B5M Advertising Strategy Report

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1 RTB Landscape And Why Should We Grow To Become Adx

Before this illustration has been presented, there's an assumption that this report audiences have got enough sense on what is RTB on advertising. Figure 1 has shown a latest landscape of China Ad industry. We could see clearly these kinds of important RTB players from that landscape:

DSP which delivers RTB for buyers, or demand side, or advertisers.

SSP which delivers RTB for sellers, or supply side, or publishers.

Ad Exchange which delivers a market place for both DSP and SSP.

DMP which delivers data exchange service, such that DSP could target more audiences, which is the most important reference during a RTB process.

There's one phenomenon from the landscape that, although the essence of RTB has shown enough importance on SSP, while practically speaking, SSP has been included within many Ad Exchanges already. The number of standalone SSP providers is much less than that of standalone DSP providers. In fact, modern Ad Exchanges in China

Figure 1: China Ad Tech LandScape

has contained as much as it could, even including Ad Network. They do so with adequate reasons:

- Ad Exchanges could natually grow up to include the functionalities of SSP easily.
- The larger scale Ad Exchanges have served for medias with, the more revenues could they earn.
- It's nature for Ad Exchanges to assign their Ad Network to have premium advertisements, while the reminant traffic to consume RTB through all DSPs connected.

Another phenomenon from the landscape has shown that, separate DSP providers are less competitive than those players with media resources, such as those DSP + AdNetwork, DSP + Ad Exchange, this could be seen clearer from figure 2—Qunar[5] is a hybrid of DSP and AdNetwork, the same is true for 58.com[1], while all major Ad Exchange players have their own DSP as well — on the other hand, most Ad Exchange players are top internet companies in China.

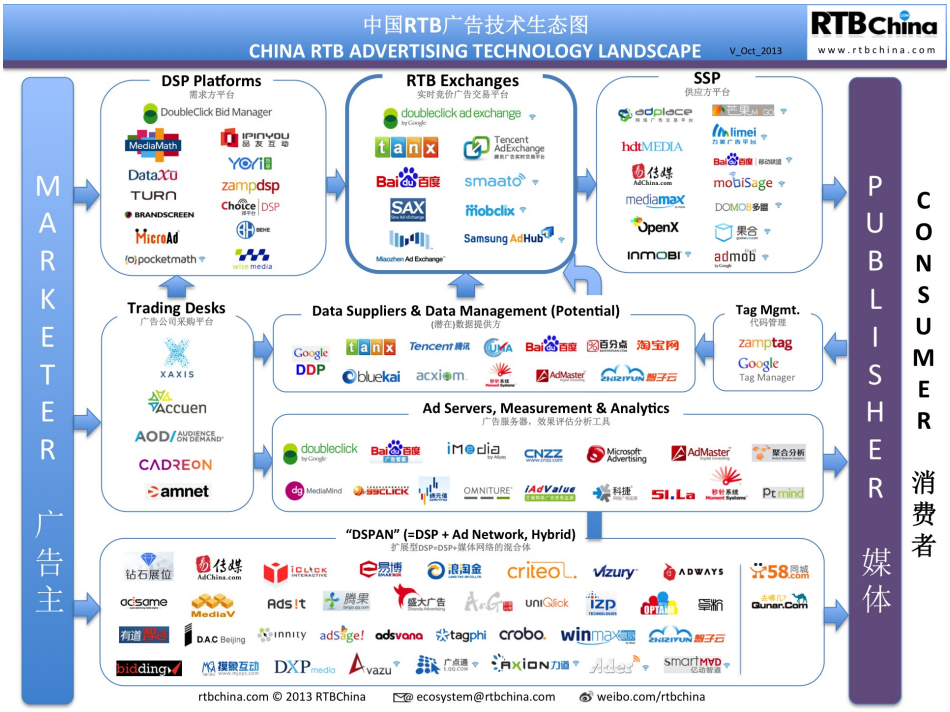

Figure 2: China RTB LandScape

It's obvious to conclude that a hybrid Ad Exchange + DSP should be our eventual aim to strive for.

