IAB Mobile Marketing Center of Excellence

US Mobile Context:

Market Needs and IAB Initiatives

Joe Laszlo

Senior Director

IAB Mobile Marketing Center of Excellence

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What is Mobile?

- It's a device
- It's a network
- It's an operating
- It's a techno
- It's a b odel
- It um
- a platform
- It's a buzzword

IT'S HOW WE LIVE OUR LIVES

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Mobile Is Everywhere and Everything

2013: The Year of Mobile Measurement

- **Education, standards, and best practices.**
- **Focus on planning, currency, AND effectiveness metrics.**
- **Work in context of industry-wide project: *Making Measurement Make Sense* (3MS).**

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The Year of Mobile...Measurement

Joe Laszlo | October 26, 2012 | 0 Comments

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The Interactive Advertising Bureau (IAB) Mobile Marketing Center of Excellence has gotten an early start thinking about plans and priorities for 2013. Our most recent mobile board of directors meeting last week in San Francisco included some brainstorming about big issues in Q4 2012 and into the new year.

There is still a lot to do across the board to help mobile live up to its potential as a medium for advertising and marketing. But one set of topics on the list does seem to increasingly be the priority for our members, and therefore us as well. At the risk of being premature, I will tip the IAB's hand and say that for us, 2013 will be the year of mobile measurement.

In the world of media, when we talk about "measurement" we really mean three different, but often overlapping things:

- **Planning.** The metrics that help an advertiser decide where to place their ads to best reach an intended audience.
- **Currency.** The metrics that determine how much the advertiser actually writes the check for.
- **Effectiveness.** The metrics that prove whether an ad campaign had its intended impact on consumers' psyches or purchasing behaviors.

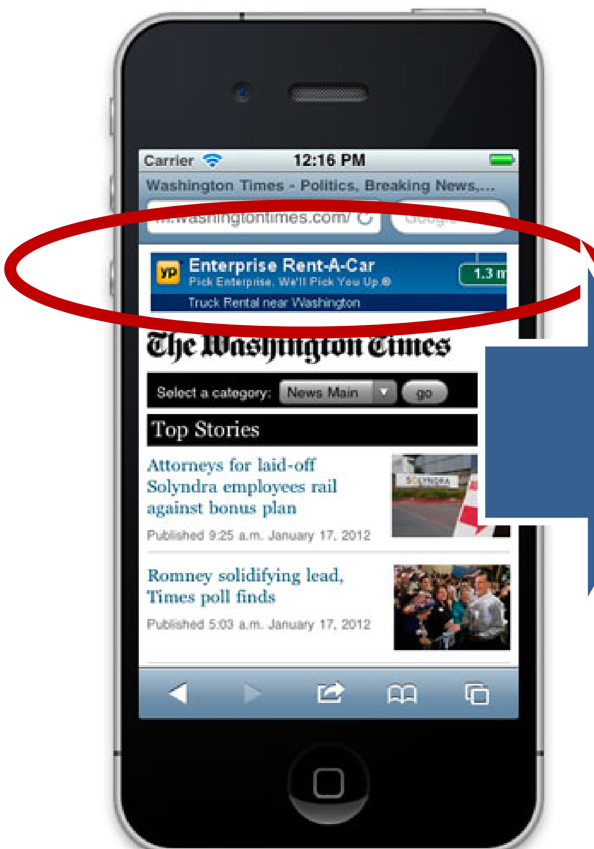
In the traditional media world, the planning and currency metrics are typically the same: for example,

MOST READ

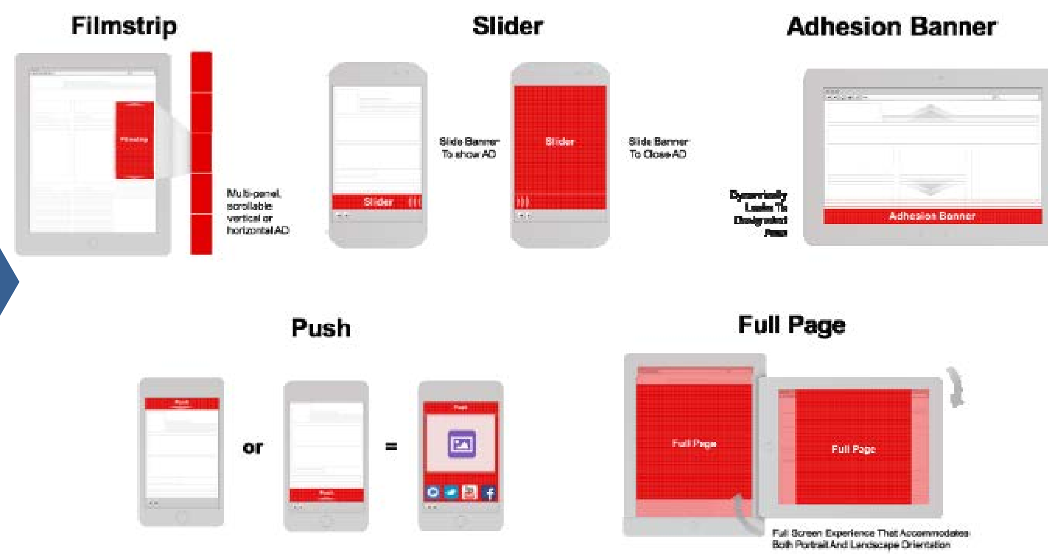
1. Oreo to Fans: Cookie or Creme?
2. Why Your Online Marketing Department Is All Screwed Up
3. Super Bowl XLVII Ads: Winners and Losers

Static Banners v. New, Rich Units

300x50 Static Banner

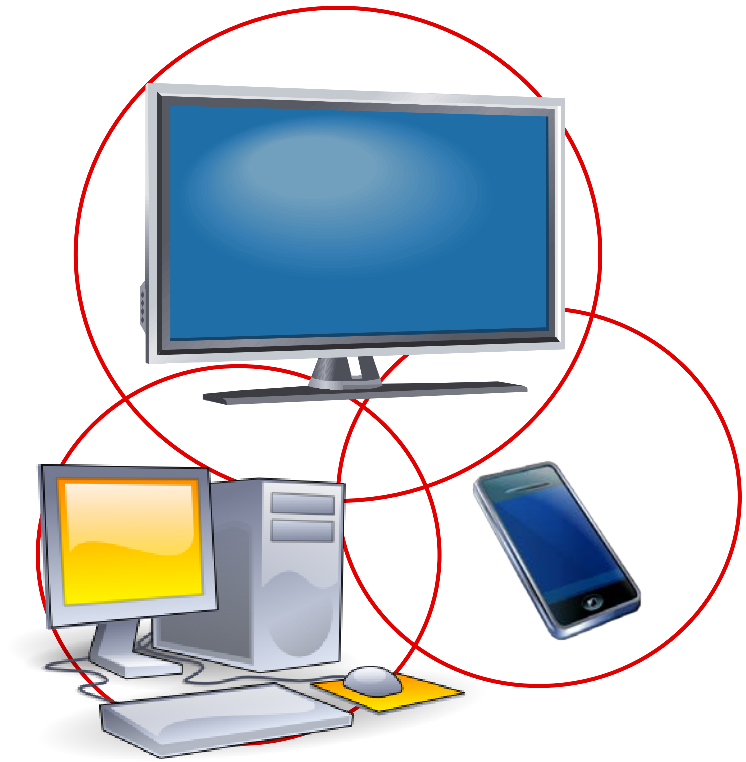


IAB Mobile Rising Stars



Cross-Media The Next Hurdle

- XSOS="Cross-Screen Optimization Studies"
- A significant industry research initiative
- Seeking to test actual impact of ad campaigns with mobile, PC, and print or TV components



IAB's XSOS will demonstrate the importance of allocating budgets across traditional, PC, and mobile media.

For more information on XSOS email Joe Laszlo, joe@iab.net

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Concluding Thoughts

- Mobile data is transforming the way people in the US live.
- We have work to do to make mobile more media- and ad-friendly.
- The pace of innovation in mobile media shows no signs of slowing.
- Lots of work for IAB—in the US and globally.

Thanks!

joe@iab.net

The voice of European digital business

« We're on a mission to grow Europe's DIGITAL market »

IAB Europe and Mobile

GET TO KNOW
IAB Europe: a growing network

IAB Europe represents the voice of the industry at both national and European level

- **27 National Associations** with over **125** staff

- **55 Corporate Members** including Media Agencies, Broadcasters, Publishers, Advertisers, Mobile Operators, Service Providers, Social Platforms, Media Owners, Creative Agencies…

WHAT WE DO
The 4 PRO's

PROMOTE: Raise standards and awareness

PROTECT: Recognised regulatory expertise

PROVE: Data and insights to support the growth of online advertising

PROFESSIONALISING the industry defining standards and practices

WHAT WE OFFER
Shape tomorrow’s digital landscape

- **REGULATORY EXPERTISE** helping you understand the threats and defend your business
- **DATA AND INSIGHTS** to support the growth of your business and the industry
- A platform to **ENGAGE AND CONNECT** with leading experts from the industry
- Guidelines and standards to increase your **EFFECTIVENESS**

“We feel it is important to have a strong trade organisation representing both agencies, advertisers and media owners on a local and European level.”
Ruud Wanck, Head of Interaction EMEA, GroupM

Developing Mobile Insights in Context

ADEX BENCHMARK

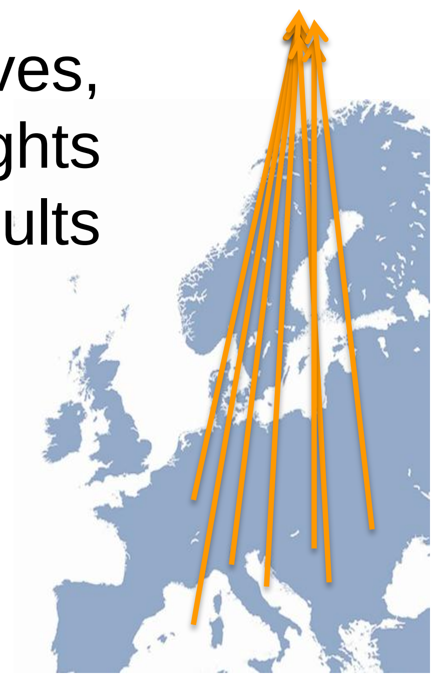
A unique guide to advertising spend across 26 markets deepening our understanding of the emerging mobile format alongside video, search etc.

MEDIASCOPE EUROPE

The only total population survey of offline and online media use including a deep dive into internet use on mobile, tablet, games console and of course PC/laptop.

Increasing delivery of insight through partnership

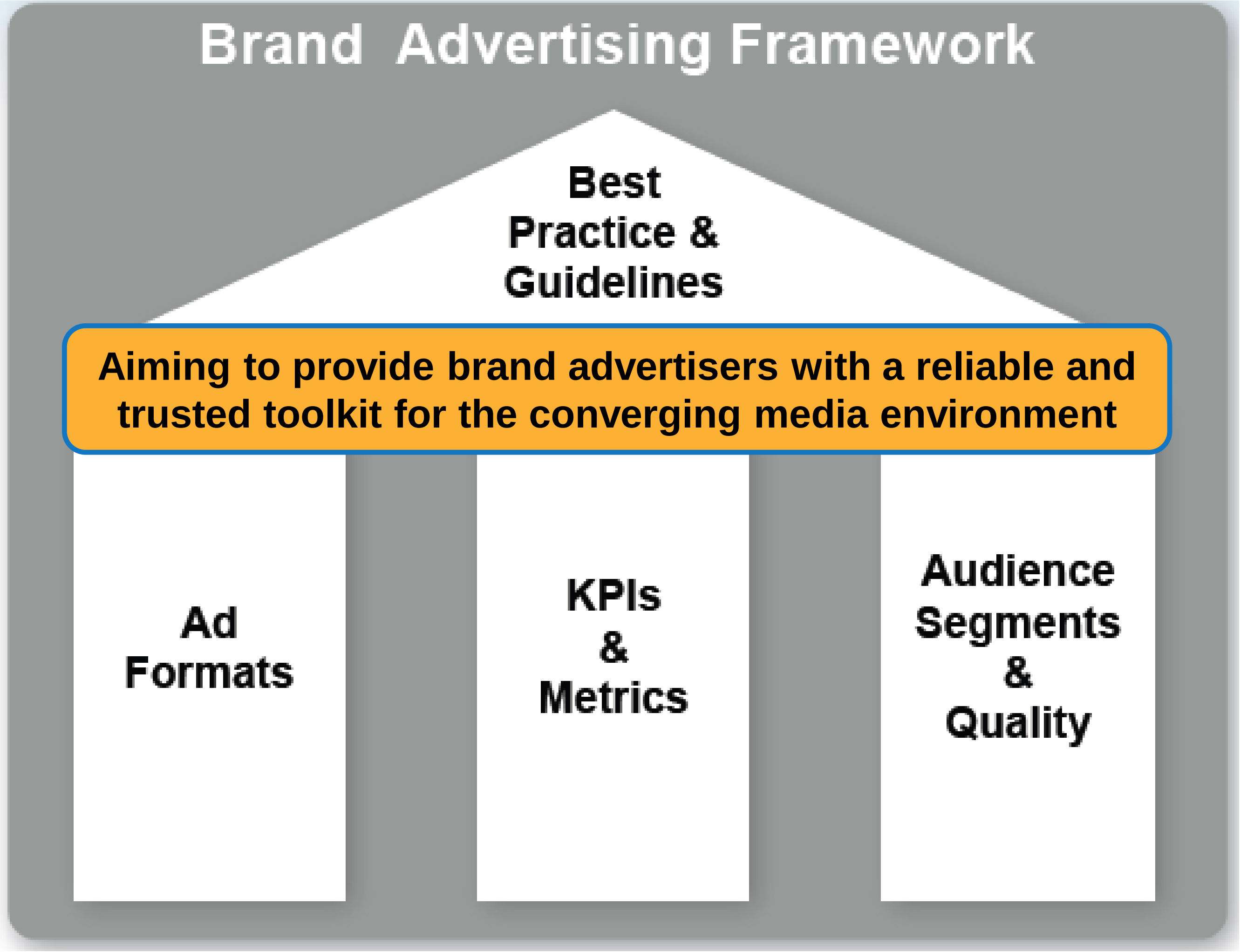
Local Initiatives,
Insights
& Results



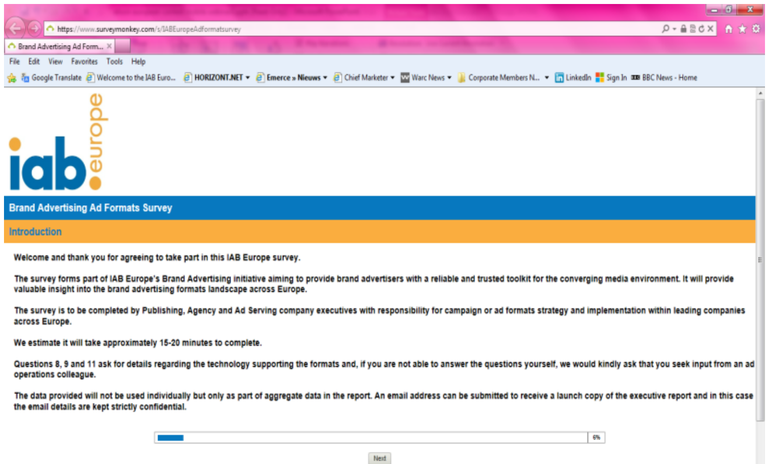
Aggregated
Industry Knowledge
& Best Practice

