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INTERACTIVE: MEDIA & MARKETING: MATCHLOGIC SERVICE SOLVES CACHE PROBLEM

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Ad management company MatchLogic has cracked the vexing Internet advertising dilemma of ads cached on proxy servers with its new product, TrueCount. The service tracks and manages ad impressions that current site analysis tools can't see because the ads are copied, or "cached," onto proxy servers that various organizations, such as universities, use for their members.

Another startup, Next Century Media, is also developing a product that addresses the ad caching problem, according to sources. Company officials, however, did not return phone calls by press time.

COUNTING ADS NOT TRACKED

Before announcing TrueCount today, MatchLogic (www.matchlogic.com) used the service to survey millions of ad impressions across more than 200 sites. It concluded, with Ernst & Young's verification, an average 76% more Web surfers are seeing ads served from proxy caches beyond what sites currently track. At peak times on heavily trafficked sites, uncounted ads ranged as high as an additional 675% of what's now tracked, MatchLogic found.

"This raises the bar in terms of providing more complete activity reporting" for online advertising, said Michael Lavery, president and managing director of the Audit Bureau of Circulations. "We have reviewed [TrueCount], and it works as [MatchLogic] says it does. . . . It allows for accounting of [online ad] activity heretofore not accounted [for]," he said.

LOSING CONTROL OF ADS DELIVERED

Institutions with many Internet users, such as large companies, universities and Internet service providers, regularly use proxies to cache Web content from popular sites so their users don't download the same files repeatedly across the networks. While the caches improve bandwidth, they have long confounded commercial sites and advertisers, which lose control of both the targeting and counting of ads behind the proxy firewalls.

Presently, many sites employ "cache-busting" techniques that force the delivery of ads and other content through the proxy servers for each user who requests a page. The down side of cache-busting, however, is it slows the delivery time for users, which harms the viability of the Web medium.

TrueCount-which MatchLogic built at the behest of its largest client, General Motors Corp.-delivers the best of both worlds.

It works in harmony with proxy servers to help manage bandwidth while keeping control of the ads' distribution. Where possible, it serves ads out of the institution's local cache or from the nearest of TrueCount's 12 worldwide mirror sites. Thus, it not only counts the total number of impressions shown behind proxies, but it continues to manage the ad frequency and other targeting issues to individual surfers behind the firewalls.

"The implications for the market are vast," said Evan Neufeld, an analyst at Jupiter Communications. He believes if TrueCount is widely adopted and if competitors like Focalink and Imgis implement similar technology, the cost-per-thousand rates of banners should drop.

PUTS ADVERTISERS IN DRIVER SEAT

"Everyone is wondering which way CPMs are going these days. . . . [TrueCount] puts advertisers in the driver's seat," he said.

MatchLogic, like Focalink, concentrates on selling its turnkey ad management service to ad agencies and individual advertisers, such as GM and, less so, to sites. With TrueCount, advertisers will now be able to count their impressions more accurately than the sites that host the banners. Advertisers, Mr. Neufeld points out, will be unwilling to pay the same CPM to reach the 76% additional impressions they were previously getting for free. Therefore, he said, sites will be forced to lower their CPMs for such customers.

SITES MAY NOT BE HAPPY

"This doesn't come at the best time for the marketplace," said Mr. Neufeld, speaking of a possible reason for prices to drop while the market is still immature.

Sites still struggling to sell their existing inventory-which are the majority of commercial sites-may not be happy to learn that, in fact, their true inventory may be some 75% to 600% higher than what they're trying to sell already.

The more popular a site is, the higher the percentage of cached advertising, said Pete Estler, president-CEO of MatchLogic.

also more affluent," referring to a presumed majority of high-demographic corporate users with fast Internet connections.

"Counting is the basis of [the online ad industry's] economic model," Mr. Estler said. "[Revenues are] based on our ability to count to 1,000. As an industry to date, we've shown that we can't count to 1,000."

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