



Mobile Trends Report

Produced by IAB Australia's Mobile Advertising Council

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Introduction

According to the recently released IAB Advertising Expenditure Report, compiled by PwC, the mobile advertising market in Australia is the fastest growing component of the digital sector, experiencing 190% growth over the previous financial year to reach \$138m for FY13. While the growth in search and display spend on smart phones and tablets is impressive, it is still only 5% of the total search and display spend – which is well behind the US and UK markets who report mobile as being 10% and 9% of spend respectively.

Australians embrace new technology faster than most nations and mobile devices are no exception. Nielsen reports that smart phone and tablet usage represented 38% of daily unique browsers in their Market Intelligence service in July 2013.

The articles in this publication have been written to explore three important themes for digital advertising and in particular the heightened opportunities for mobile devices.

Dr John Hawkins from **Big Mobile** looks at how data can help bridge the gap between low cost high volume inventory and premium offerings. He discusses the current and future picture for supply and demand of mobile inventory.

The second article by **David Thanisch's** from **Ikon Communications** explores the high value of location as a targeting opportunity and its ability to add important context for campaigns. David discusses some real life examples where mobile data can interact with in-store behaviour and posits some immediate opportunities for retailers.

The third article, “Think Moments, Not Mobiles” by **Suzie O’Carroll** from **Google** asks agencies and marketers to step away from focusing purely on strategies for

individual devices and start to plan around consumer activity and focus on occasion based opportunities. Suzie showcases how following the flow of consumer's increasingly common simultaneous and sequential multi-screen behaviour will be key to successful marketing plans.

This publication is supported and penned by members of the IAB Mobile Advertising Council (MAC). IAB Australia works to drive scalable and effective solutions for marketers as well as harnessing innovative new media and creative opportunities; and the MAC helps keep the market up to date with information on consumer and industry usage of mobile media and advertising.

We hope that you enjoy these articles and welcome your feedback.

Gai Le Roy
Director of Research
IAB Australia

THE BIG DATA FUTURE OF MOBILE MEDIA

By Dr John Hawkins, Head of Data Science
Big Mobile Group

The luxury of hindsight allows certain historical changes seem like they were inevitable, whereas to those caught in the maelstrom of the present day the future looks anything but certain. The changes that take place in media are no exception to this rule. Which means it is worth stopping right now and asking ourselves what factors at play in the current climate will make the outcome seem inevitable.

You may currently be looking at the growing volumes of unsold inventory in mobile media, and conclude that large scale migration to programmatic buying is inevitable.

It is certain that a conflict between 'volume' versus 'margin' is forming, and no one knows what the outcome will be. Questions abound: Will publishers that dive in head first cannibalise their own margins by placing too many bets on the side of volume? Or will those that lag behind lose out on profits and grudgingly join the race at a later stage? Will it be as black and white as that in any case? Before too many Publishers start throwing inventory into proprietary solutions and bargain basement bins in a mad rush to monetise it, it is worthwhile stepping back and taking stock of what the future might look like.

One thing we can know for certain is that the growth rates of inventory cannot continue inevitably. There are only so many human beings with so much time on their hands to look at screens full of media. The exact size of this theoretical upper limit is as yet unknown. This is due to the fact that mobile media is not only allowing consumers to browse throughout the day and night at times historically not devoted to any kind of media consumption: waiting for a meeting, waiting for your coffee, or your spouse to finish perusing the menu, but it is also grabbing attention spans away from traditional media.

This is the source of one of the big unknowns in the future of mobile media: what will be the ultimate balance between traditional and mobile media. How much of the traditional media ecosystem will mobile steal, how much will mobile buddy-up with other media, and how much

new value will it unlock by finding viewers and readers that previously did not exist. Whatever this balance will be we know that an upper boundary on the size of mobile inventory exists, and when we approach it the growth rates will start to slow down until they track population growth.

What will happen as this starts to take shape?

There are several likely scenarios.

