admonsters

playbook:

Demand Partner Evaluation & Ad Quality

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Add Integrity

INTRODUCTION

Over the last few years, technological developments in the ad ecosystem have evolved to allow more publishers of varying sizes to add more demand partners into their stacks. What's more, the economic realities of the digital ad marketplace have brought us to a point where integrating with more than just a few demand partners is table stakes—simply the cost of being competitive.

That evolution was accelerated by the mainstreaming of header bidding circa 2015-16, which enabled closer relationships with preferred demand partners, but also taxed publishers' development resources and ushered in a host of issues around site performance. At the same time, industry consolidation altered the way some demand partners relate to the buy side and the sell side, fraudulent actors introduced increasingly wily and worrisome malvertising attacks into the supply chain, and the proliferation of demand sources made reporting a somehow even more complicated process.

Even two years ago, publishers were coming to the realization they had to make informed, strategic decisions about which of their demand partners get to go into the header, and which should stay in the programmatic waterfall. But today, a growing number of publishers are acknowledging they need to make decisions about which partners they should continue to work with, and which they should cut off.

Yes, revenue is extremely important, and it's a huge part of why the ops team exists. But it's not the only part—Ops are also guardians of user experience. Redirects and other malvertising attacks are more than just annoying to users—they can effectively put an end to the user's session. Bad ad creative can make a publisher's page look cheap. Keeping the user on the page is good for revenue in the short run and the long run. Publishers need to consider not only the revenue they receive from their demand partners, but also their partners' response to any red flags pubs raise.

Ad ops professionals have long shared war stories about their experiences with difficult partners as well as advice for getting the best performance out of those partners. From discussions in recent Publisher Forums and elsewhere: Something has to change in the way publishers work with demand partners. Onboarding everyone who promises to bring revenue, and keeping them integrated for the long run, is no longer a wise strategy.

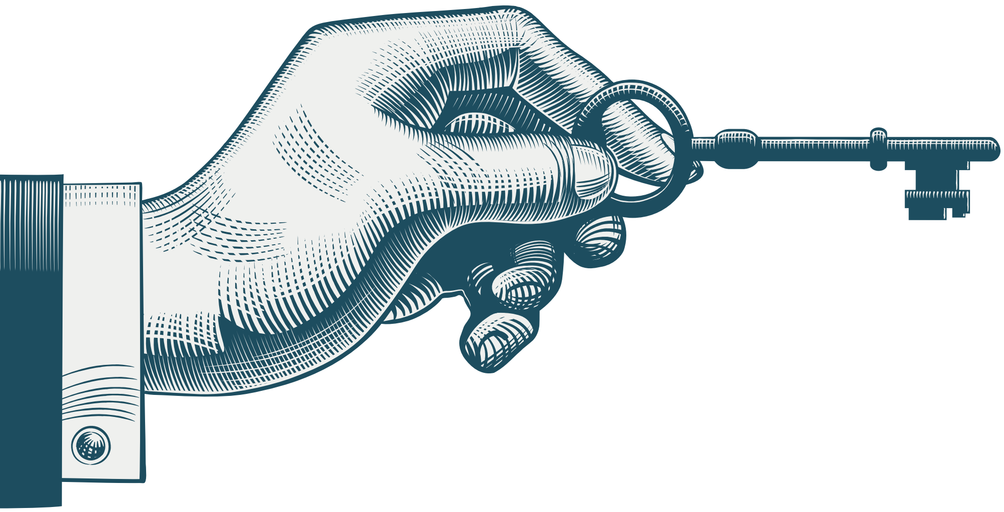
In this playbook, we're going to look at how publishers are deciding which partners can stay and which can go. We have listened to what pubs have said on the subject at recent industry events. We also launched a survey to find out what publishers value (it's not just revenue), what they find problematic (it's not just malvertising), how they work with their partners to solve problems, and how they determine the limits of what they're willing to deal with.

