



Demystifying Curated Marketplaces

A guide for buyers to drive
efficient supply strategies



Introduction

It is no secret that programmatic advertising is an ever-evolving industry, constantly driving efficiency forward. While this evolution is often positive for marketers, it also can create more complexity for them.

A good example of this is the programmatic supply chain, which has become more complex over the past few years. With the growth of the internet, the number of content providers has increased as well as the number of devices through which you can access this content.

36 billion devices will be connected to the internet in 2025, 30% more than in 2018. The different ways for media buyers to reach this content has also grown dramatically, with 86% of the 1,000 largest global publishers' partnering with multiple sell-side platforms*. In this increasingly fragmented landscape, the access to supply has become commoditised with multiple paths to access the same inventory and buyers struggling to find the most efficient route to reach their desired audience.

This has meant a lot of inefficiencies, a lack of transparency in some cases, and too much time spent on getting the basics right, such as sourcing brand safe inventory from high-quality publishers.

The upcoming changes around identity and the growth of emerging formats such as CTV will undoubtedly continue to make the supply chain challenging to navigate. With this in mind Xandr and IAB Europe created a survey to find out what challenges are top of mind for media buyers today and provide a guide to the emerging solutions.

The survey showed that buyers are looking for ways to tackle these challenges which they have historically lacked the tools to address. Almost half of respondents said their supply strategy's goal was to help them drive spend towards better-performing inventory. They want to create more value by leveraging their operational expertise and relationships with publishers to create a differentiated supply strategy.

 **47%**

said driving spend towards performing inventory is a must have of their supply strategy.

36 billion

devices will be connected to the internet in 2025, 30% more than in 2018.



They are looking for ways to control their supply path, gain transparency into end-to-end fees, improve operational efficiency, and industrialise their approaches to ID-less supply.

Curated marketplaces are an emerging solution for many of these challenges.

While marketplaces themselves are not a new concept for digital advertising, curated marketplaces are — they allow buyers, sellers or third-parties in the media space to implement their supply strategies and leverage their core assets within a broad ad exchange. This allows them to effectively build a private SSP and solve a host of core challenges for buyers. In this guide, Xandr aims to provide clarity to buyers so they can understand the concept of curation, how it works and why it is an effective ally in the vast array of modern programmatic challenges.

*The state of the open internet report 2020 — Jounce Media

Challenges for Media Buyers with Programmatic Supply Strategies

1.

Agencies are under pressure to differentiate and justify their value to advertisers

Media buyers are facing increasing pressure to provide a unique offering to marketers which differentiates them from their competitors. In fact, in the survey conducted by Xandr and IAB Europe, 32% of media buyers said that their primary objective is to differentiate from their competition.

Media buyers are also facing reduced margins which means operational efficiency and finding business models which generate new revenue streams are key priorities. It is challenging however for agencies to achieve these goals. Developed over decades, their core competencies are developing and maintaining publisher relationships and executing media plans. However due to the complexities in programmatic and a lack of available tools it is difficult for agencies to put this expertise to work and execute a differentiated supply strategy at scale.

2.

Operational challenges and a lack of transparency

According to our survey, 30% of buyers say their primary objective is to improve transparency. This is largely due to the complications agencies face when managing their media buys across the numerous DSPs they work with. Moreover, operating across markets — both globally and locally — has continued to cause operational inefficiencies around media buying consolidation and ultimately translated commercial agreements into global campaign spend. There is a pressing need to build trusted, customised marketplaces that provide greater control over traders' access to supply and more visibility into spend across platforms.

 > 26%

Must-have for the supply strategy is understanding how your media dollars are being spent (fee transparency).

3.

