



centro
WEBINAR

BIDDING WITH CONFIDENCE: STRATEGIES FOR MEDIA BUYERS

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WHAT WE'RE TALKING ABOUT

- + RTB Foundations
- + Bid + Performance Relationships
- + Bidding Strategies

RTB FOUNDATIONS

WHAT IS A DYNAMIC RATE?



Purchase price for an ad impression is **determined via a real-time auction** (rather than a predetermined flat fixed rate)



Cost of the inventory is driven up or down by supply/demand ratio (similar to simple economics model)



Demand is always fluctuating, so cost of putting an ad in front of the right person and the right time with the right impression is in constant flux

WHO IS INVOLVED

① SUPPLY SIDE

Made up of publishers who determine availability of ad sizes for advertisers to bid on

② THE EXCHANGE

Connects the Supply and Demand side for real time bidding transactions

③ DEMAND SIDE

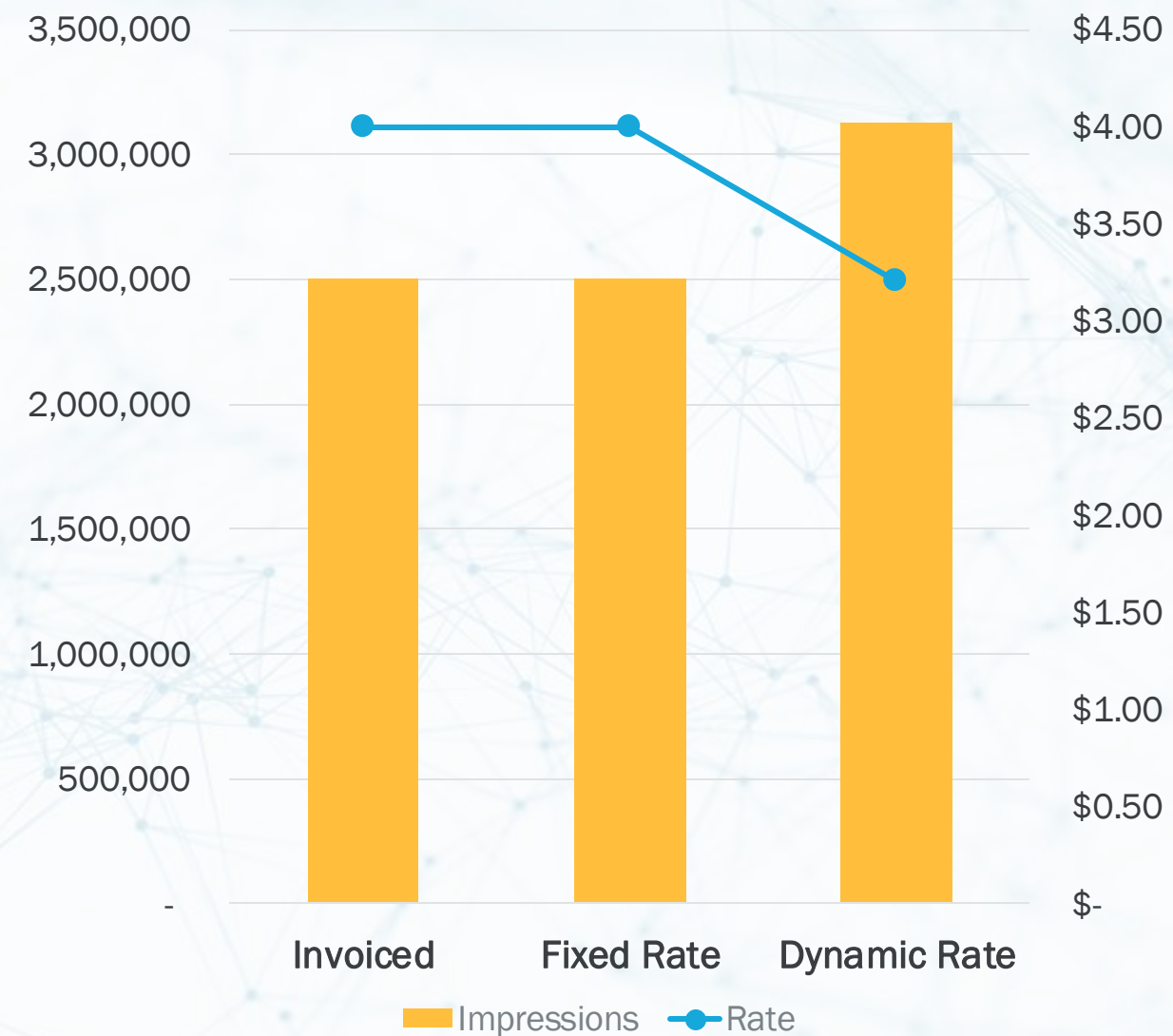
Advertisers, typically through a DSP, who bid on audiences based on targeting parameters