WHAT'S A PLAYBOOK?

A playbook is an extension of what the AdMonsters community has been doing at our conferences for more than 17 years. A playbook solidifies what has made our events "must attend" for many digital strategists. By bringing people together to share learnings and best practices in a focused way, people can create a plan and avoid hours—if not days—of doing research on their own.

The AdMonsters playbook concept takes existing AdMonsters content (from conferences and AdMonsters.com) and, with the help of the AdMonsters community, "crowd sources" a document that outlines best practices on a particular topic. Our belief is that this will allow for a free exchange of ideas with the benefit of curation for accuracy. This document does not get into specifics around individual solution providers intentionally.

Great effort has gone into writing the playbook in a fashion that applies to as many publishers as possible without becoming too general. In a technology-driven industry like digital advertising, information quickly becomes obsolete. The intention is that, based on the feedback of the AdMonsters community, the next version of this playbook will start to take shape and, with additional contributors, grow in both depth and breadth. Publication of future versions will be scheduled based upon the needs of the community.

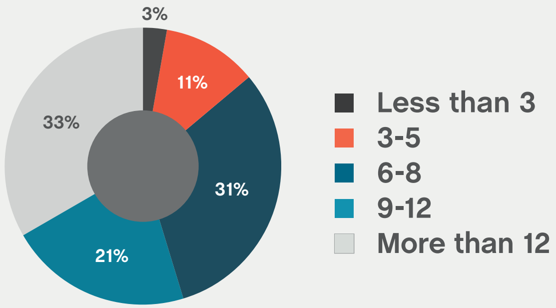


3 WHO ARE WE WORKING WITH?

There's been a lot of discussion in the ad trades over the last couple years about consolidation among vendors. But for all the high-profile acquisitions and mergers we've heard about, ops teams might not see much of a difference in their own day-to-day lives. Not even a year ago at an AdMonsters event, one publisher asked the room if anyone had noticed they were getting fewer calls from vendors looking to partner. More pubs said the volume of cold calls had remained the same than said they had noticed a decrease.

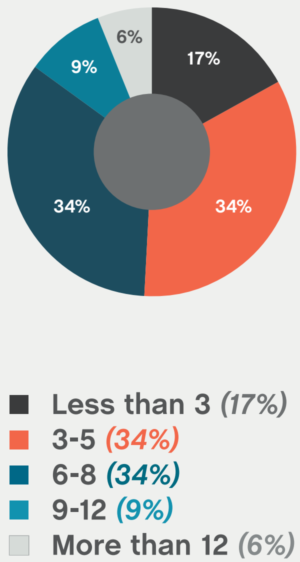
Our survey makes this clear: A lot of publishers are working with a lot of demand partners, in total. In fact, 33% of respondents said they are working with more than 12 partners.

HOW MANY DEMAND PARTNERS DO YOU HAVE TOTAL?



Publishers are generally more conservative about who goes in the header, though. Only 6% have more than 12 in the header. The bulk of respondents—68%—said have from three to eight header partners.

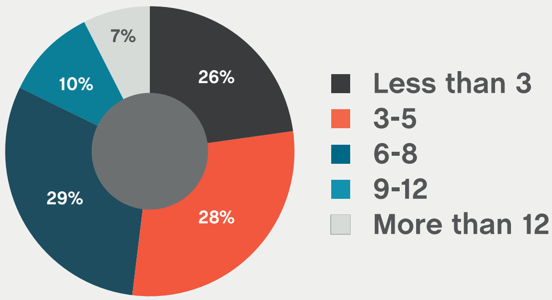
HOW MANY DEMAND PARTNERS ARE IN YOUR HEADER?



