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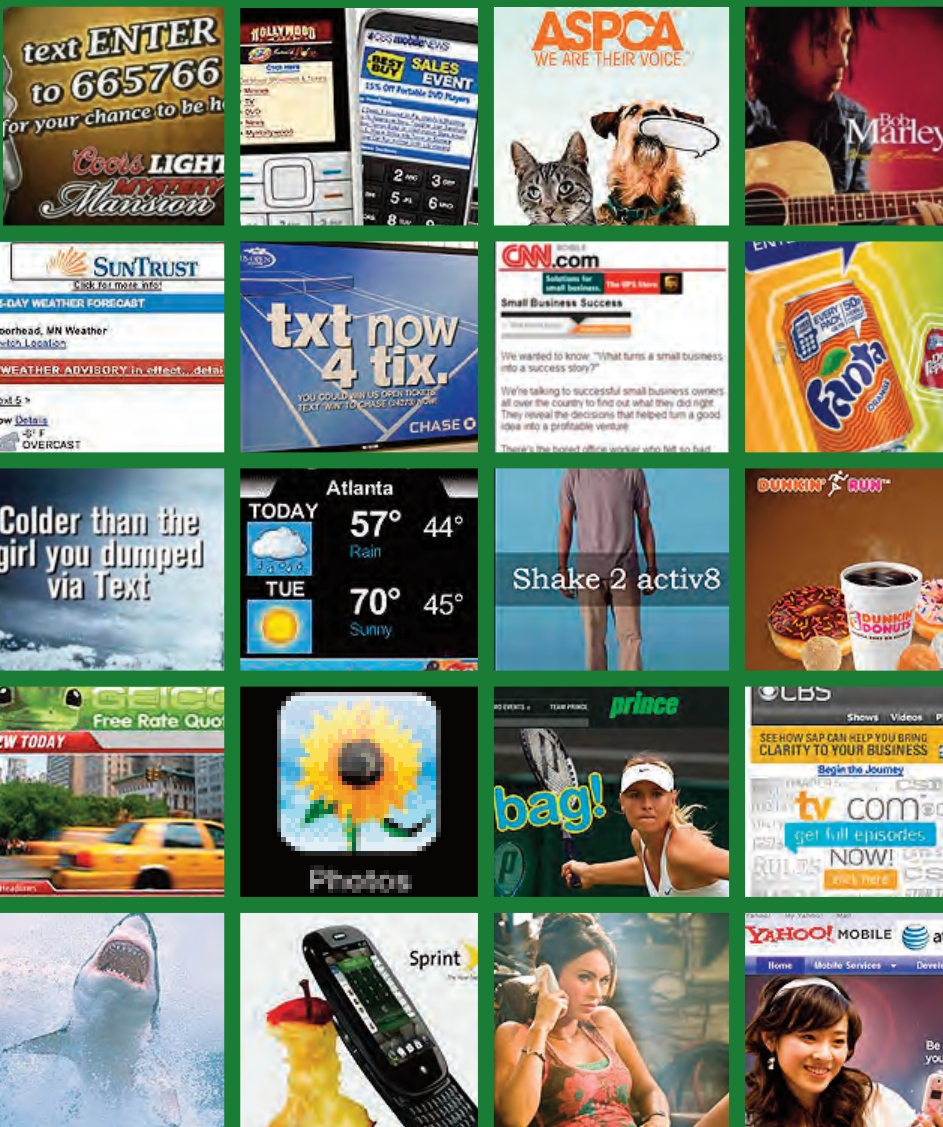
A CLASSIC GUIDE

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Classic Guide to

Mobile Advertising





Making a case for mobile video advertising

By Thomas N. Ellsworth

Mobile video programming that goes beyond live television broadcast has been developing for a while. As this content continues to mature into a mainstream medium, video advertising forms and business models are coming into focus as well.

To be clear, I am not referencing the ads and pods of ads present in popular live TV programming that can be viewed on video-capable phones available from select wireless carriers.

Those ads were placed by media or channel owners and distributed to homes via broadcast, cable and satellite. That stream was, in turn, merely converted and distributed to mobile devices. In this case, the ads on cable are now the same ads on mobile.

Beyond live TV, there is a growing and diverse world of programming available to mobile phone users. This made-for-mobile content includes episodic series, special events and custom programs that augment movies and live TV shows.

With this programming comes the obvious need to monetize it through various business models, including mobile video advertising.



Content type and implied demographics remain the main targeting elements used for mobile video ads

Video ad forms currently include pre-roll, post-roll and interstitials designed to appear within the mobile content. The number and length of ads typically is monitored by wireless carriers so as not to interfere with the consumer's access to, and enjoyment of, the content.

Today, a number of mobile advertising companies – not established agencies or advertising conglomerates – have built the systems and relationships that comprise much of the mobile advertising ecosystem.

This ecosystem includes banner advertising, aggregation of mobile content inventory, ad scheduling and insertion, mediation processes and reporting systems.

While banner advertising is well established, only a few of the mobile advertising companies have built the systems required to manage and deliver video ads.

These early players pitch mobile inventory to agencies and advertisers through the established advertising sales process. Agencies and their clients typically incorporate mobile video advertising into wider campaigns and garner additional reach into select consumer segments.



Thomas N. Ellsworth, CEO, GoTV Networks

Spots will call shots

Mobile video ads are mainly targeted based on programming genre. User information is difficult to obtain and today there is a dearth of it. Thus, content type and implied demographics remain the main targeting elements used for mobile video ads.

As carriers open information flows, while not breaching consumer privacy requirements, targeting methods and associated algorithms will improve accordingly.

Mobile advertising offers a benefit that is particularly appealing to wireless carriers: increased average revenue per user.

The carrier networks are key members of the ecosystem and increasing the revenue and margin per subscriber is a key business metric. As mobile rate plans increasingly offer bundles to consumers, carriers are hard-pressed to find incremental revenue and profit per user.

Further, consumers who spend \$70 to \$100 per month on a bundled rate plan have very little propensity, and even less disposable income, to buy additional products – including video programming. By collecting a percentage of mobile advertising revenues, carriers can increase the revenue per user.

Mobile video services will become mainstream over the course of the next few years. Bundled rate plans, additional video-capable phones and exciting content will expand the audience from the early adopters of today to crowds of core consumers. Mobile advertising will be a key enabler. ■

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Rolling with business models

Today, monetizing methods include micropayments for individual viewing, monthly subscriptions and broader monthly rate plans that grant access to bundled programming.

Mobile video advertising allows consumers to access content without incurring any of the aforementioned costs and, therefore, greater viewership. It remains the most attractive business model.