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WHAT'S THEIR TAKE:

FRIEND OR FOE?
PUBLISHERS & WALLED GARDENS

PUBLISHER SURVEY RESULTS

We asked publishers to share their thoughts on one of the most controversial parts of the ad-tech industry: walled gardens.

The questions cover publishers' projections for the future, strategies and the challenges of working alongside social and search giants.

In total, we heard from 42 major publishers globally and have boiled down the most interesting excerpts in this white paper.
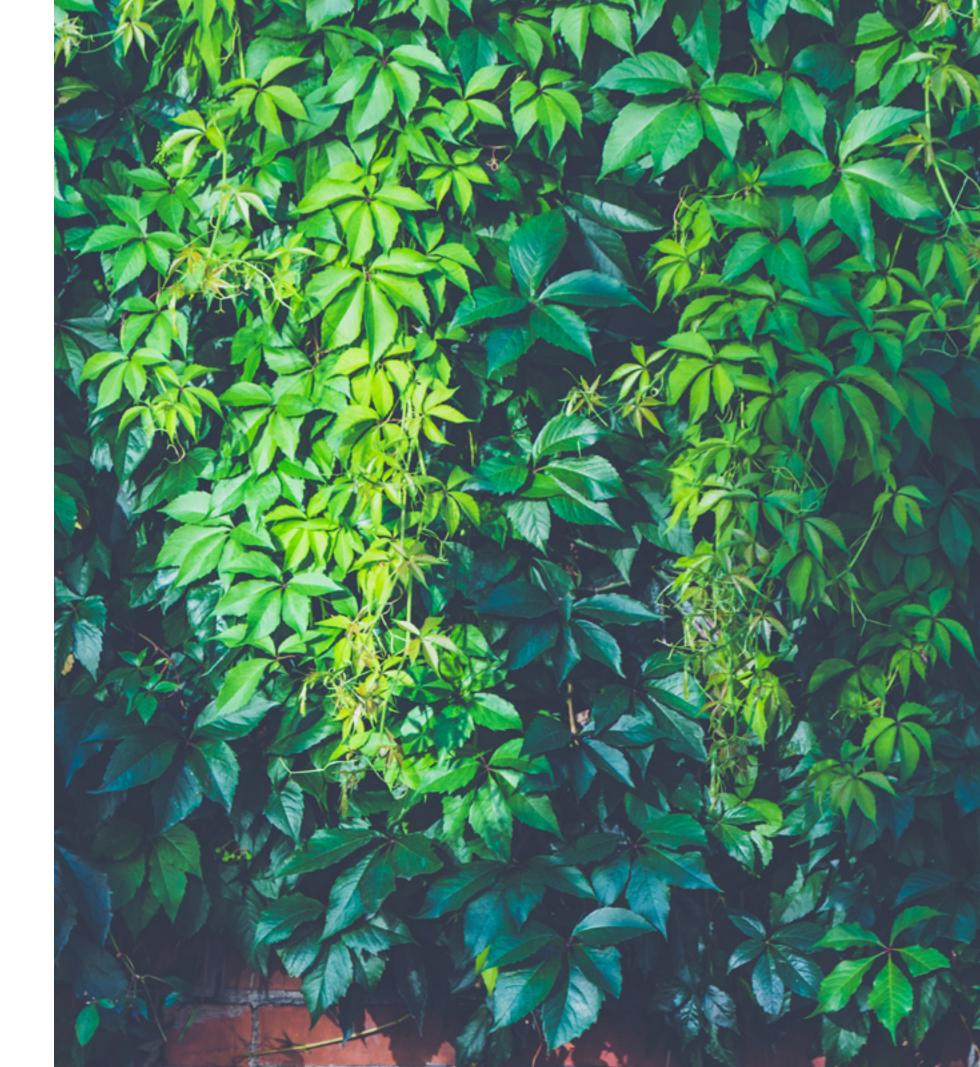
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WHAT ARE WALLED GARDENS?

A walled garden is a system where the ad tech provider has control over applications, content and media.

This control restricts convenient access and individualized control to third party applications and content, such as audience data.

Most major walled gardens are also publishers or content creators who created their initial ad tech offering in-house to serve their own needs. This approach blends their services as a publisher or content provider with their services as an ad technology provider.

This is in contrast to open gardens, which tend to be pure technology providers, where publishers have control over access to applications, content, and an active say in when key data is modified, added or removed.

Within digital publishing, providers such as Facebook, Amazon and Google are commonly viewed as walled gardens while providers such as Adform, OpenX, and AppNexus are viewed as open gardens.

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DO WALLED GARDENS MAKE PUBLISHERS' BUSINESS EASIER, OR EVEN MORE DIFFICULT?

In exchange for publishers' content and effort, walled gardens offer audience reach, some options for monetization and an opportunity to boost referral traffic.

