Maximizing advertising revenues for online publishers

Helping online publishers maximize their returns from online advertising

At Google, we believe that better technology can help website publishers - of all sizes - earn the most advertising revenue possible from their online content.

If a publisher sells advertising, they can do this directly themselves, via their own sales force; they can use an ad network to help place ads on the pages of their website; or they can use a combination of these methods.

Maximizing revenues for our AdSense partners

Our AdSense network enables publishers to run relevant ads - including text, image, rich media and video ads - on their websites. Our AdSense partners, comprising over a million large and small publishers, earned over $5.2 billion in 2009 through AdSense. AdSense helps publishers get the most revenue possible for their ad space, without having to directly manage advertiser relationships.

When a publisher enables AdSense on their site, Google automatically maximizes the publisher's revenues every time a page loads. It does this in real time, by selecting the most valuable ad, from AdWords advertisers and a large pool of other competing ad networks and buyers who have access to AdSense ad space through DoubleClick Ad Exchange.

Maximizing revenues for online publishers who have their own ad sales teams

Let's explore how Google maximizes the advertising revenues of a website that sells ads both directly, and through ad networks.

Imagine a fictitious football website, BigDFootball.com, which is a popular website that is geared for football fans in the Dallas area. It has a sales team that sells ad space directly, and also wants to make ad space available to ad networks.

Maximizing revenues for guaranteed ad space

BigDFootball.com is like most major online publishers. It employs an ad sales team that sells advertising space to clients directly (largely sporting good advertisers and Dallas area businesses), on a "guaranteed" basis. For example, its sales team may sell 1 million specific ad impressions, on particular days, to a local sports store for a fixed price of $20 CPM (cost per thousand impressions). BigDFootball.com "guarantees" the sports store that their ad will run a certain number of impressions within an agreed timeframe. The sales team may negotiate a deal with another advertiser for $25 CPM, and so on.

Publishers use our ad serving products (like DoubleClick's DFP or Google Ad Manager) to select and deliver ads to fulfill all these guaranteed deals and maximize their returns, choosing the most valuable ad, in real time, each time a web page loads. Our ad serving products can also precisely target these ads and make them more valuable to publishers, based on data that publishers have about their audience and ad performance.

Maximizing revenues for non-guaranteed ad space

Large publishers often can't sell all their ad space through guaranteed deals.

Sometimes, the supply of ad space exceeds demand for it. Or often, traffic is volatile. Imagine there's a surprise trade involving a star Dallas player and

Our approach at a glance

Three keys to revenue maximization for online publishers are:

- *True* real time technology;
- competitive pricing pressure; and
- competition across sales channels for non-guaranteed ad space.

AdSense

AdSense maximizes revenues for publishers in real time across multiple competing advertisers and ad networks, without the publisher having to directly manage advertiser relationships.

Ad serving

Google's ad serving products maximize publishers' revenues for directly sold, guaranteed ad space.

Ad Exchange and yield management

- DoubleClick Ad Exchange maximizes yield for non-guaranteed ad space that is indirectly sold, across dozens of competing ad networks in a true real-time auction.
- It goes beyond traditional "yield management." It uses "dynamic allocation" to compare different sales channels, and deliver the highest paying ad, whether it's directly or indirectly sold by the publisher.

BigDFootball.com breaks the news, and lots of popular sites link to the story. As a result, BigDFootball has a massive traffic surge that brings millions of new visitors. Since it can't predict or sell all these additional impressions on its own, to earn money from all of this unsold ad space, it makes its ad space available on a "non-guaranteed" (or "as available") basis, to a number of ad networks.

Maximizing returns for non-guaranteed ad space that is indirectly sold across multiple ad networks, is often called "yield management." DoubleClick Ad Exchange is Google's "yield management" solution for large online publishers.

The Ad Exchange is a spot market for ad space - it includes ad networks on one side and major online publishers on the other. Online publishers have an easy-to-use interface and are in complete control of which networks they allow to bid for their ad space.

The Ad Exchange puts a large number of ad networks (over 65 at last count, including more than half of the largest 20 networks in the US) into price competition with each other in a real-time auction, instead of using pricing assumptions based on historical data, or trying to negotiate prices upfront (usually at a discount). It chooses the highest value ad from these competing networks at each moment, impression by impression.

Going beyond traditional yield management

However, the Ad Exchange goes further than traditional "yield management." It provides a more complete revenue maximization solution.

Through integration with DFP it can "dynamically allocate" ads. Dynamic allocation is a unique technology that works by passing to the Ad Exchange the CPM value associated with any non-guaranteed ad that DFP is about to serve. Imagine that BigDFootball has sold an ad for $10 CPM to a Dallas pizza chain through an ad network, on a non-guaranteed basis. If the Ad Exchange can provide BigDFootball with a CPM higher than $10, the Ad Exchange will instead deliver the higher priced ad. If, however, $10 is higher than any ad in the Ad Exchange, the pizza chain's ad is served as planned.

As a result of this dynamic allocation, publishers essentially have a risk-free way to get the highest real-time revenues for all their non-guaranteed impressions.

Under dynamic allocation, by definition, the Ad Exchange only serves ads when it can offer a higher price for ad space. In fact, analysis shows that the average price a publisher receives for ad space sold through the Ad Exchange is over 130% higher than the average price of ad space sold directly to ad networks (or similar third parties)[1].

Continuing to innovate and offer new options

Today's online publishers, large and small, operate in a complicated and fragmented advertising environment.

We're focused on investing in a full suite of technology products and advertising solutions - such as AdSense, ad serving products, the Ad Exchange and more - and delivering new ways for our publisher partners to take advantage of them. Plus, we're also working to bring new advertisers to online advertising, to grow the advertising pie for everyone.

In all these efforts, our goal is to maximize all our partners' online advertising revenues, however they choose to sell their advertising space.

1.These two sets of ad space are identical in size, priority and serving time, but may differ in other attributes.

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