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Yahoo's Grand Mobile Ad Experiment

The popular Web portal will start including ads with wireless content. Will users on-the-go slow down for a message from a sponsor?

by [Catherine Holahan](#)

Cell phone users have long been able to use their wireless devices to search the Web, often without the banner ads that adorn sites viewed on a bigger screen. That may soon be changing. On Nov. 7, Yahoo! ([YHOO](#)) begins testing an advertising platform that will serve up ads specifically tailored to the smaller screens and bandwidth constraints of mobile devices.

Yahoo has offered mobile-phone-compatible versions of its main properties—such as the Yahoo homepage, e-mail, instant messenger, and finance sites—since 1999 (see BusinessWeek.com, 1/6/06, ["Yahoo on Your Phone, TV, PC..."](#)). Unlike sites formatted for a computer screen, the mobile sites didn't previously include banner ads or other forms of interactive sponsor messages. PepsiCo ([PEP](#)) will be among the first advertisers to try the new mobile platform.

FOLLOWING THE CONSUMERS

Michael Bayle, senior director of a business that Yahoo calls Monetization for Connected Life, says the ability to deliver messages to consumers on the go has become increasingly important to advertisers, particularly as mobile devices have become more feature-rich and able to surf the Web.

"It is where consumers are going, and advertisers want to make sure that their brand is seen where consumers are spending time," says Bayle.

Advertisers spent \$104.4 million on mobile advertising in 2005. Visiongain, a consultancy that tracks mobile ad spending, estimates U.S. marketers will spend \$602.3 million by 2009. Other research firms put the number at more than \$1 billion by 2010. By some estimates, mobile advertising will eventually make up more than 25% of the \$100 billion spent annually on branded advertising (see BusinessWeek.com, 3/24/06, ["Now Playing on Your Cell Phone"](#)).

An ability to serve mobile ads would undoubtedly be a boon for the company, which has looked for ways to better match advertisements with search results and other content (see BusinessWeek.com, 10/17/06, ["Yahoo's Project Panama Back on Track"](#)).

NEW TARGETS, NEW TEMPLATES

Bringing ads to cell phones will help advertisers reach a younger crowd, as the mobile audience skews slightly younger than Yahoo's overall audience. Bayle says it also tends to be made up of two kinds of people: those in a hurry who want an answer to a specific question such as "what car rental places are close to the airport" and those whose mobility has been halted because of a travel delay, postponed flight, and the like. The former group is, presumably, amenable to advertisers whose services provide answers to their

questions. The latter group could be bored enough to both shop and surf.

Formatting sites especially for mobile devices has become increasingly popular as more cell phone users buy handheld devices equipped with Internet access, color screens, and other features. In September, an Irish company began a new top level domain, dot-mobi, intended to host only Web sites formatted for cellular phones. Customers who purchased a dot-mobi domain name were automatically given templates to help design their pages to fit portable screens (see BusinessWeek.com, 9/28/06, "[A New Wave of Web Addresses](#)").

Yahoo's new service also features several templates for advertisers. The page and advertisement that best fit the mobile device in use is automatically displayed, thanks to technology from Yahoo and cell phone providers.

NEW LEADER

Yahoo's Bayle says he believes mobile advertisements will evolve way that Web-based ads did. As Internet connections become faster and screens become more capable of displaying details, ads will change from simple graphical text ads to the multimedia and video ads currently on the Web. And, unlike with search ads, where Yahoo trails Google ([GOOG](#)), Yahoo wants to be at the forefront of this evolution.

Already, the site is partnered with more than 50 mobile device manufacturers and service providers. "Yahoo has established itself as an early leader in mobile advertising, and is continuing to help drive growth of this emerging market," said Steve Boom, Yahoo's senior vice-president of mobile and broadband. "We are uniquely able to create and deliver innovative, interactive marketing solutions to a targeted audience of engaged consumers."

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