

rm | rightmedia

double
click

ADECN™
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Advertising Exchanges: Open the Market!

at Search Engine Strategies – New York 03-19-2008

Jay Sears

Senior Vice President

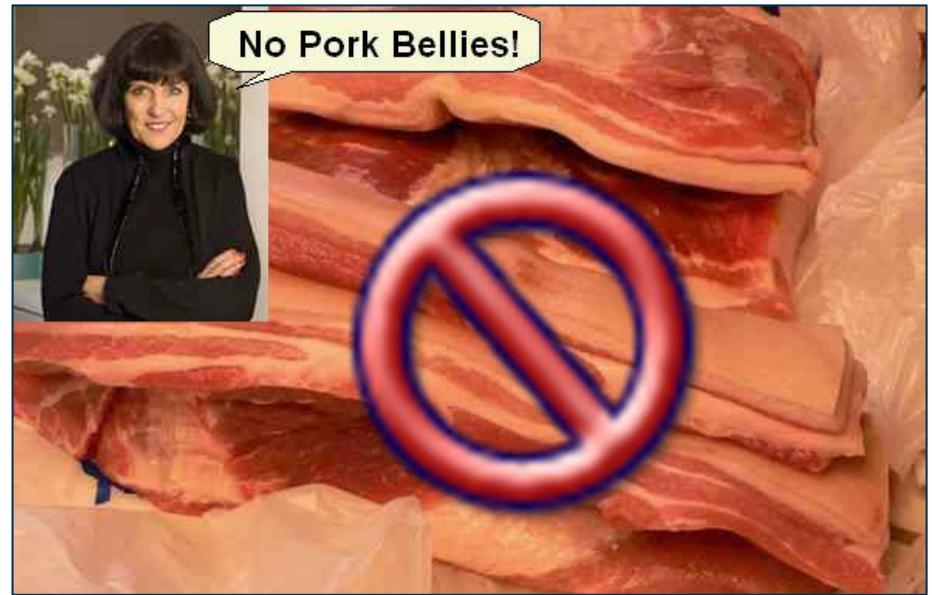
Strategic Products and Business Development

ContextWeb, Inc.

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ADSDAQ™
by ContextWeb

“My Space is Your Space”



