

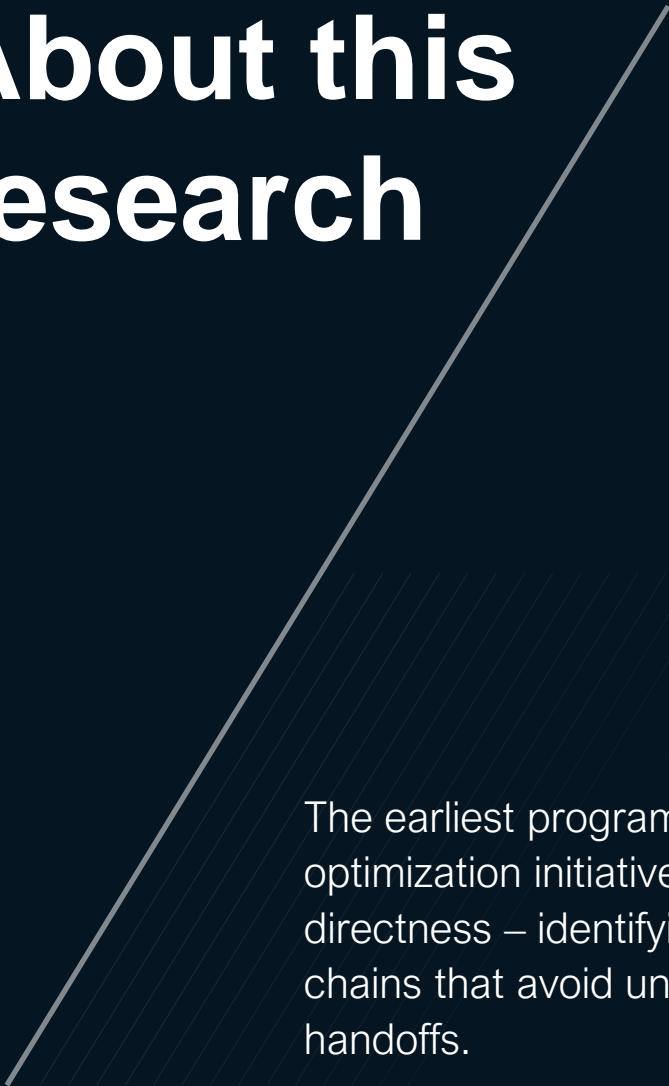
The Marketer's Guide To Supply Path Optimization

A practical guide for navigating the complexities of
the programmatic supply chain



JOUNCE
— MEDIA —

About this research



The earliest programmatic supply path optimization initiatives correctly focused on directness – identifying high efficiency supply chains that avoid unnecessary fees and technical handoffs.

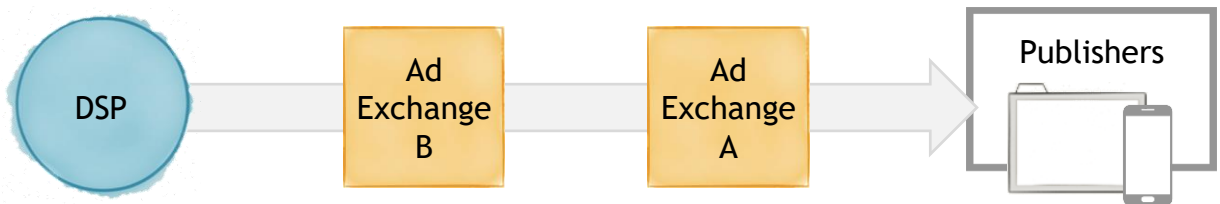
But optimizing for directness is insufficient. A high efficiency path to obviously low quality supply is at least as wasteful as a multi-hop path to high quality supply.

In this whitepaper, we introduce a simplifying framework that marketers can adopt for managing inventory quality across web, mobile app, and CTV environments, and we recommend two approaches for activating a data-driven supply path optimization strategy.

