

Overview Of Programmatic Advertising

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Introduction

Gone is the day while shooting a message to the majority was sufficient to sell your products or services. We are currently living in the age of individualists. Everybody has their own needs, extraordinary unique habits and buying behaviour. Mass showcasing is wasteful and costly. The advertising industry began changing during the birth of Internet and with the last trendy expressions like automation and Big Data online advertising became more transparent. The rise of new artificial intelligence has given rise to many of the new technologies that become boon to marketing. One such technology is programmatic advertising. Programmatic advertising is viewed as one of the greatest technological advancement in 2019 and Google has anticipated that 60% of its advertising budgets plans will be put towards programmatic before the current year gets over.

Meaning

Programmatic advertising has been alluded to by numerous individuals as the 'Black Box' of online marketing, loaded up with jargon and practically exponential in its development.

So what is programmatic advertising? In its least simple form, programmatic advertising is the automated transaction of buying and selling advertising online. It's the process of utilizing various stages to sell inventory on publishing sites and on the advertising side, buying inventory and place ads on a publisher's site. Programmatic advertising increases media buying and creative execution efficiency through software and automation.

Definition

- As per Kotler (2000) “Advertising is a paid form of nonpersonal representation & promotion of ideas, services or products”. Advertising is as “an act of telling people publically about a product/ service in order to persuade them to buy it”.
- Programmatic advertising is extremely efficient and unparalleled in its ability to pair rich audience data with ad inventory and targeting.” — eMarketer
- Sheeba Mathew, 2019 defines programmatic advertising as “the automated buying and selling of ad inventory through a data driven procedure which will help to directly target the audience whom one want to sell his/her product or service which will save time and money”.

Evolution of programmatic advertisement

The Initial display ad

The Oct. 27, 1994 issue of HotWired, the web version of Wired stood out forever to be the first site to run genuine banner ads. The advertisement was for AT&T's "You Will" battle; clicking on the banner carried clients to a microsite with lists of the top museums and other mind-expanding sites. The advertisement was a gigantic achievement and had an incredible active visitor clicking percentage.

Breakthrough of ad servers and ad networks

By 1996, it was seen that there was an enormous ascent in individuals utilizing web with quicker web speed. Those advertiser and publicist who bought and sold impression discovered it very hard to monitor their banners. Subsequently, to make things simple organizations, for example, Double click created ad servers which helped the advertisers and the publishers to deliver and disperse the advertisements on web.

As the web developed exponentially, it got hard to deal with the confounded connection among advertisers and different publishers serve ads crosswise over various sites. Thus, the first ad networks were born in 1998. These made the things simple for the

individuals who promote. These ad networks consolidated different sites together and sold their impressions to advertisers; now the advertisers don't have to contact various websites to separately instead they had to contact one ad network that have access to these websites to get the impressions it wanted.

In 2000, Google propelled Ad Words (enlivened by GoTo.com) that demonstrated contextually relevant ads while searching on Google's search engine. Following up on its great success in Ad words, Google developed its own massive banner ad network (Ad Sense) in 2003. It later purchased YouTube in 2006 and Double Click in 2008.

The Rise of New age advertising

In 2007, there was a drastic change in the technology segment with Apple reinventing the mobile phone. As a result there was a drastic change, people started using internet through mobiles from wherever they want. Google pursued in no time in Apple's stride with the Android OS.

Focusing on the expanding measure of mobile internet users, advertisers move a greater amount of their advertisement spending plan to mobile platform. With rising use of internet user through mobiles and addition of features such as GPS it gave rise to geo-targeting. Now advertisers can even target consumers at the right place and at right time.

Real-time Bidding

Born in 2009, Real-time offering (RTB) is a technique for buying and selling on the web, in real time on a per-impression basis, via programmatic instantaneous auction, similar to financial markets. With real-time bidding, advertisers bid on an impression and, if the bid is won, the applicable creative message is immediately shown on the publisher's site.

How does it work?

With the advancement of technologies such as artificial intelligence technologies have algorithms which can examine guest's conduct allowing for real time campaign optimizations towards an audience more likely to convert. Programmatic companies can accumulate this

crowd information to then target unequivocally, regardless of whether it's from first party (their own) or from an outsider information supplier.

Programmatic media buying incorporates the utilization of DSPs, SSPs and DMPs. DSPs, (demand side platforms) which encourage the way toward buying ad inventory on the open market, give the capacity to arrive at your target audience because of the integration of DMPs (demand side platforms). DMPs gather and analyse a considerable amount of cookie data to then enable the marketer to make more informed decisions of whom their target audience may be.

On the publisher side of things, publishers deal with their unsold ad inventory through a SSP (supply side platform). A SSP reports considers information, for example, to what extent a guest or visitor was on a particular site or what number of pages were seen per visit. SSPs will be ultimately accountable for picking the winning bid and will serve the winning banner ad on the publisher's site.

Programmatic advertising disrupting the Indian market

Driven by smart phones, Aadhaar, Jio, Hotstar, Netflix and self-service zero-balance accounts, reach of the Internet is evaluated to be around 400 Million users (in 2017). This will probably increment in excess of 700 Million by 2020. This scope is presently second to just TVs and now supports a range of applications – banking, amusement, news, interfacing with family, etc.

At this level of penetration, Internet in India has become a milieu that mirrors the Indian culture. Therefore, advanced advertisers can never again accept that the Internet is just gotten to by certain Socio-Economic Classes (SECs). They will presently need to work a lot harder to filter through this sea by utilizing instruments like analytic data to just reach their intended target audience. Without this efficiency, even enormous digital advertising spend is likely to be lost without impact in the ocean that is the Internet in India.

