Lineate

# How to address video ad underperformance

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# “Why are our video ads underperforming?”

At Lineate we often hear this question from publishers and SSPs. That’s why we’ve significantly improved video ad performance by applying optimization techniques around integration and configuration, and by using predictive modeling to introduce dynamic floor pricing and request filtering.

Many techniques for optimizing programmatic advertising apply to video, but video can intensify traffic-quality problems. Since the rest of the ad ecosystem is moving away from cookies, the solutions to video will become more and more applicable to the industry as a whole.

# Defining the problem... and the solution

Obviously, optimizing programmatic advertising requires a consistent, data-driven approach. The term video ad performance typically refers to the rate of bids received against available video inventory and the price of the bids received. Of course, these two metrics are somewhat at odds with each other because increasing the threshold of acceptable pricing tends to drive down the bid rate. To begin crafting a solution, we need to define what constitutes success:

maximizing the bid rate with a minimal price threshold,

maximizing the pricing with a minimal bid or fill rate,

or maximizing overall revenue from both the price threshold and the bid rate.

Any of these are plausible goals, and they are solved the same way. (Notably, we don't begin with trying to optimize CPM or eCPM because those involve other upstream dependencies that potentially cloud the picture. We'll discuss how we handle them later.)

We then iterate through our hypotheses to see which changes have the greatest impact on video ad performance. As we dive deeper into the data our vision and ideas will change, and initial hypotheses may be either confirmed or disproven, leading to new hypotheses. Every company is unique, so there isn't one master approach. However, we've found that certain hypotheses tend to work especially well with video ads, and these form the backbone of our approach to improving performance.

Each hypothesis is predicated on whether we can find clues that support it in the data sitting in various systems. Any player in the ad tech industry will have detailed logging and reporting in place, and there are usually vast troves of raw data that can be exposed. Because the amount of data is enormous we generally start our analysis by selecting a few dozen of the worst-performing units (publishers or ad placements) and filtering them by priority (revenue impact) and the probability of finding a factor we can isolate that is driving poor performance. After we test ideas on this low-hanging fruit, we can roll out the best results more broadly.

# Filtering out low bids with predictive modeling

Many publishers don't set floor prices for video ads, and this oversight results in a stream of bids at very low prices. These excessively low bids cause the obvious problems of devalued inventory, low revenue, and the improbability of winning any upstream auctions. To remedy this issue, we typically start with an attempt to introduce default floor prices for such publishers, along with dynamic floor pricing that is optimized to the success criteria we specified when we defined the problem.

However, some publishers preclude the introduction of floor pricing in their agreements, and this poses a special problem unique to video ads. All the low-quality bids these publishers receive are unlikely to win or produce much value, but the size of the OpenRTB responses required for video is large and incurs significant processing and hosting costs even to receive the bids. Our solution is to create a predictive model of when certain bidders are likely to respond with low bids. Our model enables us to nix the request before it's made so the publisher can devote their resources to traffic that is more likely to be profitable. Of course, we always keep a small control group running to alert us if our model starts to filter out potentially valuable traffic.

# Integration and configuration issues

We also see, surprisingly often, a number of basic configuration issues that artificially drive down demand for ad placements. These issues can be part of the OpenRTB stream itself, when certain fields are missing or set incorrectly (for example, when publishers specify nonstandard ad dimensions). In some cases we are able to identify parameters that are closely correlated with poor quality, such as country or GDPR flags. Sometimes low-quality traffic is caused by an integration issue on the publisher side, such as improper tagging or misconfigured cookie matching (either between the SSP and the publisher or between the DSP and the SSP).

# Dealing with low-quality traffic

Improving traffic quality is typically the best way to drive ad performance.

A good signal that a publisher or SSP has a traffic quality problem is when their system's winning bids subsequently lose in upstream auctions (say, to another SSP or publisher using header bidding). This result can't really be measured directly, but it can be ascertained by comparing internal logs of auction-win rates against the number of tracked impressions and clicks. There are many reasons these factors won't match exactly, but larger discrepancies can indicate a traffic-quality problem. Introducing this signal into the dynamic floor-pricing algorithm enables publishers to suppress poor traffic and boost their impressions and win rate. In a pinch, we can also dynamically decrease the platform fee; by reducing commissions on our end we can effect a higher eCPM and make the traffic look correspondingly better upstream.

# Cookieless:
# The elephant in the room

The greatest source of traffic-quality problems is unmatched traffic without cookies, which has a dramatic effect on bid activity. This type of traffic causes greater problems for video ads because video is more prominent in gaming and apps that have non-cookied traffic by default.

This issue is a prime candidate for resolving with a first-party data exchange. At the most basic level, we need to make sure we're sending fundamental demographic data such as IAB categories along in the RTB request. This exchange is more than a technical fix as it applies to all parties in the ecosystem, but generating the instrumentation and reporting around this data is a key first step. For example, if these integration issues are exposed clearly to ad managers, the managers can take appropriate actions such as negotiating with advertisers to also bid on content and context-based target ad requests, not only on identified users. In short, we can't directly fix unmatched traffic, but we can figure out what publishers need to do to fix the problem, or to work with SSPs to increase the match rate together.

In addition, we found that using different ID exchanges for gaming and mobile app platforms produced better matching and better results. The detailed logging also enabled us to get good insight into the floor price at which each DSP tends to stop bidding for unmatched anonymous traffic. Each of these can drive performance by preemptively filtering traffic and directing it to the right partners.

# Conclusion

We have significantly improved video ad performance by systematically applying optimization techniques around integration and configuration, along with using predictive modeling to introduce dynamic floor pricing and request filtering. Many of the techniques discussed improve the performance of all ad types, not just video. But some of them are especially effective for video, notably those that change the risk/reward for certain kinds of optimizations like request filtering. The fact that video is less likely than other ad forms to have cookies traffic means that optimizing video ad performance poses an ideal starting point for adapting to the upcoming changes in the ad tech ecosystem overall.

# Thank you.

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