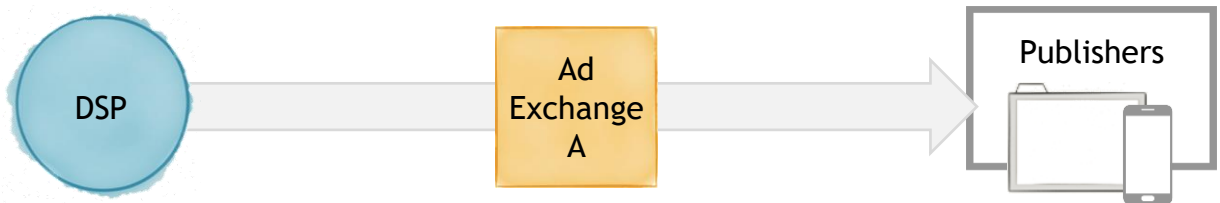
Supply Path Directness

Eliminating unnecessary hops

There is broad industry consensus that buyers and sellers benefit from direct supply chains. All things equal, media buyers should avoid this path:



In favor of this one:



Our companion whitepaper, [The Marketer's Guide To Programmatic Reselling](#), describes many variations of indirect supply chains and identifies scenarios in which marketers and publishers should rationally transact through long supply chains.

But the overwhelming majority of indirect supply chains are value-extracting **Rebroadcasting** that introduce unnecessary hops between the marketer and the publisher. At best, rebroadcasting supply chains carry elevated ad tech fees that require marketers to submit elevated gross bids to produce market-clearing net publisher payouts. More problematically, rebroadcasting supply chains are dominant sources of non-human traffic, spoofed inventory, and copyright-infringing content.

And yet rebroadcasting paths currently exist across most websites, mobile apps, and CTV apps. The first step in any supply path optimization initiative should be eliminating these unnecessarily long supply chains.

The Screenshot Test

Judging inventory quality

But optimizing for directness is an insufficient supply path optimization strategy. Many programmatic supply chains create maximally direct access to low quality inventory.

And so if a bid request does represent the most direct route to an impression, the marketer's next question should be "does this impression pass the screenshot test?" The screenshot test is a mental shortcut for assessing the quality of an ad opportunity. Simply put, has any agency ever included a screenshot of this ad placement in a campaign wrap report?

The Screenshot Test

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Impressions can fail the screenshot test in two ways:

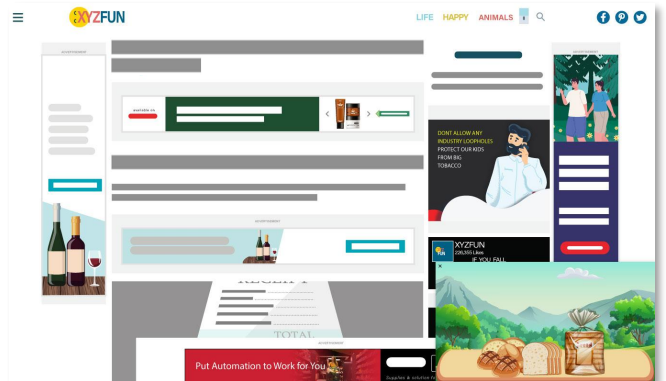
Cheap Reach

The ad placement is outside primary content, requiring unusual user behavior to be seen.



Made For Advertising

The ad placement is in view, but is part of a user-hostile experience.



