A Publisher's Guide to Smarter Monetization: Ad Revenue Optimization Techniques 2020

In 2020, advertisers will be looking to spend $385 billion in search of the right audience.
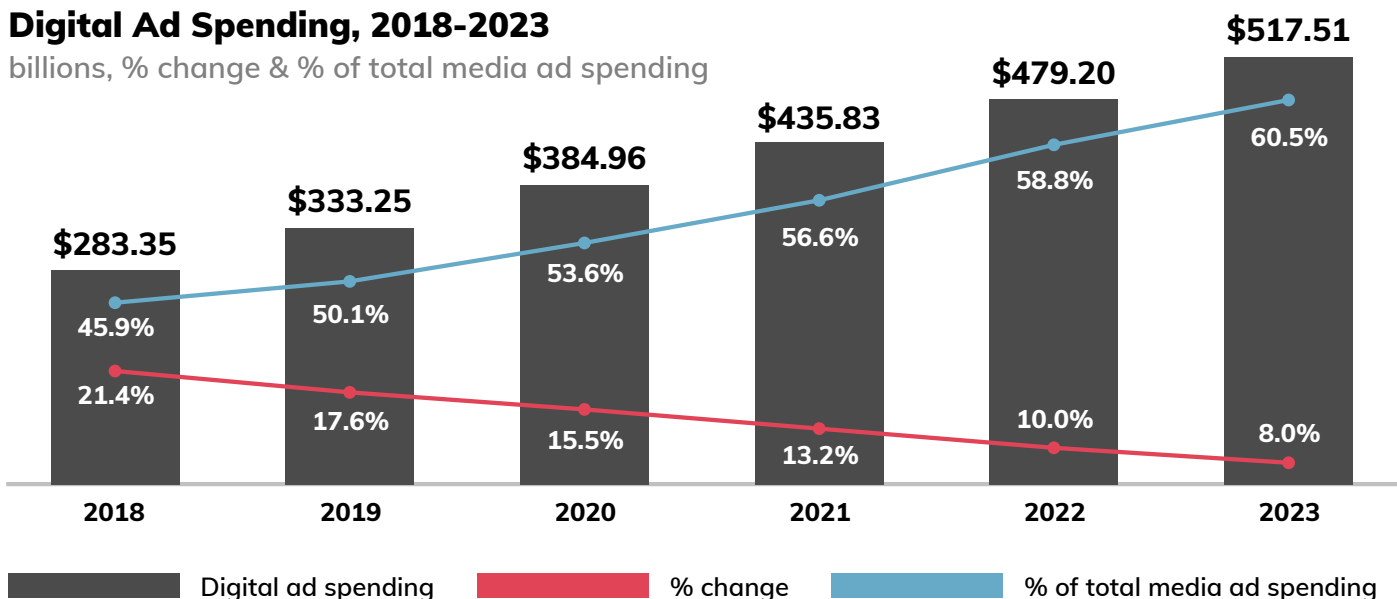
Tapping into ads that are well suited to your content can maximize your revenue.

There's no question that the digital ad industry is set to overtake traditional media as the primary destination for ad budgets. Advertisers' investment in digital ads will be more than 100% as compared to traditional media as soon as 2023.

Digital Ad Spending, 2018-2023

billions, % change & % of total media ad spending

Year	Digital ad spending	% of total media ad spending	% change
2018	$283.35	45.9%	21.4%
2019	$333.25	50.1%	17.6%
2020	$384.96	53.6%	15.5%
2021	$435.83	56.6%	13.2%
2022	$479.20	58.8%	10.0%
2023	$517.51	60.5%	8.0%

Legend: Digital ad spending — % change — % of total media ad spending

Source: eMarketer

Future ad budgets will come from an increasing belief in the power of digital media that creates new opportunities for advertisers to talk to their consumers. New and innovative ad formats are creating fresh revenue opportunities for publishers with bandwidth issues becoming a thing of the past and leaner technology making for better advertising delivery. As publishers, all you need is to be ready to leverage the next rising tide so you don't miss out on the revenue potential of your content. The right ad formats, technology partners and advertising opportunities are crucial for your content to turn on brand new revenue streams you never thought were possible.

Macro changes in the advertising industry impact publishers of all scales.

