VIEWABILITY AND VERIFICATION THROUGH THE PROGRAMMATIC LENS

RhythmOne

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Assuring integrity and impact for the new era of digital advertising

As the role of programmatic buying and selling in digital advertising continues to grow, issues surrounding viewability and verification are moving to the forefront. On one hand, programmatic allows media planners to shift focus from tactical execution to strategy while also realizing pricing efficiencies. On the other hand, like any technology—especially one that allows for such scale and is fundamentally dependent on automation—programmatic is vulnerable to fraud and questions of quality.

According to eMarketer, this year, for the first time, U.S. display spending handled programmatically will surpass that of traditional digital sales, with roughly $3 out of every $5 spent programmatically rather than through traditional direct methods. For players throughout the ecosystem—including brands, agencies, publishers and ad tech companies—trust and transparency are imperative. In a multiscreen world where marketing is increasingly seen as an investment rather than simply an expenditure and attention is currency, marketers want greater certainty that their ads are being seen by the right people at the right time. As a result, viewability and verification become key measures in the evolving digital ad landscape.

ABOUT THE PARTICIPANTS

Average revenue: $128 million

Average size: 1,600 employees

Average amount of ads bought programmatically: 28.3%

"Heavy" programmatic users: 25.0%

This white paper looks at the current state of and future prospects for programmatic in a digital ad industry increasingly defined by viewability and verification. The discussion is informed by data from a recent survey conducted by Advertising Age for RhythmOne that garnered 452 respondents from U.S. agencies, marketers and media companies.

As a highly representative reflection of the industry as a whole, respondents shed light on the concerns, priorities and practices of marketers and publishers. Complemented with insights from leading programmatic vendors, the survey portrays both the scope of the challenges faced and the elements already taking shape for a more effective digital advertising environment.
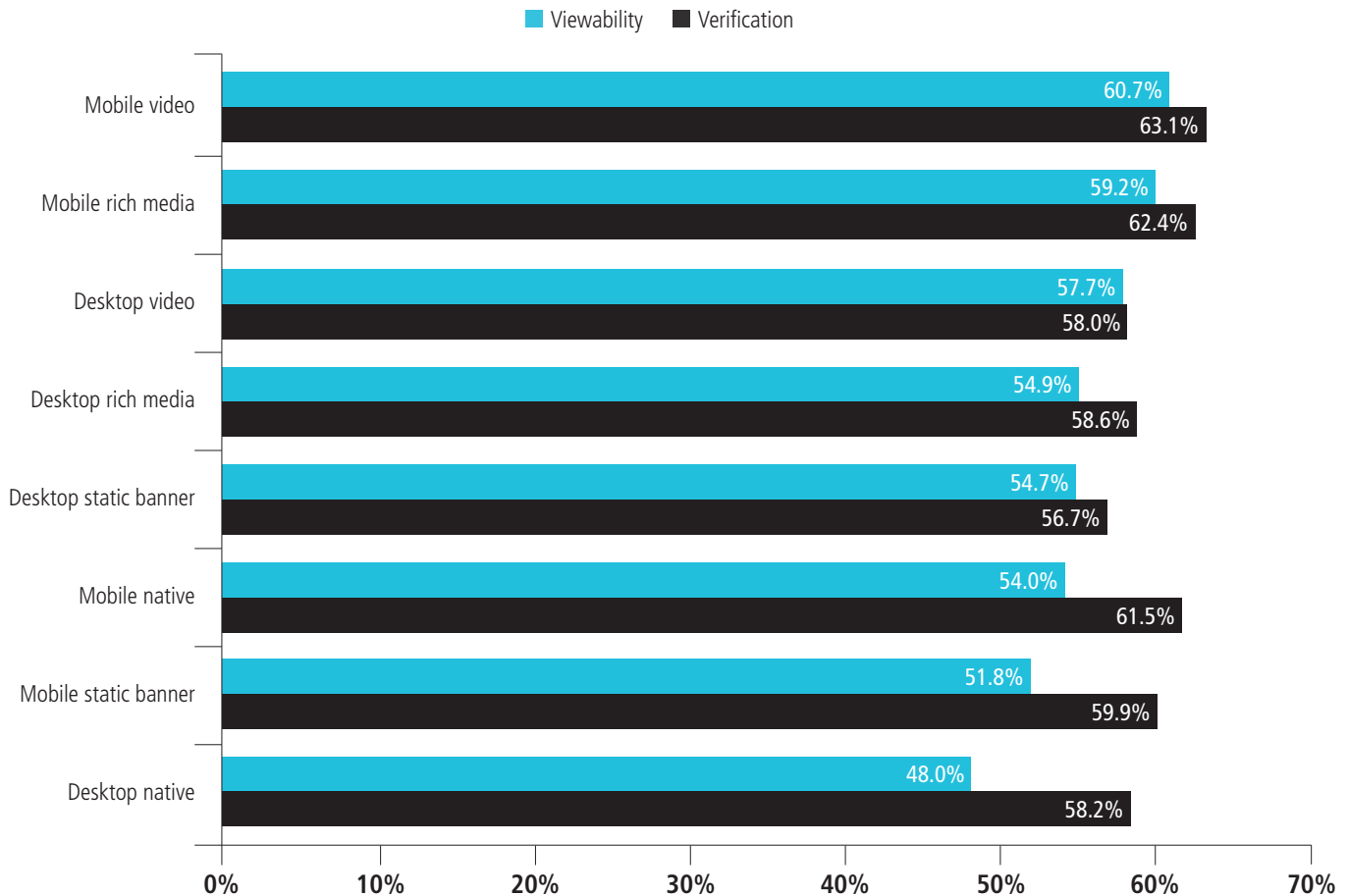
A FAST-EVOLVING MARKET SOWS CONCERN AND CONFUSION

The rush by marketers to embrace programmatic buying, in tandem with the rapid evolution of the technologies that enable it, has led to a certain amount of confusion in the marketplace as adoption outpaces comprehension. Although programmatic today encompasses sophisticated tools, buying models and data analytics that allow marketers to reach the right user with the right message in the right context, only 33.0% of Ad Age-RhythmOne survey respondents knew the IAB definition of programmatic—"the machine-based buying and selling of digital media, including auction-based methods like RTB and private marketplaces as well as the automation of direct sales, sometimes called programmatic direct"—and 20.1% admit they are not sure how to define it.

