TAKE 5:

WHAT IS AN AGENCY TRADING DESK (ATD)?

Apsalar

What is an Agency Trading Desk (ATD)?

An agency trading desk (ATD) is a service provided by some advertising agencies, to which clients can outsource their programmatic media buying efforts. The trading desk manages most or all aspects of buying, managing, fulfilling and reporting media purchased on the advertising exchanges.

Programmatic Media

With programmatic media, many aspects of buying media are automated using software instead of human planners and buyers. Programmatic is becoming more popular for buying many types of "standard" digital advertising units, especially in display or banner advertising, where human intervention can't add much value. Instead, software automates the buying processes, eliminating the need for insertion orders, in-person pricing negotiations, and the like. Programmatic is growing rapidly in Mobile and Video advertising as well.

Much of programmatic media falls into the class of "real-time bidding," which describes buying each advertising impression one-by-one, based upon the characteristics of the individual that will see the ad. When the consumer requests a web page, an auction-based transaction occurs in milliseconds, in which brands bid on the ad view based upon the "fit" between the would be viewer and their target audience specs. Obviously, humans could not conduct such a transaction within that amount of time, or in an affordable manner.

Expertise and Execution

Buying programmatic media effectively requires technology, expertise and the labor of programmatic experts. Some brands prefer to outsource these tasks to their agencies, so that they can keep their internal operations focused on developing and delivering products and services. That's where agency trading desks come in.

Agencies are sometimes better at attracting experts in programmatic buying than individual brands, and can amortize the cost of software, training and operations across a multitude of clients. Thus, they can offer an efficient alternative for brands.

Varying Levels of Transparency

Traditionally, agencies earned a percentage of the cost of media in compensation for their work. While the advertising business has evolved to offer many different compensation models these days, most *programmatic* media is still purchased based upon some sort of a percentage markup over the base cost of impressions.

If a brand purchases the media itself, it pays a percentage in exchange for use of a DSP. If a brand uses an agency, they pay the fee to that agency.

Many agencies have chosen to offer their ATD services by quoting a certain CPM for the impressions that they buy. They then keep any margin between the price the client pays and the actual cost of the media. The actual media costs are not shared with the client. Such agency ATDs argue that they assume the risk of earning less or more money that prevailing rates of commission based upon their success at delivering against the audience or KPIs outlined in a client agreement. Over time, more and more clients have insisted on transparency.

The core argument in support of transparency is that an agency should be an agent working on behalf of the client, not a nontransparent middleman. Some clients that used to do business with the nontransparent desks have since chosen to take their planning and buying in-house. Some agencies have always been transparent about how much they mark up programmatic media to compensate for their services.

Holding Company Trading Desks

All of the leading advertising holding companies offer trading desks:

- WPP — Xaxis, MIG
- Omnicom — Accuen
- Publicis — VivaKi
- IPG — Cadreon, Magna Global
- Havas — Affiperf
- Dentsu/Carat — Dentsu Audience Network, Amnet
- MDC — Varick

In addition, there are also independent trading desks including Digilant, Accordant Media and Digilant.

ABOUT TAKE 5

The Take 5 series is designed to help senior marketers learn more about data-driven customer marketing by creating short educational pieces that can be read and absorbed in less than five minutes. The main content of each Take 5 is 600 words or less to stay focused and brief. The Take 5 series will also be available as a collection – a primer on data driven customer marketing.

Visit
www.Apsalar.com/Resources
for more Take 5 content!

ABOUT APSALAR

Apsalar, the leader in mobile data management, helps direct marketing brands get better marketing effectiveness by providing a mobile data management platform that delivers a true understanding of customer behavior in apps and across other marketing channels.

Apsalar

MOBILE DMP

APSALAR ATTRIBUTION

Collect and measure in-app consumer behavior and marketing performance. Measure every in-app action relevent to your buinesss

APSALAR AUDIENCES

Unite your first party data from all sources, enrich it with third party data, and build high performance marketing audiences

APSALAR DATASYNC

Easily and safely share customer audiences and data with your digital marketing platforms, including analytics, marketing automation, media companies and legacy DMPs

The Apsalar Mobile DMP enables brands to measure marketing effectiveness, enhance, manage, enrich and segment profiles to build audiences, and easily and safely connect to other marketing partners so brands can confidently share their data and audiences.