

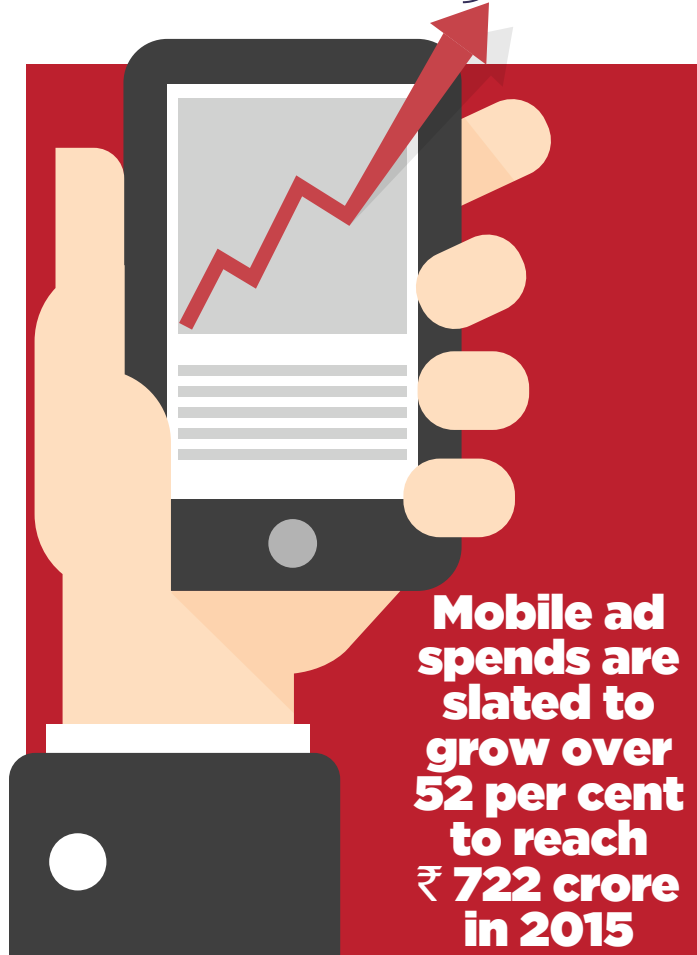
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The mobile medium has been consistently showing higher growth rates than any other medium. It continues to evolve as marketers and agencies are exposed to new concepts that are pushing the horizons of possibility even further.

A report by IDC in June'14 stated that India was the highest growing market in Asia Pacific with a year-on-year smartphone shipment growth of over 186% in Q1'14. Though smartphone penetration still hovers around the 10% mark (Source: IDC), it is an indication of how rapidly the mobile ecosystem is changing.

The Mobile Marketing Association (MMA) has been working towards driving business growth with closer consumer engagement. With over 800 member companies, the MMA has, over the years, witnessed the mobile ecosystem get more sophisticated and beneficial for marketers and end consumers. The exchange4media Group, given its domain expertise in advertising across media, has looked at the mobile advertising space with a similar lens.

"The increasing number of formats being explored everyday on this medium gives every advertiser a chance to experiment. Once an advertiser cracks the communication type being best received, he will naturally increase spends. The evolution is on the



right track," said **Siddhish Sriganesh, Marketing Manager (Corporate, Colour, Media and Digital) of Asian Paints.**

India has been behind the technology curve in the digital space and this might not change in the near future. However, rather than viewing this as a disadvantage, perhaps the Indian mobile ecosystem can use the opportunity to learn from the more mature markets to avoid future mistakes.

"It is still a nascent medium. A lot of work needs to be done by the mobile ecosystem so that advertisers can take informed decisions. It will be an important medium

going forward but we need to do our homework," opined **Shashi Shankar, CMO of Idea Cellular.**

Growth Factors & Opportunities

The influx of new players like Xiaomi as well as the remarkable growth of indigenous manufacturers like Micromax, Karbonn, Lava and others has made the smartphone segment more reachable to all. With even more manufacturers expected to enter the market this year, the hegemony of the likes of Apple and Samsung will be further challenged. For the consumer, this means cheaper devices; for the

marketer, an increase in smartphone penetration.