HOW IT WORKS

FIXED CPM

With a fixed CPM, the media vendor works to **deliver the full contracted impressions.**

IMPRESSIONS & RATE CHANGES



DYNAMIC CPM

With a dynamic CPM, the media vendor works to **deliver the full contracted budget.**

TRADITIONAL DIGITAL MEDIA PLANNING



RUN OF NETWORK
\$



CONTEXTUAL
\$



RETARGETING
\$



NATIVE
\$

- CPM and impression levels set during RFP stage
- Heavy planning work done upfront based on media research tools and sales presentations
- Optimization into other sites and tactics require new IO

PROGRAMMATIC MEDIA PLANNING



- **Dynamic CPMs** and fluid impression levels
- Heavy workload post-sale as **optimizations** take place based on live data
- **Fluid budgets** allow for immediate optimization without new IO

RTB KEEPS GROWING





BID + PERFORMANCE RELATIONSHIPS

BIDS: AUCTION TYPES

1ST PRICE

Highest bidder determines the sale price of an impression.

I bid \$5, they bid \$4, I win at \$5

2ND PRICE

Second-highest bidder determines the sale price of an impression.

I bid \$5, they bid \$4, I win at \$4.01

A majority of exchanges now operate with a first price auction.

So how did this affect bidding strategies?!

eCPMs are now closer to the default bid set,
monitoring of CPMs is important.

KNOWING WHAT RATE TO BID

PARAMETERS CAN IMPACT RATES



Geography – increase as geo gets tighter



Tactic Type – Data is layered on after media is won



Inventory/Creative type – Display vs. Video/ Desktop vs. Mobile



Seasonality – Q3/Q4 rates can be higher due to holiday season

TIP: More narrowly targeted tactics will need a more aggressive bid in order to win impressions against other bidders.



SET SMARTER DEFAULT BIDS

- + Establish campaign KPI goals
- + Establish bid pricing based on KPI
- + Remember that data fees impact pricing

GOAL TYPE	BID IMPACT ON PERFORMANCE
CTR, Viewability, Completion Rate	Limited, indirect
Cost per anything (CPC, CPA, CPCV, etc.)	Strong, direct

FINDING A REASONABLE CPM

LET'S SAY WE HAVE A CPC GOAL OF \$2.00

- + Based on market norms, we can assume the desktop campaign will have a CTR of about 0.05%*
- + Using basic math, we can calculate what our base bid should be, understanding that this is a starting point:

$$\text{CPM} = \text{CTR} \times \text{CPC} \times 1000$$

$$\text{CPM} = 0.05\% \times \$2.00 \times 1000$$

$$\text{CPM} = (0.05 / 100) \times 2.00 \times 1000$$

$$\text{CPM} = \$1.00$$

A hand holding a blue marker is drawing on a whiteboard. The whiteboard has various diagrams and text, including a large blue arrow pointing upwards and to the right, and some handwritten text in blue and orange. The text "BIDDING STRATEGIES" is overlaid in large, bold, black letters. The background is a blurred image of a person's face and a whiteboard with more text and diagrams.