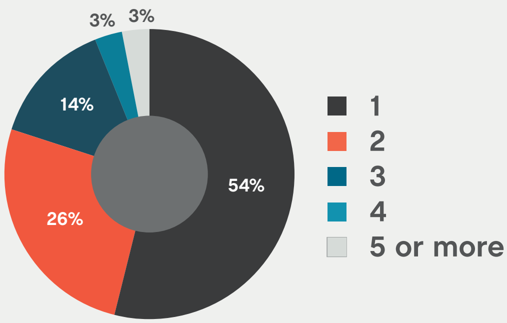
That figure seems consistent with what we heard from publishers in 2016, when we asked a similar question about how many header partners they'd integrated. Even then, the bulk of respondents said they were seeing positive results from three or more header partners, but only the header-happiest of the bunch said they had nine or more partners in their header. Unless the header landscape changes substantially, we might safely say the three-to-five header partner range is the sweet spot for pubs, unless they know their dev teams can support more.

Publishers are similarly conservative about how many mobile demand partners they have—only 17% of respondents said they have nine or more in mobile.

HOW MANY DEMAND PARTNERS DO YOU USE FOR MOBILE INVENTORY (WEB OR IN-APP)?



HOW MANY DEMAND PARTNERS DO YOU USE FOR NATIVE PLACEMENTS?



4 WHERE DO THE PROBLEMS COME FROM?

In talking about the nature of partner management, some publishers cite the classic Christopher Wallace Principle: “Mo’ money, mo’ problems.” But others will cite a parallel principle: “Less money, mo’ problems.” Casting a net for revenue will almost inevitably catch some bad ads (malicious or simply malfunctioning) and complicate the process of evaluating reports and managing discrepancies.

Still, ad inventory exists to drive revenue. Comments added into our survey responses cited revenue and user experience almost equally as often as the point that all other points boil down to.

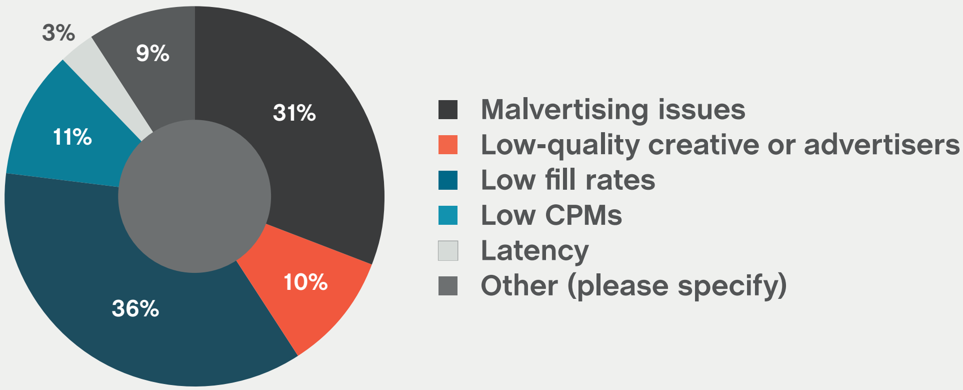
Case in point: More publishers cited low fill as their most common demand partner issue (36%), with malvertising a relatively close second (31%). Those are also the top two reasons publishers give for dropping a partner. Discrepancies and failure to pay, or to pay on time, were popular write-in responses.

Several publishers weighed in that regardless of their top reason for dropping a partner, they’d make the choice to eliminate that partner for more than just one reason. For example: Low revenue, plus malvertising—which displeases multiple stakeholders (users and the higher-ups). High discrepancies, plus consistently late payments. Missed payments, plus low fill rates. And pubs can feel pushed to the limit by partners whose misdeeds—like failure to screen out malvertising or bad creative—unload too much work onto their own teams.

Auto-redirects are still the biggest source of creative quality concerns, cited as the top quality-related challenge by 61% of respondents. And yet, there’s a general understanding among publishers that no vendor company is immune from malvertising attacks.

