

## APPLE WARY AS AMAZON ENCROACHES IN MOBILE AD SPACE



Apple is facing stiff competition from Amazon in the mobile-ad space, with its rapidly growing Kindle service and a mushrooming mobile ad-offering. E-commerce giant Amazon is of course, selling ads on its appliances and on its website, but its recent overtures show that it has bigger plans up its sleeve. It has employed the services of Jamie Wells, who has a wealth of experience having led global marketing for mobile display and appliances, during his stint with Microsoft. Smith is building his team and his LinkedIn page declares, "Hiring for Multiple Ad Sales Marketing Positions." Smith's hiring could signal that Amazon wants to mirror Apple's methods of entering the mobile-ad space – by acquisition. It is well known that a couple of years ago, Apple had acquired mobile-ad network Quattro Wireless and launched a mobile-ad format called iAd. In addition Amazon also has a huge mobile traffic. Almost 50 percent of all US adult smartphone subscribers visited Amazon sites and appliances in March, as reported by ComScore, which puts it on the fourth-most-visited property on smartphones. Another thing in Amazon's favor that makes it a strong competitor to Apple is that like Apple with its iPad, Amazon sells its own tablet. Research firm IDC reports, that Amazon sold about 5.5 million tablets since the Kindle Fire made its debut during the holiday quarter. It is seen, especially in the mobile sector, that hardware manufacturers often turn into ad sellers. Samsung has already made it apparent that it will launch its own mobile-ad exchange, AdHub Market, later this year. Perhaps, what makes Amazon a very attractive advertising prospect for advertisers, is that it has reams and reams of purchase data, garnered from the high number of visitors it attracts. The e-commerce giant is known to use its online-shopping data to power its own product suggestions. Marketers will be hard pressed to ignore this aspect of Amazon, more so, if Amazon decides to integrate some of that purchase behavior into mobile-ad targeting. When Apple had offered similar data, when it launched iAd, a couple of years ago, brands made a beeline for the company. The data on actual purchase behavior data was huge, thanks mainly to iTunes' 225 million accounts and \$5.4 billion worth of music, video, appliances and book sales in 2011. Amazon last year sold \$48.1 billion in services and products, from books to TVs and diapers. Sal Candela, mobile director of media agency PHD said, "With the amount of data Amazon has available, there's a massive opportunity to use that as a pretty powerful targeting technique online and into mobile." However, Amazon's entry into mobile advertising will not be as easy and smooth as prophesied. Amazon will, in all probability, not get much of the \$15.6 billion, that the retail industry spent in 2010 and retail is a mobile-ad category. ComScore reports that this is a challenge that the company is already facing as it sells display ads on its web properties. This according to ComScore attracted 101 million users in the US and one quarter of the world's internet population in April. Ad Age has reported that Amazon is ensuring that its advertisers reach Amazon customers off Amazon.com, by buying up ad inventory on other sites and then selling it at a higher price. Mobile-ad competitors' apprehension on Amazon's trespassing into their territory and taking a slice of their shares has an assuaging thought. It will garner much-needed attention to a space that is projected to rake in \$2.6 billion in U.S. spending this year. If "Amazon gets into [mobile ads] wholeheartedly, the tide will raise all ships," said Phuc Truong, managing director of mobile agency Mobext.

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