

Publishers:
**Managing Ad Quality in
Content Recommendation**
Publisher Survey Report 2022



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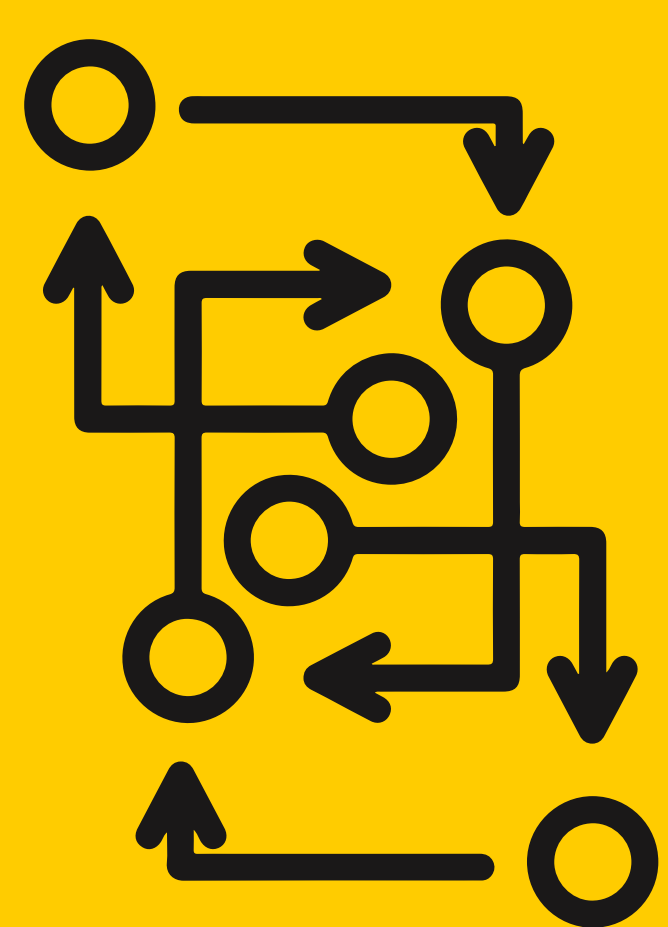
Introduction

Ad quality continues to be a critical issue for online publishers. The issue of ad quality is particularly significant in content recommendation because of the chumbox reputation.

However, driven by new privacy legislation and policies, the digital advertising industry is evolving and creating opportunities for publishers to take advantage of their privacy-friendly first-party data relationships with their users.

With this in mind, ad security and user protection provider GeoEdge and native advertising optimization platform WhizzCo wanted to better understand the challenges facing publishers around ad quality in content recommendation. This fast-growing segment now accounts for a significant percentage of digital advertising revenue for select premium publishers.

To uncover how publishers are addressing the quality challenges in content recommendation and which tactics they're using to resolve those challenges, the two ad vendor-neutral companies GeoEdge and WhizzCo surveyed publishers using content recommendation ads for monetization.



Methodology

GeoEdge and WhizzCo conducted a survey, reaching out to about 2000 publishers who are either clients or in the respective company's databases. The timing for the survey was the 2nd half of 2021 and responses are included in the report.

What is ad quality?

Ad quality means different things to different people in the digital advertising ecosystem. Even within the publisher's organization, ad quality is defined differently. For the ad sales team, ad quality may refer to the prestige of the brand being advertised. The art director may look at the visual appeal of the ad placed next to the publisher's content. The ad ops team may seek to ensure that an ad does not contain malicious code that can harm the end-user by sending them to a nefarious destination through redirection, spoofing, or social engineering.



If different functions within a publisher's organization look at ad quality in dissimilar ways, then the differences in interpretation of ad quality between publishers are even greater. In the same way that the kind of content one finds on a family-friendly publisher's site or app is different from the kind of content found on an automotive or gaming publisher's site or app, their respective definitions of ad quality will differ, too.

There are also many ways to measure ad quality. Some of these metrics, such as whether the ad is malicious, manipulative or clickbait, objectively define ad quality. Other metrics, like whether the ad is relevant to the site or app, page, or the users themselves, are subjective.

Most publishers will agree on the objective metrics related to ad quality - to eliminate ads that are malicious, manipulative, and clickbait. The challenge in defining ad quality relates to the subjective metrics, particularly as they relate to each user's opinions.