VIEWABILITY AND VERIFICATION BY PLATFORM

Figure 1

How concerned are you with viewability and verification on each of the following platforms?

■ Viewability   ■ Verification

Mobile video — 60.7% / 63.1%
Mobile rich media — 59.2% / 62.4%
Desktop video — 57.7% / 58.0%
Desktop rich media — 54.9% / 58.6%
Desktop static banner — 54.7% / 56.7%
Mobile native — 54.0% / 61.5%
Mobile static banner — 51.8% / 59.9%
Desktop native — 48.0% / 58.2%

Base: 452; based on 8-10 ratings on a scale where 1 is "not at all concerned" and 10 is "extremely concerned."

Given the complex buying structure of today's programmatic marketplace, buyers are understandably concerned about both viewability (the opportunity for an ad to be seen by a consumer) and verification (that it will be or has been served in a place that can be seen by a real human, not a bot, and that it adheres to the advertiser's specified brand safety guidelines). This is especially true for emerging platforms and formats such as mobile video, mobile rich media and desktop video (Figure 1).

Advertisers are right to be wary. According to comScore, 54% of digital display ads sold globally in 2013 were not viewable. For digital video ads, the figure is 57%, says Vindico. Many factors contribute to this, including users who block ads or simply don't scroll down far enough to see a given placement, questionable inventory sources and outright deception. A recent report from Distil Networks estimates that $1 out of every $3 spent on digital ads in the U.S. is lost to ad fraud, costing the industry $18.5 billion annually.

While some have suggested a causal link between programmatic and fraud, the concurrence of the two is more likely a factor of a rapidly changing ecosystem, says Ed Montes, chief revenue officer at DataXu. "Programmatic has come to the market at the same time that there have been massive shifts in the ad space—one, the movement of money from other forms of paid media into digital, and two, the fragmentation of media, attention and devices. That's created more opportunity and more incentive for fraud, and those with the technical aptitude can capitalize. Fraud is an economic issue, not a technical one." Greatly expanded inventory and demand call for automation to fulfill the market's potential, and automation will also be key to addressing the fraud problem that comes with it.

Brand marketers have the most to worry about, he says. "For a direct response advertiser, unviewable ads that don't deliver a sale will get optimized out. On the brand side, the idea that you're spending money without any impact on lift resonates a lot more. It's one of the most important issues in the space right now."

For programmatic to reach its full transformative potential, marketers will need to have more confidence in their ability to know exactly what they're buying. An important first step will be to ensure that players throughout the ecosystem are fully educated and speaking the same language about not only viewability and verification, but also programmatic in general.

As programmatic continues to redefine mainstream ad buying, agencies and brands will depend on it more and more heavily—especially for cross-channel digital marketing.

WHOM DO YOU TRUST?

Knowing that viewability and verification are important isn't the same as knowing how to address them effectively. Confusion about verification methods contributes to a lack of trust in the companies that provide them; a majority of survey respondents considered inconsistent measurement among verification vendors to be a highly challenging area.

For example, while 70.6% of survey respondents said they are getting detailed information on viewable impressions from their verification providers, only 32.4% highly trust its accuracy—and not a single one of the top 10 verification vendors was considered highly accurate by a majority of their own customers. In particular, marketers and agencies indicated considerable skepticism about the industry's ability to identify nonhuman traffic, impression laundering, adware and hidden ads.

"There is an opportunity for convergence and standardization amongst verification partners—with the aim of making the process more linear for both buyers and sellers," says Sudhi Herle, chief product officer, RhythmOne.

The lack of a way to measure many types of ads—including popular emerging platforms and formats such as mobile apps—poses another challenge. Lack of detailed measurement with high-impact units was cited as a major challenge by 43.8% of survey respondents (Figure 2).

Part of the problem might be a lack of familiarity with verification companies in general—fewer than half of survey respondents were
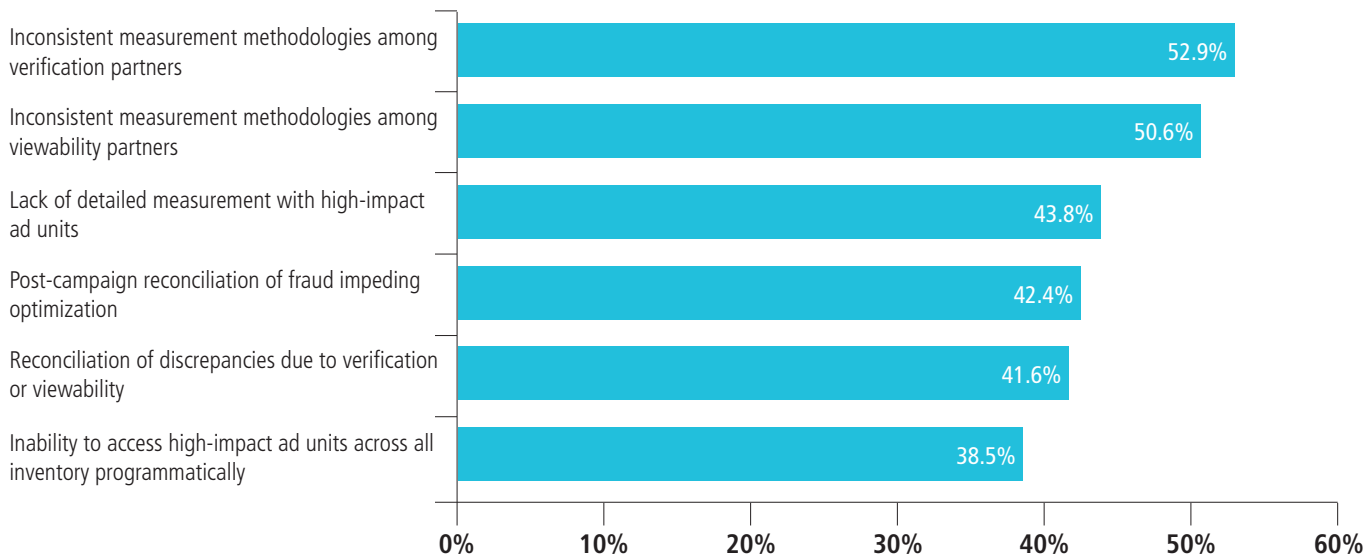
70.6% I get detailed information on viewable impressions from my verification provider.

