

DigiChat with Andrea: Programmatic Digital Media Buying

 By [Andrea Mitchell](#)

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It is predicted that Programmatic Media Buying will soon replace all traditional ways of media planning and buying - not just for digital, but for all media channels.

Approximately 20% of all digital advertising is sold by one machine talking to another machine, and growing rapidly. So what exactly is it, and what does it offer that the more traditional ways (the kind where you talk to people) of buying online media, doesn't?

What is Programmatic Media Buying?



Michael Ossendrijver, Co-Owner / Product & Business Development Director, [DQ&A](#)

It's a term that everyone has their own definition for. For me, it means that media is transacted through automated platforms, both on advertiser/agency as well as publisher side, that strives to reach an optimal transaction price for every impression, click, or conversion purchased. This means that these platforms work according to complex algorithms in order to establish this optimum price, as well as an auction model usually sitting in place in order to deal with demand of multiple partners on a singular impression. This is the Real Time Bidding (RTB) element.



André van Assche, General Manager, [Sizmek](#)

Programmatic buying is the purchasing of media through the use of a variety of automated systems, coupled with data, based on specific criteria and requirements for a particular campaign.



James Edwards, Founder and Data Cruncher, [Perform DM](#)

Programmatic buying is the purchasing of advertising utilising a set of predefined parameters to ensure a specific goal is met. Programmatic buying requires a perfect mix of human interaction vs artificial intelligence to execute deals in milliseconds.



Jude Idas, Digital Media Manager, [Atmosphere Orange](#)

Programmatic buying describes an automated online display method. It is often understood as RTB (Real Time Bidding) but Programmatic includes RTB, Facebook Exchange, and the Google Display Network, amongst others. The majority of inventory (ad impressions) available is auction traded, meaning the highest bid will win that specific ad call, and it happens in real time (or as close as you can get). A Programmatic Marketing Platform (PMP) combines the data management capabilities of a DMP (Data Management Platform) with the media buying capabilities of a Demand Side Platform (DSP). Therefore, you do not waste any impressions and an ad is shown to the most appropriate user/audience. This ensures maximum campaign performance, highest yield for publishers and maximum conversions for buyers.

What is an Ad Exchange?

Michael Ossendrijver: An ad exchange collects inventory and makes it available to buyers (DSPs) to buy. A SSP can be

an ad exchange, or an ad exchange can connect and aggregate inventory of several different SSPs and make this content available.

André van Assche: An ad exchange is a market place. It's an area where publishers are able to sell ad impressions to advertisers wanting to buy them. Exchanges do not own the inventory, but they facilitate the exchange. The decision to buy is done in real time based on a variety of factors such as audience, ad position, retargeting capabilities etc.

James Edwards: An ad exchange is a digital trading platform that allows advertisers and publishers to buy and sell advertising positions through real-time auctions. Ad exchanges mostly sell display, mobile and video advertising. Ad exchanges can be both remnant inventory or premium inventory, it all depends on what is marketed to the consumer or bidder.

Jude Idas: An Ad Exchange is a technology platform that facilitates the auctioning of inventory. It allows buyers to buy inventory at low rates (compared to premium inventory) based on their bids and publishers to sell their non- premium inventory, or the inventory they choose to make available, and receive the highest possible revenue on that impression.

What is RTB (Real Time Bidding)?

Michael Ossendrijver: RTB characterises a way of programmatic buying where the price that is paid for an impression is determined following an auction model, where every advertiser/agency, through their DSP, puts in a bid that it wants to pay for ad impressions on a CPM basis. The algorithms that power the DSPs decide on the height of the bid, which depends on a wide range of characteristics such as likeliness of conversion, time of day, day of week, website URL or frequency a user has been exposed to an ad.

André van Assche: One element of Programmatic Buying is RTB (Real Time Bidding), which is a workflow solution which refers to the purchase of advertising through real time auctions. The process involves publishers having an ad tag on their site, for which advertisers compete for that particular impression based on their specific optimisation requirements. Auctions are run in real time on exchanges, allowing advertisers to pay more for valuable consumers, up to their maximum price. The winning ad is instantly loaded into the publisher ad unit.

James Edwards: RTB is the interface that allows users to buy and sell inventory via a programmatic system. The RTB system allows an advertiser to manage and optimise ads across multiple advertising networks, all within one system.

Jude Idas: RTB refers to the way in which inventory is bought and sold. You define how much you are willing to bid for an impression and if you have the highest bid then your ad will instantly display on the publisher's site.

