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The Economy

How to thrive beyond recession: Own your tech

The pandemic caused an unprecedented spike in online traffic, with US retail e-commerce revenue surging 28% in 2020. But as the digital landscape levels out and recession continues to loom, the ad revenue generated from quick and easy fixes that once worked; like legacy media partners and managed service providers (MSPs); will peter out. As the economy changes, so too should companies' ad infrastructure — sooner rather than later.

Working with a SaaS technology partner instead of MSPs allows businesses to manage their own ad platform, better equipping them to thrive during times of economic downturn. Unlike MSPs, tech partners are built for long-term growth, offering better customer experience, and an unimpaired and reliable stream of ad revenue, which can help foster new business as revenue in other areas declines. With an existing 35% drop in average cart sizes, now is the time for retailers to invest in ownable ad infrastructure.

How the status quo is failing

The pandemic's e-commerce boom bolstered the widespread success of MSPs and other out-of-the-box solutions, like media networks, SSPs, and DSPs. In perfect conditions, like 2020's immense volume of online traffic, it's unsurprising that these legacy media partners were able to offer retailers a decent profit, which is why many publishers still hesitate to evolve past these solutions.

But the truth is that these solutions aren't built for the businesses they serve but for their own profit, which is generated off the backs of their retail partners. On every front, the legacy media partners that dominate the market today fail to help retailers thrive, no matter the macro environment.

- **They take ad revenue.** Most MSPs have a shared-revenue model. While it's essential that businesses invest in a high-quality ad platform to achieve long-term growth, losing chunks of revenue to a parasitic third-party is not a necessary step to get there.
- **They monopolise advertiser relationships.** Legacy media partners often act as a liaison between a business and its advertisers, controlling who advertises on publishers' platforms and how. Not only can this lead to poor UX, but it can also mean less favorable ad revenue for retailers.
- **They aren't good for SEO.** Structurally speaking, MSPs aren't doing retailers any favors, either. A byproduct of client-side ad tags can include lower SEO rankings, which means less traffic and fewer eyes on publishers' websites — and in turn, fewer advertisers who want to work with them.

James Avery
Founder and CEO, Kevel

- **They don't prioritise privacy.** First-party data is a valuable commodity, even more so as third-party cookies and low-quality data gradually phases out. What publishers might not know is that when working with MSPs, their one-of-a-kind, first-party data can be hosted on other networks, putting it at risk of helping their competitors.
- **They don't prioritise customers.** More downsides of client-side ad tags can include slower loading times, annoying pop-ups, or most severely, malware or PII-leakage — all factors which negatively impact the user experience. If consumers are having a bad time, so are publishers. Conversion rates drop by a factor of 2.11% for every additional second of load time.

"Our community of more than 80 million monthly users is our biggest stakeholder and respecting their privacy has always been our top priority. With Kevel, we built the largest interactive ad platform on the internet that's engaging, profitable — without selling users' data."

Natascha Chamuleau
Chief Advertising Officer, WeTransfer Advertising

Owning Their Ad Infrastructure Saves Businesses Thousands

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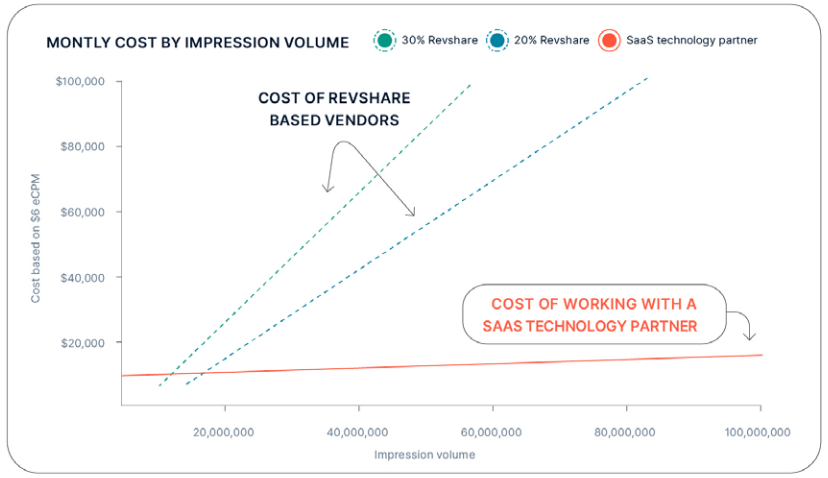
Revshare means paying vendors more as your company grows. With a baseline infrastructure investment, publishers aren't penalized for growth.

SaaS technology partners help retailers:

- **Keep revenue** — SaaS pricing means retailers are encouraged to grow
- **Manage advertiser relationships** — Publishers can rest easy with full control of their ads. No more ugly UX. No more low-quality ads. No more middleman fees.
- **Consolidate data and ad serving solutions** — Better consolidation can make for a more personalized customer experience.
- **Prioritize data transparency** — Owned ad platforms means working with higher-quality, first-party data.
- **Prioritize customers** — Server-side ads = faster speeds and better looking pages.
- **Improve UX** — With full control over their content, ads are faster and more cohesive than ever.



How SaaS technology partners are different

- **They keep their revenue.** Good tech partners offer transparent pricing models based on usage, not success, making for a reliable income stream that actually encourages growth.
- **They manage their own advertiser relationships.** Retailers who have their own ad platform directly control their relationships with advertisers, cutting down latency and boosting efficient turnaround.
- **They can consolidate their data and ad serving solutions.** Already-built solutions can help publishers streamline their data and ad serving solutions, allowing them to build out their own targeting options that their customers will love.
- **They can prioritise data transparency.** When working with a legacy media partner, there's no guarantee that data is ethically-sourced or always accurate — like in the case of Facebook's misreported metrics or the Amazon Alexa controversy.
- **They can prioritise customers.** Retailers who own their infrastructure utilise server-side ads. Unlike with client-side ad tags, this means faster loading times, total control over how ads look and are delivered, and the ability to curate UX per customer.
- **They have better UX.** Server-side ads lets publishers build cohesive, better looking ads with faster loading times than MSPs.

How SaaS technology partners support changing priorities

Whether it's a big tech stack or new ad infrastructure, businesses should invest in what works for them and their priorities. But when these priorities can change as quickly as the world around them, especially for non-essential or secondary businesses, it can be hard to find the right solution.

So, is now really the time to invest in owning an ad platform? Yes. Right now, retailers can get ahead of anticipated economic downturn and prove ad revenue ROI while there's still time to capitalise on existing online traffic — and at a swifter cadence than alternative solutions, which sap revenue with predatory pricing models, and could take years to prove ROI.

Even as the broader economic landscape declines, there's still substantial growth projected for ad revenue year-over-year. Forbes estimates global advertising revenue growth rates will range from 5% to 5.9% for 2023, making ad revenue a worthy investment.

Conclusion: It's never too late to own your ad platform

Owning their ad platform is the first step businesses can take to show that they care beyond the bottom line, which will in turn, improve their bottom line. An unwillingness to sacrifice quality user experience or privacy, and a willingness to build something that lasts are the keys to not just surviving bad times, but thriving throughout them ■