Driving Marketing Success

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# The Marketer's Guide To Digital Media Buying And Auditing

**Part I of III**: 10 Questions Marketers Need To Consider

The ACA has developed a series of documents to provide guidance for the discussion between advertisers and their agencies in the area of digital media buying. Through this discussion, the advertiser will be better positioned to use the ACA's Marketing Communications Services Agreement and to negotiate specific service terms, including those relating to privacy, data security, brand safety and audits. Similar discussions should be had where advertisers have established direct business relationships with technology vendors, platform operators and publishers.

SEE GLOSSARY (P.12) FOR DEFINITIONS OF TERMS

In this whitepaper, we provide 10 essential questions, specific to digital media, that marketers should consider in regards to their agencies. This will help guide the marketer to:

- Define the rules for digital media buying
- Control where ads will appear
- Clarify data ownership
- Prepare for a thorough digital media audit

## 10 Questions

1. What is the legal arrangement with our digital media agency?
2. Are there any conflicts of interest with the services our agency provides?
3. Who drives our strategy?
4. What sites, pages and apps will our ads appear in?
5. Who owns the data that is generated by our campaigns?
6. How can we ensure we don't run into problems with privacy legislation?
7. How well-staffed and knowledgeable are our agency's ad operations?
8. Which technologies provide media currency and which ones provide metrics?
9. How should a digital media audit be conducted?
10. How will the agency team be educated on and conduct business according to the Marketing Communications Services Agreement and the sensitivities specific to our account?

Have questions or want more details? Call or email us and one of our experienced executives will contact you.

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## 1. What is the legal arrangement with our digital media agency?

Is your agency acting as principal or agent? This is important because it defines whether you are buying media from the agency who has purchased it from a publisher or if are you buying from a publisher and your agency is conducting the transaction on your behalf. It is also important to clarify the chain of transactions in cases where media is purchased through platforms and trading desks. Clear roles and responsibilities are recommended to define how transactions are conducted and who is accountable, including if the agency or marketer goes bankrupt. Answering this question clarifies which technology provides the receipts for transactions and what business relationship the marketer has with that technology.

**Implications**: Your legal agreement is the basis for defining your agency relationship as principal or agent. Marketers ***can*** examine an arrangement where they are the principal, and the agency acts as agent of the principal. **However, in almost every case in Canada the relationship is one of contract for services, not agency in the legal sense of the term.**

Nonetheless, it is important to establish the primacy of the marketer over the agency and define it as a supplier to the marketer. This is important in establishing the agency's responsibility in the relationship. Transparency into digital media transactions can only be obtained by adding specific terms and conditions when the agency acts as principal in non-disclosed transactions.

If your agency operates as principal, ensure there is independent quality control in place to check what the agency sells you has value. Also, ensure you have contract terms to reject invalid or non-compliant media if your agency tries to sell it to you.

## 2. Are there any conflicts of interest with the services our agency provides?

Is your agency working with any media, research, creative and/or technology that is wholly or partially-owned by your agency or its holding company? These can be perceived as conflicts of interest if they direct the digital media recommendations your agency makes. Does your agency have any relationships with outside media vendors where they earn compensation based on volume deals? Are your agency fees transparent or are they bundled with media, technology and other services into one price?

**Implications:** Use the ACA's Marketing Communications Services Agreement to ensure your legal agency contract clarifies all issues that are potentially problematic. Ensure that ownership, wholly or partially, of services recommended by the agency are fully disclosed. Use a request for proposal (RFP) process when obtaining services that include independent and agency/holding-owned companies. Ensure that you fully understand the ramifications on ownership arrangements.

## 3. Who drives our strategy?

You possibly have more agency partners than ever. With the diffusion of responsibility across a search agency, a social media agency, a digital creative agency, a web site team and a media agency, you should be identifying which of these agency teams is driving and owning your integrated communications strategy. Further, you should be asking all stakeholders how the metrics they provide contribute to your overall business goals. Does your strategy cover both digital brand campaigns and digital acquisition campaigns to ensure one is not undoing the work done elsewhere? Does your strategist have the experience integrating digital operations with traditional media? Do they focus just on creative big ideas or can they span both creative and all forms of media? Do they demonstrate ownership of the strategy's actions with the quantitative digital data that is produced?