- ✓ Best-of-Local
- ✓ National-Buy-In

Mobile within IAB Europe's Brand Advertising Initiative



IAB Europe's Ad Formats Survey



Providing valuable insight into the brand advertising formats landscape across Europe

Survey of Publishing, Agency and Ad Serving companies

- PC / Tablet / Mobile
- In-Page / In-Stream

- Frequency use
- Growth rates
- Technology specs

Survey open until end of July!
http://svy.mk/10kkthc

Why Global Mobile Ad Revenue?

- Recognise the growing importance of mobile as an advertising platform
- Deliver greater insight on investment in the medium
- Fragmented mobile market yet strong demand for pan-regional buying and selling
- Global ecosystem

The Global Mobile Ad Revenue project

- Creation of an expert team: IAB Europe, IAB US Mobile Center of Excellence + IAB Europe’s partner IHS
- Data, insight and advice from the global IAB network

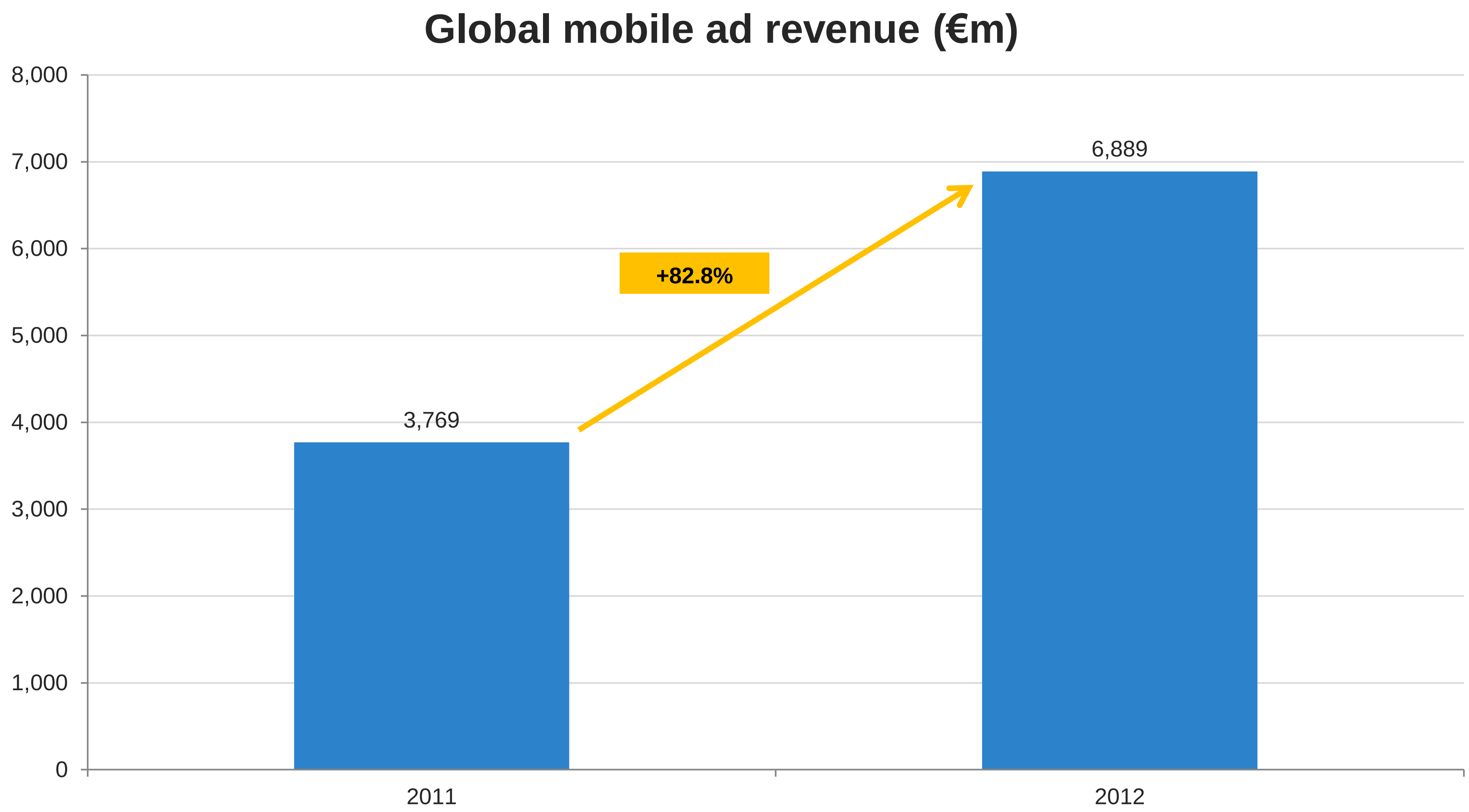
Global Mobile Ad Revenue Methodology

- Identification of mobile ad spend reported by national IABs
- Harmonisation of global data
- Employment of statistical and econometric models
- Benchmarking variables such as ad spend per capita, mobile subscriptions and 3G/4G penetration
- Typology of mobile ad markets
- Interviews of key players across the mobile advertising ecosystem
- Resulting in a global market size, split across advertising formats.

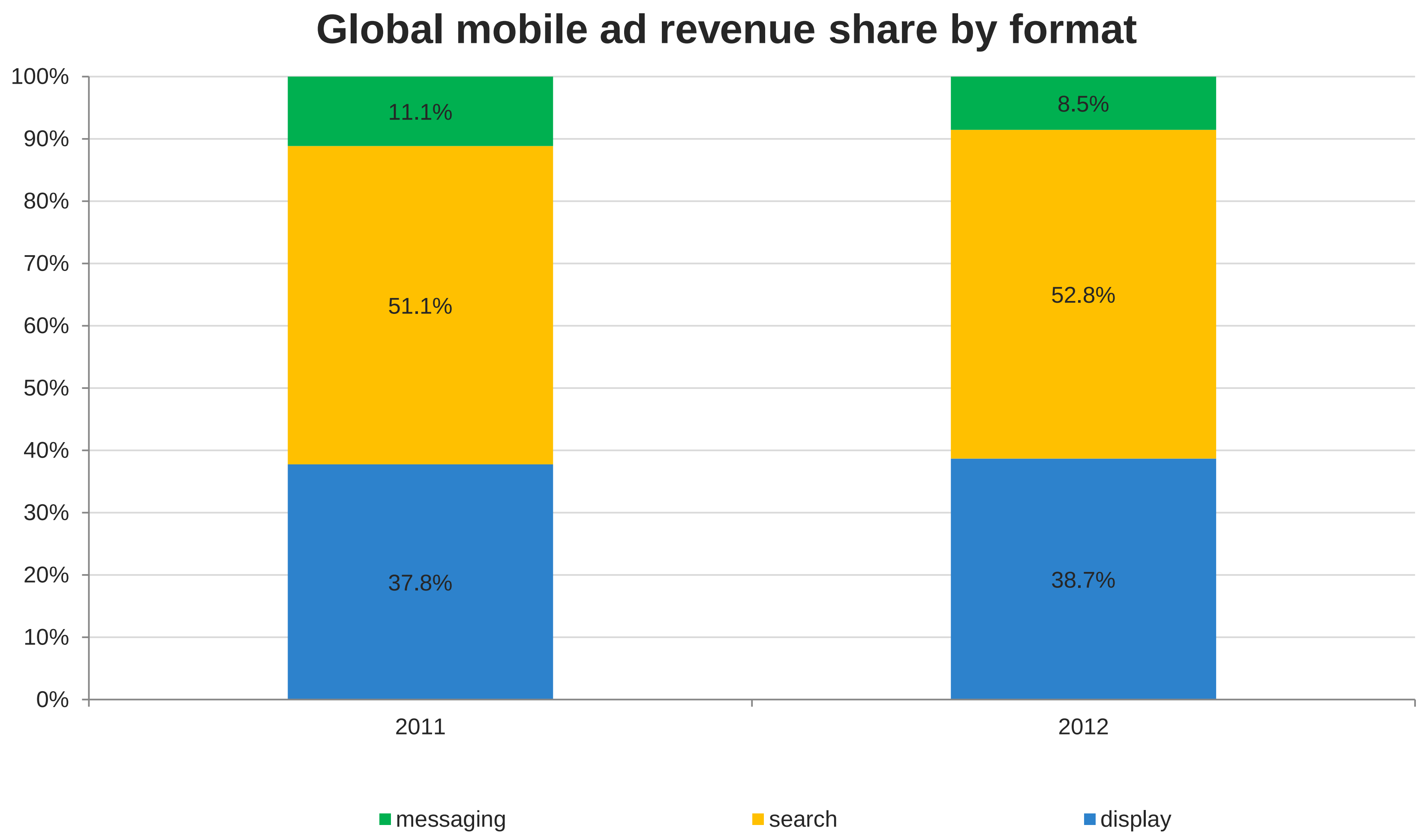
Global Mobile Advertising Revenue

Display, Search, Messaging 2011 & 2012 Across Regions

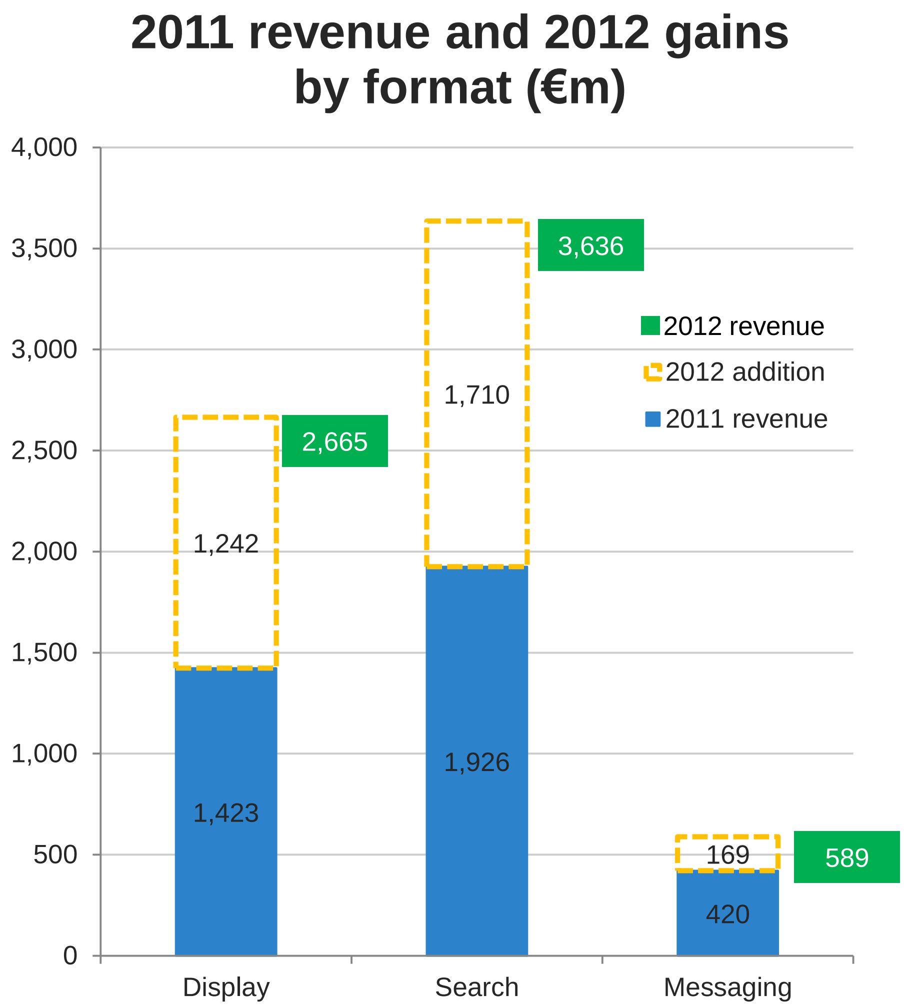
Global mobile ad revenue nearly doubled in 2012