Of course, some vendors end up being more egregious sources than others. It’s particularly important to publishers

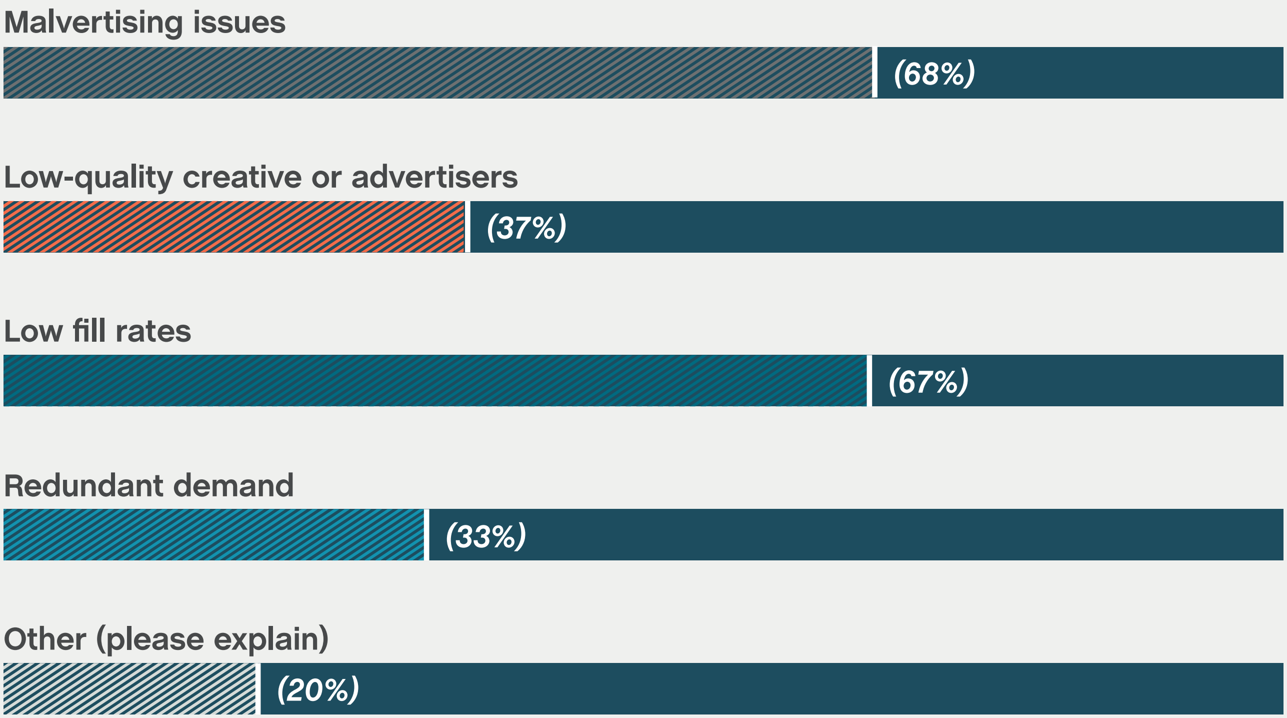
WHICH OF THESE IS THE MOST COMMON ISSUE YOU HAVE WITH DEMAND PARTNERS?



that they see their partners responding to the presence of bad-actor ads. Communication is key, and publishers deserve some kind of backup that the partner that's evidently supplying bad ads is taking action. Inaction or poor response can be justifiable cause to cut off a demand partner.

WHICH OF THESE IS A TYPICAL REASON FOR DROPPING A DEMAND PARTNER?

(Choose up to 3)



Entries for other: *late or non-payment, poor customer service, high discrepancies, low CPMs*

5 WHAT DO PUBS WANT?

The bottom line for publishers' goals is often the business bottom line itself: Publishers want their ad inventory to deliver revenue. When asked to rank their top five most desired traits in a demand partner, the survey showed CPM is the most important factor and high fill is the second.

WHICH OF THESE IS MOST IMPORTANT IN A DEMAND PARTNER?

