Going Lijit:
Mining and Monetizing Blogrolls

INTERVIEW WITH TODD VERNON

The founder and CEO of Lijit talks about the tools and services his company provides to Internet publishers, the small as well as the large. It's all about providing relevant information, connecting publishers to their audiences, linking them to advertisers, and monetizing their sites.

Interviewed by David Hamburg

Todd, let's start off by introducing yourself to our readers.

Sure. I'm the founder and CEO of Lijit, which I started in 2006. I was a blogger myself and then, naturally, was interested in that area. It seemed to me that, if you are a small publisher, you just have fewer tools available. On one side, anyone can publish in the world of the Internet – which is kind of cool. But on the other side, it's kind of the world of haves and have-nots. Large publications have access to the inventories from many different companies; they have enough impressions that they can do stuff with. But smaller publications do not; they tend to be relegated to the world of AdSense, where you don't know what's going on. You can be sure that they're not making a lot of money, but I have the sneaking suspicion that Google is.

I'll bet. For most bloggers, it can be a very lonely world.

That's a great point. We have publishers of all different kinds; the very large ones are really exceptions. I really liked what FeedBurner had done, providing a service that publishers could adopt and just use for free. Meanwhile, I gave them access to what was going on, on the side, which in turn allowed other monetizing and streams to surface. That's exactly what we did. The history of the company for the last three years is solid. We provide some great tools for publishers to install, giving them a lot of information about their audience that perhaps they couldn't get from other places.

We hit critical mass ramping into this year. All the information that we've gathered in aggregate is super-interesting to marketers. We are able to segment and find very specific audiences that they are looking for within the greater footprint of this entire network. By themselves, no publishers in our network could get a marketer interested in them because they're just too small. But in aggregate, it's different. You're using data that has

proved to the advertisers and marketers that these are super-engaged audiences. People may skim through the glossy pages of CNN, but I maintain that the smaller publications are a lot more interesting because they have audiences that are a lot more engaged. If you can define them, it's a perfect time to inject your message as a marketer.

So how would a marketer use your product?

A marketer tries to do one of two things. In the first case, he is trying to understand what's going on, say, the day before Christmas. There are a lot of places where you can go to find out what is hot and what is not. But what is interesting about us is that we can look through the data and tell you what, for example, men who are 30 to 35 are searching for on the Internet. We watch all the search terms that are coming off the search engines. The chances are that what first brought a person to a blog was probably a search query, on Google or Yahoo. We know all in aggregate, so we can engage with a marketer and say that, in this particular segment, these are the specific brands of consumer electronics, for example, that we are seeing across the Internet within our tech segment. So it's super-interesting.

You can also apply to be in our advertising services. This is how it works: You would put in some information about yourself and install ad tags on your side. We use all this data that we capture; we network and aggregate it in order to deliver ads onto your side. For example, when we deal with agencies on the ad side, they want to place their message inside or around the conversations that are happening in smaller publications.

Let's take an example like mom blogs. We have a lot of them. We tell agencies that the opinions of people who want to buy are being formed in these publications and the communities around them. Here is a great case in point: When my wife has a decision to make about what pain reliever she is

going to give the kids, she goes out and reads these mom blogs to get the opinion of what is the best product to use. She is not going to trust the publications in our network to give her the dosage amount; she is going to go to the Tylenol or the Motrin website to get the facts about the product. But to get opinions about the product and decide if she wants to buy – that is happening in these really engaged communities around these women's blogs.

So when we talk to agencies and explain to them that we have this huge network of publishers that are super-loyal and happy, their interest is piqued. Our relationship is based on data and information that help them understand their audience. I can help them understand their audience better, because I have access to that data in aggregate. If they want to place their message about a pain reliever within these communities – alongside the traditional ad unit or maybe even within the content of the publication – and start a dialogue around it, we can facilitate that for them.

Are your aggregate search returns truer than those of Google, where search engine optimization tactics often get the higher placings rather than the best search result?

Exactly. What happens – and this is one of the premises that we got into this space – is that people bond with blogs and individual publications for a reason. Those blogs tend to be spicier, but the real reason they bond with those sites is because of the persona driving it. It's about the author. You're getting all the opinions and all the thought. And they really believe what they write.

