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OPINION: [DATA-DRIVEN THINKING](#)

A History Of Programmatic And The Era Of Control

By AdExchanger

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"Data-Driven Thinking" is written by members of the media community and contains fresh ideas on the digital revolution in media.

Today's column is written by Ming Wu, chief revenue officer at MightyHive.

Programmatic has come a long way. The constant refrain heard at industry events over the last year is that all media will be programmatically bought in some manner.



Ming Wu
CRO at MightyHive

**Data-Driven
Thinker**

But what does that mean exactly, and why is it happening? How can we be clear about where we are going? Will programmatic soon give way to something else, such as artificial intelligence-driven marketing?

I found myself needing to answer these questions recently and thought it would be relatively straightforward. I've been on the front lines of programmatic over the last decade as a publisher, an agency trading-desk president and a brand CMO in charge of taking programmatic in-house.

But it wasn't that easy to answer these questions, and as I talked to industry colleagues, there were many different perspectives.

The typical explanations were largely first-order in nature. Sure, everything should be data-driven, especially with marketer first-party data. And who can argue with lower costs and better performance, whether real or perceived, or streamlined operations and efficiencies in

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But all of these explanations still leave out the question of why many believe all media will one day be bought programmatically and whether something fundamentally changed along the way. Also, is programmatic getting long in the tooth after nearly 10 years, especially in the rapid-fire world of digital marketing?

The RTB Early Days

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Starting as an auction for display media, real-time bidding (RTB) led to the advent of demand-side platforms (DSPs), which were in high gear circa 2011-2012. To be doing programmatic at the time was synonymous with buying remnant inventory at a discount versus traditional insertion-order (IO) buys.

Programmatic demand was dominated by direct-response advertisers and performance marketing. Ad networks were also in full swing and starting to use programmatic to access media through their own DSPs or a third party's. With all this complexity, agencies played a valuable role in making sense of the plethora of digital options available. And publishers could monetize ad space their sales teams couldn't sell, further fueling supply.

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What transpired in the years following sheds some light on why programmatic is so strong today. First, because everyone could buy the same or similar inventory through a DSP, agencies saw an opportunity to supplant ad networks.

Given ad networks' wide profit margins, it wasn't hard to outperform them and still deliver savings to clients. This shift made programmatic mainstream for the world's largest advertisers. While that was happening, DSP private marketplaces and Deal ID functionality were born in a game-changer that automated traditional IO buys and brought them under the umbrella of programmatic buying. Layer on the idea that a buyer could target specific audiences across all of these, and now we were cooking with gas.

But something had fundamentally changed. In a few short years, the media fragmentation that dominated digital-media buying since the early 2000s was greatly simplified. And programmatic supply graduated from remnant to premium placements, including video and home pages. With new controls at their fingertips, major brands and their agencies piled on.

The Era Of Control

What's happening now in programmatic is not dissimilar to the change in the financial industry when online brokerages such as E-Trade and TD Ameritrade emerged. The information and access to exchanges previously held by a broker at Merrill Lynch or Smith Barney became democratized, and anyone with an internet connection could manage their own investments. Even IPOs, the financial world's premium supply, became accessible online.

The era of control has taken hold in marketing, powered by a long list of technological bells and whistles. But in this case, marketing professionals are taking control of marketing platforms unlike in the financial world where any novice could take over their own trades. Logic says marketers should have high success rates, and the continued increase in programmatic marketing investment would support that. Add two more accelerants – 1) the scrutiny placed on transparency and hidden fees throughout the industry 2) and marketers' desire to protect their own proprietary data – and control becomes a driving factor in 2018.

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something else that better describes the work being done. But in the
meantime, savvy marketers are making decisions about which parts of the
ecosystem they want to own. Whether it's the technology, data, processes,
execution or all of the above, there is no doubt they are taking more
control than ever before.

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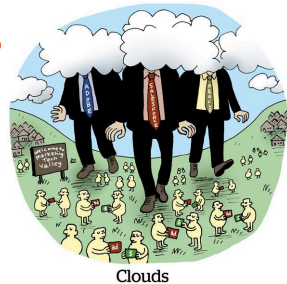


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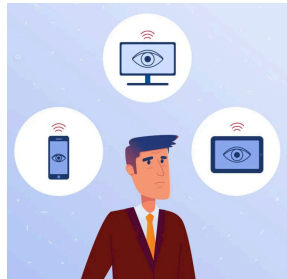
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