**Implications:** Designate a lead stakeholder, preferably within your marketing team, to own the strategy and project coordination. Ensure all agencies know who the lead agency is, especially if one of the agencies has been designated the lead for strategy development. In addition, make the strategy-development process across your agencies clear. Each agency should have a role, whether it be providing data, being consulted or informed, or being responsible for specific items. Ensure all parties have access to the data and information required to execute and optimize campaigns. Make it clear to all stakeholders what data is produced, how it aligns with your business objectives and how the data they produce is represented in an overall dashboard.

## 4. What sites, pages and apps will our ads appear in?

Don't confuse what you buy with how you buy. Whether digital media buying is done directly or programmatically, your ad still appears within an app or on a publisher's page, video or podcast. Who the publisher is has a lot to do with how well your ad will perform or what happens if it doesn't perform. You should ask who owns the publisher and the type of editorial they create. What country are they in?

Marketers can choose to either exclude certain publishers and content (exclusion list, or black list) or choose to set criteria for an inclusion list, or white list. Keep in mind that an exclusion list means the marketer will be working with any publisher that an intermediary, such as an ad exchange, has deemed acceptable. Some vendors provide exclusion at the page level, meaning the marketer can avoid specific sections of a website or stories that contain specific "trigger" keywords. You should get into the details of what trigger keywords you do not want your ads to appear beside, as well as what publishers, domains and apps you do not want to fund. There may be other criteria that you are sensitive to, which would lead to the creation of an inclusion list. Marketers generally do not want to be associated with pornography, violence and other objectionable content and may choose to work with publishers who have editorial guidelines that are clearly documented and adhered to. Other conditions may be added to your criteria for inclusion, such as fact-checked editorial, minimal ad clutter or the publisher's use of third-party measurement. Since consumers do not see the difference between a marketer's brand campaign and an acquisition campaign, it's up to you to decide if the inclusion criteria apply to all campaigns or just brand campaigns.

**Implications:** Knowing with whom you do business ensures brand safety and consistent quality of media in your campaign while enabling a transparent and actionable audit.

## 5. Who owns the data that is generated by our campaigns?

You may believe that you own all of the data generated in a campaign. However, along the trail of transactions are third-party technologies that can aggregate data with other marketers. Your choice of technology provider will determine how much of your data is shared. This data may be processed or de-identified by these technologies, making it difficult to trace the original source of the data. Marketer campaign data is also co-generated with publisher data when the publisher's page is served and your ad placed within that context, for instance developing benchmarks for ad performance by marketer category within specific content types. At what point does the data no longer become exclusively yours? When data is aggregated, are the benefits of aggregation being delivered back to you or is the aggregation bolstering someone else's business model? How do you ensure a third-party can use your data for one purpose (eg. an agency audit), but not another (eg. management consulting services)?

It is also important to know how long it is stored for, who has access to it and if you can withdraw your data from the aggregated data. How can you ensure the future portability of campaign data as agency relationships change from one to another?

**Implications:** Data is a resource and asset that is built over time. It is in your interest to clarify ownership, control and security. This is easier to do when you own the relationship with the technology. If your agency acts as principal on the transaction for technology, then they own the campaign data which you may or may not have full access to depending on your contract.

## 6. How can we ensure we don't run into problems with privacy legislation?

Your digital campaigns can include the use of your first-party data and involve other partners handling or processing that data. Have you done a review of your privacy policies, your data operations and practices with respect to Canadian privacy legislation and guidelines? What data are you collecting and how is it handled, used and stored? Are you working with partners that take consumer privacy as seriously as you do? If you are using third-party data, ensure your partners are participating in the Digital Advertising Alliance of Canada's (DAAC) AdChoices program to ensure proper opt-in and opt-out by consumers. Also, ensure you are CASL compliant in your email collection and use.

**Implications:** Ensure you conduct a thorough review of your privacy policies and data operations and processes. Only work with proven partners who are privacy compliant. Ensure your partners are registered with the DAAC.

## 7. How well-staffed and knowledgeable are our agency's ad operations?

You are going to be making ongoing decisions on digital campaign data that affect the performance of all media. To maximize effectiveness, you should investigate and fully understand where that data comes from. Your agency's ad operations team is the key to data quality. "Garbage in – Garbage out" is the rule. Although the data is focused on the digital media campaign, some of the implications found within the data may have much wider application to all your media or e-commerce operations. For instance, a large television buy will drive consumer search activity and web site conversions. Ask your agency how they control for invalid traffic and leakage of campaign data, how they ensure full functionality of ad units and what preventative procedures they have against malvertising. What certifications have they attained? How do they keep up to speed with industry developments? What disaster plans do they have in place in case of security breaches, data theft or loss of offsite data storage? Where is the staff located – are they outsourced or part of the agency? Ensure the ad ops team has a clear and meticulous naming convention for campaign tags, campaign platform setup and reporting.

