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# Google's AdMob Buy Boosts Hopes for Mobile Ad Firms

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A rising tide raises all ships – at least, that's what the mobile advertising industry is hoping will result from Google's \$750 million acquisition of mobile ad network AdMob.

Mobile advertisers have waited years for the industry to take off, but so far growth has been sluggish as television and the Internet continue to dominate the advertising landscape. Many in the industry viewed the AdMob acquisition as a long-awaited validation of the mobile advertising platform.

"[The AdMob acquisition] is a recognition that mobile actually represents a whole different set of capabilities to an advertiser," says Mike Wehrs, president and CEO of the Mobile Marketing Association. "It clearly demonstrates the value of the industry."

Wehrs predicts the deal will raise the profile of the mobile advertising industry and points to the recent fundraising efforts of mobile advertising and marketing companies as evidence.

Just days after the Google deal was announced on Nov. 9, Millennial Media landed an additional \$16 million in Series C financing from venture capital investors. About a week later, location-based mobile marketer Placecast landed \$5 million in Series B funding from two existing investors and one new investor.

"This really is a validation that mobile advertising is becoming more and more mainstream," says Paran Johar, chief marketing officer at mobile ad firm JumpTap. "It's not as nascent a market as a lot of people think it is."

According to Johar, the JumpTap's average click-through rate on mobile ads is more than 2 percent. That may sound like a small figure, but it's actually much higher than the industry-wide average click-through rate for Internet ads, which hovers well under 1 percent. There's also been positive data on mobile advertising from Nielsen, which reported in 2008 that about half of mobile data subscriber who saw a mobile ad responded to it.

However, skeptics point out that cell phones have a long ways to go before they can match the viewing time enjoyed by television screens and the Internet. "These are devices we have with us every day, but the actual amount of time we're staring at them is actually very small compared to Internet and television," says Yankee Group analyst Carl Howe.

Howe has been following the mobile advertising industry for some time now, and expects its growth to be incremental versus rapid. "Google bought prime real estate with the AdMob purchase," he says. "They expect that small city to grow into a bustling metropolis over the next 10 years, but it's not going to happen next year."

Howe's somewhat pessimistic near-term outlook for the mobile advertising industry is common among analysts familiar with the market.

Mark Beccue, an ABI Research analyst familiar with the mobile advertising industry, says ad agencies are simply not interested in mobile. "[Advertising agencies] ignore the experience mobile can give you. It's not interesting to them because mobile doesn't make them a lot of money," he says. "This is all up to advertisers changing their perception of what they want for mobile."

Beccue and Howe agree that mobile advertising is a long way off from widespread penetration. Howe predicts that the key to spurring the market is mobile Internet access: The more people access the Internet from their handsets, the more likely subscribers are to interact with ads. Beccue agrees with that assessment, but argues that changing the minds of advertising executives is the key to the future of mobile advertising.

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