



Insight Paper

Defining the Local Stake in Programmatic Advertising

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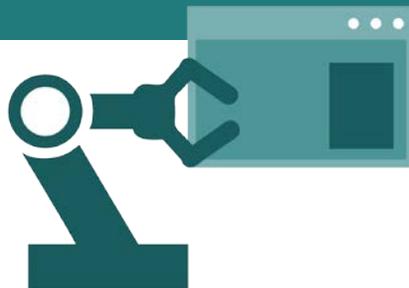


Table of Contents

Executive Summary.....	1
Programmatic: Making Advertising Scalable and Efficient.....	2
More Than Remnant	4
Driven by Publisher Profitability.....	6
Growing Opportunities for Local Publishers	7
Conclusion: What Does Programmatic Mean for Local?	8
About BIA/Kelsey.....	9
About the Author	9

Table of Figures

Figure 1 - Percentage of Brands & Agencies Purchasing Programmatically in Various Media Channels.....	3
Figure 2- A Guide to Programmatic Deal Types	6

Table of Tables

Table 1- Use of Programmatic for Different Ad Types.....	5
Table 2 - Local Verticals Ripe for Programmatic.....	7

Executive Summary

Few topics have captured the attention of the advertising world in the past six months as much as programmatic advertising.

This quickly developing branch of digital advertising supports the ability to automatically plan, buy and optimize ad campaigns. First applied to Google AdWords and other search advertising platforms, programmatic exchanges eventually extended into display ads and now also include premium inventory such as mobile and video.

While successfully used for all types of advertising, there are clear applications for local advertising. For starters, programmatic's combination of sophisticated data analytics and automation allows marketers to efficiently discover and buy locally targeted impressions at scale.

It also reduces much of local advertising's buy/sell friction by adding transparency, discoverability and transactability. In short, programmatic trading exchanges will add value to advertising buyers and sellers as the inventory becomes more liquid and the process grows more intelligent and automated.

Programmatic's ultimate impact on local advertising is likely to be significant as it does away with historical inefficiencies of local media and its unwieldy number of smaller, often overlapping properties. Key local categories cited by agency leaders as ideally served by programmatic include beer, pizza and clothing. Financial planning, localized retailers, quick service restaurants, franchisees and real estate are also conducive to programmatic advertising.

There is some fear that programmatic's automation properties may cause a flight of sales reps as the marketplace adjusts to it. But in BIA/Kelsey's view, it rather leads to greater publisher profitability and return on ad spends for marketers. By using programmatic techniques, marketers are better able to target audiences and optimize campaigns.

This is especially the case with national marketers that otherwise may never have found suitable local inventory. The promise and reality of programmatic is that both marketer and media firm — rather than lose personnel — will look to redeploy and retrain to optimize the entire process.

This Insight Paper introduces the programmatic opportunity and examines its applicability toward BIA/Kelsey's signature focal point: local media. The first industry report of its kind to do this, it is the inaugural release of a series that examines the emerging world of programmatic advertising.

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About BIA/Kelsey



BIA/Kelsey is a market research and analyst firm that focuses on all things local. Local media is an increasingly dynamic area of ad spending and is quickly evolving with emerging digital platforms like mobile, social and search.

Over the past three decades, BIA/Kelsey has been an authority on these developing technologies as well as their forbearers in traditional media, which continue to transform as they likewise compete for local ad dollars and consumer affinity.

Through a suite of products that include research reports, articles, conferences and client consulting, BIA/Kelsey analyzes the financial, social and technology trends affecting local media.

Readers, event attendees and clients are given the inside track on data, analysis and tactics needed to grow and transform in a rapidly evolving media and advertising landscape.

About the Author



Peter Krasilovsky, VP and Chief Analyst

Vice President and Chief Analyst Peter Krasilovsky leads the programming for BIA/Kelsey events. During his 29-year career, he has done pioneering research and strategic consulting in hyperlocal content, vertical media, broadband services, city guides, public access television and telecom and cable TV regulation. His current focus is on the evolution of loyalty and promotion services.

Krasilovsky has been highly visible in his work, regularly speaking about digital trends at key conferences. He is also a frequently cited media pundit, appearing on PBS' Nightly Business Report and in many major media outlets. He is well known for his Local Onliner blog, which he has been writing since 2006. He has also founded or written several trendsetting newsletters, including Interactive Consumers, a research driven newsletter based on Find/SVP's American Information User Survey; and Enhanced Services Outlook, a major telecom industry resource

developed following the breakup of AT&T. He has also contributed to several books, including "Crossing the River" (2005) a collection of digital strategies for political campaigns; and "Marketing Power" (1999) a collection of articles that Krasilovsky and others wrote for American Demographics.

In 1986, Krasilovsky began his career as Director of Research at The Cable Television Information Center. From 1990 to 1998, Krasilovsky was Vice President for Arlen Communications, where he was associated with Find/SVP, Link Resources and Coopers & Lybrand. In 1998, Krasilovsky joined The Kelsey Group, a predecessor of BIA/Kelsey, to launch the Local Online Commerce program. He has also done nonprofit analysis for The U.S. Department of Commerce (NTIA), The John and Mary Markle Foundation, The Benton Foundation and the Sloan Foundation.

Krasilovsky has an M.A. in communications management from The Annenberg School of Communications at the University of Southern California. His B.A. is in liberal arts from Sarah Lawrence College in Bronxville, New York.