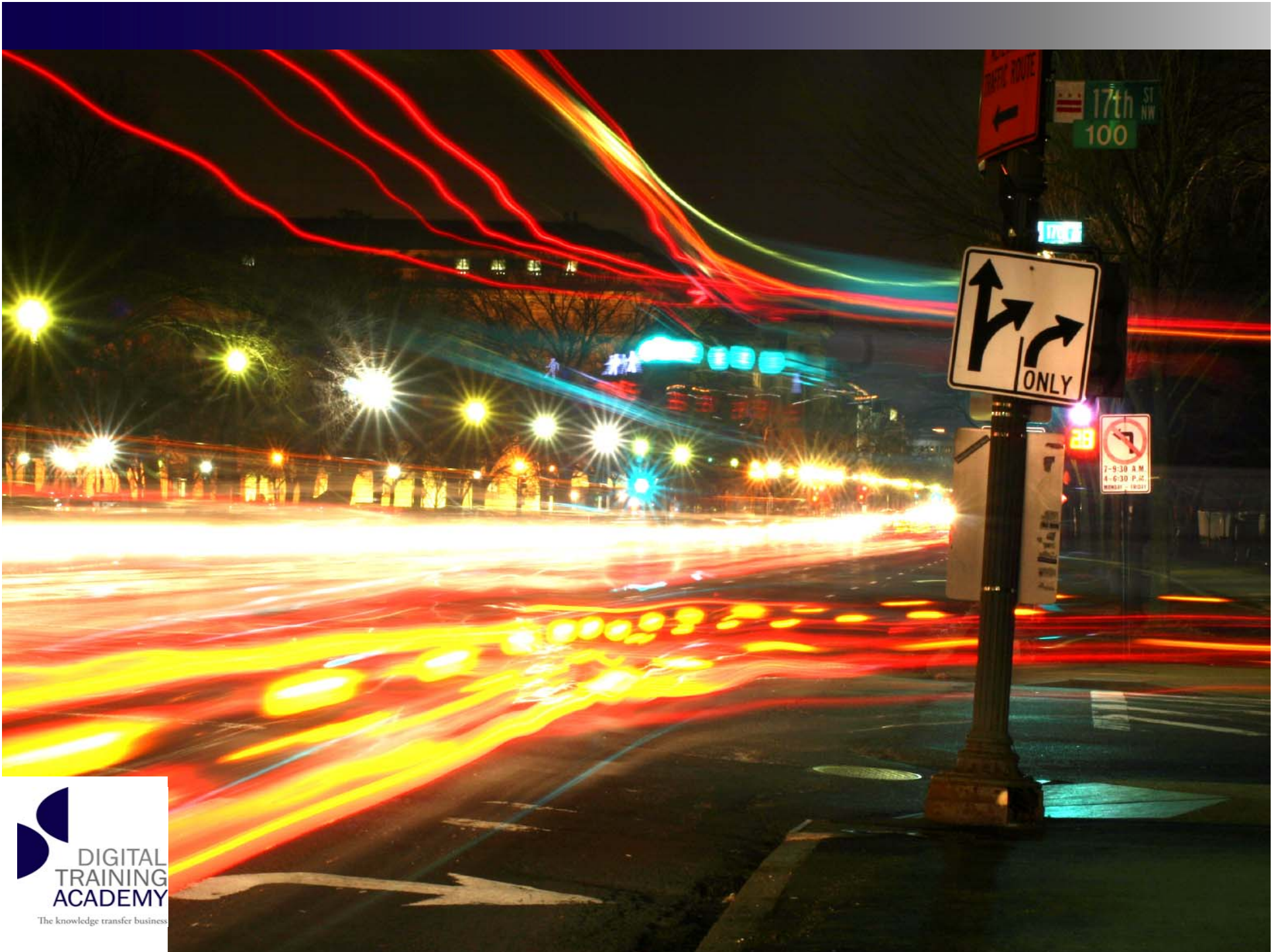# Digital Advertising Traffic Academy
Getting to grips with forecasting your inventory
Digital Training Academy

You can't buy media that isn't there. In classic media that wasn't a problem because media owners and buyers could accurately predict the number of pages in a magazine, the minutes of commercial airtime in broadcast media or the number of outdoor poster sites available. Not so in online: this is a media channel where the audience creates the advertising inventory and people just are not that predictable! In this session we look at the challenges of forecasting inventory and some of the things you can do.

