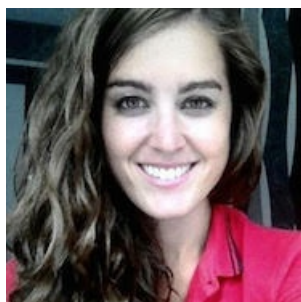COLUMNS

Why audience segments are the new currency in mobile advertising

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In the age of data-driven digital and mobile marketing, where mobile ad spend is forecast to account for 72 percent of United States digital ad spend by 2019, we are at a critical inflection point of changing the mobile advertising currency from impressions to audience segments.

The shift from desktop to mobile has advertisers following suit, and they are not looking back. Campaign success is now portrayed as the ability to grow a brand's audience by converting prospects that drive mobile purchases, rather than reaching mobile consumers to reinforce brand awareness and recognition.

The living proof of this is the Snapchat Discover feature. Since launch more than a year ago, there are now 20 channels produced daily by established media brands such as People, CNN, ESPN and The Wall Street Journal, along with Vice and BuzzFeed.

To reach their core target audience millennials and Generation Z advertisers are starting to see mobile advertising not just as an option, but as a necessity.

Mobile advertisers now more demanding
In the face of this media and social revolution, advertisers have fully embraced mobile, and are becoming significantly more intelligent in the process.

Advertisers can see the potential from mobile and the ability to accurately identify their audience of choice. This is especially critical when it comes to brand dollars in the programmatic arena, where advertisers are demanding maxed-out campaigns with large budgets, but reach an extremely narrow audience.

Gone are the days of blindly buying cost-per-thousand (CPM) impressions in Web sites where the age and gender demographics would broadly match their target persona.

The last two years have seen digital spray-and-pray campaigns based on impressions pave the way to sophisticated audience-based campaigns that are enabled through data-science based targeting and ad-serving capabilities driven through machine learning.

Additionally, the integration of the buy button in ads has increased the return on investment for digital campaigns, and retailers such as Walmart and Amazon are finally reaping the rewards from mobile.

Who is your audience?

The second best asset for publishers, after their own application, is the valuable data signals sent to the ad networks to fulfill their monetization goals.

These data signals include multi-dimensional information of the user's device (e.g. type, model, OS and carrier), context (e.g. geo-location and time of day), demographic, technographic and appographic (e.g. apps that the user has installed and frequency of engagement) as well as rich post-event analytics including user behavior around the ads shown (e.g. skip, click and purchase).

Ad networks process billions of ad requests on a daily basis, acting as data powerhouses, collecting data signals on an anonymized and aggregated level.

Publishers are encouraged to proactively share their data signals for better audience targeting on their apps, and provide users with relevant ads to keep them engaged, ultimately improving retention rates.

The end goal for advertisers is to build different sets of audience segments, each with unique propositions for propagating their marketing message, to target accordingly.

Quest for data dominance

In the midst of a $100 billion mobile advertising industry that is currently under a profound consolidation, the once-pitched as a "robust ad serving technology" is no longer a differentiator, but instead a commodity.

The secret sauce for ad networks is data science, and the ability to support data-driven audience targeted campaigns.

This targeting technique, paired with machine learning, can use each creative served to learn and feed data back into the system to refine the audience segments profiling. It also provides an opportunity to predict critical success metrics, such as click-through rates, conversion rates, and even cost-per-quality user, based on predicted lifetime value users signals for all ads, at any given time.

Setting up an auto-bidding system that determines the optimal bid price for each ad per user request will help maximize overall return on investment for the advertiser and increase revenue for the publisher.

MOBILE ADVERTISING players with the ability to run precise data-driven audience campaigns at massive scale will remain competitive and alive.

Audience-based campaigns are also dominating the mobile advertising world, being the king currency in key markets such as the U.S., where ad networks pitch both publishers and advertisers their powerful audience segmenting and targeting capabilities.

Advertisers are offered access to custom-built audiences for every new campaign setup, leveraging a myriad of data-infused criteria to reach their high-value users.

In contrast, publishers are enticed to sell audience campaigns, not impressions, by targeting real people.

This trend embodies the rise in popularity of people-based marketing, set to rule mobile advertising in the coming years, in a collective effort of turning the perception of the ad tech industry into a more human focused business.

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