32.4% I believe that information is highly accurate.

LOOKING AT THE CHALLENGES

Figure 2

How challenging is each of the following when it comes to viewability and verification?

Challenge	Percentage
Inconsistent measurement methodologies among verification partners	52.9%
Inconsistent measurement methodologies among viewability partners	50.6%
Lack of detailed measurement with high-impact ad units	43.8%
Post-campaign reconciliation of fraud impeding optimization	42.4%
Reconciliation of discrepancies due to verification or viewability	41.6%
Inability to access high-impact ad units across all inventory programmatically	38.5%

Base: 452; based on 8-10 ratings on a scale where 1 is "not at all challenging" and 10 is "extremely challenging."

familiar with the two industry leaders in this area, while the companies perceived by respondents to be leaders are primarily known for different lines of business.

Agencies need to learn more about viewability, verification and the companies in the field so they can be advocates for their clients and guide them to the right partners. They can also help marketers understand that although viewable impressions will cost more, the increased likelihood of engaging a real customer outweighs the increased cost.

PERFORMANCE THROUGH VIEWABILITY

At the end of the day, performance is still the name of the game—advertisers want to know that their programmatic partner can help them achieve the goals of their campaigns.
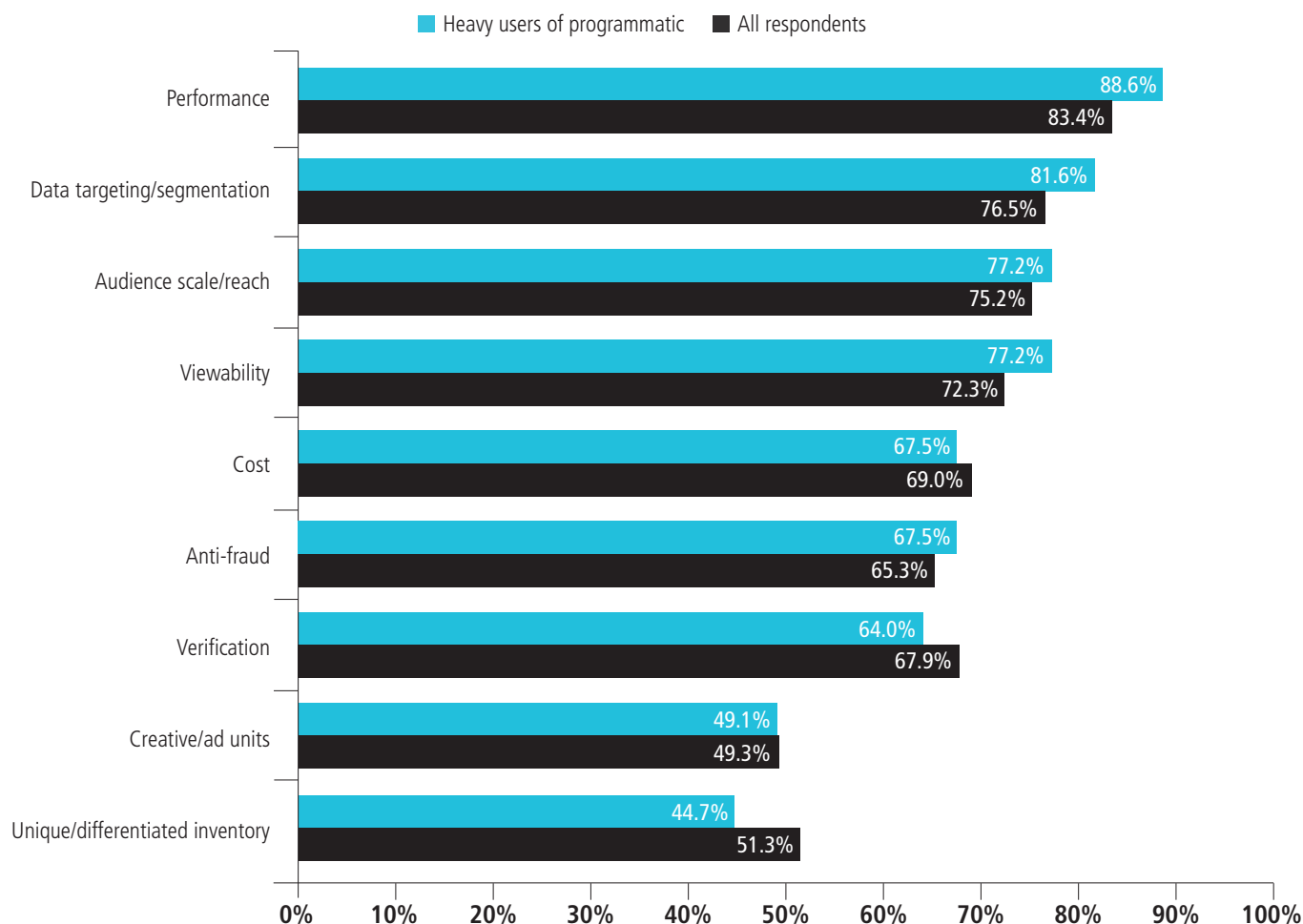
Asked to rate the importance of evaluating potential partners to buy impressions from programmatically, 83.4% of respondents gave top marks to performance, well ahead of data targeting/segmentation and audience scale/reach. Although viewability trailed more than 10 points behind performance, and verification slightly lower, both are nonetheless becoming important parts of doing business with supply partners (Figure 3).