From the survey, it is clear that publishers are concerned about ad quality. Eighty-one percent of respondents indicated that they 'are concerned that poor ad quality will turn away users.

For publishers, ad quality doesn't begin and end with the ad. Publishers were queried 'Which is more important to you - the quality of the content advertised or the safety of the landing page?' Nineteen percent of publishers felt that 'the content advertised' was more important while 16% felt that 'the safety of the landing page' was more important. But the majority - 65% - felt that both are equally important.

Content and ad quality

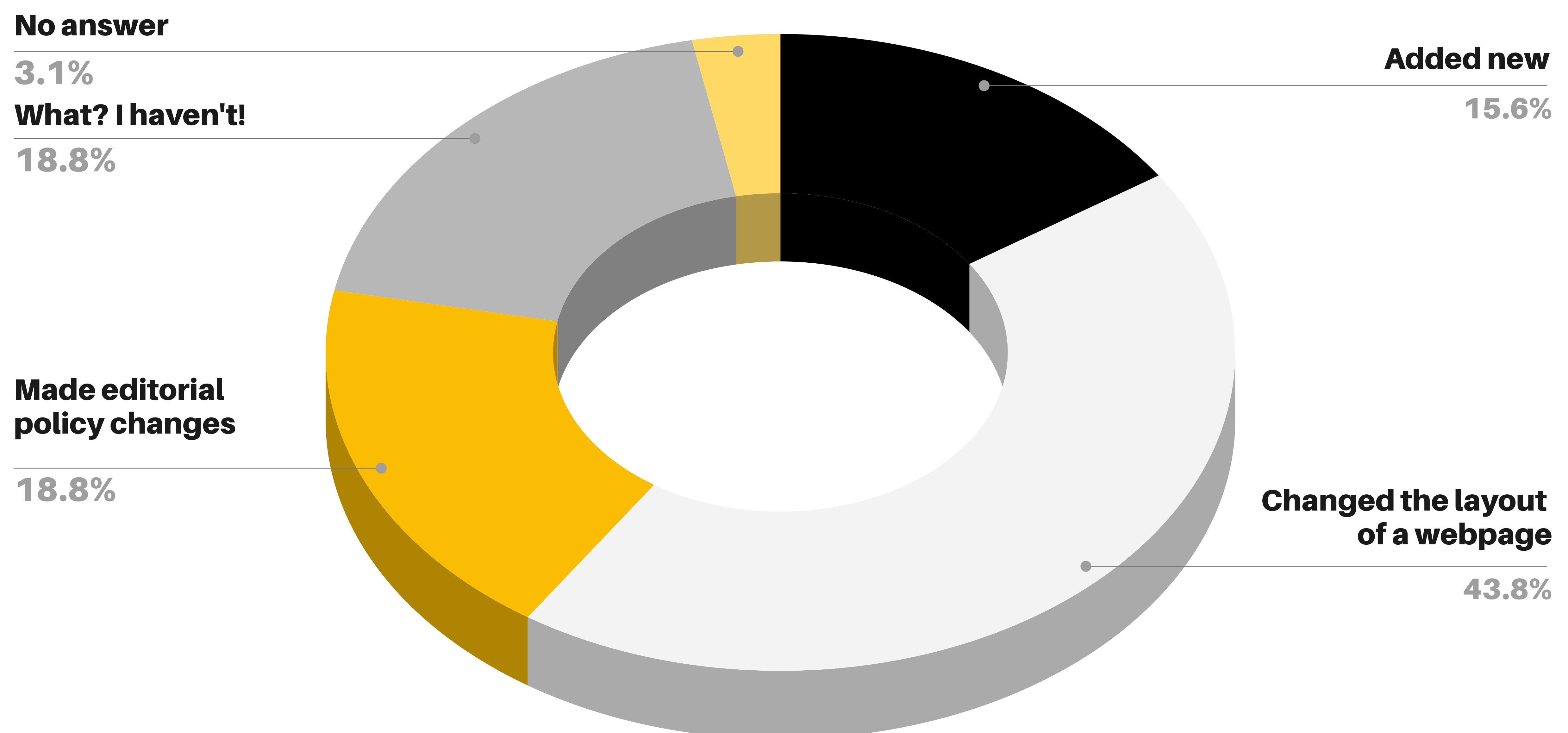
Ad quality and content must be considered together, regardless if it's the content on the landing page or the content running next to the ad.

