The Key Trends & Insights of
Programmatic
Advertising
in China 2015
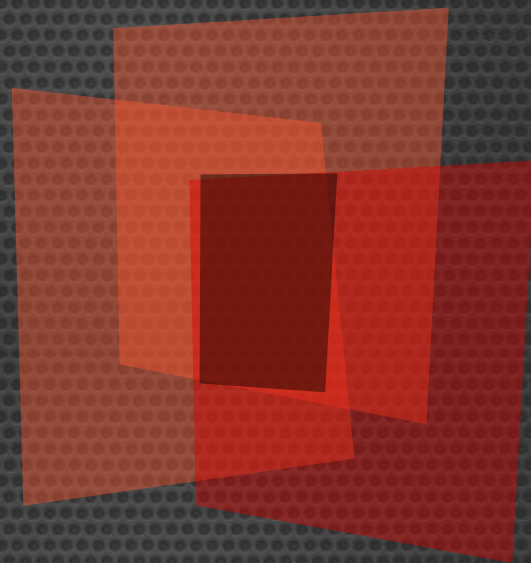
IPINYOU

2015. 03

Foreword

"Last year, we witnessed the boom of programmatic buying advertising and the tremendous development of the whole industry ecosystem. As more digital advertising dollars shift to programmatic buying, large scale of premium publisher inventory connected to DSP, terms such as DMP, DSP, PDB become popular, everyone hopes to have a crystal ball as to what will happen to programmatic advertising in 2015.

Today, programmatic is reshaping the entire digital ad industry, an automated, technology-centric, data-driven method of digital display ad seems to be on every marketer's agenda, but there are all sorts of confusions and point of views in the market. Marketers have lots of questions to ask.

This report is in an effort to shed some lights on several key questions marketers face when embracing programmatic buying. These insights are drawn out of what iPinYou accumulated over thousands of campaigns, serving over 3000 clients, large and small, across almost all verticals in the past 7 years.

We hope this report will guild brands and agencies better understanding and using DSP as a key weapon to drive their business, as well as promote the whole industry's further development.

We appreciates all the contributions from the marketers and our partners to the development of programmatic advertising. At the beginning of 2015, iPinYou would like to release this report as our contribution to the industry and a more healthy development of programmatic advertising in the future.

Thanks!"

— iPinYou

What marketers might ask when embracing programmatic buying?

1. *Own a DSP or use third-part independent DSP ?*

2. *Ad serving or PDB ?*

3. *DSP or search ?*

4. *Cross-screen ad or mobile only ?*

5. *PDB or RTB ?*

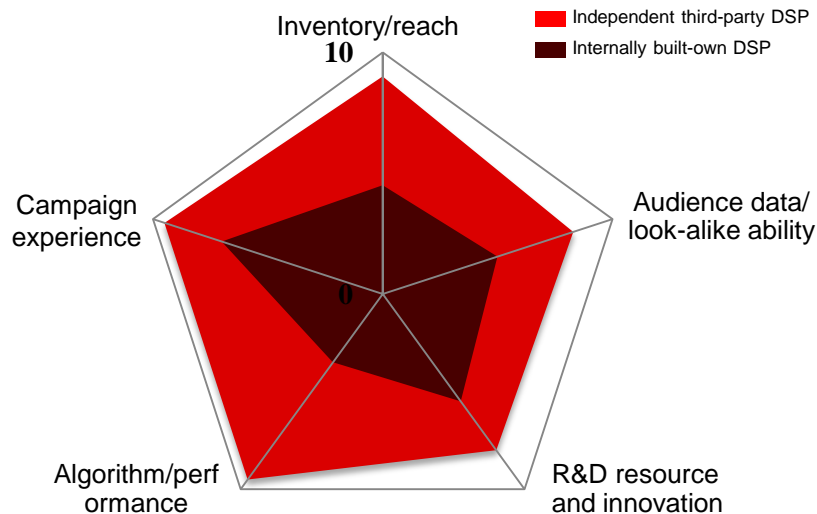**6.** *Does programmatic ad suits my brand ?*

