



USING MOBILE DSPs TO CONNECT TO THE ENTIRE UNIVERSE

WHITE PAPER
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Prepared by Nick Lane
Chief Analyst, mobileSQUARED

mobile^{SQUARED}

NEW YORK • LONDON • SINGAPORE • HAMBURG

+1 (646) 807-4596 • CONTACT@ADSMOBI.COM • WWW.ADSMOBI.COM

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Much is being made by the mobile advertising industry of Demand Side Platforms (DSPs), and rightly so, as their ability to optimise campaigns is a truly compelling proposition for all brands. Given the impact that DSPs have had in the online space, it is perhaps no surprise that they are now finding their way into the mobile space too.

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Nick Lane,
Chief Analyst mobileSQUARED

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The introduction of Adsmobi's performance optimized real-time bidding technology will greatly complement our current results driven offerings. Additionally, it will significantly increase the reach and ensure our clients to have access to the leading mobile supply platforms inventory around the world.

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Ramy Yared,
Managing Director, Adsmobi Inc.

NOT JUST ANOTHER ACRONYM?

Mobile advertising is undergoing something of a technological revolution to drive performance and increase return on investment. Data is becoming the key enabler throughout this technological revolution by ensuring that mobile advertising campaigns can be conducted in real-time. As platforms emerge to capitalise on this opportunity, there is a disconnect between these technological advancements and the broader realm of mobile media buyers and planners that uses them.

While there is a band of mobile specialists that have become adept at using these emerging platforms, for mobile advertising to mirror the exponential growth experienced in the online advertising space in the last decade, the service and all associated platforms must attain mass agency and brand usability, from the major global agencies and brands, to the two-man agencies and small-to-medium businesses. Research by Pontiflex revealed that optimizing mobile advertising campaigns in real-time is critical for approximately 75% of all small-to-medium businesses.

However, the optimization process of these platforms and their usability has to translate across all corners of the business community. This message is becoming lost. Because of the limited scope by which display adverts can appear on the mobile screen, mobile ad networks are now competing on technology as a point of differentiation. That means the focus of differentiation is based on technology, which is a function of mobile advertising, whereas the real benefit – and therefore the ultimate value to all businesses – has to be the output and not the function.

Mobile advertising optimization must no longer be viewed as an elitist brand and agency proposition and become a key tool for all to use as part of their audience targeting. Ensuring every brand and agency is connected to the relevant platforms will become critical in unlocking mobile display advertising's phenomenal revenue promise.

**OPTIMIZING MOBILE
ADVERTISING CAMPAIGNS
IS CRITICAL FOR 75%
OF SMALL-TO-MEDIUM
BUSINESSES**

THE FUNCTION

So what are these emerging technologically-driven platforms fuelling this revolution? In short, we are talking about demand side platforms (DSPs) and real-time bidding (RTB), both of which are a function of the other and combine effectively to optimize the mobile advertising campaign. It is DSPs which is the focus of this white paper, which will provide a brief history of how they became an integral component of online advertising and now beginning to play an influential role in mobile.

DSPs were the technological response to managing multiple ad and data exchanges through the one interface for purchasing online display inventory in real-time across multiple publishers. Their introduction made the purchasing cycle of online inventory significantly easier. What's more, DSPs introduced transparency and control to optimize online campaigns, from bidding to end-user targeting. To this end, DSPs are evolving mobile display advertising into something akin to paid search such as cost-per-click and cost-per-action.

Looking at the broader picture, DSPs have already transformed the online advertising space. In 10 years the online advertising spend has increased from \$14.1 billion in 2002 (Source: Jupiter) to over \$98 billion (Source: GroupM). This growth in online ad spend attracted a flurry of ad and data exchange companies, intent on reaping the financial benefits of this rapidly expanding industry. Subsequently, it brought a newfound level of complexity and fragmentation to purchasing inventory. DSPs were the answer by simplifying the online campaign management process and allowing a lot of people to spend large sums of money quickly – as the \$98 billion figure can testify, now representing almost 20% of total global advertising spend. It can come as no surprise that mobile is next in line for the DSP revolution.

