



THINKSTOCK

A PROGRAMMATIC PRIMER

Programmatic buying has started to take over the placement of digital ads, to the tune of \$15 billion in 2015 sales. Is pharma in the process of following suit or will concerns about privacy and fraud dampen industry enthusiasm? **Barbara Peck** assesses the pros and cons

Journey with us, if you will, back to the days when selling ads was a fairly onerous task. Remember the phone calls, the sales calls, the RFPs? Negotiating rates and faxing insertion orders? Heck, in the early 2000s, even digital ads were being sold by humans bargaining over the phone. But all that has changed, thanks to programmatic media buying. Today many digital ads are placed on websites within milliseconds, depending on algorithms that both assess the demographics of anonymized viewers as they browse and click and that determine which ads are likely to pique their interest. (If you think the name is clunky, know that in olden times—like, last year—programmatic was called “demand-side platforms.”)

By now, of course, nobody’s surprised by the Internet’s mindreading abilities. Let’s say you need a new dishwasher, so you conduct your research online. A half hour later you’ve left the appliance sites, but dishwasher ads appear when you visit other unrelated pages.

How exactly is the sausage made, you ask? To put it simply, something called an “ad exchange”—sort of a digital auction site—matches the consumer’s needs to those of the ad sellers and sends out bid requests. Almost instantaneously, software evaluates a vast amount of data on behalf of the advertisers and decides whether to bid for an ad for the specific viewer on that page. The bid may depend on the consumer’s geographic location, the device he or she is using, recent search history and the types of ads the consumer has responded to in the past. It’s all happening in real time, and in milliseconds. The winning bid catches the view.

Programmatic sales are growing by proverbial leaps and bounds. Research firm eMarketer predicts that US advertisers will spend nearly \$15 billion in 2015 to buy digital display ads programmatically and \$20 billion in 2016, up from about \$10 billion in 2014.

But while programmatic purchases of retail ads wound up seizing the top slot on eMarketer’s 2015 chart—they made up 24.9% of the total, with almost \$4 billion in spending—pharma/healthcare found itself at the bottom of the heap (1.3%, \$190 million).

KEEPING IT PRIVATE

Has healthcare been slow to adopt programmatic buying? According to Brad Rosenhouse, group VP of programmatic for Publicis Health Media, “The marketplace is scary to pharma’s med-legal review teams. They’re very conservative and hesitant to run any risks.”

The main risk, however, may be to consumer privacy, an issue that’s especially sensitive when it comes to health conditions. Nicole Woodland-De Van, SVP of buying services & deliverables for CMI/Compas, explains the risk this way: “Let’s say a person who’s been researching HIV treatments on a laptop then goes to a Nordstrom site, where an ad for HIV medication appears. Someone passing by might spot that ad” and thus be exposed to information that the individual might prefer remain confidential.

CMI/Compas, which says it’s the only company offering programmatic targeted at HCPs within endemic and consumer content, generally works with endemic and/or medically relevant sites that may only be viewed by physicians. That audience, generally, is cognizant and accepting of privacy concerns. Consumers, however, can readily be made to feel offended by targeted ads. Woodland-De Van recalls an incident a few years ago when a caregiver was served an oncology ad shortly after her mother died of cancer. Her harsh complaints led Google to block pharma products from its programmatic ad servers—and only now is the search giant opening itself back up.

So while it’s little wonder that the pharma industry is unnerved by programmatic, there are ways to target consumers without alienating them. It helps to be sure that the context and audience are relevant, to constantly cycle data to be sure that it’s up-to-date, and to only use consumers’ active searches.

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—Christina Meringolo, VP of integrated marketing services, US consumer division, Bayer

THE PROGRAMMATIC MOVEMENT

Then there’s fraud, a programmatic pitfall experienced by all users. Indeed, it’s not easy to be certain that ads appear only on accredited sites with high-quality content and proven audiences. Ad bots can take over computers and create virtual browsers whose clicks are counted as views by traffic-measuring services. Unknowingly, marketers can be throwing money away on ads that no human eye will view.

A recent *Bloomberg Businessweek* article—“How Much of Your Audience Is Fake?”—reported on a study conducted last year with the Association of National Advertisers. Researchers embedded billions of digital ads with code designed to determine who (or what) was seeing them. Their finding: 11% of display ads and almost a quarter of video ads were “viewed” by software, not people. The study estimates that fake traffic will cost advertisers \$6.3 billion this year.

As a notoriously conservative group, pharma/healthcare people are wary of fraudsters. It’s not just about wasting ad dollars and reducing ROI—it’s also about exposing brands to unwarranted risk. While fraud can be reduced by dealing directly with publishers rather than using programmatic, it neutralizes the scale/efficiency advances facilitated by automation at the same time.

“Digital marketing has been dealing with fraud for years,” Rosenhouse says. “It’s technology battling technology, sort of like the steroid users in baseball trying to stay ahead of the drug testers.”

“A DARK ALLEY”

At “Building Trust and Transparency Into Programmatic Media Buying,” an *Advertising Week* seminar held last September, panelists addressed the question of how marketers can be confident that their messages are not only reaching the right audiences but also being displayed alongside appropriate content. To that end, they likened the use of programmatic to going down a dark alley.

“It might offer wonderful, exciting things or it might have scary things,” said Joe Barone, managing partner of GroupM. Christina Meringolo, VP of integrated marketing services for the US consumer division of Bayer, agreed with the metaphor and added one of her own: “As marketers, we need to educate ourselves so we can foresee where the skeletons in the closet are.”

