

COLUMNS

Four changes for Apple iAds to live up to their potential

November 30, 2011



By [Daniella Alpher](#)

Apple iAds can make mobile advertising more relevant, better, fun and worthwhile for advertisers, consumers, ad networks and developers. But they are mostly still a disappointment to developers, live only in a handful of countries and too few advertisers have gotten involved.

Like myself, most mobile ad executives are fans, eager to use the next great feature that Apple comes up with. But four main factors need to change in order for iAds to live up to their potential:

Market pricing

First, pricing needs to transition to a bidding marketplace. The price of a click on an iAd is currently fixed at a high rate.

My understanding when Apple came out with its iAds in July 2010 was that this price is intended to reflect iAds' superiority in comparison to Google's AdMob ads, or ads that run on independent networks such as Millennial Media, because the ad unit itself is so much more complex and interactive.

However this static, forced pricing structure has been holding back the evolution of iAds within the greater marketplace.

Nobody imagines a full-page Dove Men print ad costing the same to run in The Wall Street Journal as it does in The New York Post just because it is the same creative and both are printed on paper.

Moreover, a television commercial or radio ad is priced differently when aired at an 8 a.m. slot versus 8 p.m. The same thing needs to be and already is true for mobile: certain applications are perceived by consumers as being more premium than others.

And there is a primetime for usage in terms of time of day, week of month, month of year lazy summer usage is way cheaper than that of the upcoming holiday season.

These issues all affect cost. Accordingly, the publisher ecosystem should determine pricing, not the advertiser and not the handset/platform.

The publisher in this case is the developer.

There is no reason for a click or impression on a Dove Men iAd to cost the same in an ESPN app as it does in FarmVille. And the higher cost of producing a complex, rich media ad should, and will, get recouped in the long run as a result of its stronger effectiveness on consumers.

Better fill rates

Next, iAd fill rates are notoriously low. This corners publishers into a dilemma, forcing them to make decisions that shoot Apple in the foot.

On the one hand, any publisher would want to benefit from an ad network that does not require implementing an SDK. This little detail is iAds' biggest asset, removing a technical barrier that all other ad networks struggle with to serve ads on iPhone.

But then Apple goes ahead and weakens its own advantage by enabling publishers to monetize only a fraction of their own inventory. It just does not make sense.

The solution I see to iAds' low fill rates, beyond obviously implementing my first recommendation regarding pricing which will help here too by bringing prices down and therefore fill rates up, is for Apple to build a fallback (daisy chain) system into iAds so that a developer's first impression request goes to Apple and then all unfilled impressions can go to any other network/exchange of said developer's choice.

This has to happen automatically without the developer dealing with building his or her own fallback mechanism, otherwise the publisher's benefit isn't straightforward and other solutions start coming into play.

A daisy chain would ensure that publishers and developers can rely on iAds as a first choice for iPhone impressions without preoccupying themselves with the tradeoffs.

Bottom-up

iAds will benefit from shifting to a bottom-up sales and marketing approach towards ad agencies, instead of the original top-down one.

Throughout the past year there were several instances in which European agency executives asked me to explain iAds to them.

I am talking about middle management folks who pitch mobile campaigns to clients on a daily basis but do not have access to a very basic demonstration of the iAds platform.

Tales of Steve Jobs flying out ad agency leadership to meet with him when iAds were first launched did not help either they just positioned the entire operation as untouchable.

For iAds to succeed, iAd campaigns need to be commonplace, part of a client's mobile strategy handled by "regular" client account teams.

I am not saying Apple should emulate AdMob's self-serve approach, although its iAd app is definitely a step in the right direction.

But iAds' marketing needs to go beyond targeting C-level only with basic stuff such as a strong presence at digital ad conferences to enable attendees to walk up to an iAd rep and learn how to make it happen.

Competitive recognition

My last recommendation has to do with making sure the iAd portal offers competitive data and usability that is on par with AdMob.

In fact, you would think Apple would be able to deliver more data than its competition due to UDID tracking information and iTunes data, not less.

But iAds reports are lame and the analytics available are only a fraction of what AdMob offers.

To conclude, global iPhone ad monetization is up this year and we are facing a holiday season that is sure to break new revenue records for all involved.

Apple is positioned in the middle of a tremendous opportunity. Unfortunately, 2011 was the year of mobile advertising for everybody except Apple because it kept getting in the way of its own assets.

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