

GOOGLE'S ANSWER TO HEADER BIDDING: EXCHANGE BIDDING

As a competitive offering to header bidding, Google has recently opened up its [Exchange Bidding](#) product to publishers. This is very welcoming news in the advertiser ecosystem since it changes a previous Google policy where impression competition was monopolized by its own ad exchanges.

Header bidding has changed the landscape of real time bidding by allowing a more open environment for buyers to bid on available inventory. Historically, a majority of publishers have allowed Google's DoubleClick platform to have first look on available inventory which is then sold at a premium to marketers throughout the ecosystem. The reason for why Google was in such a prominent place was due to the fact that Google has powered most publishers through their DoubleClick technology platform. What is significant with header bidding is that it provides the marketplace with an opportunity to secure inventory before Google's DoubleClick technology is able to. Header bidding has now created a more level playing field, thus eliminating Google's historical advantage of first look.

OTHER COMPANIES COMPETE WITH GOOGLE

The industry as a whole has fully embraced header bidding with media giants adapting accordingly. As an example, Facebook recently partnered with a number of their supply side platform partners to secure demand availability using header bidding through their audience network. Not to be outdone, Amazon has also thrown themselves into the mix with a product roll out that is built into their overall cloud based offerings for marketers.

GOOGLE BUILDS OUT 'EXCHANGE BIDDING'

As an answer to header bidding and the various changes occurring throughout the landscape, Google has built out a proprietary offering called "Exchange Bidding." Exchange Bidding is exclusively available to publishers utilizing Google's DoubleClick platform and is currently in open beta. Google claims that publishers will see significant speed improvements around procuring an ad impression through their offering versus traditional header bidding. They are also attempting to change the structure of how publishers contract with them by pursuing a direct Google/Pub partnership—an area that has historically been owned by ad tech partners. There is benefit to having Google own the billing and analytics aspect as they are able to ensure blockages from creepy ad exchanges along with payment guarantees.

There is also the cost association for a publisher to sign onto Exchange Bidding. Google is charging a 5% fee across every transaction. For comparison, Amazon and Facebook charge approximately one cent per thousand impressions.

"While header bidding solutions add on average 500ms to 1,000ms of delay to ad delivery speed, Exchange Bidding adds only 60ms seconds of delay."- *DoubleClick*

WHAT THIS MEANS FOR MARKETERS

Exchange bidding is a welcome embrace by Google but there is still more to be done. We believe there will be a gradual development on Google's part as they analyze both publishers' needs in relation to cost and demand versus those of marketers. The expectation is that publishers and exchanges will continue to throttle between the various header bidding offerings in the marketplace, attempting to maximize their revenue.

Despite the fact that Google is now being more egalitarian about the inventory they access, marketers should continue to insist that their programmatic buying teams push for advantage. There's no merit to competing on open exchanges. Programmatic buying teams can still derive advantage through "first looks" at premium inventory and through building invitation-only private marketplaces (PMPs). Clients looking to protect their buying position and their data should always be wary of how their teams are using exchanges run by data giants like Google. Also, Google is clearly seeking to grow their share of what is the most dynamic media marketplace in history. Google is good at bringing order out of chaos, but in this case there's the risk of a single seller dominating, and affecting inventory and pricing. Marketers should insist that their teams diversify their supply sources (even if this means working with other giants like Facebook and Amazon). Buyers need to remain focused on their pursuit of the right impressions, wherever they are.

RECOMMENDED READS

[DoubleClick Publisher Blog 'Announcing Exchange Bidding Open Beta'](#)

[Ad Age Reports on 'Google's Answer to Header Bidding Runs Into Headwinds'](#)

[Business Insider Identifies 70+ Header Bidding Partners](#)

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