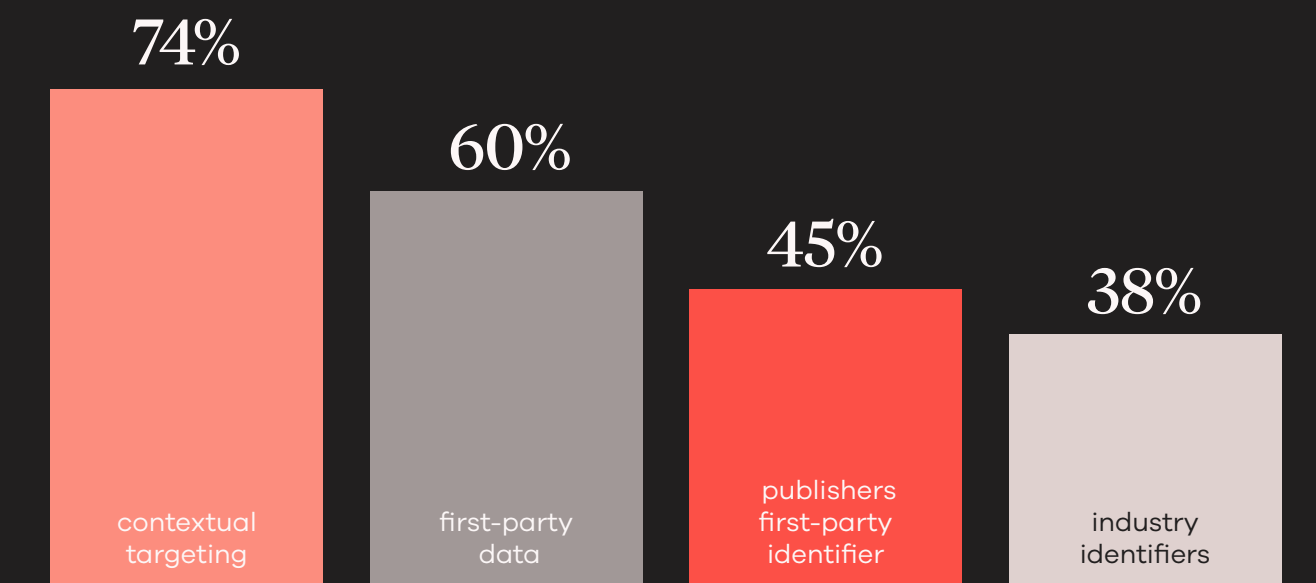
Uncertainties in a changing identity landscape

Advertisers are looking to future proof themselves for a world without third-party cookies. While recognising that this is for the benefit of the consumer, they are looking for scaled, viable solutions to continue to reach audiences with relevant advertising in effective ways.

A number of industry solutions have come to light and it's clear that collaboration is needed.

With 60% of survey respondents indicating they want to continue using first-party data, 45% wanting to leverage publisher first-party data specifically, and 38% looking to use industry identifiers, it is clear media buyers are looking at using a multi-pronged approach and need platforms which can help them leverage a range of identity solutions. Acknowledging they will need to use a blend of solutions, media buyers anticipate this will itself create new operational challenges.

Respondents intend to leverage...



Curated Marketplaces Explained

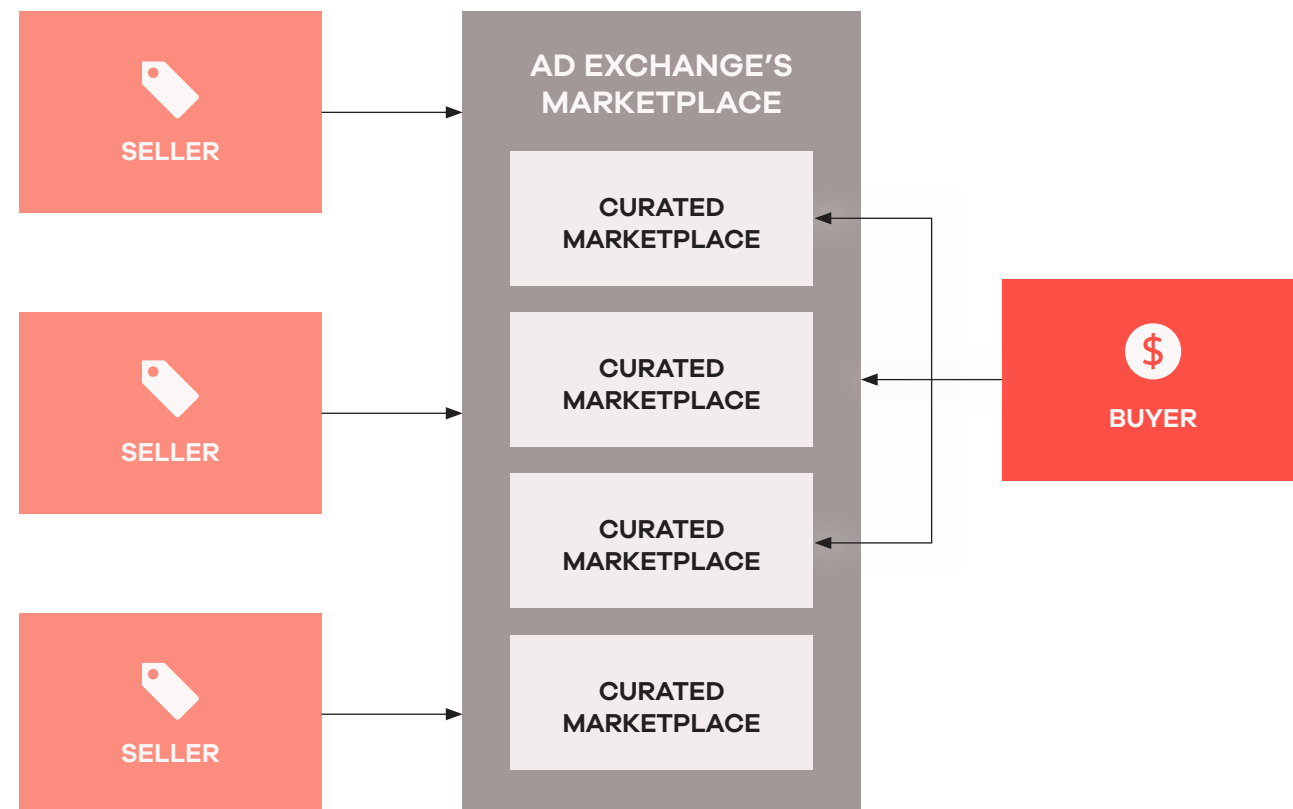
What is a Curated Marketplace?