Advertisers may not choose to follow the herd. They may continue to put the balance of their media buying into formats with reduced access to consumers such as television. If they do so it will be because of some mixture of perceived and real differences in engagement levels, and good old fashioned inertia. This is one of the long-term challenges for mobile, and actually all, digital media: establishing methods for sustained and demonstrable high levels of consumer engagement. If digital publishers cannot do this, and soon, then perhaps they will be stuck with trading almost solely on price, and having no choice but to allow the value of the inventory decided by the highest bidder. It will be as though we learnt nothing from the previous decade's race to the bottom.

If, however, publishers can shift perceptions about their product then there is no reason not to expect that demand will eventually catch up as we approach the theoretical limits of inventory growth. How much it catches up will depend on how much of the mobile inventory is a result of views taken from traditional media, and how much is the unlocking of new inventory. Too much of the later and we have effectively flooded a market with new supply and too little new demand.

The impact of these overall scenarios on an individual publisher will depend heavily on the nature of that publisher. Publishers with high quality content, desirable demographic profiles in their readership, accurate data sets and the permission to use them, and scalable creative engagement solutions linked to that media, will always be able to ask (and get) a premium. Others will never have any option other than to take what they can get wherever they can.

For most publishers the current view of the winning strategy involves careful quarantining of the premium media to sustain yields, while monetising the rest on trading platforms. The nature of the relationship with the trading platforms is critical to success with this strategy. The goal should be to ensure that premium inventory is always protected, and that any opportunity to increase yields on the trading networks can be utilized.

While the distinction between premium and performance inventory is useful for developing strategy, it may also be preventing innovation in the digital media space. The distinction maintains the impression that mobile inventory falls naturally into two disparate classes, with wildly different yields. The era of big data has the potential to upend this binary distinction by creating an array of medium yield products that flesh out the space between these two extremes. All data is not created equal (or actionable), but there are numerous possibilities for new products that leverage data of different kinds. The time to consider the possibilities, and limitations, of using data is right now. The deadline for the enactment of the Privacy Amendment (Enhancing Privacy Protection) Act 2012 is rapidly approaching (12 March 2014).

The prerequisite to building products and strategy in this space is knowing what data you have, and what it is possible to do with it. This involves navigating both the realms of the technologically possible and the socially acceptable. The recent historical precedents here are encouraging. Google and Facebook are both companies whose business model relies on their data, both of them have struggled with the issue of public concern over their use of that data. Nevertheless, both companies are prevailing. How you analyse their success in this regard is somewhat subjective, but there are several undeniable ingredients. They both strive to maintain clear policies on privacy and data usage, they respond to concerns openly and change their operations as needed. Secondly, they focus on building products in which the presentation of marketing to consumers is relevant and useful. One lesson we can learn from this, is that public concern over data usage can be largely mitigated by demonstrating that targeted advertising is, in-fact, on the whole, desirable.

This is the fundamental advantage of the digital media industry, as long as we tread carefully and do not betray the trust of our readership we can provide them with marketing that is far superior to anything that traditional media can offer. It is, however, not a walk in the park to realise this possibility. We need to appease multiple interest groups within a changing landscape of opinion and legislation, face new technologies and a proliferation of devices. The next 5 years will determine the next 15 years, so now is the time to develop a clear strategy for making use of data and differentiating ourselves from the traditional media companies. Without making these hard decisions now mobile media runs the risk of finding its entire inventory sitting in the bargain basement bins.

LOCATION BASED TARGETING WILL BE THE NEW CONTEXT

By David Thanisch, Sydney Digital Director

Ikon Communications

One of the most significant evolutions of consumer behaviour to emerge from the meeting of social media and smart phones over the last few years has been the trend for checking in to places and tagging the locations where we are living our lives. The importance we place on being able to use our location to capture life moments is growing and we will see advertising adopting this approach and using location more and more as the key qualifier for future campaigns.

The ability to pinpoint someone's location and then deliver them a personalized message relevant to their surroundings in real-time through search, display or social media is going to change the way we approach advertising forever. This coming together of mobile, location and advertising messages is going to make mobile the most effective media channel of the future.

The role that mobile plays in strategies will evolve to play a more tactical role similar to that of outdoor advertising where a message can be delivered to an individual at the right time, in the right place, in order to deliver an action at that exact moment. Branded content and advertising messages will be tailored for location and delivered with greater relevancy to our target audiences' whereabouts with the effect being that our engagement and response levels will increase.