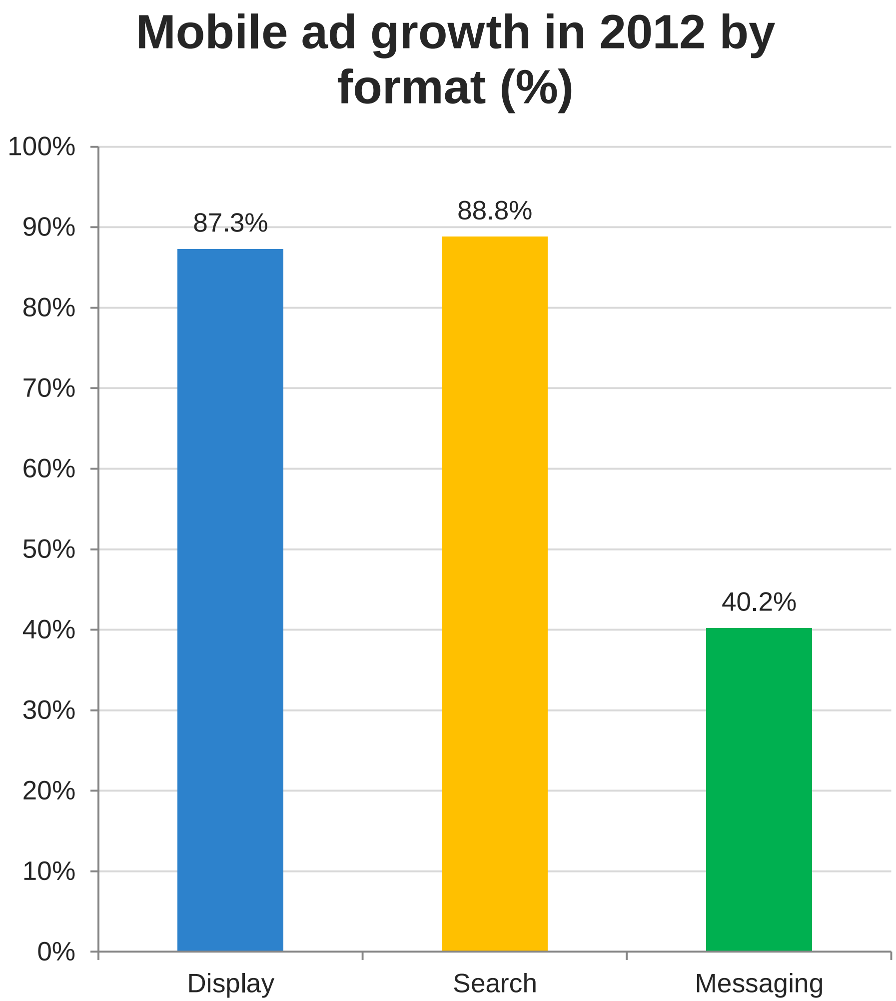


Messaging under pressure as both display and search increase their share



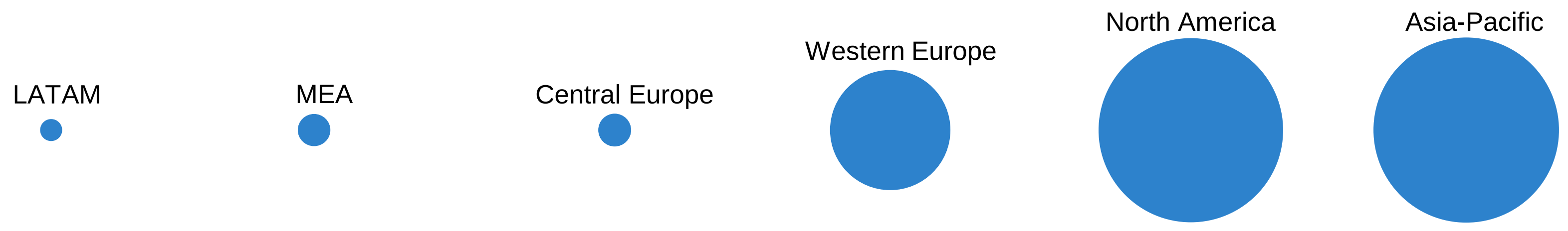
Display and search growth on par, twice as fast as messaging



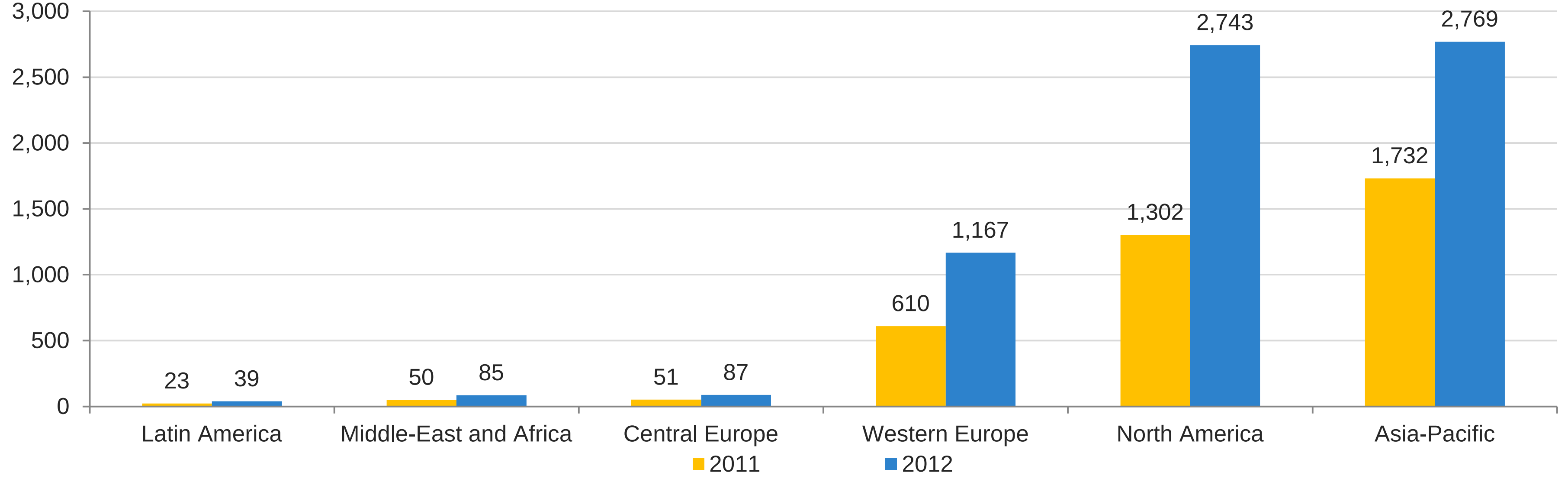


Asia Pacific and North America head-to-head as rest of world trails behind

2012: Mobile ad revenue by region (€m)

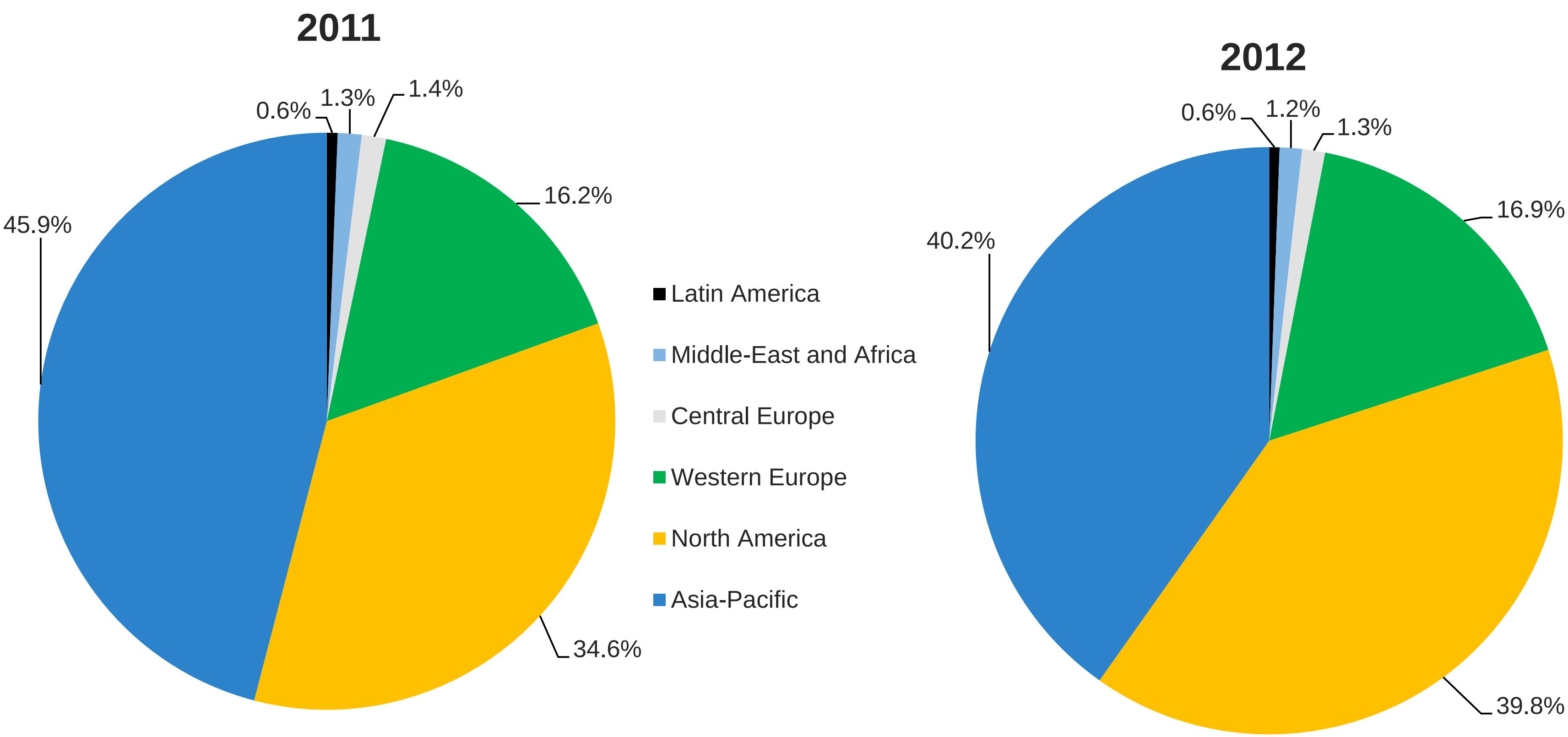


2011 vs 2012: Mobile ad revenue by region (€m)

