

Mobile Advertising and Marketing

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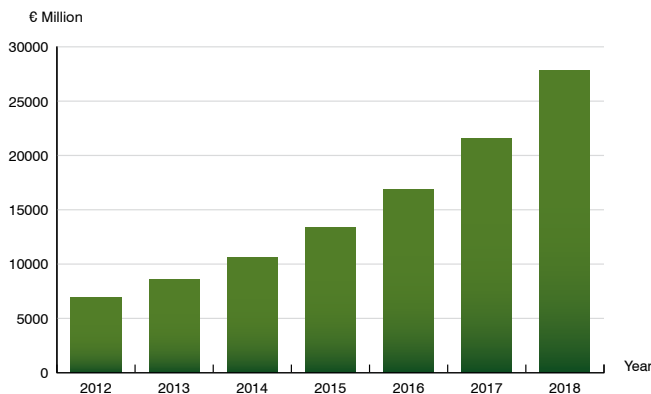


Mobile on track to reach 20 percent of digital ad spend by 2018

There are more than 6.5 billion active mobile subscriptions across the globe, which can be compared with about 2.7 billion Internet users. This underpins the vast potential of the mobile channel for advertising and marketing, being highly important for brands seeking to engage in communication with present and potential customers. Berg Insight estimates that the total value of the global mobile marketing and advertising market was € 6.9 billion in 2012, having experienced strong growth in the fluctuating financial climate in recent years. Growing at a compound annual growth rate of 26.2 percent, the market is forecasted to be worth € 27.9 billion in 2018 – corresponding to 19.3 percent of the total digital ad market. Mobile advertising is at the same time predicted to account for 5.9 percent of the total global ad spend for all media. This resonates well with the continuously increasing share of time which people spend on the mobile channel at the expense of traditional media consumption.

The mobile media has several especially useful characteristics from a marketing perspective. First of all, most people have a mobile handset, making reach unmatched. Mobile handsets have become increasingly advanced, making it possible to deliver highly compelling advertising experiences incorporating rich media, video and interactive content. Even more importantly, handsets are extremely personal devices which people tend to always have within reach and most often switched on. This enables unique marketing possibilities which other channels lack. Consumers can be reached at all times and in all places, which makes the channel stand out of the crowd. The personal nature of the devices makes it possible to deliver messages which are highly relevant for the recipient, taking into consideration demographics, interests, context, behaviour and other preferences. Marketing messages that have gone through such a personalisation process are bound to be much more effective in fostering brand engagement and driving purchase intent. The ROI of such initiatives can be substantially better compared with intrusive campaigns where all consumers are flooded with the same non-personalised message. The mobile channel can in this way avoid the pitfall of unsolicited communication and capture an important role in next-generation marketing.

For several years, mobile media was claimed to be on the verge of entering the array of main media channels for marketing. During the last few years, advertisers have increasingly left the experimental stage and started to deliver full-scale campaigns. Advertisers include blue chip ▶



Mobile advertising revenue forecast, € million (Worldwide 2012–2018)

▶ companies and to an increasing extent also SMBs. Exposure through multiple channels – digital as well as traditional – has proven to yield better results and higher engagement than when channels are used in isolation. The mobile channel for example offers great possibilities for multiscreen advertising combining TV commercials with mobile engagement. It is also possible to use mobile marketing to add interactive components to campaigns spanning print media such as newspapers and magazines as well as out-of-home marketing.

Numerous actors are engaging in activities related to mobile marketing, including large players from the digital industry. Google has captured an important position, offering a range of mobile advertising alternatives such as mobile search ads, display advertising and video ads on YouTube. Apple is further seeking to gain market shares with the iAd platform for in-app advertising. Microsoft and Yahoo! are additional digital players placing increased focus on the mobile channel. Facebook has moreover emerged as an important newcomer and is now generating half of its advertising revenues from mobile devices. Several operators including AT&T, Orange, SFR and the UK joint venture Weve are also active in mobile marketing. Leading specialised mobile marketing players further include InMobi, Smaato, Nexage, Madvertise, Amobee and Millennial Media which acquired Jumpstart in 2013.

There are a number of key takeaways from the latest developments in mobile marketing. Mobile marketing is strengthening its position in the marketing media mix as smartphones are becoming ubiquitous and drive mobile media usage. Advertisers however need to refine their marketing strategies to integrate the mobile channel. Branded applications have proven to provide great consumer engagement and mobile web presence has also surfaced as a must-have among brands. Video and rich media are examples of state-of-the-art ad formats, but the potential of less sophisticated alternatives such as opt-in SMS programs is still substantial, not the least due to an unprecedented reach. The integration of location-sensitivity across all formats is moreover increasing, though hyperlocal advertising remains a nascent niche. Real-time bidding has furthermore started to take off on a large scale on the mobile channel. Finally, Berg Insight expects that the underinvestment in mobile marketing will diminish in the upcoming years.

This report answers the following questions:

- How should mobile handsets be integrated in the marketing media mix?
- What developments in the mobile industry and end-user behaviour are required for mobile advertising to keep growing as a multi-billion euro market?
- How are Apple, Google, Facebook and Yahoo! positioning themselves to become leading mobile advertising players?
- Who are the rising stars that stand out from the crowd among the mobile advertising and marketing companies?
- What are the experiences from mobile marketing campaigns so far?
- What implications does mobile advertising bring for operators?
- What is the distribution of mobile advertising expenditures across formats in different regions?
- Which advertising formats will become most successful in the mobile environment?
- In what ways can location technology improve the relevance of mobile advertising?

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Glossary

About the Author



Rickard Andersson is a Senior Analyst with a Master's degree in Industrial Engineering and Management from Chalmers University of Technology. He joined Berg Insight in 2010 and his areas of expertise include LBS, commercial vehicle telematics and mobile VAS.

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