A curated marketplace can be thought of as a bespoke marketplace which exists within a larger marketplace. The curated marketplace is designed and built to address certain challenges and provide specific value.

The food supply chain is a helpful way to think of this. Many consumers are concerned that the food they buy has travelled too far before reaching their plate. They want to purchase

from suppliers which are located close to their home. More and more greengrocers are appearing who specialise in sourcing quality produce from local suppliers. You can think of these greengrocers as providing a curated, local food marketplace within the larger, international food marketplace.

These same concepts apply in programmatic, as highlighted in the below diagram:



What is a Curator?

A curator is a company who designs, builds and operates a curated marketplace. In doing so they address certain challenges for their media buyers and provide specific value, for example:

Company	Curated Marketplace's Value Proposition
<ul style="list-style-type: none"> Retailers Telecommunications Audience and Contextual Data Providers 	<ul style="list-style-type: none"> Make their rich data available to media buyers at scale (across ad exchange, to any DSP) and transact easily (programmatically via a deal). Easier for media buyers to access valuable data and work with partners who have solutions for ID-less inventory.
<ul style="list-style-type: none"> Publisher Coalitions 	<ul style="list-style-type: none"> Make their combined inventory available to buyers at scale. Easier for media buyers to access unique inventory and publisher-specific solutions to ID-less inventory.
<ul style="list-style-type: none"> Agencies 	<ul style="list-style-type: none"> Centralise seller relationships. Apply business rules such as brand safety to whole marketplace. Implement blend of ID-less solutions at scale.

“

Ad tech is known for its innovation, but it tends to be incremental. Curated marketplaces are exciting because they represent a significant leap forward in programmatic's evolution. They offer an opportunity for companies to create entirely new business models by monetising their valuable data assets, be they retailers, telcos or data providers. Equally, they offer an opportunity for media buyers to radically rethink their supply paths, operations and ultimately define a new value proposition for their marketers.”

James Bird
Product Manager, Xandr

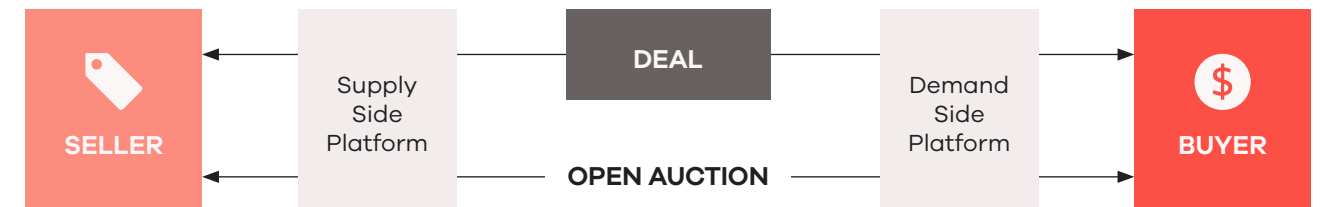
How do Curated Marketplaces Work?

One of the core tenants of a curated marketplace is that media buyers can only access it via a curated deal; they cannot access it through the open exchange. Therefore, a media buyer cannot access the curated marketplace 'by accident'; only after engaging with the curator.

