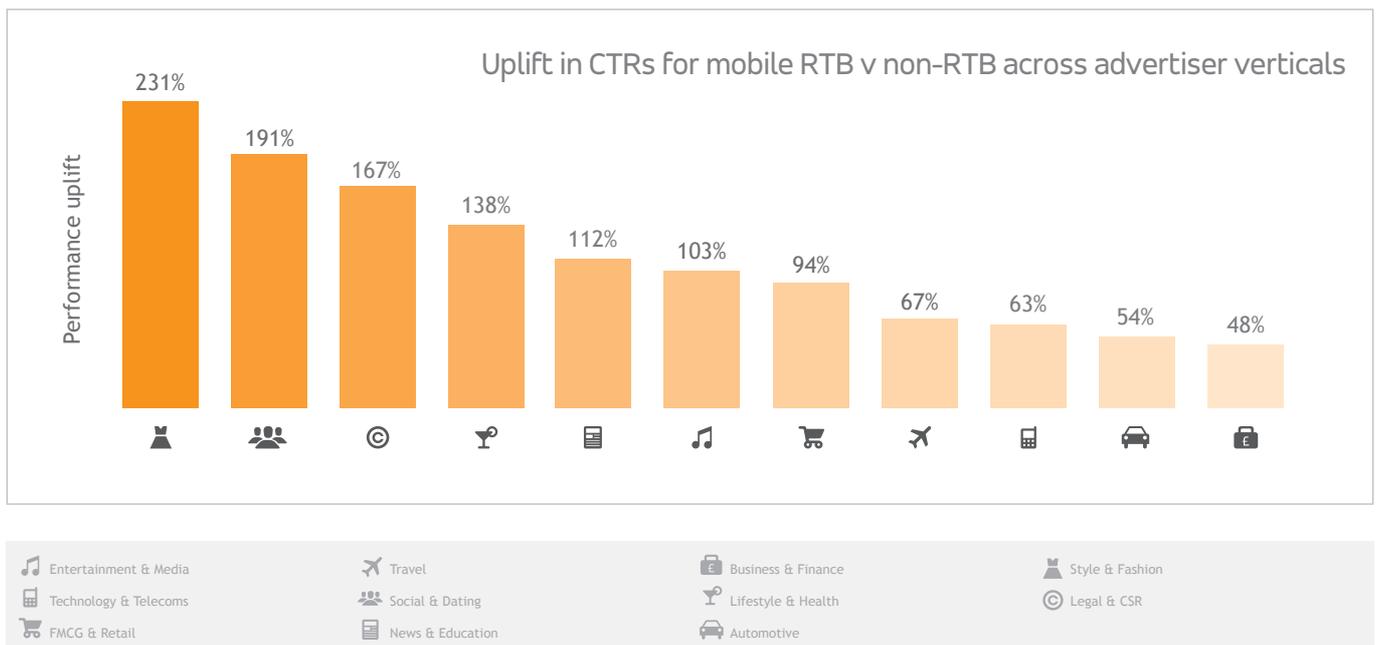# The Adfonic AdSnap: Mobile Real-time Bidding (RTB)

This is Adfonic's AdSnap for mobile Real-time Bidding (RTB). It shows how mobile RTB – that is, the programmatic trading of mobile ads – improves **performance**, data **quality** and **quantity**, and **access** for mobile advertisers and publishers alike.

