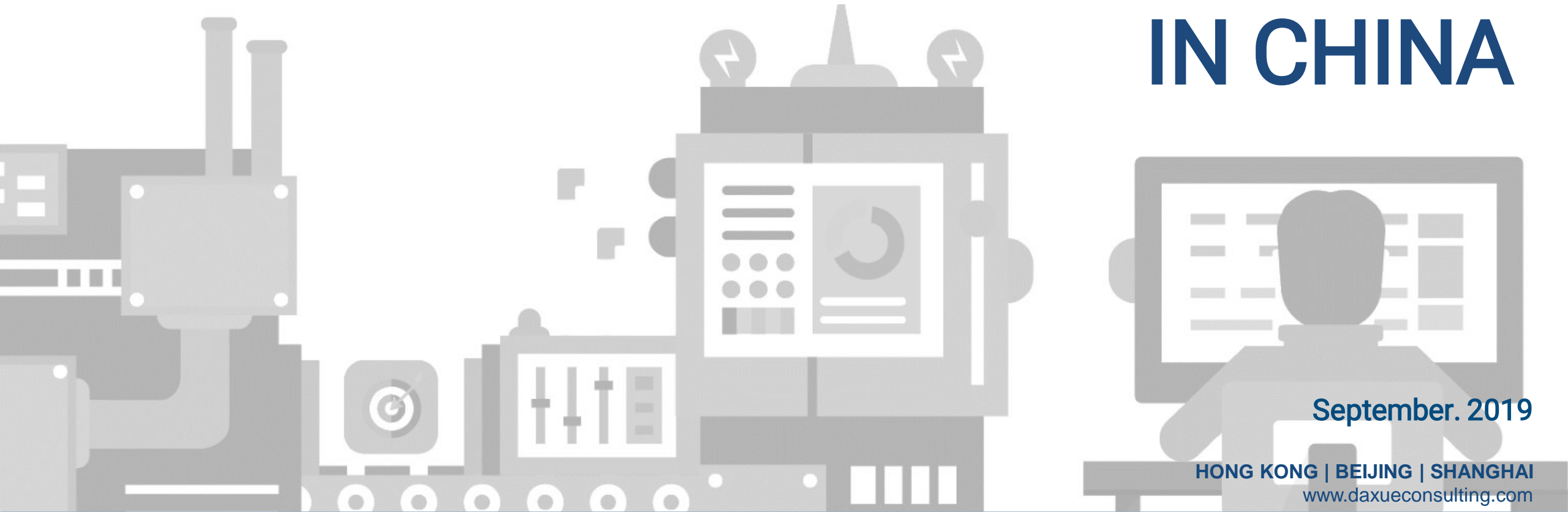


THE PROGRAMMATIC ADVERTISING ECOSYSTEM IN CHINA



September. 2019

HONG KONG | BEIJING | SHANGHAI
www.daxueconsulting.com

ABOUT



Values, principles and vision of daxue consulting

6 Key values emphasized throughout all our projects

LOYALTY TO OUR CLIENTS

High performance in our work and dedication to the project and the client to explore all the aspects of the research and adapt



RESPONSIBILITY

At all levels at daxue consulting, daxue is creating an environment where freedom and responsibility go together. This environment helps assessing risk early and getting the most of each research



COMPREHENSIVE, SCIENTIFIC, AND LOGICAL REASONING

Transparency of sources and information support our conclusions and work



daxueconsulting
beijing shanghai



INTERNATIONAL TEAM

Working on each project making exchange between team members of different backgrounds in order to solve all new challenges balancing intuitive and analytical answers

EFFORTS ARE ALWAYS REWARDED

Accountability on execution and rewarded efforts go together. Evidences and arguments are supported with data combined with logical and documented demonstration.



EMPOWERMENT THROUGH COMPREHENSIVE MANAGEMENT

- Project Leaders and Project Managers evolve in an environment that pushes them to learn and leverage the best technologies to understand markets and assess opportunities
- Higher level management in daxue consulting focuses on creating a challenging and intellectually stimulating environment for the team members to support clients

The strengths of Daxue Consulting

6 crucial competitive advantages



1. Rigorous & creative

- ✓ daxue consulting is recruiting international talents from China and the West.
- ✓ **Teams are tailor-made** depending on the projects
- ✓ **One client = one senior project manager**

3. We manage from A to Z

- ✓ daxue consulting **does not outsource its services**. We manage our own assistants and use directly technological tools.
- ✓ We have a **deep understanding on the fieldwork** and the context within which data was collected.

5. Innovative

- ✓ **Constant on the look** for new research tools and methodologies
- ✓ Our goal is to **combine traditional methodologies** with the latest **tech tools**

2. Responsive

- ✓ daxue consulting has a commitment to **answer emails within a day**. We are result-oriented and do not count our time to accomplish our tasks.
- ✓ **Regular reports** with our clients in order to make sure we reach the goal expected from our clients.

4. Actionable recommendations

- ✓ We **care about results** and design our research in order to be operational.
- ✓ We are **driven by metrics** such as customer acquisition costs, business plan KPIs, P&L optimization.

6. Professional

- ✓ **Our methodologies are rigorous and serious**, taking information from the best practice in the world of consulting and research.
- ✓ **Demanding on the results, detail-oriented, respectful towards our commitments.**
- ✓ **Corporate presentation.**

350+ clients with 450+ projects for the past 7 years

Examples of references



A recognized expertise on the Chinese market

Regularly featured and quoted in global publications

Daxue latest quotations in recent publications
(click on the logo to be redirected to the articles)

The New York Times

TECHINASIA

france
bleu

LE TEMPS

SBS NEWS

ASIA WEEKLY

FT FINANCIAL
TIMES

英文中国新闻
The China Post

REUTERS

GLOBAL
TIMES

SBS NEWS

theguardian

y net
news.com

Le Monde

THE WALL STREET JOURNAL

LesEchos.fr

THOUGHTFUL
CHINA

CHINA
ECONOMIC REVIEW

SWI

LE TEMPS

TechNode

CONDÉ NAST

TECHINASIA

FRENCHWEB.FR
Le magazine de l'innovation

LE FIGARO

CHINADAILY
中国日报

THE WALL STREET JOURNAL

ESSEC
BUSINESS SCHOOL

The New York Times

Guanghua School of Management
Peking University

Forbes

jns
org | news service

TECH.CO

Voci Globali

JDN
JOURNAL DU NET

LOBS

Wine News
THE FINEST WINE NEWS SITE IN ITALY

france
bleu

gbtimes
Global reach, Local touch

South China
Morning Post

TECH
INSIDER

IT NEWS AFRICA
AFRICA'S TECHNOLOGY NEWS LEADER

THE JORDAN TIMES

Jing Daily

World
Trademark
Review

FINANCIAL REVIEW

ASIA WEEKLY

Contrepoints
le nivellement par le haut

The Street

Chef
d'Entreprise

CCI FRANCE CHINE
中国法国工商会

ISRAEL HAYOM
THIS IS WHERE WE STAND

CHANNEL NEWSASIA

the.algemeiner |

華美銀行
EAST WEST BANK

EAST WEST BANK

The Business of Fashion
BOF

Los Angeles Times

StartupBRICS
L'Actu Tech & Startup des Emergents

EL PAÍS

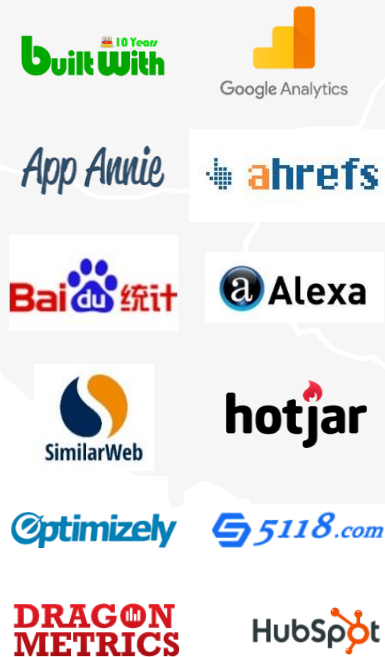
Using modern tools to stay ahead of the competition

A selection of tools leveraged by Daxue Consulting

Search engine & e-commerce analytics



Website / app traffic comparison



Data mining / survey analysis



Social listening



Diary study & community research



I. INTRODUCTION

II. MARKET OVERVIEW

III. PROGRAMMATIC ADVERTISING ECOSYSTEM

IV. ADTECH PLATFORMS IN RTB

V. CASE STUDY

VI. WHAT'S NEXT?

INTRODUCTION

What is Programmatic Advertising?



Programmatic Advertising

Programmatic advertising is buying and selling online advertising space automatically, with computers using data to decide which ads to buy and how much to pay for them.

Kenneth Kulbok, LinkedIn Programmatic

Programmatic Advertising in China



The selling point of programmatic in China is less about automation, and more about precision and results.



China's programmatic scene is packed with hybrid "one stop shops": Ad Network + DSP, DSP + DMP, Private Exchange + DSP, etc.



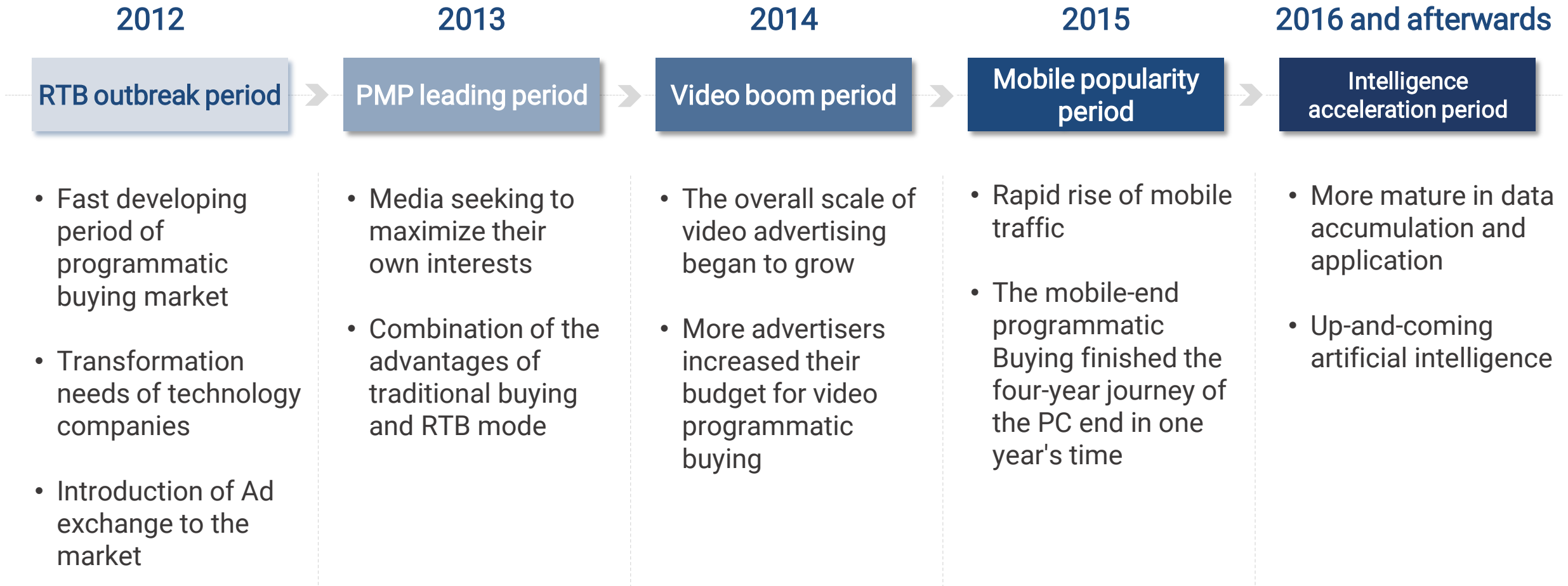
Along with these hybrids, there is greater conflict of interest for advertisers due to a lack of boundary or transparency across disciplines.



Also, with these hybrids, advertisers can quickly experiment with programmatic without heavy investment or understanding in technology.

Key development nodes of Programmatic Buying in China

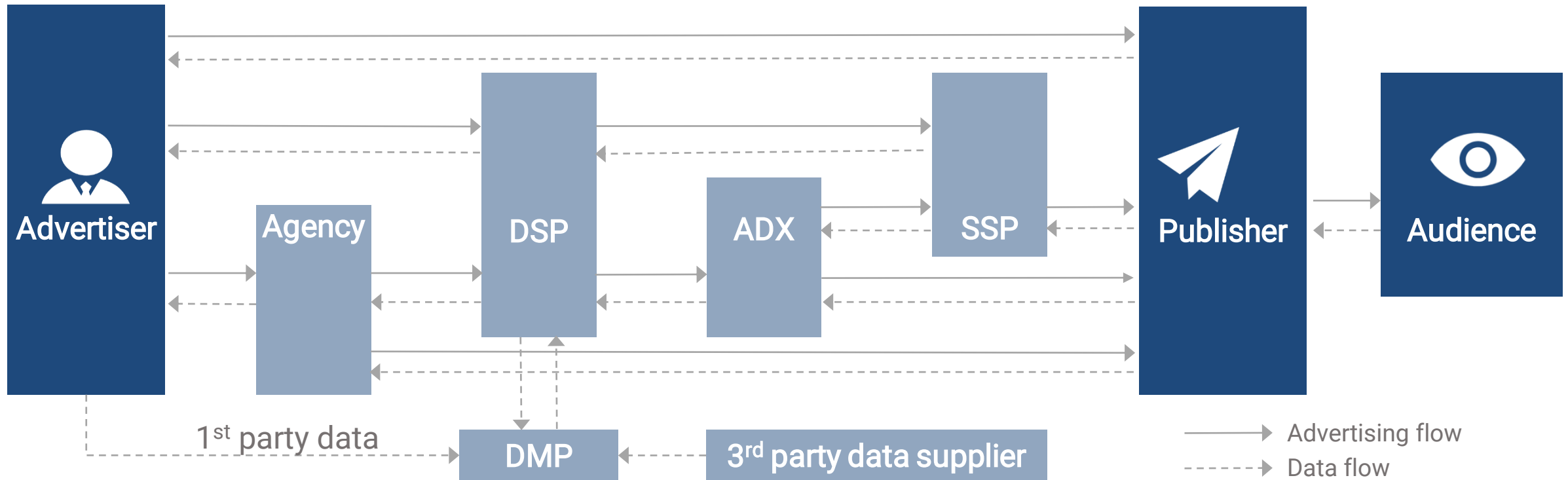
- Programmatic buying has experienced the five key development nodes, embracing a huge room for growth in the future.



Source: <http://standardperpetual.com/EN/insight/0714/01.html>

How Programmatic Advertising works

- Programmatic advertising is designed to replace human negotiations with machine learning and AI-optimization. The goal is to increase efficiency and transparency to both the advertiser and the publisher.
- In the early days, since the Chinese market had low awareness of programmatic ads, people mistakenly thought that programmatic advertising was simply DSP (Demand side platform) or RTB (Real-time bidding). Now, after 7 years of development, the market has a more clear and in-depth understanding of programmatic ads as well as its relationship with DSP, AdX, RTB and Non-RTB.















Source: <https://zhuanlan.zhihu.com/p/39021981>

Programmatic vs. Traditional media buying

- Programmatic advertising is faster, more efficient, and cheaper than traditional methods.
- Programmatic ads could be helpful for the consumption structure development in China by targeting the ads on right group of people.