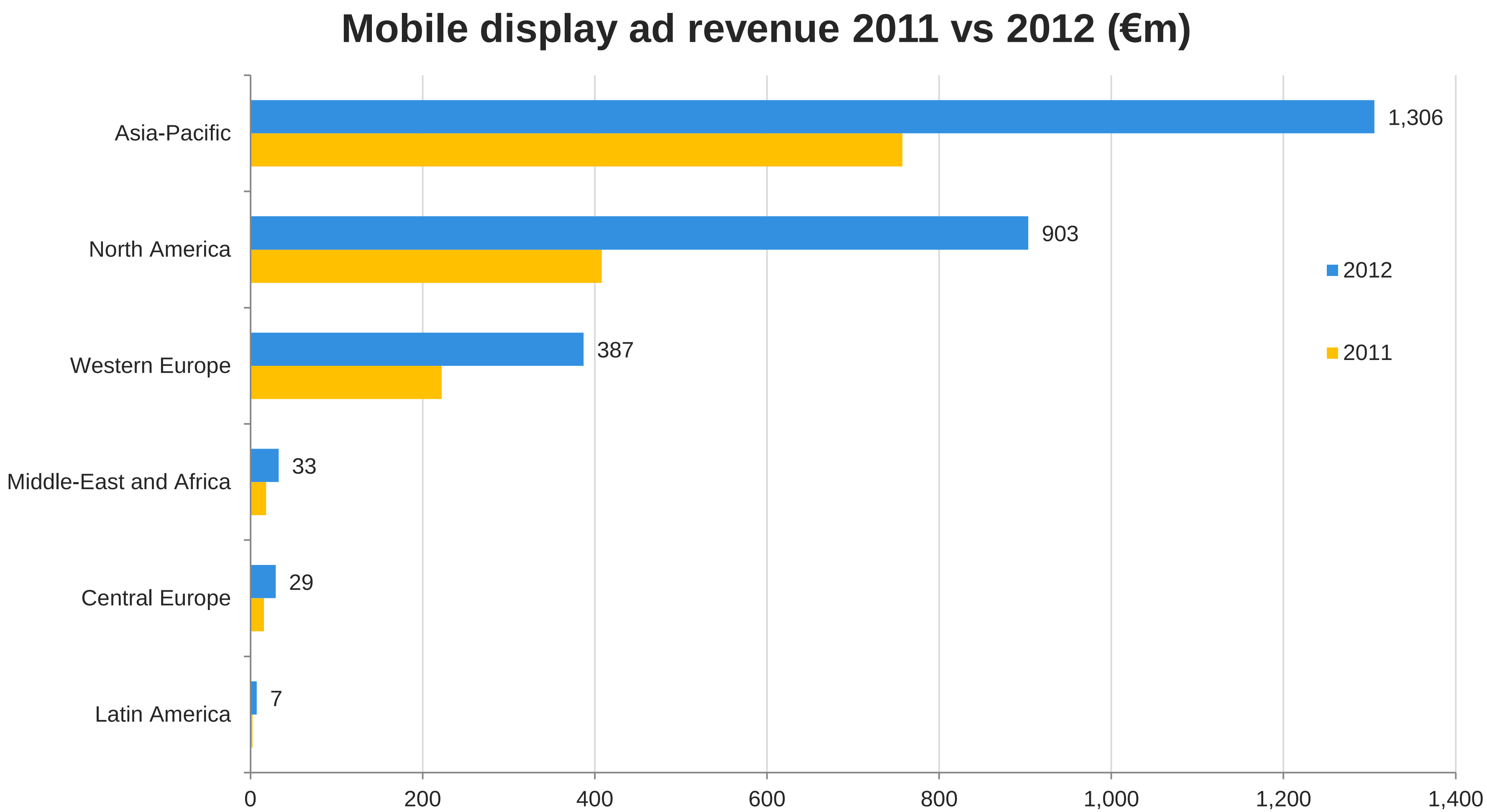


Asia Pacific region suffers share losses as North America catches up

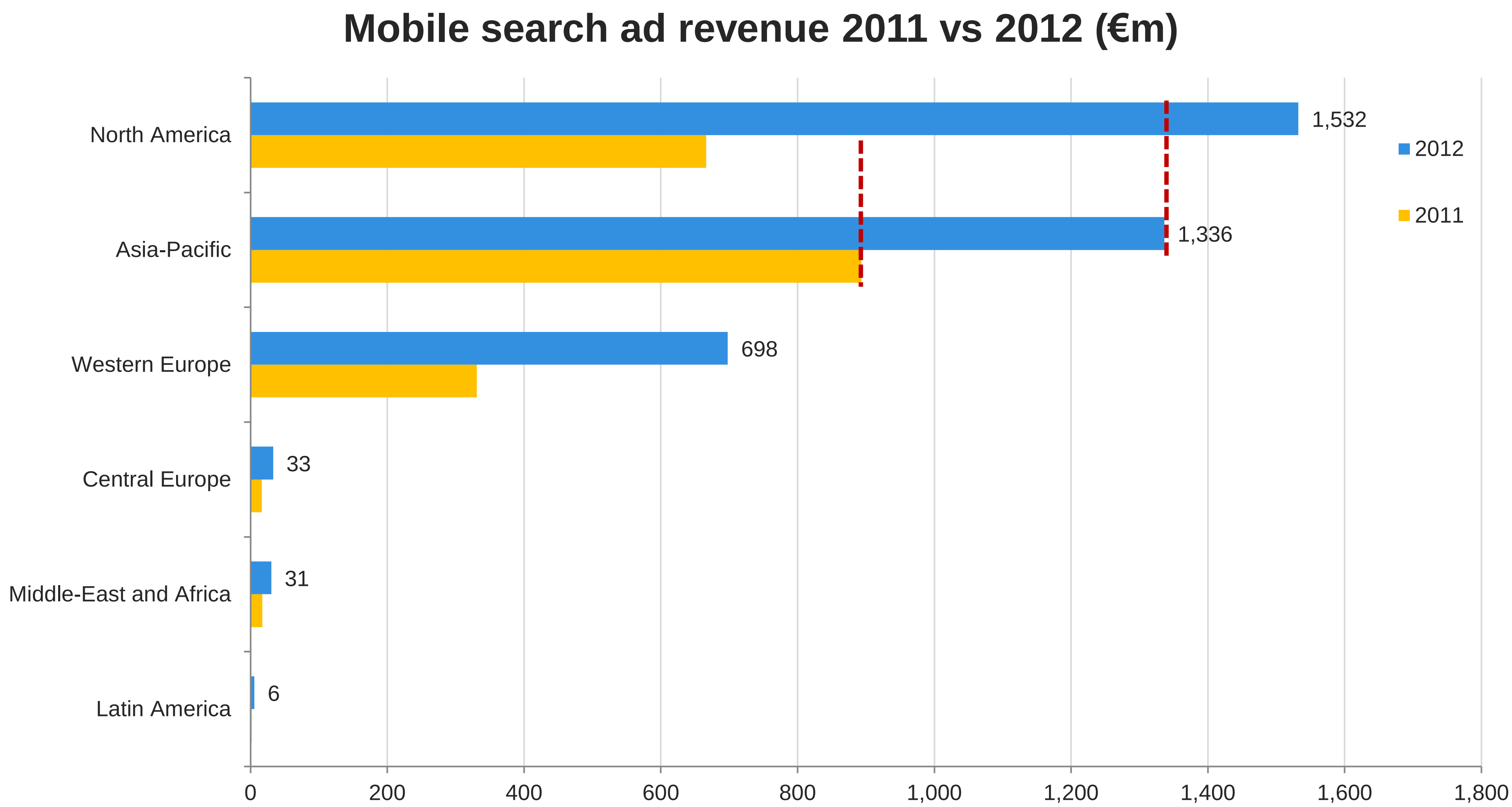
Global mobile advertising revenue: share by region



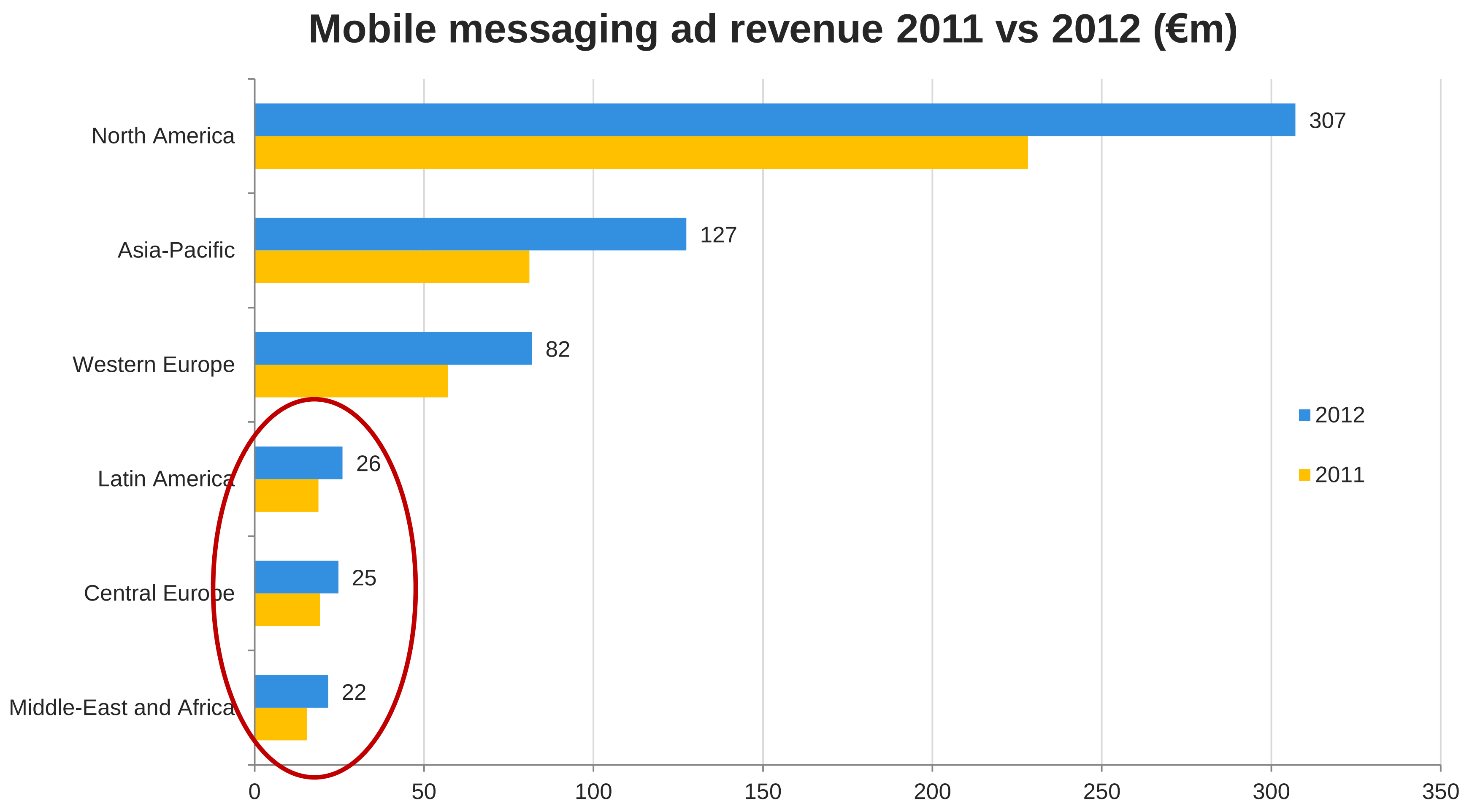
Asia Pacific dominates mobile display market