Programmatic advertising in India

The report titled 'Mobile Ecosystem and ad-Sizing Report' 2018 further highlights that the propensity for programmatic guaranteed is increasing in India and the penetration is set to grow from 6% to 17% by 2020.

The explosion of internet users in India is prompting publishers to choose programmatic advertising and open up premium inventory to programmatic bidding. Matt Brocklehurst, programmatic and platforms marketing lead-Asia Pacific at Google, says that around 33 percent of video and display inventory is on programmatic in India. This is expected to further grow at the rate of 45 percent YoY in 2019

"One-third of India's inventory is on programmatic. In correlation, China has 40 percent of its inventory is programmatic and in Australia, it is as high as 60 percent." But the enormous development capability of the inventory "makes India an energizing business sector for programmatic," he says.

"India is a crucial market since it is within the top 10 ad markets globally at around \$11 bn. According to GroupM's most recent figure, India will see a steady development of around \$1.35 bn in 2019. This development is greater than the development of Russia, Australia, and Brazil joined," he brings up.

India has around 560 mn internet users (according to TRAI's September 2018 report) and a figure of arriving at 650 mn by 2020, and advertisers will need to embrace programmatic in the event that if they want to reach the consistently developing customer populace that is going digital.

"As digital activity is expanding crosswise over devices and buyers are looking for items online to an ever-increasing extent, programmatic would now be able to be utilized over the whole consumer journey," he says. This is a genuine change in how programmatic is being utilized in India. "Up to this point, programmatic has been seen basically as a performance vehicle." But the changing consumer behaviour is transforming programmatic into a suitable choice for brand communication too.

The worldwide and Indian advertisement space

In 2019, the worldwide digital ad spending will observe an ascent of 17.6%, i.e., up to \$333.25 billion. In any case, it will continue ascending till 2023. In certain nations, similar to the US, digital marketing has become the predominant advertisement medium. As indicated by data from Statista, the US with \$197.47 billion spends the most on advertising when contrasted with different nations.

Indonesia and India are home to rapidly expanding digital and mobile clients. Thus, Indonesia is the fastest-growing digital advertising market in the world, trailed by India.

Determining the most significant digital ad sellers of 2019, Google topped the list with 31.1% of complete worldwide ad spending. Its spending was worth \$103.73 billion. Followed by Facebook with an expenditure of \$67.37 billion. In spite of the fact that Amazon is wearing down the duopoly of Google and Facebook, regardless it stays a little player at the worldwide level.

As indicated by a study conducted by the US Small Business Administration, a company ought to burn through 7-8% of its gross revenue on marketing. For the year 2019, half of that financial limit ought to be committed explicitly for digital marketing. However, it must increment to 55% in 2020.

Any normal business burns through 35% of its marketing on digital campaigns, which is unquestionably insufficient. To flourish in this constantly developing challenge and stay ahead on the curve, it is significant to spend half of your marketing budget in digital marketing.

Surveys reported that in 2017 alone, programmatic ad spending outperformed USD 27 billion. In India, the digital ad segment is quickly extending and is evaluated to arrive at INR 18,000 Crore by 2020, of which mobile advertising will occupy more than 60% market share. The business is spending enormous measures of cash on mobile campaigns posted via web-based networking media stages, for example, Facebook and Twitter. While most digital media purchases are direct, reports anticipate that programmatic advertising will add to more than one-fourth of all digital media ad transactions in the country by the end of this year. Another report anticipates that the to a gigantic aggregate of USD 84.9 billion.

Worth of Programmatic Advertisement

- Data-driven decision-programmatic advertising enables buyers and sellers to settle on data-driven decisions and expels the guesswork from the ad buying process.
- Financial control-It's useful for your financial limit. Automatic innovation makes efficiencies by utilizing AI to enhance campaign success, avoid ineffective inventory.
- Better targeting- You will be hard put to find a technology that enables you to target crosswise over the same number of various strategies, crosswise over gadgets, progressively.
- Easy access to ad inventories -Advertisers are able to access the optimal inventory across a variety of exchanges at once, and allow the algorithm to do the heavy lifting in bidding.
- Scalability-It gives bigger adaptability, and you can contact a bigger group of spectators over different sites in an opportune and financially savvy way.

Challenges of programmatic advertisement

- Advertising Fraudulence:-Since a major measure of online traffic is deceitful, the programmatic campaign is subject to advertisement fraud. As the AI is learning fraud patterns the programmatic advertisement is getting increasingly secure.
- Brand Safety:- Numerous programmatic advertisers are as of now working with organizations that guarantee brand security. However, without such a company supervising the process, the promotions may begin showing up on pages that are not ok for the brand.
- Bot Traffic:-Some traffic accessible through programmatic advertising openings is bot traffic, taking a bit of leeway of such ad-buying expands the danger of bot traffic since there is no immediate connection between the human parties.

Final Thoughts on challenges

Any new robotic solution has its upsides and downsides, particularly when it's simply beginning to be implemented. Programmatic advertising isn't a special case. By gauging every one of the focal points and burdens of this choice, you can settle on the correct choice

for your organization. Since programmatic advertising is genuinely new, you must be prepared for a couple of difficulties.

Conclusion

The growth of programmatic advertising represents a critical turning point in the era of data and technology. Given that technology without data is of no utilization, brands need an unmistakable understanding of what their audience wants and how it feels. In spite of the fact that automatic promoting is still at an incipient stage in India, with the early achievement of numerous start-ups in the advertisement tech space, it is clear that this pattern will make an imprint

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