
Direct/Interactive Marketing Research Summit

October 15-16, 2016
Los Angeles, CA

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Keywords: Data-Driven Marketing, Digital Advertising Marketplace, Policy, Programmatic Advertising, Real-Time Bidding (RTB) Advertising, Regulation

Background

The emergence of new information-communication technologies and consumer data collection methods has helped advertising organizations to develop better targeted and more effective advertising campaigns. These data-driven campaigns tend to have meaningful objectives to enhance efficiencies and reduce redundancies (Ball, 2014; Hallahan et al., 2007), while removing the control of gatekeepers in the message delivery process (Cunningham, 2010). Consumer insights derived from Big Data and other consumer analytics applications have enabled advertising professionals to better manage and interpret data to make better communication decisions to enhance efficiencies and reduce redundancies (Ball, 2014; Hallahan et al., 2007), while removing the control of gatekeepers in the message delivery process (Cunningham, 2010). 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The Emergence of Real-Time Bidding (RTB) Advertising

The growing reliance on consumer behavioral data has reshaped the future of digital advertising. However, despite the growing presence of digital advertising, click-through rate (CTR) has been low (Birkner, 2014) for many online display ads. According to HubSpot Inc., a marketing software provider in Massachusetts, the average click-through rate for traditional digital banner ads is only about 0.1% (Birkner, 2014). The desire to pursue better advertising effectiveness prompts many advertisers to other cost-effective solutions such as data-driven per impression base real-time bidding advertising (Birkner, 2014). Online display ads using a real-time bidding mechanism (henceforth, RTB advertising) has outgrown other digital ad spends in recent years (Maddox, 2013). According to Magna Global, among the total $14.2 billion spent on programmatic channels, 81% is allocated for RTB advertising (AdExchanger, 2016). RTB advertising, a subset of popular machine-facilitated programmatic ad buying practices, has garnered massive support from many ad exchanges and sell-side platforms (Birkner, 2014; Google, 2011; Marshall, 2014).

Unlike other programmatic ad buying methods through utilizing secured advertising impressions in selected publisher websites, the increasingly popular RTB advertising is characterized by the purchase of ads in real-time and through an auctioning mechanism (AdExchanger, 2016; Marshall, 2014). In Yuan et al. (2014), once an Internet user accesses a web site, demographics, psychographic, and behavoriographic information about that consumer will be sent to Ad Exchange operators forwarded from supply-side platforms (SSP) (Torone, 2013; Yuan et al., 2014). Furthermore, as Li, Yuan, and Qin (2014) pointed out, the access and utilization of audience’s demographic, psychographic, and behavoriographic information are essential to the success of the RTB marketplace.

Objectives of the Study

Given the potential of RTB advertising, programmatic advertising, and foreseeable impacts on a variety of policy and regulatory issues, the researchers reviewed and content analyzed industry reports, trade publications, and newspaper articles to discuss emerging policy and regulatory issues in major economies (such as P.R. China, European Union, Japan, the U.S., etc.). This study presented a preliminary assessment on the emerging policy and regulatory ramifications of RTB and programmatic advertising on the collection, analysis, and application of consumer data and other digital advertising...
issues. Like other emerging digital advertising platforms and practices, a large number of articles, studies, and reports in the existing literature have provided rosy anecdotes that RTB and programmatic advertising is expected to affect advertising research and practices. However, what has been lacking in the literature is a systematic assessment of emerging policy and regulatory impacts of these emerging digital advertising practices and how such applications would affect the development of the digital ad industry at both global and domestic levels.

Research Method

The authors employed a combination of literature-based methodology (Armitage, & Keeble-Allen, 2008) to analyze research articles and trade publications (January 1, 2009-June 30, 2016) from several electronic databases. The literature-based research method has been used in business research for doctoral-level (such as Structured Literature Review, SLR) or master/bachelor-level (Rapid Structured Literature Review, RSLR) research projects (Armitage, & Keeble-Allen, 2008). The authors used “Real-time Bidding Advertising” and “Programmatic Advertising” as the keywords to search Lexis/Nexis Academic, Business Source Complete EBSCO, Ei Engineering Village (Compendex), Communication & Mass Media Complete (EBSCO), and Sage Communication Collection. Websites of government organizations, policy research institutes, and marketing research firms were also reviewed. The researchers summarized and synthesized major and emerging policy and regulatory issues related to the impacts of RTB and programmatic advertising in the digital advertising marketplace.

References


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