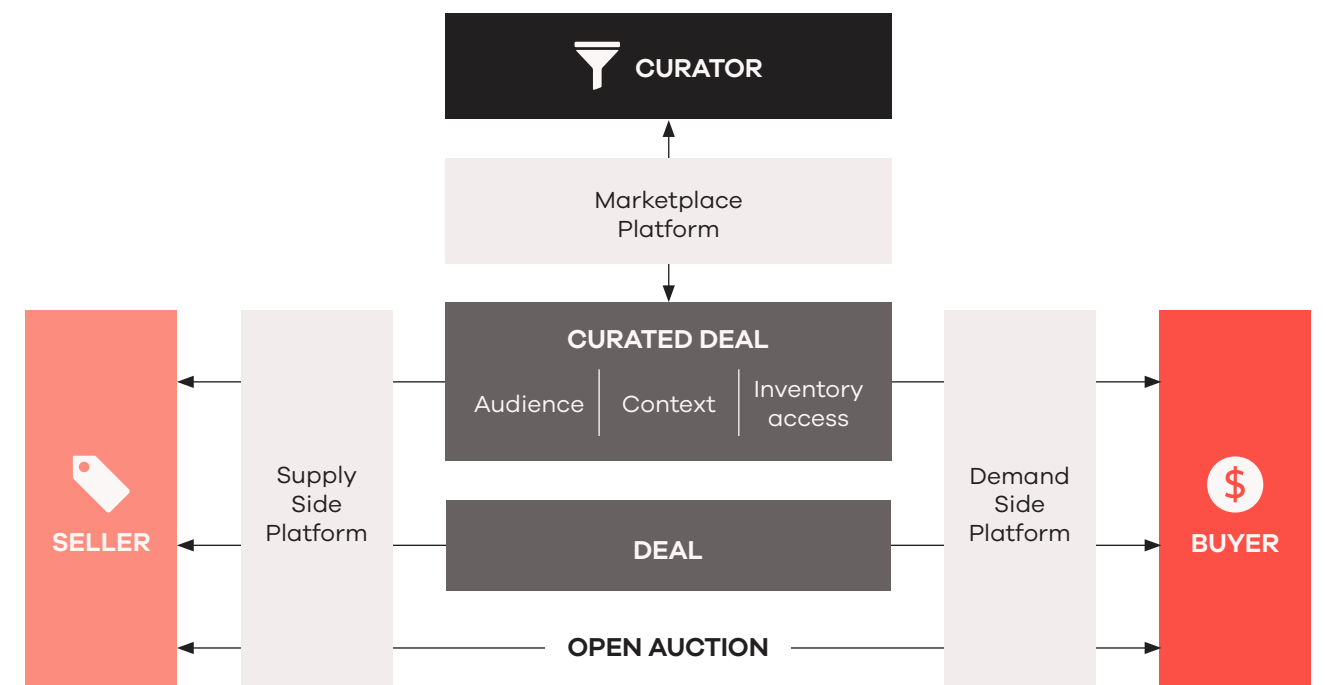
The curated deal is the mechanism by which a curator allows a trader to access specific parts of their curated marketplace; for example, a supermarket retailer might provide a buyer with a curated deal for their cheese purchasers within their curated marketplace, or a publisher coalition might provide a curated deal with the homepage inventory across multiple properties within their curated marketplace.

From the trader's point of view, the curated deal looks just like a regular deal in their DSP, and they manage and target the curated deal just like they would a seller deal. It is important to bear in mind that the media buyer still purchases inventory directly from the seller and the curator simply facilitates the transaction.

For example, in a traditional programmatic transaction there are two parties, as shown in this diagram:

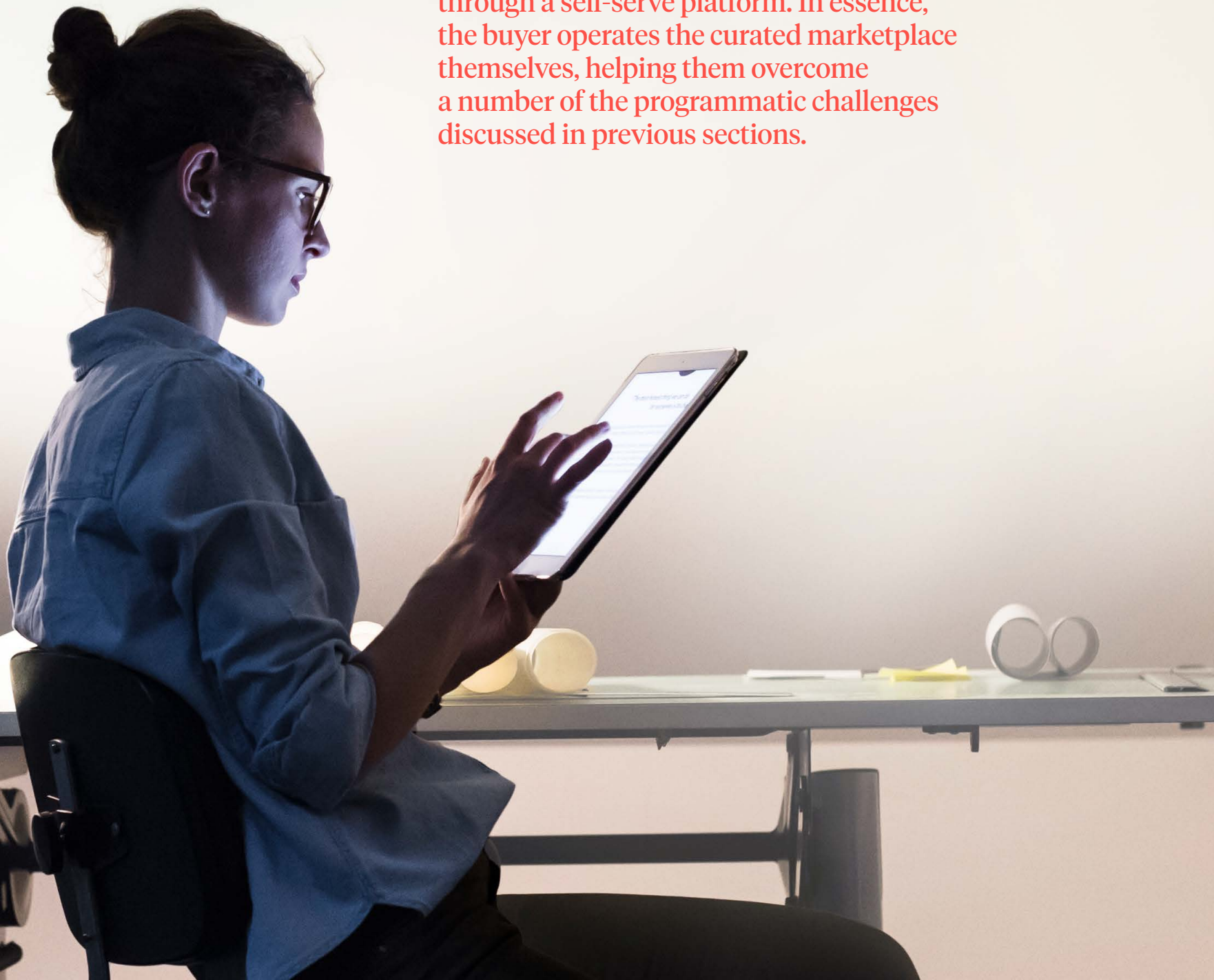


Whereas in a programmatic transaction facilitated by a curator there is a third-party:



Opportunities for Buyers Behind Curated Marketplaces

A key use case for curation technology is providing agencies the ability to build strategic, goal-orientated marketplaces through a self-serve platform. In essence, the buyer operates the curated marketplace themselves, helping them overcome a number of the programmatic challenges discussed in previous sections.



Control

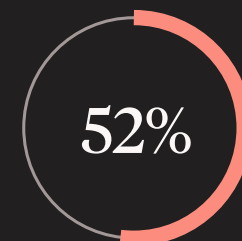
Curated marketplaces are an opportunity for media buyers to take control of their inventory sourcing and actually implement a centralised, differentiated supply strategy. This can mean working with fewer partners across the supply chain, but more importantly working with chosen partners to curate the best, most direct supply given their business goals.

Buyers often have their own definition of quality and have come up with a set of macro business rules that govern the supply they are willing to buy. For example, they must be on a vetted allow list and have viewability rates of more than 60%. The problem with this is that DSPs aren't really the right tool to house these macro business rules in. Instead, DSPs are designed for micro rules that are applied at the line-item level to each and every line item.

With 52% of respondents from our survey saying that making sure brands appear in trusted and premium environments is a must-have for their supply strategy, curation is the way forward.

Curated marketplaces provide deals that inherently reflect media buyers' decisions about brand safety, audience, context, device types, inventory lists, optimisation and more.

The additional control afforded by curated marketplaces can be particularly valuable for advertisers themselves. By building their own marketplace, they no longer rely on their buy-side partners to execute their supply decisions and can take control by having their buy-side partners execute campaigns through their advertiser-curated marketplace.



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Efficiency

Using curated marketplaces can also provide efficiency. Buyers can easily manage the supply chain across multiple trading teams, platforms and regions. This means that for buyers who execute a large volume of campaigns and need to manage their media investments, curation easily lets them centralise their targeting and reporting across DSPs to simplify campaign execution.

Without curation, centralised supply decision making is tricky as spend is fragmented across multiple DSPs, each taking different paths to reach the same supply. This fragmentation makes it hard to monitor simple metrics such as total spend and performance across all channels for a particular publisher. It also makes it hard to see how buyers are tracking against any spend commitments they have with publishers and optimise accordingly.

Through a curated marketplace, buyers can monitor and optimise against holistic measures such as total spend, performance and other quality indicators. From here they can share deals with multiple buying seats across DSPs with the push of a button.



