



TRUSTX PROGRAMMATIC MARKET INSIGHTS

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Summary

The rise of the \$129 billion¹ U.S. digital advertising market has been accompanied by an increase in industry consolidation, waste from non-viewable inventory and fraudulent traffic, and lack of transparency and accountability in the buying process, particularly in the programmatic marketplace. These factors have significantly undermined the trust and value exchange between publishers, marketers and consumers.

Marketers have experienced losses through waste and fraud, as well as diminished control over brand safety. Publishers have lost revenue from the devaluation of their inventory and the commoditization of their premium content brands. Consumers have suffered through poor marketing experiences, the loss of control over their data and the degradation in content experiences due to the eroding advertising market.

TRUSTX is a supply-side programmatic exchange, founded in 2016 by Digital Content Next (DCN), the trade association for premium digital publishers. TRUSTX was created as a public benefit corporation (B-Corp) in order to ensure independence and fair practices without a profit motive as it seeks to restore transparency and trust in the supply chain.

TRUSTX is a unique marketplace that offers premium publisher inventory that is guaranteed 100 percent human and viewable. It also serves as a testbed to document and gain insights into the market's mechanisms — fueling vital conversations between marketers, agencies and publishers about how to solve for their most critical issues. Over the past three years, TRUSTX has introduced and incubated many features as a supply-side-platform (SSP), many of which are now widespread practices among industry players.

“Transparency and trust are the foundations of a thriving advertising business, and TRUSTX helps us communicate the impact of our platform and drive growth for our brand partners. That’s a game changer for publishers.”

Krishan Bhatia, EVP, Business Operations and Strategy, NBCUniversal

NBCUniversal

¹ Digital Ad Spending 2019, eMarketer, March 28, 2019.



Summary

As part of the continuing dialogue around transparency, DCN commissioned this report to highlight the common practices TRUSTX uncovered in the programmatic marketplace and to gather insights to help drive a positive industry discussion. Eleanor Powers of Powers Media and Entertainment Consulting interviewed seven publishers as well as DCN and TRUSTX management and staff.

Some of the high-level insights into the TRUSTX programmatic market uncovered include:

- 1 The marketplace response to human, viewable and transparent SSPs;
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- 2 An insider's view into programmatic practices;
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- 3 Lead generation opportunities;
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- 4 Operational integration and efficiencies;
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- 5 New video, private marketplace (PMP) and contextual offerings; and
.....
- 6 Best practices for participating with TRUSTX.

Participants

Interviews were conducted with seven publishers as well as DCN and TRUSTX management and staff. Publishers included:

**CBS Interactive**

Jason White, EVP, Programmatic

**The E.W. Scripps Company**

Tom Sly, VP, Revenue, National Media;
Brody Wing, Director, Programmatic Revenue

**ESPN**

Travis Howe, SVP, Head of Global Operations

**Fox News**

Chris Casscells, VP, Business Development

**Meredith**

Richard Zeroth, VP, Programmatic Monetization

**NBCUniversal**

Robert Drucker, Director, Programmatic;
Denise Colella, SVP, Advanced Advertising Products and Strategy

**WarnerMedia**

Jon Mansell, VP, Programmatic Solutions and Partnerships

DCN thanks the publishers who took the time to share their thoughts and opinions for this research. It's greatly appreciated.



Differentiation

When DCN and its premium publisher members envisioned TRUSTX, they recognized the need to create a marketplace that was differentiated on its high-quality environments and very high standards. A guiding principle in establishing these initial standards was to address platform challenges marketers were facing in the programmatic marketplace. At the time, bot fraud, inconsistent standards in viewability, lack of transparency and accountability were among top buyer pain points.

DIFFERENTIATION: 100 Percent Human and Viewable, Premium Publisher Inventory

At launch in September 2016, TRUSTX established a guarantee that 100 percent of all inventory would be fraud-free and viewable in accordance with the Media Rating Council (MRC) accreditation standards. TRUSTX developed a custom integration with Moat (now part of Oracle Data Cloud), a fraud and viewability verification vendor, and built real-time, post-bid (pre-win) human and viewability measurement into every programmatic ad transaction.

