

# Making Sense of Programmatic Advertising



**Ad exchange:** A computerized marketplace where supply side platforms (SSPs) and demand side platforms (DMPs) connect to buy and sell ad space.

**Ad inventory:** The ad space a publisher makes available on their website.

**Ad network:** The “middleman” in a programmatic transaction that bundles inventory from different publishers and offers it for sale to advertisers (for example, Google AdSense).

**Ad unit:** An individual advertising block used as a placeholder to demonstrate the size and placement of an ad within a website or app.

**Advertiser:** The buyer in a programmatic transaction; typically a company that wants to advertise on a publishers’ website or app.

**Audience:** The visitors to your website or app; these are the people an advertiser wants to reach.

**CTR (click through rate):** A performance metric that shows how often a user clicks on an ad.

**Conversion:** A pre-determined action that the advertiser defines as a successful audience interaction (e.g., visiting a website, downloading an asset, signing up for membership, etc.).

**Cookie:** A piece of Javascript that helps publishers collect valuable information on the behavior of website visitors.

**CPC (cost per click):** A method of pricing ads where payment is made every time a user clicks on an ad, without regard to the number of impressions.

**CPE (cost per engagement):** A method of pricing ads where payment is made when a user engages with the ad.

**CPM (cost per mille):** A method of pricing ads based on each 1,000 ad impressions.

**Creative:** The actual advertisement that a user will see when the ad is served.

**Deal ID:** A unique number assigned to each ad buy so publishers and advertisers can identify it.

**DMP (data management platform):** A system used by advertisers and publishers to collect, store, sort, and categorize user data; it allows publishers to gain insight on their audience and advertisers to optimize their buying strategies.

**DSP (demand side platform):** A platform that allows advertisers to identify the best inventory for reaching a target audience, automatically place bids, and gain insights into ad performance. DSPs are connected to SSPs via ad exchanges.

**Engaged time:** A measure of ad quality that considers both whether an ad is visible and whether a user is actively engaged on the page.

**First look:** An arrangement where certain advertisers are given priority access to a publisher’s ad inventory.

**First-party data:** Proprietary data you collect directly from users about their online behavior; this is the “gold standard” of user data in terms of accuracy and insights.

**Frequency cap:** A method of controlling how many times an ad will be served to an individual user.

**Header bidding:** An advanced programmatic technique where a publisher offers its inventory to multiple ad exchanges/SSPs simultaneously.

**Impressions:** The measure used to count the total number of times an ad is served/displayed.

**Open auction:** A marketplace where publishers offer their ad inventory to all bidders connected via the SSP, and the highest bidder wins the impression.

**PMP (private marketplace):** A marketplace where publishers offer higher-value ad inventory to a select group of buyers first, before the inventory goes to an open auction.

**Price floor:** The minimum price a publisher will accept for its ad inventory.

**Publisher:** The seller in a programmatic transaction; typically the owner of a website or app with advertising space to sell (i.e., YOU).

**Recency cap:** A method of controlling how much time must pass before an ad will be re-served to an individual user.

**RTB (real-time bidding):** An automated process where a user’s information is sent to an ad exchange the moment they visit a page, triggering a real-time auction to win the ad slot.

**Second-party data:** Essentially someone else’s first-party data; it is typically purchased or shared through a partnership arrangement to supplement your own proprietary data.

**SSP (supply-side platform):** A platform that allows publishers to automate the sale of their ad inventory by connecting to DSPs and ad exchanges.

**Third-party data:** A broad collection of implicit and explicit data points aggregated from many sources that typically have no direct relationship with the user; typically involves the use of cookies.

**Viewability:** Industry-standard measure of ad quality; a “viewable impression” is defined by the IAB as one where at least 50% of the ad’s area is displayed onscreen for at least one second.

More questions?  
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