About iPinYou …

Question 1

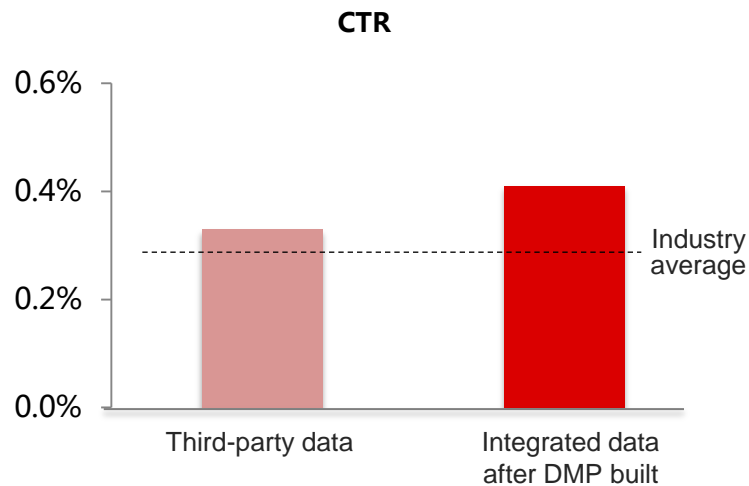*Own a DSP or use third-party independent DSP?*

Use the best **independent third-party DSP**, and establish **data management ability**

Brands are suggested to use the best third-party independent DSP technology available in the market. At the same time they can consider building private DMP to better accumulate and manage their own first-party data. Thus, brands can best leverage the proprietary data without compromising on DSP.

Compared with internally built-own DSP, the independent third-party DSP has the great advantages of its nature and ad spending scale

- Independent third-party DSP
- Internally built-own DSP

Inventory/reach
10

Campaign experience

Audience data/ look-alike ability

0

Algorithm/perf ormance

R&D resource and innovation

Collaborating with third-party DSP and building private DMP to integrate the multi-resource data is an effective way to greatly improve the ad performance

CTR

Industry average

Third-party data

Integrated data after DMP built

PDB contains Ad severing's capability, and better suits programmatic advertising

PDB (Programmatic Direct Buying) is the technology suited for programmatic buying on premium inventories. It typically includes traditional ad serving capability, but on top includes many other important modules necessary to further optimize the media ROI by integrating and analyzing multi-source data and powerful algorithm in real time.

PDB can better manage the **programmatic ad of premium inventories**

Marketers

PDB

Ad serving

- Data management
- Audience analysis
- Ad exchanges connection
- Real-time optimization