Cheap Reach

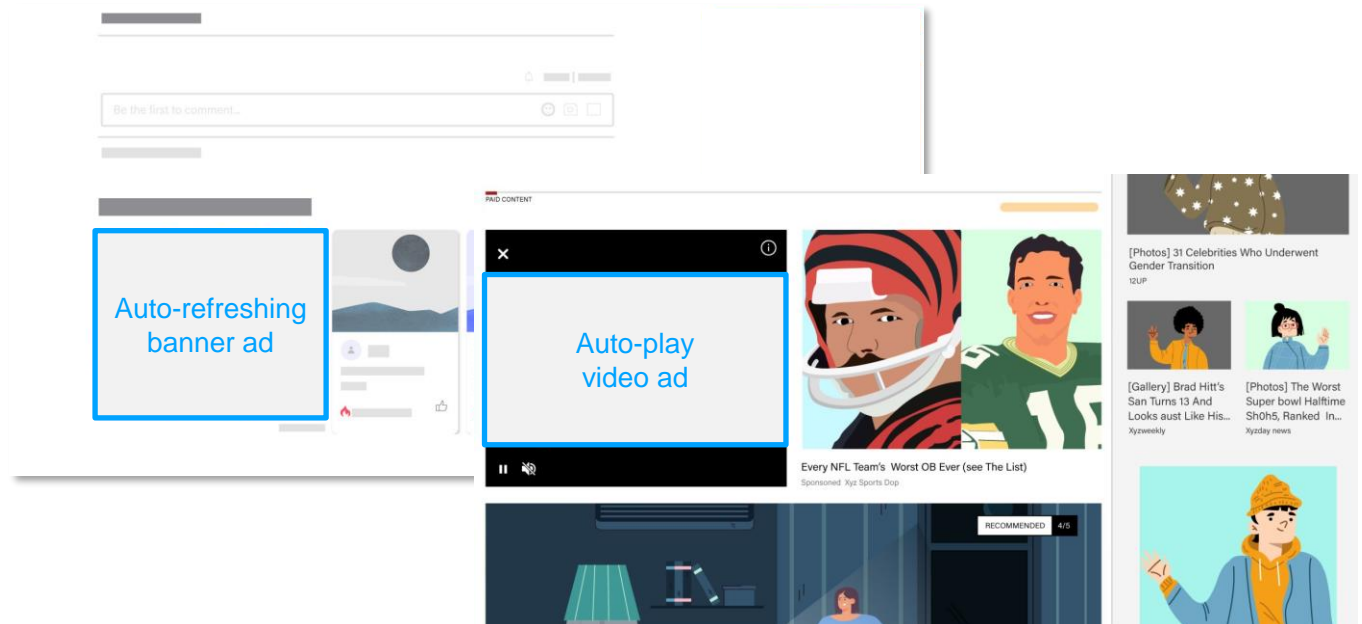
Chronically non-viewable inventory

Intuition would say impressions that fail the screenshot test should also demonstrate poor media quality metrics like ad viewability and video completion rates. We call this intuitive case **Cheap Reach** – the lowest quality impressions on the internet. Cheap Reach inventory tends to be:

- Outsourced by the publisher to an intermediary
- Co-present with other high quality impressions on the same pageview

Large volumes of bid requests on properties operated by Disney, Gannett, NBCUniversal, Warner Media, Ziff Davis, and many other premium publishers do not lead to publisher-controlled inventory. Instead those auctions lead to low quality ad units that the publisher has outsourced to a monetization partner.

Cheap Reach placements are commonly executed by rendering auto-refreshing display ads in the comments section of article pages and injecting auto-playing videos into content recommendations widgets:



Cheap Reach

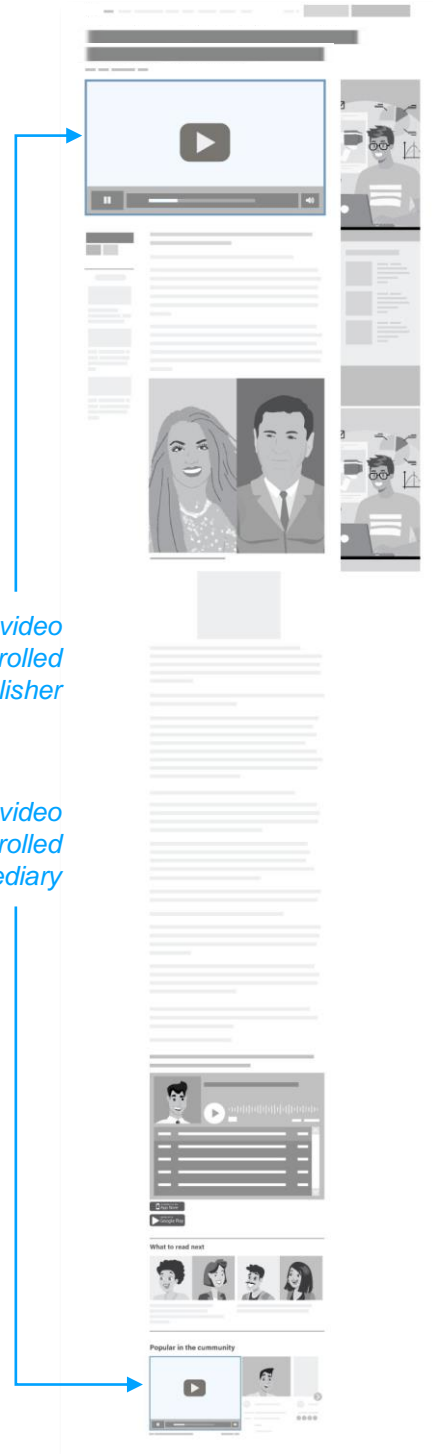
Chronically non-viewable inventory

Media metrics clearly demonstrate the poor quality of Cheap Reach placements. Across the full supply landscape, 91% of Cheap Reach display impressions and 95% of Cheap Reach video impression fail the MRC's viewability standards. But these low quality placements almost always co-exist with other high quality placements on premium publisher pages, making them hard to avoid.