However, some might say that using walled gardens goes hand in hand with unexpected fluctuations in traffic, data activation struggles and loss of overall business control.

According to our survey, 13% of publishers believe that walled gardens simplify revenue generation and the distribution process, while more than two thirds think the opposite.

68%

of publishers agree that walled gardens make their business more complex

We asked publishers:
Do walled gardens simplify or complexify the revenue generation and inventory distribution process?

Significantly simplify █ 1%
Moderately simplify ████ 12%
No impact ██████ 17%
Moderately complexify ████████████████ 51%
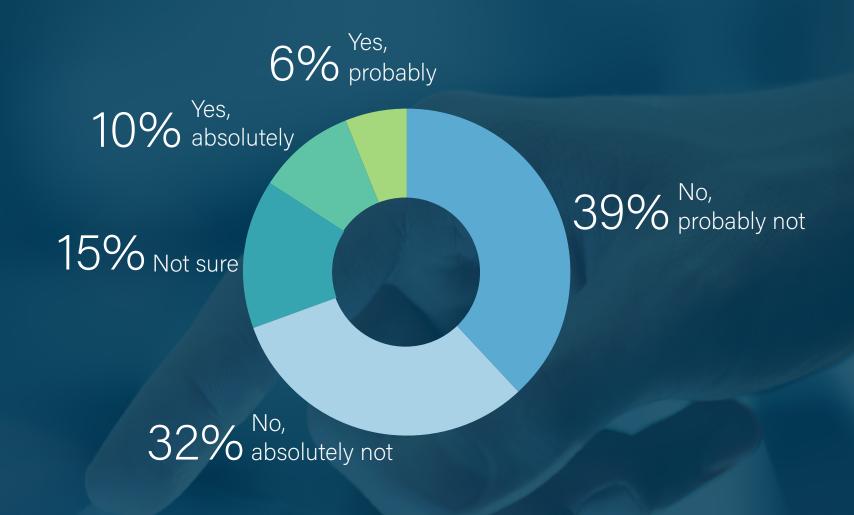Significantly complexify ██████ 17%

DO WALLED GARDENS
REALLY CARE ABOUT PUBLISHERS?

Publishers are offered various perks for their invaluable inputs into the walled garden platforms. However, major social and search platforms posses their own media and strive to maximize their advertising revenues.

Survey findings suggest that publishers believe that walled gardens do not have publishers' interests at the top of their priority list.

71%

of publishers don't think that walled-gardens have their interests as a top priority

? We asked publishers for their view:
Do you feel that walled gardens have your best interests, as a publisher, as a top priority?

6% Yes, probably

10% Yes, absolutely

39% No, probably not

15% Not sure

32% No, absolutely not

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ARE THE WALLED GARDENS ACTUALLY PUBLISHERS' BIGGEST COMPETITORS?

Giant social and media platforms are capturing a major portion of advertiser spending, and have a huge influence on the publisher industry. According to the survey, half of publishers see walled gardens as their main competitors.

51%

of publishers agree that walled gardens are their most significant competitors

? We asked publishers:
Are walled gardens your most significant competitors?

51%
YES > "You're not sure how much future you have at all, because they are in control, and not you.