TRUSTX has been able to maintain its fraud-free (human) guarantee, in part, because 100 percent of its inventory is sourced directly from trusted publishers without the intervention of unknown third-parties and intermediaries. This reduces the risk of non-human traffic (e.g. bot fraud), ghost sites or ad farms, and eliminates the possibility of domain spoofing.

TRUSTX guaranteed that buyers would pay only for viewable inventory, thereby eliminating the waste of paying for unviewable inventory. Advertisers and agencies saved by not paying for unwanted, lesser-viewable inventory. They also do not have to pay the associated variable fulfillment and tech costs of that inventory. However, while this provided value to buyers, publishers lost the value of lesser-viewable inventory.

In 2018 TRUSTX introduced its Predictive Viewability tool

which allows it to predict the probability that a given unit of inventory will be viewable. Unlike third-party tools, it is based on a combination of first-party publisher data, information about the user's browser, and data about the ad creative — a level of precision that third-party measurement services alone cannot easily incorporate into their pre-bid predictive tools. TRUSTX's Predictive Viewability tool nearly eliminates the costs for publishers of non-viewable inventory. With the Predictive Viewability tool, publishers can monetize lesser-viewable inventory that otherwise would not meet TRUSTX standards through other exchanges, thereby eliminating opportunity costs.

"The biggest advantage for advertisers and agencies is that they can buy clean and clear inventory in an open exchange directly from the publishers without worrying about resellers. While other exchanges have direct connections, they also have reseller exposure. Buyers are managing thousands of line items. They are looking for simplicity at scale."

Jon Mansell, VP, Programmatic Solutions and Partnerships, WarnerMedia

WarnerMedia

DIFFERENTIATION: Transparency and Accountability

TRUSTX has also innovated to provide transparency and accountability. TRUSTX launched with first price auctions in order to support pricing transparency and to maximize revenue opportunities for publishers. It launched with a transparent and fixed fee of 12.5 percent. Other SSPs' fees were often unknown, higher and varied according to the size and leverage of the publisher. Some SSPs also varied fees at a transactional level.

In 2019 TRUSTX removed its 12.5 percent fee from the transactional level, reporting and charging publishers for it separately at the end of the month. It continues to charge 12.5 percent of gross revenue but does so outside the media supply-chain through a line-item deduction on month-end publisher payments.

Market Response

Publishers interviewed noted that the demand through TRUSTX follows an 80/20 split, with a small number of agencies and advertisers who are demanding trusted inventory accounting for the majority of demand; Unilever and GroupM (the media arm of the WPP Group) were the buyers most cited among this group. Most publishers interviewed, however, are seeing a steady increase in revenue through TRUSTX over time, including the participation of new advertisers. Much of this new demand is coming from advertisers and agencies who are testing TRUSTX and believe in what it offers but need to buy through other programmatic channels to manage overall average CPM goals. There is an overall institutional resistance to adopting a cost-per-viewable model at scale within a media ecosystem predicated on low CPMs.

While CPG was most frequently cited as the top ad category purchasing through TRUSTX, others mentioned include auto, finance, technology and telecommunications. Brands are using TRUSTX for top-of-funnel awareness and brand building campaigns, aimed at conversions (e.g. auto configuration and test drive).

While one member is reporting that TRUSTX accounts for an estimated seven to ten percent of their sold programmatic inventory, others are reporting under five percent of sold programmatic inventory. Having said this, among publishers interviewed, strong publisher sales force support can help drive TRUSTX performance as measured by share of publisher programmatic inventory. The relatively low TRUSTX share among all publishers is attributed to a number of factors including: TRUSTX is relatively new and competes with larger, more established players (e.g. Google AdX, AppNexus and Rubicon); buyers are biased to working with known partners, and there is an overall institutional resistance to battling an auction-based system predicated on cheap CPMs and cost management.

While some of its practices have become more common, TRUSTX continues to be valuable to the buyer who is executing multiple buys and does not have the time to research and verify that they are accessing this inventory through other means.

