



## Advisory Report

# A Look at the Key Players in the Mobile Advertising Space



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### ■ Summary

As the recession compels advertisers to tighten their purse strings and look for media that will grant them a higher ROI, an increasing number of them are beginning to mull over the benefits of adding a wireless component to their promotional campaigns. As discussed in the previous mobile marketing report (see *The Slow but Steady Rise of Mobile Advertising*, January 18, 2008), this medium promises a high level of targeting and offers the ability to reach the consumer at the right place and right time - a crucial factor for relevancy. For wireless carriers, mobile advertising is an excellent means to leverage their resources and earn additional revenue via profit sharing deals with marketers. Mobile advertising further allows publishers and content providers to transfer the cost burden of their services to the advertiser which should help with traction and recent Current Analysis research indicates that wireless consumers are willing to view advertisements on their cell phones provided they are tailored to their tastes and they are rewarded for their time in the form of free downloadable content or coupons.

So if mobile marketing appears to be a good solution for all related parties, why has it not exploded onto the wireless space?

The main challenge experienced by mobile advertisers today is the lack of a proper system, as presently too many companies are involved in the process of creating a campaign, making the medium appear very cumbersome. As with any new platform, best practices and standards are still being established forcing wary marketers to wait this option out. It is at this junction where mobile marketing aggregators can help hasten the adoption process. These third-party companies exist primarily to act as a liaison between publishers, advertisers and carriers and have the requisite experience and technology that promises to help fill the holes. However, it's crucial for marketers to partner with an aggregator that fits the goals and requirements of their campaign well, which can be quite stringent due to the personal nature of this medium. This report helps break through the clutter by highlighting select mobile marketing aggregators that show promise and describes their business model and services offered. In the next installment of this series, we will analyze and rank these companies based on a few predetermined criteria.

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**Report:**

**Current Perspective**

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**AdMob**

AdMob is a mobile advertising marketplace where marketers can create banner, text, and video and click to call ads, and target them to specific consumers based on locations, carriers, platforms and phone manufacturers. Since its inception in 2006, AdMob has served more than 5,000 publishers and over 2 billion ad impressions in the U.S. alone. Interested mobile publishers can get ads started on their page simply by registering at AdMob, after which they receive a code that they can drop onto their site. Advertisers who wish to use AdMob's services are given the freedom to select channels they'd like to run their ad on and decide the pay per click cost, similar to Google's pay per click advertising model, which keeps them in control of the cost of their campaign. AdMob also eases the transition process for inexperienced mobile marketers by offering a mobile landing page creation tool, Landing Page Builder, for those who wish to link their ad to a site displaying their contact information and details.

AdMob's marketers have three ad formats to choose from - Brand Ads, Performance Ads and iPhone Ads. Brand Ads are priced on cost per thousand impressions and support only image banner ads. Performance Ads, on the other hand, are priced on a cost per click basis, support text plus image ads and leverage the full targeting capabilities of the AdMob Marketplace. iPhone Ads, as the name suggests, are optimized for the device by taking advantage of the phone's capabilities and display. These ads are also enhanced by incorporating applications like Google Maps in, providing users with location- and time-specific messages. AdMob places ads on 20 of the top 100 iPhone applications and recently revealed that the iPhone was responsible for 4% of its monthly ad requests, which is an indication of the success it has achieved via its association with the device.

AdMob provides innovative options of monetization for marketers via its Facebook mobile ads and AdMob for Search initiatives which shows contextually relevant ads based upon visitors' profiles or search terms. Although AdMob does not have a direct partnership with a U.S. carrier, it delivers mobile search ads to Verizon Wireless and T-Mobile consumers via its recent alliance with search company Medio.

For tracking purposes, AdMob provides its marketers with a free analytical tool, AdMob Mobile Analytics, to enable them to better understand and evaluate the effectiveness of their campaigns. Its AdMonitor product shows live data of who is viewing mobile ads around the world, the phone they are using and the network they are with which acts as a tremendous validation of the system. Free reports with market level data, providing insight into trends in the mobile ecosystem are also available for potential mobile marketers. AdMob stores and analyzes data from every ad request, impression, and click and uses this information to optimize ad matching. It also offers retention programs like Traffic Accelerator which offers a 20% bonus to marketers who use the money they have earned from AdMob to run ads on other sites in its network. This will encourage repeat usage and reduce churn.

**Google Mobile**

The Internet behemoth, whose online ad revenue contributed to 64% of its overall revenue in 2007, is all set to recreate its magic in the wireless space by unfolding its two most popular advertising platforms, AdWords and AdSense to the mobile space. Google's approach is to use the same online model and leverage it and adjust it for mobile users.