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Media

Video

PC Banner

Mobile Banner

Campaign performance
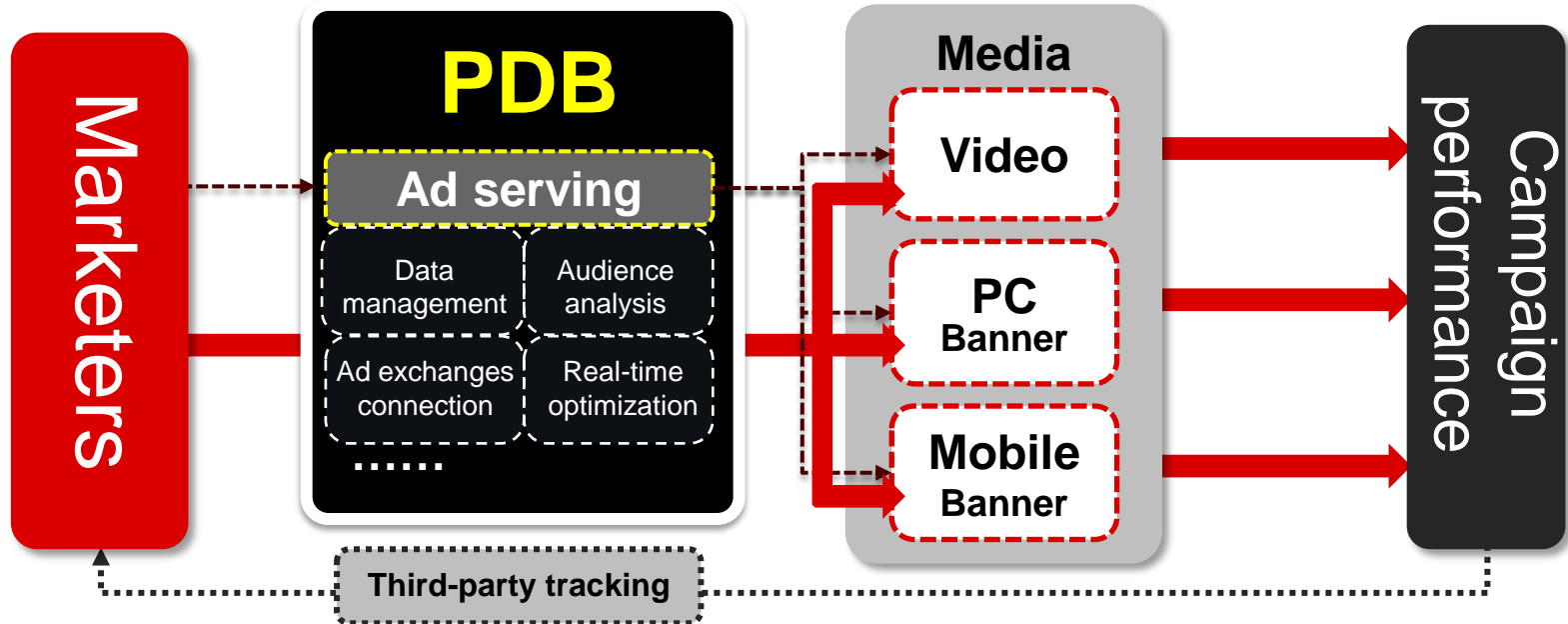
Third-party tracking

Question 3

DSP or search?

To better use programmatic, all-path tracking and measuring the display ad conversion is vital

Tracking and measuring view-through conversion, building the conversion attribution system, and having complete view on brand value is important to comprehend the advantage of DSP/programmatic buying.
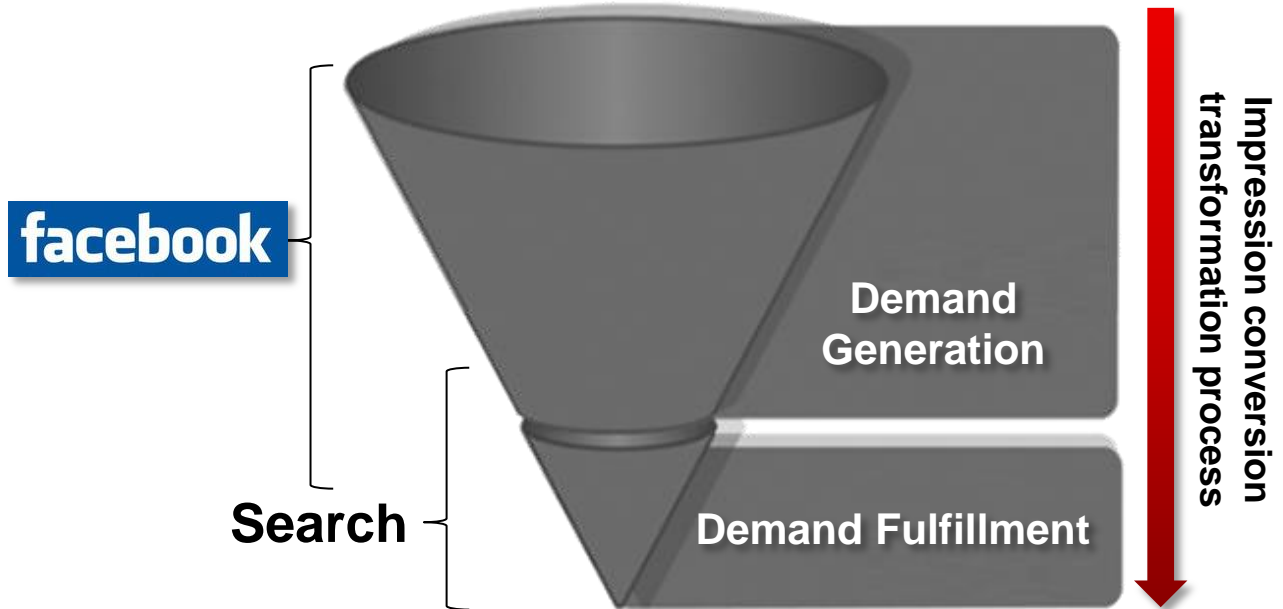
Facebook collaborated with Datalogix studies have shown that

