B-to-B Programmatic Challenges

Accessing the audience is different, but KPIs are the same

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B-to-B marketers are lagging behind their B-to-C counterparts when it comes to the adoption of programmatic advertising, or the use of software to purchase digital advertising in real time. But that is about to change — likely, in dramatic fashion. In a _____ in the U.S., conducted by Adweek BrandShare on behalf of Dun & Bradstreet late last year, nearly 70 percent said they plan to increase their spending on programmatic in 2017, while 22 percent indicated they would boost those outlays by a quarter or more.

Nowhere is that trend more evident than at IBM. "We are going from a company that did very little programmatic advertising in the past to one that does a very significant amount this year," says Ari Sheinkin, VP of marketing analytics at IBM. "If you looked at us in 2016, you'd have described IBM as a company that dabbles in programmatic; in 2017, we are becoming a company that is largely programmatic in the way we approach media."

There's no mystery behind the radical change in IBM's approach to programmatic; it's driven by results. "In our early testing, the empirical results of driving more programmatic were very dramatic for us," Sheinkin says. And with a new CMO (Michelle Peluso, former CEO of Gilt) and chief digital officer (Bob Lord, AOL's former president) at IBM, there is "absolutely a drive from the top on this," he adds. "We're going to make a dramatic switch in terms of how we spend money."

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Sheinkin acknowledges that the learning curve involved in making such a massive commitment to programmatic has been "very steep," but the benefits it provides justify the effort. "On the one hand, we definitely had to bring in some resources; we've hired a good handful of people who have this as their main area of expertise," he says. "On the other hand, the fundamentals of marketing haven't changed. The building blocks of marketing that we always come back to are still there, but at a faster, more data-driven scale."

Asked to identify the top challenges they face regarding programmatic advertising, respondents in the Dun & Bradstreet survey named these top three: targeting the right audiences (42 percent), measurements and metrics (34 percent), and lack of knowledge (29 percent). Technology promises a simple resolution to the first and third of those concerns, and as B-to-B marketers become more familiar with programmatic they're likely to realize that the middle one really isn't a concern at all.

"It's not like buying and selling programmatically is any different from other types of advertising, just the pricing transaction is different," says Matt Prohaska, CEO and principal at Prohaska Consulting and former programmatic advertising director at *The New York Times*.

The performance of programmatic should be measured the same way that all visual advertising is measured, Prohaska adds. "B-to-B marketers should use the same KPIs they use every single day," he says. "Programmatic is a way of accessing inventories and audiences differently, but the KPIs are the exact same."

Quest for Data
The concerns B-to-B marketers in the Dun & Bradstreet survey expressed about programmatic's targeting capabilities may have had some basis in fact, but they are based on the technology's past performance.

"The biggest challenge is that the programmatic ecosystem doesn't offer enough of the granular targeting data we need to ensure that we are delivering the right messages to the right audiences (for our clients)," says Tom Stein, chairman and chief client officer at Stein IAS, a global B-to-B marketing agency. "The data available for B-to-B pales in comparison to what's available for B-to-C. Programmatic remains too much about scale — low CPMs to target fairly broad segments. B-to-B is about granular targeting. We need more data, better data for B-to-B."

Based on what Steven Casey, a principal analyst at Forrester Research, has been seeing, Stein may be about to get his wish. Casey focuses on the B-to-B side of marketing in his research and says that new programmatic platforms developed specifically for B-to-B tend to be much more granular. Often, they are optimized to work with or be integrated into account-based marketing (ABM) solutions, giving B-to-B marketers tremendously improved targeting capabilities.

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— Steven Casey, a principal analyst at Forrester Research

"What really separates B-to-B from B-to-C is that buying decisions in B-to-B are typically team-based," Casey says. The sales side is good at identifying buying-team members and customizing engagements to each person's role, but that's more challenging from a marketing standpoint. "The technology just wasn't there to do it."

Now, ABM makes it possible for B-to-B marketers to identify accounts and target contacts within those accounts with customized, personalized messages via programmatic advertising. "It's kind of like what the sales rep was doing but from a marketing standpoint. ABM is driving a lot of programmatic adoption," Casey adds.

And just as new technology is addressing the targeting challenge, it's also likely to make the knowledge gap concern a moot point. "What's amazing to me as I've learned about the new combined ABM/programmatic platforms is that they are truly self-service," Casey says. "From the time you click on a link until the time a page renders, all this stuff happens at lightning speed in the background — bids are calculated, creative is selected, and then, wow, it's in the proper place on the page by the time it renders. There are platforms for B-to-B marketers today that allow you to upload a target list, add your creative, pick your inventory, and, literally, just press a button."

Positive Signals at IBM
Of course, B-to-B marketers won't have any incentive to overcome programmatic's challenges unless they're convinced the rewards of doing so are significant. In that regard, IBM may become the case model for the B-to-B marketing community. The KPIs IBM uses to measure programmatic performance are largely "cost per," starting with clicks and proceeding all the way down the funnel to engagement, conversion, and, further downstream, registration. "So far, the performance has been extremely positive against all of those KPIs," Sheinkin says.

IBM is actively tracking programmatic performance to leads, ROI, and revenue. This takes a little longer because of its sales cycle, but Sheinkin has no doubt what the outcome will be. "We're very confident there will be a noticeable effect on ROI," he says. "Frankly, the results so far have been at the kind of levels where you could envision top management saying, 'You know, we're sold. You don't have to do any more testing, just roll it out.'"

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