Performance

Mobile RTB improves clickthrough rates for advertisers across all verticals

Uplift in CTRs for mobile RTB v non-RTB across advertiser verticals

Performance uplift

- 231%
- 191%
- 167%
- 138%
- 112%
- 103%
- 94%
- 67%
- 63%
- 54%
- 48%

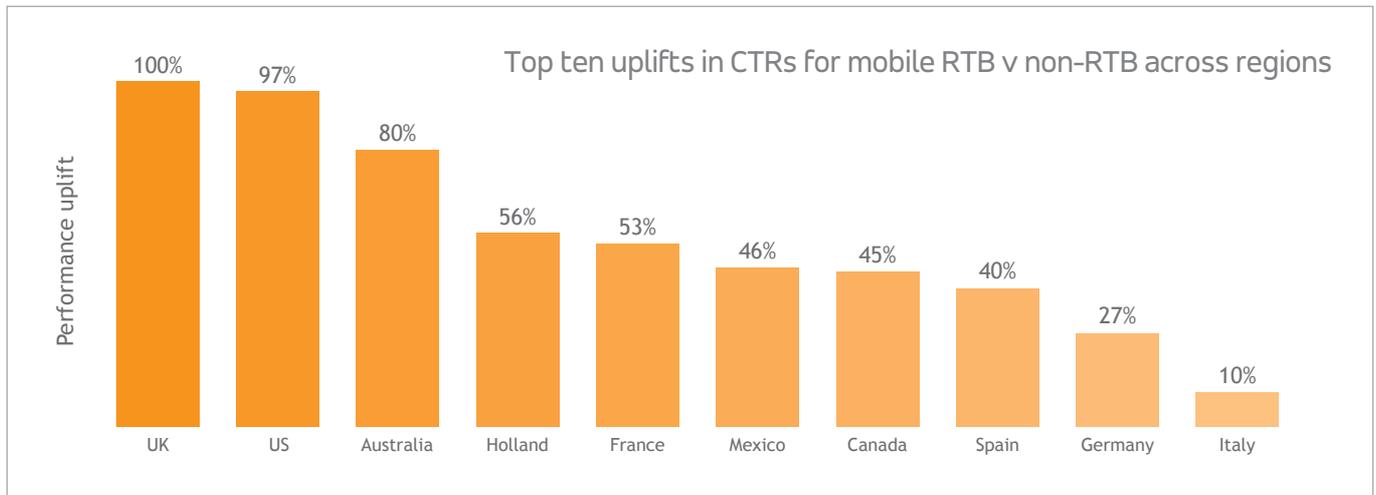|			
Entertainment & Media	Travel	Business & Finance	Style & Fashion
Technology & Telecoms	Social & Dating	Lifestyle & Health	Legal & CSR
FMCG & Retail	News & Education	Automotive	

When compared with non-RTB, mobile RTB provides significantly improved clickthrough rates (CTRs) for every advertiser vertical in Adfonic's smarter buying platform. The greatest uplift is for Style & Fashion advertisers, who can experience an average uplift of 231% when they trade across mobile RTB exchanges. Even the smallest uplift, for Business & Finance, experiences 48% stronger CTRs, so for every two clicks on Business & Finance ads with non-RTB, mobile RTB adds one more. Across all verticals the average CTR uplift for RTB when compared to non-RTB, is 97% - that is, almost double.

This uplift in RTB is because of the data. RTB data is high in quality and quantity. The quality is higher because there's an incentive for publishers to provide it. Instead of having to tailor their integrations on a per-network or even per-advertiser basis, resupplying their publisher information each time, when they connect to an RTB exchange they only have to do this once to make their inventory available to all advertisers.

So, publishers invest more time to supply more data because this means they receive better campaigns. Advertisers and agencies use this data to make better decisions and win the right type of traffic – and, in so doing, improve CTRs.

Adfonic AdSnaps are snapshots of performance, insight and analysis across Adfonic's smarter buying platform. Adfonic also produces the Global AdMetrics Report on a quarterly basis, providing more actionable insights that help advertisers and publishers understand what drives campaign performance and effective inventory monetization. To see all of Adfonic's reports, visit adfonic.com/news/reports/

CTR performance improves globally

Top ten uplifts in CTRs for mobile RTB v non–RTB across regions

	100%	97%	80%	56%	53%	46%	45%	40%	27%	10%
	UK	US	Australia	Holland	France	Mexico	Canada	Spain	Germany	Italy

Performance uplift

Of the top ten performing regions for clickthrough rates (CTRs), the UK is leading, with a 100% CTR uplift compared to non-RTB – that is, twice as many clickthroughs for the same number of ad impressions. The US is a close second with a 97% uplift.

While this could be due to many factors, such as the types of campaigns running in each region, the propensity of regional publishers to supply data, the maturity of the markets and so on, the message is clear: on a global basis, mobile RTB works.

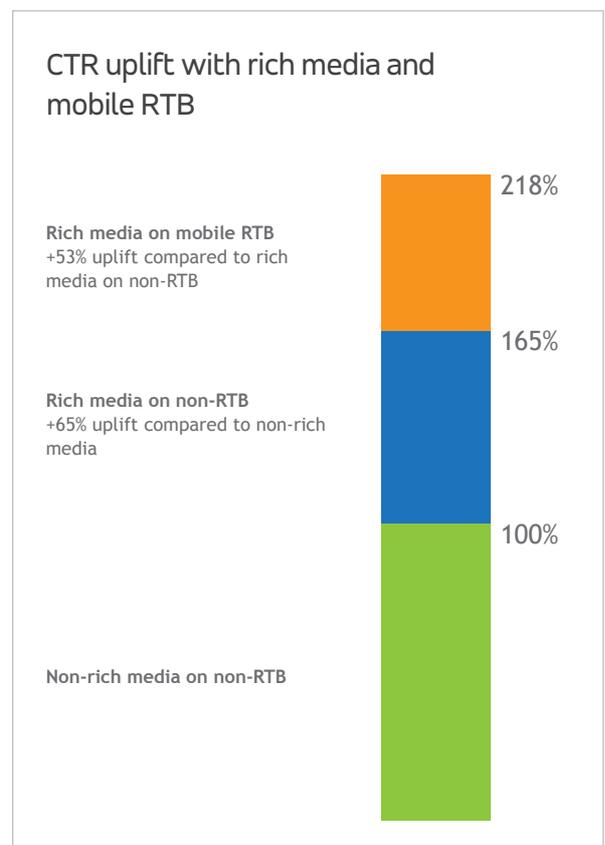## Rich media and mobile RTB is an explosive mix

