

Programmatic 101

A Broadcaster's Guide to Today's Programmatic Audio Landscape



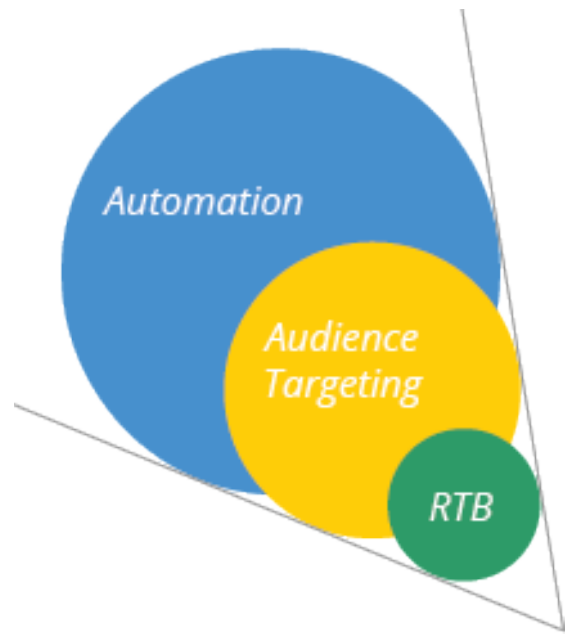
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What is Programmatic?

In its broadest form, programmatic is defined as the buying and selling of inventory in an automated fashion. However, most trading desks, demand-side platforms (DSPs), agencies, brands and publishers have narrowed the definition slightly to include automated audience targeting as well.

In its narrowest form, programmatic is defined as auction-driven transactions or real-time bidding (RTB).



Through the definitions alone, it is clear that programmatic, which is currently one of the most popular trends in advertising, is also one of the most complicated. The industry is becoming increasingly crowded with players entering the space; all with unique feature-sets and takes on the programmatic process.

This overview hopes to provide insight and clarity into today's **programmatic audio landscape**.

Advertising Inventory

One of the main differentiators between the current programmatic audio systems is the type of advertising inventory that can be bought and sold within them. Due to the landscape of the audio industry, which includes both traditional and digital audio content, there is a large variety of inventory to choose from: over-the-air, digital, display, video, and companion banners.

Things to Consider:

- The type of advertising inventory you're selling
- If you are selling multiple types of inventory, which solution will showcase that inventory in a way that drives the most revenue (i.e. are they sold together or separately?)

Inventory Sales Type

The various systems currently being used in the programmatic audio landscape employ one of the following inventory sales types. In some cases, these sales types work together, and thus are not mutually exclusive.

- **Exchange:** An Exchange is a technology platform designed for buying and selling ad impressions. Pricing by impression is transparent for both parties, which allows buyers to buy specific inventory. An Exchange is also where you'll see auction-driven transactions, also known as real-time bidding.
- **Network:** A Network is an aggregator that represents dozens to thousands of suppliers by aggregating their inventory and selling it either as a "run of network" buy or grouped by content category or other targeting criteria. Pricing is spread across many brands, so the rate at which the campaigns is purchased may not be the same from one publisher to another.

In order to connect their inventory to an Exchange or Network, sellers will sometimes employ a Supply-Side Platform or SSP.

- **Supply-Side Platform (SSP):** An SSP is an aggregator that suppliers use to connect their inventory to exchanges, demand-side platforms, and networks all at the same time, opening up their impressions to as many potential buyers as possible more maximum revenue.

Things to Consider:

- Which sales type will deliver the highest revenue for your impressions?
- Which sales type will open your impressions up to the most buyers?

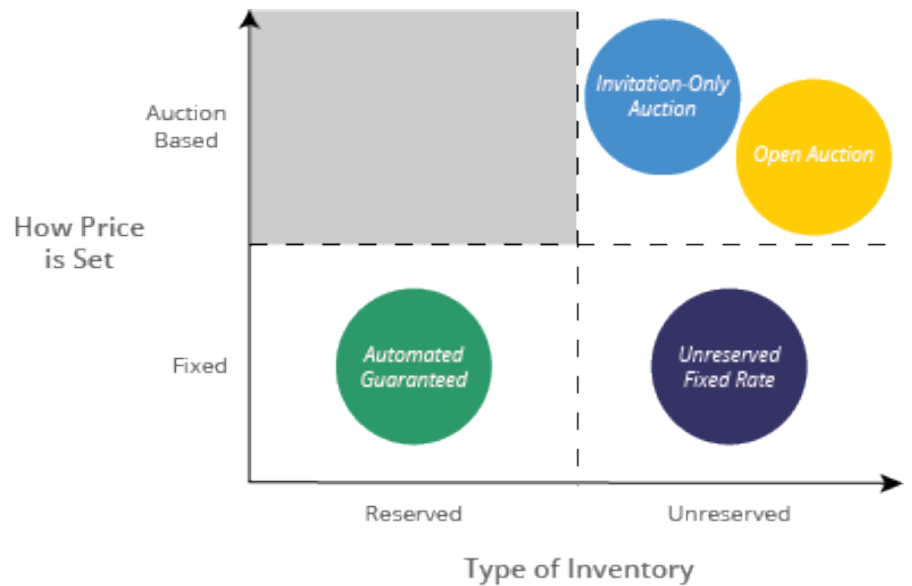
Transaction Type

Once you know which advertising inventory is being transacted through the system, and which inventory sales type is being employed, it is important to then understand how those transactions are taking place, which is defined primarily by pricing and the accessibility to inventory. The Interactive Advertising Bureau (IAB) has [identified](#) four types of programmatic transactions: **Automated Guaranteed, Unreserved Fixed Rate, Invitation-Only Auction** and **Open Auction**.*

