Setting bid priorities with the P16 model

Overview

Publishers can assign rules and priorities that apply to the bidding process on their inventory. Priorities determine which of the bids from demand sources should be considered in the bidding process. This page To provide a simpler priority model for publishers, PubMatic implemented a more efficient model that includes a maximum of 16 priority levels (P16). All new PubMatic customers will be set up on the P16 priority model.

Accessing rules

1. Select **Inventory** > **RTB Rules** from the main navigation.
2. Create and Manage Rules and Priorities. Refer to RTB Rules and Managing Rules for more details.

Priority ranges

The P16 model offers a range of priorities for each deal type. This intentionally sets a higher priority for some deal types over others. For example, PMP-Guaranteed deals have a higher priority than RTB. It's important to understand the hierarchy of how each is considered when applying Rules and Priorities.

Open RTB

Open RTB (Real-time bidding) is an auction-based open market that enables the buying and selling of ad impressions through instantaneous auctions, facilitated by ad exchanges or Demand and Supply Side Platforms (DSP & SSP).

Priority range is P8-16 (Default=P16)

Private Marketplace (PMP)

A private marketplace (PMP) deal is an invitation-only marketplace that gives priority to a select group of buyers. A PMP buyer participates in auctions alongside RTB buyers, the difference is the PMP buyer's minimum price floor is pre-negotiated with the publisher and the advertisers are approved ahead of time. PMP deals provide controlled buying and maximized revenue.

Priority range is P11-P15 (default is P15)

How is the winner determined when a PMP buyer is involved?

PMP and RTB bids are considered simultaneously and the winner is determined by: 1) priority and 2) bid amount.

For example
PMP buyer has a priority of P11 and bids $2
RTB buyer has a priority of P16 and bids $3
PMP bid wins

Why? Because the higher priority trumps the lower bid amount

PMP Preferred

A deal between one seller and one buyers for fixed price inventory (only one DSP and one buyer can be selected for this deal type).

Priority range is P8-P10 (default is P10)

PMP Guaranteed

Private Marketplace Guaranteed deals are made between a single buyer and single seller with the agreement of minimum guaranteed spend at a fixed price. Advertisers guarantee their purchase of a percentage of a publisher’s inventory in PMP-Guaranteed, which provides more predictable revenue for publishers (an advantage over PMP or RTB). Publishers forecast their available inventory as accurately as possible so that buyers ensure they can guarantee a commitment based on that forecast.

Priority range is P5-P7 (default is P5)

Guaranteed (Direct)

Publishers can set aside inventory for exclusive, direct sales with a buyer, which gives publishers more control over how inventory gets priced and managed. Buyers receive the advantage of having a more efficient and streamlined way to do direct buys with publishers.

Priority levels

How priority levels work

- Rules have a priority range of P1 (highest) - P16 (lowest). This helps publishers control their inventory better.
- You cannot assign a priority level outside of the range for each channel. For example, you cannot assign a priority of 4 (P4) to a PMP offer; you can only assign P8- P16 for PMP.
- Guaranteed (Direct) is higher in priority than any auction-based channel.
- The default level for PMP-GUARANTEED is P5.
- The default level for PMP & RTB is P16.
- A floor set for PMP or RTB will not have any impact on higher priority channels.

Optimize for price

- When selected, auction-based inventory will be **sold to the highest bid**, regardless of priorities set.
- **Priorities are ignored** when 'Optimize Based on Price' is selected. It **does not** change all priorities to the same level (e.g., P16), it completely ignores priorities to sell the inventory to the highest bid. (Rules are honored, but not Priorities.)
- This is useful for publishers, if for example, they have met their PMP-GUARANTEED inventory commitments for a time period, but still have inventory they want to be sold at the highest price. They can set this option to optimize based on price to maximize their monetization.
- **This option should not be used for ongoing management of all your inventory,** but can be used to move inventory that remains after commitments to buyers have been filled. It is a setting that can be used temporarily to clear your inventory.
- Exercise caution when using this feature so that you don't jeopardize relationships with buyers. For example, if you've given first look to a buyer, don't set that inventory for 'Optimize Based on Price.'

Example:

1. Publisher has PMP-Guaranteed inventory they want to get $2 for.
2. The buyer commits to 2 million impressions for $2000 for a 14-day period.
3. On day 13, all impressions committed to that buyer have been filled.
4. Publisher sets 'Optimize Based on Price' for the inventory at that point.
5. Publisher then gets additional bids:
   Bid 1: PMP (P8) comes in at $3
   Bid 2: PMP (P10) comes in at $2.50
   Bid 3: ORTB comes in at $5
6. **Bid 3 will win** because it is the highest price. Priorities are ignored, so the fact that Bids 1 & 2 are a higher priority is irrelevant and the publisher gets a higher price than they would have had they not set 'Optimize Based on Price.'