Wenda Harris Millard

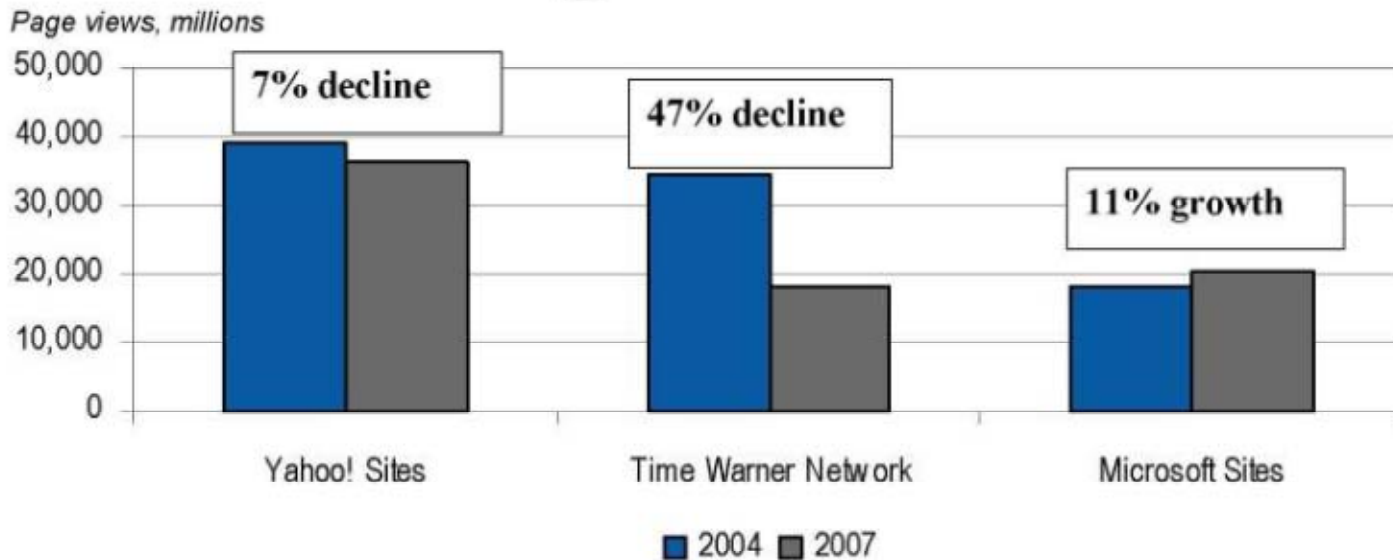
IAB Conference
February, 2008

- ▶ Current state is “daunting but exhilarating”
- ▶ The “consumer is calling the shots”
- ▶ There are many “strange bedfellows”
- ▶ Let’s sell value, not price
- ▶ Let’s “distinguish between quality and commodity”
- ▶ We “must not trade our assets like pork bellies”

Ad Exchanges

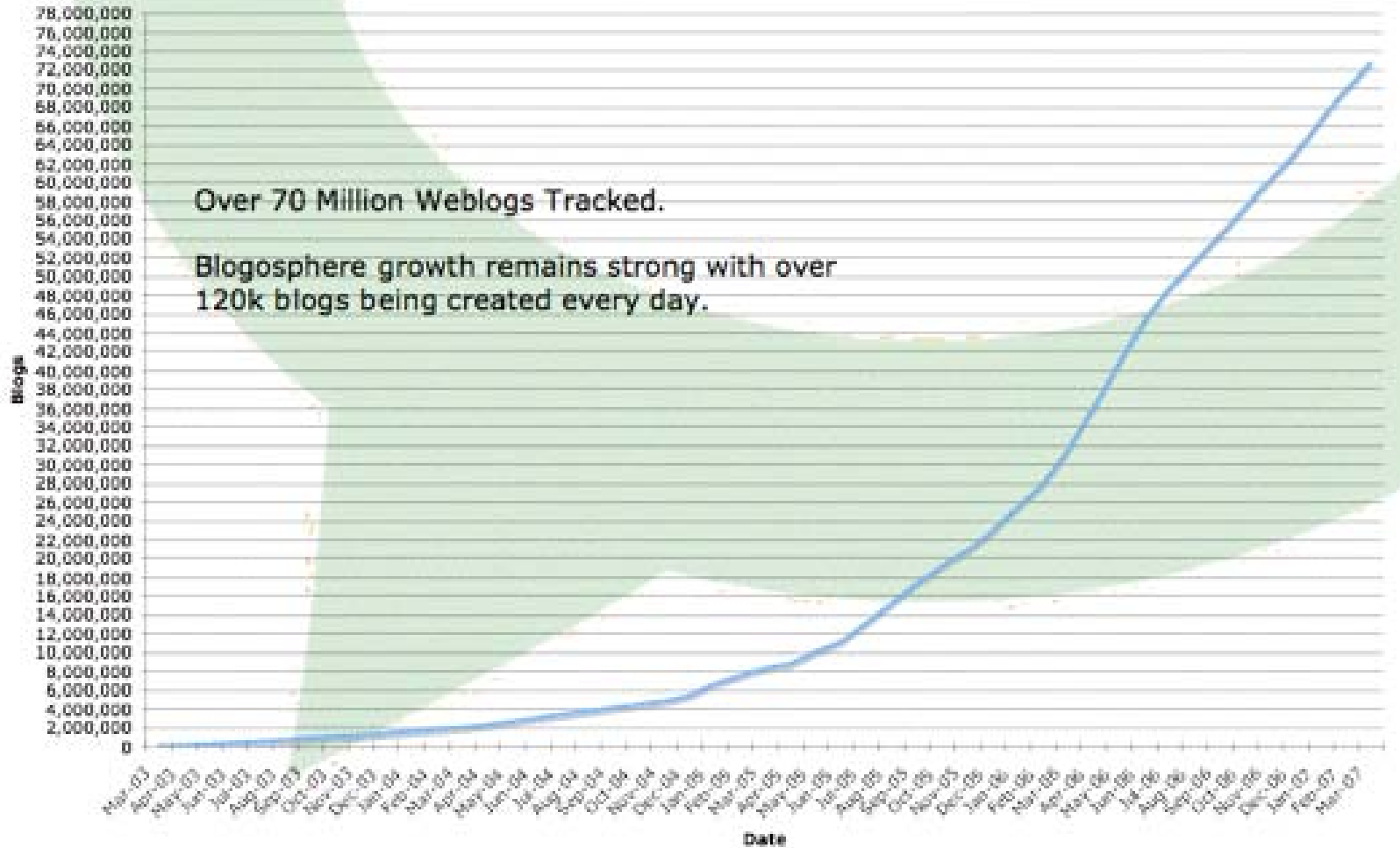
- ▶ Why Now?
 - Media Fragmentation
- ▶ Current Marketplace Responses
 - Portals, Sites, Ad Networks React
- ▶ What is an Ad Exchange?
 - What Problems are Being Solved
- ▶ Questions to Ask Your Ad Exchange