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Getting to grips with…

forecasting your inventory
- and the role for ad operations executives

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This academy covers

- **The difference between digital media and classic media**

- **The factors impacting on the inventory in online advertising**

- **The challenges of forecasting inventory**

- **The tools that can help you**

- **The lessons to learn**

After this lesson you'll be able to

- **Explain the key issues**

- **Understand the need to manage expectations about forecasting**

- **Have insights into what you can practically do**

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Why forecast?

What are the range of reasons for forecasting?

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What are the range of benefits?

- **Short term**
  Availability for your current campaigns

- **Medium term**
  Anticipating bottlenecks and cold zones
  Tactical revenue maximisation
  Revenue forecasting

- **Longer term**
  Understanding how supply and demand should influence price
  Anticipating human or systems resource needs in your team
  Strategic revenue maximisation
  Influencing product or content strategy

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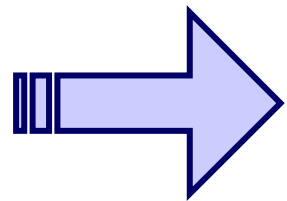
Digital: Let's play 'Spot the difference!'

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What influences
the availability
of space in
classic media?

Classic media

- Stable baseline supply

- Predictable fluctuations in supply (special magazine supplements, out of home media at sports events, increased seasonal cinema audiences)

- Few surprises

And also a well-understood process that everyone in the sector is experienced in

What influences
the availability
of web banner
media?

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Web banners – one example

1. **Audiences: Your audience creates the volumes**
2. **Bookings: Advertisers bookings can be last minute and are subject to greater change**
3. **Scheduling: Campaigns running in another section may spill over**
4. **Trading models: CPC and CPA deals consume unpredictable inventory volumes**
5. **Targeting: IP, demographic and behavioural targeting add an extra layer to the complexity of inventory availability**
6. **Optimisation: Campaign optimisation changes available inventory**
7. **Creative formats: Certain formats such as rich media may be restricted to certain viewer types**
8. **Any more?**

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Web banners – one example

$$A \times B \times C \times D \times E \times F \times G \times H \times I =$$

cumulative impact

That's **WAY** too complicated for Excel!

Targeting

Think about the multilayered nature of targeting

- **Several layers of inventory**
- **Value and availability varies**
- **Yields change dynamically**
- **Your ad servers will follow predefined rules**

Consider the impact of additional targeting layers

- **Editorial environment**
- **Frequency**
- **Geography**
- **Demographic**
- **Behavior**

…and all of these combined together

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Web banners – one example

- **Unstable baseline supply**

- **Some predictable fluctuations in supply (special events, seasonality, special content releases)**

- **Constant potential surprises**

And a little-understood process among everyone in the sector

Conclusions?

"Targeting is easy; hitting your campaign targets is tough."

Tip for your marketing toolbox

Communicate the challenges to senior management; invest in the process. Some ad products and targeting may not be viable to trade.

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Risks

What are the risks of unpredictable inventory?

What are the risks?

"The fundamental risk in forecasting is selling what you don't have; a challenge uniquely facing digital teams because of the complexity of how their inventory is created and the sophistication of how it is targeted."

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What are the risks?

Challenges for media owners

- The available inventory cannot be forecast at all
- The available inventory cannot be forecast accurately
- The available inventory can change after it's been forecasted
- The available inventory forecast is obsolete because of a change in the campaign requirements
- The available inventory forecast contained a calculation error
- The available inventory forecast was impacted by factors beyond the model

Or there simply wasn't the time to do this properly

Implications

What are the impacts of under-delivery?

What are the impacts of under-delivery

- **Client does not achieve campaign target**
- **Media owner and agency do not get paid fully**
- **Media owner's reputation is weakened**
- **Account disputes over discrepancies**
- **Client enthusiasm for online is weakened**

- **Any more?**

What are the impacts of under-delivery

- Client achieves more value than planned
- Client expectations of online are distorted
- Media owner does not get paid for additional inventory (but may incur costs)
- Media agency does not get paid for additional inventory (but may incur costs)
- Media owner's reputation is weakened
- Account disputes over discrepancies
- Client enthusiasm for online could be weakened

- Any more?