——————— SURVEYED PUBLISHER

49%
NO > "We are seeing them as frenemies - not friends, not enemies.
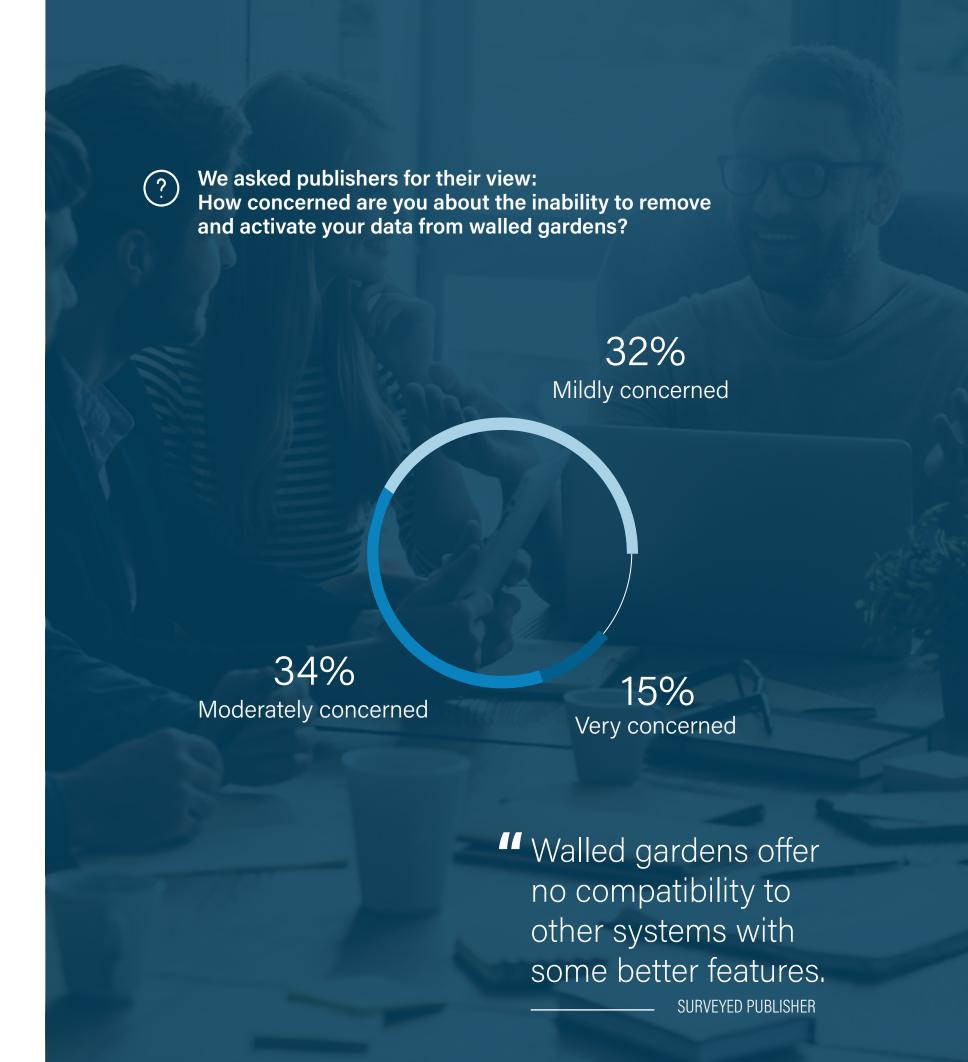
——————— SURVEYED PUBLISHER

IS INABILITY TO ACTIVATE DATA A BIG CONCERN FOR PUBLISHERS?

Walled gardens offer publishers a series of benefits that can be claimed exclusively within their ecosystem. Case in point: there is an inability to activate walled garden-aggregated data outside of the walled gardens. 32% of surveyed publishers admitted they are mildly concerned, while 49% are either moderately or very concerned.

81%

of publishers are concerned about the inability to remove and activate their data from the walled gardens

? **We asked publishers for their view: How concerned are you about the inability to remove and activate your data from walled gardens?**

32%
Mildly concerned

34%
Moderately concerned

15%
Very concerned

" Walled gardens offer no compatibility to other systems with some better features.

——— SURVEYED PUBLISHER

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DO PUBLISHERS TRUST THE WALLED GARDENS?

Within their platforms, walled gardens have the power to control how content is delivered to users, which content gets to be seen first, and how performance metrics are calculated and reported.

Survey findings suggest that even though publishers trust the accuracy of the metrics reported, the majority agree that walled gardens are not sufficiently reliable in the way that they distribute, measure, and expose core content.

62%

of publishers believe that walled gardens are not sufficiently reliable in how they control core content

47%

of publishers think walled gardens reporting metrics are accurate

We asked publishers for their view:
Do you feel that walled gardens are sufficiently reliable in the way they distribute, measure, and expose core content?

62% NO

❝ When they make a minor change, it can impact site traffic tremendously, and that's not fair.

❝ You can rely on constant changes and not always for the better for publishers.

38% YES

❝ Yes, but their main focuses are users and their experiences and their own revenues.

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EXAMPLE:

1 YEAR 5 SIGNIFICANT CHANGES

TO THE FACEBOOK ALGORITHM

MARCH 2016

FACEBOOK
PRIORITIZES LIVE
VIDEOS IN
NEWS FEED

Publishers pushed
to create live video

JUNE 2016

ALGORITHM
PRIORITIZES
FRIENDS, FAMILY
& OTHER CORE
VALUES

- Publishers' traffic
  down by 42%
- Publishers pushed to
  buy ads as organic
  traffic shrinks

JANUARY 2017

INSTANT ARTICLES
PRIORITIZED IN THE
NEWS FEED

Publishers encouraged
to publish through
Facebook platform

JANUARY 2017

VIDEO
PRIORITIZED IN
NEWS FEED BASED
ON LENGTH AND
COMPLETION RATE

Publishers pushed to
create longer videos:
Facebook aims to take
over YouTube

MARCH 2017

NEWS FEED
TO WEIGH "REACTIONS"
MORE THAN "LIKES"

Publishers pushed to create
controversial content

Wallaroomedia, May 2017

Unexpected changes in the content discovery algorithm are a regular practice among social and search platforms. As a consequence, publishers adhering to best practices face the threat of great deviations in traffic, often without warning. To prevent losses, publishers have to constantly track algorithm changes, adapt and produce costly content that gets preferential treatment.