Media Fragmentation



Source: ComScore data and JPMorgan estimates

- ▶ While portals were once the dominant source of news and information, page views on the top 3 portals declined 18% from August 2004 to August 2007 vs. an overall 21% total internet growth in page views.
- ▶ BUT, media spend is still lopsided—77% of media spend goes to the top 10 Internet properties

Weblogs Cumulative: March 2003 - March 2007

Marketplace Response

▶ Portals Acquire to Create “Platforms”

- Yahoo! buys RightMedia (\$850M), BlueLithium (\$300M)
- Google buys DoubleClick (\$3.1B)
- Microsoft buys aQuantive (\$6.1B), AdECN (\$75M)
- AOL buys Tacoda (\$275M), Quigo (\$300M) to create Platform A

▶ Branded Sites create Extended Networks

- Martha Stewart creates Martha’s Circle
- Reader’s Digest, Forbes, Warner Brothers, Glam Media

Marketplace Response

▶ Ad Networks

- General networks are in decline
 - Inefficiency
 - Biased
- Category specialty
 - Adify estimates there are @ 75 niche networks
 - Travel Ad Network, Gay Ad Network
- Technology specialty
 - Behavioral, contextual

Remaining Issues

▶ But there is still FRICTION in the process

- Paper IOs, faxes, phone calls
- Lack of control, lack of transparency

Ad Exchanges can automate and provide control and transparency to buyer and seller.

▶ Where is the Long Tail in these solutions?

- Portals have no “tail”
- Branded sites create small networks with limited scale
- Ad networks are typically “mid-tail” remnant solutions

