Case Study Series: What's Working in Marketing & Selling Professional Services

Online Ad Network Triples Revenues Using Partnerships, Inbound Marketing

By M. Sharon Baker

Overview

When Jeremy Ostermiller worked at the Denver Post in 2004, he and other ad staff members regularly fielded phone calls from small website publishers asking if the Post's ad staff could sell their unsold online ads.

Small sites can sell about half of the advertising positions on their own, but most needed help selling their remaining inventory. And there weren't many places they could get help.

The Post's advertising staff didn't handle other online properties, so Ostermiller and others wished the publishers good luck and sent them on their way. Several years later, when Ostermiller decided he wanted to run his own company, he remembered those publishers and the need they had.

In 2009, with the help of his brother-in-law Devin Yeager, he founded Altitude Digital Partners, a Denver-based online ad network that sells unsold online advertising inventory on behalf of website publishers.

Their plan was to sell advertising space of the top 5,000 websites, concentrating on the second and third tier sites other larger advertising agencies ignored. While top tier sites like Facebook [garner more than 1 billion page views a day](link), second tier sites are those that get 15 million page views in a month, says Ostermiller. Third tier sites would be those that have 1 million plus page views a month, he says.

Altitude wanted to aggregate the advertising impressions of the smaller sites and then have ad agencies bid on them.

Situation

Up until a couple of years ago, small web publishers would try to sellout their remnant ad space through Google's AdSense program, one of only a few places they could go.

"However, the supply of publishers looking to sell through Google increased substantially while the demand decreased substantially," Ostermiller says. "That caused ad rates to decline."

The big advertising agencies, responsible for buying advertising placements for their clients, largely ignored smaller publishers because the process of working with multiple small publishers was laborious. Forging relationships with 150 publishers, for example, meant helping 150 publishers understand the increasingly complex and competitive online advertising industry and creating 150 different contracts.

Within six months of its founding, Altitude had lined up 50 website publishers. But getting there was tough: larger ad agencies and website owners questioned Altitude's intentions, wondering if they were legitimate. Contacting larger agencies wasn't easy because most of the industry was located in New York City or San Francisco. Denver, it appeared, was an advertising agency backwater.

In addition, small website publishers questioned their motives, worried that Altitude was scamming them, and didn't understand the online advertising process. Topping it all off, Altitude was still a self-funded, two-man operation with an enormous outreach task.

Approach

To alleviate and accelerate the publisher outreach, Ostermiller decided to outsource the company's email marketing. He hired a firm to send out 10,000 emails every two weeks to a target list of 5,000 websites to find publishers willing to have Altitude sell their unsold advertising impressions. Leads, about 10 percent of those reached, were then passed back to Altitude's sales team.

Ostermiller quickly realized that many of the small publishers – those with enough traffic to generate 250,000 ad impressions a week – weren't knowledgeable about selling advertising. Most were small operators with no marketing or advertising staff.

Altitude became an extension of their team, becoming a site's advertising department and navigating the industry for them. They handled a website's advertising billing and collection, paying publishers each month based upon billed not collected sales. They didn't make customers pay a fee to join or sign long term contracts, and promised to respond to technical issues in less than 24-hours.

In contrast, the company's competitors often signed monthly contracts and were never heard from again, Ostermiller says.

Partner with Competitors

Altitude also began talking to ad agencies and ad networks – those agencies that sold advertising for a number of companies – in order to form strategic partnerships.

"We took the Switzerland approach, working with our competitors," Ostermiller says. Collaborating with larger ad agencies and networks gave Altitude access to advertisers accustomed to paying higher rates.

Partnering with Altitude gave larger agencies instant access to niche sites and 5 billion ad impressions, a sizeable network too big to ignore. Forging those relationships at first proved difficult due to Altitude's Denver location, Ostermiller says.

"That's been the toughest part," he says. The company had no brand awareness among the publishers and ad agencies with which it wanted to partner.

To combat this skepticism, Altitude spent time making sure its Dunn and Bradstreet and Better Business Bureau ratings were high, and earning good credit references so larger publishers such as the *LA Times* felt comfortable working with them.

But Ostermiller realized that wasn't enough. He still found he had to prove his company was legitimate.

Increase Credibility, Visibility with PR

Being in Denver – far outside the world of advertising – didn't help. Neither did the fact that Altitude hadn't spent a dime on advertising or marketing; nor had they spent much of an effort building the company website.

To increase Altitude Digital Partners' visibility and credibility with agencies and publishers, Ostermiller hired a New York City-based public relations firm, one familiar with many of the publications covering the online advertising industry.

They decided to celebrate the fact that Altitude hails from Denver and embraced the fact that the firm was charting its own course in the industry. They developed press releases announcing partnerships and growth, content that shared industry insights and trends, and met with trade publication reporters to share news and tell Altitude's story.

They also went to industry conferences and major trade shows and hired a search engine optimization company to execute an SEO strategy for their press releases and website.

"We really needed to put ourselves on the map," Ostermiller says.

Inbound Marketing to Draw Customers

After elevating brand awareness, Altitude then shifted its strategy to generate inbound leads. To beef up the company's website, they added a blog, developed thought-leadership content, and developed social media profiles.

The company also hired its first director of marketing to expand its marketing efforts, commenting on blogs and helping publishers understand the complex world of online advertising.

Results

In 2009, Altitude Digital Partners posted revenues of $400,000, a figure that zoomed to $3.3 million last year. The company works with more than 150 website publishers, including LATimes.com, Blogtalkradio.com, Filmannex.com, Modmyi.com, and photobucket.com, and sells over 5 billion monthly ad impressions.

The company works with 300 ad agencies and networks, and is on track to more than triple revenues in 2011 to $10 million, Ostermiller says.

To help fuel that growth, in 2011 Ostermiller landed $1.5 million from private investors. The new funding will allow him to fill out his executive team, expand his sales force and upgrade the company's technology platform. The company has grown from a two-man operation at its founding to 13 employees in 2010. Ostermiller says he plans to add another seven people this year.

Additional Insights from Jeremy Ostermiller of Altitude Digital Partners

- **Have a clear mission and be good at one thing.** Don't try to do everything for everybody and be mediocre.
- **Do your best to build stability, awareness, and strong references.** To be successful with an online business, you need to create a positive light about your company
- **Don't delegate the hiring process.** The people you hire will determine whether you succeed or fail.
- **Startups seeking funding need to have a strong, professional business plan.** It's hard to get funding without one these days.

Resources

Website: www.AltitudeDigitalPartners.com