

Decoding SPO

How the latest acronym in ad tech can help you unlock more efficiency.

Presented by

triplelift





Introduction

Header bidding made it possible for publishers to achieve greater yield by opening up access to inventory across multiple exchanges. Buyers began to feel the burn of duplicative inventory and are beginning to work with fewer partners.

You may be asking yourself what exactly duplicative inventory is, and how exactly buyers are getting burned. Basically, duplicative inventory means that for every one impression, there are several impression requests — depending on how many exchanges a publisher has integrated with. Competing requests drive up the price of bids, inflating the value of the available inventory that is essentially the same across each exchange. The main effect of this is high CPMs, in which case publishers benefit while buyers' KPIs suffer.

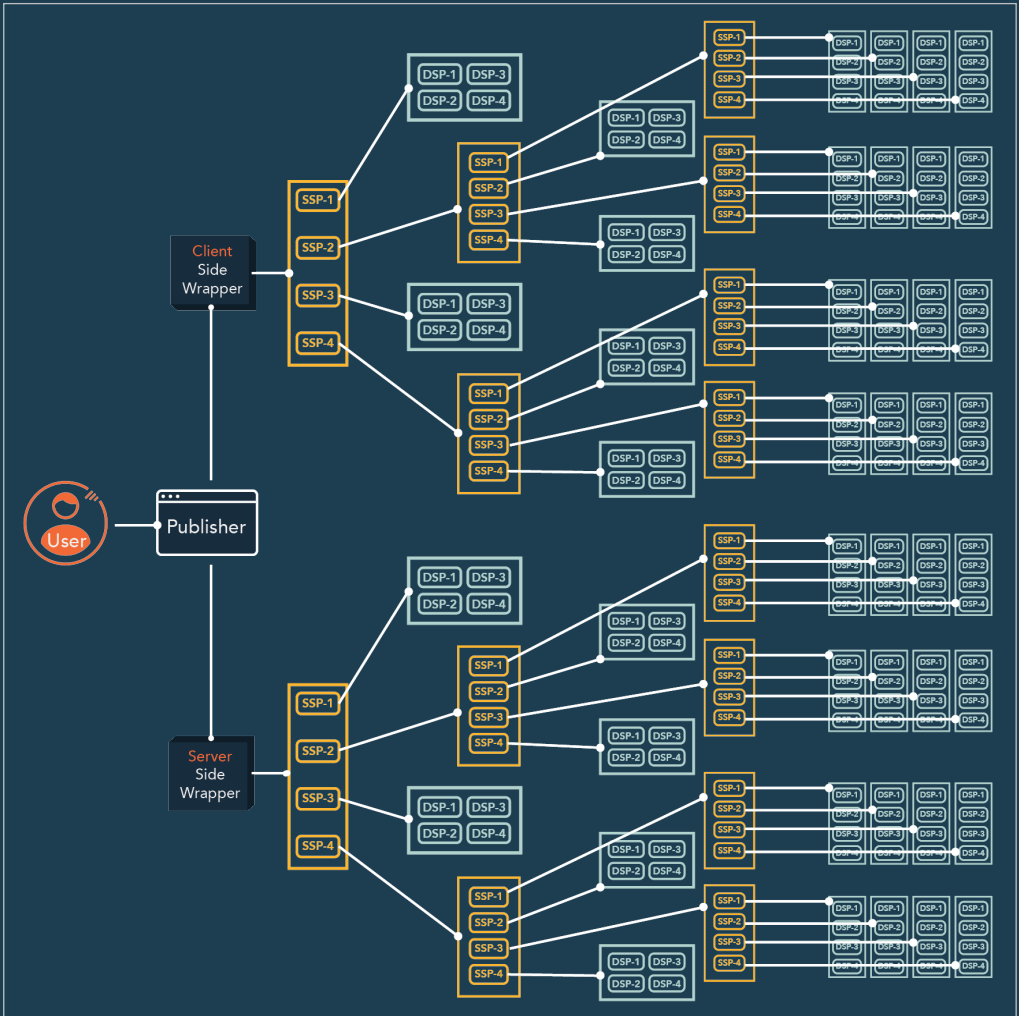
The answer to this overabundance of duplicative ad requests and auction cannibalization may be **Supply Path Optimization (SPO)**.