That's why publishers were queried if they had restructured their content to make it more appealing to advertisers and ad platforms.

Among responding publishers, 81% had restructured their content. Forty-five percent changed the layout of their web pages, 19.5% made editorial policy changes and 16% added new advertiser-friendly content sections.



How have you restructured your content to make it more appealing to advertisers and ad platforms?



Who is responsible for ad quality?

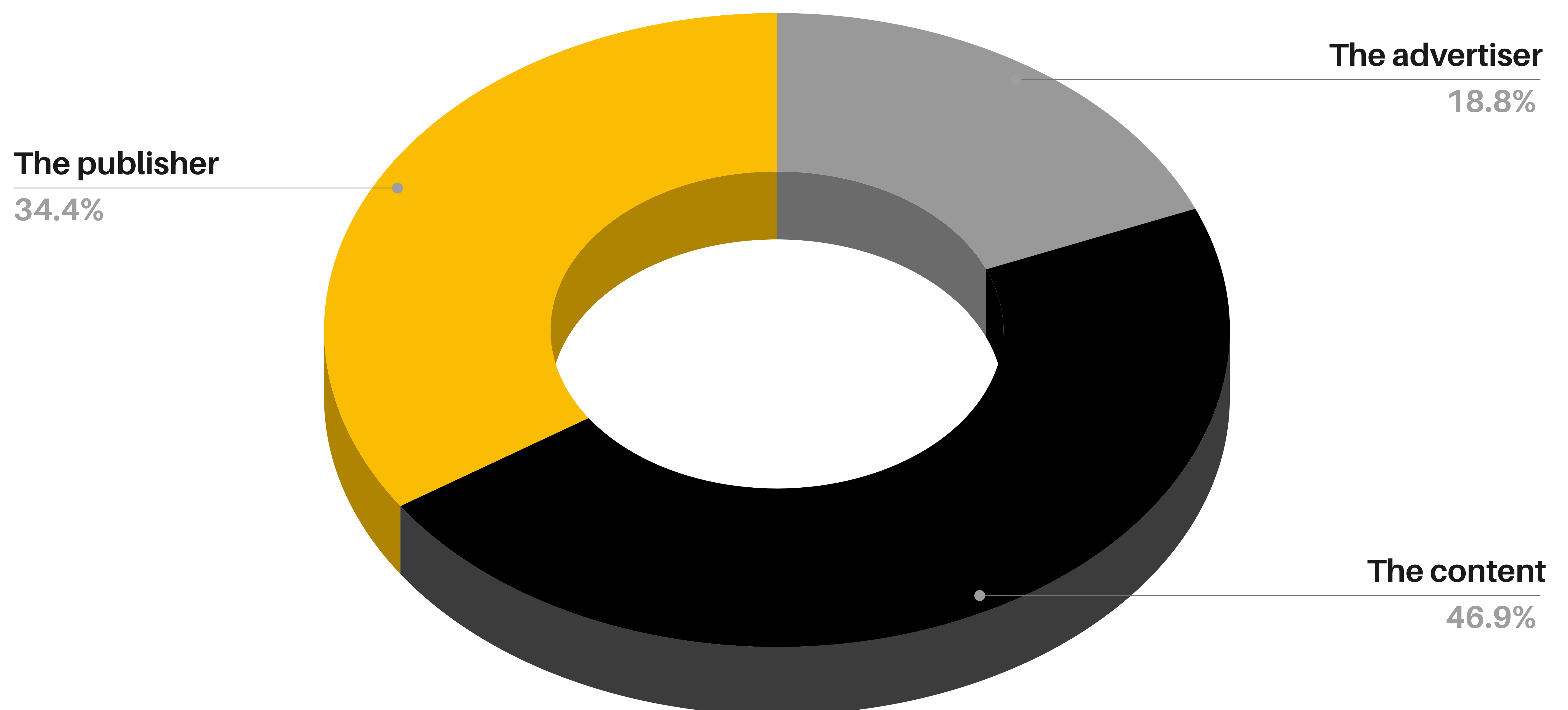
With a range of intermediaries sitting between the publisher and the advertiser, it's not always clear who is most responsible for ad quality.

According to the publishers surveyed, 47% hold the content recommendation vendor responsible for ad quality while 34% believe that the publisher is most responsible for ad quality.

The remaining 19% believe that advertisers are most responsible for ad quality.



