

Mobile Advertising Enters Next Wave

Google is riding the biggest wave, but there's plenty of room for more players – including startups – as the segment matures and replicates technologies and services in the desktop world.

BY MONICA ALLEVEN

Pretty much any way you slice it, those in the know expect 2011 to be an even bigger year for mobile advertising. After all, it stands to reason: A year ago, Apple and Google were in the midst of integrating their recent buys in the space, with Quattro Wireless and AdMob, respectively. Apple's iAds didn't even exist back then, and now more and more Androids are getting distributed along with new tablets on other operating systems.

IDC sizes up 2010's mobile online ad spend, including search and display advertising, at \$877.2 million, up from the \$368 million spent in 2009. IDC's preliminary estimate of the 2011 growth rate is at 120 percent, which would see total sales grow to \$1.9 billion this year.

That 120 percent growth rate is in the ballpark of what Chetan Sharma Consulting found when colleagues and industry insiders were asked what they expect for mobile advertising in the coming year. About 50 percent of respondents expect growth rates of 200 percent and higher. The future is so bright that the GSMA Mobile World Congress is putting a

special focus on the role of mobile advertising at its February conference in Barcelona. The "event within an event" will include sessions on how mobile is integrated into broader ad campaigns, a keynote by WPP Chief Executive Sir Martin Sorrell and a who's who of mobile ad industry execs.

THERE'S GOOGLE, BUT OTHERS TOO

Google rules the mobile advertising space, with a market share of 59 percent of U.S. mobile online advertising gross revenue, according to the IDC report released late last year by analyst Karsten Weide. Apple was in second place, with 8.4 percent, and Millennial Media came in at 6.8 percent. Google dominates in search advertising but Google and Apple are close when it comes to display advertising, with Google at 19 percent and Apple at 18.8 percent and Millennial following closely at 15.4 percent.

Other vendors mentioned in IDC's report include Yahoo!, Microsoft, Jumptap, Nokia, AOL and "others." Of the estimated U.S. mobile display ad gross revenue share, the "other" category accounts for 20.5 percent compared with Google's 19 percent in that category.

Weide says there is only one company that will benefit from most of the growth in 2011, and that's Google. But as the mobile ad segment grows up, there will be a need to replicate the most advanced technologies and services in the desktop world, including exchanges, demand-side platforms, sell-side platforms, data and ad targeting companies and analytics. It's unclear which gaps will be filled by existing desktop players and which by existing mobile plays – or by startups that are not even on the radar yet, he says. But he expects a lot of startups to emerge in the aforementioned categories.

NEW ENTRANTS

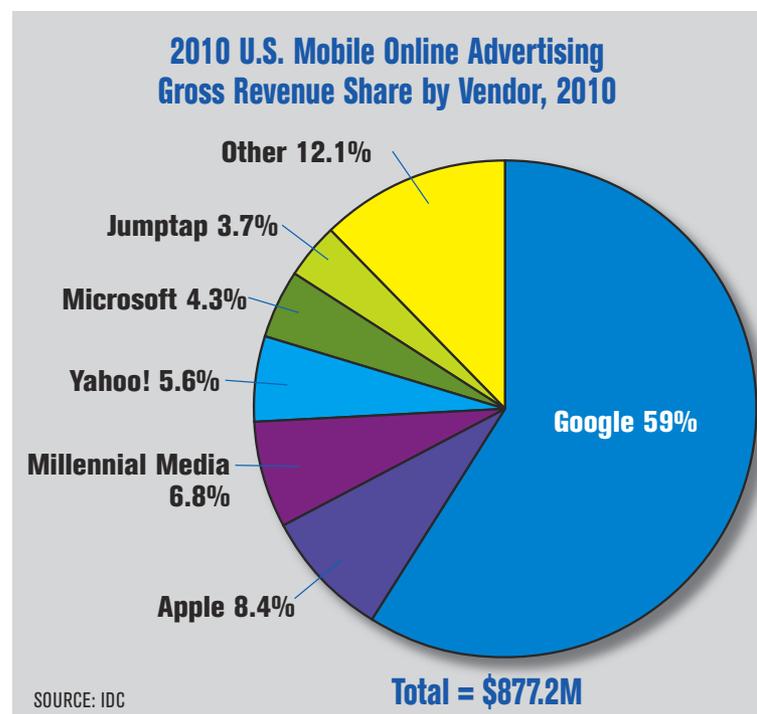
It's hard to get a read on exactly how many U.S. companies might fall under the banner of mobile advertising, and new ones are seemingly added every day. Some startups popped up late last year. MoPub, which is led by former AdMob and Google executives, appears to fall into the exchange category, but CEO Jim Payne says its model is more like DoubleClick, the Google subsidiary that develops and provides Internet ad serving services.