Keep pace and pivot to get competitive returns from ads.
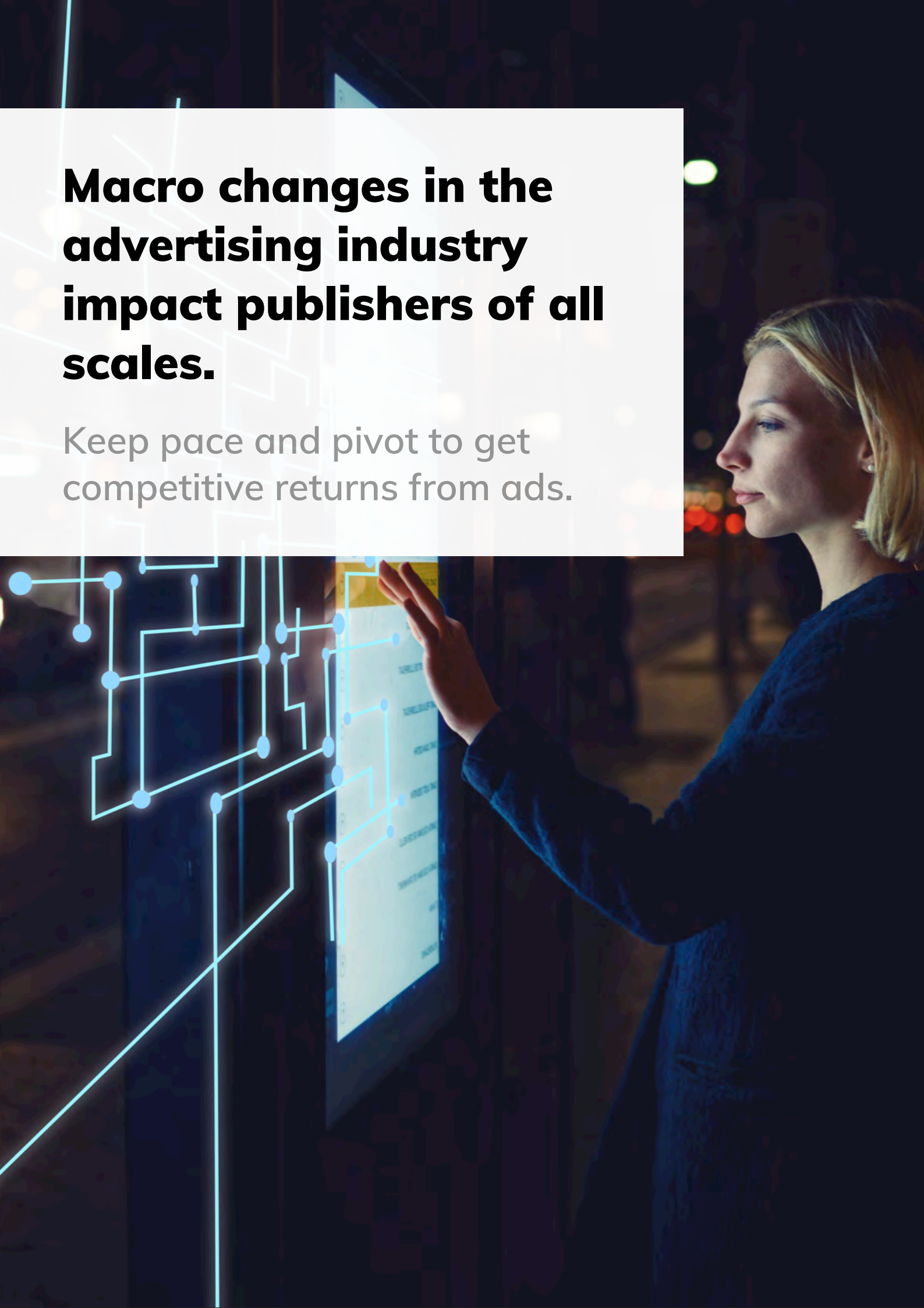
Industry trends play a significant role in defining ad strategy - directly or indirectly. Who triggers a change in these trends?
Your users. Cases in point:

When users...

Start asking questions about how their data is being used, **privacy concerns** lead to new legislations.

Start ignoring irrelevant ads and start interacting with **native-looking ads**, advertisers start spending more on ad types that prioritize user experience over interference.

Start preferring to engage with websites that **prioritize their user experience** over clunky, spammy advertising, then advertisers and publishers seek better advertising technology in their stack.

