

COLUMNS

How to monetize mobile video

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The success of mobile video has led many publishers to ponder how best to monetize their content.

While payment models offer higher per-unit pricing, advertising provides an opportunity to scale usage.

The existing players in the mobile video ad market have proven that the advertising concept is attractive.

However, publishers looking for a mobile video ad network should look to the arrival of the online ad networks to the mobile scene to drive the market to its real potential.

CPM values

Advertising brands have viewed mobile as one of the best media to reach users. Mobile helps address some of the key issues of audience fragmentation and brand clutter.

In a multichannel and multi-device world, the mobile screen offers a fully-immersive experience and the ability to target users with a device that is unique to them as well as the opportunity for deeper brand engagement than television or online.

This is reflected in the high CPMs that the industry attracts, particularly in mobile video where this deep engagement is coupled with a scarcity of premium inventory.

Typical CPMs for mobile video are above \$20 CPM, with interactive video ad units driving the CPM as high as \$30-\$35.

In comparison, the average CPMs in online are closer to \$15, or TV where prime-time ad spots are on average \$6 CPM.

The premium CPM of mobile ads is supported by their campaign results.

For example, user engagement on video ad units is an average of 3 percent, which is considered a tenfold increase in online campaigns.

Advertisers have also started to move from test campaigns, typically in the \$20,000 range to campaigns averaging \$60,000, with many brand advertisers now purchasing repeat ad buys.

There is also a broad cross-section of advertisers, with auto, retail and technology advertisers, shifting dollars from both digital budgets and in some cases, from TV spend.

Screen time

As with online video, the industry expects the biggest opportunity lies in drawing advertising dollars from TV to mobile.

Mobile is positioned as a natural extension to the TV experience, due to both the fully immersive nature of the experience and viewing time.

Nielsen mentioned that mobile users are place-shifting content outside of the typical viewing periods, therefore opening up new audiences for advertising throughout the day rather than just during primetime TV.

However, it seems that the great promise of mobile is currently hobbled by a lack of reach.

Advertising brands are interested in running mass-market campaigns that can reach their target audiences.

While mobile can offer great engagement, the market lacks the necessary scale to deliver a six-figure digital ad campaign.

For example, assuming a \$20 video CPM, a brand looking to reach 1 million users in a month would need to be able to deliver more than 50 million mobile impressions, which represents about 10 percent of the total available market for in-stream video brand advertising.

While there are opportunities to place video in banner units to goose the numbers, video reach remains an issue for the existing mobile-only ad networks.

This problem has already been realized and partially tackled by publishers.

Tube tops

Media firms such as CBS, Discovery, Fox and Scripps did not initially enter the market with their own mobile ad sales team.

Instead, they entered on the shoulders of the mobile ad networks until the medium had proven its value.

These media companies are now building out their ad sales teams, but more from a perspective of a cross-platform ad sales team selling digital.

Digital ad sales, which used to be solely online, now increasingly means online and mobile.

Meanwhile, ad operations teams at publishers are looking at ad platforms that can deliver campaigns from online to mobile.

Consequently, publishers have addressed the issue of mobile scale by bundling the inventory as part of 360-degree buys comprising TV, online and mobile.

Advertising agencies have responded to the growth in mobile either by merging mobile into their current online teams or in a few cases creating mobile-specific agencies such as PublicisGroupe's PhoneValley or WPP Group's Joule.

While the great hope for mobile video is to connect to the TV buyers, the issue of scale for these buyers is even more of present.

For that \$1 million ad mobile buy earlier mentioned in this article, the TV buyers would spend this much alone on the TV ad creative shoot.

Cross-platform networks

For publishers without a direct ad sales force, one solution to the issue of scale is to work with cross-platform ad networks that can offer advertisers reach.

These ad networks can provide brands the ability to serve campaigns at the scale of 500 million-plus monthly video impressions.

In this instance, mobile can be sold at a premium, added as a line-item to the insertion order and trafficked from one centralized console to provide cross-platform inventory fill.

Publishers looking at online ad networks as their cross-platform solution for mobile should look carefully under the hood.

Mobile video ad networks have been effective in creating unique ad units for mobile and covering multiple devices with their solutions.

Therefore, any online ad network announcing their arrival in the industry with just an HTML5 solution is merely scratching at the surface.

Furthermore, publishers need to ask leading questions on the experience of the existing online ad network's team to sell mobile.

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