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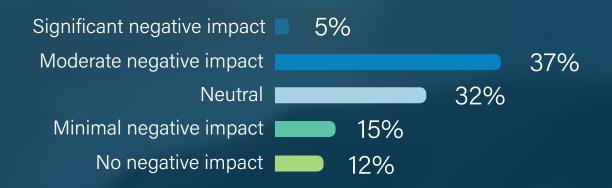## WHAT IS THE WALLED GARDENS EFFECT ON PUBLISHERS' ABILITY TO MONETIZE?

Publishers have already seen a string of negative impacts as a direct result of the walled gardens, leading to negative projections for the future.
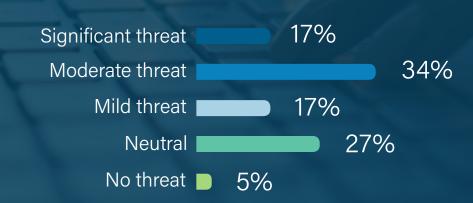
51%

of publishers see walled gardens as a moderate or significant threat

42%

of publishers have seen a negative impact on monetization in the last 12 months

We asked publishers:
Within the last year, has working with a walled garden negatively impacted your ability to monetize your inventory?

Significant negative impact	5%
Moderate negative impact	37%
Neutral	32%
Minimal negative impact	15%
No negative impact	12%

How significant a threat do you see walled gardens to your ability to monetize over the next 12-24 months?

Significant threat	17%
Moderate threat	34%
Mild threat	17%
Neutral	27%
No threat	5%

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DO PUBLISHERS REALLY KNOW IF THEY OWN THEIR DATA WITHIN THE WALLED GARDENS?
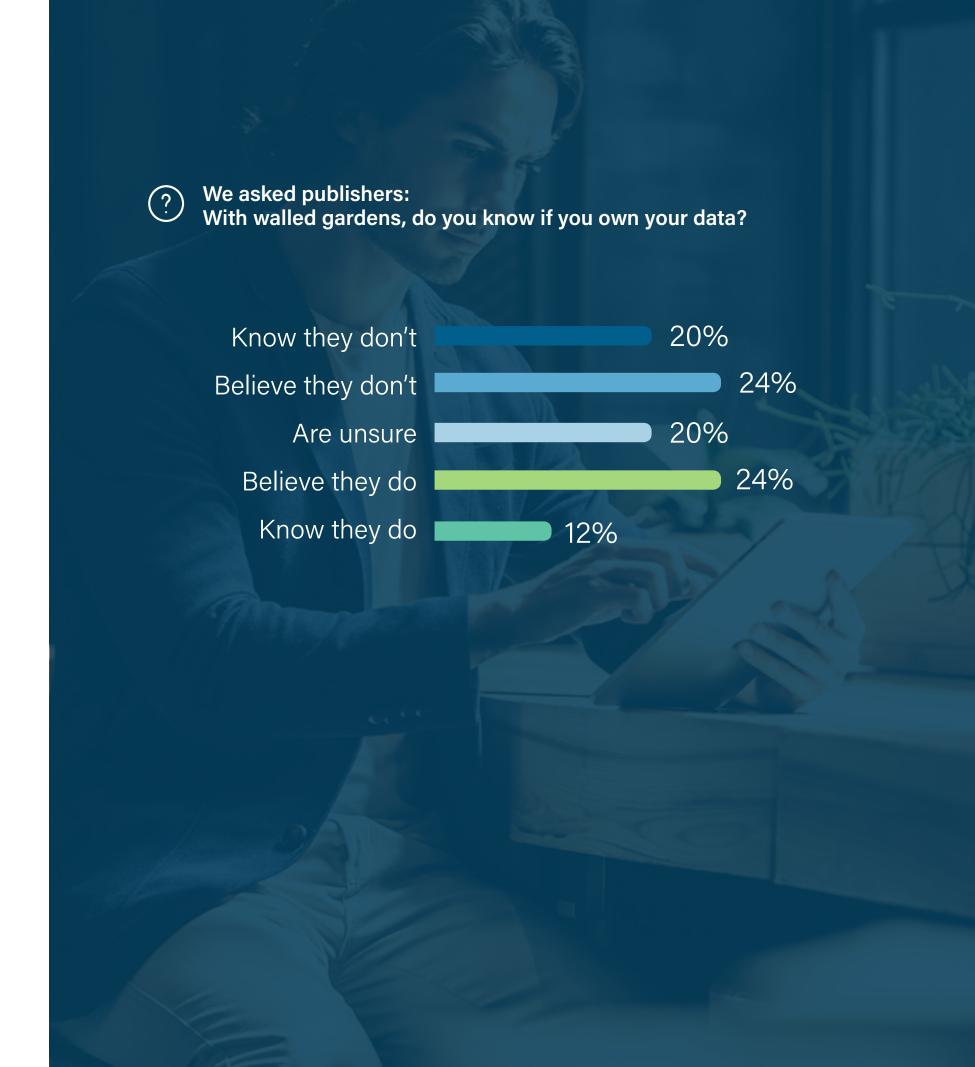
There's a lot of uncertainty surrounding data within the walled gardens. Only some data points can be exported, particular metrics are emphasized, and a big chunk of information is potentially concealed. At the end of the day, everyone's confused about ownership, location and what's possible.

