



August 3rd, 2010

<http://www.marketingvox.com/will-googles-new-mobile-ad-format-ushe-in-cpa-on-a-wide-scale-047462/>

Will Google's New Mobile Ad Format Usher in CPA on a Wide Scale?

Google has **launched** a new mobile local ad product that extends the **click-to-call** phone number functionality that debuted at the beginning of the year.

This latest enhancement lets marketers embed maps within expandable ad units, and then target the ads according to a customer's immediate location. When the ad is expanded, it pinpoints the business' location on a map along with a click-to-call phone number and an option to ask for turn-by-turn directions.

The kicker is this: Advertisers are only charged when the business is called or its website visited. Google **has been rumored** to be working on a cost-per-action online ad format. As it launches, a larger question looms: will it lead to a wider offering - and acceptance on the part of ad networks - of a CPA online model?

Local Ad Market

If this format is ever to take off, it will be for a local offering, says Adam Goldberg, co-founder of **ClearSaleing**, an advanced advertising analytics provider, and a former Google sales manager. "It is a great way of tapping the local online ad dollar, which has been difficult up until now. A local locksmith - do you think he has an online ad budget? But he will definitely pay for something that will bring consumers to his door when they need him - and that he can there is a tangible benefit."

Judy Barron, strategy director for **Wahlstrom**, says the company has been testing the new Google search ad expansions - the extra site links, maps, addresses - and they have already proved to increase response rates. "On the local search front, giving advertisers a path toward greater exposure and then charging when a connection is made is a strong opportunity for individual businesses or corporations." It will be interesting to see if Google can apply this format to all mobile browser formats, she says.

Pushback

Expect pushback, though, from companies that benefit from the pay per click model. Publishers do not like cost per action models, because they have no control over the quality of the offer but still only get paid if the viewer responds to it, says **RealVu** Executive Vice President Alan Edwards. "The publisher's responsibility is to bring eyeballs - i.e viewers. Publishers want to be paid when the ad is viewed. Whether the ad is clicked or other action taken should not be their concern."

Apply Analytics to the Problem

Demand is likely to grow for CPA ad models as analytics provide advertisers with more data as to exactly when, where and why each ad was viewed - and what happened afterwards, Goldberg speculates. Advertisers are balking at paying for an acquisition when, for example, the viewer saw a display ad 30 days from the time of purchase and made no other sign he was interested, he says. Or for viewers that were re-targeted and then bought something. "Some of these networks have a huge reach so if the window is long enough it could effectively tap 90% of a site's orders." He says more brands are negotiating with ad networks for price discounts in these scenarios, using ClearSaleing's tools.