

Demand Side Platforms: Vendor Neutrality is Key

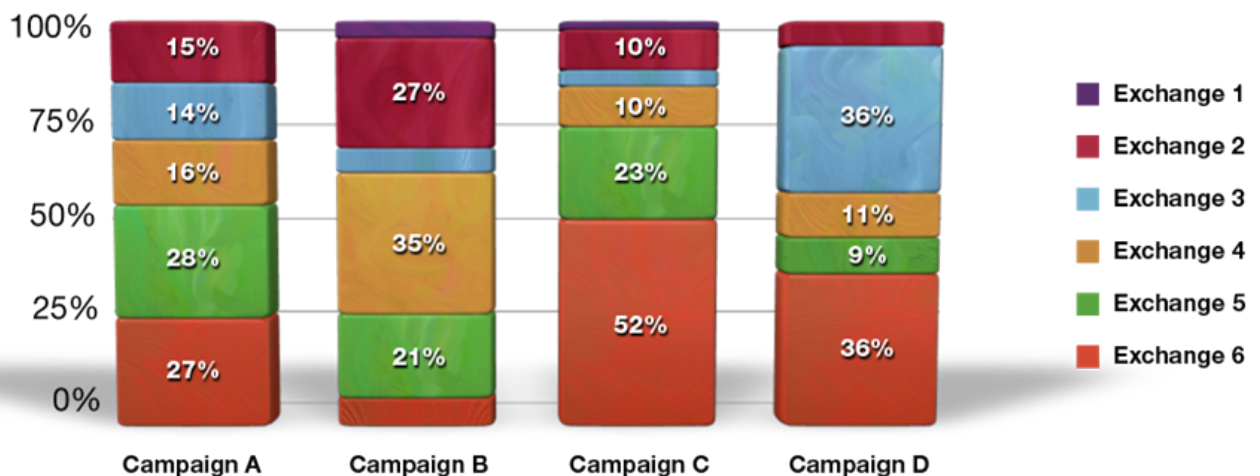
As the new interactive advertising ecosystem takes shape, some industry advertisers have expressed skepticism that the owners of ad exchanges can operate as neutral brokers given their ownership of most of the media offered for sale on the platforms. Indeed, Gartner raised a fundamental question in its July 2010 report on “Media Industry Advertising” - “How long will the ad exchange marketplace overlook conflicts of interest in the current structure and continue to allow the largest sellers of display advertising to operate ad exchanges based on little more than assurances of neutrality?”

An ad buyer can ensure against any seller bias by connecting to multiple ad exchanges and dynamically allocating its buys across platforms and publishers. If an exchange or a seller fails to provide competitive pricing or inventory transparency, the buyer can divert its spend away to a more buyer friendly exchange or publisher offering superior value. After all, it’s in a media seller’s rational business interest to maximize its own revenue and profit. This can manifest as hidden price floors, data cloaking, selective inventory allocations, and even “simple” buyer workflow tools that implicitly bias spend in the direction of the media seller.

This is why the market has embraced technology created by an independent company, like DataXu’s DX2, to maximize the buyer’s return on ad spend. The DX2 system dynamically allocates an advertiser’s buy across multiple ad exchanges and publisher inventory sources, automatically placing buys where the advertiser gets the most “bang for its buck”. The system analyzes over 30,000 ad placement opportunities per second, and makes adjustments every 0.3 milliseconds. Consequently, when one exchange becomes less cost effective, for whatever reason, the system automatically redistributes the advertiser’s budget among other more competitive sellers.

To confirm these dynamics and illustrate how they play out in practice, the DataXu Advanced Analytics Group reviewed the spend data for four different successful Financial Services campaigns, where in each campaign the advertiser hit or exceeded their cost per action goal.

Media Mix Spend by Ad Exchange



The analysis demonstrates that the exchange media mix for each campaign is very different - no two are alike. Based on real-time neutral science - ads are placed only where they are proven to drive the best results.

“Since the largest media companies also operate the biggest ad exchanges, smart buyers should protect themselves by transacting through neutral technology platforms. That way, the media purchases are guaranteed to be aligned to their needs rather than the seller’s best interests,” said Sandro Catanzaro, VP Analytics, DataXu. “Second generation DSPs that dynamically allocate spend via performance-based optimization deliver the most relevant impressions at the best prices for agencies and their clients. The programmatic buying markets are nascent and quickly evolving; and yet the ‘cat and mouse’ games played by buyers and sellers persist in novel forms. This makes it more important than ever as a buyer to protect yourself with advanced independent technology.”

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

About DataXu. DataXu provides the leading media management platform for digital display 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](#), or contact us at marketpulse@dataxu.com.