"Mobile has huge potential across the board from a media reach and targeting perspective. From finely segmented audiences in cities to those who are in media dark areas, mobile can deliver massive numbers for any campaign. The challenge lies in getting the right idea and keeping the engagement going," said **CVL Srinivas, CEO at GroupM South Asia.**

According to IAMAI, India has already overtaken the US in terms of internet users, standing second behind China. A major chunk of this growth is being driven by the mobile. IAMAI estimates that the number of mobile internet users was 155 million in India by the end of March 2014, and 185 million in June 2014, maintaining a Q-o-Q growth of 20%, while rural India is growing at a faster rate of around 50%.

"We are witnessing the biggest platform shift in the history of consumer Internet. The mobile is at the centre of it. If you look at people's daily habits today, the mobile experience across multiple connected devices is undoubtedly the playing field. An entire generation of new-to-net users will soon experience the Internet for the very first time not on a PC, but on a mobile device," said **Nitin Mathur, Senior Director (Marketing) for Yahoo APAC.**

Going by inputs from

Total estimated Ad Spend in India

₹
37,000
CRORE

TO
42,000
CRORE

Total estimation of digital spends

₹
3,300
CRORE

TO
3,600
CRORE



media agencies and marketers as well as trends being currently witnessed, we estimate the overall ad spends on the digital medium to be in the range of Rs 3,300-3,600 crores. This implies that mobile ad spends constitute around 10-15 per cent of total digital spends.

Though this might seem a miniscule amount, it is growing at an accelerated rate. **Ashish Bhasin, Chairman and CEO (South Asia) of Dentsu Aegis Network** opines that people still need to figure out how to monetize mobile data. Once there are better ways of doing this, spending will definitely increase. "Mobile allows for very customized marketing. There is a lot of data available and if you are able

to mine the data there are very creative ways of using the platform supported by data," said Bhasin.

"Mobile, in its true sense, cannot be bound as a mere advertising platform, as its capabilities go beyond just advertising needs. The most important aspect we all need to understand is the user's perspective," said **Narayan Murthy Ivaturi, Director (Global Sales & Strategy) of Vserv.mobi**. This is where the opportunity and the challenge now lie ahead.

No more the second screen

The mobile phone has usually be seen as a companion screen to PCs. But, with mobile screens increasing in size and the audience always

on the move, the mobile has replaced PCs as the preferred screen for internet and other activities. A July 2014 report by Ericsson Consumer Lab showed that in India, the average time spent on apps has increased 63 per cent in the past 2 years, and the time spent on smartphones has increased 20 per cent, with more than than 3 hours a day spent on smartphones. Perhaps the time has still not come when the TV can be replaced by mobile platforms as a preferred viewership medium but the shift is there to see.

Keeping pace with technology changes

The digital medium, including the mobile, might be unique in that there is

a very strong technology backbone to it. Currently, we are witnessing an increasing trend of ad buying and selling becoming automated. This 'programmatic' way of ad buying has already taken hold in the more mature markets though it has still to see the same success in India. Though this will come with time, stakeholders, which includes advertisers, agencies and publishers, will need to keep up with rapidly changing technology.

"I think the biggest opportunity is to recast the entire way that brands approach advertising itself. A lot of assumptions that are part of the current process don't apply in the mobile domain. It opens up exciting opportunities



Mobile is explored parallel to digital but it is not parallel; it is growing much faster. You need to make sure that what you do on mobile is relevant to the user. Instead of doing just mobile campaigns, brand should see where and how the mobile makes an impact in the user's life. Brands need to map the consumer discovery journey.

AMIT TIWARI

Director, Country Head Media, Philips India



The evolution of metrics like campaign performance has enabled brands to use mobile more effectively. Verticals like FMCG and CPG are making a more gradual move to mobile advertising and are developing very creative and innovative ways to make their campaigns relevant and effective to their audiences.

