From Cannes: Automated ad selling's future

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STORY HIGHLIGHTS

- **Automated ad sales may be the future for all media buying**
- **Selling media space will be taken from ad sales people and centralized into an automated system**
- **It could transform the media business in ways that we don't understand at our own peril**

CANNES, France -- Almost 20 years ago, Jay Sears, a junior-most-junior executive at a PR agency down the hall from where I was starting an Internet company, came into my office and asked if I knew if it might be possible to sell pizza on the Internet.

I said that the Internet represented a revolution in human consciousness and was unlikely to be focused on selling anything, but hired him anyway on the spot. This was not just because he seemed young and game but because those were the days when you hired anybody who would work for you.

After the Internet gods and our cash burn rate bankrupted us, Jay went on to various other digital ventures, emerging a few years ago as one of the leading players in, arguably, the most important sector of the digital media business: automated advertising selling.

Indeed, at an event Jay and his company, Rubicon, hosted last night at the Cannes Lions advertising festival, one of the automated selling experts who Jay recruited to testify under the hot Cannes sun about the great future of automated sales said this was no longer a digital phenomenon, but that in three years 50% of all media buying will be automated.

Let me interrupt here to say, I have no idea what this means. In fact, I often get Jay to do a party trick. I ask him to explain what he does, and it turns out nobody else at the party (at least at my parties) understands what he's talking about either, thereby separating the old media people from the new.

I have, however, been failing to understand this long enough to have begun to comprehend that what we don't understand is now transforming the media business in ways that we don't understand at our own peril.

In part it goes something like this: through digital profiling, you can assemble an audience independent of brands or content. You can create a *New York Times* demographic of people who have never read the *New York Times*—hence, at a much cheaper rate than the *New York Times* wants you to pay.

And, in part, it is that selling media space is taken out of the hands of publishers and ad sales people, and centralized into an automated system of real-time availability and placement.

And, in part, it is a perfect supply and demand rationalization of what has, heretofore, always been a pretty irrational system.

Indeed, in this new world, publishers (all people and business in the digital content business are known to automated sellers as publishers) are called supply sources.

And because the digital world, with its hundred million publishers and its constantly available audience is an ever expanding if not unlimited supply source, this means that vast new leverage is held by the demand side.

And so the prices go down. And the prices of digital advertising media have indeed relentlessly dropped since it became clear about six or seven years ago that digital supply would ceaselessly outstrip demand.

There was a bit of a heated discussion on the part of the automated sellers last night over cocktails on the Cannes rooftop that this was not true. That, yes, prices had gone down and seemed to be only going down further, but that smart publishers using new

automated tools could start to make them go up. Automation could be used to counter automation, in other words.

But sellers of automated sales are, well, salesman, and this is what they say in an effort to keep as many people happy or at least off guard as possible which is the essence of sales, even in a dying world.

Anyway, the way you sell pizza on the Internet is through an automated ad buy.

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