(Rank in order of importance: 1 = most important, 5 = least important)

	1	2	3	4	5	Cumulative
UNIQUE DEMAND SOURCE	25%	13%	15%	46%	1%	3.13
HIGH CPMS	37%	35%	21%	7%	0%	4.01
HIGH FILL RATES	20%	34%	28%	18%	0%	3.55
HIGH-QUALITY CREATIVE & ADVERTISERS	19%	19%	36%	25%	1%	3.29

But for other publishers, user experience rules the roost. UX incorporates a number of factors, including ensuring quality ad creative and providing a malvertising-free (or at least malvertising-limited) environment. As UX becomes more of a concern for ops, it adds to the ops team's traditional responsibilities, and often requires a more hands-on and communicative relationship with partners to ensure the ads that make their way to the page reflect the publisher's standards and expectations.

This can be time-consuming, and it's another area where publishers want to see active participation from their partners to lighten the load. With partner participation, ops teams can focus on more strategic, revenue-driving efforts.

But mostly, publishers are trying to balance those two factors, high CPMs and UX. This has been a common theme in the survey responses, and in discussions at AdMonsters events. "Nearly everything boils down to either bad ads of insufficient revenue," one publisher said succinctly of their day-to-day partner-managing challenges. "Some survey respondents said they were willing to leave some revenue on the table if it meant keeping bad actors off the page, and thus preserving UX.

The combination of high fill rates and high CPMs are not mutually exclusive. Anyone can fill 100% with low CPMs. If a partner is unable to fill between 10-20% at reasonable to high CPMs, then they are not of value.

FILL RATE

Some respondents observed that unique demand brings about some of the key results they want—higher fill rates and higher-quality ad creative. Redundant demand doesn't help pubs meet their goals—and we hear a refrain in survey responses that when you look at all of the ad exchanges in the ecosystem, there's a lot of redundant demand.

Some publishers suggested unique demand sources were more beneficial for revenue overall than simply onboarding every partner that comes calling. More of the same demand makes the day-to-day realities of the job unnecessarily complex, and takes ops away from more forward-looking, strategic initiatives that are deliver more of a positive effect to the business.

Not everyone agrees on the relationship of fill to revenue, however. A few respondents said that revenue will naturally follow fill. But that's not a universally-held belief, or a universally-observed dynamic.

One publisher gave us a particularly well-considered observation: "The combination of high fill rates and high CPMs are not mutually exclusive. Anyone can fill 100% with low CPMs. If a partner is unable to fill between 10-20% at reasonable to high CPMs, then they are not of value. The problem with most publishers is that they onboard and test too many partners that dilute the value of a consolidated market. We need to start trimming the fat."

AD QUALITY

Publishers don't expect their partners will protect them from all possible ad quality or revenue-related issues. Their partners will make certain promises around certain goals, and failure to deliver may have consequences.

Failure to communicate may have consequences, too. One publisher said, citing the small size of their ops team, "We don't have time to chase partners who don't respond to our questions and requests for information and assistance." But a team doesn't need to be small to experience those same frustrations—a larger org, with potentially more partners in the mix, may face more problems, scaled up proportionally. At a certain point, a publisher of any size may decide it's not worth it to them to deal with these problems on a partner's behalf.

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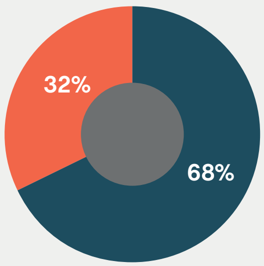
6 WHO SOLVES THE PROBLEM?

There's no consensus, by a long shot, over whether the publisher's responsibility for user experience is limited to their owned and operated digital properties (on-site and/or in-app), or whether it extends to wherever the user happens to land after clicking through an ad. According to the survey, 69.19% said the responsibility did not extend beyond their O&Os, and 30.88% said it continued to wherever the ad takes them.

