Direct Ad Selling Practices of OpenX Publishers

How do you approach direct ad sales? That's a question that plagues almost every web publisher and it's one that we at OpenX wanted to understand better. So during the first two weeks of October, we conducted a survey asking OpenX publishers about their practices, results and pain points around direct ad selling. The idea was to gather data from our large base of publishers to arrive at some simple insights on what works and what doesn't work when it comes to direct ad sales. *We were happy to see over 450 responses*, which we have synthesized into the content of this paper. If you are a publisher who is considering or already practicing direct ad sales, we hope these findings are helpful to you.

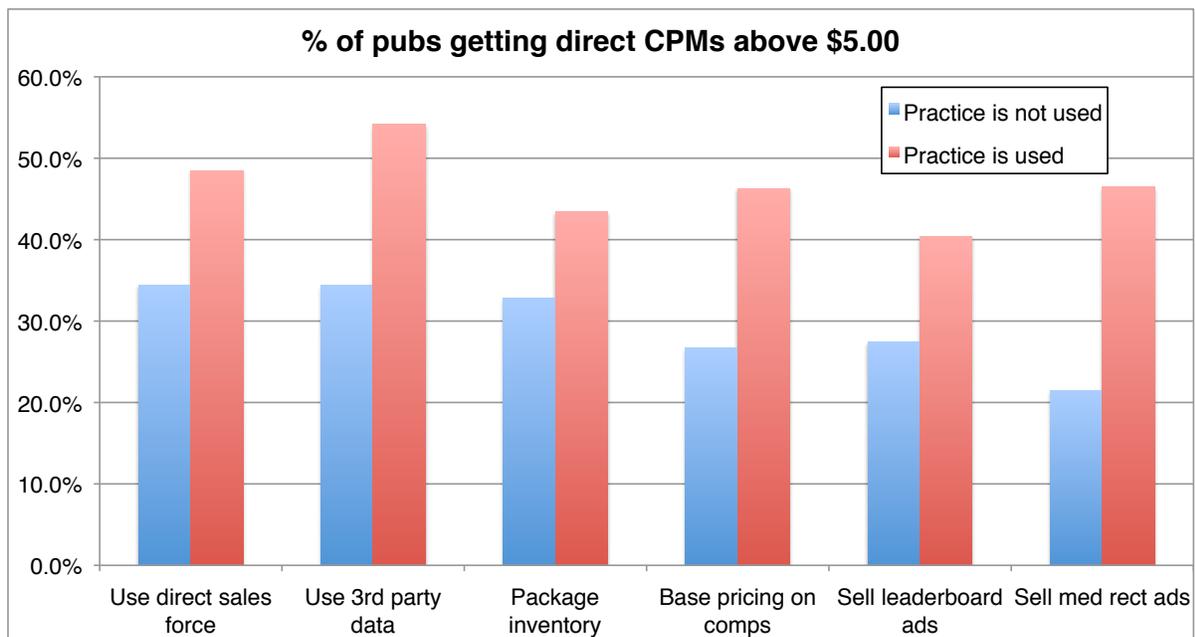### For many "do-it-yourself" publishers, direct selling is a struggle

We found a vast majority of respondents who practice direct selling to be "do-it-yourself" publishers. Specifically, 74% of the publishers that do direct selling either do it as a one-person operation or as a small group of individuals (but not a sales team). Several of these publishers cited factors like "too time consuming" or "costs too much" as pain points in direct ad selling. And several also saw poor results coming from their efforts: 56% said they were "unhappy" with their direct sell through rate and 47% were unable to get direct CPMs above $1.

Five factors that correlate with higher CPMs from direct sales

Going through the data, we wanted to find indicators of higher direct sales performance. To roughly gauge performance, we chose to look at the percentage of publishers that were able to get direct CPMs above $5.00. We then observed how this percentage was affected when different sales practices were used versus unused. By applying this approach, we noticed five factors that correlated with higher CPMs:

1. Using a direct sales force
2. Using third party data
3. Packaging inventory
4. Basing pricing on industry comparables
5. Selling leaderboards and medium rectangles

The following chart shows how each factor affects the percentage of publishers getting CPMs above $5 (leaderboards and medium rectangles are broken out as separate factors).

