

# FLIPHOUND:

# ON THE HUNT FOR A NEW TYPE OF BUYER

By K. Schipper

**WICHITA, Kan.** – What happens when the owners of a digital billboard company have extra inventory to sell? Well, if one of them has a background in software engineering, the result might just be a whole new kind of online bidding platform.

Brandon Shuey and Douglas Robertson launched **Fliphound** as a pilot on 14 Kansas-based digital boards in Wichita, Andover, and Mulvane in July 2013 with a local billboard operator. The pilot program increased the operator's revenue and profits on every board, and Fliphound is now working with several billboard operators who own sites throughout the country.

Shuey says he's confident the program will work just as well with digital billboards in Times Square as it does in the country's heartland. Fliphound is now available to other digital billboard owners and operators and is free to enroll and does not require a contract.

## **Find-and-Sell**

Shuey, president/co-founder of Fliphound, says after getting into the billboard industry in 2010 he became interested in how outdoor advertising was sold.

"I've been in other industries and decided it was really inefficient," he says. "First of all, it's hard to find and buy advertising on digital billboards, especially for new advertisers. That's where the 'hound' came from; it was originally a search site where advertisers



**Brandon Shuey**

could find information on purchasing a billboard and get in contact with that board owner's sales team.

"The 'flip' part comes from our realization it could be more of an automated selling and demand generation tool. Fliphound puts advertisers in control of each flip they display."

Doug Robertson, co-founder and CEO, teamed with Shuey to craft the strategy to focus on monetizing unsold digital-advertising inventory. Shuey then used his software engineering skills to develop a program that creates real-time bidding strategies for advertisers who traditionally couldn't afford big digital-advertising contracts.

The main distinction between Fliphound and other services that help would-be advertisers find sites is its immediacy. Shuey says it's different from other programs where one bidder wins the available inventory, which is then set aside for that winner.

"It's really just as if they had a contract," he says. "With our inventory that's available online, the bid takes place in microseconds, and the winner gets played, but it's reevaluated every time a flip becomes available. All a client has to do is out-bid the current winning bidder, or if there are multiple pieces of inventory, you can knock somebody off and take their spot."

By not locking anyone in, each buyer has control over when they start and stop their ads, which ads they want to show, and can even change the frequency to something less than a full rotation.

"If a client doesn't need that frequency they can back it off," Shuey says. "The system then sees another hole available and it will find a bidder who wants it."

Clients may come in with a budget as low as \$50, and might only use the board for a day. A good example, Shuey says, is the local Ronald McDonald House, which used Fliphound when it hosted a golf-tournament fundraiser.

"They wanted to be out there for the day to tell people where to park," he says. "It took them very little money, and in about five minutes they were live."

In that instance, the organizers had their own graphic artist to design the board, but the program also offers some design templates to help people get started. Shuey says Fliphound also has a staff of graphic artists that will create ads, which it does at a flat fee.

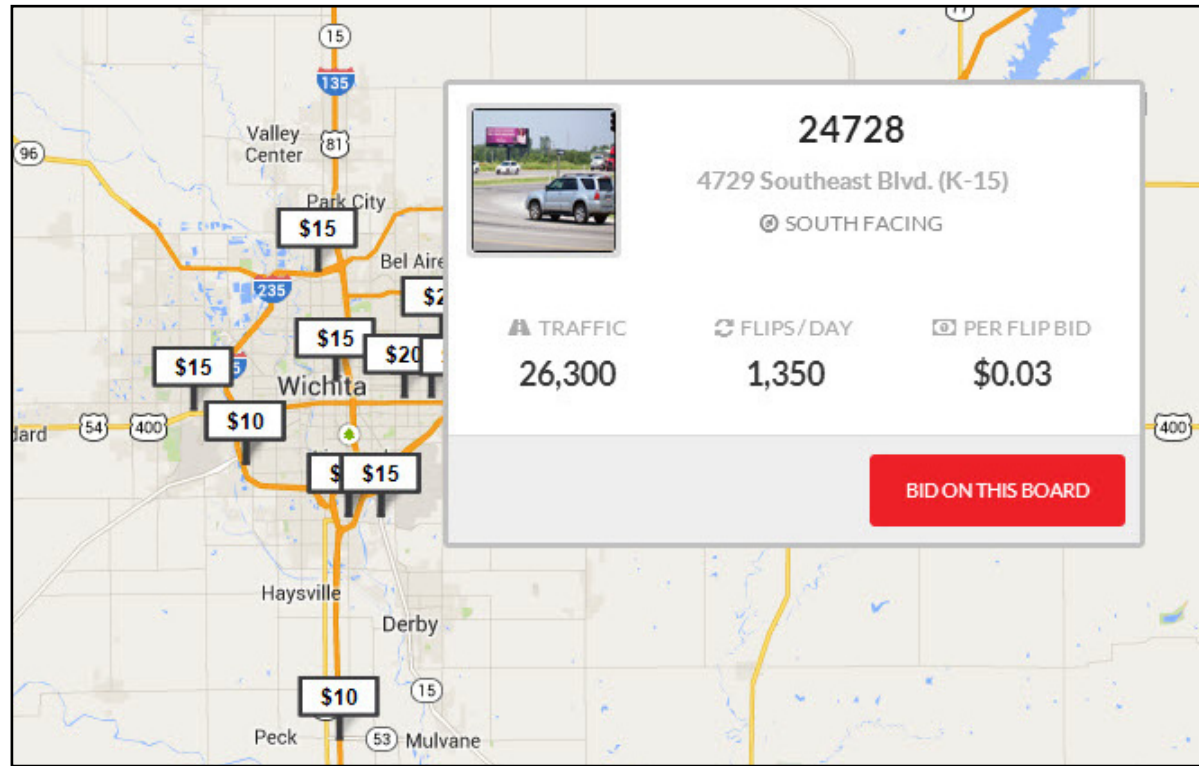
"We do that because the art isn't a profit center," he says. "We're just trying to get people on the billboards as quickly as possible. We do have a feature that allows them to send specs so they can create a campaign, say, 'Here are the boards I want,' then click a button to send it to the graphic artist."

