

Mobile advertising

Will mobile advertisements leave online advertising in the dust?



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Mobile advertising, the only medium that offers real-time ad content based on location, is poised to take the advertising world by storm. Marketers are now spending more advertising dollars on interactive mobile advertisements than on traditional online advertisements. What are the lessons for marketers?

What is mobile advertising?

In the words of Trevor Healy, CEO of mobile advertising company Amobee, "Mobile is not an option anymore for online advertising; it's just a mandatory thing you must do because there's no other medium on the planet where you can absolutely reach everybody". To take one example: 98% of people in Indonesia have mobile phones but only 9% of them have PCs¹.

Mobile advertising is a marketing technique that allows marketers of products and services to reach out to their audience through their mobile phones². Google's research shows that "90% of people move between devices to accomplish a goal, whether that's on smartphones, PCs, tablets or TV." As such, reaching customers on-the-go has become more important than ever³.

Some examples of mobile advertising include⁴:

- Full-screen interstitials – An advertisement which appears while a requested mobile content or mobile webpage is loading;
- Audio advertisements – For instance, playing a jingle before one gets to the voicemail recording or during a telephone-based service, such as movie ticketing or directory assistance;
- Short Message Service (SMS) – A service that accounts for over 90% of mobile marketing revenue worldwide;

¹ Mobile advertising and the shift from PC: Q&A with CEO of Amobee, Computer Business Review, Tineka Smith, 22 March 2013

² Mobile advertising, Techopedia, Cory Janssen, retrieved on 31 May 2013

³ Mobile Ads, Think Insights-Google, retrieved on 31 May 2013

⁴ Mobile Marketing – Introduction to social media & digital marketing, Boundless, retrieved on 25 May 2013

- Multimedia Messaging Service (MMS);
- Mobile application, often referred to as In-App;
- Mobile webpage;
- Mobile Web Banner and Mobile Web Poster; as well as
- Mobile games and mobile videos.

The preference for mobile advertising

Mobile advertising is targeted at approximately 6 billion mobile phones users worldwide, including 1.2 billion mobile web users⁵ (figure as at 2012). As the number of mobile phone users outnumbers TV sets and PC-based internet users – even surpassing the total laptop and desktop PC population – advertisers have rushed to this medium.

An example would be Japan, where the mobile advertising industry is estimated to be worth USD900 million. 44% of mobile phone owners in Japan access the advertisements received on their phones today⁶. As for the United Kingdom (UK), research shows that mobile advertising rose drastically in year 2012. Mobile advertising expenditure in the UK was estimated to stand at GBP500 million in 2012 – a trend attributed to the increasing affordability and popularity of smartphones and tablets. The growing use of mobile applications has also led to more spending on mobile advertisements⁷.

Marketers are now spoiled for choice, with multi-modal advertising options. The good news is that both online and mobile advertising can be used in a holistic fashion. However, it is important that marketers make an educated choice. Marketers can only reap the benefits if they truly understand how these two advertising platforms operate, and how they can provide a seamless experience for users⁸.

⁵ 6 Billion Mobile Phone Subscribers In The World, Infographic List, Arjan De Raaf, 22 May 2012

⁶ Mobile Advertising, Ads Mania-Internet Company, Rajesh Sharma, 5 August 2011

⁷ The rise of mobile advertising, Mobile Network Comparison, 17 April 2013

⁸ Ibid

The rise of mobile advertising

A key attraction of mobile advertising lies in its ability to target users in specified demographics and physical locations. The mobile network identifies relevant mobile profiles and preferences, and displays related advertisements when users download and use data services, such as games, applications or ringtones.

Consumers are now turning to their mobile phones for pretty much everything. Time spent on using mobile devices for activities, such as internet and mobile apps, games, music and others has more than doubled in the past two years. For instance, consumers in the US are spending approximately 82 minutes per day on their mobile devices (excluding talk time) in 2011, up from just 34 minutes in 2010⁹.

As more eager marketers leverage the strength of SMS advertising, mobile advertising revenue is poised to grow manifold over the next few years. Industries such as telecommunications, retail, food & beverage, automotive, finance and education are currently the big spenders on mobile advertising¹⁰.

Another reason for the rise of mobile advertising is its ability to provide more personal links and to be customized to various other media and promotion formats¹¹. Research has revealed that most consumers are delighted to receive mobile advertising messages only if the advertisements are relevant and provide benefits in the form of alerts or coupons. With one in two mobile media users happy to receive relevant and beneficial advertising messages on their mobile phones¹², it is expected that more engaging advertisements will emerge in the mobile space.