**Implications:** Great ad operations lead to a great dashboard, leading to better business decisions and outcomes. The ad operations team secures, clarifies and makes available the data you need to operate your business.

## 8. Which technologies provide media currency and which ones provide metrics?

Digital media relies on a portfolio of technologies to operate your account. The ones that determine pricing and record the transaction are media currency while others provide metrics, which are useful to understand performance and enable optimization. Marketers need to know what technologies underpin the media currency. Do you have access to that technology and its reporting tools? Have you explored owning a direct relationship with technologies that provide currency and metrics? Do you have your own social media and search accounts that your agency will use?

Who develops and owns the technologies? Does a particular technology, such as your programmatic partner or DSP, serve the interest of the buyer exclusively or does it offer both buyer and seller versions? If it does offer both, it may offer low fees to buyers while increasing fees to sellers, shifting costs from one party to the other, but resulting in a savings benefit to the marketer. In order to avoid conflicts of interest – such as incentives to deliver volume while also operating as media currency – you need to determine if it is important that the technology is independent of your agencies or publishers. Specific questions to ask:

- Does the platform, ad-serving or verification technology adhere to third-party standards from the Media Rating Council (MRC)?
- Are they audited and accredited by a governing body?
- What are the costs of the technology, separate from the media?
- Are the technologies provided as part of the agency agreement or in a separate contract?
- Are the technologies charged at cost, marked up or bundled with service?

Most importantly, what are the desired terms of trade? What are you willing to buy and how is that defined? You should ensure you do not pay for invalid ad impressions that are generated by bots. Similarly, you should not be paying for non-viewable ad impressions (ads delivered by the ad server but never rendered on a screen). You should also have a policy on ads that land outside your target group or intended geography. If you have not specified what you are willing to pay for and how that currency will be reported, you can get stuck paying for a lot of advertising that has no value to you.

**Implications:** You get what you contract for, so ensure your contract is very specific on what you will and will not pay for. Aim to secure technologies that are developed to serve the buy side and are unable to hide margin by transferring fees to the sell side. Ensure, where possible, that the technologies have third-party accreditations.

## 9. How should a digital media audit be conducted?

A review of the digital campaign operations and process is critical to ensure the agency is delivering the terms of the Marketing Communications Services Agreement. (Note: part three of this whitepaper series will provide more details on digital audits).

Audits fall into two categories; financial and process audits.

The financial audit is usually conducted with the agency's Chief Financial Officer (CFO) while the performance audit is typically conducted with the agency's Chief Operating Officer (COO) or President. Both officers would have input from the other. The ideal digital media audit follows the same considerations as the traditional media audit. While they are conducted somewhat differently, they can be conducted at the same time or separately.

**Implications:** The media spend of any marketer is typically one of its highest expenditures and for this reason most companies wish to assess this spend regularly to ensure that maximum effectiveness and efficiency are being achieved. Determine what level of frequency makes sense for you and make sure you schedule the audit at an appropriate time. Additionally, allocate enough time for the agency to deliver the required information and work out a fair compensation for the time and effort required from the agency to participate in the audit procedure.

