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# Optimising display advertising yield for publishers

By Jaco Lintvelt, issued by Incubeta

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Digital display advertising is undergoing a revolution. The digital media space has changed drastically for brands, media agencies and publishers in the last few years due to the introduction of real time bidding technologies and automated trading.

With the immense growth RTB showed in 2012 and what is predicted for the future there is a great deal of pressure on publishers to keep up with this ongoing change, not to mention the many complex decisions publishers have to make around their display advertising models: What are the best technology and platforms available to monetize their remnant or unsold inventory and what are the first steps in this unfamiliar automated territory? The most important question remains: How does this approach compliment my premium sales strategy?

A lack of in-house expertise about these above mentioned topics as well as time constraints is a growing challenge for big scale publishers. They often find it difficult to make sure that their advertising operations are functioning at maximum and they are generating sufficient revenue from the total amount of advertising inventory they have available.

## What is an ad exchange?

When some of the first ad exchanges launched about seven or eight years ago, they brought more liquidity to the marketplace for online inventory and the online display industry has not been the same since. The sell side platform (SSP) is ever growing and some of the biggest current players are Rubicon, OpenX, Appnexus , DoubleClick AdX and Admeld which will be integrated into the Google stack during 2013.

Digidays's Brian Morrissey reports that Vincent Letang, Director of Global Forecasting at Magna expects 43 percent of display advertising to be bought and sold via exchanges in the next five years.

With the increase in competition for advertising dollars between publishers most of them were forced to look for new ways to earn revenue and make sure that they fully monetise all inventory.

At the same time the audience buying trend among brands and agencies really exploded and bigger portions of display budget got allocated to programmatic or "exchange buying". It was an inevitable decision for some early adopting publishers to embrace new technology as sellers have to be where the money is.

## How does an open ad exchange work?

The rise of real-time bidding for ad space on exchanges is giving publishers the chance to earn revenue on mostly remnant inventory at this stage. If a site is not fully booked with direct deals, premium deals and traffic spikes for popular stories or news articles, publishers have unfilled advertising impressions that get directed to an exchange. RTB is giving publishers the ability to control many elements: the level of transparency they choose to set, the floor prices, which DSP they want to work with, which agencies, and even which brands have access to their inventory.

Via an ad exchange, publishers can auction their inventory to the highest bidder through a single redirect. Buyers can evaluate and bid on that inventory, judging each individual impression using rich pools of their own or 3rd party data. Ad Exchanges are highly transparent in terms of pricing and don't mask a mark-up on the media like some ad networks.

The main objective of ad exchanges and automated trading is to connect publishers with the leading buyers and advertisers in the online space. By doing so it allows for more efficient trading between the two parties so publishers can increase

overall revenues and manage their channels more efficiently, and advertisers can get real value in return for their spend.

Industry leading publishers such as Conde Nast are in a fortunate position where they have enough demand to build their own Private Exchanges, but Private Exchanges are a topic we will touch on another time.

## Yield Management and optimisation. Wait. What?

Due to the fact that all transactions are happening in real time, publishers have the opportunity to put strategies in place which will allow them to always get the highest yield in return for their impressions. The terms "reorganising" and "re - evaluating" strategies are very important here.

It is a matter of making smart strategic decisions for the long run, but also having a short term strategy which will bring in consistent results. It has become very important for publishers to have a Premium Sales Strategy, without ignoring Automatic Trading and the opportunity it presents. Having enough insight and a solid strategy with effective tactics in place to gain an advantage from both channels has never been more important, and having good relationships with buyers is something which will never change. This will ultimately determine the level of success which can be achieved in the automated space.

Publishers have to make sure that they adapt their strategies and get their inventory into a Sell Side Platform which caters for their own specific needs.

There are many options for content providers to ensure best performance. Whether it is strategically building relationships with specific buyers and agencies, or fencing the inventory against lower tier advertisers, or having insight into a specific regions marketplace to find equilibrium when setting floor prices. It all counts at the end of the day and will ultimately help with the entire process.

Finding the right balance between engaging in private deals, allowing bids from the open market, and restricting access is crucial.

Innovative publishers put their remnant inventory into exchanges without harming their brand and still make sure they earn good amounts of revenue. They prevent losing money by involving too many middlemen who dilute the selling and buying process.

These are some of the main reasons why both advertisers and publishers are pretty excited about the ad exchange opportunity.

## What should publishers look for in a partner?

The most important things to remember are just to make sure that the technology and tools you use can really assist your effort to maximise the value of each impression, and that you are working with experienced consultants offering a full service approach.

Find a partner who can work closely with the publishers to ensure that the non-guaranteed and unsold inventory is managed according to the publisher's specific objectives, and use the best high-end yield management platforms, but be certain not to cannibalise the premium sales team efforts.

- Always ensure that fill rates will be very high and compare eCPMS to other platforms
- Partner with companies that can provide access and insights into industry leading Sell Side Platforms. Have relationships with buyers which can be used in the future.
- Ad Exchanges were introduced to allow more transparency so make sure that you are aware of all the costs and that you receive a competitive revenue share
- Partners must be able to offer a solution which allows for Display, Mobile and Video monetisation

- Make sure your monetisation product integrates well with your ad server e.g DoubleClick Dynamic Allocation function which increases competition between RTB buyers, traditional ad networks, and other advertisers which means upward pricing pressure on your inventory.

**ABT, Always Be Testing**

The best advice out there for publishers is to start exploring this space and try to find a partner with whom you can run tests and analyse results, and then increase performance over time. The growth which is predicted in this industry for RTB trading is immense and the sooner publishers get a strategy in place the better.

With the right strategy, products and services in-place, publishers who never had an automatic trading action plan have succeeded to monetise inventory for which they previously had no other demand and it delivered a ?ll rate of greater than 90%.

Publishers must make sure they are not leaving any money on the table. The industry is moving closer and closer to a programmatic future of buying and selling inventory - the best time for publishers to get ready for it is now. Take control.

Please get in touch with Jaco at DQ&A Media Group to get your advice on how to get the best strategy, products and services in place for optimising your yield.

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