⁹ Consumers Spending More Time with Mobile as Growth Slows for Time Online, eMarketer, 22 October 2012

¹⁰ Mobile geo-location advertising will be a big number in 2015, Adfonic, retrieved on 31 May 2013

¹¹ Will mobile kill digital advertising?, CNN-Our mobile society, Stephanie Hospital, 26 February 2013

¹² Ibid

The Facebook and Twitter explosion

There was a staggering 111% jump in mobile advertising spend in 2013¹³. It is forecasted that the mobile advertising industry would be worth USD7.29 billion in 2013¹⁴.

Both Facebook and Twitter account for 52 percent of the mobile advertising space which Google and other mobile networks dominated previously.

This growth can be attributed to Facebook's and Twitter's "explosive entrances" into mobile advertising, as well as Google's continued strong performance on the mobile advertising platform. Both Facebook and Twitter account for 52 percent of the mobile advertising space which Google and other mobile networks dominated previously¹⁵.

This is a remarkable development, given that both Facebook and Twitter did not earn any revenue from mobile advertising in 2011.

How would mobile advertising benefit brands?

Utilizing the correct advertising medium is key for companies vying for market share. Marketers yearn for creative and viral marketing campaigns to garner maximum publicity for their products and services. Some advantages of mobile advertising include:

Opportunity for direct response advertising

The mobile world has become an important channel for direct response advertisers. Direct response advertising through mobile phones targets a high volume of conversions at the lowest price. Conversion rates are 10 to 15 times higher on a mobile phone than a website's landing page¹⁶; attracting many results-based marketers.

¹³ Mobile Advertising Skyrocketed Last Year, Business Insider, 17 April 2013

¹⁴ Facebook Mobile Ad Revenue To Reach \$1 Billion in 2013, eMarketer, 29 April 2013

¹⁵ Twitter taking mobile advertising by storm and invading Google's turf, Mediabistro, Mary C. Lang, 10 April 2013

¹⁶ Mobile marketing: best direct response marketing ever?, Direct Marketing News, Jason Wells, 7 January 2013

📍 Regional and local advertising

Mobile advertisements work well for marketers who wish to target consumers in a particular region/community. These advertisements are specially designed to cater to specific region centric preferences, which can only be made successful through mobile advertisements.

📍 Tracking consumers' behavior

Mobile advertisements rely on the mobility of smartphones for success. Knowledge of consumers' location data and their physical movement patterns provides marketers with insights on how to best reach out to their consumers. This also allows for location-based advertising.

Mobile advertising giving rise to location based advertising

Mobile advertisements are usually the preferred choice when real-time and location-sensitive advertising are desired. Besides, location-based advertising can be further enhanced when supported by mobile location data and behavioral insights. Through understanding shoppers' behaviours, marketers can push product-related messages, discounts or sale information when the shopper is physically near the advertiser's business outlet¹⁷.

An example is Quiznos, a quick-serve restaurant, which uses location-based advertising to reach potential consumers. Mobile advertisements were pushed to users who were at similar quick-service restaurants such as Subway or Jimmy John's over the past 30 days, as well as within a 3-mile radius vicinity of a Quiznos outlet. At the end of the campaign, Quiznos saw nearly 3.7 million new impressions and had a 20 percent boost in coupon redemption¹⁸.

¹⁷ Is Location Based Advertising The future of Mobile Marketing and Mobile Advertising?, Forbes, Steve Olenski, 17 January 2013

¹⁸ Sense Networks helps one of the nation's premier quick-service restaurant chains reach targeted audiences, Sense Networks, 5 February 2013

Does mobile advertising help achieve brand objectives?

The elite Cannes Lions advertising festival awarded the world's best mobile advertisements for the first time in 2012.

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The winning campaigns showed that mobile advertisements need not be disruptive banner advertisements – they can also provide consumers with enriching app experiences. Many well-known brands are now using mobile advertising to meet their branding objectives, including:

Adidas

Adidas' "Light You Up" mobile campaign was designed to drive traffic to New York's Penn Station to view a promotional light show. Adidas pushed static mobile banner advertisements that read "Adidas and Messi – After Dark Tonight" to all users within a 3-mile radius of Penn Station hours before the event. Upon clicking the banner, the consumers were brought to an event promotional video, where the location and time of the event were listed. The banner advertisement successfully aroused the curiosity of nearby users and attracted thousands of attendees in the vicinity; making the campaign a huge success²⁰.

