

TYPES OF DIGITAL AD TECHNOLOGY



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THE AD TECHNOLOGY LANDSCAPE

Identifying and segmenting audiences and managing the ad publishing process is central to your digital advertising strategy. Advertising technology, aka adtech, has taken this process to a whole new level.

There is a lot to think about when it comes to digital advertising! And we know you are thinking, “How can I possibly get this all done?” Luckily, there are multiple pieces of technology built specifically around optimizing and automating your digital advertising.

Advertising technology, by definition, encompasses all the technical software solutions and services that are used for the delivery, display, targeting, and control of digital ads.

Why is adtech so important? Using this technology, marketers can get the right ad, with the right message, to the right person—driving brand awareness and sales for their company.

Because digital advertising has evolved into such a complex space, there are now several different types of ad technologies (and many different ad technology companies around the globe) that comprise the digital advertising ecosystem. These companies range from ad agencies, to media buying platforms, to ad networks, to publishers, and everything in between.



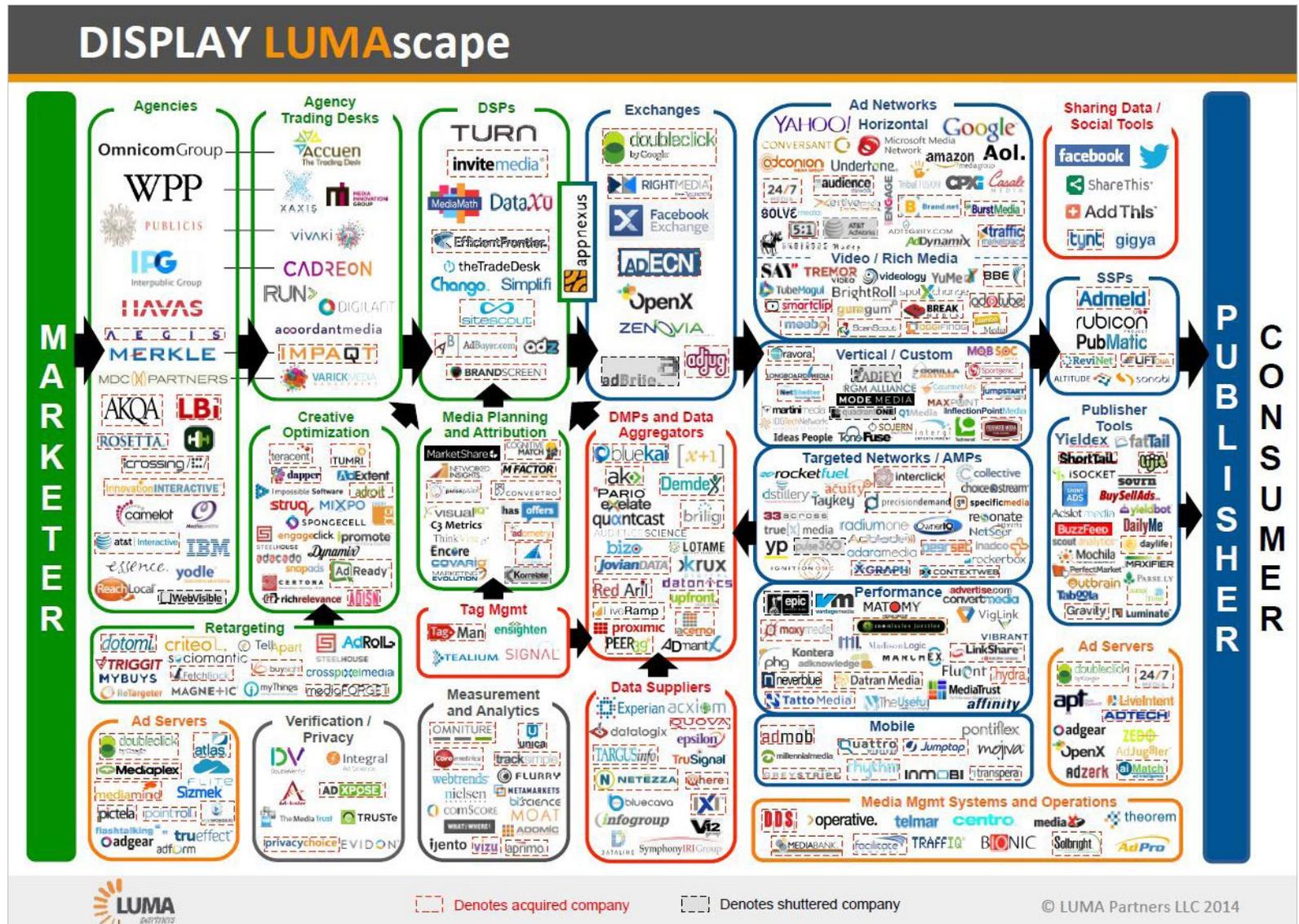
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To get a clearer idea of what this landscape looks like, here is an illustration, courtesy of LUMA Partners:

In the LUMAScape, the digital ad process is shown as an ad being created by the marketer, then being sent through a maze of adtech companies where it is bought and sold. It then settles in the hands of the publisher, who publishes the ad. Finally, the magic happens as the targeted consumer interfaces with the ad online.

This may seem complex, so to help simplify, we will go through some of the main types of ad technologies in this section.