AS A PUBLISHER, WHERE DOES YOUR RESPONSIBILITY END, WHEN IT COMES TO USER EXPERIENCE?



O&O Properties   Click Beyond O&O

Solving ad quality, yield, and reporting problems—fishing out bad creative, solving for discrepancies, rooting out the source of redirects, and so on—obviously creates extra work for ops teams. That extra work takes time they don't necessarily have, and creates space for an entire cottage industry of point-solution-type vendors. Outsourcing is not always the right option. It costs money, and sometimes a conversation is most productive when the publisher can speak for themselves, rather than letting an outsourced vendor do the talking.

For example, one publisher pointed out in the survey that they're putting in legwork to educate advertisers on how important the appearance and experience of their landing pages—where the user goes after clicking through an ad—can be to the UX on the publisher site itself. That publisher added that more often than not, advertisers clients just don't seem to understand this enough to actually change anything on their landing pages.

We've said already that there's a sense that something has to change in the way publishers work with their demand partners. The exact "something" may be difficult to pinpoint, and may vary from one publisher business to another. But time and again, we hear that publishers feel at least some of their partners expect any major problems can be cleaned up on the publisher's end, and pubs want to put an end to that expectation.

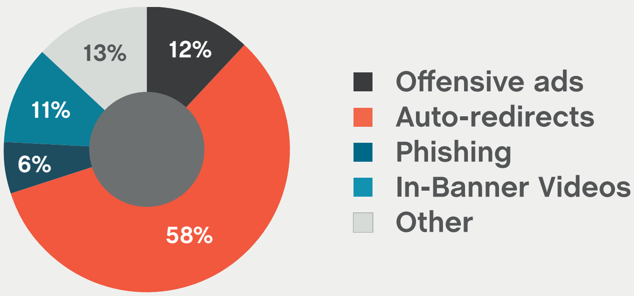
Ops teams are already overloaded with, for example, trying to improve site performance—page speed, viewability, lazy loading. They want the ads at least to be clean and presentable. As one publisher observed pointedly, publishers are feeling pressure from the buy side to root out malvertising and other quality issues. But the demand... all comes from the buy side! There's a sense that the buy side is both facilitating (if not causing) the problems and issuing orders that publishers fix those problems.

Meanwhile, publishers often have the sense that intermediary partners either look the other way when it comes to ad quality, or else feign their way through the support process. Whether any of those partners are actually "faking" support is immaterial—what's important is the widespread belief among pubs that demand partners need to do more, need to respond more quickly and more heartily when an issue is raised. However, there's little financial incentive for the intermediaries to clean up their act.

WHAT TO DO?

At recent AdMonsters events, when the discussion has turned toward how to manage troublesome partners, the situation has become clear: Having a robust tech stack, with a lot of demand partners, can increase your options for monetizing. It may introduce some efficiencies into the process of revenue optimization. But some of those efficiencies can melt away when ops teams are tasked with rooting out problems and troubleshooting with whichever partner or partners might have brought those problems into their house.

WHAT IS YOUR BIGGEST CHALLENGE (AT THE MOMENT) AROUND CREATIVE QUALITY?



Increasingly, publishers are saying that partners who introduce ad quality-related problems, show limited ability to monetize, and don't demonstrate that they've taken action on their own part don't deserve to stay in the tech stack. Indeed, it's complicated enough managing partners when they "behave." Publishers are pushing back against partners who let problems linger and/or who don't deliver meaningful revenue.

So of course, the next question is how to determine when you cut off a partner who isn't working well for your needs. For better or for worse, there's no universal law for that. It depends on the publisher's bandwidth—and it depends on how much you need every dime coming through the programmatic pipes.

But publishers shared some thoughts on their limits. One said that providing a disappointing response might be acceptable the first time, but the second time the same partner drops the ball, the publisher would be willing to terminate that business relationship.