Rich media ads contain elements that users can interact with, for example by swiping or touching the screen, or tilting or shaking their device. In so doing, they encourage people to spend time with brands, turning passive advertising into active engagement.

While rich media ads can go beyond CTRs, providing and driving soft metrics such as brand engagement or intent to purchase, they also win at CTRs in both mobile RTB and non-RTB scenarios.

In the non-RTB environment, rich media provides an uplift in CTRs of 65% compared to non-rich media. This is because the format is attractive to users, who like to play with the interactive features and are therefore more likely to click.
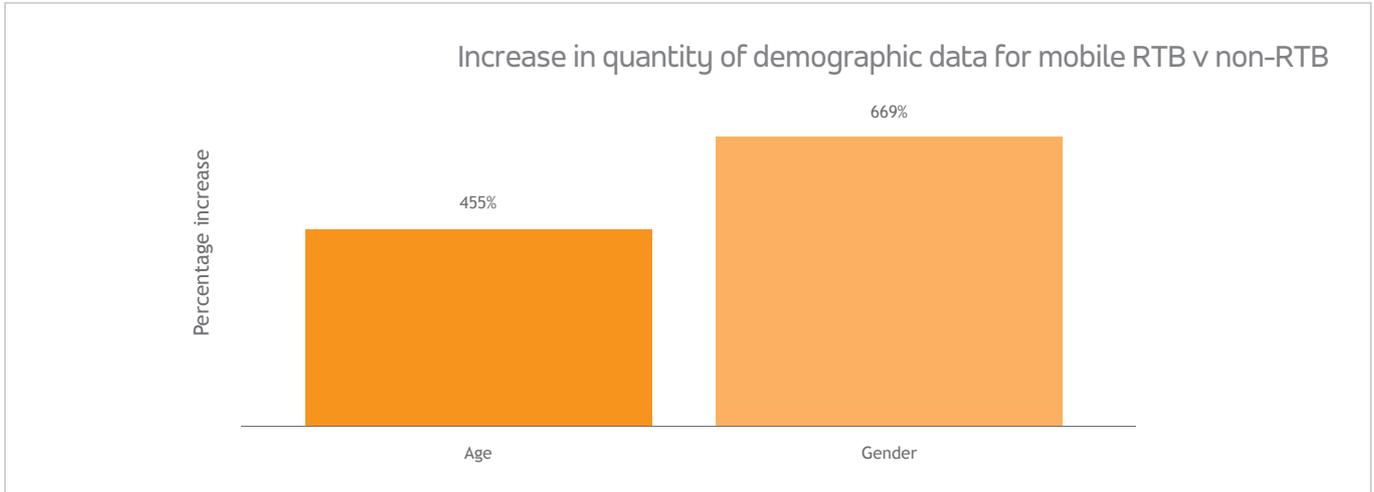
But on top of the uplift from the rich media format, the mobile RTB-enabled inventory also provides a further 53% uplift to yield CTRs 218% that of non-RTB, non-rich media.

Again, this is because of the quality and quantity of data on the RTB exchanges that enable the right bids to be made for the right impressions at the right price levels.