Traditional

Programmatic

Traditional		Main difference		Programmatic
Manual negotiations & trading				Automated real-time-bidding
Marketer negotiates with salespeople in a time consuming and expensive process		Buying process		Algorithm decides where ads will be shown
Predetermined price between advertiser and publisher		Pricing		Real-time-bidding determining price
Scattered data tracked and collected by marketer into an understandable report		Reporting		Transparent real-time reporting to make informed changes during the campaign
Analysis and optimization after the campaign is over		Optimization		Optimization in real-time and adjustable at anytime
Slow and leaves room for human error		Efficiency		Automated with reduced costs and increased ROI

Source: <https://www.match2one.com/blog/traditional-vs-programmatic-media-buying/>

MARKET OVERVIEW

Overview of the industrial chain in China

Realizing the second-time growth in buyer's market



Advertiser

- Despite the emergence of issues related to transparency and security, the investment of advertisers on programmatic buying has not been substantially reduced.
- Advertisers actively seek to apply private data to advertising optimization and some large advertisers even build their own DSPs.



Publisher

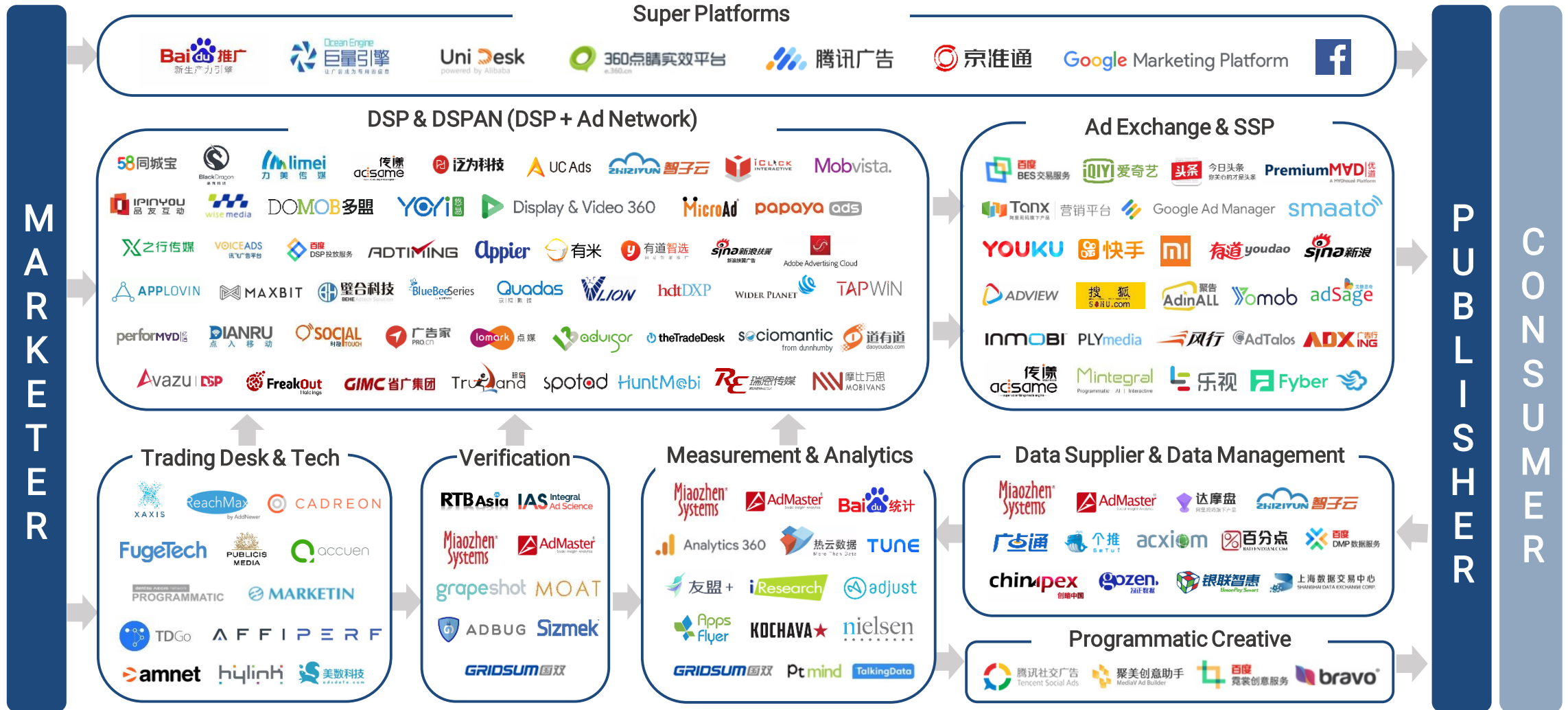
- The social, content media and video products of the media icons occupy more of users' time, and more high-quality resources are provided to the Programmatic Buying market through the development of information flow and other advertising products.



Third-party platform

- The providers of programmatic creative received more attention from the market and more new independent data service providers entered the market.
- Due to the strategy adjustments of Baidu and Ali, BES and TANX are gradually turned to internal supply and gradually faded out of the market, which is a good opportunity for other third-party independent platforms.

Programmatic Advertising landscape in China



Source: <https://www.rtbchina.com/china-programmatic-ad-tech-landscape>

BAT in Programmatic Advertising in China

- China's programmatic advertising marketplace has its own dominant players. Baidu, Alibaba and Tencent. They dominate rich search, e-commerce, social, and news information, respectively.
- Unlike in the west, where publishers plug in to a third-party technology vendor to manage the ad sales process, in China, publishers build their own programmatic ad technology. As BAT consists of the dominant publishers in China, they each have their own platform to control advertising, and they operate as silos independent of one another.

Digital advertisement revenue share of BAT

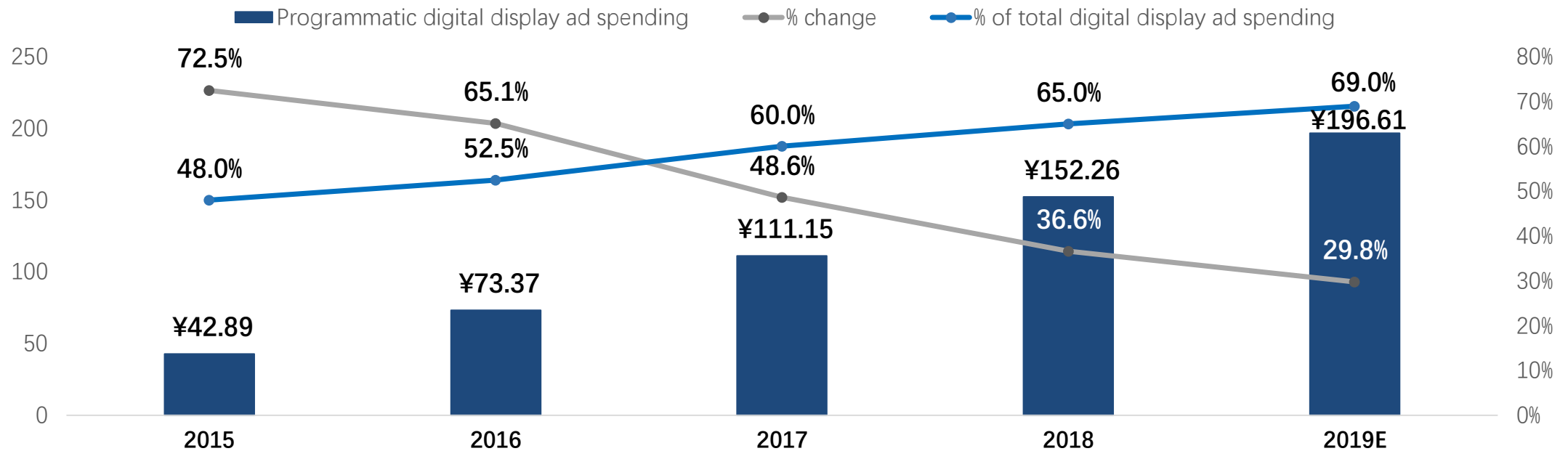


Source: <http://www.chatchat.com/chinas-programmatic-advertising-landscape/>

Market size of Programmatic Advertising in China

- Programmatic ad spending in China totaled 151.46 billion RMB in 2018, a 36.6% increase over 2017. And it is estimated to reach 196.61 billion in 2019, taking 69% of total digital display ad spending.
- In the long run, China's programmatic ad market is still in the early stage of development and has a larger room for growth in the future, but its growth model will change from the past high-speed burst growth to medium- and high-speed steady growth.

Programmatic Digital Display Ad Spending in China
(billion RMB, 2015-2019)

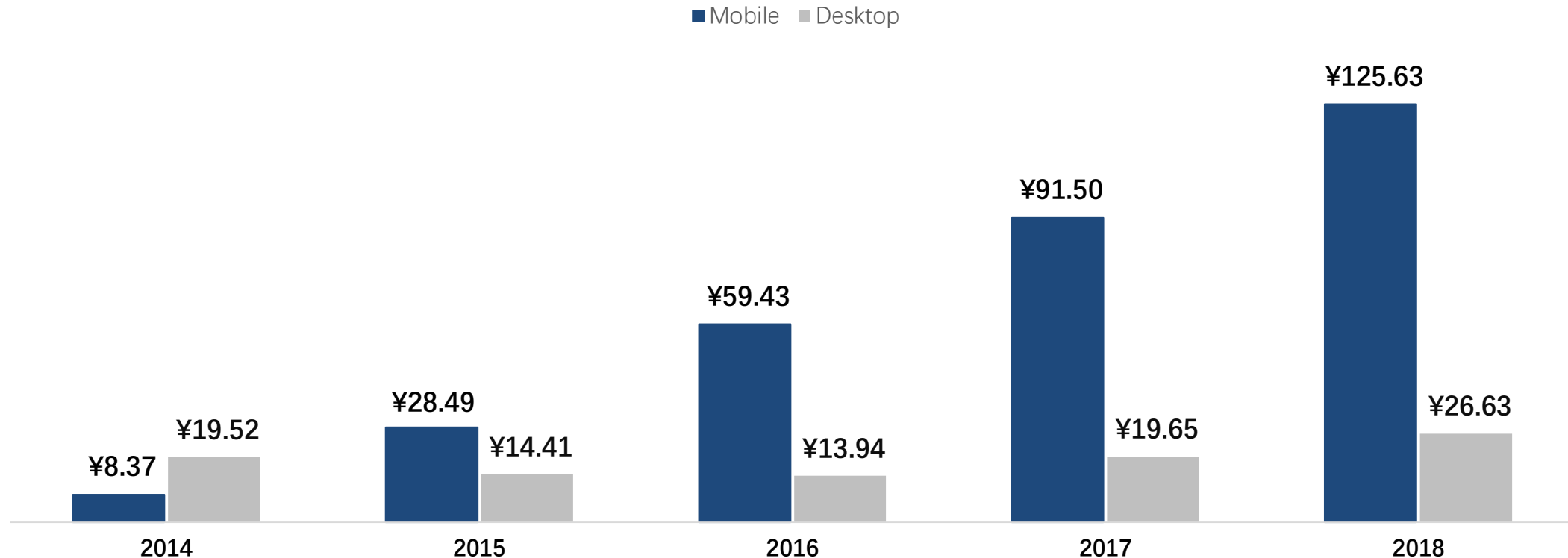


Source: <https://www.emarketer.com/content/emarketer-releases-new-estimates-for-programmatic-ad-spending-in-china>

Rising mobile Programmatic Advertising in China

- From 2015 to 2018, the main driving force for programmatic advertising in China was the mobile end as mobile now takes .
- As of 2019, China has 829 million mobile phone users, with 87% of 19-60 year olds on their phone for over three hours a day.

Programmatic Display Ad Spending on Mobile and Desktop in China
(billion RMB, 2014-2018)



Factors of rapid popularity of mobile Programmatic Advertising in China

The popularity of mobile programmatic buying in the past was jointly promoted by multiple factors including the rapid growth of traffic of the mobile end, budget restructuring of advertisers, large APPs willingness to use programmatic, and the upgrading of data application ability.



Rapid growth of mobile devices

In the past four years, the number of mobile Internet users increased from 688 million to 829 million.

The sharp growth of traffic became the base of the development of the mobile-end programmatic buying.



More budget from advertisers

Advertisers of APP promotion and e-business are the early advertisers in mobile advertising, and the budget of brand advertisers turned to mobile-end programmatic advertising as well with the perfection of conditions in mobile end monitoring.



High participation from large APPs

Large APPs are willing to participate in programmatic buying and have even set up their own DSP platforms



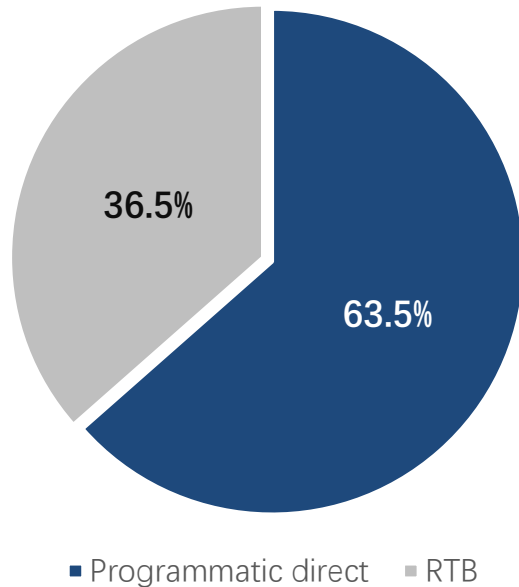
Data application ability enhanced

The features of mobile end provides Programmatic Advertising with a larger amount of data and richer data dimensions, which enhance the data application ability of programmatic advertising.

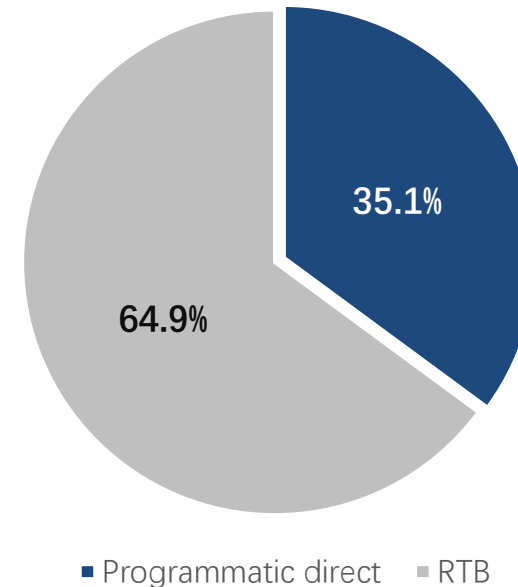
RTB vs. Programmatic Direct share in China

- Programmatic in China is transitioning from RTB to non-auction-based programmatic direct. However, when it comes to mobile programmatic buying though, RTB is more popular than programmatic direct.
- Advertisers prefer programmatic direct because media icons like BAT can prove high-quality resources as well as premium technology support.