This guide unpacks SPO and arms buyers with the knowledge needed to identify more efficient paths to supply that makes for more transparent, simplified auctions.

What we thought header bidding would look like:



But the reality of header bidding's impact:





What is SPO?

SPO means different things to different people. At its core though, Supply Path Optimization is any action taken by buyers to streamline their supply relationships. The end goal of SPO is often simply to secure the best, most efficient inventory.

Technology-Focused SPO

Some buyers address SPO by choosing technology that will guide and inform them in accessing inventory that best suits their campaigns' KPIs. DSPs have already been building out algorithms and other buyer tools to facilitate the SPO process. DSPs may also provide the supply path analytics to buyers to empower them to make these decisions for themselves.

Partnerships-Focused SPO

SPO also provides ample opportunity for collaboration between the buy side and the sell side. Buyers may consolidate which SSPs they work with to fewer exchanges best suited to their particular needs.

SPO = Choice

There are a number of factors buyers might consider when trimming down SSPs:

Criteria

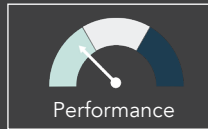
- Auction dynamics
- Pricing
- Flooring
- Traffic shaping
- Inventory composition
- Wrapper timeouts



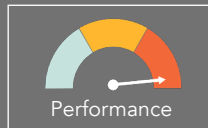
Simplifying the Path to Supply

One guiding principle that may help buyers on their SPO journey is the idea of **exchange directness**, which is based on the concept that the fewer intermediaries in the path to auction, the further buyers' media dollars will go.

2 Hops



No Hops



Going from Multi-Hops to Direct
= 15-20% ROI Increase

When it comes to exchange directness, buyers should understand the different intermediary types, as well as the impact intermediaries have on their business.

Intermediaries



Authorized resellers are listed on a publisher's ads.txt as a "reseller." Publishers typically use authorized resellers to further monetize their inventory. While these are valid partnerships, this is not the most direct path to supply and may impact campaign performance given that extra fees are involved.

Some resellers may provide a technical service (for example, a unique rendering of ads or promised viewability), which may provide value to a buyer. It's important that buyers understand whether or not the reseller they're buying from is providing another service or is simply just another indirect path to the inventory they want.



Unauthorized resellers resell inventory that has not been approved by the publisher. The industry-wide push for adoption of ads.txt made it easier to cut out unauthorized resellers, but it still did little to demystify the path to auction for buyers looking for efficiency.

Sellers.json

Sellers.json is a file that the SSP hosts to identify integrated publishers, publisher IDs, and whether those publishers have a direct or intermediary relationship.

Example from TripleLift's sellers.json file:

```
    "sellers": [
  {
    "seller_id": "4",
    "name": "Forbes",
    "seller_type": "PUBLISHER",
    "is_passthrough": 0,
    "domain": "forbes.com"
  },
  {
    "seller_id": "8",
    "name": "StyleCaster",
    "seller_type": "PUBLISHER",
    "is_passthrough": 0,
    "domain": "sheknows.com"
  },
  {
    "seller_id": "11",
    "name": "We Heart It",
    "seller_type": "PUBLISHER",
    "is_passthrough": 0,
    "domain": "weheartit.com"
  },
  {
    "seller_id": "55",
    "name": "Stylebistro",
    "seller_type": "PUBLISHER",
    "is_passthrough": 0,
    "domain": "livinglymedia.com"
  },
  ]
}
```

So, what does a lot of code in a hosted file have to do with buyer decisioning?

Sellers.json empowers DSPs and their buyers to determine if the publishers they access through a SSP are intermediaries or direct publisher relationships. DSPs are already beginning to build out features that use sellers.json data to give buyers choice on whether to buy intermediaries versus direct publisher paths.

While intermediaries often bring value to buyers, there may be times when the direct path to supply is the most efficient and highest quality.

Given that intermediaries typically bring about extra fees, exchange directness ensures that media dollars will go further to deliver on KPIs.

The digital marketing consultancy group Jounce Media researched paths to supply using 78 publishers. Their findings show that while auction duplication is getting worse, sellers.json has reached critical mass in terms of SSP adoption. Buyers are in a better position now more than ever to identify the most direct path to supply.^[1]



Key Takeaways

Tools such as sellers.json and ads.txt allow buyers to choose direct paths to supply

SSPs that embrace SPO are able to innovate and collaborate better with buyers

Supply Path Optimization (SPO) may be the answer to helping buyers simplify their paths to auction

Evaluating Supply Paths

Buyers should assess the tools at their disposal, such as ads.txt, sellers.json, and any analytics or other buyer tools provided by their DSP, to evaluate supply paths.