NITIN MATHUR

Senior Director Marketing - Yahoo APAC



This is the medium of the future. From a reach perspective, it is phenomenal and has even beaten television in terms of numbers though there are a few challenges due to the smaller screen and fragmented attention span.

ANISHA MOTWANI

Director and Chief Marketing & Digital Officer, Max Life Insurance



The number of mobile subscribers in our world is over 7 billion, while the sales of smartphones now outstrip PC sales. The average smartphone user checks his or her device 40 times a day. These facts clearly point to the fact that we now have a seventh mass media channel.

ROHIT OHRI

Executive Chairman Dentsu India & CEO Dentsu Asia Pacific (South)



for those who are willing to question the norms,” said **Aditya Save, Head (Digital Media & Marketing) of Marico.**

One challenge is of course the continuous shift in technology every few months. Some of the larger foreign agencies with experience in RTB and programmatic advertising have still to enter the Indian market so we might see these concepts picking up in the coming years once these global players add their expertise to the Indian ecosystem.

Even as the way ads are bought and sold might be changing, evolution is coming to other facets of mobile medium. For example, location-based advertising, native ads and others are some of the newer concepts which still need to be explored in detail.

“There will be a displacement of budgets from



Annurag Batra

Chairman and Editor-in-Chief, exchange4media Group

“Mobile is no longer optional but a key part of the marketing strategy. Once m-commerce starts picking up, the mobile medium will grow even more rapidly. However, we are already seeing brands adopting it as a mass medium, which was a role traditionally played by print and radio. This is a dynamic medium, which keeps evolving. This presents new opportunities to the canny marketer but also makes it unpredictable and difficult to understand for others.”

digital display to mobile. More native ads is what the industry is looking for and this is something where the publisher should take the first step—creating better ad formats. The publishers who have done this have already seen a difference,” pointed out **Madan Sanglikar, Cofounder & MD, ad2campaign at Affle.**

E-commerce leading the charge

E-commerce will be one sector that will drive the growth of mobile ad spends in the coming years.

“Companies are investing disproportionate money on advertising on mobile platforms as growth is much faster on this screen. Our estimates suggest that 40-50% of total spends online will be on mobile platforms in the near future,” opined **Sundeep Malhotra, Founder & CEO, HomeShop18.**

For example, Snapdeal, one of India’s largest e-retailers, now gets more than 50% of its sales from mobile-based transactions. Sachin Bansal, founder of Flipkart has also spoken about investing in improving the company’s mobile platform. Then there



Brands need to look beyond simple banner ads to create a more interactive consumer experience. For example, a video ad is far more stimulating and immersive, as it combines sight and sound to deliver a more impactful and engaging message.

MEERA CHOPRA

Global Head of Ad Sales, Vuclip



It’s heartening when brands ask for robust measurement, brand impact checks, etc due to mobile advertising which essentially means it’s not about selling the medium anymore but putting more science into it. Mobile advertising has a significant role to play across the AIDA model with no exceptions.

VINOD THADANI

Chief Digital Officer of Mind-share



The growth will be exponential as the ‘early adoption’ phase is nearing its end. Internet in India took over a decade to move from 10 million to reach 100 million, but only 3 years to add another 100 million. Drill it down further and there is similar adoption for other technology led solutions.

SANJAY TRIPATHY

Senior Executive VP- Head Marketing, Product, Digital & E-Commerce at HDFC Life Insurance



The writing on the wall is clear - India is discovering the power and magic of the internet through the mobile. It is for us marketers to rise to the challenge and capitalize on this opportunity. We need to think mobile and then extend, adapt and expand across other screens and medium.

AJAY KAKAR

CMO (Financial Services) of Aditya Birla Group

are companies like Paytm, a shopping app, which is solely present on the mobile medium and has set itself the target of reaching a million orders a day by 2016. "With increasing visits via mobile devices, retailers need to start paying a lot more attention to the mobile experience. We have observed traction from mobiles not only from metros but even tier II and III cities," said **Praveen Sinha, Founder and MD of Jabong.com**.