**DSPS INTRODUCED
TRANSPARENCY AND
CONTROL TO OPTIMIZE
ONLINE CAMPAIGNS**

**MOBILE IS NEXT IN LINE
FOR THE DSP REVOLUTION**

SO HOW HAVE DSPs ACHIEVED THIS?

In simple terms, it all starts when a user visits a website containing display advertising. The user's browser requests a webpage which in turn alerts the exchange server to notify the ad network (or ad exchange) to serve an ad. However, because of the growing appeal of the mobile advertising space and promise of exponential revenue increases, there are now multiple companies serving both the exchange server and ad network space. So now, when a user visits a site, the exchange server, which will perform the real-time bidding, communicates with the DSP to ascertain which is the advertiser permitted to serve their ad via the relevant ad network. In effect, we are in the midst of the "eBaytisation" of the mobile advertising industry.

Sadly, things are never that simple, and other elements are taken into consideration; namely, about each individual. Personal browsing history is stored as cookies and used by both the exchange servers and the DSPs in order to understand whether that user meets the set criteria defined by the advertiser. By applying this targeted form of advertising, provided the perceived value of the user is met, a bid will be placed on the ad impression.

10 STEPS TO DSP EFFECTIVENESS

1. User loads webpage.
2. User's browser receives webpage HTML embedded with URL tag for ad.
3. Browser notifies ad server.
4. Ad server shares website's SSP (supply side platform).
5. SSP communicates to multiple ad exchanges
6. Ad exchange makes bid requests to numerous DSPs to get best price for ad impression.
7. DSPs evaluate bid based on campaign criteria.
8. Ad exchange selects the highest bid returns winning ad to SSP.
9. SSP relays winning bid to ad server.
10. Ad server delivers winning ad to browser which kick-started this whole process.

Chart 1: 10 Steps to DSP Effectiveness
Source: Adsmobi

A mobile DSP will only be effective provided you know how to use it, from the campaign's development, execution and completion. The mobile DSP ensures your campaign will be optimized to reach your target audience.

ONLY BEST INVENTORY WILL DO

DSPs will be distinguished by their available inventory, which means DSPs will compete on signing-up the strongest and broadest range of publishers and app partners to ensure maximum reach and volumes. These partners will possess the most appealing inventory with the highest market value.

**PREMIUM PUBLISHER:
2-8% CTR**

A premium publisher is more likely to have a greater quality of impression. The impression quality is determined by the click-through rate, therefore, premium publishers are the more likely to deliver an above average CTR, generally between 2-8%, compared to a standard publisher with remnant ad impressions working to the industry average of 0.8% - and falling.

But mobile advertising is not just about premium publishers. For the majority of campaigns reach based on volumes are also key in guaranteeing positive results for advertisers.

Nevertheless, the quality of the ad impression determines the price at which an advertiser will pay. The issue for publishers within this increasing mobile DSP environment is that they can no longer ascertain what their inventory is worth. To one advertiser, they could be willing to pay a CPM of \$10, compared to another advertiser that is only willing to pay a CPM rate of \$0.50.

Obviously, if there are multiple advertisers intent on running a campaign on the same publisher's site, while they are prepared to typically pay a \$5 CPM, they may have to enter a bidding war whereby market forces increases the price to a \$16 CPM. In truth, publishers will know the average price at which their inventory is worth, but over a period of time, an anomalous bidding pattern could emerge, dependent on the campaign goals for a particular brand at a given moment in time.

Given market forces, the ad impressions quality of a publisher is more likely to increase than decrease, which should allay any fears of a premium publisher with regard to working with a traditional mobile ad network and flat CPM-based model or a mobile DSP-led model applying real-time market forces.

Regardless, there is concern across publishers that their inventory will become devalued when they move from the traditional mobile ad network onto a mobile DSP. As demonstrated above, the actuality is that using a DSP will start a virtuous circle, whereby: bidding for the inventory will increase the price; the role of the DSP will increase how the inventory performs; heightened performance increases the site's market value; demand drives price increase.

REAL TIME & LOCATION

The real-time element of mobile display advertising is the one-real determinant that separates mobile from all other mediums, because it can accommodate the impact of a user's location.

The ability to serve a relevant ad based on time-of-day is one thing, but to incorporate the user's actual location is an altogether different level of advertising. Behavioural analysis will reveal when the user is at home and at work, and relevant ads can be served accordingly.

