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Google Acts to Raise Mobile-Ad Prices

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By AMIR EFRATI

Google Inc. [GOOG +0.55%] said it will require current advertisers using its AdWords online-ad system to pay for ads on some mobile devices, like tablets, for the first time.

The move is an attempt by Google to boost the prices that advertisers currently pay for mobile-device ads, thus increasing its revenues amid concerns that historically low mobile-ad prices will hurt its bottom line, said several ad-industry executives. They added that more people are accessing Google's Web-search engine through mobile devices.



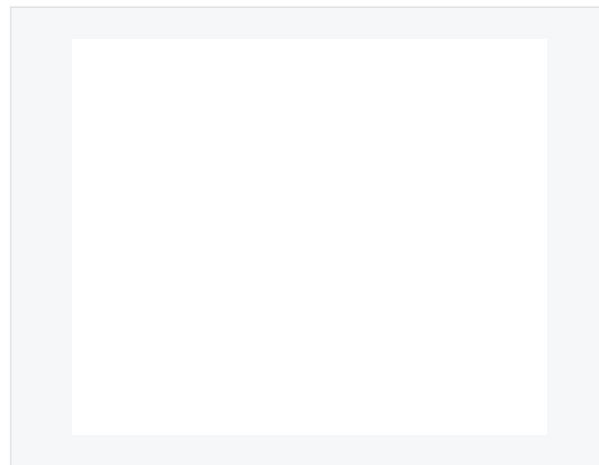
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The Google logo seen in Washington on Jan. 23.

Under Google's change, dubbed "enhanced campaigns," the company also said it will require advertisers to pay for ads on tablets even if they just want to reach personal-computer users. All AdWords advertisers will be "upgraded" to "enhanced campaigns" by mid-2013, Google said in its blog post alerting advertisers to the change.

A Google spokesman said that "the lines between devices are quickly blurring," and the company's data show that "ad performance on these devices is similar."

The Mountain View, Calif., Internet giant makes the majority of its more than \$40



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billion in annual ad revenue from AdWords. AdWords allows advertisers to place bids in an automated auction to have ads show up next to related Web-search results.

In a blog post, Google said "enhanced campaigns" would allow its more than one million advertisers to set up an AdWords campaign that allows them to control how much they pay to show ads to people who have allowed Google to track their location, time of day and the type of device they are using. Previously, advertisers had to manage multiple campaigns to get similar results.

For instance, Google said a retail store will be able to adjust the price it is willing to pay to show an ad to people using smartphones who are half a mile away from the store after 11 a.m. Advertisers also will be able to show one type of ad to people using smartphones and another type of ad to those using PCs.

"With enhanced campaigns, instead of having to cobble together and compare several separate campaigns, reports and ad extensions to do this," an advertiser "can easily manage all of this in one single place," said Sridhar Ramaswamy, a Google engineering executive, on a company blog.

WordStream Inc., a firm that helps people advertise on search engines, estimated that less than 4% of small and medium-sized advertisers had set up mobile-ad campaigns "because it was such a hassle."

Danielle Leitch, an executive at MoreVisibility Inc., which helps companies advertise online, said Google's move will increase the complexity of running an AdWords campaign. She added that advertisers won't be able to allocate a greater percentage of their budgets to tablets versus PCs because the two device types will be combined in the new AdWords system. Many advertisers haven't tailored their websites so that they can be viewed well through tablets, she said.

"If your website right now isn't well-viewed on tablets, you're going to need to correct that," she said.

Write to Amir Efrati at amir.efrati@wsj.com

A version of this article appeared February 7, 2013, on page B7 in the U.S. edition of The Wall Street Journal, with the headline: Google Acts to Raise Mobile-Ad Prices.

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