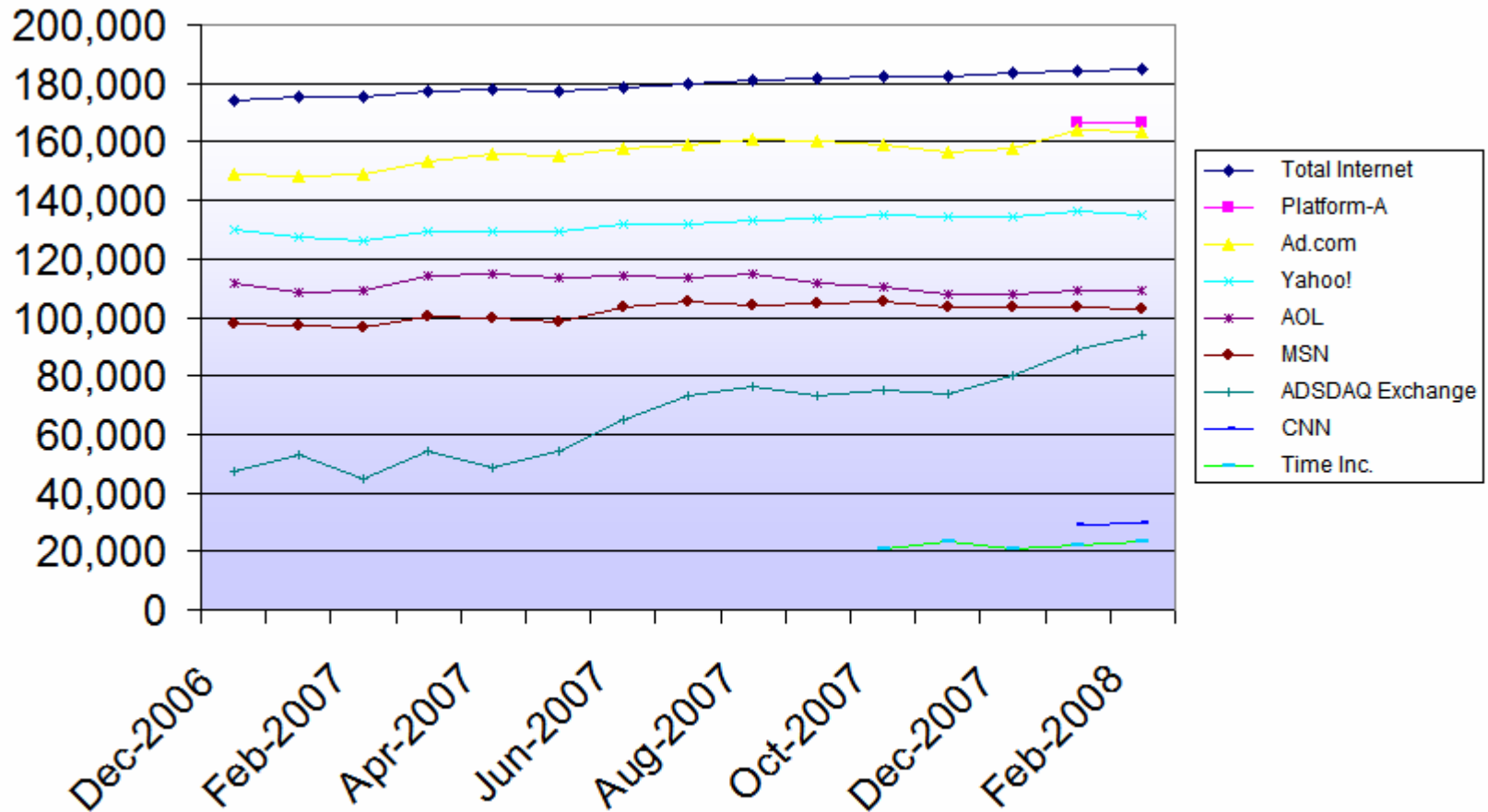
Ad Exchanges can allow Long Tail publishers to participate and control pricing.

▶ Where is brand-safe media that can scale for the advertiser?