> **If an ad that appears at first blush to have good creative, but it redirects to a poor-quality, undesirable site—in the end, that's the same thing as a bad ad.**

One publisher advised: If an ad that appears at first blush to have good creative, but it redirects to a poor-quality, undesirable site—in the end, that's the same thing as a bad ad. But the catch is that managing advertiser landing pages is extremely difficult for a publisher.

It's important to have conversations with advertiser clients about the quality of their (that is, the advertisers') sites, but publishers want to see demand partners initiate those conversations. That's especially true if the publisher's relationship with the advertiser exists primarily because the demand partner mediates that relationship.

Some publishers offered suggestions on how to systematically mitigate evergreen problems like poor fill, low CPMs and insufficient response to malvertising instances. One publisher suggested demand should be graded and targetable as premium—that is, safe for the publisher. Of course, determining what constitutes "premium demand" could take rigorous and lengthy debate. The discussion of what counts as "premium" ad inventory in the programmatic market took years to cycle through, and arguably that discussion is still ongoing.

Another publisher suggested resurfacing the idea of a unique identifier for buyers in the ad ecosystem, to identify what individual or company specifically is behind a malicious ad. The thinking is: Bad actors often masquerade as legitimate entities. But if each ad creative came with an identifier that couldn't be spoofed, it could make malvertising more readily identifiable.

This is not a new idea—it's just that the proposed methodology has changed over the years. At this particular moment, the idea of a transparent record of activity is one of the goals of blockchain applications for the ad industry.

Some publishers have suggested stricter penalties on exchanges—particularly, but not exclusively, on DSPs—for running malicious ads. One suggested buy-side players be required to pay, say, a $100,000 deposit for a seat at an exchange, and that they be penalized by losing their deposit and their seat for sending redirects to publishers.

Publishers have often suggested raising and enforcing floors as a means of controlling ad quality, with the expectation that bad ads are less likely to win auctions. Another related method is to keep the transaction competitive—introduce enough partners into the auction to beat out poor quality ads.

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When it comes to malvertising, one complication—and one reason why publishers need support from their partners—is that it's often difficult or impossible to kick the problem over to an outside authority like law enforcement. In spite of the fact a great deal of malvertising is rooted in criminal activity, a great deal of it also happens across national borders. This makes enforcement quite difficult and time-consuming.

As it stands, law enforcement in the U.S. does not typically engage actively with ad platforms and security vendors, so there's no hotline from the demand partner to a government-level authority. Rooting out bad actors is something publishers, advertisers and tech intermediaries are left to handle on their own. And increasingly, publishers are pushing back against the idea that the heavy cleanup is their responsibility just because their sites are where malvertising comes to rest and to face the public.

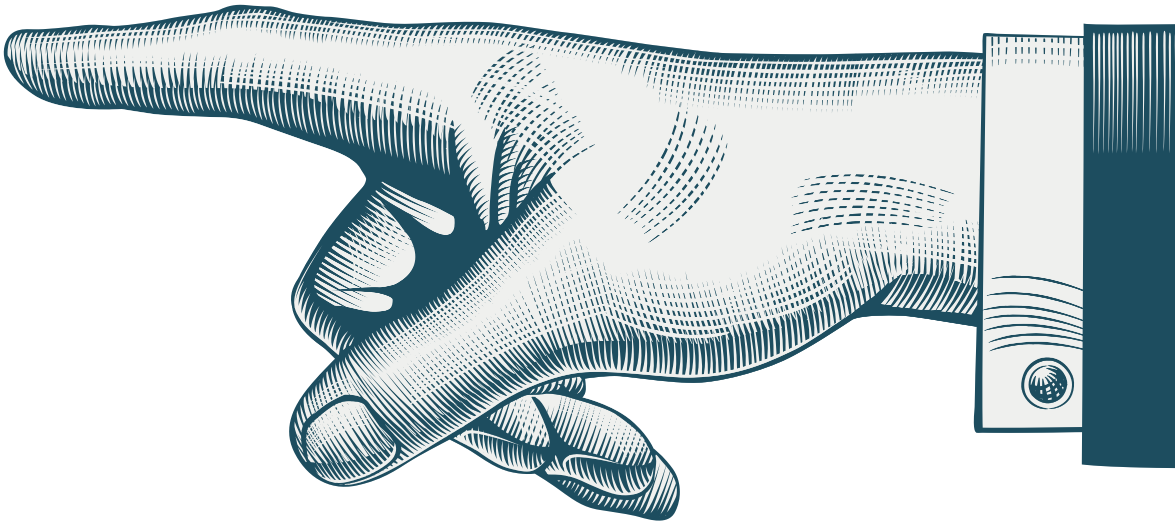
Ad servers and other tech vendors such as GeoEdge provide tools to scan ad creative for malicious code. Publishers should encourage their tech partners to be clear about their capacity to scan for and block malicious code, particularly in real time, before it reaches the site itself.