One of the things that we do for these bloggers is expose all of their content. We provide a great search service on everything that they have written on the subject, but also we will include photos from their Flickr account and videos from their YouTube

account and stuff they've tweeted about. So it glues the audience to the publication and forms that one-on-one metadata that you get when you really know somebody.

You are accessing numerous conversations with these small publications. They are kind of proxies for real relationships, because all ships float higher. So when a message about whether a pain reliever works for my child is out there and those bloggers are super-engaged, it becomes way more interesting to the reader than an ad is.

Your goal is to deliver value to both sides. The bloggers get their analytics, and the agencies or companies get to have their message delivered to a wide but highly targeted and engaged audience – a perfect fit for their products.

Spot on. We can put an advertiser in contact with specific authors and then do something like either a campaign or product review. We are like a giant site rep firm from the agency side. Actually, our relationship is very large and far-reaching with all our publishers, because we contact them once a week with an email and they come back to our site to look at their statistics. It becomes an escalated sort of relationship with our publishers. We start with the free service: the bloggers learn something about their audience. And as they become more interested in monetization and getting contacted by marketers or even newspapers, we can also provide them with a monetizing service. We are kind of like a business partner on the publisher side. On the agency side, however, we are about finding those authentic conversations and getting the agency into it.

Are the advertising agencies your primary market on the business side of things?

Yes, the agency, then the demand-side platforms that are attached to the agencies or different ad inventories. Then there are some marketing firms, like tiered ones, that will show up for specific questions about the market. But primarily, we work with agencies and brands directly.

How do you get the word out to all those agencies?

We will kind of chat with all sales teams. We've done direct integrations with all the demand-side platforms, like Adspace, that are used by agencies. We're connected to all those platforms through real-time bidding platforms. We can give bloggers an extremely high-quality, engaged ad stream right out of the gate – for those in our network who want to monetize.

We also have a direct sales team that goes out and sells more immersive things. For instance, there is an electric car campaign that's going on right now. One of the things that we've been hearing about is a problem that will arise: range anxiety. The idea is that, if you have an electric car, you can only go so far, then you're out. Think about it as comparing the information that you get on the battery life of a laptop. Every company quote that I've ever read on the battery life of a laptop has always been overestimated. So if you're buying this electric car, you may doubt it when you're told it gets a range of, say, 100 miles. Is it really 50?

This is a perfect engagement for us, because we can go to eco- and tech-centric publications and essentially start a dialogue around this idea of ranging. You can include squares and rectangles in the advertising, but a campaign can also include inviting publishers out for a test drive so they can understand the product and be the first one in their space to test out the car. Then they can review it and write about it. That's the kind of stuff for selling through the direct channel. Go to our indirect channel, which is just a really high-quality CPM [cost per thousand impressions] ad stream that our publishers can opt into: we use all the data that we piggyback onto them, all the time, in aggregate, in order to make that data a high-value ad stream for them.

It seems to me that the major value proposition of your service is the objectivity of the data. It's purer; it really means something.

You hit the nail right on the head. We just launched our new website, and I am super-stoked about it because it's the first one that actually says what we really do – on the first page. There are revolving words that are surfacing from our searches – genuine conversations from influential communities, engaged audiences. This is unlike mass media platforms, where their bored audiences are not engaged. Visitors check in to those sites a few minutes before they check out from work, just to kill time.

Good point. In fact, all the conversations I've been hearing recently are about the end of search and the beginning of the new quest to somehow draw out the meaning from all this information. There is just too much junk to sort through. Top-ranked search findings are increasingly less meaningful. It's time to prune.

True. It is another thing we can do internally that is interesting to marketers. For example, if you go to Google and you want to find a restaurant, it has become almost impossible now. All the results are so full of these intermediary sites that provide these lousy reviews: it's all fake. Consequently, it's a total mess. But take a step away from that. We can go out and aggregate the top fifty food publishers. Now, when you search through all their content – because we have it all indexed, not just the things they write, but the bookmarks they put in, the YouTube videos that they shoot, and the photos of restaurants they include – it is so much more interesting.