Transparency

By buying across multiple DSPs and SSPs it is difficult for buyers to gain transparency into how much went on fees and how much was working media. Buyers depend on different transparency solutions implemented in each DSP, each often using different definitions. By centralising spend in a curated marketplace, buyers can take a first step towards greater transparency. They can use this as a single solution with consistent definitions to report on transparency making it easier to understand end-to-end costs. Once buyers have access to understandable transparency data, the next step is to action it, making data-driven decisions to refine the supply strategy and adjust which sellers and partners are included in the marketplace and how spend will be routed.

At Xandr, we power transparency by asking publishers to opt into trust and transparency which then allows us to show the net and gross publisher revenue and exchange fees to buyers.

For example, Xandr has a wave of agreements with leading UK publishers which substantially increased visibility into technology fees on inventory on its Monetize platform. The agreements give Xandr permission to make seller technology fees on each impression available confidentially to buyers transacting with Xandr Monetize's SSP.

Scaling Identity Solutions

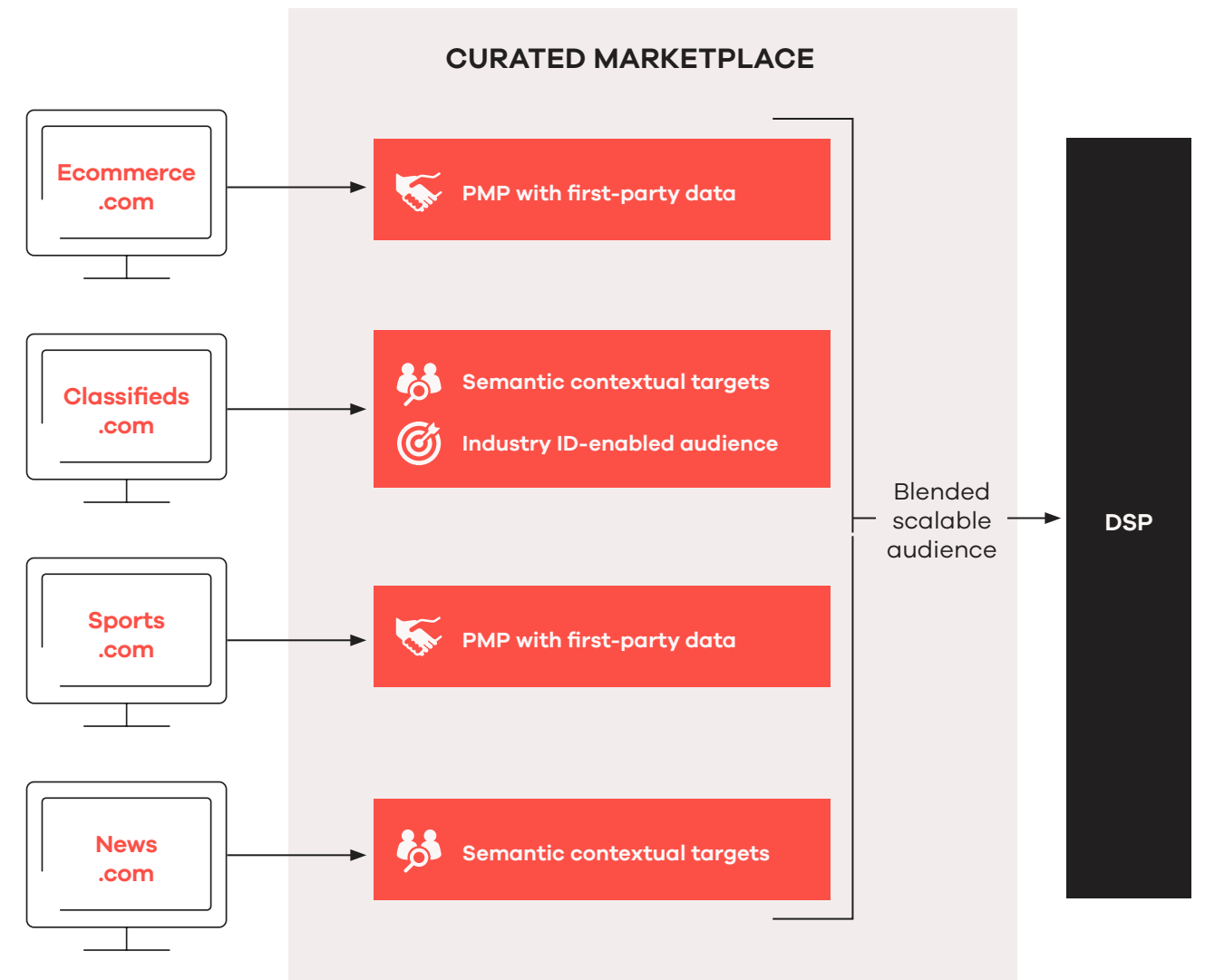
With the impending elimination of third-party cookies, access to addressable solutions is becoming critical for media buyers. They need to find solutions that are not reliant on third-party cookies, solve for the lack of real-time consumer intent in the programmatic ecosystem and continue to power intent-driven targeting strategies in a post-cookie world.