Programmatic Ad Spending in China, by Transaction Method
(2018)



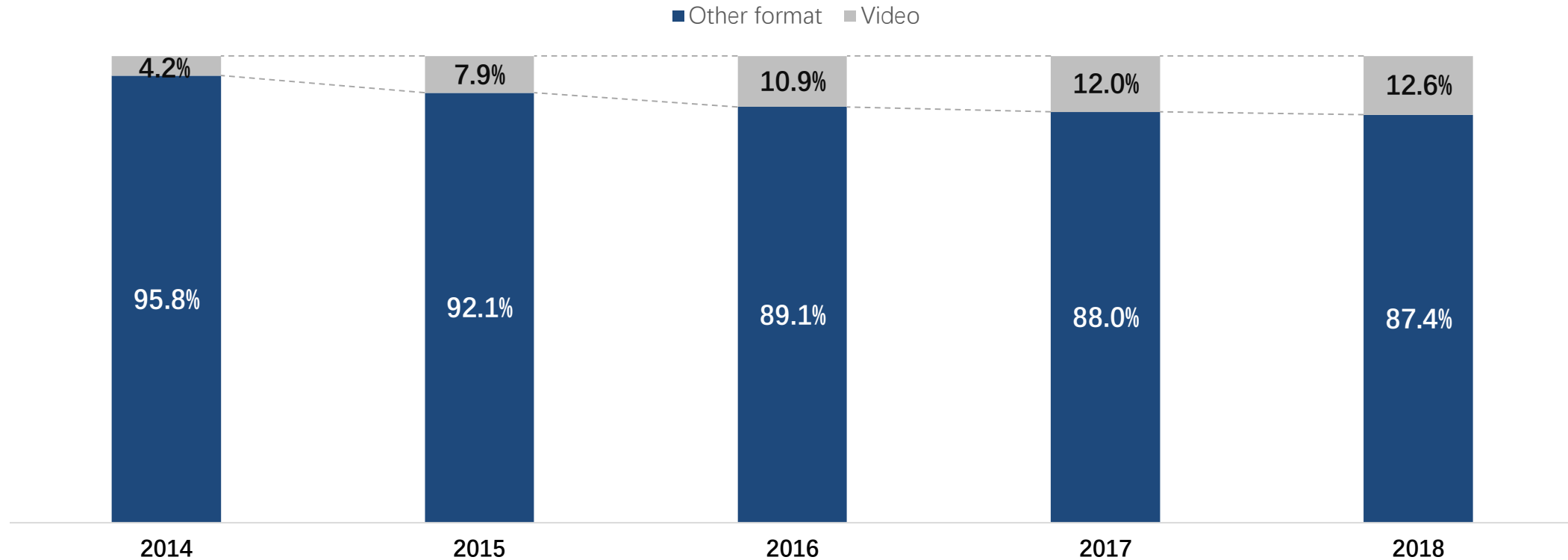
Mobile programmatic Ad Spending in China, by Transaction Method
(2018)



Programmatic video is gaining popularity

- Programmatic video in China makes up 12.6% of ads, and will likely continue to grow in the future.
- Some short-video APPs like Kuaishou and Douyin are successful in this area. These video ads are information-intensive and are good at attracting target audiences' attention.

Programmatic Ad Spending In China, by Format
(2014-2018)

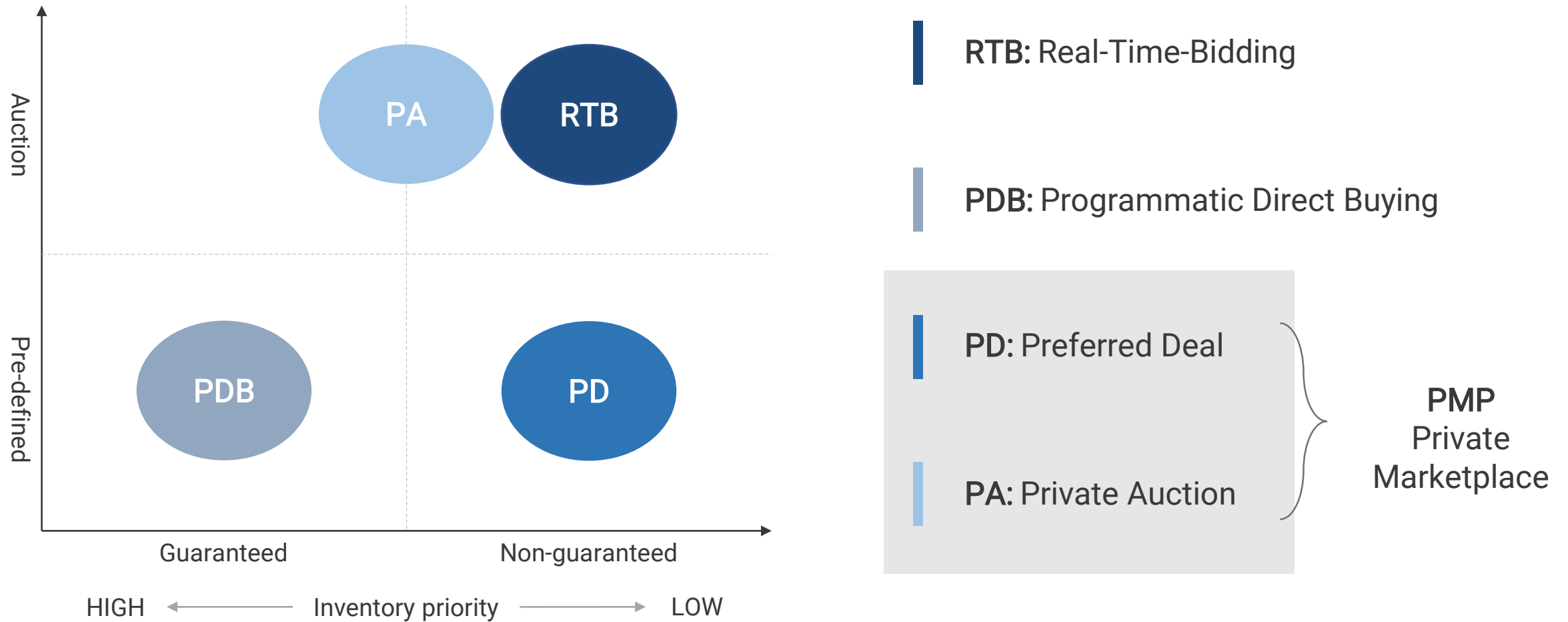


Source: <https://digiday.com/media/5-charts-programmatic-ad-spending-growth-china/>

PROGRAMMATIC ADVERTISING ECOSYSTEM

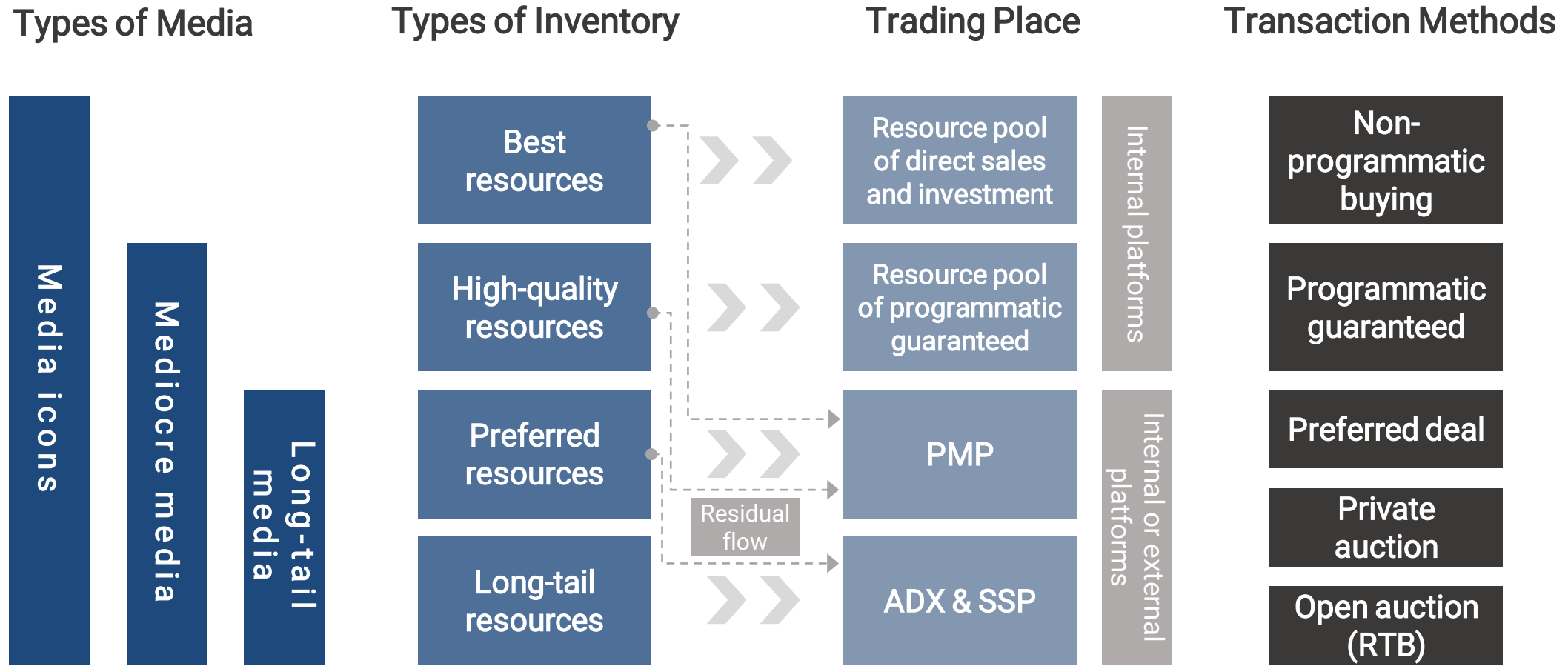
Four buying methods in Programmatic Advertising

- These four different methods are not competing, but complementary models designed to address the different needs of publishers and advertisers.



Transaction methods among different media and resources in China

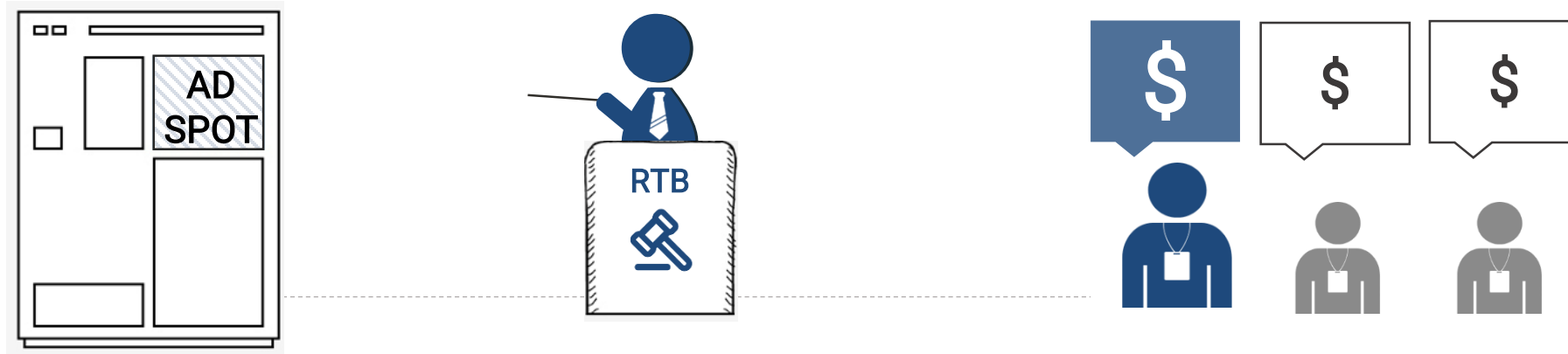
- In most cases in China, the media would cash the long tail traffic that is hard to be sold directly in the open market and sell the high-quality resources through the traditional direct customer channels.



Source: <http://standardperpetual.com/EN/insight/0714/01.html>

Real-Time Bidding (RTB) and its development in China

- RTB is an auction-based bidding protocol in which advertisers compete against each other to display ads to specific users. RTB offers a lot of capabilities and used of data, and has a vast ad inventory.



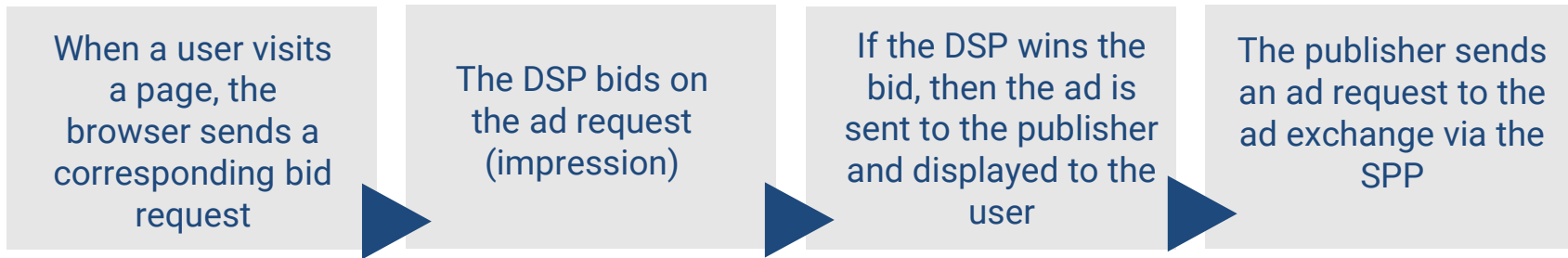
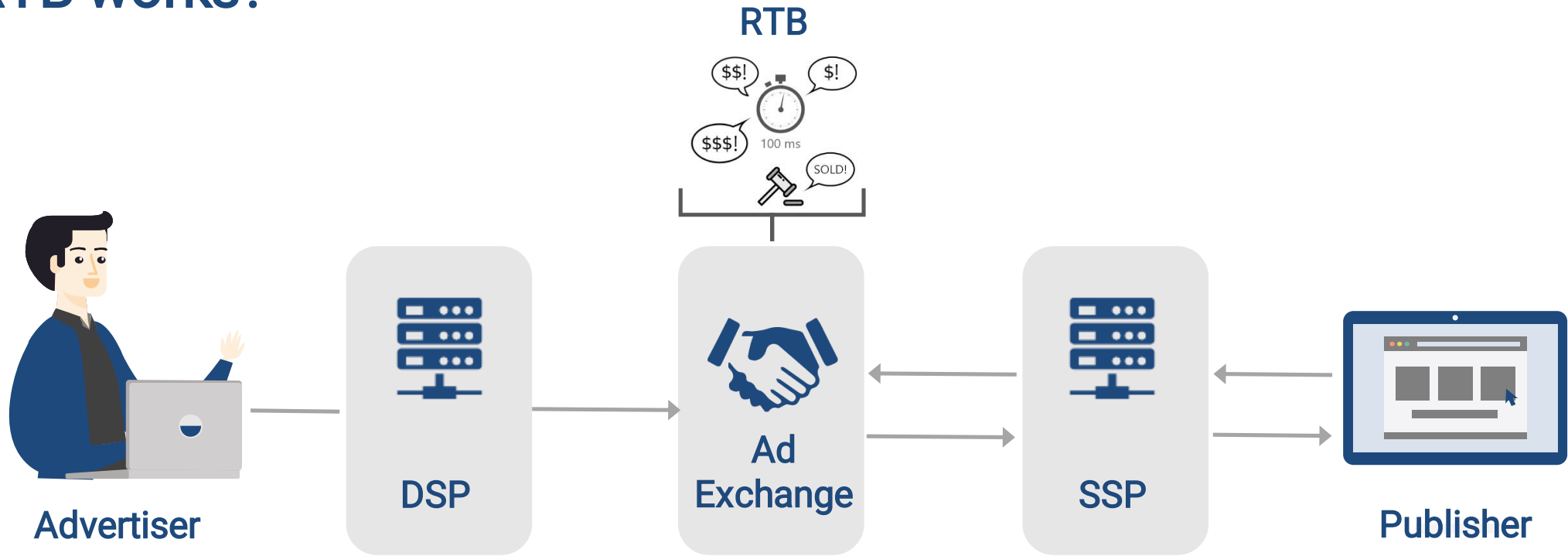
- **Facing pressure from China's closed ecosystem**

In China, RTB is gradually losing its position in programmatic buying ecosystem by facing the pressure from closed ecosystem and media icons. These giants possess rich resources and more right to speak in the industrial chain.