- **Automated Guaranteed:** This type of programmatic transaction is most similar to a traditional sale, as the buyer and seller negotiate directly to determine the inventory and price. The only programmatic aspect of the transaction is the automation of the Request for Proposal (RFP) and the trafficking process. Processing through to fulfillment is done by the technology platform providing the automated guaranteed service.
- **Unreserved Fixed Rate:** This type of programmatic transaction places the inventory into an exchange format, meaning that it is available for purchase by any interested buyer. The price, however, is non-negotiable, as it has already been fixed at a set rate.
- **Invitation-Only Auction:** This type of programmatic transaction takes place in what is called a Private Marketplace; meaning participation is limited to select buyers. Prices are not fixed in this type of exchange, which means advertisers are required to bid on inventory in real-time (RTB). As a publisher, you can include data and other line items to increase the value of your inventory.
- **Open Auction:** This type of programmatic transaction is similar to an Invitation-Only Auction, except that it allows any advertiser to participate. That being said, publishers can choose to block certain advertisers through the use of Blocklists or incorporate floor pricing to deter some advertisers from gaining access. In these types of exchanges, the advertiser rarely knows which publisher they are buying inventory from.

Transaction Type

As the IAB explains, “These four types of transactions can be visually mapped based on two key criteria – how the price is set and what type of inventory is being transacted.”



Things to Consider:

- Do you want to work directly with the advertiser to agree upon the terms of the deal?
- Do you want to know and have a say in which advertisers are buying your inventory?
- Will you generate more revenue by determining a fixed rate or by allowing advertisers to bid for your inventory?

Targeting Capabilities

In a programmatic system, data is essential in helping you present the value of your inventory to potential buyers. There is a variety of different data that can be aggregated to help paint a clearer picture of your audience for the buyer:

- **Radio Targeting:** Format or Genre
- **Device Targeting:** Device (i.e. iPod, Android, Tablet, etc.) or Console (i.e. PlayStation, Apple TV, Roku, etc.)
- **Geo-Targeting:** National and Regional, MSA, DMA, City and Zip, or Longitude/Latitude (Gathered from IP and/or GPS)
- **Audience Targeting:** Demo and Gender, 1st Party Data (Registration Information), 3rd Party Data (Publishers Making 1st Party Registration Data Available on Other Publishers' Websites), and Retargeting (Cookies and AdIDs to Track Browsing and Purchasing History)

It's no secret that advertisers want to target their messaging. So, the more information they have on your audience, the more they'll spend to reach that known audience.

Things to Consider:

- What targeting capabilities does the exchange provide?
- Which solution will enable you to get the highest CPM for your inventory?

Glossary of Terms

Ad Exchange: A marketplace for Sellers to provide aggregated inventory to Buyers through an Auction Service.

Auction Service: A service through which Buyers may buy Inventory through RTB.

Bid Request: The inventory offered by Sellers to Buyer using an Auction Service.

Bid Response: The information, specifications and rules submitted to Seller by Buyer in response to a Bid Request.

Buyer / Demand-Side: An agency representing advertisers buying Ad Inventory.

Cookie-Sync Mechanism: The matching process of the SSP cookie to the DSP cookie.

Data Management Platform (DMP): A system that allows the collection of audience intelligence to Buyers, thereby allowing better ad targeting in subsequent campaigns.

Demand Side Platform (DSP): A technology platform that provides centralized and aggregated media buying from multiple sources including ad exchanges, ad networks and sell side platforms. Using a DSP allows for analysis of performance metrics.

Programmatic Buying: A method that enables Buyers to show a highly targeted piece of Advertiser Content to a consumer through RTB.

Real-Time Bidding (RTB): Ad Inventory bought or bid for in Real-Time

Seller / Supply-Side: A digital service from a traditional broadcaster or a pure player.

Sell Side Platform (SSP): A technology platform that provides outsourced media selling services or applications for Sellers that optimizes the yield across demand side partners.

Trading Desk: A department or subsidiary of an advertising or media agency. Considered as an "internal" center of excellence for managing digital advertising buying on behalf of agency clients. Optimizes buying and campaign deployment according to advertisers' goals based on CPM, CPC, CPA and other branding metrics, all while ensuring brand safety. Manages data by using advertiser or 3rd party data. Ensures reporting and billing across the different third parties.

Conclusion

We hope you find *Programmatic 101: Your Guide to Today's Programmatic Audio Landscape* a useful primer on the growing but complex programmatic marketplace. As is evident throughout the eBook, “programmatic” can mean many different things.

As an example, let's look at a couple of the current programmatic audio systems available today. Take Jelli's SpotPlan Exchange Platform. This is a programmatic platform because it “automates” the buying, running and reporting of over-the-air broadcast campaigns. It does this by having direct access to each radio station's traffic system. Since broadcast technology can't target individual listeners, the targeting is done by creating a network of select based on format or demographic propensity.

With digital audio platforms, such as our programmatic audio ad exchange, a2x®, individual listeners can be targeted based on additional metrics such as format, genre, geography, demo, gender, and first and third-party data from Data Management Platforms. With this level of targeting, programmatic stands for more than just automation. These targeting capabilities, combined with real time bidding and buying, are added benefits of programmatic for digital audio.

If you would like to learn more about a2x, or want to better understand the many differences between the current programmatic audio systems available in the marketplace, we are here to help.

*Learn what
Programmatic can
Mean for You*

Request a Consultation Today