36%

of publishers think they own their data within the walled gardens

44%

of publishers think they do not own their data within the walled gardens

**(?) We asked publishers:
With walled gardens, do you know if you own your data?**

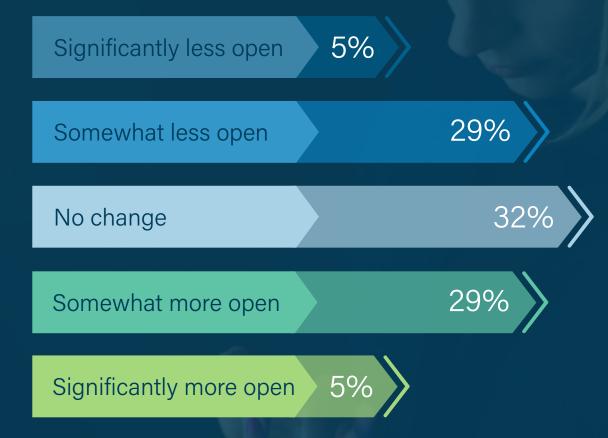|	
Know they don't	20%
Believe they don't	24%
Are unsure	20%
Believe they do	24%
Know they do	12%

ARE THE WALLS
GOING UP OR DOWN?

Currently, walled gardens greatly restrict access to third-party applications and data. And without integration with best-in-industry tools, it is extremely difficult to reach the full potential of digital advertising. We wanted to know, will this situation change for the better? Or are walled gardens doubling down to become even more closed ecosystems?

We asked publishers:
Over the next 12 months do you expect walled gardens to become more open, or less open?

Significantly less open	5%
Somewhat less open	29%
No change	32%
Somewhat more open	29%
Significantly more open	5%

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HOW ARE PUBLISHERS PLANNING TO DEAL WITH WALLED GARDENS?

Understanding all the risks and advantages that the walled gardens bring, publishers have to be extremely cautious when planning their future strategy.

(?) **To find out how publishers are planning to act in regards to the walled gardens, we asked: What is your strategy for responding to walled gardens?**

44% FIGHT

❝ Systematically change the tech-provider if a walled garden is established

❝ Cooperation between several mediahouses

❝ Different monetisation of our services

❝ Creating our own "walled garden" that is moretransparent and open

29% NO STRATEGY

❝ Wait and see

❝ No long plans, just they are inevitable

27% INTEGRATE & ADAPT

❝ Adhering to their policies

❝ Adjust out of necessity

ARE PUBLISHERS COMBINING THEIR EFFORTS?

One way of responding to walled gardens is building an alternative offering - an example of this is a shared marketplace between publishers.