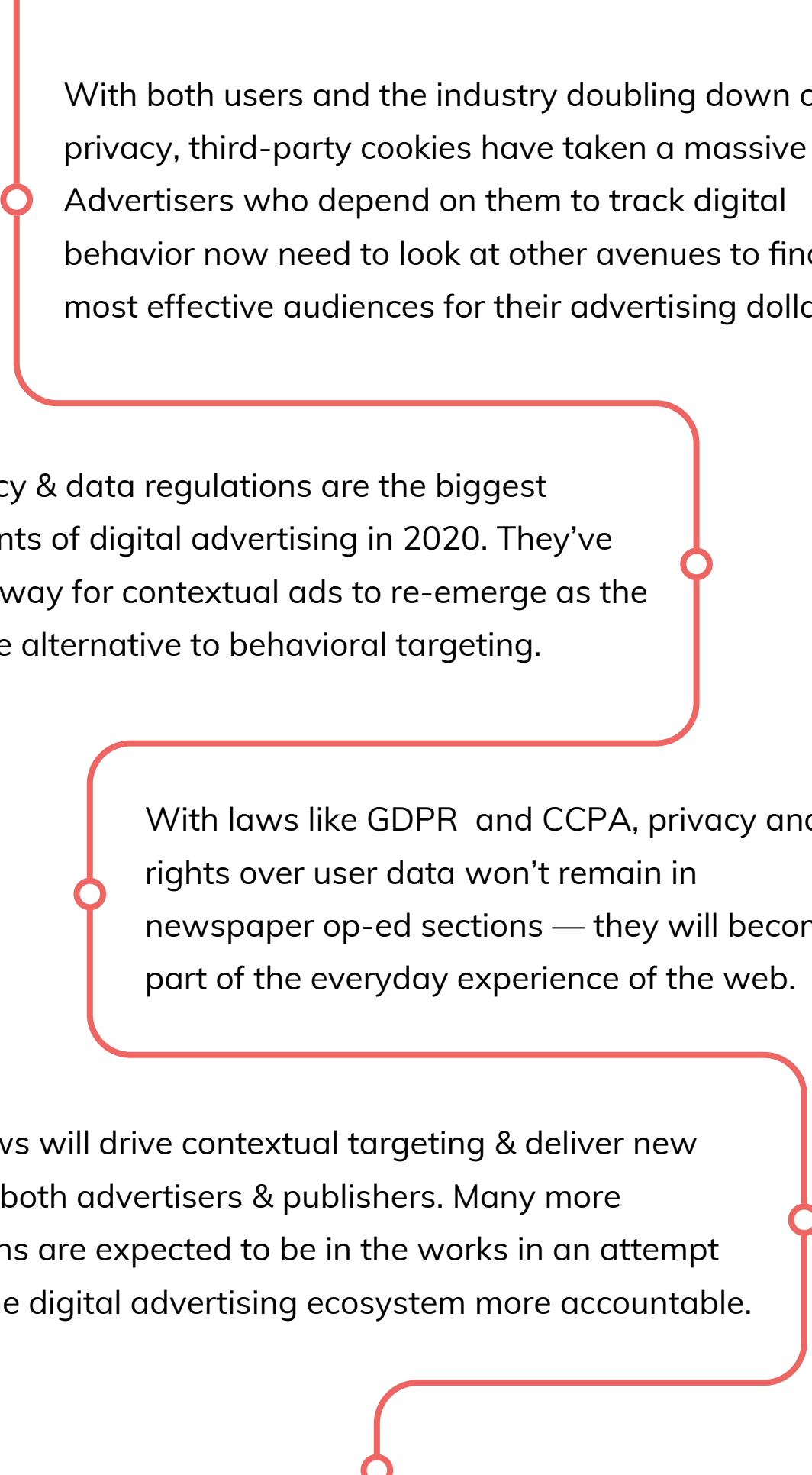# We think this is what will directly impact your ad revenue in 2020:

◇ The worldwide push towards user privacy, and growing mobile traffic

◇ Diverse demand sources and tapping into as many of them as possible

◇ Adaptive advertising technology and how its optimization can help you stay ahead of the curve

01

The cookie has given way to context.

Contextual targeting 2.0 is here and you should get onboard.

With both users and the industry doubling down on privacy, third-party cookies have taken a massive hit. Advertisers who depend on them to track digital behavior now need to look at other avenues to find the most effective audiences for their advertising dollars.

User privacy & data regulations are the biggest talking points of digital advertising in 2020. They've paved the way for contextual ads to re-emerge as the most viable alternative to behavioral targeting.

With laws like GDPR and CCPA, privacy and rights over user data won't remain in newspaper op-ed sections — they will become part of the everyday experience of the web.