[Google](#) reports that a third of all mobile searches have a local intent to them and that 94% of smartphone users have searched for local information, while studies carried out have shown that location has a big influence on the level of response to an ad. Click through rates on mobile banner ads can see an uplift of between 40-50% if the user is within a 2 mile radius of the business in question.

[Adidas](#) in the US have produced a great case study that demonstrates how they were able to place an ROI figure on their mobile activity based on the understanding that mobile drives people in store. Once you know this piece of vital information then targeting people in certain locations becomes even more important and delivering incentivised offers or communication to drive people in store more valuable.

But how do we know where people are? And why isn't location based targeting standard?

There are a number of ways to locate a device, with the accuracy varying depending on the data and information being used. The majority of smartphones are equipped with GPS, the coordinates of which are used to find the location of mobile devices. Another technique is to use the IP address from WiFi connections to determine positioning. Couple both of these with the powerful demographic information that comes from the mobile carriers and we start build out a really accurate picture of who and where our audiences are.

In the US and the UK the growing number of WiFi connection spots has meant that using WiFi connections for geo-locating, rather than GPS has become the preferred method for location based advertising. However in Australia where WiFi networks aren't as built up and consumer usage more often than not occurs over a mobile network, the inventory and places where we can target mobile ads by location are limited. So in Australia there is still some way to go before location based targeting starts to fulfil its potential.

The other hurdle to overcome is that mobile operators don't share location data with publishers, so the publishers can't use this information to pinpoint a person's location over the mobile operator networks. So until the WiFi networks in Australia are built up to such an extent that coverage is universal location based advertising will be restricted to commercial hotspots like shopping centres and other areas that provide a WiFi network.

So at the minute a real opportunity exists for retail based advertisers to get in there first. The Adidas case study showed the commercial value of targeting people close to store on a WiFi network, with a highly relevant ad. Before we have blanket WiFi coverage or access mobile provider data, location based advertising is only relevant for the few. Early adopter advertisers will be able to take advantage of the capabilities now and reap the rewards from what is at the minute a relatively uncluttered space.

In the long-term location based advertising services will become an incredibly powerful tool for advertisers who can look for new and interesting ways for brands to engage and interact with

consumers through the mobile channel. Mobile will become the default method for targeting people and premium rates will be charged for geo-location data, but it will come with greater rewards. ROI models will in turn justify the higher price this method will eventually command.

Context will continue to remain important for advertising, but location will become the new context. This is the context where future campaigns will deliver consumer interactions. Location will finally give mobile the platform it needs to deliver on the rich promise the industry desperately wants to see fulfilled.

THINK MOMENTS, NOT MOBILES

By Suzie O'Carroll, Head of New Products & Solutions
Google Australia & NZ

Three years ago in 2010, those of us at Google started noticing that our mobile traffic was growing at the same pace as desktop traffic had in the early days of our company. We knew mobile was going to be huge; along with the rest of the technology industry, we'd been talking about the "mobile revolution" for years. But what we didn't know is just how big it would be.

In retrospect, what started out as a mobile revolution has proven nothing short of a rebuilding of the Internet. Just five short years ago in 2008, less than 1% of global internet traffic came from mobile globally. Now that number is 15%, and it's expected to grow even faster in the years to come. This transformation is global and it isn't going to stop or slow.

Computing used to make the rest of the world disappear as we hunched over one screen, and the internet used to be on your desk. Now it's on the bus, or in line at the bank. It comes to us via a dizzying array of smartphone devices and tablets. And as devices and screens that we use multiply, it's tempting for marketers to respond by adding complexity: hiring dedicated mobile marketing groups, pursuing separate mobile-Internet strategies, tailoring their campaigns to major mobile operating systems or specific screen sizes. But in the long term, that approach just won't work.

Businesses have to stop thinking mobiles, and start thinking moments; we have to stop marketing to devices, and start marketing to people using them. Businesses are rapidly losing the ability to keep up with the number and type of devices consumers are using, a task which will become even more formidable in the future as devices we can't even imagine today emerge. Consider this: in Q4 2012, global tablet shipments outpaced those of desktop and notebook PCs, less than three years after being introduced to the market. Did you see that coming? And can we even begin to guess what's next?