CONCLUSION 8

The digital media industry has reached an inflection point: Publishers' concerns about preserving user experience and making the best use of their own human resources have liberated them from feeling beholden to "difficult" demand partners.

Sure, publishers expect some problems along the way. There's probably no such thing as an entirely malvertising-free demand source. Bad creative will make its way from one end of the supply chain to the other, somehow. Discrepancies are bound to happen when comparing reports from different systems. But publishers are increasingly unwilling to accept the explanation that these problems are mere forces of nature. Publishers are increasingly unwilling to accept the premise that if they want revenue, they'll have to deal with any attendant issues that appear in their ad slots.

Publishers are making demands of their demand. If partners won't play nice, and if they deliver repeated or especially egregious issues, they'll be cut out of the ad stack. Transparency is one of the top goals of the digital media industry, and accountability is a key piece of that. The relationship between publishers and their tech partners shouldn't be combative. But all players in the ad ecosystem deserve to know what their partners are doing, if they're working toward a shared goal.



ABOUT ADMONSTERS

AdMonsters is the global leader in strategic insight on the future of digital media and advertising technology. Through our conferences, website, original research and consulting services, we offer unparalleled in-person experiences and unique, high-quality content focused on media operations, monetization, technology, strategy, platforms and trends. Founded in 1999, AdMonsters began serving the advertising operations professional through live media and its online community. We provided a forum to share best practices, explore new technology platforms and build relationships. Today's expanding ecosystem now includes publishers and content creators, agencies, SSPs, DMPs, DSPs, RTB and service providers, technology and platform developers, advertising networks, brands, and investors.

This vibrant community is forward-looking and results-oriented. Their success depends on strategic insights about technology and monetization, and the exchange of actionable peer-to-peer best practices. AdMonsters has built its reputation on providing objective editorial leadership based on deep, real-world expertise. We have continued to evolve our editorial strategy to address the changing needs of the market and as a result, AdMonsters has attracted a highly focused audience who are at the forefront of the industry, and leading marketing partners have found AdMonsters to be a powerful channel to reach these decision makers. Today, our portfolio of integrated media solutions includes industry leading live events, our innovative Connect content solutions, email marketing programs, and more.

As of March 2015, AdMonsters is part of the Access Intelligence family of companies.

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ABOUT GEOEDGE

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Add Integrity

GeoEdge is the premier provider of ad security and verification solutions for the online and mobile advertising ecosystem. The company ensures high ad quality and verifies that sites and apps offer a clean, safe, and engaging user experience.

With GeoEdge's detection and real-time blocking of malicious and low quality ads, you can be confident knowing your users are continuously being protected against non-compliance, malware (malvertising), inappropriate content, data leakage, operational, and performance issues.

Leading publishers, ad platforms, exchanges, and networks rely on GeoEdge's automated ad verification solutions to monitor and protect their ad inventory. To find out how GeoEdge can enhance your quality assurance and verify your online and mobile campaigns, head to www.geoedge.com.