90%

of people who saw a Facebook ad and purchased in-store **never clicked on an ad at all.**

Facebook has started the ad conversion attribution measurement

facebook

Search

Demand Generation

Demand Fulfillment

Impression conversion transformation process

In a world of mobilization, cross-screen ad is the best way to connect audience effectively

Cross screen is not only about identifying individual consumer across various device, but rather matching the right message to the right audience at right device at the right time. Also it is about optimizing in real time the budget allocation across different devices.

## Cross-screen complementary

Morning Mobile
Mobile impressions are the most constant throughout the day, as you can see by the relatively flat distribution curve. There are peaks during commuting hours (7-9 a.m.; 5-7 p.m.) and before bed (9 p.m. – 1 a.m.)

Night time Tablet
Tablet impressions are heavily skewed toward the nighttime hours, when they are 9x higher than early-morning hours
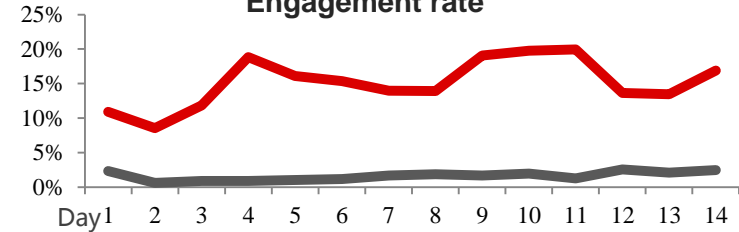
Daytime Desktop
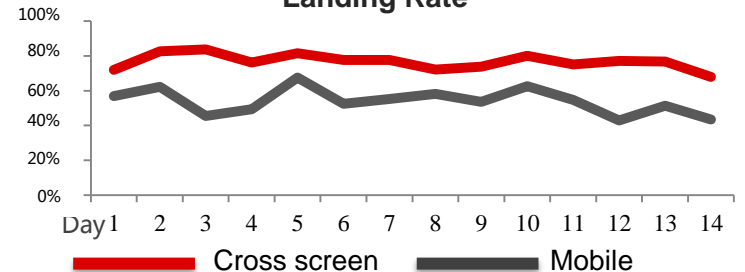Desktop impressions are highest during work hours; post-coffee-break impressions rise at 10 a.m.
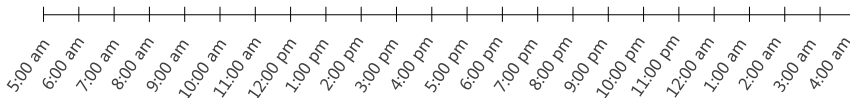
The performance contrast between cross-screen campaign and mobile only campaign of a well-known cosmetic brand