Tip for your marketing toolbox

Check campaign data early into the flight to look for divergence with what you intended to deliver
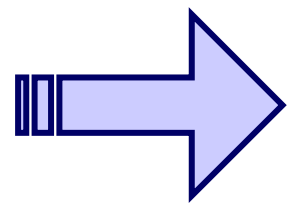
Where to start

Check what's possible
(Hint: it's changing all the time!)

- **Ad delivery system**

- **Ad system for behavioural targeting**

- **Ad inventory forecasting system**

- **Web analytics system**

- **Sales order management system**

- **Invoicing and accounts system**

Inventory forecasting

Acknowledge this is a massive challenge

Show stakeholders how it's easy to agree to sell what isn't there

Learn how your volumes change dynamically
- **Influenced by external audience factors**
- **Influenced by internal issues – other campaigns booked**
- **Influenced by internal issues - site design, promotion, navigation**

Recognise that there are different approaches
- **Ad support / ops investigate**
- **Sales team investigate**

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Golden rules

Ten golden rules

1. Create a process to forecast inventory
2. Own the process and become its champion
3. Ensure there is an owner of the forecast
4. Ensure ownership and clarity of inventory that is 'optioned' by sales teams
5. Be cautious in all your forecasts
6. Invest in ad ops resources at the start of the process to figure out the right techniques
7. Invest time in learning how this works
8. Review your processes regularly as your brand's sites and audiences change their behaviour
9. Evaluate forecasting tools to help you, but remember that they will not have all of the answers
10. Be strategic rather than myopic

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Practical tips

- **Build a process and agree your forecasting parameters**
- **Communicate to stakeholders**
- **Focus on where the need is greatest**
- **Set up processes to alert you to changes in unsold inventory**
- **Start simple and bring your stakeholders with you**

Tip for your marketing toolbox
Try these out and let us know how they worked

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Process issues to tackle

Focus on the approval process for orders

- Decide who owns the inventory
- Select who will have sign-off on the order
- Agree a process for when the IO is generated or entered into the system

Establish a mechanic for resolving conflicts in inventory

- Decide when a sale get booked
- Create a process for managing the potential inventory you have
- With two or more sales people looking to sell the same inventory, make it clear to the client that the space can no longer be guaranteed

Thought Leaders

Inventory forecasting: hints and tips from Geisla Turner

- Build up your intuition about the website; you can't beat your instincts. Start by doing manual forecasting so you get a real sense of the data and how traffic behaves on your site

- Remember that things are never 100%: you can't be perfect in forecasting, but you can be methodological and conservative. And always factor in that contingency so there's no danger you won't have the inventory that's been booked

- Ask Sales to provide ALL targeting criteria at point of request, including frequency capping and Geo targeting

Inventory forecasting: hints and tips from Geisla Turner

- **Work with the technology vendors to understand what your existing adserver or data management tools can do**

- **Think about buying an 'inventory manager' solution to help you get the numbers more accurate and to manage more complex forecasts. Push the vendors regarding testing and implementation to ensure the product you buy suits your business needs**

- **Longer term the development of reach and frequency currencies will create new types of challenges for ad ops teams**

- **Automating your workflow process is the key to greater efficiency**

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Any reflections?

Digital Action Plans
Anything to note or change?

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Yield management: publishers

- **Understanding how yields are made up**
- **Developing a yield maximisation strategy**
- **Looking at yield options**
- **Working with commercial directors on maximisation**

And finally...

- **Meet your agency or publisher colleagues**

- **Build relationships with the people you're on the end of an email from**

- **Through relationships comes trust, through trust comes empathy, through empathy comes enthusiasm to work together on common challenges; through this comes solutions**

Tip for your marketing toolbox
Time to 'do lunch'!

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Takeouts

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Key takeouts

- **The importance and value in getting it right first time**

- **The complexity of forecasting**

- **The need for caution**

- **The need for resource and support**

- **The challenges in managing this**

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So now you can

- **Explain the key issues**

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