A majority of publishers have already considered participating in such shared marketplaces. Survey responses show a similar inclination towards collaborating for both data and inventory.
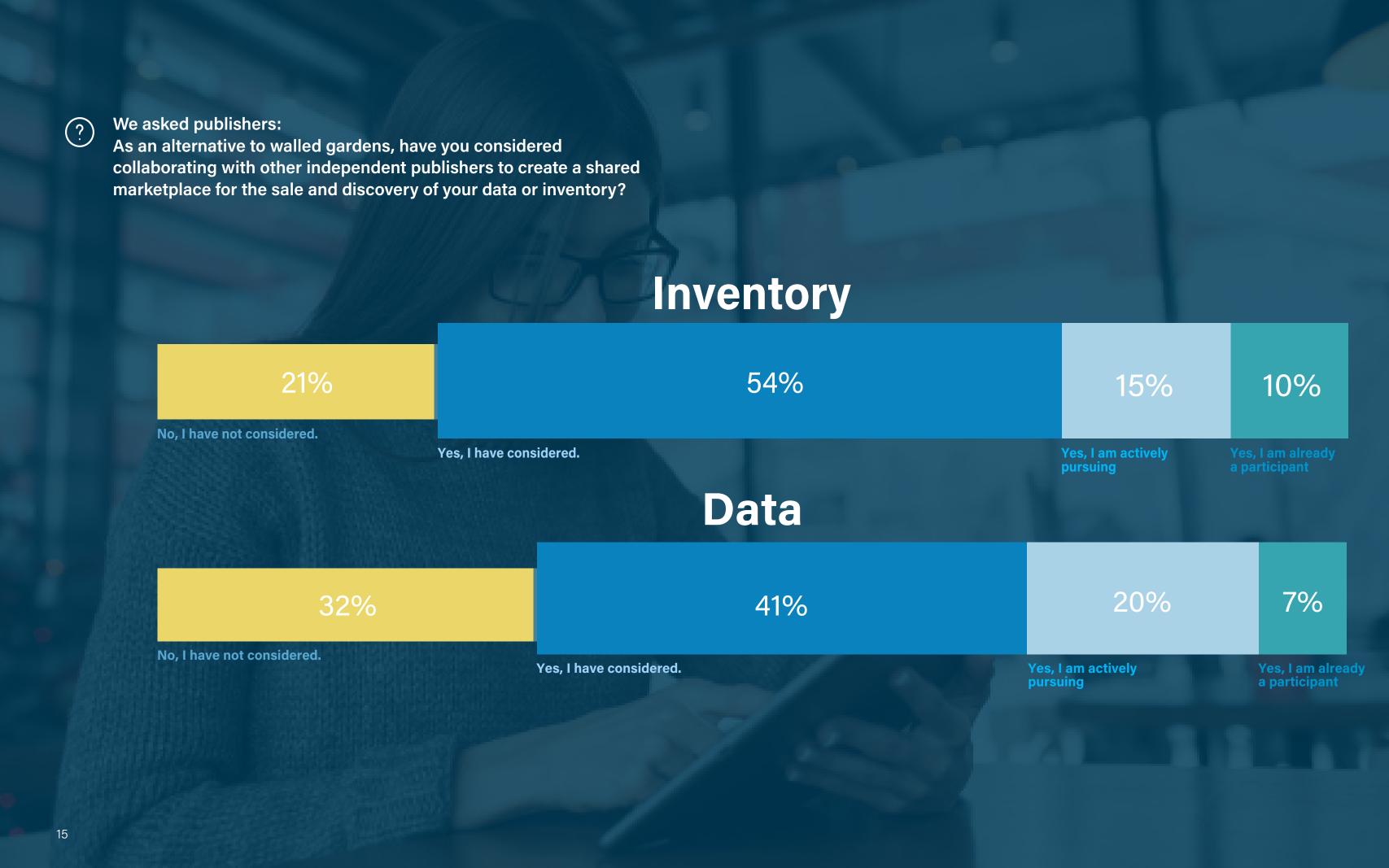
27%

of publishers are pursuing or participating in independent shared marketplaces for data

25%

of publishers are pursuing or participating in independent shared marketplaces for inventory
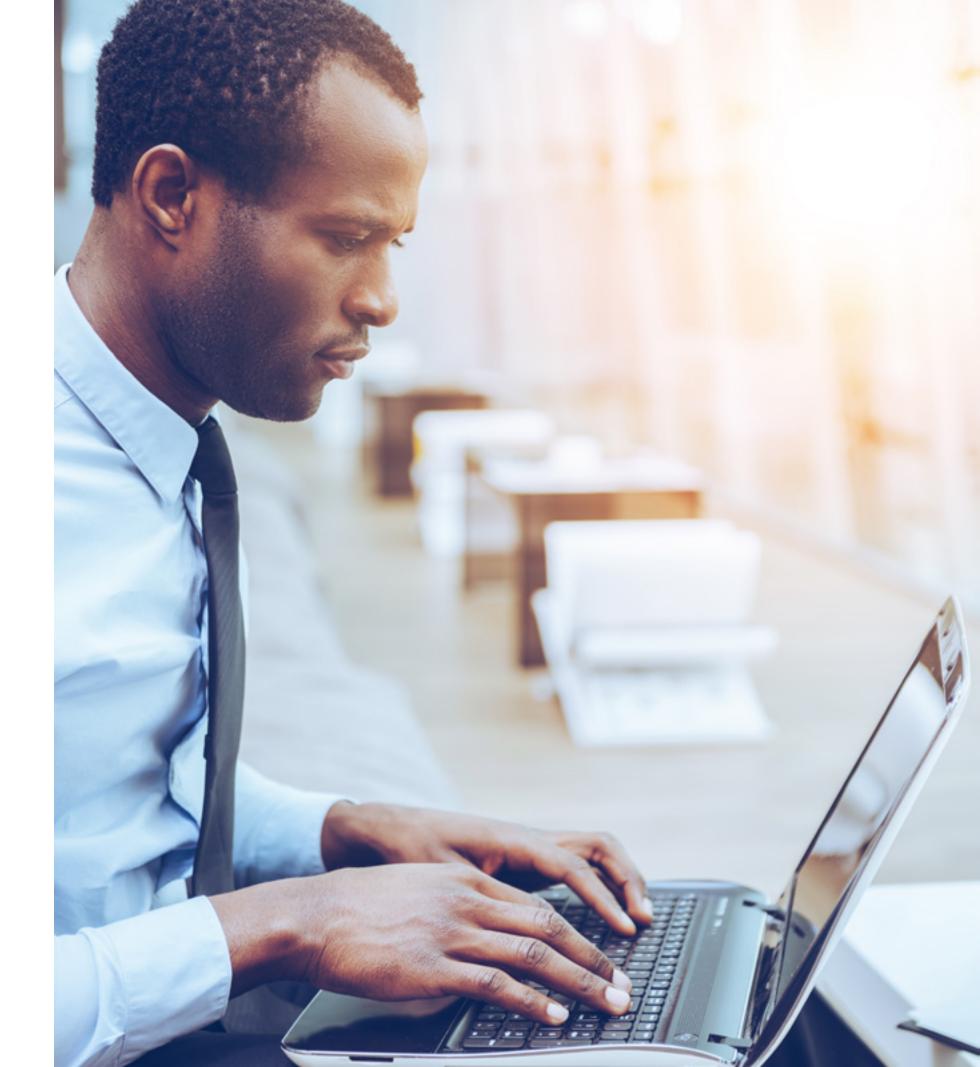
We asked publishers:
As an alternative to walled gardens, have you considered collaborating with other independent publishers to create a shared marketplace for the sale and discovery of your data or inventory?