“TRUSTX serves a growing niche in the industry that is critical with advertisers and agencies which have three primary needs: 1) 100 percent viewability by humans 2) through more automatic “programmatic” channels and 3) at scale. TRUSTX allows you to say “yes” to these three primary needs, on the display side for now, and eventually on the video side as well.”

Travis Howe, SVP, Head of Global Operations, ESPN



“TRUSTX has been able to provide great bid-support which has allowed us to drive additional revenue across our network at attractive CPMs.”

Tom Sly, VP, Revenue, National Media, The E.W. Scripps Company



Efficient Supply Chain

Buyers demonstrate that they value and trust what TRUSTX is offering in a number of ways including pricing and increased spending. Their willingness to pay is based on a financial calculation that they will come out ahead because they are not paying for either non-performing fraudulent and non-viewable ads or the associated fulfillment costs.

The elimination of waste from fraud and non-viewable ads, and the resulting efficient supply chain, provides room for both publishers and buyers to benefit. TRUSTX reestablishes a market environment in which publishers can get the value for their advertising that it deserves. However, while publishers report that the gross winning bid prices they get

through TRUSTX for inventory that is fraud free and viewable (i.e. for viewable CPMs) are higher — ranging between 5 and 50 percent — the comparison may not be apples to apples. Publishers report that TRUSTX's effective CPMs (eCPMs), after taking into account non-monetized, non-viewable inventory, are comparable to inventory sold through other SSPs. This implies that markets have become efficient in pricing for viewability and are targeting a net-eCPM rate across all supply paths. Publishers also report that this TRUSTX premium over other programmatic channels has come down over time, as other channels have started to offer similar features to TRUSTX.

“Programmatic advertising sends signals about what is happening in the market. If an advertiser is shifting inventory to TRUSTX, that is a very strong signal. You know that they value what you have.”

Robert Drucker, Director, Programmatic, NBCUniversal

NBCUniversal

“With TRUSTX you can see clear cases of differentiation from other SSPs in the advertising and campaigns. Buyers trust that it is a curated marketplace with viewable ad inventory seen by humans.”

Richard Zeroth, VP, Programmatic Monetization, Meredith

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INSIDE VIEW: What Publishers Have Learned Through TRUSTX

Increased visibility into the opaque ad tech ecosystem was cited as one of the most valuable benefits of participating in TRUSTX. Because TRUSTX is uniquely owned by a non-profit and governed by the participating publishers, it shares information other SSPs do not.

Specific insights into industry practices mentioned by publishers include:

- **Supply-Path Optimization (SPO) and Demand-Side-Platform (DSP) Throttling**

DSPs may exclude an SSP's bid based on bidding history in order to increase the likelihood that a bid will win. DSPs favor the SSPs with the highest number of queries per second (QPS), which enables DSP supply-path optimization intelligence to "learn" how to win. These SPO algorithms can be a barrier for smaller, newer SSP entrants. SPO algorithms, as they are designed today, favor established, larger scale SSPs.
- **Agency SSP whitelisting**

Agencies whitelist a limited number of SSPs to work with in order to be efficient. This contributes to the institutional inertia in the marketplace for testing and using TRUSTX.
- **Hidden Reselling**

It is not uncommon for SSPs to leverage indirect buying channels (other ad networks and exchanges) to tap into unsold inventory. These additional supply-chain interactions, through what are known as resellers, increase non-working media costs to buyers (additional ad-tech taxes) and diminish revenue to publishers. Reseller routes to premium publisher inventory are typically invisible to buyers, and sometimes not visible to sellers. TRUSTX does not permit any resellers in its supply-chain; all buyers get a direct path to all publishers.
- **Invalid Traffic (IVT) Clawbacks and False Positives**

In late 2017, DSPs began demanding that clawback clauses be added to their SSP contracts, which would authorize refunds for any buyer (or the DSP itself) that identified IVT in the transactions it purchased. TRUSTX reporting transparency allows publishers to reality check DSP IVT clawback charges that may be without foundation. Documented cases by TRUSTX publishers include falsely-categorized IVT caused by issues related to the publisher's ad load logic or site design. TRUSTX and several publishers identified issues with the ad units themselves that falsely triggered DSP IVT flags. Publishers leveraged TRUSTX transaction-level reporting to challenge DSP false positive clawbacks to recover the revenue not only attributable to TRUSTX transactions, but to transactions clawed back from other SSPs as well.
- **Disconnect**

There appears to be a disconnect between senior executives at agencies, who may support buying directly from publishers, and the actual buyers who are incented to manage campaign costs through buying lesser viewable impressions which are less expensive.

