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# Maximising mobile ad revenue

Gone are the days where mobile operators and publishers pondered their strategies for introducing mobile advertising into their service mix. Trial systems have migrated into full commercial deployments and advertising is becoming an increasing part of consumer's mobile service experience, whether they are using their mobile phone for browsing, texting, playing games or watching video. With the increasing amount of mobile advertising inventory (the opportunities for advertisers to reach the mobile audience), the attention is now squarely on how well it is being monetised.

## CHANGING FOCUS

Until recently, the concerns of mobile operators and publishers around mobile advertising were fairly simple: How to introduce advertising into their service offer without impacting customer satisfaction or premium service revenues (pay per download or subscription). Fortunately there are many case studies shared at industry events that have helped remove this as a concern. While it will be some time before we see the pace of experimentation and innovation slow, basic offers are established in most markets using the MMA standardised ad units with sufficient scale (page views) and audience (uniques) to attract top tier advertisers to the medium. The questions are all now about monetisation: How to maximise the value of their inventory within the service experience offered to their customers.

## INTERNAL AD SALES VERSUS AD NETWORKS

One of the key issues faced by operators and publishers when they address this question is whether to do ad sales themselves or to work with ad networks. Ad networks act as brokers, working with multiple publishers and operators to build the mobile advertising opportunities ("ad inventory") and then represent it to advertisers (other mobile content companies, agencies and brands directly).

Until recently, it was a fairly simple dynamic. The cost of setting up a dedicated ad sales team meant small mobile specialist publishers would work

wholly with ad networks. Mobile operators and publishers with an online presence, would use their own online ad sales force. Everybody else would typically start with an ad network with the aspiration of building their own ad sales team over time.

Even before the recession bit, we saw this trend change. The disparity of volumes between online and mobile caused ad sales teams responsible for selling both online and mobile inventory to focus their effort to the online inventory (delivering higher sales commission to them). They would offer the mobile inventory at similar price points to the online inventory despite its higher performance. Also, the rapidly increasing amount of mobile ad inventory (increasing supply) at a time the ad spend across all media is decreasing due to the general economic climate, has led all publishers and operators to rethink their approach. Many now work with multiple ad sales channels that include their own ad sales and a number of mobile ad networks.

## EXISTING APPROACHES FOR WORKING WITH MULTIPLE AD NETWORKS

There are three broad ways that mobile carriers and publishers can work with multiple ad networks. The first has them working with a "prime" ad network that then signs deals with other ad networks to increase the amount of ad campaigns available to them. This can be

problematic for the advertiser and publisher who lose more of the advertising revenue to the ad networks (the ad network who did the ad sale and the "prime" ad network both take their cuts and this is not always transparent to the advertiser or inventory owner). It can also be problematic for the ad network who delivered the ad sale since the "prime" network is likely to place their own campaigns first.

The second approach is where the operator or publisher divides their inventory between the ad networks by tagging different parts of their site with tags from the various ad networks. This is problematic for the operator or publisher who has additional work to re-tag pages as a particular ad network requires more inventory to fulfill a campaign. It is also problematic for the ad network as they may not have the same pages day to day and consequently may have a different audience. This makes campaign optimisation difficult for the ad network, delivering lower performance for the advertiser.

The final approach is the use of (typically home grown) solutions that tumble between the tags of multiple ad networks (passing ad requests to each ad network in turn until one responds with an ad and then delivers that to the mobile browser). The problem with this approach is that latency can be poor (increased time

before the mobile receives the page) and all ad networks can be reduced to the lowest common denominator. E.g. if one ad network is offering the inventory to advertisers on a remnant basis at a CPM of US\$1, it is hard for the premium ad networks to make that same inventory available at US\$15-20.

## NEW BREED OF SOLUTION TO EASE WORKING WITH MULTIPLE AD NETWORKS

These issues have led to the emergence of a new breed of solution to enable publishers and carriers to work with multiple ad networks. Often called ad routers, these solutions put the control of managing multiple ad networks in the hands of the operator/publisher. Ad routers work with the existing APIs from the leading ad networks, requiring only entry of the publisher credentials into the system. The leading ad router solutions manage not only how the inventory is created, allocated and presented to the various ad networks chosen by the operator/publisher, but also can provide a layer of abstraction of customer data to protect end user privacy. By allowing operators and publishers to retain control of their inventory and ad sales channels, ad router solutions are poised to significantly increase the monetisation of mobile ad inventory.

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