Nokia

Nokia's Mystery Add is undoubtedly one of most innovative mobile advertisements of recent times. Wanting to show off what its phone could do, mobile phone manufacturer Nokia pushed a sudden appearance of the Windows Phone interface to iOS and Android users while they were surfing the internet on their mobile devices. The mobile ad campaign provided a surreal experience and boasted a 29.7% click-through rate²¹.

¹⁹ The Cannes Mobile Lion winners 2012: The award-winning mobile campaigns with case studies and videos, Mobithinking, retrieved on 1 June, 2013

²⁰ Adidas "Light You Up" Mobile Campaign is a Runaway Success, Millennialmedia, retrieved on 25 May 2013

²¹ These Are The 11 Best Mobile Ads In The World, Business Insider, Laura Stampler, 21 June 2012

Drawbacks of mobile advertising

Despite the celebrated success of mobile advertisements, there are two major drawbacks in this advertising platform – it is limited by geographical boundaries and does not facilitate e-commerce. The last point is because most online purchases are not done on mobile devices.

Other limitations include:

📍 Measuring results of mobile advertising campaign

Mobile advertisements are also plagued by the limited available data on running a successful campaign. Measuring the success ratio of mobile advertisements is possible, but only to a limited extent. Instead, marketers are now measuring the impressions (views) and click-through rates of advertisements to determine success. Other measurement technologies include:

- 📍 Pixel implementation – a standard measurement of results in online advertisements on mobile platforms;
- 📍 Cost-per-action (CPA) – pricing based on number of actions in response to the ad; and
- 📍 Cost-per-lead (CPL) – pricing based on the number of leads generated by the ad²².

📍 Achieving maximum return on investment (ROI)

The ecosystem that mobile advertisements operate in consists of a wide range of device types and wireless carriers; posing a greater challenge for mobile marketers. Marketers need to carefully design advertisements, while considering the different parameters and platform features to optimize their campaigns and achieve maximum ROI²³.

²² Internet Marketing Glossary, Basimos- Internet Marketing Solutions, retrieved on 1 June 2013

²³ Smartphone Ads and their drawbacks, The New York Times-Technology, Randall Stross, 15 September 2012

📍 **Designing creative and effective mobile advertisements**

Mobile screen sizes are, on average, 10 times smaller than PC screens; making it harder for most advertisements to make an impact. The challenge also lies in conveying ad messages in simple and extremely short sentences for easy understanding. Should the advertisement involve a registration procedure, the call for action must be executed with minimal steps, lest the user loses interest or gets confused²⁴.

📍 **Risk of infringing users' privacy**

Some users deem both mobile and online advertisements to be annoying, as they would not like intrusive messages to pop up on the page when they are reading, watching videos or playing games. At times, mobile advertisements are also considered to be an infringement on privacy.

According to surveys, people consider mobile advertisements to be more intrusive than online advertisements²⁵. An advantage of online advertisements is that consumers can find out more about the products they are interested in at will. However, it must be remembered that online advertisements run a higher risk of being ignored, as users may not click on the advertisement and may dismiss it before finding out about the product.

The road ahead

Mobile advertisements are poised to be the flagships of tomorrow's digital advertising campaigns. Apart from the US – the largest market for mobile advertising at the moment – the next hotspot would be Asia, where smartphone and mobile device penetration is extremely high in global terms²⁶.

²⁴ Ibid

²⁵ The intrusive and the revolutionary, EuropeanCEO - Business and Management, 25 April 2013

²⁶ Mobile Advertising Statistics - 5 big trends you need to know!, Mobile Advertising Hub, retrieved on 26 May 2013

As more consumers become owners of smartphones, tablet PCs and other mobile devices, marketers can be assured that their mobile advertisements would reach a wider audience. It is estimated that the market for mobile devices would reach 2.6 billion units globally by 2016²⁷.

But the mobile phone as a medium is more personal, more social and more localized than any other advertising platform. With the growth of this medium, marketers will become challenged as never before to engineer and deliver advertising that is engaging and effective. Despite the proliferation of smartphones, mobile advertising has yet to come of age.

The mobile advertising industry needs to undergo quite some evolution in creativity and understanding of mobile behavior before this medium can reach the promised tipping point and deliver the ROI marketers dream of.

²⁷ Ibid