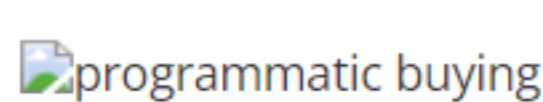


# The Media Planning and Buying Blog

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## Programmatic Buying Basics for Advertisers



As a [media buying agency](#), clients rely on us to help them reach the right audience in the most effective way. Programmatic buying offers the promise of making buys even more efficient: less time, lower cost, and greater inventory.

**Programmatic buying** is automated media buying—using computers, data, algorithms, and human guidance—that directly connects advertisers to inventory. While this post focuses on digital advertising, programmatic buying can also apply to other media, including mall kiosks, [outdoor media buying](#), and television.

Learn below about how programmatic buying differs from the typical approach; when it can be effective; and how it can help your business.

### The Evolution of Programmatic Buying

We've seen glimpses of programmatic buying in digital over the past few years, but certain recent changes have made the approach even more expansive. Here's a brief history:

**In the beginning**, digital publishers sold their inventory directly to advertisers.

**Over time**, ad networks began representing publishers to maximize sales. Their work made it easier for advertisers to buy across multiple publications, and it helped publishers sell remnant inventory (lower-cost, lower-value placements). The publisher often retained premium ad space to sell directly to advertisers for a higher profit.

**Buyers started using demand-side software** to manage ad purchases across different networks and target their buys better.

The combination of buy and sell-side software helped form present-day programmatic buying. Publishers have [become more comfortable](#) with selling top-quality ad inventory using automated tools and software instead of just "remnants." Today, about 20% of all digital advertising is sold by one machine talking to another machine, and this trend is expanding rapidly.

### How Programmatic Buying Works

[IAB recognizes multiple types](#) of programmatic buying, but we'll keep things straightforward here and talk about two for comparison: "automated guaranteed" and "real-time bidding (RTB)."

**Automated guaranteed** is the familiar model in which buyers and sellers use an "automated" system to create, manage, and traffic the campaign. When AdBoom uses programmatic buying to represent its clients, it negotiates through these systems with publishers and purchases inventory at a guaranteed price.

**Real-time bidding** is different. [In RTB](#):

- An ad impression loads for a website user.
- The ad exchange looks at advertisers that are bidding for impressions.
- The exchange chooses a winning ad based on the advertiser's criteria and the highest bid. The process happens nearly instantaneously.

AdBoom Advertising can use RTB to plan the impressions its clients purchase to a highly targeted degree. We can use factors like:

- The fit of the publisher's website with our target audience.
- Where users have visited previously.
- The category of the publication.

Instead of choosing to advertise with a specific publisher based on its assumed fit, we can evaluate and bid based on how valuable each impression is. Plus, we can still target specific publishers, from Golf.com to Cooking.com to ABCnews.com.

### Factors to Consider

**Cost-savings.** The goal of programmatic buying is greater market efficiency. In theory, publishers can sell more of their inventory. They can also sell more of their remnant inventory at a higher price because of the advanced targeting they provide.

For advertisers, systems like RTB can allow them to capture a lower price than a negotiated rate with a publisher. With a recent client, Capitol Media Solutions reviewed specific websites for a media buy. After negotiating with the sites, we compared the cost against a programmatic buy and found that the latter offered better rates.

**Fit.** Programmatic isn't always the right approach in every client's case. For example, we have found that programmatic buying tends to work well with B2C campaigns, but special planning is necessary for B2B and [media buying](#) for trade groups.

Also, not every [publisher has completely adopted](#) the programmatic buying approach. Some are still withholding part or all of their premium inventory for direct sale. This can make the programmatic approach less useful in certain situations.

**Transparency.** Some buyers and sellers are concerned over the pricing and transparency in reporting and inventory. Programmatic buying platforms have become more effective at offering these tools, however, and we choose platforms that are verifiable, reliable, and offer access to the list of digital publications to which ads may be served.

**If your business is considering a digital media buy, the programmatic approach may work for your needs. [Get in touch with Capitol Media Solutions](#) to decide if it's a good fit for your goals.**

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