When the consumer is in alternate locations, this could be because they are shopping, out for a for a meal, even on holiday, This is where the DSP springs into action to ensure the ads served are relevant, contextualised and location-aware, and therefore meeting the campaign criteria of the brand's target audience.

This means a retail outlet or restaurant can set campaign parameters based on a target users' location in relation to its nearest store. For example the brand would be prepared to bid up to US\$10 CPM for users within 50 metres from a store, versus a CPM of \$2 for users 500 metres from the store.

**US\$10 CPM FOR USERS
WITHIN 50 METERS
FROM A STORE**

**US\$2 CPM FOR USERS
WITHIN 500 METERS
FROM A STORE**

CAMPAIGN CONTROL

It is the functionality of DSPs that make them especially appealing to the campaign planners and buyers. DSPs can perform automated out-of-hours campaign management, and they can also apply bidding rules for price and performance fluctuations. Most significantly, DSPs allow the campaign planners to become strategic and deliver increasing value by constantly monitoring and adapting their campaign based on real-time trends. Ultimately, DSPs are delivering turbo-boosted performance-managed mobile display ad campaigns that are protecting the brand's investment.

From the buyer's perspective, they have the control to purchase ad impressions at a pre-determined rate based on the campaigns objectives. Furthermore, if the buyer discovers that they are not achieving their target audience mid-campaign, they can amend their purchasing criteria and increase the amount they are willing to pay for the impression.

Another point of consideration is the fact that mobile advertising campaigns are becoming regional, and not just national, so the DSP, and can apply its automated campaign management to ensure that the campaign is active in different markets at the most salient times.

DATA AND REPORTING

With the introduction of mobile DSPs (and RTBs), data and reporting now must work in unison to guarantee the best campaign results.

The right data means buyers can set campaign parameters based on who they are targeting. Real-time reporting allows the buyer to monitor the performance of the campaign and tweak accordingly, based on the real-time behavioural responses to the ad by the consumers.

This level of transparent reporting reveals not only the price you are paying for an ad and subsequent click-throughs, but where the interaction occurred, whether over WiFi or over a 3G/4G network – and which operator, which device had the most success, and so on.

Because of the value of this transparency to media buyers, mobile DSPs are increasingly turning to third-party data providers to allow their clients to make more informed purchasing decisions. Clearly, the more informed the purchasing decision, the greater the targeting for the ad, leading subsequently to the increased performance of the site or app and quality of its inventory, reducing wastage, and delivering an optimized mobile ad campaign.

RETURN ON INVESTMENT

The function of DSPs make mobile advertising increasingly more effective, and will encourage brand advertisers to increase their investment in mobile campaigns, not only in the length and frequency of campaigns, but also the level of creativity. For example, rich media campaigns will increase the average click-through rate (CTR) from 0.8% to between 3-7%.

3-7% CTR RICH MEDIA CAMPAIGN INCREASE WITH DSP

Similarly, DSPs are having a similar impact across all mobile ad campaigns. For a standard campaign using a mobile DSP the CTR uplift will range from 0.9%-2%, while the DSP uplift for a rich media campaign will be between 3%-4%. As already highlighted, the DSP reduces the level of wastage per campaign, and effectiveness is dramatically enhanced.

NUMBER CRUNCHING

For example, if we look at the click-through rate of a \$10,000 campaign based on a pre-determined CPM rate of \$10, the advertiser would expect to achieve 10,000 click-throughs at a rate of 1% appearing on a publisher's site. When using a mobile DSP functionality to a rich-media campaign's parameters and apply the numbers from above, there is an uplift in the number of click-throughs of 20,000, taking the total number of click-throughs to 30,000, representing a 200% increase.

