Programmatic TV: Automation Is Improving, but Pain Points Still Exist

ARTICLE

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Despite being in its infancy, we expect programmatic TV ad spending will reach $4.73 billion by 2020, or 6.8% of TV ad spending that year.

While linear TV programmatic ad placement differs from digital, some progress has been made on local and national levels, such as increasing automation and speeding up the transaction process.

$4.73B

Estimated US programmatic TV ad spending in 2020.

eMarketer, July 2018

"Decades-old TV systems that keep track of available ad inventory, order management and tracking and billing are now being overlaid with technological workarounds to facilitate automation," said eMarketer television contributor Gerard Broussard. "This transformation will

enable more streamlined communication between systems and is expected to significantly speed up workflow."

Here's how automation functions on local and national television:

Local TV

In the US, TV ad transactions across the 210 local markets are, for the most part, still conducted manually. Much of this process is facilitated through a series of emails and phone calls between buyer and seller. Two key problems for media agencies are assessing available inventory from local TV stations before orders are placed and reconciling discrepancies and audience under delivery after the campaigns run.

Technology providers are now creating application programming interface (API) software that wraps around older systems, some of which were built decades ago. These are the first steps on a longer road to full automation. "Ideally, these APIs would break down the barriers to cross-system communication, from prebuy to order placement to order execution to trafficking/billing and stewardship, as each of these platforms were built independent of each other," Broussard said.

To address this issue, a consortium of local television broadcasters formed the TIP (Television Interface Practices) Initiative in 2018, an open interface that technology providers, media agencies and companies can adapt to their API, which they hope will create a universal communication protocol. So far, TIP has deployed a "log times" interface, a system that can be used to automate the reporting of the date/time of TV spot airings, and hopes to add other similar interfaces this year.

National TV

On the national front, there has been some progress in automating advanced target audience inventory, which can be purchased similarly to programmatic. The automation involves demand- (DSP) and supply-side platforms (SSP) communicating with each other to iterate on ad schedules that are algorithmically generated based on available

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advanced target ad inventory, pricing, reach goals and other criteria specified by advertisers.

There's still a lengthy process in which both parties need to establish business terms—identifying advanced target audiences, setting CPM goals and gathering data sources for TV viewing patterns and product consumption—before automation can take over. But after the parameters are set, the DSP can establish and communicate the request for proposal (RFP) to the TV networks. And the networks can send back the available inventory that meets the RFP criteria through its SSP.

These systems are capable of delivering advance target data that traditional seller systems can't. But given that advanced targeting transactions on TV are relatively new, they account for a nominal, but rapidly growing, fraction of national TV ad spend. Still, manual transaction processes are largely the norm.

"Programmatic TV transactions will likely be conducted with limited available inventory in a highly-curated, rules-based fashion for the foreseeable future," Broussard said. "But through automation, the TV industry is taking steps to streamline all TV ad transactions, not just programmatic."

Interested in learning more about programmatic television? eMarketer PRO subscribers can read our report, "A Primer on Automating TV Buying: Television Update, Q2 2019."