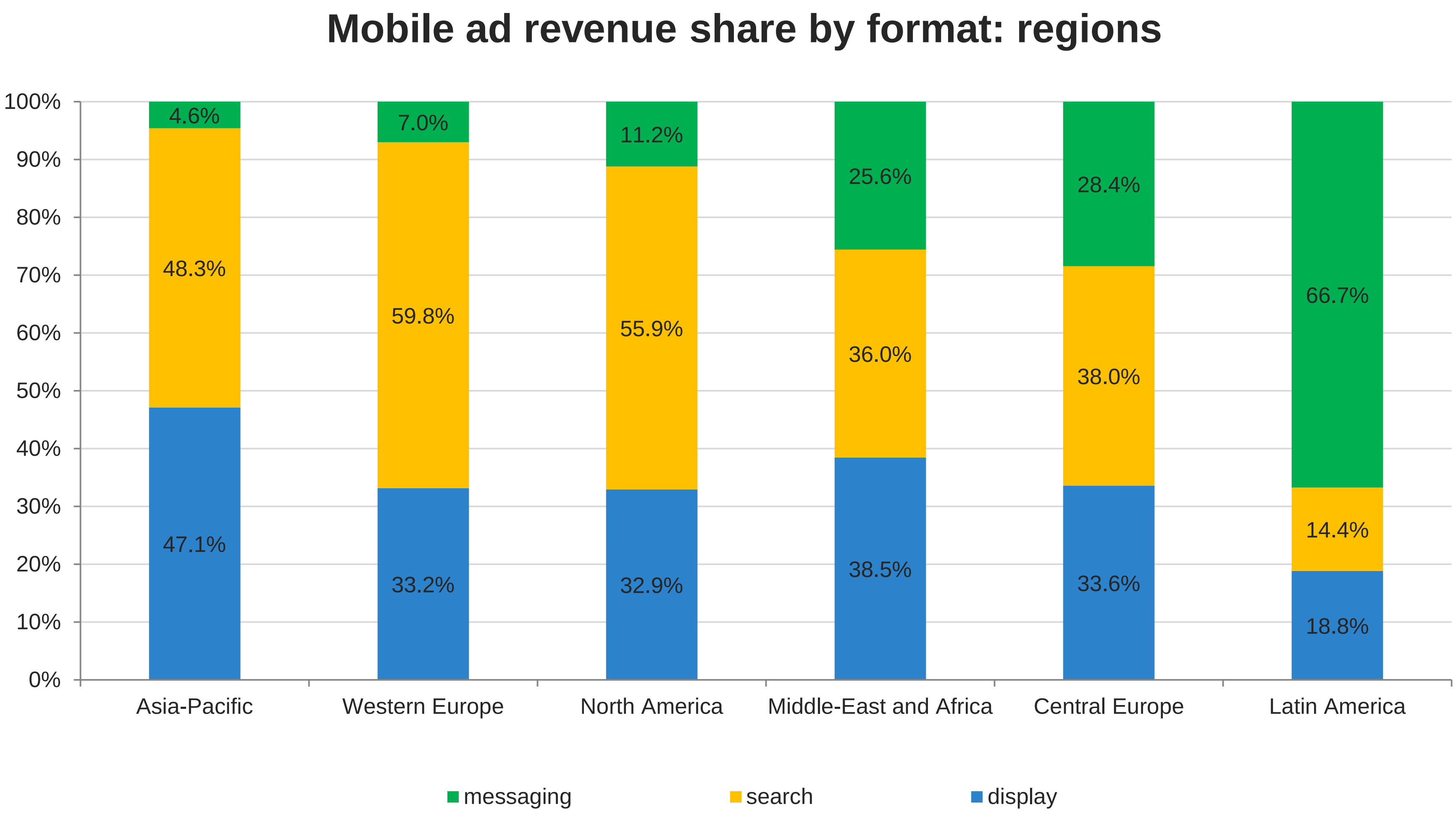
North America overtakes APAC in search



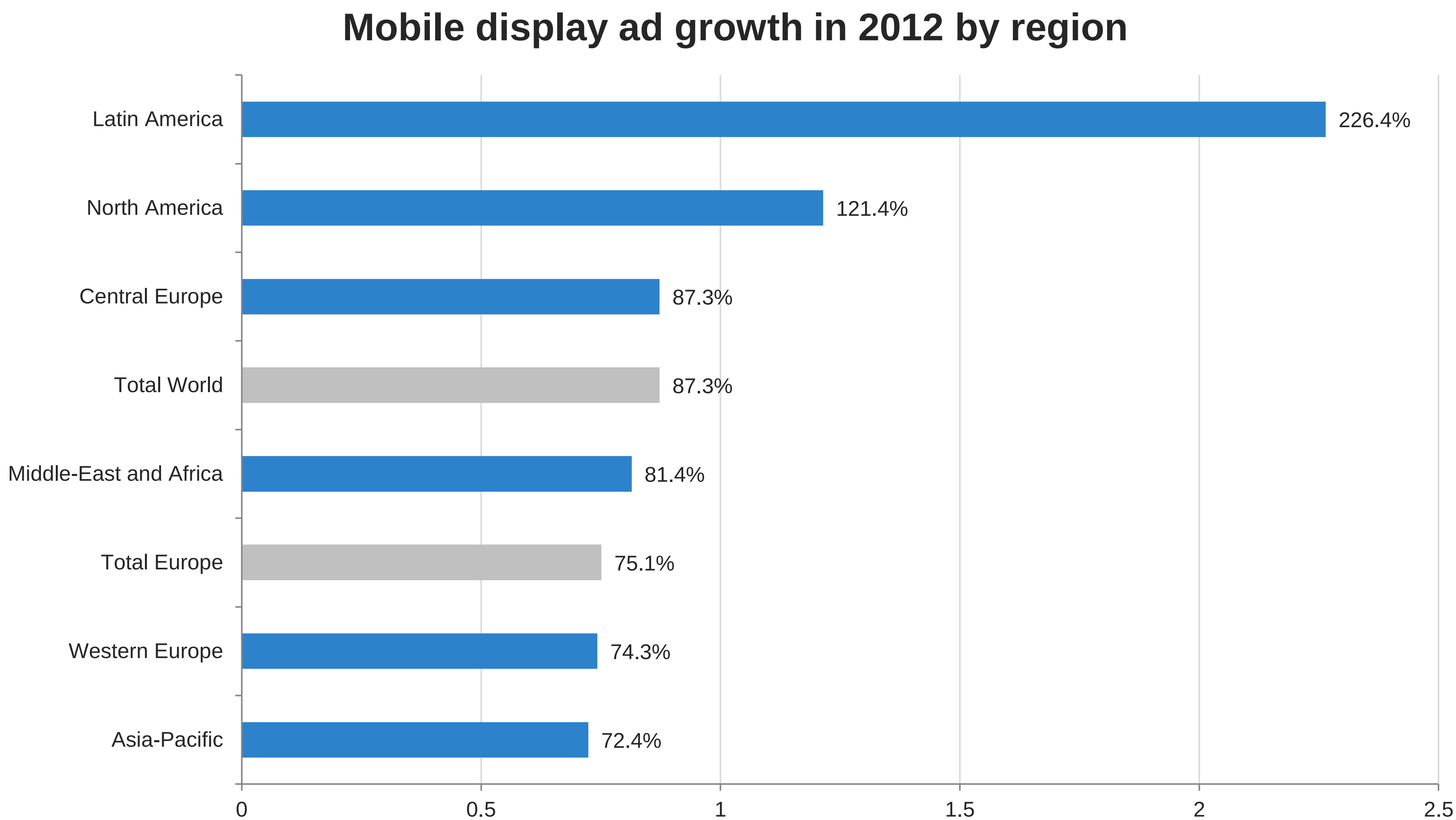
Gap between smaller mobile ad regions and big players less pronounced in messaging



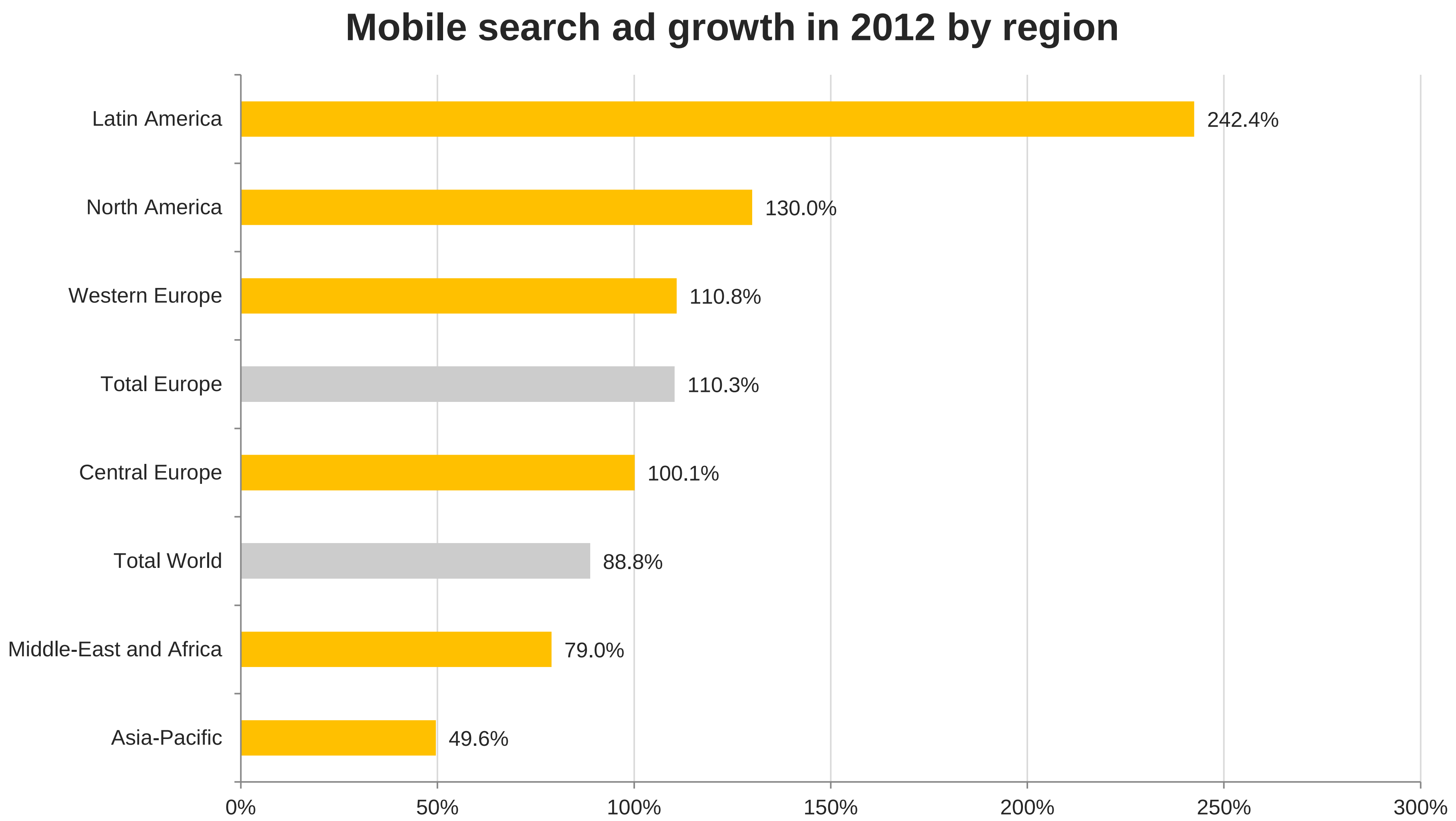
Format distribution is not uniform globally, reflects specific regional market structures



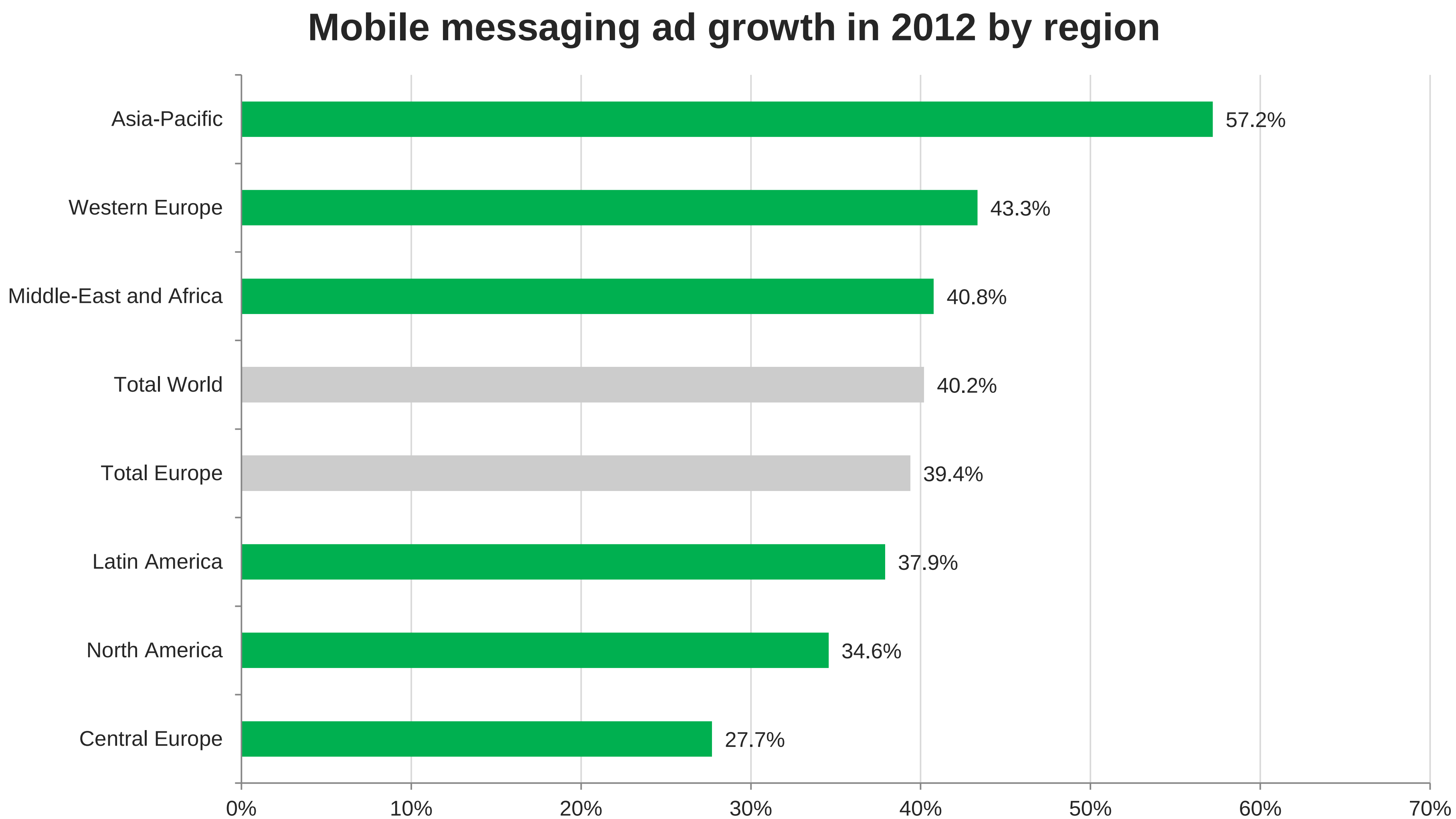
LATAM display grows nearly twice as fast as North American market



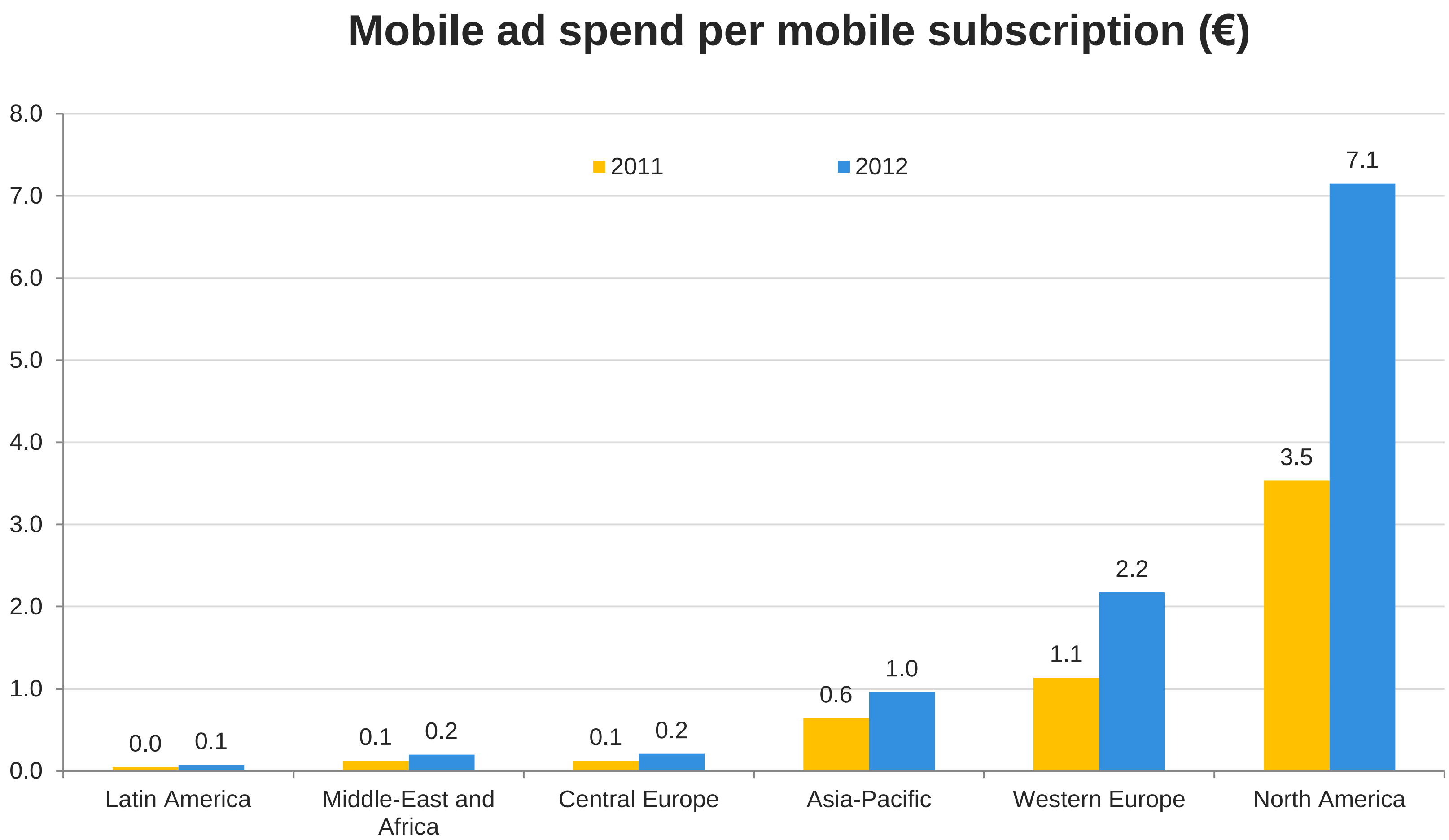
Also in search growth, LATAM leads; APAC trend decoupled from rest of world



