

# Programmatic advertising increases globally

In 2016, more than 60% of global digital display advertising will be made up of programmatic ads - online display ads placed using a combination of artificial intelligence and real-time bidding.



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In the US, the biggest market for programmatic advertising, this represents a total spend of \$22.10bn. While this automated strategy of targeting and reaching customers is the norm in countries such as the UK and growing rapidly in the Asia-Pacific and Latin America, digital marketers in South Africa are still struggling to understand the technology.

Jessy Severins, ad operations and yield manager at eBay Emerging Markets and Gumtree South Africa, explains how it works.

“Programmatic advertising is a way of getting rid of the administrative slog of buying digital advertising, while still maintaining the ability to buy the exact impression (i.e. view) they want from the customer they want to speak to. It is a means of making advertising more relevant to the consumer.

## Programmatic advertising provides ads users want

“In response to criticism that banner advertising is becoming less effective, new research into the ‘banner blindness phenomenon’ show that low click-through rates are not a testimony that banner advertising does not work, but rather that digital advertisers are not targeting web browsers correctly. Web users naturally tune out information that does not provide them what they need, so the frequency of irrelevant ads (1,700 per user per month) has only contributed to the problem. Programmatic is a means of providing users with ads they actually want to see and this is particularly true for an information-rich site, such as Gumtree.

“The effectiveness of any platform, as a digital advertising vehicle lies in data. Gumtree has the ability to target extremely narrowly, using psychographic information. For example, we not only can target individuals according to the items they are viewing (e.g. cars), but according to the price range they are considering. There is a huge difference between an individual looking to buy a five bedroom house and one who is looking at student digs or a room to let. If someone has R5,000 to spend on a second-hand smartphone, we know that he or she probably does not have an existing cellular contract, but could definitely afford one. This way, you are targeting individuals who are ready and able to buy your product or service.

“The secret to a successful campaign is collaboration between the advertiser and the platform. The advertiser knows who their typical customer is. They know what car he or she drives, where they live, what they enjoy and what they need. The platform knows where to place banners so that someone matching that profile will find it. Combining those two data sets in order to reach the campaign target is crucial.

## **Launching a programmatic campaign in practice**

“The easiest way to get started would be to get in touch with us to set up a deal or opt into a private auction. Tell us your objectives and target (e.g. to complete a call back request, visit an e-commerce site or simply click on the banner) and we will set up a customised inventory package accordingly.

“With programmatic advertising, one can choose between a private auction or a preferred deal and both have advantages, depending on one’s objectives. A preferred deal is really a fixed price agreement, during which an impression goes to the AdExchange, so buyers do not need to outbid others. They get a first look opportunity for the selected impressions. You are certain of how your budget will be spent, so it is a good option for someone with a set budget and CPM.

“A private auction delivers higher quality impressions, but you are bidding against other buyers. We’re happy to advise clients according to their needs to make sure you get the best value for your spend.

## **Programmatic uptake in South Africa**

“The market is still in its infancy and unfortunately there is a dearth of skills, which means that few publishers are using the data at their disposal effectively. Additionally, many agencies are not performance-driven as of yet and approach digital advertising the same way that broadcasters do. They cast the net widely – making assumption about the readership of a platform, using a metric such as LSMs, which leads to wasted impressions and irrelevant ads being shown to browsers. Effective advertising is not a numbers game; we should aim to deliver conversions - not just impressions.

“Advertising is only going to get more and more automated. Some publishers in Europe are already 100% programmatic and do not even run IO-based campaigns. In order for this to happen, publishers need to make sure they can offer the right inventory for a campaign, and advertisers need to know where to find it.

## **Mistakes to avoid**

Do not take the easy route of bidding on an open auction or just sticking a banner on a high-traffic site. The biggest assumptions advertisers make about their target audience is platform-related. Shift your focus from which website you should be placing your ads on to one that focuses on which audience you want to reach.

If done correctly, digital advertising can speak to the exact person you want to target – so do not just aim for eyeballs on your banner, aim for results.