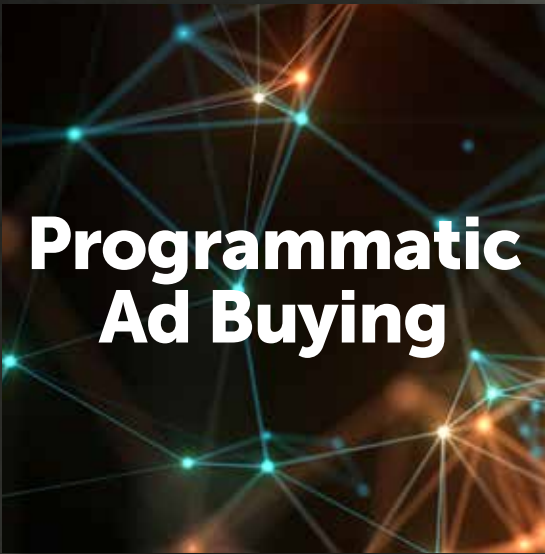


AN AGENCY POINT OF VIEW:

Programmatic Ad Buying

What Scoppechio is doing proactively
to safeguard our clients' brand
reputations and ad dollars.

April 2017



Programmatic Ad Buying

Introduction

In recent weeks, news organizations have reported that major brands have been pulling their advertising from Google and YouTube because ads are appearing next to offensive content. We'd like to share Scoppechio's approach to buying Programmatic media, and how we safeguard our clients' reputations by putting criteria in place to avoid offensive content.

Additionally, we want to open the door to have a discussion with each client to align on what is deemed to be offensive.

Google

YouTube

What is Programmatic Buying and why is it being challenged by brands?

Programmatic buying is an automated process that employs algorithms to analyze target audience real-time behavior across the digital landscape. The cost savings are substantial, with Programmatic running \$2–\$5/M and site-specific ad buying running \$15–\$20/M. Programmatic allows agencies to strategically buy digital media at scale, while optimizing content toward an audience that is more likely to be converted to desired behavior by the advertiser.

This varies from the much blunter approach of buying a fewer number of targeted websites, where their entire, less-targeted readership universe is reached.

Brands are challenging Programmatic buying because it's difficult to control where the ad appears. For example, even though the algorithms are performing as they should, ads can run on a website or near content that is considered "offensive" to some, while being inconsistent with the values of a company or brand.

Programmatic buying is an automated process that employs algorithms to analyze target audience real-time behavior across the digital landscape.





Offensive Content

HOW BIG IS THE PROBLEM?

49%	Of users have seen offensive content on YouTube
30%	Of YouTube users have seen it often or very often

WHAT TYPES OF OFFENSIVE CONTENT ARE USERS SEEING?

30%	Racist
9%	Anti-Christian
7%	Homophobic
5%	Terroristic
5%	Anti-Semitic

ADVERTISING RELEVANCE?

72%	Say they remember seeing advertising alongside the offensive content
36%	Think the advertising is endorsing the content
41%	Who see advertising feel worse about the brand

Political Challenge

Through social media platforms, political action groups monitor websites or content they consider offensive. They then bring it to the attention of brands whose ads are on the site. They also have been known to reach large numbers of people, encouraging them to boycott advertisers who appear on websites whose content differs from their particular viewpoint.

EXAMPLE

- Scoppechio stewards a Programmatic campaign to reach consumers with a propensity to visit faith-based attractions (e.g., Ark Encounter theme park).
- Available inventory on the exchange appears which fits the behavioral and demographic target of those who are engaging with our advertising. Not surprisingly, breitbart.com is a site whose content is appealing to this target audience.
- A member of a political activist group (in this case, Sleeping Giants) screen-captures the ad and tweets it to the advertiser, notifying them the brand appears to be supporting hateful and racist content.

SOLUTIONS

Scoppechio currently uses the following blacklist criteria for all clients:

- Porn/sexually explicit category sites, breitbart.com and grinder.com.
- We also block kid gaming apps, since they can have a high click-thru rate (fat finger) and are typically out of our target demo.
- During in-campaign optimization, we blacklist unfamiliar sites that are performing unusually high in click-thrus (sign of a ghost site). Individual sites or entire categories of sites can be blacklisted, which eliminates their inventory from those DSP auctions we use.

Google has recently introduced changes to its ad platforms (GDN and YouTube) that will make it easier to create content exclusions.

Below are the general exclusion categories to date:

Death and tragedy	Obituaries, bereavement services, accounts of natural disasters and accidents
Crime, police and emergency	Police blotters, news stories on fires and emergency services resources and similar
Military and international conflict	News about war, terrorism, sensitive international relations and similar
Juvenile, gross and bizarre	Jokes, weird pictures, videos of stunts and similar
Profanity and rough language	Moderate or heavy use of profane language and similar
News	Opinion and commentary
Sexually suggestive	Provocative pictures, text and similar



SETTING CLIENT THRESHOLDS

The more complex challenge is defining what is "offensive." Unfortunately, today's political division currently consists of two relatively equal-sized universes, each having differing opinions across dozens of issues.

It is our desire to facilitate an open dialogue with each client to set guidelines and revisit them on an as-needed basis.



Internet Ad Fraud

WHAT IS IT?

In short, it is defined as the deliberate practice of attempting to serve ads that have no potential to be viewed by a human user.

HOW DOES IT WORK?

Internet ad fraud comes in many forms. Almost all of them involve a non-human bot simulating online human behavior. The fraudsters get compensated by either selling the non-human traffic to legitimate publishers' sites as they attempt to boost their traffic, or by posing as a legitimate web publisher that ends up serving the non-human inventory on the ad exchanges. Either way, advertisers are spending real money to reach a non-human audience.

HOW BIG IS THE PROBLEM?

The Interactive Advertising Bureau estimates almost 9% of all paid display advertising is invalid traffic. 72% of that is desktop and 28% is mobile. 70% is PPC-based and 30% is CPM-based.

HOW DOES SCOPPECHIO COMBAT THIS?

Scoppechio utilizes partners and tools that significantly reduce the level of invalid traffic compared to the industry.

INVALID TRAFFIC: INDUSTRY VS. SCOPPECHIO AVERAGES	
Industry Estimate	Scoppechio
9%	.96% – 2%

Source: 3rd Party Audit provided by Interactive Advertising Bureau

Though there is no current solution to completely eliminate bot fraud, there are steps that the agency and our partners take to greatly minimize the impact:

- Our in-house DSP interface, as well as our digital services partners, includes bot-detecting code that helps distinguish bot behaviors from human behaviors. This is the first line of defense.
- We also include site-blacklisting protocols that identify and remove websites (typically ghost sites) from the list available to be served.
- Additionally, we partner with industry-leading brand safety technology companies that underlay the exchange inventory to determine what is valid traffic.



In Summary...

Not every dollar of our clients' digital ad budgets is fraud free. That is unfortunately the reality when taking advantage of the value of Programmatic buying. On our worst day, upward of \$.02 of every dollar is likely reaching invalid traffic. However, this is not only significantly better than the industry average, but we are also delivering these impressions in an optimized, Programmatic manner which saves our clients more than 80% compared to buying site direct.

For more information, or if you have any questions, please contact your Scoppechio account representative or:

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Sources:

*Adweek, online poll, 3/27/17
IAB (Interactive Advertising Bureau)*

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