Luckily, several promising solutions are emerging in market, most notably:

1. **Industry IDs to continue reaching audiences in a privacy-first manner.**
2. **Using semantic analysis and targeting to leverage context as a proxy for audience.**
3. **Working with publishers to reach their first-party audiences.**

The reality for media buyers is that they won't be able to use one single solution but will have to use a blend and curated marketplaces are a good way to achieve this. By using granular targeting, media buyers can identify at auction time which impressions are cookieless or consentless and decide which solutions they want to deploy. By incorporating publishers' first-party data PMPs into their curated marketplace, as well as semantic contextual targets, media buyers can blend inventory which allows them to reach a relevant audience into a single package.

Furthermore, media buyers do not need to operate the curated marketplace themselves to benefit from scaled identity solutions. Agencies can equally benefit from third-party curated marketplaces which contain different kinds of identity solutions offered at scale.



Accessing Differentiated Assets

There are numerous examples of companies which have until now offered their media products exclusively through an IO-based model. For example, independent or publisher trading desks with a unique audience, data providers with insightful contextual analysis and rich media specialists with high impact formats.

Curated marketplaces allow these same companies to offer their media products through a programmatic-based model instead.

Agencies can benefit from those offering contextual deals, performance-based deals, formats and even inventory access. Ultimately this makes it easier for buyers to execute diversified media plans efficiently through programmatic channels.

As of March 2021, Xandr's technology is already helping over 100 customers offer curated marketplaces to media buyers around the globe.



What is the Future of Curated Marketplaces?

Future-proofed Solutions for the Post-cookie World

With the loss of the third-party cookie, fragmentation will accelerate. This is due to the fact that there will be more reliance on publishers' first-party data that is surfaced as a combined inventory and data deal. There will also be a dependency on multiple industry identifiers' (IDs) to achieve scale, most likely with regional variations needing to be taken into account as well.

Curated marketplaces have already proven to be a great way to deal with fragmentation and can abstract away a lot of the complexities that causes. Media buyers will not want their traders to manage this through multiple point solutions, so using a curated marketplace will become a key part of media buying strategies.

62% of respondents in our survey intend to leverage first-party data and curated marketplaces will allow media buyers to package together multiple inventory and data PMPs for traders to access publisher first-party data at scale.

It will also allow media buyers to leverage context rather than audience, making it easy to access a broad range of inventory which matches a bespoke context relevant to their campaign — great for the 76% respondents in our survey who intend to leverage context. Finally 41% of our respondents said they intend to leverage industry IDs and if the curation technology provider supports industry IDs, it can bring multi-faceted audiences to the media buyer's curated marketplaces and target them at scale.

Curated marketplaces can be considered an engine for programmatic innovation, allowing companies with unique solutions to offer them programmatically.

As new post-cookie solutions emerge in the coming years, curated marketplaces are the most likely way they will be surfaced to media buyers.



Advanced TV

The opportunities for advertisers operating in the new digital video landscape are vast, but the CTV supply path can be complex.

The EMEA CTV landscape is a familiar case study of fragmentation, made up of a diverse patchwork of distinct national media ecosystems, digital players and users with multiple devices.

The fragmentation issue is partly technical as many sellers organise their monetisation partners in a waterfall, meaning different SSPs have access to different supply at different prices, and buyers may need to buy from all of them to achieve reach and scale. Multiple technology platforms are also involved, such as Server-Side Ad Insertion (SSAI) solutions, which all need to be integrated efficiently for media buyers to reach valuable digital video supply. These supply path decisions are complex, and also subject to change at sellers upgrade integrations or add new partners.

Furthermore, CTV supply can only be bought through a deal in most cases, which means buyers need to negotiate with a long list of suppliers to achieve scale, quickly becoming an operational burden.

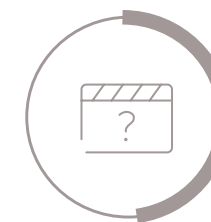
Moreover, this relatively new market is not fully mature nor standardised yet, leading to a lack of transparency and potentially wasted ad spend. Like other digital channels, CTV ads are subject to fraud, and 40% of the survey respondents said that finding fraud-free and brand-safe content was one of the challenges when buying CTV.

Curation addresses these challenges. By consolidating a premium CTV offering in a curated marketplace that allows buyers to access selected inventory that meets premium criteria, it makes it easier for buyers to access relevant inventory at scale in a transparent manner. Curated marketplaces are an effective solution for guiding buyers to the digital video inventory they seek, abstracting away many operational and technical complexities.

