Programmatic Ad Buying: What's The Value?

The Concept Defined:

Programmatic Advertising is the automation of the buying and selling of desktop display, video, FBX, and mobile ads using real-time-bidding. Programmatic describes how online campaigns are booked, flighted, analyzed, and optimized via demand-side software (DSP) interfaces and algorithms.

"Programmatic" ad buying typically refers to the use of software to purchase digital advertising, as opposed to the traditional process that involves RFPs, human negotiations and manual insertion orders. It's using machines to buy ads, basically.

Two Types:

1. Real-time bidding (RTB) refers to the purchase of ads through real-time auctions. *Think setting bids in Google Display (Adwords)*
2. Programmatic Direct - programmatic software that allows advertisers to buy guaranteed ad impressions in advance from specific publisher sites.

Human or Automated?

1. Human programmatic buying (HPB) - An example of HPB would be to bid a fixed amount of $6.00 on any visitor that's been on an advertiser's website in the last 30 days. *Think setting bids in Google Display (Adwords)*
2. Artificial intelligence buying (AIB) - An example of AIB would be to autonomously score each impression using predictive analytics and bid a dynamic amount based on a complex formula involving thousands of factors, including whether the visitor had been on the advertiser's website in the last 30 days, the weather, geography, time of day, etc. The bidding formula itself and the subsequent optimization decisions have been derived by algorithmic processes, versus being specified by human input. *Think more lead generation and ad exchange related (more demographic/ psychographic/behavioral input).*
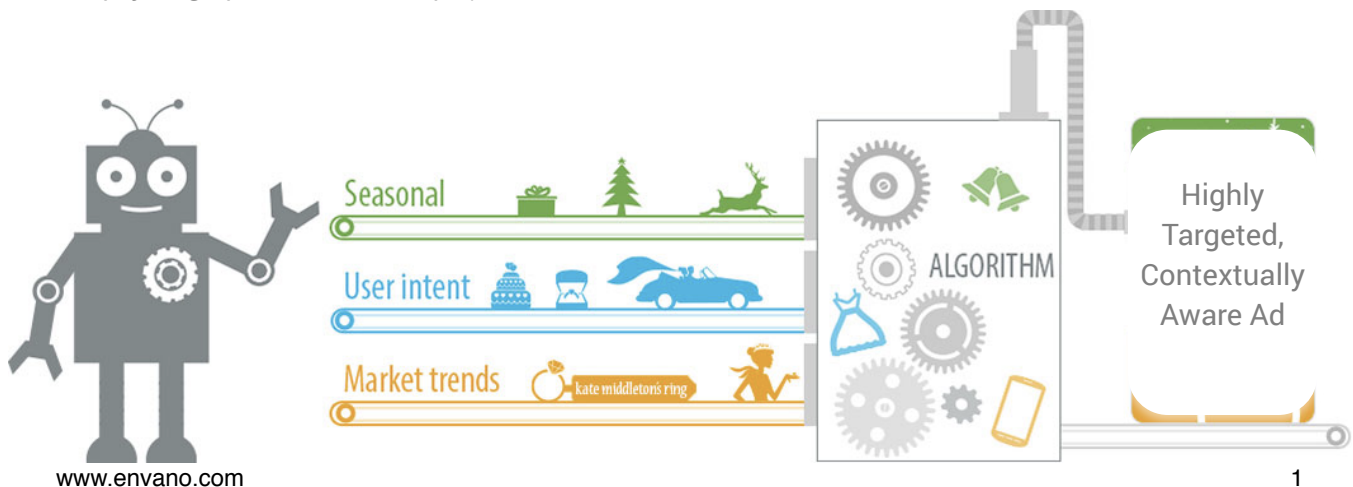
For Example: Advertiser Totally Tubular wants to sell more surfboards. It turns to a Programmatic Marketing Platform (PMP) which is able to identify online consumers by demographics, geography, interests, behaviors, time of day, weather and device. For Totally Tubular, these consumers: live within 3 minutes of a beach, are highly educated, consume surfing content across multiple devices, on their lunch break, on sunny days. The Programmatic Platform then uses real-time, first and third party data to identify the best online audience for the campaign. It then then buys digital ad inventory through an auction, one impression at a time, or if needed, through building direct relationships with publishers that have the right audience. The PMP reaches consumers in places they care about, across multiple devices.

The Analysis: The Why

Feeling like you're in the dark on programmatic advertising is not uncommon. Heralded as the latest buzzword in the advertising community, it is an approach/concept that is frequently talked about but often misunderstood. In a survey conducted by The Wall Street Journal only 23% of CMOs understood programmatic advertising enough to use it in campaigns. 12% of those respondents had never heard of it at all.

The foundation of it has clear value, and is something Envano has long talked about when we focus on an audience centric approach, and talk about things like sharing the right content, with the right person, in the right context, at the right time. We do it often (with the help of big data aggregators) through things like Facebook exchange - where we can target 'men, age 25-60, who have a landscape business, make more than $50,000 a year, and just hired 20 new employees.'

It's less common (so far) in typical search networks. Google Display network does it to some extent, but not to the level of following very niche behavior or characteristics of an audience. That is what tools like MultiView purport to do. However, you first have to ask what their network looks like (i.e. where do their ads publish). Our experience shows that this approach is still very much in its infancy and that there are a lot of providers like this out there but it is unclear how well they perform yet. On top of that, there will never be a fully elimination of a search expert (the human element) of serving ads - because someone still has to be there to think about and decipher the people.

PROGRAMMATIC ADVERTISING

Programmatic advertising campaigns are automatically triggered by any type of event and deployed according to a set of rules applied by software and algorithms.

DYNAMIC CONTENT

Dynamic content allows you to change your site for each lead that visits. Lead visits the site for the first time? Offer them a white paper or educational material. Ready to buy? Offer an instant discount to close the sale.