- **Focus on accurate targeting and DMP**

Advertisers in China have faced low conversion rates and ROI with the RTB model, recently there has been more emphasis on accurate targeting and DMP development.

How RTB works?



The benefits of RTB



Per-impression buying process

- Real-time bidding allows brands to bid on individual impressions rather than agreeing to a predetermined fixed price.
- Buying in real time is cost-effective, reduces waste, and can prevent advertisers from overpaying for media.



Easy testing and adjusting

- The impression-level data obtained allows advertisers to analyze the efficacy with certain consumers, context, and creative. This can ultimately lead to a more adaptable strategy.



Ability to sell remnant ad space

- As RTB auctions are triggered automatically by the arrival of a target visitor, inventory that was previously unwanted and unsold can always be sold and “saved” from wasting.



Single dashboard

- Advertisers and publishers use a single dashboard on their DSP or SSP to control their campaigns, rather than having multiple relationships with different partners.



Insights

- Publishers have real-time information about their best-performing segments and know which inventory is most coveted by advertisers.

What is Private Marketplace (PMP) and how it works?

- Private marketplace is an invite-only variation of the RTB model.
- It is an auction process in which just a handful of advertisers bid against one another to buy a publisher's inventory. This method is typically offered by publishers with more premium inventory.



PMP combines the advantages of traditional advertising purchase and programmatic buying. Since advertisers in China would like to maximize their own interests, PMP is actively promoted.

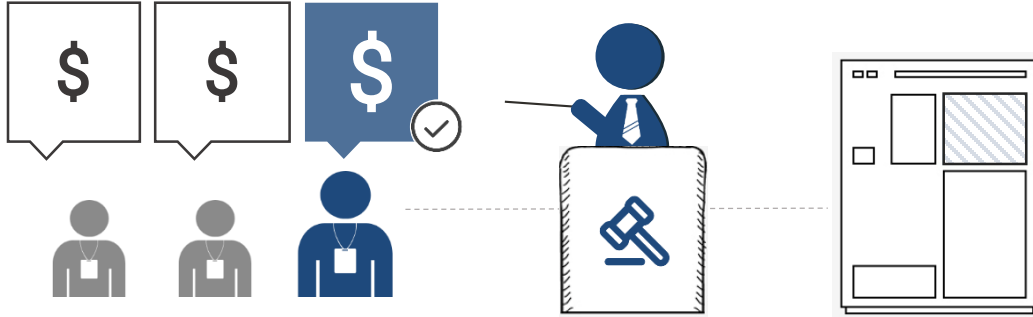
Private Auctions (PA) Vs. Preferred Deals (PD)

- Within the realm of private marketplaces, there are generally two types of deals in which an advertiser can participate: private auctions and preferred deals.

Private Auctions



Preferred Deals



Auction based

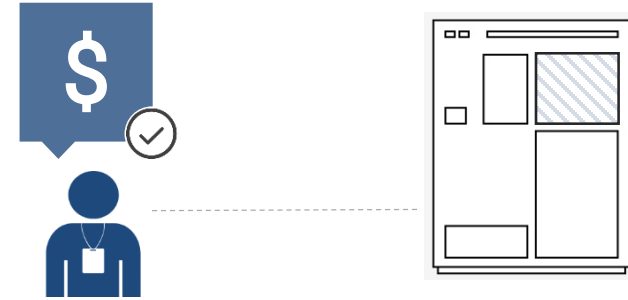
One-few participation

None direct advertiser – publisher relationship

1

2

3



Fixed price

One-one participation

Direct advertiser – publisher relationship

The benefits of PMP



Transparency on purchased inventory and pricing

The publisher and advertiser both have a very clear idea of what kind of inventory they are buying, what CPM needs to be paid, and the type of creative that are being displayed to users.



Integrated buying

The PMP is operated within the RTB ecosystem, meaning campaign data sits alongside other RTB campaigns, giving a holistic view of campaign performance, as well as making global frequency capping and cleaner attribution possible.



First look

PMP is a great way for advertisers to get the first opportunity to purchase inventory before it ends up on the open market.



Powerful targeting

The PMP can layer on additional targeting. While some publishers use private marketplace as a way to essentially create private exchanges, by pulling their inventory off the open market, others use it as a way to bundle their inventory in novel ways.

Programmatic Direct Buy (PDB) and its development in China

- Programmatic direct is a one-to-one media-buying process, with the exception that advertisers and publishers agree on specific inventory based on a fixed CPM.



Direct transaction
or agreement



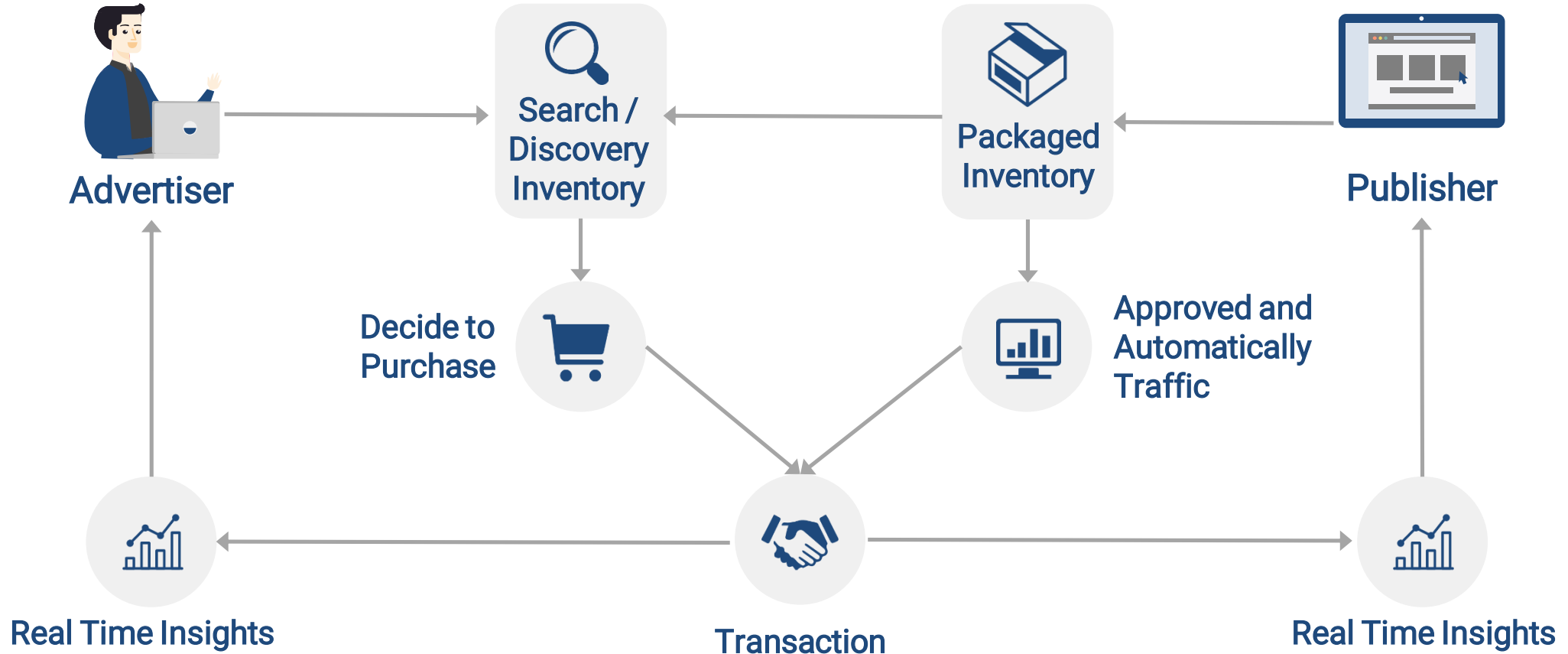
Agreement on
specific inventory
based on fixed CPM



Tied to premium
publishers

- **Advertisers in China prefer to spend more on PDB rather than RTB**
Since almost all premium publishers in China have their own closed ecosystem and cover wide range of users, they can offer more data, resources and more mature algorithms.
- **“PDB+RTB” model is the main trend in China**
This new model combines the advantages of both models, and help advertisers find balance between quality and price.

How PDB works?



Source: <https://clearcode.cc/blog/rtb-programmatic-direct-pmp/>;
<https://digitaladblog.com/2015/05/08/what-is-programmatic-direct/>

The benefits of PDB

- The ability to automate insertion orders and ad-code configuration can help both publishers and advertisers to improve efficiency and eliminate human error in the entire process.
- Both advertisers and publishers get more opportunities to control the process and outcome of media buying through real-time data stream.
- All benefits of PDB make independent companies in China hard to compete with giants as well as get high-quality resources.



For Publishers:

- Efficient and automated inventory packaging and insertion orders for direct sales
- Real-time insights into audience behavior and user profiles



For Advertisers:

- Efficient inventory discovery and automation of insertion orders for direct purchase
- Real-time insights into the value of the traffic
- Guaranteed the impressions they want

Source: <https://www.monetizemore.com/blog/what-is-programmatic-direct/>

ADTECH PLATFORMS IN RTB TRANSACTION

What is Demand-Side Platform (DSP)?

- A demand-side platform is a tool or software that allows advertisers to buy ad placements automatically.
- In China, every DSP has its DMP to provide data support.

1

Create, run and manage many campaigns simultaneously across multiple SSPs and ad exchanges and control them from a single, centralized user interface.

2

Auto-optimize (via algorithms) the campaigns to increase ROIs.

**Main functions
provide to
media buyers**

3

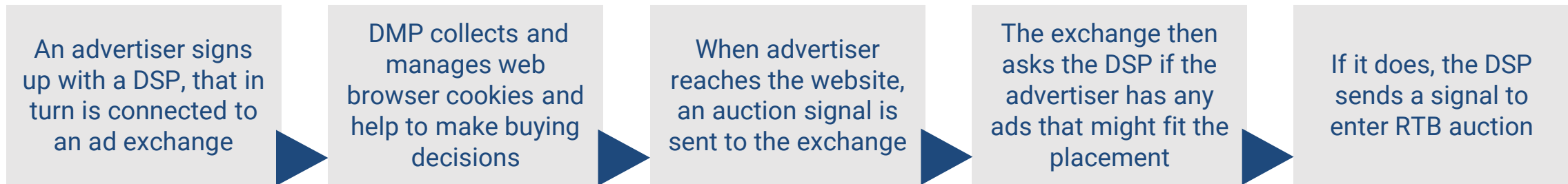
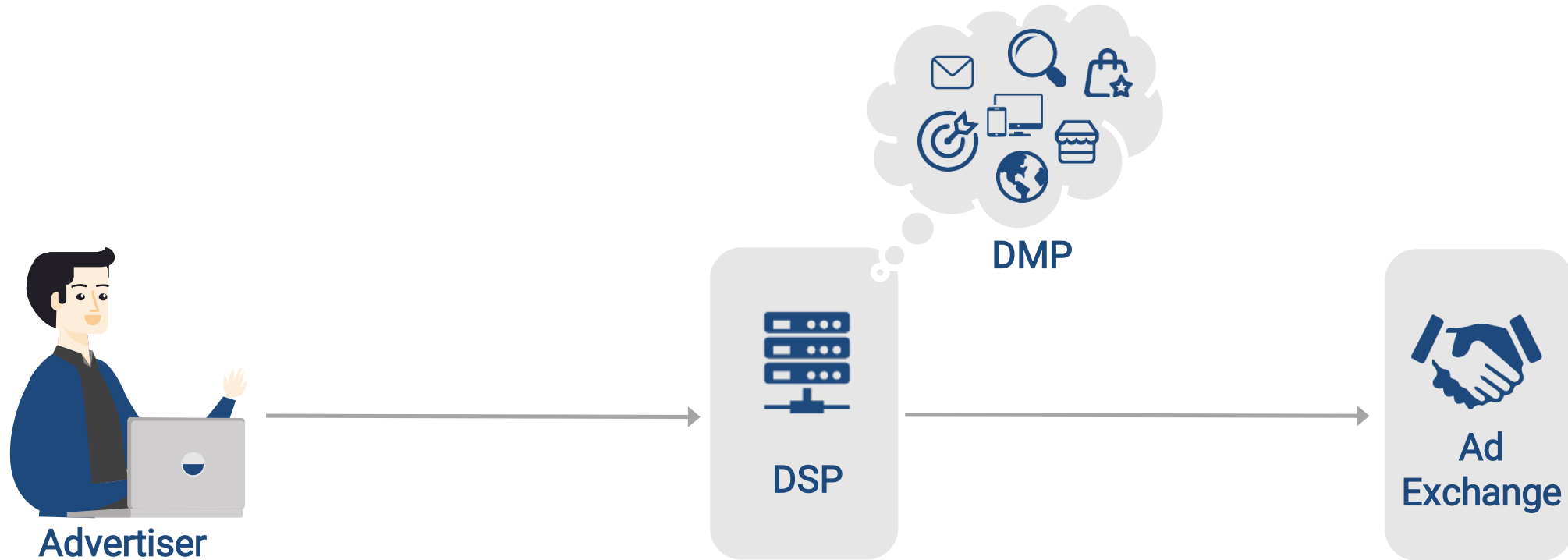
Use third-party data from DMPs to improve targeting.

4

Provide real-time reporting via advanced analytics.

Source: <https://clearcode.cc/blog/demand-side-platform/>

How DSP works?



How does targeting work in a DSP in China?

- There are a number of ways an advertiser can run targeted ad campaigns with a DSP, but at the heart of it all is data.
- The DSP would sync cookies with the DMP to exchange user data, which can then be used for targeting.



Behavioral data

● #1 —

Includes information about the user's behavior and interests, such as which websites they've visited, what products they've purchases, which ads they've interacted with, etc.



Contextual data

● #2 —

Includes information about the website or mobile app, such as URL, categories, and the content on the page.



Demographic data

● #3 —

Includes information about the user's location, age, job title, gender, and so on.

The DSP could help advertisers to target users based on these data

Source: <https://clearcode.cc/blog/demand-side-platform/>

What advantages do DSPs offer media buyers?



Wide and efficient audience targeting

- The DSP provide opportunity to media buyers to reach audiences on a lateral and bilateral basis, so they can reach their target audience more effectively plus reach a wider audience.



Free to optimize

- Media buyers can manage and optimize the efficiency of their campaigns by adjusting the settings.



Data integration

- The option to integrate 3rd-party data brokers and data management platforms into the DSP to allow media buyers to further optimize their audience targeting capabilities.



More inventory accessible

- The ability to access a larger amount of available inventory and display their ad on a larger number of websites by connecting to a variety of ad exchanges and SSPs.

