

# Goodbye, Cheap Mobile Ads: How Apple Is Driving Sales for Smaller Platforms

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By Chris Dannen | May 10, 2010



Mobile advertising has been poised to catch fire for so long that it was beginning to seem overhyped. That is, until **Apple** (AAPL) unveiled its iAd platform in April. “We saw demand go up 100% [quarter over quarter] after the iAd announcement,” says **Michael Chang**, CEO of **Greystripe**, a mobile ad platform backed by **NBC/Universal** (GE) and **Disney** (DIS) venture funds.

Now, Chang says, it’s only a matter of time before mobile ad unit prices begin to rise: perhaps as little as nine months to a year.

Greystripe is an instructive example in the mobile advertising business because it’s a medium-sized competitor with a unique technical advantage: it can run **Adobe** (ADBE) Flash ads on the iPod, iPhone and iPad, which don’t natively support Flash. Flash is the industry standard for animated Web ads, but suffers a lack of support on Apple devices, and on pretty much all smartphones as well.

Mobile advertising has been getting a lot of attention lately, owing to the FTC’s imminent

ruling over the legality the **Google-AdMob** (GOOG) acquisition. With so many big players jumping into the space — Apple acquired **Quattro Wireless** to build out iAd — it would seem the mobile market had finally found its cash cow. But demand for mobile ads has been slower to grow than all the excitement would suggest.

“We’ve seen our ability to push prices upwards increase recently,” says Chang, who says his company’s year-over-year top-line revenue has grown by 300-400%. “But we still need the demand to scale.”

The missing link for media buyers is the proof of efficacy of mobile ads. But Greystripe says their ads get even better click-through rates than Web display campaigns, with click-through topping 1%. By offering their “iFlash” ads for the iPhone OS, they’re aiming to get advertisers to give them the exact same Flash ad they run on the Web, and serve it to mobile phones, so they can compare the results side-by-side and see what they’re getting. There’s also no waiting for a new, mobile-centric campaign; it’s instant turnaround.

Greystripe has solid offerings for its advertisers, and some valuable IP behind its iFlash platform. Of course, Google and Apple could always come in and wreck their party with better ad products. But with such an expensive entry fee, Apple, at least, may be courting different customers than its smaller competitors. It’s also requiring its ads be designed in-house at Apple, giving its advertisers minimal control over how their content appears. (What Google does with AdMob remains to be seen.)

Though Apple does offer some killer advantages, like location-aware ads, its high starting price and extreme level of control means that it may be bringing a lot of attention and credence to the mobile ad market without necessarily eating everyone else’s lunch. That could leave companies like Greystripe, who are well capitalized and have their own attractive products, to ride a rising tide.

**Tags:** [Goodbye](#), [Advertisement](#), [Mobile](#), [Apple Inc.](#), [Sales Strategy](#), [Sales Force Management](#), [Advertising & Promotion](#), [Sales](#), [Marketing](#), [Chris Dannen](#)

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