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Mobile Advertising – Worth Betting On?

Virtually every passing year has seen new technologies being tested in the advertising industry. In recent years, the concept of mobile marketing has come to the fore. Its growth has been driven by the perception of superior return on marketing investment (ROMI).¹

With mobile penetration close to 100% in the high and middle-to-high income cities of Asia, and with smartphones like the iPhone or Blackberry accounting for an ever-growing share, the deployment of advertising on mobile phones has become widespread. China, for example, reported 859 million mobile phone subscribers at the end of last year – a huge market for advertising, whatever the penetration rate.²

Mobile advertising can range from simple text messaging to intelligent, interactive ad messages. What's more, brands are creating downloadable applications for mobile devices with brand-building content, tapping into the explosive interest in mobile apps.

In mobile marketing, the most cost-effective technology is also the most primitive - the Short Message Service (SMS). Millions of people communicate via SMS, particularly in Asia where it has become culturally entrenched in some countries as a cheaper, faster and less intrusive way to communicate. The

¹ Rylan Clayne, Reason Behind The Rapid Growth Of Mobile Marketing In This Era!, 12 April 2011

² China Daily, Chinese send 26b SMS during Spring Festival, 16 February 2011

Philippines is known to have the largest volume for text message usage in the world, with about 1.8 billion text messages being sent every day in 2009.³ Chinese users reportedly sent 26 billion short messages during the Lunar New Year period in 2011.⁴

According to Marketing Mobile Association, Asia still predominates in mobile advertising and will continue to be the strongest market in terms of mobile ad spending, no doubt driven by the high penetration of 3G in countries like Japan and Korea as well as the gargantuan mobile populations in China and (increasingly) India and Indonesia.

- In Asia, more than 15 billion page impressions on mobile devices are being generated on a daily basis.⁵
- In 2010, Japanese companies invested over \$1 billion in mobile marketing. South Korea and China invested \$270 million and \$180 million respectively.⁶

Companies that have run high-impact mobile marketing campaigns include Motorola in Japan, Unilever in Turkey and Heineken in Europe.⁷ In Japan, Motorola ran a mobile marketing campaign designed by Ogilvy. It involved saying goodbye to someone at the airport in a novel way, by allowing users to create and display goodbye messages on giant screens in the airport. Celebrities like David Beckham and Jay Chow were used to front the campaign.⁸

³ Budde, Philippines - Mobile Communications - Market Overview, Retrieved on 22 June 2011

⁴ China Daily, 26b SMS Messages Sent During Spring Festival, 16 February 2011

⁵ Mobile Marketing Association, Mobile Advertising Trends 2011, Retrieved on 25 May 2011

⁶ Mobile Marketing Association, Mobile Advertising Trends 2011, Retrieved on 25 May 2011

⁷ The Next Web, 5 Brilliant Mobile Marketing Campaigns, 14 June 2011

⁸ The Next Web, 5 Brilliant Mobile Marketing Campaigns, 14 June 2011

But just how effective is mobile advertising over Internet ads or even traditional advertising?

Traditional advertising at its best can engage the customer through vivid, entertaining copy. Most of us will recall favorite television or radio advertisements. In contrast, when an iPhone user is running one of her many applications, the appearance of a small advertisement that slows down the the device and requires the user to click away the ad may be a tad annoying.

It should be recalled that television consumption remains high in most developed and emerging markets, co-existing with internet consumption as users multi-task.

The dominance of mobile over traditional advertising is far from a foregone conclusion.
