

Mobile Location-Based Services



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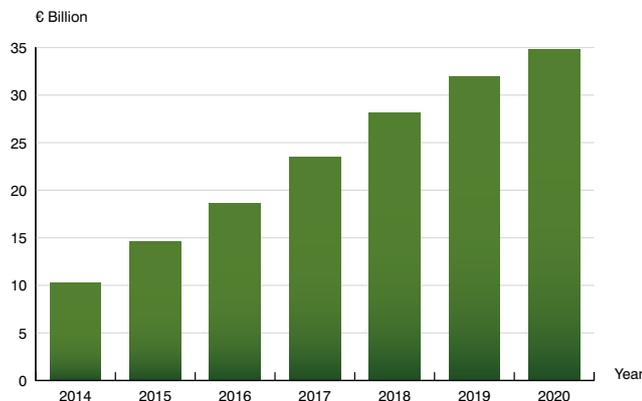
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Which are the fastest growing LBS segments?

Berg Insight defines mobile location-based services (LBS) as applications and services that in some way utilise the geographic location of a handset. The increase in usage of LBS and the number of active users have also resulted in significant revenue growth, especially for leading players including Google, Facebook, Baidu, Tencent, Twitter and Yahoo! that together account for about 60 percent of global LBS revenues. Global LBS revenues are forecasted to grow from € 10.3 billion in 2014 at a compound annual growth rate (CAGR) of 22.5 percent to reach € 34.8 billion in 2020. The main growth will come from ad revenues in the social networking and local search segments. Many enterprise services such as mobile analytics, secure authentication and fraud management are also expected to grow substantially in the next few years.

There are a number of alternative ways to categorise LBS. In this report, LBS are divided into service categories based on primary function: mapping, navigation and transport; travel and tourism; 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 the number of users and the second largest in terms of revenues. It comprises a broad set of services that can be segmented into general social networking, messaging apps, friendfinders and games. The mobile channel has become a priority for the leading social networks that see rapid growth in access from mobile devices. Revenue growth in the category comes from a larger active user base and the fact that more leading players have started to monetise their mobile services, primarily through ads and in-app purchase of content. The local search and information service category, which includes general search services, directories, local discovery, shopping and coupon services, is now the second largest LBS category in terms of unique users, and the largest in terms of revenues. Revenue growth is driven by the adoption of handsets with improved capabilities and changing user habits. Mapping, navigation and transportation is the third largest segment both in terms of revenues and 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 app developers are now focusing on freemium apps where the core navigation service is free and ►



Mobile LBS revenue forecast, € billion (World 2014–2020)

► users have the option to purchase additional content and features. The service category also includes a number of apps that for instance enable users to find information about traffic and public transport, or facilitate car rental and ride sharing services.

The travel and tourism category is one of the leading online e-commerce segments that is now experiencing fast uptake of mobile apps. Family locator services have been part of mobile operators' LBS portfolios for many years in developed markets and are being launched by some operators in emerging markets. These services have been especially successful in the US. However, these operator-branded services are now facing competition from freemium people locator apps that experience rapid growth worldwide as smartphone penetration grows also among children. The recreation and fitness segment is also growing in terms of users and revenues along with current trends of increasing attention to personal wellness. Businesses in more and more industries and countries are deploying workforce management solutions for smartphones in order to improve their operational efficiency. Even large companies that have previously used customised solutions are now adopting more standardised workforce management apps, with the aim of reducing IT system costs.

A majority of mobile operators in developed countries now market some kind of LBS. However, operators increasingly rely on third party services rather than their own branded solutions. Operators are instead looking for new opportunities to monetise location data through advertising and various forms of enterprise and B2B services. Network-based location data is valuable for developers and third parties that need to locate any device, not only GPS-enabled smartphones. Mobile operators now provide location data for a wide range of services such as fraud management, secure authentication and analytics services. Some mobile operators have now started to use anonymous bulk location data to improve the performance of their networks and to support internal marketing campaigns. Some operators have also launched analytics services for external customers that use the insights for applications such as site selection and footfall monitoring in the retail industry, outdoor media planning for advertisers, as well as for smart cities applications including urban planning and traffic monitoring.

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 affect 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?
- What are the drivers for adoption of mobile workforce management services?
- 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 Master's degree from Chalmers University of Technology. He joined Berg Insight in 2006 and his areas of expertise include location-based services, car telematics, handset technologies and M2M/IoT markets.

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