

How well do agencies really understand programmatic?

Author : Yuyu Chen

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In spite of a few bad practices, agencies are beefing up their programmatic capabilities by either creating their own trading desks or partnering with third-party technology providers. But is that enough?

Conversations with many in the industry reveal two differing opinions on agencies' [programmatic](#) buying capabilities. One school of thought believes that most agencies know the intricacies of the ad offering well and are therefore able to make cleverly optimized purchasing decisions on behalf of clients.

The other school, however, claims that the majority of [agencies](#) today lack the knowledge of programmatic in its entirety and simply take the credit of the hard earned work from their technology provider partners.

With such a discrepancy between the two opinions, we were curious; do agencies really understand programmatic? If so, how well?

Agencies are doing a good job with programmatic

Seven of the big ad holding groups, with the exception of Publicis, have set up dedicated trading desks to handle programmatic separately from their traditional media buying teams.

For example, Dentsu Aegis has Amnet Group to look after its programmatic function, whereas Ogilvy has Neo. WPP's GroupM on the other hand has a propriety media business Xaxis, and the agency further acquired The Exchange Lab and its programmatic technology arm Proteus in December 2015.

It seems that top agencies have invested a lot into their own trading platforms in response to a technology-driven revolution in **digital** media buying. They are learning the tricks of the trade for themselves and are reaping the benefits as a result. For instance, Xaxis is one of the world's largest programmatic platforms and [generated around \\$600 million](#) in revenues in 2014, while [Amnet doubled its](#) income in the same year.



But while it looks like the big wigs have lower-funnel programmatic activities mastered, can the same be said for high-funnel ones with more complex layers, such as video and mobile?

According to **Christopher Hansen**, chief product officer at IgnitionOne, it's currently a very mixed bag in terms of the progress that different agencies are making.

"In some cases, smaller agencies are savvier than the big ones, because they feel as if they're competing against the large players and want to do better. Programmatic is a way for them to differentiate themselves, and they do it well across a number of areas," he says.

Agencies are lacking in programmatic knowledge

Off-the-record talks with technology providers and public relations veterans expose a few bad practices in the agency world. For example, a lot of medium tier agencies don't have an in-house programmatic team to truly understand the limits of this technology and simply act as middle men between the **brand** and tech supplier. Therefore their guidance can often be uneducated, or at least, not as fully-rounded as it could be.

In addition, some industry insiders who did not want to be named have also witnessed unethical practices. One anonymous source has seen an agency ask a technology partner to begin working on a programmatic project while it was still in its pitching phase. The provider put forward a detailed proposal, only for the agency to be rejected by their client – a complete waste of time for the tech supplier.

Another source has seen an agency negotiate a fixed payment with its technology provider for programmatic services, only for the project to be a lot more labor intensive than the agency originally described. While some could argue that this is indeed the fault of the technology provider for agreeing to such a payment structure, the agency could have done a better job at being transparent and laying out their desired outcomes too. Presumably this was down to a lack of intricate programmatic understanding on behalf of the agency.

Moti Cohen, founder and chief executive of Apester, has never encountered the above issues himself, but he has peers who have.

“Unfortunately, it happens a lot where agencies use their power to squeeze small tech companies for pitching ideas that may not be what **brands** are looking for,” says Cohen.



“I think 20 percent of agencies are well-versed in programmatic, while the rest are still very old school. There are smart guys in the agency world, but I believe it will take some time until we’re on a road where it’s standard for everyone to understand the concept. I also think we’ll see a number of players vanish along the way,” he adds.

Final thoughts

There’s no denying it – programmatic buying is a great way for **brands** to get more bang for their buck from their media budgets. And agencies are definitely realizing that there is profit to

be had from this type of offering. While the concept has evolved quickly over recent years and some agencies are doing better than others, the industry as a whole still has a long way to go until it's all on the same page.

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