

Full Disclosure: how online advertising actually works

Digital advertising in the UK

Most websites and services that don't charge people to use them, from news sites to journey planners, are funded by advertising.

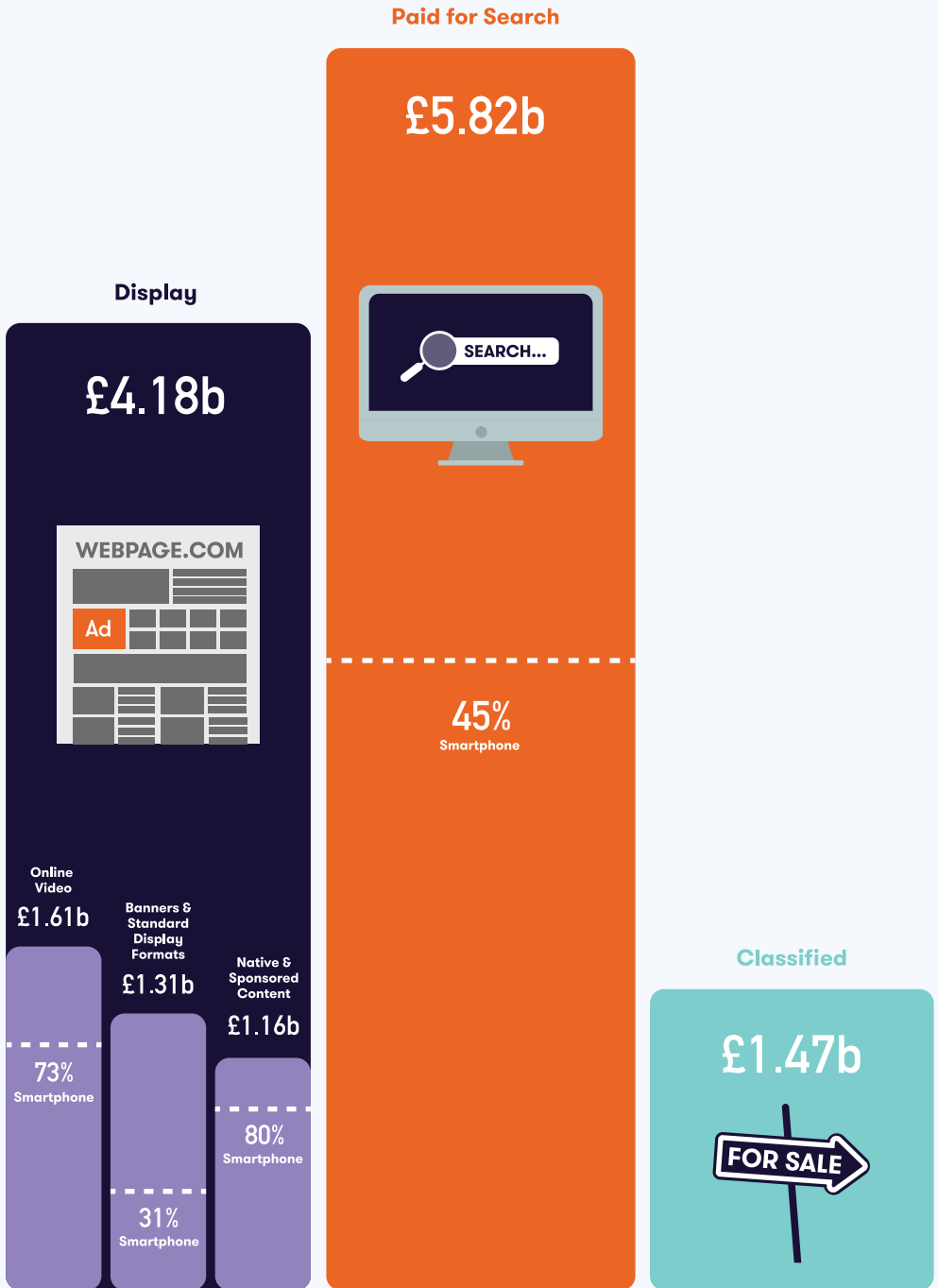
Digital is the UK's largest advertising medium and accounts for over half of all advertising spend. In 2017, the UK digital advertising market was worth £11.55bn representing year-on-year growth of 14.3%.

How online advertising is regulated

Online advertising is regulated by the Advertising Standards Authority (ASA) in exactly the same way – and to exactly the same level – as all other non-broadcast advertising, such as in print, on billboards or at the cinema.

Clear codes exist to ensure advertising is not harmful, misleading or offensive, and the ASA enforces these diligently; requiring ads that breach the codes to be changed or withdrawn, or referring advertisers to other bodies such as Trading Standards where necessary. The exception to this rule is political advertising which, while banned entirely on TV or radio, is not subject to any equivalent regulation, whether online or offline.

Types of online advertising



Source: IAB / PwC Digital Adspend Study Full Year 2017

Programmatic (automated) advertising

'Programmatic' advertising is the automated process of buying and selling digital ad space or 'inventory'. It uses technology to connect advertisers (buyers) to publishers (sellers), to better deliver relevant ads to people and help fill the available advertising space, generating income for publishers.

What



Programmatic is the automated buying and selling of ad space

How



When you open a webpage, an auction takes place. The 'winning' bidder gets to show their ad

- First Flights £5.00
- MegaCard £2.30
- Fast Burger £0.00

Why



Public
See adverts more relevant to you

Brands
Reach potential customers more effectively

Publishers
Automate selling as much ad space as you have available, to maximise your revenue

What data can influence the adverts you see

There are three kinds of data that can be used for this:

- First party data: collected directly by the website (e.g. past-purchase history, abandoned baskets, logged-in data)
- Second party data: first party data bought from another source/partner
- Third party data: generated and aggregated from other platforms/marketing databases

Using this and cookie data (e.g. indicating what other websites a user has visited) each advertiser will decide whether they want to bid to show their ad to someone.

The Internet Advertising Bureau (IAB) UK is the industry body for digital advertising. It represents over 1200 businesses engaged in all forms of online and mobile advertising, including media owners, brands and advertising technology businesses. Our mission is to build a sustainable future for digital advertising.

Visit us at iabuk.com



Any questions? We're here to help! Get in touch: jamesdavies@iabuk.com