Who is most responsible for the ad quality?



While publishers blaming content recommendation vendors for ad quality might seem unfair to some, it's related to the ad serving selection process in content recommendation. Eighty-five percent of digital ads appearing on a publisher's website are selected as a result of a real-time programmatic auction where advertisers bid to serve their ad to a specific user now arriving on the website.



For content recommendation ads, the ad selection is at the vendor's discretion. There are no programmatic auctions in content recommendation. The vendor decides which advertiser's ad is served in each ad slot without relaying the bids of all interested advertisers. The publisher only knows the price being paid by the ad which ran in the content recommendation widgets.

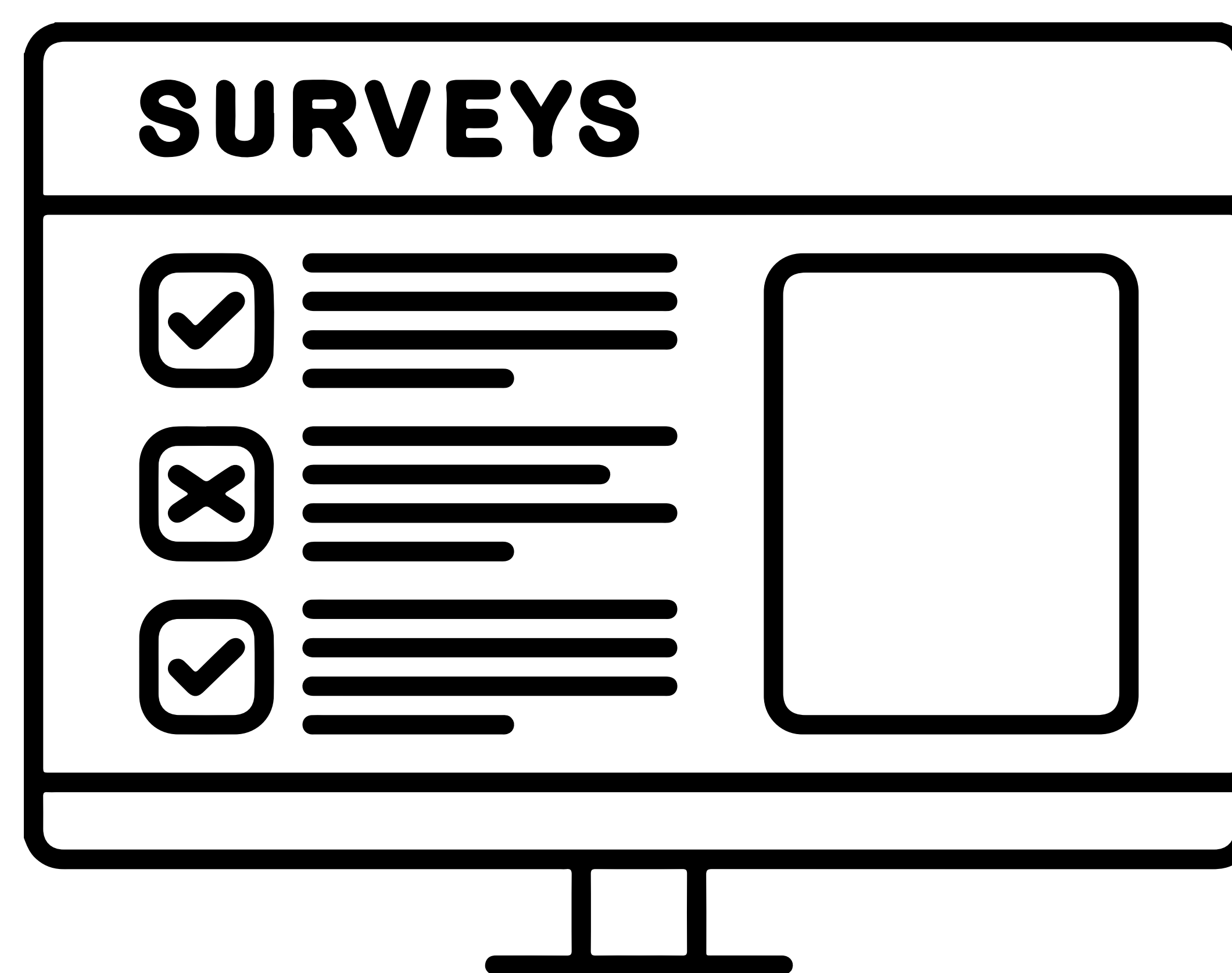
In content recommendation, publishers are missing data signals that they receive from programmatically served ads. When ads are served via programmatic auctions, publishers know the price of every bid as well as the total number of bids. This data can be used to support revenue optimization decisions made by the publisher. In addition to knowing the price of the winning bids, publishers also understand the value of each user across content verticals based on the amount, quantity, and source of bidders. This data empowers publishers by giving greater control to enable making more intelligent decisions, regarding editorial matters and advertising.