BIDDING STRATEGIES

“COST PER” KPIS

(CPC, CPA, CPCV)

- + This metric relies on the cost, or price that is paid.
- + Price can **directly** influence performance
- + It can be implied and assumed that changing bid price **will** have a direct performance impact for the “cost per” KPI at hand



AS CPM
INCREASES



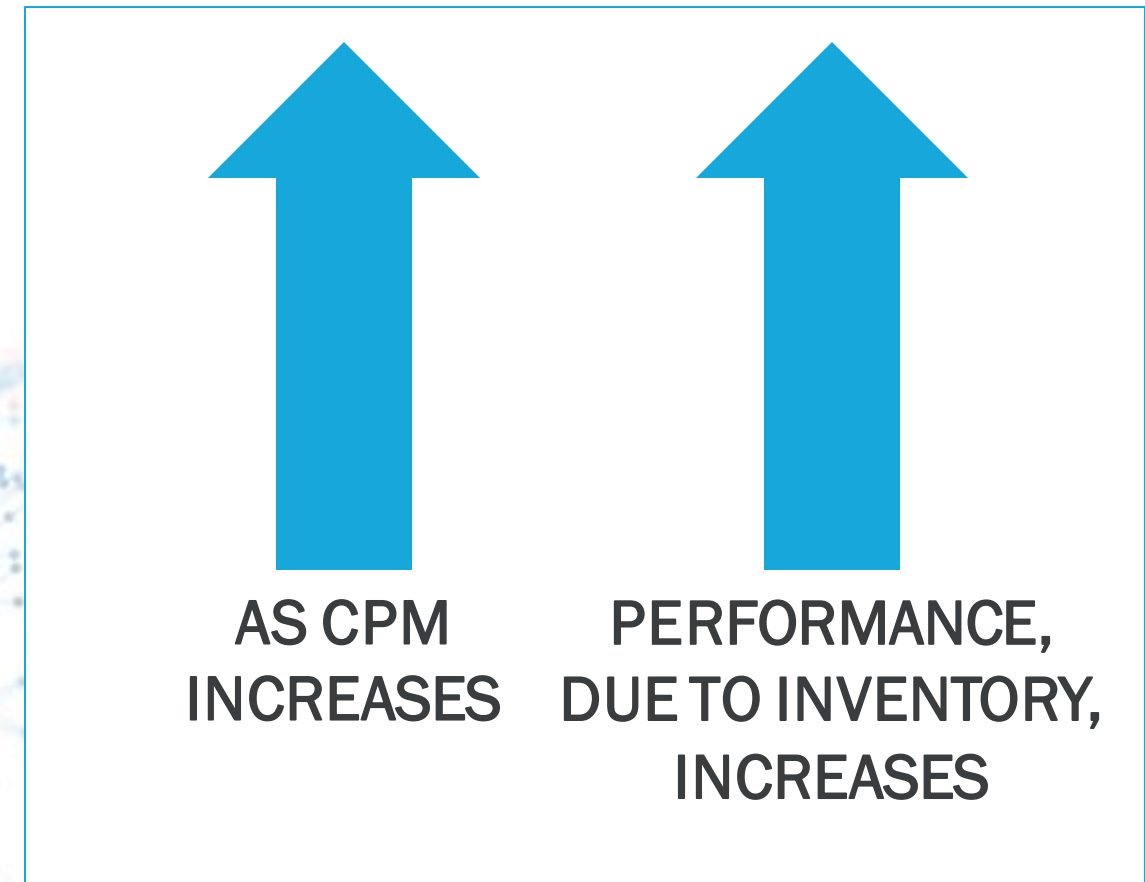
“COST-PER” KPI
PERFORMANCE
DECREASES

IF A CAMPAIGN IS NOT MEETING KPIS, AND YOUR GOAL IS DEFINED AS "COST-PER" ANYTHING, A FIRST TEST TO IMPROVE PERFORMANCE IS TO DECREASE YOUR DEFAULT BID.

