

Ad networks vs Ad exchanges - what's the difference?

 By [Paula Raubenheimer](#)

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The current online advertising environment can be confusing and seemingly fragmented with native advertising, premium display advertising and now programmatic advertising being thrown in the mix. Added to this potentially confusing selection of media available are ad networks and ad exchanges - elements that can confuse even the most seasoned media buyer. This article intends to simplify the difference between the two.

What is an ad network?

Typically ad networks syndicate inventory from a vast variety of publishers and their business model is to mark-up that inventory and sell it on for a profit. Essentially, ad networks were created to assist marketers to be able to buy inventory from a wide variety of publishers, in one place. Because the list of publishers and inventory is so extremely vast on an ad network, it can become difficult to verify that you actually get the impression you bought.



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In addition, some ad networks will focus on the quantity and reach of their network and some will focus on the quality and value of the inventory. It can be quite a minefield – especially for a novice programmatic buyer. The plus side of ad networks however, is they have in-house sales teams that, if they do their jobs well, are there to guide and assist advertisers.

What is an ad exchange?

An ad exchange is the technology platform that allows for a far more controlled and transparent environment. Buyers can actually see the exact price that an impression is being sold by a publisher, (which is not marked up by the exchange). The ad exchange is a way for buys and sellers to come together and transparently do business.

Network vs Exchange

The most commonly used metaphor to describe the difference between the ad network and the ad exchange is the stock market. In this scenario, the ad exchange is the stock market itself, whereas the ad network are the stock brokers. Got it? No? Here's another one; imagine the ad network is a multi-national grocery chain store. By the time you purchase a product – do you know exactly where it has come from? And I mean exactly? Probably not. Purchasing a product from this

store has the farmer/producer mark-up, transport and shipping costs and then the retailer mark-up. In comparison, the ad exchange can be seen as a farmers market; you buy your product direct from the farmer – you can see where the product has come from and you can buy exactly what you want, without compromising on quality. In addition, there are no “daisy-chain” mark-ups because you’re buying direct from the source.

So what is the best option?

As with anything, it’s always important to do your own research before delving into the unknown. It is also important to bear in mind that even in an ad exchange there will be resellers pretending to sell direct from the publisher to the media buyer. However, for the novice programmatic buyer, ad exchanges are far more user-friendly.

In South Africa, you can take it a step further and utilise a semi-private ad exchange, which gives you even more certainty and transparency as in those cases you will only be buying from sellers that you trust. This way, you know exactly where your ad is being shown, and more importantly to whom.

ABOUT PAULA RAUBENHEIMER

Paula Raubenheimer is head of programmatic at SouthernX, The SpaceStation. Paula has a B Bus Science (Law) degree and completed Post-Graduate studies in Marketing and Advertising Communications. Before commencing with SouthernX, Paula was the group commercial director of the Habari Group. On leaving the Group in 2013, Paula launched an e-commerce store, which she made profitable after only four months of operation.

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