Publisher’s Guide to Understanding Ad Exchanges

10 ways to profit from RTB while maintaining control of your valuable inventory
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This paper discusses 10 ways to safeguard your brand and your CPMs when you decide to sell your inventory on realtime markets. These are the minimal steps you should take prior to selling a single impression.

The Growth of Real-Time Buying

Today’s sophisticated advertisers are showing a definite preference for ad exchanges.

Why? To a large degree, RTB demand is driven by impression-level buying, which allows advertisers to purchase only those impressions that meet their campaign goals, thereby avoiding the impression waste of bundled inventory sales.

It’s no surprise that advertisers are flocking to ad exchanges to launch their campaigns, and thanks to the growing number of quality publishers that offer their inventory for sale via RTB, advertisers can easily get the scale they need.

Programmatic buying is here to stay, and publishers stand to benefit significantly from the trend. Consider this: RTBenabled ad exchanges expose your inventory to a larger pool of advertisers, thereby increasing competition and pushing up CPMs (OpenX Ad Exchange receives multiple bids for each impression it offers).

But that’s not to say real-time bidding is risk-free; it’s not. For instance, channel conflict is an issue; publishers need tools that allow them to control who can buy their inventory. Fear of CPM erosion is another, valid concern. For too many publishers, the real-time market has been a race to the bottom. And publishers are concerned about ad quality. No publisher wants to expose its audiences to inappropriate advertisers for their brand.

So while OpenX is a strong advocate of real-time markets, we appreciate and agree that any integration must also include strong controls that enable you to protect your brand and your CPMs. We also believe that publishers have the right to expect top quality technical and strategic support for the ad exchanges with whom you work. No publisher should go it alone.

Given strong benefits to ad buyers and sellers, RTB is starting to claim more revenues in the online advertising industry, and by 2017, it will account for 34% of all online display ad revenues.
Avoid Channel Conflict

Channel conflict occurs when the sales teams’ key clients buy non-guaranteed inventory from the publisher via an exchange. Here are two steps to avoid channel conflict.

1. Whitelist/blacklist select advertisers

Both whitelists and blacklists help you avoid channel conflict. A whitelist enables you to hand-select the advertisers, brands or sub-brands that may purchase your inventory via an ad exchange. Any buyer that is not on that list will be barred from purchasing your impressions. In a sense, whitelists enable you to establish a “private exchange” of select buyers for your non-guaranteed inventory. To avoid channel conflict, create a list that excludes the sales teams’ clients.

Blacklists, on the other hand, bars specific advertisers, brands or sub-brands from accessing your inventory. To prevent channel conflict, simply create a blacklist of your sales teams’ clients.

2. Set and enforce powerful sales controls

Set rules that:

- Enable you to determine if and when to exclude the URL of impressions offered to the RTB market
- Determine which inventory should be sold directly, via private exchanges, or in an open exchange
- Establish pricing for section or channel, as well as processes to ensure you’re hitting floor price

Note: Sales controls are often a function of the ad server. Ensure your ad server is able to support these controls, and to enforce them within the ad exchange.

Figure 1: Set sales controls and make sure your ad server can support them.
Maximize CPMs for Non-Guaranteed Inventory

Publishers are concerned that participation in a real-time market amounts to a race to the bottom in terms of nonguaranteed inventory yield. It doesn’t have to be that way. Use these tactics to enhance yield in the real-time markets.

3. Strategic use of price floors

OpenX has found that price floors, in all instances, increase yield for publishers, which is why we recommend using them consistently. Price floors should vary from section to section (homepage price floors for instance tend to be higher than other sections).

An easy way for you to quickly boost non-guaranteed inventory yield is to determine the average CPM you receive from your third-party partners and then use that CPM as the price floor when sending inventory to an ad exchange. In other words, the “average” CPM you receive from your ad network partners becomes the minimum you’ll receive from your ad exchange. Remember, if your impression doesn’t receive a bid at or above your price floor, you can still offer it to one of your ad networks.

Other publishers have used price floors more proactively to justify higher CPMs in their direct sales. “Our sales teams see the CPMs our inventory gets in auctions, and they use it to justify higher CPMs with their advertisers. The competition has been good for us,” explained Kristyn Lyons, Ad Operations Manager at Lycos, a global publisher.