In contrast to other formats, APAC leads in messaging growth



Benchmarking mobile ad spend reveals monetization gaps across regions



Thank you

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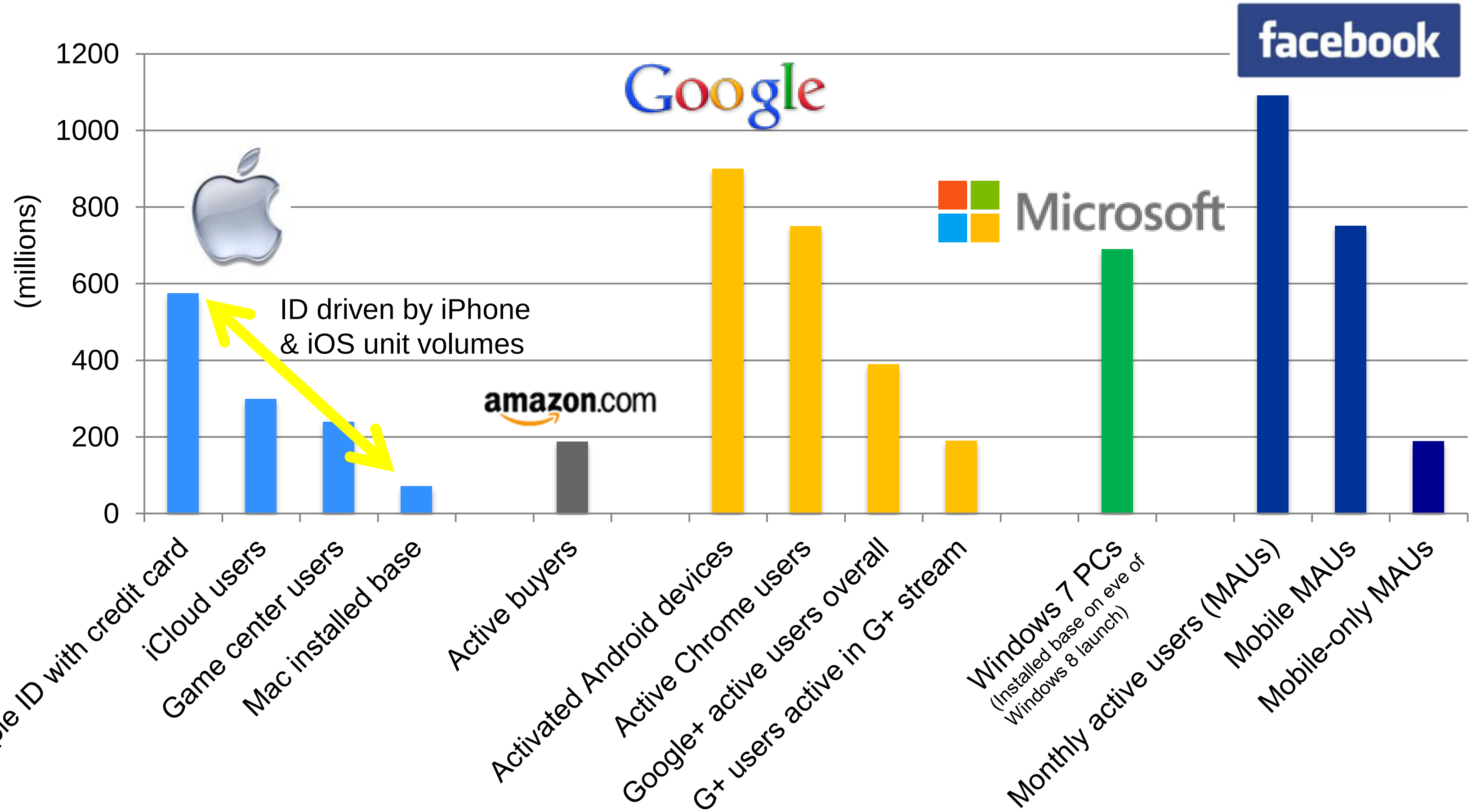
Mobile Market: Context and Drivers

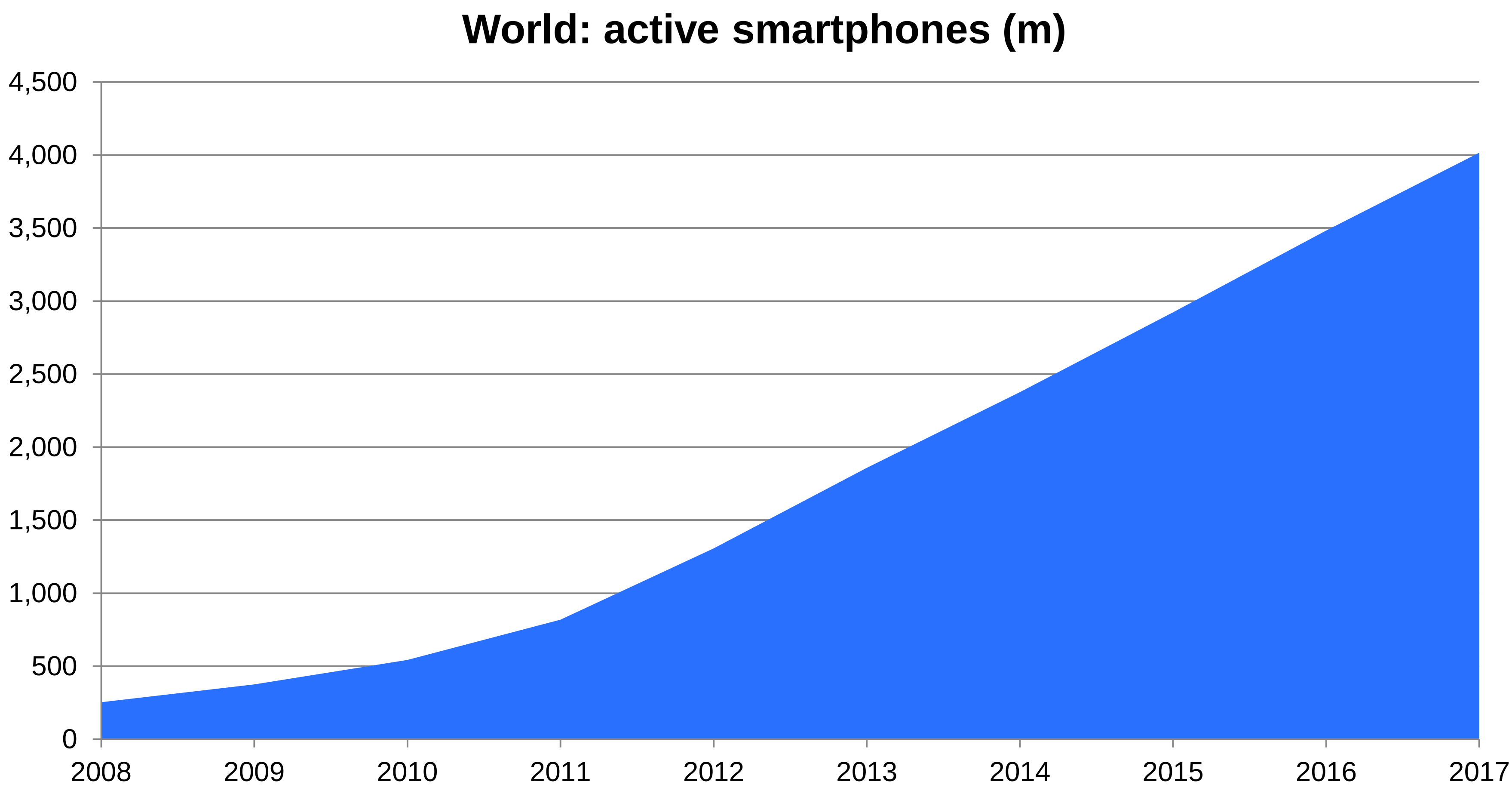
Jack Kent, Principal Analyst
IHS Mobile Media & Technology Intelligence
June, 2013

Mobile devices drive growth for cross platform ecosystems



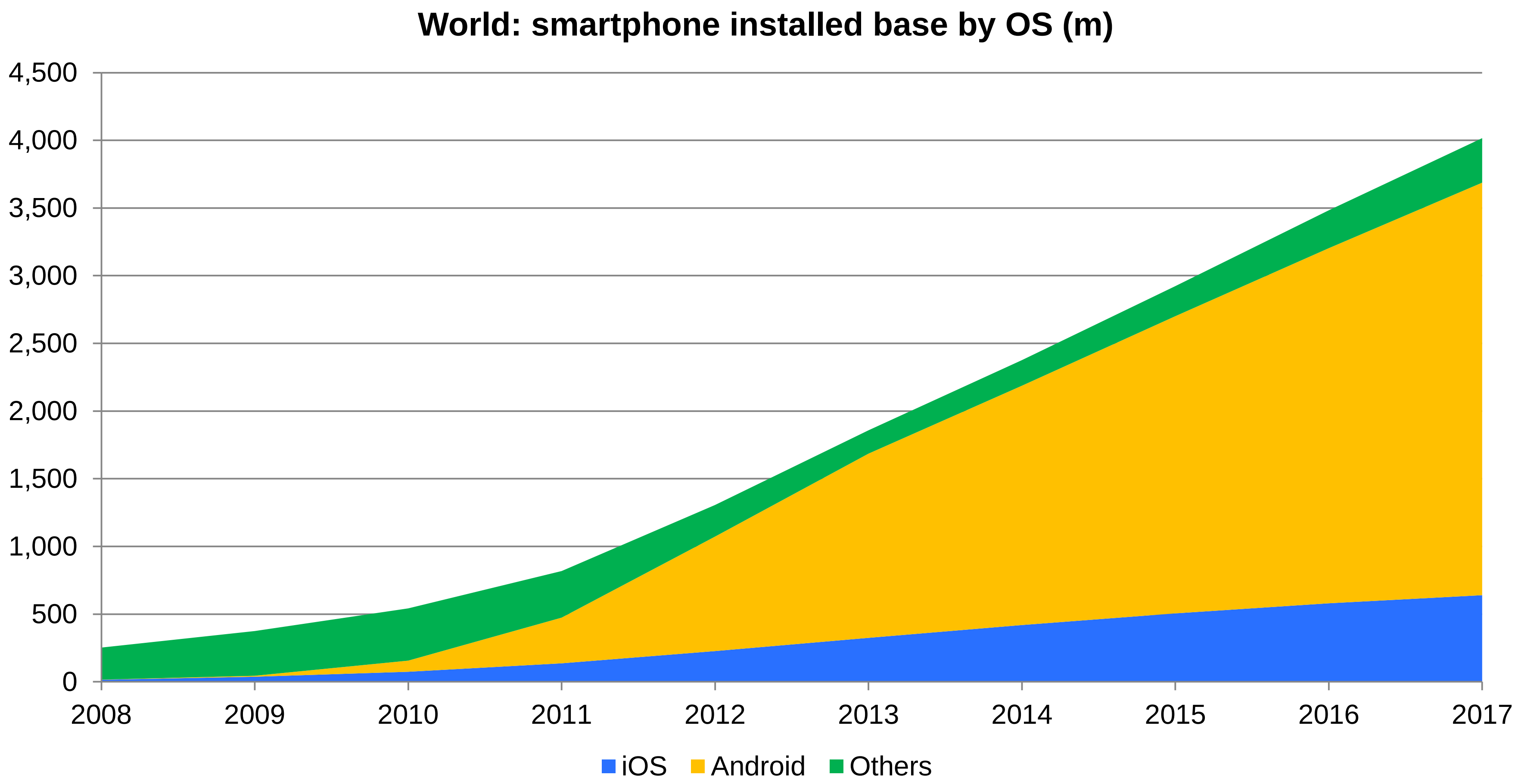
Source: IHS analysis and Apple, Google, Facebook (6/2013), Amazon & Microsoft (2012)