Lead Generation Opportunity

More than half of the publishers interviewed use TRUSTX as the top of the funnel for developing new programmatic direct relationships and cite this as one of its top benefits. TRUSTX provides a sales channel that complements programmatic direct sales, enabling publishers to reach a wider audience. This is an important way for publishers to reach new advertisers who value what premium publishers have to offer, especially for publishers with limited programmatic

direct sales teams. Participation in TRUSTX allows publishers to “pre-qualify” agencies and advertisers as high-value sales targets; if they value what TRUSTX offers in a marketplace, they are more likely to value what individual publishers are offering through programmatic direct. These new advertisers can then be nurtured into major programmatic direct accounts.

“TRUSTX has been a great way for us to open up new advertisers. We’ve had success using TRUSTX as a lead gen tool. You can see what an advertiser is bidding and winning. Some advertisers might be ones you have approached before, so you reach out to them again. If you see a good performer, you promote them up the chain. Some of these have developed into accounts with annual spending of six figures.”

Richard Zeroth, VP, Programmatic Monetization, Meredith



Operational Integrations

Publishers are making the majority of their display inventory available on TRUSTX, across brands, devices, websites and apps, with the exception of sponsorships and native advertising. All of the publishers interviewed have integrated, or plan to integrate, TRUSTX into an ad stack header bidding system with most publishers including TRUSTX as one of five or more SSPs. This means that TRUSTX is competing in auctions head to head with other SSPs, including larger and more established players such as Google AdX and AppNexus.

This dynamic speaks to the challenge for publishers which the founder and former CEO of AppNexus Brian O’Kelley recently addressed in testimony to the Senate Judiciary Committee.

“I believe that major publishers should stop selling on the open exchange altogether. This would force advertisers to reconsider their reliance on audience at the expense of context; would eliminate a major source of data leakage; and would enable publishers

to spend more time working directly with advertisers to create value and improve results.”²

TRUSTX, by design, eliminates many of the drawbacks of the open exchanges identified by O’Kelley and as a platform created by and for publishers, provides an alternative to the control of Google.

Some publishers also reported that TRUSTX header bidding integration allows them to improve efficiencies in the sales process by increasing competition among buyers and maximizing the potential return on all ad inventory for publishers. While they may monitor transactions, several publishers report that they are not setting floor prices with TRUSTX inventory in header bidding integrations. For other publishers with less demand, integration into the header bidder system may require a more hands-on approach with floor prices and the Predictive Viewability tool adjusted to less than 100 percent predicted viewability to increase bid density.

² Questions for the Record from Senator Lindsey O. Graham to Mr. Brian O’Kelley, U.S. Senate Committee on the Judiciary, P. 10, May 28, 2019.



Looking Forward: Video, PMP And Contextual Offerings

Publishers are looking forward to the continued evolution of TRUSTX, which has recently introduced a video product offering and publisher-direct human and viewable PMPs. TRUSTX is also in the process of deploying a contextual advertising offering.

Publishers interviewed noted that while display advertising is a mature and commoditized market, video advertising is very valuable, less standardized and there are a host of technical issues to be addressed. Despite video ad formats

with the opportunity to sell inventory programmatically with more control on the advertisers and creatives accepted on their sites.

Publishers, particularly those with news inventory, are looking to TRUSTX's contextual offering to have a real impact. Advertising in news content has suffered due to brand safety concerns. Performance improvements from a contextual product are anticipated in the form of higher sell-through rates as brands are provided a way to increase

“A TRUSTX video product has enormous potential. While there are nuances that need to be resolved, it makes sense for publishers to come together and work these out for the industry.”