Within a bid request, programmatic buying platforms can provide a predictive score that allows marketers to evaluate the expected viewability of each ad impression and buy only at a specified viewability rate. The survey found that nearly two-thirds of respondents have bought or plan to buy a campaign based on viewable impressions. Of those, 70.3% were only

EVALUATING PROGRAMMATIC PARTNERS

Figure 3

How important is each of the following when evaluating potential partners to buy impressions from programmatically?

Legend: ■ Heavy users of programmatic ■ All respondents

Category	Heavy users	All respondents
Performance	88.6%	83.4%
Data targeting/segmentation	81.6%	76.5%
Audience scale/reach	77.2%	75.2%
Viewability	77.2%	72.3%
Cost	67.5%	69.0%
Anti-fraud	67.5%	65.3%
Verification	64.0%	67.9%
Creative/ad units	49.1%	49.3%
Unique/differentiated inventory	44.7%	51.3%

Base: All respondents: 452, heavy users: 114; based on 8-10 ratings on a scale where 1 is "not at all important" and 10 is "extremely important."

charged for viewable impressions, while 41.0% were guaranteed that a given percentage would be viewable. "Much of our programmatic execution has viewability guarantees or tiered pricing based on viewability rates," says Dan Slivjanovski, CMO, RhythmOne. "It's a hot topic among our customers." Companies such as GroupM and Unilever now demand that publishers only charge them for ads with a 100% chance of being seen.

It makes sense that buyers would want to know that the impressions they buy will be viewable; why pay for an ad no user will see? But the move to viewability-based buying will inevitably change the math of the marketplace. Virtually every seller's inventory includes impressions of varying viewability, and the CPMs assigned reflect a rough mean. An increased emphasis on viewable impressions will inevitably reduce inventory by limiting it only to the placements most likely to be seen

by a human and raise cost through the resulting scarcity. "There's education that needs to be done, and floors instituted by platforms within the industry to make sure there's a guaranteed CPM to reflect higher viewability," says James Murphy, VP-programmatic, RhythmOne. Buyers will need to adjust to a new reality where the same budget buys fewer impressions than it once did.

HOW AND WHEN TO VERIFY

Of course, there's more to inventory quality than placement and viewability metrics. Marketers also need to be concerned about brand safety, nonhuman traffic and outright deception. Says Dwight Ringdahl, senior VP-technology, RhythmOne, "What keeps me up at night is how to stay one step ahead of the fraudster in the supply chain and how we can better detect when they are domain-spoofing—buying badwebsite.com inventory and reselling it as CNET.com. That is a total loss of media value to an unsuspecting buyer."

In terms of verification of quality—are placements served to a human in a brand-safe environment—the key questions are when and by whom. Many buyers rely on their DSP or a third-party provider such as DoubleVerify or Integral Ad Science. Google, for example, provides refunds on traffic it deems fraudulent. Yahoo will allow advertisers to use their own third-party verification providers to check its viewability and fraud rates if given the chance to first approve those companies. Other publishers, such as AOL and Hulu, allow advertisers to bring in outside ad-tech companies to check their math, again with preapproval. Withholding such approval can be a deal-breaker. Earlier this year, Kellogg made the decision to stop buying ads on YouTube because its parent company, Google, doesn't permit third-party measurement.

The solution to creating a fraud-free environment is in the best interest of all the players in the supply chain. While objectivity in a verification service provider is key, it is also important to set expectations for the supply partners themselves and, ultimately, for the publishers.

As concerns about viewability and verification become universal, and not just the province of industry giants and early adopters, agencies and programmatic companies will play a key role in sharing expertise and raising the level of sophistication of the marketing community as a whole. "Vendors will play a more strategic consultative role, not just tactical, for the long-term benefit of both buyers and sellers," says Tanuj Joshi, senior director, strategic media enablement, Media-Math. "It comes back to whatever drives the most intended outcomes for the advertiser, whether that's viewability or clicks or sales."

Mr. Herle agrees, saying, "Companies like RhythmOne need to lead by example and educate buyers [so] that they can better trust their programmatic partners. Technology always moves faster than customers, so we have to spend time showing them what's possible and be completely transparent about it."

Overall, almost three-quarters of buyers now require supply partners to verify traffic quality before serving, after serving or both, according to the Ad Age-RhythmOne survey, with some groups of respondents standing out. For example:

- **80.4% of agencies** require some form of verification.
- **80.3% of companies** with annual revenue over $1 billion consider verification very important, compared with 64.1% of companies with annual revenue under $10 million.

There are obvious advantages to verification before serving: A DSP can be set up to bid only on inventory that meets quality standards, and it can optimize more effectively in real time.