What Is Cheap Reach?

Cheap Reach inventory is chronically non-viewable, requiring out of the ordinary user behavior to be seen. These placements most commonly co-exist with other high quality placements on premium publisher pages, making them hard to avoid.

Marketers would be highly unlikely to block properties controlled by the premium publishers we mentioned on the prior page. But bidding into the open auction on these properties means buying a blend of high quality publisher-controlled inventory and low quality intermediary-controlled inventory.

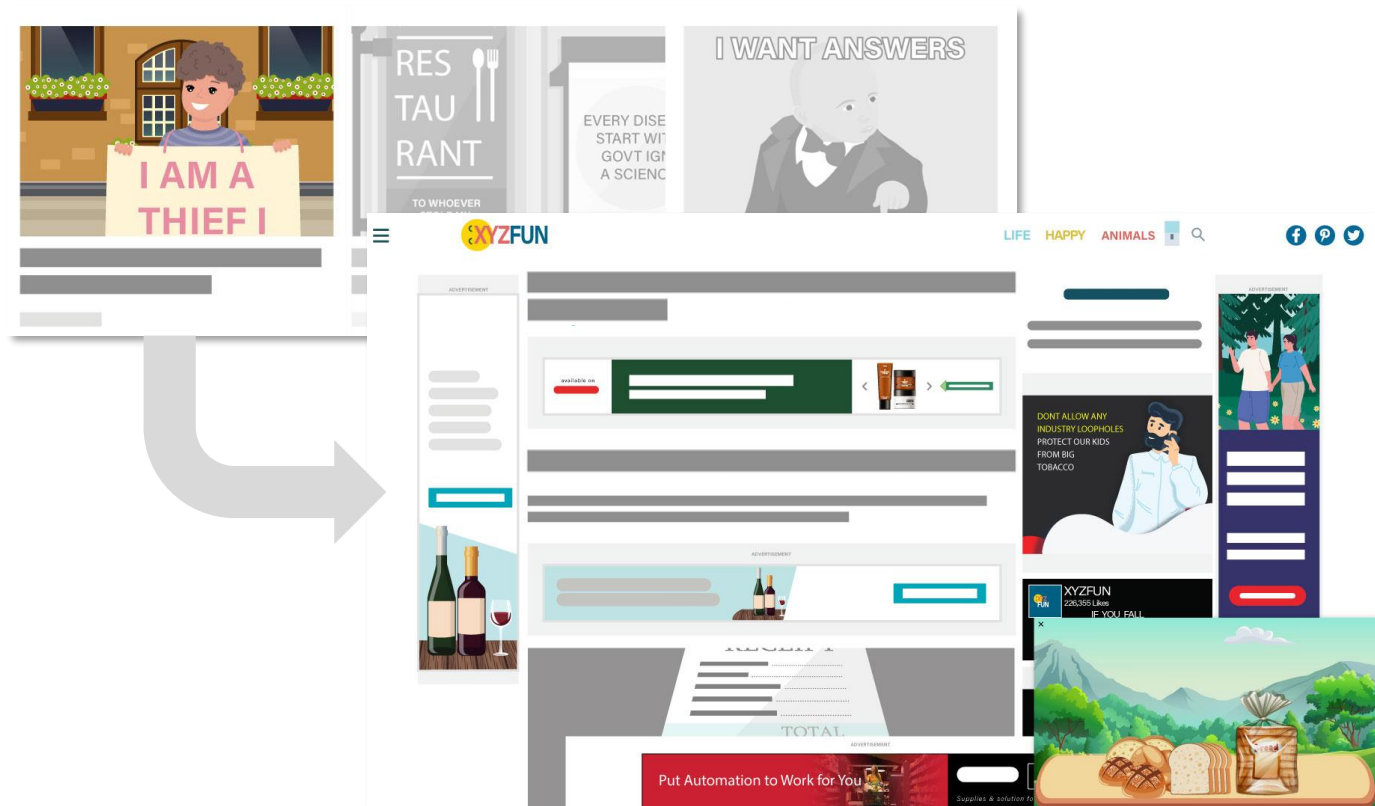


Made For Advertising

User-hostile ad experiences

An even bigger quality control challenge for media buyers is inventory that fails the screenshot test and yet manages to exhibit attractive media metrics. We call this segment of supply **Made For Advertising** (MFA) inventory – media properties that are built to deliver superficial marketing success metrics with no consideration for user experience.