NON “COST-PER” KPIS

CTR, VIEWABILITY, COMPLETION RATE

- + Higher prices may allow you to secure better performing placements via Private Marketplace deals or premium publishers
- + With non “cost-per” goals, the bid does not **directly** influence performance
- + It can be implied and assumed that changing the bid price will not directly affect performance



DATA AND OTHER FEES

- + Keep in mind how substantially this affects your CPM
- + Evaluate performance of audience campaigns and test lower bids to drive down media costs
- + Test data providers with large scale and lower CPMs (\$0.50-\$0.75)

OPTIMIZE BY					
Domain		Exchange	Creative	Daily	Hourly
VIEWING Domain		Exchange	Placement		
DOMAIN	STATUS	BID	MEDIA ECPM	DATA ECPM	GROSS ECPM
App: Timer+ 391564049	On	\$3.00	\$2.97	\$1.70	\$4.67
App: Coin Rush! com.crazylabs.coin.rush	On	\$3.00	\$2.97	\$1.70	\$4.67
mail.aol.com	On	\$3.00	\$2.97	\$1.70	\$4.67
App: iHeartRadio - Radio & Podcasts 2906381	On	\$3.00	\$2.98	\$1.70	\$4.68
App: Spades * 1318181304	On	\$3.00	\$2.98	\$1.70	\$4.68
App: Video Recovery video.recovery	On	\$3.00	\$2.99	\$1.70	\$4.69
App: BattleScribe net.battlescribe.mobile.ro	On	\$3.00	\$2.99	\$1.70	\$4.69
App: com.zodiacastrology.dailyhoro	On	\$3.00	\$2.99	\$1.70	\$4.69
App: Tip Calculator % Gold 532457588	On	\$3.00	\$2.99	\$1.70	\$4.69
App: Block! Hexa Puzzle™ 1095572547	On	\$3.00	\$2.99	\$1.70	\$4.69

EVALUATING WIN RATES

- + Win rates can be used directionally to evaluate whether a bid price is high enough to win inventory in the desired market and against the desired audience.
- + Achieving a certain win rate should not be a KPI, but is a good tool for insight.
- + Max out retargeting.

OPTIMIZE BY

Domain

Exchange

Creative

Daily

Hourly

Actions

VIEWING

Domain

Exchange

Placement

DOMAIN	STATUS	BID	DATA ECPM	WIN RATE	MEDIA ECPM	MEDIA SP
ebay.com	On	\$3.00	\$0.10	98.5%	\$3.00	
weather.com	On	\$3.00	\$0.10	77.6%	\$2.87	
mail.yahoo.com	On	\$3.00	\$0.10	91.6%	\$2.49	
reddit.com	On	\$3.00	\$0.10	98.1%	\$2.88	
mail.aol.com	On	\$3.00	\$0.10	88.2%	\$2.93	
msn.com	On	\$3.00	\$0.10	91.0%	\$2.05	
top-law-schools.com	On	\$3.00	\$0.10	100.0%	\$2.53	
accuweather.com	On	\$3.00	\$0.10	75.7%	\$2.79	
pennlive.com	On	\$3.00	\$0.10	92.6%	\$2.89	
m.accuweather.com	On	\$3.00	\$0.10	85.7%	\$2.90	

BID RECOMMENDATIONS

1

Evaluate bids and performance by channels

Desktop and mobile, display and video, often perform differently and have different inventory costs

2

Start your base bids low, understanding that data will drive up the total eCPM

If scale is an issue, test slowly raising the base bid and re-evaluate

3

If using data for “cost-based” KPIs, test low CPM segments and evaluate performance

1st party data typically has no cost and is a top performer

QUESTIONS?
THANK YOU!