

Apple's Location Move Is All About Control

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Control. That's the point of Apple's recent announcement that it's a big no-no for app developers to use location-based information for the main purpose of mobile ad-targeting. And it fits with the way the company does business.

In case you're unfamiliar, here's the crux of the matter from [Apple's iPhone Dev Center](#):

"If you build your application with features based on a user's location, make sure these features provide beneficial information. If your app uses location-based information primarily to enable mobile advertisers to deliver targeted ads based on a user's location, your app will be returned to you by the App Store Review Team for modification before it can be posted to the App Store."

Apple's cryptic post is a warning, and its aim, ostensibly, is to protect the user experience. There is no further explanation. But the company doesn't have to fully explain anything. Not to developers, nor anyone else. The company has the devices, the store, the billing, and a large audience. In AppleWorld the company sets the rules and you play by them, or go home.

Troubling Move

Still, the move has troubled some of those involved with mobile advertising. One executive I talked to said he was shocked by it, and that it wouldn't work. Geo-located advertising is foundational, he says, and knowing where the consumer is for the purposes of delivering ads has been used for years. A developer I spoke with wondered how it would affect a mobile app his company is upgrading that has a commerce angle. And an interactive ad agency executive said it is Apple's way of trying to wall off everything – like carriers have tried to do.

Reality Check

What is really going on here? Several things:

- ▶ **On the face of it, not all that much.** This issue of using location in apps for targeting ads is not new, an iPhone app developer told me. For more than a year, his company has been reminded by Apple that iPhone apps using location features need to make sure those features are relevant and useful to the end-user, and not chiefly for serving location-based ads. So why make it so public now? Best guess: Apple has been slammed by waves of developers seeking to enable location because they can, and not having a purpose beyond targeted advertising. So, the post is a reminder to developers to play it straight (we're in control).
- ▶ **The Quattro deal.** In a larger context, though, Apple's recent purchase of mobile ad network Quattro Wireless (for \$275 million) has some bearing here, given that Apple is contemplating how it will integrate the network with its mobile offerings. And location is an obvious key element that the company would like to – and will – exploit. It's clear that Apple can bake in a mobile ad network among its devices, app store, and SDK, and take a piece of the action. Moreover, CEO Steve Jobs thinks mobile ads "suck," according to media reports. Quattro gives him and his Apple team a way to change that perception, and not just on the iPhone – but on the iPod Touch and iPad as well.
- ▶ **Those patents.** There are some interesting patents that Apple has filed relative to location, as 1020 Placecast CEO Alistair Goodman points out in a post on TechCrunch. These could be used to enable advertising relevant to location, and keep Apple in control of the ecosystem. So don't be surprised when these patents get fully utilized.

Clearly, location is crucial to the whole value exchange between mobile marketers and consumers. Where a consumer is and in what context (*e.g.*, time of day, actual weather conditions, nearby events) are strong predictors of consumer intent. What marketer wouldn't want to know these factors when presenting an offer on a mobile device? Location needs to be used carefully by marketers, of course, and consumer privacy needs to be respected. And to its credit, Apple wants to make sure the experience is a positive one for the end-user, and that mobile ad spam doesn't encroach on its universe. Laudable goal.

Guidance For Mobile Marketers

Here's what mobile marketers should do:

- ▶ **Work with Apple.** If you want to target iPhone, Touch, and iPad users you have little choice. But don't take the mandates lying down. Push back if the rules of engagement seem too onerous. After all, your advertising dollars can go elsewhere since there are alternatives (see next point).
- ▶ **Make plans for other platforms, networks.** Android (think Google-AdMob), BlackBerry, Windows Mobile, Palm, Symbian have mobile audiences, too. Not as potent as Apple's at this point, but they are building, and will be worth considering for your marketing dollars. Plus there are other mobile ad network options (Millennial Media, Jumptap, Mojiva, Greystripe, the carriers).
- ▶ **Leverage location the right way.** Use it wisely in mobile marketing so that consumers don't react negatively, and the benefits of the value exchange work both ways. Apple gets this, and so should you.

This dust-up over location and ad-targeting is about control – and ultimately money. Apple wants to dominate as much of the mobile user experience as it can – including the marketing. And right now it holds the high ground among sought-after smartphone users who have gone ape over apps. However, as alternative platforms gain ground, and mobile Web access goes more mainstream, that control won't rest so much in Apple's hands.

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