You've likely experienced Made For Advertising as a consumer through clickbait advertising like this:



No agency has ever included a screenshot of this experience in a campaign wrap report – it fails the screenshot test – but automated bidding algorithms often favor this supply. It is brand safe, demonstrates high viewability, and clears at low prices.

Made For Advertising

User-hostile ad experiences

There are three hallmarks of Made For Advertising Inventory:

① Paid Traffic

Made For Advertising publishers have little-to-no organic audience and are instead highly dependent on visits sourced from clickbait ads that run on social networks and content recommendations platforms. Buying paid traffic is the primary cost driver of operating an MFA business.

② Aggressive Monetization

Overcoming paid traffic acquisition costs requires MFA publishers to engage in aggressive monetization practices. Through a combination of high ad load and rapid auto-refreshing placements, these publishers capture an arbitrage opportunity, but they also create a user-hostile advertising experience.

③ Superficial KPIs

That user-hostile experience entirely eliminates the effectiveness of advertising. Made For Advertising publishers can manufacture ad products that achieve attractive vanity metrics like high viewability and high video completion rates. But our research demonstrates MFA inventory has no impact on consumer purchase decisions.

Because marketers often task their media buying teams with achieving superficial KPIs, media buyers and their DSP partners invest in Made For Advertising inventory. Blocking this supply requires marketers to make a business choice to prioritize real world business outcomes over vanity metrics.

What Is Made For Advertising?

Made For Advertising (MFA) inventory achieves superficial KPIs like viewability by creating a user-hostile advertising experience. MFA inventory has no impact on driving real world business outcomes for marketers.

Premium Supply

The best of the Open Internet

Sophisticated media buyers should optimize for both directness and quality, blocking Rebroadcasting supply chains, Cheap Reach placements, and Made For Advertising publishers. Marketers who take this approach concentrate their investments with a trusted list of sellers that control **Premium** supply – maximally direct paths to inventory that has a proven ability to drive business outcomes for marketers.

Most Premium supply is controlled by publishers, but Premium supply is also sometimes controlled by value-adding intermediaries that have exclusive sales rights for high quality inventory in third party websites and apps. Across web, mobile app, and CTV supply, media buyers should target the full breadth of reputable content owners, sales houses, app developers, and connected TV distributors.

What Is Premium?

Premium supply represents the very best of the open internet – maximally direct paths to inventory that has a proven ability to drive business outcomes for marketers. Most premium supply is controlled by publishers, but some intermediaries have exclusive sales rights for premium ad placements.

Premium Web Supply



Professionally produced websites controlled by marquee publishers plus independent content creators that outsource monetization to exclusive sales houses.

Premium Mobile App Supply



Primarily casual gaming apps from the most reputable studios plus news and utility apps developed by web-first media companies.

