be constraining" for creative types. The problem of scale is one that several of our interviewees mention. When creative types get too imaginative with their ad formats, those formats don't scale.

Yet we also learned programmatic is something creatives can embrace.

"I agree with the premise that up to now [programmatic] sort of has been a bad outcome for creatives," Cahill said. But Cahill also said that's because "creatives are shielded from analysts. They don't get to see the data. They don't get to adapt their work." Rather, "they're just building assets that get handed over to the media team, which takes it from there."

The consensus among the interviewees is that creatives who are in the data loop could produce better work. This potentially demands that they become more tech-savvy: learning about load times, response times, open RTB objects and other elements of programmatic. Incorporating this into design would make their ads more effective and scalable in the programmatic environment.



## PART 03. THE NEW PROGRAMMATIC TEAM: BRING ON THE CREATIVES

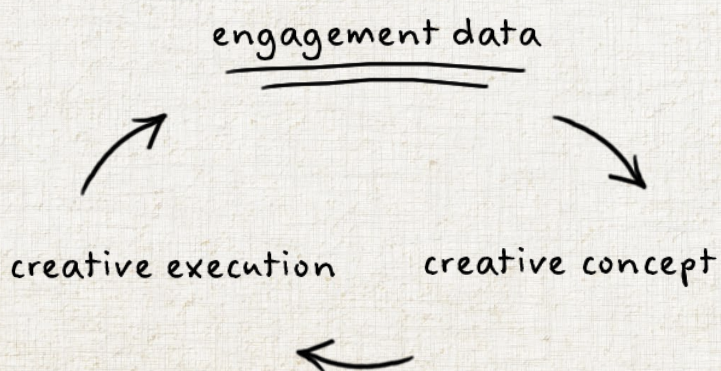
But even more compelling, automation gives creatives unprecedented access to the end consumer for testing and refinement purposes. Gone are the days when someone at the agency guesses what consumers think. Premium programmatic gives an immediate view of the real-time conversation taking place between ad creatives and consumers through responses such as clicks, likes, completions or conversions. The result: They can refine their processes and improve their craft. This benefits everyone, from the creatives to their agencies and clients.

Getting the creatives on board would lead to a new programmatic team that unites these functions:

- Planning
- Creative
- Execution

“We want to marry creative with media execution to get the best results for our campaigns,” said Yoo. “All of the arms of the team work quite closely together.”

One barrier to team integration, though, is a lack of knowledge and understanding of programmatic on the creative side.



SO PREMIUM  
PROGRAMMATIC IS NOT THE  
DEATH OF CREATIVE WORK.  
THE KEY: KEEP CREATIVES  
IN THE DATA LOOP.



## PART 03. THE NEW PROGRAMMATIC TEAM: BRING ON THE CREATIVES

“My experience has been that creative knows very little about programmatic at all,” Cahill said. They’re not “thinking about what the possibilities within programmatic are.” Unfortunately, the focus is too often on the limitations of the process. There are certainly standards that creatives must adhere to, but the number of compatible (often rich media) ad formats is growing, and creatives that are more in synch with these innovations will be positioned to take advantage of an advanced, expanded canvas.

MY SUPERVISOR AND LEAD  
TRANSCRIBER SWEAR THAT  
AT LEAST ONE AGENCY IS  
WORKING TO TWEAK ITS  
CREATIVE AND EVEN DE-  
LIVER NEW UNITS AND  
INTEGRATIONS BASED ON  
PROGRAMMATIC DATA, BUT  
THEY CAN'T TELL ME WHO.  
URBAN LEGEND?





## PART 04. THE MOBILE QUESTION

Mobile represents a golden frontier for marketing. Can it be premium?

Our subjects were unanimous: YES. Publishers are struggling to make the still-mysterious terrain of mobile yield ROI, but those on the sell-side see it as premium real estate due to higher viewability, additional tracking capabilities, and better time spent and engagement.

“Mobile is a huge focus for us,” said Essence’s Yoo, adding, “I think as media consumption moves more and more towards handheld devices, we have to adjust in kind.” Big Communications’ Smith said that while mobile has its limitations, it’s premium because “that’s where the eyeballs are.”

Just as elsewhere, the extent to which mobile is premium depends on context, on audience, and on content. As Ringdahl puts it, “It’s really about where that user is and what he’s doing on his mobile device – can we derive advertising value from these things?” Once again, premium isn’t exclusively about inventory.

