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Chatbots, vertical video and data targeting will reshape advertising this year

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Last year was exciting for mobile: a 12-month span marked by the rapid rise of video, the acceleration of messaging applications such as Facebook Messenger and Snapchat, and the continued flow of brand dollars into the ecosystem.

But for all the growth over the past year, it is entirely possible that 2017 will bring even greater change to the way that consumers use their mobile devices and the tactics that marketers employ to engage those consumers.

This year, marketers and publishers will adapt to a growing mobile user base by developing more sophisticated methods for targeting in-app audiences and adopting emerging formats that deliver a superior user experience.

Here are three of the biggest trends to watch in 2017:

Chatbots have arrived

A good way to discern the future of any industry is by paying close attention to where its key stakeholders are investing their resources.

Last year, tech powerhouses such as Amazon and Facebook devoted huge budgets to artificial intelligence, laying the groundwork for chatbot explosion in 2017.

From a brand perspective, chatbots offer an enticing way to reach customers inside the highly engaging messaging app environment.

Already, messaging apps make up the fastest-growing segment of the app store, and users spend even more time with them than they do news or gaming apps or social networking apps.

Due to this stickiness and the steps that Facebook has taken to facilitate app development, brands and publishers alike will increasingly turn to chatbots this year to answer user queries, provide product offers and communicate directly with their users.

Though chatbots will grow in popularity throughout 2017, publishers most likely will not begin to monetize them until

at least the second half of the year, partly due to the security and privacy issues related to the intimate messaging space.

While it is unclear what exactly this monetization will look like, there is no doubt that the hyper-engaging, data-rich chatbot environment will ultimately give brands a mouthwatering opportunity to deliver relevant, real-time ad content to their target audiences.

Short-form, vertical video ad content will be the norm

In an increasingly competitive app marketplace, mobile publishers are realizing that it is simply impossible to grow their revenues without a high-quality user experience.

Indeed, there are now more than 2 million apps in the app store, but the average person spends about 80 percent of their app time across just three different publishers.

To keep their loyal users from abandoning them for another app, publishers will need to rely on ad formats that feel organic and non-intrusive.

When integrated into the app correctly, video advertising can be the perfect tool for engaging audiences without turning them away and it just so happens to be a high priority for brands entering the mobile marketplace.

The in-app mobile video boom will continue in 2017, but publishers will put the user first by adopting short-form and vertical video ad content.

In the case of vertical video, app publishers will follow Snapchat's lead in delivering a format that takes up the entire screen without requiring the user to tilt his or her phone. This will come as a breath of fresh air for advertisers, particularly those who have purchased inventory on Snapchat.

For these brands, the app's high engagement numbers will serve as inspiration to begin using their vertical video assets in other app environments.

Meanwhile, short-form content will grow in popularity as more marketers come to terms with the fact that today's audiences are unwilling to sit through longer advertising messages.

According to a recent report from Business Insider Intelligence, 59 percent of millennials choose to skip YouTube's TrueView ads after five seconds. Rather than letting consumers continue to tune them out, brands will start condensing their entire messages into five-second clips.

Sophisticated data targeting will help marketers reach more precise audiences

Despite the growing amount of time consumers spend with their favorite mobile apps, some advertisers have in the past shied away from in-app advertising because they have not had the right data to find the right users.

Historically, in-app advertisers were limited to device identification information, which only allows them to segment consumers into broad categories based on their device model, operating system and whether they are connected to Wi-Fi.

This year, the floodgates will open as marketers work with their data management platforms to build more precise, more useful audience segments.

Crucially, mobile DMPs will use third-party purchase and location data to fuse together personagraphs that categorize a brand's target audience based on their actual preferences and behavior. As a result, brands will be able to deliver advertising that is both relevant and highly contextual.

For instance, rather than merely making assumptions based on the device that a user owns, a high-end coffee shop can hone in on a rival's customers, based on third-party purchase data.

And by using location check-in information to learn when these target customers step out of the office for their afternoon latte, the brand can go a step further by serving an ad at the precise moment that the customer begins searching for her next caffeine fix.

OVERALL, THE FUTURE of mobile advertising is extremely bright.

Consumers are flocking to mobile devices at an unprecedented rate, and marketers and publishers are working diligently to build better advertising products.

From the development of new video formats to the rapid improvement of the mobile DMP, it has been exciting to see

mobile advertising undergo a dramatic evolution over the past 18 months.

This growth will only continue in 2017, making mobile advertising more attractive than ever before.

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