Jason White, EVP, Programmatic, CBS Interactive



being inherently more “viewable” because they can’t be skipped, they can still present challenges (e.g. open tabs playing video ads in the background), and comparable “viewability” standards (e.g. completion) need to be agreed upon. Additional issues include the separation of competitive ads, the guidelines on audio volume, and latency related to file sizes. There are also a range of products and related ad insertion requirements in the market, such as livestreaming and advertising supported video-on demand channels.

TRUSTX is also now offering publishers a pipeline to operate as a PMP. This presents publishers, especially smaller ones,

their comfort level by parsing inventory for brand suitability.

Participants interviewed called out additional opportunities for TRUSTX to explore that are not yet on the drawing board including aggregating behavioral data and packaging it with inventory to sell to advertisers for market segmentation and targeting. Not insignificantly, this idea came out of a heightened awareness, through participation in TRUSTX, of industry practices that allow DSPs to aggregate and monetize this data, which completely disintermediates publishers from the audience data value chain.



TRUSTX Participation Best Practices

DCN premium publishers participating in TRUSTX highlighted a number of ways to get the most out of participation:

- Participate in TRUSTX to complement your programmatic direct sales. TRUSTX offers advertisers and agencies access to your inventory through a programmatic marketplace that scales.
- Share TRUSTX sales data with your sales teams to empower them with valuable information about advertisers' performance. The insights will help you in your business dealings with your buyers irrespective of the channels through which they buy your inventory.
- Use TRUSTX to reach new advertisers and as a source of demand to be nurtured by your programmatic direct sales teams.
- Put your sales force behind TRUSTX. Educate programmatic direct sales reps and specialists on key selling points (e.g. trust, viewability, transparency and higher quality inventory) and back them up with sales materials that leverage TRUSTX's core messaging. Let agencies and advertisers know that TRUSTX is your preferred SSP to lend the weight of your brand credibility.
- Help your advertisers and their agencies understand that the eCPMs they are getting through TRUSTX are comparable to eCPMs through other SSPs after taking into account viewability. TRUSTX is a cost-per-viewable model in premium inventory, and it is important to ensure buyers are evaluating success with viewability and quality environments in mind.
- Remember that TRUSTX bids into a publisher's ad server on a gross basis (a \$5.00 bid from a DSP is a \$5.00 bid in your ad server). Make sure your revenue and operations teams integrate CPM and revenue data consistently with your internal reporting so you can effectively manage yield and financial reporting.
- Consider adjusting the TRUSTX Predictive Viewability tool to activate on inventory at different predicted levels of viewability. Many publishers have seen optimal results when using this tool.
- Take advantage of the TRUSTX transparency to cross-check IVT claims by DSPs and to impose quality control over your product and site design to maximize advertising viewability.
- Integrate TRUSTX log-level data into publisher reporting dashboards to provide an overview of advertisers, revenue and eCPMs.
- Participate in TRUSTX's video, PMP and contextual offerings to reinforce TRUSTX as a direct-to-publisher supply path.

ABOUT DIGITAL CONTENT NEXT

Digital Content Next (DCN) is the only trade organization dedicated to serving the unique and diverse needs of high-quality digital content companies that manage trusted, direct relationships with consumers and marketers. The organization was founded in June 2001 as the Online Publishers Association (OPA). Comprised of some of the most trusted and well-respected media brands, DCN produces proprietary research for its members and the public, creates public and private Forums to explore and advance key issues that impact digital content brands, offers an influential voice that speaks for digital content companies in the press, with advertisers and policy makers, and works to educate the public at large on the importance of quality content brands. Digital Content Next's membership has an unduplicated audience of 257 million unique visitors or 100% reach of the U.S. online population.*



530 Seventh Avenue | M1
New York, NY 10018
P 646-473-1000

DCN RESEARCH CONTACT

Rande Price
rande@digitalcontentnext.org

PRESS CONTACT

Lisa Sealey
lisaa@digitalcontentnext.org

* Source: comScore Media Metrix Multi-Platform (Desktop P2+ and Mobile P18+) Audience Duplication Report, December 2018, U.S.

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