Beyond that, buyers should ask themselves the following:

- ▲ Is this publisher an intermediary or a direct publisher on this exchange?
- ▲ If the publisher is an intermediary, does this intermediary provide specific value I cannot get otherwise from going direct?
- ▲ Which supply partners will work closely with me to test paths to auction?



TripleLift & SPO

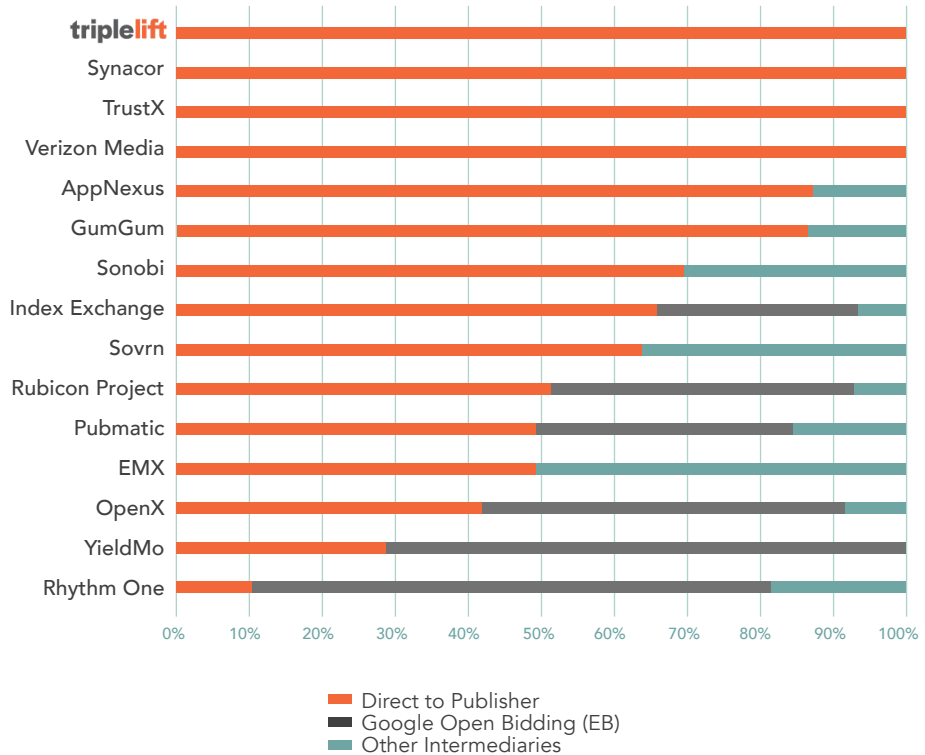
TripleLift is the technology company that invents, powers and scales ads that earn consumer attention.

We set the standard for respectful advertising, leveraging our dynamic templating and computer vision technologies to flawlessly deliver and scale in-feed native ads, branded content experiences and programmatic OTT brand integrations that match the look and feel of the content that is being consumed. TripleLift is reshaping the digital advertising landscape with consumer-centric advertising that drives results for advertisers and unlocks new revenue streams for digital media publishers, app developers and television networks.

We've worked closely with publishers to develop custom placements that reflect the look and feel of their sites. As a result of this close collaboration, we have developed meaningful publisher relationships that allowed us to expand into video and display.

We believe that Supply Path Optimization is a natural outcome of an industry finding its footing after heading bidding. TripleLift puts quality and exchange directness at the heart of its SPO philosophy.

In a recent study by Jounce across 78 publishers, TripleLift came out as a top performer for exchange directness.^[2]



Buyers should feel free to reach out to TripleLift for more information on best practices when accessing efficient supply paths. As a marketer-focused exchange, we will continue to evolve alongside the needs of our buyers and uphold their need for quality and transparency.

[1] Source: "RTB Supply Path Benchmarking" published October 1, 2019 by Jounce Media

[2] The study broke out Google Open Bidding (previously known as Exchange Bidding) separately because Google Open Bidding is typically a direct publisher relationship with an added fee for accessing that inventory.



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