Can you tailor your product for local or regional basis?

We can do localized stuff, for sure. In fact, not only do we know where

publishers are from, but we also know where the readership is located. Bloggers can see that in their stats. We can pick specific publications where all the readership is, for example, in Texas. We have this incredible data stack that we can use for other purposes. What's really cool about our services is that we are 100 per cent optically pure to the publisher. What publishers don't know is that there are many networks that are gathering tons of information from their sites, but the bloggers are not getting anything back. They might be able to monetize their blogs, but I guarantee you that there are monetization streams that are happening outside of their knowledge. With us, it's more like a data co-op: You install our program and receive all that data back, and you know we use that aggregated data to go find you ways to make money. The data never leaves the network if the value is not attributed back to the publisher. We think it is very publisher-friendly, not to mention transparent, to do all this.

That may be so, but is there really any money to be made from all this for bloggers? I would bet that 98 per cent of all blogs do not drive enough traffic to make any type of monetization significant.

Valid point. It always comes back to the publication numbers. Still, a lot of the publications in our network have in the area of 100,000 page views per month; that's not unusual. Those guys make some money, maybe a car payment or maybe a house payment. For a lot of these bloggers, publishing is their main job. They curate or write content all day long, but they don't have a sales force or any other options to monetize. That makes us pretty appealing to them. We give them deal flow, optics into advertisers, and money, as well as their audience.

So blogging for money is a precarious existence. In fact, I know of one top-rated, award-winning blogger who complained to me that

there was hardly any money to be made from his blog.

Depends on what he's doing. If that blogger used our service, we would crawl his content and look at his blogroll. Then we'd see who he points to and who else on the Internet points back to him. Based on that, we would develop a type of influence calculation. We might say that, while he does not have millions of readers, his content vertical is super-laser-focused in a certain area and his reach is actually reasonably large. When he says something, it will percolate through the Internet very specifically to people that are like-minded.

For instance, we did a project for an agency for a book launch. They wanted us to contact a handful of influential publishers to read the book and review it. For doing that, the publishers got the book for free, they got access to the author (something that they found to be extremely interesting), and they acquired that dialogue. They were compensated modestly: a $25 gift certificate for Starbucks.

Speaking of influencers, how do you identify them? Twitter rates its top influencers.

If you look at Facebook and Twitter, they tend to be short-form kinds of social interactions; they are not that deep. They're more about emotions and being social for the sake of it than anything else. But when I really want to tackle the subject, I write in my blog and then I tweet – that is a really common occurrence. It is important to include the Twitter and Facebook reach into the calculation, but it's also important that there is a longer-form way of communicating. This is really where you're going to reach the reader. You've got a creative community around that.

It sounds like Lijit injects some life back into the blog, which seems to losing ground to those social microblogging sites. At least it gives

the blogger more incentive to continue publishing.

In fact, bloggers who use our service think it's cool to look at all of the search results we deliver to them. They inherently know that's important, although they cannot quite articulate why it is. But all this makes it a much more important experience for the reader. That's the whole value of it. No matter how much you tweet – and you may build up a mental image of people based on what they tweet – you are never going to be able to find yourself engaged in a dialogue with them about, say, what types of pain relievers you are going to give your children.

When I go to buy a new car, the first thing I do is ask all my friends what they think. I don't go to any of the major car-rating websites for advice. I have a friend who is a high-performance car buff and another one who is very eco-minded. They will give me two different answers on what car to buy, and they're both right. At least I'm getting the real dope on the situation, not the opinion of someone with an unknown agenda.

We've covered a lot of ground today, Todd, and I can understand the value of aggregated blog data. Any parting thoughts?

Well, now I want to check out *Vue* magazine.

That reminds me: We've got to get a blog going and hook it up to Lijit. Thanks a lot, Todd.

Todd Vernon is the CEO of Lijit Networks, which he founded in 2006. By helping publishers engage and understand their readers, Lijit has created a trusted publisher network – including more than 12,000 publishers, 700 million page views per month, and 53 million unique visitors. Todd, has spoken at a number of industry events, is an avid blogger about life, multimedia, aerospace, and his start-up experiences. Go to www.lijit.com