Engagement rate

Landing Rate

Cross screen — Mobile
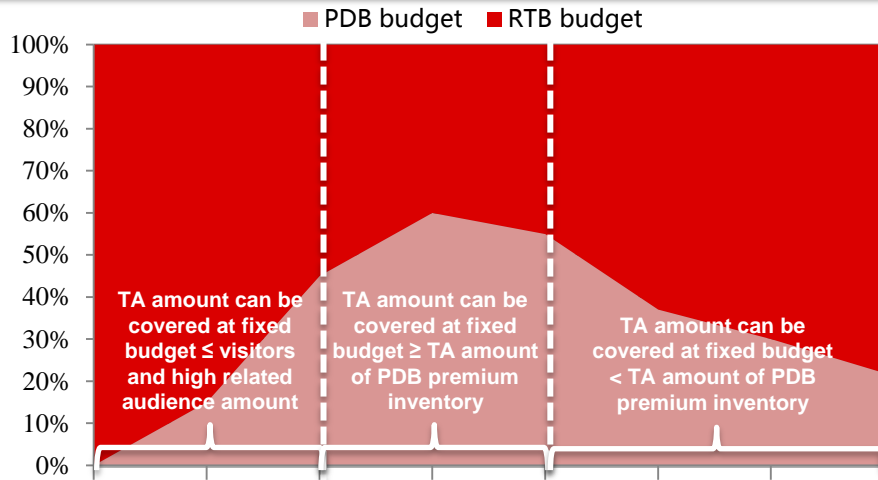
Marketers need to use a combination of PDB and RTB to improve ad effectiveness and performance

Programmatic buying is designed to improve the effectiveness of digital ad. Nowadays, one of the key trend is that marketers can use the combination of PDB (programmatic direct buying) and RTB (real time bidding) in iPinYou system to gain significant efficiency across all types of inventories.

	Purchase type	How price is set	Inventory to be controlled	Price effective-ness
PDB	**Automated guaranteed**	**Fixed price**		
RTB	**Open auction**	**Real-time auction**		

Based on fixed brand budget, the combination ratio status of PDB and RTB for maximizing the campaign performance

■ PDB budget ■ RTB budget

TA amount can be covered at fixed budget ≤ visitors and high related audience amount

TA amount can be covered at fixed budget ≥ TA amount of PDB premium inventory

TA amount can be covered at fixed budget < TA amount of PDB premium inventory

According to the math formula* :
Based on fixed budget that can cover the TA amount, using the combination of PDB and RTB can maximize the campaign performance and effectiveness。
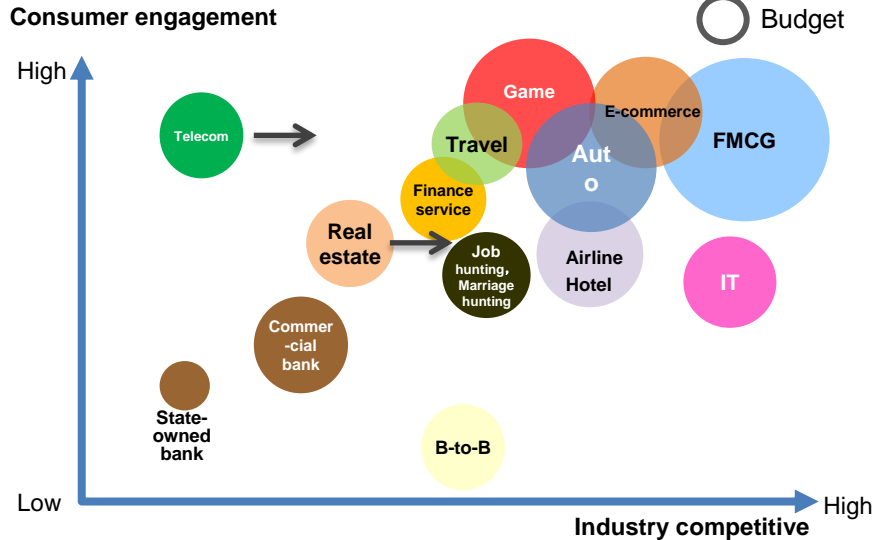
Question 6

Does programmatic ad suit my brand?

