

Summary

Executive summary

There are more than 6 billion active mobile subscriptions across the globe, which can be compared with about 2.5 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 € 3.8 billion in 2011, having experienced healthy growth throughout the recent financial crisis. Growing at a compound annual growth rate of 31.4 percent, the market is forecasted to be worth € 19.7 billion in 2017 – corresponding to 15.5 percent of the total digital ad market. Mobile advertising is at the same time predicted to account for 4.4 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 portraying a brand positively. The ROI of such initiatives can be substantially better than for 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, gradually establishing the mobile channel in the marketing media mix. Advertisers include blue chip companies and to an increasing extent also SMEs. 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. This is especially true for mobile media, being relatively new and therefore likely to benefit from compounding effects created by campaigns spanning several media to generate attention across the population of potential customers.

Numerous actors are engaging in activities related to mobile marketing, including large players from the digital industry. Google and Apple, with the AdMob and iAd platforms, hold considerable market shares in mobile advertising. Microsoft has moreover struggled in the mobile space and has joined forces with Nokia in an attempt to create a third ecosystem to compete with Google's Android and Apple's iOS. A wide variety of other companies are also involved in the value chain, including specialised mobile advertising actors such as Millennial Media, InMobi, Madvertise, Amobee and Smaato. Facebook has moreover made a first inroad into the mobile ad market and may surface as an important player.

There are a number of key takeaways from the latest developments in mobile marketing. Mobile marketing is gradually strengthening its position in the marketing media mix as smartphones are becoming ubiquitous and drive mobile media usage. Brands do however need to refine their marketing strategies to integrate the mobile channel. For operators, the ongoing transition to an increasingly data-driven mobile ecosystem can present attractive opportunities to generate revenues from advertising. Within the plethora of ad formats, apps have proven to provide great consumer engagement, but mobile web presence has also surfaced as a must-have among brands. HTML5 is moreover increasingly enabling native app-like experiences also through browsers. Video and rich media are the current state-of-the-art ad formats, but the potential of less sophisticated alternatives such as permission-based 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 is yet to be used on a large scale. Finally, real-time bidding (RTB) is expected to increase rapidly in adoption also on the mobile channel.