There will be 4bn active smartphones in 2017



Source: IHS Screen Digest Mobile Technology Intelligence

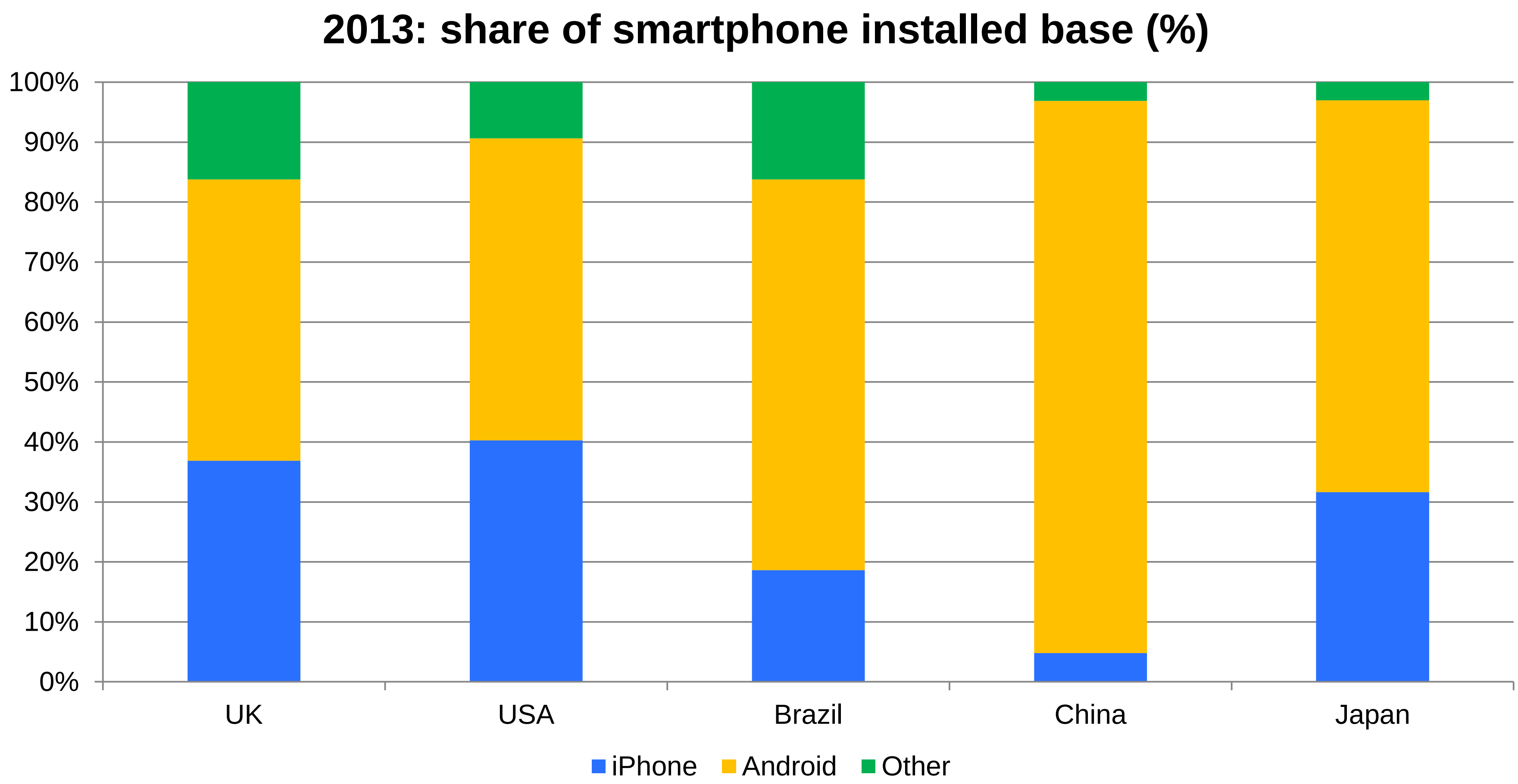
But the smartphone duopoly will continue despite new challengers



*includes Windows Mobile

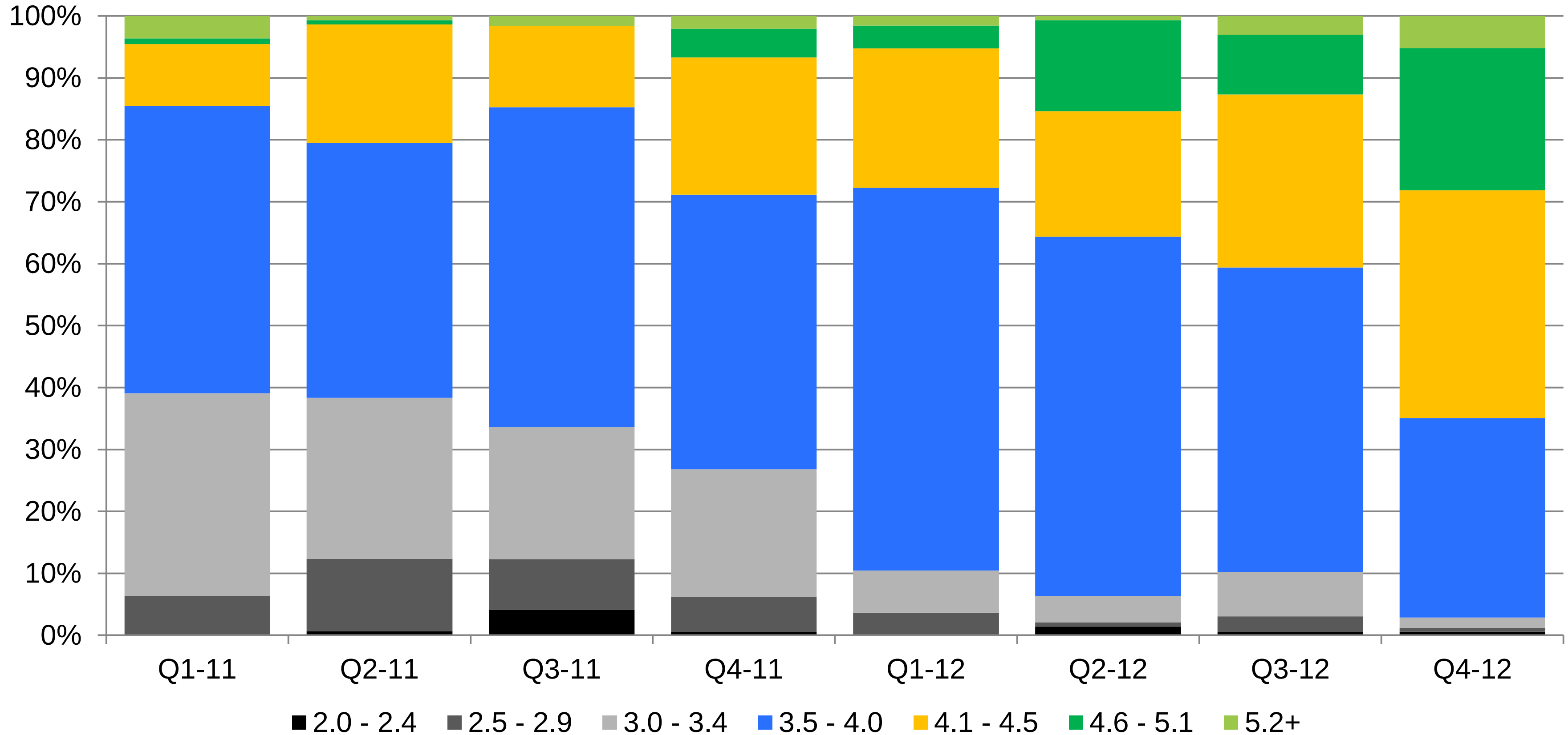
Source: IHS Screen Digest Mobile Technology Intelligence

There are clear regional differences in the smartphone market



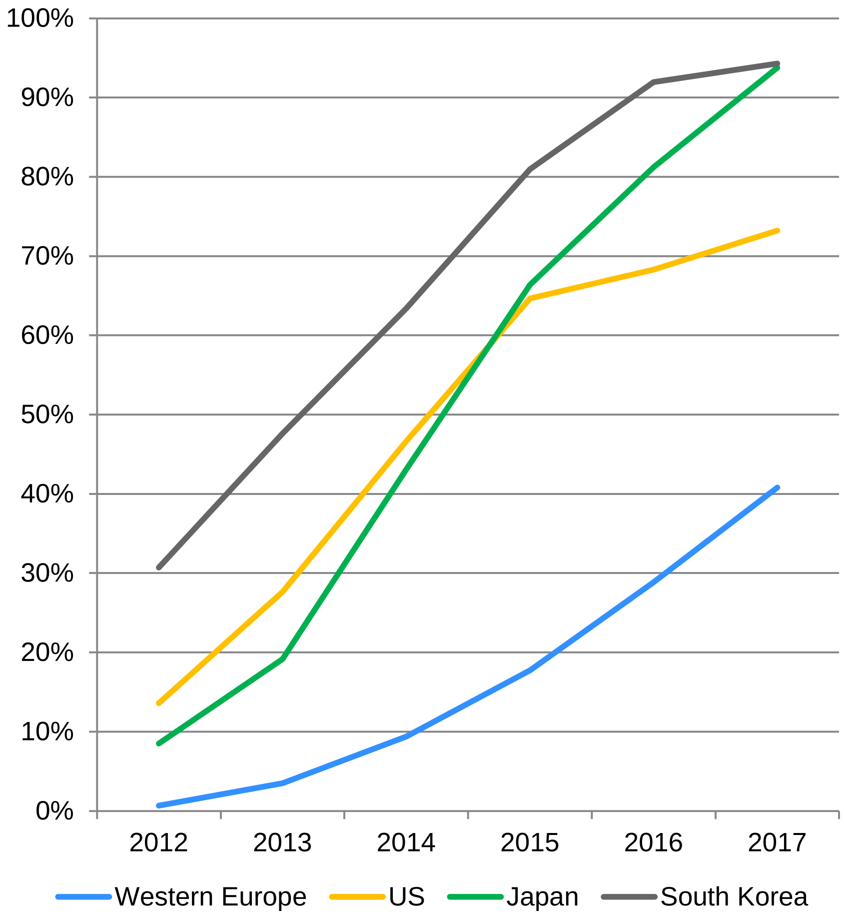
Evolution of smartphone screen sizes drives and addresses growing demand for content

Share of new smartphone launches by screen size (%)



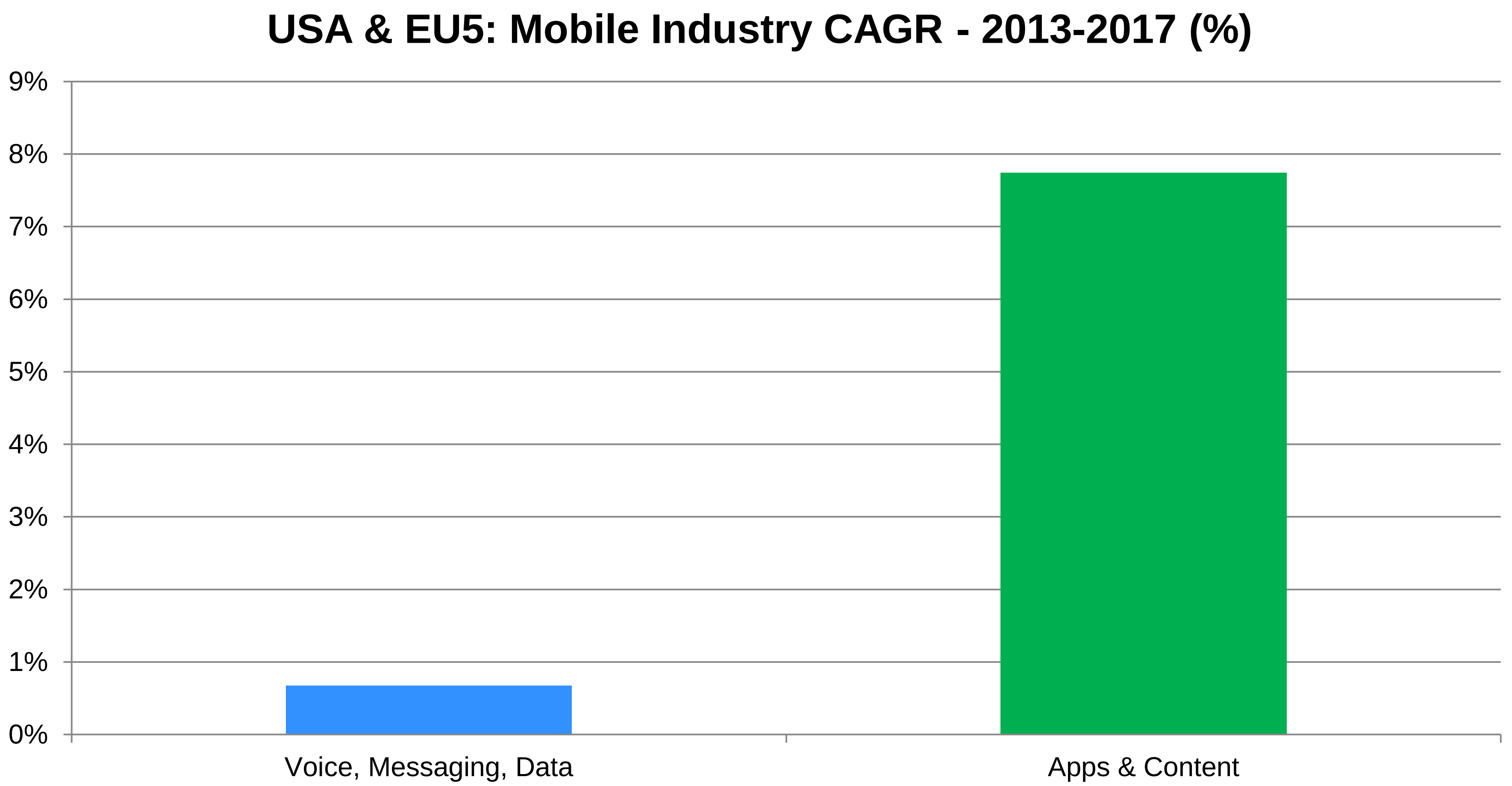
Source: IHS Screen Digest Mobile Technology Intelligence