Though 47% of publishers hold content recommendation vendors most responsible for ad quality, publisher's ad ops teams still need to address the issue. Fifty-three percent of publishers responding to the survey said that their ad ops teams have to address any issues related to poor ad quality from users

Raising On-Site Engagement with Native Content

Publishers invest in tactics to increase on-site engagement to improve user affinity and ultimately, revenue. To increase time spent on-site and promote greater user engagement, 65% of the surveyed publishers include content recirculation of their original content within the content recommendation units.

This means that one of the four or six links in the content recommendation ad unit will lead to an article from that publisher. Content recirculation, where publishers offer links to their own content, is a common and effective tactic in increasing time spent on-site. Other tactics which the surveyed publishers used to increase on-site engagement include adding polls (29%) and trivia (13%).



Preferred Business Models for Native Ads

Business models in advertising are both a challenge and an opportunity. With fixed-price contracts, a publisher knows exactly how much they're earning every month. But this means that if site traffic increases by 35% one month, the publisher will not earn additional revenue. That said, site traffic can also decrease.

With revenue share contracts, publishers should earn more when their traffic increases and will probably earn less when their traffic decreases. This explains the Trump Bump of increased traffic that most news sites and apps experienced during the Trump presidency.

Because content recommendation ads aren't served as a result of the advertiser winning a programmatic auction in real-time - as is the case with 85% of digital ads - there can be greater ad volatility in content recommendation in comparison with other forms of digital advertising.

When the surveyed publishers were asked about their preferred content recommendation business models, 44% preferred a hybrid combination of revenue share and fixed-price. Among the remaining publisher respondents, 34% preferred revenue share agreements while 22% preferred fixed contracts.

Historically, exclusive contracts have been common in the content recommendation segment of digital advertising, with nearly half of the surveyed publishers having signed an exclusive agreement that required them to work with only one content recommendation vendor.

