

COLUMNS

Mobile monetization problem: Is native advertising the answer?

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By **Kunal Gupta**

Industry buzz is dominated by two crisscrossing topics: native ads and mobile monetization.

After working with more than 400 media publishers such as Time Inc., Cond Nast, CBS Interactive and The Wall Street Journal and launching 1,200-plus mobile sites and applications globally over the past few years, we have seen our clients' mobile traffic soar to now represent 40 to 50 percent of their digital audience. However, revenue remains under 10 percent, at best.

Mobile, encompassing both smartphones and tablets, will most definitely make up more than 60 percent of most publishers' traffic by the end of 2014, though the same cannot be said for the share of digital revenue.

What industry leaders doing

July 25, 2013 is when a lot of people perked up and took a look at mobile. Facebook released its second-quarter earnings that day, which showed 41 per cent of its revenue coming from mobile (100 per cent of the units are native ads).

Industry leaders took notice and currently every media executive attempts to pull a scalable native advertising strategy together.

EMarketer speculates that mobile will represent 55 per cent of Twitter's revenue all from native ad placements.

Expect a greater spotlight on native ads and mobile monetization now that Twitter has revealed its plans to go public, since Wall Street now has a second example to connect the dots. Native ads are the way to monetize mobile inventory.

Click-through and banners are not working

The majority of mobile advertising inventory are banner ads 300x50 pixels in size, no bigger than a finger and users continue to mistakenly tap them.

It is no surprise mobile CTRs are 10x higher than desktop click-through rates. Marketing real estate is at a premium leaving little room to deliver a compelling marketing message on a mobile display banner. As a result, there is limited reason for users to engage.

This does not even include the creative challenge for a marketer or agency. The Interactive Advertising Bureau, for example, recommends six creative dimensions to run a mobile ad campaign.

Rich media ad units command a premium but are difficult to scale given the custom nature of creating and distributing them across multiple mobile sites and apps for marketers.

Mobile gaming benefits the most from rich media since they have the scale and inventory in single-title apps to make the upfront investment for creation and distribution cost effective.

Ground-floor innovation through mobile

Early native advertising adopters include Forbes, BuzzFeed and Quartz and no surprise: they all extended their native ad programs to mobile.

The user experience is seamless, the placement of native ad positions is in-stream, much like how users expect on Facebook and Twitter.

Users are kept on-site when they engage with a native ad headline and can engage even further by sharing it on a social network since mobile is where most social content sharing is initiated.

Mobile native part of balanced approach

As a publisher, stop treating mobile as an after-thought when rolling out native ad campaigns.

This new format represents the single biggest opportunity as of late to monetize mobile by simply monetizing digital.

A native ad campaign running across desktop and mobile should not be priced any differently because mobile is involved.

Native ad creatives scale elegantly from desktop to mobile and impressions appear on both platforms for a client's campaign.

Quit thinking about mobile as the second screen. Instead, it is a formidable medium well on its way to becoming a dominant platform.

Success stories are born at Facebook and Twitter where they actively encourage marketers to see mobile as a viable platform to engage with consumers.

The timing is ideal for publishers to offer marketers an opportunity for engagement with their audience through mobile and use the exciting new ad format: native advertising.

Kunal Gupta is CEO of [Polar](#), Toronto. Reach him at kunal@polar.me.

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