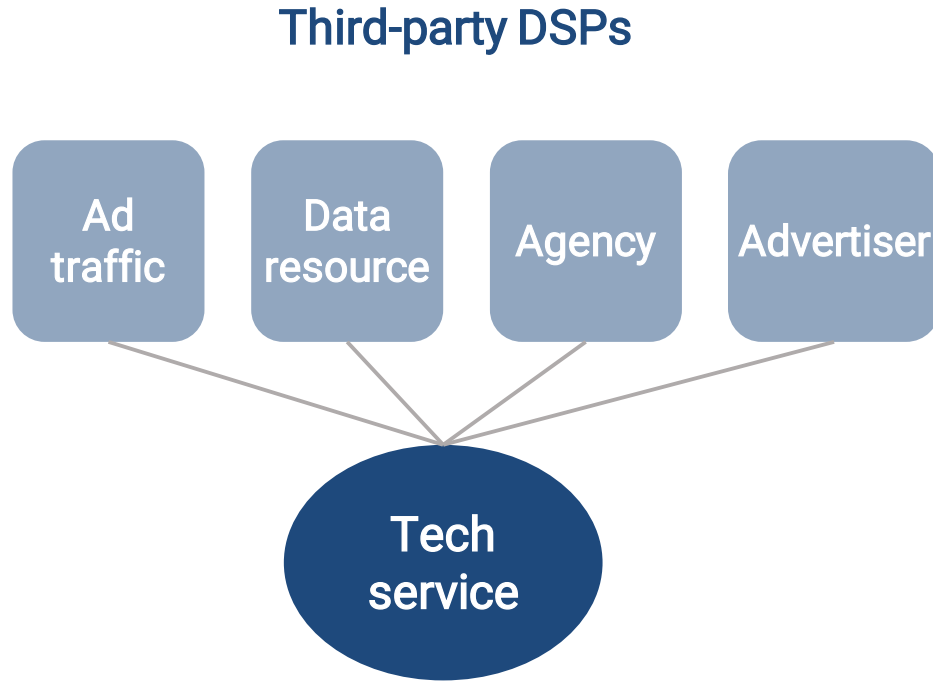


Real-time reaction

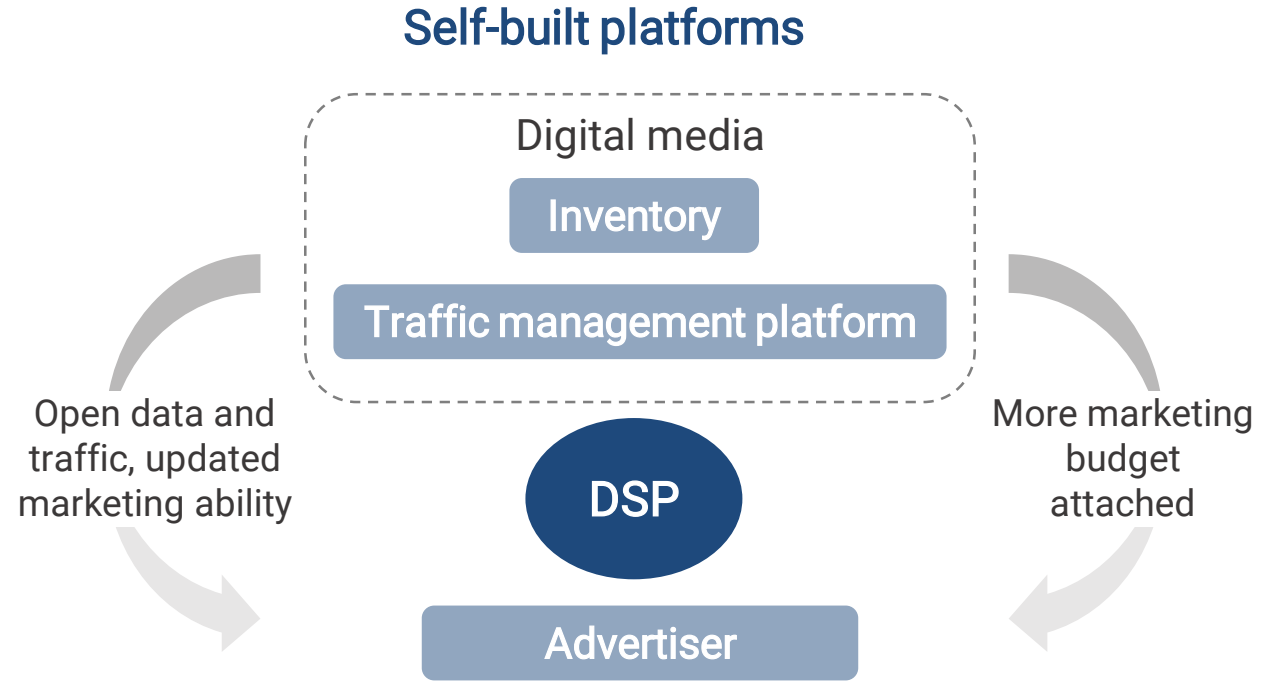
- The ability to react in real-time to certain outside conditions such as weather, news, stock market activity, allowing the media buyer to serve the most relevant advert to the user.

The DSP market in China

- The self-built programmatic advertising platform by media can promote the overall market and the third-party DSPs still have its unique value.



- To provide cross-media and cross-platform solutions for advertisers is the core existing value of the third-party DSPs.
- Part of independent DSPs set transparent transaction as the main focus, and improve marketing service capability with differentiated services.



- They have stronger control on private high-quality ads, traffic resource, and rich accumulation of user data.
- Part of the media programmatic platforms with large traffic consumption and fast growth also began to access external traffic resources when consuming their own ones.

Source: <https://www.analysys.cn/article/detail/1000604>

Key factors for DSP providers to succeed in China



Strengthen technology capabilities

Besides providing advertisers with more programmatic buying methods, DSP providers have to improve technical level to upgrade their resources, connectivity and targeting.



Connection between multiple screens

By relying on the user's cross-device accounts or ID identification support provided by the large-scale Internet platforms, the same user on PC and mobile can be connected through the ID attribute shared by multiple channels.



Differentiated services in vertical industries

It is necessary to consider differences in the behavior of target audiences, differences in advertisers' marketing strategies, and differences in promotion services. Therefore, DSP suppliers are should have an in-depth understanding of the target industry and target users.



Build private DMP and connect with own DSP

A DSP provider should build a private DMP including functions like data integration, audience analysis, group distribution for advertisers, agencies and media. This can help companies operate and manage core data for themselves and realize more effective brand marketing.

Main DSP players in China (1/2)

Top integration platforms

YOYI Digital



- YOYI specializes in the research and development of online precision targeting technology and Internet marketing services.
- It provides both impression-based and performance-based advertising solutions and has developed a network of top publishers in China.

IPINYOU



- Beijing iPinYou Information Technologies Co., Ltd is now China's largest DSP.
- It has built world class RTB technology and algorithm, proprietary cloud computing platform and patented audience profiling technology.
- It is established as a leading provider of audience based programmatic advertising technology.

ADSAME



- AdSame is a digital marketing agency offering advertising, data insight, and publishing solutions.
- It helps customers to be more concise and efficient in digital marketing.
- It has extended the business chain to mobile internet advertising and established a corresponding relationship between PC and Mobile users' data.

Source: <http://www.2open.biz/top-demand-side-platforms-dsp-in-china/>

Main DSP players in China (2/2)

Top mobile-focused platforms

Limei



- Beijing Limei Advertising Co. Ltd. is a provider of mobile marketing solutions in China.
- It's targeting capabilities includes: location, device model, device OS, user Tags, Operators, Wi-Fi, etc.
- It has also invested in seven professional mobile internet technology development companies.

Lomark



- Media Lomark point is China's leading local mobile advertising platform.
- It mainly focuses on the local market, with big data analytics, cloud computing, behavioral targeting technology, crowd recognition technology and other cutting-edge technology model.

DOMOB

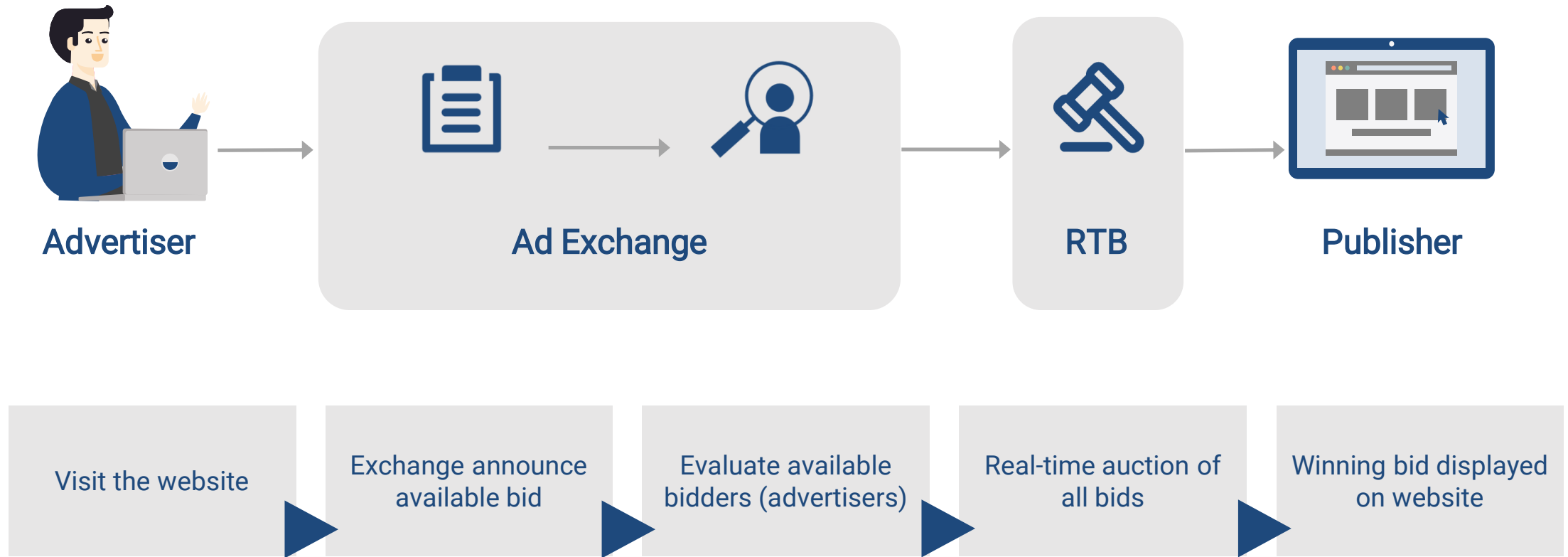


- Domob Network Technology (Beijing) Co., Ltd. is a Chinese advertising platform for smartphones.
- It devotes to promoting products on the smartphone platform and providing efficient services for branded advertisers.
- It also provides application developers with product promotion services and benefits.

Source: <https://www.thalamus.co/blog/china-mobile-ad-networks/>

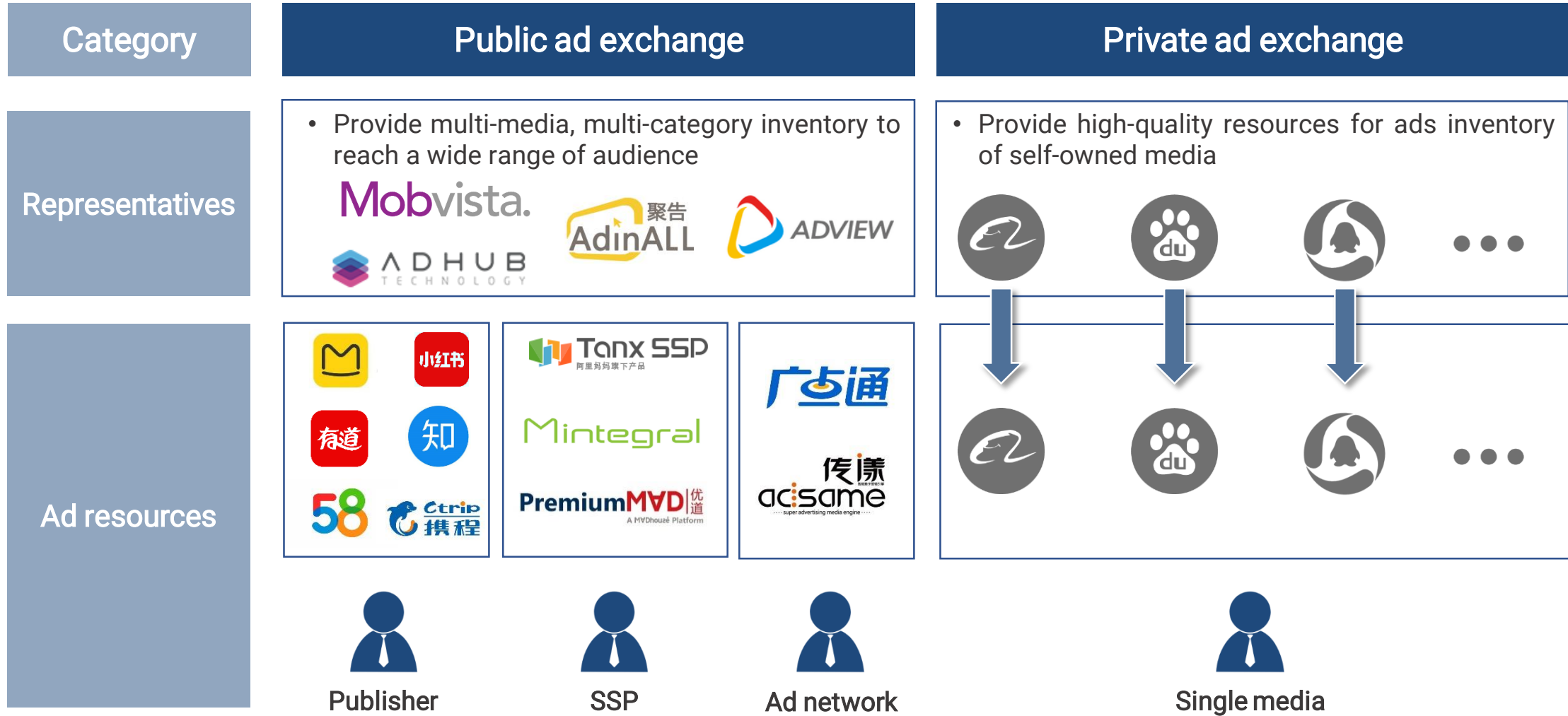
What is Ad Exchange?

- An ad exchange is a technological platform that allows the buying and selling of digital inventory.
- It functions much like the trading floor of a stock market, but for digital display advertising.



The Ad Exchange market in China

Public and private are two typical types of ad exchange



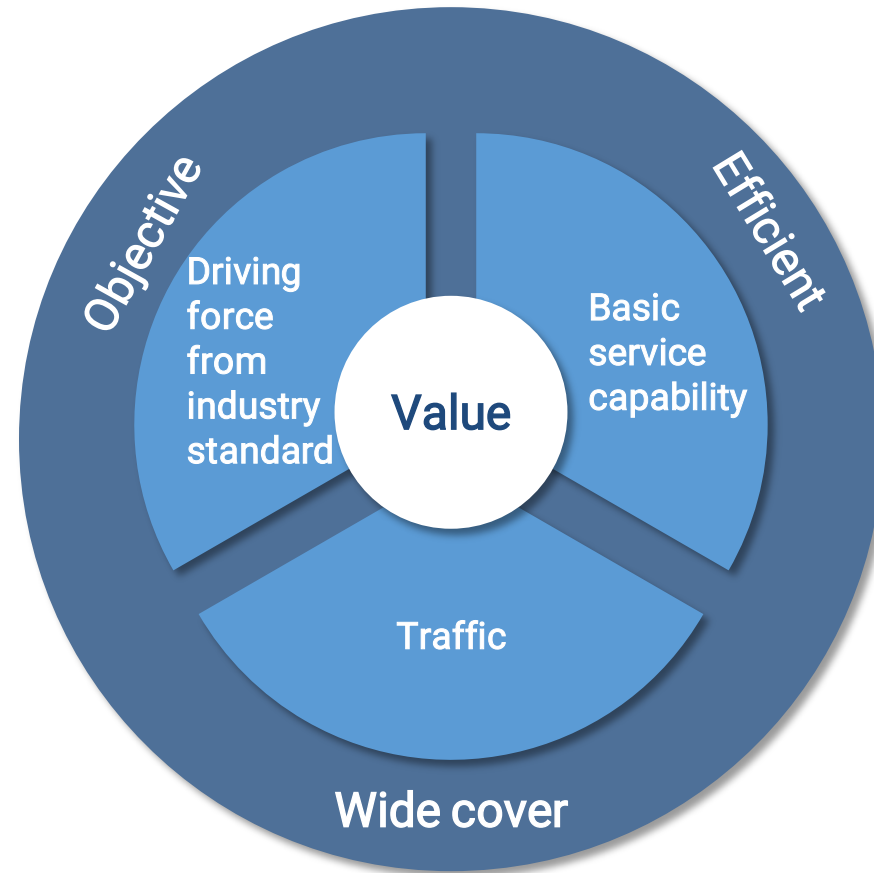
The value of Ad Exchange platform

Make advertising transactions more efficient



For Advertisers:

- Massive, cost-effective media resources and delivery options
- Accurately control of ad space and target audience
- Single payment source increases efficiency and reduces transaction costs
- Flexible price with high transparency



For Publishers:

- Connect buyers from different industries with various needs
- Improve profitability by having better capability on traffic monetization
- Improve operational efficiency of trade platforms
- Better control of advertisers, ads format, and bid types

Key factors for Ad Exchange providers to succeed in China



Build a cross-platform ad exchange market

- A cross-platform ad exchange platform is able to achieve precise marketing
- The challenge is identifying users across different platforms and devices, and optimizing the ad distribution in favor of the demand-side's budget.