CTR uplift with rich media and mobile RTB

Rich media on mobile RTB
+53% uplift compared to rich media on non-RTB

218%

Rich media on non-RTB
+65% uplift compared to non-rich media

165%

Non-rich media on non-RTB

100%

⊙ Data quality and quantity

Mobile RTB makes data work harder

Increase in quantity of demographic data for mobile RTB v non–RTB

Percentage increase
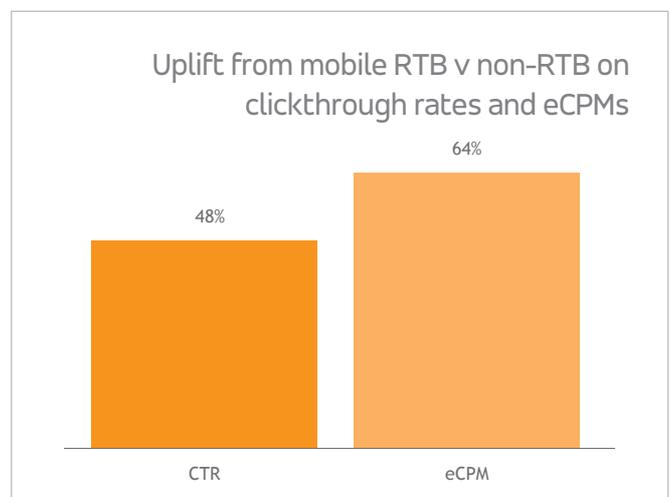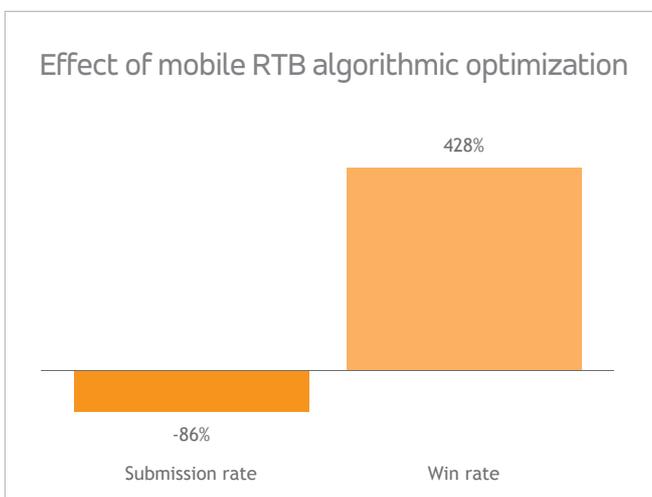
455%

669%

Age

Gender

Mobile RTB is intensely rich in data. With the application of tech and smart algorithms, this data can yield insights into the make-up of mobile audiences, ultimately pointing towards unification across channels.

When we look at the volume of demographic data available through mobile RTB, we see that there is nearly five times more age data in mobile RTB than non-RTB, and nearly seven times the data relating to gender. This is the aggregation of information made available by publishers, second-party data that the buyers own, and third-party data bought in.

For advertisers, this means they can be much more effective with precise targeting, segmentation and smarter bids, because they have more data to base these decisions on. Meanwhile, publishers find they only have to provide this information once, whereas previously they had to integrate with more partners. It's a virtuous circle that makes publishers more predisposed to supply data and enables advertisers consequently to target more effectively.

Algorithms continually optimize towards better pricing

Effect of mobile RTB algorithmic optimization

428%

-86%

Submission rate

Win rate

Uplift from mobile RTB v non–RTB on clickthrough rates and eCPMs

48%

64%

CTR

eCPM

Within mobile RTB there are two key ways in which advertisers can maximise their effectiveness: to win more bids; and to pay less for those bids.
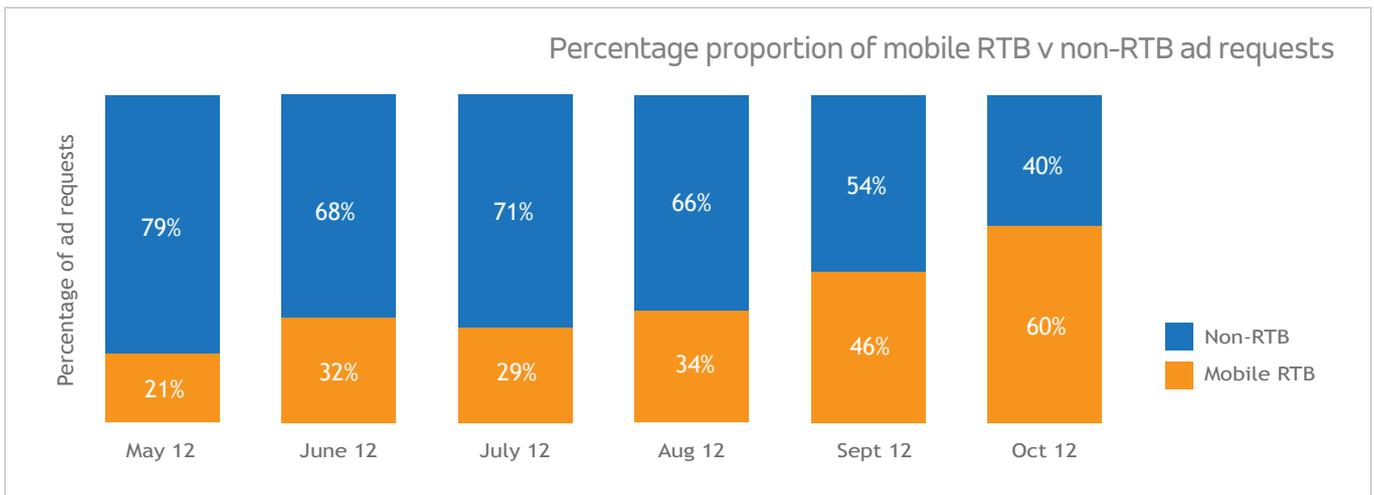
Given mobile RTB's density of data, this is an area prime for continual optimization through smart algorithms that learn, and improve through time as the quantity and quality of data improves.