Shuey adds that the company does have an approval process on all content that comes through. That's because they don't take some types of advertisers or a particular board might exclude others. However, he says approval typically takes only a couple minutes.

### **Evolution and Improvements**

Shuey admits that the Fliphound program has





they want to see and how they want it used. We're still in the exploratory phases with that."

Shuey is a bit more specific on how the company is working to improve its automated bidding engines with a feature that will come

move to the board that's least-expensive. We're going to create engines that will do that for them."

That's not to say that even novice board users haven't developed some strategies. Shuey says many have already learned to day-part themselves. Consequently, morning and evening drive times are the most-likely to have one buyer outbidding another.

While it would be easy to say that all Fliphound users are just getting their feet wet in outdoor advertising, that's also not the case. Shuey says the plumber, the restaurant, the person who does online computer backups – and may only have less than \$500 to spend – is one type of advertiser, but there are others.

"We also have what I call the direct large buyers," he says. "They may have ad budgets of close to \$1 million, but they see it as a way to take remnants of whatever their budgets are and they love the idea of being local; but, perhaps they don't have enough to do a long-term annual contract, so they use Fliphound."

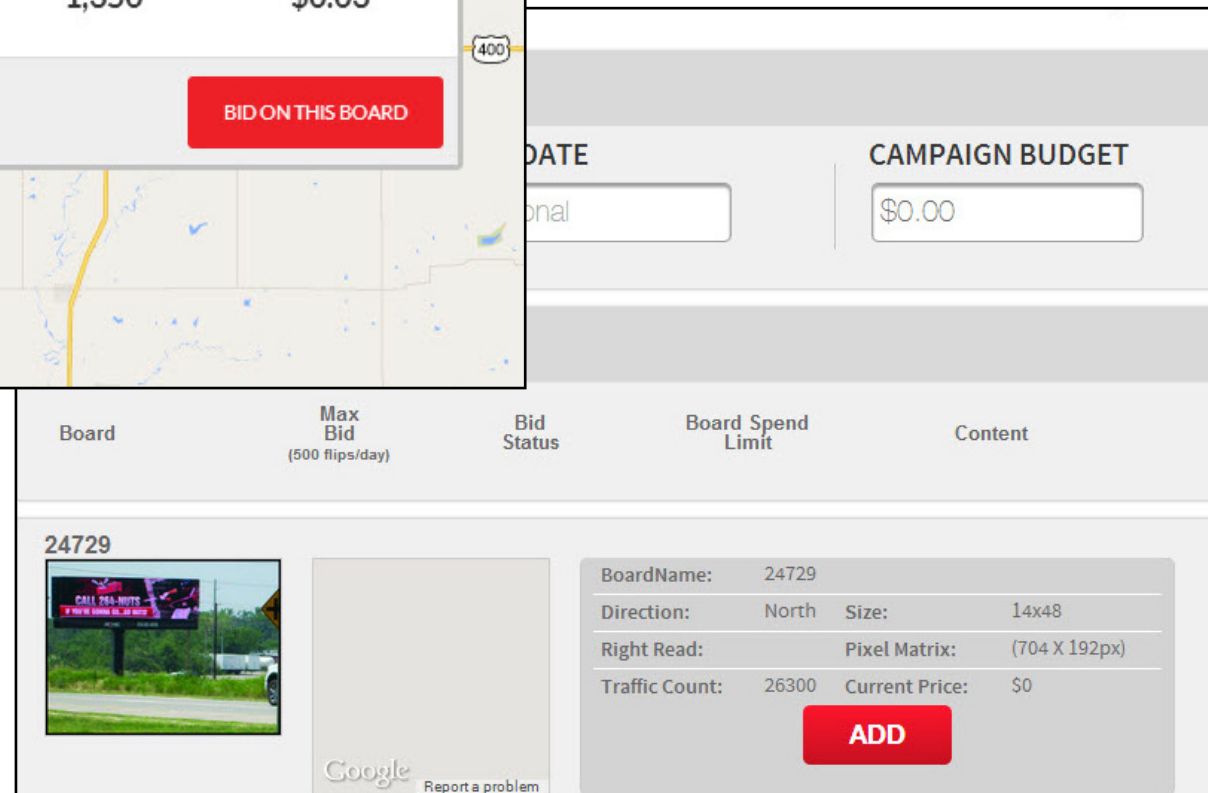
The third group also has money to spend, and is directing it through an agency. Again, they may have budget remnants and Fliphound will let them do very targeted and specific things that they couldn't do with a normal contract.