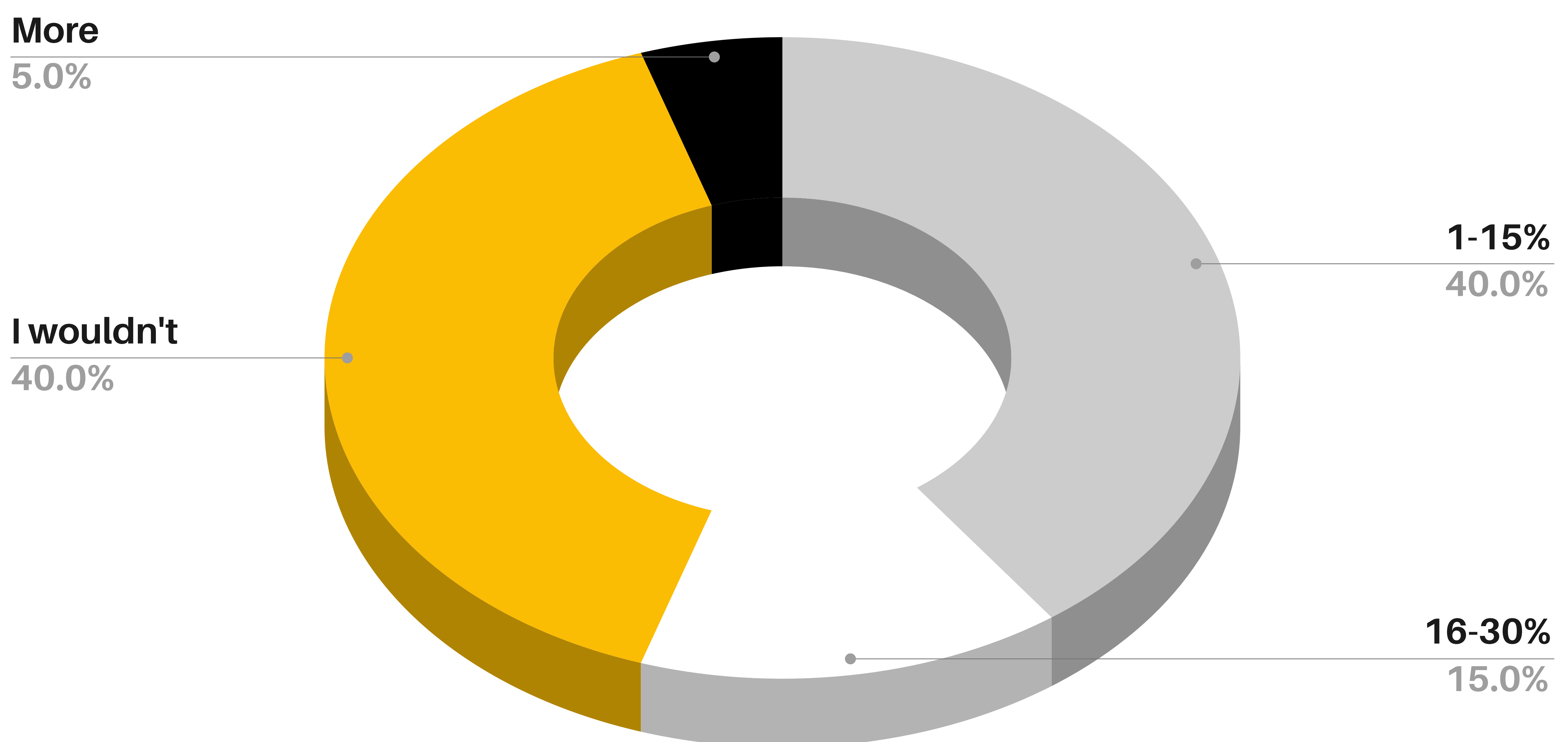


Revenue Vs Quality

Despite the monetization challenges that publishers are facing, publishers are willing to forego ad revenue to attract higher quality content recommendation advertisers. Among the publisher respondents, 60% were willing to forego revenue, 15% were willing to forego 16 - 30% of their revenue, and 5% were willing to forego more than 30% of their revenue to attract higher quality advertisers.



How much revenue would you forego to attract higher quality advertisers?



The future of ad and content quality

In a recent column in AdExchanger entitled **'Publishers, It's Time to Start Selling Advertisers On Quality, Not Quantity,'** audience and data strategy consultant Alessandro De Zanche expressed his opinion that publishers are guilty of being 'stuck in old propositions measured by quantity metrics and rewarding their commercial teams through outdated internal sales bonus schemes.' He implored publishers to focus on quality as the way to move advertisers and agencies to equitably reward publishers.