These laws will drive contextual targeting & deliver new value for both advertisers & publishers. Many more legislations are expected to be in the works in an attempt to hold the digital advertising ecosystem more accountable.

Contextual advertising is the anchor you need for your ad monetization strategy in 2020.

Contextual targeting is more than just ads related to content

Advancements in technology have sharpened targeting to unmatched granularity

The latest in contextual advertising has evolved into a hyper-intent targeting model, and you can show highly relevant ads even in cookie-deficient and privacy-regulated environments. Contextual targeting now consistently shows revenue numbers on par with data driven ads, and in some content verticals even outperforms then.

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"It's not personal, it's contextual. This type of targeting has increased click-through rates by 40%, compared to the company's benchmarks. Regulations and consumer choice will soon change the way audiences share their data and how they can be targeted by advertisers. We want to be on the right side of history."

Allison Murphy, VP of Ad Innovation, NYT to Media Post

Display ads are not friends with your mobile traffic

The way forward is to create a mobile-inclusive strategy

To be mobile-ready is a no-brainer in 2020. Mobile was already notoriously challenging to monetize with difficulty in dropping and matching cookies. But, with privacy regulations laying down the law on mobile audiences as well, targeting your readers on mobile and tablets will become even more difficult going forward. With zero dependence on cookies, contextual technology can let you rest assured that you're tapping into audiences across all devices for enhanced revenue.

Mobile advertising spending in the United States is estimated to be $105.63 billion in 2020 with a steady increase in the next 3 years when it will touch $146.26 billion in 2023.

Source: eMarketer

Optimization Strategy 1

Add contextual ads to your mix

Companies that have been leading the contextual curve for both publishers and advertisers include Media.net and Gumgum. Partnering with these platforms will allow you to deploy ad targeting models that are regulation-ready and future-proof.

02

Demand is where the revenue is.

Find where the advertisers are and you will be able to grow your earnings.

Demand: The nexus of your monetization strategy

Your content needs advertiser dollars to make revenue. Without quality advertisers bidding for your ad inventory, there's a slim chance you will generate substantial income. To this end, it's important you are aware of the type and amount of advertising budgets your ad platform or monetization partner gives you access to. That can completely change your revenue game plan.

So while assessing the demand that your monetization partner brings to the table, it's important to factor in the following:

Whether you will have access to unique and premium advertising dollars for your inventory to guarantee that you make more revenue than today.

Whether your content vertical will earn high CPMs from relevant advertisers so that you can tap into seasonal spikes effectively.

Whether you can access all kinds of demand and ad budgets to create a balanced and well-rounded monetization mix to suit your audience and content.

13

Demand has seasonal spikes

Find your content's top demand sources

Consumer trends and seasonality have a significant impact on how and when advertisers spend their dollars. Especially with niche content, demand is cyclical. If you work in a niche space, it's important you know when your content will be in demand. This will help you build your content calendar and tap into ad networks that do well in that season.

For example, consider Personal Finance websites. Q1 is their time to generate substantial revenue due to it being the tax season. The demand for content related to tax and budgeting is high, which means advertisers will also be looking to leverage the seasonal hike in traffic with increased ad budgets.

Monetizing with an ad network that has a history of performing well in the Personal Finance space during the tax season will expose your content to quality demand for increased CPMs.

14

Different ad types attract different budgets

Deploy a good mix for high RPMs.

Experimenting will help you discover which ad types work best for your content - whether that is search, display, native or video. All these ads will attract different budgets from advertisers depending on the vertical of content you publish and seasonality of demand. But remember, balance is key. Spread your demand mix wide to create a solid combination that delivers high RPMs.

Digital Ad Spending in the US, by format, 2018-2023

billions

	2019	2020	2021	2022	2023
Display	**$70.06**	**$81.38**	**$92.53**	**$100.71**	**$107.91**
- Video	$36.01	$42.58	$49.02	$53.99	$58.39
- Banners & other	$25.94	$30.20	$34.23	$37.12	$39.70
- Rich media	$5.28	$5.44	$5.85	$6.00	$6.10
- Sponsorships	$2.84	$3.16	$3.44	$3.60	$3.72
Search	**$53.73**	**$63.90**	**$73.31**	**$80.43**	**$87.15**

Source: eMarketer

Optimization Strategy 2

Spread your demand sources across search, display, native and more.