Digital-first publishers trounce traditional publishers when it comes to mobile (programmatic) platforms. They support better creative and deliver better targeting and user experience. They grew up in a mobile environment and know what it requires. “The issue of powerful companies with premiums they don’t deserve doesn’t really exist in mobile,” said Heimlich of Horizon, “because the powers that grew up in mobile were digital companies.”



## PART 04. THE MOBILE QUESTION

At the end of the day, it's scarcity that makes mobile programmatic truly premium. Digital natives favor in-feed and in-app over mobile web. Also key is that they desire "mobile rich media executions... as opposed to the traditional in-app units that repeatedly refresh on the bottom of the app," Tom said.

Other barriers to premium mobile are the same barriers inherent in mobile in general: The industry hasn't agreed on a standard way of tracking. As Ringdahl said, "A number of companies still struggle with the fact that you cannot set cookies on iOS and that you can only do so to a very limited degree on Android. But the accuracy of non-pixel-based fingerprinting has come a long way and continues to make strides." The onus is on the agency at this point to define its success metrics and work with a partner that can help it track. "It's not perfect, but it's getting there," said Ringdahl.

**IF: NO PIXELS**

**THEN: NO TARGETING?**

**THERE MUST**

**BE A WAY.**

**THE RIGHT AUDIENCE**

**IS CRUCIAL.**



## PART 05. LAST NOTES BEFORE DEPARTURE

Here are our takeaways from our research adventure into the labyrinth of premium programmatic:

First, “premium programmatic” is a term in transition. The IAB’s identification of “premium programmatic” with “automated guaranteed” – with its fixed prices, reserved inventory and one-to-one participation – isn’t especially relevant to buy-side players anymore. Nor is the widespread understanding of premium programmatic as a way to marry the power and speed of automated bidding with the requirements of what have traditionally been considered “high-end” publishers.

Second, premium programmatic remains a people-intensive business and will continue to be, with no end in sight. Automation dominates the middle of the process. But front and back ends belong to homo sapiens. Manual input is still needed, but the advancements in programmatic technology allow for more efficient management of campaigns.

Third, creatives can and should embrace programmatic. Not only for the sake of their employers, but for the sake of their work.

Fourth, mobile can be both premium and programmatic, and platforms that are getting there first are from the digitally native publishers. And in mobile, as elsewhere, premium isn’t tied to specific placements. It’s about getting the right ads in front of the right eyeballs, wherever they might be.

RESERVATION ON 1:15  
CONFIRMED. WILL  
NEVER RETURN TO THIS  
CONCRETE INFERNO  
BETWEEN JUNE AND  
SEPTEMBER AGAIN.



## PART 05. **LAST NOTES BEFORE DEPARTURE**

So then, just what is “premium programmatic” in the end? It is, first and foremost, a service powered by the players themselves, the human beings with skin in the game, making the deals, charting the algorithms and gathering the intelligence.

For agencies, this means negotiating the best deals for their clients, as always, based on their campaign targets. For publishers, this means a new foray into first-party data, which they must make available in combination with buyer data, to ensure they deliver not just a brand-safe context, but also the segment of their lauded audience most desired by their advertisers.

And for technology companies, it means providing a fraud-free, transparent and automated platform where buyer and seller come together to deliver ads into a quality environment in front of the right consumers.



**RhythmOne** is a media technology company that connects audiences with brands through premium content across devices, at scale. We work with advertisers, publishers and content providers to offer fully integrated, cross-screen advertising solutions, spanning desktop and mobile video, rich media, display, social and native formats. RhythmOne offers advertisers a significant supply footprint through both owned and operated web properties and a network of quality partners. RhythmGuard, our proprietary filtering technology that screens and qualifies inventory pre-campaign, eliminates suspicious or fraudulent traffic before it reaches the advertiser. The sum of these capabilities ensures advertisers maximize their ROI, with transparent measurement around campaign effectiveness and attribution. RhythmOne's long-term vision is to provide the industry's most accountable marketplace for online advertising.

The Company is headquartered in San Francisco, California with offices worldwide. For more information please visit [www.rhythmone.com](http://www.rhythmone.com).

**COPYRIGHT (C) 2015 RHYTHMONE. ALL RIGHTS RESERVED.**

The information and specifications in this document may be subject to change. Company and/or product names not held by RhythmOne may be registered trademarks of their respective owners.