Agencies can protect themselves from fraudulent activity in several ways, the panelists reported. One is by developing white lists of sites on which they want their products to appear (and blacklists of those they don’t). But Andrew Casale, the CEO of Index Exchange, urged caution nonetheless. “When machines alone are doing it, it’s hard to know with certainty what you’re buying. True transparency is technology getting out of the way at some point.”

So what are programmatic-minded people in healthcare doing to minimize the impact of fraud and other bugaboos? Woodland-De Van says that CMI/Compas “establish[es] direct relationships with endemic publishers so we know the sites’ standards and traffic. To control other placement, you can specify broad categories—say you want a particular ad to appear only on news and weather sites across the Internet.”

Third-party verification tools can also play a part. Rosenhouse notes that Publicis sister company VivaKi vets ad placements, monitoring the sites’ regulatory compliance, content quality and historical

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performance and confirming viewability (that is, that an ad isn't hidden at the bottom of the page where no one sees it). "Pharma faces so much scrutiny—companies always fear getting a notification from the government that they've done something improper and will be fined millions of dollars," Rosenhouse says. "We only buy premium inventory that our clients can relate to."

MOVING BEYOND ENDEMIC

Programmatic is not without its charms for pharma, of course. Its biggest boon for the industry may be that it lets marketers place ads outside traditional healthcare sites.

"The old approach involved buying up endemic properties, and that's an expensive way to advertise. Sites like WebMD hold all the cards in terms of prices," Rosenhouse explains. "Programmatic lets us find the same audiences in different environments. It's both efficient and effective. In this free-flowing marketplace, top bidders can access the sites that work for them."

ID Media SVP and director of media strategy Michael Baliber agrees. He notes that the CPM with endemic partners can be as high as \$100 to \$150, since many drug marketers want to appear in this competitive marketplace.

"The programmatic approach can give efficiencies in the \$10 to \$20 range, so the dollar goes a lot further," Baliber says. Too, he believes that fresh insights are revealed through programmatic. As an example, Baliber notes that his firm "found that MS patients are more likely to engage with ads they encounter in travel content than in specifically targeted health content. Information like this allows us to optimize volume in terms of which publishers we choose."

A CMI/Compas campaign offers more proof of programmatic's value. "A client with a product that was close to losing exclusivity asked us to expose the drug to healthcare professionals who hadn't previously been called upon," recalls Woodland-De Van. "We set up both regular ads and programmatic ads targeting an underexposed audience through contextually relevant endemic and nonendemic sites. Four months later we found that the prescription-writing list of the programmatic market was 15% higher than that of the other group." ■

AD-BLOCKING TECH: THREAT OR MENACE?

Red flags went up in September when Apple launched its newest operating system, iOS 9. For the first time users could easily install ad-blocking apps on their iPhones. Was it merely the latest skirmish in the software war on advertising—or a harbinger of doom?

It's not as if ad-blocking technology were a circa-late-2015 arrival. According to the *PageFair & Adobe 2015 Ad Blocking Report*, ad-block usage in the US grew 48% in the past year. But suddenly, with this new encroachment on mobile, things were starting to look serious for marketers.

The main motivation for the use of ad blockers cited in the PageFair report is particularly relevant to healthcare and, in particular, its privacy issues: Half the respondents said they'd block ads "if [they] feel [their] personal data is being misused to personalize the ads." (Worth noting: PageFair sells tools to fight ad blocking.) Although the global rate of ad blocking for healthcare remains fairly low, at 5.4%, that still means one in 20 ads is being blocked and the trend is increasing.

This comes as no surprise. It's dawning on mobile users that ads can slow load time, impede navigation, reduce battery life and boost costs for those with limited data plans.

To that end, we're increasingly drawing the line at anything that's intrusive, invasive or annoying. And we're less likely to be guilted into accepting ads we don't want in return for content we do want—and expect to get for free.

Despite these ad-blocking advances, pharma marketers are refusing to overreact.

"Staying ahead of the curve in this fluid ecosystem is exciting and challenging," says Brad Rosenhouse, group VP of programmatic at Publicis Health Media. "Ad-blocking software does have an impact, but it's a short-term challenge. Even if it's around for the long term, creative will just get better at building smarter, sleeker content. Agencies will realize that if they can't reach consumers through standard banner ads, they need to look elsewhere."

Adds Nicole Woodland-De Van, SVP of buying services & deliverables at CMI/Compas, "There's just too much revenue for the websites—even for Google—to let ad blocking take over the mass market." She predicts that we'll see "more use of content as advertising—sponsored ads and native ads will become more prevalent. Plus publishers who are now mostly supported by ad dollars will go to subscription-based models, such as paywalls and memberships."

Another point made by Woodland-De Van: A lot of ad-blocking technology targets video, but since pharma uses less of that than other verticals, it is less affected.

Demographics also influence the use of ad blocking. Sites aimed at young, tech-savvy and predominantly male audiences will feel the crunch when ad-blocking technology is installed more than others. In fact, the average consumer often doesn't know if ad blocking is active or disabled. Only a small percentage take the time to activate it. As a group, millennials are most adept at using these apps but they're not generally the clients that pharma is seeking out.

These days strategies for TV advertising are just starting to catch up with the Internet in targeting viewers. Rosenhouse recalls how he recently found himself annoyed when an ad popped up while he was watching a football game on his smart TV. It wasn't the ad itself that annoyed him but the fact that it covered half the screen—and that the advertiser was permitted to invade his space to that degree.

"As consumers, we keep giving away little bits of our privacy," he explains. "Ad blocking is the reverse of that. What it does is give the power back to the consumer."

In response, healthcare marketers need to determine what makes for a better consumer experience. "If people don't want to get ads on their phones, so be it," Rosenhouse continues. "That opens the door to the next generation of what we do as agency marketers."