All competitive industries have and will continue to embrace programmatic buying
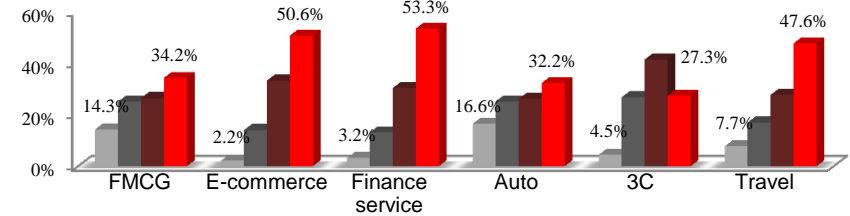
In 2014, E-commerce, FMCG, Auto, and most of the competitive industries heavily shifted to programmatic and traditional industries follow. All industries will further embrace the programmatic ad in the future.

The brand budget in programmatic ad for highly competitive and consumer-oriented industries.

Consumer engagement

High

Budget

Telecom

Game

Travel

E-commerce

FMCG

Auto

Finance service

Real estate

Job hunting, Marriage hunting

Airline Hotel

IT

Commer-cial bank

State-owned bank
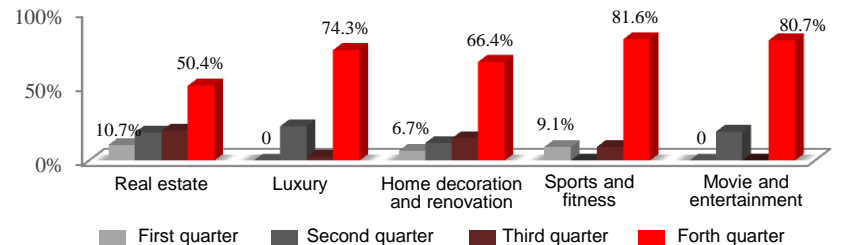
B-to-B

Low

High

Industry competitive

The quarterly proportion of industries' programmatic ad spending accounted for their annual spending in 2014.

Quarterly proportion of consumer-oriented industries

	FMCG	E-commerce	Finance service	Auto	3C	Travel
	14.3%	2.2%	3.2%	16.6%	4.5%	7.7%
	34.2%	50.6%	53.3%	32.2%	27.3%	47.6%

Quarterly proportion of traditional industries

	Real estate	Luxury	Home decoration and renovation	Sports and fitness	Movie and entertainment
	10.7%	0	6.7%	9.1%	0
	50.4%	74.3%	66.4%	81.6%	80.7%

First quarter   Second quarter   Third quarter   Forth quarter

Source：iPinYou Big Data Research Institute.

About iPinYou

iPinYou is the **first and largest independent DSP** in China

iPinYou's market share in branded programmatic ad is

52.8%

Founded in 2009, iPinYou is the first and largest independent DSP (Demand Side Platform).

Industry leadership

- iPinYou launched the first RTB enabled DSP in China in March 2012
- iPinYou DSP meets industry's highest scientific standard in China

