

COLUMNS

Targeting is the future of mobile advertising

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By **Zaw Thet**

Mobile advertising is hot. For every consumer pining for the latest smartphone, there is an advertiser seeking to engage with them on that device.

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We have seen it already: as smart phones and tablets achieve mass-market penetration, mobile advertising explodes.

The past year was amazing for innovation in mobile, but where is the industry going now? Who will be the winners, and who will lose?

The low-hanging fruit of broad-reach mobile advertising has been snatched up by Google's AdMob and other large undifferentiated mobile ad networks.

Likewise, the upper echelon of mobile advertising is owned by Apple's iAd, with an ad

product so exclusive that we have barely seen any actual advertising emerge from it.

While these two gorillas of the market – Google’s AdMob and Apple’s iAd – have the potential to own mobile advertising, they both lack a compelling offer around the one key element that will define the winners of the mobile ad industry.

That element is intelligent ad targeting.

Ad targeting goes beyond demographics. Finding the right user at the right time – or at a point in the purchase-decision funnel – has always been an imperative of marketing.

If you are marketing a cruise package, would you not want to be able to target ads to people who have been searching for cruises online, have the household income to afford your cruise, and maybe have kids that they want to bring along?

That has been happening in online for years – just see the number of ad exchanges, demand-side platforms and mediators in the industry.

The technology of mobile has limited the targeting of mobile ads to simple demographic groups, interest/contextual groups or site-based targeting.

Businesses that deliver targeting beyond these basics are poised to take the lion’s share of mobile advertising profit in the future.

Behavioral targeting will drive digital advertising budgets from online to mobile. According to a Pubmatic study released recently, 86 percent of agencies intend to leverage audience targeting in 2011 and better targeting of ads is the No. 1 reason that advertisers will increase online ad spending.

Better targeting is the reason they will increase mobile ad spending, too.

Until now, mobile advertising has been primitive and fragmented: applications, text messaging, video, rich media, dozens of different browsers and at least two major operating systems.

The availability of new mobile ad platforms that remove the complexity for marketers now provide easy methods for reaching the right person at the right time in mobile – as easily as it is done online.

Furthermore, with mobile, they can be found in the right place as well.

Putting aside the hype of location, there is true value in place.

This simplicity gives mobile the compelling ROI that agencies demand for digital campaigns.

Account planners will now check the same boxes that they check for online advertising campaigns – and add a coupon that they know the user can walk 50 feet to use as well.

The Interactive Advertising Bureau reported \$6.4 billion in Internet advertising revenues in the third-quarter of 2010 as compared to a projected overall U.S. mobile ad spend of \$743 million in 2011, according to an eMarketer forecast.

Mobile has room to take more of the digital pie.

Targeting delivers power to the publishers. On the publishing side of the market, we are witnessing an “inventory take-back.”

Publishers are opting to sell their own inventory directly to advertisers to escape the cacophony of ad network offerings and, therefore, the lowering of CPMs and overall revenue.

Both publishers and advertisers need a self-service platform that gives them the ability to manage their inventory, optimize campaigns, manage remnant ad solutions and offer quality inventory – sets of targeted users – at scale.

Ad platforms that allow this degree of publisher control will create value and profit for the publishers as well as marketers.

Intelligent ad serving insulates the industry from risk. In a possible future-world with only two mega-carriers, a risk is that data rates could become prohibitively expensive for consumers, resulting in a backlash against data-heavy rich media advertising.

The solution is in intelligent targeting that will enable and deliver the right ad for the bandwidth, location, handset and data plan of the viewer.

The challenges of diverse mobile technology means that robust targeting in mobile will not be easy to achieve, but those that break through the barriers will be the winners in the market and drive the most value for the industry.

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