



Stanford eCorner

Delivering the Customer to the Advertiser

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The advertiser doesn't care what media property they're buying online; they simply want to reach their demographic. Yahoo! President Sue Decker explains how the company did not make the most of its competitive advantage to bring the customer to the right ads and how they were late to measure their advertising's effectiveness. Decker further explains how the company is changing its capabilities today, and improving its speed of delivering advertising optimization.



Transcript

These are some of the challenges that we faced. We're going to start with advertisers then I'm going to go to users and then developers and wrap it up. But one of the really important trends that has happened, I'll give you some slides that show examples of these in a minute, is what advertisers started to want is to reach whatever consumer most wanted to buy their product. And it might be on Yahoo!, but it might be on Facebook or it might be on AOL or it might be on Google or maybe anywhere. So the advertiser doesn't care whether they're buying a set of Yahoo! properties. They're caring about reaching a demographic of chief household officer of women or men in a certain age group. What happened was these ad networks started emerging. And they include Ad.com and other things like that where an advertiser can go to one-stop-shopping. And the ad network then places their ad on any different publisher as opposed to our sales force which was just going out and selling Yahoo!. If we had organized around customers, if we've been organizing around, someone thinking about what our advertisers are doing, what are users are doing, we would have seen this earlier.

We have leveraged ourselves into the number two ad network. We actually feel like we're in a position to transform the industry now but we were late in that. Because we were thinking about selling display on Yahoo! or selling search on Yahoo! and we weren't thinking about the whole. It also made it very difficult to buy across search and display. And that's true for the industry today. Google's really strong in search. They have their own search sales force. They really have nothing in display. Microsoft is not so great in either. Just the facts.

So Microsoft is behind us in display and is number three in search. But in every one of these cases you can't go to one sales force. If your client - if you're General Motors and you want to buy internet ads, you got to work through multiple sales forces at every single company. So it's channel conflict all over. It's really hard to do that. And we have integrated our sales force. I'll talk about it later. But we're the only company that has done that so far. It's very difficult to optimize across performance and brand. You know the question in the early part of the days of the internet was, "Should I spend money on the internet? Should I take money out of broadcast or newspapers and buy online?" And you could see the audiences building and building.

There's a billion people every month right now that go to the internet in a world of six billion. Many of whom are kids or don't have access to computers. That's a huge, huge statement of the power of the internet. But it was very difficult for an advertiser to optimize across the two and get to the user as opposed to being stuck with various products that companies are creating. It's also difficult to measure effectiveness. Back in the day, there's - do I advertise in the internet? Now that is totally legitimate.

Every major marketer, top 200 marketers are advertising on the internet. And in fact hundreds of thousands are advertising through search marketing. So the question now is, "How do I optimize? How do I know whether this one is a better place to advertise versus this one? How do I know about pricing?" Lots of different questions there. So it's difficult to measure effectiveness.

And the process of making a single buy is incredibly painful. I'll get to that in a minute. But it literally takes weeks if an agency or an advertiser says they want to buy a certain 10 million users across a demo. They're going to find pieces of that on multiple different sites. And literally it's not done by computers. It's done by fax and phone calls. It takes weeks to place ads on the internet now, not in search but in display. There's a lot of challenges. I think we saw this earlier than any of the other major portal companies but a lot of the ad networks emerged before we started getting going on this.