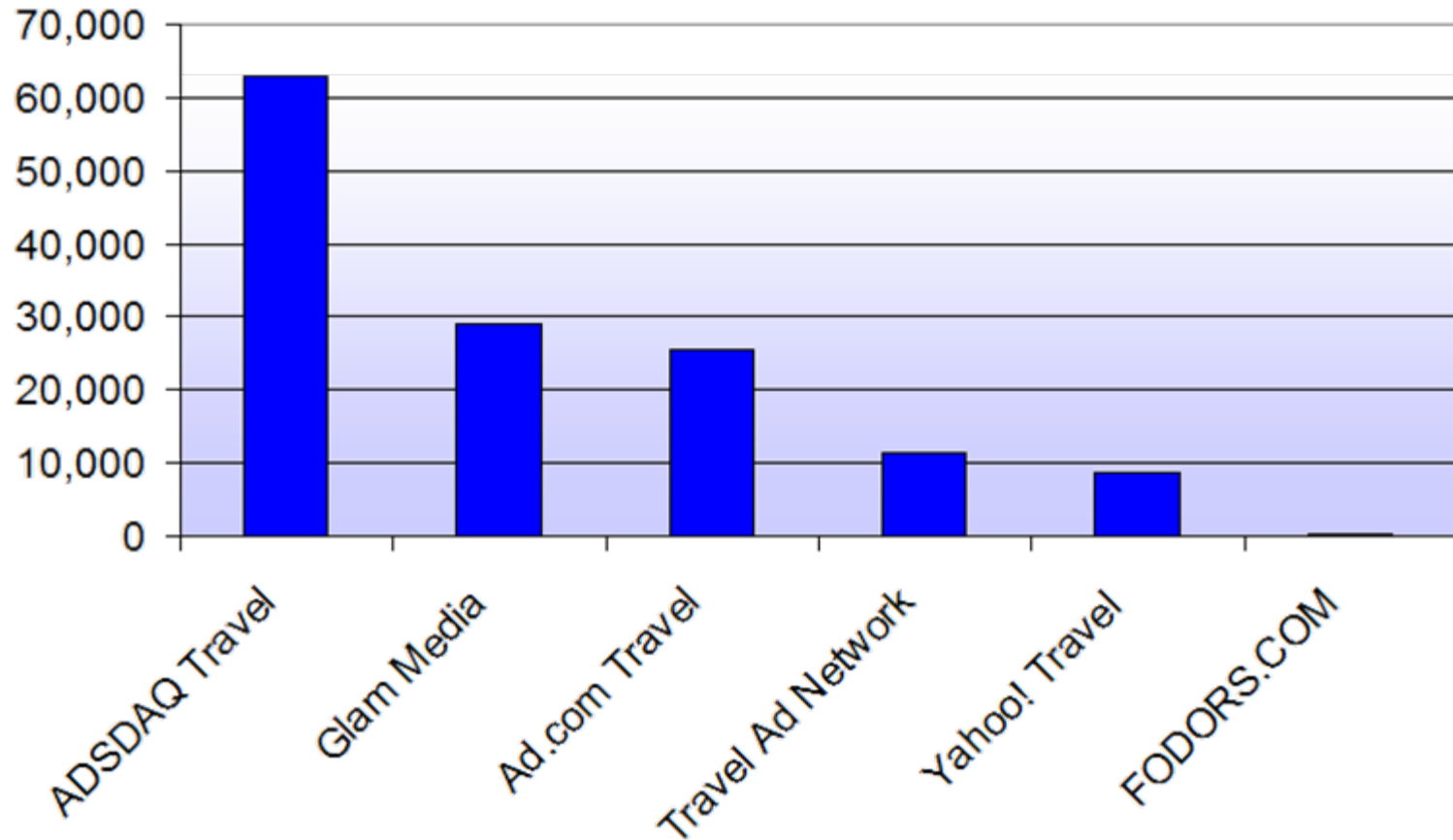
- Advertisers that use portals and site specific buys need more reach
- More brand dollars are coming onto the web

Ad Exchanges can allow the advertiser various placement controls.

15-month Trend Line



Marketplace Response – Travel Vertical



ComScore February 2008

Rob Norman, GroupM



Photo credit: IAB

- ▶ “Today, we plan and trade on behalf of our clients. Tomorrow and in some places today we also trade on our own behalf where we can create value and deserve our place in the chain”
- ▶ “We charge at the moment for the cost of inputs but again if we charge on the basis of *the value* of the outputs we are perfectly entitled to do that too.”

Questions for Your Ad Exchange

▶ Inventory

- Remnant or premium inventory?
- Spot market (bided) vs. futures market (reserved inventory)?
- Safe for brands or direct only?
- Designed for agency and/or SEM workflow?

▶ Pricing

- Control of pricing for buyer and seller?
- Pricing models: CPM, CPC, CPA?

▶ Targeting available

- Contextual, behavioral, other?
- Graphical, rich media, text formats?

▶ Publisher types

- Long Tail and/or large site and/or ad network inventory?
- Inventory from content sites and/or social media?

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