Premium CTV Supply

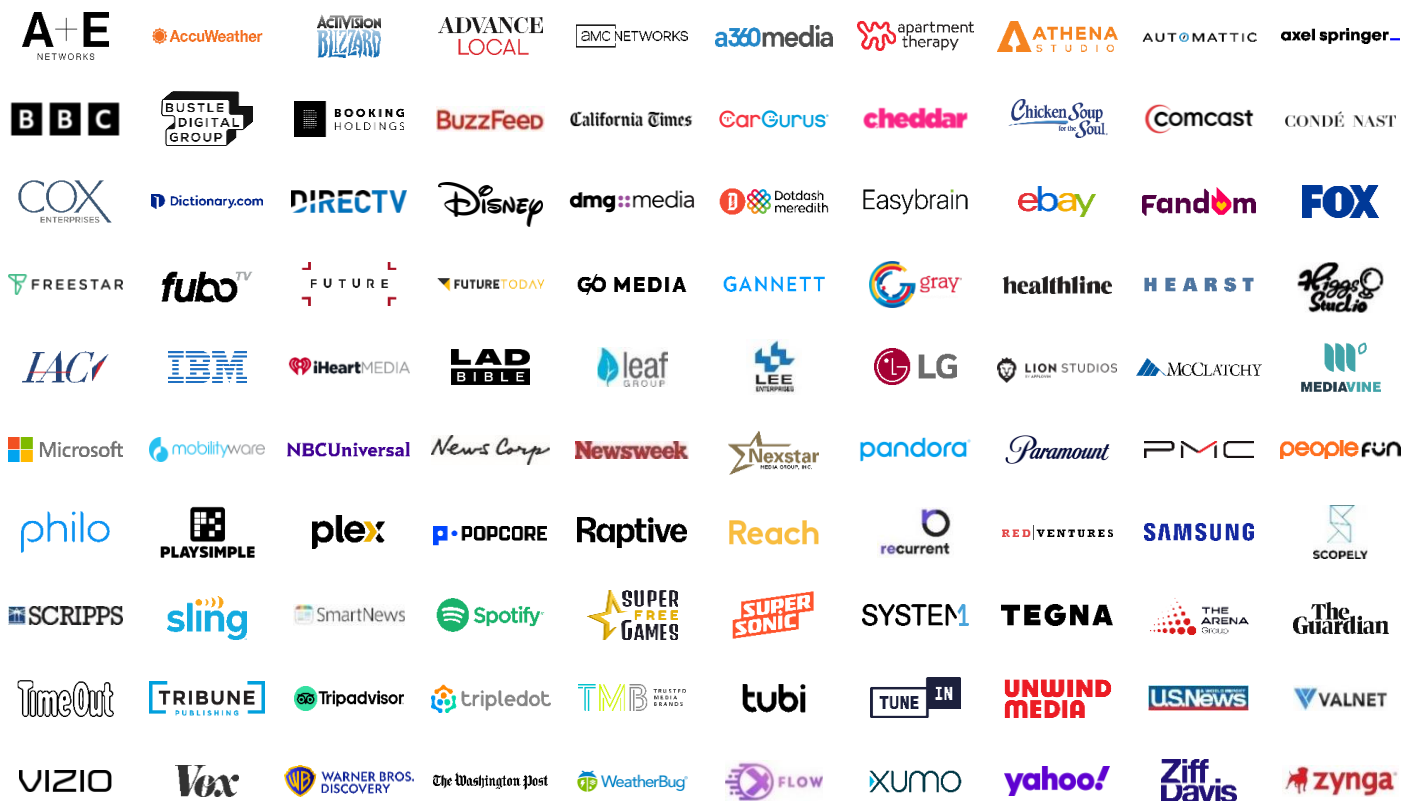


Ad pods controlled by multi-channel app developers, content owners, and connected TV original equipment manufacturers.

Premium Supply

The best of the Open Internet

But it turns out the full breadth of Premium sellers is actually quite concentrated. A small number of scaled media companies control the overwhelming majority of Premium supply. In particular, these 100 publishers, content owners, and sales houses control more than 85% of all Premium web, mobile app, and CTV supply:



Said differently, marketers who choose to target premium supply chains allocate more than 85% of their investment to these 100 media companies.

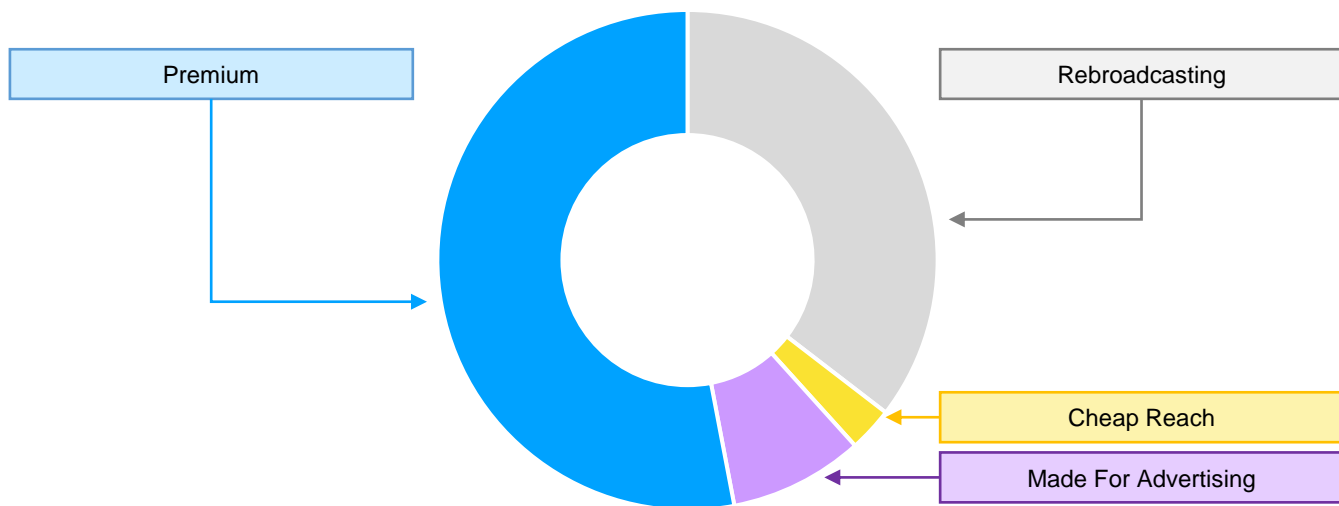
For those marketers, the open internet is no longer a vast expanse of murky inventory. Constraining a media plan to Premium supply means that programmatic technology can continue to optimize ad investments across tens of thousands of websites, mobile apps, and CTV apps. But every impression is controlled by a media company that the marketer knows and trusts.