Improve resource integration capability

- The ability to integrate media resources is the most important requirement for ADX service providers.
- It is necessary to provide differentiated supply which covers multiple channels and a wide audience.
- Ad exchange providers who are expanding in the international market must also ensure there is enough resources in the domestic market.

Source:

http://www.360doc.com/content/18/0724/07/2909773_772756939.shtml

Main Ad Exchange players in China

Top integration & mobile-focused platforms

Baidu Exchange Service



- Baidu Exchange Service (BES) is a ad transaction platform based on Real-Time-Biding protocol, which covers rich resources and targets on wide range of audience.
- BES provides multi-dimensional data support for agency companies and DSP platforms.

Tencent AdExchange



- AdinALL has been focusing on creating an intelligent and efficient ad-traffic exchange platform that allows advertisers and developers to trade multiple ways for each impression and click.
- Advertisers can buy inventory in real time from a wide range of media, while developers can get more favorable price and rich ad filled with global brand and performance advertisers.

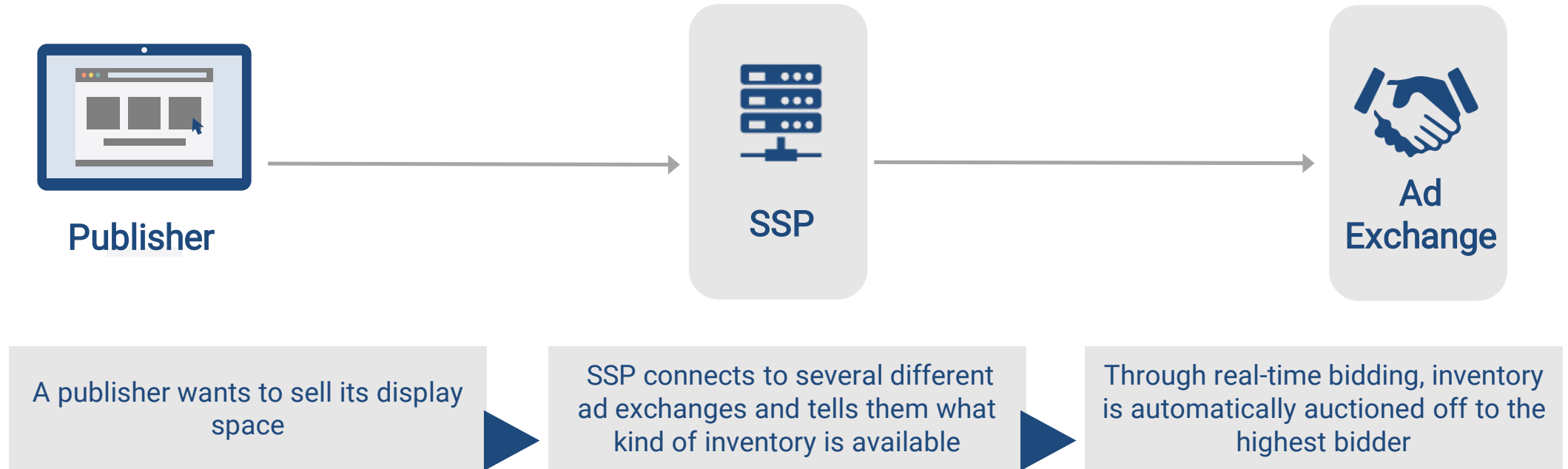
Mobvista



- Mobvista is a leading global mobile ad network dedicated to helping advertisers, publishers and affiliates achieve goals and maximize revenue.
- It is specialized in mobile advertising and game publishing.
- It operates a worldwide mobile ad network, integrates ad spots from apps and websites covering 236 countries.

What is Supply-Side Platform (SSP)?

- A supply-side platform is a tool or software that allows publishers to manage, sell and optimize available inventory (aka ad space) automatically



- *Currently, there is few purely independent company representing the interests of the publishers in the Chinese market.*
- *In the domestic market, the boundaries between SSP and ADX are becoming increasingly blurred since they are integrated more often.*

Source: https://www.match2one.com/blog/what-is-programmatic-advertising/#What_is_a_Supply-Side_Platform_SSP

What do SSPs provide publishers?



Automated selling of inventory

SSPs help streamline the process of selling and buying inventory by completely removing manual work from the process, thus publishers can sell all of their inventory to advertisers automatically.



Detailed Reporting

The ability to offer deeper insights about the value of their inventory for particular advertisers by giving publishers details on who is bidding, how much their inventory is being bought for, and how much individual advertisers are buying.



Aggregation of multiple networks

The ability to help achieve better yield by connecting to multiple networks, ad exchanges, and DSPs to allow more buyers to take part in the real-time bidding process.



Yield optimization with price floors

SSPs allow publishers to offer their inventory to more buyers and give them better control of pricing by price floors to ensure that their inventory is not sold under certain price.



Brand safety

SSPs offer better brand safety for publishers by blocking unwanted ads from showing on their website.

Source: <https://clearcode.cc/blog/what-is-supply-side-platform/>

Key factors for SSP providers to succeed in China



Improve traffic management capability

- The private programmatic buying advertising market is gradually developing, and the modes of traffic and sales are diversified.
- SSP's functions of managing, optimizing, and distributing traffic in the programmatic buying market is increasingly important.
- Thus, the requirement on SSP's traffic management capability is much higher.



Adapt to diverse forms of advertising

- The channels and methods of advertising is diversified, many new ad types such as interactive advertising and native advertising are now favored by advertisers.
- As programmatic advertising is becoming one important part of the display advertising market, more ad types will be included in the scope of programmatic buying.
- Therefore, SSP service providers need to improve technology openness and covering multiple types of advertisements.

Source:

http://www.360doc.com/content/18/0724/07/2909773_772756939.shtml

Main SSP players in China (1/2)

Top integration platforms

TANX SSP



- Tanx SSP provides a full range of display promotion services.
- It provides real-time bidding technology, promotion content controlling, promotion resource management and precise targeting.
- It has a high-yield product called Window Promotion, which is based on the real-time bidding market.

ADVIEW



- AdView is a leading mobile SSP & exchange headquartered in China.
- It has a mobile ad network exchange center and big data computing platform.
- It supports various mobile advertising forms, and has a database of behavior characteristics of mobile advertising users.

ADIN SSP



- Adin SSP is a high-quality supplier side platform in China.
- It integrates high-quality media resources, and conducts data processing of traffic category definition, media ad space optimization, and inventory orientation distribution.
- It optimizes diversified inventory to more suitable demanders, or puts them in the traffic exchange market for programmatic RTB sales.

Source: <http://ssp.tanx.com/web/adm.html>; <https://www.crunchbase.com>;
<http://www.adeaz.com/coreproduct.html#SSP>

Main SSP players in China (2/2)

Top mobile-focused platforms

MINTEGRAL



- Mintegral is a China based leading mobile advertising platform in Asia.
- It is powered by AI technology and provides user acquisition, monetization and innovative creative solutions to advertisers and mobile developers worldwide.
- It has exclusive high-quality APAC traffic resources to help developers grow their mobile app business.

PREMIUMMAD



- PremiumMad is a mobile advertising management platform with focus on high-quality traffic.
- It provides rich original advertising forms, one-stop inventory management, global and domestic premium brand advertisers and the best quality mobile media resources.

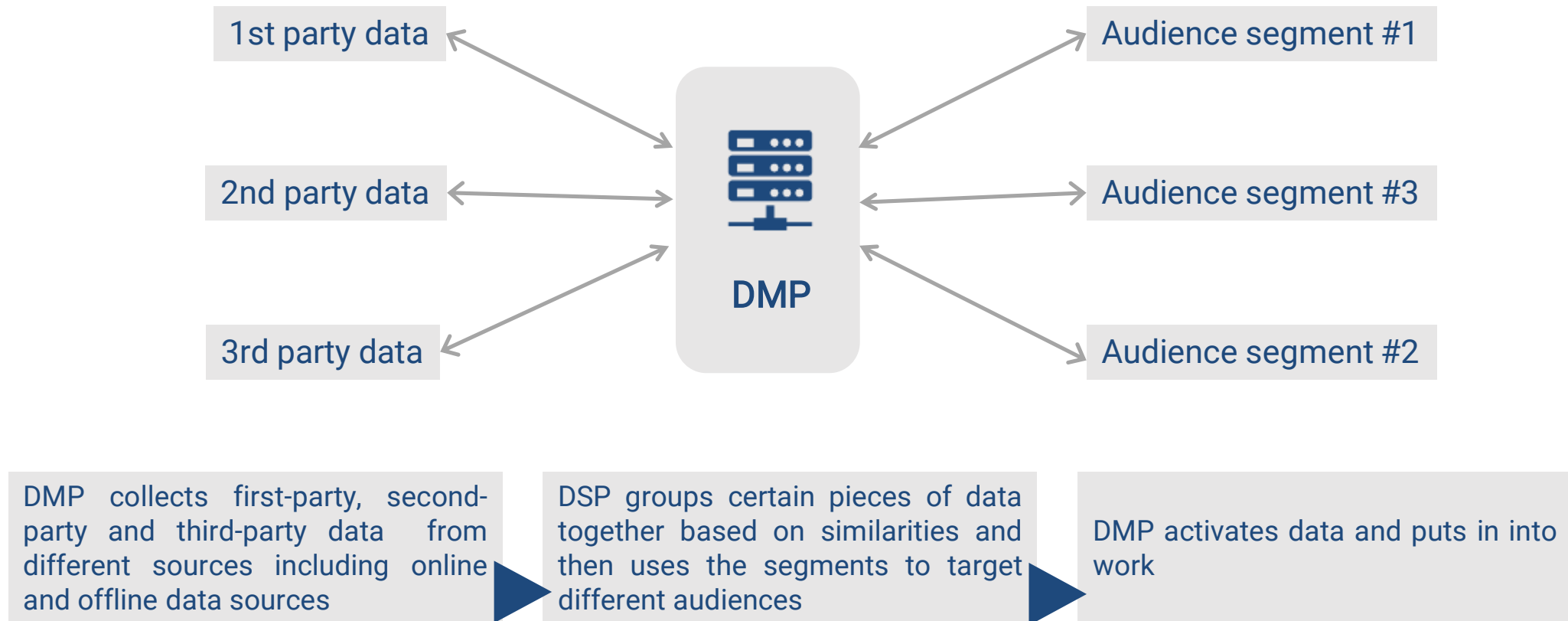
YUMIMOBI



- Yumimobi is a one-stop ad monetization platform.
- It provides top demand resources by collaborating with top ad networkers, DSPs, exchanges and direct buyers to provide high fill rates.
- It provides automatic optimization by multi-dimensional algorithm to ensure ads income.

What is Data Management Platform (DMP)?

- A data-management platform is a technology platform that collects data from a range of different sources, classifies and categorizes it, puts it into different groups (segments), and then uses those segments to achieve certain goals.



Source: <https://clearcode.cc/blog/why-you-need-data-management-platform/>

Who needs a DMP and why?

- A data-management platform can be used by advertisers, marketers, and agencies to optimize their media-buying processes.
- Even companies that don't operate directly in the online advertising space can still greatly benefit from a data-management platform.



Ad Campaigns Management

Manage online advertising campaigns that involve connecting with other ad-tech platforms (e.g. ad networks, DSPs, ad exchanges, and SSPs, etc.).



Personalized Content Delivering

Want to personalize messages and content shown to customers through advertising, remarketing, and other brand interactions to increase engagement.



Conversion Rate Improvement

Want to increase conversion rates, improve the user experience on their website or apps, and increase brand recognition. conversion rates.



User Information Learning

Want to learn more about their existing users and customers to help shape product offers and services.



ROI Maximization

Want to lower advertising costs and improve campaign ROI across display, mobile, video, and social.



SCV Creation

Want to connect offline data with online data to create a Single Customer View (SCV).

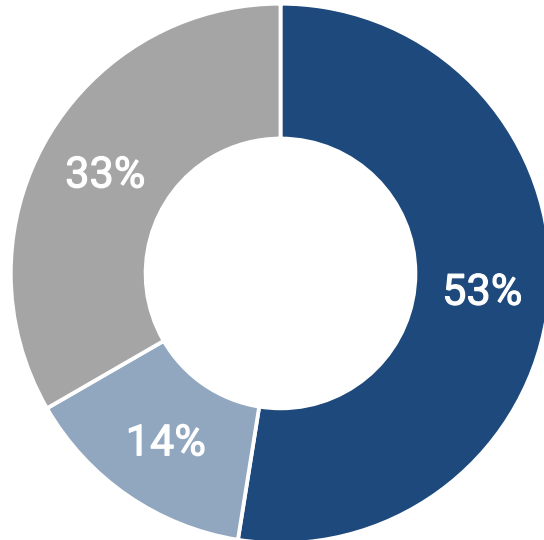
Source: <https://clearcode.cc/blog/why-you-need-data-management-platform/>

DMPs are growing in importance in China

- Getting a DMP in place has become critical for marketers in China. A quarter said having one was a priority, and an additional 62% called it “very important”.
- One major reason is to glean product-related information. Advertisers were interested in deriving such data from a DMP.

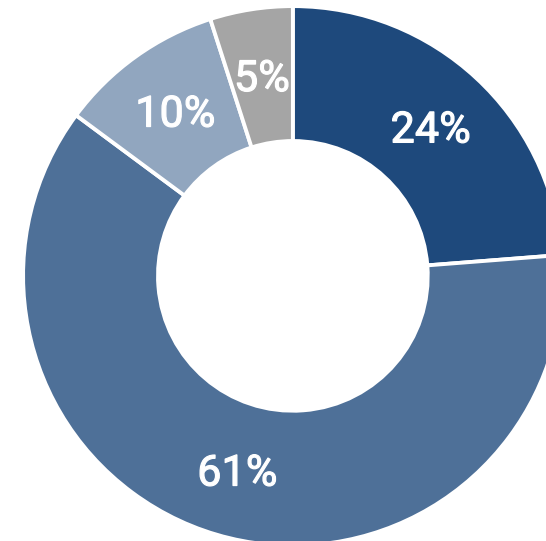
Cognitive level of DMP According to advertisers in China
(% of respondents)

■ Very familiar ■ Relatively familiar ■ Not very familiar



Importance of DMP According to advertisers in China
(% of respondents)

■ It's a priority ■ Somewhat important ■ Very important ■ Not important (at current stage)



Source: <https://www.emarketer.com/Article/China-DMPs-Growing-Importance/1013844>;
<http://www.askci.com/news/hlw/20160525/17031620683.shtml>

Key factors for DMP providers to succeed in China



Open data environment

In the domestic ecosystem, data among different DMP providers are almost independent. Therefore, future development will depend on deeper cooperation and higher openness.



