

COLUMNS

## 4 factors to consider in mobile advertising

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By **Michael Hayes**

Over the last five years, mobile advertising has experienced a natural evolution that is similar to what we saw with Internet advertising more than a decade ago. It began with consumers shifting their time and attention to a new vehicle, and it followed with advertisers chasing the eyeballs.

In the early days of mobile, major content publishers were more focused on building applications than on building full sales teams, and ad networks such as AdMob, Millennial Media and Quattro scooped up inventory and provided an initial monetization engine.

For these mobile ad networks, simply having scale was enough to win in the space. As mobile usage increased dramatically, where more time is now spent with your mobile device than watching broadcast television, we are seeing the natural evolution of mobile ad solutions go beyond scale.

Four score

Today, advertisers expect two things from their media partners: the ability to anticipate consumers' needs, and the ability to change behavior.

Scale is important, but by itself, it does not help brands anticipate consumer needs and change behavior.

Publishers and ad tech platforms need to add in a layer of smarts, technology and propriety data to help advertisers achieve these goals.

We have identified four factors that matter in today's mobile landscape. We believe mobile publishers and networks will need to excel in at least three of these to succeed over the long haul.

1. Unique inventory. If a company is solely buying inventory from exchanges, there is nothing that separates them from the 40-plus companies also buying that inventory, and it is incredibly difficult to differentiate.

Unique inventory can be owned, or it can be operated in the sense that you have an established relationship where you are harvesting inventory from sources that are hard for the general market to get to, such as private exchanges or an implemented SDK. Simply connecting the pipes to ad inventory exchanges is not enough.

2. Unique data. To identify needs and change behavior, you need to understand consumers, and this requires superior data and data science to make sense of it.

Third-party data can be fine, but is typically over-used, overvalued and is simply not comparable to first-party data.

If a company wants to roll out a differentiated targeting product, it will need to be powered by proprietary data set, and that data will need to contain valuable information such as location history or social interactions.

3. A superior tech stack. There is an arms race going on for the best mobile ad technology stack. Publishers and networks can own the technology, license it, or work with a combination of the two.

Conceivably, publishers and networks need to own and house as much as possible under one roof to maximize its potential. This includes real time ad serving, decisioning for real-time-bidding, optimization and the advanced algorithms that support it, measurement, a sleek user interface, and superior processing power.

The more you own, the more control you have to provide solutions to advertisers and the less reliant you are on another party for those solutions.

4. Scale. While scale is not enough on its own, if you do not have scale, you cannot really do anything that will move the needle for brands.

Scale comes in the form of unique users, amount of inventory and having enough penetration in specific verticals such as auto and travel, and with specific audiences such as soccer moms that you can deliver real results for brands.

THESE FOUR ingredients are determining the winners in today's mobile advertising landscape. But as part of the natural evolution of the channel, these four areas will not stay the same forever.

Going forward, there will certainly be new factors required to win, particularly the ability to understand cross-screen behavior.

We are in the early stages of cross-screen behavior analysis,, but over the coming years, part of anticipating needs and changing behavior will require understanding the devices consumers are using, and being able to reach them in the right way, at that perfect moment.

It is impossible to say what the other factors will be, but no matter what the landscape looks like in three to five years, the winners will be the companies who are innovating, who understand ever-evolving consumer behavior and the ones who truly strive to meet the needs of their advertising partners.

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