

Chapter 1

Introduction to

Programmatic Advertising

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ABSTRACT

Programmatic advertising, in the ever-fluid context of digital marketing, has successfully redefined the page and leveraged big data and advertising technologies for delivering high impact and wide-scope contextualised advertising (Jain et al, 2022). In this chapter of the present study, programmatic advertising is defined as the form of advertising, placing the method under consideration in opposition to traditional advertising solutions by emphasizing on its Real-Time Bidding (RTB) processes and targeting of ads in various online media (Cooper et al, 2023). The elements like Demand-Side Platforms (DSPs), Supply-Side Platforms (SSPs), Ad Exchanges, Data Management Platforms (DMPs), and Real-Time Bidding (RTB) are described, which creates a clear vision of ecosystem.

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1. INTRODUCTION

The advertising environment has seen quite a dramatic shift in the last few decades moving from print, radio, and television media to the vast and dynamic digital media advertising. This change has been brought by increasing technologies, changing customer trends, and accumulating use of analytical approaches. In this regard, programmatic advertising has been considered as one of the revolutionary means that has changed the way of business communication. Programmatic advertising means that instead of purchasing advertising spaces traditionally, through humans with the help of individual contracts, it is done with the help of computers, which allows for making decisions in real time (Jain *et al.*, 2022). This process does not only increase efficiency but also increases the accuracy of the target audience which makes it easier to target anyone you wish depending on numerous factors. Programmatic advertising can be deemed significant because it utilizes information regarding users and reaches them with rather relevant ads. The aim of this chapter is to give definition of the concept under analysis and to describe how programmatic advertising functions, what it consists of, and its implications for the digital advertising landscape. That is why, this chapter devoted to the exploration of the programmatic advertising topic is aimed at revealing and discussing programmatic advertising's importance in the current tactical approaches, as well as at conceptualizing its strengths and weaknesses in the future.

2. UNDERSTANDING PROGRAMMATIC ADVERTISING

More fundamentally, programmatic advertising constitutes a new inventive paradigm in the broad field of digital marketing, concerning the purchase and sale of advertisement inventory. It is focused on the pulling of the process through sophisticated algorithms and big data analysis so as to enhance the return on investment of advertising. Some of the key differences between traditional advertising and programmatic advertising is that in the former the agency physically has to arrange the ad spaces and buy the space, whereas in programmatic advertising it is done automatically. These transactions take nearly no time at all which makes it possible for the advertisers to reach their target audience at the right time and this is very important in a learning environment where there are many interactions happening in a very short period of time (Jain *et al.*, 2022).

The process starts with the advertisers setting up their target consumers according to certain parameters such as age, gender, interests, browsing habits, and geographical location. After these parameters are determined, the automated process begins to match the best ad inventory on a large number of distributors. This network may

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