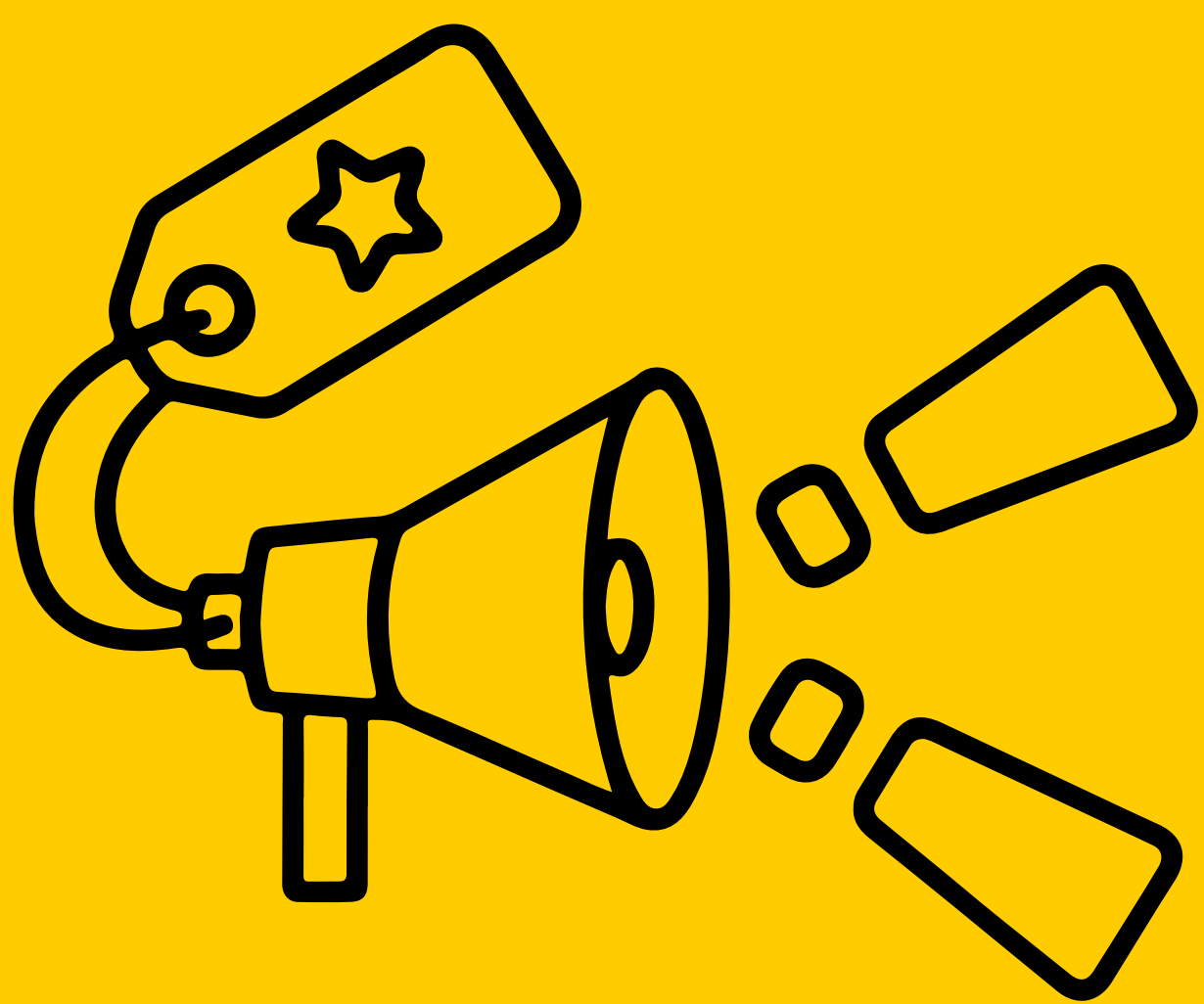
De Zanche encourages publishers to build quality into tools with measurable incomes, citing an example from the Financial Times which marketed the concept of "Cost Per Hour" (CPH).

In addition to productizing quality (instead of quantity), the publisher's sales approach must reflect the focus on quality, and sales teams must be incentivized accordingly instead of the quota-driven rush to achieve the sales numbers at any cost.



What does this have to do with ad quality?

The combination of higher quality content and the focus on higher quality ads - based on the survey result that 60% of publishers are willing to forego revenue to attract higher quality advertisers - will make publishers more attractive to advertisers and agencies. With new opportunities resulting from the increased focus on privacy from government regulators and social media and tech platforms, now is the time for publishers to profit from a focus on quality.



About GeoEdge

GeoEdge is the premier provider of ad verification and transparency solutions for the online and mobile advertising ecosystem. The company's mission is to protect the integrity of the digital advertising ecosystem and to preserve a quality experience for users. It ensures high ad quality and verifies that sites and apps offer a clean, safe, and engaging user experience. GeoEdge guards against non-compliance, malware, inappropriate content, data leakage, operational, and performance issues. Leading publishers, ad platforms, exchanges, and networks rely on GeoEdge's automated ad verification solutions to monitor and protect their ad inventory - without sacrificing revenue. The company was founded in 2010 by a team with more than two decades of hands-on technical and online media experience.

To learn more, visit <https://www.geoedge.com>



About WhizzCo

WhizzCo is transforming the native content recommendation space into a transparent, fair, and competitive ecosystem. By opening publisher inventory to multiple, competing vendors, WhizzCo empowers publishers to harness the best each has to offer with just one integration, thus raising content recommendation revenue by about 37.7%. The company's proprietary algorithm, a machine learning neural network, predicts the CPM from the 40 content recommendation vendors worldwide, considering geolocation, device, site, widget location, and more, and then serves the ad with the highest predicted CPM. Performance is clearly demonstrated on WhizzCo's unified and intuitive dashboard. For more information, please visit: <https://whizzco.com/>