Premium Supply

The best of the Open Internet

There is more than enough Premium supply to fulfill even the largest programmatic advertising campaigns, but as of late 2023, nearly half of bid requests fail our Premium standard:

Mix Of Bid Requests Available To DSP Buyers



This chart quantifies the mix of supply as measured by bid request volume and reflects the natural distribution of DSP spend. Without rigorous controls, programmatic buyers purchase a blend of premium and sub-premium supply. Managing this blending requires marketers and their agencies to bring hard questions to their ad tech partners:

- How can we deploy investments to a premium publisher without also buying that publisher's comments section and content recommendation widget?
- How can we maintain an evergreen list of Made For Advertising properties that currently pass pre-bid fraud, brand safety, and viewability filters?
- How can we block resold auctions without losing access to value-creating intermediaries?

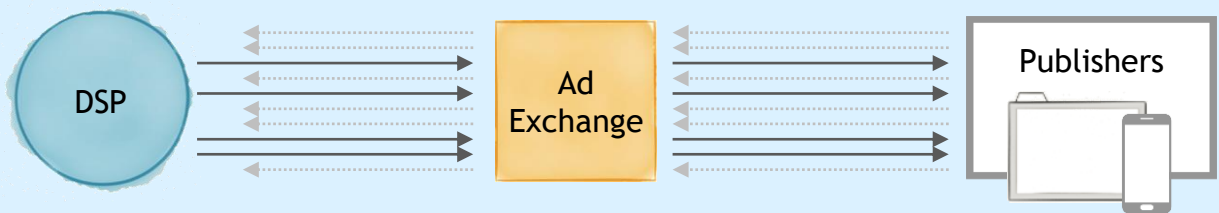
SPO Activation

Targeting premium supply chains

Thankfully, forward-thinking advertising technology companies are prepared to answer these questions. Through either custom DSP targeting or SSP auction packages, marketers can now ensure their programmatic investments exclusively transact through premium supply chains:

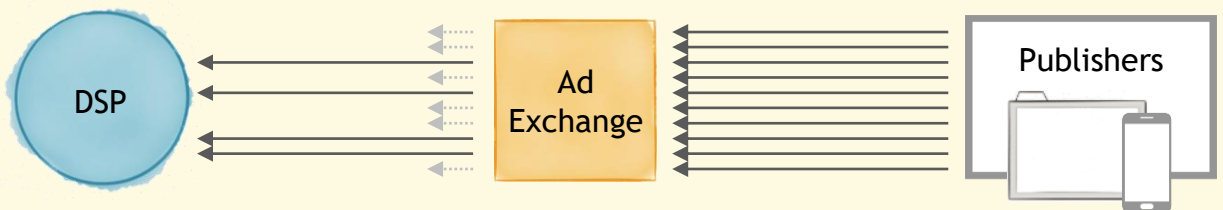
Buy-Side Activation

Some DSPs allow buyers to target specific supply chains. These path-level inclusion lists replace legacy website and app inclusion lists.



Sell-Side Activation

Some ad exchanges (SSPs) allow buyers to pre-filter the bidstream, ensuring their campaigns only have the opportunity to access premium supply chains.



Ask your ad tech partners about activating premium supply chains. Or ask us, and we'll walk you through the process.



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