The largest DSP

- iPinYou, the largest DSP in China, has integrated with 16 exchanges including Google, Alibaba, Baidu, Tencent, Youku, Sina, Smaato and InMobi, etc.
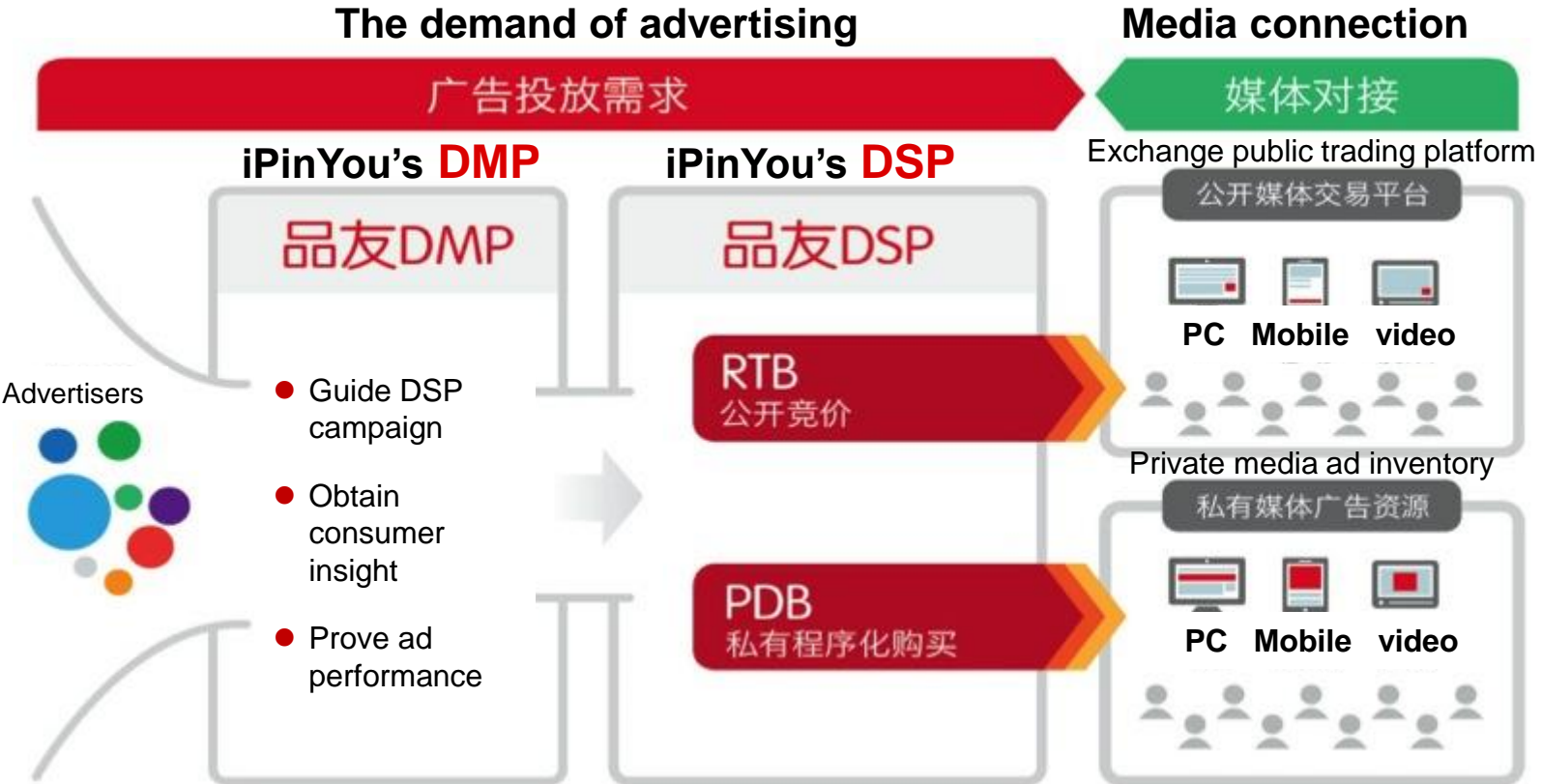- Access about 10 Billion daily impressions, support 200,000 QPS, which is China NO.1

Data leadership

- Released the first digital ad audience tags（DAAT）
- Largest and most active audience data of 830 million within 30 days
- 5000+ tags based on demographic, geographic, long interest, in-market intent, etc.

Management

- Strong management team and consulting team with having international background and view

iPinYou is the only DSP that offers full range of demand-side products

The demand of advertising

Media connection

广告投放需求

媒体对接

iPinYou's DMP

iPinYou's DSP

Exchange public trading platform

品友DMP

品友DSP

公开媒体交易平台

Advertisers

- Guide DSP campaign
- Obtain consumer insight
- Prove ad performance

RTB
公开竞价

PC **Mobile** **video**

Private media ad inventory

私有媒体广告资源

PDB
私有程序化购买

PC **Mobile** **video**

Most of Fortune 500 companies choose iPinYou in China

Category	
FMCG	
E-commerce	
IT.3C.appliance	
Finance service	
Auto	
Apparel/sports	
Telecom	
Others	