4G subscriptions reach 1.5bn by 2017 providing new opportunities for media



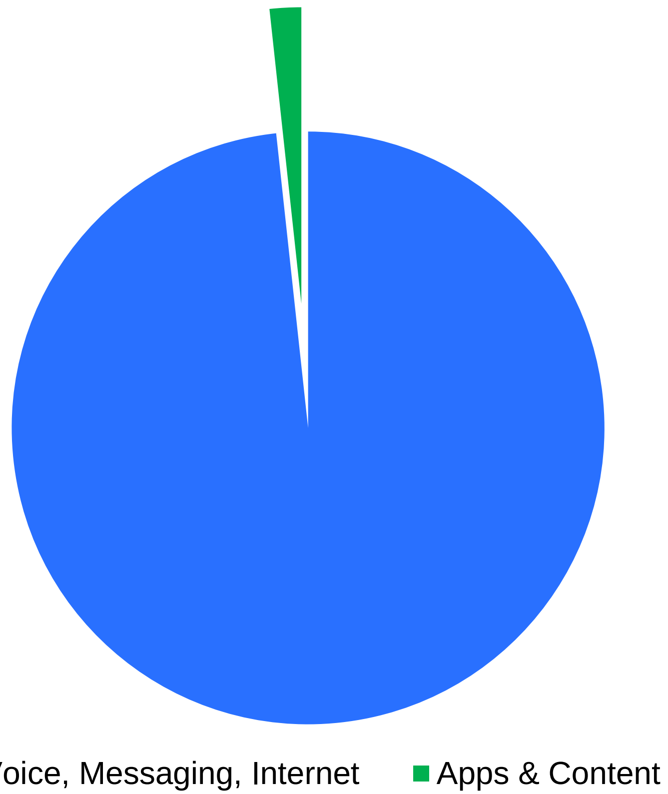
Source: IHS Screen Digest Mobile Media & Technology Intelligence

Apps & Media are the growth segment of the mobile industry



But mobile content only accounts for a small part of industry revenues

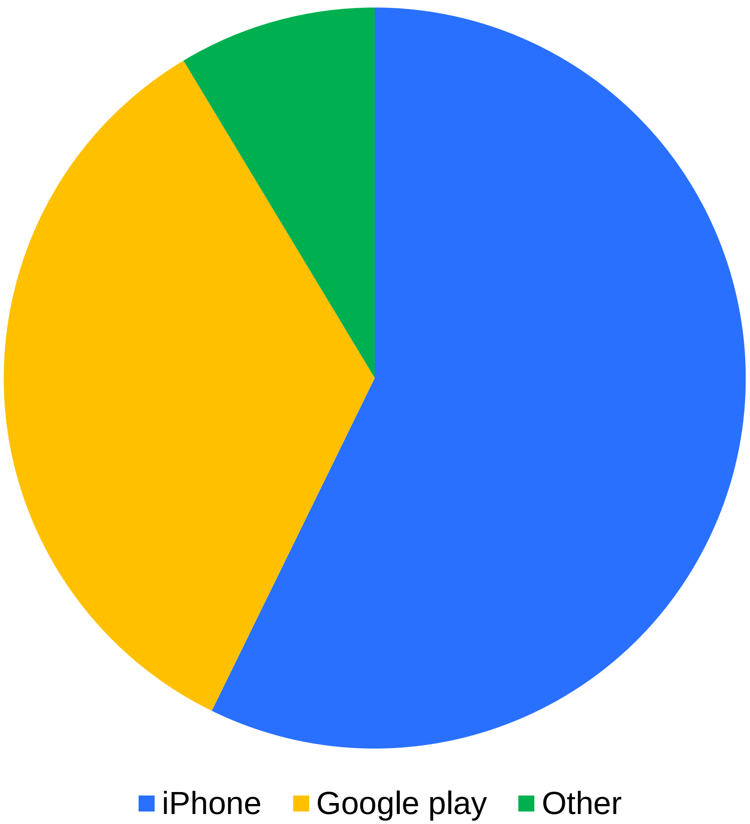
US & EU5: Share of 2013 Mobile Industry revenues (%)



Source: IHS Screen Digest Mobile Media Intelligence – June 2013

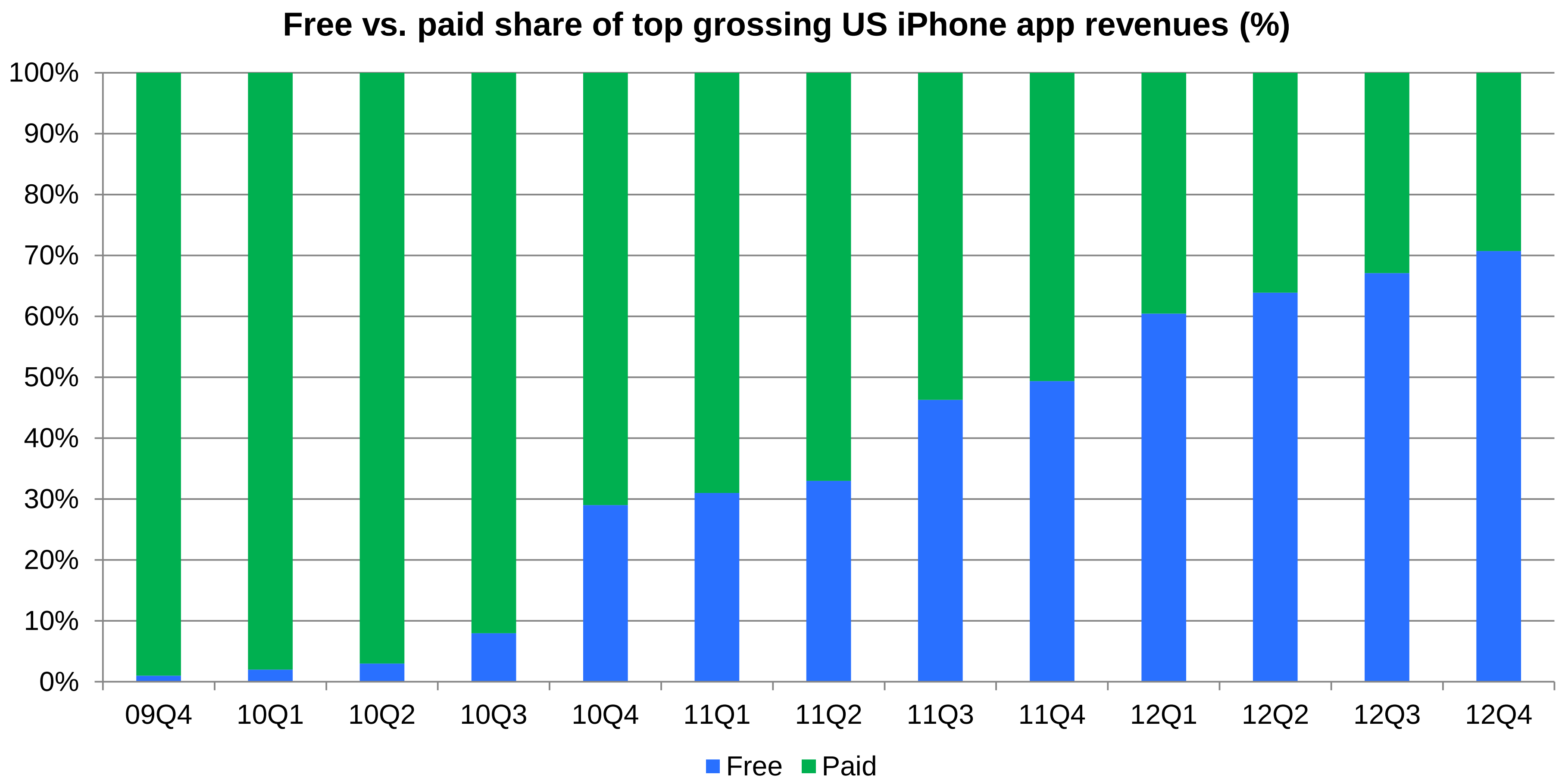
iPhone and Android dominate smartphone app revenues

2013: US & EU5 smartphone app revenues (%)



Source: IHS Screen Digest Mobile Media Intelligence – June 2013

Free content leads way



Source: IHS Screen Digest Mobile Media Intelligence – June 2013

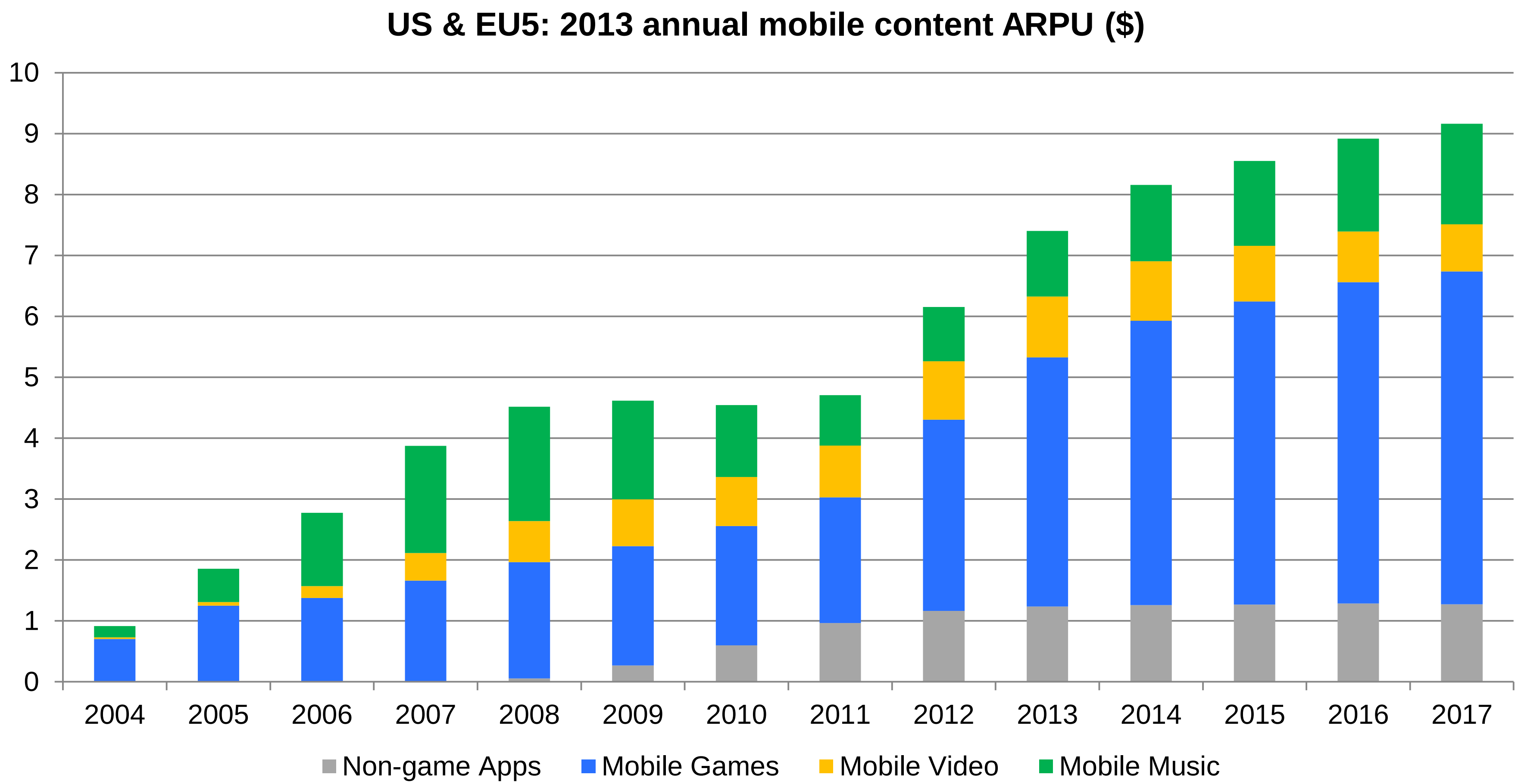
Mobile video usage outpaces consumer revenues and advertising

- Mobile accounts for 15%-25% of online pay-TV service consumption in W. Europe. But there are few direct mobile pay-TV revenues, as most access is bundled free in cross-platform deals.

- Revenues are not keeping pace with consumption:
  - Mobile devices accounted for 31% of BBC iPlayer requests in December 2012, up from 22% in August, and 13% in December 2011.
  - Less than 10% of YouTube ad revenues are mobile vs. more than 25% of consumption.

Source: IHS Screen Digest Mobile Media Intelligence – June 2013

Games leads content spend and cross platform services drive music revenues



Source: IHS Screen Digest Mobile Media Intelligence – June 2013

Messaging apps provide new opportunity to address mobile content audience

- Over the top messaging apps focus on content to provide monetisation and engage users, particularly in APAC:
  - **KakaoTalk** (S. Korea) - 90m+ global users
  - **Line** (NHN Japan) – 160m+ global users (c. $30m games revenues in Q1 2013)
  - **WeChat** (TenCent, China) – 300m global users (majority in China)

- Games and content services will prove key to monetisation for many of these apps – as communications and messaging is increasingly commoditised.

Source: IHS Screen Digest Mobile Media Intelligence – June 2013

THANK YOU

jack.kent@ihs.com