"One of the most popular ones we call 'the blitz,'" Shuey says. "They can go on every board and be at maximum volume, but do it for a very short

undergone some evolution since hitting the market. Helping people develop their own content has been an on-going process, and the company is still determining how best to help its clients interface with Twitter and Facebook.

A lot of that is simply a function of what people want to do, but Shuey says he's trying to build in some way that Fliphound can post information in an intelligent manner.

"The client may want it on a specific day or when the advertisement runs," he says. "We're talking to the advertisers right now about what



out later in 2014.

"Most of our advertisers are pretty new to outdoor, and they need actual strategies with their advertising," he says. "We're going to create some strategy patterns they can use. They may want to use flighting or equal time across all the boards or





amount of time – say three or four days. They blast out a message, it's very engaging, people see it and react to it, but then they turn it off so they're not burning up thousands of dollars."

He also says he doesn't believe agencies feel threatened by clients utilizing Fliphound.

"Most of their customers are using them for their creative, so it's just a natural extension," he says. "The clients are asking the agencies to manage their Google Ad Words account, their Facebook and other social media, so now they manage the Fliphound bidding, too."

### Getting Monetized

Not surprisingly, when Shuey and Robertson decided to offer Fliphound in the Wichita market, they began by advertising on billboards they also own. However, the

effort has gone beyond that, with inside sales and outside sales.

"When we launch into new markets we do both of those," says Shuey. "We also do a training session with anyone who wants to participate. We notify them through various mechanisms, then show them how to do the bidding, and show them how to create content."

He adds that it's been pretty effective in the company's home market, which probably explains why Fliphound is working with operators elsewhere.

"We're aggressively branching out," Shuey says. "It's free for any board operator to participate in. They can come in and they can leave whenever they want. An important distinction is that we don't touch their stuff at all."

"They can take a piece of inventory they have, put it up for real-time bidding, and they'll get paid in real time because our stuff is prepaid. As soon as a flip is paid, that money is credited to their account, and we pay out on a monthly basis."

Part of the process is integrating with the software of the various board manufacturers, and as the company works with the major manufacturers, Fliphound will be able to service a much-larger base of customers. Shuey says new markets were chosen on the basis of what manufacturers' boards were available.



He adds that Fliphound should appeal to the manufacturers because as the overall profitability of the units they're selling increases, they're likely to sell more units, especially if the additional revenue from a board can help boost a location to profitability.

And, Shuey stresses that for the initial clients, Fliphound has definitely enhanced the bottom line.

"We're seeing a seven-percent to 12-percent increase in monthly gross per board," he says. "Obviously, some are much higher; some are lower, but that's a pretty decent return for just turning something on and letting it roll."

Perhaps just as positively, it's introducing people to outdoor advertising who might otherwise never have considered it.

"We've found that about 70% of the people who've engaged at Fliphound to this point have been completely new," he says. "They haven't done outdoor before and they haven't worked with our long-term contract side."

For some, at least, there's been conversion to long-term, or at least splits.

"For example, they'll set aside \$1,000 a month, with 70% of that going into a contract," Shuey explains. "They'll take the other 30% and use Fliphound to increase their exposure, often for lower prices, and bringing down their overall cost-per-thousand."

Since the national average for unsold inventory averages between 20% to 30% , Shuey says the reality is there's a lot of space to be filled.

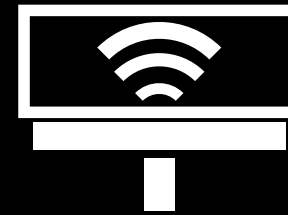
"You can't take the same inventory you sold to your great clients at full rate and then go to another guy and sell it at for a discount; it's not fair," he says. "Board owners need some other vehicle to get that inventory monetized, and that's what Fliphound is for."

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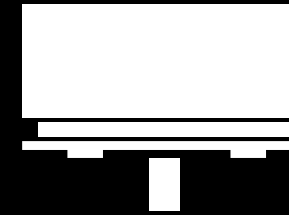
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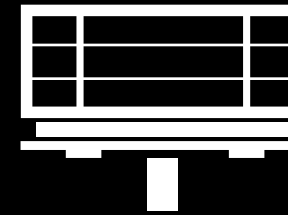
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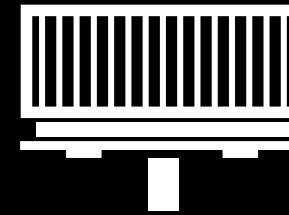
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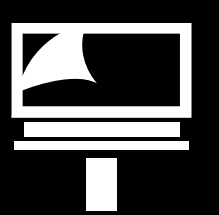
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