What is the difference between DSP (Demand Side Platforms) and SSP (Supply Side Platform)?

Michael Ossendrijver: Simply put, a DSP is a platform which buys impressions, [and] so is used by advertisers and agencies. An SSP is a platform that looks to monetise, so sell, impressions at the best possible price. It's used by publishers. An ad exchange sits in the middle, connecting both a DSP and a SSP, and facilitating the exchange of traffic and advertisements between the two.

André van Assche: The goal for advertisers is to pay an appropriate CPM for an ad to be shown to interested consumers, at the right time, on relevant sites, and the advertisers therefore create this demand. So, the solution for the advertiser is a DSP. The DSP allows access to vast inventory sources, from one single centralised point.

The goal for the publisher, however, is to receive the highest possible revenue for ad impressions on the site, and they therefore create the supply of the inventory. So, the solution is the SSP. SSPs offer yield optimisation for every impression being sold by the publishers, and manage network relationships.

James Edwards: A SSP allows an effective way for publishers to find the value of remnant inventory in a real-time

process. The inventory overlaid with content and data will inherently push the cost price up.

A DSP works hand-in-hand with the SSP. The DSP submits a bid price and ad unit to the SSP. This bid is based on a perceived user value. The SSP then picks the winning bid and then serves the ad. This entire process happens in milliseconds.

Jude Idas: DSPs are systems that allow buyers of inventory to buy various amounts of impressions across different websites while being able to optimise on KPIs such as CPC, CPA, CPM etc. This enables buyers to buy inventory at relatively lower rates compared to buying premium inventory.

Supply Side Platforms, also known as Sell-Side Platforms are systems that allow publishers to ensure they get maximum yields for their inventory that they choose to make available by not only defining the minimum bid they will accept, but always receiving the maximum value with any given bid offered.

What are the benefits of Programmatic Buying over premium placements/negotiating space directly with a media owner/publisher?

Michael Ossendrijver: They are huge since they liberate both the buy and sell side of tedious discussions and especially the need for volume-based buying. No impression or user is the same, so they should be valued differently instead of lumping them together and averaging things out.

Programmatic buying ensures that inventory can be bought and sold on an individual level, with a price that is individually defined. This means that advertisers that want to re-target, for instance, can cherry-pick users they want to target, while leaving others out that don't belong to the targeting profile. I am fully convinced the only way forward for digital media is a programmatic way of buying, especially as private marketplaces and private deals that safeguard publisher and advertiser interests arise - not just on desktop and mobile. TV is bound to follow as well.

André van Assche: Whilst I feel that premium placements and programmatically bought placements are both important elements within digital campaigns, Programmatic Buying allows buyers to accurately price each ad impression and therefore gain economic efficiency. Advertisers can manage data-driven campaigns and discover new inventory, all while optimising campaigns by evaluating results. Advertisers are able to pay for an impression for a specific targeted user regardless of what site that user is on, rather than targeting a site on which the intended target user is most likely to be located. This, however, does result in less control as to exact location of media, which some advertisers may require.

One must also remember that while the automated tools are all great to use, often the human element of traders performing monitoring and optimisation at the trading desk, can also influence RTB performance.

James Edwards: Both premium and Programmatic buying need to work hand in hand with each other. The benefit of Programmatic is collecting user data, analysing it and then matching those user profiles within the programmatic environment to ensure that you can purchase future consumers at the lowest cost. Programmatic buying offers no face-to-face negotiation with publishers.

Publishers need to embrace Programmatic in South Africa and work with systems as a large portion of unsold inventory is being wasted each month. By working with SSPs, they can set floor prices to ensure they are getting the most for their clients' campaigns.

Jude Idas: When buying premium inventory, you are restricted to that specific publisher and set of visitors. This restriction is worsened when publishers do not have behavioural targeting capabilities available. By using Programmatic Buying, you not only increase your user reach but are able to target users based on their behavioural patterns instead of specific sites. Doing this ensures that you target the exact user/audience that is relevant to your campaign, so no impression is wasted. With Programmatic Buying you are able to target specific audience and behaviours, and optimise on it immediately, thus increasing the effectiveness of your campaign.

Conclusion:

Is Programmatic media selling and buying opening new opportunities and efficiencies, or will it challenge existing models?
It's an interesting time for digital media buying in SA. What do you think?

ABOUT ANDREA MITCHELL

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