

Fundamentals of programmatic advertising

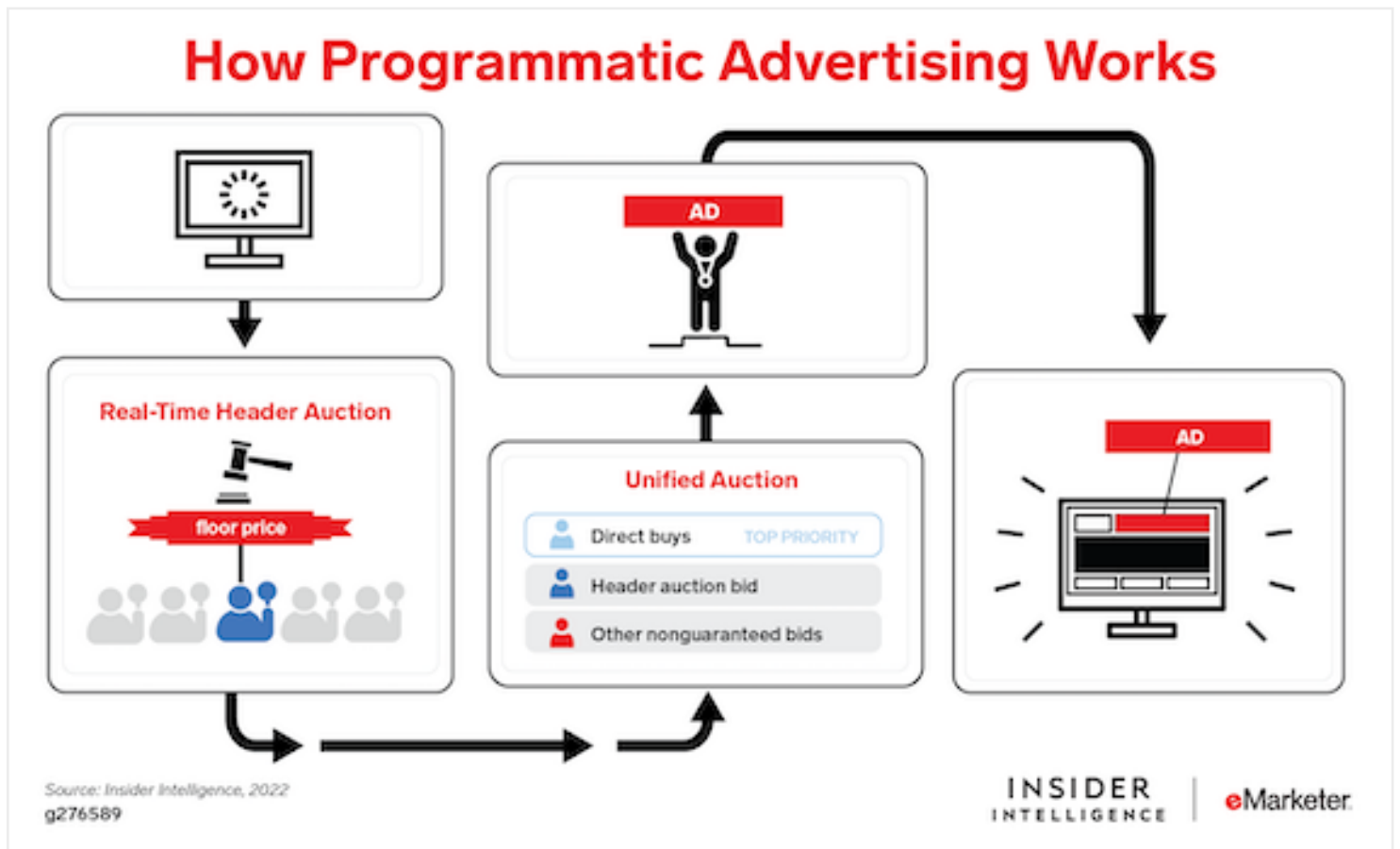
Article

One of the most common buzzwords in programmatic is **transparency**. It's little wonder why —programmatic advertising involves a lot of moving parts and evolves quickly and constantly.

But some may consider **programmatic** a buzzword, too. Connecting the dots between essential concepts, major players, tech foundations, and standard processes helps build toward the transparency that ad buyers and sellers seek.

What is programmatic advertising?

Programmatic advertising includes any ad that is transacted or fulfilled via automation. If technology takes on any decision-making in the ad serving process, it's programmatic advertising. It's a broad definition, and these days, programmatic encompasses over 90% of US digital display ad spending.



Perhaps a more illustrative way to look at it: What's not programmatic? Programmatic advertising excludes any direct-sold inventory with fixed pricing and a predetermined, limited campaign window. A very small amount of display inventory transacts this way, and for good reason: It's much more time-intensive on both the buy and sell sides, with personnel needed to negotiate, set up, and oversee every activation. Using automation frees up staff bandwidth and makes it easier for advertisers and publishers to adapt their strategies quickly, for any reason.

Theoretically, programmatic offers cost benefits to both sides. Buyers and sellers can reduce overhead associated with hiring salespeople and campaign managers. Additionally:

- Advertisers can increase efficiency by reducing spend on less valuable audience segments and reallocating budgets toward more powerful placements that drive desired business outcomes.
- Publishers can increase ad revenues by accessing real-time demand from advertisers willing to pay more to reach a particular person at a particular time, in a particular context. Programmatic also allows publishers to monetize any ad inventory that is not sold directly.

Of course, reality presents obstacles to achieving the theoretical ideal: think algorithmic bias, privacy compliance, ad fraud, etc. **But understanding programmatic's advantages helps explain why it has become the norm, and why it isn't going anywhere.**

Read the full report.

Report by Evelyn Mitchell Jul 19, 2022

Programmatic Advertising Explainer