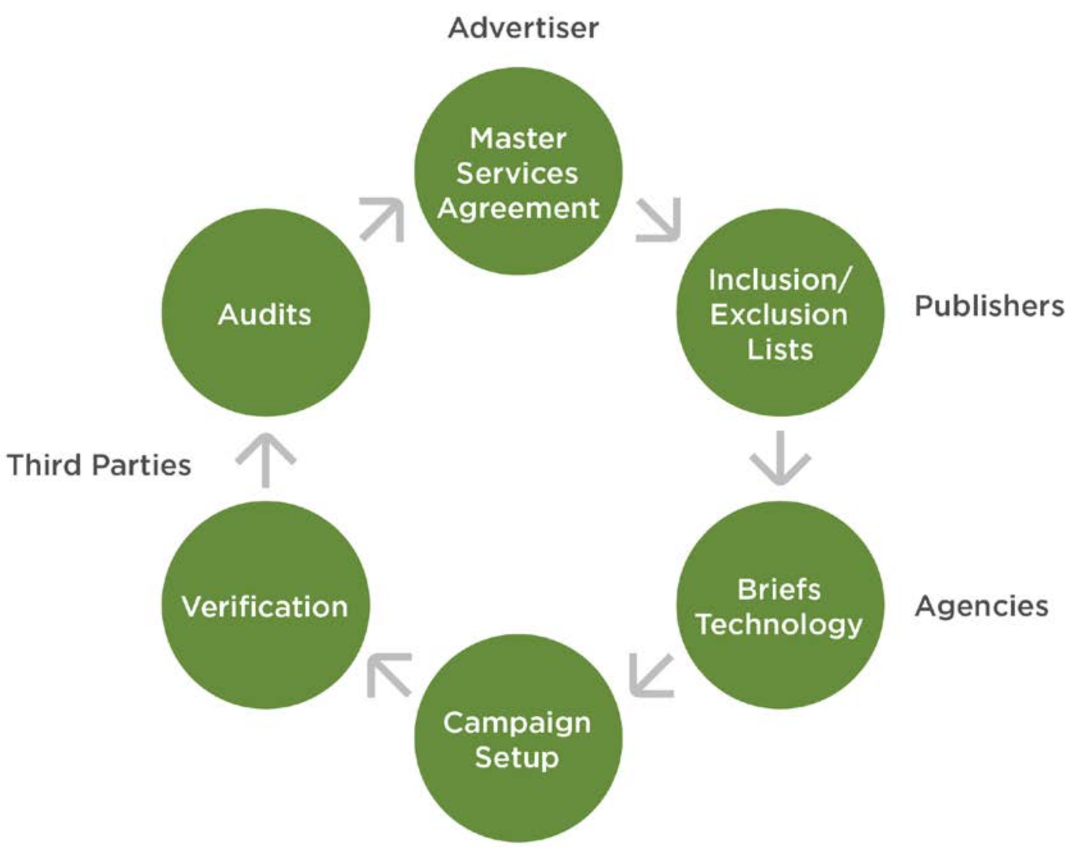
Whether your agency acts as principal or agent ensure you have access to transaction data in the buying platforms for auditing purposes and reconciliation of billing.

## 10. How will the agency team be educated on and conduct business according to the Marketing Communications Services Agreement and all the sensitivities that are specific to our account?

Your marketing and agency team should know what is in the Marketing Communications Services Agreement that determines how your account will be operated. In some cases, agency teams are large, work on many different accounts and have some employee churn. Sometimes, the most junior person might be handling some critical functions, such as billing or ad operations, therefore it is essential that everyone on the agency team understand the Marketing Communications Services Agreement.

**Implications:** Develop a process with your agency that ensures appropriate employees are well briefed on account operations and contractual obligations. Ensure the process accounts for employee turnover.

## The Buying Ecosystem



## Glossary

**Ad exchange –** A platform for selling and buying online advertising inventories where buyers and suppliers meet.

**Ad server** – A software platform that stores the advertising creative and delivers it to the user when requested.

**Agent** – The person or corporation who can act on behalf of the Principal, making decisions and transactions for which the Principal is liable.

**Apps** – Software applications, in this instance referring to applications installed on smartphones and tablets in which advertising will appear.

**Bots** – Short for robots, they are automated programs. In this instance, bots are programmed to crawl the web, gather information, request pages and subsequently request advertising from ad servers. Bots can be beneficial or malicious depending on what actions they perform.

**CASL** – Canadian Anti-Spam Legislation. Deals with, among other things, the distribution of malware, the sending of email, recipient permissions and penalties for non-compliance.

**DAAC** – A not-for-profit organization responsible for the administration of the Canadian self-regulatory program for online interest-based advertising, called AdChoices.

**Domains** – Internet addresses represented within the Domain Name System. www.example.com is a domain name.

**DSP** – Demand-side platform is software that works on behalf of the marketer to buy media programmatically. It transacts with the supply-side platform (SSP).

**Exclusion list** – A list of entities (which could be apps, domains, companies and/or holding companies) that are not approved by the principal for media buying by the agent.

**Inclusion list** – A list of entities (could be apps, domains, companies and/or holding companies) that are pre-approved by the principal for media buying by the agent. The agent need not buy them all but must not buy outside the inclusion list.

**MRC** – The Media Rating Council sets the standard for the marketing industry's media measurement research and methodology.

**Principal** – The person or corporation liable for an obligation.

**Tags** – Short lines of code used in digital media campaigns that enable ad servers and verification services to perform.

## For further information

Your needs come first and every situation is different. Have questions?
We can help with more depth on any of these items.

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