Growth Sectors

Apart from e-commerce, BFSI, automobile and healthcare are other sectors expected to drive the mobile medium. Travel and tourism has always been one of the dominant forces in the digital ecosystem and this does not seem likely to change in the coming years.

Interestingly, many were of the opinion that FMCG will be a heavy spender in the coming year, which is good since no medium can truly grow without the endorsement of the FMCG sector. **Mayank Shah, Deputy Marketing Manager of Parle Products** says mobile is now an attractive medium for FMCG because it provides reach. "Traditional digital spends, i.e. on PCs, had no reach but mobile has increased the scope of digital advertising which has made it attractive to even the FMCG sector," he said. "You need to have a separate approach for mobile. The day we take care of technology restrictions and affordability, mobile ad budgets will increase even more."

The Road Ahead

As mentioned earlier,

the report estimates mobile ad spends for next year to be at Rs 722 crore.

"This (mobile) is a fascinating medium. It is a device of convergence and could be the biggest medium in the future. The mobile ecosystem, though, needs to figure out a way that causes consumers to actually pull ads instead of pushing it their way," opined **Sandip Tarkas, President (Customer Strategy) at Future Group**.

With targeting capabilities constantly improving, more advertisers are beginning to see the benefits of investing in the mobile medium.

"The difference between mobile and other digital vehicles lies in the aspect of transforming data into actionable insights, the granularity of data pertaining to the user and how all of this can be implemented into result-oriented execution. This is where mobile scores high over all other mediums," said Ivaturi.

This year, we saw some brands experimenting with mobile-only and mobile-led campaigns, which will increase, opine agencies and marketers. "I believe that spends are growing a lot faster because our current scope is unable to capture possibilities outside advertising itself. There are a lot of long term spends being put in, to build mobile infra and capabilities in various businesses," opined Save.

Telecom operators are aggressively pushing consumers to adopt 3G data, further accelerating the number of internet users in the country, especially in rural areas. Also, as telecom infrastructure improves, network connectivity and speeds will get better, which will open more doors for marketers. "The

moment connectivity improves, people will consume more content and the need to push people to consume content on mobile will go down. Also, publishers will be able to experiment with different ad formats," said Sanglikar.

However, **Anisha Motwani, Director and Chief Marketing & Digital Officer of Max Life Insurance** cautions that advertisers will need to get their content strategy in place and not just replicate stuff. "From a content and creative perspective, the mobile medium requires a completely different skillset

and this is the challenge in front of marketers," she said. This is something marketers will have to be increasingly wary about in the future.

The MMA India report, powered by exchange4media, (in its third year now) is based on extensive research, including the body of mobile advertising work seen in the market, the spends of large advertisers on the medium, spend numbers of top media agencies, figures from service providers, and reference conversations with other prominent mobile players.



ROHIT DADWAL

Managing Director,
Asia Pacific Limited, MMA

"The MMA has been tracking the growth story in India for a few years now and our faith in the potential of mobile keeps getting stronger. From the early days of disconnect between brands and agencies, we now see harmonious relationships developing between the two around a common understanding of the importance of the mobile in marketing strategies.

Consumers, on their part, are open towards mobile marketing, but they want it to be delivered in a way that adds value in their lives without compromising on their confidentiality. It is up to agencies and brands to step up and take the initiative. As more marketers invest in the medium, we will also see an increasing number of them using mobile as the key component of their marketing strategy. We must also remember that mobile is the only medium that integrates seamlessly with every other medium. In this respect, its potential as a connecting link between mediums cannot be overstated.

Parallel to this, there is a lot of hard work going on to create more awareness about new concepts and technologies which are bringing in efficiencies. The mobile provides a channel that allows accurate measurement and analysis as well as precise targeting. The mobile ecosystem is working to educate more marketers that investments are quantifiable and the impact visible. It is my continuing opinion that in the next few years, we will see growth to be upwards of 100 per cent."