Don't put all your inventory in one basket. Tap into as many diverse demand sources as you can to ensure you're not overly dependent on just one. For example, the Yahoo! Bing Network is a unique demand source that comes with billions of dollars of search demand for your traditional ad inventory- meaning high-CPC search budgets that they make available to publishers via their exclusive partners. This, alongside Google's demand, can offer you a clear revenue edge.

03

Yield Optimization services are not a VIP zone.

It is the one thing that can get you closer to your revenue goals.

Yield Optimization 101

Ad monetization has been augmented by the ever-increasing scale of data and technology. The competitive landscape of the ad-tech industry and the emergence of multiple players in the market has led to yield management becoming key to acing ad monetization.

Your monetization strategy needs to be adjusted and tweaked to capitalize on industry trends. There are millions of ad combinations that can be deployed, tested, and their impact measured across revenue and user experience to give you a solid ad strategy. As such, leaving your ads on auto does not cut it anymore. The big bucks come from quickly adapting and optimizing based on new information.

What should you be looking for, from your optimization experts?

Your Yield Management Checklist for 2020
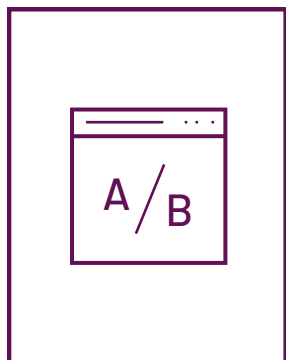
1. Consistent, multivariate A/B tests

Optimization is all about trying, testing and tailoring. This means looking into multiple factors that have a direct impact on your revenue. As a publisher, you want to look into ad types and formats, ad position, ad density and proximity, your browser traffic and several other metrics to create an effective strategy.

2. Technologies like Server-Side Header Bidding

For publishers with large volume of impressions, header bidding is the perfect solution to maximize revenue. But with header bidding comes complicated implementation and an increase in latency. That's why it's important to choose a partner that delivers on these two fronts - easy implementation and demand integration, and no effect on your user experience. By industry standards, Media.net and Amazon TAM are players to look out for.
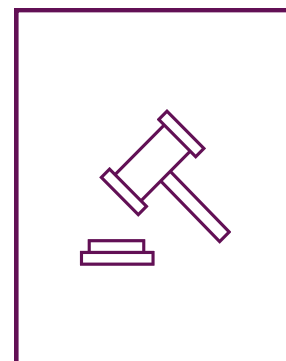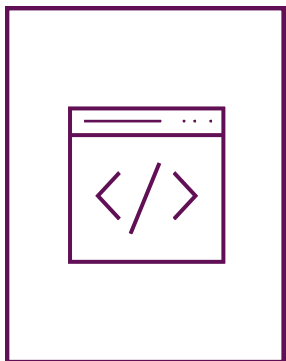
3. Ads.txt Management

With ads.txt becoming almost a standard requirement in the ad monetization environment, the chances of getting blocked by premium budgets entirely are high. This can result in significant revenue loss irrespective of how small or big your website is. Any yield management platform you choose should guide you through your ads.txt implementation to help you make the most revenue possible.

4. Data and Reporting that gives you actionable insights

With metrics like fill rate, eCPM, and impressions you can uncover new revenue opportunities. It's also important you understand what other factors affect your revenue - audience behavior, article length, SEO, and session value. These data points should be pulled from your analytics set up and be juxtaposed against your ad reporting insights to build a future-facing ad strategy.
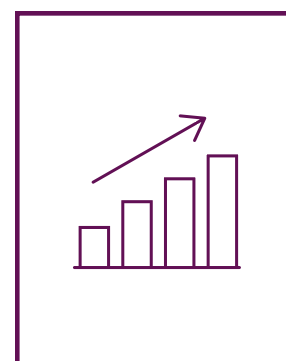
Optimization Strategy 3

Make yield optimization a priority

Remember ad ops is not a one-man job. Choose an ad monetization partner that will do many things at once - good demand sources for your content, expertise and time that ad ops requires, and technology that makes sense for your audience and content.

We'll leave you with some must-dos for 2020

Here are some key takeaways:

◇ Yield optimization is crucial - choose an ad partner that bundles expert optimization with cutting edge advertising technology and unique demand.

◇ Tap into contextual ads to monetize effectively in cookie-free environments like mobiles and browsers like Safari and Firefox.

◇ Harness header bidding if your volume demands it, but keep a check on your user experience and latency. A good header bidding partner will offer technology and service, both.