CLICK-THROUGHS INCLUDING DSP UPLIFT

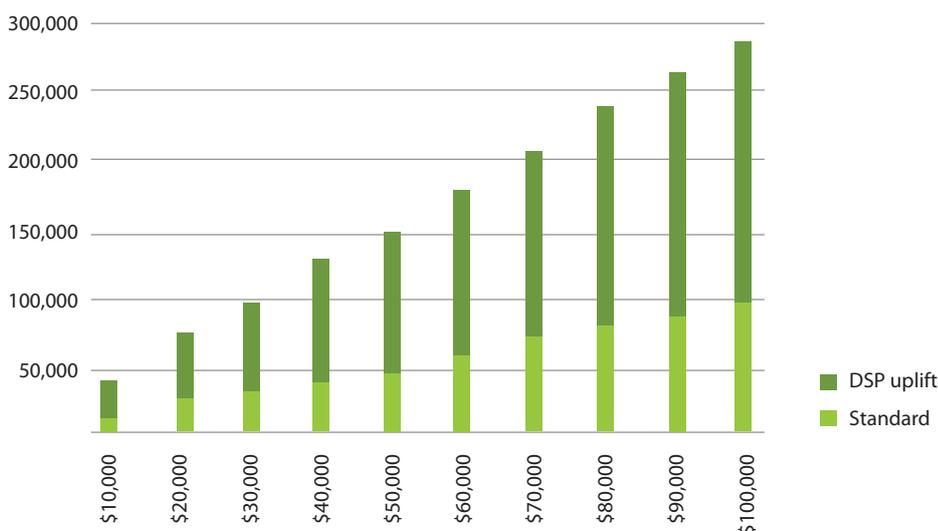


Chart 2: Click-through including DSP uplift
Source: Adsmobi

While the impact of using a mobile DSP is evident, the results can be given an additional turbo-boost when the ad features on a premium publisher's site compared to a standard site. For example, a \$10,000 campaign on a premium site running a \$10 CPM campaign would achieve 30,000 click-throughs from a total of 1 million ads served. This compares very favourably to a standard site running a \$10,000 campaign at a rate of \$1 CPM, which would serve 10 million ads and generate 16,000 click throughs.

