

Playing the Field across Ad Exchanges Pays off for Advertisers

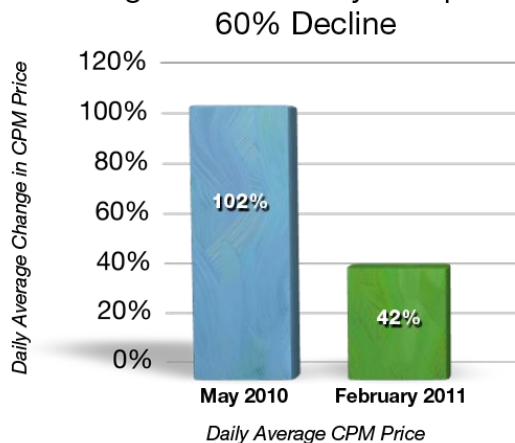
In MarketPulse #1: *Extreme Price Volatility Remains a Big Opportunity for Buyers*, DataXu analyzed the price paid for ad impressions across ad exchanges over a 30-day period in 2010 and discovered that the average daily price varied by more than 100 percent. This finding underscored the importance of employing a real-time dynamic bidding strategy to ensure advertisers are measuring and paying a price that reflects the value of each impression—versus relying on static bidding that applies the same bid price across all impressions.

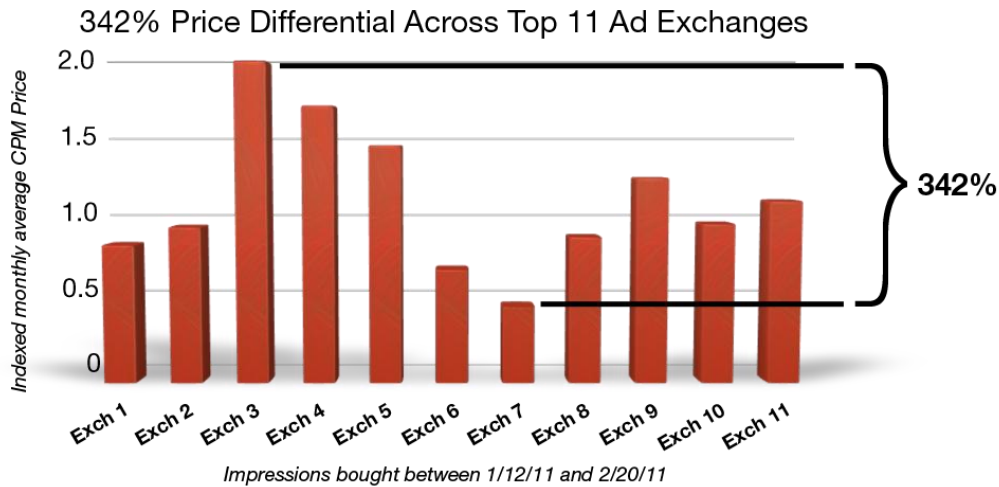
Market volatility is typical in an emerging market with few participants. Because price variances can have a significant impact on returns, we decided to revisit our May 2010 study to better understand how the market evolution is affecting prices.

Mitigating volatility and getting the best price

The new study demonstrates a drop in average daily price volatility to 42 percent, a decline attributable to dramatically increased volume of impressions bought and sold as well as maturation of trading systems. However, we found a **342 percent difference** between prices paid at the top 11 exchanges, indicating that the overall market remains highly dynamic during this period of hyper growth. For buyers, the data indicates that the best approach is to connect to many exchanges in order to mitigate volatility and realize better prices.

Ad Exchange Price Volatility Comparison Study





“It’s fairly obvious that buying across multiple exchanges increases the diversity of inventory available, and ensures availability of impressions that can deliver against the goal of an advertiser,” stated Sandro Catanzaro, VP of Analytics and Innovation at DataXu. “This study suggests that such buying also yields better prices for advertisers. The most successful buyers on the ad exchanges are investing across the wide price spectrum to measure price/performance trade-offs and optimize their yields.”

Boosting automation and performance

The DX2 platform dynamically measures, values, and bids across numerous exchanges, automatically buying the best ad impressions and redistributing budget among the most competitive sellers. This approach provides a buyer the broadest reach and generates optimal results. In a real-time bidding environment, this is only possible when all impressions flow through a universal bidder that compares the performance of each ad. Since volatility isn’t going away anytime soon, smart advertisers need to take advantage of it to get better pricing for ad placements.

[DataXu’s MarketPulse explores the data that defines today’s digital advertising marketplace. Stay tuned for future insights from DataXu.](#)

About DataXu. Headquartered in Boston, DataXu provides the only Demand Side Platform (DSP) for online, mobile, and video advertisers. This powerful technology makes millions of decisions a second to deliver the right ad to the right person at the right time - at the right price. For more information, please visit www.dataxu.com, check out our blog at www.dataxu.com/blog, or email us at marketpulse@dataxu.com.