4. Increase competition

With increased competition comes higher CPMs. Unlike an ad network that acts as an intermediary between a publisher and a group of advertisers, ad exchanges act as an intermediary between you and a wide variety of technologies, including other ad networks and ad exchanges, DSPs, agency trading desks, and any other entity with a real-time bidding engine. That increased competition boosts yield. Or, you can maximize competition by leveraging a solution like OpenX Yield Optimization. OpenX Yield Optimization is a yield optimization technology that enables publishers to host super auctions within their ad servers, with real-time bidders and traditional ad networks competing simultaneously for impressions the moment an ad call occurs. The solution increases revenue from all non-guaranteed inventory.

We jumped on to OpenX Ad Exchange and right away we were getting much higher CPMs. Then OpenX offered a revenue guarantee that got us even better yields.
Protect Your Brand from Unwanted Advertisers

No ad ops team wants to receive phone calls from angry editors concerning sub-par or non-brand safe ads in their sections. These steps will protect your brand from unwanted advertisers.

5. Stop undesirable categories from purchasing inventory

Block all unacceptable categories (firearms, alcohol, adult) prior to sending your first impression to an ad exchange. The ad exchange interface should offer an easy workflow for you to manage the categories of advertisers who can and cannot purchase your inventory.

Additionally, advertiser whitelists and blacklists can help you block specific advertisers from accessing your inventory. For instance, you can create a whitelist of acceptable advertisers. Conversely, you can block specific brands.

All three strategies – category blocks, whitelists and blacklists – will ensure a positive experience for your readers (and editors!).

6. Verify the ad exchange has a comprehensive strategy to ensure ad quality

At a minimum, your ad exchange should use a combination of people and technology to capture and classify all ads, as well as set and enforce your own standards and policies.

For example, the exchange should automatically capture and catalog all ads that it serves. It should have technology that automatically scans for and removes ads that contain malware, audio, and other issues that mar user experience, as well as the staff to provide additional manual reviews to check for issues that technology can’t detect.

The exchange should also enable you to establish your own policies and provide detailed control over the types of ads that appear on your site. You should also have functionality to remove undesirable ads in real time.

Figure 3: OpenX Ad Exchange offers publishers a simplified user interface that lets publishers restrict advertisers by simply checking the appropriate boxes.
Understanding and Augmenting Demand

One of the best ways to boost ad quality is to carefully monitor who buys your inventory, and the price they're willing to pay for it. You can use this insight to attract new premium buyers to your site.

7. Use ad exchanges as a learning tool

Knowledge is power, and in our industry, that power comes from robust inventory-performance reporting. With access to the right reporting, you can analyze bids, see the unique combinations of user and site attributes each advertiser bids on most frequently, and the CPMs they're willing to pay. You can see the value advertisers assign to each section of your site and set CPMs appropriately. Most importantly, you can use this information to create custom ad programs for your direct sales team, generate leads and segment customers.

8. Attract premium advertisers with data

Many leading news sites credit OpenX Ad Exchange—OpenX’s global ad exchange—for bringing premium advertisers to their sites. One of the ways to attract premium advertisers is to demonstrate the quality of your users to potential buyers by including audience attributes (geo, demo, other criteria) with the impressions you send to the market.

“All of a sudden we realized that as a smaller publication we could attract national advertisers to our unsold inventory, and immediately generate revenue. It’s really exciting.”

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<tr>
<th>Sales Channel</th>
<th>Buyer Name</th>
<th>Publisher Name</th>
<th>Impressions Delivered</th>
<th>Clicks Generated</th>
<th>CTR</th>
<th>Currency</th>
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Figure 4: Review real-time reports to understand who buys your ads.
Tap into Technical and Strategic Expertise

Sometimes you need to know that when you have an issue, help is just a phone call away. At a minimum, the ad exchange should offer real-time technical assistance and strategic business advice.

9. Real-time technical assistance

If you experience a problem, wading through help files and static Q/As isn't an option. The ad exchange must have a 24/7 support team of product experts who can answer questions and troubleshoot themselves.

This issue is so important that we highly recommend you check references and speak to other publishers about the level of support you can expect to receive from the ad exchange should a problem occur.

“Within two months - and with a lot of help from our OpenX team - our CPMs grew from $0.25 to well over a dollar.”

10. Strategic business advice

Ad exchanges are always innovating (or should be, anyway). Ideally, the business team should review your business goals with you on a regular basis, and help you plan a roadmap for new enhancements and features that will help you attract premium advertisers and improve your yields.

Ryan Berkofsky, Co-Founder and Director of Strategic Alliances, EyeCue Digital, gave OpenX high praise for the level of support. “I don’t need help very often but when I do, my OpenX account team is always available. They’re very proactive, often calling me if they find something isn’t running quite right. A lot of providers in the marketplace promise that level of support, but OpenX actually delivers it.”