\$10 CPM ON PREMIUM PUBLISHER

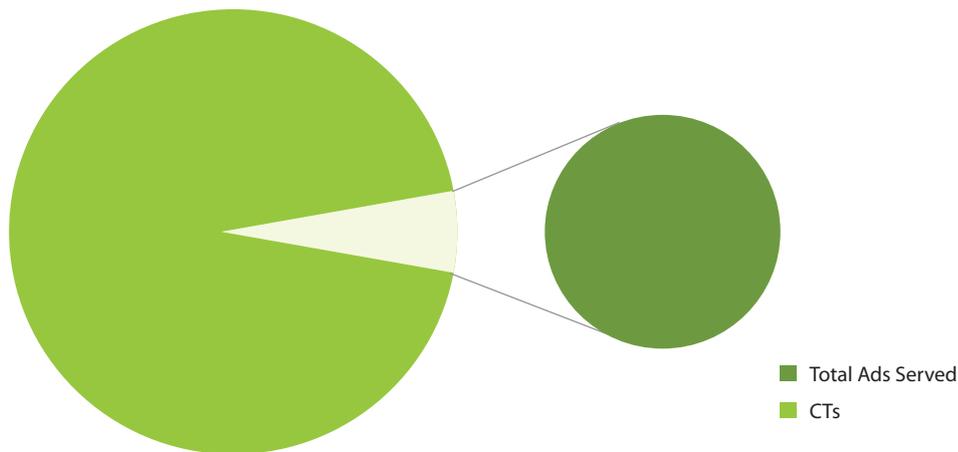


Chart 3: \$10 CPM on Premium Publisher
Source: Adsmobi

\$1 CPM ON STANDARD PUBLISHER

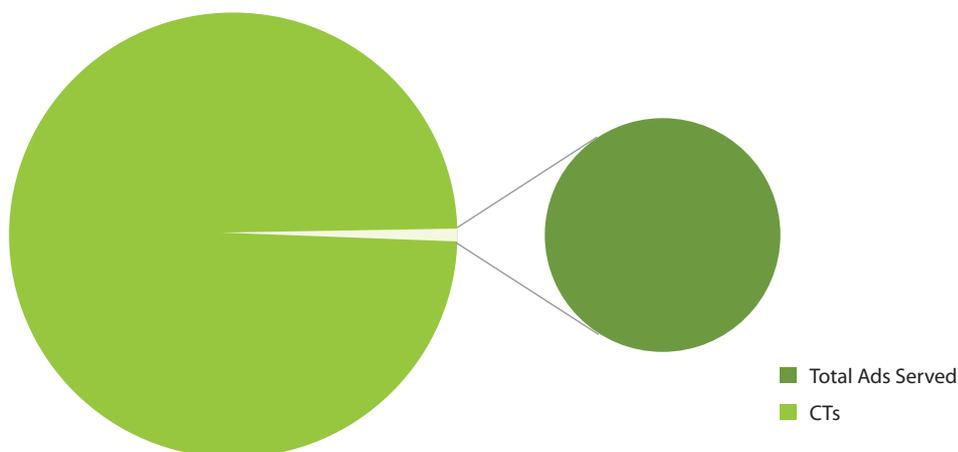


Chart 4: \$1 CPM on Standard Publisher
Source: Adsmobi

5 STEPS TO BOOST YOUR MOBILE CAMPAIGN ROI

STEP 1: DEFINE CAMPAIGN GOALS



Define campaign objective, example:

- Time spent on website
- Drive brand awareness
- App downloads

STEP 2: SEND US YOUR BANNER CREATIVES



- Develop creative based on target market
- Interactive vs. standard banner
- Attract the target user's attention
- Ensure powerful wording (8 words or less)

STEP 3: REACH TARGET GROUP



Target message for the mobile audience.

- E.g. 1: Females, Thu. to Sat. 12am - 8pm
- E.g. 2: Males 18-24, daily activity 9am - 9pm

STEP 4: PARAMETERS



- Define pricing model : CPC, CPM, CPA
- Define eCPM price range
- Select target inventory
- Frequency capping

CAMPAIGN GOES LIVE

DSP CAMPAIGN IMPLEMENTATION
TAKES UP TO 5 HOURS

STEP 5: OPTIMIZATION



Campaigns with specific parameters last longer and require more optimization.

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1. WHAT IS THE PURPOSE OF THE CAMPAIGN?

There are now so many outputs from a mobile advertising campaign that the first point-of-call for any planning is to ascertain the objective of the campaign, whether to drive brand awareness, footfall, brochure downloads, app downloads, time spent on a website. This will inevitably have a direct impact on all subsequent elements of your mobile advertising campaign, from target market, target sites and apps, time of delivery, the creative. First step always is about creating the brief.

TIME REQUIRED: Depends on the campaign, but this part of the mobile advertising campaign can take between 1 hour to 1 week.

**STEP 1:
DEFINE CAMPAIGN
GOALS**

2. DEVELOP CREATIVE BASED ON TARGET MARKET

Once you have ascertained the campaign objectives, next step is to identify the target audience and the required reach and volume, taking into account the most appropriate time period to target them. As this white paper has already highlighted, rich media campaigns are significantly more impactful than standard banner campaigns, but they come at a price and take more time to develop. But not only is the imagery imperative, the wording is critical also. The visual impact will of course need to attract the target user's attention, but the wording will inevitably ensure whether the user will click-through or not. Advertising has moved from lines of copy to 160 characters in SMS, to 140 characters on Twitter, and even single-line advertising on Google. A truly powerful mobile display ad will do so in 8 words or less

TIME REQUIRED: This will be determined by the level of creative being used in the campaign. Standard banners can take anything from 2-4 hours to create. Rich media campaigns can take between days to weeks to develop the content.

**STEP 2:
SEND BANNER
CREATIVES**

3. REACH YOUR TARGET GROUP

As a brand, no-one knows your target audience better than you. But do you know how that translates on mobile? People consume and interact with content differently on mobile, which could mean your mobile target audience is different, skewed even, from what is your traditional above-the-line audience. If you are running a brand awareness campaign directed at females, it could be more effective to run the campaign between Thursday and Saturday between 12-8pm, compared to running a downloads-based campaign targeting males aged 18-24, which could involve daily activity between 9am-9pm. The key metric to include in this part of the process is to understand how and when your target audience interacts with their mobile device.

TIME REQUIRED: From 30 minutes up to 2 hours dependent on campaign target.

**STEP 3:
REACH YOUR
TARGET GROUP**

4. SET CAMPAIGN PARAMETERS

There are now so many outputs from a mobile advertising campaign that the first point-of-call for any planning is to ascertain the objective of the campaign, whether to drive brand awareness, footfall, brochure downloads, app downloads, time spent on a website. This will inevitably have a direct impact on all subsequent elements of your mobile advertising campaign, from target market, target sites and apps, time of delivery, the creative. First step always is about creating the brief.