The good news is that no matter what the devices consumers of the future use or how they look, we can be sure of two things: first, they're going to be web-enabled. It's continuous connectivity and the cloud that's going to be key, not screen size. Second, people will own and move seamlessly between multiple devices as they live their lives each day--they'll be multiscreen.

The research shows that Australians already live in a multiscreen world: 88% of our daily media interactions are screen-based. Today, 2 out of 3 Australians own a smartphone and at least 1 out of 3 own a tablet. As a nation, we consume 40% of our media on mobile. And yet only 18% of Aussie ad campaigns are multiscreen, and only 1% of Australia's marketing spend goes to non-desktop devices. That has to change, but it's not enough to "go mobile": marketers have to go multiscreen.

The key to doing so is to stop thinking about which device people are using, and start thinking about context: where someone is, what they want to do, and how they want to interact with your message. Context can mean location--whether users are at home, at the airport, or on the bus, or it can mean proximity, like how close they are to a given store. It can also mean time of day or day of week, or even whether the device they're using can make telephone calls. A person with a smartphone, TV and a tablet is one person, not three; someone who uses a tablet doesn't change into a different person just because they sit down at a computer. It's become clear that the device is really a proxy for what really matters: reaching people in the right context with the right message.

Let's see what this means in the context of real-world Australia through the lens of search on a typical Saturday. When Aussies wake up, the first thing they do is check the weather from their phone. Mobile search queries for weather in Australia start at around 7am on Saturday and peak at around 9am--no surprise there. But by 10am on Saturday, mobile searches for banking peak. In fact, a quarter of home loan queries come from smartphones. Later in the afternoon we see shopping queries pick up (40% of all shopping-related queries in Australia now come from mobiles). At 6pm searches for recipes and restaurants spike.

But marketers still have to embrace this reality. Imagine running a shop and closing your doors to 2 out of 5 people. Or running a bank and refusing 1 out of every 4 people who tried to open an account with you. Or operating a restaurant and declining to serve anyone wearing a green shirt. If you're in the finance, banking, retail, or food and beverage industries, and haven't extended your online advertising campaigns across all screens, you are committing the digital

equivalent of the same mistake. You wouldn't run your business that way, so why would you do the same for your marketing campaigns?

One local marketer who is grasping this new reality is Hyundai. Along with their agencies, Initiative & Reprise, they are developing great creative that is tailored to take advantage of the unique screen that it's appearing on; for example, you can interact with some of their ads by liking, swiping, zooming, and so on. They are also hyper-aware of the consumer mindset on each device—they know people on tablets are likely to be browsing and wanting to be entertained, so they include videos, options to explore with further content and a fun 360-rotation functionality of their latest i30 model.

People are connecting every part of their lives to every other part of their lives, and their device and web behaviour reflects this. We know Australians love seamless online experiences, because they're living them every day--and we marketers should follow their lead.

About IAB Australia

The Interactive Advertising Bureau (IAB) Limited is the peak trade association for online advertising in Australia. As one of over 40 IAB offices globally, and with a rapidly growing membership, IAB Australia's principal objective is to increase the share of advertising and marketing dollars that interactive media captures in the marketplace.

About the Mobile Advertising Council

The IAB Mobile Advertising Council was established in 2011, since then, its remit has been to:

- Evaluate the needs of the Australian mobile advertising industry
- Establish a program of work for mobile advertising
- Produce, fund and promote mobile research studies
- Produce and promote mobile standards and guidelines

The IAB Mobile Advertising Council meets on a monthly basis and has industry wide representation of mobile experts from across publishers and media agencies. The council provides a broad, collective voice in addressing the key issues and challenges faced by the industry.

Member companies of the Mobile Advertising Council include:

AANA	News Corporation
Big Mobile	Pandora
Carsales	REA
Fairfax Media	SBS
Google	Telstra
Ikon Communications	Yahoo!7
inMobi	
MCN	
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