LBS Research Series

# Mobile Location-Based Services

**Mobile Location-Based Services** is the eighth consecutive report from Berg Insight analysing the latest developments on the European and North American LBS markets.

This report in the LBS Research Series from Berg Insight provides you with 170 pages of unique business intelligence including 5-year industry forecasts and expert commentary on which to base your business decisions.

### *This report will allow you to:*

- **Learn** about the LBS strategies of major telecom operators in Europe and North America.
- **Identify** key players on the European and North American mobile LBS market.
- **Understand** the opportunities and challenges for location-based advertising.
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- **Anticipate** future application areas for bulk location data.


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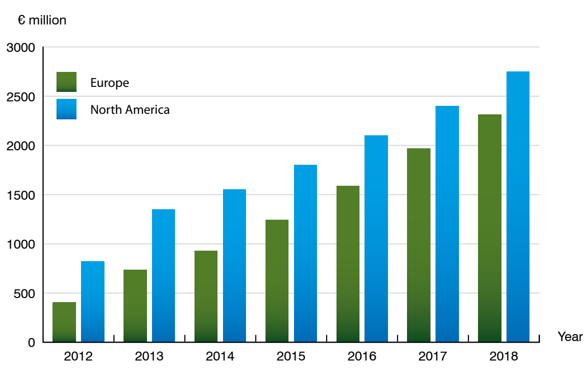
# What are the latest developments on the mobile LBS market?

Mobile location-based services (LBS) are gradually achieving mainstream market acceptance along with increasing usage of smartphone apps. At the end of 2013, smartphone adoption had reached 67 percent in North America and 58 percent in the EU27+2. Berg Insight estimates that about 50 percent of all mobile subscribers in Europe were frequent users of at least one location-based service at the end of 2013. In North America where adoption of GPS-enabled handsets is still somewhat higher, an estimated 60 percent of all handset users now access location-based services regularly. The increase in usage of LBS and the number of active users has finally resulted in significant revenue growth, especially for leading companies like Google and Facebook. In 2013, total LBS service revenues in the EU 27+2 reached an estimated € 735 million and Berg Insight forecasts LBS revenues in the region to grow to € 2.3 billion by 2018. In North America, revenues are forecasted to grow from almost US$ 1.8 billion in 2013 to nearly US$ 3.8 billion by 2018. The main growth will come from increasing ad revenues in the social networking and local search segments. However, various enterprise and B2B services such as mobile analytics and location-based advertising are also forecasted to grow fast in both Europe and North America in the next few years.

There are many alternative ways to categorise LBS. In this report, LBS are divided into eight service categories based on primary function: mapping and navigation, local search and information, social networking and entertainment, recreation and fitness, family and people locator services, mobile resource management, mobile advertising, as well as other enterprise and B2B services. The social networking and entertainment category is now the largest LBS segment in terms of number of users and revenues. It comprises a broad set of services that can be segmented into general social networking, chat and messaging apps, friendfinders and location-enhanced games. The mobile channel has become a priority for the leading social networks that see rapid growth in access from mobile devices. Many of these services have various forms of location support ranging from sharing geo-tagged content to location sharing and check-in features. Mapping and navigation is the second largest segment in terms of revenues and the third largest in terms of number of active users. Although the number of active users of mapping and navigation services is still growing, revenues are only increasing slowly as competition from free and low cost services has intensified. More navigation service providers are now focusing on freemium apps where the core navigation service is free and users have the option to purchase additional content and features. Local search and information services is now the second largest LBS category in terms of unique users, driven by the adoption of handsets with improved capabilities and changing user habits. The recreation and fitness segment is also growing in terms of active users and revenues along with current trends of increasing attention to personal wellness. Recreation and fitness apps that turn smartphones into convenient substitutes for GPS devices and sports watches can cater to the needs of many outdoor and sports enthusiasts. Family locator services have been part of mobile operators' LBS portfolios for many years – especially in the US – but are now facing competition from app developers.

Broader availability and declining costs of smartphones is also enabling increasing adoption of workforce management services that aim to improve operational efficiency for businesses. Many businesses are now adopting more standardised workforce management apps, even large companies that have previously used customised solutions, in order to reduce cost of IT system procurement and maintenance. Mobile advertising and enabling various forms of enterprise and B2B services still remains a focus area for many mobile network operators. Besides working directly with major customers, operators are also exploring opportunities to leverage their assets, for instance by opening their location platforms to third party developers and location aggregators that play an important role as intermediaries between mobile operators and developers. Network-based location data is valuable for developers and third parties that need to locate any device, not only GPS-enabled smartphones. Mobile operators can provide network-based location data for a wide range of services such as fraud management, secure authentication and location-based advertising. Some mobile operators have now started to use anonymous bulk location data to improve the performance of their networks or to support internal marketing campaigns, for instance to upsell mobile broadband services, as well as support external customers in the mobile advertising industry. Location analytics data is also being adopted for diverse purposes such as site selection in the retail industry, as well as for urban planning and traffic monitoring by public authorities and private companies.




*Mobile LBS revenue forecast, € million (2012–2018)*

## This report answers the following questions:

- How can mobile operators use location data for mobile analytics services?
- How is location data used in secure authentication and fraud management services?
- How are free navigation services affecting the market dynamics?
- What are the mobile strategies of search engines and directory publishers?
- How is location technology used by mobile social networks and communities?
- How is GPS-technology altering the conditions for people locator services?
- How are smartphones changing the mobile resource management market?
- How is location being used to add value in mobile advertising?

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# About the Author

**André Malm** is a senior analyst with a Masters degree from Chalmers University of Technology. He joined Berg Insight in 2006 and his areas of expertise include location-based services, personal navigation services and wireless M2M markets.

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