TIME REQUIRED: Depends on the campaign, but this part of the mobile advertising campaign can take between 1 hour to 1 week.

5. CAMPAIGN OPTIMIZATION

Ongoing optimization for all mobile advertising campaigns is dependent on the type of campaign and the available spend. As the above chart highlights – based on a campaign spend of \$10,000, an app download campaign would typically run for 9 days, and would require three optimization updates. However, an app campaign that has more specific campaign parameters, would run for 15 days, and would require five optimization updates.

Clearly mobile advertising campaigns with more specific parameters will typically last longer, and will require more optimisation.

TIME REQUIRED: DSP adops team to optimize

**STEP 4:
SET CAMPAIGN
PARAMETERS**

**STEP 5:
CAMPAIGN
OPTIMIZATION**

THE ACTUAL OUTPUT

Once the brand has formulated the campaign brief and developed the creative and is ready to run, the implementation phase of the campaign using the mobile DSP should take between 2.5 hours to 5 hours. This is significantly lower than 18 months ago when brand and agencies would expect to spend anywhere between 1-5 days executing a mobile display advertising campaign.

Ultimately, mobile DSPs are making mobile advertising considerably more attractive to use. The exponential increase in campaign development efficiency is making the process less time consuming and accessible to all brands and businesses. And that is the actual output worth talking about.

**CAMPAIGN
IMPLEMENTATION
IN 5 HOURS**

HOW LONG WILL A \$10,000 CAMPAIGN LAST AND HOW OFTEN WILL THE DSP OPTIMIZE THE CAMPAIGN?