**"We're happy to see so much interest in the space."
– Transpera President and COO Alex Galvagni**

MoPub's founders saw first-hand that the mobile industry needed a truly agnostic player that serves ads without preference of ad network, he says, and that's what MoPub aims to do. In announcing the company, Accel Partners partner Rich Wong, a MoPub investor, said he believes there's another wave coming in mobile advertising. He points out that Android and iPhone didn't exist four years ago, so with substantially improved inputs, the next five years will see another step change of opportunities in mobile advertising.

The folks behind San Francisco-based Moolah Media are true believers. The company came out of stealth mode in mid-December after having launched its ad platform just a month prior. Out of the gate, the company was serving 100 million impressions and generating more than 250,000 "quality" leads each month.

The founders developed their performance-based model – something more common in the online world – after creating a mobile app that didn't produce the kind of profit they were looking for. The executives say the only time they get paid is when an advertiser is either very close to an actual sale, like a worthwhile lead, or in some cases an actual sale.



Transpera has been around for several years and but unveiled a new mobile video ad platform late last year. Different companies have staked out various positions but Transpera President and COO Alex Galvagni says the company is in the “sweet spot” as smartphone apps leverage high-quality video.

A lot of Transpera’s employees came from the mobile application development space so they made a point to offer an SDK that’s easy to integrate and doesn’t take a lot of network resources. IntelliCache is Transpera’s proprietary multi-level caching technology that ensures ads aren’t repeatedly downloaded over mobile networks.

Galvagni admits it’s becoming a crowded and “pretty competitive space,” but on the flip, that’s what keeps it exciting. “We’re happy to see so much interest in the space,” he says.

The strength that GoldSpot Media, based in Sunnyvale, Calif., is playing to is the ability to help agencies extend their existing Internet assets to mobile. GoldSpot will tap existing assets and bring them to mobile quickly so that they work on any ad network and with any publisher, says founder and CEO Srinu Dharmaji. “We believe there’s a huge market out there,” he says. “Things have fallen into place.” ■

Time Shifting & Taking Advantage of ‘Down’ Time

By Monica Allevan

Everyone’s heard of time shifting, and it may be painfully obvious to say that consumers are using their smartphones at times and places that previously didn’t lend themselves to advertising opportunities. But that’s exactly what Yahoo! is taking aim at with some new mobile ad formats released last year – reaching those fidgety and “micro bored” people when they’re waiting in line for a cup of coffee or walking the dog.

Yahoo! isn’t new to mobile advertising; it’s invested heavily in the space for years. But in case anyone doubts its viability, Paul Cushman, senior director of mobile sales strategy, is here to say that Yahoo! is playing to win. It has the scale – with more than 49 million unique mobile users every month coming to Yahoo! – and it’s leveraging that.

And Yahoo! has learned a few things. While it may not sound surprising that mobile traffic spikes whenever major TV events, like live awards shows or sports competition, take commercial breaks, Yahoo! finds that a lot of those eyeballs are going to Yahoo!. During the 2010 Oscars, traffic on the Yahoo! Mobile site increased an average of 12 percent while TV ads were airing compared with the control period. Content consumption was up 39 percent on the Yahoo! front page, while browsing was 125 percent higher on the news section.

Cushman identifies other times that are ripe for reaching mobile users that didn’t exist before. For example, people used to log into their office PCs at 9 a.m.; now they check their mobile home pages when they wake up at 6:45 a.m. Early morning walks with the dog are now times when marketers can hit the average Joe on the mobile – time normally not used.

In Cushman’s opinion, the digital integration question is something the advertising industry has yet to embrace – too many agencies in past years were still of the mindset that they’ll do a couple of tests with mobile. If they continue on that tact, they’re going to get left behind, he says. Fifty million Americans every month check in and use Yahoo mobile services, or about one-third of its 173 million users.



Cushman: When it comes to mobile ads, Yahoo! plays to win.



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