Post-bid verification can be valuable for checking the accuracy of prediction algorithms, says Mr. Joshi of MediaMath. "We look at both sides of the equation and make sure the numbers align within significant confidence that what they assumed to be buying is what they actually bought." RhythmOne's Mr. Slivjanovski agrees that using both pre- and post-bidding is important: "We believe it is the responsibility of the marketplace to ensure a clean, safe buying environment for advertisers. As a result, we have invested heavily in pre-bid filtering, eliminating fraudulent or underperforming traffic before it reaches the advertiser. We think this is a great complement to post-bid verification. It's good for both our advertiser and publisher partners."

Post-bid numbers can also guide the evaluation and optimization of supply partners, though this is difficult to scale. "Having millions of domains on your blacklist will drive up your technology costs, and there's always the opportunity of failure as names change and actors change identities," Mr. Montes says.

Fundamentally, says Mr. Ringdahl, "You don't want an alarm system that tells you that your house has just been robbed. You want to know when there's still time to stop it from happening."

LEARNING FROM PROGRAMMATIC POWER USERS

For those marketers looking to expand their presence or begin using programmatic buying channels, much can be learned from those that are already buying this way.

In its infancy, programmatic was the domain of bottom-of-the-funnel activities—especially methods such as retargeting—with many buyers seeing RTB as a way to improve pricing. Today's sophisticated users understand that it has expanded beyond that and, in fact, programmatic's power is gaining transparency to consumer activity throughout the client journey. These companies are much more likely to be investing programmatically in top-of-the-funnel formats such as rich media and in-stream video, for example (Figure 4).

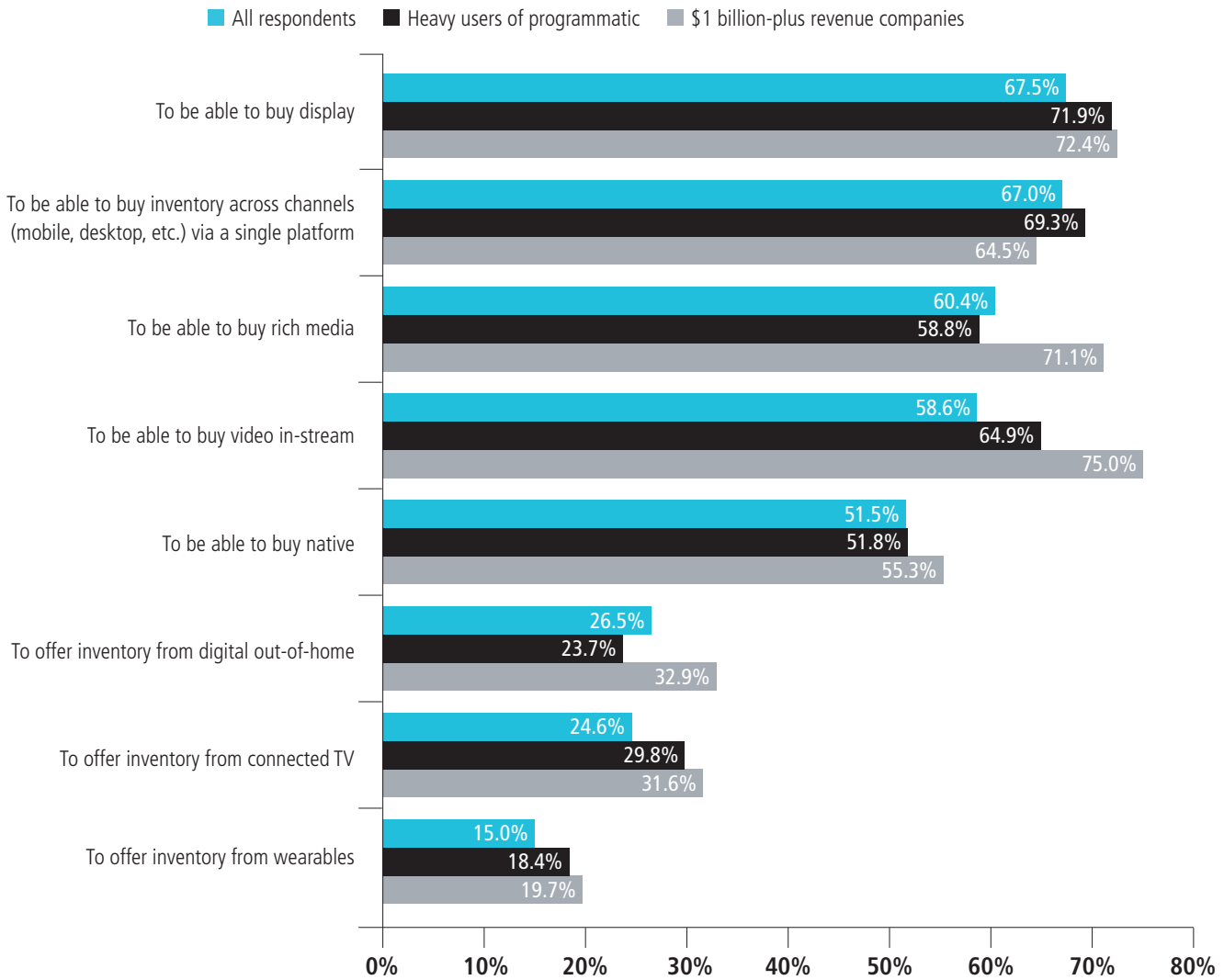> **43%** Complete viewability is unreasonable for the very near future.

The study also illustrated that power users of programmatic are employing it as a way to scale their campaigns to reach their customers through more defined targeting. This comes through in two ways. First, these users are much more likely to be willing to pay a premium for custom data segments—73.7% versus 53.8% for light programmatic users. Moreover, they are less likely to value unique inventory when making a buy. For them, it is more about reaching the right target than getting their ads onto a specific site.