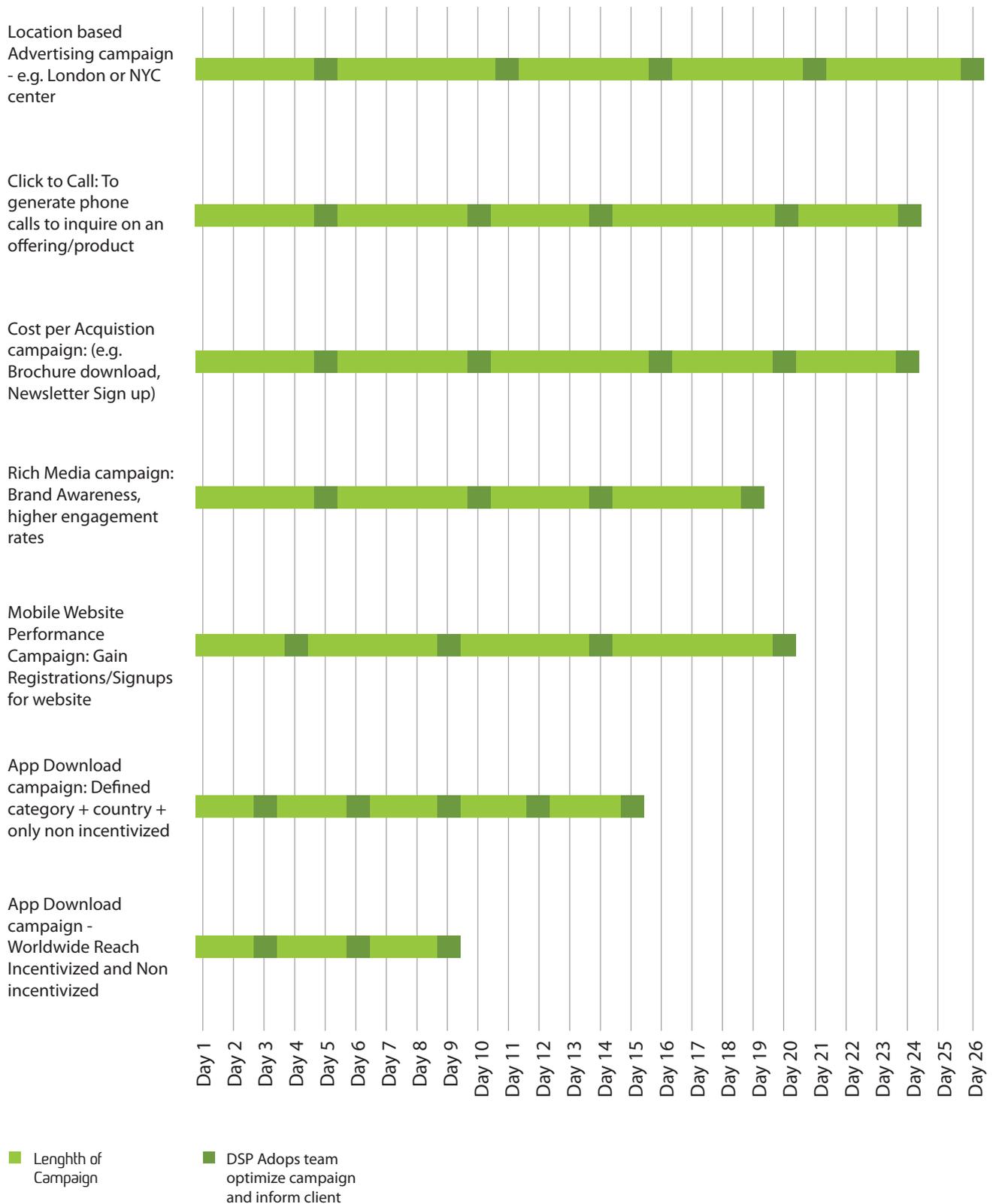


Chart 5: How Long Will A \$10,000 Campaign last and how often will the DSP Optimize the Campaign

Source: Adsmobi

ABOUT MOBILESQUARED

mobileSQUARED provides specialist research which enables brands, agencies and the mobile industry to increase engagement with the mobile consumer.

We conduct primary research on the mobile industry and mobile consumers, with a focus on delivering exclusive forward-looking data on mobile device usage, mobile web, app and commerce trends and usage, and mobile advertising responsiveness to help clients identify and respond to fast-changing mobile trends.

And for a wider view of the industry, we provide detailed mobile industry user and revenue forecasts.

Our clients look to mobileSQUARED's expertise to provide candid insight into the mobile market.

We do this using our extensive global network of senior contacts to research, collect and collate the latest data, developments, trends and insight on an ongoing basis.

For more information, visit, www.mobilesquared.co.uk

ABOUT NICK LANE

Nick has been described as "the leading commentator on UK mobile media (Adam Smith, Futures Director at GroupM). But Nick's experience extends well beyond the UK.

He specializes in mobile market intelligence and heads up the research and analysis at mobileSQUARED.

Prior to launching mobileSQUARED, Nick was Head of Research Services and Principal Analyst at Informa, where he oversaw the group's leading industry newsletters, reports and forecasts that have helped shape the mobile industry.

In this role, Nick established himself as one of the leading authorities on the mobile content, services and advertising space, regularly speaking and chairing at conferences and events around the world.

While in this role at Informa, Nick wrote a number of reports, from consumer behavioral analysis to mobile advertising.



ABOUT ADSMOBI

Adsmobi is a world class transparent Mobile Demand Platform for Mobile Advertising. Our Real Time Bidding technology is performance optimized, and integrated to the top mobile supply platforms all over the world.

We have pioneered cutting edge solutions that match advertisers with their target audiences to achieve the highest mobile ROI goals.

Our state of the art optimization tools will ensure you generate tons of downloads at the most competitive price. Equally, our audience targeting will ensure you run successful branding campaigns.



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adsmobi Inc.

260 Madison Avenue
8th Floor
New York City, NY 10016

T: +1 (646) 807-4596

newyork@adsmobi.com

25 Floral Street
Covent Garden
London, WC2E 9DS, UK

T: +44 (020)786855-52

london@adsmobi.com

333 North Bridge Rd.
Singapore 188721
Singapore

T: +65 6336 6254

singapore@adsmobi.com

Gerhofstrasse 2
20354 Hamburg
Germany

T: +49 40 6094 0838

hamburg@adsmobi.com

NEW YORK - LONDON - SINGAPORE - HAMBURG

+1 (646) 807-4596 - CONTACT@ADSMOBI.COM - WWW.ADSMOBI.COM