Inventory

No, I have not considered.	Yes, I have considered.	Yes, I am actively pursuing	Yes, I am already a participant
21%	54%	15%	10%

Data

No, I have not considered.	Yes, I have considered.	Yes, I am actively pursuing	Yes, I am already a participant
32%	41%	20%	7%

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WHAT ADVICE CAN WE GIVE
TO PUBLISHERS IN THE FACE
OF THE THREAT POSED BY
WALLED GARDENS?

SO WHAT IS OUR ULTIMATE ADVICE FOR PUBLISHERS?

AVOID WORKING FOR YOUR COMPETITORS

Choose an independent, media agnostic tech platform which will put your interests first.

We are independently owned, and do not own media or data, which means we have no conflict of interest with our clients, and operate with a fully transparent business model. This independence allows us to focus exclusively on what we do best: The creation of technologies that bring true innovation to the market.

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SO WHAT IS OUR ULTIMATE ADVICE FOR PUBLISHERS?

STRENGTHEN YOUR DATA MONETIZATION

You don't need to depend on the insights provided by walled gardens. Get to know your audience and monetize this information with the help of a Data Management Platform.

One of the key selling points for advertising through the walled gardens is the depth of information that they offer on their users. With the help of a powerful Data Management Platform, you can develop your own high-level insights on your audience.

Adform DMP allows you to know exactly which content users visit and engage with. Such data, granulated and packaged, is remarkably useful for advertisers: when bidding, user data allows them to reach the target audience, improve ROI and click rates, and reduce ad budget waste. This way, Adform DMP signifcantly boosts the value of publishers' inventory, attracting larger advertisers, expanding demand with targeted ads, and eventually increasing ad space yield.

SO WHAT IS OUR ULTIMATE ADVICE FOR PUBLISHERS?

GET ACCESS TO THE BEST TOOLS IN THE INDUSTRY

Choose an open, well-integrated platform, which allows seamless access to leading 3rd party solutions.

In Adform, commitment to openness stretches beyond our products. We dedicate significant time and resources to ensure that integration partners are accessible through Adform's tools. This open approach makes facilitating these integrations a core part of our offering and ensures that the client always remains in control.

SUPPLY EXTENDED BY OUR OPEN PHILOSOPHY

MOBILE	PUBLISHER TRADING DESK	DYNAMIC OPTIMIZATION	PROGRAMMATIC PUBLISHER AD SERVER
SUPPLY SIDE PLATFORM			ATTRIBUTION ANALYTICS
CREATIVE STUDIOS	adform SELLER PLATFORM		DATA MANAGEMENT PLATFORM
HIGH IMPACT FORMATS		ANALYTICS / REPORTING	PRIVATE MARKETPLACE

API

DEMAND SOURCES

DMP & MOBILE INTEGRATIONS

+MORE

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SO WHAT IS OUR ULTIMATE ADVICE FOR PUBLISHERS?

OPEN UP AND SHOWCASE YOUR INVENTORY

Choose a technology partner that gives you access to the widest possible demand and highlights the unique benefits of your inventory.

OPEN UP FOR THE MARKET

Adform SSP opens up your inventory to a world of potential buyers, significantly raising the demand for your inventory. It allows you to sell your inventory programmatically through open auction and private deals.

PACKAGE EXCITING FORMATS

With Adform Automated Guaranteed, you can create and promote attractive packages that are ready for buyers to browse and discover. Automated Guaranteed helps you spotlight high impact formats such as wallpaper, takeover, in-stream and out-stream offerings while giving additional monetization options via audience targeting.