When it comes to viewability and verification, heavy users of programmatic show particular interest in guaranteeing viewability. These are likely smaller companies that are nimble enough to adopt new technologies more quickly; they're also more likely to be focusing on maximum efficiency for their limited media budgets and less likely to rely on the nonstandard units that pose challenges for both programmatic and verification. Almost two-thirds of programmatic power users are willing to pay a premium for 100% verified pre-bid traffic.

POWER USERS' PRIORITIES FOR BUYING PROGRAMMATICALLY

Figure 4

When buying programmatically, how important is each of the following?

Legend:
- ■ All respondents
- ■ Heavy users of programmatic
- ■ $1 billion-plus revenue companies

Category	All respondents	Heavy users of programmatic	$1 billion-plus revenue companies
To be able to buy display	67.5%	71.9%	72.4%
To be able to buy inventory across channels (mobile, desktop, etc.) via a single platform	67.0%	69.3%	64.5%
To be able to buy rich media	60.4%	58.8%	71.1%
To be able to buy video in-stream	58.6%	64.9%	75.0%
To be able to buy native	51.5%	51.8%	55.3%
To offer inventory from digital out-of-home	26.5%	23.7%	32.9%
To offer inventory from connected TV	24.6%	29.8%	31.6%
To offer inventory from wearables	15.0%	18.4%	19.7%

Base: All respondents: 452, heavy users: 114, $1 billion-plus revenues: 76; based on 8-10 ratings on a scale where 1 is "not at all important" and 10 is "extremely important."

The priority these marketers place on viewability can be seen in the concerns they express about it on various platforms (Figure 5):

- **For desktop video ads,** 63.2% say they are very or extremely concerned about viewability (vs. 57.7% for all respondents).
- **For desktop static banner ads,** 61.4% say they are very or extremely concerned about viewability (vs. 54.6% for all respondents).
- **For mobile static banners,** 59.6% say they are very or extremely concerned about viewability (vs. 51.8% for all respondents).

