

# Online Ad Pricing Turns The Corner

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A Special Online Ad Pricing News Brief

**PubMatic**

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## About PubMatic

PubMatic is a yield optimization company that works with premium publishers to increase their ad revenue by leveraging real-time technology and dedicated full service support. PubMatic collects data from a large number of publishers that is then analyzed by our independent statistician, and from which an aggregate monthly price index is produced. The following is based on our latest data.

## Significant Signs of Ad Price Growth

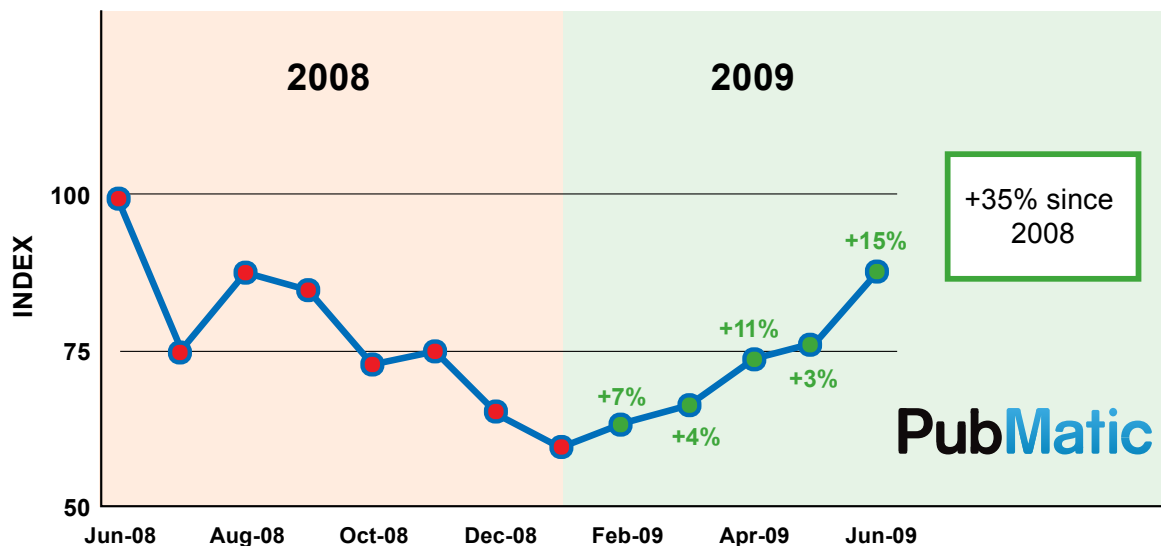
New data collected by PubMatic shows that online ad pricing is turning the corner, possibly leaving the worst days behind us. PubMatic tracks ad prices for inventory sold through intermediaries, such as ad networks and ad exchanges. Pricing has steadily and consistently increased in the first half of 2009. PubMatic is not an analytics or research company and cannot predict future pricing. However, the consistency of this data shows a trend that ad pricing may continue to rise throughout the remainder of 2009.

## Pricing Trends of 2008 & 2009

In 2008 online ad pricing dropped to record lows, which led analysts across the globe to lower their forecasts for 2009 advertising revenue. PubMatic also reported in early 2009 that Q4 2008 ad eCPMs were nearly half of what they were the year before. That downward trend ended at January 2009.

In stark contrast to 2008, 2009 has shown consecutive ad price growth for every month since the start of the year. The chart below shows this growth over time. The average monthly growth ranges from 3% to 15%. However, the total growth since January is a significant 35%.

### Month to Month Ad Price Trends For Online Publishers (June 08 to June 09)



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## Technological Innovation From Online Advertising Companies Is Improving Ad Pricing For Publishers

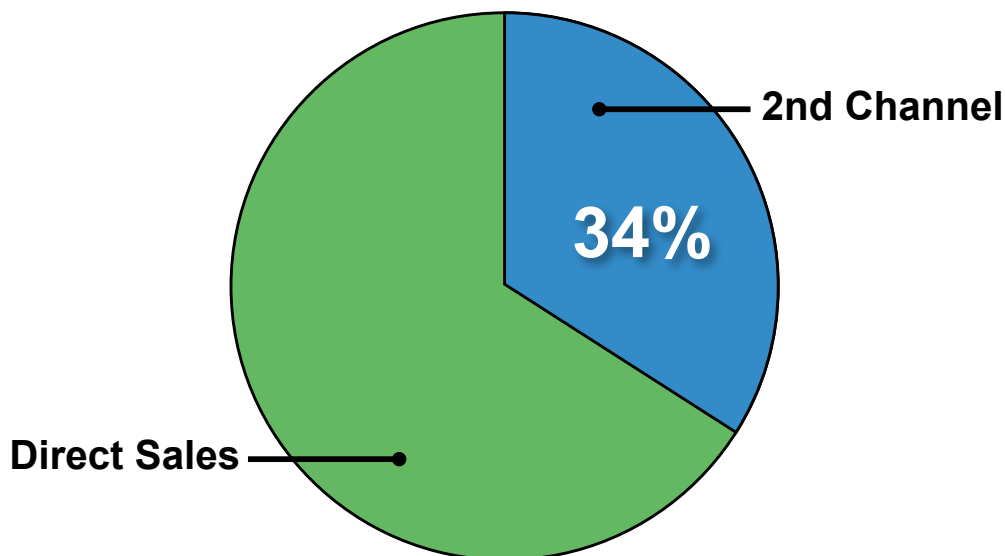
PubMatic believes that a major contributor to the improvement of ad pricing, now and in the coming years, is technological innovation within the publisher's 2nd ad sales channel.

