COLUMNS

Rallying cry for transparency should mean more revenue for mobile publishers

July 27, 2016

Ionut Ciobotaru is cofounder and managing director of PubNative

By Ionut Ciobotaru

The mobile advertising ecosystem continues to evolve at a rapid pace, and as it grows, so does the industry's demand for transparency. So far, 2016 is shaping up to be the year that we answer that rallying call and that is a good thing for publishers.

Both advertisers and publishers are demanding more transparency in everything they do.

See through
For mobile publishers, transparency includes the ability to monitor ad quality, among other factors.

When publishers work with multiple exchanges that are aggregating various demand streams, it becomes challenging to police all of the ads they are serving to ensure quality and legitimacy. They worry about preserving their user experience and finding and eliminating fraud.

For advertisers, transparency means gaining a more complete picture of what they are buying and where their ads are running, as well as the results their buys are generating. They want insight into the entire marketing funnel, including the subsequent user behavior so they can understand campaign performance and spend more wisely in the future.

For both players, transparency also pertains to pricing.

When publishers work with an ad network such as Google AdSense or the Facebook Audience Network, they only see the revenue paid to them they do not know which advertiser bought the impression or the price they paid, which can make it challenging to understand their market value, and in turn, to create and scale a monetization plan.

Open marketplaces such as MoPub and AppNexus allow visibility into their margins. Publishers can see how much companies are willing to pay for their traffic, and what types of businesses are most interested in it. Advertisers can better understand where their ads are running and how they are performing in regards to different audience segments and publisher types, addressing the downside of closed ecosystems, an idea recently discussed in MediaPost.

As a result of the fevered demand for transparency, we have seen, and will continue to see, an increased adoption of private marketplaces, in which a publisher or group of publishers can sell premium inventory programmatically to a select advertiser, or group of advertisers.

These invite-only auctions are usually transparent in terms of pricing, where the ad will run and ad quality. They are also a key feature of an open marketplace.

also a key feature of an open marketplace.

For example, if an advertiser sees its campaign is performing notably better with a particular publisher, it might make sense to pay a premium price to secure additional traffic. This is often immensely beneficial to the publisher, since it may make more money from the deal, and it will certainly welcome the predictability that comes with the buy.

Role of ad quality control tools
Most of the exchanges now offer tools for ad quality control, or are in the process of doing so.

These solutions allow advertisers to see exactly where their impressions are being displayed and make it easier for publishers to spot invalid or poor quality ads.

Google has several levels of ad quality control that include account managers manually scouring apps for red flags and automated scripts that help detect fraud.

The Google Publisher Toolbar allows publishers to block ads as they review their site. Publishers can choose to block by URL, specific ads, or by ad networks. More SSPs and ad servers are offering similar solutions, or are partnering with third party vendors to do so, such as GeoEdge, an ad verification and visibility tool provider.

Publishers would be wise to ask their providers about the transparency tools they offer, and to consider a double-layer approach something at the ad-server level and a third-party solution.

Improving transparency and eliminating fraud is, and always will be, a joint effort. But it is worth it: Doing so will help publishers increase revenue. Plus, the resulting more brand-safe environment will inspire brand advertisers to invest more in mobile.

Many are still hesitant to do so remember, Mary Meeker says there is still a $22 billion mobile advertising gap in the United States alone but recent developments suggest we are moving in the right direction.

Tencent, a colossal China-based Internet company with a large mobile business, has allegedly partnered with Publicis, a large ad agency, and LVMH, a luxury goods conglomerate. Such a partnership would suggest that all entities are confident in brands' future adoption of mobile advertising.

Plus, Zynga, a mobile gaming company, recently created a new sponsored advertising product for brands. Clorox was the first to sign up.

A rise in brands' mobile spending indisputably means good things for publishers' revenue streams.

Quick and significant rise in header bidding
That header bidding has taken the industry by storm demonstrates just how hungry we are for transparency-related solutions.

Header bidding allows publishers to sell their inventory to multiple exchanges and ensure that they are getting the highest yield possible from their space.

Most major players now offer header bidding.

AppNexus recently announced a new solution for mobile applications that is similar to header bidding and designed to maximize publisher revenue via a more transparent bidding system.

Even Google, which notoriously keeps the walls of its garden high, reports it will offer a more transparent and open buying solution for publishers, its answer to header bidding.

At its crux, header bidding is about getting publishers the most money possible from every single transaction. The transparency trend is helping to fuel its rapid adoption and, again, it is publishers that stand to gain.

TRUTH BE TOLD, increased transparency might not be the best thing for ad networks that currently buy inventory at an undisclosed price and then mark it up for a profit. But advertisers and publishers' rallying cry has reached a fever pitch, and the entire industry is taking note.

For publishers, transparency helps them understand their value, maximize their yield and secure quality traffic.

Plus, if we can improve transparency, more brand advertisers will invest in mobile. That is certainly a good thing for publishers and, really, all players in the mobile advertising ecosystem.

Ionut Ciobotaru is cofounder and managing director of PubNative, Berlin, Germany. Reach him at ic@pubnative.net.

American Marketer is published each business day. Thank you for reading us. Your feedback is welcome.