POWER PROGRAMMATIC USERS ON VIEWABILITY

Figure 5

How concerned are you with viewability on each of the following platforms?
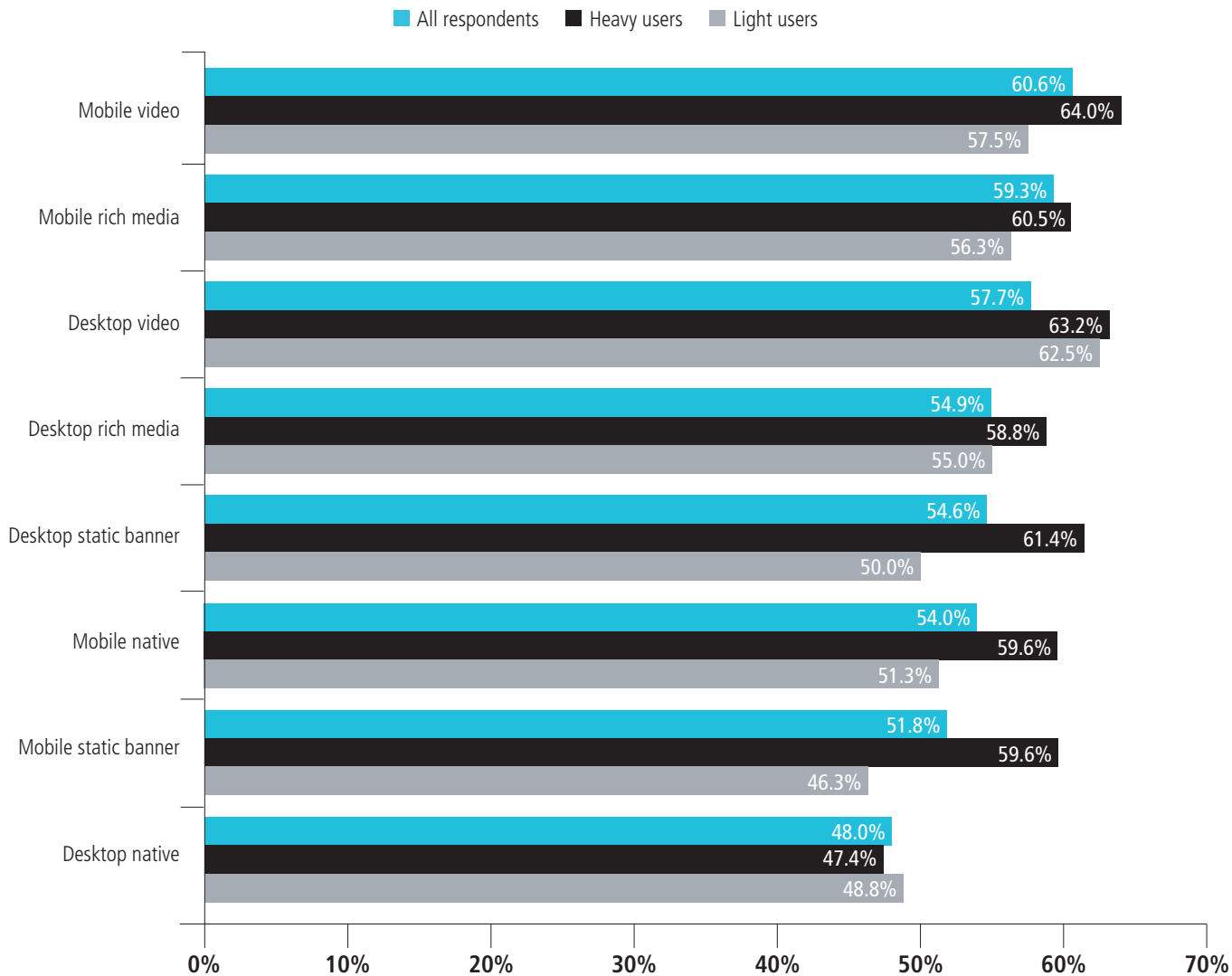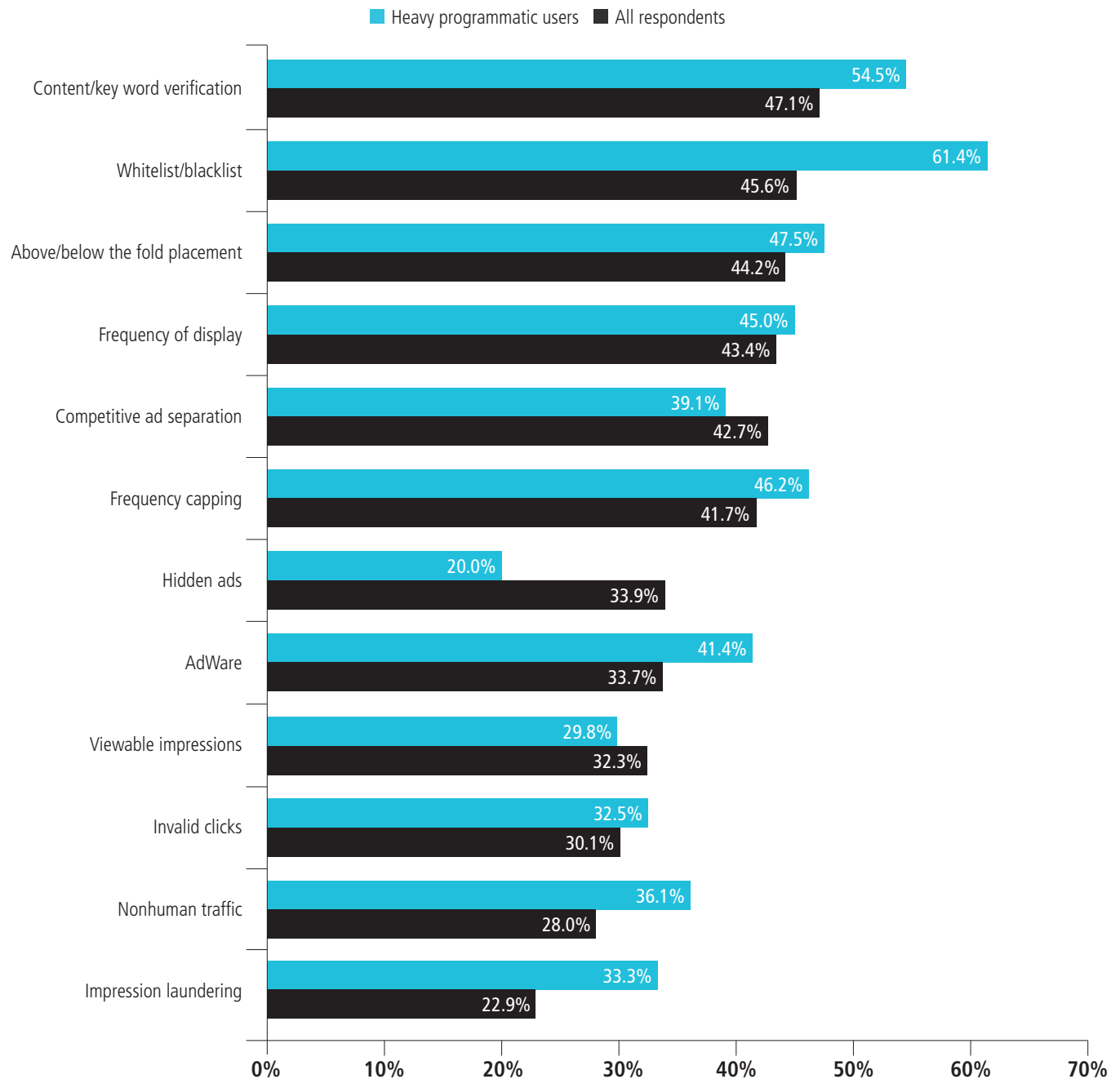

Base: All respondents: 452, heavy users: 114, light users: 80; based on 8-10 ratings on a scale where 1 is "not at all important" and 10 is "extremely important."

At the same time, the heavy programmatic users are also more likely to trust the accuracy of their verification partners in measuring specific types of fraud, probably due to a deeper understanding of their technologies and methodologies (Figure 6). That being said, among all respondents, viewability appeared to be valued higher than verification, or at least more specifically understood. Viewability as a concept may be easier to justify paying money for. However, as Mr. Ringdahl says, "Unfortunately, many fraudsters know how to game the system—creating ads that score high on viewability measures, but are not actually seen by humans." That is why viewability and verification must be given equal consideration.

HEAVY PROGRAMMATIC USERS ON VERIFICATION ACCURACY

Figure 6

How accurate do you believe industry verifications are in each of the following areas?

Legend: ■ Heavy programmatic users   ■ All respondents

Category	Heavy programmatic users	All respondents
Content/key word verification	54.5%	47.1%
Whitelist/blacklist	61.4%	45.6%
Above/below the fold placement	47.5%	44.2%
Frequency of display	45.0%	43.4%
Competitive ad separation	39.1%	42.7%
Frequency capping	46.2%	41.7%
Hidden ads	20.0%	33.9%
AdWare	41.4%	33.7%
Viewable impressions	29.8%	32.3%
Invalid clicks	32.5%	30.1%
Nonhuman traffic	36.1%	28.0%
Impression laundering	33.3%	22.9%

Base: All respondents: 452, Heavy users: 114; based on 8-10 ratings on a scale where 1 is "not at all important" and 10 is "extremely important."

