

Real-time bidding is the future of display

 By Velly Bosega

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The problem: Traditional online display advertising is inefficient. For advertisers, the CPM model of buying impressions in bulk is lacking because you are purchasing impressions for the same price per unit, even though each one has a different value to your campaign.

For publishers, traditional display is inefficient because up to 70% of their inventory is left unsold or sold for next to nothing. Further, for many small publishers, also known as 'long tail sites', there isn't a sales team which can properly sell their quality, targeted inventory, leaving them wanting more from display.

As you can see, display advertising needs a shakeup to provide more value to both advertisers and publishers.

The solution: Real-time bidding.

RTB allows display inventory to be purchased by the individual impression through a bidding system that unfolds in the milliseconds before a webpage is loaded by a consumer. The targeting and cost efficiency opportunities presented by RTB are making it a revolutionary force in the online advertising landscape.

How does RTB work?

There are three prominent players in the RTB landscape:

- The Demand Side Platform (DSP)

The DSP is a tool that automates the purchasing of online advertising on behalf of advertisers. Advertisers use DSPs to set the buying parameters of their campaigns and to monitor campaign performance.

- The Publisher

The publisher provides the inventory. Originally, RTB was only used on unsold remnant inventory, however it is being increasingly used on premium inventory due to advertiser demand and the higher revenues it is yielding for publishers. Some publishers may use Supply Side Platforms, or SSPs, to help better manage and sell their inventory.

- The Ad Exchange

Ad Exchanges are often compared to stock exchanges, however an ad exchange is really a software tool that connects advertisers and publishers, facilitating the purchase of display inventory in real-time through auctions that

take place in the milliseconds before a page loads. It is through these auctions that publishers are able to maximize the price for their inventory, while advertisers are able to purchase individual impressions at prices that reflect each impression's value to the campaign.

The RTB process

At its most basic form, the RTB process unfolds like this:

1. The publisher provides its inventory to an Ad Exchange who is responsible for holding an auction, during which the DSPs, on behalf of the advertisers, will place a bid on each impression.
2. The value of the bid is based on the value of that impression, as determined by the advertiser's parameters with the DSP. The bidding process ensures that each impression is sold at the maximum price, as dictated by real-time market demand.
3. Once the bidding is completed, the winner is chosen and the ad is served on the publisher's website.

Benefits of RTB

1. What are the benefits for agencies?

- Increased control over campaign performance
- Increased spending efficiencies
- Better results delivered for clients

2. What are the benefits for advertisers?

- Enhanced consumer targeting capabilities
- More cost effective reach and frequency
- Near elimination of wasted impressions and ad dollars

3. What are the benefits for publishers?

- Delivers higher revenues on inventory through opening that inventory to a buying market designed to maximize the value of each individual impression.

As you can see, RTB presents some amazing benefits for both buyers and sellers of online display advertising - are you taking advantage?

AdClick Africa is using Acuity Ads' technology and has licensed their tech (RTB) to offer it in Africa and is also authorised to use Acuity Ads' content and marketing material.

ABOUT VELLY BOSEGA

Velly is an experienced business professional in the internet space. He started Adclick Africa in 2013 and had since built the company to become one of the most successful digital marketing agencies in Africa. He is very passionate about building brands in the digital media space.

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