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Advertising Space****AdSense**

AdSense for mobile services, like its online counterpart, is an ad serving program where publishers can enable text, image, video, click to call and link-based advertisements on their pages. The advertisements are administered and targeted via Google's AdSense crawler, a service that uses factors like keyword analysis, word frequency, and the overall link structure of the mobile web, providing a sound combination of interested users plus highly targeted ads to maximize return for the marketer. Since advertisements are displayed based on their match to the mobile site's content, AdSense protects publishers from inappropriate advertisements through its competitive ad filter feature which enables them to filter out specific advertisers. It also offers an editorial review feature that ensures that all ads are reviewed and approved by the Google team, nixing the fear of being associated with inappropriate content. For publishers with unique content, AdSense provides an option to display default ads of their choice, ensuring equal revenue opportunities for all mobile site owners. The revenue sharing agreement between the marketer and publisher is usually based on a per-click or cost per-thousand basis, where marketers are only required to pay if the user calls the marketer or buys the product, increasing their overall ROI. AdSense also helps ease marketers' angst by providing them with resources to track the success of their campaigns via access to impressions statistics, click through rates, eCPM, and total earnings figures, so they can decide and plan their overall strategy more efficiently.

**AdWords**

AdWords is Google's flagship advertising product that offers pay-per-click and site-targeted advertising for text, image, video and more recently games and RSS ads. As with PC-based ads, marketers determine the cost of their mobile ad campaign by choosing a maximum cost-per-click for each keyword and also specify the words that should trigger their ads. Using the keywords, Google's contextual targeting technology automatically matches the ads to mobile sites in its extensive content network that is most relevant to the marketer. For example, an ad for a digital camera may show up next to an article reviewing the latest digital cameras. Marketers can narrow their targeting by limiting their ads to local consumers or hand-pick specific sites or sections of sites they want their ads to appear on. The ability to set their own daily budget allows marketers to control their overall spending and the no minimum spending commitment makes it an excellent platform for first timers. In addition, marketers are only charged when a user clicks on their ad ensuring a high level of ROI. Like AdSense, marketers can enable the click-to-call link in their ad or link their Website to the ad to enable an instant connection with potential customers. They can also utilize Google's network of services to enhance their listing, like pin their business on Google Maps when consumers search for information relating to them.

To measure their ROI, Google provides its AdWords consumers with the Placement Performance Report tool through which they will have visibility into where their ads appear, review their ad's performance on a site-by-site basis to see impression, click, cost, and conversion data, and use the data to identify well-performing sites to target more aggressively and low-value placements that require content optimization or exclusion.

**Third Screen Media**

Third Screen Media is Platform-A's (owned by AOL) mobile ad-serving platform that acts as a one stop shop, linking advertisers, publishers and carriers, enabling them to buy and sell mobile advertising in WAP, video, SMS/MMS and downloadable application formats like mobile games. Platform-A is a conglomeration of a myriad services whose joint capa-

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bilities cover the entire gamut of mobile advertising functions (e.g., targeting, providing a click-to-call capability, and measuring the effectiveness of advertisements). Platform-A has strong relationships with several top brands which in turn secure higher dollar deals that will permeate in to the mobile sphere. Third Screen Media's services include media strategies, campaign architecture, ad management, measurement and publisher services. Marketers who opt to use Platform A will have access to AOL's extensive carrier on-deck mobile inventory and a network of more than 100 mobile sites, giving them access to 1 billion impressions per month.

A recent upgrade enabled marketers to partition their mobile inventory and distribute it across multiple networks, which is a first in the industry. With inventory partitioning, advertisers can assign specific percentages of their inventory to be allocated on any combination of ad network, subject area, location and more. This provides a high level of flexibility as they can now maximize the monetization process by controlling distribution among partners. For marketers that want a fully outsourced monetization solution, Platform-A provides an end-to-end support campaign management in return for a percentage of revenue earned. 2008 was an eventful year for the platform as it snagged two carrier deals, Verizon Wireless and Virgin Mobile, where it solely manages their WAP banner inventory. On the handset front, it managed to strike a deal with the iPhone by launching an ad optimizer service for the latter which will detect and deliver an ad specifically optimized for viewing on an iPhone when the user is browsing AOL or its partner's sites. Third Screen Media will also redirect iPhone users to special versions of marketers' sites that are optimized for the iPhone experience.

For targeting purposes, mobile sites are grouped into content channels to ensure the most precise match. Third Screen Media's network includes 26 content channels which range from automotive to science, an expansive list ensuring that all sites will be grouped. The platform also offers five premium channels which feature the most-trafficked sites in the mobile web, allowing advertisers to reach a select audience. To help marketers track the results of their campaign, Platform-A offers survey-based products like MediaEffect and TargetProfile which offer marketers an insight into an audience's reaction to their ads and the overall performance of the campaign, helping them assess its impact and monthly traffic. The survey products do not need additional technology or new codes to be implemented and provide customers with incentivized links to take the survey which should help with the response rate.