Premier publishers have two ad sales channels: The 1st Channel is advertising sold through their sales force, the 2nd Channel is advertising sold through ad networks and ad exchanges. The pricing in this brief is reflective of pricing in the 2nd Channel. PubMatic believes that one of the main drivers of improved publisher ad pricing has to do with the innovation that is being developed within the 2nd Channel.

The 2nd Channel ecosystem includes ad networks, ad exchanges, data exchanges, yield optimizers, media buying platforms, inventory price forecasters, ad creative optimizers, audience optimizers and other new online advertising segments that are continually developing new technologies to improve campaign performance and ad pricing for online publishers.

According to a recent report by ThinkEquity, ad revenue funneled to publishers from the 2nd Channel will be \$15 billion by 2013 — that is 34% of total display ad revenue made by publishers.

### By 2013, 1/3 of Publisher Display Ad Revenue Will Come From the 2nd Channel\*



\*ThinkEquity Report, 2009

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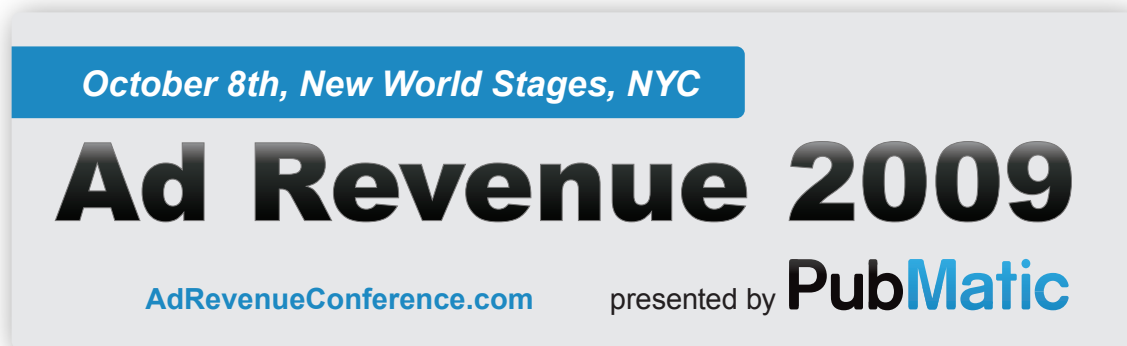
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### How Publishers Can Capitalize On The Ad Pricing Growth Trend

Advancement in technology is allowing publishers to increase the value of their advertising even as the amount of available ad inventory continues to grow.

While PubMatic is in the business of improving yield for large publishers, yield optimization is just one segment of online advertising that publishers should consider as part of their long-term monetization plan. Because the online advertising ecosystem continues to evolve at such a rapid pace, PubMatic hosts an annual conference that brings together the industry's top thought leaders representing many segments of online advertising to discuss how publishers can better monetize their ad space.



October 8th, New World Stages, NYC

# Ad Revenue 2009

[AdRevenueConference.com](http://AdRevenueConference.com) presented by **PubMatic**

PubMatic's 2nd annual conference, Ad Revenue 2009, will be held October 8th, 2009 in New York city. Topics will include:

- The Evolution of Media Buying and What That Means for Publishers
- The New Economics And Revenue Opportunities of Data
- How New Ad Units Are Impacting Publishers
- Leveraging Measurement and Analytics to Increase Ad Revenue
- The Blurring Lines of Ad Exchanges, Ad Marketplaces, and Ad Networks

Additionally, PubMatic will be publishing a comprehensive report on ad pricing and the online advertising ecosystem that will be made available to attendees of the conference. Just as Ad Revenue 2008 was sold out, this conference is expected to be over-subscribed as well.

For more information please visit <http://www.AdRevenueConference.com>.

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## About PubMatic

PubMatic is a global Ad Revenue Optimization company that provides premier online publishers with a full service solution to manage and monetize non-guaranteed ad inventory. PubMatic's real-time ad price prediction technology ensures that online publishers get the most money from their advertising space by deciding in real-time which ad network or exchange can best monetize each impression.

PubMatic is venture backed by Draper Fisher Jurvetson, Nexus India Capital, and Helion Ventures.

<http://www.PubMatic.com>

## About The Ad Price Data Methodology

The PubMatic ad price data used in this brief is comprised of over 6,000 websites, approximately 85% of which are based in the US. The data is prepared by leading independent statisticians and industry experts:

Albert Madansky, Ph.D., H.G.B. Alexander Professor Emeritus of Business Administration at the University of Chicago Graduate School of Business and recipient of the 2005 American Statistical Association Founders Award, and Michele Madansky, Ph.D., a media and market research consultant and former VP of Global Market Research for Yahoo!

The pricing data reflects net publisher monetization via ad networks and excludes ad networks' share of ad spend as well as inventory sold directly by publishers to ad agencies or advertisers. The pricing data is not representative of the performance of any particular ad network.