Strong data integration capability

In the data integration phase, DMP should be able to fully integrate and refine online, offline, PC, mobile and other scattered data. Also data standards should be developed, with continued optimization, so that the data is continuously supplemented and accumulated.



Build multiple data analysis models

During the analysis phase, it is necessary to continuously extract and optimize data analysis models, such as target audience analysis model, media insight model and commodity insight model, to continuously improve the data analysis capability.



Protect data security and privacy

In terms of privacy and security, it is necessary to build a high security framework, improve data isolation mechanism, and strictly define the ownership and use scope of data to ensure data security and privacy.

Main DMP players in China (1/2)

Top integration platforms

ADMASTER



- AdMaster is a third-party provider of solutions for marketing massive data in China.
- It aims at helping advertisers to realize the monitoring and optimization of digital marketing effect as well as improving the overall marketing ROI by technology-driven massive data perception research.

MIAOZHENSYSTEMS



- Miaozhen Systems is the leading third-party advertising technology company in China.
- It has the exclusive Moment Tracking Technology to help advertisers, agencies and publishers in efficiently measuring online campaign impact, and enhance their online advertising returns.

DAMOPAN



- DAMOPAN is a data management cooperation platform. It realizes insight and analysis of various users and establishes personalized user segmentation and precision marketing.
- It provides supporting data access, data integration and management solutions. It uses massive data to provide customized services to meet personalized marketing needs.

Source: <https://www.crunchbase.com/>; <https://dmp.alimama.com/>

Main DMP players in China (2/2)

Top mobile-focused platforms

TALKINGDATA



- TalkingData is China's largest independent big data service platform with focus on the mobile Internet.
- It offers the best-in-class big data products. It has advanced data statistics and analytic software to provide the most data-rich, reliable and profound market reports that have powerful insights into the Chinese mobile Internet market.

UMENG+



- Umeng+ is a leading third-party provider of universal data in China which provides mobile application analytics solutions.
- It is focused on providing professional mobile-applied statistics analysis tools, utility components, and promotion services for developers in China.

GETUI



- Getui is a professional data intelligent service provider, using data technology as an engine to provide big data solutions.
- It has access to huge number of data resources and has served hundreds of thousands APPs.
- It owns a DMP called aBeacon DATA PAN, which is committed to data intelligent and market enlightening.

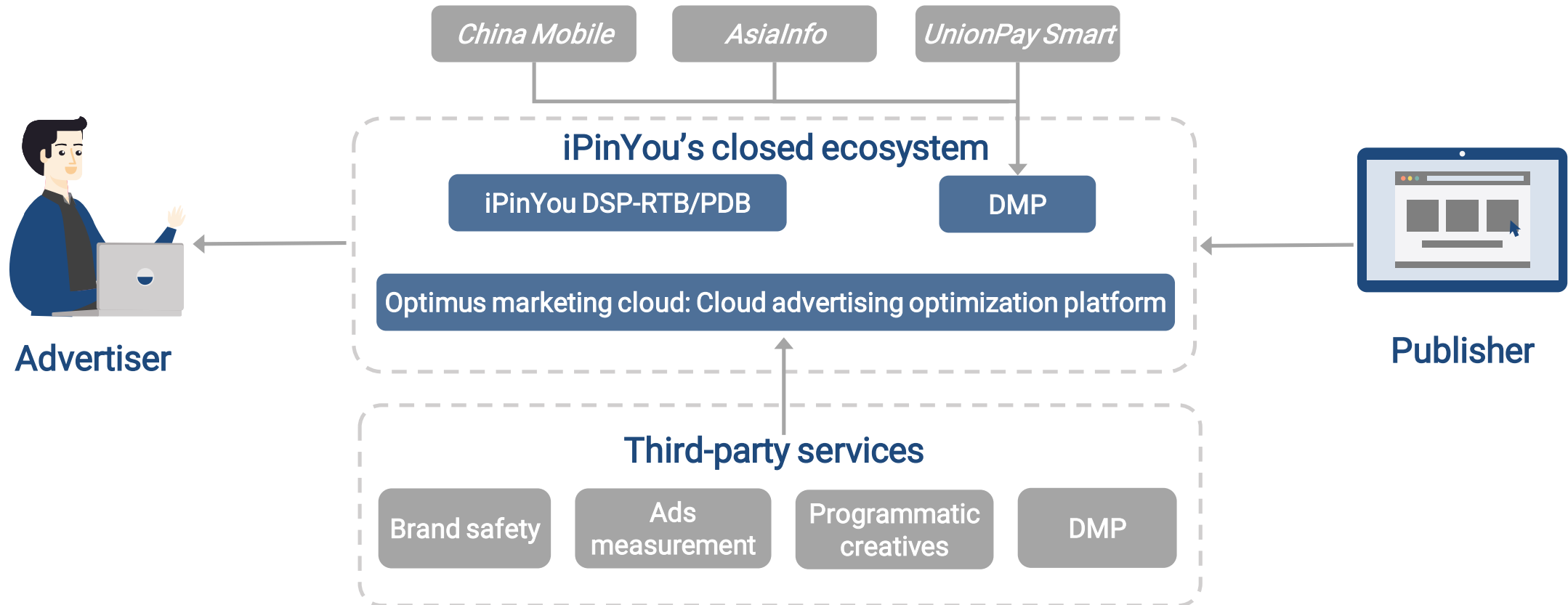
Source: <https://www.crunchbase.com/>; <https://www.getui.com>

CASE STUDY: INTERNATIONAL PLAYERS IN CHINA

iPinYou: International player based in China

Business layout in domestic area

- iPinYou is China's largest DSP with real-time bidding, cloud computing, and audience profiling technology solutions.
- It accounts for 59.8% of China's branded programmatic market and features China's largest audience analysis database



Source: <https://www.analysis.cn/article/detail/1000604>

iPinYou: SWOT analysis

Insisting on acting as independent DSP, improving ad performance by technology

Strength

- Rich traffic resources from mobile and includes various ad formats
- Well-experienced and covers rich advertiser resources from various industries
- Strong technical support
- Owns a cloud based advertising platform and acts as independent DSP, which can ensure transparent transaction

Weakness

- It is necessary to improve the capability on integrating third-party data from operators with their internal data.

Opportunity

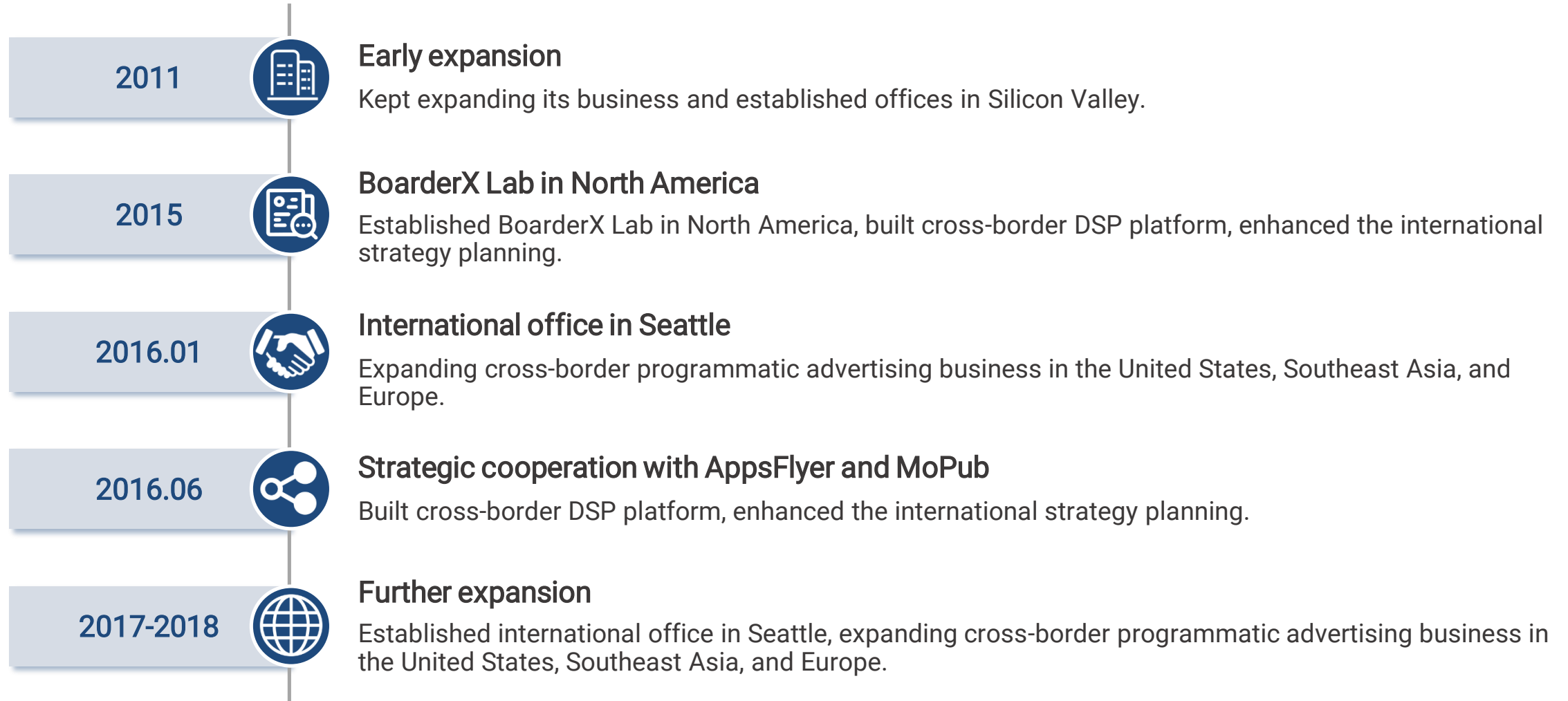
- Advertisers' increasing demand on transparent transaction
- Experienced DSP provider is increasingly needed by advertisers
- DSP provider with strong technical strength is needed by advertisers in regional market to conduct localized marketing
- Big data mining is fast developed recently and its position has kept rising by providing support for programmatic ads buying

Threat

- Increasingly competitive in China's DSP market with the join of more competitors
- Need to improve the capability on earning profit
- Industry standard still needs improvement

iPinYou's overseas expansion

International expansion beginning from North America



Source: <http://www.ipinyou.com.cn>

iPinYou's market exploration strategy in China

Market leader and open partner, connecting and activate all data

STEP 1

Set benchmark customer

Provide service to leading brands directly or through agents, as they profoundly influence the practice and standards of advertising

- Reached leading brands in various industries



FMCG



Automotive



Daniel Wellington

E-commerce



Finance

STEP 2

Become best partner

Become the best partner for domestic trading desk

- Wide cooperation with media icons

Mainstream ADX



Mainstream Video Media



- Won "Baidu Best Partner Award" in 2014

STEP 3

Focus on sinking market

Realize the coverage of regional market by developing agents across the country and help them to support local SMEs

- April 2013

Officially entered into the SME market and launched iPinYou DSP – Giant Abacus, which is a powerful tool for SME branding and marketing

- September 2015

Launched cross-screen data management platform Domino for SME

iPinYou's current technical strategy

Empowering AI business decisions



Founder and
CEO of iPinYou

“In the future, AI capabilities will become the competing edge of enterprises in the market competition. Therefore, iPinYou introduced the new brand image of ‘Artificial Intelligence Business Decisions’”.

Current technical strategy: DISC (Data, Intelligence, Strategy, Blockchain)

iPinyou will continue to build core competencies in data, algorithm, strategy and blockchain to provide powerful, secure and reliable decision-making and data processing capabilities fit for different scenarios such as brands, government, and finance, to let artificial intelligence can bring beneficial and enjoyed by different enterprises.

Self-build Marketing Intelligence Platform (MIP)

As an intelligent decision-making product in the AI era, MIP is able to empower technology to realize data integration, help marketing officer and brand marketing departments to get deeper market insights, and expand AI into the whole marketing decision process more systematically and scientifically.

iPinYou's cross-border DSP solution

Seek opportunity outside China and create connection around the world

Market Entry

BORDER  LAB by  品友互动

Landing

- Established BoarderX Lab in North America and open the market

Purpose

- Open the Chinese advertising market to foreign companies and allow Chinese brands the opportunity to reach new customers overseas
- Attract technical talents around the world and keep strengthen iPinyou's advantages in mobile business and mobile technology

Strategic Partnership



About MoPub

- Experienced Mobile advertising service provider powered by Twitter, which owns lots of high-quality resources around the world and advanced technology

Purpose

- Connect advertisers and inventories between China and the US via both platforms
- Realize technical improvement through the cooperation
- Win industry competition by occupying more overseas market share



About AppsFlyer

- World's leading advertising measurement and analysis platform focus on mobile APP
- Start to provide overseas service for Chinese advertisers since 2013 with 70% market share

Purpose

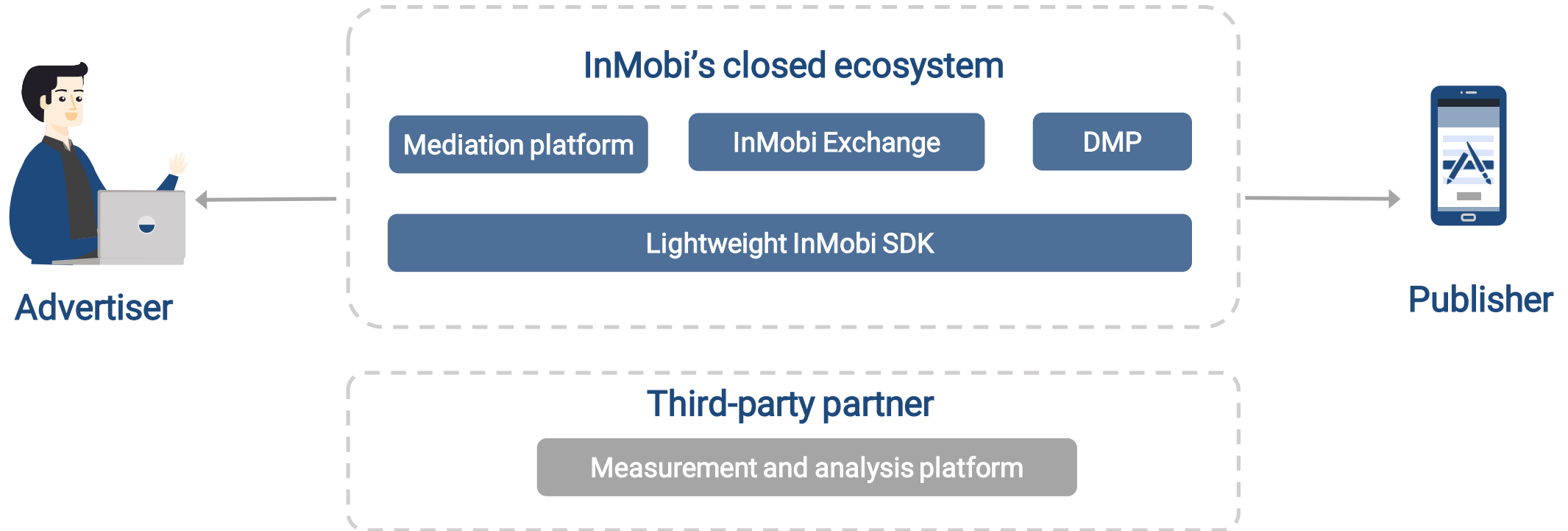
- Further strengthen iPinyou's capability on data measurement and form the closed data ecosystem
- Show more ambition in overseas mobile APP market, with the focus on both technology and resources

InMobi: International mobile-focused players based in India



Business layout in China

- InMobi is the world's leading mobile marketing and advertising platform provider, which reported revenues of around \$500 million in 2018-19.
- China is the second-largest market for InMobi, accounting for 28% of its overall revenues.



