

# IDEAS AT WORK

## Where Does Programmatic Advertising Fit Into Your Marketing Plan?

### Takeaways

- Programmatic advertising is the fastest-growing ad market
- Know how to get the best results from your agency
- Pay close attention to data and analytics

One of my early businesses was in the advertising industry. I came up with the idea after a long flight, and quickly succeeded in finding partners and customers to make it a reality. We would sell ads to print on airplane ticket jackets.

The fundamental advertising principle we were following was to show up where the audience was, with a message they were willing to receive. Especially in those days, plane travelers tended to have more spending money, so they were a good audience for lots of businesses. And those people sitting in concourses and on the planes had hours to fill and very little to do; they were looking for anything to read – even an ad on their ticket jacket!

Advertisers today have so many more tools in their pocket, especially with digital advertising. But some of those principles still ring true. Read this article for some smart thinking on a new and fast-growing advertising opportunity that should be an important part of your company's marketing portfolio!



*Jim Tarkenton*

# Where Does Programmatic Advertising Fit Into Your Marketing Plan?

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Since the turn of the century, digital advertising – mostly online and mobile – has been overtaking traditional advertising – print, radio, broadcast TV – as the way businesses promote their brands, their products, and their services.

And for the last decade, one form of digital marketing in particular – programmatic advertising – has overtaken all other forms.

So what is it? Why is it important to your business? How do you get involved with it? And how can you take advantage of programmatic advertising trends to help you grow your business?

## What is Programmatic Advertising?

Broadly speaking, there are three forms of digital advertising: search, social media, and programmatic.

Search advertising is what we're most familiar with: your ad campaign features a set of keywords so that when someone searches for something via Google or Bing using any of those keywords, your ad will appear. If your ad is clicked on, then you're charged a fee.

Social media advertising is similar except that it occurs on a specific platform, say Facebook or X (formerly known as Twitter). Those platforms have information about their users, which allows you to target audiences based on their behavior or interests. Again, you're charged a fee when someone clicks on your ad.

Both those forms of digital advertising are known as pay-per-click (PPC) advertising. Whether or where your ads show up depends on your ad rank (based on how much you're willing to pay for your ad, the quality of the ad, and the relevance of the ad).





Programmatic advertising is a different beast altogether.

With programmatic advertising, you similarly set a budget and select a target audience you want to reach, but instead run your ads on websites across the digital landscape. It uses automated technology to buy advertising space; you define parameters of your target market, and the system will buy whatever ad space is available that will reach that market at the best price.

It's device agnostic, so your ad can appear on the internet, cell phones, streaming TV, or an audio platform – all at the same time if you choose. What determines where and when your ad will appear is your budget, who you're trying to target, the size/type of ad, and other factors.

What are some programmatic ad types? Display ads (what you're used to seeing: banners with ad copy), native posts (sponsored articles that fit the form and feel of the website), short-form video (seen everywhere, especially on streaming TV apps), audio ads (particularly with podcasts), and digital billboards (on highways, in airports, at gas pumps, etc.).

### **Why Is Programmatic Advertising So Popular?**

Programmatic advertising is by far the fastest-growing form of advertising. It now accounts for 91 percent of digital advertising in the United States, and the dollars spent on it are expected to grow by over 20 percent annually, reaching over \$19 billion by 2027.

#### **There are several reasons why it's become so popular:**

- You can see exactly where your ads reach in real time, including information on potential customers looking at your ad.
- You can measure exactly how well your ad campaign is performing in real time and quickly make adjustments, targeting people on different devices, using different types of ads.
- You have a much greater ability to target your audience – in particular, demographics (age, gender, income, geography, etc.) and online behavior (purchase behavior, lifestyle habits).

Five years ago, two-thirds of all ad spend was traditional. Although we still use traditional advertising, the ad spend has flip-flopped: two-thirds is now spent on digital advertising. And not only has it flipped, the amount of money spent on digital this year is 10 times the advertising spend for traditional and digital combined five years ago.

You can see that it's important for business leaders to understand the value of programmatic advertising in order to focus their advertising dollars appropriately.

### How You Can Leverage Programmatic Advertising

So how do you start leveraging programmatic advertising? Most companies use an agency. The relationship with the agency is similar to what it's always been: you want someone you can trust and work with. Now, of course, you need to make sure the agency is highly experienced with programmatic advertising, including working with a digital media buying platform.

You need to approach the agency with a budget in mind and a clear idea of what your media objectives are, what you want to sell, and who you want to target. Together you'll determine an advertising campaign mix that will be most profitable for you.

You need to realize that this type of advertising is a lot more complex than traditional advertising. You're going to have a lot more data points to understand, so you'll need to have a good grip on what you're trying to accomplish. It's critical that the agency is clear about what the campaign is doing for you and that they can explain how it's impacting your bottom line.

There has been some movement to bring programmatic advertising in-house. The positives for that are the control that you'll have as well as the transparency of the data. However, doing so can be expensive – hiring experienced people, training people, adding needed technology – and without a sizeable ad budget, you may not have access to many of the programmatic platforms used to buy these ads. So most businesses use the agency model, which gives you the freedom to focus on what you do well and to shop around for agencies that fit your needs.



**Practically speaking, we're seeing a few trends for you to take advantage of:**

- There's significant growth in the use of video, particularly on streaming TV (which is becoming more watched than broadcast TV). So you need to know how to best create video ads to promote your business.
- There's an increase in the number of companies that specialize in analyzing the data from your advertising. They'll also help you to determine what data is important for you to target.
- More companies are choosing to focus on upselling to their existing customer base rather than hunting for new customers. Leverage what you already have.

Traditional advertising is never going away. You just have to strike a balance between it and digital advertising, especially programmatic advertising, so that they support each other to grow your business. Now that you know what programmatic advertising is, and how important it is, you can make better decisions on where to allocate your marketing dollars.

If you're looking to revitalize your digital marketing, **Tarkenton** can help! **Reach out to our team** to discuss ways we can help your company reach new audiences and drive growth.



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*Josh Cohen works with our partners' marketing teams to coordinate all digital advertising initiatives, including search engine marketing, social media marketing, native advertising, display advertising, and more. Josh joined the Tarkenton team in 2021, and has also helped to provide service and support to end users on our advertising platforms. With years of media agency experience, he specializes in helping partners develop their digital marketing strategies, managing execution of those plans, and performing detailed analysis of the impact of those activities.*