

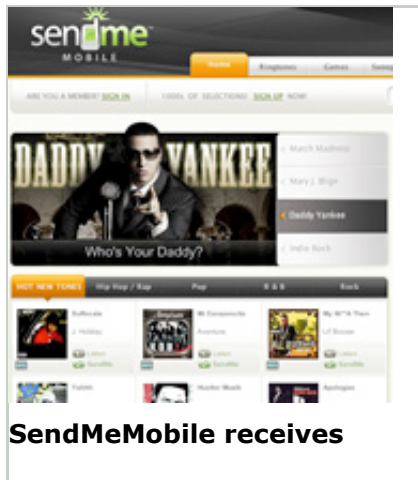
Mobile Marketer

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Mobile to inevitably become mainstream ad medium: SendMe exec

By Dan Butcher

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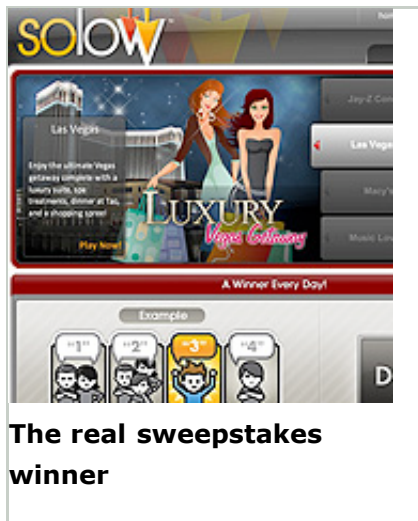
Despite the recession, consumers are increasingly relying on devices and mobile marketing spend continues to grow because of this.

A recent report from Gartner projects that spending for mobile advertising worldwide will grow 74 percent this year to \$913.5 million. One mobile marketing executive offered his insight into why the mobile sector is experiencing rapid growth despite the current unstable market and saturated space.

"We are a very significant buyer of ad inventory, online, TV, mobile and other channels, all of which we evaluate on a performance basis," said Russell Klein, cofounder/CEO of SendMe Mobile, San Francisco.

"We're constantly comparing mobile to other channels such as online and TV to gauge whether mobile is a worthwhile channel for us to invest in, and we see the growth of mobile on our side," he said.

"We're probably 24 months away from mobile being a mainstream medium for advertisers, but it's almost inevitable that it will."



So what are the tradeoffs advertisers must take into account when deciding where to invest their advertising dollars?

Advertisers must recognize that mobile will have some limitations with regard to online and TV due to a smaller screen, Mr. Klein said.

However, the mobile channel offers more in terms of targeting.

Founded in 2006, [SendMe](#) claims that it is currently earning \$10 million each month in revenue.

every month in buying ad inventory, and mobile is a small but growing part of the equation.

"We spend far less on mobile advertising than people would think, in large part due to the recession, which has resulted in an explosion of availability of online inventory at very attractive CPA, CPC and CPM rates," Mr. Klein said.

Cost-per-acquisition, cost-per-click and cost-per-thousand-impressions (CPM) are the standard models that Web sites use to charge advertisers.

SendMe is more of a CPA shop. Everything it does it buys on a CPA basis and the company evaluates everything on an ECPA (expected-cost-per-acquisition) basis.

Mr. Klein said SendMe does very little purely on a branding basis.

The hockey-stick adoption curve of smartphones has benefitted mobile advertisers and publishers alike.

“There are very nice pockets of pick-up on the mobile Web,” Mr. Klein said. “We’re focused on smartphones and the better quality of inventory we can source there, and we’re seeing a general increase in inventory.

Despite the current lull caused by the recession, the future of mobile advertising looks bright.

“We’re surprised at how small the pie is in terms of mobile advertising opportunities from our perspective as a buyer, but it is very attractive to us,” Mr. Klein said. “One advantage of mobile is better targeting capabilities, by carrier, by handset, by geography, by current location.

“On mobile, advertisers get a demographic that ultimately ends up being more attractive financially given their profiles and their willingness to engage in premium services over a long period of time,” he said.

“Mobile is still more fragmented and hit-and-miss than we’d like to see, and while there will be mobile advertising pockets of gold over the next year, it’ll probably be two years before we see an explosion of inventory and it becomes more of a mainstream medium.”

SendMe has entered into partnerships with entertainment companies such as Universal Music Group, Warner Music, EMI, Sony Pictures, Corbis, the Orchard, Iota and more than 30 others looking to leverage the mobile channel.

Like any successful company, SendMe must invest in various media and pursue various monetization strategies, from advertising and sponsorship to pay-per-download and subscriptions.

“For us, it’s a balancing act in terms of where we spend media dollars,” Mr. Klein said. “We’re one of the largest buyers of advertising in the premium SMS market, and we recognize that mobile Web advertising opportunities will be very significant going forward.

“It’s unknown when that medium will hit critical mass, but mobile represents the next step in the evolution of performance media, because you can track it so effectively,” he said.

“For the time being, mobile is a niche medium relative to the buying opportunities of other media such as TV and online, but that will change over the next couple of years as mobile advertising continues to mature.”

Staff Reporter Dan Butcher covers banking and payments, carrier networks, commerce, database/CRM, manufacturers, music, software and technology. Reach him at dan@mobilemarketer.com.