2 How To Grow As Adx

Growing as an Ad Exchange is non-trival, since we could see that major players are top companies. However, there's an exception—Miaozhen[4], which is not a large company, but with both Ad Exchange platform as well as DSP. The road of Miaozhen[4] has proven the possibility of a startup company to occupy remarkable position over the advertising industry, it has already walked on the way to earn money healthy. The most important reason why Miaozhen[4] has grown up is it has delivered a service that many publishers wanted — the Ad tracking service. It's through such service that Miaozhen[4] has collaborated enough relationship with publishers, which makes up the fundamental building block for an Ad Exchange service.

Before illustrating our own strategy, there's another company deserved attention from the landscape in figure 2—Baifendian[3]. Years before, they were known as a Recommender provider for e-Commercial companies, while currently, they were claimed to be a `DMP` in the landscape. Baifendian[3] has done a smarter job than us years before because at that time, we wanted to deliver search engine software to e-Commertial companies, while Baifendian[3] only provides a very lightweight cloud service without any intrusion. The overwhelming pros of their strategy is:

- A recommender cloud service collects user behavorial data, while a search engine software collects content data. The former is much lighter and valuable— without any instrusion on any e-Commercial companies.

Given above illustration, we could conclude in one sentence that, if we delivered a service satisfying publishers' requirements, we could also grow up as Ad Exchange, similar with Baifendian[3], a very reasonable such service could be — Recommender service for publishers.

3 SWOT Analysis

3.1 What We Have

We have a series advantages to deliver the strategy:

- We have already built up relationship with many publishers through business.
- We have already got an evolving product to satisfy publishers' requirements — Yield Optimizer. This is a kind of core feature for SSP, to monetize each pageview of publishers.
- Recommender service is a good supplementary for Yield Optimizer. The former is to optimize the publishers' traffic itself, while the latter one is to optimzie the yield over unit traffic. Through the content optimization as well as the so-called recommender service, we could increase the overall pageview for publishers, the cohesiveness of publisher audiences, together with the eventual Yield Optimizer, we could help publishers increase their overall revenue — without any instrusion.

- Success story. Recommender service for publishers is not a new thing. It comes from CORE(Content Optimization And Relevance Engine) from Yahoo Research Lab[6]. This engine was designed to optimize Yahoo's traffic itself. It has increased the clickthrough withint Yahoo site remarkablely. The core algorithms(such as [7]) has been proven to be successful on both recommender as well as computation advertising, and will be applied to our advertising platform as well, as a result, there exist a huge technology overlap to deliver both recommender serivce as well as advertising relevant product.

- Experience from Baifendian[3]. One of a major benefit Baifendian[3] has claimed is — through a cloud service over multiple merchants, Baifendian[3] could recommend service through cross-site behaviors. The same is true for publishers — if we could recognize audiences from different publishers, we could deliver recommendations according to cross-site behaviors as well — of course with privacy preserved.

3.2 What We Wanted

- Resolving technical challenge. Recommender service for publishers is pretty different from what has been delivered by Baifendian[3]. Because recomending articles and recommending products are not the same in that:

  1. Articles are much more than products, but have a much sparse click behaviors than products.
  2. Recommending articles requires much better real time functionalities, since articles always change.
  3. Recommending similar products to users is reasonable, while recommending similar articles does not always make sense.
  4. Recommending articles requires much strict privacy preserving.

  This technical challenge will be always resolved by us, no matter we deliver the recommender service or not.

- We also wanted more feedbacks from sales person, to collect as comprehensive requirements from publishers as possible, to define the boundary as well as target of the recommender service clearly.

3.3 Our Oppurtunity

The oppurtunity of such service is pretty obvious, which has already been shown at first part 3.1.

3.4 Threat And Our Strategy

The major threat comes from Baidu Tuijian [2], which has been lauched just early this year. Baidu has launched a series of advertising products to cover the overall industry,

it's our major threat and competitor in this direction. In order to get aovoid of direct competition with Baidu Tuijian[2], there should exist some different strategies:

- The recommender is a built-up service with Yield Optimizer, with the different overall optimization aim — Baidu just focus on pageview optimization, while the built-up service is an optimization for eventual revenue.
- Baidu Tuijian [2] focus more on long-tail publishers, while we should focus more on larger publishers — because all of our eventual aim is to help to grow up as Ad Exchange. As a result, such service can not live without busines team.

References

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