

## Advertisers Bet Big on iAd -- Will It Pay Off? by [Mark Walsh](#), Monday, June 7, 2010, 9:00 PM



In the newly unveiled iPhone 4, Apple appears poised to launch a high-end springboard for its forthcoming iAd platform. Initial reaction to the new model is that it represents a significant upgrade to the iPhone 3G S, if not the huge leap forward Apple CEO Steve Jobs described it as in his keynote at the company's Worldwide Developers conference Monday.

With new features like video calling, a higher-resolution screen and a built-in gyroscope to create more sophisticated games, the [iPhone 4](#) shapes up as Apple's most media-friendly handset to date. If those factors add up to even greater use of mobile applications, it should give a boost to iAds, which are essentially run as rich-media apps within apps.

At the same time, if the innovations in the iPhone 4 can help Apple sustain the product line's strong growth, it will help expand the potential ad audience even further. Jobs said the iPhone, iPod touch and iPad will surpass the 100 million mark later this month. With Android-based phones outselling the iPhone worldwide for the first time ever in the first quarter, Apple can't afford to slow down now.

Advertisers are already buying into iAd to the tune of \$60 million in commitments for 2010 over just the last two months, according to Jobs. On board are top-tier brands including Unilever, AT&T, Chanel, GE and Liberty Mutual. And if reports are correct, the initial group of advertisers paid up to \$10 million for the privilege of being an iAd launch sponsor.

Clearly, more than just the usual suspects for new ad formats like movie studios are betting on the iAd. Even insurance companies are excited. "The iAd represents the future of mobile advertising," said Paul Alexander, a spokesman for Liberty Mutual. "When Apple asked us to be part of its initial iAd launch, we seized the opportunity, because it allows us to engage users on the topic of responsibility -- a theme that is central to the Liberty Mutual ethos -- in a rich-media ad." Unilever expressed similar confidence in the promise of advertising in mobile apps in a statement.

The key question is whether Apple can maintain a sense of urgency and expectation among marketers and consumers alike after the iPhone 4 debut later this month and the iAd rollout in July. What happens when the novelty wears off?

"I suspect you'll see iPhone users just want to experience [iAds], which is part of the whole marketing push behind it," said Noah Elkin, a senior analyst at research firm eMarketer.

"Whether or not that continues beyond the initial phase depends on how appealing and engaging the ads really are."

A demonstration by Jobs of an iAd for Nissan's fully electric Leaf car certainly looked impressive, taking over the screen when tapped on and letting users tap the screen for other pieces of information, like the car's miles per gallon. Best of all, it lets users explore the ad without leaving the app they're in. But other ad networks, like Greystripe, which Monday announced a new partnership with Adobe, already provide similar in-app rich-media ad options.

What could really set iAd apart from rivals including Google's AdMob is the ability for advertisers to target ads according to iTunes customers' purchase history. Apple's 150 million iTunes accounts offer marketers a trove of aggregate buying behavior to match with desired demographic profiles.

"The important thing about this is we're not only buying media but buying audiences," said Phuc Truong, who leads Mobext, the mobile marketing arm of Havas Digital. And buying audiences rather than content is increasingly how agencies are approaching ad buys. So it may not be the device, but the audience, that matters in the end with the iPhone.