

# Mobile vs. Online Advertising: Leveraging the Differences for Maximum Mobile Profitability

BY INBAR CHAP



**T**he vast new profit streams of the mobile world can become an important opportunity for direct response advertisers. The creation of successful

mobile campaigns requires a combination of the knowledge that has already been accumulated in the world of result-based online marketing together with a thorough understanding of the differences, limitations, and options provided by the mobile platform. Here are some issues to consider:

## Early Stage

Result-based marketers have only recently begun to expand into the relatively undeveloped mobile realm. The scale is much smaller than online, and there is little data available regarding the whys and hows of campaign success. There are few reliable measurement technologies -- including only limited tracking -- and CPA/CPL pricing methods are rarely employed. The situation is similar to the early days of online advertising -- a decade ago -- when tracking results and ROI were new and unfamiliar concepts. However, as happened with online advertising, mobile is developing into a profitable channel based on the principles of measurement and accountability.

## Unique Considerations

Unlike the online environment, mobile presents an ecosystem that contains a mix of device types and operators -- creating a greater challenge for mobile marketers. To optimize their campaigns and achieve maximum ROI, direct-response advertisers

need to focus on these diverse parameters, ensuring optimal campaign delivery through the addition of multi-parameter optimization layers.

## Controlling ROI through Technology

Measurement is possible in mobile advertising but still at an early stage and can be found on only a few network platforms. Even pixel implementation, a standard method for measuring results in online advertising, is not easy to integrate into mobile platforms. However, new solutions enable the management of mobile metrics in ways similar to those used in the online environment.

*Conversion Tracking* enables a view of the entire campaign value chain as well as all aspects of the process, helping to achieve control and ROI in mobile campaigns.

*Unified Reporting* consolidates campaign data into a single, unified report that includes real-time knowledge of specific creative/landing page and publisher performance.

## Customizing the Creative

Mobile marketing requires: matching the creative to the device's smaller screen size; designing messages for creative and landing pages that are short, instantly understood, and effective; creating a call-to-action with minimum steps and a simple registration form; and selecting correct ad formats.

## Surprising Results from the Field

Mobile campaigns are yielding excellent results. According to a recent report by performance-based advertisers running both online and mobile campaigns --- for the same product, advertised in the same country --- both their click-through rates (CTR) and conversion rates were higher with mobile advertising.

*Note: For the CTR results, a possible explanation is the smaller number of banners competing for the users' attention (usually only one per page). For conversion rates, it's likely a result of mobile's shorter user process.*

## Pricing Models

While online advertising provides multiple pricing options -- including CPA, CPM, CPC, dCPM (dynamic cost per mille), and hybrid -- mobile advertising options are decidedly more limited. The low/no risk CPA and CPL are still relatively rare. While this is another manifestation of mobile's

early stage, in the final analysis, these are only pricing models for buying media. What is of more importance is the fact that results can be effectively measured and high ROI can be achieved, even with mobile's limited range of pricing models.

## Maximizing Limited Traffic

Mobile has both fewer advertisers and more limited traffic. Most publishers have not yet completely transitioned to using a separate or integrated ad server that is focused on today's mobile user. Also, many publishers have not yet incorporated technology to track and properly deliver content to mobile users, and therefore offer only limited exposure for advertisers. However, volumes can be maximized by supporting WAP, smartphones, and a wide range of devices.

## Summary

By enhancing existing online skills with an understanding of online/mobile differences, advertisers can effectively create new channels of profitability and expand their reach into the mobile realm. Visibility and control achieved over the entire mobile campaign will allow selection of the best media sources and creative for each campaign, enable the right choices, and help to rapidly achieve ROI goals.

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## Non-PC Devices Cover the Net

A growing amount of Internet traffic is originating with non-PC devices (TVs, tablets, smartphones, and machine-to-machine (M2M) modules). In 2010, only 3 percent of Internet traffic originated with non-PC devices, but by 2015 the non-PC share of Internet traffic is predicted to reach 15 percent. PC-originated Internet traffic is expected to grow at a CAGR (compound annual growth rate) of 33 percent, while TVs, tablets, smartphones, and M2M modules will likely see growth rates of 101 percent, 216 percent, 144 percent, and 258 percent, respectively.

Source: CiscoVisual Networking Index