

TIMES ONLINE

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‘Stock exchange’ opens for online advertising

Paul Durman

BRITAIN is to be the test bed for a new “stock exchange” of online advertising.

AdECN, the Californian company behind the scheme, believes it could greatly increase the revenues from online ads, while making it easier for advertisers to reach their target customers.

Online display remains based on a fixed-cost model adapted from traditional publishing.

One consequence of this is that many web pages, known as inventory, remain unsold if ad-sales firms are unable to find an advertiser willing to pay the rate-card price. Similarly, advertisers who would be willing to pay at least something to reach a web audience can find themselves priced out of the market.

AdECN has developed software that will automatically match buyers and sellers of online advertising.

Bill Urschel, the firm’s chief executive, said: “What we are providing is constant liquidity and the best prices possible.

“Every single advertising impression is auctioned off our exchange — hundreds of thousands a second. A lot of large publishers don’t sell half their inventory because there’s no efficient way to do it.”

AdECN has been in discussions with most of Britain’s online ad-sales agencies, which work for publishers and advertisers.

Urschel said about half had agreed to join the exchange when it goes live on March 1.

AdECN will sell its members a seat on the exchange, for a nominal £1 initially. The firm will also charge a flat transaction fee.

“This is the equivalent of the London Stock Exchange’s Big Bang in 1986,” said Urschel. “That allowed the elimination of the middle man, the introduction of variable trading and electronic trading.”

Yahoo has taken a stake in Right Media, another company that is seeking to tackle the problem of unsold inventory.

Right Media already has an office in London which is serving 3.7 billion ad impressions a month and expects to expand rapidly.

<http://business.timesonline.co.uk/tol/business/article1400210.ece>