Finally, finding the right content is also another difficulty for media buyers, with 48% of respondents in our survey stating that discovering and targeting the right content is a big challenge. By standardising content taxonomy that speaks to the unique nature of video it will enable the channel bundle to be re-invented based on length of show, whether it is episodic, what genre and rating it is and how that allows us to see people not simply as ad targets but as seekers of entertainment, interest or information.

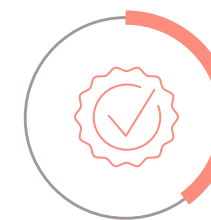
Xandr's taxonomy standardisation combined with Xandr Curate will allow a buyer to purchase performing contexts and relevant combinations of meta data on the fly regardless of media sellers or generic top-level categories. For example, buyers who effectively subscribe to an audience demo or context will have their curated deals automatically populate with relevant inventory based on real time data about the show or clips being watched. When advertising is appropriately matched to content genre or sentiment as well as the target audience the result is a better ad experience for all.

What did they say about the challenges with sourcing CTV supply



48%

Discovering and targeting **the right context.**



40%

Targeting **brand-safe** and **fraud-free content.**

Creating New Business Models and New Operating Models

Curated marketplaces represent a leap forward in programmatic's evolution and if the last decade is anything to go by the evolution will not stop there.

As curated marketplaces continue to develop and curation technology becomes more sophisticated, we'll likely see curators provide additional offerings and services to media buyers. For example, using curation data to provide brand insights analysis at scale, or offline attribution. For anyone operating curated marketplaces in the future, this will present a unique opportunity to diversify their revenue streams.

In doing so, it is certain that media buyers and curators will need to evolve their operating models. To efficiently operate curated marketplaces, teams need to have sell-side sensibilities as well as buy-side expertise. Teams will need to develop new skill sets and as a result we'll likely see new job titles and team organisations as well.

Client Testimonials

Curated marketplaces promise many advantages but how are media buyers actually benefiting from them? Xandr customers share their experiences using Xandr Curate, Xandr's self-serve platform for curators.

“

Xandr Curate helps advertisers gain a competitive advantage by building strategic, goal-oriented marketplaces. At Beemray we made the decision to use Xandr Curate to deliver our Contextual Quality analytics, targeting, optimisation, and measurement solutions to the programmatic ecosystem. We leverage the power of the Xandr platform to reach the premium inventory we require, delivering cookieless performance to buyers.”

Raman Sidhu
Cofounder & CRO, Beemray



“

Using Xandr Curate, advertisers benefit from Nano's Live Intent Identity Free Targeting (LIIFT) which combines contextual targeting based on page meaning and sentiment with machine learning driven optimization based on 15 different live data sources. LIIFT does not rely on personal identifiers and therefore enables advertisers to use the inventory potential, Xandr Curate has to offer. For advertisers this means that ads are not only shown in optimal contextual environments but also optimized towards the advertisers' desired campaign outcomes.”

Johann Hermann
COO, Nano Interactive



“

Xandr Curate allows us to provide our contextual expertise and offer high performance, cookieless campaigns to our customers. Our partnership with Xandr helped us to distribute our product across major DSPs and internationally at a speed that would not have otherwise been possible.”

Thomas Achache
Founder, Orion Semantics



“

With the Xandr Curate technology we are able to offer our contextual data to a broader userbase seamlessly and at scale. With limited options for targeting, this partnership will enable all advertisers to benefit from our 100% cookie-less semantic targeting segments and increase campaign performance by 50%-400%.”

Cengiz Kurt
CEO, HyScore



“

Xandr Curate has allowed us to scale our offering and to make our data marketplace available to a large number of advertisers.”

Béatrice Lhopitalier
Director, Marketing and Data,
Orange Advertising



Conclusion and Key Takeaways

As discussed throughout this guide, media buyers are trying to solve many challenges today, from supply strategy differentiation and a lack of transparency to uncertainties around a changing identity landscape. Curated marketplaces offer a promising solution.

Curated marketplaces have appeared as the vehicle to continue programmatic's evolution while addressing complexity. While still new for many in the industry, curated marketplaces make it possible for market participants to easily build programmatic supply solutions with a broad array of features that combine high-quality inventory, new levels of transparency, and valuable audience and contexts at scale. Importantly, by choosing to operate their own curated marketplace, curators can take control of which sellers and supply paths they want to work with and re-establish relationships.



A curated marketplace enables buyers to:



Take control of their supply paths to handle fragmentation.



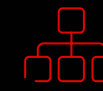
Achieve operational efficiencies.



Take control of and gain transparency into costs.



Reach audiences and contexts at scale despite a changing identity landscape.



Achieve differentiation and create new business models.

For more information please contact your respective Xandr account manager.