Source: <https://www.inmobi.cn/company/>

InMobi: SWOT analysis



Benefit from the absence of global internet giants but has to compete with local giants

Strength

- High-quality resources in global area enables this company to do is tap into its existing China customers and help them advertise in markets beyond China
- InMobi entered China independently, so it has more power on control its own business
- Strong local leader with a loyal and talented team, which have better understand on consumer demand

Weakness

- It is struggling to retain its 'unicorn' tag amid reports of the company grappling with attrition and falling valuations
- Profitability is always around the corner for InMobi

Opportunity

- The China market is much better and more open to foreign companies now
- The absence of global internet giants, including Google, Facebook and Twitter

Threat

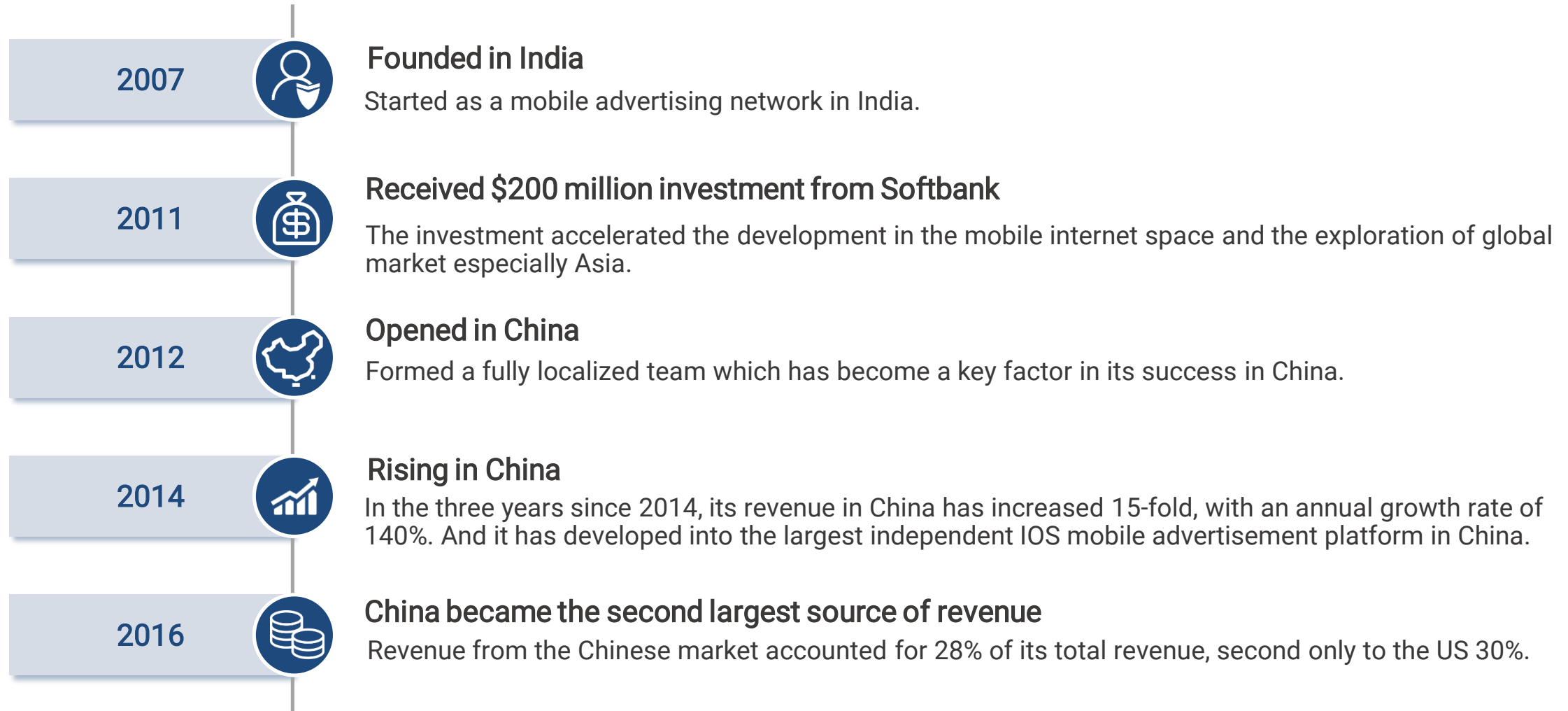
- The company needs to compete with giants like Alibaba and Baidu for the mobile advertising market
- Changing industry context, and senior attrition in India

Source: <https://economictimes.indiatimes.com/small-biz/money/mobile-adtech-co-inmobi-to-double-its-investment-in-china/articleshow/54823681.cms?from=mdr>; <https://factordaily.com/lessons-from-oyo-capillary-inmobi-in-china/>

InMobi's expansion in China



How InMobi became the largest independent IOS mobile advertisement platform in China



Source: <https://www.inmobi.com/company/>

How InMobi acquired fortune in the competitive Chinese market?



Talents, foresight and innovation

Local talents

Hire a strong local leader to build a loyal and talented team

- InMobi hired Jessie Yang, a seasoned mobile marketing professional and former McKinsey consultant in China, to lead its business there.
- Yang's understanding of the local culture also helped build a 100-strong team in China that, in turn, helped with understanding consumer requirements better.

Foresight

Predict future trends to stay ahead of the curve

- To compete with local like Alibaba and Baidu for the mobile advertising market, it is required to keep innovating and moving faster than the market.
- InMobi needs to make sure to launch their products at least 3 or 4 quarters ahead of them.

Innovation

Keep innovating and growing with the market

- InMobi developed its video 4.0 solution in last year, based on big data and AI technology.
- Announced "REBOOT" SDK in 2017. It's special designed for the Chinese market. And this is a great innovation on native video ads flow, which is going popular in recent years.

Source: <https://factordaily.com/lessons-from-oyo-capillary-inmobi-in-china/>;
<http://www.madisonboom.com/2018/11/13/inmobi-launches-video-4-0-brand-advertising-solution-to-lead-a-new-era-of-ai-marketing/>

Inmobi's cooperation in China

Growing with the market



Discover the potential of E-commerce



About TalkingData

China's leading mobile big data platform, providing solutions for developers and enterprises on the mobile side.

Purpose

- Cooperate to build a private, mobile-first audience platform (PMAP) for advertisers in China
- Get support on targeting, audience personas, geo-context targeting and affinity targeting for campaigns on InMobi's mobile ad network.
- Make mobile ads more personalized, but not a one-size-fits-all approach

Seek improvement driven by data intelligence



About GeTui

A new economic complex that integrates Internet, AI, big data, and cloud services. It owns huge data resources and innovative technical idea

Purpose

- Realize the improvement on user insights, ads traffic, and marketing technology through the cooperation
- Reach more advertisers and publishers in China by having a close relationship with Getui
- Show more ambition to further strengthen its capability on applying data intelligence to advertisement service

Source: <https://www.mobileworldlive.com/apps/news-apps/inmobi-and-talkingdata-to-create-mobile-first-audience-platform-for-china/>;
<https://www.inmobi.cn/company/news/inmobi-and-getui-to-sign-a-strategic-cooperation>

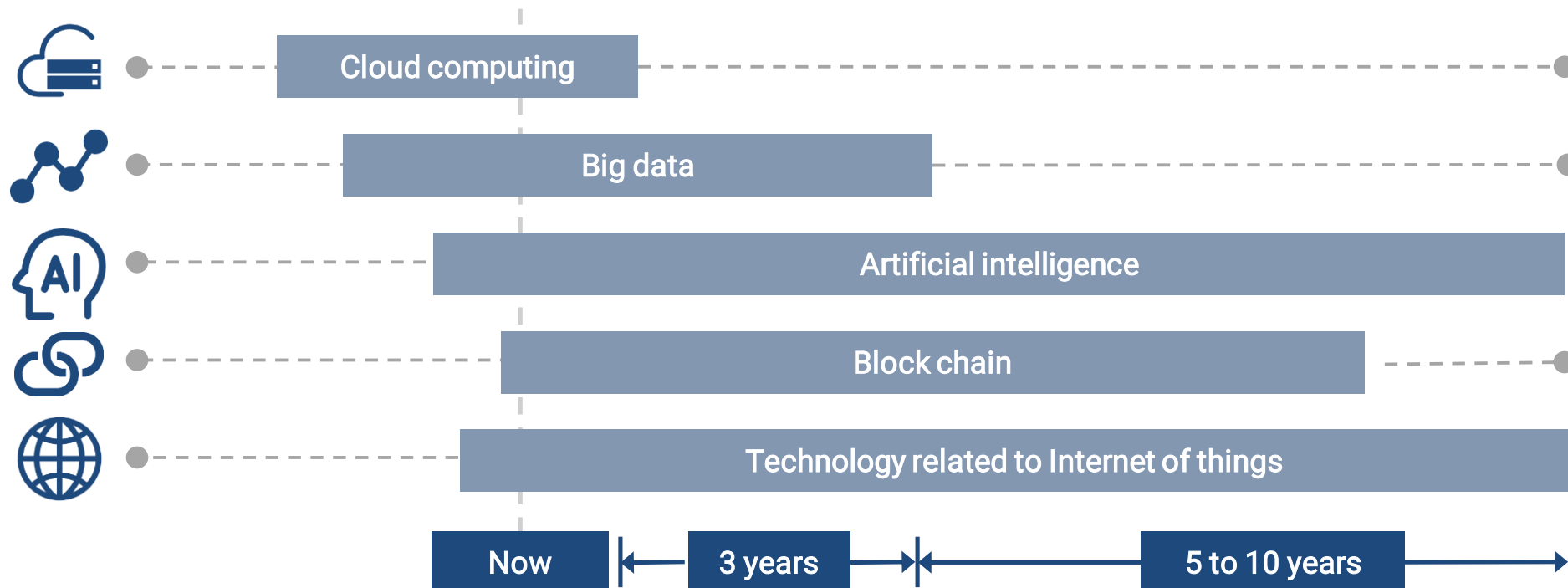
WHAT'S NEXT?

Intelligent marketing in China

Most of the emerging technologies will be soon applied to marketing

- Cloud computing, big data and artificial intelligence has been promoting the development of intelligent marketing. Block chain technology has begun to solve the transparency and security issues in marketing.
- With the maturity of technology related to Internet of things, in the environment of intelligent perception, marketing will be more ubiquitous accompanied by the changes in scenes.

Time Needed by Emerging Technologies to Mature When Applied to Marketing



Source: <http://standardperpetual.com/EN/insight/0714/01.html>

Local and medium and small advertisers become a new growth point

It is affected by the level of regional economic development, the degree of awareness of advertisers, etc.

- With the general decrease in Internet users and channels, local and medium and small advertisers will become a new growth point of demanders in the programmatic buying market.
- In the long term, this momentum will not stop. But in the short term, it still faces the challenges of multiple factors such as the imbalance of regional economic development and the low degree of awareness of advertisers.

Opportunities and Challenges in the Increase of Local and Medium and Small

Opportunities

- Increased demand for promoting and marketing as well as a higher willingness to try online advertising.
- Actively promoted by media and advertising agencies to understand and participate in Programmatic.

Challenges

- The budget is influenced by the overall development of the local environment. Advertisers have greater demand in areas of good economic environment and vice versa.
- The traditional advertising concept exists thus education is still needed.
- More concerns about performance indicators which imposes certain requirement on the real advertising and optimization capabilities of the media and agents.

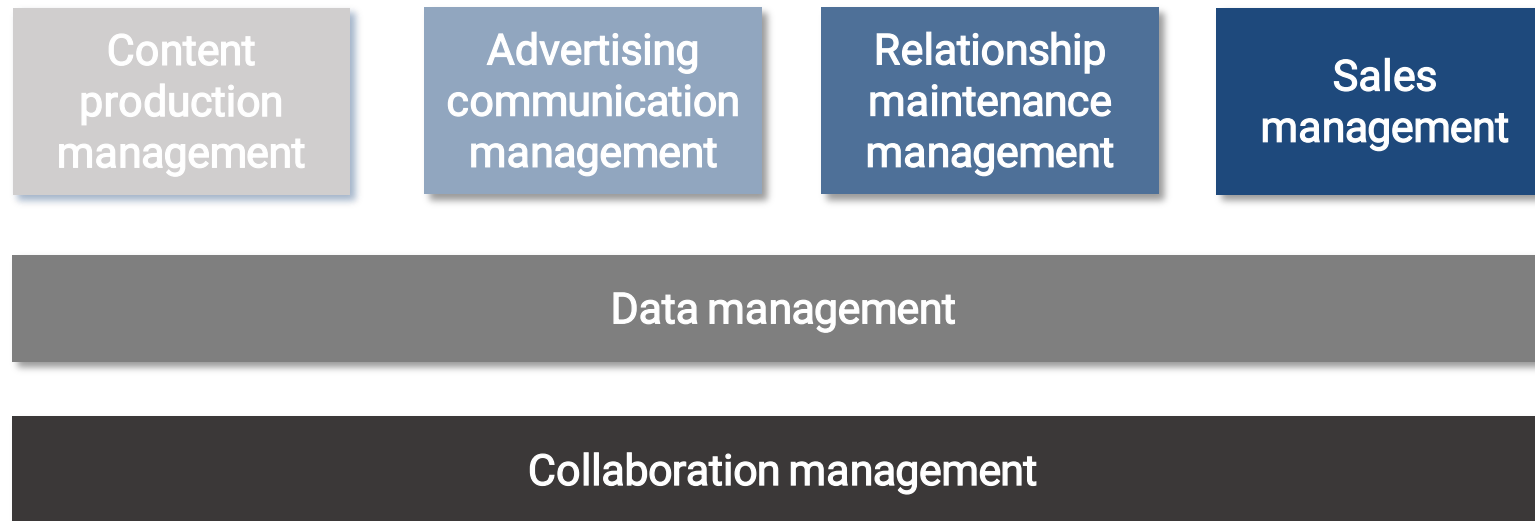
Source: <http://standardperpetual.com/EN/insight/0714/01.html>

China's marketing cloud

AdTech migrates to MarTech (marketing technology), covering the full cycle of marketing campaigns

- MarTech is data driving marketing activities, using artificial intelligence, large data, and cloud computing.
- MarTech's rapid development will promote the realization of a marketing cloud. The six management modules pictured below come together to shape the future development of the marketing cloud.

Typical Functional Modules included by Marketing Cloud in China's Programmatic Buying Market in 2018



Source: <http://standardperpetual.com/EN/insight/0714/01.html>



Newsletter

<https://daxueconsulting.com/newsletter-2/>



LinkedIn

<https://www.linkedin.com/company/daxue-consulting>



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