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MAIN TYPES OF AD TECHNOLOGIES

The maze of adtech companies is where things can get complicated, but they don't have to be. Let's break it down by examining the major players.

Data Management Platforms (DMPs)

A data management platform (DMP) is a centralized computing system where large amounts of data are collected, integrated, and managed.

A DMP is a huge data warehouse that brings in data, sorts it, and then releases it in a way that's useful for marketers, helping them to make better decisions about how and when they should engage with individual customers. For the goal of audience segmentation, this is crucial.

To simplify even further, according to Infnitive, DMPs are often described as:

- Digital data warehouses
- Customer/audience repositories
- Digital marketing hubs

DMPs and Audience Segmentation

DMPs are much more than just a database. They house and manage all types of information and can do lots with that information—mainly they can generate audience segmentations.

Since segmenting your audience is the starting point of forming your digital ad strategy, this capability of DMPs is highly significant. Audience segmentation enables digital advertisers to target specific customers with their digital ads, which helps to spread their message and brand.

DMPs tie together the entire digital advertising process, merging together into one centralized location the marketer's campaign, audience data, and the act of buying media. Marketers find DMPs valuable in executing their digital advertising agenda.

DMPs satisfy various marketing needs, and audience segmentation is one of them. Let's explore a few others:

Data Integration Capabilities

DMPs can handle all sizes and types of data from different sources. When dealing with today's multi-channel buyer this is particularly important, as marketers often have data from multiple places—both online and offline. A DMP can integrate all of your data, making it actionable.

Cookie Pool

As we have discussed, cookies are a key element for digital advertising. The more cookied users you have on the internet, the higher the chances of matching cookies to other data sources as more information is integrated into a DMP.

A solid DMP will have access to a large pool of cookies. It will also feature a standard process for "refreshing" the cookies and cleaning out old or irrelevant cookies over time. This helps marketers ensure their information does not become outdated over time.

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Marketing Ecosystem Functionality

DMPs are central to the broad digital advertising ecosystem. DMPs are able to extend and integrate into marketing automation and technology tools to provide a more comprehensive and complete digital ad solution. Thus, marketers are able to support campaigns and customers, regardless of channel.

DMPs can enable a better use of audience data in the following areas:

- Demand-side platforms (DSPs)
- Website personalization tools
- Marketing automation tools
- Enhanced customer ecommerce experiences

Data is needed in order to automate various marketing functionalities. The more robust and actionable data you can capture, the more likely your future efforts will generate positive ROI.

Demand-Side Platforms (DSPs)

A demand-side platform (DSP) is an ad technology that enables marketers to purchase all types of ads in an automated fashion. It is revolutionizing the way digital advertising is being bought and sold.

How Do DSPs Work?

DSP technology has changed the digital advertising landscape. The ad buying process used to be manual and more prone to error. Now, DSPs assist with the ad buying process in an automated way, which is not only efficient, but also cheaper.

DSPs allow advertisers to buy impressions from various publisher sites, and these impressions are targeted to specific individual users based on their browsing history.

The DSP Process

Publishers make their ad impressions available through ad exchanges, which are, in a sense, like big ad marketplaces. DSPs, in an automated fashion, determine which of these impressions an advertiser should purchase.

The cool part of this equation is that people (and human error) can be removed from the ad buying process. How? The price of the impressions is often determined by an auction in real-time, where automated ad bidding takes place. In mere milliseconds, impressions are automatically auctioned off to the highest bidder, whether that's you or another marketer.

Now instead of worrying about bidding and buying ads, marketers can focus their time where it matters—creating ad strategies and creative campaigns.

Ad Networks

In a nutshell, online ad networks connect digital advertisers with websites that want to publish digital ads.

Marketers sign up with ad networks and supply them with digital ads to run across various online publishers. Once published, consumers can view the ads on a variety of websites.

According to comScore, Google is the highest-ranking ad network, reaching over 90% of internet sites. Other ad networks, like Specific Media, Vibrant Media, AOL Advertising, and AT&T AdWorks each maintain over an 80% reach. Clearly, you can't go wrong in selecting one of the top ad networks.

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Supply-Side Platforms (SSPs)

A supply-side platform is ad technology that enables the selling of digital ads in an automated fashion. SSPs are often used by publishers for this purpose.

SSPs enable publishers to connect their inventory to multiple ad exchanges, DSPs, and networks all in one swoop. As a result, a large range of potential buyers can purchase ad space, and publishers can get the highest possible rates.

When an SSP offers impressions through ad exchanges, DSPs analyze and purchase them on behalf of marketers based on the specific users the ads are served to. By opening up impressions to as many buyers as possible, publishers can maximize revenue received for their ad inventory.

Ad Exchanges

Ad exchanges are digital marketplaces that enable digital advertisers and publishers to buy and sell advertising space. This occurs through real-time auctions.

An ad exchange is, in a sense, a large pool of ad impressions. Publishers insert their ad impressions into the pool in hopes that they will be purchased. Buyers then select which impressions they want using ad technologies such as DSPs. These decisions are made in real-time, based on information such as the previous behavior of the user, time of day, and ad position.

Ad exchanges enable digital advertisers to purchase ads across a range of sites all at once, instead of having to negotiate ad buys with publishers. Therefore, ad exchanges present a more efficient way to buy and sell digital ads.

