

Message

From: Martin Pál [mpal@google.com]
Sent: 5/31/2018 1:58:05 PM
To: Nitish Korula [nitish@google.com]
CC: Rahul Srinivasan [rahulsr@google.com]; Sam Cox [samcox@google.com]; George Levitte [glevitte@google.com]; Jim Giles [jimgiles@google.com]; Max Loubser [maxl@google.com]; Max Lin [whlin@google.com]
Subject: Re: Floors

For #4 I'd say Bernanke in general. Any time we're willing to take negative revshare on a slice of traffic, we create an incentive for the pub to exploit that by setting a higher ask price. Same reason why I'm not excited about dynamic sellside revshare -- although Bernanke is a worse offender.

I wonder if managed reserves is a viable vector to attack this, at least for a segment of pubs. The sales pitch there should be that the pub give up setting floors, we get rid of Bernanke, get GDN to not shade their second bid, possibly tune RPO on DBM and RTB.

I'm also wondering if there's an opening to bundle giving up floors with Nera. My understanding of the Nera premise is that we'll use Google data to improve monetization, and in exchange we get to treat the pub as O&O -- which should include control over floors.

Does the Nera connection make sense to folks? Is it worth investigating and/or pitching to VPs?

On Wed, May 30, 2018 at 1:17 PM Nitish Korula <nitish@google.com> wrote:

For #1, I don't think it's really driven because AdX has last look against remnant LIs; publishers have told us this for years, before 'last look' was a thing. Some of it was related to #4: publishers saw yield benefits from increasing floors, and they felt that AdX actually worked harder against a higher floor.

There's also #5, some perceived benefit from wanting revenue diversity. Publishers have indicated being willing to tolerate some revenue loss in exchange for reduced dependence on both GDN/DBM and Google (including RTBs) as a whole.

Nitish

On Wed, May 30, 2018 at 12:44 PM, Rahul Srinivasan <rahulsr@google.com> wrote:

I think both problems exist. Pubs set higher floors for AdX as a whole/ specific AdX buyers because

1. AdX has last look against remnant line items, and hence they want AdX to "work harder"
2. publishers have the perception that undesirable ads on AdX (primarily from AdWords unclassified advertisers) is correlated with low CPMs, and setting higher floors will "protect" them
3. pubs set different floors for the same buyer on different exchanges to simulate a real-time waterfall and soft floor the buyers (like DBM) and it seems like AdX primarily bears the brunt of these higher floors
4. global Bernanke subsidizes setting higher floors, and hence pubs sometimes see yield benefit in increasing floors on AdX

#2 should be addressed partially by the new advertiser low confidence filter we're rolling out in protections. But forcing equal floors for the same buyer across exchanges with flexibility to set different floors for different buyers could still result in a situation where AW has higher floors than other buyers.

On Wed, May 30, 2018 at 10:45 AM Sam Cox <samcox@google.com> wrote:

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I guess my question is, are publishers setting a floor for the whole exchange to "push google harder" which decreases AdX winrate in EB across all buyers, or are pubs specifically targeting GDN/DBM with higher floors and letting the 3P buyside get a pass?

Best,

Sam Cox

Samuel R. Cox | AdX Group Product Manager | Buyside and Policy

"It is not enough that we do our best; sometimes we must do what is required." - Winston Churchill

On Wed, May 30, 2018 at 9:31 AM, George Levitte <glevitte@google.com> wrote:

I thought we wanted the reverse (not allowing floors per buyer) because it's the key mechanism that allows funny yield management games where DBM is exposed to a waterfall of floors across exchanges. We were hoping to replace existing AdX rules with new rules that wouldn't allow buyer-based price discrimination.

I think the strategy of "push google harder" is more difficult in a world without the ability to set floors per buyer, right?

On Tue, May 29, 2018 at 10:48 AM Sam Cox <samcox@google.com> wrote:

I keep thinking about pubs setting high floors for the adx in order to "push google harder".

It makes me want to turn off the ability to floor the whole market as a single unit. Can we force pubs to segment their demand by turning off the ability to floor the whole exchange, and instead giving them buyer only floor controls?

Just a thought.

Best,

Sam Cox

Samuel R. Cox | AdX Group Product Manager | Buyside and Policy

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