**Yahoo! Mobile**

Like its online competitor Google, Yahoo! mobile advertising has the advantage of leveraging its online search and display advertising presence and partnerships in the mobile space. With more than 23 million unique users accessing Yahoo!'s mobile home page in a month, mobile marketers can be assured of a good ad impression rate if they partner with Yahoo!. Yahoo!'s mobile advertising offers behavioral demographic, geographic and device targeting services to marketers, enabling them to effectively reach the right consumer via a myriad of its mobile sites like Yahoo! oneSearch 2.0, Yahoo! Go, Yahoo! oneConnect, Yahoo! onePlace, and the Yahoo! Mobile Homepage. For its publishers, Yahoo! offers a suite of services, Yahoo! Mobile Publisher Services, designed to enable publishers to increase the discovery, distribution and monetization of their content on mobile phones. Some of the services that publishers will have access to are the Yahoo! Mobile Ad Network, Mobile Content Engine, Mobile Media Directory and Mobile Site Submit.

Yahoo!'s oneSearch 2.0 which became the default mobile search option on the decks of

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AT&T and T-Mobile in 2008, will generate leads for marketers via contextual ads that appear within mobile search results. Yahoo! Go 3.0, the latest iteration of Yahoo!'s mobile portal, allows marketers to host full screen display advertising, a unique feature in the mobile advertising space today, or choose a 5-10 second post-roll ad that appears when users log out. Yahoo! mobile marketing targets mobile display ads using the same tools as traditional Web banners (e.g., context, demographics, etc.), plus features specific to mobile such as carrier and handset targeting making it easy for its online marketers to extend their promotional campaign to the mobile space. Yahoo! mobile advertising supports most standard formats like WAP, banner, video and also has a presence in in-gaming advertising via its acquisition of mobile marketing firm Actionality. Mobile customers have a variety of calls to action options available like click through to a promotional site, locate or call a store directly or send an SMS message to the marketer, heightening the interactive element of this medium. Yahoo! also provides resources to ease new marketers into the process like helping them build a mobile site for their campaign.

**Amobee**

Amobee is a carrier-centric mobile advertising solution that is capable of enabling targeted, interactive advertisements into every mobile media format ranging from WAP sites to video applications. Amobee is based on the concept that customers will be open to mobile advertising if it is relevant and if they receive something in return for their engagement. Its current business model is based on the revenue share agreement with carriers on the media sold and delivered on their network, which should appeal to the latter.

Although Amobee has seen good traction in Europe, it does not have exclusive partner relations with any U.S. carriers. The solution is created with mobile carriers in mind and allows them to easily insert advertisements into all forms of mobile content, like WAP, video & music, messaging and games which considerably expands its reach, making it a potential option for carriers and publishers who are contemplating mobile advertising. Amobee's centralized ad server allows for contextual and behavioral targeting across all handsets. The solution allows the carrier to manage the user experience in real-time and offers a consolidated campaign and inventory management solution. It provides a single point of reporting, contextual and behavioral targeting and commercial policy enforcement which is especially beneficial to advertisers whose inventory is distributed among several channels/publishers, applications and handsets.

With developers quickly becoming an important component of the modern wireless scenario, Amobee is set to woo them via its Amobee's Handset Application Programming Interface (HAPI) where developers can ad-fund their applications by integrating them with the interface. Once integration is complete, the application is part of the Amobee Media Network, and the inventory they generate is offered to advertisers, with developers having full control over the ad impressions. This provides Amobee with an additional revenue stream and the developers with a centralized outlet for their applications.

Qualcomm's Plaza solution, a carrier-independent ecosystem of widgets recently partnered with Amobee, allows the latter to insert relevant ads into appropriate widgets and measure and optimize these campaigns and drive additional revenue streams for operators. This alliance should open the floodgates for Amobee in the U.S. market as the carrier-agnostic nature of Plaza should provide it with an opportunity to interact with different carriers and pitch its services for their mobile advertising inventory.

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## Recommended Actions

**Recommended Vendor Actions**

- Although Google's AdSense and AdWords programs are quite competitive, they are yet to secure exclusive partnerships, unlike competitor AOL's Third Screen Media and Yahoo!'s oneSearch in the mobile space. Google should tout the expanse of its networks both in the online and mobile space and the advantages of its services to carriers and handset vendors to avoid being overtaken by its peers in this upcoming space.
- Mobile coupon companies like Cellfire Coupons should partner with mobile advertising aggregators to expand their reach. This way they can leverage the services of these middlemen, like the ability to track usage and target coupons which will save them initial investment costs for these services.
- Yahoo! should highlight the fact that, despite its tumultuous Internet affairs, the company has managed to snag exclusive search partnership deals with two top tier U.S. carriers - AT&T and T-Mobile - in 2008, which should help increase the number of ad impressions for its mobile marketers and monetization opportunities for publishers.
- Microsoft should drum up its mobile marketing service. The Internet company currently only offers banner and rectangle ad formats, making its offerings appear ancient when compared to those from competitors. It should extend some of its online advertising resources like Massive (game advertising service) to the mobile space to take advantage of this new medium.
- Millennial Media should tout the fact that its recent alliance with Google's DoubleClick (a provider of digital marketing technology and services) allows its marketers to expand their available inventory to new sites and capture more eyeballs - ultimately earning more revenue.
- Upcoming image recognition technologies like SnapTell and ScanLife should remind marketers that their solutions do not require them to create a separate mobile advertising component but instead enhance and add elements of interactivity and immediacy to their existing print ads with low investment costs and risk factors.