% of pubs getting direct CPMs above $5.00

Legend:
- Practice is not used
- Practice is used

Categories: Use direct sales force, Use 3rd party data, Package inventory, Base pricing on comps, Sell leaderboard ads, Sell med rect ads

Lesson 1: Invest in a direct sales force

As expected, publishers that invest in a direct sales team are able to achieve higher performance than publishers that practice direct selling on their own without a sales team. Specifically, they show a 41% gain (from 34% to 49%) in percentage of publishers getting above $5 CPMs. These publishers are much happier with their direct sell through rates (76% of them are "happy" with sell through) and none of them describe direct selling as "too time consuming". They are also much more effective at selling to agencies than publishers without sales forces. Of course, these publishers tend to have larger audiences and much higher monthly ad impressions, which also contribute to higher direct sales performance.

When is it time to hire the first salesperson? From an economic standpoint, this question should only come into consideration for publishers earning at least $100,000 in annual online ad revenue. For many publishers, this requires a large audience size (e.g., at least 100 million page views per month). However, smaller publishers may still want to consider investing in a salesperson if their inventory is targeted enough. For example, if you only serve 2 million ad impressions a month and monetize your inventory at an average CPM of $1.00, you make $2,000 a month. An average salesperson may cost you $50,000 a year. If he/she can raise your average CPM to $5.00, you stand to make $10,000 a month — more than enough to cover the cost. While the impact of a salesperson will vary for each situation, if your site covers niche content in a specific category, we recommend that you begin to consider making the investment when you reach 2 million ad impressions a month.

Lesson 2: Make use of third party data to enrich your ad inventory

In general, we would expect that overlaying data on top of one's ad inventory would improve direct sales performance across the board. This turns out to be the case only for respondents that use *third party data*. These publishers show a 58% gain in performance (from 34% to 54%). Contrast that with publishers who compile and use their own data without a third party. The gain among these publishers is from 36% to 38%, which is hardly significant by comparison. The list below contains the third party providers most commonly mentioned by our respondents.

Targeting Dimension	Third Party Data Provider
Geographic	MaxMind, Digital Envoy
Demographic	Quantcast, Gemius
Behavioral	wunderloop
Other	PointRoll, Castfire, Google Analytics

Lesson 3: Offer roadblocks and companion positioning as packaging options

Publishers that package their inventory show a 32% gain in performance (from 33% to 43%). Looking at individual packaging types reveals that roadblocking (reserving inventory exclusively for a period of time) is correlated with a 65% gain in performance and companion positioning (showing multiple ads together on the same page) is correlated with a 46% gain in performance.

Lesson 4: Use category and industry comparables to determine how to set prices

The process of determining prices for directly sold inventory is a struggle for many publishers, with several publishers still relying on their "best guess". While almost all publishers use a combination of factors that include guessing, the advice of colleagues and network prices, respondents using category and industry comparables show a 73% gain in performance (from 27% to 46%) relative to those that do not use comparables. These publishers are also much more effective at reaching national advertisers and agencies than pubs that do not use comparables.

Lesson 5: Sell leaderboards and medium rectangles

We also found the selling of specific ad sizes to be highly correlated with better direct ad sales performance. Publishers selling leaderboards show a 47% gain in performance (from 27% to 40%) and publishers selling medium rectangles show a 117% gain in performance (from 21% to 47%). Publishers selling medium rectangles do tend to have larger audiences and higher monthly ad impressions, which partially contributes to this performance gain.

Putting it together

While the results of our survey may not necessarily indicate direct relationships between these selling practices and higher direct sales, we think that these lessons make for a useful tool in navigating through the often laborious and confusing process of direct selling. These practices represent what works for many of our publishers and therefore should form a good starting point for publishers looking to get more out of their direct ad sales. Finally, though not statistically significant, it is worth noting that we observed nine publishers that used all of the practices described above. All nine of them are able to get direct CPMs above $5.00.

About OpenX

OpenX is the world's leading independent ad server for web publishers. Building on the strength of our open source heritage, we offer our community of publishers comprehensive, customizable and free to use ad serving technology. OpenX Ad Server empowers our community of more than 150,000 websites across the Internet with the ability to take control of their ads and maximize their ad revenue and relevance. OpenX Ad Server products are translated into 25 languages, used in more than 100 countries around the world, and serve more than 300 billion ads each month. OpenX Market is the company's unique monetization platform and is designed to help publishers maximize the price of their inventory and to help advertisers much more effectively target where their ads are served. The Market uses a real-time auction marketplace in which multiple classes of buyers bid for each impression provided by OpenX's vast publisher base.

OpenX Technologies, Inc., a wholly owned subsidiary of OpenX Limited, is based in Pasadena, California, with offices in London and Poland. OpenX is backed by some of the world's leading investors including Accel Partners, Index Ventures, DAG Ventures and O'Reilly AlphaTech Ventures. For more information, please visit: www.openx.org.

OpenX is a trademark of OpenX Limited.