SO WHAT IS OUR ULTIMATE ADVICE FOR PUBLISHERS?

STREAMLINE YOUR PROCESSES TO FREE UP TIME FOR RELATIONSHIP BUILDING

Employ technology that simplifies and automates your inventory distribution process for both you and your buyers.

Adform Automated Guaranteed allows you to automate your IO workflow, allowing your sales team to fully focus on business relationship building and revenue development instead. With Adform Automated Guaranteed, order configuration, reservation and creative uploads are put in the buyer's hands, while our automated system ensures publishers are always in control.

ORDERS
API
PLACEMENTS
PRODUCTS
ORDERS

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AUTOMATED GUARANTEED

DIGITAL / IN-APP / OOH / TV / VIDEO

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HAVE IT ALL UNDER CONTROL THROUGH A SINGLE PLATFORM

A fully integrated platform enables publishers to fulfill data and inventory monetization strategy through one point of control. The Adform Full-Stack solution has proved to be a highly rewarding alternative to fragmented point solutions, bringing both enhanced financial gains and operational benefits.

ADFORM FULL-STACK

WALLED GARDENS

ADFORM FULL-STACK	WALLED GARDENS
Pure technology provider, media-agnostic platform	Hybrid between publisher and technology provider, owns media, competes for users and advertisers
Data fully belongs to publisher, Data Management Platform offered to centralize and activate data	Data use is limited to the platform, restricted activation elsewhere, results in data silos
Comprehensive reporting, unlimited exporting to other systems	Fragmented reporting, restricted exports to other systems
Cross-channel inventory package management, including Print, Audio and Display	Different solutions needed to cover other channels, leading to cost and time intensive vendor governance
Open ecosystem: publishers are free to pick and choose whichever part of Adform stack they want alongside other industry tools	Closed ecosystem: Burdened integrations to other solutions in the industry

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SO WHAT IS OUR ULTIMATE ADVICE FOR PUBLISHERS?

JOIN FORCES WITH OTHER PUBLISHERS TO CREATE A SHARED PREMIUM MARKETPLACE

A shared marketplace with premium inventories can be a strong alternative to the major social and search platforms.

Via Adform Automated Guaranteed, publishers can create premium inventory packages, that are advanced in both scale and quality. Automated Guaranteed provides a tool that auto-mates and accelerates the buying and selling of ad space, bringing efficiency gains for both parties.

ABOUT ADFORM

We make digital advertising simple for our users, relevant for the consumers and rewarding for our clients – advertisers, agencies and publishers

AD TECH PLATFORM

Adform is committed to offering a best-in breed platform that encompass data, creativity and trading allowing publishers to successfully monetize their sites, while enabling advertisers and agencies to reach and engage new consumers effectively across their devices.
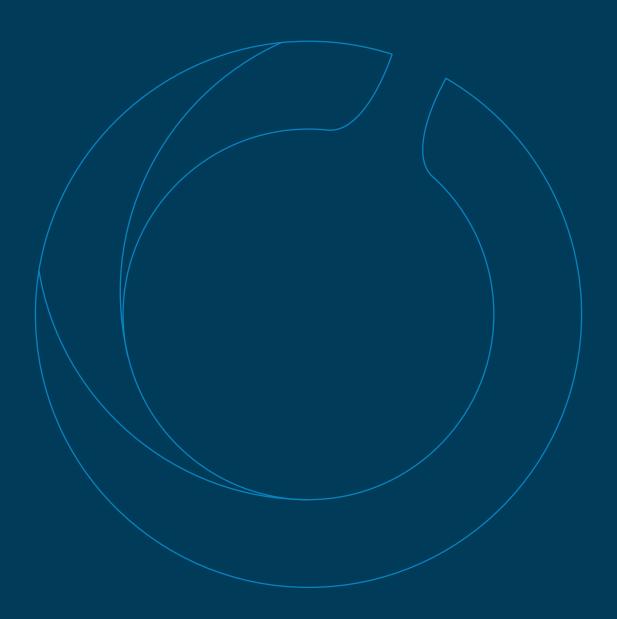
FULL STACK

One unified full stack ensures that you cut waste to a minimum while eliminating data loss and blind spots that might otherwise come from point solutions and incomplete transparency. Adform's full stack provides a dynamic overview, fostering transparency, efficiency and maximum control.

OPEN

Interoperability is key as our platform is an open garden. We provide a fully open API, reporting engine and an integrated data management platform so that clients can capture, import, export and use their own data however they see fit. We are fully agnostic in terms of both media and data.

INDEPENDENT

We are independently owned, and do not own media or data, which means we have no conflict of interest with our clients, and operate with a fully transparent business model. This independence allows us to focus exclusively on what we do best: Create technology that brings true innovation to the market.

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