As shown in the chart, algorithmic optimization can reduce submission rates by nearly 90% and increase win rates by over 400%. So advertisers and agencies can bid far fewer times yet win impressions at a far higher rate by targeting the right audience.

More efficient algorithms also have a pronounced effect on CTRs and eCPMs. Clickthrough rates (CTRs) on mobile RTB campaigns have increased by 48% as algorithms have drawn more inferences from more data, and effective earnings per thousand (eCPMs) increased by 64%.

Access

Mobile RTB ad requests exceed non-RTB

Percentage proportion of mobile RTB v non-RTB ad requests

Percentage of ad requests

	May 12	June 12	July 12	Aug 12	Sept 12	Oct 12
Non-RTB	79%	68%	71%	66%	54%	40%
Mobile RTB	21%	32%	29%	34%	46%	60%

October 2012 was a highly significant month for Adfonic: it was the first time mobile RTB inventory ad requests exceeded non-RTB. This is a clear signal that publishers are embracing mobile RTB by making their inventory available on exchanges.

A brief history of mobile RTB

At ad:tech London this year, Adform polled UK delegates and found that less than one third of them knew what RTB stood for. They'd better learn fast. According to the IDC, spending on RTB advertising will accelerate at a 59% compound annual growth rate for the next three years, making it the fastest growing segment of digital advertising.

To understand what RTB means today, it can help to look at how non-RTB inventory attempts to optimize have fallen short of what mobile RTB has to offer. It's a story of fill rates, best prices, and scale.

Ad routers for fill rates

In a non-RTB environment, most publishers will sell remnant inventory via ad networks. They do this using ad routers, which 'daisy chain' requests from advertisers until one fills the ad slot. This maintains fill rate, but it doesn't necessarily follow that the advertiser which fills the slot will offer the best price for it.

Yield optimization for prices

The non-RTB answer to improving prices is yield optimization platforms. These look at historical data, deciding which buyer is most likely to offer the best price. But yield optimization platforms are network-specific. Every time a publisher plugs into a new network, it has to develop a new yield optimization platform at a huge cost. Also, yield optimizers do not operate in real-time. As the opportunity passes for the best bidder to bid the highest price, so the opportunity passes for that bidder to win the inventory. Time spent is time wasted.

Mobile RTB for fill rates, prices, and scale

Instead of the daisy-chain line, mobile RTB is an allcomers' auction. All ad impressions are available to all bidders who use huge amounts of data to decide whether to bid for an impression and if so, how much. The process takes milliseconds, requiring data processing and algorithmic techniques that simply were not possible even a year ago.

Another element common to mobile RTB is the second-price auction. If you've ever bid on eBay, you'll know it. You don't see what other people bid, so you can't bid against them. Instead, you bid based on what you believe is a fair price. If the auction goes beyond that price, you're out. But if you win it, you only pay the second highest price. It's an elegant, efficient way of ensuring that real value emerges, rather than advertisers bidding against each other and distorting price levels

Advertisers win, publishers win

As we've seen in this AdSnap, mobile RTB benefits advertisers. They get access to huge amounts of inventory, especially if they do this through Demand-side Platforms (DSPs) such as Adfonic's Madison. If there's a second price auction, they get to control the levels they want to bid. And it's simply more efficient because it uses the most efficient mechanism there is – the market. It also benefits publishers because the more bidders that are available, the fairer the price for their inventory. They can plan because the marketplace will establish the right level.

Get smart, get smarter

The marketplace is the great leveller. It exposes real value, especially as it scales. Instead of hiding this value through inefficient ad routers or yield optimizers, the mobile RTB market releases value through an open, transparent mechanism that offers allcomers an equal bid opportunity.

So smarter mobile advertising is more important than ever. The mobile RTB marketplace is where the fittest survive, and today that means bidders armed with the biggest data, the smartest algorithms, the best people and the latest tech. If you're smart, you win. If not, you lose. Ask any financial trader.