SETTING STANDARDS ALL CAN AGREE ON

Standards for viewability and verification will go a long way toward building trust. On an industry level, the Media Rating Council has made initial progress with a standard for desktop ad viewability that requires an ad to be at least 50% in view for at least one second and a similar standard for video ads calling for two seconds of viewability. Still, the lack of standards for mobile or nonstandard ad units remains a problem, especially given that mobile represents the fastest-growing segment of digital advertising with 54% growth between 2014 and 2015 and a 30% share of all digital ad revenue, according to the IAB. According to eMarketer, mobile will not only surpass desktop ad spending next year, but also account for 60.5% of total U.S. programmatic display ad spending in 2015, at $9.33 billion, topping desktop's share of programmatic for the first time.

"The adoption of viewability standards has been great in display formats like leaderboards and skyscrapers, but how can we extrapolate these efforts into newer channels, like native, mobile display, mobile in-app, video pre-roll, video post-roll and so on?" Mr. Joshi asks. "The IAB and MRC need to work with supply-side partners to come up with a way to define viewability as a unified standard of engagement rather than a set of channel-specific measures. It has to be about the ability of an impression to capture the attention of a user." A common standard of engagement, backed by accurate, consistent and transparent verification, will help advertisers allocate their budgets for optimal ROI, as well as enable publishers to increase the value of their inventory by addressing factors that affect viewability, from page layout and ad placement to types of units.

But standards will clearly remain a work in progress for some time. "It's early days for viewability," Mr. Slivjanovski says. "The motivation behind a standard is performance, but performance metrics have changed quickly from rudimentary conversions to become more correlative with ROI for a brand's spend. We're focused on viewability today because it's something we can measure, but that will evolve materially as we see the actual impact of a viewable ad on the bottom line." Buyers and sellers understand that this will take time; 43.3% of survey respondents agreed strongly that achieving complete viewability is unreasonable for the very near future.

In the meantime, some DSPs have taken the initiative to ensure cleaner inventory. For example, DataXu's guarantee of 97% fraud-free inventory saved its customers an estimated $15 million through the first 10 months of 2015. "If I'm a major marketplace and I want to provide the best product for customers, it's incumbent on me to improve the availability of high-quality goods for sale," Mr. Montes says. "People have been slow to act because they don't want to reduce the liquidity of their exchange, but that's where much of the burden lies."

But publishers can't expect intermediaries to bear this responsibility indefinitely. "Downstream players are usually the last to come in line with a new level of efficiency, but it will happen," Mr. Slivjanovski says. The integration of verification into DSPs to ensure viewability will place increased pressure on the supply side. "Ad networks and SSPs will need to meet these new standards, and they'll hold publishers to the new standard so they don't have to assume the economic risk of representing inventory with unknown viewability. It'll be a quick correction."

Constant innovation and the introduction and refinement of new standards will help the industry get in front of new types of fraud. Viewability and verification also need to be at the forefront when new ad types and channels are introduced, just as current efforts focus intently on mobile, native and video advertising.

KEY TAKEAWAYS

So what does all of this mean for the digital advertising ecosystem? What does the future hold for programmatic viewability and verification? Here are a few key takeaways for both the supply and demand side in moving to the next level.

For supply-side companies (publishers, SSPs, exchanges, verification partners):

• **Agree to standards.** While initial standards for viewability have been set by the IAB, MRC and other organizations, it is a tenuous first step and has not been universally adopted by the standard-bearers.

• **Normalize methodologies.** One of the biggest difficulties in measuring viewability and verification is the fact that each company has created its own methodology for how viewability and verification are actually measured. While this is among the industry's growing pains, there is a clear need for consistency in this area while still allowing these companies to innovate.

• **Be proactive.** The exchanges, SSPs and even publishers are not agnostic actors in this. They, too, can and should be taking steps to ensure a clean marketplace.

For demand-side companies (DSPs, agencies, brand marketers):

• **Get the full power of programmatic.** Programmatic is no longer about just real-time bidding—buying can be structured in closed (private) auctions or even at fixed prices. It is best to think of it as simply an automated approach to the media buying you have been doing for years—across screens, across formats.

• **Get under the hood.** Not all viewability and verification partners are created equal. Learn about their methodology and the technology they are using. Understand what they can and can't measure (by channel, by format) and filter your reporting and expectations through this lens.

• **Understand that quality may demand a premium.** While automated buying platforms can help to create an equal pricing playing field across placements, baking in viewability and verification measures may add a premium to what you're used to paying. It may also mean there's less inventory—though most would agree that quality outweighs quantity.

As programmatic tools continue to reshape the way ads are bought and sold, new approaches to improve viewability and verification will inevitably be applied within a programmatic context. New models and technological innovations may prove effective in ensuring higher levels of viewability and more reliable pre-serve verification than has been possible in the past. "It is incumbent upon all players in the ecosystem to take this issue seriously," says S. Brian Mukherjee, CEO, RhythmOne. "That is why we believe so strongly in creating an environment that is respectful of consumers, impactful for advertisers and sustainable to the industry."

While there is much work to be done, the effort is well underway. A more transparent and trusted digital ad marketplace—the foundation for continued growth and success in the years to come—will emerge as the industry matures.

ABOUT THE SURVEY: The Advertising Age-RhythmOne online research survey was conducted from September to October 2015 by third-party research firm Advantage Business Research. The final survey findings are based on 452 respondents made up of 47.3% agencies, 27.3% marketers and 25.4% media companies. The margin of error for the total of 452 respondents of the survey, at a 95% confidence level, is +/- 4.6 percentage points.